Garanti

BRSA Consolidated 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

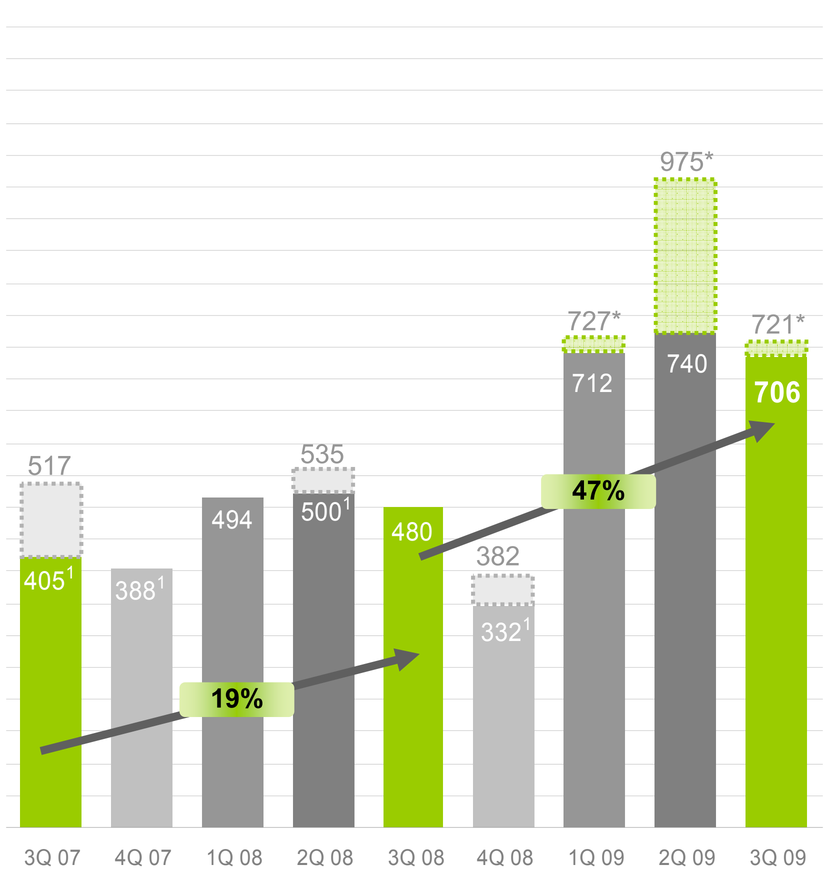
Solid balance sheet yielding recurrent earnings

- **Stellar earnings** performance:
  - Y-o-y **earnings growth 46%** & **ROAE 26% --** 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: 3.9% vs. Sector NPL: 5.2%
- **Well managed funding mix** reinforced with long-term TL borrowings and free funds.
  - High free equity generation capacity (37% growth ytd) and strong solvency (CAR 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*

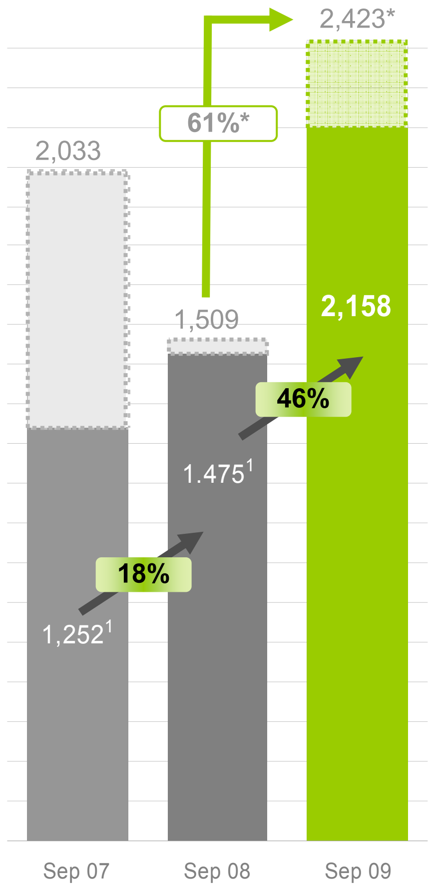
* As of November 2009

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

26%

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

30%

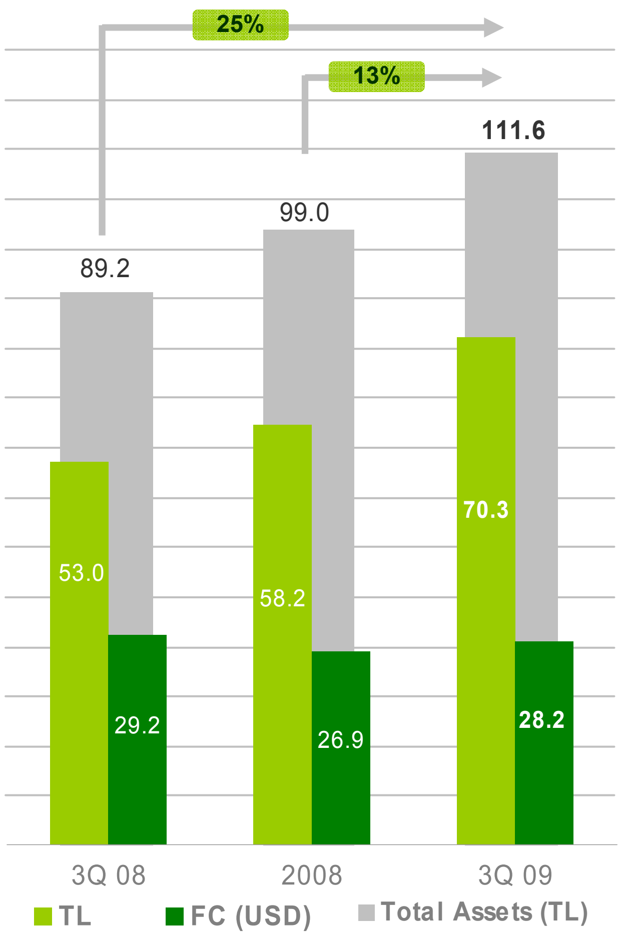
1 Please refer to Slide 23 for breakdown of non-recurring items

* 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...

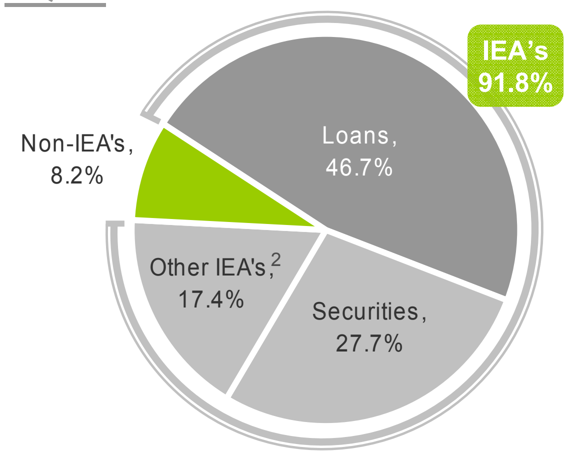
Total Assets

TL / USD Billion

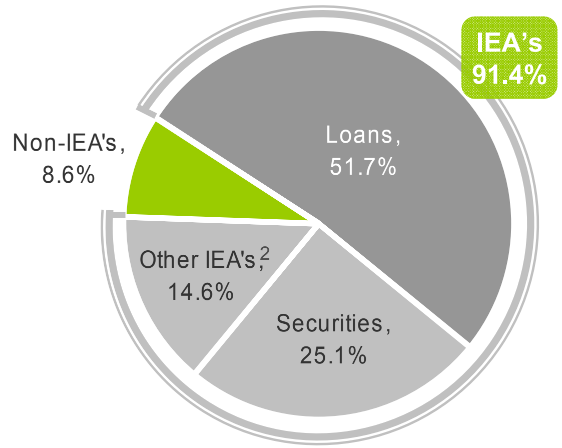


Composition of Assets[1]

3Q 09



2008



Ytd Growth in:

TL Assets

21%

FC Assets ($)

5%

Liquidity Ratio[3]

38%

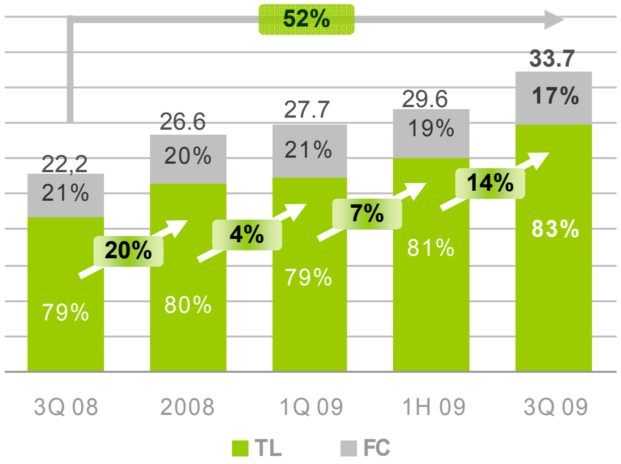
up from 30% at YE 08

1 Accrued interest on B/S items are shown in non-IEAs
2 Other IEA's include factoring and leasing receivables
3 (Cash and banks + trading securities +AFS) / Assets

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

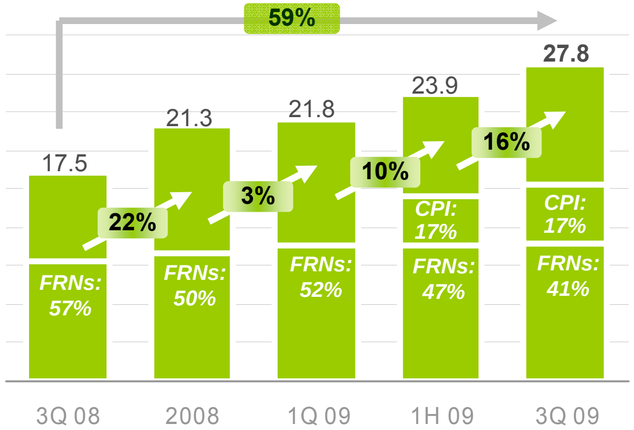
Total Securities

TL Billion



TL Securities

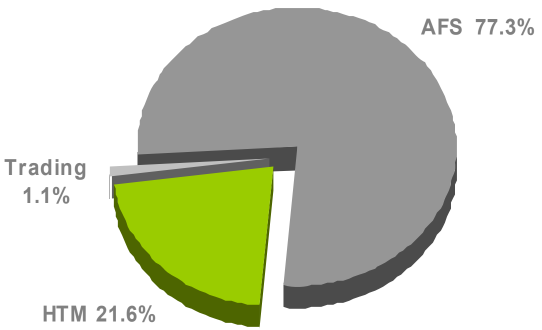
TL Billion



Securities mix in assets

28%

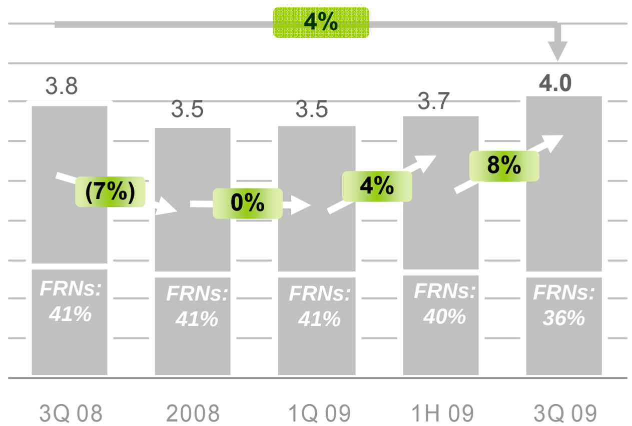
Total Securities Composition



Unrealized gain ~TL 1.8 bn*

FC Securities

US$ Billion



AFS mix in total

77%

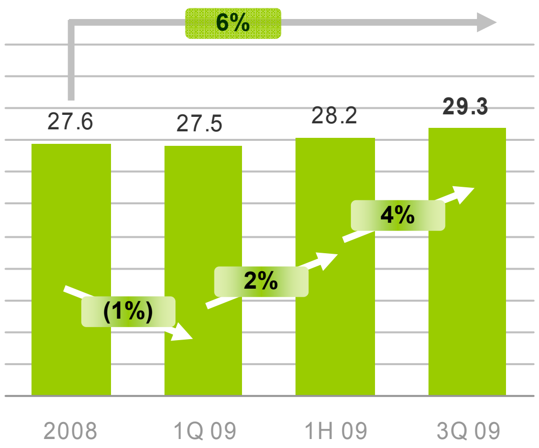
from 69% at YE 08

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...

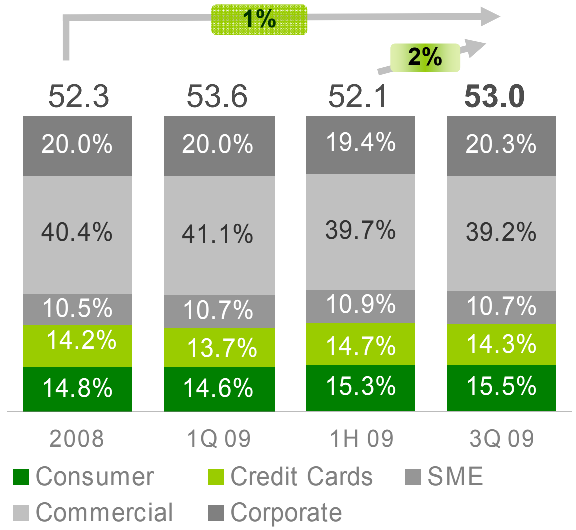
TL Loans[1]

TL Billion



Loans by LOB[1, 2]

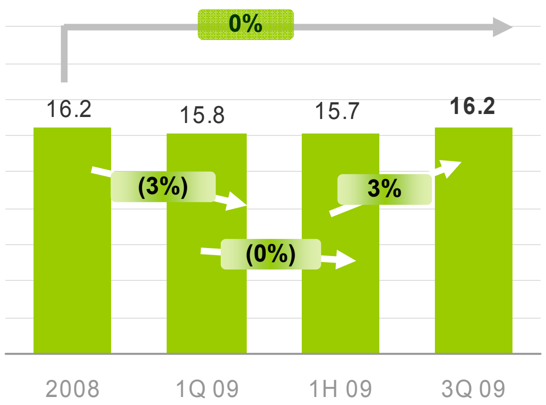
TL Billion



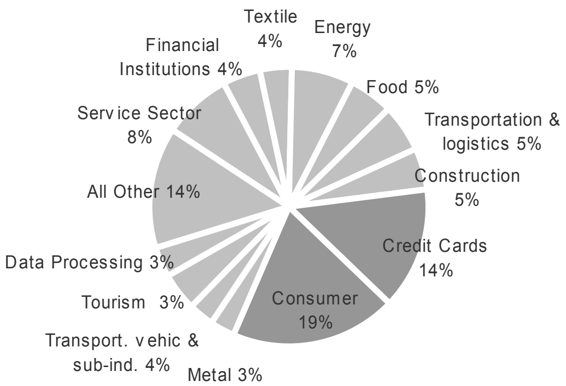
Lending growth in 3Q 09 mainly driven by Corporate, Commercial and Consumer lines of business

FC Loans[1]

US$ Billion



Loans by Sectoral Breakdown[1,3]



Market Shares

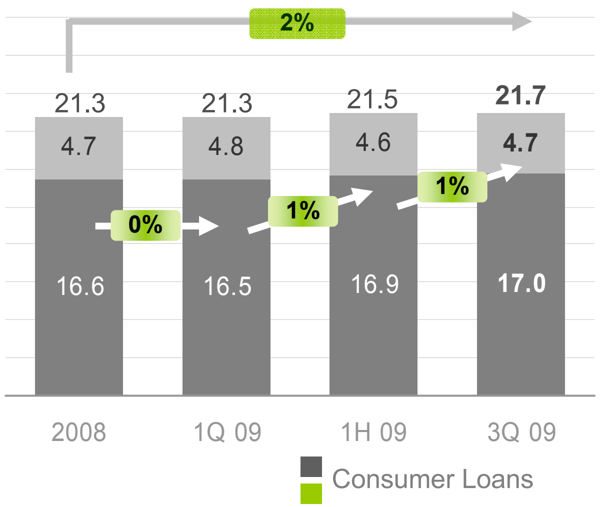
	YTD ∆	Sep 09
Total Loans	+25 bps	14.9%
TL Loans	+41 bps	12.0%
FC Loans	+86 bps	21.9%

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

...Salient in retail: mortgage loans & GPL

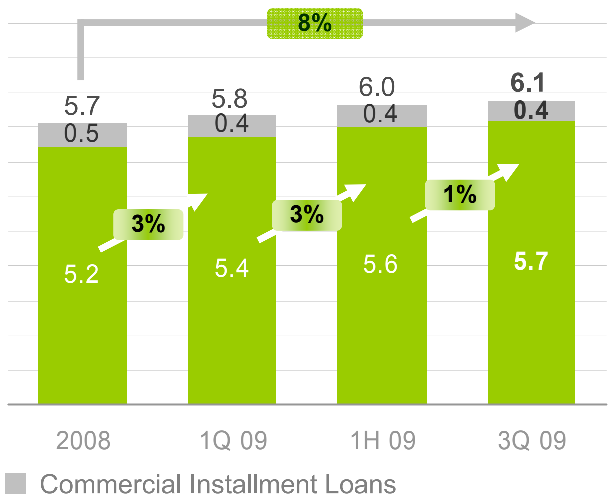
Retail Loans[1]

TL Billion



Mortgage Loan Growth

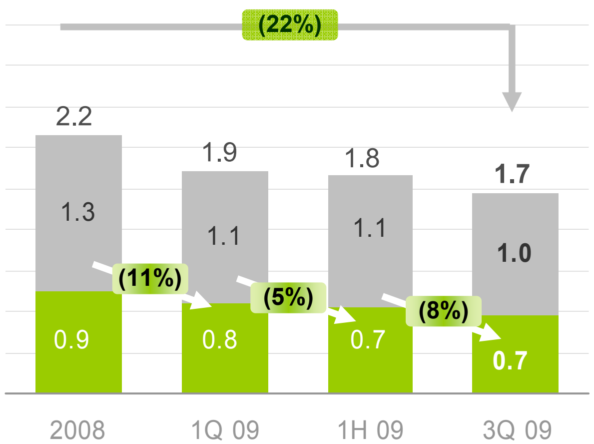
TL Billion



The attractive mortgage spreads secured with fixed long-term TL funding

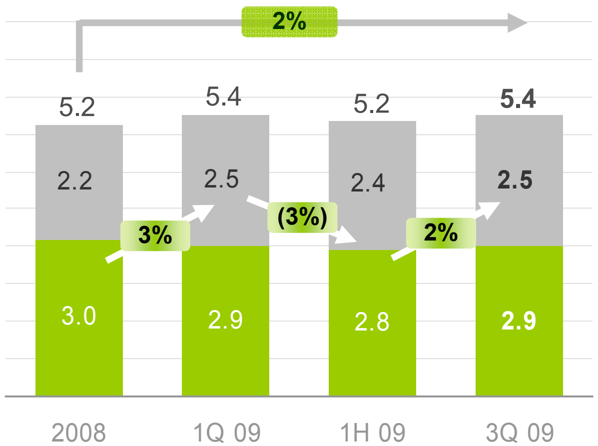
Auto Loan Growth

TL Billion



General Purpose Loan Growth

TL Billion



Market Shares[2,3]

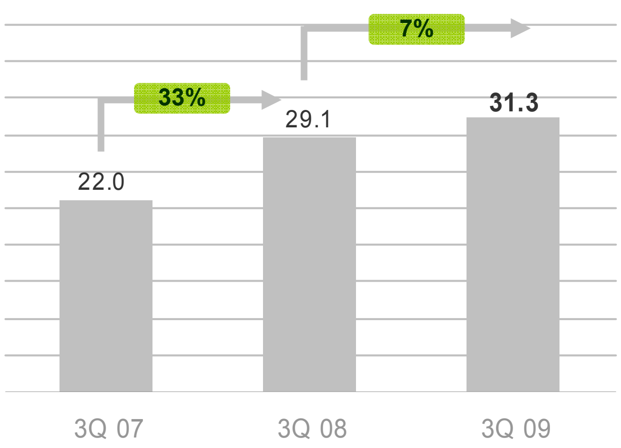
	YTD Δ	Sep 09
Mortgage	+60 bps	14.6%
Auto	+30 bps	15.3%
General Purpose	-40 bps	9.5%
Retail[1]	-10 bps	13.7%

1 Including consumer, commercial installment, overdraft accounts, credit cards and other
2 Including consumer and commercial installment loans
3 Sector figures are based on bank-only BRSA weekly data, commercial banks only, Garanti figures are based on bank-only financials

Parallel to consumer sentiment, relatively limited growth in credit card activity

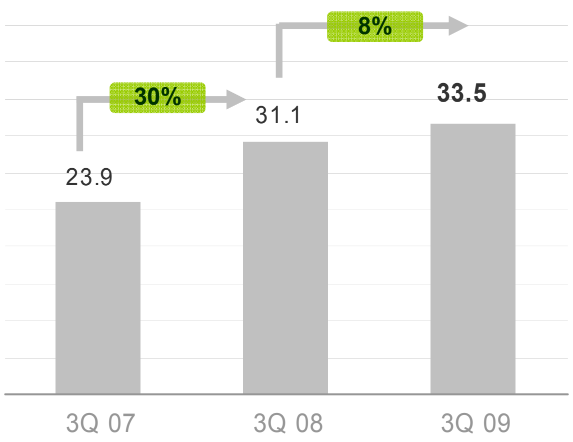
Issuing Volume

TL Billion



Acquiring Volume

TL Billion

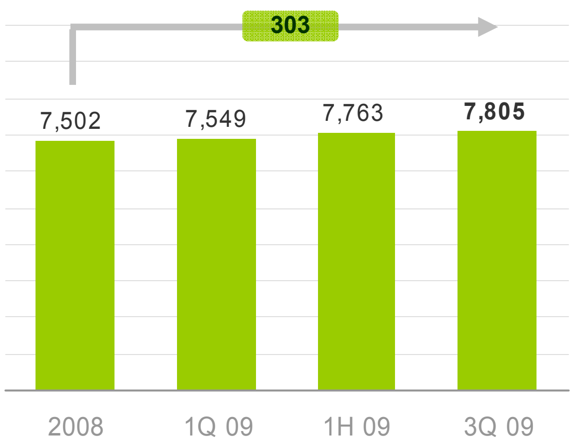


#1 in *Acquiring Volume*

& Strong #2 *in Issuing Volume*

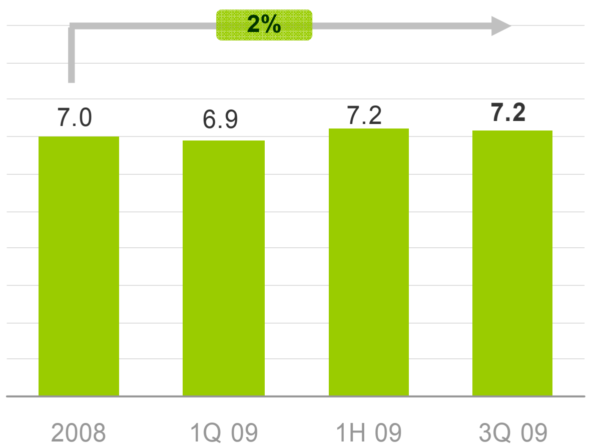
No. of Credit Cards

In Thousands



Credit Card Balances

TL Billion



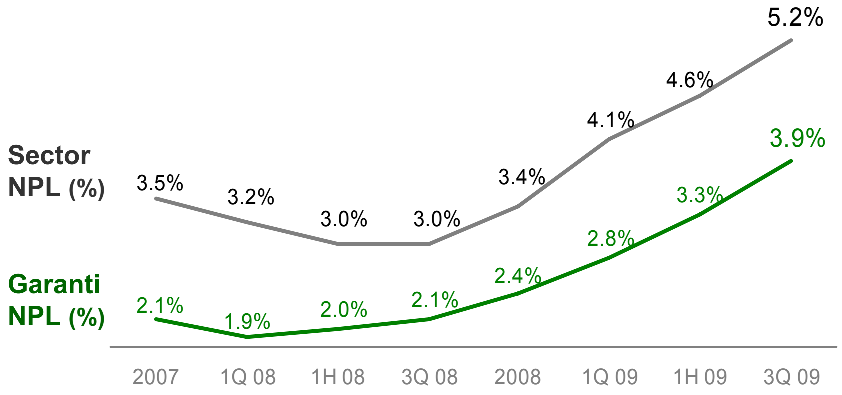
Market Shares

	YTD ∆	Sep 09	Rank
Acquiring	-20 bps	22.1%	#1
Issuing	-25 bps	20.9%	#2
# of Credit Cards	+50 bps	17.8%	#1
POS[1]	60 bps	20.6%	#1
ATM	-30 bps	11.4%	#2

1 Including shared POS
2 Annualized
Note: All figures are based on bank-only data excluding credit card balances

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

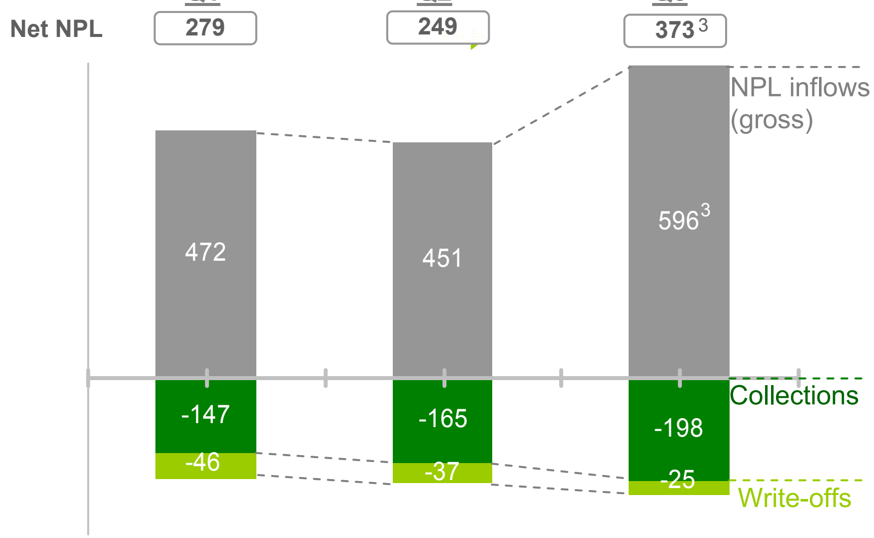
NPL Ratio[1]



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

Net NPLs on a quarterly basis

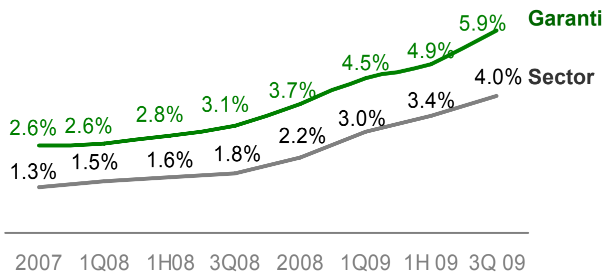
TL Million



NPL Categorisation[1,2]

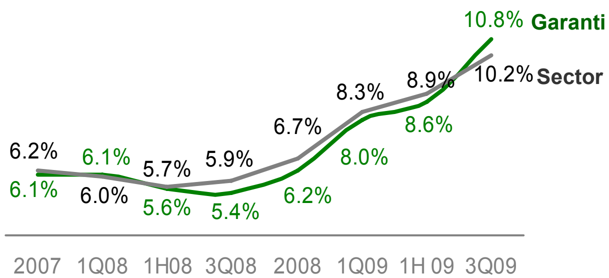
Retail Banking (Consumer & SME Personal)

19% of Garanti's Total Loans



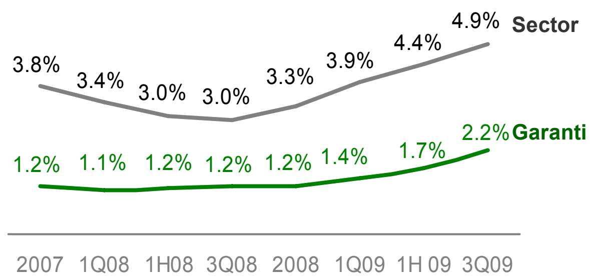
Credit Cards

14% of Garanti's Total Loans



Business Banking (Including SME)

67% of Garanti's Total Loans



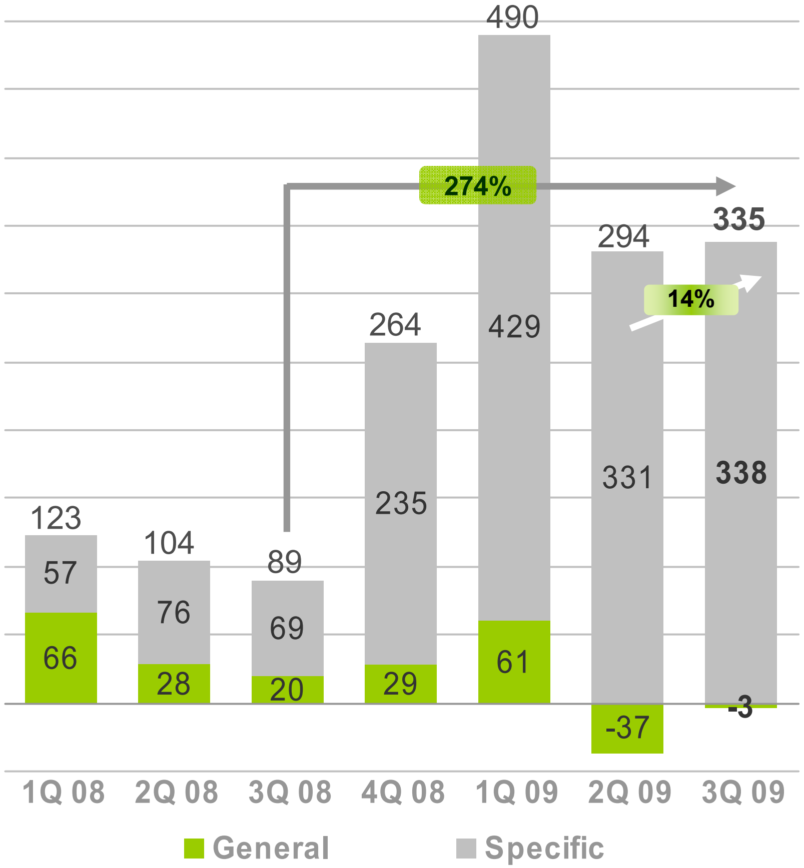
Source: BRSA, TBA & CBT
1 Sector figures are per BRSA bank-only data. Bank-only NPL ratios for Garanti are; 4.1% for 3Q 09, 3.5% for 1H 09, 2.9% for 1Q 09, 2.4% for YE 2008 and 2.2% for YE 2007. 2 Garanti NPL categorisation based on bank-only financials
3 Including a few files in commercial book to be fully recovered due to highly strong collateralization
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 -- coverage at sector average

Quarterly Loan-Loss Provisions

TL Million

Coverage Ratio	Dec 08	Mar 09	Jun 09	Sep 09
Sector[1]	81%	81%	81%	82%
Garanti	64%	77%	82%	82%



Coverage Ratio

82%

More conservative approach

➔ *temporary rise in*

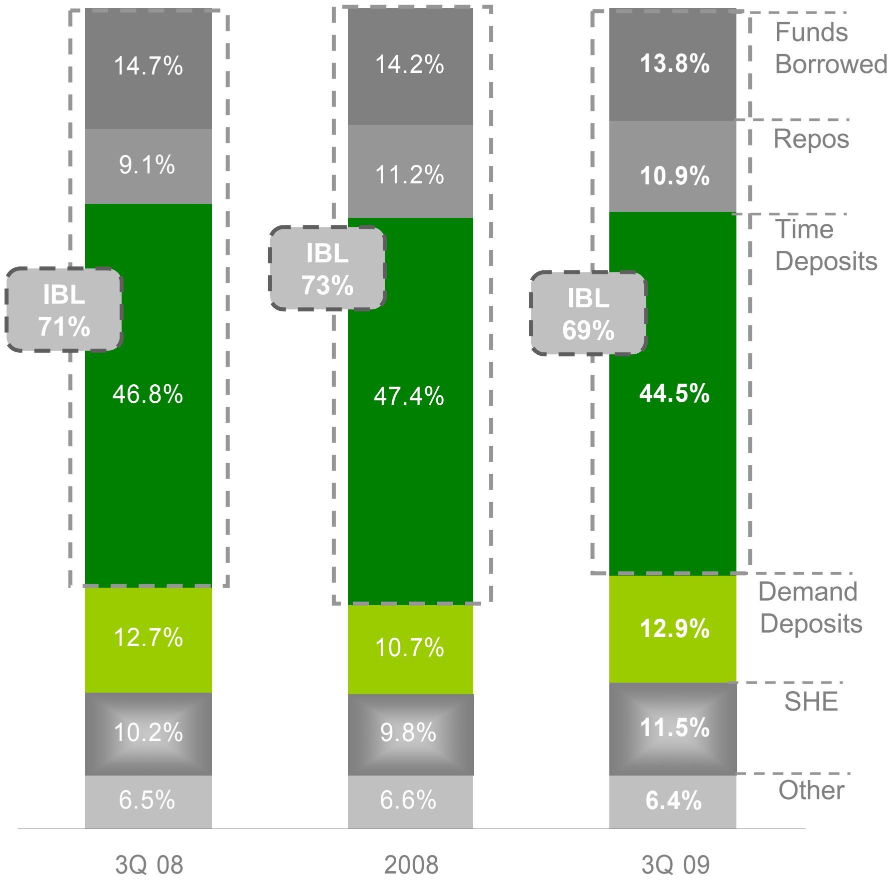
loan-loss provisions in 2009

Cost of risk down from
370 bps in 1Q 09,
300 bps in 1H 09,
~280 bps as of Sep 09

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

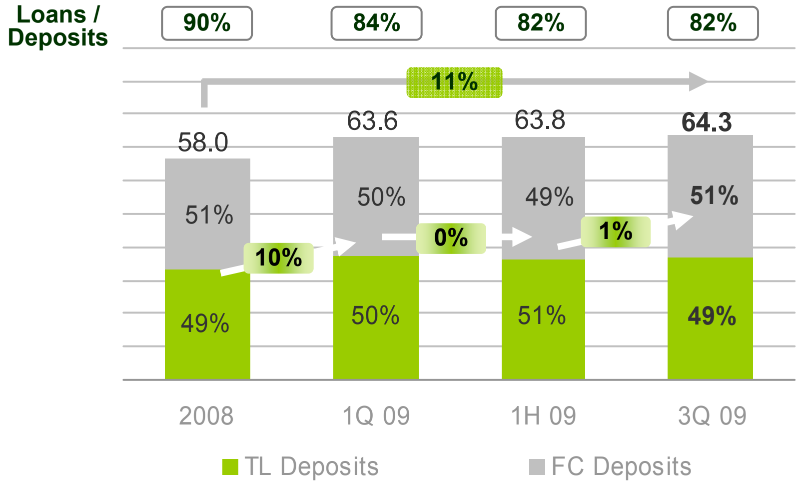
Well-managed funding mix reinforced with long-term TL borrowings & free funds

Composition of Liabilities



Total Deposits

TL Billion



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

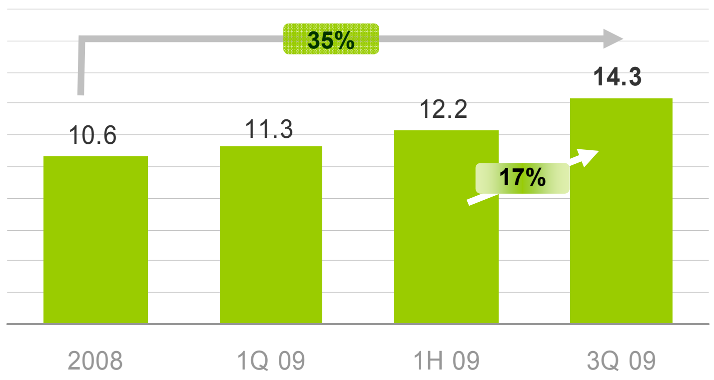
Demand deposit growth at triple the pace of sector's...

Deposits by LOB[1]

(Excluding bank deposits)

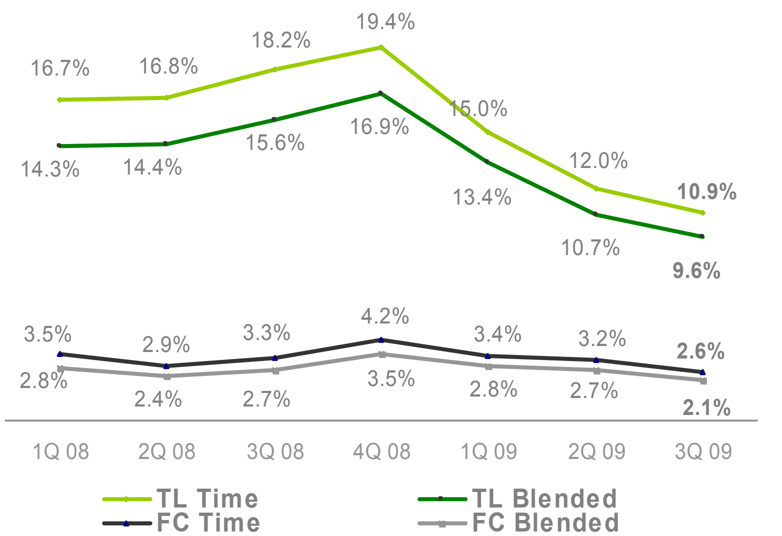
Demand Deposits

TL Billion



Cost of Deposits[1]

Quarterly Averages



Demand Deposits

Ytd Growth

35% vs.

Sector's **12%**

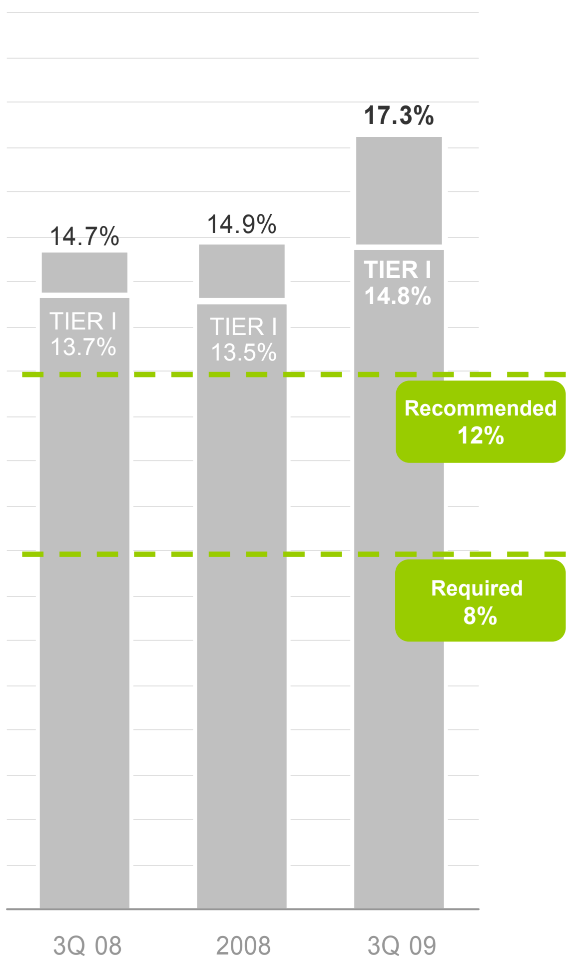
Demand Deposit Market Share[2]

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

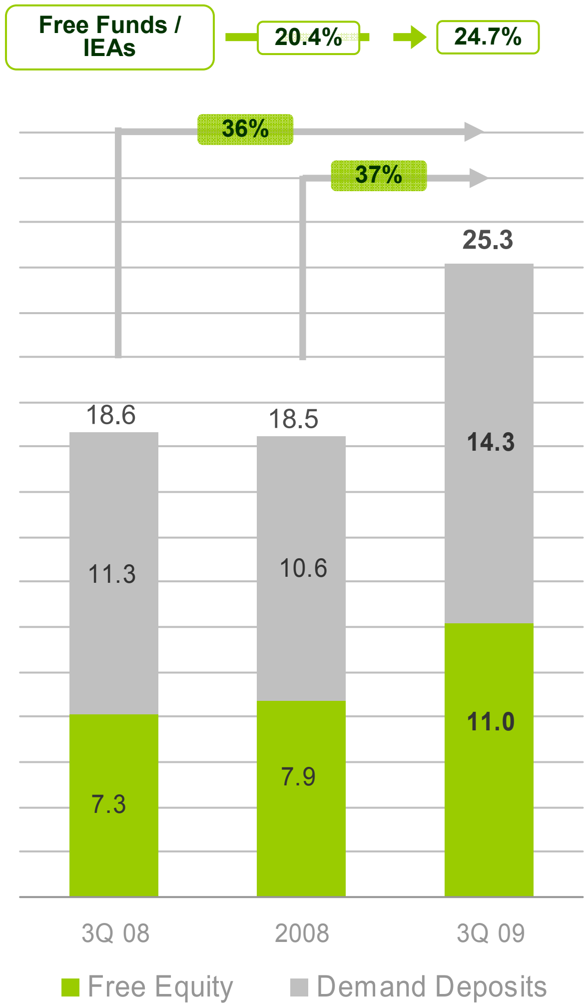
...plus the high capacity to generate free equity minimize the margin pressure

CAR



Free Funds

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



Free Equity

Ytd

37%

Leverage Ratio

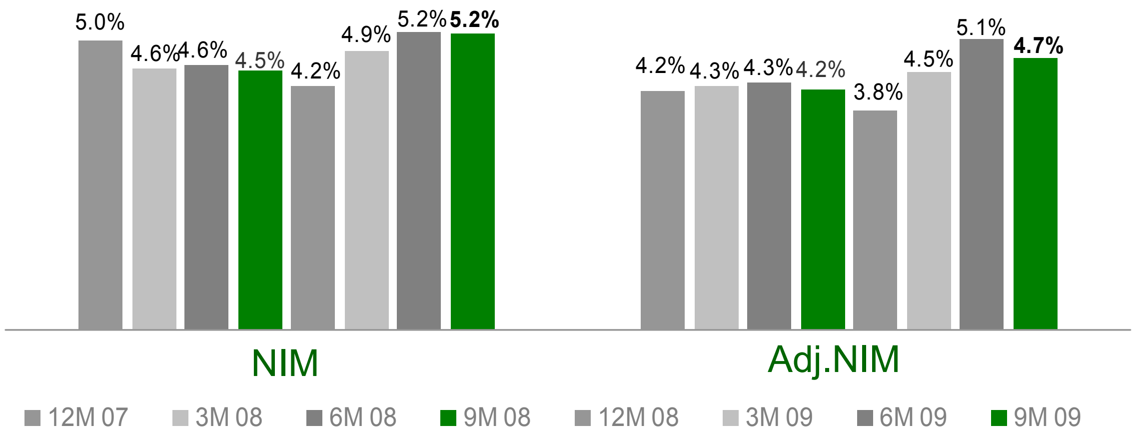
8x

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

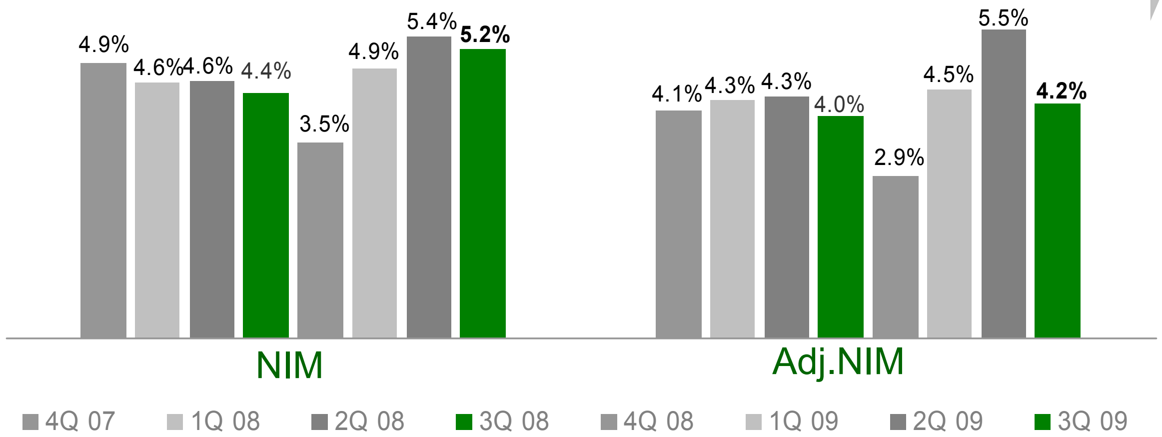
Well positioned for future growth

Sustained margin vs. first half of the year despite pressure resulting from repricing of securities book

Cumulative NIM (Net Interest Income / Average IEAs)



Quarterly NIM (Net Interest Income / Average IEAs)



Sep 09 over 1H 09:

- *Declining funding costs' impact on margin +60 bps*
- *Drop in asset yields' impact on margin -60 bps*

Prudent provisioning remains

Trading and FX gains cover smaller portion of provisions in 3Q

3Q 09 over 2Q 09:

- *Declining funding costs' impact on margin +75 bps*
- *Drop in asset yields' impact on margin -95 bps*

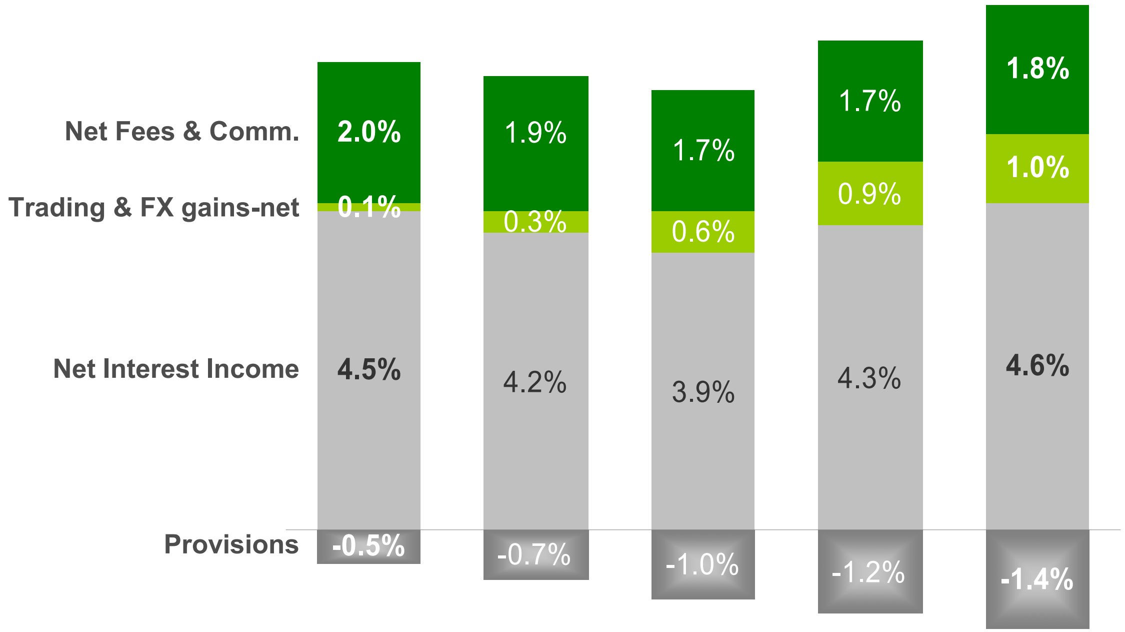
Source:BRSA Consolidated financials
Adjustments to NIM: Net Interest Income/ Average IEA adjusted by FX gain/loss, provision for loans and securities, and net trading income/loss

Regardless of the economic cycles, sustainable revenue components prevail

Ordinary Banking Income[1] Breakdown

% of Average Interest Earning Assets

	Sep 08	Dec 08	Mar 09	Jun 09	Sep 09
Ordinary Banking Income	**6.0%**	5.8%	5.2%	5.7%	**6.0%**



	Sep 08	Dec 08	Mar 09	Jun 09	Sep 09
Loan growth (yoy)	**36%**	32%	16%	10%	**7%**
ROAE	**25%**	22%	29%	28%	**26%**
Cost/Income	50.0%	53.6%	37.7%	37.7%	39.2%

Ordinary Banking Income[1]
9 Mo '09 over 9 Mo '08

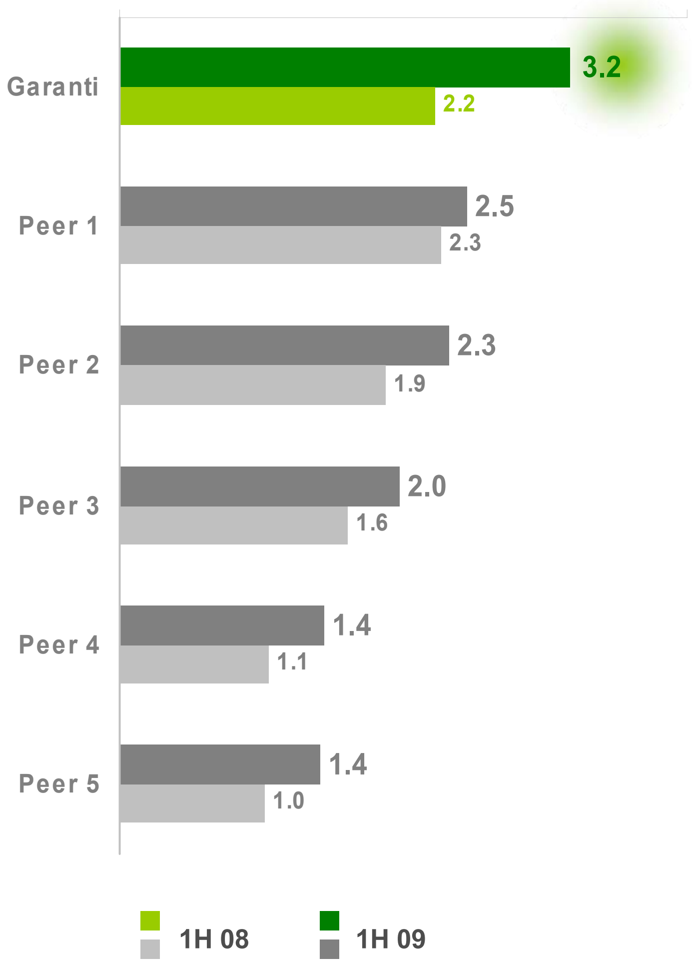
34%

1 Ordinary Banking Income is defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions

Ordinary banking income generation capacity outperforms the sector

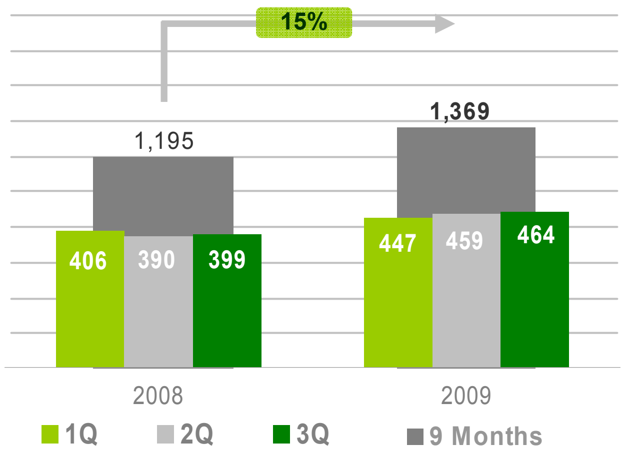
Ordinary Banking Income[1] Generation

TL Billion



Net Fees & Commissions[2]

TL Million

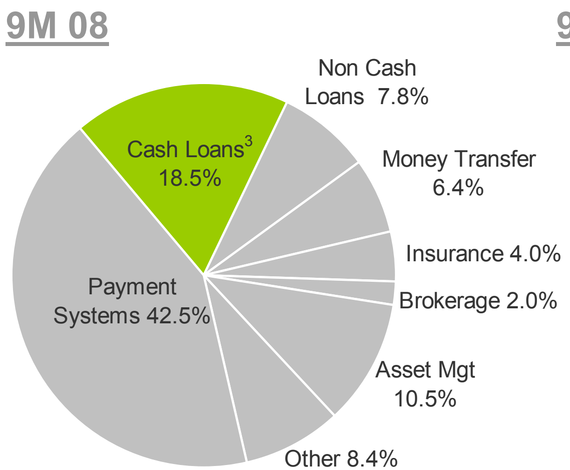


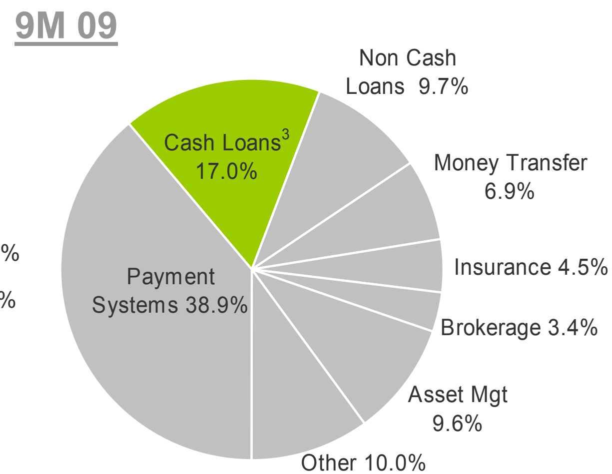
In 2009, captured **1 out of 4** entrants to the pension system

#1 in bancassurance

Brokerage market share increased to **7%**

Net Fees & Commissions Breakdown[2,4]





1 Defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions
2 As per new BRSA classification in P/ L, excludes net fees and commissions received from cash loans amounting TL 114 mn for 9M 09 and TL 98 mn for 9M 08
3 Include consumer loans fees as well as other cash loan fees now classified as interest on loans in income statement amounting TL 114 mn for 9M 09 and TL 98 mn for 9M 08
4 Bank-only MIS data

Again the results reflect the solid business model

(TL Million)	**9 Mo '08**	**9 Mo '09**	**Growth**
Ordinary Banking Income	3,641	4,888	34%
Other Income*	195	235	20%
Total Revenue*	**3,836**	**5,123**	**34%**
Operating Expense*	**(1,917)**	**(2,010)**	**5%**
Personnel Expense	*(730)*	*(763)*	*4%*
Bonus Provision	*(125)*	*(105)*	*(16%)*
Rent Expense	*(80)*	*(99)*	*24%*
Communication Expense	*(103)*	*(101)*	*(2%)*
Other	*(880)*	*(942)*	*7%*
Operating Income*	**1,919**	**3,113**	**62%**
Other Provisions	(33)	(336)	n.m.
General Reserves[1]	-	*(265)*	*n.m.*
Other	*(33)*	*(71)*	*n.m.*
Taxes*	(411)	(619)	51%
Normalized Net Income	**1,475**	**2,158[1]**	**46%**
Non-recurring Items	34	-	n.m.
Net Income	**1,509**	**2,158**	**43%**
Equityholders of the Bank	*1,501*	*2,147*	43%
Minority Interest	*8*	*11*	32%

46%

Net Income[1] Growth*

Y-o-Y

Cost / Income

39.2%

1 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

* Normalized, please refer to slide.23 for non-recurring items

Appendix

Balance Sheet - Summary

	(TL Million)	2008	Sep 09	YTD Change
Assets	Cash & Banks[1]	10,827	15,494	43%
	Reserve Requirements	1,773	1,928	9%
	Securities	26,643	33,657	26%
	Performing Loans	52,300	53,030	1%
	Fixed Assets & Subsidiaries	1,323	1,343	2%
	Other	6,172	6,096	(1%)
	Total Assets	99,038	111,548	13%
Liabilities & SHE	Deposits	57,960	64,293	11%
	Repos	11,153	12,202	9%
	Borrowings	14,420	15,556	8%
	Other	5,762	6,695	16%
	SHE	9,743	12,802	31%
	Total Liabilities & SHE	99,038	111,548	13%

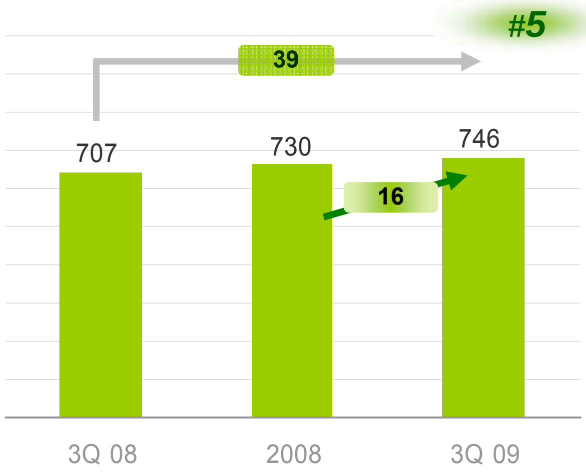
1 Includes banks and other financial institutions

Quarterly Analysis of Ordinary Banking Income

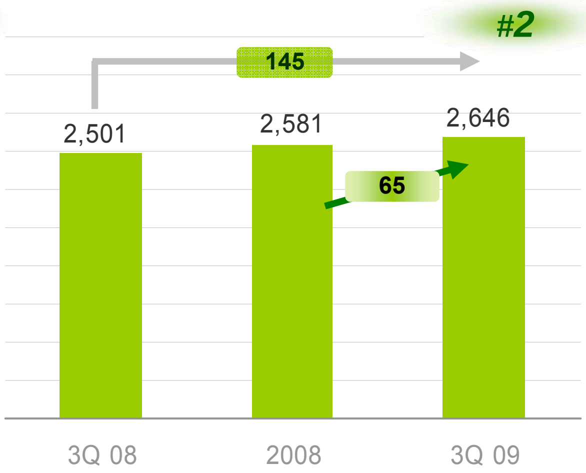
(TL Thousand)	3Q 08	4Q 08	1Q 09	2Q 09	3Q 09	∆ Q-o-Q 1Q 09 -2Q 09	∆ Q-o-Q 2Q 09 - 3Q 09	∆ Y-o-Y 3Q 08 - 3Q 09	∆ Y-o-Y 9M'08 - 9M'09
Interest Income	**2,537,592**	**2,975,551**	**2,928,991**	**2,784,860**	**2,655,688**	**(4.9%)**	**(4.6%)**	**4.7%**	**18.0%**
-Loans	1,489,659	1,745,713	1,718,159	1,581,246	1,496,284	(8.0%)	(5.4%)	0.4%	13.9%
-Securities	793,410	964,720	987,620	1,014,108	988,736	2.7%	(2.5%)	24.6%	41.7%
-Other	254,523	265,118	223,212	189,506	170,668	(15.1%)	(9.9%)	(32.9%)	(24.0%)
Interest Expense	**(1,637,762)**	**(2,187,920)**	**(1,771,432)**	**(1,443,292)**	**(1,317,090)**	**(18.5%)**	**(8.7%)**	**(19.6%)**	**1.9%**
-Deposits	(1,131,301)	(1,472,192)	(1,302,967)	(1,066,177)	(930,218)	(18.2%)	(12.8%)	(17.8%)	7.5%
-Funds Borrowed	(211,524)	(272,467)	(206,581)	(194,765)	(218,267)	(5.7)%	12.1%	3.2%	(2.6%)
-Interbank & Other	(294,937)	(443,261)	(261,884)	(182,350)	(168,605)	(30.4%)	(7.5%)	(42.7%)	(17.3%)
Net Interest Income	**899,830**	**787,631**	**1,157,559**	**1,341,568**	**1,338,598**	**15.9%**	**(0.2%)**	**18.8%**	**45.2%**
Prov. for loans & securities	(88,459)	(264,468)	(489,894)	(293,732)	(355,134)	(40.0%)	20.9%	301.5%	255,9%
Net FX Gain/(Loss) + Net trading Income/(Loss)	6,590	131,308	400,492	319,732	99,790	(20.2%)	(68.8%)	1414.3%	570.6%
Adj. Net Interest Income	**817,961**	**654,471**	**1,068,157**	**1,367,568**	**1,083,254**	**28.0%**	**(20.8%)**	**32.4%**	**43.9%**
Net Fees and Comm.	398,939	383,051	447,059	458,736	463,663	2.6%	1.1%	16.2%	14.6%
Ordinary Banking Income	**1,216,900**	**1,037,522**	**1,515,216**	**1,826,304**	**1,546,917**	**20.5%**	**(15.3%)**	**27.1%**	**34.3%**

Continuous strengthening in retail

Number of Branches

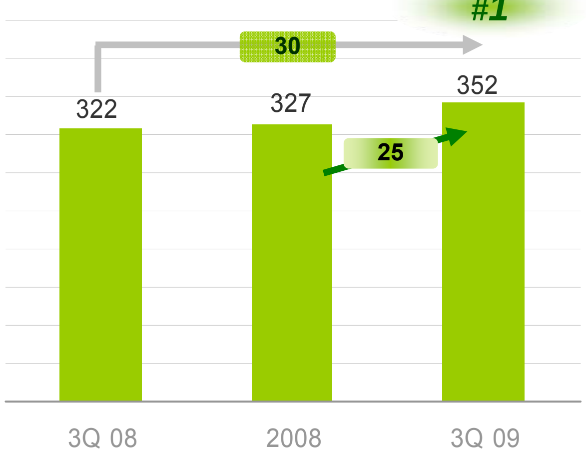


Number of ATMs



Number of POS

Thousands

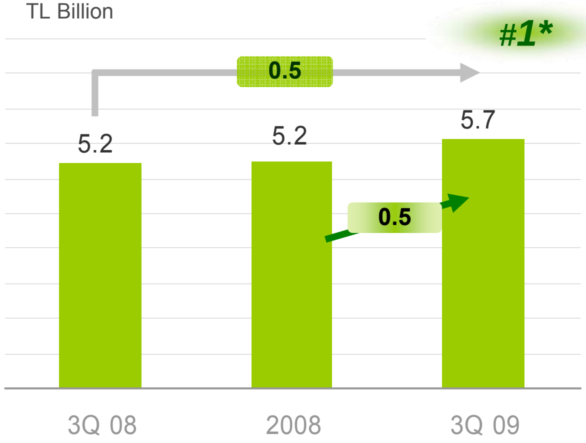


Number of Customers

Millions

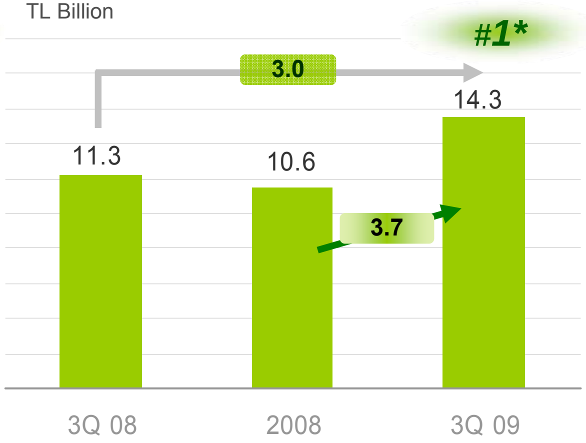
Mortgages

TL Billion



Demand Deposits

TL Billion



* Mortgage and demand deposit ranks are as of 1H 09

Non-recurring items

4Q 08:

The net income resulting from the non-recurring items amounts to **TL +50 mn**., breakdown of which is;

i) Other income: **TL +62 mn** of reversal from Defined Benefit Obligation

ii) Taxation expense: Deferred tax expense of **TL -12 mn** related to TL +62 mn of reversal from Defined Benefit Obligation

2Q 08:

The net income resulting from the non-recurring items amounts to **TL +34 mn**, breakdown of which is;

i) Other income: 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**

Proceeds from NPL sales **TL+29 mn**

Reversal of free provisions set in 1Q 08 of **TL -131 mn** –reducing other income

ii) Other expense: Defined Benefit Obligation: **TL -165 mn**

iii) Other provisions: Reversal of free provisions set in 1Q 08 of **TL +131 mn** –reducing other provisions

ii) Taxation expense: Tax credit resulting from the deferred tax asset calculated on defined benefit obligation liability **TL +33 mn**

1Q 08:

The effect of the net income resulting from the non-recurring items to bottom line is **0**, breakdown of which is;

i) Other income: Tax refund that the Bank collected through conciliation from the tax office, due to the prepaid taxes in 2005, **TL +131 mn**

ii) Other provisions: Free provisioning of **TL +131 mn**

3Q 07:

The net income resulting from the non-recurring items amounts to **TL +112 mn**, breakdown of which is;

i) Other income: Gains from custody sale **TL +148 mn**

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

iii) Taxation expense: Tax expense of custody sale **TL -28 mn**

2Q 07:

The net income resulting from the non-recurring items amounts to **TL +669 mn**, breakdown of which is;

i) Other income: Gains from insurance and pension & life business subsidiaries stake sale **TL +707 mn**

iii) Taxation expense: Tax expense of insurance and pension & life business subsidiaries stake sale **TL -38 mn**

Investor Relations
Levent Nispetiye Mah. Aytar Cad. No:2
Beşiktaş 34340 Istanbul – Turkey
Email: investorrelations@garanti.com.tr
Tel: +90 (212) 318 2352
Fax: +90 (212) 216 5902
Internet: **www.garantibank.com**