



June 30, 2003
Earnings Presentation

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Financial Summary

As of June 30, 2003

- TL cash loans increased to TL1,914 Trillion, while FC cash loans reached US\$2,654 Million
- TL deposits stood at TL4,658 Trillion, while FC deposits reached US\$5,892 Million
- Garanti's net income for the first half of 2003 was US\$82 Million
- NPL ratio decreased slightly to 5.3%
- Return on average assets and return on average shareholders' equity were almost doubled over 2002
- Capital adequacy ratio



Selected Figures

BRSA US\$

	December 31, 2002	June 30, 2003
TL Cash Loans (TL Trillion)	1,528	1,914
FC Cash Loans¹ (US\$ Million)	2,528	2,654
TL Deposits (TL Trillion)	4,705	4,658
FC Deposits¹ (US\$ Million)	5,594	5,892
Total Shareholders' Equity (US\$ Million)	1,338	1,429
Net Income (US\$ Million)	98	82
NPL Ratio (%)	6.2%	5.3%
ROAA (%)	0.6%	1.1%
ROAE (%)	7.5%	11.9%
Cost / Income (%)	73.4%	68.7%
Capital Adequacy Ratio (%)	12.7%	14.9%

¹ Foreign currency, not inflation adjusted

Highlights

- Net cash loans stood at TL5,625,740 Billion, with its share in total assets increasing to 29.8%
- NPL ratio declined slightly to 5.3%, and allowances for NPL reached 43.8%
- Share of deposits in total assets increased to 68.4%, while share of demand deposits in total deposits reached 23.7%
- Garanti further increased its market share in TL and FX loans, credit cards, FX deposits and continued to strengthen its position in cash management and foreign trade transactions
- Net fees and commissions increased by 34.3% on an annual basis, reaching TL184,139 Billion
- Net fees and commissions income coverage of operating expenses increased to 52.5%, compared to 42.9% a year ago
- Cost /Income ratio decreased to 68.7% from 71.6% in the same period last year
- The Bank registered net income of TL114,678 Billion, compared to TL 53,176 Billion in June 2003
- ROAA and ROAE were doubled over the previous quarter, reaching 1.1% and 11.9%, respectively
- Capital adequacy ratio increased to 14.85% as opposed to 12.7% in year-end 2002
- Garanti maintained its leadership in branch productivity among its peers with total assets per branch standing at US\$40.5 Million, loans per branch at US\$12 Million and deposits per branch at US\$27.7 Million

Section 1

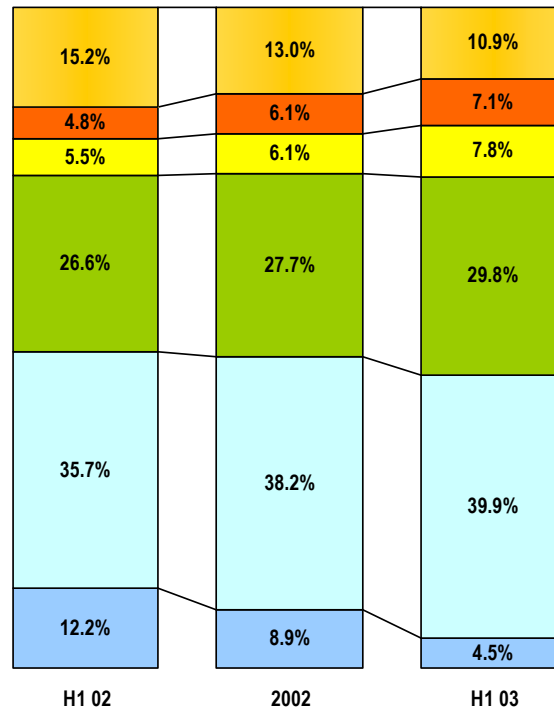
Financial Performance – Balance Sheet

Balance Sheet

Changing B/S Structure in Preperation for the Disinflationary Environment

- Share of loans in total assets continued to increase, reaching 29.8%
- Share of deposits in total liabilities and SHE increased to 68.4% in H103, up from 67.3% in 2002 and 66.2% in H102

Composition of Assets
%



■ Cash & Banks ■ Securities
■ Loans ■ Affiliates & Investments
■ Fixed Assets ■ Other

Funding Structure
%



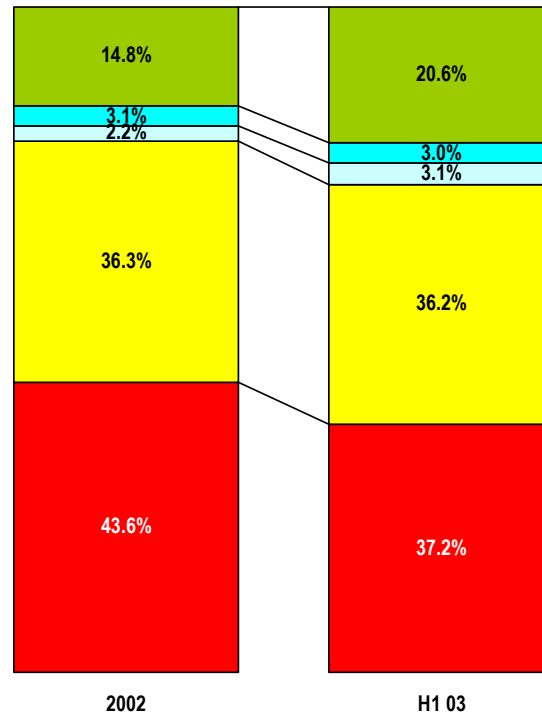
■ Deposits ■ Funds Borrowed & Interbank Takings ■ Other ■ SHE

Breakdown of Loans and Deposits as to Business Lines

Strong Growth in Retail

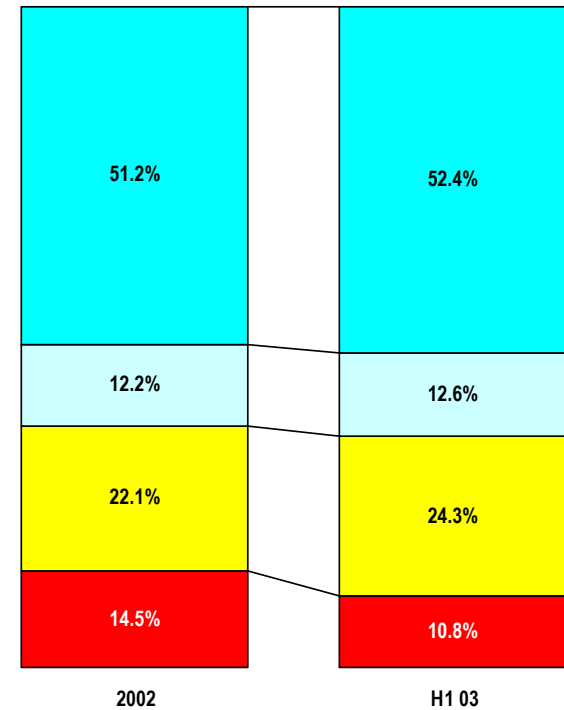
- Retail loans composed 27.9% of total loans, up from 19.9% in 2002 YE and retail share in deposits increased to 65%, up from 63.4% in 2002YE
- Share of corporate loans declined to 37.2% from 43.6%.
- The management aims to further increase the share of retail and SME segments, which brings offers higher spreads

Breakdown of Loan Portfolio as to LOB
%



■ Corporate ■ Commercial □ SME ■ Consumer ■ Credit Cards

Breakdown of Deposits as to LOB
%



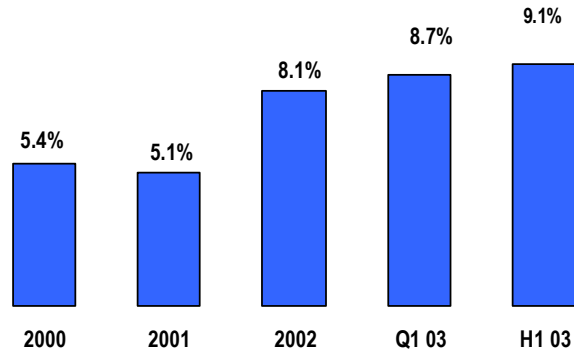
■ Corporate ■ Commercial □ SME ■ Consumer

Strong Market Position

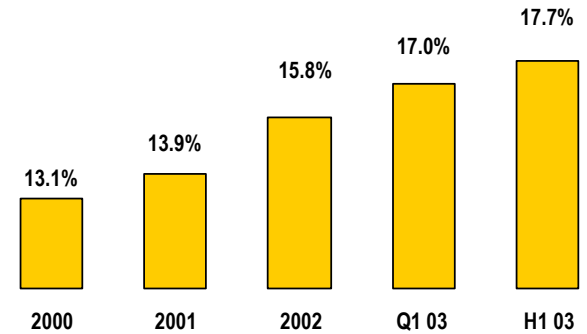
Continuous Increase in Market Shares

- Garanti strengthened its position in the loan market, increasing its market share to 9.1% in TL loans and 17.7% in FC loans
- Garanti more than doubled its market share in total deposits. As of H1 03, Garanti's market share was 7.2% in TL deposits and 11.5% in FC deposits

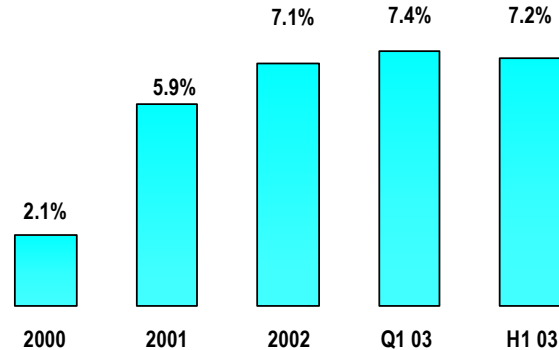
TL Loans
%



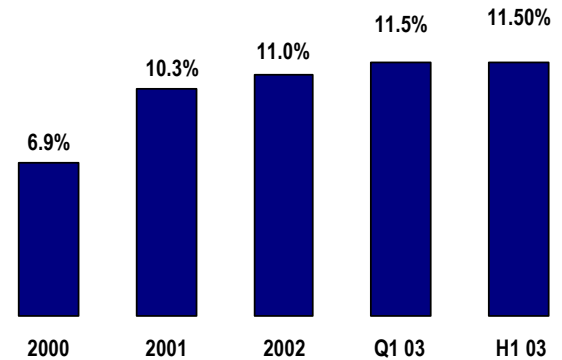
FC Loans
%



TL Deposits
%



FC Deposits
%



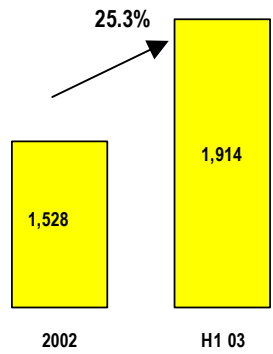
Gross and Net Cash Loans

Garanti's Success in Credit Card Business leads to Increasing Share of TL Loans

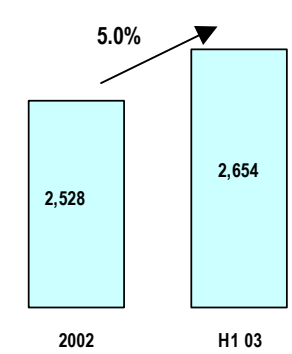
- YTD, TL loans increased by 25.3% in real terms and FC loans increased by 5.0% in US\$ terms
- Share of TL loans increased to 34.0% in the first half from 25.3% in 2002YE
- The increase stemmed mainly from credit cards which composed 21% of total loans
- In FC loans, working capital loans composed 62.2% of the total loan book portfolio, while the share of project finance and export loans stood at 16.3% and 26.2%, respectively
- NPL ratio was 5.3%, down from 9.4% in H1 02 and 6.2% in 2002 YE. NPL coverage increased further to 43.8%, up from 31.7% in 2002YE.



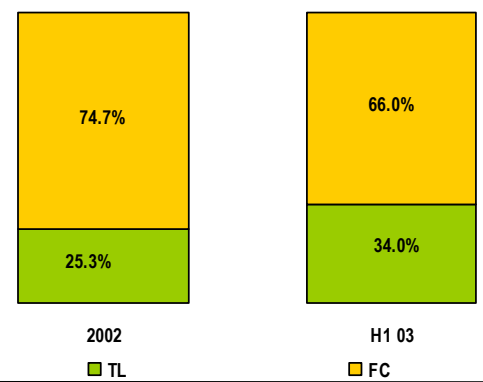
TL Loans
TL Trillion



FC Loans¹
US\$ Million

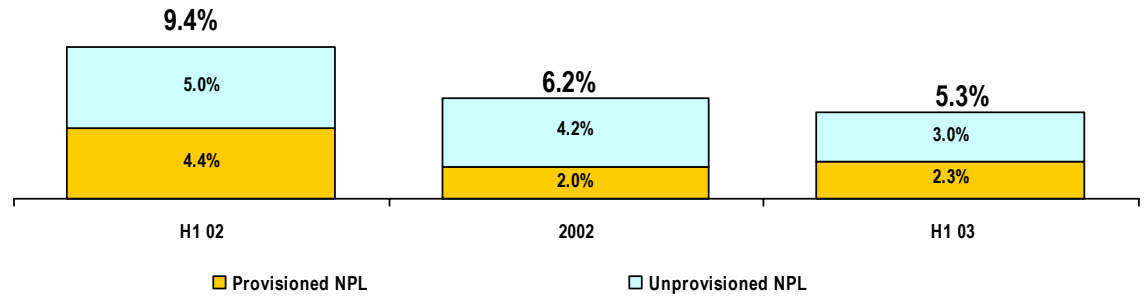


Currency Breakdown of Net Cash Loans
%



¹ Foreign currency, not inflation adjusted

NPLs



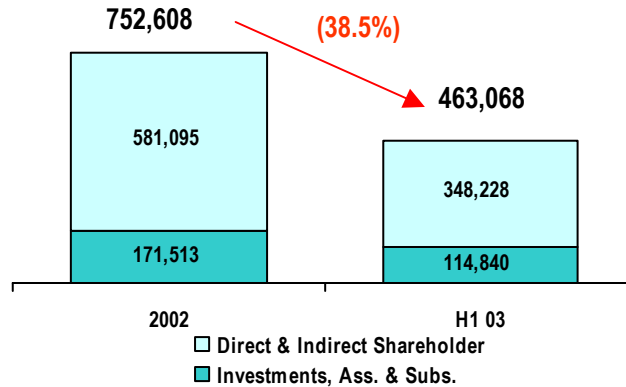
Financial Performance

Group Exposure

- Group exposure continued to decline with group loans constituting only 6.7% of total loan portfolio
- Total related party exposure declined by 33.3% in the first half of 2003

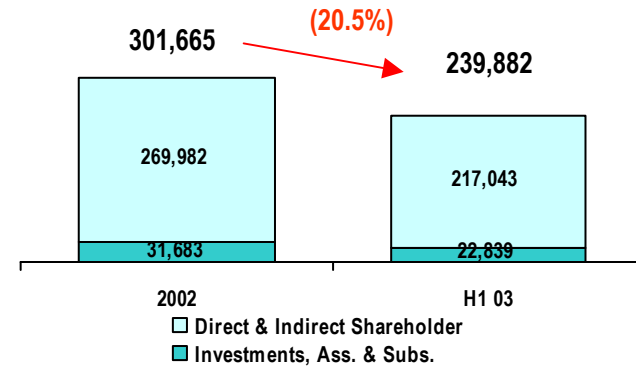
Cash Loans to Risk Groups

TL Billion



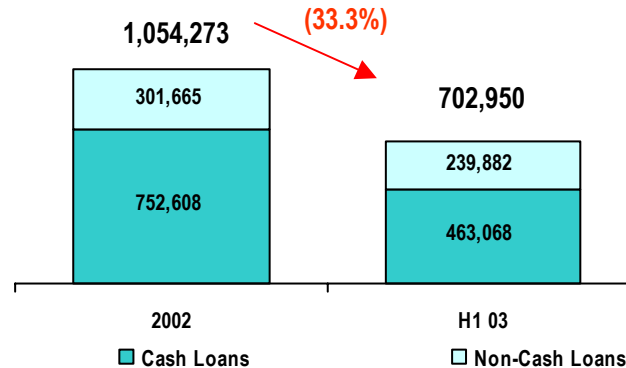
Non-Cash Loans to Risk Groups

%

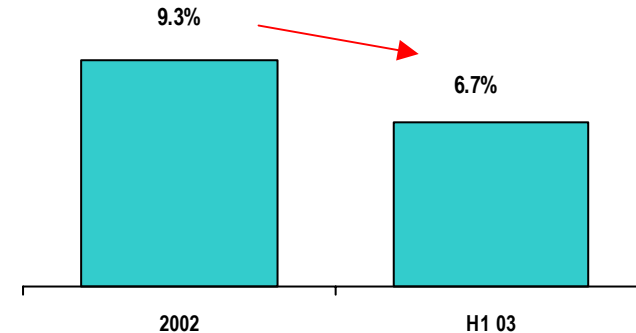


Total Loans to Risk Groups

TL Billion



Total Loans to Risk Groups/Total Loans

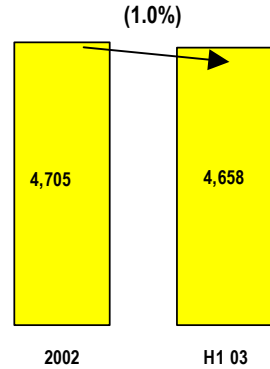


Deposits

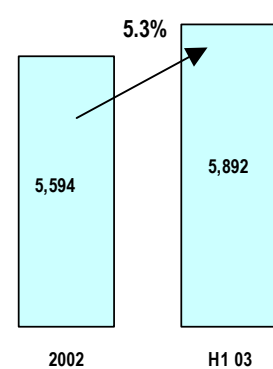
Declining Cost of Funding

- TL deposits stood at TL4,658 Trillion, while FC deposits reached US\$5,892 Million, registering 5.3% increase in US\$ terms
- Share of demand deposits continued to increase, reaching 23.7%, up from 22.5% in 2002 YE and 19.4% in H1 02
- Share of TL deposits increased to 36.1% in H1 03 from 32.1% in 2002
- Share of saving deposits in total deposits increased to 19.0% in H1 03, from 15.0% in 2002YE

TL Deposits
TL Trillion

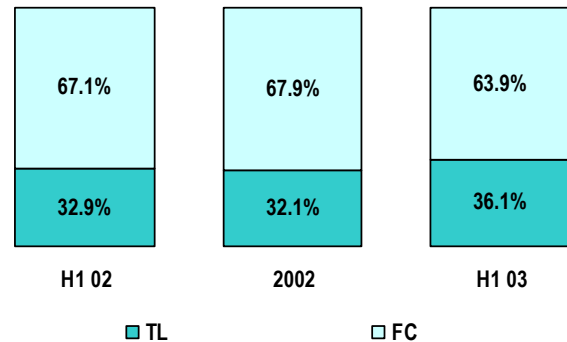


FC Deposits¹
US\$ Million

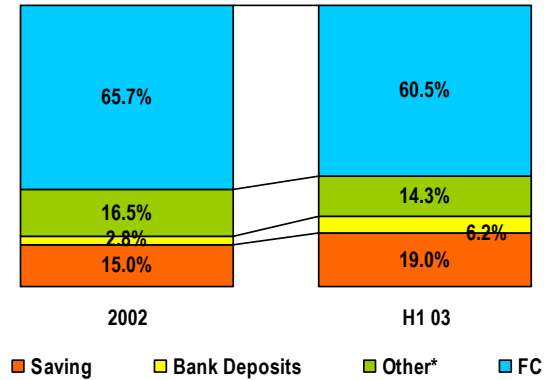


¹ Foreign currency, not inflation adjusted

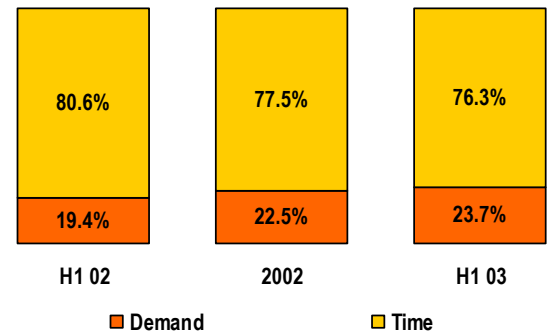
TL – FC Breakdown
%



Composition of Deposits
%



Demand vs. Time Deposits
%



* Other deposits include commercial deposits, deposits of official authorities & organisations and deposits of other organisations

Section 2

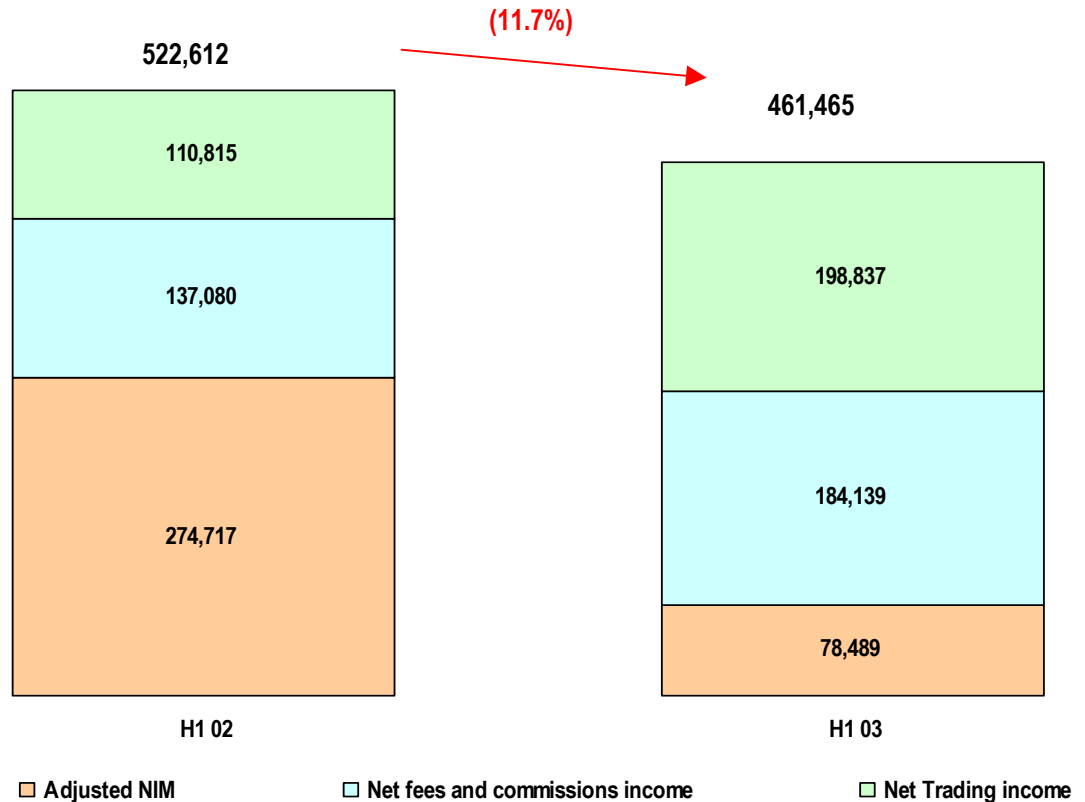
Financial Performance – Income Statement

Net Banking Income

- Garanti increased its net fee and commission income by 34.3% and its net trading income by 79.4%; however, the decline in adjusted NIM by 71.4%, mainly due to the negative effect of the overvaluation in TL on FX-linked and FX-denominated assets, caused total net banking income to decline by 11.7% on an annual basis

Net Banking Income

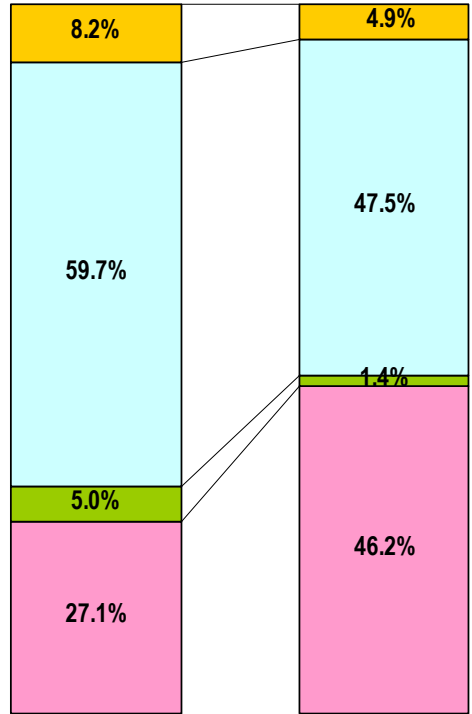
TL Billion



Composition of Interest Income and Interest Expense

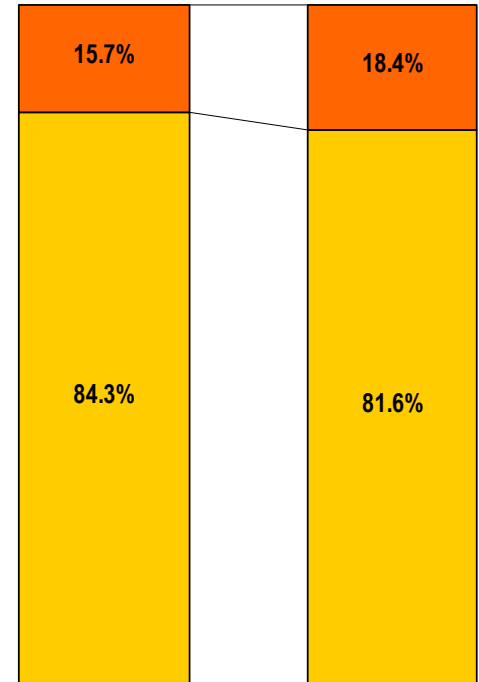
- Share of interest earned on loans was 46.2% in H1 03, as compared to 27.1% in H1 02
- Share of Interest paid to deposits declined to 81.6% of total interest expenses
- Interest income on FX-indexed and FX denominated securities declined due to the appreciation of TL

Composition of Interest Income



■ H1 02 From Loans
■ H1 03 From Banks
■ From Securities
■ Other

Composition of Interest Expense



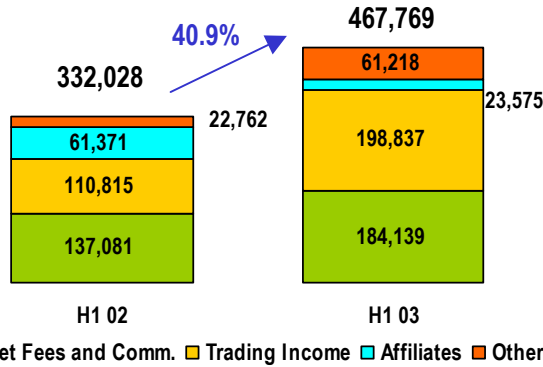
■ H1 02 On Deposits
■ H1 03 On Funds Borrowed

Non-Interest Income

- Total non-interest income was up by 40.9% on an annual basis in the first half of 2003 to reach TL467,769 Billion
- Excluding trading income, net non-interest income was up by 21.6%
- Excluding net trading income, share of net fees and commissions increased to 68.4% in H1 03, up from 62.0% in H1 02

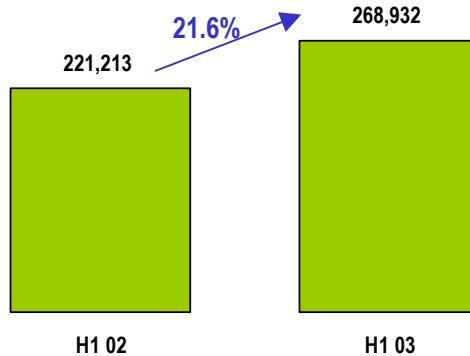
Non-Interest Income

TL Billion



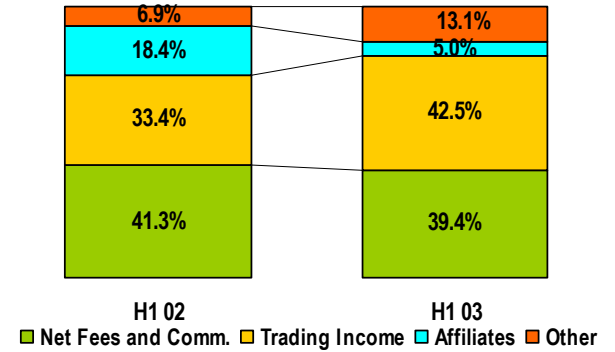
Non-Interest Income Excl. Trading Income

TL Billion



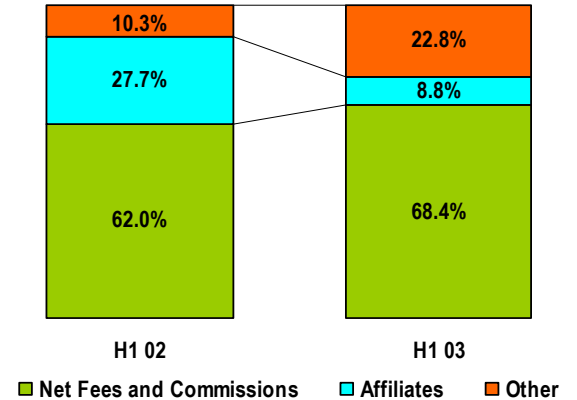
Composition of Non-Interest Income

%



Composition of Non-Interest Income Excl. Trading

Trading %



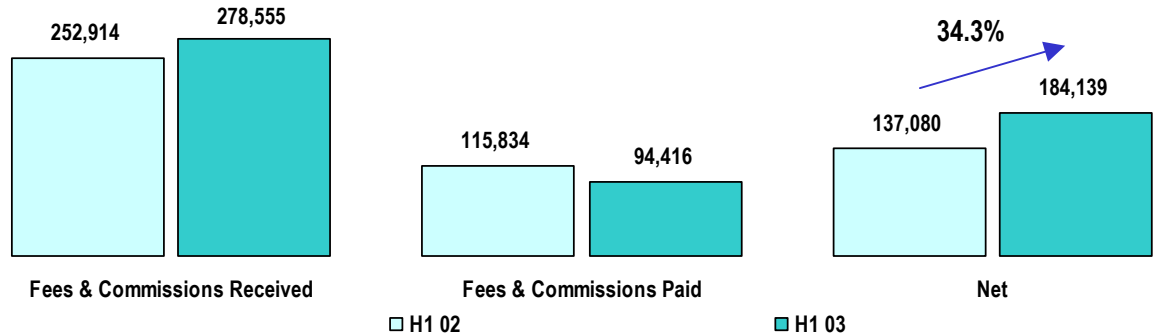
Fees and Commissions

Strong Increase in Fee and Commission Income

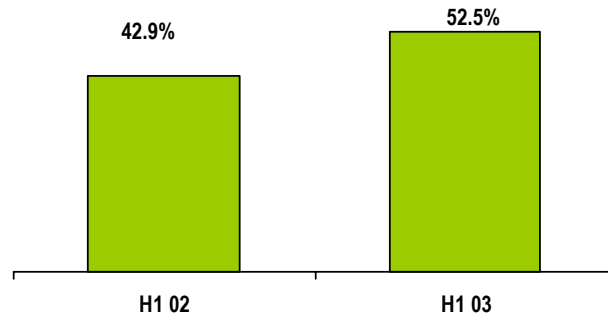
- On a yearly basis, net fees and commissions income increased by 34.3% to reach TL184,139 Billion
- Net fees and commissions income to total operating income (net interest income + net non-interest income) was 43.1% as of H1 03
- Net fees and commissions income to average assets was 1.8% in H1 03
- Credit cards constituted the largest share in fee and commission income

Fees and Commissions

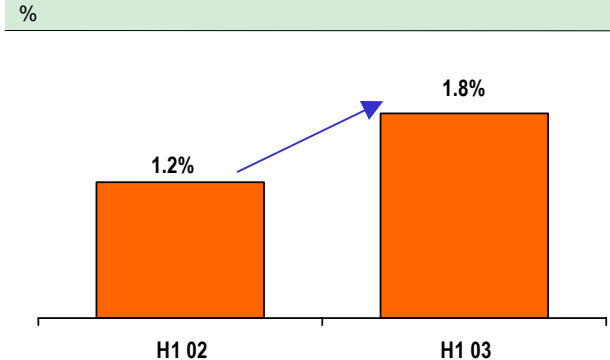
TL Billion



Net Fees and Commissions / Operating Expenses %



Net Fees and Commissions / Average Assets %

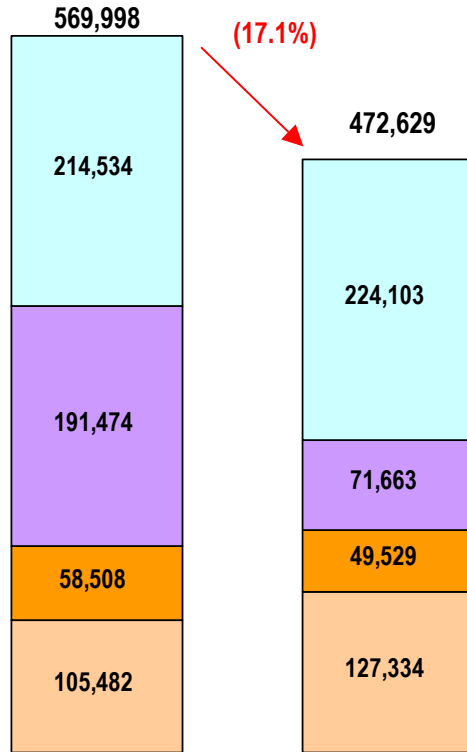


Non-Interest Expenses

Decline in Non-Interest Expenses

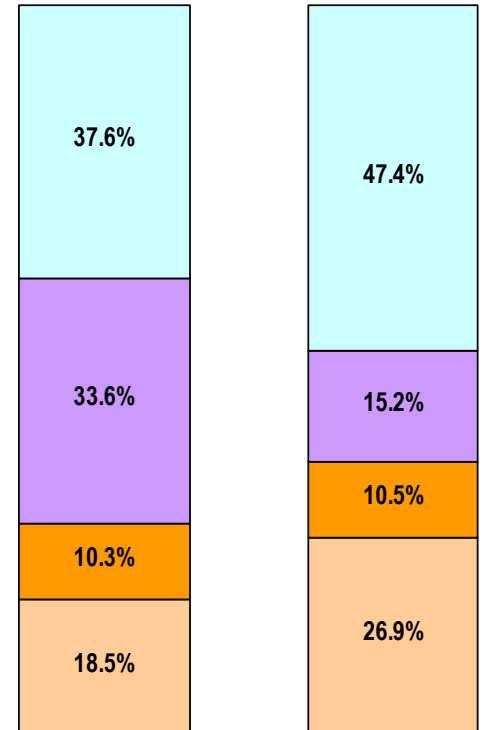
- Total non-interest expenses came down by 17.1% to TL472,629 Billion in H1 03
- Personnel expenses increased by 20.7% over H1 02 and they composed 26.9% of total non-interest expenses

Non-Interest Expenses
TL Billion



■ Personnel
■ Provisions
■ Depreciation
■ Other Admin.

Composition of Non-Interest Expenses
%

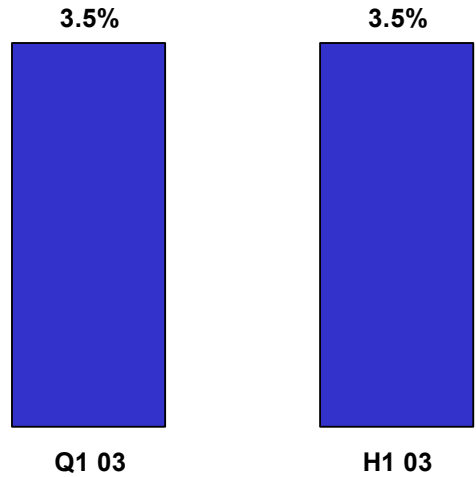


■ Personnel
■ Provision
■ Depreciation
■ Other Admin.

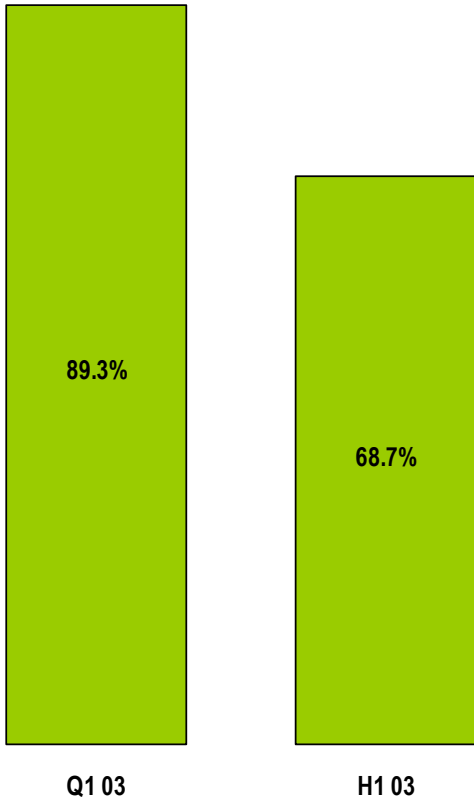
Operating Efficiency

- Operating expenses to average assets stood at 3.5% for the current period
- Cost to income ratio decreased to 68.7% in H1 03 from 71.6% in H1 02
- Operating expense coverage by net fee and commission Income increased further to 52.5%, as opposed to 42.9% in H1 02.

Operating Expenses / Average Assets



Cost/Income

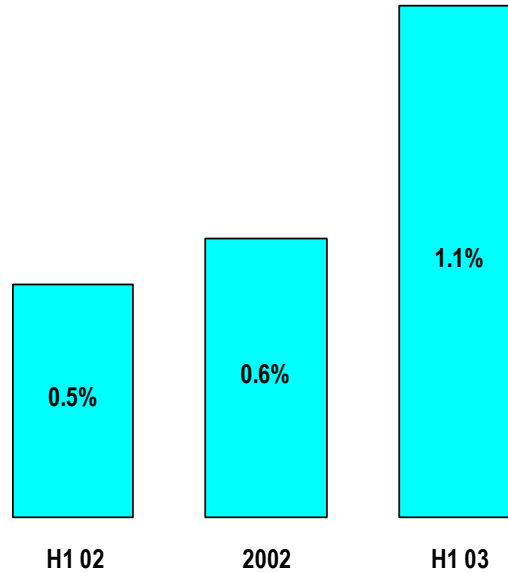


*Depreciation expense and provisions are not included in the calculation of operating expenses

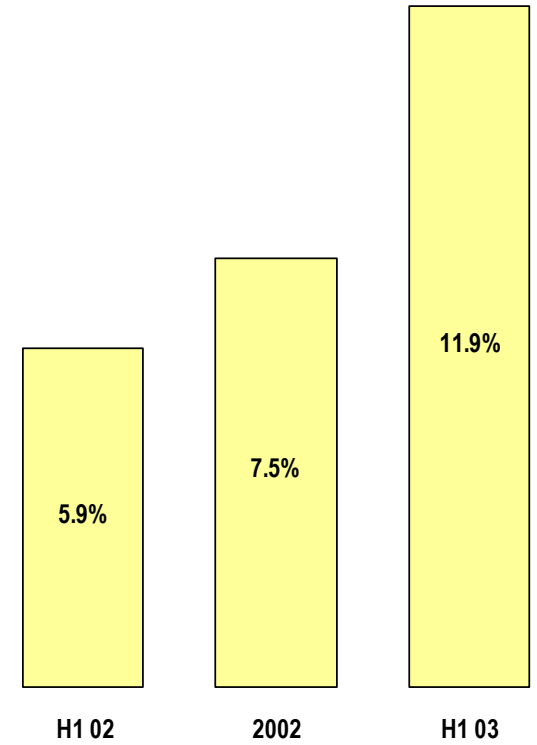
Profitability Ratios*

– ROAA and ROAE were 1.1% and 11.9%, respectively as of H1 03

Return on Average Assets (%)



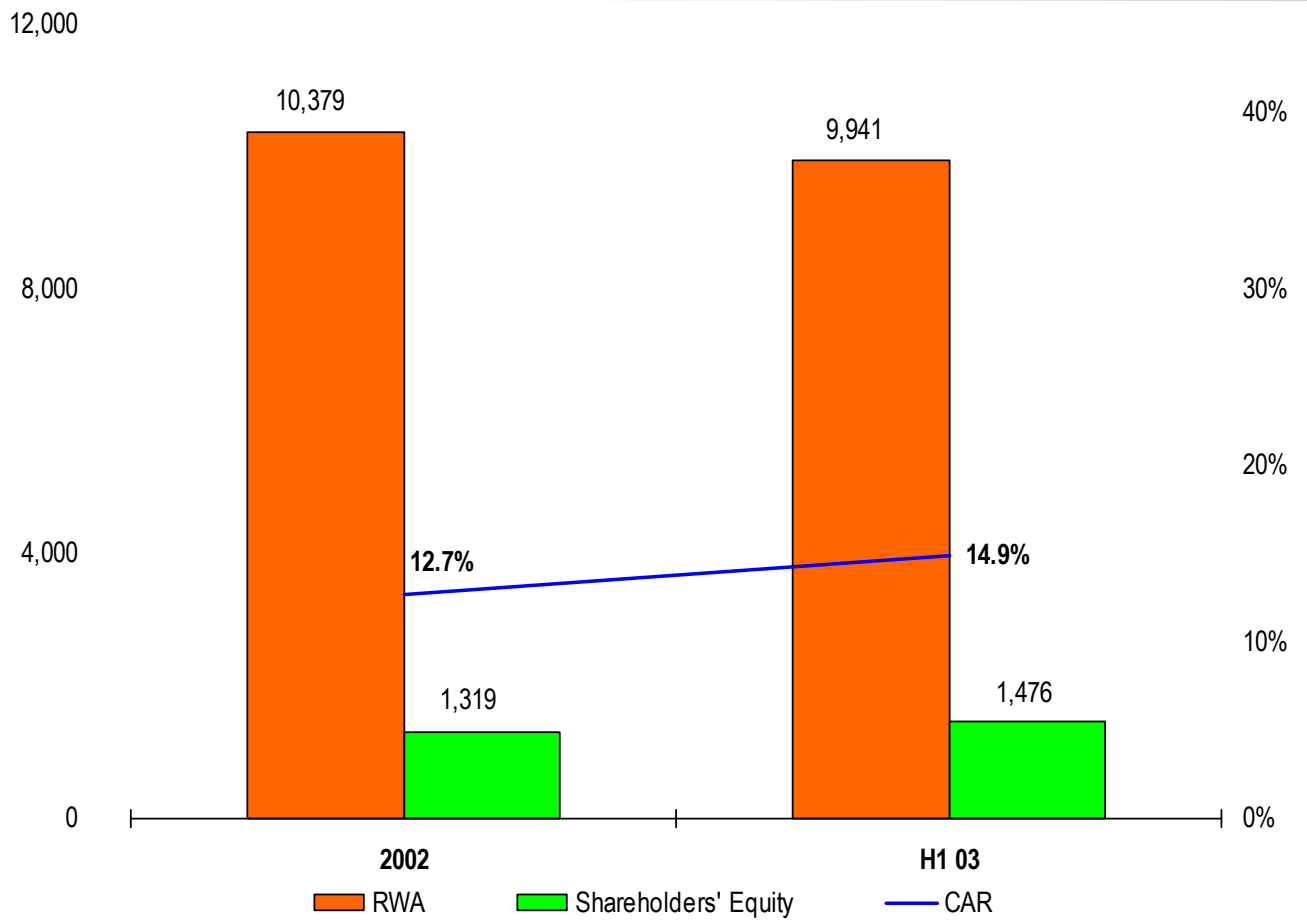
Return on Average Shareholders' Equity (%)



Risk Weighted Assets and Capital Base

– Capital adequacy ratio increased to 14.85%

RWA vs CAR



Section 3

Supplementary Information

Snapshot

- Number of customers increased to 3.6 million as of June 2003
- Number of branches increased to 340, of which 332 were domestic branches
- Number of employees reached 7,876, increasing by 15.2% over the same period last year
- Garanti continued to increase its market share in TL and FC loans, credit cards, FC deposits, cash management and import transactions, while registering high growth rates in key retail products
- Garanti maintained its leading position in per branch and per employee productivity ratios due to its strong distribution network and technology

Strong Growth in Retail Products

Changes in key products during June 2002 – June 2003

- Wage Payments up by 64.0%
- Excess Liquidity Management Accounts up by 176.1%
- Invoice Payments increased by 61.6%
- Investment Funds registered 99.1% increase

Credit Cards

- Number of Bonus Cards reached 2,092,014, increasing by 45.6%
- Number of Shop&Miles Cards reached 205,839 increasing by 19.0%
- Number of merchants in the network increased to 58,989

Market Shares

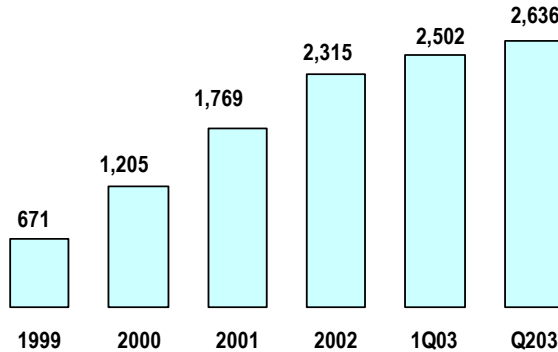
Market Share in Credit Cards

Constant Increase in Credit Card Market Shares

- Number of credit cards reached 2,636,248 by June-end 2003
- Garanti increased its share in issuing volume further to 19.2% as of June 2003, while registering the highest increase in acquiring volume (40%) and reaching 17.2% market share
- Garanti continued to register the highest acquiring volume per P.O.S. and the second highest issuing volume per credit card in the market

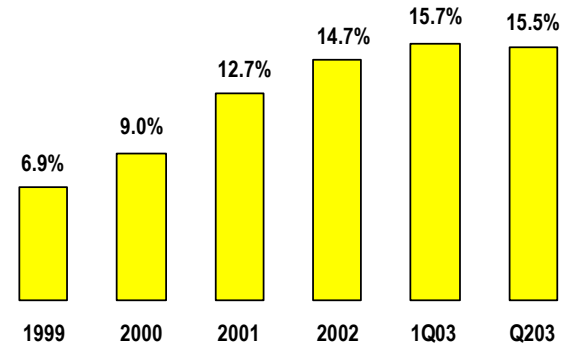
Number of Credit Cards

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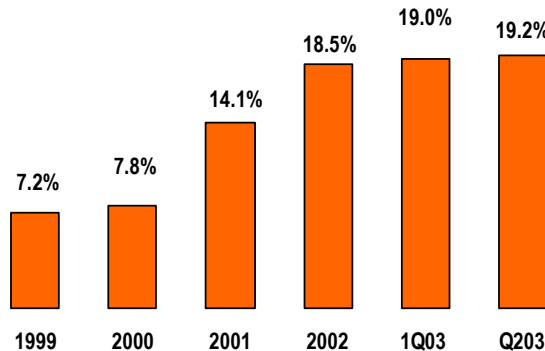


Market Share in Number of Credit Cards

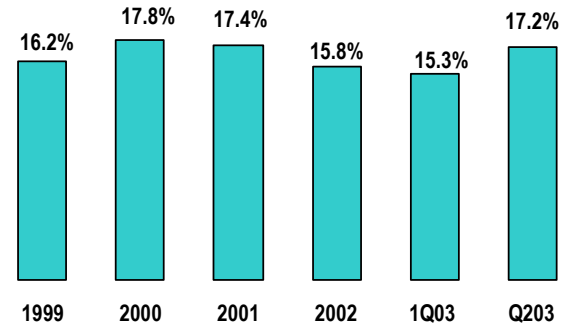
%



Total Issuing Volume Market Share



Total Acquiring Volume Market Share



Garanti Bank

- Garanti ranked by far number one in cheque collections and disbursement among private banks, increasing its market share in cheques paid over CBT to 8.9% and its share in cheques collected over CBT to 8.7%

- Garanti ranked first in tax collection among private banks

- Market share in funds under management increased to 11.2%



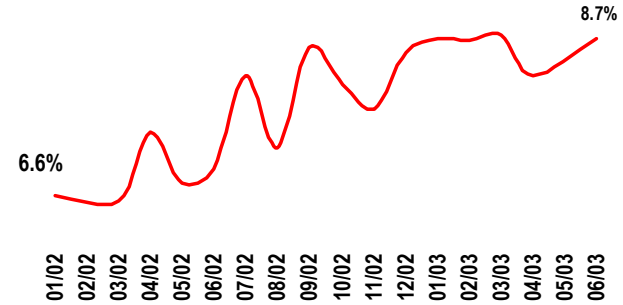
Market Shares

Market Leader in Foreign Trade and Cash Management

Market Share in Cheques Paid over CBT



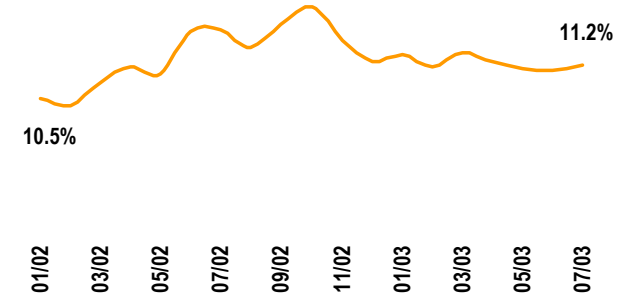
Market Share in Cheques Collected over CBT



Market Share in Foreign Trade



Market Share in Funds Under Management

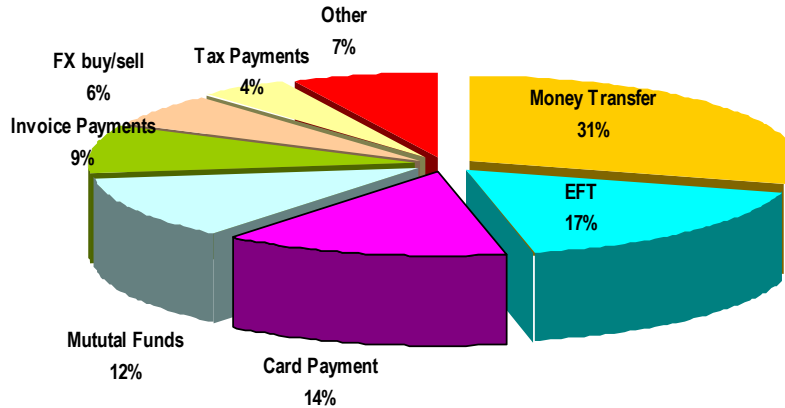


High Retention of Alternative Delivery Channels

- One of the first banks to go online in Turkey. Global Finance voted Garanti as "Turkey's Best Internet Bank" for the third consecutive year
- All core banking activities are offered through the internet branch
- The largest "Banking Call-Center" with 450 seats
- ADC usage including cash withdrawals increased to 67.8% as of June 2003
- Number of internet banking users reached 782 thousand as of June 2003 and active call center users reached 770 thousand

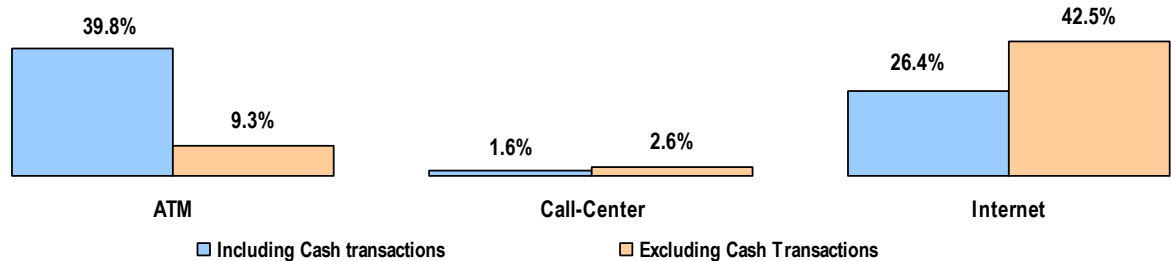
Composition of Transactions

June 2003



ADC Usage Rate

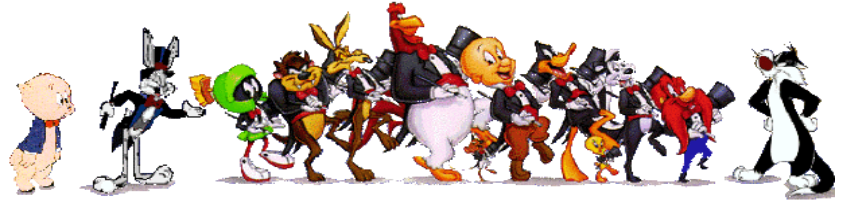
June 2003



Latest Developments and Marketing Initiatives

- **Kids**

Garanti recently introduced “Kids Banking Program” as part of its different “Consumer Life Cycle Products and Services”. Kids Banking (Mini Bank), a unique program aimed at children, targets gaining 50,000 new customers. Children (or their parents) are eligible to open various types of savings and mutual fund accounts with low monthly deposit limits. Promotions include trading cards featuring Warner Bros cartoon characters and an internet site with social and cultural activities and games.



- **Pension Payments**

Garanti recently had been given the privilege to be the only private bank to have pension payments, together with state banks Ziraat and Halk Bank, which is expected to further support the growth in demand deposits in the Bank

- **SMEs**

Garanti signed agreements with 16 Chambers of Commerce, with four more agreements in the pipeline to be signed by the end of August

- **Foreign Trade**

Garanti promotes foreign trade via a series of “Foreign Trade Meetings” focused on the business opportunities in different international markets