



CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

**(As adjusted for the effects of inflation in YTL units
at 30 June 2005 pursuant to IFRS)**

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Section 1

H1 2005 Financial Highlights

- Total assets were YTL33,429 Million (US\$24,984 Million) on a consolidated basis as of H1 2005
- Net cash loans increased by 22.0% in real terms, constituting 45.1% of total assets
- NPL ratio was 4.1% as of H1 2005
- Total revenues increased by 28.1% in real terms on a consolidated basis over H1 2004
- Operating income on a consolidated basis reached YTL727 Million, increasing by 53.6% in real terms over H1 2004
- Ordinary banking income of the banking segment increased by 26.6%, reaching YTL1,278 Million
 - Adjusted net interest income of the banking segment registered 37.8% increase, reaching YTL908 Million
 - Net fees and commissions of the banking segment increased by 30.8%, reaching YTL363 Million despite an already large base
 - Non-interest expenses of the banking segment were YTL597 Million
- Net income increased by 29.5% in H1 2005 over H1 2004, reaching YTL 302 Million
- ROAA and ROAE increased to 1.87% and 16.80%, respectively, as of H1 2005

Section 2

Consolidated Financial Performance – Balance Sheet

Balance Sheet Highlights

- Total assets were up by 11.9% in US\$ terms, reaching US\$24,984 Million as of H1 2005
- TL Loans increased by 29.0% in real terms over 2004 YE, reaching YTL7,262 Million
- FC loans increased by 22.0% in US\$ terms, reaching US\$5,848 Million
- TL deposits increased by 15.3% in real terms, reaching YTL9,767 Million
- Total shareholders' equity was up by 6.5% in real terms

Selected Financials

IFRS

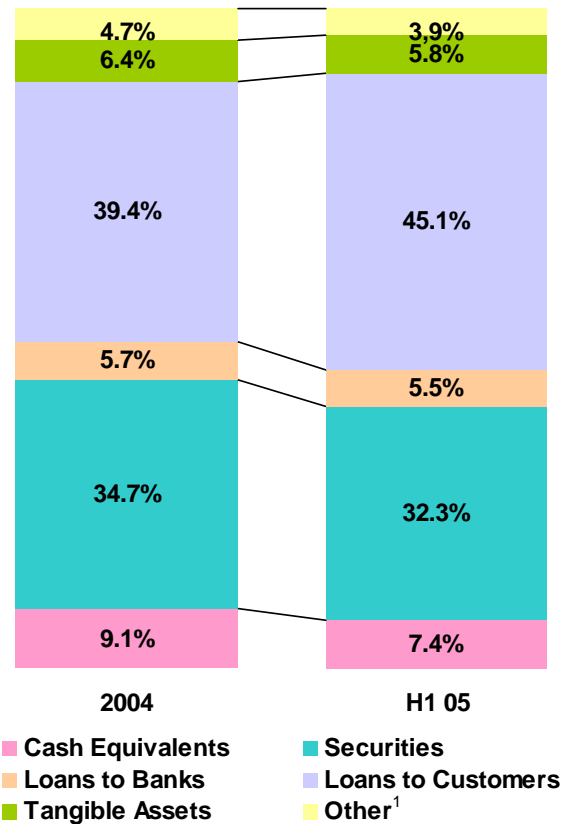
	December 31, 2004	June 30, 2005	Change
Total Assets ¹ (US\$ Million)	22,333	24,984	11.9%
Total Assets (YTL Million)	31,361	33,429	6.6%
TL Net Cash Loans (YTL Million)	5,630	7,262	29.0%
FC Net Cash Loans ¹ (US\$ Million)	4,794	5,848	22.0%
Total Non-cash Loans (YTL Million)	7,306	6,854	(6.2%)
TL Deposits (YTL Million)	8,468	9,767	15.3%
FC Deposits ¹ (US\$ Million)	9,293	8,740	(6.0%)
Total Shareholders' Equity ² (YTL Million)	3,484	3,710	6.5%

B/S Composition

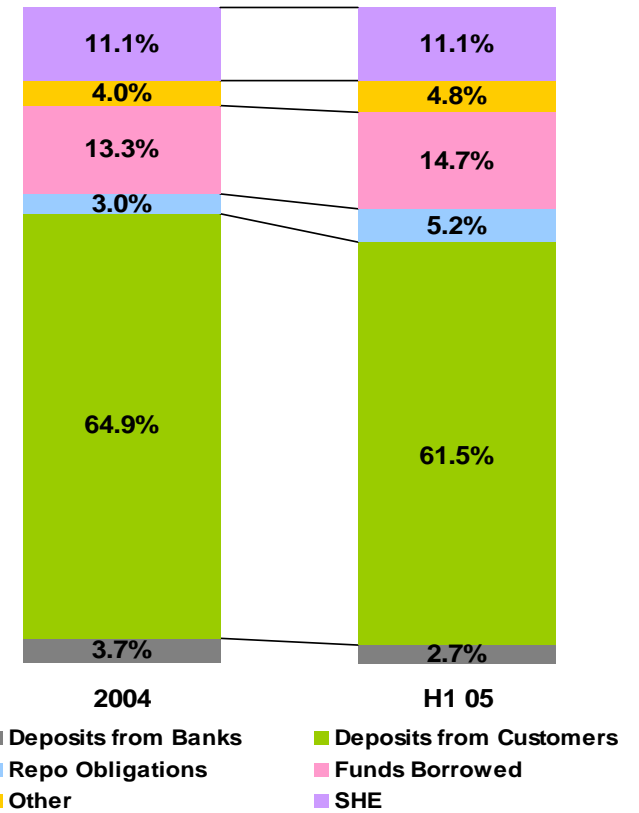
Rising share of loans to customers boosted by increasing retail banking focus and strong positioning; declining dependability on securities

- Total assets increased to YTL33,429 Million at H1 2005 (US\$ 24,984 Million)
- Loans to customers (net cash loans) increased by 22.0% in real terms, bringing its share in total assets up to 45.1% at H1 2005 from 39.4% at 2004 YE
- Share of securities declined from 34.7% at YE 2004 to 32.3% in H1 2005
- Share of deposits from customers in total liabilities and shareholders' equity stood at 61.5% as of H1 2005
- Share of total deposits (including deposits from banks) was 64.2% as of H1 2005

Composition of Assets %



Composition of Liabilities & SHE² %



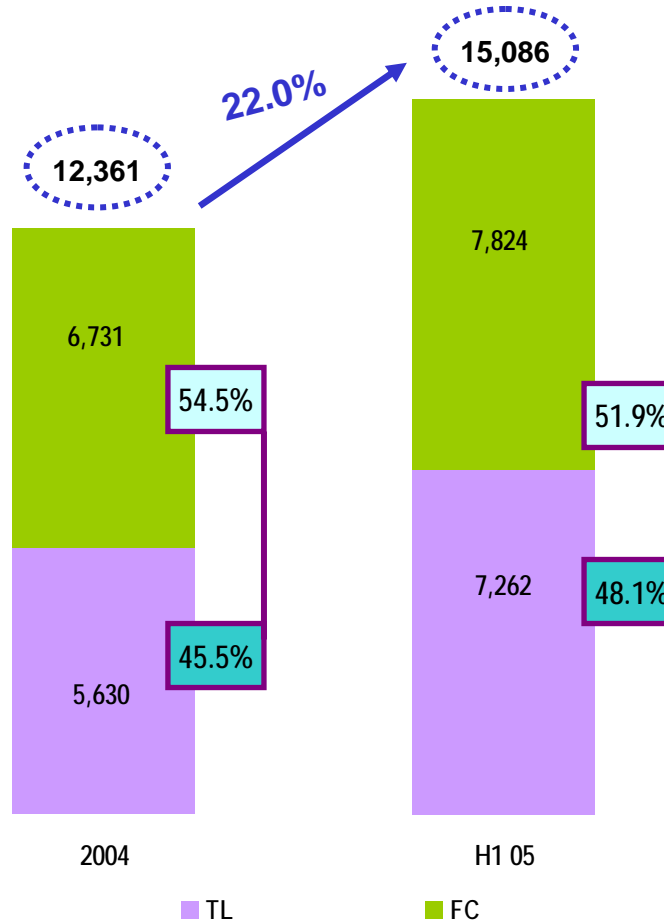
¹ Other assets include intangible assets, investments in associated companies, deferred tax assets, and other assets
² Shareholders' equity includes minority interest

Loans

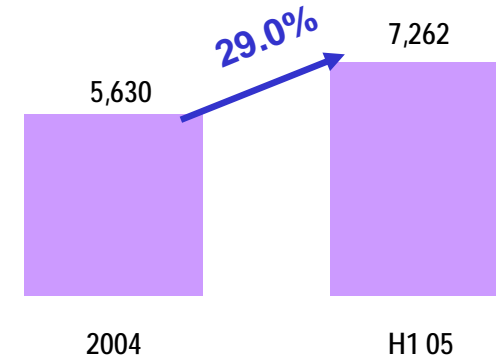
Persisting solid growth in TL loans with robust margins

- The share of TL loans in total loans increased further to 48.1% as of H1 2005 from 45.5% at 2004 YE
- TL loans increased by 29.0% in H1 2005, reaching YTL7,262 Million
- FC loans increased by 22.0% in US\$ terms, reaching US\$5,848 Million as of H1 2005

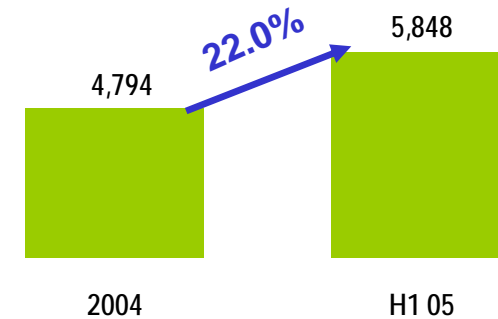
Net Cash Loans
YTL Million



TL Loans
YTL Million



FC Loans¹
US\$ Million



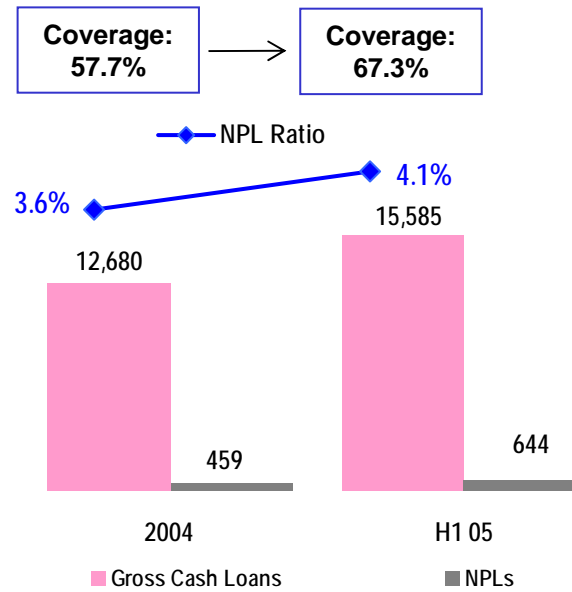
¹Foreign currency, not inflation adjusted

Loans

Increasing share of consumer loans and higher provisions due to 'coverage building'

NPLs and Provisioning

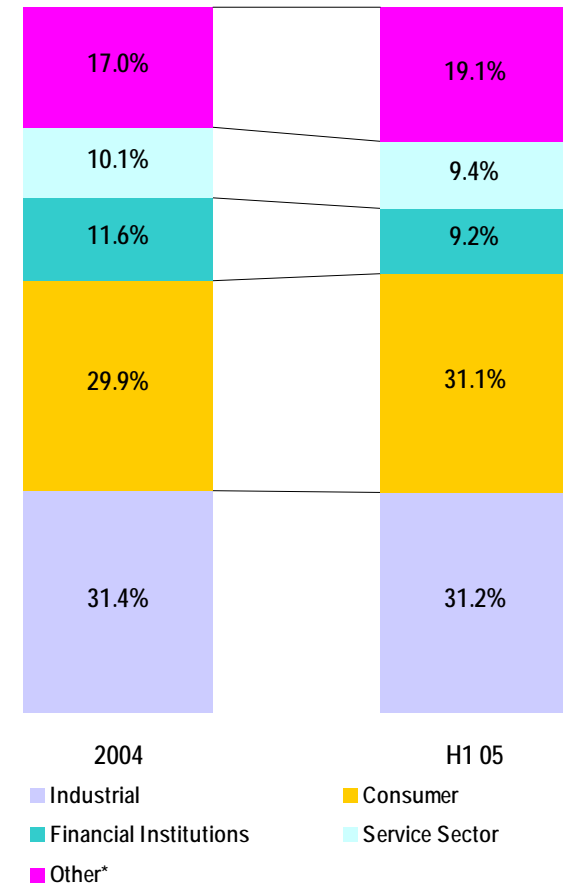
%, YTL Million



Asset Quality	31.12.2004	30.06.2005
Secured Loans	63.73%	63.76%
Unsecured Loans	36.27%	36.24%
Provisioned NPLs	2.1%	2.8%
Unprovisioned NPLs	1.5%	1.3%

Loan Allocation

%



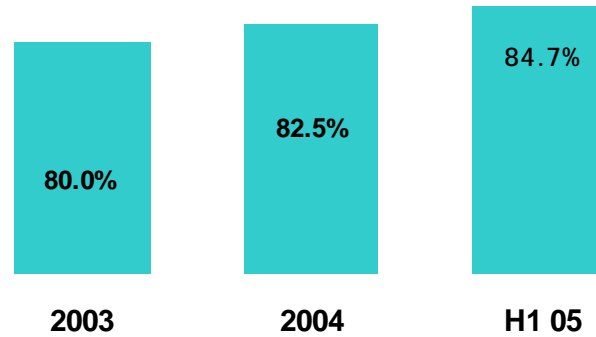
* Other includes loans extended to sectors such as agriculture, tourism, construction, foreign trade, transportation and others

IEAs versus IBLs

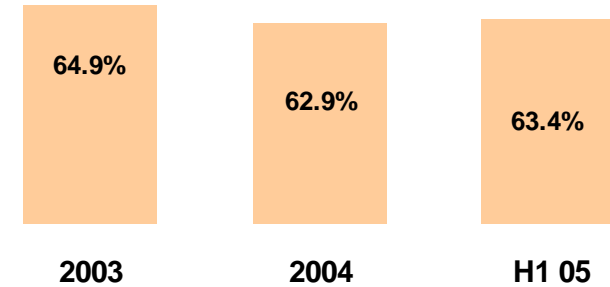
Widening gap between IEAs and IBLs due to continuing increase in the share of IEAs

- The share of IEAs in total assets increased to 84.7% as of H1 2005 from 80.0% at 2003 YE
- The share of IBLs in total liabilities and SHE declined to 63.4% as of H1 2005 from 64.9% at 2003 YE
- As a result, the gap between IEAs and IBLs further widened to YTL7,140 Million at H1 2005 from YTL6,162 Million at 2004YE and YTL4,585 Million at 2003 YE

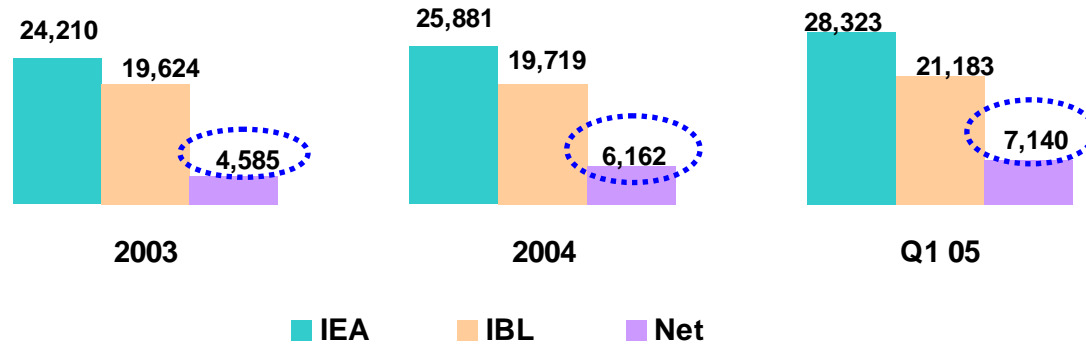
IEAs/Total Assets
%



IBLs/Total Liabilites and SHE
%



IEAs vs IBLs
YTL Million

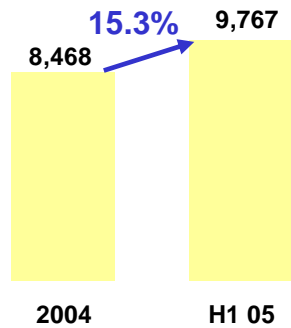


Deposits

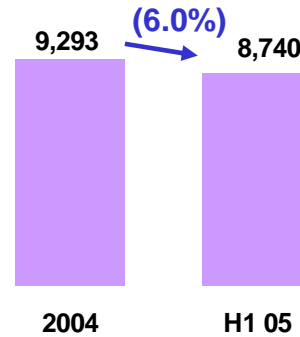
Best performer in demand deposits while expanding TL deposit base

- TL deposits increased by 15.3% over 2004 YE
- The share of FC deposits in customer deposits declined to 55.3% at H1 2005 from 62.2% at 2004 YE
- The share of FC deposits in total deposits (including bank deposits) declined to 54.5% as of H1 2005 from 60.6% as of 2004 YE
- TL demand deposits increased by 21.1% over 2004 YE, reaching YTL2,453 Million
- The share of demand deposits in total deposits was 32.7% as of H1 2005

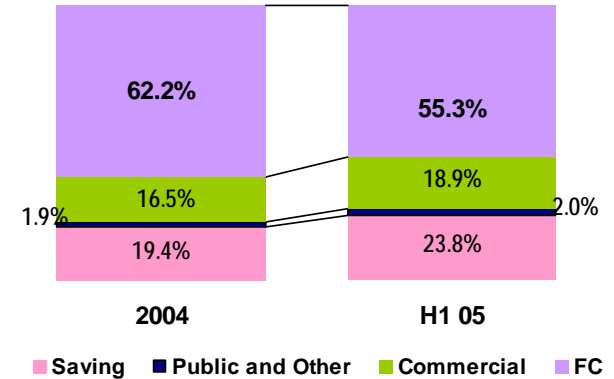
TL Deposits
YTL Million



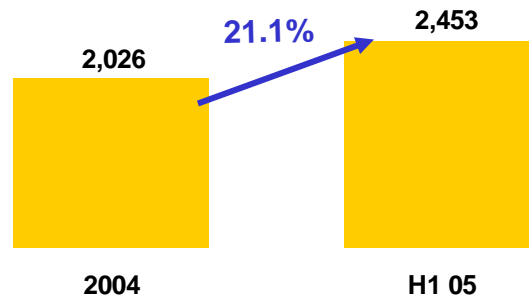
FC Deposits ¹
US\$ Million



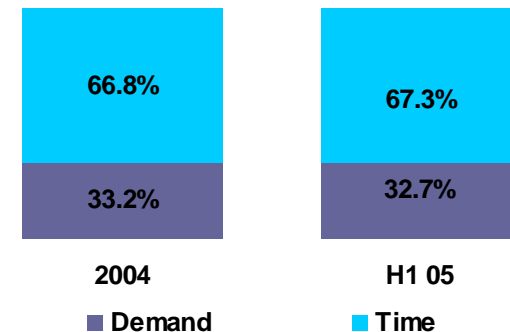
Composition of Customer Deposits
% (excluding accrued interest expense)



TL Demand Deposits (from customers)
YTL Million



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



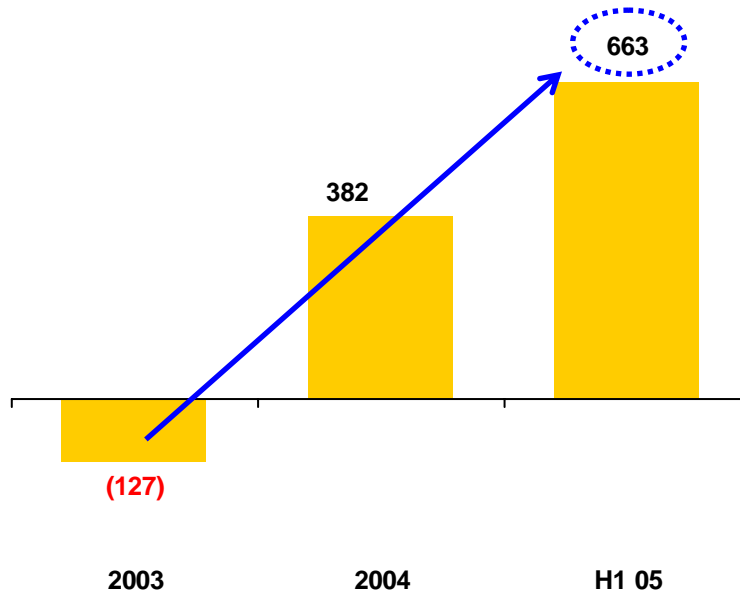
¹ Foreign currency, not inflation adjusted

Free Equity

Further improvement in free equity

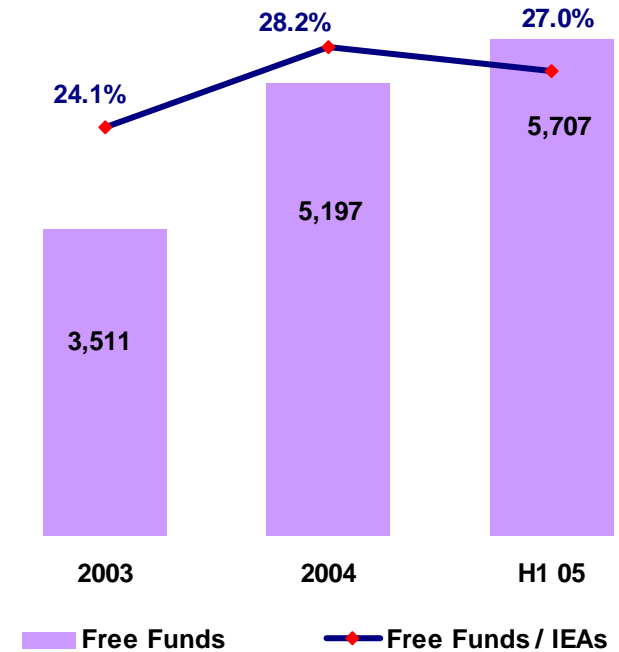
- Free equity further improved to US\$663 Million as of H1 2005 from a negative US\$127 Million at 2003 YE, in line with the increasing share of IEAs.
- Capital adequacy ratio was 14.03% as of H1 2005
- Free funds increased by 9.8% (in US\$ terms) over 2004 YE and 62.5% over 2003 YE, reaching US\$5,707 Million
- Free funds to IEAs increased to 27.0% at H1 2005 from 24.1% at 2003 YE

Free Equity¹
US\$ Million



¹ Including minority interest

Free Funds²/IEAs
US\$ Million, %



² Free Funds: Free Equity + Demand Deposits (including demand deposits from banks)

Section 3

Consolidated Financial Performance – Income Statement

Garanti Bank

Consolidated Financial Performance – Income Statement

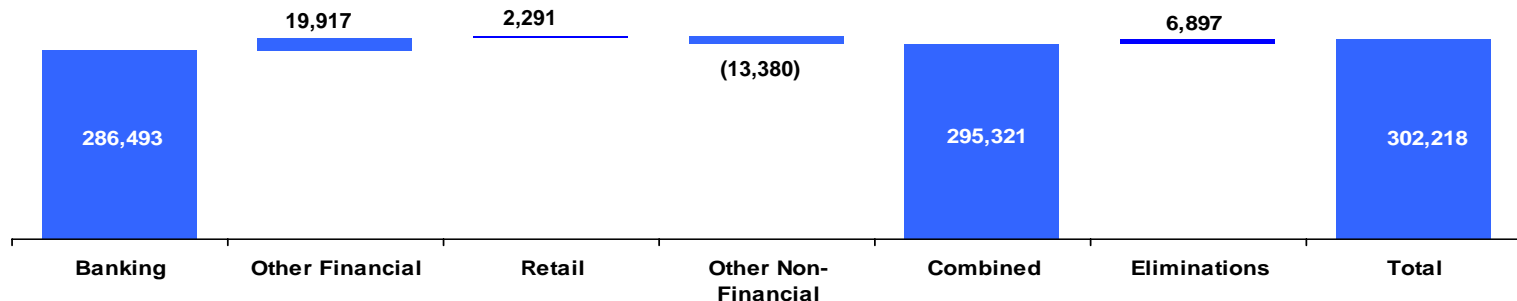
Summary Income Statement

- Total revenues increased by 28.1% in real terms on a consolidated basis, reaching YTL1,564 Million
- Consolidated operating income was up by 53.6% over H1 2004
- Despite a large base, net fee and commission income registered a further 27.9% increase in H1 2005 on a consolidated basis

YTL Thousand	June 30, 2004	June 30, 2005	Change
Net Interest Inc.Adj.by FX & Monetary Gain/Loss	648,546	935,395	44.2%
Net Fees & Comm. Income	292,303	373,937	27.9%
Other Non-Interest Income	280,650	254,976	(9.1%)
Total Revenues	1,221,499	1,564,308	28.1%
Operating Expenses ¹	(748,526)	(837,592)	11.9%
Operating Income	472,973	726,716	53.6%
Impairment Losses	(102,519)	(302,822)	n.m.
Taxation Charge	(137,068)	(121,676)	(11.2%)
Net Income	233,386	302,218	29.5%
ROAA (%)	1.51%	1.87%	0.36 pp
ROAE ² (%)	14.44%	16.80%	2.36 pp

Composition of Consolidated Net Income, H1 2005

YTL Thousand

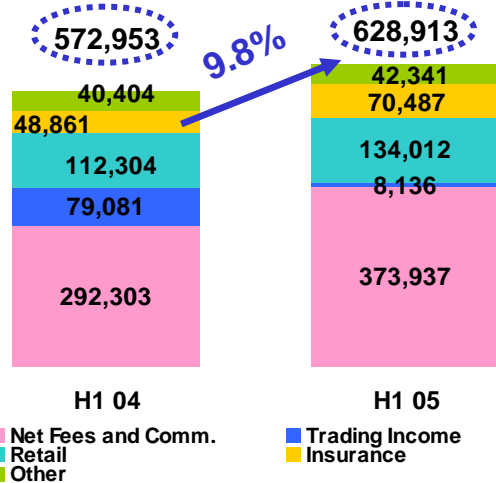
¹Including depreciation and amortization²Shareholders' Equity includes minority interest

Non-Interest Income

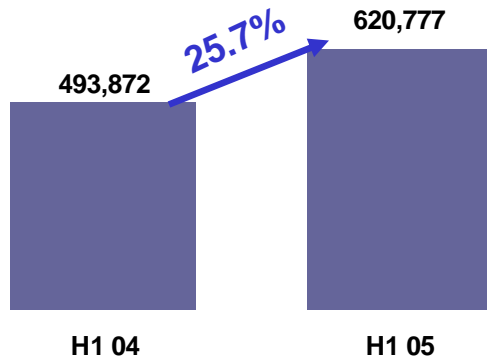
Continuous increase and further diversification in sustainable revenue streams

- Total non-interest income was YTL629 Million as of H1 2005
- When trading income is excluded, non-interest income increased by 25.7% over H1 2004, reaching YTL621 Million
- Net fee and commission income increased by 27.9% in H1 2005 over H1 2004; constituting 59.5% of total non-interest income
- Income from insurance business reached YTL70.5 Million in H1 2005, increasing 44.3% over H1 2004 and constituting 11.2% of non-interest income

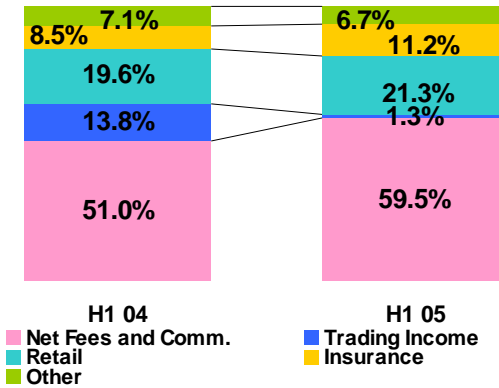
Non-Interest Income
YTL Thousand



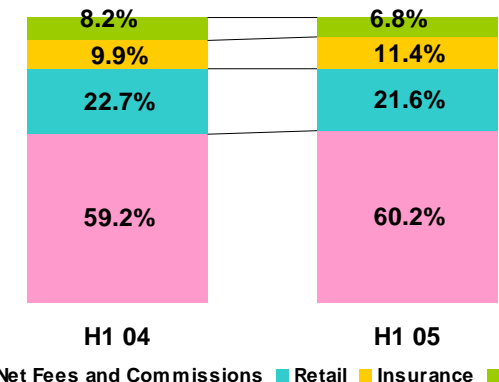
Non-Interest Income Excl. Trading
YTL Thousand



Composition of Non-Interest Income
%



Composition of Non-Interest Income Excl. Trading
%



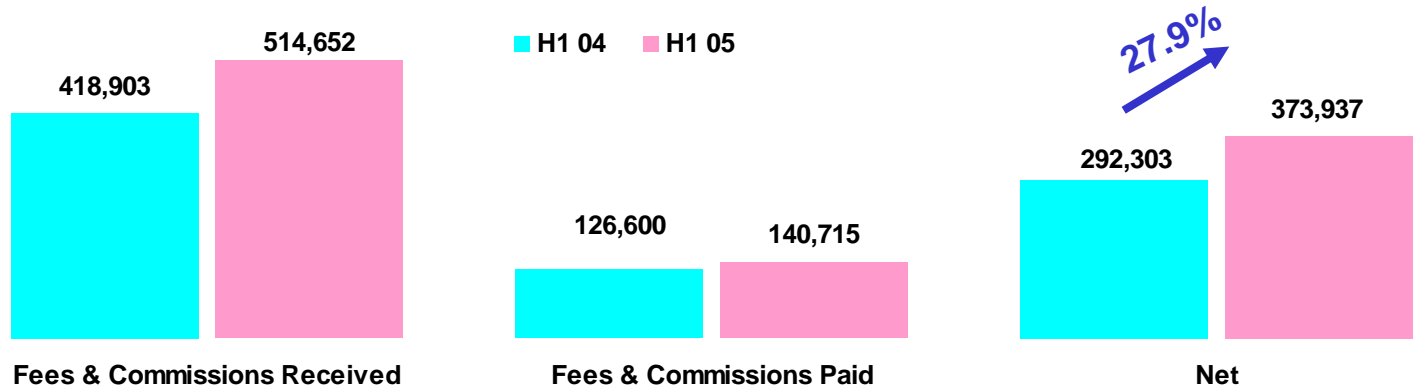
Fees and Commissions

Continuing robust performance in net fees and commissions notwithstanding the base effect

- Net fees and commissions increased by 27.9% in H1 2005 over H1 2004, reaching YTL373.9 Million
- Net fees and commissions to average assets reached 2.31%
- Net fees and commissions covered 51.0% of total operating expenses as of H1 2005, compared to 46.1% in H1 2004

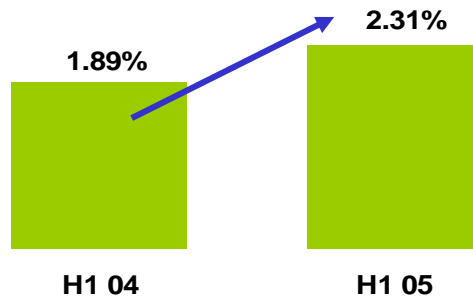
Fees and Commissions

YTL Thousand



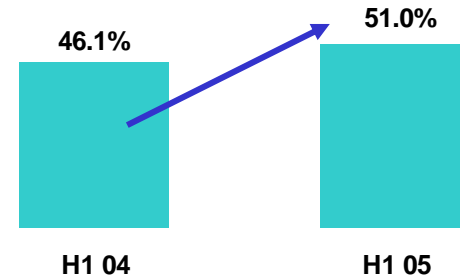
Net Fees and Commissions / Average Assets

%



Net Fees and Commissions / Operating Expenses

%

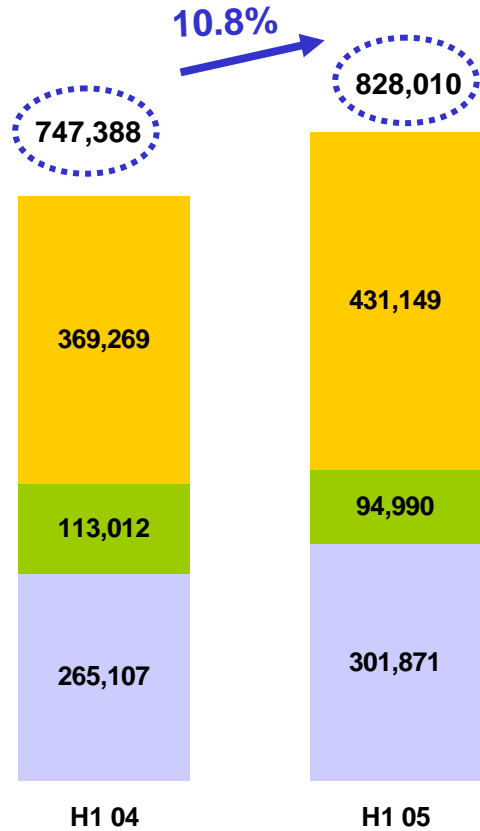


Non-Interest Expenses

Cost management in light of continuing branch expansion

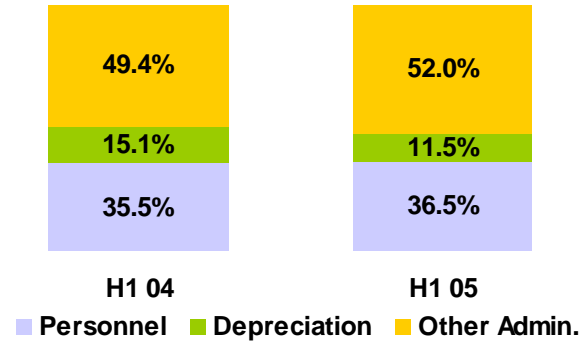
- Total non-interest expenses were YTL828 Million as of H1 2005
- Personnel expenses registered 13.9% increase in line with the expanding branch network

Non-Interest Expenses¹
YTL Thousand

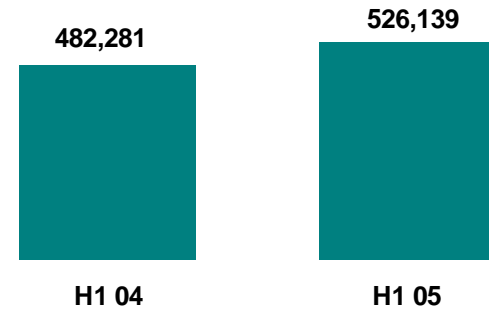


■ Personnel² ■ Depreciation ■ Other Admin.³

Composition of Non-Interest Expenses
%



Non-Interest Expenses Excluding Personnel Expenses
YTL Thousand



¹ Excluding impairments, general provision and provision for severance payments

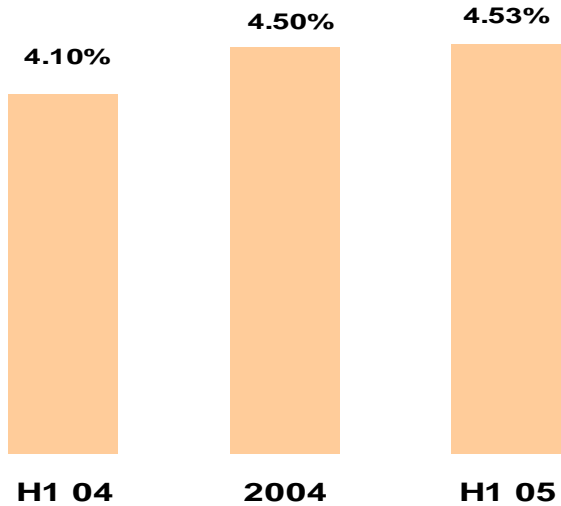
² Personnel expenses include salaries and wages and employee benefits

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

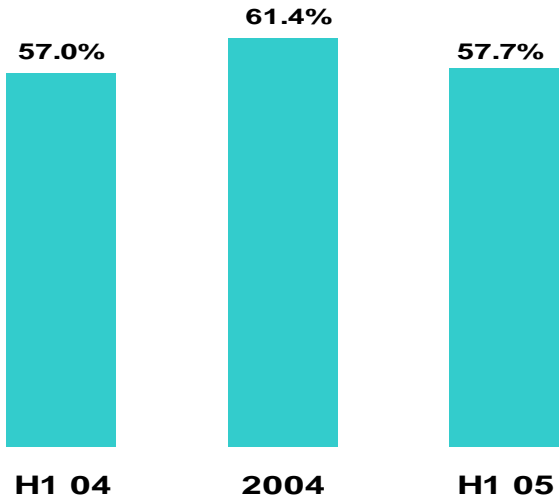
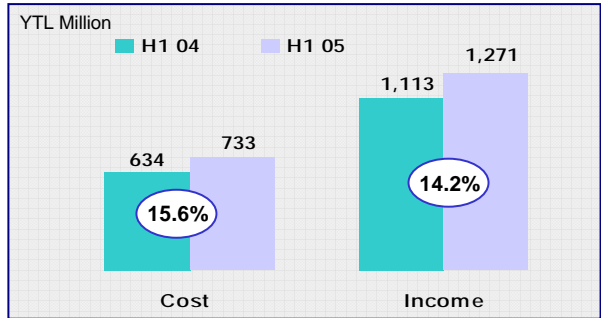
Operating Expenses and Cost/Income

- Opex/average assets ratio stood at 4.53% as of H1 2005
- As cost management and revenue enhancement measures continued to pay off, Cost/Income ratio further decreased to 57.7% as of H1 2005

Operating Expenses/Average Assets %



Cost/Income Ratio¹ %



¹ Excluding depreciation and amortization

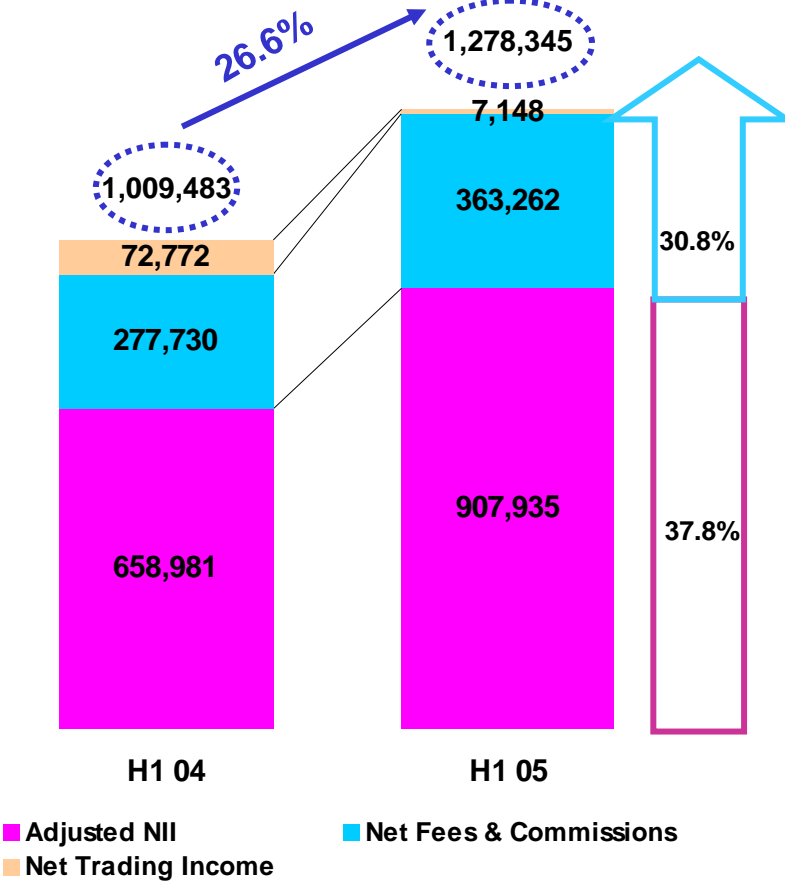
Segment Analysis

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

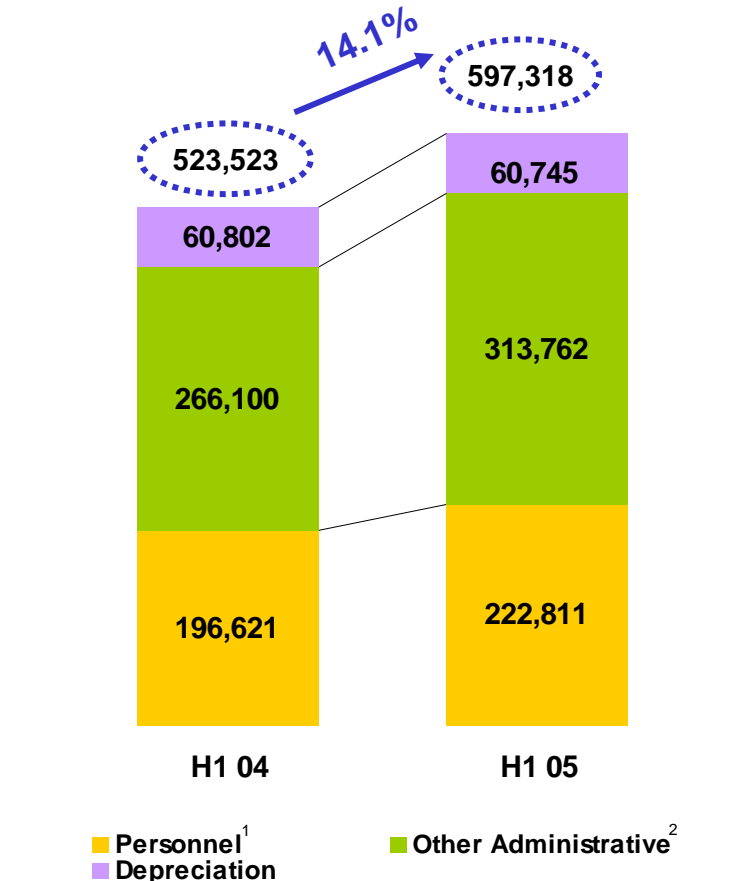
Ordinary banking income increased by 26.6%

- Ordinary banking income of the banking segment registered 26.6% increase in H1 2005 over H1 2004, reaching YTL1,278 Million
- Adjusted NII (adjusted by net fx gain and monetary gain/loss) of the banking segment registered 37.8% increase during H1 2005 compared to H1 2004, reaching YTL908 Million
- Net fee and commission income of the banking segment increased by 30.8% despite the already large base effect
- Personnel expenses increased by 13.3% over H1 2004

Ordinary Banking Income-Banking Segment
YTL Thousand



Non-Interest Expenses-Banking Segment
YTL Thousand



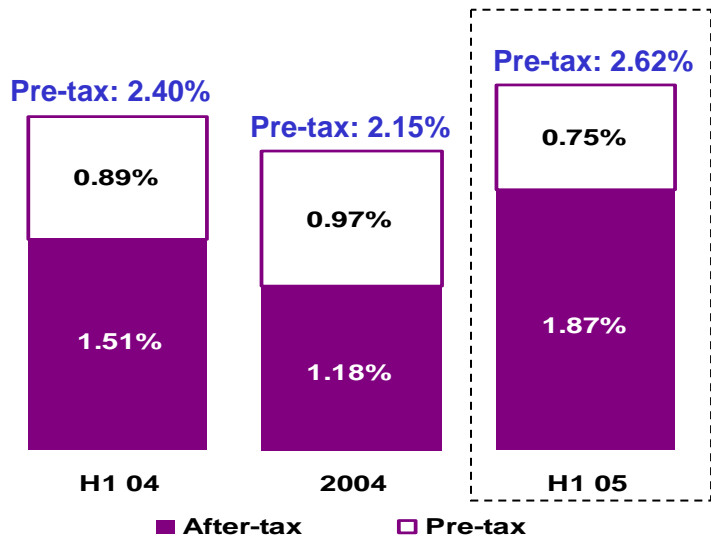
¹ Personnel expenses include salaries and wages, employee benefits

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

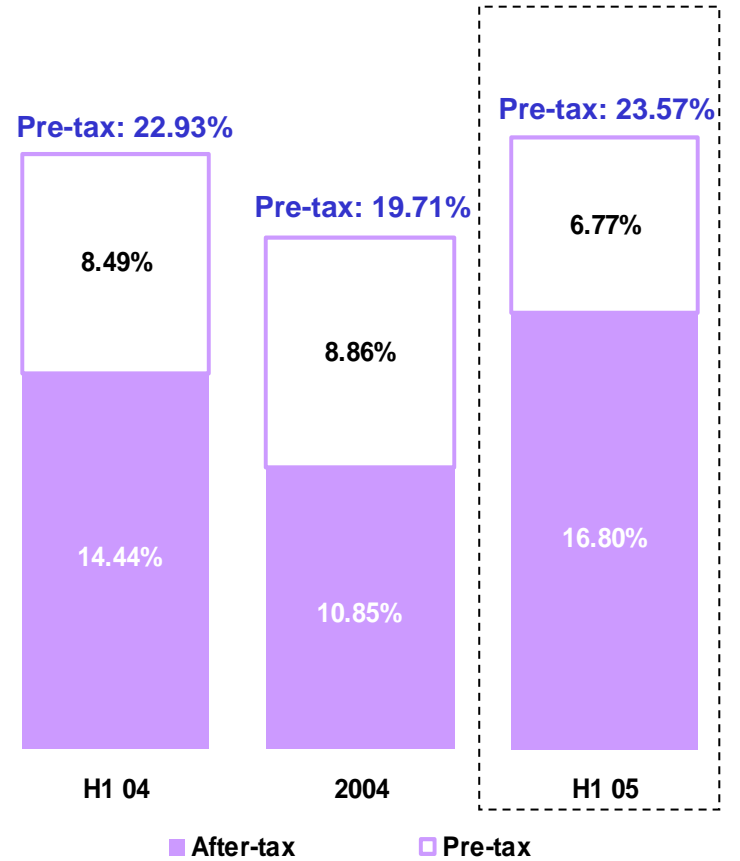
ROAA and ROAE

– Garanti’s pre-tax ROAA and ROAE were 2.62% and 23.57%, respectively as of H1 2005

ROAA
%



ROAE¹
%



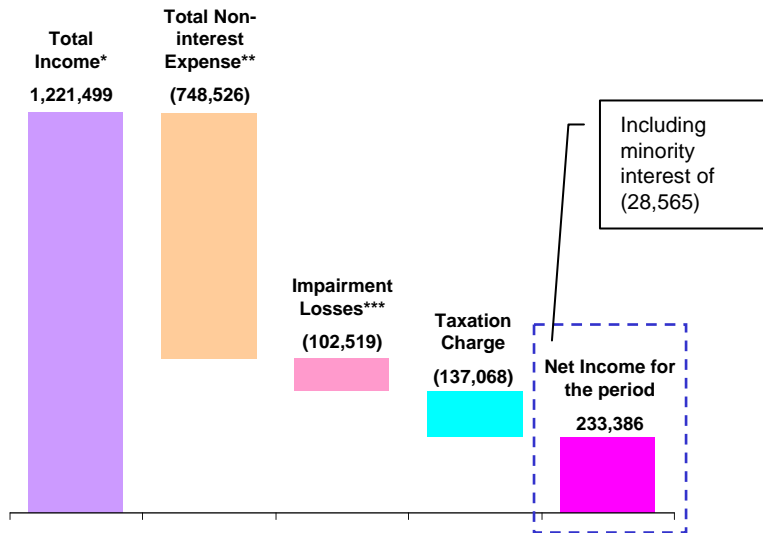
¹ Shareholders' equity includes minority interest

Profit / Loss

- Total income increased by 28.1% in H1 2005, reaching YTL1,564.3 Million
- Consolidated net income for H1 2005 increased by 29.5% compared to the same period of last year, reaching YTL302.2 Million

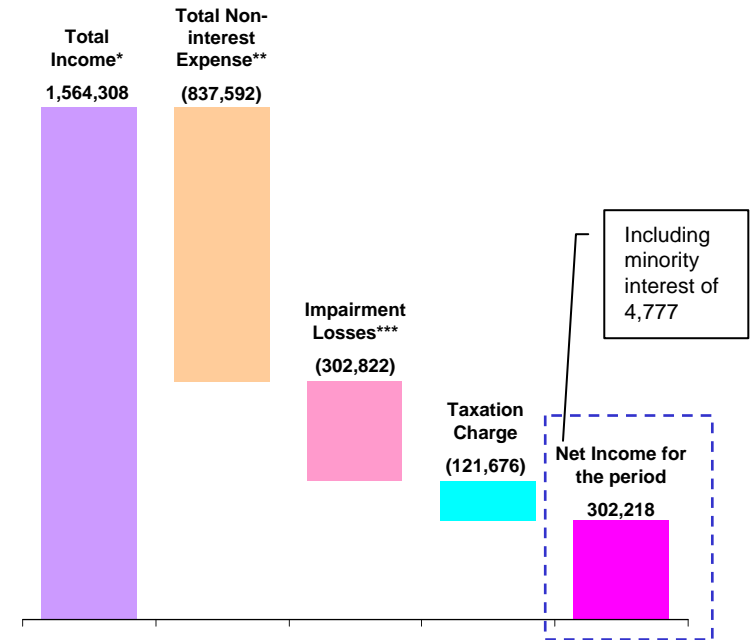
H1 2004 Profit / Loss

YTL Thousand



H1 2005 Profit / Loss

YTL Thousand



* Adjusted by net fx gain/loss and monetary gain/loss

** Excluding impairment losses

*** Including loan loss provisions

