



IFRS Earnings Presentation

June 30, 2008

“profitability focused growth”

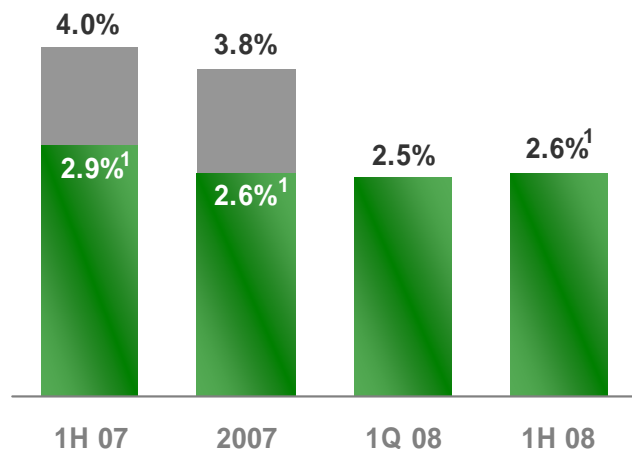


1H 2008 – Highlights

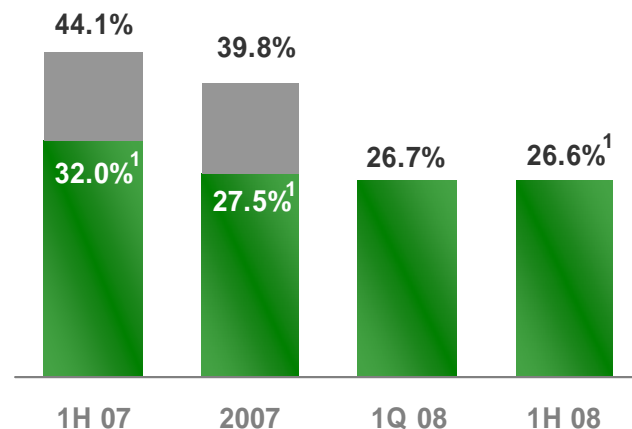
- *EPS growth of 17%¹ -- ROAE 27%²*
- *YTD asset growth 10%, reaching YTL 83bn on a consolidated basis*
- *YTD loans to customers growth 19%, constituting 59% of total assets*
- *YTD deposits from customers growth 12% - Capital increase eased the pressure on time deposits, helping manage deposit costs flat despite rate hikes*
- *Strong YTD demand deposit growth 23%. Demand in total deposits 23%*
- *Margin is positively affected by increase in TL IEAs, lower TL in IBLs and lower level of IBLs in funding total assets*
- *Net Fees & Commissions with a y-o-y growth of 27%, generating high level of customer driven sources of income*
- *Expanding distribution network with efficient cost management. Added close to 90 new branches and over 520 ATMs*
- *100% increase in capital and founder share buy-back completed for fair dividend distribution, net cash injection of 666mn YTL -- CAR improved by 100bps*

Sustained High Profitability Levels

ROAA



ROAE

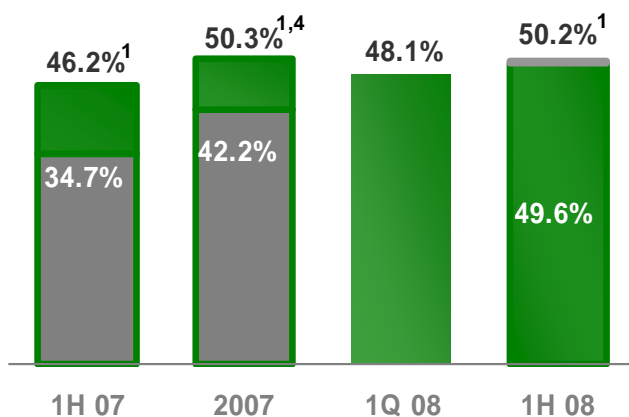


ROAE

Without the suppression effect of the equity injection

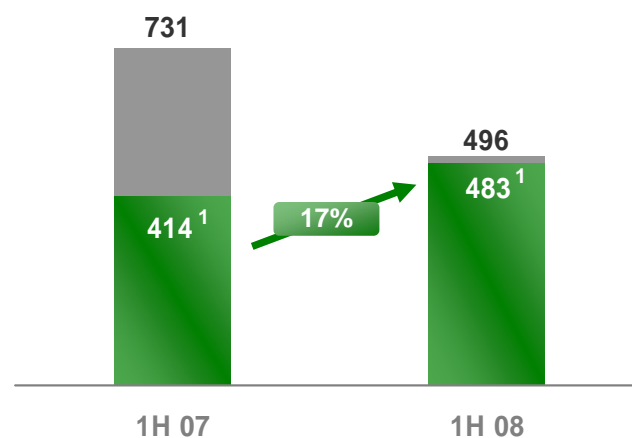
27%

Cost²/ Income³



EPS

Per 1000 YTL nominal – (excluding minority)



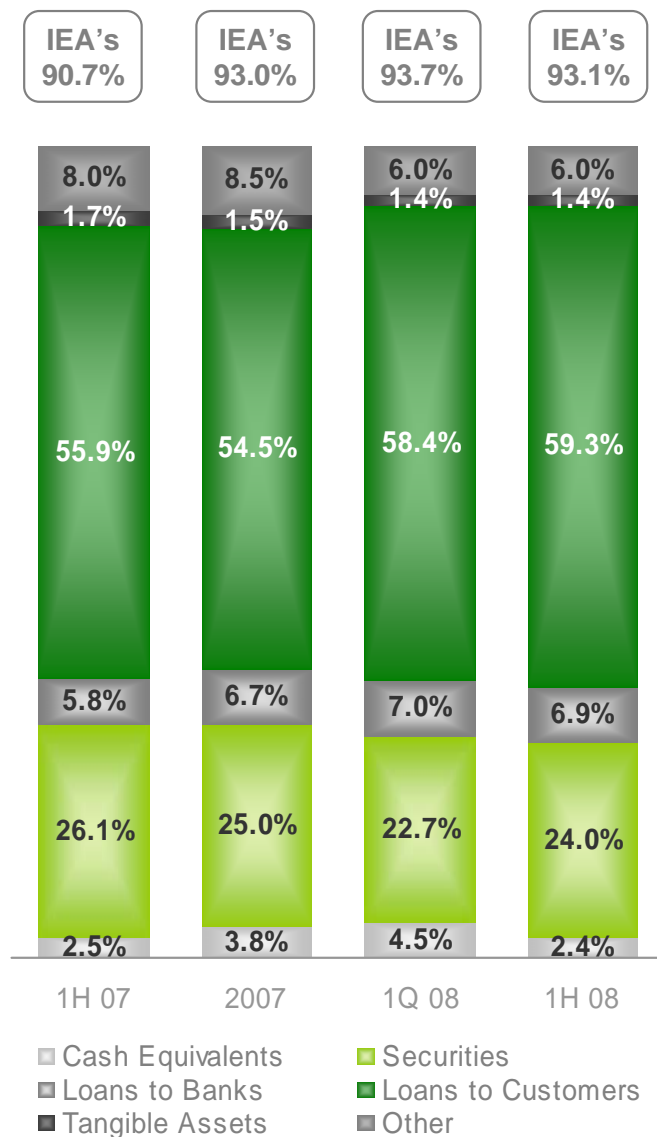
Despite the net addition of 88 branches ytd, high profitability levels maintained

Balance Sheet - Summary

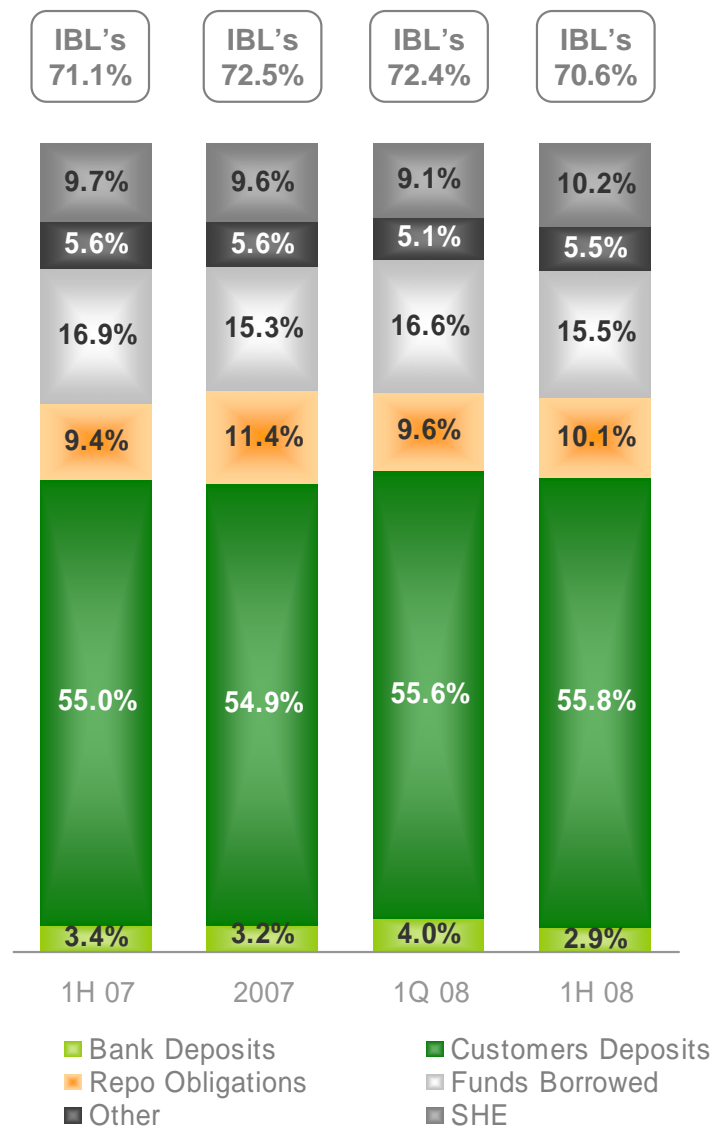
<i>(YTL Million)</i>		December 2007	June 2008	% Change
Assets	Cash & Banks	7,924	7,701	(2.8)%
	Securities	18,839	19,813	5.2%
	Loans to Customers	41,042	49,035	19.5%
	Tangible Assets	1,163	1,139	(2.0)%
	Other	6,357	4,955	(22.1)%
	Total Assets	75,325	82,643	9.7%
Liabilities and SHE	Deposits from Customers	41,335	46,150	11.6%
	Deposits from Banks	2,436	2,427	(0.4)%
	Repo Obligations	8,592	8,326	(3.1)%
	Funds Borrowed	11,440	12,747	11.4%
	Other	4,270	4,610	8.0%
	SHE	7,252	8,383	15.6%
	Total Liabilities & SHE	75,325	82,643	9.7%

Increasingly Loan Heavy Balance Sheet

Asset Composition



Liability & SHE Composition



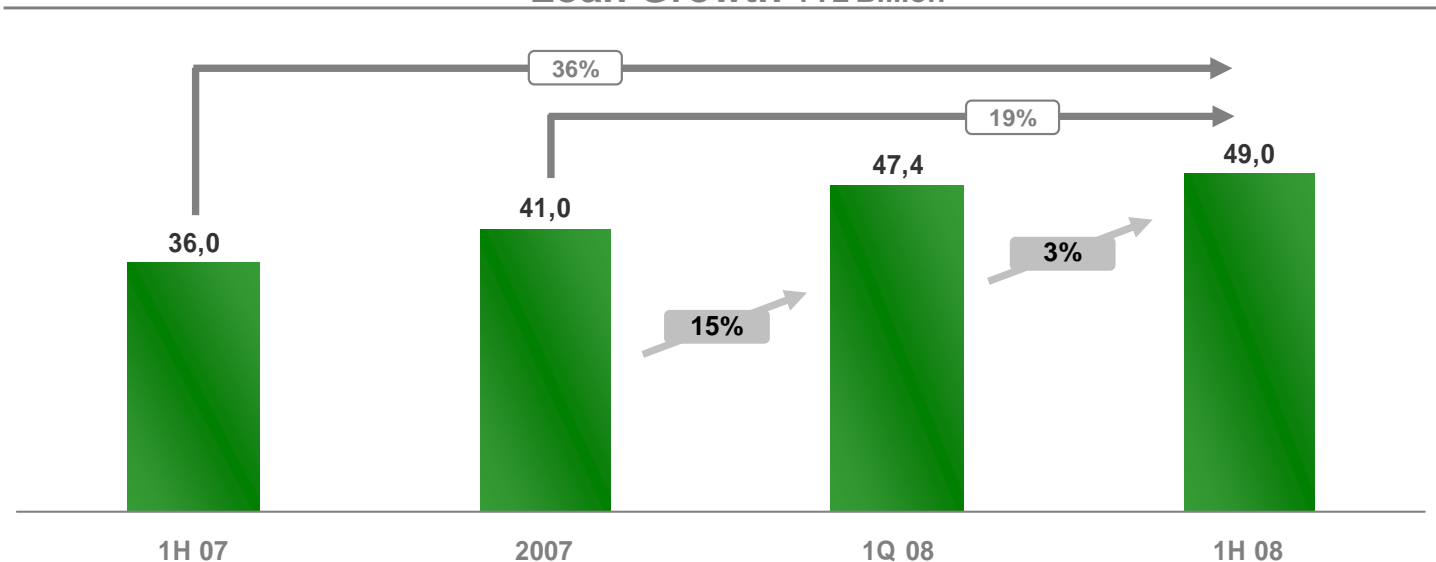
Total assets increased to **YTL 82.26bn** as of 1H 08 (**US\$ 69 bn**)

Loans to customers (net cash loans) increased by **19%** ytd and **36%** y-o-y, bringing its share in total assets up to **59%** at 1H 08 from **56%** at 1H 07 and **55%** at YE 07

Share of deposits from customers in total liabilities and shareholders' equity was **56%** at 1H 08

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

Loan Growth YTL Billion

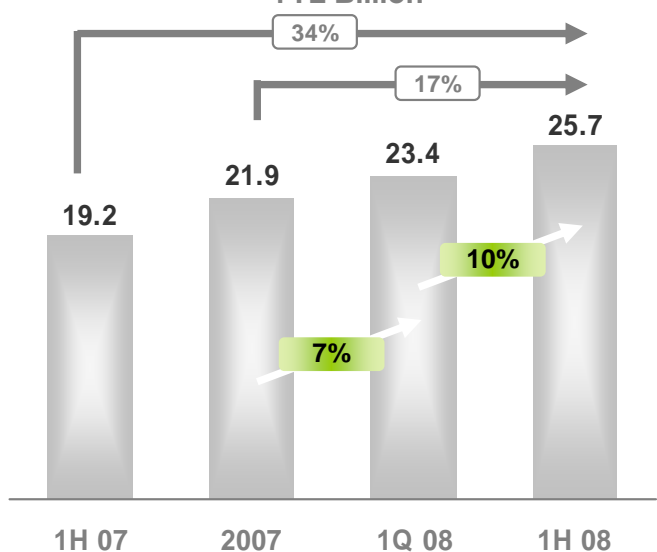


Total Loan

19%

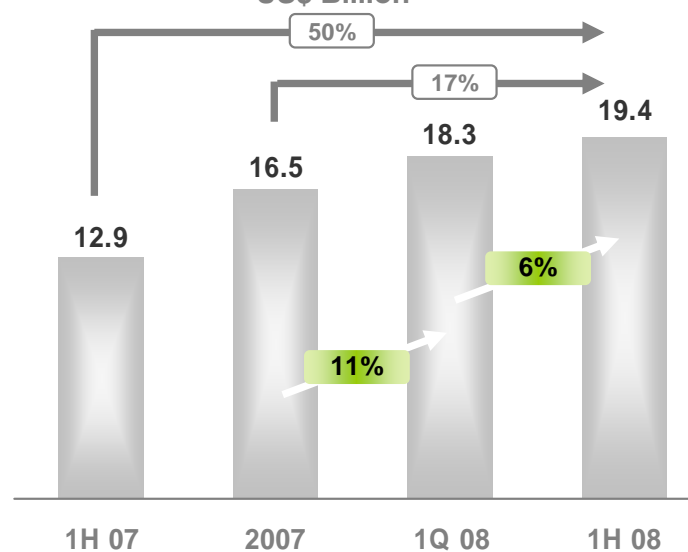
TL Loan Growth

YTL Billion



FC Loan Growth

US\$ Billion



Total loan mix:

TL:

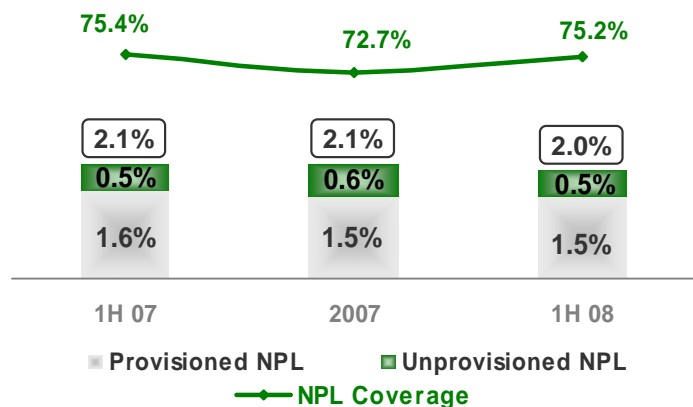
52%

FC:

48%

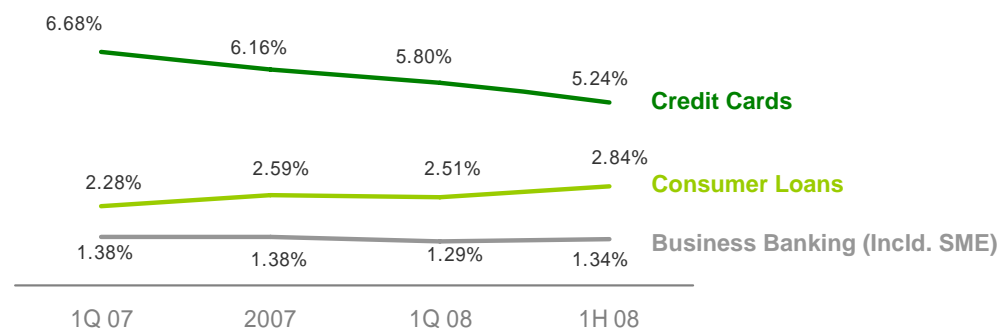
Sustained sound asset quality and well-diversified portfolio

NPL Ratio & Coverage

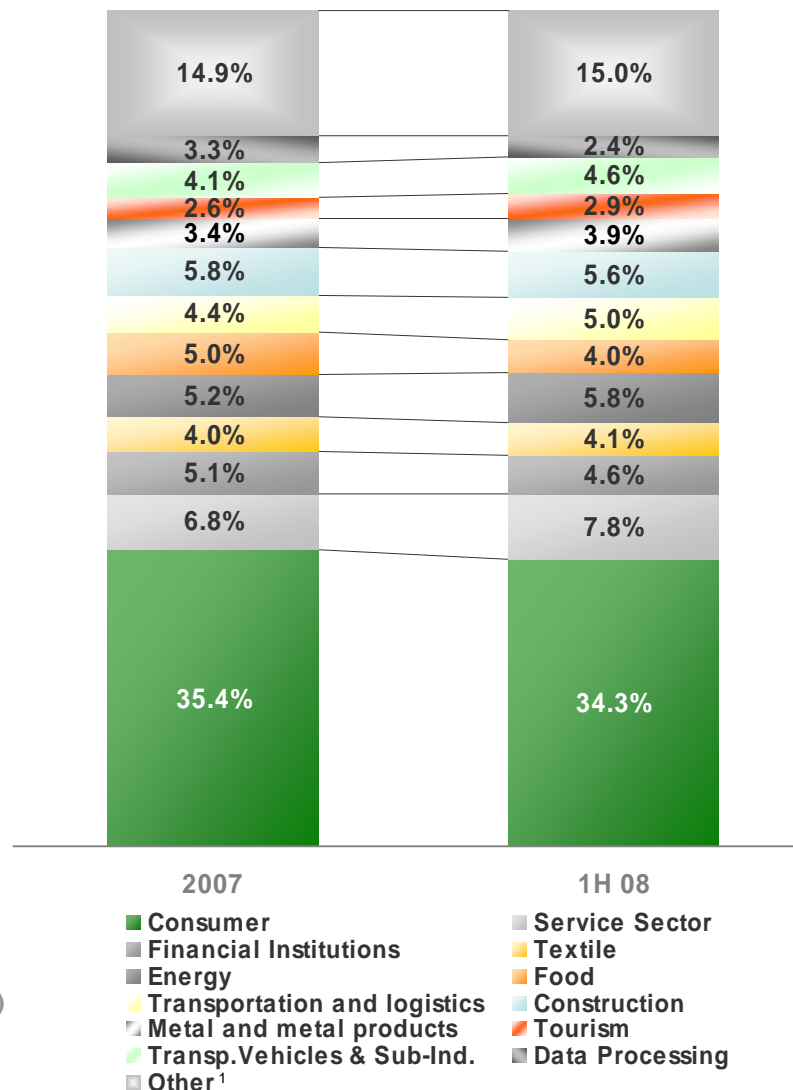


Asset Quality	1H 07	2007	1H 08
Secured Loans	73.3%	74.3%	70.3%
Unsecured Loans	26.7%	25.7%	29.7%

NPL by Category²

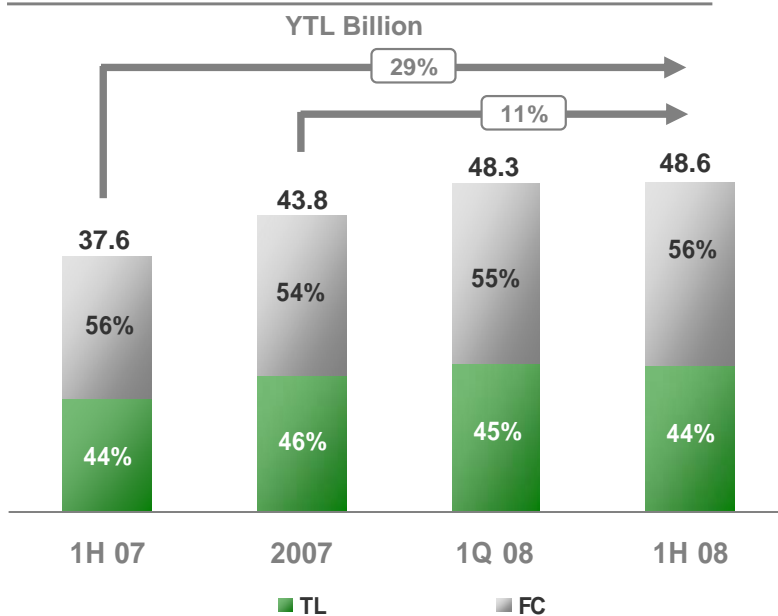


Sectoral Loan Allocation

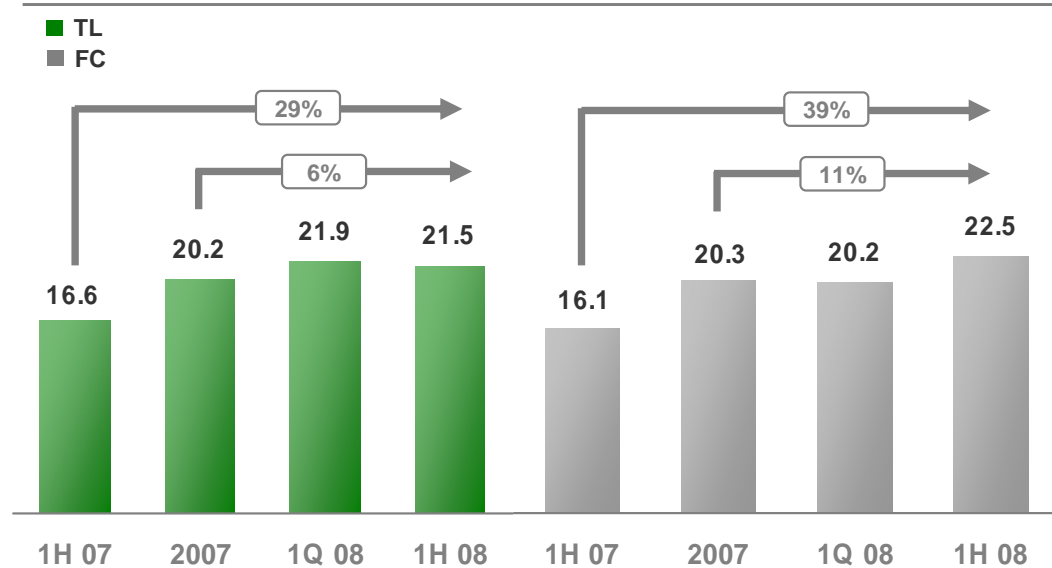


Deposit heavy funding mix and solid demand deposit base

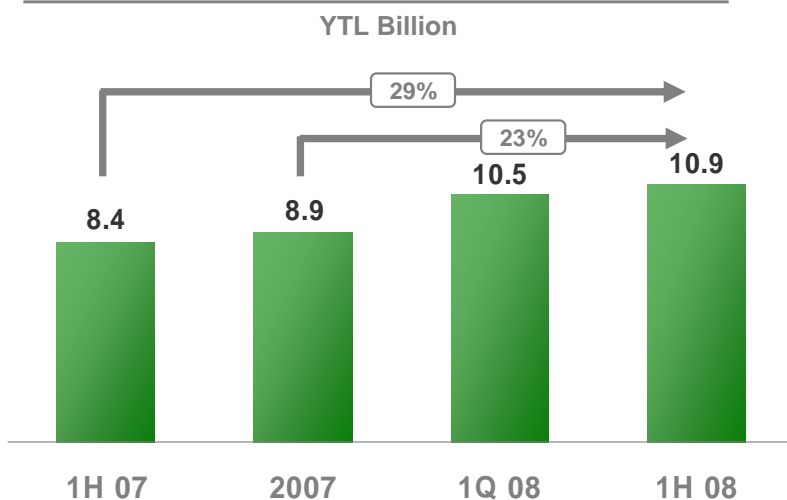
Deposit Growth & TL/FC Mix



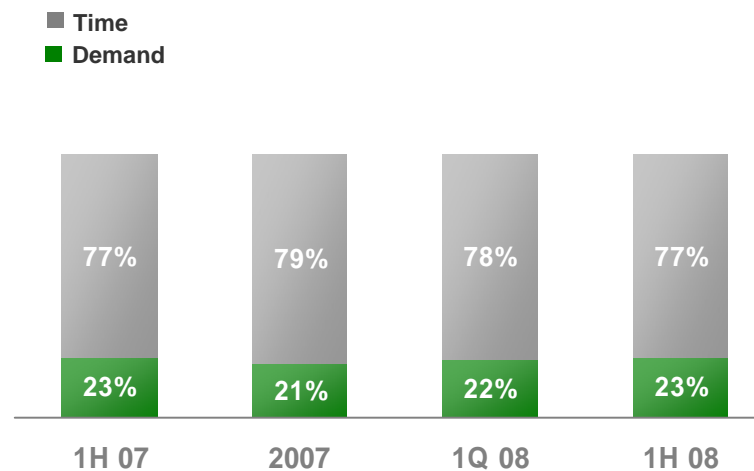
TL – FC Deposit Growth (YTL Billion – US\$ Billion)



Demand Dep. Growth



Customer Deposits Demand/Time Mix

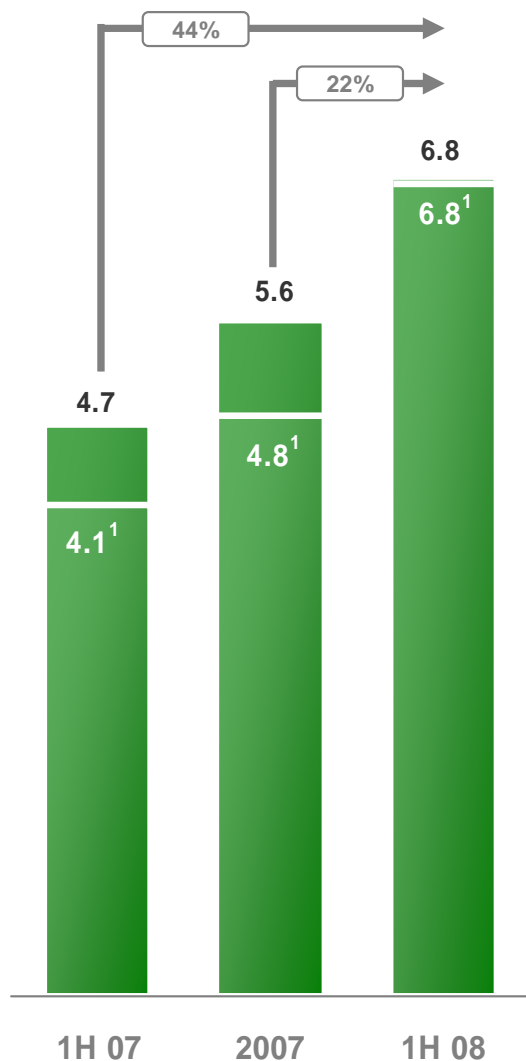


Deposits
59%
in Assets

Solid capital base and adequacy levels

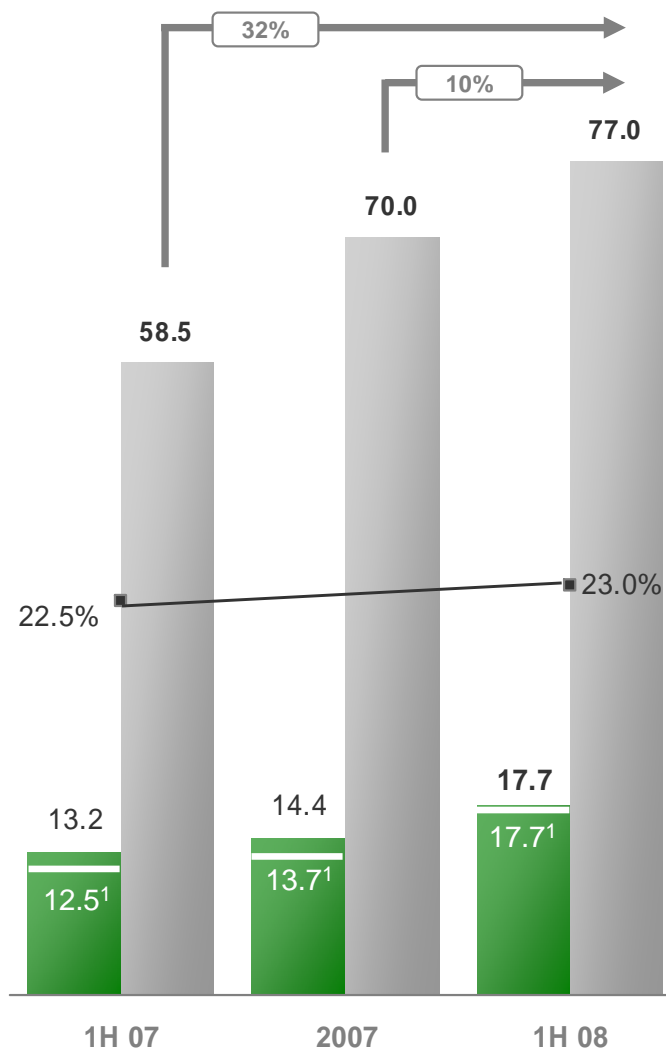
Free Equity

YTL Million



Free Funds¹ / IEA's

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



Free equity reached

YTL 6.8 bn at 1H 08

from **YTL 5.6 bn** at

YE 07

YTD Growth
in Free Funds

YTL 3.2 bn

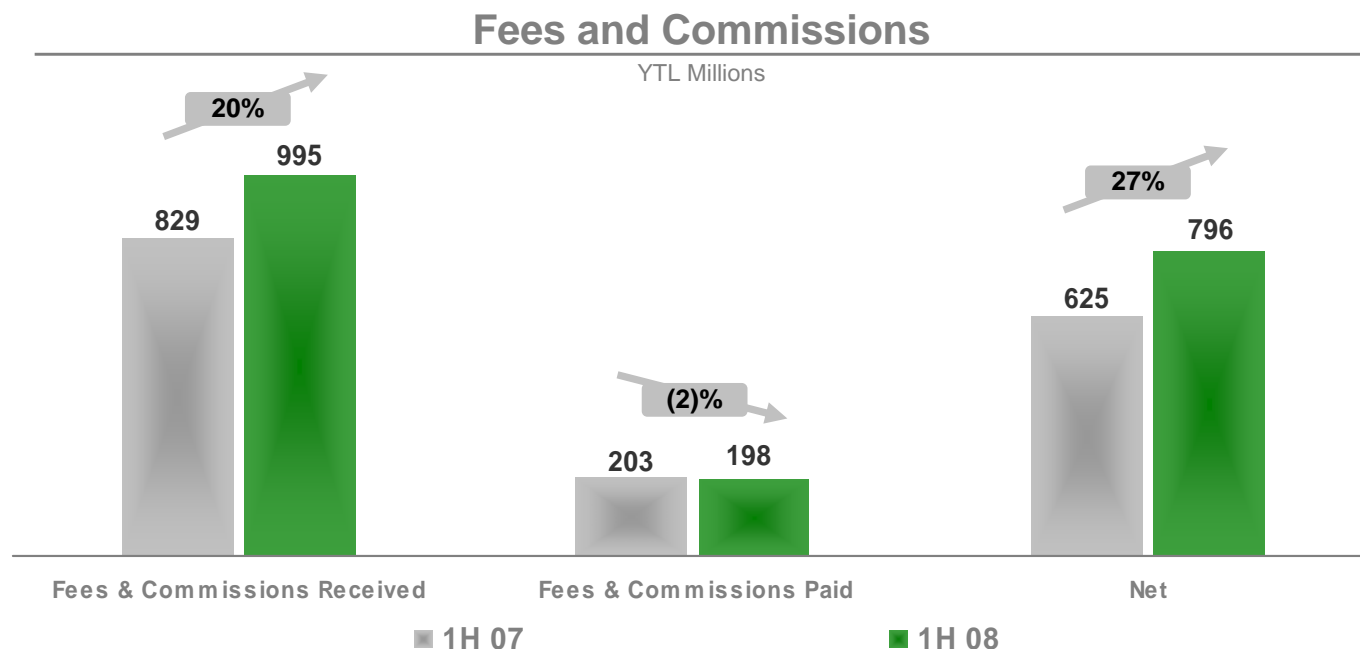
Free Funds IEA's Free Funds / IEA's

Summary Income Statement

(YTL Thousand)	1H 07	1H 08	Change
Net Interest Inc.Adj.by net FX gains & Trading loss	1,375,765	1,859,078	35.1%
Net Fees & Comm. Income	625,366	796,342	27.3%
Other Non-Interest Income ¹	203,137	96,543	(52.5)%
Total Operating Income¹	<u>2,204,268</u>	<u>2,751,963</u>	<u>24.8%</u>
Operating Expenses ¹	(979,666)	(1,270,004)	29.6%
Operating Income¹	<u>1,224,602</u>	<u>1,481,959</u>	<u>21.0%</u>
Impairment Losses & Provisions for Severance	(144,395)	(232,344)	60.9%
Taxation Charge ¹	(206,355)	(230,821)	11.9%
Net Income-normalized¹	<u>873,752</u>	<u>1,018,794</u>	<u>16.6%</u>
Non-recurring items ¹	665,685	28,898	n.m.
Net Income	<u>1,539,537</u>	<u>1,047,692</u>	<u>(31.9)%</u>
<i>Equity holders of the Bank</i>	<i>1,535,234</i>	<i>1,042,452</i>	<i>(32.1)%</i>
<i>Minority interest</i>	<i>4,303</i>	<i>5,240</i>	<i>21.8%</i>

Fee & Commission Income Growth

(YTL Thousand)	1H 07	1H 08	Change
Fees and Commissions, net	625,366	796,342	27.3%
Insurance business	159,276	60,589	(62.0)%
Other	43,861	35,955	(18.0)%
Non-Interest Income¹	828,503	892,886	7.8%

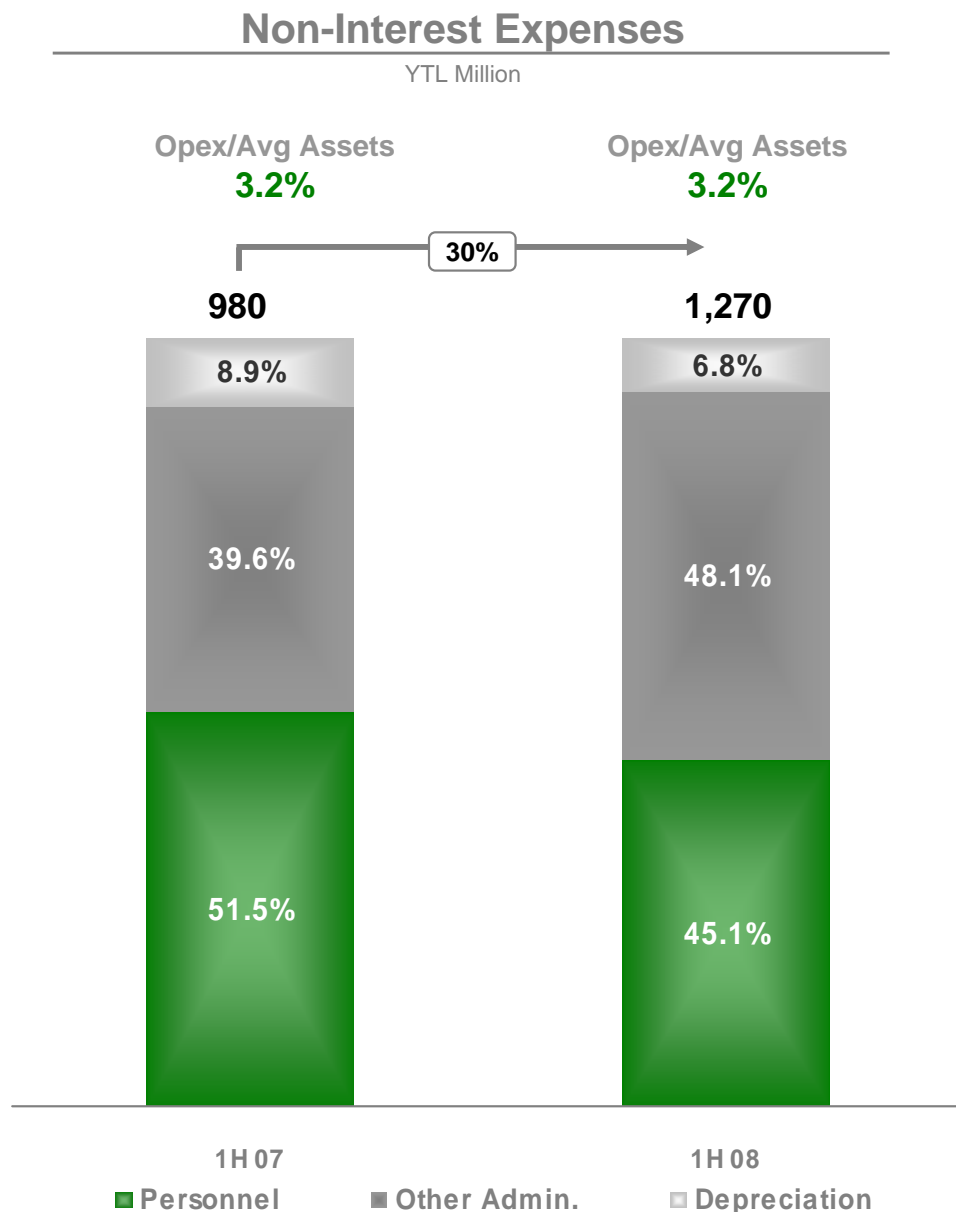


27%

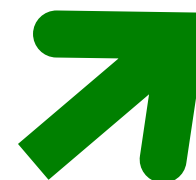
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Net Fees &
Comm. Growth

Efficiently Managed Costs in Line With Expanding Distribution Network



157



New Branch Additions
Y-o-Y

~3,000

New Employees
Y-o-Y

~1,400

New Employees
YTD



For further information please contact investorrelations@garanti.com.tr