



GarantiBank

BRSA Bank-only Earnings Presentation

June 30, 2007

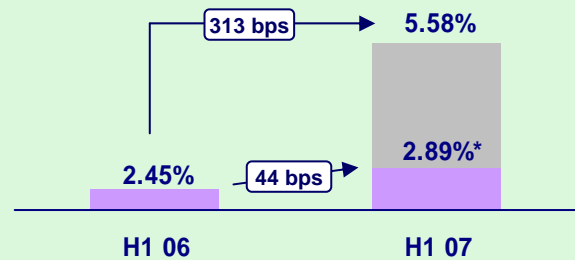
*Keeps delivering
outstanding results...
not only through
strategic moves,
... but also through
customer driven
organic growth*

1H07 -- Record of Consistent Value Creation

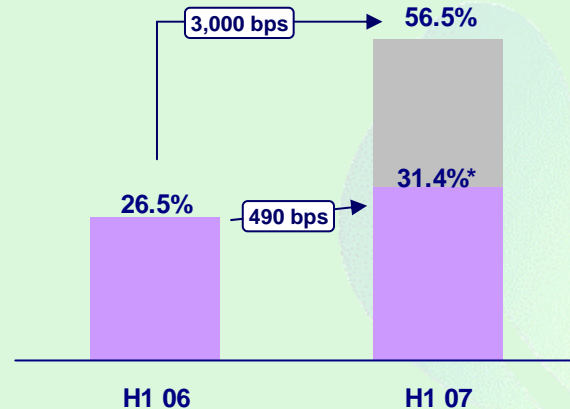
- Volume growth **momentum in high yielding loans** – above sector —————> **market share gains**
- **Positive impact of re-pricing**
 - Increasing yield on loans and securities
 - Flattening curve on cost of funding —————> **margins expanding**
- Net fees and commissions' **quarterly sequential growth momentum** continues
- Customer driven sources of income which are mainly **sustainable revenue sources** constitute **85.3% of the total ordinary banking income**
 - The contribution to the banking income from securities book dropped to 14.7% from 23.2% (adjusted NII from securities plus trading income)
- **Despite branch openings, operating expense growth is under control.** Cost/Income ratio* for the quarter is 610 bps better than the ratio in the same period last year
- **Record profitability.** Y-o-y normalized* ROAA and ROAE improved by 44 bps and 490 bps reaching 2.89% and 31.4%, respectively
- 7% **expansion in free funds** has been realized in the second quarter due to sale of stakes in insurance and pension & life business subsidiaries
- **Stronger capital base** with CAR 15.0%
- Effects yet to be seen on:
 - **The sale** of 80% stake in **insurance subsidiary** and 15% stake in **pension & life business subsidiary** for total cash proceeds of **€465 mn.** received on **June 21st**
 - **The sale of custody business** serving foreign institutional investors to Deutsche Bank for an **upfront payment of USD115 mn.** received in **Q3**

Outstanding Profitability -- With and Without One-off Gains...

ROAA

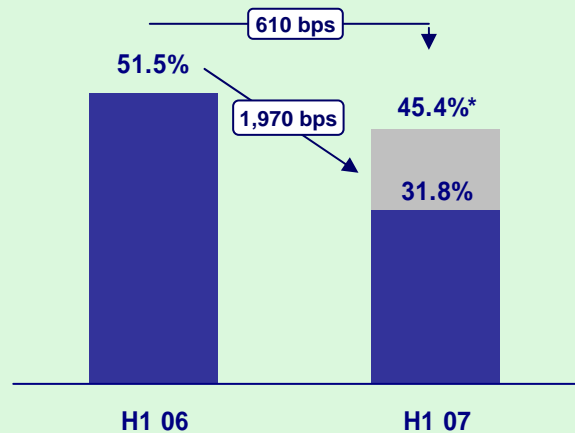


ROAE



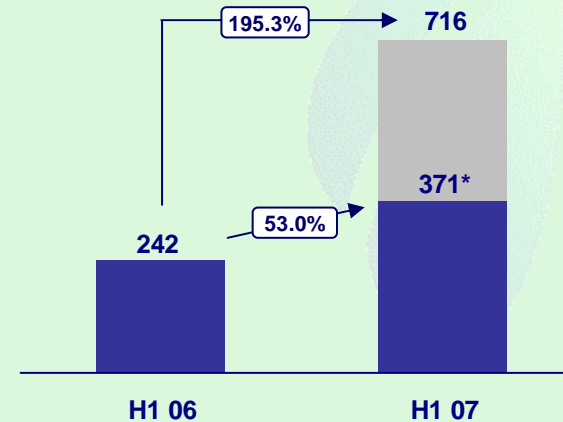
Consistent improvement in all profitability ratios. Y-o-y normalized ROAA went up by 44 bps to 2.89%, normalized ROAE went up by 490 bps to 31.4% while normalized EPS went up by 53.0% in H1 07.

Cost / Income



EPS

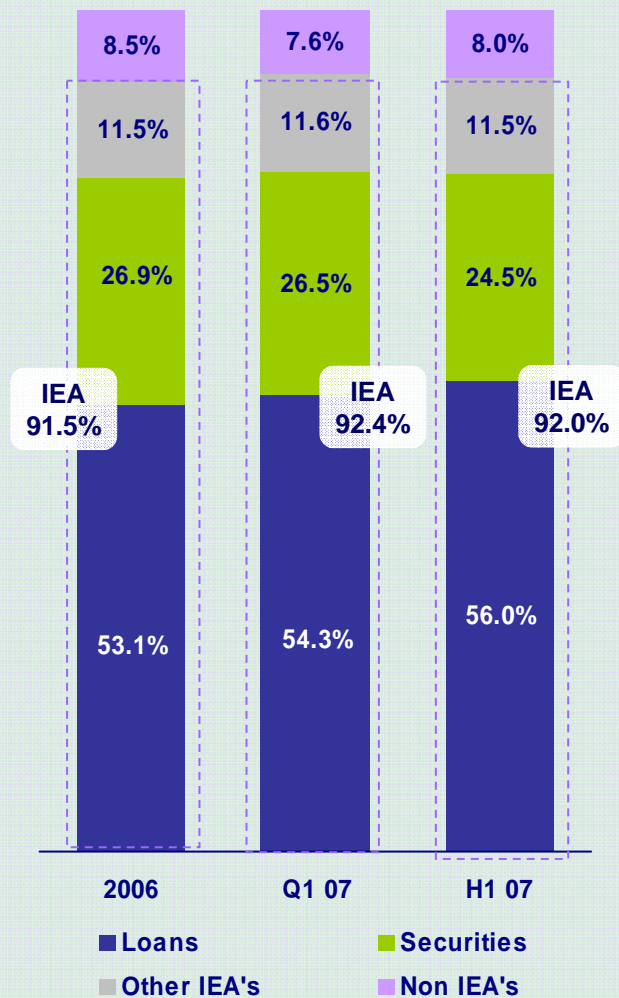
Per 1000 YTL nominal – First half only



Normalized Cost/Income ratio improved 610 bps largely due to high revenue growth and improved operational efficiency despite continuing branch expansion.

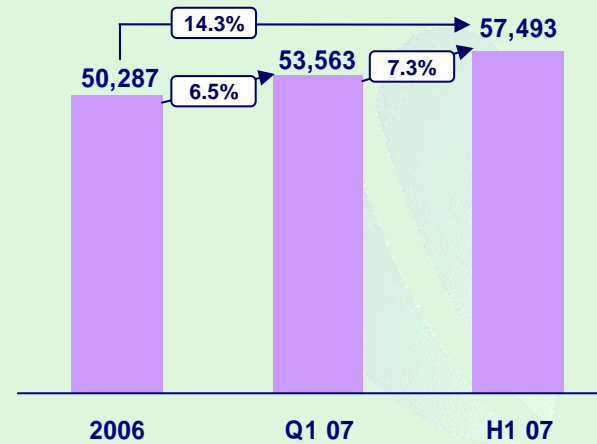
Healthy & High Yielding Asset Growth...

Composition of Assets*



Total Asset Growth

YTL Million

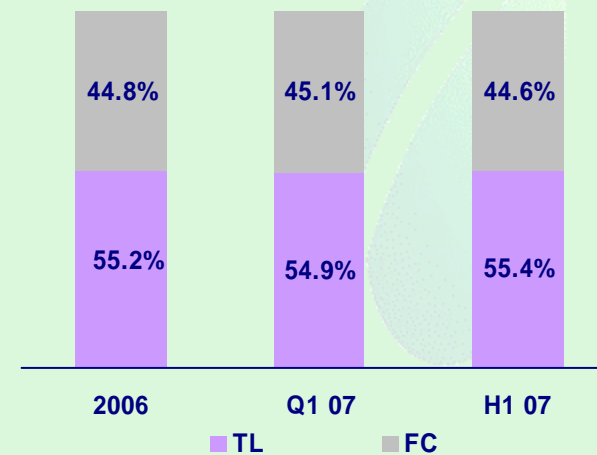


Assets reached 57.5 bn. YTL at the end of 1H07. Asset growth was 14.3% ytd.

Mainly loan driven asset growth.

Increasing share of loans in total assets, reaching 56.0% in 1H07 vs. 53.1% at YE06.

Composition of IEAs

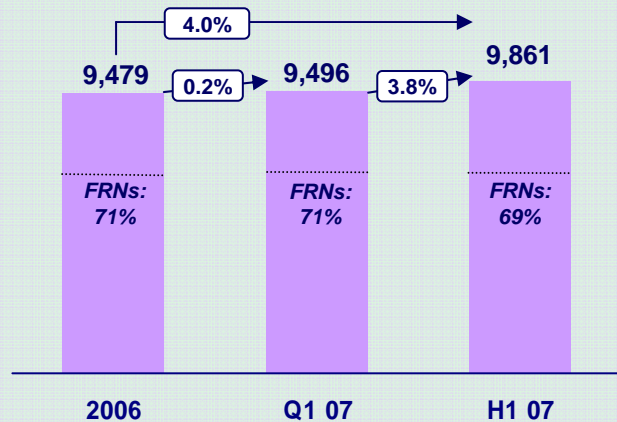


IEAs' mix in total assets remained at 92% levels. TL IEAs increased ytd from 55.2% to 55.4% while FC IEAs decreased to 44.6%.

Effective Securities Portfolio Management...

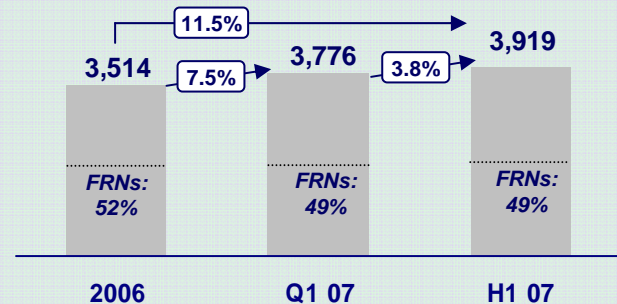
TL Portfolio

YTL Million



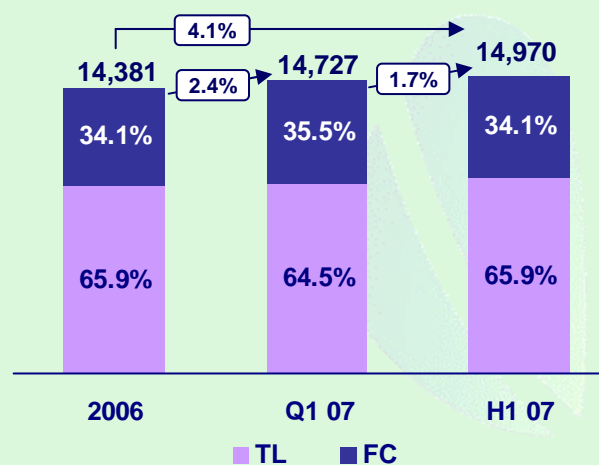
FC Portfolio

US\$ Million

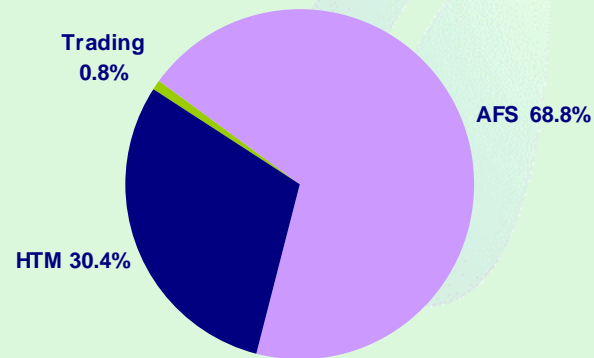


Total Securities Growth

YTL Million



Total Securities Composition

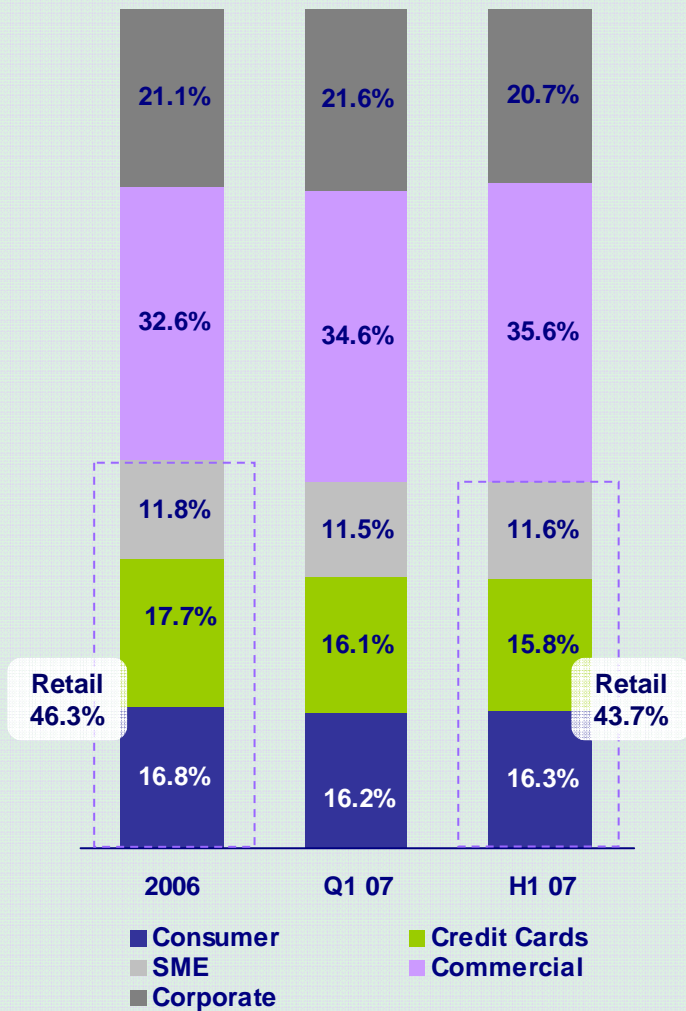


Securities portfolio ytd growth of 4.1% was significantly lower than total loan growth, thus securities mix in assets declined by about 240 bps to 24.5% in 1H 07.

The TL portfolio went up by 4.0% ytd and reached 9.9 bn. Accordingly, the TL/FC mix of total securities remained stable when compared to YE 2006.

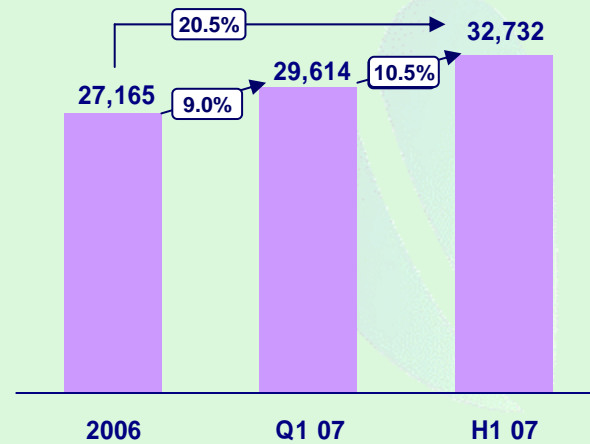
Accelerated Volume Growth in Q2 with Solid Asset Quality...

Composition of Loans



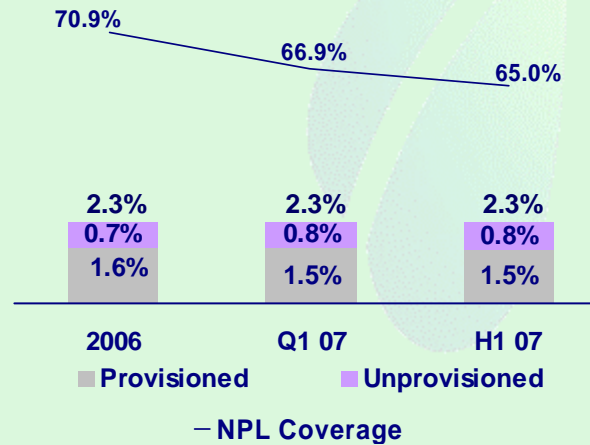
Total Loan¹ Growth

YTL Million



Loans grew ytd by 20.5%. The growth of 9% in the first quarter of 2007 accelerated in the second quarter reaching 10.5%.

NPL Ratio & Coverage



Retail loan composition in H1 07 slightly diluted to 43.7% due to better than expected commercial loan activity.

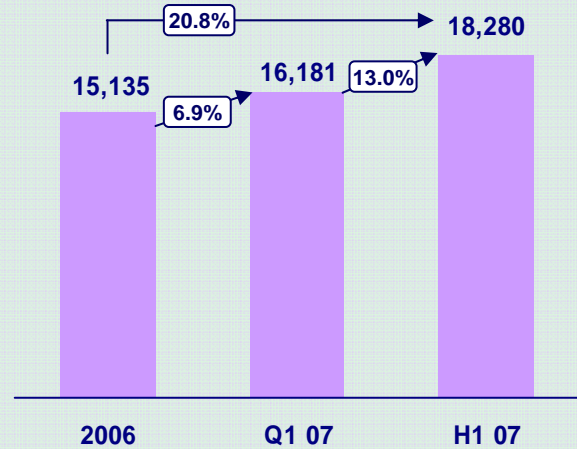
NPL ratio remained stable at 2.3%.

Coverage ratio excludes the collaterals and stands at 65.0%.

Remarkable Growth in All Loan Categories...

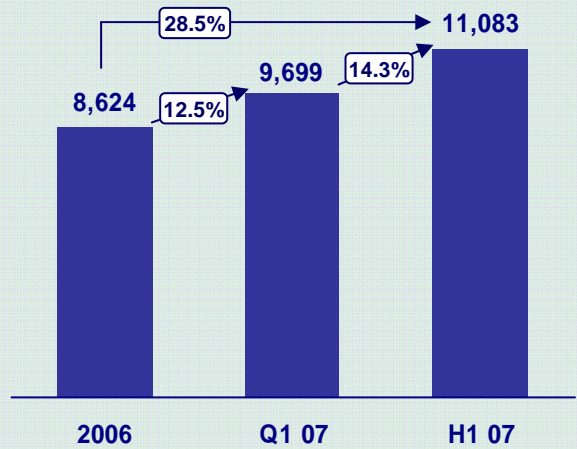
TL Loan¹ Growth

YTL Million



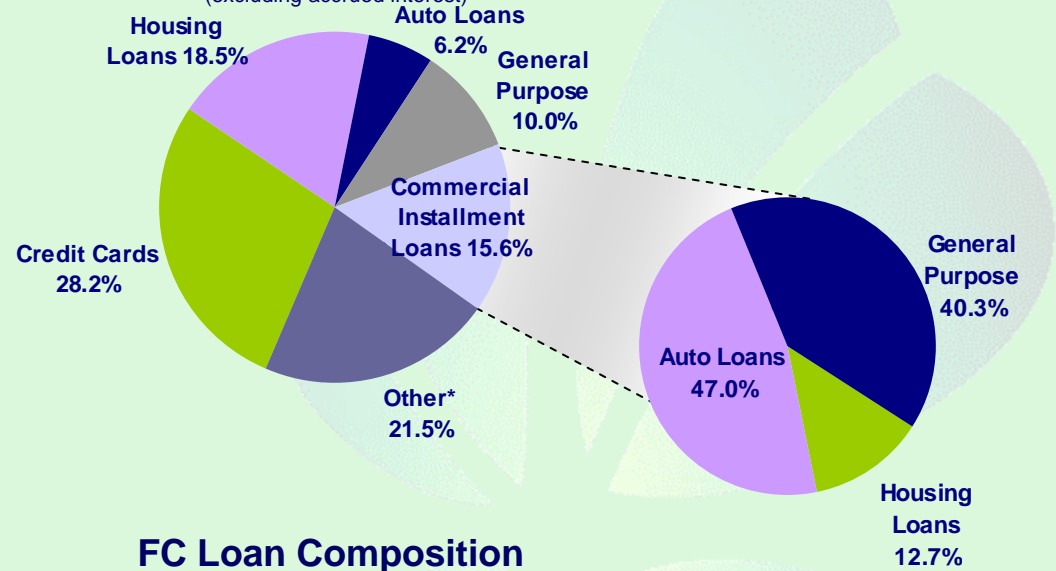
FC Loan¹ Growth

US\$ Million



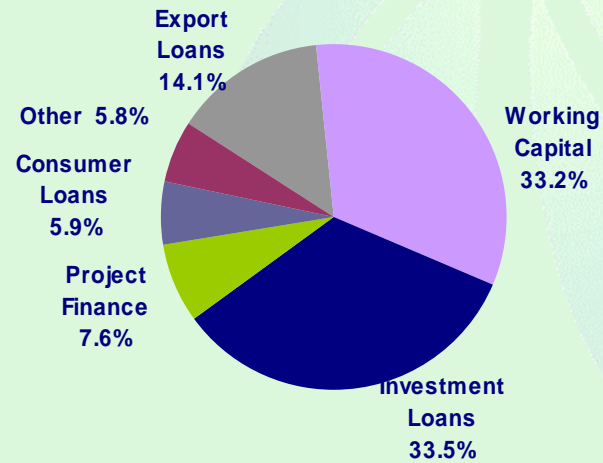
TL Loan Composition

(excluding accrued interest)

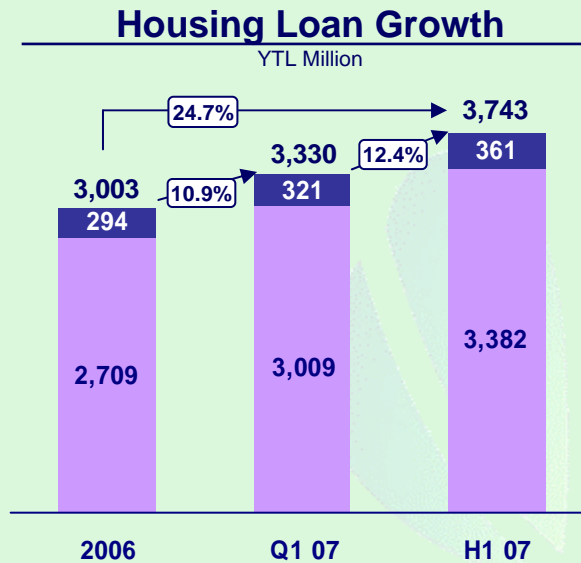


FC Loan Composition

(excluding accrued interest)



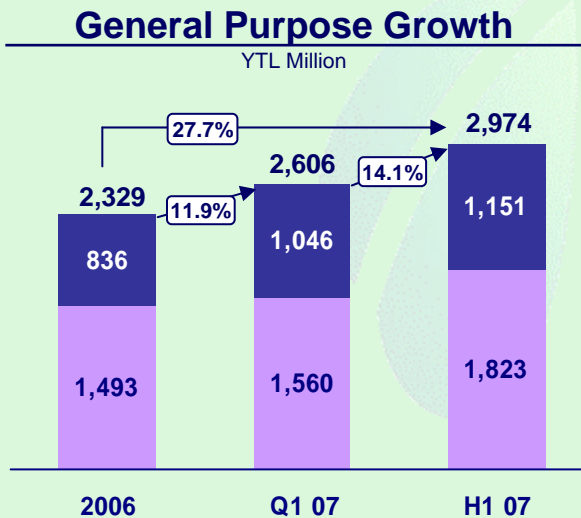
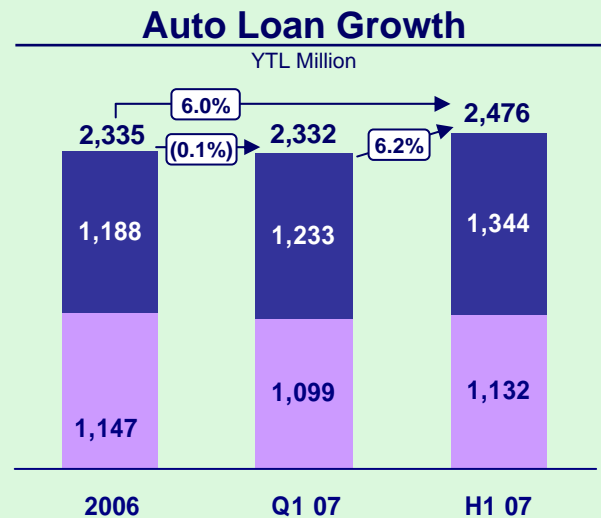
Key Growth Focus – Retail Loans...



Ytd growth in total retail lending was 16.0%.

Growth in general purpose loans, the highest yielding consumer loan, was 27.7%, followed by housing loans with 24.7% growth.

After a slow first quarter, auto loans picked up in Q2 and recorded 6.2% growth in the second quarter.



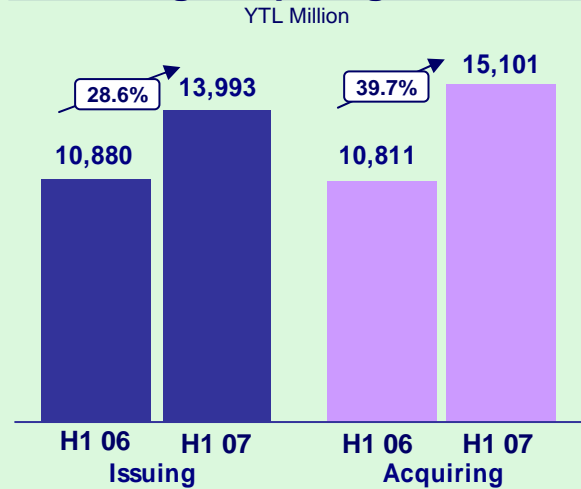
Market Shares**			
	2006	Q1 07	1H 07
Housing	12.3%	13.0%	13.5%
Auto	15.1%	15.5%	16.4%
Gen. Pur.	8.3%	8.7%	8.9%

* Including consumer, commercial installment, overdraft accounts, credit cards and other

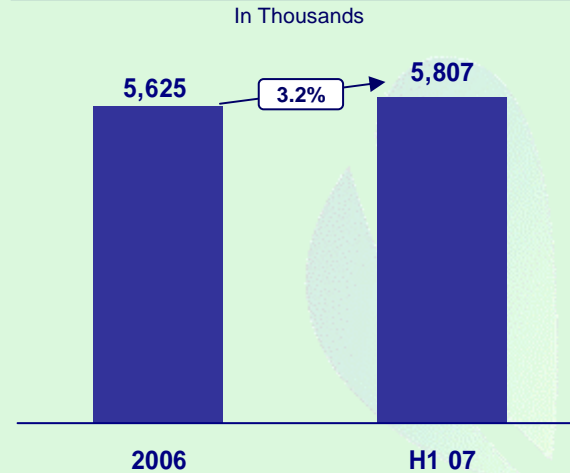
** Including consumer and commercial installment loans

Credit Cards – Leading Market Position...

Issuing/ Acquiring Volume



No. Of Credit Cards

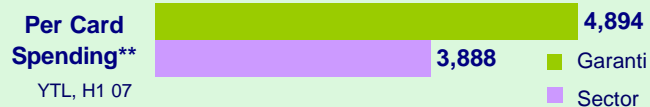


As of 2007, Garanti has become #1 in credit card business by acquiring volume with 23.2% and remains #2 by issuing volume with 21.6% market share.

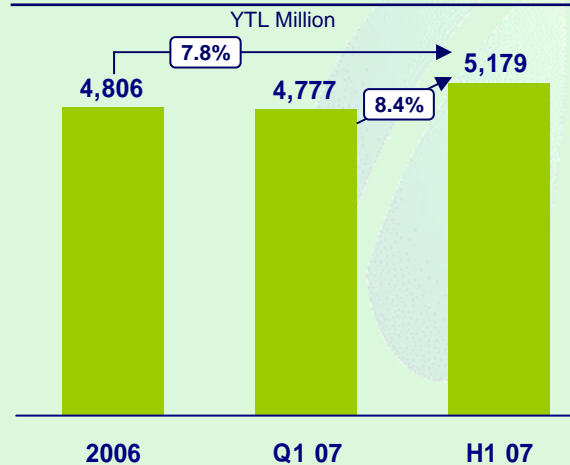
Market Shares

H107 – Growth over 2006

Acquiring	23.2%	▲	+100 bps
Issuing	21.6%	▼	-10 bps
Credit Cards	16.8%	▼	- 50 bps
POS*	17.8%	▲	+110 bps
ATM	9.3%	▲	+60 bps



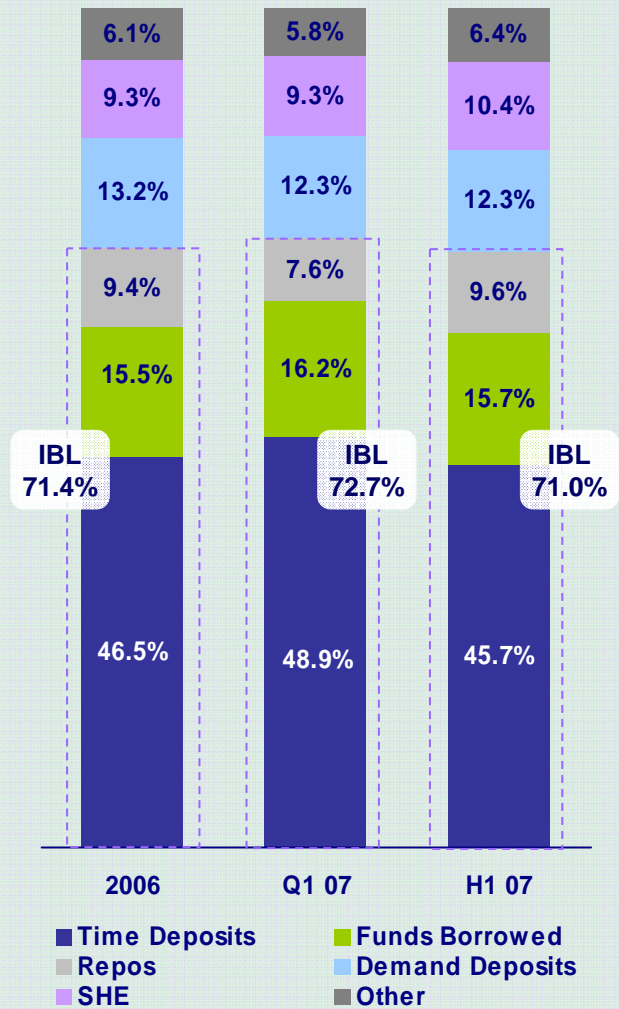
Credit Card Balances



Issuing and acquiring volumes were up by 28.6% and 39.7%, respectively vs. same period last year.

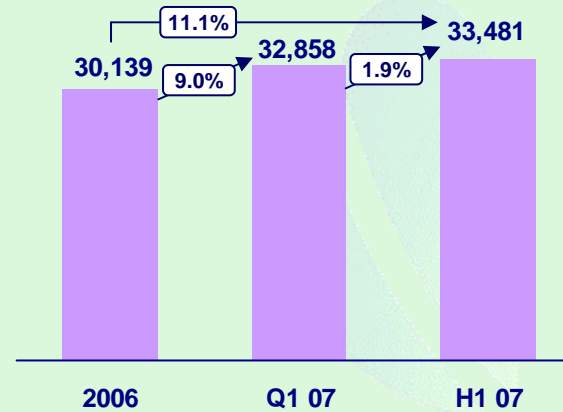
Strengthened Equity -- Improving IBL Levels...

Composition of Liabilities



Total Deposit Growth

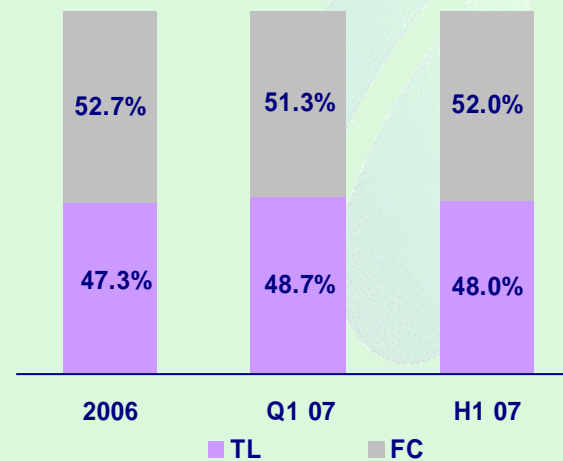
YTL Million



Total deposits were up by 11.1% ytd reaching 33.5 billion YTL.

TL deposit growth ytd was 13% vs. FC deposit growth of 17% in US\$ terms. TL/FC mix remained stable at 48% / 52% levels.

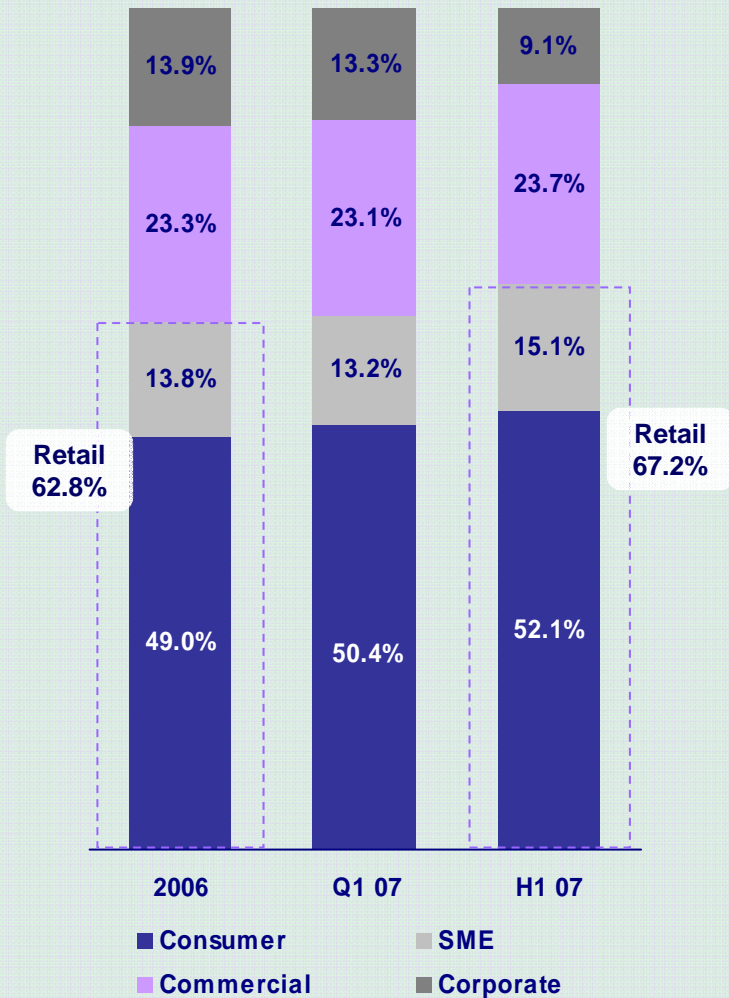
Deposits – TL/FC Mix



Sustainable High Level of Demand Deposits -- Favourable Effect on Funding Costs...

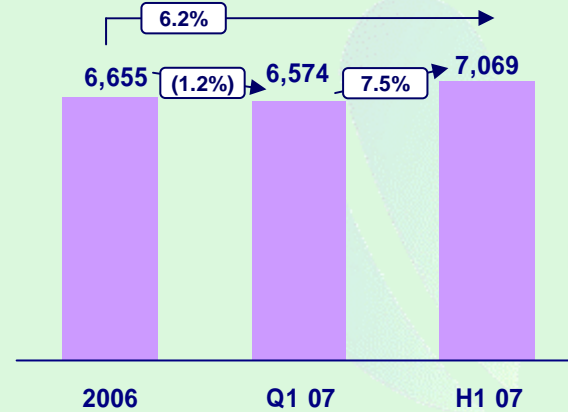
Deposits by LOB

(excluding bank deposits)



Demand Deposit Growth

YTL Million

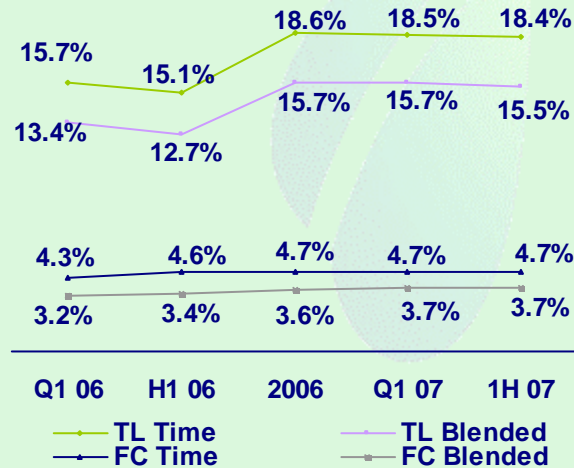


Share of retail deposits increased by 440 bps and composed 67.2% of total customer deposits.

Demand deposits reached 7.1 bn.YTL, up by 6.2% since YE 06, constituting a high 21.1% of total deposits, positively affecting funding costs.

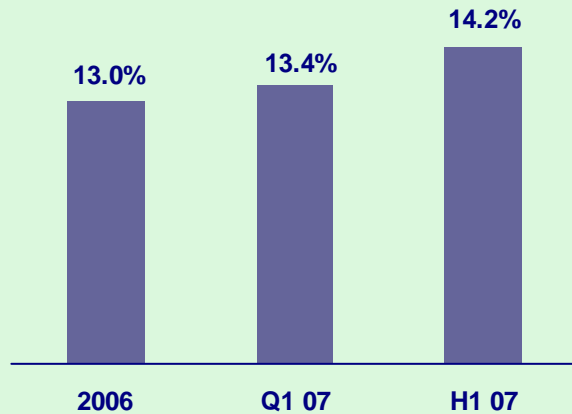
Cost of Deposits

Monthly Averages

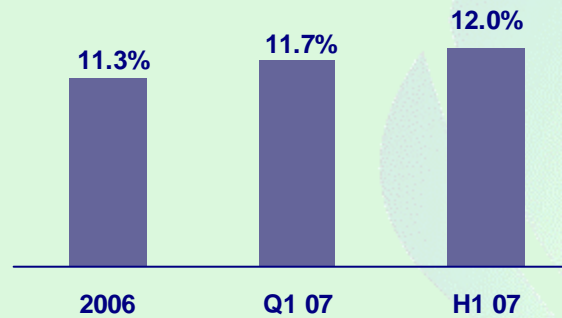


Consistently Improving Market Shares in Loans and Deposits...

Total Loans

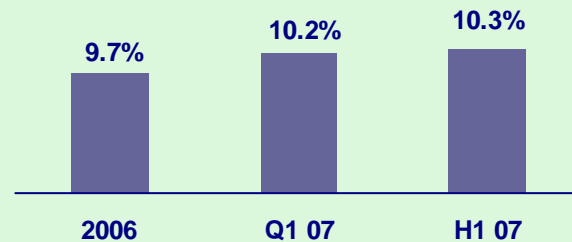


Consumer and Comm. Install. Loans*

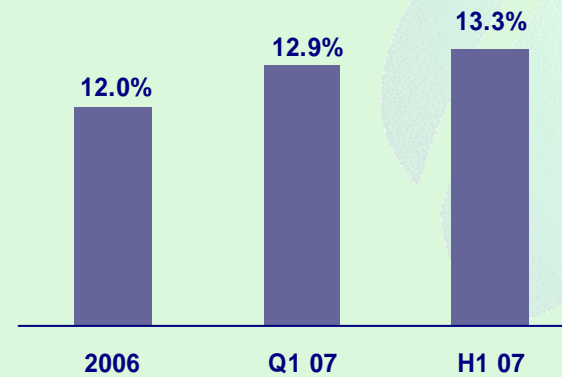


Market share growth in H1 07 was significant. Ytd, total loans, and consumer & comm. install. loans went up by 120 bps and 70 bps respectively.

Total Deposits



Demand Deposits

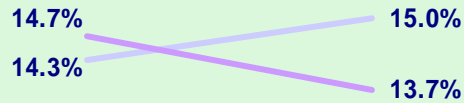


Total deposits market share went up by 60 bps.

Demand deposits market share increased by 130 bps and reached 13.3% compared to YE 2006.

Stronger Capital Base and Adequacy Levels...

CAR & Tier I Ratio



2006 H1 07
 CAR Tier I

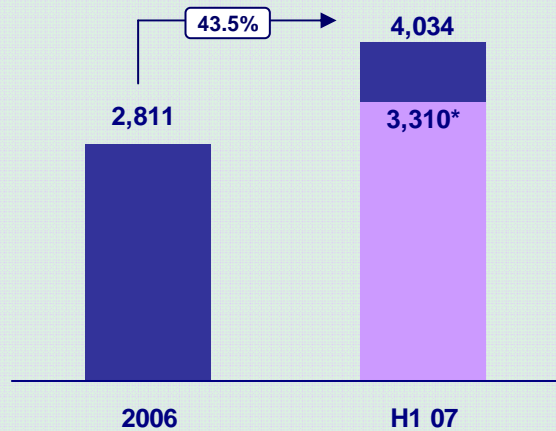
Effect of recent events on the CAR

Dividend Distribution (April 07)	- 0.72 pps
Effect of insurance and pension & life business subsidiaries stake sale (June 07)	+ 1.65 pps
Effect of operational risk calculation (June 07)	- 1.47 pps

The proceeds from the sale of insurance and pension & life business subsidiaries contributed to free funds by an additional 7%.

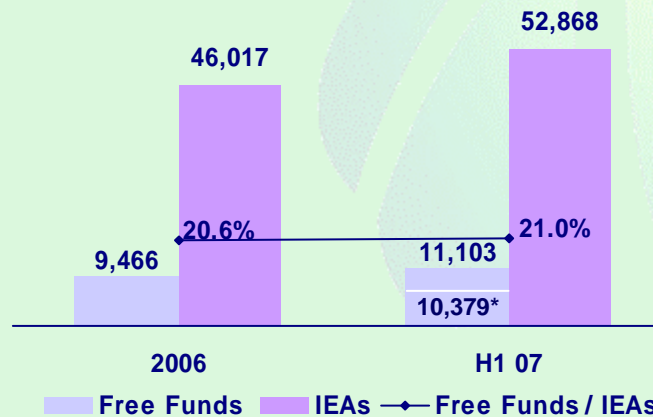
Free Equity

YTL Million



Free Funds**/IEAs

YTL Million



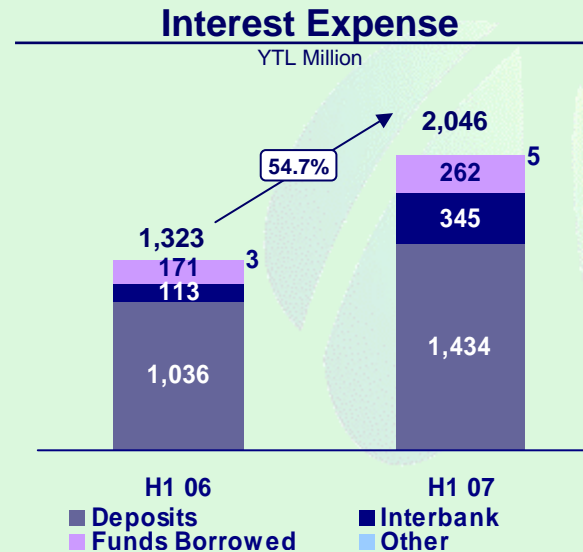
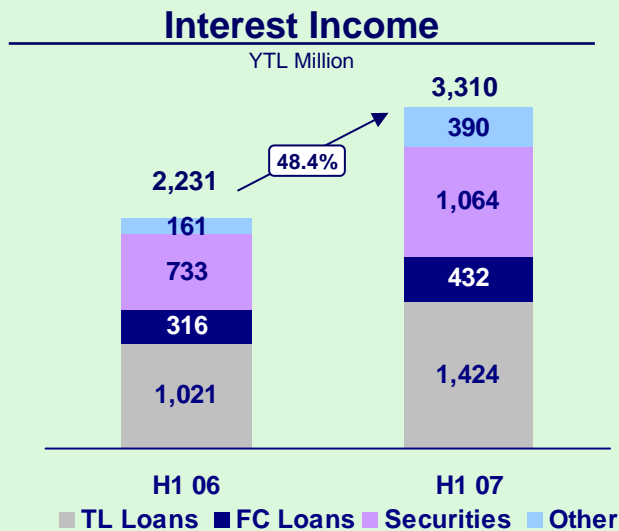
In 1H 07, free funds growth was 1,637mn. YTL corresponding to 21% of IEAs.

NII Growth -- Function of Both Volume and Margin...

(YTL Million)	H1 06	H1 07	Growth
Net Interest Income	908	1,264	39.2%
Net FX Gain / Loss	(88)	(7)	n.m.
Adjusted Net Interest Income	820	1,257	53.2%

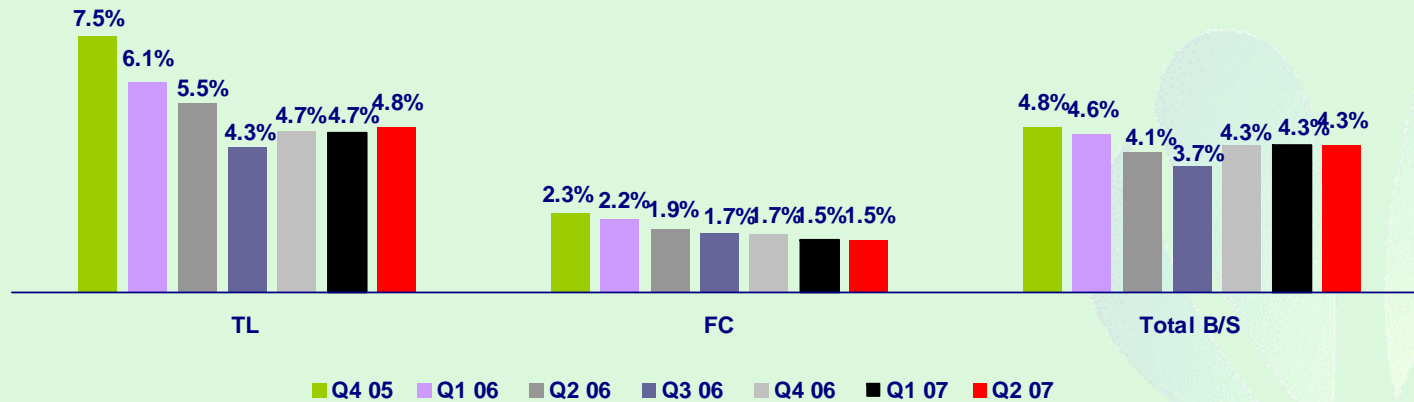
Adjusted net interest income growth was 53.2% y-o-y.

Income on loans, constituting the highest proportion in interest income, has grown by 38.8% y-o-y.



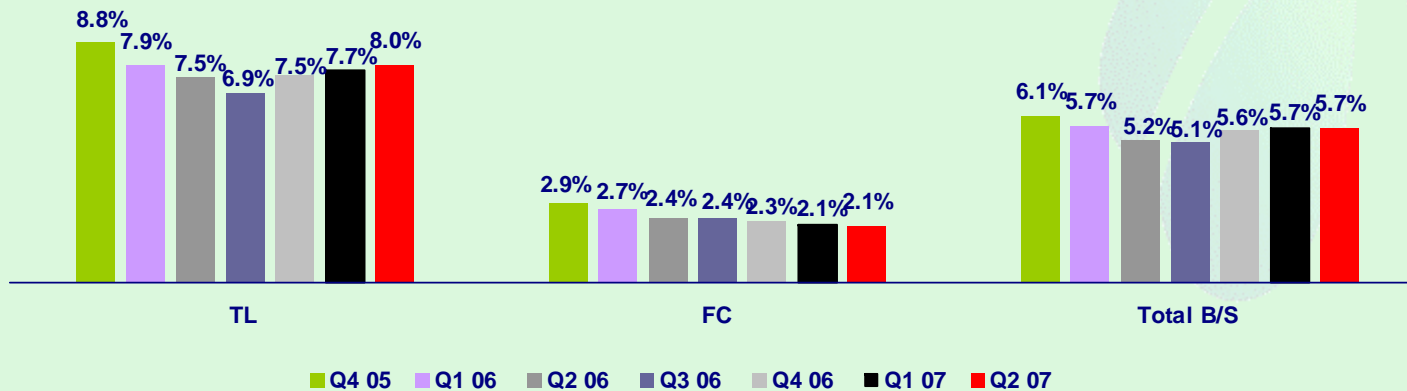
Quarterly Expansion of Margins and Spreads...

Spreads



TL margin expansion over the last three quarters positively affected the blended margin. The increase in blended margin was 50 bps vs. same period last year.

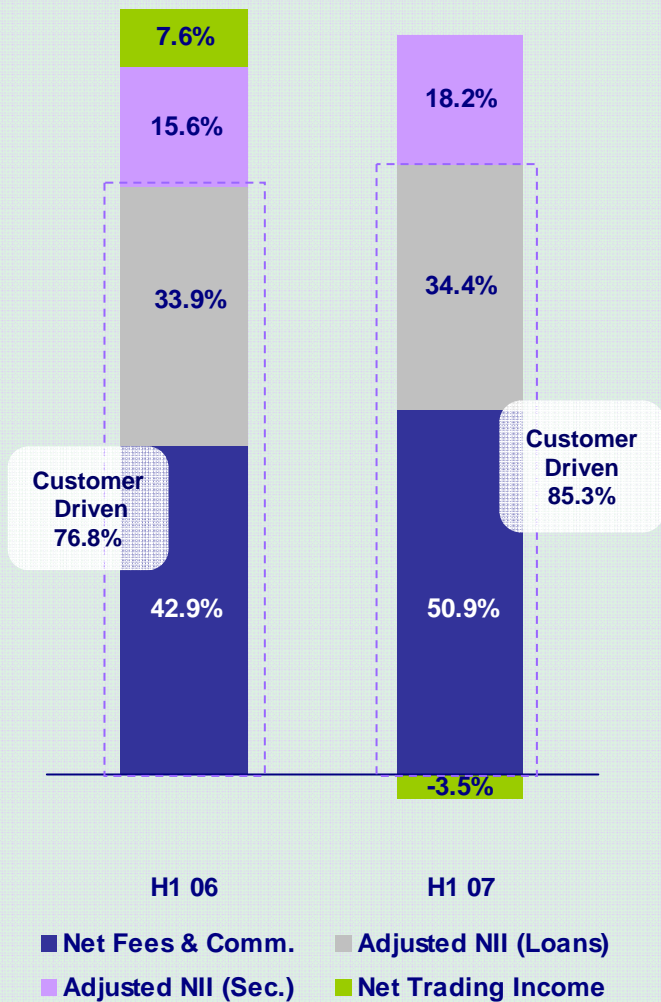
Margins



There has been slight compression in FC margins.

Higher Levels of Customer Driven Income...

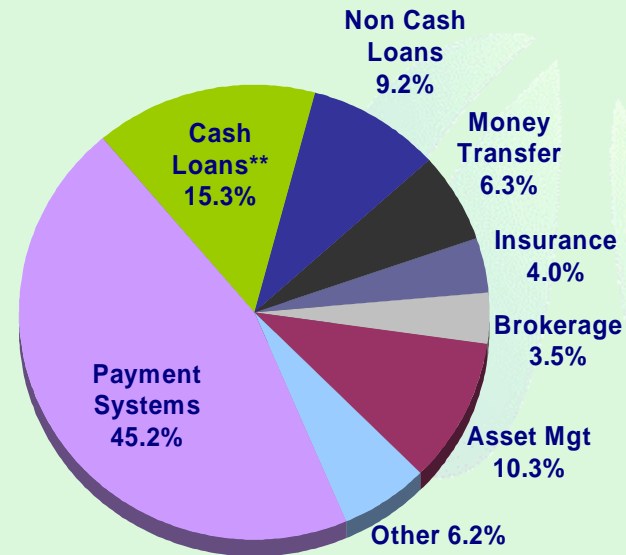
Ordinary Banking Income*



(YTL Million)	H106	H107	Growth
Net Fees and Comms.	501	617	23.1%
Net Trading Account Inc.	88	(44)	n.m.
Dividend Income	38	47	23.6%
Other Income*	116	79	(31.3%)
Total Non-Interest Inc. (normalized)*	742	699	(5.7%)
Insurance and pension & life buss. subs. stake sale	-	762	n.m.
Total Non-Interest Inc.	742	1,461	96.9%

The quarterly sequential growth in net fees and commissions continued with y-o-y growth of 23% -- confirming continued growth in sustainable revenue sources with increasing trend.

Net Fees & Commissions



Customer driven sources of income increased by 850 bps and now constitute 85.3% of ordinary banking income.

Net fees and commissions contribute 50.9% to the ordinary banking income.

*Normalized to exclude one-off gains from insurance and pension & life business subsidiaries stake sale amounting to YTL 762 mn before tax.

**Include consumer loans

High Earnings Growth Momentum...

(YTL Million)	H1 06	H1 07	Growth
Total Revenues*	1,563	1,956	25.1%
Operating Expense	668	810	21.3%
Operating Income*	895	1,146	28.0%
Provisions**	267	172	(35.6%)
Taxes	119	195	63.9%
Normalized Net Income*	509	779	53.0%
Income from Insurance and Pension & Life business subs. stake sale (post tax)	-	724	n.m.
Net Income	509	1,503	195.3%

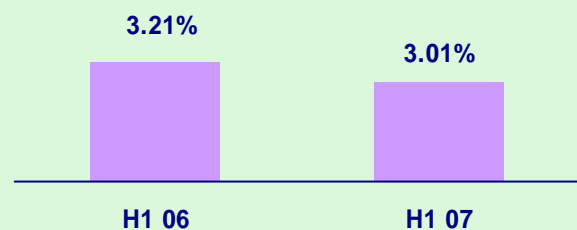
Operating income grew by 28.0%, reaching 1.1 bn. YTL.

Total revenue growth was higher than expense growth.

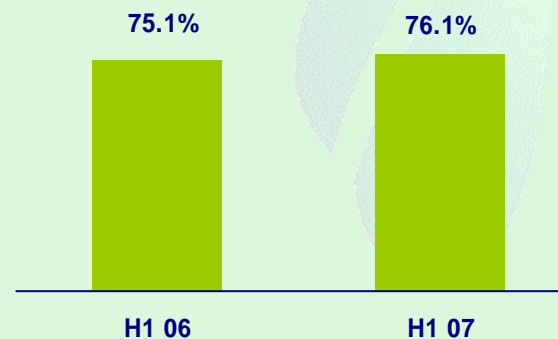
Operating expenses in average assets improved 20 bps to 3.01% in H1 07 from 3.21% in H1 06.

Also, the net fees & commissions coverage of operating expenses reached 76.1%.

Opex / Avg. Assets



Fees & Comm. / Opex



Appendix



Balance Sheet - Summary

<i>(YTL Million)</i>		2006	June 07	% YTD Change
Assets	Cash & Banks*	6,173	6,976	13.0%
	Securities	14,381	14,970	4.1%
	Performing Loans	27,165	32,732	20.5%
	Fixed Assets & Subsidiaries	1,558	1,563	0.3%
	Other	1,010	1,252	24.0%
	Total Assets	50,287	57,493	14.3%
	Liabilities and SHE	Deposits	30,139	33,481
Repos		4,814	5,615	16.6%
Borrowings		7,890	9,170	16.2%
Other		2,774	3,253	17.3%
SHE		4,670	5,974	27.9%
Total Liabilities & SHE		50,287	57,493	14.3%

Performance Highlights vs. Sector

<i>(YTL mn. unless otherwise stated)</i>	As of 1H 07	YTD Growth	
		Garanti	Sector
Total Loans	32,732	20.5%	11.0%
TL	18,280	20.8%	11.8%
FC (US\$ mn.)	11,083	28.5%	16.4%
Total Deposits	33,481	11.1%	7.3%
Demand	7,069	6.2%	3.1%
TL	16,080	12.9%	10.3%
FC (US\$ mn.)	13,345	17.1%	9.8%



GarantiBank

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