CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2003

(As adjusted for the effects of inflation in TL units at 30 June 2003 pursuant to IAS 29)

Corporate Strategy, Business Development & Investor Relations

Contents

Section 1

Highlights of H1 2003

Highlights of H1 2003

- Net banking income of the banking segment increased by 52.6%, reaching TL529,773 Billion
  - Adjusted net interest income, which was TL41,613 Billion in H1 2002, already reached TL125,305 Billion in H1 2003, registering 201.1% increase on an annual basis
  - Net fees and commissions income was up by 21.0%, reaching TL185,914 Billion
  - Net trading income was TL218,554 Billion, registering 43.8% increase over the same period last year
- Net income of the banking segment increased by 177.6% on an annual basis, reaching TL79,396 Billion
- Net income was TL42,071 Billion on consolidated basis in the first half of 2003
- Net fees and commissions covered 38.3% of the operating expenses, and its ratio to average assets increased to 1.7% (coverage of operating expenses by net fees and commissions was as high as 50.4% in the banking segment)
- Cost / Income ratio came further down to 72.0% in H1 2003, from 78.4% in H1 2002
- Asset quality improved further, with NPL ratio declining to 4.5%
- BIS capital adequacy ratio reached 13.8% in H1 2003

Section 2

Segment Analysis

Garanti Bank

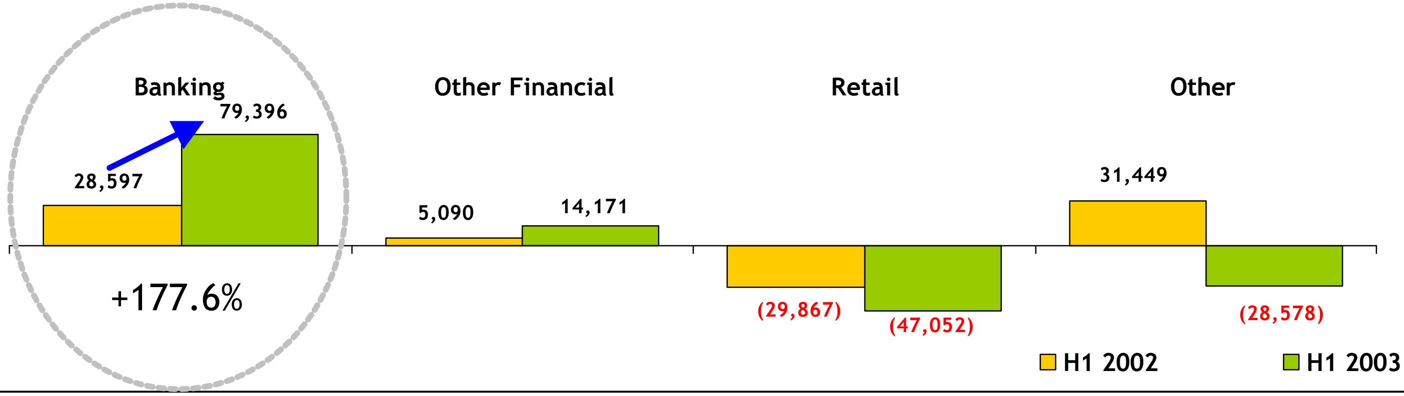
Segment Analysis*

Net Income for the Year

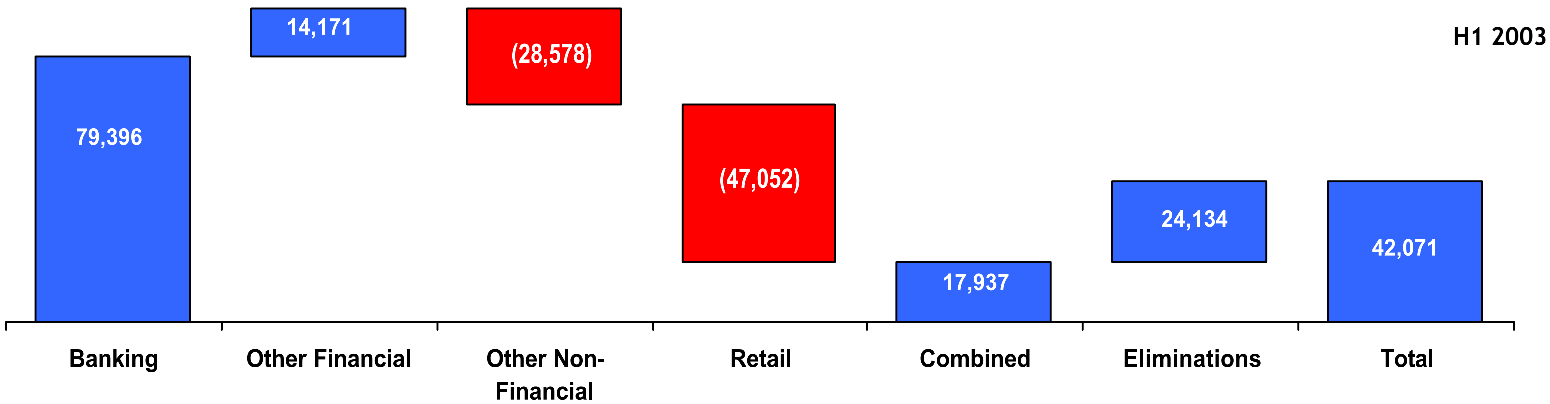
Significant increase in net income of the banking segment

- Net income of the banking segment increased by 177.6% over the same period last year, reaching TL79,396 Trillion

Net Income
TL Billion



Net Income
TL Billion



* Segment analysis is based on pre-elimination figures

Garanti

Section 3

Consolidated Financial Performance – Balance Sheet

Garanti Bank

Consolidated Financial Performance

Financial Summary

Increase in profitability

- Total assets were TL 21,530 Trillion (US$15,395 Million) as of June 30, 2003. The decline in assets stemmed mainly from the appreciation of TL, as over 60% of the balance sheet is in FC
- Garanti registered a net income of US$30 million in the first half of 2003, already exceeding 2002 year end figure
- NPL ratio decreased further to 4.5% in the first half of 2003
- Cost / Income ratio decreased further to 72.0% in H1 2003
- Capital adequacy ratio increased to 13.8% in H1 2003

Selected Figures
IAS29

	December 31, 2002	June 30, 2003
Total Assets (TL Trillion)	24,741	21,530
TL Net Cash Loans (TL Trillion)	2,139	2,385
FC Net Cash Loans [1] (US$ Million)	3,553	3,670
TL Deposits (TL Trillion)	5,043	4,987
FC Deposits [1] (US$ Million)	6,827	7,408
Total Shareholders' Equity (US$ Million)	1,353	1,383
Net Income (US$ Million)	22	30
NPL Ratio (%)	5.1%	4.5%
ROAA (%)	0.1%	0.4%
ROAE (%)	1.6%	4.4%
Cost / Income (%)	83.7%	72.0%
Capital Adequacy Ratio (%)	13.2%	13.8%

[1] Foreign currency, not inflation adjusted

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Garanti Bank

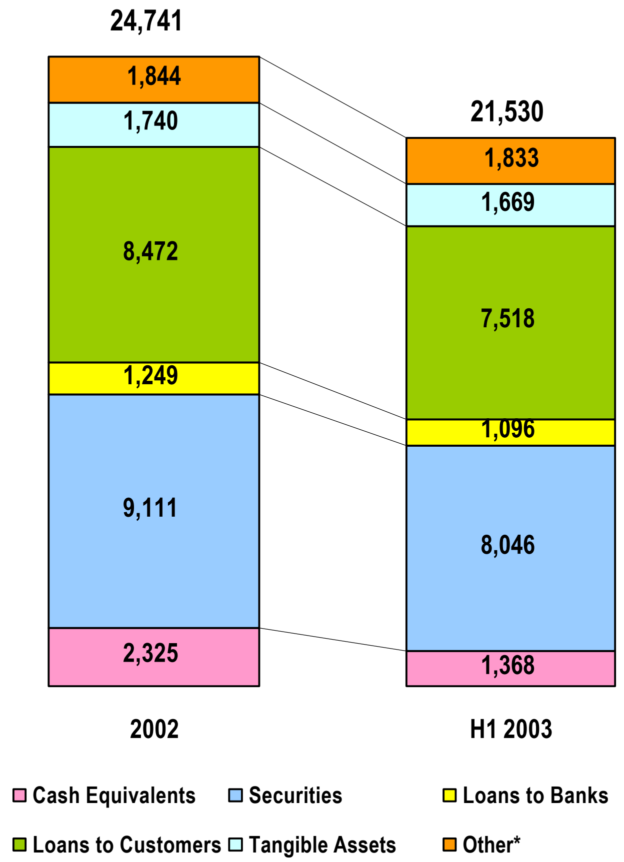
Consolidated Financial Performance

Asset Size

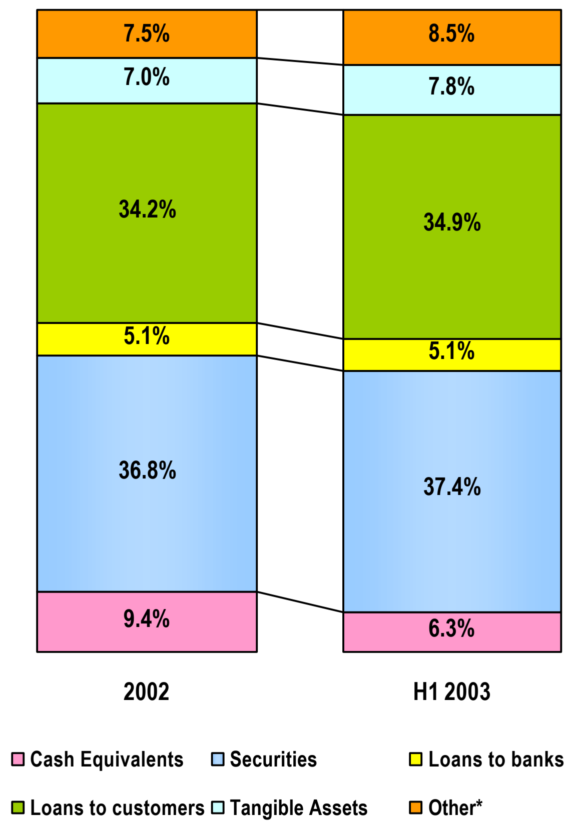
Continuous increase in the share of loans to customers

- Total assets were TL21,530 trillion at H1 2003
- Share of loans to customers in total assets continued to increase, reaching 34.9% as of H1 2003
- As 61.9% of total assets is FC or FC-indexed, the appreciation of TL during the first half 2003 caused total asset size to shrink in TL terms

Asset Size
TL Trillion



Composition of Assets
%



*Other assets include intangible assets, investments in associated companies,deferred tax assets, and other assets

Garanti Bank

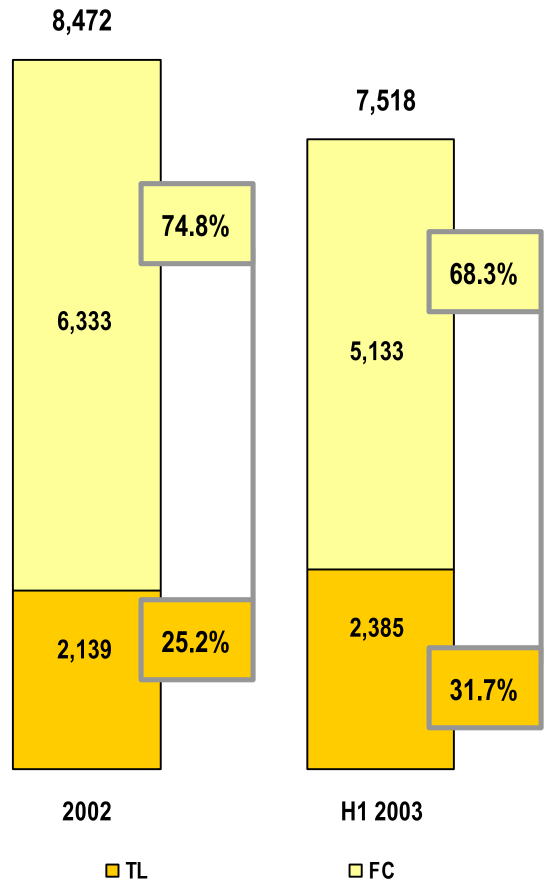
Consolidated Financial Performance

Loans

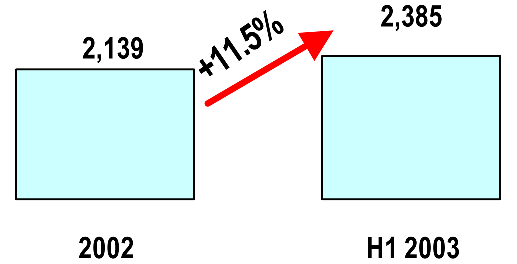
Increase in relatively more profitable TL loans

- The share of TL loans in total loans increased to 31.7% in H1 2003 from 25.2% at 2002 YE
- TL loans increased by 11.5%, reaching TL2,385 Trillion in H1 2003
- FC loans increased by 3.3%, reaching US$3,670 Million in H1 2003

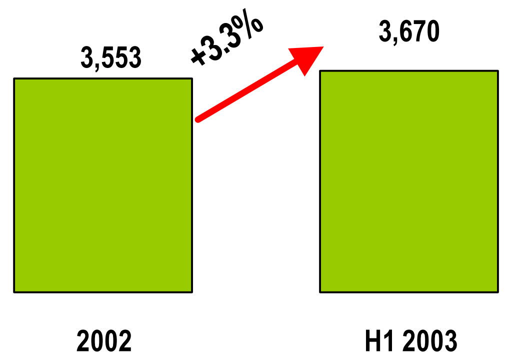
Net Cash Loans
TL Trillion



TL Loans
TL Trillion



FC Loans [1]
US$ Million



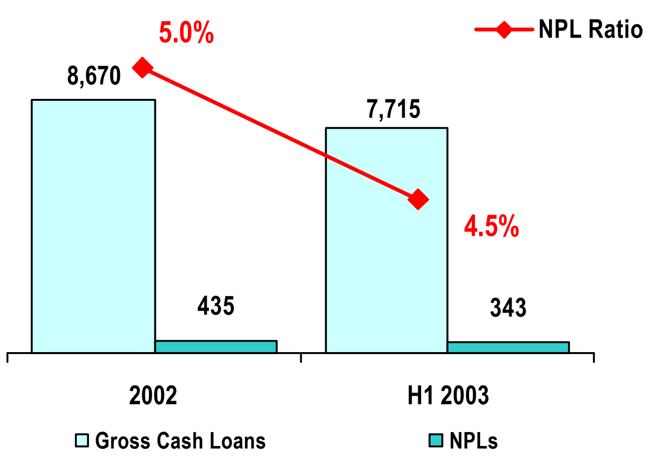
[1] Foreign currency, not inflation adjusted

Loans

Continuous improvement in NPLs

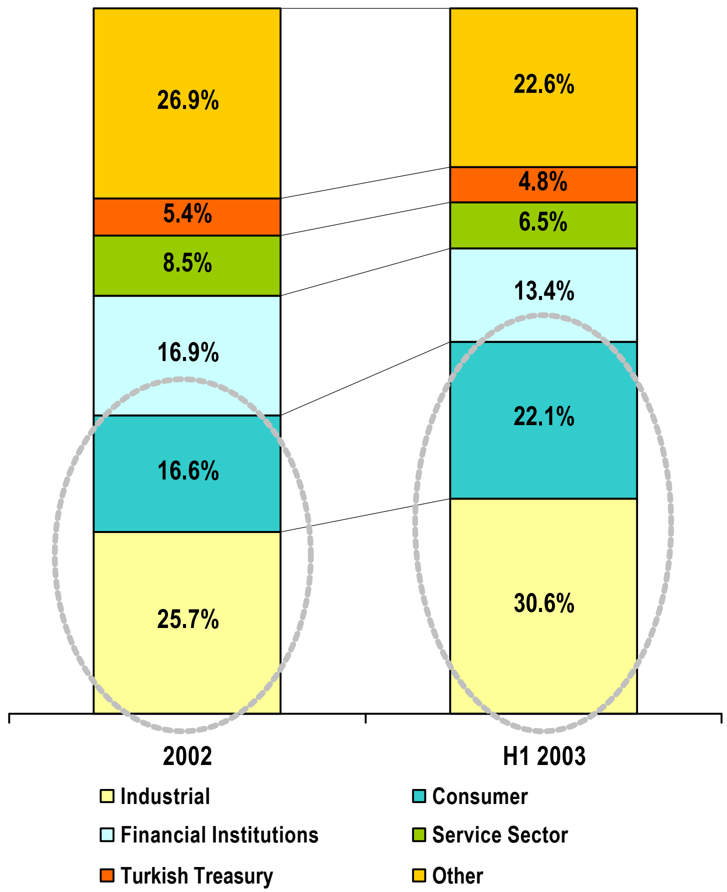
- The share of NPLs in gross cash loans decresed further to 4.5% at H1 2003
- NPL provisioning rate increased to 46.3% at H1 2003 from 31.8% in 2002 YE
- The share of consumer and industrial loans increased in line with the improvement on the macro front

NPLs and Provisioning
%



Asset Quality	31.12.2002	30.06.2003
Secured Loans	67.67%	60.20%
Unsecured Loans	32.33%	39.80%
Provisioned NPL	1.6%	2.1%
Unprovisioned NPL	3.5%	2.4%

Loan Allocation
%



Garanti Bank

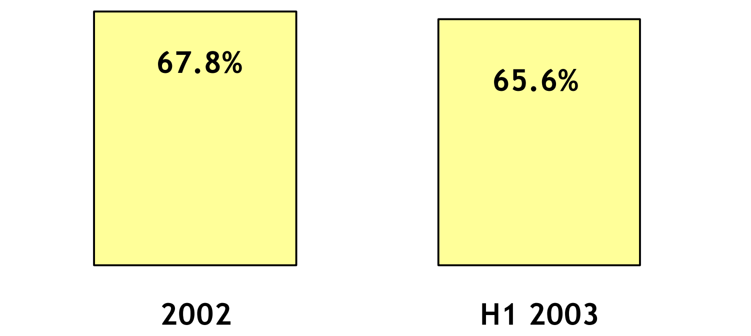
Consolidated Financial Performance

IEA versus IBL

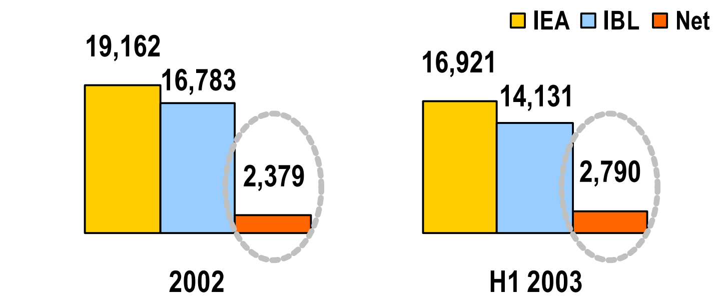
The spread between IEAs and IBLs continued to increase

- The share of IBLs declined to 65.6% in H1 2003 from 67.8% at 2002 YE
- Even though there is a slight decline in IEA/Total Assets, the spread between IEAs and IBLs continued to increase
- In line with disinflationary trends, the Bank continued to restructure its B/S, increasing the share of deposits and loans in IEAs and IBLs

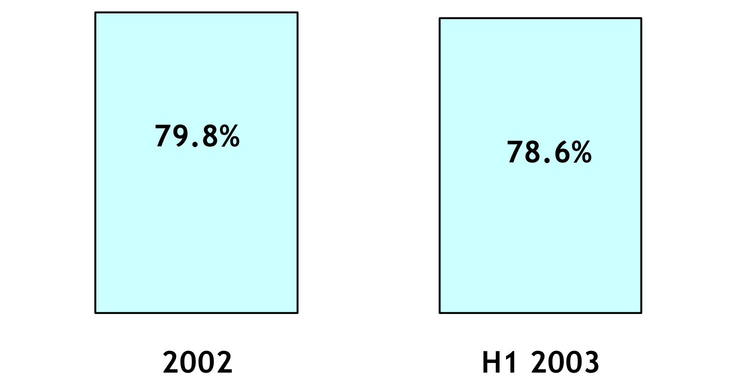
IBL/Total Liabilites and SHE
%



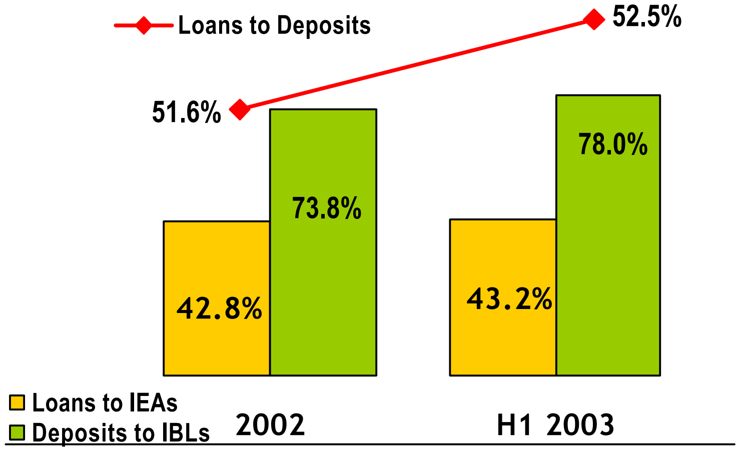
IEA – IBL
TL Trillion



IEA/Total Assets
%



Loans / Deposits
%



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Garanti Bank

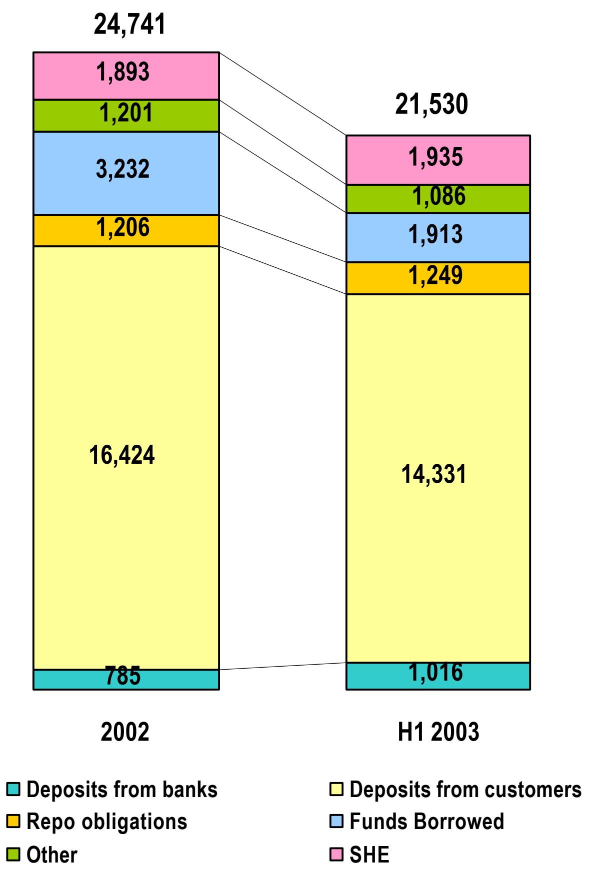
Consolidated Financial Performance

Composition of Liabilities and SHE

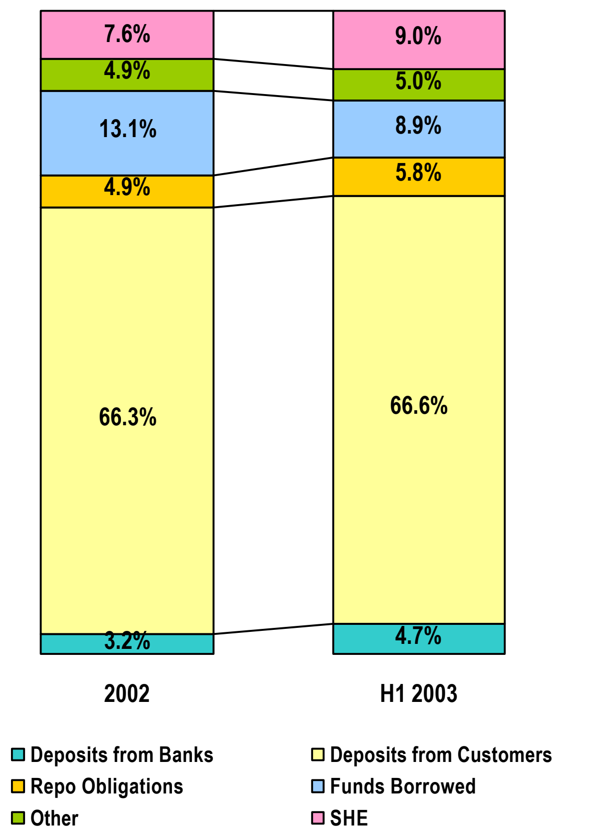
Increasing share of deposits

- Share of deposits in total liabilities and shareholders' equity reached 66.6%
- Funds borrowed declined by 40.8%, bringing its share in total liabilities and SHE down to 8.9% as at H1 2003, from 13.1% at 2002 YE

Liabilities & SHE
TL Trillion



Composition of Liabilities & SHE
%



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Garanti Bank

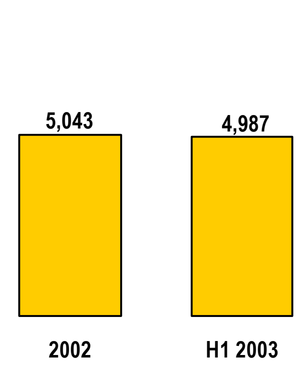
Consolidated Financial Performance

Deposits

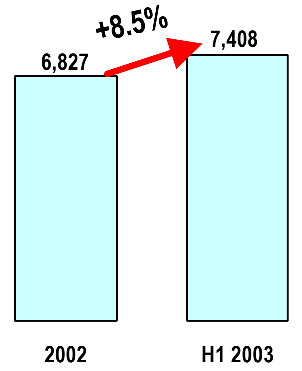
Increase in FC deposits is US$ terms

- While TL deposits were almost stable, FC deposits increased by 8.5%
- The share of FC deposits declined to 68.7% in H1 2003 from 70.1% at 2002 YE
- Saving deposits increased 11.8% in real terms over 2002 YE, bringing its share from 13.6% at 2002 YE to 17.5% in H1 2003
- The share of TL deposits in total deposits increased to 32.5% in H1 2003
- The share of demand deposits continued to increase in the first half of 2003, bringing its share in total deposits up to 29.4%

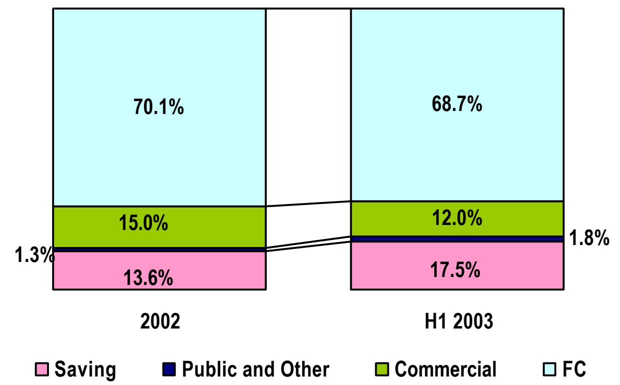
TL Deposits
TL Trillion



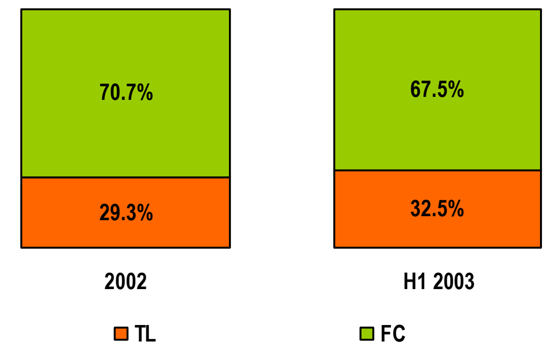
FC Deposits [1]
US$ Million



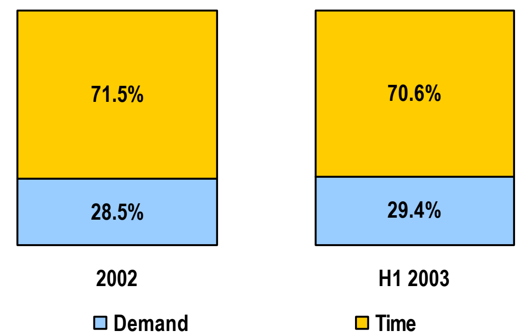
Composition of Deposits %
(excluding accrued interest expense)



TL – FC Breakdown %
(including bank deposits)



Demand vs. Time Deposit %
(excluding accrued interest expense)



[1] Foreign currency, not inflation adjusted

Garanti

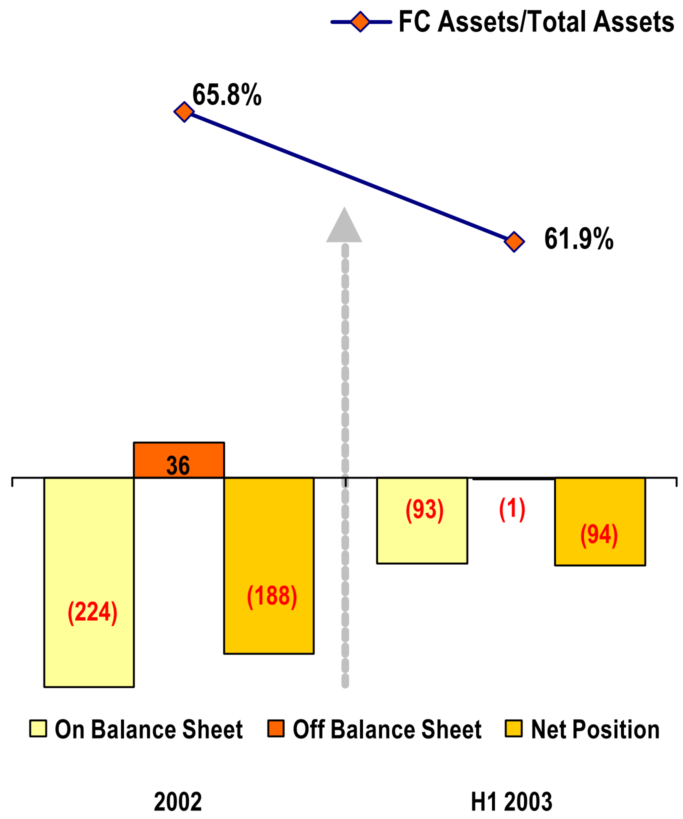
Garanti Bank

Consolidated Financial Performance

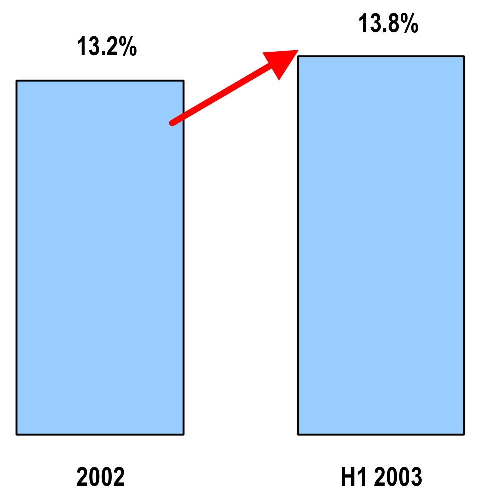
FX Position and CAR

- Capital adequacy ratio increased to 13.8% in H1 2003, from 13.2% at year end 2002

FX Position
US$ Million



Capital Adequacy Ratio
%



Section 4

Consolidated Financial Performance – Income Statement

Garanti Bank

Segment Analysis [1]

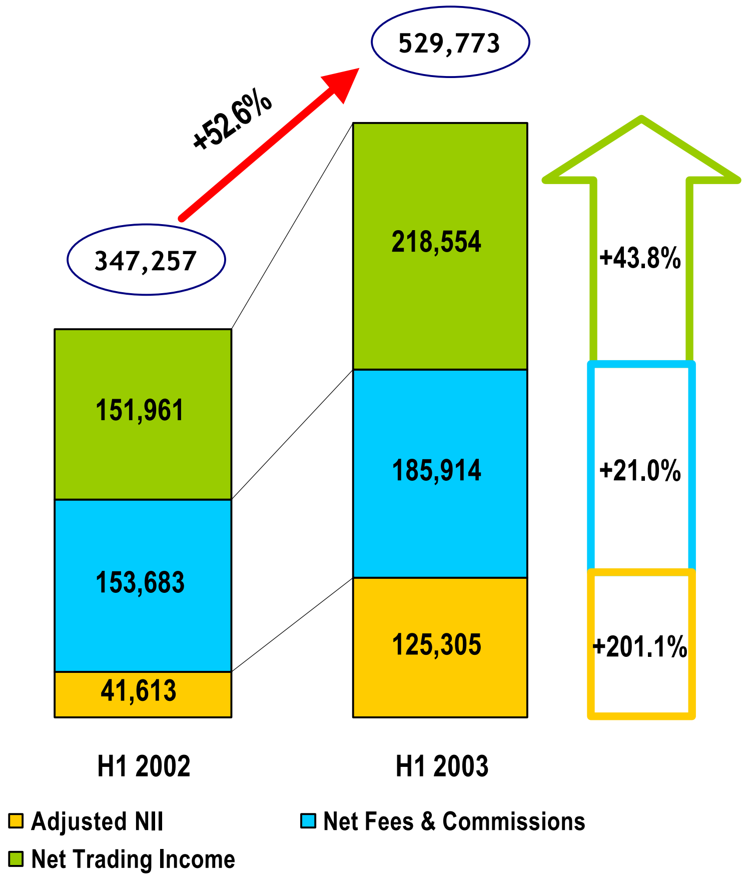
Net Banking Income and Non-Interest Expenses of the Banking Segment

Initiatives for cost reduction and banking income enhancement paid off

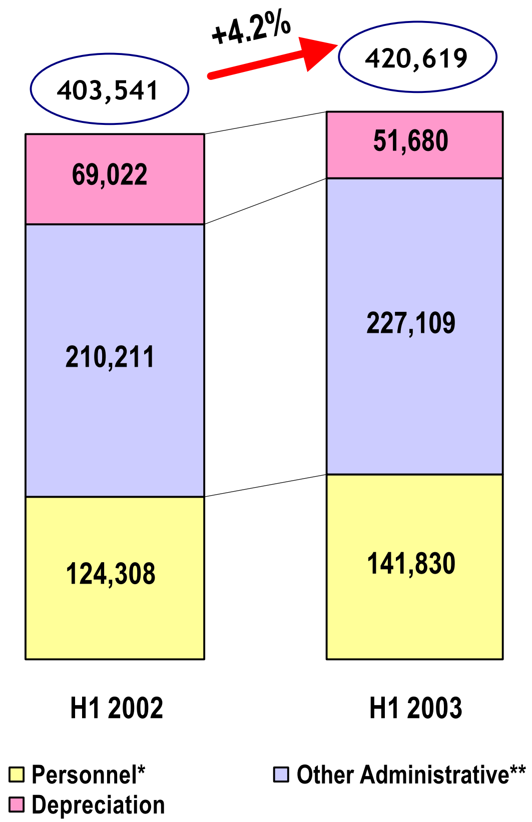
- Net banking income of the banking segment increased by 52.6% in H1 2003 as compared to H1 2002
- Net fee and commission income of the banking segment registered 21.0% incease, while trading income increased 43.8% in the same period
- Non-interest expenses of the banking segment slightly increased by 4.2% in H1 2003 over H1 2002

[1] Segment analysis is based on pre-elimination figures

Net Banking Income
TL Billion



Non-Interest Expenses
TL Billion



* Personnel expenses include salaries and wages and employee benefits

** Other administrative expenses are advertising, rent, computer usage, SDIF, taxes and duties, utility, repair and maintenance, R&D and other expenses

Garanti Bank

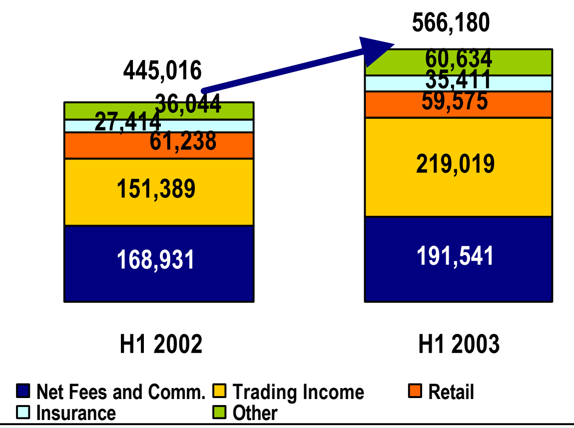
Consolidated Financial Performance

Non-Interest Income

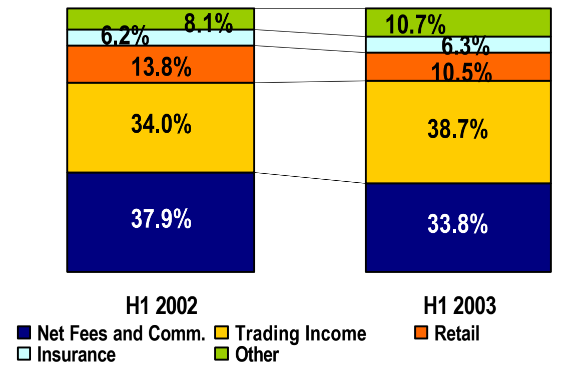
Increase in non-interest income

- Total non-interest income registered 27.2% increase in H1 2003 as compared to H1 2002
- When trading income is excluded, the increase in non-interest income was 18.2%
- Net income from trading activities was TL219,019 Billion, 44.7% higher than the TL 151,389 Billion achieved in H1 2002. Falling interest rates and increased volatility in FC markets led to a very strong first half for fixed income and foreign exchange trading

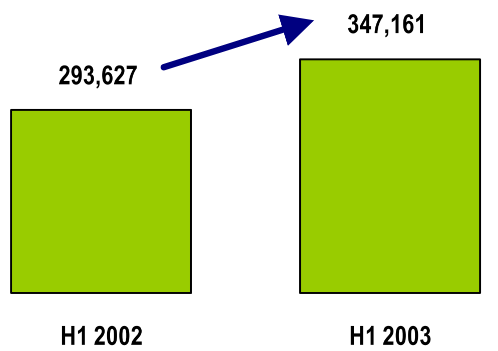
Non-Interest Income
TL Billion



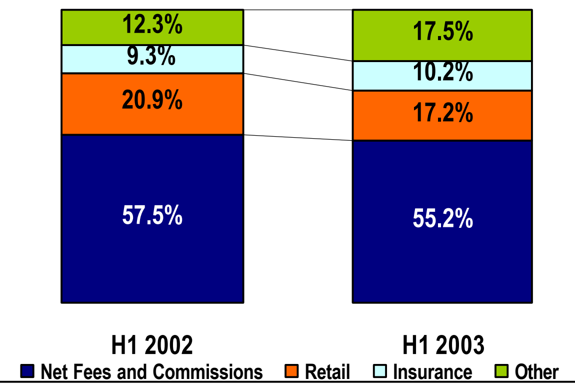
Composition of Non-Interest Income
%



Non-Interest Income Excl. Trading
TL Billion



Composition of Non-Interest Income Excl. Trading
%



Garanti

Garanti Bank

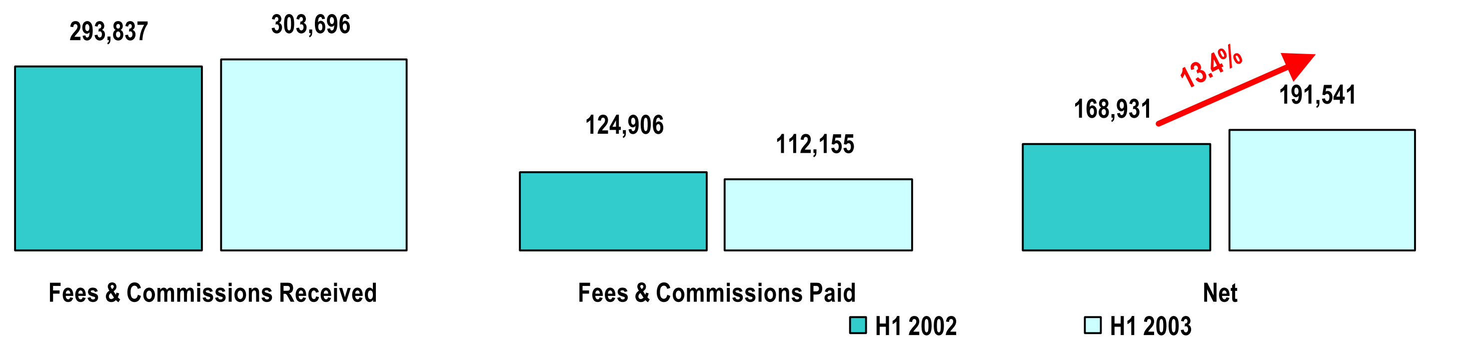
Consolidated Financial Performance

Fees and Commissions

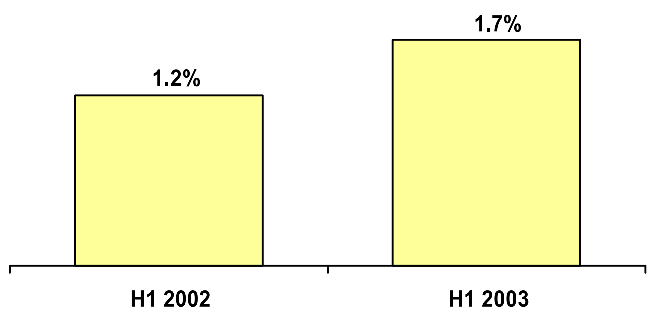
Continuous increase in fees and commissions

- Net fees and commissions increased by 13.4% in H1 2003 on an annual basis
- Garanti's net fees and commissions income covered 38.3% of its operating expenses in H1 2003 and its ratio to average assets increased to 1.7% in H1 2003 from 1.2% in H1 2002
- In addition to lucrative credit card business, growing volumes in cash and non-cash loans and increasing activity in banking services are expected to further contribute to higher levels of commission income

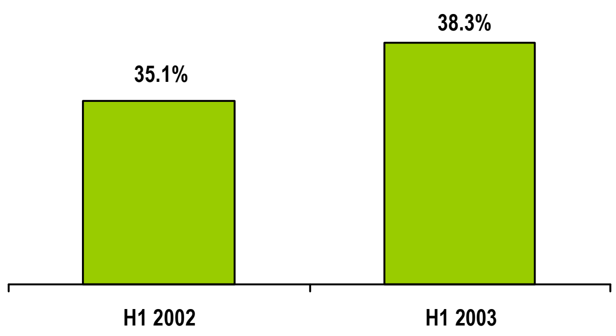
Fees and Commissions
TL Billion



Net Fees and Commissions / Average Assets
%



Net Fees and Commissions / Operating Expenses
%



Garanti

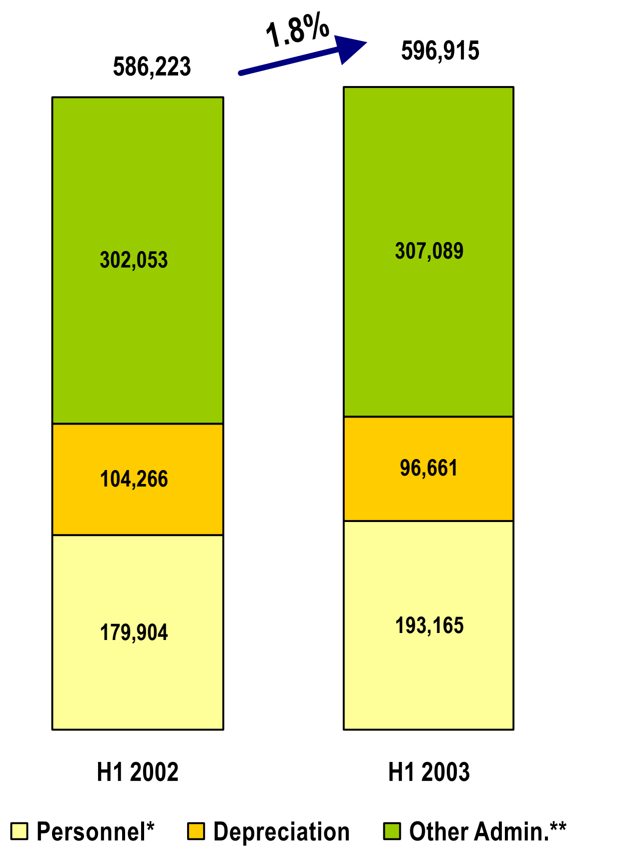
Non-Interest Expenses

Strong cost control discipline

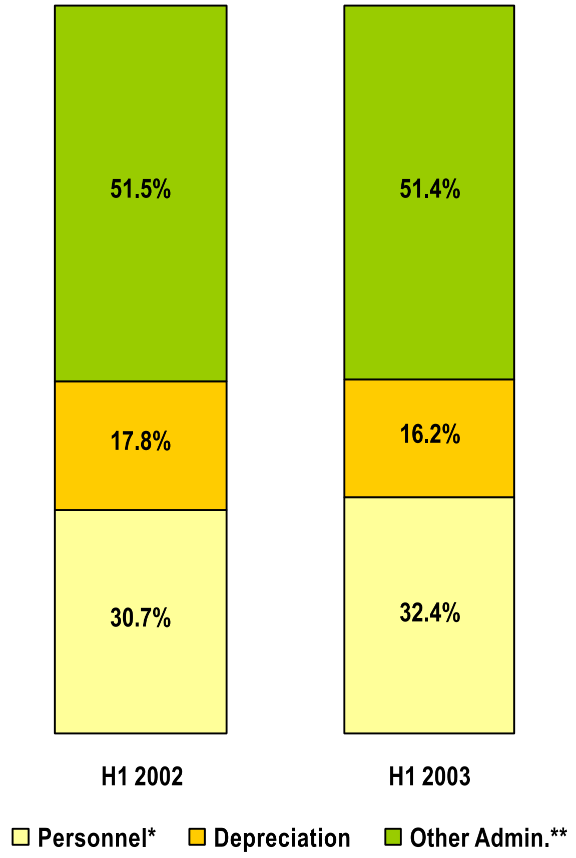
- In 2002, cost control was a key focus in Garanti's strategy and the management maintained strong discipline on both personnel and non-personnel costs, bringing operating expenses to record low levels. Over an already low base, total non-interest expenses increased only by 1.8% in H1 2003, stemming mainly from an increase in economic activity and expansion in branch network and total number of employees

*excluding impairment, general provision and provision for severance payments

Non-Interest Expenses*
TL Billion



Composition of Non-Interest Expenses
%



* Personnel expenses include salaries and wages and employee benefits
** Other administrative expenses are advertising, rent, EDP, SDIF, taxes and duties and other operating expenses

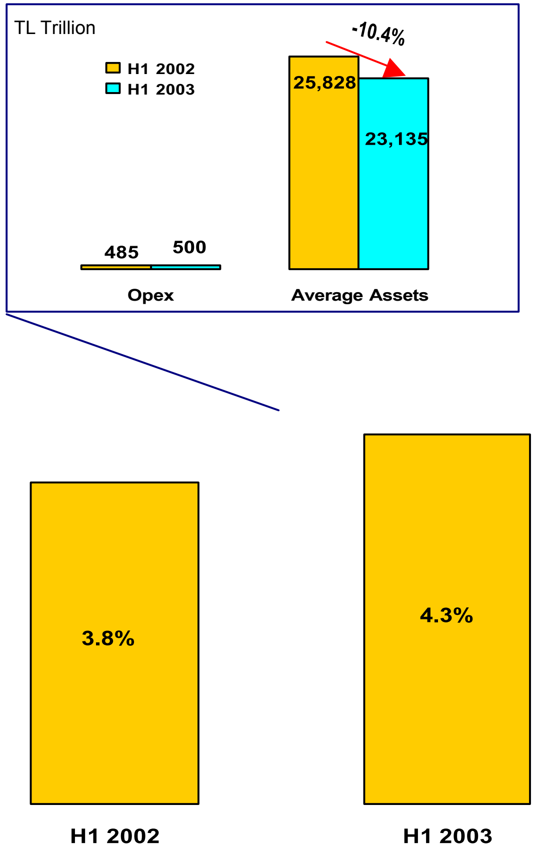
Operating Expenses and Cost / Income

Further improvement in Cost / Income ratio

- Garanti continosly improved its cost / income ratio through aggressive cost reduction and earnings enhancement initiatives
- Of the 0.5 percentage point increase in Opex / Average Assets in H1 2003; only 0.1 percentage points (20%) stemmed from the increase in operating expenses, while 0.4 percentage points (80%) came from the shrinkage in average assets
- While the increase in the cost base called for a 2.2 percentage points increase in the Cost / Income ratio; due to the growth in income, which called for 8.6 percentage points decline in the overall ratio, Cost / Income ratio declined by 6.4 percentage points

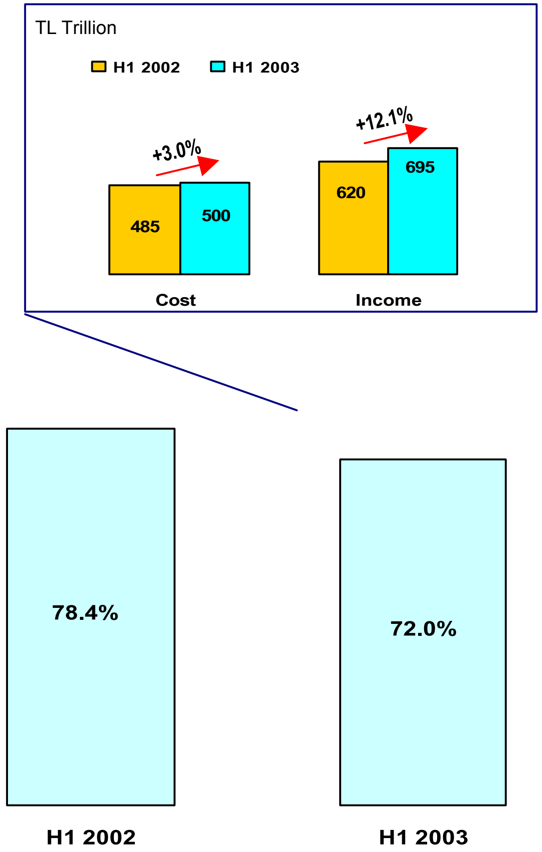
Operating Expenses / Average Assets

%



Cost /Income Ratio

%



Garanti Bank

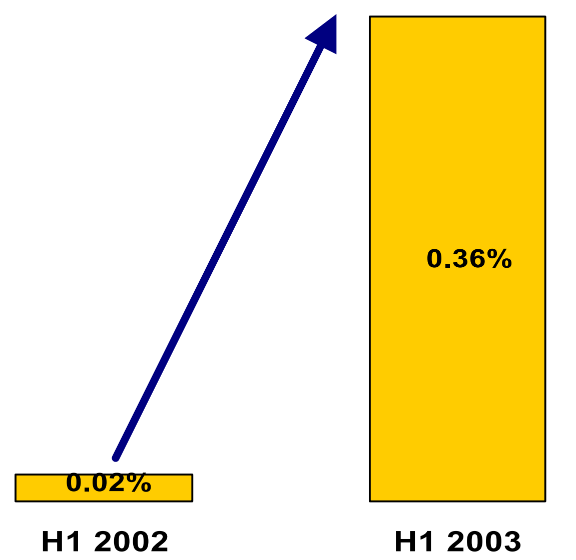
Consolidated Financial Performance

ROAE and ROAE

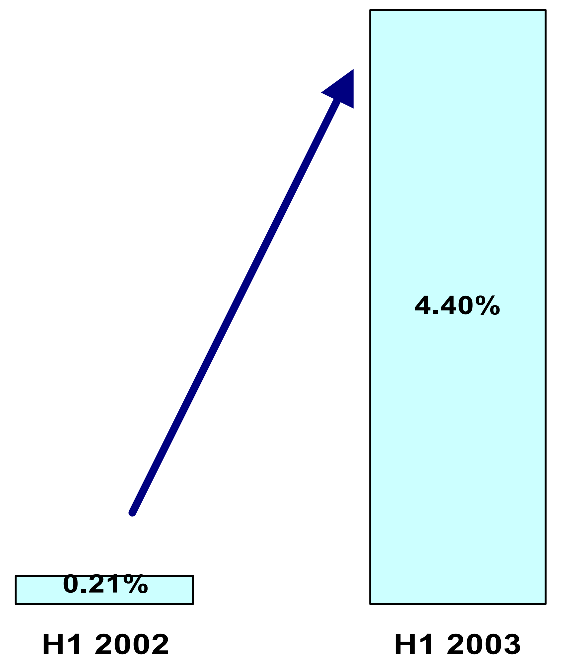
Significant improvement in ROAA and ROAE ratios

– On the back of strong banking income, ROAA and ROAE reached 0.4% and 4.4%, respectively

ROAA
%



ROAE
%



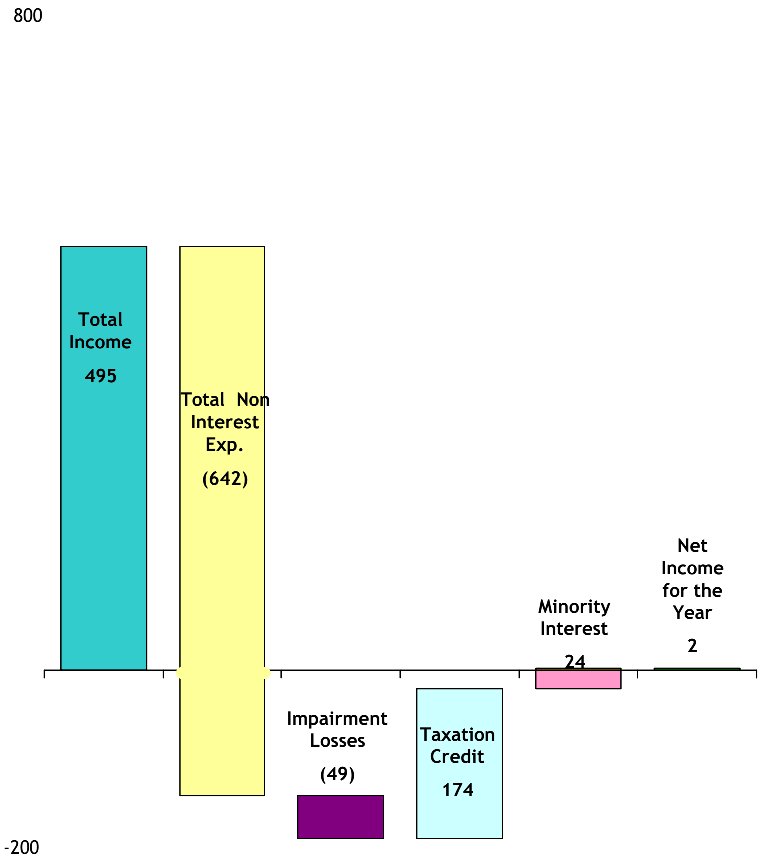
Garanti Bank

Consolidated Financial Performance

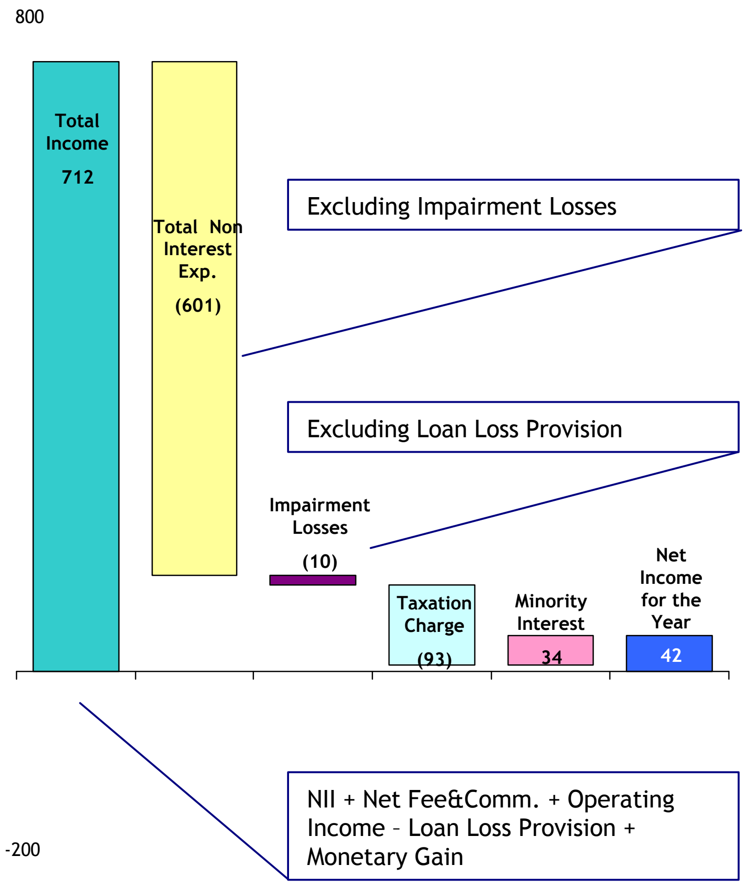
Profit / Loss

- The consolidated net income for the first half of 2003 was TL42,071 Billion, versus TL2,017 Billion in the same period last year
- Total income increased by 43.8%, reaching TL712,380 Billion
- Total non-interest expenses were cut by 6.4%, declining to TL 600,617 Billion

H1 2002 Profit / Loss
TL Trillion



H1 2003 Profit / Loss
TL Trillion



Summary

- ✍Significant increase in net banking income
- ✍Improvement in adjusted NIM
- ✍Improvement in asset quality
- ✍Further increase in net fees and commissions
- ✍Continuous decline in Cost / Income
- ✍Stable increase in capital adequacy