



GarantiBank

BRSA Consolidated Earnings Presentation

June 30, 2009



1H 2009: Record Economic Contraction

Following the major global slump in 1Q first signs of recovery strenghtened 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*

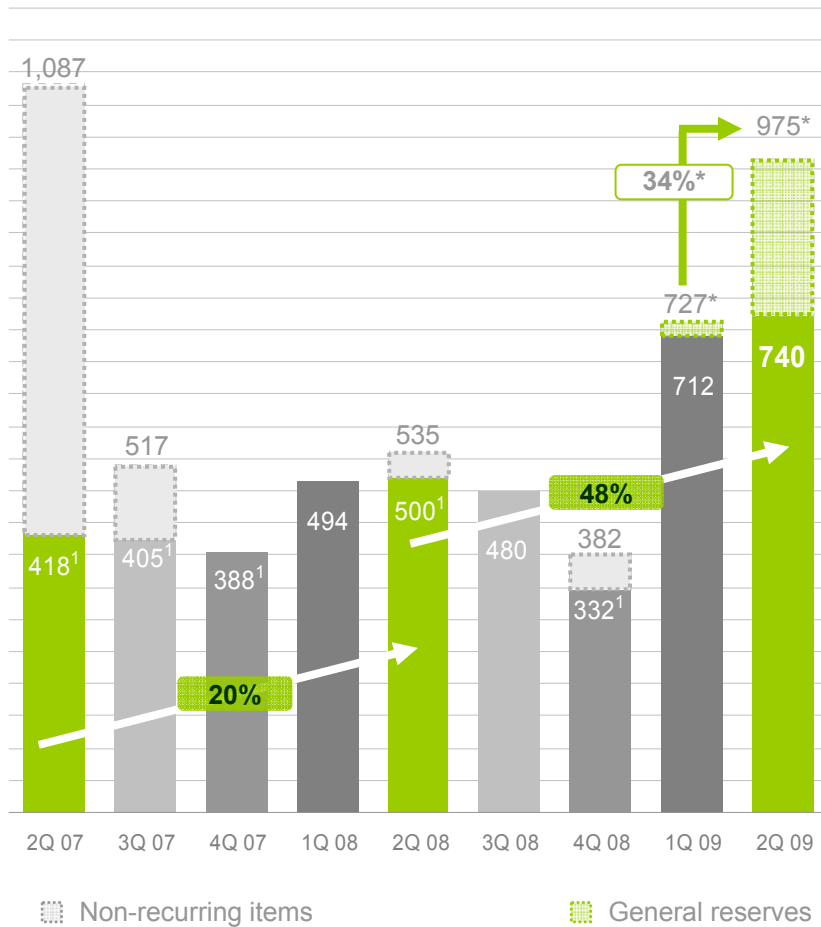
1H 2009 Highlights -- Resilient Business Model

Proven ability to generate recurrent income via dynamic balance sheet management

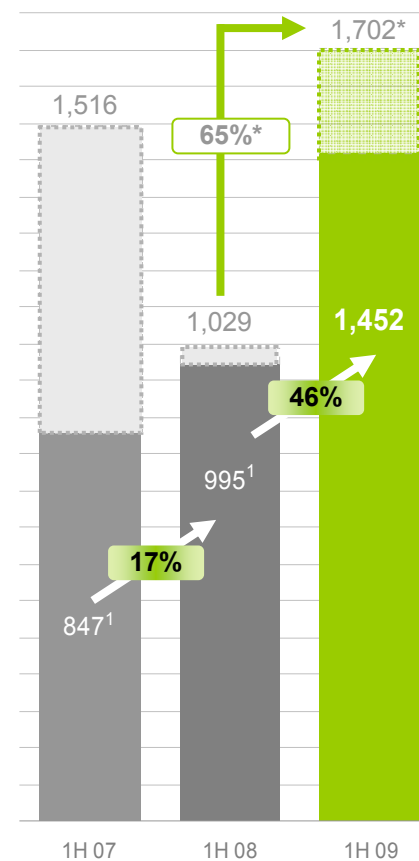
- *Capacity to generate high recurring income:*
 - *Y-o-y net income growth 46% & **ROAE 28%** -- even post conservative provisioning (TL 250 mn recognized as general reserves for the period)*
- *Selective and healthy loan **market share** gains*
- *Continued focus on risk-return balance (Garanti NPL: 3.3% vs. Sector NPL: 4.6%)*
 - *Lower new NPL formation and higher collections*
 - *Limited write-offs and restructurings*
- ***Coverage ratio increased to 82%** excelling sector average of 81% (YE 08: 64%, 1Q 09: 77%, 1H 09: 82%)*
- ***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 82%***
- *High capacity to generate free equity (25% growth ytd) and maintained strong solvency (CAR at 16.2%)*
- *Continued **expansion in margin***
- ***Strong capability to generate Net Fees & Commissions** – coverage of Opex remains highest in sector at 69%*
- *Focus on **cost discipline** while investment in retail network expansion continues*
- ***Net customer increase y-o-y is 1 mn***

Actively managed balance sheet yielding robust earnings

Quarterly Normalized Net Income¹



Normalized Net Income¹



Earnings¹
Y-o-Y



46%

ROAE
28%

Result of:

Liquid, low risk & well-capitalized B/S

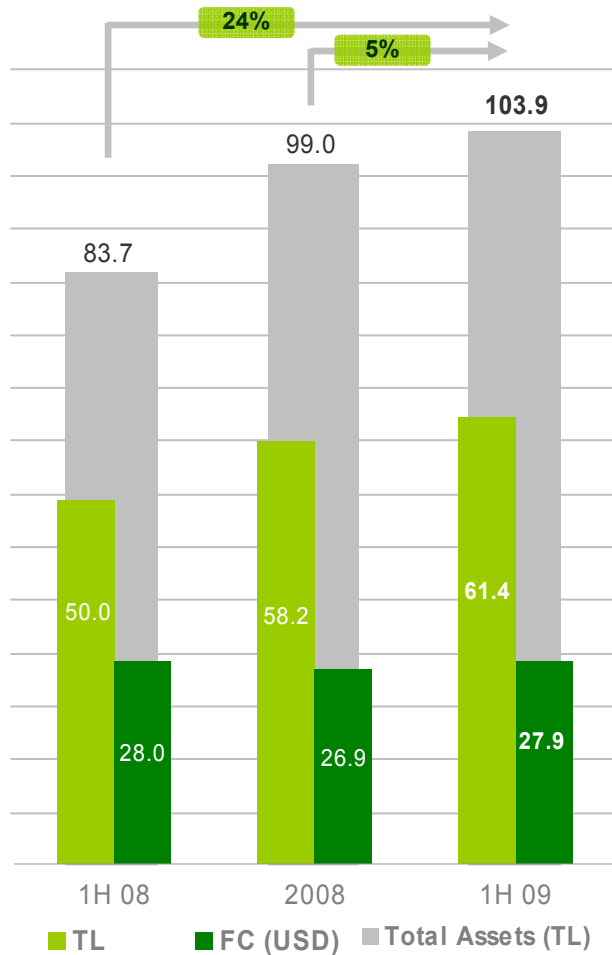
¹ Please refer to Slide 22 for breakdown of non-recurring items

* 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

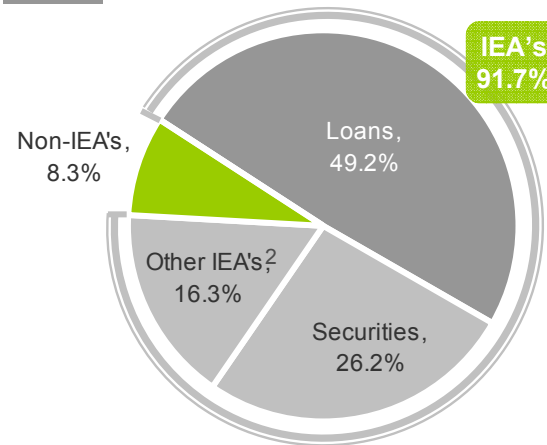
Total Assets

TL / USD Billion

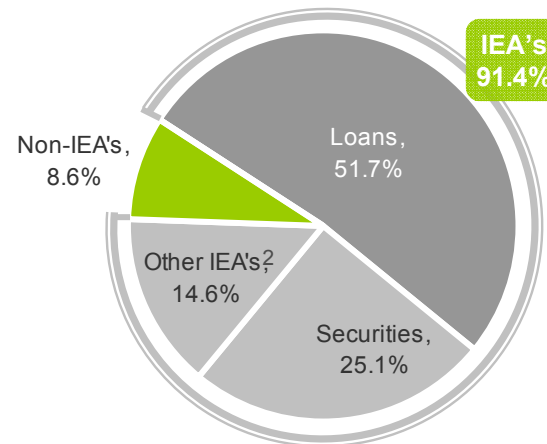


Composition of Assets¹

1H 09



2008



Ytd Growth in:

TL Assets

5%

FC Assets (\$)

4%

Liquidity Ratio³

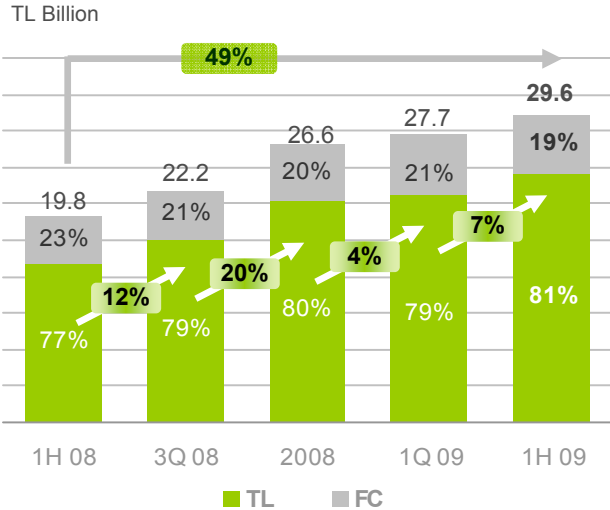


34%

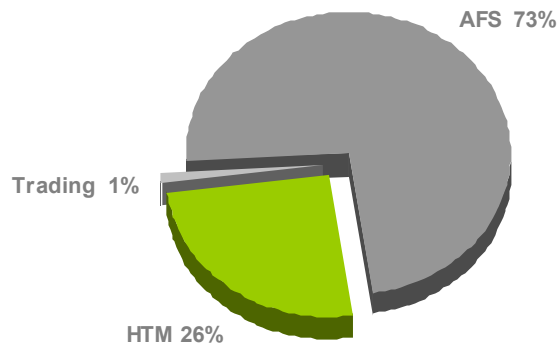
¹ Accrued interest on B/S items are shown in non-IEAs
² Other IEA's include factoring and leasing receivables
³ (Cash and banks + trading securities + AFS) / Assets

Actively managed securities portfolio: Increased weight of TL FRNs

Total Securities

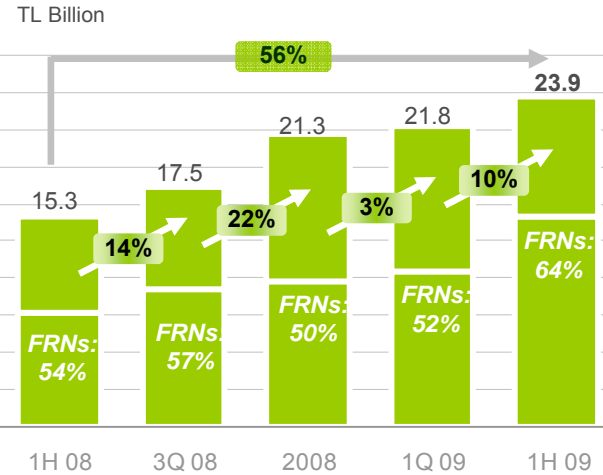


Total Securities Composition

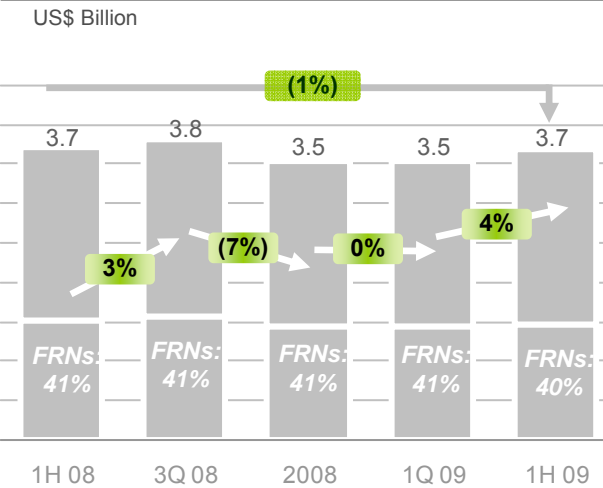


Unrealized gain ~TL 850 mn*

TL Securities



FC Securities



Securities mix
in assets

26%

TL Weight in Total

81%

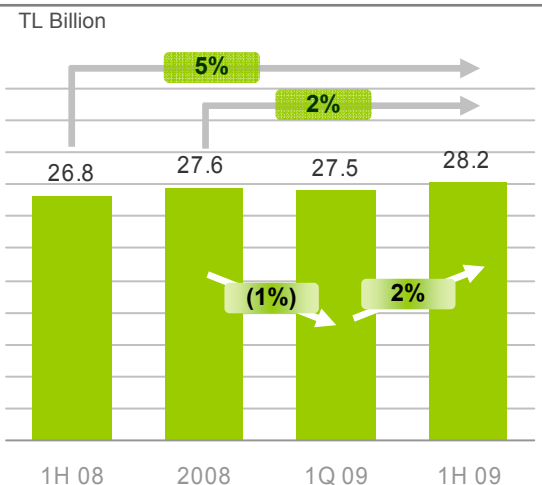
FRN's in Total

60%

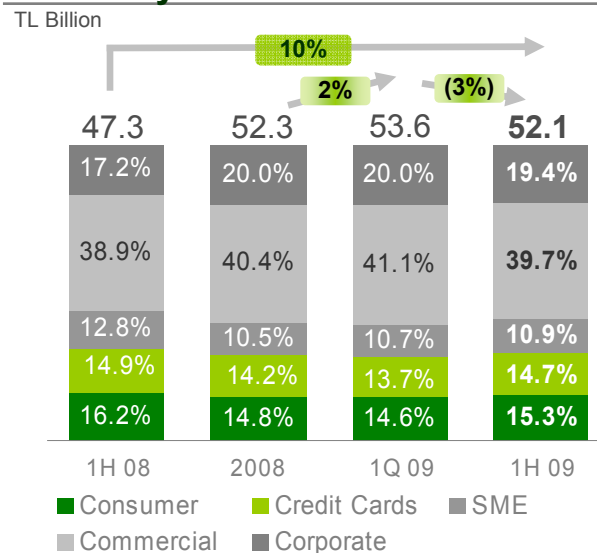
vs. 49% at YE 08

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

TL Loans¹

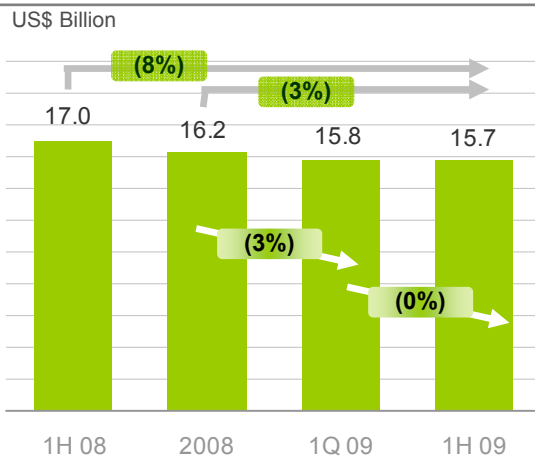


Loans by LOB^{1, 2}

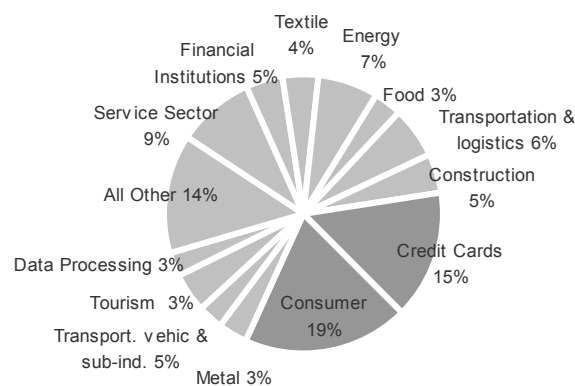


While delivering one of the strongest originations in key products, growth limited due to currency effect and maturing book

FC Loans¹



Loans by Sectoral Breakdown^{1,3}



Market Shares³

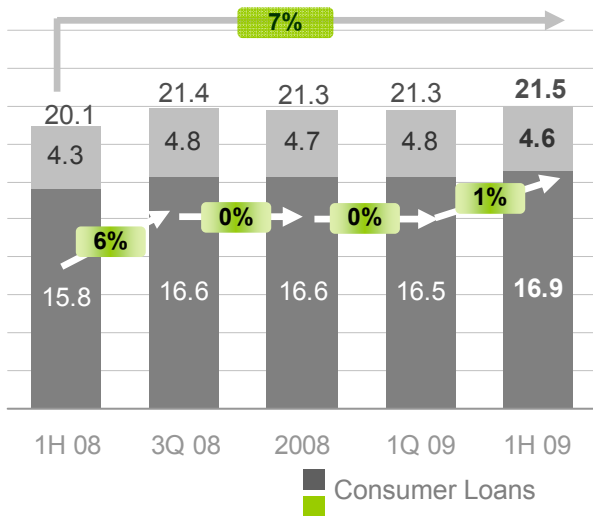
	YTD Δ	1H 09
Total Loans	0 bps ↔	14.5%
TL Loans	0 bps ↔	11.6%
FC Loans	+60 bps ↑	21.7%

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

Improving consumer sentiment reflected in retail lending

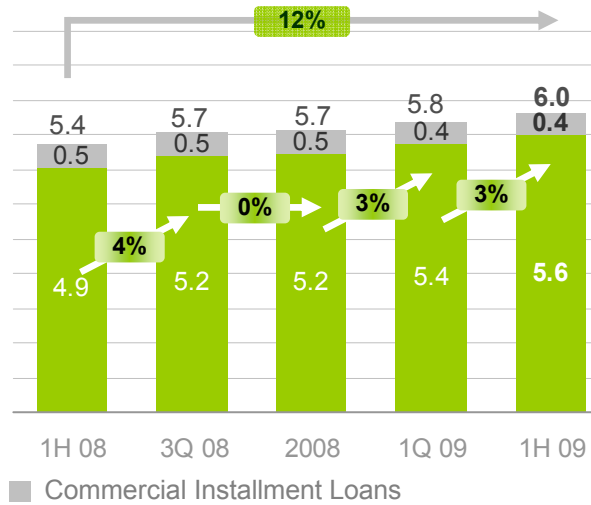
Retail Loans¹

TL Billion



Mortgage Loan Growth

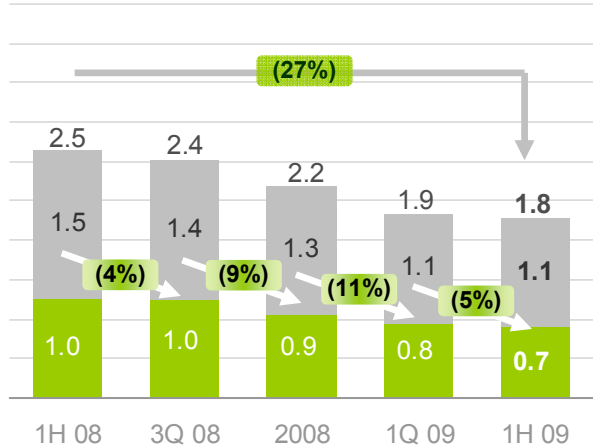
TL Billion



Captured 1 out of 4 mortgage volume originations in the sector despite resistance in pricing

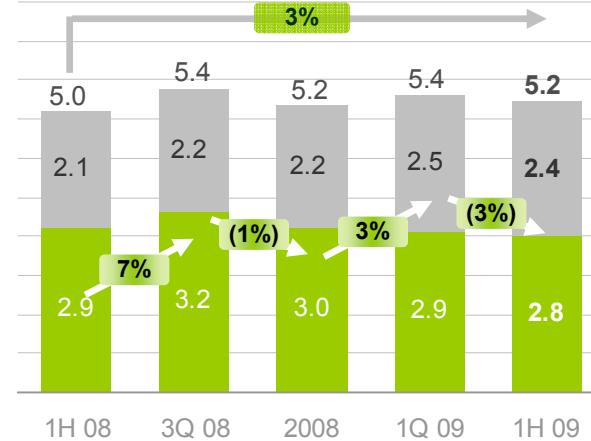
Auto Loan Growth

TL Billion



General Purpose Loan Growth

TL Billion



Market Shares^{2,3}

	YTD Δ	1H 09
Mortgage	+70 bps ↑	14.7%
Auto	+30 bps ↑	15.3%
General Purpose	-40 bps ↓	9.5%
Retail ¹	0 bps ↔	13.8%

¹ Including consumer, commercial installment, overdraft accounts, credit cards and other

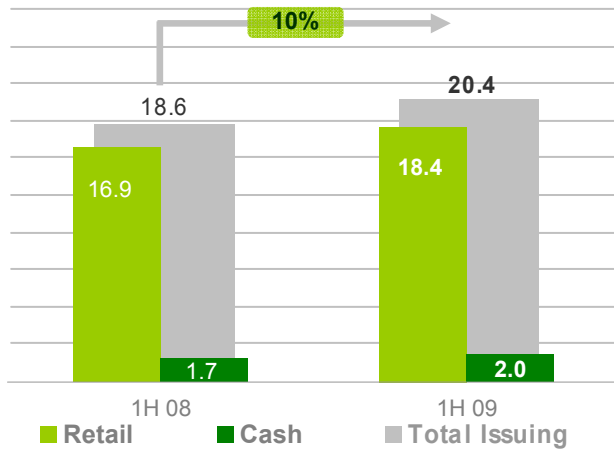
² Including consumer and commercial installment loans

³ Sector figures are based on bank-only BRSA weekly data, commercial banks only, Garanti figures are based on bank-only financials

The success of the new card programs "Money" and "Shop & Miles Amex", launched in 2Q 09 -- immediately seen in results

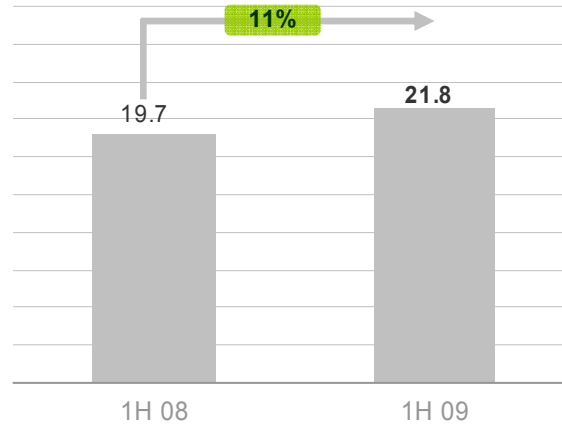
Issuing Volume

TL Billion



Acquiring Volume

TL Billion

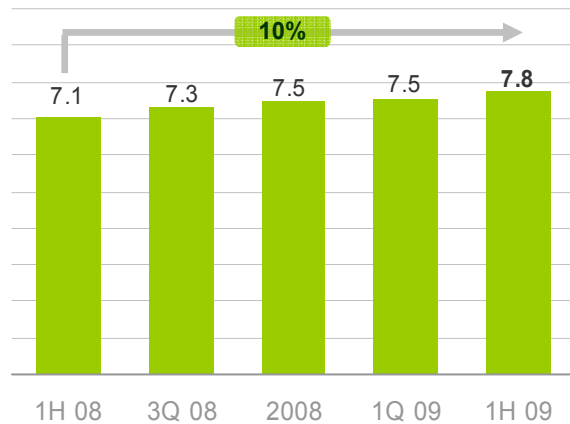


#1 in
Acquiring Volume
& *Strong #2* in
Issuing Volume



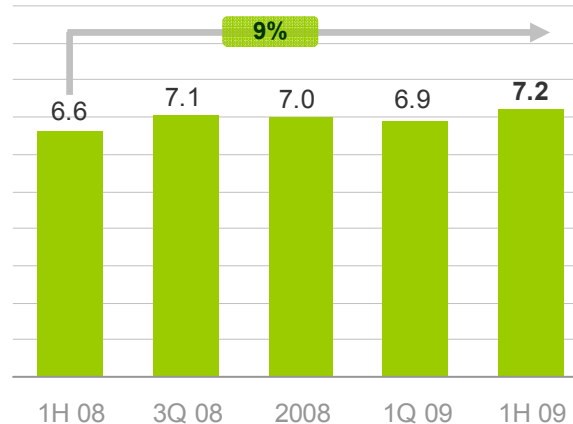
No. of Credit Cards

In Million



Credit Card Balances

TL Billion



Market Shares

	YTD Δ	1H 09	Rank
Acquiring	-10 bps ↓	22.2%	#1
Issuing	-20 bps ↓	20.9%	#2
# of Credit Cards	+30 bps ↑	17.6%	#1
POS ¹	0 bps ↔	20.0%	#1
ATM	-20 bps ↓	11.6%	#2

¹ Including shared POS

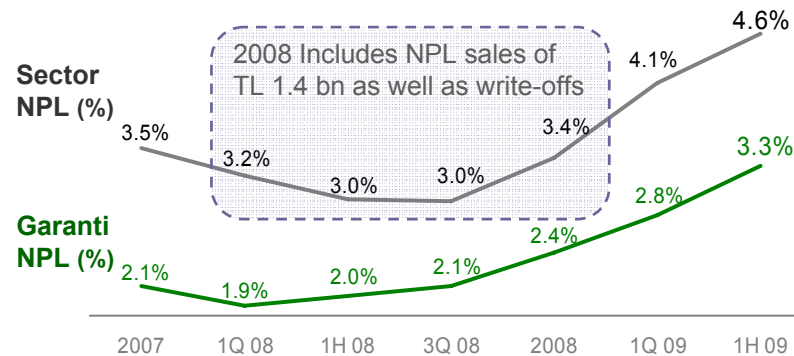
² Annualized

Note: All figures are based on bank-only data excluding credit card balances

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	64%	64%	77%	82%



New NPL formation
QoQ



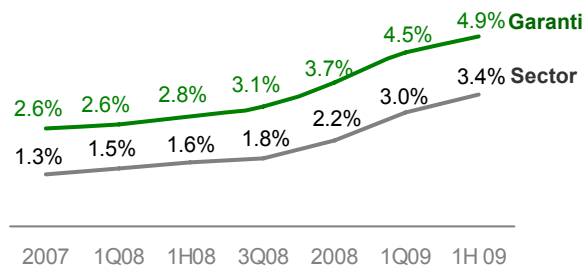
Collections
QoQ



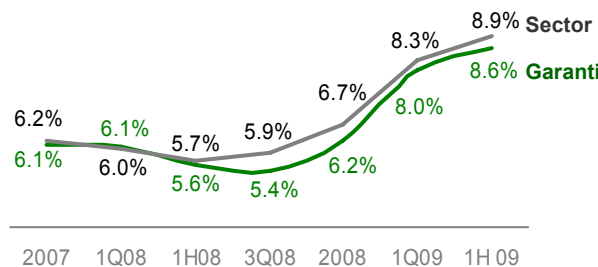
Limited write-offs & restructurings³

NPL Categorisation^{1,2}

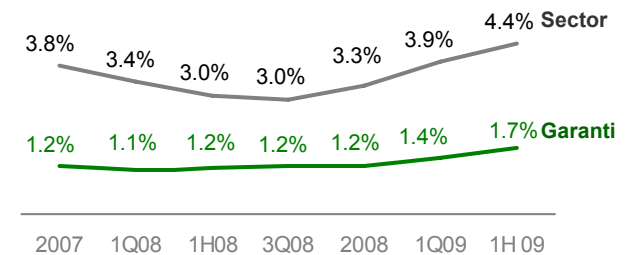
Retail Banking (Consumer & SME Personal)
19% of Garanti's Total Loans



Credit Cards
15% of Garanti's Total Loans



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

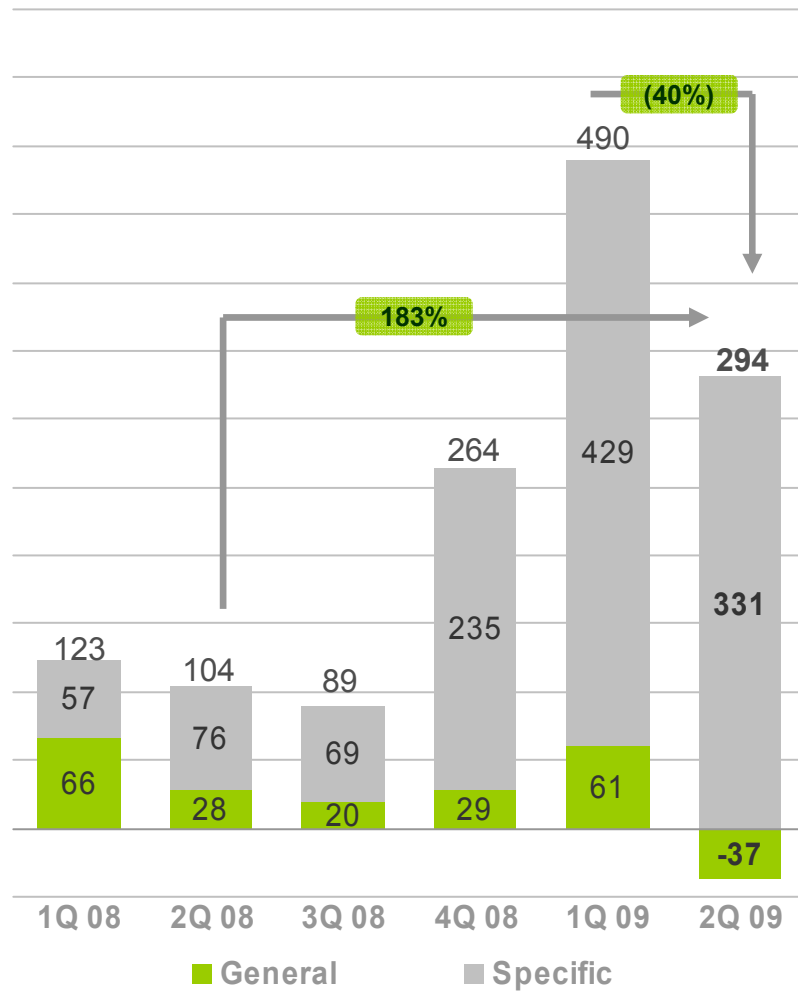


¹ Sector figures are per BRSA bank-only data. Bank-only NPL ratios for Garanti are; 3.5% for 1H 09, 2.9% for 1Q 09, 2.4% for YE 2008 and 2.2% for YE 2007
² Garanti NPL categorisation based on bank-only financials
³ Pre-NPL restructurings totaled TL 213mn and NPL restructurings totaled TL 261mn. NPL restructurings had no effect on NPL ratio as they are not yet classified as performing
 Source: BRSA, TBA & CBT

NPL coverage level up -- excelling sector average

Quarterly Loan-Loss Provisions

TL Million



Coverage Ratio



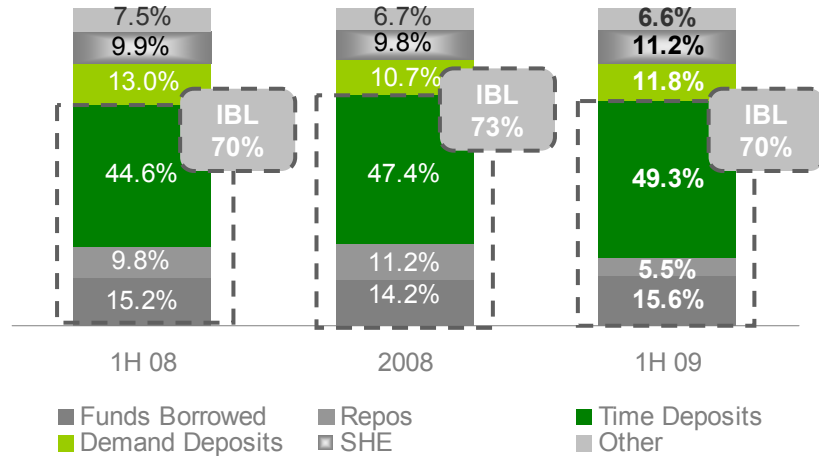
82%

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

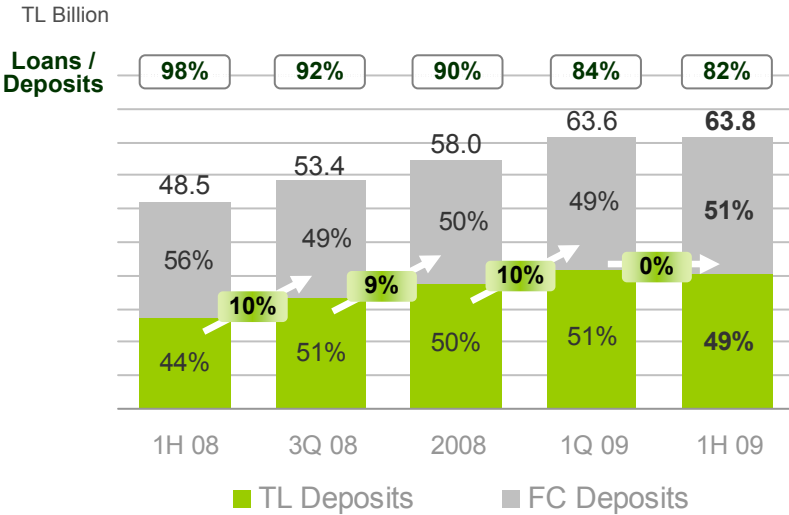
Cost of risk < 300 bps

Utilizing alternative funding sources in managing costs and locking in the high spreads for longer term -- Loans / Deposits ratio at 82%

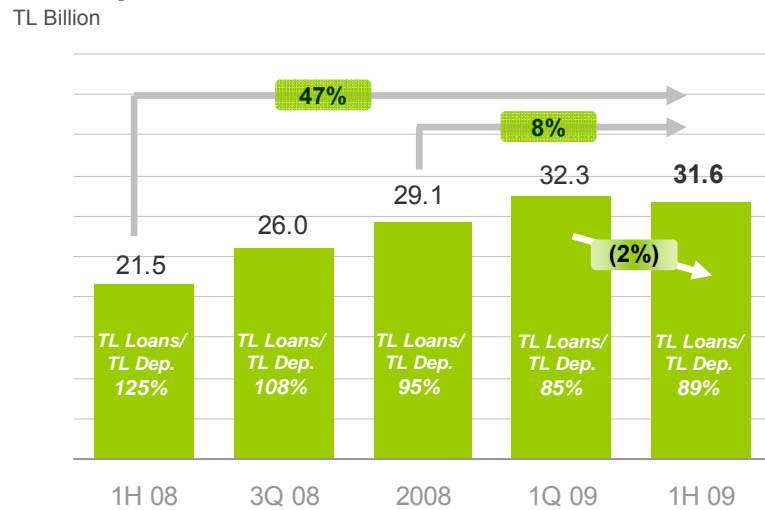
Composition of Liabilities¹



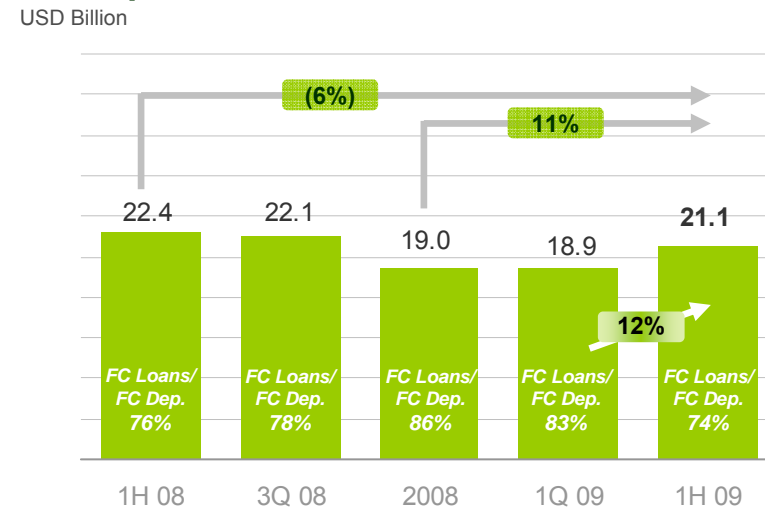
Total Deposits



TL Deposits



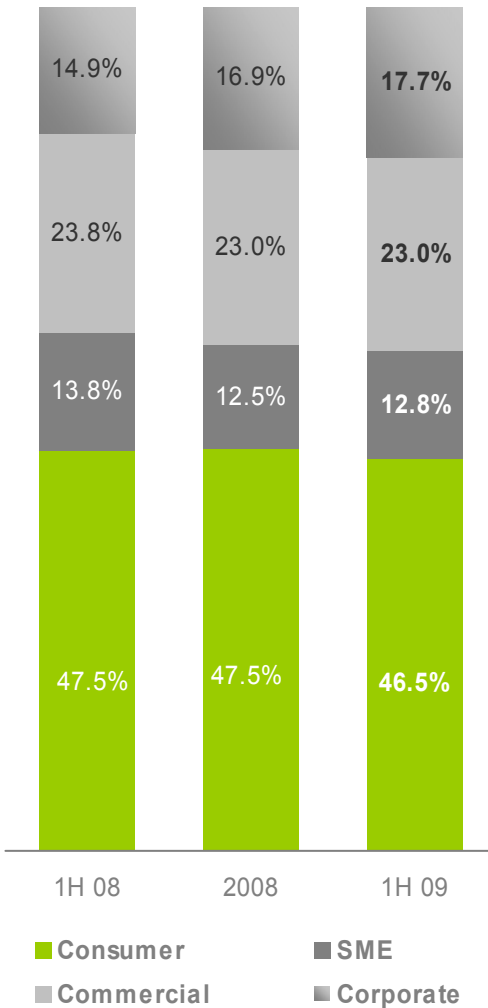
FC Deposits



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

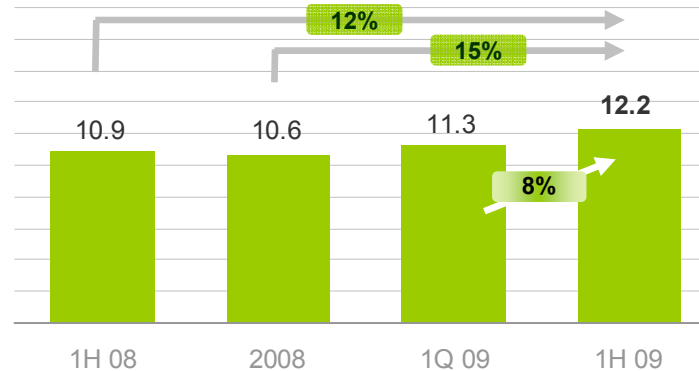
Deposits by LOB¹

(Excluding bank deposits)



Demand Deposits

TL Billion



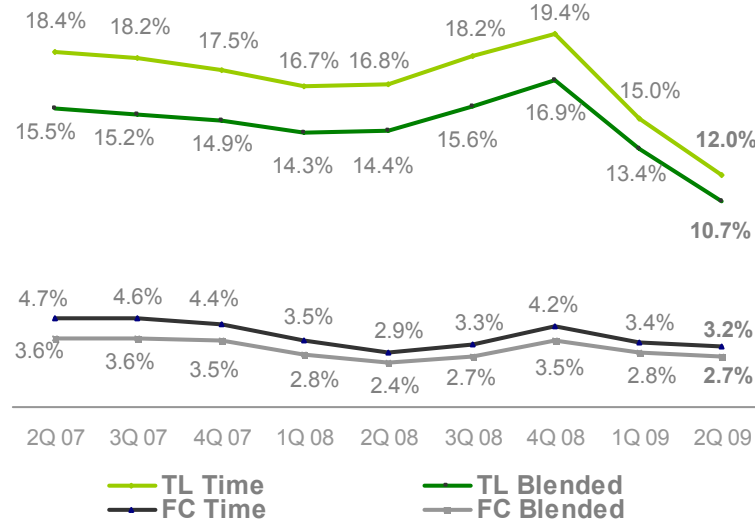
Demand Deposits

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

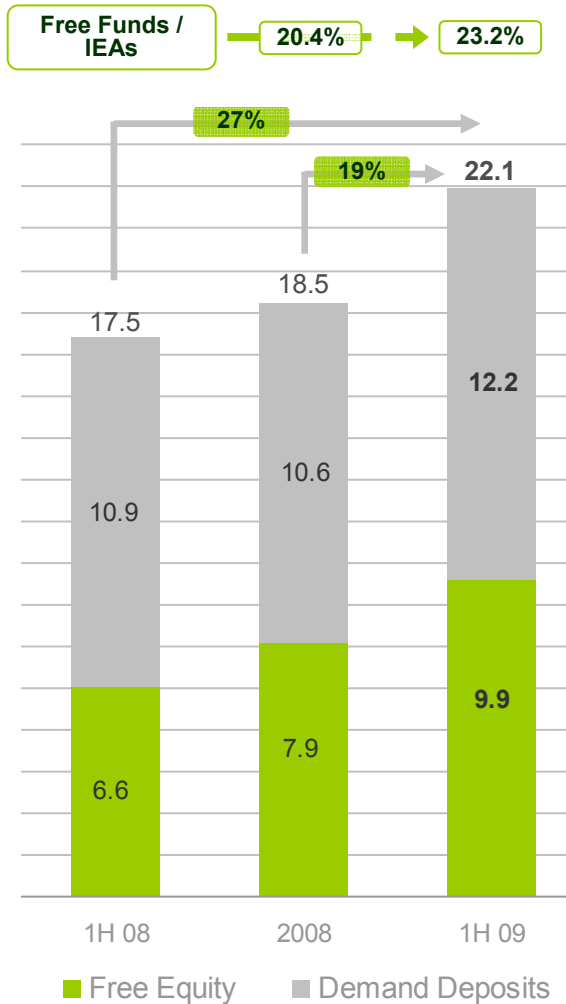
Robust earnings and healthy asset mix sustains the ability to generate strong free equity -- 25% growth in 1H 09

CAR



Free Funds

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



Free Equity

Ytd

↑
25%

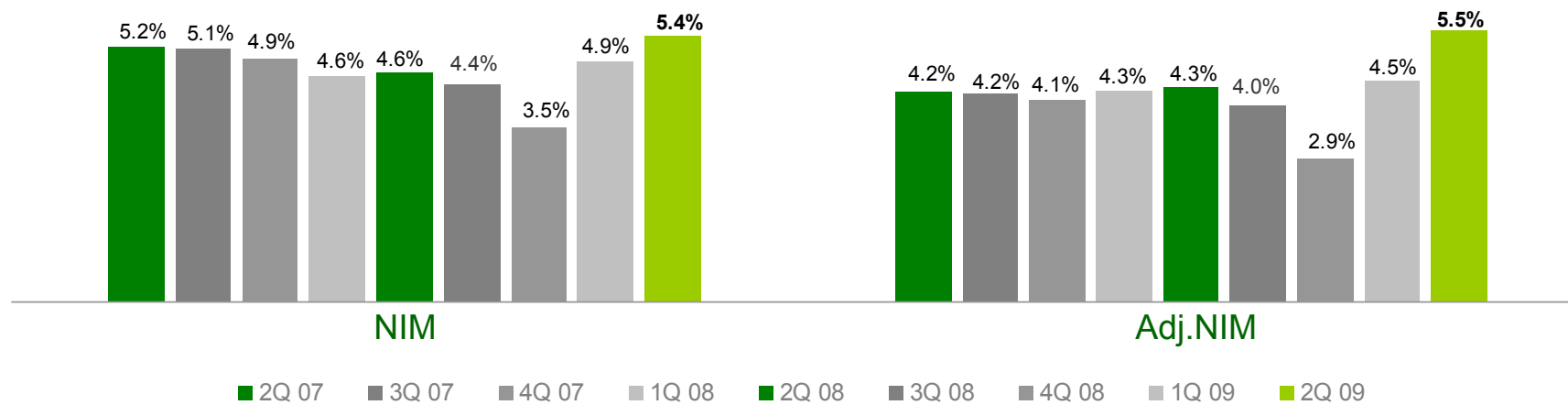
Leverage Ratio

↓ 8x

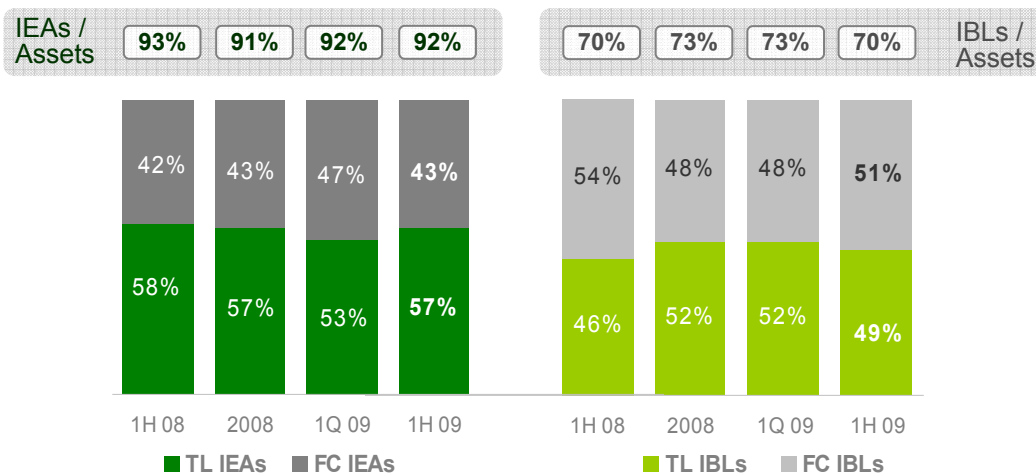
**Well positioned
for future growth**

Continued expansion in margin amplified with active management of B/S

NIM (Net Interest Income / Average IEAs)



Composition of IEAs & IBLs



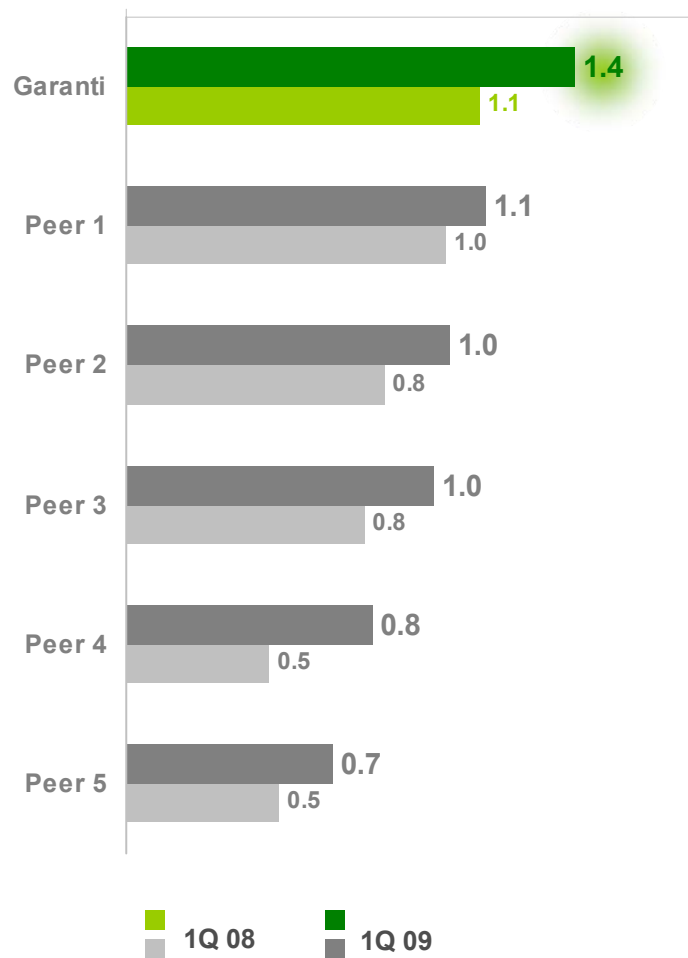
2Q 09 over 1Q 09:

- Declining funding costs' impact on margin +160 bps
- Impact of limited drop in asset yields on margin -105 bps
- Trading and FX gains fully covering provisions

Sustained highest capacity to generate ordinary banking income

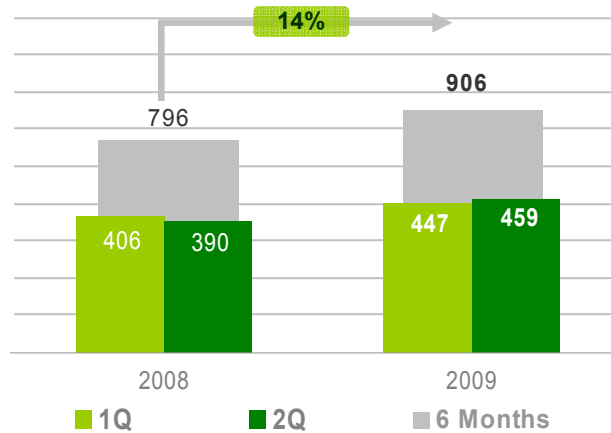
Ordinary Banking Income¹ Generation

TL Billion



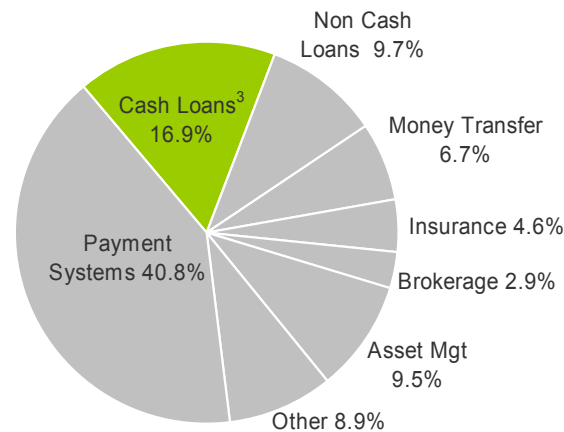
Net Fees & Commissions²

TL Million



Garanti recorded the highest ordinary banking income among peers in 1Q 09

Net Fees & Commissions Breakdown⁴

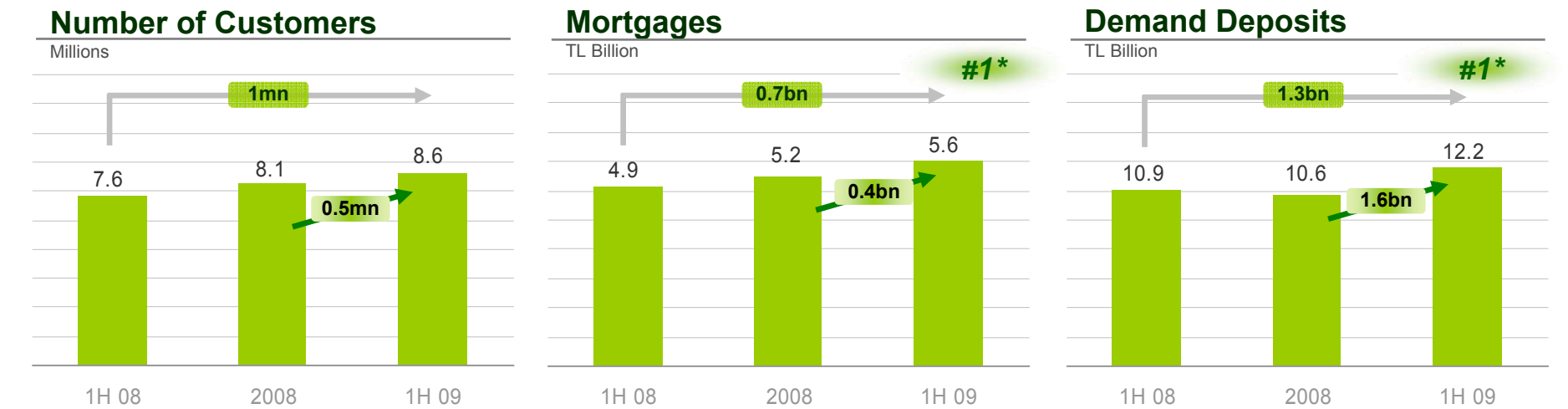
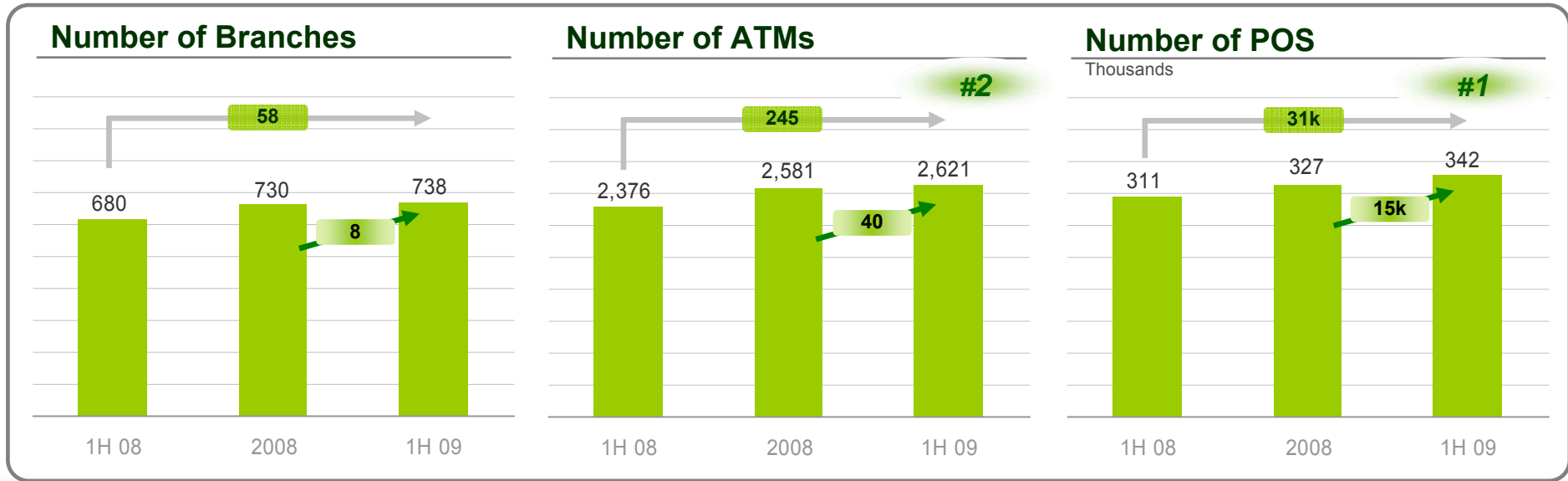


Ordinary Banking Income
6 Mo '09 over 6 Mo '08

38%

¹ Defined as: net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions. Bank-only financials used for ordinary banking income calculations
² As per new BRSA classification in P/L, excludes net fees and commissions received from cash loans amounting TL 83 mn for 1H 09 and TL 67 mn for 1H 08
³ Include consumer loans fees as well as other cash loan fees now classified as interest on loans in income statement amounting TL 83 mn for 1H 09 and TL 67 mn for 1H 08
⁴ Bank-only MIS data

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



* Mortgage and demand deposit ranks are as of 1Q 09

...resulted in record profitability again

(TL Million)	6 Mo '08	6 Mo '09	Growth
Ordinary Banking Income	2,424	3,341	38%
Other Income*	131	169	29%
Total Revenue*	2,555	3,510	37%
Operating Expense*	(1,248)	(1,323)	6%
<i>Personnel Expense</i>	(478)	(489)	2%
<i>Bonus Provision</i>	(86)	(80)	(7%)
<i>Rent Expense</i>	(51)	(65)	27%
<i>Communication Expense</i>	(65)	(66)	1%
<i>Other</i>	(568)	(624)	10%
Operating Income*	1,307	2,187	67%
Other Provisions	(33)	(302)	n.m.
<i>General Reserves¹</i>	-	(250)	n.m.
<i>Other</i>	(33)	(52)	n.m.
Taxes*	(279)	(433)	55%
Normalized Net Income	995	1,452¹	46%
Non-recurring Items	34	-	n.m.
Net Income	1,029	1,452	41%
<i>Equityholders of the Bank</i>	1,024	1,444	41%
<i>Minority Interest</i>	5	8	49%

46%



Net Income¹ Growth*
Y-o-Y

Cost / Income

37.7%

Appendix

Balance Sheet - Summary

<i>(TL Million)</i>		2008	1H 09	YTD Change
Assets	Cash & Banks¹	10,827	12,983	20%
	Reserve Requirements	1,773	1,947	10%
	Securities	26,643	29,563	11%
	Performing Loans	52,300	52,112	0%
	Fixed Assets & Subsidiaries	1,323	1,343	1%
	Other	6,172	5,930	(4%)
	Total Assets	99,038	103,878	5%
	Liabilities & SHE	Deposits	57,960	63,792
Repos		11,153	5,777	(48%)
Borrowings		14,420	16,440	14%
Other		5,762	6,252	9%
SHE		9,743	11,617	19%
Total Liabilities & SHE		99,038	103,878	5%

Quarterly Analysis of Ordinary Banking Income

<i>(TL Thousand)</i>	2Q 08	3Q 08	4Q 08	1Q 09	2Q 09	Δ Q-o-Q 1Q 09 - 2Q 09	Δ Y-o-Y 2Q 08 - 2Q 09	Δ Y-o-Y 6M'08 - 6M'09
Interest Income	2,324,196	2,537,592	2,975,551	2,928,991	2,784,860	(4.9%)	19.8%	25.5%
-Loans	1,406,832	1,489,659	1,745,713	1,718,159	1,581,246	(8.0%)	12.4%	21.1%
-Securities	674,712	793,410	964,720	987,620	1,014,108	2.7%	50.3%	51.9%
-Other	242,652	254,523	265,118	223,212	189,506	(15.1%)	(21.9%)	(19.6%)
Interest Expense	(1,426,866)	(1,637,762)	(2,187,920)	(1,771,432)	(1,443,292)	(18.5%)	1.2%	14.4%
-Deposits	(996,339)	(1,131,301)	(1,472,192)	(1,302,967)	(1,066,177)	(18.2%)	7.0%	22.2%
-Funds Borrowed	(204,152)	(211,524)	(272,467)	(206,581)	(194,765)	(5.7%)	(4.6%)	(5.5%)
-Interbank & Other	(226,375)	(294,937)	(443,261)	(261,884)	(182,350)	(30.4%)	(19.4%)	(0.5%)
Net Interest Income	897,330	899,830	787,631	1,157,559	1,341,568	15.9%	49.5%	43.4%
Prov. for loans & securities	(104,491)	(88,459)	(264,468)	(489,894)	(293,830)	(40.0%)	181.2%	238.6%
Net FX Gain/(Loss) + Net trading Income/(Loss)	46,566	6,590	131,308	400,492	319,732	(20.2%)	586.6%	522.6%
Adj. Net Interest Income	839,405	817,961	654,471	1,068,157	1,367,470	28.0%	62.9%	49.7%
Net Fees and Comm.	390,392	398,939	383,051	447,059	458,736	2.6%	17.5%	13.7%
Ordinary Banking Income	1,229,797	1,216,900	1,037,522	1,515,216	1,826,206	20.5%	48.5%	37.9%

Non-recurring items

4Q 08:

The net income resulting from the non-recurring items amounts to **TL +50 mn.**, breakdown of which is;

- i) Other income: **TL +62 mn** of reversal from Defined Benefit Obligation
- ii) Taxation expense: Deferred tax expense of **TL -12 mn** related to TL +62 mn of reversal from Defined Benefit Obligation

2Q 08:

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

- i) Other income: 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**
 - Proceeds from NPL sales **TL+29 mn**
 - Reversal of free provisions set in 1Q 08 of **TL -131 mn** –reducing other income
- ii) Other expense: Defined Benefit Obligation: **TL -165 mn**
- iii) Other provisions: Reversal of free provisions set in 1Q 08 of **TL +131 mn** –reducing other provisions
- ii) Taxation expense: Tax credit resulting from the deferred tax asset calculated on defined benefit obligation liability **TL +33 mn**

1Q 08:

The effect of the net income resulting from the non-recurring items to bottom line is **0**, breakdown of which is;

- i) Other income: Tax refund that the Bank collected through conciliation from the tax office, due to the prepaid taxes in 2005, **TL +131 mn**
- ii) Other provisions: Free provisioning of **TL +131 mn**

3Q 07:

The net income resulting from the non-recurring items amounts to **TL +112 mn**, breakdown of which is;

- i) Other income: Gains from custody sale **TL +148 mn**
- ii) Other expense: Banking Insurance and transaction tax related to custody sale **TL -7 mn**
- iii) Taxation expense: Tax expense of custody sale **TL -28 mn**

2Q 07:

The net income resulting from the non-recurring items amounts to **TL +669 mn**, breakdown of which is;

- i) Other income: Gains from insurance and pension & life business subsidiaries stake sale **TL +707 mn**
- iii) Taxation expense: Tax expense of insurance and pension & life business subsidiaries stake sale **TL -38 mn**



Investor Relations

Levent Nispetiye Mah. Aytaar Cad. No:2

Beşiktař 34340 İstanbul – Turkey

Email: investorrelations@garanti.com.tr

Tel: +90 (212) 318 2352

Fax: +90 (212) 216 5902

Internet: www.garantibank.com

