



GarantiBank

IFRS Earnings Presentation

June 30, 2009



1H 2009: Record Economic Contraction

Following the major global slump in 1Q first signs of recovery strengthened the view that worst is over

- *US and EU economies contracted by 5-6% in 1Q. Economic contraction was even more severe in Japan by 11.5%.*
- *Ample liquidity sustained by major central banks.*
- *Macro economic indicators started to improve in 2Q with rising confidence indices, declining pace of unemployment*
- *Improved economic outlook resulted in oil prices to increase to \$70/barrel from end 2008 \$40/barrel.*

CBT's monetary easing continued at full pace, markets calmer

- *CBT cut policy rate by **625 bps** to **8.75%** from **15%** at the end of 2008*
- *BRSA eased loan loss provisioning burden on banks' balance sheets*

Impact of the macroeconomic crisis became more pronounced in Turkey

- *After the lowest GDP reading in seven years, **1Q09 GDP** growth contracted by **13.8%** -- lowest among 18 emerging market economies despite the most solid financial system*
- *12-month C/A deficit fell to US\$ 30.7 billion as of 1Q09 from US\$ 41.5 billion in 2008-yearend.*
- *CPI continued to decrease, bringing annual inflation **down to 5%** levels **from 10.1%** as of YE '08*
- *Government unveiled an **economic stimulus package** ahead of municipal elections*

All eyes are on the IMF deal

- ***Pace of economic deterioration is slowing***
- *IMF talks continue - Anchor for a faster rebound in economic growth*

1H 2009 Highlights -- Resilient Business Model

Proven ability to generate recurrent income via dynamic balance sheet management

- *Capacity to generate high recurring income:*
 - *Y-o-y net income growth 48%¹ & **ROAE 27%¹** -- even post conservative provisioning (TL 250 mn recognized as general reserves for the period)*
- *Selective and healthy loan **market share** gains*
- *Continued focus on risk-return balance (Garanti NPL²: 3.6% vs. Sector NPL²: 4.6%)*
 - *Lower new NPL formation and higher collections*
 - *Limited write-offs and restructurings*
- ***Coverage ratio increased to 78%** (YE 08: 72%)*
- ***Actively managed securities portfolio**--Increased weight of TL FRNs from 49% at YE 08 to 60%*
- *Utilizing alternative funding sources in managing cost of funds and locking in the high spreads for longer term -- **Loans / Deposits ratio at 84%***
- *High capacity to generate free equity (21% growth ytd) and maintained strong solvency (CAR³ at 16.2%)*
- *Continued **expansion in margin***
- ***Strong capability to generate Net Fees & Commissions** – coverage of Opex remains highest in sector at 66%*
- *Focus on **cost discipline** while investment in retail network expansion continues*
- ***Net customer increase y-o-y is 1 mn***

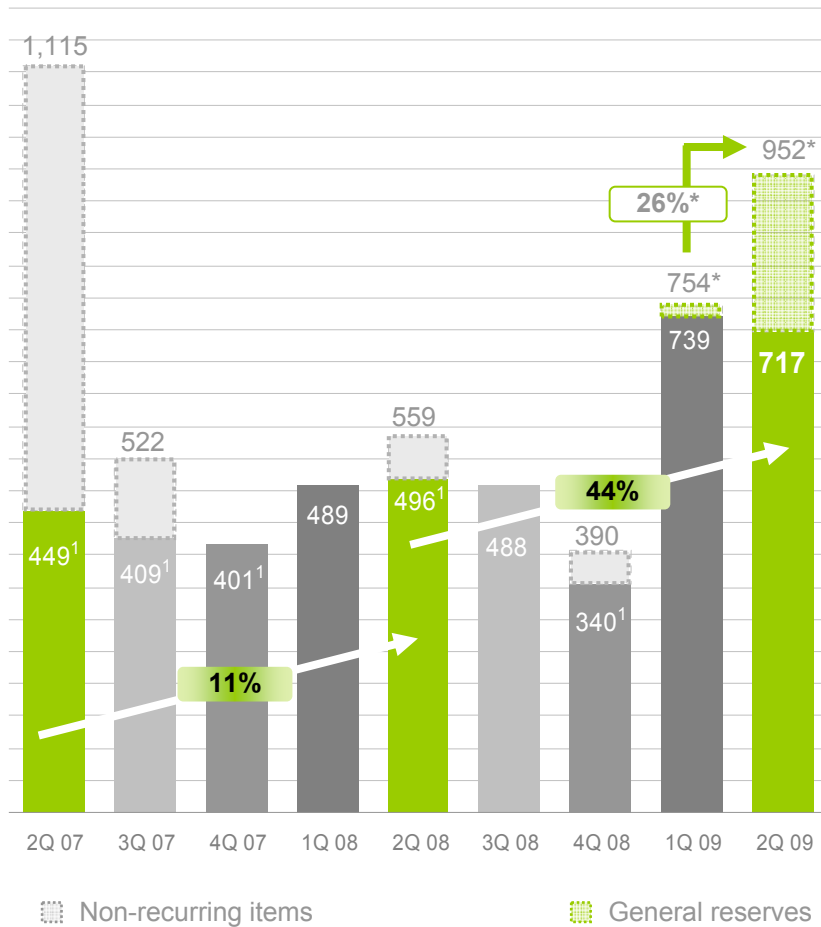
¹ Normalized, please refer to slide 18 for non-recurring items

² Garanti NPL includes leasing and factoring receivables, sector NPL is based on bank-only BRSA weekly data

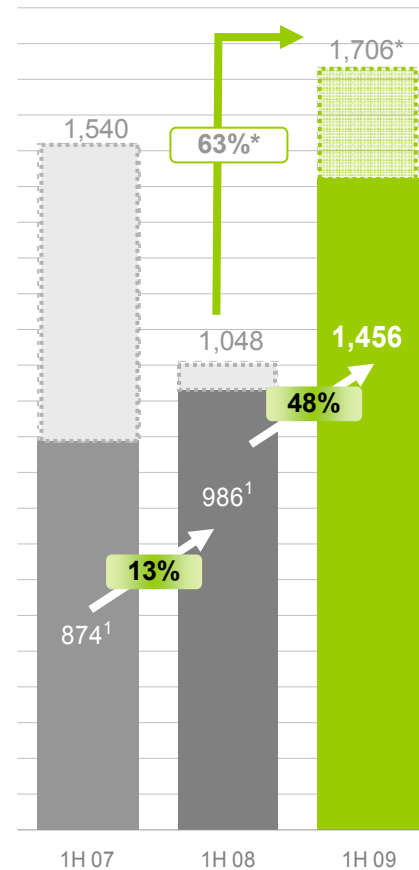
³ As per BRSA consolidated financials

Actively managed balance sheet yielding robust earnings

Quarterly Normalized Net Income¹



Normalized Net Income¹



Earnings¹
Y-o-Y



48%

ROAE
27%

Result of;

Liquid, low risk & well-capitalized B/S

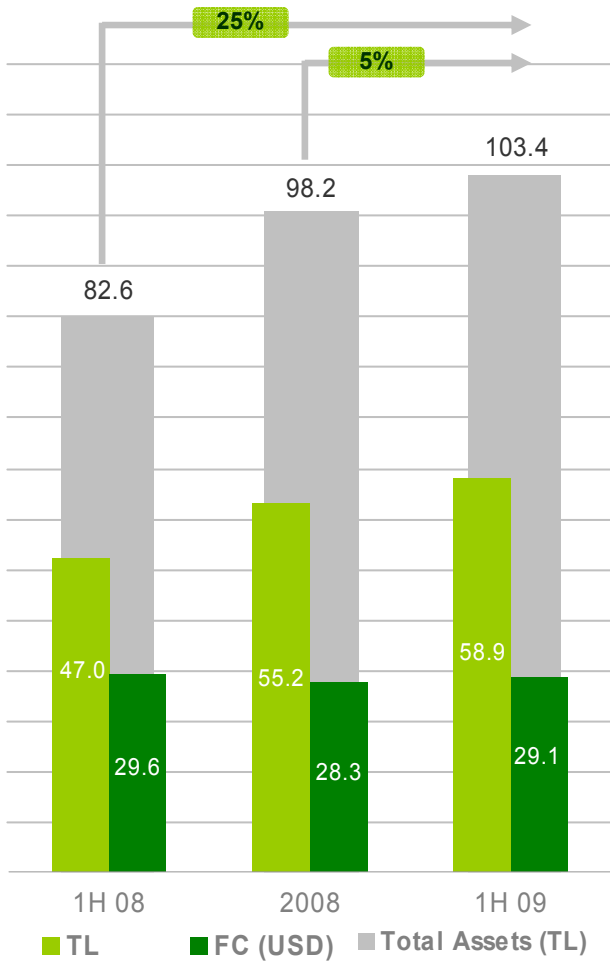
¹ Please refer to Slide 18 for breakdown of non-recurring items

* Net income excluding the effect of general reserve of TL 250mn (1Q 09: TL 15mn & 2Q 09: TL 235mn) provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in economy or market conditions, and fully recognized as expense in the current period

Highly liquid asset mix

Total Assets

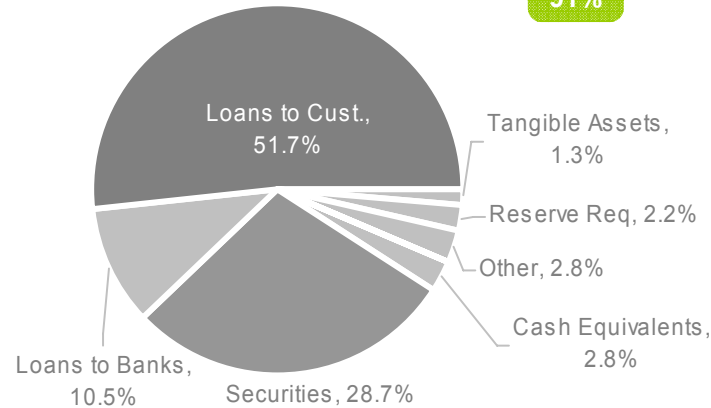
TL / USD Billion



Composition of Assets

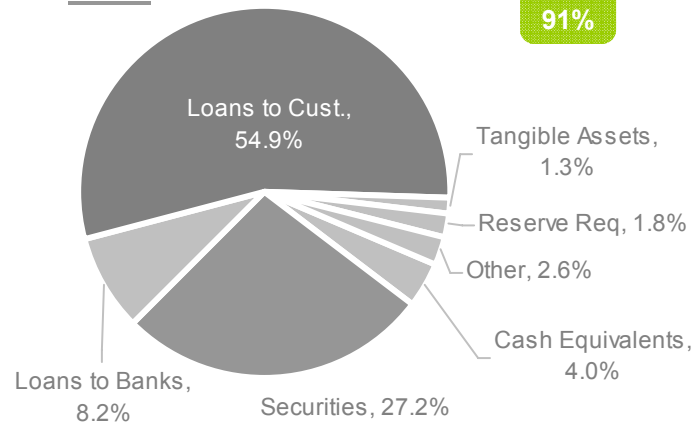
1H 09

IEA's
91%



2008

IEA's
91%



Ytd Growth in:

TL Assets

7%

FC Assets (\$)

3%

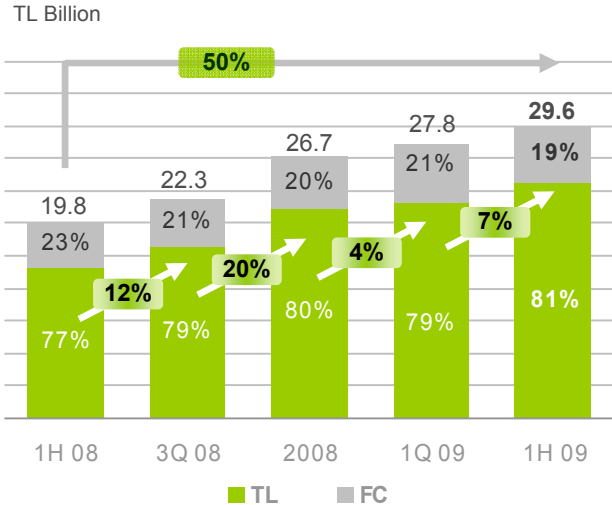
Liquidity Ratio¹

35%

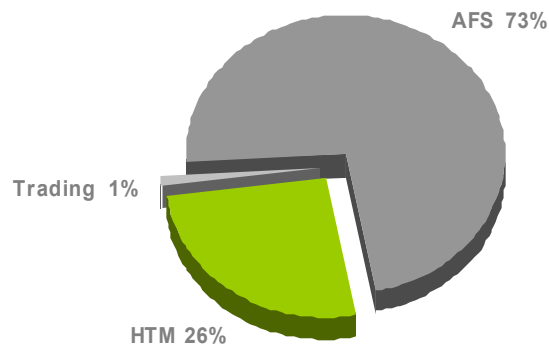
¹ (Cash and cash equivalents+ Loans and advances to banks + Financial assets held for trading + Available for sale securities)/Total Assets

Actively managed securities portfolio: Increased weight of TL FRNs

Total Securities

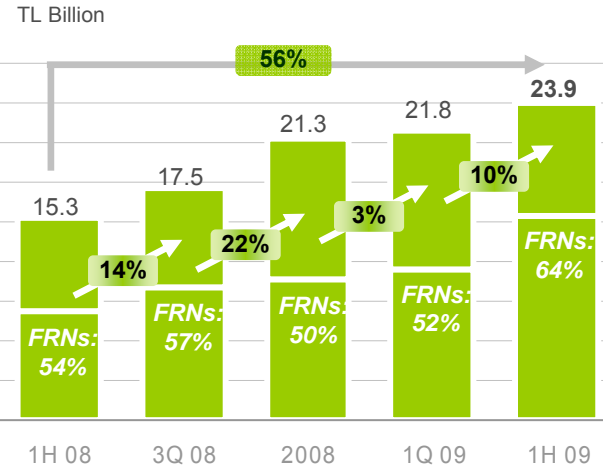


Total Securities Composition

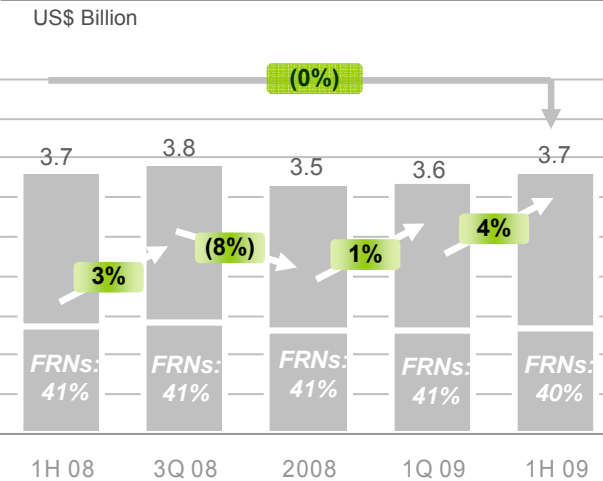


Unrealized gain ~TL 850 mn¹

TL Securities



FC Securities



Securities mix
in assets

29%

TL Weight in Total

81%

FRN's in Total

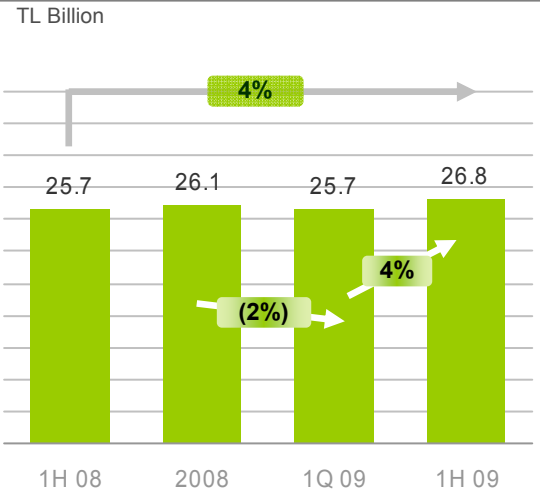
60%

vs. 49% at YE 08

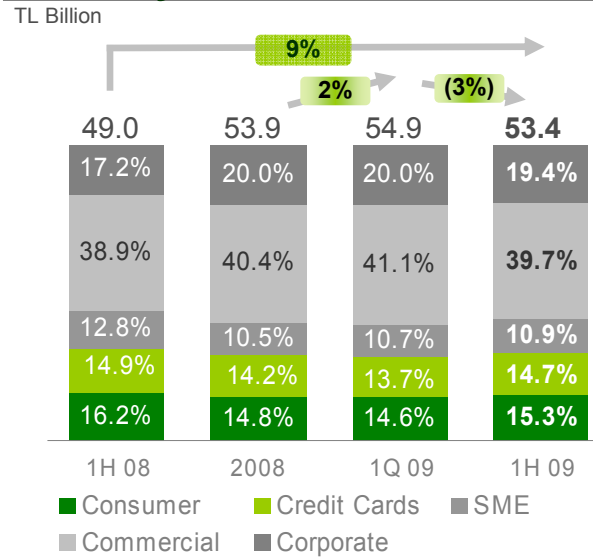
¹* Gross amount of MtM gains of AFS book, the net amount affecting equity is TL 666 mn. Please refer to shareholders' equity and minority interest section in the consolidated statement of financial position
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data

Positive signs in lending kicked in 2Q 09 -- market share maintained

TL Loans¹

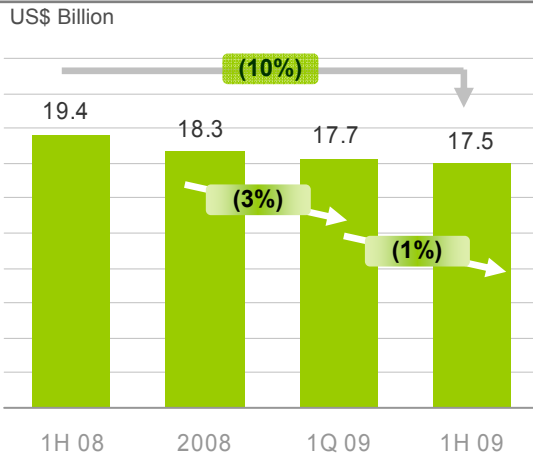


Loans by LOB^{1, 2}

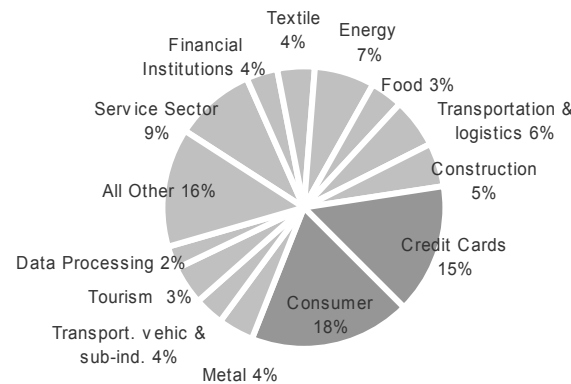


While delivering one of the strongest originations in key products, growth limited due to currency effect and maturing book

FC Loans¹



Loans by Sectoral Breakdown¹



Market Shares³

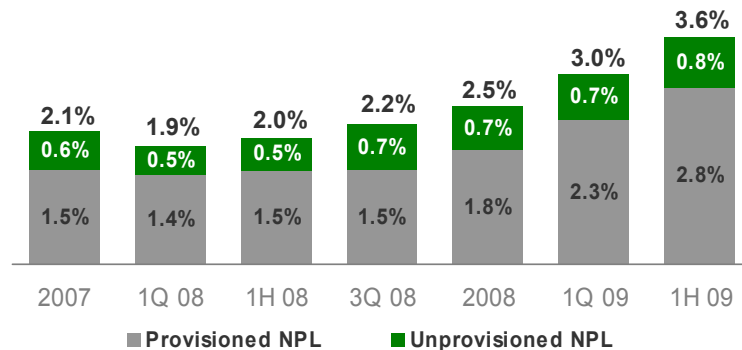
	YTD Δ	1H 09
Total Loans	0 bps ↔	14.5%
TL Loans	0 bps ↔	11.6%
FC Loans	+60 bps ↑	21.7%

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 -- new NPL formation cut pace and collections improved

NPL Ratio & Coverage¹

Coverage Ratio	2007	2008	1Q 09	1H 09
Sector	89%	81%	81%	81%
Garanti				
(IFRS)	73%	72%	78%	78%
(Bank-only)	64%	64%	77%	82%



New NPL formation³
QoQ



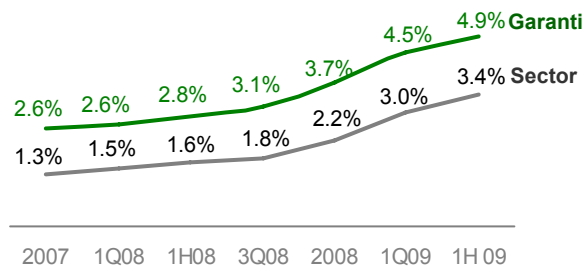
Collections³
QoQ



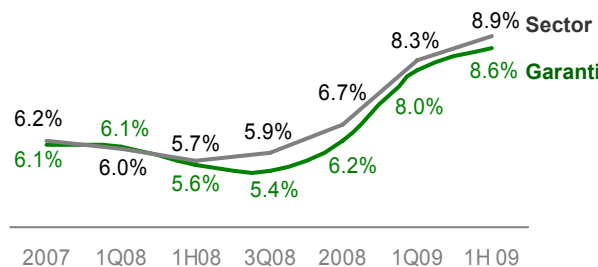
Limited write-offs & restructurings³

NPL Categorisation^{1, 2}

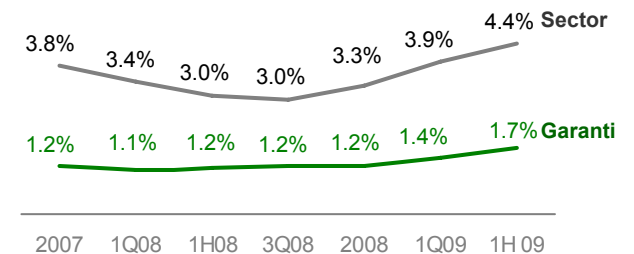
Retail Banking (Consumer & SME Personal)
19% of Garanti's Total Loans



Credit Cards
15% of Garanti's Total Loans



Business Banking (Including SME)
66% of Garanti's Total Loans

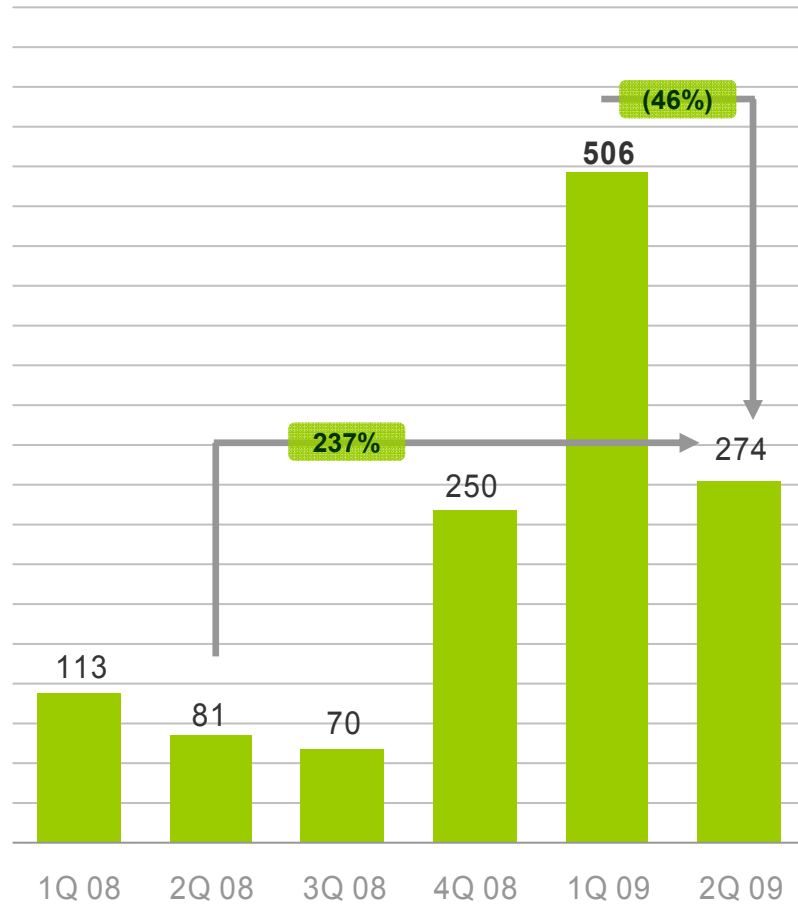


¹ Sector figures are per BRSA bank-only data.
² Garanti NPL categorisation based on bank-only financials
³ Pre-NPL restructurings totaled TL 213mn and NPL restructurings totaled TL 261mn. NPL restructurings had no effect on NPL ratio as they are not yet classified as performing
 Source: BRSA and TBA

NPL coverage level up

Quarterly Loan-Loss Provisions

TL Million



Coverage Ratio



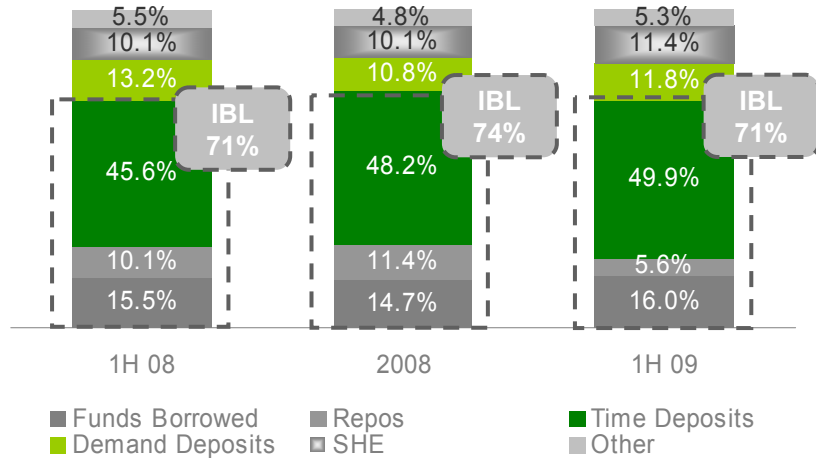
78%

More conservative approach
 → *temporary rise in loan-loss provisions in 2009*

Cost of risk ~ 290 bps

Utilizing alternative funding sources in managing costs and locking in the high spreads for longer term -- Loans / Deposits ratio at 84%

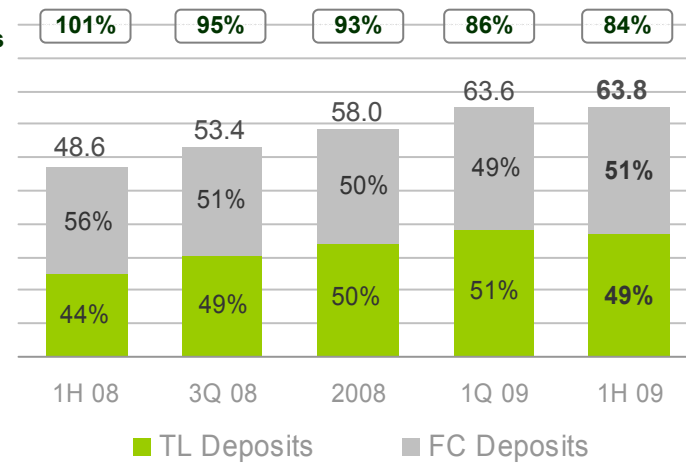
Composition of Liabilities



Total Deposits

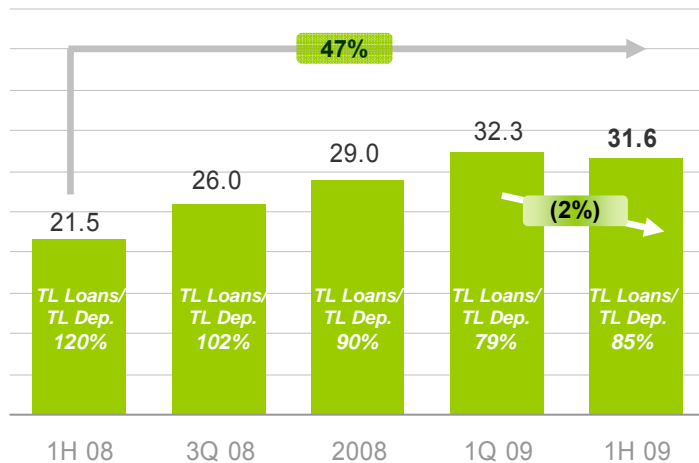
TL Billion

Loans / Deposits



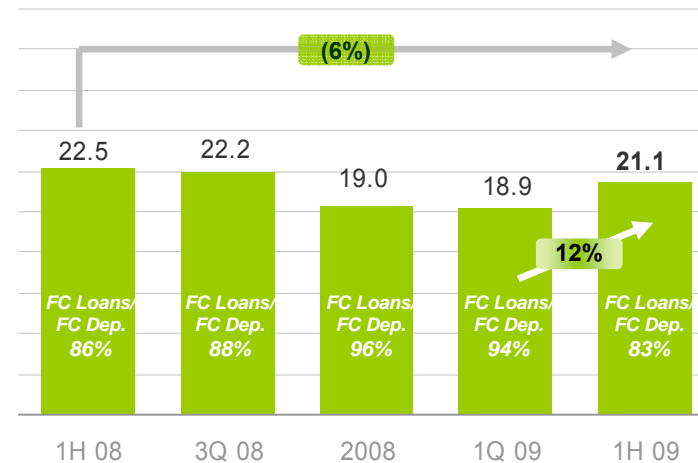
TL Deposits

TL Billion



FC Deposits

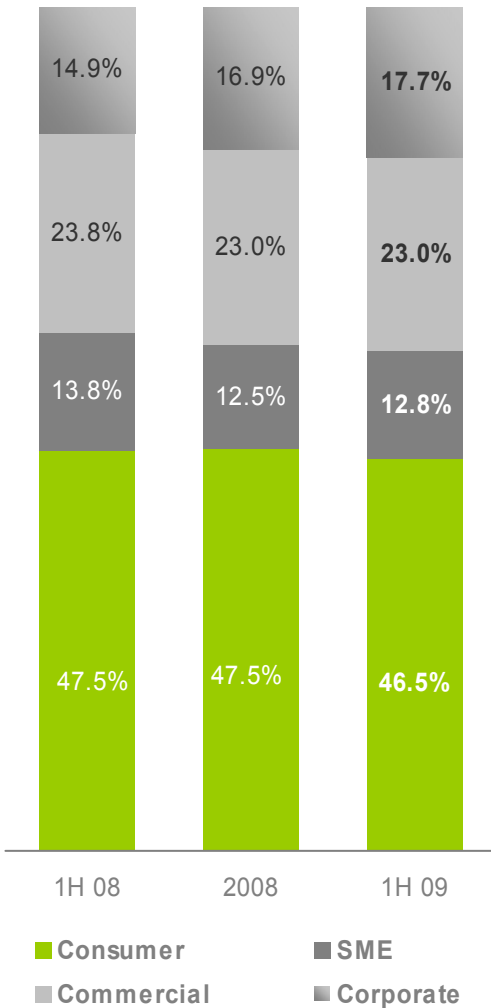
USD Billion



Disciplined stance in deposit pricing translated into another 300bps drop in average time deposit cost in 2Q 09

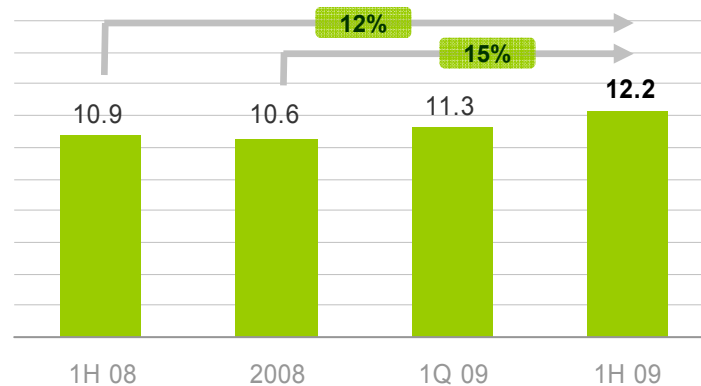
Deposits by LOB¹

(Excluding bank deposits)



Demand Deposits

TL Billion



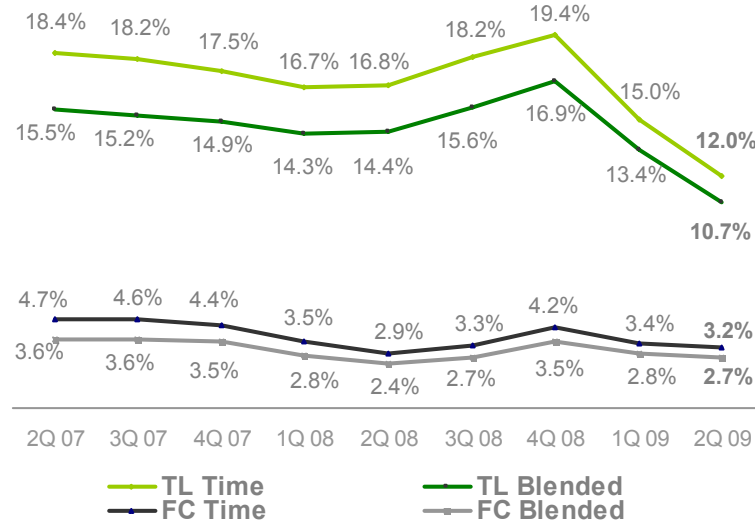
Demand Deposits

Ytd Growth

15% vs.
Sector's **9%**

Cost of Deposits¹

Quarterly Averages



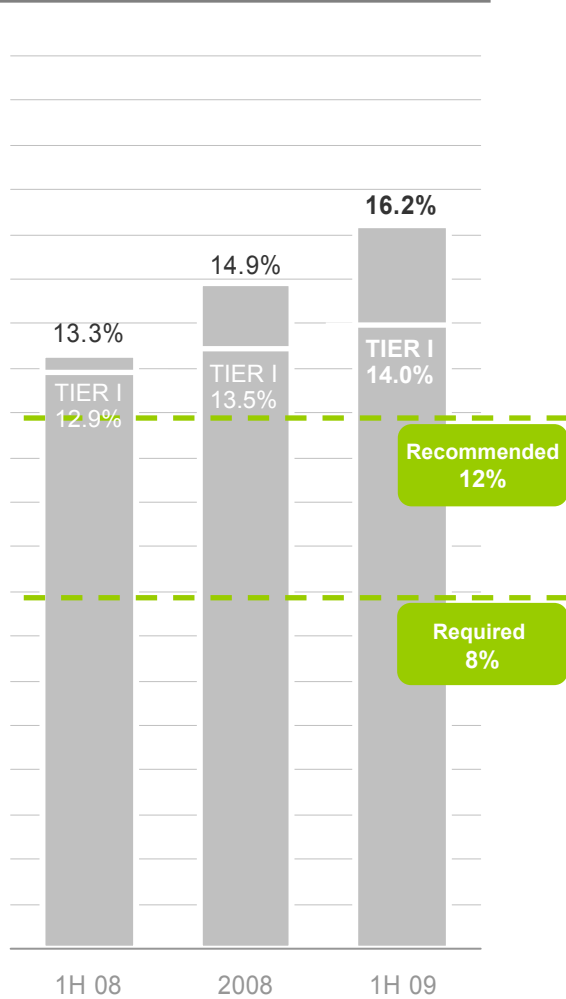
Demand Deposit Market Share²

15%

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.

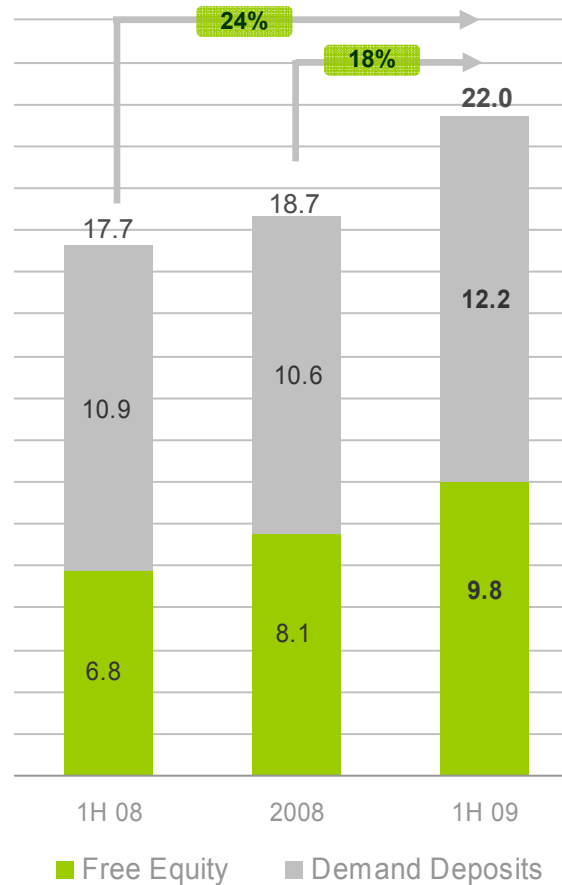
Robust earnings and healthy asset mix sustains the ability to generate strong free equity -- 21% growth in 1H 09

CAR¹



Free Funds

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



Free Equity

Ytd



Leverage Ratio



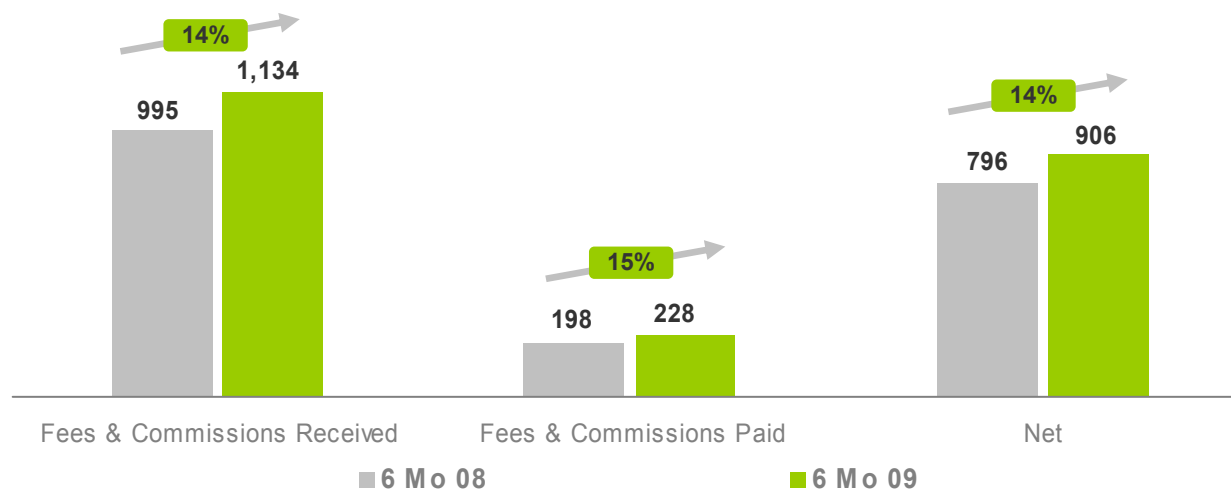
Well positioned for future growth

Sustained highest capacity to generate ordinary banking income

(YTL Thousand)	6 Mo 08	6 Mo 09	Change
Net Interest Inc.Adj.by net FX gains & Trading loss	1,859,078	3,231,818	74%
Fees and Commissions, net	796,342	906,072	14%
Provision on Loans and Securities	(198,521)	(779,588)	293%
Ordinary Banking Income	2,456,899	3,358,302	37%

Fees and Commissions

TL Millions



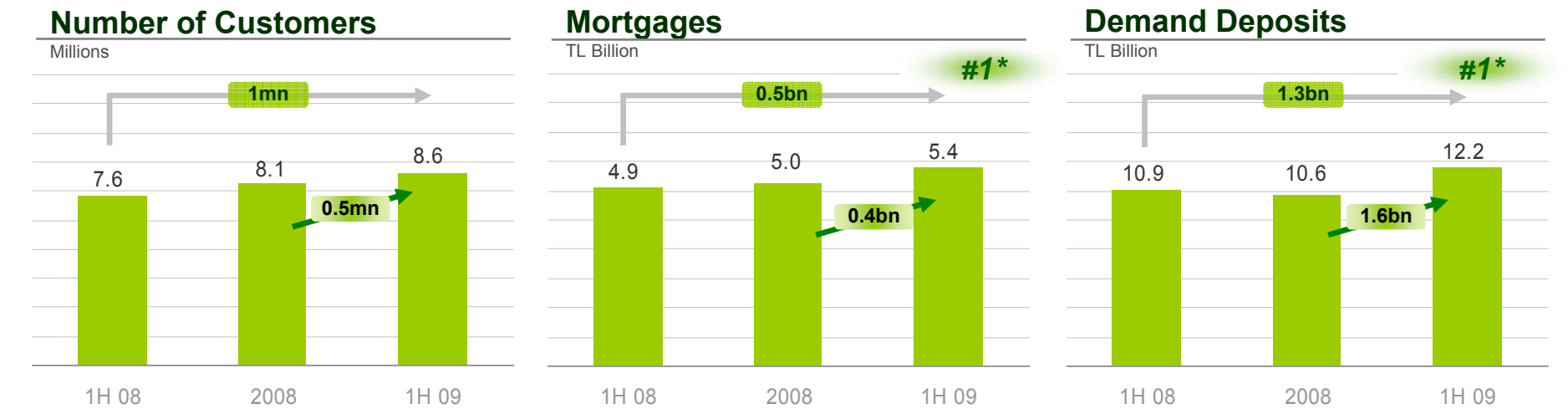
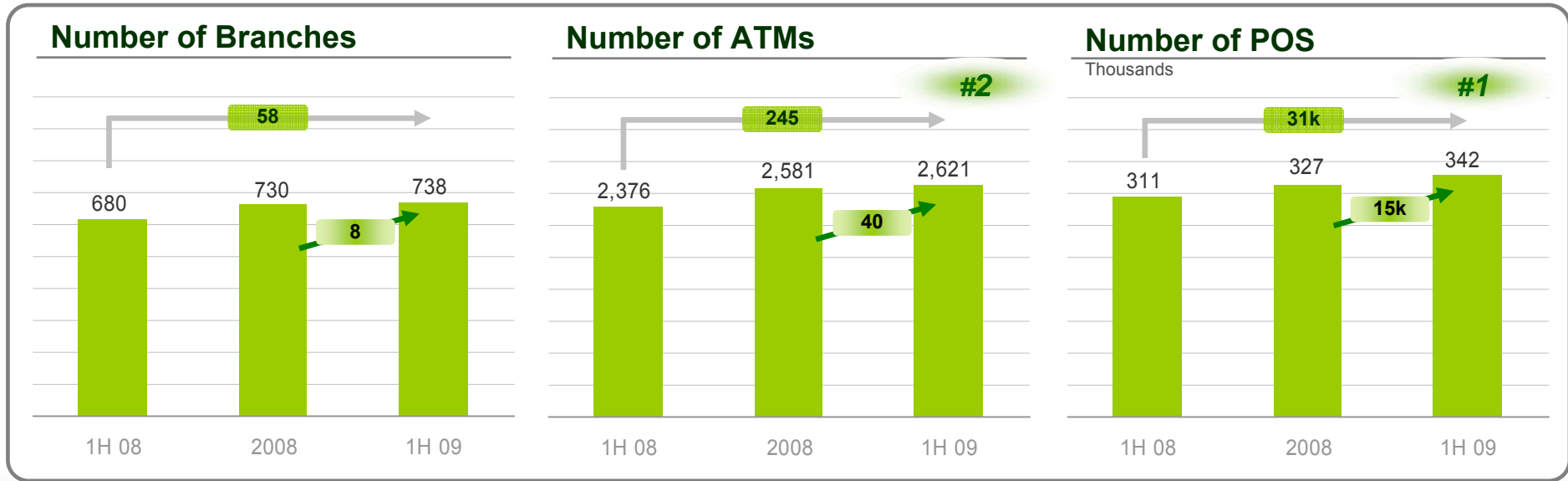
37%



Ordinary Banking Income

Y-o-Y

Strengthened retail network -- ~500K of net customer increase in 1H 09



* Mortgage and demand deposit ranks are as of 1Q 09
 1 Excluding accruals on mortgage loans
 Note: All figures are per bank-only data except for mortgages and demand deposits

...resulted in record profitability again

<i>(TL Thousand)</i>	6 Mo '08	6 Mo '09	Growth
Net Interest Inc.Adj.by net FX gains & Trading loss	1,859,078	3,231,818	74%
Net Fees & Comm. Income	796,342	906,072	14%
Provision on Loans and Securities	(198,521)	(779,588)	293%
Ordinary Banking Income	2,456,899	3,358,302	37%
Other Non-Interest Income ¹	96,543	143,853	49%
Total Operating Income¹	2,553,442	3,502,155	37%
Operating Expenses	(1,270,004)	(1,365,537)	8%
Operating Income¹	1,283,438	2,136,618	66%
Other Provisions ²	(33,823)	(251,215)	643%
Taxation Charge ¹	(263,741)	(428,958)	63%
Normalized Net Income^{1,2}	985,874	1,456,445	48%
Non-recurring Items	61,818	-	n.m.
Net Income	1,047,692	1,456,445	39%
<i>Equityholders of the Bank</i>	1,042,452	1,448,659	39%
<i>Minority Interest</i>	5,240	7,786	49%

48%

Net Income¹ Growth
Y-o-Y

Cost / Income

40.2%

¹ Normalized, please refer to slide 18 for non-recurring items

² Net income including the effect of general reserve of TL 250mn provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in economy or market conditions, and fully recognized as expense in the current period

Appendix

Balance Sheet - Summary

<i>(YTL Million)</i>		December 2008	June 2009	% Change
Assets	Cash & Banks	11,977	13,757	15%
	Securities	26,676	29,640	11%
	Loans to Customers	53,870	53,448	(1%)
	Tangible Assets	1,239	1,343	8%
	Other	4,426	5,205	18%
	Total Assets	98,188	103,393	5%
Liabilities & SHE	Deposits from Customers	55,838	61,615	10%
	Deposits from Banks	2,119	2,177	3%
	Repo Obligations	11,153	5,777	(48%)
	Funds Borrowed	14,391	16,520	15%
	Other	4,783	5,528	16%
	SHE	9,904	11,776	19%
Total Liabilities & SHE	98,188	103,393	5%	

Non-recurring items

December 2008:

I. The net income resulting from the non-recurring items amounts to **TL +111 mn**, breakdown of which is;

- i) Other income:
 - Proceeds from NPL sales **TL +29 mn**
- ii) Other expense-impairment charge:
 - Provision reversal amounting to **TL +62 mn** related to defined benefit obligation liability.
- iii) Taxation expense
 - Deferred tax credit amounting to **TL +20 mn** related to defined benefit obligation liability

June 2008:

I. The net income resulting from the non-recurring items amounts to **TL +62 mn**, breakdown of which is;

- i) Other income:
 - Proceeds from NPL sales **TL +29 mn**
- ii) Taxation expense:
 - Tax credit of **TL +33 mn** related to defined benefit obligation liability

December 2007:

II. The net income resulting from the non-recurring items amounts to **TL +751 mn**, breakdown of which is;

- i) Other income:
 - Gains from insurance and pension & life business subsidiaries stake sale **TL +704 mn**
 - Gains from custody sale **TL +148 mn**
- ii) Other expense:
 - Defined Benefit Obligation: **TL -165 mn**
 - Banking Insurance and transaction tax related to custody sale **TL -7 mn**
- iii) Taxation expense
 - Tax expense of insurance and pension & life business subsidiaries stake sale **TL -38 mn**
 - Tax expense of custody sale **TL -28 mn**
 - Tax refund that the Bank collected through conciliation from the tax office, due to the prepaid taxes in 2005 **TL +131 mn**
 - Tax refund on an existing unused investment incentive certificate **TL +6 mn**



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