IFRS 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)*

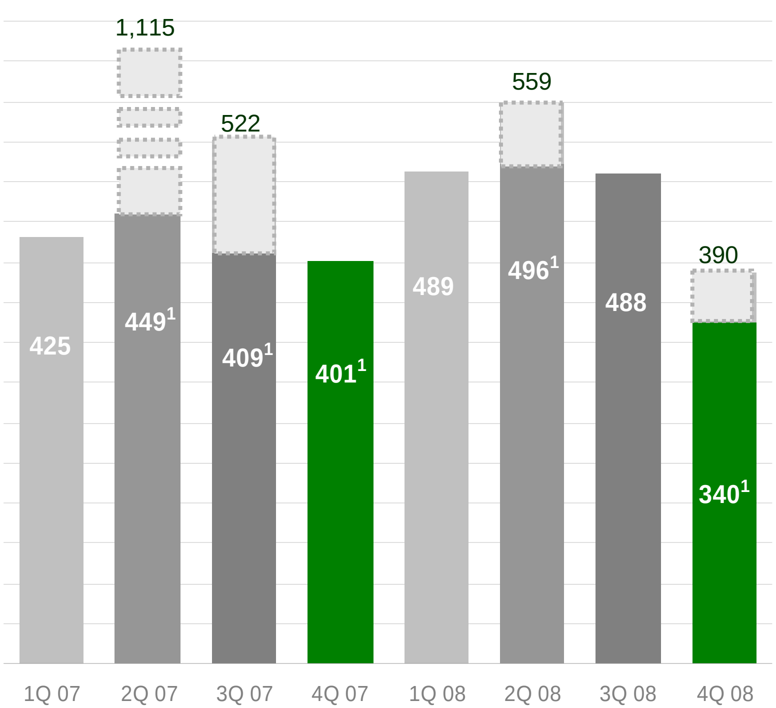
2008 – Garanti Highlights

- *Focused execution on resilient income generation -- even in this complex environment Net Income[1] growth 8%, ROAE[1] 22%*
- *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 93%*
  - *Solid capital base further reinforced by effective capital management -- CAR at 14.9%*
- *Highest level of fee income generation capacity*
  - *Net fees & commissions coverage of Opex 59% vs Sector's 39%[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[3]: 138 branches*
    - *# of customers[3]: 1.2 million*
    - *Demand deposits: TL 1.7 billion or 20%*

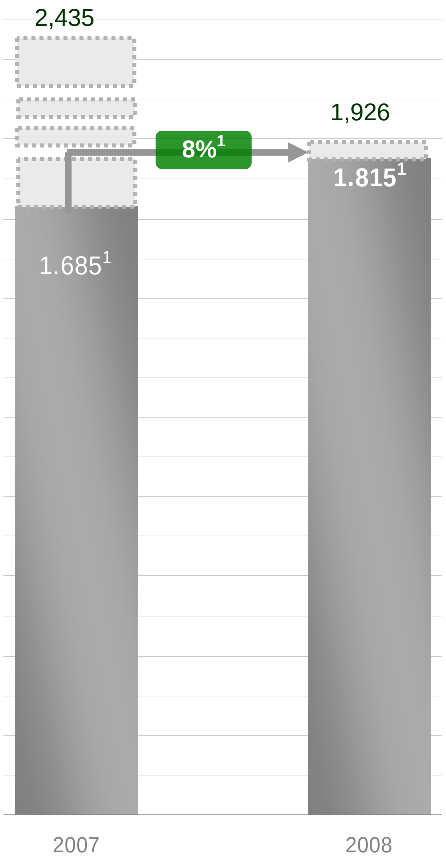
1 Normalized
2 As of 3Q 08 BRSA
3 Bank-only

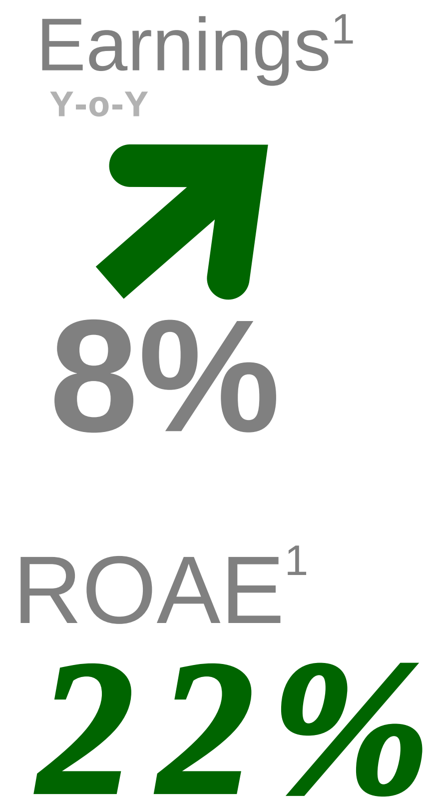
Resilient earnings capability in an extremely complex environment -- Sustainable ROAE over 20%

Quarterly Normalized Net Income[1]



Normalized Net Income[1]



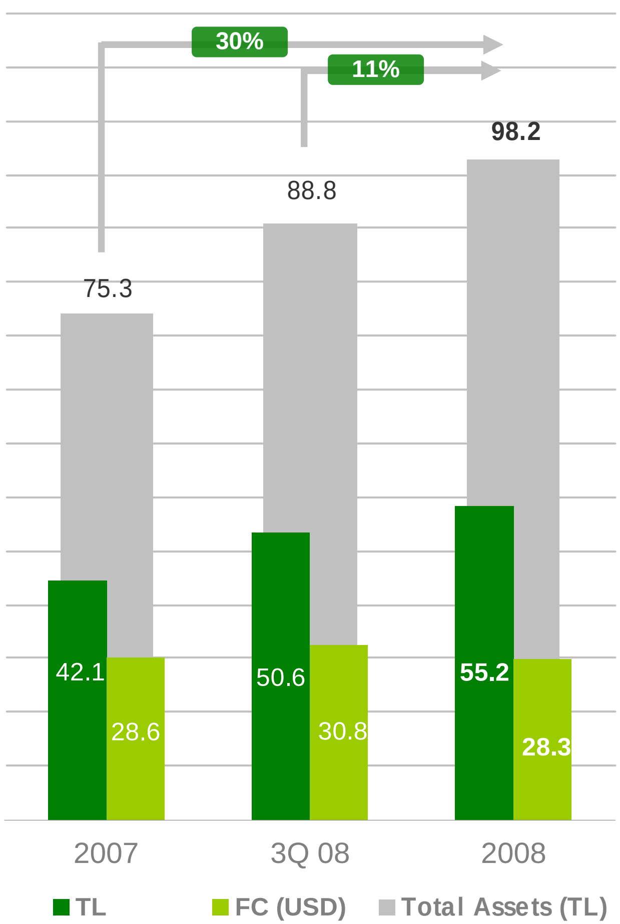


1 Please refer to Slide18 for breakdown of non-recurring items

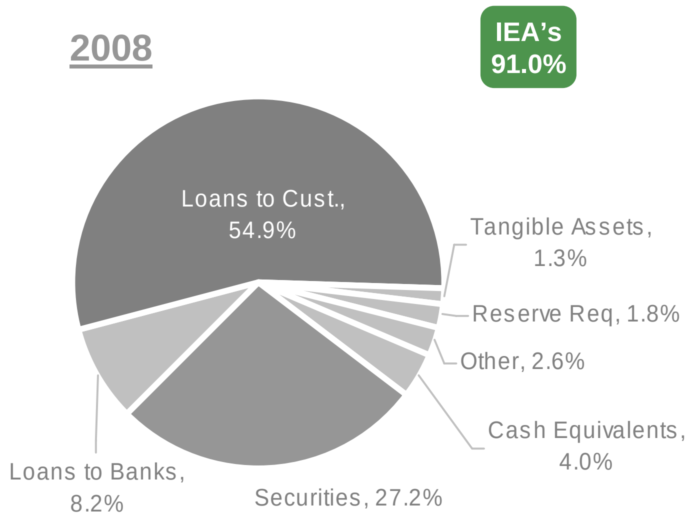
Migrating assets into higher yielding TL

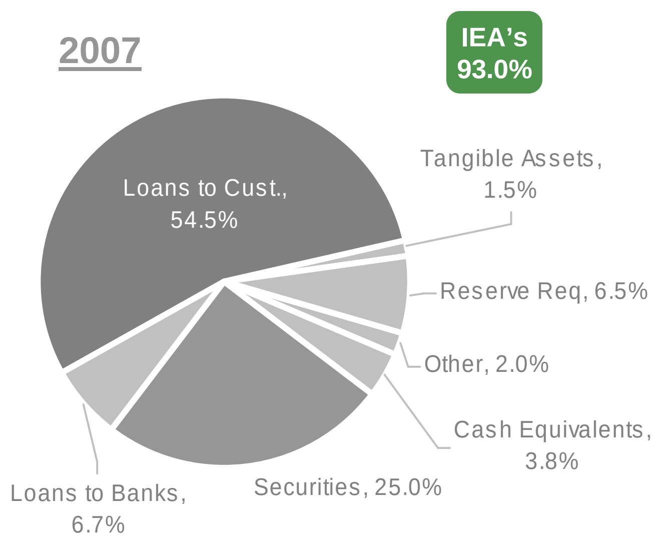
Total Assets

YTL / USD Billion



Asset Composition





Ytd Growth in:

TL Assets

31%

FC Assets

~Flattish

Total Loans

31%

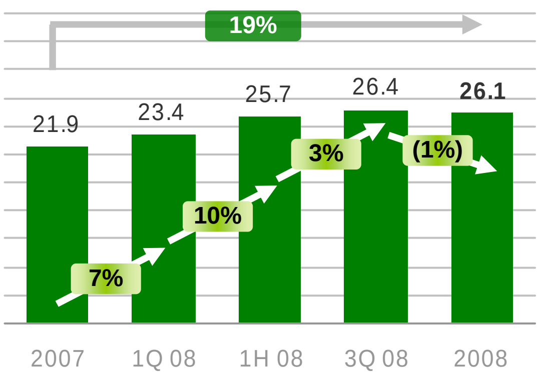
Securities

42%

Timely managed asset mix benefiting from changing environment

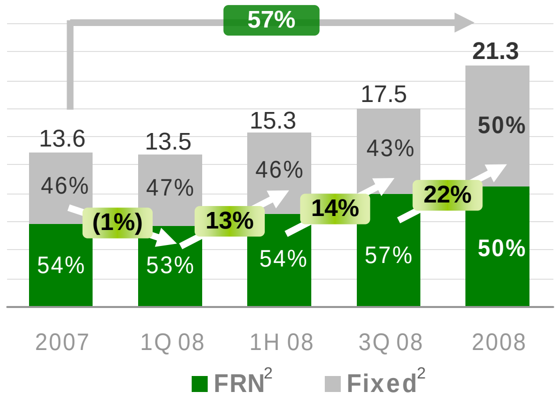
TL Loans[1]

TL Billion



TL Securities

TL Billion



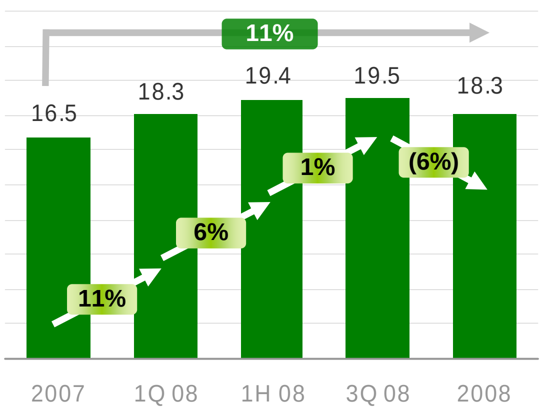
TL weight in loans & securities -- 48% & 80% , respectively

2.5 bn TL

Net increase in Fixed Rate Securities in 4Q 08

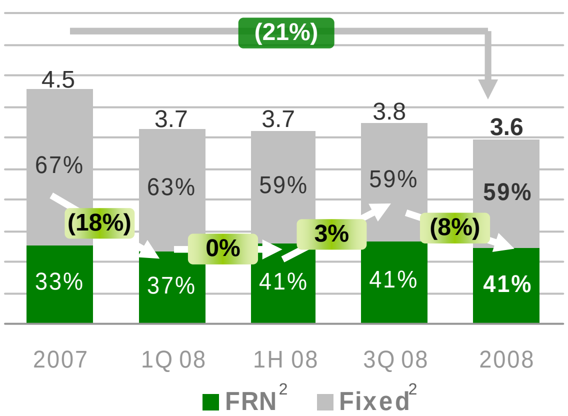
FC Loans[1]

US$ Billion



FC Securities

US$ Billion



Securities:

69% AFS

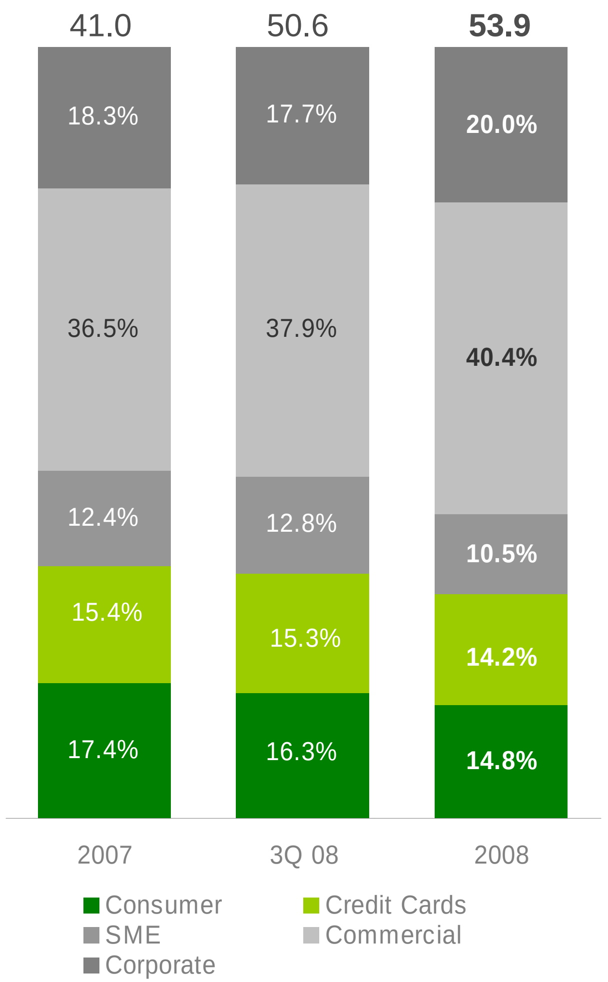
29% HTM

1 Performing cash loans

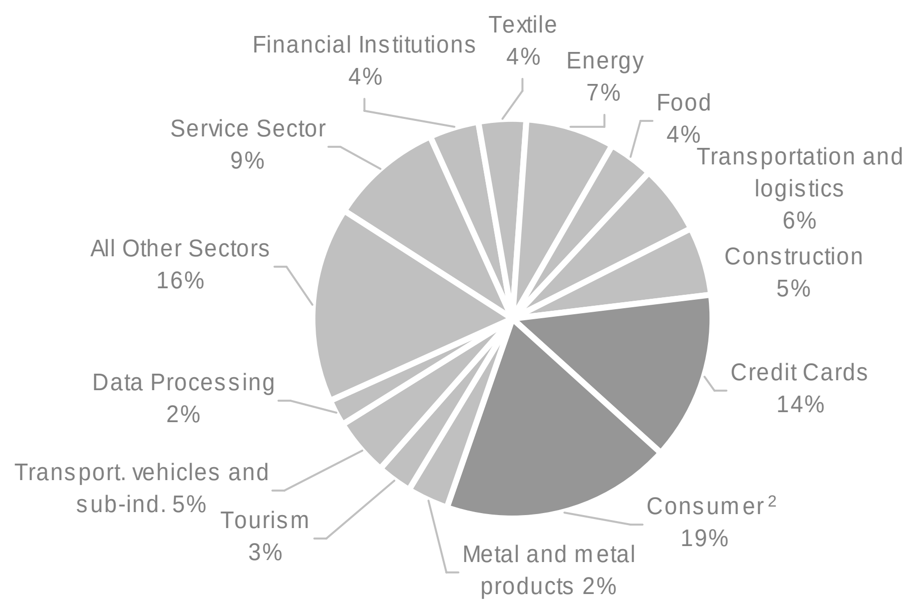
2 Based on bank-only MIS data

Actively managed risk-return balance through well diversified loan book

Loans by LOB[1]



Loans by Sectoral Breakdown[1]



31% Ytd loan growth mainly driven by Corporate and Commercial Banking

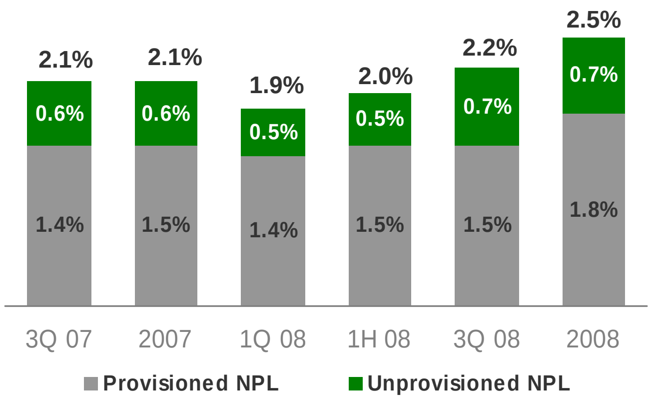
1 Based on bank-only MIS data
2 Consumer includes SME owners' personal loans

Sound asset quality -- advantage with competitors

NPL Ratio & Coverage[1]

Coverage Ratio

	2007	2008
Sector	89%	81%
Garanti	73%	72%

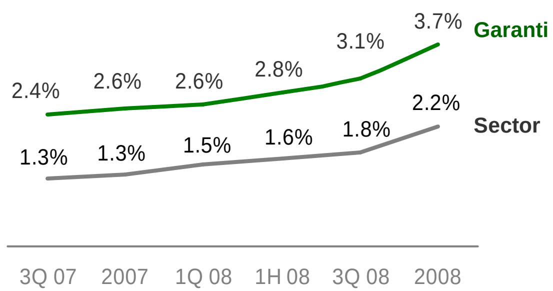


- *New NPL generation lowest among peers*
  - ✓ *Centralized approval*
  - ✓ *Established strong risk culture*
  - ✓ *More selective origination in higher risk segments*
  - ✓ *Closer monitoring of cash flow cycles of customers*
  - ✓ *Enhanced collection capability*
- *Strong collateralization*
- *Limited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

NPL Categorisation[1,2]

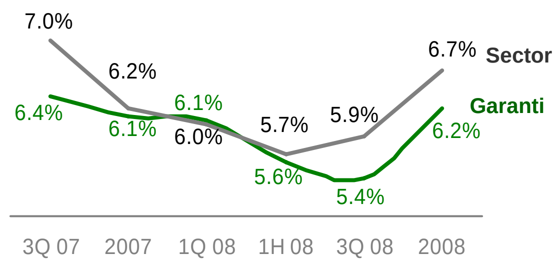
Retail Banking (Consumer & SME Personal)

19% of Garanti's Total Loans



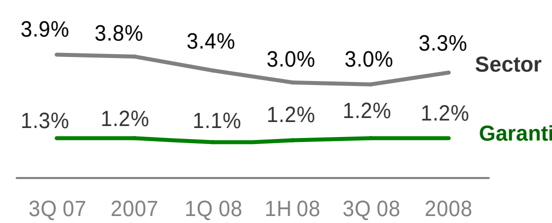
Credit Cards

14% of Garanti's Total Loans



Business Banking (Including SME)

67% of Garanti's Total Loans

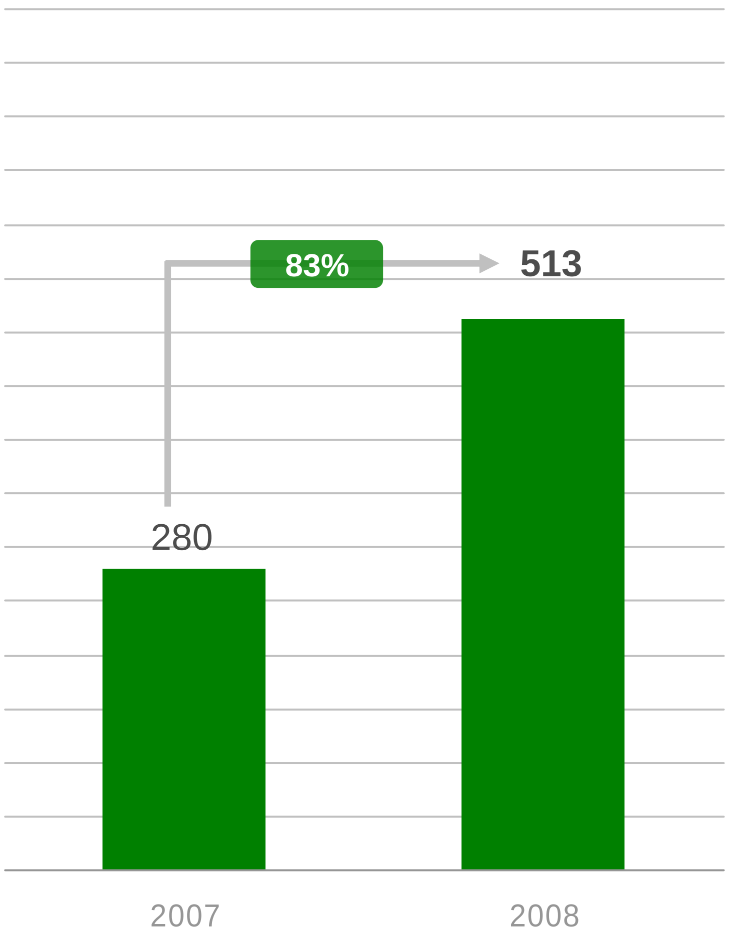


1 Sector figures are per BRSA bank-only data
2 Garanti NPL categorisation based on bank-only data

Prudent provisioning

Loan-Loss Provisions

TL Million



Higher provisions absorbed

due to environment worsening

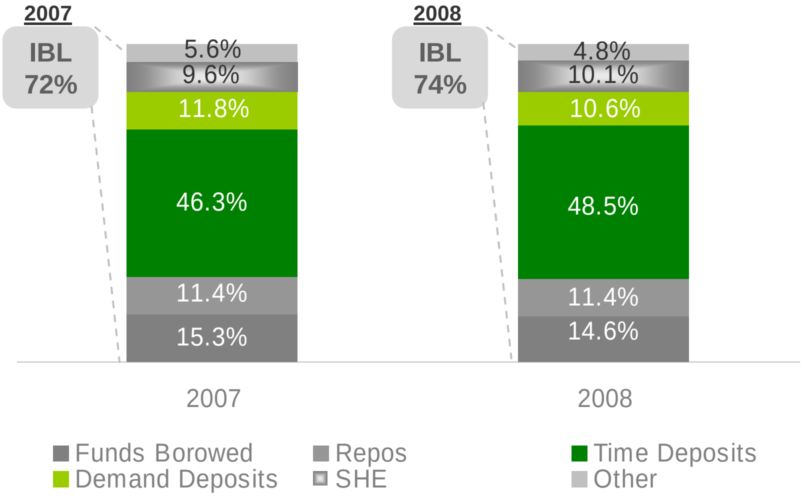
***Cost of risk** (LLP / Avg. Total Loans)*

up by ~30bps to

108bps

Solid funding structure reinforced with robust growth in deposits

Composition of Liabilities



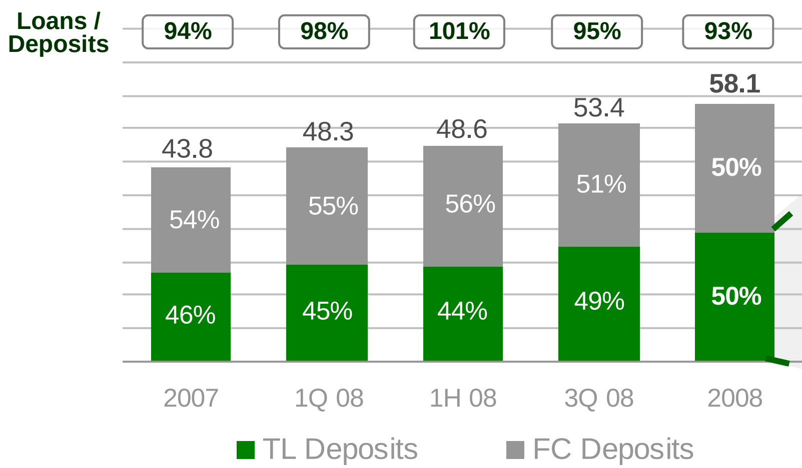
Total Deposits

Ytd

33%

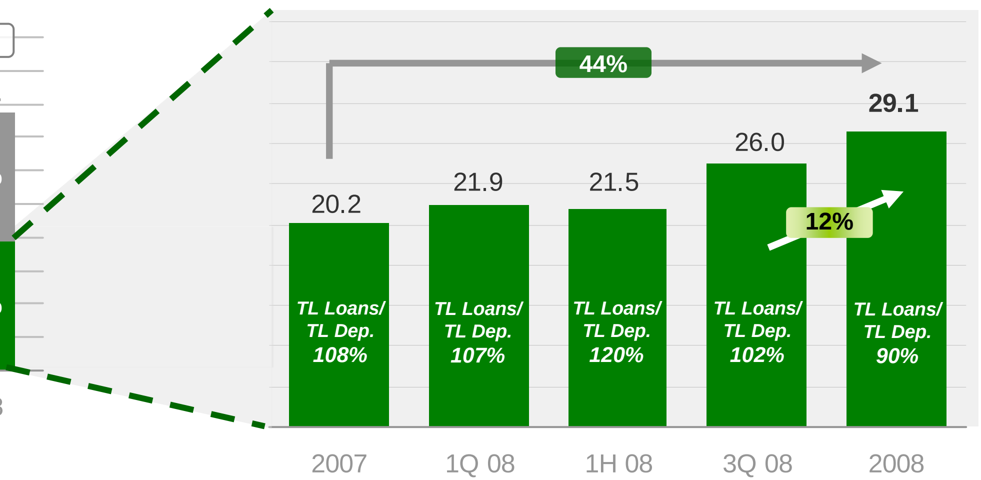
Total Deposits

TL Billion



TL Deposits

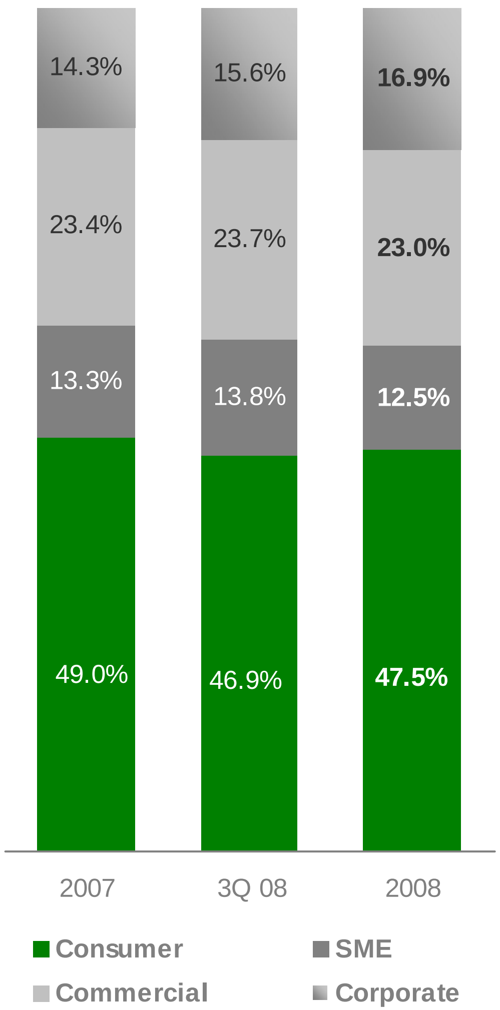
TL Billion



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

Deposits by LOB[1]

(Excluding bank deposits)

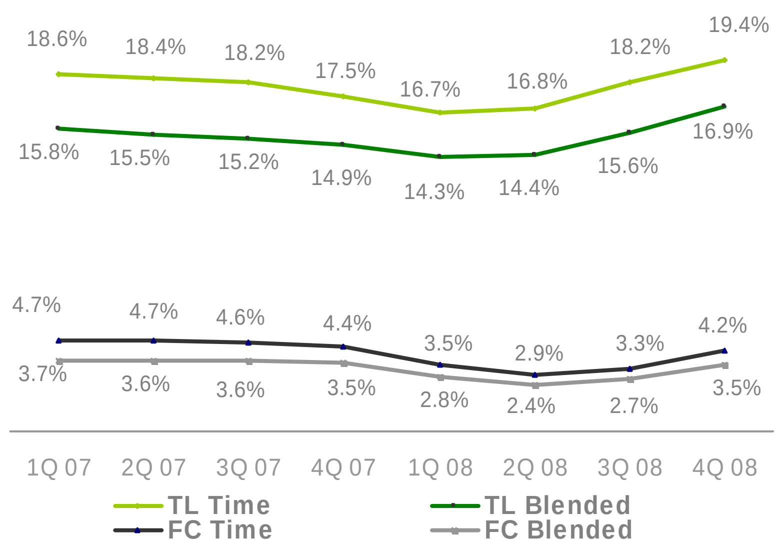


Demand Deposits

TL Billion

Cost of Deposits[1]

Quarterly Averages



Demand Deposits

Ytd Growth

20%

Demand Deposit Market Share[2]

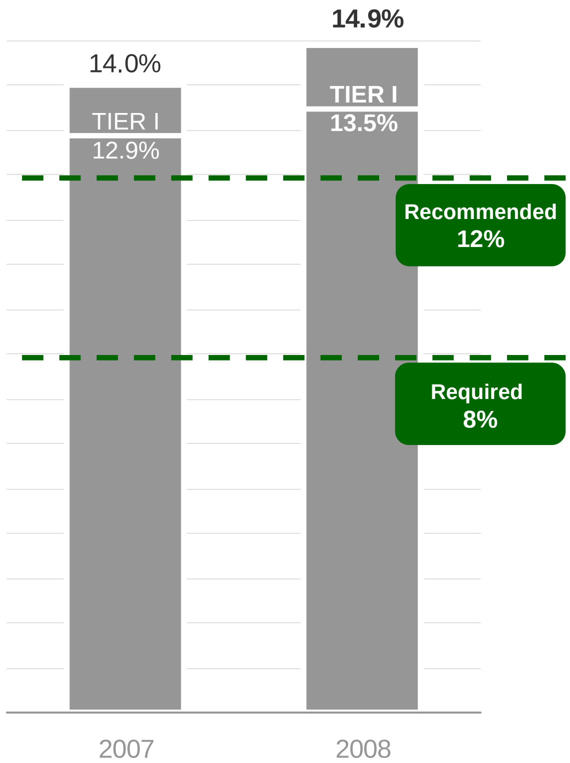
14%

1 Based on bank-only MIS data

2 Sector figures are per BRSA weekly data. Excluding bank deposits

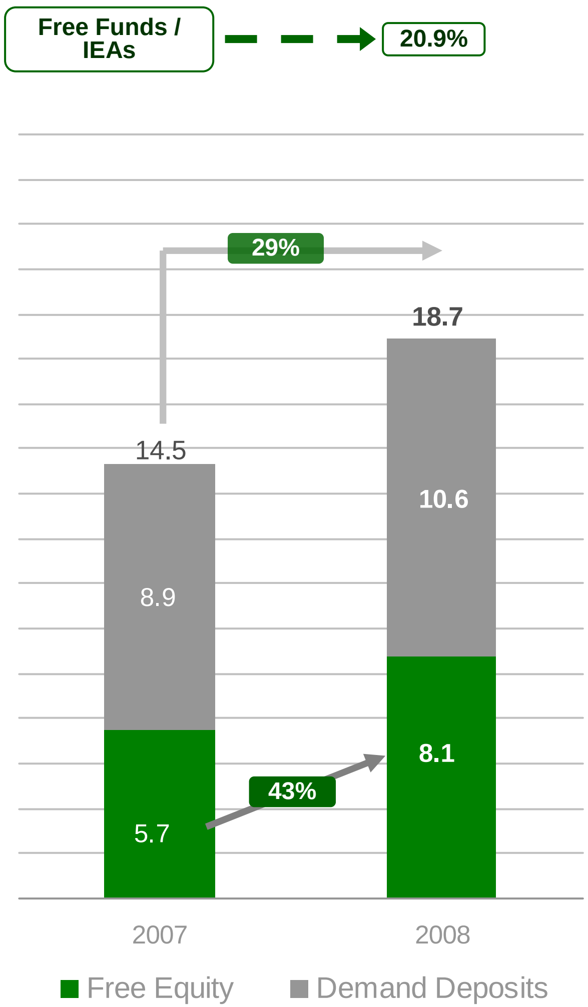
Lift solvency levels -- strengthened by effective capital management

CAR[1]

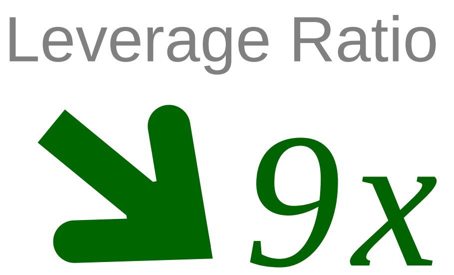


Free Funds

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*

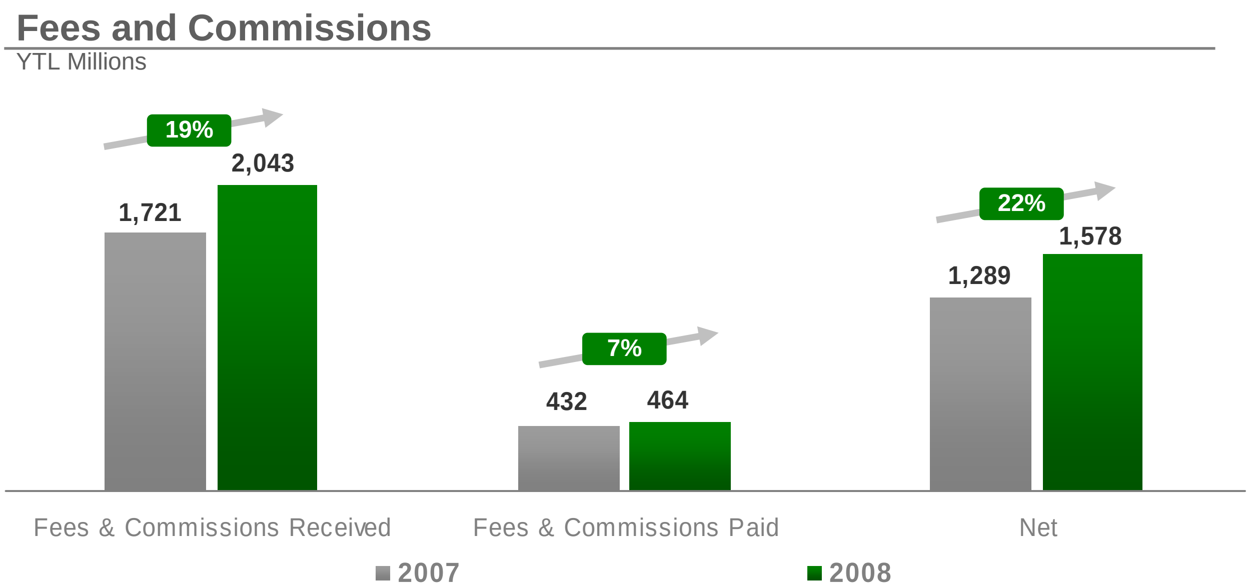


B/S ready for the challenging environment

1 Per BRSA Consolidated fiinancials

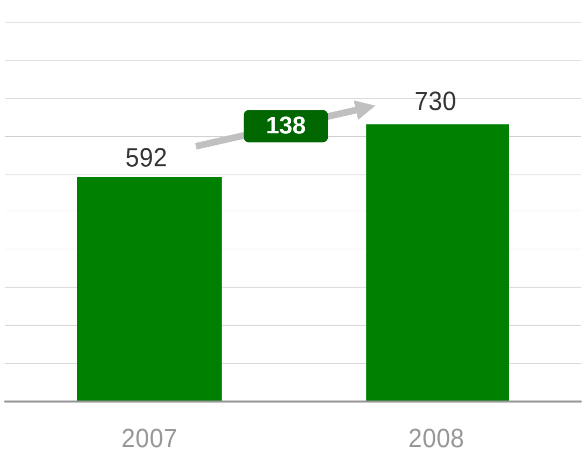
Focus remains on resilient revenue streams…

(YTL Thousand)	2007	2008	Change
Net Interest Inc.Adj.by net FX gains & Trading loss	2,901,702	3,685,235	27%
Fees and Commissions, net	1,288,573	1,578,332	22%
Provision on Loans and Securities	(283,665)	(517,203)	82%
Ordinary Banking Income	3,906,610	4,746,364	21%

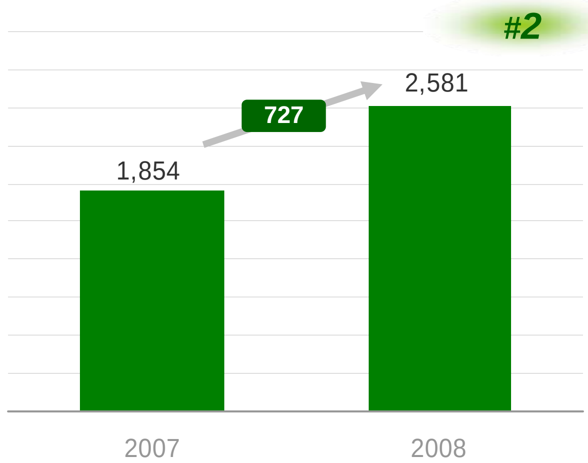


…as retail network strengthens building up the critical mass…

Number of Branches[1]

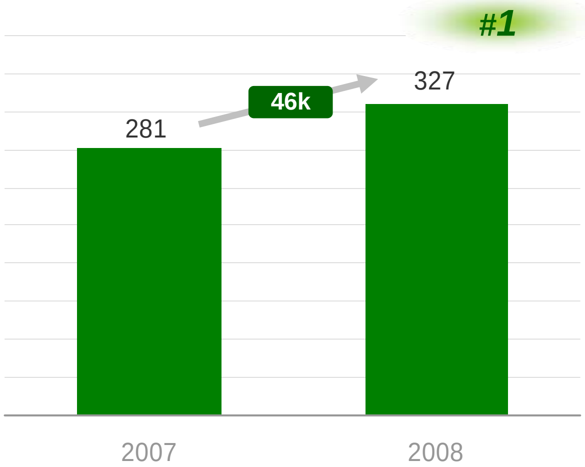


Number of ATMs[1]



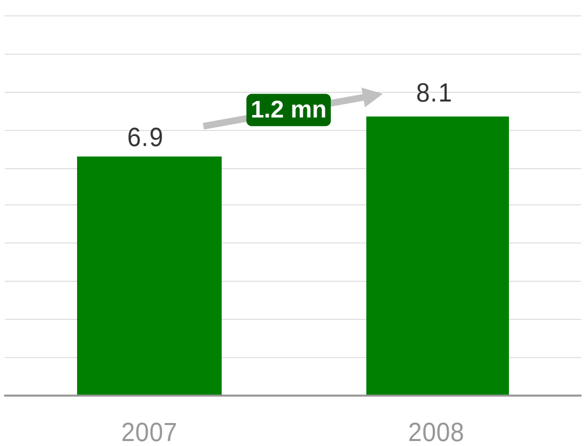
Number of POS [1]

Thousands



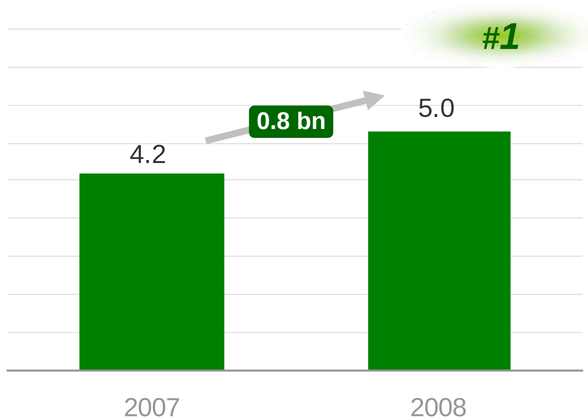
Number of Customers [1]

Millions



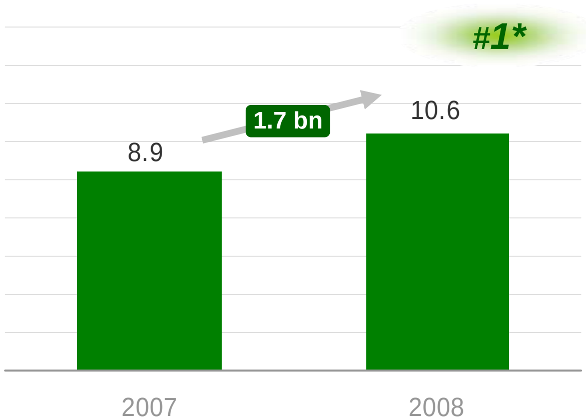
Mortgages[2]

TL Billion



Demand Deposits

TL Billion



*Demand deposit rank as of 3Q 08
1 Figures are based on bank-only data
2 Excluding accruals

…to underscore the solid performance in a difficult year

(YTL Thousand)	2007	2008	Change
Net Interest Inc.Adj.by net FX gains & Trading loss	2,901,702	3,685,235	27%
Net Fees & Comm. Income	1,288,573	1,578,332	22%
Provision on Loans and Securities	(283,665)	(517,203)	82%
Ordinary Banking Income	**3,906,610**	**4,746,364**	**21%**
Other Non-Interest Income[1]	296,299	242,300	(18)%
Total Operating Income[1]	**4,202,909**	**4,988,664**	**19%**
Operating Expenses[1]	(2,097,344)	(2,684,927)	28%
Operating Income[1]	**2,105,565**	**2,303,737**	**9%**
Other Provisions	(9,372)	(35,840)	282%
Taxation Charge[1]	(411,474)	(453,297)	10%
Net Income-normalized[1]	**1,684,719**	**1,814,600**	**8%**
Non-recurring Items[1]	750,651	111,415	n.m.
Net Income	2,435,370	1,926,015	(21)%
Equity holders of the Bank	*2,427,392*	*1,914,215*	*(21)%*
Minority interest	*7,978*	*11,800*	*48%*

21%

Ordinary Banking Income Growth

Y-o-Y

28% Opex increase includes branch expansion -- increase in avg. # of branches 22%, employees 17%

Cost / Income

54%

1 Please refer to Slide 18 for breakdown of non-recurring items

Appendix

Balance Sheet - Summary

	(YTL Million)	December 2007	December 2008	% Change
Assets	Cash & Banks	7,924	11,977	51%
	Securities	18,839	26,676	42%
	Loans to Customers	41,042	53,870	31%
	Tangible Assets	1,163	1,239	7%
	Other	6,357	4,426	(30%)
	Total Assets	75,325	98,188	30%
Liabilities and SHE	Deposits from Customers	41,335	55,942	35%
	Deposits from Banks	2,436	2,119	(13%)
	Repo Obligations	8,592	11,153	30%
	Funds Borrowed	11,440	14,224	24%
	Other	4,270	4,846	14%
	SHE	7,252	9,904	37%
	Total Liabilities & SHE	75,325	98,188	30%

Non-recurring items

December 2008:

I. The net income resulting from the non-recurring items amounts to **YTL +111 mn**, breakdown of which is;

i) Other income:
- Proceeds from NPL sales **YTL +29 mn**

ii) Other expense-impairment charge:
-Provision reversal amounting to **YTL +62 mn** related to defined benefit obligation liability.

iii) Taxation expense
- Deferred tax credit amounting to **YTL +20 mn** related to defined benefit obligation liability

December 2007:

II. The net income resulting from the non-recurring items amounts to **YTL +751 mn**, breakdown of which is;

i) Other income:
- Gains from insurance and pension & life business subsidiaries stake sale **YTL +704 mn**
- Gains from custody sale **YTL +148 mn**

ii) Other expense:
- Defined Benefit Obligation: **YTL -165 mn**
- Banking Insurance and transaction tax related to custody sale **YTL -7 mn**

iii) Taxation expense
- Tax expense of insurance and pension & life business subsidiaries stake sale **YTL -38 mn**
- Tax expense of custody sale **YTL -28 mn**
- Tax refund that the Bank collected through conciliation from the tax office, due to the prepaid taxes in 2005 **YTL +131 mn**
- Tax refund on an existing unused investment incentive certificate **YTL +6 mn**

GarantiBank

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