



CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003

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

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Section 1

Highlights of 2003 YE Financial Results

- Total assets reached TL25,655 Trillion on consolidated basis as of 2003 YE
- Net income reached TL536,503 Billion on consolidated basis in 2003
- Net income of the banking segment increased by 197.3% over 2002 YE, reaching TL482,005 Billion
- Net banking income of the banking segment increased by 50%, reaching TL1,374,792 Billion
 - Adjusted net interest income registered 167.0% increase, reaching TL386,618 Billion
 - Net fees and commissions income was up by 3.4%, reaching TL379,663 Billion
 - Net trading income was up by 50.0%, reaching TL608,511 Billion
- Cost / Income ratio came down to 63.2% in 2003 YE, from 83.7% in 2002 YE
- Asset quality improved further, with NPL ratio declining to 3.1% in comparison to 5.0% in 2002 YE
- BIS capital adequacy ratio reached 14.5% as of 2003 YE

Section 2

Segment Analysis

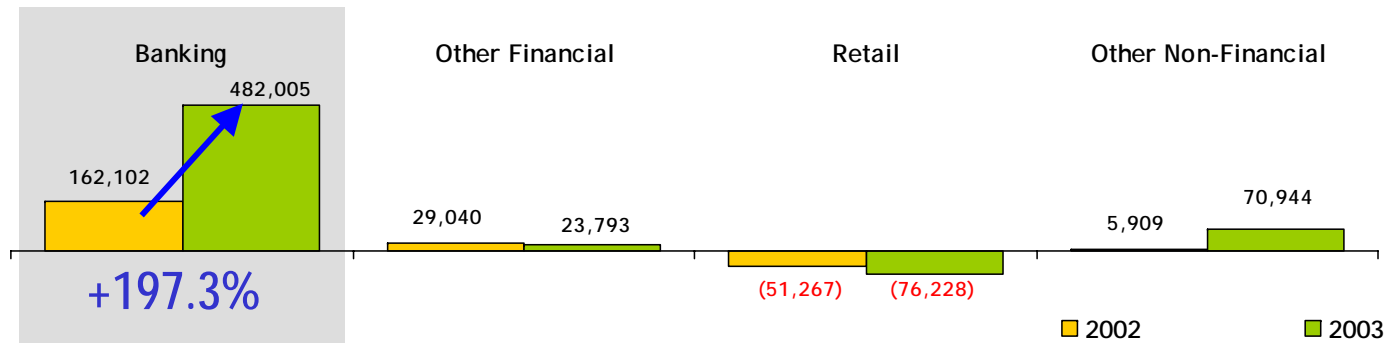
Segment Analysis

Net Income for Year 2003

Strong growth in net income of the banking segment

- Net income of the banking segment increased by 197.3% over the previous year, reaching TL482,005 Billion

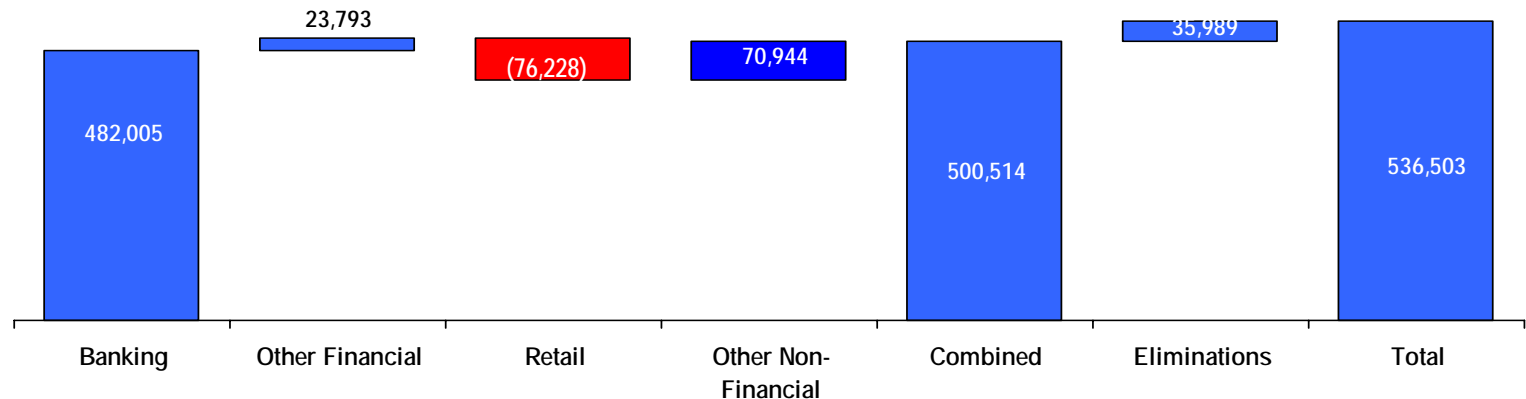
Net Income*
TL Billion



* Segment analysis is based on pre-elimination figures

Composition of Consolidated Net Income

TL Billion



Section 3

Consolidated Financial Performance – Balance Sheet

Financial Summary

Increase in profitability

- Total assets were up by 30.3% in US\$ terms, reaching US\$18,169 Million (TL25,655 Trillion) as of December 31, 2003
- Garanti registered a net income of US\$380 Million, 21 times higher than that of the previous year
- NPL ratio decreased further to 3.1% at 2003 YE
- Cost / Income ratio decreased to 63.2% as of 2003 YE
- Capital adequacy ratio increased to 14.5% as of December 2003

Selected Figures

IAS29

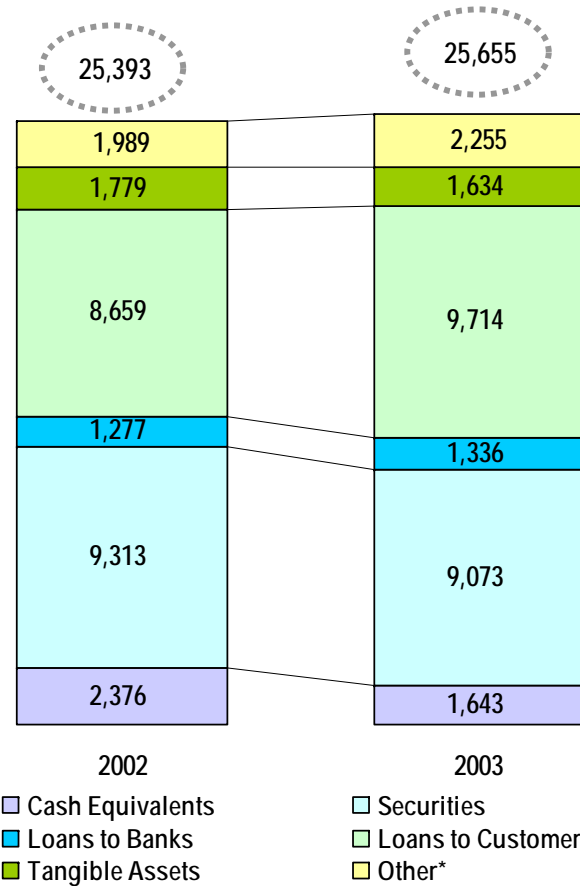
	December 31, 2002	December 31, 2003	Change
Total Assets (TL Trillion)	25,393	25,655	1.0%
Total Assets ¹ (US\$ Million)	13,940	18,169	30.3%
TL Net Cash Loans (TL Trillion)	2,186	3,754	71.7%
FC Net Cash Loans ¹ (US\$ Million)	3,553	4,221	18.8%
TL Deposits (TL Trillion)	5,154	6,084	18.0%
FC Deposits ¹ (US\$ Million)	6,827	7,863	15.2%
Total Shareholders' Equity ¹ (US\$ Million)	1,062	1,750	64.8%
Net Income ¹ (US\$ Million)	18	380	2011.1%
NPL Ratio (%)	5.0%	3.1%	-1.9pp
ROAA (%)	0.1%	2.1%	+2.0pp
ROAE (%)	1.6%	24.4%	+22.8pp
Cost / Income (%)	83.7%	63.2%	-20.5pp
Capital Adequacy Ratio (%)	13.2%	14.5%	+1.3pp

Asset Size

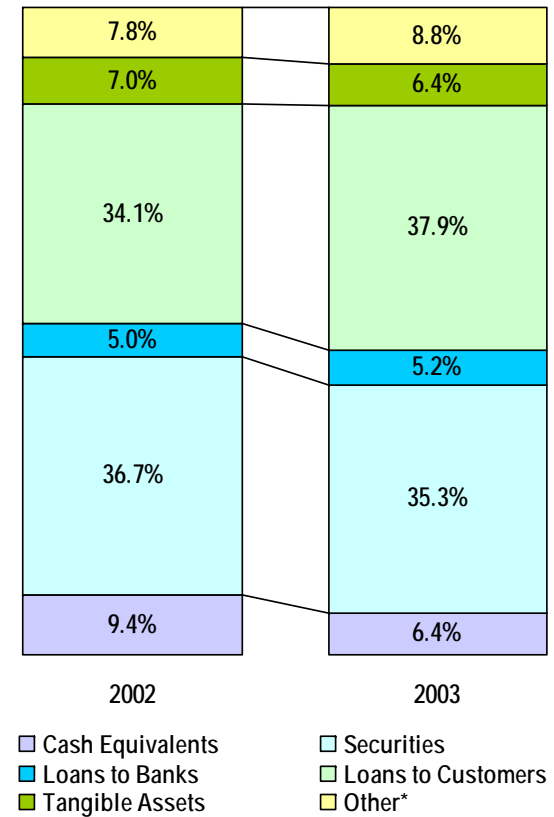
Assets increased to US\$18.2 Billion in 2003 YE vs US\$13.9 Billion in 2002 YE

- Total assets were TL25,655 Trillion at 2003 YE (US\$ 18.2 Billion)

Asset Size
TL Trillion



Composition of Assets
%



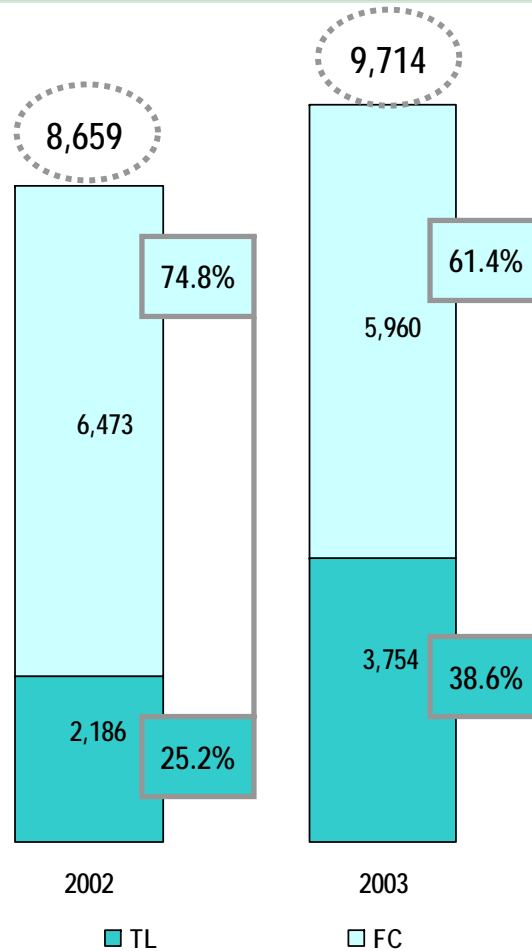
*Other assets include intangible assets, investments in associated companies, deferred tax assets, and other assets

Loans

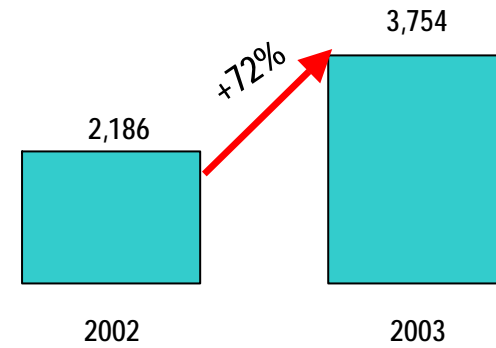
The share of relatively more profitable TL loans continued to increase

- The share of TL loans in total loans increased further to 38.6% as of 2003 YE from 25.2% at 2002 YE
- TL loans increased by 72%, reaching TL3,754 Trillion at 2003 YE
- FC loans increased by 19%, reaching US\$4,221 Million as of 2003 YE

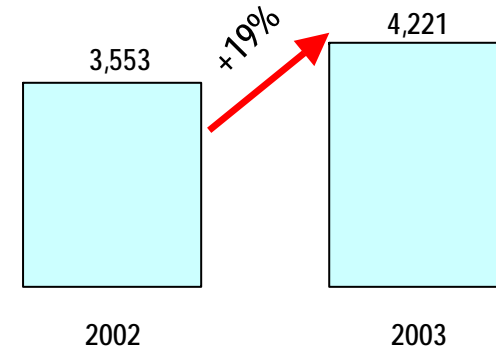
Net Cash Loans
TL Trillion



TL Loans
TL Trillion



FC Loans ¹
US\$ Million



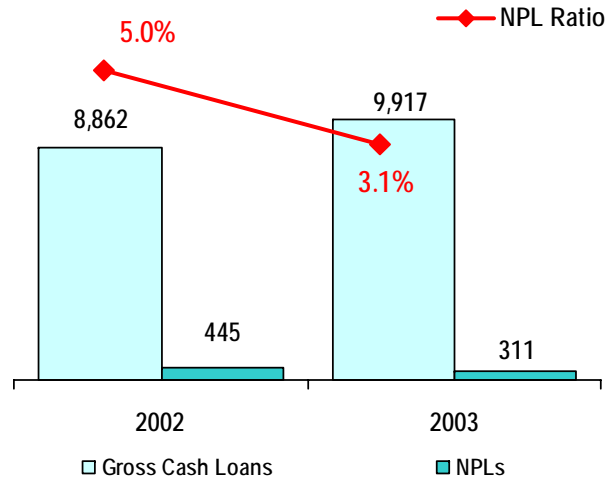
¹ Foreign currency, not inflation adjusted

Loans

NPL ratio decreased further to 3.1%

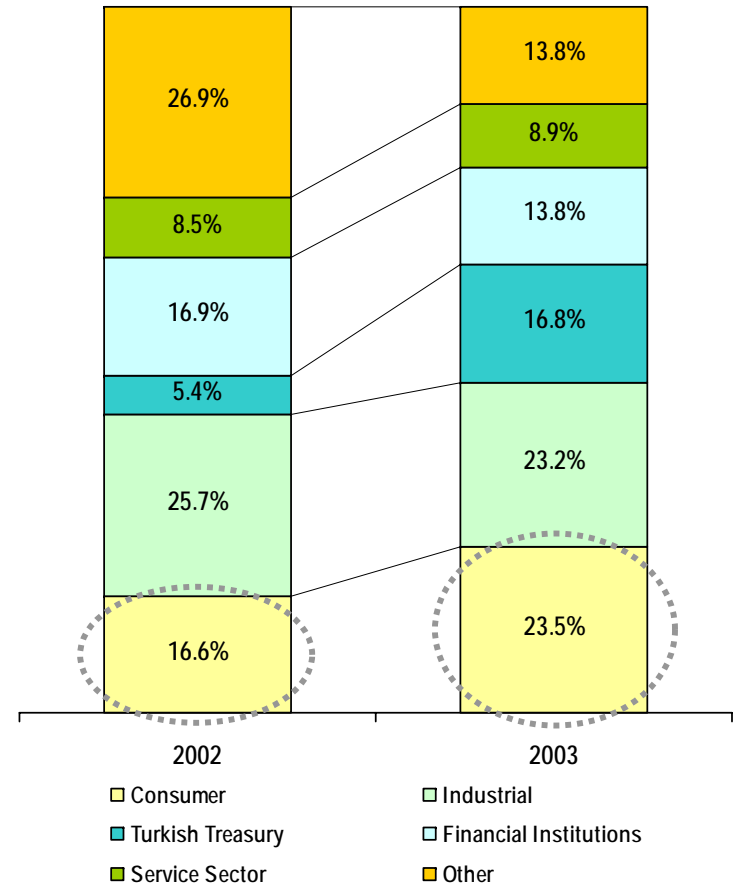
- The share of NPLs in gross cash loans decreased further to 3.1% as of 2003 YE
- The share of consumer loans increased to 23.5% as of 2003 YE, reflecting the improvement on the macro front

NPLs and Provisioning
%, TL Trillion



Asset Quality	31.12.2002	31.12.2003
Secured Loans	67.67%	71.14%
Unsecured Loans	32.33%	28.86%
Provisioned NPL	1.8%	1.5%
Unprovisioned NPL	3.2%	1.6%

Loan Allocation
%

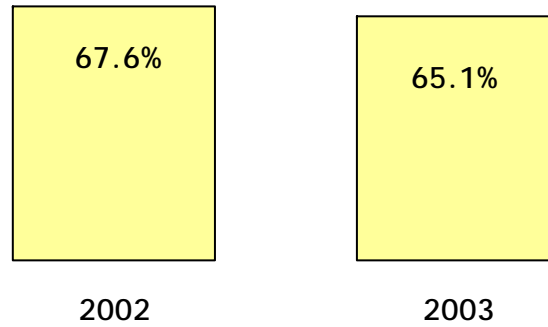


IEA versus IBL

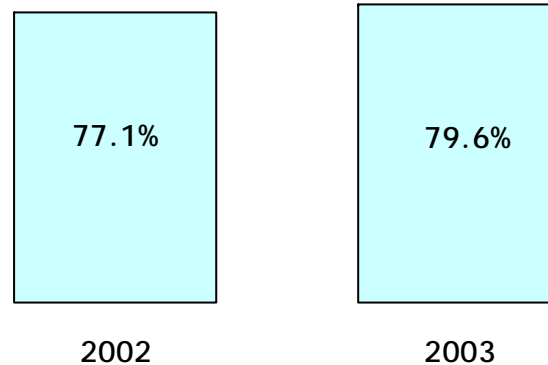
The spread between IEAs and IBLs continued to increase

- The share of IBLs declined to 65.1% as of 2003 YE from 67.6% at 2002 YE
- The share of IEAs in total assets reached 79.6% by 2003 YE
- The gap between IEAs and IBLs increased to TL3,730 Trillion, registering a 53.4% increase
- The ratio of customer loans to customer deposits increased by 8.1 percentage points over the previous year, reaching 59.7%
- Loans to IEAs increased by 3.6 percentage points, while time deposits to IBLs declined by 2.6 percentage points

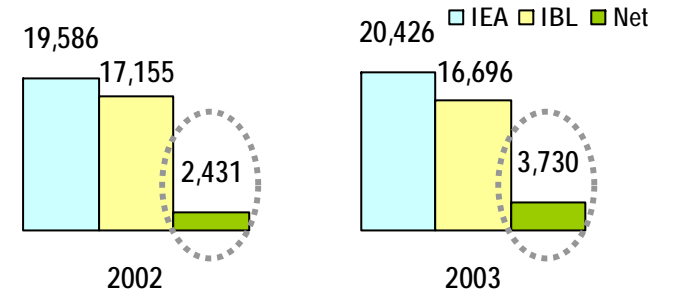
IBL/Total Liabilities and SHE %



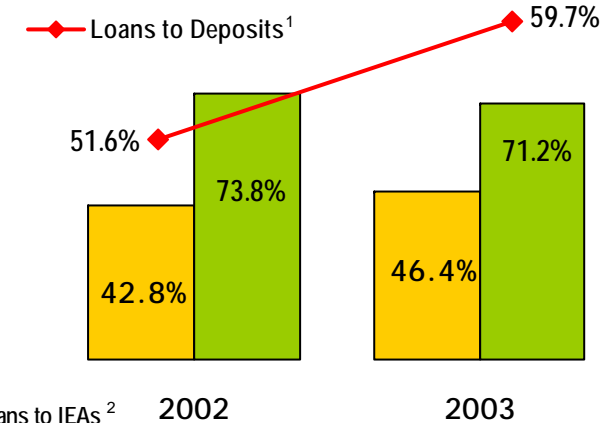
IEA/Total Assets %



IEA - IBL TL Trillion



Loans / Deposits %



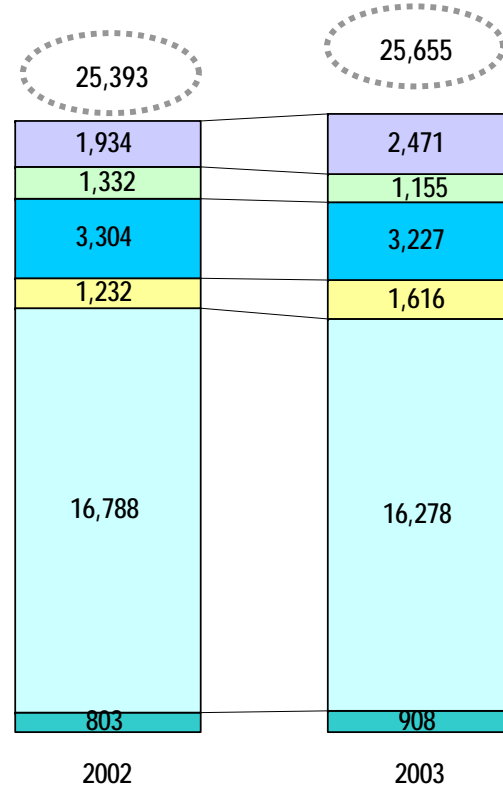
¹ Loans to customers/deposits from customers
² Excluding accrued interest income on loans

Composition of Liabilities and SHE

The share of SHE increased to 9.6%

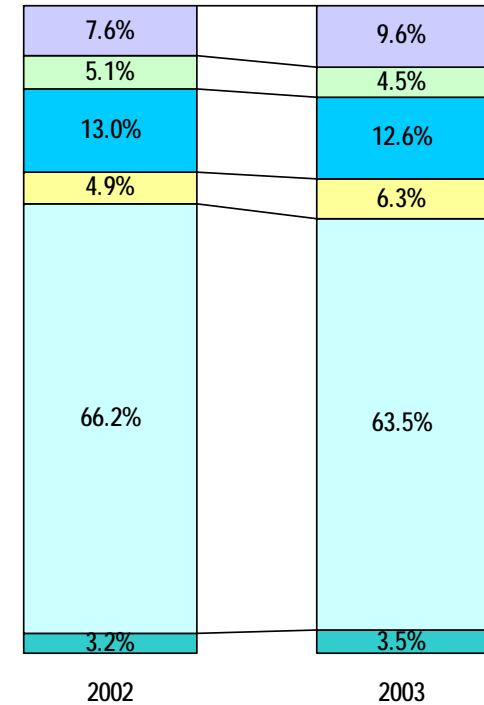
- Share of deposits (including deposits from banks) in total liabilities and shareholders' equity stood at 67.0%

Liabilities & SHE
TL Trillion



■ Deposits from Banks ■ Deposits from Customers
■ Repo Obligations ■ Funds Borrowed
■ Other ■ SHE

Composition of Liabilities & SHE
%



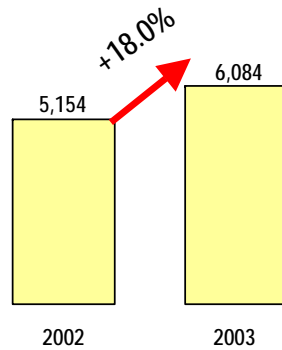
■ Deposits from Banks ■ Deposits from Customers
■ Repo Obligations ■ Funds Borrowed
■ Other ■ SHE

Deposits

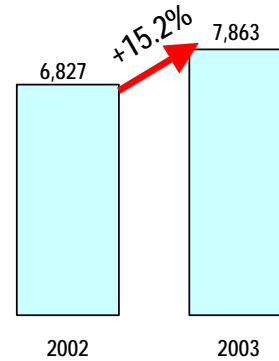
Over 15% increase in both TL and FC deposits

- TL and FC deposits increased by 18.0% and 15.2%, respectively
- Saving deposits increased by 30.6% in real terms over 2002 YE, bringing its share from 13.6% at 2002 YE to 18.3% at 2003 YE
- The share of TL deposits in total deposits increased to 35.4% as of 2003 YE
- The share of demand deposits in total deposits reached 31.7%

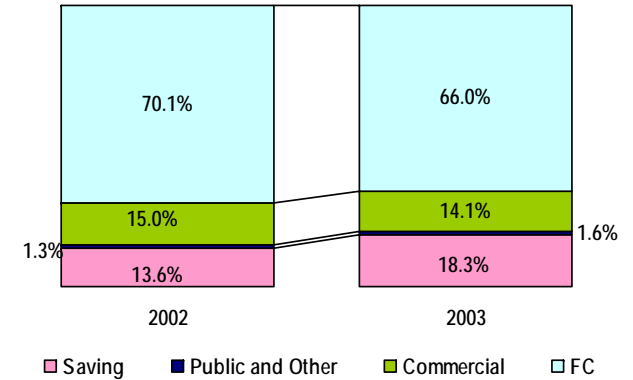
TL Deposits
TL Trillion



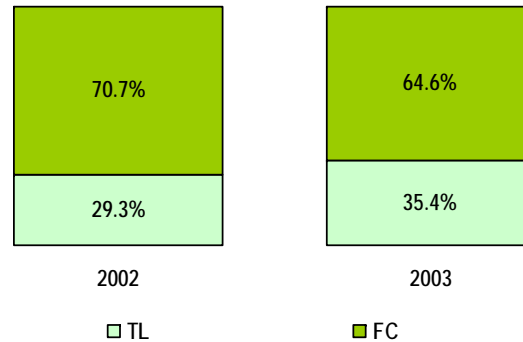
FC Deposits ¹
US\$ Million



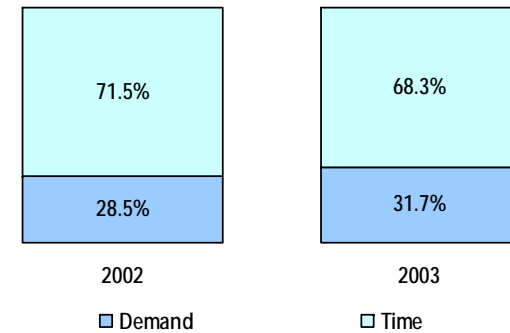
Composition of Customer Deposits %
(excluding accrued interest expense)



TL – FC Breakdown %
(including bank deposits)



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

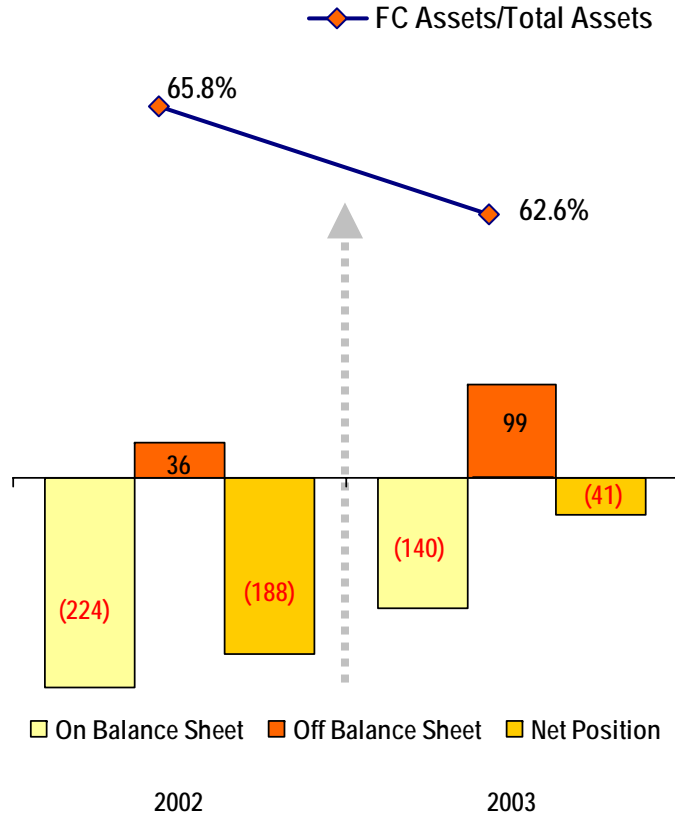


¹ Foreign currency, not inflation adjusted

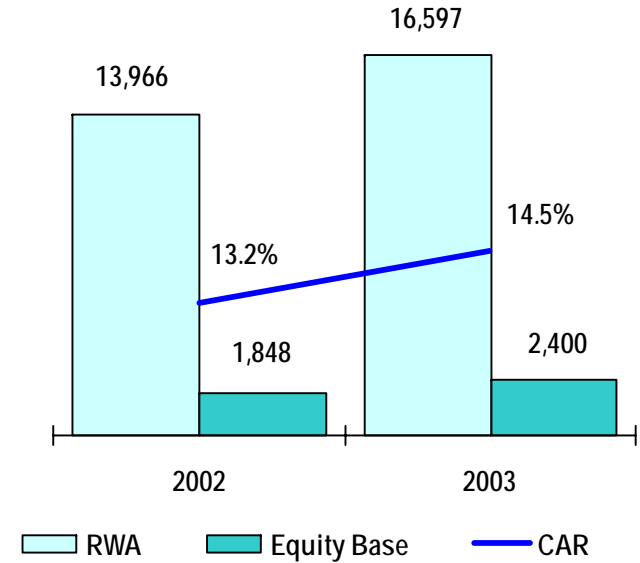
FX Position and Capital Adequacy Ratio

– Capital adequacy ratio increased further to 14.5% in 2003 YE as opposed to 13.2% in 2002 YE

FX Position
US\$ Million



RWA vs CAR
%



Section 4

Consolidated Financial Performance – Income Statement

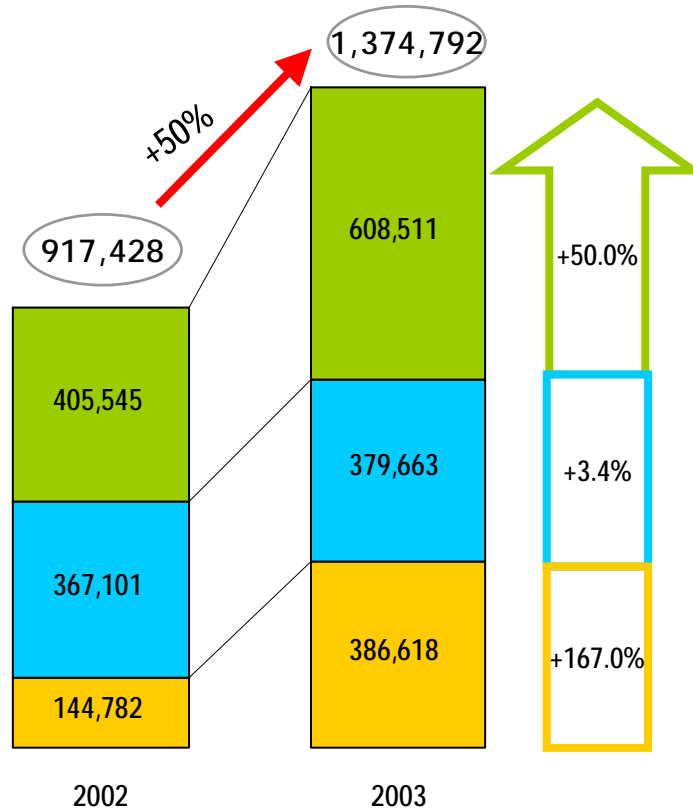
Segment Analysis

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

Each component of net banking income increased

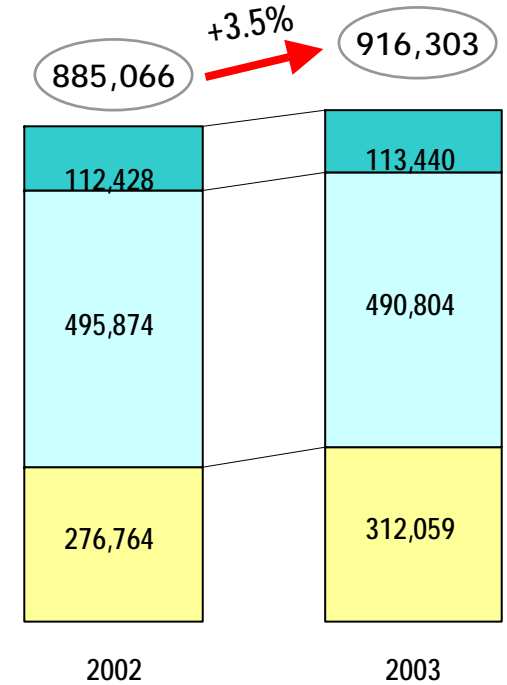
- Net banking income of the banking segment increased by 50% in 2003 as compared to 2002
- Adjusted NII of the banking segment registered 167.0% increase in 2003 as compared to 2002, reaching TL386,618 Billion
- Net trading income increased by 50.0% in 2003, reaching TL608,511 Billion
- Non-interest expenses of the banking segment increased only by 3.5%, standing at TL916,303 Billion

Net Banking Income
TL Billion



■ Adjusted NII ■ Net Fees & Commissions
■ Net Trading Income

Non-Interest Expenses
TL Billion



■ Personnel¹ ■ Depreciation
■ Other Administrative²



¹ Personnel expenses include salaries and wages and employee benefits

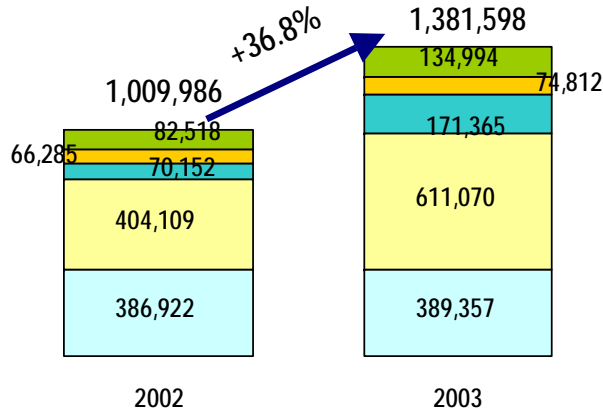
² Other administrative expenses are advertising, rent, computer usage, SDIF, taxes and duties, utility, repair and maintenance, R&D and other expenses

Non-Interest Income

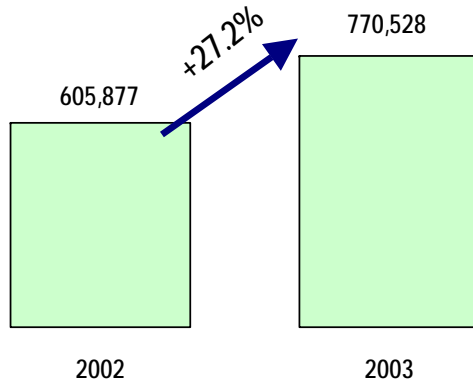
Strong focus on sustainable sources of revenue

- Total non-interest income was up by 36.8% to reach TL1,381,598 Billion
- When trading income is excluded, the increase in non-interest income was 27.2%
- Income from retail business registered a 144.3% increase, reaching TL171,365 Billion and constituting 12.4% of the total non-interest income
- When trading income is excluded, the share of retail income from retail business increases to 22.2%

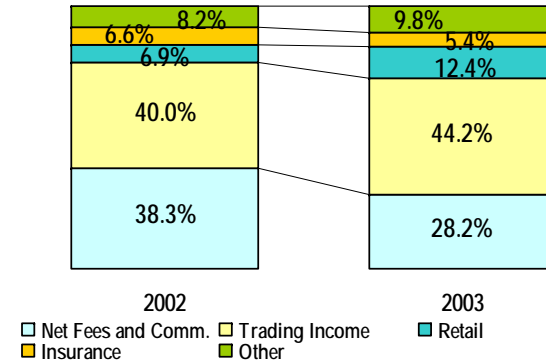
Non-Interest Income
TL Billion



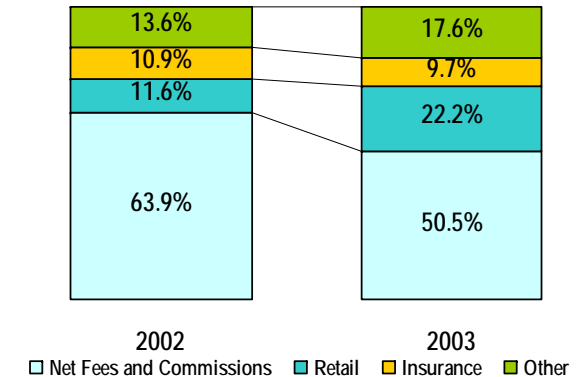
Non-Interest Income Excl. Trading
TL Billion



Composition of Non-Interest Income
%



Composition of Non-Interest Income Excl. Trading
%



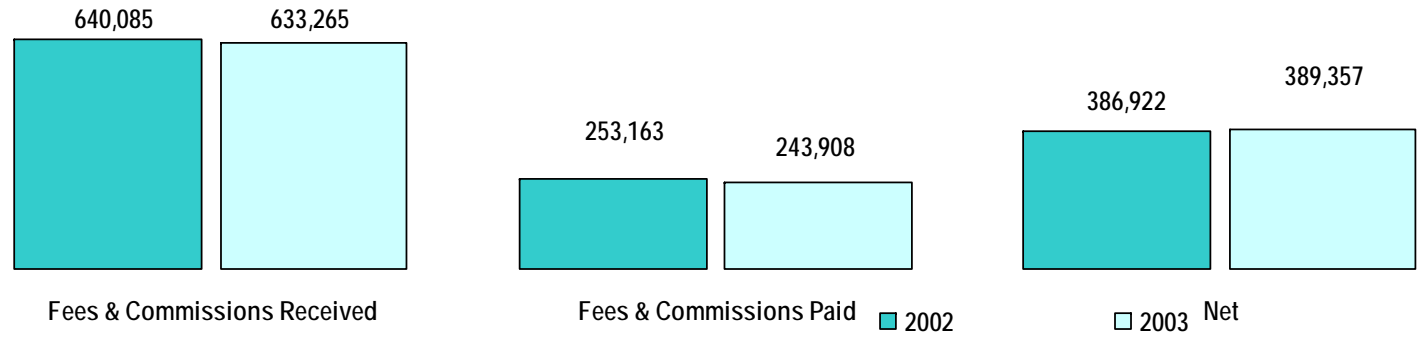
Fees and Commissions

A slight increase in net fees and commissions

- Net fees and commissions slightly increased to TL389,357 Billion as of 2003 YE
- Net fees and commissions of the banking sector increased by 3.4%, reaching TL379,663 billion

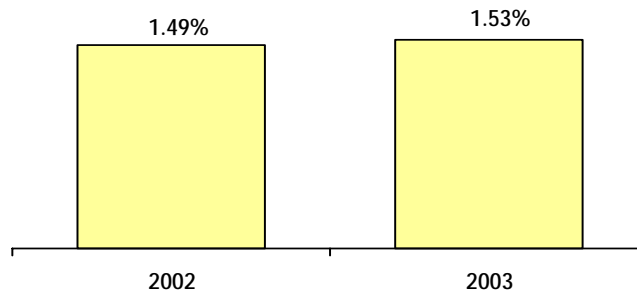
Fees and Commissions

TL Billion



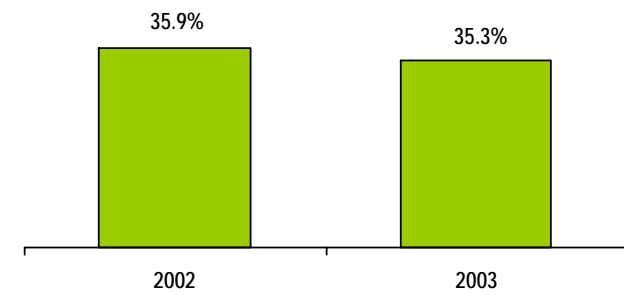
Net Fees and Commissions / Average Assets

%



Net Fees and Commissions / Operating Expenses

%



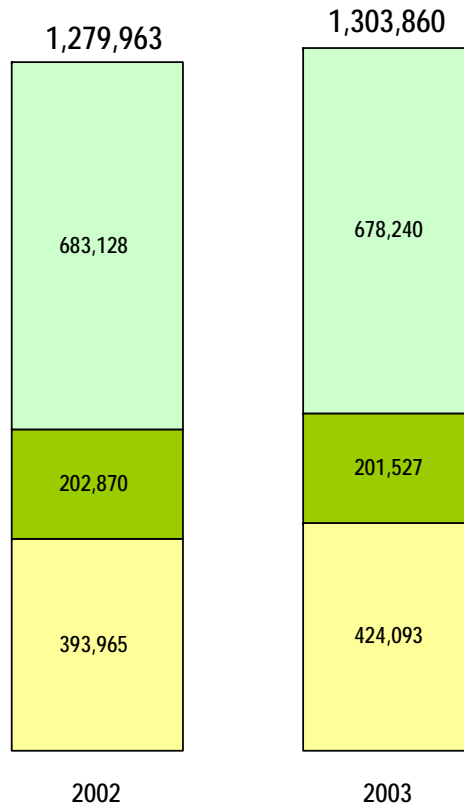
Non-Interest Expenses

Continuous cost-cutting measures

- Total non-interest expenses were TL1,303,860 Billion as of 2003 YE
- The slight 1.9% increase in non-interest expenses was due to the increase in personnel expenses, in line with expanding distribution platforms

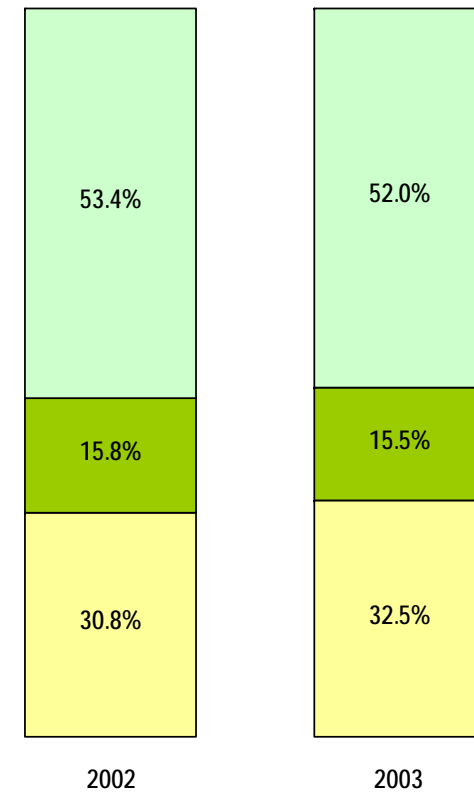
Non-Interest Expenses ¹

TL Billion



Composition of Non-Interest Expenses

%



¹ excluding impairment, general provision and provision for severance payments

□ Personnel ² ■ Depreciation □ Other Admin. ³

□ Personnel ² ■ Depreciation □ Other Admin. ³



² Personnel expenses include salaries and wages and employee benefits

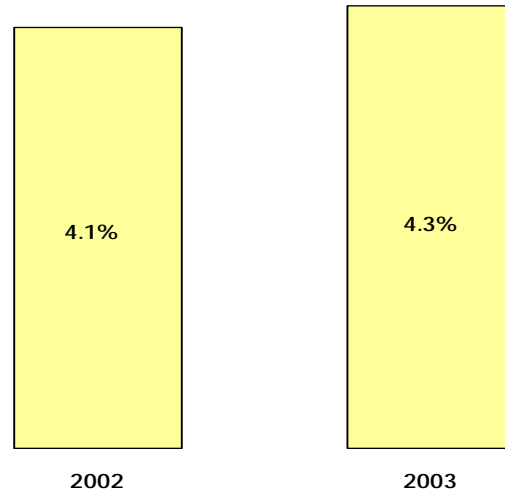
³ Other administrative expenses are advertising, rent, EDP, SDIF, taxes and duties, utility, repair&maintenance, stationary, R&D and other operating expenses

Operating Expenses and Cost / Income

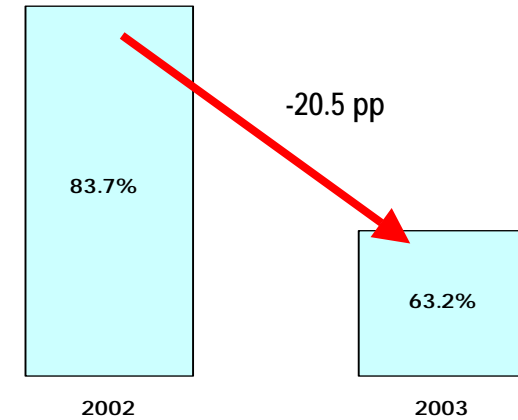
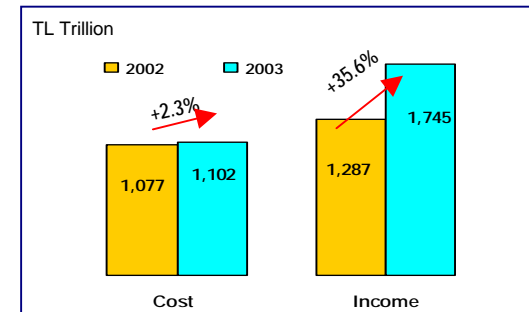
Significant improvement in Cost / Income ratio

- During the last two years, Garanti continuously improved its Cost/Income ratio through cost reduction and earnings enhancement initiatives
- Garanti increased its revenues by 35.6%, while the increase in its costs was only 2.3% as of 2003 YE

Operating Expenses / Average Assets %



Cost / Income Ratio %

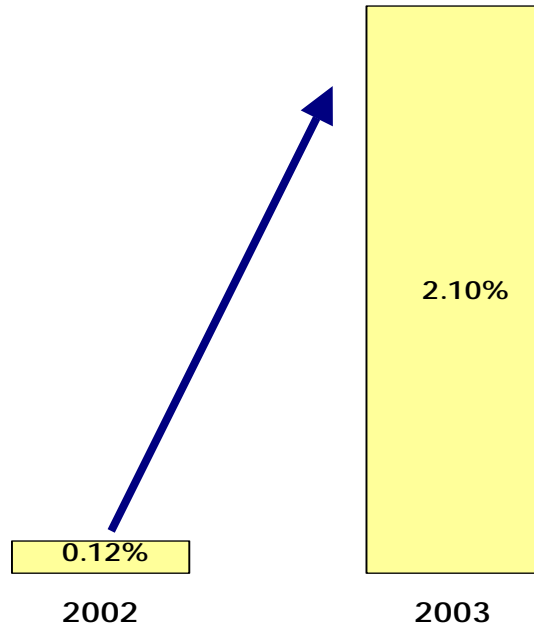


ROAE and ROAE

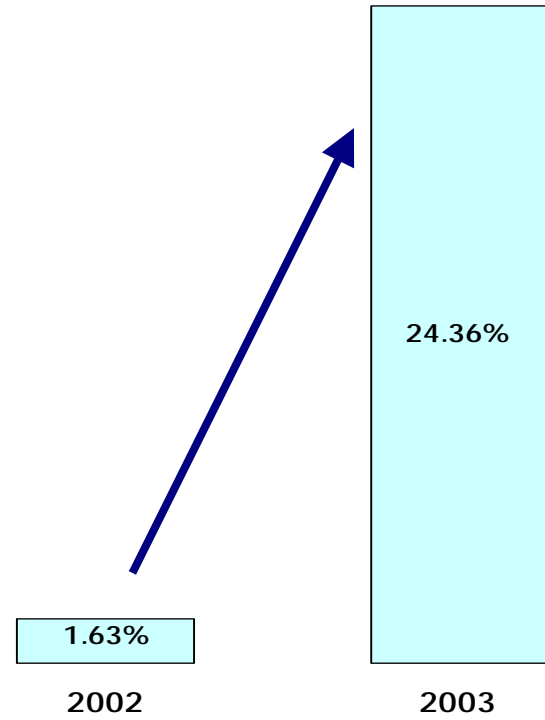
Strong and improving performance in ROAA and ROAE

– ROE reached 24.36% as of 2003 YE

ROAA
%



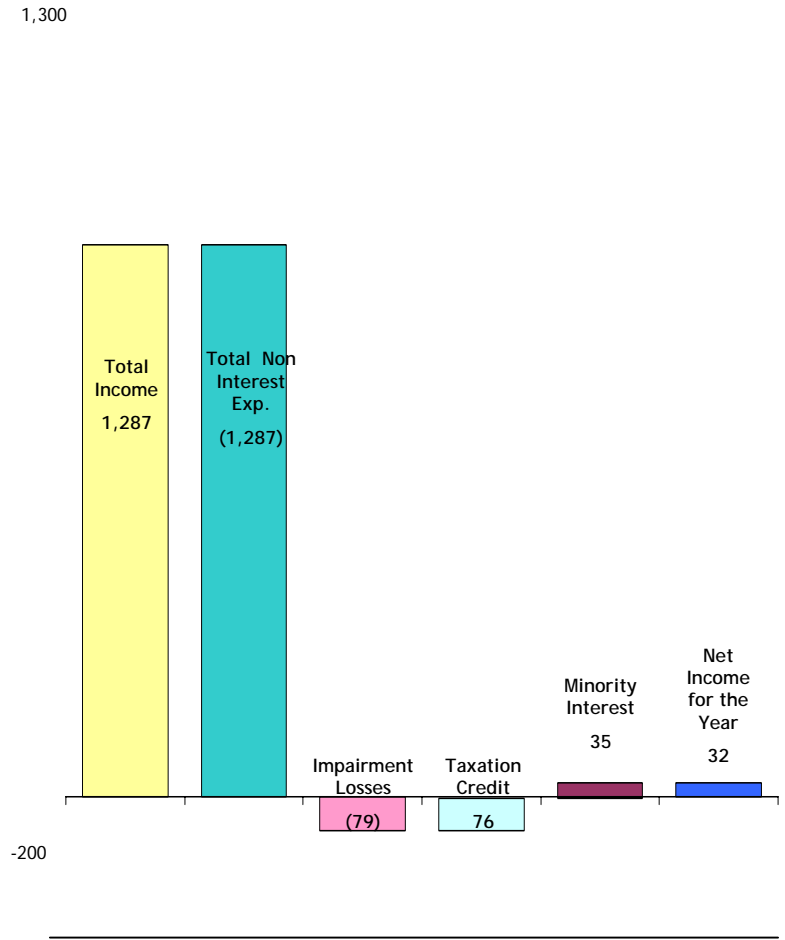
ROAE
%



Profit / Loss

- The consolidated net income for 2003 was TL536,503 Billion, nearly 17 times higher than that of 2002
- Total income increased by 38.9% in 2003, reaching TL1,786,736 Billion

2002 Profit / Loss
TL Trillion



2003 Profit / Loss
TL Trillion

