



March 31, 2005

BRSA Earnings Presentation

May 2005

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Q1/2005 Performance Review

Superior Financial Performance

Selected Financials

BRSA, YTL Thousand

Since year-end 2004 in US\$ terms:

- Total assets increased by 4.6%, reaching US\$20,199 million
- Total loans increased by 12.4%, reaching US\$8,521 million
- Total deposits increased by 3.0%, reaching US\$13,342 million

	March 31, 2004	March 31, 2005	Y-on-Y % Real Change
Total Revenues¹	556,229	713,663	28.3
Operating Income²	308,352	465,547	51.0
Net Income	155,371	150,240	(3.3)
ROAE	21.57%	18.69%	(2.88 pps)
ROAA	2.51%	2.27%	(0.24 pps)
Cost / Income³	52.02%	55.19%	3.17 pps

As of Q1 2005, on an annual basis:

- Total revenues increased by 28.3%
- Operating income increased by 51.0%
- ROAA and ROAE stood at 2.27% and 18.69%, respectively

	December 31, 2004	March 31, 2005	YTD % Change
Total Assets	26,267,917	26,701,481	1.7
Total Loans	10,313,087	11,263,756	9.2
Customer Funds⁴	36,853,990	39,804,000	8.0
Shareholders' Equity	3,169,324	3,260,488	2.9
CAR	16.80%	17.06%	0.26 pps

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

² Operating Income : Total revenues – Operating expenses

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

- Adjusted NII increased by 46.2%
- Net fees and commissions income increased by 34.1% over the same period last year
- Total revenues and operating income increased by 28.3% and 51.0%, respectively

	March 31, 2004	March 31, 2005	Y-on-Y % Change
Adj. Net Interest Income*	355,290	519,555	46.2%
Net Fees & Commissions Income	120,382	161,429	34.1%
Net Trading Income	58,109	1,724	(97.0%)
Other Non-Interest Income	22,448	30,955	37.9%
<u>Total Revenues</u>	<u>556,229</u>	<u>713,663</u>	<u>28.3%</u>
Operating Expenses	247,877	248,116	0.1%
<u>Operating Income</u>	<u>308,352</u>	<u>465,547</u>	<u>51.0%</u>
Provisions	<u>79,762</u>	<u>264,107</u>	<u>231.1%</u>
Taxes	(73,219)	(51,200)	(30.1%)
<u>Net Income</u>	<u>155,371</u>	<u>150,240</u>	<u>(3.3%)</u>

*Adj. by FX & Monetary Gain/Loss

Summary

Balance Sheet Highlights

- Total assets were up by 4.6% in US\$ terms as compared to YE 2004
- TL loans rose by 12.8%; while FC loans increased by 9.0% in US\$ terms over YE 2004
- Share of performing loans in total assets increased further to 42.2% in Q1 2005 from 39.3% in YE 2004; while the share of securities portfolio continued to decline, standing at 35.2%
- Share of retail in total loan cash loans increased to 42.3% in Q1 2005 from 41.2 in YE 2004
- TL deposits increased by 9.5% as compared to YE 2004
- Shareholders' equity increased by 2.9%, reaching YTL3,260 Million

P/L Highlights

- Total revenues increased by 28.3%
- Operating income was up by 51.0% as compared to a year ago
- Ordinary banking income increased by 27.9% as compared to a year ago
- The portion of customer based income in ordinary banking income increased to 64.4% in Q1 2005 from 54.9% in Q1 2004
- Net fees and commissions income was up by 34.1% as compared to a year ago
- Net income was YTL150,2 Million
- Cost/Income ratio was 55.19%
- Net fees and commissions covered 65.1% of operating expenses in Q1 2005, compared to 48.6% in Q1 2004
- ROAA and ROAE were 2.27% and 18.69%, respectively



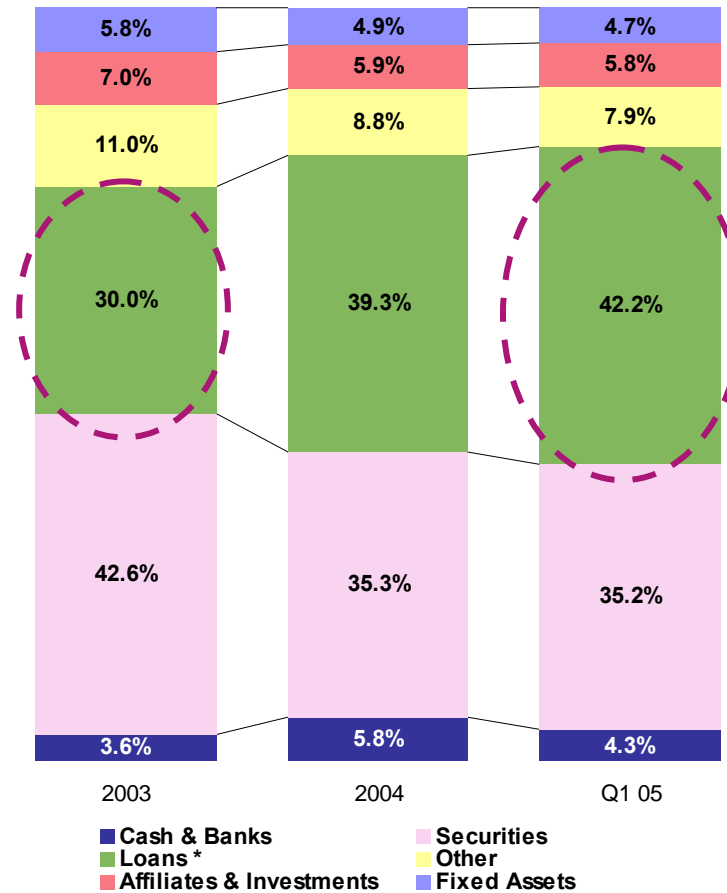
Q1/2005 Performance – B/S

Increasing Focus on Lending

...continuous increase in the share of loans and IEAs and less dependability on Gov't securities

- Garanti's asset size stood at US\$20,199 million at Q1 2005
- Share of loans in total assets reached 42.2% as of Q1 2005; standing 7.0 pps above the share of securities, which continued to decline further in Q1 2005 to 35.2%
- Share of deposits was 66.0%, highest among peer group
- Share of shareholders' equity slightly increased to 12.2%

Total Assets
%



Total Liabilities and SHE
%



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

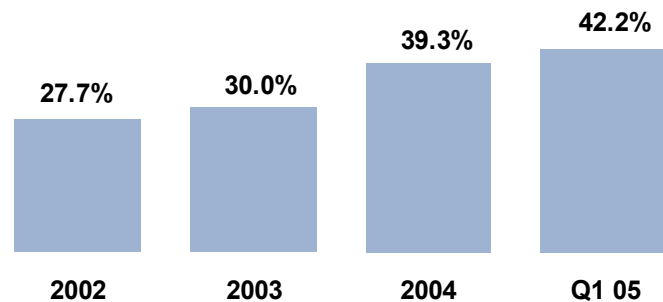
Most Prepared for the Low Inflation Environment

...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 2.9 pps in the first quarter
- Garanti has the highest loans to assets and lowest securities to assets ratio among its peers
- Gross loans to deposits increased to 66.7% in Q1 2005 from 61.0% in 2004 YE

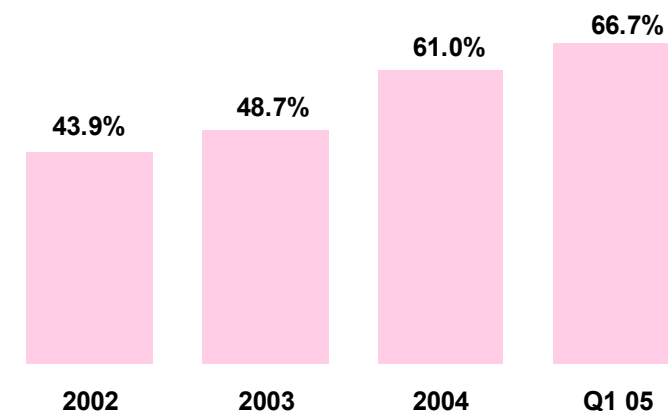
Loans / Assets

%



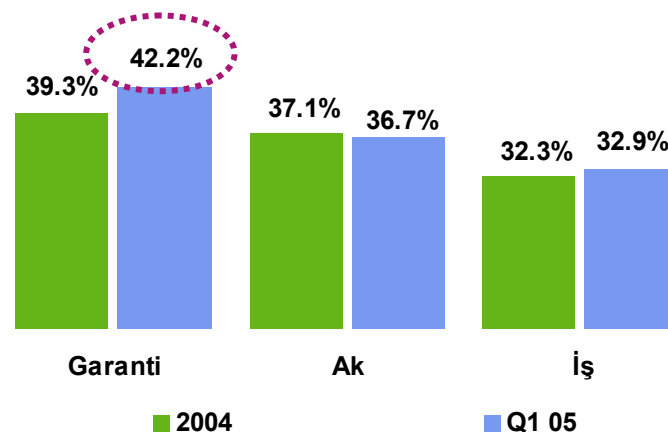
Gross Loans / Deposits

%



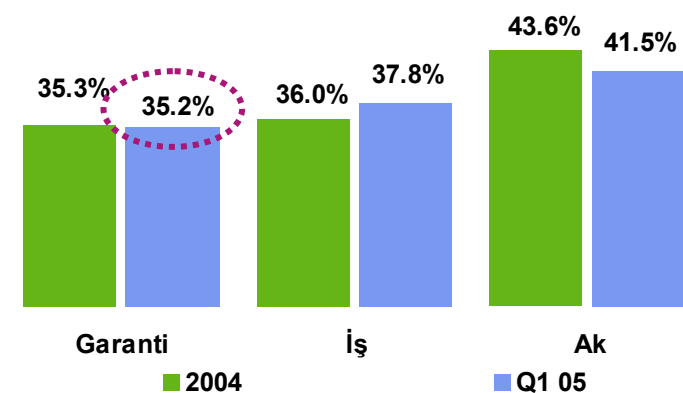
Loans / Assets, 2004-Q1 05

%



Securities / Assets, 2004-Q1 05

%



Higher Concentration in Lucrative Business Lines

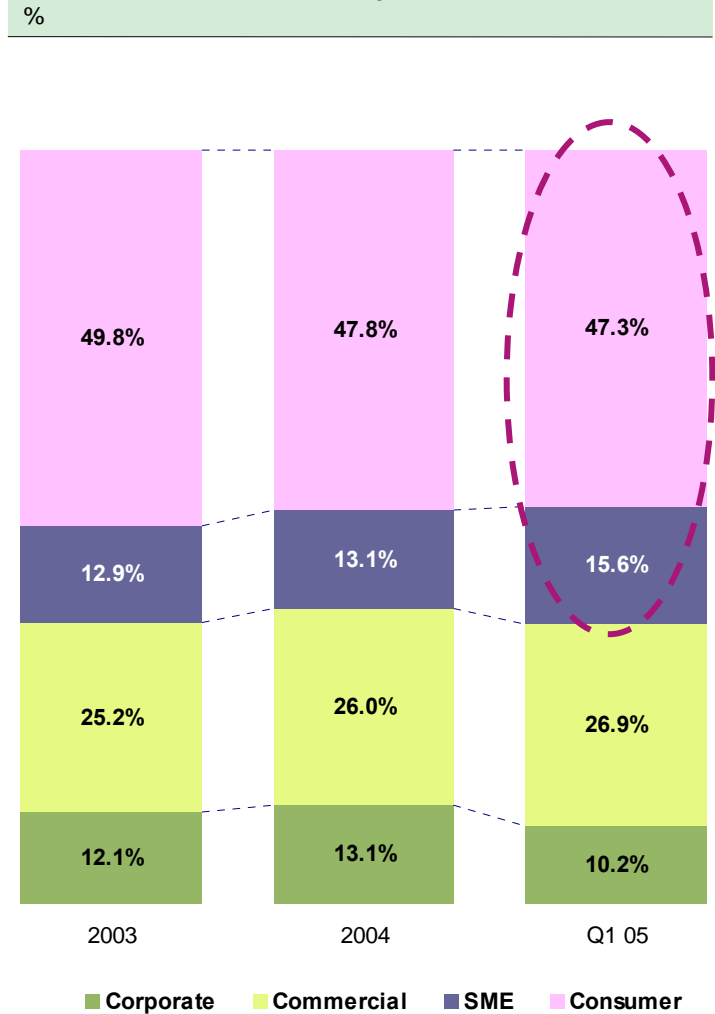
...with focus on profitability, loyalty and cross-sell opportunities

- Loans to SME segment increased further to 7.8% of cash loans, whereas share of consumer banking was 34.5%. Total retail exposure reached 42.3% of the loan portfolio in Q1 2005 from 30.1% in 2003
- Garanti retained a diversified and sustainable funding base where deposits to retail segment composed 62.9% of total deposits

Breakdown of Loan Portfolio by LOB



Breakdown of Deposits by LOB *



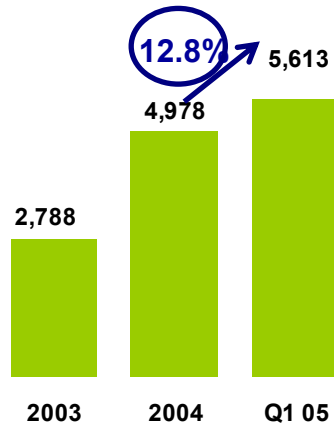
* Excluding bank deposits

Strong Growth in High Margin TL & FC Loans

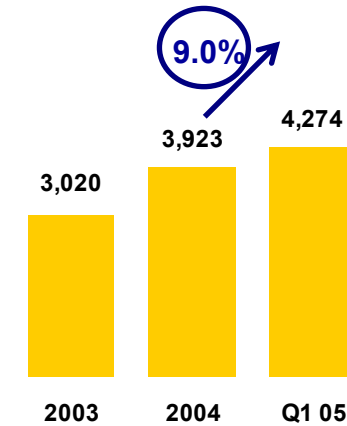
... maintaining leadership in FC loans with the highest market share

- Total cash loans were up by 9.2% in Q1 2005
- Increase in TL and FC loans were 12.8% and 9.0% (in US\$ terms), respectively, over YE 2004
- In line with the improvement in TL spreads, the shift towards TL loans continued in the first quarter. The share of TL loans in total cash loans reached 50% by Q1 2005
- Garanti continued to increase its market share in FC loans, maintaining its leadership in terms of market share with 15.3%

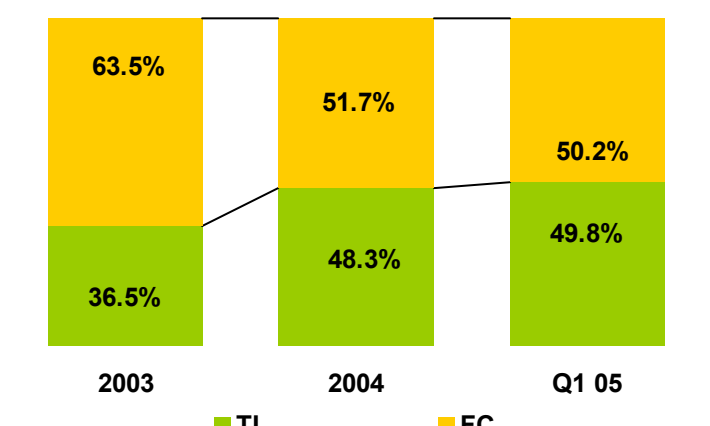
TL Loans
YTL Million



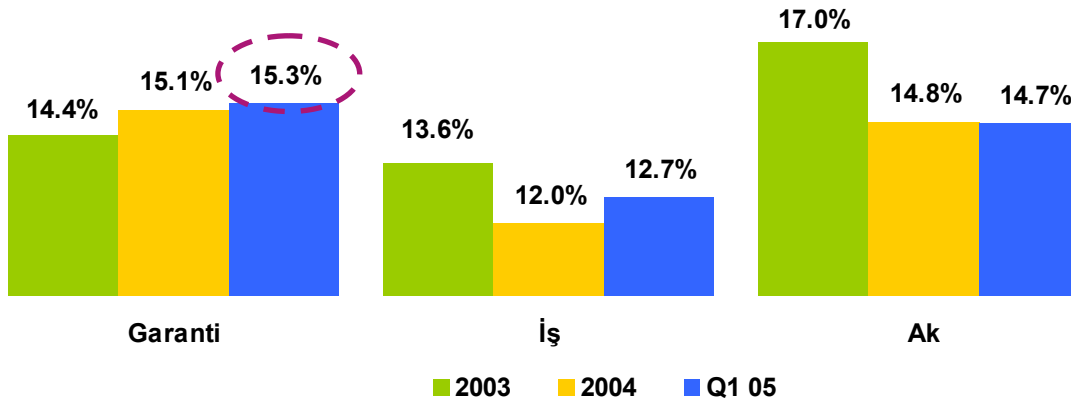
FC Loans¹
US\$ Million



Currency Breakdown of Cash Loans
%



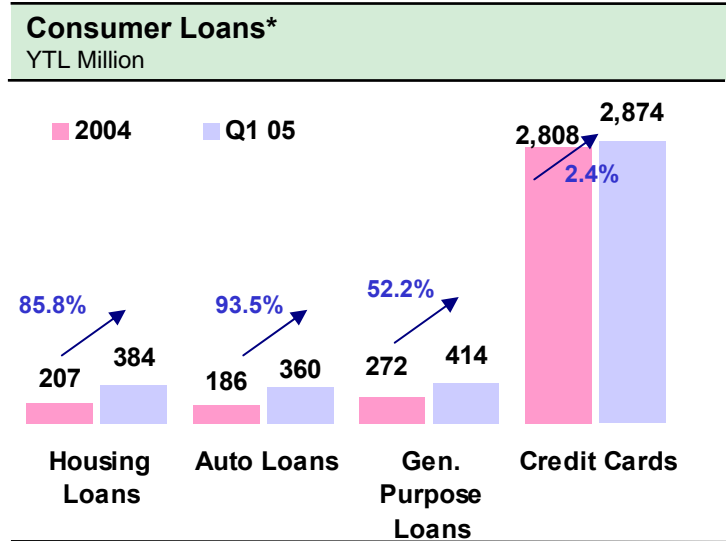
Market Shares in FC Loans - Garanti, İşbank, Akbank
%



Most Profitable Consumer Loan Composition

...with highest concentration in credit cards

- Consumer loans excluding credit cards increased by 74.2% over YE 2004
- Total consumer loans including credit cards increased by 16.1% over YE 2004
- Credit cards, the highest yielding lending instrument in the market, continued to take the highest portion in total consumer loans with 71.3%
- The share of housing loans in total consumer loans increased to 9.5% in Q1 2005 from 5.9% in 2004 YE



*Consumer loans extended to SMEs are excluded

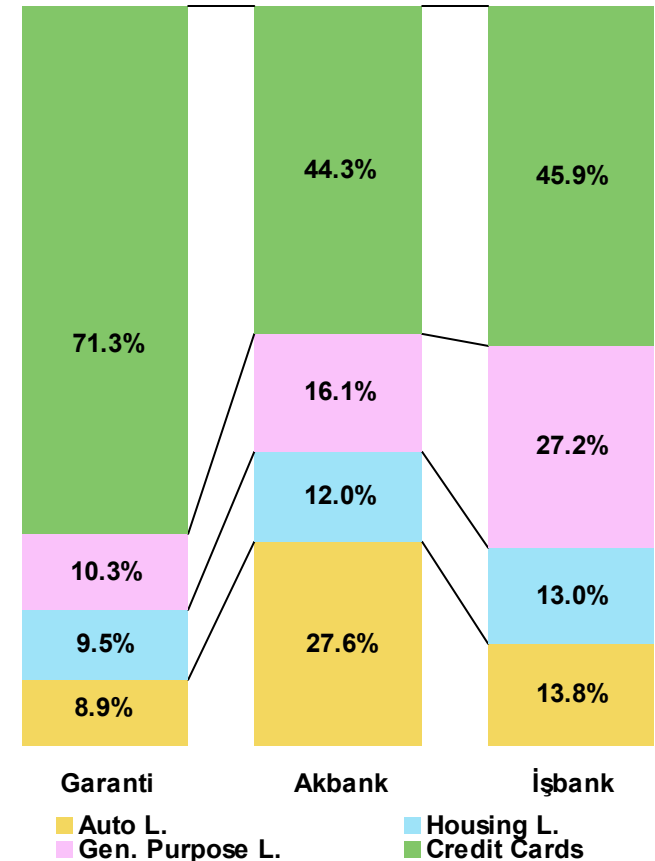
Yield Comparison in TL Loans

%

	March 31, 2005	
	Yield	% in Consumer Loans
Credit Cards	44.3%	71.3%
Gen. Purpose Loans	29.1%	10.3%
Housing Loans	26.0%	9.5%
Auto Loans	26.1%	8.9%

Breakdown of Consumer Loans

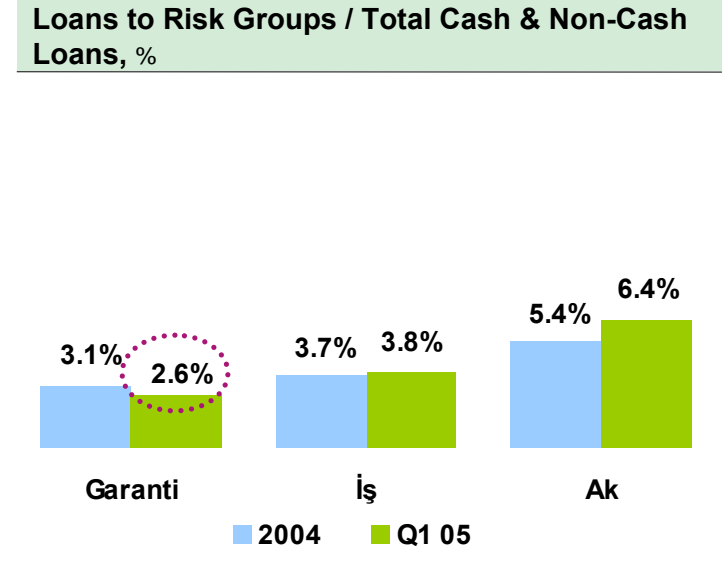
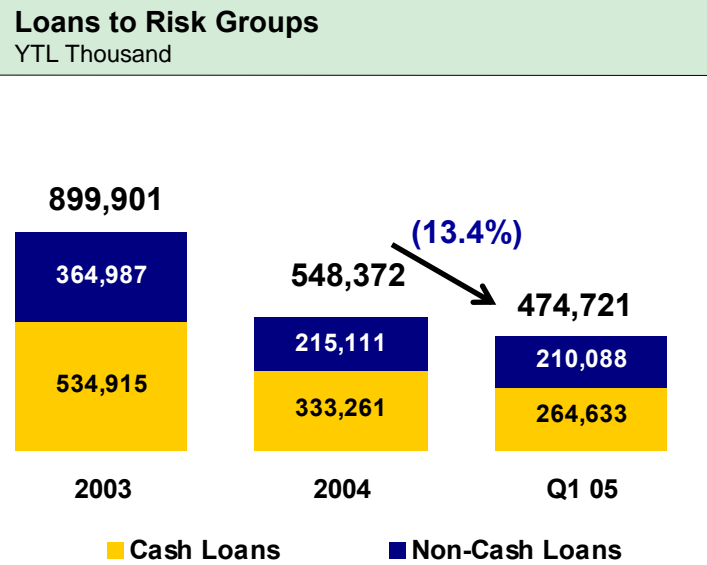
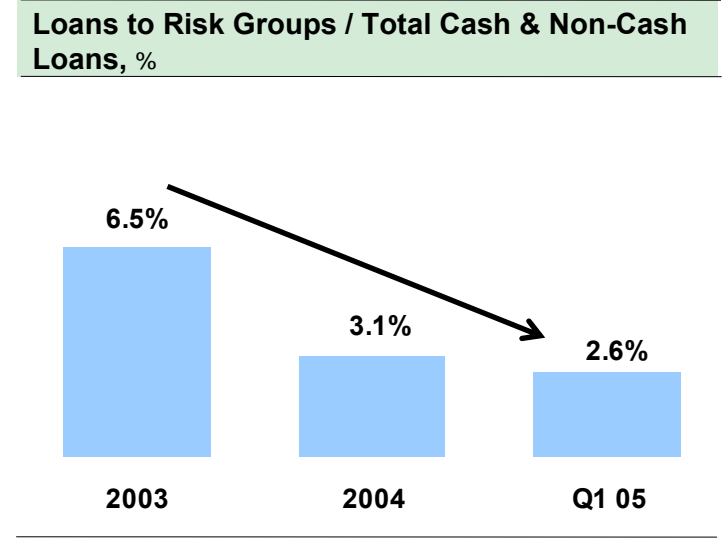
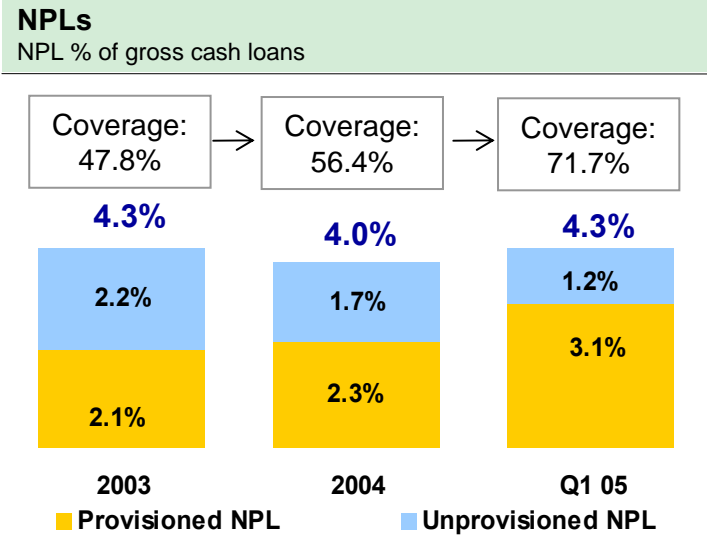
%



Strong Asset Quality

...with a low NPL ratio, higher provisioning and the lowest group exposure among peers

- NPL coverage ratio increased to 71.7% in Q1 2005 from 56.4% in 2004 YE
- Group exposure was down by 13.4% in the first quarter
- Group exposure in total lending decreased further to 2.6% in Q1 05 from 3.1% in 2004 YE (lowest ratio among the peer group)



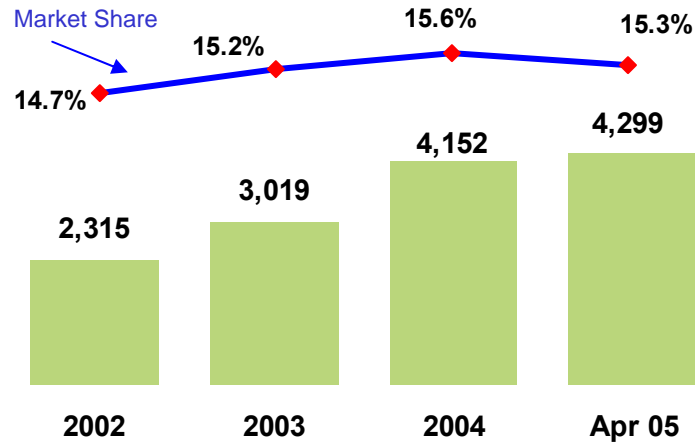
Playing for Leadership in Credit Cards

...closing the gap with the #1 player

- Number of credit cards reached 4.3 million, despite low approval rates at 50%
- Market share in total issuing volume reached 20.19% in April 2005
- Market share in acquiring volume continued to increase in April 2005, reaching 19.47%

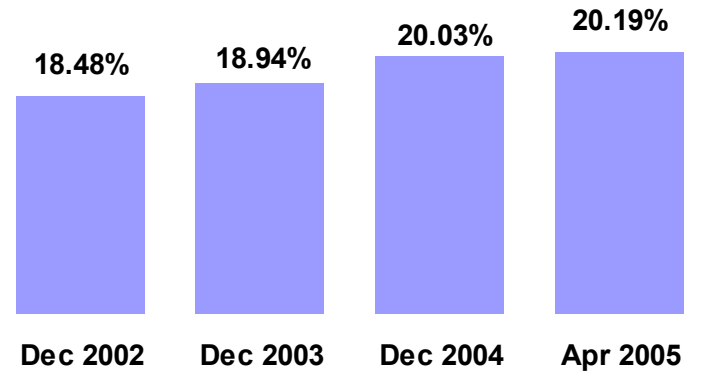
Number of Credit Cards

Thousand



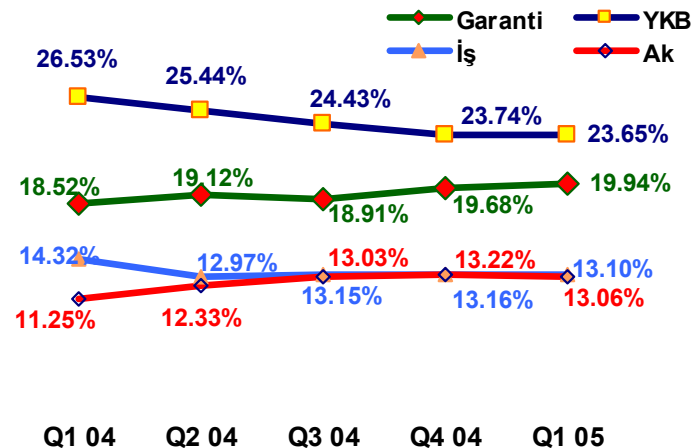
Issuing Volume Market Share

%, Monthly Figures



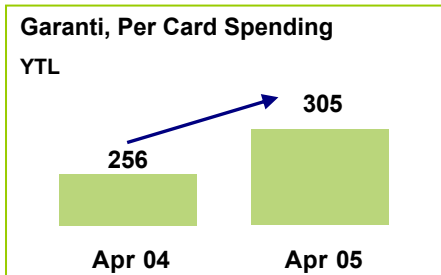
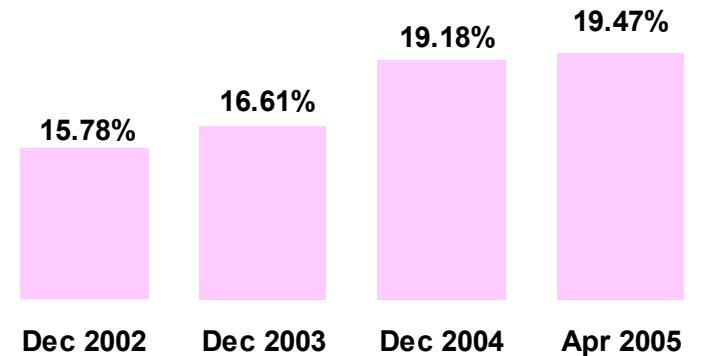
Issuing Volume Market Share, Garanti vs. YKB

%, Quarterly



Acquiring Volume Market Share

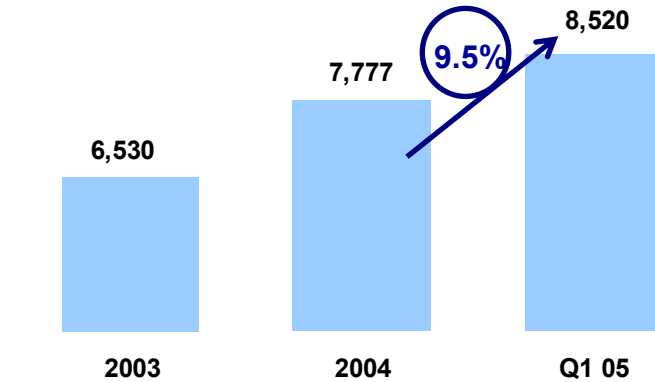
Retail, %, Monthly Figures



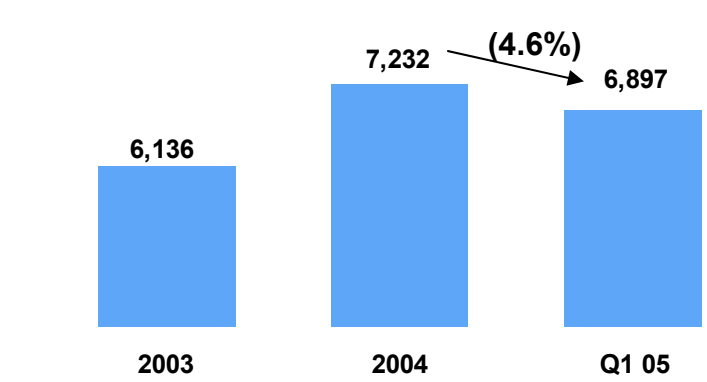
Constant Increase in TL Deposits and Total Customer Funds

- TL deposits increased by 9.5%, reaching YTL 8,520 Million
- Total customer funds increased by 8.0% over YE 2004, reaching YTL 39,804 Million

TL Deposits
YTL Million

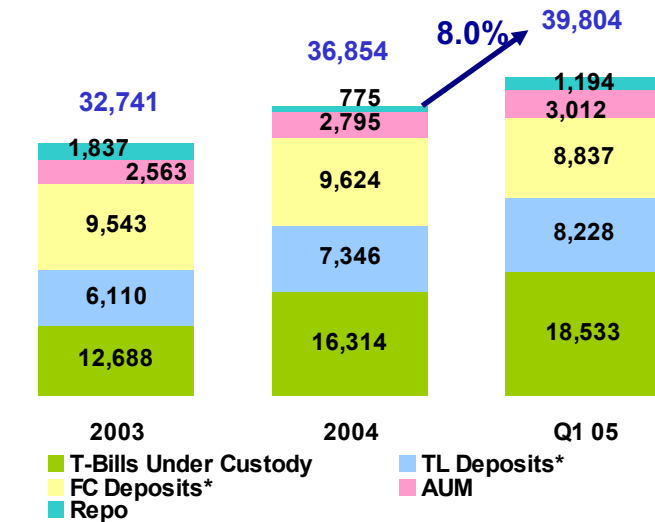


FC Deposits*
US\$ Million

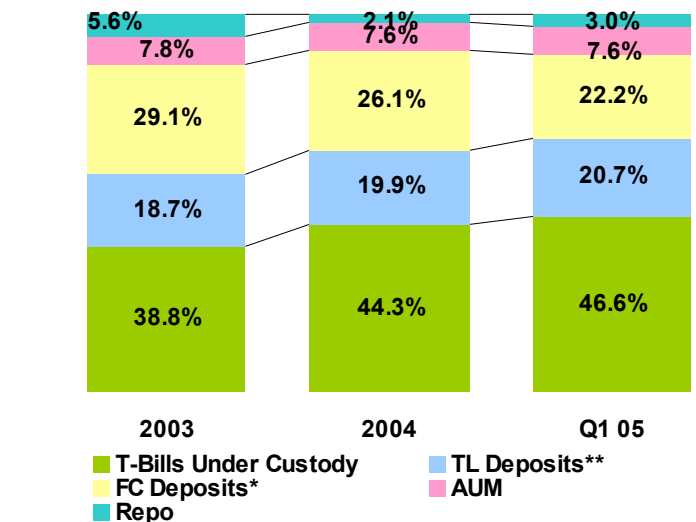


* Foreign currency, not inflation adjusted

Total Customer Funds
YTL Million



Composition of Total Customer Funds
%

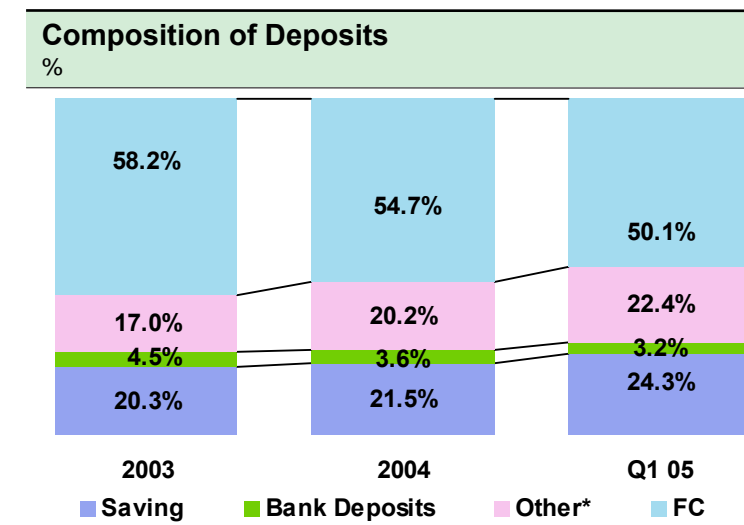
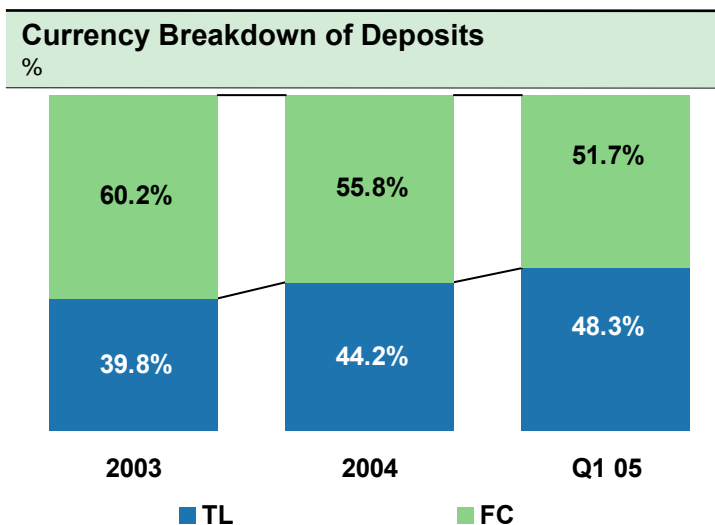
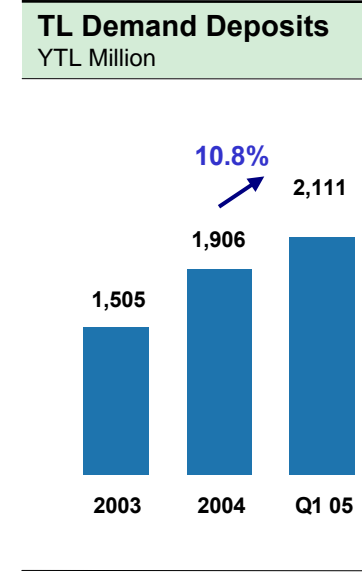
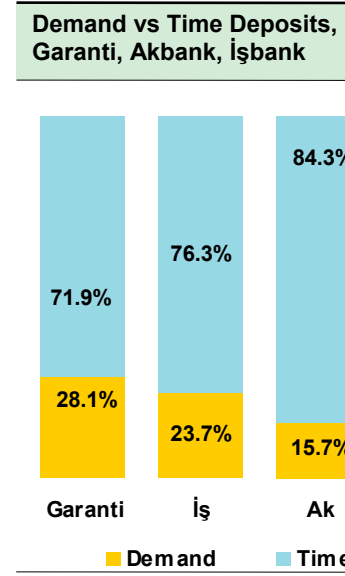
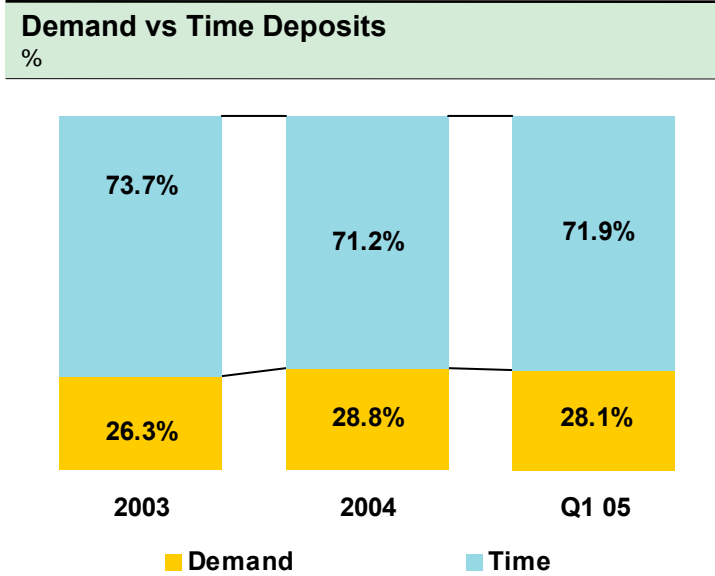


**Excluding bank deposits

Best Performer in Demand Deposits

...with the highest share of demand deposits among peers

- Demand deposits composed 28.1% of total deposits in Q1 2005, being the highest ratio among the peer group
- TL demand deposits increased by 10.8% over YE 2004
- Share of TL deposits in total deposits reached 48.3% as of Q1 2005



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

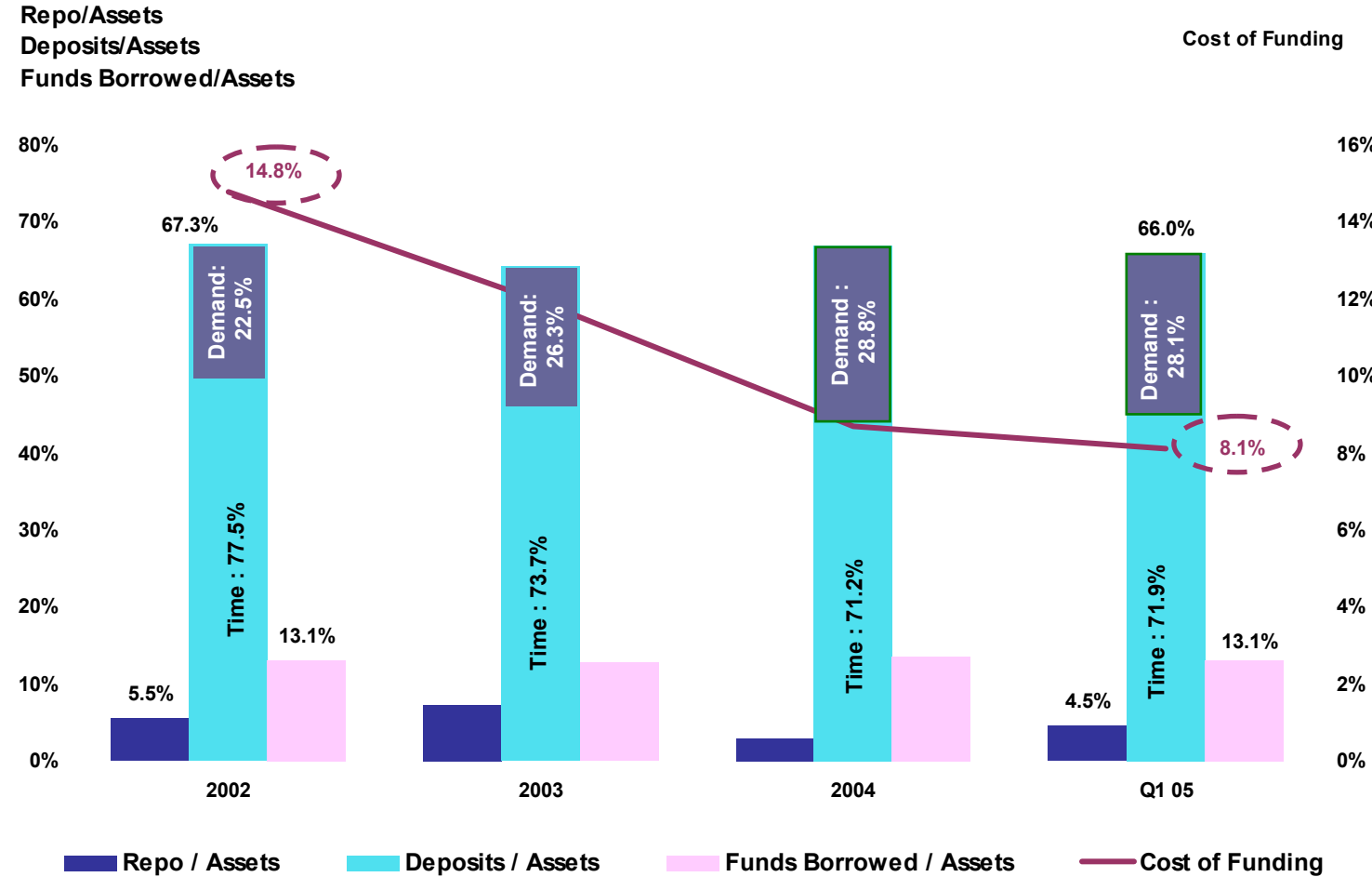


Constant Improvement in Cost of Funding

...translating into higher margins

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

Funding %

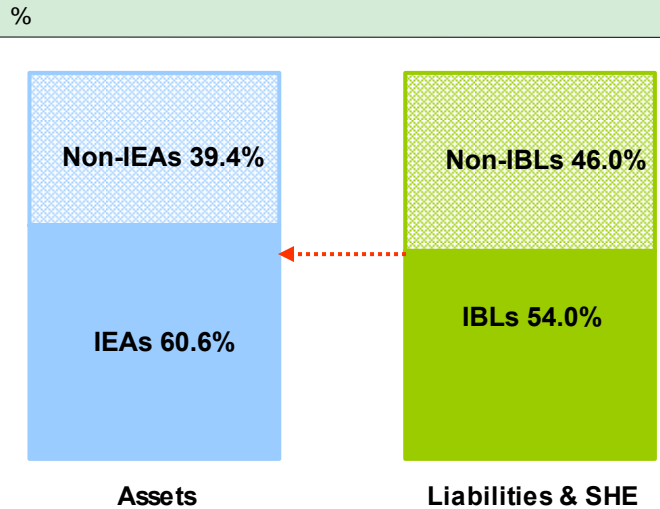


Aggressive Disposal of Non-core Assets

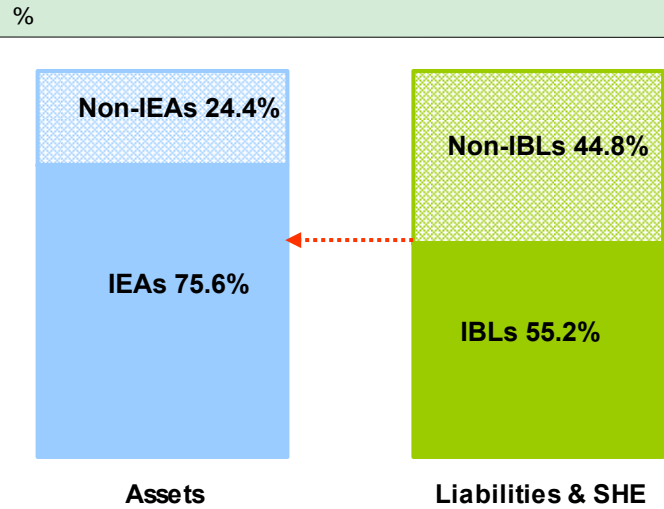
...and increasing gap between IEAs & IBLs

- Due to the disposal of DOAŞ shares, fixed asset sales and lower DTA (Deferred Tax Assets), non-IEAs decreased significantly in the TL B/S. Accordingly, share of IEAs increased from 60.6% in 2003 YE to 75.6% in Q1 2005
- On the FC side, higher FC demand deposits resulted in a higher share of Non-IBL/Total liabilities and SHE
- Accordingly, the gap between TL IEAs and TL IBLs as a percentage of TL assets increased to 21.8% as of Q1 2005 from only 8.9% as of YE 2003 and 21.3% at YE 2004, translating into higher TL margins

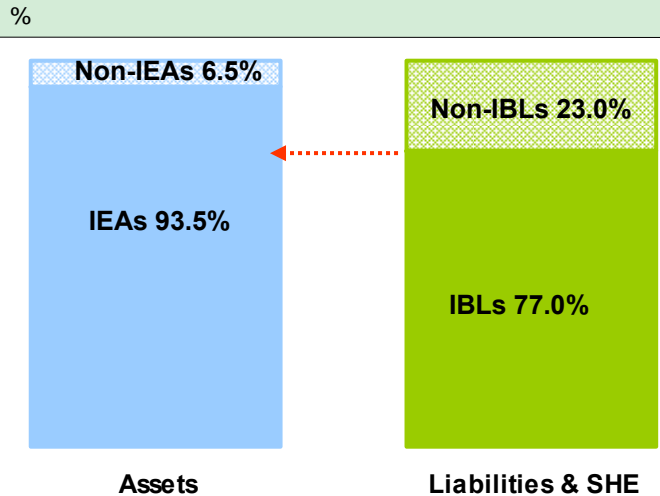
TL Balance Sheet, 2003



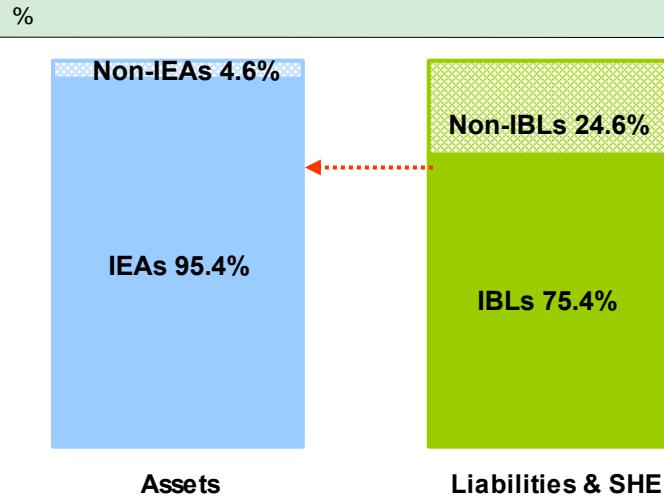
TL Balance Sheet, Q1 2005



FC Balance Sheet, 2003



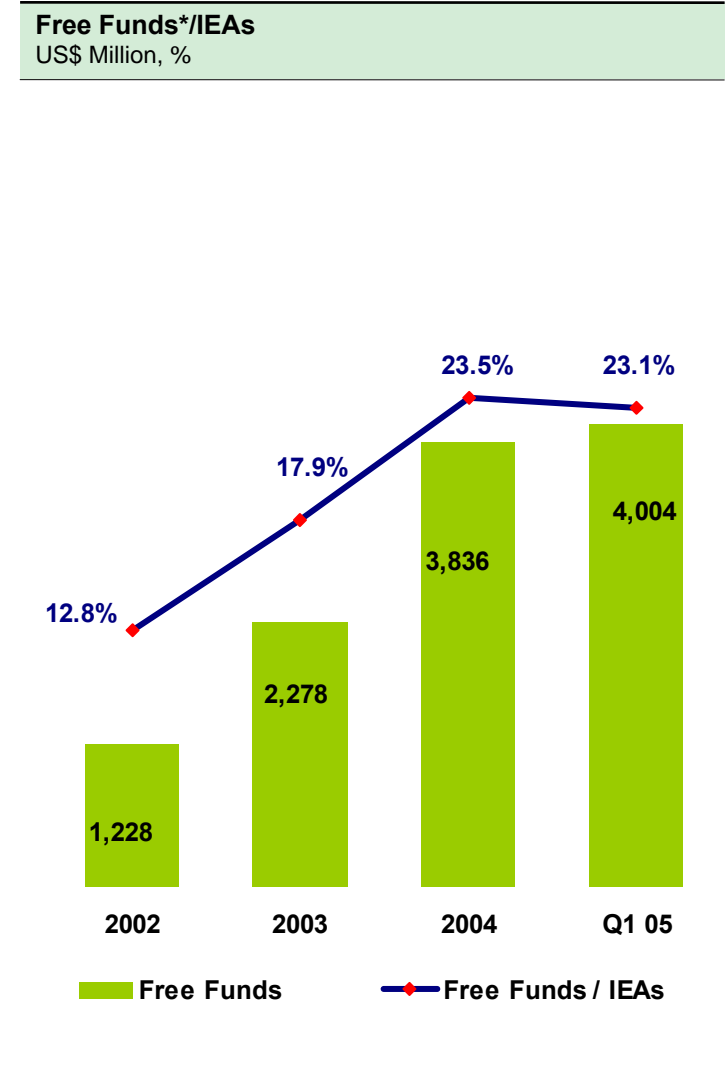
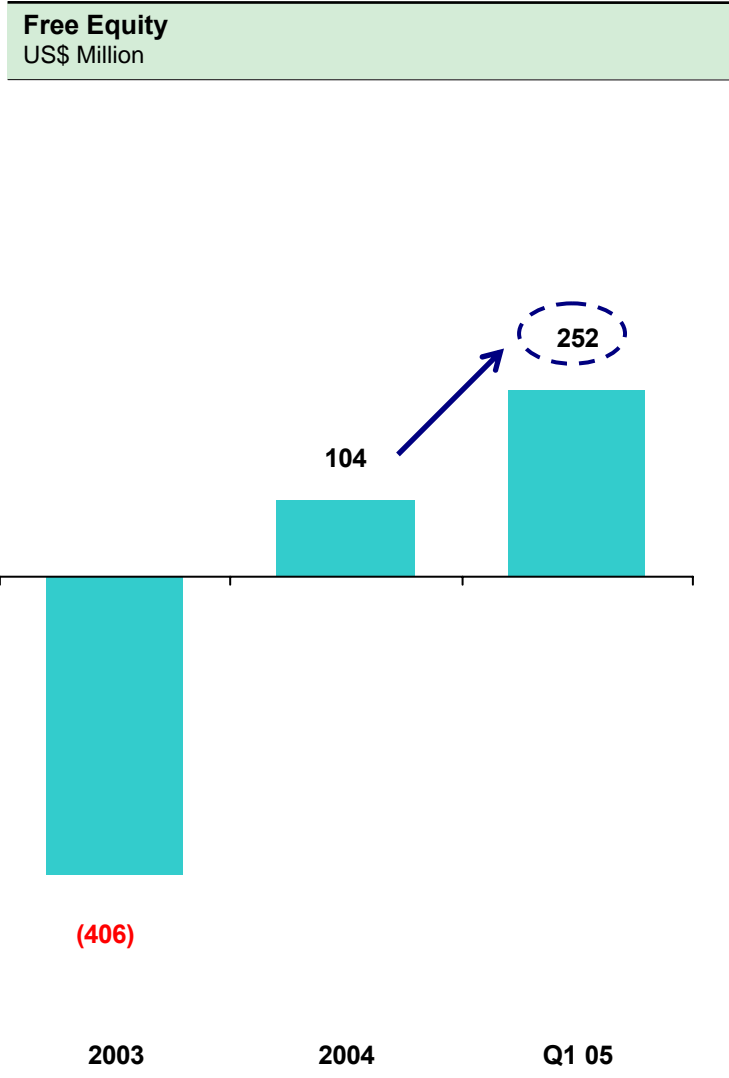
FC Balance Sheet, Q1 2005



Significant Improvement in Free Equity

–Free equity, which moved to positive territory by 2004 YE, continued to improve in Q1 2005, reaching US\$252 Million

–Free funds increased by 4.4% in US\$ terms, reaching US\$4,004 Million, while their ratio to IEAs stood at 23.1%



*Free Funds : Free Capital + Demand Deposits

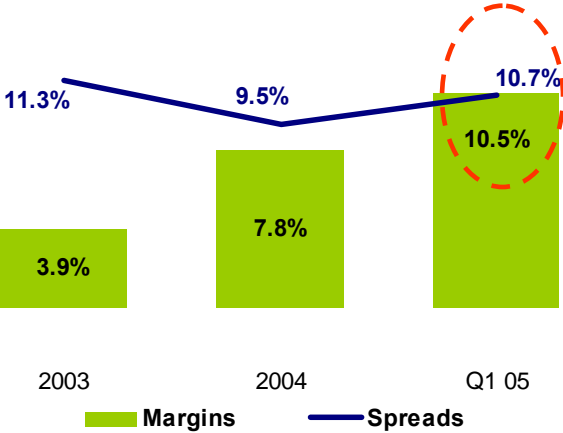


Improvement in spreads & margins surpassed expectations

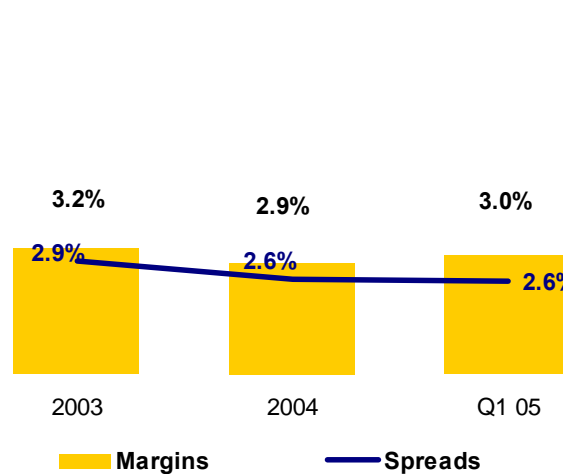
...shift towards TL assets in line with higher TL margins

- In line with increasing gap between IEAs and IBLs, TL margins continued to increase in Q1 05, reaching 10.5%
- Due to focus on high-margin products and lucrative business lines and continuous improvement in cost of funding, TL spreads increased to 10.7% in Q1 05 from 9.5% in 2004 YE, while FC spreads remained flat
- Share of TL assets increased further in line with the improvement in TL margins, reaching 49.2% of total assets and translating into an overall improvement in adj. NIM to 6.6%, compared to 5.7% in 2004

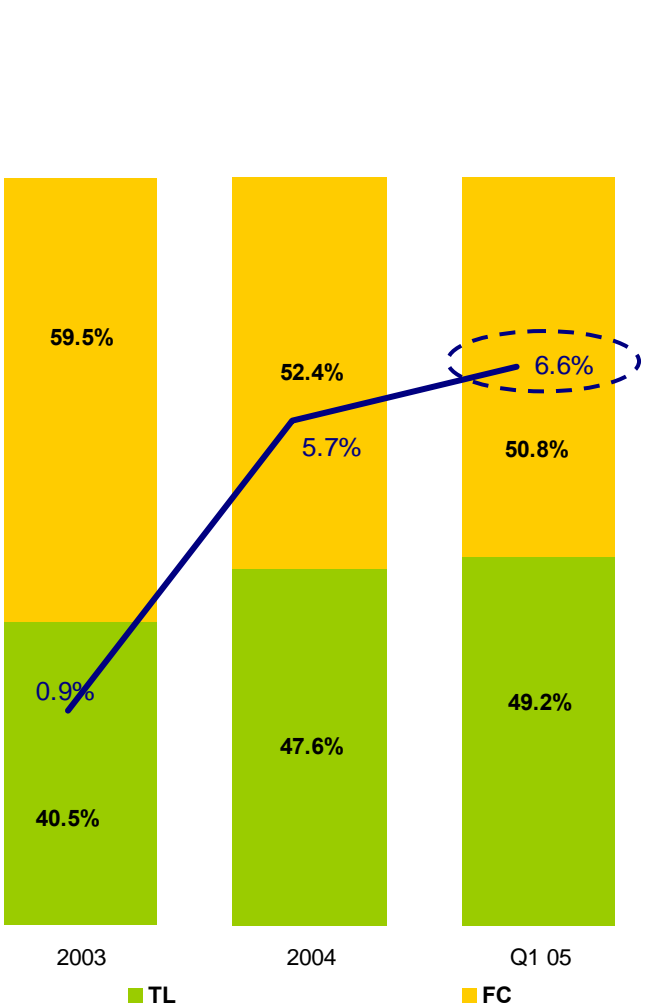
TL Balance Sheet %



FC Balance Sheet %



TL / FC Breakdown of Assets & Adj. NIM %





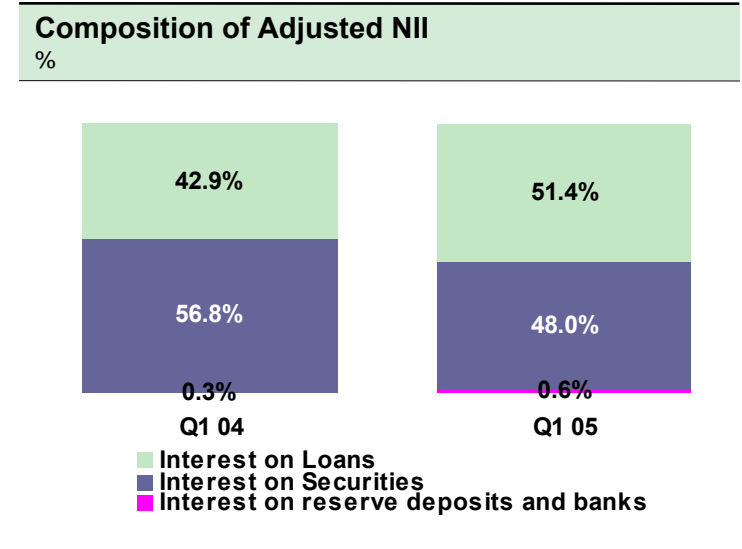
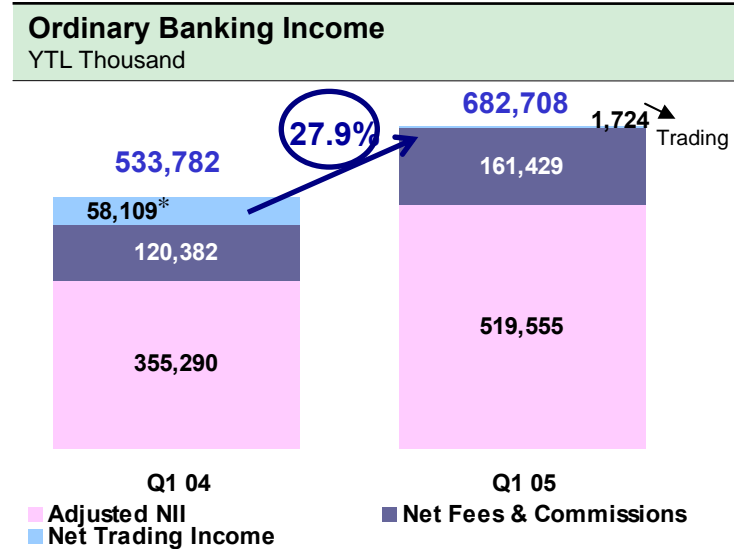
2004 Performance – P/L

High Focus on Sustainable Revenues

...with increased share of customer-based income

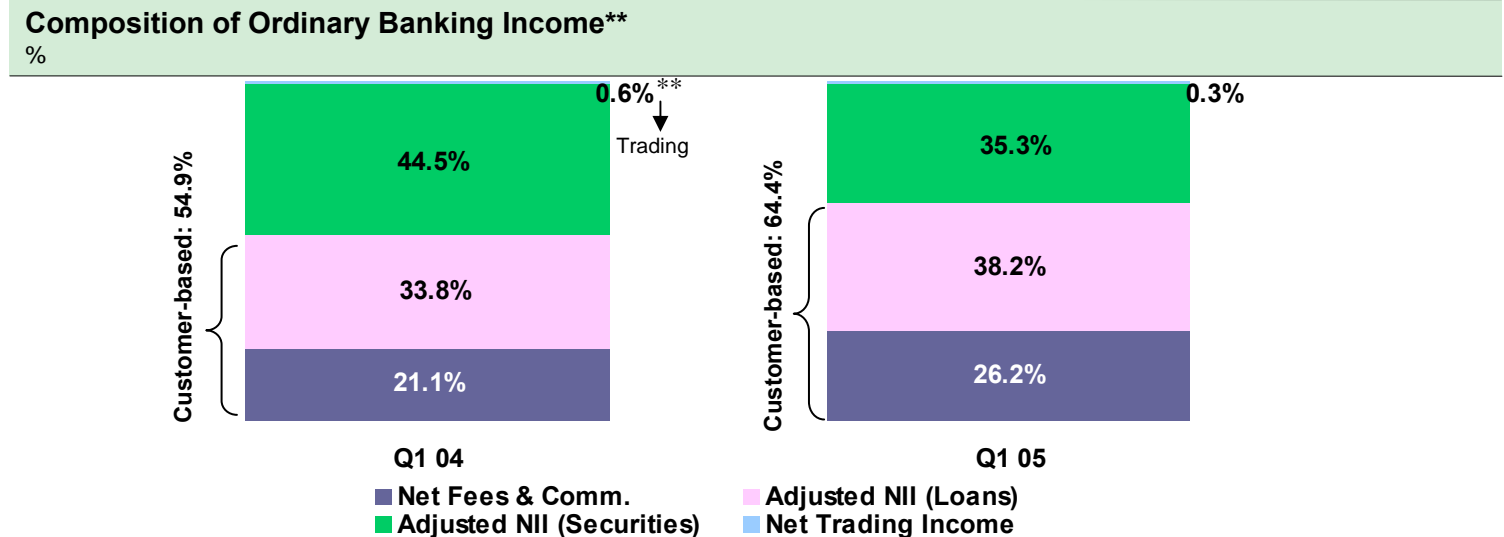
Garanti's strong focus on real banking pays off:

- Ordinary banking income increased by 27.9% over the same period last year, reaching YTL682,708 thousand
- Share of customer – based income in ordinary banking income increased to 64.4% in Q1 2005 from 54.9% in Q1 2004



NII adjusted by Monetary Gain(Loss) and Net FX Gain (Loss)

Based on MIS criteria



*The trading gain in Q1 2004 does not reflect the reclassification of accrued interest on securities sold from trading gain to interest income, which came to force as of Q2 2004. If the reclassification was applied to Q1 2004 figures, trading gain and Adj. NII were supposed to be YTL3,160 thousand and YTL410,239 thousand, respectively

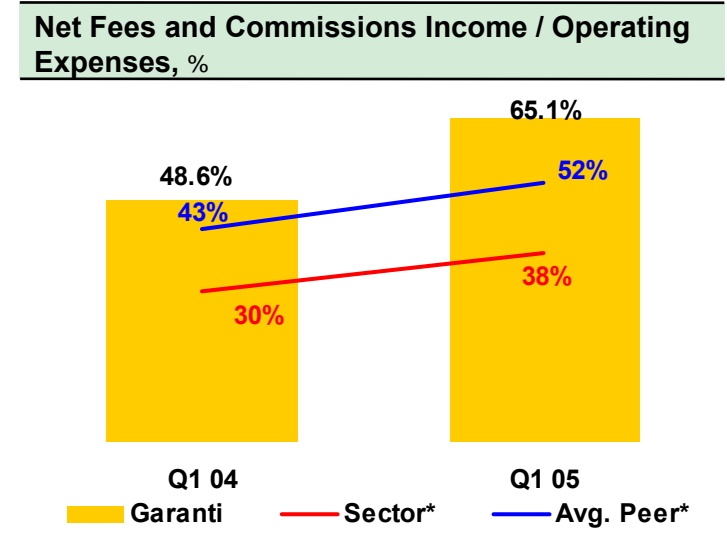
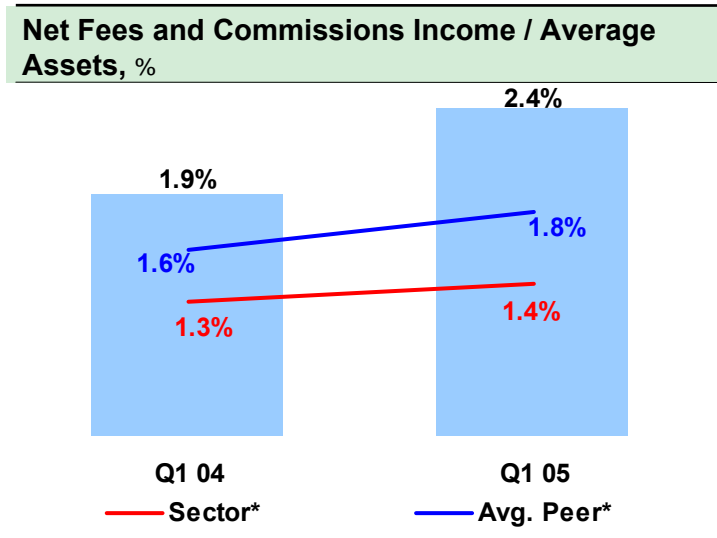
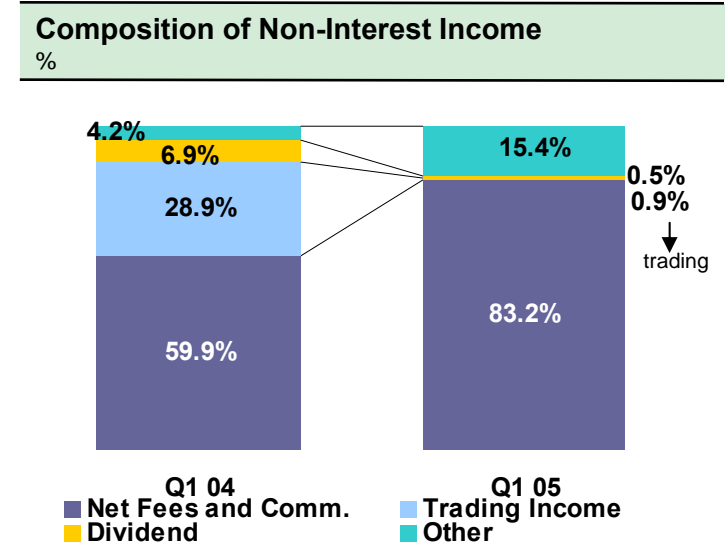
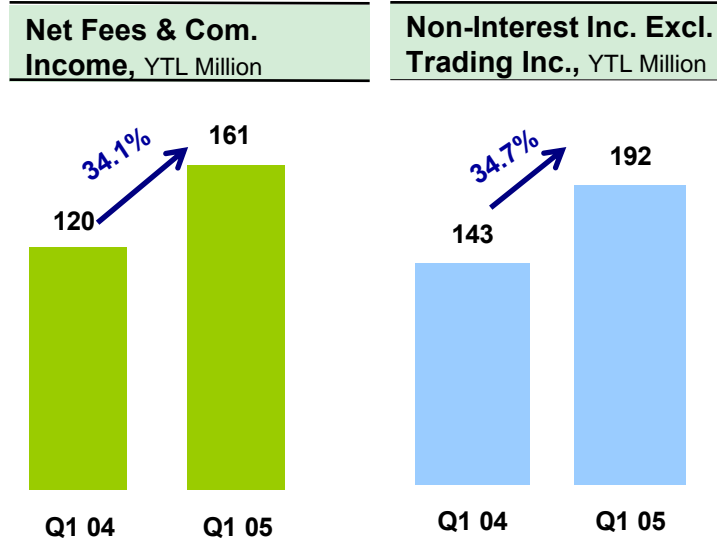


**Based on MIS criteria, reflecting the reclassification of accrued interest on securities sold

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 34.1% over Q1 2004
- Net fees and commissions income to average assets reached 2.4%, significantly above the peer and the sector average
- Garanti covered 65.1% of its operating expenses through net fees and commissions income



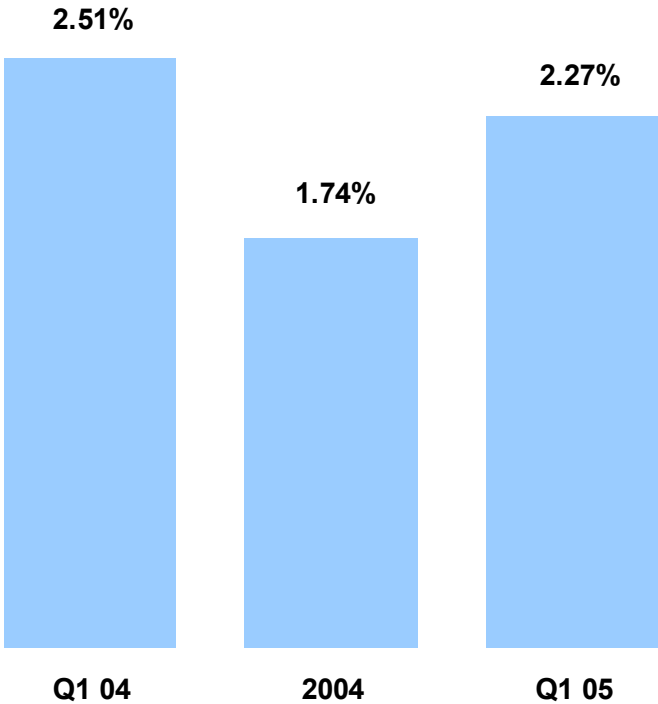
*Sector averages are as of 2004 YE. Peer averages are as of Q1 2005 except for YKB data, which was available as of 2004 YE.

Strong Performance in Profitability Ratios

– ROAA and ROAE were 2.27% and 18.69%, respectively as of Q1 2005

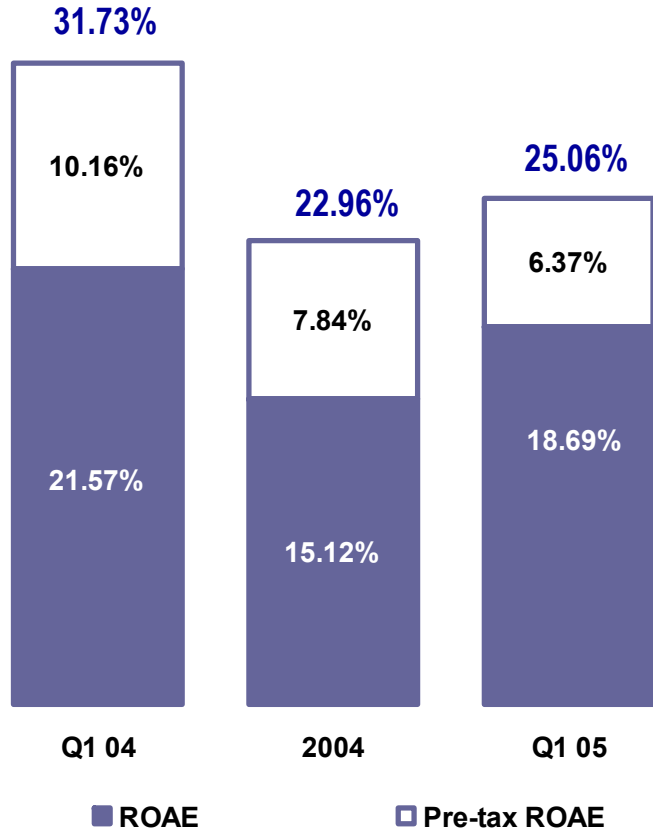
Return on Average Assets

%



Return on Average Shareholders' Equity

%



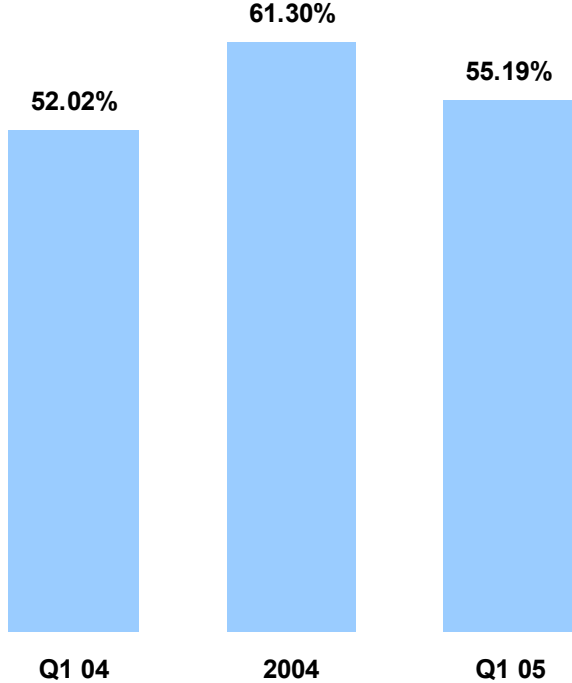
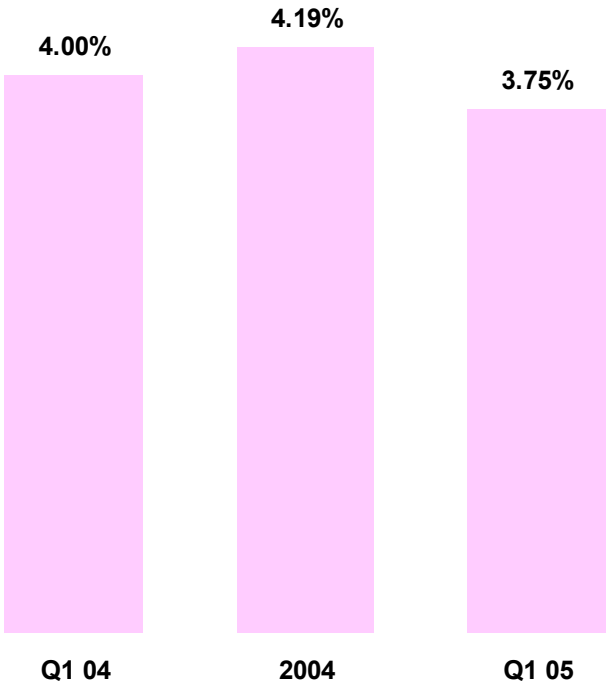
Improvement in Opex

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

- Operating expenses to average assets came down to 3.75% in Q1 2005 from 4.19% in 2004 YE, and 4.00% in Q1 2004
- Cost / Income ratio was 55.19% as of Q1 2005

Operating Expenses / Average Assets
%

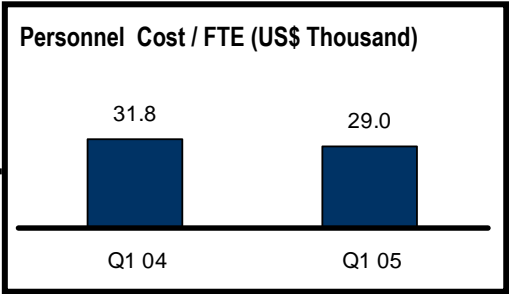
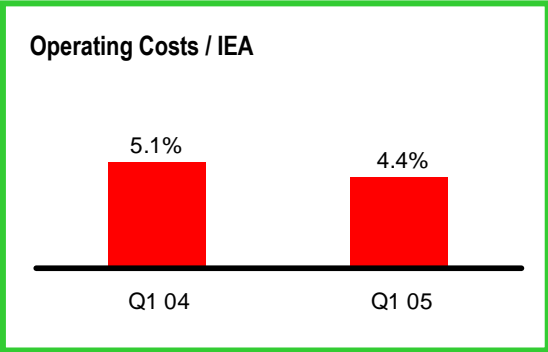
Cost / Income Ratio
%



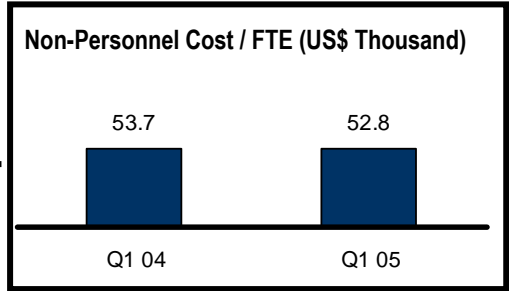
Focus on Cost Management

...supported by decline in both personnel and non-personnel costs per employee

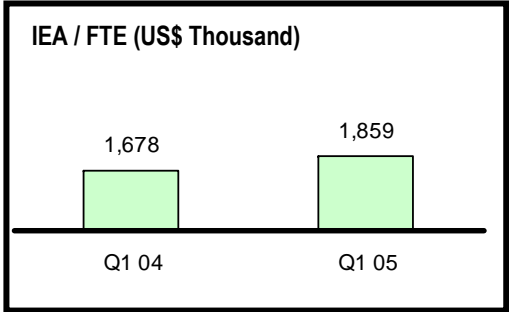
- New measures have been employed on a continuous basis to eliminate potential bottlenecks and redundancies on the expense side
- Opex to IEA declined from 5.1% in Q1 2005 to 4.4% in Q1 2005



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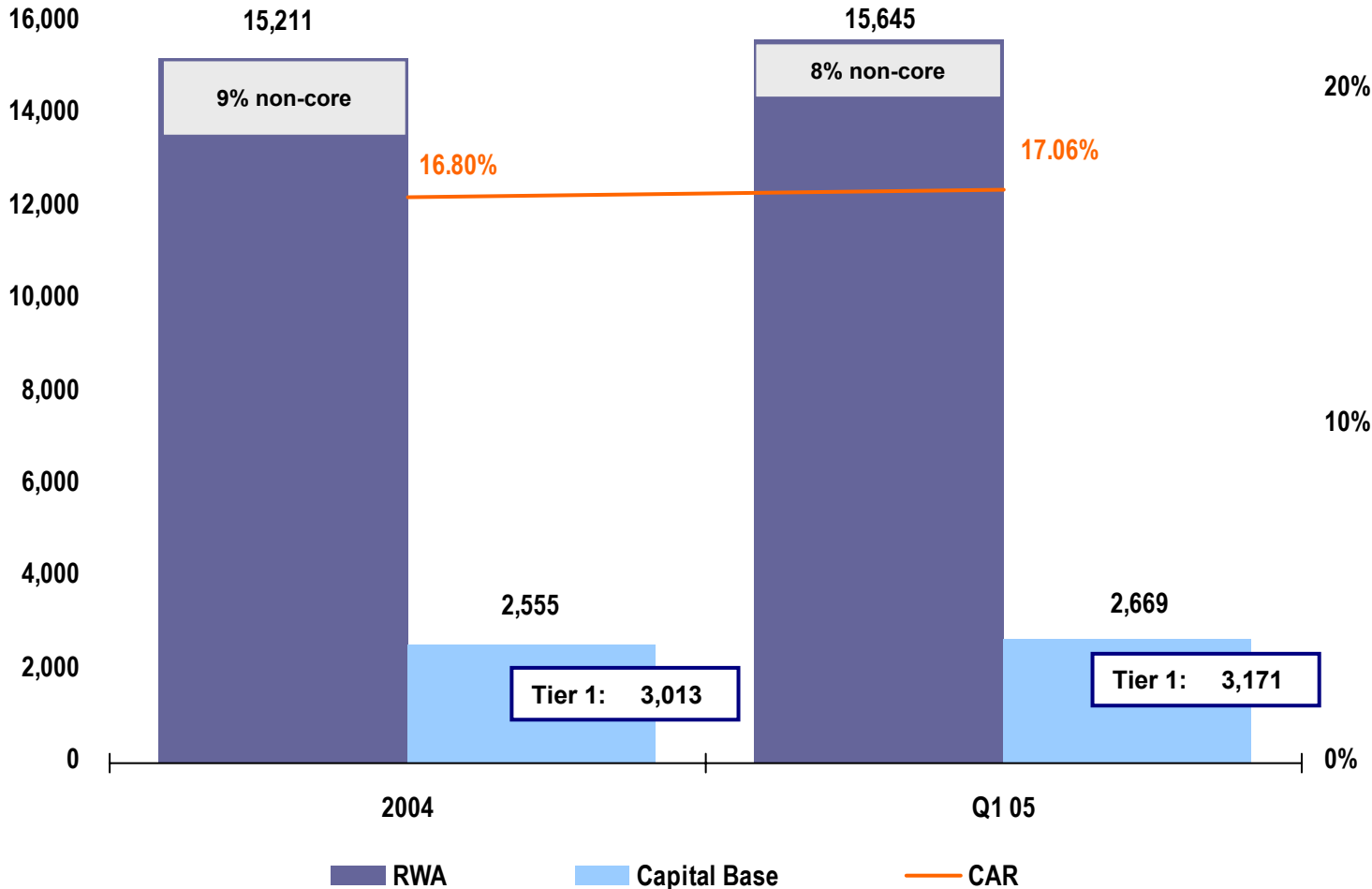
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Strong Levels of Capital Adequacy

– Garanti’s capital adequacy ratio increased to 17.06% in Q1 2005 from 16.80% in 2004 YE

RWA vs CAR
%, YTL Million





Garanti

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