



GarantiBank

BRSA Earnings Presentation

March 31, 2007

*Growth Momentum
Continues – Year Over
Year Profitability up by
50%*

First Quarter Developments – Record of Consistently Adding Value

- Continued to increase market share in all product lines
- Announced agreement with Dutch Eureko for the sale of its 80% stake in Garanti Sigorta (non-life) and 15% stake in Garanti Emeklilik ve Hayat (private pension & life) for EUR 365 mn. and EUR 100 mn, respectively
- Raised the largest ever hybrid capital transaction from Turkey -- \$500 ml. of subordinated fixed rate loan with 10-year maturity (non-call 5 year)
- Added net 14 new branches in the first three months of 2007
- Announced the first solid step in its regional expansion plans with GE Consumer Finance. Accordingly, Garanti and GE Consumer Finance will merge their operations in Romania under a retail banking license and follow an aggressive growth strategy (05 April 2007)
- Added Şekerbank (BTA) to participate in its Bonus Credit Card licensing program

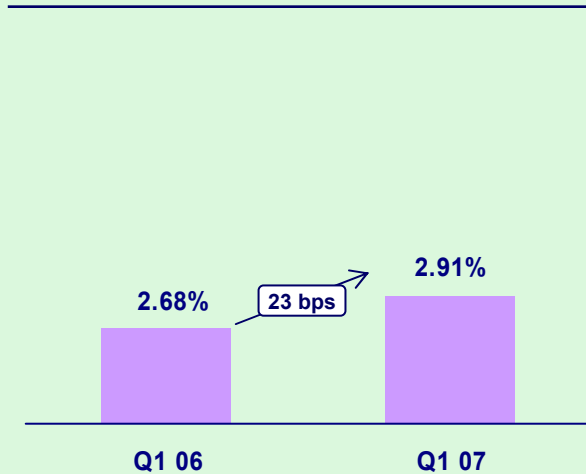
Performance Highlights -- Strong sequential revenue and profitability growth

- Total **assets 53.6 billion YTL**, y-o-y growth **37.9%**
- Consistently growing **IEAs** now constitute **92.4%** of total assets
- **Customer driven** sources of **revenue** reached **85.5%** of ordinary banking income
- **Net fees and commissions** y-o-y growth 27.4% contributing to **51.5% of ordinary banking income** and **covering 80.2% of operating expenses**
- Y-o-Y **net income growth 49.8%**, 377 million YTL.
- CAR ratio, **15.31%** as of Q1 07

| (YTL mn. unless otherwise stated) | As of Q1 07 | Y-o-Y Growth | YTD Growth | |
|-----------------------------------|---------------|--------------|---------------|---------------|
| | | | Garanti | Sector |
| Total Loans | 29,614 | 43.0% | 9.0% | 4.9% |
| TL | 16,181 | 44.0% | 6.9% | 4.9% |
| FC (US\$ mn.) | 9,699 | 36.5% | 12.5% | 5.8% |
| Total Deposits | 32,858 | 31.8% | 9.0% | 3.4% |
| Demand | 6,574 | 24.0% | (1.2%) | (5.3%) |
| TL | 16,012 | 16.0% | 12.4% | 3.8% |
| FC (US\$ mn.) | 12,163 | 45.8% | 6.7% | 3.5% |

Improvement in Profitability Continues

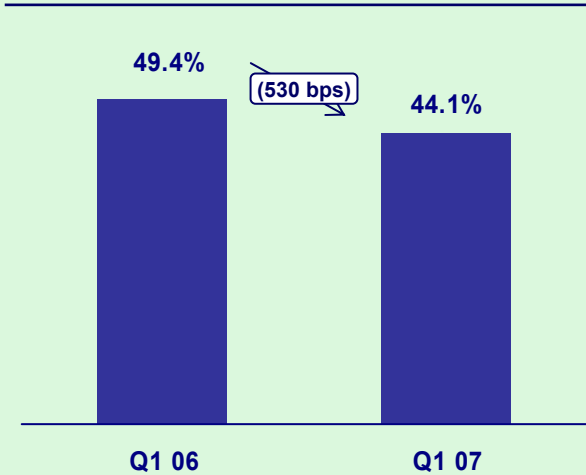
ROAA



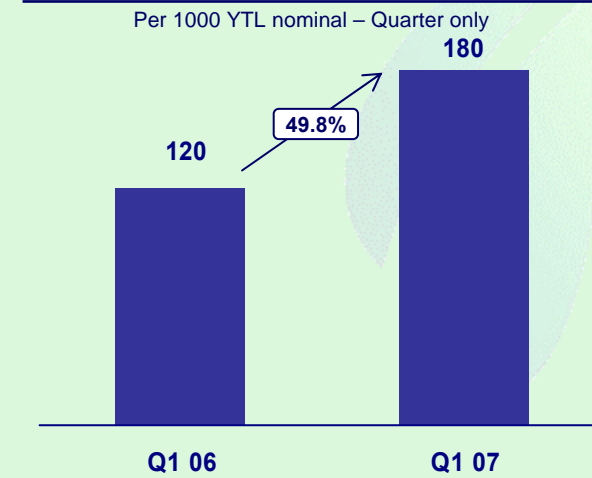
ROAE



Cost / Income



EPS

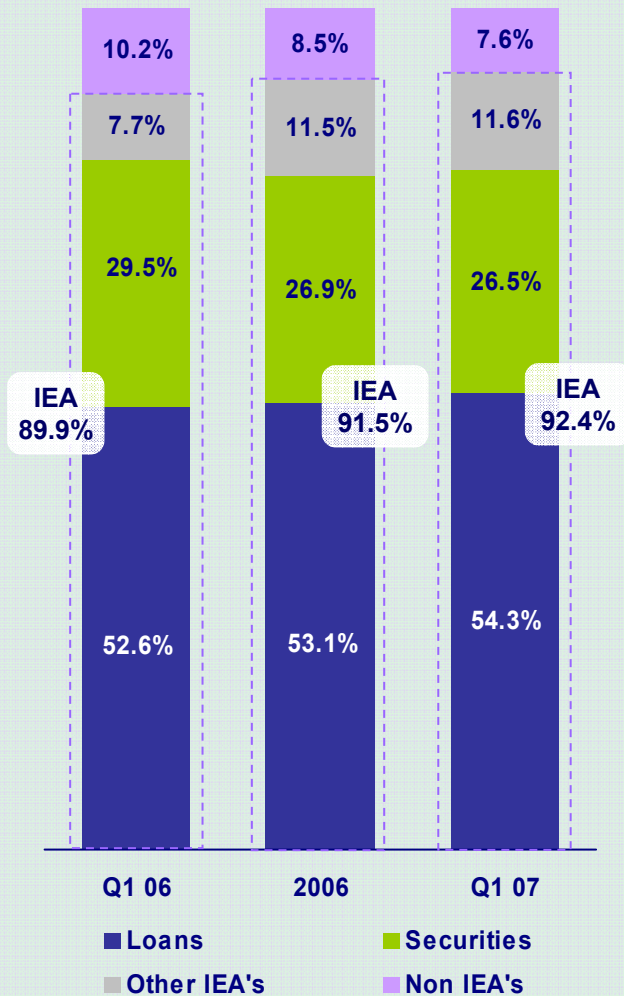


Improvement in all profitability ratios. Y-o-Y, ROAA went up by 23 bps to 2.91%, ROAE went up by 580 bps to 31.2% while EPS went up by 49.8% in Q1 07.

Cost/Income ratio improved 530 bps largely due to high revenue growth and effective cost management.

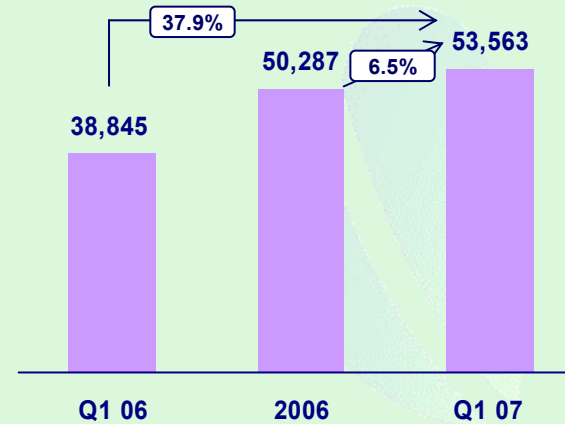
Assets -- Composition Further Improving with Continuous Growth in High Yielding Assets

Composition of Assets*



Total Asset Growth

YTL Million

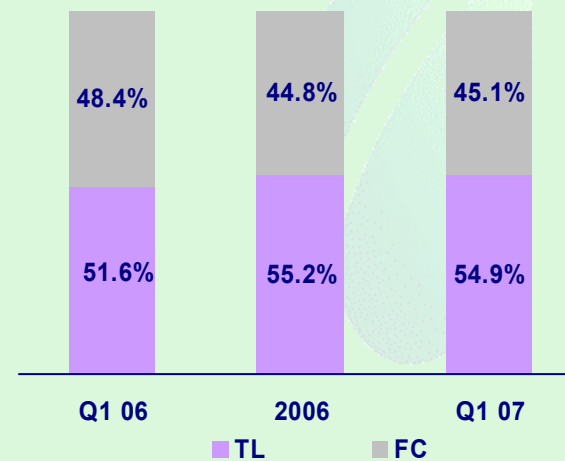


Assets reached 53.6 billion YTL at the end of 1Q 07. YTD and y-o-y asset growth was 6.5% and 37.9% respectively.

IEAs' mix in total assets increased to 92.4%.

The growth in TL IEAs was faster than FC shifting the TL/FC weight to TL 54.9% vs. 51.6% same period last year.

Composition of IEAs



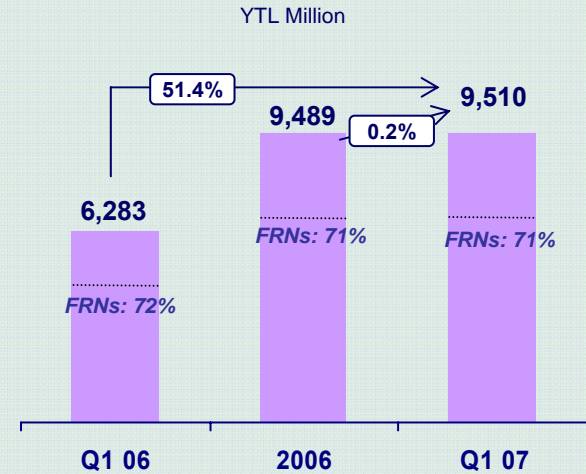
Total loan growth was faster. Interest earning loans mix in assets reached 54.3% in Q1 07 vs. 52.6% in Q1 06.

Balance Sheet - Summary

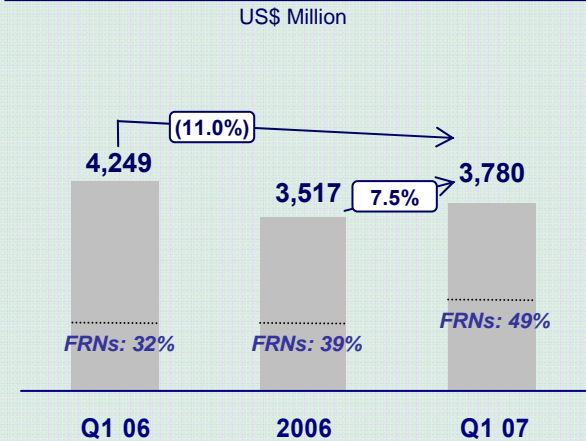
| <i>(YTL Million)</i> | | 2006 | Q1 07 | % Change |
|------------------------------------|--|-----------------|--------------|-----------------|
| Assets | Cash & Banks* | 6,173 | 6,528 | 5.8% |
| | Securities | 14,395 | 14,746 | 2.4% |
| | Performing Loans | 27,165 | 29,614 | 9.0% |
| | Fixed Assets & Subsidiaries | 1,558 | 1,570 | 0.7% |
| | Other | 996 | 1,105 | 11.1% |
| | Total Assets | 50,287 | 53,563 | 6.5% |
| | Liabilities and SHE | Deposits | 30,139 | 32,858 |
| Repos | | 4,814 | 4,140 | -14.0% |
| Borrowings | | 7,890 | 8,815 | 11.7% |
| Other | | 2,774 | 2,744 | (1.0%) |
| SHE | | 4,670 | 5,006 | 7.2% |
| Total Liabilities & SHE | | 50,287 | 53,563 | 6.5% |

Securities Portfolio

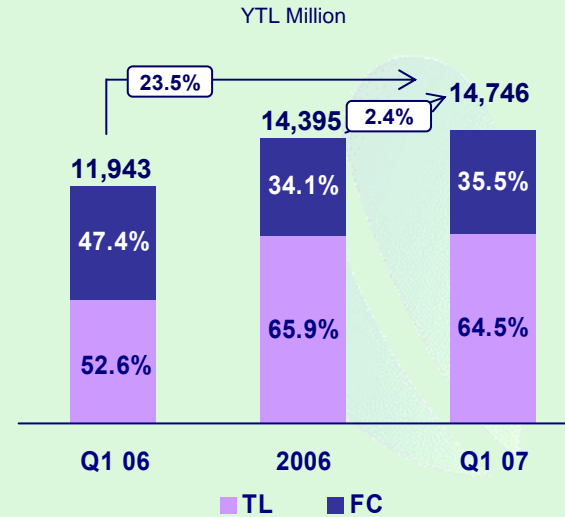
TL Portfolio



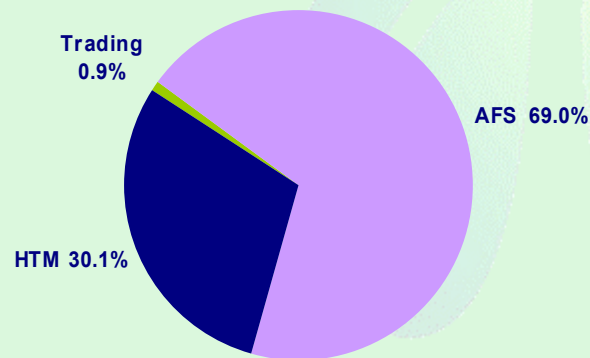
FC Portfolio



Total Securities Growth



Total Securities Composition



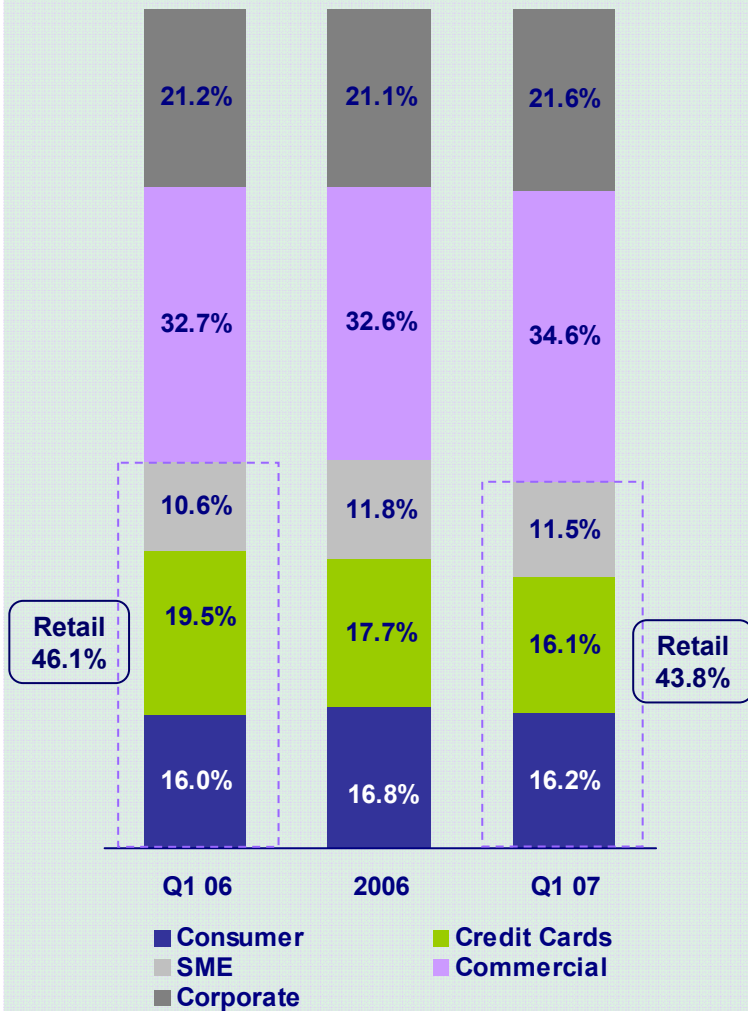
Although Y-o-Y securities portfolio increased by 23.5%, its share in assets declined by about 300 bps.

FC securities book dropped by 11% y-o-y mainly due to the \$1.1 bn. FX-indexed debt swap redeemed in the 2nd quarter of 2006.

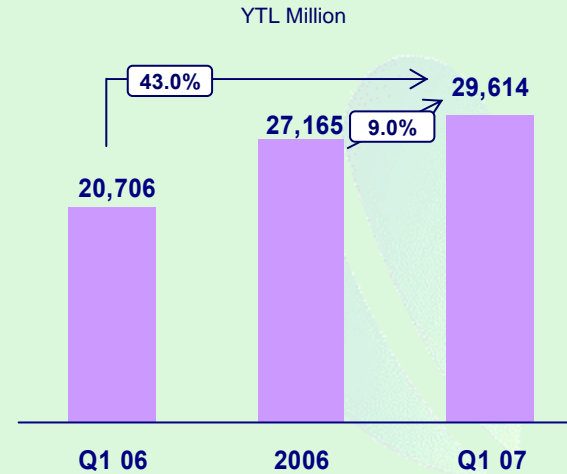
The TL portfolio went up by 51.4% and reached 9.5 bn. Accordingly, the TL/FC mix of total securities shifted to predominantly TL and the TL portion increased from 52.6% in Q1 06 to 64.5% in Q1 07.

Total Loans - Growth & Improving Quality

Composition of Loans



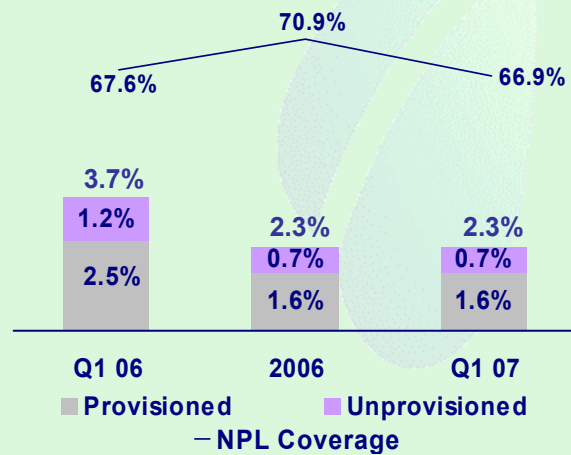
Total Loan¹ Growth



Loans grew YTD and y-o-y by 9% and 43%, respectively.

Retail loan composition in Q1 07 slightly diluted to 43.8% due to better than expected commercial loan activity.

NPL Ratio & Coverage

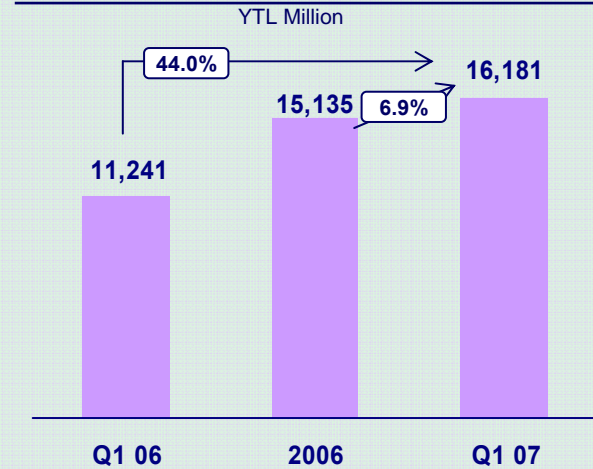


NPL ratio remained stable at 2.3%.

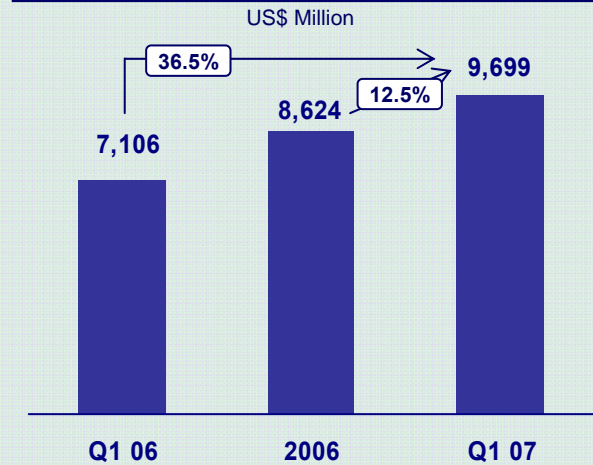
Coverage ratio excludes the collaterals and stands at 66.9%.

TL – FC Loan Growth, Composition

TL Loan¹ Growth

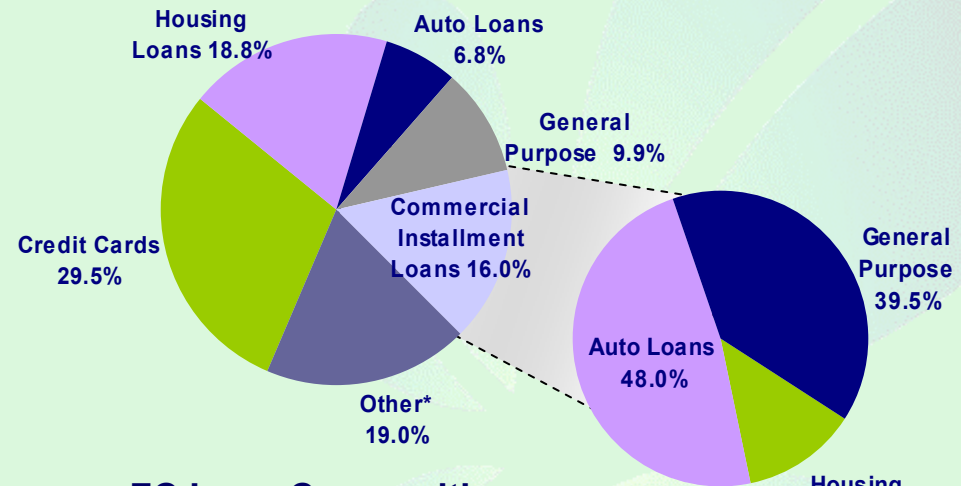


FC Loan¹ Growth



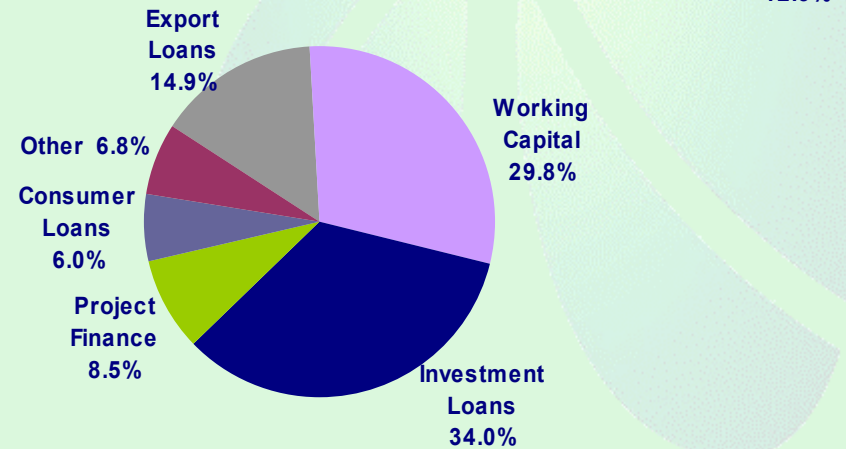
TL Loan Composition

(excluding accrued interest)

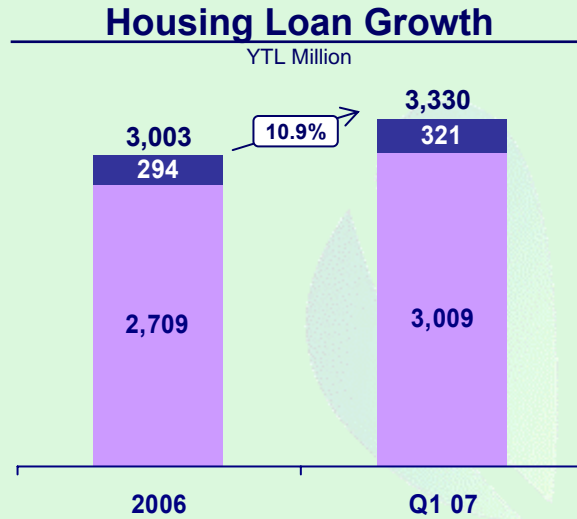


FC Loan Composition

(excluding accrued interest)



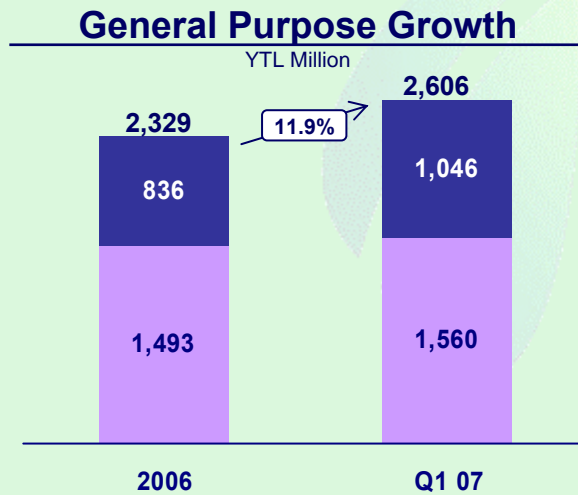
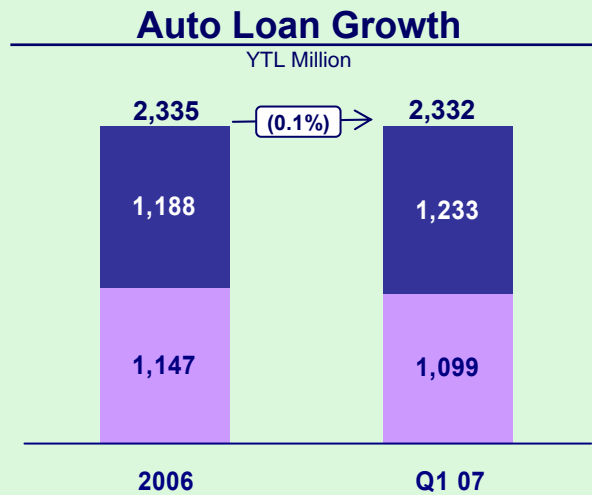
Retail Loan Growth (Consumer, Commercial Installment & Credit Cards)



YTD growth in total retail lending was 5.1%.

Growth in general purpose loans, the highest yielding consumer loan, was 11.9%, followed by housing loans with 10.9% growth.

■ Consumer Loans ■ Commercial Installment Loans

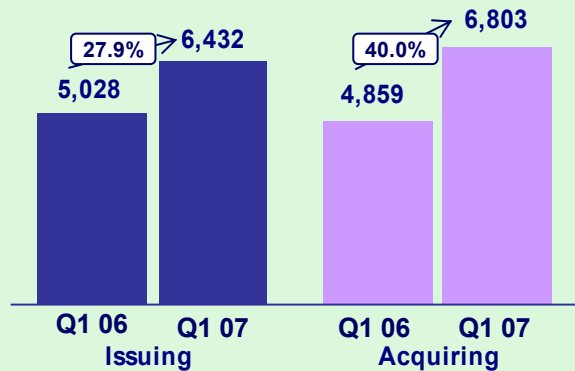


Despite decline in the auto lending sector, Garanti's auto loan book remained flat.

Credit Cards – Leading Market Position (#2)

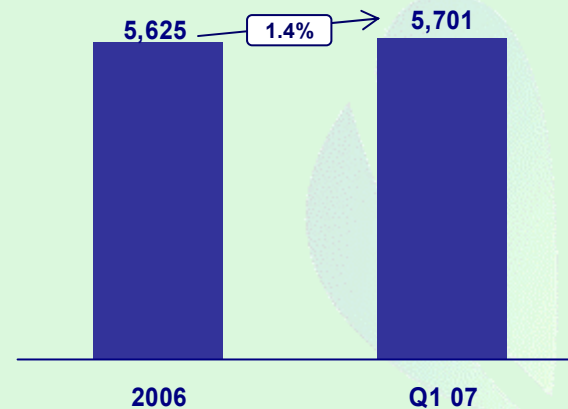
Issuing/ Acquiring Volume

YTL Million



No. Of Credit Cards

In Thousands



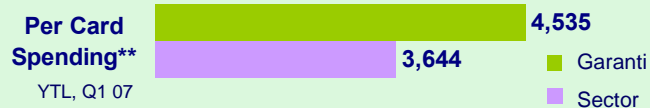
Number of credit cards grew by 1.4% YTD.

Issuing and acquiring volumes were up by 27.9% and 40%, respectively vs. Same period last year.

Market Shares

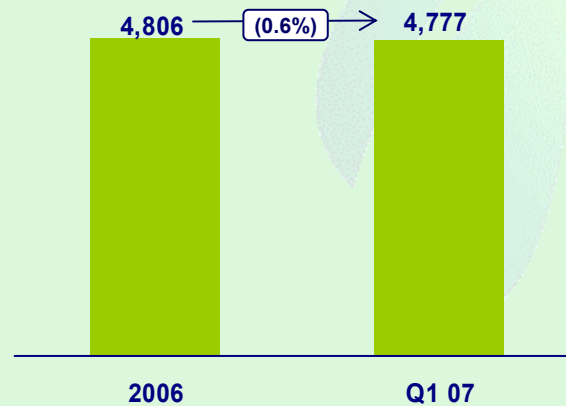
Q107 – Growth over 2006

| | | | |
|--------------|-------|---|---------|
| Acquiring | 22.9% | ▲ | +69 bps |
| Issuing | 21.5% | ▬ | -16 bps |
| Credit Cards | 17.3% | ▬ | - 3 bps |
| POS* | 17.2% | ▲ | +59 bps |
| ATM | 8.9% | ▲ | +13 bps |



Credit Card Balances

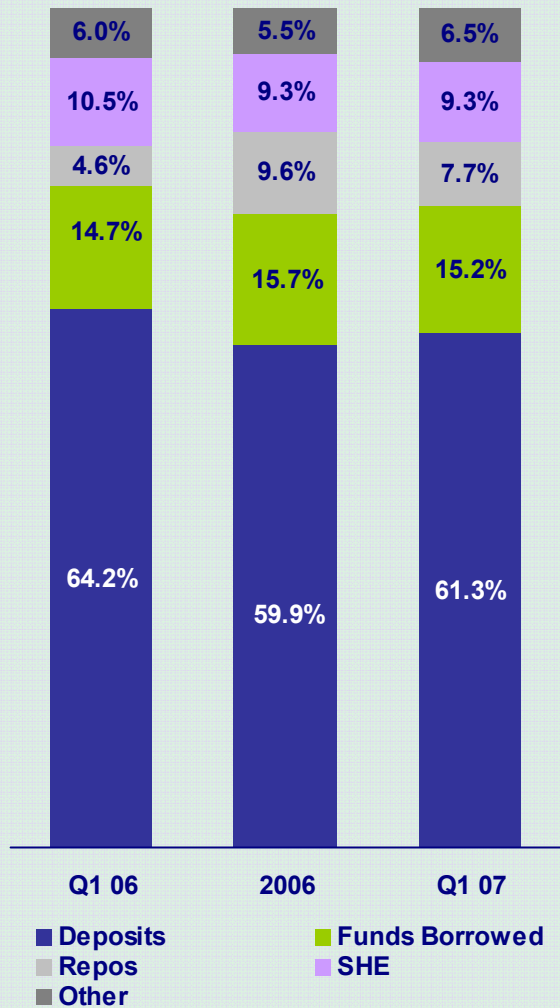
YTL Million



Acquiring volume market share YTD increased by 69 bps and reached 22.9% whereas issuing volume market share slid by 16 bps to 21.5% in Q1 07.

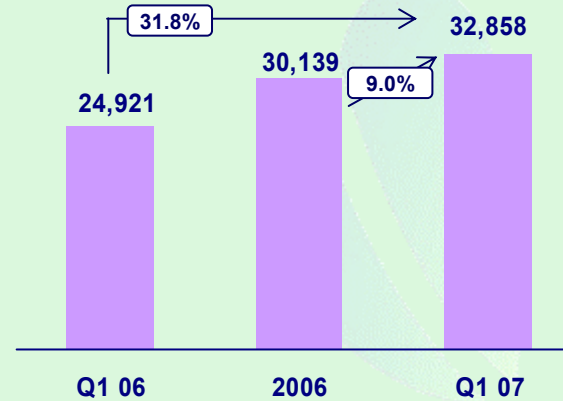
Composition of Liabilities, Deposit Growth and Mix

Composition of Liabilities



Total Deposit Growth

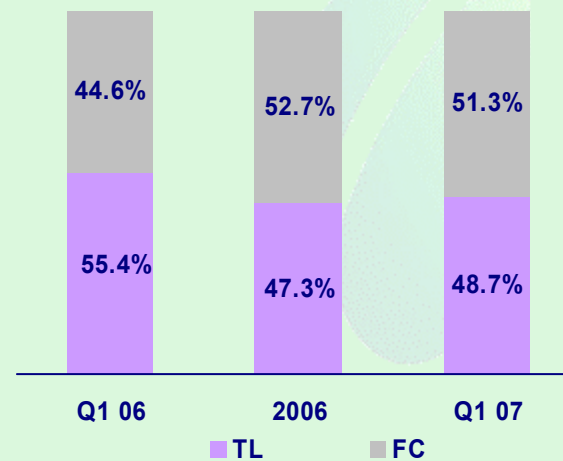
YTL Million



Total deposits were up by 9% YTD and 31.8% Y-oY, reaching 32.9 billion YTL.

Share of deposits in total liabilities & SHE went up to 61.3% in Q1 07 and share of repos dropped to 7.7% vs. 2006 YE.

Deposits – TL/FC Mix

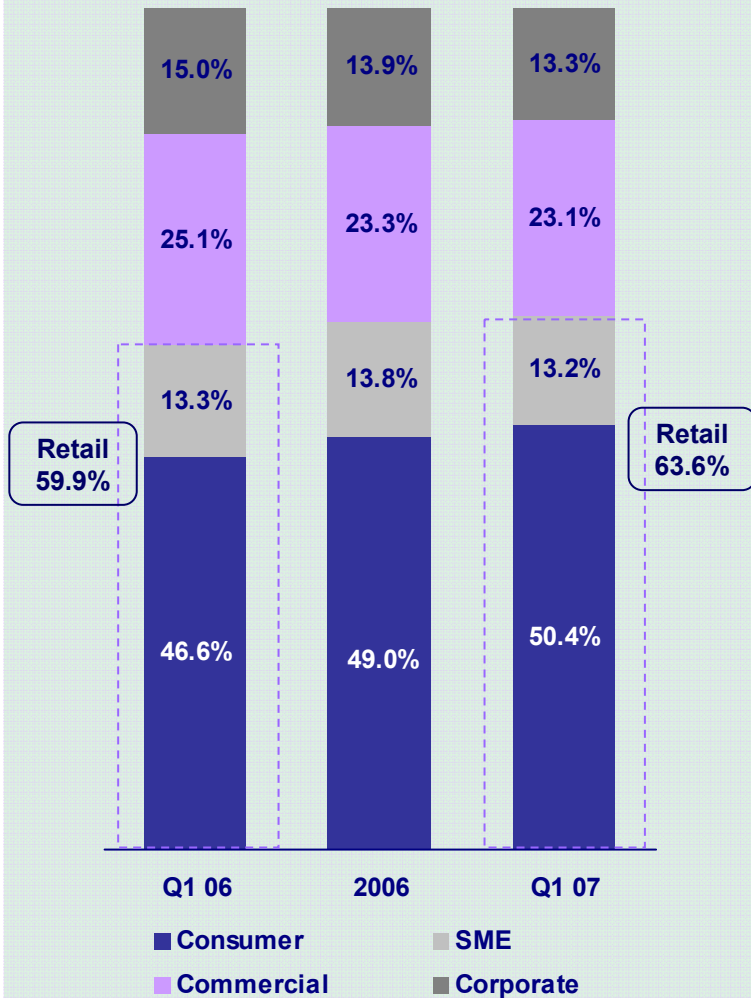


TL deposit growth YTD was 12.4% vs. FC deposit growth of 6.7% in US\$ terms, leading to slight shift towards TL deposits (48.7%).

Deposits by LOB, Demand Deposit Growth and Cost of Deposits

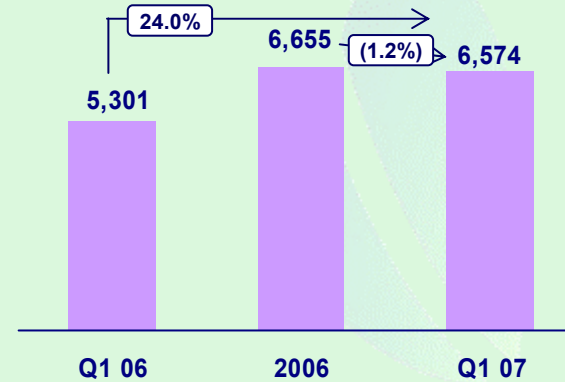
Deposits by LOB

(excluding bank deposits)



Demand Deposit* Growth

YTL Million

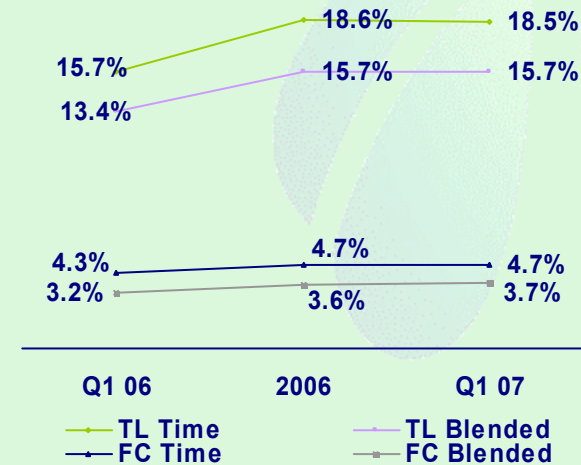


Share of retail deposits increased by 370 bps and composed 63.6% of total customer deposits.

Demand deposits reached 6.6 bn. YTL, up by 24.0% since Q1 06.

Cost of Deposits

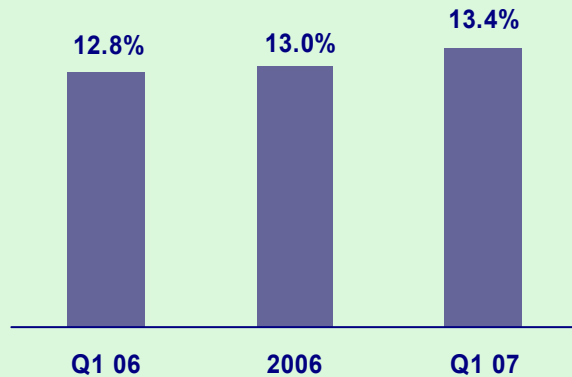
Monthly Averages



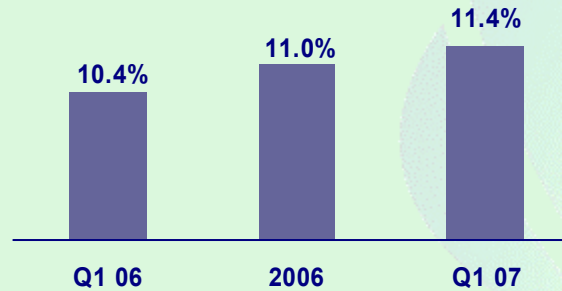
Cost of Deposits has flattened.

Market Share Growth in Loans and Deposits

Total Loans

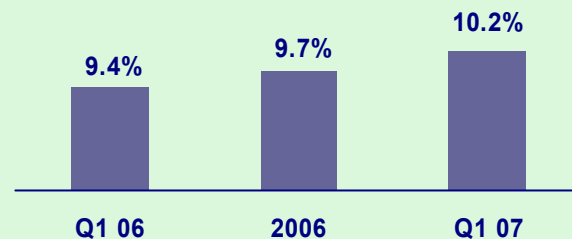


Consumer and Comm. Install. Loans*

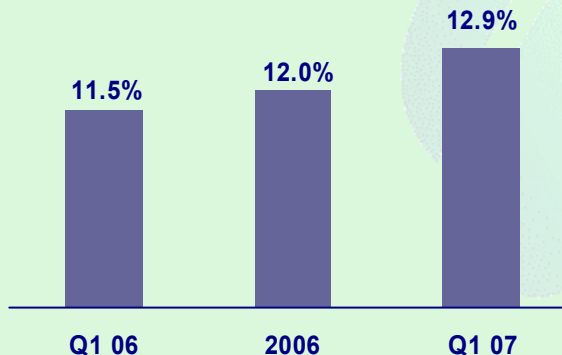


Market share growth in Q1 07 was significant. Total loans and consumer & comm. install. loans both went up by 140 bps YTD.

Total Deposits



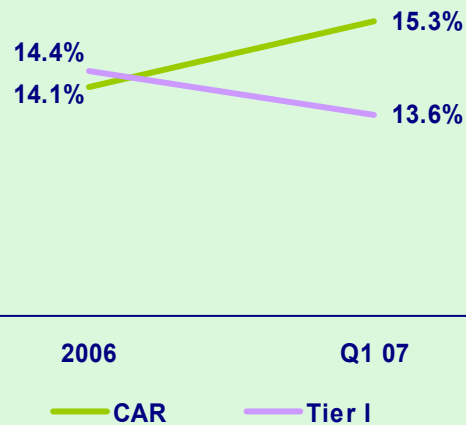
Demand Deposits



Total deposits market share went up by 50 bps. Demand deposits contributed heavily. Demand deposits market share increased by 90 bps and reached 12.9%.

Stronger Capital Base and Increasing Free Funds

CAR & Tier I Ratio



CAR Composition

| (YTL Million) | 2006 | Q1 07 | Change |
|---------------|--------|--------|--------|
| RWA | 31,466 | 35,014 | 11.3% |
| Market Risk | 303 | 1,072 | 253.8% |
| Tier I | 4,559 | 4,921 | 7.9% |
| Capital Base | 4,473 | 5,523 | 23.5% |

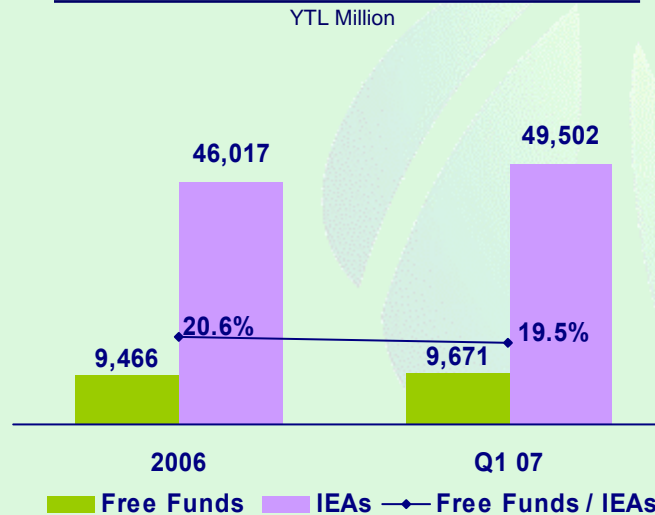
Free equity went up by 10.2% to 3.1 bn. YTL in Q1 07.

In Q1 07, free funds' growth was 205 mn. YTL corresponding to 19.5% of IEAs.

Free Equity



Free Funds*/IEAs



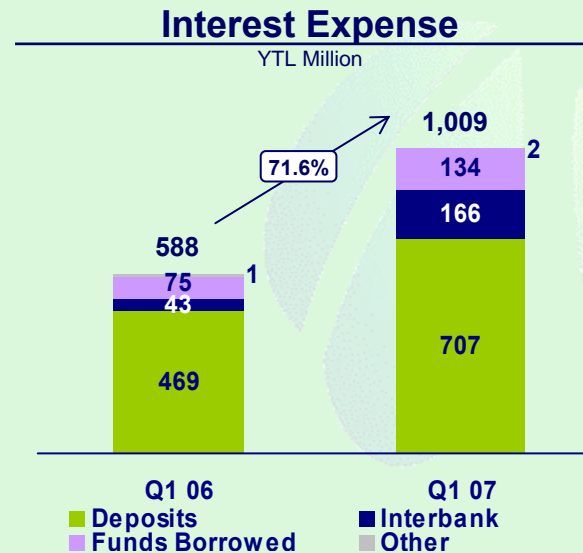
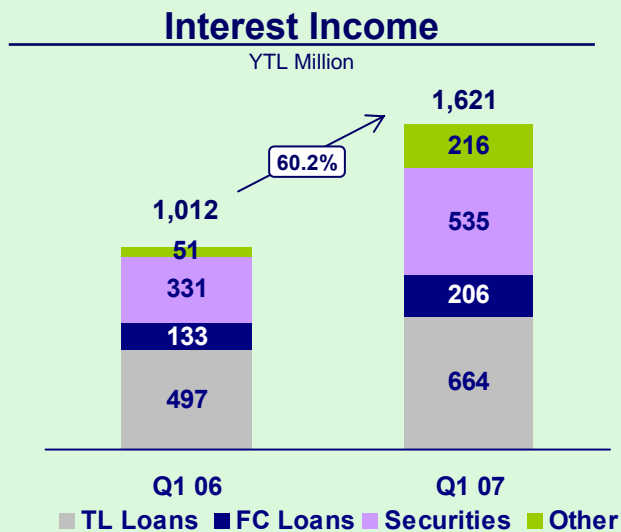
The proceeds from the sale of insurance and pension fund business is expected to contribute to free funds by an additional 8 – 9%.

NIM Adjustments; Interest Income and Interest Expense

| (YTL Million) | Q1 06 | Q1 07 | Growth |
|-------------------------------------|-------|-------|--------|
| Net Interest Income | 424 | 612 | 44.4% |
| Net FX Gain / Loss | 9.4 | (7.4) | n.m. |
| Adjusted Net Interest Income | 433 | 604 | 39.5% |

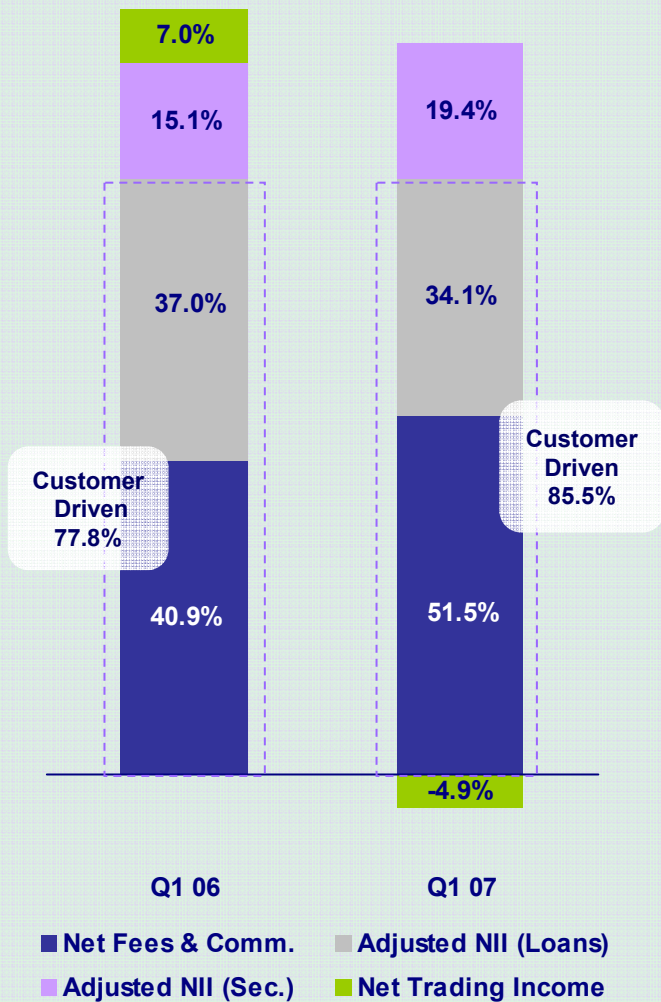
Net foreign exchange loss is -7.4 million YTL bringing the adjusted net interest income to 604 billion YTL .

High volume growth y-o-y and diligent funding cost management resulted in 39.5% growth in adjusted net interest income.



Banking Income & Non-Interest Income Breakdown

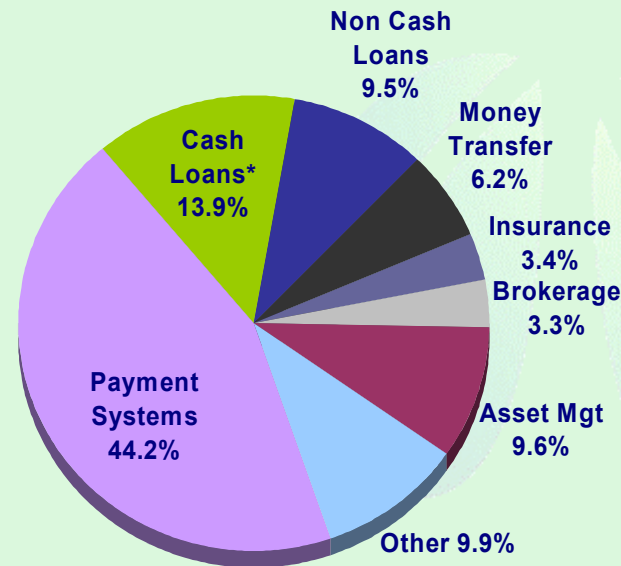
Ordinary Banking Income



| (YTL Million) | Q106 | Q107 | Growth |
|--------------------------------|------------|------------|-------------|
| Net Fees and Comms. | 240 | 306 | 27.4% |
| Net Trading Account Inc. | 41 | (29) | n.m. |
| Dividend Income | 1 | 0 | n.m. |
| Other Income | 33 | 59 | 79.7% |
| Total Non-Interest Inc. | 315 | 336 | 6.7% |

Customer driven sources of income increased by 770 bps and now constitute 85.5% of ordinary banking income.

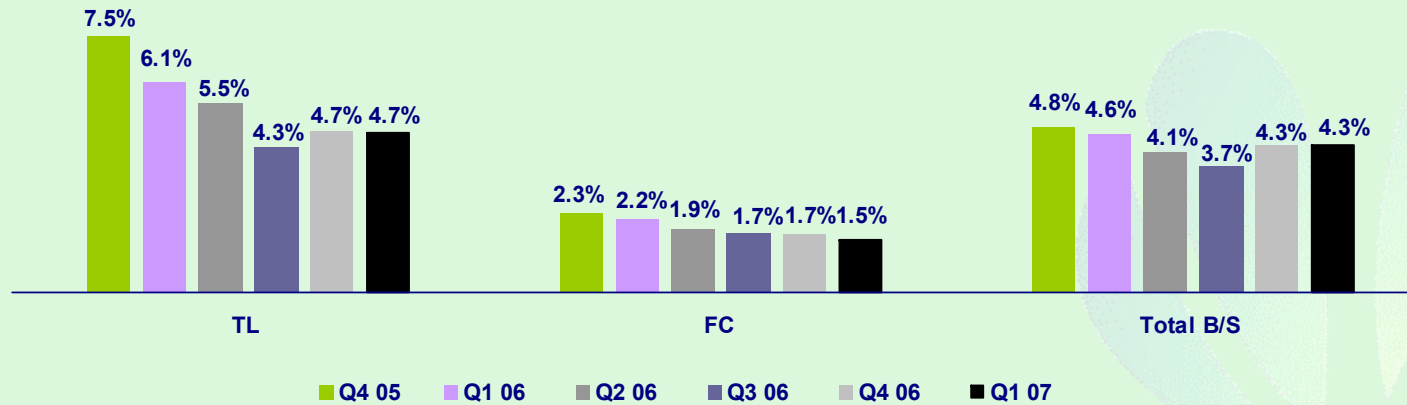
Net Fees & Commissions



Net fees and commissions grew by 27.4% in Q1 07 contributing 51.5% to the ordinary banking income -- indicating the increasing trend on sustainable revenue sources.

Margins and Spreads on a Quarterly Basis

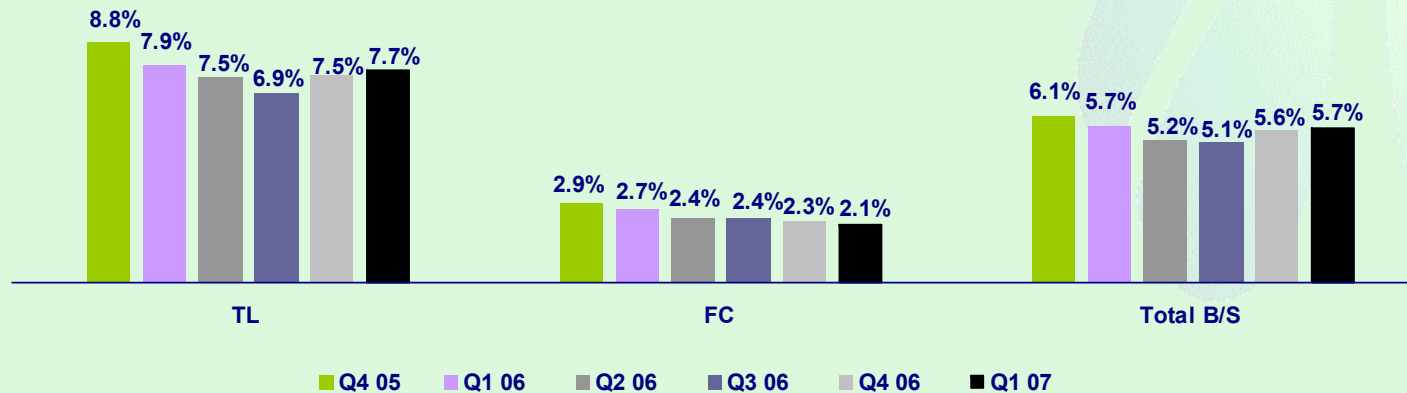
Spreads



In 1Q 07, TL spread was down by 145 bps over same period last year and the FC spread contraction was 62 bps during the same period.

On a blended basis, the spread contraction was only 30 bps due to the shift to higher interest earning TL assets.

Margins



TL margin expansion over the last two quarters positively affected the blended margin and the y-o-y margin movement remained flat.

Summary Income Statement

| (YTL Million) | Q1 06 | Q1 07 | Growth |
|--------------------------|------------|------------|----------------|
| Total Revenues | 748 | 940 | 25.7% |
| Operating Expense | 326 | 381 | 16.7% |
| Operating Income | 442 | 559 | 32.7% |
| Provisions* | 88 | 77 | (11.6%) |
| Taxes | 82 | 105 | 27.6% |
| Net Income | 252 | 377 | 49.8% |

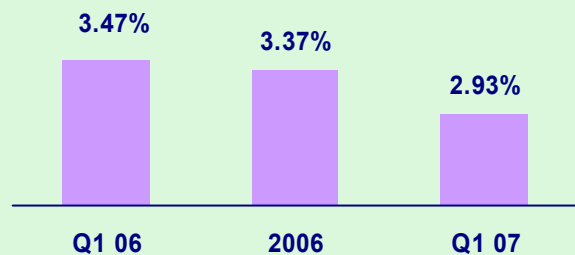
Operating income grew by 32.7%, reaching 559 bn. YTL.

Total revenue growth was higher than expense growth.

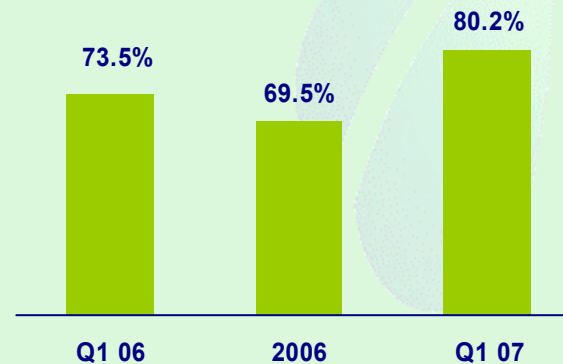
Operating expenses in average assets improved by 54 bps to 2.93% in Q1 07 from 3.47% in Q1 06.

Also, the net fees & commissions coverage of operating expenses reached 80.2%.

Opex / Avg. Assets



Fees & Comm. / Opex



1st Qtr - Summary

- Volume growth **momentum in high yielding loans** – above sector —————> **market share gains**
- **Positive impact of re-pricing**
 - Increasing yield on loans and securities
 - Flattening curve on cost of funding —————> **margins expanding**
- Net fees and commissions' **quarterly sequential growth momentum** continues
- Customer driven sources of income which are mainly **sustainable revenue sources** constitute **85.5% of the total ordinary banking income.**
 - The contribution to the banking income from securities book dropped to 14.5% from 22.1% (adjusted NII from securities plus trading income)
- **Despite branch openings, operating expense growth is under control.** Cost/Income ratio for the quarter is 530 bps better than the ratio in the same period last year.
- Another consecutive **record profitability.** Y-o-y ROAA and ROAE improved by 23 bps and 580 bps, respectively.
- Potential 9% **expansion in free funds** in the second quarter due to sale of stakes in insurance and pension fund businesses.
- **Stronger capital base** – injection of \$500 mn. of Tier II capital – CAR now is 15.3%



GarantiBank

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