



TO : **INVESTMENT COMMUNITY**
FROM : **GARANTI BANK / Investor Relations**
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SUBJECT : **March 31, 2003, BRSA Solo Financial Statements**
DATE : **May 15, 2002**

FINANCIAL HIGHLIGHTS / SOLO¹

(TLBillion)	March 31, 2003
Total Assets	20,394,066
Cash Loans (net)	6,004,977
NPL (%)	5.4%
Total Deposits	13,657,772
Total Shareholders' Equity	1,768,011
Net Income	27,199
Capital Adequacy Ratio	12.63 %

Garanti reported TL27,199 trillion in net income as at March 31, 2003. The Bank's asset size stood at TL20,394,066 billion. The share of gross cash loans and deposits in the balance sheet increased to 31.1% and 67.0%, respectively, supporting the Bank's increasing market shares. Gross non-performing loans registered a 14.6% decline, bringing NPL to gross cash loan ratio to 5.4% as at March 31, 2003 from 6.2% in year-end 2002.

Türkiye Garanti Bankası Anonim Şirketi

As of 31 March 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 Financial Statements
2. General Information about the Bank
3. Accounting Policies
4. Financial Position and Results of Operations
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Other Disclosures and Footnotes
7. Independent Auditor's Review Report

The unconsolidated 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 financial statements are presented in TL billions as restated for the effects of inflation in equivalent purchasing power as of 31 March 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

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

1 Unconsolidated Financial Statements

1.1 Balance Sheet prepared as of 31 March 2003

Presented on pages 3 and 4.

1.2 Off-Balance Sheet Items prepared as of 31 March 2003

Presented on page 5.

1.3 Statement of Operations prepared for the three-month period ended 31 March 2003

Presented on page 6.

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 301 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;
- To purchase/sell debt securities, treasury bills, government bonds and other share certificates issued by official and private institutions,
- To develop economical and financial relations with foreign organizations,
- To deal 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 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, food, tourism and service sectors with more than 16.000 employees.

The Group is the exclusive distributor of the Volkswagen/Audi and Porsche, Seat, Saab, Scania, Jeeves International, Armani, Gucci brands in Turkey.

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

Türkiye Garanti Bankası AŞ

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The Group is the leading importer of passenger and lcv cars in Turkey and has tourism investments such as Sheraton Antalya, Club Aldiana, 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 AŞ, Garanti Faktoring Hizmetleri AŞ and Garanti Ödeme Sistemleri 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 Istanbul Stock Exchange and assets held for resale which are presented on a fair value basis.

The accompanying unconsolidated statement of operations and the related disclosures and footnotes for the three-month period ended 31 March 2002, are presented for comparison purposes and are not subject to review. Balances for the three-month period ended 31 March 2002, are restated for the changes in the general purchasing power of Turkish Lira (TL) as of 31 March 2003.

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 Accounting Standards ("IAS"), 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 IAS.

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 Istanbul Stock Exchange, 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. Foreign currency differences of foreign currency-indexed loans and securities are recorded under interest income and expenses. 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 5,497 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 31 March 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.

Total foreign exchange losses included in net profit for the period amounts to TL 187,147 billion. The balance of profit reserve from foreign currency differences is TL 98 billion.

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 12.63% as of 31 March 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)	5,734,917	470,069	669,313	7,017,904
Cash on Hand	108,353	12,853	-	-
Due From Banks	353,256	454,971	-	33,772
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	1,132,101	-	-	-
Special Purpose Financial Institutions	-	-	-	-
Loans	985,336	-	588,434	4,431,207
Loans under Follow-Up (Net)	-	-	-	217,768
Investments, Associates and Subsidiaries	-	-	-	823,763
Miscellaneous Receivables	37	-	-	42,060
Investment Securities Held to Maturity (Net)	2,450,006	-	-	-
Advances for Assets Acquired under Financial Lease	-	-	-	-
Financial Lease Receivables	-	-	-	-
Leased Assets (Net)	-	-	-	-
Property and Equipment (Net)	-	-	-	1,288,115
Accrued Interest and Income	345,110	2,245	80,879	143,417
Other Assets	360,718	-	-	37,802
Off-Balance Sheet Items	224,973	1,595,791	2,073,957	204,938
Guarantees	224,973	1,566,142	658,862	203,019
Commitments	-	-	1,415,095	-
Other Off Balance Sheet-Items	-	-	-	-
Derivative Financial Instruments	-	29,649	-	1,919
Total Risk Weighted Assets	5,959,890	2,065,860	2,743,270	7,222,842

4.2.3 Summary on capital adequacy ratio

	Risk Weights	
	Current Period	Prior Period
Total Risk Weighted Assets (1)	9,851,408	10,465,005
Shareholders' Equity	1,243,808	1,329,729
Shareholders' Equity/Total Risk Weighted Assets (CAR (%))	12.63	12.71

(1) "Value at Risk" in the amount of TL 843,759 billion (31 December 2002: TL 1,189,210 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	791,748	791,748
Nominal Capital	791,748	791,748
Capital Commitments (-)	-	-
Share Premium and Cancellation Profit	-	-
Legal Reserves	935,467	935,467
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	935,467	935,467
Status Reserves	-	-
Extraordinary Reserves	98	317
Reserve Allocated at the General Assembly	-	-
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Currency Exchange Difference on Share Capital	98	317
Profit	165,527	138,328
Current Period Profit	27,199	138,328
Prior Period Profit	138,328	-
Loss (-)	-	-
Current Period Loss	-	-
Prior Period Loss	-	-
Total Core Capital	1,892,840	1,865,860
SUPPLEMENTARY CAPITAL		
Revaluation Fund	4,437	2,140
Movables	-	-
Immovables	2,140	2,140
Profit on Sale of Associates, Subsidiaries and Real Estates subject to Transfer to Capital	2,297	-
Revaluation Fund on Leasehold Improvements	-	-
Revaluation Fund Surplus	2,431	2,431
Foreign Currency Exchange Differences	-	-
General Reserves	37,653	39,570
Provision for Possible Losses	20,000	22,479
Subordinated Loans	-	-
Securities Value Increase Fund	-131,697	15,943
Associates and Subsidiaries	-	-
Investments Available for Sale	-131,697	15,943
Investments Held to Maturity	-	-
Total Supplementary Capital	-67,176	82,563
TIER III CAPITAL		
CAPITAL	1,825,664	1,948,423
DEDUCTIONS FROM CAPITAL	581,856	618,694
Investments in Entities Operating in Financial Sectors like Money Markets, Capital Markets, Insurance, and Having Legal Title in accordance with the Related Special Laws	478,317	498,592
Leasehold Improvements	30,186	32,417
Pre-operating Costs	29,539	30,814
Prepaid Expenses	43,814	56,871
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 Expense	-	-
TOTAL SHAREHOLDERS' EQUITY	1,243,808	1,329,729

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	63,807
General Market Risk	62,177
Specific Risk	1,630
Options Subject to Interest Rate Risk	-
Capital Obligation against Common Stock Position Risk – Standard Method	2,727
General Market Risk	1,464
Specific Risk	1,263
Options Subject To Common Stock Position Risk	-
Capital Obligation against Currency Risk – Standard Method	967
Capital Obligation	967
Capital Obligation against Options Subject to Currency Risk	-
Total Value-At-Risk – Home Model	-
Total Capital Obligations against Market Risk	67,501
Value-At-Risk Amount	843,759

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 31 March 2003, the Bank's net 'on balance sheet' foreign currency short position amounts to TL 150,729 billion, net 'off-balance sheet' foreign currency long position amounts to TL 164,908 billion, while net foreign currency long position amounts to TL 14,179 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 1,669,000
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 1,669,000
<u>US dollar purchase rates for the days before balance sheet:</u>	
Day 1	TL 1,670,000
Day 2	TL 1,670,000
Day 3	TL 1,690,000
Day 4	TL 1,695,000
Day 5	TL 1,685,000

The arithmetical average of the Bank's US dollar purchase rates for the last 30 days before balance sheet date is TL1,648,633 (TL'full).

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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	224,997	217,243	247	4,064	446,551
Due From Banks and Other Financial Institutions	180,214	151,694	7,035	11,058	350,001
Trading Securities	109,334	722,525	-	-	831,859
Investment Securities Available-for-Sale	265,739	747,823	16,571	-	1,030,133
Loans	786,161	3,511,553	2,850	123,890	4,424,454
Investments, Associates and Subsidiaries	225,639	48,938	-	5,374	279,951
Investment Securities Held-to-Maturity	95,871	3,625,432	-	-	3,721,303
Property and Equipment	-	284	-	2,975	3,259
Goodwill	-	-	-	-	-
Other Assets	66,838	1,686,327	132	2,869	1,756,166
Total Assets	1,954,793	10,711,819	26,835	150,230	12,843,677
Liabilities					
Bank Deposits	122,198	284,429	3	26,448	433,078
Foreign Currency Deposits	2,489,756	5,958,922	10,155	200,252	8,659,085
Other Fundings	827,757	2,645,994	-	8,490	3,482,241
Securities Issued	-	-	-	-	-
Miscellaneous Payables	1,717	2,652	-	62	4,431
Other Liabilities	64,731	299,193	513	51,134	415,571
Total Liabilities	3,506,159	9,191,190	10,671	286,386	12,994,406
Net 'On Balance Sheet' Position	-1,551,366	1,520,629	16,164	-136,156	-150,729
Net 'Off-Balance Sheet' Position	1,548,264	-1,507,767	-17,156	141,567	164,908
Derivative Assets	1,703,437	420,848	-	195,874	2,320,159
Derivative Liabilities	155,173	1,928,615	17,156	54,307	2,155,251
Prior Period					
Total Assets	1,985,772	11,603,692	8,386	326,415	13,924,265
Total Liabilities	3,461,966	10,501,262	10,822	261,483	14,235,533
Net 'On Balance Sheet' Position	-1,476,194	1,102,430	-2,436	64,932	-311,268
Net 'Off-Balance Sheet' Position	1,470,876	-1,365,908	2,171	-61,191	45,948

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	366,041	-	-	-	-	108,421	474,462
Due From Banks and Other Financial Institutions	211,186	171,764	6,098	1,551	-	98,144	488,743
Trading Securities	63	530,607	257,306	28,386	57,395	1,580	875,337
Investment Securities Available-for-Sale	-	53,599	41,884	1,080,104	748,433	23,634	1,947,654
Loans	1,348,706	682,472	1,065,759	742,787	2,165,253	-	6,004,977
Investment Securities Held-to-Maturity	296,345	3,913,633	46,926	88,742	712,169	-	5,057,815
Other Assets	1,132,101	-	-	-	-	1,501,475	5,545,078
Total Assets	3,354,442	5,352,075	1,417,973	1,941,570	3,683,250	1,733,254	20,394,066
Liabilities							
Bank Deposits	583,670	25,672	3,365	-	-	24,029	636,736
Other Deposits	2,990,413	5,983,844	851,317	77,279	246,903	2,871,280	13,021,036
Securities Issued	-	-	-	-	39,439	-	39,439
Other Fundings	-	-	-	-	-	-	-
Miscellaneous Payables	766,611	956,251	758,291	1,089,435	442,546	-	4,013,134
Other Liabilities	674	1,913	1,031	1,337	4,890	702,373	2,683,721
Total Liabilities	4,341,368	6,967,680	1,614,004	1,168,051	733,778	3,597,682	20,394,066
On Balance Sheet Interest Sensitivity Shortage	-986,926	-1,615,605	-196,031	773,519	2,949,472	-1,864,428	-
Off-Balance Sheet Interest Sensitivity Shortage	-	-	-	-	-	-	-
Total Interest Sensitivity Shortage	-986,926	-1,615,605	-196,031	773,519	2,949,472	-1,864,428	-

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

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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	2.25	4.39	-	-
Due From Banks and Other Financial Institutions	4.03	5.89	-	51.97
Trading Securities	8.67	9.50	-	56.09
Investment Securities Available-for-Sale	7.60	10.32	3.89	57.59
Loans	7.41	7.66	-	65.19
Investment Securities Held-to-Maturity	9.71	9.81	-	52.20
Liabilities				
Bank Deposits	5.51	4.41	-	41.63
Other Deposits	3.01	2.57	-	39.24
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	5.73	3.71	-	44.29

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	1,034,206	-	-	-	-	199,714	1,233,920
Due From Banks and Other Financial Institutions	413,151	179,203	18,473	3,438	-	102,414	716,679
Trading Securities	8,370	835,400	59,015	490,441	139,969	8,750	1,541,945
Investment Securities Available-for-Sale	837	146,197	-	94,950	945,525	27,369	1,214,878
Loans	1,352,826	637,532	827,632	1,218,339	2,047,808	-	6,084,137
Investment Securities Held-to-Maturity	332,236	446,018	4,157,689	98,171	601,540	-	5,635,654
Other Assets	1,086,354	-	-	-	-	1,470,182	5,560,544
Total Assets	4,227,980	2,244,350	5,062,809	1,905,339	3,734,842	1,808,429	21,987,757
Liabilities							
Bank Deposits	358,157	72,001	384	480	-	25,516	456,538
Other Deposits	3,480,730	7,462,730	306,323	158,633	37,436	2,928,460	14,374,312
Securities Issued	-	-	-	-	-	52,684	52,684
Other Fundings	-	-	-	-	-	-	-
Miscellaneous Payables	1,206,559	199,386	1,597,198	777,672	303,231	-	4,084,046
Other Liabilities	3,662	2,600	2,074	1,859	1,188	898,108	3,020,177
Total Liabilities	5,049,108	7,736,717	1,905,979	938,644	341,855	3,904,768	21,987,757
On Balance Sheet Interest Sensitivity Shortage	-821,128	-5,492,367	3,156,830	966,695	3,392,987	-2,096,339	-
Off-Balance Sheet Interest Sensitivity Shortage	-	-	-	-	-	-	-
Total Interest Sensitivity Shortage	-821,128	-5,492,367	3,156,830	966,695	3,392,987	-2,096,339	-

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

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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	474,462	-	-	-	-	474,462
Due From Banks and Other Financial Institutions	309,330	171,764	6,098	1,551	-	488,743
Trading Securities	1,643	11,679	257,306	58,680	546,029	875,337
Investment Securities Available-for-Sale	23,634	47,998	41,884	1,080,104	754,034	1,947,654
Loans	1,348,706	682,472	1,065,759	742,787	2,165,253	6,004,977
Investment Securities Held-to-Maturity	1	461,604	46,926	493,239	4,056,045	5,057,815
Other Assets	1,207,366	80,946	119,095	153,111	1,073,058	5,545,078
Total Assets	3,365,142	1,456,463	1,537,068	2,529,472	8,594,419	20,394,066
Liabilities						
Bank Deposits	607,699	25,672	3,365	-	-	636,736
Other Deposits	5,861,693	5,983,844	851,317	77,279	246,903	13,021,036
Other Fundings	766,611	956,251	758,291	1,089,435	442,546	4,013,134
Securities Issued	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	39,439	39,439
Other Liabilities	254,366	190,067	52,376	7,572	207,837	2,683,721
Total Liabilities	7,490,369	7,155,834	1,665,349	1,174,286	936,725	20,394,066
Net Liquidity Shortage	-4,125,227	-5,699,371	-128,281	1,355,186	7,657,694	-
Prior Period						
Total Assets	4,833,967	1,232,695	1,705,217	2,212,101	8,999,769	21,987,757
Total Liabilities	8,165,911	8,208,237	1,452,325	1,387,028	663,570	21,987,757
Net Liquidity Shortage	-3,331,944	-6,975,542	252,892	825,073	8,336,199	-

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	153	150
Unrestricted Time Deposits	353,103	1,034,204
Total	353,256	1,034,354

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	-	-	15,695	-
Other	-	-	-	-

5.1.2.2 Trading securities subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	-	24,816	-	99,278
Treasury Bills	-	-	-	179,214
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 and common stocks.

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5.1.5.2 Details of investment securities available-for-sale

	Current Period	Prior Period
Debt Securities	2,059,190	1,190,637
Quoted at Stock Exchange	933,625	275,431
Not Quoted at Stock Exchange	1,125,565	915,206
Common Stocks	26,251	29,252
Quoted at Stock Exchange	13,875	17,168
Not Quoted at Stock Exchange	12,376	12,084
Impairment Losses (-)	-137,787	-5,011
Total	1,947,654	1,214,878

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	-	665,882	-	311,431
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Others	-	-	-	-

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

Loans and advances to	Current Period		Prior Period	
	Cash Loans	Non-cash Loans	Cash Loans	Non-cash Loans
Direct Lendings to Shareholders	110,591	168,340	114,139	183,908
Corporates	110,591	168,340	114,139	183,908
Individuals	-	-	-	-
Indirect Lendings to Shareholders	434,669	80,441	471,750	88,301
Lendings to Employees	11,126	12	12,313	-
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	5,778,160	-	154,004	72,813
Discounted Bills	14,105	-	-	-
Export Loans	1,158,613	-	136,192	62,178
Import Loans	868	-	-	-
Loans to Financial Sector	3,609	-	-	-
Loans to Foreign Companies	2,845,836	-	17,501	-
Consumer Loans	205,071	-	-	-
Credit Cards	942,134	-	-	-
Precious Metal Loans (Gold, etc...)	93,173	-	-	-
Other	514,751	-	311	10,635
Specialization Loans	-	-	-	-
Other Receivables	1,611,789	-	-	-

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	80,133	31,341	111,474	2,920
Housing Loans	9,606	6,734	16,340	383
Automobile Loans	29,316	24,321	53,637	1,205
Consumer Loans	38,055	93	38,148	859
Personnel Loans	3,156	193	3,349	473
Other Consumer Loans	-	-	-	-
Consumer Loans-Indexed to FC	40,864	52,733	93,597	1,655
Housing Loans	13,057	47,202	60,259	1,233
Automobile Loans	18,158	4,206	22,364	207
Consumer Loans	9,481	1,027	10,508	186
Personnel Loans	168	298	466	29
Other Consumer Loans	-	-	-	-
Credit Cards	942,134	-	942,134	13,632
Total Consumer Loans	1,063,131	84,074	1,147,205	18,207

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	3,141,641	3,090,881
Foreign Loans	2,863,336	2,993,256

5.1.6.7 Loans to investments, associates and subsidiaries

	Current Period	Prior Period
Direct Lendings	163,137	172,929
Indirect Lendings	-	-

5.1.6.8 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	-	10,557
Doubtful Loans and Receivables	22,897	-
Uncollectible Loans and Receivables	104,313	117,694

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 Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Balances at Beginning of Period	135,754	-	268,355
Additions (+)	36	-	1,283
Transfer from Other NPL Categories (+)	-	121,147	-
Transfer to Other NPL Categories (-)	-121,147	-	-
Collections (-)	-3,479	-	-12,868
Write-offs (-)	-	-	-
Restatement Effects of Inflationary Accounting (-)	-11,164	-3,700	-29,239
Balances at End of Period	-	117,447	227,531
Specific Provisions (-)	-	-22,897	-104,313
Net Balance on Balance Sheet	-	94,550	123,218

Non-performing loans in foreign currencies:

None.

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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	5,057,815	5,635,654
Quoted at Stock Exchange	972,168	1,553,824
Not Quoted at Stock Exchange	4,085,647	4,081,830
Impairment Losses (-)	-	-
Total	5,057,815	5,635,654

5.1.8.2 Movement of investment securities held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	5,635,654	5,503,563
Foreign Currency Differences On Monetary Assets	26,289	39,018
Purchases during the Period	225,602	2,503,135
Disposals through Sales/Redemptions (-)	-211,847	-931,557
Impairment Losses (-)	-	-
Restatements Effects of Inflationary Accounting (-)	-617,883	-1,478,504
Balances at End of Period	5,057,815	5,635,654

5.1.8.3 Information on investment securities held-to-maturity

Current Period	Historical Costs		Valuation	
	TL	FC	TL	FC
Collateralised/Blocked Securities	178,146	1,441,810	186,471	1,777,035
Securities subject to Repurchase Agreements	347,110	640,742	371,264	663,402
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	205,114	1,659,404	218,026	1,923,300
Securities subject to Repurchase Agreements	305,185	503,214	321,708	507,390
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	178,146	1,441,810	205,114	1,659,404
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	347,110	640,742	305,185	503,214
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 (1)	İstanbul/Turkey	10.15	10.15
2	Tansaş Perakende Mağazacılık AŞ	İzmir/Turkey	25.92	68.65
3	İksir Ul. Elekt. Tic. Bilg. ve Hab. Hiz. AŞ	İstanbul/Turkey	31.36	100.00
4	Volkswagen Doğu Tüketici Finansmanı AŞ	İstanbul/Turkey	37.00	49.00
5	Doğu Otomotiv Holding AŞ	İstanbul/Turkey	18.82	100.00
6	Garanti Turizm Yatırım ve İşletmeleri AŞ	İstanbul/Turkey	43.33	100.00
7	Doc Finance SA	Geneve/Switzerland	29.23	100.00

(1) Inflation adjusted financial statements are not available.

	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	6,722	6,142	3,304	1,054	-	-	(1) 810	
2	388,926	211,909	231,121	1,334	-	-28,836	-230,853	255,123
3	15,951	10,112	30	11	11	-1,288	-203,564	
4	137,662	-26,767	3,852	9,978	136	2,098	-54,615	
5	381,245	92,917	84,574	2,237	335	-17,270	-4,918	
6	72,901	48,126	29,319	23	22	14,717	-73,367	
7	114,535	6,976	19	16,347	-	-	(2) 1,128	

(1) As of 31 December 2002 and not inflation adjusted.

(2) As of 31 December 2002.

5.1.9.2 Movement of investments and associates

	Current Period	Prior Period
Balance at Beginning of Period	249,806	172,720
Movements during the Period		
Acquisitions and Participations in Capital Increases	-	150,822
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	152
Sales (-)	-	-
Reclassifications	-	1,685
Difference between Market Values and Inflation-Adjusted Values	-8,763	-33,418
Effect of Difference between Devaluation and Inflation Rates on Investments in Foreign Currencies	-263	-1,801
Impairment Losses (-)	-22,050	-40,354
Balance at End of Period	218,730	249,806
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	127,241	131,394
Valued at Fair Value	66,134	86,099
Valued by Equity Method of Accounting	25,355	32,313

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	66,134	86,099
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	Lasas 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 (1)	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 (1)	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 (1)	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	Garanti Finansal Kiralama AŞ	İstanbul/Turkey	94.10	98.93
15	Garanti Faktoring Hiz.AŞ	İstanbul/Turkey	55.41	81.84
16	Garanti Yatırım Menkul Kıymetler AŞ	İstanbul/Turkey	100.00	100.00
17	Garanti Portföy Yönetimi AŞ	İstanbul/Turkey	100.00	100.00
18	Garanti Sigorta AŞ	İstanbul/Turkey	100.00	100.00
19	Garanti Hayat Sigorta AŞ	İstanbul/Turkey	99.36	100.00
20	Garanti Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/Turkey	50.98	50.98
21	Garanti Bank International NV	Amsterdam/Holland	100.00	100.00
22	Bosphorus Financial Services Ltd	Valetta/Malta	99.99	100.00
23	Garanti Bank Moscow	Moscow/Russia	78.35	99.85
24	Instruments Finance Company	Cayman Islands	100.00	100.00
25	Garanti Financial Services Plc	Dublin/Ireland	99.99	100.00
26	Garanti Fund Management Co. Ltd	Valetta/Malta	99.99	100.00
27	Ottoman Real Estate Company S.A.	Luxemburg	99.00	100.00
28	IOB Bank Offshore Ltd.	Girne / Northern Cyprus	100.00	100.00
29	UTGB	Jersey/Channel Islands	100.00	100.00

(1) Inflation adjusted financial statements are not available.

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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	45,323	41,581	39,179	6	-	-3,749	-1,662	
2	6,995	3,272	1,596	125	125	-388	-85,273	
3	300	-33	-	1	-	-	(1) -211	
4	310,880	291,632	294,175	274	-	-12,133	-39,618	
5	14,776	14,346	2	1	-	-58	-103,881	
6	1,488	553	217	-	63	-	(1) 435	
7	1,169	100	206	46	17	-	(1) 1,218	
8	1,160	1,149	39	-	93	-	(1) 1,118	
9	168,848	168,800	161,115	14	-	101	3,949	
10	79,267	79,230	75,197	1	-	-1,071	-47,095	
11	157	74	145	-	-	4	-216	
12	5,843	5,842	5,367	42	42	-45	-2,192	
13	10,406	10,355	9,692	-	-	-156	-5,052	
14	319,671	102,734	16,708	14,024	4	32,173	-17,349	
15	131,966	19,355	438	52	-	75	-58,379	15,510
16	9,484	8,325	4,206	562	562	-3,300	-24,623	
17	8,975	5,684	3,472	390	189	675	-3,775	
18	81,190	23,420	14,390	668	410	-3,901	-26,323	
19	42,873	16,462	5,816	1,484	936	-816	-7,585	
20	63,341	63,251	44,323	1,078	95	-1,198	-22,719	15,973
21	2,991,730	246,590	72,605	46,142	8,800	12,551	8,385	
22	573	529	-	-	-	-33	395	
23	181,591	43,574	3,525	2,635	1,753	7,572	-18,672	
24	-	21	-	-	-	-	-21	
25	27,205	12,413	14	346	-	-496	8,506	
26	1,645	13	84	-	-	-44	-110	
27	2,678	174	2,609	-	-	53	-152	
28	1,031	1,031	35	25	-	108	-2,415	
29	46	-129,694	-	-	-	-	-131,363	

(1) As of 31 December 2002 and not inflation adjusted.

(2) As of 31 March 2002.

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5.1.10.2 Movement of subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	1,100,834	1,066,119
Movements during the Period		
Acquisitions and Participations in Capital Increases	18,427	74,678
Bonus Shares Received	-	2,431
Dividends from Current Year Profit	-	661
Sales (-)	-1,125	-18,707
Reclassifications	-	-1,685
Difference between Market Values and Inflation-Adjusted Values	-1,502	-4,470
Effect of Difference between Devaluation and Inflation Rates on Investments in Foreign Currencies	-11,574	-5,573
Impairment Losses (-)	-21,710	-12,620
Balance at End of Period	1,083,350	1,100,834
Capital Commitments	36,474	50,812
Share Percentage at the End of Period (%)	-	-

Valuation methods of subsidiaries:

Subsidiaries	Current Period	Prior Period
Valued at Inflation-Adjusted Historical Costs	445,847	450,182
Valued at Fair Value	16,736	18,338
Valued by Equity Method of Accounting	620,767	632,314

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	16,736	18,338
Quoted at International Stock Exchanges	-	-

Subsidiaries disposed during the current period:

There were no subsidiary sales in the current period. The disposal shown under "Sales" above, is the movement resulted from the liquidation process of Körfez Financial Services plc.

Subsidiaries acquired during the current period:

There were no subsidiary acquisitions in the current period. The additions shown under "Acquisitions and Participations in Capital Increases" fully compose of the payments for the Bank's capital commitments.

5.1.11 Other investments

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	4,045	2,332	3,583	5,256
Interest Income Accruals	38,754	188,730	33,215	208,596
Uncollected Commissions and Other Income	87	163	89	139
Commissions and Other Income Accruals	5,168	95	5,319	808

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	375	19,255	7,467	30,362
Investment Securities Available-for-Sale	44,280	30,722	2,931	44,069
Investment Securities Held-to-Maturity	78,700	624,973	117,228	451,581
Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	13,494	1,199	15,299	1,479
Financial Derivative Instruments:	4,170	1,039	3,842	1,134
Interest and Income Accruals	4,170	1,039	3,842	1,134
Income Accruals for Foreign Exchange Gains	-	-	-	-
Financial Leases	-	-	-	-
Other	3,277	-	10,537	4

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	164,875	-	768,519	1,208,584	165,384	27,917	30,508
Foreign Currency Deposits	2,070,676	-	3,869,463	2,005,929	464,563	37,103	211,351
Residents in Turkey	1,891,427	-	3,688,404	1,917,095	445,619	32,423	194,153
Residents Abroad	179,249	-	181,059	88,834	18,944	4,680	17,198
Public Sector Deposits	82,655	-	222	1,738	-	45	16
Commercial Deposits	452,822	-	819,234	234,740	220,515	1,066	1,232
Other	91,991	-	9,601	35,577	853	15	33
Precious Metal Deposits	8,261	-	35,548	-	-	-	-
Bank Deposits	24,029	-	612,707	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	1,195	-	24,858	-	-	-	-
Foreign Banks	22,772	-	587,849	-	-	-	-
Special Purpose Financials Institutions	62	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	2,895,309	-	6,115,294	3,486,568	851,315	66,146	243,140

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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	211,295	-	728,329	982,731	223,390	68,635	-
Foreign Currency Deposits	2,441,170	-	4,423,934	2,088,325	446,068	68,067	203,905
Residents in Turkey	2,240,466	-	4,209,628	2,014,761	432,612	62,066	187,265
Residents Abroad	200,704	-	214,306	73,564	13,456	6,001	16,640
Public Sector Deposits	5,327	-	353	194	-	49	22
Commercial Deposits	546,622	-	826,357	558,984	287,524	69,572	-
Other	88,321	-	13,035	19,817	27,870	12	26
Precious Metal Deposits	5,285	-	39,093	-	-	-	-
Bank Deposits	25,508	-	395,092	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	12,488	-	17,543	-	-	-	-
Foreign Banks	6,365	-	377,549	-	-	-	-
Special Purpose Financials Institutions	81	-	-	-	-	-	-
Other	6,574	-	-	-	-	-	-
Total	3,323,528	-	6,426,193	3,650,051	984,852	206,335	203,953

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	1,283,687	1,314,724	1,075,159	892,099
Foreign Currency Saving Deposits	2,648,405	3,067,114	3,023,057	4,053,059
Other Deposits	3,196	2,956	37,065	38,304
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	396,908	473,274
Off-Shore Branches	-	-

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5.2.2 Funds from repurchase transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	227,019	-	305,004	-
Financial Institutions and Organizations	6,378	-	168,591	-
Other Institutions and Organizations	179,185	-	93,243	-
Individuals	41,456	-	43,170	-
Foreign Transactions	100,746	902,051	181	901,374
Financial Institutions and Organizations	100,490	854,156	-	901,374
Other Institutions and Organizations	4	47,895	4	-
Individuals	252	-	177	-

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	83,128	1,712,957	229,765	2,067,527
Medium and Long-term	-	867,233	2,248	577,947

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".

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	1,184	615

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".

5.2.10.2 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	6,165	5,066	8,152	7,038
1-4 Years	5,574	4,779	5,120	4,344
More than 4 Years	-	-	-	-
Total	11,739	9,845	13,272	11,382

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	100,316	19,815	135,395	20,583
Funds Borrowed	11,285	19,040	11,982	14,909
Securities Issued	-	-	-	-
Repurchase Agreements	4,059	1,388	397	768
Financial Derivative Instruments:	1,335	7,174	1,658	1,315
<i>Interest and Expense Accruals</i>	<i>1,335</i>	<i>7,174</i>	<i>1,658</i>	<i>1,315</i>
<i>Expense Accruals for Foreign Exchange Losses</i>	-	-	-	-
Other	3,371	8,539	6,467	17,241

5.2.12 Provisions and subordinated loans

5.2.12.1 General provisions

	Current Period	Prior Period
General Provision for	37,653	39,570
Loans and Receivables in Group I	32,023	33,560
Loans and Receivables in Group II	1,134	1,143
Non-Cash Loans	4,496	4,867
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".

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	20,000	22,479

5.2.13 Subordinated loans

None.

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

	Current Period	Prior Period
Common Stock	791,748	791,748
Preferred Stock	-	-

5.2.14.2 Registered share capital system

Capital	Paid-in Capital	Ceiling per Registered Share Capital
Common Stock	791,748	1,000,000
Preferred Stock	-	-

5.2.14.3 Capital increases in current period

None.

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.

5.2.14.7 Common stock issue premiums, shares and equity instruments

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

(1) The Bank's paid-in capital amounts to TL791,748 billion and composes of 1.583.496.999.655 shares with a face value of TL500 each and 1.725 shares with a face value of TL100 each. As of 31 March 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".

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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	436,113	55.08%	436,113	-

5.3 Statement of operations

"Prior period" balances in this section, were not subject to independent auditor's limited review.

5.3.1 Interest Income**5.3.1.1 Interest income received from investments, associates and subsidiaries**

	Current Period	Prior Period (unaudited)
Interest Received from Investments, Associates and Subsidiaries	2,769	3,473

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".

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5.3.2 Interest Expenses**5.3.2.1 Interest expenses paid to investments, associates and subsidiaries**

	Current Period	Prior Period (unaudited)
Interest Paid to Investments, Associates and Subsidiaries	7,909	13,604

5.3.2.2 Expenses on financial lease

	Current Period	Prior Period (unaudited)
Financial Leasing Expenses	434	2,065

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	156	17,966	-	-	-	-	18,152
Saving Deposits	930	92,898	117,630	25,388	2,577	3,426	242,849
Public Sector Deposits	-	25	50	-	5	2	82
Commercial Deposits	288	73,500	18,535	30,166	382	158	123,029
Other	38	1,260	3,153	1,500	2	4	5,957
"7 Days Notice" Deposits	-	-	-	-	-	-	-
Total TL	1,412	185,679	139,368	57,054	2,966	3,590	390,069
FC							
Foreign Currency Deposits	767	28,688	18,908	4,742	396	2,568	56,069
Bank Deposits	-	4,778	-	-	-	-	4,778
Precious Metal Deposits	-	2	18	-	5	-	25
Total FC	767	33,468	18,926	4,742	401	2,568	60,872
Total	2,179	219,147	158,294	61,796	3,367	6,158	450,941

5.3.2.4 Interest expense on repurchase agreements

	Current Period		Prior Period (unaudited)	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	34,617	4,988	1,151	885

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.

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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 (unaudited)
Specific Provisions for Loans and Other Receivables	14,176	22,397
<i>Unsecured</i>	-	-
<i>Others</i>	14,176	22,397
General Provisions	2,531	-
Impairment Losses on Securities	721	91,236
Other Impairment Losses (1)	44,896	55,731
Other	373	168,871

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

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 (unaudited)
Subsidiaries (+/-)	17,264	53,916
Investments and Associates (+/-)	-	-

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.

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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.

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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	370,316	396,561
<i>With Original Maturity of 1 Year or Less</i>	45,101	48,245
<i>With Original Maturity of More Than 1 Year</i>	325,215	348,316
Other Non-Cash Loans	4,569,507	4,925,610
Total	4,939,823	5,322,171

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
Letters of Guarantee in Foreign Currency	2,464,567
Letters of Guarantee in TL	950,874
Letters of Credit	841,438
Bank Acceptances	247,624
Prefinancing	21,766
Total	4,526,269

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.

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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 36,474 billion for its investments, associates and 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.

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 2002*)**

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 2002*)

Long Term FC Counter Party Credit Rating	B-
Long Term FC Deposits	B-
Outlook	Negative

FITCH RATINGS (March 2003*)

Foreign Currency	
Long Term	B-
Short Term	B
Outlook	Negative
Individual	D/E
Support	4T
Turkish Lira	
Long Term	B-
Outlook	Short Term B
National	
Long Term	A-(tur)
Outlook	Negative

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CAPITAL INTELLIGENCE

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

(*) Latest dates in risk notes or outlooks.

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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	108,268	182,750
<i>Cash in TL</i>	27,724	31,989
<i>Cash in Foreign Currency</i>	80,544	150,761
Cash Equivalents	848,839	1,745,937
<i>Other</i>	848,839	1,745,937
TOTAL	957,107	1,928,687

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”.

5.7 Accounting for entities acquired through mergers and acquisitions: None

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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	172,929	31,945	585,890	272,210	-	-
Balance at end of period	163,137	29,978	545,795	248,781	-	-
Interest and Commission Income	2,836	35	12,185	572	-	-

(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	466,219	56,315	606,635	295,600	496,877	-
Balance at end of period	172,929	31,945	585,890	272,210	-	-
Interest and Commission Income	3,527	-	17,867	-	-	-

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

5.8.1.3 Related party risks

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	128,818	403,258	144,575	157,858	-	-
Balance at end of period	128,959	128,818	84,508	144,575	-	-
Interest Expenses	7,909	13,604	3,945	6,724	-	-

(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	19,295	281,648	-	19,633	-	-
End of Period	53,063	19,295	-	-	-	-
Total Profit/Loss	1,078	-5	-	-	-	-
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 10.7% of the Bank's total cash loans and 3.1% of the Bank's total assets. The non-cash loans of the risk group compose 5.6% of the Bank's total non-cash loans. The deposits of the risk group compose 1.6% 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 Hayat Sigorta 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 224.10% as of 31 March 2003. Accordingly the financial statements of the Bank are restated for the changes in the general purchasing power of Turkish Lira as of 31 March 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 31 March 2003 and 2002, and 31 December 2002, are given below:

<u>Date</u>	<u>Index</u>	<u>Conversion factor</u>
31 March 2003	7,281.8	1.000
31 December 2002	6,478.8	1.124
31 March 2002	5,387.9	1.352

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".

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

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5.11 Significant events and matters arising subsequent to balance sheet date

At the balance sheet date, the difference between the results of "marked-to-market" and "internal rate of return" valuation methods applied on the investment securities available for sale in TL and foreign currencies, was negative by the amount of TL131,697 billion and included in shareholders' equity under "Securities value increase fund". This was a result of special market conditions at that date. As a matter of fact, subsequent to improvement in market volatilities, this negative difference was fully recovered and moreover, material market value increases incurred. As a result of these favorable developments in the market, the investment securities available for sale that caused a negative balance of TL131,697 billion as at balance sheet date under "Securities value increase fund", would have generated a positive balance of TL59,894 billion if the current market rates at the report date would have been considered.

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6 Other disclosures and footnotes

6.1 Other disclosures on the Bank's activities

None.

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7 Independent Auditor's Report

7.1 Disclosure on Independent Auditor's Report

The Bank's unconsolidated interim financial statements as of 31 March 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 14 May 2003 that nothing material has come to their attention .

7.2 Disclosures prepared by Independent Auditor

None.

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Selected Figures (As of March 31, 2003)

Employees (excluding security)	6,023
Branches (including branches & offices abroad)	329
Credit Cards	2,502,403
POS	65,834
ATM	776

DISCLAIMER STATEMENT

Türkiye Garanti Bankası A.Ş. (the "TGB") has prepared this document (the "Document") for the sole purposes of providing information, which include forward-looking projections and statements relating to the TGB (the "Information"). No representation or warranty is made by TGB for the accuracy or completeness of the Information contained herein. The Information is subject to change without any notice. Neither the Document nor the Information can construe any investment advice, or an offer to buy or sell TGB shares. This Document and/or the Information cannot be copied, disclosed or distributed to any person other than the person to whom the Document and/or Information delivered or sent by TGB or who required a copy of the same from the TGB. TGB expressly disclaims any and all liability for any statements including any forward looking projections and statements, expressed, implied, contained herein, or for any omissions from Information or any other written or oral communication transmitted or made available.

MACROECONOMIC OUTLOOK

- ✘ IMF program is on track, with additional fiscal austerity measures
- ✘ Strong signs of recovery, supporting the reliability of year-end growth target
- ✘ Declining inflation trend to resume as of 2Q03

Growth:

Despite political fluctuations and concerns over the risk of facing negative fallout from the war in Iraq, Turkey's economy continued to recover over the January-March period, leaving the first quarter growth rate likely to reach the 4.0-5.0% range. Aside from the weak base year effect, first quarter economic recovery was attributable to several factors including a consistent rise in foreign trade volume, a modest increase in real consumer spending, a slight moderation in the pace of inventory accumulation and the resulting increase in industry output.

Notwithstanding the downside risks to the macroeconomic recovery and strong base year effect, Turkey's economy so far in 2003 has the drivers of strong macroeconomic growth prospects, which will likely place the program target of 5% within reach.

Following the completion of the 4th IMF review and approval of the U.S. financial aid package of US\$ 1 billion (including funds to support up to US\$ 8.5 billion in direct loans or loan guarantees), the spread between banks' return on assets and return on liabilities will likely grow, increasing credit availability, and in turn improving financial conditions for the real economy. The Turkish banking system is currently less leveraged and the ratio of capital-to-risk adjusted assets is in line with BIS international capital adequacy standards needed to ease exposure to potential risks. Therefore, a strong capital buffer can absorb adverse impacts of these risks on bank balance sheets, strengthening the banks' ability to lend to the non-financial private sector. More importantly, in order to sustain the profitability and the capital adequacy levels of the banks, the government commits to establish an inter-agency working committee. The committee is expected develop an action plan to reduce the intermediation costs of the banking sector as long as monetary and fiscal conditions permit. Such efforts will, no doubt, contribute to Turkey's growth prospects.

Fiscal Stance

AKP-only government committed to a strict fiscal policy framework to put the stand-by program back on track. Following the announcement of the comprehensive austerity package, aiming to raise a total of TRL 15.7 quadrillion, the government introduced a second fiscal package of TRL 4 quadrillion in order to place 2003 fiscal targets within reach. With additional cutbacks in investment spending, and non-interest transfers to social security system and agriculture sector, the government expects a further improvement of 0.6% of GNP in the IMF-defined central government primary budget surplus, reaching 6.0% of GNP in year-end 2003.

Based on corrective fiscal measures, January-April data indicate that the central government budget performance was in line with the year-end targets. According to the data from Ministry of Finance, the January-April budget revenues reached TRL 27,602 trillion, slightly above the program target of TRL 27,245 trillion for the same period, while tax revenues showed a significant real increase, as much as 14.2% to TRL 22,390 trillion. Following the strong revenue performance, the January-April primary budget surplus rose to TRL 6,753 trillion (US\$ 4.5 billion) comfortably meeting the IMF agreed target. In fact, this is what the last decade's data implied. Achieving the 2003 primary budget surplus depends crucially on whether the central government budget would show a strong performance so as to reach the full-year 2003 target by until, at least, late August.

Given the already announced additional revenue generating and expenditure cutting measures, a rapid growth environment leaves Turkey's economy comfortable with 2003 tax revenue target, helping place 2003 fiscal target within reach. In particular, revenues from the tax amnesty scheme look set to exceed targets by a large margin (applications reached TRL 6.6 quadrillion, some eight times higher the budgeted TRL 750 trillion).

Domestic Debt Profile

According to monthly outstanding debt data, the Treasury's maturity profile stopped shortening by mid November 02 and existing maturity structure does not pose a potential threat to the government's debt payment capacity.

The Treasury succeeded in reducing the foreign exchange component of the outstanding domestic debt to 31% at the end of March 03 from 36% at the end of December 01. Besides, the proportion of the floating rate notes also showed a significant drop during the period December 01-March 03, declining as much as 8 percentage points to 42% from 50%. As a result, *existing interest rate structure leaves the Treasury's debt payment capacity less sensitive to spikes in short-term interest rates, compared with a year earlier.*

Inflation

During the first quarter of this year, Turkey's economy faced acceleration in the pace of inflation due to the weakening of the lira and steep hikes in administered prices. Coupled with higher international crude oil prices, public-sector manufacturing prices soared by 15.0% in the first quarter of the year. Based on adverse impacts of these cost-push factors on the manufacturing industry, private sector manufacturing prices (used as a proxy for core inflation) increased by 6.8% in the period January-March, while the year-end inflation expectations rose to 28.4% in March from 24.8% in January. Seasonal increases in agricultural, food and clothing prices, and adverse base effects pushed the annual rate up to 35.2% in WPI and 29.4% in CPI by the end of March. However, *the upward trend in year-on-year inflation data was not significant enough to raise question marks over the sustainability*

of initial disinflationary gains, as it was a temporary phenomenon due to one-off factors such as aggressive administered price hikes, excessively high war premium on foreign exchange rate, adverse seasonal and base effects.

Following the quick resolution of the war in Iraq and the completion of 4th IMF review, Turkey's inflation dynamics are expected to start improving. A strong recovery in the Lira, an easing in oil prices, a consistent moderation in the pace of administered prices and reverse currency substitution will no doubt improve the inflation expectations, putting Turkey's inflation prospects on a virtuous path once again.

Foreign Trade

Characteristics of the foreign trade data indicate how much imports rise with a dollar increase in the country's exports. According to our studies, a one-dollar increase in the exports raises the need for capital and intermediate goods imports by 0.60 dollar. *In 2002, based on faster than expected turnaround in inventory accumulation, raw materials and investment goods imports rose significantly, increasing as much as 34.0% to US\$ 24.8 billion after contracting 39.5% in 2001. In the first quarter of 2003, the corporate sector's efforts to make its financial structure more resilient to any disturbance, to offset impacts of potential up and down movements in the political business cycle on the balance sheets, and to increase production capacity in response to narrowing profit margins were the main drivers of strong import demand. Given the prospects for a swift recovery in the domestic demand, raw materials and investment goods imports look set to increase by at least 20% through the year-end.*

Thus, despite a much stronger than expected growth in the exports, the January-March trade deficit showed a significant widening, rising as much as 74.6% to US\$ 4,075 million. The rise in imports was driven by a 38.5% jump of intermediate goods and a 28.2% increase of capital goods imports, whereas consumer goods import was up by a record 44.8%.

Turkish Lira and Interest Rates:

Assuming the key macroeconomic parameters come moderately close to their end-year targets, our convergence regression suggests a PPP based fair value of TRL 1.74 million / US\$ in CPI terms for the end of December 03. As a result, the Turkish economy is likely to face a significant real appreciation of 12.8% in the Lira, but this would not mean that the Lira would become overvalued.

Given the favorable inflation expectations, such an appreciation in the Lira will not only improve Turkey's disinflation efforts, but also lower the nominal interest rates, bringing the shorter yields (compound rates) down to around 35.0% by the end of 2003.

BANKING SECTOR

- ✘ **Declining share of public banks**
- ✘ **Decline in deposits in 1Q03, on the back of increasing concerns over the War in Iraq**
- ✘ **Recovery in deposits and loans are foreseen with the revival in economic activity**

Since the introduction of the Banking System Restructuring Program exactly two years ago, Turkish Banking Sector have gone through a significant restructuring phase and become less leveraged and more efficient. *Transparency of the system has improved along with the establishment of an independent supervisory and regulatory framework and new disclosure requirements. Structural changes undertaken have strengthened the private banking sector and resulted in a level playing field among banks.* Efforts are continuing on the resolution of the SDIF banks while restructuring and privatization of the state banks is coming along. Key pillars of progress regarding private banks achieved within the program are summarized below.

- ▶ The soundness of the private banking sector has improved with increases in capital adequacy ratios and reductions in risk exposures. Private banks strengthened their capital base with TL 2.2 quadrillion increase in 2001 and TL 848 trillion increase in 2002, amounting to a total of TL 3.0 quadrillion. The average capital adequacy ratio of private banks within the scope of the program has increased to 19.4 % as of year-end 2002.
- ▶ The on-balance sheet FX open position of private banks decreased significantly in 2002 and turned into a long position of US\$ 152 million as of March 21, 2003.
- ▶ 51 small-scale and a total of 180 large-scale companies have been taken under the scope of Istanbul Approach as of March 28, 2003. The total signed contract amount reached US\$ 3.8 billion, with US\$ 283.2 million belonging to small-scale companies and US\$ 3.5 billion belonging to large-scale companies, as of March 28, 2003.
- ▶ *Execution and Bankruptcy Act has been submitted to Parliament in March and is expected to pass by end of May. These reforms are aimed at creating an effective bankruptcy system that will provide appropriate incentives for voluntary workouts in good faith.*
- ▶ *The legal infrastructure was founded for the establishment and operations of Asset Management Companies.*
- ▶ Total amount of assets of the banks subject to merger and acquisition stood at approximately US\$ 26.5 billion.
- ▶ The total asset size of 25 banks covered by the program increased by 17.4% (1.9% in real terms) from US\$71 billion as of year-end 2001 to US\$ 83.3 billion as of year-end 2002.
- ▶ NPL/Gross Loans declined from 24.7% in 2001 to 10.1% in 2002.

- ▶ In 2002, private banks within the scope of the program generated TL 2.8 quadrillion (US\$ 1.7 billion) in total profits, as opposed to a loss of TL 3.9 quadrillion (US\$ 2.7 billion) in 2001.

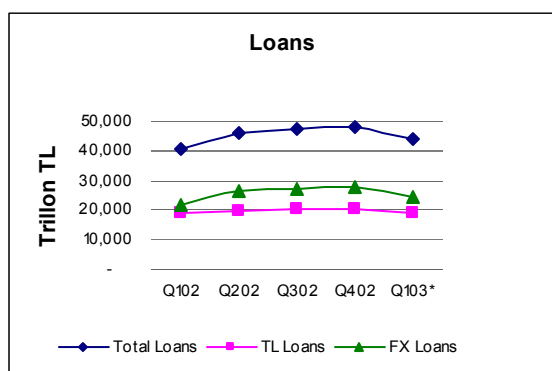
Consolidation process triggered by the financial turmoil has led to a major reduction in the number of players. Number of banks has come down significantly from 79 to 53 since year-end 2000 while the number of employees fell by 28% in two years.

Flight to quality and the elimination of unfair competition have yielded to increased concentration in the banking sector. *State banks' market shares have declined while the gap between the big and small players got even wider. Share of private banks in loans was 70% as of March 2003 up from 57% at year-end 2000 while market share in deposits increased from 40% to 60% in the same period.* Pamukbank's transfer to SDIF in June 2002 caused state banks' share to rise. When Pamukbank's financials are excluded, private banks' shares in assets, loans and deposits turn out to be even higher.

According to Central Bank figures, sector assets shrank 9% in real terms and reached TL 201 quadrillion (US\$130.3 billion) as of November 2002. Share of state and private banks in assets stood at 38% and 58% respectively.

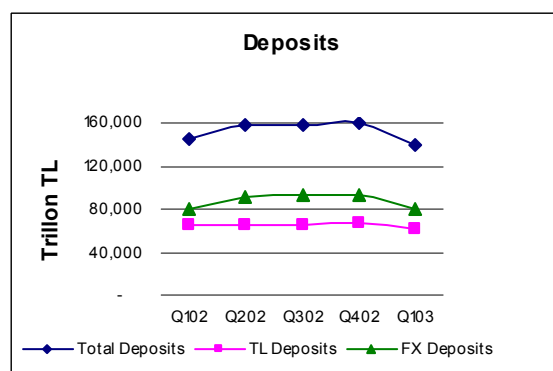
In the first three months of 2003, contraction in borrowing demand continued due to the increasing concerns over Iraq war. According to BRSA figures, As of March 28, 2003, total loans of deposit banks reached TL 49,376 trillion, marking a 3% real increase over year-end 2002. However please note that TL 5,559 trillion of the above mentioned loan figure came from the restructured loans and thus did not represent new loan demand. When restructured loans are deducted from total loans, then it becomes possible to see that the loan demand actually declined by 9% in real terms to TL 43,816 trillion the in the first quarter of 2003. Revival in the economy shall fuel the delayed demand in borrowing, which in return will increase sector loans.

Total Loans (excl. restructured loans)



Source: BRSA

Total Deposits



Source: BRSA

As of March 2003, sector deposits reached TL 140,315 trillion, marking a 12% decline in real terms when compared to year-end 2002 figure of TL 141,737 trillion. Share of state and private banks in

total deposits remained constant at 40% and 60% respectively. Private banks attracted 74% of FX deposits as of March 28, 2003, while state banks captured majority of TL deposits.

GARANTİ BANK

Balance Sheet

- ✘ Increasing share of loan book in total assets**
- ✘ Further improvement in Asset Quality with continuous decline in non-performing loans**
- ✘ Increase in the share of deposits and share of demand deposits, suggesting further improvement in funding base**

Loan Book

Due to depressed market demand, performing cash loans stood at TL6,004,977, registering almost no change over year-end 2002, but increasing by 18.6% over the same period last year. Garanti's market share, excluding the loans that were subject to restructuring, increased from 12.7% to 13.5%, as total sector loans declined by 8.8% in real terms during the first quarter of 2003, due to high interest rates and concerns over the war in Iraq.

In performing loans, 26.3% of the loan portfolio was in TL and 73.7% was in FC. Only TL72.8 trillion worth of loans, corresponding to 1.2% of total cash loans, were subject to restructuring.

During the first quarter of 2003, Garanti preserved its leading position in foreign trade financing and its share in exports and imports reached 16.9% and 12.5%, respectively. Export loans constituted 22.3% of the total performing loan portfolio.

Going forward, Garanti aims to increase the share of commercial and retail loans in its total loan portfolio, while increasing total loan book in value. By March 31, 2003, 32.1% of loans were commercial and 21.8% were retail, including credit cards. During the last few years, Garanti has been the fastest growing bank in credit card business, being the second largest player in the credit card market. During the first quarter of 2002, issuing volume in credit cards continued to grow, which translated into an increase in Garanti's market share to 19.0%. In the first quarter, share of credit cards in total TL loans reached 59.6%. As for the related party loans, Garanti continued to be one of the least exposed among peer group, with related party loans constituting 9% of total loans.

Securities

Total securities portfolio stood at TL7,880,806 billion, declining by 6.1% over year-end 2002. Trading portfolio made up 11.1% of the securities portfolio, while share of available-for-sale and investment

portfolios stood at 24.7% and 64.2%, respectively. 70.8% of the securities portfolio was composed of FX instruments. Share of floating papers stood at 58.1% in TL portfolio and 67.4% in FX portfolio.

At the balance sheet date, the difference between the results of “marked-to-market” and “internal rate of return” valuation methods applied on the investment securities available for sale in TL and foreign currencies was negative TL131,697 billion and included in shareholders’ equity under “Securities value increase fund”. With the War in Iraq came to an end, market sentiment improved significantly, resulting in a decline in yields. Subsequent to this improvement, the negative difference was fully recovered and compensated by market value increases. With current market rates at the report date, the investment securities available for sale that caused a negative balance of TL131,697 billion as at balance sheet date would generate a positive balance of TL59,894 billion.

Deposit Portfolio

On the liabilities side, Garanti’s deposits stood at TL13,657,772 billion with 67.0% share in total liabilities and SHE. Garanti has been one of the beneficiaries of the consolidation process and its market share in deposits was more than doubled during the last two years. The share of demand deposits in total deposits stood at 21.2%.

Total Funds Borrowed

The share of total funds borrowed (incl. interbank) stood at 19.7%, reaching TL4,013,134 billion.

IEA vs IBL

Interest earning assets (IEA) to total assets was 77.4% and interest bearing liabilities (IBL) was 72.5% of total assets, as opposed to 76.5% and 72.1%, respectively in 1Q02. Accordingly, IEAs surpassed IBLs by TL1,005,340 billion.

Operating Performance

- ✘ Net interest income stood at TL196,130 billion**
- ✘ Net fee & commission income continued to grow, reaching TL92,194 billion**
- ✘ Underlying net income was TL27,199 billion**

Net Interest Income

Net interest income increased by around five times over the same period last year, from TL31,728 billion to TL196,130 billion. The increase was due to a decline in interest expenses by 14% combined with an increase in interest income by 11.4%. The increase in interest income was due to higher interest income earned on investment securities portfolio. Accordingly, the share of interest earned on securities increased to 60.9% and the share of interest earned on loans stood at 34.2% .

However, NIM adjusted by FX loss, loan loss provisions and monetary gain declined to TL39,595 billion in 1Q03, as opposed to TL308,723 billion in 1Q02. The increase in interest revenue against a decline in FX gain was mainly due to the classification of FX gain /loss over FX indexed papers in interest income revenues, in accordance with the BRSA accounting principles, during the related periods. During the first quarter of 2002, due to a nominal appreciation in TL against USD, the corresponding loss in the value of FX-indexed papers was translated into a decline in interest income and an increase in FX gain. In the first quarter of 2003, on the other hand, the nominal depreciation of TL resulted in an increase in interest income and a corresponding decline in FX gain.

Garanti registered TL84,633 billion in capital gains in 1Q03, as opposed to TL 35,285 billion during the same period a year ago. Accordingly, the ratio of adjusted NIM and trading income to average IEA increased from 2.0% in 1Q02 to 3.0% in 1Q03.

Non-interest Income

Garanti Bank continued to register exceptionally strong rise in its net fees and commission income, registering 45.9% increase on an annual basis. The success in fees and commission collections was based on Garanti's strong performance in credit card business as well as the successful outcomes of the cost-matrix implementation. 60% of fee and commission income was earned from credit card business. Net fees and commission income to operating expenses (excl. amortisation) increased further to 57.4%, as opposed to 42.9% in 1Q02. Net fees to average assets ratio also improved to 1.7% in 1Q03 from 1.1% in 1Q02.

The Bank registered a net trading income of TL84,633 billion in 1Q03 and income from associates and subsidiaries stood at TL17,264 billion. In summary, net non-interest income stood at 216,654 billion in 1Q03, as opposed to TL183,970 billion in 1Q02, increasing by 17.8%.

Operating Expenses

Operating expenses increased slightly in 1Q03 by 8.9%, mainly due to 17.7% increase in personnel expenses. The share of personnel expenses increased to 39.0% of operating expenses, as opposed to 36.1% in 1Q02. This translated into a cost to average assets ratio of 3.0% and cost to income ratio of 77.3% in 1Q03.

Net Income

All in all, despite negative market sentiment, resulting in a significant increase in interest rates and decline in margins, Garanti registered a net income of 27,199 billion in the first quarter of 2003, which

translated into a return on average assets of 0.5% and return on average equity of 6.0%.

Exchange Rate:

As of March 31, 2003	US\$1= TL1,669,000
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KEY RATIOS

	31.03.2002	31.03.2003
Size Ratios		
Interest Bearing Liabilities / Total Liabilities & SHE	72.1%	72.5%
Interest Earning Assets/Total Assets	76.5%	77.4%
Asset Quality		
NPL / Gross cash loans	11.6%	5.4%
Allowance for loan losses/NPL	51.0%	36.9%
Cash loans / Deposits	45.9%	46.5%
Deposits / Total assets	61.5%	67.0%
Gross cash loans / Total assets	28.3%	31.1%
Liquid assets / Total assets	32.7%	34.6%
Leverage (x)	10.03	10.54
Profitability Ratios		
NIM/ Average IEA	0.8%	4.7%
Adjusted NIM+Trading Income/ Average IEA	2.0%	3.0%
ROAA	0.9%	0.5%
ROAE	10.4%	6.0%
Operating Efficiency		
Net fees and commission/Operating expense	42.9%	57.4%
Cost / Income	61.3%	77.3%
Operating expense / Total average assets	2.7%	3.0%

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Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 31 March 2003

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 March 2003)

ASSETS		Footnotes	CURRENT PERIOD 31 March 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		27,911	446,551	474,462	728,932	504,988	1,233,920
1.1 Cash in TL			27,724	-	27,724	31,989	-	31,989
1.2 Cash in foreign currency			-	80,544	80,544	-	150,761	150,761
1.3 Balances with the Central Bank of Turkey			102	353,154	353,256	696,915	337,439	1,034,354
1.4 Other			85	12,853	12,938	28	16,788	16,816
II. TRADING SECURITIES (Net)	5.1.2		43,478	831,859	875,337	346,353	1,195,592	1,541,945
2.1 Public sector debt securities			43,478	716,957	760,435	346,353	1,076,792	1,423,145
2.1.1 Government bonds			37,031	716,957	753,988	297,327	888,830	1,186,157
2.1.2 Treasury bills			4,866	-	4,866	49,026	179,214	228,240
2.1.3 Other			1,581	-	1,581	-	8,748	8,748
2.2 Share certificates			-	-	-	-	-	-
2.3 Other securities			-	114,902	114,902	-	118,800	118,800
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	5.1.3		138,742	350,001	488,743	169,487	547,192	716,679
3.1 Due from banks			138,742	350,001	488,743	169,487	547,192	716,679
3.1.1 Domestic banks			8,105	16,716	24,821	20,655	65,034	85,689
3.1.2 Foreign banks			130,637	333,285	463,922	148,832	482,158	630,990
3.2 Other financial institutions			-	-	-	-	-	-
IV. INTERBANK MONEY MARKET	5.1.4		-	-	-	-	-	-
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements			-	-	-	-	-	-
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	5.1.5		917,521	1,030,133	1,947,654	79,675	1,135,203	1,214,878
5.1 Share certificates			20,299	-	20,299	24,241	-	24,241
5.2 Other securities			897,222	1,030,133	1,927,355	55,434	1,135,203	1,190,637
VI. LOANS	5.1.6		1,798,291	4,424,454	6,222,745	1,816,956	4,543,039	6,359,995
6.1 Short term			1,549,182	1,723,559	3,272,741	1,478,190	1,606,058	3,084,248
6.2 Medium and long term			31,341	2,700,895	2,732,236	62,908	2,936,981	2,999,889
6.3 Loans under follow-up			344,978	-	344,978	404,109	-	404,109
6.4 Specific provisions (-)			(127,210)	-	(127,210)	(128,251)	-	(128,251)
VII. FACTORING RECEIVABLES	5.1.7		-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	5.1.8		1,336,512	3,721,303	5,057,815	1,630,251	4,005,403	5,635,654
8.1 Public sector debt securities			1,336,512	3,642,357	4,978,869	1,630,251	3,921,593	5,551,844
8.1.1 Government bonds			1,335,480	3,642,357	4,977,837	1,560,673	3,921,593	5,482,266
8.1.2 Treasury bills			1,032	-	1,032	69,578	-	69,578
8.1.3 Other			-	-	-	-	-	-
8.2 Other securities			-	78,946	78,946	-	83,810	83,810
IX. INVESTMENTS AND ASSOCIATES (Net)	5.1.9		213,356	5,374	218,730	244,105	5,701	249,806
9.1 Financial investments and associates			9,496	5,374	14,870	10,547	5,701	16,248
9.2 Non-Financial investments and associates			203,860	-	203,860	233,558	-	233,558
X. SUBSIDIARIES (Net)	5.1.10		808,773	274,577	1,083,350	813,832	287,002	1,100,834
10.1 Financial subsidiaries			188,870	274,577	463,447	182,488	287,002	469,490
10.2 Non-Financial subsidiaries			619,903	-	619,903	631,344	-	631,344
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			261,655	870,446	1,132,101	190,348	896,006	1,086,354
XIV. MISCELLANEOUS RECEIVABLES	5.1.13		40,543	1,554	42,097	5,888	37,500	43,388
XV. ACCRUED INTEREST AND INCOME	5.1.14		192,350	868,508	1,060,858	199,510	743,428	942,938
15.1 Loans			48,054	191,320	239,374	42,206	214,799	257,005
15.2 Securities			123,355	674,950	798,305	127,626	526,012	653,638
15.3 Other			20,941	2,238	23,179	29,678	2,617	32,295
XVI. PROPERTY AND EQUIPMENT (Net)	5.1.15		1,315,042	3,259	1,318,301	1,343,045	3,651	1,346,696
16.1 Cost			1,937,055	8,183	1,945,238	1,950,418	8,720	1,959,138
16.2 Accumulated Depreciation (-)			(622,013)	(4,924)	(626,937)	(607,373)	(5,069)	(612,442)
XVII. INTANGIBLE ASSETS (Net)	5.1.16		29,539	-	29,539	30,814	-	30,814
17.1 Goodwill			-	-	-	-	-	-
17.2 Other			92,181	-	92,181	90,674	-	90,674
17.3 Accumulated Amortisation (-)			(62,642)	-	(62,642)	(59,860)	-	(59,860)
XVIII. OTHER ASSETS	5.1.17		425,425	16,909	442,334	464,272	19,584	483,856
TOTAL ASSETS			7,549,138	12,844,928	20,394,066	8,063,468	13,924,289	21,987,757

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 31 March 2003

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 March 2003)

LIABILITIES AND EQUITY		Footnotes	CURRENT PERIOD 31 March 2003			PRIOR PERIOD 31 December 2002		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	5.2.1	4,521,800	9,135,972	13,657,772	4,743,791	10,051,121	14,794,912
1.1	Bank deposits		203,658	433,078	636,736	85,326	335,274	420,600
1.2	Saving deposits		2,365,787	-	2,365,787	2,214,380	-	2,214,380
1.3	Public sector deposits		84,676	-	84,676	5,945	-	5,945
1.4	Commercial deposits		1,729,609	-	1,729,609	2,289,059	-	2,289,059
1.5	Other institutions deposits		138,070	-	138,070	149,081	-	149,081
1.6	Foreign currency deposits		-	8,659,085	8,659,085	-	9,671,469	9,671,469
1.7	Precious metals vault accounts		-	43,809	43,809	-	44,378	44,378
II.	INTERBANK MONEY MARKET		447,765	902,051	1,349,816	305,185	937,312	1,242,497
2.1	Interbank money market takings		-	-	-	-	35,938	35,938
2.2	Istanbul Stock Exchange money market takings		120,000	-	120,000	-	-	-
2.3	Funds provided under repurchase agreements	5.2.2	327,765	902,051	1,229,816	305,185	901,374	1,206,559
III.	FUNDS BORROWED	5.2.3	83,128	2,580,190	2,663,318	232,013	2,645,474	2,877,487
3.1	Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2	Other funds borrowed		83,128	2,580,190	2,663,318	232,013	2,645,474	2,877,487
3.2.1	Domestic banks and institutions		83,128	44,388	127,516	232,013	46,394	278,407
3.2.2	Foreign banks, institutions and funds		-	2,535,802	2,535,802	-	2,599,080	2,599,080
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	35,008	4,431	39,439	48,531	4,153	52,684
VII.	OTHER EXTERNAL RESOURCES PAYABLE	5.2.7	97,079	395,654	492,733	137,496	512,229	649,725
VIII.	TAXES AND OTHER DUTIES PAYABLE	5.2.8	33,282	36	33,318	37,624	45	37,669
IX.	FACTORING PAYABLES	5.2.9	-	-	-	-	-	-
X.	FINANCIAL LEASE PAYABLES (Net)	5.2.10	479	9,366	9,845	774	10,608	11,382
10.1	Financial lease payables		479	9,366	9,845	774	10,608	11,382
10.2	Deferred financial lease expenses (-)		-	-	-	-	-	-
XI.	ACCRUED INTEREST AND EXPENSES	5.2.11	120,366	55,956	176,322	155,899	54,816	210,715
11.1	Deposits		100,316	19,815	120,131	135,395	20,583	155,978
11.2	Borrowings		11,285	19,040	30,325	11,982	14,909	26,891
11.3	Repurchase agreements		4,059	1,388	5,447	397	768	1,165
11.4	Other		4,706	15,713	20,419	8,125	18,556	26,681
XII.	PROVISIONS	5.2.12	198,312	5,180	203,492	218,855	5,457	224,312
12.1	General provisions		35,400	2,253	37,653	37,145	2,425	39,570
12.2	Reserve for employee termination benefits		10,820	-	10,820	11,880	-	11,880
12.3	Provisions for income taxes		1,488	-	1,488	1,672	-	1,672
12.4	Other provisions		150,604	2,927	153,531	168,158	3,032	171,190
XIII.	SUBORDINATED LOANS	5.2.13	-	-	-	-	-	-
XIV.	SHAREHOLDERS' EQUITY	5.2.14	1,862,441	(94,430)	1,768,011	1,872,056	14,318	1,886,374
14.1	Paid-in capital		791,748	-	791,748	791,748	-	791,748
14.2	Supplementary capital		905,068	(94,430)	810,638	941,663	14,318	955,981
14.2.1	Share premium		-	-	-	-	-	-
14.2.2	Share cancellation profits		-	-	-	-	-	-
14.2.3	Securities value increase fund		(37,267)	(94,430)	(131,697)	1,625	14,318	15,943
14.2.4	Revaluation fund		2,140	-	2,140	2,140	-	2,140
14.2.5	Revaluation surplus		-	-	-	-	-	-
14.2.6	Other capital reserves		4,728	-	4,728	2,431	-	2,431
14.2.7	Capital reserves from inflation adjustments to paid-in capital		935,467	-	935,467	935,467	-	935,467
14.3	Profit reserves		98	-	98	317	-	317
14.3.1	Legal reserves		-	-	-	-	-	-
14.3.2	Status reserves		-	-	-	-	-	-
14.3.3	Extraordinary reserves		-	-	-	-	-	-
14.3.4	Other profit reserves		98	-	98	317	-	317
14.4	Profit or loss		165,527	-	165,527	138,328	-	138,328
14.4.1	Prior year income/loss		138,328	-	138,328	-	-	-
14.4.2	Current year income/loss		27,199	-	27,199	138,328	-	138,328
TOTAL LIABILITIES AND EQUITY			7,399,660	12,994,406	20,394,066	7,752,224	14,235,533	21,987,757

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 31 March 2003

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 March 2003)

OFF-BALANCE SHEET ITEMS	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		31 March 2003			31 December 2002		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		4,141,610	8,471,203	12,612,813	3,901,525	7,876,339	11,777,864
I. GUARANTEES	5.4.1	950,874	3,988,949	4,939,823	994,346	4,327,825	5,322,171
1.1. Letters of guarantee		950,874	2,464,567	3,415,441	994,346	2,771,848	3,766,194
1.1.1. Guarantees subject to State Tender Law		950,874	-	950,874	994,346	-	994,346
1.1.2. Guarantees given for foreign trade operations		-	2,464,567	2,464,567	-	2,771,848	2,771,848
1.1.3. Other letters of guarantee		-	-	-	-	-	-
1.2. Banks loans		-	434,496	434,496	-	450,697	450,697
1.2.1. Import letter of acceptance		-	434,496	434,496	-	450,697	450,697
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	1,059,776	1,059,776	-	1,067,948	1,067,948
1.3.1. Documentary letters of credit		-	1,059,776	1,059,776	-	1,067,948	1,067,948
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Prefinancing given as guarantee		-	21,766	21,766	-	22,957	22,957
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		-	8,344	8,344	-	14,375	14,375
II. COMMITMENTS	5.4.2	2,823,344	6,845	2,830,189	2,859,410	7,306	2,866,716
2.1. Irrevocable commitments		2,823,344	6,845	2,830,189	2,859,410	7,306	2,866,716
2.1.1. Asset purchase commitments		-	-	-	-	-	-
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		35,806	668	36,474	51,116	719	51,835
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for credit card limits		2,775,867	-	2,775,867	2,794,652	-	2,794,652
2.1.8. Other irrevocable commitments		11,671	6,177	17,848	13,642	6,587	20,229
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		367,392	4,475,409	4,842,801	47,769	3,541,208	3,588,977
3.1. Forward foreign currency buy/sell transactions	5.4.3	364,219	4,011,584	4,375,803	43,720	3,098,963	3,142,683
3.1.1. Forward foreign currency transactions-buy		114,592	2,088,158	2,202,750	20,977	1,570,310	1,591,287
3.1.2. Forward foreign currency transactions-sell		249,627	1,923,426	2,173,053	22,743	1,528,653	1,551,396
3.2. Swap transactions related to foreign currency and interest rates		3,173	303,879	307,052	4,049	347,567	351,616
3.2.1. Foreign currency swap-buy		1,241	152,242	153,483	189	175,939	176,128
3.2.2. Foreign currency swap-sell		1,932	151,637	153,569	3,860	171,628	175,488
3.2.3. Interest rate swaps-buy		-	-	-	-	-	-
3.2.4. Interest rate swaps-sell		-	-	-	-	-	-
3.3. Foreign currency and interest rate options		-	-	-	-	-	-
3.3.1. Foreign currency options-buy		-	-	-	-	-	-
3.3.2. Foreign currency options-sell		-	-	-	-	-	-
3.3.3. Interest rate options-buy		-	-	-	-	-	-
3.3.4. Interest rate options-sell		-	-	-	-	-	-
3.4. Foreign currency futures		-	-	-	-	-	-
3.4.1. Foreign currency futures-buy		-	-	-	-	-	-
3.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.5. Interest rate futures		-	-	-	-	-	-
3.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.6. Other		-	159,946	159,946	-	94,678	94,678
B CUSTODY AND PLEDGED ITEMS (IV+V)		13,734,927	16,987,016	30,721,943	13,477,173	18,178,988	31,656,161
IV. ITEMS HELD IN CUSTODY	5.4.4	6,731,031	1,657,175	8,388,206	5,977,651	2,313,705	8,291,356
4.1. Profit or loss		382	1,449	1,831	429	1,512	1,941
4.2. Investment securities held in custody		5,904,667	1,404,815	7,309,482	5,114,719	1,670,886	6,785,605
4.3. Checks received for collection		740,860	48,798	789,658	758,023	65,784	823,807
4.4. Commercial notes received for collection		79,679	173,088	252,767	98,355	543,090	641,445
4.5. Other assets received for collection		236	2,192	2,428	265	1,994	2,259
4.6. Assets received for public offering		-	4	4	-	-	-
4.7. Other items under custody		5,207	26,829	32,036	5,860	30,439	36,299
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		7,003,896	15,329,841	22,333,737	7,499,522	15,865,283	23,364,805
5.1. Securities		84,883	6,815	91,698	57,018	36,199	93,217
5.2. Guarantee notes		993,468	3,391,034	4,384,502	1,097,956	3,523,825	4,621,781
5.3. Commodity		2,473	-	2,473	3,311	-	3,311
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		3,121,257	1,286,343	4,407,600	3,485,914	1,268,136	4,754,050
5.6. Other pledged items		2,801,645	10,645,649	13,447,294	2,855,132	11,037,123	13,892,255
5.7. Pledged items-depository		170	-	170	191	-	191
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		17,876,537	25,458,219	43,334,756	17,378,698	26,055,327	43,434,025

Türkiye Garanti Bankasi Anonim Sirketi

Statement of Operations

For the three-month period ended 31 March 2003

(Billions of Turkish Lira as resatated for the effects of inflation in equivalent purchasing power as of 31 March 2003)

INCOME AND EXPENSE ITEMS		Footnotes	CURRENT PERIOD 31 March 2003
I.	INTEREST INCOME	5.3.1	739,575
1.1	Interest on loans		253,234
1.1.1	Interest on TL loans		151,721
1.1.1.1	Short term loans		148,362
1.1.1.2	Medium and long term loans		3,359
1.1.2	Interest on foreign currency loans		94,936
1.1.2.1	Short term loans		32,962
1.1.2.2	Medium and long term loans		61,974
1.1.3	Interest on loans under follow-up		6,577
1.1.4	Premiums received from Resource Utilisation Support Fund		-
1.2	Interest received from reserve deposits		15,579
1.3	Interest received from banks		7,919
1.3.1	The Central Bank of Turkey		2,068
1.3.2	Domestic banks		1,857
1.3.3	Foreign banks		3,994
1.4	Interest received from money market transactions		3,192
1.5	Interest received from marketable securities portfolio		450,216
1.5.1	Trading securities		3,768
1.5.2	Available-for-sale securities		81,096
1.5.3	Held to maturity securities		365,352
1.6	Other interest income		9,435
II.	INTEREST EXPENSE	5.3.2	(543,445)
2.1	Interest on deposits		(450,941)
2.1.1	Bank deposits		(22,930)
2.1.2	Saving deposits		(242,849)
2.1.3	Public sector deposits		(82)
2.1.4	Commercial deposits		(123,029)
2.1.5	Other institutions deposits		(5,957)
2.1.6	Foreign currency deposits		(56,069)
2.1.7	Precious metals vault accounts		(25)
2.2	Interest on money market transactions		(39,605)
2.3	Interest on funds borrowed		(52,333)
2.3.1	The Central Bank of Turkey		-
2.3.2	Domestic banks		(23,763)
2.3.3	Foreign banks		(28,570)
2.3.4	Other financial institutions		-
2.4	Interest on securities issued		-
2.5	Other interest expense		(566)
III.	NET INTEREST INCOME (I - II)		196,130
IV.	NET FEES AND COMMISSIONS INCOME		92,194
4.1	Fees and commissions received		135,105
4.1.1	Cash loans		8,254
4.1.2	Non-cash loans		14,612
4.1.3	Other		112,239
4.2	Fees and commissions paid		(42,911)
4.2.1	Cash loans		(2,224)
4.2.2	Non-cash loans		(83)
4.2.3	Other		(40,604)
V.	DIVIDEND INCOME		-
5.1	Trading securities		-
5.2	Available-for-sale securities		-
VI.	NET TRADING INCOME/LOSS		(102,514)
6.1	Profit/losses on trading account securities (Net)		84,633
6.2	Foreign exchange gains/losses (Net)		(187,147)
VII.	PROFIT/LOSS FROM "HELD TO MATURITY" SECURITIES	5.3.3	-
VIII.	OTHER OPERATING INCOME	5.3.4	22,563
IX.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII+VIII)		208,373
X.	PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	5.3.5	(62,697)
XI.	OTHER OPERATING EXPENSES (-)	5.3.6	(185,529)
XII.	NET OPERATING PROFIT/LOSS (IX-X-XI)		(39,853)
XIII.	INCOME/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	5.3.7	17,264
XIV.	GAIN/LOSS ON NET MONETARY POSITION		44,788
XV.	PROFIT/LOSS BEFORE TAXES (XII+XIII+XIV)		22,199
XVI.	PROVISION FOR TAXES ON INCOME (-)		5,000
XVII.	NET OPERATING PROFIT/LOSS AFTER TAXES (XV-XVI)		27,199
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	27,199
EARNINGS PER SHARE (full TL amount per TL'000 face value each)			34