



CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2004

(As adjusted for the effects of inflation in TL units at
30 September 2004 pursuant to IAS 29)

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Consolidated Financial Performance – Income Statement

Section 1

Highlights of 2004 Q3 Financial Results

- Total assets increased by 8.5% YTD, standing at TL30,417 Trillion on consolidated basis as of Q3 2004
- Net cash loans increased by 38.4%, constituting 49.0% of total assets
- Net income was TL234,704 Billion on consolidated basis in the first nine months of 2004
- Net banking income of the banking segment increased by 16.6% in Q3 2004 over Q3 2003, reaching TL1,210,726 Billion
 - Adjusted net interest income registered 199.8% increase, reaching TL705,025 Billion
 - Net fees and commissions of the banking segment increased by 31.9%, reaching TL407,824 Billion
 - Non-interest expense excluding personnel expenses declined by 1.3% in Q3 2004 over the same period last year
- Non-interest expense excluding personnel expenses on a consolidated basis declined by 0.4% in Q3 2004 over Q3 2003
- Cost / Income ratio came down to 63.3% in Q3 2004 from 65.2% in Q3 2003
- Asset quality improved with NPL ratio declining to 2.7% in comparison to 3.1% in 2003 YE and 4.3% in Q3 2003
- BIS capital adequacy ratio stood at 13.9% as of Q3 2004

Section 2

Business Segment Analysis

Segment Analysis

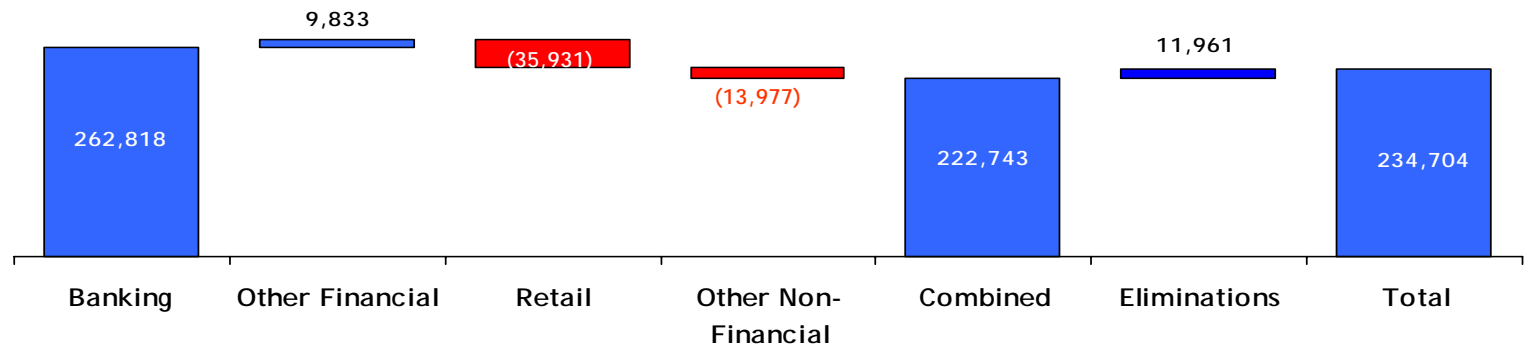
Net Income for Q3 2004

Net income of the banking segment more than tripled on a quarterly basis

- Net income of the banking segment increased to TL160,730 Billion in Q3 2004 on a quarterly basis, reaching TL262,818 Billion for the first nine months of the year

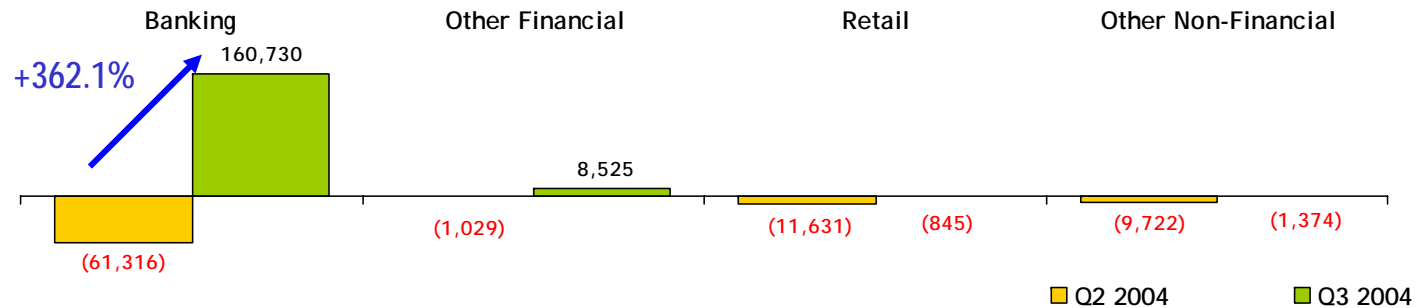
Composition of Consolidated Net Income, Q3 2004

TL Billion



Net Income on a Quarterly Basis*, Q3 vs Q2 2004

TL Billion



* Segment analysis is based on pre-elimination figures

Section 3

Consolidated Financial Performance – Balance Sheet

Financial Summary

- Total assets were up by 12.2% in US\$ terms, reaching US\$20,380 Million as of September 30, 2004
- TL Loans increased by 55.1% over 2003 YE, reaching TL6,454 Trillion
- Capital adequacy ratio was 13.9% as of September 2004
- Garanti posted a net income of US\$157 Million in Q3 2004
- NPL ratio decreased to 2.7% as of Q3 2004
- Cost / income ratio decreased down to 63.3% as of Q3 2004 from 65.2% in Q3 2003

Selected Figures

IAS29

	December 31, 2003	September 30, 2004	Change
Total Assets ¹ (US\$ Million)	18,169	20,380	12.2%
Total Assets (TL Trillion)	28,045	30,417	8.5%
TL Net Cash Loans (TL Trillion)	4,160	6,454	55.1%
FC Net Cash Loans ¹ (US\$ Million)	4,276	5,654	32.2%
Non-cash Loans (TL Trillion)	5,995	7,025	17.2%
TL Deposits (TL Trillion)	6,650	7,100	6.8%
FC Deposits ¹ (US\$ Million)	7,863	8,456	7.5%
Total Shareholders' Equity (TL Trillion)	2,701	2,937	8.7%
Capital Adequacy Ratio (%)	14.5%	13.9%	(0.6pp)
	September 30, 2003	September 30, 2004	Change
Net Income (TL Trillion)	266.9	234.7	(12.0%)
NPL Ratio (%)	4.3%	2.7%	(1.6pp)
ROAA (%)	1.34%	1.07%	(0.27pp)
ROAE (%)	15.83%	11.10%	(4.73pp)
Cost / Income (%)	65.2%	63.3%	(1.9pp)

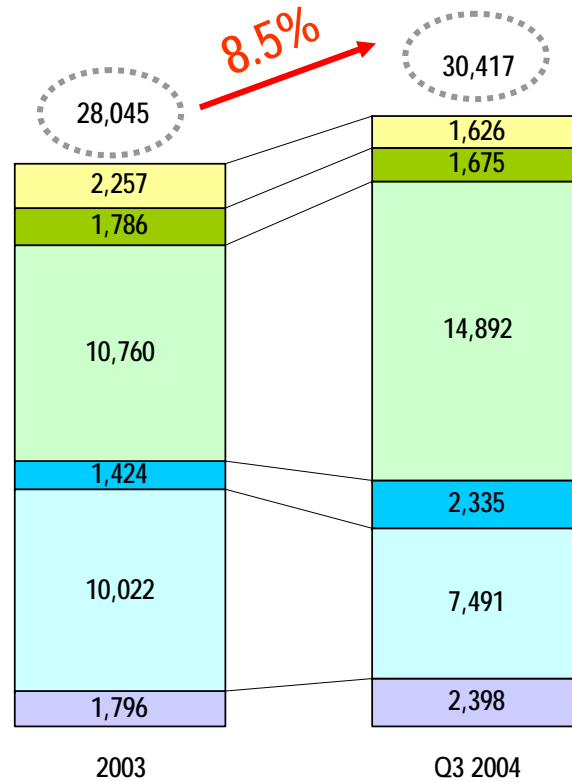
¹ Foreign currency, not inflation adjusted

Asset Size

Share of loans to customers in total assets increased to 49% in Q3 2004 vs 38% in 2003 YE

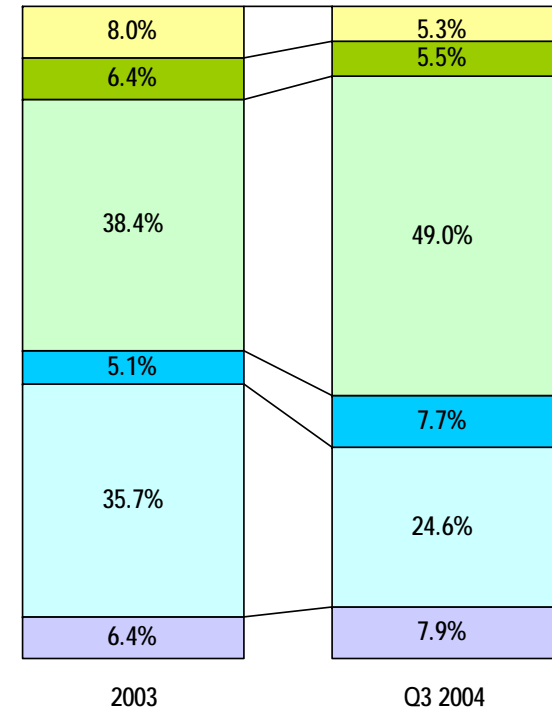
- Total assets were TL30,417 Trillion at Q3 2004 (US\$ 20.4 Billion)
- Loans to customers increased by 38.4% in real terms, bringing its share in total assets up to 49.0% at Q3 2004 from 38.4% at YE 2003
- The share of securities in total assets declined further to 24.6% as of Q3 2004 from 35.7% as of YE 2003

Asset Size
TL Trillion



■ Cash Equivalents ■ Securities
■ Loans to Banks ■ Loans to Customers
■ Tangible Assets ■ Other*

Composition of Assets
%



■ Cash Equivalents ■ Securities
■ Loans to Banks ■ Loans to Customers
■ Tangible Assets ■ Other*



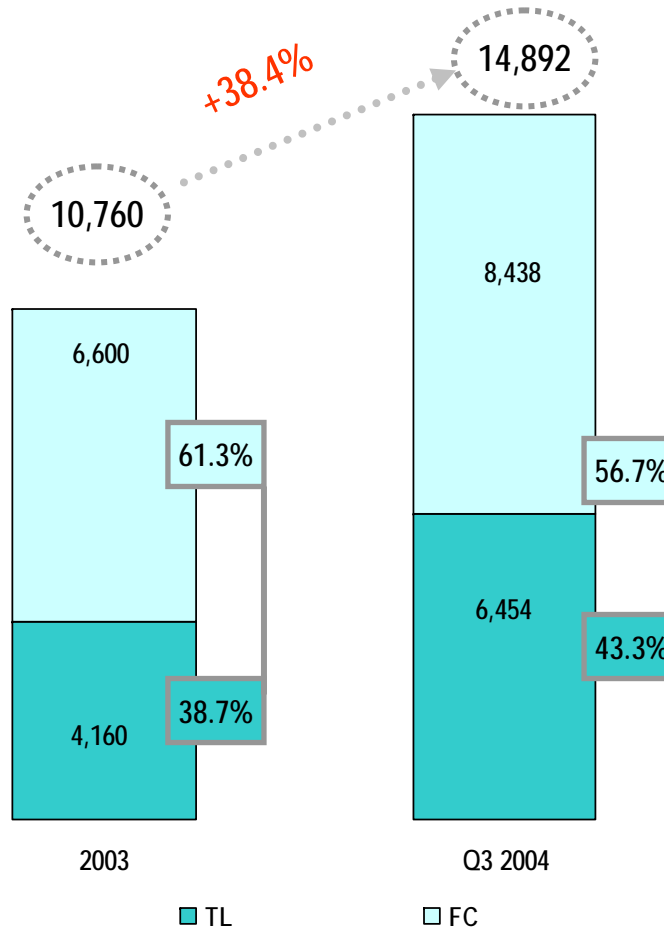
*Other assets include intangible assets, investments in associated companies, deferred tax assets, and other assets

Loans

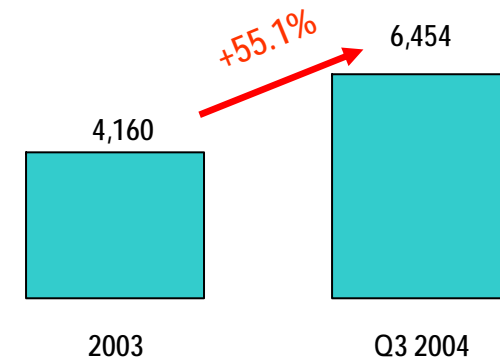
Continuous increase in the share of high margin TL loans

- The share of TL loans in total loans increased further to 43.3% as of Q3 2004 from 38.7% at 2003 YE
- TL loans increased by 55.1% during the first nine months, reaching TL6,454 Trillion at Q3 2004
- FC loans increased by 32.2% during the first nine months, reaching US\$5,654 Million as of Q3 2004

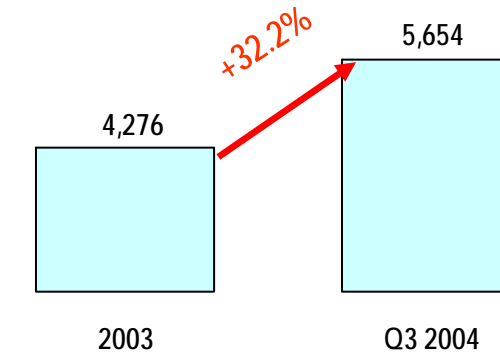
Net Cash Loans
TL Trillion



TL Loans
TL Trillion



FC Loans ¹
US\$ Million



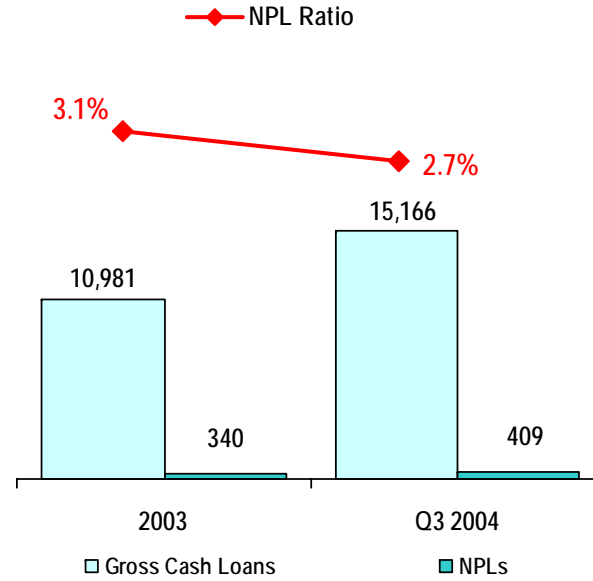
¹ Foreign currency, not inflation adjusted

Loans

Improvement in asset quality with NPL ratio declining to 2.7%

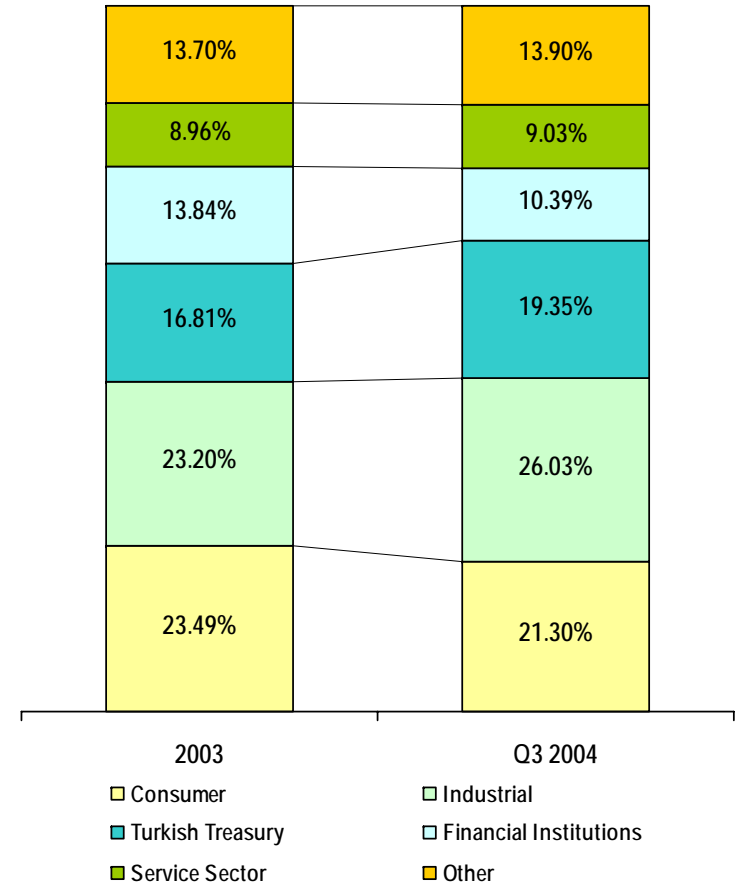
- The share of NPLs in gross cash loans decreased to 2.7% as of Q3 2004

NPLs and Provisioning
%, TL Trillion



Asset Quality	31.12.2003	30.09.2004
Secured Loans	70.92%	72.71%
Unsecured Loans	29.08%	27.29%
Provisioned NPLs	1.5%	1.5%
Unprovisioned NPLs	1.6%	1.2%

Loan Allocation
%

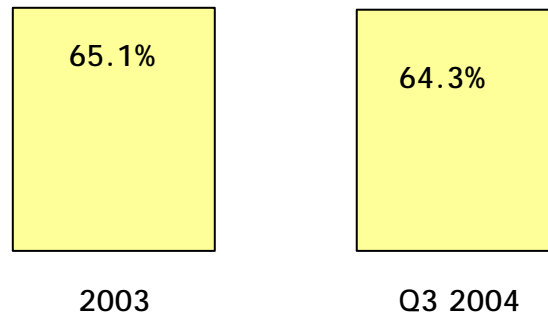


IEAs versus IBLs

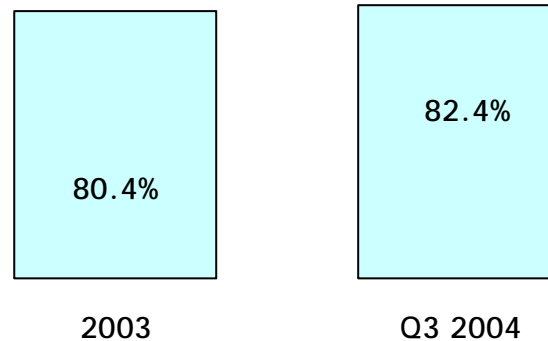
The gap between IEAs and IBLs widened to TL5,504 Trillion

- The share of IBLs in total liabilities and SHE declined to 64.3% as of Q3 2004 from 65.1% at 2003 YE
- The share of IEAs in total assets reached 82.4% as of Q3 2004
- The gap between IEAs and IBLs increased to TL5,504 Trillion in Q3 2004 from TL4,286 Trillion in 2003 YE
- The ratio of customer loans to customer deposits increased to 79.1% in Q3 2004 from 60.5% in 2003 YE
- Loans constituted 58.3% of IEAs

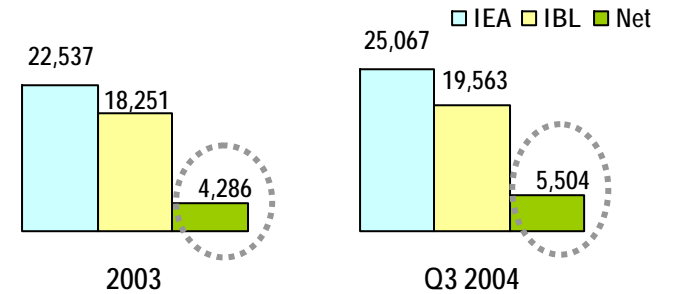
IBL/Total Liabilities and SHE
%



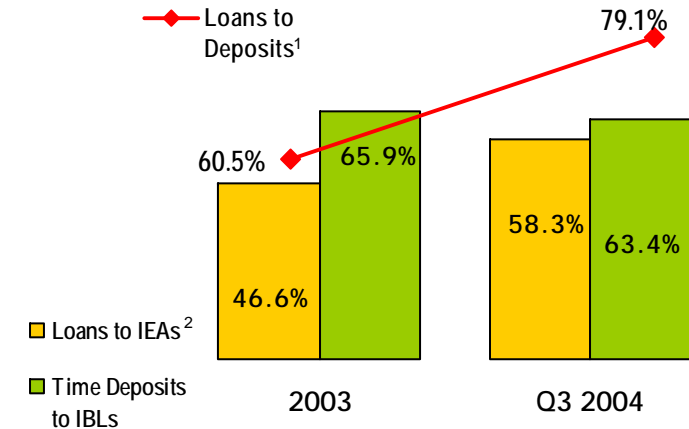
IEA/Total Assets
%



IEA - IBL
TL Trillion



Loans / Deposits
%



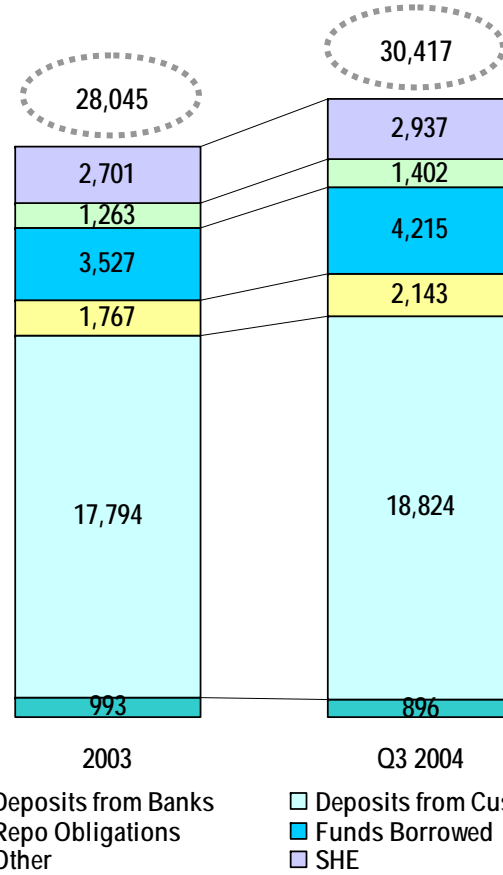
¹ Loans to customers/deposits from customers

² Excluding accrued interest income on loans

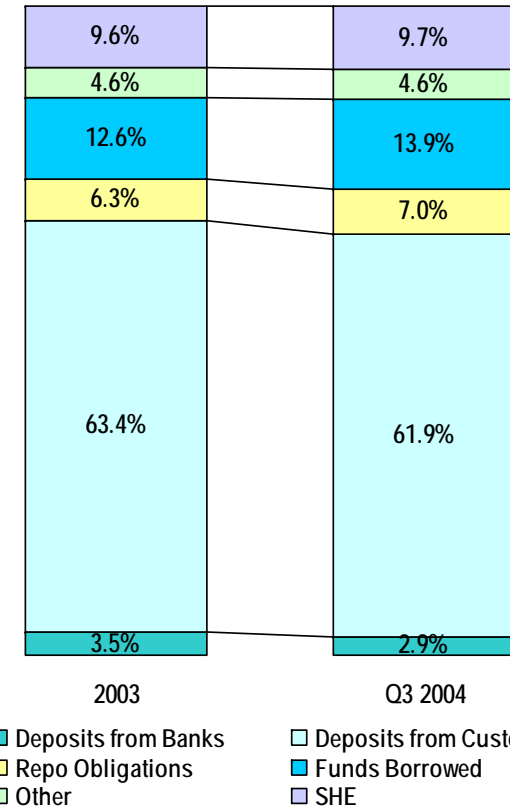
Composition of Liabilities and SHE

- Share of deposits (including deposits from banks) in total liabilities and shareholders' equity stood at 64.8%
- The share of shareholders' equity slightly increased to 9.7%

Liabilities & SHE
TL Trillion



Composition of Liabilities & SHE
%

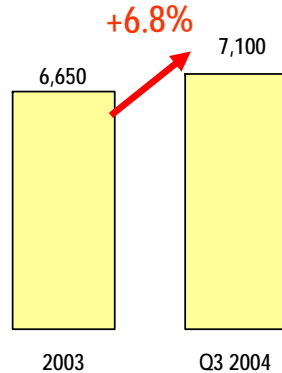


Deposits

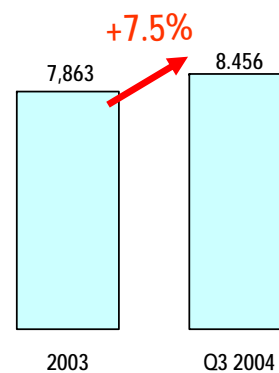
Continuous increase in the share of demand deposits

- TL and FC deposits increased by 6.8% and 7.5%, respectively as of Q3 2004 since 2003 YE
- The share of FC deposits in customer deposits declined to 63.3% in Q3 2004 from 65.9% in 2003 YE
- The share of FC deposits in total deposits (including bank deposits) declined to 64.0% as of Q3 2004 from 64.6% as of 2003 YE
- The share of no-cost demand deposits increased by 2.0pp, reaching 33.7%
- Demand deposits increased by 21.4% over 2002 and 12.4% over 2003, reaching TL6,290 Trillion

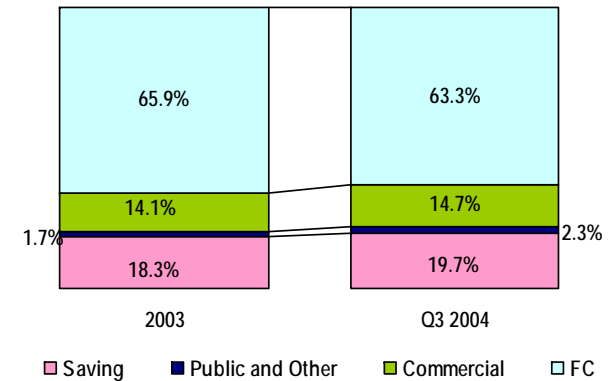
TL Deposits
TL Trillion



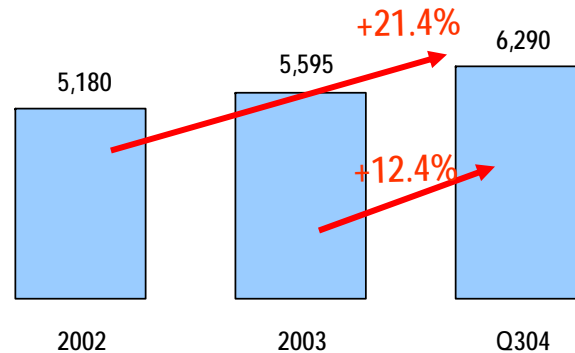
FC Deposits ¹
US\$ Million



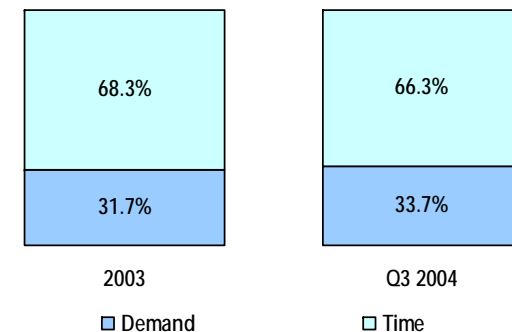
Composition of Customer Deposits %
(excluding accrued interest expense)



Demand Deposits (from customers)
TL Trillion



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

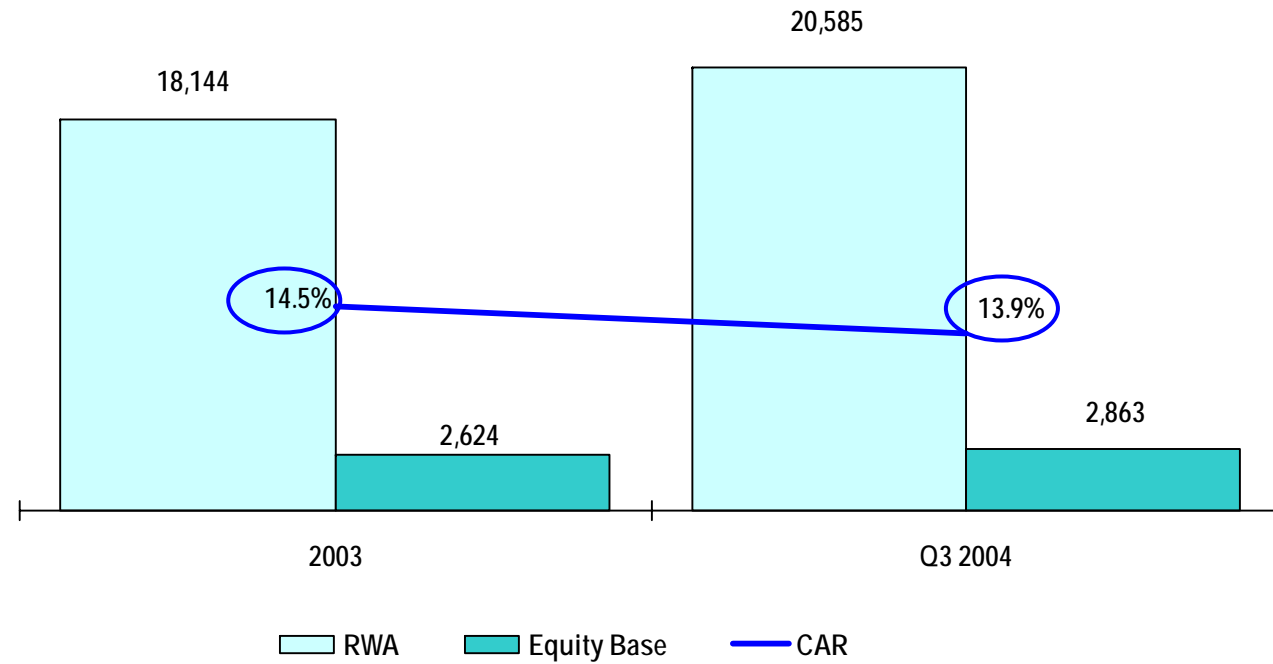


¹ Foreign currency, not inflation adjusted

Capital Adequacy Ratio

- Capital adequacy ratio stood at 13.9% in Q3 2004

RWA vs CAR
%, TL trillion



Section 4

Consolidated Financial Performance – Income Statement

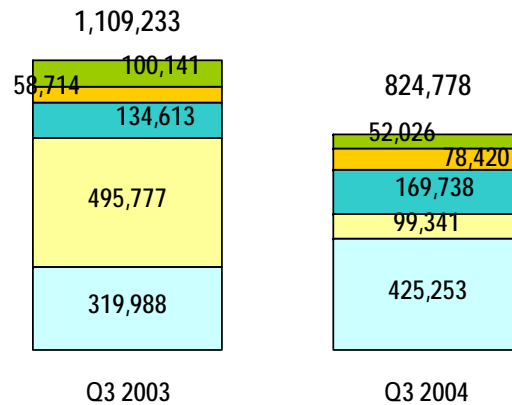
Non-Interest Income

Impressive performance on sustainable sources of revenue

- Total non-interest income was TL824,778 Billion in Q3 2004
- When trading income is excluded, non-interest income increased by 18.3% over Q3 2003, reaching TL725,437 Billion
- Net fees and commissions increased by 32.9% in Q3 2004 over Q3 2003; constituting 51.6% of total non-interest income

Non-Interest Income

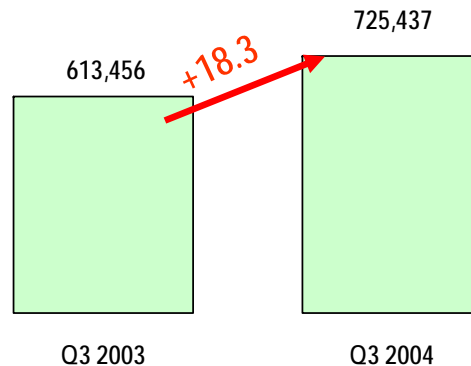
TL Billion



Legend: Net Fees and Comm. (Light Blue), Trading Income (Yellow), Retail (Cyan), Insurance (Orange), Other (Green)

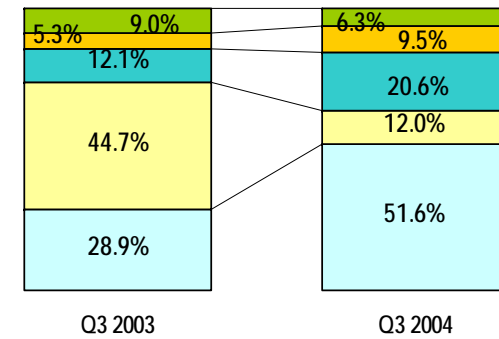
Non-Interest Income Excl. Trading

TL Billion



Composition of Non-Interest Income

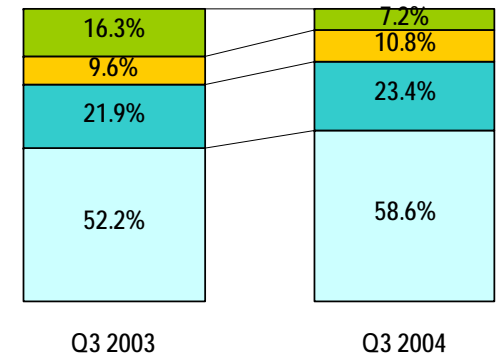
%



Legend: Net Fees and Comm. (Light Blue), Trading Income (Yellow), Retail (Cyan), Insurance (Orange), Other (Green)

Composition of Non-Interest Income Excl. Trading

%



Legend: Net Fees and Commissions (Light Blue), Retail (Cyan), Insurance (Orange), Other (Green)

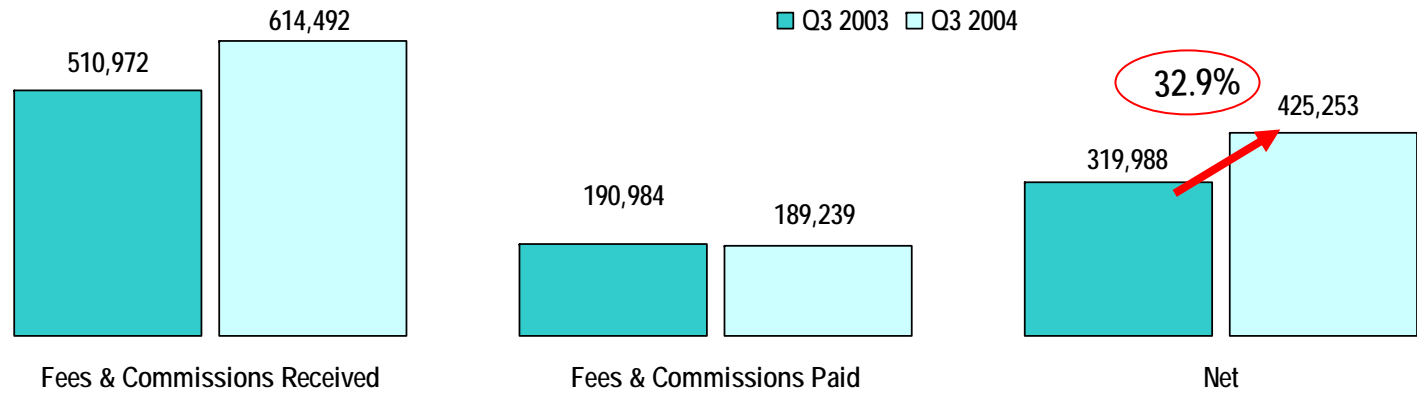
Fees and Commissions

Superior performance in net fees and commissions

- Net fees and commissions increased by 32.9% in Q3 2004 over Q3 2003, reaching TL425,253 Billion
- Net fees and commissions to average assets reached 1.94%
- Garanti covered 45.5% of its operating expenses through net fees and commissions income

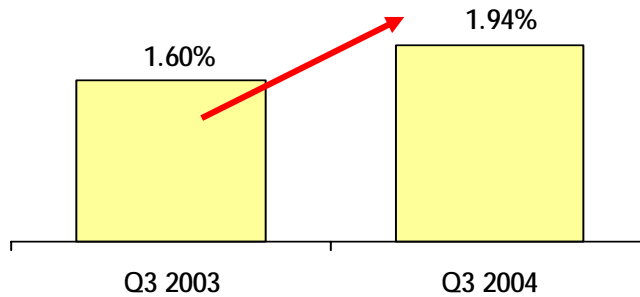
Fees and Commissions

TL Billion



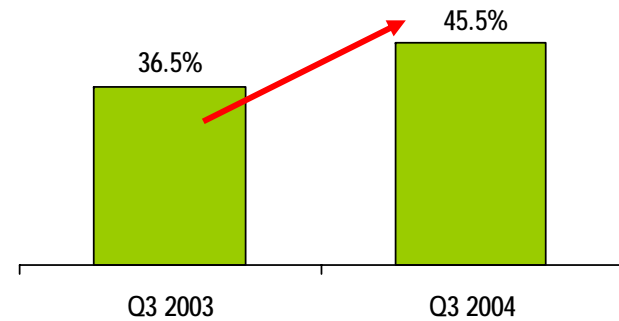
Net Fees and Commissions / Average Assets

%



Net Fees and Commissions / Operating Expenses

%

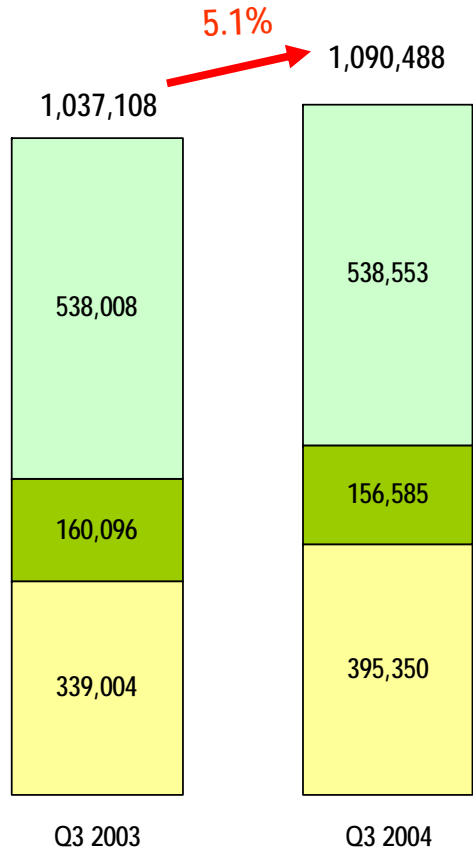


Non-Interest Expenses

Continuous cost-cutting measures

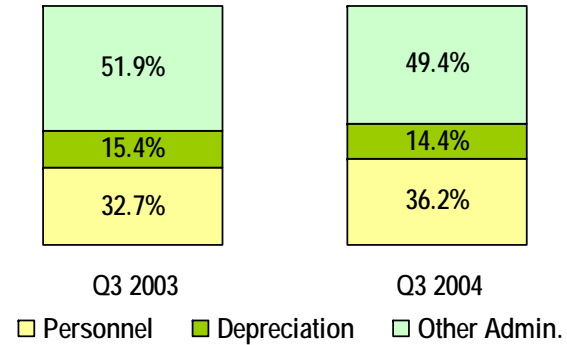
- Total non-interest expenses were TL1,090,488 Billion as of Q3 2004
- Personnel expenses registered 16.6% increase in line with the expanding branch network
- Non-interest expenses declined by 0.4% when personnel expenses are excluded

Non-Interest Expenses ¹
TL Billion

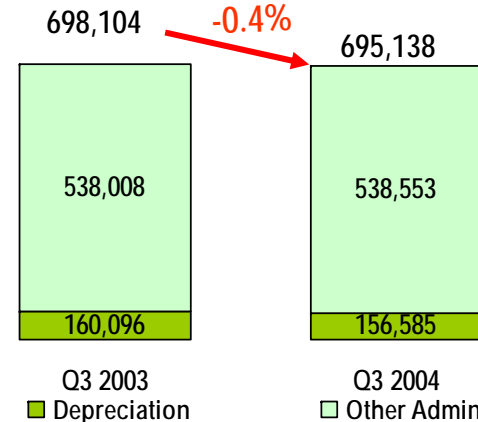


■ Personnel ² ■ Depreciation ■ Other Admin. ³

Composition of Non-Interest Expenses
%



Non-Interest Expenses Excluding Personnel Expenses
TL Billion



¹ Excluding impairments, general provision and provision for severance payments.

² Personnel expenses include salaries and wages and employee benefits.

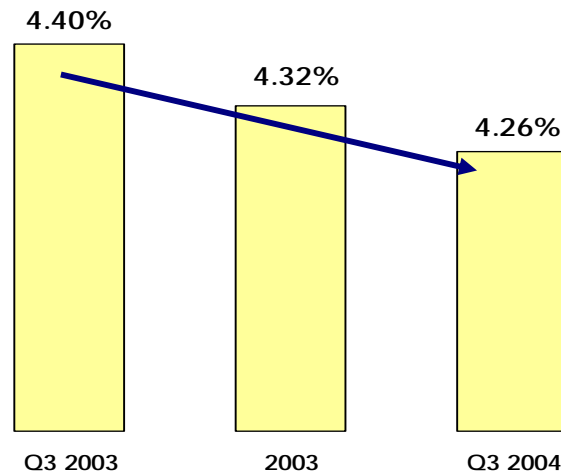
³ Other administrative expenses are advertising, rent, EDP, SDIF, taxes and duties, utility, repair&maintenance, stationary, R&D and other operating expenses.

Operating Expenses and Cost / Income

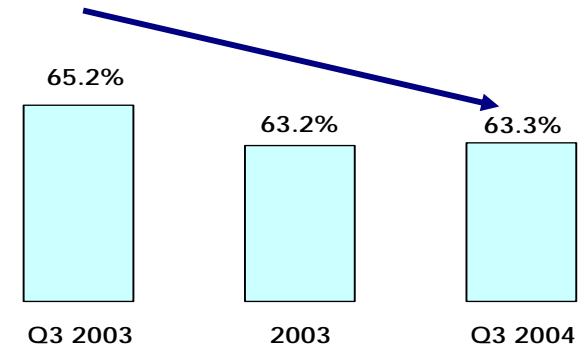
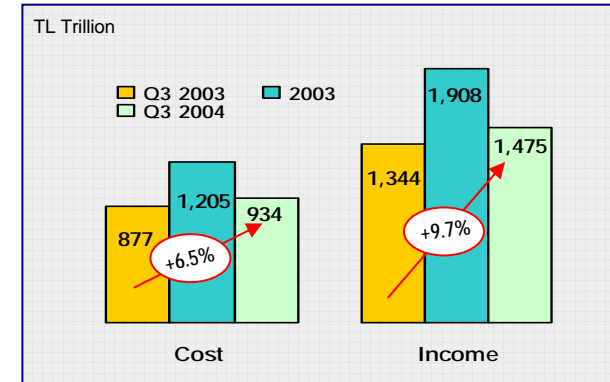
Continuous improvement in Opex/Average Assets ratio

- Opex/average assets ratio continued to decline in Q3 2004, standing at 4.26%
- Cost/income ratio declined to 63.3% in Q3 2004 over the same period last year
- Garanti increased its revenues by 9.7% in Q3 2004 over Q3 2003 while the increase in its costs was limited to 6.5% during the same period

Operating Expenses/Average Assets %



Cost/Income Ratio %



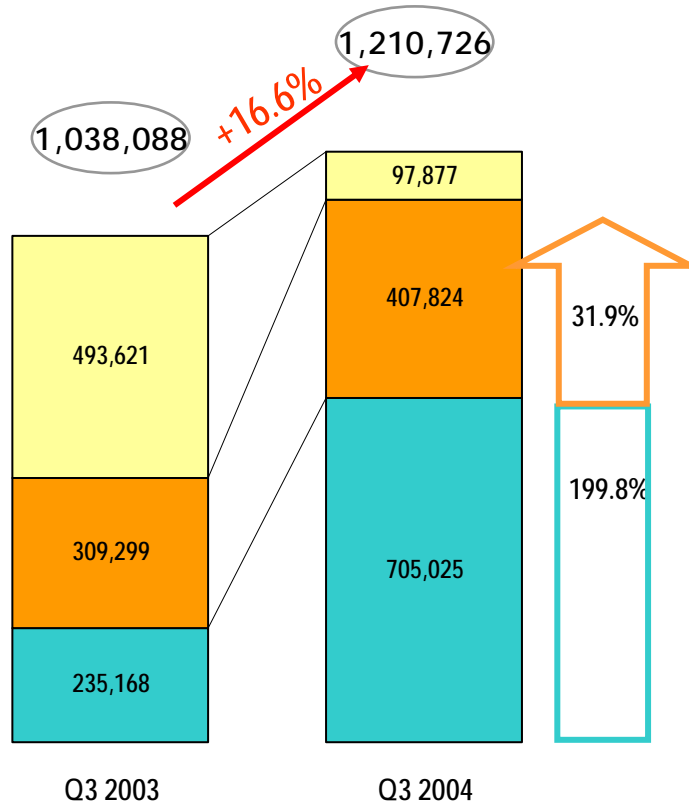
Segment Analysis

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

Net banking income of the banking segment went up by 16.6%

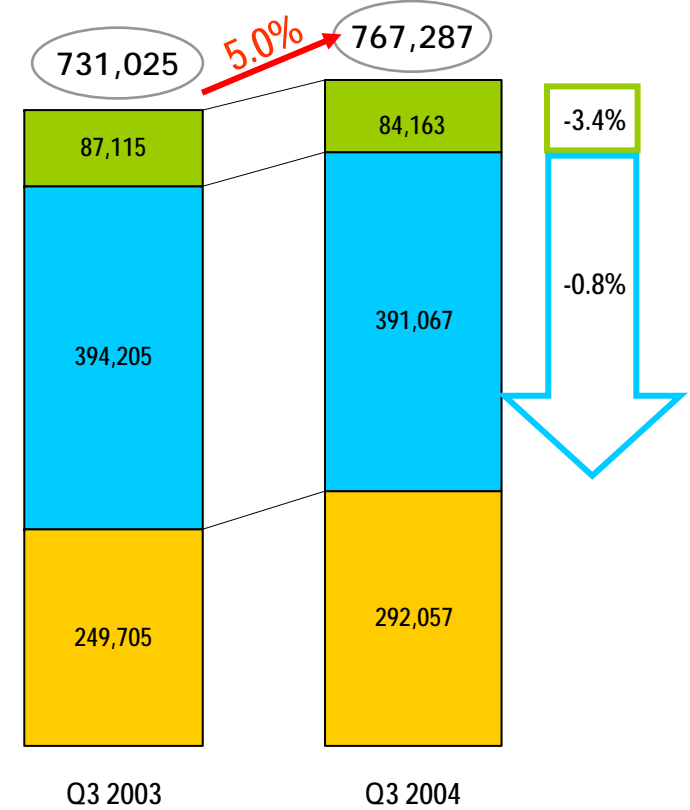
- Net banking income of the banking segment was up by 16.6% in Q3 2004 as compared to Q3 2003
- Adjusted NII of the banking segment registered 199.8% increase as of Q3 2004 compared to the same period in 2003, reaching TL1,210,726 Billion
- Personnel expenses, in line with the expansion in branch network, was the only non-interest expense item that registered an increase in Q3 2004 over the same period last year
- Non-interest expenses excluding personnel expenses declined by 1.3% in Q3 2004 over Q3 2003

Net Banking Income
TL Billion



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

Non-Interest Expenses
TL Billion



■ Personnel¹ ■ Other Administrative²
 ■ Depreciation



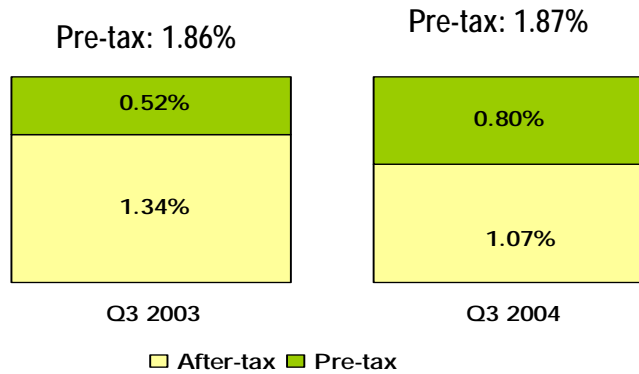
¹ Personnel expenses include salaries and wages, employee benefits.

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

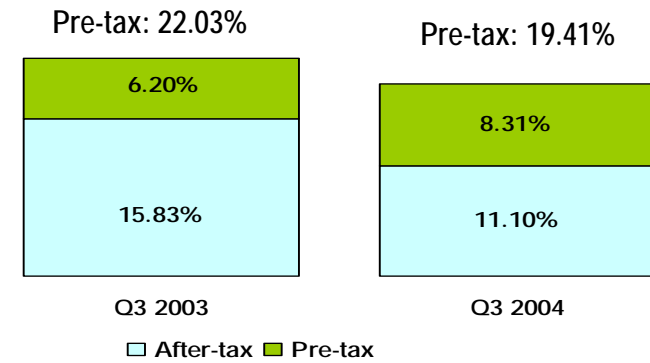
ROAE and ROAE

- Garanti's pre-tax ROAA slightly increased to 1.87% from 1.86%
- The main reason for the decline in ROAE was the increase in taxation charge
- Garanti has no cash outflows arising from its tax obligations due to a tax shield following its merger with Ottoman Bank in 2001

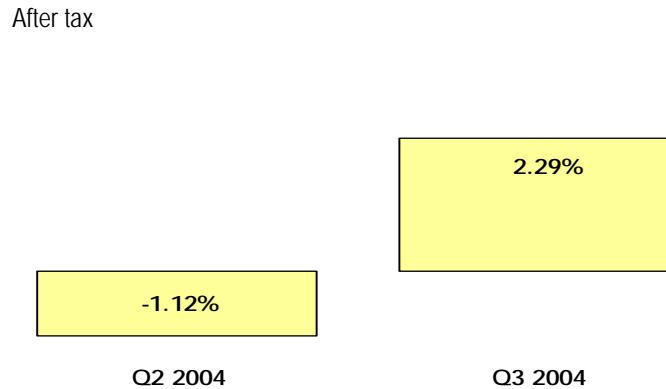
ROAA %



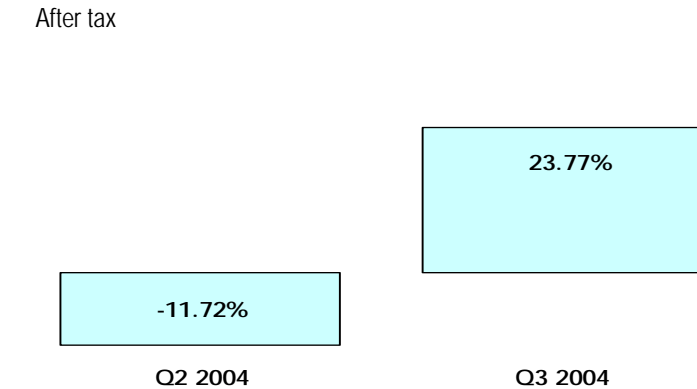
ROAE %



ROAA, Quarterly, Q3 vs Q2 2004 %



ROAE, Quarterly, Q3 vs Q2 2004 %

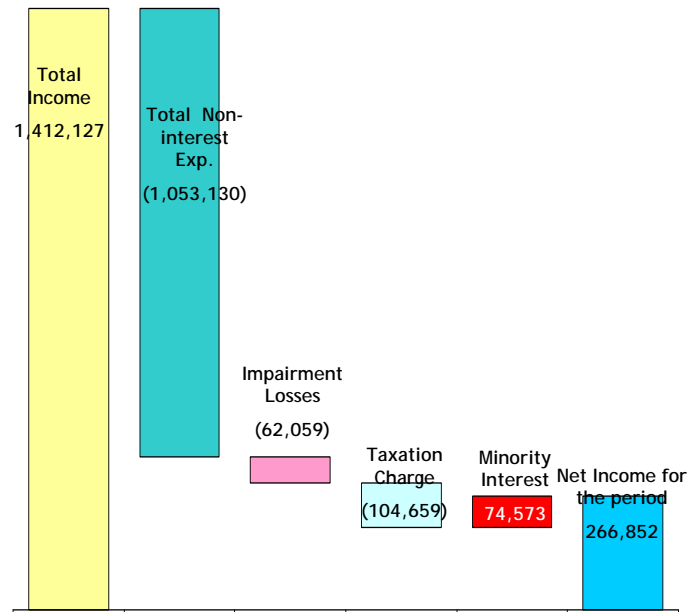


Profit / Loss

- The consolidated net income for Q3 2004 was TL234,704 Billion
- Total income increased by 16.5 % in Q3 2004, reaching TL1,645,727 Billion

Q3 2003 Profit / Loss

TL Billion



Q3 2004 Profit / Loss

TL Billion

