



BRSA Bank-Only Earnings Presentation

March 31, 2009



1Q 2009: Economic Downturn Emerged

Global recession and lack of confidence in the financial system

- *Rescue packages failed to restore confidence, world's major financial institutions in need of capital*
- *Currencies have crumbled across Eastern Europe on mounting fears of a debt crisis , ratings under pressure*
- **USD/TL hit an all-time-high of above 1.81** by early-March
- *Recovery towards the end of 1Q, G-20 summit increased hopes, **USD/TL eased to 1.66** at the end of 1Q*

CBT's monetary easing continued at full pace while BRSA played supportive role

- **CBT cut policy rate by 450 bps** to 10.5% from 15.0% at the end of 2008
- *BRSA eased loan loss provisioning burden on banks' balance sheets*

Impact of the macroeconomic crisis became more pronounced

- *4Q08 GDP growth contracted by 6.2% -- 1.1% 2008 growth rate is the lowest since 2001*
- **Biggest shrinkage in GDP estimated for 1Q09** leading to **acceleration in the unemployment rate**
- *Decreasing foreign trade deficit due to **weakening foreign demand** but even **deeper fall in imports***
- *C/A balance improved significantly, giving first monthly surplus since Sept. 2004*
- **CPI** increased by 1.0% in 1Q09, bringing annual inflation **down to 7.9% from 10.1%** as of YE '08
- *Government unveiled an **economic stimulus package** ahead of municipal elections*

Post local elections, government's return to economy focus is inevitable

- *IMF deal is almost assured with rising need for an anchor*
- **Economic deterioration pace is slowing down**

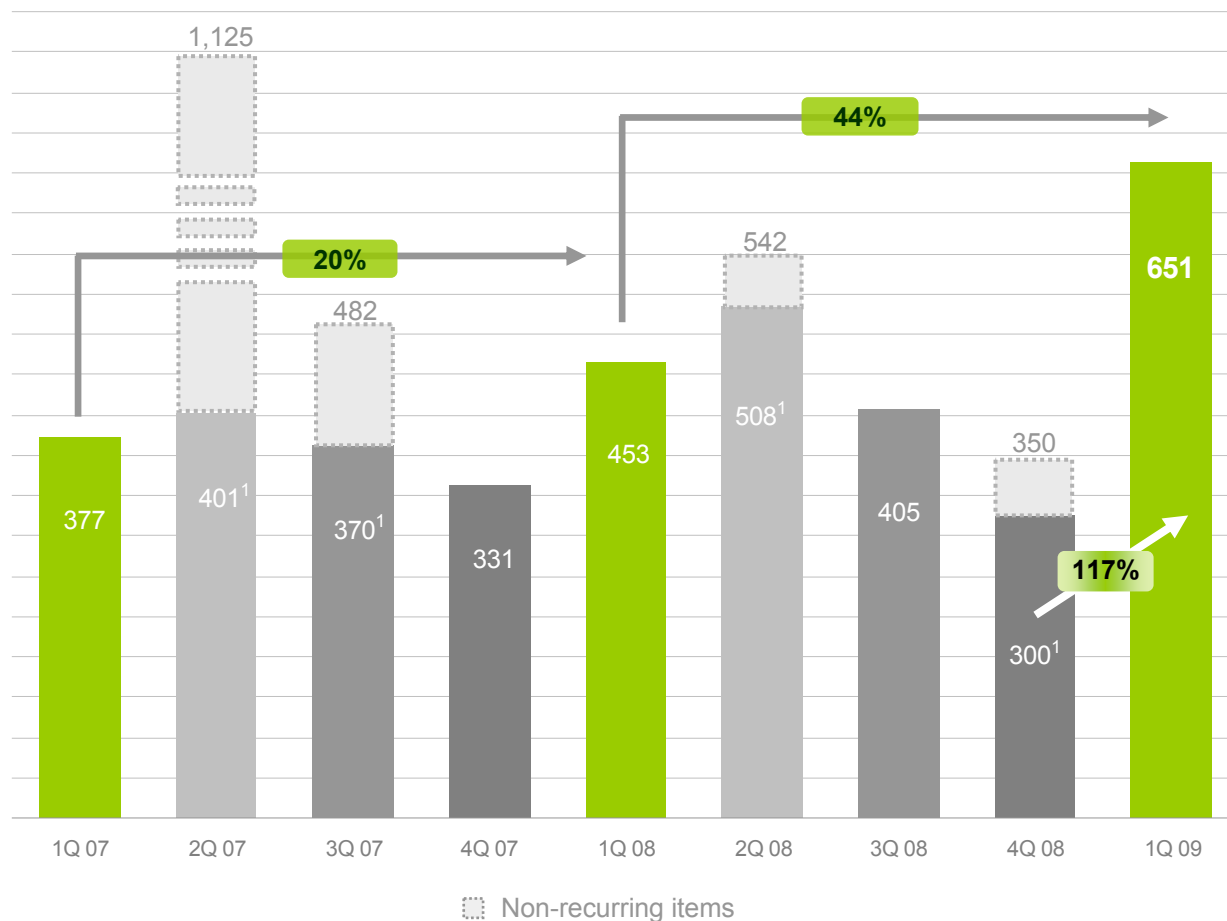
1Q 09 Highlights -- Resilient Business Model

Proven ability to generate recurrent income via dynamic B/S management

- *Y-o-y net income growth 44%, **ROAE 27%***
- *Selective and healthy loan **market share expansion** remains despite lower demand*
 - *Reinforced leadership in consumer loan products, commercial loans and leasing (21% mrkt. sh.) while attaining #1 position in factoring (20% mrkt. sh.) and credit card retail issuing volume (21% mrkt. sh.)*
- *Focus on risk-return balance maintaining **high profitability & sound asset quality** (NPL: 2.9%)*
- ***Coverage ratio increased to 76%** vs. 64% at YE '08 in light of economic downturn*
- ***Timely and effectively managed securities** portfolio benefiting from volatility*
- *Robust deposit growth -- Easing **loans-to-deposits ratio** from 94% to **86%** in 1Q 09*
- *Solvency remains strong -- **CAR at 16.3%***
- *Significant **margin expansion** result of sharp decline in funding costs further reinforced with strong quarterly **growth in demand deposits (7%) and free equity (11%)***
- *Focus on **strict cost discipline** while investment in retail network expansion continues*
- ***Net customer increase per year exceeds 1 mn***

Dynamic balance sheet management generating robust earnings in challenging environment

Quarterly Normalized Net Income¹



Earnings
Y-o-Y



44%

ROAE

27%

Result of;

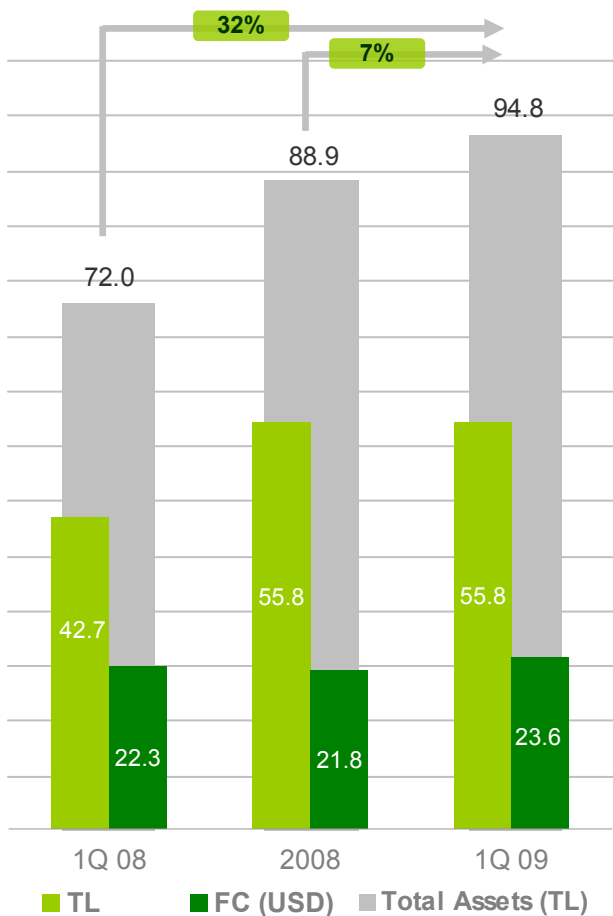
Liquid, low risk & well-capitalized B/S

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

Shaping balance sheet for increased liquidity

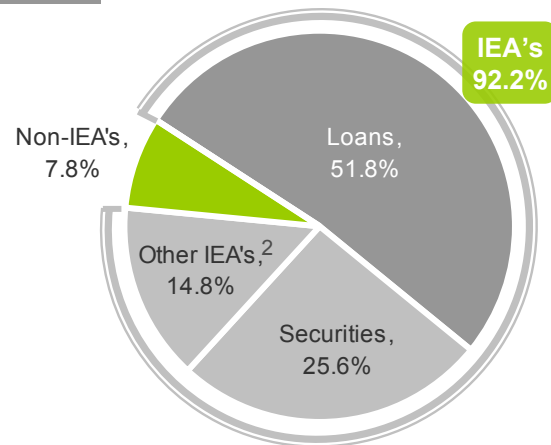
Total Assets

TL / USD Billion

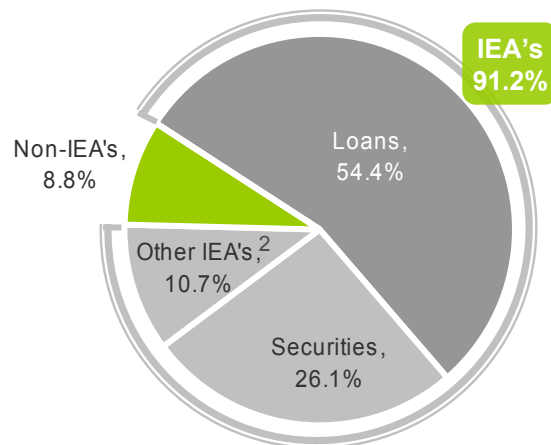


Composition of Assets¹

1Q 09



2008



Liquidity³

Ytd



TL 4.1bn

Ytd Growth in:

TL Assets

Flat

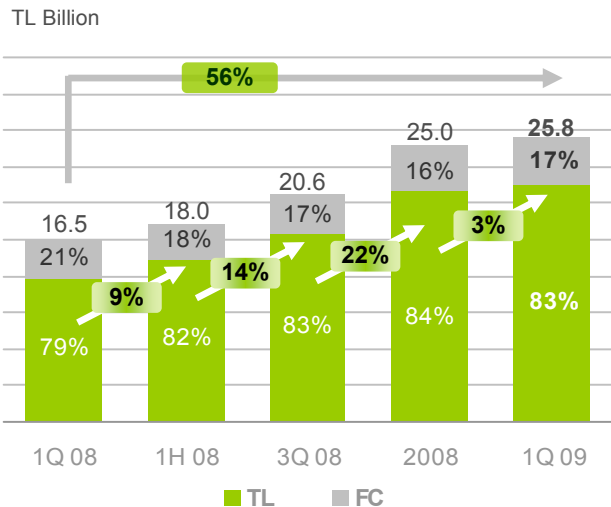
FC Assets (\$)

8%

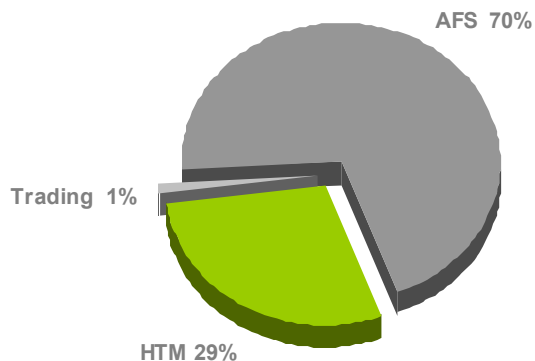
¹ Accrued interest on B/S items are shown in non-IEAs
² Other IEA's include factoring and leasing receivables
³ Cash and banks

Well positioned securities portfolio: prolonged benefit of higher yields

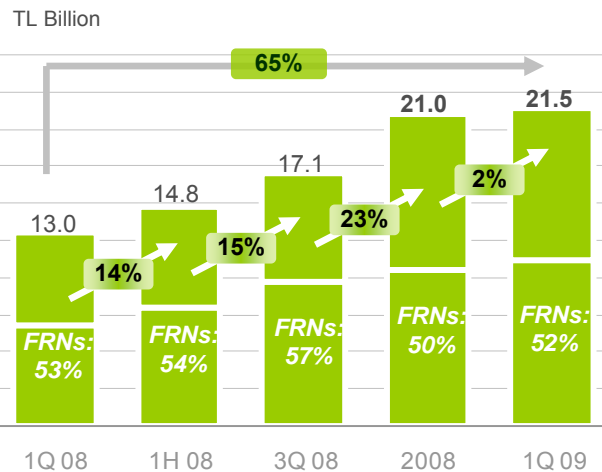
Total Securities



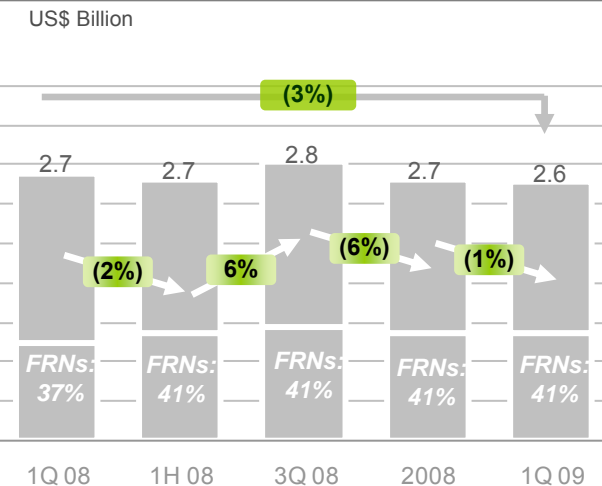
Total Securities Composition



TL Securities



FC Securities



Securities mix in assets remains vs. year-end at

~26%

TL Weight in Total

83%

FRN's in Total

50%

Despite decrease in demand for loans, market share expansion with selective growth continues...

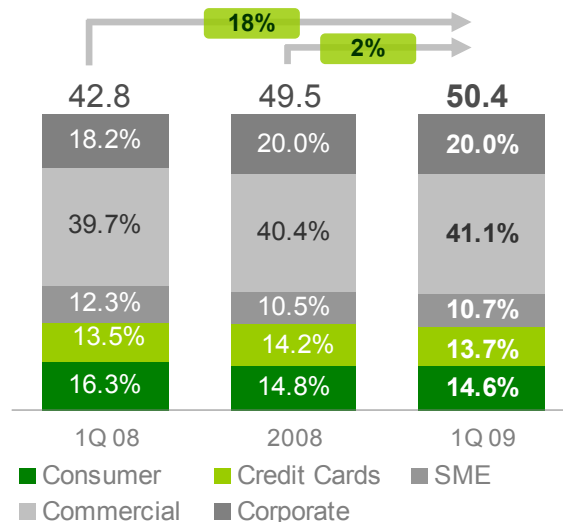
TL Loans¹

TL Billion



Loans by LOB^{1, 2}

TL Billion



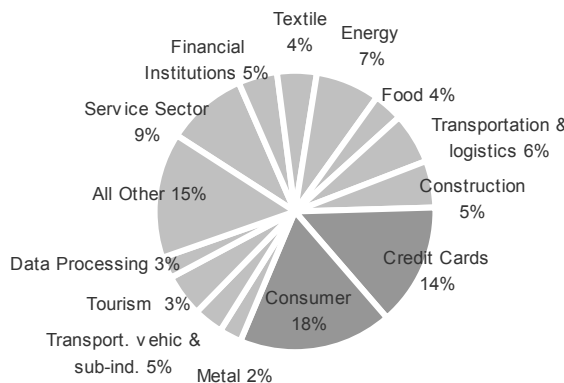
Loan growth in 1Q 09 mainly driven by Commercial Banking while shrinkage observed in Credit Cards

FC Loans¹

US\$ Billion



Loans by Sectoral Breakdown¹



Market Shares

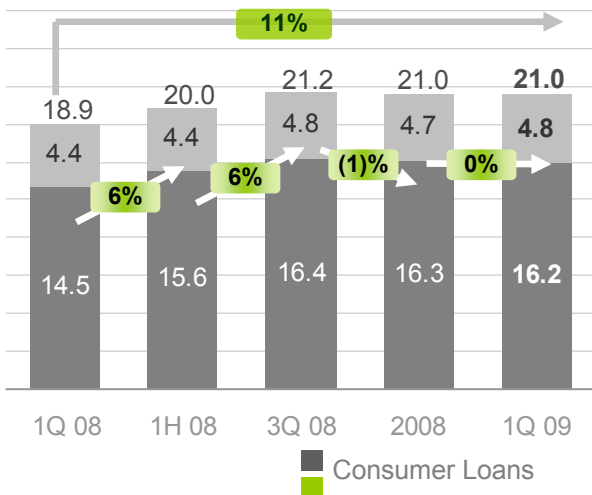
	YTD Δ	1Q 09
Total Loans	+50 bps	15.1%
TL Loans	+20 bps	11.9%
FC Loans	+80 bps	21.9%

¹ Performing cash loans
² Based on bank-only MIS data
 Source: Sector figures are based on BRSA weekly data, commercial banks only

Reaping the benefits of expanding retail franchise -- Increasing market shares in profitable retail products

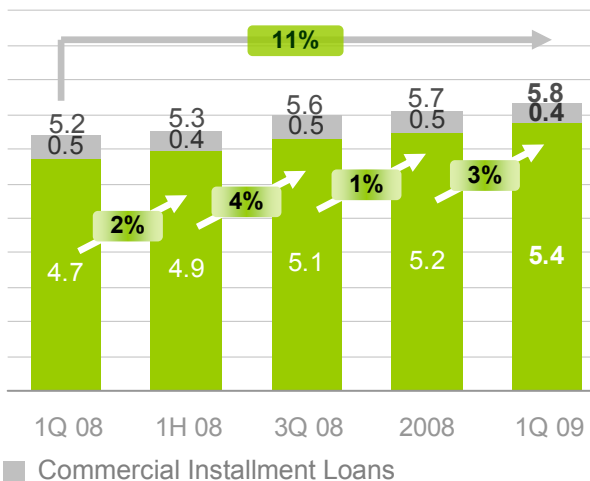
Retail Loans¹

TL Billion



Housing Loan Growth

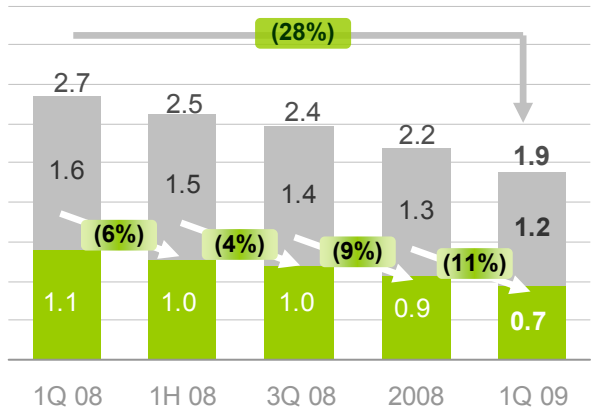
TL Billion



Strong originations in housing & GPL compensate for maturing book

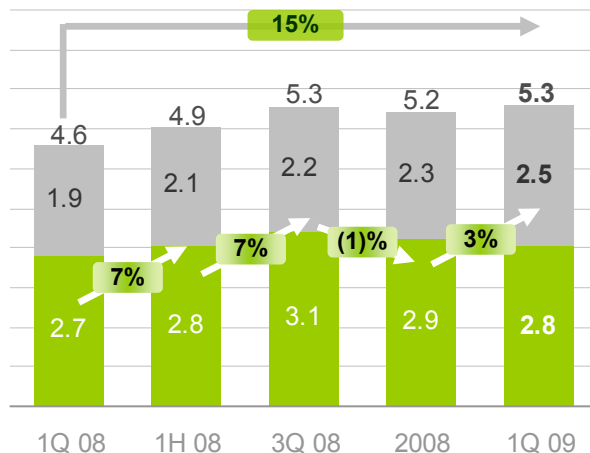
Auto Loan Growth

TL Billion



General Purpose Loan Growth

TL Billion



Market Shares^{2,3}

	YTD Δ		1Q 09
Housing	+60 bps	↑	14.6%
Auto	+20 bps	↑	15.2%
General Purpose	+20 bps	↑	10.1%
Retail¹	+20 bps	↑	14.0%

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

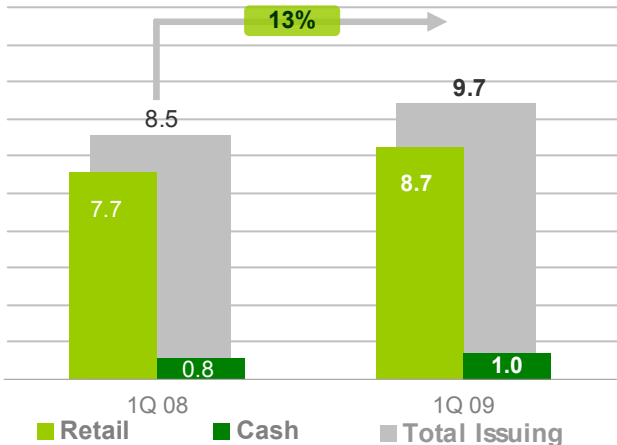
² Including consumer and commercial installment loans

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

Difference created on cards business with well-established lending culture

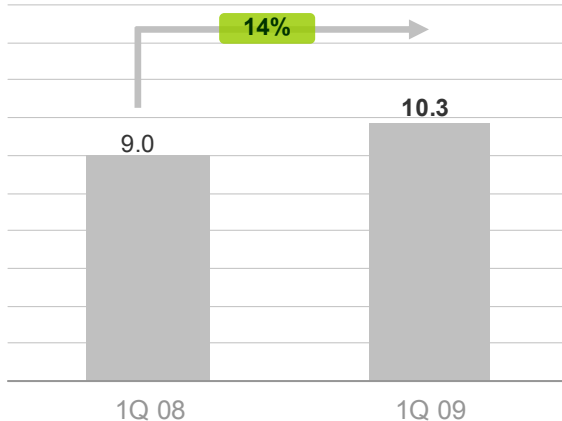
Issuing Volume

TL Billion



Acquiring Volume

TL Billion



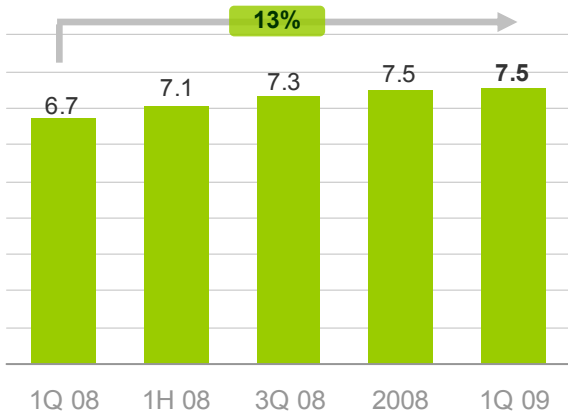
#1 in

Acquiring & Issuing
Retail Volume



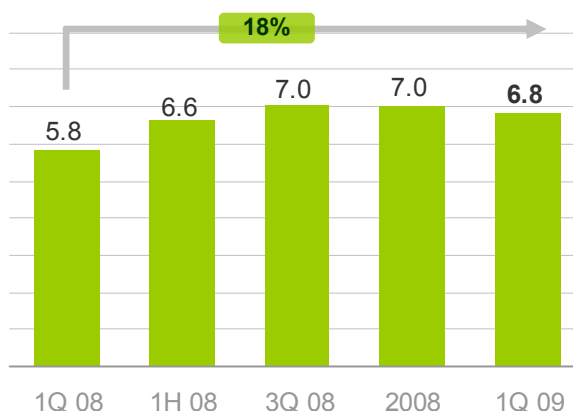
No. of Credit Cards

In Million



Credit Card Balances

TL Billion



Market Shares

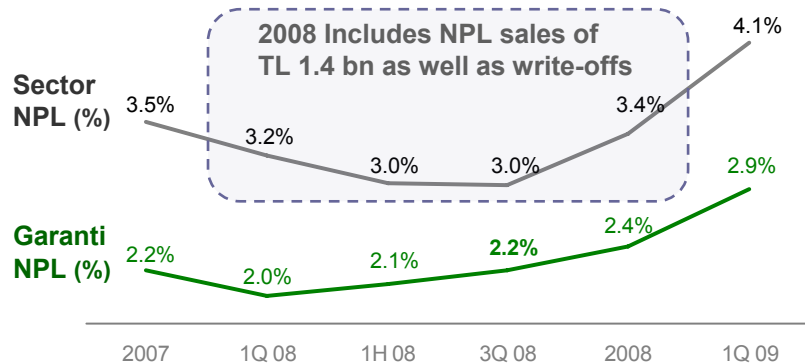
	YTD Δ	1Q 09	Rank
Acquiring	-10 bps	22.2%	#1
Issuing	-20 bps	20.9%	#2
Issuing Retail	-30 bps	21.1%	#1
# of Plastic Credit Cards	0 bps	16.1%	#1
POS ¹	+30 bps	20.3%	#1
ATM	-20 bps	11.6%	#2

¹ Including shared POS
² Annualized

Sound asset quality -- widening the gap again with the sector

NPL Ratio & Coverage¹

Coverage Ratio	2007	2008	1Q 09
Sector	89%	81%	81%
Garanti	64%	64%	76%

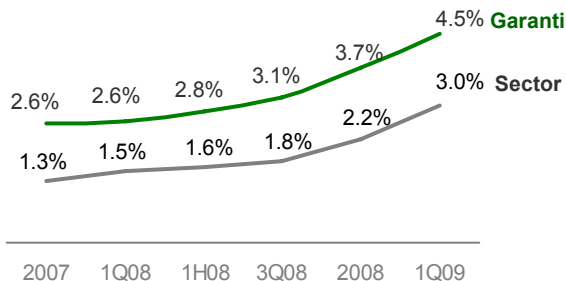


- *New NPL generation lowest among peers*
 - ✓ *Centralized approval*
 - ✓ *Established strong risk culture*
 - ✓ *More selective origination in higher risk segments*
 - ✓ *Closer monitoring of cash flow cycles of customers*
 - ✓ *Enhanced collection capability*
- *Strong collateralization*
- *Limited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

NPL Categorisation¹

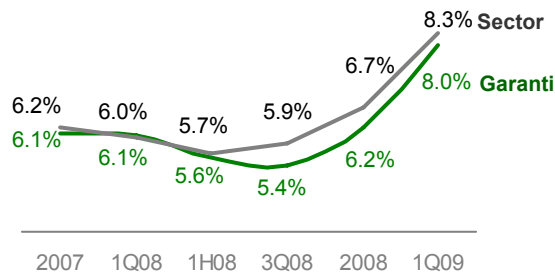
Retail Banking (Consumer & SME Personal)

18% of Garanti's Total Loans



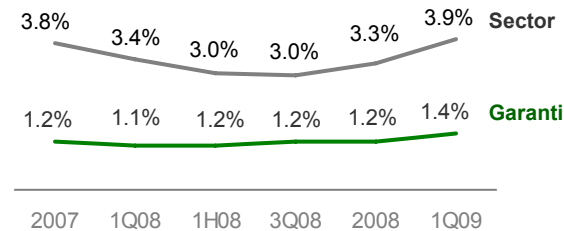
Credit Cards

14% of Garanti's Total Loans



Business Banking (Including SME)

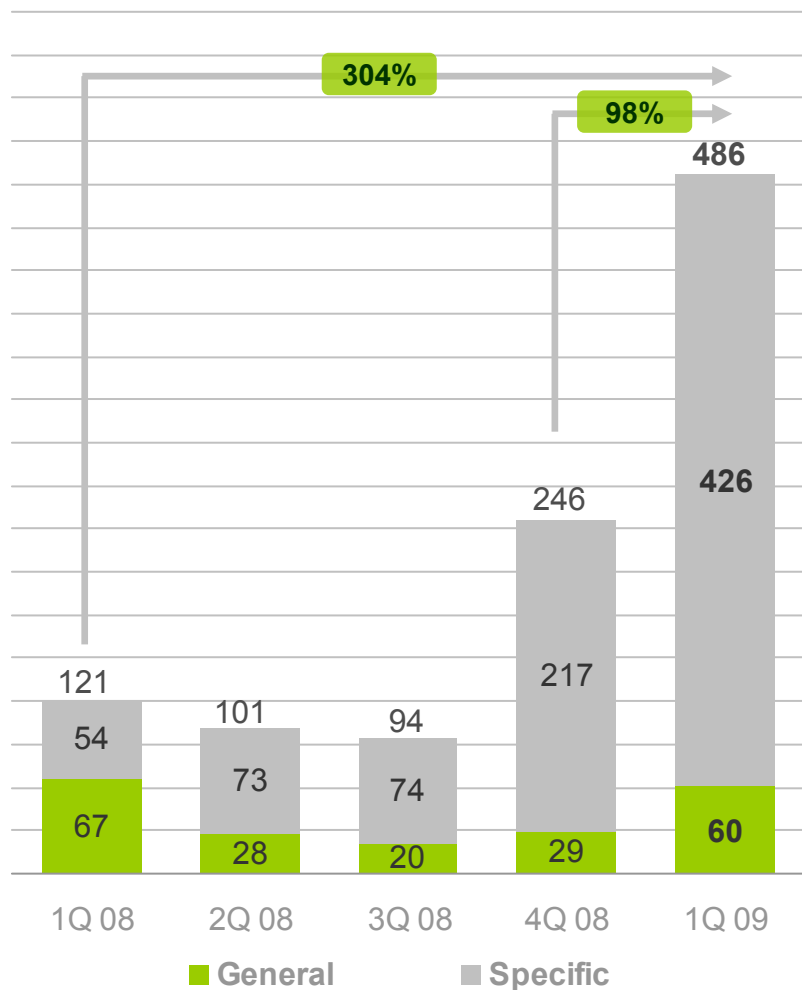
68% of Garanti's Total Loans



Higher provisions absorbed due to volatile environment

Quarterly Loan-Loss Provisions

TL Million



Coverage Ratio

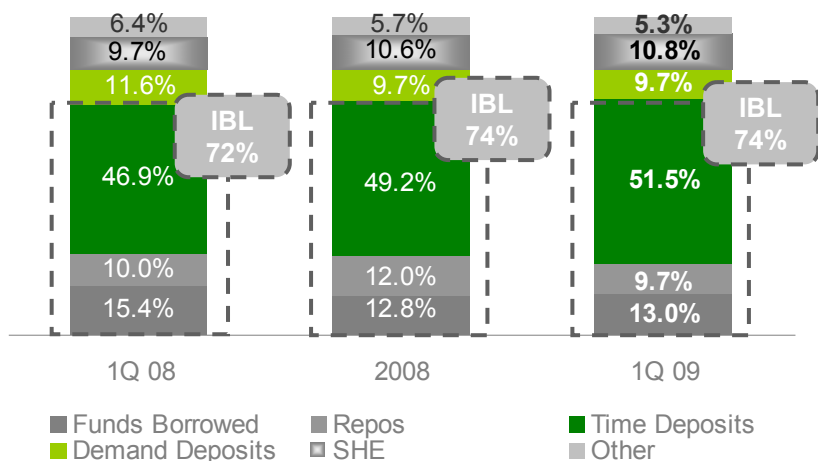


76%

More conservative provisioning led to increased coverage ratio and will lead to temporary rise in loan-loss provisions throughout 2009

Robust deposit growth continues strengthening funding base -- Loans / Deposits ratio at 86%

Composition of Liabilities¹



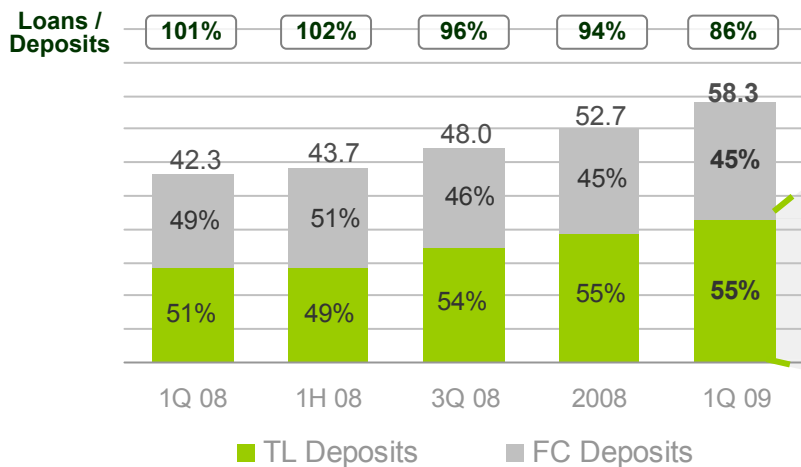
Total Deposits

Ytd

11%

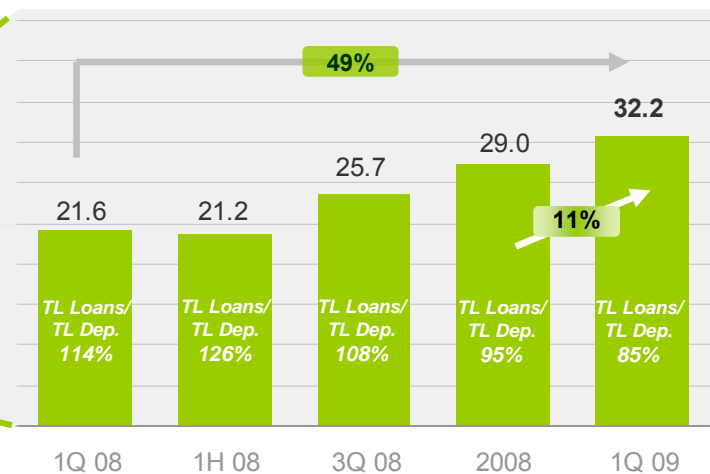
Total Deposits

TL Billion



TL Deposits

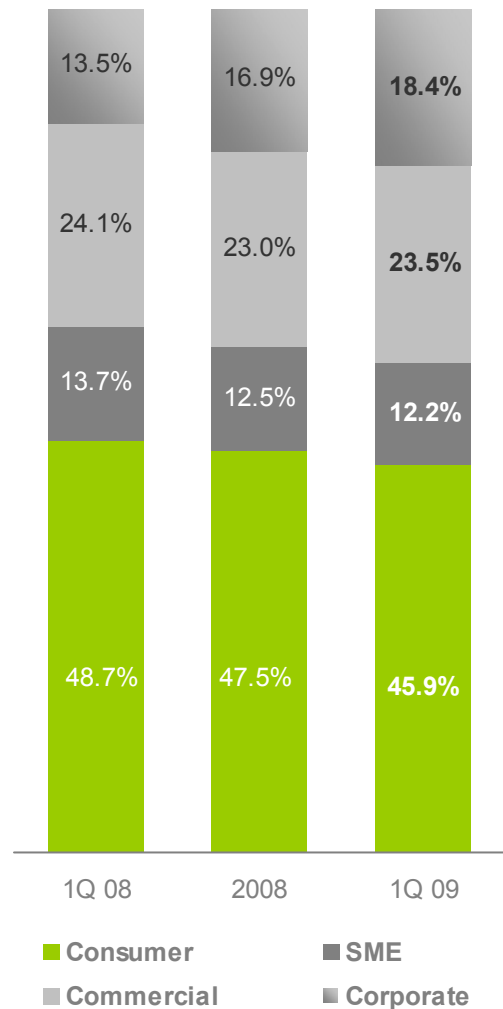
TL Billion



Sharp decline in deposit costs exacerbated with solid demand deposit growth

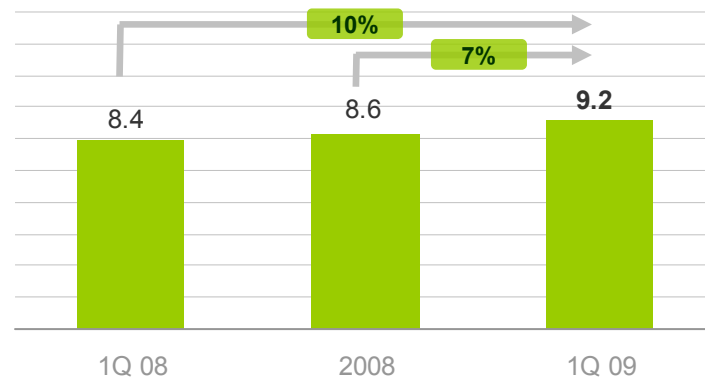
Deposits by LOB¹

(Excluding bank deposits)



Demand Deposits

TL Billion



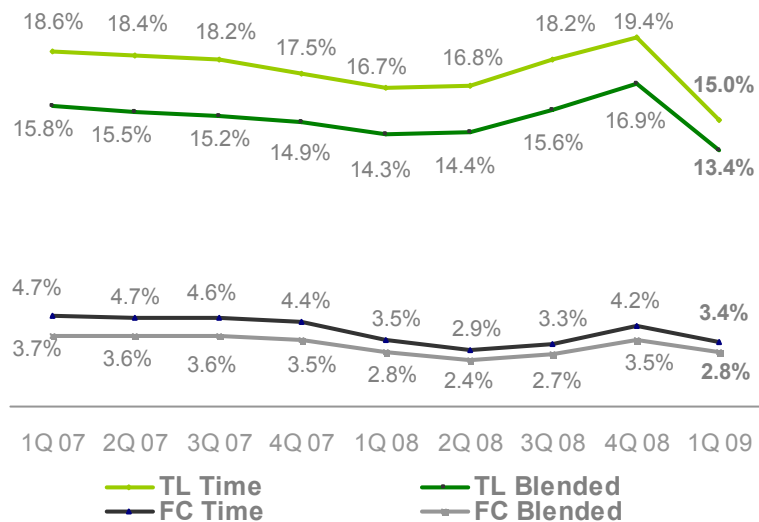
Demand Deposits

Ytd Growth

7% vs. Sector's **3%**

Cost of Deposits¹

Quarterly Averages



Demand Deposit Market Share²

14%

¹ Based on bank-only MIS data

² Sector figures are per BRSA weekly data, commercial banks only and excluding bank deposits

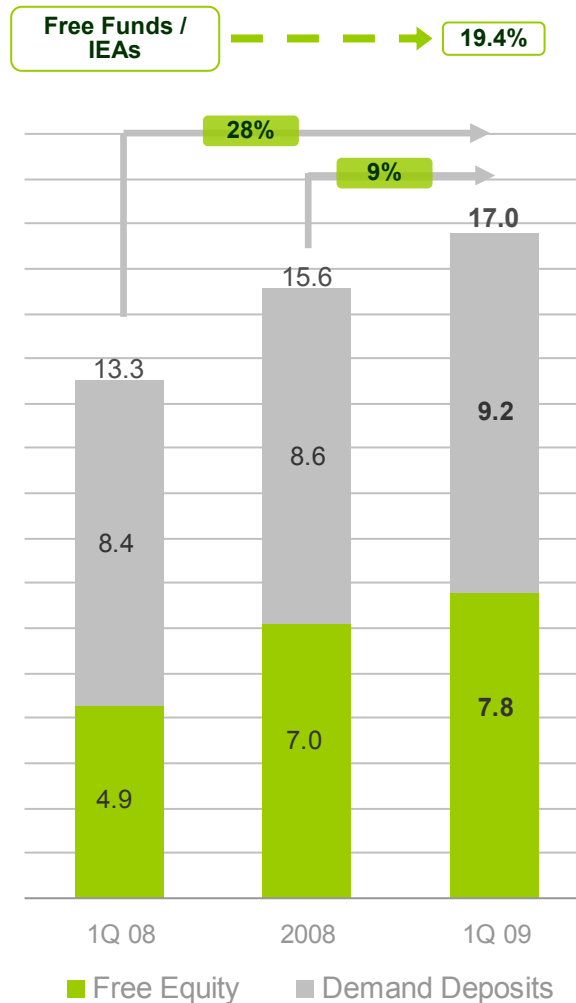
Lift solvency levels -- strengthened by effective capital management

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 2008 earnings

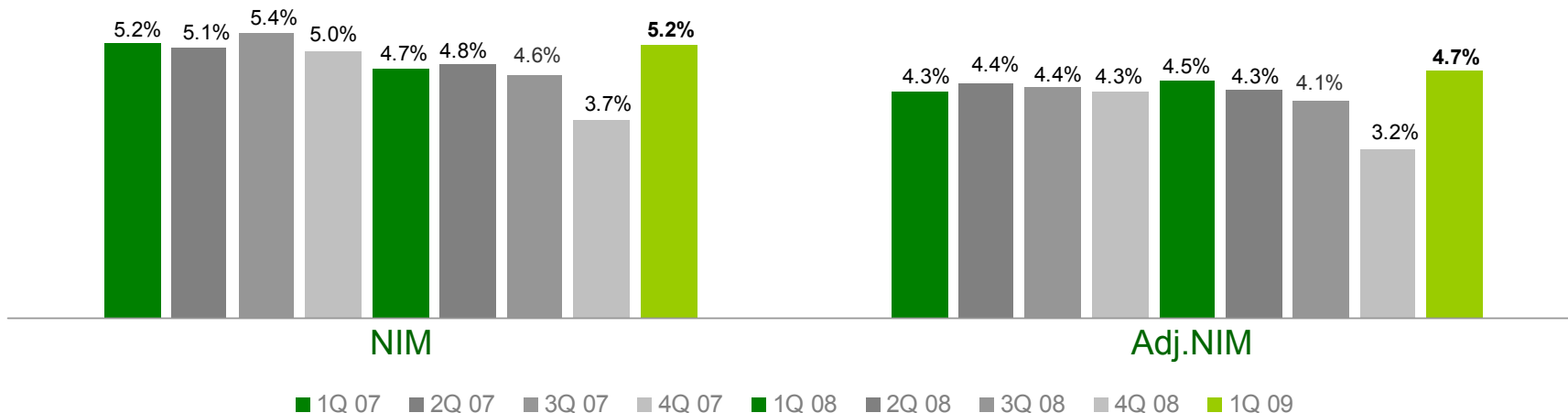
Leverage Ratio

8x

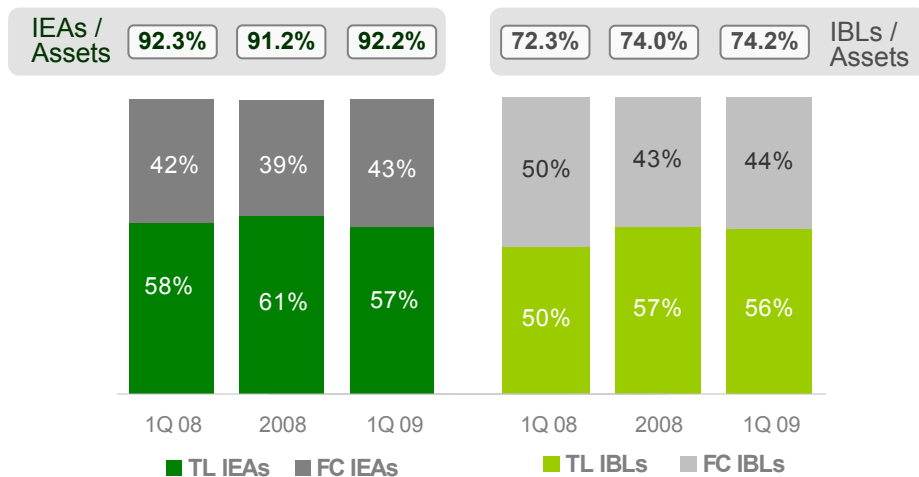
Robust B/S in a challenging environment

Significant margin expansion due to sharp decline in funding costs

NIM (Net Interest Income / Average IEAs)



Composition of IEAs & IBLs



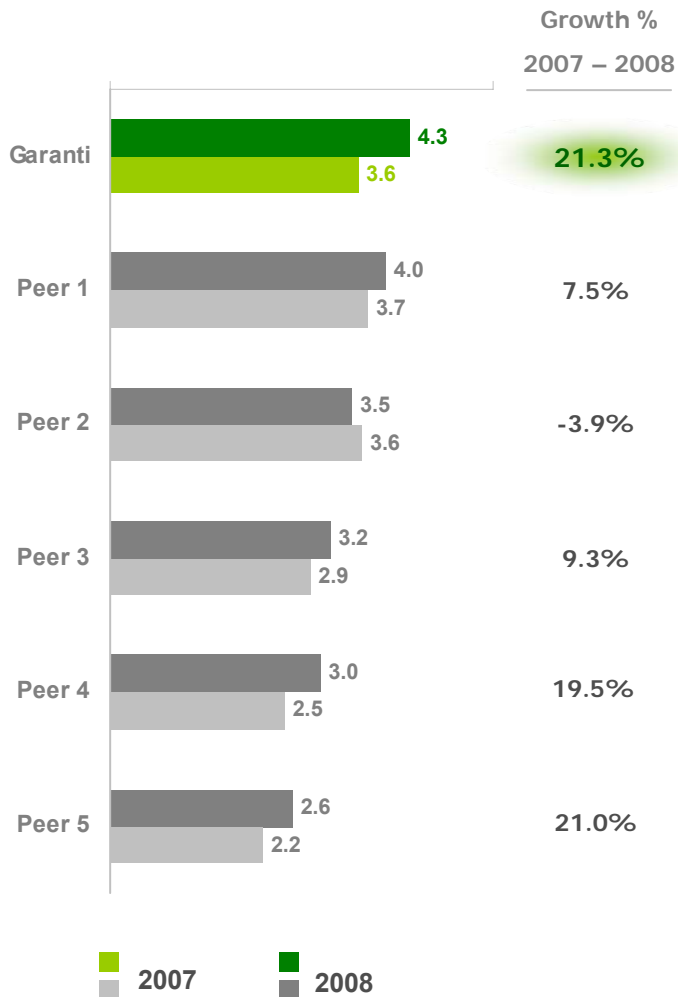
1Q 09 over 4Q 08:

- Declining funding costs' impact on margin +250 bps
- Impact of limited drop in asset yields on margin -100 bps
- Adjusted NIM including significantly higher provisions largely offset by strong trading & FX gains -- Result of dynamic balance sheet management

Sustained highest capacity to generate ordinary banking income

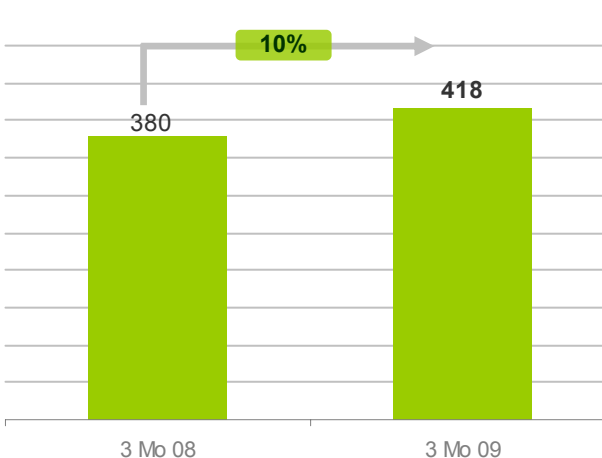
Ordinary Banking Income¹ Generation

TL Billion

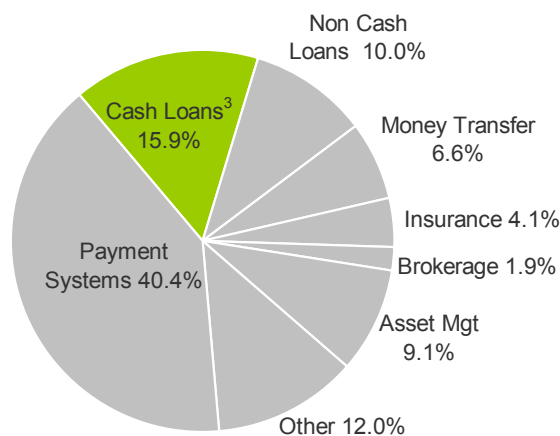


Net Fees & Commissions²

TL Million



Net Fees & Commissions Breakdown⁴



Garanti recorded the highest ordinary banking income volume & y-o-y growth rate among peers in 2008

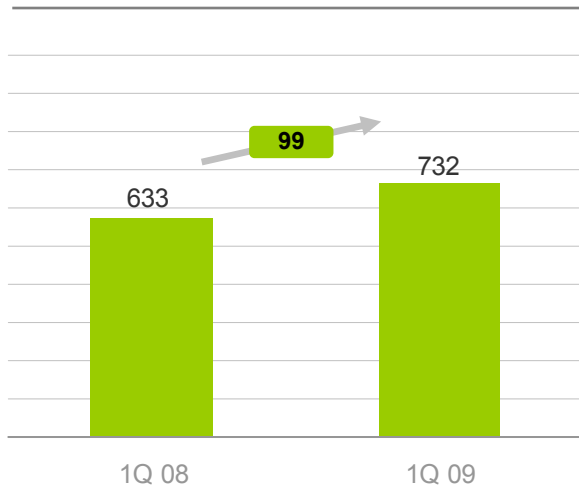
Ordinary Banking Income
1Q 09 over 1Q 08

27%

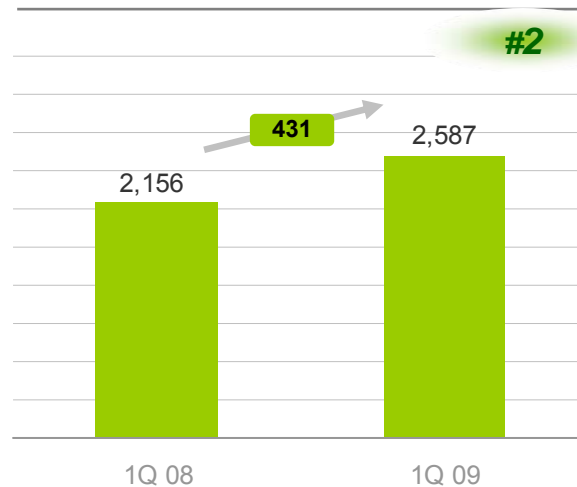
¹ Defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions
² As per new BRSA classification in P/L, excludes net fees and commissions received from cash loans amounting 31 mn for 1Q 09 and 22 mn for 1Q 08
³ Include consumer loans fees as well as other cash loan fees now classified as interest on loans in income statement amounting 31 mn for 1Q 09 and 22 mn for 1Q 08
⁴ Bank-only MIS data

Strengthened retail network leads to over 1 mn net customer increase per year

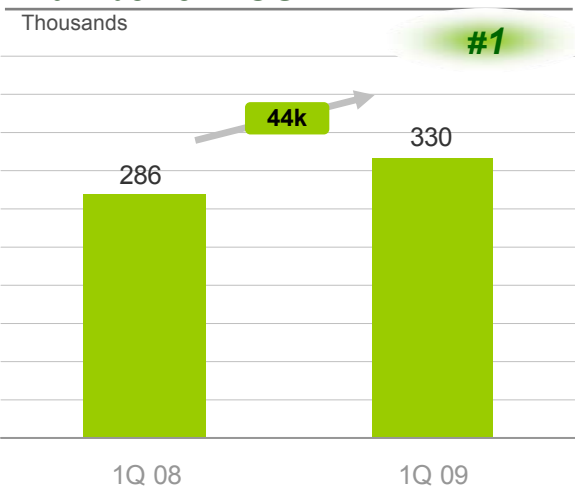
Number of Branches



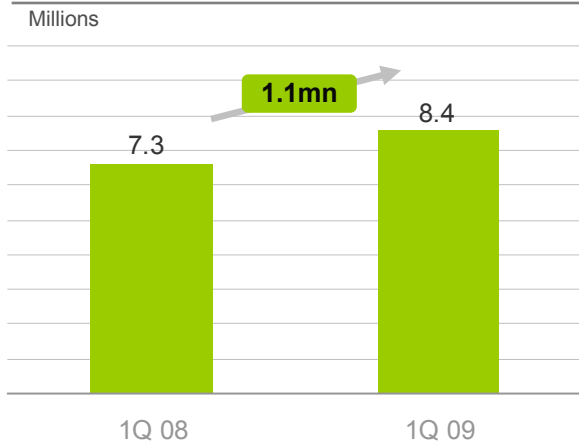
Number of ATMs



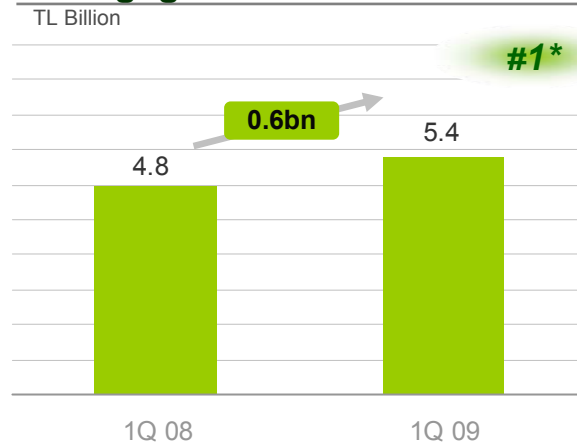
Number of POS



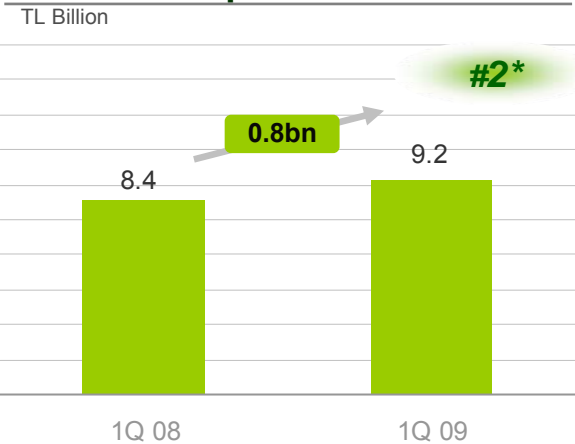
Number of Customers



Mortgages



Demand Deposits



* Mortgage and demand deposit ranks are as of 2008

...resulted in record profitability

<i>(TL Million)</i>	3 Mo 08	3 Mo 09	Growth
Ordinary Banking Income	1,118	1,422	27%
Other Income	54	83	55%
Total Revenue	1,172	1,505	28%
Operating Expense	(585)	(579)	(1%)
<i>Personnel Expense</i>	(197)	(226)	15%
<i>Bonus Provision</i>	(98)	(47)	(53%)
<i>Rent Expense</i>	(23)	(31)	33%
<i>Communication Expense</i>	(30)	(31)	4%
<i>Other</i>	(237)	(244)	4%
Operating Income	587	926	58%
Other Provisions	(2)	(91)	n.m.
Taxes	(132)	(184)	40%
Net Income	453	651	44%

44%



Net Income Growth
Y-o-Y

Cost / Income

38.5%

2Q 09 – Focus remains on liquidity, asset quality, solvency and profitability

✓ **LIQUIDITY**

Robust and above sector growth in both TL and FC deposits remain resulting in market share expansion

100% rollover of €600 mn syndication completed

✓ **ASSET QUALITY**

NPL on the rise, but significantly below sector average

Prudent provisioning – Coverage levels reaching sector average

✓ **SOLVENCY**

Capitalization remains comfortable and sound

✓ **PROFITABILITY**

Continued expansion on margins

- *Average cost of TL funding in April down by ~250 bps vs. avg. in 1Q 09*
- *Sustained demand deposit market share*
- *Prolonged benefit of higher yielding TL assets*
- *Acquired sizeable amount of CPI bonds yielding 12% real interest rate increasing the FRN mix in securities*

Above budget fee generation continues

Strict cost management in line with budget

Appendix

Balance Sheet - Summary

<i>(TL Million)</i>	2008	1Q 09	YTD Change
Assets			
Cash & Banks ¹	8,560	12,689	48%
Reserve Requirements	1,773	1,949	10%
Securities	24,993	25,812	3%
Performing Loans	49,457	50,395	2%
Fixed Assets & Subsidiaries	1,940	1,971	2%
Other	2,218	1,957	(12%)
Total Assets	88,941	94,773	7%
Liabilities & SHE			
Deposits	52,715	58,307	11%
Repos	10,703	9,193	(14%)
Borrowings	11,625	12,443	7%
Other	4,429	4,641	5%
SHE	9,469	10,189	8%
Total Liabilities & SHE	88,941	94,773	7%

¹ Includes banks and other financial institutions

Quarterly Analysis of Ordinary Banking Income

<i>(TL Thousand)</i>	1Q 08	2Q 08	3Q 08	4Q 08	1Q 09	Δ Q-o-Q 1Q 09 - 4Q 08	Δ Y-o-Y 1Q 08 - 1Q 09
Interest Income	2,050,565	2,153,542	2,371,720	2,802,565	2,766,710	(1.3%)	34.9%
-Loans	1,272,858	1,354,196	1,439,576	1,690,636	1,667,557	(1.4%)	31.0%
-Securities	609,536	641,511	763,748	940,732	959,374	2.0%	57.4%
-Other	168,171	157,835	168,396	171,197	139,779	(18.4%)	(16.9%)
Interest Expense	(1,280,494)	(1,328,623)	(1,535,513)	(2,055,802)	(1,660,457)	(19.2%)	29.7%
-Deposits	(888,501)	(944,270)	(1,076,891)	(1,408,748)	(1,236,950)	(12.2%)	39.2%
-Funds Borrowed	(174,793)	(162,184)	(167,737)	(208,840)	(165,803)	(20.6%)	(5.1%)
-Interbank & Other	(217,200)	(222,169)	(290,885)	(438,214)	(257,704)	(41.2%)	18.6%
Net Interest Income	770,071	824,919	836,207	746,763	1,106,253	48.1%	43.7%
Prov. for loans & securities	(121,213)	(101,404)	(93,888)	(246,472)	(486,486)	97.4%	301.3%
Net FX Gain/(Loss) + Net trading Income/(loss)	89,790	20,182	4,987	136,336	384,665	182.1%	328.4%
Adj. Net Interest Income	738,648	743,697	747,306	636,627	1,004,432	57.8%	36.0%
Net Fees and Comm.	379,508	354,797	360,913	345,910	417,919	20.8%	10.1%
Ordinary Banking Income	1,118,156	1,098,494	1,108,219	982,537	1,422,351	44.8%	27.2%

Non-recurring items

In 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 **TL 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**

In 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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