

Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Interim Financial Statements

As of and For the Nine-Month Period Ended

30 September 2003

*(Convenience Translation of Financial Statements and Related
Disclosures and Footnotes Originally Issued in Turkish)*

With Independent Auditor's Review Report Thereon

Cevdet Suner Denetim ve
Yeminli Mali Müşavirlik AS
6 November 2003

*This report contains "Independent Auditor's Review
Report" comprising 1 page and; "Unconsolidated
interim financial statements and related disclosures
and footnotes" comprising 56 pages.*

**Convenience Translation of the Auditor’s Review Report
Originally Prepared and Issued in Turkish (See Note 3.1.1)**

To the Board of Directors of Türkiye Garanti Bankasi AS:

We have reviewed the balance sheet of Türkiye Garanti Bankasi AS as of 30 September 2003 and the related statement of income for the nine months period then ended. These financial statements are the responsibility of the Bank’s management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the regulations related with the “Accounting and Recording Rules” and “Independent Auditing Standards” of (Turkish) Banking Law No 4389. These regulations require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements of Türkiye Garanti Bankasi AS do not give a true and fair view in accordance with regulations described in Article 13 “Accounting and Recording Rules” of (Turkish) Banking Law.

Istanbul,
6 November 2003

**Cevdet Suner Denetim ve
Yeminli Mali Müşavirlik AS**

Ö. Cevdet Suner
Partner
Certified Public Accountant

Additional paragraph for convenience translation to English:

As explained in Note 3.1.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

Türkiye Garanti Bankası Anonim Şirketi

As of 30 September 2003, Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes to be Announced to Public together with Independent Auditor's Review Report Thereon

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The Reporting Package prepared in accordance with the statement no.17 "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as regulated by Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

1. Unconsolidated Interim Financial Statements
2. General Information about the Bank
3. Accounting Policies
4. Financial Position and Results of Operations
5. Disclosures and Footnotes on Unconsolidated Interim Financial Statements
6. Other Disclosures and Footnotes
7. Independent Auditor's Review Report

The unconsolidated interim financial statements and related disclosures and footnotes are prepared in accordance with the "Regulation on Accounting Standards" and the related statements and the financial records of our Bank. Unless stated otherwise, the unconsolidated interim financial statements are presented in TL billions as restated for the effects of inflation in equivalent purchasing power as of 30 September 2003; subject to independent review and enclosed.

Dr. A. Mahfi Eğilmez

Board of Directors Member
Responsible of Internal
Control System

S. Ergun Özen

General Manager

Sema Yurdum

Executive
Vice President

Aylin Aktürk/Aydın Şenel

Senior Vice Presidents

Türkiye Garanti Bankası AŞ

As of 30 September 2003, Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes to be Announced to the Public Together with Independent Auditor's Review Report Thereon (Billions of Turkish Lira as restated for the effects of inflation in equivalent of purchasing power as of 30 September 2003)

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 3.1.1

1 Unconsolidated Interim Financial Statements

1.1 Balance Sheet prepared as of 30 September 2003

Presented on pages 2 and 3.

1.2 Off-Balance Sheet Items prepared as of 30 September 2003

Presented on page 4.

1.3 Statement of Operations prepared for the nine-month and the three-month periods ended 30 September 2003

Presented on page 5.

Türkiye Garanti Bankası Anonim Sirketi

Balance Sheet

At 30 September 2003

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 30 September 2003)

| ASSETS | Footnotes | CURRENT PERIOD 30 September 2003 | | | PRIOR PERIOD 31 December 2002 | | |
|---|---------------|-------------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY | 5.1.1 | 168,451 | 408,575 | 577,026 | 718,071 | 497,464 | 1,215,535 |
| 1.1 Cash in TL | | 34,128 | - | 34,128 | 31,512 | - | 31,512 |
| 1.2 Cash in foreign currency | | - | 79,531 | 79,531 | - | 148,515 | 148,515 |
| 1.3 Balances with the Central Bank of Turkey | | 134,051 | 314,909 | 448,960 | 686,531 | 332,411 | 1,018,942 |
| 1.4 Other | | 272 | 14,135 | 14,407 | 28 | 16,566 | 16,566 |
| II. TRADING SECURITIES (Net) | 5.1.2 | 30,750 | 464,507 | 495,257 | 341,192 | 1,177,777 | 1,518,969 |
| 2.1 Public sector debt securities | | 30,750 | 450,557 | 481,307 | 341,192 | 1,060,747 | 1,401,939 |
| 2.1.1 Government bonds | | 24,049 | 446,746 | 470,795 | 292,896 | 875,586 | 1,168,482 |
| 2.1.2 Treasury bills | | 3,400 | - | 3,400 | 48,296 | 176,543 | 224,839 |
| 2.1.3 Other | | 3,301 | 3,811 | 7,112 | - | 8,618 | 8,618 |
| 2.2 Share certificates | | - | - | - | - | - | - |
| 2.3 Other securities | | - | 13,950 | 13,950 | - | 117,030 | 117,030 |
| III. BANKS AND OTHER FINANCIAL INSTITUTIONS | 5.1.3 | 21,896 | 313,002 | 334,898 | 166,962 | 539,038 | 706,000 |
| 3.1 Due from banks | | 21,896 | 313,002 | 334,898 | 166,962 | 539,038 | 706,000 |
| 3.1.1 Domestic banks | | 15,286 | 34 | 15,320 | 20,347 | 64,065 | 84,412 |
| 3.1.2 Foreign banks | | 6,610 | 312,968 | 319,578 | 146,615 | 474,973 | 621,588 |
| 3.2 Other financial institutions | | - | - | - | - | - | - |
| IV. INTERBANK MONEY MARKET | | | | | | | |
| 4.1 Interbank money market placements | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange money market placements | | - | - | - | - | - | - |
| 4.3 Receivables from reverse repurchase agreements | 5.1.4 | - | - | - | - | - | - |
| V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net) | 5.1.5 | 1,305,950 | 1,605,745 | 2,911,695 | 78,488 | 1,118,289 | 1,196,777 |
| 5.1 Share certificates | | 47,563 | - | 47,563 | 23,880 | - | 23,880 |
| 5.2 Other securities | | 1,258,387 | 1,605,745 | 2,864,132 | 54,608 | 1,118,289 | 1,172,897 |
| VI. LOANS | 5.1.6 | 2,288,627 | 3,824,965 | 6,113,592 | 1,789,884 | 4,475,347 | 6,265,231 |
| 6.1 Short term | | 2,097,229 | 1,568,333 | 3,665,562 | 1,456,165 | 1,582,127 | 3,038,292 |
| 6.2 Medium and long term | | 10,873 | 2,256,632 | 2,267,505 | 61,971 | 2,893,220 | 2,955,191 |
| 6.3 Loans under follow-up | | 317,045 | - | 317,045 | 398,088 | - | 398,088 |
| 6.4 Specific provisions (-) | | (136,520) | - | (136,520) | (126,340) | - | (126,340) |
| VII. FACTORING RECEIVABLES | 5.1.7 | | | | | | |
| VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net) | 5.1.8 | 923,317 | 3,652,846 | 4,576,163 | 1,605,960 | 3,945,722 | 5,551,682 |
| 8.1 Public sector debt securities | | 923,317 | 3,611,456 | 4,534,773 | 1,605,960 | 3,863,161 | 5,469,121 |
| 8.1.1 Government bonds | | 923,317 | 3,611,456 | 4,534,773 | 1,537,419 | 3,863,161 | 5,400,580 |
| 8.1.2 Treasury bills | | - | - | 0 | 68,541 | - | 68,541 |
| 8.1.3 Other | | - | - | - | - | - | - |
| 8.2 Other securities | | - | 41,390 | 41,390 | - | 82,561 | 82,561 |
| IX. INVESTMENTS AND ASSOCIATES (Net) | 5.1.9 | 241,981 | 4,163 | 246,144 | 240,467 | 5,616 | 246,083 |
| 9.1 Financial investments and associates | | 8,477 | 4,163 | 12,640 | 10,390 | 5,616 | 16,006 |
| 9.2 Non-Financial investments and associates | | 233,504 | - | 233,504 | 230,077 | - | 230,077 |
| X. SUBSIDIARIES (Net) | 5.1.10 | 966,538 | 253,746 | 1,220,284 | 801,706 | 282,726 | 1,084,432 |
| 10.1 Financial subsidiaries | | 193,360 | 253,746 | 447,106 | 179,769 | 282,726 | 462,495 |
| 10.2 Non-Financial subsidiaries | | 773,178 | - | 773,178 | 621,937 | - | 621,937 |
| XI. OTHER INVESTMENTS (Net) | 5.1.11 | | | | | | |
| XII. FINANCIAL LEASE RECEIVABLES (Net) | 5.1.12 | | | | | | |
| 12.1 Gross finance lease receivables | | - | - | - | - | - | - |
| 12.2 Unearned income (-) | | - | - | - | - | - | - |
| XIII. RESERVE DEPOSITS | | 264,739 | 755,822 | 1,020,561 | 187,511 | 882,655 | 1,070,166 |
| XIV. MISCELLANEOUS RECEIVABLES | 5.1.13 | 80,511 | 4,984 | 85,495 | 5,800 | 36,942 | 42,742 |
| XV. ACCRUED INTEREST AND INCOME | 5.1.14 | 226,245 | 254,693 | 480,938 | 196,537 | 732,350 | 928,887 |
| 15.1 Loans | | 50,557 | 118,024 | 168,581 | 41,577 | 211,598 | 253,175 |
| 15.2 Securities | | 153,431 | 130,465 | 283,896 | 125,724 | 518,174 | 643,898 |
| 15.3 Other | | 22,257 | 6,204 | 28,461 | 29,236 | 2,578 | 31,814 |
| XVI. PROPERTY AND EQUIPMENT (Net) | 5.1.15 | 1,260,099 | 1,368 | 1,261,467 | 1,323,034 | 3,596 | 1,326,630 |
| 16.1 Cost | | 1,837,376 | 4,926 | 1,842,302 | 1,921,357 | 8,590 | 1,929,947 |
| 16.2 Accumulated Depreciation (-) | | (577,277) | (3,558) | (580,835) | (598,323) | (4,994) | (603,317) |
| XVII. INTANGIBLE ASSETS (Net) | 5.1.16 | 25,564 | | 25,564 | 30,355 | | 30,355 |
| 17.1 Goodwill | | - | - | - | - | - | - |
| 17.2 Other | | 56,229 | - | 56,229 | 89,323 | - | 89,323 |
| 17.3 Accumulated Amortisation (-) | | (30,665) | - | (30,665) | (58,968) | - | (58,968) |
| XVIII. OTHER ASSETS | 5.1.17 | 400,720 | 8,377 | 409,097 | 457,354 | 19,293 | 476,647 |
| TOTAL ASSETS | | 8,205,388 | 11,552,793 | 19,758,181 | 7,943,321 | 13,716,815 | 21,660,136 |

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 30 September 2003

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 30 September 2003)

| LIABILITIES AND EQUITY | Footnotes | CURRENT PERIOD 30 September 2003 | | | PRIOR PERIOD 31 December 2002 | | |
|---|---------------|-------------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | 5.2.1 | 5,118,123 | 7,850,514 | 12,968,637 | 4,673,107 | 9,901,357 | 14,574,464 |
| 1.1 Bank deposits | | 285,496 | 228,254 | 513,750 | 84,055 | 330,279 | 414,334 |
| 1.2 Saving deposits | | 2,591,249 | - | 2,591,249 | 2,181,385 | - | 2,181,385 |
| 1.3 Public sector deposits | | 67,621 | - | 67,621 | 5,856 | - | 5,856 |
| 1.4 Commercial deposits | | 1,935,150 | - | 1,935,150 | 2,254,951 | - | 2,254,951 |
| 1.5 Other institutions deposits | | 238,607 | - | 238,607 | 146,860 | - | 146,860 |
| 1.6 Foreign currency deposits | | - | 7,602,216 | 7,602,216 | - | 9,527,362 | 9,527,362 |
| 1.7 Precious metals vault accounts | | - | 20,044 | 20,044 | - | 43,716 | 43,716 |
| II. INTERBANK MONEY MARKET | | 197,616 | 1,154,869 | 1,352,485 | 300,638 | 923,346 | 1,223,984 |
| 2.1 Interbank money market takings | | - | - | - | - | 35,403 | 35,403 |
| 2.2 Istanbul Stock Exchange money market takings | | 45,000 | - | 45,000 | - | - | - |
| 2.3 Funds provided under repurchase agreements | 5.2.2 | 152,616 | 1,154,869 | 1,307,485 | 300,638 | 887,943 | 1,188,581 |
| III. FUNDS BORROWED | 5.2.3 | 98,811 | 2,232,530 | 2,331,341 | 228,556 | 2,606,057 | 2,834,613 |
| 3.1 Funds borrowed from the Central Bank of Turkey | | - | - | - | - | - | - |
| 3.2 Other funds borrowed | | 98,811 | 2,232,530 | 2,331,341 | 228,556 | 2,606,057 | 2,834,613 |
| 3.2.1 Domestic banks and institutions | | 98,811 | 92,446 | 191,257 | 228,556 | 45,703 | 274,259 |
| 3.2.2 Foreign banks, institutions and funds | | - | 2,140,084 | 2,140,084 | - | 2,560,354 | 2,560,354 |
| IV. SECURITIES ISSUED (Net) | 5.2.4 | - | - | - | - | - | - |
| 4.1 Bills | | - | - | - | - | - | - |
| 4.2 Asset backed securities | | - | - | - | - | - | - |
| 4.3 Bonds | | - | - | - | - | - | - |
| V. FUNDS | 5.2.5 | - | - | - | - | - | - |
| VI. MISCELLANEOUS PAYABLES | 5.2.6 | 42,897 | 5,396 | 48,293 | 47,808 | 4,091 | 51,899 |
| VII. OTHER EXTERNAL RESOURCES PAYABLE | 5.2.7 | 102,287 | 381,357 | 483,644 | 135,446 | 504,596 | 640,042 |
| VIII. TAXES AND OTHER DUTIES PAYABLE | 5.2.8 | 35,503 | 30 | 35,533 | 37,063 | 44 | 37,107 |
| IX. FACTORING PAYABLES | 5.2.9 | - | - | - | - | - | - |
| X. FINANCIAL LEASE PAYABLES (Net) | 5.2.10 | 124 | 8,459 | 8,583 | 763 | 10,450 | 11,213 |
| 10.1 Financial lease payables | | 135 | 10,709 | 10,844 | 904 | 12,171 | 13,075 |
| 10.2 Deferred financial lease expenses (-) | | (11) | (2,250) | (2,261) | (141) | (1,721) | (1,862) |
| XI. ACCRUED INTEREST AND EXPENSES | 5.2.11 | 137,493 | 139,456 | 276,949 | 153,576 | 53,999 | 207,575 |
| 11.1 Deposits | | 122,307 | 15,851 | 138,158 | 133,377 | 20,276 | 153,653 |
| 11.2 Borrowings | | 8,316 | 13,165 | 21,481 | 11,804 | 14,687 | 26,491 |
| 11.3 Repurchase agreements | | 3,616 | 2,377 | 5,993 | 391 | 756 | 1,147 |
| 11.4 Other | | 3,254 | 108,063 | 111,317 | 8,004 | 18,280 | 26,284 |
| XII. PROVISIONS | 5.2.12 | 60,245 | 4,647 | 64,892 | 215,595 | 5,376 | 220,971 |
| 12.1 General provisions | | 40,535 | 1,814 | 42,349 | 36,592 | 2,389 | 38,981 |
| 12.2 Reserve for employee termination benefits | | 11,320 | - | 11,320 | 11,703 | - | 11,703 |
| 12.3 Provisions for income taxes | | 1,488 | - | 1,488 | 1,648 | - | 1,648 |
| 12.4 Other provisions | | 6,902 | 2,833 | 9,735 | 165,652 | 2,987 | 168,639 |
| XIII. SUBORDINATED LOANS | 5.2.13 | - | - | - | - | - | - |
| XIV. SHAREHOLDERS' EQUITY | 5.2.14 | 2,115,482 | 72,342 | 2,187,824 | 1,844,163 | 14,105 | 1,858,268 |
| 14.1 Paid-in capital | | 822,038 | - | 822,038 | 791,748 | - | 791,748 |
| 14.2 Supplementary capital | | 959,103 | 72,342 | 1,031,445 | 915,836 | 14,105 | 929,941 |
| 14.2.1 Share premium | | - | - | - | - | - | - |
| 14.2.2 Share cancellation profits | | - | - | - | - | - | - |
| 14.2.3 Securities value increase fund | | 32,702 | 72,342 | 105,044 | 1,601 | 14,105 | 15,706 |
| 14.2.4 Revaluation fund | | 14,717 | - | 14,717 | 2,108 | - | 2,108 |
| 14.2.5 Revaluation surplus | | 2,738 | - | 2,738 | 2,395 | - | 2,395 |
| 14.2.6 Capital reserves from inflation adjustments to paid-in capital | | 908,946 | - | 908,946 | 909,732 | - | 909,732 |
| 14.3 Profit reserves | | (2,016) | - | (2,016) | 312 | - | 312 |
| 14.3.1 Legal reserves | | - | - | - | - | - | - |
| 14.3.2 Status reserves | | - | - | - | - | - | - |
| 14.3.3 Extraordinary reserves | | - | - | - | - | - | - |
| 14.3.4 Other profit reserves | | (2,016) | - | (2,016) | 312 | - | 312 |
| 14.4 Profit or loss | | 336,357 | - | 336,357 | 136,267 | - | 136,267 |
| 14.4.1 Prior periods income/loss | | 106,761 | - | 106,761 | - | - | - |
| 14.4.2 Current period income/loss | | 229,596 | - | 229,596 | 136,267 | - | 136,267 |
| TOTAL LIABILITIES AND EQUITY | | 7,908,581 | 11,849,600 | 19,758,181 | 7,636,715 | 14,023,421 | 21,660,136 |

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 30 September 2003

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 30 September 2003)

| OFF-BALANCE SHEET ITEMS | Footnotes | CURRENT PERIOD 30 September 2003 | | | PRIOR PERIOD 31 December 2002 | | |
|---|--------------|-------------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
| | | TL | FC | Total | TL | FC | Total |
| A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III) | | 5,795,988 | 8,363,775 | 14,159,763 | 3,843,392 | 7,758,980 | 11,602,372 |
| I. GUARANTEES | 5.4.1 | 1,156,281 | 3,602,121 | 4,758,402 | 979,531 | 4,263,339 | 5,242,870 |
| 1.1. Letters of guarantee | | 1,156,281 | 2,074,689 | 3,230,970 | 979,531 | 2,730,548 | 3,710,079 |
| 1.1.1. Guarantees subject to State Tender Law | | 1,156,281 | - | 1,156,281 | 979,531 | - | 979,531 |
| 1.1.2. Guarantees given for foreign trade operations | | - | 2,074,689 | 2,074,689 | - | 2,730,548 | 2,730,548 |
| 1.1.3. Other letters of guarantee | | - | - | - | - | - | - |
| 1.2. Bank acceptances | | - | 449,023 | 449,023 | - | 443,981 | 443,981 |
| 1.2.1. Import letter of acceptance | | - | 449,023 | 449,023 | - | 443,981 | 443,981 |
| 1.2.2. Other bank acceptances | | - | - | - | - | - | - |
| 1.3. Letters of credit | | - | 1,060,252 | 1,060,252 | - | 1,052,035 | 1,052,035 |
| 1.3.1. Documentary letters of credit | | - | 1,060,252 | 1,060,252 | - | 1,052,035 | 1,052,035 |
| 1.3.2. Other letters of credit | | - | - | - | - | - | - |
| 1.4. Prefinancing given as guarantee | | - | 18,157 | 18,157 | - | 22,614 | 22,614 |
| 1.5. Endorsements | | - | - | - | - | - | - |
| 1.5.1. Endorsements to the Central Bank of Turkey | | - | - | - | - | - | - |
| 1.5.2. Other endorsements | | - | - | - | - | - | - |
| 1.6. Securities issue purchase guarantees | | - | - | - | - | - | - |
| 1.7. Other guarantees | | - | - | - | - | - | - |
| 1.8. Other collaterals | | - | - | - | - | 14,161 | 14,161 |
| II. COMMITMENTS | 5.4.2 | 4,294,150 | 70,974 | 4,365,124 | 2,816,804 | 7,198 | 2,824,002 |
| 2.1. Irrevocable commitments | | 4,294,150 | 70,974 | 4,365,124 | 2,816,804 | 7,198 | 2,824,002 |
| 2.1.1. Asset purchase commitments | | - | - | - | - | - | - |
| 2.1.2. Deposit purchase and sales commitments | | - | - | - | - | - | - |
| 2.1.3. Share capital commitment to associates and subsidiaries | | 29,369 | 538 | 29,907 | 50,354 | 709 | 51,063 |
| 2.1.4. Loan granting commitments | | 615,383 | - | 615,383 | - | - | - |
| 2.1.5. Securities issue brokerage commitments | | - | - | - | - | - | - |
| 2.1.6. Commitments for reserve deposit requirements | | - | - | - | - | - | - |
| 2.1.7. Commitments for credit card limits | | 3,639,127 | - | 3,639,127 | 2,753,011 | - | 2,753,011 |
| 2.1.8. Other irrevocable commitments | | 10,271 | 70,436 | 80,707 | 13,439 | 6,489 | 19,928 |
| 2.1.9. Repurchase agreements | | - | - | - | - | - | - |
| 2.2. Revocable commitments | | - | - | - | - | - | - |
| 2.2.1. Revocable loan granting commitments | | - | - | - | - | - | - |
| 2.2.2. Other revocable commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | 5.4.3 | 345,557 | 4,690,680 | 5,036,237 | 47,057 | 3,488,443 | 3,535,500 |
| 3.1. Forward foreign currency buy/sell transactions | | 243,008 | 4,069,876 | 4,312,884 | 43,069 | 3,052,788 | 3,095,857 |
| 3.1.1. Forward foreign currency transactions-buy | | 39,714 | 2,144,002 | 2,183,716 | 20,665 | 1,546,912 | 1,567,577 |
| 3.1.2. Forward foreign currency transactions-sell | | 203,294 | 1,925,874 | 2,129,168 | 22,404 | 1,505,876 | 1,528,280 |
| 3.2. Swap transactions related to foreign currency and interest rates | | 1,382 | 1,344 | 2,726 | 3,988 | 342,388 | 346,376 |
| 3.2.1. Foreign currency swap-buy | | 1,382 | - | 1,382 | 186 | 173,317 | 173,503 |
| 3.2.2. Foreign currency swap-sell | | - | 1,344 | 1,344 | 3,802 | 169,071 | 172,873 |
| 3.2.3. Interest rate swaps-buy | | - | - | - | - | - | - |
| 3.2.4. Interest rate swaps-sell | | - | - | - | - | - | - |
| 3.3. Foreign currency and interest rate options | | 101,167 | 100,221 | 201,388 | - | - | - |
| 3.3.1. Foreign currency options-buy | | 78,070 | 30,333 | 108,403 | - | - | - |
| 3.3.2. Foreign currency options-sell | | 23,097 | 69,888 | 92,985 | - | - | - |
| 3.3.3. Interest rate options-buy | | - | - | - | - | - | - |
| 3.3.4. Interest rate options-sell | | - | - | - | - | - | - |
| 3.4. Foreign currency futures | | - | 165,580 | 165,580 | - | - | - |
| 3.4.1. Foreign currency futures-buy | | - | 82,790 | 82,790 | - | - | - |
| 3.4.2. Foreign currency futures-sell | | - | 82,790 | 82,790 | - | - | - |
| 3.5. Interest rate futures | | - | - | - | - | - | - |
| 3.5.1. Interest rate futures-buy | | - | - | - | - | - | - |
| 3.5.2. Interest rate futures-sell | | - | - | - | - | - | - |
| 3.6. Other | | - | 353,659 | 353,659 | - | 93,267 | 93,267 |
| B. CUSTODY AND PLEDGED ITEMS (IV+V) | 5.4.4 | 18,186,925 | 16,573,419 | 34,760,344 | 13,276,360 | 17,908,119 | 31,184,479 |
| IV. ITEMS HELD IN CUSTODY | | 9,613,996 | 2,836,386 | 12,450,382 | 5,888,583 | 2,279,231 | 8,167,814 |
| 4.1. Customers' securities held | | 382 | 1,230 | 1,612 | 423 | 1,489 | 1,912 |
| 4.2. Investment securities held in custody | | 8,318,354 | 1,795,325 | 10,113,679 | 5,038,509 | 1,645,990 | 6,684,499 |
| 4.3. Checks received for collection | | 998,684 | 57,981 | 1,056,665 | 746,728 | 64,804 | 811,532 |
| 4.4. Commercial notes received for collection | | 128,678 | 958,728 | 1,087,406 | 96,890 | 534,998 | 631,888 |
| 4.5. Other assets received for collection | | 236 | 1,373 | 1,609 | 261 | 1,964 | 2,225 |
| 4.6. Assets received for public offering | | - | 3 | 3 | - | - | - |
| 4.7. Other items under custody | | 167,662 | 21,746 | 189,408 | 5,772 | 29,986 | 35,758 |
| 4.8. Custodians | | - | - | - | - | - | - |
| V. PLEDGED ITEMS | | 8,572,929 | 13,737,033 | 22,309,962 | 7,387,777 | 15,628,888 | 23,016,665 |
| 5.1. Securities | | 174,635 | 5,599 | 180,234 | 56,168 | 35,660 | 91,828 |
| 5.2. Guarantee notes | | 1,119,635 | 2,885,728 | 4,005,363 | 1,081,596 | 3,471,319 | 4,552,915 |
| 5.3. Commodity | | 2,473 | - | 2,473 | 3,262 | - | 3,262 |
| 5.4. Warranty | | - | - | - | - | - | - |
| 5.5. Immovables | | 3,005,992 | 1,368,329 | 4,374,321 | 3,433,973 | 1,249,240 | 4,683,213 |
| 5.6. Other pledged items | | 4,270,024 | 9,477,377 | 13,747,401 | 2,812,590 | 10,872,669 | 13,685,259 |
| 5.7. Pledged items-depository | | 170 | - | 170 | 188 | - | 188 |
| TOTAL OFF-BALANCE SHEET ITEMS (A+B) | | 23,982,913 | 24,937,194 | 48,920,107 | 17,119,752 | 25,667,099 | 42,786,851 |

Türkiye Garanti Bankası Anonim Şirketi

Statement of Operations

For the nine-month and the three-month periods ended 30 September 2003

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 30 September 2003)

| INCOME AND EXPENSE ITEMS | Footnotes | CURRENT PERIOD | PRIOR PERIOD | CURRENT PERIOD | PRIOR PERIOD |
|---|--------------|--------------------|--------------------|----------------------------------|----------------------------------|
| | | 30 September 2003 | 30 September 2002 | 1 July 2003 30 September 2003 | 1 July 2002 30 September 2002 |
| I. INTEREST INCOME | 5.3.1 | 1,507,167 | 2,926,240 | 453,269 | 979,900 |
| 1.1 Interest on loans | | 758,192 | 794,597 | 271,408 | 266,507 |
| 1.1.1 Interest on TL loans | | 551,099 | 521,002 | 213,586 | 180,996 |
| 1.1.1.1 Short term loans | | 544,318 | 460,065 | 212,252 | 164,957 |
| 1.1.1.2 Medium and long term loans | | 6,781 | 60,937 | 1,334 | 16,039 |
| 1.1.2 Interest on foreign currency loans | | 197,592 | 269,784 | 57,306 | 83,052 |
| 1.1.2.1 Short term loans | | 71,702 | 102,311 | 23,775 | 25,076 |
| 1.1.2.2 Medium and long term loans | | 125,890 | 167,473 | 33,531 | 57,976 |
| 1.1.3 Interest on loans under follow-up | | 9,501 | 3,811 | 516 | 2,459 |
| 1.1.4 Premiums received from Resource Utilisation Support Fund | | - | - | - | - |
| 1.2 Interest received from reserve deposits | | 47,201 | 46,341 | 16,322 | 17,419 |
| 1.3 Interest received from banks | | 20,608 | 130,069 | 5,426 | 32,801 |
| 1.3.1 The Central Bank of Turkey | | 5,767 | 6,487 | 1,081 | 2,257 |
| 1.3.2 Domestic banks | | 3,805 | 27,739 | 713 | 16,522 |
| 1.3.3 Foreign banks | | 11,036 | 95,843 | 3,632 | 14,022 |
| 1.4 Interest received from money market transactions | | 6,913 | 111,251 | 3,043 | 24,910 |
| 1.5 Interest received from marketable securities portfolio | | 647,479 | 1,776,318 | 147,160 | 614,928 |
| 1.5.1 Trading securities | | 16,172 | 500,836 | (158,723) | 123,823 |
| 1.5.2 Available-for-sale securities | | 201,583 | - | 200,542 | - |
| 1.5.3 Held to maturity securities | | 429,724 | 1,275,482 | 105,341 | 491,105 |
| 1.6 Other interest income | | 26,774 | 67,664 | 9,910 | 23,335 |
| II. INTEREST EXPENSE | 5.3.2 | (1,564,447) | (1,981,014) | (470,696) | (653,921) |
| 2.1 Interest on deposits | | (1,290,855) | (1,685,004) | (398,798) | (566,206) |
| 2.1.1 Bank deposits | | (74,265) | (352,570) | (19,217) | (121,221) |
| 2.1.2 Saving deposits | | (733,156) | (875,747) | (236,381) | (280,682) |
| 2.1.3 Public sector deposits | | (257) | (1,475) | (89) | (184) |
| 2.1.4 Commercial deposits | | (296,159) | (247,308) | (74,480) | (85,080) |
| 2.1.5 Other institutions deposits | | (17,107) | (23,215) | (6,539) | (10,830) |
| 2.1.6 Foreign currency deposits | | (169,882) | (184,608) | (62,078) | (68,189) |
| 2.1.7 Precious metals vault accounts | | (29) | (81) | (14) | (20) |
| 2.2 Interest on money market transactions | | (161,104) | (110,089) | (40,260) | (43,109) |
| 2.3 Interest on funds borrowed | | (109,449) | (184,764) | (29,287) | (44,510) |
| 2.3.1 The Central Bank of Turkey | | - | - | - | - |
| 2.3.2 Domestic banks | | (45,211) | (24,198) | (10,945) | (488) |
| 2.3.3 Foreign banks | | (64,238) | (101,902) | (18,342) | (26,307) |
| 2.3.4 Other financial institutions | | - | (58,664) | - | (17,715) |
| 2.4 Interest on securities issued | | - | - | - | - |
| 2.5 Other interest expense | | (3,039) | (1,157) | (2,351) | (96) |
| III. NET INTEREST INCOME (I - II) | | (57,280) | 945,226 | (17,427) | 325,979 |
| IV. NET FEES AND COMMISSIONS INCOME | | 265,983 | 236,993 | 83,091 | 100,841 |
| 4.1 Fees and commissions received | | 411,915 | 401,177 | 135,246 | 149,975 |
| 4.1.1 Cash loans | | 27,521 | 67,139 | 9,468 | 33,780 |
| 4.1.2 Non-cash loans | | 40,031 | 46,567 | 12,640 | 15,259 |
| 4.1.3 Other | | 344,363 | 287,471 | 113,138 | 100,936 |
| 4.2 Fees and commissions paid | | (145,932) | (164,184) | (52,155) | (49,134) |
| 4.2.1 Cash loans | | (8,055) | (9,697) | (3,821) | (168) |
| 4.2.2 Non-cash loans | | (230) | (460) | (73) | (316) |
| 4.2.3 Other | | (137,647) | (154,027) | (48,261) | (48,650) |
| V. DIVIDEND INCOME | | 54 | 3,149 | - | 68 |
| 5.1 Trading securities | | - | - | - | - |
| 5.2 Available-for-sale securities | | 54 | 3,149 | - | 68 |
| VI. NET TRADING INCOME/LOSS | | 559,419 | (374,166) | 254,161 | (160,189) |
| 6.1 Profit/losses on trading account securities (Net) | | 423,548 | 164,332 | 226,057 | 54,267 |
| 6.2 Foreign exchange gains/losses (Net) | | 135,871 | (538,498) | 28,104 | (214,456) |
| VII. PROFIT/LOSS FROM "HELD TO MATURITY" SECURITIES | 5.3.3 | - | - | - | - |
| VIII. OTHER OPERATING INCOME | 5.3.4 | 83,871 | 49,865 | 23,067 | 27,257 |
| IX. TOTAL OPERATING PROFIT (III+IV+V+VI+VII+VIII) | | 852,047 | 861,067 | 342,892 | 293,956 |
| X. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-) | 5.3.5 | (67,113) | (239,458) | 4,065 | (49,281) |
| XI. OTHER OPERATING EXPENSES (-) | 5.3.6 | (615,119) | (593,694) | (216,868) | (217,733) |
| XII. NET OPERATING PROFIT/LOSS (IX-X-XI) | | 169,815 | 27,915 | 130,089 | 26,942 |
| XIII. INCOME/LOSSES FROM ASSOCIATES AND SUBSIDIARIES | 5.3.7 | 23,362 | 62,319 | - | 4,445 |
| XIV. GAIN/LOSS ON NET MONETARY POSITION | | 31,419 | 8,954 | (14,429) | 196 |
| XV. PROFIT/LOSS BEFORE TAXES (XII+XIII+XIV) | | 224,596 | 99,188 | 115,660 | 31,583 |
| XVI. PROVISION FOR TAXES ON INCOME (-) | | 5,000 | (13,678) | 34 | 1,111 |
| XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV-XVI) | | 229,596 | 85,510 | 115,694 | 32,694 |
| XVIII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES | 5.3.8 | - | - | - | - |
| 18.1 Extraordinary net income/expense before taxes | | - | - | - | - |
| 18.1.1 Extraordinary income | | - | - | - | - |
| 18.1.2 Extraordinary expense (-) | | - | - | - | - |
| 18.2 Provision for taxes on extraordinary income | | - | - | - | - |
| XIX. NET PROFIT/LOSS (XVII+XVIII) | 5.3.9 | 229,596 | 85,510 | 115,694 | 32,694 |
| EARNINGS PER SHARE (full TL amount per TL'000 face value each) | | 279 | 108 | 141 | 41 |

2 General Information about the Bank

2.1 Activities of the Bank

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 305 domestic branches, three foreign branches and five representative offices abroad. The Bank's head office is located in Istanbul.

Activities of the Bank as stated at the third clause of its Articles of Association are as follows:

- All banking operations,
- Participating in, establishing, and trading the shares of enterprises at various sectors within the limits set forth by the Banking Law;
- Operating attorneyship, insurance agency, brokerage and freight businesses in relation with banking activities,
- Purchasing/selling debt securities, treasury bills, government bonds and other share certificates issued by official and private institutions,
- Developing economical and financial relations with foreign organizations,
- Dealing with all economic operations in compliance with the Banking Law.

The Bank's activities are not limited to those disclosed in that third clause, but whenever the Board of Directors deems any operations other than above stated beneficial to the Bank, it is suggested in general meeting, and launching the related project depends on the decision taken during the General Assembly which results the change in Articles of Association and on the approval of this decision by the Ministry of Industry and Commerce. Accordingly, the approved decision is added to the Articles of Association.

The Bank is not a specialized bank but deals with all kinds of banking activities. The main sources for lendings to customers are deposits. The Bank grants loans to companies operating in various sectors while aiming to maintain the required level of efficiency and profitability.

The Bank also grants non-cash loans to its customers; especially letters of guarantee, letters of credit and acceptance credits.

2.2 Holding company and group

Doğuş Holding AŞ currently owns 55.08% shares of the Bank. Group of companies owned by Doğuş Holding AŞ is named as the Doğuş Group (the Group).

Doğuş Group was established in 1951 as a construction and contracting firm. Today it is operating in a variety of businesses consisting of financial services, automotive, retail, food, tourism and service sectors with more than 16,000 employees.

Türkiye Garanti Bankası AŞ

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The Group already operates partnerships and has distribution, management and franchise agreements with internationally recognized brand names, such as Volkswagen, Audi, Porsche, Seat, Scania, Jeeves International, Giorgio Armani, Gucci and CNBC.

In the construction sector, the Group has an important role in projects such as Araklı-İyidere, Çukurova, Sinop-Boyabat, Asilah-Tanger motorways, Yusufeli and Aslancık dams.

The Group has tourism investments such as Sheraton Voyager, Club Aldiana and Paradise Apart Otel and five marinas which are adjudicated by "build, operate and transfer model" such as Dalaman, Bodrum, Antalya.

The investments of the Group in the financial sector are; Türkiye Garanti Bankası AŞ, Garanti Bank International NV, Garanti Bank Moscow, Garanti Finansal Kiralama AŞ, Garanti Yatırım Menkul Kıymetler AŞ, Garanti Portföy Yönetimi AŞ, Garanti Sigorta AŞ, Garanti Emeklilik ve Hayat AŞ, Garanti Faktoring Hizmetleri AŞ, Garanti Ödeme Sistemleri AŞ, Garanti Gayrimenkul Yatırım Ortaklığı AŞ and Volkswagen Doğu Tüketici Finansmanı AŞ.

3 Accounting policies

3.1 Disclosures on presentation principles

The Bank keeps its accounting records and prepares its financial statements and the related footnotes in accordance with accounting and valuation standards as described in Article 13 of “Accounting and Recording Rules” of the Turkish Banking Law no.4389, and “Regulation on Accounting Standards” published by the Banking Regulation and Supervision Agency (BRSA) which has been in effect since 1 October 2002.

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis as adjusted for the effects of inflation on Turkish Lira based on the conversion factors derived from the Turkish countrywide wholesale price index published by the State Institute of Statistics at the balance sheet date except for trading securities, investment securities available for sale, investments, associates and subsidiaries quoted on the stock exchanges and assets held for resale which are presented on a fair value basis.

3.1.1 Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

3.2 Forwards, options and other derivative transactions

According to Article 1 of the “Regulation on Accounting Standards”, Accounting Standard for Financial Instruments; forward purchase/sale and swap agreements other than the hedging deals, are classified as trading transactions. Although, the trading transactions are required to be valued at their fair values, as there are no reliable forward market rates, as in prior periods, the forward contracts are valued on a straight-line accrual basis in the current period.

The spot legs of currency swap transactions are recorded on the balance sheet and the forward legs in the off-balance sheet accounts.

There are no derivative transactions separated from the main contracts or made for hedging purposes.

3.3 Netting of financial instruments

In cases where the fair values of trading securities, investment securities available-for-sale, securities quoted at the stock exchanges, associates and subsidiaries are under their carrying values, a provision for impairment is allocated, and the net value is shown on the balance sheet.

The Bank provides specific allowances for loan and other receivables in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. The allowances are recorded under "Loans" as negative balances on the assets side.

Otherwise, the financial assets and liabilities are netted off only for the cases legally applicable.

3.4 Interest income and expenses

Interest income and expenses are recorded on an accrual basis of accounting. Currency differences of foreign currency-indexed loans and securities are recorded under interest income if they are positive but under foreign exchange losses if negative. The interest income accruals on non-performing loans are not recognised as income until collection.

3.5 Fees and commissions

Fees and commissions received and paid, other fees and commissions paid to financial institutions, incomes derived from agreements and asset purchases from third parties are recognized as income only when collected.

3.6 Trading securities

Trading securities are valued at their fair values and gain/loss arising is recorded in the statement of operations. However, securities for which fair values could not be determined reliably are valued using discounting method with internal rate of return. Interest income derived from the trading securities are included in interest income, in case of sale before maturity, all the gain/losses are recorded under trading account income/loss.

3.7 Repurchase and resale agreements

Securities sold under repurchase agreements are recorded on the balance sheet since 1 February 2002 in accordance with the changes in the Uniform Chart of Accounts for Banks in compliance with the Letter issued by the BRSA, BDDK.DZM.2/13-1382. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as "Investments Subject to Repurchase Agreements" and valued based on the Bank management's future intentions, either at market prices or using discounting method with internal rate of return. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

Securities purchased under resale agreements are classified under "Money Market Securities" separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

3.8 Investment securities held-to-maturity, investment securities available for sale and originated loans and receivables

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding originated loans and receivables.

Investment securities available-for-sale, are financial assets other than securities held for trading purposes, securities held-to-maturity and originated loans and receivables

Originated loan and receivables are financial assets raised by the Bank providing money, commodity and services to debtors.

Securities are recorded at their purchase costs including the transaction costs. Subsequently, the investment securities available-for-sale are valued at their fair values. Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in "securities value increase fund" under the shareholders' equity. In case of sales, the realized gain/losses are recognized directly in the statement of operations. Held-to-maturity securities are recorded using discounting method with internal rate of return after deducting impairments, if any.

There are no financial assets that are not allowed to be classified as investment securities held-to-maturity due to any violations in applications.

Interest earned on investment securities held-to-maturity are recognized as interest income.

Purchase and sale transactions of investment securities held-to-maturity are accounted at delivery dates.

Before the "Regulation on Accounting Standards" come into force, the Bank used to account for investment securities held-to-maturity in compliance with the "Uniform Chart of Accounts for Banks."

3.9 Originated loans and receivables and specific provisions

Originated loans and receivables are recorded at their purchase costs and valued using discounting method with internal rate of return in the subsequent periods.

The Bank provides allowances for non-performing loans that are deducted from the current period profit. The provisioning is provided by the Bank's management against potential losses that may arise in the future and based on the quality of the loan portfolio and potential risk factors including, economic and other related factors.

The Bank provides specific allowances for loans in Groups III, IV and V and general provision for other cash and non-cash loans in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables as described in Paragraph 11 of Article 3 and Paragraph 12 of Article 11 of the Turkish Banking Law no.4389 as amended by Act No.4672 as published in the Official Gazette no.24448 dated 30 June 2001, and in accordance with the amendment to the above regulation as republished in the Official Gazette no.24657 dated 31 January 2002.

The allowances are released from the statement of operations through credit entries to "provision for loan losses or other receivables" for the current period allowances released, and credited to "other operating income" for the prior period allowances recovered.

3.10 Goodwill and other intangible assets

The Bank's intangible assets consist of pre-operating expenses.

The cost of the intangible assets are restated from the purchasing dates to the balance sheet date and amortised over the estimated useful lives on a straight-line basis.

Estimated useful lives of the Bank's intangible assets are 5-10 years, and amortisation rates are 10-20 %.

3.11 Tangible assets

The cost of the tangible assets is restated from the purchasing dates to the balance sheet date. The effects of revaluation made according to the related legislation, is reversed before restatements. The tangible assets are depreciated over their estimated useful lives on a straight-line basis from the date of their acquisition. For the cases where the restated values of the tangible assets are higher than their fair values, a provision for impairment is allocated for the excesses over the fair values in accordance with materiality and prudence principles.

Sale income/losses on the tangible assets are calculated as the difference between the net restated value and the net sales revenue and recorded in the statement of operations or under the shareholders equity for transfers to paid-in capital.

Maintenance and repair costs are recorded as expense.

There are no restrictions like pledges, mortgages or any other restriction on tangible assets.

In accounting estimates, there are no changes expected to be influential in the current or subsequent periods.

Depreciation rates and estimated useful lives are:

| Tangible assets | Estimated useful lives (years) | Depreciation rates (%) |
|------------------------|---------------------------------------|-------------------------------|
| Buildings | 50 | 2 |
| Vault | 20-50 | 2-5 |
| Motor vehicles | 5-7 | 15-20 |
| Other tangible assets | 4-20 | 5-25 |

3.12 Leasing activities

The maximum period of leasing agreements is 4 years. Leased assets are recognized by recording an asset and liability. In determination of asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

Depreciation is calculated in compliance with the same principle as for the tangible assets.

In cases where impairments incur on leased assets or the expected future benefits of the assets are lower than their restated values, the book values of such leased assets are reduced to their net realizable values.

In operating leases, the rent payments are charged to the statement of operations in equal instalments.

3.13 Provisions and Contingencies

Provision requirements other than the specific and general provisions for loans and other receivables are assessed in compliance with the statement no.8 "Accounting Standard for Allowances, Contingent Liabilities and Assets" of the "Regulation on Accounting Standards".

3.14 Commitments for personnel rights

Personnel rights are accounted in compliance with the statement no.10, "Accounting Standard on Bank's Personnel Rights" of the "Regulation on Accounting Standards".

No provision is allocated in the accompanying financial statements for the Bank's Pension Fund (the Fund), "Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı". There have not been any payments made by the Bank to this institution in order to cover its deficits. The Bank management believes that this institution is capable of meeting its liabilities without the Bank's support.

Actuary audit has been finalised in compliance with the statement no.10 of the "Regulation on Accounting Standards" for Retirement Trust Fund founded under Social Security Law no. 506, the temporary clause 20. According to actuary audit report, the actuary excess of the Fund amounted to TL 5,415 billion as of 31 December 2002.

3.15 Taxation

In case there is a taxable profit in the current period based on the results of the Bank's operations, necessary tax provisions are set aside in accordance with the corporate tax legislation.

Deferred tax assets and liabilities are recognized, using the liability method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Corporate tax rate has decreased to 30%, by abolishing 10% fund share on corporate tax in accordance with the "Regulation on Amendments to Some Regulations" as described in temporary Article 1 of Act No.4842 as published in the Official Gazette dated 24 April 2003. The corporate tax liability is required to be paid in one instalment within the time frame of preparation of Annual Tax Return.

In accordance with the above change in tax legislation, starting from the second quarter of 2003, prepaid tax will be paid on the tax base calculated on the quarterly earnings of the companies at the rate of 30% as increased from 25%. These payments can be deducted from the annual corporate tax calculated for the whole year earnings.

3.16 Funds borrowed

The Bank generates funds from domestic and foreign sources. The funds from foreign sources are mainly in the form of syndications and securitizations. The funds received are recorded at their purchase costs and valued by the discounting method with internal rate of return.

There are no convertible bonds or any other securities issued.

3.17 Paid-in capital and treasury stocks

Operation costs related to issue of share certificates are deducted from the shareholders' equity.

3.18 Acceptances

Acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts, if any.

3.19 Government incentives

As of 30 September 2003, the Bank does not have any government incentives or aids.

3.20 Segment reporting

This footnote will be prepared from 1 April 2004.

4 Financial position and results of operations

4.1 Strategy for financial instruments and foreign currency operations

4.1.1 Strategy for financial instruments

The liability side of the Bank's balance sheet is intensively composed of short-term deposits in parallel with the general trend in the banking sector. In addition to deposits, the Bank has access to longer-term borrowings via the foreign currency borrowings in abroad.

In order to manage the interest rate risk arising from short-term deposits, the Bank is keen on maintaining floating rate instruments such as government bonds with quarterly coupon payments and instruments like credit cards and consumer loans providing regular cash inflows.

The fundamental strategy to manage the liquidity risk is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The Bank's widespread and effective branch network, advantage of primary dealership and strong market share in the treasury and capital markets, are some of effective tools in the realisation of this strategy. For this purpose, serving customers new products and services continuously and reaching the customers satisfaction are very important.

Another influential factor in the management of the interest and liquidity risk on balance sheet, is product diversification both on asset and liability sides.

Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems instantly, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

Purchase and sale of short and long-term financial instruments are allowed within the pre-determined limits to generate risk-free return on capital.

The foreign currency position is controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk.

4.1.2 Foreign currency operations

Foreign exchange gains and losses arising from foreign currency operations are recorded at transaction dates. At the end of the period, foreign currency assets and liabilities evaluated with the Bank's spot purchase rates and the differences are recorded as foreign exchange gain or loss.

In the currency conversion of the financial statements of the Bank's foreign branches, the Bank's spot purchase rates are used for balance sheet items and average foreign currency rates for statement of operations. All foreign currency differences arising from this conversion, are classified to profit reserves under the shareholders' equity.

Foreign currency differences arising from the conversion of foreign currency investments, associates and subsidiaries into Turkish Lira are posted to the statement of operations as foreign exchange gain/loss.

The Bank revalues the foreign currency-indexed government securities acquired at "Debt Swap" in 2001 by the discounting method with internal rate of return and fixes the foreign currency evaluations two days before the balance sheet date, as stated by The Ministry of State in charge of the Treasury, and records the evaluations to financial statements based on the ten days' average of Central Bank's foreign currency exchange rates before the balance sheet date.

4.2 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 17.11% as of 30 September 2003.

4.2.1 Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette No.24657 dated 31 January 2002.

In calculation of capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

The items deducted from the capital base are not included in the calculation of risk weighted assets. In calculation of risk weighted assets, impairments, depreciation and amortisation, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 21, paragraph (1) of "Regulation on Foundation and Operations of Banks".

The derivative financial instruments, in the calculation of their risk based values, are weighted and classified according to the related risk groups after multiplied by the rates stated in the Article 21, paragraph (2) of "Regulation on Foundation and Operations of Banks".

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4.2.2 Capital adequacy ratio

| | Risk Weights | | | |
|---|------------------|------------------|------------------|------------------|
| | 0% | 20% | 50% | 100% |
| Risk Weighted Assets, Liabilities, Off-Balance Sheet Items | | | | |
| Balance Sheet Items (Net) | 5,269,536 | 272,606 | 587,326 | 7,231,097 |
| Cash on Hand | 113,931 | 14,135 | - | - |
| Due From Banks | 448,960 | 257,263 | - | 77,635 |
| Interbank Money Market Placements | - | - | - | - |
| Receivables from Reverse Repurchase Agreements | - | - | - | - |
| Reserve Deposits | 1,020,561 | - | - | - |
| Special Purpose Financial Institutions | - | - | - | - |
| Loans | 874,021 | 948 | 549,510 | 4,508,588 |
| Loans under Follow-Up (Net) | - | - | - | 180,525 |
| Investments, Associates and Subsidiaries | - | - | - | 1,006,682 |
| Miscellaneous Receivables | 62 | - | - | 85,433 |
| Investment Securities Held to Maturity (Net) | 2,365,225 | - | - | - |
| Advances for Assets Acquired under Financial Lease | - | - | - | - |
| Financial Lease Receivables | - | - | - | - |
| Leased Assets (Net) | - | - | - | - |
| Property and Equipment (Net) | - | - | - | 1,226,803 |
| Accrued Interest and Income | 85,988 | 260 | 37,816 | 120,580 |
| Other Assets | 360,788 | - | - | 24,851 |
| Off-Balance Sheet Items | 266,024 | 1,492,101 | 1,764,820 | 203,991 |
| Guarantees | 266,024 | 1,475,491 | 612,285 | 202,757 |
| Commitments | - | - | 1,152,535 | - |
| Other Off Balance Sheet-Items | - | - | - | - |
| Derivative Financial Instruments | - | 16,610 | - | 1,234 |
| Total Risk Weighted Assets | 5,535,560 | 1,764,707 | 2,352,146 | 7,435,088 |

4.2.3 Summary on capital adequacy ratio

| | Risk Weights | |
|---|----------------|--------------|
| | Current Period | Prior Period |
| Total Risk Weighted Assets (1) | 9,885,290 | 10,309,074 |
| Shareholders' Equity | 1,691,741 | 1,309,917 |
| Shareholders' Equity/Total Risk Weighted Assets (CAR (%)) | 17.11 | 12.71 |

(1) "Value at Risk" in the amount of TL 921,188 billion (31 December 2002: TL 1,171,491 billion) is included in "Total Risk Weighted Assets" in the current period.

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4.2.4 Components of shareholders' equity items

| | Current Period | Prior Period |
|---|------------------|------------------|
| CORE CAPITAL | | |
| Paid-in Capital | 822,038 | 791,748 |
| Nominal Capital | 822,038 | 791,748 |
| Capital Commitments (-) | - | - |
| Share Premium and Cancellation Profit | - | - |
| Legal Reserves | 908,946 | 909,732 |
| I. Legal Reserve (Turkish Commercial Code 466/1) | - | - |
| II. Legal Reserve (Turkish Commercial Code 466/2) | - | - |
| Capital Reserves From Inflation Adjustments to Paid-in Capital | 908,946 | 909,732 |
| Status Reserves | - | - |
| Extraordinary Reserves | - | - |
| Reserve Allocated at the General Assembly | - | - |
| Retained Earnings | - | - |
| Accumulated Losses | - | - |
| Profit Reserves | -2,016 | 312 |
| Profit | 336,357 | 136,267 |
| Current Period Profit | 229,596 | 136,267 |
| Prior Period Profit | 106,761 | - |
| Loss (-) | - | - |
| Current Period Loss | - | - |
| Prior Period Loss | - | - |
| Total Core Capital | 2,065,325 | 1,838,059 |
| SUPPLEMENTARY CAPITAL | | |
| Revaluation Fund | 14,717 | 2,108 |
| Movables | - | - |
| Immovables | 2,108 | 2,108 |
| Income on Sale of Equity Shares and Realestates | 12,609 | - |
| Revaluation Fund on Leasehold Improvements | - | - |
| Revaluation Surplus | 2,738 | 2,395 |
| Foreign Currency Exchange Differences | - | - |
| General Provisions | 42,349 | 38,981 |
| Provision for Possible Losses | 5,000 | 22,144 |
| Subordinated Loans | - | - |
| Securities Value Increase Fund | 105,044 | 15,706 |
| Associates and Subsidiaries | 2,592 | - |
| Investments Available for Sale | 102,452 | 15,706 |
| Securities Held for Structural Position | - | - |
| Total Supplementary Capital | 169,848 | 81,334 |
| TIER III CAPITAL | | |
| CAPITAL | 2,235,173 | 1,919,393 |
| DEDUCTIONS FROM CAPITAL | 543,432 | 609,476 |
| Investments in Entities Operating in Financial Sectors like Money Markets, Capital Markets, Insurance under the related Special Laws | 459,746 | 491,163 |
| Leasehold Improvements | 34,663 | 31,934 |
| Pre-Operating Costs | 25,565 | 30,355 |
| Prepaid Expenses | 23,458 | 56,024 |
| Negative Difference between the Fair Values and the Carrying Values of Investments, Associates, Subsidiaries, Other Investments, Property and Equipment | - | - |
| Subordinated Loans Granted to Banks Operating in Turkey | - | - |
| Goodwill (Net) | - | - |
| Capitalised Expenses | - | - |
| TOTAL SHAREHOLDERS' EQUITY | 1,691,741 | 1,309,917 |

4.3 Credit risk

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

4.4 Market risk

The Bank has defined its risk management procedures and has taken necessary precaution in order to avoid market risk, in compliance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 24312 dated 8 February 2001.

Being exposed to market risk, the Bank's Board of Directors has identified risk management strategies and policies considering the suggestions by the Executive Risk Committee and has pursued the application of these strategies periodically. Considering the existing major risks, the Bank's Board of Directors determines and revises the risk limits, when necessary. The Board of Directors ensures that the risk management group and the executive management are taking necessary action in identifying, measuring, controlling and managing several risks.

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. VaR is calculated by 3 different methods, namely historical simulation, monte carlo simulation and parametric method. Market risk arising from maturity mismatches of assets and liabilities is calculated through the assets-liabilities risk measurement model.

The periodical stress testing and scenario analysis support the above mentioned measurements. Traditional risk measurement methods such as cash flow projection, duration and variance analysis are also used.

The capital need for general market risk and specific risks is calculated using the standart method defined by the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and reported monthly.

Value at Risk:

| | Amount |
|--|----------------|
| Capital Obligation against Interest Rate Risk - Standard Method | 63,932 |
| General Market Risk | 61,447 |
| Specific Risk | 2,485 |
| Options Subject to Interest Rate Risk | - |
| Capital Obligation against Common Stock Position Risk – Standard Method | 7,439 |
| General Market Risk | 3,855 |
| Specific Risk | 3,584 |
| Options Subject To Common Stock Position Risk | - |
| Capital Obligation against Currency Risk – Standard Method | 2,324 |
| Capital Obligation | 326 |
| Capital Obligation against Options Subject to Currency Risk | 1,998 |
| Total Value-At-Risk – Home Model | - |
| Total Capital Obligations against Market Risk | 73,695 |
| Value-At-Risk Amount | 921,188 |

4.5 Foreign currency exchange rate risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 September 2003, the Bank's net 'on balance sheet' foreign currency short position amounts to TL 222,131 billion, net 'off-balance sheet' foreign currency long position amounts to TL 170,368 billion, while net foreign currency short position amounts to TL 51,763 billion.

The Bank's foreign currency position risk is measured by "standard method" and "value-at-risk (VaR) model".

Measurements by standard method are carried out weekly, whereas measurements by "VaR" are done daily.

The Bank's effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Bank are as follows:

| | |
|--|--------------|
| A. The Bank's "foreign currency evaluation rate" (1 US dollar) | TL 1,344,000 |
| B. US dollar purchase rate at the date of balance sheet and for the five days before balance sheet are: | |
| US dollar purchase rate at the date of balance sheet | TL 1,344,000 |
| <u>US dollar purchase rates for the days before balance sheet:</u> | |
| Day 1 | TL 1,370,000 |
| Day 2 | TL 1,355,000 |
| Day 3 | TL 1,350,000 |
| Day 4 | TL 1,365,000 |
| Day 5 | TL 1,330,000 |

The arithmetical average of the Bank's US dollar purchase rates for the last 30 days before balance sheet date is TL 1,356,633 (TL'full).

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Originally Issued in Turkish, See Note 3.1.1*

Currency risk:

| | Euro | US\$ | Yen | Other FCs | Total |
|---|-------------------|-------------------|---------------|------------------|-------------------|
| Current Period | | | | | |
| Assets | | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 171,528 | 227,931 | 261 | 8,855 | 408,575 |
| Due From Banks and Other Financial Institutions | 166,198 | 103,700 | 8,652 | 34,452 | 313,002 |
| Trading Securities | 15,165 | 445,531 | - | 3,811 | 464,507 |
| Investment Securities Available-for-Sale | 113,834 | 1,491,911 | - | - | 1,605,745 |
| Loans | 701,238 | 3,002,401 | 671 | 120,655 | 3,824,965 |
| Investments, Associates and Subsidiaries | 214,888 | 38,858 | - | 4,163 | 257,909 |
| Investment Securities Held-to-Maturity | 58,901 | 3,593,945 | - | - | 3,652,846 |
| Property and Equipment | - | 266 | - | 1,102 | 1,368 |
| Goodwill | - | - | - | - | - |
| Other Assets | 56,956 | 962,109 | 8 | 2,491 | 1,021,564 |
| Total Assets | 1,498,708 | 9,866,652 | 9,592 | 175,529 | 11,550,481 |
| Liabilities | | | | | |
| Bank Deposits | 25,146 | 190,781 | - | 12,327 | 228,254 |
| Foreign Currency Deposits | 2,261,839 | 5,120,395 | 11,461 | 208,521 | 7,602,216 |
| Other Fundings | 811,587 | 2,571,691 | 436 | 3,685 | 3,387,399 |
| Securities Issued | - | - | - | - | - |
| Miscellaneous Payables | 939 | 4,401 | - | 56 | 5,396 |
| Other Liabilities (*) | 109,001 | 415,706 | 577 | 24,063 | 549,347 |
| Total Liabilities | 3,208,512 | 8,302,974 | 12,474 | 248,652 | 11,772,612 |
| Net 'On Balance Sheet' Position | -1,709,804 | 1,563,678 | -2,882 | -73,123 | -222,131 |
| Net 'Off-Balance Sheet' Position | 1,676,645 | -1,580,845 | 2,007 | 72,561 | 170,368 |
| Derivative Assets | 1,799,314 | 434,016 | 16,429 | 180,765 | 2,430,524 |
| Derivative Liabilities | 122,669 | 2,014,861 | 14,422 | 108,204 | 2,260,156 |
| Prior Period | | | | | |
| Total Assets | 1,956,184 | 11,430,796 | 8,261 | 321,552 | 13,716,793 |
| Total Liabilities | 3,410,383 | 10,344,791 | 10,661 | 257,586 | 14,023,421 |
| Net 'On Balance Sheet' Position | -1,454,199 | 1,086,005 | -2,400 | 63,966 | -306,628 |
| Net 'Off-Balance Sheet' Position | 1,448,960 | -1,345,556 | 2,138 | -60,279 | 45,262 |

(*) Other liabilities also include gold deposits of TL 20,044 billion.

4.6 Interest rate risk

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Management meetings taking into account the developments in market conditions.

Bank’s interest rate risk is measured by the standard method, value at risk (VaR) and asset-liability risk measurement models.

Measurements for standard method are carried out monthly using the maturity ladder table, while measurements for VaR calculations are done daily. Asset-liability risk measurement model is studied monthly.

During the daily VaR calculations, the interest rate risks of the Bank’s TL and FC trading and investment securities available for sale and off-balance sheet position are measured. These are supported by scenario analysis and stress testing.

Interest rate mismatch for the Bank “Interest rate sensitivity of assets, liabilities and off balance sheet items based on repricing dates”:

| Current Period | Upto 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | Non-Interest Bearing | Total |
|---|---------------------|-------------------|-------------------|--------------------|------------------------|-----------------------------|-------------------|
| Assets | | | | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 462,935 | - | - | - | - | 114,091 | 577,026 |
| Due From Banks and Other Financial Institutions | 202,801 | 14,749 | 20,550 | 3,462 | - | 93,336 | 334,898 |
| Trading Securities | 2,650 | 408,294 | 8,546 | 13,129 | 55,525 | 7,113 | 495,257 |
| Investment Securities Available-for-Sale | 36,747 | 773,468 | 334,394 | 321,390 | 1,394,861 | 50,835 | 2,911,695 |
| Loans | 1,662,605 | 652,089 | 711,434 | 626,641 | 2,280,298 | - | 5,933,067 |
| Investment Securities Held-to-Maturity | 296,344 | 3,533,159 | 8,674 | 24,236 | 713,750 | - | 4,576,163 |
| Other Assets | 1,020,561 | - | - | - | - | 952,072 | 4,930,075 |
| Total Assets | 3,684,643 | 5,381,759 | 1,083,598 | 988,858 | 4,444,434 | 1,217,447 | 19,758,181 |
| Liabilities | | | | | | | |
| Bank Deposits | 413,863 | 43,387 | 10,016 | 9,697 | - | 36,787 | 513,750 |
| Other Deposits | 2,574,080 | 5,110,398 | 1,102,441 | 178,398 | 248,895 | 3,240,675 | 12,454,887 |
| Securities Issued | - | - | - | - | 48,293 | - | 48,293 |
| Other Fundings | - | - | - | - | - | - | - |
| Miscellaneous Payables | 866,886 | 889,719 | 398,023 | 1,298,026 | 231,172 | - | 3,683,826 |
| Other Liabilities | 300 | 1,032 | 808 | 1,248 | 5,195 | 796,126 | 3,057,425 |
| Total Liabilities | 3,855,129 | 6,044,536 | 1,511,288 | 1,487,369 | 533,555 | 4,073,588 | 19,758,181 |
| On Balance Sheet Interest Sensitivity Shortage | -170,486 | -662,777 | -427,690 | -498,511 | 3,910,879 | -2,856,141 | - |
| Off-Balance Sheet Interest Sensitivity Shortage | - | - | - | - | - | - | - |
| Total Interest Sensitivity Shortage | -170,486 | -662,777 | -427,690 | -498,511 | 3,910,879 | -2,856,141 | - |

Items without any specific maturity are directly included in ‘total’ column .

Average interest rates on monetary financial instruments:

| Current Period | Euro | US\$ | Yen | TL |
|---|------|------|-----|-------|
| | % | % | % | % |
| Assets | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 1.54 | 0.77 | - | - |
| Due From Banks and Other Financial Institutions | 3.27 | 5.18 | - | 31.09 |
| Trading Securities | 6.15 | 5.63 | - | 38.43 |
| Investment Securities Available-for-Sale | 8.41 | 8.95 | - | 38.86 |
| Loans | 6.92 | 7.22 | - | 57.34 |
| Investment Securities Held-to-Maturity | 9.19 | 8.13 | - | 39.62 |
| Liabilities | | | | |
| Bank Deposits | 3.51 | 2.80 | - | 27.93 |
| Other Deposits | 2.28 | 2.07 | - | 27.73 |
| Miscellaneous Payables | - | - | - | - |
| Securities Issued | - | - | - | - |
| Other Fundings | 4.28 | 3.23 | - | 31.72 |

Interest rate mismatch for the Bank "Interest rate sensitivity of assets, liabilities and off balance sheet items based on repricing dates":

| Prior Period | Upto 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | Non-Interest Bearing | Total |
|---|------------------|-------------------|------------------|------------------|------------------|----------------------|-------------------|
| Assets | | | | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 1,018,796 | - | - | - | - | 196,739 | 1,215,535 |
| Due From Banks and Other Financial Institutions | 406,995 | 176,532 | 18,198 | 3,387 | - | 100,888 | 706,000 |
| Trading Securities | 8,245 | 822,953 | 58,136 | 483,134 | 137,884 | 8,617 | 1,518,969 |
| Investment Securities Available-for-Sale | 825 | 144,018 | - | 93,535 | 931,436 | 26,963 | 1,196,777 |
| Loans | 1,332,668 | 628,032 | 815,300 | 1,200,186 | 2,017,297 | - | 5,993,483 |
| Investment Securities Held-to-Maturity | 327,286 | 439,373 | 4,095,739 | 96,708 | 592,576 | - | 5,551,682 |
| Other Assets | 1,070,166 | - | - | - | - | 1,448,276 | 5,477,690 |
| Total Assets | 4,164,981 | 2,210,908 | 4,987,373 | 1,876,950 | 3,679,193 | 1,781,483 | 21,660,136 |
| Liabilities | | | | | | | |
| Bank Deposits (*) | 352,820 | 70,928 | 379 | 473 | - | 25,137 | 449,737 |
| Other Deposits | 3,428,867 | 7,351,534 | 301,758 | 156,270 | 36,878 | 2,884,823 | 14,160,130 |
| Securities Issued | - | - | - | - | - | 51,899 | 51,899 |
| Other Fundings | - | - | - | - | - | - | - |
| Miscellaneous Payables | 1,188,581 | 196,415 | 1,573,399 | 766,084 | 298,715 | - | 4,023,194 |
| Other Liabilities | 3,607 | 2,561 | 2,043 | 1,831 | 1,170 | 884,725 | 2,975,176 |
| Total Liabilities | 4,973,875 | 7,621,438 | 1,877,579 | 924,658 | 336,763 | 3,846,584 | 21,660,136 |
| On Balance Sheet Interest Sensitivity Shortage | -808,894 | -5,410,530 | 3,109,794 | 952,292 | 3,342,430 | -2,065,101 | - |
| Off-Balance Sheet Interest Sensitivity Shortage | - | - | - | - | - | - | - |
| Total Interest Sensitivity Shortage | -808,894 | -5,410,530 | 3,109,794 | 952,292 | 3,342,430 | -2,065,101 | - |

(*) Bank deposits also include interbank money market takings of TL 35,403 billion.

Items without any specific maturity are directly included in 'total' column.

Average interest rates on monetary financial instruments:

| Prior Period | Euro | US\$ | Yen | TL |
|---|-------------|-------------|------------|-----------|
| | % | % | % | % |
| Assets | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 3.06 | 1.41 | - | 39.02 |
| Due From Banks and Other Financial Institutions | 4.13 | 1.93 | - | 46.04 |
| Trading Securities | 7.40 | 6.10 | - | 47.70 |
| Investment Securities Available-for-Sale | 7.80 | 10.20 | - | 49.40 |
| Loans | 7.51 | 8.34 | - | 67.53 |
| Investment Securities Held-to-Maturity | 8.90 | 5.30 | 3.50 | 54.70 |
| Liabilities | | | | |
| Bank Deposits | 7.50 | 3.30 | - | 42.70 |
| Other Deposits | 3.00 | 2.33 | - | 45.75 |
| Miscellaneous Payables | - | - | - | - |
| Securities Issued | - | - | - | - |
| Other Fundings | 5.76 | 3.98 | - | 51.68 |

4.7 Liquidity risk

In order to avoid the liquidity risk, the Bank diverts funding sources as customer deposits and foreign borrowings, looks after the maturity mismatch between assets and liabilities and maintains liquid assets to guarantee sufficient liquidity during market fluctuations.

While the Bank's short term liquidity need is met mainly with deposits, its long term liquidity is provided through foreign funding sources such as syndication and securitisation transactions. There are no significant idle liquidity sources.

Maturity analysis of assets and liabilities (according to remaining maturities):

| | Demand (*) | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | Total |
|---|-------------------|-------------------|------------------|------------------|--------------------|-------------------|
| Current Period | | | | | | |
| Assets | | | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 577,026 | - | - | - | - | 577,026 |
| Due From Banks and Other Financial Institutions | 296,137 | 14,749 | 20,550 | 3,462 | - | 334,898 |
| Trading Securities | 9,763 | 994 | 16,602 | 13,129 | 454,769 | 495,257 |
| Investment Securities Available-for-Sale | 87,582 | 6 | 220,135 | 336,051 | 2,267,921 | 2,911,695 |
| Loans | 1,662,605 | 652,089 | 711,434 | 626,641 | 2,280,298 | 5,933,067 |
| Investment Securities Held-to-Maturity | - | 78,631 | 413,174 | 1,859,736 | 2,224,622 | 4,576,163 |
| Other Assets | 1,106,235 | 24,556 | 53,701 | 98,386 | 689,755 | 4,930,075 |
| Total Assets | 3,739,348 | 771,025 | 1,435,596 | 2,937,405 | 7,917,365 | 19,758,181 |
| Liabilities | | | | | | |
| Bank Deposits | 450,650 | 43,387 | 10,016 | 9,697 | - | 513,750 |
| Other Deposits | 5,814,755 | 5,110,398 | 1,102,441 | 178,398 | 248,895 | 12,454,887 |
| Other Fundings | 866,886 | 889,719 | 398,023 | 1,298,026 | 231,172 | 3,683,826 |
| Securities Issued | - | - | - | - | - | - |
| Miscellaneous Payables | - | - | - | - | 48,293 | 48,293 |
| Other Liabilities | 215,141 | 137,637 | 111,519 | 120,363 | 220,049 | 3,057,425 |
| Total Liabilities | 7,347,432 | 6,181,141 | 1,621,999 | 1,606,484 | 748,409 | 19,758,181 |
| Net Liquidity Shortage | -3,608,084 | -5,410,116 | -186,403 | 1,330,921 | 7,168,956 | - |
| | | | | | | |
| Prior Period | | | | | | |
| Total Assets | 4,761,940 | 1,214,326 | 1,679,808 | 2,179,140 | 8,865,674 | 21,660,136 |
| Total Liabilities | 8,044,239 | 8,085,932 | 1,430,686 | 1,366,362 | 653,680 | 21,660,136 |
| Net Liquidity Shortage | -3,282,299 | -6,871,606 | 249,122 | 812,778 | 8,211,994 | - |

(*) Items with a maturity up to one month are included in this column.

Items without any specific maturity are directly included in 'total' column.

4.8 Fair values of financial assets and liabilities

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

4.9 Transactions carried out on behalf of customers, items held in trust

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

4.10 Disclosure on operations

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5 Disclosures and footnotes on unconsolidated financial statements

5.1 Assets

5.1.1 Balances with the Central Bank of Turkey

| | Current Period | Prior Period |
|------------------------------|----------------|------------------|
| Unrestricted Demand Deposits | 432 | 148 |
| Unrestricted Time Deposits | 448,528 | 1,018,794 |
| Total | 448,960 | 1,018,942 |

5.1.2 Further information on trading securities (presented in net value)

5.1.2.1 Trading securities given as collateral or blocked

| | Current Period | | Prior Period | |
|---|----------------|----|--------------|----|
| | TL | FC | TL | FC |
| Common Stocks | - | - | - | - |
| Bonds, Treasury Bills and Similar Investment Securities | - | - | 15,461 | - |
| Other | - | - | - | - |

5.1.2.2 Trading securities subject to repurchase agreements

| | Current Period | | Prior Period | |
|-------------------------------------|----------------|---------|--------------|---------|
| | TL | FC | TL | FC |
| Government Bonds | - | 262,611 | - | 97,799 |
| Treasury Bills | - | - | - | 176,543 |
| Other Debt Securities | - | - | - | - |
| Bonds Issued or Guaranteed by Banks | - | - | - | - |
| Asset Backed Securities | - | - | - | - |
| Other | - | - | - | - |

5.1.3 Due from foreign banks

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.1.4 Receivables from reverse repurchase agreements

None.

5.1.5 Investment securities available-for-sale

5.1.5.1 Investment securities available-for-sale

Investment securities available-for-sale consist of debt securities, investment funds and common stocks.

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5.1.5.2 Details of investment securities available-for-sale

| | Current Period | Prior Period |
|------------------------------|------------------|------------------|
| Debt Securities | 2,864,132 | 1,172,897 |
| Quoted at Stock Exchange | 1,549,924 | 271,327 |
| Not Quoted at Stock Exchange | 1,314,208 | 901,570 |
| Common Stocks | 47,908 | 28,817 |
| Quoted at Stock Exchange | 9,756 | 16,913 |
| Not Quoted at Stock Exchange | 38,152 | 11,904 |
| Impairment Losses (-) | -345 | -4,937 |
| Total | 2,911,695 | 1,196,777 |

5.1.5.3 Collateralized investment securities available-for-sale

None.

5.1.5.4 Disclosure for collateralized/blocked investment securities available-for-sale

None.

5.1.5.5 Investment securities available for sale subject to repurchase agreements

| | Current Period | | Prior Period | |
|-------------------------------------|----------------|---------|--------------|---------|
| | TL | FC | TL | FC |
| Government Bonds | 82,501 | 677,078 | - | 306,791 |
| Treasury Bills | - | - | - | - |
| Other Debt Securities | - | - | - | - |
| Bonds Issued or Guaranteed by Banks | - | 114,240 | - | - |
| Asset Backed Securities | - | - | - | - |
| Others | - | - | - | - |

5.1.6 Loans**5.1.6.1 Loans and advances to shareholders and employees**

| | Current Period | | Prior Period | |
|--|----------------|----------------|----------------|----------------|
| | Cash Loans | Non-Cash Loans | Cash Loans | Non-Cash Loans |
| Direct Lendings to Shareholders | 75,225 | 242,485 | 112,438 | 181,168 |
| Corporates | 75,225 | 242,485 | 112,438 | 181,168 |
| Individuals | - | - | - | - |
| Indirect Lendings to Shareholders | 257,488 | 34,794 | 464,721 | 86,986 |
| Loans to Employees | 13,753 | 12 | 12,129 | - |
| Other | - | - | - | - |

5.1.6.2 Loans and other receivables classified in groups I and II and restructured or rescheduled

| Cash Loans | Performing Loans and Other Receivables (Group I) | | Loans under Follow-Up and Other Receivables (Group II) | |
|-------------------------------------|--|-----------------------------|--|-----------------------------|
| | Loans and Other Receivables | Restructured or Rescheduled | Loans and Other Receivables | Restructured or Rescheduled |
| Loans | 5,759,269 | - | 110,724 | 63,074 |
| Discounted Bills | 33,433 | - | - | - |
| Export Loans | 1,106,931 | - | 108,334 | 51,945 |
| Import Loans | 919 | - | - | - |
| Loans to Financial Sector | 240,786 | - | - | - |
| Loans to Foreign Companies | 2,055,657 | - | 2,075 | - |
| Consumer Loans | 285,122 | - | - | - |
| Credit Cards | 1,297,878 | - | - | - |
| Precious Metal Loans (Gold, etc...) | 106,435 | - | - | - |
| Other | 632,108 | - | 315 | 11,129 |
| Specialization Loans | - | - | - | - |
| Other Receivables | 2,140,562 | - | - | - |

5.1.6.3 Maturity analysis of cash loans

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.1.6.4 Consumer loans

| | Short-term | Medium and Long-term | Total | Accrued Interest and Income |
|-------------------------------------|------------------|----------------------|------------------|-----------------------------|
| Consumer Loans-TL | 136,090 | 10,873 | 146,963 | 3,924 |
| Housing Loans | 12,400 | 5,620 | 18,020 | 473 |
| Automobile Loans | 42,275 | 4,970 | 47,245 | 1,249 |
| Consumer Loans | 77,064 | 186 | 77,250 | 1,410 |
| Personnel Loans | 4,351 | 97 | 4,448 | 792 |
| Other Consumer Loans | - | - | - | - |
| Consumer Loans-Indexed to FC | 72,027 | 66,132 | 138,159 | 2,185 |
| Housing Loans | 14,859 | 61,224 | 76,083 | 1,352 |
| Automobile Loans | 41,882 | 3,487 | 45,369 | 353 |
| Consumer Loans | 15,143 | 1,152 | 16,295 | 436 |
| Personnel Loans | 143 | 269 | 412 | 44 |
| Other Consumer Loans | - | - | - | - |
| Credit Cards | 1,297,878 | - | 1,297,878 | 19,431 |
| Total Consumer Loans | 1,505,995 | 77,005 | 1,583,000 | 25,540 |

5.1.6.5 Allocation of loan customers

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

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5.1.6.6 Allocation of domestic and foreign loans

| | Current Period | Prior Period |
|----------------|----------------|--------------|
| Domestic Loans | 3,875,335 | 3,044,827 |
| Foreign Loans | 2,057,732 | 2,948,656 |

5.1.6.7 Loans to investments, associates and subsidiaries

| | Current Period | Prior Period |
|-------------------|----------------|--------------|
| Direct Lendings | 118,966 | 170,352 |
| Indirect Lendings | - | - |

5.1.6.8 Specific provisions for loans

| Specific Provisions | Current Period | Prior Period |
|--|----------------|--------------|
| Substandard Loans and Receivables - Limited Collectibility | 159 | 10,400 |
| Doubtful Loans and Receivables | 2,131 | - |
| Uncollectible Loans and Receivables | 134,230 | 115,940 |

5.1.6.9 Non-performing loans(NPLs) (Net)**Non-performing loans and other receivables restructured or rescheduled:**

None.

Movements in non-performing loan groups:

| | Group III | Group IV | Group V |
|--|-----------------------------------|--------------------------------|-------------------------------------|
| | Substandard Loans and Receivables | Doubtful Loans and Receivables | Uncollectible Loans and Receivables |
| Balances at Beginning of Period | 133,732 | - | 264,356 |
| Additions (+) | 19,832 | 1 | 3,685 |
| Transfer from Other NPL Categories (+) | - | 130,621 | 96,932 |
| Transfer to Other NPL Categories (-) | -130,621 | -96,932 | - |
| Collections (-) | -3,362 | -20,260 | -42,305 |
| Write-offs (-) | - | - | - |
| Restatement Effects of Inflationary Accounting (-) | -13,197 | 29 | -25,466 |
| Balances at End of Period | 6,384 | 13,459 | 297,202 |
| Specific Provisions (-) | 159 | 2,131 | 134,230 |
| Net Balance on Balance Sheet | 6,225 | 11,328 | 162,972 |

Non-performing loans in foreign currencies:

None.

5.1.6.10 Liquidation policy for uncollectible loans and receivables

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.1.7 Factoring receivables

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.1.8 Investment securities held-to-maturity (net)

5.1.8.1 Investment securities held-to-maturity

| | Current Period | Prior Period |
|------------------------------|------------------|------------------|
| Debt Securities | 4,576,163 | 5,551,682 |
| Quoted at Stock Exchange | 855,316 | 1,530,672 |
| Not Quoted at Stock Exchange | 3,720,847 | 4,021,010 |
| Impairment Losses (-) | - | - |
| Total | 4,576,163 | 5,551,682 |

5.1.8.2 Movement of investment securities held-to-maturity

| | Current Period | Prior Period |
|---|------------------|------------------|
| Balances at Beginning of Period | 5,551,682 | 5,421,559 |
| Foreign Currency Differences On Monetary Assets | -83,217 | 38,436 |
| Purchases during the Period | 384,478 | 2,465,838 |
| Disposals through Sales/Redemptions (-) | -738,329 | -917,677 |
| Impairment Losses | - | - |
| Restatements Effects of Inflationary Accounting (-) | -538,451 | -1,456,474 |
| Balances at End of Period | 4,576,163 | 5,551,682 |

5.1.8.3 Information on investment securities held-to-maturity

| Current Period | Historical Costs | | Valuation | |
|---|------------------|-----------|-----------|-----------|
| | TL | FC | TL | FC |
| Collateralised/Blocked Securities | 213,118 | 1,441,810 | 226,295 | 1,443,026 |
| Securities subject to Repurchase Agreements | 70,116 | 485,895 | 75,856 | 503,860 |
| Securities held for "Structural" Position | - | - | - | - |
| Receivable from Security Lending Market | - | - | - | - |
| Guarantees to Security Lending Market | - | - | - | - |

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| Prior Period | Historical Costs | | Valuation | |
|---|------------------|-----------|-----------|-----------|
| | TL | FC | TL | FC |
| Collateralised securities | 202,058 | 1,634,678 | 214,777 | 1,894,642 |
| Securities subject to Repurchase Agreements | 300,638 | 495,716 | 316,915 | 499,830 |
| Securities held for "Structural" Position | - | - | - | - |
| Receivable from Security Lending Market | - | - | - | - |
| Guarantees to Security Lending Market | - | - | - | - |

Collateralized investment securities held-to-maturity:

| | Current Period | | Prior Period | |
|------------------------------|----------------|-----------|--------------|-----------|
| | TL | FC | TL | FC |
| Share Certificates | - | - | - | - |
| Bonds and Similar Securities | 213,118 | 1,441,810 | 202,058 | 1,634,678 |
| Other | - | - | - | - |

Above securities are held for legal obligations and transaction limits.

Investment securities held-to-maturity subject to repurchase agreements:

| | Current Period | | Prior Period | |
|-------------------------------------|----------------|---------|--------------|---------|
| | TL | FC | TL | FC |
| Government Bonds | 70,116 | 485,895 | 300,638 | 495,716 |
| Treasury Bill | - | - | - | - |
| Other Debt Securities | - | - | - | - |
| Bonds Issued or Guaranteed by Banks | - | - | - | - |
| Asset Backed Securities | - | - | - | - |
| Other | - | - | - | - |

Investment securities held-to-maturity held for "structural" position:

None.

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5.1.9 Investments and associates (Net)**5.1.9.1 Investments and associates**

| | Investment/Associate | Address (City/Country) | Bank's Share – If Different, Voting Rights (%) | Bank's Risk Group Share (%) |
|---|---|------------------------|--|-----------------------------|
| 1 | Bankalararası Kart Merkezi AŞ (*) | İstanbul/Turkey | 10.15 | 10.15 |
| 2 | Tansaş Perakende Mağazacılık AŞ (*) (3) | İzmir/Turkey | 25.92 | 68.65 |
| 3 | İksir Ul. Elekt. Tic. Bilg. ve Hab. Hiz. AŞ (1) | İstanbul/Turkey | 31.36 | 100.00 |
| 4 | Volkswagen Doğu Tüketici Finansmanı AŞ | İstanbul/Turkey | 37.00 | 49.00 |
| 5 | Doğu Otomotiv Holding AŞ (1) | İstanbul/Turkey | 18.82 | 100.00 |
| 6 | Garanti Turizm Yatırım ve İşletmeleri AŞ (1) | İstanbul/Turkey | 43.33 | 100.00 |
| 7 | Doc Finance SA (2) | Geneve/Switzerland | 29.23 | 100.00 |

| | Total Assets | Shareholders' Equity | Total Property & Equipment | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value (if available) |
|---|--------------|----------------------|----------------------------|-----------------|--------------------------------|----------------------------|--------------------------|-------------------------------------|
| 1 | 7,658 | 6,438 | 3,583 | 891 | - | 434 | 69 | - |
| 2 | 315,352 | 131,651 | 191,892 | 1,881 | - | -34,944 | -242,666 | 337,986 |
| 3 | 15,535 | 12,413 | 18 | - | - | -3,409 | -201,898 | - |
| 4 | 251,918 | 619 | 3,230 | 41,863 | 787 | 29,054 | -53,801 | - |
| 5 | 341,571 | 106,595 | 84,382 | 4,612 | 931 | -2,690 | -4,879 | - |
| 6 | 83,697 | 59,637 | 28,720 | 33 | 31 | 26,496 | -72,780 | - |
| 7 | 190,112 | 16,087 | - | 16,001 | - | -1,162 | -103 | - |

(*) Inflation adjusted financial statements are not available

(1) As of 30 June 2003.

(2) As of 31 December 2002.

(3) Financial statements are as of 30 June 2003, but fair value information is as of 30 September 2003.

5.1.9.2 Movement of investments and associates

| | Current Period | Prior Period |
|---|----------------|----------------|
| Balance at Beginning of Period | 246,083 | 170,145 |
| Movements during the Period | | |
| Acquisitions and Participations in Capital Increases | - | 148,574 |
| Bonus Shares Received | - | - |
| Dividends from Current Year Profit | - | 149 |
| Sales (-) | - | - |
| Reclassifications | - | 1,660 |
| Difference between Market Values and Inflation-Adjusted Values | 2,797 | -32,920 |
| Effect of Difference between Devaluation and Inflation Rates on Investments in Foreign Currencies | -1,113 | -1,774 |
| Impairment Losses (-) | -1,623 | -39,751 |
| Balance at End of Period | 246,144 | 246,083 |
| Capital Commitments | - | - |
| Share Percentage at the End of Period (%) | - | - |

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Valuation methods of investments and associates:

| Investments and Associates | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Valued at Inflation-Adjusted Historical Costs | 128,527 | 129,436 |
| Valued at Fair Value | 87,614 | 84,815 |
| Valued by Equity Method of Accounting | 30,003 | 31,832 |

Sectoral distribution of investments and associates:

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

Quoted investments and associates:

| Investments and Associates | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Quoted at Domestic Stock Exchange | 87,614 | 84,815 |
| Quoted at International Stock Exchanges | - | - |

Investments and associates sold during the current period

None.

Investments and associates acquired during the current period

None.

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5.1.10 Subsidiaries (Net)**5.1.10.1 Subsidiaries**

| | Subsidiary | Address (City/ Country) | Bank's Share- If Different, Voting Rights (%) | Bank's Risk Group Share (%) |
|----|---|-------------------------|---|-----------------------------|
| 1 | Lasaş Lastik San.Ve Tic.AŞ | İstanbul/Turkey | 99.99 | 99.99 |
| 2 | Garanti Bilişim Teknolojisi Ve Tic. AŞ | İstanbul/Turkey | 100.00 | 100.00 |
| 3 | Petrotrans Nakliyat Ticaret AŞ (*) | İstanbul/Turkey | 99.60 | 99.60 |
| 4 | Ana Konut Danışmanlık AŞ | İstanbul/Turkey | 100.00 | 100.00 |
| 5 | Doğuş Hava Taşımacılığı AŞ | İstanbul/Turkey | 96.49 | 100.00 |
| 6 | Garanti Ödeme Sistemleri AŞ (*) (3) | İstanbul/Turkey | 99.92 | 100.00 |
| 7 | Doğuş İnsan Gücü AŞ (1) | İstanbul/Turkey | 64.10 | 100.00 |
| 8 | Doğuş Hiz. Yön. Ve Org. Danış. AŞ (*) | İstanbul/Turkey | 89.00 | 100.00 |
| 9 | Doğuş Turizm Sağlık Yat. İşlt. Tic. AŞ | İstanbul/Turkey | 100.00 | 100.00 |
| 10 | Sititur Turizm Taşımacılık Org. AŞ | İstanbul/Turkey | 99.82 | 100.00 |
| 11 | Galata Araştırma Yayıncılık Tanıtım Ve Bilişim Teknoloji Hizmetleri AŞ | İstanbul/Turkey | 100.00 | 100.00 |
| 12 | Şahintur Şahinler Otelcilik Turz.Yat.İşl.AŞ | Aydin/Turkey | 100.00 | 100.00 |
| 13 | Konaklı Turizm Temizlik Taşımacılık Org. Bilgisayar Danışmanlık Yapı Ve Tic. AŞ | İstanbul/Turkey | 99.97 | 100.00 |
| 14 | Voyager Mediterranean Turizm End.ve Tic.AŞ (2) | İstanbul/Turkey | 77.00 | 100.00 |
| 15 | Garanti Finansal Kiralama AŞ | İstanbul/Turkey | 94.10 | 98.93 |
| 16 | Garanti Faktoring Hiz.AŞ | İstanbul/Turkey | 55.41 | 81.84 |
| 17 | Garanti Yatırım Menkul Kıymetler AŞ | İstanbul/Turkey | 100.00 | 100.00 |
| 18 | Garanti Portföy Yönetimi AŞ | İstanbul/Turkey | 100.00 | 100.00 |
| 19 | Garanti Sigorta AŞ | İstanbul/Turkey | 100.00 | 100.00 |
| 20 | Garanti Emeklilik AŞ | İstanbul/Turkey | 99.36 | 100.00 |
| 21 | Garanti Gayrimenkul Yatırım Ortaklığı AŞ | İstanbul/Turkey | 50.98 | 50.98 |
| 22 | Garanti Bank International NV | Amsterdam/Holland | 100.00 | 100.00 |
| 23 | Bosphorus Financial Services Ltd | Valetta/Malta | 99.99 | 100.00 |
| 24 | Garanti Bank Moscow | Moscow/Russia | 78.35 | 99.85 |
| 25 | Instruments Finance Company | Cayman Islands | 100.00 | 100.00 |
| 26 | Garanti Financial Services Plc | Dublin/Ireland | 99.99 | 100.00 |
| 27 | Garanti Fund Management Co. Ltd | Valetta/Malta | 99.99 | 100.00 |
| 28 | IOB Bank Offshore Ltd. | Girne / Northern Cyprus | 100.00 | 100.00 |

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| | Total Assets | Shareholders' Equity | Total Property & Equipment | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value (if available) |
|----|--------------|----------------------|----------------------------|-----------------|--------------------------------|----------------------------|--------------------------|-------------------------------------|
| 1 | 44,616 | 41,498 | 38,756 | 7 | - | -3,156 | -1,637 | - |
| 2 | 8,118 | 4,261 | 1,453 | 333 | 326 | 656 | -84,003 | - |
| 3 | 325 | -11 | - | 18 | - | -154 | -211 | - |
| 4 | 297,013 | 285,866 | 275,965 | 62 | - | -19,185 | -39,028 | - |
| 5 | 11,957 | 11,606 | 1 | 2 | - | -2,584 | -102,333 | - |
| 6 | 1,881 | 866 | 202 | - | 168 | 467 | - | - |
| 7 | 1,169 | 100 | 206 | 46 | 17 | - | 1,218 | - |
| 8 | 1,269 | 1,264 | 5 | - | 67 | 100 | 1,132 | - |
| 9 | 165,972 | 165,964 | 158,631 | 33 | - | -222 | 3,890 | - |
| 10 | 77,434 | 77,415 | 73,431 | 3 | - | -2,063 | -46,392 | - |
| 11 | 155 | 63 | 142 | - | - | -6 | -212 | - |
| 12 | 5,767 | 5,758 | 5,237 | 120 | 120 | -41 | -2,160 | - |
| 13 | 10,129 | 10,049 | 9,422 | - | - | -305 | -4,977 | - |
| 14 | 212,737 | 211,075 | 169,017 | 129 | - | 40,349 | 57,240 | - |
| 15 | 341,756 | 110,265 | 15,982 | 41,808 | 41 | 40,760 | -17,091 | - |
| 16 | 163,005 | 20,857 | 486 | 161 | - | 1,865 | -57,509 | 20,370 |
| 17 | 10,247 | 9,037 | 3,686 | 463 | 463 | -2,415 | -24,256 | - |
| 18 | 10,346 | 7,918 | 3,367 | 999 | 259 | 2,983 | -3,719 | - |
| 19 | 86,892 | 28,889 | 14,141 | 3,659 | 2,317 | 1,975 | -25,931 | - |
| 20 | 43,022 | 16,310 | 5,990 | 2,926 | 1,763 | -863 | -7,472 | - |
| 21 | 67,605 | 67,525 | 43,573 | 6,275 | 3,358 | 4,037 | -22,380 | 24,529 |
| 22 | 2,743,127 | 241,619 | 61,358 | 112,882 | 25,575 | 25,108 | 2,198 | - |
| 23 | 456 | 420 | - | - | - | -104 | 390 | - |
| 24 | 149,622 | 34,054 | 2,382 | 9,174 | 5,659 | 8,423 | -18,394 | - |
| 25 | - | - | - | - | - | - | - | - |
| 26 | 12,090 | 10,039 | 9 | 624 | - | -1,885 | 8,379 | - |
| 27 | 1,400 | 58 | 46 | - | - | 32 | -109 | - |
| 28 | 844 | 844 | 28 | 48 | - | 536 | -2,379 | - |

(*) Inflation adjusted financial statements are not available.

(1) As of 31 December 2002.

(2) As of 31 March 2003.

(3) As of 30 June 2003.

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5.1.10.2 Movement of subsidiaries

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Balance at Beginning of Period | 1,084,432 | 1,050,234 |
| Movements during the Period | | |
| Acquisitions and Participations in Capital Increases | 206,462 | 73,566 |
| Bonus Shares Received | - | 2,395 |
| Dividends from Current Year Profit | - | 651 |
| Sales (-) | -1,236 | -18,428 |
| Reclassifications | - | -1,660 |
| Difference between Market Values and Inflation-Adjusted Values | 5,727 | -4,404 |
| Effect of Difference between Devaluation and Inflation Rates on Investments in Foreign Currencies | -50,036 | -5,490 |
| Impairment Losses (-) | -25,065 | -12,432 |
| Balance at End of Period | 1,220,284 | 1,084,432 |
| Capital Commitments | 29,907 | 50,055 |
| Share Percentage at the End of Period (%) | - | - |

Valuation methods of subsidiaries:

| Subsidiaries | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Valued at Inflation-Adjusted Historical Costs | 583,788 | 443,474 |
| Valued at Fair Value | 23,793 | 18,065 |
| Valued by Equity Method of Accounting | 612,703 | 622,893 |

Sectoral distribution of subsidiaries:

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

Quoted subsidiaries:

| Subsidiaries | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Quoted at Domestic Stock Exchanges | 23,793 | 18,065 |
| Quoted at International Stock Exchanges | - | - |

Subsidiaries disposed during the current period:

The shares in Ottoman Real Estate Investment Company SA has been sold in the current period. The liquidation of UTGB International (Jersey) Limited has been finalized as of 30 June 2003, while the liquidation of Körfez Financial Services plc. as of 23 July 2003 and of Instruments Finance Company as of the reporting date.

Subsidiaries acquired during the current period:

77 % shares of Voyager Mediterranean Turizm Endüstri ve Ticaret AŞ has been purchased for TL 161,433 billion in the current period. The remaining additions of TL 45,029 billion under "Acquisitions and Participations in Capital Increases" fully compose of the payments for the Bank's capital commitments against the existing subsidiaries.

5.1.11 Other investments (Net)

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

5.1.12 Lease receivables (Net)

5.1.12.1 Maturity analysis of lease receivables

None.

5.1.12.2 Net investment for financial lease

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

5.1.12.3 Financial lease agreements

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

5.1.13 Receivables on term sales of assets included in “Miscellaneous Receivables”

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

5.1.14 Accrued interest and income

5.1.14.1 Accrued interest and income on loans

| Accrued Interest and Income on Loans | Current Period | | Prior Period | |
|--|----------------|---------|--------------|---------|
| | TL | FC | TL | FC |
| Uncollected Interest Income | 5,324 | 6,729 | 3,530 | 5,177 |
| Interest Income Accruals | 41,297 | 110,971 | 32,720 | 205,488 |
| Uncollected Commissions and Other Income | 126 | 116 | 87 | 137 |
| Commissions and Other Income Accruals | 3,810 | 208 | 5,240 | 796 |

5.1.14.2 Other accrued interest and income

| Other Accrued Interest and Income Receivable on | Current Period | | Prior Period | |
|---|----------------|---------|--------------|---------|
| | TL | FC | TL | FC |
| Trading Securities | 550 | 4,830 | 7,355 | 29,910 |
| Investment Securities Available-for-Sale | 82,590 | 102,582 | 2,887 | 43,412 |
| Investment Securities Held-to-Maturity | 70,291 | 23,053 | 115,482 | 444,852 |
| Reverse Repurchase Agreements | - | - | - | - |
| Reserve Deposits | 15,631 | 735 | 15,071 | 1,457 |
| Financial Derivative Instruments: | 2,176 | 5,469 | 3,784 | 1,117 |
| <i>Interest and Income Accruals</i> | 2,176 | 5,469 | 3,784 | 1,117 |
| <i>Income Accruals for Foreign Exchange Gains</i> | - | - | - | - |
| Financial Leases | - | - | - | - |
| Other | 4,450 | - | 10,381 | 4 |

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5.1.15 Property and equipment (Net)

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.1.16 Intangible assets

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.1.17 Other assets

5.1.17.1 Prepaid expenses, taxes and similar items

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.1.17.2 Components of other assets excluding off-balance sheet items exceeding 10% of total assets

None.

5.2 Liabilities

5.2.1 Maturity profile of deposits

Current Period

| | Demand | 7 Days Notice | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over |
|---|------------------|------------------|------------------|------------------|------------------|----------------|--------------------|
| Saving Deposits | 225,062 | - | 782,825 | 1,066,903 | 388,912 | 95,347 | 32,200 |
| Foreign Currency Deposits | 2,071,303 | - | 3,125,227 | 1,765,876 | 366,375 | 61,823 | 211,612 |
| Residents in Turkey | 1,904,346 | - | 2,998,560 | 1,701,173 | 345,703 | 56,105 | 193,771 |
| Residents Abroad | 166,957 | - | 126,667 | 64,703 | 20,672 | 5,718 | 17,841 |
| Public Sector Deposits | 64,510 | - | 1,817 | 1,183 | - | 89 | 22 |
| Commercial Deposits | 675,865 | - | 800,881 | 113,866 | 325,566 | 17,230 | 1,742 |
| Other | 202,286 | - | 10,670 | 18,462 | 3,200 | 3,939 | 50 |
| Precious Metal Deposits | 1,650 | - | 18,394 | - | - | - | - |
| Bank Deposits | 36,787 | - | 476,963 | - | - | - | - |
| Central Bank of Turkey | - | - | - | - | - | - | - |
| Domestic Banks | 1,469 | - | 165,329 | - | - | - | - |
| Foreign Banks | 35,258 | - | 290,634 | - | - | - | - |
| Special Purpose Financials Institutions | 10 | - | - | - | - | - | - |
| Other | 50 | - | 21,000 | - | - | - | - |
| Total | 3,277,463 | - | 5,216,777 | 2,966,290 | 1,084,053 | 178,428 | 245,626 |

Prior Period

| | Demand | 7 Days Notice | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over |
|---|------------------|------------------|------------------|------------------|----------------|----------------|--------------------|
| Saving Deposits | 208,146 | - | 717,477 | 968,088 | 220,062 | 67,612 | - |
| Foreign Currency Deposits | 2,404,797 | - | 4,358,017 | 2,057,208 | 439,421 | 67,053 | 200,866 |
| Residents in Turkey | 2,207,084 | - | 4,146,905 | 1,984,740 | 426,166 | 61,142 | 184,474 |
| Residents Abroad | 197,713 | - | 211,112 | 72,468 | 13,255 | 5,911 | 16,392 |
| Public Sector Deposits | 5,247 | - | 347 | 192 | - | 49 | 21 |
| Commercial Deposits | 538,476 | - | 814,045 | 550,655 | 283,240 | 68,535 | - |
| Other | 87,006 | - | 12,840 | 19,522 | 27,455 | 12 | 25 |
| Precious Metal Deposits | 5,206 | - | 38,510 | - | - | - | - |
| Bank Deposits | 25,129 | - | 389,205 | - | - | - | - |
| Central Bank of Turkey | - | - | - | - | - | - | - |
| Domestic Banks | 12,302 | - | 17,281 | - | - | - | - |
| Foreign Banks | 6,270 | - | 371,924 | - | - | - | - |
| Special Purpose Financials Institutions | 80 | - | - | - | - | - | - |
| Other | 6,477 | - | - | - | - | - | - |
| Total | 3,274,007 | - | 6,330,441 | 3,595,665 | 970,178 | 203,261 | 200,912 |

5.2.1.1 Saving deposits covered by the guarantee of Saving Deposit Insurance Fund and excesses over the deposit insurance limit

| | Covered by Deposit Insurance | | Over Deposit Insurance Limit | |
|---|------------------------------|--------------|------------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Saving Deposits | 2,590,861 | 1,295,134 | - | 878,807 |
| Foreign Currency Saving Deposits | 5,584,162 | 3,021,413 | - | 3,992,668 |
| Other Deposits | 18,952 | 2,912 | - | 37,733 |
| Foreign Branches' Deposits Under Foreign Insurance Coverage | - | - | - | - |
| Off-Shore Branches' Deposits Under Foreign Insurance Coverage | - | - | - | - |

5.2.1.2 Saving deposits at domestic branches of foreign banks in Turkey under the coverage of foreign insurance

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.1.3 Saving deposits out of the limits of Saving Deposit Insurance Fund

| Saving Deposits at | Current Period | Prior Period |
|--------------------|----------------|--------------|
| Foreign Branches | 294,042 | 466,222 |
| Off-Shore Branches | - | - |

5.2.2 Funds from repurchase transactions

| | Current Period | | Prior Period | |
|--|----------------|------------------|----------------|----------------|
| | TL | FC | TL | FC |
| Domestic Transactions | 152,359 | - | 300,460 | - |
| Financial Institutions and Organizations | 72,943 | - | 166,079 | - |
| Other Institutions and Organizations | 57,251 | - | 91,855 | - |
| Individuals | 22,165 | - | 42,526 | - |
| Foreign Transactions | 257 | 1,154,869 | 178 | 887,943 |
| Financial Institutions and Organizations | - | 1,154,869 | - | 887,943 |
| Other Institutions and Organizations | 66 | - | 4 | - |
| Individuals | 191 | - | 174 | - |

5.2.3 Funds borrowed

| | Current Period | | Prior Period | |
|----------------------|----------------|-----------|--------------|-----------|
| | TL | FC | TL | FC |
| Short-term | 98,811 | 1,568,347 | 226,342 | 2,036,721 |
| Medium and Long-term | - | 664,183 | 2,214 | 569,336 |

5.2.3.1 Disclosures for concentration areas of the Bank's commitments

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

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5.2.4 Disclosure for securities issued

None.

5.2.4.1 Convertible bonds

None.

5.2.4.2 Maturity, interest and currency profile of securities issued

None.

5.2.5 Funds

None.

5.2.6 Miscellaneous payables

| | Current Period | Prior Period |
|---------------------------|----------------|--------------|
| Cash Collaterals Received | 539 | 606 |

5.2.6.1 Nature of cash collaterals received

Cash collaterals received consist of deposits blocked for loans, export and import transactions.

5.2.7 Components of other liabilities excluding off-balance sheet items exceeding 10% of total liabilities

None.

5.2.8 Taxes and other duties payable

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.9 Factoring payables

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.10 Criteria, limitations and commitments of leasing agreements

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.10.1 Changes in agreements and further commitments arising

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

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5.2.10.2 Financial lease payables

| | Current Period | | Prior Period | |
|-------------------|----------------|--------------|---------------|---------------|
| | Gross | Net | Gross | Net |
| Up to 1 Year | 4,040 | 3,119 | 8,031 | 6,933 |
| 1-4 Years | 6,804 | 5,464 | 5,044 | 4,280 |
| More than 4 Years | - | - | - | - |
| Total | 10,844 | 8,583 | 13,075 | 11,213 |

5.2.10.3 Operational lease agreements

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.10.4 "Sale-and-lease-back" agreements

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.11 Accrued interest and expenses

| Accrued Interest and Expenses on | Current Period | | Prior Period | |
|---|----------------|--------|--------------|--------|
| | TL | FC | TL | FC |
| Deposits | 122,307 | 15,851 | 133,377 | 20,276 |
| Funds Borrowed | 8,316 | 13,165 | 11,804 | 14,687 |
| Securities Issued | - | - | - | - |
| Repurchase Agreements | 3,616 | 2,377 | 391 | 756 |
| Financial Derivative Instruments: | 73 | 17,236 | 1,633 | 1,295 |
| <i>Interest and Expense Accruals</i> | 73 | 17,236 | 1,633 | 1,295 |
| <i>Expense Accruals for Foreign Exchange Losses</i> | - | - | - | - |
| Other | 3,181 | 90,827 | 6,371 | 16,985 |

5.2.12 Provisions and subordinated loans**5.2.12.1 General provisions**

| | Current Period | Prior Period |
|-----------------------------------|----------------|---------------|
| General Provision for | 42,349 | 38,981 |
| Loans and Receivables in Group I | 32,915 | 33,061 |
| Loans and Receivables in Group II | 869 | 1,126 |
| Non-Cash Loans | 8,565 | 4,794 |
| Other | - | - |

5.2.12.2 Reserve for employee termination benefits and notification indemnity

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

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5.2.12.3 Commitments for retirement rights

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.12.4 Timing and amount of expected payments of provisions considering uncertainties

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.12.5 General reserves for possible losses

| | Current Period | Prior Period |
|--------------------------------------|----------------|--------------|
| General Reserves for Possible Losses | 5,000 | 22,144 |

5.2.13 Subordinated loans

None.

5.2.14 Information on shareholders' equity**5.2.14.1 Paid-in capital**

| | Current Period | Prior Period |
|-----------------|----------------|--------------|
| Common Stock | 822,038 | 791,748 |
| Preferred Stock | - | - |

5.2.14.2 Registered share capital system

| Capital | Paid-in Capital | Ceiling per Registered Share Capital |
|-----------------|-----------------|--------------------------------------|
| Common Stock | 822,038 | 1,000,000 |
| Preferred Stock | - | - |

5.2.14.3 Capital increases in current period

By the decision of the Board of Directors on 26 May 2003, the Bank's paid-in capital has been increased by TL 30,290 billion from TL 791,748 billion to TL 822,038 billion through income on sale of realstates allocated for capital increases.

5.2.14.4 Sources of capital increases in current period

None.

5.2.14.5 Capital commitments for financial year and following period

None.

5.2.14.6 Information on priority rights of preferred stocks

None.

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5.2.14.7 Common stock issue premiums, shares and equity instruments

| | Current Period | Prior Period |
|---------------------------------|-----------------------|---------------------|
| Number of Shares (billion) (1) | 1,644 | 1,583 |
| Preferred Stock | - | - |
| Common Stock Issue Premium | - | - |
| Common Stock Canceling Profit | - | - |
| Other Equity Instruments | - | - |
| Total Common Stock Issue | 1,644 | 1,583 |

(1) The Bank's paid-in capital amounts to TL822,038 billion and composes of 1.644.075.623.310 shares with a face value of TL500 each and 1.895 shares with a face value of TL100 each. As of 30 September 2003, the Bank's capital is fully paid.

5.2.14.8 Securities value increase fund

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.14.9 Revaluation fund

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.14.10 Increases in revaluation fund during current period

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.14.11 Legal reserves

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.14.12 Extraordinary reserves

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.2.14.13 Shareholders having more than 10% share in capital and/or voting right

| Name/Commercial Title | Shares | Ownership | Paid-in Capital | Unpaid Portion |
|------------------------------|---------------|------------------|------------------------|-----------------------|
| Doğuş Holding AŞ | 452,797 | 55.08% | 452,797 | - |

5.3 Statement of operations

5.3.1 Interest Income

5.3.1.1 Interest income received from investments, associates and subsidiaries

| | Current Period | Prior Period |
|---|----------------|--------------|
| Interest Received from Investments, Associates and Subsidiaries | 7,961 | 111,732 |

5.3.1.2 Income from financial lease

None.

5.3.1.3 Interest income received from reverse repurchase agreements

None.

5.3.1.4 Interest income from factoring receivables

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.3.2 Interest Expenses

5.3.2.1 Interest expenses paid to investments, associates and subsidiaries

| | Current Period | Prior Period |
|---|----------------|--------------|
| Interest Paid to Investments, Associates and Subsidiaries | 14,797 | 36,654 |

5.3.2.2 Expenses on financial lease

| | Current Period | Prior Period |
|----------------------------|----------------|--------------|
| Financial Leasing Expenses | 920 | 6,852 |

5.3.2.3 Maturity structure of the interest expense on deposits

| Account Description | Demand Deposits | Time Deposits | | | | | Total |
|---------------------------|-----------------|----------------|----------------|----------------|---------------|-----------------|------------------|
| | | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | |
| TL | | | | | | | |
| Bank Deposits | 550 | 60,574 | - | - | - | - | 61,124 |
| Saving Deposits | 1,668 | 254,824 | 346,385 | 98,255 | 19,988 | 12,036 | 733,156 |
| Public Sector Deposits | - | 90 | 141 | - | 20 | 6 | 257 |
| Commercial Deposits | 704 | 155,105 | 42,851 | 94,464 | 2,592 | 443 | 296,159 |
| Other | 3,591 | 2,772 | 8,043 | 2,072 | 614 | 15 | 17,107 |
| "7 Days Notice" Deposits | - | - | - | - | - | - | - |
| Total TL | 6,513 | 473,365 | 397,420 | 194,791 | 23,214 | 12,500 | 1,107,803 |
| FC | | | | | | | |
| Foreign Currency Deposits | 2,068 | 91,381 | 55,488 | 13,157 | 1,359 | 6,429 | 169,882 |
| Bank Deposits | - | 13,141 | - | - | - | - | 13,141 |
| Precious Metal Deposits | - | 2 | 19 | 6 | 2 | - | 29 |
| Total FC | 2,068 | 104,524 | 55,507 | 13,163 | 1,361 | 6,429 | 183,052 |
| Total | 8,581 | 577,889 | 452,927 | 207,954 | 24,575 | 18,929 | 1,290,855 |

5.3.2.4 Interest expense on repurchase agreements

| | Current Period | | Prior Period | |
|--|----------------|--------|--------------|-------|
| | TL | FC | TL | FC |
| Interest Paid on Repurchase Agreements | 130,742 | 18,895 | 97,053 | 6,604 |

5.3.2.5 Interest expenses on factoring payables

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.3.3 Net income/losses on investment securities held-to-maturity

None.

5.3.4 Other operating income

Other operating income consists of collection or reversals of prior year provisions, banking services related costs charged to customers and custody income.

5.3.5 Provision expenses for loans and other receivables

| | Current Period | Prior Period |
|---|----------------|--------------|
| Specific Provisions for Loans and Other Receivables | 36,016 | 37,573 |
| <i>Unsecured</i> | - | - |
| <i>Others</i> | 36,016 | 37,573 |
| General Provisions | 7,741 | 4,017 |
| Impairment Losses on Securities | 2 | 724 |
| Other Impairment Losses (I) | 29,566 | 147,612 |
| Other | -6,212 | 49,532 |

(I) consist of impairment losses for investments, associates, subsidiaries and investment securities held-to-maturity

5.3.6 Other operating expenses

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.3.7 Profit/losses from investments, associates and subsidiaries

5.3.7.1 Profit and losses

| Profit/Losses from | Current Period | Prior Period |
|----------------------------------|-----------------------|---------------------|
| Subsidiaries (+/-) | 23,326 | 62,171 |
| Investments and Associates (+/-) | 36 | 148 |

5.3.7.2 Profit/losses from investments and associates included in statement of operations on basis of equity accounting as a separate item

None.

5.3.7.3 Profit or loss from transactions with companies and individuals in the Bank's risk group

None.

5.3.8 Extraordinary income/expense

None.

5.3.9 Net profit and loss

5.3.9.1 Any further explanation on operating results needed for proper understanding of the Bank's performance

None.

5.3.9.2 Any changes in estimations that might have a material effect on current and subsequent period results

None.

5.3.10 Quantification of any changes in accounting estimates that had material effect in current period and may materially affect subsequent periods

None.

5.4 Off-balance Sheet Items

5.4.1 Guarantees and sureties

5.4.1.1 Non-cash loans

| | Current Period | Prior Period |
|---|------------------|------------------|
| Non-Cash Loans against Cash Loan Risks | 429,324 | 390,652 |
| <i>With Original Maturity of 1 Year or Less</i> | 31,109 | 47,526 |
| <i>With Original Maturity of More Than 1 Year</i> | 398,215 | 343,126 |
| Other Non-Cash Loans | 4,329,078 | 4,852,218 |
| Total | 4,758,402 | 5,242,870 |

5.4.1.2 Details of non-cash loans

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.4.2 Commitments

5.4.2.1 Irrevocable commitments

| | Current Period | Prior Period |
|--|------------------|------------------|
| Letters of Guarantee in Foreign Currency | 2,074,689 | 2,730,548 |
| Letters of Guarantee in TL | 1,156,281 | 979,531 |
| Letters of Credit | 908,577 | 863,087 |
| Bank Acceptances | 247,097 | 257,775 |
| Prefinancing | 18,157 | 22,614 |
| Total | 4,404,801 | 4,853,555 |

5.4.2.2 Possible losses from off-balance sheet items

None.

5.4.2.3 Pledges, mortgages, other restrictions and acquisition commitments on tangible assets

None.

5.4.2.4 Explanation for the following matters separately from other conditional commitments

The Bank's share in commitments for joint venture:

None.

Accounting method of commitments:

The Bank has capital commitments in the amount of TL 29,907 billion for its subsidiaries. Furthermore, there are letters of guarantee in the amount of TL 40,733 billion issued for several entities for the Bank's own business. These commitments are included in the Bank's off-balance sheet accounts.

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5.4.3 Financial derivative instruments

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.4.4 Services rendered on behalf of customers

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.4.5 The Bank's latest international risk ratings**MOODY'S (July 2003*)**

| | |
|-----------------------|----------|
| Long Term FC Deposit | B3 |
| Long Term TL Deposit | Baa2 |
| Short Term TL Deposit | Prime-2 |
| Deposit Outlook | Stable |
| FSR | D+ |
| FSR Outlook | Negative |

STANDARD AND POORS (July 2003*)

| | |
|--|--------|
| Long Term FC Counter Party Credit Rating | B- |
| Outlook | Stable |

FITCH RATINGS (September 2003*)

| | |
|-------------------------|----------|
| Foreign Currency | |
| Long Term | B- |
| Short Term | B |
| Outlook | Positive |
| Individual | D |
| Support | 5 |
| Turkish Lira | |
| Long Term | B- |
| Short Term | B |
| Outlook | Positive |
| National | A- (Tur) |
| Outlook | Stable |

CAPITAL INTELLIGENCE (September 2003*)

| | |
|---------------------------|----------|
| Long Term FC Obligations | B |
| Short Term FC Obligations | B |
| Domestic Strength | BBB- |
| Support | 2 |
| Outlook | Negative |

(* Latest dates in risk notes or outlooks.

5.5 Statement of changes in shareholders' equity

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.6 Statement of cash flows

5.6.1 Disclosures for "other" items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.6.2 Cash outflows from acquisition of investments, associates, subsidiaries and other investments

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.6.3 Cash inflows from disposal of investments, associates, subsidiaries and other investments

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.6.4 Cash and cash equivalents at end of current period

| | Current Period | Prior Period |
|---------------------------------|----------------|------------------|
| Cash on Hand | 113,659 | 180,027 |
| <i>Cash in TL</i> | 34,128 | 31,512 |
| <i>Cash in Foreign Currency</i> | 79,531 | 148,515 |
| Cash Equivalents | 774,253 | 1,722,666 |
| <i>Other(*)</i> | 774,253 | 1,722,666 |
| TOTAL | 887,912 | 1,902,693 |

(*) Blocked accounts in the amount of TL 36,801 billion, were included under the demand deposits at banks as kept against the fundings through securitization deals.

5.6.5 Restricted cash and cash equivalents due to legal requirements or other reasons

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.6.6 Additional information

5.6.6.1 Restrictions on the Bank's potential borrowing:

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.6.6.2 Cash inflows presenting increase in operating capacity of the Bank:

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

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5.7 Accounting for entities acquired through mergers and acquisitions:

None

5.8 Related party risks

5.8.1 Volume of transactions with the Bank's risk group, lendings and deposits outstanding at period end and income and expenses from transactions incurred during the period

5.8.1.1 Current Period

| Bank's Risk Group (1) | Investments, Associates and Subsidiaries | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|--------------------------------|--|----------|---|----------|--------------------------------|----------|
| | Cash | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans and Other Receivables | | | | | | |
| Balance at beginning of period | 170,352 | 31,469 | 577,160 | 268,514 | - | - |
| Balance at end of period | 118,966 | 23,567 | 332,713 | 277,279 | - | - |
| Interest and Commission Income | 7,961 | 88 | 18,700 | 1,641 | - | - |

(1) As described in the Article 20, clause (2) of Regulation on Establishment and Operations of Banks

5.8.1.2 Prior Period

| Bank's Risk Group (1) | Investments, Associates and Subsidiaries | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|--------------------------------|--|----------|---|----------|--------------------------------|----------|
| | Cash | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans and Other Receivables | | | | | | |
| Balance at beginning of period | 459,273 | 55,476 | 597,596 | 291,196 | 489,473 | - |
| Balance at end of period | 170,352 | 31,469 | 577,160 | 268,514 | - | - |
| Interest and Commission Income | 112,063 | - | 59,898 | 2,306 | - | - |

(1) As described in the Article 20, clause (2) of Regulation on Establishment and Operations of Banks

5.8.1.3 Other related party balances

Deposits:

| Bank's Risk Group (1) | Investments, Associates and Subsidiaries | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|--------------------------------|--|--------------|---|--------------|--------------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Deposits | | | | | | |
| Balance at beginning of period | 126,899 | 397,250 | 142,421 | 155,506 | - | - |
| Balance at end of period | 74,986 | 126,899 | 124,767 | 142,421 | - | - |
| Interest Expenses | 14,797 | 36,654 | 11,290 | 27,404 | - | - |

(1) As described in the Article 20, clause (2) of Regulation on Establishment and Operations of Banks

Derivative transactions:

| Bank's Risk Group (1) | Investments, Associates and Subsidiaries | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|------------------------------|--|--------------|---|--------------|--------------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Trading Transactions: | | | | | | |
| Beginning of Period | 19,007 | 277,451 | - | 19,340 | - | - |
| End of Period | 21,238 | 19,007 | - | - | - | - |
| Total Profit/Loss | -361 | -45 | - | - | - | - |
| Hedging Transactions: | | | | | | |
| Beginning of Period | - | - | - | - | - | - |
| End of Period | - | - | - | - | - | - |
| Total Profit/Loss | - | - | - | - | - | - |

(1) As described in the Article 20, clause (2) of Regulation on Establishment and Operations of Banks

5.8.2 The Bank's risk group

5.8.2.1 Relations with companies in risk group of / or controlled by the Bank regardless of nature of current transactions

Transactions with the risk group, are held under arm's-length conditions; terms are set according to the market conditions and in compliance with the Banking Law. The Bank's policy is to keep the balances and transaction volumes with the risk group at reasonable levels preventing any high concentration risk on balance sheet.

5.8.2.2 Concentration of transaction volumes and balances with risk group and pricing policy

The cash loans of the risk group compose 6.75% of the Bank's total cash loans and 2.09% of the Bank's total assets. The non-cash loans of the risk group compose 6.32% of the Bank's total non-cash loans. The deposits of the risk group compose 1.54% of the Bank's total deposits. The pricing of transactions with the risk group companies is set in compliance with the market prices.

5.8.2.3 Other matters not required to be disclosed

None.

5.8.2.4 Transactions accounted under equity method

Please refer to sections 5.1.9 and 5.1.10.

5.8.2.5 All kind of agreements signed like asset purchases/sales, service rendering, agencies, leasing, research and development, licences, funding, guarantees, management services

The Bank has agency contracts with Garanti Yatırım Menkul Kıymetler AŞ, Garanti Sigorta AŞ, Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities are rendered by the Bank's specialised branches (Investment Centers).

Purchase of equipments for the Bank's internal use are partly arranged through financial leasing.

5.9 Accounting in hyperinflationary economies

5.9.1 Further disclosure for inflationary accounting

5.9.1.1 Restatement of financial statements of the current and prior periods for the changes in the general purchasing power of Turkish Lira on the balance sheet date

Article 14 (the “Article”) of “Regulation on Accounting Standards”; “Accounting Standard for Financial Reporting in Hyperinflationary Economies” has been in effect since 1 July 2002.

The Bank’s financial statements are restated for the changes in the general purchasing power of Turkish Lira on the balance sheet date in accordance with the Article as mentioned above. The corresponding figures for previous periods are restated in the same terms. In order to define an economy as a hyperinflationary economy, there are certain criteria set in the Article. One characteristic is a cumulative three-year inflation rate approaching or exceeding 100%. Inflationary accounting is applied in accordance with the Article and based on the supplement attached to it including the Turkish nation-wide wholesale price indices published by the State Institute of Statistics. Based on these indices, the three-year inflation rate in Turkey has been 192.99% as of 30 September 2003. Accordingly the financial statements of the Bank are restated for the changes in the general purchasing power of Turkish Lira as of 30 September 2003.

The restatement was calculated by means of conversion factors derived from the Turkish countrywide wholesale price index published by the State Institute of Statistics. Such indices and conversion factors used to restate the accompanying financial statements at 30 September 2003 and 2002, and 31 December 2002, are given below:

| <u>Date</u> | <u>Index</u> | <u>Conversion factor</u> |
|-------------------|--------------|--------------------------|
| 30 September 2003 | 7,173.3 | 1.000 |
| 31 December 2002 | 6,478.8 | 1.107 |
| 30 September 2002 | 6,024.6 | 1.191 |

The main guidelines for the above-mentioned restatement are as follows:

- Inflationary accounting was applied starting from 1970. For the transactions before 1970, the restatements were made as if they occurred in 1970.
- Monetary assets and liabilities, which are carried at amounts current at the balance sheet date, are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities, which are carried at amounts current at the balance sheet date, are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities are restated from their acquisition dates. The effects of any revaluations made before based on the prior legislations are eliminated.

- The components of shareholders' equity, are restated by applying the relevant conversion factors except for any revaluation surpluses previously recorded. Any capital increases through such surpluses are not considered as contributions of shareholders. Transfers from reserves, undistributed profits, share premiums and income on sale of participations and premises and equipment to capital, are considered as capital contributions of shareholders. As a result of the restatements, any positive differences between the nominal paid-in capital and the restated paid-in capital, are recorded under "capital reserves from inflation adjustments to paid-in capital" in the shareholders' equity.
- All items in the statement of operations are restated by applying the monthly conversion factors.
- As the price indices are announced monthly, the same indices are used for all the transactions of the related month.
- The effect of inflation on the net monetary position of the Bank, is included in the statement of operations as "gain/loss on net monetary position".
- Investments, affiliated companies and other equity shares are either presented at fair values if their fair values are available, or at market values if they are quoted, otherwise restated by applying the relevant conversion factors to their carrying values from the date of their acquisition after deducting any bonus shares received due to revaluation surpluses added to capital and financial expenses capitalised, including foreign exchange differences. Investments, affiliated companies and other equity shares in foreign currencies have been translated into Turkish Lira at foreign exchange rates prevailing at the balance sheet date.
- The restated amount of non-monetary assets are reduced when they exceed the amounts recoverable from the items' future uses taking into consideration criteria like the nature of impairments like permanent or temporary, and the impairment size. Provision for impairments is recognized in the statement of operations. In determination of fair values, prudence and materiality principles are applied in accordance with "Regulation on Accounting Standards".

5.10 Domestic, foreign and off-shore branches and foreign representative offices

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

5.11 Significant events and matters arising subsequent to balance sheet date

By the decision no.2074 of the Board of Directors on the meeting held on 6 August 2003, it was agreed to close the Bahrain Branch as the majority of the Bank's foreign operations were held by the Luxembourg and Malta Branches. The liquidation process is expected to finalize before the year-end 2003.

Türkiye Garanti Bankası AŞ

As of 30 September 2003, Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes to be Announced to the Public Together with Independent Auditor's Review Report Thereon (Billions of Turkish Lira as restated for the effects of inflation in equivalent of purchasing power as of 30 September 2003)

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 3.1.1*

6 Other disclosures and footnotes

6.1 Other disclosures on the Bank's activities

None.

7 Independent Auditor's Report

7.1 Disclosure on Independent Auditor's Report

The Bank's unconsolidated interim financial statements as of 30 September 2003, have been subject to review by Cevdet Suner Denetim ve Yeminli Mali Müşavirlik AŞ (the member firm of KPMG). It was noted in their review report dated 6 November 2003 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 30 September 2003.

7.2 Disclosures prepared by Independent Auditor

None.

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