



BRSA 2004 Q1 Results

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Financial Summary

Selected Financial Summary

BRSA, TL Billion

	March 31, 2003	March 31, 2004	% Change
Total Revenues	291,980	520,380	78.2
Operating Income	91,942	288,478	213.8
Net Income	29,367	145,356	395.0
ROE	6.0%	21.6%	15.6pp

	December 31, 2003	March 31, 2004	% Change
Total Assets	23,847,908	22,567,269	(5.4)
Total Loans	7,149,151	7,275,624	1.8
Total Customer Funds*	30,630,405	31,707,878	3.5
Shareholders' Equity	2,610,175	2,782,136	6.6
Cost / Income	72.9	52.0	(20.9 pp)
Capital Adequacy Ratio	16.6	19.5	2.9pp

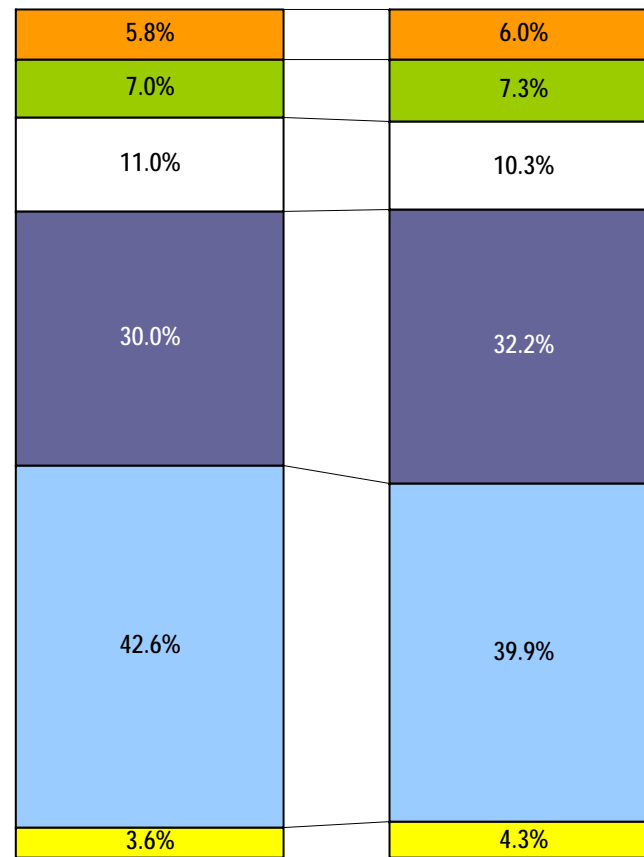
*Excluding bank deposits

Composition of Balance Sheet

Increasing share of loans

- Share of loans in total assets continued to increase, reaching 32.2%
- Share of securities portfolio declined to 39.9% among which 8.5% was classified under trading, 50.8% under AFS, and the remaining 40.6% under HTM
- Deposits made up 63.4% of total liabilities and SHE

Total Assets
%



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

Total Liabilities and SHE
%



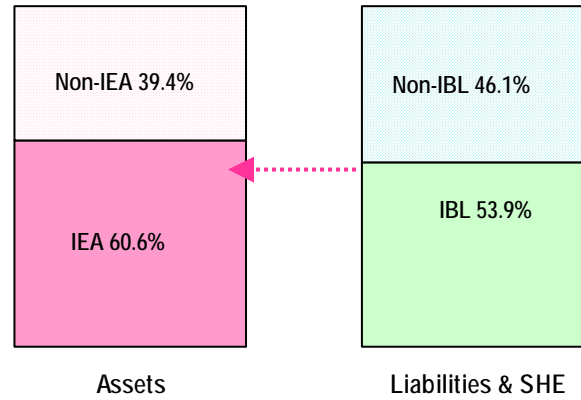
■ Deposits
 ■ Funds Borrowed & Interbank
 ■ Other
 ■ SHE

IEAs vs IBLs

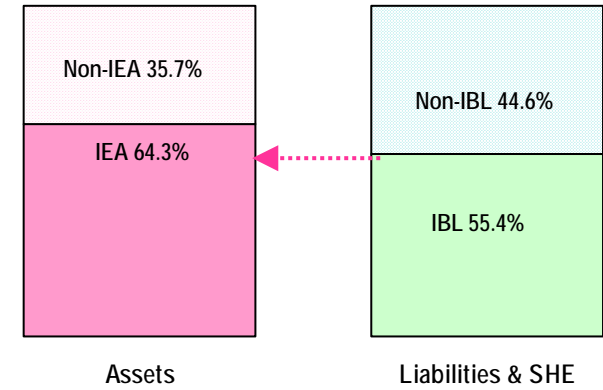
Improved gap leads to higher margins

- Despite declining spreads in the banking sector in line with falling interest rates, Garanti increased its margins due to the increasing gap between IEAs and IBLs

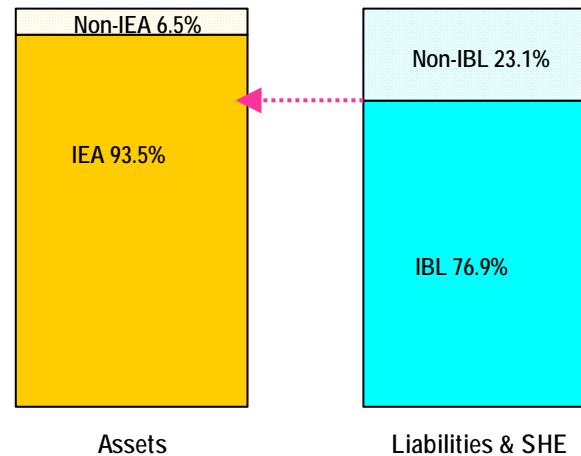
TL Balance Sheet, 2003
%



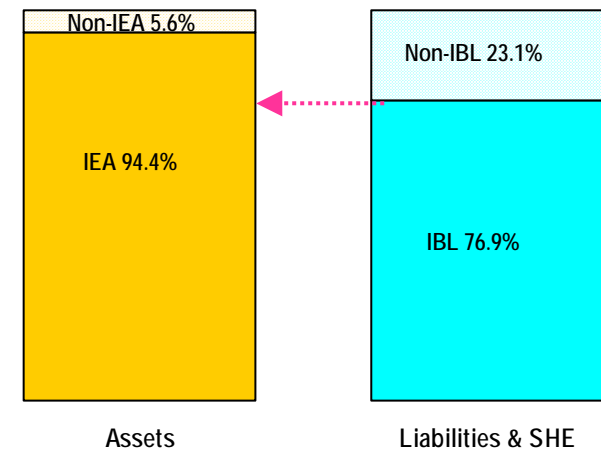
TL Balance Sheet, 2004 Q1
%



FC Balance Sheet, 2003
%



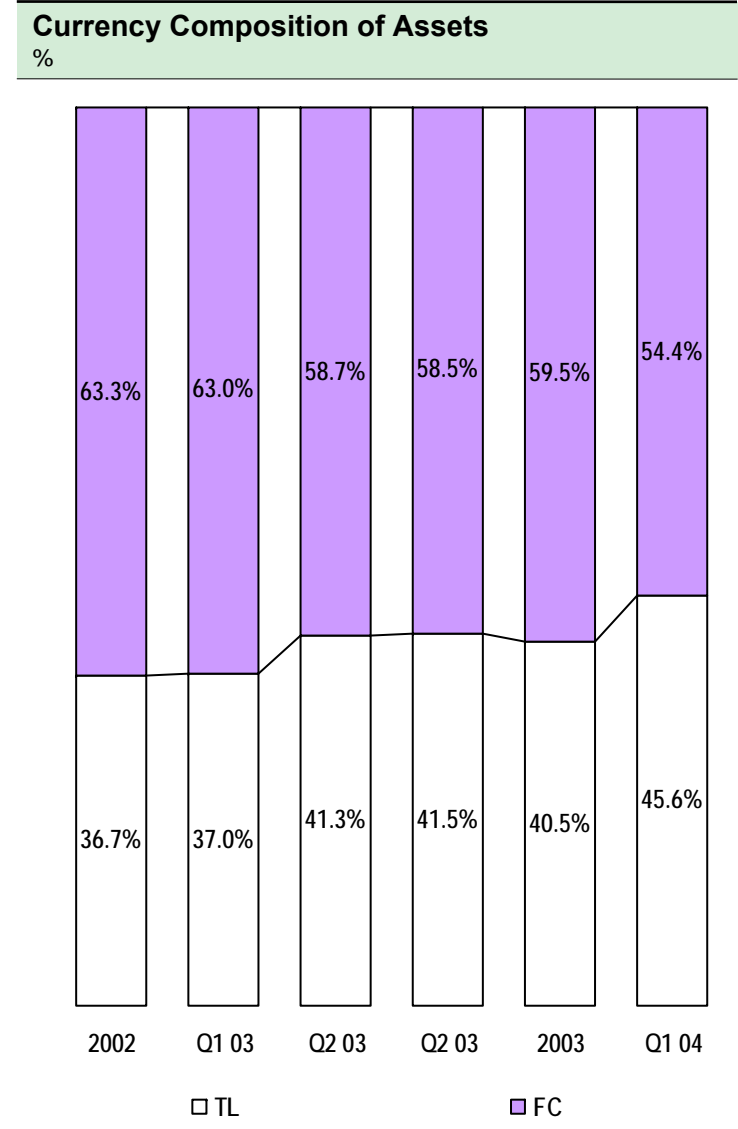
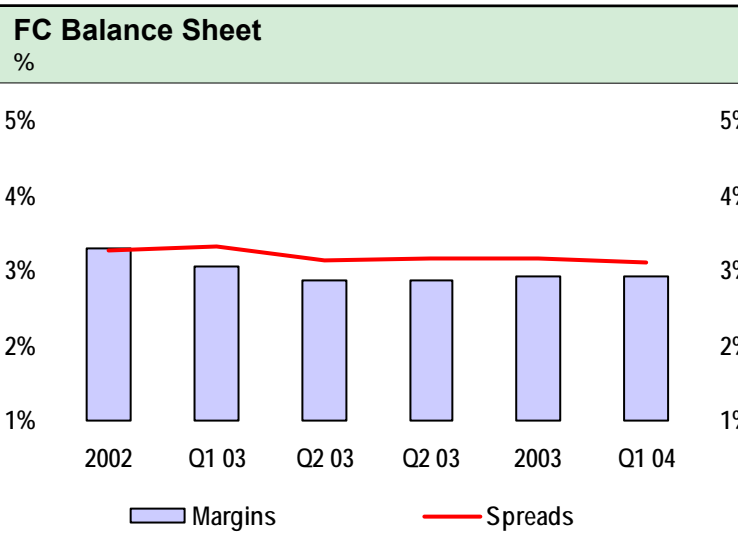
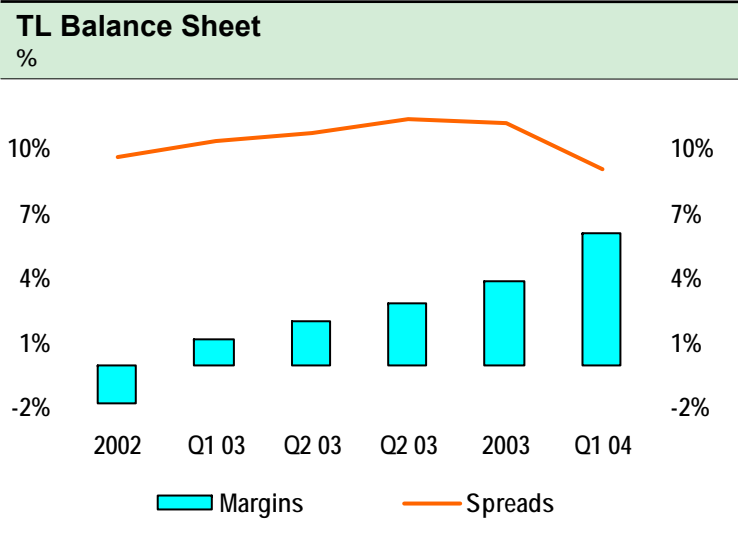
FC Balance Sheet, 2004 Q1
%



Spreads vs Margins

Significantly higher margins in TL

- In 2004 Q1, TL margins increased to 6.1%, as compared to the cumulative margin of 3.9% in 2003, despite the decline in TL spreads from 11.3% in 2003 to 9.1% in 2004 Q1
- Share of TL assets increased in line with the improvement in TL margins

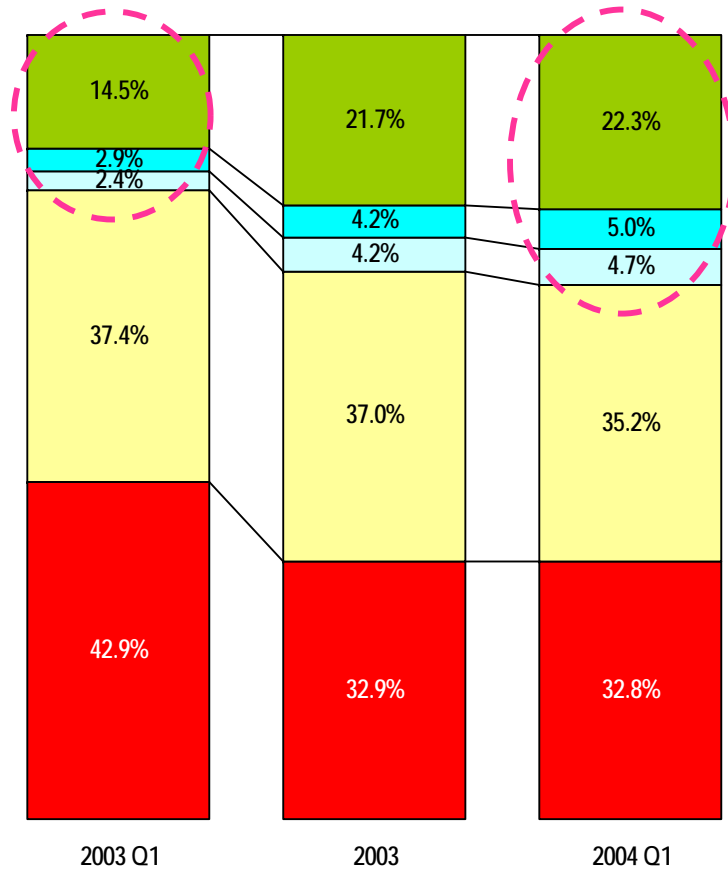


Breakdown of Loans and Deposits as to Business Lines

Changing composition in favor of retail segment

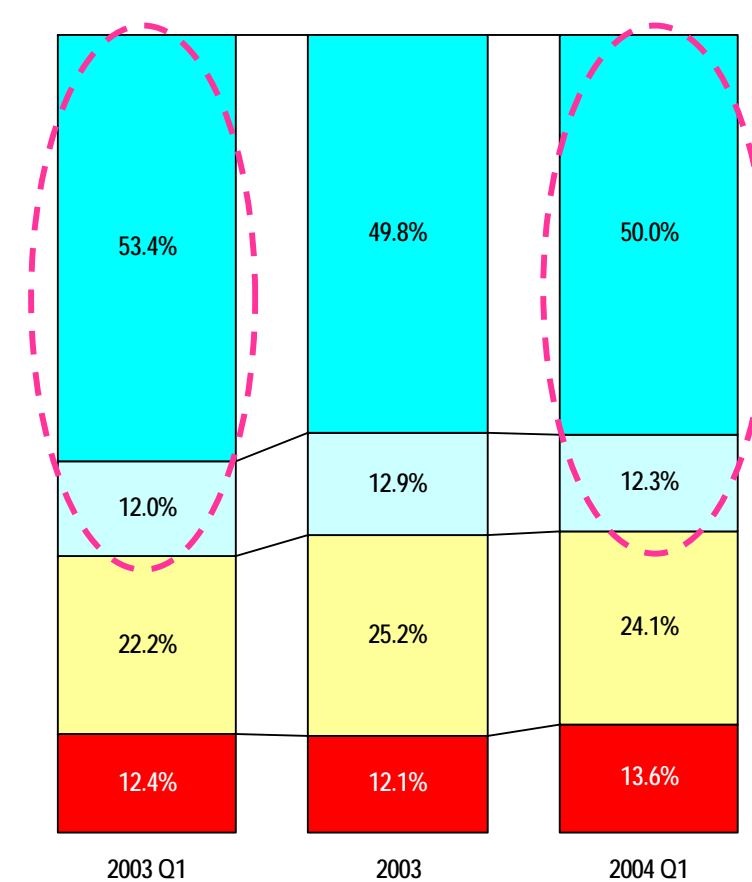
- Share of retail in the loan book continued to increase, reaching 32.0%, as compared to 19.8% a year ago
- Garanti's long-term experience in SME market and introduction of its financial planning software - GANI- as a hook product resulted in a significant but cautious increase in SME lending, a segment which is yet highly untapped in Turkey
- Garanti's deposit base is well-diversified, with 62.3% coming from the retail segment

Breakdown of Loan Portfolio as to LOB
%



■ Corporate ■ Commercial ■ SME ■ Consumer ■ Credit Cards

Breakdown of Deposits as to LOB
%

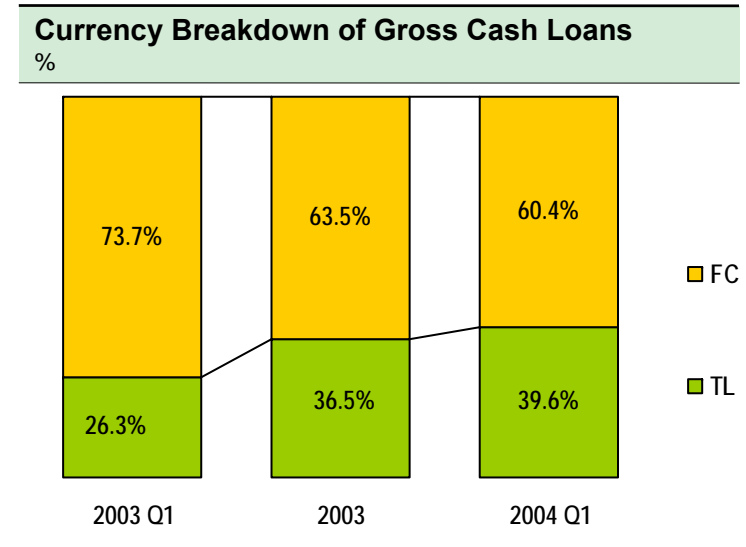
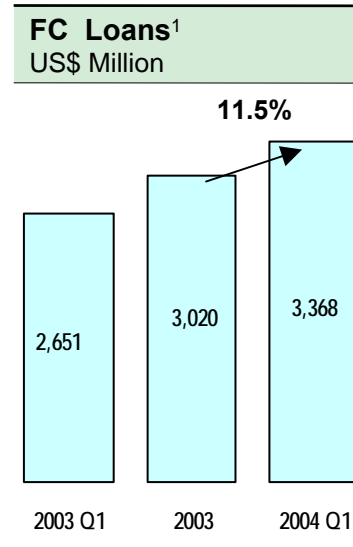
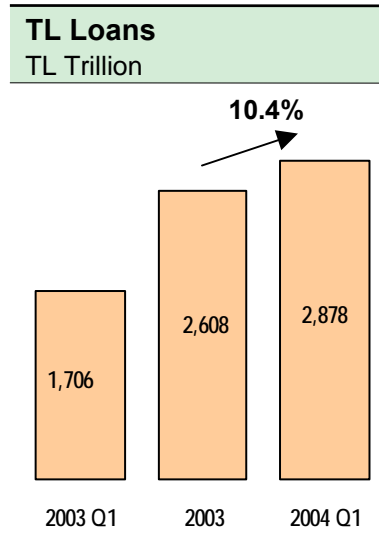


■ Corporate ■ Commercial ■ SME ■ Consumer

Gross and Net Cash Loans

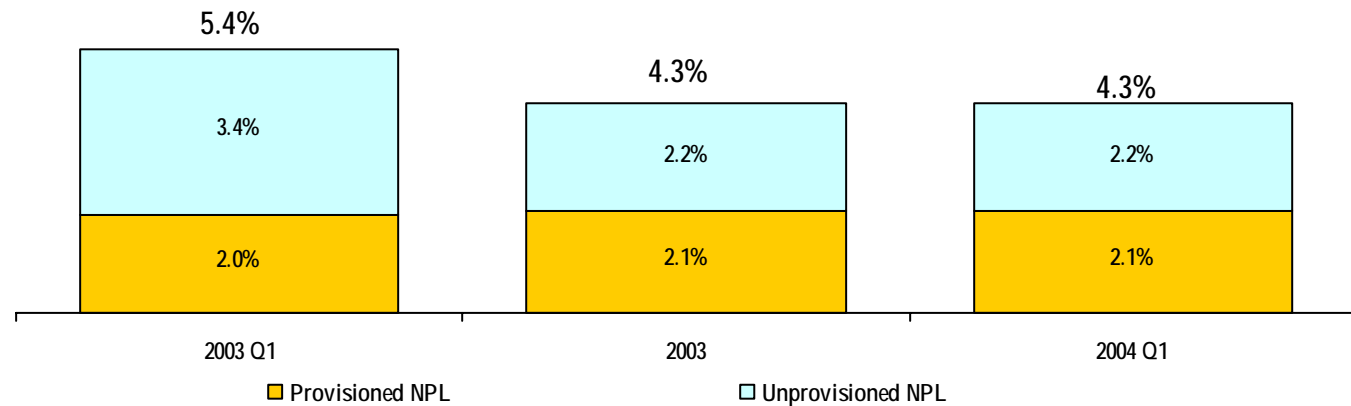
High growth rates in lucrative lending

- During the first quarter of 2004, Garanti registered 10.4% increase in TL loans in real terms and 11.5% increase in FC loans in USD basis, while changing the composition of the loan book in favor of TL loans
- Level of NPLs and ratio of provisioning remained at similar levels, as compared to year-end 2003



¹ Foreign currency, not inflation adjusted

NPLs

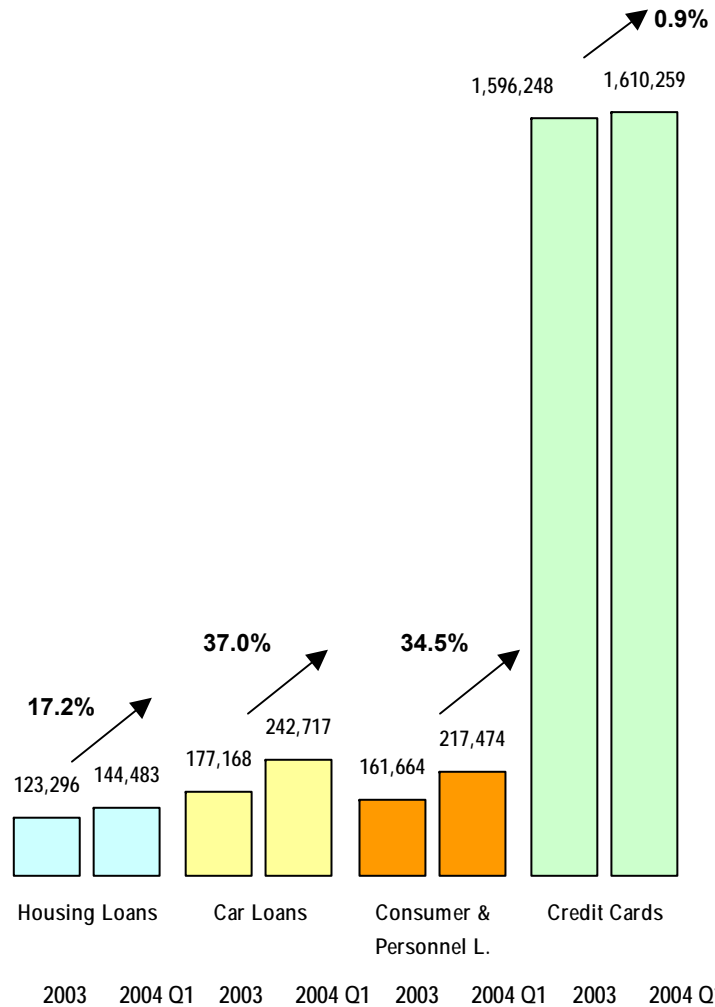


Consumer Loans

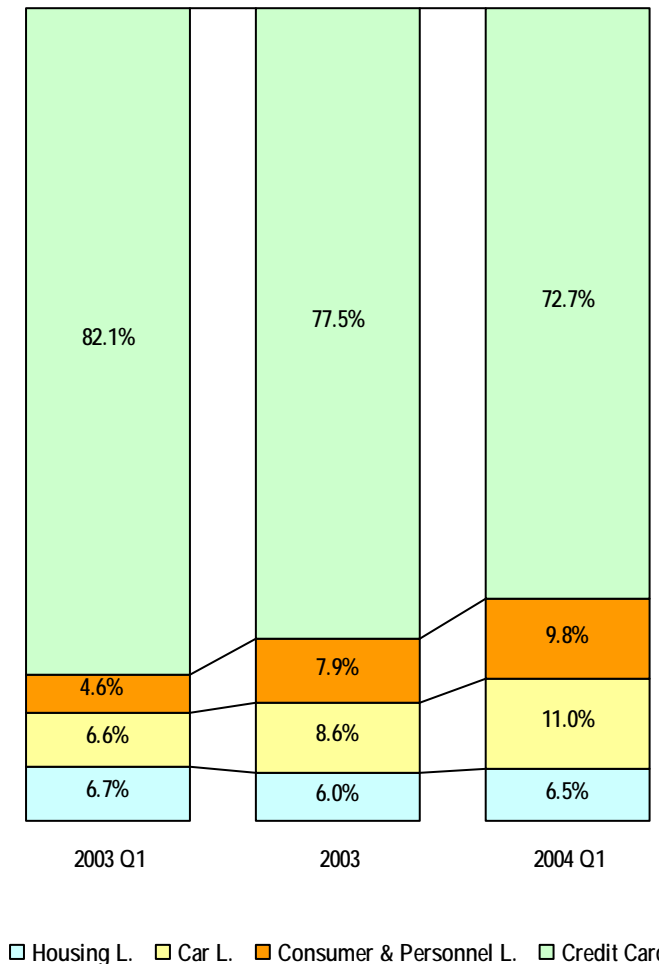
Focus on credit cards and high margin products

- Total consumer loans increased by 7.6% relative to year-end 2003, reaching TL2,215 billion
- Credit cards continued to compose the highest share in consumer loans, in line with the selective lending policy with focus on high-margin products

Total Consumer Loans
TL Billion



Breakdown of Total Consumer Loans
%



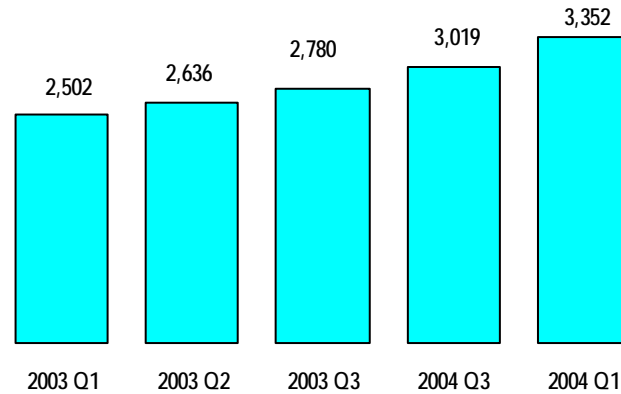
Market Share in Credit Cards

Aggressive targets in credit card business

- Garanti continued to increase the number of credit cards although approval rates stayed at low 50%^s
- Garanti currently has the second leading position in credit card market and aims to be # 1 in number of credit cards by the end of 2004, and # 1 in issuing volume within the next two years

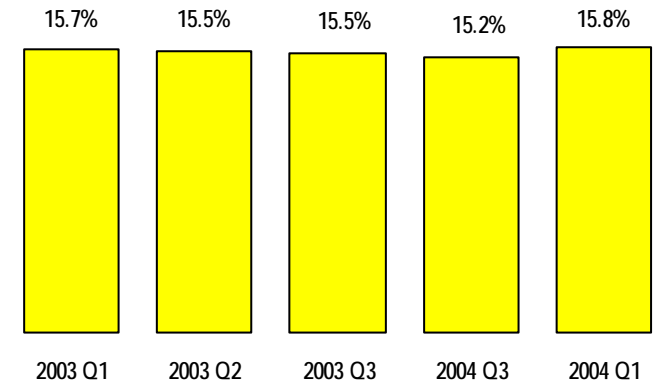
Number of Credit Cards

Thousands

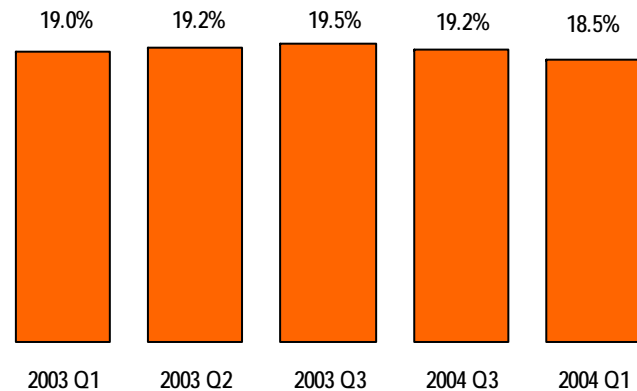


Market Share in Number of Credit Cards

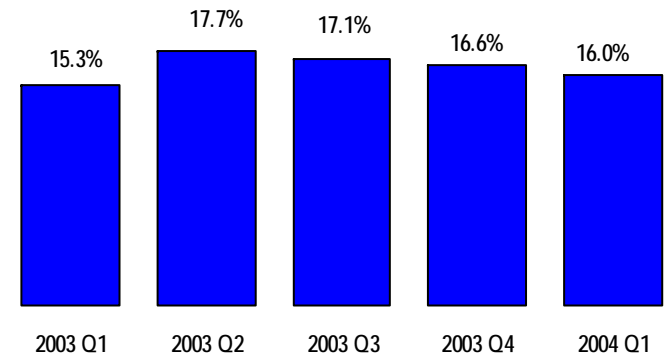
%



Issuing Volume (including cash advance) Market Share, %



Acquiring Volume Market Share, %

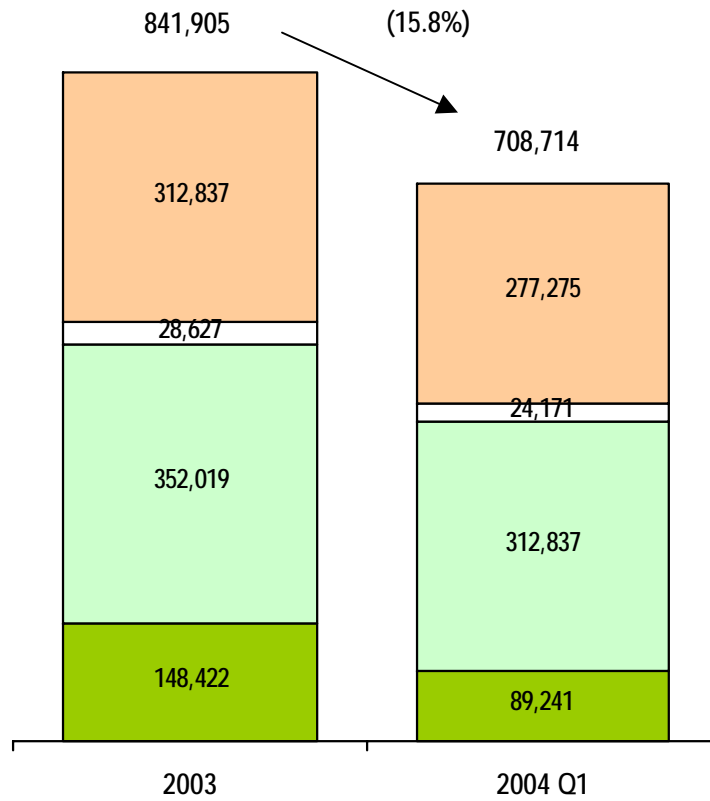


Group Exposure

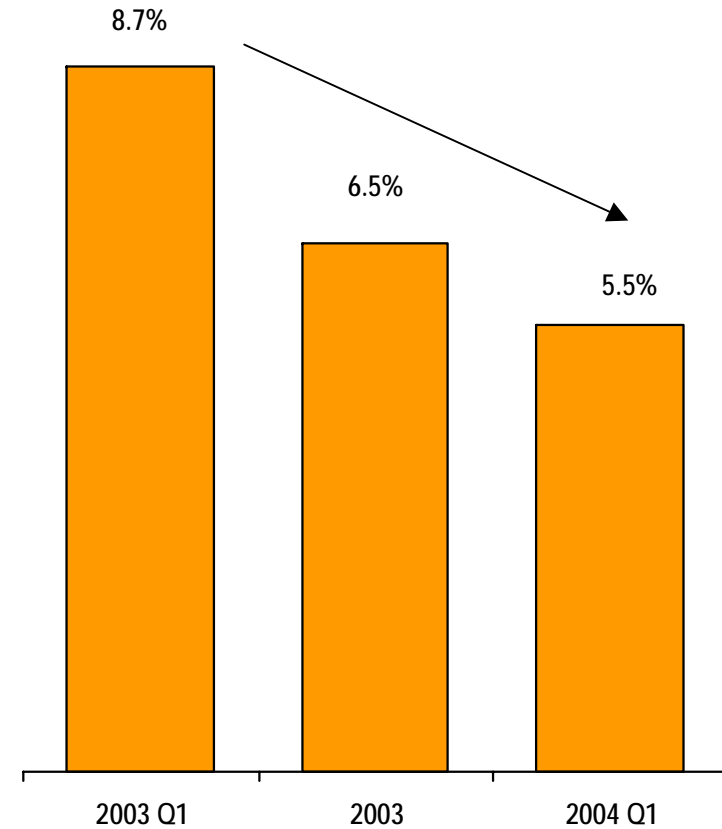
Lowest exposure as to total loans in peer group

- Garanti continued to reduce its exposure to group lending; attaining the lowest ratio in the peer group
- Group exposure to total shareholders' equity was 25.5% as of 2004 Q1, in comparison to 32.3% in year-end 2003

Total Loans to Risk Groups
TL Billion



Total Loans to Risk Groups/Total Loans
%

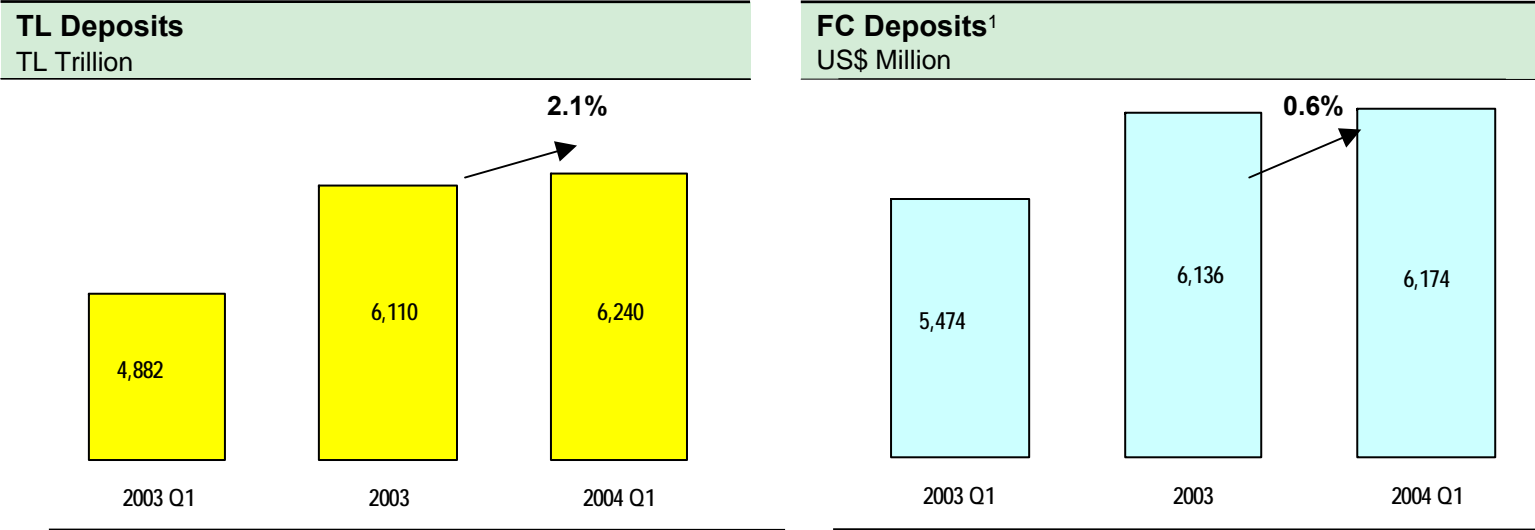


- N.C. Loans to Dir. & Ind. Shareholder
- N.C. Loans to Invest., Ass. & Subs.
- Cash L. to Dir. & Indir. Shareholder
- Cash L. to Invest., Ass. & Subs.

Deposits

Increasing deposit base

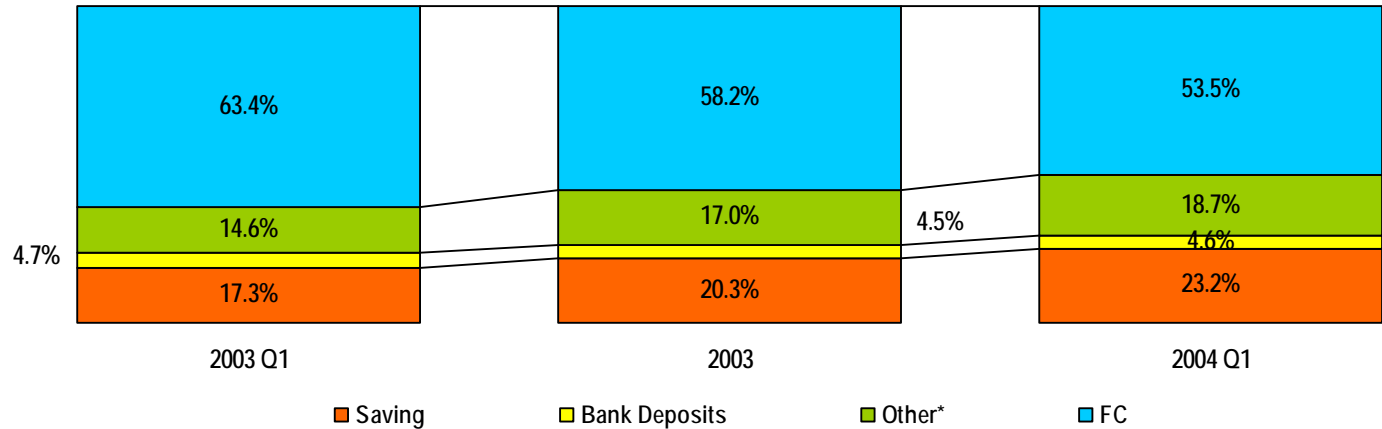
- Garanti registered slight increases both in TL and also in FC deposits
- The rate of increase in deposits was relatively small as there was a shift towards other saving instruments, mainly T-bills, in total customer funds



¹ Foreign currency, not inflation adjusted

Composition of Deposits

%



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

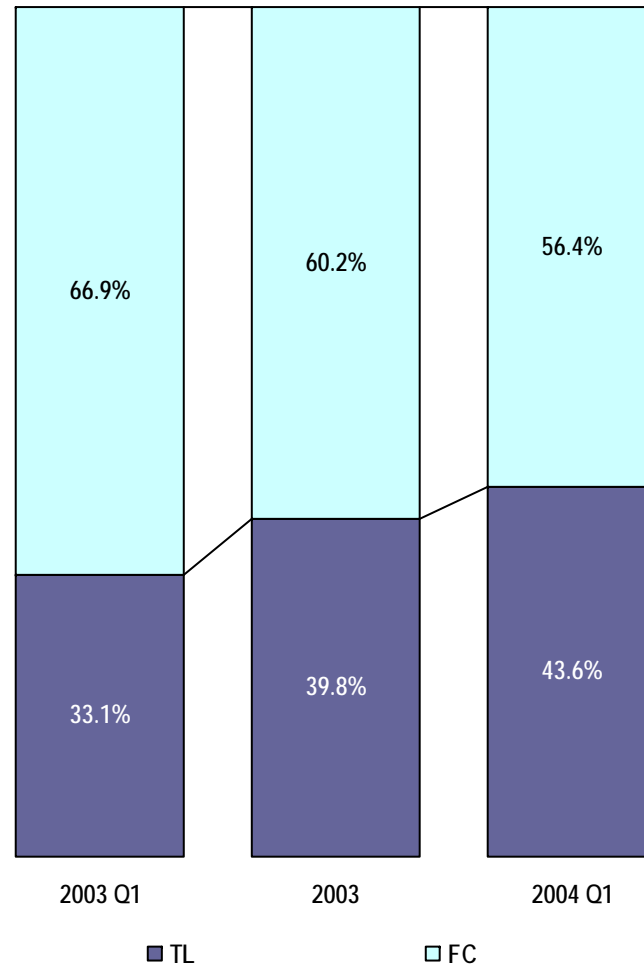
Deposits

Highest share of demand deposits among peer group

- Share of demand deposits in total deposits stood at 24.6%, the highest among peer group

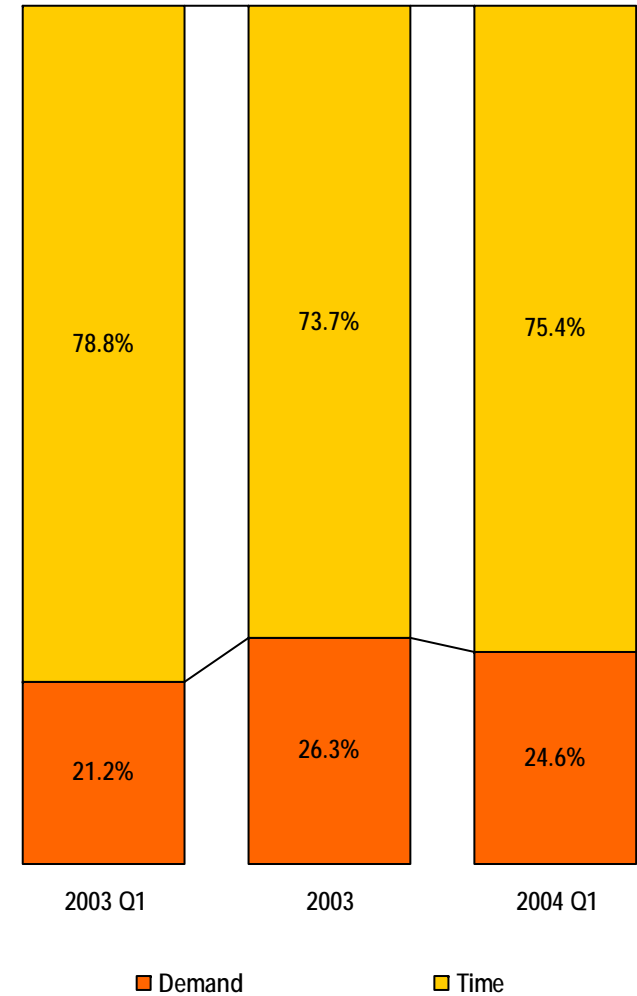
Currency Breakdown

%



Demand vs Time Deposits

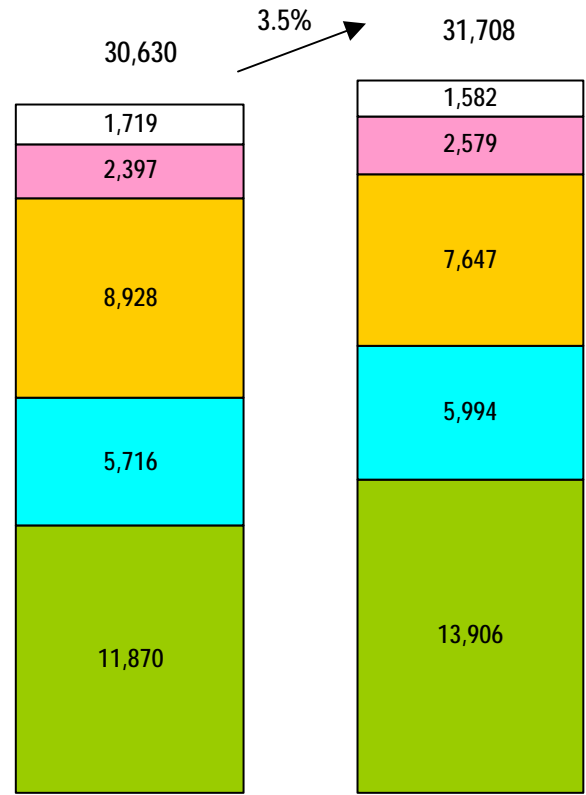
%



Customer Funds

- Growth in customer funds mainly stemmed from investments in T-bills
- T-bills under custody were up by 17.2% in real terms in 2004 Q1
- T-bills under custody composed 43.9% of total customer funds, whereas total deposits made up 43.0%

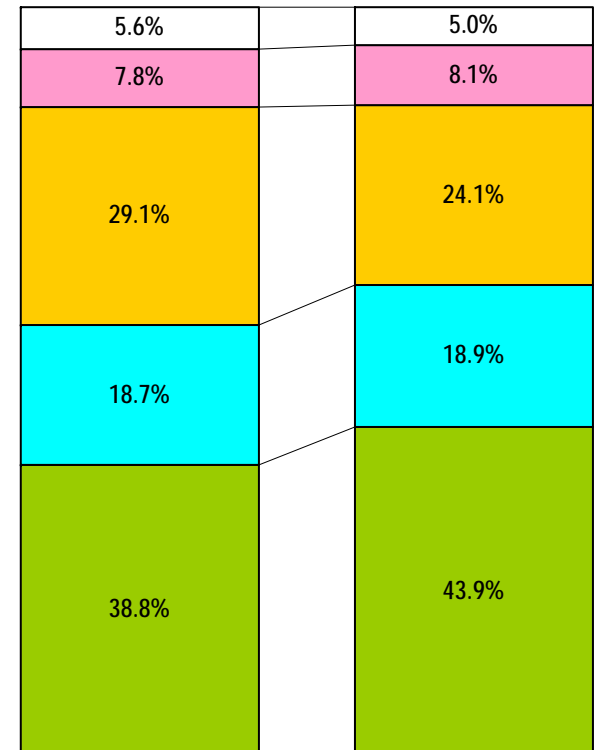
Total Customer Funds
TL Trillion



■ 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

P/L Summary

Income Statement

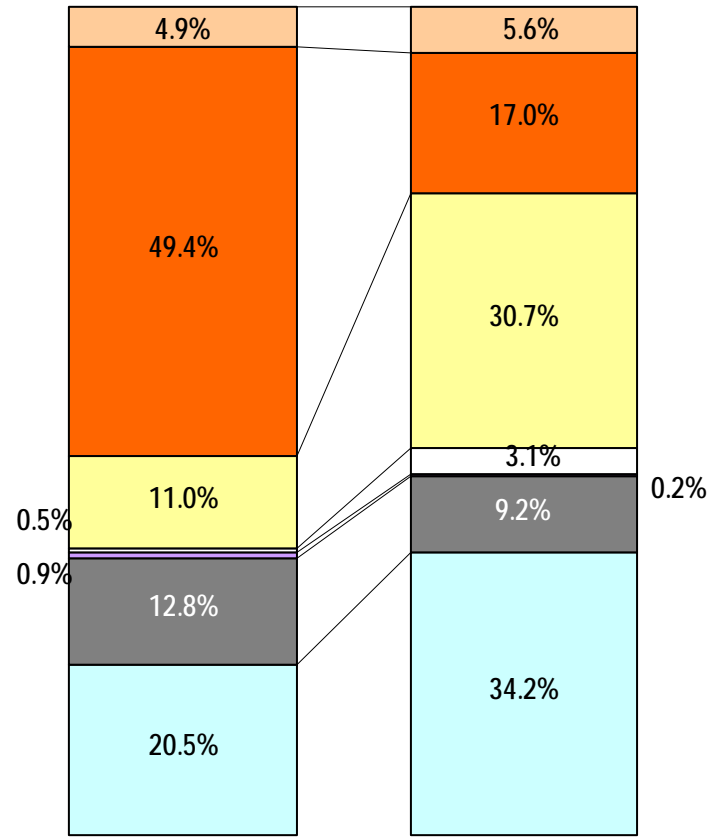
TL Billion

	March 31, 2003	March 31, 2004	% Change
NII Adjusted by FX & Monetary Gain/Loss	58,057	332,392	472.5%
Net Fee & Commission Income	99,543	112,624	13.1%
Net Trading Income	91,379	54,363	(40.5%)
Other Non-Interest Income	43,001	21,001	(51.2%)
<u>Total Income</u>	<u>291,980</u>	<u>520,380</u>	<u>78.2%</u>
Operating Expenses	200,038	231,902	15.9%
<u>Operating Margin</u>	<u>91,942</u>	<u>288,478</u>	<u>213.8%</u>
Provisions	67,973	74,622	9.8%
Ordinary Income	23,969	213,856	792.2%
Taxes	5,399	(68,500)	n.m.
<u>Net Income</u>	<u>29,367</u>	<u>145,356</u>	<u>395.0%</u>

Composition of Interest Income and Interest Expense

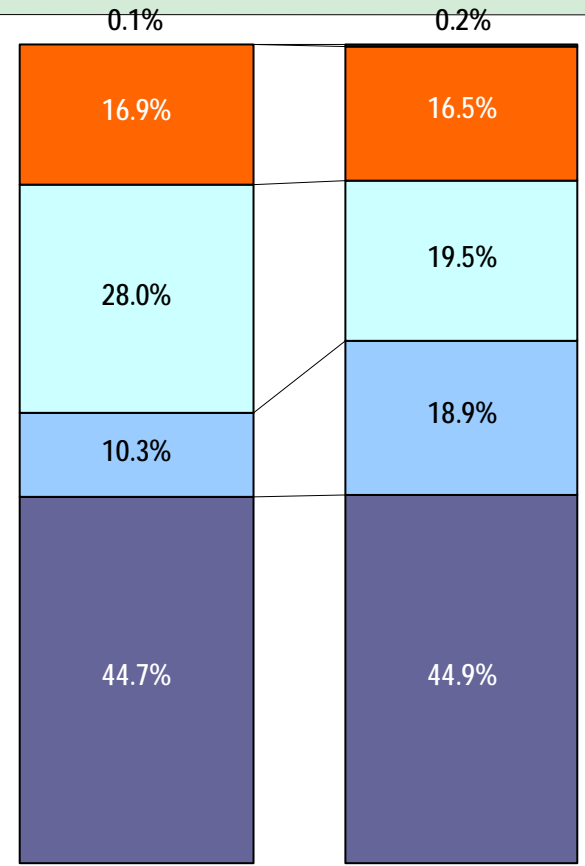
- Share of interest earned on loans rose to 43.6% in 2004 Q1, as compared to 34.2% in 2003 Q1

Composition of Interest Income
%



- TL Loans
- Loans under follow-up
- AFS Securities
- Other
- FC Loans
- Trading Securities
- HTM Securities

Composition of Interest Expense
%



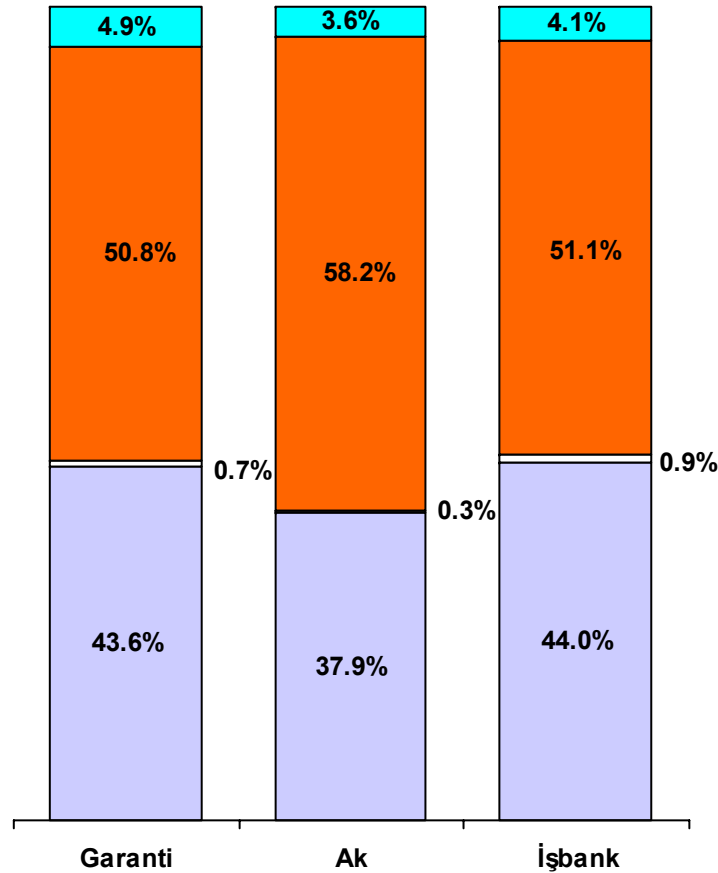
- On Saving Deposits
- On FC Deposits
- On Other Deposits
- On Funds Borrowed
- Other

Composition of Revenues in Peer Group

Less Dependability on Income on Gov't Securities

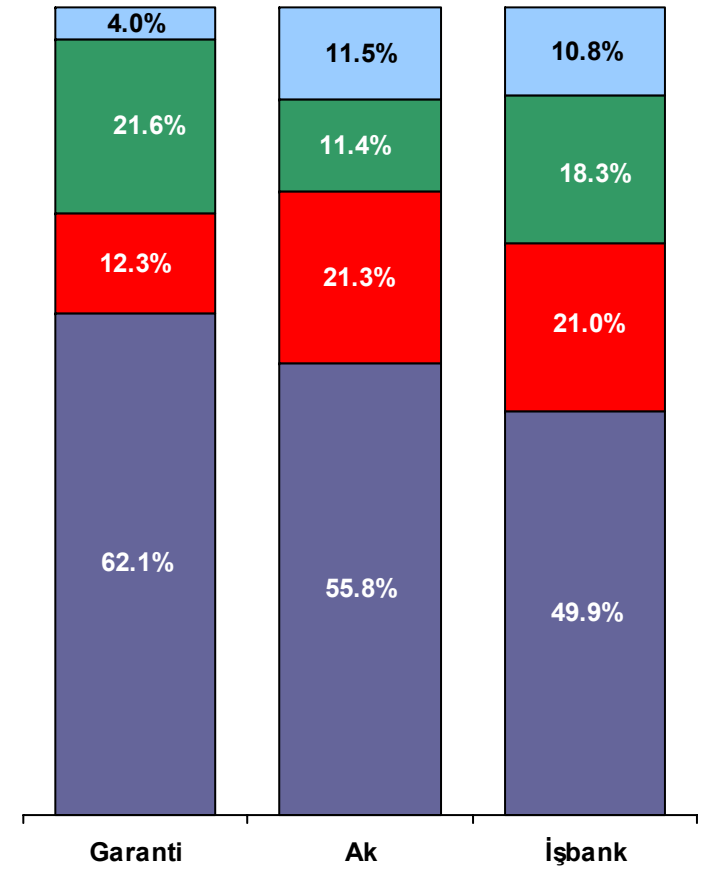
- Garanti has the least dependability on securities with the lowest share of interest earned on securities in total interest income among peer group
- Similarly, Garanti has the highest fees and commissions income share in its total revenues among the big three

Composition of Interest Income
%



□ From Loans □ From Banks ■ From Securities ■ Other

Composition of Revenues
%



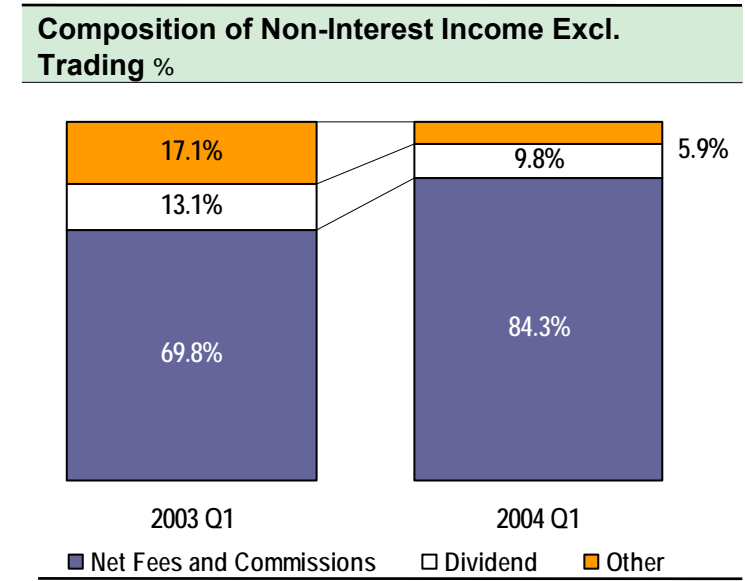
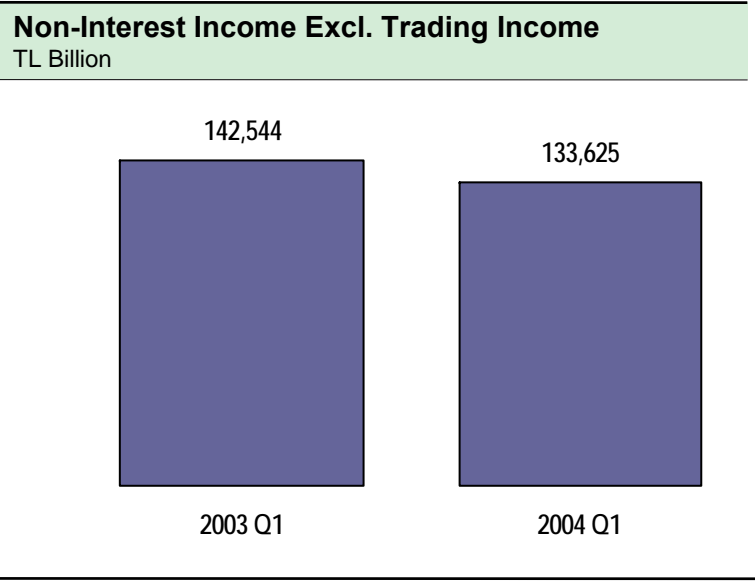
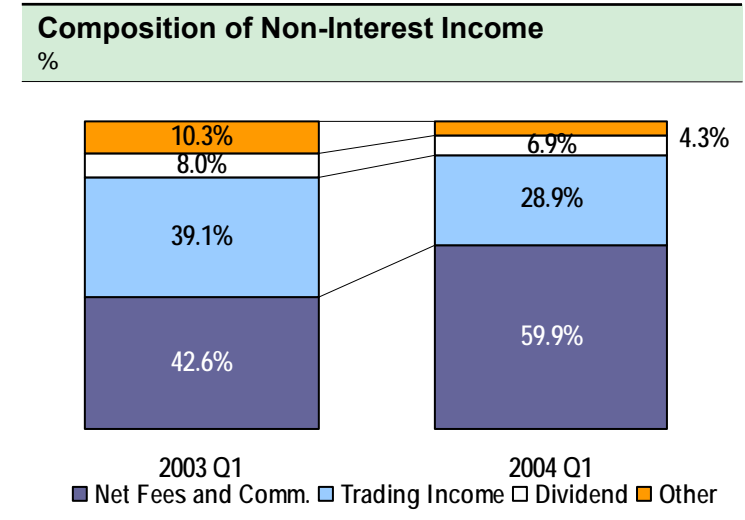
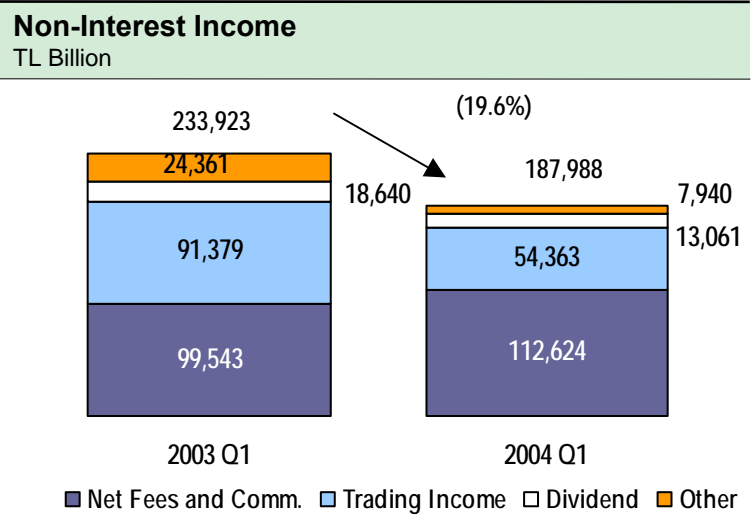
■ NIM+Trading + Monetary ■ FX Gains/Losses
■ Fees & Comm ■ Other

* FX loss on FX denominated securities are included to FX item in İşbank and Akbank

Non-Interest Income

Impressive performance in sustainable sources of revenues

- When trading income is excluded, fees and commissions comprised 84.3% of non-interest income

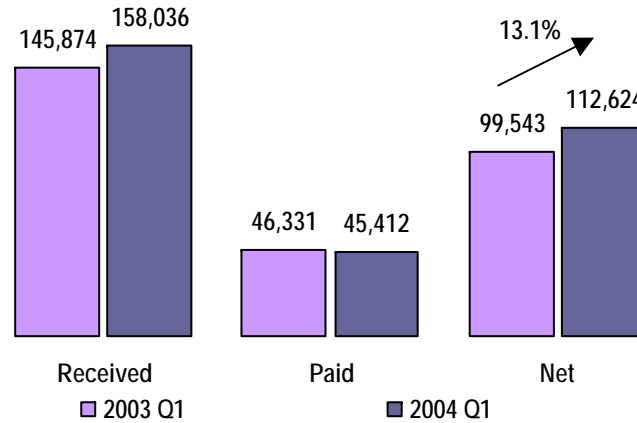


Fees and Commissions

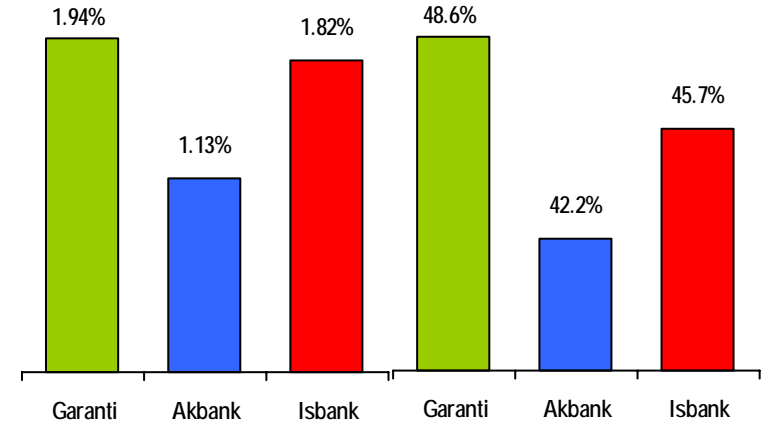
Best coverage ratio of operating expense by fees and commissions among big three

- Despite strong base effect, Garanti continued to register high growth rates in fees and commissions income
- While net fees and commissions increased by 13.1% on an annual basis, coverage of operating expenses by net fees and commissions income reached 49.8%, the highest ratio among peer group

Fees and Commissions
TL Billion

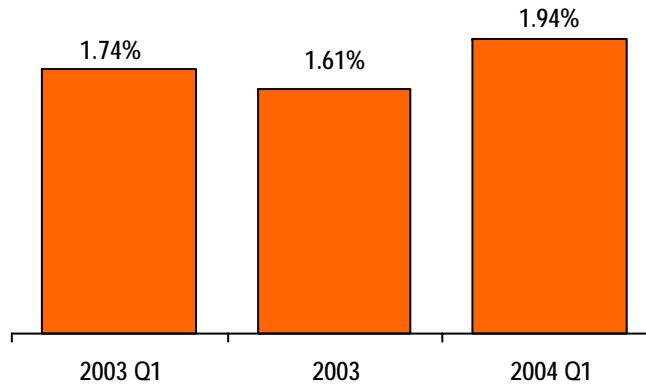


Net Fee Income / Average Assets

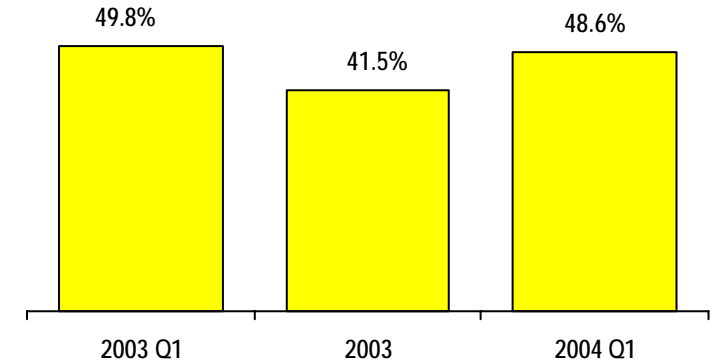


Net Fee Income / Operating Expenses

Net Fees and Commissions / Average Assets
%



Net Fees and Commissions / Operating Expenses, %



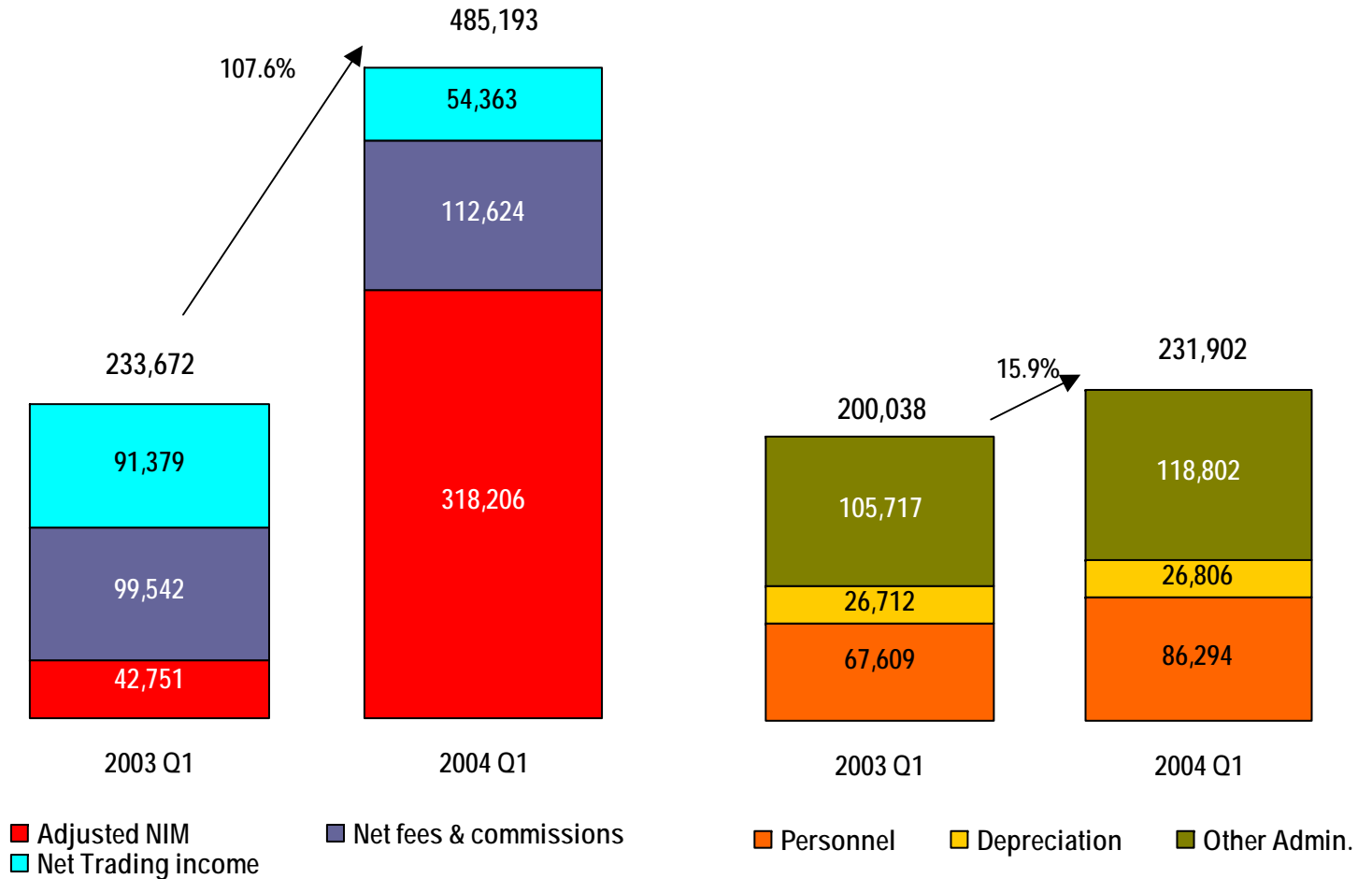
Net Banking Income versus Operating Expense

Over 100% increase in net banking income

- Net banking income increased significantly by 107.6% reaching TL485,193 billion
- Operating expense increased by 15.9% mainly due to increasing personnel expenses in line with expanding distribution channels

Net Banking Income
TL Billion

Operating Expense
TL Billion

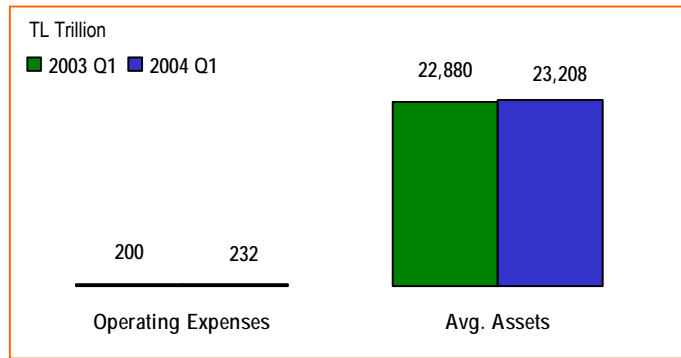


Operating Expense Ratios

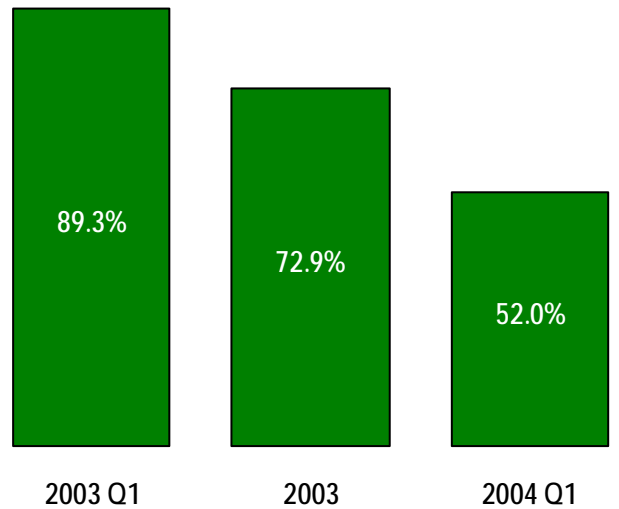
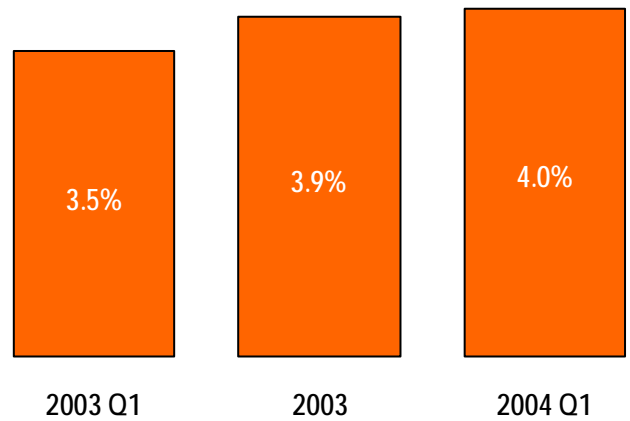
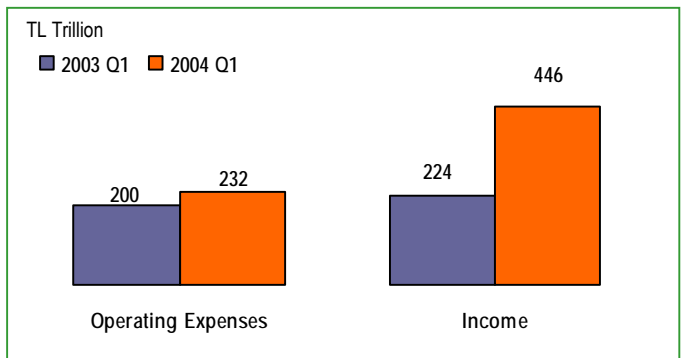
Superior performance in Cost / Income

- Cost / Income ratio declined significantly to 52.0% in 2004 Q1 despite the expansion in franchise network
- Strong income generation resulted in 44.5 percentage points decline in Cost / Income ratio, as compared to a year ago

Operating Expenses / Average Assts
%



Cost / Income Ratio
%



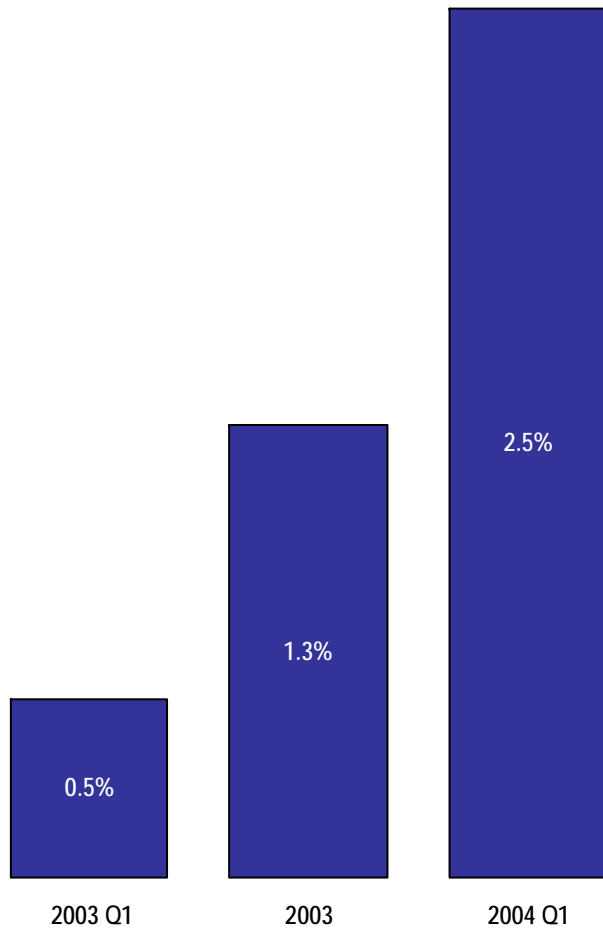
Profitability Ratios

Best ROAE performance among peer group

- Garanti achieved the best ROAE performance in 2004 Q1 among peer group, reaching 21.6% of ROAE

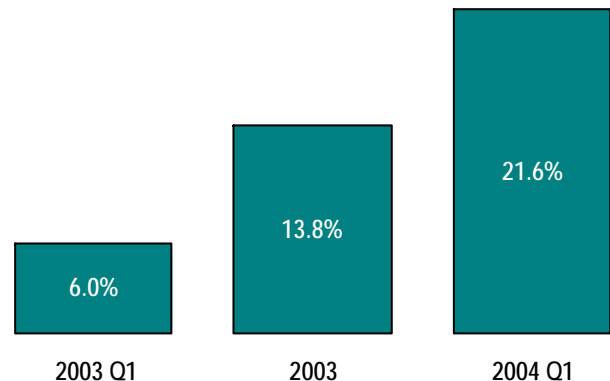
Return on Average Assets

%



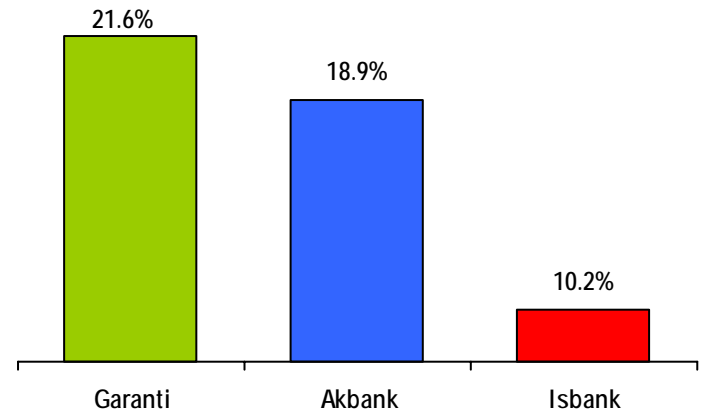
Return on Average Shareholders' Equity

%



Return on Average Shareholders' Equity

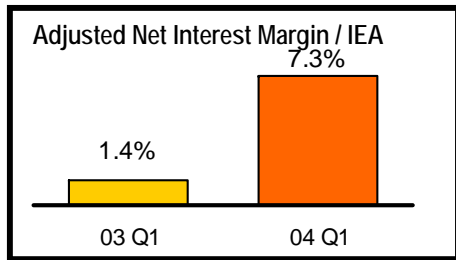
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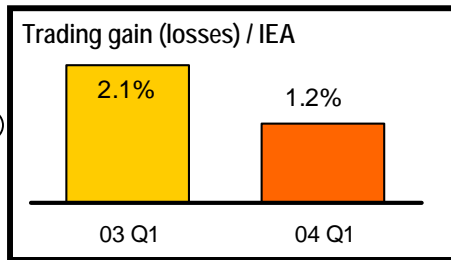
Composition of Profitability

Increase in profitability in all segments

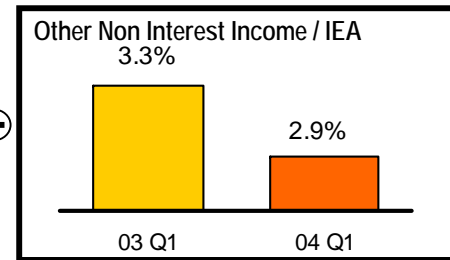
- Ratio of adjusted NIM to IEAs increased to 7.3% from 1.4%, contributing to the strong improvement in the ratio of pre-tax income to IEAs from 0.6% to 4.7%



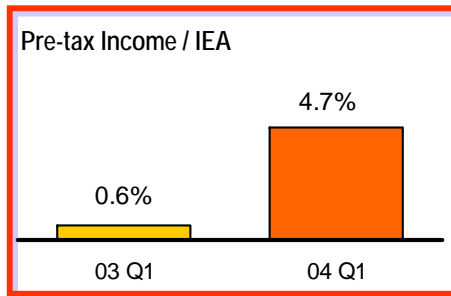
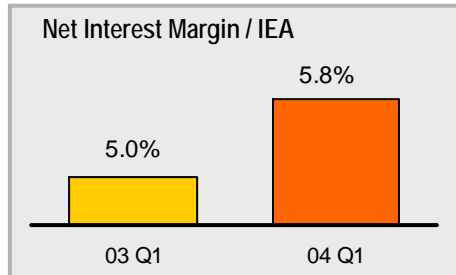
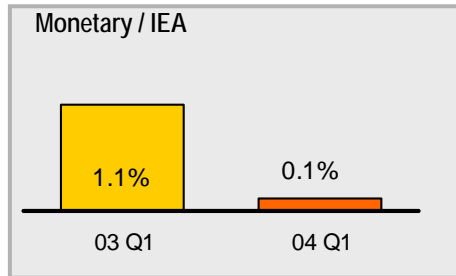
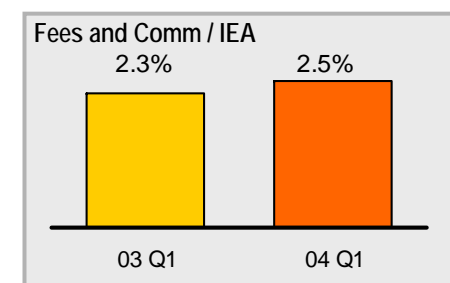
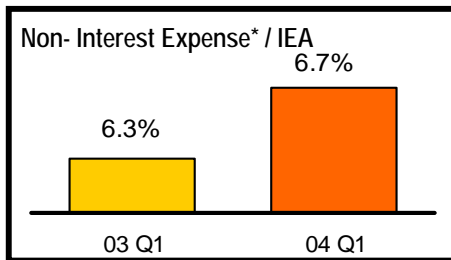
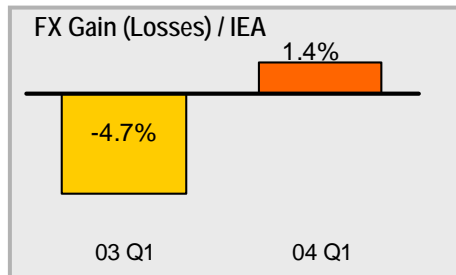
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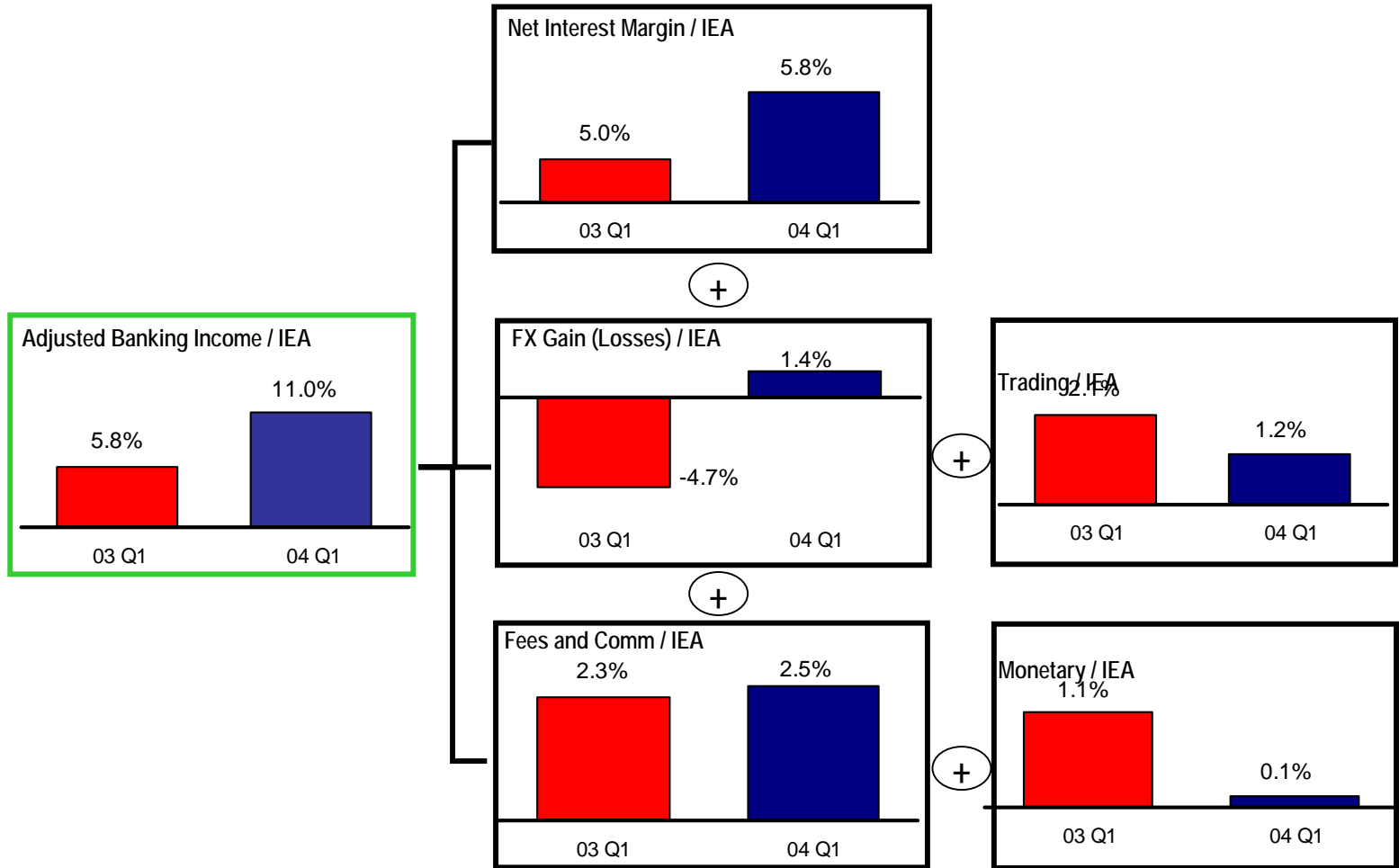


*Includes provisions

Adjusted Banking Income / IEA

Superior performance in banking revenues

- Ratio of adjusted banking income to IEAs reached 11.0%, as compared to 5.8% a year ago



Risk Weighted Assets and Capital Base

Further strengthening in capital adequacy

– Garanti’s capital adequacy ratio reached 19.5% as of 2004 Q1

