



Garanti

BRSA Bank-Only Earnings Presentation

March 31, 2010

1Q 2010: Growth resumes on the back of restocking and fiscal stimulus...

Optimism on global growth indicators accompanied by rising sovereign risk profiles...

- Limiting the recovery in advanced economies.
- The risk of contagion effect regarding fiscal problems in advanced economies to spread out to emerging markets.

The resilience of the Turkish economy confirmed by the credit rating agencies...

- Reduced the government's need for external policy anchors in the form of an IMF program, especially as the 2011 elections draw closer and fiscal performance improves.
- Improved consumer sentiment and better than expected macro indicators on industrial production and consumption expenditures signaling double digit 1Q10 GDP growth
- Annual CPI inflation rose from 6.5% at the end of 4Q09 to 9.6% at the end of 1Q10 due to base affect and high food prices.

Policy rate unchanged -- problems across the global economic concerns not resolved completely...

- The Central Bank of Turkey (CBT) kept policy rates unchanged at 6.50%.
- The CBT announced its plan of gradual reversal of the liquidity measures introduced during the global crisis.
- Parameters of the Fiscal Rule announced.

1Q 2010 Highlights -- Solid start to 2010

Balance sheet strength: distinguishing feature of Garanti...

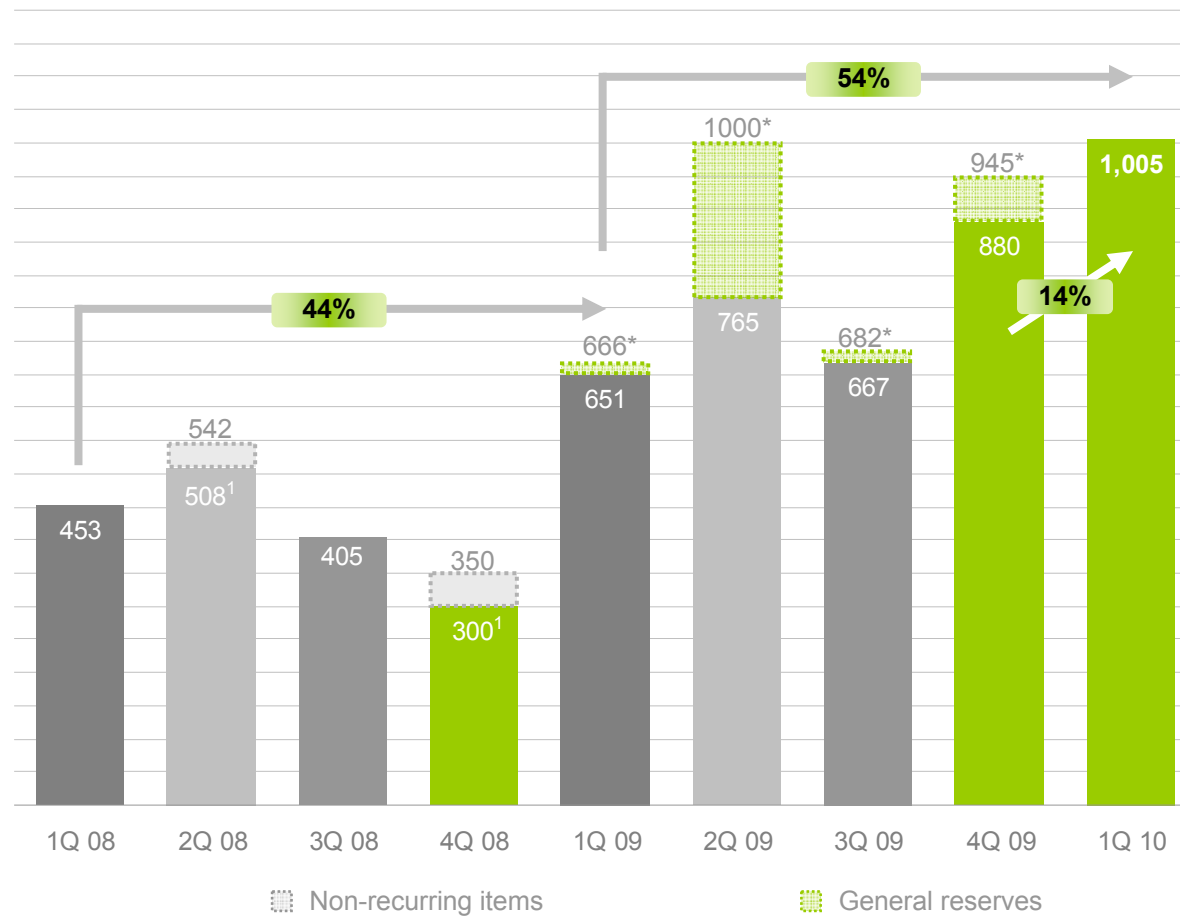
- **Robust loan growth defined the quarter (q-o-q: 9%)**
 - Solid growth in key profitable products: mortgages (+8%) and GPLs (+15%)
 - Market share gains across the board in retail, commercial & corporate banking
- **Improving asset quality (NPL: 3.8%)** – organically at a pace well above sector's
- **Securities mix in assets remained at 31%**. Due to dynamic management, 1Q 10 redemptions were replaced with further CPI linkers and FRNs
- **The above sector growth momentum in deposits** remain (q-o-q: +5%) with clear differentiation in attracting customer demand deposits (q-o-q: +3% vs sector -2%)
- **Highly liquid** asset mix – ratio: 38%
- **Well capitalized** (CAR: 20.6%) with low leverage (6x)

...leads to consistent delivery of high profitability

- **ROAE: 29%** -- For the last 18 consecutive quarters ROAE has been above 22%
- **Record 1Q 10 earnings of TL 1.0bn** -- **Y-o-y** earnings growth **54%** vs. Sector's 24%;
 - **Margins hold up well (5.6%)** -- Despite the ongoing repricing pressure on margins, securities yield drop limited to 5 bps q-o-q due to the weight of high yielding CPI linkers
 - **Net F&C growth momentum remains (y-o-y: 6%)** with increasing contribution from non-payment systems related businesses and further diversification
 - Due to significant improvement in NPLs and collections performance, **cost of risk eased to 152 bps**, nearing normalized levels, while maintaining high coverage (82%)
 - **Tight cost management** at an annually 10% and quarterly 7% larger branch network
 - **Efficient** – Cost/Income: 37%

Record profit once again -- 14% growth over the latest record in 4Q 09

Quarterly Net Income



Earnings Y-o-Y



54%
VS.
Sector² **24%**

ROAE
29%

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

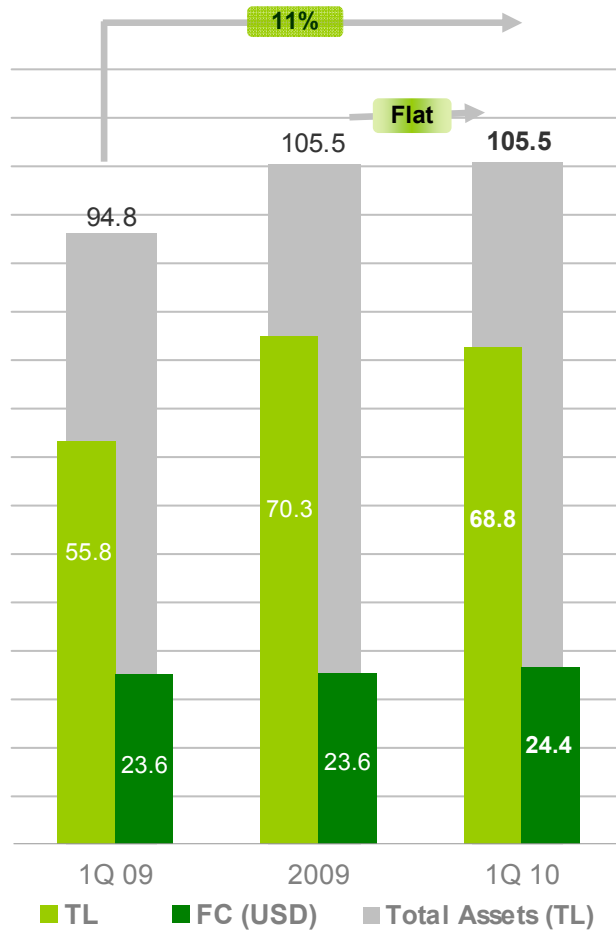
² Sector includes commercial banks

* 2009 net income excluding the effect of general reserve of TL 330mn (1Q 09: TL 15mn; 2Q 09: TL 235mn; 3Q 09: TL 15mn; 4Q 09: TL 65mn) 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 2009

Reshuffled assets into a higher yielding mix while maintaining high liquidity

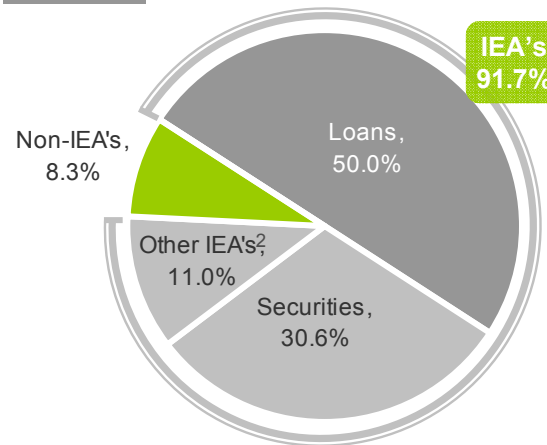
Total Assets

TL / USD Billion

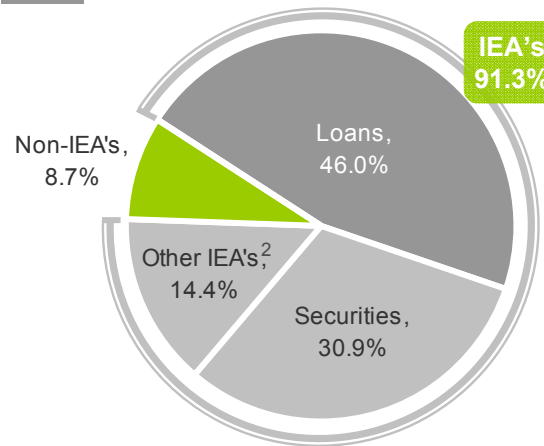


Composition of Assets¹

1Q 2010



2009



Asset growth:

Ytd

TL: (2.1%)

FC (\$): 3.7%

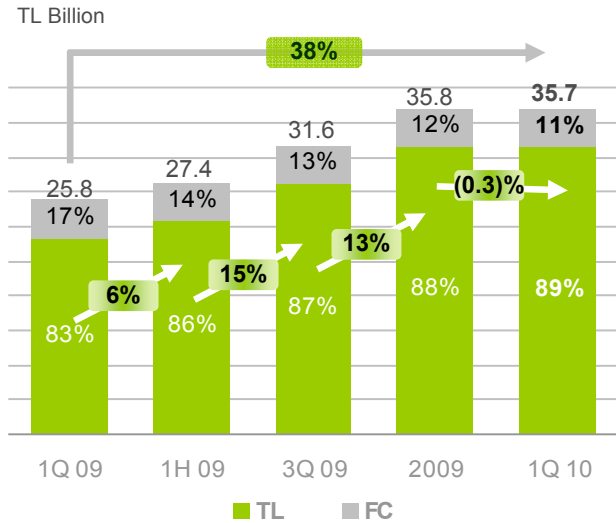
Liquidity Ratio³

38%

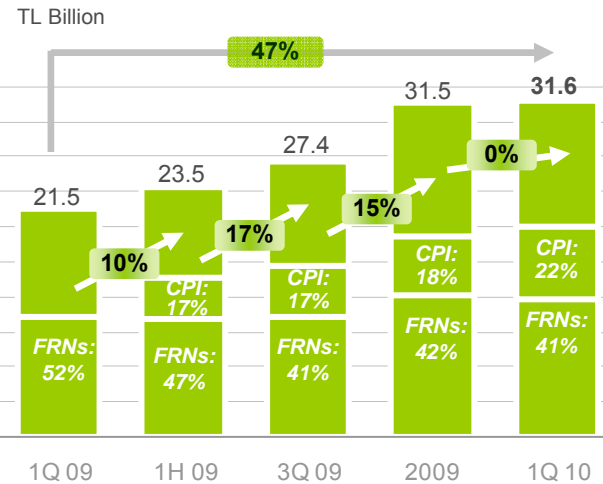
¹ Accrued interest on B/S items are shown in non-IEAs
² Other IEA's include factoring and leasing receivables
³ (Cash and banks + trading securities + AFS) / Total Assets

1Q 10 securities redemptions were replaced with further CPI linkers and FRNs

Total Securities

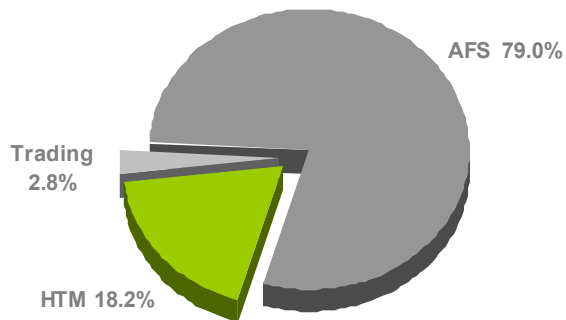


TL Securities

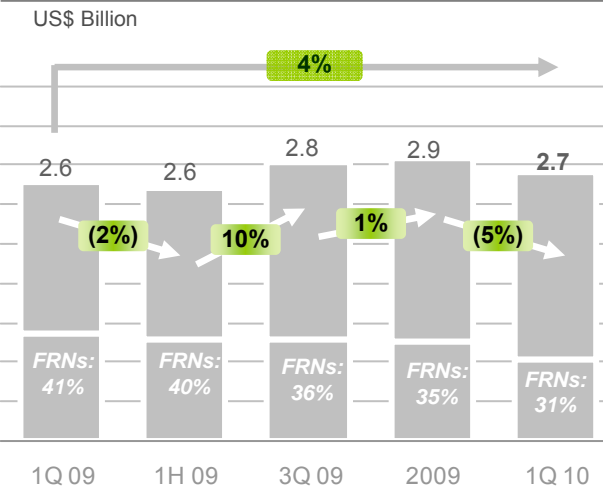


*Securities mix
in assets
31%*

Total Securities Composition



FC Securities

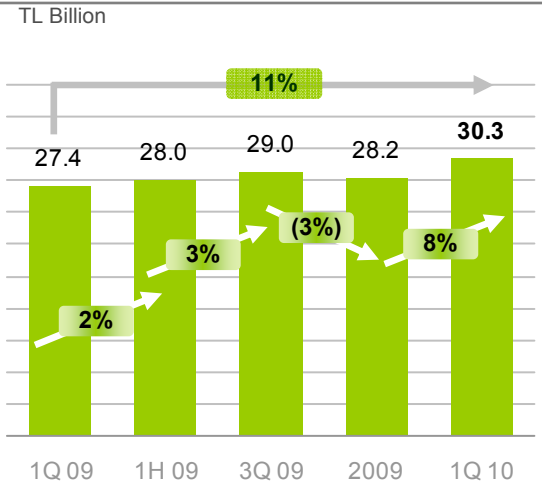


*AFS mix in total
79%*

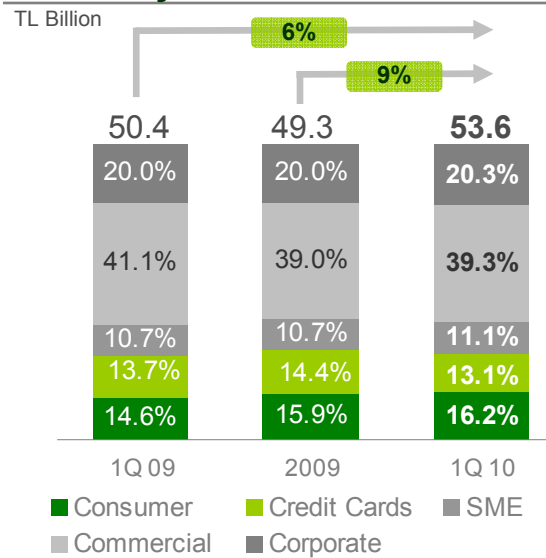
Unrealized gain > TL 1.8 bn*

Robust loan growth defined the quarter

TL Loans¹



Loans by LOB^{1, 2}



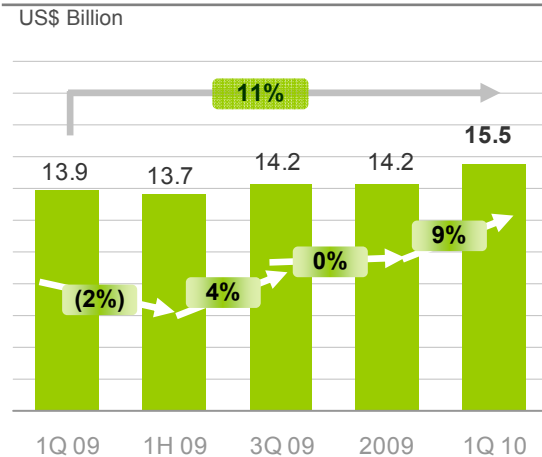
1Q 10:

“Lending growth across the board”:

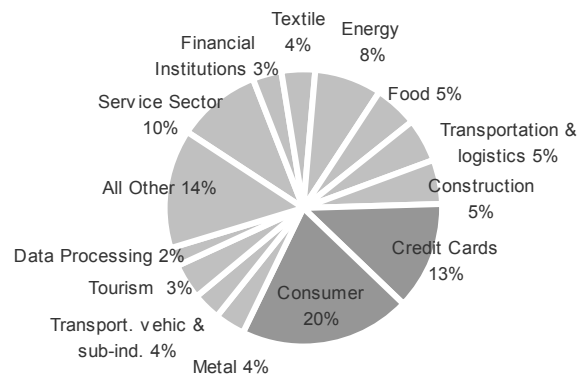
TL boosted by retail, &

FX by corporate and commercial lending

FC Loans¹



Loans by Sectoral Breakdown¹



Market Shares

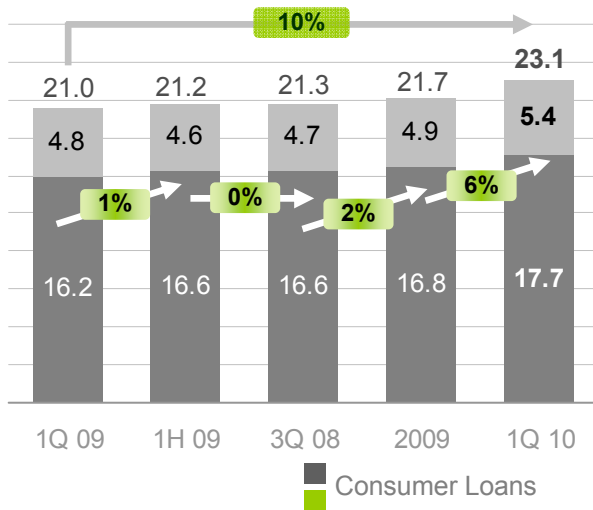
	Dec 09	Mar 10	
Total Loans	13.8%	14.3%	↑
TL Loans	10.9%	11.3%	↑
FC Loans	21.3%	22.0%	↑

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

Solid growth in key profitable products: Mortgages & GPLs

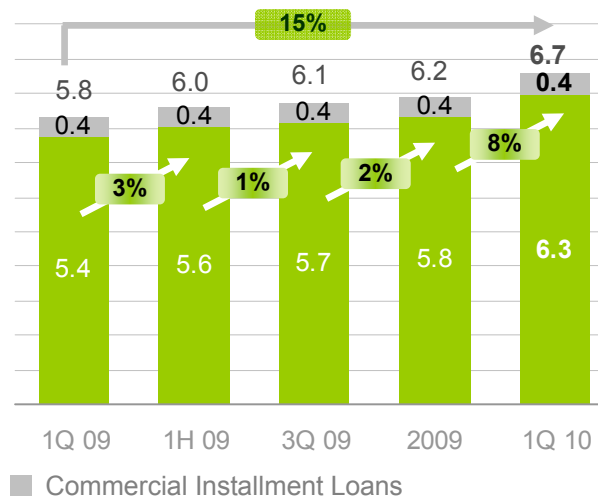
Retail Loans¹

TL Billion



Mortgage Loan Growth

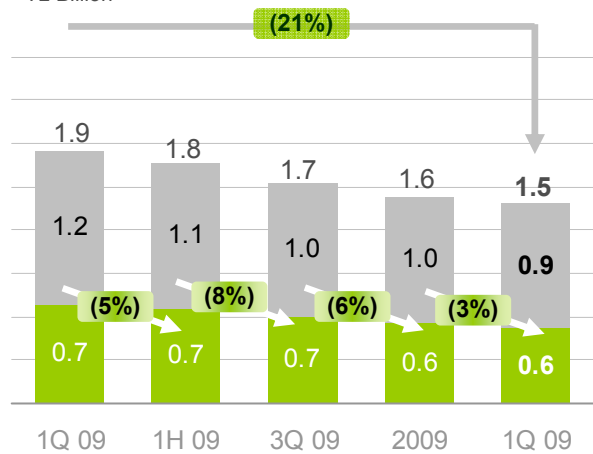
TL Billion



Market share gains across the board

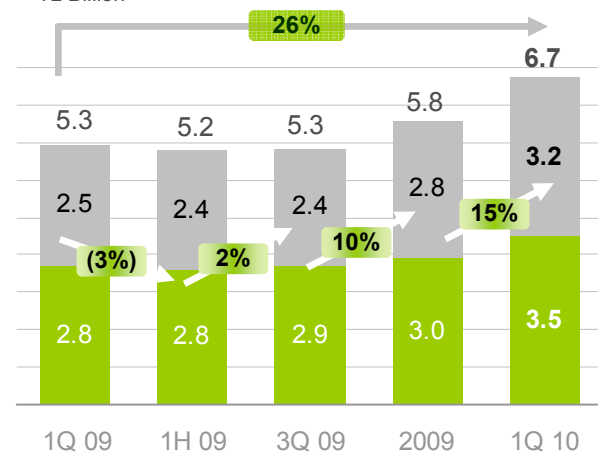
Auto Loan Growth

TL Billion



General Purpose Loan Growth

TL Billion



Market Shares^{2,3}

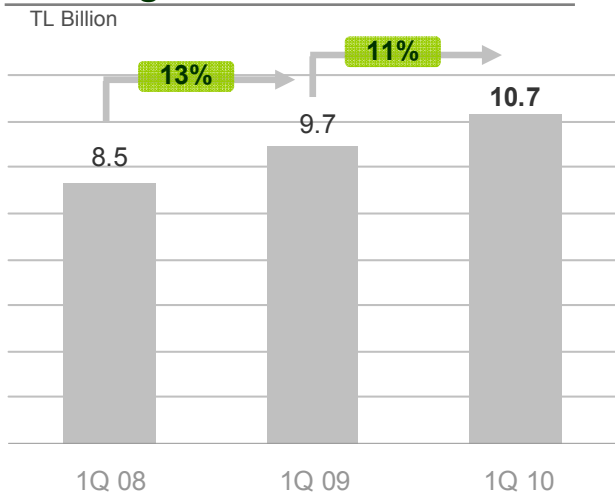
	Dec 09	Mar 10	Rank ⁴
Mortgage	13.8%	↑ 14.1%	#1
Auto	14.9%	↑ 15.0%	#2
General Purpose	9.7%	↑ 10.6%	#2
Retail ¹	13.2%	↑ 13.5%	#2

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
⁴ As of 2009 year-end among private banks

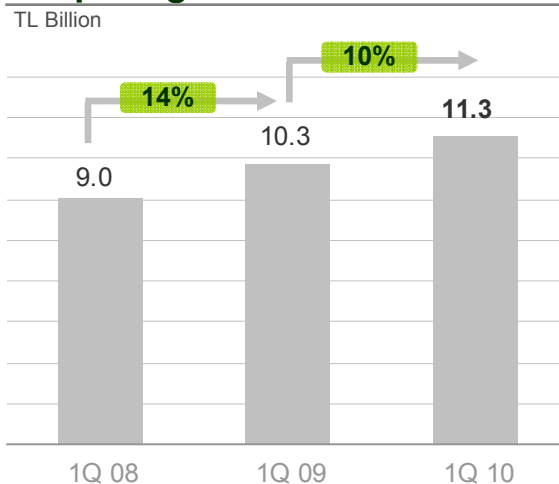
Limited growth in credit card activity

Prudent pre-requisites: Profitability & asset quality

Issuing Volume



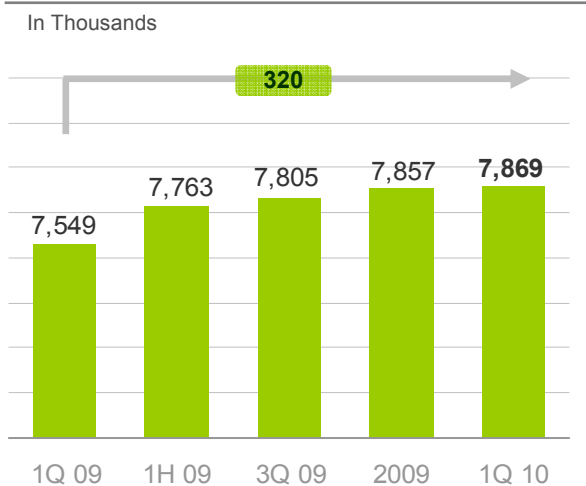
Acquiring Volume



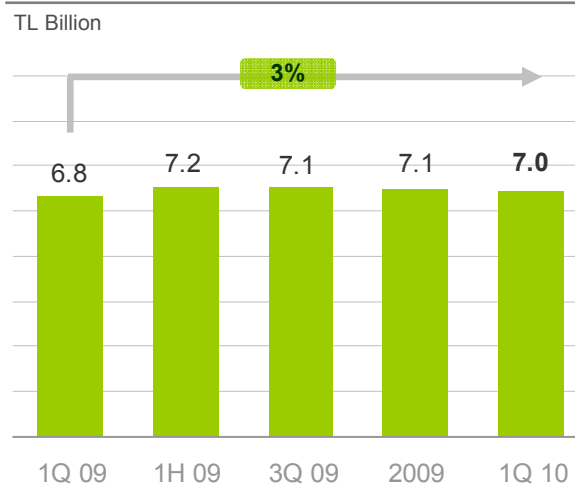
“Solid Leadership”



No. of Credit Cards



Credit Card Balances



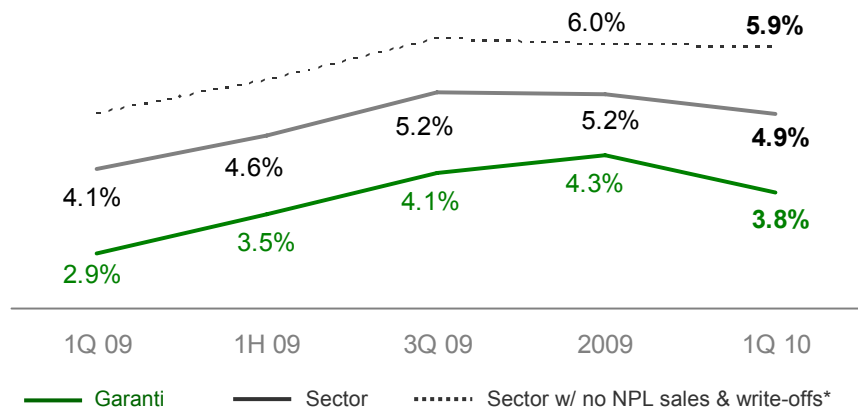
Market Shares

	YTD Δ	Mar 10	Rank
Acquiring	-59 bps	21.5%	#2
Issuing	-33 bps	20.5%	#2
# of Credit Cards	-8 bps	17.6%	#1
POS ¹	+2 bps	20.5%	#1
ATM	-25 bps	11.3%	#2

¹ Including shared POS
² Annualized

Improving asset quality -- organically at a pace well above sector's

NPL Ratio¹



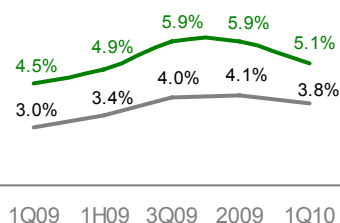
* 2008, 2009 & 1Q 10 sector NPL sales & write-offs total: TL 2.3 bn, TL 0.8 bn and TL 1.1 bn, respectively

NPL Categorisation¹

Retail Banking

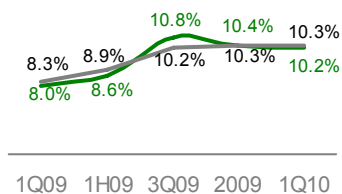
(Consumer & SME Personal)

20% of Garanti's Total Loans



Credit Cards

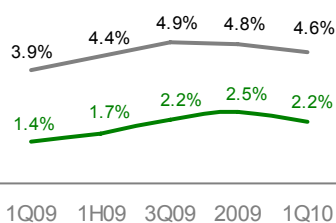
13% of Garanti's Total Loans



Business Banking

(Including SME Business)

67% of Garanti's Total Loans



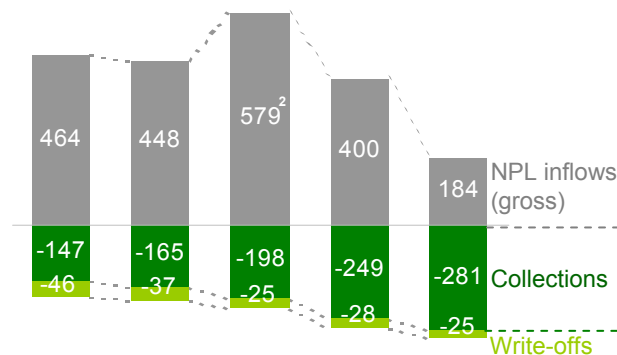
— Garanti

— Sector

Net NPLs (quarterly)

TL Million

Q1 09	Q2 09	Q3 09	Q4 09	Q1 10
271	247	356 ²	123	-122



- *Strong deceleration in new NPL inflows: level at less than half of last year's*
- *Collections focus remains top priority*

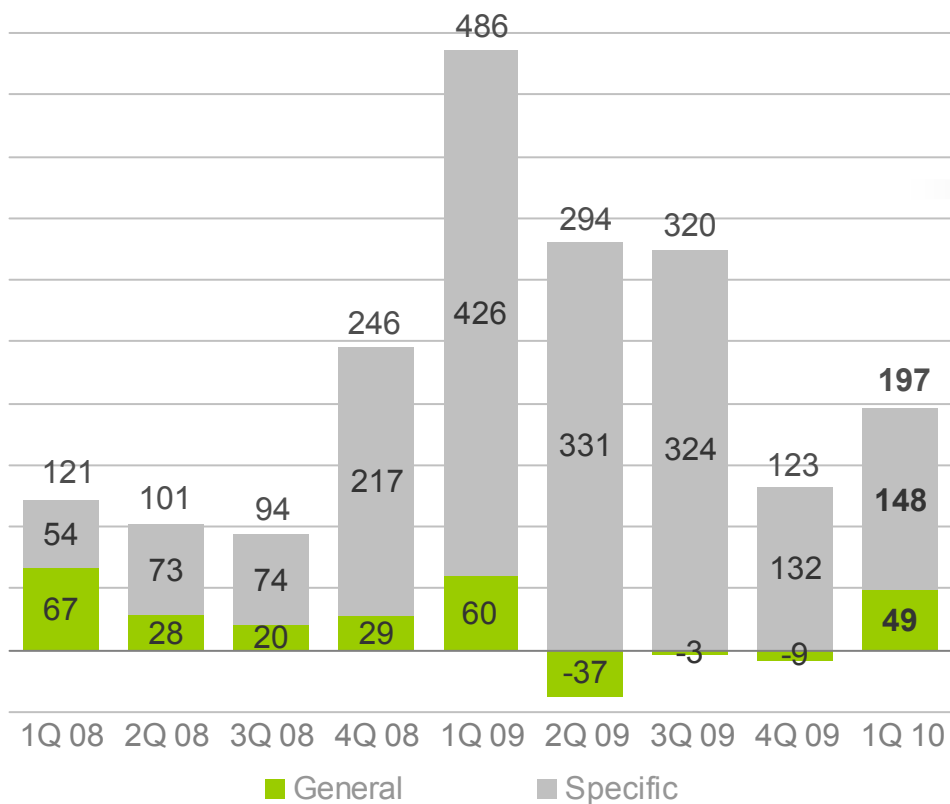
¹ Sector figures are per BRSA bank-only data. NPL categorisation is based on bank-only data
² Including a few files in commercial book to be fully recovered due to highly strong collateralization
 Note: As of Mar 2010 pre-NPL restructurings totaled TL 292mn and NPL restructurings totaled TL 419mn. NPL restructurings had no effect on NPL ratio as they are not yet classified as performing
 Source: BRSA, TBA & CBT

Significantly lower NPLs relieve provisions -- cost of risk eased by ~100 bps

Quarterly Loan-Loss Provisions

TL Million

Coverage Ratio	Dec 08	Mar 09	Jun 09	Sep 09	Dec 09	Mar 10
Sector ¹	81%	81%	81%	82%	83%	85%
Garanti	64%	76%	82%	82%	81%	82%



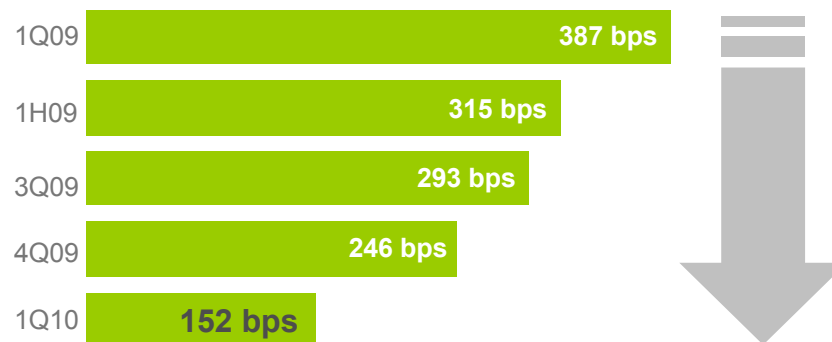
Conservative approach

in coverage remains

Coverage Ratio

82%

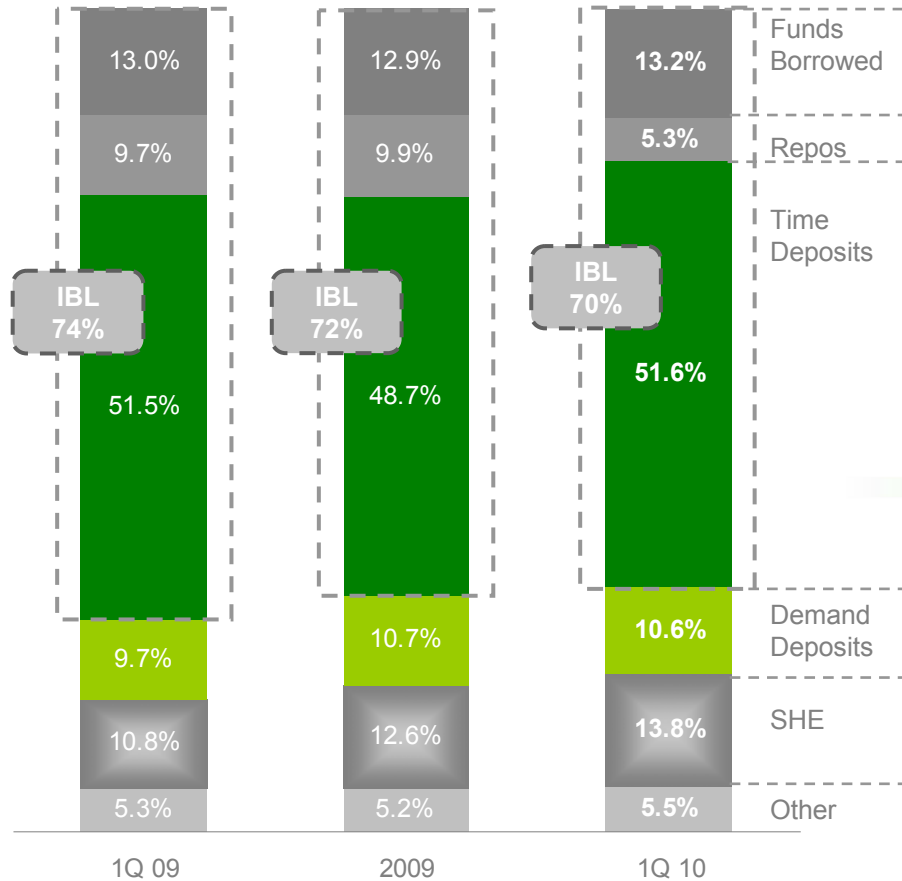
Cost of Risk



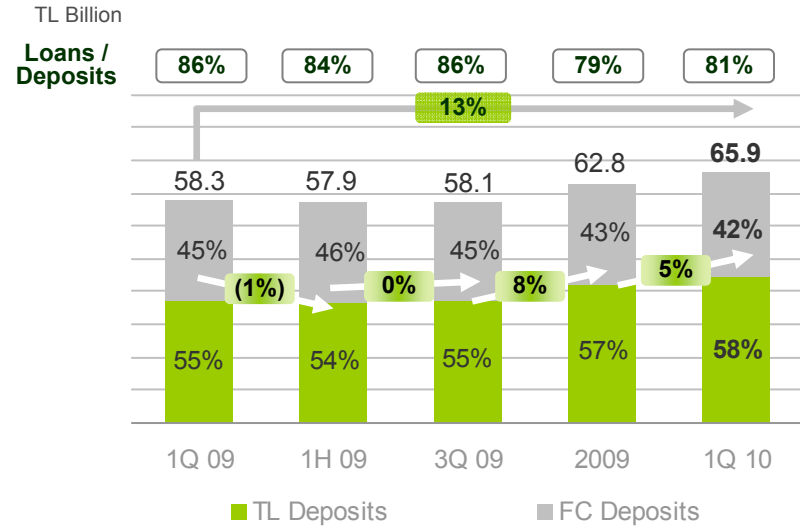
¹ Sector figures are per BRSA weekly data, commercial banks only

The above-sector growth momentum in deposits remain...

Composition of Liabilities



Total Deposits



Deposit market share

12.6%

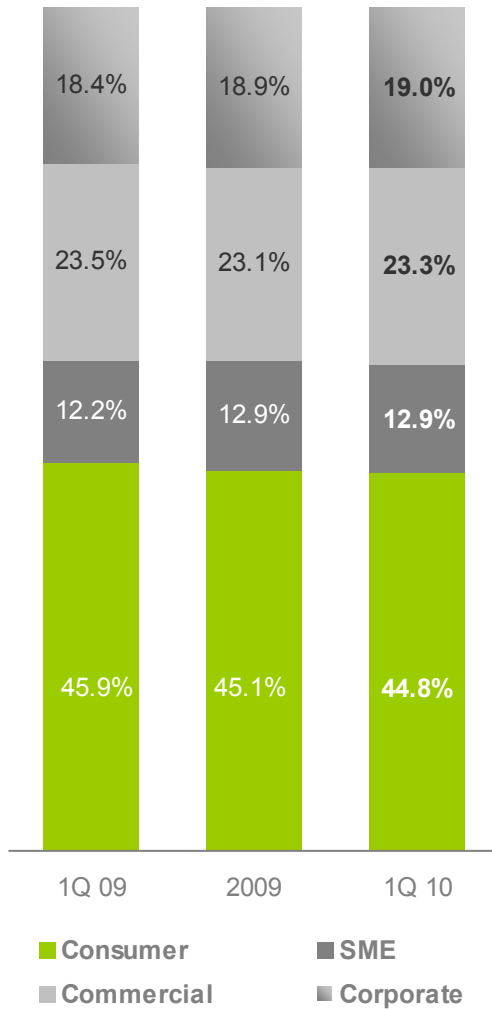
TL deposit growth **6%**
vs. sector's 5%

FC deposit growth **3%**
vs. sector's shrinkage of (3%)

...with clear differentiation in attracting demand deposits

Deposits by LOB¹

(Excluding bank deposits)



Demand Deposits

TL Billion



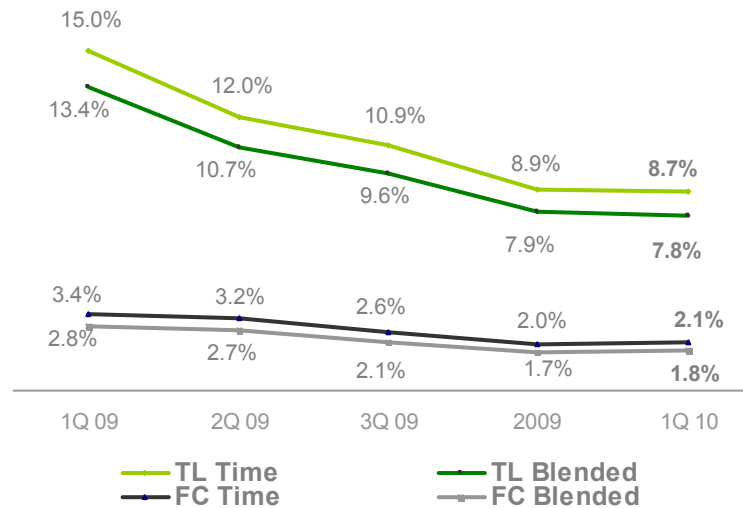
Customer Demand Deposits

YTD Growth

3% vs. sector's **(2%)**

Cost of Deposits¹

Quarterly Averages



Demand Deposit Market Share²

14.4%

¹ Based on bank-only MIS data
² Sector figures are per BRSA weekly data, commercial banks only

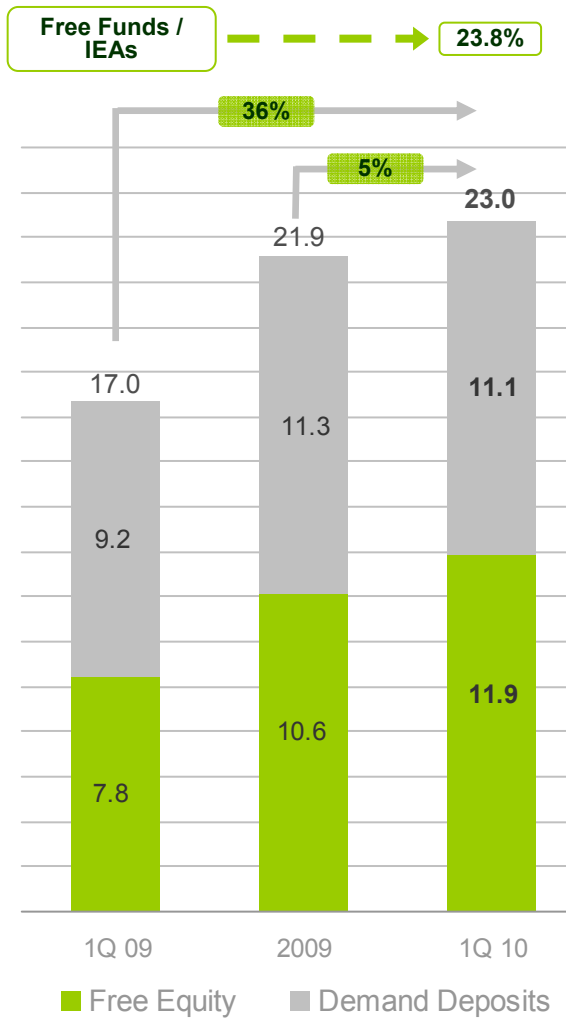
Strong solvency and low leverage largely due to retained profitability and free fund generation capacity

CAR



Free Funds

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



Free Equity
YTD growth

12%

Leverage Ratio

6x

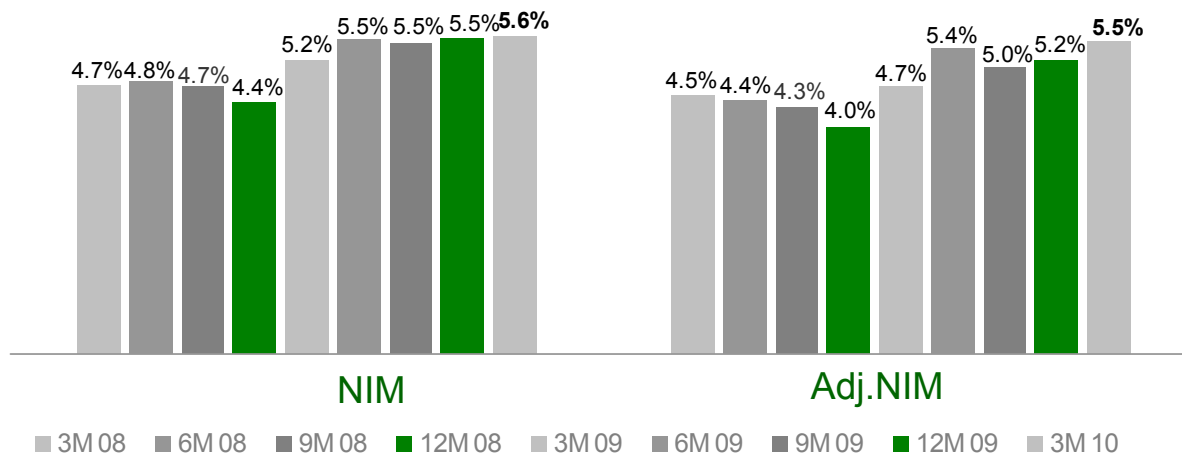
down from

8x in 1Q 09 &

7x at YE 09

Despite the ongoing repricing of IEAs, margins held up strong due to contribution from loan volume growth and high yielding CPI linkers

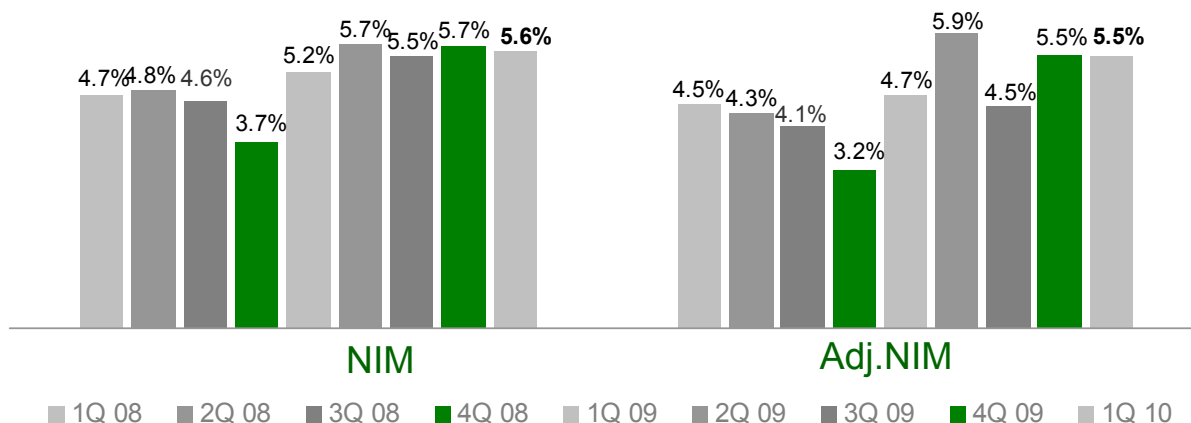
Cumulative NIM (Net Interest Income / Average IEAs)



3-mo 10 over 2009:

- Declining funding costs' impact on margin +137 bps
- Drop in asset yields' impact on margin -132 bps

Quarterly NIM (Net Interest Income / Average IEAs)



1Q 10 over 4Q 09:

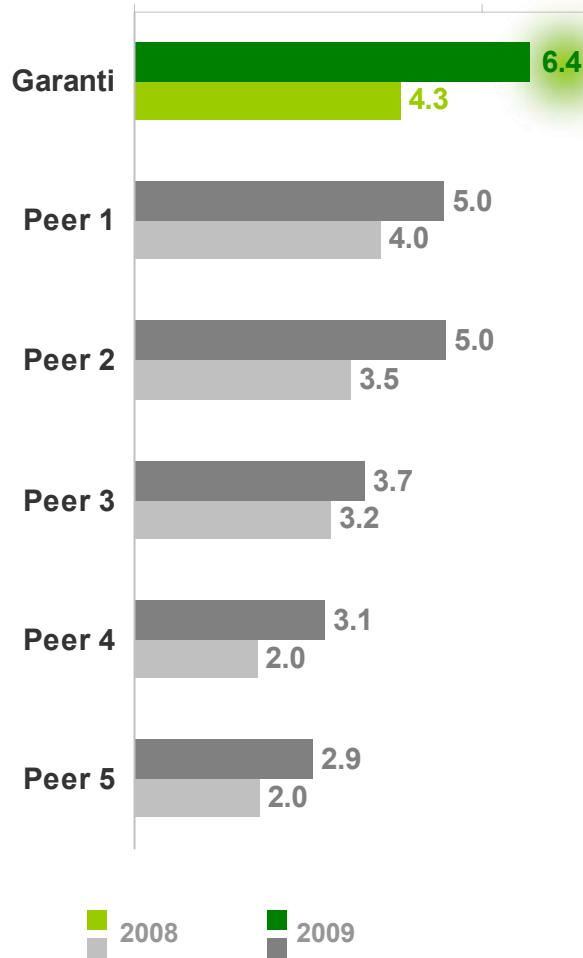
- Declining funding costs' impact on margin +6 bps
- Drop in asset yields' impact on margin -19 bps
 - ✓ Loan yield drop*: ~150 bps
 - ✓ Securities yield drop*: ~5bps

Source: BRSA bank-only financials
 Adjustments to NIM: Net Interest Income/ Average IEA adjusted by FX gain/loss, provision for loans and securities, and net trading income/loss
 * Yield calculation per MIS average daily volumes

Growth and diversification of sustainable income sources further reinforce the high capacity to generate ordinary banking income

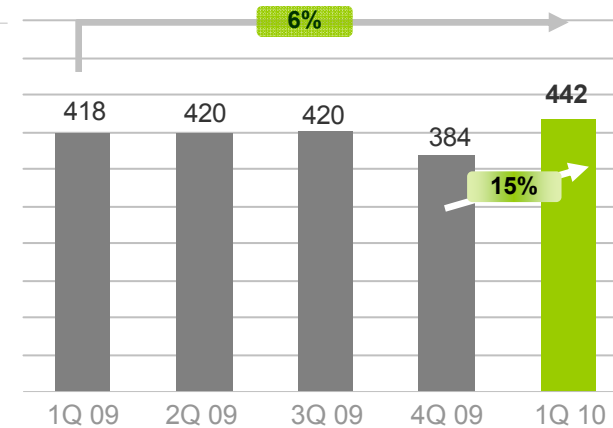
Ordinary Banking Income¹ Generation

TL Billion



Net Fees & Commissions²

TL Million

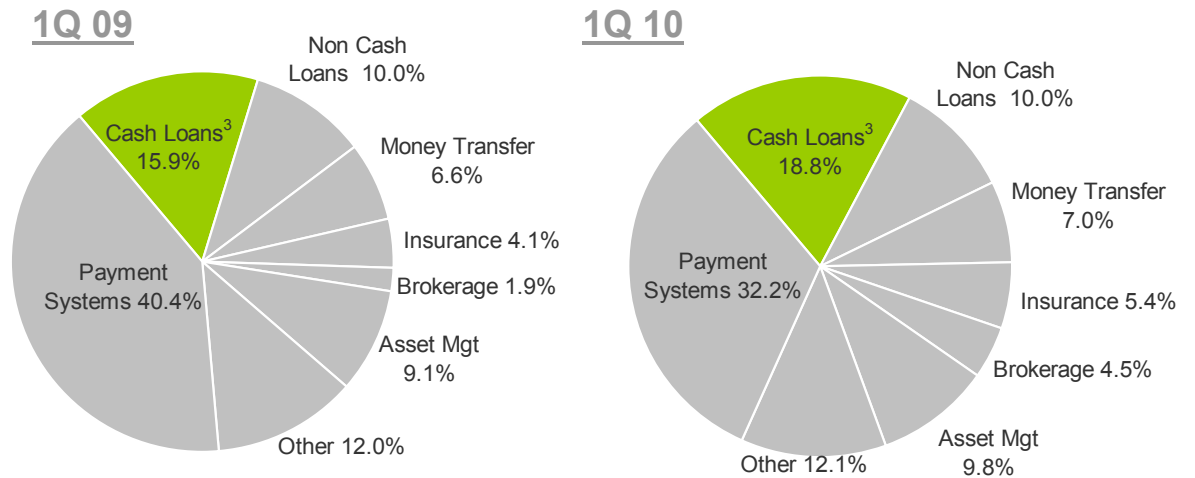


Since 2009, captured **1 out of 4** entrants to the pension system

#1 in bancassurance

Further market share gains in brokerage:
Market share **>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 29mn for 1Q 10 and TL 31 mn for 1Q 09
³ Include consumer loans fees as well as other cash loan fees now classified as interest on loans in income statement amounting TL 29mn for 1Q 10 and TL 31 mn for 1Q 09
⁴ Bank-only MIS data

Result: Record profit once again

(TL Million)	4Q 09	1Q 10	Growth 4Q 09-1Q 10
Ordinary Banking Income	1,747	1,800	3%
Other Income	175	216	24%
Total Revenue	1,922	2,016	5%
Operating Expense	(730)	(742)	2%
<i>Personnel Expense</i>	(328)	(288)	(12%)
<i>Bonus Provision</i>	33	(75)	329%
<i>Rent Expense</i>	(35)	(36)	2%
<i>Communication Expense</i>	(37)	(37)	0%
<i>Other</i>	(363)	(306)	(15%)
Operating Income*	1,192	1,274	7%
Other Provisions	(73)	(3)	(96%)
<i>General Reserves¹</i>	(65)	-	n.m.
<i>Other</i>	(8)	(3)	(64%)
Taxes	(239)	(266)	11%
Net Income	880	1,005	14%

**Net Income
Growth***

Y-o-Y

54%

Q-o-Q

14%

*Cost /
Income:*
36.8%

Appendix

Balance Sheet - Summary

<i>(TL Million)</i>		2009	1Q 2010	YTD Change
Assets	Cash & Banks¹	14,460	10,428	(28%)
	Reserve Requirements	1,741	1,855	7%
	Securities	35,783	35,682	0%
	Performing Loans	49,308	53,568	9%
	Fixed Assets & Subsidiaries	2,196	2,203	0%
	Other	1,974	1,751	(11%)
	Total Assets	105,462	105,488	0%
	Liabilities & SHE	Deposits	62,808	65,866
Repos		10,535	5,639	(46%)
Borrowings		13,882	14,011	1%
Other		4,921	5,393	10%
SHE		13,316	14,579	9%
Total Liabilities & SHE		105,462	105,488	0%

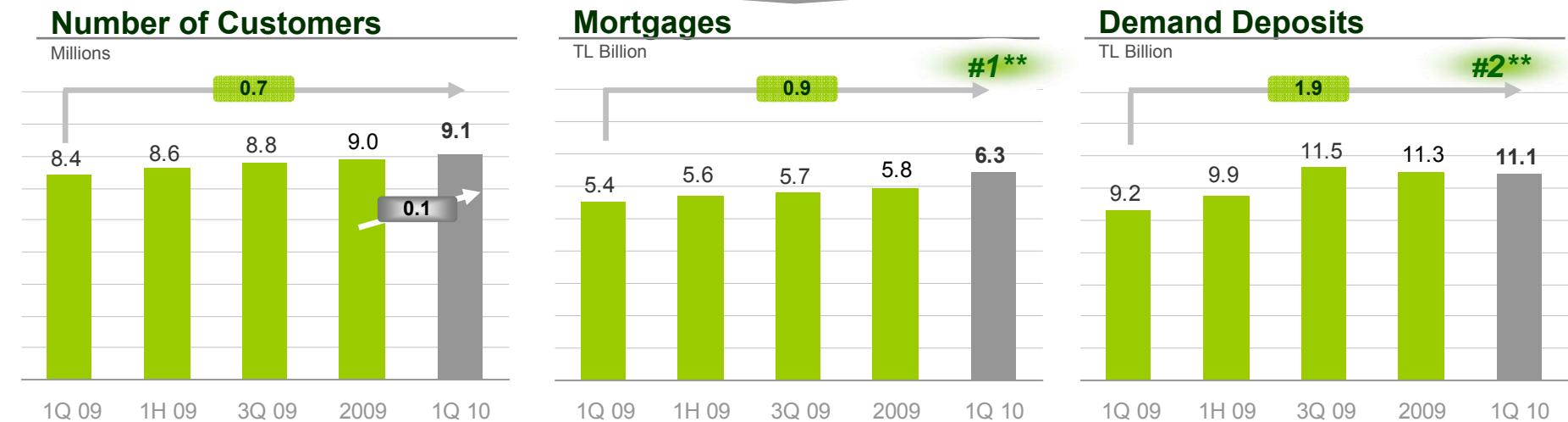
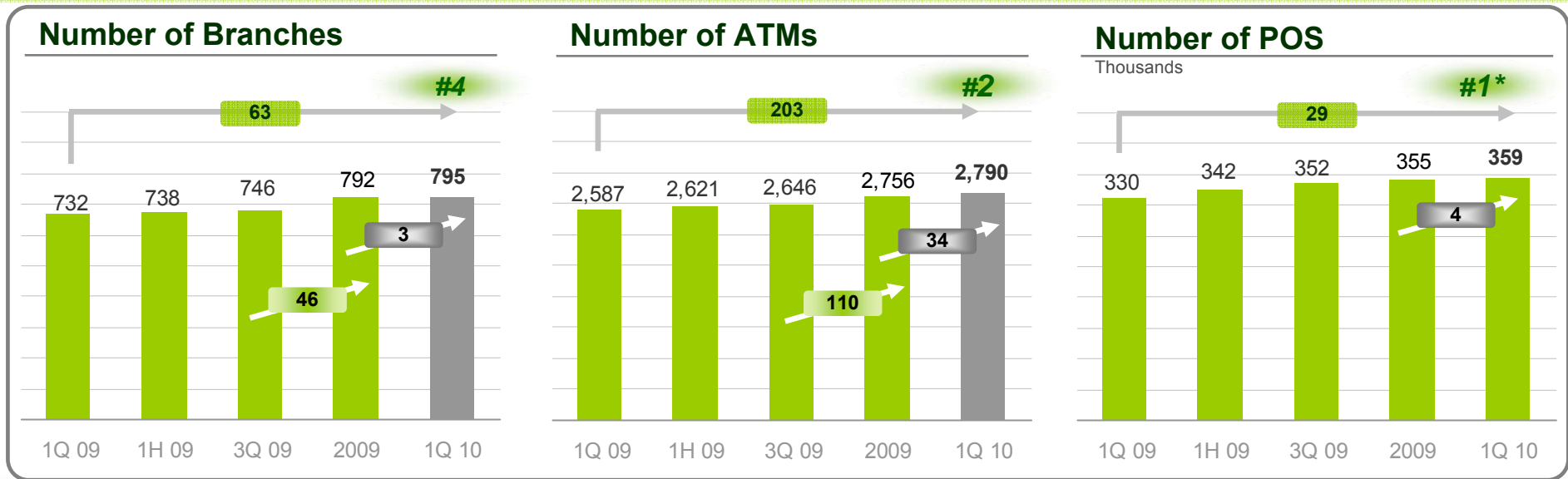
Quarterly Analysis of Ordinary Banking Income

(TL Thousand)	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	Δ Q-o-Q 1Q 10 - 4Q 09	Δ Y-o-Y 1Q 09- 1Q 10
Interest Income	2,766,710	2,638,534	2,505,454	2,530,670	2,486,098	(1.8%)	(10.1%)
-Loans	1,667,557	1,530,435	1,434,051	1,371,797	1,306,232	(4.8%)	(21.7%)
-Securities	959,374	980,674	952,332	1,025,557	1,063,582	3.7%	10.9%
-Other	139,779	127,425	119,071	133,316	116,284	(12.8%)	(16.8%)
Interest Expense	(1,660,457)	(1,355,325)	(1,227,094)	(1,118,510)	(1,104,229)	(1.3%)	(33.5%)
-Deposits	(1,236,950)	(1,006,396)	(892,974)	(800,057)	(818,452)	2.3%	(33.8%)
-Funds Borrowed	(165,803)	(168,565)	(166,773)	(167,358)	(161,113)	(3.7%)	(2.8%)
-Interbank & Other	(257,704)	(180,364)	(167,347)	(151,095)	(124,664)	(17.5%)	(51.6%)
Net Interest Income	1,106,253	1,283,209	1,278,360	1,412,160	1,381,869	(2.1%)	24.9%
Prov. for loans & securities	(486,486)	(293,627)	(320,276)	(123,956)	(197,097)	59.0%	(59.5%)
Net FX Gain/(Loss) + Net trading Income/(Loss)	384,665	337,728	83,771	74,534	172,636	131.6%	(55.1%)
Adj. Net Interest Income	1,004,432	1,327,310	1,041,855	1,362,738	1,357,408	(0.4%)	35.1%
Net Fees and Comm.	417,919	419,826	420,473	384,290	442,156	15.1%	5.8%
Ordinary Banking Income	1,422,351	1,747,136	1,462,328	1,747,028	1,799,564	3.0%	26.5%

Key financial ratios

	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10
Profitability ratios					
ROAE	27%	28%	26%	26%	29%
ROAA	2.9%	3.1%	2.9%	3.1%	3.9%
Cost/Income	37.3%	36.5%	38.2%	38.1%	36.8%
NIM	5.0%	5.5%	5.2%	5.6%	5.4%
Liquidity ratios					
Liquidity ratio	33%	34%	38%	39%	37%
Loans/Deposits	84.2%	81.7%	82.5%	77.1%	80.6%
Asset quality ratios					
NPL Ratio	2.9%	3.5%	4.1%	4.3%	3.8%
Coverage	76%	82%	82%	81%	82%
Cost of Risk (bps)	387	315	293	246	152
Solvency ratios					
CAR	16.3%	17.7%	18.8%	21.2%	20.6%
Tier I Ratio	13.9%	15.3%	16.0%	18.2%	17.7%
Leverage	8x	7x	7x	7x	6x

Further strengthening of retail network



*Including shared POS
 **Mortgage and demand deposit ranks are as of 2009YE
 Note: Ranks are among private banks

Non-recurring items

2009:

- i) 4Q 09 other income includes the effect of the provision reversal related to Defined Benefit Obligation Liability amounting to TL 103 mn. Please refer to footnote "5.2.7.4.2 Other provisions" in the report for more detail.
- ii) Other provisions in 2009 (4Q 09: TL 65 mn; 3Q 09: TL15 mn; 2Q 09: TL 235 mn; 1Q 09: TL 15 mn) include the effect of general reserve amounting to TL 330 mn provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in economy or market conditions.

2008:

The net effect of 4Q 08 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

The net effect of 2Q 08 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

The net effect of 1Q 08 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



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