



GarantiBank

BRSA Earnings Presentation

December 31, 2006

*“Market Share Gains in
All Product Groups
Together With
Increasing Profitability -
A Remarkable Year”*

Performance Highlights

Total assets **50.3 billion YTL**, Y-o-Y growth **38.1%**

Consistently growing **IEAs** now constitute **91.5%** of total assets

Y-o-Y cash **loan growth 60.6%**, 26.7 billion YTL

Share of gross **loans in assets** increasing **54.0%**; share of **securities** in assets, **28.6%**

Y-o-Y **deposit growth 32.0%**, **demand deposits share** in total deposits is **22.1%**

CAR ratio, **14.08%** at end of 2006

Y-o-Y **net income growth 47.5%**, 1,064 million YTL. **EPS: 507 YTL** as of 2006YE.

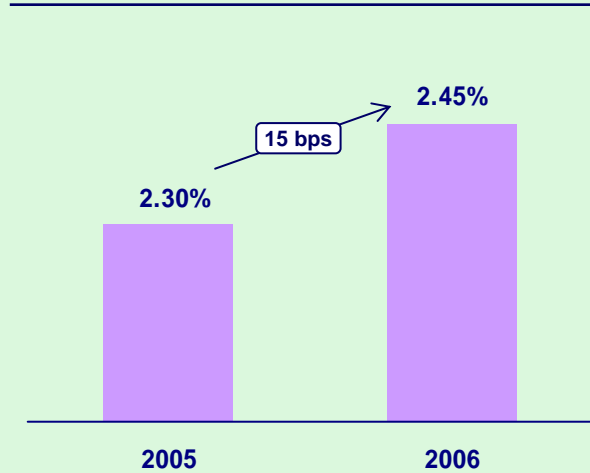
Customer driven sources of **revenue** reached **80.2%** of ordinary banking income

Net fees and commissions y-o-y growth 37.5% contributing to **43.3% of ordinary banking income** and **covering 69.5% of operating expenses**

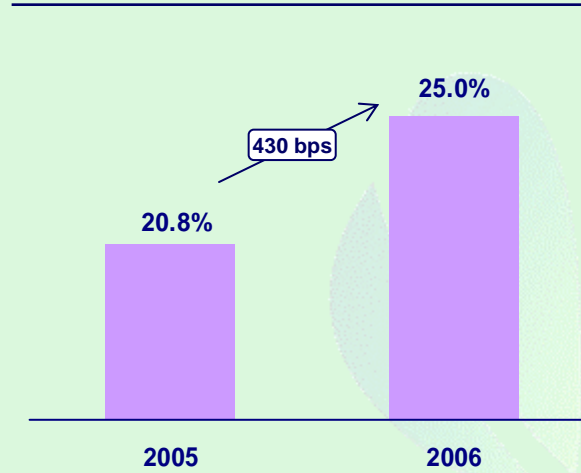
Consistently improving profitability

Year-end Profitability Targets Surpassed

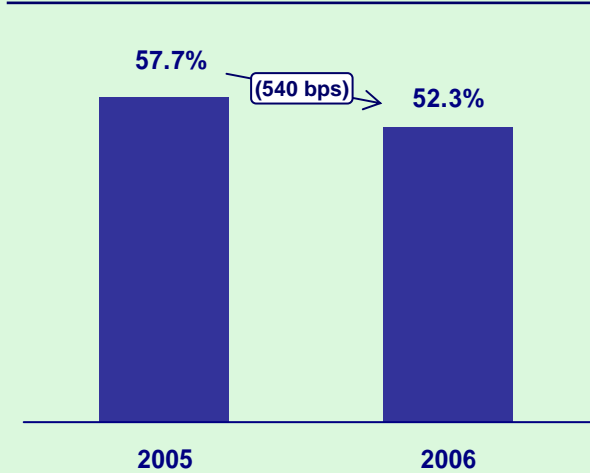
ROAA



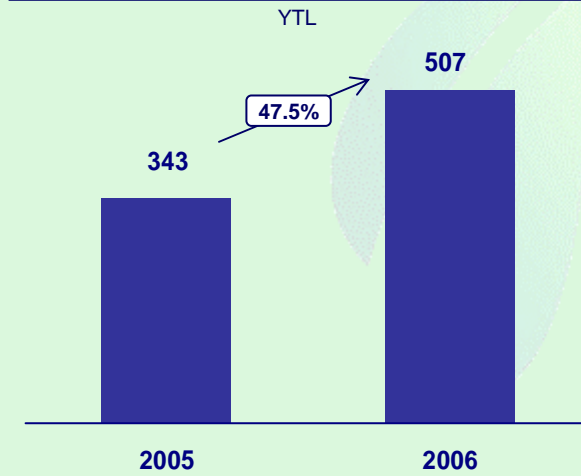
ROAE



Cost / Income



EPS

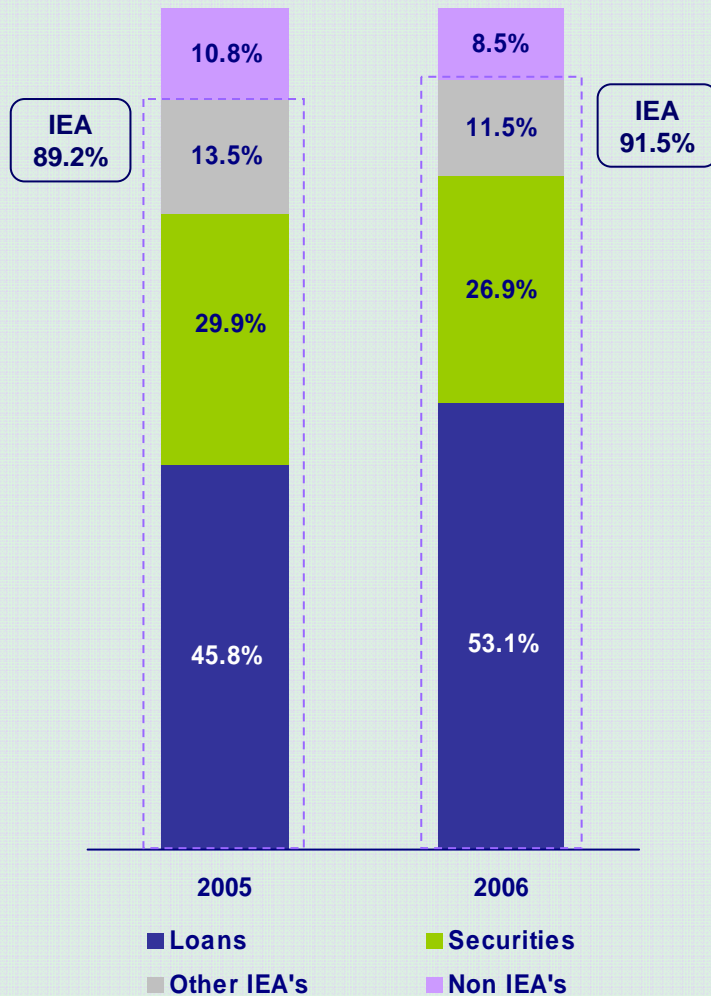


Improvement in all profitability ratios. Y-o-Y, ROAA went up by 15 bps to 2.45%, ROAE went up by 430 bps to 25.0% while EPS went up by 47.5% in 2006.

Cost/Income ratio improved 540 bps largely due to high growth in fees and commissions and effective cost management.

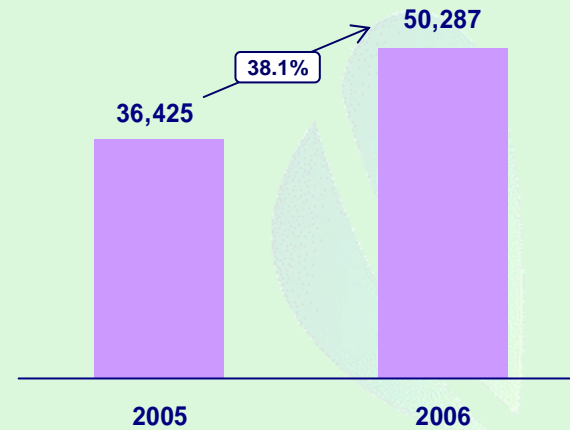
Assets – Healthy Composition with Higher Growth in Higher Yielding Assets

Composition of Assets*



Total Asset Growth

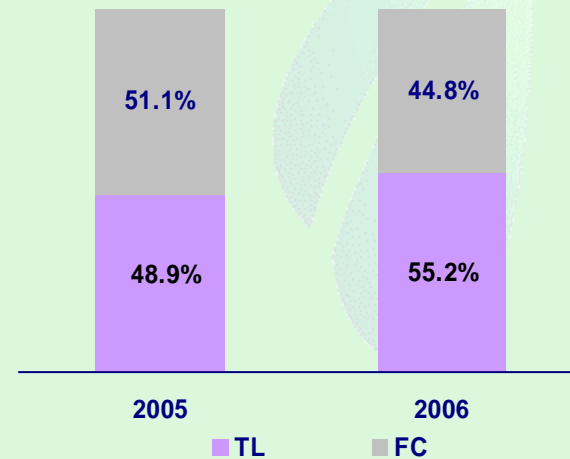
YTL Million



Assets reached 50.3 billion YTL. Asset growth was 38.1% in 2006.

IEAs constitute 91.5% of total assets. The growth in TL IEA's was faster than FC shifting the TL/FC weight to TL (55.2%)

Composition of IEAs



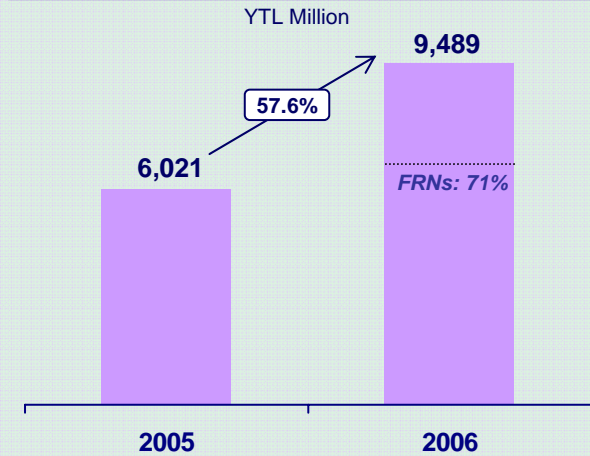
Total loan growth was faster. Interest earning loans mix in assets reached 53.1% in 2006 versus 45.8% in 2005.

Balance Sheet - Summary

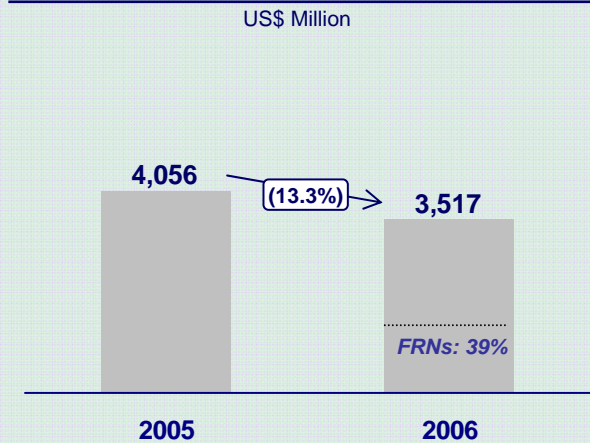
<i>(YTL Million)</i>		2005	2006	% Change
Assets	Cash & Banks	4,104	5,278	28.6%
	Securities	11,432	14,395	25.9%
	Performing Loans	16,918	27,165	60.6%
	Fixed Assets & Subsidiaries	1,640	1,558	-5.0%
	Other	2,331	1,891	(18.9%)
	Total Assets	36,425	50,287	38.1%
	Liabilities and SHE	Deposits	22,833	30,139
Repos		1,965	4,814	145.0%
Borrowings		5,560	7,890	41.9%
Other		2,226	2,774	24.6%
SHE		3,841	4,670	21.6%
Total Liabilities & SHE		36,425	50,287	38.1%

Securities Portfolio

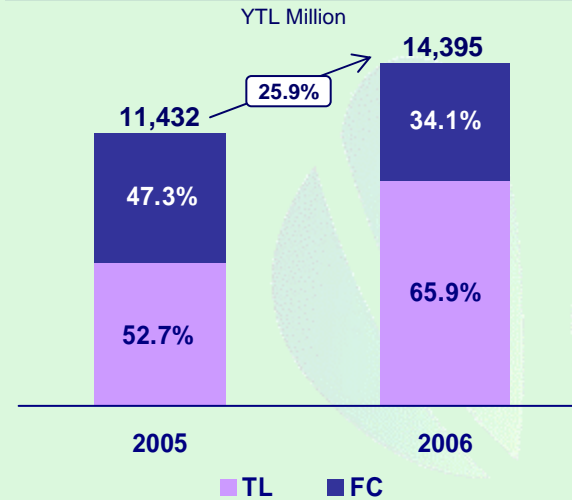
TL Portfolio



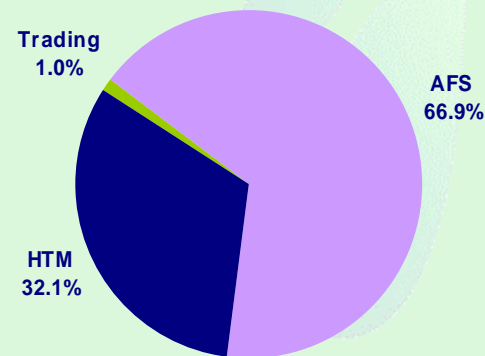
FC Portfolio



Total Securities Growth



Total Securities Composition



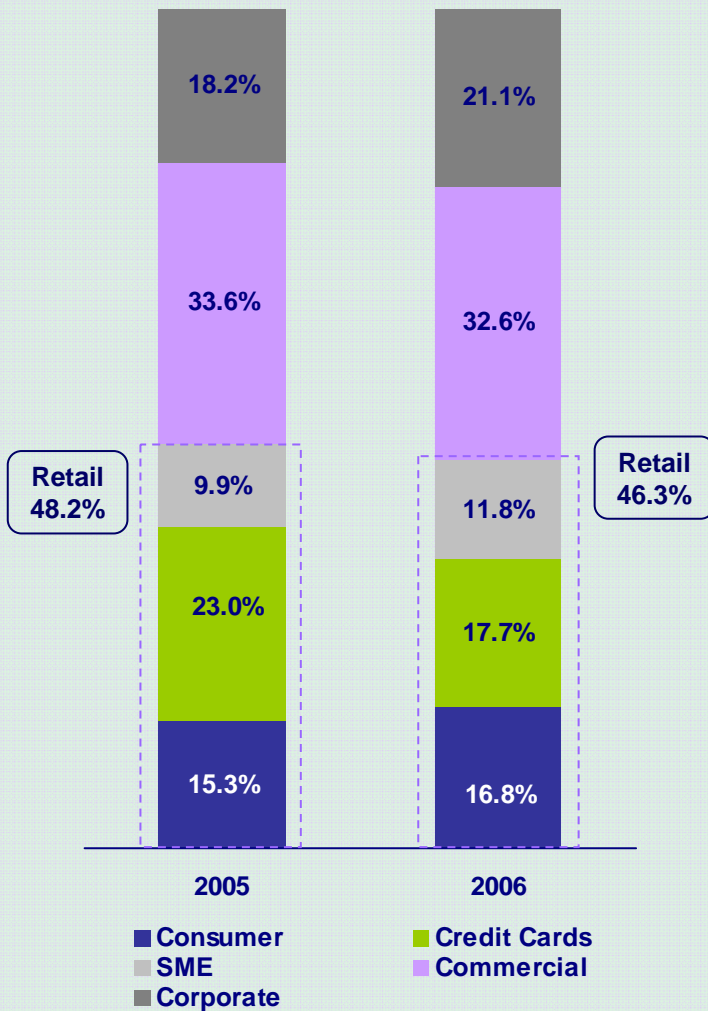
Although Y-o-Y securities portfolio increased by 25.9%, its share in assets decreased to 28.6% in 2006 from 31.4% in 2005.

The TL portfolio went up by 57.6% and reached 9.5 bn. YTL. FRNs constitute 71% of the TL securities – all of which got repriced at higher rates in 2006.

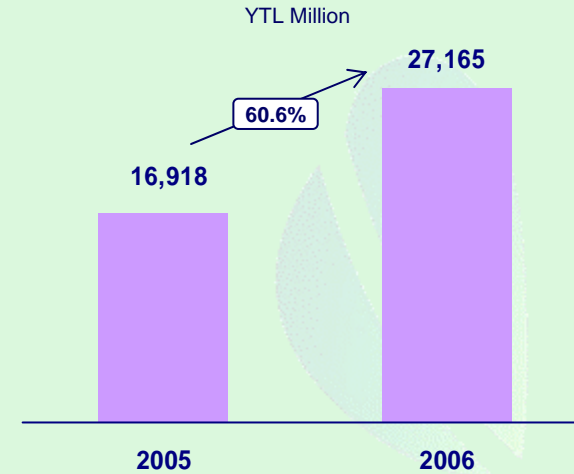
In FC securities book, \$1.1 bn. FX-indexed debt swap that was HTM got redeemed in 2006.

Total Loans - Growth & Improving Quality

Composition of Loans



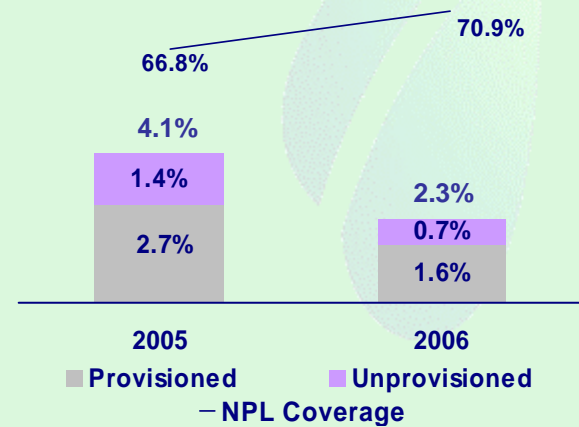
Total Loan Growth



Loans grew by 60.6% Y-o-Y in 2006.

Double digit growth in all loan categories. Faster growth rate in SME and consumer loans in 2006 lead to a more balanced retail loan composition.

NPL Ratio & Coverage

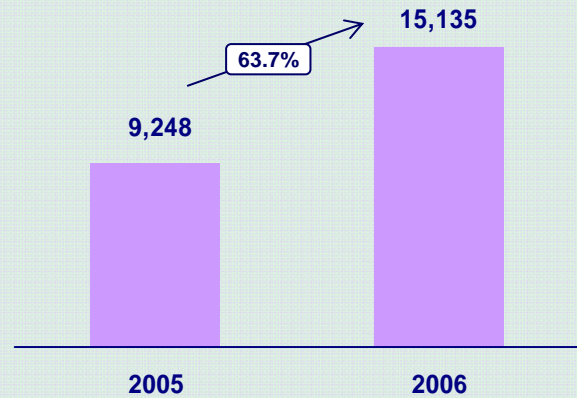


NPL ratio improved further to 2.3%, factor of some recoveries and healthy loan growth. Coverage ratio excludes the collaterals and stands at 70.9%.

TL – FC Loan Growth, Composition

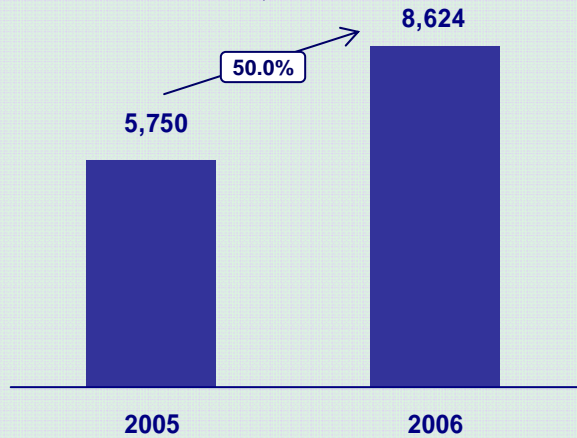
TL Loan Growth

YTL Million



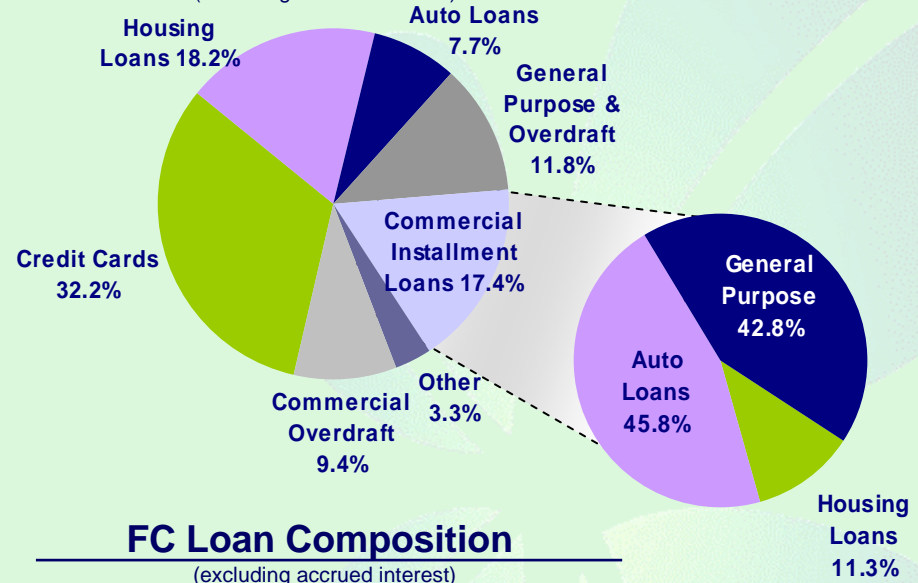
FC Loan Growth

US\$ Million



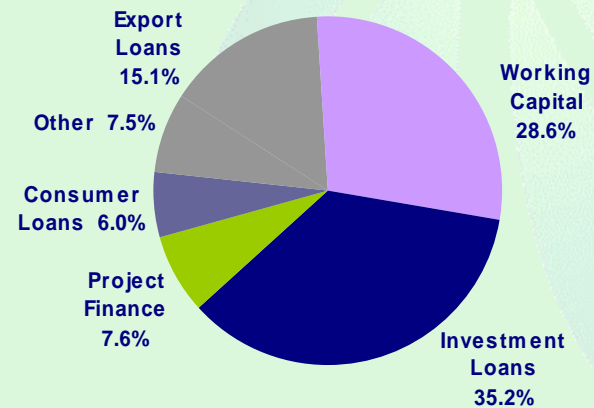
TL Loan Composition

(excluding accrued interest)



FC Loan Composition

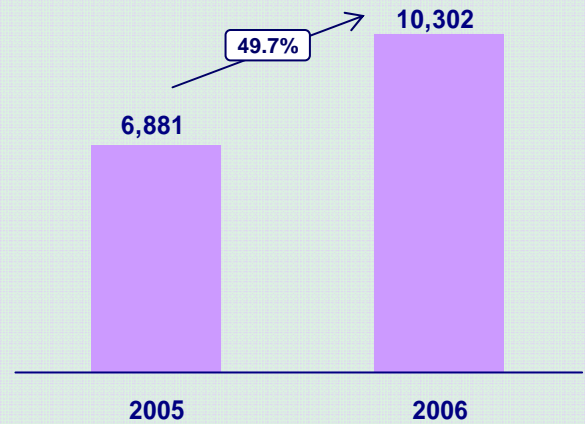
(excluding accrued interest)



Consumer Loan Growth

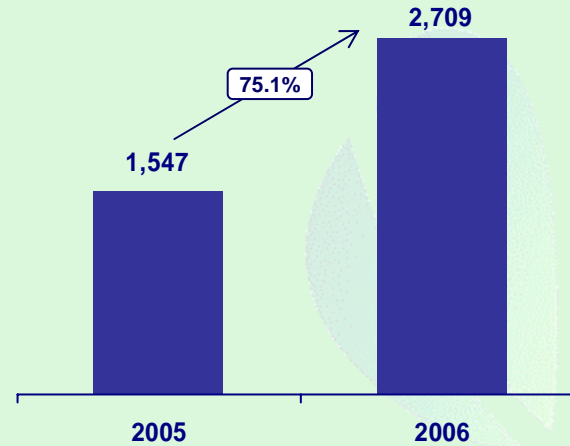
Consumer Loans*

YTL Million



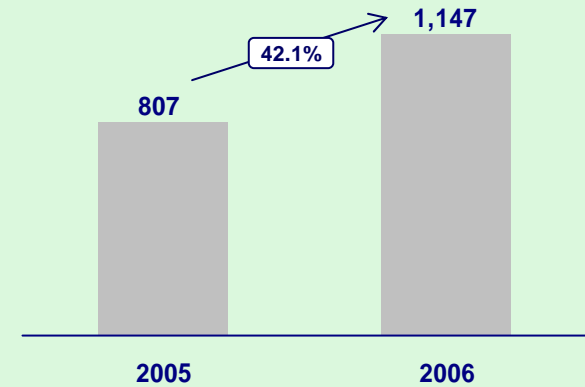
Housing Loan Growth

YTL Million



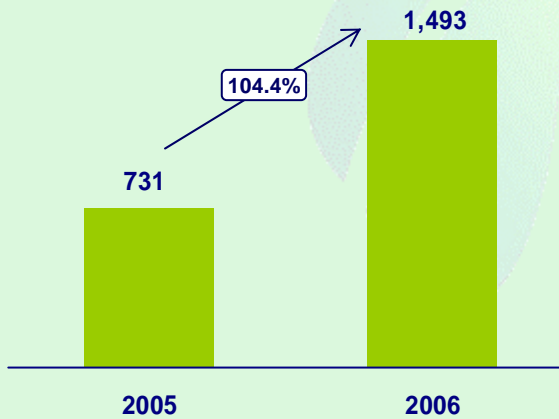
Auto Loan Growth

YTL Million



General Purpose Growth

YTL Million



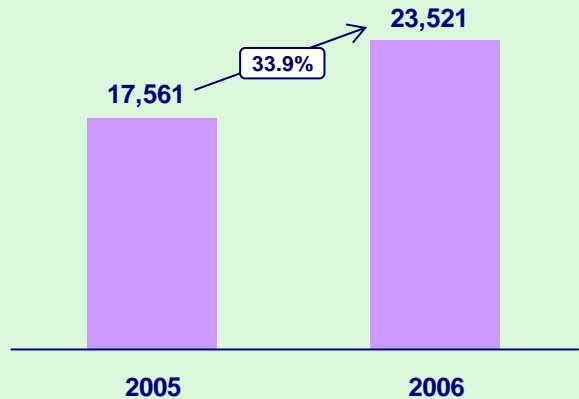
Y-o-Y the growth in total consumer lending was 49.7%.

Growth in general purpose loans, the highest yielding consumer loan, was 104.4%, followed by housing loans with 75.1% growth.

Credit Cards – Leading Market Position (#2)

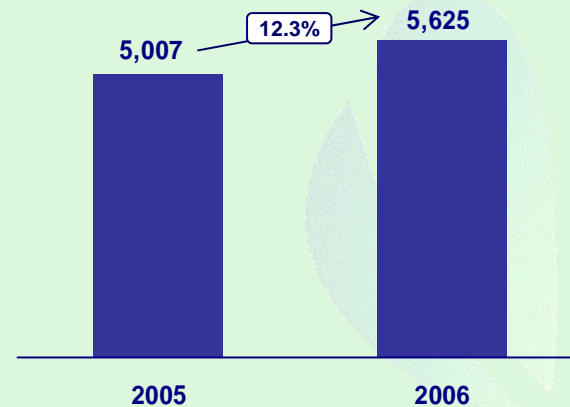
Issuing Volume

YTL Million



No. Of Credit Cards

In Thousands

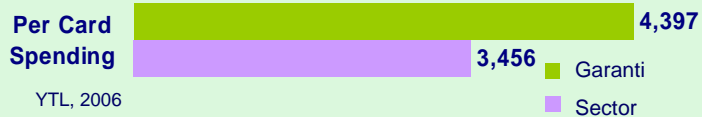


Number of credit cards grew by 12.3% whereas issuing volume was up by 33.9% and outstanding balances were up by 25.5% YoY

Market Shares

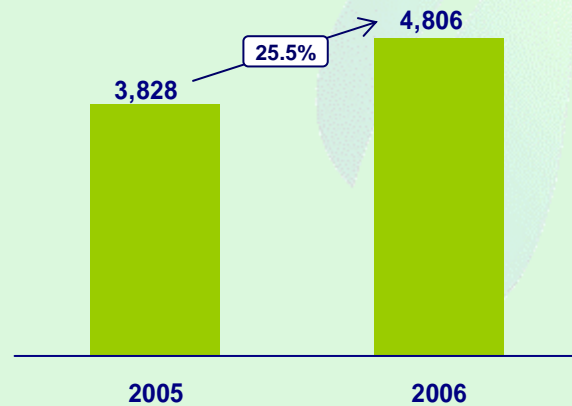
2006 –Growth over 2005

Acquiring	22.2%	↑	+254 bps
Issuing	21.7%	↑	+111 bps
Credit Cards	17.3%	—	+ 63 bps
POS	16.6%	↑	+184 bps
ATM	8.8%	↑	+62 bps



Credit Card Balances

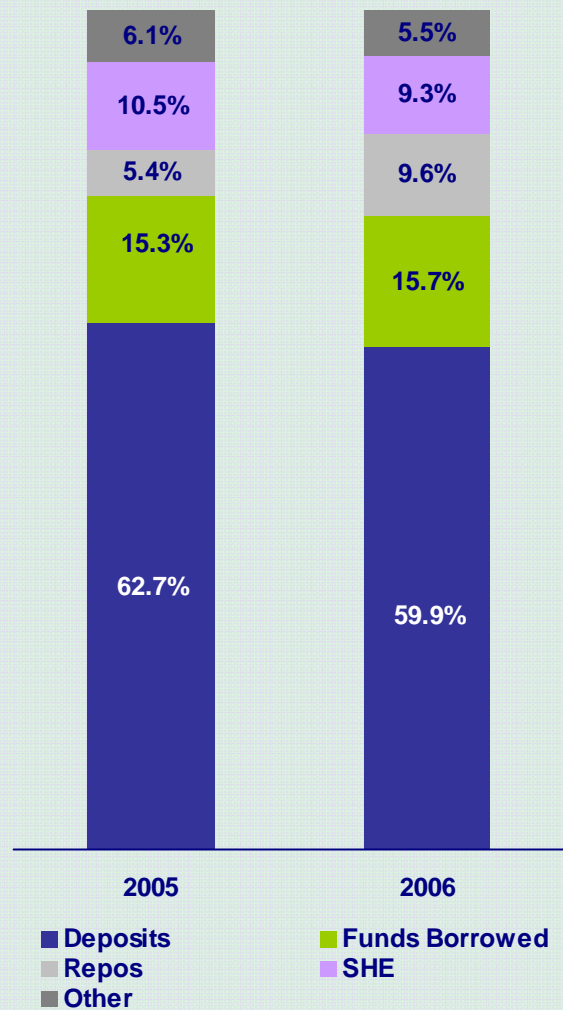
YTL Million



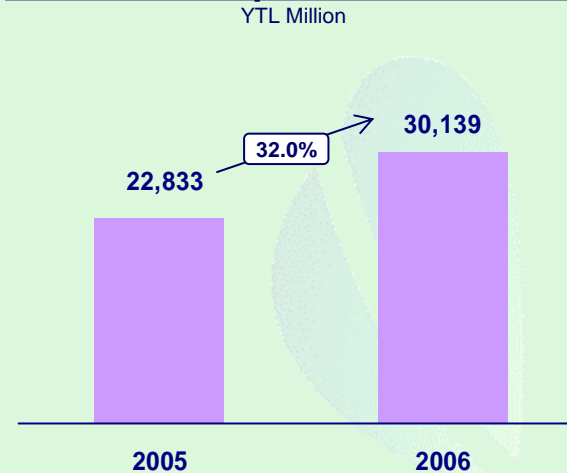
Acquiring volume market share increased by 254 bps and reached 22.2%. Similarly issuing volume market share increased to 21.7% in 2006, up by 111 bps

Composition of Liabilities, Deposit Growth and Mix

Composition of Liabilities



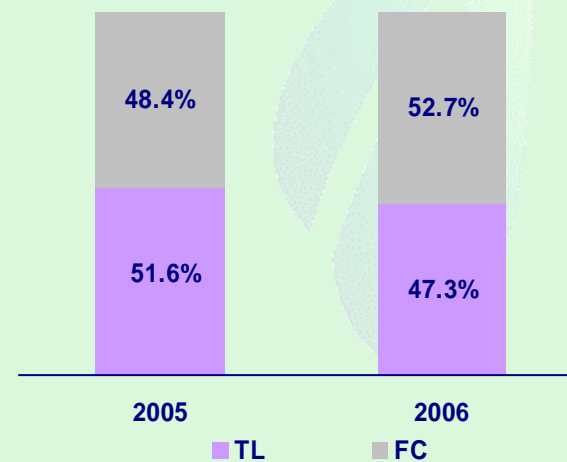
Total Deposit Growth



Total deposits were up by 32% Y-o-Y, reaching 30.1 billion YTL.

Share of deposits stood at 59.9% in 2006.

Deposits – TL/FC Mix

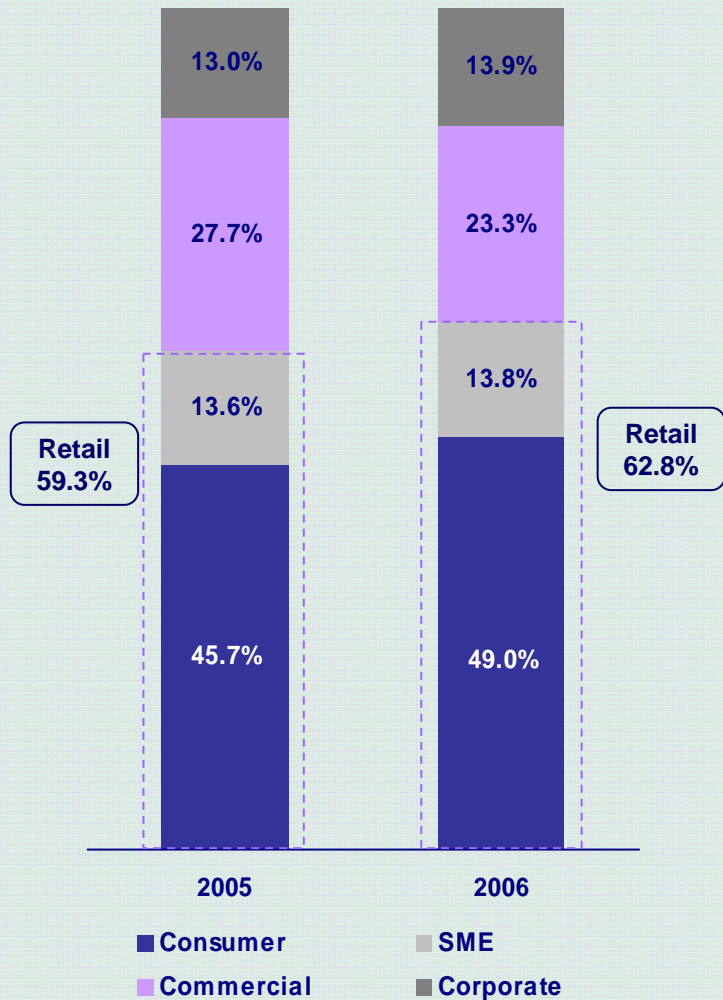


Share of TL deposits ended the year with 47.3% in 2006 from 51.6% in 2005.

Deposits by LOB, Demand Deposit Growth and Cost of Funding

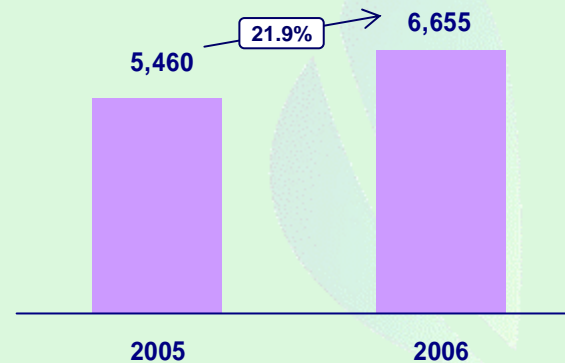
Deposits by LOB

(excluding bank deposits)



Demand Deposit Growth

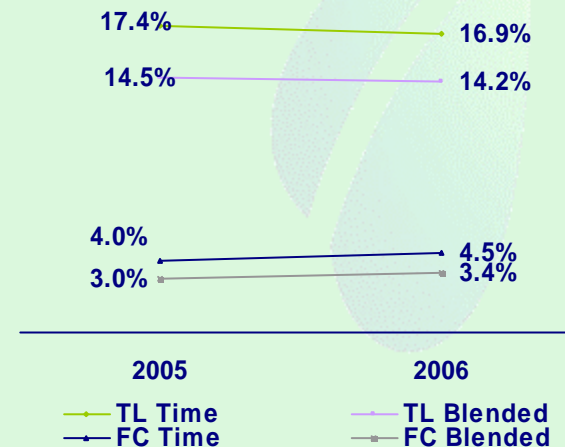
YTL Million



Share of retail deposits increased by 350 bps and composed 62.8% of total customer deposits.

Demand deposits reached 6.7 bn. YTL, up by 21.9%

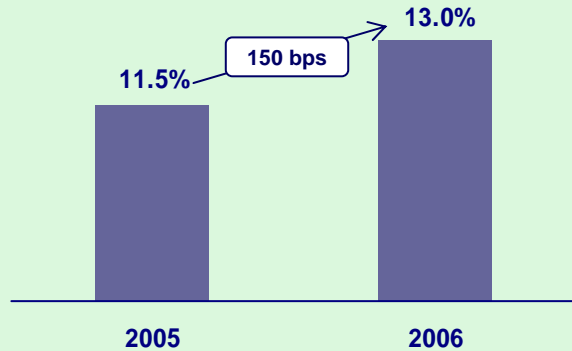
Cost of Deposits



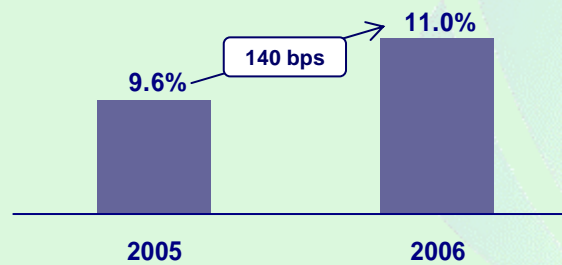
Cost of TL time and TL blended deposits went down by 50 and 30 bps, respectively in 2006. Cost of FC deposits increased slightly parallel to FED rate increase

Market Share Growth in Loans and Deposits

Total Loans



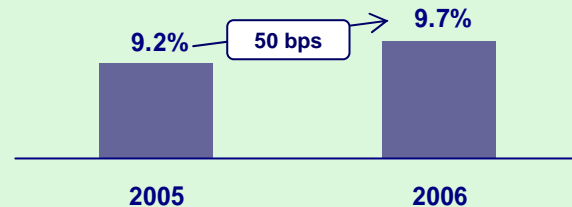
Consumer and Comm. Install. Loans*



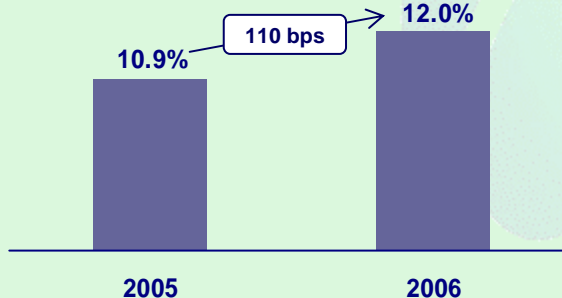
Market share in total loans went up by 150 bps in 2006.

Strongest growth came from consumer and commercial installment loans whose market share went up by 140 bps reaching 11% in 2006.

Total Deposits



Demand Deposits

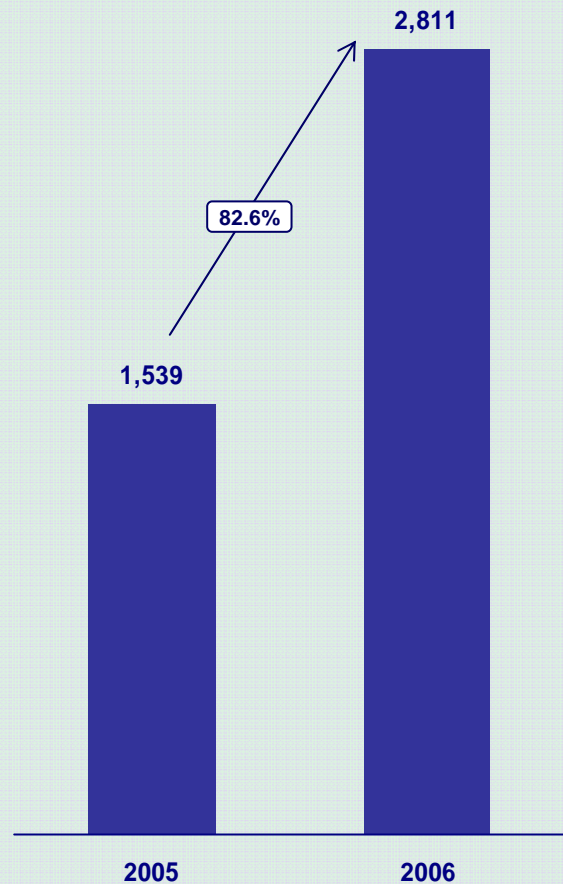


Total deposits market share went up by 50 bps. Demand deposits contributed heavily. Demand deposits market share increased by 110 bps and reached 12%.

Increasing Free Funds

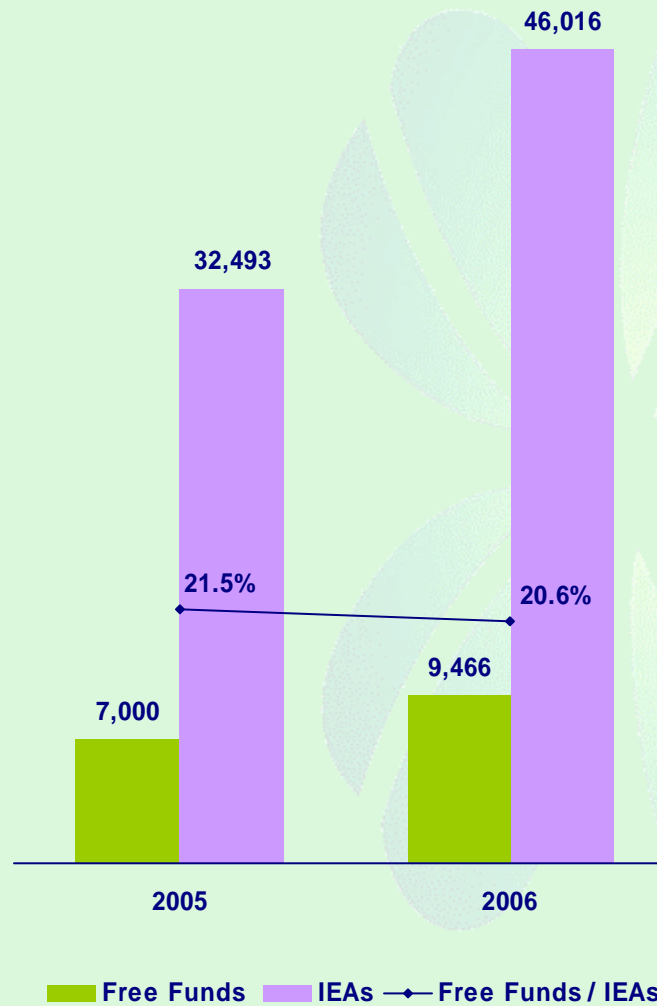
Free Equity

YTL Million



Free Funds*/IEAs

YTL Million



Free equity up by 82.6% reached 2.8 bn. YTL in 2006.

In 2006, free funds' growth was 2.5 bn. YTL corresponding to 20.6% of IEAs.

NIM Adjustments; Interest Income and Interest Expense

(YTL Million)

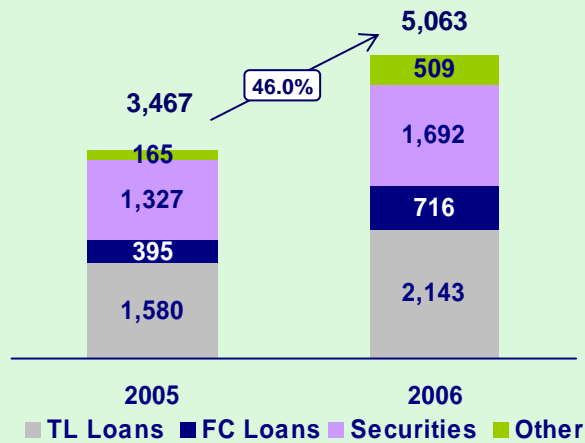
	2005	2006	Growth
Net Interest Income	1,675	1,902	13.6%
Net FX Gain / Loss	123	-81	n.m.
Adjusted Net Interest Income	1,798	1,821	1.3%

Net foreign exchange loss is 81 million YTL bringing the adjusted net interest income to 1.82 billion YTL .

The high volume growth and the diligent funding cost management in 2006 offset the margin pressure, resulting in 1.3% in adjusted Net interest income.

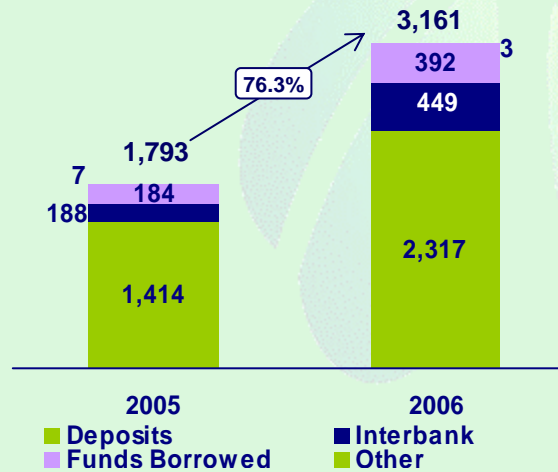
Interest Income

YTL Million



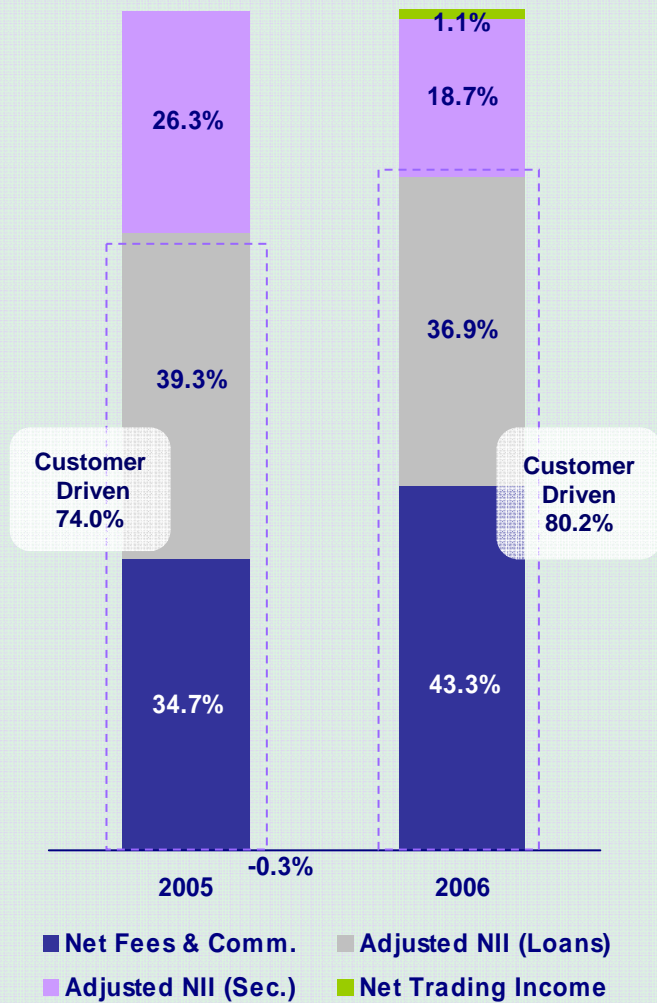
Interest Expense

YTL Million



Banking Income & Non-Interest Income Breakdown

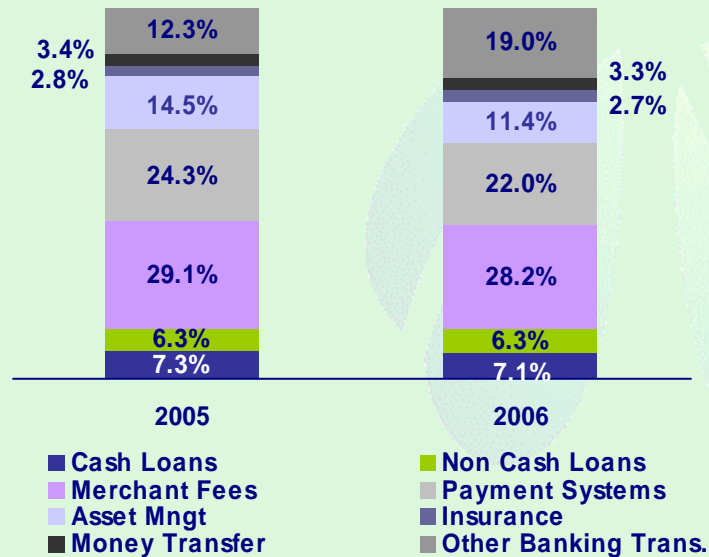
Ordinary Banking Income



(YTL Million)	2005	2006	Growth
Net Fees and Comms.	738	1,014	37.5%
Net Trading Account Inc.	(6)	25	n.m.
Dividend Income	3	47	n.m.
Other Income	174	213	22.5%
Total Non-Interest Inc.	909	1,299	43.1%

Customer driven sources of income increased by 620 bps and now constitute 80.2% of ordinary banking income.

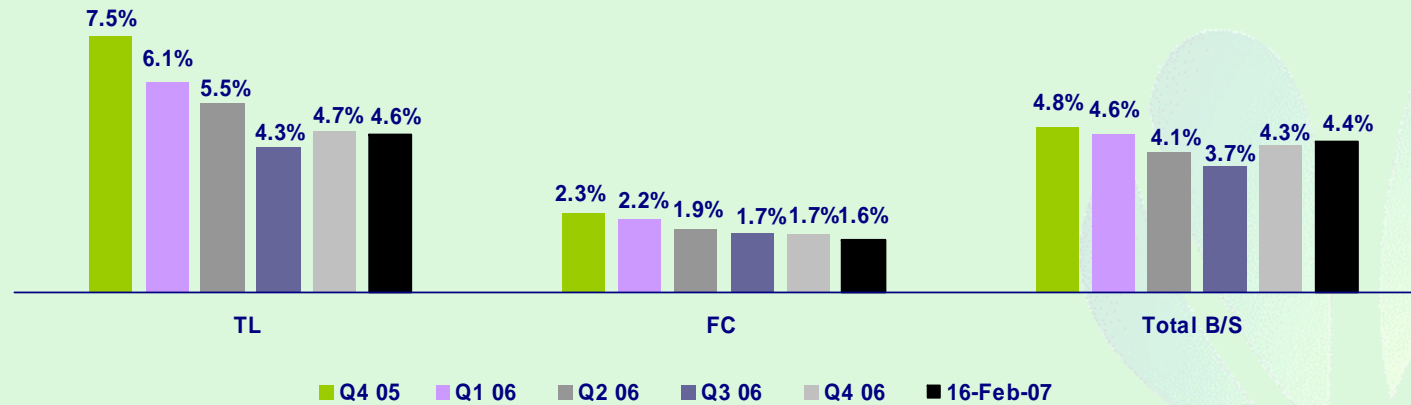
Fees & Comms. Received



Net fees and commissions grew by 37.5% in 2006 contributing 43.3% to the ordinary banking income -- indicating the increasing trend on sustainable revenue sources.

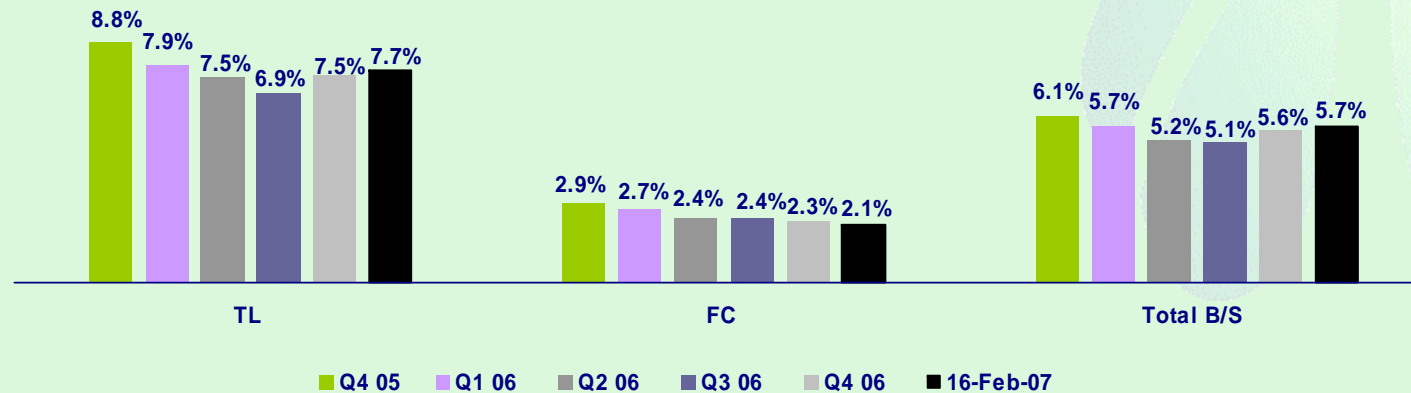
Margins and Spreads on a Quarterly Basis

Spreads



In 4Q 06, TL spread was down by 280 bps over same period last year and the FC spread contraction was 60 bps during the same period. On a blended basis, the spread contraction was only 50 bps due to the shift to higher interest earning TL assets.

Margins



Similarly, TL and FC margins were down by 130 and 60 bps respectively, bringing down the blended margin by 50 bps to 5.6%.

Summary Income Statement & Key Opex Ratios

(YTL Million)	2005	2006	Growth
Total Revenues	2,706	3,120	15.3%
Operating Expense	1,297	1,460	12.6%
Operating Income	1,409	1,660	17.8%
Provisions	459	330	(28.1%)
Taxes	229	266	16.1%
Net Income	721	1,064	47.5%

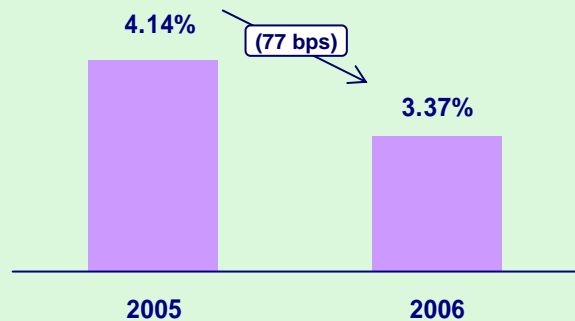
Pre-tax and provision earnings grew by 17.8%, reaching 1.7 bn. YTL.

Total revenue growth was higher than expense growth.

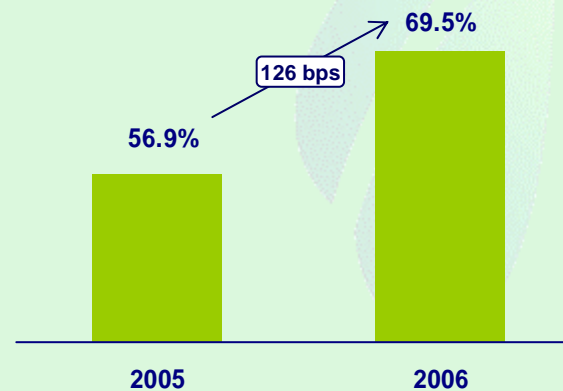
Operating expenses in average assets improved by 77 bps to 3.37% in 2006.

Also, the net fees & commissions coverage of operating expenses reached 69.5%.

Opex / Avg. Assets



Fees & Comm. / Opex



Note: The Effect of BRSA Accounting Changes

- All balance sheet items include their respective accrued interest balance
- Changes on 2005 net income and equity:

		Shareholders Equity (SHE) Items			Total SHE
		Securities Value Increase Fund	Extraordinary Profit Reserves	Current Year Profit / Loss	
<i>(YTL Thousands)</i>					
Adjustments in:	2005 Reported Figures	194,131	64,587	708,394	3,899,624
	<i>Reserve for Employee Severance Indemnities</i>	0	(9,805)	(8,576)	(18,381)
	<i>Provision for Short Term Employee Benefits</i>	0	(23,290)	(6,198)	(29,488)
	<i>Provision for Promotion Expenses of Credit Cards</i>	0	(7,745)	(3,301)	(11,046)
	<i>Exchange Rate Difference on Investments in Foreign Associates, Subsidiaries and Joint-Ventures</i>	(7,848)	(23,119)	30,967	0
	2005 Adjusted Figures	186,283	628	721,286	3,840,709

Total SHE Effect of adjustments through prior years profit / losses : (40,840)

The effect of accounting changes on SHE through 2005 profit: (18,075)



GarantiBank

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