GarantiBank

BRSA Bank-Only Earnings Presentation

December 31, 2008

4Q 2008: Extremely complex environment

Volatile markets – hectic parameters…

- *Benchmark bond rate hit 25% in October - closed the year at 16.4%*
- *USD/TL started 4Q at 1.2 and hit 2006 level 1.7 by mid-November and closed the year at 1.5*
- *Libor rates hit over 4% in October, finished the year less than 1.5%*

As the impact of the financial crisis became more pronounced…

- *3Q GDP growth rate 0.5% – the lowest growth rate since 1Q 2002*
- *Sharp contraction in exports and imports – C/A deficit narrowed*
- *Falling oil prices and weak demand eased inflationary pressures*

Growth estimates deteriorated.

- *GDP growth expectation down to 1% for 2008 vs. 3.9% anticipated in the beginning of 4Q -- No growth expected for 2009*

Accordingly,

- *CBT and BRSA took imperative steps to allay the tight liquidity conditions in the banking sector*
    - *CBT cut policy rate from 16.75% to 15% (Nov. 50 bps followed by Dec. 125 bps)*

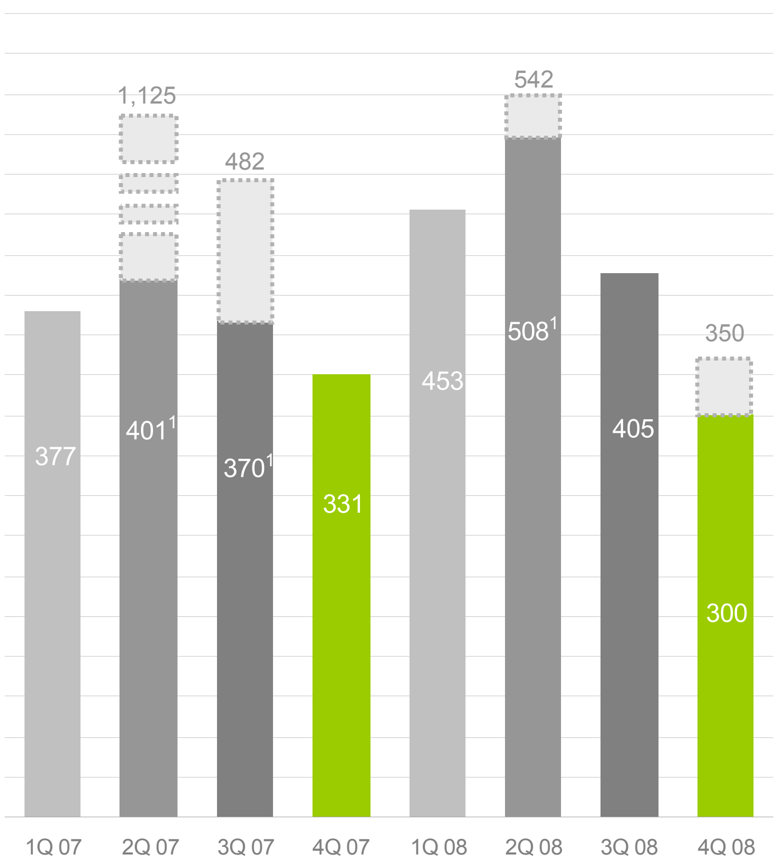
2008 – Garanti Highlights

- *Focused execution on resilient income generation -- even in this complex environment Net Income[1] growth 13%, ROAE[1] 21%*
- *Solid & timely steps taken to sustain healthy B/S -- "liquid, low risk, well capitalized"*
  - *Migrating assets into higher yielding TL*
  - *Position securities for prolonged benefit of higher yields*
  - *Proactively manage risk to maintain sound asset quality*
  - *Robust deposit growth -- easing loans-to-deposits ratio to 94%*
  - *Solid capital base further reinforced by effective capital management -- CAR at 16.1%*
- *Highest level of fee income generation capacity*
  - *Net fees & commissions coverage of Opex 59% vs Sector's 41%[2]*
- *Stricter cost management in keeping with the current economic cycle*
- *Stronger retail network -- increased critical mass*
  - *Y-o-y net increase in*
    - *# of branches: 138 branches*
    - *# of customers: 1.2 million*
    - *Demand deposits: TL 1.2 billion or 17% vs. sector's 7%*

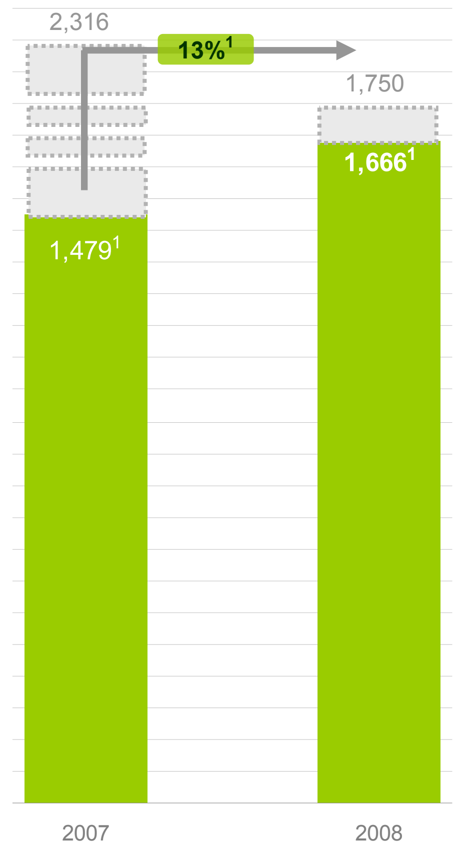
1 Normalized
2 As of 3Q 08

Resilient earnings capability in an extremely complex environment -- Sustainable ROAE over 20%

Quarterly Normalized Net Income[1]



Normalized Net Income[1]



Earnings[1]
Y-o-Y

13%

ROAE[1]

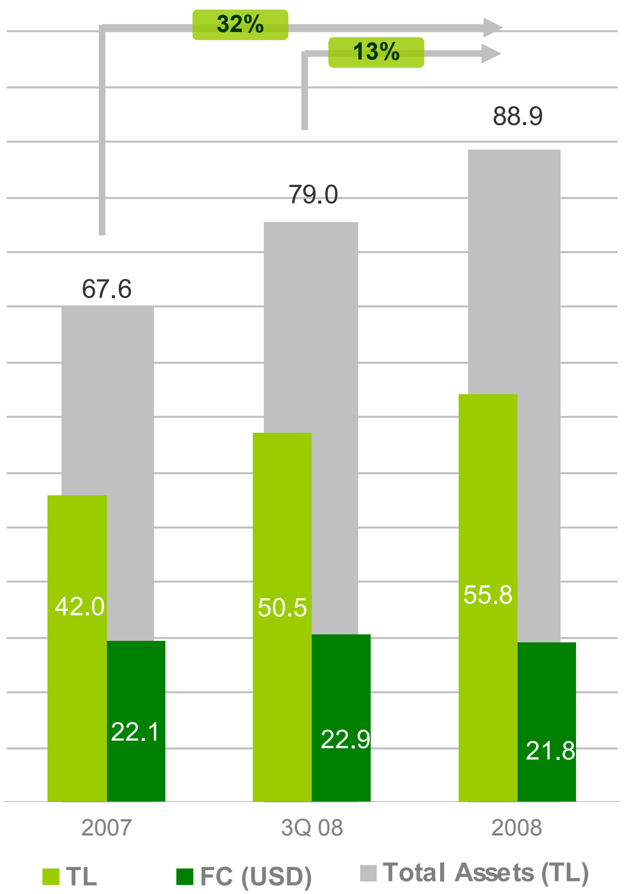
21%

1 Please refer to Slide 23 for breakdown of non-recurring items

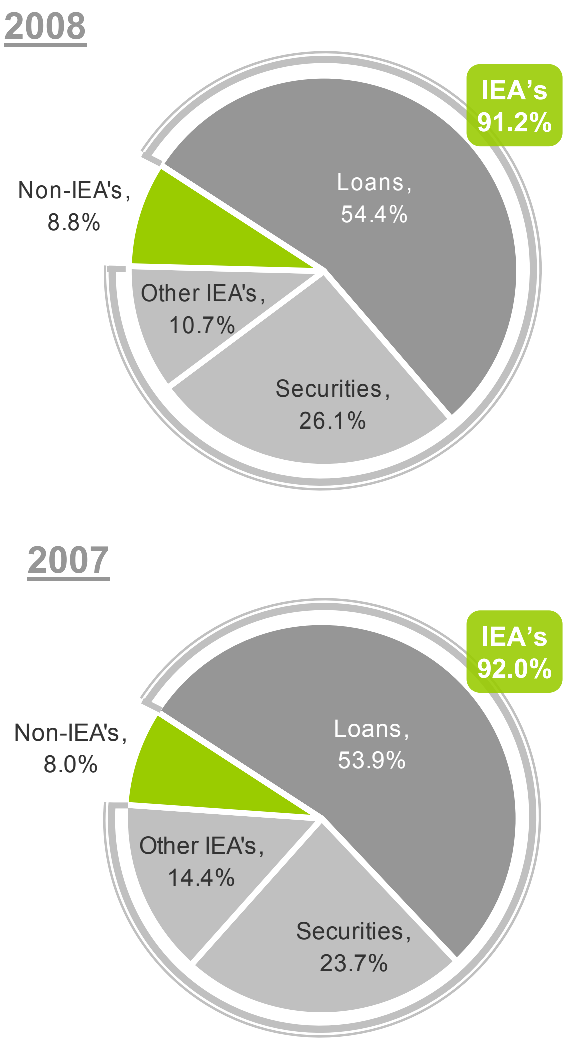
Migrating assets into higher yielding TL

Total Assets

TL / USD Billion



Composition of Assets[1]



Ytd Growth in:

TL Assets

33%

FC Assets

~Flattish

Total Loans

34%

Securities

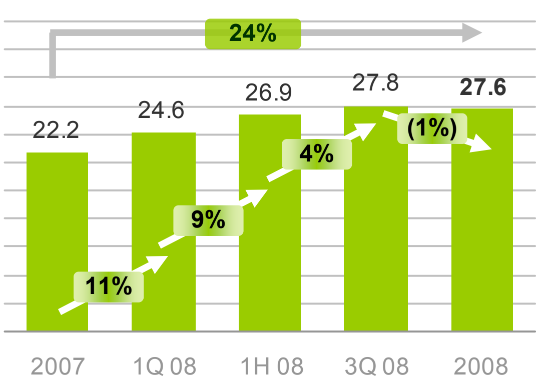
46%

1 Accrued interest on B/S items are shown in non-IEAs
2 Other IEA's include factoring and leasing receivables

Timely managed asset mix benefiting from changing environment

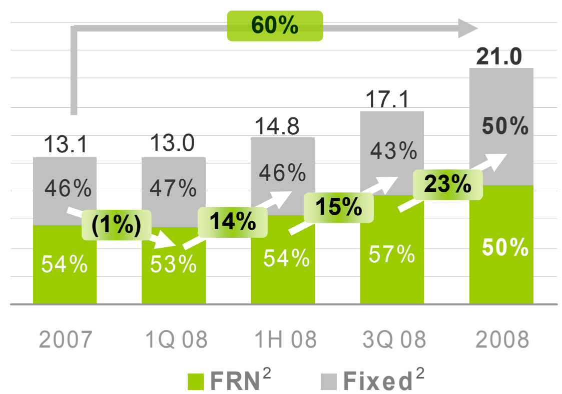
TL Loans[1]

TL Billion



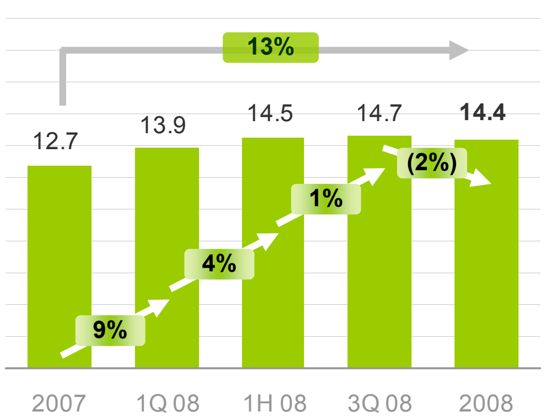
TL Securities

TL Billion



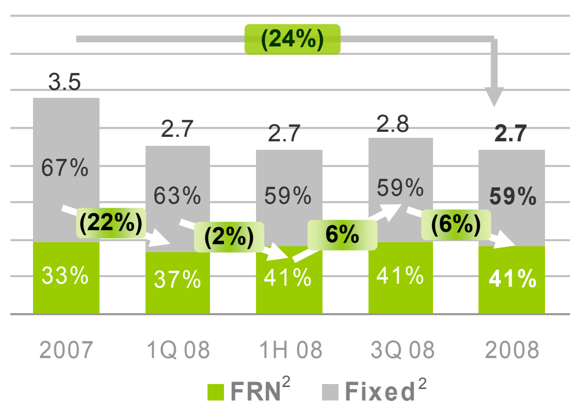
FC Loans[1]

US$ Billion



FC Securities

US$ Billion



TL weight in loans & securities -- 56% & 84% , respectively

2.5 bn TL

Net increase in Fixed Rate Securities in 4Q 08

Securities:

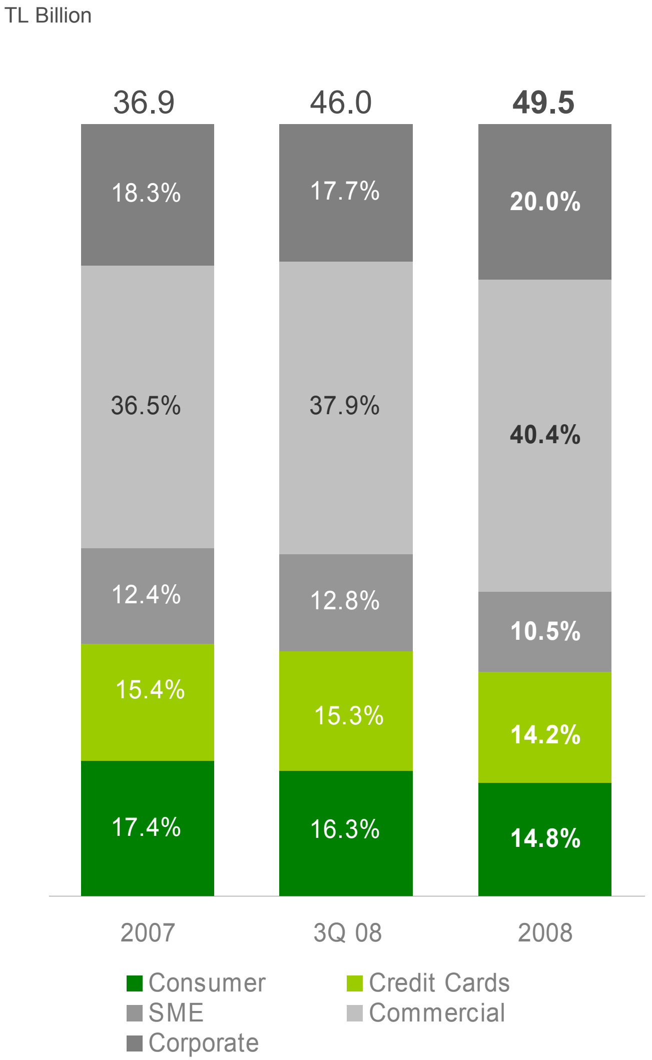
69% AFS

31% HTM

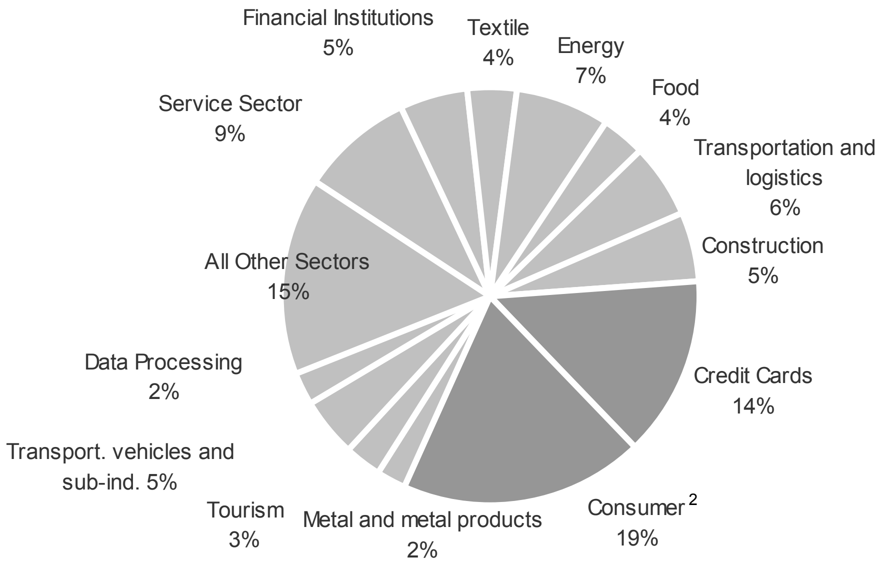
1 Performing cash loans
2 Based on bank-only MIS data

Actively managed risk-return balance through well diversified loan book

Loans by LOB[1]



Loans by Sectoral Breakdown[1]



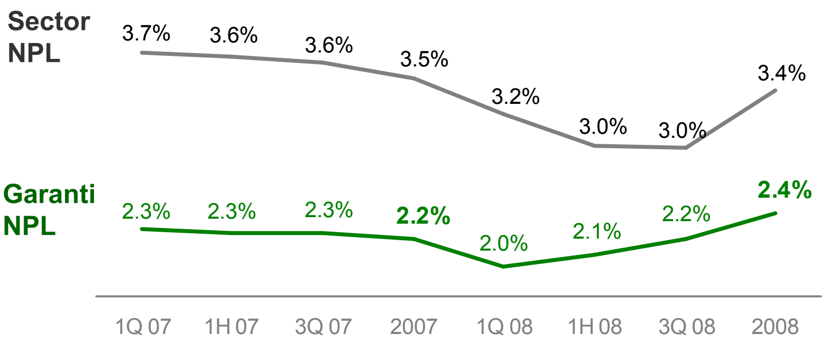
34% Ytd loan growth mainly driven by Corporate and Commercial Banking

1 Based on bank-only MIS data
2 Consumer includes SME owners' personal loans

Sound asset quality -- advantage with competitors

NPL Ratio & Coverage[1]

Coverage Ratio	2007	2008
Sector	89%	81%
Garanti	64%	64%

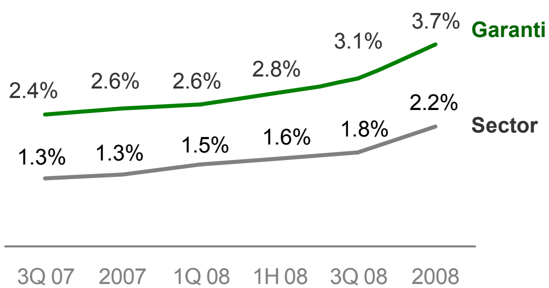


- *New NPL generation lowest among peers*
  - ✓ *Centralized approval*
  - ✓ *Established strong risk culture*
  - ✓ *More selective origination in higher risk segments*
  - ✓ *Closer monitoring of cash flow cycles of customers*
  - ✓ *Enhanced collection capability*
- *Strong collateralization*
- *Limited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

NPL Categorisation[1]

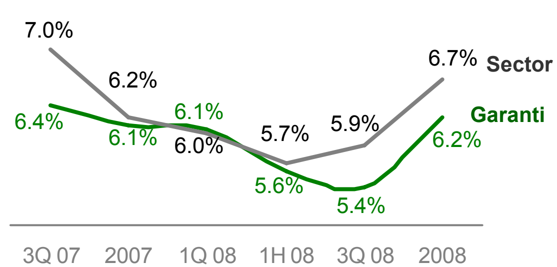
Retail Banking (Consumer & SME Personal)

19% of Garanti's Total Loans



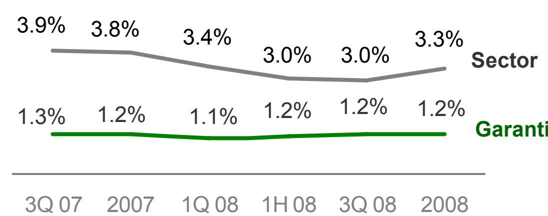
Credit Cards

14% of Garanti's Total Loans



Business Banking (Including SME)

67% of Garanti's Total Loans

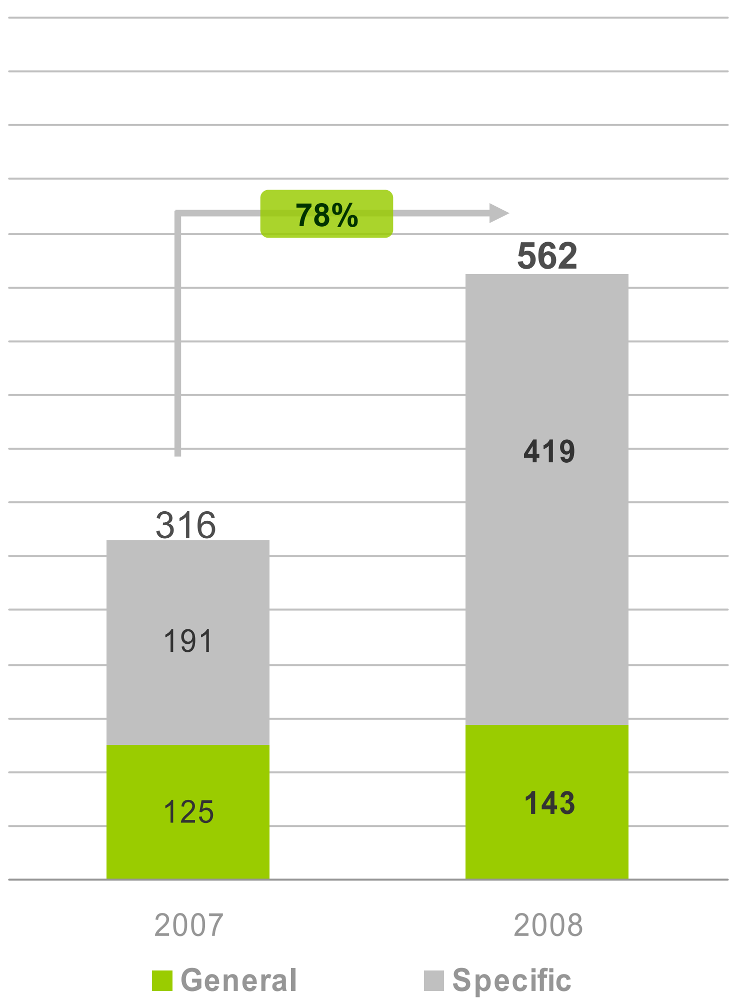


1 Sector figures are per BRSA bank-only data

Prudent provisioning

Loan-Loss Provisions

TL Million



*Despite BRSA's new amendments**

easing provisioning requirements,

higher provisions absorbed

due to environment worsening

Cost of risk *(LLP / Avg. Total Loans)*

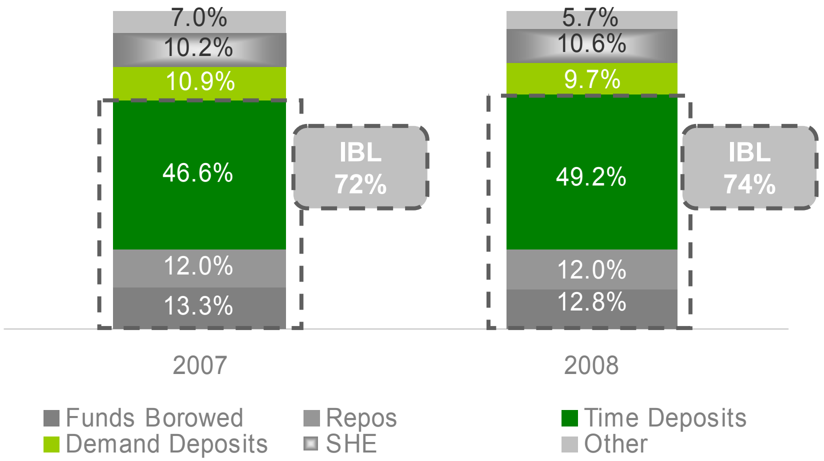
up by ~30bps to

129bps

* Loans delayed less than 30 days are now classified as "performing" and general provisioning requirement for those loans are half of the "loans under watch" (Group 2).

Solid funding structure reinforced with robust growth in deposits

Composition of Liabilities[1]



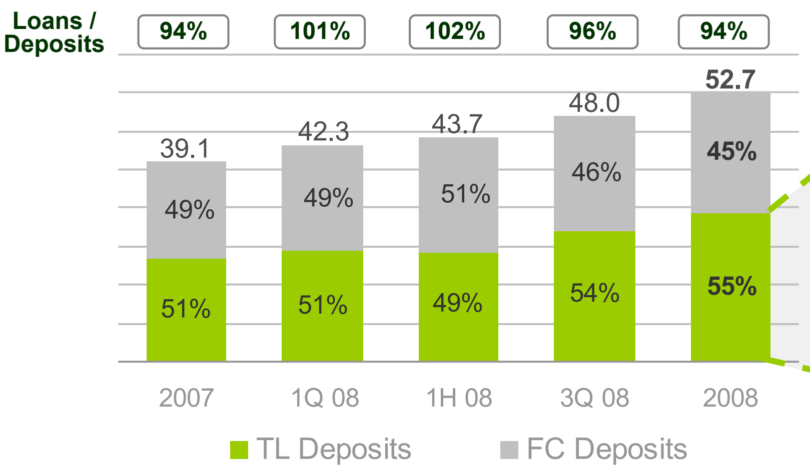
Total Deposits

Ytd

35%

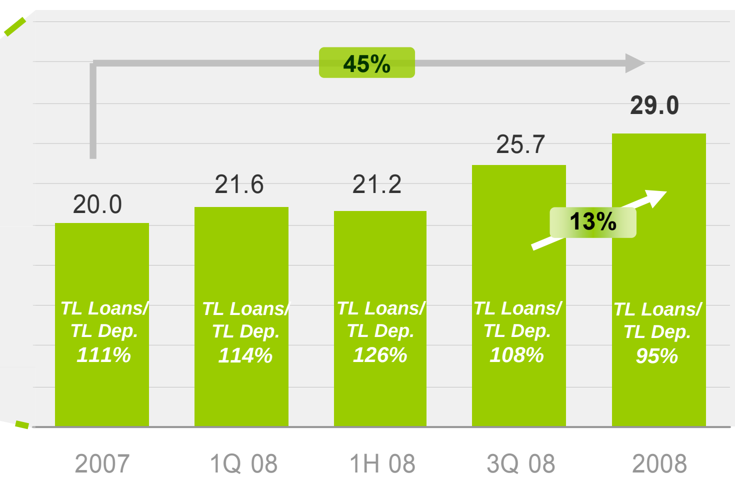
Total Deposits

TL Billion



TL Deposits

TL Billion

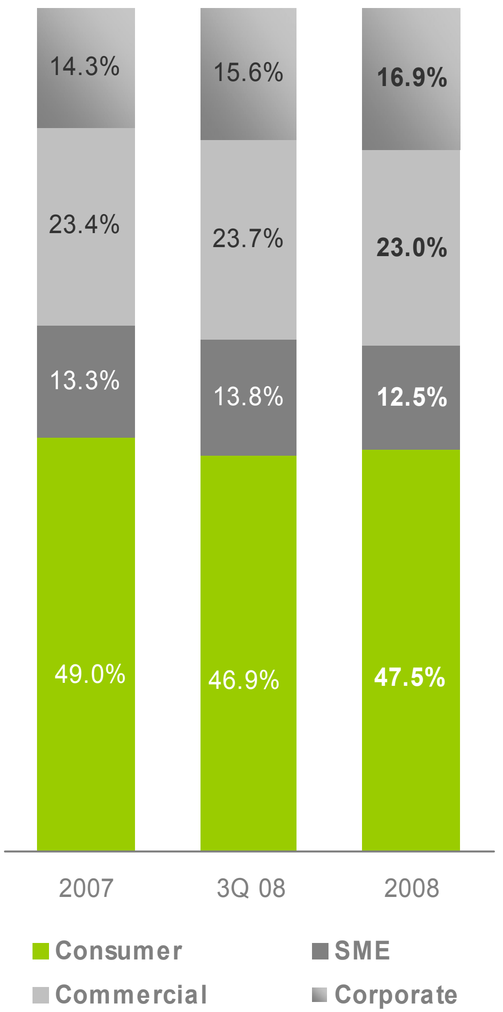


1 Excluding accruals

Significant share of demand deposits eased the pressure on increased deposit costs

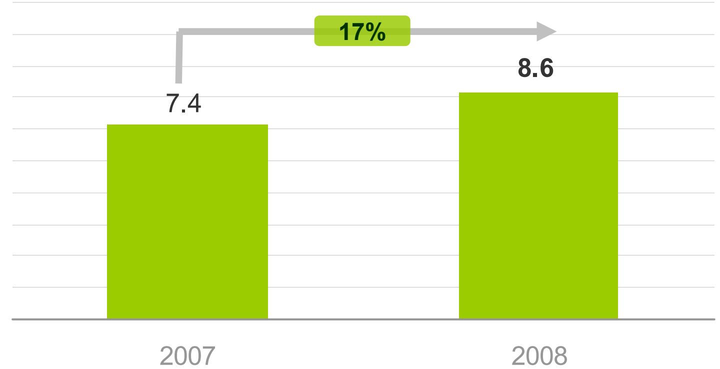
Deposits by LOB[1]

(Excluding bank deposits)



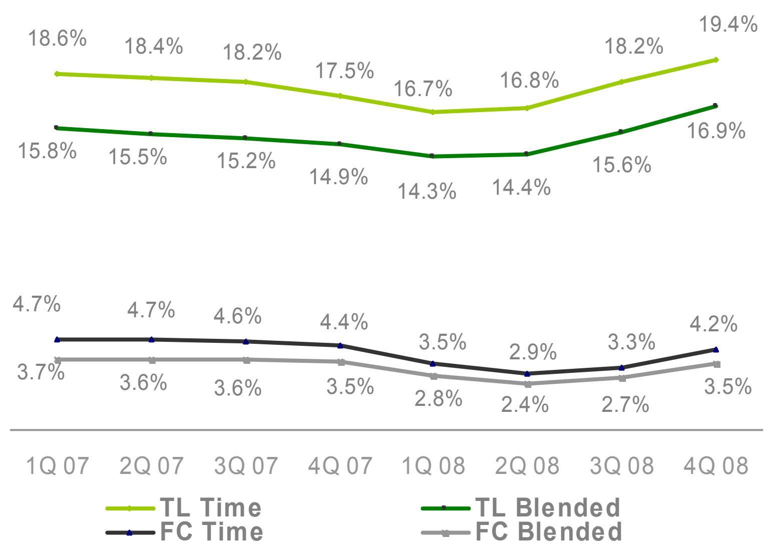
Demand Deposits

TL Billion



Cost of Deposits[1]

Quarterly Averages



Demand Deposits

Ytd Growth

17% vs.

Sector's 7%

Demand Deposit Market Share[2]

14%

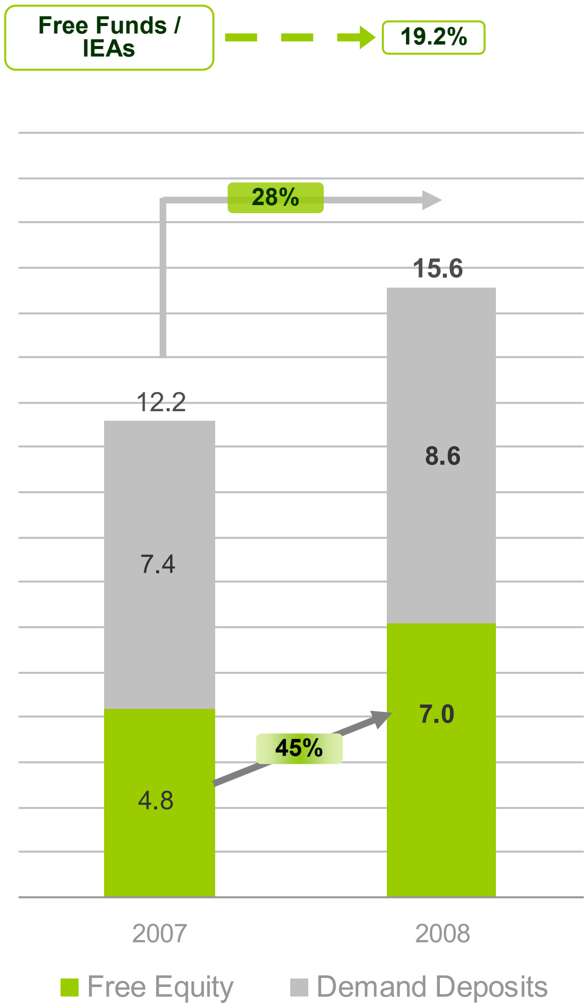
1 Based on bank-only MIS data
2 Sector figures are per BRSA weekly data. Excluding bank deposits

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 2007 earnings*

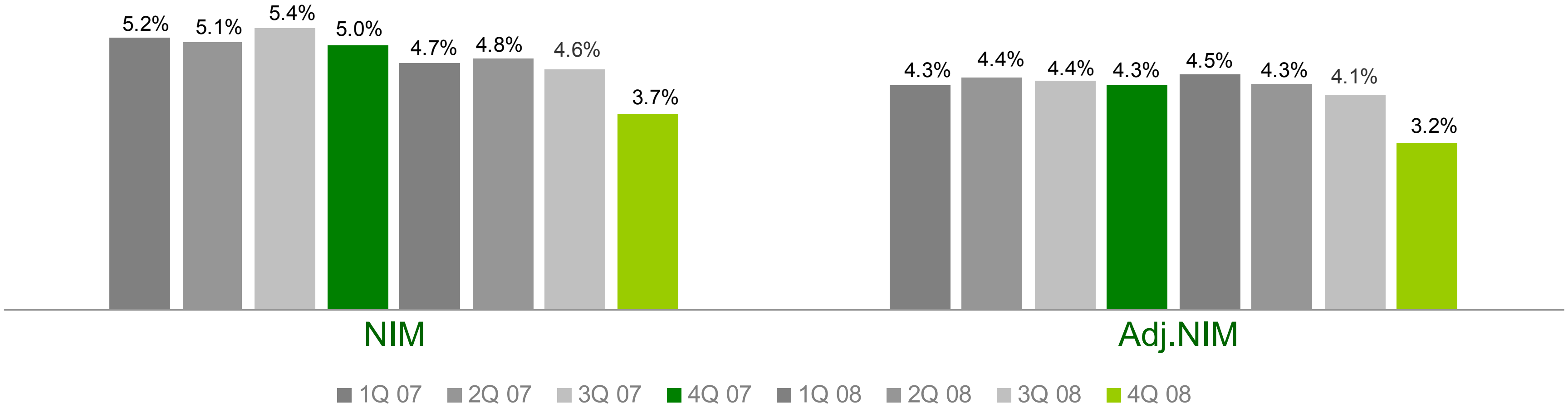
Leverage Ratio

8x

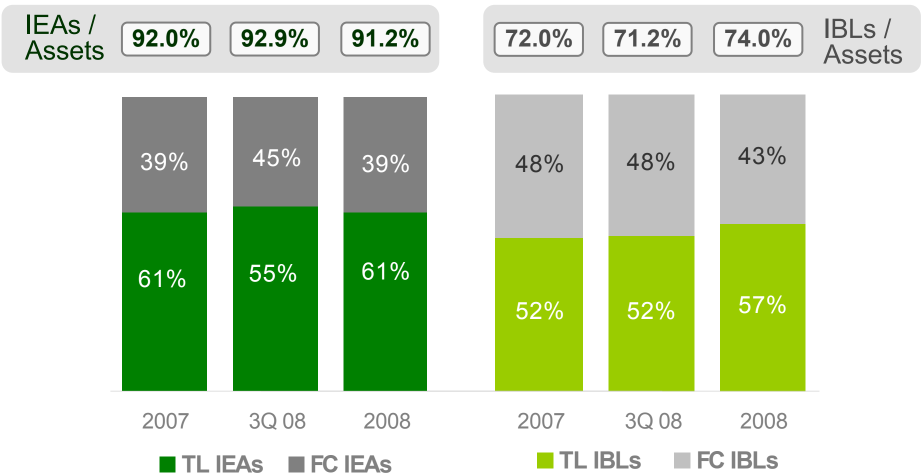
B/S ready for the challenging environment

Despite expansion in asset yields and effective management of funding costs, margins pressured via higher volume growth in TL funding

NIM (Net Interest Income / Average IEAs)



Composition of IEAs & IBLs



In 4Q 08:

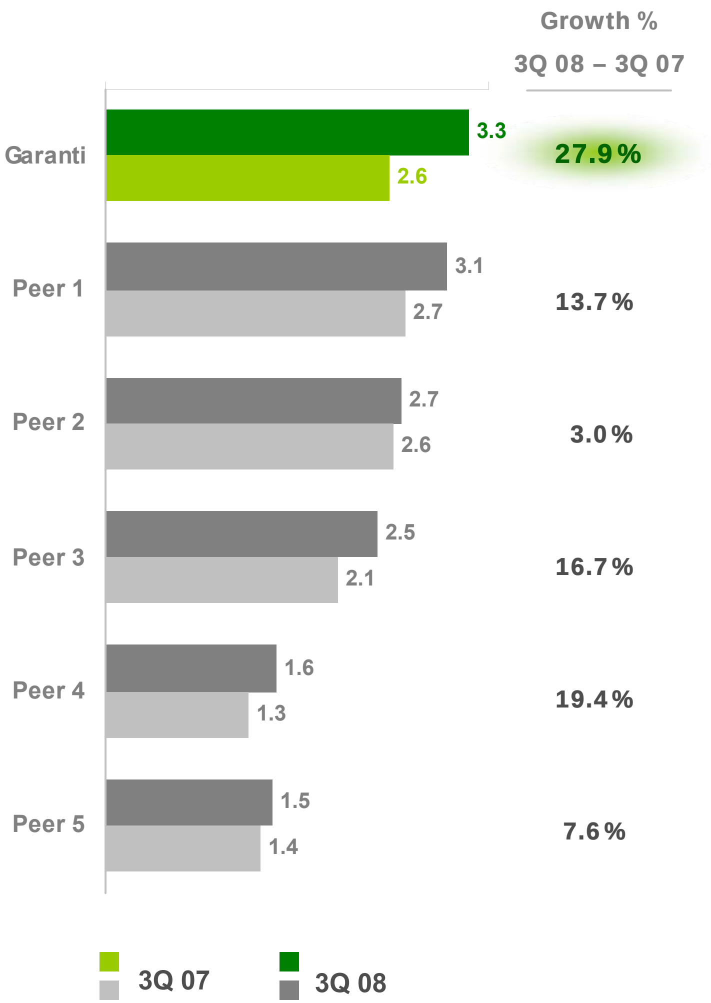
- *Expanding asset yields' impact on margin +100 bps*
- *Increasing funding costs, increase in TL weight and the slower growth in demand deposits weighed on the margin by -190 bps*
- *Adjusted NIM suppression due to higher provisions partially offset by trading & FX gains*

Source:BRSA Bank-only financials
Adjustments to NIM: Net Interest Income/ Average IEA adjusted by FX gain/loss, provision for loans and securities, and net trading income/loss

Focus remains on resilient revenue streams...

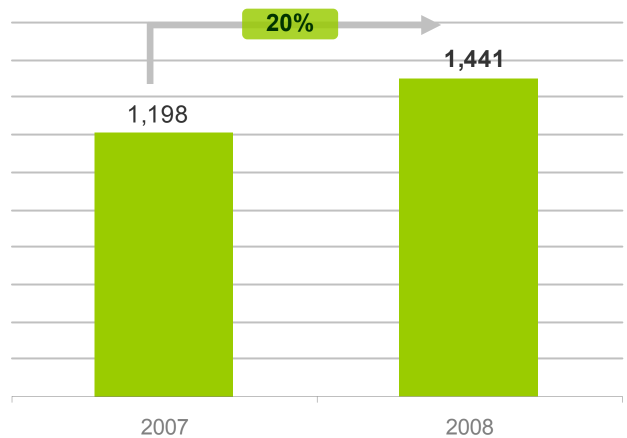
Ordinary Banking Income[1] Generation

TL Billion

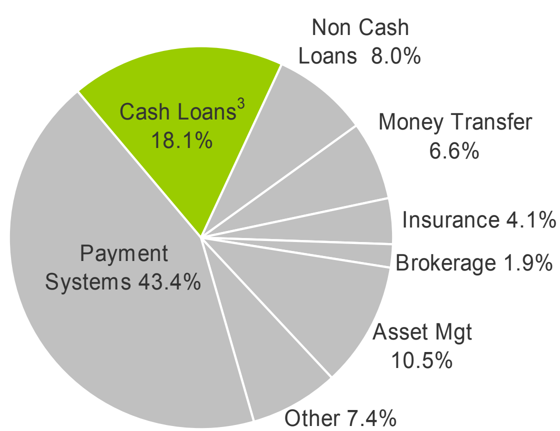


Net Fees & Commissions[2]

TL Million



Net Fees & Commissions Breakdown[4]

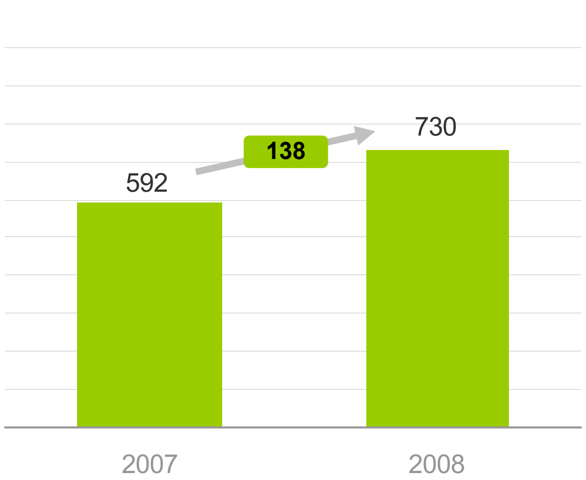


Garanti recorded the highest ordinary banking income growth rate among peers

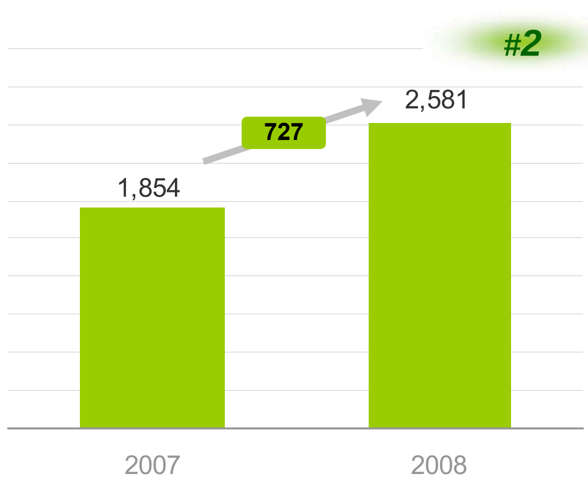
1 Defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions
2 As per new BRSA classification in P/ L, excludes net fees and commissions received from cash loans amounting 109 mn for 2008 and 61 mn for 2007
3 Include consumer loans fees as well as other cash loan fees now classified as interest on loans in income statement amounting 109 mn for 2008 and 61 mn for 2007
4 Bank-only MIS data

...as retail network strengthens building up the critical mass...

Number of Branches

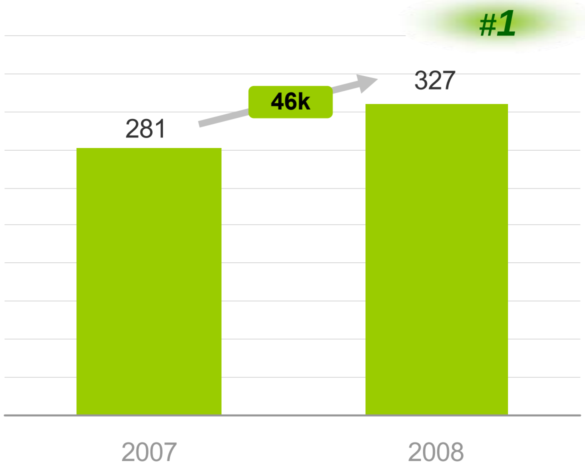


Number of ATMs



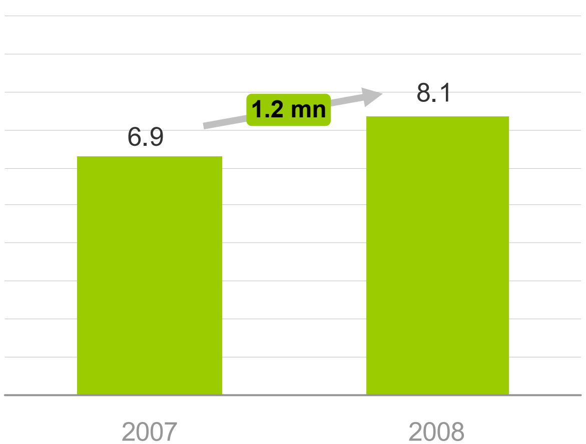
Number of POS

Thousands



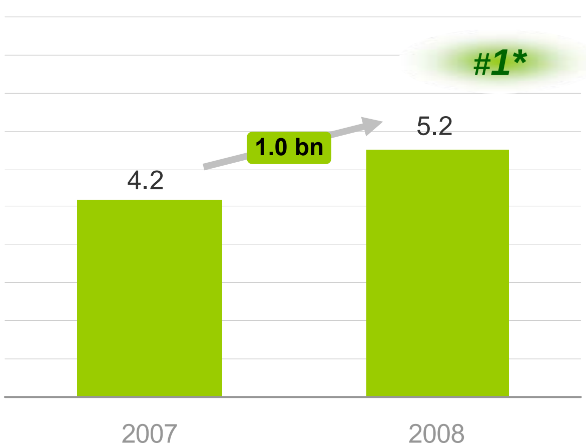
Number of Customers

Millions



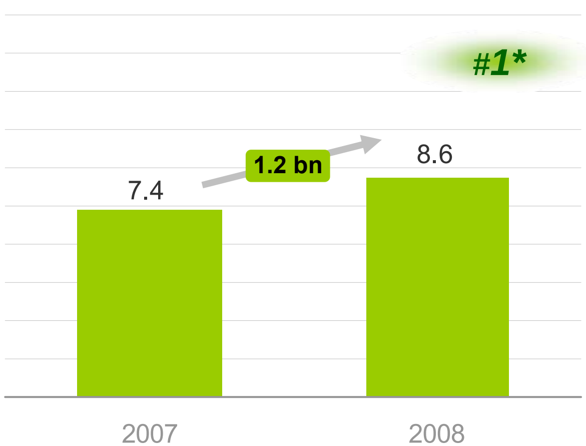
Mortgages

TL Billion



Demand Deposits

TL Billion



* Mortgage and demand deposit ranks are as of 3Q 08

…to underscore the solid performance in a difficult year

(TL Million)	**2007**	**2008**	**Growth**
Ordinary Banking Income	3,550	4,307	21%
Other Income[1]	157	234	49%
Total Revenue[1]	**3,707**	**4,541**	**23%**
Operating Expense[1]	(1,816)	(2,440)	34%
Personnel Expense	(700)	(963)	38%
Bonus Provision	(33)	(99)	202%
Rent Expense	(77)	(109)	41%
Communication Expense	(110)	(136)	23%
Other[1]	(896)	(1,133)	26%
Operating Income[1]	**1,891**	**2,101**	**11%**
Other Provisions[2]	(22)	(3)	(84%)
Taxes[1]	(390)	(432)	11%
Normalized Net Income[1]	**1,479**	**1,666**	**13%**
Non-recurring Income[1]	837	84	n.m
Net Income	2,316	1,750	(24%)

21%

Ordinary Banking Income Growth

Y-o-Y

34% Opex increase includes branch expansion -- increase in avg. # of branches 22%, employees 17%

Cost / Income

53.7%

1 Please refer to Slide 23 for breakdown of non-recurring items
2 Other provisions include “Impairment Losses on Associates, Subsidiaries”, “Provision for Possible Losses” and “Other provisions”

2009 – Demanding management scene

Ytd Bank-only Performance Highlights:

ASSET QUALITY

NPL ratio at 2.6% -- only a slight increase of 20 bps over YE 08 vs. 35 bps deterioration in the sector*

Prudent provisioning -- increased coverage in environment worsening now ~70%

PROFITABILITY

Expanding margins -- to recover back to 3Q 08 levels by 1Q 09

- *Decreased cost of funding (TL deposit cost down by 500 bps)*
- *Sustained demand deposit market share*
- *Prolonged benefit of higher yielding TL assets*

Fee generation above budget

Costs tightly monitored

LIQUIDITY

Robust TL deposit growth (10% in Jan vs. no growth in sector) -- Market share now exceeds 11%

TL loan growth flattish -- parallel to sector's

FC loans shrank -- lower pace than the sector's

SOLVENCY

Strong capital base with flat CAR

*As of Jan. 30 '09

Appendix

Balance Sheet - Summary

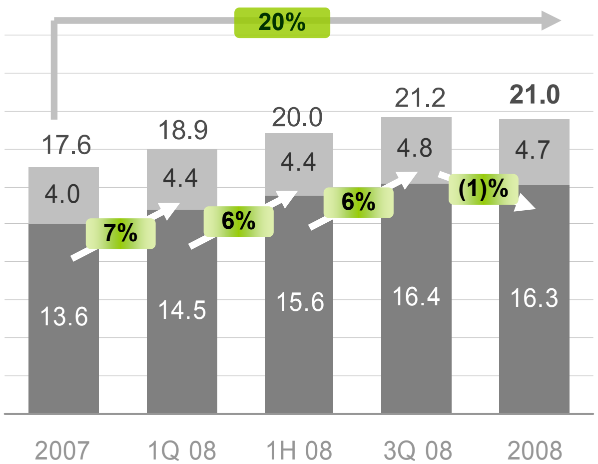
	(TL Million)	2007	2008	YTD Change
Assets	Cash & Banks[1]	5,453	8,560	57%
	Reserve Requirements	4,908	1,773	(64%)
	Securities	17,126	24,993	46%
	Performing Loans	36,911	49,457	34%
	Fixed Assets & Subsidiaries	1,642	1,940	18%
	Other	1,538	2,218	44%
	Total Assets	67,578	88,941	32%
Liabilities & SHE	Deposits	39,098	52,715	35%
	Repos	8,177	10,703	31%
	Borrowings	9,155	11,625	27%
	Other	4,265	4,429	4%
	SHE	6,883	9,469	38%
	Total Liabilities & SHE	67,578	88,941	32%

1 Includes banks and other financial institutions

Profitability focused growth strategy lead to slower, but managed retail growth

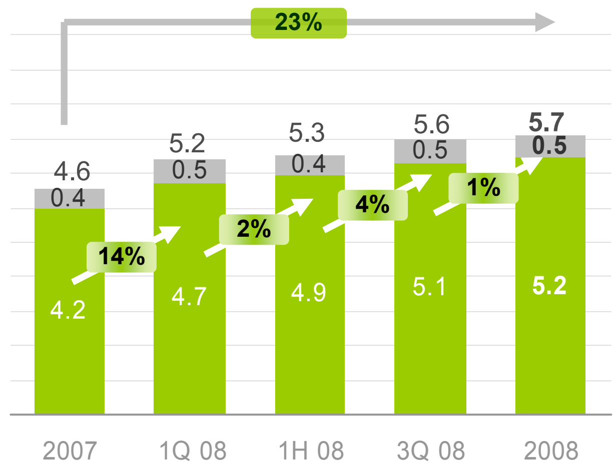
Retail Loans[1]

TL Billion



Housing Loan Growth

TL Billion

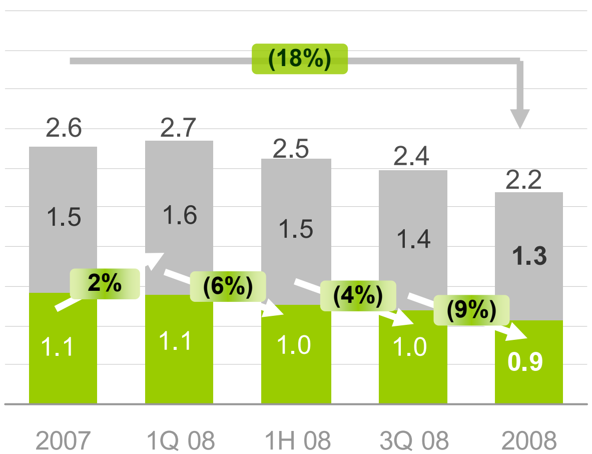


Consumer Loans

Commercial Installment Loans

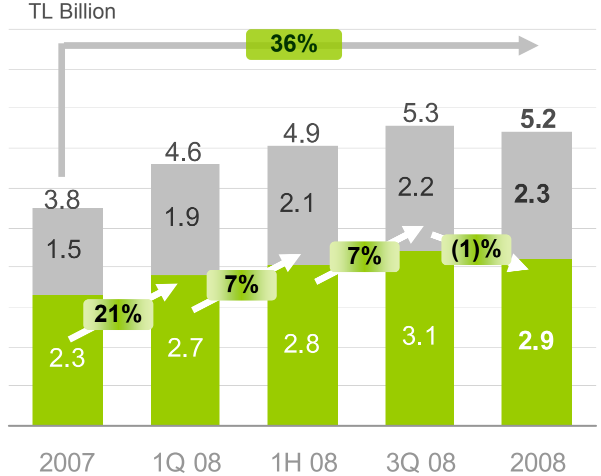
Auto Loan Growth

TL Billion



General Purpose Loan Growth

TL Billion



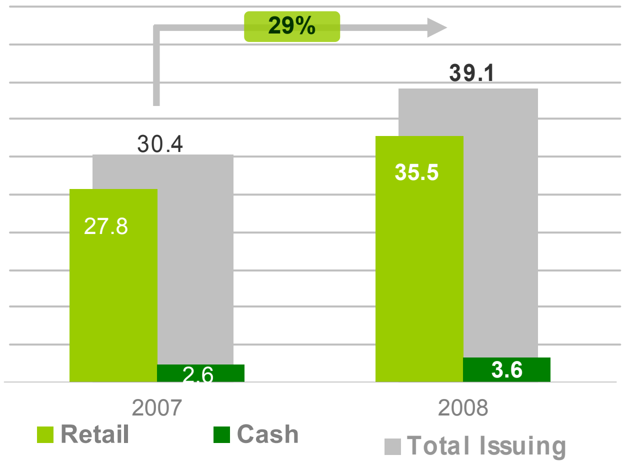
Market Shares[2,3]

	YTD ∆	2008
Housing	+24 bps	13.9%
Auto	-180 bps	14.9%
General Purpose	+66 bps	9.9%
Retail[1]	-30 bps	13.8%

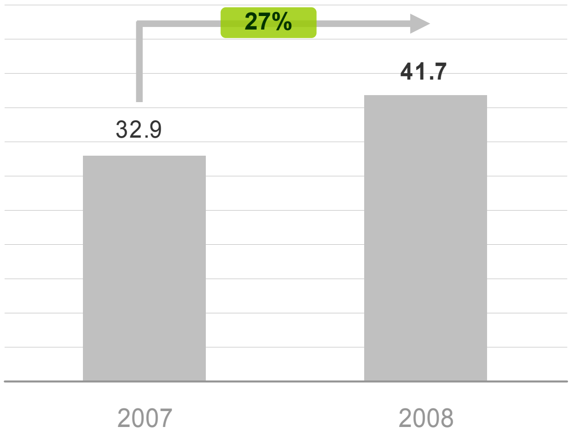
1 Including consumer, commercial installment, overdraft accounts, credit cards and other
2 Including consumer and commercial installment loans
3 Sector figures are based on bank-only BRSA weekly data, commercial banks only

Maintained strong position in cards business

Issuing Volume
TL Billion

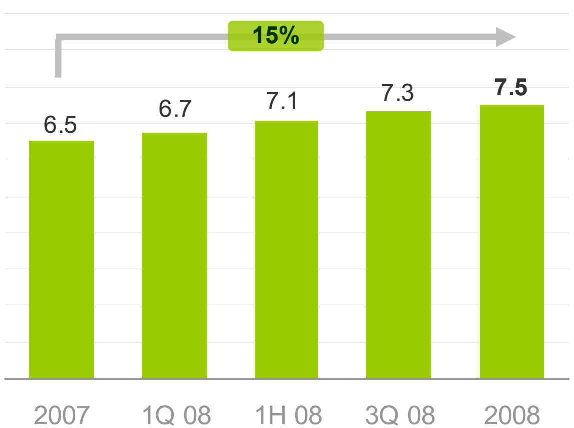


Acquiring Volume
TL Billion

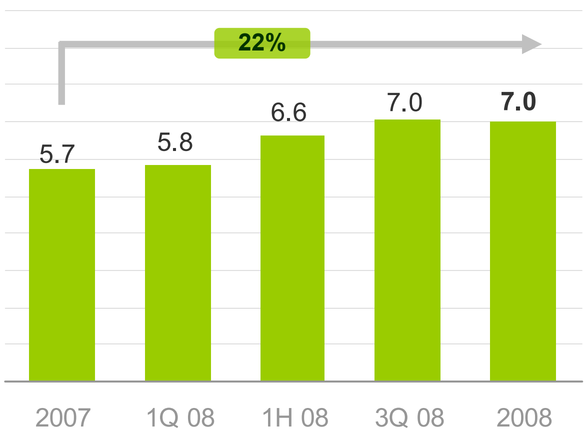


#1 in *Acquiring Volume* & *Strong* #2 in *Issuing Volume*

No. of Credit Cards
In Million



Credit Card Balances
TL Billion



Market Shares

	YTD ∆	2008	Rank
Acquiring	-70 bps	22.3%	#1
Issuing	-40 bps	21.1%	#2
# of Plastic Credit Cards	0 bps	16.1%	#1
POS[1]	+70 bps	20.0%	#1
ATM	+190 bps	11.8%	#2

1 Including shared POS
2 Annualized

Quarterly Analysis of Ordinary Banking Income

(TL Thousand)	4Q 07	1Q 08	2Q 08	3Q 08	4Q 08	∆ Y-o-Y 2008-2007	∆ 2008 4Q-3Q	∆ Y-o-Y 4Q08 - 4Q07
Interest Income	**1,994,712**	**2,050,565**	**2,153,542**	**2,371,720**	**2,802,565**	**30.0%**	**18.2%**	**40.5%**
-Loans	1,210,509	1,272,858	1,354,196	1,439,576	1,690,636	35.3%	17.4%	39.7%
-Securities	606,426	609,536	641,511	763,748	940,732	33.5%	23.2%	55.1%
-Other	177,777	168,171	157,835	168,396	171,197	(11.0%)	1.7%	(3.7)%
Interest Expense	**(1,232,330)**	**(1,280,494)**	**(1,328,623)**	**(1,535,513)**	**(2,055,802)**	**40.5%**	**33.9%**	**66.8%**
-Deposits	(876,121)	(888,501)	(944,270)	(1,076,891)	(1,408,748)	40.5%	30.8%	60.8%
-Funds Borrowed	(163,198)	(174,793)	(162,184)	(167,737)	(208,840)	15.3%	24.5%	28.0%
-Interbank & Other	(193,011)	(217,200)	(222,169)	(290,885)	(438,214)	62.2%	50.6%	127.0%
Net Interest Income	**762,382**	**770,071**	**824,919**	**836,207**	**746,763**	**13.3%**	**(10.7)%**	**(2.0)%**
Prov. for loans & securities	(96,568)	(121,213)	(101,404)	(93,888)	(246,472)	78.0%	162.5%	155.2%
Net FX Gain/(Loss) + Net trading Income/(loss)	(19,333)	89,790	20,182	4,987	136,336	n.m.	n.m.	n.m.
Adj. Net Interest Income	**646,481**	**738,648**	**743,697**	**747,306**	**636,627**	**21.9%**	**(14.8)%**	**(1.5)%**
Net Fees and Comm.	302,848	379,508	354,797	360,913	345,910	20.3%	(4.2)%	14.2%
Ordinary Banking Income	**949,329**	**1,118,156**	**1,098,494**	**1,108,219**	**982,537**	**21.3%**	**(11.3)%**	**3.5%**

Non-recurring items

December 2008:

I. The net income resulting from the non-recurring items amounts to **TL 84 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 **29 mn**

ii) Other expense (Please refer to footnote 5.2.7.4.2 — Other Provisions for Possible Losses on page 66-67 in the financial report)
Defined Benefit Obligation: **TL 103 mn**

ii) Taxation expense
Tax credit resulting from the deferred tax asset calculated on defined benefit obligation liability **TL 21 mn**

December 2007:

II. The net income resulting from the non-recurring items amounts to **TL 837 mn**, breakdown of which is;

i) Other income:
- Gains from insurance and pension & life business subsidiaries stake sale **TL 762 mn**
- 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 insurance and pension & life business subsidiaries stake sale **TL 38 mn**
- Tax expense of custody sale **TL 28 mn**

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