

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

Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Financial Statements

As of and For the Three Month Ended 31 March 2004

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

With Independent Auditor's Review Report

Thereon

Cevdet Suner Denetim ve
Yeminli Mali Müşavirlik AŞ
6 May 2004

*This report contains "Independent Auditor's Review
Report" comprising 1 page and; "Unconsolidated
financial statements and related disclosures and
footnotes" comprising 55 pages.*

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

To the Board of Directors of Türkiye Garanti Bankası AŞ:

We have reviewed the balance sheet of Türkiye Garanti Bankası AŞ as of 31 March 2004 and the related statement of income for the three months period then ended. These financial statements are the responsibility of the Bank’s management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

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

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

İstanbul,
6 May 2004

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

Ö. Cevdet Suner
Partner
Certified Public Accountant

Additional paragraph for convenience translation to English:

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

Türkiye Garanti Bankası Anonim Şirketi

As of 31 March 2004, Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes to be Announced to Public together with Independent Auditor's Review Report Thereon

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

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

The unconsolidated interim financial statements and related disclosures and footnotes that were subject to independent review, are prepared in accordance with the "Regulation on Accounting Standards" and the related statements and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying unconsolidated financial statements are presented in TL billions as restated for the effects of inflation in equivalent purchasing power as of 31 March 2004; and enclosed.

Dr. A. Mahfi Eğilmez

Board of Directors Member
Responsible of Internal
Control System

S. Ergun Özen

General Manager

Sema Yurdum

Executive
Vice President

Aylin Aktürk/Aydın Şenel

Senior Vice Presidents

Türkiye Garanti Bankası AŞ

As of 31 March 2004, Unconsolidated Interim Financial Statements
and Related Disclosures and Footnotes to be Announced to the Public
Together with Independent Auditor's Review Report Thereon
(Billions of Turkish Lira as restated for the effects of inflation in equivalent
of purchasing power as of 31 March 2004)

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

1 Unconsolidated Interim Financial Statements

1.1 Balance Sheet prepared as of 31 March 2004

Presented on pages 1 and 2.

1.2 Off-Balance Sheet Items prepared as of 31 March 2004

Presented on page 3.

1.3 Statement of Operations prepared for the three-month period ended 31 March 2004

Presented on page 4.

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 31 March 2004

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 March 2004)

ASSETS	Footnotes	CURRENT PERIOD 31 March 2004			PRIOR PERIOD 31 December 2003		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	5.1.1	109.321	345.289	454.610	73.183	458.429	531.612
1.1 Cash in TL		33.713	-	33.713	38.979	-	38.979
1.2 Cash in foreign currency		-	55.346	55.346	-	130.812	130.812
1.3 Balances with the Central Bank of Turkey		75.457	287.230	362.687	34.139	326.366	360.505
1.4 Other		151	2.713	2.864	65	1.251	1.316
II. TRADING SECURITIES (Net)	5.1.2	333.848	430.446	764.294	48.696	821.517	870.213
2.1 Public sector debt securities		333.848	429.906	763.754	48.696	820.902	869.598
2.1.1 Government bonds		257.715	429.906	687.621	47.760	820.004	867.764
2.1.2 Treasury bills		76.133	-	76.133	936	-	936
2.1.3 Other		-	-	-	-	898	898
2.2 Share certificates		-	-	-	-	-	-
2.3 Other securities		-	540	540	-	615	615
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	5.1.3	30.253	494.255	524.508	23.287	308.480	331.767
3.1 Banks		30.253	494.255	524.508	23.287	308.480	331.767
3.1.1 Domestic banks		22.243	197.530	219.773	20.507	22.579	43.086
3.1.2 Foreign banks		8.010	296.725	304.735	2.780	285.901	288.681
3.2 Other financial institutions		-	-	-	-	-	-
IV. INTERBANK MONEY MARKET		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements	5.1.4	-	-	-	-	-	-
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	5.1.5	2.383.283	2.224.798	4.608.081	1.968.220	2.476.006	4.444.226
5.1 Share certificates		60.524	-	60.524	54.507	-	54.507
5.2 Other securities		2.322.759	2.224.798	4.547.557	1.913.713	2.476.006	4.389.719
VI. LOANS	5.1.6	3.043.913	4.397.554	7.441.467	2.776.516	4.541.155	7.317.671
6.1 Short term		2.755.752	1.637.815	4.393.567	2.569.738	1.804.542	4.374.280
6.2 Medium and long term		122.318	2.759.739	2.882.057	38.258	2.736.613	2.774.871
6.3 Loans under follow-up		324.528	-	324.528	322.572	-	322.572
6.4 Specific provisions (-)		(158.685)	-	(158.685)	(154.052)	-	(154.052)
VII. FACTORING RECEIVABLES	5.1.7	-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	5.1.8	665.512	2.967.334	3.632.846	944.712	3.889.459	4.834.171
8.1 Public sector debt securities		665.512	2.927.132	3.592.644	944.712	3.843.149	4.787.861
8.1.1 Government bonds		660.125	2.927.132	3.587.257	944.712	3.689.490	4.634.202
8.1.2 Treasury bills		5.387	-	5.387	-	-	-
8.1.3 Other		-	-	-	-	153.659	153.659
8.2 Other securities		-	40.202	40.202	-	46.310	46.310
IX. INVESTMENTS IN ASSOCIATES (Net)	5.1.9	297.109	3.984	301.093	295.736	4.709	300.445
9.1 Financial investments in associates		-	3.984	3.984	-	4.709	4.709
9.2 Non-Financial investments in associates		297.109	-	297.109	295.736	-	295.736
X. INVESTMENTS IN SUBSIDIARIES (Net)	5.1.10	1.084.582	257.503	1.342.085	1.066.539	303.343	1.369.882
10.1 Financial investments in subsidiaries		249.001	257.503	506.504	216.258	303.343	519.601
10.2 Non-Financial investments in subsidiaries		835.581	-	835.581	850.281	-	850.281
XI. OTHER INVESTMENTS (Net)	5.1.11	-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)	5.1.12	-	-	-	-	-	-
12.1 Gross financial lease receivables		-	-	-	-	-	-
12.2 Unearned income (-)		-	-	-	-	-	-
XIII. RESERVE DEPOSITS		312.355	792.014	1.104.369	276.529	906.570	1.183.099
XIV. MISCELLANEOUS RECEIVABLES	5.1.13	31.002	3.989	34.991	114.748	4.485	119.233
XV. ACCRUED INTEREST AND INCOME	5.1.14	302.644	349.916	652.560	243.028	468.472	711.500
15.1 Loans		61.620	93.606	155.226	51.172	139.385	190.557
15.2 Securities		216.980	251.540	468.520	166.838	324.061	490.899
15.3 Other		24.044	4.770	28.814	25.018	5.026	30.044
XVI. TANGIBLE ASSETS (Net)	5.1.15	1.324.540	2.012	1.326.552	1.352.869	1.929	1.354.798
16.1 Cost		2.002.523	5.173	2.007.696	2.009.691	5.597	2.015.288
16.2 Accumulated Depreciation (-)		(677.983)	(3.161)	(681.144)	(656.822)	(3.668)	(660.490)
XVII. INTANGIBLE ASSETS (Net)	5.1.16	25.753	-	25.753	27.627	-	27.627
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		65.112	-	65.112	64.167	-	64.167
17.3 Accumulated Amortisation (-)		(39.359)	-	(39.359)	(36.540)	-	(36.540)
XVIII. OTHER ASSETS	5.1.17	342.943	11.117	354.060	440.222	11.442	451.664
TOTAL ASSETS		10.287.058	12.280.211	22.567.269	9.651.912	14.195.996	23.847.908

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 31 March 2004

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 March 2004)

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD 31 March 2004			PRIOR PERIOD 31 December 2003		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	6.239.565	8.059.747	14.299.312	6.109.536	9.227.766	15.337.302
1.1 Bank deposits		245.266	412.694	657.960	393.294	299.522	692.816
1.2 Saving deposits		3.322.311	-	3.322.311	3.112.968	-	3.112.968
1.3 Public sector deposits		63.363	-	63.363	8.097	-	8.097
1.4 Commercial deposits		2.396.515	-	2.396.515	2.350.762	-	2.350.762
1.5 Other institutions deposits		212.110	-	212.110	244.415	-	244.415
1.6 Foreign currency deposits		-	7.632.886	7.632.886	-	8.913.212	8.913.212
1.7 Precious metals vault accounts		-	14.167	14.167	-	15.032	15.032
II. INTERBANK MONEY MARKET		547.945	1.156.859	1.704.804	192.691	1.638.148	1.830.839
2.1 Interbank money market takings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market takings		123.000	-	123.000	111.829	-	111.829
2.3 Funds provided under repurchase agreements	5.2.2	424.945	1.156.859	1.581.804	80.862	1.638.148	1.719.010
III. FUNDS BORROWED	5.2.3	96.100	2.649.604	2.745.704	100.217	2.979.556	3.079.773
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed		96.100	2.649.604	2.745.704	100.217	2.979.556	3.079.773
3.2.1 Domestic banks and institutions		96.100	61.928	158.028	100.217	84.123	184.340
3.2.2 Foreign banks, institutions and funds		-	2.587.676	2.587.676	-	2.895.433	2.895.433
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	41.218	3.289	44.507	47.688	4.093	51.781
VII. OTHER EXTERNAL RESOURCES PAYABLE	5.2.7	78.962	375.733	454.695	90.283	426.912	517.195
VIII. TAXES AND OTHER DUTIES PAYABLE	5.2.8	31.782	31	31.813	41.580	37	41.617
IX. FACTORING PAYABLES	5.2.9	-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	5.2.10	2	17.814	17.816	3	21.019	21.022
10.1 Financial lease payables		5	20.879	20.884	7	24.838	24.845
10.2 Deferred financial lease expenses (-)		(3)	(3.065)	(3.068)	(4)	(3.819)	(3.823)
XI. ACCRUED INTEREST AND EXPENSES	5.2.11	115.477	249.088	364.565	132.616	120.170	252.786
11.1 Deposits		100.793	17.934	118.727	120.793	20.178	140.971
11.2 Borrowings		8.730	15.751	24.481	8.132	20.619	28.751
11.3 Repurchase agreements		264	5.732	5.996	71	6.490	6.561
11.4 Other		5.690	209.671	215.361	3.620	72.883	76.503
XII. PROVISIONS	5.2.12	115.979	5.938	121.917	99.041	6.377	105.418
12.1 General provisions		46.880	2.256	49.136	48.080	2.030	50.110
12.2 Reserve for employee termination benefits		11.820	-	11.820	12.322	-	12.322
12.3 Provisions for income taxes		1.488	-	1.488	1.585	-	1.585
12.4 Other provisions		55.791	3.682	59.473	37.054	4.347	41.401
XIII. SUBORDINATED LOANS	5.2.13	-	-	-	-	-	-
XIV. SHAREHOLDERS' EQUITY	5.2.14	2.652.503	129.633	2.782.136	2.440.254	169.921	2.610.175
14.1 Paid-in capital		822.038	-	822.038	822.038	-	822.038
14.2 Supplementary capital		1.247.535	130.276	1.377.811	1.180.092	169.921	1.350.013
14.2.1 Share premium		-	-	-	-	-	-
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Securities value increase fund		129.147	130.276	259.423	75.772	169.921	245.693
14.2.4 Revaluation fund		27.102	-	27.102	25.253	-	25.253
14.2.5 Revaluation surplus		16.101	-	16.101	3.882	-	3.882
14.2.6 Capital reserves from inflation adjustments to paid-in capital		1.075.185	-	1.075.185	1.075.185	-	1.075.185
14.3 Profit reserves		(550)	(643)	(1.193)	-	-	-
14.3.1 Legal reserves		-	-	-	-	-	-
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		-	-	-	-	-	-
14.3.4 Other profit reserves		(550)	(643)	(1.193)	-	-	-
14.4 Profit or loss		583.480	-	583.480	438.124	-	438.124
14.4.1 Prior periods income/loss		438.124	-	438.124	117.014	-	117.014
14.4.2 Current period income/loss		145.356	-	145.356	321.110	-	321.110
TOTAL LIABILITIES AND EQUITY		9.919.533	12.647.736	22.567.269	9.253.909	14.593.999	23.847.908

Türkiye Garanti Bankası Anonim Şirketi**Off-Balance Sheet Items****At 31 March 2004**

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 March 2004)

OFF-BALANCE SHEET ITEMS	Footnotes	CURRENT PERIOD 31 March 2004			PRIOR PERIOD 31 December 2003		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		7.206.781	9.936.593	17.143.374	7.087.793	12.125.380	19.213.173
I. GUARANTEES	5.4.1	1.362.732	3.946.825	5.309.557	1.320.908	4.159.186	5.480.094
1.1. Letters of guarantee		1.362.433	2.202.227	3.564.660	1.320.908	2.454.903	3.775.811
1.1.1. Guarantees subject to State Tender Law		1.362.433	-	1.362.433	1.320.908	-	1.320.908
1.1.2. Guarantees given for foreign trade operator		-	2.202.227	2.202.227	-	2.454.903	2.454.903
1.1.3. Other letters of guarantee		-	-	-	-	-	-
1.2. Bank acceptance:		-	502.113	502.113	-	555.456	555.456
1.2.1. Import letter of acceptance		-	502.113	502.113	-	555.456	555.456
1.2.2. Other bank acceptance		-	-	-	-	-	-
1.3. Letters of credit:		299	1.242.485	1.242.784	-	1.127.652	1.127.652
1.3.1. Documentary letters of credit		299	1.242.485	1.242.784	-	1.127.652	1.127.652
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Prefinancing given as guarantee		-	-	-	-	21.175	21.175
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantee		-	-	-	-	-	-
1.7. Other guarantee:		-	-	-	-	-	-
1.8. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		5.677.037	69.004	5.746.041	5.591.000	1.139.606	6.730.606
2.1. Irrevocable commitment:		5.677.037	67.081	5.744.118	5.591.000	1.139.606	6.730.606
2.1.1. Asset purchase commitment		-	-	-	-	1.060.080	1.060.080
2.1.2. Deposit purchase and sales commitment		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		18.820	522	19.342	31.048	602	31.650
2.1.4. Loan granting commitment		772.293	-	772.293	746.091	-	746.091
2.1.5. Securities issue brokerage commitment		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirement		-	-	-	-	-	-
2.1.7. Commitments for credit card limit		4.877.054	-	4.877.054	4.803.669	-	4.803.669
2.1.8. Other irrevocable commitment		8.870	66.559	75.429	10.192	78.924	89.116
2.2. Revocable commitment:		-	1.923	1.923	-	-	-
2.2.1. Revocable loan granting commitment		-	-	-	-	-	-
2.2.2. Other revocable commitment		-	1.923	1.923	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENT	5.4.2	167.012	5.920.764	6.087.776	175.885	6.826.588	7.002.473
3.1. Forward foreign currency buy/sell transaction:		59.090	434.226	493.316	79.123	372.598	451.721
3.1.1. Forward foreign currency transactions-buy		24.989	222.233	247.222	39.855	185.348	225.203
3.1.2. Forward foreign currency transactions-sell		34.101	211.993	246.094	39.268	187.250	226.518
3.2. Swap transactions related to foreign currency and interest rate:		106.917	5.154.429	5.261.346	56.979	5.996.781	6.053.760
3.2.1. Foreign currency swap-buy		80	2.620.968	2.621.048	1.054	3.072.990	3.074.044
3.2.2. Foreign currency swap-sell		106.837	2.528.586	2.635.423	55.925	2.923.791	2.979.716
3.2.3. Interest rate swaps-buy		-	1.980	1.980	-	-	-
3.2.4. Interest rate swaps-sell		-	2.895	2.895	-	-	-
3.3. Foreign currency and interest rate option:		1.005	175.449	176.454	39.783	276.749	316.532
3.3.1. Foreign currency options-buy		-	21.723	21.723	33.549	6.059	39.608
3.3.2. Foreign currency options-sell		1.005	20.678	21.683	6.234	30.077	36.311
3.3.3. Interest rate options-buy		-	66.524	66.524	-	150.383	150.383
3.3.4. Interest rate options-sell		-	66.524	66.524	-	90.230	90.230
3.4. Foreign currency future:		-	156.660	156.660	-	180.460	180.460
3.4.1. Foreign currency futures-buy		-	78.330	78.330	-	90.230	90.230
3.4.2. Foreign currency futures-sell		-	78.330	78.330	-	90.230	90.230
3.5. Interest rate futures:		-	-	-	-	-	-
3.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V)	5.4.3	30.332.946	38.647.931	68.980.877	23.894.563	38.948.512	62.843.075
IV. ITEMS HELD IN CUSTODY		13.213.702	2.581.428	15.795.130	10.697.259	2.838.832	13.536.091
4.1. Customers' securities held		382	1.243	1.625	407	1.462	1.869
4.2. Investment securities held in custody		11.607.718	2.298.004	13.905.722	9.376.461	2.493.448	11.869.909
4.3. Checks received for collection		1.068.650	90.905	1.159.555	1.075.815	147.015	1.222.830
4.4. Commercial notes received for collection		195.297	168.857	364.154	156.918	170.912	327.830
4.5. Other assets received for collection		236	1.400	1.636	251	1.602	1.853
4.6. Assets received for public offering		-	-	-	-	3	3
4.7. Other items under custody		341.419	21.019	362.438	87.407	24.390	111.797
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		17.119.244	36.066.503	53.185.747	13.197.304	36.109.680	49.306.984
5.1. Securities		189.378	62	189.440	222.384	72	222.456
5.2. Guarantee notes		1.511.222	2.686.548	4.197.770	1.278.494	2.997.865	4.276.359
5.3. Commodity		2.473	-	2.473	2.634	-	2.634
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		2.087.458	1.549.236	3.636.694	2.054.618	1.608.456	3.663.074
5.6. Other pledged items:		13.328.543	31.825.194	45.153.737	9.638.993	31.496.943	41.135.936
5.7. Pledged items-depository		170	5.463	5.633	181	6.344	6.525
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		37.539.727	48.584.524	86.124.251	30.982.356	51.073.892	82.056.248

Türkiye Garanti Bankası Anonim Şirketi

Statement of Operations

For the three-month period ended 31 March 2004

(Billions of Turkish Lira as resatated for the effects of inflation in equivalent purchasing power as of 31 March 2004)

INCOME AND EXPENSE ITEMS	Footnotes	CURRENT PERIOD	PRIOR PERIOD
		2004	2003
I. INTEREST INCOME	5.3.1	673.284	798.523
1.1 Interest on loans		293.308	273.418
1.1.1 Interest on TL loans		230.526	163.814
1.1.1.1 Short term loans		227.314	160.187
1.1.1.2 Medium and long term loans		3.212	3.627
1.1.2 Interest on foreign currency loans		61.891	102.503
1.1.2.1 Short term loans		21.882	35.589
1.1.2.2 Medium and long term loans		40.009	66.914
1.1.3 Interest on loans under follow-up		891	7.101
1.1.4 Premiums received from Resource Utilisation Support Fund		-	-
1.2 Interest received from reserve deposits		15.251	16.821
1.3 Interest received from banks		4.737	8.550
1.3.1 The Central Bank of Turkey		2.039	2.233
1.3.2 Domestic banks		658	2.005
1.3.3 Foreign banks		2.040	4.312
1.4 Interest received from money market transactions		-	3.446
1.5 Interest received from marketable securities portfolio		342.207	486.101
1.5.1 Trading securities		139.429	4.068
1.5.2 Available-for-sale securities		107.791	87.560
1.5.3 Held to maturity securities		94.987	394.473
1.6 Other interest income		17.781	10.187
II. INTEREST EXPENSE	5.3.2	(410.862)	(586.761)
2.1 Interest on deposits		(341.765)	(486.884)
2.1.1 Bank deposits		(14.152)	(24.758)
2.1.2 Saving deposits		(184.288)	(262.205)
2.1.3 Public sector deposits		(30)	(89)
2.1.4 Commercial deposits		(61.657)	(132.835)
2.1.5 Other institutions deposits		(4.087)	(6.432)
2.1.6 Foreign currency deposits		(77.530)	(60.538)
2.1.7 Precious metals vault accounts		(21)	(27)
2.2 Interest on money market transactions		(40.161)	(42.762)
2.3 Interest on funds borrowed		(27.700)	(56.504)
2.3.1 The Central Bank of Turkey		-	-
2.3.2 Domestic banks		(8.364)	(25.657)
2.3.3 Foreign banks		(19.336)	(30.847)
2.3.4 Other financial institutions		-	-
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(1.236)	(611)
III. NET INTEREST INCOME (I - II)		262.422	211.762
IV. NET FEES AND COMMISSIONS INCOME		112.624	99.543
4.1 Fees and commissions received		158.036	145.874
4.1.1 Cash loans		11.039	8.912
4.1.2 Non-cash loans		14.333	15.777
4.1.3 Other		132.664	121.185
4.2 Fees and commissions paid		(45.412)	(46.331)
4.2.1 Cash loans		(5.407)	(2.401)
4.2.2 Non-cash loans		(103)	(90)
4.2.3 Other		(39.902)	(43.840)
V. DIVIDEND INCOME		-	-
5.1 Trading securities		-	-
5.2 Available-for-sale securities		-	-
VI. NET TRADING INCOME/LOSS		118.110	(110.685)
6.1 Profit/losses on trading account securities (Net)		54.363	91.379
6.2 Foreign exchange gains/losses (Net)		63.747	(202.064)
VII. PROFIT/LOSS FROM "HELD TO MATURITY" SECURITIES	5.3.3	-	-
VIII. OTHER OPERATING INCOME	5.3.4	7.940	24.361
IX. TOTAL OPERATING PROFIT (III+IV+V+VI+VII+VIII)		501.096	224.981
X. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	5.3.5	(74.369)	(67.694)
XI. OTHER OPERATING EXPENSES (-)	5.3.6	(232.155)	(200.317)
XII. NET OPERATING PROFIT/LOSS (IX-X-XI)		194.572	(43.030)
XIII. INCOME/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	5.3.7	13.061	18.640
XIV. GAIN/LOSS ON NET MONETARY POSITION		6.223	48.358
XV. PROFIT/LOSS BEFORE TAXES (XII+XIII+XIV)		213.856	23.968
XVI. PROVISION FOR TAXES ON INCOME (-)		(68.500)	5.399
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV-XVI)		145.356	29.367
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	145.356	29.367
EARNINGS PER SHARE (full TL amount per TL'000 face value each)		177	37

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 317 domestic branches, two foreign branches and five representative offices abroad. The Bank's head office is located in Istanbul.

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

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

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

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

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

2.2 Holding company and group

Group of Companies under Doğu Holding AŞ that currently owns 55.08% shares of the Bank, is named as the Doğu Group (the Group).

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

Türkiye Garanti Bankası AŞ

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

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

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

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

3 Accounting policies

3.1 Disclosures on presentation principles

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

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

3.1.1 Additional paragraph for convenience translation to English

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

3.2 Forwards, options and other derivative transactions

According to Article 1 of the “Regulation on Accounting Standards”, Accounting Standard for Financial Instruments; forward purchases/sales, swaps, options and futures 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.

3.3 Netting of financial instruments

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

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

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

3.4 Interest income and expenses

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

3.5 Fees and commissions

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

3.6 Trading securities

Trading securities are valued at their fair values and gain/loss arising is recorded in the statement of operations. However, securities for which fair values could not be determined reliably are valued using discounting method with internal rate of return for the ones with a fixed maturity; and using valuation models or discounted cash flow techniques for the ones without a fixed maturity. 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. However, securities for which fair values could not be determined reliably are valued using discounting method with internal rate of return for the ones with a fixed maturity; and using valuation models or discounted cash flow techniques for the ones without a fixed maturity. 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 and originated loans 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".

A general provision was reserved in the current period against potential risks in the future.

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 Fund did not have any actuary deficit as of 31 December 2003.

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.

The new tax legislation requiring the application of inflationary accounting is effective from 1 January 2004 as per the Law no.5024 published in the Official Gazette dated 30 December 2003 with no.25332. According to the new tax legislation, the corporate tax will be calculated considering the effects of inflation accounting adjustments if the increase in wholesale price index is higher than 100% for the last 36 months and 10% for the last 12 months. At the end of each quarterly "temporary tax computation" periods, such indices will be reviewed to assess the necessity for the application of inflationary accounting; and if it is concluded as necessary, the calculations will be revised to include the effects of the inflationary accounting not only for the current period but for the whole year including the prior quarterly "temporary tax" periods retrospectively.

As of 31 March 2004, such indices were 159.05% and 7.97% for the last 36 months and 12 months, respectively; and if the monthly inflation rate of 2.65% in April is considered, such indices are 132.53% and 8.91%, respectively. Even if the indices decrease by 1.59% in May and June 2004, it is still anticipated that the 'last 12 months' index will be over 10%. As of 31 March 2004, the Bank calculated its tax provision considering the inflation accounting adjustments, with the anticipation of that the conditions for applying inflationary accounting beginning from 1 January 2004 will highly possibly take place in 2004.

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 2004, the Bank does not have any government incentives or aids.

3.20 Segment reporting

This footnote will be prepared from 1 April 2004.

4 Financial position and results of operations

4.1 Strategy for financial instruments and foreign currency operations

4.1.1 Strategy for financial instruments

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

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

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

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

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

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

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

4.1.2 Foreign currency operations

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

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

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

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

4.2 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 19.52 % as of 31 March 2004.

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)	4,664,072	479,598	572,285	8,402,813
Cash on Hand	89,211	2,712	-	-
Banks	362,687	475,758	-	48,750
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	1,104,369	-	-	-
Special Purpose Financial Institutions	-	-	-	-
Loans	1,178,103	1,080	544,553	5,551,888
Loans under Follow-Up (Net)	-	-	-	165,843
Investments in Associates and Subsidiaries	-	-	-	1,132,690
Miscellaneous Receivables	62	-	-	34,929
Investment Securities Held to Maturity (Net)	1,573,694	-	-	40,202
Advances for Assets Acquired under Financial Lease	-	-	-	-
Financial Lease Receivables	-	-	-	-
Leased Assets (Net)	-	-	-	-
Tangible Assets (Net)	-	-	-	1,287,131
Accrued Interest and Income	87,390	48	27,732	113,298
Other Assets	268,556	-	-	28,082
Off-Balance Sheet Items	396,594	1,564,510	2,151,434	206,810
Guarantees	396,594	1,533,589	691,712	206,245
Commitments	-	961	1,459,722	-
Other Off Balance Sheet-Items	-	-	-	-
Derivative Financial Instruments	-	29,960	-	565
Total Risk Weighted Assets	5,060,666	2,044,108	2,723,719	8,609,623

4.2.3 Summary on capital adequacy ratio

	Risk Weights	
	Current Period	Prior Period
Total Risk Weighted Assets (1)	11,538,104	12,225,009
Shareholders' Equity	2,252,188	2,033,520
Shareholders' Equity/Total Risk Weighted Assets (CAR (%))	19.52	16.63

(1) "Value at Risk" in the amount of TL 1,157,800 billion (2002: TL 1,495,630 billion) is included in "Total Risk Weighted Assets" in the current period.

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4.2.4 Components of shareholders' equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	822,038	822,038
Nominal Capital	822,038	822,038
Capital Commitments (-)	-	-
Share Premium and Cancellation Profit	-	-
Legal Reserves	1,075,185	1,075,185
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	1,075,185	1,075,185
Status Reserves	-	-
Extraordinary Reserves	-	-
Reserve Allocated at the General Assembly	-	-
Retained Earnings	-	-
Accumulated Losses	-	-
Profit Reserves	-1,193	-
Profit	583,480	438,124
Current Period Profit	145,356	321,110
Prior Period Profit	438,124	117,014
Loss (-)	-	-
Current Period Loss	-	-
Prior Period Loss	-	-
Total Core Capital	2,479,510	2,335,347
SUPPLEMENTARY CAPITAL		
Revaluation Fund	27,102	25,253
Movables	-	-
Immovables	2,310	2,310
Income on Sale of Equity Shares and Realestates	24,792	22,943
Revaluation Fund on Leasehold Improvements	-	-
Revaluation Surplus	16,101	3,882
Foreign Currency Exchange Differences	-	-
General Provisions	49,136	50,110
Provision for Possible Losses	54,000	35,146
Subordinated Loans	-	-
Securities Value Increase Fund	259,423	245,693
Associates and Subsidiaries	71,844	33,193
Investments Available for Sale	187,579	212,500
Securities Held for Structural Position	-	-
Total Supplementary Capital	405,762	360,084
TIER III CAPITAL		
CAPITAL	2,885,272	2,695,431

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DEDUCTIONS FROM CAPITAL	633,084	661,911
Investments in Entities Operating in Financial Sectors like Money Markets, Capital Markets, Insurance under the related Special Laws	510,488	524,310
Leasehold Improvements	39,421	40,198
Pre-Operating Costs	25,753	27,627
Prepaid Expenses	57,422	69,776
Negative Difference between the Fair Values and the Carrying Values of Investments, Associates, Subsidiaries, Other Investments, Property and Equipment	-	-
Subordinated Loans Granted to Banks Operating in Turkey	-	-
Goodwill (Net)	-	-
Capitalised Expenses	-	-
TOTAL SHAREHOLDERS' EQUITY	2.252.188	2.033.520

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	72,126
General Market Risk	70,386
Specific Risk	1,740
Options Subject to Interest Rate Risk	-
Capital Obligation against Common Stock Position Risk – Standard Method	8,545
General Market Risk	4,344
Specific Risk	4,201
Options Subject To Common Stock Position Risk	-
Capital Obligation against Currency Risk – Standard Method	11,953
Capital Obligation	11,236
Capital Obligation against Options Subject to Currency Risk	717
Total Value-At-Risk – Home Model	-
Total Capital Obligations against Market Risk	92,624
Value-At-Risk Amount	1,157,800

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 2004, the Bank's net 'on balance sheet' foreign currency short position amounts to TL 234,538 billion, net 'off-balance sheet' foreign currency long position amounts to TL 100,701 billion, while net foreign currency short position amounts to TL 133,837 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 1,305,500
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 1,305,500
<u>US dollar purchase rates for the days before balance sheet:</u>	
Day 1	TL 1,305,000
Day 2	TL 1,300,000
Day 3	TL 1,305,000
Day 4	TL 1,305,000
Day 5	TL 1,305,000

The arithmetical average of the Bank's US dollar purchase rates for the last 30 days before balance sheet date is TL 1,302,517 (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	23,134	319,333	92	2,730	345,289
Banks and Other Financial Institutions	139,010	319,041	7,935	28,269	494,255
Trading Securities	5,089	425,357	-	-	430,446
Investment Securities Available-for-Sale	132,921	2,091,877	-	-	2,224,798
Loans	805,747	3,500,182	1,050	90,575	4,397,554
Investments in Associates and Subsidiaries	219,678	37,825	-	3,984	261,487
Investment Securities Held-to-Maturity	51,373	2,915,961	-	-	2,967,334
Tangible Assets	-	591	-	1,421	2,012
Goodwill	-	-	-	-	-
Other Assets	57,252	1,093,106	222	3,872	1,154,452
Total Assets	1,434,204	10,703,273	9,299	130,851	12,277,627
Liabilities					
Bank Deposits	78,258	309,259	-	25,177	412,694
Foreign Currency Deposits	2,571,299	4,795,668	12,209	253,710	7,632,886
Other Fundings	834,653	2,970,507	584	719	3,806,463
Securities Issued	-	-	-	-	-
Miscellaneous Payables	826	2,374	-	89	3,289
Other Liabilities (*)	73,024	564,253	233	19,323	656,833
Total Liabilities	3,558,060	8,642,061	13,026	299,018	12,512,165
Net 'On Balance Sheet' Position	-2,123,856	2,061,212	-3,727	-168,167	-234,538
Net 'Off-Balance Sheet' Position	2,126,859	-2,198,376	2,616	169,602	100,701
Derivative Assets	2,265,920	484,839	13,659	246,295	3,010,713
Derivative Liabilities	139,061	2,683,215	11,043	76,693	2,910,012
Prior Period					
Total Assets	1,568,516	12,454,077	11,021	160,153	14,193,767
Total Liabilities	3,866,679	10,243,882	15,528	291,610	14,417,699
Net 'On Balance Sheet' Position	-2,298,163	2,210,195	-4,507	-131,457	-223,932
Net 'Off-Balance Sheet' Position	2,285,684	-2,297,068	-	134,663	123,279

(*) Other liabilities also include gold deposits of TL 14,167 billion.

4.6 Interest rate risk

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

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

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

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

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

Current Period	Upto 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	365,074	-	-	-	-	89,536	454,610
Banks and Other Financial Institutions	433,825	15,624	-	-	-	75,059	524,508
Trading Securities	51,377	523,303	20,579	81,804	87,231	-	764,294
Investment Securities Available-for-Sale	623,907	1,074,018	81,385	405,730	2,358,929	64,112	4,608,081
Loans	2,007,126	527,645	855,699	1,203,815	2,681,339	-	7,275,624
Investment Securities Held-to-Maturity	3,387	2,690,820	29,623	75,021	833,995	-	3,632,846
Other Assets	1,104,369	-	-	-	-	984,189	5,307,306
Total Assets	4,589,065	4,831,410	987,286	1,766,370	5,961,494	1,212,896	22,567,269
Liabilities							
Bank Deposits	467,927	98,340	32,695	18,453	-	40,545	657,960
Other Deposits	7,709,949	1,783,763	451,246	179,263	36,540	3,480,591	13,641,352
Miscellaneous Payables	-	-	-	-	44,507	-	44,507
Securities Issued	-	-	-	-	-	-	-
Other Fundings	792,608	189,833	1,282,258	1,507,526	678,283	-	4,450,508
Other Liabilities	1,632	2,623	2,353	4,888	9,389	848,004	3,772,942
Total Liabilities	8,972,116	2,074,559	1,768,552	1,710,130	768,719	4,369,140	22,567,269
On Balance Sheet Interest Sensitivity Shortage	-4,383,051	2,756,851	-781,266	56,240	5,192,775	-3,156,244	-
Off-Balance Sheet Interest Sensitivity Shortage	-	-	-	-	-	-	-
Total Interest Sensitivity Shortage	-4,383,051	2,756,851	-781,266	56,240	5,192,775	-3,156,244	-

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	-	0.50	-	24.20
Banks and Other Financial Institutions	2.10	1.15	0.30	20.86
Trading Securities	8.60	5.30	-	26.70
Investment Securities Available-for-Sale	8.50	7.50	-	26.70
Loans	6.62	6.63	-	43.63
Investment Securities Held-to-Maturity	9.60	5.40	-	25.20
Liabilities				
Bank Deposits	3.28	2.70	-	21.87
Other Deposits	2.21	2.00	-	21.91
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	3.98	2.99	-	24.47

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	161,907	-	-	-	-	369,705	531,612
Banks and Other Financial Institutions	196,626	22,557	5,767	-	-	106,817	331,767
Trading Securities	4,236	768,641	2,177	10,823	83,438	898	870,213
Investment Securities Available-for-Sale	389,203	810,060	90,019	403,047	2,693,703	58,194	4,444,226
Loans	2,035,562	512,979	929,104	925,305	2,746,201	-	7,149,151
Investment Securities Held-to-Maturity	319,353	568,153	3,078,583	101,764	766,318	-	4,834,171
Other Assets	1,183,099	-	-	-	-	1,212,619	5,686,768
Total Assets	4,289,986	2,682,390	4,105,650	1,440,939	6,289,660	1,748,233	23,847,908
Liabilities							
Bank Deposits (*)	559,573	102,956	597	570	-	29,120	692,816
Other Deposits	7,820,830	2,035,429	467,043	273,225	39,821	4,008,138	14,644,486
Miscellaneous payables	-	-	-	-	51,781	-	51,781
Securities Issued	-	-	-	-	-	-	-
Other Fundings	758,243	407,728	387,276	2,703,351	654,014	-	4,910,612
Other Liabilities	1,748	2,112	2,377	3,715	11,070	811,598	3,548,213
Total Liabilities	9,140,394	2,548,225	857,293	2,980,861	756,686	4,848,856	23,847,908
On Balance Sheet Interest Sensitivity Shortage	-4,850,408	134,165	3,248,357	-1,539,922	5,532,974	-3,100,623	-
Off-Balance Sheet Interest Sensitivity Shortage	-	-	-	-	-	-	-
Total Interest Sensitivity Shortage	-4,850,408	134,165	3,248,357	-1,539,922	5,532,974	-3,100,623	-

(*) 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	-	0.63	-	26.00
Banks and Other Financial Institutions	2.12	1.39	-	17.24
Trading Securities	6.68	3.70	-	43.88
Investment Securities Available-for-Sale	8.50	8.38	-	34.64
Loans	6.69	6.93	-	52.78
Investment Securities Held-to-Maturity	9.58	8.50	-	32.26
Liabilities				
Bank Deposits	3.27	2.74	-	26.55
Other Deposits	2.34	2.01	-	23.51
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	2.87	2.46	-	27.65

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	454,610	-	-	-	-	454,610
Banks and Other Financial Institutions	508,884	15,624	-	-	-	524,508
Trading Securities	195	84	20,778	471,570	271,667	764,294
Investment Securities Available-for-Sale	64,112	-	104,766	405,749	4,033,454	4,608,081
Loans	2,007,126	527,645	855,699	1,203,815	2,681,339	7,275,624
Investment Securities Held-to-Maturity	-	795,859	414,613	75,018	2,347,356	3,632,846
Other Assets	1,205,821	48,534	59,267	85,297	689,639	5,307,306
Total Assets	4,240,748	1,387,746	1,455,123	2,241,449	10,023,455	22,567,269
Liabilities						
Bank Deposits	508,472	98,340	32,695	18,453	-	657,960
Other Deposits	11,190,540	1,783,763	451,246	179,263	36,540	13,641,352
Other Fundings	792,608	189,833	1,282,258	1,507,526	678,283	4,450,508
Securities Issued	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	44,507	44,507
Other Liabilities	251,351	253,348	93,770	43,728	226,692	3,772,942
Total Liabilities	12,742,971	2,325,284	1,859,969	1,748,970	986,022	22,567,269
Net Liquidity Shortage	-8,502,223	-937,538	-404,846	492,479	9,037,433	-
Prior Period						
Total Assets	4,604,876	1,021,819	2,554,562	2,407,192	9,968,412	23,847,908
Total Liabilities	13,541,077	2,740,870	1,243,511	2,483,872	1,122,968	23,847,908
Net Liquidity Shortage	-8,936,201	-1,719,051	1,311,051	-76,680	8,845,444	-

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

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

4.8 Fair values of financial assets and liabilities

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

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

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

4.10 Disclosure on operations

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

5 Disclosures and footnotes on unconsolidated financial statements

5.1 Assets

5.1.1 Balances with the Central Bank of Turkey

	Current Period	Prior Period
Unrestricted Demand Deposits	477	198,598
Unrestricted Time Deposits	362,210	161,907
Total	362,687	360,505

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	-	-	-	-
Other	-	-	-	-

5.1.2.2 Trading securities subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	-	159,288	-	188,967
Treasury Bills	-	-	-	-
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

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

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5.1.5 Investment securities available-for-sale**5.1.5.1 Investment securities available-for-sale**

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

5.1.5.2 Details of investment securities available-for-sale

	Current Period	Prior Period
Debt Securities	4,547,557	4,389,719
Quoted at Stock Exchange	3,317,785	2,733,755
Not Quoted at Stock Exchange	1,229,772	1,655,964
Common Stocks	60,807	54,791
Quoted at Stock Exchange	18,537	12,976
Not Quoted at Stock Exchange	42,270	41,815
Impairment Losses (-)	-283	-284
Total	4,608,081	4,444,226

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	339,946	762,814	-	855,455
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	127,826
Asset Backed Securities	-	-	-	-
Others	-	-	-	138,084

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	68,264	240,329	84,857	271,953
Corporates	68,264	240,329	84,857	271,853
Individuals	-	-	-	-
Indirect Lendings to Shareholders	249,763	36,946	267,162	40,831
Loans to Employees	14,533	15	17,286	-
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	7,130,821	-	70,808	73,995
Discounted Bills	24,430	-	-	-
Export Loans	1,219,537	-	70,512	48,861
Import Loans	540	-	-	-
Loans to Financial Sector	477,237	-	-	-
Loans to Foreign Companies	29,358	-	70	-
Consumer Loans	604,673	-	-	-
Credit Cards	1,610,259	-	-	-
Precious Metal Loans (Gold, etc...)	79,969	-	-	-
Other	3,084,818	-	226	25,134
Specialization Loans	-	-	-	-
Other Receivables	2,295,618	-	5,262	-

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".

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5.1.6.4 Consumer loans

	Short-term	Medium and Long-term	Total	Accrued Interest and Income
Consumer Loans-TL	351,875	61,444	413,319	5,458
Housing Loans	18,761	29,731	48,492	606
Automobile Loans	138,766	31,030	169,796	1,932
Consumer Loans	188,825	378	189,203	2,800
Personnel Loans	5,523	305	5,828	120
Other Consumer Loans	-	-	-	-
Consumer Loans-Indexed to FC	95,872	95,483	191,355	1,768
Housing Loans	19,604	76,387	95,991	975
Automobile Loans	56,097	16,824	72,921	300
Consumer Loans	20,014	1,964	21,978	489
Personnel Loans	157	308	465	4
Other Consumer Loans	-	-	-	-
Credit Cards	1,610,259	-	1,610,259	21,391
Total Consumer Loans	2,058,006	156,927	2,214,933	28,617

5.1.6.4 Allocation of loan customers

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

5.1.6.6 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	6,890,992	4,364,476
Foreign Loans (*)	384,632	2,784,675

(*) Effective from 1 January 2004, in compliance with the decree on "Changes in Uniform Chart of Accounts and Guidance for Banks" as published on 9 January 2004, the classification of foreign loans was revised.

5.1.6.7 Loans to investments, associates and subsidiaries

	Current Period	Prior Period
Direct Lendings	89,241	148,422
Indirect Lendings	-	-

5.1.6.8 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	-	341
Doubtful Loans and Receivables	1,169	3,221
Uncollectible Loans and Receivables	157,516	150,490

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

None.

Movements in non-performing loan groups:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	7,224	18,060	297,288
Additions (+)	-	206	28,325
Transfer from Other NPL Categories (+)	-	6,914	13,745
Transfer to Other NPL Categories (-)	-6,914	-13,745	-
Collections (-)	-	-189	-6,270
Write-offs (-)	-	-	-
Restatement Effects of Inflationary Accounting (-)	-310	-973	-18,833
Balances at End of Period	-	10,273	314,255
Specific Provisions (-)	-	1,169	157,516
Net Balance on Balance Sheet	-	9,104	156,739

Non-performing loans in foreign currencies:

None.

5.1.6.10 Liquidation policy for uncollectible loans and receivables

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

5.1.7 Factoring receivables

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

5.1.8 Investment securities held-to-maturity (net)**5.1.8.1 Investment securities held-to-maturity**

	Current Period	Prior Period
Debt Securities		
Quoted at Stock Exchange	798,744	944,712
Not Quoted at Stock Exchange	2,834,102	3,889,459
Impairment Losses (-)	-	-
Total	3,632,846	4,834,171

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5.1.8.2 Movement of investment securities held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	4,834,171	6,084,848
Foreign Currency Differences On Monetary Assets	-59,083	-63,816
Purchases during the Period	186,670	482,519
Disposals through Sales/Redemptions (-)	-1,051,221	-936,156
Impairment Losses	-	-
Restatements Effects of Inflationary Accounting (-)	-277,691	-733,224
Balances at End of Period	3,632,846	4,834,171

5.1.8.3 Information on investment securities held-to-maturity

Current Period	Historical Costs		Valuation	
	TL	FC	TL	FC
Collateralised/Blocked Securities	211,626	1,188,052	228,624	1,155,527
Securities subject to Repurchase Agreements	111,988	507,283	116,787	524,604
Securities held for "Structural" Position	-	-	-	-
Receivable from Security Lending Market	-	-	-	-
Guarantees to Security Lending Market	-	-	-	-

Prior Period	Historical Costs		Valuation	
	TL	FC	TL	FC
Collateralised securities	226,977	1,535,579	242,219	1,592,346
Securities subject to Repurchase Agreements	80,862	724,728	86,334	734,701
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	211,626	1,188,052	226,977	1,535,579
Other	-	-	-	-

Above securities are held for legal obligations and transaction limits.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	111,988	507,283	80,862	571,070
Treasury Bill	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	153,658

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

None.

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

	Associate	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Bankalararası Kart Merkezi AŞ (*)	İstanbul/Turkey	10.15	10.15
2	Tansaş Perakende Mağazacılık AŞ (*) ⁽¹⁾	İzmir/Turkey	24.11	56.98
3	İksir Ul. Elekt. Tic. Bilg. Ve Hab. Hiz. AŞ	İstanbul/Turkey	30.44	100.00
4	Doğuş Otomotiv Servis ve Ticaret AŞ (**)	İstanbul/Turkey	18.78	100.00
5	Garanti Turizm Yatırım Ve İşletmeleri AŞ	İstanbul/Turkey	43.33	100.00
6	Doc Finance SA	Geneve/Switzerland	29.00	100.00

	Total Assets	Shareholders' Equity	Total Property & Equipment	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	7,915	7,281	3,527	187	-	426	-	-
2	429,022	215,998	303,684	6,151	-	-71,700	-305,453	548,561
3	14,151	12,121	59	-	-	-789	-222,452	-
4	541,171	231,330	99,585	3,242	-	22,162	84,888	-
5	54,331	35,085	29,565	-	-	1,538	-81,691	-
6	146,482	14,529	-	2,570	-	792	-1,774	-

(*) Inflation adjusted financial statements are not available

(**) Doğuş Otomotiv Servis ve Ticaret AŞ which was a subsidiary of Doğuş Otomotiv Holding AŞ, is merged, under Doğuş Otomotiv Servis ve Ticaret AŞ, with Doğuş Otomotiv Holding AŞ, Genpar Otomotiv Ticaret AŞ, Doğuş Motor Servis ve Ticaret AŞ and Doğuş Ağır Vasıta Servis ve Ticaret AŞ in the current period. After the merge, the Bank's share decreased to 18.78% in this company.

(1) Financial statements are as of 31 December 2003, but fair value information is as of 31 March 2004.

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5.1.9.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	300,445	269,716
Movements during the Period		
Acquisitions and Participations in Capital Increases	11,897	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales (-)	-	-9,028
Reclassifications	-	-
Difference between Market Values and Inflation-Adjusted Values	-649	39,955
Effect of Difference between Devaluation and Inflation Rates on Investments in Foreign Currencies	-815	-788
Impairment Losses (-)	-9,785	590
Balance at End of Period	301,093	300,445
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Impairment losses amounting to TL 1,817 billion in current period (prior period: TL 590 billion) arises due to the equity accounting application. The remaining balance amounting to TL 7,968 billion arises due to impairments in the cost values of investments.

Valuation methods of investments in associates:

Investments in Associates	Current Period	Prior Period
Valued at Inflation-Adjusted Historical Costs	135,508	131,580
Valued at Fair Value	132,267	132,916
Valued by Equity Method of Accounting	33,318	35,949

Sectoral distribution of investments and associates:

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

Quoted associates:

Associates	Current Period	Prior Period
Quoted at Domestic Stock Exchange	132,267	132,916
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

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5.1.10 Investments in subsidiaries (Net)**5.1.10.1 Investments in subsidiaries**

	Subsidiary	Address (City/ Country)	Bank's Share- If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Lasaş Lastik San.Ve Tic.AŞ	İstanbul/Turkey	99.99	99.99
2	Garanti Bilişim Teknolojisi Ve Tic. AŞ	İstanbul/Turkey	100.00	100.00
3	Petrotrans Nakliyat Ticaret AŞ (*)	İstanbul/Turkey	99.99	99.99
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 (*)	İstanbul/Turkey	99.92	100.00
7	Doğuş İnsan Gücü AŞ (*)	İstanbul/Turkey	64.10	100.00
8	Doğuş Hiz. Yön. Ve Org. Danış AŞ (*)	İstanbul/Turkey	89.00	100.00
9	Doğuş Turizm Sağlık Yat. İşlt. Tic. AŞ	İstanbul/Turkey	100.00	100.00
10	Sititur Turizm Taşımacılık Org. AŞ	İstanbul/Turkey	99.95	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	Aydın/Turkey	100.00	100.00
13	Konaklı Turizm Temizlik Taşımacılık Org. Bilgisayar Danışmanlık Yapı Ve Tic. AŞ	İstanbul/Turkey	99.97	100.00
14	Voyager Mediterranean Turizm End.ve Tic.A.Ş. (**)	İstanbul/Turkey	77.00	100.00
15	Garanti Finansal Kiralama AŞ	İstanbul/Turkey	94.10	98.93
16	Garanti Faktoring Hiz.AŞ (2)	İstanbul/Turkey	55.41	81.84
17	Garanti Yatırım Menkul Kıymetler AŞ	İstanbul/Turkey	100.00	100.00
18	Garanti Portföy Yönetimi AŞ	İstanbul/Turkey	100.00	100.00
19	Garanti Sigorta AŞ	İstanbul/Turkey	100.00	100.00
20	Garanti Emeklilik ve Hayat AŞ	İstanbul/Turkey	99.78	100.00
21	Garanti Gayrimenkul Yatırım Ortaklığı AŞ (2)	İstanbul/Turkey	50.98	50.98
22	Garanti Bank International NV	Amsterdam/Holland	100.00	100.00
23	Bosphorus Financial Services Ltd (1)	Valetta/Malta	99.99	100.00
24	Garanti Bank Moscow	Moscow/Russia	78.35	99.85
25	Garanti Financial Services Plc	Dublin/Ireland	99.99	100.00
26	Garanti Fund Management Co. Ltd	Valetta/Malta	99.99	100.00
27	IOB Bank Offshore Ltd. (1)	Girne / Northern Cyprus	100.00	100.00

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	Total Assets	Shareholders' Equity	Total Property & Equipment	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	56,498	41,852	39,224	-	-	-2,578	-6,308	-
2	7,696	5,340	1,411	86	49	2,084	-92,764	-
3	326	-8	-	-	-	-61	-385	-
4	325,731	317,715	299,176	47	-	-2,433	-57,267	-
5	13,568	13,233	-	-	-	527	-115,006	-
6	4,200	1,273	149	-	112	311	563	-
7	14	-498	-	-	-	-11	-1,087	-
8	1,309	1,273	5	-	23	21	1,214	-
9	181,628	181,625	173,775	6	-	-162	3,905	-
10	84,027	83,279	79,810	-	-	-840	-54,040	-
11	189	109	-	-	-	15	-214	-
12	6,244	6,206	5,685	30	30	-32	-3,462	-
13	10,923	10,820	10,212	-	-	-103	-5,881	-
14	5,110	-232	353	26	-	-938	-5,935	-
15	363,297	108,917	17,891	16,268	117	2,154	11,846	-
16	99,075	17,626	717	12,042	-	2,201	-70,470	38,610
17	15,011	12,970	3,709	340	340	1,363	-28,412	-
18	12,681	8,583	3,240	427	392	1,769	-2,966	-
19	107,025	37,342	15,695	1,990	1,413	176	-24,232	-
20	61,703	23,040	7,844	2,849	2,507	-1,567	-13,208	-
21	73,967	73,827	53,911	8,295	-	3,970	-16,689	59,985
22	2,979,013	268,099	62,567	45,540	9,518	14,301	31,226	-
23	545	542	-	-	-	-	401	-
24	196,099	45,636	883	3,529	2,094	4,044	-1,172	-
25	10,761	10,052	5	84	-	-931	7,538	-
26	1,716	98	24	2	-	31	-194	-
27	868	868	30	52	-	492	-2,449	-

(*) Inflation adjusted financial statements are not available.

(**) Inflation adjusted financial statements are not available as of the reporting date.

(1) Financial statements are as of 31 December 2003.

(2) Financial statements are as of 31 December 2003, but fair value information is as of 31 March 2004.

5.1.10.2 Movement of subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	1,369,882	1,188,577
Movements during the Period		
Acquisitions and Participations in Capital Increases	10,649	229,887
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales (-)	-	-1,356
Reclassifications	-	-
Difference between Market Values and Inflation-Adjusted Values	22,450	9,720
Effect of Difference between Devaluation and Inflation Rates on Investments in Foreign Currencies	-46,119	-32,002
Impairment Losses (-)	-14,777	-24,944
Balance at End of Period	1,342,085	1,369,882
Capital Commitments	19,342	31,650
Share Percentage at the End of Period (%)	-	-

Impairment losses amounting to TL 3,973 billion in current period (prior period: TL 24,944 billion) arises due to the equity accounting application. The remaining balance amounting to TL 10,804 billion arises due to impairments in the cost values of subsidiaries.

Valuation methods of subsidiaries:

Subsidiaries	Current Period	Prior Period
Valued at Inflation-Adjusted Historical Costs	619,752	665,964
Valued at Fair Value	51,971	29,520
Valued by Equity Method of Accounting	670,362	674,398

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	51,971	29,520
Quoted at International Stock Exchanges	-	-

Subsidiaries disposed during the current period:

None.

Subsidiaries acquired during the current period:

None.

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5.1.11 Other investments (Net)

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

5.1.12 Lease receivables (Net)**5.1.12.1 Maturity analysis of lease receivables**

None.

5.1.12.2 Net investment for financial lease

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

5.1.12.3 Financial lease agreements

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

5.1.13 Receivables on term sales of assets included in "Miscellaneous Receivables"

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

5.1.14 Accrued interest and income**5.1.14.1 Accrued interest and income on loans**

Accrued Interest and Income on Loans	Current Period		Prior Period	
	TL	FC	TL	FC
Uncollected Interest Income	3,027	6,661	3,384	8,649
Interest Income Accruals	52,001	86,533	43,427	130,286
Uncollected Commissions and Other Income	171	147	140	140
Commissions and Other Income Accruals	6,421	265	4,221	310

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	7,638	4,598	408	5,964
Investment Securities Available-for-Sale	162,024	165,420	115,141	227,667
Investment Securities Held-to-Maturity	47,318	81,522	51,289	90,430
Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	13,227	822	14,905	834
Financial Derivative Instruments:	973	3,543	920	4,014
Interest and Income Accruals	973	3,543	920	4,014
Income Accruals for Foreign Exchange Gains	-	-	-	-
Financial Leases	-	-	-	-
Other	9,844	405	9,193	178

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5.1.15 Tangible assets (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.

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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	309,348	-	1,000,670	1,570,587	268,982	102,954	69,770
Foreign Currency Deposits	2,109,934	-	2,734,555	2,044,726	372,199	100,813	270,659
Residents in Turkey	1,917,679	-	2,623,726	1,959,062	351,081	83,841	247,895
Residents Abroad	192,255	-	110,829	85,664	21,118	16,972	22,764
Public Sector Deposits	62,871	-	177	192	-	100	23
Commercial Deposits	812,873	-	1,003,273	283,519	196,456	88,566	11,828
Other	182,654	-	10,999	15,927	2,418	42	70
Precious Metal Deposits	2,911	-	-	4,903	6,353	-	-
Bank Deposits	40,544	-	617,416	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	2,199	-	93,745	-	-	-	-
Foreign Banks	38,337	-	523,671	-	-	-	-
Special Purpose Financials Institutions	8	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	3,521,135	-	5,367,090	3,919,854	846,408	292,475	352,350

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	300,070	-	941,678	1,215,227	483,177	106,915	65,901
Foreign Currency Deposits	2,600,350	-	3,226,127	2,273,504	435,873	75,754	301,604
Residents in Turkey	2,376,462	-	3,111,880	2,167,824	411,587	64,513	271,882
Residents Abroad	223,888	-	114,247	105,680	24,286	11,240	29,722
Public Sector Deposits	7,679	-	195	92	-	107	24
Commercial Deposits	890,513	-	664,483	280,645	413,098	46,118	55,905
Other	207,770	-	14,787	15,922	5,650	224	62
Precious Metal Deposits	1,758	-	-	6,717	6,245	312	-
Bank Deposits	29,120	-	663,696	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	2,282	-	234,516	-	-	-	-
Foreign Banks	26,836	-	429,180	-	-	-	-
Special Purpose Financials Institutions	2	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	4,037,260	-	5,510,966	3,792,107	1,344,043	229,430	423,496

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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	3,169,970	2,955,626	-	-
Foreign Currency Saving Deposits	5,402,506	6,269,564	-	-
Other Deposits	11,494	13,577	-	-
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	242,221	206,850
Off-Shore Branches	-	-

5.2.2 **Funds from repurchase transactions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	339,778	-	80,335	-
Financial Institutions and Organizations	281,767	-	2,114	-
Other Institutions and Organizations	38,015	-	49,901	-
Individuals	19,996	-	28,320	-
Foreign Transactions	85,167	1,156,859	527	1,638,148
Financial Institutions and Organizations	85,000	1,156,859	-	1,638,148
Other Institutions and Organizations	4	-	4	-
Individuals	163	-	523	-

5.2.3 **Funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	96,100	1,861,048	100,217	2,015,085
Medium and Long-term	-	788,556	-	964,471

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

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

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	1,223	616

5.2.6.1 Nature of cash collaterals received

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

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

None.

5.2.8 Taxes and other duties payable

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

5.2.9 Factoring payables

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

5.2.10 Criteria, limitations and commitments of leasing agreements

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

5.2.10.1 Changes in agreements and further commitments arising

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

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5.2.10.2 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	9,572	7,996	10,193	8,325
1-4 Years	11,312	9,820	14,652	12,697
More than 4 Years	-	-	-	-
Total	20,884	17,816	24,845	21,022

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	100,793	17,934	120,793	20,178
Funds Borrowed	8,730	15,751	8,132	20,619
Securities Issued	-	-	-	-
Repurchase Agreements	264	5,732	71	6,490
Financial Derivative Instruments:	-	5,546	12	5,264
<i>Interest and Expense Accruals</i>	-	5,546	12	5,264
<i>Expense Accruals for Foreign Exchange Losses</i>	-	-	-	-
Other	5,690	204,125	3,608	67,619

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

	Current Period	Prior Period
General Provision for	49,136	50,110
Loans and Receivables in Group I	38,117	38,666
Loans and Receivables in Group II	750	1,106
Non-Cash Loans	10,269	10,338
Other	-	-

5.2.12.2 Reserve for employee termination benefits and notification indemnity

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

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5.2.12.3 Commitments for retirement rights

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

5.2.12.4 Timing and amount of expected payments of provisions considering uncertainties

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

5.2.12.5 General reserves for possible losses

Balance at Beginning of Period	35,146
Reversal of general reserves realized	-
Current period general reserve provision	21,000
Restatement effects of inflationary accounting	-2,146
Balance at End of Period	54,000

The Bank provided a general reserve in the amount of TL 21,000 billion in the current period for the assets kept at cost in the financial statements against the possible adverse effects of the potential risks in the economy.

5.2.13 Subordinated loans

None.

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

	Current Period	Prior Period
Common Stock	822,038	822,038
Preferred Stock	-	-

5.2.14.2 Registered share capital system

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

5.2.14.3 Capital increases in current period

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.

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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)	1,644	1,644
Preferred Stock	-	-
Common Stock Issue Premium	-	-
Common Stock Canceling Profit	-	-
Other Equity Instruments	-	-
Total Common Stock Issue	1,644	1,644

(1) The Bank's paid-in capital amounts to TL822,038 billion and composes of 1.644.075.624.859 shares with a face value of TL500 each and 1.728 shares with a face value of TL100 each. As of 31 March 2004, 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".

Disclosure on Securities value increase fund

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

Accounting for foreign exchange gains/losses on investments, associates, subsidiaries and common stocks in investment securities available-for-sale:

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

Any foreign exchange gains/losses classified under shareholders' equity in prior periods:

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

5.2.14.9 Revaluation fund

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

5.2.14.10 Increases in revaluation fund during current period

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

5.2.14.11 Legal reserves

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

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5.2.14.12 Extraordinary reserves

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

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

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

5.3 Statement of operations**5.3.1 Interest Income****5.3.1.1 Interest income received from investments, associates and subsidiaries**

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	1,264	2,990

5.3.1.2 Income from financial lease

None.

5.3.1.3 Interest income received from reverse repurchase agreements

None.

5.3.1.4 Interest income from factoring receivables

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

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

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	3,674	8,539

5.3.2.2 Expenses on financial lease

	Current Period	Prior Period
Financial Leasing Expenses	684	469

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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	5	11,460	-	-	-	-	11,465
Saving Deposits	269	72,028	77,048	20,576	9,074	5,293	184,288
Public Sector Deposits	-	13	7	-	8	2	30
Commercial Deposits	10,169	16,106	9,590	21,321	3,466	1,005	61,657
Other	737	895	2,190	243	16	6	4,087
"7 Days Notice" Deposits	-	-	-	-	-	-	-
Total TL	11,180	100,502	88,835	42,140	12,564	6,306	261,527
FC							
Foreign Currency Deposits	558	54,005	17,112	3,178	551	2,126	77,530
Bank Deposits	-	2,687	-	-	-	-	2,687
Precious Metal Deposits	-	-	11	10	-	-	21
Total FC	558	56,692	17,123	3,188	551	2,126	80,238
Total	11,738	157,194	105,958	45,328	13,115	8,432	341,765

5.3.2.4 Interest expense on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	28,751	8,128	37,376	5,386

5.3.2.5 Interest expenses on factoring payables

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

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

None.

5.3.4 Other operating income

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

5.3.5 Provision expenses for loans and other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	14,186	15,306
<i>Unsecured</i>	-	-
<i>Others</i>	14,186	15,306
General Provisions	2,266	2,733
Impairment Losses on Securities	-	778
Other Impairment Losses (1)	24,921	48,474
Other	32,996	403

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

5.3.6 Other operating expenses

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

5.3.7 Profit/losses from investments, associates and subsidiaries

5.3.7.1 Profit and losses

Profit/Losses from	Current Period	Prior Period
Subsidiaries (+/-)	3,004	18,640
Investments and Associates (+/-)	10,057	-

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

None.

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

None.

5.3.8 Extraordinary income/expense

None.

5.3.9 Net profit and loss

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

None.

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

None.

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

None.

5.4 Off-balance Sheet Items

5.4.1 Off-balance sheet contingencies

5.4.1.1 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Loan Risks	353,284	442,300
<i>With Original Maturity of 1 Year or Less</i>	62,976	69,992
<i>With Original Maturity of More Than 1 Year</i>	290,308	372,308
Other Non-Cash Loans	4,956,273	5,037,794
Total	5,309,557	5,480,094

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”.

5.4.1.3 Irrevocable commitments

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	2,202,227	2,454,903
Letters of Guarantee in TL	1,362,433	1,320,908
Letters of Credit	964,348	836,115
Bank Acceptances	282,767	304,700
Prefinancing	-	21,175
Total	4,811,775	4,937,801

5.4.1.4 Possible losses from off-balance sheet items

None.

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

None.

5.4.1.6 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 19,432 billion for its subsidiaries. Furthermore, there are letters of guarantee in the amount of TL 40,733 billion issued for several entities for the Bank’s own business. These commitments are included in the Bank’s off-balance sheet accounts.

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5.4.2 Financial derivative instruments

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

5.4.3 Services rendered on behalf of customers

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

5.4.4 The Bank’s latest international risk ratings**MOODY’S (October 2003*)**

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

STANDARD AND POORS (October 2003*)

Long Term FC Counter Party Credit Rating	B
Outlook	Stable

FITCH RATINGS (February 2004*)

Foreign Currency	
Long Term	B+
Short Term	B
Outlook	Stable
Individual	D
Support	4
Turkish Lira	
Long Term	B+
Short Term	B
Outlook	Stable
National	
Outlook	A-
Outlook	Stable

CAPITAL INTELLIGENCE (September 2003*)

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

(* Latest dates in risk notes or outlooks.

5.5 Statement of changes in shareholders’ equity

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

5.6 Statement of cash flows

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

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

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

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

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

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

5.6.4 Cash and cash equivalents at beginning of period

	Current Period	Prior Period
Cash on Hand	169,791	197,316
<i>Cash in TL</i>	38,979	34,538
<i>Cash in Foreign Currency</i>	130,812	162,778
Cash Equivalents	687,821	1,885,098
<i>Other</i>	687,821	1,885,098
TOTAL	857,612	2,082,414

5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	89,059	169,791
<i>Cash in TL</i>	33,713	38,979
<i>Cash in Foreign Currency</i>	55,346	130,812
Cash Equivalents	890,059	687,821
<i>Other</i>	890,059	687,821
TOTAL	979,118	857,612

5.6.6 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”.

5.6.7 Additional information

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:

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

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	148,422	28,627	352,019	312,837	-	-
Balance at end of period	89,241	24,171	318,027	277,275	-	-
Interest and Commission Income	1,301	24	2,305	981	-	-

(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	186,712	34,491	632,589	294,301	-	-
Balance at end of period	148,422	28,627	352,019	312,837	-	-
Interest and Commission Income	3,062	38	13,156	618	-	-

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

5.8.1.3 Other related party balances

Deposits:

Bank’s Risk Group (1)	Investments, Associates and Subsidiaries		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	92,019	139,086	130,963	156,098	-	-
Balance at end of period	75,506	92,019	81,594	130,963	-	-
Interest Expenses	3,674	8,539	4,543	4,259	-	-

(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	150,629	20,832	-	-	-	-
End of Period	214	150,629	-	-	-	-
Total Profit/Loss	-	-4	-	-	-	-
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 5.25% of the Bank's total cash loans and 1.73% of the Bank's total assets. The non-cash loans of the risk group compose 5.68% of the Bank's total non-cash loans. The deposits of the risk group compose 1.10% of the Bank's total deposits. The pricing of transactions with the risk group companies is set in compliance with the market prices.

5.8.2.3 Other matters not required to be disclosed

None.

5.8.2.4 Transactions accounted under equity method

Please refer to sections 5.1.9 and 5.1.10.

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

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

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

5.9 Accounting in hyperinflationary economies

5.9.1 Further disclosure for inflationary accounting

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

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

The Bank's financial statements are restated for the changes in the general purchasing power of Turkish Lira on the balance sheet date in accordance with the Article as mentioned above. The corresponding figures for previous periods are restated in the same terms. In order to define an economy as a hyperinflationary economy, there are certain criteria set in the Article. One characteristic is a cumulative three-year inflation rate approaching or exceeding 100%. Inflationary accounting is applied in accordance with the Article and based on the supplement attached to it including the Turkish nation-wide wholesale price indices published by the State Institute of Statistics. Based on these indices, the three-year inflation rate in Turkey has been 159.05% as of 31 March 2004. Accordingly the financial statements of the Bank are restated for the changes in the general purchasing power of Turkish Lira as of 31 March 2004.

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 as of 31 March 2004 and 2003 and 31 December 2003 are given below:

<u>Date</u>	<u>Index</u>	<u>Conversion Factor</u>
31 March 2004	7,862.2	1.000
31 December 2003	7,382.1	1.065
31 March 2003	7,281.8	1.080

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

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

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

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

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

5.11 Significant events and matters arising subsequent to balance sheet date

By the decision no.2107 of the Board of Directors dated 27 April 2004, the Bank’s statutory share capital has increased from TL 822,038 billion to TL 1,200,000 billion through appropriation of real-estate sales income of TL 20,515 billion, investment sales income of TL 6,947 billion and retained earnings of TL 350,500 billion.

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Originally Issued in Turkish, See Note 3.1.1*

6 Other disclosures and footnotes

Doğuş Holding AŞ, the Bank's parent company has announced on 29 March 2004 that a heads of Agreement was signed between Doğuş Holding AŞ and Banca Intesa for the start of negotiations for the acquisition of 40.05% shares in Türkiye Garanti Bankası AŞ. Furthermore it has also announced that Banca Intesa will have a purchase option to acquire a further 9.96% stake in Türkiye Garanti Bankası AŞ. The due dilligence work has not yet been completed as of the reporting date.

Türkiye Garanti Bankası AŞ

As of 31 March 2004, Unconsolidated Interim Financial Statements
and Related Disclosures and Footnotes to be Announced to the Public
Together with Independent Auditor's Review Report Thereon
(Billions of Turkish Lira as restated for the effects of inflation in equivalent
of purchasing power as of 31 March 2004)

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

7 Independent Auditor's Review Report

7.1 Disclosure on Independent Auditor's Review Report

The Bank's unconsolidated interim financial statements as of 31 March 2004, have been subject to limited review by Cevdet Suner Denetim ve Yeminli Mali Müşavirlik AŞ (the member firm of KPMG). It was noted that in their review report dated 6 May 2004 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 31 March 2004.

7.2 Disclosures prepared by Independent Auditor

None.

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