



**GarantiBank**

IFRS Consolidated Earnings Review

March 31, 2007

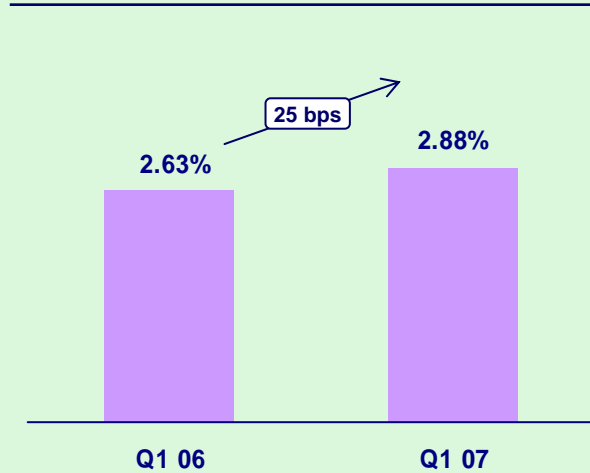
*Another outstanding  
quarter with  
sustained profitability  
momentum*

- Total **asset growth** was **6.7%** YTD reaching **60.9 billion YTL** on a consolidated basis as of Q1 07
- Net cash **loans to customers** increased by 7.8%, constituting **54.5% of total assets**
- YTD and y-o-y, TL loans increased by 5.5% and 43.1%, respectively in Q1 07, reaching YTL 17.3 billion while FC loans increased by 11.3% and 31.8% in US\$ terms, respectively, reaching US\$ 11.5 billion as of Q1 07
- **NPL** ratio stayed stable at **2.1%** as of Q1 07
- YTD **deposits from customers** were up by **9.3%**
- **Total operating income** adjusted by FX expanded by 28.2% on a consolidated basis over the same period in 2006, reaching **YTL 1,085 million**
- **Operating income**<sup>1</sup> on a consolidated basis reached YTL 606 million, an **increase of 33.9%** over Q1 06
- **Net income** increased by **51.9%** in Q1 07 over Q1 06, reaching **YTL 425 million**
- **ROAA and ROAE** strengthened to **2.9%** and **33.1%**, respectively, as of Q1 07
- **Cost / Income** improved to **41.5%** in Q1 07, compared to 45.1% in Q1 06

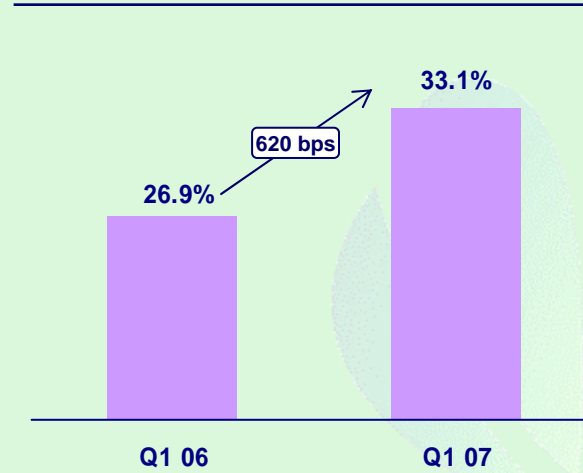
# Profitability – Consistent Growth

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## ROAA



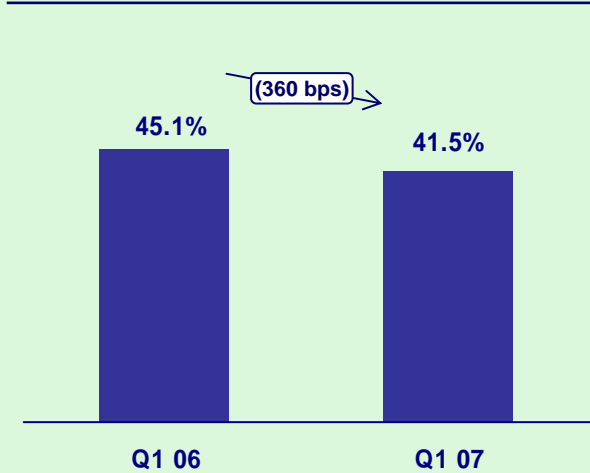
## ROAE



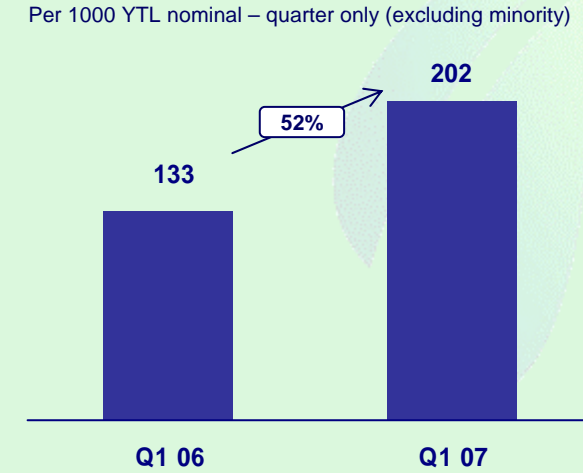
Year on year improvement in all profitability indicators:

EPS up by 52%,  
ROAE by 620 bps,  
ROAA by 25 bps and  
cost/income ratio by  
360 bps

## Cost<sup>1</sup> / Income<sup>2</sup>



## EPS



<sup>1</sup> Cost excludes depreciation and amortization, provision for severance payment, impairment, fx loss

<sup>2</sup> Provisions deducted from income

# Balance Sheet - Summary

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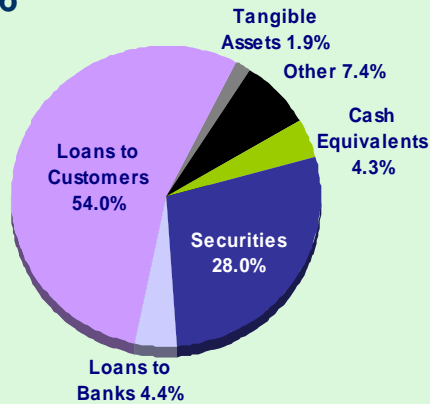
<i>(YTL Million)</i>		<b>2006</b>	<b>Q1 07</b>	<b>% Change</b>
<b>Assets</b>	<b>Cash &amp; Banks</b>	4,989	6,167	23.6%
	<b>Securities</b>	15,987	16,657	4.2%
	<b>Loans to Customers</b>	30,804	33,220	7.8%
	<b>Tangible Assets</b>	1,079	1,092	1.2%
	<b>Other</b>	4,234	3,801	(10.2%)
	<b>Total Assets</b>	57,093	60,937	6.7%
	<b>Liabilities and SHE</b>	<b>Deposits from Customers</b>	32,295	35,309
<b>Deposits from Banks</b>		1,574	1,828	16.2%
<b>Repo Obligations</b>		5,296	4,652	(12.1%)
<b>Funds Borrowed</b>		9,650	10,555	9.4%
<b>Other</b>		3,338	3,271	(2.0%)
<b>SHE</b>		4,940	5,322	7.7%
<b>Total Liabilities &amp; SHE</b>		57,093	60,937	6.7%

# Balance Sheet Composition & IEA vs IBL

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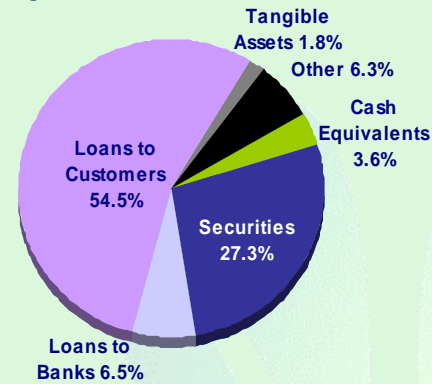
## Asset Composition

2006



**IEA 88.8%**

Q1 07



**IEA 90.0%**

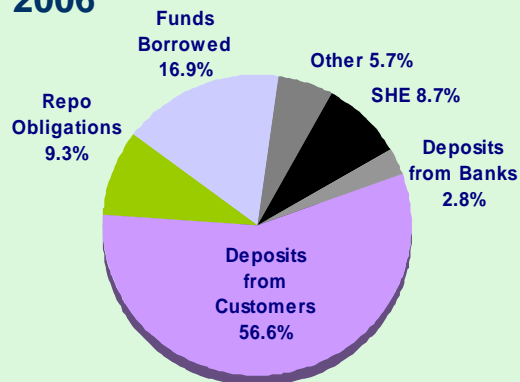
Total assets increased to YTL 60.9 billion as of Q1 07 (44.0 billion US\$).

IEAs contribution to total assets increased to 90.0%, an increase of 120 bps.

Loans to customers (net cash loans) increased by 7.8%, bringing its share in total assets up to 54.5% in Q1 07 from 54.0% at year-end 2006.

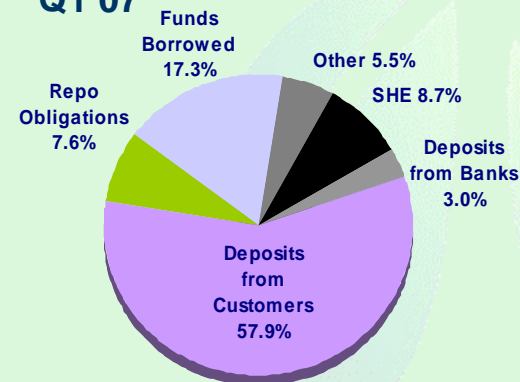
## Liability & SHE Composition

2006



**IBL 71.0%**

Q1 07



**IBL 72.3%**

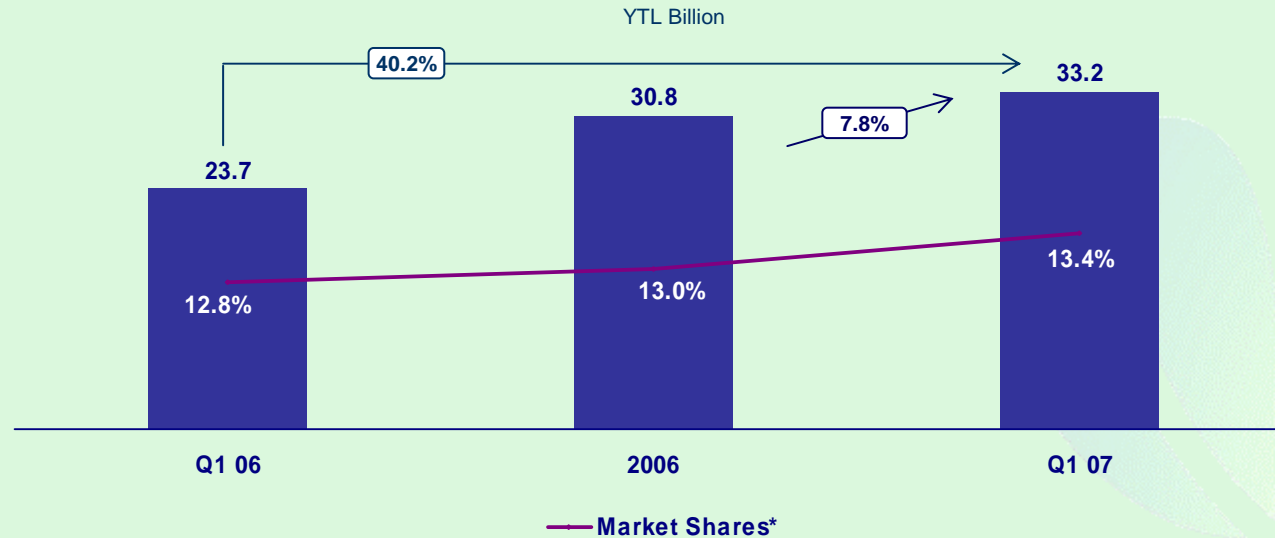
Share of deposits from customers in total liabilities and shareholders' equity was 57.9% in Q1 07.



# Loans - Growth & Currency Composition

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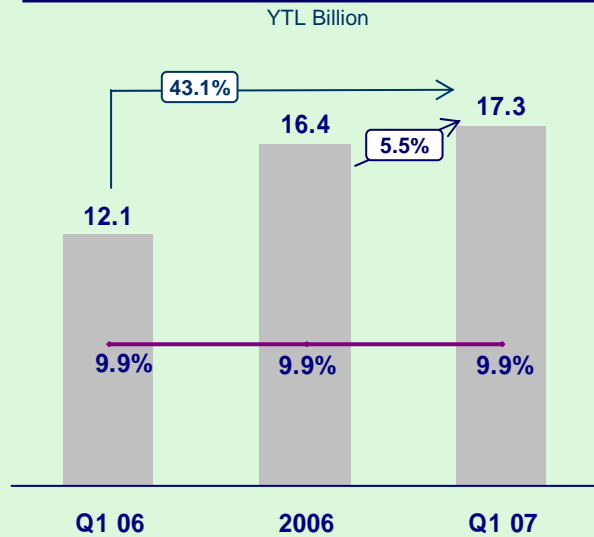
## Loan Growth & Market Shares



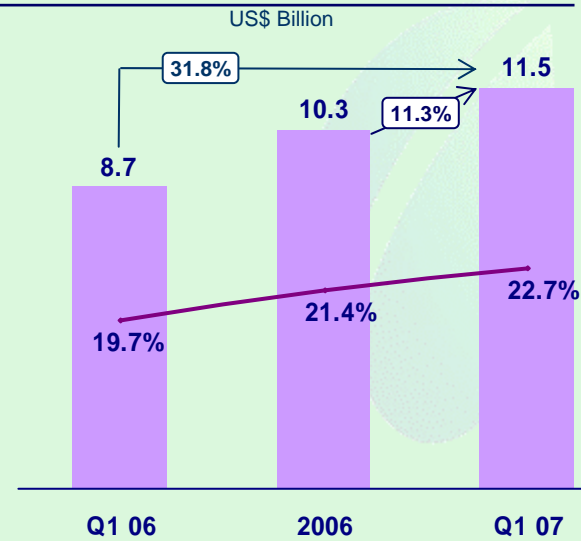
Total loan growth, YTD and y-o-y was 7.8% and 40.2% respectively and reached YTL 33.2 billion.

TL loans increased by 5.5% to YTL 17.3 billion while FC loans increased by 11.3% in US\$ terms, reaching US\$ 11.5 billion in Q1 07.

## TL Loan Growth



## FC Loan Growth

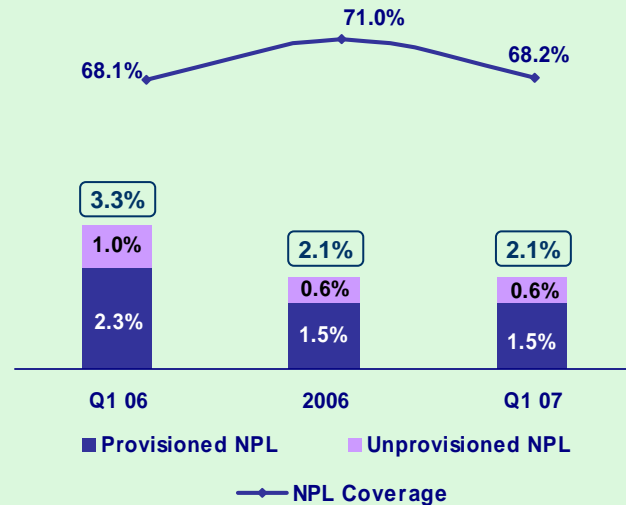


TL loans in total loans stand at 52.2% as of Q1 07.

# Improving Loan Quality & Well-Diversified Portfolio

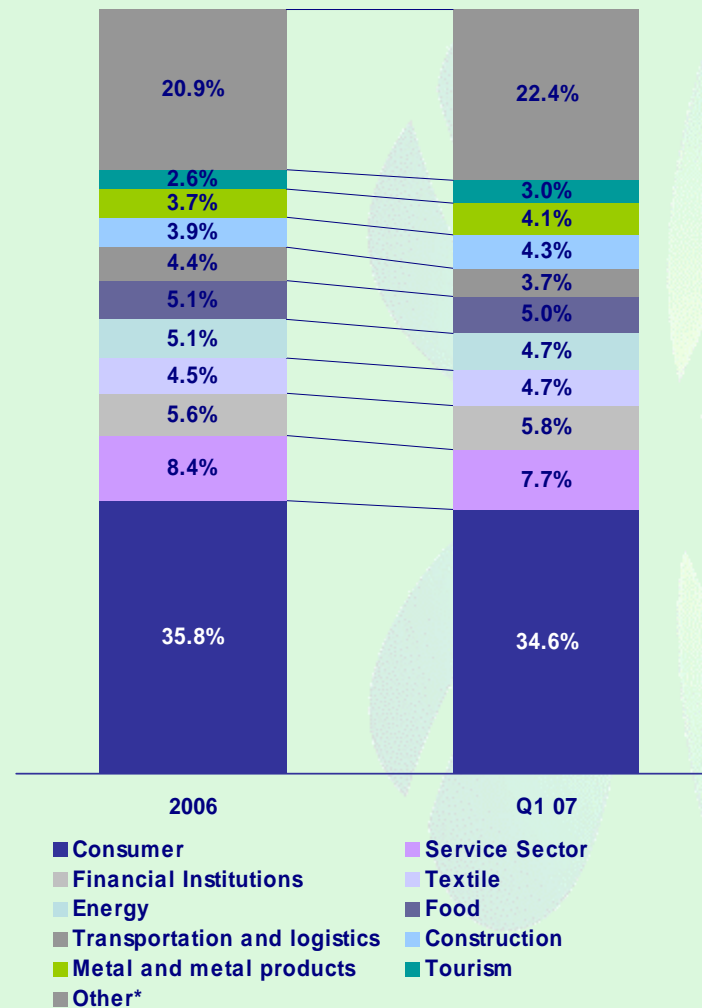
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## NPL Ratio & Coverage



Asset Quality	2006	Q1 07
Secured Loans	72.1%	72.9%
Unsecured Loans	27.9%	27.1%

## Sectoral Loan Allocation



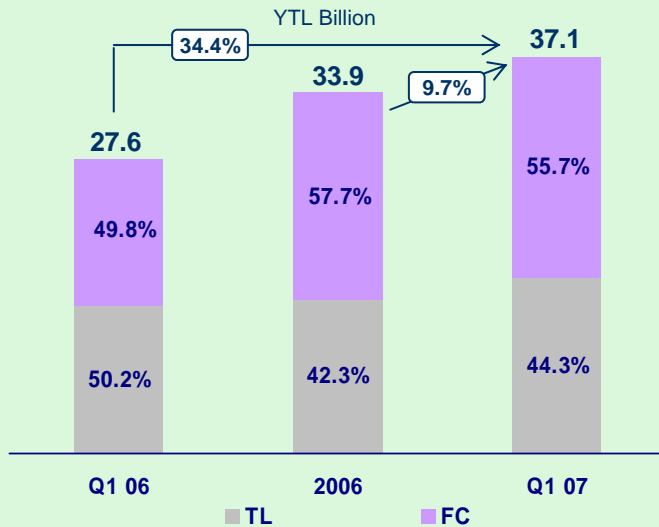
NPL ratio stayed stable at 2.1% in Q1 07.

The share of unsecured loans in total loans decreased to 27.1% in Q1 07 from 27.9% at YE 2006. This was mainly due to declining share of credit cards in consumer loans.

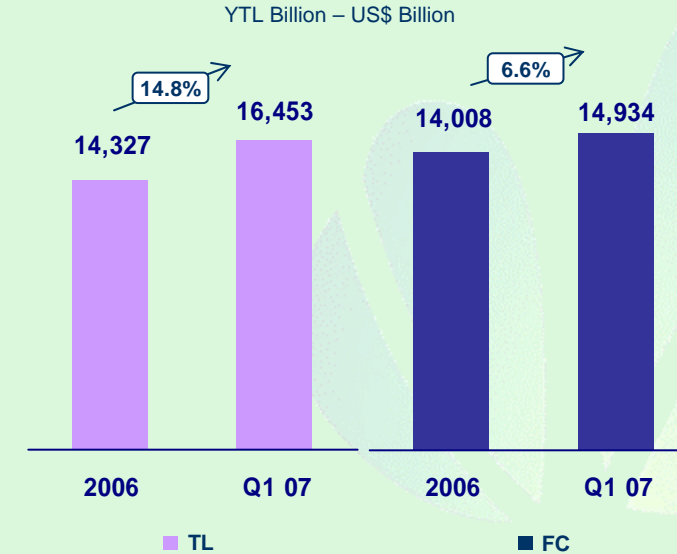
# Deposits – Growth & Mix

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## Deposit Growth & TL/FC Mix



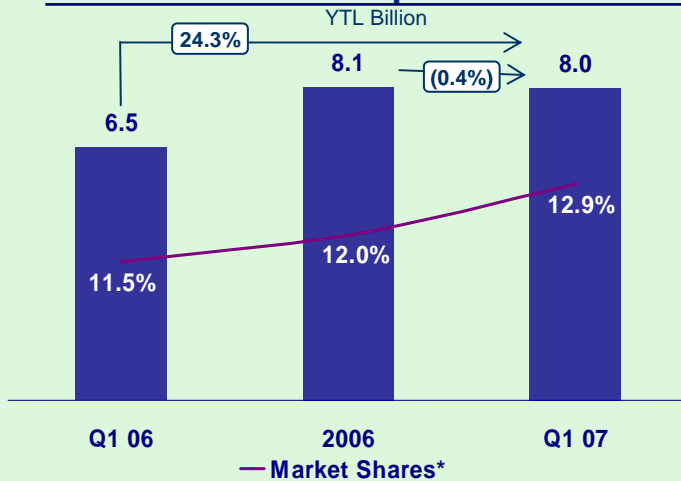
## TL – FC Deposit Growth



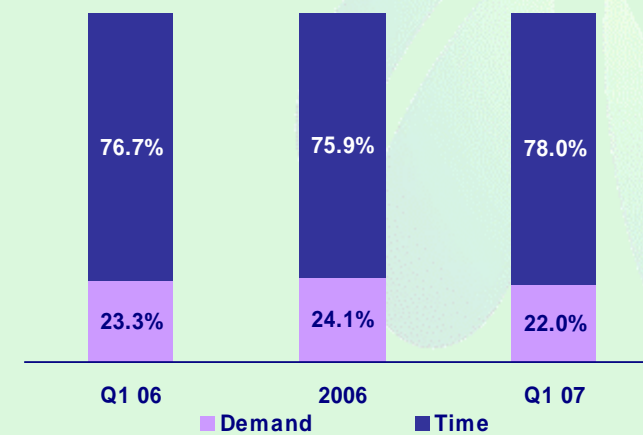
Main source of funding:  
Solid deposit base  
(60.9% of liabilities  
and SHE).

Total deposit growth  
YTD and y-o-y was  
9.7% and 34.4%,  
respectively as of Q1  
07.

## Demand Dep. Growth



## Customer Deposits Demand/Time Mix



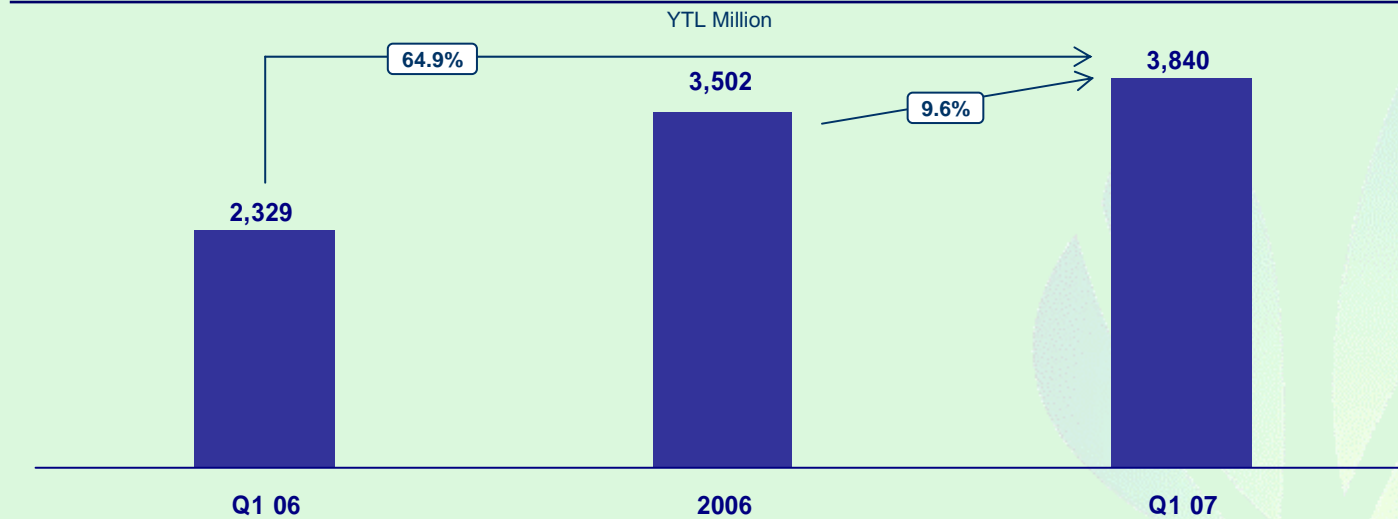
Demand deposit were  
YTL 8.0 bn. up by  
24.3% from Q1 06.  
YTD and y-o-y  
market share  
improved by 90 bps  
and 140 bps  
respectively.



# Increasing Free Funds

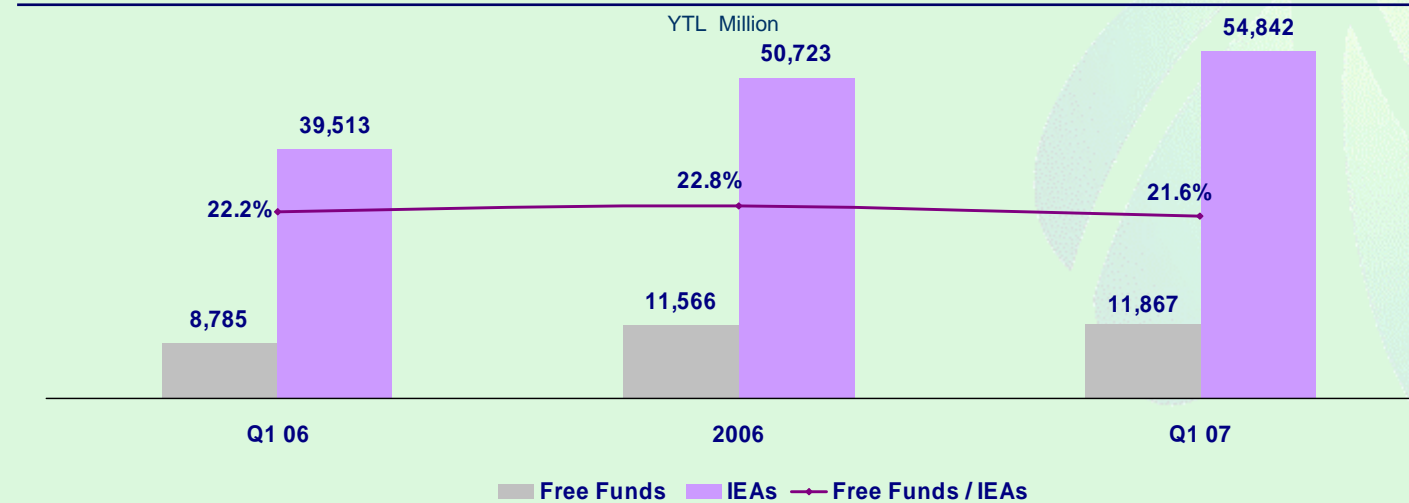
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## Free Equity



Free equity increased by 64.9% and reached 3.8 billion YTL from 2.3 billion YTL at Q1 06.

## Free Funds\*/IEAs



Growth of free funds was 35.1% y-o-y in Q1 07. Free funds / IEAs stood at 21.6% level in Q1 07.

# Summary Income Statement

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<i>(YTL Thousand)</i>	<b>Q1 06</b>	<b>Q1 07</b>	<b>Change</b>
Net Interest Inc.Adj.by FX	480,814	664,038	38.1%
Net Fees & Comm. Income	263,149	330,285	25.5%
Other Non-Interest Income	101,912	76,179	(25.3%)
<b>Total Operating Income<sup>1</sup></b>	<b><u>845,875</u></b>	<b><u>1,070,502</u></b>	<b><u>26.6%</u></b>
Operating Expenses	(393,438)	(464,839)	18.1%
<b>Operating Income<sup>2</sup></b>	<b><u>452,437</u></b>	<b><u>605,663</u></b>	<b><u>33.9%</u></b>
Impairment Losses & Provisions for Severance	(84,950)	(78,284)	(7.8%)
Taxation Charge	(87,809)	(102,609)	16.9%
<b>Net Income</b>	<b><u>279,678</u></b>	<b><u>424,770</u></b>	<b><u>51.9%</u></b>

# Fee & Commission Income Growth

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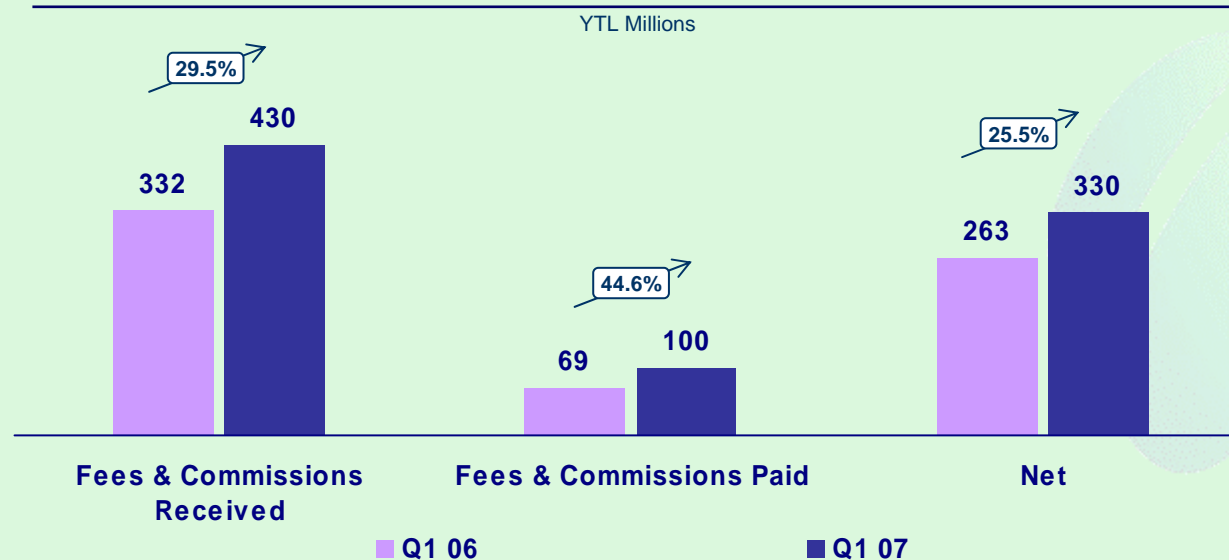
(YTL Thousand)	Q1 06	Q1 07	Change
<b>Fees and Commissions, net</b>	263,149	330,285	25.5%
<b>Trading Account Income, net</b>	43,183	(14,119)	(132.7%)
<b>Insurance</b>	48,356	69,065	42.8%
<b>Other</b>	10,373	21,233	104.7%
<b>Non-Interest Income (excl. FX Gain)</b>	365,061	406,464	11.3%

Non-interest income, excluding FX gains, increased 11.3% from YTL 365 mn. to YTL 406 mn. in Q1 07.

Y-o-y, net fees and commissions growth was 25.5%.

Net fees and commissions as a percentage of average assets stood at 2.24% as of Q1 07.

## Fees and Commissions

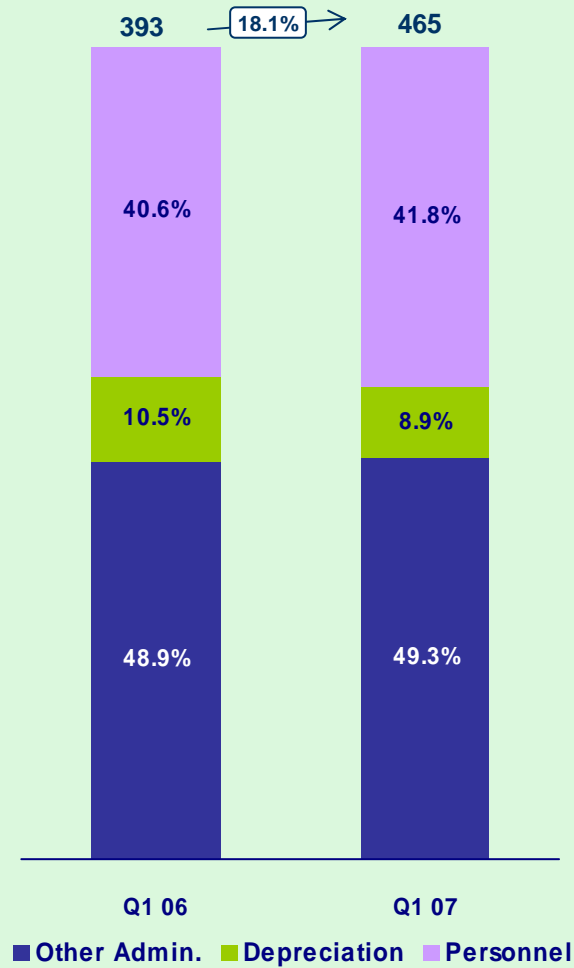


# Effective Cost Management

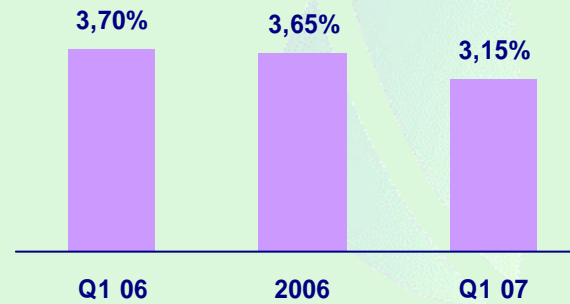
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## Non-Interest Expenses

YTL Million

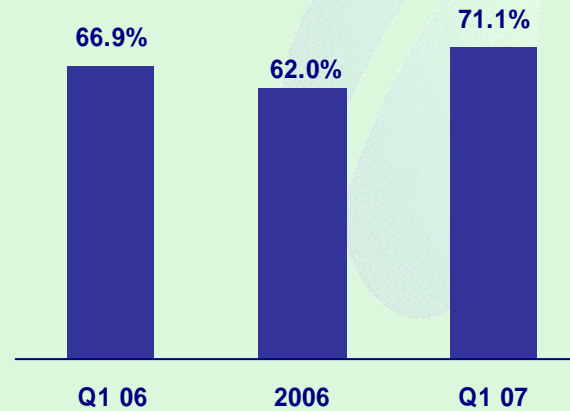


## Opex/Avg. Assets



Operating expense over average assets ratio improved by 55 bps from Q1 06 to reach 3.15% in Q1 07.

## Net Fees & Comm. /Opex



Net fees and commissions coverage of operating expenses increased from 66.9% in Q1 06 to 71.1% in Q1 07.



# GarantiBank

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