



*IFRS Earnings Presentation
December 31, 2007*

“...profitable growth story...”



Performance Highlights

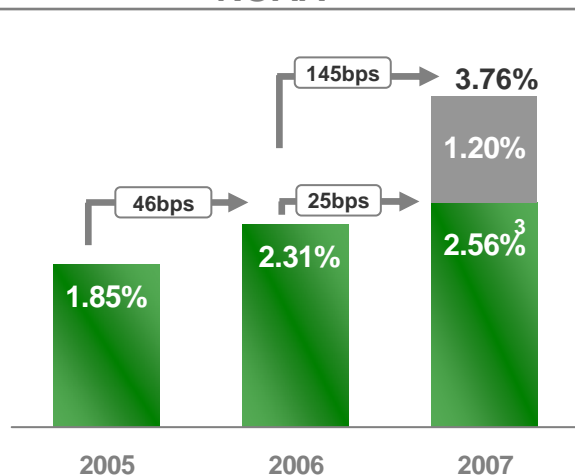
- Total **asset growth** was **32%** ytd reaching **YTL 75.3 billion** on a consolidated basis at YE 2007
- Net cash **loans to customers** increased by **34%** constituting **54% of total assets**
- Ytd TL loans increased by **34%** at YE 07, reaching **YTL 21.9 billion** while FC loans increased by **61%** in US\$ terms, reaching **US\$ 16.5 billion** at YE 07
- **NPL** ratio stayed stable at **2.1%** as at YE 07
- Ytd **deposits from customers** were **up** by **28%**
- **Total operating income** adjusted by FX, trading and one-off gains from subsidiary stake sale & custody sales, expanded **30%** on a consolidated basis over year-end 2006, reaching **YTL 4,487 million**
- **Normalized operating income**^{1,2} on a consolidated basis reached **YTL 2,225 million**, an **increase of 34%** over YE 06
- **Net income** increased y-o-y by **112%** reaching **YTL 2,435 million** and **normalized² net income** increased by **44%** reaching **YTL 1,657 million**
- **Normalized² ROAA and ROAE** strengthened to **2.6%** and **27%**, respectively, at YE 07
- **Normalized² Cost / Income** improved to **49%** in YE 07, compared to **54%** at YE 06

¹ Excluding impairment losses

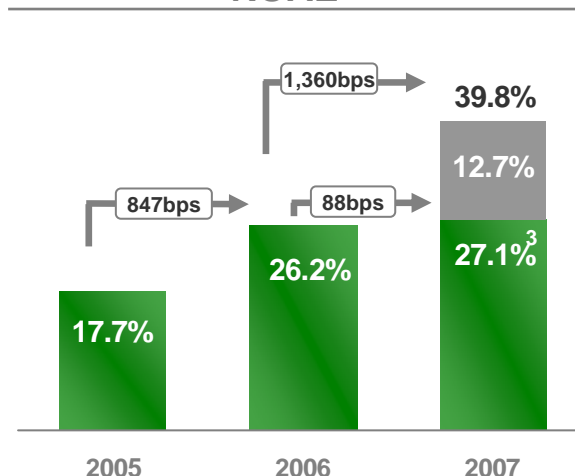
² Normalized to exclude one off gains from insurance and pension & life subsidiaries stake sale amounting to YTL 666 mn. (post-tax) and one-off gains from custody sales amounting to YTL 112 mn. (post-tax). Calculation excludes "Provision for recognized liability for defined benefit obligations" amounting to YTL 165 mn.

Record Profitability

ROAA



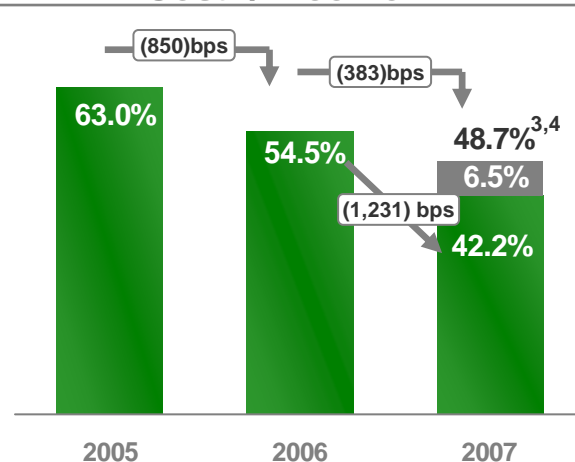
ROAE



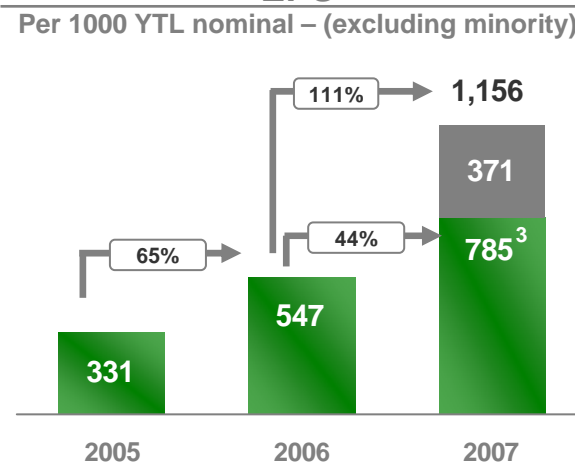
ROAE
Normalized

27%

Cost¹ / Income²



EPS



Despite the net addition of **105** branches since end of 2006 **cost/income** ratio improvement remained intact due to larger growth in revenues & effective cost management.

¹ Cost excludes depreciation and amortization, provision for severance payment, impairment, fx loss; ² Provisions deducted from income; ³ Normalized to exclude one-off gains from insurance and pension & life business subsidiaries stake sale amounting to YTL 666 mn. (post-tax) and one-off gains from custody sale amounting to YTL 112 mn. (post-tax); ⁴ Calculation excludes "Provision for recognized liability for defined benefit obligations" amounting to YTL 165 mn.

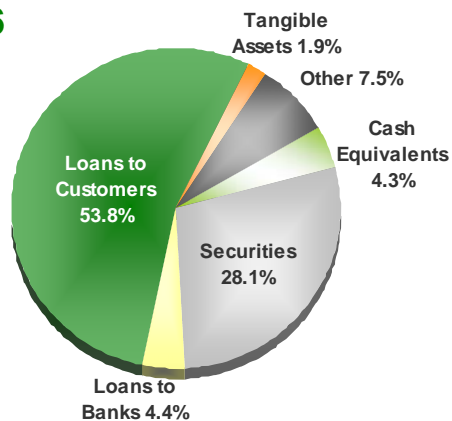
Balance Sheet - Summary

<i>(YTL Million)</i>		2006	2007	% Change
Assets	Cash & Banks	4,989	7,924	58.8%
	Securities	15,987	18,839	17.8%
	Loans to Customers	30,625	41,042	34.0%
	Tangible Assets	1,079	1,163	7.8%
	Other	4,234	6,357	50.1%
	Total Assets	56,914	75,325	32.3%
	Liabilities and SHE	Deposits from Customers	32,295	41,335
Deposits from Banks		1,574	2,436	54.8%
Repo Obligations		5,296	8,592	62.2%
Funds Borrowed		9,650	11,440	18.5%
Other		3,159	4,270	35.2%
SHE		4,940	7,252	46.8%
Total Liabilities & SHE		56,914	75,325	32.3%

Balance Sheet Composition & IEA vs. IBL

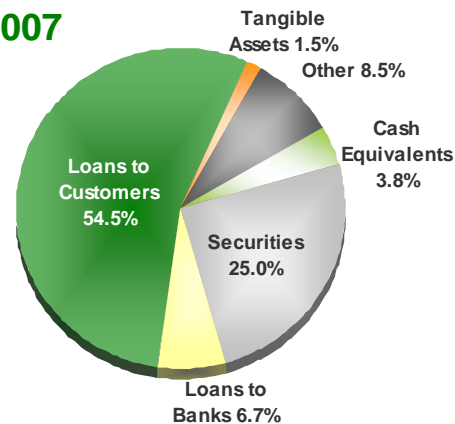
Asset Composition

2006



IEA 92.5%

2007



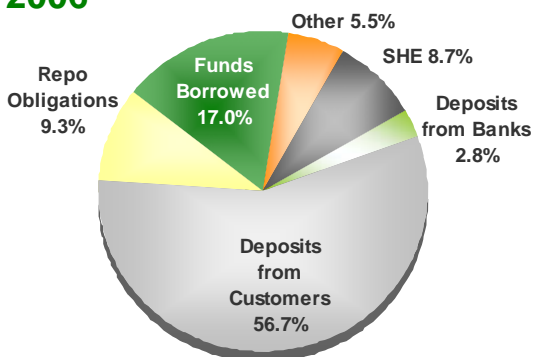
IEA 93.0%

Total assets increased to **YTL 75.3 bn** as of YE 07 (**US\$ 64.9 bn**)

IEAs contribution to total assets increased to **93%**, an increase of **50 bps**

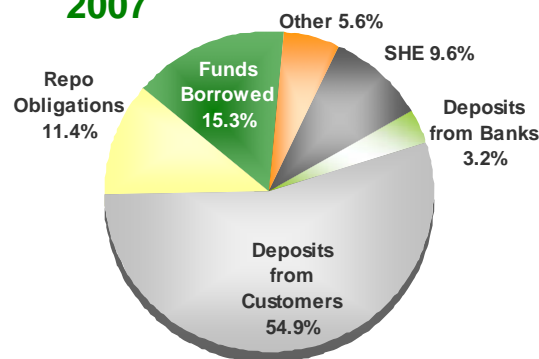
Liability & SHE Composition

2006



IBL 71.2%

2007



IBL 72.5%

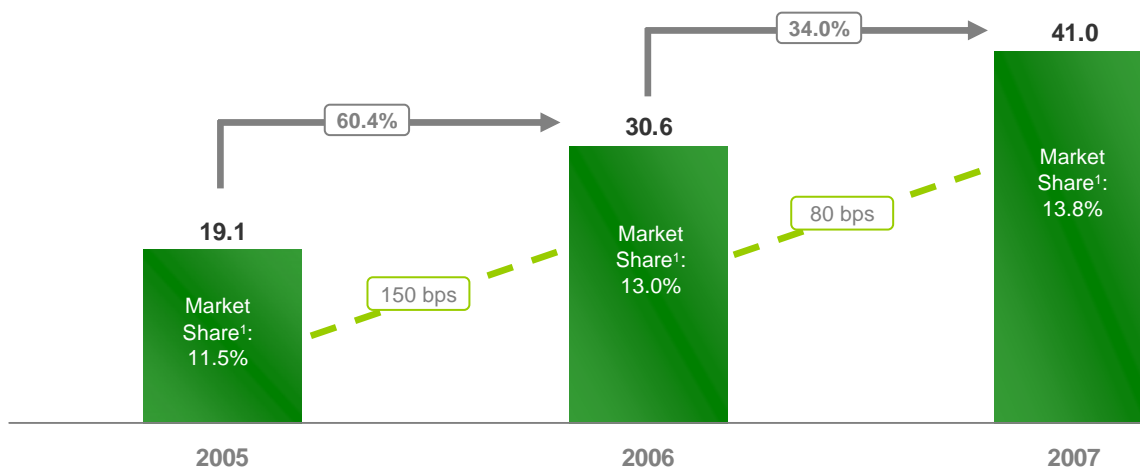
Loans to customers (net cash loans) increased by **34%**, bringing its share in total assets up to **54.5%** at year-end 2007 from **53.8%** at year-end 2006

Share of deposits from customers in total liabilities and shareholders' equity was **55%** at YE 2007

Loans - Growth & Currency Composition

Loan Growth & Market Shares

YTL Billion

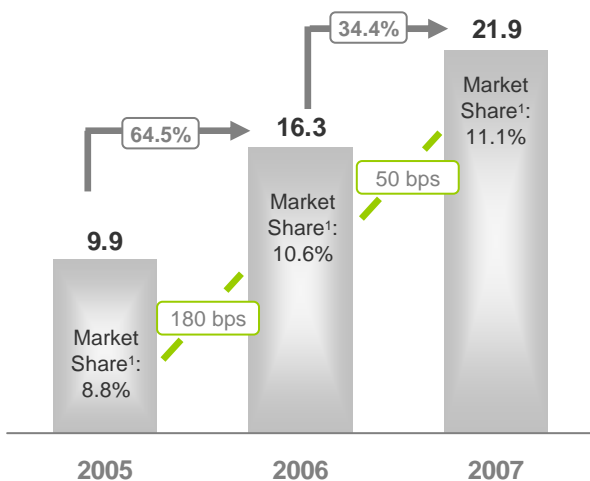


Total loan growth, ytd was **34%** and reached **YTL 41 bn.**

TL loans increased by **34.4%** to **YTL 21.9 billion** while FC loans increased by **60.6%** in US\$ terms, reaching **US\$ 16.5 bn** at year-end 2007.

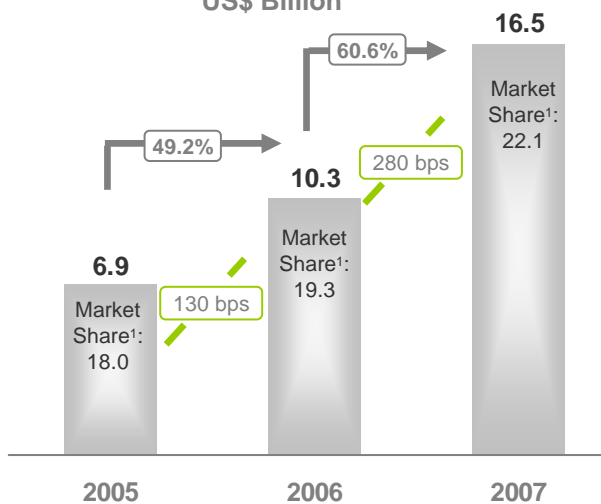
TL Loan Growth

YTL Billion



FC Loan Growth

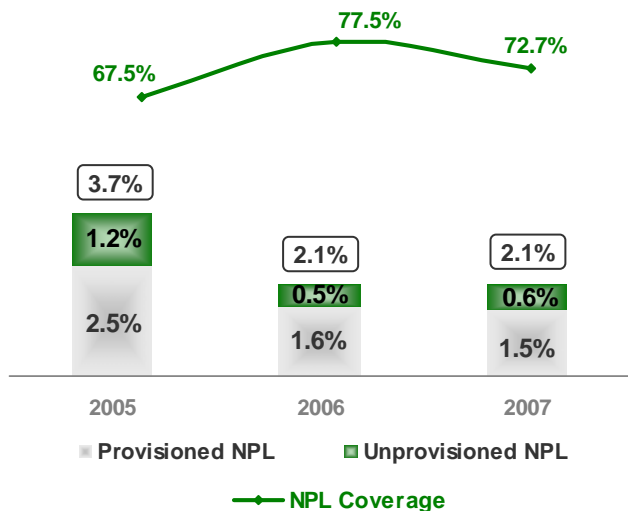
US\$ Billion



TL loans in total loans was **53%** at year-end 2007

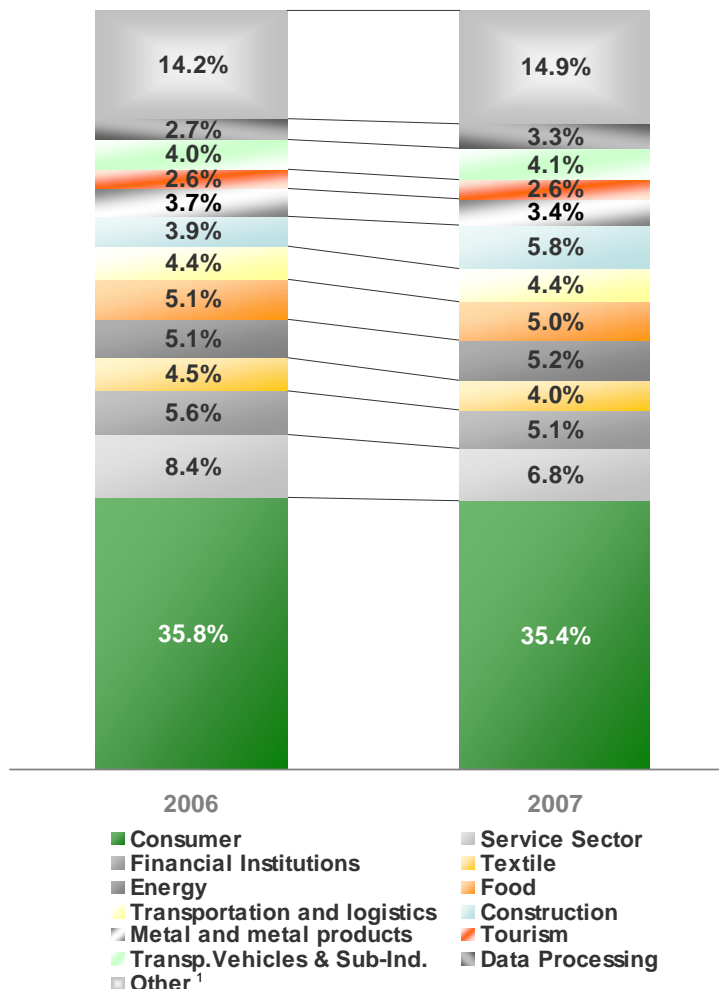
Strong Asset Quality & Well-Diversified Portfolio

NPL Ratio & Coverage



Asset Quality	2006	2007
Secured Loans	72.5%	74.3%
Unsecured Loans	27.5%	25.7%

Sectoral Loan Allocation



NPL ratio stayed stable at **2.1%** at year-end 2007.

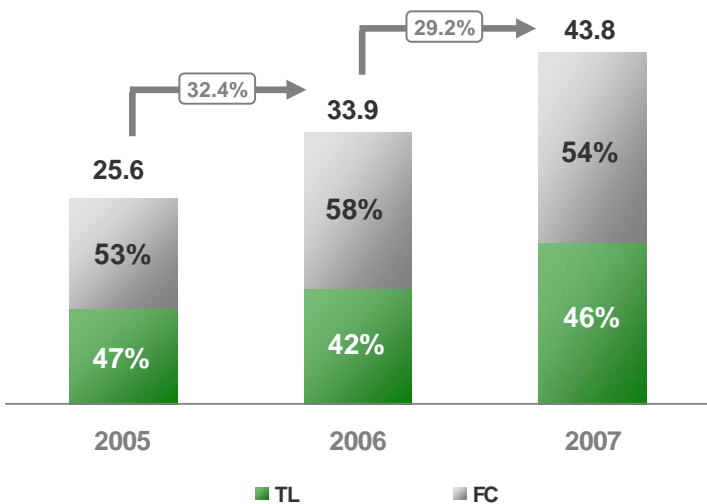
The share of unsecured loans in total loans decreased to **25.7%** at year-end 2007 from **27.5%** at 2006. This was mainly due to declining share of credit cards in consumer loans.

¹ Other includes loans extended to sectors such as agriculture, chemistry and chemical products, durable consumption, mining etc.

Deposits – Growth & Mix

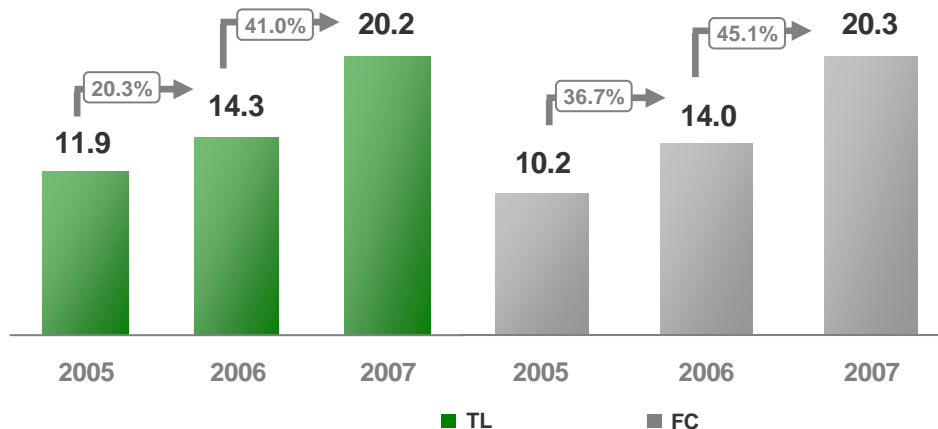
Deposit Growth & TL/FC Mix

YTL Billion



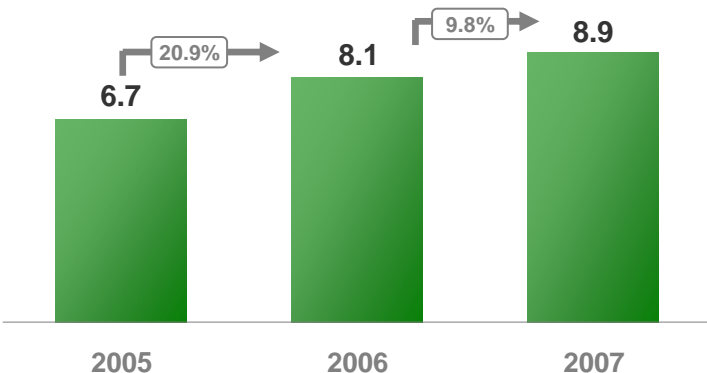
TL – FC Deposit Growth

YTL Billion – US\$ Billion

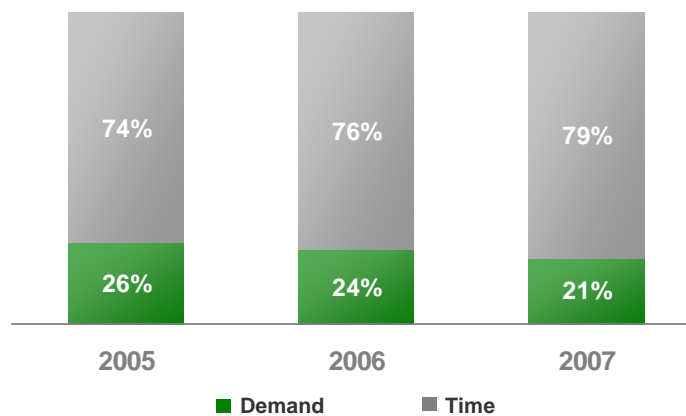


Demand Dep. Growth

YTL Billion



Customer Deposits Demand/Time Mix

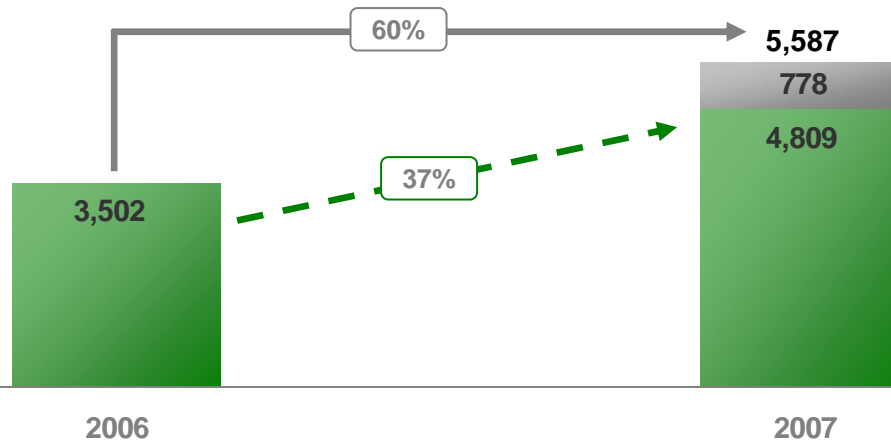


Main source of funding:
Solid deposit base
-- **58%** of liabilities and SHE).

Solid capital base

Free Equity

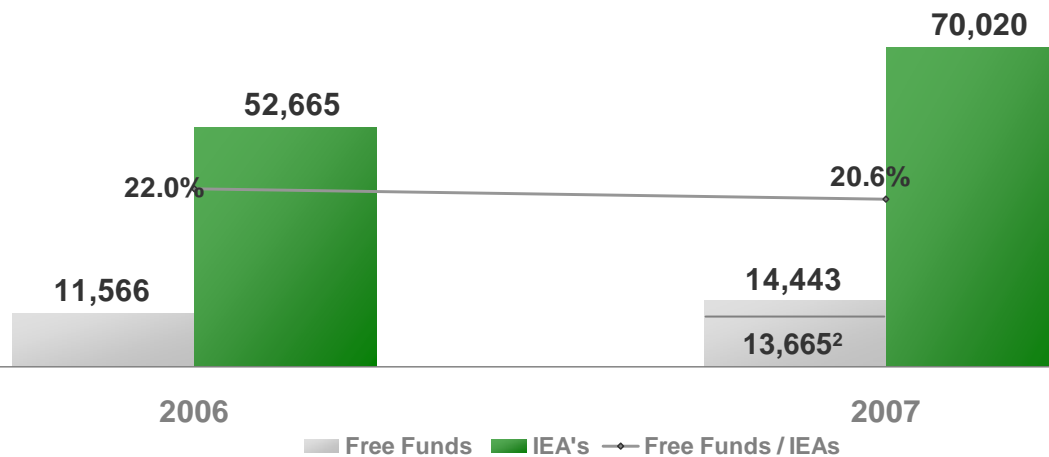
YTL Million



Free equity increased by **60%** and reached **YTL 5.6 bn** from **3.5 bn** at YE 2006.

Free Funds¹ / IEA's

YTL Million



Growth in Free Funds 2007 **YTL 2.9 bn**

¹ Free Funds: Free Equity + Demand Deposits

² Normalized to exclude one-off gains from insurance and pension & life business subsidiaries stake sale amounting to YTL 666 mn. (post-tax) and one-off gains from custody sale amounting to YTL 112 mn. (post-tax)

Summary Income Statement

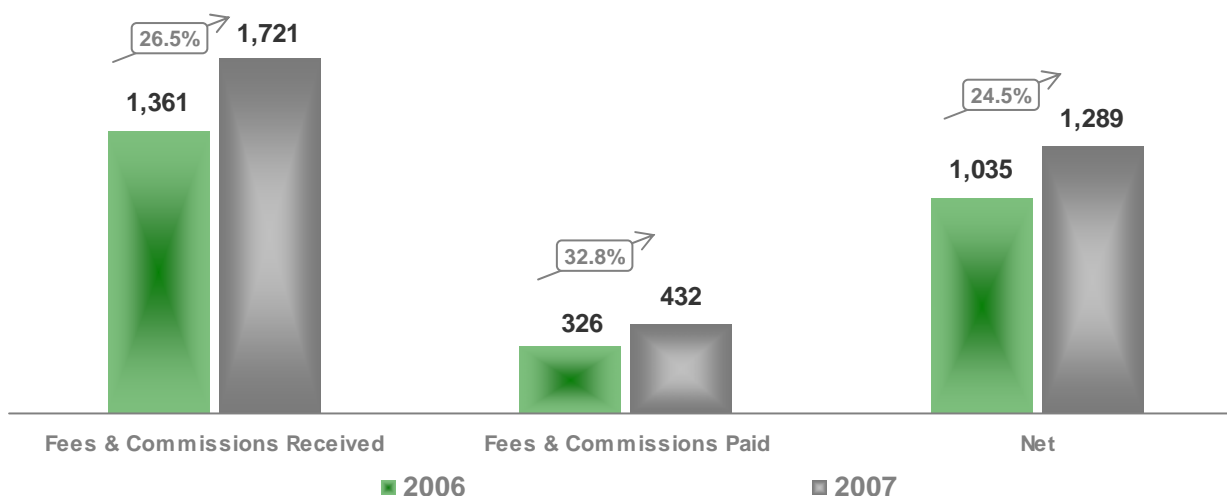
<i>(YTL Thousand)</i>	2006	2007	Change
Net Interest Inc.Adj.by FX	2,133,021	3,051,285	43.0%
Net Fees & Comm. Income	1,035,384	1,288,573	24.5%
Other Non-Interest Income ¹	283,664	146,715	(48.3%)
Total Operating Income¹	<u>3,452,069</u>	<u>4,486,573</u>	<u>30.0%</u>
Operating Expenses ^{2,4}	(1,790,941)	(2,261,941)	26.3%
Operating Income^{1,2}	<u>1,661,128</u>	<u>2,224,632</u>	<u>33.9%</u>
Impairment Losses & Provisions for Severance	(227,683)	(293,038)	28.7%
Taxation Charge ³	(283,945)	(274,218)	(3.4)%
Normalized Net Income^{1,2,3}	<u>1,149,500</u>	<u>1,657,376</u>	<u>44.2%</u>
Income from Insurance and Pension & Life Buss. Subs. Stake Sale (post-tax)	-	665,685	n.m.
Income from Custody Sale (post-tax)	-	112,309	n.m.
Net Income	<u>1,149,500</u>	<u>2,435,370</u>	<u>111.9%</u>
<i>Equity holders of the Bank</i>	<i>1,148,256</i>	<i>2,427,392</i>	<i>111.4%</i>
<i>Minority interest</i>	<i>1,244</i>	<i>7,978</i>	<i>541.5%</i>

Fee & Commission Income Growth

(YTL Thousand)	2006	2007	Change
Fees and Commissions, net	1,035,384	1,288,573	24.5%
Trading Account Loss, net	(37,976)	(149,584)	293.9%
Insurance business	242,653	214,978	(11.4%)
Other¹	78,987	81,321	3.0%
Total Normalized Non-Interest Income^{1,2}	1,319,048	1,435,288	8.8%
Insurance and Pension & Life Buss. Subs. Stake Sale and Custody business sale	-	851,579	n.m.
Non-Interest Income²	1,319,048	2,286,867	73.4%

Fees and Commissions

YTL Millions



25%

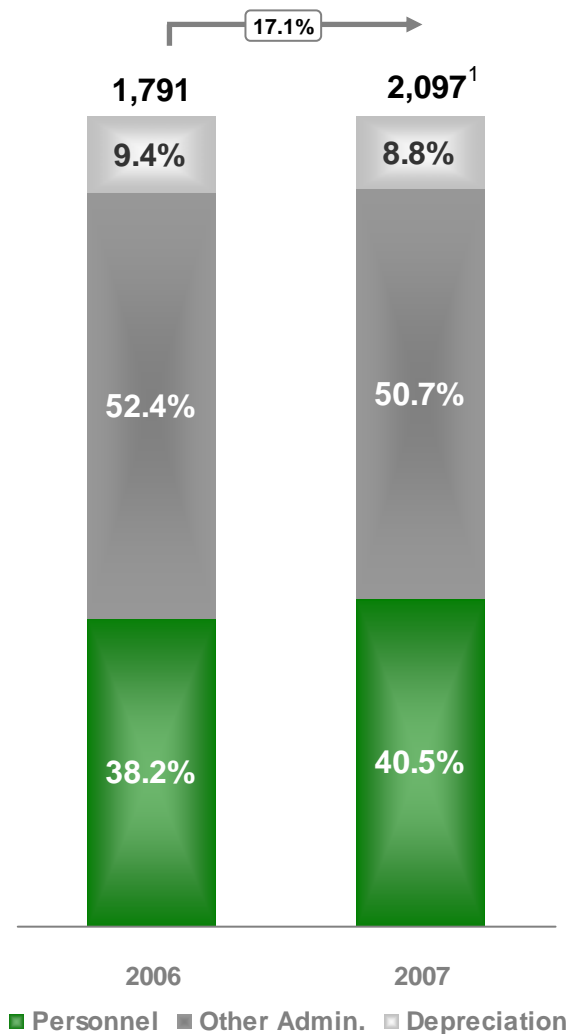
Net Fees & Comm. Growth

¹ Normalized to exclude one-off gains from insurance and pension & life business subsidiaries stake sale amounting to YTL 704 mn. (pre-tax) and one-off gains from custody sale amounting to 148 mn. (pre-tax)
² Excluding FX Gain

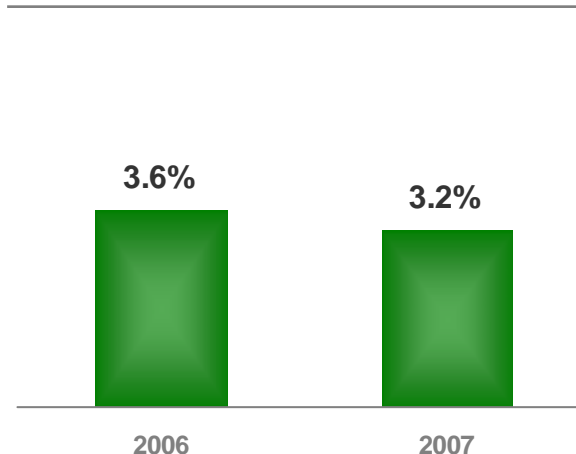
Effective Cost Management

Non-Interest Expenses

YTL Million



Opex¹/Avg. Assets



Operating expense over average assets ratio improved by **40 bps** from YE 06 to **3.2%** at YE 07.

Non-interest expense growth by **17%** is mainly attributable to new branch openings

Net Fees & Comm. /Opex¹



Net fees and commissions coverage of operating expenses increased from **58%** at YE 06 to **61%** at YE 07..

¹ Excludes "Provision for recognized liability for defined benefit obligations" amounting to YTL 165 mn.



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