



CONSOLIDATED EARNINGS REVIEW

December 31, 2005

**(As adjusted for the effects of inflation in YTL units
at 31 December 2005 pursuant to IFRS)**

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Section 1

2005 Earnings Highlights

2005 – A Year of Strong Performance

- Total asset growth was 29.7% in 2005. Assets reached YTL41,198 Million (US\$30,883 Million) on a consolidated basis as of YE 2005
- Net cash loans increased by 53.5% in real terms, constituting 46.6% of total assets
- TL loans increased by 75.7% in 2005, reaching YTL10,016 Million while FC loans increased by 43.7% in US\$ terms, reaching US\$6,890 Million as of YE 2005
- Despite high loan growth, NPL ratio stayed almost flat at 3.7% as of YE 2005
- TL deposits were up by 49.2% over YE 2004. TL demand deposits (from customers) grew by 43.1% over YE 2004, reaching YTL2,934 Million
- Total revenues expanded by 20.7% in real terms on a consolidated basis over 2004 and reached YTL 3,215 Million
- Operating income on a consolidated basis reached YTL1,404 Million, increasing by 36.2% in real terms over 2004
- Ordinary banking income of the banking segment grew by 19.4%, reaching YTL2,588 Million
 - Adjusted net interest income of the banking segment registered 25.3% increase, reaching YTL1,809 Million
 - Net fees and commissions of the banking segment increased by 25.9%, or YTL 159.9 Million, reaching YTL777 Million
 - Non-interest expenses of the banking segment were YTL1,348 Million
- Net income increased by 89.0% in 2005 over 2004, reaching YTL698 Million
- ROAA and ROAE strengthened to 1.91% and 18.51%, respectively, as of YE 2005

Section 2

Consolidated Financial Performance – Balance Sheet

Balance Sheet Highlights

- Total assets were up by 38.2% in US\$ terms, reaching US\$30,883 Million as of YE 2005
- TL Loans increased by 75.7% in real terms over YE 2004, reaching YTL10,016 Million
- FC loans increased by 43.7% in US\$ terms, reaching US\$6,890 Million
- TL deposits increased by 49.2% in real terms, reaching YTL12,797 Million
- Total shareholders' equity was up by 14.9% in real terms

Selected Financials

IFRS

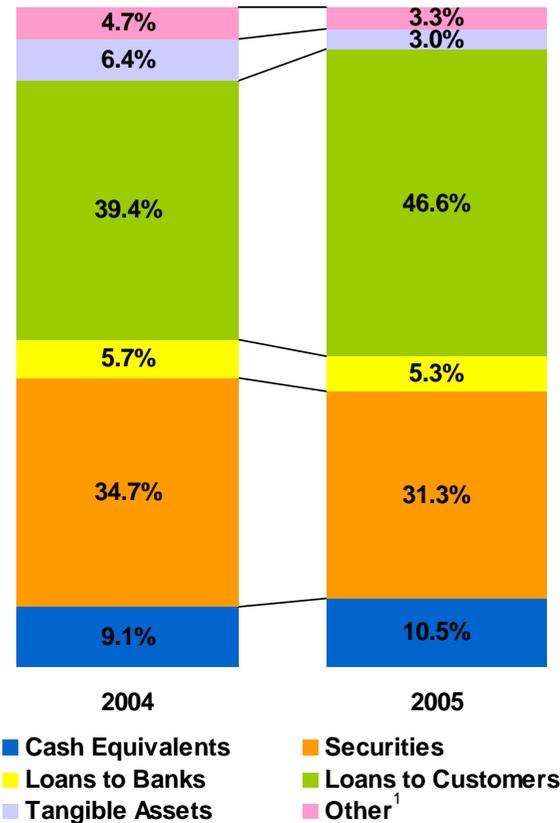
	December 31, 2004	December 31, 2005	Change
Total Assets¹ (US\$ Million)	22,339	30,883	38.2%
Total Assets (YTL Million)	31,761	41,198	29.7%
TL Net Cash Loans (YTL Million)	5,700	10,016	75.7%
FC Net Cash Loans¹ (US\$ Million)	4,794	6,890	43.7%
Total Non-cash Loans (YTL Million)	7,397	8,412	13.7%
TL Deposits (YTL Million)	8,574	12,797	49.2%
FC Deposits¹ (US\$ Million)	9,293	10,249	10.3%
Total Shareholders' Equity² (YTL Million)	3,510	4,032	14.9%

Balance Sheet Composition

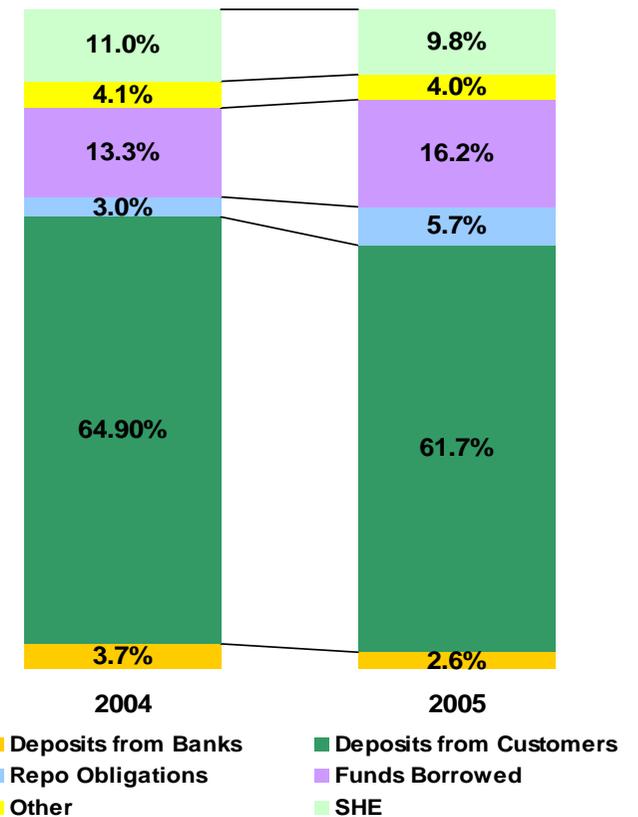
Continued increase in the share of loans to customers in line with real banking focus

- Total assets increased to YTL41,198 Million at YE 2005 (US\$ 30,883 Million)
- Loans to customers (net cash loans) increased by 53.5% in real terms, bringing its share in total assets up to 46.6% at YE 2005 from 39.4% at YE 2004
- Share of securities declined to 31.3% in 2005 from 34.7% at YE 2004
- Share of deposits from customers in total liabilities and shareholders' equity was 61.7% as of YE 2005
- Share of total deposits (including deposits from banks) was 64.3% as of YE 2005

Composition of Assets



Composition of Liabilities & SHE²



¹ Other assets include intangible assets, investments in associated companies, deferred tax assets and other assets

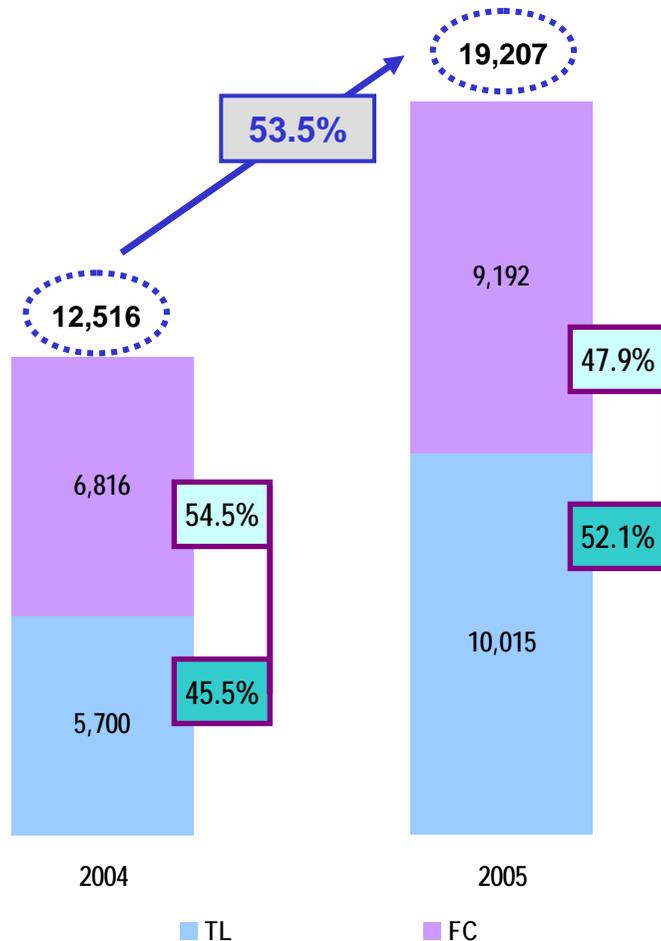
² Shareholders' equity includes minority interest

Loans

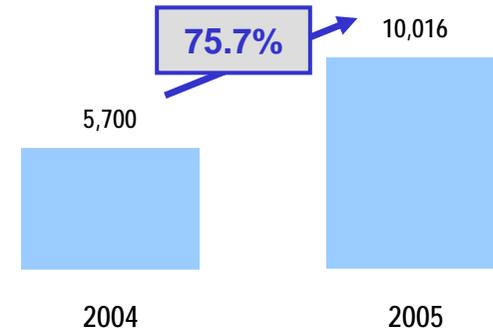
Generating strong loan growth mainly from a lucrative mix

- Lending book continued to grow strongly, especially with the share of TL loans in total loans further increasing to 52.1% as of YE 2005 from 45.5% at 2004 YE
- TL loans increased by 75.7% in YE 2005, reaching YTL 10,016 Million
- FC loans increased by 43.7% in US\$ terms, reaching US\$6,890 Million as of YE 2005

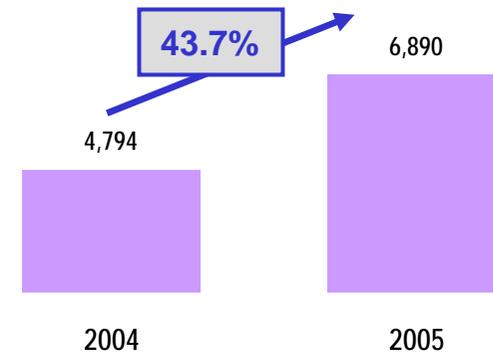
Net Cash Loans
YTL Million



TL Loans
YTL Million



FC Loans¹
US\$ Million



¹Foreign currency, not inflation adjusted

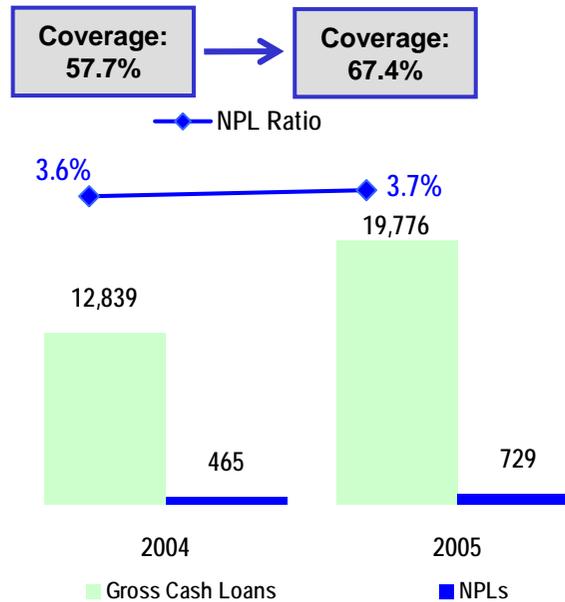
Lending book quality

Lending quality remains solid while consumer loan growth momentum continues; 'coverage building' remains, reflected in higher provisions

- NPL ratio was 3.7% as of YE 2005 while provisioning went up to 67.4% from 57.7% at YE 2004
- The share of unsecured loans in total loans decreased to 35.55% as of YE 2005 from 36.27% at YE 2004. This was mainly due to declining share of credit cards in consumer loans

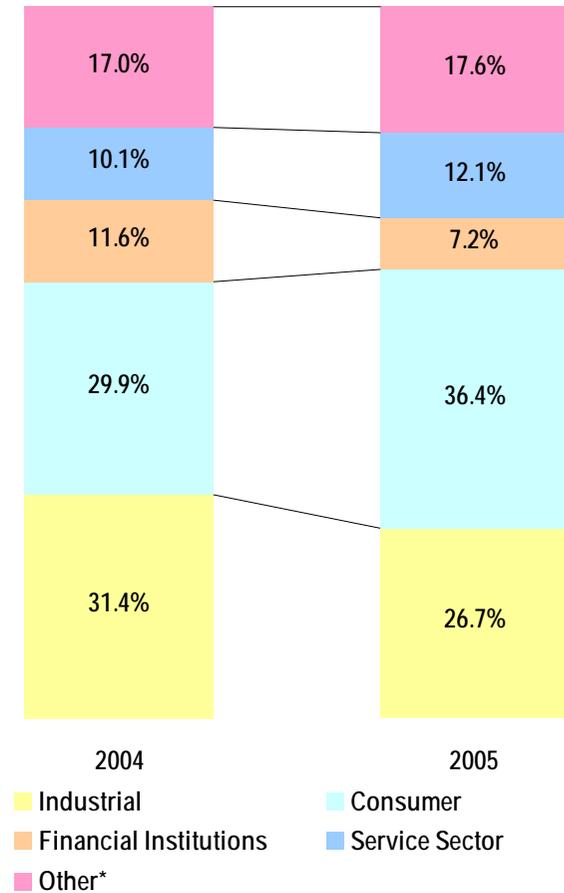
NPLs and Provisioning

YTL Million



Asset Quality	31.12.2004	31.12.2005
Secured Loans	63.73%	64.45%
Unsecured Loans	36.27%	35.55%
Provisioned NPLs	2.1%	2.5%
Unprovisioned NPLs	1.5%	1.2%

Sectoral Loan Allocation

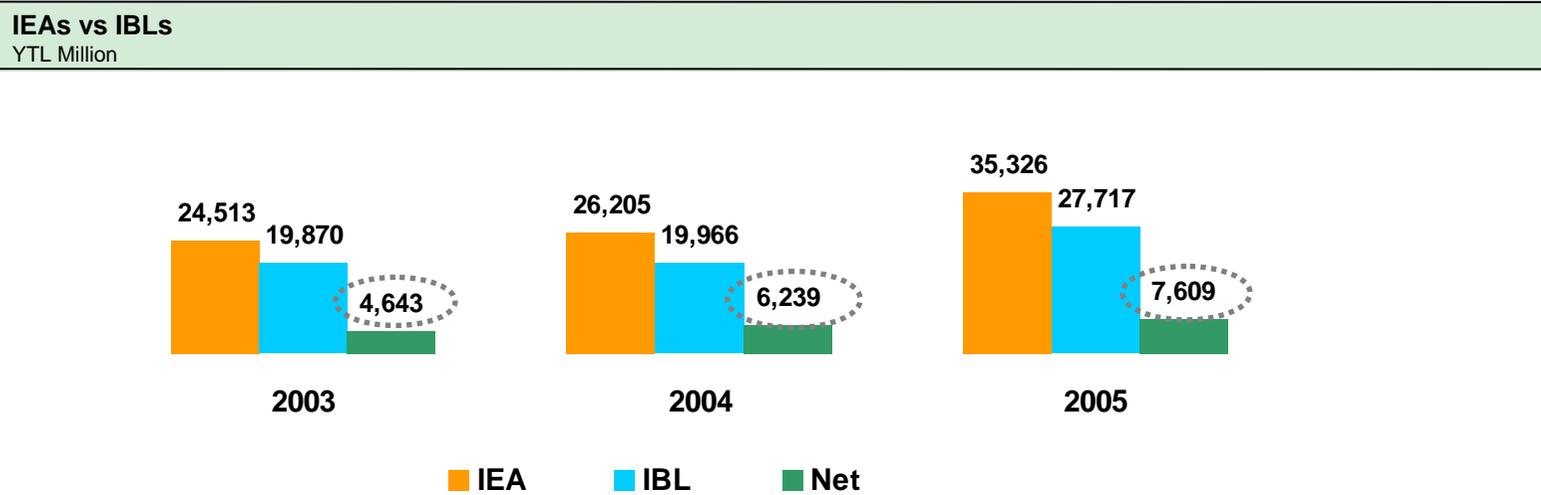
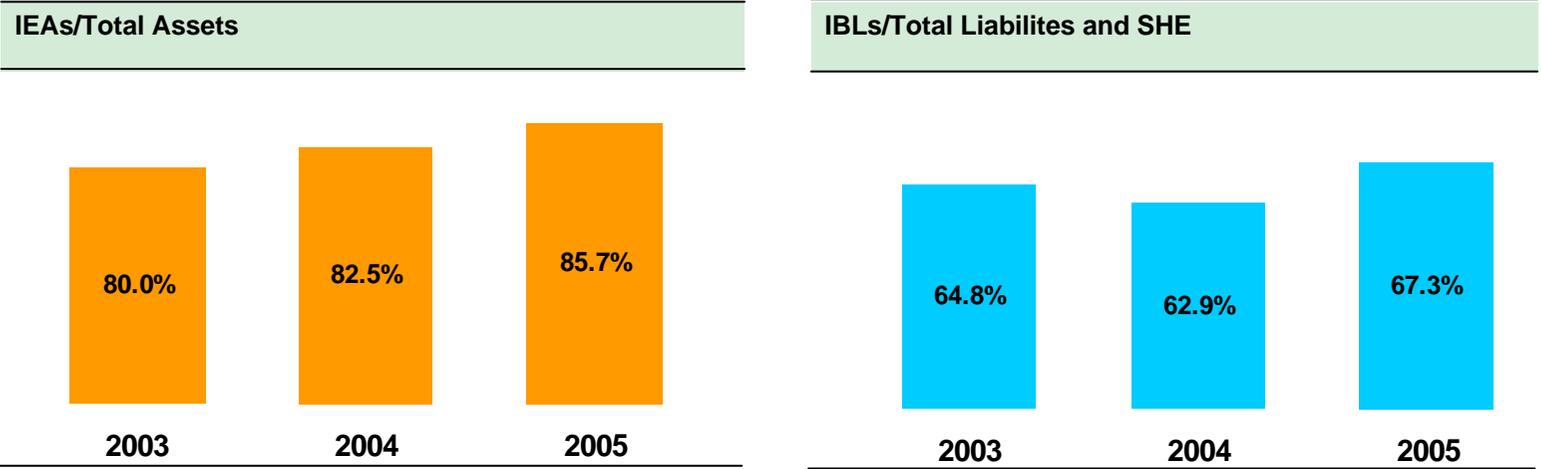


* Other includes loans extended to sectors such as agriculture, tourism, construction, foreign trade, transportation and others

IEAs vs IBLs

A record 35% growth in IEAs; further widened the gap between IEAs and IBLs

- The share of IEAs in total assets increased to 85.7% as of YE 2005 from 80.0% at YE 2003
- The share of IBLs in total liabilities and SHE increased to 67.3% as of YE 2005 from 64.8% at YE 2003
- As a result, the gap between IEAs and IBLs further widened to YTL7,609 Million at YE 2005 from YTL6,239 Million at YE 2004 and YTL4,643 Million at YE 2003

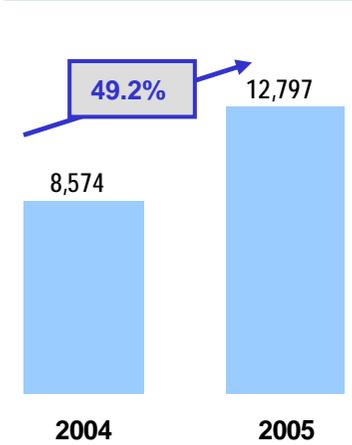


Deposits

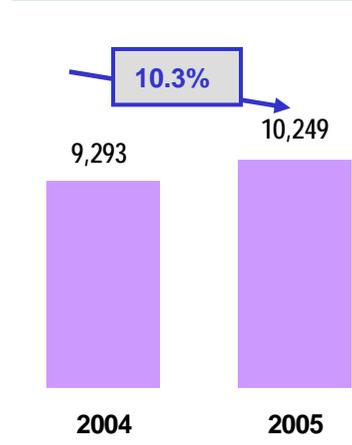
Ever stronger and more diversified core deposit base; relentless pursuit of customer loyalty

- TL deposits increased by 49.2% over YE 2004
- The share of FC deposits in customer deposits declined to 52.0% at YE 2005 from 62.2% at YE 2004
- The share of FC deposits in total deposits (including bank deposits) declined to 52.0% as of YE 2005 from 62.2% as of YE 2004
- TL demand deposits (from customers) increased by 43.1% over YE 2004, reaching YTL2,934 Million
- The share of demand deposits in total deposits was 28.8% as of YE 2005

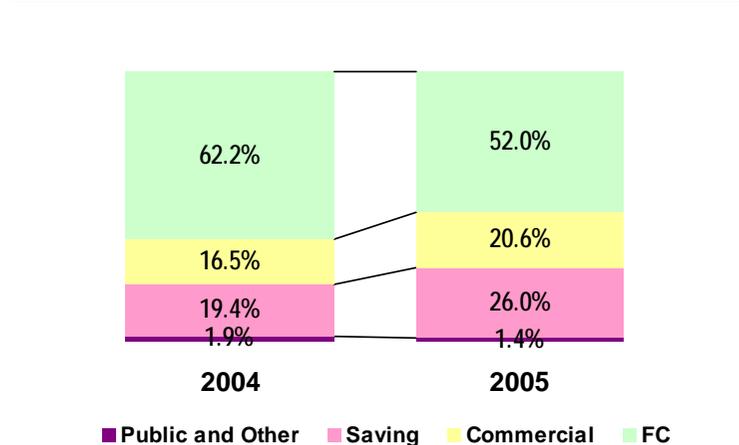
TL Deposits
YTL Million



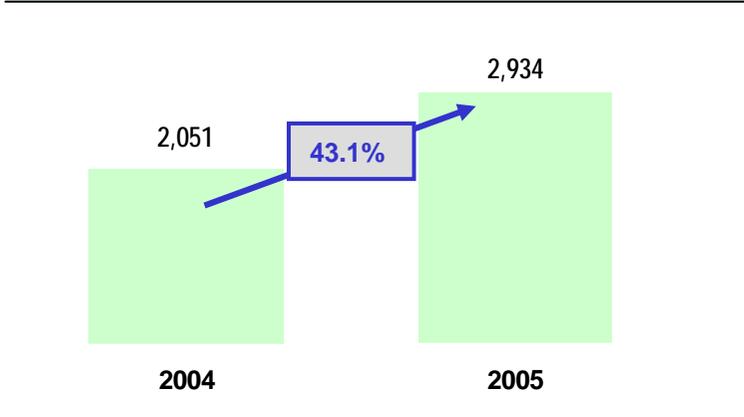
FC Deposits ¹
US\$ Million



Composition of Customer Deposits
(excluding accrued interest expense)



TL Demand Deposits (from customers)
YTL Million



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



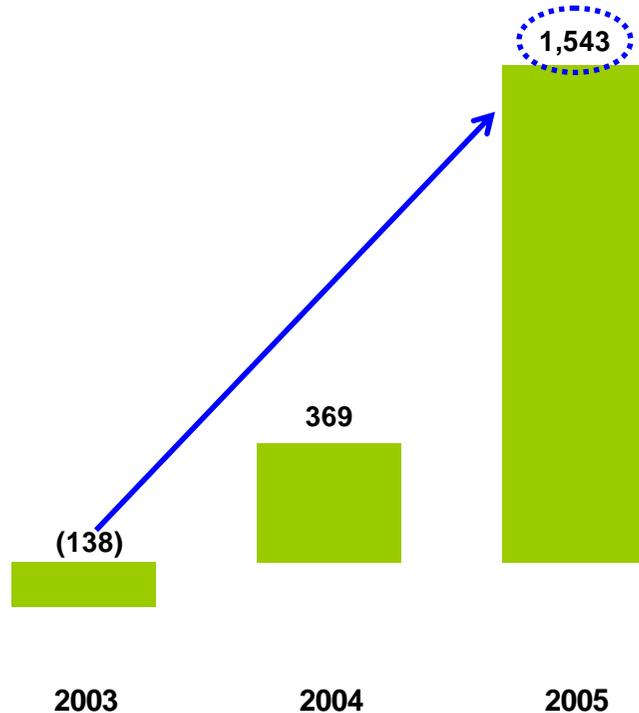
¹ Foreign currency, not inflation adjusted

Free Equity

Fourfold increase in free equity over 2004 in line with outstanding IEA growth

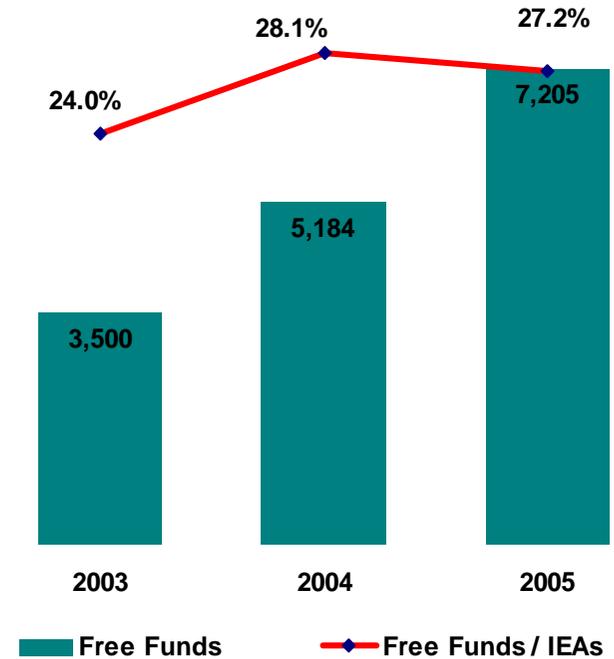
- Free equity further improved to US\$1,543 Million as of YE 2005 from a negative US\$138 Million at YE 2003, in line with the increasing share of IEAs.
- Free funds increased by 39.0% (in US\$ terms) over YE 2004 and 105.8% over YE 2003, reaching US\$7,205 Million
- Free funds to IEAs increased to 27.2% at YE 2005 from 24.0% at YE 2003

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

Summary Income Statement

- Total revenues increased by 20.7% in real terms on a consolidated basis, reaching YTL3,215 Million
- Consolidated operating income was up by 36.2% over 2004
- Net fee and commission income registered a further 25.7% increase in 2005 on a consolidated basis
- Consolidated net income reached YTL698 Million in 2005, increasing 89.0%

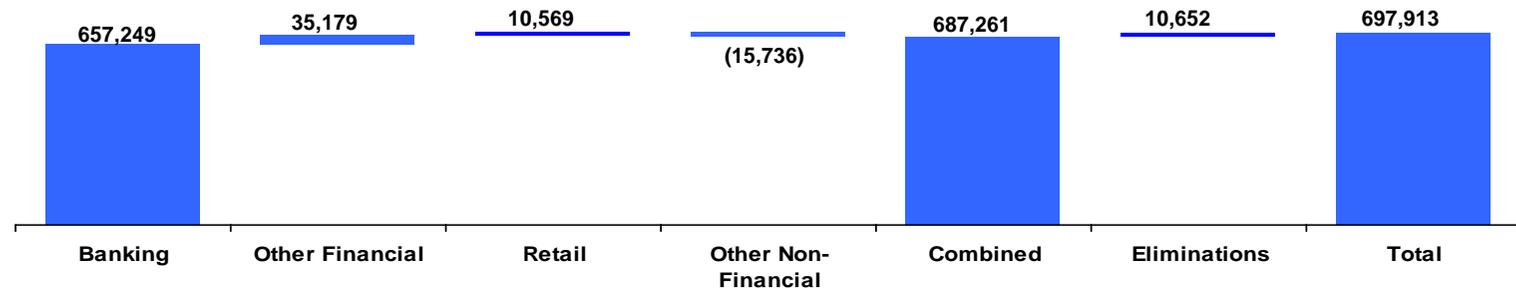
YTL Thousand	December 31, 2004	December 31, 2005	Change
Net Interest Inc.Adj.by FX & Monetary Gain/Loss	1,459,877	1,862,853	27.6%
Net Fees & Comm. Income	639,809	804,425	25.7%
Other Non-Interest Income	564,103	547,441	(3.0%)
Total Revenues	<u>2,663,789</u>	<u>3,214,719</u>	<u>20.7%</u>
Operating Expenses ¹	(1,633,625)	(1,811,159)	10.9%
Operating Income	<u>1,030,164</u>	<u>1,403,560</u>	<u>36.2%</u>
Impairment Losses	(359,765)	(455,985)	26.7%
Taxation Charge	(301,146)	(249,662)	(17.1%)
Net Income	<u>369,253</u>	<u>697,913</u>	<u>89.0%</u>
ROAA (%)	1.18%	1.91%	0.73 pp
ROAE ² (%)	10.91%	18.51%	7.60 pp

¹ Including depreciation, amortization and provision for severance indemnity

² Shareholders' Equity includes minority interest

Composition of Consolidated Net Income, 2005

YTL Thousand

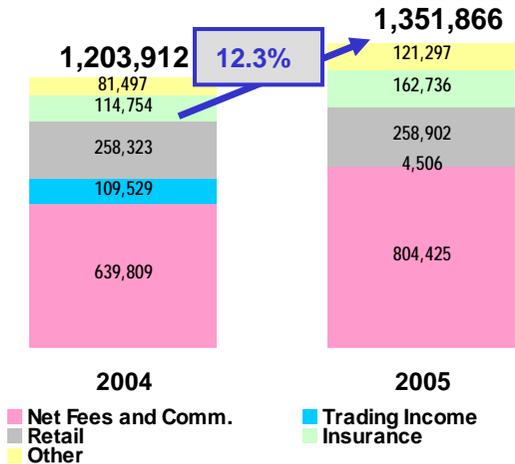


Non-Interest Income

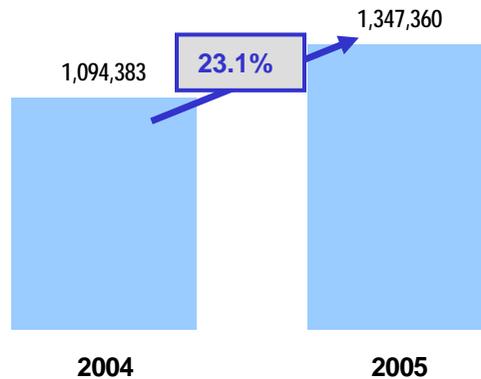
Continuous increase and further diversification in sustainable revenue streams -- a result of customer-centric approach and innovative product offerings through effective distribution network

- Total non-interest income was YTL1,352 Million in 2005
- When trading income is excluded, non-interest income increased by 23.1% in 2005, reaching YTL1,347 Million
- Net fee and commission income increased by 25.7% in 2005 over 2004; constituting 59.5% of total non-interest income
- Income from insurance business reached YTL163 Million in 2005, increasing 41.8% over 2004 and constituting 12.0% of non-interest income

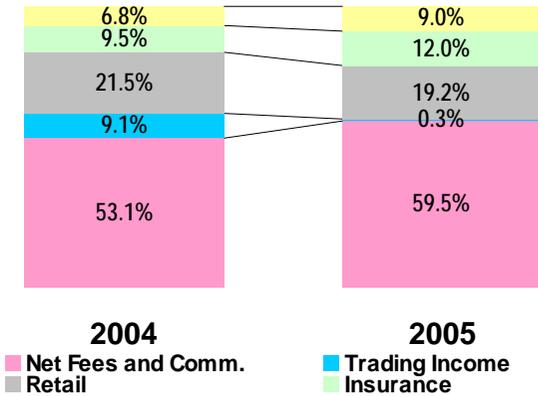
Non-Interest Income
YTL Thousand



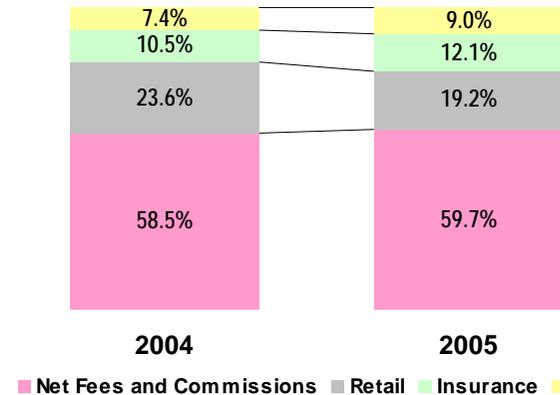
Non-Interest Income Excl. Trading
YTL Thousand



Composition of Non-Interest Income



Composition of Non-Interest Income Excl. Trading

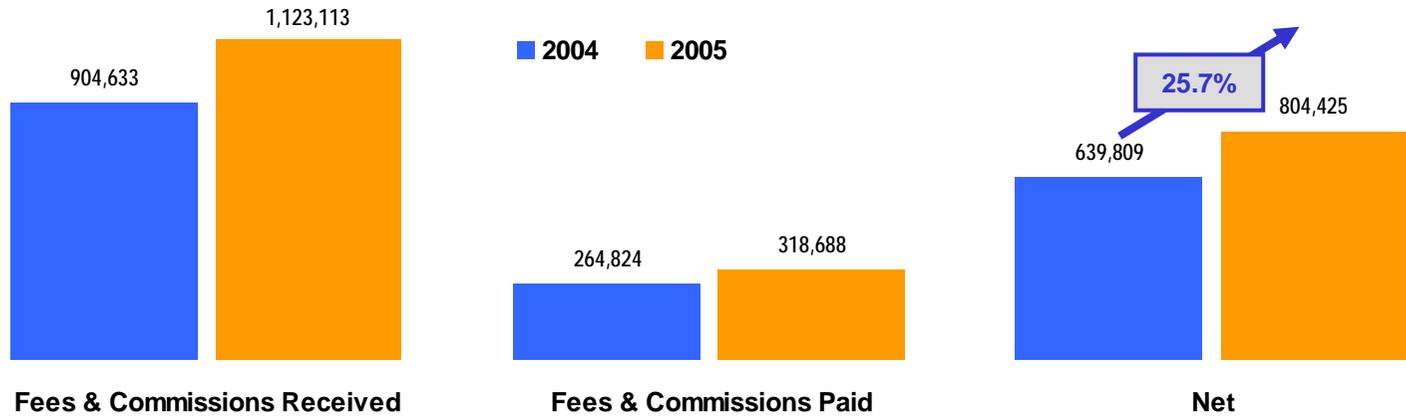


Fees and Commissions

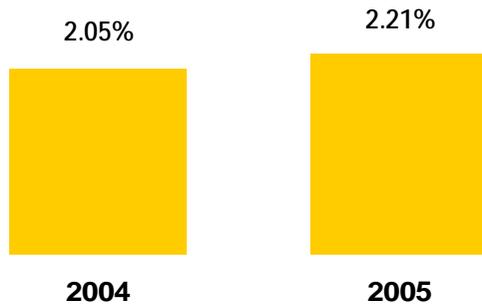
Solid fee and commission growth driven by customer satisfaction and loyalty as well as a diversifying mix

- Net fees and commissions increased by 25.7% in 2005 over 2004, reaching YTL804 Million
- Net fees and commissions to average assets reached 2.21%
- Net fees and commissions covered 50.0% of total operating expenses in 2005, compared to 45.6% in 2004

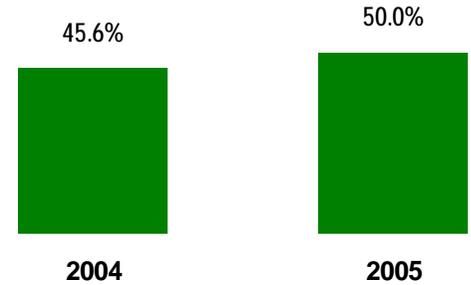
Fees and Commissions
YTL Thousand



Net Fees and Commissions / Average Assets



Net Fees and Commissions / Operating Expenses

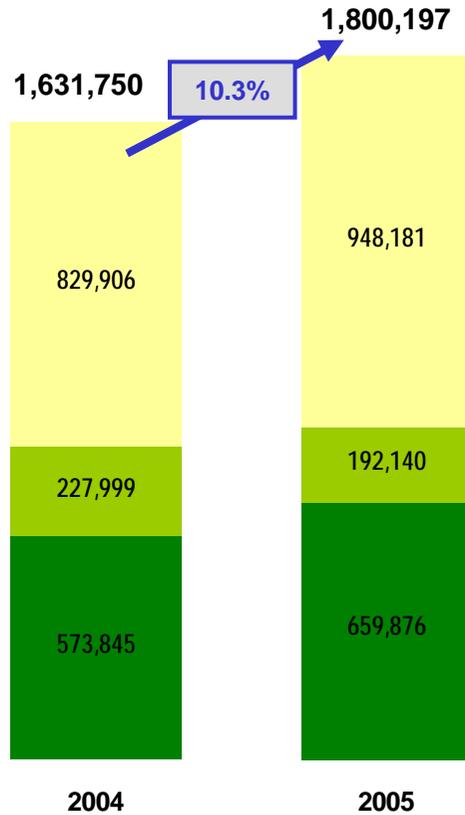


Non-Interest Expenses

Although 2005 was a year with significant branch expansion, NIE growth was only 10.3%

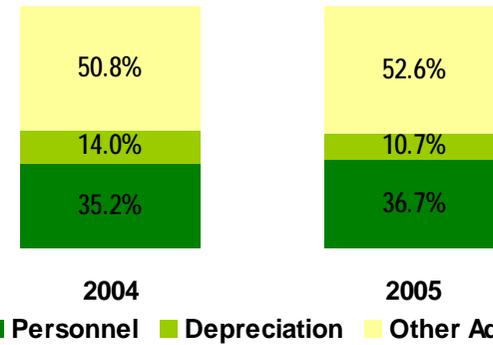
- Total non-interest expenses were YTL1,800 Million in 2005
- Personnel expenses registered 15.0% increase in line with expanding branch network

Non-Interest Expenses¹
YTL Thousand

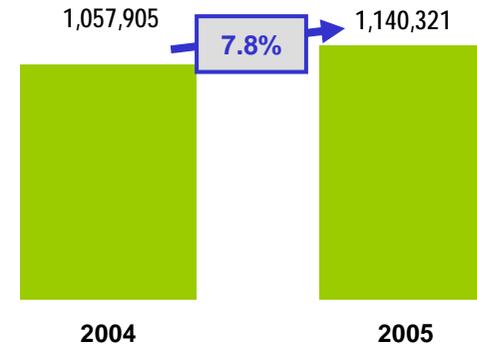


■ Personnel² ■ Depreciation ■ Other Admin.³

Composition of Non-Interest Expenses



Non-Interest Expenses Excluding Personnel Expenses
YTL Thousand



¹ Excluding impairments, general provision and provision for severance indemnity

² Personnel expenses include salaries and wages and employee benefits

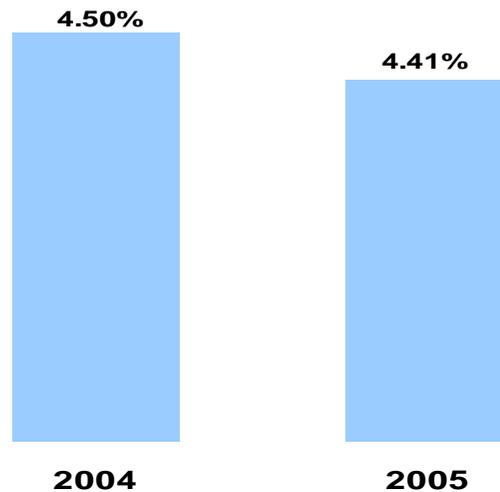
³ Other administrative expenses are advertising, rent, EDP, SDIF, taxes and duties, utility, repair&maintenance, stationery, R&D and other operating expenses

Operating Expenses and Cost/Income

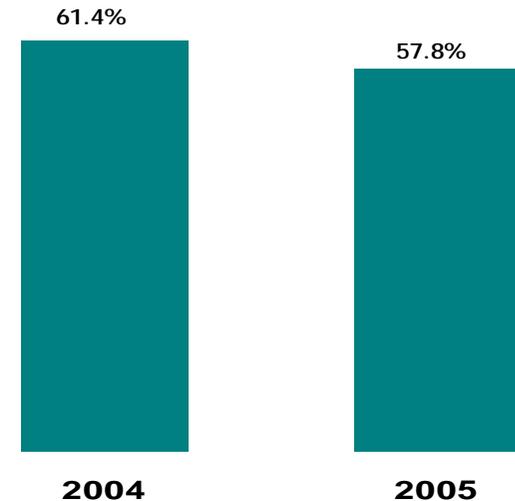
Balancing revenue growth with expense management

- Opex/average assets ratio declined to 4.41% as of YE 2005
- Positive revenue trends coupled with cost management and revenue enhancement measures resulted in a further improved Cost/Income ratio, which came down to 57.8% as of YE 2005

Operating Expenses/Average Assets



Cost/Income Ratio¹



¹ Excluding depreciation and amortization

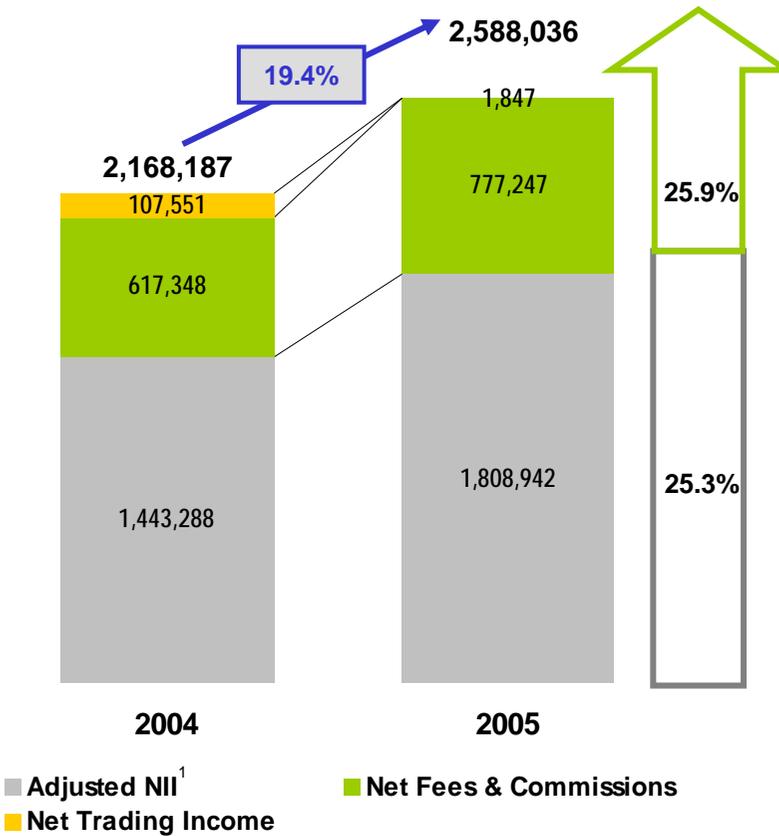
Segment Analysis

Banking Segment

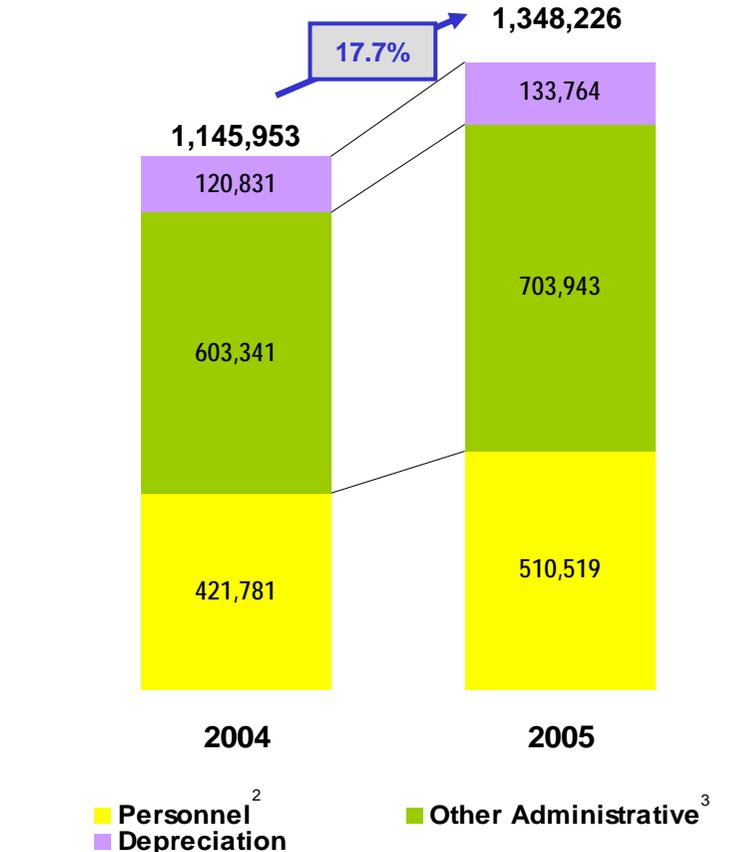
Ordinary banking income growth was 19.4%, mainly driven by increased customer loyalty -- a result of a superior customer service

- Ordinary banking income of the banking segment registered 19.4% increase in 2005 over YE 2004, reaching YTL2,588 Million
- Adjusted NII (adjusted by net fx gain and monetary gain/loss) of the banking segment registered 25.3% increase in 2005 compared to 2004, reaching YTL1,809 Million
- Net fee and commission income of the banking segment increased by 25.9%

Ordinary Banking Income-Banking Segment
YTL Thousand



Non-Interest Expenses-Banking Segment
YTL Thousand



1 Net Interest Income (NII) adjusted by net fx gain and monetary gain/loss

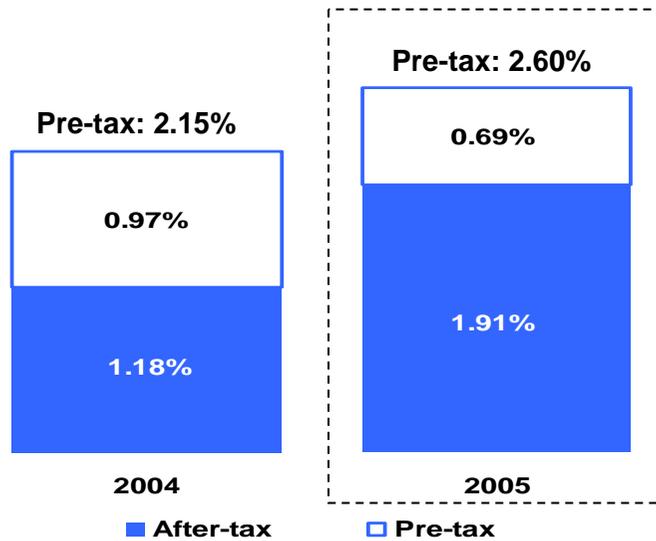
2 Personnel expenses include salaries and wages, employee benefits

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

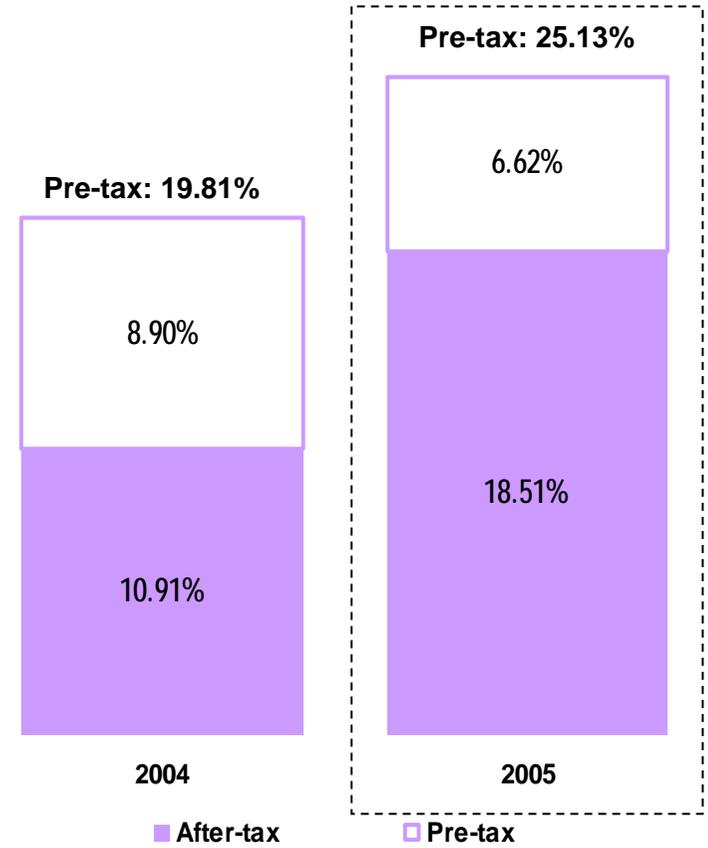
ROAA and ROAE

– Garanti’s pre-tax ROAA and ROAE strengthened to 2.60% and 25.13%, respectively as of YE 2005

ROAA



ROAE¹



¹ Shareholders' equity includes minority interest

Consolidated Financial Performance – Income Statement

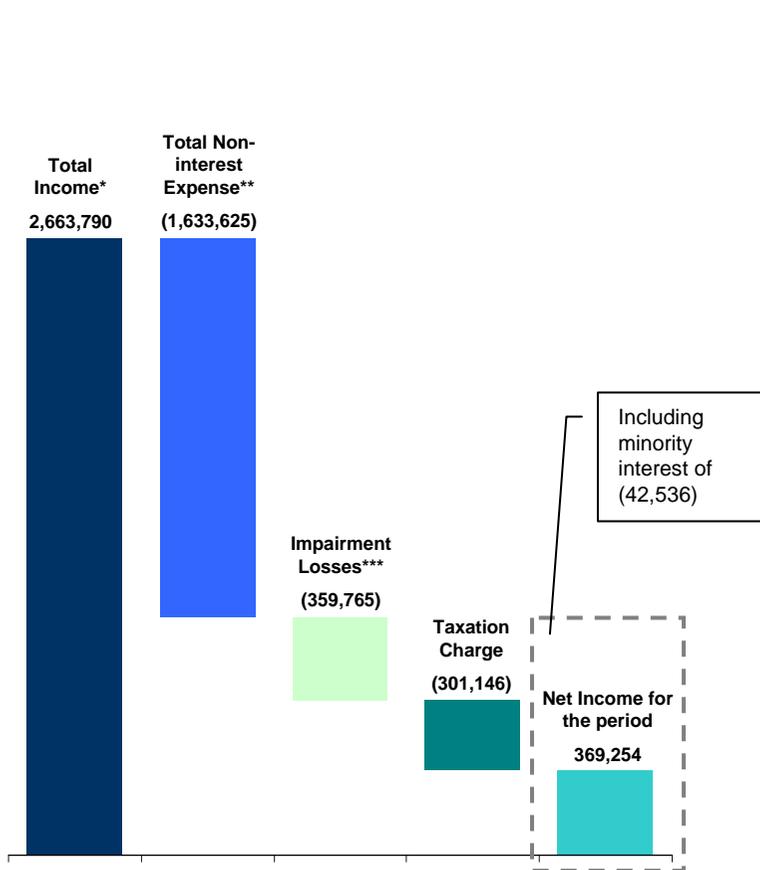
Profit / Loss

Remarkably strong performance in net income -- 89.0% increase over 2004

- Total income increased by 20.7% in 2005, reaching YTL3,215 Million
- Consolidated net income in increased by 89.0% compared to 2004, reaching YTL698 Million

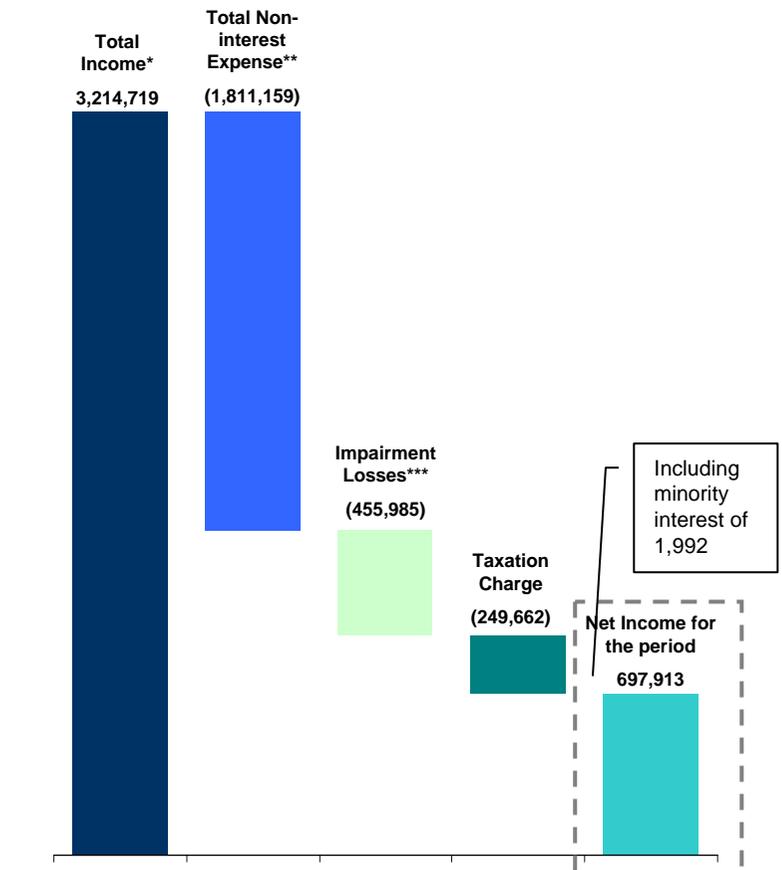
2004 Profit / Loss

YTL Thousand



2005 Profit / Loss

YTL Thousand



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

** Excluding impairment losses

*** Including loan loss provisions





Garanti

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