

# **Tasarruf Mevduatı Sigorta Fonu (Savings Deposit Insurance Fund)**

**Financial Statements  
As Of December 31, 2002  
Together With  
Independent Auditors' Report**

**(CONVENIENCE TRANSLATION OF A REPORT AND  
FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH – SEE NOTE 2)**

**TASARRUF MEVDUATI SİGORTA FONU (SAVINGS DEPOSIT INSURANCE FUND)  
INDEPENDENT AUDITORS' REPORT  
AS OF DECEMBER 31, 2002**

To the Board of Directors of Savings Deposit Insurance Fund

We were engaged to audit the balance sheet of Savings Deposit Insurance Fund (Fund or SDIF) prepared as of December 31, 2002 and the related statement of revenues and expenses for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Fund's Accounting Directive, Chart of Accounts and Explanations and Regulation on Principles of Independent Auditing (issued by the Banking Regulation and Supervision Agency of Turkey). Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements as of December 31, 2001 provided for comparative presentation purposes, were audited by other auditors, whose report dated April 29, 2002 expressed an opinion qualified as except for the effects of adjustments, if any, on the statement of revenues and expenses for the year ended December 31, 2001 had the fund's balance sheet as of December 31, 2000 been audited and except for the effects of the matter that the total amount of the cases opened against the Fund and the possible losses that may result could not be quantified by the Fund.

In our opinion, the financial statements referred to above in the first paragraph, present fairly in all material respects, the financial position of Savings Deposit Insurance Fund as of December 31, 2002 and the results of its operations for the year then ended, in accordance with the Fund's Accounting Directive, Chart of Accounts and Explanations (Note 2).

Without qualifying our opinion, we draw attention to the following matters:

As indicated in Note 29, as of December 31, 2002, there are 684 cases opened against the Fund and 192 cases filed by the Fund. On its letter dated May 5, 2003, the Legal Affairs Department of the Fund indicated that contingent liability related with 655 cases filed against the Fund is TL 128,396 billion dependent on the resolution of the related cases. However the contingent liability if any, relating to 29 cancellation cases filed by the minority shareholders of the banks taken over by the Fund, are dependent on the resolution of the related cases.

As of December 31, 2002 the total value of subsidiary banks for sale, reserves given to subsidiary banks, subordinated loans granted to subsidiary banks and subsidiary banks in liquidation process is TL17,620,900 billion. As explained in detail in Note 12 – iv, as of December 31, 2002, when the net asset values of the banks derived from their balance sheets and the investment of SDIF in such banks as reflected on the accompanying financial statements are compared, the possible further duty losses that may be undertaken by the Fund through compensating the equity deficit of the banks in order for them to continue their operations or through assuming those liabilities of the banks which exceed the recoverable value of their assets in the process of liquidation or through sale or transfer of such banks with their net asset values is approximately TL17,910,295 billion.

As explained in Note 2, in the accompanying financial statements, in accordance with the Fund's Accounting Directive, SDIF reflects the loans in follow-up and rescheduled loans with the values that are transferred and provides 5% of general provisions on such loans. The collections related to such loans are deducted from the corresponding principal amounts, and the collections that exceed the principal amounts are booked as income. Consequently, the interest amount that can be claimed over such loans and the total amount that can be collected in future through repayment or through the indemnification of the collaterals are uncertain.

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As reflected in the accompanying financial statements, the equity of the Fund as of December 31, 2002 is negative TL15,803,315 billion. If the assets of the Fund are insufficient to meet its obligations then, advances, bearing an interest at a rate to be determined by the Banking Regulation and Supervision Board (the Board) may be received from banks in the amounts not exceeding the total insurance premium paid by them in the previous year, to be deducted from their future premium obligations. Under extraordinary circumstances, the Fund may borrow upon permission of the Undersecretariat of Treasury (Treasury), or when deemed necessary the Treasury may issue Special Issue Government Debt Securities to be lent to the Fund. Principles and procedures regarding such government debt securities including their interest rates, terms and conditions of repayment to the Treasury shall be determined together by the Treasury and the Banking Regulation and Supervision Agency (Agency). Debts arising from the government debt securities issued by the Treasury to provide funding to SDIF may be dissolved by the decision of Council of Ministers. In addition under the conditions that the resources of the Fund are insufficient, upon the request of the Agency, the Central Bank may advance money to the Fund, terms, amounts, repayment conditions, interest rates and other conditions of which are determined by the Central Bank in consultation with the Agency.

**Additional paragraph for convenience translation to English:**

The above-mentioned accounting principles used by the Fund, which is a public legal entity can differ from International Financial Reporting Standards (IFRS) which are designed to apply to the general purpose financial statements and other financial reporting of all profit-oriented entities and International Public Sector Accounting Standards (IPSA) issued by the International Federation of Accountants (IFAC) to apply to all public sector entities, including national, regional and local governments and their component entities other than government business enterprises. The effects of the differences between the Fund's Accounting Directive, Chart of Accounts and Explanations and the accounting principles generally accepted for public sector entities in the countries in which the accompanying financial statements are to be used and IFRS and IPSA have not been quantified in the accompanying financial statements. The accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles for public sector entities generally accepted in the countries of users of the financial statements and IFRS and IPSA (See Note 2).

Güney Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
An Affiliated Firm of Ernst & Young International

Ayşen Topay  
Partner

May 13, 2003  
İstanbul, Türkiye

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2)**

**TASARRUF MEVDUATI SİGORTA FONU (SAVINGS DEPOSIT INSURANCE FUND)  
BALANCE SHEETS AS OF DECEMBER 31, 2002 AND 2001  
(Currency – Billions of Turkish lira unless otherwise stated)**

	Notes	2002	2001
<b>CURRENT ASSETS</b>		<b>1,814,120</b>	<b>1,401,125</b>
<b>Liquid Assets</b>	3	<b>231,780</b>	<b>1,081,890</b>
Central Bank of Turkey (CBT)		9,514	351,120
Local Banks		220,716	730,235
Money in Transit		1,550	535
<b>Marketable Securities</b>	4	<b>1,459,766</b>	<b>195,515</b>
<b>Government Debt Securities</b>		<b>1,459,766</b>	<b>195,515</b>
Government Debt Securities TL		1,459,766	66,108
Special Issue Government Debt Securities		-	92,571
Government Bonds TL		-	36,836
<b>Receivables from Primary Operations of the Fund</b>		<b>887</b>	-
<b>Other Receivables</b>	5	<b>10,026</b>	<b>9</b>
<b>Transitory Asset Accounts</b>	16	-	<b>152</b>
<b>Prepaid Expenses and Income Accruals</b>	6	<b>110,838</b>	<b>123,422</b>
Interest Income Accruals on Liquid Assets		4,353	64,742
Interest Income Accruals on Marketable Securities		47,251	46,731
Interest Income Accruals on Long Term Bank Deposits		57,584	6,717
Interest Income Accruals on Long Term Financial Assets		1,253	4,922
Other Interest Income Accruals		397	310
<b>Other Current Assets</b>		<b>823</b>	<b>137</b>
<b>NON CURRENT ASSETS</b>		<b>21,888,731</b>	<b>19,203,880</b>
<b>Long Term Deposits and Loan Receivables from Banks</b>	7	<b>1,968,397</b>	<b>1,234,150</b>
<b>Deposits at Local Banks</b>		<b>853,299</b>	<b>1,234,150</b>
Subsidiary Banks		712,257	1,093,108
Long Term Deposits at Other Banks		141,042	141,042
<b>Subordinated Loans Granted to Banks</b>		<b>1,114,333</b>	-
Subordinated Loans Granted to Subsidiary Banks		900,989	-
Subordinated Loans Granted to Other Banks		213,344	-
<b>Loans Granted to Other Subsidiaries</b>		<b>765</b>	-
<b>Receivables from Primary Operations of the Fund</b>	8	<b>8,303</b>	<b>8,103</b>
Advances Given to the Banks whose License is Revoked		119	69
Receivables from Bankruptcy Administrations		8,184	8,034
<b>Loans In Follow-Up</b>	9	<b>668,567</b>	<b>497,404</b>
Transferred Loans in Follow-Up		5,411,052	3,955,008
Rescheduled Loans		245,874	207,717
Other Loans in Follow-Up		15,567	1,320
Provisions for Loans in Follow-Up (-)		(5,003,926)	(3,666,641)
<b>Long Term Financial Assets</b>	10	<b>428,662</b>	<b>1,433,809</b>
Government Debt Securities Given as Collateral		428,662	1,433,809
<b>Tangible Fixed Assets</b>		<b>296</b>	<b>133</b>
Buildings		84	84
Vehicles		92	46
Fixtures and Equipment		232	52
Accumulated Depreciation (-)		(112)	(49)
<b>Assets for Sale</b>	11	<b>1,195,914</b>	<b>551,737</b>
Subsidiary Banks for Sale		910,522	328,451
Participations for Sale		112,401	136,284
Other Subsidiaries For Sale		136,810	281,262
Tangible Fixed Assets for Sale		207,492	2,451
Provision for Impairment of Assets for Sale (-)		(171,311)	(196,711)
<b>Duty Loss Accounts</b>	12	<b>17,473,183</b>	<b>15,331,804</b>
Reserves Given to Subsidiary Banks		15,354,158	1,506,326
Subsidiaries and Participations in Liquidation Process		480,757	8,108,811
Finalized Duty Losses		1,949,044	6,017,544
Provision for Finalized Duty Losses (-)		(302,125)	(300,877)
Provisions for Subsidiary Banks and Participations in Liquidation Process		(8,651)	-
<b>Long Term Prepaid Expenses and Income Accruals</b>	7	<b>29,010</b>	<b>365</b>
Interest Income Accruals on Subordinated loans		28,652	-
Interest Income Accruals on Receivables From Bankruptcy Administration		125	365
Other Long Term Income Accruals		233	-
<b>Other Long Term Assets</b>	13	<b>116,399</b>	<b>146,375</b>
Payments for Assets to be Taken Over		116,399	146,375
<b>Total Assets</b>		<b>23,702,851</b>	<b>20,605,005</b>

The accompanying notes are an integral part of these statements.

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2)**

**TASARRUF MEVDUATI SİGORTA FONU (SAVINGS DEPOSIT INSURANCE FUND)  
BALANCE SHEETS AS OF DECEMBER 31, 2002 AND 2001  
(Currency – Billions of Turkish lira unless otherwise stated)**

	Notes	2002	2001
<b>CURRENT LIABILITIES</b>		<b>1,399,515</b>	<b>1,355,000</b>
<b>Advances and Loans</b>	14	<b>426,594</b>	<b>1,056,901</b>
CBT Short Term Advances		426,594	1,056,901
<b>Payables Arising from Primary Operations</b>		<b>3</b>	<b>3</b>
Payables to the Residual of Gradual Liquidation Fund		3	3
<b>Other Payables</b>	15	<b>750,345</b>	<b>251,722</b>
Money to be transferred to Ministry of Finance		282	105
Cash Collaterals and Reserves Received		227,439	1,912
Other Various Payables		522,624	249,705
<b>Transitory Liability Accounts</b>	16	<b>-</b>	<b>14,274</b>
<b>Taxes and Funds Payable</b>	17	<b>995</b>	<b>204</b>
Taxes and Funds Payable		756	99
Social Security Premiums Payable		239	105
<b>Deferred Income and Expense Accruals</b>	18	<b>17,236</b>	<b>31,896</b>
Interest Expense Accruals		17,028	31,610
Other Expense Accruals		208	286
<b>Other Short Term Liabilities</b>	18	<b>204,342</b>	<b>-</b>
<b>NON CURRENT LIABILITIES</b>		<b>38,106,651</b>	<b>26,056,118</b>
<b>Advances and Loans</b>	19	<b>32,599,067</b>	<b>21,949,837</b>
Long Term Advances from CBT		-	375,717
Long Term Loans from Undersecretariat of Treasury		32,599,067	21,574,120
<b>Provisions for Debts and Expenses</b>	20	<b>36,610</b>	<b>24,866</b>
Retirement Pay Liability		738	270
General Provision for Loans in Follow-up		35,872	24,596
<b>Long Term Deferred Income and Expense Accruals</b>	19, 21	<b>5,455,407</b>	<b>4,080,095</b>
Deferred Income		125	365
Interest Expense Accruals		5,455,282	4,079,730
<b>Other Long Term Liabilities</b>	9	<b>15,567</b>	<b>1,320</b>
Income to be Collected in Future Years		15,567	1,320
<b>EQUITY</b>	22	<b>(15,803,315)</b>	<b>(6,806,113)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>23,702,851</b>	<b>20,605,005</b>

The accompanying notes are an integral part of these statements.

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2)**

**TASARRUF MEVDUATI SİGORTA FONU (SAVINGS DEPOSIT INSURANCE FUND)  
STATEMENT OF REVENUES AND EXPENSES FOR THE YEARS ENDED  
DECEMBER 31, 2002 AND 2001  
(Currency – Billions of Turkish lira unless otherwise stated)**

	Notes	2002	2001
<b>Revenues from Primary Operations</b>	23	<b>808,073</b>	<b>625,541</b>
Insurance Premium Revenues		759,946	610,058
Turkish Lira Premium Revenues		289,319	225,504
Foreign Currency Premium Revenues		470,627	384,554
Revenues from prescribed deposit with banks		5,994	3,829
Revenues from fines imposed on banks		3,235	3,419
Interest earned from bankruptcy institution receivables		215	-
Default Charges		1,859	457
Revenues from the permissions for transfer of bank shares		8,168	7,646
Other revenues from primary operations		28,656	132
<b>Investment Revenues</b>	24	<b>6,086,125</b>	<b>3,176,417</b>
Interest Income		772,216	346,411
Interest income on Central Bank deposits		42	3,714
Interest income on deposits with other banks		306,159	108,882
Interest income on government debt securities		466,015	233,815
Foreign exchange gain		5,310,690	2,822,275
Income from capital market operations		(67)	2,064
Dividend Income		3,286	5,667
<b>Financial Expenses</b>	25	<b>(15,921,977)</b>	<b>(12,097,164)</b>
Interest Expenses		(8,877,169)	(5,620,809)
Interest expenses on Central Bank advances (-)		(69,687)	(118,994)
Interest expenses on Treasury loans (-)		(8,806,097)	(5,501,815)
Other Interest Expenses (-)		(1,385)	-
Foreign exchange loss		(7,044,808)	(6,476,355)
<b>Operating Expenses</b>	26	<b>(21,738)</b>	<b>(3,632)</b>
Personnel wages, salaries and other expenses		(11,935)	(2,507)
Remunerations of the members of the Board of Directors and Auditors appointed to the banks		(114)	(25)
Traveling expenses		(310)	(571)
Outsourced services expenses		(7,257)	(135)
Materials and supplies expenses		(1,555)	(32)
Other expenses		(501)	(299)
Depreciation expenses		(66)	(20)
Other operating expenses		-	(43)
<b>Operating Income / (Loss)</b>		<b>(9,049,517)</b>	<b>(8,298,838)</b>
<b>Other Ordinary Income and Profit</b>	27	<b>150,883</b>	<b>292,588</b>
Revenues from loans in follow-up		13,305	2,424
Income from sale of assets for sale		129,844	282,452
Other income related to assets for sale		4,065	2,204
Other ordinary income and profit		3,669	5,508
<b>Other Ordinary Expense and Losses</b>	28	<b>(102,241)</b>	<b>(500,902)</b>
Losses from the sales of assets for sale		(78,719)	(167,526)
Other expenses related to assets for sale		(4,921)	(8,402)
Other provisions		(17,405)	(324,972)
Other ordinary expenses and losses		(1,196)	(2)
<b>Ordinary revenues (expenses), net</b>		<b>(9,000,875)</b>	<b>(8,507,152)</b>
<b>Extraordinary Income and Profit</b>		<b>616</b>	<b>-</b>
<b>Extraordinary Expenses and Losses</b>		<b>(10,673)</b>	<b>(324)</b>
<b>Excess of Expenses Over Revenues for the Period</b>		<b>(9,010,932)</b>	<b>(8,507,476)</b>

The accompanying notes are an integral part of these statements.

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2)**

**TASARRUF MEVDUATI SİGORTA FONU (SAVINGS DEPOSIT INSURANCE FUND)  
NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2002 AND 2001  
(Currency – Billions of Turkish lira unless otherwise stated)**

**1. PRINCIPLE ACTIVITIES OF SAVINGS DEPOSIT INSURANCE FUND:**

Savings Deposit Insurance Fund (SDIF - Fund) has been established as a legal entity for the purpose of insuring the saving deposits at banks in accordance with the Decree in Force of Law Related to Banks dated July 22, 1983 and numbered 70. The responsibilities of management and representation of SDIF as per the regulation to be prepared by the related Ministry have been given to the Central Bank of Turkey (CBT). The first regulation of the SDIF, which had been prepared by the Ministry of Finance, was issued on October 25, 1983. In addition to its duty of insuring the saving deposits at banks, SDIF has also been given the responsibility for increasing the financial soundness of the banks and restructuring when necessary, with the Decree in Force of Law dated June 16, 1994 and numbered 538.

On the article numbered 15/1 of the Banks Act numbered 4389, it is stated that SDIF is a public legal entity. On the article numbered 15/4, it is ruled that the SDIF shall be managed and represented by the Banking Regulation and Supervision Agency (Agency) in accordance with the regulation to be prepared by the Banking Regulation and Supervision Board (Board). The SDIF Regulation, which was prepared by the Board and which designates the organization, duties, responsibilities and authorities along with the principles and form of the utilization of the SDIF's funds, has been issued on the Official Gazette dated August 26, 2000 and numbered 24152. Since August 31, 2000, the responsibilities and authorization of the management and representation of the SDIF have been inherited to the Board, which was constituted with the Banks Act numbered 4389, as amended by the Banks Act numbered 4491.

The first SDIF Regulation, which was prepared by the Board, had been abrogated by the new SDIF Regulation issued on the Official Gazette dated August 3, 2001 and numbered 24482. Some of the provisions of the new Regulation have been revised with the amendments to the Regulation issued in the Official Gazettes dated January 18, 2002; April 2, 2002; September 18, 2002, and numbered 24644, 24714 and 24880, respectively.

The head office of SDIF is in Ankara. Some of the major service departments such as Department of Liquidation, Department of Collection, Subsidiaries Department, Real Estate Department and Auditing Department are located in Istanbul.

Major duties and authorities of the SDIF based on the 8th article of the SDIF Regulation are as follows:

- a) To insure the saving deposits at banks, to follow up the saving deposits under the insurance coverage at banks and to manage and evaluate the SDIF's funds based on the principles determined by the Board.
- b) To take over the management and inspection of the banks whose banking and deposit accepting licenses have been revoked, to pay the depositors, insured deposits with the banks whose management and inspection have been assumed by itself directly or through another bank it will designate, to institute bankruptcy proceedings in the name of the depositors against the bank, to act as a privileged creditor in the event that a bankruptcy judgment is issued, and to liquidate the bank under the provisions of the Enforcement and Bankruptcy Act numbered 2004, having the duties and powers of the bankruptcy office and creditors' meeting and the bankruptcy administration described in said Act as far as the implementation hereof is concerned.
- c) To take necessary actions to strengthen the financial positions, restructure, merge with an existing or a newly established bank, sell or transfer the banks whose management and inspection together with the shareholders' rights except for the rights to dividends are transferred to SDIF,
- d) To conduct the necessary transactions for taking over the losses corresponding to the capital for the banks whose management and inspection together with the shareholders' rights except for the rights to dividends or some or all of the shares of which are transferred to SDIF, under the condition that the loss amount taken over does not exceed insured deposited amount and the SDIF owns all of the shares of the transferred bank,

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**TASARRUF MEVDUATI SİGORTA FONU (SAVINGS DEPOSIT INSURANCE FUND)  
NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2002 AND 2001  
(Currency – Billions of Turkish lira unless otherwise stated)**

**1. PRINCIPLE ACTIVITIES OF SAVINGS DEPOSIT INSURANCE FUND: (continued)**

- e) While able to take over and proceed with earlier follow-ups, initiated against the debtors in accordance with the conditions set forth in law numbered 2004, regarding all kinds of receivables and transferred receivables, and with any ongoing cases for the collection of such receivables; to decide to cease any such follow-ups and ongoing cases, and continue the follow-up and collection procedure of transferred receivables according to the conditions set forth in law numbered 6183,
- f) In order to assure confidence and continuing stability in the financial system, limited to the cases deemed necessary by the Agency, to strengthen and restructure the financial positions of the banks whose shares are transferred to the SDIF upon applying the articles of the Act numbered 14/3 and 14/4; to implement the precautions which are as follows:
- 1- Increasing the capital;
  - 2- Upon receiving the opinion of CBT, deferring or decreasing the legal provision liabilities and abolishing the penalty interests;
  - 3- Acquiring the participations, fixed assets and other assets of the banks or regarding those as collateral and making a deposit or giving an advance in return;
  - 4- Taking over of the receivables and losses
  - 5- Selling the share certificates and other assets that the SDIF acquires with a discount or through other means to the third parties;
  - 6- Guaranteeing the payables and future liabilities which are bona fide liabilities according to bank records, realizing in cash of receivables and other assets directly or to the account of the Fund through agreements to be made by banks, including government owned banks.

According to the Banks Act's article numbered 15/2 and Regulation's 45th article, the major revenues of the SDIF comprises insurance premiums over the saving deposits of the banks; deposits, custody accounts and claims which have been subjected to prescription; entrance fees from the institutions that are given permission for incorporation and various judicial and administrative fines.

If the assets of the SDIF are insufficient to meet the needs, then, advances may be received from banks in the amounts not exceeding the total insurance premium paid by them in the previous year, to be deducted from their future premium obligations. Such advances, together with interest thereon at such rate as shall be determined by the Board, shall be deducted from future premium obligations.

Under extraordinary circumstances the Fund may borrow upon permission of the Undersecretariat of Treasury (Treasury) or when deemed necessary the Treasury may issue Special Issue Government Debt Securities to be lent to the Fund. Principles and procedures regarding such government debt securities including their interest rates and terms and conditions of repayments to the Treasury shall be determined together by the Treasury and the Agency. SDIF has all rights of disposition on its borrowing. The provisions concerning indebtedness contained in financial year budget laws are also valid for these securities. Debts arising from the government debt securities issued by the Treasury to provide funding to SDIF may be dissolved by the decision of Council of Ministers.

Under extraordinary conditions that the resources of the SDIF are insufficient, upon the request of the Agency the Central Bank shall advance money to the SDIF. Terms, amounts, repayment conditions, interest rates and other conditions of the advance are determined by the Central Bank in consultation with the Agency.

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2)**

**TASARRUF MEVDUATI SİGORTA FONU (SAVINGS DEPOSIT INSURANCE FUND)  
NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2002 AND 2001  
(Currency – Billions of Turkish lira unless otherwise stated)**

**2. SUMMARY OF THE MAJOR ACCOUNTING PRINCIPLES APPLIED**

**Basis of preparation of the financial statements**

The accounting records of the SDIF are kept under the Accounting Directive which was put into effect by the Board of Directors decision dated December 19, 2001 and numbered 404 and the Directive related with the Amendment of the Accounting Directive effective from December 31, 2002, which was put into effect by Board of Directors decision dated April 15, 2003 and numbered 237, and SDIF Chart of Accounts and Explanations put into effect by the Board of Directors decision dated December 26, 2001 and numbered 420. The accompanying financial statements are prepared in accordance with such accounting principles.

**Explanation added for convenience translation to English:**

The accounting principles under which the accompanying financial statements were prepared can differ from International Financial Reporting Standards (IFRS) which are designed to apply to the general purpose financial statements and other financial reporting of all profit-oriented entities and International Public Sector Accounting Standards (IPSA) issued by the International Federation of Accountants (IFAC) to apply to all public sector entities, including national, regional and local governments and their component entities other than government business enterprises. Accordingly the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles for public sector entities generally accepted in the countries of users of the financial statements and IFRS and IPSA.

**Marketable securities**

As of December 31, 2002, the marketable securities in the portfolio of the Fund are valued by adding the interest income accrual calculated by straight-line method over its purchase value (2001 - Marketable securities were valued with the prices announced by the CBT daily on the Official Gazette as of the balance sheet date).

**Long term financial assets**

The fixed income securities that are reflected under the assets of SDIF and given to the CBT as collateral against the cash advance loan taken from CBT are recorded under Long Term Financial Assets. Such securities are valued by adding the interest income accrual calculated by straight-line method over the purchasing value (2001- Long Term Financial Assets were valued with the prices announced by the CBT daily on the Official Gazette as of the balance sheet date).

**Loans in follow-up**

Based on the transfer agreements between the related subsidiary bank and SDIF, the loans in follow-up that are transferred to SDIF from subsidiary banks are recorded in the accounts of SDIF with the book value of the receivables as reflected in the accounts of the related banks together with the reserves provided for those receivables in accordance with “the Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside” that is in effect prior to the transfer. Interest is not accrued for the loans in follow-up and the interest income is accounted for on cash basis. In addition to the specific reserves recorded under the subsidiary banks’ accounts, the SDIF provides a general reserve in its records for the loans in follow up at a rate of 5% in line with the Accounting Directive.

**Tangible fixed assets**

The tangible fixed assets are reflected at cost. The initial cost of the fixed assets comprises the payments made for the construction and the acquisition of the asset including import duties and non-refundable purchase taxes (VAT included) and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is computed on a straight-line basis at the rate of 2% on buildings used by SDIF and 20% on other fixed assets used by SDIF. SDIF does not revalue its fixed assets.

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**2. SUMMARY OF THE MAJOR ACCOUNTING PRINCIPLES APPLIED (continued)**

**Assets for sale**

*Subsidiary banks for sale*

This account comprises amounts of the payments that are made to the related Bank for the transfer of all or part of the shares of the subsidiary bank, corresponding to the portion of the related bank's accumulated loss that is equivalent to the Bank's paid-in share capital. The profit/(loss) on sale of subsidiary banks is computed as the difference between proceeds from sale and the amount recorded as capital shares under the Subsidiary Banks for Sale account, and reflected to the statement of revenues and expenses of the related period.

*Participations and Other Subsidiaries for Sale*

The subsidiaries and participations of the subsidiary banks that are taken over from related subsidiary banks are recorded at the book values as reflected in the records of such banks. Foreign currency participations are reflected at the Turkish lira equivalent of the foreign currency denominated acquisition cost converted using the CBT foreign currencies buying rate at the balance sheet date. The relevant foreign exchange gains/(losses) are recorded to the related income and expense accounts. The participations and subsidiaries, which have a market value in the İstanbul Stock Exchange, are valued with the arithmetic average of the daily weighted average of last 5 work days before the balance sheet date (including the balance sheet date), and the market value increases/(decreases) are recorded to the Financial Assets Market Value Increase/(Decrease) account.

Reserve for impairment in subsidiaries and participations taken over from subsidiary banks are reflected in the balance sheet of the SDIF at the values carried in the related Banks' records. The subsidiaries and participations, which are acquired from subsidiary banks free of charge, are reflected in the accounts by providing reserves equivalent to their book values.

*Tangible fixed assets for sale*

SDIF has reflected the tangible fixed assets that were acquired with their expertise values. Other tangible fixed assets for sale has been reflected in the accounts with their acquisition costs.

The assets for sale are not subject to depreciation.

**Duty loss accounts**

*Reserves given to subsidiary banks*

The government debt securities received from the Treasury and transferred to the subsidiary banks are accounted for as Reserves Given to Subsidiary Banks by SDIF. SDIF uses the government debt securities which have been deposited in the CBT by the Treasury according to the related loan agreements, as need arises and transfers them to the subsidiary banks. The government debt securities are considered as issued as of the date of use and reflected in the balance sheet of SDIF with their values as of the same date. Foreign currency government debt securities are booked with the TL equivalents as of the issue date.

*Subsidiaries and Participations in Liquidation Process*

When liquidation processes for subsidiary banks are started or when these banks are discharged of their licenses related to performing banking transactions and accepting deposits, the amounts recorded as capital shares, reserves and deposits are reclassified to this account. When the liquidation processes for the participations and other subsidiaries are started, they are also reclassified to this account.

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**2. SUMMARY OF THE MAJOR ACCOUNTING PRINCIPLES APPLIED (continued)**

*Finalized Duty Losses*

Losses that are taken over from subsidiary banks or assets and reserves that are netted off from the banks' losses are followed in this account.

*Provisions for Finalized Duty Losses*

For finalized duty losses, 5% of the balance is provided as a general reserve every year. If the accumulated reserve provided in prior years is greater than the total amount calculated as of the respective year-end SDIF does not have to record additional provisions for finalized duty losses until the excess is absorbed. Provisions cannot be reversed unless collected.

**Valuation of receivables and payables**

Receivables followed up by SDIF or the receivables from bankruptcy administrations are reflected at their net book values on the balance sheet. Interest income accruals for interest bearing deposits and other receivables are computed based on the determined interest rates.

**Foreign currency receivables and payables**

All transactions realized in foreign currency in the period are valued with the foreign exchange rates prevailing at the transaction date. All foreign currency denominated monetary assets and liabilities as of December 31, 2002 and 2001 are valued with the foreign exchange buying rates announced by CBT as of the balance sheet dates. However, Long Term Loans from Undersecretariat of Treasury and Government Debt Securities Given as Collateral to CBT are valued with CBT foreign exchange selling rate as of balance sheet date.

**Retirement pay liability**

SDIF provides reserves for the liability that may result due to payments to retired or laid off personnel in accordance with the arrangements related with contracted personnel.

**General Reserve for Loans in Follow-up**

For the loans in follow-up, 5% of the balance is provided as a general reserve every year. If the accumulated reserve provided in prior years is greater than the total amount calculated as of the respective year-end SDIF does not have to record additional provisions for loans in follow-up until the excess is absorbed. Reserves cannot be reversed unless collected.

**Subordinated loans**

The long-term loans granted to SDIF's subsidiary banks, and other loans granted under the 4<sup>th</sup> temporary article of Banking Act are followed under this account. These loans are reflected with their carrying values in the financial statements.

**Other Balance Sheet Items**

Other balance sheet items are reflected at their recorded values in the financial statements.

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3. LIQUID ASSETS

As of December 31, 2002 and 2001, the breakdown of liquid assets is as follows:

	2002		
	USD	EUR	TL Equivalent
CBT	-	-	1,676
CBT	3,088,856	-	5,049
CBT	-	1,637,091	2,789
Investment Accounts at Banks (*)	-	-	31,911
Investment Accounts at Banks (*)	36,315,717	-	59,358
Investment Accounts at Banks (*)	-	74,334,079	126,626
Administrative Account at Banks (**)	-	-	2,606
Administrative Account at Banks (**)	131,305	-	215
Other (***)	-	-	567
Other (****)	-	577,059	983
	39,535,878	76,548,229	231,780

Except for the investment and administrative accounts other balances at banks are not subject to interest.

	2001		
	USD	EUR	TL Equivalent
CBT	-	-	3,173
CBT	199,216,075	-	286,784
CBT	-	48,231,812	61,163
Birleşik Sümerbank A.Ş. (Sümerbank) (****)	-	-	672,000
Investment Accounts at Banks (*)	-	-	57,322
Administrative Account at Banks (**)	-	-	785
Toprakbank A.Ş. (Toprakbank)	88,908	-	128
Other (***)	-	-	535
	199,304,983	48,231,812	1,081,890

(\*) This is the account, which is opened for the purpose of investment of the SDIF's assets

(\*\*) This is the administrative account used for payment of the expenses of SDIF.

(\*\*\*) The transfers related to the salary payments to be realized to personnel are followed at this account until the banks draw payments from such accounts.

(\*\*\*\*) As notified on the Share Transfer Agreement between SDIF and Ordu Yardımlaşma Kurumu (OYAK), between August 10, 2001 and December 31, 2001, the interest rate on the deposits of SDIF at Sümerbank has been set as 15%. In addition, since the net distributable profit of Sümerbank as of December 31, 2001 is above TL110 trillion, 50% of the excess balance is computed as interest and added on to the interest to be paid on SDIF deposits. Consequently, the accrued interest as of December 31, 2001 amounting to TL58,749 (Note 6) and additional interest calculated as TL7,358, totaling to TL66,107, is collected in 2002. Under the terms of the Share Transfer Agreement between SDIF and OYAK, after January 1, 2002 the interest rate to be applied to TL672 trillion deposit of SDIF will be computed as the arithmetic average of the interest rates applied by the five private banks with the largest assets totals (excluding banks managed by SDIF) to deposits with six months maturity at January 2, 2002. In addition to this, in case the distributable net profit of Oyak Bank A.Ş. (Oyakbank) at the balance sheet as of December 31, 2002, which has taken over Sümerbank, exceeds TL110 trillion, 37.5% of the excess balance will be computed as interest and added on to the accrued interest on such deposits. The repayment of the deposit will be realized through the payment by Sümerbank of one half of the nominal amounts received from redemption of government debt securities specified below with their descriptions which OYAK has agreed to take over, on the redemption dates. The remaining balance after deducting the amount of repayments as per the below table from the interests computed and accrued in accordance with the above mentioned method will be paid by Oyakbank to TMSF in five days following the approval of Oyakbank's financial statements as of December 31, 2002 or in any event latest by February 15, 2003. However, since net profit of Oyakbank as stated in the audited financial statements as of December 31, 2002 remained below TL110 trillion, the additional interest payment did not accrue.

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**3. LIQUID ASSETS (continued)**

The details of the securities portfolio as confirmed by the two parties in a reconciliation made with respect to the amounts specified in the Share Transfer Agreement and the related repayment plan are as follows:

Description	Date of Redemption	Nominal Amount	Principal Amount	Interest Amount	Interest Rate (%)
TRT030402T27	03.04.2002	377,783	188,891	29,900	62.8
TRT080502T13	08.05.2002	356,783	178,392	38,980	62.8
TRT150502T22	15.05.2002	440,343	220,172	50,761	62.8
TRT120602T16	12.06.2002	255,293	84,545	23,565	62.8
		<b>1,430,202</b>	<b>672,000</b>	<b>143,206</b>	

In relation with the above table, in 2002, a total of TL815,206, of which TL672,000 is principal and TL143,206 is interest, has been paid by Sümerbank to SDIF.

**4. MARKETABLE SECURITIES**

As of December 31, 2002 and 2001, the marketable securities portfolio of SDIF, consists of government debt securities and is detailed as below:

2002								
Description	Date of Purchase	Cost	Interest Rate(%)	Date of Redemption	Nominal Amount	Interest Income Accrual	Book Value	CBT Value
<b>TL</b>								
TRT070905T17	18.04.2002	252,614	28.38%	07.09.2005	252,614	43,724	296,338	302,162
<b>USD</b>								
TRT041205F11	04.12.2000	(*) 1,207,152	Libor + 2.25	04.12.2005	1,207,152	3,527	1,210,679	1,204,869
		<b>1,459,766</b>			<b>1,459,766</b>	<b>47,251</b>	<b>1,507,017</b>	<b>1,507,031</b>

(\*) USD equivalent of this amount is USD 735 million.

The acquisition cost of the marketable securities denominated in USD is TL1,200,793 and the foreign exchange gains that occurred in favor of SDIF as of December 31, 2002 is TL6,359. The USD denominated marketable security, which was issued by Treasury at December 4, 2000, amounting to USD 735 million, was given as collateral to CBT for the advances taken at December 4 and 6, 2000. The amount of advance was TL500,000, the TL equivalent of USD734 million. After the repayment of the advance at December 27, 2002 the security was transferred from collateral accounts to SDIF's free portfolio.

2001								
Description	Date of Purchase	Cost	Interest Rate(%)	Date of Redemption	Nominal Amount	Interest Income Accrual	Book Value	CBT Value
<b>TL</b>								
TRT200202T10	23.08.2000	60,908	37.42	20.02.2002	95,092	27,742	88,650	88,650
TRT200202T10	04.10.2000	5,200	38.11	20.02.2002	7,944	2,206	7,406	7,406
TRB060202T18	18.07.2000	36,836	88.20	06.02.2002	54,955	15,287	52,123	52,123
		<b>102,944</b>			<b>157,991</b>	<b>45,235</b>	<b>148,179</b>	<b>148,179</b>
<b>Indexed to Euro</b>								
TRT130502F38	06.08.2001	(**) 57,065	3.00	13.05.2002	57,065	922	57,987	57,987
TRT130502F38	13.08.2001	(**) 35,506	3.00	13.05.2002	35,506	574	36,080	36,080
		<b>92,571</b>			<b>92,571</b>	<b>1,496</b>	<b>94,067</b>	<b>94,067</b>
		<b>195,515</b>			<b>250,562</b>	<b>46,731</b>	<b>242,246</b>	<b>242,246</b>

(\*\*) The EUR amounts of these securities are EUR45 million and EUR28 million respectively.

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**4. MARKETABLE SECURITIES (continued)**

The acquisition cost of the marketable securities indexed to EUR is TL87,341 and the foreign exchange gains that occurred in favor of SDIF as of December 31, 2001 is TL5,230.

These marketable securities have been valued with the prices announced by CBT on the Official Gazette as of the balance sheet date. These values are equal to the total of the foreign currency principal amounts converted to TL with the CBT foreign exchange rates as of December 31, 2001 and the related interest income accruals.

As of December 31, 2002 and 2001, the marketable securities mentioned above are kept at the Istanbul Branch of CBT in custody.

**5. OTHER RECEIVABLES**

The receivables accruing from the forward sale of the subsidiaries and participations are followed in this account. As of December 31, 2002 the balance of the account is TL10,026.

**6. PREPAID EXPENSES AND INCOME ACCRUALS**

The breakdown of the interest income accruals of SDIF as of December 31, 2002 and 2001 is as follows:

	<b>2002</b>	<b>2001</b>
Interest income accruals on long term bank deposits	57,584	6,717
Interest income accruals on marketable securities (Note 4)	47,251	46,731
Interest income accruals on cash at banks	4,353	64,742
Interest income accruals on long term financial assets (Note 10)	1,253	4,922
Other accruals	397	310
	<b>110,838</b>	<b>123,422</b>

The interest income accruals on short term and long term bank deposits are as detailed as below:

	<b>2002</b>	<b>2001</b>
Tekfenbank A.Ş. (Tekfenbank)	57,584	6,717
Türkiye Halk Bankası	3,144	-
Sümerbank (Note 3)	-	58,749
Other	1,209	5,993
	<b>4,353</b>	<b>64,742</b>
	<b>61,937</b>	<b>71,459</b>

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**6. PREPAID EXPENSES AND INCOME ACCRUALS (continued)**

In the Share Transfer Agreement signed between SDIF and Tekfen Holding A.Ş., the following conditions are specified in relation to the interest income accruals on long-term bank deposits at Tekfenbank :

- (i) As of the date of the transfer of shares, the deposits of SDIF at Tekfenbank of TL141,042 (Note 7) will remain in the demand deposit account opened at Bank Ekspres until February 28, 2002. The interest rate to be accrued on such deposits will be based on the arithmetic average of the interest rates applied by T. İş Bankası A.Ş., T.C. Ziraat Bankası, Akbank T.A.Ş., Türkiye Halk Bankası A.Ş. and Yapı Kredi Bankası A.Ş. on demand deposits on the last days of each month between the date of the transfer of shares and February 28, 2002 (inclusive). Such interest computed has been paid to SDIF on January 2, 2002 and March 1, 2002.
- (ii) Between March 1, 2002 and December 31, 2002, 5% less than the arithmetic average of the ten months total of the simple average of the interest rate applied on the last day of each month to the yearly time deposit by the five banks with the largest savings deposits will be the applicable interest on the SDIF deposit. Such computed interest and one third of the deposit amounting to TL104,598 was paid to SDIF on January 2, 2003.
- (iii) Between January 1, 2003 and December 31, 2003, the interest to be accrued on the remaining SDIF deposit will be based on the principles disclosed in (ii). The interest accrued and half of the deposit will be paid to SDIF on January 2, 2004.
- (iv) Between January 1, 2004 and June 30, 2004, the interest to be accrued on SDIF deposit will be based on the principles disclosed in (ii). The total of the interest accrued and the deposit will be paid to SDIF on July 1, 2004.

**7. LONG TERM DEPOSITS AND LOAN RECEIVABLES FROM BANKS**

As of December 31, 2002 and 2001, the breakdown of long term deposits at local banks is as follows

	2002		
	USD	TL Equivalent	Interest Rate (%)
<b>Subsidiary Banks</b>			
<b>TL Deposits</b>			
Bayındırbank A.Ş. (Bayındırbank)	-	290,800	-
Pamukbank T.A.Ş. (Pamukbank)	-	106,203	-
<b>Foreign Currency Deposits</b>			
Pamukbank	192,874,497	315,254	
	192,874,497	712,257	
<b>Other Banks</b>			
<b>TL Deposits</b>			
Tekfenbank (Note 6)	-	141,042	45.0
		<b>853,299</b>	

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7. LONG TERM DEPOSITS AND LOAN RECEIVABLES FROM BANKS (continued)

		2001	
	USD	TL Equivalent	Interest Rate (%)
<b>Subsidiary Banks</b>			
<b>TL Deposits</b>			
Toprakbank	-	588,599	-
Sitebank	-	25,000	-
<b>Foreign Currency Deposits</b>			
Bayındırbank	192,874,497	277,656	-
Toprakbank	140,217,897	201,853	-
		1,093,108	
<b>Other Banks</b>			
<b>TL Deposits</b>			
Tekfenbank (Note 6)	-	141,042	5.4
		<b>1,234,150</b>	

The long-term deposits at subsidiary banks consist of placements of SDIF to provide resource to these banks.

In accordance with the decision of the Board of Directors of SDIF dated January 10, 2002 and numbered 12, the assets and liabilities of Sitebank not bought by Novabank as per the Share Transfer Agreement signed with Novabank were to be transferred to Bayındırbank. In line with such decision, the deposits of SDIF at Sitebank amounting to TL25,000 was transferred to Bayındırbank on January 16, 2002.

Subordinated loans comprised long-term loans granted by SDIF to its subsidiary bank and loans granted under the 4<sup>th</sup> temporary article of Banking Act. As of December 31, 2002 and 2001, the breakdown of subordinated loans is as follows:

	2002	2001
Bayındırbank (Note 12i)	900,989	-
Türkiye Vakıflar Bankası T.A.O. (Vakıfbank) (Note 19)	213,344	-
	<b>1,114,333</b>	-

TL 28,652 of interest accrual, related to the subordinated loan granted to Vakıfbank and calculated with the interest rate of 12.89%, was recorded to the Interest Income Accruals from Subordinated loans account (Note 23). The subordinated loan granted to Bayındırbank is non-interest bearing.

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8. RECEIVABLES FROM PRIMARY OPERATIONS OF THE FUND

As of December 31, 2002 and 2001, the breakdown of the receivables from primary operations is as follows:

	2002	2001
Receivables from Bankruptcy Administrations	8,184	8,034
Advances Given to the Banks whose License is Revoked	119	69
	<b>8,303</b>	<b>8,103</b>

Receivables from bankruptcy administrations consist of the payments made to the related banks by SDIF in line with the temporary article 3 of the Banks Act numbered 4389, as amended with Law number 4491. The detail of this account as of December 31, 2002 and 2001 are as follows:

2002				
	December 31, 2001	Payments made in accordance with the temporary article 3	The repayments made by the bankruptcy administration	December 31, 2002
Insolvent Türkiye Turizm Yatırım ve Dış Ticaret Bankası A.Ş. (TYT Bank)	7,606	508	-	8,114
Insolvent Türkiye İthalat ve İhracat Bankası A.Ş. (Impexbank)	151	74	(155)	70
Insolvent Marmara Bankası A.Ş. (Marmarabank)	277	1,783	(2,060)	-
	<b>8,034</b>	<b>2,365</b>	<b>(2,215)</b>	<b>8,184</b>
2001				
		Payments made in accordance with the temporary article 3	The repayments made by the bankruptcy administration	December 31, 2001
TYT Bank		7,606	-	7,606
Impexbank		17,332	(17,181)	151
Marmarabank		2,602	(2,325)	277
		<b>27,540</b>	<b>(19,506)</b>	<b>8,034</b>

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9. LOANS IN FOLLOW-UP

Receivables taken over from banks that were transferred to SDIF are followed under these accounts. Receivables in follow-up and corresponding provisions as of December 31, 2002 and 2001 are as indicated below:

	2002		
	Loan	Provision	Net Balance
TL Loans	4,144,530	3,935,764	208,766
Foreign Currency Indexed Loans	21,418	21,418	-
FC Loans	843,401	757,133	86,268
<b>Corporate Loans</b>	<b>5,009,349</b>	<b>4,714,315</b>	<b>295,034</b>
TL Loans	22,393	-	22,393
FC Loans	75,677	-	75,677
<b>Indemnified Non-Cash Loans</b>	<b>98,070</b>	<b>-</b>	<b>98,070</b>
<b>Consumer Loans</b>	<b>90,606</b>	<b>81,258</b>	<b>9,348</b>
TL Loans	197,480	194,783	2,697
FC Loans	15,547	13,570	1,977
<b>Other Loans</b>	<b>213,027</b>	<b>208,353</b>	<b>4,674</b>
<b>Transferred Loans in Follow-up</b>	<b>5,411,052</b>	<b>5,003,926</b>	<b>407,126</b>
TL Loans	1,645	-	1,645
Foreign Currency Indexed Loans	152,793	-	152,793
FC Loans	91,436	-	91,436
<b>Rescheduled Loans</b>	<b>245,874</b>	<b>-</b>	<b>245,874</b>
<b>Other Loans in Follow-Up</b>	<b>15,567</b>	<b>-</b>	<b>15,567</b>
	<b>5,672,493</b>	<b>5,003,926</b>	<b>668,567</b>

Other loans in follow-up consist of administrative fines collected by SDIF and similar receivables. Such amounts are recorded, as receivables in this account with a corresponding amount reflected in “Income to be Collected in Future Years” account under other long term liabilities.

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9. LOANS IN FOLLOW-UP (continued)

	2001		
	Loan	Provision	Net Balance
TL Loans	3,636,897	3,387,109	249,788
Foreign Currency Indexed Loans	21,418	21,418	-
FC Loans	13,974	12,842	1,132
<b>Corporate Loans</b>	<b>3,672,289</b>	<b>3,421,369</b>	<b>250,920</b>
TL Loans	12,775	-	12,775
FC Loans	22,363	-	22,363
<b>Indemnified Non-Cash Loans</b>	<b>35,138</b>	<b>-</b>	<b>35,138</b>
<b>Consumer Loans</b>	<b>40,175</b>	<b>38,099</b>	<b>2,076</b>
TL Loans	195,394	194,783	611
FC Loans	12,012	12,390	(378)
<b>Other Loans</b>	<b>207,406</b>	<b>207,173</b>	<b>233</b>
<b>Transferred Loans in Follow-up</b>	<b>3,955,008</b>	<b>3,666,641</b>	<b>288,367</b>
TL Loans	1,379	-	1,379
Foreign Currency Indexed Loans	114,930	-	114,930
FC Loans	91,408	-	91,408
<b>Rescheduled Loans</b>	<b>207,717</b>	<b>-</b>	<b>207,717</b>
<b>Other Loans in Follow-Up</b>	<b>1,320</b>	<b>-</b>	<b>1,320</b>
	<b>4,164,045</b>	<b>3,666,641</b>	<b>497,404</b>

The movement of Transferred Loans in Follow-up in 2002 is as follows.

	Loan	Provision	Net Balance
<b>Corporate Loans</b>			
Balance at December 31, 2001	3,672,289	3,421,369	250,920
Taken over during the year	1,720,052	1,333,386	386,666
Collected	(382,992)	(40,440)	(342,552)
Balance at December 31, 2002	5,009,349	4,714,315	295,034
<b>Indemnified Non-Cash Loans</b>			
Balance at December 31, 2001	35,138	-	35,138
Taken over during the year	62,932	-	62,932
Collected	-	-	-
Balance at December 31, 2002	98,070	-	98,070
<b>Customer Loans</b>			
Balance at December 31, 2001	40,175	38,099	2,076
Taken over during the year	50,476	43,159	7,317
Collected	(45)	-	(45)
Balance at December 31, 2002	90,606	81,258	9,348
<b>Other</b>			
Balance at December 31, 2001	207,406	207,173	233
Taken over during the year	5,621	1,180	4,441
Collected	-	-	-
Balance at December 31, 2002	213,027	208,353	4,674
	<b>5,411,052</b>	<b>5,003,926</b>	<b>407,126</b>

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**10. LONG TERM FINANCIAL ASSETS**

As of December 31, 2002 and 2001 long-term financial assets comprises government debt securities that are given as collateral for the advance loans obtained from CBT.

2002								
Description	Purchase Date	Cost (TL)	Interest Rate (%)	Date of Maturity	Nominal Value	Interest Income Accrual	Book Value	CBT Value
TRT041205F11	22.02.2001	(*) 428,662	Libor + 2.25	04.12.2005	428,662	1,253	429,915	427,851
					<b>428,662</b>	<b>1,253</b>	<b>429,915</b>	<b>427,851</b>

(\*) The USD equivalent of this amount is USD261 million.

2001								
Description	Purchase Date	Cost (TL)	Interest Rate (%)	Date of Maturity	Nominal Value	Interest Income Accrual	Book Value	CBT Value
TRT041205F11	04.12.2000	(**) 1,058,082	Libor + 2.25	04.12.2005	1,058,082	3,632	1,061,714	1,061,714
TRT041205F11	22.02.2001	(**) 375,727	Libor + 2.25	04.12.2005	375,727	1,290	377,017	377,017
					<b>1,433,809</b>	<b>4,922</b>	<b>1,438,731</b>	<b>1,438,731</b>

(\*\*) The USD equivalents of these amounts are USD735 million and USD261 million, respectively.

As of December 31, 2002 and 2001 marketable securities mentioned above are kept in Ankara Branch of CBT in custody.

**11. ASSETS FOR SALE**

As of December 31, 2002 and 2001, the breakdown of assets for sale is as follows:

	2002	2001
Subsidiary banks for sale	910,522	328,451
Other subsidiaries for sale, net	69,257	208,689
Participations for sale, net	8,643	12,146
Tangible fixed assets for sale	207,492	2,451
	<b>1,195,914</b>	<b>551,737</b>

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**11. ASSETS FOR SALE (continued)**

**i) Subsidiary Banks For Sale**

This account comprises amounts of the payments that are made to the related Bank for the transfer of all or part of the shares of the subsidiary bank, and corresponding to the portion of the related Bank's accumulated loss that is equivalent to the Bank's paid-in share capital in accordance with Banks Act, article 14, clause 5, paragraph ab. As of December 31, 2002 and 2001, the breakdown of the account by banks is as indicated below:

<b>2002</b>		
	Shareholding Percentage (%)	Payment Amount
Bayındırbank	100	440,522
Pamukbank (Note 30)	100	470,000
		<b>910,522</b>
<b>2001</b>		
	Shareholding Percentage (%)	Payment Amount
Türk Ticaret Bankası	92.84	101,429
EGS Bank	100	87,500
Milli Aydın Bankası T.A.Ş. (Tarişbank)	100	55,000
Toprakbank	100	45,522
Bayındırbank	100	30,000
Sitebank	100	9,000
		<b>328,451</b>

Following the share capital increase of EGS Bank to TL110 trillion, as per the Boards of Directors Decision dated January 18, 2002 and numbered 32, TL22.5 trillion of preemptive rights that have not been exercised by the former shareholders are decided to be exercised by SDIF. Furthermore, it has been decided to deduct TL22.5 trillion from extraordinary reserve amount that has been transferred to the Bank and to request from the Board of Directors of EGS Bank to update the shareholding structure by increasing SDIF's share by TL22.5 trillion. Consequently, in 2002, in the account of Subsidiary Banks For Sale, balance of EGS Bank has been increased to TL110 trillion. In accordance with SDIF's Board of Directors decision dated December 26,2001 and numbered 428, EGS Bank, with all its assets and liabilities, is transferred to Bayındırbank. Furthermore, as of January 18, 2002, EGS Bank's license for accepting deposits and banking operations is revoked and following the transfer of Bank's all claims and commitments to Bayındırbank in legal terms, it is decided that legal entity of the Bank would be terminated in the Trade Registry.

In accordance with the Board of Director's Decision dated March 20, 2002 and numbered 177, it has been decided that the liquidations of İktisat Bank, Etibank and Kentbank are cancelled and that all assets and liabilities of those banks are transferred to Bayındırbank, which is totally owned by the SDIF. In addition, it has also been decided that following the General Assembly of these banks, in which the decision for cancellation will be approved, the transfer balance sheets of the merging banks are prepared and that the legal personalities of these banks are cancelled in the Trade Registry upon finalization of the merging transactions until April 5, 2002. In accordance with such decision, TL110 trillion of share capital portion of EGS Bank that is included in subsidiaries for sale account and share capital portion of Etibank, İktisat Bankası and Kentbank, TL175 trillion, TL30 trillion and TL50 trillion respectively, that is followed under subsidiaries and participations in liquidation process account (Note 12) are transferred to Bayındırbank in 2002.

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**11. ASSETS FOR SALE (continued)**

In accordance with the Board of Director's Decision dated September 26, 2002 and numbered 604, it has been decided that all assets and liabilities of Toprakbank are transferred to Bayındırbank, whose foreseen sale procedures could not be realized. Furthermore, as of September 30, 2002, Toprakbank's license for accepting deposits and other banking operations is revoked and following the transfer of all claims and commitments of Toprakbank to Bayındırbank in legal terms, it is decided that legal entity of Toprakbank would be terminated in the Trade Registry. In accordance with Board of Director's decision, TL45,522 of share capital portion of Toprakbank that is included in subsidiaries for sale account is transferred to Bayındırbank in 2002.

As detailed at Note 30, with the Board of Directors' decision dated June 19, 2002 and numbered 403, it has been decided to transfer to SDIF all of the share certificates of Pamukbank corresponding to the portion of the related bank's accumulated loss that is TL470 trillion.

As indicated in detail in Note 30, following the denial of the lawsuit opened to cease the liquidation of Türk Ticaret Bankası on May 17, 2002, the Bank's share capital amounting to TL101,429 is reclassified to Subsidiary Banks and Participations in Liquidation Process account (Note 12ii) on May 31, 2002.

Following the sale of Sitebank to Novabank on January 25, 2002, share capital amounting of TL9 trillion was written off from the accounts and the difference amounting to TL5,470 between this amount and TL3,530, equivalent of EUR3 million that was paid by Novabank, was recorded in 2002 as losses from sales of assets for sale (Note 28).

At March 15, 2002, TL45 trillion of the TL55 trillion capital transferred to Tarihbank was recollect and the TL10 trillion remaining balance was reclassified into Receivables from Other Banks account at the same date. With the Board of Directors' decision dated May 23, 2002, TL55 trillion was transferred to Tarihbank again. Following the sale of Tarihbank to Denizbank on October 25, 2002 with nil proceeds, TL55 trillion was written off and this amount was recorded to losses from the sales of assets for sale (Note 28).

**ii) Other Subsidiaries and Participations For Sale and Provision for Impairment of Assets for Sale**

Participations that are transferred from subsidiary banks and in which SDIF has less than 50% share, are followed under other participations for sale whereas subsidiaries that are transferred from subsidiary banks and in which SDIF has more than 50% share are booked in subsidiaries for sale. Reserves that had been provided for impairments in relation to participations and subsidiaries that are taken over are recorded and followed in provisions for impairments of assets for sale.

The movement of other subsidiaries and participations for sale in 2002 categorized by the taken over banks that they belonged to is as follows.

	Subsidiaries and Participations For Sale					Provisions for Impairment of Subsidiaries and Participations For Sale						
	December 31, 2001	Taken over by SDIF in 2002	FX Gain/ (Loss)	Transfers	Sold in 2002	December 31, 2002	December 31, 2001	Taken over by SDIF in 2002	FX Gain/ (Loss)	Transfers	Sold in 2002	December 31, 2002
<b>Banks for Sale</b>												
Bayındırbank	-	297	-	-	-	297	-	296	-	-	-	296
Demirbank	144,415	9,611	(3,311)	-	(144,525)	6,190	2,822	-	180	-	(2,012)	990
EGS Bank	3,972	-	44	-	(10)	4,006	3,962	-	44	-	-	4,006
Sümerbank	47,706	-	1,013	(23,959)	(20,377)	4,383	7,769	-	(1,125)	(931)	(4,914)	799
Etiibank	148,854	-	5,598	(5)	(23,801)	130,646	147,330	-	5,600	-	(23,103)	129,827
Kentbank	15,801	-	2,208	-	-	18,009	-	-	-	-	-	-
İktisat Bankası	55,498	2,447	-	(1,560)	(797)	55,588	34,828	-	-	(1,562)	(127)	33,139
Toprakbank	-	30,982	-	-	(890)	30,092	-	2,254	-	-	-	2,254
<b>Banks sold in 2002</b>												
Sitebank	1,300	-	-	-	(1,300)	-	-	-	-	-	-	-
	<b>417,546</b>	<b>43,337</b>	<b>5,552</b>	<b>(25,524)</b>	<b>(191,700)</b>	<b>249,211</b>	<b>196,711</b>	<b>2,550</b>	<b>4,699</b>	<b>(2,493)</b>	<b>(30,156)</b>	<b>171,311</b>

Transfers are related to reclassifications to Subsidiaries and Participations in Liquidation Process account.

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11. ASSETS FOR SALE (continued)

As of December 31, 2002 and 2001 the breakdown of the account is as follows:

Subsidiaries:	2002			
	Book Value	Provision for Impairment	Net Book Value	Shareholding Percentage (%)
<b>EGS Bank</b>				
EGS Yatırım Menkul Değerler A.Ş.	1,750	1,750	-	56
EGS Factoring ve Forfaiting A.Ş.	1,877	1,877	-	80
<b>Demirbank T.A.Ş. (Demirbank)</b>				
D Factoring A.Ş.	990	990	-	99
Hortumsan Hortum San. ve Tic. A.Ş.	3,270	-	3,270	99
Demir Kart Hizmetleri A.Ş.	249	-	249	100
<b>Etibank</b>				
Eti Finansal Kiralama A.Ş.	495	495	-	99
Es Facto Factoring Hizmetleri A.Ş.	950	950	-	95
Es-En Eskişehir Makina San. ve Tic. A.Ş.	6,741	6,741	-	87
Eti Menkul Kıymetler A.Ş.	5,160	5,160	-	86
Jamak Jant ve Makina San. ve Tic. A.Ş.	4,272	4,272	-	78
Esyem Eskişehir Yem San. A.Ş.	905	905	-	55
Ekspres International Investment S.A	6,947	6,947	-	85
Ekspres Asset Management S.A.	4,078	4,078	-	100
<b>İktisat Bankası</b>				
İktisat Moscow	6,892	3,609	3,283	53
Kablonet İletişim Sistemleri San. ve Tic. A.Ş.	20,797	17,566	3,231	68
İktisat Gayrimenkul Yatırım Ortaklığı A.Ş.	9,376	-	9,376	73
İktisat Yatırım Menkul Değerler A.Ş.	4,793	-	4,793	100
İnteraktif Telekomünikasyon San. ve Tic. A.Ş.	9,050	8,966	84	73
Multinet Satış Paz. ve Müşteri Hizmetleri A.Ş.	900	633	267	96
<b>Kentbank</b>				
Bulgari AD	43	-	43	95
Banka Kombatere Tregtare SHA	9,807	-	9,807	60
Kent Yatırım Menkul Değerler A.Ş.	3,279	-	3,279	82
Kent Offshore Ltd.	803	-	803	98
<b>Sümerbank</b>				
West Euro Finance Ltd.	817	138	679	100
K Finansal Kiralama A.Ş.	960	-	960	80
Ege Portföy Yönetimi A.Ş.	492	-	492	98
Ege Sigorta A.Ş.	804	-	804	80
<b>Bayındırbank</b>				
Bay Turizm Temizlik Taş. Org. Bilg. Dan. A.Ş.	222	222	-	99
<b>Toprakbank</b>				
Toprak Finansal Kiralama A.Ş.	13,303	619	12,684	84
Toprak Factoring A.Ş.	8,395	-	8,395	83
Toprak Sigorta A.Ş.	2,930	-	2,930	100
Toprak Menkul Değerler A.Ş.	2,343	-	2,343	100
Toprak Hayat Sigorta A.Ş.	1,485	-	1,485	100
Toprak Off-Shore Ltd.	1,635	1,635	-	100
	<b>136,810</b>	<b>67,553</b>	<b>69,257</b>	

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11. ASSETS FOR SALE (continued)

Subsidiaries:	2001			
	Book Value	Provision for Impairment	Net Book Value	Shareholding Percentage (%)
<b>EGS Bank</b>				
EGS Yatırım Menkul Değerler A.Ş.	1,750	1,750	-	56
EGS Factoring ve Forfaiting A.Ş.	1,877	1,877	-	80
<b>Sitebank</b>				
Site Yatırım Menkul Değerler A.Ş.	975	-	975	65
Site Finansal Kiralama A.Ş.	325	-	325	81
<b>Demirbank</b>				
Demirbank Romania S.A.	11,488	-	11,488	63
Demir-Halk Bank Nederland N.V.	100,703	-	100,703	70
Demir Kırgız International Bank	3,160	-	3,160	70
Demir Kazakistan Bank	18,079	-	18,079	100
Cıngıllı International N.V.	58	-	58	100
D Factoring A.Ş.	990	990	-	99
Hortumsan Hortum San. Ve Tic. A.Ş.	3,270	-	3,270	99
Demir Kart Hizmetleri A.Ş.	249	-	249	100
<b>Etibank</b>				
Esbank A.G.	15,666	15,666	-	100
Intertech Bilgi İşlem ve Pazarlama Tic. A.Ş.	700	700	-	100
Anadolu Kredi Kartları Turizm ve Tic. A.Ş.	1,061	1,061	-	100
Eti Finansal Kiralama A.Ş.	495	495	-	99
Es Facto Factoring Hizmetleri A.Ş.	950	950	-	95
Es-En Eskişehir Makina San. ve Tic. A.Ş.	6,741	6,741	-	87
Eti Menkul Kıymetler A.Ş.	5,160	5,160	-	86
Jamak Jant ve Makina San. ve Tic. A.Ş.	4,272	4,272	-	78
Ekspres Yatırım Menkul Değerler A.Ş.	741	741	-	78
Inter Portföy Yönetimi A.Ş.	451	451	-	74
Esyem Eskişehir Yem San. A.Ş.	905	905	-	55
Ekspres International Investment S.A.	6,118	6,118	-	85
Ekspres Asset Management S.A.	3,592	3,592	-	100
Intermim Dekorasyon İnş. Tic. A.Ş.	5	-	5	98
Es Menkul Değerler Yatırım A.Ş.	653	-	653	96
<b>İktisat Bankası</b>				
İktisat Moscow	6,892	3,609	3,283	53
İktisat Gayrimenkul Yatırım Ortaklığı A.Ş.	9,376	-	9,376	73
İktisat Yatırım Menkul Değerler A.Ş.	4,793	-	4,793	100
İnteraktif Telekomünikasyon San. ve Tic. A.Ş.	9,050	8,966	84	73
Multinet Satış Paz. ve Müşteri Hizm. A.Ş.	900	633	267	96
İktisat Portföy Yönetimi A.Ş.	609	128	481	100
Ernur Elektrik Tic. ve San A.Ş. (Tasfiye halinde)	2	-	2	97
<b>Kentbank</b>				
Bulgari AD	33	-	33	95
Banka Kombetare Tregtare Sh.A	8,637	-	8,637	60
Kent Yatırım Menkul Değerler A.Ş.	3,279	-	3,279	82
Kent Offshore Ltd.	707	-	707	98
<b>Sümerbank</b>				
Romanian International Bank S. A.	11,365	3,913	7,452	100
Ege Factoring Hizmetleri A.Ş.	660	660	-	80
Yaşarbank Foreign Trade Off Shore Ltd.	708	-	708	98
Yaşarbank GMBH	12,449	-	12,449	96
West Euro Finance Ltd.	720	122	598	100
Ege Finance Ltd.	72	-	72	100
Sümer Factoring Hizmetleri A.Ş.	3,351	598	2,753	96
Sümer Finansal Kiralama A.Ş.	324	196	128	96
Ulusal Eğitim ve Danışmanlık A.Ş.	5	40	(35)	100
Ulusal Finansal Kiralama A.Ş.	100	518	(418)	100
Ulusal Yatırım Menkul Değerler A.Ş.	2,000	790	1,210	100
Yaşar Finansal Kiralama A.Ş.	938	931	7	99
Ege Yatırım Menkul Değerler A.Ş.	4,293	-	4,293	100
K Bilişim Hizmetleri A.Ş.	15	-	15	75
K Finansal Kiralama A.Ş.	960	-	960	80
Ege Finansal Kiralama A.Ş.	6,075	-	6,075	66
Ege Portföy Yönetimi A.Ş.	492	-	492	98
Ege Sigorta A.Ş.	804	-	804	80
Sümer Yatırım Menkul Değerler A.Ş.	656	-	656	97
Universal Bilgisayar Hiz. A.Ş.	51	-	51	51
Yaşar Factoring Hizmetleri A.Ş.	438	-	438	97
Yurt Finansal Kiralama A.Ş.	74	-	74	98
	<b>281,262</b>	<b>72,573</b>	<b>208,689</b>	

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11. ASSETS FOR SALE (continued)

Participations	2002			
	Book Value	Provision for Impairment	Net Book Value	Shareholding Percentage (%)
<b>EGS Bank</b>				
EGS Off Shore Bank Ltd. Şti	368	368	-	45
E Park Bilgisayar ve Bilişim Hizmetleri A.Ş.	10	10	-	1
EGS Danışmanlık A.Ş.	1	1	-	24
<b>Demirbank</b>				
İ.M.K.B. Takas ve Saklama Bankası A.Ş.	1,679	-	1,679	5
<b>Etibank</b>				
Eşçim Eskişehir Çimento Fabrikası T.A.Ş.	6,750	6,750	-	49
Gazete ve Matbaacılık A.Ş.	963	963	-	39
Seçkin Destek Hizmetleri Oto Kiralama A.Ş.	150	150	-	22
Nergis Tekstil San. ve Tic. A.Ş.	46,000	46,000	-	20
Yeşim Tekstil San. ve Tic. A.Ş.	46,000	46,000	-	20
Birleşik Basın Dağıtım A.Ş.	104	104	-	14
İzmir Enternasyonel Otelcilik A.Ş.	6	6	-	5
Bilgin Yayıncılık A.Ş.	122	122	-	4
Paksoy Ticaret ve San. A.Ş.	98	98	-	2
Nergis Holding A.Ş.	86	86	-	2
İ.M.K.B. Takas ve Saklama Bankası A.Ş.	819	-	819	-
<b>İktisat Bankası</b>				
İktisat Finansal Kiralama A.Ş.	2,254	2,254	-	26
Factofinans Alacak Alımı A.Ş.	110	110	-	4
İ.M.K.B. Takas ve Saklama Bankası A.Ş.	652	-	652	2
Atlas Finansal Kiralama A.Ş.	475	-	475	10
Showpa Pazarlama Turizm Otelcilik Tic. A.Ş.	181	-	181	11
Edatur Turizm A.Ş.	19	-	19	19
Radyo Reklam Org. Paz. Dağ. A.Ş.	54	-	54	24
Aloshow İletişim San. ve Tic. A.Ş.	33	-	33	20
<b>Kentbank</b>				
Generali Kent B.V.	3,536	-	3,536	30
Türkiye Kazakistan International Bank	245	-	245	4
Kent Portföy Yönetimi A.Ş.	296	-	296	49
<b>Sümerbank</b>				
Ege Factoring Hizmetleri A.Ş.	660	660	-	41
Ege Endüstri ve Ticaret A.Ş.	6	-	6	2
K Factoring Hizmetleri A.Ş.	592	-	592	49
K Yatırım Menkul Değerler A.Ş.	45	-	45	9
Karteks Sanayi ve Tic. A.Ş.	7	-	7	3
<b>Bayındırbank</b>				
Bayındır Finansal Kiralama A.Ş.	75	75	-	15
<b>Toprakbank</b>				
Güçbirliği A.Ş.	3	-	3	-
Kastamonu Holding A.Ş.	1	-	1	-
	<b>112,401</b>	<b>103,758</b>	<b>8,643</b>	

As of December 31, 2002, Assets for Sale account includes 1 subsidiary and 11 participations, whose net book value is less than TL1, thus is not presented in the table above.

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11. ASSETS FOR SALE (continued)

Participations	2001			
	Book Value	Provision for Impairment	Net Book Value	Shareholding Percentage (%)
<b>EGS Bank</b>				
SWIFT	10	-	10	1
EGS Off Shore Bank Ltd. Şti	324	324	-	45
E Park Bilgisayar ve Bilişim Hizmetleri A.Ş.	10	10	-	1
EGS Danışmanlık A.Ş.	1	1	-	24
<b>Demirbank</b>				
Demir Romlease S.A.	4,738	1,832	2,906	36
İ.M.K.B. Takas ve Saklama Bankası A.Ş.	1,679	-	1,679	5
<b>Etibank</b>				
Eşiçim Eskişehir Çimento Fabrikası T.A.Ş.	6,750	6,750	-	49
Gazete ve Matbaacılık A.Ş.	963	963	-	39
Seçkin Destek Hizmetleri Oto Kiralama A.Ş.	150	150	-	22
Inter Yatırım Menkul Değerler A.Ş.	200	200	-	20
Nergis Tekstil San. ve Tic. A.Ş.	46,000	46,000	-	20
Yeşim Tekstil San. ve Tic. A.Ş.	46,000	46,000	-	20
Birleşik Basın Dağıtım A.Ş.	104	104	-	14
İzmir Enternasyonel Otelcilik A.Ş.	6	6	-	5
Bilgin Yayıncılık A.Ş.	122	122	-	4
Paksoy Ticaret ve San. A.Ş.	98	98	-	2
Nergis Holding A.Ş.	86	86	-	2
İ.M.K.B. Takas ve Saklama Bankası A.Ş.	819	-	819	-
SWIFT Soc. for Worldwide Interb. Fin. Telecom. S.C.	47	-	47	-
<b>İktisat Bankası</b>				
İktisat Finansal Kiralama A.Ş.	2,254	2,254	-	26
Factofinans Alacak Alımı A.Ş.	110	110	-	4
İ.M.K.B. Takas ve Saklama Bankası A.Ş.	652	-	652	2
Bankalararası Kart Merkezi A.Ş.	185	-	185	9
Zepa Tarımsal Hayvansal ve Sınai Üretim ve Paz. A.Ş.	1	-	1	-
Kablonet İletişim Sistemleri A.Ş.	18,350	17,566	784	25
Atlas Finansal Kiralama A.Ş.	475	-	475	10
Showpa Televizyonla Paz. Turz. Otel. İnş. ve Tic. A.Ş.	181	-	181	11
Edatur Turizm A.Ş.	19	-	19	19
Radyo Reklam Org. Paz. Bas. Dağ. A.Ş.	54	-	54	24
Aloshow İletişim San. ve Tic. A.Ş.	33	-	33	20
Emek Sigorta A.Ş.	1,562	1,562	-	28
<b>Kentbank</b>				
Generali Kent B.V.	2,633	-	2,633	30
Türkiye Kazakistan International Bank	216	-	216	4
Kent Portföy Yönetimi A.Ş.	296	-	296	49
<b>Sümerbank</b>				
Ege Endüstri ve Ticaret A.Ş.	6	-	6	2
K Factoring Hizmetleri A.Ş.	592	-	592	49
K Yatırım Menkul Değerler A.Ş.	45	-	45	9
Kapital Sigorta A.Ş.	506	-	506	45
Karteks Sanayi ve Tic. A.Ş.	7	-	7	3
	<b>136,284</b>	<b>124,138</b>	<b>12,146</b>	

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11. ASSETS FOR SALE (continued)

In year 2002, the sales of the following subsidiaries and participations were realized and the relevant profit/(loss) figures were reflected in 2002 records.

Participations	Net Book Value	Sales Price	Profit/ (Loss)
Esbank A.G.	-	35,266	35,266
Demir Halkbank (Nederland) N.V.	91,105	110,300	19,195
Demirbank Romania Bank S.A.	23,966	34,629	10,663
Ege Yatırım Menkul Değerler A.Ş.	4,293	11,550	7,257
Anadolu Kredi Kartları A.Ş.	-	5,000	5,000
Ekspres Yatırım A.Ş.	-	4,848	4,848
Intertech Bilgi İşlemleri ve Pazarlama A.Ş.	-	2,938	2,938
Bankalararası Kart Merkezi A.Ş.	185	3,092	2,907
Yaşar Factoring A.Ş.	438	3,324	2,886
Es Menkul Değerler Yatırım A.Ş.	653	3,500	2,847
Sümer Finansal Kiralama A.Ş.	128	2,531	2,403
Sümer Yatırım Menkul Değerler A.Ş.	656	2,640	1,984
Toprak Yatırım Bankası A.Ş.	890	2,815	1,925
Romanian International Bank SA	5,278	6,702	1,424
Ulusal Yatırım Menkul Değ. A.Ş.	1,210	2,462	1,252
Cıngıllı International N.V.	71	1,193	1,122
Ulusal Finansal Kiralama A.Ş.	(418)	433	851
Inter Portföy A.Ş.	-	740	740
İnter Yatırım Menkul Değerler A.Ş.	-	537	537
Site Finansal Kiralama A.Ş.	325	711	386
Ulusal Eğitim Ve Danışmanlık A.Ş.	(35)	37	72
İktisat Portföy Yönetimi	481	550	69
Swift Society Worldwide S.C.	48	110	62
Swift Society Worldwide S.C.	10	12	2
Zepa Tarımsal Hayvansal Pazarlama A.Ş.	1	1	-
Yaşarbank Foreign Trade Off-Shore	654	651	(3)
Kapital Sigorta A.Ş.	506	61	(445)
Demir Romlease S.A.	3,192	2,372	(820)
Site Yatırım Menkul Değerler A.Ş.	975	100	(875)
Demir Kyrgyz International Bank	3,634	2,309	(1,325)
Sümer Factoring A.Ş.	2,752	1,177	(1,575)
Demir Kazakhstan Bank	20,546	7,362	(13,184)
	<b>161,544</b>	<b>249,953</b>	<b>88,409</b>

iii) Tangible Fixed Assets for Sale

Tangible fixed assets that are transferred from subsidiary banks to SDIF because of follow up of loans or liquidation are followed in this account. As of December 31, 2002 and 2001 details of the account, in terms of banks that they were transferred from are as follows:

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11. ASSETS FOR SALE (continued)

	2002	2001
Etibank	39,178	-
Collections department	34,141	2,030
Kentbank	31,319	-
Demirbank	26,455	-
Sümerbank	24,743	-
EGS Bank	18,429	-
Tarişbank	16,163	-
Toprakbank	12,642	-
İktisat Bankası	3,667	-
Sitebank	27	-
Bank Ekspres	-	421
Other	728	-
	<b>207,492</b>	<b>2,451</b>

As of December 31, 2002, the total amount of tangible fixed assets land registry approvals of which have not been completed is TL7,556. Such fixed assets are recorded under the Other Assets (Note 13) account.

12. DUTY LOSSES

The breakdown of duty loss accounts as of December 31, 2002 and 2001 is as follows:

	2002	2001
Reserves given to subsidiary banks	15,354,158	1,506,326
Subsidiaries and participations in liquidation process	480,757	8,108,811
Finalized duty losses	1,949,044	6,017,544
Provisions for finalized duty losses	(302,125)	(300,877)
Provisions for subsidiaries and participations in liquidation process	(8,651)	-
	<b>17,473,183</b>	<b>15,331,804</b>

i) Reserves Given to Subsidiary Banks

Securities given to subsidiary banks by SDIF in order to strengthen their equities are followed in this account. As of December 31, 2002 and 2001, the breakdown of the account with respect to banks is as follows:

	2002	2001
Bayındırbank	12,435,212	571,119
Pamukbank (Note 30)	2,918,946	-
Türk Ticaret Bankası (Note 30)	-	353,803
EGS Bank	-	352,369
Toprakbank	-	224,000
Sitebank	-	5,035
	<b>15,354,158</b>	<b>1,506,326</b>

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**12. DUTY LOSSES (continued)**

Government Debt Securities issued to SDIF by Treasury are transferred to subsidiary banks by SDIF and all of the amounts that are transferred are recorded under “Reserves Given to Subsidiary Banks”. SDIF uses the government debt securities which have been deposited in CBT by the Treasury according to related loan agreements, as need arises and transfers them to the subsidiary banks. Bonds are considered issued at the date of use.

The amount of funds transferred to subsidiary banks that are controlled by SDIF, are equivalent in amount to the funds obtained from the Treasury through government debt securities issuance.

Regarding Board of Directors Decision dated April 9, 2001 and numbered 57, special issue government debt securities given to subsidiary banks controlled by SDIF against losses that will be taken over, are recorded as extraordinary reserves by the banks to which the bonds are transferred.

As mentioned at Note 11i, following the capital increase in EGS Bank to TL110 trillion, with the Board of Directors Decision dated January 18, 2002, preemptive rights amounting to TL22.5 trillion related to capital increase that are not exercised by former shareholders are used by SDIF and preemptive rights taken over amounting to TL22.5 trillion are paid through transfers from extraordinary reserves previously provided. Accordingly, TL22.5 trillion is reclassified from this account to Subsidiary Banks for Sale account. Subsequent to this transaction, reserves at EGS Bank amounting to TL329,869 are classified as reserves at Bayındırbank in accordance with the above mentioned Board of Directors Decision dated December 26, 2001 and numbered 428, as a result of which reserves amount at Bayındırbank increased to TL900,989. In accordance with SDIF’s Board of Directors Decision dated February 15, 2002 and numbered 106, it has been decided to apply to the Board to convert the reserves at Bayındırbank amounting to TL900,989 and at Türk Ticaret Bankası amounting to TL353,802 to subordinated loans without any maturity limitation and by Board’s decision dated February 15, 2002 and numbered 622, related amounts are accepted as subordinated loans without any maturity limitation and accordingly classified.

As mentioned at Note 11i, following the court decision that made definite the liquidation of Türk Ticaret Bankası, TL352,802 of subordinated loans, formerly recorded as reserves are reclassified into Subsidiaries and Participations in Liquidation Process account (Not 12ii).

As mentioned at Note 11i, following the merger of Etibank, İktisat Bankası and Kentbank under the body of Bayındırbank, with Board of Directors’ decision dated March 20, 2002 and numbered 177, the reserves in these banks, which are TL 4,348,141, TL2,126,353 and TL1,379,317, respectively and followed under Subsidiaries and Participations in the Liquidation Process, account (Note 12ii), are transferred to Bayındırbank at April 5, 2002.

As mentioned at Note 11i, following the transfer of all assets and liabilities of Toprakbank to Bayındırbank with the Board of Directors’ decision dated September 26, 2002 and numbered 604, the reserves in Toprakbank amounting to TL 224,000 are transferred to Bayındırbank at September 30, 2002.

As mentioned at Note 11i, following the transfer of Pamukbank to SDIF on June 19,2002, with the Board of Directors’ decision dated July 4, 2002 and numbered 446, TL410,019 and with the Board of Directors’ decision dated August 14, 2002 and numbered 521, TL 2,508,927 of government bonds are transferred to Pamukbank.

As mentioned at Note 11i, following the sale of Sitebank to Novabank, reserves at Sitebank amounting to TL5,035 are reclassified into Finalized Duty Losses account (Note 12iii).

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**12. DUTY LOSSES (continued)**

**ii) Subsidiaries and Participations**

Share capital portions, reserves, and deposits at the subsidiary banks are reclassified into this account when the liquidation process starts at the related bank and banking and deposit accepting licenses are revoked. Upon cancellation of the deposit-taking license, related deposits are transferred to other subsidiary banks controlled by SDIF.

Additionally, 11 subsidiaries and participations followed under Participations and Other Subsidiaries for Sale account as of December 31, 2001 are transferred to this account upon the initialization of the liquidation process in 2002.

As of December 31, 2002 and 2001, breakdown of the account with respect to subsidiary banks and participations are as indicated below:

	2002		
	Share Capital Portions	Subordinated Loans	Total
Türk Ticaret Bankası (Note 11i, 12i, 30)	101,429	353,802	455,231
Yaşarbank GmbH	16,722	-	16,722
Ege Finansal Kiralama A.Ş.	6,076	-	6,076
Emek Sigorta A.Ş.	1,562	-	1,562
Yaşar Finansal Kiralama A.Ş.	938	-	938
Ege Finance Ltd.	82	-	82
Yurt Finansal Kiralama A.Ş.	73	-	73
Universal Bilgi Hizmetleri A.Ş.	51	-	51
K Bilişim Sistemleri A.Ş.	15	-	15
Intermim Dekorasyon İnş.Tic.A.Ş.	5	-	5
Ernur Elektrik Tic.San.A.Ş.	2	-	2
	<b>126,955</b>	<b>353,802</b>	<b>480,757</b>

Among the 11 affiliates and subsidiaries that that are decided to be liquidated in 2002, TL8,651 provision is recorded for the share capital portions of 6 of those as detailed below:

	2002		
	Share Capital Portions	Reserves	Net
Yaşarbank GmbH	16,722	-	16,722
Ege Finansal Kiralama A.Ş.	6,076	(6,076)	-
Emek Sigorta A.Ş.	1,562	(1,562)	-
Yaşar Finansal Kiralama A.Ş.	938	(938)	-
Ege Finance Ltd.	82	-	82
Yurt Finansal Kiralama A.Ş.	73	(73)	-
Universal Bilgi Hizmetleri A.Ş.	51	-	51
K Bilişim Sistemleri A.Ş.	15	-	15
Intermim Dekorasyon İnş.Tic.A.Ş.	5	-	5
Ernur Elektrik Tic.San.A.Ş.	2	(2)	-
	<b>25,526</b>	<b>(8,651)</b>	<b>16,875</b>

As of December 31, 2002, Subsidiaries and Participations in Liquidation Process account includes 1 affiliate, whose book value is less than TL1, thus is not presented in the table above.

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12. DUTY LOSSES (continued)

	2001		
	Share Capital Portions	Reserves	Total
Etibank (Note 11i, 12i)	175,000	4,348,141	4,523,141
Kentbank (Note 11i, 12i)	50,000	1,379,317	1,429,317
İktisat Bankası (Note 11i, 12i)	30,000	2,126,353	2,156,353
	<b>255,000</b>	<b>7,853,811</b>	<b>8,108,811</b>

iii) Finalized Duty Losses

Losses taken over from subsidiary banks or securities given against losses and reserves offset against losses are followed in this account.

Subsequent to the reconciliation made between SDIF and subsidiary banks related with the extraordinary reserves transferred to those banks as of December 31, 2001, the finalized duty losses of the banks are reclassified as Reserves Given to Subsidiary Banks.

As of December 31, 2002 and 2001, the breakdown of the account with respect to banks is as follows:

	2002	2001
Demirbank	1,877,883	1,877,883
Bank Ekspres	42,989	42,989
Tarişbank	17,960	-
Sümerbank	5,177	25,591
Sitebank (Note 12ii)	5,035	-
EGS Bank	-	(22,500)
Etibank	-	(147,089)
Kentbank	-	4,240,670
	<b>1,949,044</b>	<b>6,017,544</b>

In the year 2002, losses of Sitebank, Tarişbank and Sümerbank are transferred to SDIF amounting to TL 5,035, TL17,960 and TL5,177 respectively.

Amount transferred to Finalized Duty Losses from Reserves Given to Subsidiary Banks related with Kentbank, is due to reflecting duty loss incurred on the sale of Sümerbank through Kentbank. Furthermore, this amount also includes the differences, resulting from the valuation of the special issue government debt securities at Kentbank. TL4,357,401 of reserves that has been classified as finalized duty losses in 2001 relating to Kentbank is reclassified into Reserves Given to Subsidiary Banks account. Differences occur between banks and the SDIF over the reserves granted since the banks record the marketable securities with cost plus accrued interest value and the foreign currency marketable securities with the related exchange rates. Such difference amounting to TL260,727 is recorded by debiting the Finalized Duty Loss and crediting the Interest Received from the Government Debt Securities accounts.

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**12. DUTY LOSSES (continued)**

**iv) Provision for Finalized Duty Losses**

According to the 16th Article of the Accounting Directive of SDIF, each year 5% of the finalized losses balance is provided as a general reserve. If the accumulated reserve provided in prior years is greater than the total amount calculated as of the respective year-end SDIF does not have to record additional provisions for finalized duty losses until the excess is absorbed.

Shareholders equity reflected in the balance sheets of subsidiary banks as compared with amounts reflected in the accounts of SDIF as of December 31, 2002 and 2001 are as summarized below:

	2002								
	Share Capital Portion	Reserves	Subordinated Loans	Book Value as of December 31, 2002 (*)	Shareholding Percentage (%)	Net Asset Value	Audited/Not Audited	Net Asset Value Owned by SDIF	Possible Duty Losses
Bayındırbank	440,522	12,435,212	900,989	13,776,723	100	1,486,930	Audited	1,486,930	(12,289,793)
Pamukbank	470,000	2,918,946	-	3,388,946	100	(1,758,329)	Audited	(1,758,329)	(5,147,275)
	910,522	15,354,158	900,989	17,165,669				(271,399)	(17,437,068)
Insolvent Türk Ticaret Bankası	101,429	-	353,802	455,231	92.84	(19,384)	Unknown	(17,996)	(473,227)
	<b>1,011,951</b>	<b>15,354,158</b>	<b>1,254,791</b>	<b>17,620,900</b>				<b>(289,395)</b>	<b>(17,910,295)</b>

	2001								
	Share Capital Portion	Reserves	Subordinated Loans	Book Value as of December 31, 2001 (*)	Shareholding Percentage (%)	Net Asset Value	Audited/Not Audited	Net Asset Value Owned by SDIF	Possible Duty Losses
İktisat Bankası	30,000	2,126,353		2,156,353	100	559,640	Unknown	559,640	(1,596,713)
Bayındırbank	30,000	571,119		601,119	100	746,804	Unknown	746,804	145,685
EGS Bank	87,500	352,370		439,870	100	(354,173)	Unknown	(354,173)	(794,043)
Kentbank	50,000	1,379,317		1,429,317	100	170,086	Unknown	170,086	(1,259,231)
Türk Ticaret Bankası	101,429	353,802		455,231	92.84	150,876	Unknown	140,073	(315,158)
Etibank	175,000	4,348,141		4,523,141	100	227,815	Unknown	227,815	(4,295,326)
Toprakbank	45,522	224,000		269,522	100	(946,062)	Unknown	(946,062)	(1,215,584)
Sitebank	9,000	5,035		14,035	100	(58,769)	Unknown	(58,769)	(72,804)
Tarişbank	55,000	-		55,000	100	14,755	Unknown	14,755	(40,245)
	<b>583,451</b>	<b>9,360,137</b>		<b>9,943,588</b>				<b>500,169</b>	<b>(9,443,419)</b>

(\*) In the accompanying financial statements, book value corresponds to the total of subsidiary banks for sale, subordinated loans and reserves given to subsidiary banks and subsidiary banks in process of liquidation

As of December 31, 2002 possible further duty losses that may be undertaken by the Fund through compensating the equity deficit of the banks in order for them to continue their operations or through assuming those liabilities which exceed the recoverable value of their assets in the process of liquidation or through sale or liquidation of such banks with net asset values is calculated as TL17,910,295, net (2001 - TL9,443,419, net) by using the related banks' statutory financials.

**13. OTHER LONG-TERM ASSETS**

Other Long Term Assets comprise advances given for assets that will be taken over from subsidiary banks and unregistered fixed assets for sale.

The account is credited and the related asset account is debited upon completion of the reconciliation process with the related subsidiary banks for the participations, subsidiaries, tangible fixed assets and loans that will be transferred to SDIF.

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**13. OTHER LONG-TERM ASSETS (continued)**

As of December 31, 2002 and 2001, the breakdown of the account is as follows:

	<b>2002</b>	<b>2001</b>
Etibank	109,865	108,843
Demirbank	2,582	-
Toprakbank	1,603	-
Sümerbank	1,515	-
Kentbank	303	37,532
Other	531	-
	<b>116,399</b>	<b>146,375</b>

TL108,843 of TL109,865 balance at Etibank relates to the advances given for assets that will be taken over. The remaining TL7,556 relates to unregistered fixed assets for sale.

In the year 2002, a reconciliation has been made for the fixed assets amounting to TL45,609 that will be taken over from Kentbank, and the remaining balance of TL8,077 is accounted for as due to Kentbank.

**14. ADVANCES AND LOANS**

As of December 31, 2002 and 2001, the breakdown of SDIF's short term cash advance loans used from CBT is as follows:

<b>2002</b>						
Utilization Date	USD	TL Equivalent	Interest Rate (%)	Maturity	Interest Expense Accrual (USD)	Interest Expense Accrual (TL Equivalent)
22.02.2001	260,993,299	426,594	Libor+2.25	22.02.2003	10,417,994	17,028
	<b>260,993,299</b>	<b>426,594</b>			<b>10,417,994</b>	<b>17,028</b>

As of December 31, 2002, Advances and Loans account comprised foreign currency denominated advance from CBT obtained on February 22, 2001, for which USD 261 million government debt securities are given as collateral on February 22, 2001. Such advance is closed with the following payments; at February 21, 2003, TL99,129 (TL equivalent of USD60,993,298), at March 31, 2003, TL170,821 (TL equivalent of USD100,000,000) and at April 22, 2003, TL158,889 (TL equivalent of USD 100,000,000) of capital payments and TL21,519 of interest payment. As of December 31, 2001, such loan was followed under Long Term Advances from CBT account.

<b>2001</b>						
Utilization Date	USD	TL Equivalent	Interest Rate (%)	Maturity	Interest Expense Accrual (USD)	Interest Expense Accrual (TL Equivalent)
04.12.2000	321,570,793	462,923	Libor+2.25	04.12.2002	1,103,737	1,589
06.12.2000	412,609,099	593,978	Libor+2.25	06.12.2002	1,311,306	1,887
	<b>734,179,892</b>	<b>1,056,901</b>			<b>2,415,043</b>	<b>3,476</b>

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**14. ADVANCES AND LOANS (continued)**

Government debt securities amounting to USD261 million (2001 - USD735 million) is given as collateral for these loans and are followed under Long Term Financial Assets (Note 10).

The special issue government debt securities, which was issued by Treasury on December 4, 2000 in the amount of USD735 million was given as collateral to CBT for the foreign currency indexed advances obtained on December 4 and 6, 2000 amounting to TL500,000 corresponding to TL equivalent of USD734,179,892. On December 4, 2002, the first portion of the repayment amounting to TL 490,008 corresponding to the TL equivalent of USD321,570,793 is realized. The second portion is paid on December 27, 2002, amounting to TL674,093 corresponding to the TL equivalent of USD412,609,099.

**15. OTHER PAYABLES**

As of December 31, 2002 and 2001, the breakdown of SDIF's other payables is as follows:

	<b>2002</b>	<b>2001</b>
Other various payables	522,624	249,705
Cash collaterals and reserves received	227,439	1,912
Money to be transferred to Ministry of Finance, Central Accountancy	282	105
	<b>750,345</b>	<b>251,722</b>

Other various payables include payables to SDIF banks due to loans and participations taken over, representation fees of cases resulted in favor of banks, administrative fines that will be transferred to Trust Fund issued to private finance institutions. As of December 31, 2002 and 2001, the breakdown of the details of the account is as follows:

	<b>2002</b>	<b>2001</b>
<b>Payables resulting from participations taken over by SDIF</b>		
- Bayındırbank	270,584	151,319
- Kentbank	-	42,798
- İktisat Bankası	-	20,670
- Sitebank	-	1,300
- EGS Bank	-	10
	<b>270,584</b>	<b>216,097</b>
<b>Payables resulting from loans taken over by SDIF</b>		
- Bayındırbank	65,227	-
- İktisat Bankası	-	32,630
- Sitebank	-	503
- EGS Bank	-	182
	<b>65,227</b>	<b>33,315</b>
<b>Payables resulting from fixed assets taken over by SDIF</b>		
- Bayındırbank	185,797	-
<b>Payables resulting from other assets taken over by SDIF</b>		
- Bayındırbank	-	-
Collections made for the assets in liquidation process	545	-
Revenues to be transferred to Trust Fund	-	232
Representation fees of cases resulted in favor of banks	471	61
	<b>522,624</b>	<b>249,705</b>

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**15. OTHER PAYABLES (continued)**

With the Board of Directors' decision dated April 5, 2003 and numbered 115, TL458,722 of the total TL521,606 of payable as of December 31, 2002 to Bayındırbank which was confirmed between SDIF and the bank, was paid through offsetting it against the TL deposit with the bank and the subordinated loan granted to the bank.

Cash collaterals and reserves received comprised collaterals taken for the sales of fixed assets and participations for sale, and cash blockages for the loans granted.

**16. TRANSITORY ASSET AND LIABILITY ACCOUNTS**

Transitory asset accounts are used to pursue the transactions that should be recorded to another account but not could be at the transactions date due to obligatory reasons. The account gives nil balance as of December 31, 2002 (2001 - TL152).

Transitory liability accounts represent amounts that should but not could be recorded to another liability account or netted off with assets, as related transactions have not been processed as of the balance sheet date. As of December 31, 2001, the balance of such account was TL14,274 and is primarily due to collections received from the loans transferred by subsidiary banks to SDIF, which have not been credited to related loan accounts. The breakdown of the balance is as follows:

	<b>2001</b>
Collections from corporate loans	7,288
Collections from consumer loans	6,467
Unidentified collections	329
Collections for Sümerbank loans that are below TL75 and which are not transferred to SDIF as of December 31, 2001	190
	<b>14,274</b>

As of December 31, 2002, TL204,342 balance with the same nature as explained above is followed under Other Short Term Liabilities account.

**17. TAXES AND FUNDS PAYABLE**

As of December 31, 2002 and 2001, the breakdown of taxes, funds and premium payables is as follows:

	<b>2002</b>	<b>2001</b>
Social security premiums payable	239	105
Income taxes payable	745	93
Stamp duties payable	11	6
	<b>995</b>	<b>204</b>

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**18. DEFERRED INCOME AND EXPENSE ACCRUALS**

As of December 31, 2002 and 2001, the breakdown of deferred income and expense accruals is as follows:

	<b>2002</b>	<b>2001</b>
Interest expense accruals of short-term loans and advances	17,028	3,476
Interest expense accruals of long-term loans from CBT and advances	-	28,134
Other expense accruals	208	286
	<b>17,236</b>	<b>31,896</b>

**19. ADVANCES AND LOANS**

As of December 31, 2002 and 2001, long term loans and advances comprised loans granted by Treasury and CBT:

	<b>2002</b>	<b>2001</b>
Long term loans from Treasury	32,599,067	21,574,120
Long term advances from CBT	-	375,717
	<b>32,599,067</b>	<b>21,949,837</b>

**(i) Long term loans from Undersecretariat of Treasury**

The balance comprises loans from Treasury in return for the Special Issue Government Bonds issued in accordance with the protocol signed on January 17, 2001 signed between Treasury, CBT and SDIF. and the loan agreements signed on November 16, 2000 and November 15, 2001 between Treasury and SDIF. According to the loan agreement dated November 16, 2000, TL2,036,625 and USD2,687,000; according to the protocol dated January 17, 2001, TL2,266,370 and USD820,000,000; according to the loan agreement dated November 15, 2001, TL4,225,000, EUR indexed 2,229,050,986 and USD indexed 2,545,791,000 loans in addition to the amounts stated in the protocol have been utilized. Subsequently, these government securities are changed with other government securities by the Treasury. On August 14, 2002, for the purpose of granting reserves to Pamukbank, SDIF utilized loans amounting to TL625,000 , USD indexed 342,800,000 and EUR indexed 824,000,000. Moreover, within the scope of the temporary 4<sup>th</sup> article of Banking Act, in order to grant subordinated loans to Vakıfbank, TL213,344 of loan is obtained from the Treasury and in relation to the mentioned issue a Loan Agreement is signed between SDIF and Treasury on January 8, 2003.

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**19. ADVANCES AND LOANS (continued)**

As of December 31, 2002 the breakdown of Special Issue Government Bonds, which forms the basis of the debt, is as follows:

a) Special Issue Foreign Currency Government Bonds:

2002						
Maturity	Foreign Currency	Balance	TL Equivalent	Interest accrual	Interest Accrual (TL Equivalent)	
04.12.2005	USD	3,299,865,917	5,419,647	USD 106,816,790		175,434
01.12.2004	USD	2,289,154,899	3,759,671	USD 11,728,958		19,263
26.11.2003	USD	342,660,500	562,780	USD 652,018		1,071
26.12.2003	USD	342,660,500	562,780	USD 652,018		1,071
26.10.2004	USD	342,660,500	562,780	USD 652,018		1,071
26.11.2004	USD	342,660,500	562,780	USD 652,018		1,071
26.10.2005	USD	342,660,500	562,780	USD 652,018		1,071
26.12.2005	USD	342,660,500	562,780	USD 652,018		1,071
12.06.2002	USD	156,597,554	257,193	USD 9,411,513		15,457
19.06.2002	USD	151,551,498	248,906	USD 8,789,987		14,437
03.07.2002	USD	121,285,328	199,197	USD 6,513,022		10,697
26.06.2002	USD	89,032,496	146,226	USD 4,968,013		8,159
05.06.2002	USD	52,730,000	86,603	USD 3,279,806		5,387
	<b>USD</b>	<b>8,216,180,692</b>	<b>13,494,123</b>	<b>USD 155,420,197</b>		<b>255,260</b>
26.12.2005	EUR	94,180,240	161,208	EUR 280,757		481
26.11.2003	EUR	93,110,010	159,376	EUR 277,567		475
26.12.2003	EUR	93,110,010	159,376	EUR 277,567		475
26.10.2004	EUR	93,110,010	159,376	EUR 277,567		475
26.11.2004	EUR	93,110,010	159,376	EUR 277,567		475
26.10.2005	EUR	93,110,010	159,376	EUR 277,567		475
	<b>EUR</b>	<b>559,730,290</b>	<b>958,088</b>	<b>EUR 1,668,592</b>		<b>2,856</b>

b) Special Issue Foreign Currency Indexed Government Bonds:

2002						
Maturity	Foreign Currency	Balance	TL Equivalent	Interest accrual	Interest Accrual (TL Equivalent)	
10.07.2007	USD	57,000,000	93,616	USD 592,800		974
08.08.2007	USD	57,000,000	93,616	USD 592,800		974
03.09.2008	USD	57,000,000	93,616	USD 592,800		974
08.10.2008	USD	57,267,900	94,056	USD 332,154		546
03.06.2009	USD	57,916,600	95,121	USD 75,292		124
04.11.2009	USD	57,796,060	94,923	USD 184,908		304
	<b>USD</b>	<b>343,980,560</b>	<b>564,948</b>	<b>2,370,754</b>		<b>3,896</b>
10.07.2007	EUR	137,500,000	235,358	EUR 2,282,500		3,907
08.08.2007	EUR	137,500,000	235,358	EUR 2,282,500		3,907
03.09.2008	EUR	137,500,000	235,358	EUR 2,268,750		3,883
08.10.2008	EUR	138,531,250	237,123	EUR 1,218,972		2,087
03.06.2009	EUR	138,945,400	237,832	EUR 291,785		499
04.11.2009	EUR	138,493,300	237,058	EUR 733,865		1,255
	<b>EUR</b>	<b>828,469,950</b>	<b>1,418,087</b>	<b>EUR 9,078,372</b>		<b>15,538</b>

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**19. ADVANCES AND LOANS (continued)**

c) Special Issue TL Government Bonds:

<b>2002</b>		
<b>Maturity</b>	<b>TL Amount</b>	<b>Interest Accrual (TL Amount)</b>
17.09.2003	808,433	769,677
13.05.2002	70,300	22,447
13.05.2002	1,215,550	607,797
13.05.2002	628,144	373,754
10.05.2009	729,924	123,868
10.05.2010	6,004,000	1,018,879
26.07.2002	180,862	53,041
15.09.2004	3,317,159	1,822,305
03.12.2003	780,471	95,912
07.09.2005	1,504,586	221,035
11.10.2006	230,307	23,422
08.08.2007	238,350	14,253
10.09.2008	242,392	3,757
26.08.2009	213,343	27,585
<b>16,163,821</b>		<b>5,177,732</b>
<b>32,599,067</b>		<b>5,455,282</b>

As of December 31, 2001, the breakdown of Special Issue Government Bonds, which forms the basis of the debt, is as follows:

a) Special Issue Foreign Currency Government Bonds:

<b>2001</b>						
<b>Maturity</b>	<b>Foreign Currency Balance</b>		<b>TL Equivalent</b>	<b>Interest accrual</b>		<b>Interest Accrual (TL Equivalent)</b>
04.12.2005	USD	2,944,636,000	4,239,001	USD	323,195,873	465,262
26.11.2003	USD	325,000,000	467,859	USD	1,801,049	2,593
26.12.2003	USD	325,000,000	467,859	USD	1,801,049	2,593
26.10.2004	USD	325,000,000	467,859	USD	1,801,049	2,593
26.11.2004	USD	325,000,000	467,859	USD	1,801,049	2,593
26.10.2005	USD	325,000,000	467,859	USD	1,801,049	2,593
26.12.2005	USD	325,000,000	467,859	USD	1,801,049	2,593
06.06.2002	USD	50,000,000	71,979	USD	415,435	598
12.06.2002	USD	148,490,000	213,761	USD	925,319	1,332
19.06.2002	USD	143,787,000	206,991	USD	511,945	737
26.06.2002	USD	84,423,000	121,533	USD	175,361	252
03.07.2002	USD	115,006,000	165,559	USD	-	-
01.12.2004	USD	2,163,867,000	3,115,032	USD	9,837,451	14,161
<b>USD</b>		<b>7,600,209,000</b>	<b>10,941,010</b>	<b>USD</b>	<b>345,867,678</b>	<b>497,900</b>
06.11.2003	EUR	87,000,000	110,326	EUR	586,057	743
26.12.2003	EUR	87,000,000	110,326	EUR	586,057	743
26.10.2004	EUR	87,000,000	110,326	EUR	586,057	743
26.11.2004	EUR	87,000,000	110,326	EUR	586,057	743
26.10.2005	EUR	87,000,000	110,326	EUR	586,057	743
26.12.2005	EUR	88,000,000	111,594	EUR	592,793	752
<b>EUR</b>		<b>523,000,000</b>	<b>663,224</b>	<b>EUR</b>	<b>3,523,078</b>	<b>4,467</b>

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**19. ADVANCES AND LOANS (continued)**

b) Special Issue Foreign Currency Indexed Government Bonds:

<b>2001</b>					
<b>Maturity</b>	<b>Foreign Currency</b>	<b>Balance</b>	<b>TL Equivalent</b>	<b>Interest accrual</b>	<b>Interest Accrual (TL Equivalent)</b>
13.05.2002	USD	697,199,000	1,003,665	USD	182,564,091
					262,813
13.05.2002	EUR	373,779,096	473,995	EUR	162,130,952
					205,601

c) Special Issue TL Government Bonds:

<b>2001</b>		
<b>Maturity</b>	<b>TL Amount</b>	<b>Interest Accrual (TL Amount)</b>
24.04.2002	23,615	9,857
26.07.2002	91,200	3,240
13.05.2002	110,225	57,327
17.09.2003	91,615	599,772
15.09.2004	2,566,436	528,130
07.09.2005	1,000,000	6,954
03.12.2003	494,361	22,178
10.05.2005	1,368,830	1,881,491 (*)
10.05.2006	2,745,944	(*)
	<b>8,492,226</b>	<b>3,108,949</b>
	<b>21,574,120</b>	<b>4,079,730</b>

(\*) Accrued interest amounting to TL1,881,491 is the sum of two Special Issue Government Bonds; one with maturity on May 10, 2005 amounting to TL1,368,830, and the other with maturity on May 10, 2006 amounting to TL 2,745,944.

According to the loan agreements the principal and interest will be repaid in 21 installments within 10 years beginning from December 2002. However, SDIF, by collecting its deposits and interest with the banks sold (Note 3), made 3 early payments to Treasury. SDIF paid, at April 3, 2002 TL 358 trillion, at May 8, 2002 TL 357 trillion and at May 15, 2002 TL 265 trillion that in total sum up to TL 1 quadrillion. TL 500 trillion of these payments was made for the capital, which is followed under the Long-term Loans from Treasury account; the rest of the payment was made for the interest followed under Interest Expense Accruals account. Moreover, for the first payment dated at December 31, 2002 USD 735,000,000 Government Debt Securities, which is in the portfolio of SDIF, is returned at January 9, 2003.

According to 15th article of Banks Act numbered 4389, the Council of Ministers has the right to dissolve SDIF's debt to Treasury.

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**19. ADVANCES AND LOANS (continued)**

**(ii) Long term advances from CBT**

As of December 31, 2002 the advances from CBT are classified as short term cash advances. As of December 31, 2001, the details of long-term advances obtained from CBT are as follows:

<b>Utilization Date</b>	<b>USD</b>	<b>TL Equivalent</b>	<b>Interest Rate (%)</b>	<b>Maturity</b>	<b>Interest Expense Accrual (USD)</b>	<b>Interest Expense Accrual (TL Equivalent)</b>
22.02.2001	260,993,299	375,717	Libor+2.25	22.02.2003	19,543,178	28,134

Government Debt Security amounting to USD261 million is given as collateral for these loans and is followed under Long Term Financial Assets account as of December 31, 2002 (Note 10).

**20. PROVISIONS FOR DEBTS AND EXPENSES**

	<b>2002</b>	<b>2001</b>
General provision for loans in follow-up	35,872	24,596
Provisions for retirement pay liability	738	270
	<b>36,610</b>	<b>24,866</b>

**i) General provision for loans in follow-up:**

As of December 31, 2002 the balance of general provision for loans in follow-up is TL35,872. According to SDIF's Accounting Directive, the amount consists of 5% additional reserve provided over the net balances of Transferred Loans in Follow-Up and Rescheduled Loans accounts.

**ii) Retirement Pay Liability:**

In accordance with existing Social Securities Act numbered 506, SDIF is required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct. As of December 31, 2002, this indemnity is computed over the current years' monthly average salary (including periodic bonuses, excluding performance bonuses) for each year for each employee up to termination of employment or retirement. SDIF provides reserve for its total retirement pay liability.

**21. LONG TERM DEFERRED INCOME AND EXPENSE ACCRUALS**

As of December 31, 2001, the details of Long Term Deferred Income and Expense Accruals are as follows:

	<b>2002</b>	<b>2001</b>
Interest expense accruals (Note 19)	5,455,282	4,079,730
Deferred Income	125	365
	<b>5,455,407</b>	<b>4,080,095</b>

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22. EQUITY

	2002	2001
<b>Accumulated Funds</b>	<b>(6,797,636)</b>	<b>1,701,363</b>
Banks Liquidation Fund's Accumulations	3	3
Excess of Revenues Over Expenses - Prior Years	(6,797,636)	1,701,360
<b>Revaluation Surplus Fund</b>	<b>5,253</b>	-
Participations and Subsidiaries' Revaluation Surplus	4,247	-
Stock Exchange Value Increase of Financial Assets	1,006	-
<b>Excess of Expenses Over Revenues - Current Year</b>	<b>(9,010,932)</b>	<b>(8,507,476)</b>
Excess of Expenses Over Revenues - Current Year	(9,010,932)	(8,507,476)
	<b>(15,803,315)</b>	<b>(6,806,113)</b>

TL 8,477 of difference between negative TL6,806,113 of Accumulated Funds as of December 31, 2001 and negative TL6,797,636 of Excess of Expenses over Revenues Prior Years as of December 31, 2002 is due to a correction entry made related with 2001 accounts.

23. REVENUES FROM PRIMARY OPERATIONS

The breakdown of Revenues from SDIF's Primary Operations for the years ended December 31, 2002 and 2001 is as follows:

	2002	2001
Insurance premium revenues	759,946	610,058
Revenues from the permissions for transfer of bank shares	8,168	7,646
Revenues from prescribed deposits with banks	5,994	3,829
Revenues from fines imposed on banks	3,235	3,419
Default charges	1,859	457
Other income	28,871	132
	<b>808,073</b>	<b>625,541</b>

(i) Insurance Premium Revenues

Within the framework of article 15/2 – a of the Banks' Act numbered 4389 and according to the decree of Council of Ministers numbered 2000/682 relating to Premiums to be Collected by the SDIF and to Savings Deposit subject to Insurance, insurance premium revenue consists of premium revenues amounting to 0.25% (0.26% for the banks which have failed to meet standard ratios as indicated in the Banks Act) over TL and foreign currency savings deposits.

The breakdown of insurance premium revenues for the years ended in December 31, 2002 and 2001 is as follows:

	2002	2001
Insurance premium revenue in TL	289,319	225,504
Insurance premium revenue in FC	470,627	384,554
	<b>759,946</b>	<b>610,058</b>

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**23. REVENUES FROM PRIMARY OPERATIONS (continued)**

**(ii) Revenues from the permissions for transfer of bank shares**

As of December 31, 2002 and 2001 the revenues from permissions for transferring bank shares, comprised the amounts received from the shareholders that receive the shares according to Banks Act number 4389, article 15/2-d and the 2nd clause of the 8th article of the same Act.

**iii) Revenues from prescribed deposit with banks**

Revenues from prescribed deposit with the banks consists of the overdue deposits, custodies and receivables according to the Banks Act number 10, article 15/2-b. The breakdown of Revenues from prescribed deposit with the banks as of December 31, 2002 and 2001 is as follows:

	<b>2002</b>	<b>2001</b>
Revenues from prescribed deposit with the banks in TL	2,081	1,223
Revenues from prescribed deposit with the banks in FC	3,913	2,606
	<b>5,994</b>	<b>3,829</b>

**(iv) Revenues from fines imposed on banks**

The breakdown of revenues from fines imposed on banks according to Banks Act number 4389, article 15/2-e for the years ended December 31, 2002 and 2001 is as follows:

	<b>2002</b>	<b>2001</b>
Obligatory reserves and disponibility fines	1,562	3,215
Fines charged by the committee	1,673	204
	<b>3,235</b>	<b>3,419</b>

**(v) Default charges**

According to the Banks Act number 4389, receivables of the Fund, which are not paid on due dates are collected with the default interests computed in accordance with the Act on Collectibility of the Public Receivables numbered 6183. The breakdown of Default charges as of December 31, 2002 and 2001 is as follows:

	<b>2002</b>	<b>2001</b>
Default charge on insurance premium revenues	608	262
Default charge on revenues from prescribed deposit with banks	14	62
Default charge on revenues from transferring bank shares	18	133
Other default charges	1,219	-
	<b>1,859</b>	<b>457</b>

As of December 31, 2002, TL28,652 of the Other Income comprised interest income accrued on the subordinated loans granted to banks (Note 7).

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24. INVESTMENT REVENUES

The breakdown of Fund Investment Revenues for the years ended December 31, 2002 and 2001 is as follows:

	2002	2001
Foreign exchange gain	5,310,690	2,822,275
Interest income	722,216	346,411
Dividend income	3,286	5,667
(Losses) / gains on capital market operations	(67)	2,064
	<b>6,086,125</b>	<b>3,176,417</b>

The breakdown of interest income for the years ended December 31, 2002 and 2001 is as follows:

	2002	2001
<b>Interest Income on Deposits</b>		
Oyakbank account	150,564	-
Tekfenbank account	58,816	6,717
T.C. Halk Bankası account	50,537	-
T. İş Bankası account	32,433	11,908
T.C. Ziraat Bankası account	13,809	-
CBT USD account	33	2,673
CBT EUR account	9	1,041
Etibank account	-	24,522
Sümerbank account	-	65,735
<b>Interest Income on Government Debt Securities</b>		
Government debt securities TL	394,234	97,563
Government debt securities USD	70,692	131,583
Government debt securities EUR	1,089	4,669
	<b>772,216</b>	<b>346,411</b>

The breakdown of dividend income for the years ended December 31, 2002 and 2001 is as follows:

	2002	2001
Sümer Yatırım	958	-
IMKB Takas Saklama Bankası	864	-
Cıngıllı Int. NV	582	-
Ege Finance Ltd.	-	5,667
Other	882	-
	<b>3,286</b>	<b>5,667</b>

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**25. FINANCIAL EXPENSES**

The account comprises interest expenses paid or accrued on Central Bank and Treasury advances and loans. The breakdown of interest expenses for the years ended December 31, 2002 and 2001 is as follows:

	<b>2002</b>	<b>2001</b>
Interest expense on loans obtained from Treasury – (TL)	7,634,802	4,554,076
Interest expense on loans obtained from Treasury – (USD)	609,764	474,858
Interest expense on loans obtained from Treasury – (USD indexed)	324,531	262,813
Interest expense on loans obtained from Treasury – (EUR indexed)	190,808	205,601
Interest expense on loans obtained from Treasury – (EUR)	46,192	4,467
Interest expense on CBT advances	69,687	118,994
Foreign exchange loss	7,044,808	6,476,355
Other	1,385	-
	<b>15,921,977</b>	<b>12,097,164</b>

**26. OPERATING EXPENSES**

The breakdown of operating expenses for the years ended December 31, 2002 and 2001 is as follows:

	<b>2002</b>	<b>2001</b>
Personnel wages, salaries and other expenses	11,935	2,507
Remunerations of the members of Board of Directors and Auditors appointed to the Banks	114	25
Traveling expenses	310	571
Outsourced services expenses	7,257	135
Materials and supplies expenses	1,555	32
Other expenses	501	299
Depreciation expenses	66	20
Other operating expenses	-	43
	<b>21,738</b>	<b>3,632</b>

The breakdown of personnel wages and expenses for the period ended December 31, 2002 and 2001 is as follows:

	<b>2002</b>	<b>2001</b>
Personnel wages and salaries	7,858	1,402
Social benefits	2,212	365
Premiums and bonuses	1,289	443
Retirement pay expense	509	297
Other	67	-
	<b>11,935</b>	<b>2,507</b>

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**27. OTHER ORDINARY INCOME AND PROFIT**

The breakdown of other ordinary income and profit of the SDIF for the years ended December 31, 2001 and 2002 is as follows:

	<b>2002</b>	<b>2001</b>
Income from sales of assets for sale	129,844	282,452
Revenues from loans in follow-up	13,305	5,508
Other income related to assets for sale	4,065	2,424
Other ordinary income and profit	3,669	2,204
	<b>150,883</b>	<b>292,588</b>

Income from sales of assets for sale account comprises gain on sales of subsidiary banks, their participations and subsidiaries, financial and tangible other assets which were transferred to SDIF according to Banks Act. For the years ended December 31, 2002 and 2001, the breakdown of this account is as follows:

	<b>2002</b>	<b>2001</b>
Esbank A.G.	35,266	-
Demir-Halk Bank (Nederland) N.V.	19,195	-
Demirbank Romania S.A.	10,663	-
Ege Yatırım Menkul Değerler A.Ş.	7,257	-
Anadolu Kredi Kartları Turizm ve Tic A.Ş.	5,000	-
Ekspres Yatırım ve Menkul Değerler A.Ş.	4,848	-
Intertech Bilgi İşlem ve Pazarlama	2,938	-
Bankalararası Kart Merkezi	2,907	-
Yaşar Factoring Hizmetleri	2,886	-
Es Menkul Değerler Yatırım A.Ş.	2,847	-
Demirbank	-	282,148
Ulusal Factoring A.Ş.	-	205
Yaşar Yatırım Menkul Değerler A.Ş.	-	70
Enka Holding A.Ş.	-	29
Other	36,037	-
	<b>129,844</b>	<b>282,452</b>

**28. OTHER ORDINARY EXPENSE AND LOSSES**

The breakdown of other ordinary expense and losses for the years ended December 31, 2002 and 2001 is as follows:

	<b>2002</b>	<b>2001</b>
Losses from the sales of assets for sale	78,719	167,526
Other provisions	17,405	324,972
Other expenses related to assets for sale	4,921	8,402
Other ordinary expenses and losses	1,196	2
	<b>102,241</b>	<b>500,902</b>

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28. OTHER ORDINARY EXPENSE AND LOSSES (continued)

Other provisions comprise provisions for duty losses and decrease in the value of assets other than SDIF investments. For the years ended December 31, 2002 and 2001 the breakdown of provision expenses is as follows:

	2002	2001
General reserve for loans in follow up	11,246	24,095
Provision for subsidiaries and participations in liquidation process	6,159	-
General reserve for finalized duty losses	-	300,877
	<b>17,405</b>	<b>324,972</b>

Losses from the Sales of Assets for Sale comprises loss on the sales of subsidiary banks, their participations, subsidiaries, financial and tangible other assets which were transferred to SDIF according to Banks Act. For the years ended December 31, 2002 and 2001 the breakdown of this account is as follows:

	2002	2001
Tarişbank (Not 11i)	55,000	-
Demir Kazakhstan Bank	13,184	-
Sitebank (Not 11i)	5,470	-
Sümer Factoring Hizmetleri A.Ş.	1,575	-
Demir Kırgız International Bank	1,325	-
Site Yatırım Menkul Değerler A.Ş.	875	-
Demir Romlease S.A.	820	-
Kapital Sigorta A.Ş.	445	-
Yaşarbank Foreign Trade Off Shore Ltd.	3	-
Sümerbank	-	133,350
Bank Ekspres	-	29,828
Demirbank Bulgaria S.A.	-	2,527
Yurt Menkul Değerler A.Ş.	-	868
Batı Sigorta A.Ş.	-	471
Nippon Sigorta A.Ş.	-	238
Universal Kart	-	150
Yurt Factoring A.Ş.	-	94
Other	22	-
	<b>78,719</b>	<b>167,526</b>

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**29. COMMITMENTS AND CONTINGENCIES**

As of December 31, 2002 and 2001, the details of SDIF's commitment and contingencies are as follows:

		<b>2002</b>	<b>2001</b>
TL Insurance Obligations	This account includes Turkish lira deposits under SDIF's insurance obligations as of June 30, 2002 and 2001.	20,690,718	14,139,698
FC Insurance Obligations	This account includes Foreign currency deposits under SDIF's insurance obligations as of June 30, 2002 and 2001.	26,725,287	21,184,139
Other Guarantees and Sureties	This account includes contingent liabilities of SDIF related to cash and non-cash loans of the banks that were sold by SDIF and other guarantees and sureties.	978,773	1,245,452
Commitments	This account includes commitments to third parties in relation to SDIF's acquisitions.	1,120,277	416

TL and FC insurance obligations in SDIF's off-balance sheet accounts as of December 31, 2002 reflect the contingent liabilities as of June 30, 2002 as it was not possible to quantify the corresponding amounts at the balance sheet date.

The total amount of TL and FC insurance obligations as of December 31, 2002, is TL 59,607,884 (2001, TL46,033,437), as finalized subsequently in year 2003.

As of December 31, 2002, there are 684 cases filed against SDIF and 192 cases filed by SDIF. The contingent liability relating to 655 cases opened against SDIF is TL128,396, however the contingent liability, if any, of the 29 cases filed by the former minority shareholders of the banks taken over by SDIF are dependent in the resolution of the related court cases. As of December 31, 2002, no provision is recorded in the accompanying financial statements for TL128,396 contingent liability that may arise within this context.

**30. OTHER EVENTS**

- a) Subsequent events related to Türk Ticaret Bankası presented in Subsidiaries and Participation in Liquidation Process account in the accompanying balance sheet as of December 31, 2002 are as follows:

In order to assure the trust and stability of the financial system, banking operations and the deposit accepting permission of Türk Ticaret Bankası had been cancelled and SDIF had been authorized for the liquidation of the related bank according to abolishment and liquidation edicts of the Turkish Commercial Code, Banks Act numbered 4389, article 18 and the articles of association of the bank effective from July 1, 2001 in accordance with the decision of the Board dated June 15, 2001 and numbered 346, since the loss generation of the bank could have not been prevented and there was no possibility of sale for the bank.

10th State Council then ceased the execution of canceling the banking operations, prohibittance of deposit acceptance and the liquidation of the bank that had been initiated on July 1, 2001, on June 28, 2001 until the "defense of the management is taken and a new decision is made" according to the demand of cancellation of the execution by Türkbank Yardımlaşma Sandığı Vakfı. 10th State Council resolved to refuse to cease the execution on July 12, 2001 considering the legal status of the conflict and the status of the lawsuit after the defense of the management and receiving the reply of the decision dated June 28, 2001.

Upon Türkbank Yardımlaşma Sandığı Vakfı's objection to 10th State Council dated July 13, 2001 and numbered 2001/1787 related with the refusal of the cancellation of execution, States Council Administrative Committee decided with unanimity as to the cancellation of the execution on September 28, 2001.

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**30. OTHER EVENTS (continued)**

At the Extraordinary General Meeting dated August 9, 2002, it was decided to liquidate the bank. The Extraordinary General Meeting planned for the approval of the bank's inventory and liquidation opening balance sheets according to the article 444 of Turkish Commercial Law, cannot be gathered on December 12, 2002, since the execution of the decisions of the Extraordinary General Meeting held at August 9, 2002 is ceased due to the case opened by Türkbank Yardımlaşma Sandığı Vakfı. The above mentioned extraordinary General meeting is held at April 9, 2003. The inventory and liquidation opening balance sheets are approved and the liquidation officers are assigned.

- b) Subsequent events related to Pamukbank presented in Subsidiary Banks for Sale account in the accompanying balance sheet as of December 31, 2002 are as follows:

With the Board decision dated June 18, 2002 and numbered 742, the management and supervision of Pamukbank and the shareholding rights, excluding dividend rights are transferred to the SDIF according to Article 14 paragraphs (3) and (4) of the Banks' Act No 4389. By the transfer of TL470 trillion accumulated loss of the bank to the SDIF with Board of Directors' decision dated June 19, 2002 and numbered 403; according to subparagraph (ab) of the paragraph (a) of Banks' Act Article 14; the ownership of the all share certificates of the bank is transferred to SDIF.

At June 29, 2002, SDIF announced its decision that the sales procedure of Pamukbank, which is wholly owned by SDIF, is started. The State Council Administrative Cases Committee decided to cease the sales procedures on November 22, 2002 as a result of the case opened by the former shareholders of the Pamukbank. Within the scope of the agreement made with Çukurova Group on January 31, 2003, the Group accepted to withdraw from all the cases filed against SDIF. As of March 28, 2003, the due date for the delivery of the proposals by the investors that are interested in the bank determined by the Board of Directors' decision dated February 3, 2003 and numbered 63, no proposals are received. SDIF announced on April 3, 2003 that the sales procedures of Pamukbank, wholly owned by the SDIF, would be started again. The investors interested in Pamukbank should apply by May 9, 2003. The investors that are deemed eligible to meet the requirements will be announced on May 16, 2003. The due dates for the due diligence work to be finalized at Pamukbank is June 2, 2003 and for the delivery of proposals is June 13, 2003.

- c) According to the agreement signed between the SDIF and Çukurova Group on January 31, 2003 (Agreement), some of the affiliates included in the assets of Pamukbank which have no value or little shareholding percentages will be sold to Çukurova Group at a price of USD 25,022,782, which is computed by adding the interest calculated until the agreement date, to the book values stated at June 18, 2002 transfer balance sheet. Furthermore, all of the share certificates of Turkcell Holding A.Ş. and Turkcell İletişim Hizmetleri A.Ş. that are included in the assets of Pamukbank and its affiliates will be sold to Çukurova Group with a price of USD264,306,050, which is determined by applying the CBT foreign currency buying rate at January 31, 2003 to the Istanbul Stock Exchange weighted average price of the 30 days before January 31, 2003. The sales price is added on Çukurova Group's payable to SDIF. USD 214,306,050 of this amount will be paid until January 31, 2006 and the remaining part will be paid by January 31, 2008. The parties, who buy the share certificates, will additionally pay the interest that will be accrued between January 31, 2003 and the actual payment dates. The interest payment period is set annually. SDIF will take over the share certificates of Yapı Kredi Bankası A.Ş. (YKB) that are owned by Pamukbank and its affiliates. Çukurova Group is responsible for the sale of the share certificates of YKB that are owned by the Group and SDIF to the third parties within two years. If the share certificates cannot be sold with in two years, an investment bank with international experience, which will be decided upon by SDIF and the Group, will be assigned for the sale. The investment bank will have to conclude the sale within one year. If three months before the end of the two investment year period given to the Group for the sale of the shares the investment bank is not decided upon, SDIF will offer two investment banks to the Group and the Group will have to choose one of them within one month. If the investment bank cannot sell the shares within one year, SDIF will realize the sale of the shares. The total payable of Çukurova Group as of January 31, 2003 (except for the payable to be reconciled or the payable that will be decided by SDIF, and the payable that will arise from the sale of Turkcell Holding A.Ş. and Turkcell İletişim Hizmetleri A.Ş.), is USD2,737,595,602.

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**30. OTHER EVENTS (continued)**

- d) With the Board of Directors' decision dated January 14, 2003 and numbered 20, certain subsidiaries and participations of Bayındırbank are taken over with nil value. Moreover with the Board of Directors' decisions dated July 31, 2002 and numbered 493 and dated February 3, 2003 and numbered 62, the subsidiaries and participations of Pamukbank are taken over with a value of TL666,936. Also with the BOD decision dated March 26, 2003 and numbered 172, the subsidiaries and participations of Pamukbank are taken over with a value of TL 80,316.