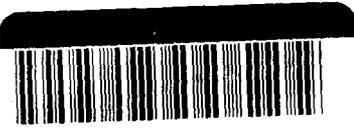


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**82- SUBMISSIONS FACING SHEET**

**Follow-Up  
Materials**

MICROFICHE CONTROL LABEL



REGISTRANT'S NAME

*Surkiyo Garanti Bankasi*

\*CURRENT ADDRESS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\*\*FORMER NAME

\_\_\_\_\_

\*\*NEW ADDRESS

\_\_\_\_\_  
\_\_\_\_\_  
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**Türkiye Garanti Bankası Anonim Şirketi**  
Unconsolidated Financial Statements  
As of and For the Year Ended 31 December 2002  
(Convenience Translation of Financial Statements and Related  
Disclosures and Footnotes Originally Issued in Turkish)  
With Independent Auditor's Report Thereon

Cevdet Suner Denetim ve  
Yeminli Mali Müşavirlik AŞ  
21 February 2003

*This report contains "Independent Auditor's Report"  
comprising 1 page and; "Unconsolidated financial  
statements and related disclosures and  
footnotes" comprising 72 pages.*

**Convenience Translation of the Auditor's Report  
Originally Issued in Turkish (See Note 3.1.1)**

**To the Board of Directors of Türkiye Garanti Bankası AŞ:**

We have assigned to audit the accompanying balance sheet of Türkiye Garanti Bankası Anonim Şirketi (the Bank) as of 31 December 2002 and the related statements of operations, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the regulations on the accounting and recording rules and independent auditing standards, which are determined by the (Turkish) Banking Law Number 4389. These regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; also assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye Garanti Bankası AŞ as of 31 December 2002 and the result of its operations and cash flows for the year then ended, in accordance with the accounting principles and standards that are based on the current regulations described in Article 13 of (Turkish) Banking Law.

İstanbul  
21 February 2003

**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 accented in countries and jurisdictions other than Turkey.

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

## **Türkiye Garanti Bankası Anonim Şirketi**

As of 31 December 2002, Audited Unconsolidated Financial Statements and Related Disclosures and Footnotes to be Announced to Public together with Independent Auditor's Report Thereon

Levent Nispetiye Mah.Aytar Cad.  
No:2 Beşiktaş 34340 İstanbul  
Telephone: 212 318 18 18  
Fax: 212 217 64 22  
[www.garantibank.com.tr](http://www.garantibank.com.tr)

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

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

The unconsolidated financial statements and related disclosures and footnotes are prepared in accordance with the "Regulation on Accounting Standards" and the related statements and the financial records of our Bank. Unless stated otherwise, the unconsolidated financial statements are presented in TL billions as restated for the effects of inflation in equivalent purchasing power as of 31 December 2002; subject to independent audit and enclosed.

|  |                      |                             |                                 |
|--|----------------------|-----------------------------|---------------------------------|
| <b>Dr. A. Mahfi Eğilmez</b>  | <b>S. Ergun Özen</b> | <b>Sema Yurdum</b>          | <b>Aylin Aktürk/Aydın Şenel</b> |
| Board of Directors Member<br>Responsible of Internal<br>Control System | General Manager      | Executive<br>Vice President | Senior Vice Presidents          |

**Türkiye Garanti Bankası AŞ**

As of 31 December 2002, Audited Unconsolidated Financial Statements  
And Related Disclosures and Footnotes to be Announced to Public  
Together with Independent Auditor's Report Thereon  
(Billions of Turkish Lira as restated for the effects of inflation  
in equivalent of purchasing power as of 31 December 2002)

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

**1 Unconsolidated Financial Statements**

**1.1 Balance Sheet prepared as of 31 December 2002**

Presented on the pages 3 and 4.

**1.2 Off-Balance Sheet Items prepared as of 31 December 2002**

Presented on the page 5.

**1.3 Statement of Operations prepared for the year ended 31 December 2002**

Presented on the page 6.

**1.4 Statement of Changes in Shareholders' Equity prepared for the year ended 31 December 2002**

Presented on the page 7.

**1.5 Statement of Cash Flows prepared for the year ended 31 December 2002**

Presented on the page 8.

**1.6 Statement of Profit Distribution prepared as of 31 December 2002**

Presented on the page 9.

(Convenience Translation of Financial Statements Originally Issued in Turkish - See Note 3.1.1)

## Türkiye Garanti Bankası Anonim Şirketi

### Balance Sheet

At 31 December 2002

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 December 2002)

| ASSETS              |  | Footnotes     | CURRENT PERIOD<br>31 December 2002 |                   |                   | PRIOR PERIOD<br>31 December 2001 |                   |                   |
|---------------------|--|---------------|------------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
|                     |  |               | TL                                 | FC                | Total             | TL                               | FC                | Total             |
| <b>I.</b>           | <b>CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY</b> | <b>5.1.1</b>  | <b>648,549</b>                     | <b>449,301</b>    | <b>1,097,850</b>  | <b>88,599</b>                    | <b>1,116,042</b>  | <b>1,204,641</b>  |
| 1.1                 | Cash in TL   |               | 28,461                             | -                 | 28,461            | 29,183                           | -                 | 29,183            |
| 1.2                 | Cash in foreign currency                                 |               | -                                  | 134,136           | 134,136           | -                                | 425,773           | 425,773           |
| 1.3                 | Balances with the Central Bank of Turkey                 |               | 620,063                            | 300,228           | 920,291           | 59,244                           | 675,594           | 734,838           |
| 1.4                 | Other  |               | 25                                 | 14,937            | 14,962            | 172                              | 14,675            | 14,847            |
| <b>II.</b>          | <b>TRADING SECURITIES (Net)</b>                          | <b>5.1.2</b>  | <b>308,159</b>                     | <b>1,063,747</b>  | <b>1,371,906</b>  | <b>73,025</b>                    | <b>2,325,115</b>  | <b>2,398,140</b>  |
| 2.1                 | Public sector debt securities                            |               | 308,159                            | 958,048           | 1,266,207         | 65,827                           | 2,320,516         | 2,386,343         |
| 2.1.1               | Government bonds   |               | 264,539                            | 790,814           | 1,055,353         | 4,230                            | 2,135,049         | 2,139,279         |
| 2.1.2               | Treasury bills   |               | 43,620                             | 159,451           | 203,071           | 61,597                           | 185,467           | 247,064           |
| 2.1.3               | Other  |               | -                                  | 7,783             | 7,783             | -                                | -                 | -                 |
| 2.2                 | Share certificates                                       |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.3                 | Other securities   |               | -                                  | 105,699           | 105,699           | 7,198                            | 4,599             | 11,797            |
| <b>III.</b>         | <b>BANKS AND OTHER FINANCIAL INSTITUTIONS</b>            | <b>5.1.3</b>  | <b>150,797</b>                     | <b>486,850</b>    | <b>637,647</b>    | <b>208,240</b>                   | <b>1,219,885</b>  | <b>1,428,125</b>  |
| 3.1                 | Due from banks   |               | 150,797                            | 486,850           | 637,647           | 208,240                          | 1,219,885         | 1,428,125         |
| 3.1.1               | Domestic banks   |               | 18,377                             | 57,862            | 76,239            | 10,537                           | 65,038            | 75,575            |
| 3.1.2               | Foreign banks  |               | 132,420                            | 428,988           | 561,408           | 197,703                          | 1,154,847         | 1,352,550         |
| 3.2                 | Other financial institutions                             |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>IV.</b>          | <b>INTERBANK MONEY MARKET</b>                            | <b>5.1.4</b>  | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>529,902</b>                   | <b>-</b>          | <b>529,902</b>    |
| 4.1                 | Interbank money market placements                        |               | -                                  | -                 | -                 | 529,902                          | -                 | 529,902           |
| 4.2                 | Istanbul Stock Exchange money market placements          |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 4.3                 | Receivables from reverse repurchase agreements           |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>V.</b>           | <b>INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)</b>    | <b>5.1.5</b>  | <b>70,889</b>                      | <b>1,010,019</b>  | <b>1,080,908</b>  | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 5.1                 | Share certificates                                       |               | 21,568                             | -                 | 21,568            | -                                | -                 | -                 |
| 5.2                 | Other securities   |               | 49,321                             | 1,010,019         | 1,059,340         | -                                | -                 | -                 |
| <b>VI.</b>          | <b>LOANS</b>   | <b>5.1.6</b>  | <b>1,616,592</b>                   | <b>4,042,056</b>  | <b>5,658,648</b>  | <b>1,435,166</b>                 | <b>4,132,274</b>  | <b>5,567,440</b>  |
| 6.1                 | Short term   |               | 1,315,183                          | 1,428,950         | 2,744,133         | 911,271                          | 1,492,906         | 2,404,177         |
| 6.2                 | Medium and long term                                     |               | 55,971                             | 2,613,106         | 2,669,077         | 149,456                          | 2,639,368         | 2,788,824         |
| 6.3                 | Loans under follow-up                                    |               | 359,546                            | -                 | 359,546           | 694,698                          | -                 | 694,698           |
| 6.4                 | Specific provisions (-)                                  |               | (114,108)                          | -                 | (114,108)         | (320,259)                        | -                 | (320,259)         |
| <b>VII.</b>         | <b>FACTORING RECEIVABLES</b>                             | <b>5.1.7</b>  | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| <b>VIII.</b>        | <b>INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>      | <b>5.1.8</b>  | <b>1,450,475</b>                   | <b>3,563,708</b>  | <b>5,014,183</b>  | <b>1,342,928</b>                 | <b>3,553,730</b>  | <b>4,896,658</b>  |
| 8.1                 | Public sector debt securities                            |               | 1,450,475                          | 3,489,140         | 4,939,615         | 1,342,928                        | 3,553,730         | 4,896,658         |
| 8.1.1               | Government bonds   |               | 1,388,570                          | 3,489,140         | 4,877,710         | 1,342,928                        | 3,553,730         | 4,896,658         |
| 8.1.2               | Treasury bills   |               | 61,905                             | -                 | 61,905            | -                                | -                 | -                 |
| 8.1.3               | Other  |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 8.2                 | Other securities   |               | -                                  | 74,568            | 74,568            | -                                | -                 | -                 |
| <b>IX.</b>          | <b>INVESTMENTS AND ASSOCIATES (Net)</b>                  | <b>5.1.9</b>  | <b>217,186</b>                     | <b>5,072</b>      | <b>222,258</b>    | <b>153,673</b>                   | <b>-</b>          | <b>153,673</b>    |
| 9.1                 | Financial investments and associates                     |               | 9,384                              | 5,072             | 14,456            | 9,249                            | -                 | 9,249             |
| 9.2                 | Non-Financial investments and associates                 |               | 207,802                            | -                 | 207,802           | 144,424                          | -                 | 144,424           |
| <b>X.</b>           | <b>SUBSIDIARIES (Net)</b>                                | <b>5.1.10</b> | <b>724,087</b>                     | <b>255,353</b>    | <b>979,440</b>    | <b>673,021</b>                   | <b>275,532</b>    | <b>948,553</b>    |
| 10.1                | Financial subsidiaries                                   |               | 162,364                            | 255,353           | 417,717           | 169,253                          | 275,532           | 444,785           |
| 10.2                | Non-Financial subsidiaries                               |               | 561,723                            | -                 | 561,723           | 503,768                          | -                 | 503,768           |
| <b>XI.</b>          | <b>OTHER INVESTMENTS (Net)</b>                           | <b>5.1.11</b> | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| <b>XII.</b>         | <b>FINANCIAL LEASE RECEIVABLES (Net)</b>                 | <b>5.1.12</b> | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 12.1                | Gross finance lease receivables                          |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 12.2                | Unearned income (-)                                      |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>XIII.</b>        | <b>RESERVE DEPOSITS</b>                                  |               | <b>169,357</b>                     | <b>797,199</b>    | <b>966,556</b>    | <b>128,336</b>                   | <b>889,126</b>    | <b>1,017,462</b>  |
| <b>XIV.</b>         | <b>MISCELLANEOUS RECEIVABLES</b>                         | <b>5.1.13</b> | <b>5,239</b>                       | <b>33,365</b>     | <b>38,604</b>     | <b>309,913</b>                   | <b>140,793</b>    | <b>450,706</b>    |
| <b>XV.</b>          | <b>ACCRUED INTEREST AND INCOME</b>                       | <b>5.1.14</b> | <b>177,509</b>                     | <b>661,446</b>    | <b>838,955</b>    | <b>100,222</b>                   | <b>722,473</b>    | <b>822,695</b>    |
| 15.1                | Loans  |               | 37,552                             | 191,112           | 228,664           | 49,854                           | 321,962           | 371,816           |
| 15.2                | Securities   |               | 113,552                            | 468,006           | 581,558           | 30,372                           | 396,735           | 427,107           |
| 15.3                | Other  |               | 26,405                             | 2,328             | 28,733            | 19,996                           | 3,776             | 23,772            |
| <b>XVI.</b>         | <b>PROPERTY AND EQUIPMENT (Net)</b>                      | <b>5.1.15</b> | <b>1,194,941</b>                   | <b>3,248</b>      | <b>1,198,189</b>  | <b>1,031,519</b>                 | <b>4,502</b>      | <b>1,036,021</b>  |
| 16.1                | Cost   |               | 1,735,336                          | 7,758             | 1,743,094         | 1,652,717                        | 8,000             | 1,660,717         |
| 16.2                | Accumulated Depreciation (-)                             |               | (540,395)                          | (4,510)           | (544,905)         | (621,198)                        | (3,498)           | (624,696)         |
| <b>XVII.</b>        | <b>INTANGIBLE ASSETS (Net)</b>                           | <b>5.1.16</b> | <b>27,416</b>                      | <b>-</b>          | <b>27,416</b>     | <b>23,169</b>                    | <b>-</b>          | <b>23,169</b>     |
| 17.1                | Goodwill   |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 17.2                | Other  |               | 80,675                             | -                 | 80,675            | 53,647                           | -                 | 53,647            |
| 17.3                | Accumulated Amortisation (-)                             |               | (53,259)                           | -                 | (53,259)          | (30,478)                         | -                 | (30,478)          |
| <b>XVIII.</b>       | <b>OTHER ASSETS</b>                                      | <b>5.1.17</b> | <b>413,074</b>                     | <b>17,425</b>     | <b>430,499</b>    | <b>626,787</b>                   | <b>18,726</b>     | <b>645,513</b>    |
| <b>TOTAL ASSETS</b> |  |               | <b>7,174,270</b>                   | <b>12,388,789</b> | <b>19,563,059</b> | <b>6,724,500</b>                 | <b>14,398,198</b> | <b>21,122,698</b> |

(Convenience Translation of Financial Statements Originally Issued in Turkish - See Note 3.1.1)

## Türkiye Garanti Bankası Anonim Şirketi

### Balance Sheet

At 31 December 2002

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 December 2002)

| LIABILITIES AND EQUITY              |  | Footnotes     | CURRENT PERIOD<br>31 December 2002 |                   |                   | PRIOR PERIOD<br>31 December 2001 |                   |                   |
|-------------------------------------|--|---------------|------------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
|                                     |  |               | TL                                 | FC                | Total             | TL                               | FC                | Total             |
| <b>I.</b>                           | <b>DEPOSITS</b>  | <b>5.2.1</b>  | <b>4,220,669</b>                   | <b>8,942,734</b>  | <b>13,163,403</b> | <b>3,791,313</b>                 | <b>9,404,355</b>  | <b>13,195,668</b> |
| 1.1                                 | Bank deposits  |               | 75,917                             | 298,302           | 374,219           | 357,879                          | 641,131           | 999,010           |
| 1.2                                 | Saving deposits  |               | 1,970,189                          | -                 | 1,970,189         | 1,760,879                        | -                 | 1,760,879         |
| 1.3                                 | Public sector deposits   |               | 5,289                              | -                 | 5,289             | 14,371                           | -                 | 14,371            |
| 1.4                                 | Commercial deposits  |               | 2,036,633                          | -                 | 2,036,633         | 1,561,133                        | -                 | 1,561,133         |
| 1.5                                 | Other institutions deposits                                    |               | 132,641                            | -                 | 132,641           | 97,051                           | -                 | 97,051            |
| 1.6                                 | Foreign currency deposits                                      |               | -                                  | 8,604,948         | 8,604,948         | -                                | 8,714,649         | 8,714,649         |
| 1.7                                 | Precious metals vault accounts                                 |               | -                                  | 39,484            | 39,484            | -                                | 48,575            | 48,575            |
| <b>II.</b>                          | <b>INTERBANK MONEY MARKET</b>                                  | <b>5.2.2</b>  | <b>271,531</b>                     | <b>833,950</b>    | <b>1,105,481</b>  | <b>129,008</b>                   | <b>493,540</b>    | <b>622,548</b>    |
| 2.1                                 | Interbank money market takings                                 |               | -                                  | 31,975            | 31,975            | 129,008                          | 493,540           | 622,548           |
| 2.2                                 | Istanbul Stock Exchange money market takings                   |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.3                                 | Funds provided under repurchase agreements                     |               | 271,531                            | 801,975           | 1,073,506         | -                                | -                 | -                 |
| <b>III.</b>                         | <b>FUNDS BORROWED</b>  | <b>5.2.3</b>  | <b>206,428</b>                     | <b>2,353,745</b>  | <b>2,560,173</b>  | <b>66,476</b>                    | <b>4,284,947</b>  | <b>4,351,423</b>  |
| 3.1                                 | Funds borrowed from the Central Bank of Turkey                 |               | -                                  | -                 | -                 | -                                | 205,534           | 205,534           |
| 3.2                                 | Other funds borrowed   |               | 206,428                            | 2,353,745         | 2,560,173         | 66,476                           | 4,079,413         | 4,145,889         |
| 3.2.1                               | Domestic banks and institutions                                |               | 206,428                            | 41,278            | 247,706           | 66,476                           | 102,285           | 168,761           |
| 3.2.2                               | Foreign banks, institutions and funds                          |               | -                                  | 2,312,467         | 2,312,467         | -                                | 3,977,128         | 3,977,128         |
| <b>IV.</b>                          | <b>SECURITIES ISSUED (Net)</b>                                 | <b>5.2.4</b>  | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 4.1                                 | Bills  |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 4.2                                 | Asset backed securities  |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 4.3                                 | Bonds  |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>V.</b>                           | <b>FUNDS</b>   | <b>5.2.5</b>  | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| <b>VI.</b>                          | <b>MISCELLANEOUS PAYABLES</b>                                  | <b>5.2.6</b>  | <b>43,179</b>                      | <b>3,695</b>      | <b>46,874</b>     | <b>26,393</b>                    | <b>14,746</b>     | <b>41,139</b>     |
| <b>VII.</b>                         | <b>OTHER EXTERNAL RESOURCES PAYABLE</b>                        | <b>5.2.7</b>  | <b>122,333</b>                     | <b>455,743</b>    | <b>578,076</b>    | <b>93,971</b>                    | <b>621,278</b>    | <b>715,249</b>    |
| <b>VIII.</b>                        | <b>TAXES AND OTHER DUTIES PAYABLE</b>                          | <b>5.2.8</b>  | <b>33,475</b>                      | <b>40</b>         | <b>33,515</b>     | <b>65,613</b>                    | <b>22</b>         | <b>65,635</b>     |
| <b>IX.</b>                          | <b>FACTORING PAYABLES</b>                                      | <b>5.2.9</b>  | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| <b>X.</b>                           | <b>FINANCIAL LEASE PAYABLES (Net)</b>                          | <b>5.2.10</b> | <b>689</b>                         | <b>9,438</b>      | <b>10,127</b>     | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 10.1                                | Financial lease payables                                       |               | 689                                | 9,438             | 10,127            | -                                | -                 | -                 |
| 10.2                                | Deferred financial lease expenses (-)                          |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>XI.</b>                          | <b>ACCRUED INTEREST AND EXPENSES</b>                           | <b>5.2.11</b> | <b>138,707</b>                     | <b>48,771</b>     | <b>187,478</b>    | <b>87,242</b>                    | <b>91,874</b>     | <b>179,116</b>    |
| 11.1                                | Deposits   |               | 120,464                            | 18,313            | 138,777           | 72,959                           | 30,982            | 103,941           |
| 11.2                                | Borrowings   |               | 10,661                             | 13,265            | 23,926            | 10,955                           | 47,270            | 58,225            |
| 11.3                                | Repurchase agreements  |               | 353                                | 683               | 1,036             | -                                | -                 | -                 |
| 11.4                                | Other  |               | 7,229                              | 16,510            | 23,739            | 3,328                            | 13,622            | 16,950            |
| <b>XII.</b>                         | <b>PROVISIONS</b>  | <b>5.2.12</b> | <b>194,721</b>                     | <b>4,856</b>      | <b>199,577</b>    | <b>353,410</b>                   | <b>6,033</b>      | <b>359,443</b>    |
| 12.1                                | General provisions   |               | 33,049                             | 2,158             | 35,207            | 39,995                           | 4,521             | 44,516            |
| 12.2                                | Reserve for employee termination benefits                      |               | 10,570                             | -                 | 10,570            | 12,521                           | -                 | 12,521            |
| 12.3                                | Provisions for income taxes                                    |               | 1,488                              | -                 | 1,488             | -                                | -                 | -                 |
| 12.4                                | Other provisions   |               | 149,614                            | 2,698             | 152,312           | 300,894                          | 1,512             | 302,406           |
| <b>XIII.</b>                        | <b>SUBORDINATED LOANS</b>                                      | <b>5.2.13</b> | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| <b>XIV.</b>                         | <b>SHAREHOLDERS' EQUITY</b>                                    | <b>5.2.14</b> | <b>1,665,616</b>                   | <b>12,739</b>     | <b>1,678,355</b>  | <b>1,592,477</b>                 | <b>-</b>          | <b>1,592,477</b>  |
| 14.1                                | Paid-in capital  |               | 791,748                            | -                 | 791,748           | 750,000                          | -                 | 750,000           |
| 14.2                                | Supplementary capital  |               | 750,512                            | 12,739            | 763,251           | 1,777,930                        | -                 | 1,777,930         |
| 14.2.1                              | Share premium  |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 14.2.2                              | Share cancellation profits                                     |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 14.2.3                              | Securities value increase fund                                 |               | 1,446                              | 12,739            | 14,185            | -                                | -                 | -                 |
| 14.2.4                              | Revaluation fund   |               | 1,904                              | -                 | 1,904             | 1,904                            | -                 | 1,904             |
| 14.2.5                              | Revaluation surplus  |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 14.2.6                              | Other capital reserves   |               | 2,163                              | -                 | 2,163             | -                                | -                 | -                 |
| 14.2.7                              | Capital reserves from inflation adjustments to paid-in capital |               | 744,999                            | -                 | 744,999           | 1,776,026                        | -                 | 1,776,026         |
| 14.3                                | Profit reserves  |               | 282                                | -                 | 282               | 293,889                          | -                 | 293,889           |
| 14.3.1                              | Legal reserves   |               | -                                  | -                 | -                 | 251,399                          | -                 | 251,399           |
| 14.3.2                              | Status reserves  |               | -                                  | -                 | -                 | -                                | -                 | -                 |
| 14.3.3                              | Extraordinary reserves   |               | -                                  | -                 | -                 | 42,490                           | -                 | 42,490            |
| 14.3.4                              | Other profit reserves  |               | 282                                | -                 | 282               | -                                | -                 | -                 |
| 14.4                                | Profit or loss   |               | 123,074                            | -                 | 123,074           | (1,229,342)                      | -                 | (1,229,342)       |
| 14.4.1                              | Prior year income/loss   |               | -                                  | -                 | -                 | (932,721)                        | -                 | (932,721)         |
| 14.4.2                              | Current year income/loss                                       |               | 123,074                            | -                 | 123,074           | (296,621)                        | -                 | (296,621)         |
| <b>TOTAL LIABILITIES AND EQUITY</b> |  |               | <b>6,897,348</b>                   | <b>12,665,711</b> | <b>19,563,059</b> | <b>6,205,903</b>                 | <b>14,916,795</b> | <b>21,122,698</b> |

(Convenience Translation of Financial Statements Originally Issued in Turkish - See Note 3.1.1)

## Türkiye Garanti Bankası Anonim Şirketi

### Off-Balance Sheet Items

At 31 December 2002

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 December 2002)

|   | Footnotes    | CURRENT PERIOD<br>31 December 2002 |                   |                   | PRIOR PERIOD<br>31 December 2001 |                   |                   |
|---|--------------|------------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
|   |              | TL                                 | FC                | Total             | TL                               | FC                | Total             |
| <b>OFF-BALANCE SHEET ITEMS</b>  |              |                                    |                   |                   |                                  |                   |                   |
| <b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>  |              | <b>3,471,285</b>                   | <b>7,007,776</b>  | <b>10,479,061</b> | <b>1,273,357</b>                 | <b>10,006,007</b> | <b>11,279,364</b> |
| <b>I. GUARANTEES</b>  | <b>5.4.1</b> | <b>884,695</b>                     | <b>3,850,574</b>  | <b>4,735,269</b>  | <b>1,008,906</b>                 | <b>5,050,992</b>  | <b>6,059,898</b>  |
| 1.1. Letters of guarantee   |              | 884,695                            | 2,466,183         | 3,350,878         | 1,008,906                        | 3,355,298         | 4,364,204         |
| 1.1.1. Guarantees subject to State Tender Law                         |              | 884,695                            | -                 | 884,695           | 204,746                          | -                 | 204,746           |
| 1.1.2. Guarantees given for foreign trade operations                  |              | -                                  | 2,466,183         | 2,466,183         | 18                               | 3,352,817         | 3,352,835         |
| 1.1.3. Other letters of guarantee                                     |              | -                                  | -                 | -                 | 804,142                          | 2,481             | 806,623           |
| 1.2. Banks loans  |              | -                                  | 400,996           | 400,996           | -                                | 478,868           | 478,868           |
| 1.2.1. Import letter of acceptance                                    |              | -                                  | 400,996           | 400,996           | -                                | 473,354           | 473,354           |
| 1.2.2. Other bank acceptances   |              | -                                  | -                 | -                 | -                                | 5,514             | 5,514             |
| 1.3. Letters of credit  |              | -                                  | 950,180           | 950,180           | -                                | 1,189,535         | 1,189,535         |
| 1.3.1. Documentary letters of credit                                  |              | -                                  | 950,180           | 950,180           | -                                | 1,189,535         | 1,189,535         |
| 1.3.2. Other letters of credit  |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.4. Prefinancing given as guarantee                                  |              | -                                  | 20,425            | 20,425            | -                                | 21,900            | 21,900            |
| 1.5. Endorsements   |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.5.1. Endorsements to the Central Bank of Turkey                     |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.5.2. Other endorsements   |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.6. Securities issue purchase guarantees                             |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.7. Other guarantees   |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.8. Other collaterals  |              | -                                  | 12,790            | 12,790            | -                                | 5,391             | 5,391             |
| <b>II. COMMITMENTS</b>  | <b>5.4.2</b> | <b>2,544,089</b>                   | <b>6,501</b>      | <b>2,550,590</b>  | <b>154,731</b>                   | <b>39,112</b>     | <b>193,843</b>    |
| 2.1. Irrevocable commitments  |              | 2,544,089                          | 6,501             | 2,550,590         | 154,731                          | 39,112            | 193,843           |
| 2.1.1. Asset purchase commitments                                     |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.1.2. Deposit purchase and sales commitments                         |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.1.3. Share capital commitment to associates and subsidiaries        |              | 45,479                             | 640               | 46,119            | 39,069                           | 743               | 39,812            |
| 2.1.4. Loan granting commitments                                      |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.1.5. Securities issue brokerage commitments                         |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.1.6. Commitments for reserve deposit requirements                   |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.1.7. Commitments for credit card limits                             |              | 2,486,472                          | -                 | 2,486,472         | -                                | -                 | -                 |
| 2.1.8. Other irrevocable commitments                                  |              | 12,138                             | 5,861             | 17,999            | -                                | 38,369            | 38,369            |
| 2.1.9. Repurchase agreements  |              | -                                  | -                 | -                 | 115,662                          | -                 | 115,662           |
| 2.2. Revocable commitments  |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.2.1. Revocable loan granting commitments                            |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.2.2. Other revocable commitments                                    |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>                          |              | <b>42,501</b>                      | <b>3,150,701</b>  | <b>3,193,202</b>  | <b>109,720</b>                   | <b>4,915,903</b>  | <b>5,025,623</b>  |
| 3.1. Forward foreign currency buy/sell transactions                   | <b>5.4.3</b> | 38,899                             | 2,757,225         | 2,796,124         | 109,720                          | 4,345,256         | 4,454,976         |
| 3.1.1. Forward foreign currency transactions-buy                      |              | 18,664                             | 1,397,144         | 1,415,808         | 393                              | 2,225,608         | 2,226,001         |
| 3.1.2. Forward foreign currency transactions-sell                     |              | 20,235                             | 1,360,081         | 1,380,316         | 109,327                          | 2,119,648         | 2,228,975         |
| 3.2. Swap transactions related to foreign currency and interest rates |              | 3,602                              | 309,239           | 312,841           | -                                | 153,228           | 153,228           |
| 3.2.1. Foreign currency swap-buy                                      |              | 168                                | 156,537           | 156,705           | -                                | 74,698            | 74,698            |
| 3.2.2. Foreign currency swap-sell                                     |              | 3,434                              | 152,702           | 156,136           | -                                | 74,698            | 74,698            |
| 3.2.3. Interest rate swaps-buy  |              | -                                  | -                 | -                 | -                                | 2,287             | 2,287             |
| 3.2.4. Interest rate swaps-sell                                       |              | -                                  | -                 | -                 | -                                | 1,545             | 1,545             |
| 3.3. Foreign currency and interest rate options                       |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.3.1. Foreign currency options-buy                                   |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.3.2. Foreign currency options-sell                                  |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.3.3. Interest rate options-buy                                      |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.3.4. Interest rate options-sell                                     |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.4. Foreign currency futures   |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.4.1. Foreign currency futures-buy                                   |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.4.2. Foreign currency futures-sell                                  |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.5. Interest rate futures  |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.5.1. Interest rate futures-buy                                      |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.5.2. Interest rate futures-sell                                     |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.6. Other  |              | -                                  | 84,237            | 84,237            | -                                | 417,419           | 417,419           |
| <b>B CUSTODY AND PLEDGED ITEMS (IV+V)</b>                             |              | <b>11,990,978</b>                  | <b>16,174,302</b> | <b>28,165,280</b> | <b>10,584,197</b>                | <b>14,092,975</b> | <b>24,677,172</b> |
| <b>IV. ITEMS HELD IN CUSTODY</b>                                      | <b>5.4.4</b> | <b>5,318,466</b>                   | <b>2,058,562</b>  | <b>7,377,028</b>  | <b>3,592,585</b>                 | <b>1,523,899</b>  | <b>5,116,484</b>  |
| 4.1. Profit or loss   |              | 382                                | 1,345             | 1,727             | 516                              | 1,378             | 1,894             |
| 4.2. Investment securities held in custody                            |              | 4,550,694                          | 1,486,629         | 6,037,323         | 2,863,549                        | 827,374           | 3,690,923         |
| 4.3. Checks received for collection                                   |              | 674,432                            | 58,530            | 732,962           | 523,335                          | 76,722            | 600,057           |
| 4.4. Commercial notes received for collection                         |              | 87,509                             | 483,201           | 570,710           | 82,673                           | 585,649           | 668,322           |
| 4.5. Other assets received for collection                             |              | 236                                | 1,774             | 2,010             | 309                              | 4,439             | 4,748             |
| 4.6. Assets received for public offering                              |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 4.7. Other items under custody  |              | 5,213                              | 27,083            | 32,296            | 122,203                          | 28,337            | 150,540           |
| 4.8. Custodians   |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>V. PLEDGED ITEMS</b>   |              | <b>6,672,512</b>                   | <b>14,115,740</b> | <b>20,788,252</b> | <b>6,991,612</b>                 | <b>12,569,076</b> | <b>19,560,688</b> |
| 5.1. Securities   |              | 50,730                             | 32,207            | 82,937            | 25,306                           | 33,992            | 59,298            |
| 5.2. Guarantee notes  |              | 976,879                            | 3,135,235         | 4,112,114         | 1,121,626                        | 3,177,886         | 4,299,512         |
| 5.3. Commodity  |              | 2,946                              | -                 | 2,946             | 5,147                            | -                 | 5,147             |
| 5.4. Warranty   |              | -                                  | -                 | -                 | -                                | -                 | -                 |
| 5.5. Immovables   |              | 3,101,505                          | 1,128,292         | 4,229,797         | 3,183,904                        | 636,882           | 3,820,786         |
| 5.6. Other pledged items  |              | 2,540,282                          | 9,820,006         | 12,360,288        | 2,203,926                        | 8,559,214         | 10,763,140        |
| 5.7. Pledged items-depository   |              | 170                                | -                 | 170               | 451,703                          | 161,102           | 612,805           |
| <b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>                            |              | <b>15,462,263</b>                  | <b>23,182,078</b> | <b>38,644,341</b> | <b>11,857,554</b>                | <b>24,098,982</b> | <b>35,956,536</b> |

(Convenience Translation of Financial Statements Originally Issued in Turkish - See Note 3.1.1)

## Türkiye Garanti Bankası Anonim Şirketi

### Statement of Operations

For the year ended 31 December 2002

(Billions of Turkish Lira as resatated for the effects of inflation in equivalent purchasing power as of 31 December 2002)

| INCOME AND EXPENSE ITEMS  |   | Footnotes    | CURRENT PERIOD     | PRIOR PERIOD       |
|---|---|--------------|--------------------|--------------------|
|   |   |              | 2002               | 2001               |
| <b>I.</b>   | <b>INTEREST INCOME</b>                                    | <b>5.3.1</b> | <b>3,049,205</b>   | <b>3,729,042</b>   |
| 1.1   | Interest on loans   |              | 963,335            | 1,638,448          |
| 1.1.1   | Interest on TL loans                                      |              | 671,253            | 1,074,943          |
| 1.1.1.1   | Short term loans  |              | 638,619            | 845,106            |
| 1.1.1.2   | Medium and long term loans                                |              | 32,634             | 229,837            |
| 1.1.2   | Interest on foreign currency loans                        |              | 287,283            | 554,213            |
| 1.1.2.1   | Short term loans  |              | 140,098            | 236,171            |
| 1.1.2.2   | Medium and long term loans                                |              | 147,185            | 318,042            |
| 1.1.3   | Interest on loans under follow-up                         |              | 4,799              | 9,292              |
| 1.1.4   | Premiums received from Resource Utilisation Support Fund  |              | -                  | -                  |
| 1.2   | Interest received from reserve deposits                   |              | 57,345             | 10,552             |
| 1.3   | Interest received from banks                              |              | 148,431            | 454,000            |
| 1.3.1   | The Central Bank of Turkey                                |              | 7,806              | 8,501              |
| 1.3.2   | Domestic banks  |              | 31,123             | 339,545            |
| 1.3.3   | Foreign banks   |              | 109,502            | 105,954            |
| 1.4   | Interest received from money market transactions          |              | 108,358            | 97,613             |
| 1.5   | Interest received from marketable securities portfolio    |              | 1,722,797          | 1,464,294          |
| 1.5.1   | Trading securities  |              | 453,076            | 420,635            |
| 1.5.2   | Available-for-sale securities                             |              | 41,817             | -                  |
| 1.5.3   | Held to maturity securities                               |              | 1,227,904          | 1,043,659          |
| 1.6   | Other interest income                                     |              | 48,939             | 64,135             |
| <b>II.</b>  | <b>INTEREST EXPENSE</b>                                   | <b>5.3.2</b> | <b>(2,374,083)</b> | <b>(2,851,812)</b> |
| 2.1   | Interest on deposits                                      |              | (2,015,398)        | (2,356,573)        |
| 2.1.1   | Bank deposits   |              | (130,392)          | (935,152)          |
| 2.1.2   | Saving deposits   |              | (1,033,815)        | (804,905)          |
| 2.1.3   | Public sector deposits                                    |              | (1,614)            | (3,639)            |
| 2.1.4   | Commercial deposits                                       |              | (594,753)          | (191,683)          |
| 2.1.5   | Other institutions deposits                               |              | (29,196)           | (28,422)           |
| 2.1.6   | Foreign currency deposits                                 |              | (225,574)          | (392,524)          |
| 2.1.7   | Precious metals vault accounts                            |              | (54)               | (248)              |
| 2.2   | Interest on money market transactions                     |              | (5,988)            | (113,645)          |
| 2.3   | Interest on funds borrowed                                |              | (346,537)          | (377,036)          |
| 2.3.1   | The Central Bank of Turkey                                |              | -                  | -                  |
| 2.3.2   | Domestic banks  |              | (45,792)           | (40,211)           |
| 2.3.3   | Foreign banks   |              | (300,745)          | (274,006)          |
| 2.3.4   | Other financial institutions                              |              | -                  | (62,819)           |
| 2.4   | Interest on securities issued                             |              | -                  | -                  |
| 2.5   | Other interest expense                                    |              | (6,160)            | (4,558)            |
| <b>III.</b>   | <b>NET INTEREST INCOME (I - II)</b>                       |              | <b>675,122</b>     | <b>877,230</b>     |
| <b>IV.</b>  | <b>NET FEES AND COMMISSIONS INCOME</b>                    |              | <b>279,120</b>     | <b>131,308</b>     |
| 4.1   | Fees and commissions received                             |              | 475,119            | 358,132            |
| 4.1.1   | Cash loans  |              | 77,116             | 20,012             |
| 4.1.2   | Non-cash loans  |              | 53,635             | 55,371             |
| 4.1.3   | Other   |              | 344,368            | 312,749            |
| 4.2   | Fees and commissions paid                                 |              | (195,999)          | (256,824)          |
| 4.2.1   | Cash loans  |              | (10,439)           | (25,769)           |
| 4.2.2   | Non-cash loans  |              | (492)              | (571)              |
| 4.2.3   | Other   |              | (185,068)          | (230,484)          |
| <b>V.</b>   | <b>DIVIDEND INCOME</b>                                    |              | <b>2,918</b>       | <b>4,292</b>       |
| 5.1   | Trading securities  |              | -                  | -                  |
| 5.2   | Available-for-sale securities                             |              | 2,918              | 4,292              |
| <b>VI.</b>  | <b>NET TRADING INCOME/LOSS</b>                            |              | <b>(21,304)</b>    | <b>(172,797)</b>   |
| 6.1   | Profit/losses on trading account securities (Net)         |              | 303,198            | 329,040            |
| 6.2   | Foreign exchange gains/losses (Net)                       |              | (324,502)          | (501,837)          |
| <b>VII.</b>   | <b>PROFIT/LOSS FROM "HELD TO MATURITY" SECURITIES</b>     | <b>5.3.3</b> | <b>-</b>           | <b>-</b>           |
| <b>VIII.</b>  | <b>OTHER OPERATING INCOME</b>                             | <b>5.3.4</b> | <b>63,192</b>      | <b>148,443</b>     |
| <b>IX.</b>  | <b>TOTAL OPERATING PROFIT (III+IV+V+VI+VII+VIII)</b>      |              | <b>999,048</b>     | <b>988,476</b>     |
| <b>X.</b>   | <b>PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)</b> | <b>5.3.5</b> | <b>(168,554)</b>   | <b>(539,401)</b>   |
| <b>XI.</b>  | <b>OTHER OPERATING EXPENSES (-)</b>                       | <b>5.3.6</b> | <b>(726,450)</b>   | <b>(883,739)</b>   |
| <b>XII.</b>   | <b>NET OPERATING PROFIT/LOSS (IX-X-XI)</b>                |              | <b>104,044</b>     | <b>(434,664)</b>   |
| <b>XIII.</b>  | <b>INCOME/LOSSES FROM ASSOCIATES AND SUBSIDIARIES</b>     | <b>5.3.7</b> | <b>56,211</b>      | <b>156,962</b>     |
| <b>XIV.</b>   | <b>GAIN/LOSS ON NET MONETARY POSITION</b>                 |              | <b>(25,693)</b>    | <b>(130,474)</b>   |
| <b>XV.</b>  | <b>PROFIT/LOSS BEFORE TAXES (XII+XIII+XIV)</b>            |              | <b>134,562</b>     | <b>(408,176)</b>   |
| <b>XVI.</b>   | <b>PROVISION FOR TAXES ON INCOME (-)</b>                  |              | <b>(11,488)</b>    | <b>147,849</b>     |
| <b>XVII.</b>  | <b>NET OPERATING PROFIT/LOSS AFTER TAXES (XV-XVI)</b>     |              | <b>123,074</b>     | <b>(260,327)</b>   |
| <b>XVIII.</b>   | <b>EXTRAORDINARY INCOME/EXPENSE AFTER TAXES</b>           | <b>5.3.8</b> | <b>-</b>           | <b>(36,294)</b>    |
| 18.1  | Extraordinary net income/expense before taxes             |              | -                  | (36,294)           |
| 18.1.1  | Extraordinary income                                      |              | -                  | -                  |
| 18.1.2  | Extraordinary expense (-)                                 |              | -                  | (36,294)           |
| 18.2  | Provision for taxes on extraordinary income               |              | -                  | -                  |
| <b>XIX.</b>   | <b>NET PROFIT/LOSS (XVII+XVIII)</b>                       | <b>5.3.9</b> | <b>123,074</b>     | <b>(296,621)</b>   |
| <b>EARNINGS PER SHARE (full TL amount per TL.000 face value each)</b> |   |              | <b>155</b>         | <b>(395)</b>       |

Condensed Translation of Financial Statements Originally Issued in Turkish - See Note 3.1.1

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Changes in Shareholders' Equity**

For the Year Ended 31 December 2002

Millions of Turkish Lira as restated for the effects of  
 inflation in equivalent purchasing power as of 31 December 2002)

| STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY                    | Footnotes    | Paid-In Capital | Capital reserves from Inflation Adjustments to Paid-In Capital | Share Premium | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Profit/(Loss) | Prior Period Profit/(Loss) | Revaluation Fund | Revaluation Surplus | Securities Value Increase Fund | Total            |
|---|--------------|-----------------|--|---------------|----------------------------|----------------|-----------------|------------------------|----------------|------------------------------|----------------------------|------------------|---------------------|--------------------------------|------------------|
| <b>PRIOR PERIOD - 2001</b>                                      |              |                 |  |               |                            |                |                 |                        |                |                              |                            |                  |                     |                                |                  |
| Balances at beginning of period                                 |              | 260,000         | 1,650,045  | -             | -                          | 232,238        | -               | 549,474                | 42,058         | -                            | (346,621)                  | -                | -                   | 235,079                        | 2,122,273        |
| Foreign exchange differences                                    |              | -               | -  | -             | -                          | -              | -               | -                      | 432            | (296,621)                    | (432)                      | -                | -                   | -                              | (296,621)        |
| Net profit for the period                                       |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | (85,668)                   | -                | -                   | -                              | -                |
| Dividends   |              | -               | -  | -             | -                          | -              | -               | 66,507                 | -              | -                            | -                          | -                | -                   | -                              | -                |
| Transfers to legal reserves                                     |              | -               | -  | -             | -                          | 19,161         | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Convertible bonds   |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Issuance of share certificates                                  |              | 490,000         | 125,981  | -             | -                          | -              | -               | (615,981)              | -              | -                            | -                          | -                | -                   | (235,079)                      | (233,175)        |
| Revaluation increment   |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | 1,904            | -                   | -                              | -                |
| <b>Balances at end of period (1+2+3+4+5+6+7+8)</b>              |              | <b>750,000</b>  | <b>1,776,026</b>   | <b>-</b>      | <b>-</b>                   | <b>251,399</b> | <b>-</b>        | <b>-</b>               | <b>42,490</b>  | <b>(296,621)</b>             | <b>(932,721)</b>           | <b>1,904</b>     | <b>-</b>            | <b>-</b>                       | <b>1,592,477</b> |
| <b>CURRENT PERIOD - 2002</b>                                    |              |                 |  |               |                            |                |                 |                        |                |                              |                            |                  |                     |                                |                  |
| Balances at beginning of period                                 |              | 750,000         | 1,776,026  | -             | -                          | 251,399        | -               | -                      | 42,490         | -                            | (1,229,342)                | 1,904            | -                   | -                              | 1,592,477        |
| Effect of prior period adjustments on the opening balance sheet | 3.1.1, 5.5.6 | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | (53,822)                   | -                | -                   | -                              | (53,822)         |
| <b>Adjusted balances at beginning of period</b>                 |              | <b>750,000</b>  | <b>1,776,026</b>   | <b>-</b>      | <b>-</b>                   | <b>251,399</b> | <b>-</b>        | <b>-</b>               | <b>42,490</b>  | <b>-</b>                     | <b>(1,283,164)</b>         | <b>1,904</b>     | <b>-</b>            | <b>-</b>                       | <b>1,538,655</b> |
| Compensation of prior periods losses                            | 5.5.7        | -               | (1,035,567)  | -             | -                          | (251,399)      | -               | -                      | (42,490)       | -                            | 1,329,456                  | -                | -                   | -                              | -                |
| Increases during the period                                     |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | 14,185                         | -                |
| "Available-for-sale" securities                                 | 5.5.1.1      | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Net fair value gains/losses                                     | 5.5.1.2      | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Cash flow hedges  | 5.5.1.3      | -               | (4)  | -             | -                          | -              | -               | -                      | 282            | -                            | -                          | -                | -                   | -                              | 278              |
| Net fair value gains/losses                                     |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Foreign exchange differences                                    |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Transfers   |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| "Available-for-sale" securities                                 |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Transferred to net profit                                       |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Cash flow hedges  |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Transferred to net profit                                       |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Transferred to net assets                                       |              | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Net current period profit                                       |              | -               | -  | -             | -                          | -              | -               | -                      | -              | 123,074                      | -                          | -                | -                   | -                              | 123,074          |
| Dividends   | 5.5.3        | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Transferred to legal reserves                                   | 5.5.4        | -               | -  | -             | -                          | -              | -               | -                      | -              | -                            | -                          | -                | -                   | -                              | -                |
| Issuance of share certificates                                  | 5.5.5        | 41,748          | 4,544  | -             | -                          | -              | -               | -                      | -              | -                            | (46,292)                   | -                | -                   | -                              | -                |
| Revaluation increment   |              | -               | -  | -             | -                          | -              | -               | 2,163                  | -              | -                            | -                          | -                | -                   | -                              | 2,163            |
| <b>Balances at end of period (1+2+3+4+5+6+7+8+9+10+11+12)</b>   |              | <b>791,748</b>  | <b>744,999</b>   | <b>-</b>      | <b>-</b>                   | <b>-</b>       | <b>-</b>        | <b>-</b>               | <b>2,445</b>   | <b>123,074</b>               | <b>-</b>                   | <b>1,904</b>     | <b>-</b>            | <b>14,185</b>                  | <b>1,678,355</b> |

(Convenience Translation of Financial Statements Originally Issued in Turkish - See Note 3.1.1)

## Türkiye Garanti Bankası Anonim Şirketi

### Statement of Cash Flows

For the Year Ended 31 December 2002

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 December 2002)

| STATEMENT OF CASH FLOWS |   | Footnotes | CURRENT PERIOD<br>2002 | PRIOR PERIOD<br>2001 |
|-------------------------|---|-----------|------------------------|----------------------|
| <b>A.</b>               | <b>CASH FLOWS FROM BANKING OPERATIONS</b>                                     |           |                        |                      |
| 1.1                     | 1.1. Operating profit before changes in operating assets and liabilities      |           | 664,210                | 273,652              |
| 1.1.1                   | Interest received   |           | 3,009,738              | 3,546,867            |
| 1.1.2                   | Interest paid   |           | (2,363,278)            | (3,001,232)          |
| 1.1.3                   | Dividend received   |           | 59,129                 | 161,254              |
| 1.1.4                   | Fees and commissions received   |           | 279,120                | 131,308              |
| 1.1.5                   | Other income  |           | 366,390                | (99,780)             |
| 1.1.5                   | Collections from previously written off loans and other receivables           |           | -                      | -                    |
| 1.1.6                   | Payments to personnel and service suppliers                                   |           | (624,882)              | (341,374)            |
| 1.1.7                   | Taxes paid  |           | -                      | -                    |
| 1.1.8                   | Extraordinary items   |           | -                      | -                    |
| 1.1.9                   | Other   | 5.6.1     | (62,008)               | (123,391)            |
| 1.2                     | Changes in operating assets and liabilities                                   |           | 1,042,058              | 3,701,008            |
| 1.2.1                   | Net increase (decrease) in trading securities                                 |           | 1,026,234              | (42,438)             |
| 1.2.2                   | Net increase (decrease) in due from banks and other financial institutions    |           | 971,044                | (613,265)            |
| 1.2.3                   | Net increase (decrease) decrease in loans                                     |           | (129,231)              | 632,419              |
| 1.2.4                   | Net increase (decrease) in other assets                                       |           | 668,022                | (1,360,051)          |
| 1.2.5                   | Net increase (decrease) in bank deposits                                      |           | (624,792)              | -                    |
| 1.2.6                   | Net increase (decrease) in other deposits                                     |           | 592,526                | 4,715,753            |
| 1.2.7                   | Net increase (decrease) in funds borrowed                                     |           | (1,308,315)            | 57,239               |
| 1.2.8                   | Net increase (decrease) in matured payables                                   |           | -                      | -                    |
| 1.2.9                   | Net increase (decrease) in other liabilities                                  | 5.6.1     | (153,430)              | 311,351              |
| <b>I.</b>               | <b>Net cash provided from banking operations</b>                              |           | 1,706,268              | 3,974,660            |
| <b>B.</b>               | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |           |                        |                      |
| <b>II.</b>              | <b>Net cash used in investing activities</b>                                  |           | (1,671,567)            | (3,123,358)          |
| 2.1                     | Cash paid for purchase of investments, associates and subsidiaries            |           | (200,633)              | (639,039)            |
| 2.2                     | Cash obtained from sale of investments, associates and subsidiaries           |           | 16,644                 | 510,160              |
| 2.3                     | Fixed assets purchases  |           | (382,917)              | (359,162)            |
| 2.4                     | Fixed assets sales  |           | 98,222                 | 170,012              |
| 2.5                     | Cash paid for purchase of investments available for sale                      |           | (1,085,358)            | -                    |
| 2.6                     | Cash obtained from sale of investments available for sale                     |           | -                      | -                    |
| 2.7                     | Cash paid for purchase of investment securities                               |           | (117,525)              | (2,805,329)          |
| 2.8                     | Cash obtained from sale of investment securities                              |           | -                      | -                    |
| 2.9                     | Extraordinary items   |           | -                      | -                    |
| 2.10                    | Other   |           | -                      | -                    |
| <b>C.</b>               | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |           |                        |                      |
| <b>III.</b>             | <b>Net cash used in financing activities</b>                                  |           | (2,443)                | (4,156)              |
| 3.1                     | Cash obtained from funds borrowed and securities issued                       |           | -                      | -                    |
| 3.2                     | Cash used for repayment of funds borrowed and securities issued               |           | -                      | -                    |
| 3.3                     | Capital increase  |           | -                      | -                    |
| 3.4                     | Dividends paid  |           | -                      | -                    |
| 3.5                     | Payments for finance leases   |           | (2,443)                | (4,156)              |
| 3.6                     | Extraordinary items   |           | -                      | -                    |
| 3.7                     | Other   | 5.6.1     | -                      | -                    |
| <b>IV.</b>              | <b>Effect of change in foreign exchange rate on cash and cash equivalents</b> | 5.6.1     | (324,502)              | (501,838)            |
| <b>V.</b>               | <b>Net increase (decrease) in cash and cash equivalents (I+II+III+IV)</b>     |           | (292,244)              | 345,308              |
| <b>VI.</b>              | <b>Cash and cash equivalents at beginning of period</b>                       |           | 469,803                | 124,495              |
| <b>VII.</b>             | <b>Cash and cash equivalents at end of period (V+VI)</b>                      | 5.6.4     | 177,559                | 469,803              |

## Türkiye Garanti Bankası Anonim Şirketi

### Statement of Profit Distribution

At 31 December 2002

(Billions of Turkish Lira as restated for the effects of inflation in equivalent purchasing power as of 31 December 2002)

| PROFIT DISTRIBUTION |   | CURRENT PERIOD | PRIOR PERIOD |
|---------------------|---|----------------|--------------|
|                     |   | 2002           | 2001         |
| <b>I.</b>           | <b>DISTRIBUTION OF CURRENT YEAR INCOME</b>              |                |              |
| 1.1                 | CURRENT YEAR INCOME                                     | 134,562        |              |
| 1.2                 | TAXES AND DUTIES PAYABLE (-)                            | (11,488)       |              |
| 1.2.1               | Corporate Tax (Income tax)                              | (11,488)       |              |
| 1.2.2               | Income withholding tax                                  |                |              |
| 1.2.3               | Other taxes and duties                                  |                |              |
| <b>A.</b>           | <b>NET INCOME FOR THE YEAR (-)</b>                      | 123,074        |              |
| 1.3                 | PRIOR YEARS LOSSES (-)                                  |                |              |
| 1.4                 | FIRST LEGAL RESERVES (-)                                |                |              |
| 1.5                 | OTHER STATUTORY RESERVES (-)                            |                |              |
| <b>B.</b>           | <b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(++))]</b> |                |              |
| 1.6                 | FIRST DIVIDEND TO SHAREHOLDERS (-)                      |                |              |
| 1.6.1               | To owners of ordinary shares                            |                |              |
| 1.6.2               | To owners of privileged shares                          |                |              |
| 1.6.3               | To owners of redeemed shares                            |                |              |
| 1.6.4               | To profit sharing bonds                                 |                |              |
| 1.6.5               | To holders of profit and loss sharing certificates      |                |              |
| 1.7                 | DIVIDENDS TO PERSONNEL (-)                              |                |              |
| 1.8                 | DIVIDENDS TO BOARD OF DIRECTORS (-)                     |                |              |
| 1.9                 | SECOND DIVIDEND TO SHAREHOLDERS (-)                     |                |              |
| 1.9.1               | To owners of ordinary shares                            |                |              |
| 1.9.2               | To owners of privileged shares                          |                |              |
| 1.9.3               | To owners of redeemed shares                            |                |              |
| 1.9.4               | To profit sharing bonds                                 |                |              |
| 1.9.5               | To holders of profit and loss sharing certificates      |                |              |
| 1.10                | SECOND LEGAL RESERVES (-)                               |                |              |
| 1.11                | STATUTORY RESERVES (-)                                  |                |              |
| 1.12                | GENERAL RESERVES  |                |              |
| 1.13                | OTHER RESERVES  |                |              |
| 1.14                | SPECIAL FUNDS   |                |              |
| <b>II.</b>          | <b>DISTRIBUTION OF RESERVES</b>                         |                |              |
| 2.1                 | APPROPRIATED RESERVES                                   |                |              |
| 2.2                 | SECOND LEGAL RESERVES (-)                               |                |              |
| 2.3                 | DIVIDENDS TO SHAREHOLDERS (-)                           |                |              |
| 2.3.1               | To owners of ordinary shares                            |                |              |
| 2.3.2               | To owners of privileged shares                          |                |              |
| 2.3.3               | To owners of redeemed shares                            |                |              |
| 2.3.4               | To profit sharing bonds                                 |                |              |
| 2.3.5               | To holders of profit and loss sharing certificates      |                |              |
| 2.4                 | DIVIDENDS TO PERSONNEL (-)                              |                |              |
| 2.5                 | DIVIDENDS TO BOARD OF DIRECTORS (-)                     |                |              |
| <b>III.</b>         | <b>EARNINGS PER SHARE</b>                               |                |              |
| 3.1                 | TO OWNERS OF ORDINARY SHARES                            | 155            |              |
| 3.2                 | TO OWNERS OF ORDINARY SHARES (%)                        | 15.5%          |              |
| 3.3                 | TO OWNERS OF PRIVILEGED SHARES                          |                |              |
| 3.4                 | TO OWNERS OF PRIVILEGED SHARES (%)                      |                |              |
| <b>IV.</b>          | <b>DIVIDEND PER SHARE</b>                               |                |              |
| 4.1                 | TO OWNERS OF ORDINARY SHARES                            |                |              |
| 4.2                 | TO OWNERS OF ORDINARY SHARES (%)                        |                |              |
| 4.3                 | TO OWNERS OF PRIVILEGED SHARES                          |                |              |
| 4.4                 | TO OWNERS OF PRIVILEGED SHARES (%)                      |                |              |

The profit distribution will be decided during the General Assembly.

## **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 at Official Gazette dated 25 April 1946. The Bank provides banking services through 301 domestic branches, three foreign branches and five representative offices abroad. The Bank's head office is located in Istanbul.

Activities of the Bank as stated at the third clause of its Foundation Agreement as follows:

- All banking operations,
- Within the limits set forth by banking law, participating in, establishing, and trading the shares of enterprises at various sectors;
- To purchase/sell debt securities, treasury bills, government bonds and other share certificates issued by official and private institutions,
- To develop economical and financial relations with foreign organizations,
- To deal with every economic operations in compliance with banking law.

The Bank's activities were 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 has not specialized to any type of operation but deals with all banking activities. Main source of the loans raised to customers is the deposits. On condition that to meet the pre-stated efficiency rate, loan is raised to entities operating on various sectors.

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

### **2.2 Group in which the Bank is included**

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

## **Türkiye Garanti Bankası AŞ**

As of 31 December 2002, Audited Unconsolidated Financial Statements  
And Related Disclosures and Footnotes to be Announced to Public  
Together with Independent Auditor's Report Thereon  
(Billions of Turkish Lira as restated for the effects of inflation  
in equivalent of purchasing power as of 31 December 2002)

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

The Doğuş Group was established in 1951 as a construction and contracting firm. Today it is operating in a variety of businesses mainly comprising financial services, automotive, food tourism and service sector with its employees more than 16.000.

The Doğuş Group who also develops projects about telecommunication, internet, retail and health has established joint-ventures with Lamb-Weston of ConAgra and Barilla Spa.

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

In construction sector, group has an important role in the projects of Araklı-Iyidere motorway, Cukurova motorway, Boyabat and Aslancık dams.

The Group is the leader at the sales of foreign autos in Turkey and has tourism investments such as Sheraton Antalya, Club Aldiana, Paradise Apart Otel and five marinas which are adjudicated by "build, operate and transfer model" such as Dalaman, Bodrum, Antalya.

The investments of the group at 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 Hayat Sigorta AŞ, Garanti Factoring Hizmetleri AŞ, Garanti Ödeme Sistemleri AŞ.

### **3 Accounting policies**

#### **3.1 Disclosures on presentation principles**

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

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

##### **3.1.1 Additional paragraph for convenience translation to English**

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

### **3.2 Forwards, options and other derivative transactions**

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

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

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

### **3.3 Netting of financial instruments**

In cases where the fair values of trading securities, investment securities available-for-sale, securities quoted at the Istanbul Stock Exchange, associates and subsidiaries are under their carrying values, a provision for impairment is allocated, and the assets shown as net 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 on the assets side.

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

### **3.4 Interest income and expenses**

Interest income and expenses are recorded on an accrual basis of accounting. Foreign currency differences of foreign currency-indexed loans and securities are recorded under interest income and expenses. The interest income accruals on non-performing loans are cancelled and recognised as income only when received.

### **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 received.

### **3.6 Trading securities**

Trading securities are valued at their fair values and gain/loss arising is recorded in the statement of operations. However, securities for which fair values could not be determined reliably are valued using discounting method with internal rate of return. Interest income derived from the trading securities on hand 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 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 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 securities, investment securities available for sale securities and originated loans and receivables**

Held-to-maturity securities are financial assets with fixed or determinable payments and fixed maturities that the Bank has the intent and ability to hold such securities till 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 loans and receivables originated by the Bank providing money, stock and services to debtors.

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

There are no financial assets that are not allowed to be classified as investment securities held-to-maturity security 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.

The Bank used to account for investment securities held-to-maturity in compliance with the "Uniform Chart of Accounts for Banks" before the "Regulation on Accounting Standards".

### **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 at a level determined in order to recover the possible losses that may arise, and such allowances are deducted from the current period profit. The provisioning is assessed based on the quality of the loan portfolio and the risk factors included, economical and other factors by the Bank's management.

The Bank provides specific allowances for loans of 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 Turkish Banking Law no.4389 as amended by Act No.4672 as published in Official Gazette no.24448 dated 30 June 2001, and in accordance with the amendment to the above regulation as republished in 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 taken into account the 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 is not any restrictions like pledges, mortgages or any other restriction on tangible assets.

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There is not any material particular change in accounting estimates expected for the subsequent periods.

Depreciation rates and estimated useful lives are:

| Tangible asset        | Estimated useful life (year) | Depreciation rate (%) |
|-----------------------|------------------------------|-----------------------|
| Buildings             | 50                           | 2                     |
| Vault                 | 20-50                        | 2-5                   |
| Motor vehicles        | 5-7                          | 15-20                 |
| Other tangible assets | 4-20                         | 5-25                  |

The Bank has prepared a very detailed list of its tangible assets adjusted for inflation as of 31 December 2002. The assets physically missing were written off. The depreciation rates applied were revised according to the expected useful lives of assets starting from the current year. The effects of this work's results were reflected to the related periods. Accordingly a difference of TL 48,106 billion has been corrected through the opening retained earnings.

### **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 "Regulation on Accounting Standards".

A general provision for possible risks has been reserved

### **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 "Regulation on Accounting Standards".

The reserve for employee termination benefits in the current period, is calculated using the arithmetical average of the proportions of the last 5 years' actual payments to total obligations, %9.66.

No provision is allocated in the accompanying financial statements for the Bank's Pension 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 "Regulation on Accounting Standards" for Retirement Trust Fund founded under Social Security Law no. 506, the temporary Clause 20. According to actuary audit report, the actuary excess of the institution amounted to TL 4,891 billion as of 31 December 2002.

### **3.15 Taxation**

Necessary tax provision is made based on the results of operations in the current period, if it resulted a taxable profit

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. Accordingly, the Bank has calculated and recorded deferred tax asset in its balance sheet at 31 October 2001 during the merger with Osmanlı Bankası AŞ. After this date, any decreases in deferred tax asset are recorded as tax expense in the statement of operations. The Bank does not record any increases in deferred tax asset.

### **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. Payment of dividend is declared at the General Assembly following the balance sheet date as stated in the related footnote.

### **3.18 Acceptances**

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

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**3.19 Government incentives**

As of 31 December 2002, the Bank has the right to benefit for the amount of TL 42,943 billion from the incentive certificate no. 61763 dated 11 January 2000. This certificate provides 100% investment exemption, 100% customs and value added tax exemptions for the products under the scope of the certificate.

**3.20 Segment reporting**

This footnote will be prepared starting 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 banking sector. Despite deposits, the Bank has longer-term borrowings thanks to especially 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, provide continuity and increase customer transactions. The Bank's widespread and effective branch network, advantage of being a market maker and having a large part in treasury and capital market instruments, are the most important tools to realise this strategy. Serving customers new products and services continuously and keeping the customers satisfaction high are very important.

Another factor necessary to manage the interest and liquidity risk on balance sheet, is product diversification both on asset and liability side.

Foreign currency 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 this systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used with this purpose.

Purchase and sale of short-term and long-term financial instruments to generate return on capital, are allowed for the risk limits set.

The foreign currency position is controlled by the equilibrium of a currency basket in order to be hedged.

#### **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 foreign currency differences are recorded as foreign exchange gain or loss.

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

Total foreign exchange losses included net profit for the period amounts to TL 324,502 billion. The balance of profit reserve from foreign currency differences is TL 282 billion.

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

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The Bank revalues the foreign currency-indexed government securities acquired at "Debt Swap" 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 Treasury, records the evaluations to financial statements considering the ten days' average of Central Bank's foreign currency exchange rates before the balance sheet date.

## **4.2 Capital adequacy ratio**

The Bank's unconsolidated capital adequacy ratio is 12,71% as of 31 December 2002.

### **4.2.1 Risk measurement methods in calculation of capital adequacy ratio**

Capital adequacy ratio is calculated within the scope of "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

The non cash loans, in the calculation of their risk based values, are weighted after netting with any specific provisions calculated based on "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables" and classified on the liability side of the balance sheet and multiplying 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%             |
| <b>Risk Weighted Assets, Liabilities, Off-Balances Items</b> |                  |                  |                  |                  |
| <b>Balance Sheet Items (Net)</b>                             | <b>6,236,537</b> | <b>622,214</b>   | <b>608,001</b>   | <b>6,383,772</b> |
| Cash on Hand   | 162,621          | 14,937           | -                | -                |
| Due From Banks   | 920,291          | 604,363          | -                | 33,284           |
| Interbank Money Market Placements                            | -                | -                | -                | -                |
| Receivables from Reverse Repurchase Agreements               | -                | -                | -                | -                |
| Reserve Deposits   | 966,556          | -                | -                | -                |
| Special Purpose Financial Institutions                       | -                | -                | -                | -                |
| Loans  | 925,145          | -                | 528,713          | 3,959,352        |
| Loans under Follow-Up (Net)                                  | -                | -                | -                | 245,438          |
| Investments, Associates and Subsidiaries                     | -                | -                | -                | 771,531          |
| Miscellaneous Receivables                                    | -                | -                | -                | 38,604           |
| Investment Securities Held to Maturity (Net)                 | 2,636,022        | -                | -                | -                |
| Advances for Assets Acquired under Financial Lease           | -                | -                | -                | -                |
| Financial Lease Receivables                                  | -                | -                | -                | -                |
| Leased Assets (Net)  | -                | -                | -                | -                |
| Property and Equipment (Net)                                 | -                | -                | -                | 1,169,347        |
| Accrued Interest and Income                                  | 275,383          | 2,914            | 79,288           | 136,836          |
| Other Assets   | 350,519          | -                | -                | 29,380           |
| <b>Off Balance Sheet Items</b>                               | <b>205,875</b>   | <b>1,584,218</b> | <b>1,854,777</b> | <b>196,460</b>   |
| Guarantees   | 205,875          | 1,565,236        | 579,483          | 195,578          |
| Commitments  | -                | -                | 1,275,294        | -                |
| Other Off Balance Sheet-Items                                | -                | -                | -                | -                |
| Derivative Financial Instruments                             | -                | 18,982           | -                | 882              |
| <b>Total Risk Weighted Assets</b>                            | <b>6,442,412</b> | <b>2,206,432</b> | <b>2,462,778</b> | <b>6,580,232</b> |

#### 4.2.3 Summary on capital adequacy ratio

|   | Risk Weights   |              |
|---|----------------|--------------|
|   | Current Period | Prior Period |
| Total Risk Weighted Assets (1)                            | 9,310,977      | 9,432,197    |
| Shareholders' Equity                                      | 1,183,094      | 1,028,632    |
| Shareholders' Equity/Total Risk Weighted Assets (CAR (%)) | 12.71          | 10.91        |

(1) "Value at Risk" in the amount of TL 1,058,070 billion, is included in "Total Risk Weighted Assets".

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**4.2.4 Components of shareholders' equity items**

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| <b>MAIN CAPITAL</b>   |                  |                  |
| Paid-in Capital   | 791,748          | 750,000          |
| Nominal Capital   | 791,748          | 750,000          |
| Capital Commitments (-)   | -                | -                |
| Share Premium and Cancellation Profit   | -                | -                |
| Legal Reserves  | 744,999          | 2,027,425        |
| I. Legal Reserve (Turkish Commercial Code 466/1)  | -                | 155,820          |
| II. Legal Reserve (Turkish Commercial Code 466/2)   | -                | 95,579           |
| Capital Reserves From Inflation Adjustments to Paid-in Capital  | 744,999          | 1,776,026        |
| Status Reserves   | -                | -                |
| Extraordinary Reserves  | 282              | 42,490           |
| Reserve Allocated at the General Assembly   | -                | 42,490           |
| Retained Earnings   | -                | -                |
| Accumulated Losses  | -                | -                |
| Foreign Currency Exchange Difference on Share Capital   | 282              | -                |
| Profit  | 123,074          | -                |
| Current Period Profit   | 123,074          | -                |
| Prior Period Profit   | -                | -                |
| Loss (-)  | -                | -1,229,342       |
| Current Period Loss   | -                | -296,621         |
| Prior Period Loss   | -                | -932,721         |
| <b>Total Main Capital</b>   | <b>1,660,103</b> | <b>1,590,573</b> |
| <b>SUPPLEMENTARY CAPITAL</b>  |                  |                  |
| Revaluation Fund  | 1,904            | 1,904            |
| Movables  | -                | -                |
| Immovables  | 1,904            | 1,904            |
| Profit on Sale of Associates, Subsidiaries and Real Estates subject to Transfer to Capital  | -                | -                |
| Revaluation Fund on Leasehold Improvements  | -                | -                |
| Revaluation Fund Surplus  | 2,163            | -                |
| Foreign Currency Exchange Differences   | -                | -                |
| General Reserves  | 35,207           | 44,516           |
| Provision for Possible Losses   | 20,000           | -                |
| Subordinated Loans  | -                | -                |
| Securities Value Increase Fund  | 14,185           | -                |
| Associates and Subsidiaries   | -                | -                |
| Investments Available for Sale  | 14,185           | -                |
| Investments Held to Maturity  | -                | -                |
| <b>Total Supplementary Capital</b>  | <b>73,459</b>    | <b>46,420</b>    |
| <b>TIER III CAPITAL</b>   | -                | -                |
| <b>CAPITAL</b>  | <b>1,733,562</b> | <b>1,636,993</b> |
| <b>DEDUCTIONS FROM CAPITAL</b>  | <b>550,468</b>   | <b>608,361</b>   |
| Investments in Entities Operating in Financial Sectors like Money Markets, Capital Markets, Insurance, and Having Legal Title in accordance with the Related Special Laws | 443,610          | 465,101          |
| Leasehold Improvements  | 28,842           | 54,633           |
| Pre-operating Costs   | 27,416           | 23,166           |
| Prepaid Expenses  | 50,600           | 65,461           |
| Negative Difference between the Fair Values and the Carrying Values of Investments, Associates, Subsidiaries, Other Investments, Property and Equipment                   | -                | -                |
| Subordinated Loans Granted to Banks Operating in Turkey   | -                | -                |
| Goodwill (Net)  | -                | -                |
| Capitalised Expense   | -                | -                |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   | <b>1,183,094</b> | <b>1,028,632</b> |

### **4.3 Credit risk**

Credit risk means risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partly or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

The debtors or group of debtors are subject to credit risk limits. Sectoral risk concentrations are reviewed monthly.

Credit worthiness of debtors is reviewed periodically in compliance with the legislation by the internal risk rating models. The credit limits are revised and further collateral is required if the risk level of debtor deteriorates. For unsecured loans, the necessary documentation is gathered in compliance with the legislation.

Geographical concentration of credit customers is reviewed monthly. It is in parallel to the concentration of industrial and commercial activities in Turkey.

In accordance with the Bank's lending policies, the debtor's creditworthiness is analysed and the satisfactory collateral is required based on the financial position of the company and the lending terms demanded; like cash collateral, bank guarantees, mortgages, pledges, bills and corporate guarantees.

The Bank has control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed under the risk from market fluctuations. The Bank follows up the risk arising from such instruments and takes the necessary actions to decrease it when necessary.

The non-cash loans liquidated are subject to the same risk weighting with the overdue loans.

The Bank performs foreign trade finance and other interbank credit transactions through widespread correspondents network. Accordingly, the Bank assigns limits to domestic and foreign banks and other financial institutions examining their credit worthiness, periodically.

The Bank's largest 100 cash loan customers compose 57.32% of the total cash loan portfolio.

The Bank's largest 100 non-cash loan customers compose 45.52% of the total non-cash loan portfolio.

The Bank's largest 100 cash and non-cash loan customers compose 15.57% of the total cash and non-cash loan portfolio.

The general provision for credit risk amounts to TL 35,207 billion at 31 December 2002.

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**4.3.1 Geographical concentration**

|                                    | Assets            | Liabilities       | Non-cash<br>Loans | Capital<br>Expenditures | Net<br>Profit/Loss |
|------------------------------------|-------------------|-------------------|-------------------|-------------------------|--------------------|
| <b>Current Period</b>              |                   |                   |                   | -                       |                    |
| Domestic                           | 18,320,138        | 15,199,517        | 4,555,599         | -                       | 94,798             |
| European Union (EU) Countries      | 731,306           | 2,789,373         | 59,294            | -                       | 20,191             |
| OECD Countries (1)                 | 224,398           | 255,422           | -                 | -                       | -                  |
| Off-Shore Banking Regions          | 137,317           | 5,854             | 8,731             | -                       | 6,572              |
| USA, Canada                        | 41,000            | 774,283           | 47                | -                       | -                  |
| Other Countries                    | 90,663            | 57,220            | 111,598           | -                       | 1,513              |
| Unallocated Assets/Liabilities (2) | 18,237            | 481,390           | -                 | -                       | -                  |
| <b>Total</b>                       | <b>19,563,059</b> | <b>19,563,059</b> | <b>4,735,269</b>  | -                       | <b>123,074</b>     |
| <b>Prior Period</b>                |                   |                   |                   | -                       |                    |
| Domestic                           | 19,453,386        | 15,038,980        | 5,808,558         | -                       | -291,399           |
| EU Countries                       | 1,101,949         | 2,704,600         | 150,365           | -                       | -799               |
| OECD Countries (1)                 | 27,780            | 907,712           | -                 | -                       | -                  |
| Off-Shore Banking Regions          | 276,717           | 476,248           | 8,406             | -                       | -4,278             |
| USA, Canada                        | 191,539           | 955,023           | 65,963            | -                       | -                  |
| Other Countries                    | 50,174            | 175,129           | 26,606            | -                       | -145               |
| Unallocated Assets/Liabilities (2) | 21,153            | 865,006           | -                 | -                       | -                  |
| <b>Total</b>                       | <b>21,122,698</b> | <b>21,122,698</b> | <b>6,059,898</b>  | -                       | <b>-296,621</b>    |

(1) OECD countries other than EU countries, USA and Canada

(2) Items could not be distributed on a consistent basis

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**4.3.2 Sectoral distribution of cash loans**

|                                      | Current Period   |               |                  |               | Prior Period     |               |                  |               |
|--------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                                      | TL               | (%)           | FC               | (%)           | TL               | (%)           | FC               | (%)           |
| <b>Agriculture</b>                   | <b>13,616</b>    | <b>0.99</b>   | <b>95,630</b>    | <b>2.36</b>   | <b>18,723</b>    | <b>1.77</b>   | <b>75,251</b>    | <b>1.82</b>   |
| Farming and Stockbreeding            | 6,128            | 0.45          | 72,488           | 1.79          | 8,524            | 0.80          | 46,137           | 1.12          |
| Forestry                             | 7,433            | 0.54          | 23,142           | 0.57          | 9,783            | 0.92          | 28,835           | 0.70          |
| Fishery                              | 55               | 0.00          | -                | 0.00          | 416              | 0.04          | 279              | 0.01          |
| <b>Manufacturing</b>                 | <b>162,534</b>   | <b>11.85</b>  | <b>1,335,622</b> | <b>33.04</b>  | <b>176,595</b>   | <b>16.64</b>  | <b>1,342,774</b> | <b>32.49</b>  |
| Mining                               | 6,721            | 0.49          | 414,564          | 10.25         | 11,445           | 1.08          | 124,157          | 3.00          |
| Production                           | 155,813          | 11.36         | 921,058          | 22.79         | 165,150          | 15.56         | 1,193,145        | 28.87         |
| Electric, Gas, Water                 | -                | 0.00          | -                | 0.00          | -                | 0.00          | 25,472           | 0.62          |
| <b>Construction</b>                  | <b>26,968</b>    | <b>1.97</b>   | <b>197,542</b>   | <b>4.89</b>   | <b>26,500</b>    | <b>2.50</b>   | <b>270,858</b>   | <b>6.56</b>   |
| <b>Services</b>                      | <b>157,567</b>   | <b>11.49</b>  | <b>1,649,718</b> | <b>40.82</b>  | <b>186,958</b>   | <b>17.63</b>  | <b>1,915,177</b> | <b>46.35</b>  |
| Wholesale and Retail Trade           | 129,922          | 9.48          | 354,428          | 8.77          | 67,189           | 6.33          | 850,432          | 20.58         |
| Hotel, Food and Beverage Services    | 2,933            | 0.21          | 118,344          | 2.93          | 5,562            | 0.52          | 93,776           | 2.27          |
| Transportation and Telecommunication | 4,144            | 0.30          | 66,575           | 1.65          | 6,398            | 0.60          | 430,465          | 10.42         |
| Financial Institutions               | 17,595           | 1.28          | 1,106,110        | 27.36         | 105,040          | 9.90          | 514,748          | 12.46         |
| Real Estate and Renting Services     | -                | 0.00          | -                | 0.00          | -                | 0.00          | -                | 0.00          |
| "Self-Employment" Type Services      | -                | 0.00          | -                | 0.00          | -                | 0.00          | -                | 0.00          |
| Educational Services                 | 1,686            | 0.12          | 3,162            | 0.08          | 813              | 0.08          | 11,128           | 0.27          |
| Health and Social Services           | 1,287            | 0.10          | 1,099            | 0.03          | 1,956            | 0.18          | 14,628           | 0.35          |
| <b>Other</b>                         | <b>1,010,469</b> | <b>73.70</b>  | <b>763,544</b>   | <b>18.89</b>  | <b>651,951</b>   | <b>61.46</b>  | <b>528,214</b>   | <b>12.78</b>  |
| <b>Total</b>                         | <b>1,371,154</b> | <b>100.00</b> | <b>4,042,056</b> | <b>100.00</b> | <b>1,060,727</b> | <b>100.00</b> | <b>4,132,274</b> | <b>100.00</b> |

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

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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 "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and reported monthly.

**Value at Risk:**

|  | <b>Total</b>     |
|--|------------------|
| <b>Capital Obligation against Interest Rate Risk - Standard Method</b>         | <b>62,690</b>    |
| General Market Risk  | 60,477           |
| Specific Risk  | 2,213            |
| Options Subject to Interest Rate Risk  | -                |
| <b>Capital Obligation against Common Stock Position Risk – Standard Method</b> | <b>1,623</b>     |
| General Market Risk  | 865              |
| Specific Risk  | 758              |
| Options Subject To Common Stock Position Risk                                  | -                |
| <b>Capital Obligation against Currency Risk – Standard Method</b>              | <b>20,333</b>    |
| Capital Obligation   | 20,333           |
| Capital Obligation against Options Subject to Currency Risk                    | -                |
| <b>Total Value-At-Risk – Home Model</b>  | <b>-</b>         |
| <b>Total Capital Obligations against Market Risk</b>                           | <b>84,646</b>    |
| <b>Value-At-Risk Amount</b>  | <b>1,058,070</b> |

#### **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 December 2002, the Bank's net 'on balance sheet' foreign currency short position amounts to TL 276,943 billion, net 'off-balance sheet' foreign currency long position to TL 40,881 billion and finally net foreign currency short position to TL 236,062 billion.

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

Measurements for standard method are carried out weekly, and for "VaR" are daily.

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***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 1,598,755 |
| B. US dollar purchase rate at the date of balance sheet and for the 5 days before balance sheet are: |              |
| US dollar purchase rate at the date of balance sheet   | TL 1,598,755 |
| <u>US dollar purchase rates for the days before balance sheet;</u>                                   |              |
| Day 1  | TL 1,625,000 |
| Day 2  | TL 1,630,000 |
| Day 3  | TL 1,630,000 |
| Day 4  | TL 1,635,000 |
| Day 5  | TL 1,625,000 |

The arithmetical average of the Bank's US dollar purchase rates for the last 30 days before balance sheet date is TL1,574,459 (TL'full).

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**Currency risk:**

|   | <b>Euro</b>       | <b>US\$</b>       | <b>Yen</b>     | <b>Other FCs</b> | <b>Total</b>      |
|---|-------------------|-------------------|----------------|------------------|-------------------|
| <b>Current Period</b>   |                   |                   |                |                  |                   |
| <i>Assets</i>   |                   |                   |                |                  |                   |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 186,871           | 253,755           | 208            | 8,467            | 449,301           |
| Due From Banks and Other Financial Institutions   | 100,277           | 246,138           | 2,089          | 138,346          | 486,850           |
| Trading Securities  | 124,370           | 931,594           | -              | 7,783            | 1,063,747         |
| Investment Securities Available-for-Sale  | 260,884           | 749,135           | -              | -                | 1,010,019         |
| Loans   | 735,872           | 3,180,352         | 1,079          | 124,753          | 4,042,056         |
| Investments, Associates and Subsidiaries and  | 207,485           | 47,924            | -              | 5,016            | 260,425           |
| Investment Securities Held-to-Maturity  | 73,081            | 3,486,592         | 4,035          | -                | 3,563,708         |
| Property and Equipment  | -                 | 335               | -              | 2,913            | 3,248             |
| Goodwill  | -                 | -                 | -              | -                | -                 |
| Other Assets  | 77,951            | 1,428,271         | 50             | 3,142            | 1,509,414         |
| <b>Total Assets</b>   | <b>1,766,791</b>  | <b>10,324,096</b> | <b>7,461</b>   | <b>290,420</b>   | <b>12,388,768</b> |
| <i>Liabilities</i>  |                   |                   |                |                  |                   |
| Bank Deposits   | 89,074            | 197,592           | 0              | 11,636           | 298,302           |
| Foreign Currency Deposits   | 2,240,517         | 6,186,242         | 7,817          | 209,856          | 8,644,432         |
| Other Fundings  | 645,035           | 2,534,291         | 414            | 7,955            | 3,187,695         |
| Securities Issued   | -                 | -                 | -              | -                | -                 |
| Miscellaneous Payables  | 1,142             | 2,493             | -              | 60               | 3,695             |
| Other Liabilities   | 104,430           | 422,618           | 1,398          | 3,141            | 531,587           |
| <b>Total Liabilities</b>  | <b>3,080,198</b>  | <b>9,343,236</b>  | <b>9,629</b>   | <b>232,648</b>   | <b>12,665,711</b> |
| <b>Net 'On Balance Sheet' Position</b>  | <b>-1,313,407</b> | <b>980,860</b>    | <b>-2,168</b>  | <b>57,772</b>    | <b>-276,943</b>   |
| <b>Net 'Off-Balance Sheet' Position</b>   | <b>1,308,675</b>  | <b>-1,215,283</b> | <b>1,932</b>   | <b>-54,443</b>   | <b>40,881</b>     |
| Derivative Assets   | 1,422,606         | 169,806           | 3,380          | -                | 1,595,791         |
| Derivative Liabilities  | -113,931          | -1,385,089        | -1,448         | -54,443          | -1,554,910        |
| <b>Prior Period</b>   |                   |                   |                |                  |                   |
| <b>Total Assets</b>   | <b>2,213,455</b>  | <b>11,958,250</b> | <b>30,441</b>  | <b>195,794</b>   | <b>14,397,940</b> |
| <b>Total Liabilities</b>  | <b>3,282,632</b>  | <b>11,376,203</b> | <b>13,298</b>  | <b>244,662</b>   | <b>14,916,795</b> |
| <b>Net 'On Balance Sheet' Position</b>  | <b>-1,069,177</b> | <b>582,047</b>    | <b>17,143</b>  | <b>-48,868</b>   | <b>-518,855</b>   |
| <b>Net 'Off-Balance Sheet' Position</b>   | <b>968,825</b>    | <b>-894,585</b>   | <b>-17,271</b> | <b>50,151</b>    | <b>107,120</b>    |

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**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 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  | Demand           | Total             |
|---|------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| <b>Assets</b>   |                  |                   |                  |                  |                  |                  |                   |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 920,159          | -                 | -                | -                | -                | 177,691          | 1,097,850         |
| Due From Banks and Other Financial Institutions   | 367,591          | 159,441           | 16,436           | 3,059            | -                | 91,120           | 637,647           |
| Trading Securities  | 7,447            | 743,277           | 52,507           | 436,358          | 124,534          | 7,783            | 1,371,906         |
| Investment Securities Available-for-Sale  | 745              | 130,075           | -                | 84,479           | 841,257          | 24,352           | 1,080,908         |
| Loans   | 1,203,643        | 567,228           | 736,365          | 1,083,987        | 1,821,987        | -                | 5,413,210         |
| Investment Securities Held-to-Maturity  | 295,599          | 396,834           | 3,699,200        | 87,345           | 535,205          | -                | 5,014,183         |
| Other Assets  | 966,556          | -                 | -                | -                | -                | 1,308,058        | 4,947,355         |
| <b>Total Assets</b>   | <b>3,761,740</b> | <b>1,996,855</b>  | <b>4,504,508</b> | <b>1,695,228</b> | <b>3,322,983</b> | <b>1,609,004</b> | <b>19,563,059</b> |
| <b>Liabilities</b>  |                  |                   |                  |                  |                  |                  |                   |
| Bank Deposits   | 318,661          | 64,061            | 342              | 427              | -                | 22,703           | 406,194           |
| Other Deposits  | 3,096,893        | 6,639,778         | 272,543          | 141,140          | 33,308           | 2,605,522        | 12,789,184        |
| Securities Issued   | -                | -                 | -                | -                | -                | -                | -                 |
| Other Fundings  | 1,073,506        | 177,399           | 1,421,067        | 691,914          | 269,793          | -                | 3,633,679         |
| Miscellaneous Payables  | -                | -                 | -                | -                | -                | 46,874           | 46,874            |
| Other Liabilities   | 3,258            | 2,313             | 1,845            | 1,654            | 1,057            | 799,069          | 2,687,128         |
| <b>Total Liabilities</b>  | <b>4,492,318</b> | <b>6,883,551</b>  | <b>1,695,797</b> | <b>835,135</b>   | <b>304,158</b>   | <b>3,474,168</b> | <b>19,563,059</b> |
| <b>On Balance Sheet Interest Sensitivity Shortage</b>   | <b>-730,578</b>  | <b>-4,886,696</b> | <b>2,808,711</b> | <b>860,093</b>   | <b>3,018,825</b> | <b>1,865,164</b> | <b>-</b>          |
| <b>Off-Balance Sheet Interest Sensitivity Shortage</b>  | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>          |
| <b>Total Interest Sensitivity Shortage</b>  | <b>-730,578</b>  | <b>-4,886,696</b> | <b>2,808,711</b> | <b>860,093</b>   | <b>3,018,825</b> | <b>1,865,164</b> | <b>-</b>          |

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As the current classification of securities is valid since "Regulation on Accounting Standards" came into effect on 1 October 2002, the table "interest rate sensitivity of assets, liabilities and off balance sheet items" is not prepared for the prior period.

**Average interest rates on monetary financial instruments:**

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

As the current classification of securities is valid since "Regulation on Accounting Standards" came into effect on 1 October 2002, the table of "average interest rates on monetary financial instruments" is not prepared for the prior period.

#### 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 ensure 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.

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

|   | Demand            | 1-3<br>Months     | 3-6<br>Months    | 6-12<br>Months   | 1 Year<br>and Over | Total             |
|---|-------------------|-------------------|------------------|------------------|--------------------|-------------------|
| <b>Current Period</b>   |                   |                   |                  |                  |                    |                   |
| <b>Assets</b>   |                   |                   |                  |                  |                    |                   |
| Cash (Cash on Hand, Money in Transit,<br>Purchased Cheques) and Balances with the<br>Central Bank of Turkey | 1,097,850         | -                 | -                | -                | -                  | 1,097,850         |
| Due From Banks and Other Financial Institutions   | 458,711           | 159,441           | 16,436           | 3,059            | -                  | 637,647           |
| Trading Securities  | 15,230            | 169,731           | 39,602           | 524,378          | 622,965            | 1,371,906         |
| Investment Securities Available-for-Sale  | 24,352            | -                 | 43,986           | 122,994          | 889,576            | 1,080,908         |
| Loans   | 1,203,643         | 567,228           | 736,365          | 1,083,987        | 1,821,987          | 5,413,210         |
| Investment Securities Held-to-Maturity  | -                 | 74,905            | 592,415          | 112,654          | 4,234,209          | 5,014,183         |
| Other Assets  | 1,501,116         | 125,455           | 88,370           | 121,090          | 438,583            | 4,947,355         |
| <b>Total Assets</b>   | <b>4,300,902</b>  | <b>1,096,760</b>  | <b>1,517,174</b> | <b>1,968,162</b> | <b>8,007,320</b>   | <b>19,563,059</b> |
| <b>Liabilities</b>  |                   |                   |                  |                  |                    |                   |
| Bank Deposits   | 341,364           | 64,061            | 342              | 427              | -                  | 406,194           |
| Other Deposits  | 5,702,415         | 6,639,778         | 272,543          | 141,140          | 33,308             | 12,789,184        |
| Other Fundings  | 1,041,531         | 207,706           | 953,718          | 1,011,665        | 419,059            | 3,633,679         |
| Securities Issued   | -                 | -                 | -                | -                | -                  | -                 |
| Miscellaneous Payables  | 46,874            | -                 | -                | -                | -                  | 46,874            |
| Other Liabilities   | 133,232           | 391,529           | 65,567           | 80,842           | 138,026            | 2,687,128         |
| <b>Total Liabilities</b>  | <b>7,265,416</b>  | <b>7,303,074</b>  | <b>1,292,170</b> | <b>1,234,074</b> | <b>590,393</b>     | <b>19,563,059</b> |
| <b>Net Liquidity Shortage</b>   | <b>-2,964,514</b> | <b>-6,206,314</b> | <b>225,004</b>   | <b>734,088</b>   | <b>7,416,927</b>   | <b>-</b>          |
| <b>Prior Period</b>   |                   |                   |                  |                  |                    |                   |
| <b>Total Assets</b>   | <b>4,791,346</b>  | <b>5,252,871</b>  | <b>1,250,353</b> | <b>1,622,236</b> | <b>8,205,891</b>   | <b>21,122,698</b> |
| <b>Total Liabilities</b>  | <b>4,709,618</b>  | <b>12,831,046</b> | <b>1,341,203</b> | <b>1,280,902</b> | <b>959,928</b>     | <b>21,122,698</b> |
| <b>Net Liquidity Shortage</b>   | <b>81,728</b>     | <b>-7,578,175</b> | <b>-90,850</b>   | <b>341,334</b>   | <b>7,245,963</b>   | <b>-</b>          |

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

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**4.8 Fair values of financial assets and liabilities**

|   | Carrying Value    |                   | Fair Value        |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Current Period    | Prior Period      | Current Period    | Prior Period      |
| <b>Financial Assets</b>                         | <b>7,653,029</b>  | <b>7,589,523</b>  | <b>8,229,952</b>  | <b>7,837,467</b>  |
| Due From Banks and Other Financial Institutions | 1,557,938         | 2,692,865         | 1,557,938         | 2,692,865         |
| Investment Securities Available-for-Sale        | 1,080,908         | -                 | 1,122,725         | -                 |
| Investment Securities Held-to-Maturity          | 5,014,183         | 4,896,658         | 5,549,289         | 5,144,602         |
| <b>Financial Liabilities</b>                    | <b>16,875,931</b> | <b>18,210,778</b> | <b>16,875,931</b> | <b>18,210,778</b> |
| Bank Deposits                                   | 406,194           | 1,621,558         | 406,194           | 1,621,558         |
| Other Deposits                                  | 12,789,184        | 12,196,658        | 12,789,184        | 12,196,658        |
| Other Fundings                                  | 3,633,679         | 3,728,873         | 3,633,679         | 3,728,873         |
| Securities Issued                               | -                 | -                 | -                 | -                 |
| Miscellaneous Payables                          | 46,874            | 41,139            | 46,874            | 41,139            |

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

The Bank provides buying, selling and custody services and management and advisory services in financial matters for its customers.

**4.10 Disclosure on operations**

The Bank operates in corporate, commercial, small business, retail and investment banking. Accordingly, the following banking products are served to customers; custody services, time and demand deposit, accumulating account, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account (ELMA), cheques, safety boxes, bill payments, tax collections, payment orders. Under the brand name of Visa and Mastercard GarantiCard, BonusCard, Shop&Miles, BusinessCard credit cards and Maestro ve Electron Garanti24 cards are available.

The Bank provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network had been built in order to be able to serve customers' needs effectively and efficiently. The Bank also concentrates on alternative delivery channels.

The Bank provides corporate banking products to international and national holdings of our country by coordinating regional offices, suppliers and intermediaries, through cross-selling techniques. Mainly, it provides services to export-revenue earning sectors like tourism and textile and exporters of Turkey's traditional agricultural products through its commercial and mixed type of branches.

Besides, the Bank provides "small business" banking service to enterprises in retail and service sectors such as overdraft accounts, POS machines, credit cards, cheque books, TL ve foreign currency deposits, investment accounts, internet banking and call-center, debit card, and bill payment.

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Retail banking customers build up wide-spread and sustainable deposit base for the Bank. Individual customers' needs are met by diversified consumer banking products through branches and alternative delivery channels. Moreover, mid-scale customers representing a large part of Turkish population are served effeciently through "Açık" branches.

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**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 | 134            | 59,444         |
| Unrestricted time deposits   | 920,157        | 675,394        |
| <b>Total</b>                 | <b>920,291</b> | <b>734,838</b> |

**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 (1) |    |
|---|----------------|----|------------------|----|
|   | TL             | FC | TL               | FC |
| Common Stocks   | -              | -  |                  |    |
| Bonds, Treasury Bills and Similar Investment Securities | 13,964         | -  |                  |    |
| Other   | -              | -  |                  |    |

(1) As the Bank's securities portfolio is classified for the current period in accordance with the Regulation on Accounting Standards in effect since 1 October 2002, the prior period figures were not presented.

**5.1.2.2 Trading securities subject to repurchase agreements**

|                                     | Current Period |         | Prior Period |        |
|-------------------------------------|----------------|---------|--------------|--------|
|                                     | TL             | FC      | TL           | FC     |
| Government Bonds                    | -              | 88,330  | 115,231      | 84,218 |
| Treasury Bills                      | -              | 159,451 | 93           | -      |
| Other Debt Securities               | -              | -       | -            | -      |
| Bonds Issued or Guaranteed by Banks | -              | -       | -            | -      |
| Asset Backed Securities             | -              | -       | -            | -      |
| Other                               | -              | -       | -            | -      |

**5.1.3 Due from foreign banks**

|                           | Unrestricted Balances |                  | Restricted Balances |               |
|---------------------------|-----------------------|------------------|---------------------|---------------|
|                           | Current Period        | Prior Period     | Current Period      | Prior Period  |
| EU Countries              | 218,296               | 668,591          | -                   | -             |
| USA and Canada            | 7,716                 | 145,878          | 33,284              | 45,651        |
| OECD Countries (1)        | 122,834               | 17,929           | -                   | -             |
| Off-shore banking regions | 129,475               | 472,136          | -                   | -             |
| Other                     | 49,803                | 2,365            | -                   | -             |
| <b>Total</b>              | <b>528,124</b>        | <b>1,306,899</b> | <b>33,284</b>       | <b>45,651</b> |

(1) OECD countries other than the EU countries, USA and Canada

**5.1.4 Receivables from reverse repurchase agreements**

None.

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

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

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

**5.1.5.2 Details of investment securities available-for-sale**

|                              | Current Period   | Prior Period (1) |
|------------------------------|------------------|------------------|
| <b>Debt Securities</b>       | <b>1,059,340</b> |                  |
| Quoted at Stock Exchange     | 245,058          |                  |
| Not Quoted at Stock Exchange | 814,282          |                  |
| <b>Common Stocks</b>         | <b>26,026</b>    |                  |
| Quoted at Stock Exchange     | 15,275           |                  |
| Not Quoted at Stock Exchange | 10,751           |                  |
| <b>Impairment Losses (-)</b> | <b>-4,458</b>    |                  |
| <b>Total</b>                 | <b>1,080,908</b> |                  |

(1) As the Bank's securities portfolio is classified for the current period in accordance with the Regulation on Accounting Standards in effect since 1 October 2002, the prior period figures were not presented.

**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                    | -              | 277,088 |              |    |
| Treasury Bills                      | -              | -       |              |    |
| Other Debt Securities               | -              | -       |              |    |
| Bonds Issued or Guaranteed by Banks | -              | -       |              |    |
| Asset Backed Securities             | -              | -       |              |    |
| Others                              | -              | -       |              |    |

(1) As the Bank's securities portfolio is classified for the current period in accordance with the Regulation on Accounting Standards in effect since 1 October 2002, the prior period figures were not presented.

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## 5.1.6 Loans

### 5.1.6.1 Loans and advances to shareholders and employees

| Loans and advances to                    | Current Period |                | Prior Period   |                |
|--|----------------|----------------|----------------|----------------|
|  | Cash Loans     | Non-cash Loans | Cash Loans     | Non-cash Loans |
| <b>Direct Lendings to Shareholders</b>   | <b>101,552</b> | <b>163,628</b> | <b>74,596</b>  | <b>215,943</b> |
| Corporates                               | 101,552        | 163,628        | 74,596         | 215,943        |
| Individuals                              | -              | -              | -              | -              |
| <b>Indirect Lendings to Shareholders</b> | <b>419,728</b> | <b>78,564</b>  | <b>465,142</b> | <b>47,059</b>  |
| <b>Lendings to Employees</b>             | <b>10,955</b>  | <b>-</b>       | <b>7,338</b>   | <b>25</b>      |
| <b>Other</b>                             | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |

### 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 |
| <b>Loans</b>                        | <b>5,209,817</b>                                 | <b>-</b>                    | <b>140,547</b>   | <b>62,846</b>               |
| Discounted Bills                    | 10,756   | -                           | -  | -                           |
| Export Loans                        | 930,477  | -                           | 127,208  | 61,138                      |
| Import Loans                        | -  | -                           | -  | -                           |
| Loans to Financial Sector           | 3,500  | -                           | -  | -                           |
| Loans to Foreign Companies          | 2,650,147  | -                           | 13,028   | -                           |
| Consumer Loans                      | 190,268  | -                           | -  | -                           |
| Credit Cards                        | 844,404  | -                           | -  | -                           |
| Precious Metal Loans (Gold, etc...) | 87,741   | -                           | -  | -                           |
| Other                               | 492,525  | -                           | 311  | 1,708                       |
| <b>Specialization Loans</b>         | <b>-</b>   | <b>-</b>                    | <b>-</b>   | <b>-</b>                    |
| <b>Other Receivables</b>            | <b>39,567</b>                                    | <b>-</b>                    | <b>-</b>   | <b>-</b>                    |

### 5.1.6.3 Maturity analysis of 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 |
| <b>Short-term Loans</b>           | <b>2,604,026</b>                                 | <b>-</b>                    | <b>137,997</b>   | <b>2,110</b>                |
| Loans                             | 2,604,026  | -                           | 137,997  | 2,110                       |
| Specialization Loans              | -  | -                           | -  | -                           |
| Other Receivables                 | -  | -                           | -  | -                           |
| <b>Medium and Long-term Loans</b> | <b>2,605,791</b>                                 | <b>-</b>                    | <b>2,550</b>   | <b>60,736</b>               |
| Loans                             | 2,605,791  | -                           | 2,550  | 60,736                      |
| Specialization Loans              | -  | -                           | -  | -                           |
| Other Receivables                 | -  | -                           | -  | -                           |

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#### 5.1.6.4 Consumer loans

|                                     | Short-term     | Medium and Long-term | Total            | Accrued Interest and Income |
|-------------------------------------|----------------|----------------------|------------------|-----------------------------|
| <b>Consumer Loans-TL</b>            | <b>64,123</b>  | <b>43,905</b>        | <b>108,028</b>   | <b>37,545</b>               |
| Housing Loans                       | 9,146          | 7,648                | 16,794           | 6,613                       |
| Automobile Loans                    | 23,671         | 35,826               | 59,497           | 23,966                      |
| Consumer Loans                      | 26,798         | 201                  | 26,999           | 6,288                       |
| Personnel Loans                     | 4,508          | 230                  | 4,738            | 678                         |
| Other Consumer Loans                | -              | -                    | -                | -                           |
| <b>Consumer Loans-Indexed to FC</b> | <b>35,414</b>  | <b>46,826</b>        | <b>82,240</b>    | <b>18,216</b>               |
| Housing Loans                       | 13,799         | 41,653               | 55,452           | 14,928                      |
| Automobile Loans                    | 13,431         | 4,048                | 17,479           | 2,455                       |
| Consumer Loans                      | 7,845          | 1,125                | 8,970            | 833                         |
| Personnel Loans                     | 339            | -                    | 339              | -                           |
| Other Consumer Loans                | -              | -                    | -                | -                           |
| <b>Credit Cards</b>                 | <b>844,404</b> | <b>-</b>             | <b>844,404</b>   | <b>-</b>                    |
| <b>Total Consumer Loans</b>         | <b>943,941</b> | <b>90,731</b>        | <b>1,034,672</b> | <b>55,761</b>               |

#### 5.1.6.5 Allocation of loan customers

|                | Current Period | Prior Period |
|----------------|----------------|--------------|
| Public Sector  | 709,535        | 284,523      |
| Private Sector | 4,703,675      | 4,908,478    |

#### 5.1.6.6 Allocation of domestic and foreign loans

|                | Current Period | Prior Period |
|----------------|----------------|--------------|
| Domestic Loans | 2,750,035      | 2,791,915    |
| Foreign Loans  | 2,663,175      | 2,401,086    |

#### 5.1.6.7 Loans to investments, associates and subsidiaries

|                   | Current Period | Prior Period |
|-------------------|----------------|--------------|
| Direct Lendings   | 153,859        | 414,807      |
| Indirect Lendings | -              | -            |

#### 5.1.6.8 Specific provisions for loans

| Specific Provisions  | Current Period | Prior Period |
|--|----------------|--------------|
| Substandard Loans and Receivables - Limited Collectibility | 9,393          | 12,401       |
| Doubtful Loans and Receivables                             | -              | 153,488      |
| Uncollectible Loans and Receivables                        | 104,715        | 154,370      |

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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:*

|   | <b>Group III</b>                                 | <b>Group IV</b>                           | <b>Group V</b>                                     |
|---|--|---|--|
|   | <b>Substandard<br/>Loans and<br/>Receivables</b> | <b>Doubtful Loans<br/>and Receivables</b> | <b>Uncollectible<br/>Loans and<br/>Receivables</b> |
| <b>Balances at Beginning of Period</b>              | <b>143,887</b>                                   | <b>329,645</b>                            | <b>221,166</b>                                     |
| Additions (+)                                       | 136,103  | 40,361                                    | 23,367   |
| Transfer from Other NPL Categories (+)              | -  | 101,350                                   | 209,824  |
| Transfer to Other NPL Categories (-)                | -101,350   | -265,952                                  | -11,216  |
| Collections (-)                                     | -  | -44,154                                   | -68,134  |
| Write-offs (-)                                      | -1,163   | -105,313                                  | -73,554  |
| Restatements Effects of Inflationary Accounting (-) | -56,693  | -55,937                                   | -62,691  |
| <b>Balances at End of Period</b>                    | <b>120,784</b>                                   | <b>-</b>                                  | <b>238,762</b>                                     |
| Specific Provisions (-)                             | -9,393   | -   | -104,715   |
| <b>Net Balance on Balance Sheet</b>                 | <b>111,391</b>                                   | <b>-</b>                                  | <b>134,047</b>                                     |

*Non-performing loans in foreign currencies:*

None.

**5.1.6.10 Liquidation policy for uncollectible loans and receivables**

Uncollectible loans and receivables legally qualified as "noncollectible" through obtaining "incapability document", are written off. In cases where any possible collections are negligible, the receivables may be written off by the decision of the Board of Directors.

**5.1.7 Factoring receivables**

None.

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

|                              | Current Period   | Prior Period     |
|------------------------------|------------------|------------------|
| <b>Debt Securities</b>       | <b>5,014,183</b> | <b>4,913,880</b> |
| Quoted at Stock Exchange     | 1,382,476        | 30,640           |
| Not Quoted at Stock Exchange | 3,631,707        | 4,883,240        |
| <b>Impairment Losses (-)</b> | <b>-</b>         | <b>-17,222</b>   |
| <b>Total</b>                 | <b>5,014,183</b> | <b>4,896,658</b> |

**5.1.8.2 Yearly movement of investment securities held-to-maturity**

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| <b>Balances at Beginning of Period</b>              | <b>4,896,658</b> | <b>1,813,114</b> |
| Foreign Currency Differences On Monetary Assets     | 34,715           | 311,311          |
| Purchases during the Period                         | 2,227,102        | 4,714,644        |
| Disposals through Sales/Redemptions (-)             | -828,830         | -1,073,611       |
| Impairment Losses (-)                               | -                | -17,222          |
| Restatements effects of inflationary accounting (-) | -1,315,462       | -851,578         |
| <b>Balances at End of Period</b>                    | <b>5,014,183</b> | <b>4,896,658</b> |

**5.1.8.3 Information on investment securities held-to-maturity**

| Current Period                              | Historical Costs |           | Valuation |           |
|---|------------------|-----------|-----------|-----------|
|   | TL               | FC        | TL        | FC        |
| Collateralised/Blocked Securities           | 182,495          | 1,476,413 | 193,983   | 1,711,208 |
| Securities subject to Repurchase Agreements | 271,531          | 447,722   | 286,232   | 451,438   |
| 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                   | 540,500          | 2,483,974 | 491,869   | 2,782,699 |
| Securities subject to Repurchase Agreements | -                | 116,491   | -         | 183,189   |
| Securities held for "Structural" Position   | -                | -         | -         | -         |
| Receivable from Security Lending Market     | -                | -         | -         | -         |
| Guarantees to Security Lending Market       | -                | -         | -         | -         |

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***Collateralized investment securities held-to-maturity:***

|                              | Current Period |           | Prior Period |           |
|------------------------------|----------------|-----------|--------------|-----------|
|                              | TL             | FC        | TL           | FC        |
| Share Certificates           | -              | -         | -            | -         |
| Bonds and Similar Securities | 182,495        | 1,476,413 | 540,500      | 2,483,974 |
| Other                        | -              | -         | -            | -         |

Above securities are held for legal obligations and transaction limits.

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

|                                     | Current Period |         | Prior Period |         |
|-------------------------------------|----------------|---------|--------------|---------|
|                                     | TL             | FC      | TL           | FC      |
| Government Bonds                    | 271,531        | 447,722 | -            | 116,491 |
| Treasury Bill                       | -              | -       | -            | -       |
| Other Debt Securities               | -              | -       | -            | -       |
| Bonds Issued or Guaranteed by Banks | -              | -       | -            | -       |
| Asset Backed Securities             | -              | -       | -            | -       |
| Other                               | -              | -       | -            | -       |

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

None.

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

|   | Investment/Associate                            | Address (City/<br>Country) | Bank's Share- If<br>Different, Voting<br>Rights (%) | Bank's Risk Group<br>Share (%) |
|---|---|----------------------------|---|--------------------------------|
| 1 | Bankalararası Kart Merkezi AŞ (1)               | İstanbul/Turkey            | 10.15   | 10.15                          |
| 2 | Tansaş Perakende Mağazacılık AŞ                 | İzmir/Turkey               | 58.64   | 67.00                          |
| 3 | İksir Ul. Elekt. Tic. Bilg. ve Hab. Hiz. AŞ (1) | İstanbul/Turkey            | 31.36   | 100.00                         |
| 4 | Volkswagen Doğuş Tüketici Finansmanı AŞ         | İstanbul/Turkey            | 37.00   | 49.00                          |
| 5 | Doğuş Otomotiv Holding AŞ (1)                   | İstanbul/Turkey            | 18.82   | 100.00                         |
| 6 | Garanti Turizm Yatırım ve İşletmeleri AŞ (1)    | İstanbul/Turkey            | 43.33   | 100.00                         |
| 7 | Doc Finance SA                                  | Geneve/Switzerland         | 29.23   | 100.00                         |

(1) Inflation adjusted financial statements are not available.

|   | Total<br>Assets | Shareholders'<br>Equity | Total<br>Property &<br>Equipment | Interest<br>Income | Income on<br>Securities<br>Portfolio | Current<br>Period<br>Profit/Loss | Prior<br>Period<br>Profit/Loss | Company's<br>Fair Value<br>(if available) |
|---|-----------------|-------------------------|----------------------------------|--------------------|--------------------------------------|----------------------------------|--------------------------------|---|
| 1 | 6,631           | 6,162                   | 2,979                            | 787                | -                                    | (1) 882                          | 984                            |   |
| 2 | 289,776         | 124,392                 | 227,666                          | 6,521              | -                                    | (1) -66,987                      | -148,324                       | 295,515                                   |
| 3 | 20,587          | 20,571                  | 4,527                            | 330                | 58                                   | -12,873                          | -42,373                        |   |
| 4 | 113,529         | -38,538                 | 2,280                            | 36,294             | 1,250                                | 971                              | -71,741                        |   |
| 5 | 115,238         | 51,002                  | 70,181                           | 749                | -21                                  | (1) -12,993                      | -                              |   |
| 6 | 31,626          | 9,002                   | 28,483                           | 2                  | -                                    | (1) 228                          | -1,245                         |   |
| 7 | 74,539          | 1,274                   | 18                               | 7,584              | -                                    | (2) -5,668                       | -3,290                         |   |

(1) For the nine-month period ended 30 September 2002

(2) For the year ended 31 December 2001.

**5.1.9.2 Movement of investments and associates**

|  | Current Period | Prior Period   |
|--|----------------|----------------|
| <b>Balance at Beginning of Period</b>  | <b>153,673</b> | <b>191,265</b> |
| <b>Movements during the Period</b>   |                |                |
| Acquisitions and Participations in Capital Increases   | 134,190        | 219,712        |
| Bonus Shares Received  | -              | -              |
| Dividends from Current Year Profit   | 135            | -              |
| Sales (-)  | -              | -              |
| Reclassifications (+/-)  | 1,499          | -154,505       |
| Difference between Market Values and Inflation-Adjusted Values                                       | -29,733        | -              |
| Effect of Difference between Devaluation and Inflation Rates on<br>Investments in Foreign Currencies | -1,602         | -              |
| Impairment Losses (-)  | -35,904        | -102,799       |
| <b>Balance at End of Period</b>  | <b>222,258</b> | <b>153,673</b> |
| <b>Capital Commitments</b>   | <b>-</b>       | <b>-</b>       |
| <b>Share Percentage at the End of Period (%)</b>   | <b>-</b>       | <b>-</b>       |

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***Valuation methods of investments and associates:***

| <b>Investments and Associates</b>             | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Valued at Inflation-Adjusted Historical Costs | 116,904               | 9,249               |
| Valued at Fair Value                          | 76,604                | 105,500             |
| Valued by Equity Method of Accounting         | 28,750                | 38,924              |

***Sectoral distribution of investments and associates:***

| <b>Investments and Associates</b> | <b>Current Period</b> | <b>Prior Period</b> |
|-----------------------------------|-----------------------|---------------------|
| Banks                             | -                     | -                   |
| Insurance Companies               | -                     | -                   |
| Factoring Companies               | -                     | -                   |
| Leasing Companies                 | -                     | -                   |
| Finance Companies                 | 14,456                | 9,249               |
| Other Investments                 | 207,802               | 144,424             |

***Quoted investments and associates:***

| <b>Investments and Associates</b>       | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Quoted at Domestic Stock Exchange       | 76,604                | 105,500             |
| Quoted at International Stock Exchanges | -                     | -                   |

***Investments and associates sold during the current period***

None.

***Investments and associates acquired during the current period***

|                           | <b>Purchase Price</b> | <b>Market or Stock Price at Acquisition Date (if quoted)</b> | <b>Payment (in Cash or Term Acquisition)</b> |
|---------------------------|-----------------------|--|--|
| Doğuş Otomotiv Holding AŞ | 107,520               | -  | in Cash                                      |

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**5.1.10 Subsidiaries (Net)****5.1.10.1 Subsidiaries**

|    | Subsidiary   | Address (City/<br>Country) | Bank's Share- If<br>Different, Voting<br>Rights (%) | Bank's Risk<br>Group Share<br>(%) |
|----|--|----------------------------|---|-----------------------------------|
| 1  | Lasas Lastik San.Ve Tic.AŞ   | İstanbul/Turkey            | 99.99   | 99.99                             |
| 2  | Garanti Bilişim Teknolojisi Ve Tic. AŞ   | İstanbul/Turkey            | 100.00  | 100.00                            |
| 3  | Petrotrans Nakliyat Ticaret AŞ (1)   | İstanbul/Turkey            | 99.60   | 99.60                             |
| 4  | Ana Konut Danışmanlık AŞ   | İstanbul/Turkey            | 100.00  | 100.00                            |
| 5  | Doğuş Hava Taşımacılığı AŞ   | İstanbul/Turkey            | 96.49   | 100.00                            |
| 6  | Garanti Ödeme Sistemleri AŞ (1)  | İstanbul/Turkey            | 99.92   | 100.00                            |
| 7  | Doğuş İnsan Gücü AŞ (1)  | İstanbul/Turkey            | 64.10   | 100.00                            |
| 8  | Doğuş Hiz Yön Ve Org. Danış AŞ (1)   | İstanbul/Turkey            | 89.00   | 100.00                            |
| 9  | Doğuş Turizm Sağlık Yat. İşlt. Tic. AŞ   | İstanbul/Turkey            | 100.00  | 100.00                            |
| 10 | Sititur Turizm Taşımacılık Org. AŞ   | İstanbul/Turkey            | 99.82   | 100.00                            |
| 11 | Galata Araştırma Yayıncılık Tanıtım Ve Bilişim Teknoloji<br>Hizmetleri AŞ          | İstanbul/Turkey            | 100.00  | 100.00                            |
| 12 | Şahintur Şahinler Otelcilik Turz. Yat. İşl. AŞ                                     | Aydin/Turkey               | 100.00  | 100.00                            |
| 13 | Konaklı Turizm Temizlik Taşımacılık Org. Bilgisayar<br>Danışmanlık Yapı Ve Tic. AŞ | İstanbul/Turkey            | 99.97   | 100.00                            |
| 14 | Garanti Finansal Kiralama AŞ   | İstanbul/Turkey            | 94.10   | 98.93                             |
| 15 | Garanti Factoring Hiz. AŞ  | İstanbul/Turkey            | 55.41   | 81.84                             |
| 16 | Garanti Yatırım Menkul Kıymetler AŞ  | İstanbul/Turkey            | 100.00  | 100.00                            |
| 17 | Garanti Portföy Yönetimi AŞ  | İstanbul/Turkey            | 100.00  | 100.00                            |
| 18 | Garanti Sigorta AŞ   | İstanbul/Turkey            | 100.00  | 100.00                            |
| 19 | Garanti Hayat Sigorta AŞ   | İstanbul/Turkey            | 99.36   | 100.00                            |
| 20 | Garanti Gayrimenkul Yatırım Ortaklığı AŞ   | İstanbul/Turkey            | 50.98   | 50.98                             |
| 21 | Garanti Bank International NV  | Amsterdam/Holland          | 100.00  | 100.00                            |
| 22 | Bosphorus Financial Services Ltd   | Valetta/Malta              | 99.99   | 100.00                            |
| 23 | Garanti Bank Moscow  | Moscow/Russia              | 78.35   | 99.85                             |
| 24 | Instruments Finance Company  | Cayman Islands             | 100.00  | 100.00                            |
| 25 | Garanti Financial Services Plc   | Dublin/Ireland             | 99.99   | 100.00                            |
| 26 | Garanti Fund Management Co. Ltd  | Valetta/Malta              | 99.99   | 100.00                            |
| 27 | Ottoman Real Estate Company S.A.   | Luxemburg                  | 99.00   | 100.00                            |
| 28 | IOB Bank Offshore Ltd.   | Girne / Northern<br>Cyprus | 100.00  | 100.00                            |
| 29 | KFS  | Dublin/Ireland             | 100.00  | 100.00                            |
| 30 | UTGB   | Jersey/Channel Islands     | 100.00  | 100.00                            |

(1) Inflation adjusted financial statements are not available.

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|    | Total Assets | Shareholders' Equity | Total Property & Equipment | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value (if available) |
|----|--------------|----------------------|----------------------------|-----------------|--------------------------------|----------------------------|--------------------------|-------------------------------------|
| 1  | 43,904       | 40,331               | 38,406                     | 92              | 1                              | -10,769                    | 9,290                    |                                     |
| 2  | 7,279        | 3,256                | 1,491                      | 250             | 250                            | 9,901                      | -85,771                  |                                     |
| 3  | 300          | -33                  | -                          | 1               | -                              | -65                        | -146                     |                                     |
| 4  | 284,582      | 261,078              | 256,278                    | 277             | -                              | -32,970                    | -2,757                   |                                     |
| 5  | 13,225       | 12,815               | 2                          | 42              | -                              | 859                        | -93,284                  |                                     |
| 6  | 1,488        | 553                  | 217                        | -               | 63                             | 435                        | -                        |                                     |
| 7  | 886          | -91                  | 236                        | 24              | 16                             | 320                        | (1) 514                  |                                     |
| 8  | 1,160        | 1,149                | 39                         | -               | 93                             | 47                         | 1,071                    |                                     |
| 9  | 150,110      | 150,095              | 143,387                    | 325             | -                              | 18,675                     | -15,163                  |                                     |
| 10 | 71,298       | 71,285               | 67,189                     | 582             | -                              | 2,803                      | -44,704                  |                                     |
| 11 | 142          | 62                   | 131                        | 3               | -                              | 75                         | -267                     |                                     |
| 12 | 5,237        | 5,237                | 4,798                      | 178             | 178                            | 46                         | -1,996                   |                                     |
| 13 | 9,403        | 9,352                | 8,682                      | 10              | -                              | -478                       | -4,017                   |                                     |
| 14 | 253,071      | 62,779               | 3,445                      | 45,507          | 980                            | 24,986                     | -40,422                  |                                     |
| 15 | 93,715       | 17,152               | 441                        | 1,918           | -                              | 7,604                      | -59,546                  | 16,740                              |
| 16 | 11,224       | 10,343               | 3,936                      | 2,581           | 2,581                          | -3,780                     | -18,127                  |                                     |
| 17 | 8,412        | 5,962                | 3,079                      | 1,811           | 1,529                          | -1,132                     | -498                     |                                     |
| 18 | 63,411       | 17,204               | 12,903                     | 2,404           | 1,467                          | 1,003                      | -24,305                  |                                     |
| 19 | 37,250       | 15,372               | 5,168                      | 5,571           | 2,878                          | -142                       | -6,540                   |                                     |
| 20 | 57,399       | 57,342               | 39,475                     | 5,364           | 2,133                          | -3,290                     | -10,185                  | 13,811                              |
| 21 | 2,558,521    | 229,424              | 67,576                     | 163,817         | 16,007                         | 12,878                     | 9,164                    |                                     |
| 22 | 549          | 512                  | -                          | -               | -                              | -80                        | 432                      |                                     |
| 23 | 150,513      | 35,758               | 1,467                      | 13,627          | 5,981                          | -13,836                    | -2,777                   |                                     |
| 24 | 30           | 21                   | -                          | -285            | -                              | -3,231                     | 3,212                    |                                     |
| 25 | 25,679       | 11,786               | 16                         | 2,453           | -                              | 1,296                      | 6,272                    |                                     |
| 26 | 1,978        | 62                   | 93                         | -               | -                              | -305                       | 207                      |                                     |
| 27 | 2,463        | 116                  | 2,403                      | -               | -                              | 72                         | -207                     |                                     |
| 28 | 1,105        | 1,049                | 73                         | 37,189          | 2,197                          | 166,891                    | -169,040                 |                                     |
| 29 | -            | 1,678                | -                          | 755             | -                              | -1,343                     | (2) 3,021                |                                     |
| 30 | 69           | -129,357             | -                          | 307             | -                              | -20,373                    | -110,583                 |                                     |

(1) For the nine-month period ended 30 September 2002

(2) For the three-month period ended 31 March 2002

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**5.1.10.2 Movement of subsidiaries**

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| <b>Balance at Beginning of Period</b>   | <b>948,553</b> | <b>920,116</b> |
| <b>Movements during the Period</b>  |                |                |
| Acquisitions and Participations in Capital Increases  | 66,443         | 419,327        |
| Bonus Shares Received   | 2,163          | 1,508          |
| Dividends from Current Year Profit  | 588            | 1,026          |
| Sales (-)   | 16,644         | 510,160        |
| Reclassifications (+/-)   | -1,499         | 155,168        |
| Difference between Market Values and Inflation-Adjusted Values                                    | -3,977         | -              |
| Effect of Difference between Devaluation and Inflation Rates on Investments in Foreign Currencies | -4,958         | 16,544         |
| Impairment Losses (-)   | 11,229         | 54,976         |
| <b>Balance at End of Period</b>   | <b>979,440</b> | <b>948,553</b> |
| <b>Capital Commitments</b>  | <b>45,209</b>  | <b>39,067</b>  |
| <b>Share Percentage at the End of Period (%)</b>  | <b>-</b>       | <b>-</b>       |

**Valuation methods of subsidiaries:**

| Subsidiaries                                  | Current Period | Prior Period |
|---|----------------|--------------|
| Valued at Inflation-Adjusted Historical Costs | 400,538        | 396,617      |
| Valued at Fair Value                          | 16,316         | 24,821       |
| Valued by Equity Method of Accounting         | 562,586        | 527,115      |

**Sectoral distribution of subsidiaries:**

| Subsidiaries        | Current Period | Prior Period |
|---------------------|----------------|--------------|
| Banks               | 249,789        | 259,406      |
| Insurance Companies | 36,373         | 31,010       |
| Factoring Companies | 9,275          | 10,895       |
| Leasing Companies   | 58,721         | 58,721       |
| Finance Companies   | 63,560         | 84,753       |
| Other Subsidiaries  | 561,725        | 503,768      |

**Quoted subsidiaries:**

| Subsidiaries                            | Current Period | Prior Period |
|---|----------------|--------------|
| Quoted at Domestic Stock Exchanges      | 16,316         | 24,821       |
| Quoted at International Stock Exchanges | -              | -            |

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***Subsidiaries disposed during the current period:***

| Subsidiary                    | Selling Price | Market or Stock Price of Selling Date (if quoted) | Collection (in Cash or Term Sale) |
|-------------------------------|---------------|---|-----------------------------------|
| Basic Bank                    | Liquidated    | -   | -                                 |
| Clover Bank Off-Shore Ltd     | Liquidated    | -   | -                                 |
| Ottoman Finance Company SA    | Liquidated    | -   | -                                 |
| Pera Yapı ve San. AŞ          | Liquidated    | -   | -                                 |
| Ottoman Investment Company SA | Liquidated    | -   | -                                 |

***Subsidiaries acquired during the current period:***

None.

**5.1.11 Other investments**

***5.1.11.1 Commitments for joint ventures***

None.

***5.1.11.2 Details for joint ventures***

None.

***5.1.11.3 Information for joint ventures of banks not subject to consolidation***

None.

***5.1.11.4 Accounting method applied for joint ventures***

None.

**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***

None.

***5.1.12.3 Financial lease agreements***

None.

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

| Receivables on Sale of                                   | Current Period | Prior Period |
|--|----------------|--------------|
| Investments, Associates, Subsidiaries and Joint Ventures | -              | 346,163      |
| Real Estates   | -              | -            |
| Other Assets   | 1,423          | 1,862        |

**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              | 3,188          | 4,676   | 10,994       | 782     |
| Interest Income Accruals                 | 29,552         | 185,593 | 35,838       | 320,789 |
| Uncollected Commissions and Other Income | 79             | 124     | 161          | 128     |
| Commissions and Other Income Accruals    | 4,733          | 719     | 2,861        | 263     |

**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                                | 6,643          | 27,014  | 1,178        | 28,108  |
| Investment Securities Available-for-Sale          | 2,608          | 39,209  | -            | -       |
| Investment Securities Held-to-Maturity            | 104,301        | 401,783 | 29,194       | 368,627 |
| Reverse Repurchase Agreements                     | -              | -       | -            | -       |
| Reserve Deposits                                  | 13,612         | 1,316   | 9,011        | -       |
| Financial Derivative Instruments:                 | 3,418          | 1,009   | 2,029        | 1,274   |
| <i>Interest and Income Accruals</i>               | 3,418          | 1,009   | 2,029        | 1,274   |
| <i>Income Accruals for Foreign Exchange Gains</i> | -              | -       | -            | -       |
| Financial Leases                                  | -              | -       | -            | -       |
| Other   | 9,375          | 3       | 8,956        | 2,502   |

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**5.1.15 Property and equipment (Net)**

|   | Real Estates   | Leased<br>Equipment | Vehicles      | Other Tangible<br>Assets | Total            |
|---|----------------|---------------------|---------------|--------------------------|------------------|
| <b>Balance at End of Prior Period:</b>  |                |                     |               |                          |                  |
| Cost  | 878,583        | -                   | 32,679        | 749,455                  | 1,660,717        |
| Accumulated Depreciation (-)  | -105,638       | -                   | -18,141       | -500,917                 | -624,696         |
| Net Book Value  | 772,945        | -                   | 14,538        | 248,538                  | 1,036,021        |
| <b>Net Effects of Prior Years Corrections to Balance at<br/>Beginning of Current Period (1)</b> | -              | 53,790              | -706          | -55,196                  | -2,112           |
| <b>Balance at End of Current Period:</b>  |                |                     |               |                          |                  |
| Restated Net Book Value at Beginning of Current Period  | 772,945        | 53,790              | 13,832        | 193,342                  | 1,033,909        |
| Additions   | 291,239        | 3,677               | 1,599         | 25,879                   | 322,394          |
| Disposals (-)   | -95,645        | -                   | -1,399        | -1,173                   | -98,217          |
| Impairment Losses/Releases (-/+)  | 23,362         | -                   | -             | -                        | 23,362           |
| Depreciation Expense for Current Period (-)   | -11,206        | -12,059             | -3,451        | -56,543                  | -83,259          |
| Currency Translation Differences on FC Assets   | -              | -                   | -             | -                        | -                |
| <b>Net Book Value at End of Current Period</b>  | <b>980,695</b> | <b>45,408</b>       | <b>10,581</b> | <b>161,505</b>           | <b>1,198,189</b> |

(1) Explained in section 3.11.

**5.1.15.1 Disclosure for impairment losses or releases individually material for financial statements:**

**Conditions for allocating/releasing any impairment:**

A part of impairment losses provided in prior periods in the amount of TL11,845 billion, has been released in the current period based on the results of the updated independent appraisal reports.

**Amount of impairment losses provided or released in financial statements during current period:**

It amounts to TL11,845 billion.

**5.1.15.2 Other impairment losses provided or released in current period that are immaterial for the financial statement individually:**

None.

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**5.1.16 Intangible Assets****5.1.16.1 Useful lives and amortisation rates**

Intangible assets include merely pre-operating expenses. The estimated useful lives of such assets vary between 5 and 10 years.

**5.1.16.2 Amortisation methods**

Intangible assets are amortised on a straight-line basis from the date of capitalisation.

**5.1.16.3 Balances at beginning and end of current period**

|                       | Beginning of Period |                          | End of Period |                          |
|-----------------------|---------------------|--------------------------|---------------|--------------------------|
|                       | Cost                | Accumulated Amortisation | Cost          | Accumulated Amortisation |
| Pre-operating Expense | 53,647              | 30,478                   | 80,675        | 53,259                   |

**5.1.16.4 Movements of intangible assets for the current period**

|  | Current Period |
|--|----------------|
| Net Book Value at End of Prior Period  | 23,169         |
| Net Effects of Prior Years Corrections to Balance at Beginning of Current Period (1) | 7,796          |
| Restated Net Book Value at Beginning of Current Period                               | 30,965         |
| Additions  | 6,733          |
| Additions due to Mergers, Transfers and Acquisition                                  | -              |
| Disposals (-)  | -5             |
| Impairment Losses/Releases (-/+)   | -              |
| Amortisation Expense for Current Period (-)  | -10,277        |
| Currency Translation Differences on FC Assets  | -              |
| Other  | -              |
| Net Book Value at End of Current Period  | 27,416         |

(1) Explained in section 3.11.

**5.1.16.5 Details for any individually material intangible assets**

None.

**5.1.16.6 Intangible assets capitalised under government incentives at fair values**

None.

**5.1.16.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates**

None.

**5.1.16.8 Net book value of intangible asset that are restricted in usage or pledged**

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**5.1.16.9 Commitments to acquire intangible assets**

None.

**5.1.16.10 Disclosure on revalued intangible assets**

None.

**5.1.16.11 Research and development costs expensed during current period**

None.

**5.1.16.12 Goodwill**

None.

**5.1.16.13 Movements in goodwill during current period**

None.

**5.1.17 Other assets**

**5.1.17.1 Prepaid expenses, taxes and similar items**

|                     | Current Period | Prior Period |
|---------------------|----------------|--------------|
| Prepaid Expenses    | 50,600         | 65,461       |
| Deferred Tax Assets | 350,506        | 481,763      |

**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<br>Notice | Upto 1<br>Month  | 1-3 Months       | 3-6 Months     | 6-12<br>Months | 1 Year<br>and Over |
|---|------------------|------------------|------------------|------------------|----------------|----------------|--------------------|
| <b>Saving Deposits</b>                  | 187,994          | -                | 648,013          | 874,360          | 198,756        | 61,066         | -                  |
| <b>Foreign Currency Deposits</b>        | 2,171,970        | -                | 3,936,085        | 1,858,035        | 396,878        | 60,561         | 181,419            |
| Residents in Turkey                     | 1,993,399        | -                | 3,745,412        | 1,792,583        | 384,906        | 55,222         | 166,614            |
| Residents in Abroad                     | 178,571          | -                | 190,673          | 65,452           | 11,972         | 5,339          | 14,805             |
| <b>Public Sector Deposits</b>           | 4,740            | -                | 313              | 173              | -              | 44             | 19                 |
| <b>Commercial Deposits</b>              | 486,343          | -                | 735,231          | 497,342          | 255,817        | 61,900         | -                  |
| <b>Other</b>                            | 78,581           | -                | 11,597           | 17,632           | 24,797         | 11             | 23                 |
| <b>Precious Metal Deposits</b>          | 4,702            | -                | 34,782           | -                | -              | -              | -                  |
| <b>Bank Deposits</b>                    | 22,695           | -                | 351,523          | -                | -              | -              | -                  |
| Central Bank of Turkey                  | -                | -                | -                | -                | -              | -              | -                  |
| Domestic Banks                          | 11,111           | -                | 15,608           | -                | -              | -              | -                  |
| Foreign Banks                           | 5,663            | -                | 335,915          | -                | -              | -              | -                  |
| Special Purpose Financials Institutions | 72               | -                | -                | -                | -              | -              | -                  |
| Other                                   | 5,849            | -                | -                | -                | -              | -              | -                  |
| <b>Total</b>                            | <b>2,957,025</b> | <b>-</b>         | <b>5,717,544</b> | <b>3,247,542</b> | <b>876,248</b> | <b>183,582</b> | <b>181,461</b>     |

#### *Prior Period*

|   | Demand           | 7 Days<br>Notice | Upto 1<br>Month  | 1-3 Months       | 3-6 Months     | 6-12<br>Months | 1 Year<br>and Over |
|---|------------------|------------------|------------------|------------------|----------------|----------------|--------------------|
| <b>Saving Deposits</b>                  | 147,456          | -                | 988,742          | 348,111          | 113,576        | 155,227        | 7,767              |
| <b>Foreign Currency Deposits</b>        | 1,909,774        | -                | 4,702,866        | 1,821,422        | 280,587        | -              | -                  |
| Residents in Turkey                     | 1,693,901        | -                | 4,447,432        | 1,473,239        | 152,069        | -              | -                  |
| Residents in Abroad                     | 215,873          | -                | 255,434          | 348,183          | 128,518        | -              | -                  |
| <b>Public Sector Deposits</b>           | 1,954            | -                | 12,417           | -                | -              | -              | -                  |
| <b>Commercial Deposits</b>              | 392,804          | -                | 827,159          | 156,555          | 99,420         | 85,195         | -                  |
| <b>Other</b>                            | 61,480           | -                | 35,571           | -                | -              | -              | -                  |
| <b>Precious Metal Deposits</b>          | 4,236            | -                | 44,339           | -                | -              | -              | -                  |
| <b>Bank Deposits</b>                    | 22,158           | -                | 976,852          | -                | -              | -              | -                  |
| Central Bank of Turkey                  | -                | -                | -                | -                | -              | -              | -                  |
| Domestic Banks                          | 5,518            | -                | 295,218          | -                | -              | -              | -                  |
| Foreign Banks                           | 16,640           | -                | 681,634          | -                | -              | -              | -                  |
| Special Purpose Financials Institutions | -                | -                | -                | -                | -              | -              | -                  |
| Other                                   | -                | -                | -                | -                | -              | -              | -                  |
| <b>Total</b>                            | <b>2,539,862</b> | <b>-</b>         | <b>7,587,946</b> | <b>2,326,088</b> | <b>493,583</b> | <b>240,422</b> | <b>7,767</b>       |

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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   | 1,262,740                    | 1,100,208    | 700,726                      | 629,954      |
| Foreign Currency Saving Deposits                              | 3,524,315                    | 4,041,651    | 2,810,681                    | 2,304,904    |
| Other Deposits  | 3,400                        | 7,913        | 33,310                       | 35,531       |
| 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 coverage**

None.

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

| Saving Deposits at | Current Period | Prior Period |
|--------------------|----------------|--------------|
| Foreign Branches   | 421,084        | 583,004      |
| Off-Shore Branches | -              | -            |

**5.2.2 Funds from repurchase transactions**

|  | Current Period |                | Prior Period (*) |    |
|--|----------------|----------------|------------------|----|
|  | TL             | FC             | TL               | FC |
| <b>Domestic Transactions</b>             | <b>271,370</b> | -              |                  |    |
| Financial Institutions and Organizations | 150,000        | -              |                  |    |
| Other Institutions and Organizations     | 82,961         | -              |                  |    |
| Individuals                              | 38,409         | -              |                  |    |
| <b>Foreign Transactions</b>              | <b>161</b>     | <b>801,975</b> |                  |    |
| Financial Institutions and Organizations | -              | 801,975        |                  |    |
| Other Institutions and Organizations     | 4              | -              |                  |    |
| Individuals                              | 157            | -              |                  |    |

(\*) As the repurchase agreements included on balance sheet since 1 February 2002 after the amendments to the Uniform Chart of Accounts for Bank, the prior period figures are not presented.

**5.2.3 Funds borrowed**

|                      | Current Period |           | Prior Period |           |
|----------------------|----------------|-----------|--------------|-----------|
|                      | TL             | FC        | TL           | FC        |
| Short-term           | 204,428        | 1,839,531 | 66,476       | 2,994,623 |
| Medium and Long-term | 2,000          | 514,214   | 0            | 1,084,790 |

**5.2.3.1 Disclosures for concentration areas of the Bank's commitments**

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**5.2.4 Disclosure for securities issued**

None.

**5.2.4.1 Convertible bonds**

None.

**5.2.4.2 Maturity, interest and currency profile of securities issued**

None.

**5.2.5 Funds**

None.

**5.2.6 Miscellaneous payables**

|                           | Current Period | Prior Period |
|---------------------------|----------------|--------------|
| Cash Collaterals Received | 547            | 565          |

**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**

**5.2.8.1 Information on taxes payable:**

|                                   | Current Period | Prior Period |
|-----------------------------------|----------------|--------------|
| Corporate Taxes Payable           | -              | -            |
| Taxation on Securities Income     | 20,007         | 25,464       |
| Taxation on Real Estates Income   | 168            | 164          |
| Banking Insurance Transaction Tax | 6,155          | 28,615       |
| Foreign Exchange Transaction Tax  | 1,040          | 1,475        |
| Value Added Tax Payable           | 53             | 60           |
| Other                             | 5,864          | 9,560        |

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#### 5.2.8.2 Premiums

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Social Security Premiums-Employees                    | -              | -            |
| Social Security Premiums-Employer                     | -              | -            |
| Bank Pension Fund Premium-Employees                   | -              | 5            |
| Bank Pension Fund Premium-Employer                    | -              | 175          |
| Pension Fund Membership Fees and Provisions-Employees | -              | -            |
| Pension Fund Membership Fees and Provisions-Employer  | -              | -            |
| Unemployment Insurance-Employees                      | 131            | 117          |
| Unemployment Insurance-Employer                       | 97             | -            |
| Other   | -              | -            |

#### 5.2.9 Factoring payables

None.

#### 5.2.10 Criterias, limitations and commitments of leasing agreements

The agreements are made with purchase options. The payments are usually made in equal instalments.

##### 5.2.10.1 Changes in agreements and further commitments arising

None.

##### 5.2.10.2 Financial lease payables

|                   | Current Period |        | Prior Period |     |
|-------------------|----------------|--------|--------------|-----|
|                   | Gross          | Net    | Gross        | Net |
| Upto 1 Year       | -              | -      | -            | -   |
| 1-4 Years         | 11,808         | 10,127 | -            | -   |
| More than 4 Years | -              | -      | -            | -   |
| <b>Total</b>      | -              | -      | -            | -   |

##### 5.2.10.3 Operational lease agreements

The operational leasing agreements are signed for some branches and ATM's. The agreements are prepared annually and annual rents are paid in advance and recorded as prepaid expense in "Other Assets". The Bank does not have any commitments arising on the existing operational lease agreements.

##### 5.2.10.4 "Sale-and-lease-back" agreements

None.

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**5.2.11 Accrued interest and expenses**

| Accrued Interest and Expenses on                    | Current Period |        | Prior Period |        |
|---|----------------|--------|--------------|--------|
|   | TL             | FC     | TL           | FC     |
| Deposits  | 120,464        | 18,313 | 72,959       | 30,982 |
| Funds Borrowed                                      | 10,661         | 13,265 | 10,955       | 47,270 |
| Securities Issued                                   | -              | -      | -            | -      |
| Repurchase Agreements                               | 353            | 683    | -            | -      |
| Financial Derivative Instruments:                   | 1,475          | 1,170  | 216          | 1,111  |
| <i>Interest and Expense Accruals</i>                | 1,475          | 1,170  | 216          | 1,111  |
| <i>Expense Accruals for Foreign Exchange Losses</i> | -              | -      | -            | -      |
| Other   | 5,754          | 15,340 | 3,112        | 12,511 |

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

|                                   | Current Period | Prior Period |
|-----------------------------------|----------------|--------------|
| <b>General Provision for</b>      |                |              |
| Loans and Receivables in Group I  | 21,423         | 22,599       |
| Loans and Receivables in Group II | 1,017          | 85           |
| Non-Cash Loans                    | 4,330          | 5,728        |
| Other                             | 8,437          | 16,104       |

**5.2.12.2 Reserve for employee termination benefits and notification indemnity**

|   | 5. PP(1) | 4. PP(1) | 3. PP(1) | 2. PP(1) | Prior Period(1) | Current Period |
|---|----------|----------|----------|----------|-----------------|----------------|
| Actual Payments of Employee Termination Benefits and Notification Indemnity   | 113      | 436      | 893      | 2,926    | 3,813           | 2,794          |
| Reserve for Employee Termination Benefits and Notification Indemnity          | 3,290    | 6,554    | 11,784   | 17,271   | 27,853          | 43,273         |
| Actual Payment Coverage   | 3.43     | 6.65     | 7.58     | 16.94    | 13.69           | 6.46           |
| Reserve Coverage for Employee Termination Benefits and Notification Indemnity | 50.70    | 40.71    | 39.61    | 38.61    | 34.36           | 24.43          |
| Reserve for Possible Employee Termination Benefits and Notification Indemnity | 1,668    | 2,668    | 4,668    | 6,668    | 9,570           | 10,570         |

(1) Prior period amounts are not restated for the effects of inflation as of 31 December 2002.

**5.2.12.3 Commitments for retirement rights**

**Commitments for foundations established based on "Social Security Institution":**

None.

**Commitments for foundations providing benefits for retired employees:**

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**5.2.12.4 Timing and amount of expected payments of provisions considering uncertainties**

None.

**5.2.12.5 General reserves for possible losses**

|                                      | Current Period | Prior Period |
|--------------------------------------|----------------|--------------|
| General Reserves for Possible Losses | 20,000         | -            |

**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    | 791,748        | 750,000      |
| Preferred Stock | -              | -            |

**5.2.14.2 Registered share capital system**

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

**5.2.14.3 Capital increases in current period**

| Date of Increase | Amount of Increase | Cash | Reserves | Other  |
|------------------|--------------------|------|----------|--------|
| 9 September 2002 | 41,748             | -    | -        | 41,748 |

**5.2.14.4 Sources of capital increases in current period**

| Revaluation of Property and Equipment | Revaluation of Investments | Profit on Sale of Real Estates | Profit on Sale of Investments | Revaluation Fund on Special Costs |
|---------------------------------------|----------------------------|--------------------------------|-------------------------------|-----------------------------------|
| -                                     | -                          | 41,610                         | 138                           | -                                 |

**5.2.14.5 Capital commitments for financial year and following period**

None.

**5.2.14.6 Information on priority rights of preferred stocks**

None.

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**5.2.14.7 Common stock issue premiums, shares and equity instruments**

|                                 | Current Period | Prior Period   |
|---------------------------------|----------------|----------------|
| Number of Shares (thousand)     | 1,583          | 1,500          |
| Preferred Stock                 |                |                |
| Common Stock Issue Premium      |                |                |
| Common Stock Canceling Profit   |                |                |
| Other Equity Instruments        |                |                |
| <b>Total Common Stock Issue</b> | <b>791,748</b> | <b>750,000</b> |

**5.2.14.8 Securities value increase fund**

| Securities Value Increase Fund from                    | Current Period |        | Prior Period |    |
|--|----------------|--------|--------------|----|
|  | TL             | FC     | TL           | FC |
| Investments, Associates and Subsidiaries               | -              | -      | -            | -  |
| Investment Securities Available-for-Sale               | 1,446          | 12,739 | -            | -  |
| Investment Securities subject to "Structural" Position | -              | -      | -            | -  |

| Securities in Foreign Currency                         | Current Period | Prior Period |
|--|----------------|--------------|
| Value Increase Fund for Securities in Foreign Currency | 12,739         | -            |
| Foreign Exchange Gain on Common Stocks Included Above  | -              | -            |

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

Such gains/losses are posted to the statement of operations as foreign exchange gains/losses. There are no foreign currency common stocks in investment securities available-for-sale.

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

None.

**5.2.14.9 Revaluation fund**

|   | Current Period |    | Prior Period |    |
|---|----------------|----|--------------|----|
|   | TL             | FC | TL           | FC |
| Movables  | -              | -  | -            | -  |
| Real Estates  | 1,904          | -  | 1,904        | -  |
| Gain On Sale of Investments, Associates and Subsidiaries and Real Estates as Source for Capital Increases | -              | -  | -            | -  |
| Revaluation Fund on Leasehold Improvements  | -              | -  | -            | -  |

**5.2.14.10 Increases in revaluation fund during current period**

None.

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**5.2.14.11 Legal reserves**

|                   | Current Period | Prior Period |
|-------------------|----------------|--------------|
| I. Legal Reserve  | -              | 155,820      |
| II. Legal Reserve | -              | 95,579       |
| Other             | -              | -            |

**5.2.14.12 Extraordinary reserves**

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Reserves Allocated at the General Assembly            | -              | 42,490       |
| Retained Earnings                                     | -              | -            |
| Accumulated Losses                                    | -              | -            |
| Foreign Currency Exchange Difference on Share Capital | 282            | -            |

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

| Name/Commercial Title | Shares  | Ownership | Paid-in Capital | Unpaid Portion |
|-----------------------|---------|-----------|-----------------|----------------|
| Doğuş Holding AŞ      | 436,113 | 55.08%    | 436,113         | -              |

**5.3 Statement of operations**

**5.3.1 Interest Income**

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

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Interest Received from Investments, Associates and Subsidiaries | 111,561        | 72,934       |

**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**

None.

**5.3.2 Interest Expense**

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

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Interest Paid to Investments, Associates and Subsidiaries | 28,973         | 68,805       |

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### 5.3.2.2 Expenses on financial lease

|                            | Current Period | Prior Period |
|----------------------------|----------------|--------------|
| Financial Leasing Expenses | 2,443          | 4,196        |

### 5.3.2.3 Maturity structure of the interest expense on deposits

| Account Description       | Demand Deposits | Time Deposits    |                |                |               |                 | Total            |
|---------------------------|-----------------|------------------|----------------|----------------|---------------|-----------------|------------------|
|                           |                 | Upto 1 Month     | 1-3 Months     | 3-6 Months     | 6-12 Months   | 1 Year and Over |                  |
| <b>TL</b>                 |                 |                  |                |                |               |                 |                  |
| Bank Deposits             | 848             | 49,440           | -              | -              | -             | -               | 50,288           |
| Saving Deposits           | 2,327           | 567,785          | 307,748        | 105,647        | 26,486        | 23,822          | 1,033,815        |
| Public Sector Deposits    | 206             | 145              | 1,231          | 1              | 21            | 10              | 1,614            |
| Commercial Deposits       | 2,509           | 412,215          | 69,669         | 80,745         | 28,829        | 786             | 594,753          |
| Other                     | 783             | 5,766            | 17,223         | 5,090          | 320           | 14              | 29,196           |
| "7 Days Notice" Deposits  | -               | -                | -              | -              | -             | -               | -                |
| <b>Total TL</b>           | <b>6,673</b>    | <b>1,035,351</b> | <b>395,871</b> | <b>191,483</b> | <b>55,656</b> | <b>24,632</b>   | <b>1,709,666</b> |
| <b>FC</b>                 |                 |                  |                |                |               |                 |                  |
| Foreign Currency Deposits | 5,387           | 112,529          | 75,204         | 14,919         | 5,970         | 11,565          | 225,574          |
| Bank Deposits             | -               | 80,104           | -              | -              | -             | -               | 80,104           |
| Precious Metal Deposits   | -               | 6                | 29             | 13             | 6             | -               | 54               |
| <b>Total FC</b>           | <b>5,387</b>    | <b>192,639</b>   | <b>75,233</b>  | <b>14,932</b>  | <b>5,976</b>  | <b>11,565</b>   | <b>305,732</b>   |
| <b>Total</b>              | <b>12,060</b>   | <b>1,227,990</b> | <b>471,104</b> | <b>206,415</b> | <b>61,632</b> | <b>36,197</b>   | <b>2,015,398</b> |

### 5.3.2.4 Interest expense on repurchase agreements

|  | Current Period |        | Prior Period (*) |    |
|--|----------------|--------|------------------|----|
|  | TL             | FC     | TL               | FC |
| Interest Paid on Repurchase Agreements | 112,822        | 10,241 | -                | -  |

(\*) As the repurchase agreements included on balance sheet since 1 February 2002 after the amendments to the Uniform Chart of Accounts for Banks, the prior period balances were not presented.

### 5.3.2.5 Interest expenses on factoring payables

None.

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

None.

### 5.3.4 Other operating income

Other operating income consist of collection or reversals of prior year provisions, transfers of

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### 5.3.5 Provision expenses for loans and other receivables

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Specific Provisions for Loans and Other Receivables | 38,023         | 211,885      |
| <i>Unsecured</i>                                    | -              | -            |
| <i>Others</i>                                       | 38,023         | 211,885      |
| General Provisions                                  | 2,793          | -            |
| Impairment Losses on Securities                     | 959            | 5,854        |
| Other Impairment Losses (1)                         | 127,608        | 302,222      |
| Other   | -829           | 19,440       |

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

### 5.3.6 Other operating expenses

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| Personnel Costs                           | 209,298        | 230,871        |
| Reserve for Employee Termination Benefits | 1,122          | 1,715          |
| Deficit provision for Pension Fund        | -              | -              |
| Depreciation Expenses                     | 83,259         | 68,279         |
| Amortisation Expenses                     | 10,277         | 8,994          |
| Other Operating Expenses                  | 271,168        | 253,186        |
| <i>Repair and Maintenance Expenses</i>    | 13,411         | 9,545          |
| <i>Advertisement Expenses</i>             | 51,572         | 32,021         |
| <i>Other Expenses</i>                     | 206,185        | 211,620        |
| Loss on Sales of Assets                   | 22,161         | 23,887         |
| Operational Leasing Expenses              | 30,784         | 48,144         |
| Other                                     | 98,291         | 248,663        |
| <b>Total</b>                              | <b>726,450</b> | <b>883,739</b> |

#### *Goodwill amortisation:*

None.

### 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 (+/-)               | 56,076         | 156,748      |
| Investments and Associates (+/-) | 135            | 214          |

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

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**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 may affect materially the current and subsequent period results**

None.

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

None.

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## 5.4 Off-balance Sheet Items

### 5.4.1 Guarantees and sureties

#### 5.4.1.1 Non-cash loans

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Non-Cash Loans against Cash Loan Risks            | 352,830          | 371,707          |
| <i>With Original Maturity of 1 Year or Less</i>   | 42,925           | 4,558            |
| <i>With Original Maturity of more than 1 Year</i> | 309,905          | 367,149          |
| Other Non-Cash Loans                              | 4,382,439        | 5,688,191        |
| <b>Total</b>                                      | <b>4,735,269</b> | <b>6,059,898</b> |

#### 5.4.1.2 Details of non-cash loans

*Sectoral distribution of non-cash loans :*

|                                      | Current Period |               |                  |               | Prior Period     |               |                  |               |
|--------------------------------------|----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                                      | TL             | (%)           | FC               | (%)           | TL               | (%)           | FC               | (%)           |
| <b>Agriculture</b>                   | <b>18,760</b>  | <b>2.12</b>   | <b>81,864</b>    | <b>2.13</b>   | <b>20,333</b>    | <b>2.02</b>   | <b>174,947</b>   | <b>3.46</b>   |
| Farming and Stockbreeding            | 11,880         | 1.35          | 64,653           | 1.68          | 12,091           | 1.20          | 154,466          | 3.06          |
| Forestry                             | 6,856          | 0.77          | 17,211           | 0.45          | 8,176            | 0.81          | 20,389           | 0.40          |
| Fishery                              | 24             | 0.00          | -                | 0.00          | 64               | 0.01          | 92               | 0.00          |
| <b>Manufacturing</b>                 | <b>283,013</b> | <b>31.99</b>  | <b>2,092,056</b> | <b>54.33</b>  | <b>368,848</b>   | <b>36.56</b>  | <b>2,470,531</b> | <b>48.91</b>  |
| Mining                               | 20,324         | 2.30          | 133,302          | 3.46          | 23,117           | 2.29          | 223,391          | 4.42          |
| Production                           | 262,689        | 29.69         | 1,958,754        | 50.87         | 345,731          | 34.27         | 2,246,134        | 44.47         |
| Electric, Gas, Water                 | -              | 0.00          | -                | 0.00          | -                | 0.00          | 1,006            | 0.02          |
| <b>Construction</b>                  | <b>126,287</b> | <b>14.27</b>  | <b>619,108</b>   | <b>16.08</b>  | <b>133,472</b>   | <b>13.23</b>  | <b>770,103</b>   | <b>15.25</b>  |
| <b>Services</b>                      | <b>378,494</b> | <b>42.78</b>  | <b>649,743</b>   | <b>16.87</b>  | <b>441,760</b>   | <b>43.79</b>  | <b>905,651</b>   | <b>17.93</b>  |
| Wholesale and Retail Trade           | 236,358        | 26.72         | 372,708          | 9.68          | 247,522          | 24.53         | 481,166          | 9.53          |
| Hotel, Food and Beverage Services    | 10,964         | 1.24          | 44,265           | 1.15          | 7,837            | 0.78          | 31,553           | 0.62          |
| Transportation and Telecommunication | 23,924         | 2.70          | 56,628           | 1.47          | 30,373           | 3.01          | 71,287           | 1.41          |
| Financial Institutions               | 103,743        | 11.73         | 168,131          | 4.37          | 153,439          | 15.21         | 311,153          | 6.16          |
| Real Estate and Renting Services     | -              | 0.00          | -                | 0.00          | -                | 0.00          | -                | 0.00          |
| "Self-Employment" Type Services      | -              | 0.00          | -                | 0.00          | -                | 0.00          | -                | 0.00          |
| Educational Services                 | 830            | 0.09          | 1,164            | 0.02          | 899              | 0.09          | 882              | 0.02          |
| Health and Social Services           | 2,675          | 0.30          | 6,847            | 0.18          | 1,690            | 0.17          | 9,610            | 0.19          |
| <b>Other</b>                         | <b>78,141</b>  | <b>8.84</b>   | <b>407,803</b>   | <b>10.59</b>  | <b>44,494</b>    | <b>4.40</b>   | <b>729,759</b>   | <b>14.45</b>  |
| <b>Total</b>                         | <b>884,695</b> | <b>100.00</b> | <b>3,850,574</b> | <b>100.00</b> | <b>1,008,906</b> | <b>100.00</b> | <b>5,050,992</b> | <b>100.00</b> |

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***Non-cash loans classified in Group I and II:***

| Non-Cash Loans                      | Group I |           | Group II |       |
|-------------------------------------|---------|-----------|----------|-------|
|                                     | TL      | FC        | TL       | FC    |
| Letters of Guarantee                | 883,032 | 2,498,298 | 283      | 38    |
| Bank Acceptances                    | -       | 399,253   | -        | 1,084 |
| Letters of Credit                   | -       | 946,793   | -        | 3,387 |
| Endorsements                        | -       | -         | -        | -     |
| Underwriting Commitments            | -       | -         | -        | -     |
| Other Commitments and Contingencies | -       | -         | -        | -     |

**5.4.2 Commitments**

**5.4.2.1 Irrevocable commitments**

|  | Current Period   |
|--|------------------|
| Letters of Guarantee in Foreign Currency | 2,466,183        |
| Letters of Guarantee in TL               | 884,695          |
| Letters of Credit                        | 779,525          |
| Bank Acceptances                         | 232,818          |
| Prefinancing                             | 20,425           |
| <b>Total</b>                             | <b>4,383,646</b> |

**5.4.2.2 Possible losses from off-balance sheet items**

None.

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

None.

**5.4.2.4 Explanation for the following matters separately from other conditional commitments**

***The Bank's share in commitments for joint venture:***

None.

***Accounting method of commitments:***

The Bank has capital commitments in the amount of TL 45,479 billion for its investments, associates and subsidiaries. Furthermore, there are letters of guarantee in the amount of TL 40,733 billion issued for several entities for the Bank's own business. These commitments are included in the Bank's off-balance sheet accounts.

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#### 5.4.3 Financial derivative instruments

|  | Derivative Transactions by Nature |                  |                |              |
|--|-----------------------------------|------------------|----------------|--------------|
|  | Trading                           |                  | Hedging        |              |
|  | Current Period                    | Prior Period     | Current Period | Prior Period |
| <b>Types of Trading Transactions</b>                     |                                   |                  |                |              |
| <b>Foreign Currency Related Derivative Transactions:</b> | -                                 | -                | -              | --           |
| Forwards   | 2,880,362                         | 4,872,395        | -              | --           |
| Currency Swaps   | 312,841                           | 149,396          | -              | --           |
| Futures  | -                                 | -                | -              | --           |
| Options  | -                                 | -                | -              | --           |
| <b>Total of FC Derivative Transactions (I)</b>           | <b>3,193,202</b>                  | <b>5,021,791</b> | -              | --           |
| <b>Interest related derivative transactions :</b>        | -                                 | -                | -              | --           |
| Interest Rate Swaps                                      | -                                 | 3,832            | -              | --           |
| Forward Rate Agreements (FRA)                            | -                                 | -                | -              | -            |
| Interest Rate Options                                    | -                                 | -                | -              | -            |
| Other Interest Rate Agreements                           | -                                 | -                | -              | -            |
| <i>Future Interest Rate Transactions</i>                 | -                                 | -                | -              | -            |
| <i>Interest Rate Options</i>                             | -                                 | -                | -              | -            |
| <b>Total of Interest Derivative Transaction (II)</b>     | -                                 | <b>3,832</b>     | -              | -            |
| <b>Total Trading Derivative Transactions (I+II)</b>      | <b>3,193,202</b>                  | <b>5,025,623</b> | -              | -            |
| <b>Type of Hedging Transactions</b>                      |                                   |                  |                |              |
| <b>Fair Value Hedges(2):</b>                             | -                                 | -                | -              | -            |
| Future Currency Transactions                             | -                                 | -                | -              | -            |
| Swap Interest Rate Transactions                          | -                                 | -                | -              | -            |
| <b>Total</b>   | -                                 | -                | -              | -            |
| <b>Cash Flow Hedges (3):</b>                             | -                                 | -                | -              | -            |
| Swap Currency Transactions                               | -                                 | -                | -              | -            |
| Currency Call Options                                    | -                                 | -                | -              | -            |
| <b>Total</b>   | -                                 | -                | -              | -            |
| <b>Total Hedging Related Derivatives (4).</b>            | -                                 | -                | -              | -            |
| <b>Total Derivative Transactions</b>                     | <b>3,193,202</b>                  | <b>5,025,623</b> | -              | -            |

- (1) Change In Shares of Convertible Bonds  
(2) Derivative Transactions for Fair Value Hedges  
(3) Derivative Transactions for Cash Flow Hedges  
(4) Total Hedging Related Derivative Transactions

#### 5.4.4 Services rendered on behalf of customers

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

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#### 5.4.5 The Bank's latest international risk ratings

##### MOODY'S (July 2002)

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

##### STANDARD AND POORS (July 2002)

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

##### FITCH RATINGS (July 2002)

|                          |         |
|--------------------------|---------|
| <b>Foreign Currency</b>  |         |
| Short Term and Long Term | B       |
| Outlook                  | Stable  |
| Individual               | D/E     |
| Support                  | 4T      |
| <b>Turkish Lira</b>      |         |
| Long Term                | B       |
| Outlook                  | Stable  |
| <b>National</b>          |         |
| Long Term                | A (tur) |
| Outlook                  | Stable  |

##### CAPITAL INTELLIGENCE

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

#### 5.5 Statement of changes in shareholders' equity

##### 5.5.1 Any increases arising from first-time application of accounting for financial instruments

##### 5.5.1.1 Increases from valuation of investment securities available-for-sale

A gain of TL 14,185 billion from valuation of investment securities available-for-sale at their fair values, is recorded as a current period increase in equity under "securities value increase fund" on the statement of changes in shareholders' equity.

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**5.5.1.2 Increases due to cash flow hedges:** None

**5.5.1.3 Reconciliation of foreign exchange differences at beginning and end of current period**

The reconciliation has been completed.

**5.5.2 Any decreases arising from first-time application of accounting for financial instruments**

**5.5.2.1 Decreases from valuation of investment securities available-for-sale:** None.

**5.5.2.2 Decreases due to cash flow hedges:** None.

**5.5.3 Dividends**

**5.5.3.1 Any dividends declared after date of balance sheet but before publishing financial statements:**  
None.

**5.5.3.2 Earnings per share to be distributed to shareholders after balance sheet date**

This will be decided during the General Assembly, currently, there is not any offers.

**5.5.4 Transfers to legal reserves**

|                                 | Current Period | Prior Period |
|---------------------------------|----------------|--------------|
| Transfer from retained earnings | -              | 19,161       |

**5.5.5 Share certificate issuance**

None.

**5.5.6 Effects of prior years' corrections to beginning balances of current period**

The effects of applying "Regulation on Accounting Standards" for the first time as of 1 October 2002 and of the prior years corrections for property and equipment and intangible assets, as mentioned in section 3.11, are reflected in the statement of changes in shareholders' equity as correction to the opening balance sheet.

**5.5.7 Compensation of prior periods losses**

The inflation-adjusted value of Bank's paid capital is TL 1,536,747 billion. There has been an increase in paid-in capital by TL 41,748 billion to TL 791,478 billion during the current period as explained in section 5.2.13. Furthermore, on 28 November 2002 the prior periods losses were netted off with the legal reserves of TL 251,399 billion and the extraordinary reserves of TL 42,490 billion.

## 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

The net cash inflows arising from banking operations amount to TL 1,706,268 billion. TL 1,042,058 billion of this amount is generated from the change in operating assets and liabilities, and TL 664,210 billion from operating profit. The net cash outflow from investing activities is TL 1,671,567 billion. The major item is the investments for securities available-for-sale. Besides, due to the adverse effect of changes in foreign currency exchange rates by TL 324,502 billion, cash and cash equivalents decreased to TL 177,559 billion at the end of the current period in comparison to TL 469,803 billion at the beginning of the current period

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

Please refer to sections 5.1.9, 5.1.10 and 5.1.11.

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

Please refer to sections 5.1.9, 5.1.10 and 5.1.11.

### 5.6.4 Cash and cash equivalents at end of current period

|                                 | Current Period | Prior Period   |
|---------------------------------|----------------|----------------|
| Cash on Hand                    | 162,597        | 454,956        |
| <i>Cash in TL</i>               | <i>28,461</i>  | <i>29,183</i>  |
| <i>Cash in Foreign Currency</i> | <i>134,136</i> | <i>425,773</i> |
| Cash Equivalents                | 14,962         | 14,847         |
| <i>Other</i>                    | <i>14,962</i>  | <i>14,847</i>  |
| <b>TOTAL</b>                    | <b>177,559</b> | <b>469,803</b> |

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

TL 33,284 billion included in placements at foreign banks is blocked for repayments of funds borrowed through securitisations.

### 5.6.6 Additional information

5.6.6.1 *Restrictions on the Bank's potential borrowing:* None

5.6.6.2 *Cash inflows presenting increase in operating capacity of the Bank:* None

5.7 **Accounting for entities acquired through mergers and acquisitions (43) :** None

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## 5.8 Related party risks

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

#### 5.8.1.1 Loans and other receivables

##### *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 | 414,807                                  | 50,105   | 539,738                                 | 263,003  | 442,084                        | -        |
| Balance at end of period       | 153,859                                  | 28,422   | 521,281                                 | 242,192  | -                              | -        |
| Interest and Commission Income | 111,666                                  | 176      | 65,511                                  | 1,701    | -                              | -        |

##### *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 | 341,309                                  | 117,085  | 106,084                                 | 156,833  | -                              | -        |
| Balance at end of period       | 414,807                                  | 50,105   | 539,738                                 | 263,003  | 442,084                        | -        |
| Interest and Commission Income | 73,613                                   | -        | 88,682                                  | -        | -                              | -        |

#### 5.8.1.2 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 | 358,789                                  | 239,064      | 140,450                                 | 2,642        | -                              | -            |
| Balance at end of period       | 114,613                                  | 358,789      | 128,632                                 | 140,450      | -                              | -            |
| Interest Expenses              | 28,973                                   | 68,805       | 38,385                                  | 44,439       | -                              | -            |

#### 5.8.1.3 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 |
| <b>Trading Transactions:</b> |  |              |   |              |                                |              |
| Beginning of Period          | 250,589                                  | -            | 17,468                                  | -            | -                              | -            |
| End of Period                | 17,167                                   | 250,589      | -                                       | 17,468       | -                              | -            |
| Total Profit/Loss            | -41                                      | -            | -                                       | -            | -                              | -            |
| <b>Hedging Transactions:</b> |  |              |   |              |                                |              |
| Beginning of Period          | -  | -            | -                                       | -            | -                              | -            |
| End of Period                | -  | -            | -                                       | -            | -                              | -            |
| Total Profit/Loss            | -  | -            | -                                       | -            | -                              | -            |

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

## **5.8.2 The Bank's risk group**

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

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

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

The cash loans of the risk group compose 10,8% of the Bank's total cash loans and 3,13% of the Bank's total assets.

The non-cash loans of the risk group compose 5,72% of the Bank's total non-cash loans.

The deposits of the risk group compose 1,84% of the Bank's total deposits.

The pricing of transactions with the risk group companies is set in compliance with the market prices.

### **5.8.2.3 *Other matters not required to be disclosed***

None.

### **5.8.2.4 *Transactions accounted under equity method***

Please refer to sections 5.1.9 and 5.1.10.

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

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

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

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## **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" is 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 227.29% as of 31 December 2002. Accordingly the financial statements of the Bank are restated for the changes in the general purchasing power of Turkish Lira as of 31 December 2002.

The restatement was calculated by means of conversion factors derived from the Turkish countrywide wholesale price index published by the State Institute of Statistics. Such indices and conversion factors used to restate the accompanying financial statements at 31 December 2002 and 31 December 2001, are given below:

| <u>Date</u>      | <u>Index</u> | <u>Conversion factor</u> |
|------------------|--------------|--------------------------|
| 31 December 2002 | 6,478.8      | 1.000                    |
| 31 December 2001 | 4,951.7      | 1.308                    |
| 31 December 2000 | 2,626.0      | 2.467                    |

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

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

|   | Number of<br>Branches | Number Of<br>Employees | Country       | Total Assets | Legal Capital |
|---|-----------------------|------------------------|---------------|--------------|---------------|
| <b>Domestic Branches</b>                  | 301                   | 7,360                  |               |              |               |
| <b>Foreign Representative<br/>Offices</b> | 5                     | 1                      | 1-SWITZERLAND |              |               |
|   |                       | 1                      | 2-GERMANY     |              |               |
|   |                       | 1                      | 3-RUSSIA      |              |               |
|   |                       | 2                      | 4-ENGLAND     |              |               |
|   |                       | 1                      | 5-CHINA       |              |               |
| <b>Foreign Branches</b>                   | 3                     | 3                      | 1- BAHRAIN    | 286,438      | -             |
|   |                       | 20                     | 2- LUXEMBOURG | 1,829,490    | USD 89,500,00 |
|   |                       | 8                      | 3- MALTA      | 3,888,084    | -             |

#### 5.11 Significant events and matters arising subsequent to balance sheet date

None.

**Türkiye Garanti Bankası AŞ**  
As of 31 December 2002, Audited Unconsolidated Financial Statements  
And Related Disclosures and Footnotes to be Announced to Public  
Together with Independent Auditor's Report Thereon  
(Billions of Turkish Lira as restated for the effects of inflation  
in equivalent of purchasing power as of 31 December 2002)

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

## **6 Other disclosures and footnotes**

### **6.1 Other disclosures on the Bank's activities**

None.

**Türkiye Garanti Bankası AŞ**  
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## **7 Independent Auditor's Report**

### **7.1 Disclosure on Independent Auditor's Report**

The Bank's unconsolidated financial statements as of 31 December 2002, have been audited by Cevdet Suner Denetim ve Yeminli Mali Müşavirlik AŞ (the member firm of KPMG), and an unqualified opinion is expressed in the independent auditor's report dated 21 February 2003.

### **7.2 Disclosures prepared by Independent Auditor**

None.

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