



**BRSA Bank-Only Earnings Presentation**

June 30, 2008

*“profitability focused growth”*

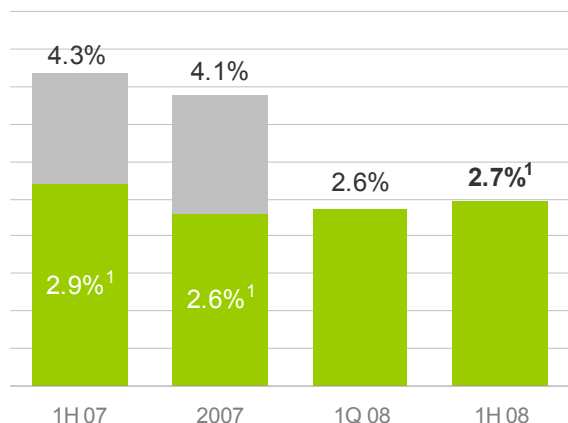


## 1H 2008 – Highlights

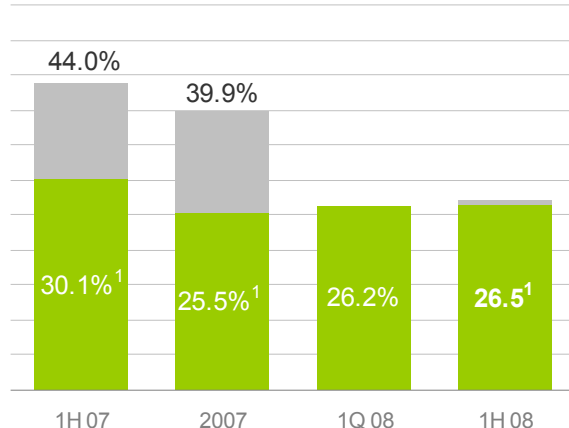
- *EPS growth of 23%. ROAE\* 27%*
- *Total YTD loan growth 20% - sustained growth in higher yielding retail products such as general purpose and credit cards*
- *Market leader in cards business – moved up to #1 position in issuing retail volume with mrkt. sh. of 21.6%*
- *100% increase in capital and founder share buy-back completed for fair dividend distribution, net cash injection of 666mn YTL -- CAR improved by 110bps*
- *Total YTD deposit growth 12% - Capital increase eased the pressure on time deposits, helping manage deposit costs flat despite rate hikes*
- *Strong YTD demand deposit growth 24%. Demand in total deposits 21%*
- *Margin is positively affected by increase in TL IEAs, lower TL in IBLs and lower level of IBLs in funding total assets*
- *High level of customer driven sources of income. Main contributor Net Fees & Commissions with a y-o-y growth of 25%*
- *Expanding distribution network with efficient cost management. Added close to 90 new branches and over 520 ATMs*

# Sustained High Profitability Levels

## ROAA



## ROAE

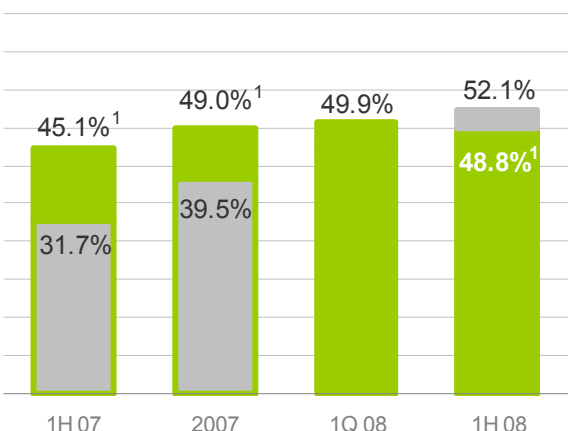


## ROAE

Without the suppression effect of the equity injection

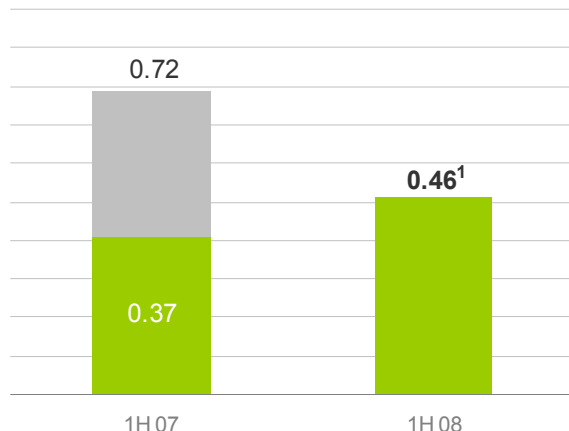
**27%**

## Cost / Income<sup>1</sup>



## EPS<sup>1</sup>

YTL



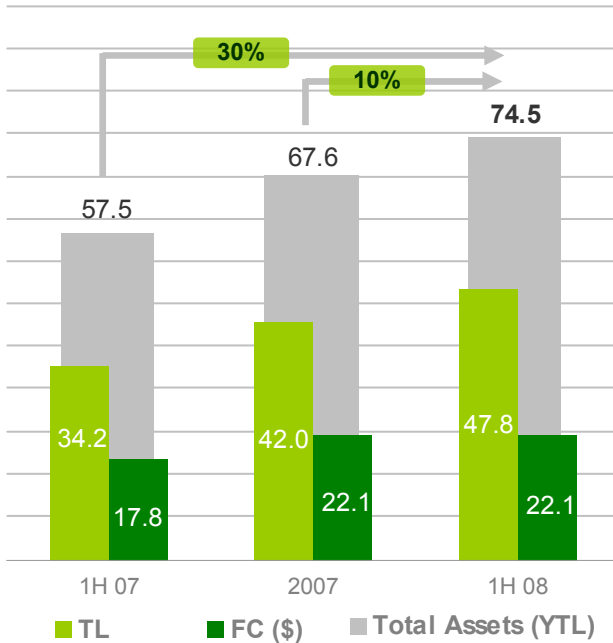
*Despite the net addition of **88** branches ytd, high profitability levels maintained.*

<sup>1</sup> Normalization: 1H 08-Other income adjusted for tax refund, income on unused incentive certificate and proceeds from NPL sale; Other expense adjusted for defined benefit obligation expense; Tax is adjusted for tax credit resulting from deferred tax asset calculated on defined benefit obligation liability. 2007-Other income adjusted for gains from insurance and pension & life business subsidiaries stake sale and gains on custody sale; Other expense adjusted for banking insurance and transaction tax related to custody sale. 1H 07-Other income adjusted for gains from insurance and pension & life business subsidiaries stake sale; Tax expense adjusted for tax expense calculated on insurance and pension & life business subsidiaries stake sale

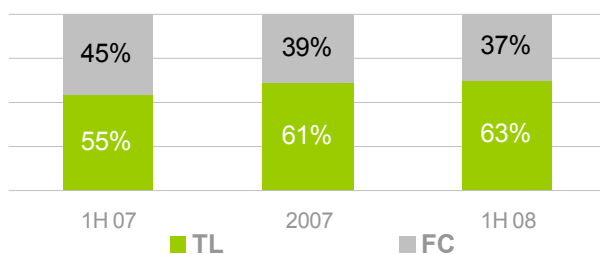
# Increasingly Loan Heavy Balance Sheet

## Total Assets

YTL / USD Billion

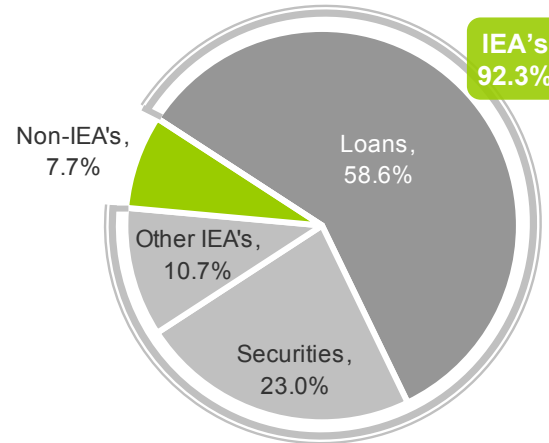


## Composition of IEA's

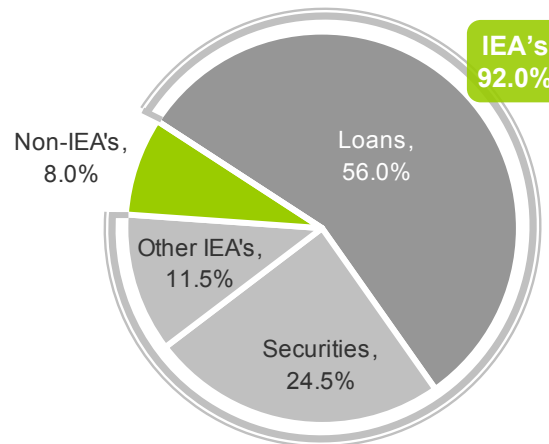


## Composition of Assets<sup>1</sup>

1H 08



1H 07



**Asset Growth YTD**

**10%**

**Loans<sup>2</sup>/Assets**

**59%**

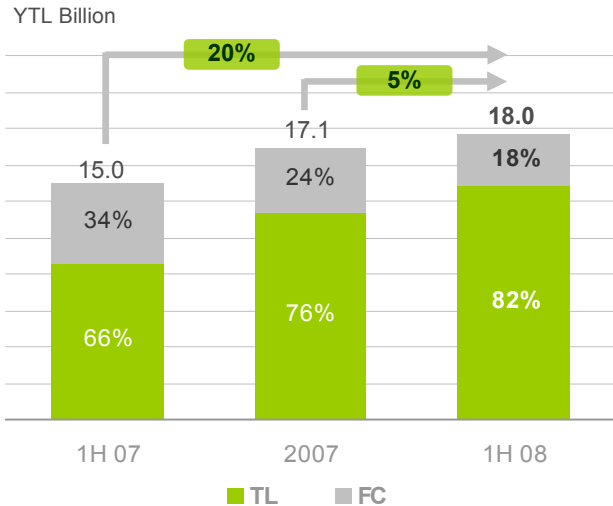
**TL/Total IEA's**

**63%**

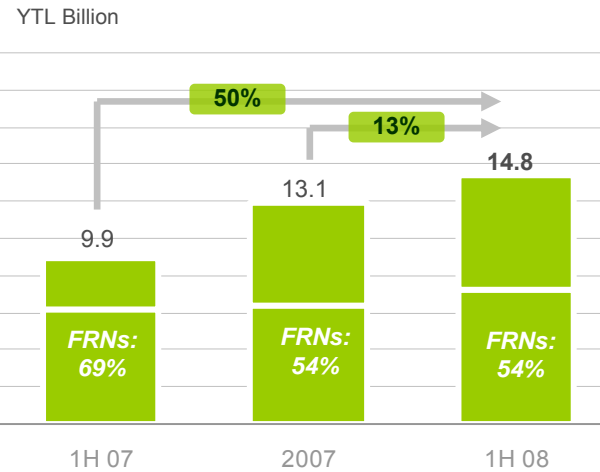
<sup>1</sup> Accrued interest on B/S items are shown in non-IEA's  
<sup>2</sup> Excluding accrued interest

# Securities: TL and FRN Heavy

## Total Securities

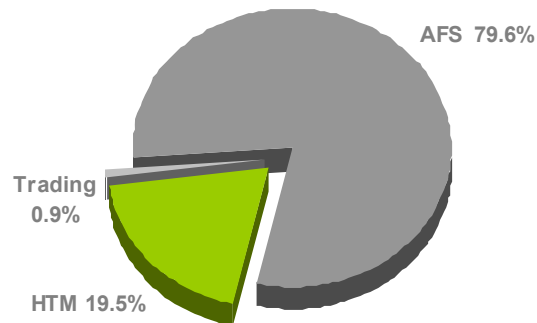


## TL Portfolio

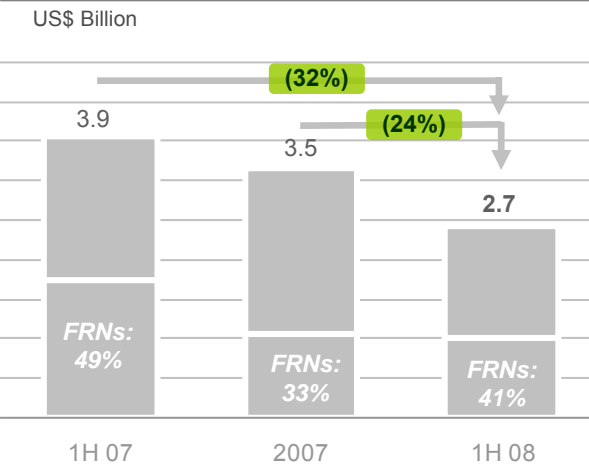


*FC securities portfolio shrank ytd due to redemptions and Eurobond sales, and funds were reallocated to FC loan expansion.*

## Total Securities Composition



## FC Portfolio



## TL Weight in Total

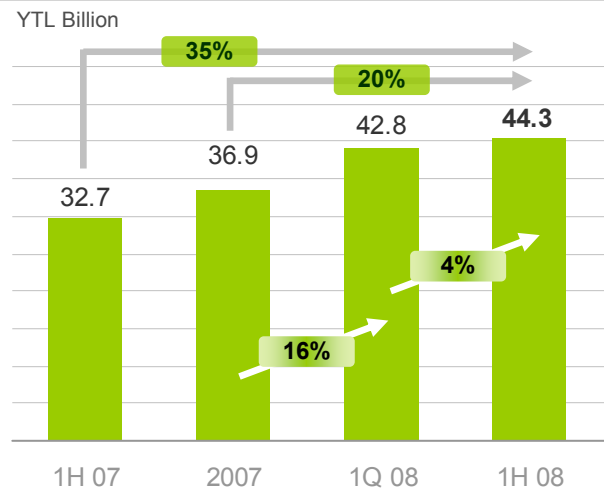
82%

FRN's<sup>1</sup> in Total

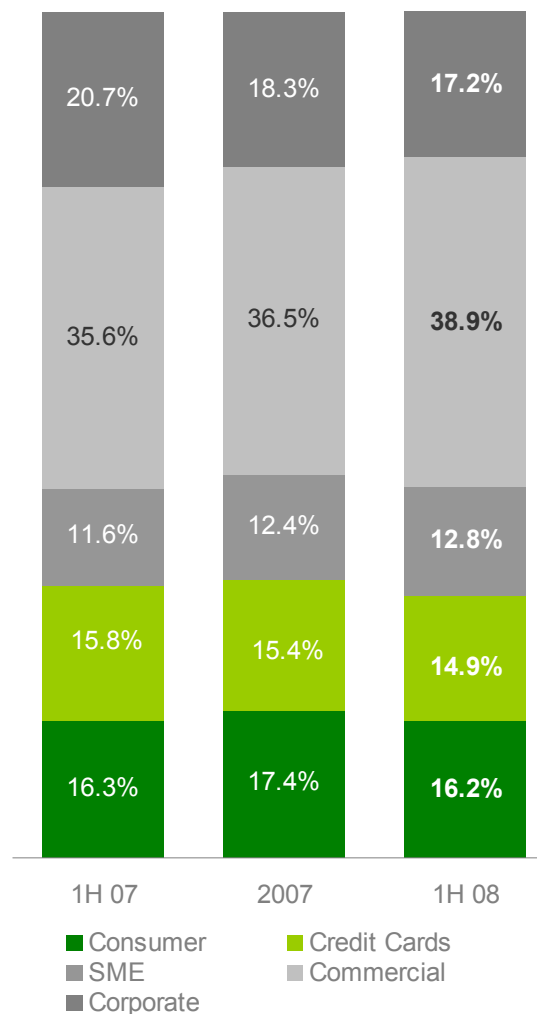
51%

# Solid 20% ytd growth in total lending

## Total Loans<sup>1</sup>



## Composition of Loans<sup>2</sup>



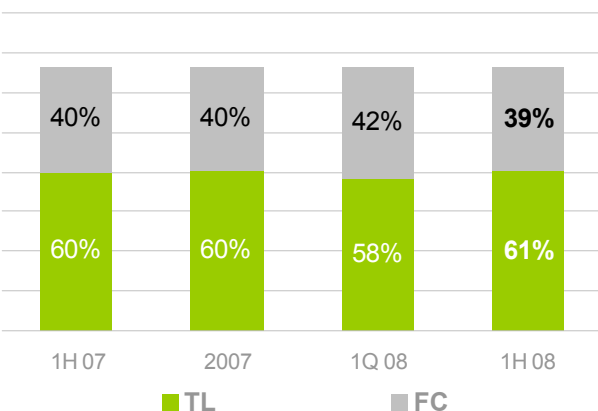
*Commercial & SME lending were main drivers of growth*

## Total Loan Market Share<sup>3</sup>

**14%**

*Growth pace slow down in Q2 is partially explained by currency effect*

## Composition of Total Loans

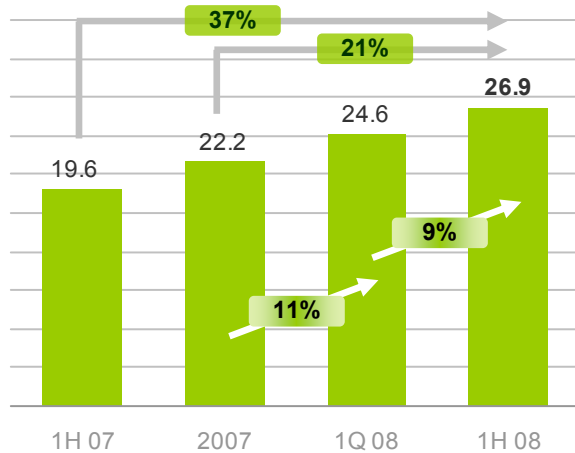


<sup>1</sup> Performing cash loans  
<sup>2</sup> Based on bank-only MIS data  
<sup>3</sup> Sector figures are based on bank-only BRSA weekly data

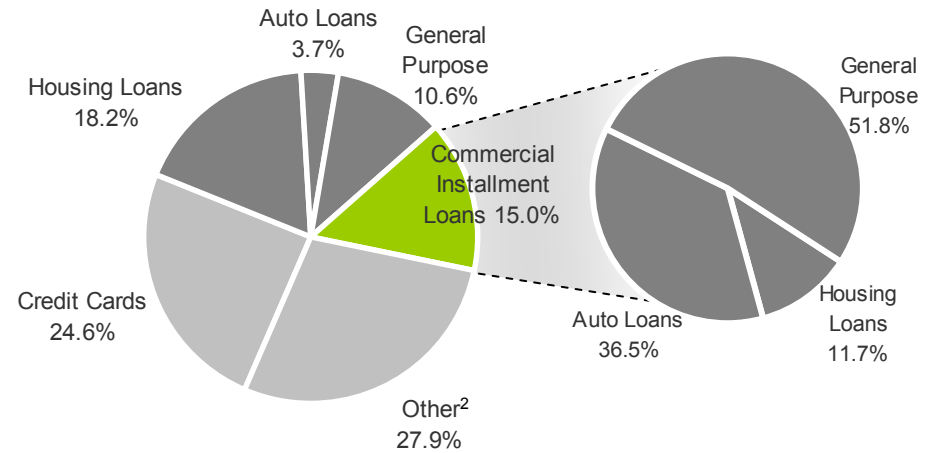
# Successfully managed loan growth in both TL and FC with increasing margins

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

YTL Billion

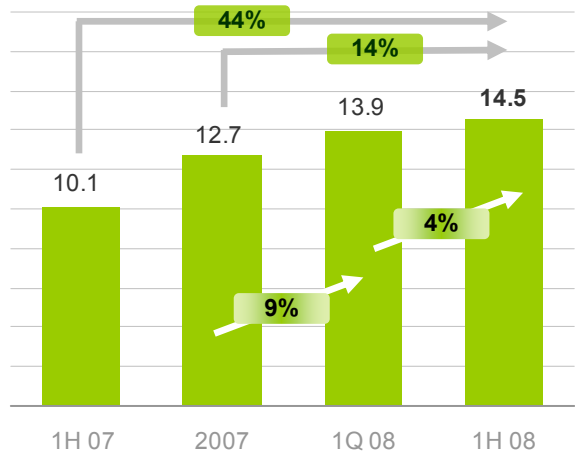


## TL Loan Composition



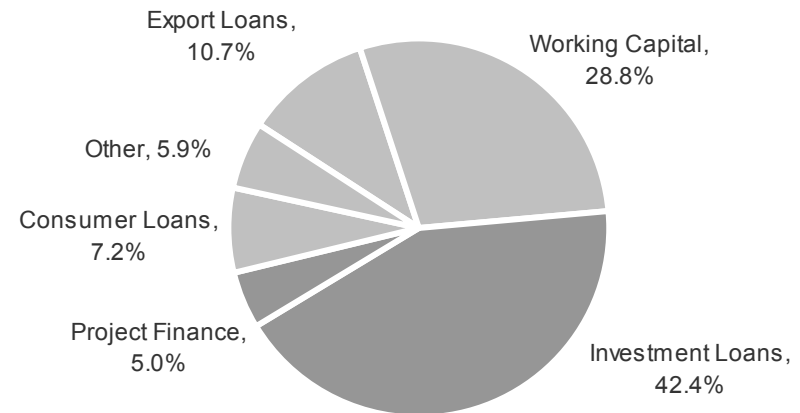
## FC Loans<sup>1</sup>

US\$ Billion



## FC Loan Composition<sup>3</sup>

(excluding accrued interest)

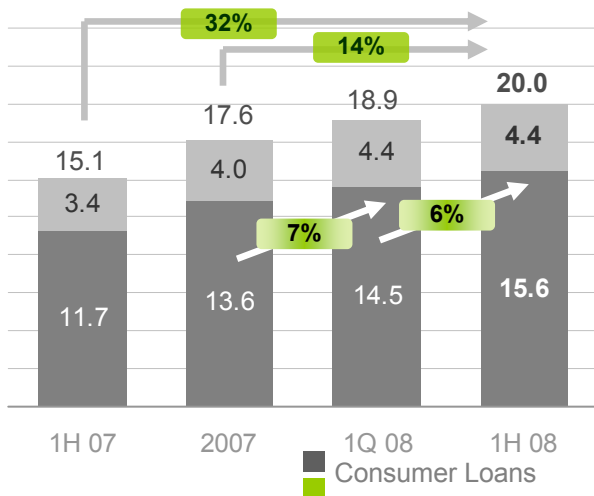


<sup>1</sup> Performing cash loans  
<sup>2</sup> Includes commercial and retail overdraft  
<sup>3</sup> Based on bank-only MIS data

# Profitability focused growth strategy lead to slower, but managed retail growth

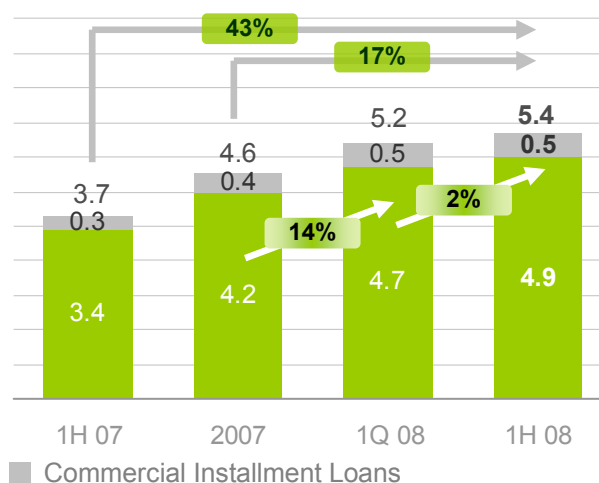
## Retail Loans<sup>1</sup>

YTL Billion



## Housing Loan Growth

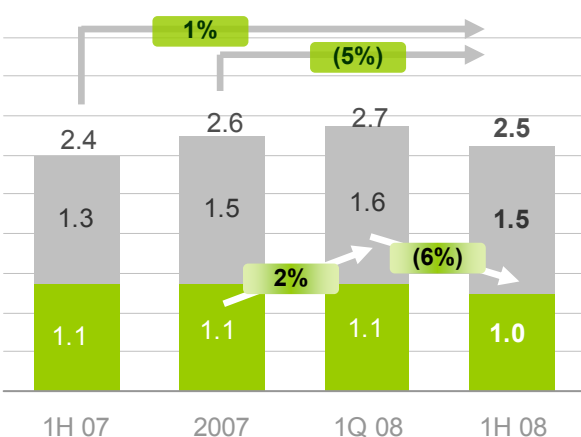
YTL Billion



*Despite slight market share losses, volume growth in total and profitability targets on track...*

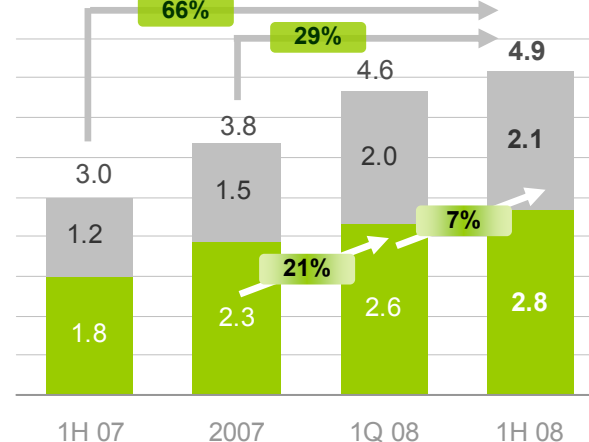
## Auto Loan Growth

YTL Billion



## General Purpose Loan Growth

YTL Billion



## Market Shares<sup>2,3</sup>

	YTD Δ	1H 08
Housing	-30 bps	13.5%
Auto	-120 bps	15.4%
General Purpose	+60 bps	9.9%
Retail <sup>1</sup>	-10 bps	13.7%

<sup>1</sup> Including consumer, commercial installment, overdraft accounts, credit cards and other

<sup>2</sup> Including consumer and commercial installment loans,

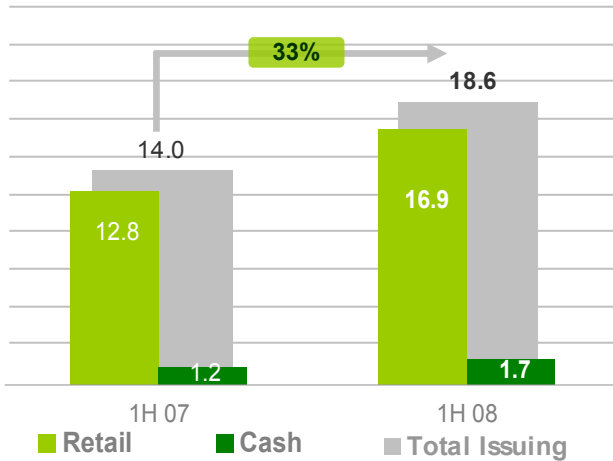
<sup>3</sup> Sector figures are based on bank-only BRSA weekly data



# Market leader in cards business

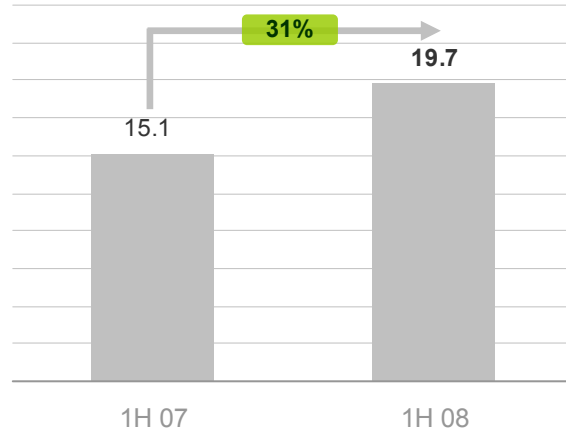
## Issuing Volume

YTL Billion



## Acquiring Volume

YTL Billion

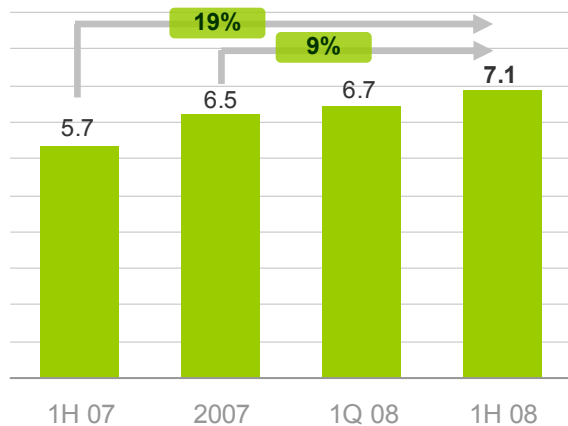


**#1** in  
*Acquiring Volume*  
& **#1** in *Retail*  
*Issuing Volume*  
since May 2008



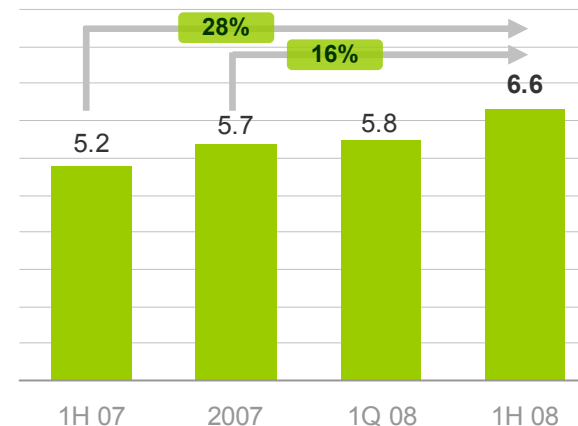
## No. of Credit Cards

In Million



## Credit Card Balances

YTL Billion



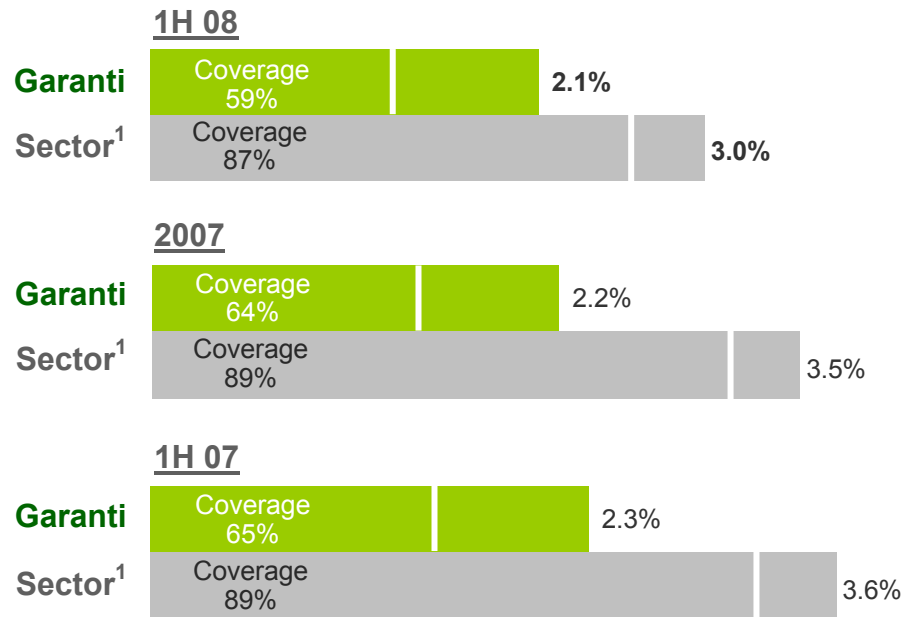
## Market Shares

	YTD Δ	1H 08	Rank
Acquiring	-50 bps	22.5%	#1
Issuing Retail	-10 bps	21.6%	#1
# of Plastic Credit Cards	0 bps	16.1%	#1
POS <sup>1</sup>	+10 bps	19.4%	#1
ATM	+175 bps	11.6%	#2

<sup>1</sup> Including shared POS  
<sup>2</sup> Annualized

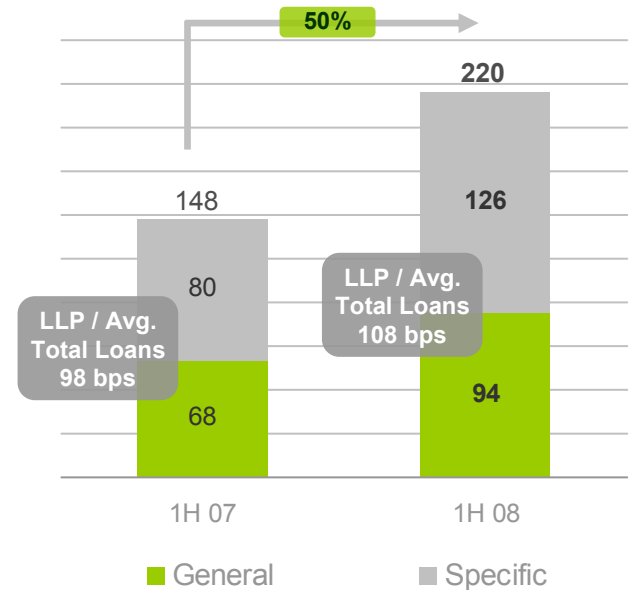
# Sustained sound asset quality and provisioning levels

## NPL Ratio & Coverage



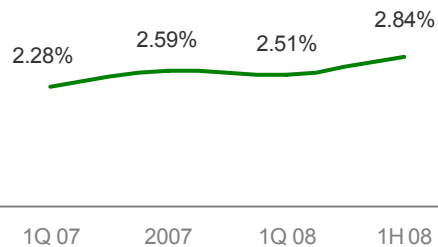
## Loan-Loss Provisions

YTL Million

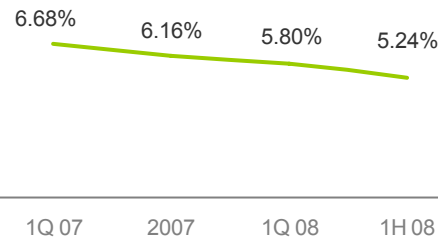


## NPL Categorisation<sup>2</sup>

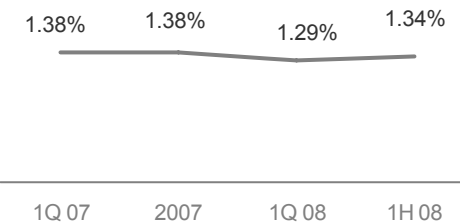
### Retail Banking



### Credit Cards



### Business Banking (Including SME)

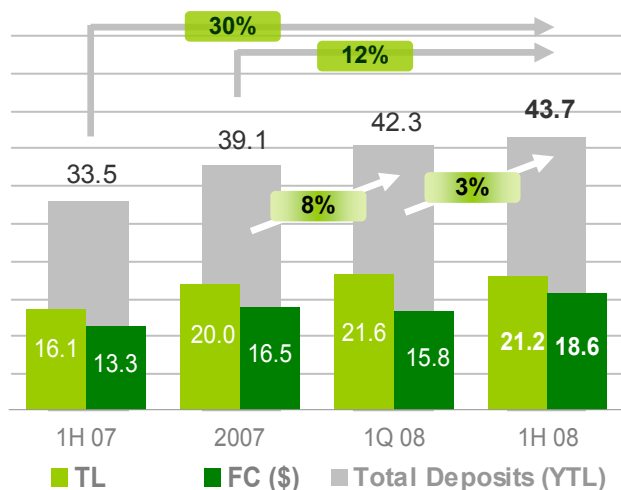


<sup>1</sup> Sector figures are based on bank-only BRSA weekly data  
<sup>2</sup> Based on bank-only MIS data

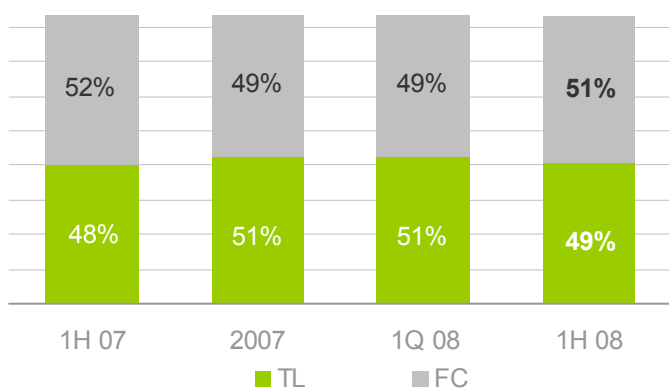
# Deposit heavy funding mix strengthened by diversified sources

## Total Deposits

YTL Billion

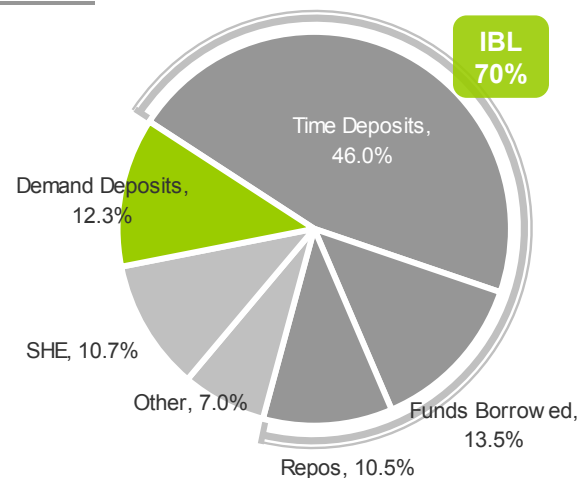


## Deposits – TL/FC Mix

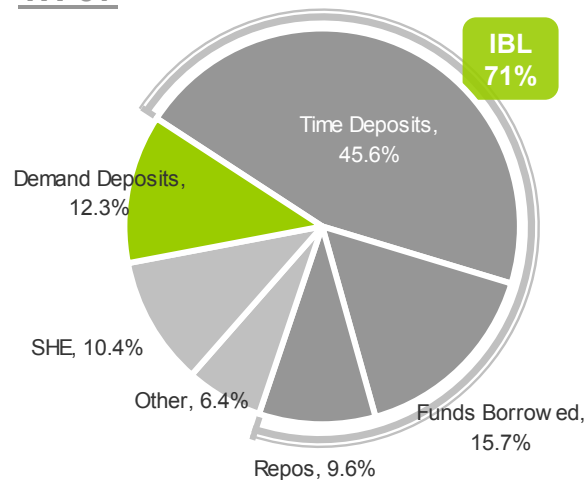


## Composition of Liabilities

1H 08



1H 07



## Deposits<sup>2</sup> / Assets

58%

## Deposit Growth:

Ytd Δ

TL:

6%

FC:<sup>1</sup>

13%

Demand

Deposits:

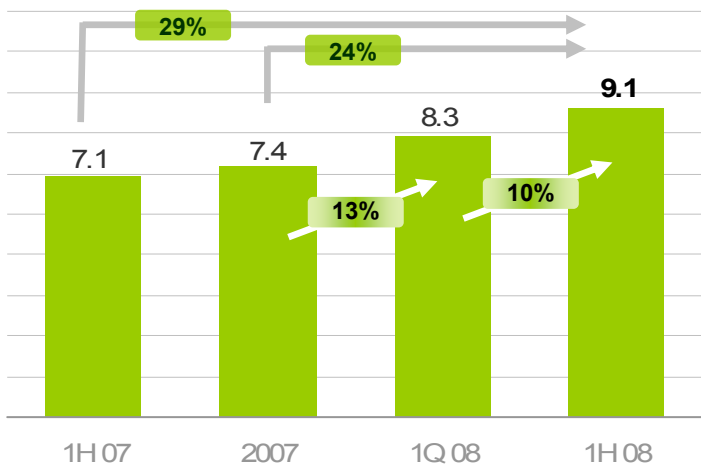
24%

1 USD  
2 Excluding accruals

# Level deposit costs, despite increasing rates

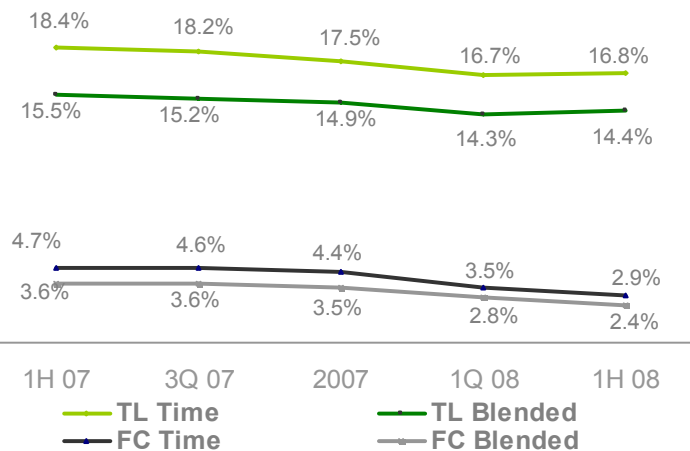
## Demand Deposits

YTL Billion



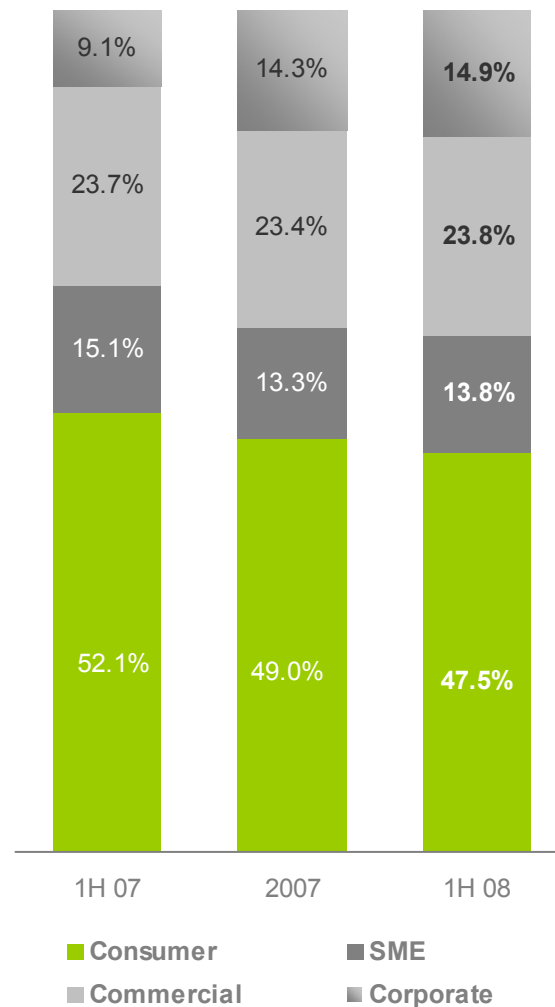
## Cost of Deposits<sup>1</sup>

Quarterly Averages



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

(excluding bank deposits)



Demand / Total Deposits

21%

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



14.2%

Represents 110 bps increase in YTD market share

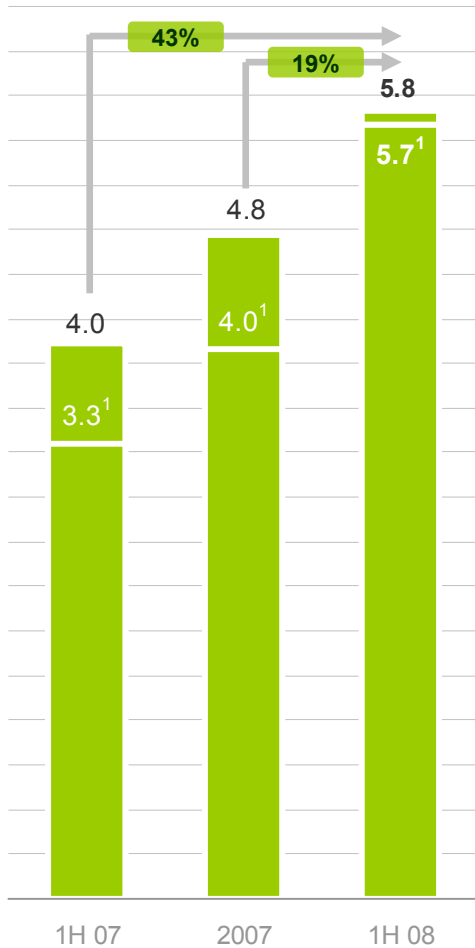
<sup>1</sup> Based on bank-only MIS data

<sup>2</sup> Sector figures are per BRSA weekly data. Excluding bank deposits.

# Solid capital base and adequacy levels

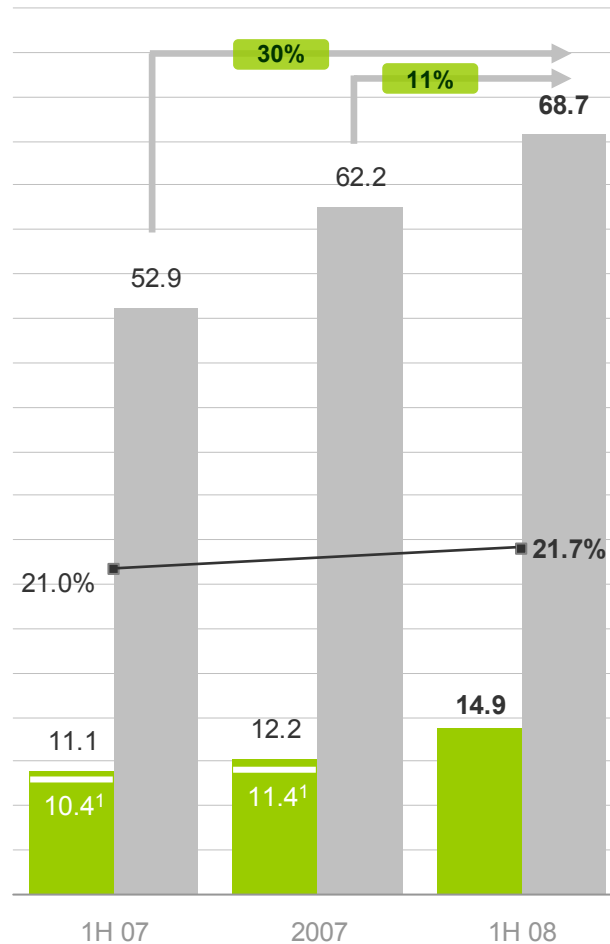
## Free Equity

YTL Billion



## Free Funds / IEAs

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



Free Funds IEAs Free Funds / IEAs

YTD Growth  
in Free Funds  
*YTL 2.7 bn*

	TIER I	CAR
1H 08	14.4%	14.9%
2007	14.2%	15.3%
1H 07	13.7%	15.0%

<sup>1</sup> Normalization: 1H 08-Other income adjusted for tax refund, income on unused incentive certificate and proceeds from NPL sale; Other expense adjusted for defined benefit obligation expense; Tax is adjusted for tax credit resulting from deferred tax asset calculated on defined benefit obligation liability. 2007-Other income adjusted for gains from insurance and pension & life business subsidiaries stake sale and gains on custody sale; Other expense adjusted for banking insurance and transaction tax related to custody sale. 1H 07-Other income adjusted for gains from insurance and pension & life business subsidiaries stake sale; Tax expense adjusted for tax expense calculated on insurance and pension & life business subsidiaries stake sale

# Expanding Interest Income

(YTL Million)	1H 07	1H 08	Growth
<b>Net Interest Income</b>	1,295	1,595	23%
<b>Net FX Gain / Loss</b>	203	95	(53%)
<b>Net Trading Gain/Loss</b>	(254)	15	(106%)
<b>Provisions for loans and securities</b>	(148)	(223)	50%
<b>Adjusted Net Interest Income</b>	<b>1,096</b>	<b>1,482</b>	<b>35%</b>

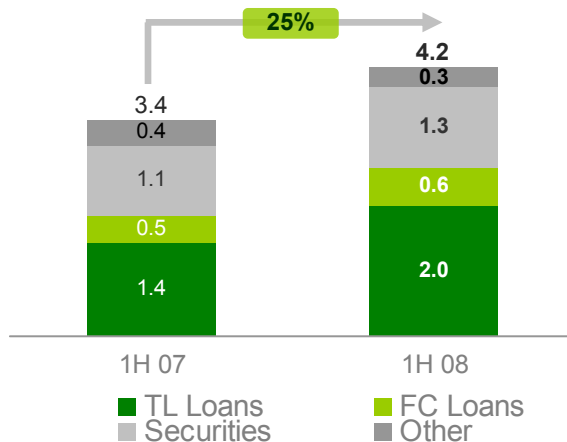
**Adjusted NII Growth**



**35%**

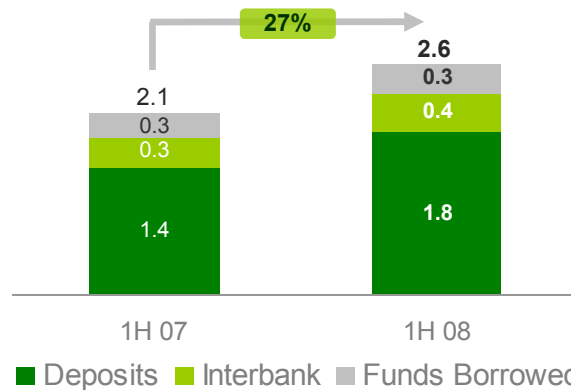
## Interest Income

YTL Billion



## Interest Expense

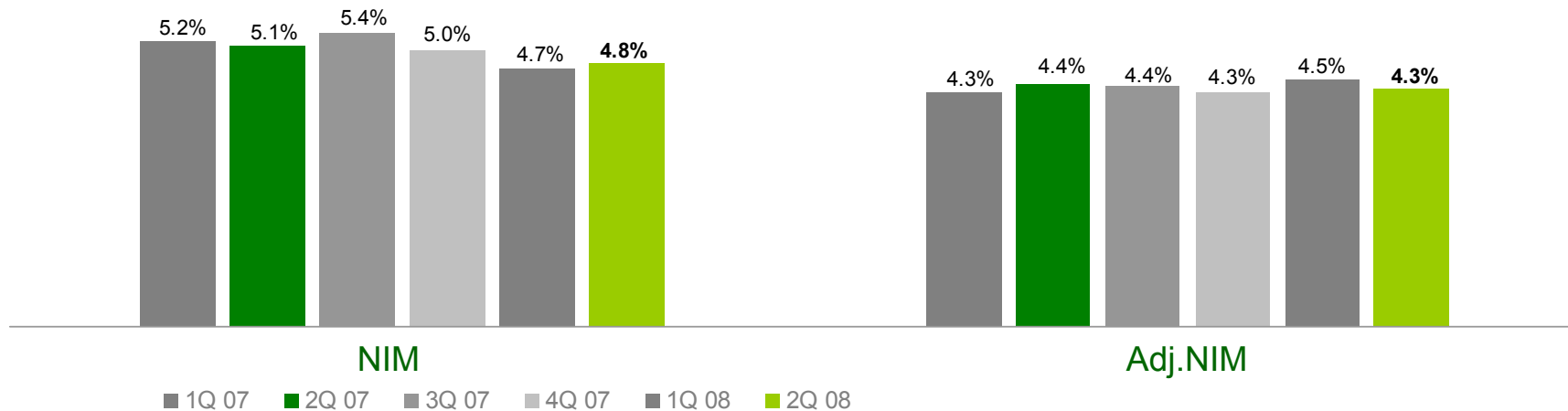
YTL Billion



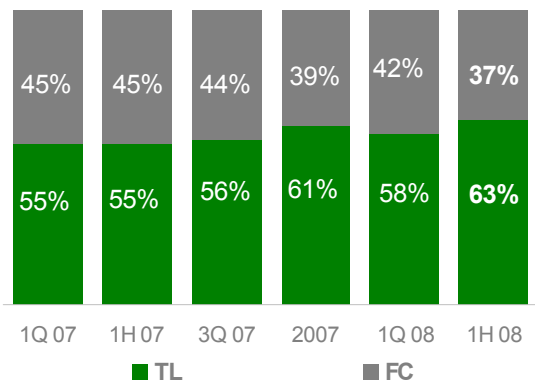
*Largest contributor:  
Interest income  
on TL loans*

# Quarterly Margins-Bank Only

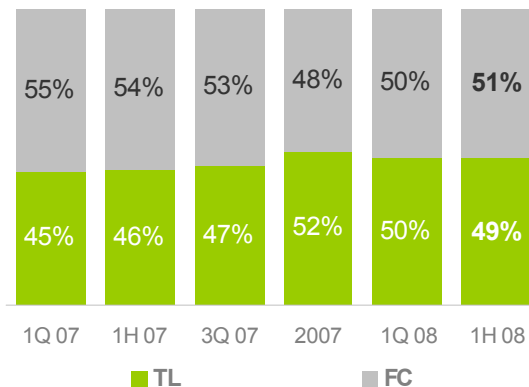
## NIM (Net Interest Income/ Average IEAs)



## Composition of IEAs



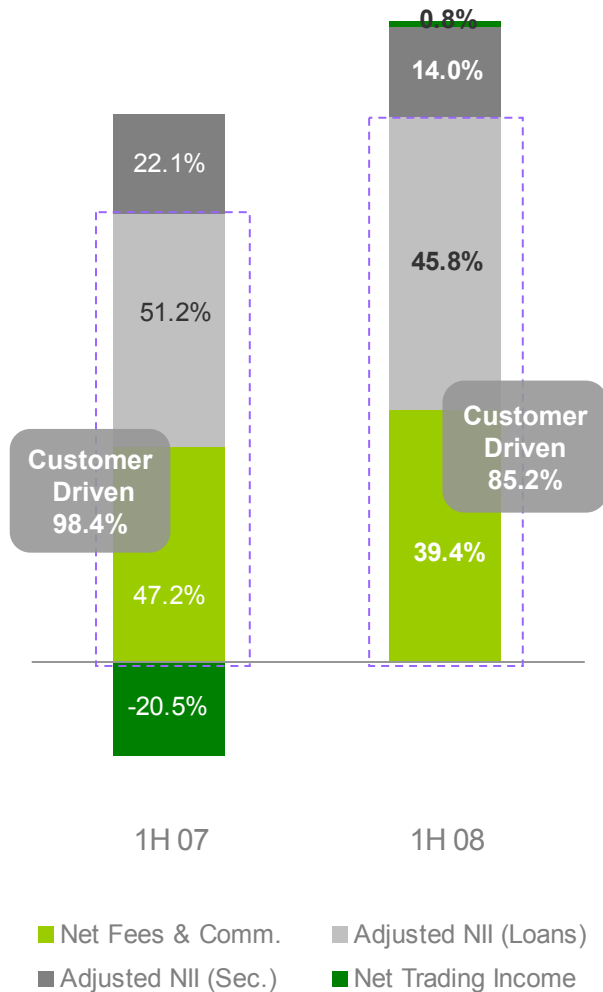
## Composition of IBLs



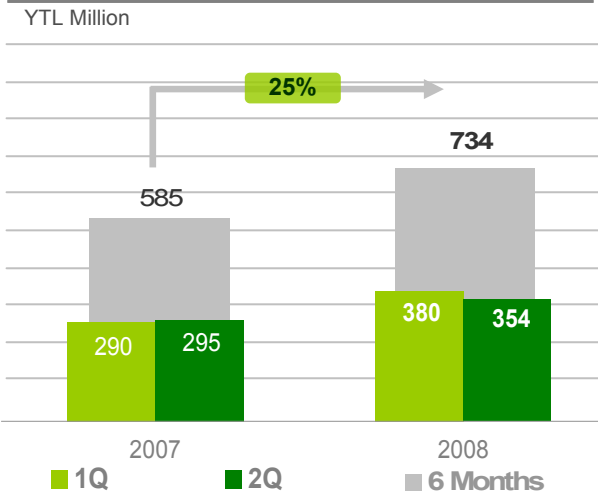
%	IEA/Assets	IBL/Assets
1H 08	92.3%	70.0%
1Q 08	92.3%	72.3%
2007	92.0%	72.0%
3Q 07	92.5%	70.8%
1H 07	92.0%	71.0%
1Q 07	92.4%	72.7%

# Consistently growing trend of sustainable income sources

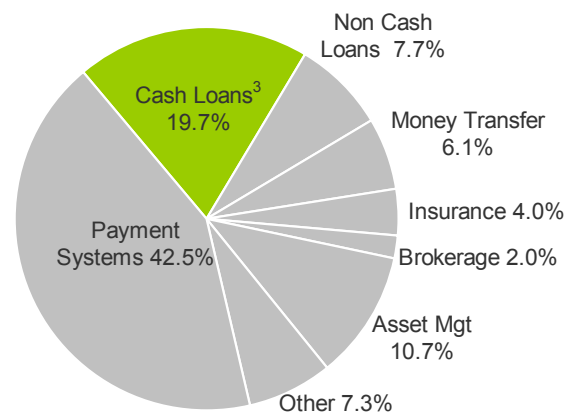
## Ordinary Banking Income<sup>1</sup>



## Net Fees & Commissions<sup>2</sup>



## Net Fees & Commissions Breakdown



30%  
↗

**Customer Driven  
Income Growth  
Y-o-Y**

<sup>1</sup> Based on bank-only MIS data

<sup>2</sup> As per new BRSA classification in P/L, excludes net fees and commissions received from cash loans.

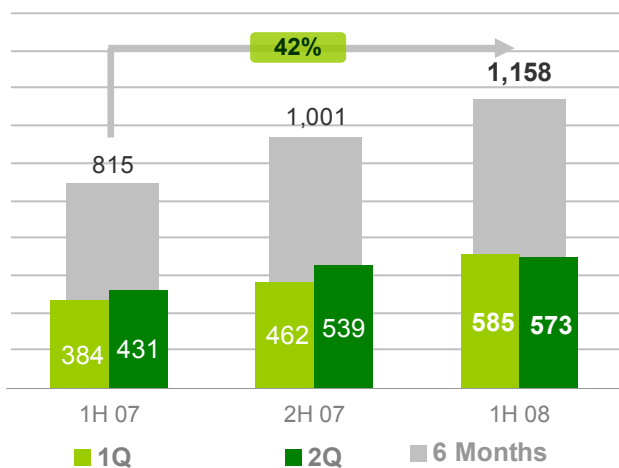
<sup>3</sup> Include consumer loans fees as well as other cash loan fees now classified as interest on loans in income statement amounting 56.5 Mio for 1H 08 and 31.1 Mio for 1H 07.



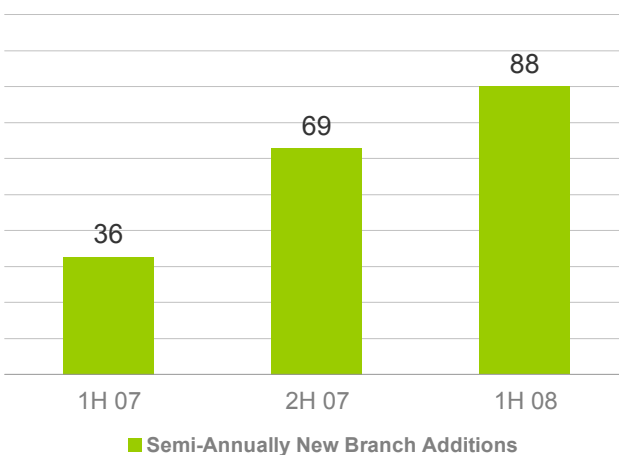
# High Earnings Growth

## Quarterly and Semi-Annually Opex

YTL Million



## New Branch Openings



(YTL Million)	1H 07	1H 08	Growth
<b>Ordinary Banking Income</b>	1,682	2,217	31.8%
<b>Other Income<sup>1</sup></b>	126	157	24.4%
<b>Total Revenue<sup>1</sup></b>	<b>1,808</b>	<b>2,374</b>	<b>31.3%</b>
<b>Operating Expense<sup>1</sup></b>	(814)	(1,158)	42.1%
<i>Personnel Expense</i>	(292)	(438)	49.8%
<i>Bonus Provision</i>	(43)	(86)	100.3%
<i>Rent Expense</i>	(35)	(50)	40.8%
<i>Communication Expense</i>	(50)	(62)	23.4%
<i>Other<sup>1</sup></i>	(394)	(522)	32.6%
<b>Operating Income<sup>1</sup></b>	<b>994</b>	<b>1,216</b>	<b>22.4%</b>
<b>Other Provisions<sup>2</sup></b>	(20)	(3)	(85.3)%
<b>Taxes<sup>1</sup></b>	(195)	(252)	29.5%
<b>Normalized Net Income<sup>1</sup></b>	<b>779</b>	<b>961</b>	<b>23.4%</b>
Non-recurring income <sup>1</sup>	724	34	n.m
<b>Net Income</b>	<b>1,503</b>	<b>995</b>	<b>(33.8)%</b>

# Appendix

# Quarterly Analysis of Ordinary Banking Income

<i>(YTL Thousand)</i>	1Q 07	2Q 07	3Q 07	4Q 07	1Q 08	2Q 08	Δ (1H 07-1H 08)	Δ (1Q08-2Q 08)
<b>Interest Income</b>	<b>1,642,673</b>	<b>1,711,607</b>	<b>1,867,614</b>	<b>1,994,712</b>	<b>2,050,565</b>	<b>2,153,542</b>	<b>25.3%</b>	<b>5.0%</b>
-Loans	891,804	1,008,751	1,143,386	1,210,509	1,272,858	1,354,196	38.2%	6.4%
-Securities	534,543	529,243	544,361	606,426	609,536	641,511	17.6%	5.2%
-Other	216,326	173,613	179,867	177,777	168,171	157,835	(16.4%)	(6.1%)
<b>Interest Expense</b>	<b>(1,015,657)</b>	<b>(1,043,250)</b>	<b>(1,121,266)</b>	<b>(1,232,330)</b>	<b>(1,280,494)</b>	<b>(1,328,623)</b>	<b>26.7%</b>	<b>3.8%</b>
-Deposits	(707,326)	(725,998)	(764,116)	(876,121)	(888,501)	(944,270)	27.9%	6.3%
-Funds Borrowed	(140,348)	(135,160)	(180,027)	(163,198)	(174,793)	(162,184)	22.3%	(7.2)%
-Interbank & Other	(167,983)	(182,092)	(177,123)	(193,011)	(217,200)	(222,169)	25.5%	2.3%
<b>Net Interest Income</b>	<b>627,016</b>	<b>668,357</b>	<b>746,348</b>	<b>762,382</b>	<b>770,071</b>	<b>824,919</b>	<b>23.1%</b>	<b>7.1%</b>
Prov. for loans & securities	(73,394)	(74,897)	(71,438)	(96,568)	(121,213)	(101,404)	<b>50.1%</b>	<b>(16.3)%</b>
<b>Net FX Gain/(Loss)</b>	<b>62,647</b>	<b>140,503</b>	<b>(19,796)</b>	<b>15,770</b>	<b>38,141</b>	<b>56,907</b>	<b>(53.2%)</b>	<b>49.2%</b>
<b>Net trading Income/(loss)</b>	<b>(99,068)</b>	<b>(155,084)</b>	<b>(45,773)</b>	<b>(35,103)</b>	<b>51,649</b>	<b>(36,725)</b>	<b>(105.9%)</b>	<b>(171.1%)</b>
<b>Adj. Net Interest Income</b>	<b>517,201</b>	<b>578,879</b>	<b>609,341</b>	<b>646,481</b>	<b>738,648</b>	<b>743,697</b>	<b>35.2%</b>	<b>0.7%</b>
<b>Net Fees and Comm.</b>	<b>290,228</b>	<b>295,249</b>	<b>309,378</b>	<b>302,848</b>	<b>379,508</b>	<b>354,797</b>	<b>25.4%</b>	<b>(6.5)%</b>
<b>Ordinary Banking Income</b>	<b>807,429</b>	<b>874,128</b>	<b>918,719</b>	<b>949,329</b>	<b>1,118,156</b>	<b>1,098,494</b>	<b>31.8%</b>	<b>(1.8)%</b>

# Balance Sheet - Summary

<i>(YTL Million)</i>	<b>2007</b>	<b>1H 08</b>	<b>YTD Change</b>	
<b>Assets</b>	<b>Cash &amp; Banks<sup>1</sup></b>	10,361	8,508	<b>(17.9)%</b>
	<b>Securities</b>	17,142	17,999	<b>5.0%</b>
	<b>Performing Loans</b>	36,911	44,311	<b>20.0%</b>
	<b>Fixed Assets &amp; Subsidiaries</b>	1,626	1,740	<b>7.1%</b>
	<b>Other</b>	1,538	1,910	<b>24.1%</b>
	<b>Total Assets</b>	<b>67,578</b>	<b>74,468</b>	<b>10.2%</b>
	<b>Liabilities &amp; SHE</b>	<b>Deposits</b>	39,098	43,656
<b>Repos</b>		8,177	7,907	<b>(3.3)%</b>
<b>Borrowings</b>		9,155	10,216	<b>11.6%</b>
<b>Other</b>		4,265	4,703	<b>10.3%</b>
<b>SHE</b>		6,883	7,986	<b>16.0%</b>
<b>Total Liabilities &amp; SHE</b>		<b>67,578</b>	<b>74,468</b>	<b>10.2%</b>

<sup>1</sup> Includes banks and other financial institutions

## Non-recurring items

### 1H 08:

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

- i) Other income:
  - Tax refund that the Bank will collect 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.**
  - Proceeds from NPL sales **29 mn.**
- ii) Other expense  
Defined Benefit Obligation: **YTL 165 mn**
- ii) Taxation expense  
Tax credit resulting from the deferred tax asset calculated on defined benefit obligation liability **YTL 33 mn**

### 2007:

**II.** The net income resulting from the non-recurring items amounts to **YTL 837 mn**, breakdown of which is;

- i)) Other income:
  - Gains from insurance and pension & life business subsidiaries stake sale **YTL 762 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.**

### 1H 07:

**III.** The net income resulting from the non-recurring items amounts to **YTL 724 mn**, breakdown of which is;

- i) Other income:
  - Gains from insurance and pension & life business subsidiaries stake sale **YTL 762 mn**
- ii) Taxation expense
  - Tax expense of insurance and pension & life business subsidiaries stake sale **YTL 38 mn.**



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