Garanti

IFRS Earnings Presentation

September 30, 2009

3Q 2009: Crystallizing expectations of a turnaround in 2H 09

Across the globe, positive economic data offered a hint that the worst of the financial crisis has passed, though the after-effects might persist for some time

- US and EU economies contracted by an annual pace of ~1% in 2Q versus 5-6% shrinkage in 1Q. Japan returned to growth, its economy grew by 3.7% versus a severe contraction of 11.5% in 1Q
- Ample liquidity sustained by major central banks
- Though the labor market worsened, the pace of deterioration remained markedly slower than during the early months of the year

Turkish economy's sharp decline leveled off

- After the revised **1Q09 GDP** contraction of **14.3**%, Turkish economy shrank by **7%** in **2Q09**
- 12-month C/A deficit fell to US$ 20.7 billion as of 2Q09 from US$ 41.7 billion in 2008-year end
- **CPI** decreased to **5.3%** at the end of 3Q09, the lowest level since July 1970, **down from 10.1%** as of YE '08
- Government extended the deadline of **economic stimulus package**, however narrowed down the scope

CBT's monetary policy expected to maintain an easing bias for a long period of time

- CBT cut policy rate by **775 bps** to 7**.25%** as of end of 3Q09 from **15%** at the end of 2008

Medium-Term Program, IMF talks and outlook upgrades

- Government's long awaited Medium-Term Program was announced mid-September. As the credibility of the Program increases, it is possible that Turkey can secure the capital inflows to maintain growth rates above 4%
- IMF talks continue... The value of IMF insurance is decreasing but an agreement would help Turkey to upload both the credibility and the capital inflows and hence reach higher GDP levels faster
- Moody's upgraded Turkey's rating outlook from Stable to Positive and S&P from Negative to Stable

3Q 2009 Highlights -- Financial strength reinforced w/ solid underlying business

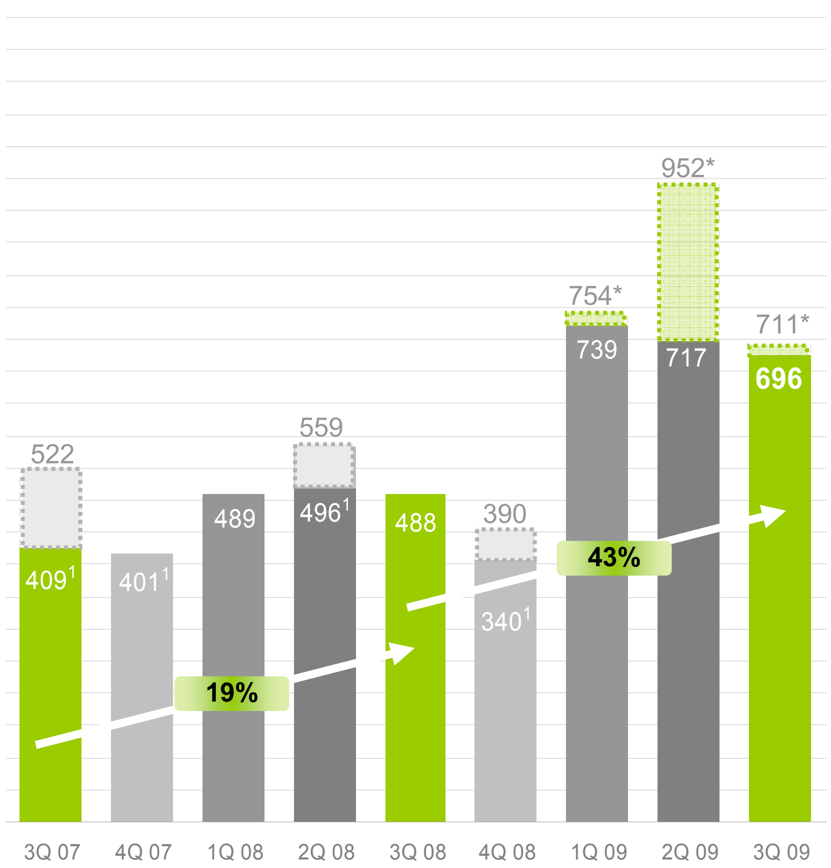
Solid balance sheet yielding recurrent earnings

- **Stellar earnings** performance:
  - Y-o-y **earnings growth 46%** & **ROAE 25% --** including conservative provisioning (TL 265 mn free provisions booked in the first nine months)
- **Liquid asset** mix (Liquidity ratio - 38%) – Actively managed and well diversified
- Lending activity picking up pace with focus on **low risk and profitable growth**
  - Loan market share gains: TL loans 12% (+41bps) and FC loans 22% (+86bps)
- Continued **focus on risk-return balance**
  - NPL formation leveling off and higher collections
  - Limited write-offs ➡ The wide gap vs. Sector maintained.. Garanti NPL: 4.2% vs. Sector NPL[1]: 5.2%
- **Well managed funding mix** reinforced with long-term TL borrowings and free funds.
  - High free equity generation capacity (35% growth ytd) and strong solvency (CAR[2] at 17.3%)
  - Demand deposit growth at triple the pace of sector's – Market share at 17%
  - TL 1.3 bn in long-term repo funding booked ytd at low fixed rate
- **Margin pressure minimized** with active B/S management
- Focus on **cost discipline remains** while investment in retail network expansion continues, # of branches >750[3]

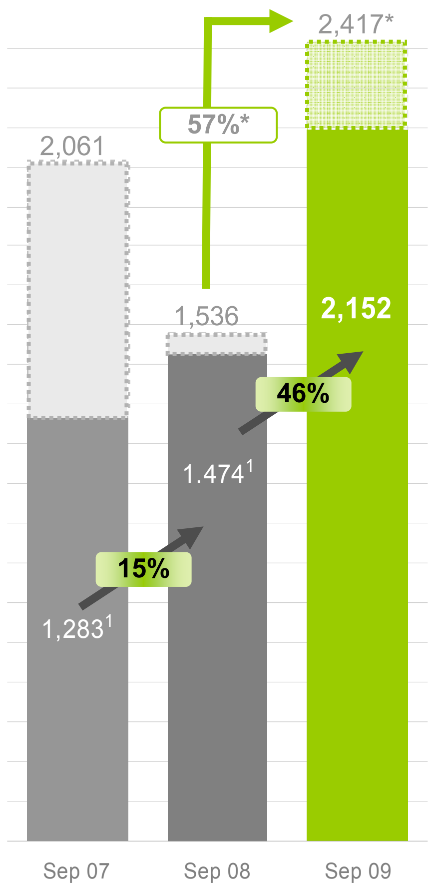
1 Consolidated Garanti NPL includes leasing and factoring receivables, sector NPL is based on bank-only BRSA weekly data
2 As per BRSA consolidated financials
3 As of November 2009

Stellar earnings performance -- result of liquid, low-risk, & well-capitalized B/S

Quarterly Normalized Net Income[1]



Normalized Net Income[1]

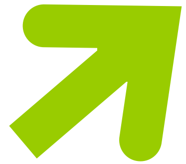


Non-recurring items

General reserves

Earnings[1]

Y-o-Y



46%

ROAE

25%

Excluding m-t-m gains on equity & general reserves ROAE would be

29%

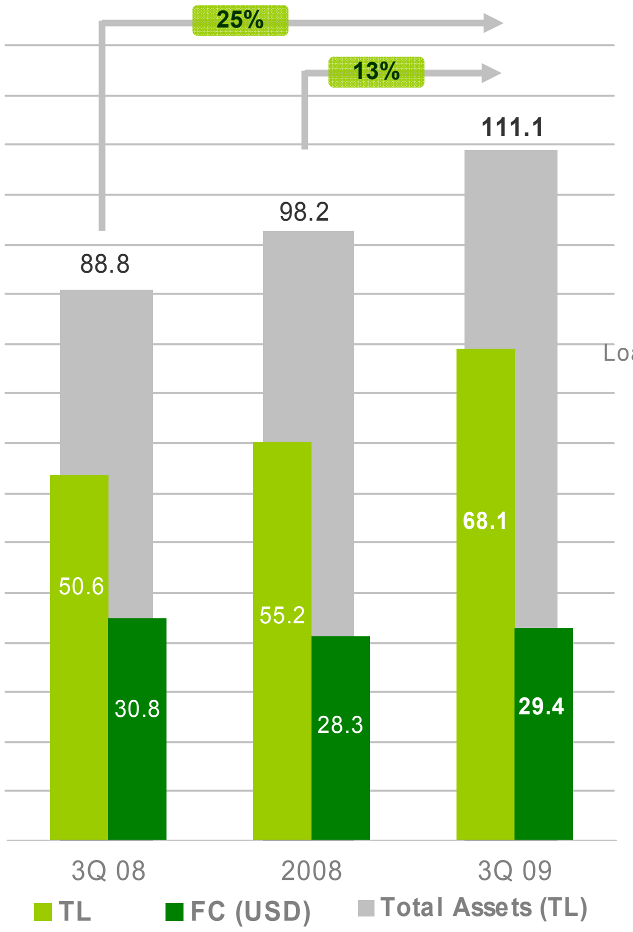
1 Please refer to Slide 18 for breakdown of non-recurring items

* Net income excluding the effect of general reserve of TL 265mn (1Q 09: TL 15mn; 2Q 09: TL 235mn; 3Q 09: TL 15mn) provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in economy or market conditions, and fully recognized as expense in the current period

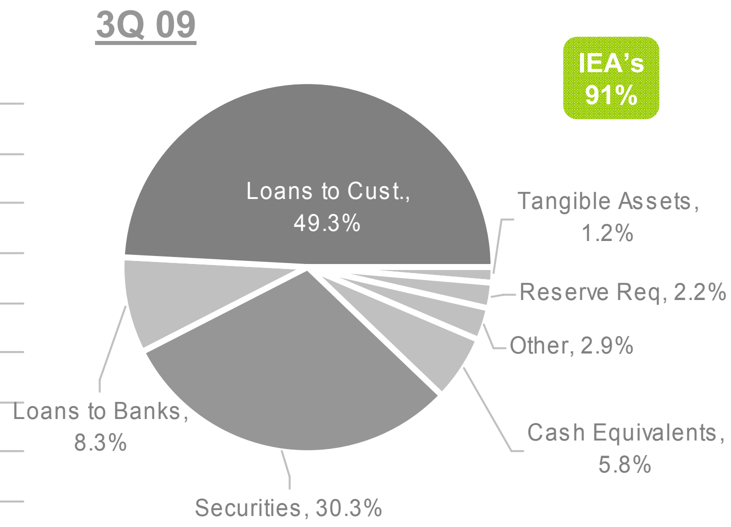
More liquid asset mix...

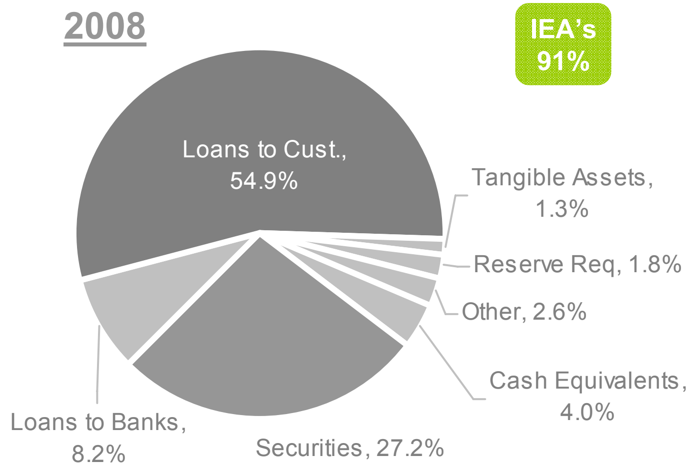
Total Assets

TL / USD Billion



Composition of Assets





Ytd Growth in:

TL Assets

23%

FC Assets ($)

4%

Liquidity Ratio[1]

38%

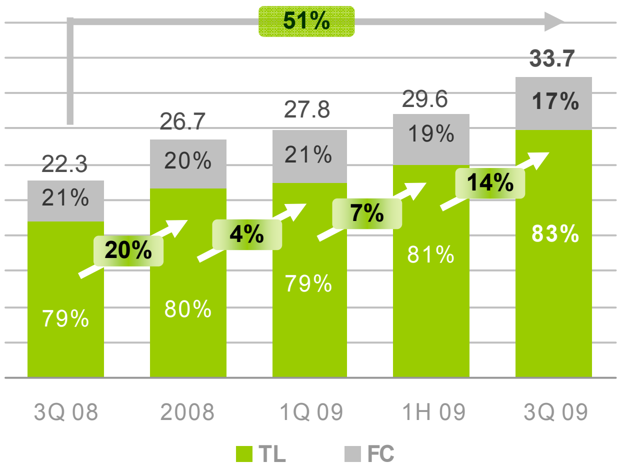
up from 31% at YE 08

1 (Cash and Balances with Central Bank+ Loans and advances to banks + Financial assets held for trading + Available for sale securities)/Total Assets

...on the back of volume growth in fixed rate AFS securities -- limiting margin pressure

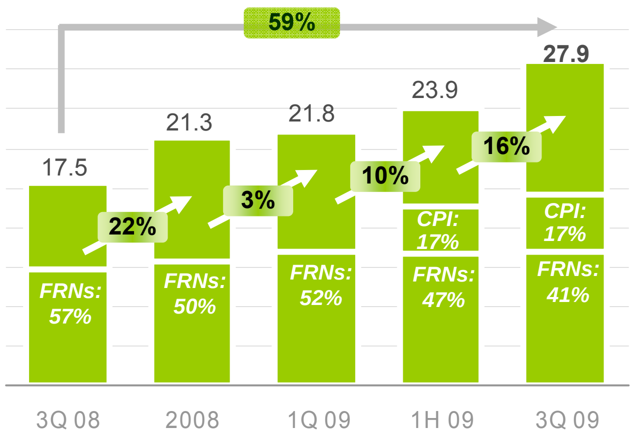
Total Securities

TL Billion



TL Securities

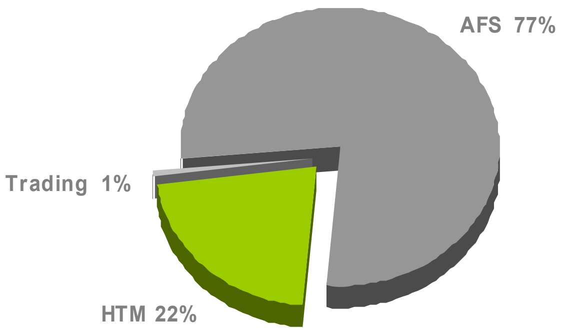
TL Billion



Securities mix in assets

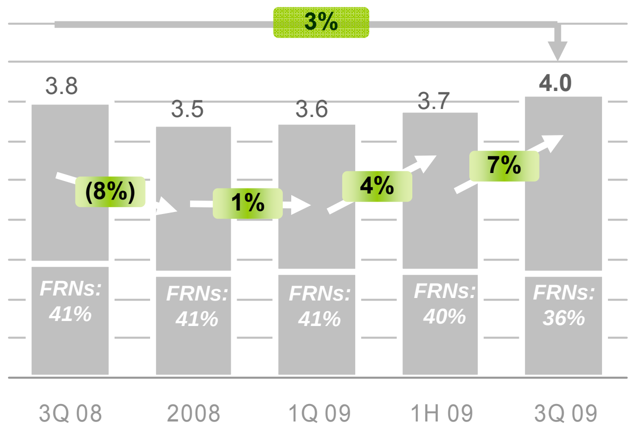
30%

Total Securities Composition



FC Securities

US$ Billion



AFS mix in total

77%

from 69% at YE 08

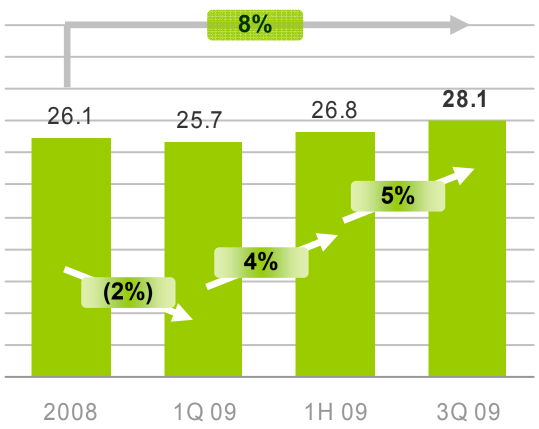
Unrealized gain ~TL 1.8 bn*

Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data
* Gross amount of MtM gains of AFS book, the net amount affecting equity is included in “Securities Value Increase Fund” of TL 1,418 mn. Pls. refer to Liabilities and Shareholders’ Equity section of the Financial Statements

Lending picking up pace...

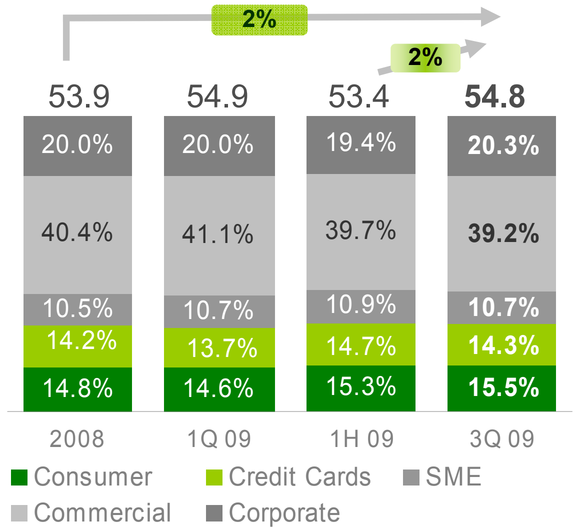
TL Loans[1]

TL Billion



Loans by LOB[1, 2]

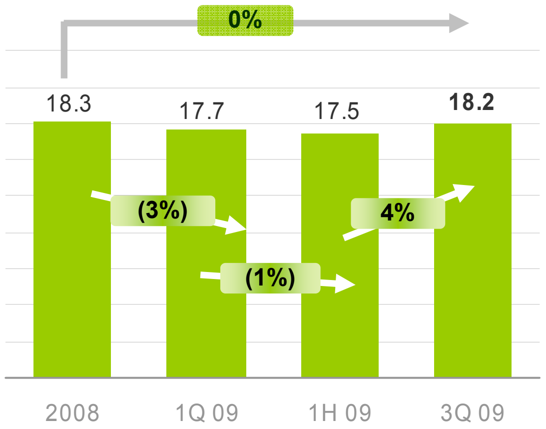
TL Billion



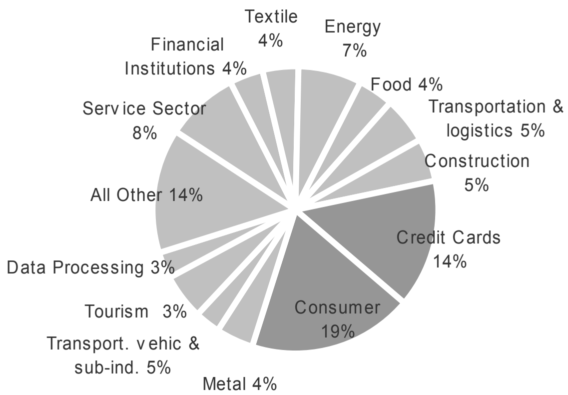
Lending growth in 3Q 09 mainly driven by Corporate, Commercial and Consumer lines of business

FC Loans[1]

US$ Billion



Loans by Sectoral Breakdown[1]



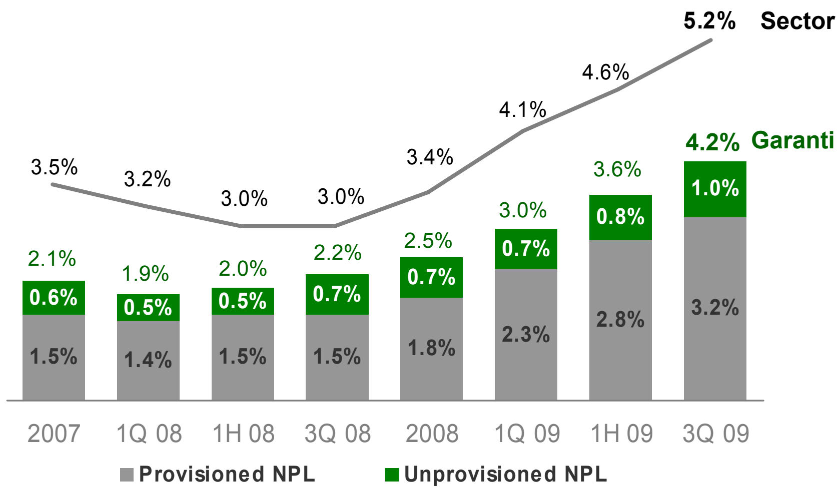
Market Shares

	YTD Δ	Sep 09
Total Loans	+25 bps	14.9%
TL Loans	+41 bps	12.0%
FC Loans	+86 bps	21.9%

1 Performing cash loans
2 Based on bank-only MIS data
Source: Sector figures are based on BRSA weekly data, commercial banks only

NPL ratio rising... but still the wide gap vs. sector remains

NPL Ratio[1]



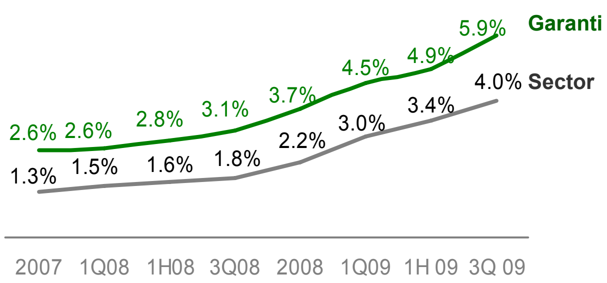
Note: 2008 sector NPL includes a total of 1.4 bn **NPL sales** & **write-offs**

- NPL formation leveling off and higher collections
- Limited write-offs
- The wide gap vs. Sector maintained:
  Garanti NPL: **4.2%** vs.
  Sector NPL[1]: **5.2%**

NPL Categorisation[1,2]

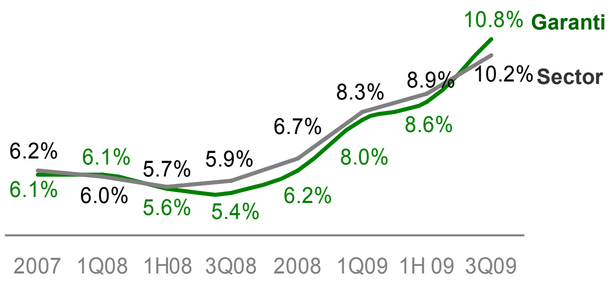
Retail Banking (Consumer & SME Personal)

19% of Garanti's Total Loans



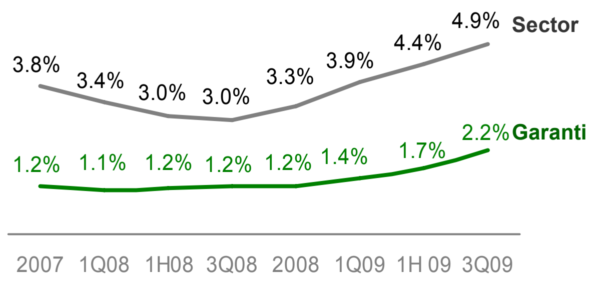
Credit Cards

14% of Garanti's Total Loans



Business Banking (Including SME)

67% of Garanti's Total Loans



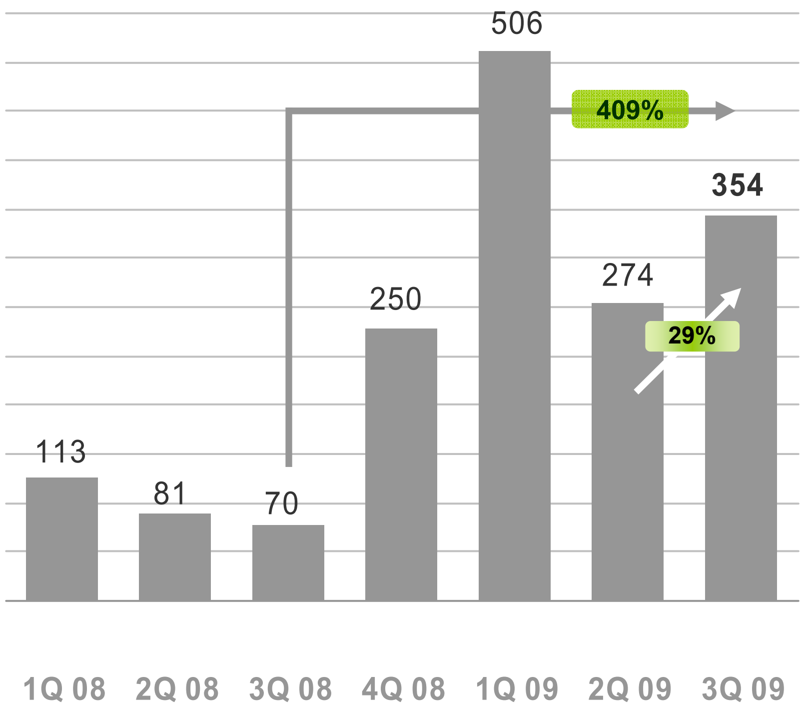
Source: BRSA, TBA & CBT
1 Sector figures are per BRSA bank-only data..
2 Garanti NPL categorisation based on bank-only financials
Note: Pre-NPL restructurings totaled TL 211mn and NPL restructurings totaled TL 520mn. NPL restructurings had no effect on NPL ratio as they are not yet classified as performing

Continue to reinforce provisions

Quarterly Loan-Loss Provisions

TL Million

Coverage Ratio	Dec 08	Mar 09	Jun 09	Sep 09
Sector[1]	81%	81%	81%	82%
Garanti				
IFRS	72%	78%	78%	76%
BRSA Consolidated	64%	77%	82%	82%



Coverage Ratio

76%

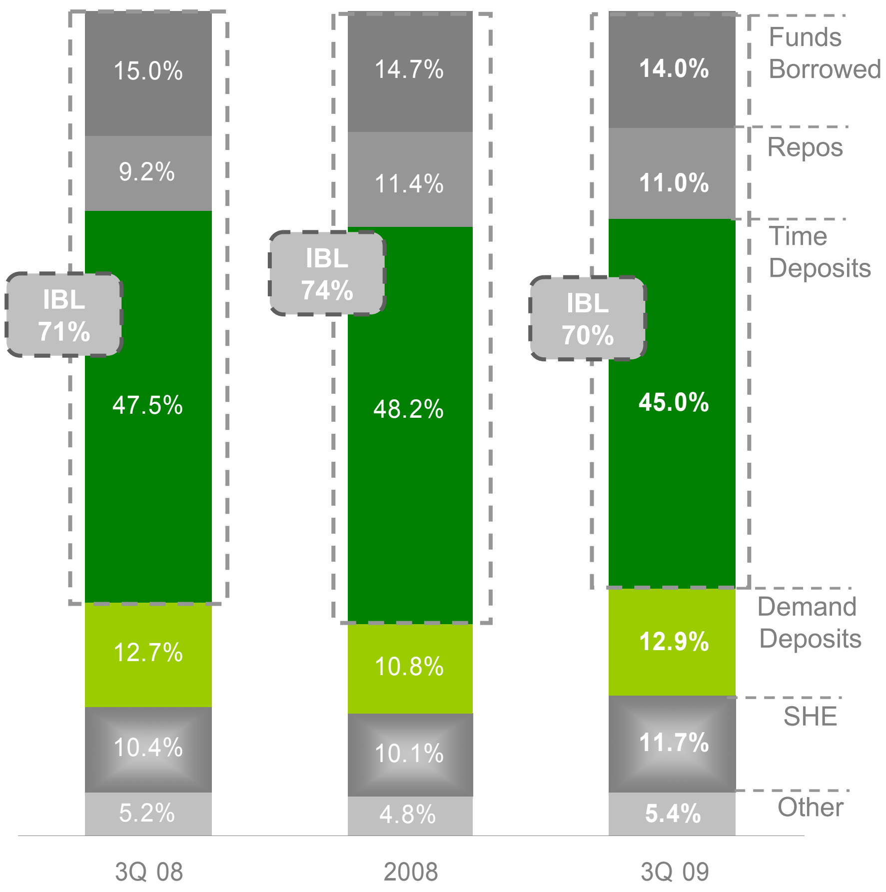
More conservative approach temporary rise in loan-loss provisions in 2009

Cost of risk down from
372 bps in 1Q 09,
290 bps in 1H 09,
<280 bps as of Sep 09

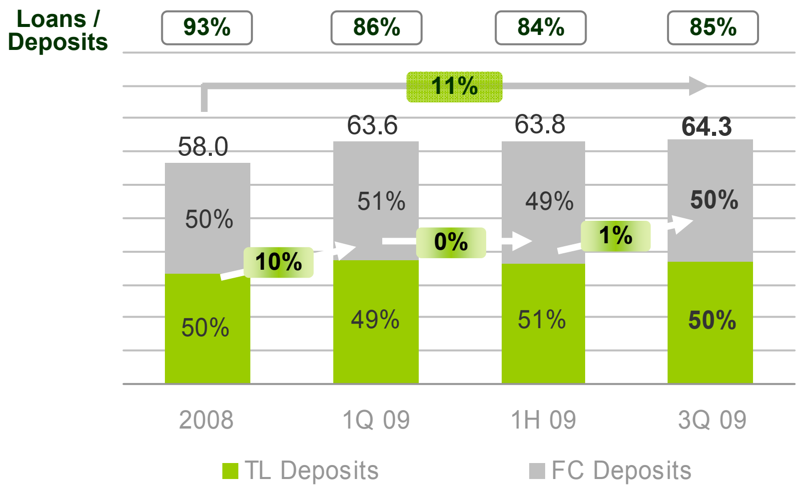
1 Sector figures are per BRSA weekly data, commercial banks only

Well-managed funding mix reinforced with long-term TL borrowings & free funds

Composition of Liabilities



Total Deposits



Ytd deposit growth at twice the pace of the sector's

TL deposit growth ***10%*** *vs. sector's* ***4%***

FC deposit growth ***16%*** *vs. sector's* ***11%***

Note: Sector figures are per BRSA weekly data, commercial banks only

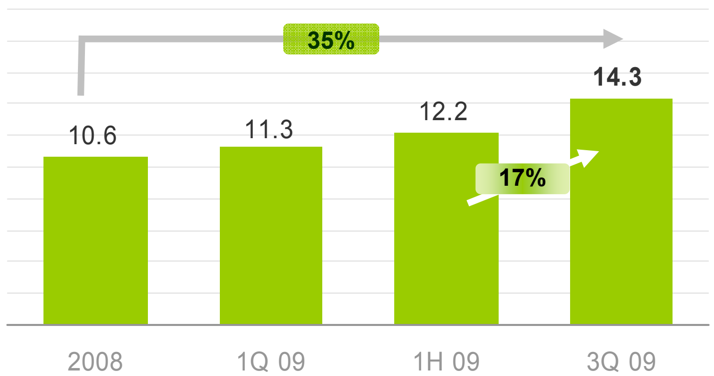
Demand deposit growth at triple the pace of sector's...

Deposits by LOB[1]

(Excluding bank deposits)

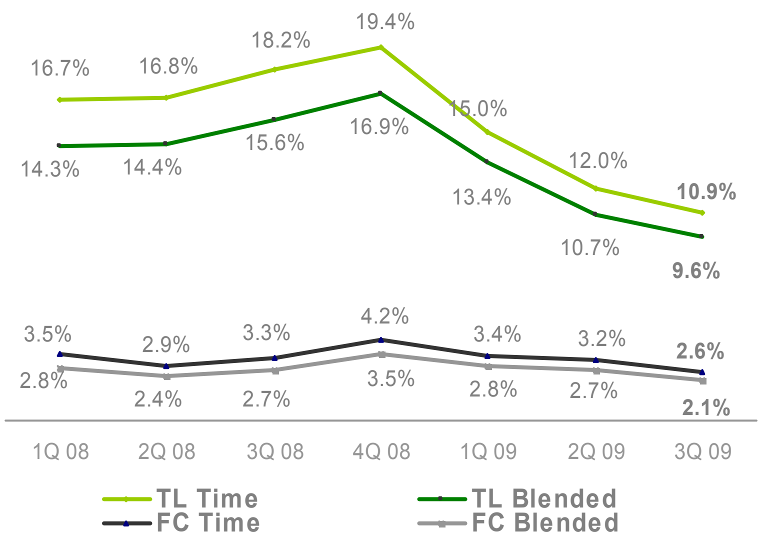
Demand Deposits

TL Billion



Cost of Deposits[1]

Quarterly Averages



Demand Deposits

Ytd Growth

35% vs.

Sector's 12%

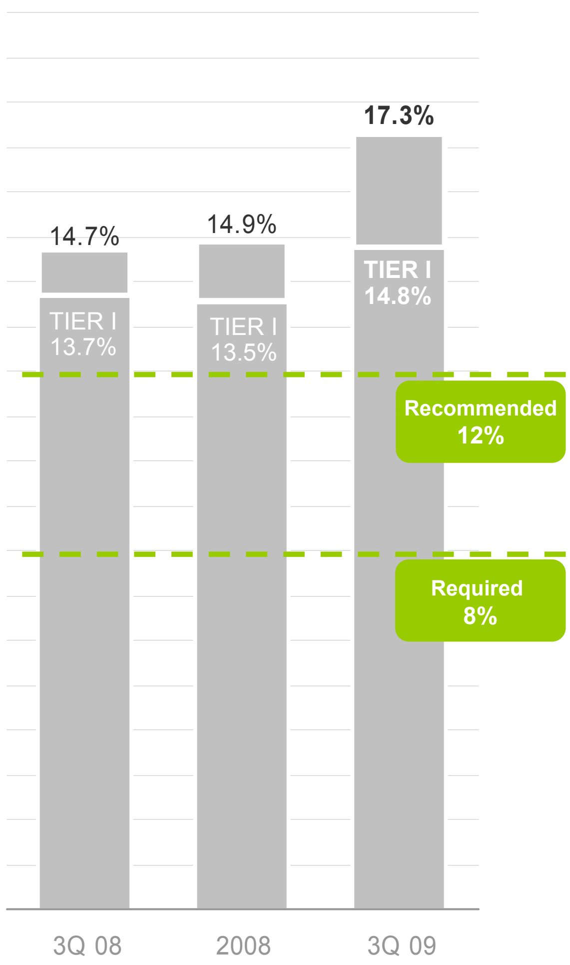
Demand Deposit Market Share[2]

17%

1 Based on bank-only MIS data
2 Sector figures are per BRSA weekly data, commercial banks only. Bank-only data used for market share calculation

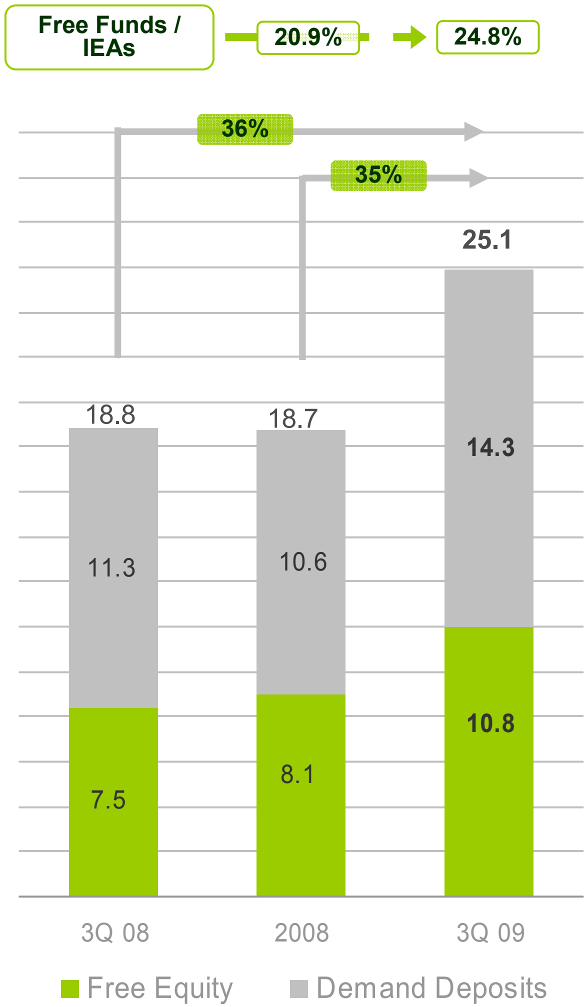
...plus the high capacity to generate free equity minimize the margin pressure

CAR[1]



Free Funds

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



Free Equity

Ytd

35%

Leverage Ratio

8x

down from **9x** in 1Q 09 and at YE 08

Well positioned for future growth

1 As per BRSA consolidated financials

Ordinary banking income generation capacity outperforms the sector

(TL Thousand)	9 Mo 08	9 Mo 09	Change
Net Interest Inc.Adj.by net FX gains & Trading loss	2,765,861	4,674,620	69%
Fees and Commissions, net	1,195,278	1,369,867	15%
Provision on Loans and Securities	(267,151)	(1,151,196)	331%
Ordinary Banking Income	3,693,988	4,893,291	32%

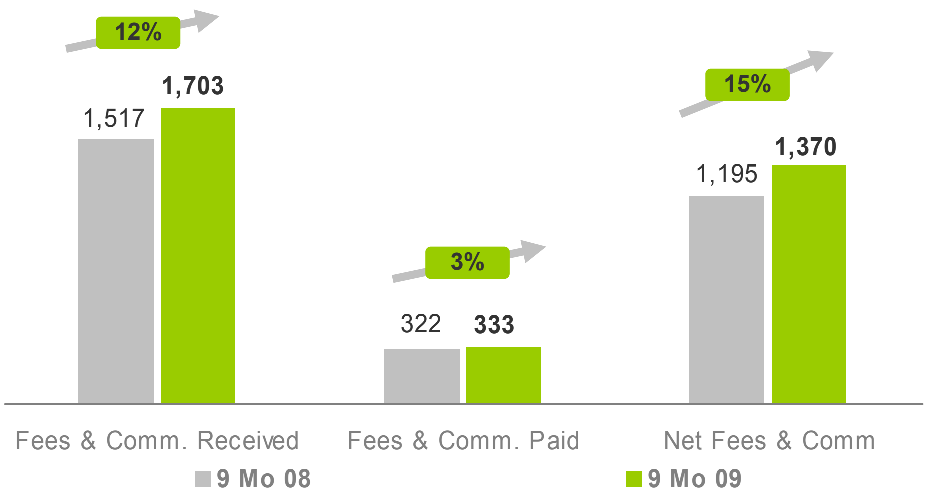
32%

Ordinary Banking Income

Y-o-Y

Fees and Commissions

TL Millions



Garanti[1] recorded the highest ordinary banking income volume & y-o-y growth rate among peers in 2009

1 Bank-only data used for comparison purposes

Again the results reflect the solid business model

(TL Thousand)	9 Mo '08	9 Mo '09	Growth
Net Interest Inc.Adj.by net FX gains & Trading loss	2,765,861	4,674,620	69%
Net Fees & Comm. Income	1,195,278	1,369,867	15%
Provision on Loans and Securities	(267,151)	(1,151,196)	331%
Ordinary Banking Income	**3,693,988**	**4,893,291**	**32%**
Other Non-Interest Income[1]	148,786	218,225	47%
Total Operating Income[1]	**3,842,774**	**5,111,516**	**33%**
Operating Expenses	(1,942,101)	(2,077,837)	7%
Operating Income[1]	**1,900,673**	**3,033,679**	**60%**
Other Provisions[2]	(33,874)	(267,285)	689%
Taxation Charge[1]	(392,572)	(613,919)	56%
Normalized Net Income[1,2]	**1,474,227**	**2,152,475**	**46%**
Non-recurring Items	61,818	-	n.m.
Net Income	**1,536,045**	**2,152,475**	**40%**
Equityholders of the Bank	1,527,755	2,141,523	40%
Minority Interest	8,290	10,952	32%

46%

Net Income[1] Growth

Y-o-Y

Cost / Income

41.0%

1 Normalized, please refer to slide 18 for non-recurring items

2 Net income including the effect of general reserve of TL 265mn provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in economy or market conditions, and fully recognized as expense in the current period

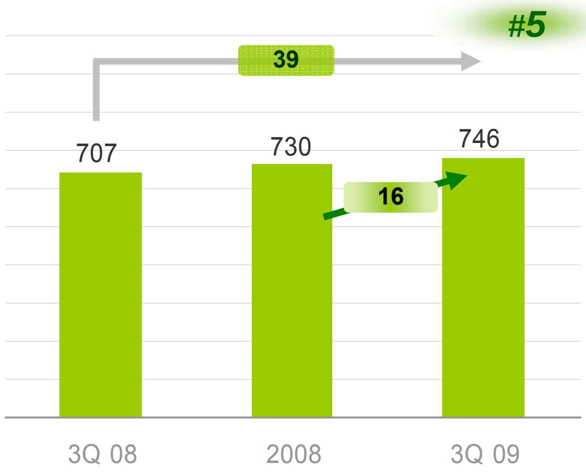
Appendix

Balance Sheet - Summary

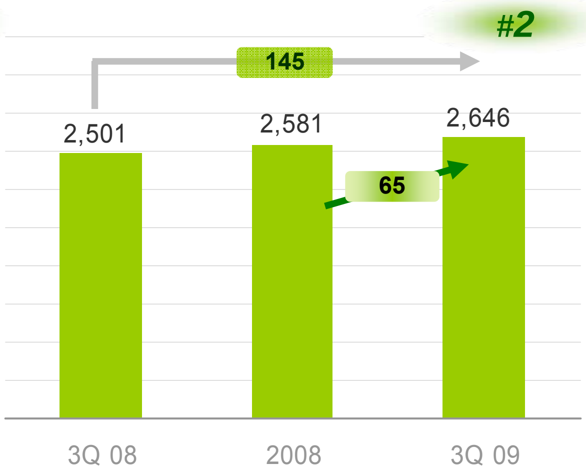
	(YTL Million)	December 2008	September 2009	% Change
Assets	Cash & Banks	11,977	15,643	31%
	Securities	26,676	33,684	26%
	Loans to Customers	53,870	54,767	2%
	Tangible Assets	1,239	1,352	9%
	Other	4,426	5,644	27%
	Total Assets	98,188	111,090	13%
Liabilities & SHE	Deposits from Customers	55,838	61,446	10%
	Deposits from Banks	2,119	2,846	34%
	Repo Obligations	11,153	12,202	9%
	Funds Borrowed	14,391	15,654	8%
	Other	4,783	5,991	27%
	SHE	9,904	12,951	31%
	Total Liabilities & SHE	98,188	111,090	13%

Continuous strengthening in retail

Number of Branches

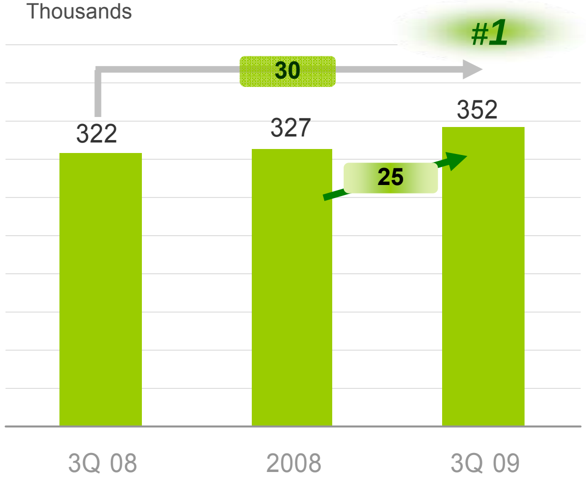


Number of ATMs



Number of POS

Thousands

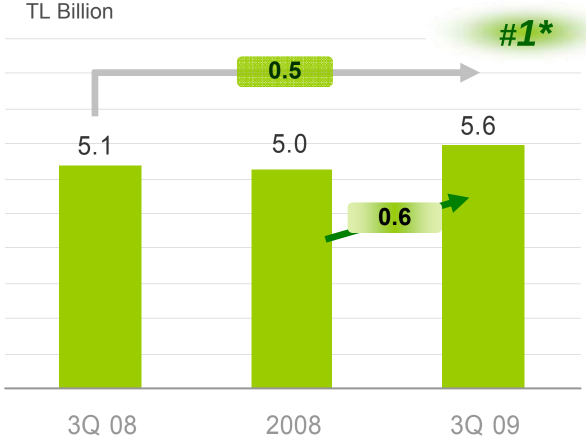


Number of Customers

Millions

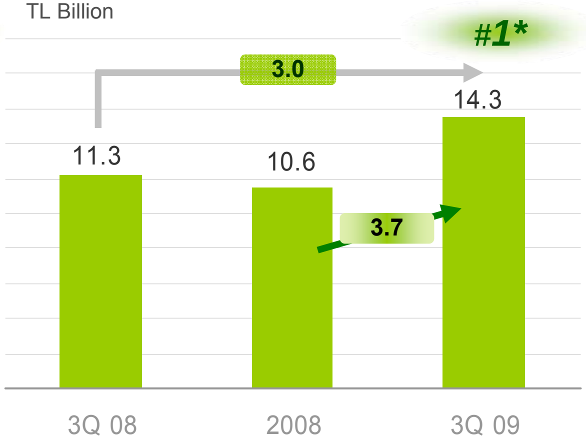
Mortgages[1]

TL Billion



Demand Deposits

TL Billion



* Mortgage and demand deposit ranks are as of 1H 09
1 Excluding accruals on mortgage loans
Note: All figures are per bank-only data except for mortgages and demand deposits

Non-recurring items

December 2008:

I. The net income resulting from the non-recurring items amounts to **TL +111 mn**, breakdown of which is;

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

ii) Other expense-impairment charge:
-Provision reversal amounting to **TL +62 mn** related to defined benefit obligation liability.

iii) Taxation expense
- Deferred tax credit amounting to **TL +20 mn** related to defined benefit obligation liability

September 2008:

I. The net income resulting from the non-recurring items amounts to **TL +62 mn**, breakdown of which is;

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

ii) Taxation expense:
- Tax credit of **TL +33** mn related to defined benefit obligation liability

December 2007:

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

i) Other income:
- Gains from insurance and pension & life business subsidiaries stake sale **TL +704 mn**
- Gains from custody sale **TL +148 mn**

ii) Other expense:
- Defined Benefit Obligation: **TL -165 mn**
- Banking Insurance and transaction tax related to custody sale **TL -7 mn**

iii) Taxation expense
- Tax expense of insurance and pension & life business subsidiaries stake sale **TL -38 mn**
- Tax expense of custody sale **TL -28 mn**
- Tax refund that the Bank collected through conciliation from the tax office, due to the prepaid taxes in 2005 **TL +131 mn**
- Tax refund on an existing unused investment incentive certificate **TL +6 mn**

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