



CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

**(As adjusted for the effects of inflation in YTL units at
31 December 2004 pursuant to IFRS)**

Corporate Strategy, Business Development & Investor Relations

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Section 1

Highlights of 2004 YE Financial Results

- Total assets increased by 3.6% in real terms, standing at YTL30,266 Million on consolidated basis as of 2004 YE
- Net cash loans increased by 36.4% in real terms, constituting 50.5% of total assets
- NPL ratio declined to 2.9% in comparison to 3.1% in 2003 YE
- Total revenues increased by 15.2% in real terms on a consolidated basis
- Operating income on a consolidated basis reached YTL876,508 Thousand, increasing by 39.0% in real terms over 2003 YE
- Net banking income of the banking segment increased by 15.7% in real terms in 2004 over 2003, reaching YTL1,810,587 Thousand
 - Adjusted net interest income registered 70.5% increase, reaching YTL1,117,202 Thousand
 - Net fees and commissions of the banking segment increased by 36.6%, reaching YTL590,510 Thousand despite an already large base
 - Non-interest expense excluding personnel expenses remained almost flat, registering only 0.7% increase over 2003 YE
- Pre-tax ROAA on a consolidated basis increased to 1.92% in 2004 from 1.86% in 2003

Section 3

Consolidated Financial Performance – Balance Sheet

Garanti Bank

Consolidated Financial Performance

Summary Balance Sheet

- Total assets were up by 22.5% in US\$ terms, reaching US\$22,254 Million as of 2004 YE
- TL Loans increased by 65.9% in real terms over 2003 YE, reaching YTL7,185 Million
- FC loans increased by 39.3% in US\$ terms, reaching US\$5,954 Million
- TL deposits increased by 18.4% in real terms, reaching YTL8,201 Million; whereas FC loans were up by 18.2% in US\$ terms reaching US\$9,293 Million
- Total shareholders' equity was up by 9.8% in real terms
- NPL ratio decreased to 2.9% as of 2004 YE

Selected Figures

IFRS

	December 31, 2003	December 31, 2004	Change
Total Assets ¹ (US\$ Million)	18,169	22,254	22.5%
Total Assets (YTL Million)	29,206	30,266	3.6%
TL Net Cash Loans (YTL Million)	4,332	7,185	65.9%
FC Net Cash Loans ¹ (US\$ Million)	4,276	5,954	39.3%
Non-cash Loans (YTL Million)	6,243	7,076	13.3%
TL Deposits (YTL Million)	6,925	8,201	18.4%
FC Deposits ¹ (US\$ Million)	7,863	9,293	18.2%
Total Shareholders' Equity (YTL Million)	2,813	3,088	9.8%
NPL Ratio (%)	3.1%	2.9%	(0.2pp)



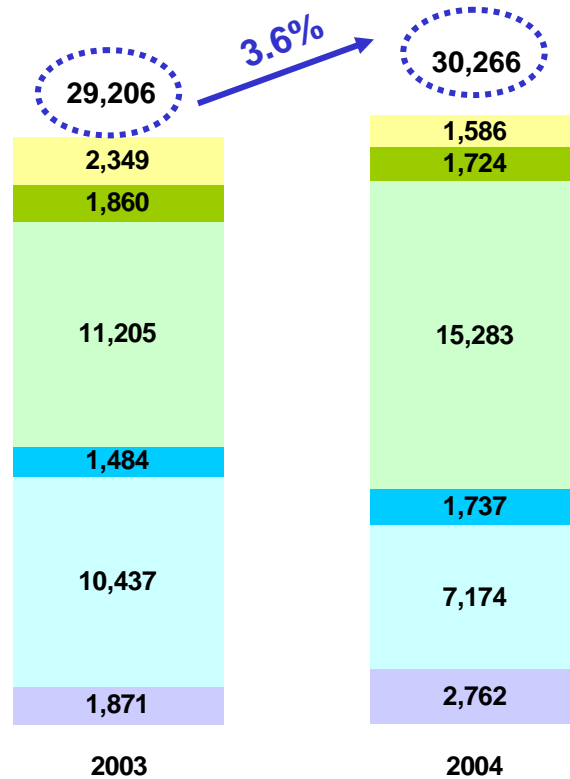
¹ Foreign currency, not inflation adjusted

Asset Size

Share of loans to customers in total assets reached 50.5% as of 2004 YE

- Total assets were YTL30,266 Million at 2004 YE (US\$ 22.3 Billion)
- Loans to customers increased by 36.4% in real terms, bringing its share in total assets up to 50.5% at 2004 YE from 38.4% at 2003 YE
- The share of securities in total assets declined further to 23.7% as of 2004 YE from 35.7% as of 2003 YE

Asset Size
YTL Million



■ 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*



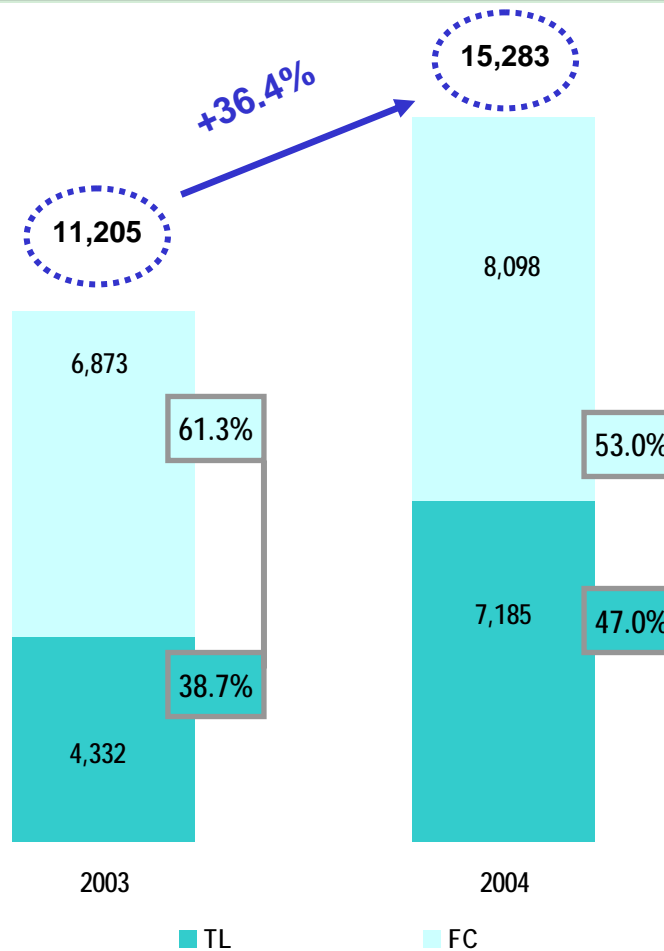
*Other assets include intangible assets, investments in associated companies, deferred tax assets, and other assets

Loans

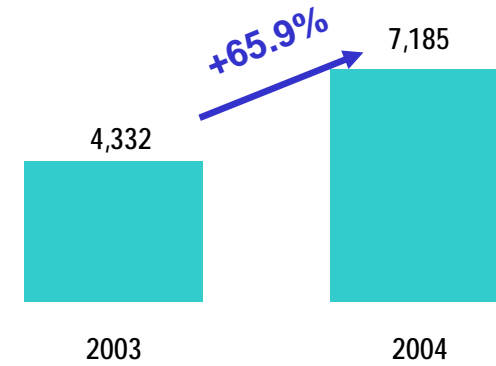
Further increase in the share of high margin TL loans

- The share of TL loans in total loans increased further to 47.0% as of 2004 YE from 38.7% at 2003 YE
- TL loans increased by 65.9% in real terms in 2004, reaching YTL7,185 Million at 2004 YE
- FC loans increased by 39.3%, reaching US\$5,954 Million as of 2004 YE

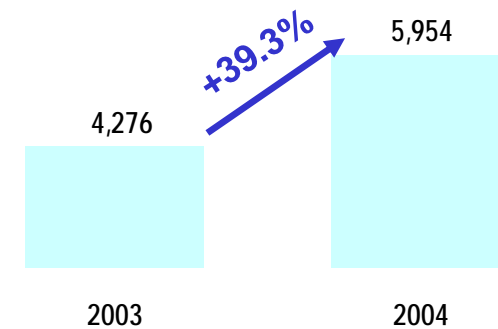
Net Cash Loans
YTL Million



TL Loans
YTL Million



FC Loans ¹
US\$ Million



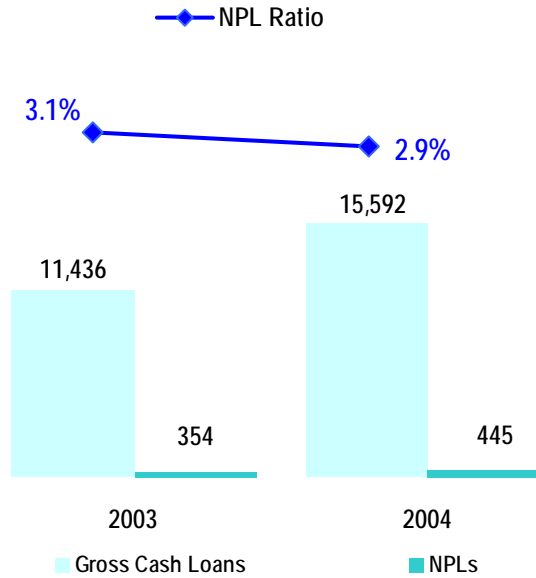
¹ Foreign currency, not inflation adjusted

Loans

Improvement in asset quality with NPL ratio declining to 2.9%

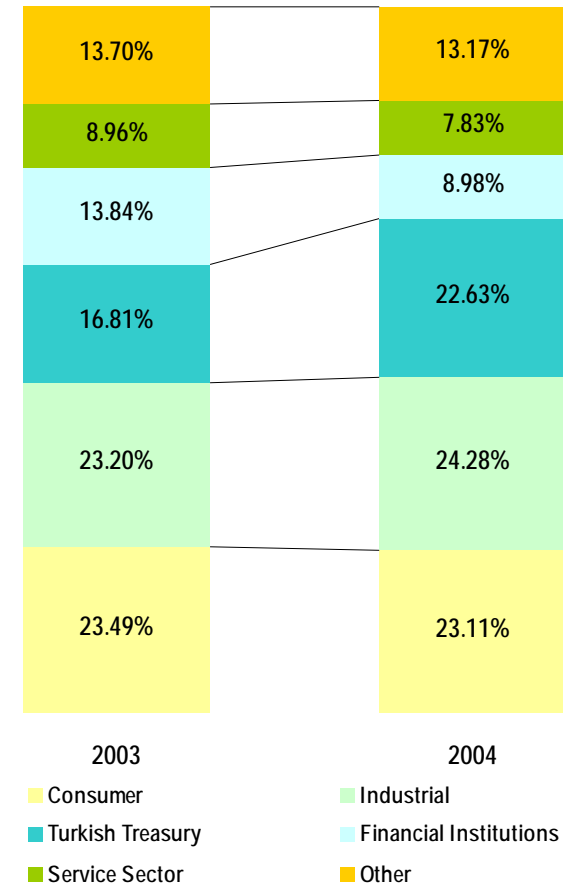
– The share of NPLs in gross cash loans decreased to 2.9% as of 2004 YE

NPLs and Provisioning
%, YTL Million



Asset Quality	31.12.2003	31.12.2004
Secured Loans	70.92%	71.64%
Unsecured Loans	29.08%	28.36%
Provisioned NPLs	1.5%	1.7%
Unprovisioned NPLs	1.6%	1.2%

Loan Allocation
%

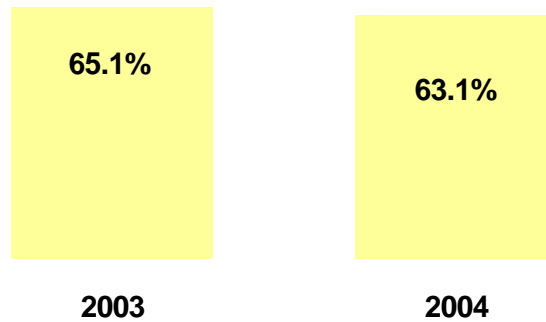


IEAs versus IBLs

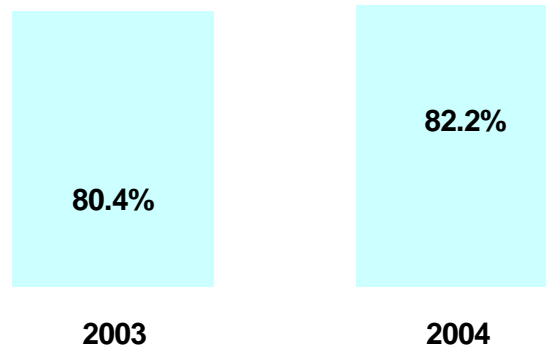
The gap between IEAs and IBLs widened to YTL5,793 Million

- The share of IBLs in total liabilities and SHE declined to 63.1% as of 2004 YE from 65.1% at 2003 YE
- The share of IEAs in total assets reached 82.2% as of 2004 YE
- The gap between IEAs and IBLs increased to YTL5,793 Million in 2004YE from YTL4,464 Million in 2003 YE
- The ratio of customer loans to customer deposits increased to 77.6% as of 2004 YE from 60.5% in 2003 YE
- Loans constituted 60.5% of IEAs

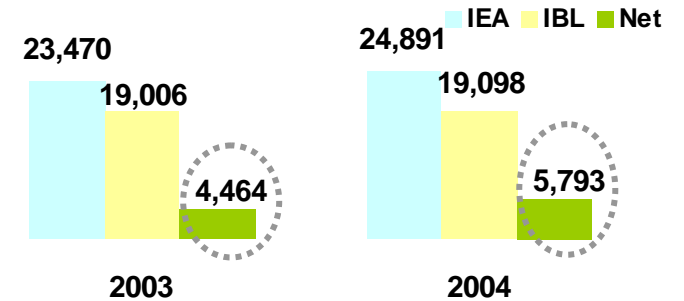
IBL/Total Liabilities and SHE
%



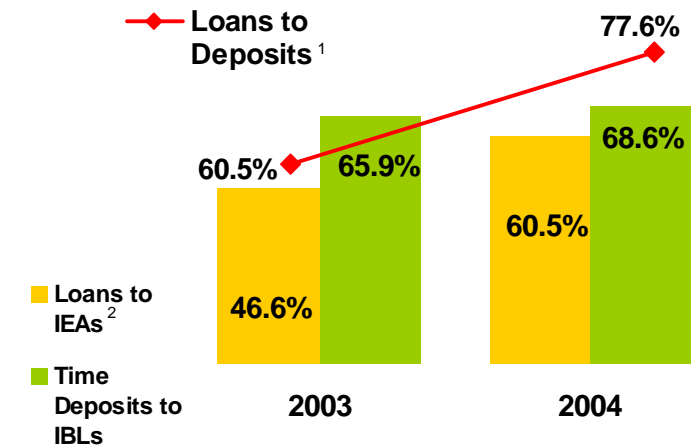
IEA/Total Assets
%



IEA - IBL
YTL Million



Loans / Deposits
%



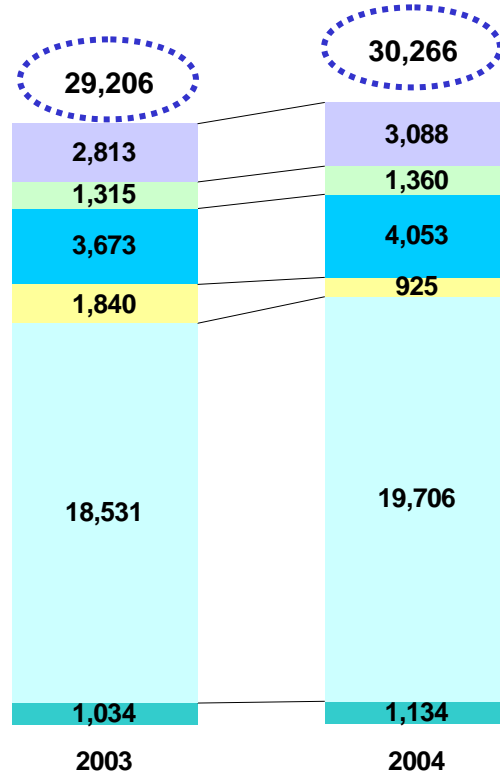
¹ Loans to customers/deposits from customers

² Excluding accrued interest income on loans

Composition of Liabilities and SHE

- Share of deposits from customers in total liabilities and shareholders' equity increased by 1.7 pp, reaching 65.1%
- Share of total deposits (including deposits from banks) increased to 68.8% as of 2004 YE from 66.9 at 2003 YE
- The share of shareholders' equity increased to 10.2% as of 2004 YE from 9.6% at 2003 YE

Liabilities & SHE
YTL Million



■ 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

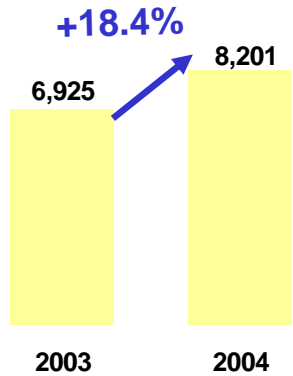


Deposits

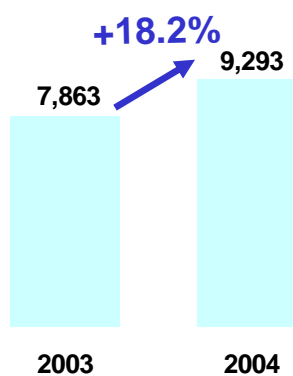
Continuous increase in the share of demand deposits

- TL and FC deposits increased by 18.4% and 18.2%, respectively as of 2004 YE over 2003 YE
- The share of FC deposits in customer deposits declined to 62.2% in 2004 YE from 65.9% in 2003 YE
- The share of FC deposits in total deposits (including bank deposits) declined to 60.7% as of 2004 YE from 64.6% as of 2003 YE
- The share of demand deposits increased by 1.5pp, reaching 33.2%
- Demand deposits increased by 20.6% over 2002 and 11.7% over 2003, reaching YTL6,507 Million

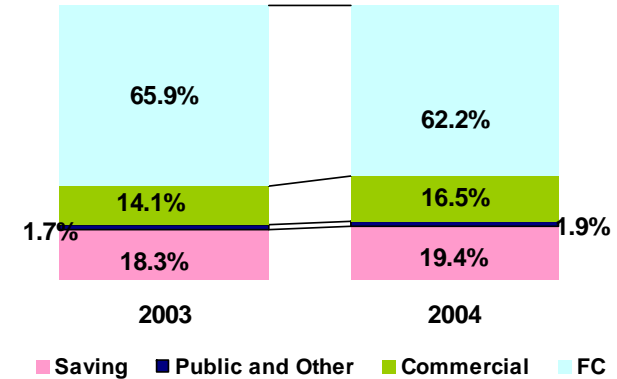
TL Deposits
YTL Million



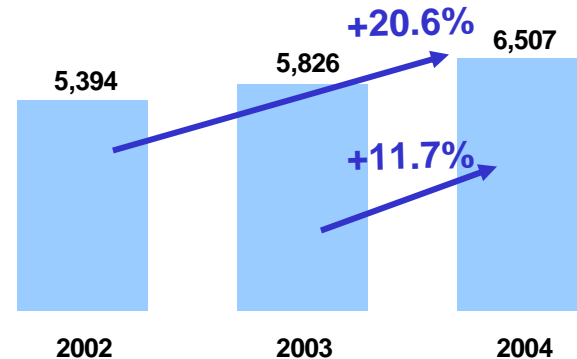
FC Deposits ¹
US\$ Million



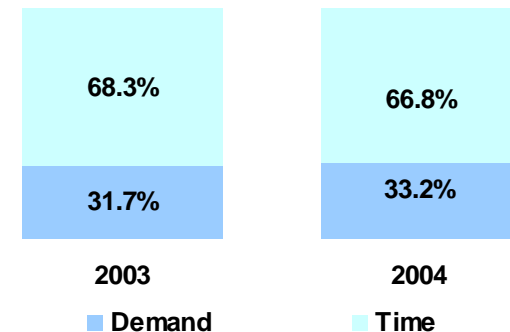
Composition of Customer Deposits %
(excluding accrued interest expense)



Demand Deposits (from customers)
YTL Million



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



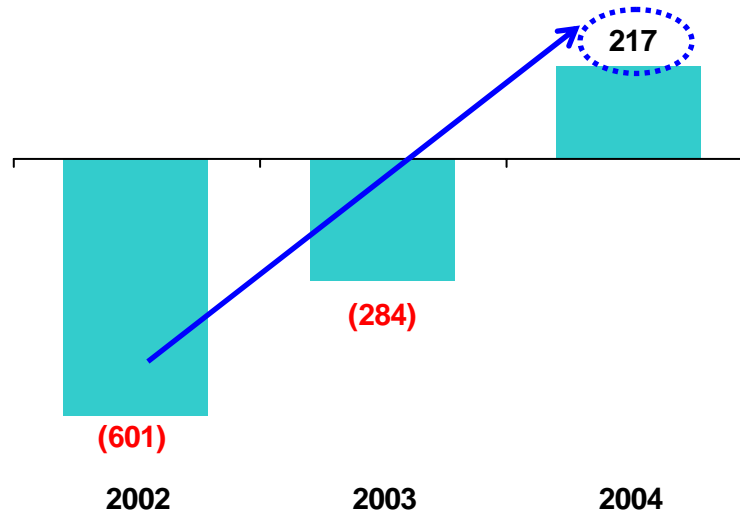
¹ Foreign currency, not inflation adjusted

Free Equity

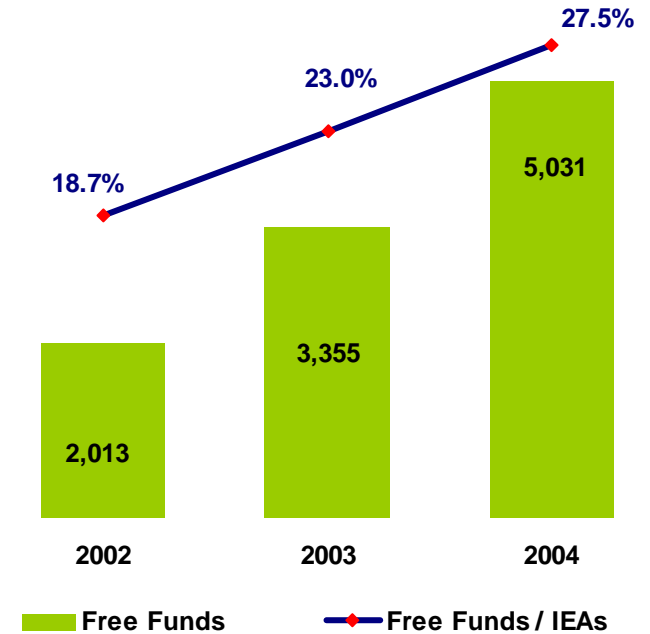
Significant improvement in free equity

- In line with increasing share of IEAs, free equity improved to US\$217 Million as of 2004 YE from a negative US\$601 Million at 2003 YE
- Capital adequacy ratio stood at 14.4% as of 2004 YE
- Free funds increased by 50.0% over 2003 YE and 149.9% over 2002 YE, reaching US\$5,031 Million
- Free funds to IEAs increased to 27.5% at 2004 YE from 23.0% at 2003 YE and 18.7% at 2002 YE

Free Equity
US\$ Million



Free Funds¹/IEAs
US\$ Million, %



¹ Free Funds : Free Equity + Demand Deposits (including demand deposits from banks)

Section 4

Consolidated Financial Performance – Income Statement

Garanti Bank

Consolidated Financial Performance – Income Statement

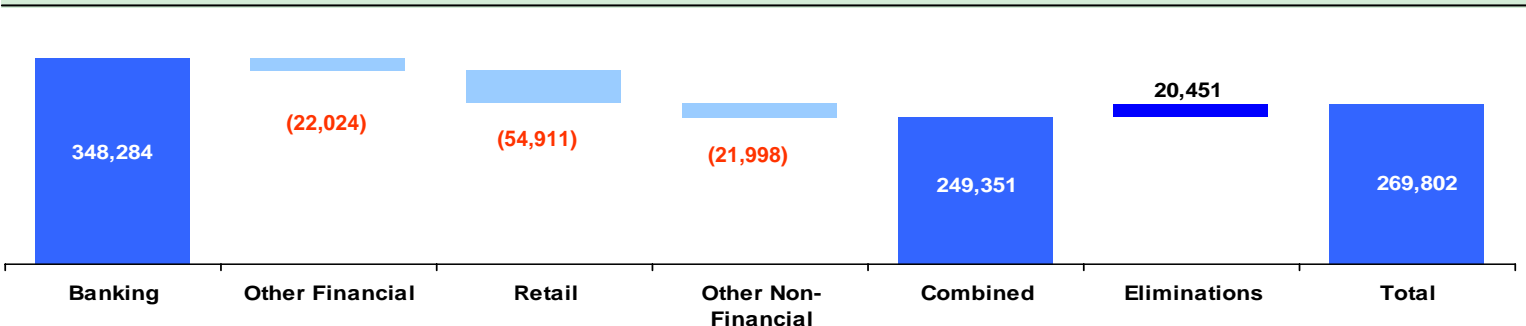
Summary Income Statement

- Total revenues increased by 15.2% in real terms on consolidated basis, reaching YTL2,437 Million
- Consolidated operating income was up by 39.0% over 2003 YE
- Despite a large base, net fees and commissions income registered a further 38.1% increase in 2004 on consolidated basis
- The decrease in net income was mainly due to one-time increases in taxation charges and impairment losses

YTL Thousand	December 31, 2003	December 31, 2004	Change
Net Interest Inc.Adj.by FX & Monetary Gain/Loss	542,220	1,285,594	137.1%
Net Fees & Comm. Income	443,245	611,994	38.1%
Other Non-Interest Income	1,129,569	539,733	(52.2%)
Total Revenues	2,115,034	2,437,321	15.2%
Operating Expenses ¹	(1,484,317)	(1,560,813)	5.2%
Operating Income	630,717	876,508	39.0%
Impairment Losses ²	(153,877)	(345,921)	124.8%
Taxation (Charge) / Credit	70,155	(301,163)	n.m.
Minority Interest	63,761	40,376	(36.7%)
Net Income	610,756	269,800	(55.8%)
Pre-tax ROAA (%)	1.86%	1.92%	0.06pp
Pre-tax ROAE (%)	21.56%	19.35%	(2.21pp)

Composition of Consolidated Net Income, 2004

YTL Thousand

¹ Including depreciation and amortization² Including provision for severance payments

Non-Interest Income

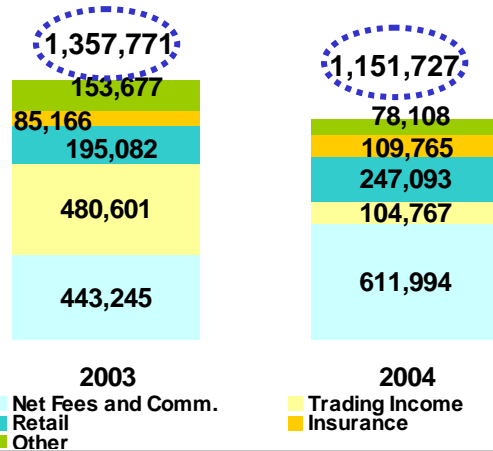
Continuous increase in sustainable sources of revenue

– Total non-interest income was YTL1,151,727 Thousand as of 2004 YE

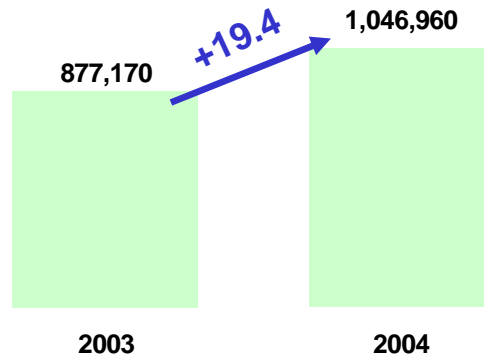
– When trading income is excluded, non-interest income increased by 19.4% over 2003 YE, reaching YTL1,046,960 Thousand

– Net fees and commissions increased by 38.1% in 2004 YE over 2003 YE; constituting 53.1% of total non-interest income

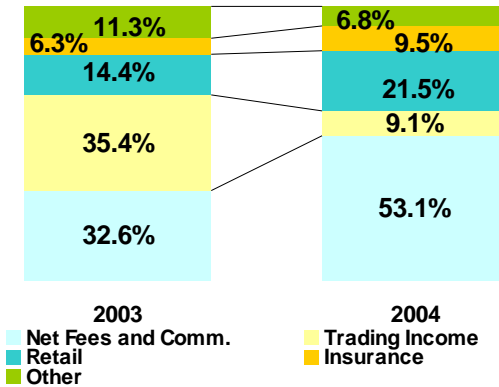
Non-Interest Income
YTL Thousand



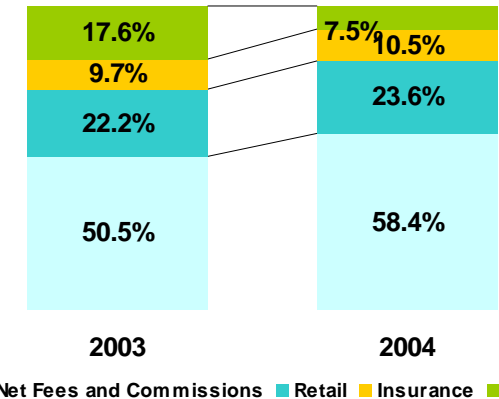
Non-Interest Income Excl. Trading
YTL Thousand



Composition of Non-Interest Income
%



Composition of Non-Interest Income Excl. Trading
%



Consolidated Financial Performance – Income Statement

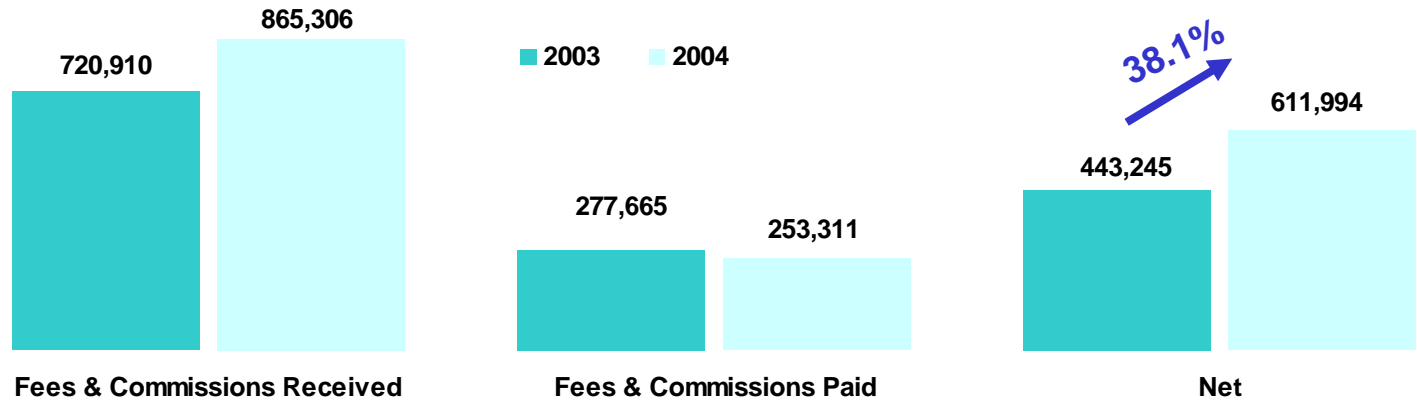
Fees and Commissions

Superior performance in net fees and commissions despite a high base

- Net fees and commissions increased by 38.1% in 2004 YE over 2003 YE, reaching YTL611,994 Thousand
- Net fees and commissions to average assets reached 2.06%
- Garanti covered 45.6% of its operating expenses through net fees and commissions income

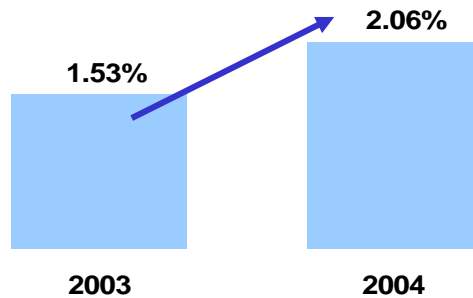
Fees and Commissions

YTL Thousand



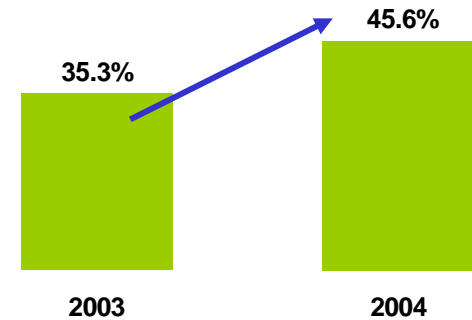
Net Fees and Commissions / Average Assets

%



Net Fees and Commissions / Operating Expenses

%

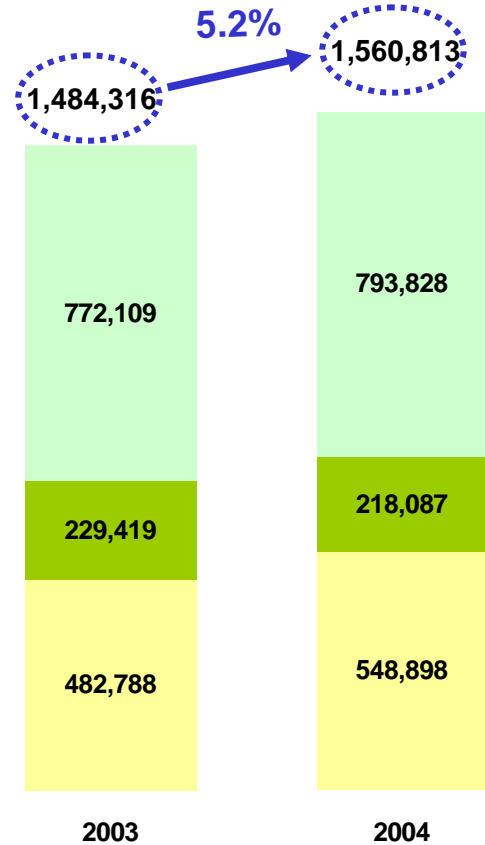


Non-Interest Expenses

Continuous cost-cutting measures

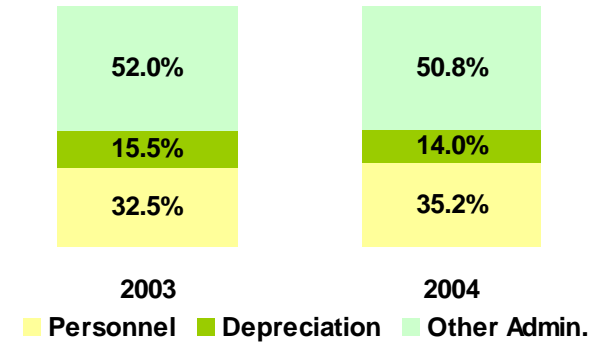
- Total non-interest expenses were YTL1,560,813 Thousand as of 2004 YE
- Personnel expenses registered 13.7% increase in line with the expanding branch network
- Non-interest expenses remained almost flat when personnel expenses are excluded

Non-Interest Expenses ¹
YTL Thousand

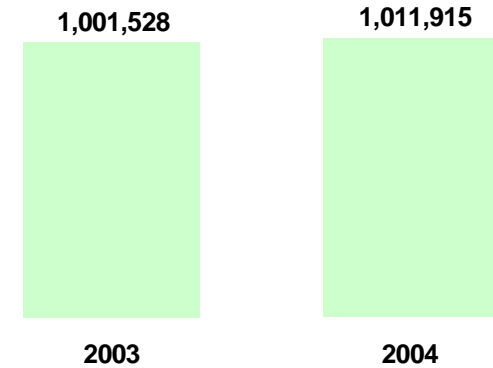


■ Personnel ² ■ Depreciation ■ Other Admin. ³

Composition of Non-Interest Expenses
%



Non-Interest Expenses Excluding Personnel Expenses
YTL Thousand



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

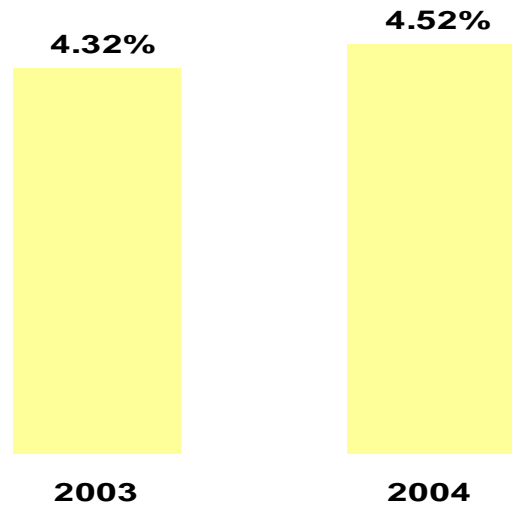
² Personnel expenses include salaries and wages and employee benefits.

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

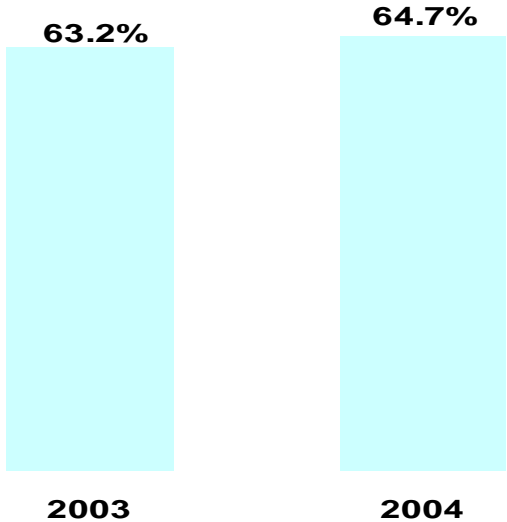
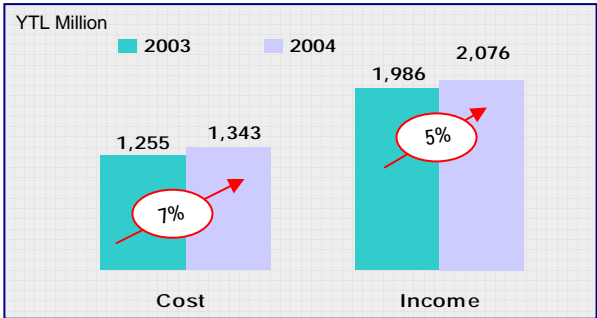
Operating Expenses and Cost / Income

- Opex/average assets ratio was 4.52% as of 2004 YE
- Cost/income ratio stood at 64.7% as of 2004 YE

Operating Expenses/Average Assets %



Cost/Income Ratio¹ %



¹ Excluding depreciation and amortization

Segment Analysis

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

– Net banking income of the banking segment was up by 15.7% in 2004 YE as compared to 2003 YE

– Adjusted NII of the banking segment registered 70.5% increase as of 2004 YE compared to 2003 YE, reaching YTL1,117,202 Thousand

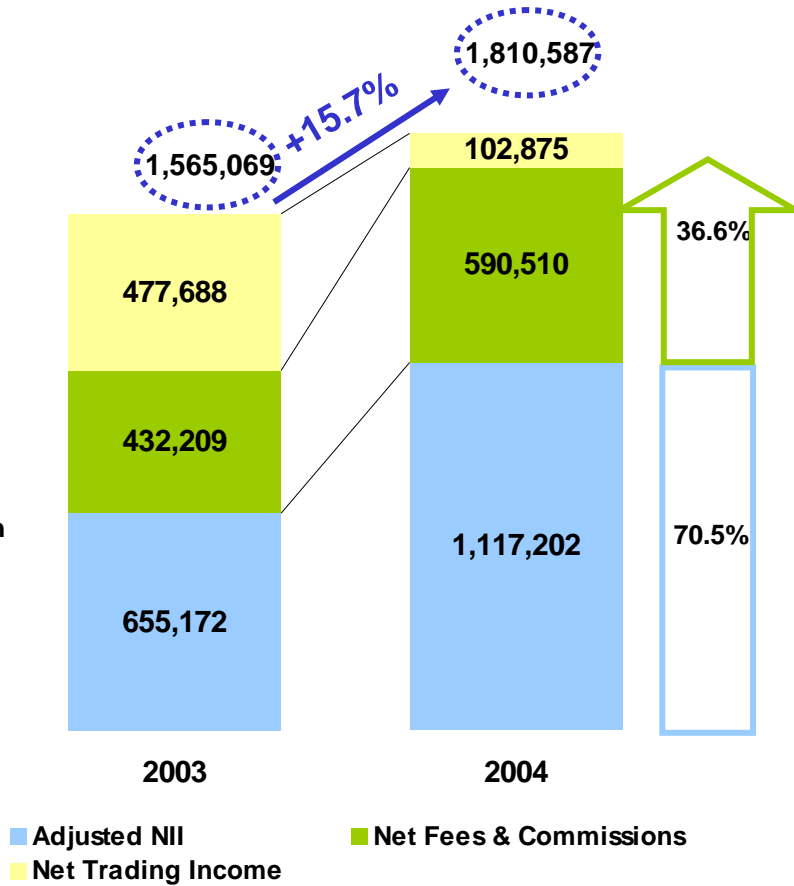
– Net fees and commissions income of the banking segment increased by 36.6% despite an already large base

– Personnel expenses, in line with the expansion in branch network, registered 13.6% increase over 2003 YE

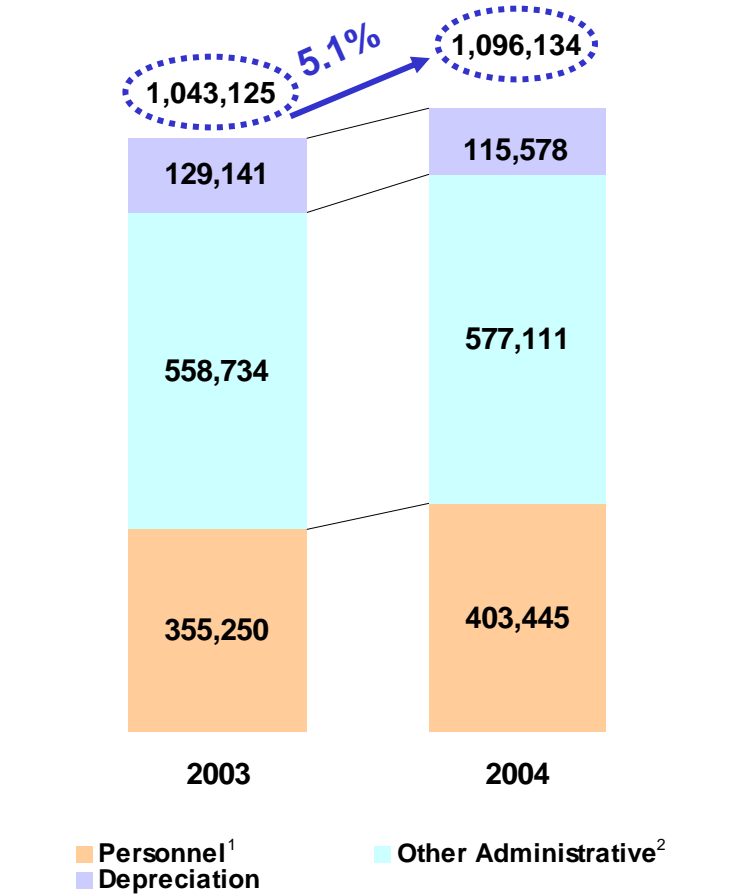
– Non-interest expenses excluding personnel expenses remained almost flat (only 0.7% increase)

Net banking income of the banking segment went up by 15.7%

Net Banking Income
YTL Thousand



Non-Interest Expenses
YTL Thousand



¹ Personnel expenses include salaries and wages, employee benefits.

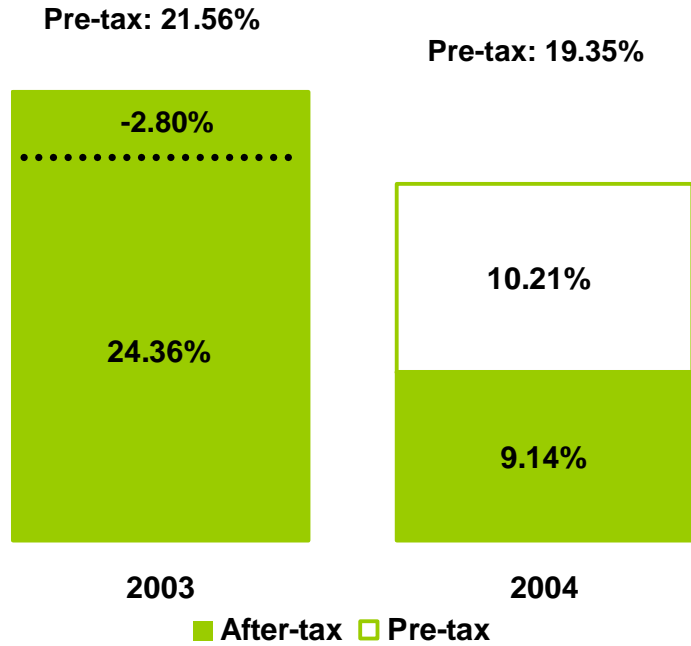
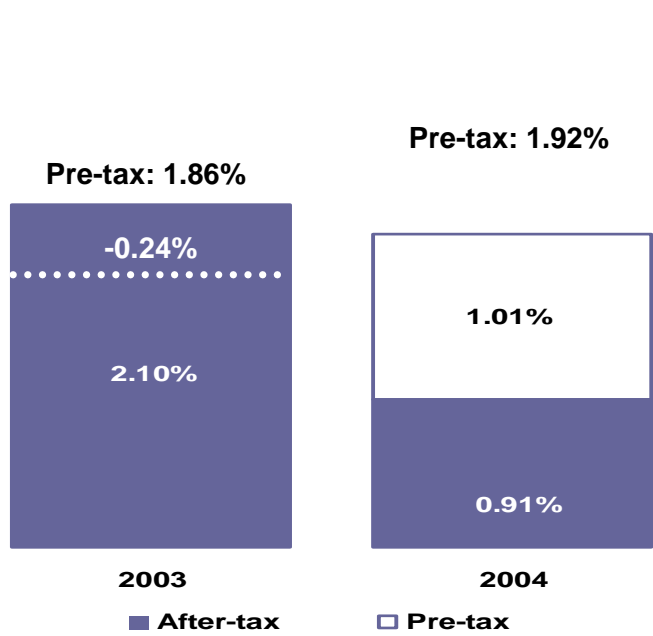
² Other administrative expenses are advertising, rent, computer usage, SDIF, taxes and duties, utility, repair and maintenance, R&D and other expenses

ROAA and ROAE

– Garanti’s pre-tax ROAA increased to 1.92% from 1.86%

ROAA %

ROAE %



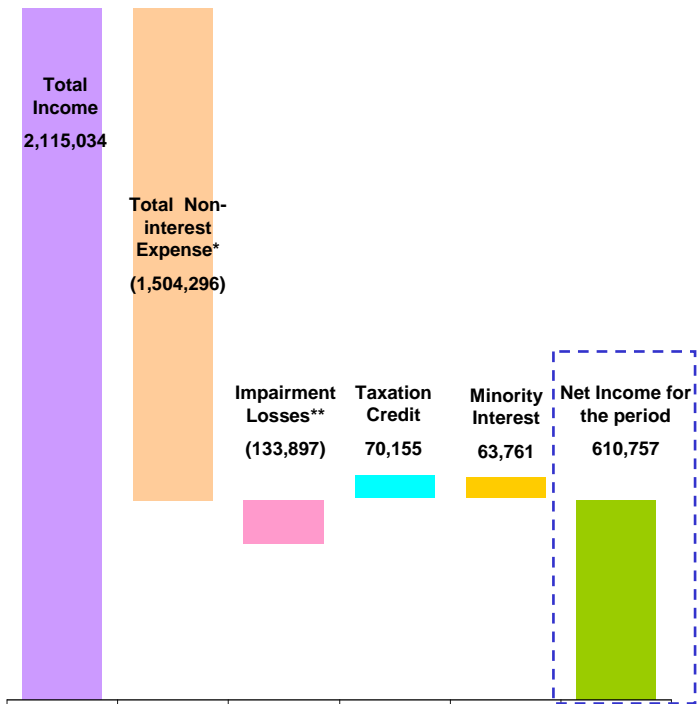
Profit / Loss

– The consolidated net income for 2004 was YTL269,802 Thousand

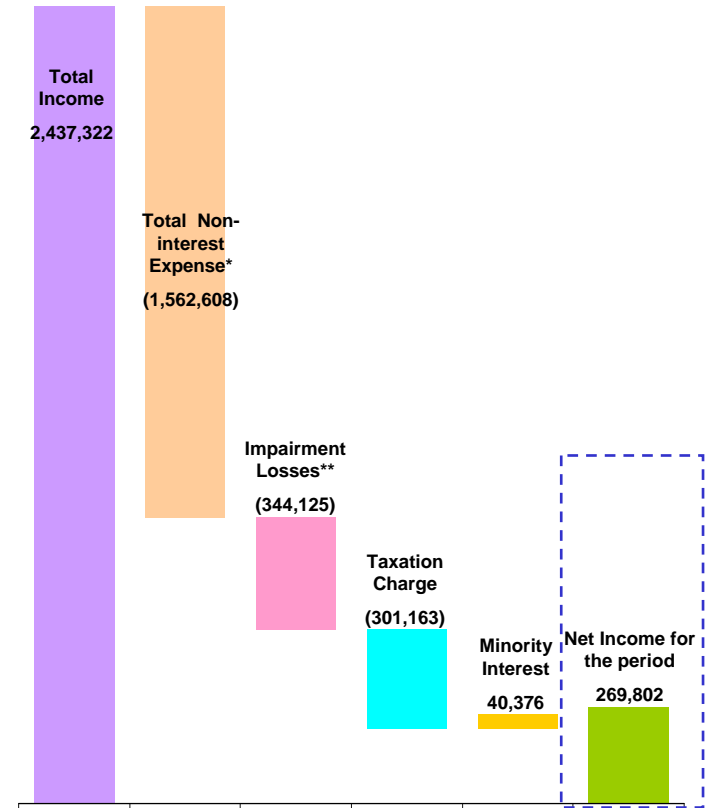
– Total income increased by 15.2% in 2004, reaching YTL2,437,322 Thousand

– The decrease in net income was mainly due to one-time increases in taxation charges and impairment losses

2003 Profit / Loss
YTL Thousand



2004 Profit / Loss
YTL Thousand



* Excluding impairment losses.

** Including loan loss provision.