



GarantiBank

IFRS Earnings Presentation

March 31, 2009



1Q 2009: Economic Downturn Emerged

Global recession and lack of confidence in the financial system

- *Rescue packages failed to restore confidence, world's major financial institutions in need of capital*
- *Currencies have crumbled across Eastern Europe on mounting fears of a debt crisis, ratings under pressure*
- **USD/TL hit an all-time-high of above 1.81** by early-March
- *Recovery towards the end of 1Q, G-20 summit increased hopes, **USD/TL eased to 1.66** at the end of 1Q*

CBT's monetary easing continued at full pace while BRSA played supportive role

- **CBT cut policy rate by 450 bps to 10.5%** from 15.0% at the end of 2008
- *BRSA eased loan loss provisioning burden on banks' balance sheets*

Impact of the macroeconomic crisis became more pronounced

- *4Q08 GDP growth contracted by 6.2% -- 1.1% 2008 growth rate is the lowest since 2001*
- **Biggest shrinkage in GDP estimated for 1Q09** leading to **acceleration in the unemployment rate**
- *Decreasing foreign trade deficit due to **weakening foreign demand** but even **deeper fall in imports***
- *C/A balance improved significantly, giving first monthly surplus since Sept. 2004*
- **CPI increased by 1.0%** in 1Q09, bringing annual inflation **down to 7.9% from 10.1%** as of YE '08
- *Government unveiled an **economic stimulus package** ahead of municipal elections*

Post local elections, government's return to economy focus is inevitable

- *IMF deal is almost assured with rising need for an anchor*
- **Economic deterioration pace is slowing down**

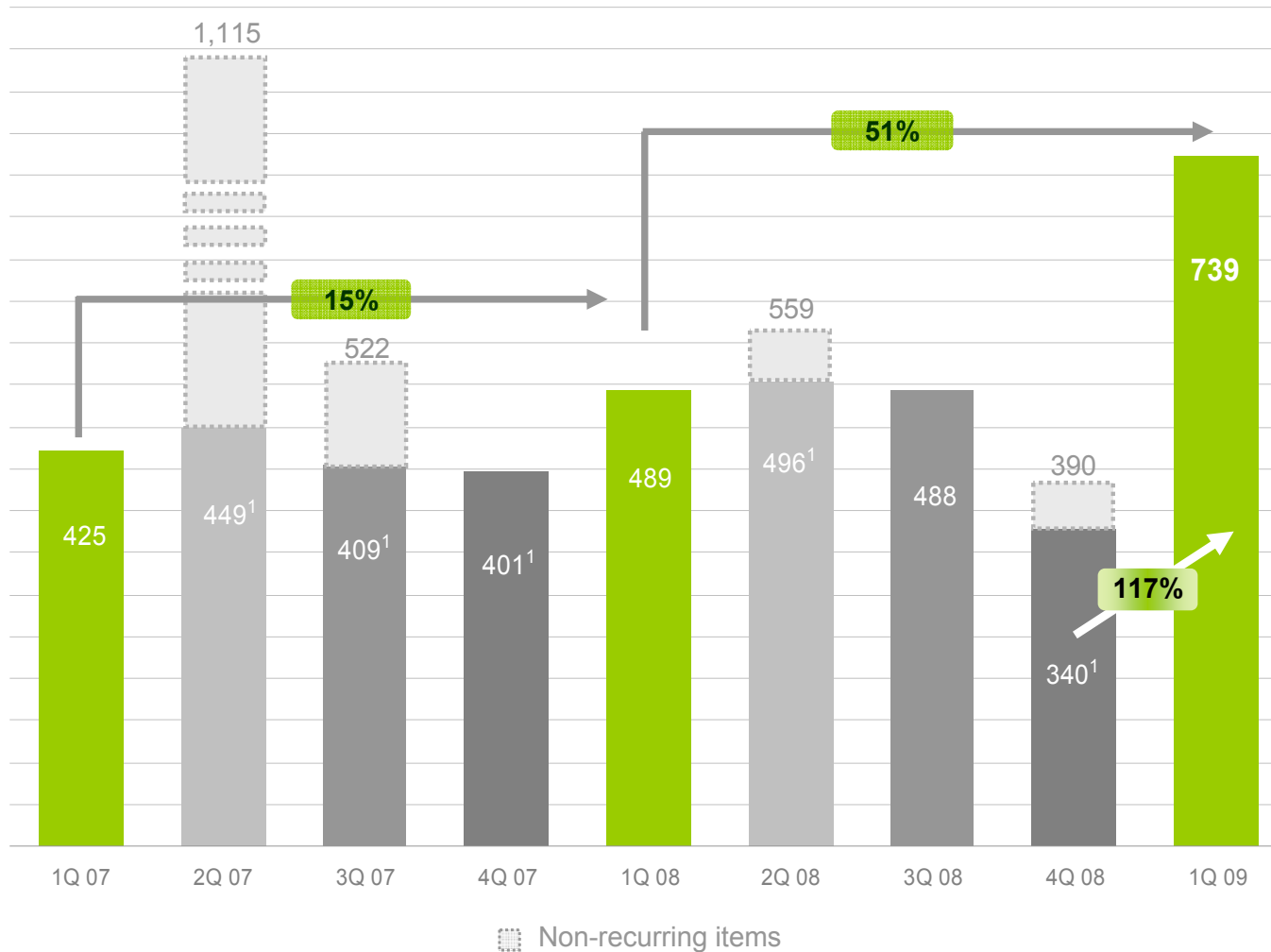
1Q 09 Highlights -- Resilient Business Model

Proven ability to generate recurrent income via dynamic B/S management

- *Y-o-y net income growth 51%, **ROAE 29%***
- *Selective and healthy loan **market share expansion** remains despite lower demand*
 - *Reinforced leadership in consumer loan products, commercial loans and leasing (21% mrkt. sh.) while attaining #1 position in factoring (20% mrkt. sh.) and credit card retail issuing volume (21% mrkt. sh.)*
- *Focus on risk-return balance maintaining **high profitability & sound asset quality** (NPL: 3.0%)*
- ***Coverage ratio increased to 78%** vs. 72% at YE '08 in light of economic downturn*
- ***Timely and effectively managed securities** portfolio benefiting from volatility*
- *Robust deposit growth -- Easing **loans-to-deposits ratio** from 93% to **86%** in 1Q 09*
- *Solvency remains strong -- **CAR at 14.9%***
- *Significant **margin expansion** result of sharp decline in funding costs further reinforced with strong quarterly **growth in demand deposits (6%) and free equity (9%)***
- *Focus on **strict cost discipline** while investment in retail network expansion continues*
- ***Net customer increase per year exceeds 1 mn***

Dynamic balance sheet management generating robust earnings in challenging environment

Quarterly Normalized Net Income¹



Earnings
Y-o-Y



51%

ROAE

29%

Result of;

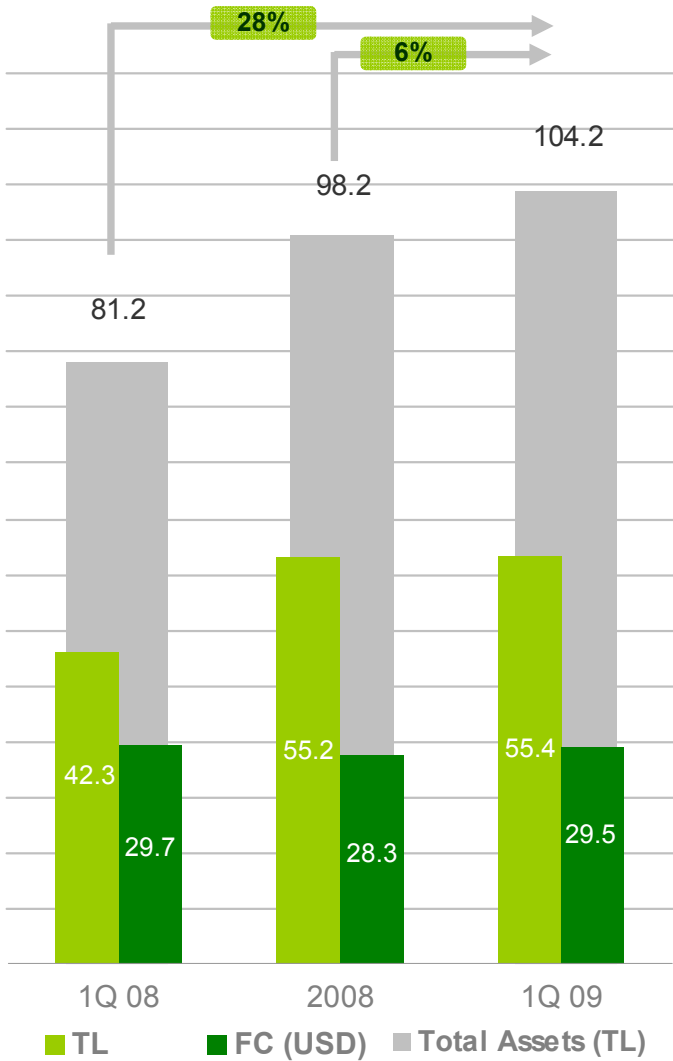
Liquid, low risk & well-capitalized B/S

¹ Please refer to Slide 18 for breakdown of non-recurring items

Shaping balance sheet for increased liquidity

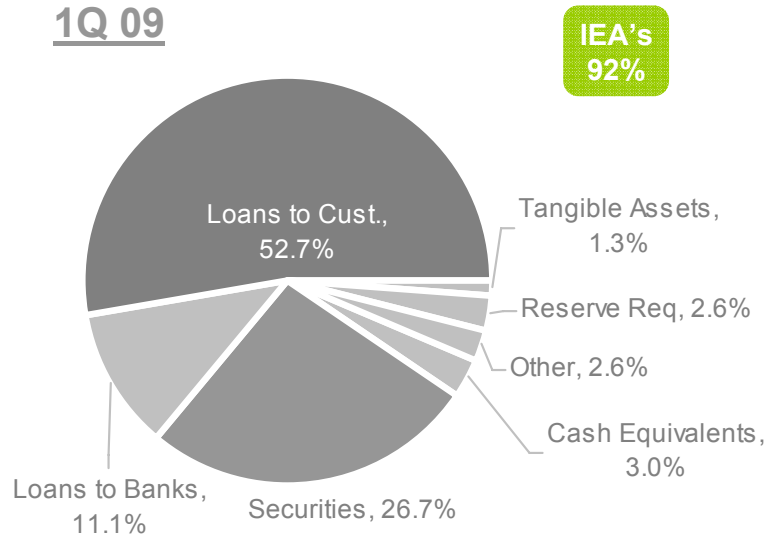
Total Assets

TL / USD Billion

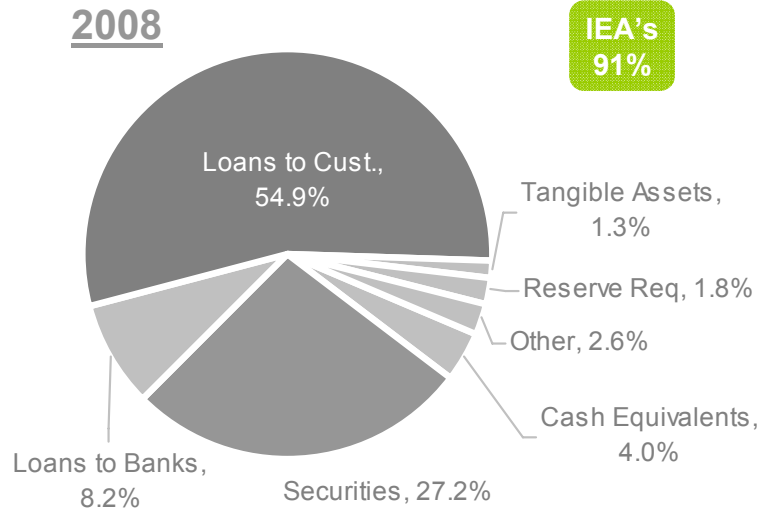


Composition of Assets

1Q 09



2008



Liquidity¹

Ytd



TL 3.7bn

Ytd Growth in:

TL Assets

Flat

FC Assets (\$)

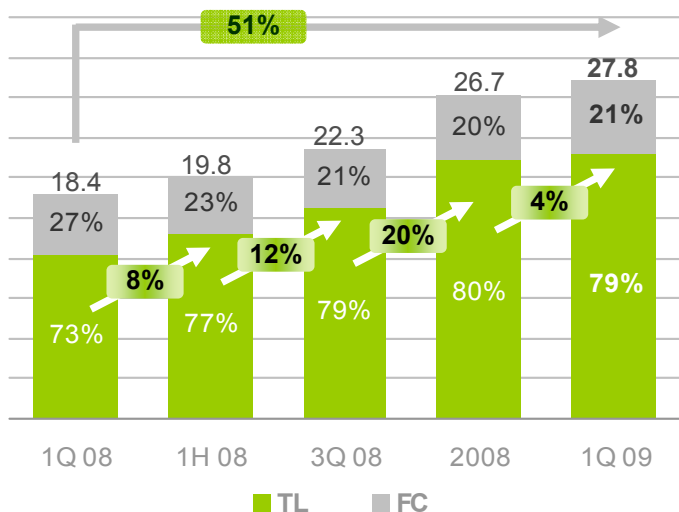
4%

¹ Cash and balances with CB + Loans and advances to banks + Reserve deposits at CB

Well positioned securities portfolio: prolonged benefit of higher yields

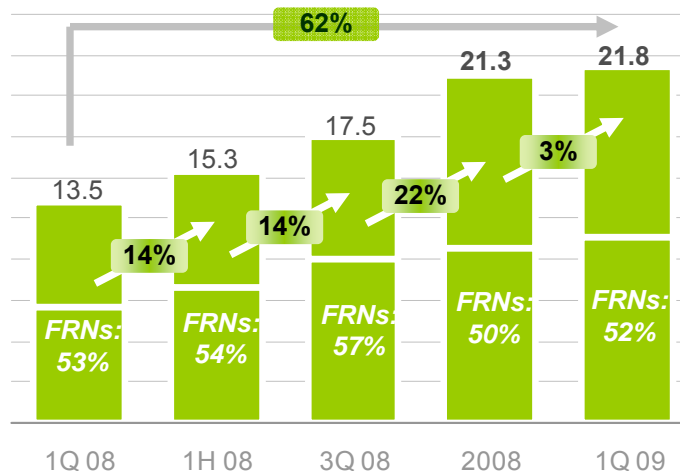
Total Securities

TL Billion



TL Securities

TL Billion



Securities mix in assets remains vs. year-end at

~27%

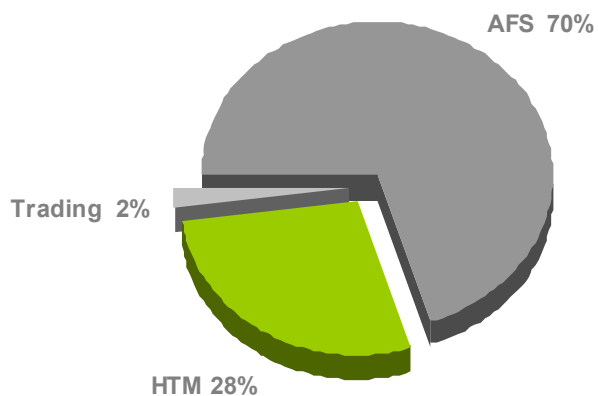
TL Weight in Total

79%

FRN's in Total

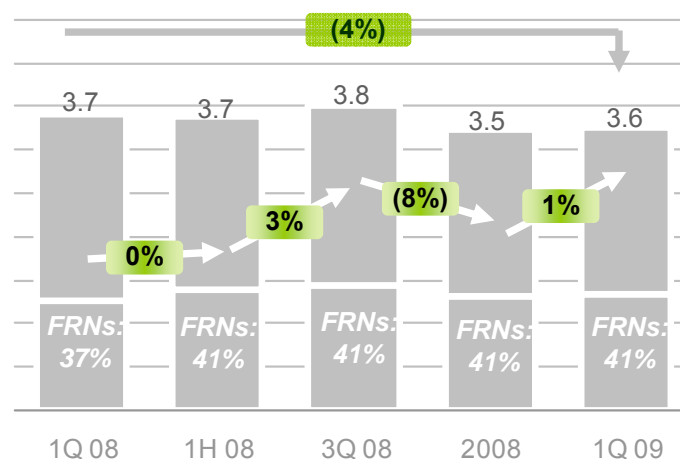
50%

Total Securities Composition



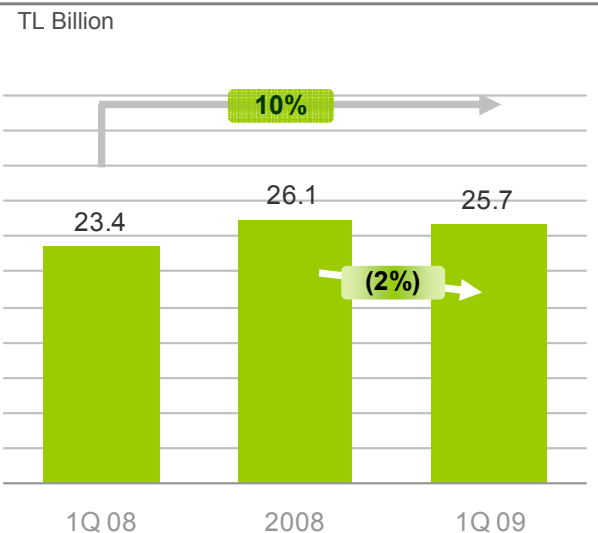
FC Securities

US\$ Billion

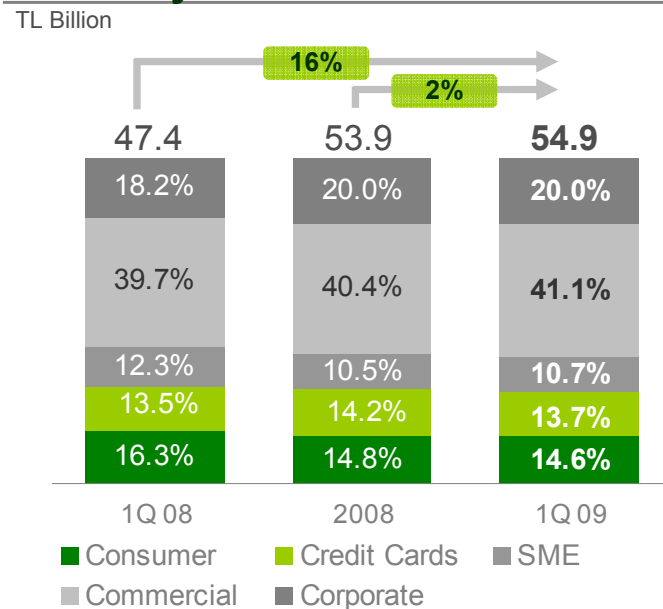


Despite decrease in demand for loans, market share expansion with selective growth continues...

TL Loans

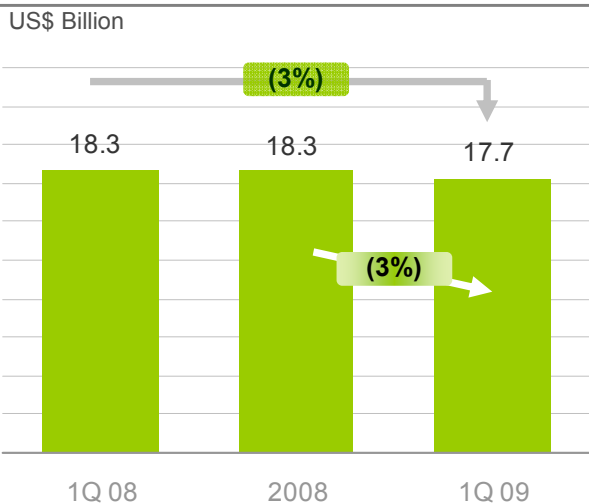


Loans by LOB^{1, 2}

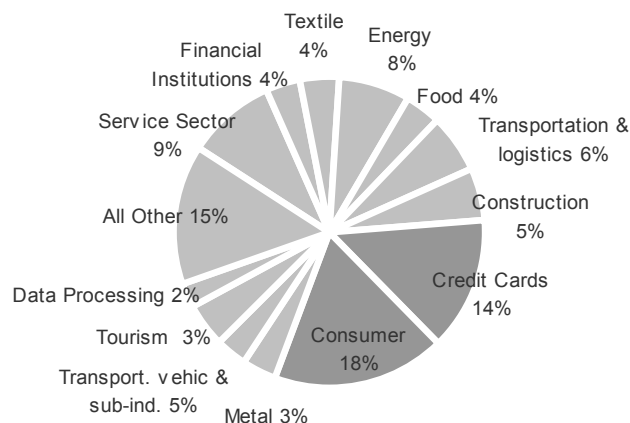


Loan growth in 1Q 09 mainly driven by Commercial Banking while shrinkage observed in Credit Cards

FC Loans



Loans by Sectoral Breakdown¹



Market Shares³

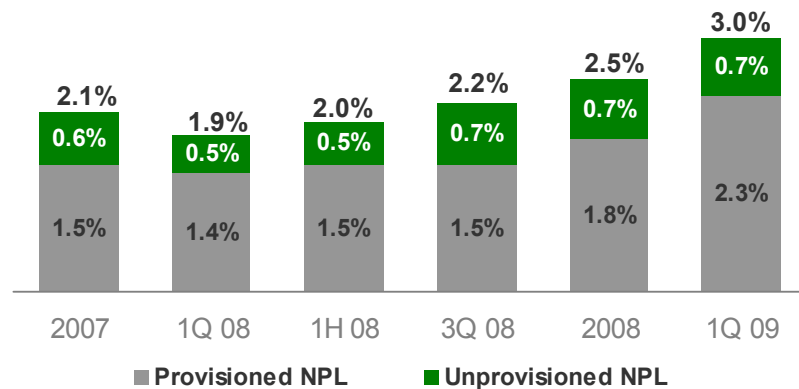
| | YTD Δ | 1Q 09 |
|--------------------|----------------|--------------|
| Total Loans | +50 bps | 15.1% |
| TL Loans | +20 bps | 11.9% |
| FC Loans | +80 bps | 21.9% |

¹ Performing cash loans
² Based on bank-only MIS data
³ Based on bank-only financials. Source: Sector figures are based on BRSA weekly data, commercial banks only

Sound asset quality -- widening the gap again with the sector

NPL Ratio & Coverage¹

| Coverage Ratio | 2007 | 2008 | 1Q 09 |
|-----------------------|------------|------------|------------|
| Sector | 89% | 81% | 81% |
| Garanti (IFRS) | 73% | 72% | 78% |
| (Bank-only) | 64% | 64% | 76% |

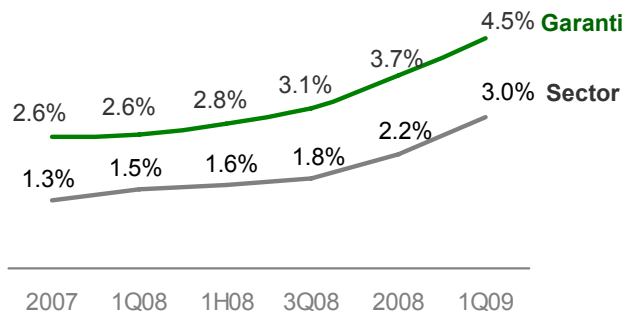


- *New NPL generation lowest among peers*
 - ✓ *Centralized approval*
 - ✓ *Established strong risk culture*
 - ✓ *More selective origination in higher risk segments*
 - ✓ *Closer monitoring of cash flow cycles of customers*
 - ✓ *Enhanced collection capability*
- *Strong collateralization*
- *Limited write-offs*

NPL Categorisation^{1, 2}

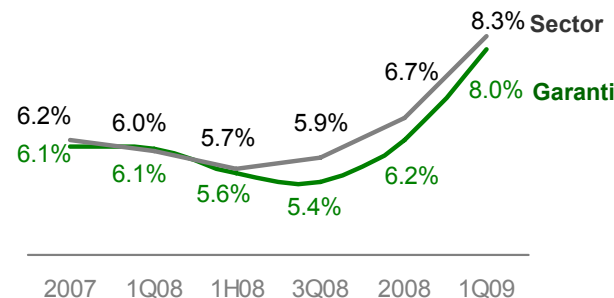
Retail Banking (Consumer & SME Personal)

18% of Garanti's Total Loans



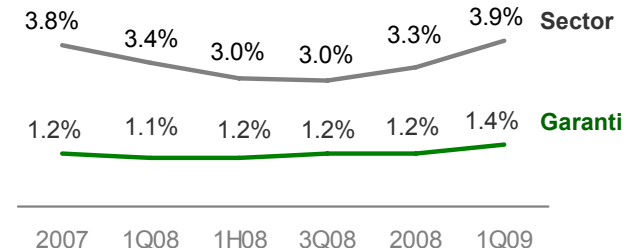
Credit Cards

14% of Garanti's Total Loans



Business Banking (Including SME)

68% of Garanti's Total Loans

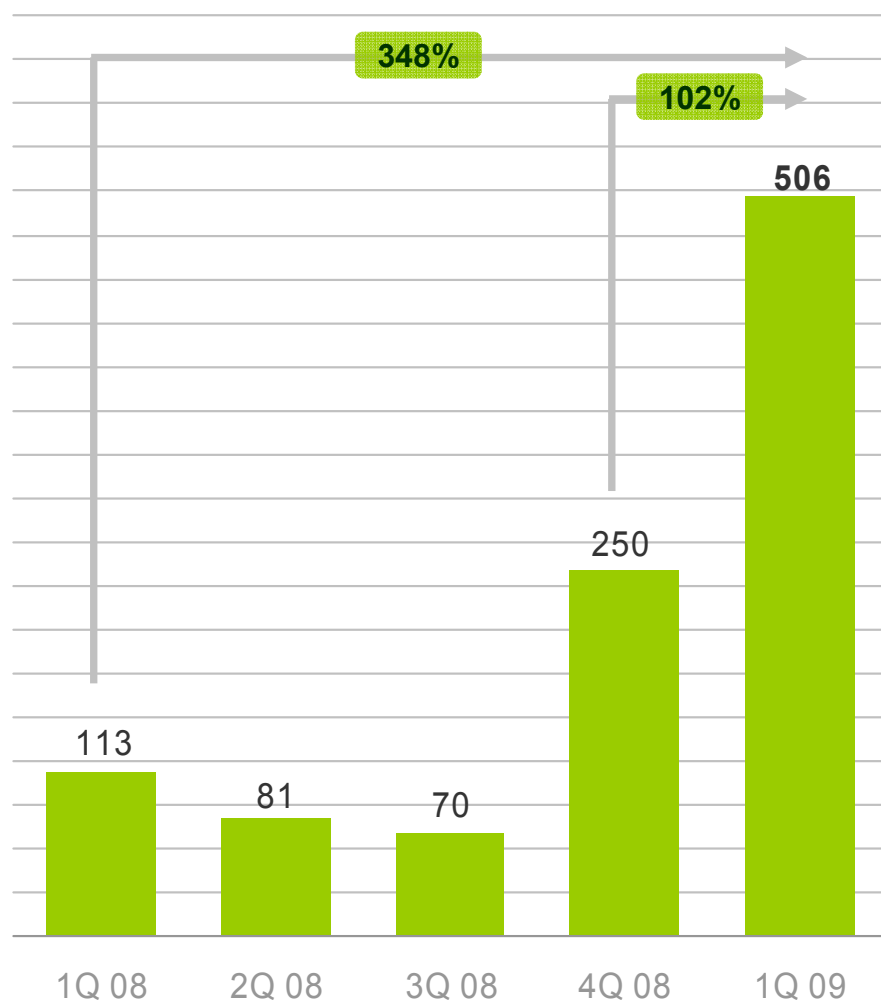


¹ Sector figures are per BRSA bank-only data.
² Garanti NPL categorisation based on bank-only financials
 Source: BRSA and TBA

Higher provisions absorbed due to volatile environment

Quarterly Loan-Loss Provisions

TL Million



Coverage Ratio

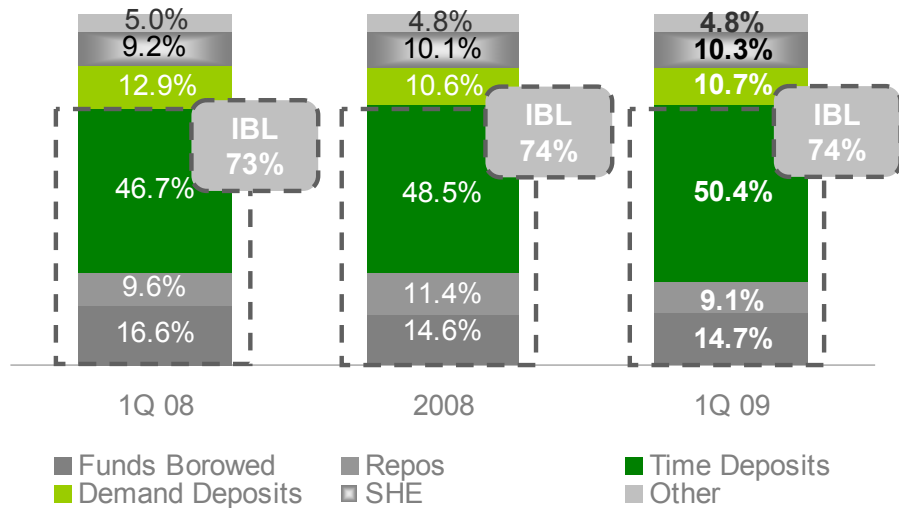


78%

More conservative provisioning led to increased coverage ratio and will lead to temporary rise in loan-loss provisions throughout 2009

Robust deposit growth continues strengthening funding base --
Loans / Deposits ratio at 86%

Composition of Liabilities

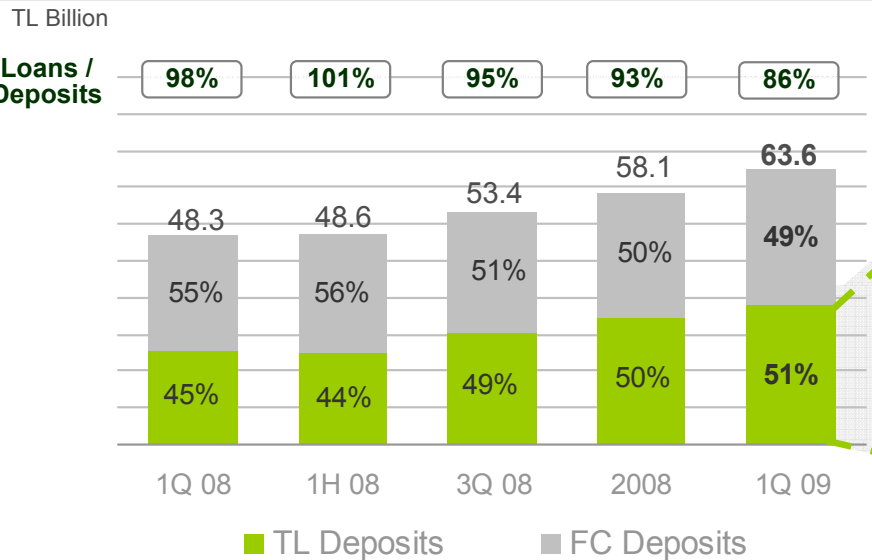


Total Deposits

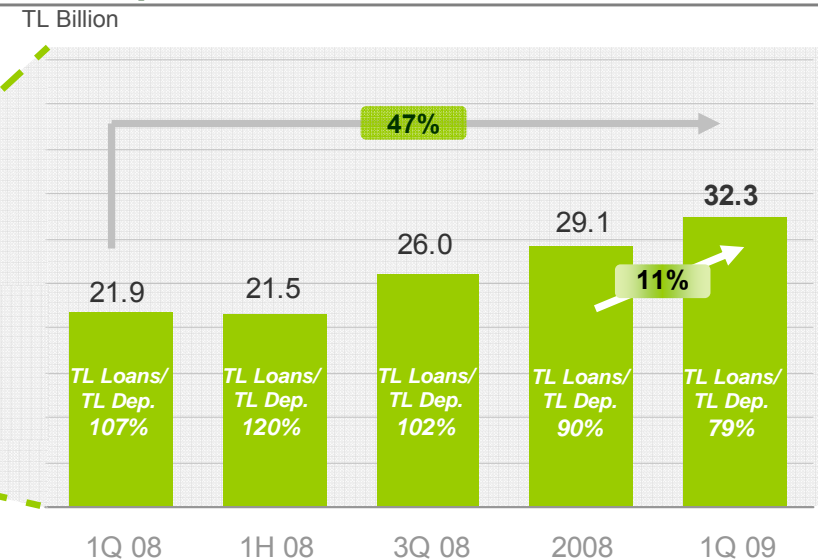
Ytd



Total Deposits



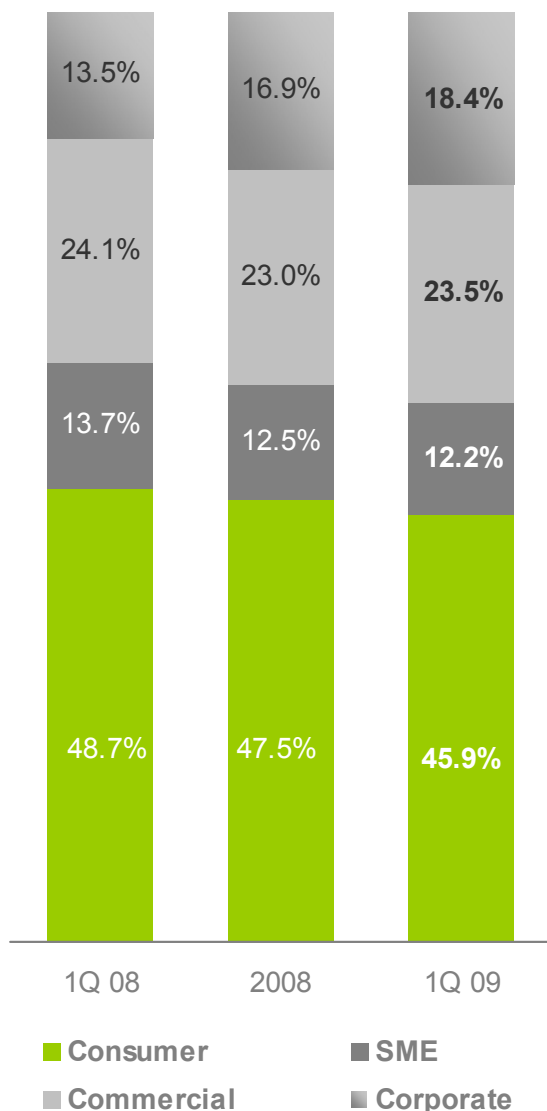
TL Deposits



Sharp decline in deposit costs exacerbated with solid demand deposit growth

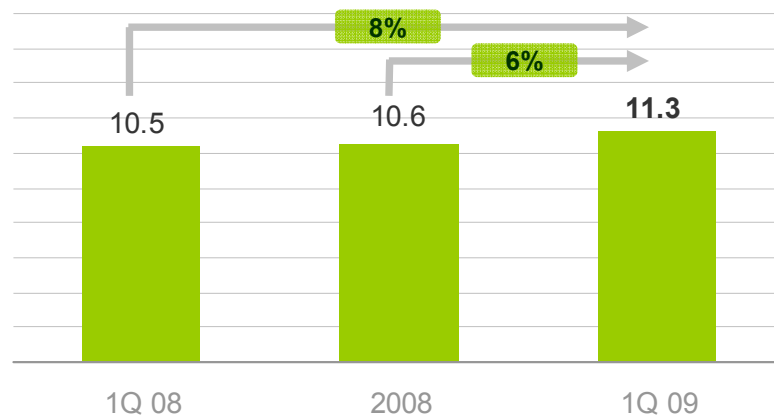
Deposits by LOB¹

(Excluding bank deposits)



Demand Deposits

TL Billion



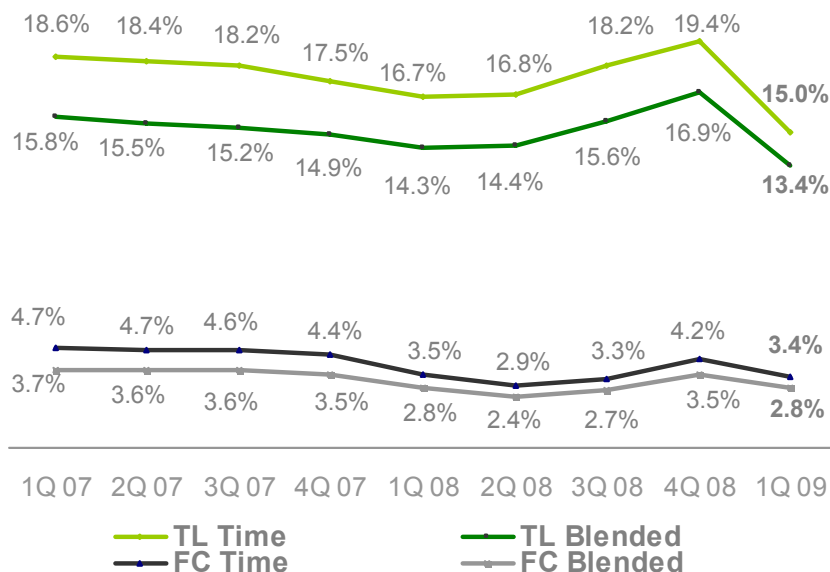
Demand Deposits

Ytd Growth

6% vs. Sector's² 3%

Cost of Deposits¹

Quarterly Averages



Demand Deposit Market Share²

14%

¹ Based on bank-only MIS data

² Sector figures are per BRSA weekly data, commercial banks only and excluding bank deposits. Bank-only data used for market share calculation.

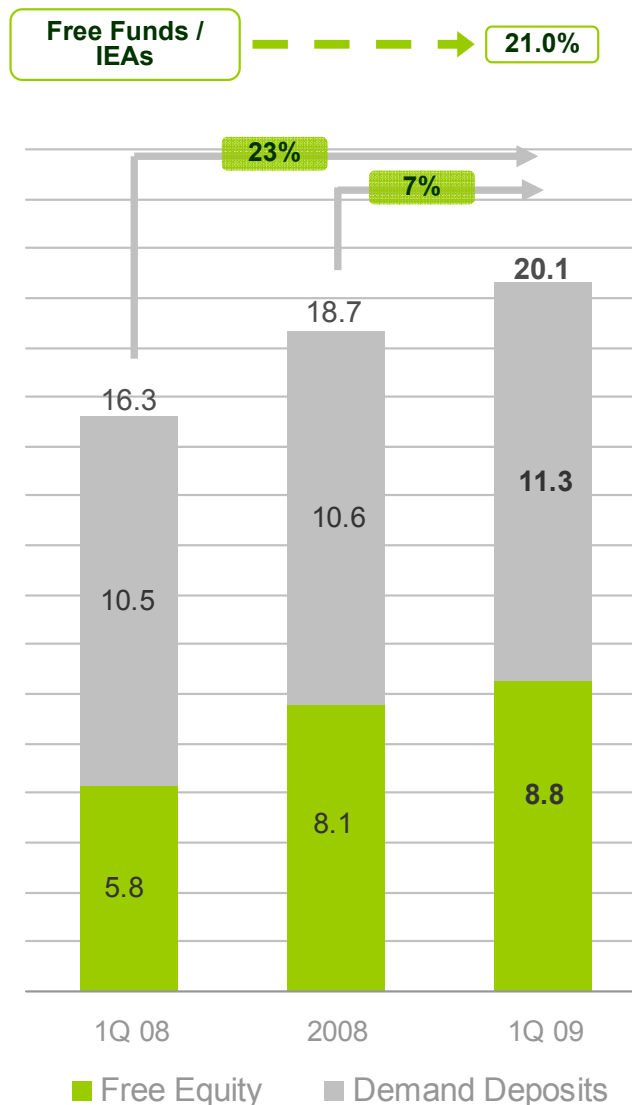
Lift solvency levels -- strengthened by effective capital management

CAR



Free Funds

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



- Resilient earnings stream
- Strong demand deposit base
- Non-core asset divestments
- Timely increase in capital
- Optimum security mix against market fluctuations
- Fully retained 2008 earnings

Leverage Ratio

9x

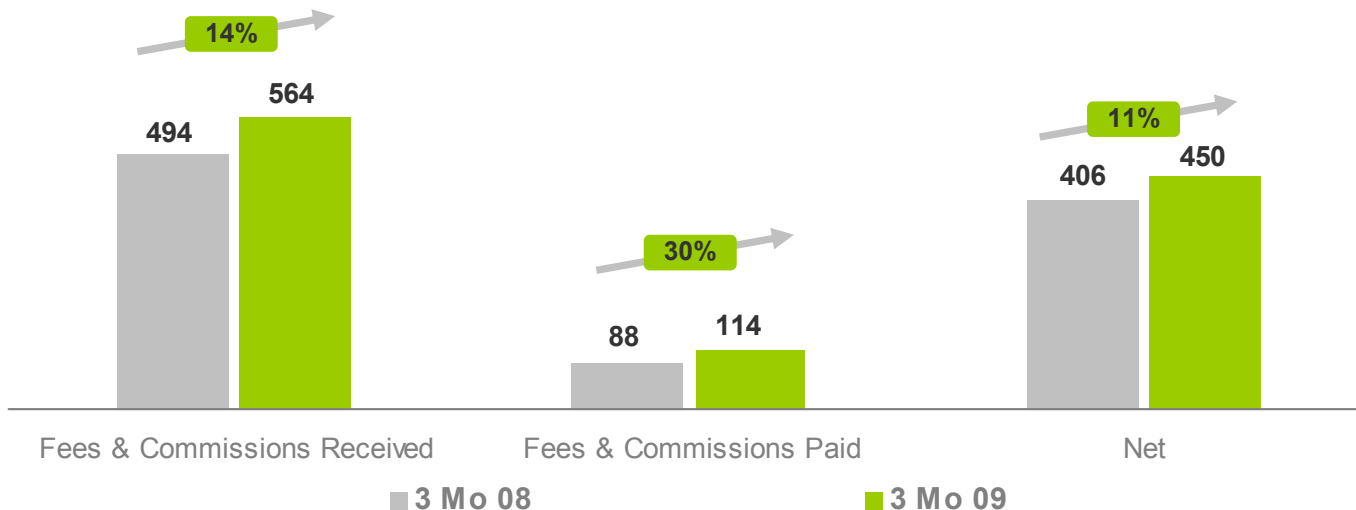
Robust B/S in a challenging environment

Sustained highest capacity to generate ordinary banking income

| (YTL Thousand) | 3 Mo 08 | 3 Mo 09 | Change |
|---|------------------|------------------|------------|
| Net Interest Inc.Adj.by net FX gains & Trading loss | 915,172 | 1,559,421 | 70% |
| Fees and Commissions, net | 405,949 | 450,252 | 11% |
| Provision on Loans and Securities | (116,589) | (505,798) | 334% |
| Ordinary Banking Income | 1,204,532 | 1,503,875 | 25% |

Fees and Commissions

YTL Millions



25%

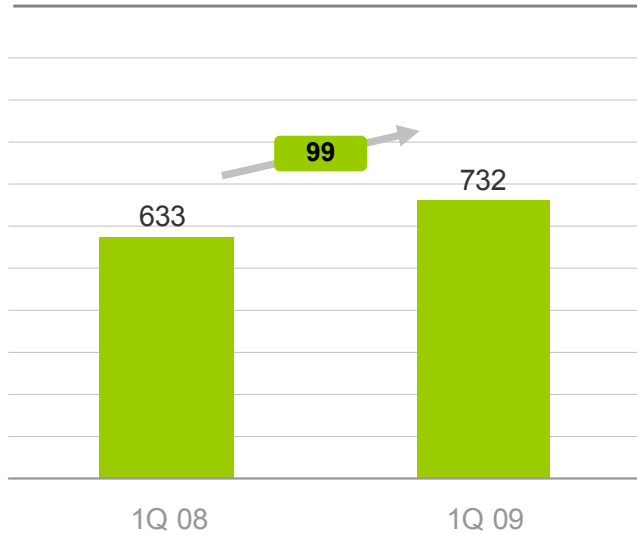


Ordinary Banking Income

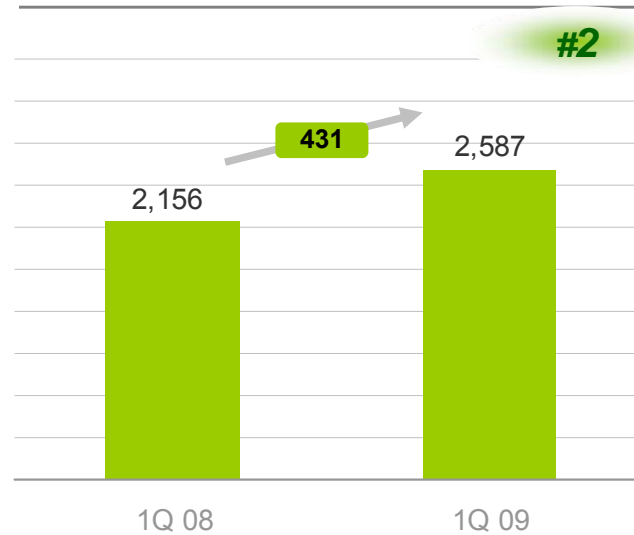
Y-o-Y

Strengthened retail network leads to over 1 mn net customer increase per year

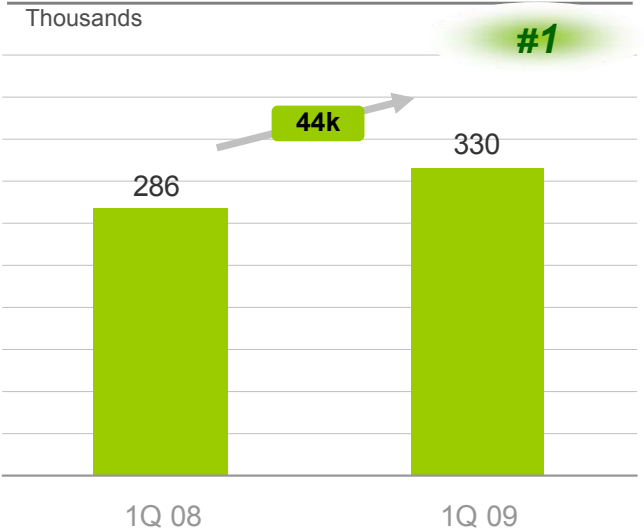
Number of Branches



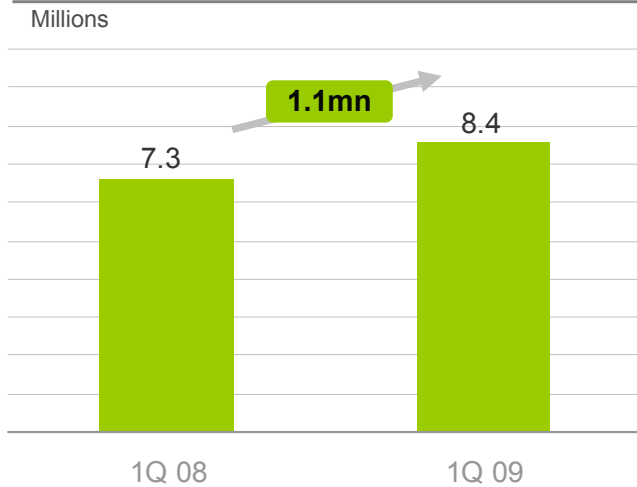
Number of ATMs



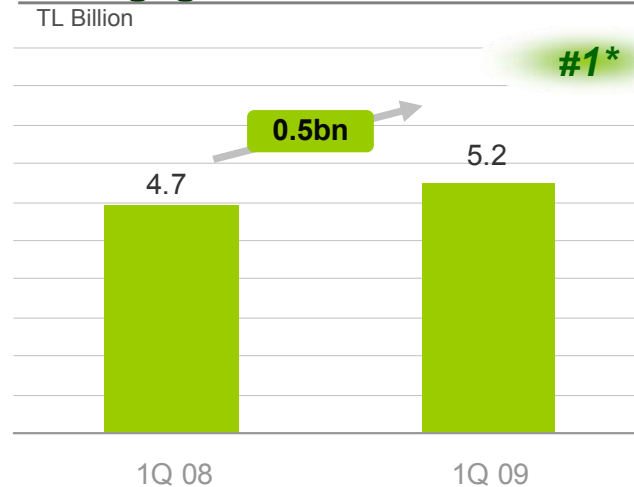
Number of POS



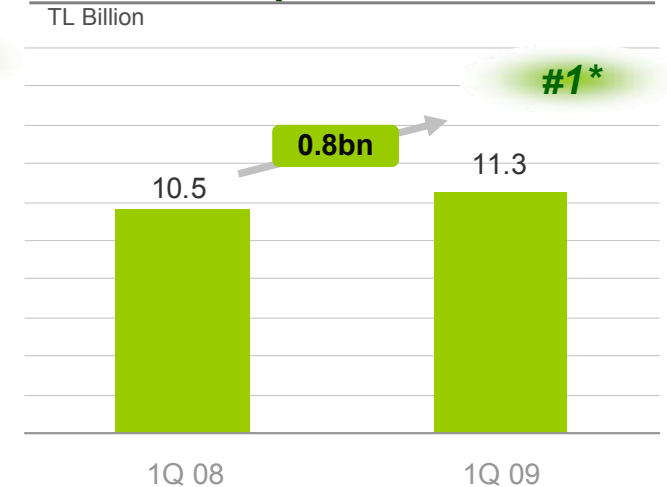
Number of Customers



Mortgages¹



Demand Deposits



¹Mortgage and demand deposit ranks are as of 2008
¹ Excluding accruals on mortgage loans

...resulted in record profitability

| <i>(YTL Thousand)</i> | 3 Mo 08 | 3 Mo 09 | Change |
|---|-------------------------|-------------------------|-------------------|
| Net Interest Inc.Adj.by net FX gains & Trading loss | 915,172 | 1,559,421 | 70% |
| Net Fees & Comm. Income | 405,949 | 450,252 | 11% |
| Provision on Loans and Securities | (116,589) | (505,798) | 334% |
| Ordinary Banking Income | <u>1,204,532</u> | <u>1,503,875</u> | <u>25%</u> |
| Other Non-Interest Income | 49,690 | 78,744 | 58% |
| Total Operating Income | <u>1,254,222</u> | <u>1,582,619</u> | <u>26%</u> |
| Operating Expenses | (634,178) | (634,194) | 0% |
| Operating Income | <u>620,044</u> | <u>948,425</u> | <u>53%</u> |
| Other Provisions | (2,056) | (16,101) | 683% |
| Taxation Charge | (129,046) | (193,006) | 50% |
| Net Income | <u>488,942</u> | <u>739,318</u> | <u>51%</u> |
| <i>Equity holders of the Bank</i> | 486,214 | 735,648 | 51% |
| <i>Minority interest</i> | 2,728 | 3,670 | 35% |

51%



Net Income Growth
Y-o-Y

Cost / Income

37.2%

Appendix

Balance Sheet - Summary

| <i>(YTL Million)</i> | | December 2008 | March 2009 | % Change |
|------------------------------|------------------------------------|----------------------|-------------------|-----------------|
| Assets | Cash & Banks | 11,977 | 14,723 | 23% |
| | Securities | 26,676 | 27,773 | 4% |
| | Loans to Customers | 53,870 | 54,923 | 2% |
| | Tangible Assets | 1,239 | 1,326 | 7% |
| | Other | 4,426 | 5,447 | 23% |
| | Total Assets | 98,188 | 104,192 | 6% |
| Liabilities & SHE | Deposits from Customers | 55,942 | 61,929 | 11% |
| | Deposits from Banks | 2,119 | 1,712 | (19%) |
| | Repo Obligations | 11,153 | 9,433 | (15%) |
| | Funds Borrowed | 14,224 | 14,190 | 0% |
| | Other | 4,846 | 6,246 | 29% |
| | SHE | 9,904 | 10,682 | 8% |
| | Total Liabilities & SHE | 98,188 | 104,192 | 6% |

Non-recurring items

December 2008:

- I.** The net income resulting from the non-recurring items amounts to **YTL +111 mn**, breakdown of which is;
- i) Other income:
 - Proceeds from NPL sales **YTL +29 mn**
 - ii) Other expense-impairment charge:
 - Provision reversal amounting to **YTL +62 mn** related to defined benefit obligation liability.
 - iii) Taxation expense
 - Deferred tax credit amounting to **YTL +20 mn** related to defined benefit obligation liability

December 2007:

- II.** The net income resulting from the non-recurring items amounts to **YTL +751 mn**, breakdown of which is;
- i) Other income:
 - Gains from insurance and pension & life business subsidiaries stake sale **YTL +704 mn**
 - Gains from custody sale **YTL +148 mn**
 - ii) Other expense:
 - Defined Benefit Obligation: **YTL -165 mn**
 - 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**
 - Tax refund that the Bank collected 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**



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