



Garanti

IFRS Earnings Presentation

June 30, 2010



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2Q 2010 Macro Highlights

An
unbalanced
global
economy...

- Global policy makers consider when and how fast to exit from the strong monetary and fiscal stimulus.
- The weak recovery of private demand lead to talk of falling back into recession and deflation.
- EUR/USD parity fell from 1.35 to 1.20 levels during 2Q10.
- During 2Q10, volatility increased back to the levels of more than a year ago and marked the end of the calm markets.

Slower rate
of recovery
in economic
activity...

- **Recovery in domestic economic activity eased** relative to 1Q10.
Annual growth rate of overall industrial production fell, followed by the slowdown in imports with increasing uncertainty in foreign demand.
The fall in annual CPI inflation began in May and annual inflation dropped to 8.4% at the end of 2Q10.
- **CBT signaled that rates may remain on hold until 2010 YE** as inflation dynamics improved and global growth momentum fades.
- **The liquidity** created by the ongoing accommodative monetary policy **remains...**

1H 2010 Highlights

Balance sheet strength: distinguishing feature of Garanti...

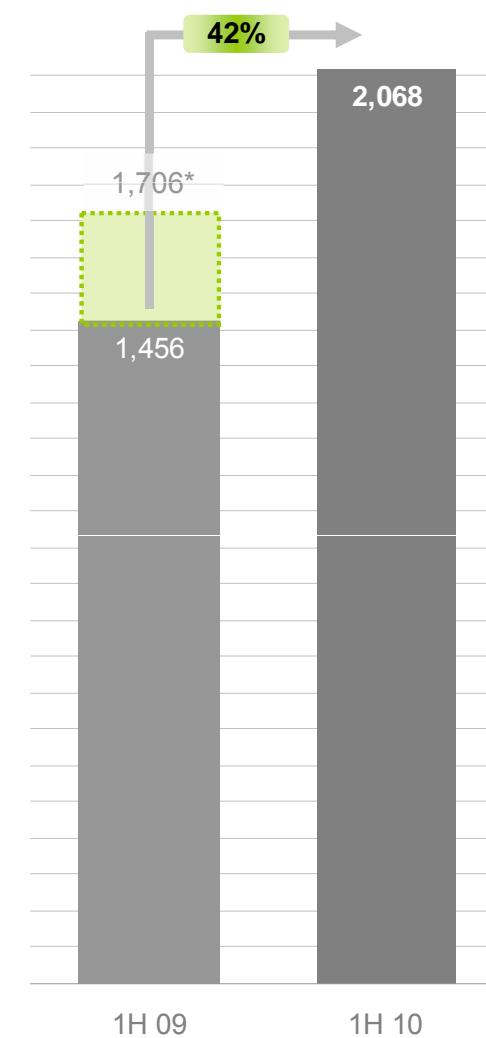
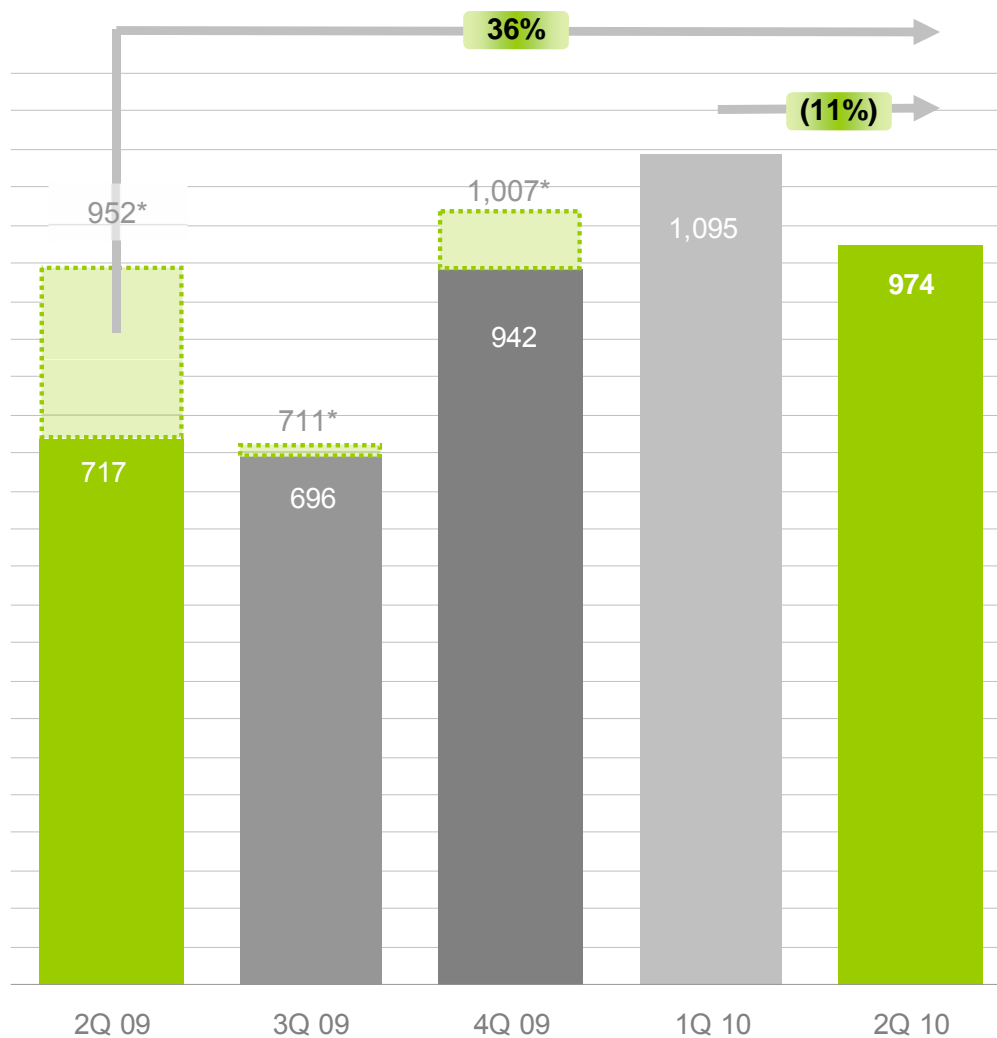
- **High yielding products continue to drive the lending growth in 2Q 10**
Solid growth in key profitable products q-o-q: mortgages (+9%), GPLs (+17%) & Credit cards (+7%)
Shrinkage in corporate & commercial lending -- staying out of pricing war
- **Ongoing improvement trend** (organic and across the board) **in asset quality** (NPL: 3.8%)
- **Significant redemptions of fixed rate securities** in 2Q10 largely replaced with FRNs -- securities mix in assets 29%
- **Refrained from intensified competition** for deposits, yet continued **attracting significant demand deposits** – Customer demand deposit growth ytd: 12% vs. Sector’s 0%
- **Highly liquid** asset mix – ratio: 36%
- **Well capitalized** (CAR: 18.5%) with low leverage (7x)

...leads to consistent delivery of high profitability

- **ROAE: 28%** -- For the last 19 consecutive quarters ROAE has been above 22%
- **Strong momentum of double digit annual earnings growth-- Y-o-y earnings growth 42%;**
 - **Cost of risk eased to normalized levels** (130 bps), while maintaining high coverage (81%)
 - **Net F&C growth momentum excluding payment systems remains**
 - **Margin suppression observed in 2Q 10** due to high yielding fix rate security redemptions
 - **Cost growth as expected** (17 new branch openings in 2Q 10) and **manageable**
 - **Efficient** – Cost/Income: 38%

Strong momentum of double digit annual earnings growth...

Quarterly Net Income



Earnings
Y-o-Y

42%

ROAE
28%

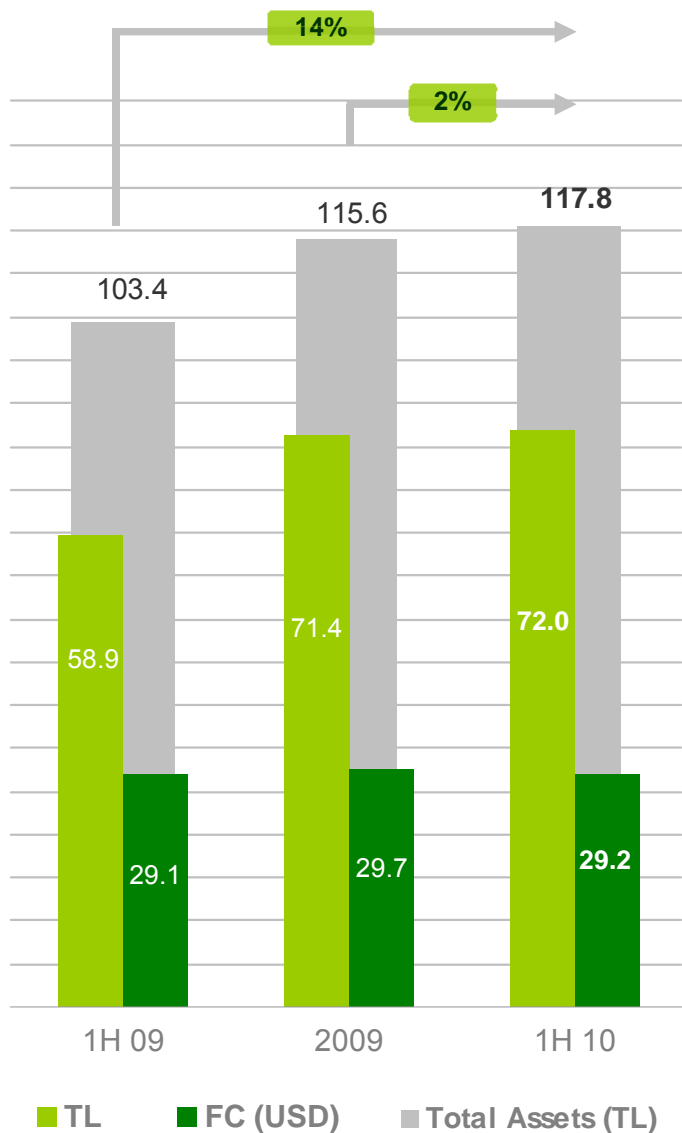
General reserves

* Net income excluding the effect of general reserve of TL 330mn (1Q 09: TL 15mn; 2Q 09: TL 235mn; 3Q 09: TL 15mn; 4Q 09: TL 65mn) 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 2009

...via active management of asset mix and increasing weight of sustainable revenue streams

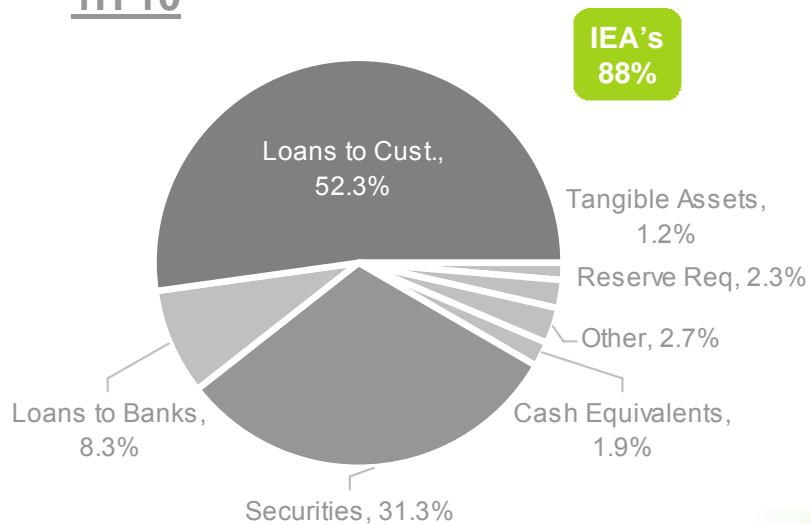
Total Assets

TL / USD Billion

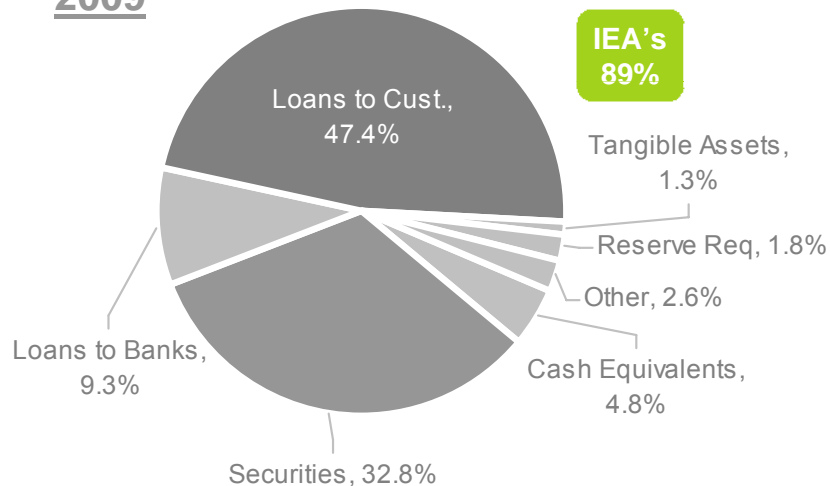


Composition of Assets

1H 10



2009



Growth:
Ytd

Loans: **12%**

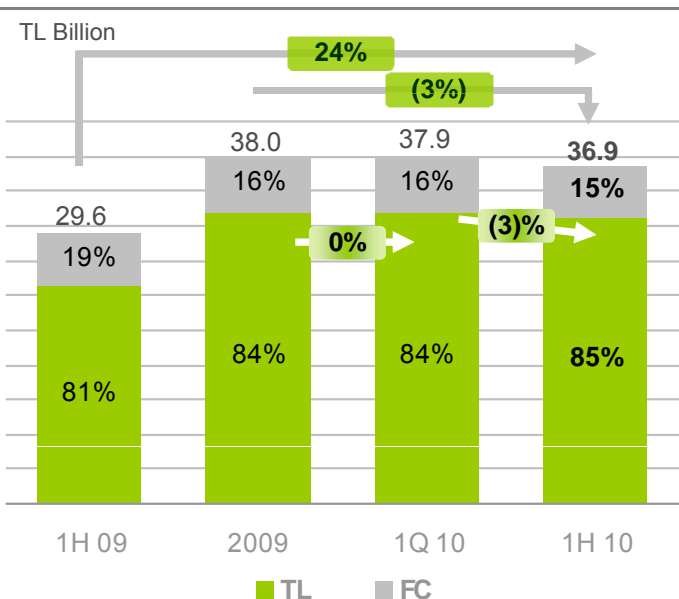
Securities: **-3%**

Liquidity Ratio¹
36%

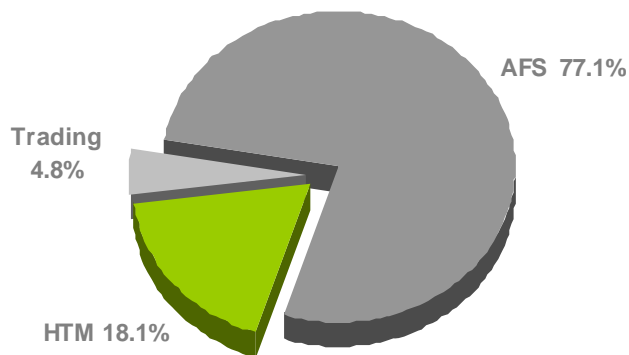
¹ (Cash and Balances with Central Bank+ Loans and advances to banks + Financial assets held for trading + Available for sale securities)/Total Assets

Significant redemptions of high yielding fixed rate securities in 2Q10 were replaced with FRNs

Total Securities

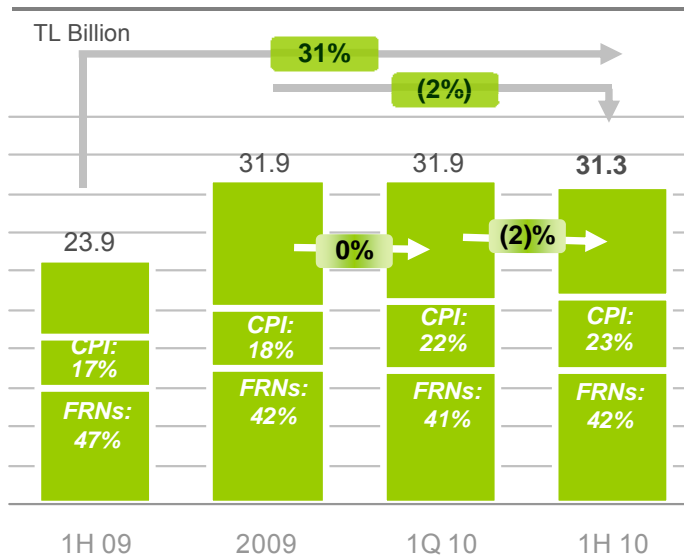


Total Securities Composition

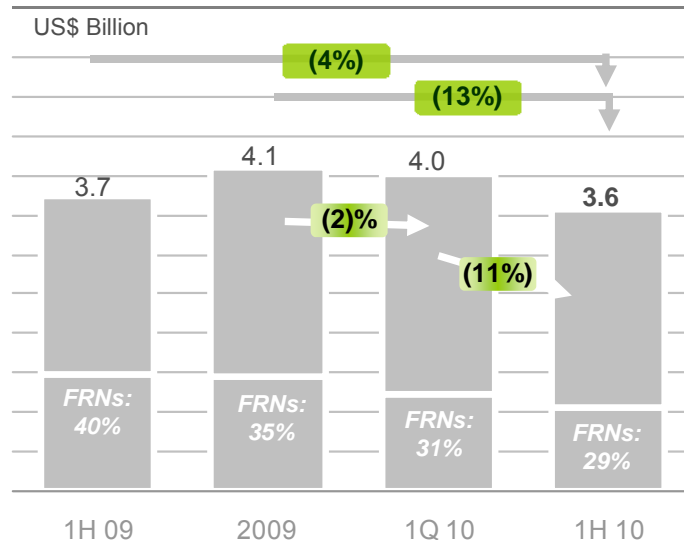


Unrealized gain ~ TL 1.5 bn*

TL Securities



FC Securities

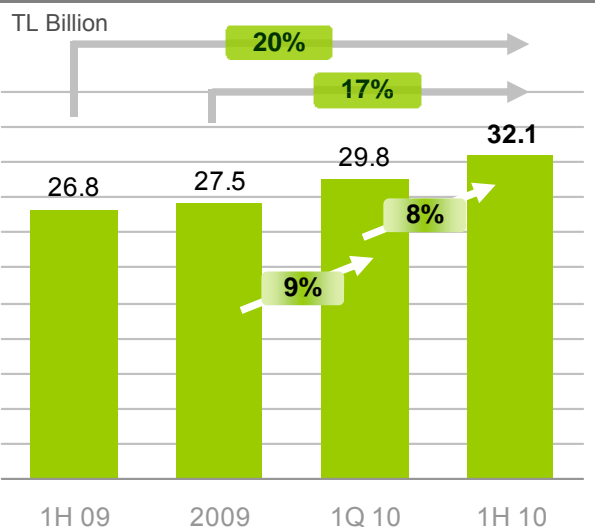


*Securities¹ mix
in assets
29%*

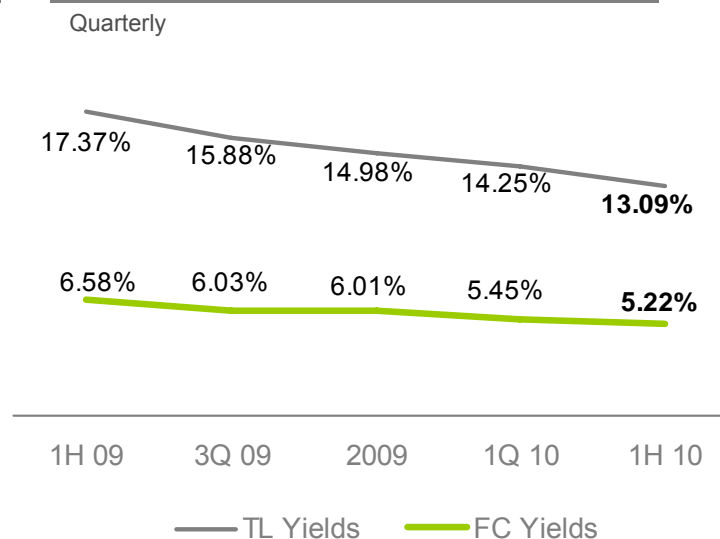
*AFS mix in total
77%*

TL loan growth momentum remains with an anticipated linear drop in loan yields

TL Loans



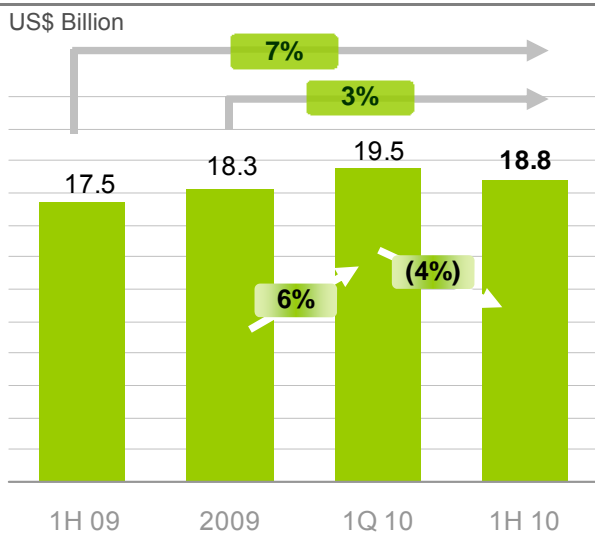
TL & FC Loan Yields¹



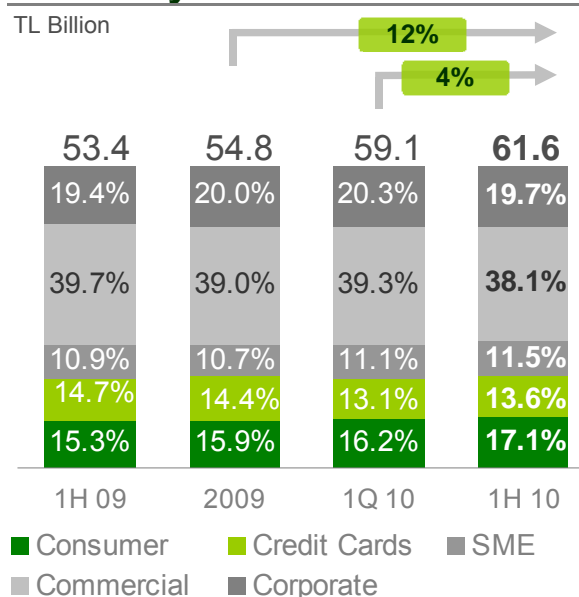
2Q 10: Lending growth driven by retail lending

Corporate & commercial book shrank as Garanti stayed out of the pricing war

FC Loans



Loans by LOB²



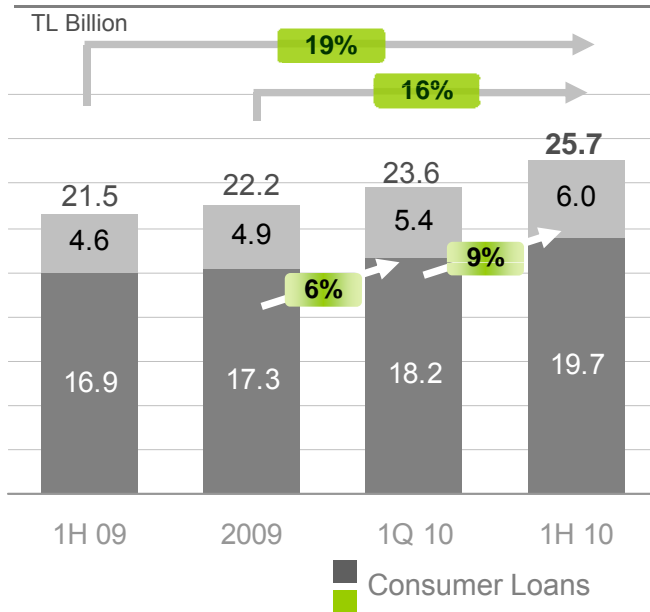
Market Shares

	1H 10	YTD	QTD
Total Loans	13.6%	-16bps	-61 bps
TL Loans	11.1%	+17 bps	-18 bps
FC Loans	20.0%	-128 bps	-200 bps

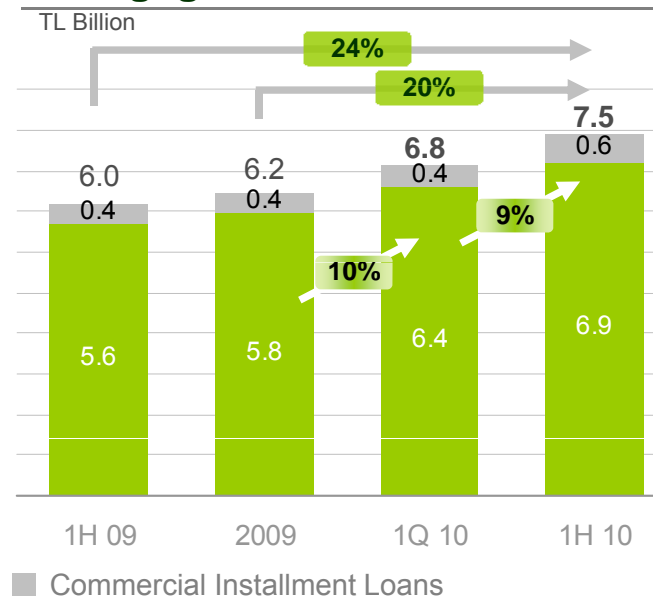
¹ Based on BRSA bank-only financials
² LOB breakdown based on bank-only MIS data, performing cash loans excluding leasing and factoring receivables
 Source: Sector figures are based on BRSA weekly data, commercial banks only

High yielding products drive the lending growth

Retail Loans¹

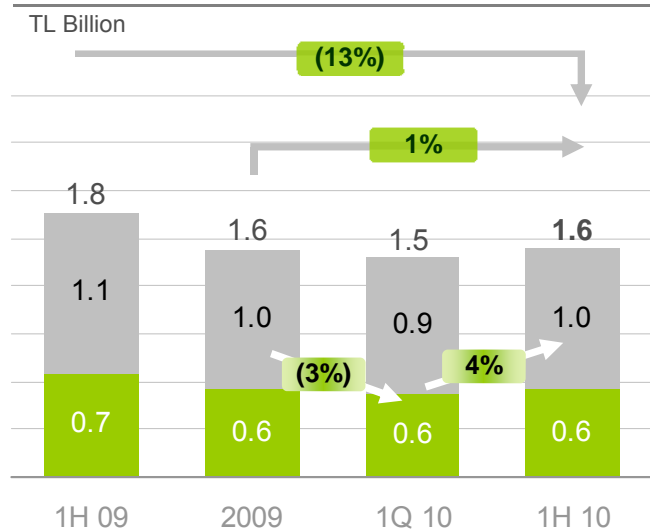


Mortgage Loan Growth

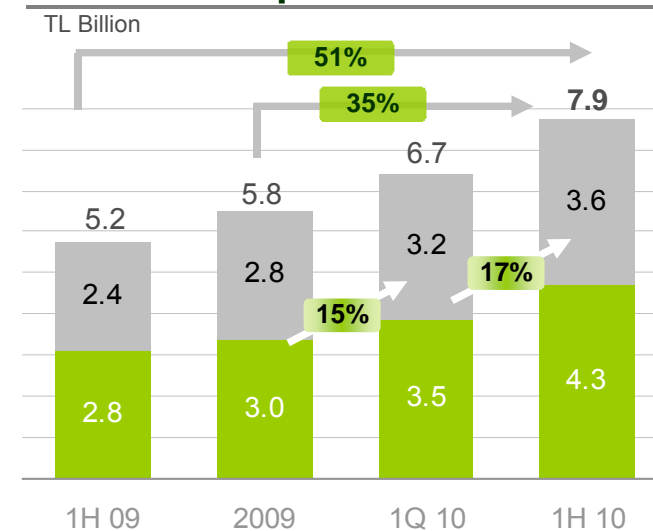


GPL market share:
Ytd
+100 bps

Auto Loan Growth



General Purpose Loan Growth



Market Shares^{2,3}

	Dec 09	Jun 10	Rank ⁴
Mortgage	13.9%	↓ 13.8%	#1
Auto	14.9%	↔ 14.9%	#2
General Purpose	9.7%	↑ 10.7%	#2
Retail ¹	13.2%	↑ 13.4%	#2

Note: Based on BRSA consolidated financials

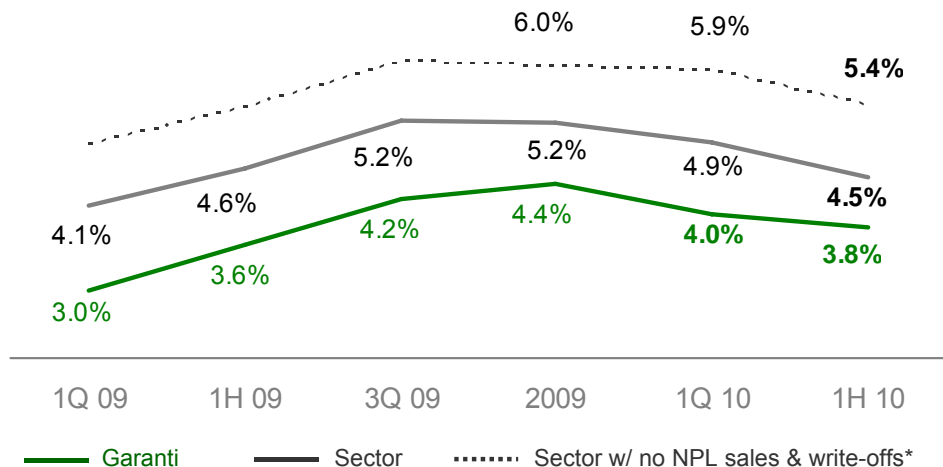
¹ Including consumer, commercial installment, overdraft accounts, credit cards and other

² Including consumer and commercial installment loans

³ Sector figures are based on bank-only BRSA weekly data, commercial banks only ⁴ As of 2009 year-end among private banks

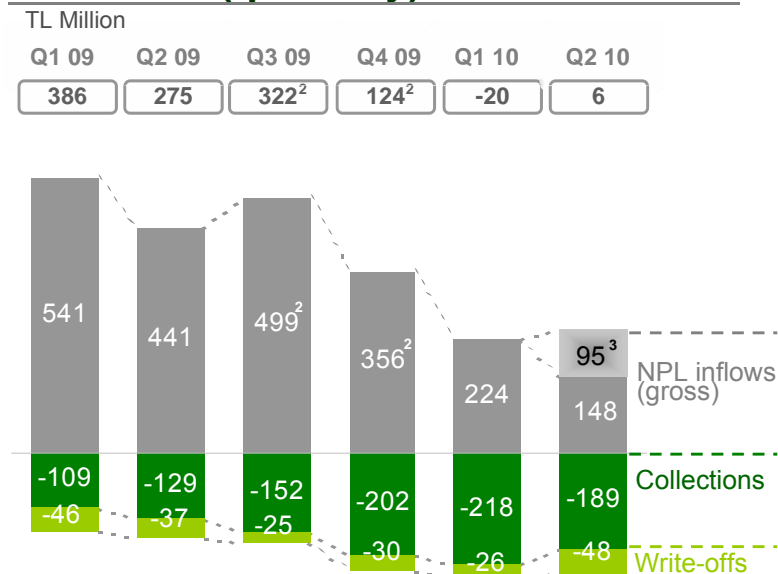
Sustained trend of decelerating new NPL inflows -- NPL ratio well below the sector average

NPL Ratio¹



* 2008, 2009 & 1H 10 sector NPL sales & write-offs total: TL 2.3 bn, TL 0.8 bn and TL 1.4 bn, respectively

Net NPLs (quarterly)

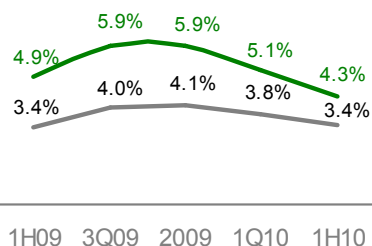


NPL Categorisation¹

Retail Banking

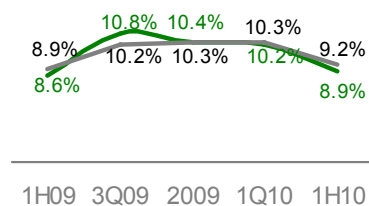
(Consumer & SME Personal)

20% of Garanti's Total Loans



Credit Cards

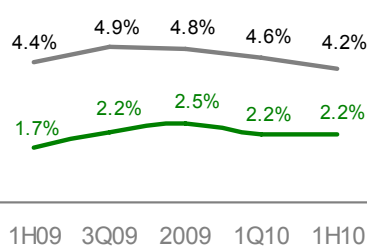
14% of Garanti's Total Loans



Business Banking

(Including SME Business)

66% of Garanti's Total Loans



- Strong deceleration in new NPL inflows: levels at less than half of last year's
- Collections focus remains top priority

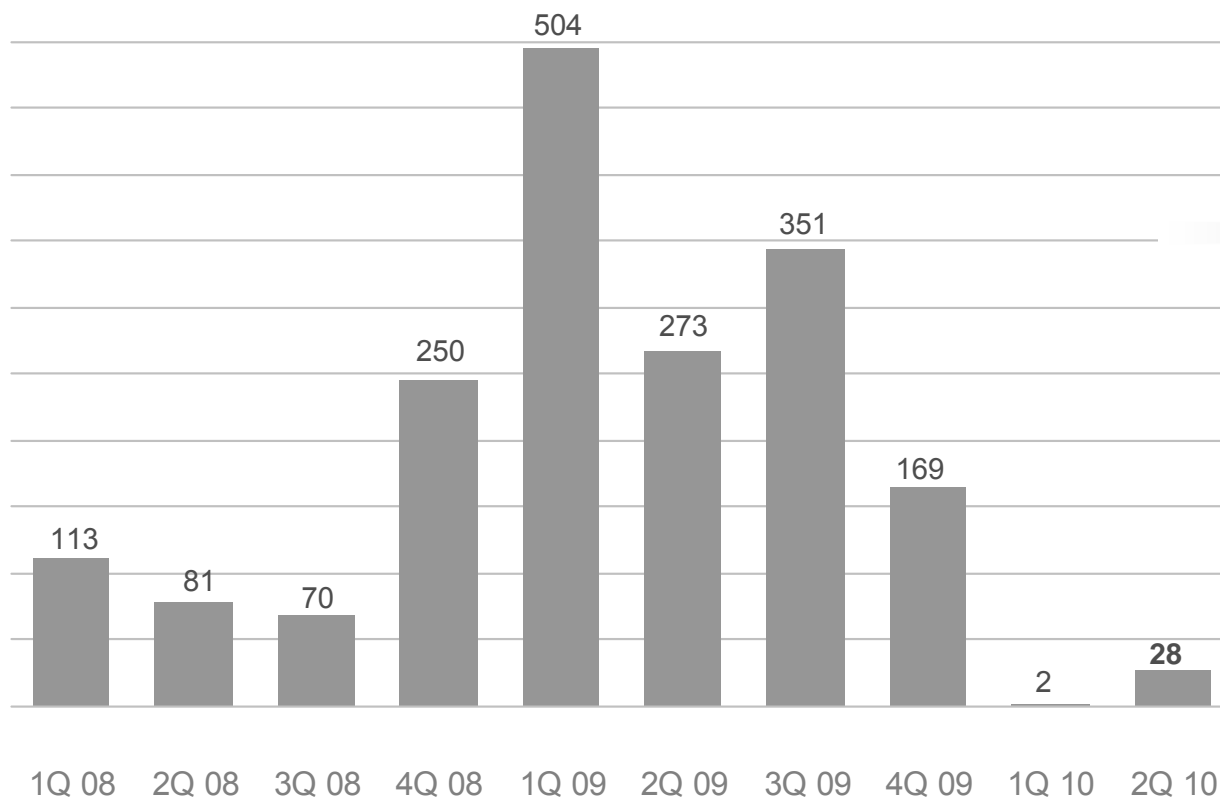
¹ Sector figures are per BRSA bank-only data. NPL categorisation is based on bank-only data
² Including a few files in commercial book to be fully recovered due to highly strong collateralization
³ TL 95 mn of the NPL inflow in 2Q 10 represents NPL inflows related to the newly consolidated affiliates in Romania
 Source: BRSA, TBA & CBT

Significantly lower NPLs relieve provisions -- cost of risk at normalized levels

Quarterly Loan-Loss Provisions

TL Million

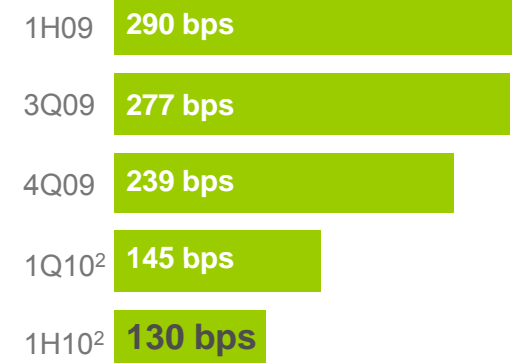
Coverage Ratio		Mar 09	Jun 09	Sep 09	Dec 09	Mar 10	Jun 10
Sector ¹	Garanti	81%	81%	82%	83%	85%	86%
	IFRS	78%	78%	76%	77%	79%	81%
	BRSA Consolidated	77%	82%	82%	81%	82%	80%



Coverage ratio remains strong at

81%

Cost of Risk



¹ Sector figures are per BRSA weekly data, commercial banks only
² 1Q 10 and 1H 10 cost of risk calculation excludes prior year's collections netted from provision expense

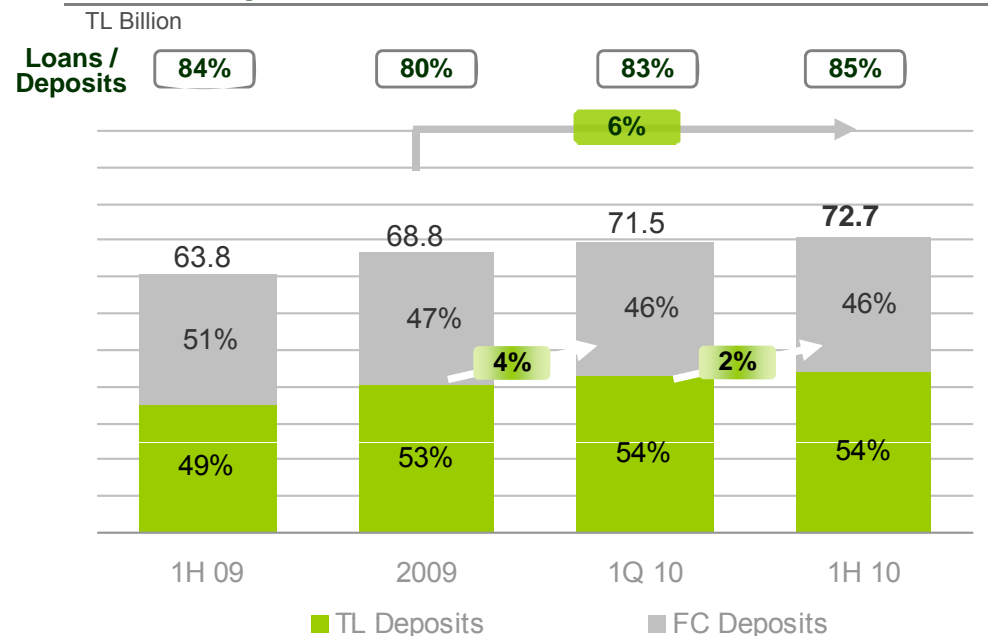
Refrained from intensified competition for deposits...

Deposits by LOB¹

(Excluding bank deposits)



Total Deposits



Ytd:

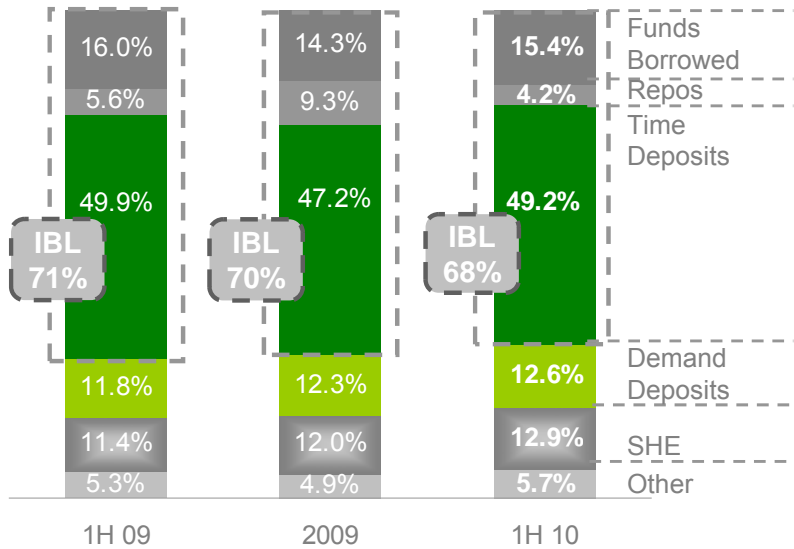
TL deposit growth **9%**
vs. sector's **13%**

FC deposit shrinkage **(3%)**
vs. sector's shrinkage of **(5%)**

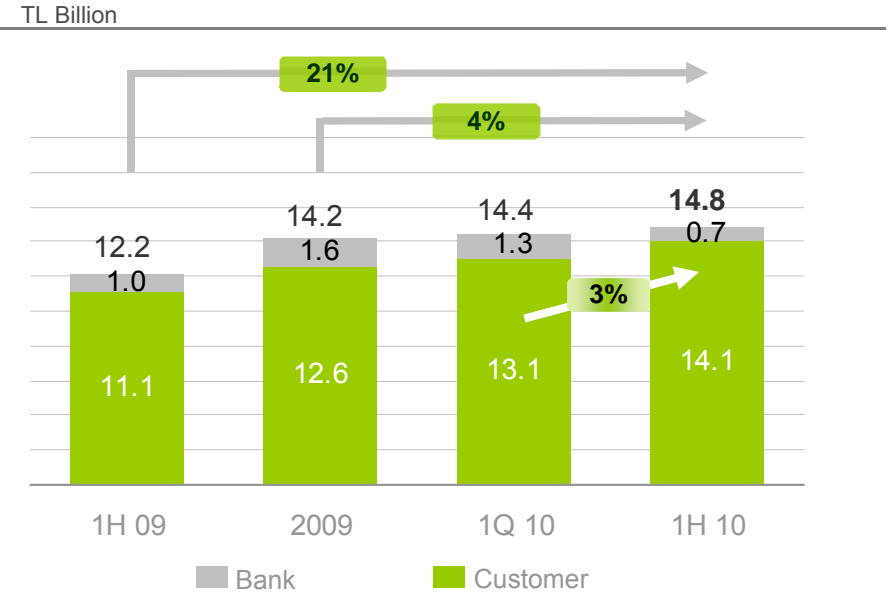
Deposit market share maintained :
12.4%

...yet continued attracting significant demand deposits

Composition of Liabilities

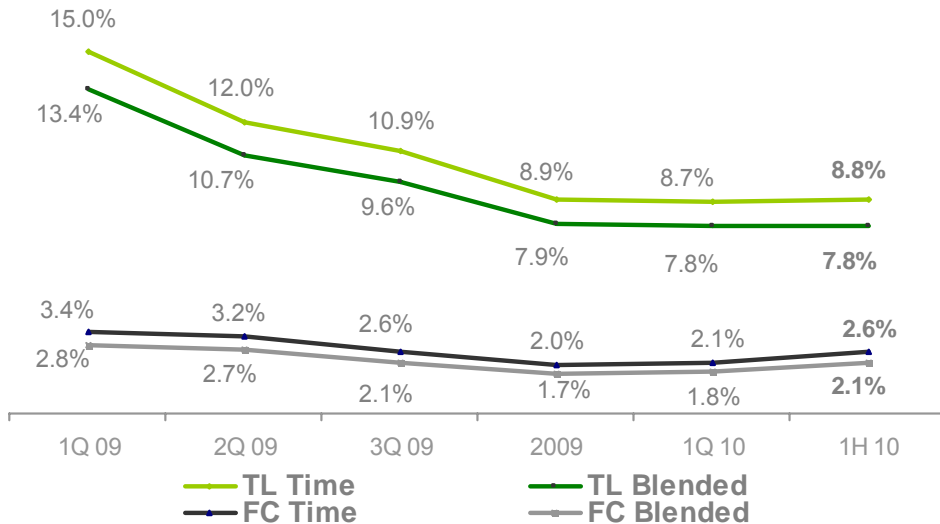


Demand Deposits



Cost of Deposits¹

Quarterly Averages



Customer Demand Deposits

YTD Growth

12% vs. sector's **0%**

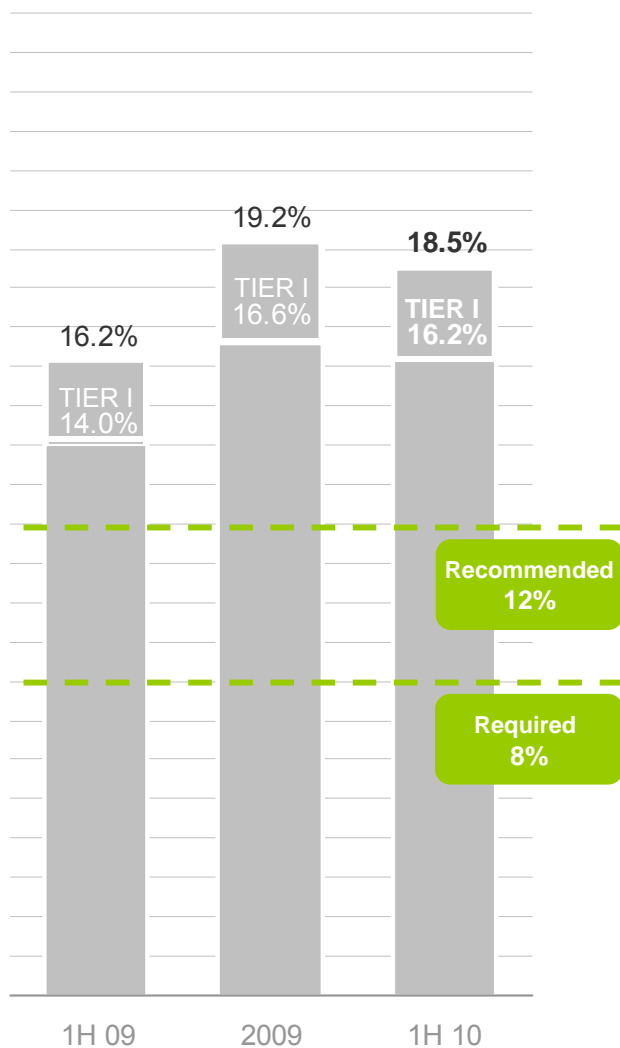
Demand Deposit Market Share

+100bps ↗ **15.4%**

¹ Based on bank-only MIS data
Note: Sector figures are per BRSA weekly data, commercial banks only

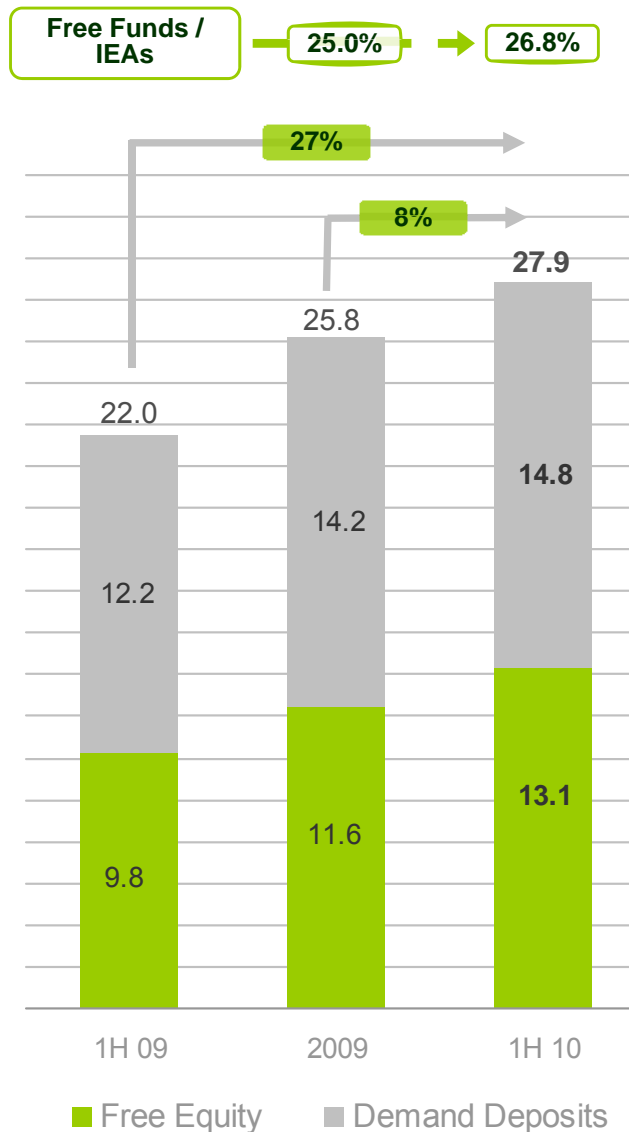
Strong solvency and low leverage largely due to retained profitability and free fund generation capacity

CAR



Free Funds

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



Free Equity

YTD growth

13%

Leverage Ratio

7x

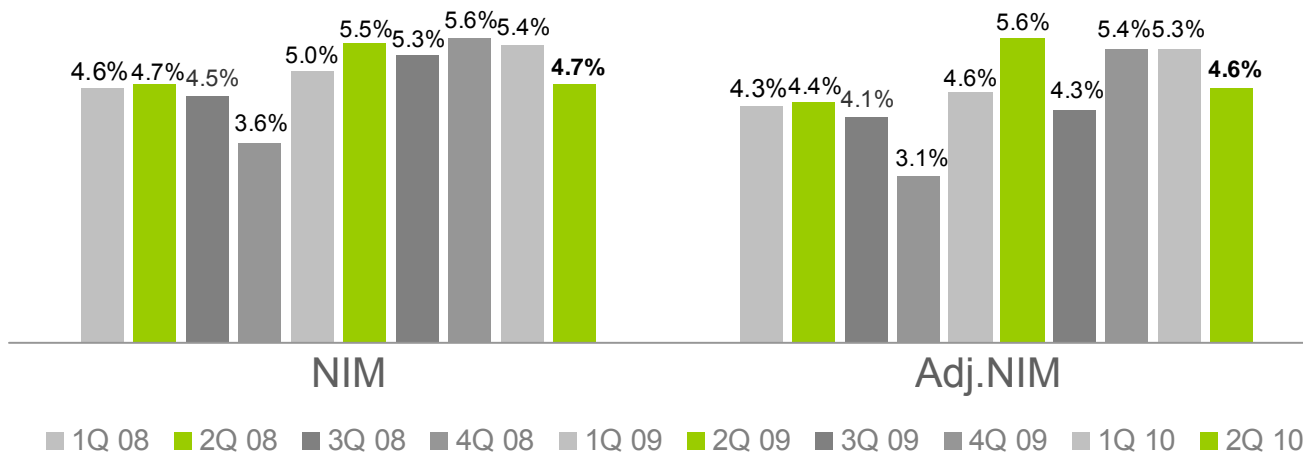
down from

8x in June 09 &

9x in YE 08

Margin suppression observed in 2Q 10 due to high yielding fix rate security redemptions

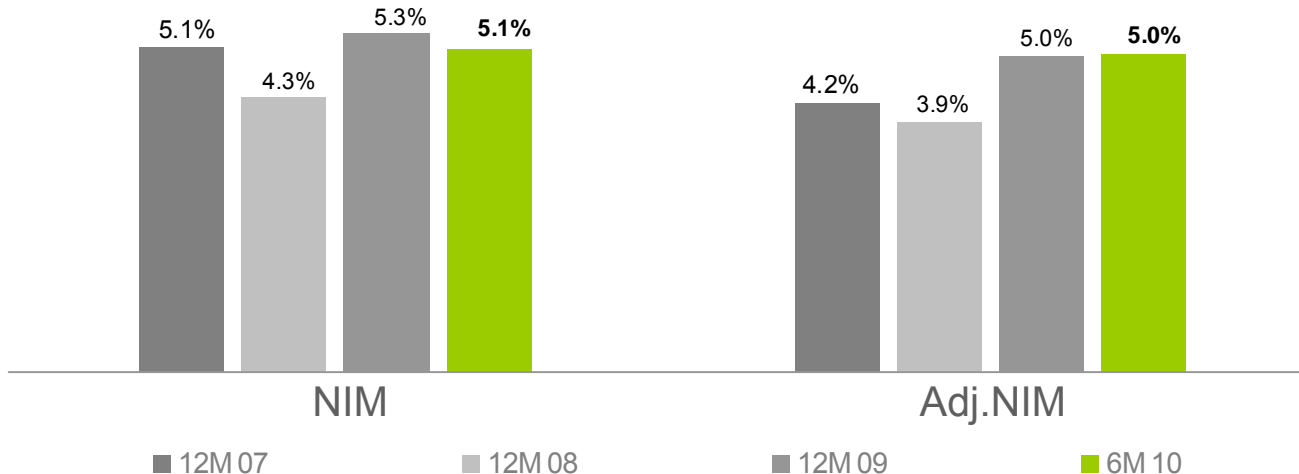
Quarterly NIM (Net Interest Income / Average IEAs)



2Q 10 over 1Q 10:

- Increasing funding costs' impact on margin -7 bps
- Drop in asset yields' impact on margin -60 bps
 - ✓ Loan yield drop: ~70 bps
 - ✓ Securities yield drop: ~125 bps

Cumulative NIM (Net Interest Income / Average IEAs)



Cumulative margins holding up well...

The highest ordinary banking income generation capacity backed by the largest and well-diversified fee base

(TL Million)	6 Mo 09	6Mo 10	Change
Net Interest Inc.Adj.by net FX gains & Trading loss	3,267	3,067	(6%)
Fees and Commissions, net	871	900	3%
Provision on Loans and Securities	(778)	(30)	(96%)
Ordinary Banking Income¹	3,360	3,937	17%

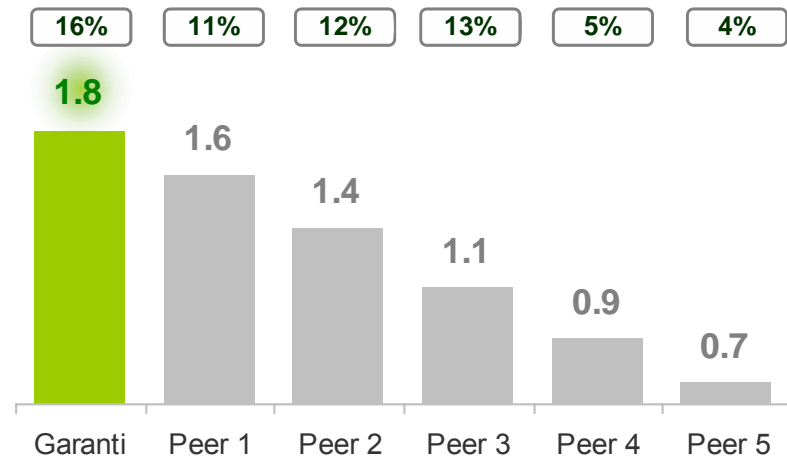
#1 in bancassurance

Further market share gains in brokerage:
Market share **>7%**

Ordinary Banking Income^{1,2} Generation

TL Billion, 1Q 10

Net Fees & Commission Income Market Share³



Garanti recorded the highest1
‘ordinary banking income volume’
among peers

Fee & commission income market share
16% -- highest in the sector

¹ Defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions

² Based on bank-only financials for fair comparison

³ Sector figures are per BRSA monthly data, commercial banks only

Result: Sustained high profitability

<i>(TL Million)</i>	1Q'10	2Q'10	Growth
Net Interest Inc.Adj.by net FX gains & Trading loss	1,660	1,407	(15%)
Net Fees & Comm. Income	463	437	(6%)
Provision on Loans and Securities	-3	-27	n.m.
Ordinary Banking Income	2,120	1,817	(14%)
Other Non-Interest Income	74	143	94%
Total Operating Income	2,194	1,960	(11%)
Operating Expenses	-818	-753	(8%)
Operating Income	1,376	1,207	(12%)
Other Provisions	0	-4	n.m.
Taxation Charge	-281	-229	(19%)
Net Income	1,095	974	(11%)
<i>Equityholders of the Bank</i>	1,091	969	(11%)
<i>Minority Interest</i>	3	5	48%

Net Income Growth
Y-o-Y

42%

Cost / Income:
38.1%

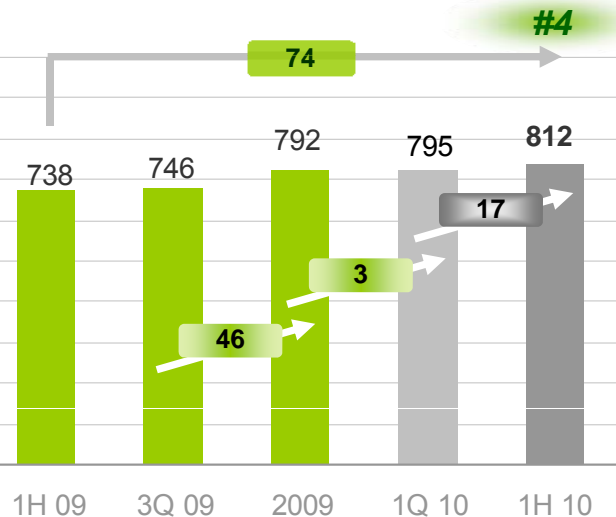
Appendix

Balance Sheet - Summary

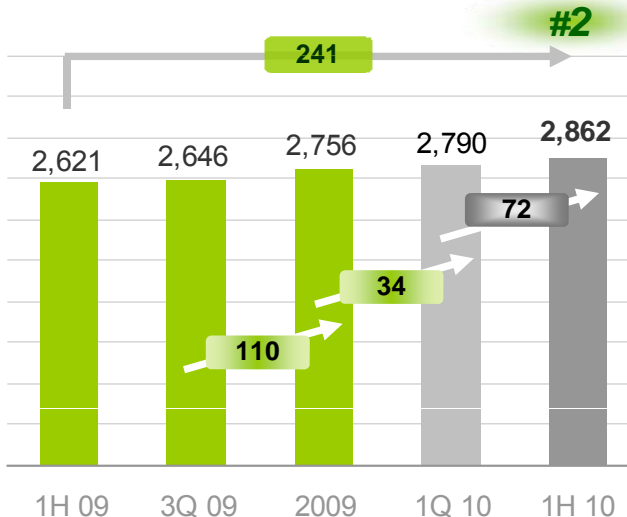
<i>(TL Million)</i>		December 2009	June 2010	% Change
Assets	Cash & Banks	16,346	12,050	(26%)
	Securities	37,960	36,868	(3%)
	Loans to Customers	54,765	61,566	12%
	Tangible Assets	1,449	1,447	0%
	Other	5,088	5,830	15%
	Total Assets	115,608	117,761	2%
Liabilities & SHE	Deposits from Customers	66,043	71,197	8%
	Deposits from Banks	2,738	1,542	(44%)
	Repo Obligations	10,765	4,958	(54%)
	Funds Borrowed	16,569	18,142	9%
	Other	5,657	6,712	19%
	SHE	13,836	15,210	10%
	Total Liabilities & SHE	115,608	117,761	2%

Further strengthening of retail network

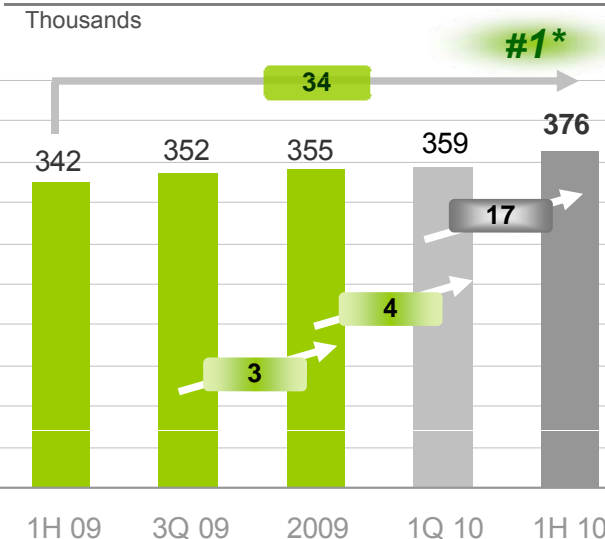
Number of Branches



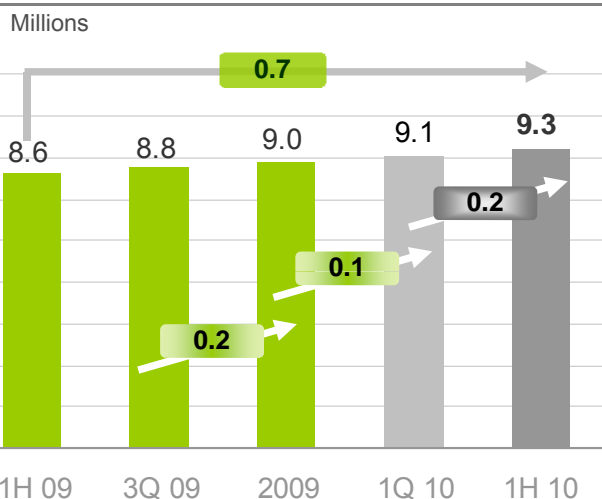
Number of ATMs



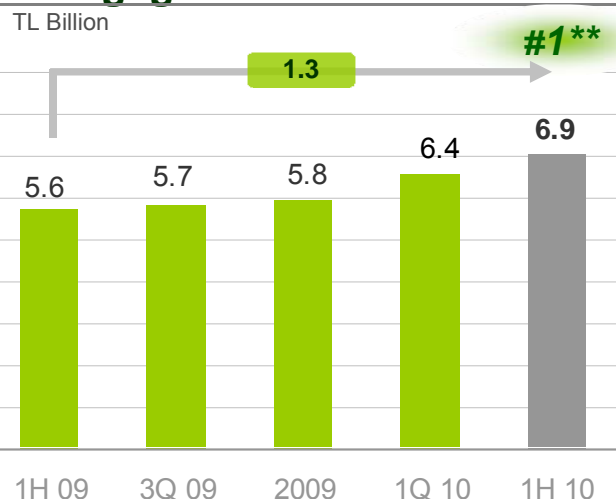
Number of POS



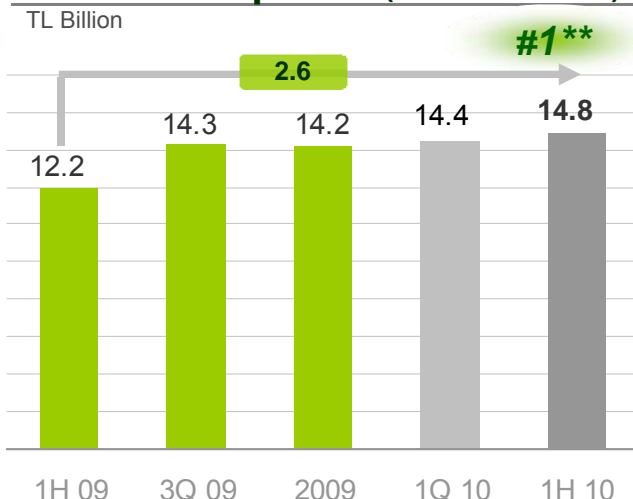
Number of Customers



Mortgages¹



Demand Deposits (customer+bank)



¹ Per BRSA consolidated financials

*Including shared POS

**Mortgage and demand deposit ranks are as of 1Q 10 Note: Ranks are among private banks

Non-recurring items

2009:

- i) 4Q 09 other income includes the effect of the provision reversal related to Defined Benefit Obligation Liability amounting to TL 103 mn.
- ii) Other provisions in 2009 include the effect of general reserve amounting to TL 330 mn (4Q 09: TL 65 mn; 3Q 09: TL15 mn; 2Q 09: TL 235 mn; 1Q 09: TL 15 mn) provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in economy or market conditions.



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