



*IFRS Earnings Presentation  
September 30, 2008*

***“solid performance”***



## 3Q 08 - Highlights

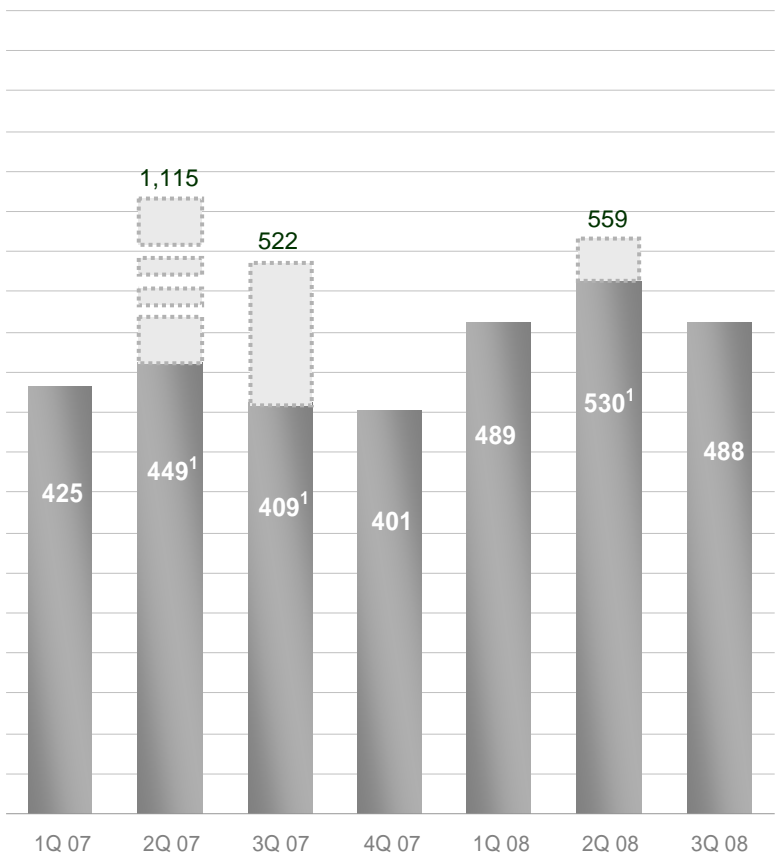
- *Maintained strong results → 17% Net Income<sup>1</sup> growth. ROAE<sup>1</sup> 25%*
- *Cautiously managed Balance Sheet structure*
  - *Managed lending slowdown – focus on higher yielding assets*
  - *Preserved sound asset quality – NPL stable at 2.2%*
  - *Solidified funding structure with increased growth in TL deposits (ytd 29%)*
  - *Maintained strict discipline in liquidity and effective capital management – Free funds increased ytd by 4.3 bn*
  - *Continued focus on resilient customer driven revenues. Net fees & commissions growth 25%*
- *Y-o-y net increase in:*
  - *# of customers: 1.2 million*
  - *# of branches: 157 branches*
  - *Demand deposits: YTL 2.4 billion*

# Maintained strong results despite the turmoil in global markets

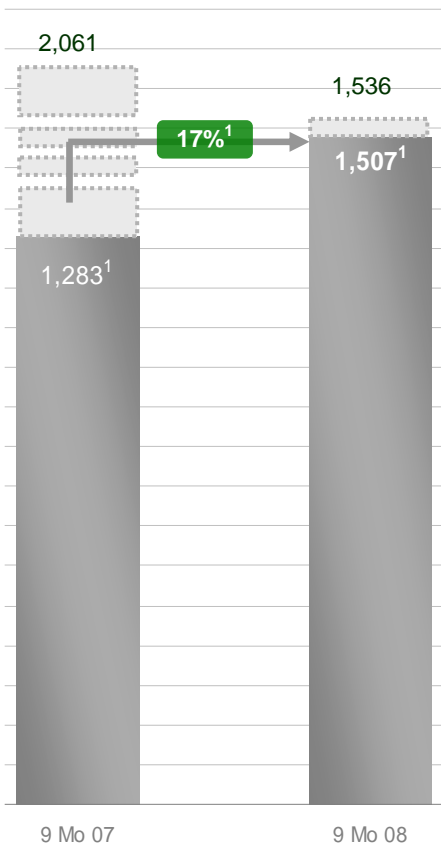


IFRS EARNINGS PRESENTATION 3Q 08

Quarterly Normalized Net Income<sup>1</sup>



Normalized Net Income<sup>1</sup>



Earnings<sup>1</sup>  
Y-o-Y

17%

ROAE<sup>1</sup>  
**25%**

<sup>1</sup> Normalized-see appendix/ "non-recurring items" for detail

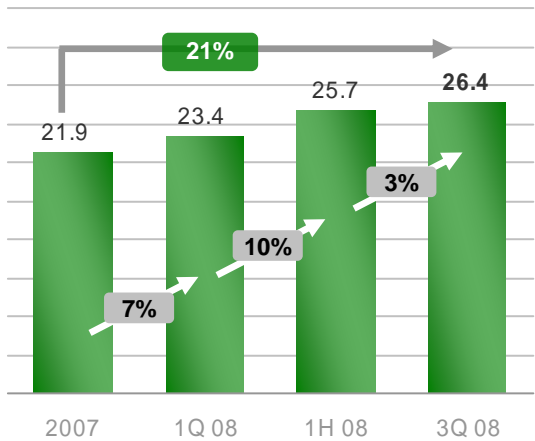
# Managed lending slowdown – cautiously reshaping asset mix



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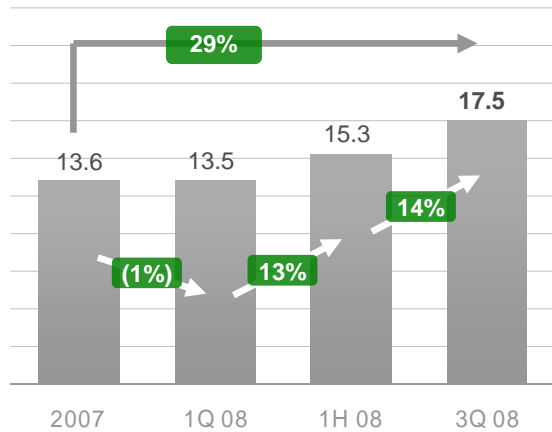
## TL Loans<sup>1</sup>

YTL Billion



## TL Securities Portfolio

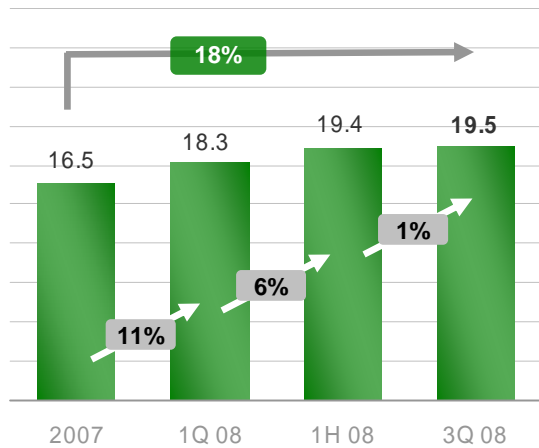
YTL Billion



*TL heavy loans & securities book -- 52% & 79%, respectively*

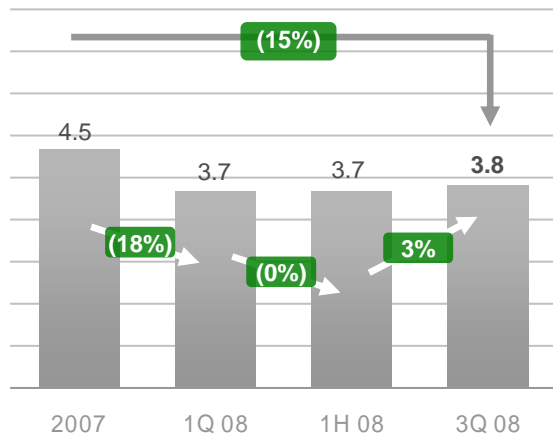
## FC Loans<sup>1</sup>

US\$ Billion



## FC Securities Portfolio

US\$ Billion



FRNs<sup>2</sup> :

*TL Securities:*

57%

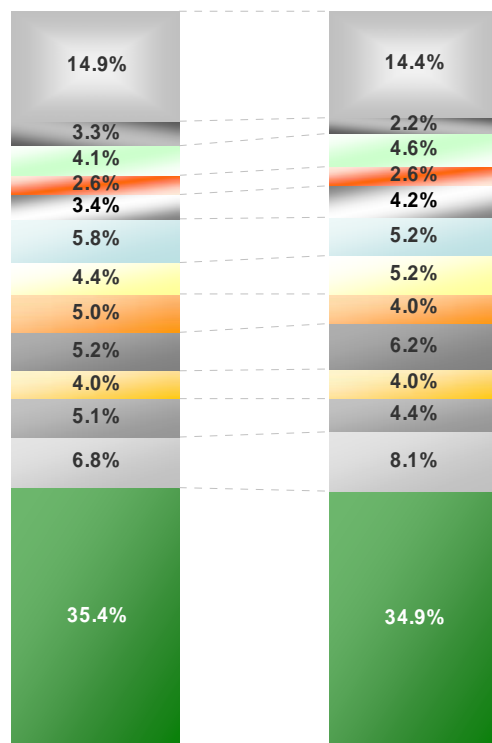
*FC Securities:*

41%



# Actively managed risk-return balance through well diversified loan book

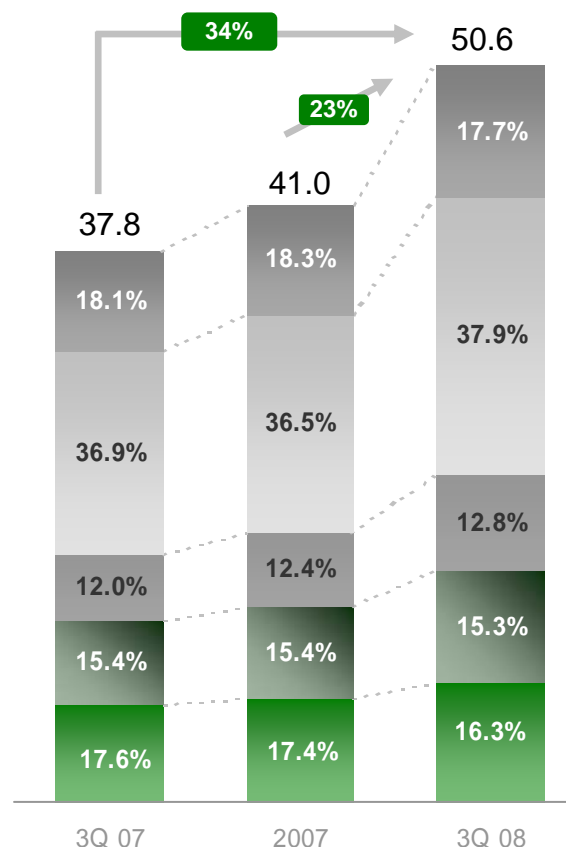
## Sectoral Loan Allocation



■ Consumer<sup>3</sup>  
 ■ Financial Institutions  
 ■ Energy  
 ■ Transportation and logistics  
 ■ Metal and metal products  
 ■ Transp. Vehicles & Sub-Ind.  
 ■ Other<sup>2</sup>  
 ■ Service Sector  
 ■ Textile  
 ■ Food  
 ■ Construction  
 ■ Tourism  
 ■ Data Processing

## Loans by LOB<sup>1</sup>

YTL Billion

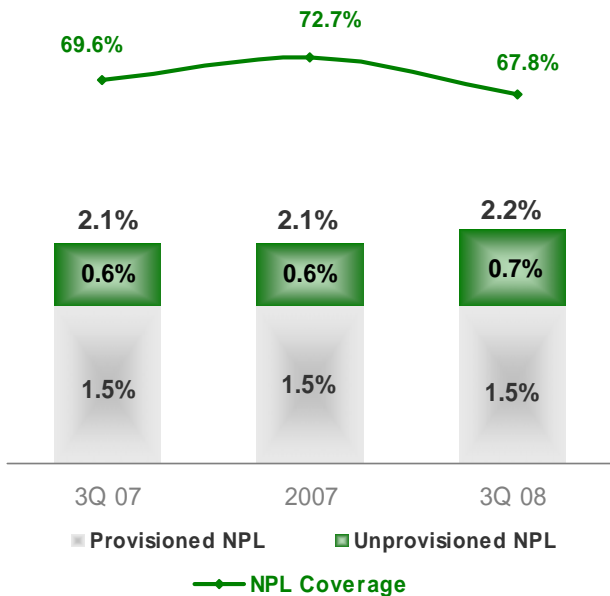


■ Consumer  
 ■ Credit Cards  
 ■ SME  
 ■ Commercial  
 ■ Corporate

*23% Ytd loan growth mainly driven by SME and Commercial Banking*

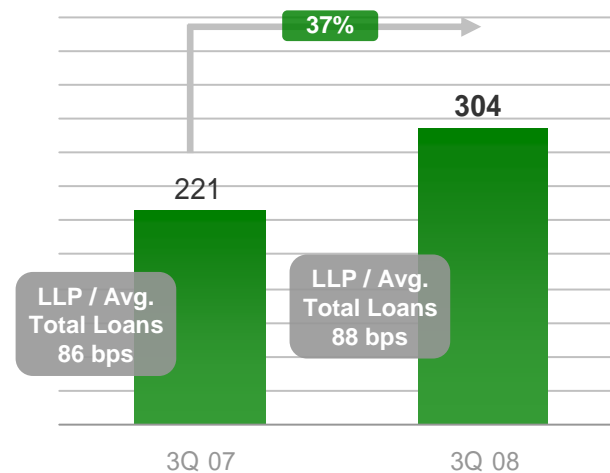


## NPL Ratio & Coverage



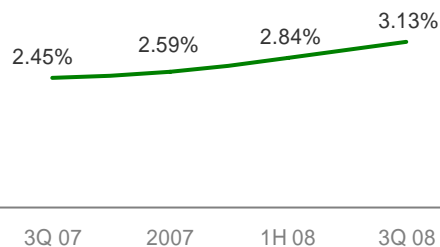
## Loan-Loss Provisions

YTL Million

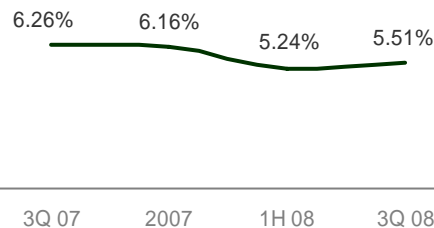


## NPL Categorisation<sup>1</sup>

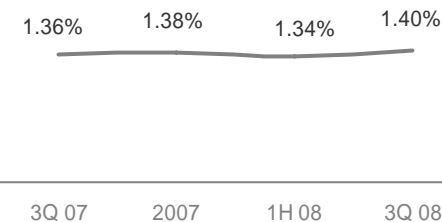
### Retail Banking



### Credit Cards



### Business Banking (Including SME)



# Solidifying funding structure with robust TL deposit growth...



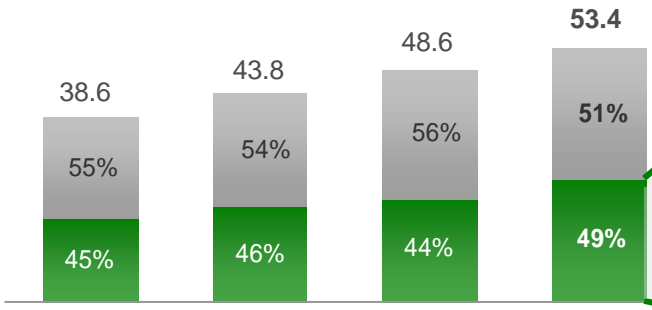
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## Total Deposits

YTL Billion

Loans / Deposits

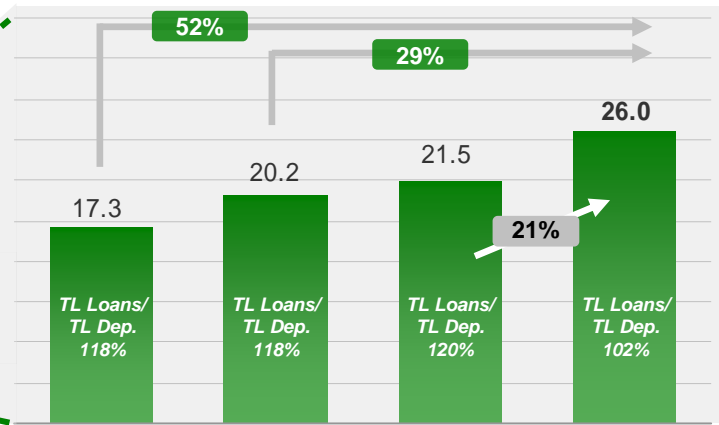
98%      94%      101%      95%



■ TL Deposits      ■ FC Deposits

## TL Deposits

YTL Billion

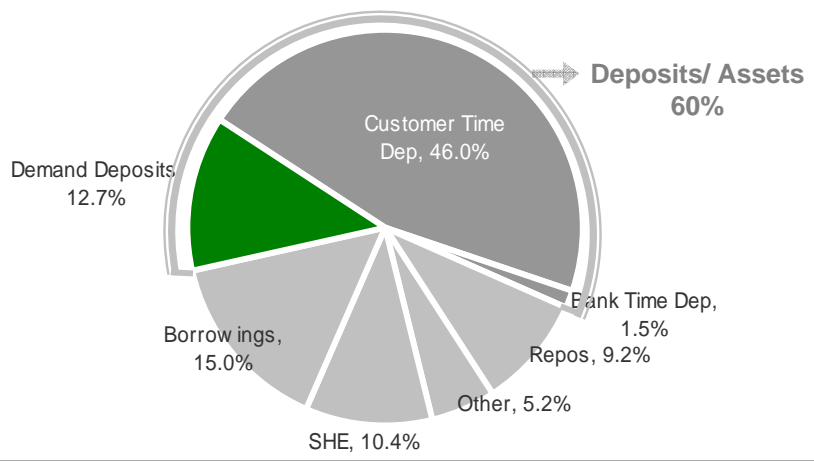


3Q 07      2007      1H 08      3Q 08

## Composition of Liabilities

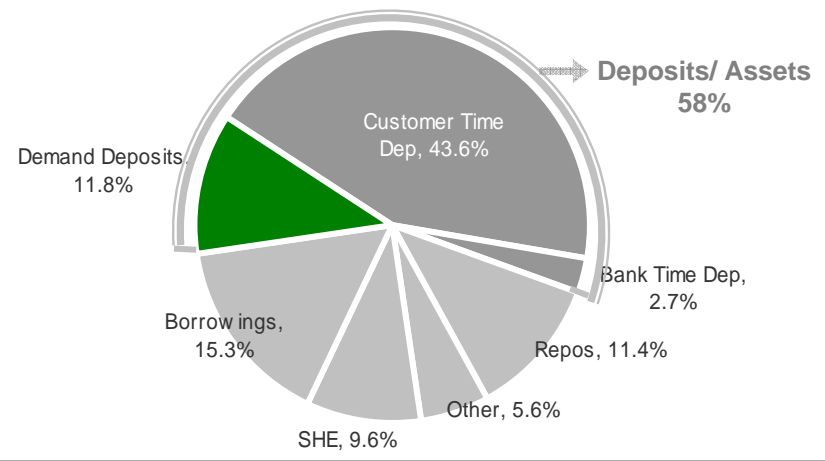
3Q 08

IBLs: 71.0%



2007

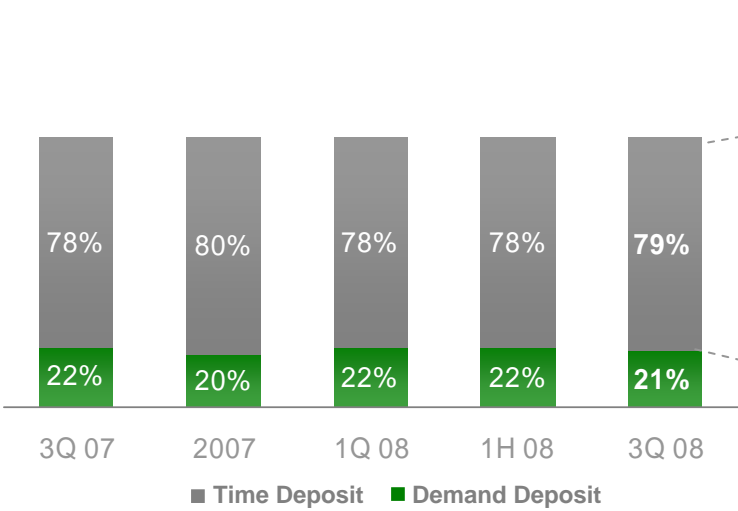
IBLs: 72.5%



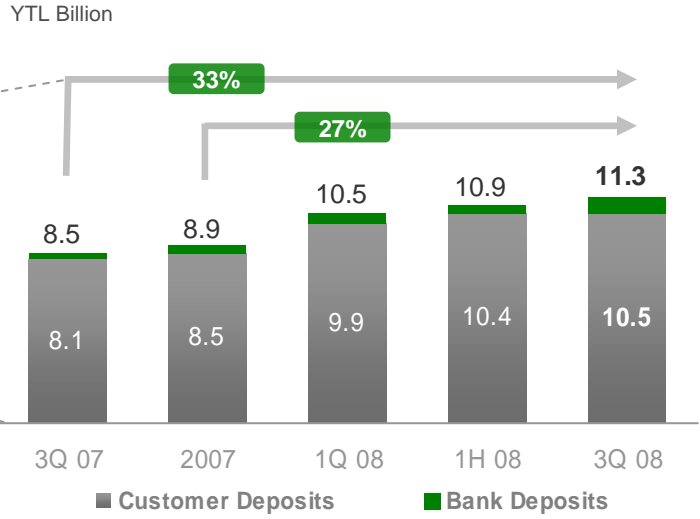
# ...sustained high demand deposit market share...



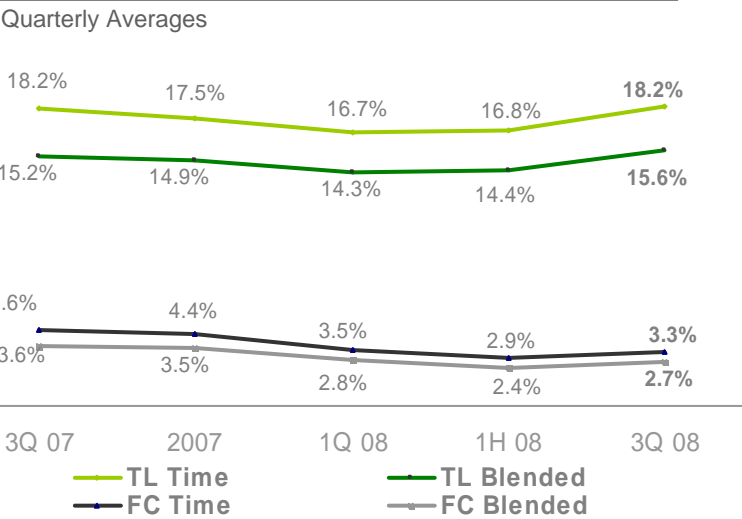
## Deposits Demand/Time Mix



## Demand Deposits



## Cost of Deposits<sup>1</sup>



Demand Deposit Market Share<sup>2</sup>

**14.2%**

Represents 110 bps increase in YTD market share

<sup>1</sup> Based on bank-only MIS data  
<sup>2</sup> Sector figures are per BRSA weekly data. Excluding bank deposits

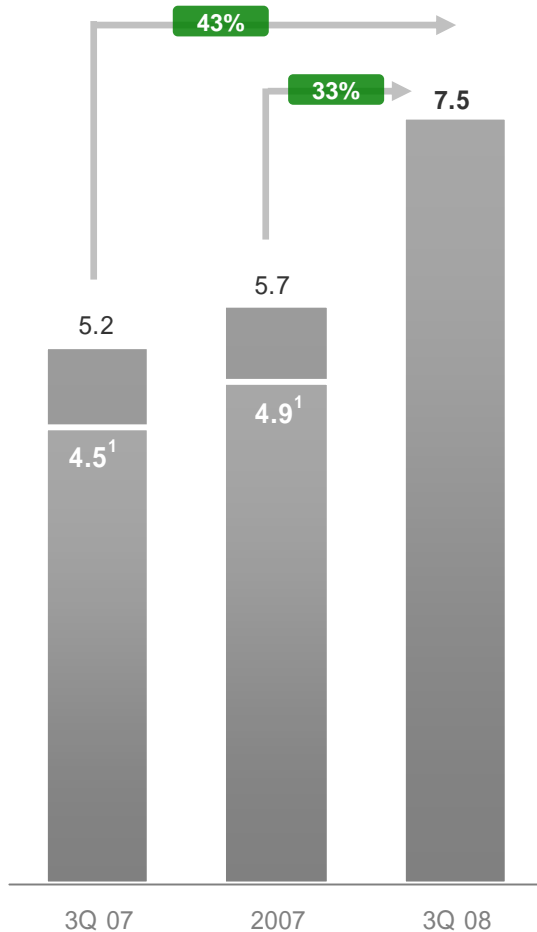




# ...and effective capital management

## Free Equity

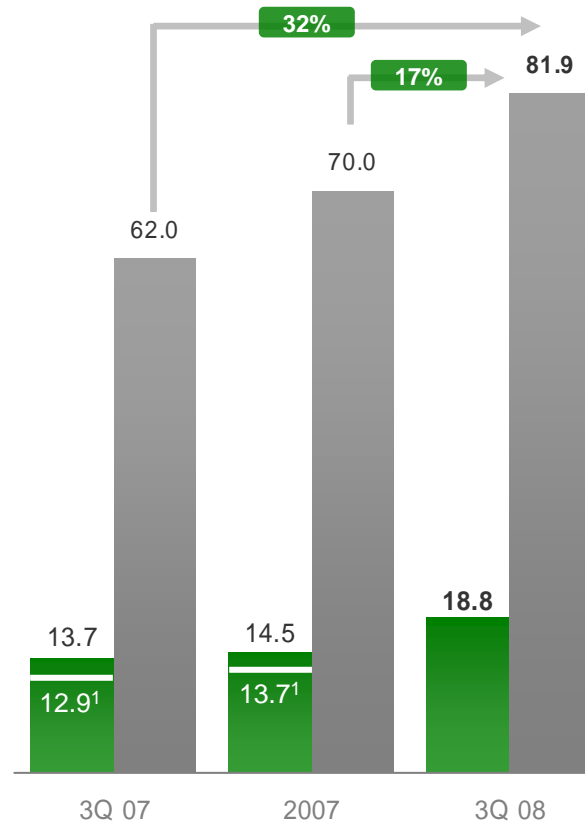
YTL Million



## Free Funds¹ / IEA's

YTL Billion (Free Funds = Free Equity + Demand Deposits)

Free Funds / IEAs → 22.9%



■ Free Funds

■ IEAs

Ytd growth  
in free funds

**4.3**  
YTL Bn

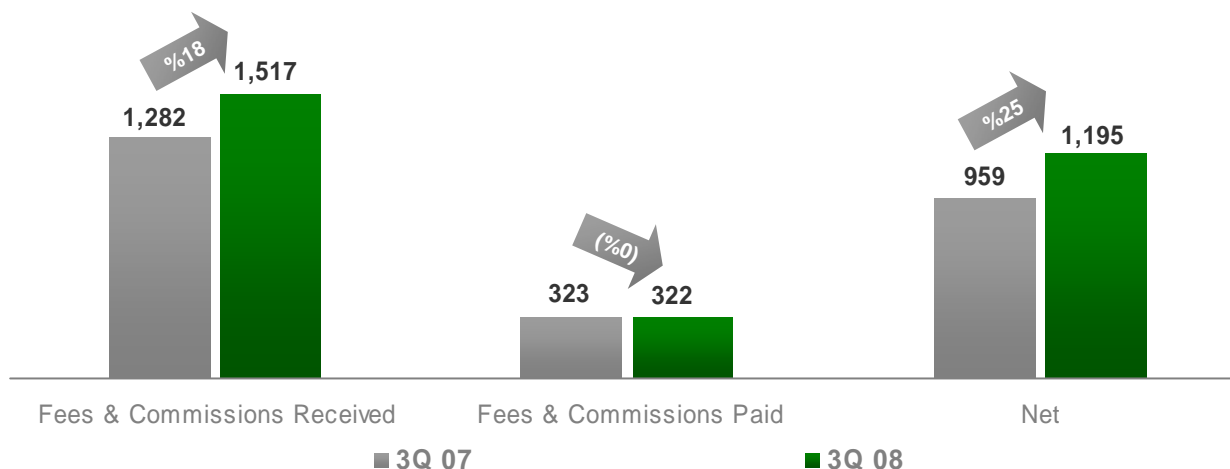


# Continued focus on resilient customer driven revenues

(YTL Thousand)	9 mo 07	9 mo 08	Change
Net Interest Inc.Adj.by net FX gains & Trading loss	2,097,694	2,765,861	32%
Fees and Commissions, net	959,153	1,195,278	25%
Other <sup>1,2</sup>	247,985	148,786	(40)%
<b>Total Operating Income<sup>2</sup></b>	<b><u>3,304,832</u></b>	<b><u>4,109,925</u></b>	<b><u>24%</u></b>

## Fees and Commissions

YTL Millions



**25%**

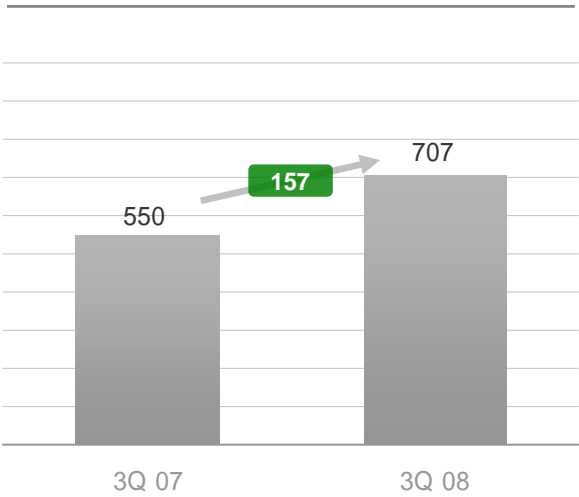
**Net Fees & Comm. Growth**

# Strengthened Retail Network -- Increased Critical Mass...

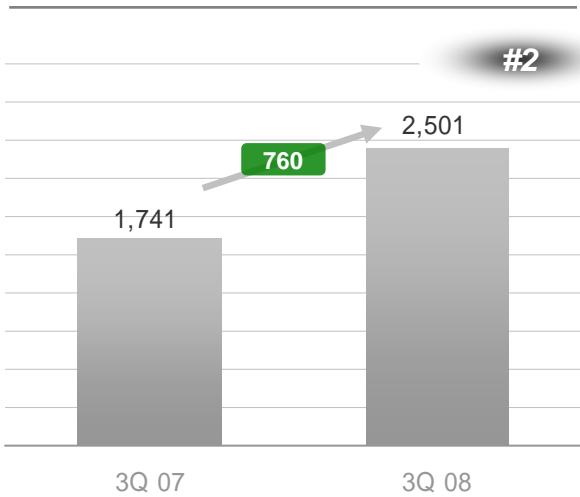


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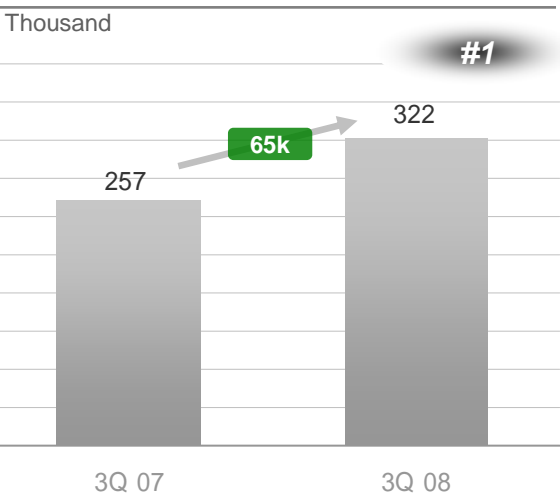
Number of Branches<sup>1</sup>



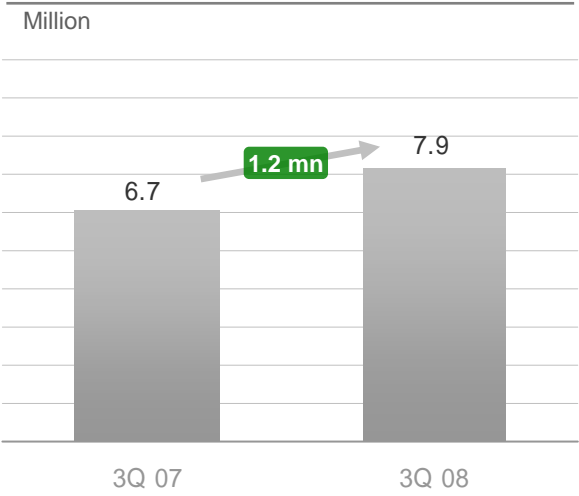
Number of ATMs<sup>1</sup>



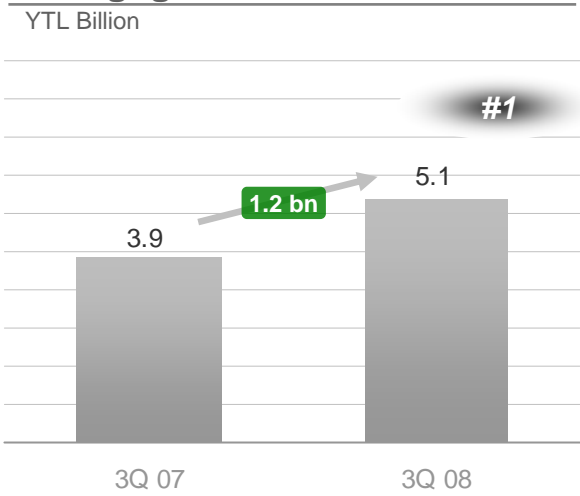
Number of POS<sup>1</sup>



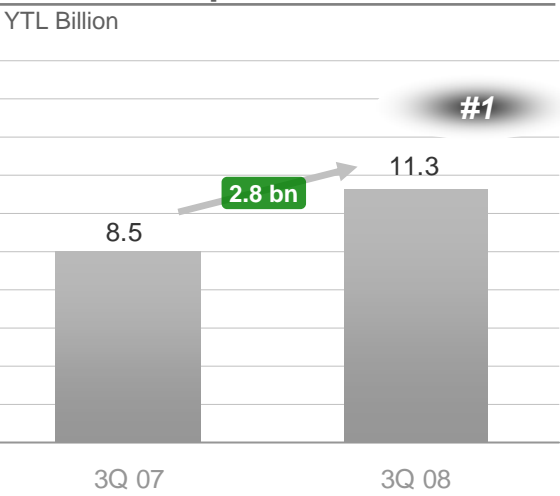
Number of Customers<sup>1</sup>



Mortgages



Demand Deposits



# ...and again did well

(YTL Thousand)	9 mo 07	9 mo 08	Change
Net Interest Inc.Adj.by net FX gains & Trading loss	2,097,694	2,765,861	32%
Net Fees & Comm. Income	959,153	1,195,278	25%
Other Non-Interest Income <sup>1</sup>	247,985	148,786	(40)%
<b>Total Operating Income<sup>1</sup></b>	<b><u>3,304,832</u></b>	<b><u>4,109,925</u></b>	<b><u>24%</u></b>
Operating Expenses <sup>1</sup>	(1,504,190)	(1,942,101)	29%
<b>Operating Income<sup>1</sup></b>	<b><u>1,800,642</u></b>	<b><u>2,167,824</u></b>	<b><u>20%</u></b>
Impairment Losses & Provisions for Severance	(207,272)	(301,025)	45%
Taxation Charge <sup>1</sup>	(309,945)	(359,652)	16%
<b>Net Income-normalized<sup>1</sup></b>	<b><u>1,283,425</u></b>	<b><u>1,507,147</u></b>	<b><u>17%</u></b>
Non-recurring items <sup>1</sup>	777,993	28,898	n.m.
Net Income	<u>2,061,418</u>	<u>1,536,045</u>	<u>(25)%</u>
<i>Equity holders of the Bank</i>	2,055,313	1,527,755	(26)%
<i>Minority interest</i>	6,405	8,290	29%

*Continued investment on  
future growth potential  
temporarily creates  
pressure on Opex*

*OPEX<sup>1</sup>/Avg. Assets  
maintained at  
**3.2%**  
y-o-y*



# Appendix

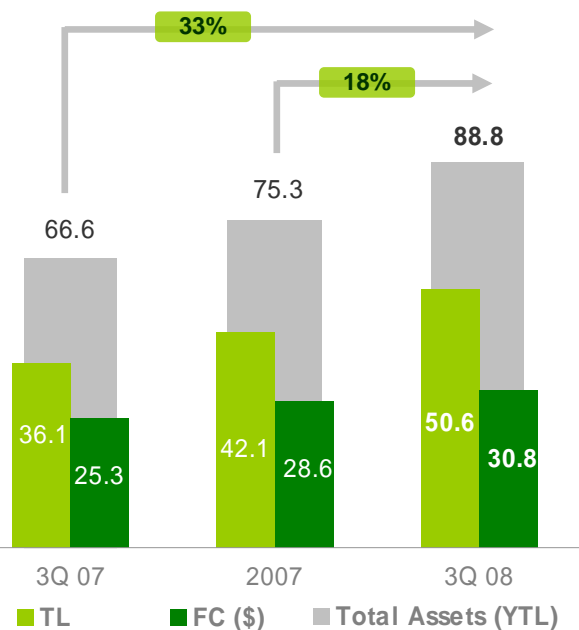
# Balance Sheet - Summary

(YTL Million)		December 2007	September 2008	% Change
Assets	Cash & Banks	7,924	10,336	30%
	Securities	18,839	22,250	18%
	Loans to Customers	41,042	50,605	23%
	Tangible Assets	1,163	1,154	(1)%
	Other	6,357	4,431	(30)%
	Total Assets	75,325	88,776	18%
Liabilities and SHE	Deposits from Customers	41,335	51,343	24%
	Deposits from Banks	2,436	2,105	(14)%
	Repo Obligations	8,592	8,199	(5)%
	Funds Borrowed	11,491	13,280	16%
	Other	4,219	4,636	10%
	SHE	7,252	9,213	27%
	Total Liabilities & SHE	75,325	88,776	18%

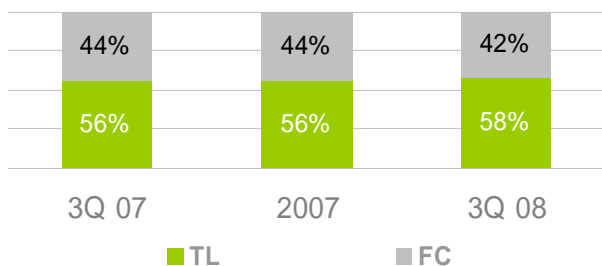
# Higher Yielding TL Asset Growth

## Total Assets

YTL / USD Billion

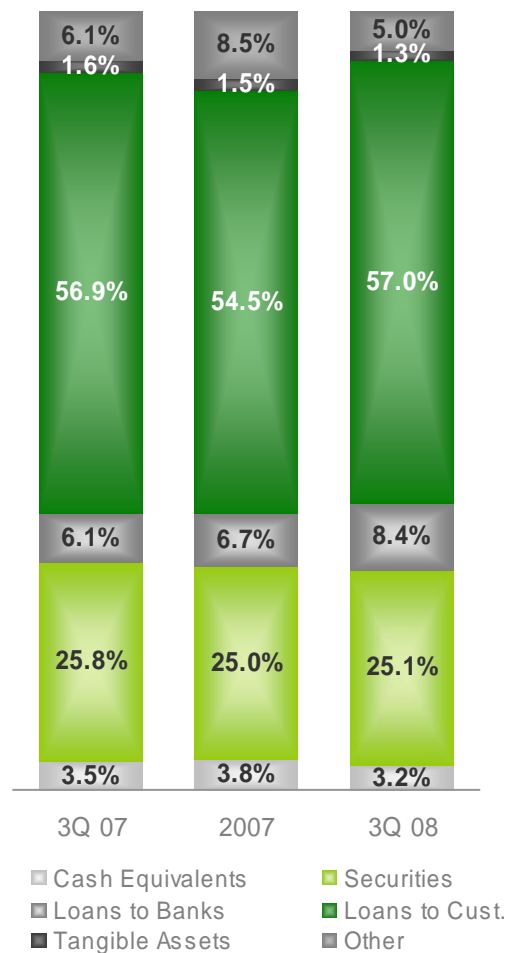


## Composition of IEA's



## Asset Composition

IEA's 93.1% 93.0% 92.3%



TL Asset Growth  
Ytd

20%

TL/Total IEA's



58%

# Non-recurring items

## September 08:

**I.** The net income resulting from the non-recurring items amounts to **YTL 29 mn**, breakdown of which is;

- i) Other income:
  - Proceeds from NPL sales **29 mn**

## December 2007:

**II.** The net income resulting from the non-recurring items amounts to **YTL 751 mn**, breakdown of which is;

- i) Other income:
  - Gains from insurance and pension & life business subsidiaries stake sale **YTL 704 mn**
  - Gains from custody sale **YTL 148 mn**
  - Tax refund that the Bank collected through conciliation from the tax office, due to the prepaid taxes in 2005 **YTL 131 mn**
  - Tax refund on an existing unused investment incentive certificate **YTL 6 mn**
- ii) Other expense:
  - Defined Benefit Obligation: **YTL 165 mn**
  - Banking Insurance and transaction tax related to custody sale **YTL 7 mn**
- iii) Taxation expense
  - Tax expense of insurance and pension & life business subsidiaries stake sale **YTL 38 mn**
  - Tax expense of custody sale **YTL 28 mn**

## September 07:

**III.** The net income resulting from the non-recurring items amounts to **YTL 778 mn**, breakdown of which is;

- i) Other income:
  - Gains from insurance and pension & life business subsidiaries stake sale **YTL 704 mn**
  - Gains from custody sale **YTL 148 mn**
- ii) Other expense:
  - Banking Insurance and transaction tax related to custody sale **YTL 7 mn**
- iii) Taxation expense
  - Tax expense of insurance and pension & life business subsidiaries stake sale **YTL 38 mn**
  - Tax expense of custody sale **YTL 28 mn**





**For further information please contact [investorrelations@garanti.com.tr](mailto:investorrelations@garanti.com.tr)**