



December 31, 2004

BRSA Earnings Presentation

February 25, 2004

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2004 Performance Review

Superior Financial Performance

Selected Financials

BRSA, YTL Thousand

Since year-end 2003 in US\$ terms:

- Total assets increased by 21.8%, reaching US\$19,315 million
- Total loans increased by 59.5%, reaching US\$7,583 million
- Total deposits increased by 27.0%, reaching US\$12,950 million
- Cost / Income declined from 72.87% in 2003 to 61.30% in 2004
- ROAE stood at 15.12% as of YE 2004

	December 31, 2003	December 31, 2004	Y-on-Y % Change
Total Revenues¹	1,497,924	2,193,292	46.4
Operating Income²	513,455	1,109,808	116.1
Net Income	343,231	450,549	31.3
ROAE	13.82%	15.12%	1.3 pps
ROAA	1.35%	1.74%	0.39 pps
Cost / Income³	72.87%	61.30%	(11.57 pps)
	December 31, 2003	December 31, 2004	YTD % Change
Total Assets	25,490,708	26,267,917	3.0
Total Loans	7,641,633	10,313,087	35.0
Customer Funds⁴	32,740,851	36,853,990	12.6
Shareholders' Equity	2,789,982	3,169,324	13.6
CAR	16.63%	16.80%	0.17 pps

¹ Total Revenues : NIM adjusted by FX gain/(loss) + monetary gain/ (loss) + Net non-interest income

² Operating Income : Total revenues – Operating expense

³ Including amortization

⁴ Customer Funds: Customer Deposits + AUM + Customer Repo + T-bills Under Custody

Focus on Sustainable Sources of Revenues

Income Statement

YTL Thousand

- NII adjusted by FX and monetary items increased more than five fold
- Net fees and commissions income was 35.8% above YE 2003
- The Bank increased its net income by 31.3%, reaching YTL450,549 thousand (US\$331 million)

	December 31, 2003	December 31, 2004	Y-on-Y % Change
Net Interest Income Adj. by FX & Monetary Gain/Loss	250,489	1,340,342	435.1%
Net Fees & Commissions Income	408,545	554,659	35.8%
Net Trading Income	679,549	94,967	(86.0%)
Other Non-Interest Income	159,341	203,324	27.6%
<u>Total Revenues</u>	<u>1,497,924</u>	<u>2,193,292</u>	<u>46.4%</u>
Operating Expenses	984,469	1,083,484	10.1%
<u>Operating Income</u>	<u>513,455</u>	<u>1,109,808</u>	<u>116.1%</u>
Provisions	146,887	425,759	189.9%
Taxes	(23,337)	(233,500)	n.m.
<u>Net Income</u>	<u>343,231</u>	<u>450,549</u>	<u>31.3%</u>

Summary

Balance Sheet Highlights

- Total assets were up by 21.8% in US\$ terms as compared to YE 2003
- TL loans rose by 78.6% in real terms and FC loans increased by 29.9% in US\$ terms over YE 2003
- Share of performing loans in total assets increased from 30.0% in YE 2003 to 39.3% in YE 2004; while the share of securities portfolio continued to decline, standing at 35.3%
- Share of retail in total loan cash loans increased to 41.2% in YE 2004 from 30.1% in YE 2003
- TL deposits increased by 19.1% in real terms and FC deposits were up by 17.9% in US\$ terms over YE 2003
- Shareholders' equity increased by 13.6% in real terms, reaching YTL3,169 Million

P/L Highlights

- Net banking income increased by 46.5% in real terms as compared to YE 2003
- The portion of customer based income in net banking income increased to 62.7% in YE 2004 from 38.6% in YE 2003
- Net fees and commissions income was up by 35.8% as compared to a year ago
- Net earnings were up by 31.3% in real terms
- Cost/Income ratio declined to 61.30%
- Net fees and commissions covered 51.2% of operating expenses in YE 2004, compared to 41.5% in YE 2003
- ROAA and ROAE were 1.74% and 15.12%, respectively



2004 Performance – B/S

Focus on Lending & Less Dependability on Treasury Income

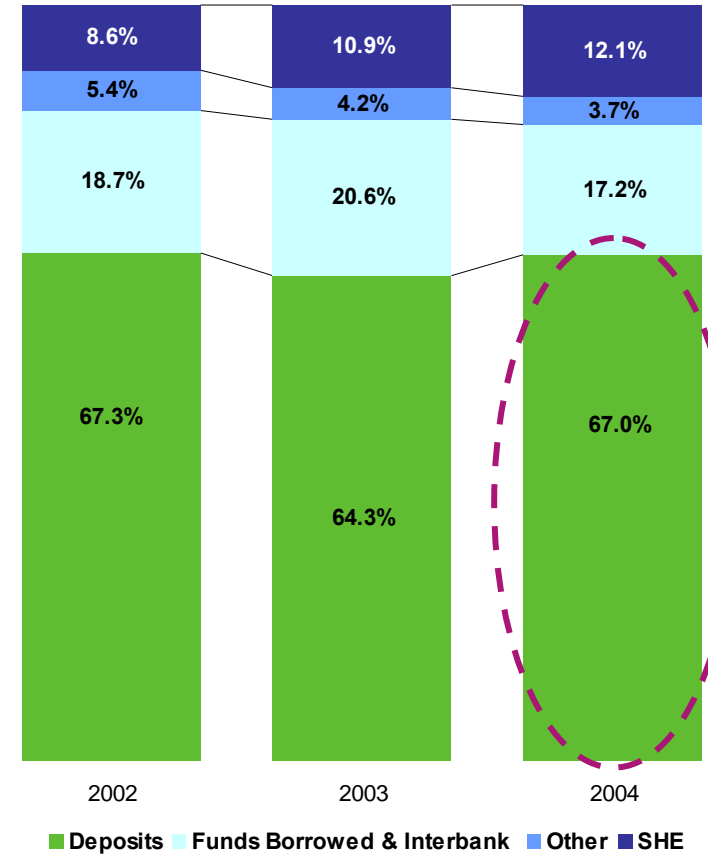
...continuously increasing share of loans coupled with declining share of securities and non-IEAs

- Garanti's asset size stood at US\$19,315 million at 2004 YE
- Share of loans in total assets reached 39.3% as of 2004 YE; surpassing the share of securities, which continued to decline further in 2004 to 35.3%
- Share of deposits increased from 64.3% at 2003 YE to 67.0% at 2004 YE, being highest among peer group
- Share of shareholders' equity continued to increase, reaching 12.1%

Total Assets
%



Total Liabilities and SHE
%

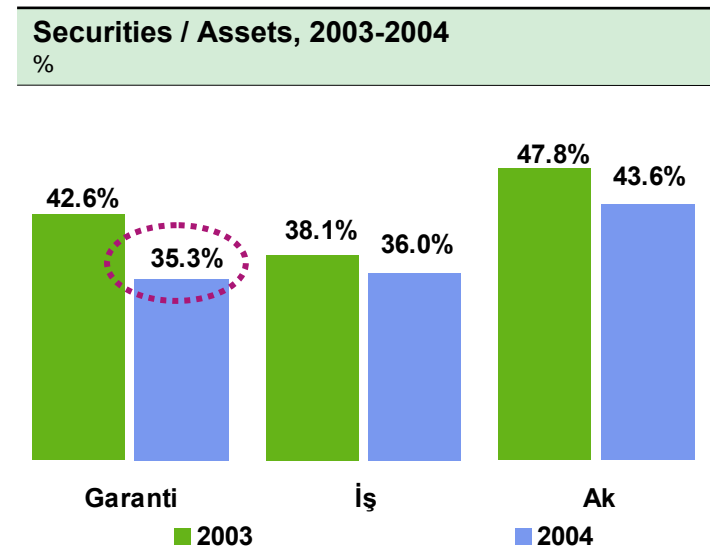
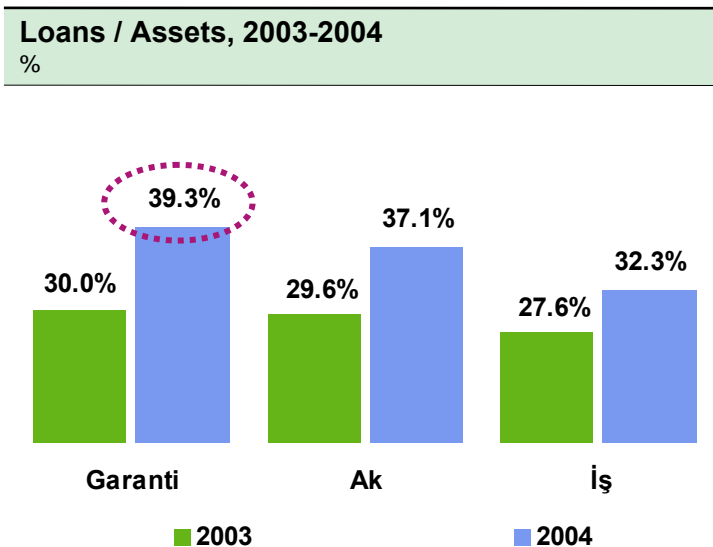
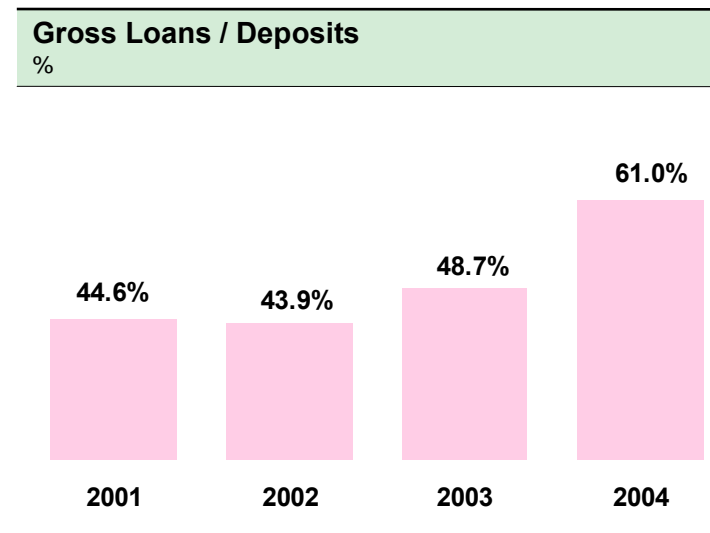
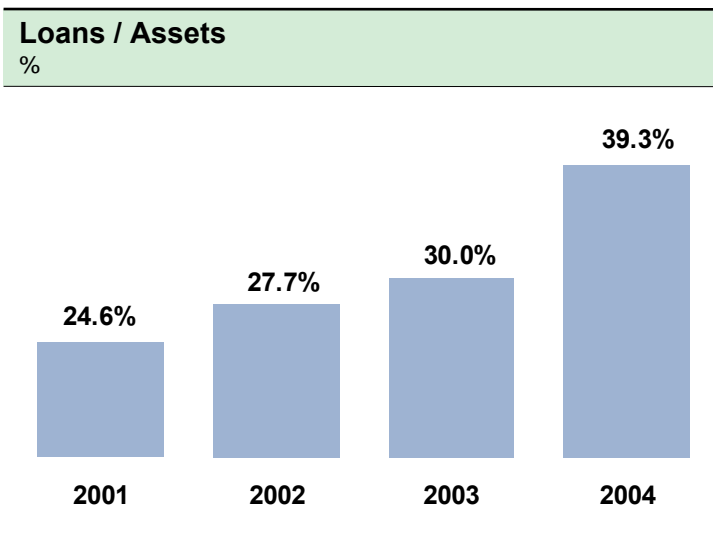


*Throughout the presentation, loans refer to performing loans only, unless stated as gross loans.

Most Prepared for the Low Inflation Environment

...with the highest "loans/assets" and lowest "securities/ assets" ratios among the peer group

- Garanti registered one of the strongest growth rates in loans, by increasing the share of performing loans in total assets by 14.7 pps since YE 2001
- Garanti has the highest loans to assets and lowest securities to assets ratio among its peers

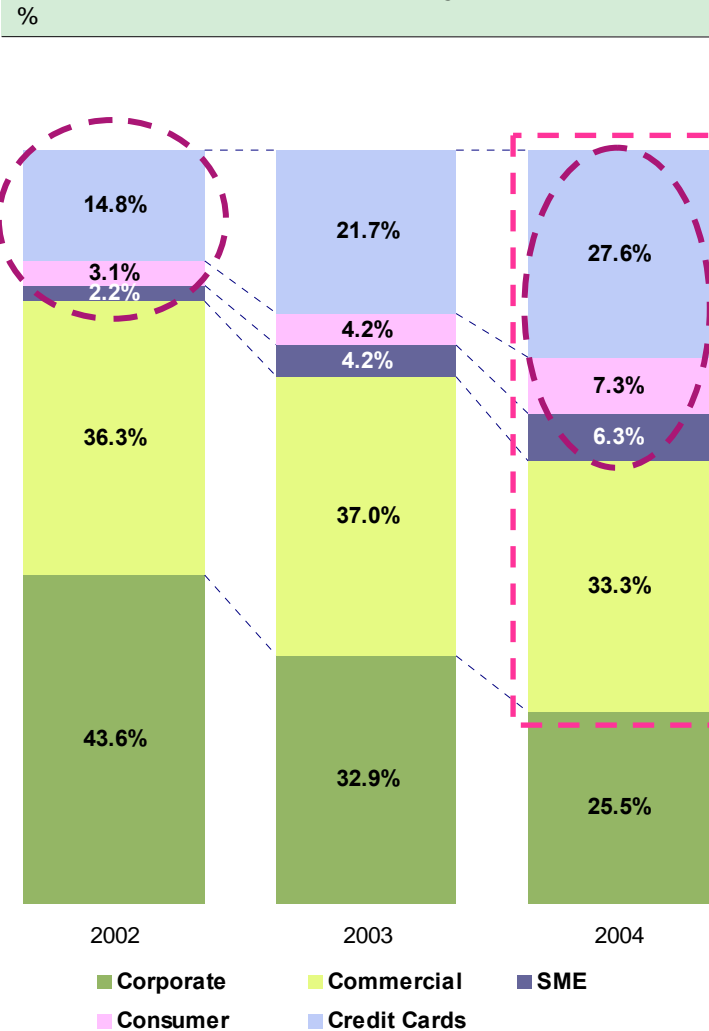


Higher Concentration in Lucrative Business Lines

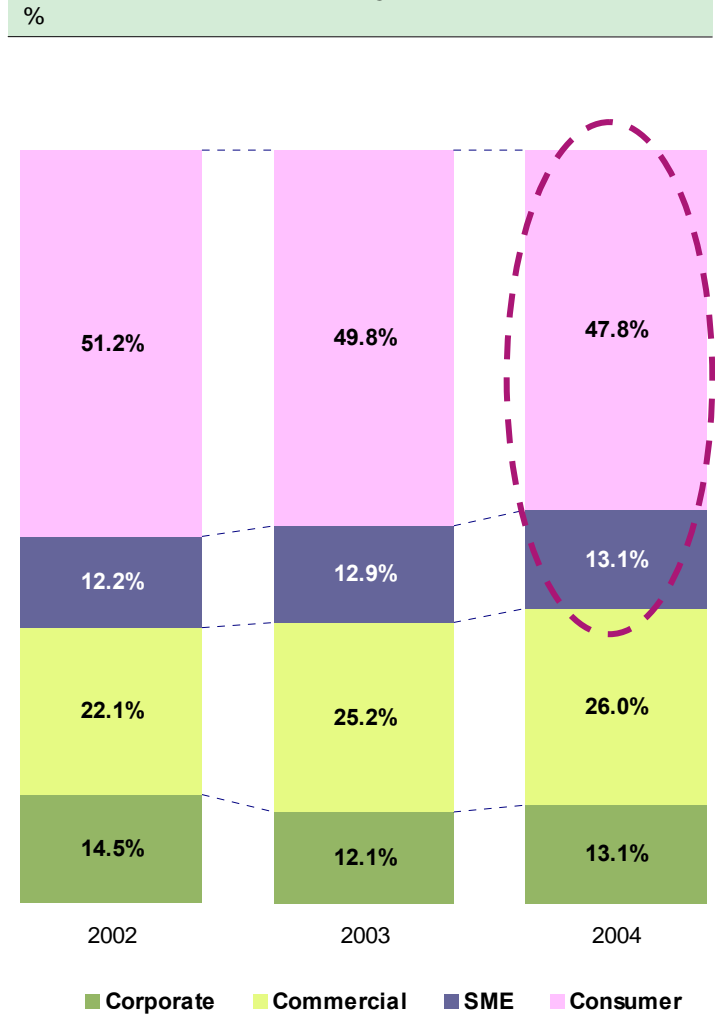
...with focus on profitability and loyalty

- Loans to SME segment increased further to 6.3% of cash loans, whereas share of consumer banking rose to 34.9%. Total retail exposure reached 41.2% of the loan portfolio in 2004 from 30.1% in 2003
- Garanti retained a diversified and sustainable funding base where deposits to retail segment composed 60.9% of total deposits

Breakdown of Loan Portfolio by LOB



Breakdown of Deposits by LOB *

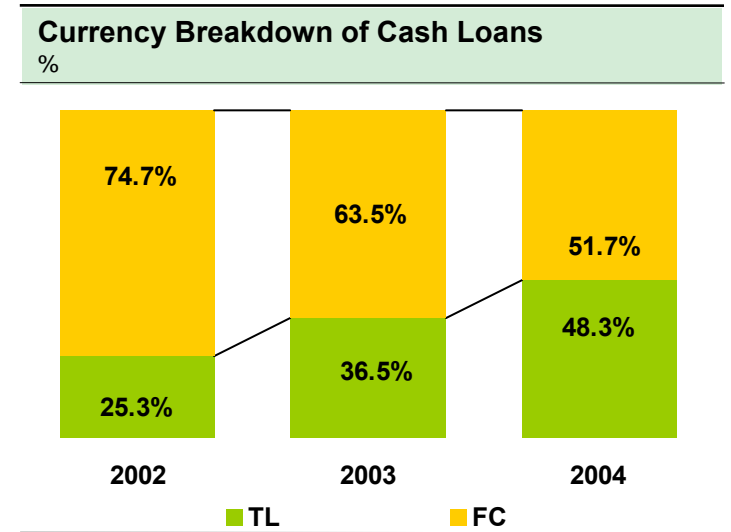
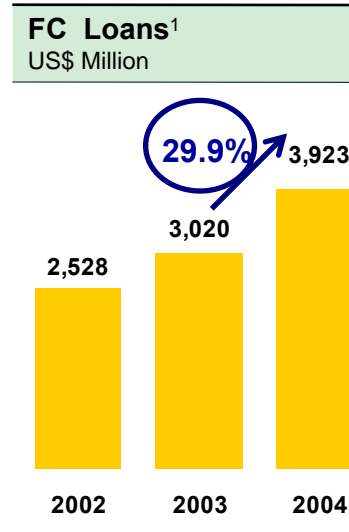
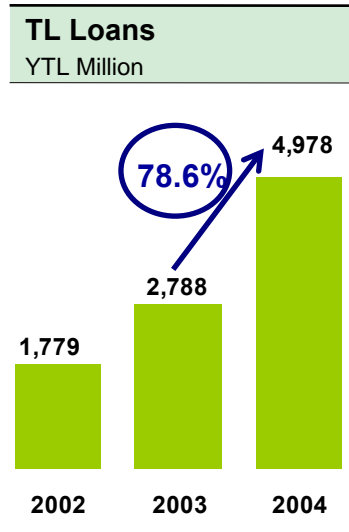


* Excluding bank deposits

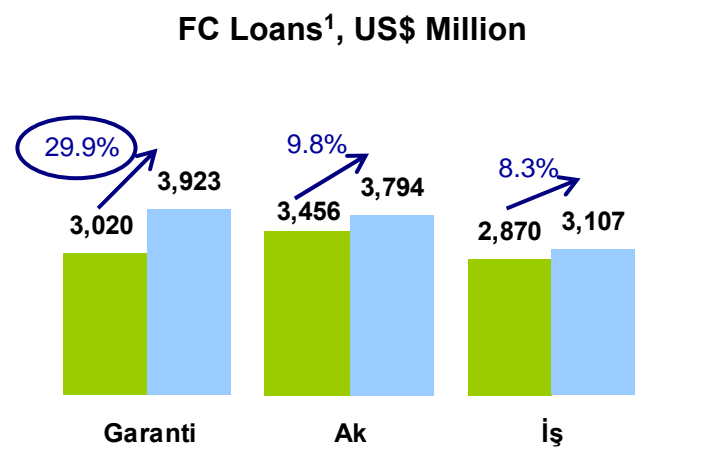
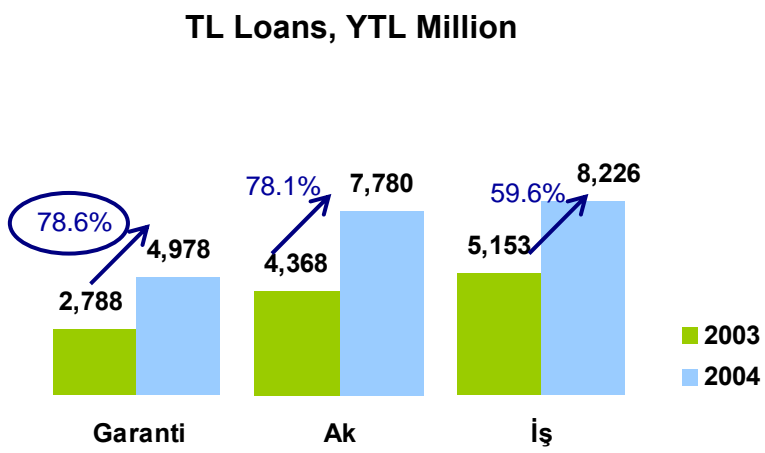
Strong Growth in High Margin TL Loans

...while registering the highest increase in TL & FC loans among the peer group

- Total cash loans were up by 35.0% in real terms in YE 2004
- Increase in TL and FC loans were 78.6% (in real terms) and 29.9% (in US\$ terms), respectively since YE 2003
- In line with the improvement in TL spreads, share of TL loans was up by 11.8 pps over YE 2003, reaching 48.3% of cash loans



TL & FC Loan Growth Rates for Garanti, Akbank, İşbank
%

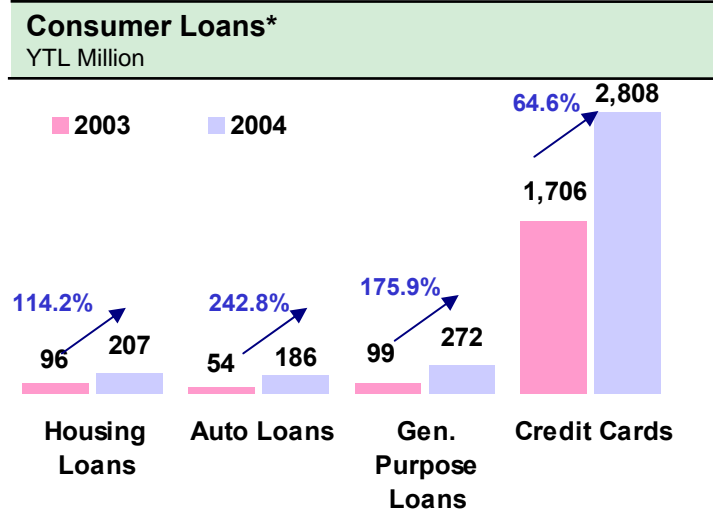


¹ Foreign currency, not inflation adjusted

Most Profitable Consumer Loan Composition

...with the highest concentration in credit cards

- Consumer loans excluding credit cards increased by 166.6% over YE 2003
- Total consumer loans including credit cards increased by 77.6% over YE 2003
- Credit cards, the highest yielding lending instrument in the market, increased by 64.6% over YE 2003, constituting 80.9% of total consumer loans
- Auto loans, which has the lowest yield compared to other consumer loans, had the lowest share with 5.4%



*Consumer loans extended to SMEs are excluded

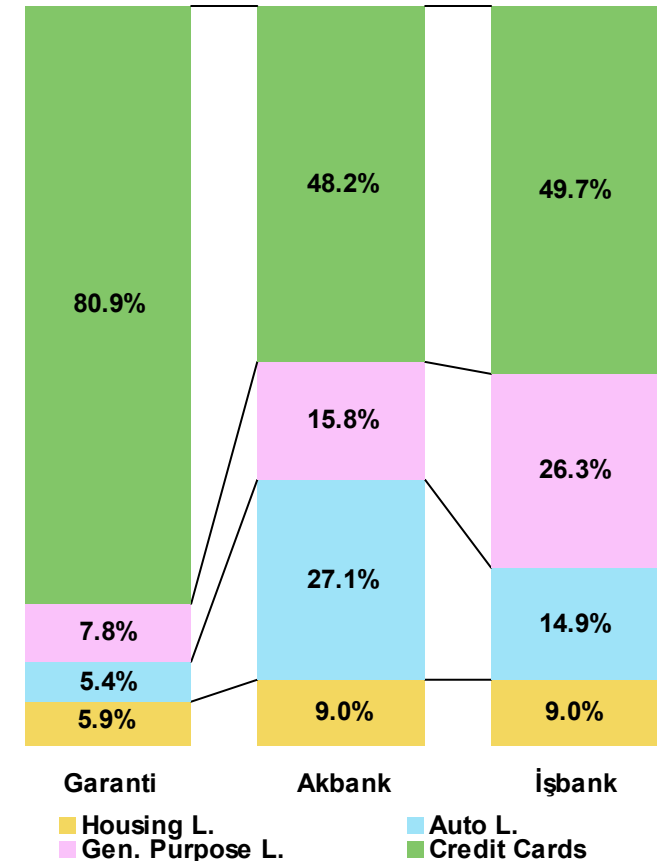
Yield Comparison in TL Loans

%

	December 31, 2004	
	Yield	% in Consumer Loans
Credit Cards	54.2%	80.9%
Gen. Purpose Loans	31.6%	7.8%
Housing Loans	28.8%	5.9%
Auto Loans	27.3%	5.4%

Breakdown of Consumer Loans

%

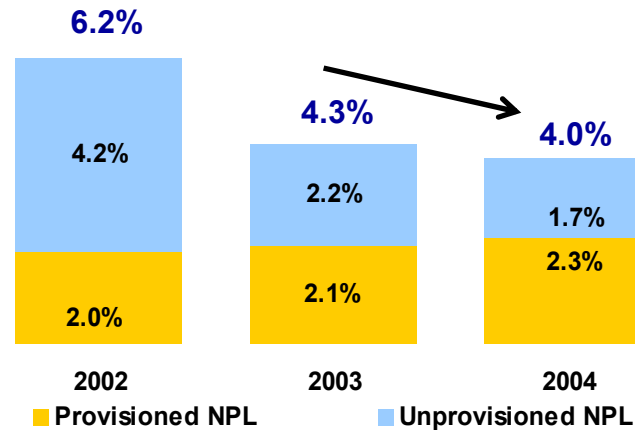


Strong Asset Quality

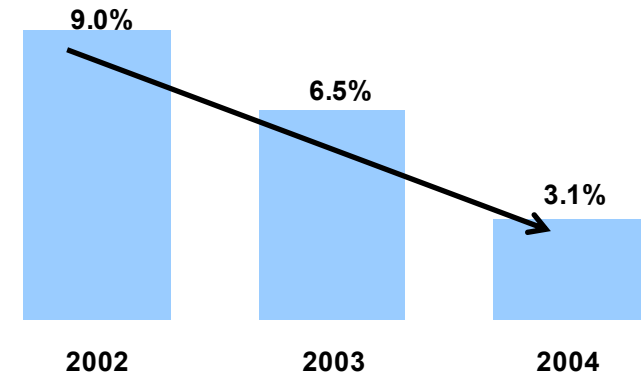
...with continuous decline in NPL ratio and group exposure

- NPL ratio further declined to 4.0% at YE 2004 and coverage ratio increased from 47.8% to 56.4%
- Group exposure was down by 39.1% in real terms and comprised 3.1% of total cash and non-cash loans by YE 2004 (lowest ratio among the peer group), in comparison to 6.5% in YE 2003

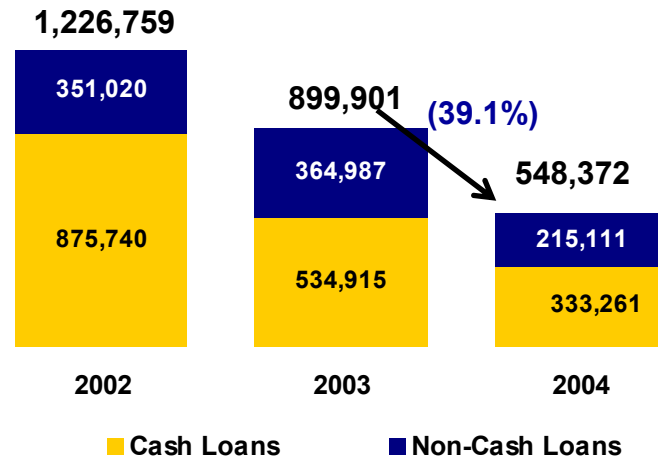
NPLs
NPL % of gross cash loans



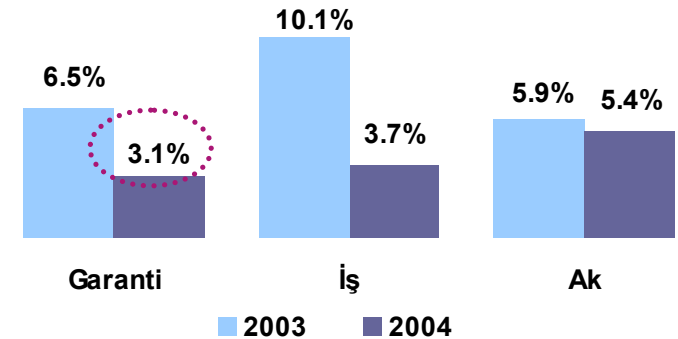
Loans to Risk Groups / Total Cash & Non-Cash Loans, %



Loans to Risk Groups
YTL Thousand



Loans to Risk Groups / Total Cash & Non-Cash Loans, %

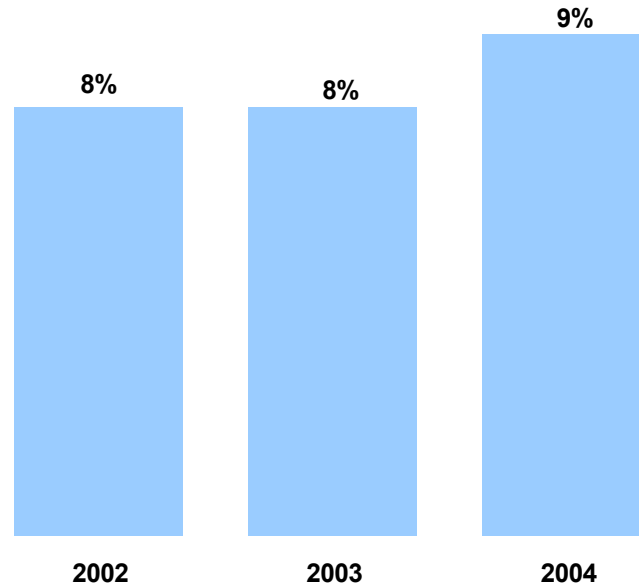


Constant Increase in Market Share in Loans

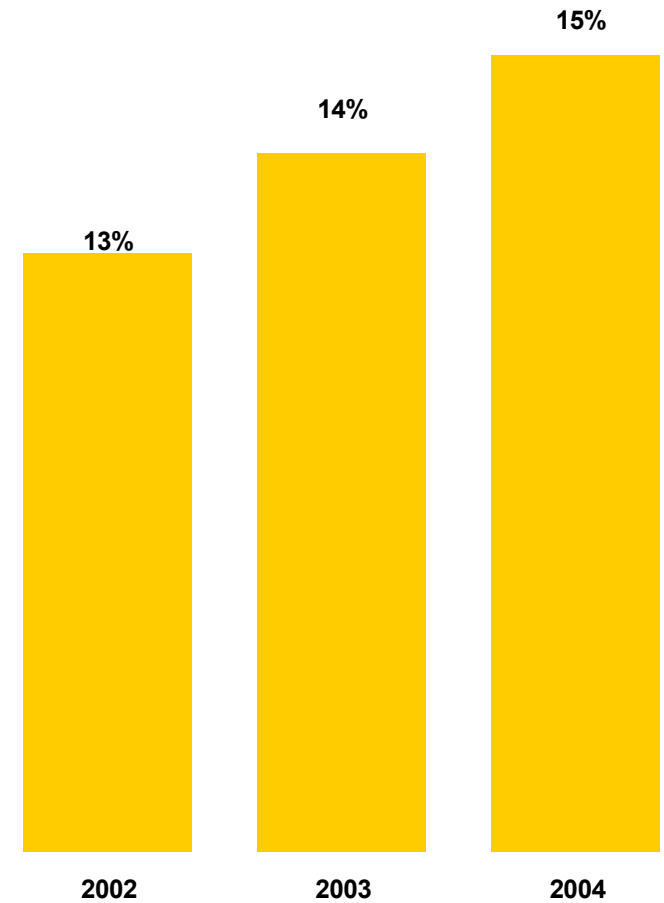
...with the highest market share in FC loans in the sector

- Market share in TL loans increased to 9% as of YE 2004
- Market share in FC loans increased to 15% as of YE 2004, ranking the highest in the sector

TL Loans Market Share
%



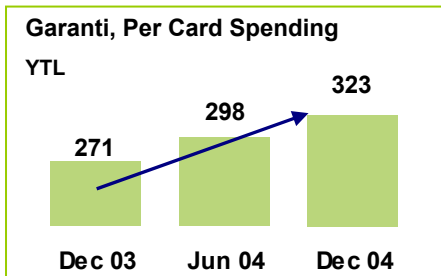
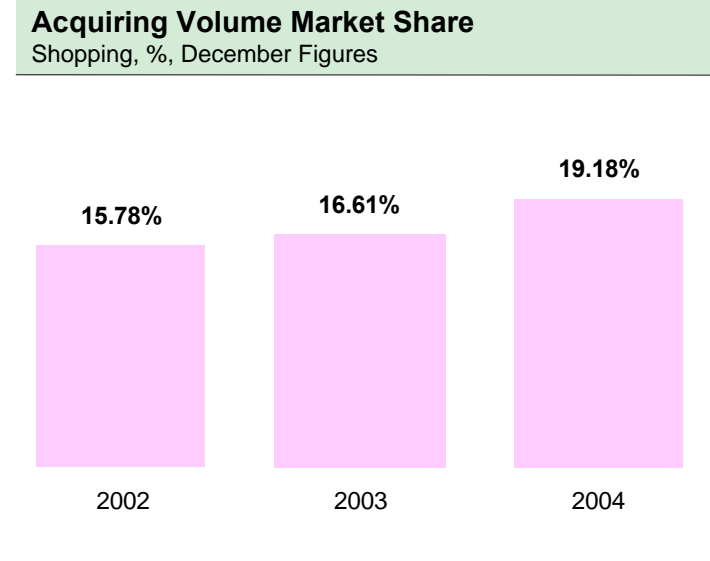
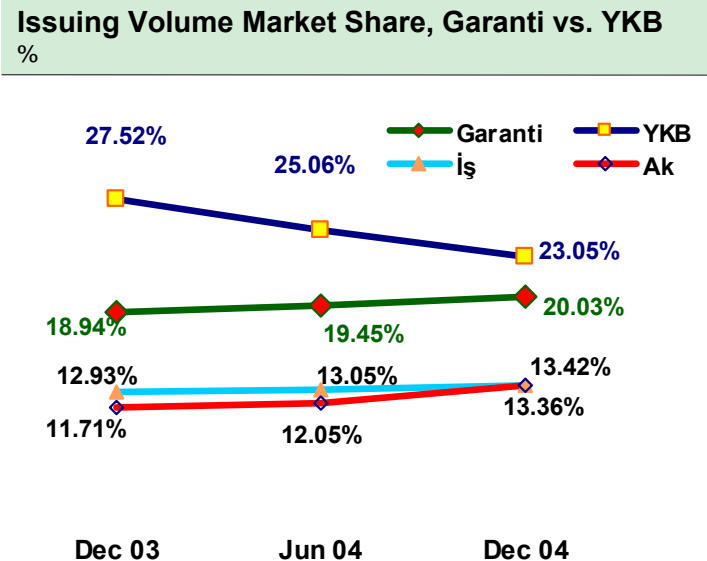
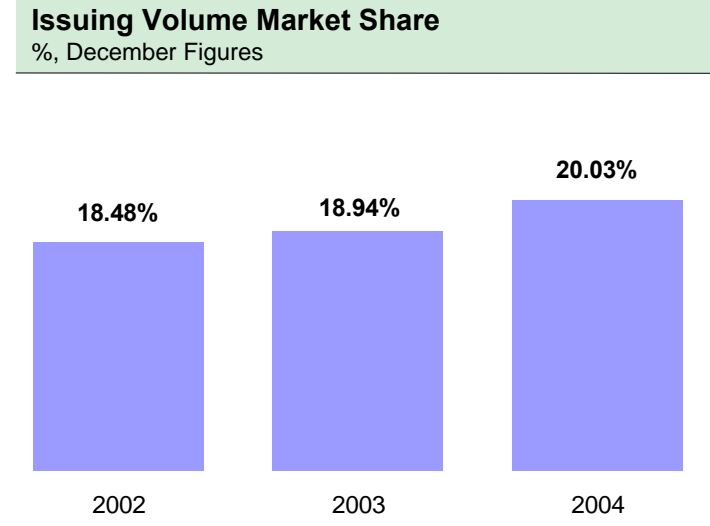
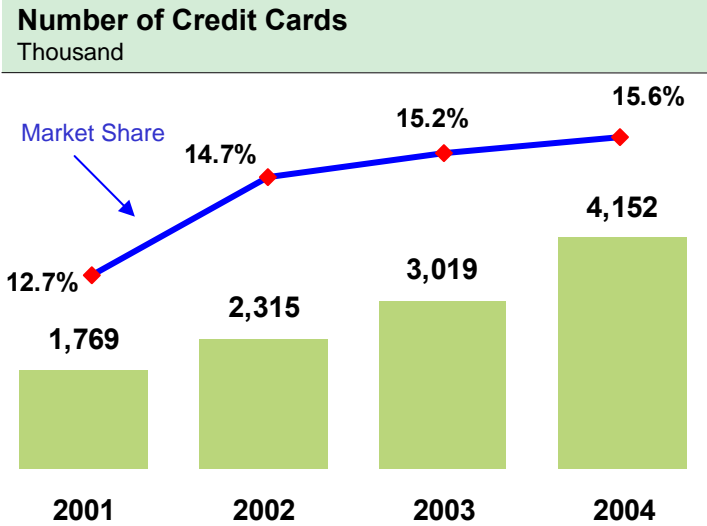
FC Loans Market Share
%



Playing for Leadership in Credit Cards

...closing the gap with the #1 player

- Number of credit cards exceeded 4 million, despite low approval rates at 50%
- Market share in total issuing volume reached 20.03% as of December 2004

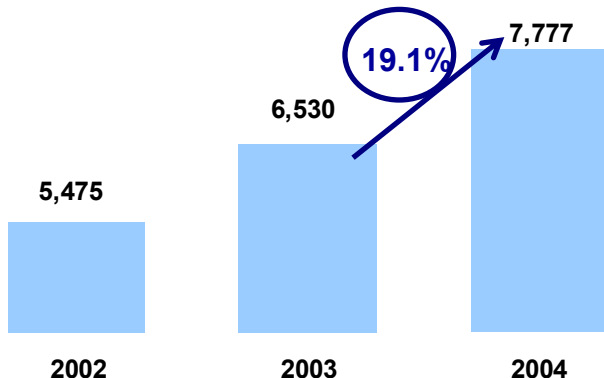


Constant Increase in Deposits and Total Customer Funds

- Since YE 2003, total deposits increased by 7.4% in real terms, whereas TL and FC deposits were up by 19.1% (in real terms) and 17.9% (in US\$ terms), respectively
- Total customer funds increased by 12.6% over YE 2003, reaching YTL36,854 Million

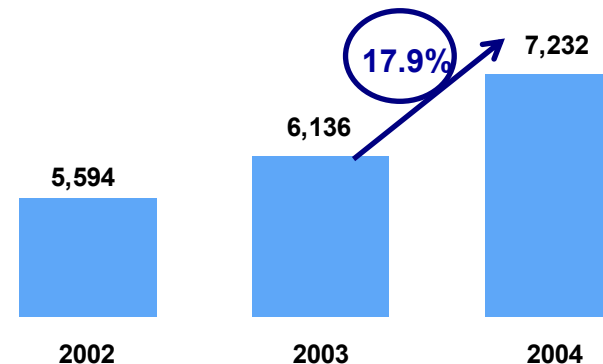
TL Deposits

YTL Million



FC Deposits¹

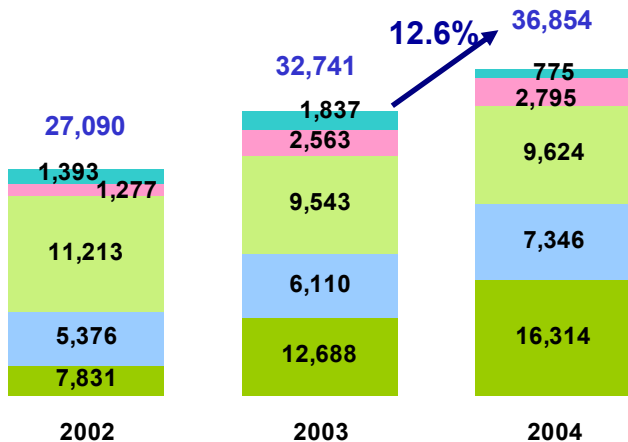
US\$ Million



¹ Foreign currency, not inflation adjusted

Total Customer Funds

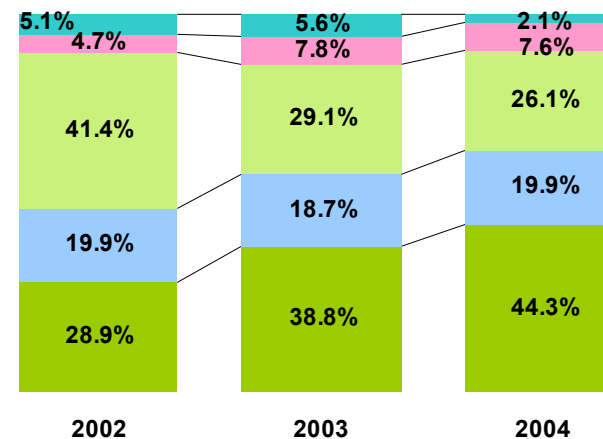
YTL Million



■ T-Bills Under Custody
■ FC Deposits*
■ Repo
■ TL Deposits*
■ AUM

Composition of Total Customer Funds

%



■ T-Bills Under Custody
■ FC Deposits*
■ Repo
■ TL Deposits*
■ AUM



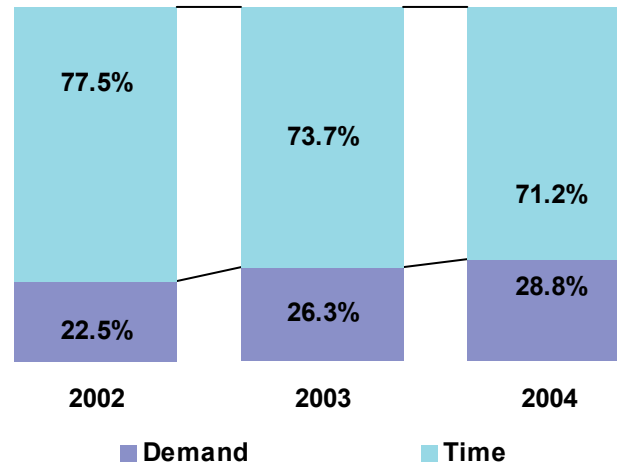
*Excluding bank deposits

Best Performer in Demand Deposits

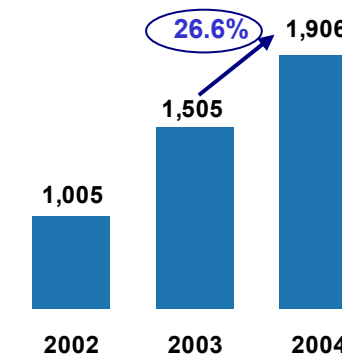
...with the highest share of demand deposits in total deposits in the sector

- Demand deposits composed 28.8% of total deposits, increasing its share by 2.5 pps over YE 2003 and reaching the highest ratio in the sector
- Demand deposits increased by 17.6% in real terms over YE 2003
- Share of TL deposits in total deposits reached 44.2% as of YE 2004

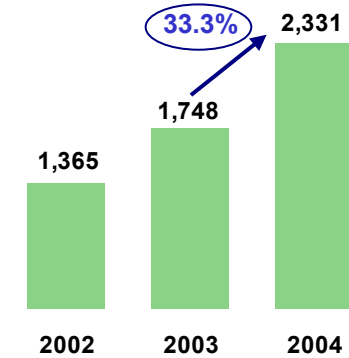
Demand vs Time Deposits
%



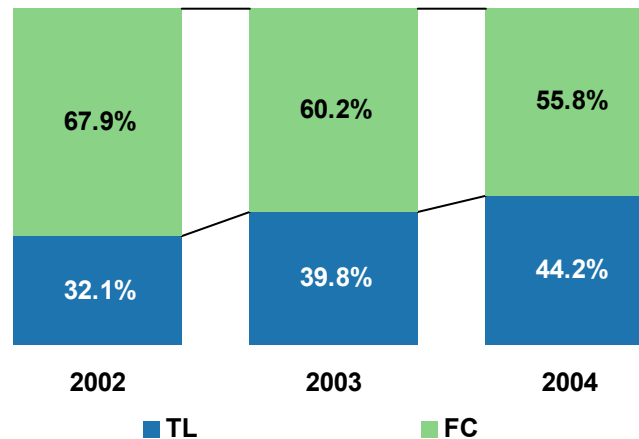
TL Demand Deposits
YTL Million



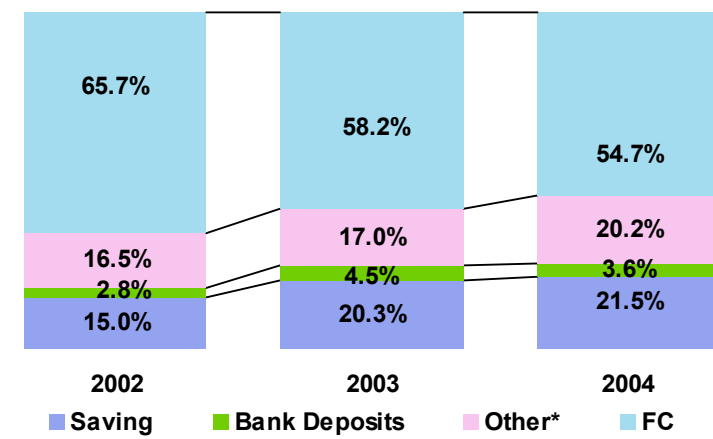
FC Demand Deposits
US\$ Million



Currency Breakdown of Deposits
%



Composition of Deposits
%

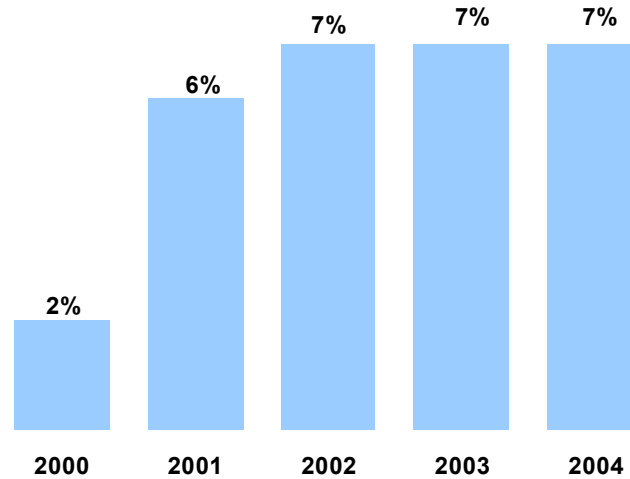


* Other deposits include commercial deposits, deposits of official authorities & organizations and deposits of other organizations

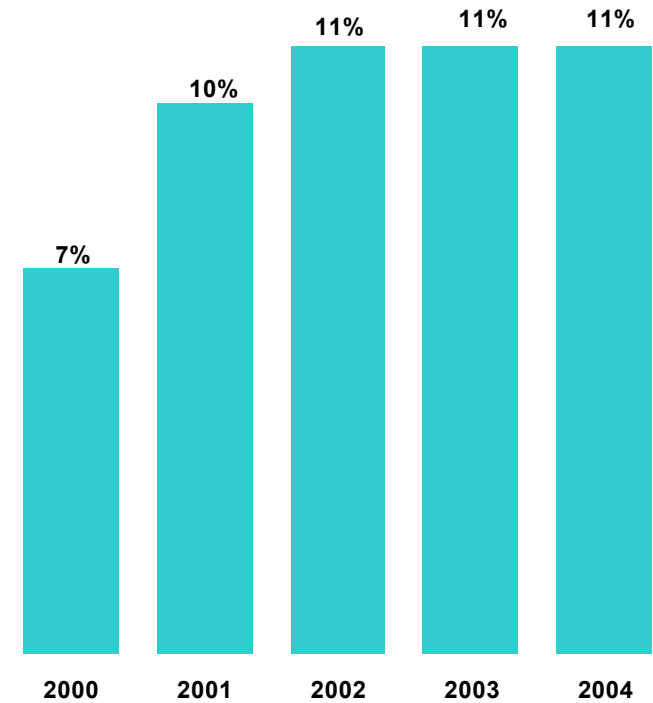
Strong Position in the Deposit Market

- Garanti's market share stood at 7% in TL deposits and 11% in FC deposits
- Among the private banks, Garanti captured 17% market share in TL deposits and 16% share in FC deposits

TL Deposits Market Share
%



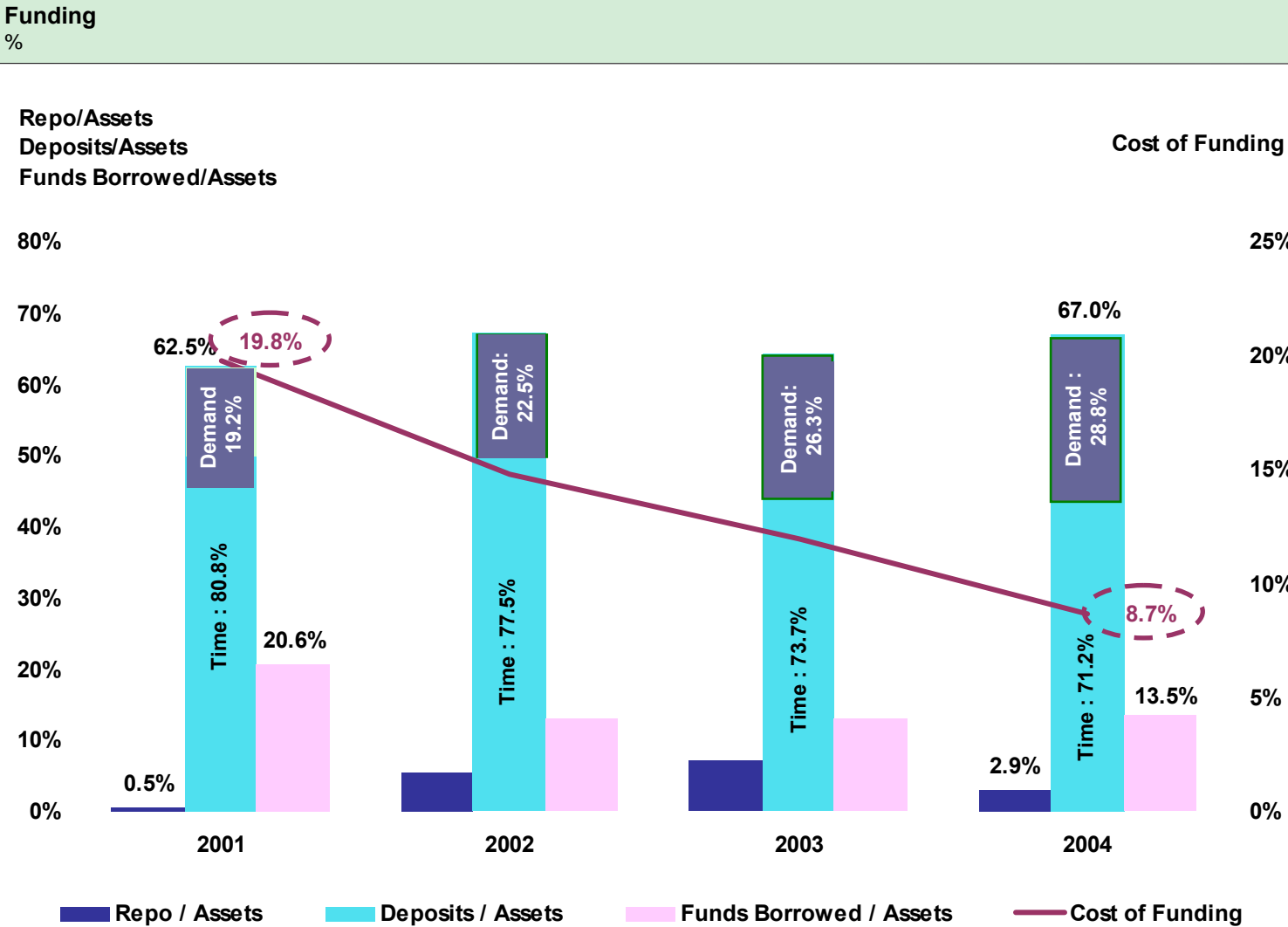
FC Deposits Market Share
%



Constant Improvement in Cost of Funding

...translating into higher margins

- Cost of funding consistently declined on the back of increasing share of demand deposits and improving terms of borrowing

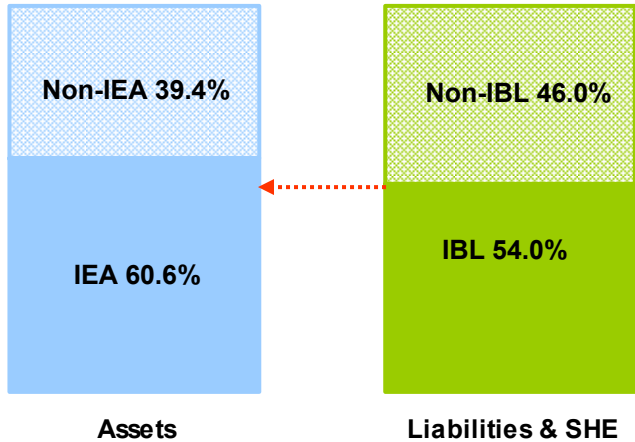


Aggressive Disposal of Non-core Assets

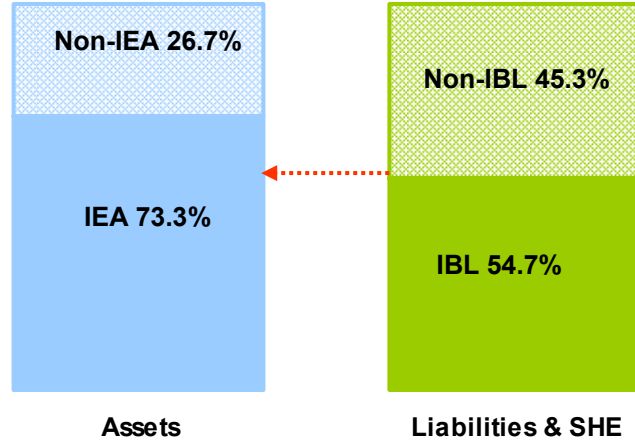
...and increasing gap between IEAs & IBLs

- On the TL side, non-IEAs decreased due to the disposal of DOAŞ shares, fixed asset sales and lower DTAs. Accordingly, share of IEAs increased from 60.6% to 73.3%
- On the FC side, higher FC demand deposits resulted in a higher share of non-IBL/Total liabilities and SHE
- The gap between TL IEAs and TL IBLs as a percentage of TL assets increased to 21.3% as of YE 2004 from only 8.9% as of YE 2003

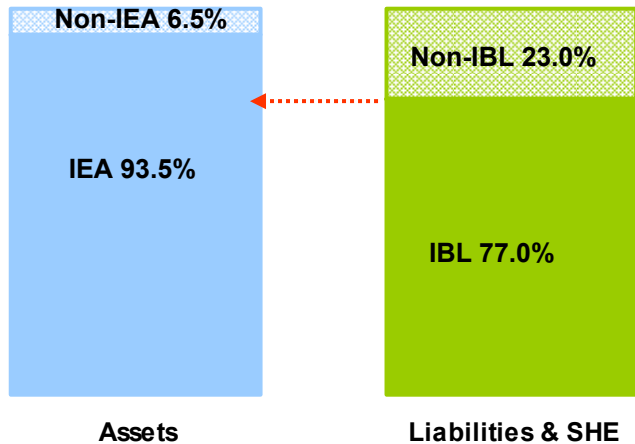
TL Balance Sheet, 2003
%



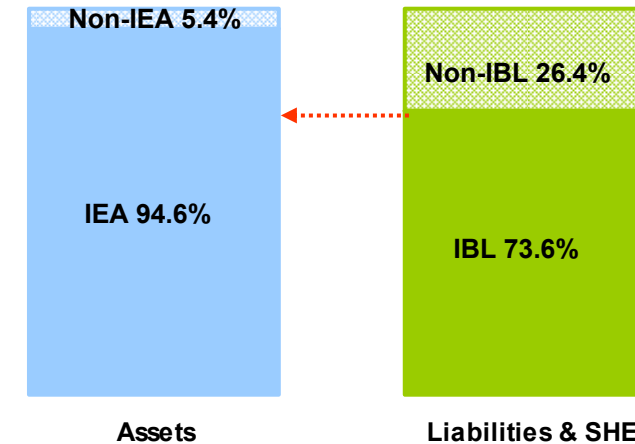
TL Balance Sheet, 2004
%



FC Balance Sheet, 2003
%



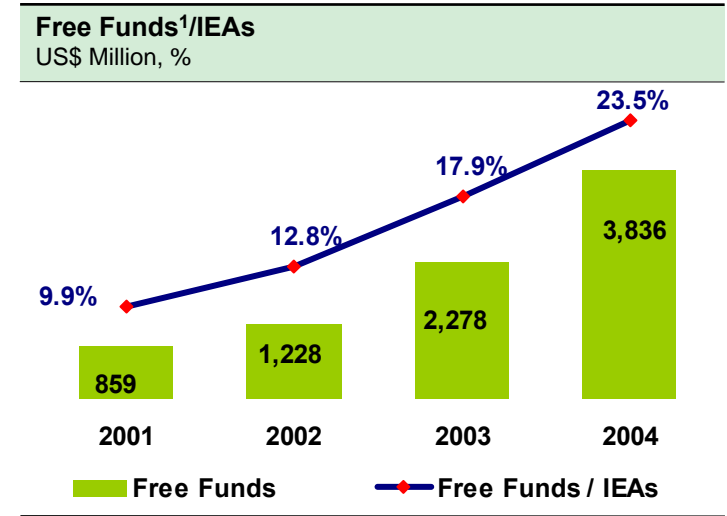
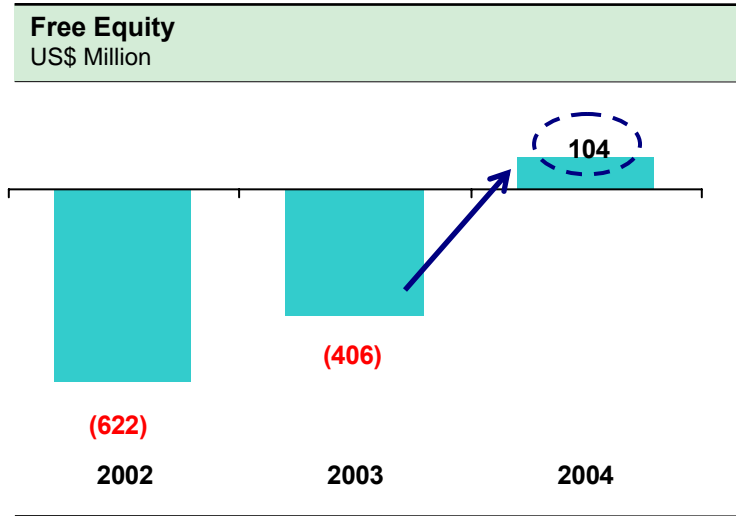
FC Balance Sheet, 2004
%



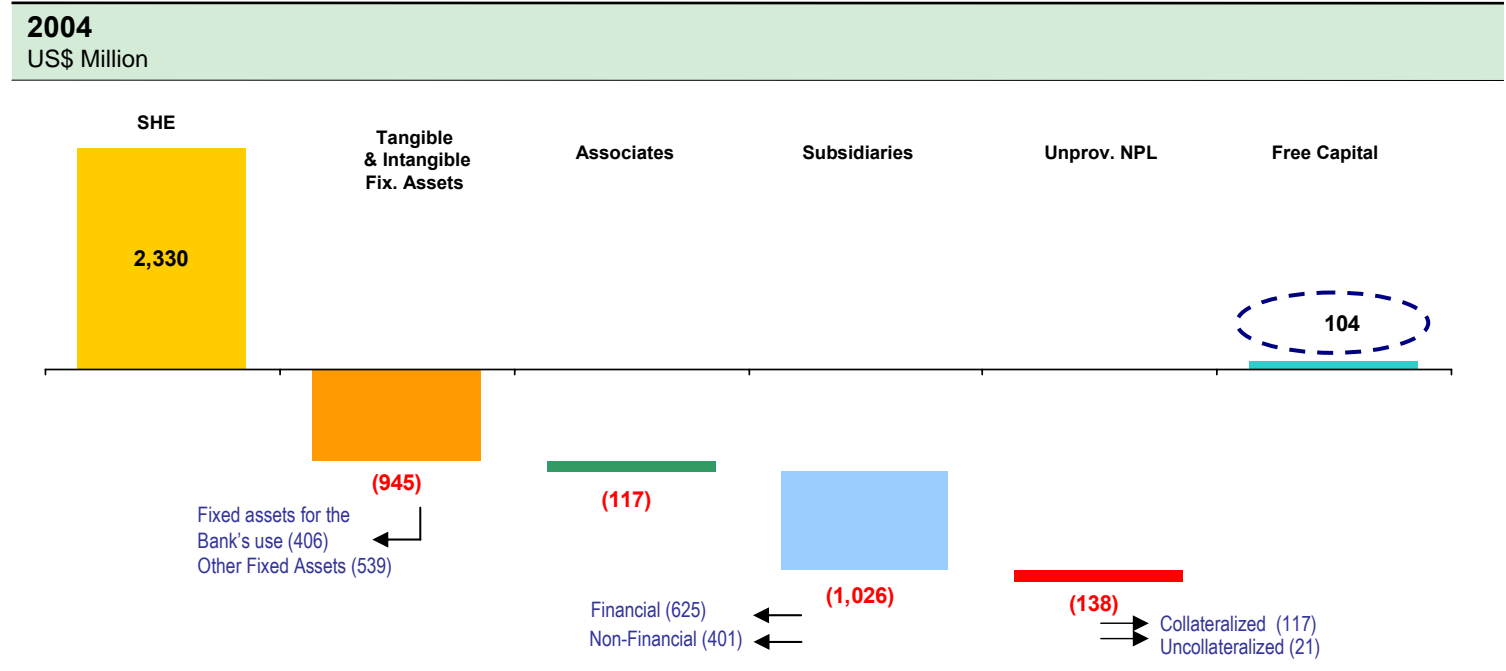
Significant Improvement in Free Equity

-In line with increasing share of IEAs and improving profitability, free equity moved to positive territory as of YE 2004

-Free funds to IEAs ratio improved significantly in the last three years from 9.9% to 23.5%



¹ Free Funds : Free Capital + Demand Deposits

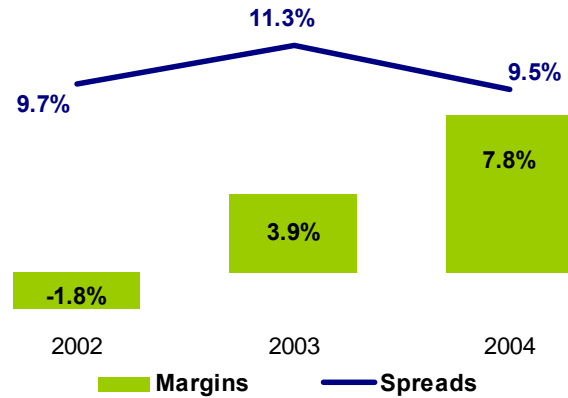


Superior Improvement in TL Margins

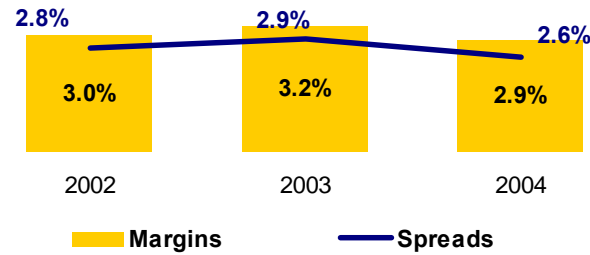
...shift towards TL assets in line with higher TL margins

- In 2004, TL margins increased to 7.8%, as compared to the cumulative margin of 3.9% in 2003, despite the decline in TL spreads from 11.3% in 2003 to 9.5% in 2004
- Share of TL assets increased in line with the improvement in TL margins, reaching 47.6% of total assets

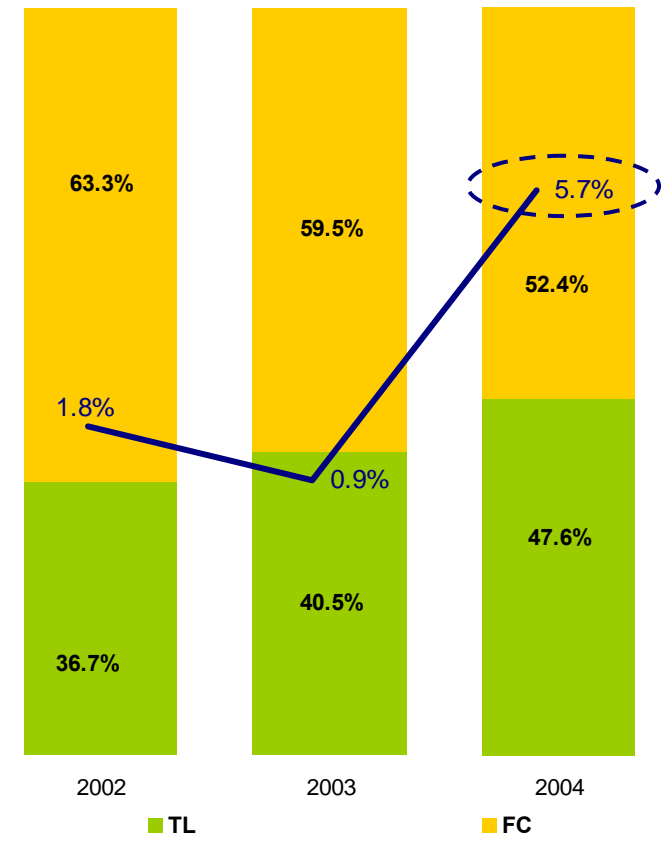
TL Balance Sheet
%



FC Balance Sheet
%



TL / FC Breakdown of Assets & Adj. NIM
%





2004 Performance – P/L

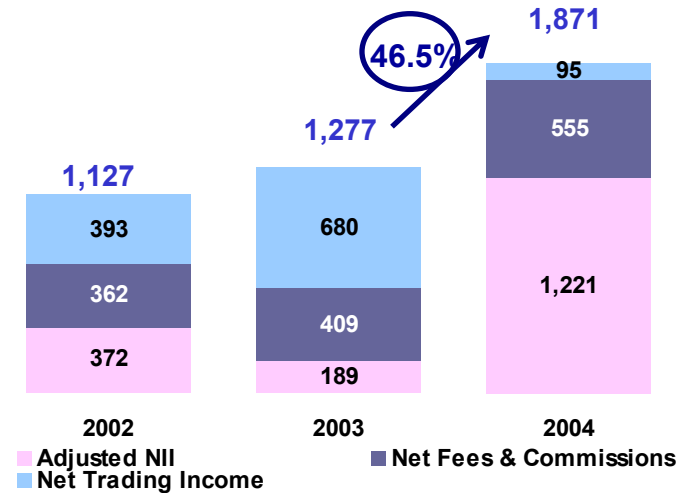
High Focus on Sustainable Revenues

...with increased share of customer-based income

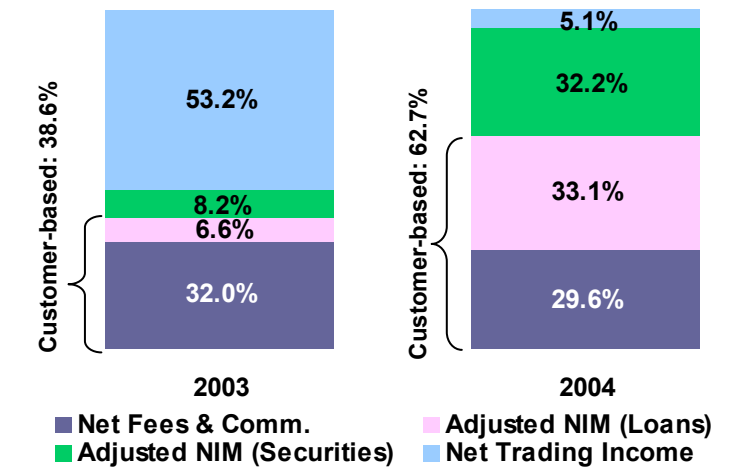
Garanti's strong focus on real banking pays off:

- Net banking income increased by 46.5% over YE 2003, reaching YTL1,871 million
- Share of customer – based income in net banking income increased to 62.7% in 2004 from 38.6% in 2003

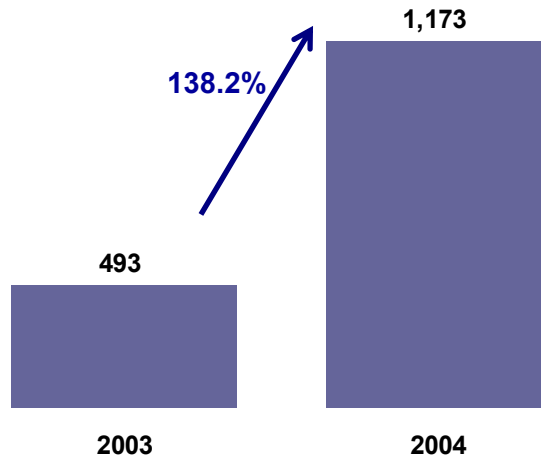
Net Banking Income
YTL Million



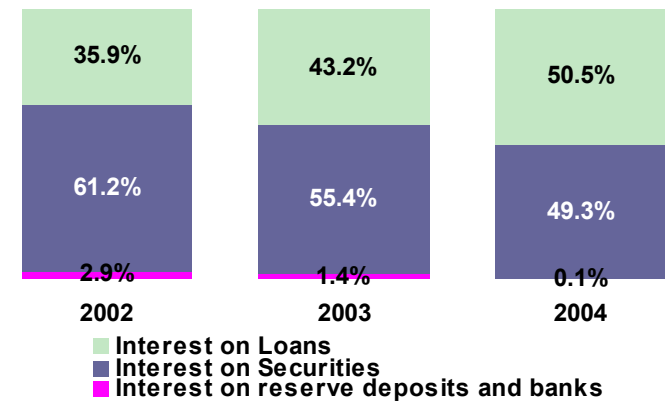
Composition of Net Banking Income
%



Customer-based Income,
YTL Million



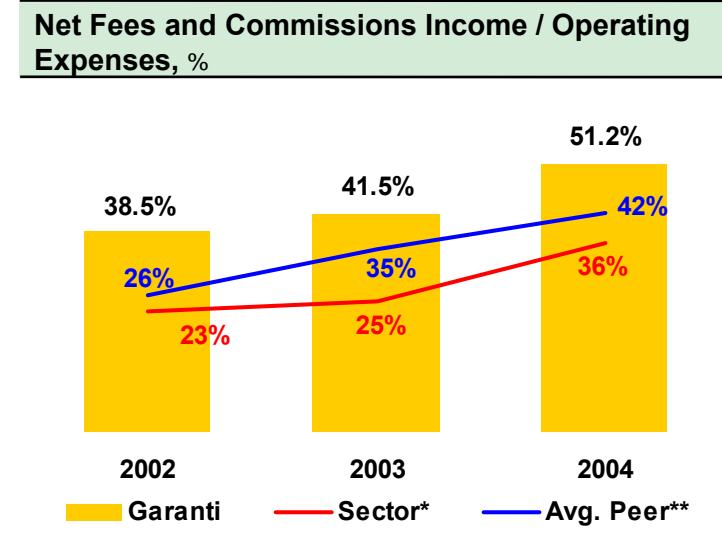
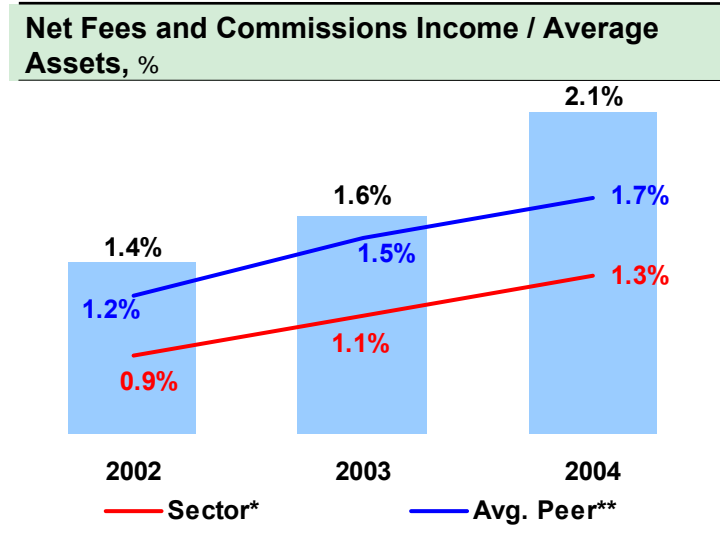
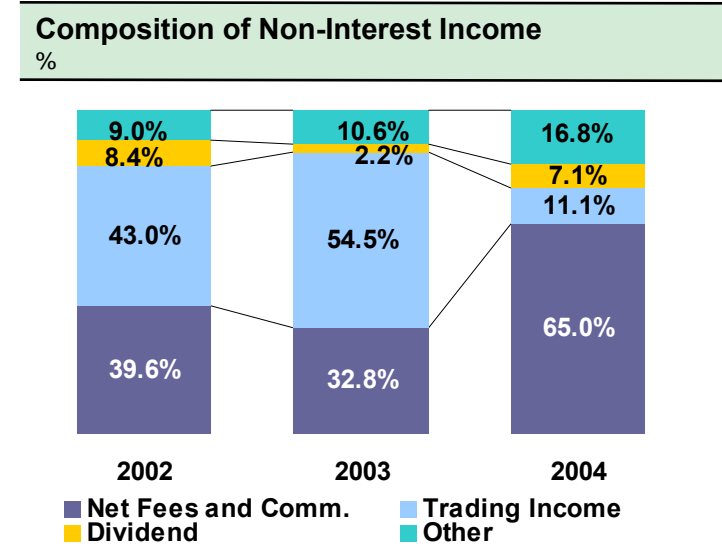
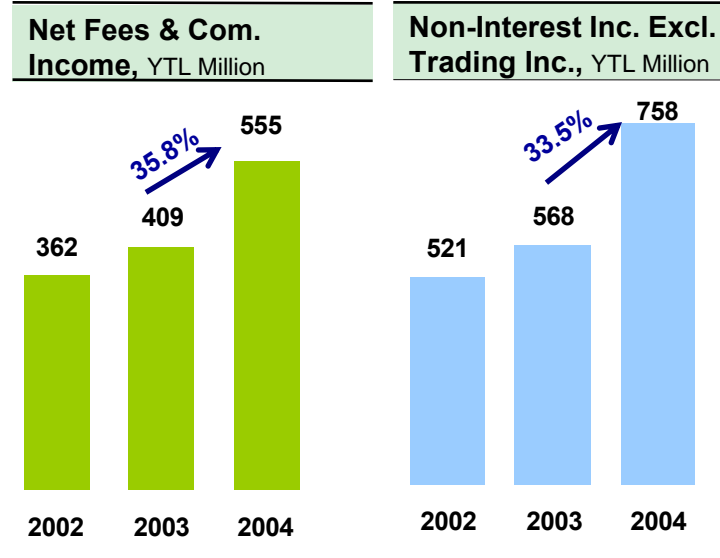
Composition of Net Interest Income
%



Superior Performance in Fees & Commissions Income

...with the best coverage ratio of operating expenses by fees and commissions among peers

- Net fees and commissions income increased by 35.8% in real terms over 2003 and 53.2% over 2002
- Net fees and commissions income to average assets reached 2.1%, significantly above the peer and the sector average
- Garanti covered 51.2% of its operating expenses through net fees and commissions income



*Sector averages are as of 3Q 2004

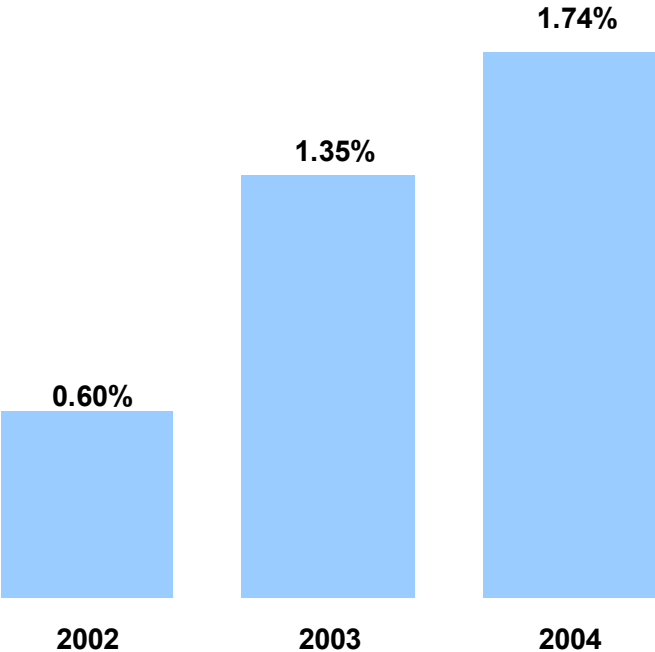
** In peer group analysis, YKB's ratios refer to 3Q 2004 as year-end results were not announced at the time of the publication of this report

Strong Performance in Profitability Ratios

– ROAA and ROAE were 1.74% and 15.12%, respectively as of YE 2004

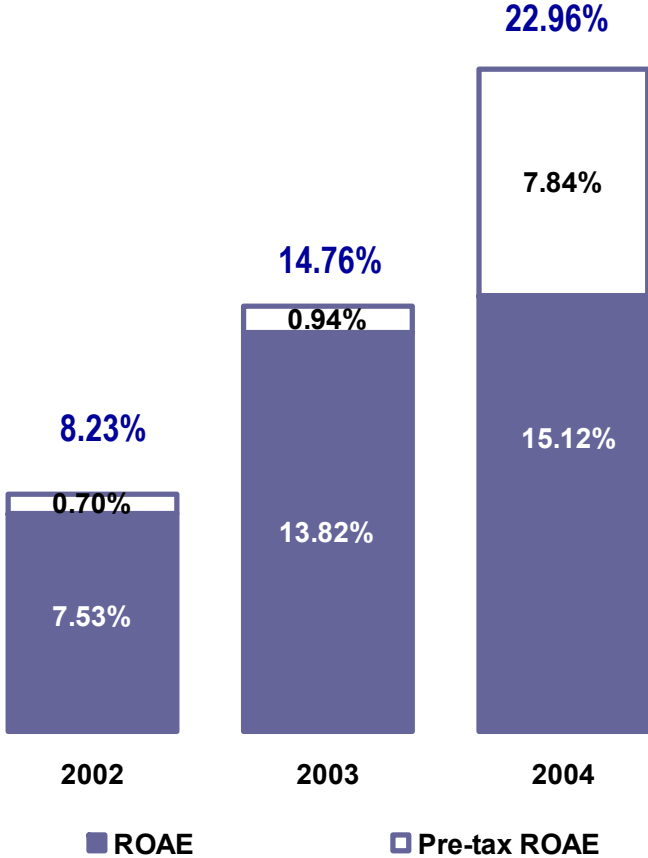
Return on Average Assets

%



Return on Average Shareholders' Equity

%



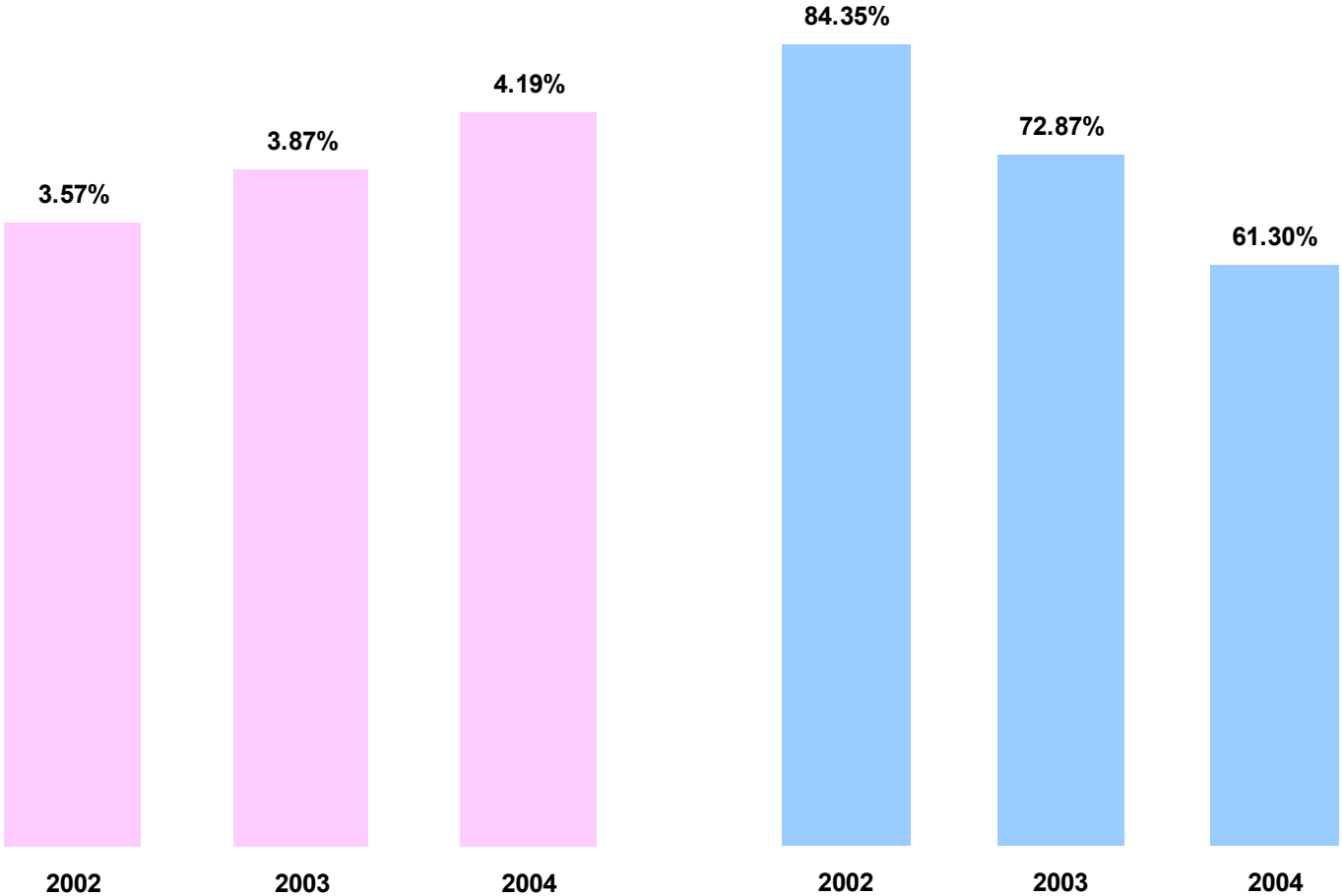
Continuous Improvement in Cost/Income

...in line with cost cutting and revenue enhancing measures

- Cost / Income ratio declined to 61.30% as of 2004 year-end
- Operating expenses to average assets increased in line with expansion in the branch network. Number of domestic branches increased from 323 to 387 and number of employees from 7,407 to 9,128 between 2002 - 2004

Operating Expenses / Average Assets %

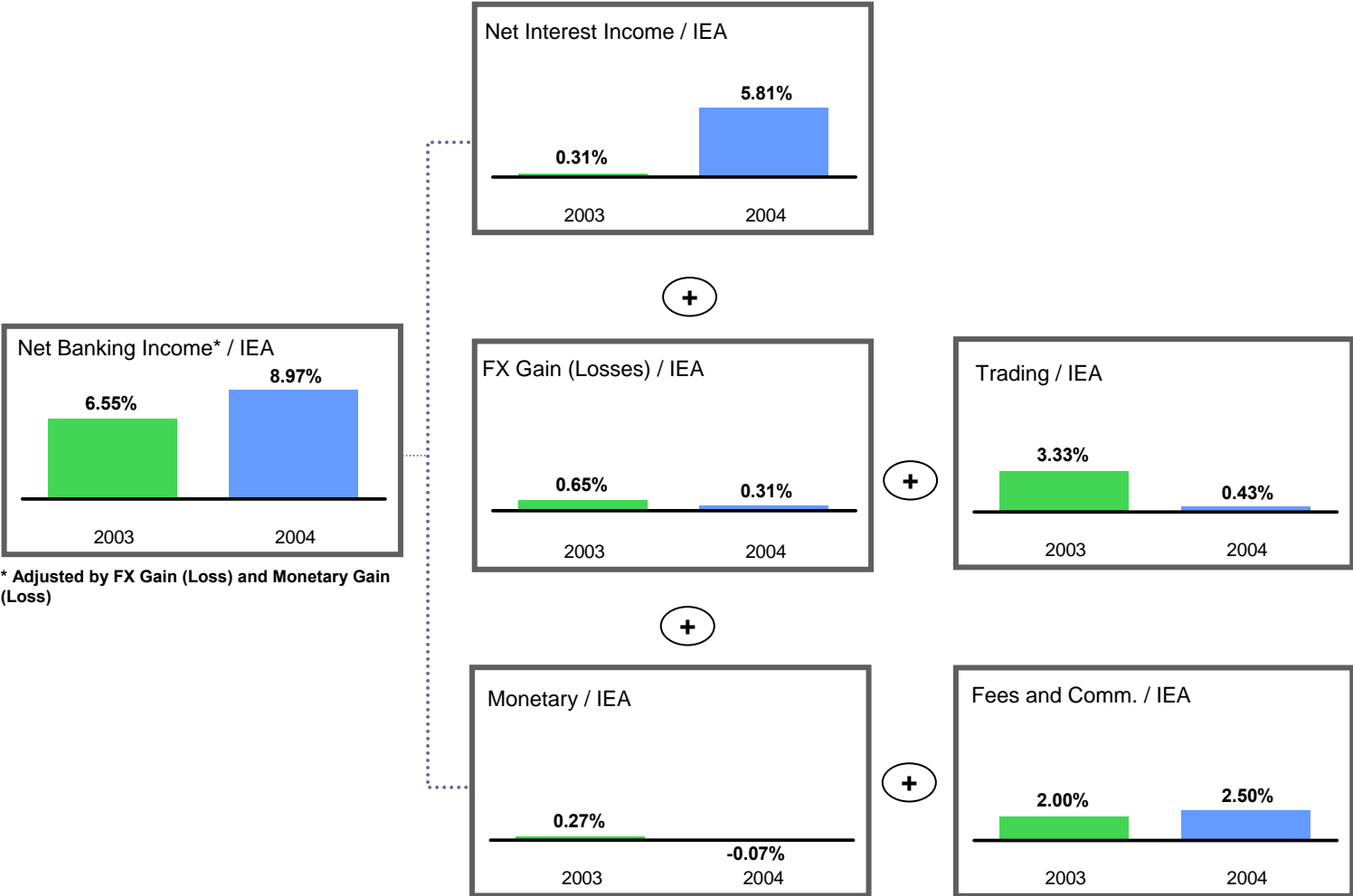
Cost /Income Ratio %



Improvement in Net Banking Income / IEA

...via higher NIM and sustainable non-interest income

- Ratio of net banking income to IEAs reached 8.97% as compared to 6.55% a year ago



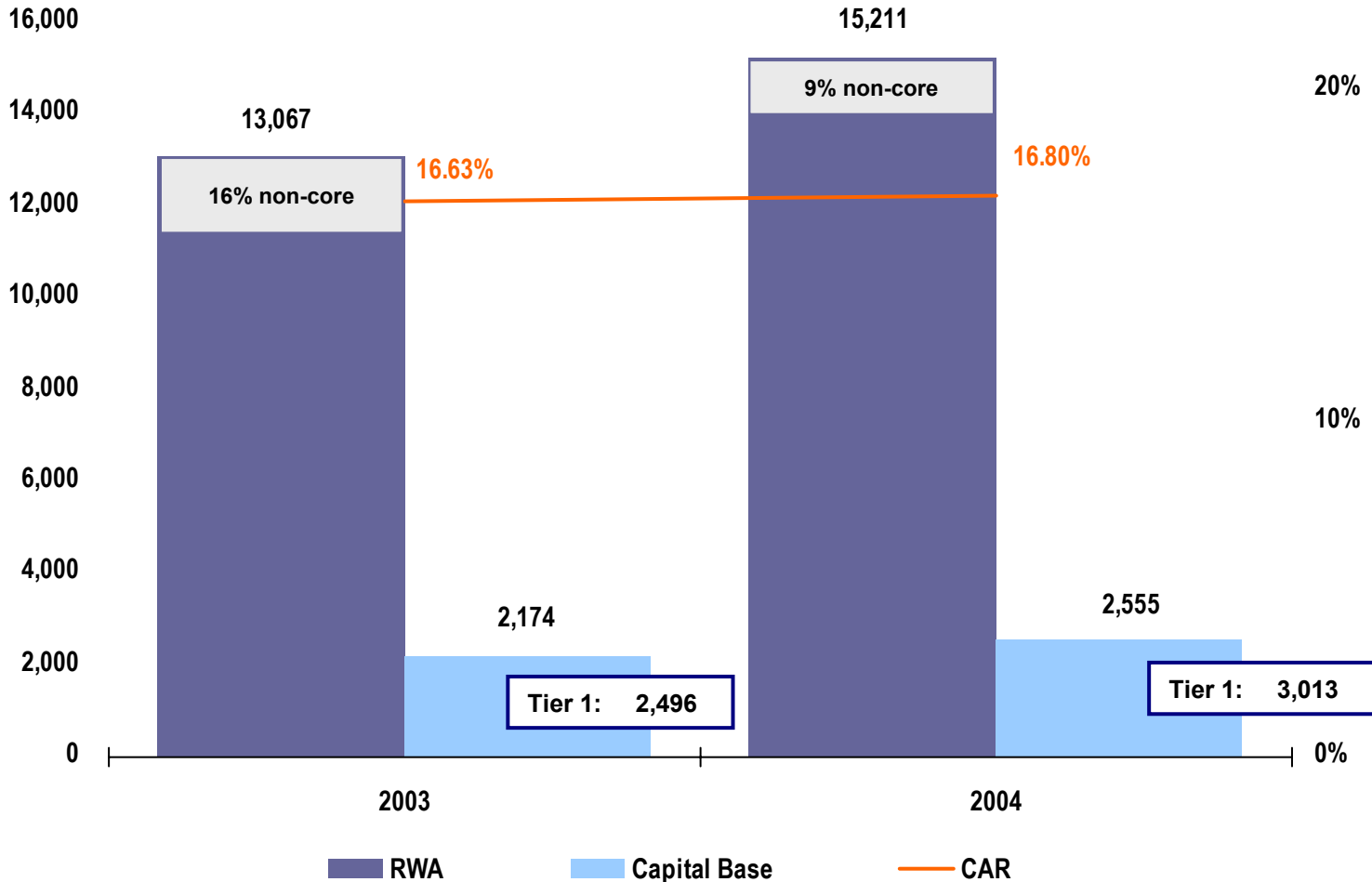
* Adjusted by FX Gain (Loss) and Monetary Gain (Loss)



Strong Levels of Capital Adequacy

– Garanti’s capital adequacy ratio stood at 16.80% as of 2004 year-end

RWA vs CAR
%, YTL Million





Garanti

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