



Interim report

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SUBJECT : 2000/Q3 FINANCIAL STATEMENTS
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I. TURKISH ECONOMY IN THE THIRD QUARTER 2000

National income growth has been moderately strong in 2000H1, with GDP rising by 5.7% in comparison to a year earlier. Economic growth in the first half of the year restored national income to 1998 levels, and would have been more vigorous were it not for a construction moratorium and lower refinery output – lingering effects of the August 1999 earthquake. Economic growth in 2000 has been spearheaded by a 5.8% rise in consumption spending, and a 15.8% increase in investment spending both responding to the decline in interest rates. National income growth will be strong in the final quarter of 2000 regardless of the long holiday in December, and brisk growth will last at least through 2001H1, in part because of a low baseline effect due to a construction moratorium and limited refinery output in 2000H1. GNP growth in 2000 is expected to exceed the official target of 5.5%. Official GNP growth target for 2001 is 4.5%, while the year-end CPI target is 12%, and WPI is 10%.

Tight fiscal policy in 2000 has secured a primary surplus (revenues minus non-interest expenditures) of US\$ 12.43 billion in the January to September period. The decline in interest rates has also had a two-pronged positive impact on the budget balance. Revenues have risen, beyond expectations, by 98% in the first nine months in comparison to same period a year earlier. Interest expenditures have been below projections due to the lower than planned cost of borrowing by the Undersecretariat of Treasury. In sum, though the budget deficit will be high at a projected 9.3% of GNP in 2000, the size of the primary surplus will allow a 5-6 point drop in the budget deficit in 2001. Authorities plan to set fiscal policy tight again in 2001 according to budget plans unveiled in mid-October. The primary surplus in 2001 is projected to be approximately 7% of GNP, or around US\$ 15 billion.

Despite an improved outlook in Turkey's domestic balance, the external balance has deteriorated to an unexpected degree in 2000. The current account deficit had reached US\$ 5.9 billion by July 2000, and is expected to climb to around US\$ 8 billion by year-end. This outcome is, in part, due to a tripling of energy prices from the start of 1999, as well as the weakness of the euro vis-à-vis the US\$. Turkey has reacted to the unexpected worsening of the current account by imposing tighter fiscal discipline in 2001, slowing aggregate demand growth in a bid to rein in the rise in

imports, and hence the worsening in external balances. Turkey had adopted a crawling peg (crawling band from July 2001) exchange rate regime to tackle inflation gradually. Fortunately, the authorities announced an exit strategy from the peg regime at the onset of the disinflation scheme. Furthermore, the authorities had opted for a relatively flexible peg regime with widening bands culminating in a managed float regime once again in 2003. These measures should ease the worsening of Turkey's external balances.

Current economic reforms in Turkey have two medium term goals. One is to conquer chronic inflation for once and all, and the other objective –in line with the first- is the fulfilment of Maastricht criteria. Turkey, an EU candidate country, will come very close to the fulfilment of certain European Union economic convergence rules by 2001. Turkey's public debt to GDP ratio (at around 58%) is already within the Maastricht criterion of 60%. Likewise the budget deficit to GDP ratio, another criterion, will be cut from roughly 10% in 2000 to approximately 3.5% in 2001, a whisper away from the 3% Maastricht limit. The present disinflation scheme aims to cut inflation to single digit levels by 2002, which would imply that Maastricht conditions with regard to inflation and interest rates could come within reach as early as 2003. Finally, Maastricht rules demand an independent Central Bank. Ongoing fiscal discipline will permit the achievement of this goal as well.

The newly formed Banking Regulation and Supervision Agency (BRSA) took over Bank Kapital and Etibank on Friday, October 27th, 2000. The authorities acted after the two banks accumulated combined losses of around US\$ 600mn according to newspaper reports. The total number of banks under the auspices of the Savings Deposit Insurance Fund (SDIF) has thus risen to 10. There are 81 banks operating in Turkey including those controlled by SDIF. The largest 10 banks accounted for 68% of assets and 69% of deposits at the end of 1999.

II. GARANTI BANK Q3/2000

Key Information

Branches	238	Credit Cards	1,094,581
Offices	19	Debit Cards	987,663
Employees (Excluding security)	4,191	ATM's	494
Internet Customers	216,603	POS's	33,027
Telephone Banking Customers	266,405	ADC Utilization Rate *	60.4%

*Percentage of total comparable transactions including cash transactions

Developments and Important Subsequent Events

Garanti Bank is continuously increasing its credit card penetration in Turkey, a traditionally cash oriented society. Garanti increased its market share in credit cards from 7.3% in 30 September 1999 to 8.9% in 30 September 2000 and held the 4th place with a total number of 1,094,581 credit cards. In terms of market shares in issuing and acquiring volumes, Garanti moved one step up and ranked 4th and 2nd, respectively, compared to 5th and 3rd in Q3/1999. The Bank leads the market in international acquiring volume with a market share of 28.7%. Bonus Card, the first chip based credit card of Turkey with a loyalty program, is becoming one of Garanti's major achievements in the consumer banking arena. Introduced in mid-April 2000, its number of cardholders has overpassed 200,000 as of Q3/2000. Garanti's POS number has risen to 33,027 as at September 30, 2000 up from 23,879 a year earlier.

In August 2000, Garanti has signed an exclusive three-year agreement with Turkish Airlines (THY) to issue a co-branded credit card which will be the centerpiece of the national airline's frequent flyer program. The new Shop & Miles Visa card will be distributed to all of the 150,000 current members of the "THY Miles & Miles Program" by the end of October 2000. The new program will also cover the domestic flights. With this agreement, the existing card-holders will be able to convert the miles they earned to awards and they will also be able to earn miles on their regular expenses made through the co-branded card. The present card-holders of Garanti Bank will also be able to convert the awards they earned from their current Garanti credit cards to miles as in the new co-branded card, in case they want to be a FFP member. This agreement is exclusive for three years to Garanti Bank and THY agreed not to sign any agreement of such kind with any financial institution or credit card issuer as long as the agreement is valid.

According to the third quarter retail banking figures in the Turkish banking sector, Garanti's market share in car loans has risen to 20.0% from 19.3% in the second quarter of 2000 and 17.4% in Q3/1999. Volume of housing loans extended by Garanti has jumped by 94.8% in nominal terms during the third quarter over the previous quarter of 2000. Accordingly, Garanti's market share was 7.6% in 2000/Q3, up from 4.9% in Q2/2000. In total consumer loans, the market share, which was 7.9% during Q3/1999 was successfully raised to 11.8% in Q3/2000, whereas total volume rose by 642%.

Garanti was recognized as "The Best Bank in Turkey" by The Banker, a monthly periodical published in the U.K., in their September 2000 issue. The Bank's leadership in alternative delivery channels, especially in Internet banking, was an important factor in the magazine's selection of Garanti. The Bank was also cited for its success in e-commerce, telephone banking and car loans.

Garanti maintains its leading position in alternative delivery channels. As at the end of third quarter of 2000, the ratio of comparable cash transactions executed via alternative delivery channels have reached 60.4%, as compared with 50.3% by 1999 year-end. By the end of 2001, the Bank aims at reaching 70% utilization rate in alternative delivery channels. Non-cash transactions done through our internet branch was 23.9% of the total, and the number of internet branch customers has surpassed 210,000. The Bank still holds more than 50% of the market share in internet banking. The call center "Alo Garanti" executes 14.2% of the total comparable non-cash transactions. As at end of September 2000, the Bank had 238 branches and 489 ATMs. When cash withdrawal is included, about 39.1% of the comparable transactions were executed via ATMs.

A discussion and analysis of the Bank's 2000/3Q results are provided below:

Operating Performance

Garanti Bank announced a net profit of TL170,200 Billion (US\$281 Million) as of September 30, 2000 as compared to TL143,846 Billion (US\$365 Million) in the corresponding period of 1999. During the third quarter of 2000, the Bank has generated a net profit of TL53,655 Billion (US\$82 Million), 10.3% higher in US\$ terms over the previous quarter figure of TL46,510 Billion (US\$74 Million). Excluding the one-time extraordinary earthquake taxes, net income demonstrated a US\$ increase of 16.5% over the net income figure of Q3/1999.

Interest income was TL815,805 Billion (US\$1,347 Million) as at September 30, 2000, in comparison with TL785,822 Billion (US\$1,996 Million) as at Q3/1999. Although total interest

income fell due to the shrinking yields on securities portfolio, on a quarterly basis the Bank has managed to increase its interest income from loans by 11.8% in US\$ terms over the previous quarter. Most of this increase stemmed from the 17.0% growth in interest income on Turkish Lira loans, especially short-term TL loans. Interest earned on TL loans composed 66.4% of total interest on loans, up from 65.8% in H1/2000. Interest income from loan book made up 37.3% of total interest income, as compared to 31.7% on September 30, 1999 and 31.1% on June 30, 2000. Despite the falling margins, this rise was mainly due the 21.9% increase in US\$ terms of cash loans during the third quarter of 2000. As of third quarter, spread on loans (interest earned on loans to total average loans) on a quarterly basis slightly rose to 6.3% from 6.0% in the previous quarter. On a quarterly basis, interest earned on securities was down by 69.2% in US\$ terms from US\$247 Million in Q2/2000 to US\$76 Million in Q3/2000. For the first three quarters, interest income from securities was TL424,693 Billion (US\$701 Million) and composed 52.1% of the total, as compared with TL366,165 Billion (US\$625 Million) or 59.0% of total interest income in H1/2000. Decrease in the share of interest earned on securities in total interest income was attributable to lower spreads on securities in the third quarter of 2000.

On a year-on-year basis, interest expense went down by 29.4% in US\$ terms to TL436,545 Billion (US\$721 Million) as at September 30, 2000 from TL401,666 (US\$1,020 Million) as at September 30, 1999. The reason behind this decline was a 14.8% decrease in US\$ terms on a quarterly basis in interest paid on deposits, which composed 78.5% of total interest expense in Q3/2000. At the end of Q3/2000, interest paid on deposits were TL342,802 Billion (US\$566 Million), whereas in H1/2000, this figure was TL240,518 Billion (US\$410 Million). The cost of deposits continued to decline further during the third quarter of 2000. Interest paid to deposits to total average deposits was 3.7% in Q3/2000, as compared to 4.2% in H1/2000 and 8.4% one year ago. Interest paid on borrowed funds increased by 9.9% in US\$ terms year-on-year to TL86,075 Billion (US\$142 Million), or 19.7% of total interest expense.

Net interest income was TL379,260 Billion (US\$626 Million) as at September 30, 2000 compared to TL322,086 Billion (US\$550 Million) as at June 30, 2000. Due to the declining margins, NIM was down to 12.9% by the end of the third quarter, from 17.9% as at H1/2000, and 19.4% as at year-end 1999. Accordingly, NIM adjusted by foreign exchange losses was realized as 10.6% in Q3/2000, down from 14.9% as in H1/2000.

As at September 30, 2000, Garanti posted TL988,018 Billion (US\$1,631 Million) of non-interest income. Non-interest income, net of foreign exchange loss, fees and commissions paid and trading expense, was TL224,221 Billion (US\$370 Million). This indicates a 248.2% year-on-year increase in US\$ terms over the Q3/1999 figure of TL41,849 Billion (US\$106 Million). Netted fees and commissions were TL47,498 Billion (US\$78 Million) as of September 30, 2000, up by 95.6% in US\$ terms over the Q3/1999 figure of TL15,781 (US\$40 Million). Accordingly, net fees and commissions to net interest margin ratio rose to 12.5% in the current period up from 4.1% in the corresponding period of 1999. The netted trading account income increased to TL130,907 Billion (US\$216 Million) as at Q3/2000, up by 83.4% in US\$ terms from TL69,034 Billion (US\$118 Million) as of June 30, 2000. The reason behind this increase is that the Bank liquidated a portion of its securities portfolio at advantageous levels during the third quarter. Net non-interest income as a percentage of total operating income increased to 37.2% as at September 30, 2000, up from 25.6% as at June 30, 2000, and 9.8% as at September 30, 1999.

Total other expenses, excluding foreign exchange loss, fees and commissions and trading income was TL315,604 Billion (US\$521 Million) as at September 30, 2000, up from TL211,149 Billion (US\$360 Million) as at June 30, 2000. However, on a quarterly basis Garanti managed to decrease its netted operating expenses by 12.8% in US\$ terms to TL104,455 Billion (US\$161 Million)

below the previous quarter figure of TL112,029 (US\$184 Million). This decrease is mainly due to lower personnel expenses and the declining burden of the extraordinary earthquake taxes. Personnel costs were TL78,003 Billion (US\$129 Million) as at September 30, 2000, composing 24.7% of the netted operating expense, as compared with TL50,883 Billion (US\$87 Million), or 24.1% of netted operating expenses as at June 30, 2000. Personnel costs were 42.5% of netted operating expenses in September 30, 1999. On a quarterly basis, personnel expenses decreased by 7.6% in US\$ terms during the third quarter of 2000. Other non-interest expenses, which composed 30.0% of netted operating expenses, rose 41.9% in US\$ terms quarterly during Q3/2000, over Q2/2000. IT, advertising, telecommunications, maintenance and insurance costs accounted for 43.7% of the other operating expenses. Extraordinary expenses reflecting the one-time earthquake taxes were TL87,691 Billion (US\$145 Million) as of September 30, 2000. In US\$ terms and on a quarterly basis the extraordinary earthquake taxes were US\$20 Million in Q3/2000 as compared to US\$55 Million in H1/2000 and US\$70 Million in Q1/2000. Again, on a quarterly basis, Garanti was able to post a net non-interest income during the third quarter of 2000, decreasing its cumulated net non-interest loss by 3.8% in US\$ terms to TL151,697 Billion (US\$250 Million).

Net foreign exchange loss was TL60,314 Billion (US\$100 Million) as at September 30, 2000, down from TL74,938 Billion (US\$190 Million) in the same period of 1999.

Garanti's Cost/Income ratio was 53.8% as at September 30, 2000 slightly higher than 51.6% in June 30, 2000 mainly due to declining total interest income. Excluding the extraordinary expenses, cost/income ratio decreased to 37.0% by Q3/2000.

As at September 30, 2000, earning before taxes were TL227,563 Billion (US\$376 Million), in comparison with TL169,509 Billion (US\$289 Million) on June 30, 2000. The effective tax rate was 25.2% in the third quarter of 2000, as compared to 31.3% in H1/2000. Net income was realized as TL170,200 Billion (US\$281 Million) during Q3/2000 from TL143,846 Billion (US\$365 Million) in the corresponding period of 1999.

Balance Sheet

As at September 30, 2000, Garanti Bank's total assets were TL6,004,949 Billion (US\$9,041 Million), as compared to TL5,281,272 Billion (US\$8,549 Million) on June 30, 2000, and TL3,949,205 Billion (US\$8,581 Million) on September 30, 1999. On a quarterly basis, total assets grew by 5.8% in US\$ terms, during the third quarter of the year, mainly because of a bigger loan book and a slight increase in securities portfolio. Year-to-date and year-on-year US\$ growth in assets are 8.4% and 5.3%, respectively.

Cash and due from banks were TL875,031 Billion (US\$1,317 Million), to make up 14.6% of total assets. Investment securities went up by 2.8% in US\$ terms to TL962,047 Billion (US\$1,448 Million) as at September 30, 2000 from TL870,324 Billion (US\$1,409 Million) as at June 30, 2000. Total securities (investment securities and other long-term investments) composed 24.9% of total assets in Q3/2000 as compared to 26.5% in H1/2000. Other long-term investments, which composed 8.9% of total assets, were down by 6.6% in US\$ terms to TL533,711 Billion (US\$804 Million) during the third quarter of 2000.

As compared to the previous quarter, cash loans increased by 21.9% in US\$ terms to TL2,288,851 Billion (US\$3,446 Million) on September 30, 2000, composing 38.1% of total assets. Cash loans were up by 29.5% on year-on-year basis, and rose by 31.8% year-to-date in

US\$ terms. On June 30, 2000, cash loans were TL1,746,030 Billion (US\$2,826 Million) and made up 33.1% of total assets. Short-term cash loans made up 58.3% of total cash loans in the third quarter of 2000, as compared to 63.1% on H1/2000. The fast growth in cash loans was mainly due to consumer and small business loans. In addition, corporate and commercial loans market started to show signs of recovery. The share of TL loans in total loans increased to 39.5% as at September 30, 2000, from 35.9% as at June 30, 2000 and 27.9% as at September 30, 1999. Non-performing loans were TL33,808 Billion (US\$51 Million) at the end of Q3/2000 and 100% provision was set aside for these loans. Non-performing loans to cash loans were 1.48% as of September 30, 2000, down from 1.71% by the end of the first half of 2000. Non-performing loans to total cash and non-cash loans were also down to 0.77% as at Q3/2000. The share of corporate and commercial loans in the total cash loans were 37% and 39%, respectively. Consumer loans, including small business in total cash loans were 24% as at September 30, 2000, up from 15% in 1999 FYE. Consumer loans to total assets more than tripled in January-September 2000 period to reach 9.1% from 2.9% in the corresponding period of 1999. Cash and non-cash loans extended to related party made up 5.5% and 5.4% of the total cash and non-cash loans, respectively.

Total deposits grew by 6.0% in US\$ terms to TL3,227,641 Billion (US\$4,859 Million) in Q3/2000 from TL2,832,022 Billion (US\$4,584 Million) in H1/2000. The majority of this increase is attributable to a 12.5% US\$ increase in bank deposits and 5.7% US\$ increase in FC deposits. On a year-on-year basis, deposits went up by 17.9% in US\$ terms. Hence, the share of total deposits in total assets was 53.8% on September 30, 2000 as compared to 48.0% at the same period of 1999. Foreign currency deposits composed 64.3% of total deposits on Q3/2000. Excluding bank deposits, foreign currency deposits and gold were TL1,920,217 Billion (US\$2,891 Million), and made up 78.5% of total core deposits. FC time deposits composed 72.7% of total FC deposits whereas the share of TL time deposits in total TL deposits was 54.5% on September 30, 2000, up from 49.4% on the previous quarter of 2000. 76.0% of total deposits was time deposits in Q3/2000, up from 72.9% in H1/2000.

Total funds borrowed including the interbank takings increased year-on-year by 8.4% in US\$ terms to TL1,616,132 Billion (US\$2,433 Million) as at September 30, 2000, composing 26.9% of total liabilities and shareholders' equity, same as the ratio in 1999 year-end.

During the third quarter of 2000, total provisions on the liabilities side were TL87,763 Billion (US\$132 Million), and 52.6% of them stemmed from tax provisions.

Total shareholders' equity including net income was TL757,660 Billion (US\$1,141 Million) as at September 30, 2000 indicating a US\$ increase of 8.8% over Q3/1999. Total equity to total assets ratio was 12.6% in the current period slightly down from 13.5% in the previous quarter. Capital adequacy ratio as at September 30, 2000 was 13.0%, as compared with 15.2% at June 30, 2000.

Net foreign currency position of the Bank was US\$120 Million in Q3/2000, down from US\$161 Million in Q3/1999. Current period's short position corresponds to 17.6% of the Bank's equity base, as calculated in line with the Central Bank's guidelines.

Net repo position was TL282,697 Billion (US\$426 Million) as at September 30, 2000, in comparison with TL480,277 Billion (US\$1,044 Million) in the corresponding period of 1999.

Exchange Rates

US\$1= TL664,220	As of Sept. 30, 2000	US\$1=TL605,777	2000 Jan. – Sept. average
US\$1= TL460,200	As of Sept. 30, 1999	US\$1=TL393,728	1999 Jan. – Sept. average

Inflation Rate (WPI)

	End of Period	Average
1999 September - 2000 September	49.3%	57.5%
1999 December - 2000 September	23.6%	40.2%
2000 June – 2000 September	4.3%	9.8%

KEY RATIOS

	30.09.2000	30.06.2000	31.12.1999	30.09.1999
<i>Asset Quality and Liquidity Ratios</i>				
NPL / Cash Loans	1.48%	1.71%	1.94%	1.77%
NPL/ Cash +Non-Cash Loans	0.77%	0.80%	0.92%	0.84%
Allowance for Loan Losses/NPL	100.00%	100.00%	100.00%	100.00%
Deposits/Total Assets	53.75%	53.62%	52.82%	48.02%
Cash Loans/Total Assets	38.12%	33.06%	31.37%	31.01%
Liquid Assets/Total Assets	39.48%	42.78%	40.92%	45.50%
<i>Profitability Ratios</i>				
NIM	12.88%	17.89%	19.41%	21.13%
Adjusted NIM	10.62%	14.86%	13.81%	16.46%
ROAA	4.31%	4.75%	5.26%	6.09%
ROAE	33.76%	35.83%	41.40%	49.76%
Non-interest Income/Total Operating Income	37.15%	25.61%	18.86%	9.82%
Net Operating Expense (excl. FX loss)/Total Average Assets	7.98%	8.61%	6.96%	5.77%
Cost / Income (1)	53.81%	51.6%	42.97%	33.92%
Cost / Income (2)	37.04%	31.73%	37.55%	33.92%
Effective Tax Rate	25.21%	31.25%	25.50%	33.00%

(1) Including the extraordinary earthquake taxes.

(2) Excluding the extraordinary earthquake taxes.

Türkiye Garanti Bankası Anonim Şirketi

**Interim Financial Statements
30 September 2000 and 1999**

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TÜRKİYE GARANTİ BANKASI A.Ş.

BALANCE SHEETS-ASSETS (in billions TL)	Unaudited	
	30.09.2000	30.09.1999
Liquid assets	40,220	27,969
Cash, local currency	6,607	4,153
Cash, foreign currency	21,066	15,710
Others	12,547	8,106
Due from banks	834,810	532,113
Central Bank of Turkey	110,895	43,400
Other banks	723,915	488,713
-Domestic banks	301,702	11,165
-Foreign banks	422,213	477,548
Other financial institutions	-	-
Interbank funds sold	-	-
Securities (Net)	962,048	1,052,773
Government bonds and treasury bills	235,802	663,967
Other bonds	-	-
Equity shares	278	194
Other securities	725,968	388,612
Loans	2,288,851	1,224,542
Short-term	1,335,474	694,424
Medium and long-term	953,377	530,118
Receivables under follow-up (Net)	-	-
Limited collectibility (net)	-	-
- Gross receivables	4,359	-
- Provision (-)	4,359	-
Collectibility uncertain (net)	-	-
- Gross receivables	934	-
- Provision (-)	934	-
Uncollectible (net)	-	-
- Gross receivables	28,514	21,657
- Provision (-)	28,514	21,657
Accrued interest and income	304,917	462,488
Loans	94,818	69,398
Securities	84,811	269,701
Others	125,288	123,389
Receivables from financial leasing activities (Net)	-	-
Receivables from financial leasing activities	-	-
Unearned income (-)	-	-
Reserve deposits	230,236	110,524
Miscellaneous receivables	5,827	4,554
Investments (Net)	64,585	46,225
Financial companies	2,590	1,000
Non-financial companies	61,995	45,225
Affiliated companies (Net)	310,400	57,447
Financial companies	276,678	37,126
Non-financial companies	33,722	20,321
Other long-term investments (Net)	533,711	171,266
Equity shares	6,519	1,104
Others	527,192	170,162
Bank premises and equipment (Net)	262,669	171,872
Carrying value	322,503	204,035
Accumulated depreciation (-)	59,834	32,163
Other assets	166,675	87,432
TOTAL ASSETS	6,004,949	3,949,205

TÜRKİYE GARANTİ BANKASI A.Ş.

BALANCE SHEETS-LIABILITIES AND

Unaudited

SHAREHOLDERS' EQUITY (in billions TL)	30.09.2000	30.09.1999
Deposits	3,227,641	1,896,331
Saving deposits	311,872	178,352
Deposits of official authorities and organisations	4,024	15,299
Commercial deposits	196,724	97,325
Deposits of other organisations	13,967	15,710
Bank deposits	780,837	512,218
Foreign currency deposits	1,913,138	1,075,559
Gold deposits	7,079	1,868
Interbank funds borrowed	118,932	84,386
Funds borrowed	1,497,200	948,815
Central Bank of Turkey	-	-
Others	1,497,200	948,815
-Domestic banks and organisations	144,767	116,057
-Foreign banks and organisations	1,352,433	832,758
-Subordinated debts	-	-
Funds	-	-
Securities issued (Net)	4,197	166,845
Notes	-	-
Asset backed securities	-	-
Bonds	4,197	166,845
Accrued interest and expense	174,433	163,913
Deposits	145,961	125,826
Funds borrowed	21,302	13,574
Others	7,170	24,513
Payables from financial leasing activities (Net)	-	-
Payables from financial leasing activities	-	-
Deferred expenses (-)	-	-
Taxes, stamps, premiums and other duties	10,547	7,843
Import transfer orders	13,625	7
Miscellaneous payables	49,399	42,084
Reserves	87,763	40,916
Reserve for retirement pay	6,168	3,668
General provision for loan losses	22,925	7,480
Reserve for taxes on income	46,173	18,754
Other provisions	12,497	11,014
Other liabilities	63,552	115,494
Shareholders' equity	587,460	338,725
Share capital	260,000	260,000
-Nominal capital	260,000	260,000
-Unpaid capital (-)	-	-
Legal reserves	24,387	15,269
-Legal reserves I&II	23,404	14,349
-Other legal reserves	983	920
Extraordinary reserves	177,568	12,469
Revaluation surpluses	88,352	35,101
Valuation increments on securities	37,153	15,886
Loss	-	-
-Loss for the period	-	-
-Prior years' losses	-	-
Income	170,200	143,846
-Net income for the period	170,200	143,846
-Prior years' income	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,004,949	3,949,205
COMMITMENTS AND CONTINGENCIES		
Guarantees and endorsements	2,079,173	1,356,288
Commitments	449,113	489,049
Derivative transactions	2,453,377	2,008,412
TOTAL	4,981,663	3,853,749

TÜRKİYE GARANTİ BANKASI A.Ş.

		Unaudited	
STATEMENTS OF INCOME (in billions TL)		30.09.2000	30.09.1999
I.	INTEREST INCOME	815,805	785,822
	Interest on loans	304,066	249,391
	TL loans	201,902	161,197
	-Short-term loans	193,467	160,593
	-Medium and long-term loans	8,435	604
	Foreign currency loans	101,964	88,141
	-Short-term loans	46,853	37,293
	-Medium and long-term loans	55,111	50,848
	Interest on loans under follow-up	200	53
	Interest from banks	76,890	69,323
	Central Bank of Turkey	-	578
	Domestic banks	55,903	47,170
	Foreign banks	20,987	21,575
	Interest on interbank funds sold	737	173
	Interest on securities	424,693	451,397
	Government bonds and treasury bills	406,600	422,271
	Other securities	18,093	29,126
	Other interest income	9,419	15,538
II.	INTEREST EXPENSE	436,545	401,666
	Interest expense on deposits	342,802	339,504
	Saving deposits	69,246	82,246
	Deposits of official authorities and organisations	1,118	1,753
	Commercial deposits	7,225	10,247
	Deposits of other organisations	4,774	907
	Bank deposits	183,606	181,585
	Foreign currency deposits	76,813	62,766
	Gold deposits	20	-
	Interest on interbank funds borrowed	6,011	6,014
	Interest on funds borrowed	86,075	50,921
	Central Bank of Turkey	-	-
	Domestic banks	14,281	9,710
	Foreign banks	53,789	19,000
	Other organisations	18,005	22,211
	Interest on securities issued	972	4,708
	Other interest expense	685	519
III.	NET INTEREST MARGIN (I-II)	379,260	384,156
IV.	OTHER INCOME	988,018	404,526
	Commissions and fees received	90,379	42,494
	Loans	6,215	3,832
	Documentary credits and letters of guarantee	9,801	5,714
	Others	74,363	32,948
	Trading account income	151,308	22,260
	Foreign exchange gain	700,515	333,397
	Dividends received	15,850	1,014
	Extraordinary income	-	-
	Others	29,966	5,361
V.	OPERATING EXPENSES	1,139,715	573,986
	Commissions and fees paid	42,881	26,713
	Funds borrowed	2,485	3,445
	Documentary credits	-	51
	Others	40,396	23,217
	Trading account loss	20,401	2,566
	Foreign exchange loss	760,829	408,335
	Personnel expenses	78,003	58,006
	Provision for retirement pay	1,500	1,200
	Rent expenses	11,159	4,607
	Depreciation and amortisation expenses	14,004	7,653
	Taxes, stamps and other duties	8,342	3,275
	Extraordinary expenses	87,691	-
	Provision for loan losses	6,197	9,958
	Other provisions	14,032	4,618
	Others	94,676	47,055
VI.	NET OTHER INCOME/(EXPENSE) (IV-V)	(151,697)	(169,460)
VII.	INCOME BEFORE TAXES (III+VI)	227,563	214,696
VIII.	PROVISION FOR TAXES ON INCOME	57,363	70,850
IX.	NET INCOME FOR THE PERIOD (VII-VIII)	170,200	143,846

I- GENERAL NOTES ON THE BANK'S FINANCIAL POSITION

A. Disclosures on current period operations

- (1) The financial statements were approved on **20 October 2000 (1999: 20 October 1999)**.
- (2) a) Accounting policies:-

Accounting policies of the Bank are set in compliance with the rules defined in the Turkish Uniform Chart of Accounts for Banks.

Significant accounting policies applied by the Bank are summarised below:-

Income and expense recognition:

The accrual basis of accounting is followed for the recognition of income and expense items, except for interest income on overdue loans which is generally recognised only when received. Certain commissions, such as those deriving from letters of guarantee, are also usually recognised as income only when received.

Securities, investments, affiliated companies and other long-term investments:

Valuation principles applied for securities, investments, affiliated companies and other long-term investments are explained below in (5).

Securities under repurchase transactions:

These types of transactions of the Bank are short-term and entirely involve government securities. Any gain or loss at the time of sale is reflected in “trading account income/loss” in the statement of income.

Loans:

Loans are stated at the principal amounts outstanding. Accrual of interest is discontinued when payment of principal or interest by the borrower is considered doubtful. The Bank provides allowances for specific loan losses reflecting the Bank's estimate of the amount of loans, which may ultimately be uncollectible due to borrowers' inability to repay and/or to shortfalls in the realisable value of collateral in accordance with the local legislation. As such provisions are based on best estimates, actual losses may differ. Therefore, provisions are reviewed periodically for their adequacy and compliance with the local legislation, and revisions are reflected in the statement of income accordingly.

In addition to the provision for specific loan losses explained in the above paragraph, the Bank also provides general provisions for inherent credit risk on loans (including other assets covered by the new credit concept of the Banking Law) since 1 January 1998 as revised in August 1999, %0.5 on loans and %0.1 on guarantees and commitments.

Note I – A – (Continued)

Depreciation:

Bank premises and equipment is depreciated in accordance with the Turkish Tax Laws at rates approximating their estimated useful lives on a straight-line basis. These rates are as follows:

Buildings	2%
Motor vehicles	15%
Other fixed assets	5-20%

Foreign currency transactions:

Gains and losses arising from foreign currency transactions are reflected in the statement of income as realised during the course of the period. Foreign currency assets and liabilities have been translated into Turkish Lira at foreign exchange rates prevailing at the period-end, the effects of which are also reflected in the statement of income as foreign exchange gain or loss.

Deferred taxes:

Some income items are subject to tax in different periods than they are recognised in financial statements (timing differences). Deferred income tax is provided, using the liability method, on such taxable temporary differences.

Items held in trust:

Assets, other than cash deposits, held by the Bank in fiduciary or agency capacities for its customers and government entities are not included in the accompanying balance sheets, since such items are not under the ownership of the Bank.

Reserve for retirement pay:

Under the relevant provision of Turkish Labour Law, the Bank is required to make certain lump-sum payments to employees whose employment ceases due to retirement or reasons other than misconduct or resignation. Such payments are calculated on the basis of a formula, are subject to certain upper limits set by the Government and are recognized in the accompanying financial statements as accrued considering the salary levels of employees and the number of years they worked.

b) Changes in the accounting policies and effects of such changes on the financial statements:-

There were no changes in the accounting policies summarised above in (2).(a), except for those changes in “Valuation Principles” required by the amendments to the Turkish Uniform Chart of Accounts for Banks during the year. Accordingly, securities were classified in two different categories as “Trading Portfolio” and “Investment Portfolio”. Investment portfolio in the amount of TL10,227 were classified under “other long-term investments” for the current period.

Note I – A – (Continued)

- (3) Application of the basic accounting principles; going-concern, accrual basis accounting and consistency concepts:-

The financial statements are prepared on the basis of going-concern, accrual basis accounting and consistency principles except for the matter discussed above in (2).(b) and below in (4).

The components of statement of income are accounted for under accrual basis of accounting.

- (4) Changes to the valuation policies, if any, and effects of such changes on the financial statements:-

Prior to the current period, all securities used to be valued on a “simple interest rate basis”. Following the related amendments to the Turkish Uniform Chart of Accounts as mentioned above in (2).(b), trading portfolio was marked to market and income on such securities were reflected in the statement of income accordingly. The positive difference between “market values” and “simple-interest-rate-basis values” in the amount of TL30,660, was reflected in the accompanying financial statements. Investment portfolio was valued on a “simple interest rate basis”.

- (5) Valuation methods of securities (including investments, affiliated companies and other long-term investments):-

A. Securities :

Securities in Turkish Lira:-

1- Equity shares

Equity shares comprised of securities quoted on the Istanbul Stock Exchange. Such shares are valued according to the weighted average prices at the Istanbul Stock Exchange for the last 30 working days. The valuation increments are booked under the "valuation increment" heading as a component of shareholders' equity.

2- Others

Other securities classified under “securities in Turkish Lira” are marked to market.

Securities in foreign currencies:-

1- Others

Securities in foreign currencies are marked to market, and converted into Turkish Lira at the prevailing exchange rates at balance sheet date.

Note I – A – (Continued)

B. Investments :

Securities in Turkish Lira:-

Investment quoted on the Istanbul Stock Exchange are valued according to the weighted average prices at the Istanbul Stock Exchange for the last 30 working days (1999: the last five working days). The valuation increments are booked under the "valuation increment" heading as a component of shareholders' equity.

Other investments are recorded at purchase costs and bonus shares received.

Securities in foreign currencies:-

Investments in foreign currencies are recorded at purchase costs, and converted into Turkish Lira at the prevailing exchange rates at balance sheet date.

C. Investments in affiliated companies :

Valuation principles for investments in affiliated companies are the same with the principles applied for investments as explained above in (5).B.

D. Other long-term investments :

Securities in Turkish Lira:-

1- Equity shares

Valuation principles for equity shares classified under other long-term investments are the same with the principles applied for investments as explained above in (5).B.

2- Others

a) Long-term investments

Treasury bills and government bonds classified under "Investment Portfolio" are booked at purchase costs and valued on a "simple interest rate basis". Interest earned upto the balance sheet date is classified under "accrued interest and income on securities".

b) Pledged securities

Securities provided as collateral against legal obligations are booked at purchase costs and valued on a "simple interest rate basis". Interest earned upto the balance sheet date is classified under "accrued interest and income on securities".

Note I – A – (Continued)

Securities in foreign currencies:-

1- Others

a) Long-term investments

Long-term foreign currency investments classified under “Investment Portfolio” are booked at purchase costs and valued on a "simple interest rate basis". Interest earned upto the balance sheet date is classified under “accrued interest and income on securities”.

- (6)** Method of depreciation applied, any changes in methodology and effects of such changes:-

Bank premises and equipment are depreciated on a "straight-line basis". There have not been any changes made in depreciation methods used during the current period.

- (7)** US dollar exchange rate used in translation of foreign currency items in the financial statements, into the Turkish lira (TL) at the date of balance sheet, and US dollar exchange rates for TL announced by the Bank applicable to its transactions for the last five working days of the period are as follows:-

A. The US dollar exchange rate for TL used for the preparation of the financial statements at 30 September 2000, was TL665,800 (1999: TL460,200).

B. The US dollar exchange rates for TL announced by the Bank for the last five working days of the current and previous periods were as follows:-

	<u>Current Period</u>	<u>Prior Period</u>
US dollar purchase rate <u>at the date of balance sheet</u>	662,750	458,900
US dollar purchase rates for the days before <u>balance sheet date</u>		
Day 1	661,700	460,000
Day 2	661,050	461,200
Day 3	663,650	460,400
Day 4	661,250	457,800
Day 5	667,100	458,500

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note I – A – (Continued)

- (8) US dollar equivalents of assets and liabilities denominated in foreign currencies and foreign currency open positions at the date of balance sheets were as follows:-

	Current Period		Prior Period	
	Turkish Lira	US dollar equivalents \$ million	Turkish Lira	US dollar equivalents \$ million
I – FOREIGN CURRENCY ASSETS				
1) Liquid Assets (cash on hand, cash in transit, purchased cheques)	33,613	50	23,816	52
2) Central Bank of Turkey	91,237	137	38,017	83
3) Domestic banks (excluding interbank deposits)	37,723	57	4,832	10
4) Foreign banks	422,213	634	477,548	1,038
5) Securities (Net)	662,482	995	367,264	798
6) Loans	1,384,409	2,079	880,852	1,914
7) Reserve deposits	204,254	307	91,981	200
8) Foreign currency-indexed assets (a+b)	73,010	110	41,638	90
a) Loans	65,358	98	701	1
b) Others	7,652	11	40,937	89
9) Accrued interest and income	92,294	139	86,909	189
10) Other assets	536,620	805	85,418	185
COMMITMENTS AND CONTINGENCIES	1,088,289	1,635	841,375	1,828
11) Repurchase contracts	117,131	176	-	-
12) Forward currency purchases	971,158	1,459	841,375	1,828
TOTAL FOREIGN CURRENCY ASSETS	4,626,144	6,948	2,939,650	6,387
II – FOREIGN CURRENCY LIABILITIES				
1) Foreign currency deposits	1,913,139	2,873	1,075,559	2,337
2) Gold deposits	7,078	11	1,868	4
3) Bank deposits	155,510	234	62,235	135
4) Funds borrowed from Central Bank of Turkey	-	-	-	-
5) Funds borrowed from domestic banks (excluding interbank takings)	123,516	186	105,797	230
6) Funds borrowed from other domestic organisations	-	-	-	-
7) Foreign borrowings	1,303,253	1,957	831,733	1,807
8) Securities issued (Net)	4,197	6	166,844	363
9) Foreign currency-indexed liabilities (a+b)	-	-	-	-
a) Funds borrowed	-	-	-	-
b) Others	-	-	-	-
10) Accrued interest and expense	39,241	59	47,012	102
11) Other liabilities	154,766	232	113,314	246
COMMITMENTS AND CONTINGENCIES	1,005,552	1,510	609,234	1,324
12) Resale contracts	117,131	176	-	-
13) Forward currency sales	888,421	1,334	609,234	1,324
TOTAL FOREIGN CURRENCY LIABILITIES	4,706,252	7,068	3,013,596	6,548
FOREIGN CURRENCY NET POSITION (I – II)	(80,108)	(120)	(73,946)	(161)

The foreign currency balance sheet is managed in accordance with the Bank's liquidity and provisioning policies and in full compliance with the legal legislation.

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Note I – A – (Continued)

The open foreign currency position is managed in paralel to the currency basket (usd 1+euro 0.77) announced by the Central Bank of Turkey, therefore does not bear any further exchange rate fluctuation risk. Exchange rate, interest rate and maturity misssmatching risks are minimised, especially through derivative instruments like currency swaps, forward currency deals, interest swaps and similar instruments.

Foreign currency assets and liabilities of the Bank per major currencies, were as follows as at 30 September 2000:-

	US Dollars	Euro Group**	Euro	Swiss Franc	Japanese Yen	Others in US dollar equivalents***
I- Foreign Currency Assets						
Liquid assets	22,896	12,648	14,504	928	7,417	3,316
Due from banks	659,195	17,791	156,431	17,512	48,598	5,629
Securities (net)	503,830	19,203	1,000	-	-	473,503
Loans	1,473,008	476,250	168,096	544	314,171	39,094
Other long-term investments (net)	320,864	1,545	48,030	-	-	-
Other foreign currency assets*	<u>1,847,388</u>	<u>121,581</u>	<u>700,155</u>	<u>12,583</u>	<u>1,211,301</u>	<u>45,962</u>
Total Foreign Currency Assets	<u>4,827,181</u>	<u>649,018</u>	<u>1,088,216</u>	<u>31,567</u>	<u>1,581,487</u>	<u>567,504</u>
II- Foreign Currency Liabilities						
Deposits	2,503,035	614,093	32,136	13,915	270,126	38,468
Funds borrowed	1,718,222	9,556	661,294	-	260,321	13,747
Securities issued (net)	5,955	-	398	-	-	-
Other foreign currency liabilities*	<u>717,087</u>	<u>16,694</u>	<u>498,072</u>	<u>9,955</u>	<u>1,049,762</u>	<u>440,130</u>
Total Foreign Currency Liabilities	<u>4,944,299</u>	<u>640,343</u>	<u>1,191,900</u>	<u>23,870</u>	<u>1,580,209</u>	<u>492,345</u>
Difference (I - II)	<u>(117,118)</u>	<u>8,675</u>	<u>(103,684)</u>	<u>7,697</u>	<u>1,278</u>	<u>75,159</u>

* All other foreign currency assets and liabilities including off balance sheet items

** Currencies to be converted into Euro, total in Euro terms (like DEM, FRF etc.)

*** US dollar equivalent of all other currencies having less than 10% share in foreign currency assets and liabilities

(9) Bank premises and equipment, and insurance coverages:-

	30 September 2000		
	Book Values in Gross	Accumulated Depreciation	Insurance Coverage
Movables	94,214	47,677	86,390
Immovables	166,333	6,992	171,613
1-Assets under use for banking activities	166,333	6,992	171,613
2-Others	-	-	-
Special costs	10,928	5,174	-
Assets held for resale	51,027	-	-
1-Stocks	745	-	-
2-Immovables	50,282	-	-
Assets held under financial leases*	11,128	3,516	-

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(Currency – Billions of Turkish Lira)

Note I – A – (Continued)

	30 September 1999		
	<u>Book Values in Gross</u>	<u>Accumulated Depreciation</u>	<u>Insurance Coverage</u>
Movables	52,304	25,394	87,631
Immovables	111,630	4,668	96,490
1-Assets under use for banking activities	111,630	4,668	96,490
2-Others	-	-	-
Special costs	5,011	2,100	-
Assets held for resale	34,191	-	-
1-Stocks	23	-	-
2-Immovables	34,168	-	-
Assets held under financial leases*	3,836	711	-

* Financial leasing transactions are accounted for in accordance with Turkish legislation, not IAS17. Accordingly, fixed assets acquired through financial leases are not reflected in the accompanying financial statements as further discussed in Section II. (18)

- (10) Significant commitments and contingencies from which probable gains/losses may occur, although amounts can not be reasonably estimated:-

There were no such cases.

- (11) Other matters which had significant effects on the financial statements and therefore should be disclosed for the purpose of presentation of fair and sufficient information on the financial statements:-

The reserve for retirement pay at 30 September 2000, amounted to TL6,168 (1999: TL3,668) of which TL1,500 (1999: TL1,200) was provided in the current period. Furthermore, the provision made in the current period against non-performing loans, amounted to TL6,197 (1999: TL9,958), and accordingly total provision for non-performing loans reached to TL33,807 (1999: TL21,119) as at 30 September 2000 considering the effects of loans written-off or collected during the period; and the general provision made for credit risks amounted to TL14,032 (1999: TL4,618) and accordingly total general provision reached to TL22,925 (1999: TL7,480) considering the effect of changes in the related legislation during the period.

The following provisions for the taxes on the reported income were also made as at 30 September 2000:-

- a) Provision for corporate taxes on the current period statutory corporate tax base in the amount of TL57,363 (1999: TL70,850),
- b) Provision for interest income taxes in the amount of TL1,000 (1999:TL) reflected in the statement of income under “extraordinary expenses”.
- (12) The external audit firm is **Cevdet Suner Denetim ve Yeminli Mali Müşavirlik Anonim Şirketi** (a member firm of KPMG).

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(Currency – Billions of Turkish Lira)

Note I – (Continued)

B. Other Disclosures

(13) Significant events and matters arising subsequent to the date of balance sheet:-

There were no such events or matters.

(14) Foreign branches:-

<u>Location</u>	<u>Total Assets(TL)</u>	<u>Legal Capital</u>
1- Dusseldorf (Germany)	23,110	DEM 27,500,000
2- Luxembourg	1,062,742	USD 27,000,000
3- Malta	1,574,366	-

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II- NOTES TO BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS

(1) TL.....-..... (1999: TL.....-.....) of cash at the Central Bank was deposited under blocked accounts.

(2) a- Due from foreign banks:-

	<u>Current Period</u>		<u>Prior Period</u>	
	<u>Turkish Lira</u>	<u>US dollar Equivalents in Millions</u>	<u>Turkish Lira</u>	<u>US dollar Equivalents in Millions</u>
Unrestricted balance	399,016	599	469,940	1,021
Restricted balance	<u>23.197</u>	<u>35</u>	<u>7.608</u>	<u>17</u>
Total	<u>422,213</u>	<u>634</u>	<u>477,548</u>	<u>1,038</u>

b- Breakdown of due from foreign banks according to their origins:-

<u>OECD Countries</u>		<u>Other Countries</u>	
<u>Country</u>	<u>Balance (TL)</u>	<u>Country</u>	<u>Balance (TL)</u>
1. United Kingdom	195,983	1. Russia	14,992
2. Luxembourg	81,113	2. S. Arabia	214
3. USA	58,247	3. Malta	123
4. Switzerland	43,063	4. Iraq	<u>1</u>
5. The Netherlands	11,675		
6. Germany	8,501		<u>15,330</u>
7. Ireland	3,954		
8. Denmark	1,113		
9. Austria	892		
10. Italy	728		
11. France	443		
12. Japan	325		
13. Spain	297		
14. Australia	139		
15. Canada	133		
16. Sweden	115		
17. Norway	109		
18. Finland	30		
19. Belgium	<u>23</u>		
	<u>406,883</u>		

(3) a- TL93 (1999: TL54) of "securities" balance represents the "valuation increment" on securities.

b- Total carrying value of equity shares of which market values exceeded their costs and which were stated at cost in the balance sheet amounted to TL.....-..... (1999: TL-.....), total costs of securities recorded at their market values amounted to TL185 (1999: TL11).

c- TL82,142 (1999: TL32,629) of securities and long-term investments comprised of securities held in compliance with legal requirements.

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(Currency – Billions of Turkish Lira)

Note II – (Continued)

d- Breakdown of securities for the current period:-

	<u>Purchase Costs</u>	<u>Market Value</u>	<u>Value per Central Bank of Turkey*</u>	<u>Provision for Diminishing in Value</u>
<u>Government bonds and treasury bills</u>				
1. Fixed-income securities	235,802	261,113	257,041	-
2. Securities indexed to inflation	-	-	-	-
3. Securities indexed to foreign currency	-	-	-	-
4. Securities in foreign currency	-	-	-	-
<u>Investment funds</u>	399,519	-	-	-
<u>Other notes</u>				
1. Fixed-income securities	-	-	-	-
2. Securities indexed to inflation	-	-	-	-
3. Securities indexed to foreign currency	-	-	-	-
4. Securities in foreign currency	11,191	-	-	-
<u>Gold</u>	315,258	315,745	318,096	-
<u>Equity shares</u>				
1. Quoted	185	278	-	-
2. Unquoted	-	-	-	-
<u>Others</u>	-	-	-	-

As explained above in Section I.A.(5), trading portfolio is generally valued at market prices. Interest accruals calculated per market prices are classified under “accrued interest and income on securities”, whereas purchase costs of such securities are classified under “securities”, in account no. 030 and 031. The only exception is the equity shares which are classified in “securities” at their market prices. Accordingly, market values of such equity shares in the amount of TL278 as mentioned above were included in “securities”, in account no. 030 and 031 as at 30 September 2000.

* values calculated based on daily prices announced by the Central Bank of Turkey in the Official Gazette

(4) a- Advances, cash and non-cash loans granted to shareholders and personnel:-

	<u>Current Period</u>		<u>Prior Period</u>	
	<u>Cash</u>	<u>Non-cash</u>	<u>Cash</u>	<u>Non-cash</u>
1. Lendings to shareholders				
Direct lending	2,043	50,468	4,100	49,716
Indirect lending	2,974	381	-	-
2. Lendings to personnel	315	-	293	-

Cash and non-cash loans extended to shareholders are treated as ordinary commercial lendings to other customers in the existing market conditions.

b- Credit policies and practices applied for related parties (as defined by International Accounting Standards), and analysis of related party transactions during the period:-

Transactions with related parties are held under arm’s-length conditions; terms are set according to the existing market conditions and in full compliance with the Banking Law. The Bank’s policy is to keep the balances with related parties at minimum levels.

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Note II – (Continued)

Balances with related parties and share of such balances in total per financial statements were as follows at 30 September 2000:-

	<u>Related Party Risks</u>	<u>Balance Sheet Total</u>	<u>Share of Related Party Risks %</u>
Cash loans	124,944	2,288,852	5.46
Deposits	61,512	3,227,641	1.91
Non-cash loans	111,650	2,079,166	5.37
Interest income	28,625	815,805	3.51
Interest expenses	2,826	436,545	0.65
Commission income	107	90,379	0.12

c- Receivables from and payables to affiliated companies and other investees, were as follows:-

	<u>Financial investees and affiliated companies</u>		<u>Other investees and affiliated companies</u>	
	<u>Current Period</u>	<u>Prior Period</u>	<u>Current Period</u>	<u>Prior Period</u>
<u>RECEIVABLES</u>				
-Due from banks and other financial institutions	38,556	21,786	-	-
-Loans (including overdue loans)	45,311	47,752	36,975	5,027
-Accrued interest and income	1,903	2,612	3,208	3,266
<u>PAYABLES</u>				
-Deposits	57,150	14,089	1,733	1
-Accrued interest and expenses	62	3	-	-
<u>DOCUMENTARY CREDITS AND OTHER NON-CASH LOANS</u>				
-Letters of guarantee	35,093	186,707	2,742	2,490
-Acceptance credits	4,239	-	-	-
-Letters of credit	5,347	-	231	-
-Other non-cash loans	976	-	5	-

Balances with affiliated companies and other investees, are resulted from arm's-length banking activities under the existing market conditions.

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note II – (Continued)

d- Loans and other receivables renewed, refunded or restructured, and classified under groups I&II:-

	Group I – Standard performing loans and other receivables (TL)		Group II – Loans and other receivables under special follow-up (TL)	
	(1)	(2)	(1)	(2)
	Renewed, refunded or restructured loans and other receivables	Other loans and receivables	Renewed, refunded or restructured loans and other receivables	Other loans and receivables
Cash loans	-	2,288,911	-	-
I- Loans (excluding loans for specialization)	-	2,288,911	-	-
Export loans	-	544,747	-	-
Import loans	-	4	-	-
Investment loans	-	6	-	-
Loans to foreign banks	-	7,710	-	-
Loans to other financial institutions	-	21,197	-	-
Gold credits	-	17,985	-	-
Other loans	-	-	-	-
1-Consumer loans	-	377,407	-	-
2-Credit cards	-	136,292	-	-
3-Other foreign lending	-	845,140	-	-
4-Others	-	338,364	-	-
II- Specialization loans	-	-	-	-
III- Liquidated non-cash loans	-	-	-	-
Receivables classified under other assets but legally considered as loans	-	1,805,918	-	-
Other receivables	-	74,462	-	-
Non-cash loans	-	2,079,173	-	-

(5) a- Loans and other receivables renewed, refunded or restructured, and classified under follow-up accounts:-

There were no such cases.

b- Collateral distribution of loans and other receivables under follow-up:-

	<u>Group III</u> Loans and receivables limited collectibility	<u>Group IV</u> Loans and receivables collectibility uncertain	<u>Group V</u> Loans and receivables uncollectible
<u>Collateral groups</u>			
<u>Current period:-</u>			
Unsecured	280	-	18,020
Group I	-	-	85
Group II	4,079	934	4,681
Group III	-	-	5,494
Group IV	-	-	234
<u>Prior period:-</u>			
Unsecured	-	-	6,710
Group I	-	-	83
Group II	-	-	8,924
Group III	-	-	5,143
Group IV	-	-	796

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note II – (Continued)

c- Movements in provision for loans and receivables under follow-up:-

	<u>Group III</u> Loans and receivables limited collectibility	<u>Group IV</u> Loans and receivables collectibility uncertain	<u>Group V</u> Loans and receivables uncollectible
Balance, beginning of period	934	6,851	22,087
- Increases during the period	4,359	-	-
- Transfer from other follow-up accounts	-	934	6,851
- Transfer to other follow-up accounts	934	6,851	-
- Collections during the period	-	-	424
- Write-offs	-	-	-
Balance, end of period	4,359	934	28,514
- Specific provisions	4,359	934	28,514
Net balance at period end	---	---	---

d- Foreign currency receivables under follow-up accounts :-

	<u>Group III</u> Loans and receivables limited collectibility	<u>Group IV</u> Loans and receivables collectibility uncertain	<u>Group V</u> Loans and receivables uncollectible
Current period			
Balance, beginning of period	-	-	1
- Specific provisions	-	-	1
Net balance at period end	---	---	---
Prior period			
Balance, beginning of period	-	-	476
- Specific provisions	-	-	476
Net balance at period end	---	---	---

(6) Receivables on forwards sales of assets:-

There were no such cases.

(7) a- TL28,070 (1999: TL15,832) of investments and affiliated companies represented the "valuation increment" arising from the market value adjustments for such investments traded on the Istanbul Stock Exchange, and TL.....-..... represented the "valuation increment" arising from equity accounting application.

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note II – (Continued)

b- Economic sectors of investments and affiliated companies were as follows:-

	<u>Purchase Costs</u>	<u>Bonus Shares</u>	<u>Revaluation Surplus</u>	<u>Diminishing in Value</u>
<u>Domestic investments and affiliated companies</u>				
Insurance	4,489	461	-	-
Manufacturing	1,383	1,162	-	-
Mining	-	-	-	-
Energy	-	-	-	-
Prosperity	-	-	-	-
Transportation	-	-	-	-
Foreign trade	-	-	-	-
Tourism	1,967	462	-	-
Agriculture	-	-	-	-
Forestry	-	-	-	-
Other financial sectors	11,207	1,351	-	-
Other commercial sectors	60,139	2,533	28,070	-
<u>Foreign investments and affiliated companies</u>				
Banking	53,322	-	-	-
Insurance	-	-	-	-
Manufacturing	-	-	-	-
Mining	-	-	-	-
Energy	-	-	-	-
Prosperity	-	-	-	-
Transportation	-	-	-	-
Foreign trade	-	-	-	-
Tourism	-	-	-	-
Agriculture	-	-	-	-
Forestry	-	-	-	-
Other financial sectors	208,436	-	-	-
Other commercial sectors	-	-	-	-

c- Carrying values of investments and affiliated companies quoted at the domestic and foreign stock exchange markets amounted to **TL42,558 (1999: TL38,195)** and **TL...-..... (1999: TL...-.....)**, respectively.

d- Bonus shares received on investments and affiliated companies amounted to **TL5,969 (1999: TL5,235)**.

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note II – (Continued)

e- At 30 September 2000 and 1999, investments and affiliated companies included the followings:-

<u>Investments and Affiliated Companies</u>	2000			
	<u>% of ownership</u>	<u>Total capital</u>	<u>Net income for the period</u>	<u>Market value*</u>
<u>INDUSTRIAL COMPANIES</u>				
DOĞUŞ TURİZM SAĞLIK YAT. VE İŞL.SAN. VE TİC.A.Ş.	40.00	64	(40)***	-
LASAŞ LASTİK SAN.VE TİC. A.Ş.	99.99	2,500	10	-
<u>COMMERCIAL COMPANIES</u>				
GARANTİ BİLİŞİM TEKN. TİC. A.Ş.	100.00	994	309	-
GARANTİ FİNANSAL KİRALAMA A.Ş.	80.00	4,400	4,294**	-
GARANTİ YATIRIM MENKUL KIYM. A.Ş.	51.67	4,000	9,349	-
GARANTİ PORTFÖY YÖNETİMİ A.Ş.	70.00	1,000	3,759	-
PETROTRANS NAKLİYAT TİC. A.Ş.	100.00	5	(1)**	-
ANA KONUT DANIŞMANLIK A.Ş.	100.00	25,000	3**	-
DOĞUŞ HAVA TAŞIMACILIĞI A.Ş.	49.91	17,000	(3,001)**	-
TANSAŞ İZMİR B. Ş. B. İÇ VE DIŞ TİC. A.Ş.	19.00	3,000	(3,111)**	42,558
GARANTİ ÖDEME SİSTEMLERİ A.Ş.	99.92	5	25**	-
İKSİR ULUSLARARASI ELEKTRONİK TİC. BİLGİLENDİRME VE HABERLEŞME HİZ.A.Ş.	38.00	18,000	(7,977)	-
GARANTİ SİGORTA A.Ş.	75.00	5,000	1,731**	-
GARANTİ HAYAT SİGORTA A.Ş.	99.13	1,600	11,180**	-
VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.	37.00	7,000	(45)**	-
DOĞUŞ İNSANGÜCÜ A.Ş. (HUMANİTAS)	30.00	600	187**	-
DOĞUŞ HİZMET YÖNETİMİ ORGANİZASYON VE DANIŞMANLIK A.Ş.	55.00	30	474**	-
<u>TOURISM COMPANIES</u>				
GARANTİ TURİZM YAT.VE İŞL. A.Ş.	43.33	5,000	(1,914)	-
ŞAHİNTUR ŞAHİNLER O. TURZ. YAT. İŞL. A.Ş.	100.00	263	70	-
<u>INVESTMENTS IN FOREIGN CURRENCY</u>				
UNITED GARANTİ BANK INT. N.V.	100.00	EUR 50 mio	EUR 14,465,000	-
DOC FINANCE S.A.	50.27	CHF 12 mio	CHF 694,000	-
CI FINANCE LTD.	100.00	USD 100,000	USD (7,779)	-
CI INVESTMENTS LTD.	100.00	USD 100,000	USD (7,764)	-
BOSPHORUS FINANCIAL SER. LTD.	100.00	USD 100,000	USD (8,254)	-
GARANTİ BANK MOSCOW	99.61	USD 25.537 mio	USD 5,359,000	-
INSTRUMENTS FINANCE COMPANY	100.00	USD 25,000	USD 434,958	-
GARANTİ FINANCIAL SERVICES PLC	99.99	USD 2.638 mio	USD (1,357,871)	-
GARANTİ FUND MANAGEMENT CO. LTD.	99.00	USD 100,000	USD (2,773)	-
CLOVER BANK OFF-SHORE LTD.	99.10	USD 4.5 mio	USD 20,205,534	-
COMPAGNIE OTTOMANE D'INVESTMENT B.V.	100.00	NLG 165 mio	NLG (9,317,268)	-

(*) Quoted shares are valued at the weighted average market rates for the last 30 working days.

(**) Net income/(loss) for the six-month period ended 30 June 2000.

(***) Net income/(loss) for the year ended 31 December 1999.

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note II – (Continued)

	1999			
<u>Investments and Affiliated Companies</u>	<u>% of ownership</u>	<u>Total capital</u>	<u>Net income for the period</u>	<u>Market value***</u>
<u>INDUSTRIAL COMPANIES</u>				
GENOTO GEN. OTO. SAN. TİC. A.Ş.	40.00	64	(134)*	-
LASAŞ LASTİK SAN.VE TİC. A.Ş.	99.99	2,500	64	-
<u>BANKS</u>				
SINAI YATIRIM BANKASI A.O.	10.00	10,000	6,826	-
<u>COMMERCIAL COMPANIES</u>				
GARANTİ BİLİŞİM TEKN. TİC. A.Ş.	100.00	994	8	-
BANKALARARASI KRD.KART.MERKEZİ A.Ş.	9.98	98	545*	-
GARANTİ FİNANSAL KİRALAMA A.Ş.	80.00	2,000	1,339	-
GARANTİ YATIRIM MENKUL KIYM. A.Ş.	51.67	1,000	907	-
GARANTİ PORTFÖY YÖNETİMİ A.Ş.	70.00	250	937	-
PETROTRANS NAKLİYAT TİC. A.Ş.	100.00	5	-	-
ANA KONUT DANIŞMANLIK A.Ş.	100.00	4,250	-	-
DOĞUŞ HAVA TAŞIMACILIĞI A.Ş.	49.91	11,000	(3,188)	-
TANSAŞ İZMİR B. Ş. B. İÇ VE DIŞ TİC. A.Ş.	29.00	3,000	(568)*	37,520
GARANTİ ÖDEME SİSTEMLERİ A.Ş.	99.92	5	-	-
ORION ULUSLARARASI EL. TİC.BİLG.VE HABERL.HİZ.A.Ş.	38.00	5	-	-
<u>TOURISM COMPANIES</u>				
GARANTİ TURİZM YAT.VE İŞL. A.Ş.	43.33	950	(228)**	-
ŞAHİNTUR ŞAHİNLER O. TURZ. YAT. İŞL. A.Ş.	100.00	263	34	-
<u>INVESTMENTS IN FOREIGN CURRENCY</u>				
UNITED GARANTİ BANK INT. N.V.	100.00	NLG 75 mio	EUR 16,829,000	-
DOC FINANCE S.A.	50.27	CHF 12 mio	CHF (2,525,000)	-
CI FINANCE LTD.	100.00	USD 500,000	USD (1,351,761)	-
CI INVESTMENTS LTD.	100.00	USD 500,000	USD (1,351,761)	-
BOSPHORUS FINANCIAL SER. LTD.	100.00	USD 500,000	USD (1,351,761)	-
GARANTİ FUNDING CORP. I	100.00	USD 50,000	-	-
GARANTİ FUNDING CORP. II	100.00	USD 50,000	-	-
GARANTİ BANK MOSCOW	99.33	USD 25.537 mio	USD 1,946,000	-
INSTRUMENTS FINANCE COMPANY	100.00	USD 25,000	USD 239,860	-
GARANTİ FINANCIAL SERVICES PLC	99.99	USD 138,100	USD (393,055)	-
GARANTİ FUND MANAGEMENT CO. LTD.	99.00	USD 100,000	USD 4,502	-
CLOVER BANK OFF-SHORE LTD.	99.10	USD 4.5 mio	-	-

(*) Net income for the six-month period ended 30 June 1999.

(**) Net income for the three-month period ended 31 March 1999.

(***) Quoted shares are valued at the weighted average market rates for the last five working days.

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note II - (Continued)

f- Sale of investments and affiliated companies during the current period:-

The Bank sold a 10 percent stake in Tansaş İzmir Büyükşehir Belediyesi İç ve Dış Ticaret A.Ş. (“Tansaş”) in the form of class A shares to Start Investments Ltd., for TL34,500 , thereby reducing its class A shareholding to 19%. The Bank realized a net gain of TL26,875 which is fully booked in the accompanying statement of income. The remaining 19% holding of class A shares continues to give the Bank management control of Tansaş through the superior voting rights of the class A shares.

(8) Other long-term investments:-

	<u>Government Securities</u>		<u>Other Securities</u>	
	<u>Purchase Costs</u>	<u>Revalued Costs</u>	<u>Purchase Costs</u>	<u>Revalued Costs</u>
Securities in Turkish lira	284,670	318,790	3,350	6,519
1-Equity shares	-	-	3,350	6,519
a) Long-term investments	-	-	3,350	6,519
b) Pledge securities	-	-	-	-
c) Restricted	-	-	-	-
2- Other securities	284,670	318,790	-	-
a) Long-term investments	15,117	16,961	-	-
b) Pledge securities	269,553	301,829	-	-
c) Restricted	-	-	-	-
Securities in foreign currencies	242,521	248,582	-	-
1-Equity shares	-	-	-	-
a) Long-term investments	-	-	-	-
b) Pledge securities	-	-	-	-
c) Restricted	-	-	-	-
2- Other securities	242,521	248,582	-	-
a) Long-term investments	242,521	248,582	-	-
b) Pledge securities	-	-	-	-
c) Restricted	-	-	-	-

(9) Movables and immovables held for resale in accordance with the Banking Law, amounted to **TL745 (1999: TL25)** and **TL50,282 (1999: TL29,563)**, respectively.

(10) Items comprising 20%, at minimum, of the other assets and other liabilities representing 10%, at minimum, of the balance sheet total (excluding commitments and contingencies):-

There were no such items.

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note II – (Continued)

(11) a- Maturity structure of deposits:-

	<u>Demand Deposits</u>		<u>Time Deposits</u>	
	<u>Current Period</u>	<u>Prior Period</u>	<u>Current Period</u>	<u>Prior Period</u>
Saving deposits	58,730	21,845	253,142	156,507
Deposits of official authorities and organisations	2,528	10,923	1,496	4,376
Commercial deposits	172,008	95,228	24,716	2,097
Deposits of other organisations	6,395	12,307	7,572	3,403
Bank deposits	6,370	120,458	774,467	391,760
1-Central Bank of Turkey	-	-	110	-
2-Domestic banks	3,049	3,767	193,675	11,516
3-Foreign banks	3,318	116,691	580,682	380,244
4-Others	3	-	-	-
Foreign currency deposits	522,136	304,861	1,391,002	770,698
1-Resident customers	511,403	254,743	1,168,832	578,149
2-Non-resident customers	10,733	50,118	222,170	192,549
Gold deposits	3,888	-	3,191	1,868
Total deposits	<u>772,055</u>	<u>565,622</u>	<u>2,455,586</u>	<u>1,330,709</u>

b- Deposits insured or guaranteed under "Saving Deposit Insurance Fund":-

	<u>Insurance Coverage</u>	
	<u>Current Period</u>	<u>Prior Period</u>
1- Saving deposits	311,872	178,352
2- Foreign currency saving deposits	1,387,941	746,990
3- Other saving-type deposits	5,292	-
4- Deposits at foreign branches under foreign insurance coverages	-	-

(12) a- Discounted portion of securities issued amounted to **TL39 (1999: TL2,592)**.

b- Bonds convertible into equity shares amounted to **TL.....-..... (1999: TL.....-.....)** .

c- Securities other than shares issued during the current period:-

There were no such cases.

d- Securities matured during the current period:-

<u>Type of Security</u>	<u>Matured Portion</u>
Euro Commercial Paper (ECP)	19,580

(13) Cash collaterals received amounted to **TL324 (1999: TL235)**.

Cash collaterals represent the customers' valuables held under blocked accounts as security for non-cash loans granted.

(14) a- A portion of the "valuation increment" on securities (including equity shares classified in securities, investments, affiliated companies and other long-term investments) amounting to **TL.....-..... (1999: TL.....-.....)** , was related to securities denominated in foreign currencies. **TL.....-..... (1999: TL.....-.....)**of this portion represented the foreign exchange gain accrual on such equity shares classified in investments, affiliated companies and other long-term investments.

Note II – (Continued)

- b- Presentation of accrued foreign exchange gains on equity shares classified as investments, affiliated companies and other long-term investments in financial statements:-

Foreign exchange gains on equity shares included in investments, affiliated companies and other long-term investments denominated in foreign currencies, are classified under "foreign exchange gain" in the statement of income for the period.

- (15) Maturity profile of Assets, Liabilities and Certain Commitments according to remaining maturities:-

Maturities profiles were presented for the current and prior periods in Section IV. Supplementary Financial Statements.

- (16) a- Components of shareholders' equity as defined by the Turkish Banking Law and further broadened in accounting application:-

	<u>Current Period</u>	<u>Prior Period</u>
<u>Shareholders' Equity per Banking Law :-</u>		
1-Paid capital	260,000	260,000
- Nominal capital	260,000	260,000
- Unpaid capital	-	-
2-Legal reserves	24,387	15,269
- 1 st legal reserve (TCC 466/1)	20,417	11,363
- 2 nd legal reserve (TCC 466/2)	2,987	2,986
- Share premium	-	-
- Legal reserve per special legislation and articles of association	983	920
3-Extraordinary reserves	177,568	12,469
- Reserves allocated per Ordinary General Meeting	177,568	12,323
- Exchange rate difference on foreign currency capital	-	146
- Retained earnings	-	-
- Accumulated losses	-	-
4-Revaluation surpluses	84,894	32,793
- Movables	21,224	7,530
- Immovables	62,406	25,264
- Cost increase fund	-	-
- Bonus shares from investee companies and income on sale of immovables	167	-
- Revaluation surplus on special costs	1,097	-
5-Revaluation surpluses received through bonus shares on investments and affiliated companies	3,458	2,308
6-Other capital sources	-	-
7-Losses	-	-
- Current period losses	-	-
- Prior year losses	-	-
<u>Total Shareholders' Equity per Banking Law (from 1 to 7)</u>	<u>550,307</u>	<u>322,839</u>
<u>Shareholders' Equity per Accounting Application</u>		
8-Valuation increment	37,153	15,886
- Securities	5,918	54
- Investments and affiliated companies	28,070	15,435
- Other long-term investments	3,165	397
<u>Total Shareholders' Equity per Accounting Application (from 1 to 8, excluding 6)</u>	<u>587,460</u>	<u>338,725</u>

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note II – (Continued)

- b- Capital base in accordance with Banking Legislation used for Capital Adequacy Ratio:-

	<u>Current Period</u>	<u>Prior Period</u>
I- Core Capital	632,155	431,584
II- Supplementary Capital	158,430	68,467
1. Subordinated debts	-	-
2. Others	158,430	68,467
III- Capital (I+II)	790,585	500,051
IV- Deductions from Capital	326,044	58,507
V - Capital Base (III - IV)	464,541	441,544

Difference, in the amount of TL203,125, between the “Capital” in the Capital Adequacy Ratio and the shareholders’ equity per accounting application above, was resulted from the net income of TL170,200 for the period and the general provision for credit risks in the amount of TL32,925, which were included in above calculation.

- (17) a- If the Bank applies registered share capital system, ceiling of the registered share capital:-

The Bank applies registered share capital system. The ceiling of the registered share capital is TL1,000,000 .

- b- Capital increases during the period: **None.**
- c- Transfer from revaluation surplus to contribute the capital increase: **None.**
- d- Priority rights assigned to certain capital shares:- **None.**
- e- Shareholders holding 10% or more interest in the share capital:-

None of the shareholders has 10% or more interest in the issued share capital, except for Doğuş Holding A.Ş. which currently holds 40.12% of the issued share capital.

- (18) Basis of presentation of financial leasing activities in financial statements and disclosures on such transactions in accordance with International Accounting Standard 17 (IAS 17):-

Financial leasing transactions are accounted for in accordance with Turkish legislation, not IAS17. Per Turkish legislation, financial leasing transactions are accounted for as if they were operating leases. Accordingly, fixed assets acquired through financial leases and the related payables are not reflected in the accompanying financial statements; instead the periodic payments of installments, with no distinction between principal and interest portions, were initially recorded as "prepaid expense" to be charged to expense throughout the lease period. During the period ended 30 September 2000, such payments charged to statement of income as expense accumulated to TL3,516 (1999: TL711) and the remaining balance recorded as "prepaid expense" in the balance sheet, amounted to TL7,612 (1999: TL1,496).

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note II – (Continued)

(19) Other significant matters:-

a- Deferred tax liabilities and related provisions:-

	<u>Current Period</u>	<u>Prior Period</u>
Deferred tax liability	15,328	84,352
Reserve for deferred tax liability (balance sheet)	15,328	84,352
Deferred tax provision (statement of income)	-	-

b- Policy on accounting for currency swaps in accordance with Turkish GAAP and Turkish Uniform Chart of Accounts for Banks:-

For the accounting of currency swaps, the second methodology defined in the Turkish Uniform Chart of Accounts for Banks is applied, i.e. spot legs of the transaction are reflected in the balance sheet and forward legs in the off-balance sheet accounts.

c- Exchange rate gain/loss accruals on forwards and currency swaps, accounted under other accruals in assets and liabilities:-

	<u>Current Period</u>	<u>Prior Period</u>
Income accruals on forwards	-	-
Expense accruals on forwards	-	-
Income accruals on currency swaps	371	837
Expense accruals on currency swaps	5	-

d- Details on assets and liabilities indexed on foreign exchange rates, gold prices and other financial indicators were as follows:-

<u>Assets indexed on foreign exchange rates</u>	<u>Principal</u>	<u>Accruals for interest and foreign exchange gains for current period</u>
Loans	65,357	12,503
Interbank funds sold	11	988

III- NOTES TO STATEMENTS OF INCOME

- (1) a- Interests received from the investee companies amounted to **TL1,557 (1999: TL7,581)**. Fees and commissions received from such companies aggregated to **TL94 (1999: TL.....-.....)**.
- b- Interests paid to the investee companies amounted to **TL2,057 (1999: TL408)**. Fees and commissions paid to such companies aggregated to **TL.....-..... (1999: TL-.....)**.
- (2) Income on financial leasing transactions amounted to **TL.....-..... (1999: TL.....-.....)**.
- (3) Expenses paid on financial leasing transactions amounted to **TL3,516 (1999: TL711)**.
- (4) a- General provisions for credit risks amounted to **TL14,032 (1999: TL.....)**.
- b- Provision for diminishing in value of securities amounted to **TL.....-..... (1999: TL.....-.....)**.
- (5) Items comprising 20%, at minimum, of the other expenses and income classified in groups I, II, IV and V, and representing 10%, at minimum, of the total of the related group that they are included in: **None**.
- (6) Income and expenses on repurchase transactions:-

Interest income and expenses on securities subject to repurchase deals are accounted for under accrual basis of accounting and prudence. Accrued interest expenses on repurchase deals are deducted from interest income earned on the related securities.

Income and expense accruals on securities sold under repurchase contracts were as follows for the current period:-

	<u>Current Period</u>
Income accruals	9,840
Expense accruals	453

- (7) Other significant matters: **None**.

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

IV. SUPPLEMENTARY FINANCIAL STATEMENTS

A. Commitments and Contingencies

	30 September 2000			30 September 1999		
	Turkish Lira	Foreign Currency	Total	Turkish Lira	Foreign Currency	Total
I. GUARANTEES AND ENDORSEMENTS	492,615	1,586,558	2,079,173	283,926	1,072,362	1,356,288
A. Letters of guarantee (L/G)	492,615	1,004,355	1,496,970	283,926	675,231	959,157
1. L/Gs under Law no.2886	96,289	-	96,289	54,985	-	54,985
2. L/Gs issued for foreign trade deals	17	1,003,264	1,003,281	19	674,508	674,527
3. Other letters of guarantee	396,309	1,091	397,400	228,922	723	229,645
B. Bank acceptances	-	181,753	181,753	-	115,664	115,664
1. Import acceptance credits	-	179,155	179,155	-	111,512	111,512
2. Other bank acceptances	-	2,598	2,598	-	4,152	4,152
C. Letters of credit (L/C)	-	382,074	382,074	-	263,204	263,204
1. L/Cs against documents	-	382,074	382,074	-	263,204	263,204
2. Other letters of credit	-	-	-	-	-	-
D. Confirmed pre-finance credits	-	14,113	14,113	-	12,621	12,621
E. Endorsements	-	-	-	-	-	-
1. Endorsements for Central Bank of Turkey	-	-	-	-	-	-
2. Other endoresements	-	-	-	-	-	-
F. Sale contracts on bank assets (risks Secured by the bank)	-	-	-	-	-	-
G. Underwriting commitments on share issues	-	-	-	-	-	-
H. Other guarantees	-	-	-	-	-	-
I. Other bails	-	4,263	4,263	-	5,642	5,642
II. COMMITMENTS	320,198	128,916	449,114	480,904	8,145	489,049
A. Irrevocable commitments	320,198	128,916	449,114	480,904	8,145	489,049
1. Repurchase and resale contracts	310,319	117,132	427,451	480,877	-	480,877
a) Repurchase contracts	237,942	117,132	355,074	480,877	-	480,877
I. Repurchase contracts with Central Bank of Turkey	-	-	-	-	-	-
II. Repurchase contracts with banks	-	-	-	-	-	-
III. Repurchase contracts with brokerage companies	-	-	-	480,877	-	480,877
IV. Repurchase contracts with other customers	237,942	117,132	355,074	-	-	-
b) Resale contracts	72,377	-	72,377	-	-	-
I. Resale contracts with Central Bank of Turkey	-	-	-	-	-	-
II. Resale contracts with banks	72,377	-	72,377	-	-	-
III. Resale contracts with brokerage companies	-	-	-	-	-	-
IV. Resale contracts with other customers	-	-	-	-	-	-
2. Term purchases of assets	-	-	-	-	-	-
3. Term purchases/sales of deposits	-	-	-	-	-	-
4. Capital commitments	9,879	799	10,678	27	552	579
5. Credit extension commitments	-	-	-	-	-	-
6. Intermediary commitments for share issues	-	-	-	-	-	-
7. Legal reserve commitments	-	-	-	-	-	-
8. Committed credit card limits	-	-	-	-	-	-
9. Other irrevocable commitments	-	10,985	10,985	-	7,593	7,593
B. Revocable commitments	-	-	-	-	-	-
1. Revocable credit extension commitments	-	-	-	-	-	-
2. Other revocable commitments	-	-	-	-	-	-
III. DERIVATIVE TRANSACTIONS	660,131	1,793,246	2,453,377	557,803	1,450,608	2,008,411
A. Forward currency purchases/sales	279,871	1,167,610	1,447,481	505,840	1,388,973	1,894,813
1. Forward currency purchases	101,523	625,202	726,725	158,546	784,262	942,808
2. Forward currency sales	178,348	542,408	720,756	347,294	604,711	952,005
B. Currency and interest swaps	-	12,612	12,612	51,963	61,635	113,598
1. Currency purchase swaps	-	3,717	3,717	51,963	55,025	106,988
2. Currency sale swaps	-	3,757	3,757	-	4,523	4,523
3. Interest purchase swaps	-	2,417	2,417	-	2,087	2,087
4. Interest sale swaps	-	2,721	2,721	-	-	-
C. Currency and interest options	380,260	546,693	926,953	-	-	-
1. Currency purchase options	-	273,348	273,348	-	-	-
2. Currency sale options	380,260	273,345	653,605	-	-	-
3. Interest purchase options	-	-	-	-	-	-
4. Interest sale options	-	-	-	-	-	-
D. Future currency deals	-	66,331	66,331	-	-	-
E. Future interest deals	-	-	-	-	-	-
1. Future interest purchases	-	-	-	-	-	-
2. Future interest sales	-	-	-	-	-	-
F. Others	-	-	-	-	-	-
TOTAL COMMITMENTS AND CONTINGENCIES	1,472,944	3,508,720	4,981,664	1,322,633	2,531,115	3,853,748

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note IV – (Continued)

B. Other Off-Balance Sheet Accounts

	<u>30 September 2000</u>			<u>30 September 1999</u>		
	<u>Turkish Lira</u>	<u>Foreign Currency</u>	<u>Total</u>	<u>Turkish Lira</u>	<u>Foreign Currency</u>	<u>Total</u>
A. Valuables under Custody	1,101,941	1,882,416	2,984,357	1,526,076	106,169	1,632,245
1. Customer funds and portfolios managed by the bank	394	673	1,067	394	556	950
2. Securities under custody	529,939	58,158	588,097	504,690	14,717	519,407
3. Cheques subject to collection	289,943	18,937	308,880	198,979	10,829	209,808
4. Commercial notes subject to collection	43,811	1,791,802	1,835,613	32,685	72,015	104,700
5. Other valuables subject to collection	237	2,335	2,572	360	2,836	3,196
6. Securities (the bank acted as intermediary for their issuance)	-	-	-	-	-	-
7. Securities under repurchase transaction (held at custody on behalf of customers)	232,364	-	232,364	783,504	-	783,504
8. Other valuables under custody	5,253	10,511	15,764	5,464	5,216	10,680
9. Valuables under third-party custodies	-	-	-	-	-	-
B. Valuables under Pledge	3,502,966	5,425,694	8,928,660	1,617,905	1,987,964	3,605,869
1. Securities	3,659	10,747	14,406	6,794	1,750	8,544
2. Promissory notes	843,485	1,630,098	2,473,583	258,801	794,233	1,053,034
3. Stocks	2,751	-	2,751	2,059	539,876	541,935
4. Varrants	-	-	-	-	-	-
5. Immovables	1,400,669	198,256	1,598,925	946,078	-	946,078
6. Other valuables under pledge	1,252,232	3,586,593	4,838,825	403,938	652,105	1,056,043
7. Valuables under third-party custodies	170	-	170	235	-	235

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note IV – (Continued)

C. Maturity Profile of Assets, Liabilities, and Certain Commitments and Contingencies According to Remaining Maturities

1- Current Period

30 September 2000	Demand	Upto 1 month	1 to 3 Months	3 months to 1 year	1 to 5 Years	5 Years and over	Others*	Total
ASSETS:								
Liquid assets	27,673	12,547	-	-	-	-	-	40,220
Due from banks and other financial institutions	161,549	259,485	97,603	315,480	693	-	-	834,810
Interbank funds sold	-	-	-	-	-	-	-	-
Securities (net)	-	83,933	6,533	145,133	726,449	-	-	962,048
Loans	-	305,193	522,188	1,125,653	335,817	-	-	2,288,851
Non-performing loans (net)	-	-	-	-	-	-	-	-
Accrued interest and income	-	61,074	43,273	110,526	85,355	4,689	-	304,917
Receivables from financial leasing activities (net)	-	-	-	-	-	-	-	-
Reserve deposits	230,236	-	-	-	-	-	-	230,236
Investments and affiliated companies (net)	-	-	-	-	-	-	374,985	374,985
Equity shares classified under other long-term investments (net)	-	-	-	-	-	-	6,519	6,519
Other long-term investments (net)	-	-	-	-	317,742	209,450	-	527,192
Other assets	-	-	-	-	-	-	435,171	435,171
Total Assets	419,458	722,232	669,597	1,696,792	1,466,056	214,139	816,675	6,004,949
LIABILITIES:								
Saving deposits	58,731	210,183	30,326	12,632	-	-	-	311,872
Foreign currency deposits	515,057	1,051,916	245,923	99,124	1,118	-	-	1,913,138
Bank deposits	6,371	583,471	145,830	45,165	-	-	-	780,837
Other deposits	188,010	28,051	4,047	1,686	-	-	-	221,794
Interbank funds borrowed	-	118,932	-	-	-	-	-	118,932
Funds borrowed	-	232,020	214,668	518,669	531,843	-	-	1,497,200
Funds	-	-	-	-	-	-	-	-
Securities issued (net)	-	2,677	1,131	389	-	-	-	4,197
Accrued interest and expense	-	119,994	36,637	11,035	6,767	-	-	174,433
Payables from financial leasing activities (net)	-	-	-	-	-	-	-	-
Taxes, stamps, premiums and other duties	-	-	-	-	10,547	-	-	10,547
Other liabilities	-	-	-	-	-	-	214,339	214,339
Shareholders' equity (including current period income/loss)	-	-	-	-	-	-	757,660	757,660
Total liabilities	768,169	2,347,244	678,562	688,700	550,275	-	971,999	6,004,949
COMMITMENTS AND CONTINGENCIES:								
Repurchase contracts	-	355,014	59	-	-	-	-	355,073
Resale contracts	-	72,377	-	-	-	-	-	72,377
Forward currency purchases	-	531,416	94,966	89,591	10,751	-	-	726,724
Forward currency sales	-	501,376	105,469	104,234	9,678	-	-	720,757
Currency purchase swaps	-	257,484	16,095	178	-	-	-	273,757
Currency sale swaps	-	255,919	15,778	174	-	-	-	271,871
Total	-	1,973,586	232,367	194,177	20,429	-	-	2,420,559

TÜRKİYE GARANTİ BANKASI A.Ş.

(Currency – Billions of Turkish Lira)

Note IV – C – (Continued)

2- Prior Period

30 September 1999				
	<u>Demand</u>	<u>Upto 3 Month</u>	<u>3 months to 1 year</u>	<u>1 Years and over</u>
ASSETS:				
Liquid assets	27,969	-	-	-
Due from banks and other financial institutions	62,924	469,189	-	-
Interbank funds sold	-	-	-	-
Securities (net)	-	414,041	638,732	-
Loans	-	453,774	606,545	164,224
Accrued interest and income	-	353,102	91,102	18,284
Receivables from financial leasing activities (net)	-	-	-	-
Reserve deposits	110,524	-	-	-
LIABILITIES:				
Deposits	565,624	1,226,952	103,508	248
Interbank funds borrowed	2,500	81,886	-	-
Funds borrowed	1,786	303,654	412,753	230,623
Funds	-	-	-	-
Securities issued (net)	-	144,104	22,741	-
Accrued interest and expense	-	158,298	5,441	175
Payables from financial leasing activities (net)	-	-	-	-
Taxes, stamps, premiums and other duties	-	7,843	-	-