

**TEKSTİL BANKASI
ANONİM ŞİRKETİ
FINANCIAL STATEMENTS AS OF
JUNE 30, 2002
TOGETHER WITH REVIEW REPORT
OF INDEPENDENT AUDITORS
(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL
STATEMENTS
ORIGINALLY ISSUED IN TURKISH- SEE NOTE I.A.2 (C))**

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of Tekstil Bankası Anonim Şirketi:

We have reviewed the balance sheet of Tekstil Bankası Anonim Şirketi (the Bank) as of June 30, 2002 and the related statement of income for the interim period then ended. These financial statements, which are all expressed in the equivalent purchasing power of Turkish Lira as of June 30, 2002. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review.

We conducted our review in accordance with the auditing standards which were determined by the provisions of Banking Law Number 4389. These standards require that the review should be planned and performed to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of bank personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly we do not express an audit opinion.

The Bank, instead of valuing its securities exported in accordance with the debt swap by the Treasury with the simple arithmetic mean of the last ten workdays' exchange rate as announced by Turkish Central Bank, has valued them with the Bank's exchange rate on June 30, 2002. As a result of this valuation method, the Bank has calculated 2,051 TL more income discount and has reflected this in its accounts.

In consequence of the limited audit we have undertaken, except for the effect of the situation described above in the third paragraph on the financial statements, it has been seen that the attached financial statements which highlight Tekstil Bankası Anonim Şirketi's financial situation as of June 30, 2002 and the operational results for the same period do not have any discrepancy with the accounting principles and standards as determined by Article 13 and Temporary Article 3 of Banking Law.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – NOTE I.A.2 (C))

Additional paragraph for convenience translation to English:

The above mentioned accounting principles differ from International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board and so far as such differences apply to the financial statements of the Bank they relate to the format of financial statements and disclosure requirements, the application of IAS 39 (Financial Instruments – Recognition and Measurement), accounting for deferred taxes and accounting for retirement pay liabilities. Based on the current revisions to accounting policies applicable to banks in Turkey, the accompanying financial statements are not presented comparatively and are restated for the effects of inflation. The effects of the differences between these accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in the countries of users of the financial statements and IFRS.

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

Osman Dinçbaş

August 2, 2002
Istanbul, Turkey

TEKSTİL BANKASI ANONİM ŞİRKETİ
FOR THE PERIOD ENDED 30 JUNE 2002

ACCORDANCE WITH IAS 29

BALANCE SHEETS

(Currency--Billions of Turkish lira in equivalent purchasing power at June 30, 2002)

ASSETS	Review Report of Independent Auditors 30.06.2002
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I - CASH	6,150
A. Cash in TL	1,481
B. Cash in Foreign Currency	4,669
C. Other	0
II. BANKS	17,974
A. Central Bank of Turkey	13,213
B. Other Banks	4,761
1. Local Banks	1
2. Foreign Banks	4,760
III. OTHER FINANCIAL INSTITUTIONS	0
IV. INTERBANK MONEY MARKET AND REVERSE REPO	0
A. Interbank Money Market	0
B. Reverse Repo	0
V. MARKETABLE SECURITIES, net	31,771
A. Government Debt Securities	31,173
B. Other Debt Securities	0
C. Share Certificates	0
D. Other Marketable Securities	598
VI. LOANS	302,609
A. Short-Term	280,045
B. Medium and Long-Term	22,564
VII. LOANS IN FOLLOW-UP, net	4,915
A. Loans In Follow-up and Other Receivables in Follow-up	280
1. Gross Receivable	354
2. Specific Reserve Provided (-)	(74)
B. Loans In Arrears and Other Doubtful Receivables	732
1. Gross Receivable	1,121
2. Specific Reserve Provided (-)	(389)
C. Write-Offs and Other Receivables	3,903
1. Gross Receivable	9,800
2. Specific Reserve Provided (-)	(5,897)
VIII. INTEREST AND OTHER INCOME ACCRUALS	43,768
A. Loans	13,017
B. Marketable Securities	22,643
C. Other	8,108
IX. FINANCIAL LEASING RECEIVABLES, net	0
A. Financial Leasing Receivables	0
B. Unearned Interest Income (-)	0
X. RESERVE DEPOSITS	59,108
XI. MISCELLANEOUS RECEIVABLES	923
XII. PARTICIPATIONS, net	0
A. Financial Participations	0
B. Non-Financial Participations	0
XIII. SUBSIDIARIES, net	37,422
A. Financial Subsidiaries	37,373
B. Non-Financial Subsidiaries	49
XIV. LONG-TERM MARKETABLE SECURITIES, net	498,721
A. Share Certificates	0
B. Repoed Securities	103,147
C. Other Securities	395,574
XV. FIXED ASSETS, net	59,625
A. Cost	92,642
B. Accumulated Depreciation (-)	(33,017)
XVI. OTHER ASSETS	23,912
TOTAL ASSETS	1,086,898
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The accompanying notes are an integral part of these statements.

TEKSTİL BANKASI ANONİM ŞİRKETİ
FOR THE PERIOD ENDED 30 JUNE 2002

ACCORDANCE WITH IAS 29

BALANCE SHEETS

(Currency--Billions of Turkish lira in equivalent purchasing power at June 30, 2002)

Review Report
of Independent Auditors
30.06.2002

PASİFLER

I. DEPOSITS	757,380
A. Saving Deposits	54,203
B. Deposits of Official Authorities and Organizations	142
C. Commercial Deposits	31,762
D. Deposits of Other Organisations	585
E. Bank Deposits	67,670
F. Foreign Currency Deposits	603,018
G. Gold Account Deposits	0
II. INTERBANK FUNDS BORR.AND UNDER SECURITIES REPO AGREEMENTS	103,472
A. Interbank Funds Borrowed	0
B. Funds Borrowed Under Securities Repurchase Agreements	103,472
III. FUNDS BORROWED	108,090
A. Funds Borrowed From Central Bank of Turkey	0
B. Other Funds Borrowed	108,090
1. Local Banks and Instititons	22,274
2. Foreign Banks and Institutions	85,816
3. Subordinated Loans	0
IV. FUNDS PAYABLE	0
V. SECURITIES ISSUED, net	0
A. Bills	0
B. Asset Backed Securities	0
C. Bonds	0
VI. INTEREST AND OTHER EXPENSE ACCRUALS	8,625
A. Deposits	4,015
B. Funds Borrowed	4,086
C. Others	524
VII. FINANCIAL LEASING PAYABLES, net	0
A. Financial Leasing Payables	0
B. Deferred Financial Leasing Payables (-)	0
VIII. TAXES AND FUNDS PAYABLE	3,096
IX. IMPORT TRANSFER ORDERS	18
X. MISCELLANEOUS PAYABLES	37,187
XI. RESERVES	6,336
A. Reserve for Retirement Pay Liability	2,462
B. General Reserve for Possible Loan Losses	2,174
C. Tax Reserves	27
D. Other Reserves	1,673
XII. OTHER LIABILITIES	10,076
XIII. SHAREHOLDERS' EQUITY	31,123
A. Paid-In Capital	100,000
1. Nominal Capital	100,000
2. Unpaid Capital	0
B. Legal Reserves	32,401
1. Class I and II Legal Reserves	32,401
2. Share (Share Certificate Issue) Premiums	0
3. Other Legal Reserves	0
C. Extraordinary Reserves	0
D. Effect of Inflation Accounting on Share Capital	202,125
E. Revaluation Fund	0
F. Valuation Differences	0
G. Losses	(303,403)
1. Current Period Loss	0
2. Prior Period Loss	(303,403)
XIV. NET INCOME	21,495
A. Current Period Income	21,495
B. Previous Period Income	0
TOTAL LIABILITIES	1,086,898
OFF-BALANCE SHEET OBLIGATIONS	
I. GUARANTEES AND COLLATERALS	538,095
II. COMMITMENTS	2,154
III. FOREIGN CURRENCY AND INTEREST RELATED TRANSACTIONS	373,217
TOTAL	913,466

The accompanying notes are an integral part of these statements.

TEKSTİL BANKASI ANONİM ŞİRKETİ
FOR THE PERIOD ENDED 30 JUNE 2002
ACCORDANCE WITH IAS 29

INCOME STATEMENTS

(Currency--Billions of Turkish lira in equivalent purchasing power at June 30, 2002)

Review Report
of Independent Auditors
30.06.2002

I.	INTEREST INCOME	108,877
	A. Interest Income on Loans	44,402
	1. Interest Income on TL Loans	41,700
	a. Short-Term Loans	39,244
	b. Medium and Long-Term Loans	2,456
	2. Interest Income on Foreign Currency Loans	2,527
	a. Short-Term Loans	2,306
	b. Medium and Long-Term Loans	221
	3. Interest Income on Loans li Follow-up	175
	4. Premiums Received From Resource Utilization Support Fund	0
	B. Interest from Reserve Deposits	989
	C. Interest Income from Banks	644
	1. Central Bank	0
	2. Local Banks	432
	3. Foreign Banks	212
	D. Interest Income on Interbank Funds	27,692
	E. Interest Income on Marketable Securities	33,113
	1. Government Bonds and Treasury Bills	33,113
	2. Other Marketable Securities	0
	F. Other Interest Income	2,037
II.	INTEREST EXPENSE	77,920
	A. Interest Expense on Deposits	50,113
	1. Saving Deposits	21,332
	2. Deposits of Official Authorities and Organizations	13
	3. Commercial Deposits	9,775
	4. Other Deposits	6
	5. Banking Deposits	6,007
	6. Foreign Currency Deposits	12,980
	7. Gold Account Deposits	0
	B. Interest Expense on Interbank Funds	322
	C. Interest Expense on Funds Borrowed	6,836
	1. Central Bank	0
	2. Local Banks	2,373
	3. Foreign Banks	4,463
	4. Other Institutions	0
	D. Interest Expense on Securities Issued	0
	E. Other Interest Expense	20,649
III.	NET INTEREST INCOME [I – II]	30,957
IV.	NON-INTEREST INCOME	1,097,714
	A. Fees and Commissions Received	5,425
	1. Cash Loans	130
	2. Non-cash Loans	2,301
	3. Others	2,994
	B. Gain on Capital Market Transactions	286,954
	C. Foreign Exchange Gains	800,727
	D. Dividends from Participation and Subsidiaries	1,386
	E. Extraordinary Income	0
	F. Other Non-Interest Income	3,222
V.	OTHER NON-INTEREST EXPENSE	1,114,260
	A. Fees and Commissions Paid	1,023
	1. Cash Loans	1,023
	2. Non-cash Loans	0
	3. Others	0
	B. Loss on Capital Market Transactions	266,914
	C. Foreign Exchange Losses	817,765
	D. Personnel Expenses	8,367
	E. Provision for Retirement Pay Liability	188
	F. Rent Expense	2,313
	G. Depreciation Charge	3,661
	H. Taxes and Funds	2,824
	I. Extraordinary Expenses	0
	J. Provision for Loans in Arrears	1,342
	K. Other Provisions	1,148
	L. Other Non-Interest Expenses	8,715
VI.	NET NON-INTEREST INCOME/(EXPENSES) [IV - V]	(16,546)
VII.	INCOME BEFORE TAX [III - VI]	14,411
VIII.	PROVISION FOR TAXATION	0
IX.	NET MONETARY GAIN/(LOSS)	7,084
X.	NET INCOME/(LOSS) [VII - VIII]	21,495

The accompanying notes are an integral part of these statements.

**TEKSTİL BANKASI ANONİM ŞİRKETİ
FOR THE PERIOD ENDED 30 JUNE 2002
ACCORDANCE WITH IAS 29**

**NOTES YO FINANCIAL STATEMENTS (Continued)
(Currency--Billions of Turkish lira in equivalent purchasing power at June 30, 2002)**

I. FOOTNOTES AND EXPLANATIONS ON THE BANK AND ITS FINANCIAL STRUCTURE:

A. Footnotes and Explanations for the Current Period:

(1) The date of the finalization and approval of the balance sheet:

The financial statements were approved on July 15, 2002.

(2) a- Detailed explanations of the basic accounting principles applied by the Bank:

The Bank maintains its books of account and prepares its financials statements in Turkish lira in accordance with the Turkish Commercial Code, Banking Law and tax regulations. The accompanying financial statements are prepared in accordance with the Uniform Chart of Accounts, standard balance sheet, income statement, supplementary financial statements and footnotes to these financial statements and the explanations related to the applications of such financial statements and the accounting and valuation principles thereto that are based on the article 13 of the Banking Law 4389 as revised by Law Number 4672 and 4491 and other related decree and communiqués.

Accounting Convention

The accompanying financial statements originally prepared under the historical cost convention (except for the revaluation of premises, equipment of leasehold improvements in accordance with the Turkish Procedural Tax Code) are restated in accordance with IAS 29. IAS 29 has become applicable for the accounting periods beginning from January 1, 1990 and afterwards and deals with the effect of inflation on financial statements prepared in highly inflationary economies. There are certain criteria prescribed by IAS 29 in order to define an economy has highly inflationary one of which is the cumulative inflation rate over three years approaching, or exceeding 100%. As of June 30, 2002, the three years cumulative years in Turkey has been 272.3%, based on the wholesale price index as published by the Turkish State Institute of Statistics.

IAS 29 requires financial statements prepared in accordance with IAS in highly inflationary economies be stated in terms of the measuring units current at the balance sheet dates and corresponding figures for previous periods as far be restated in the same units.

The main guidelines for the restatement are as follows:

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the balance sheet dates.

TEKSTİL BANKASI ANONİM ŞİRKETİ
FOR THE PERIOD ENDED 30 JUNE 2002
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NOTES YO FINANCIAL STATEMENTS (Continued)
(Currency--Billions of Turkish lira in equivalent purchasing power at June 30, 2002)

Non-monetary assets and liabilities and components of shareholders' equity (except for revaluation adjustment which is eliminated) which are not expressed in term of the measuring unit current at the balance sheet dates are restated by applying on the wholesale price index as published by the Turkish State Institute of Statistics. In the correction of the capital item the date of receipt of the amount paid for capital increase is taken into account, whereas revaluation value increase fund's addition to the capital is not considered. The addition of retained earnings and profits to the capital is considered as capital laid down by partners and they are subject to correction as of the date they are subject to capital increase.

When the assets subject to amortization are corrected, the assets' values after the revaluation carried out in accordance with the relevant regulation and effects' cancellation are indexed. Because amortization is calculated using the corrected values of the items, it is not subjected to correction in the income statement.

Because the non-cash items valued with their financial values are expressed in terms of money's financial purchasing power, they are not subjected to correction.

The enterprises and partnerships expressed in terms of Turkish lira are subjected to correction utilizing the indices that occur as of the date of capital increase receipt upon the amounts reached after adding the sums generated by the funds they are allowed to set up such as the revaluation value increase fund to their capital and deducting them from their associated costs. On the other hand, enterprises and partnerships expressed in terms of foreign currency are valued by the acquisition cost plus the realized exchange rate increases.

All items in the income statement are corrected on the basis of the dates the incomes are received and expenses are incurred by utilizing monthly average indices.

Financial term net cash position profit/loss is reflected in the income statement. The effect of inflation accounting on last year's financial statements are reflected in last year's loss account, whereas the capital resulting from the correction of paid capital according to inflation accounting are considered in assets and liabilities as a separate item.

Indices and conversion factors that were used to present the financial statements as of June 30, 2002 reflecting the restatement for the changes in the general purchasing power of the Turkish is as follows;

	Index	Conversion Factor
	-----	-----
June 30, 2002	5,572.0	1.1253
December 31, 2001	4,951.7	1.8856

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FOR THE PERIOD ENDED 30 JUNE 2002
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NOTES TO FINANCIAL STATEMENTS (Continued)
(Currency--Billions of Turkish lira in equivalent purchasing power at June 30, 2002)

Restatement of balance sheet and income statement items through the use of a general price index and relevant conversion factors does not necessarily mean that the Bank could realise or settle the same values of asset and liabilities as indicated in the accompanying balance sheets. Likewise it does not necessarily mean that the Bank could return or settle the same values of shareholders' equity to its shareholders.

Allowance for Possible Loan Losses and General Loan Reserves:

The allowance for possible loan losses is established through a provision charged to expenses. The allowance is the estimated amount that Management believes to be adequate to absorb possible future losses on existing loans that may become uncollectible due to current economic conditions, quality and inherent risks in the loan portfolio and other relevant factors which warrant current recognition.

Furthermore, the Bank has made a general provision of 0.1% for off-balance sheet commitments and 0.5% over cash loans which are not classified as non-performing.

Foreign Currency Assets and Liabilities:

Gains and losses arising from foreign currency transactions are reflected in the statements of income as realized during the course of the period. Foreign currency assets and liabilities have been translated into Turkish Lira equivalents at term-end foreign exchange rates, the effects of which are also classified within foreign exchange loss, net, in the accompanying financial statements.

Revenue and Expense Recognition:

All income and expense items are recognised on accrual basis except service fees and commissions which are recorded as income when collected. Upon enterprises' and partnerships' decision to hand out profit, dividend incomes are assigned.

Reserve for Retirement Pay:

Provision is made for the maximum amounts payable to employees, in the event of their retirement or termination other than by resignation or for misconduct, based on their accumulated period of service at the balance sheet dates on the basis of 30 days pay per year of service.

As of June 30, 2002 the corresponding amount reflects the Bank's maximum responsibility towards the personnel who have the right to seniority severance pay.

Items Held in Trust:

Items held by the Bank in a fiduciary or agency capacity for their customers are not included in the accompanying balance sheet, since such items are not assets of the Bank.

TEKSTİL BANKASI ANONİM ŞİRKETİ
FOR THE PERIOD ENDED 30 JUNE 2002
ACCORDANCE WITH IAS 29

NOTES TO FINANCIAL STATEMENTS (Continued)
(Currency--Billions of Turkish lira in equivalent purchasing power at June 30, 2002)

Repo transactions:

The Bank has begun to account for the treasury bond and state bond transactions in the framework of repo agreements with customers in accordance with Single Account Plan in statements. Thus, the treasury and state bonds sold to the customers in the framework of repo agreements are classified under the main heading of securities as associated securities subject to repo, whereas the funds earned from these transactions are reflected in passive accounts as a separate item. The amounts paid to the other party with respect to reverse repo agreements are shown as a separate item under the main heading of interbank money market and reverse repo receivables. In accordance with Single Account Plan, net interest income or expense of the securities under repo are also reflected in records.

Taxation on Income:

Corporation tax is computed at the rate of 30%. An additional 10% of the total taxation charge is levied to support a state fund, which results in an effective Corporation Tax rate of 33%. Items exempted from Corporation Tax (except dividends collected) are subject to income tax at the rate of 10% or 18% and additional 10% percent is also levied on these rates. In case of dividends distributions in the form of cash, depending on public or privately owned status of the Bank, 5% or 15% income tax (plus 10% additional fund) is calculated over the portion of distributed amount which is subject to 33% Corporation Tax and paid to tax authorities on behalf of shareholders.

Companies are required to file temporary tax returns quarterly and pay 25% at their quarterly earnings which would be offset from the final tax liability computed on the current year's operating results.

Deferred Tax Liabilities / Assets:

Because some income and expense items are subject to tax after the term in which they are reflected in financial statements, the Bank is calculating the deferred tax liabilities and assets associated with the timing differences and reflecting them on its records. The Bank, in accordance with the announcement made on March 01, 2002 about the regulation on Private Independent Audit Principles as described in the temporary Article 4 of the Banking Law No.4389, has not calculated any deferred tax assets in inflation accounting.

Impairment of Premises, Equipment and Leasehold Improvements:

An assessment is made at each balance sheet date to determine whether there is objective evidence that premises, equipment and leasehold improvements may be impaired. If such evidence exist, the estimated recoverable amounts of premises, equipment and leasehold improvements are determined and any impairment loss recognized for the difference between the recoverable amounts and the carrying amounts are accounting as and allowance on the balance sheet and the amount of the loss is include in the net profit and loss for the year.

TEKSTİL BANKASI ANONİM ŞİRKETİ
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NOTES TO FINANCIAL STATEMENTS (Continued)
(Currency--Billions of Turkish lira in equivalent purchasing power at June 30, 2002)

Forward Currency Exchange Contracts:

The Bank enters into forward currency exchange contracts to hedge its foreign currency exposure. The discount or premium on a forward contract that is the effect of the difference between the foreign exchange rates at the inception of the contract and the contract rate, is amortised over the life of the forward contract and included in determining net income.

Other Statement Items:

Other statement items have been reflected on the basis of their value on the date of their recording.

- b- The Changes in Accounting Principles:** In accordance with the temporary Article 2-a of the Banking Law No.4389 the contemporary Accounting Standards for the Banks, Single Account Plan has been modified as of February 01, 2002 and repo transactions have begun to be accounted in the statement. The aim of the change is to make the principles for accounting repo transactions compatible with international regulations and to facilitate the process of controlling banks' risk structures in a more viable way as necessitated by the priority of fundamental accounting principles. As of June 30, 2002 the total fund from repo transactions overseen in statement amounts to 103,472 TL.

The Bank has also revised the financial statements it has been constructing on the basis of historical cost by subjecting them to inflation accounting since December 31, 2001 except the revaluation of constant assets.

c) Explanation of Convenience Translation to English:

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS) and so far as such differences apply to the financial statements of the Bank they relate mainly to the format of financial statements and disclosure requirements, the non-application of IAS 39 (Financial Instruments – Recognition and Measurement), accounting for deferred taxes and accounting for retirement pay liabilities. The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in the countries of users of the financial statements and IFRS.

(3) Validity of the basic principles of accounting such as going concern, accrual basis of accounting and consistency:

The attached financial statements have been prepared according to the view that the Bank will continue its operations without time restraint and in accordance with this concept, the operational results of each term have been determined independent of other terms. In the accounting reports taken as the basis of the preparation of financial statements accounting policies consistent with the prior term have been utilized except for the instances explained in Note (2)b.

TEKSTİL BANKASI ANONİM ŞİRKETİ
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NOTES YO FINANCIAL STATEMENTS (Continued)
(Currency--Billions of Turkish lira in equivalent purchasing power at June 30, 2002)

(4) Effects, if any, of the changes in the valuation methods used by the Bank as of the relevant period/year end:

The Bank, while viewing the exported foreign currency indexed securities on nominal value taking into consideration the income of similar Eurobonds exported by the Treasury, has classified all these securities as securities to be retained until maturity with a decision of April 3, 2002 and valued them using discounted value and internal efficiency method.

Had the Bank classified the above securities under investment portfolio as of December 31, 2001 and since valued them using internal efficiency method and income valuation, the financial term's profit would have been realized at 3,881 TL less.

(5) Detailed explanations of the valuation methods used for Marketable Securities (including Participations, Subsidiaries and Long-Term Marketable Securities): (*)

A. Marketable Securities:
Turkish Lira Securities

- 1- Share Certificates: Not included.
- 2- Other Marketable Securities
 - a) Indexed to inflation and foreign exchange rates: Not included
 - b) Fixed Income Securities: Market value
 - c) Floating Interest Rate: Not included
 - d) Investment Fund: Cost value.

Foreign Currency Denominated Securities

- 1- Share Certificates: Not included.
- 2- Other Marketable Securities
 - a) Indexed to inflation and foreign exchange rates: Not included
 - b) Fixed Income Securities: Market value.
 - c) Floating Interest Rate: Not included.

B. Participations:

Turkish Lira Securities: Not included

Foreign Currency Denominated Securities: Not included

C. Subsidiaries:

Turkish Lira Securities-- These have been valued using their corrected amounts by utilizing the indices that occur as of the date of capital increase receipt upon the amounts reached after adding the sums generated by the funds they are allowed to set up such as the revaluation value increase fund to their capital and deducting them from their associated costs. Retained earnings and profits, profits from enterprises and real estate sales to be added to capital are taken into consideration as capital increase and are subjected to correction on the basis of the date that they are associated with capital increase.

Foreign Currency Denominated Securities -- Foreign currency denominated subsidiaries are stated at cost and translated at the year-end foreign currency rate of exchange.

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NOTES YO FINANCIAL STATEMENTS (Continued)
(Currency--Billions of Turkish lira in equivalent purchasing power at June 30, 2002)

D. Long-term Marketable Securities:
Turkish Lira Marketable Securities

1- 1. Share Certificates

- a) Long-term Investments: Not included.
- b) Pledged or Given as Collateral: Not included.
- c) Structured Transactions: Not included.

2- 2. Other Marketable Securities

- a) Long-term Investments: Stated at cost and their income and expense accruals are computed by internal rate of method.
- b) Pledged or Given as Collateral: Stated at cost and valued on a "simple interest rate basis".
- c) Structured Transactions: Not included.
- d) Repos: Securities which are intended to be held for investment portfolio are stated at cost and valued using discounting method with internal rate of return. Securities which are intended to be held for trade portfolio are stated at market values.

Foreign Currency Denominated Marketable Securities

1- Share Certificates

- a) Long-term Investments: Not included.
- b) Pledged or Given as Collateral: Not included.
- c) Structured Transactions: Not included.

2- Other Marketable Securities

- a) Long-term Investments Stated at cost and their income and expense accruals are computed by internal rate of method.
- b) Pledged or Given as Collateral: b. Pledged or Given as Collateral: Have been valued according to the evaluation of foreign currency acquisition cost as of the term end and the interest discounts for the days incurred. The foreign-currency indexed securities exported by the treasury in 2001 as part of debt swap have been valued using their values discounted by internal efficiency method.
- c) Structured Transactions: Not included.
- d) Repos: Have been valued according to the evaluation of the acquisition cost plus the interest discounts for the days incurred. The foreign-currency indexed securities exported by the treasury in 2001 as part of debt swap have been valued using their values discounted by internal efficiency method.

(6) Depreciation method used, any changes in the current period with the present method, and its monetary effect on the financials:

Amortization is calculated utilizing straight-line amortization on the basis of the assets' value corrected for inflation and is seperated between 2% and 20%. For the assets that heve been active less than one accounting period, the amortization is calculated as the ratio of the assets' duration to the amortization amount for one year is set aside as amortization. Special costs are calculated using straight-line amortization depending on the rent term and buildings are calculated using 2% straight-line amortization.

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NOTES YO FINANCIAL STATEMENTS (Continued)
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(7) The foreign exchange rates prevailing on the balance sheet date and for the preceding 5 working days announced by the Bank are as follows (US\$):

	<u>30.06.2002</u>
A. Bank's "Foreign Exchange Evaluation Rate" (1 USD =TL)	1,602,733
B. The foreign exchange rates prevailing on the balance sheet Date and for the preceding 5 working days announced by the Bank	
USD purchase rate at the balance sheet date	1,602,733
<u>Preceding days:</u>	
1. Day	1,628,086
2. Day	1,571,864
3. Day	1,570,336
4. Day	1,565,917
5. Day	1,530,797

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(8) TL balances and their USD equivalents of the foreign currency assets and liabilities stated in the balance sheet (described in the calculation of “Foreign exchange net position/Capital Adequacy “ ratio) and the foreign currency short position:

	30.06.2002	
	TL	Million \$
I- FOREIGN CURRENCY ASSETS	758,982	473
1. Cash (FC cash in transit, cheques received)	4,668	3
2. Central Bank	13	0
3. Domestic Banks (excl. Interbank)	0	0
4. Foreign Banks	4,760	3
5. Marketable Securities-net	31,139	19
6. Loans	113,169	71
7. Reserve Deposits at Central Bank	55,798	35
8. Foreign Currency Indexed Assets (a+b+c)	125,193	78
a) Marketable Securities	88,612	55
b) Loans	35,884	22
c) Other	697	1
9. Interest and Income Accruals	6,889	4
10. Other Assets	417,353	260
OFF-BALANCE SHEET ITEMS (11+12)	190,150	118
11. Receivables from Repo Transactions	-	-
12. Forwards-buy Transactions	190,150	118
TOTAL FOREIGN CURRENCY ASSETS (1+12)	949,132	591
II- FOREIGN CURRENCY LIABILITIES	765,277	476
1. Deposits	603,018	376
2. Gold	0	0
3. Banking Deposits	41,166	26
4. Central Bank Loans	0	0
5. Domestic Bank Borrowings (excl. Interbank)	14,979	9
6. Other Borrowings	-	-
7. Foreign Bank Borrowings	85,676	53
8. Securities Issued – net	-	-
9. Foreign Currency Indexed Liabilities (a+b)	-	-
a) Loans	-	-
b) Other	-	-
10. Interest and Expense Accruals	4,104	2
11. Other Liabilities	16,334	10
OFF-BALANCE SHEET ITEMS (12+13)	183,066	114
12. Payables from Repo Transactions	-	-
13. Forwards- sale	183,066	114
TOTAL FOREIGN CURRENCY LIABILITIES (1+13)	948,343	590
FOREIGN EXCHANGE NET GENERAL POSITION (I-II)	789	1

Explanation of the Bank in relation to exchange management:

Is managed according to the limits set by the Banking Regulation and Auditing Institution with special reference to market conditions.

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30.06.2002

(‘000)

	USD	Euro	CHF	Japanese Yen	Other (**)
I- Foreign Currency Assets					
Cash	1,679	1,004	152	1,213	134
Banks	1,331	412	12	9,950	1,151
Marketable Securities-net	18,766	673	0	0	0
Loans	71,574	21,395	1,200	0	0
Long-term Marketable Securities-net	245,294	0	0	0	0
Other Foreign Currency Assets (*)	113,980	106,736	3,106	346,400	4,158
Total Foreign Currency Assets	452,624	130,220	4,470	357,563	5,443
II- Foreign Currency Liabilities					
Deposits	293,592	105,422	1,472	102,331	2,744
Funds Borrowed	53,509	9,442	0	0	0
Securities Issued-net	0	0	0	0	0
Other Foreign Currency Liabilities (*)	107,539	12,932	2,999	256,265	2,565
Total Foreign Currency Liabilities	454,640	127,796	4,471	358,596	5,309
Difference (I - II)	(2,016)	2,424	(1)	(1,033)	134

(*) All other foreign currency assets and liabilities including off-balance sheet items.

(**) US dollar equivalent of all other currencies having less than % 10 share in foreign currency assets and liabilities.

(9) Book value, depreciation and insurance coverage amounts of the fixed assets:

	Book Value(*)	Accumulated Depreciation	Insurance Coverage
30.06.2002			
Movables	40,254	27,769	29,320
Property	48,394	2,303	12,560
1- Property Bank’s Usage	48,394	2,303	12,560
2- Other Fixed Assets	-	-	-
Assets Held for Disposal	22,254	-	2,121
1- Inventory	43	-	-
2- Real Estate	22,211	-	2,121
Leasehold Improvements	3,994	2,945	-
Financial Leased Assets	-	-	-

(*)Gross amount before accumulated depreciation.

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(10) There are no contingent gains and losses that can not be estimated and which have a significant impact on the financial statements:

A customer has sued the Bank with the claim that using fake documents money has been withdrawn from his account. The amount is 1,229,213 Australian Dollars (approx. 1,172 TL.). The trial is in the initial stage and in the opinions of the Bank's law consultant and the Bank management, it is going on favourably for the Bank and there is no need to provide provision about the matter.

(11) Matters that need to be disclosed due to having a significant effect on the financial statements or for the purpose of clarification of the balance sheet :

- (a) According to the special audit results performed in line with the Banking Law 4389 as revised by Law no.4743 Article 4th which was announced on the Official Gazette dated 01.02.2002, Banking Regulation and Supervision Agency has announced with its letter dated 12.06.2002 that the Bank does not require any additional capital injection.
- (b) As announced in the Official Gazette with no.24791 dated 20.06.2002, the Bank prepared its financial statements as of June 30, 2002 in line with the International Accounting Standard 29 (IAS 29) reflecting the restatement for the changes in the general purchasing power of the Turkish lira and the accompanying financial statements are not presented comparatively.
- (c) The Bank has sold its 3,683,152,000 shares with a value of 4,344 TL which make up 99.99% of the outstanding stock of Tekstil Finansal Kiralama Anonim Şirketi to Rant Finansal Kiralama Şirketi and the amount has been received in full as of March 29,2002.
- (d) Since February 2001, Turkey has been going through a period of economic contraction, fluctuation in exchange rates, money and capital markets and the program process that began in May 2001 with aim of establishing an advanced economy and regulatory infrastructure with structural changes continues.

B. Other footnotes and explanations:

(12) (12) Matters that need to be disclosed due to having a significant effect on the financial statements or for the purpose of clarification of the balance sheet that occurred after the balance sheet date:

- (a) The Bank has sold its 7,128,000,000 shares with a value of 27,500 TL. which make up 88.00% of the outstanding stock of Tekstil Factoring Hizmet Anonim Şirketi to GSD Dış Ticaret Anonim Şirketi as of July 26, 2002 and the amount has been received in full.
- (b) At the management board meeting of July 29, 2002 No.655, it has been decided to raise the Bank's capital from 100,000 TL to 122,500 TL The total increase of 22,500 TL. is to be met by the amount of 1,673 TL from the sale of real estate and 20,827 TL from the sale of enterprises.
- (c) Effective from July 1, 2002 the ceiling of retirement pay has been increased to TL 1.160.

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(13) Information on the Bank's branches in other countries:

Country & City	Total Asset	Capital
-----	-----	-----
Malta - Gzira	5,547 TL	-

II- FOOTNOTES AND EXPLANATIONS FOR THE BALANCE SHEET AND MEMORANDUM ACCOUNTS:

(1) There are no blocked deposits at the Central Bank of Turkey. There are TL 13,213 free deposits at the Central Bank for legal requirements.

(2)a- Information on accounts at foreign banks:

	30.06.2002	
	TL	(000) USD Equivalent
	-----	-----
Free	3,158	1,970
Blocked	1,602	1,000
	-----	-----
Total	4,760	2,970
	=====	=====

b- Information on accounts at foreign banks and their respective countries (in terms of countries where banks with the related accounts are established):

30.06.2002			
OECD Countries		Other Countries	
Country Name	Amount (TL)	Country Name	Amount (TL)
-----	-----	-----	-----
1. USA	2,105	1. Malta	422
2. Canada	772		
3. Denmark	357		
4. England	262		
5. Holland	184		
6. Italy	137		
7. Japan	133		
8. Belgium	78		
9. France	70		
10. Australia	56		
11. Germany	53		
12. Spain	40		
13. Switzerland	36		
14. Luxembourg	23		
15. Finland	13		
15. Austria	12		
16. Sweden	7		
	-----		-----
Total	4,338	Total	422
	=====		=====

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- (3)a- **Marketable securities portfolio does not include any amounts relating to valuation increase.**
- b- **There are no share certificates in the marketable securities portfolio as of June 30, 2002.**
- c- **TL 355,374 of marketable securities and long-term marketable securities comprise securities held for regulatory requirements.**
- d- **Structure of the Marketable Securities Portfolio in the Current Period:**

	Acquisition Cost	Market Value	Central Bank's value(*)	Reserve for Impairment in value
30.06.2002	-----	-----	-----	-----
<u>Treasury Bills and Government Bonds</u>				
1. Fixed Income	34	35	35	-
2. Inflation Indexed	-	-	-	-
3. Foreign Currency Indexed	-	-	-	-
4. In Foreign Currency	31,139	31,113	30,925	-
<u>Income Sharing Certificates i</u>	-	-	-	-
<u>Investment Fund Participation Certificates</u>	598	-	-	-
<u>Other</u>				
1. Fixed Income	-	-	-	-
2. Inflation Indexed	-	-	-	-
3. Foreign Currency Indexed	-	-	-	-
4. In Foreign Currency	-	-	-	-
<u>Gold</u>	-	-	-	-
<u>Share Certificates</u>				
1. Quoted	-	-	-	-
2. Non-quoted	-	-	-	-
<u>Other Marketable Securities</u>				
1. FC Mutual Fund	-	-	-	-

(*) Values computed according to the prices announced in the daily Official Gazette by the Central Bank of the Republic of Turkey.

- (4)a- **The total amount of salary advances and loans given to the Bank's shareholders and employees:**

	30.06.2002	
	Cash	Non-Cash
	-----	-----
1. Loans to Bank's shareholders		
- Legal entity-direct	-	-
- Real persons-direct	-	-
- Bank's shareholders-direct and indirect	8,492	-
2. Loans to Bank's employees	86	-

Within the limits set by Banking Law and using financial interest rates, the Bank is providing credit facilities for its partners and employees.

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b- Breakdown of balances and transactions with subsidiaries, participations and affiliated companies is as follows.

1. Total amounts of major balance sheet items like marketable securities, loans, deposits, securities issued, and their changes in the period – beginning and ending of the period:

The related party balances are as follows:

	31.12.2001	Changes	30.06.2002	% of Total BalanceSheet
RECEIVABLES:				
- Banks and other financial institutions	2,472	(2,472)	-	-
- Tahvil ve Benzeri Menkul Kıymetler	-	-	-	-
- Loans (Including Loans in Arrears)	2,192	10,842	13,034	4.30
- Interest and other income accruals	354	2,236	2,590	5.92
- Financial Leasing Receivables, net	-	-	-	-
- Miscellaneous Receivables	-	-	-	-
PAYABLES:				
- Deposit	22,231	(19,129)	3,102	0.41
- Funds borrowed	16,854	(3,892)	12,962	11.99
- Securities issued, net	-	-	-	-
- Interest and other expense accruals	64	(55)	9	0.10
- Financial leasing payables, net	-	-	-	-
- Other Payables	-	-	-	-

2. Major income types in the income statement, interest expenses, fees and commissions paid and other expenses:

	30.06.2002	% of Total Income Statement
Interest Income	230	0.21
Fees and Commissions Received	116	2.14
Interest Expense	3,463	4.44
Fees and Commissions Given	-	-

In 2002, the Bank has sold 99.99% of the shares of Tekstil Finansal Kiralama Anonim Şirketi to Rant Finansal Kiralama A.Ş. and as a result has incurred a sale loss of 3,433 TL.

3. There are no doubtful loans from related parties and no reserves provided.

4. Contingencies and commitments and off-balance sheet items with related parties:

	31.12.2001	Changes	30.06.2002	% of Total Off-Balance Sheet
Contingencies and commitments and off-balance sheet items				
- Letters of guarantee	25,612	(8,580)	17,032	4.96
- Acceptances	43	1,125	1,168	7.03
- Letter of Credits	11,628	(5,562)	6,066	4.16
- Endorsements	-	-	-	-
- Other	5,860	12,576	18,436	56.68

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c- The Bank's related receivable and payable balances with its participations and subsidiaries are:

	Financial participation and subsidiaries 30.06.2002	Other participations and subsidiaries 30.06.2002
RECEIVABLES :		
-----	-----	-----
- Banks and Other Financial Institutions	-	-
- Bonds and Similar Market Securities	-	-
- Loans (Including Loans in Arrears)	3,098	-
- Interest and Income Accruals	2,471	-
- Financial Lease Receivables (Net)	-	-
- Other Receivables	-	-
PAYABLES :		

- Deposits	2,362	22
- Funds Borrowed	12,962	-
- Securities Issued	-	-
- Interest and Expense Accruals	9	-
- Financial Lease Payables	-	-
- Other Payables	-	-
NON-CASH LOANS:		

- Letters of guarantee	523	-
- Acceptances	-	-
- Letter of Credits	-	-
- Endorsements	-	-
- Other	-	-

Explanation regarding the Bank's receivables and payables with enterprises and partnerships:

The receivables and payables with enterprises and partnerships have been determined as a result of normal banking operations under market conditions.

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d- Information on I. and II. Group standard loans and receivables and refinanced, rescheduled loans:

30.06.2002

	I. Group Standard Loans and Other Receivables		II. Group Loans and Other Receivables in Close Follow-up	
	(1)	(2)	(1)	(2)
	Restructured, Refinanced Loans	Other Loans and Receivables	Restructured, Refinanced Bağlananlar	Other Loans and Receivables
	Amount	Amount	Amount	Amount
Cash Loans	-	302,609	-	-
I- NON SPECIALIZED LOANS	-	302,609	-	-
Export loans	-	88,525	-	-
Import loans	-	-	-	-
Investment loans	-	14,810	-	-
Loans given to local banks	-	-	-	-
Loans given to foreign banks	-	-	-	-
Other financial loans	-	-	-	-
Gold loans	-	-	-	-
Other Loans	-	199,274	-	-
1- Consumer loans	-	6,747	-	-
2- Credit cards	-	8,997	-	-
3- Other foreign loans	-	-	-	-
4- Other	-	183,530	-	-
II- SPECIALIZED LOANS	-	-	-	-
Agricultural	-	-	-	-
Housing	-	-	-	-
Professional	-	-	-	-
Navigation	-	-	-	-
Tourism	-	-	-	-
Other specialized loans	-	-	-	-
III- INDEMNIFIED NON CASH LOANS	-	-	-	-
Receivables considered as cash in terms of Banking Legislation	-	600,131	-	-
Other receivables	-	923	-	-
Non-cash loans	-	538,095	-	-

(5) a- Information related to revised, refinanced and rescheduled loans within the loans in arrears and other receivables:

	III. Group	IV. Group	V. Group
	Loans in follow-up and other receivables	Loans in arrears and other doubtful and receivables	Write-offs other receivables

30.06.2002

(gross amounts before specific provisions)

1- Revised loans	-	-	-
2- Refinanced loans and other receivables	-	-	-
3- Rescheduled loans and other receivables	-	-	6,518

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b- The breakdown of loans in arrears grouped according to respective guarantees and the reserves provided is as follows:

	III. Group ----- Loans in follow-up and other receivables -----	IV. Group ----- Loans in arrears and other doubtful receivables -----	V. Group ----- Write-offs and other receivables -----	Specific reserves for loans -----
30.06.2002 -----				
Guarantee Group				
Without guarantee	269	297	2,578	2,856
Guarantee group I	-	-	51	-
Guarantee group II	74	770	6,884	3,334
Guarantee group III	11	54	287	170
Guarantee group IV	-	-	-	-
	----- 354 =====	----- 1,121 =====	----- 9,800 =====	----- 6,360 =====

c- Information on loans in arrears and movement of specific reserves:

	III. Group ----- Loans in follow-up and other receivables -----	IV. Group ----- Loans in arrears and other doubtful receivables -----	V. Group ----- Write-offs and other receivables -----
30.06.2002 -----			
BALANCE AS OF 31.12.2001	1,010	2,444	3,305
- Additions in the current period (+)	354	1,156	4,422
- Transfer from other follow-up accounts	-	173	2,664
- Transfer to other follow-up accounts (-)	713	2,124	-
- Collections in current period (-)	185	256	224
- Write-offs (-)	-	-	-
- Monetary gain/(loss) (-)	112	272	367
BALANCES AT PERIOD END	354	1,121	9,800
- Specific reserve (-)	(74)	(389)	(5,897)
NET BALANCE IN THE BALANCE SHEET	280	732	3,903

d- Information on foreign currency loans in arrears and movement of specific reserves:

	III. Group ----- Loans in follow-up and other receivables -----	IV. Group ----- Loans in arrears and other doubtful receivables -----	V. Group ----- Write-offs and other receivables -----
30.06.2002 -----			
BALANCES AT PERIOD END	-	-	-
- Specific reserve (-)	-	-	-
NET BALANCE IN THE BALANCE SHEET	-	-	-

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(6) There are no receivables resulting from term sale of assets:

30.06.2002

Receivables resulting from term sale of assets	Gross receivables		Total, net
	TL	FC	Receivables
		Currency Amount (\$, DM etc.)	TL Equivalent
1-From participations, subsidiaries sales	-	-	-
2-From properties sales	-	-	-
3-Other	-	-	-

(7)a- The amount of value increase of these actives in enterprises' and partnerships' account is 1,058 TL. due to exchange rate increase. In the valuation of enterprises and partnerships equity method has not been utilized.

b- Sectoral information on participations and subsidiaries and their recorded amounts :

30.06.2002

	Purchase Cost	Bonus Shares	Revaluation Surplus	Reserve for impairment in value
DOMESTIC PARTICIPATIONS AND SUBSIDIARIES				
Banks	-	-	-	-
Insurance	-	-	-	-
Manufacturing	-	-	-	-
Mining	-	-	-	-
Energy	-	-	-	-
Public works	-	-	-	-
Transportation	-	-	-	-
Foreign trade	-	-	-	-
Tourism	-	-	-	-
Agriculture	-	-	-	-
Forestry	-	-	-	-
Other financial sectors	8,056	18,923	-	-
Other commercial sectors	49	-	-	-
FOREIGN PARTICIPATIONS AND SUBSIDIARIES				
Banks	10,394	-	-	-
Insurance	-	-	-	-
Manufacturing	-	-	-	-
Mining	-	-	-	-
Energy	-	-	-	-
Public works	-	-	-	-
Transportation	-	-	-	-
Foreign trade	-	-	-	-
Tourism	-	-	-	-
Agriculture	-	-	-	-
Forestry	-	-	-	-
Other financial sectors	-	-	-	-
Other commercial sectors	-	-	-	-

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- c- There are no such equity participations and subsidiaries that are listed in the foreign stock exchange.
- d- There are no share certificates obtained in instances where the investee companies have issued bonus shares in respect of an increase of share capital by transfers from their revaluation surplus or general reserves.
- e- The breakdown of equity participations and subsidiaries is as follows:

30.06.2002 itibariyle :

Name	% of ownership	Total capital (*)	Net income for the most recent period (30.06.2002) (*)	Market Value (in TL)
1- THE EURO TEXTILE BANK LTD.	99,99	6,485,000 USD	(820,107) USD	-
2- TEKSTİL FACTORING HİZMET A.Ş.	88,00	8,100 TL	5,264 TL	-
3- TEKSTİL MENKUL DEĞERLER A.Ş.	99,99	1,200 TL	239 TL	-
4- TEKSTİL BİLİŞİM HİZMETLERİ AŞ.	99,97	20 TL	3 TL	-

(*) Unaudited figures.

f- Disposal of participations or subsidiaries in the current period:

	Sale price	Market value or stock market capitalization at the time of sale	Cash and/or credit sale information
TEKSTİL FİNANSAL KİRALAMA AŞ.	4,344 TL	-	Cash

(8) Information on long-term marketable securities:

	30.06.2002			
	Treasury Bills and Government Bonds		Other Securities	
	Purchased Cost	Revalued Amount	Purchased Cost	Revalued Amount
Long-term marketable securities				
Turkish Lira Marketable Securities				
1- Share Certificates	-	-	-	-
a) Long-term Investments	-	-	-	-
b) Pledged or Given as Collateral	-	-	-	-
c) Structured	-	-	-	-
2- Other Marketable Securities	27,947	33,844	-	-
a) Long-term Investments	-	-	-	-
b) Pledged or Given as Collateral	955	1,257	-	-
c) Structured	-	-	-	-
d) Subject to repo transactions	26,992	32,587	-	-
Foreign currency marketable securities				
1- Share Certificates	-	-	-	-
a) Long-term Investments	-	-	-	-
b) Pledged or Given as Collateral	-	-	-	-
c) Structured	-	-	-	-
2- Diğer Menkul Kıymetler	470,774	487,521	-	-
a) Long-term Investments	40,200	41,994	-	-
b) Pledged or Given as Collateral	354,419	358,572	-	-
c) Structured	-	-	-	-
d) Subject to repo transactions	76,155	86,955	-	-

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(9) Total value of assets held for disposal and obtained for uncollectible receivables in accordance with the Banking Law is TL 22,211 and total value of movables held for this purpose is TL 43.

(10) Other assets and liabilities which exceed 10 % of the balance sheet total (excluding off-balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: none.

(11)a- Maturity structure of deposits:

	Demand Deposits	Time Deposits (*)
	----- 30.06.2002 -----	----- 30.06.2002 -----
Saving Deposits	3,887	50,316
Certificate of Deposit	-	-
Deposits of Official Authorities and Organizations	142	-
Commercial Deposits	8,246	23,516
Other Deposits	567	18
Bank Deposits	140	67,530
1- Central Bank of Turkey	-	8,014
2- Domestic Banks	26	59,516
3- Foreign Banks	114	-
4- Other	-	-
Foreign Currency Deposits	44,742	558,276
1- Resident Customers	40,594	523,128
2- Non-resident Customers	4,148	35,148
Gold Deposita	-	-
	-----	-----
Total Deposits	57,724 =====	699,656 =====

(*) Including 7 day notice deposits.

b- Deposits insured or guaranteed under the "Saving Deposit Insurance Fund":

	Insurance Coverage
	----- 30.06.2002 -----
1- Saving Deposits	53,473
2- Foreign Currency Saving Deposits	273,548
3- Other Saving-type Deposits	-
4- Deposits at Foreign Branches Under Foreign Insurance Coverages	-

	327,021 =====

(12) a- There is no issued debt securities issuance difference.

b- There are no convertible bonds into equity shares amount.

**TEKSTİL BANKASI ANONİM ŞİRKETİ
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**NOTES TO FINANCIAL STATEMENTS (Continued)
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- c- No debt securities other than share certificates were issued in the current period.
 - d- There are no debt securities matured in the current period.
- (13) Cash collaterals received amounted is TL 10,700.**
- Cash collaterals consist of the customers' valuables held under blocked accounts as security for cash and non-cash loans granted.
- (14) a- There is no securities value increase fund.**
- b- **Explanations with respect to the presentation of foreign exchange gain on foreign currency denominated equity participations, subsidiaries and long-term marketable securities in the financial statements:** Foreign currency denominated equity participations, subsidiaries and long-term marketable securities at each period end are translated into Turkish lira at the Bank's period end foreign exchange rates. The resulting foreign exchange gains or losses are accounted as foreign exchange gain and losses in the statement of income.
- (15) Maturity distribution of the balance sheet items and some off-balance sheet commitments is presented in the attachment note (C):**

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(16)a- Information on the Bank's legal shareholders' equity in accordance with the Banking Law and further broadened in accounting application:

	<u>30.06.2002</u>
LEGAL SHAREHOLDERS' EQUITY (1'den 20'ye)	
<u>I – CORE CAPITAL</u>	52,618
1- Paid-in share capital	100,000
- Nominal share capital	100,000
- Nominal share capital (-)	-
2- Legal reserves	32,401
- I. Legal reserves (TCC 466/1) ⁽⁵⁾	32,401
- Share Premiums	-
- Legal reserves per special legislation and articles of association	-
3- General reserves	-
- Appropriated Per General Assembly resolution	-
- Foreign currency share capital exchange difference ⁽¹⁾	-
- Retained Earnings ⁽²⁾	-
- Retained Earnings (-)	-
4- Effect of inflation accounting on share capital	202,125
5- Period Income ⁽³⁾	21,495
6- Loss (-)	(303,403)
- Period loss	-
- Prior years' losses	(303,403)
<u>II – SUPPLEMENTARY CAPITAL</u> ⁽⁴⁾	7,026
7- Fixed asset revaluation fund – Bank	4,852
- Movables	-
- Imovables	-
- Cost increment fund	-
- Gain on sale of immovables, participation & subsidiaries and to be transferred to share capital ⁽⁶⁾	4,852
- Revaluation fund from leasehold improvements	-
8- Fixed asset revaluation fund of participations and subsidiaries	-
9- Reserves	2,174
- General reserve for loans	2,174
10- Subordinated loans	-
11- Revaluation increment of marketable securities	-
- Marketable securities	-
- Participations and subsidiaries	-
- Long-term marketable securities	-
<u>III – DEDUCTIONS FROM SHARE CAPITAL</u>	38,868
12- Unconsolidated participations, subsidiaries and other financial investments	37,373
13- Leasehold improvements	1,048
14- Pre-operating expenses	14
15- Prepaid expenses	433
16- Difference between the market value and the book value of the fixed assets of the unconsolidated participations, subsidiaries and other financial investments	-
17- Subordinated loans that are given to other banks operating in Turkey	-
18- Goodwill	-
19- Capitalized expenses	-
LEGAL SHAREHOLDERS' EQUITY (I+II-III) :	20,776
ACCOUNTING CAPITAL BASE (5,9 and 10 except, 1 to 11) ⁽⁶⁾:	35,975

(1)	Exchange rate difference on foreign currency capital.
(2)	Earnings retained in equity as decided during the General Assembly in accordance with the Banking Legislation and Regulations.
(3)	Net income for the period after provisions for taxes on income.
(4)	The portion of the supplementary capital exceeding 100 % of the core capital is not included in capital base calculation..
(5)	TL 32,401 (I. II. Legal Reserves).
(6)	The Bank has decided to sell its share in the partnership Tekstil Factoring Anonim Şirketi which it valued at 22,648 TL. for 27,500 TL. and against this sale has received the amount in full. The Bank, which is to add the profit to be realized from this sale to the capital, has taken into consideration the profit amount in additional capital calculation. Because of this reason, the accounting capital differs from the capital amount in the financial statements by an amount of 4,852 TL.

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- b- Information on items that make up the capital adequacy base to calculate capital adequacy ratio according to the Banking Legislation:**

	30.06.2002
I- Core Capital	52,618
II- Supplementary Capital	7,026
1. Subordinated loans	-
2. Other	7,026
III- Share Capital (I+II+Long-term loans)	59,644
- Long-term loans	-
IV- Deductions from Capital	38,868
V- Capital Base (III - IV)	20,776

- (17)a- If the Bank applies registered share capital system, ceiling of the registered share capital :**

There is no registered share capital system.

- b- b- Information on share capital increase in the current period and sources of share capital increase:**

2002				
Date	Capital Increase	Cash	Reserves	Revaluation Fund
30 April 2002	20,000	20,000	-	-

*Nominal Value

- c- Information on share capital increase in the current period and sources of share capital increases from revaluation surplus:** There is no transfer from the revaluation fund to share capital during the current period

- d- Priority rights assigned to certain capital shares:** none

- e- Breakdown of shareholders in the capital structure having a share percentage and/or voting rights of 10% or more and information on paid-in and unpaid portion of share capital:**

	30.06.2002	
	Share Capital Participation %	Nominal Capital Amount
GSD Holding A.Ş.	74.79	74,790
Other	25.21	25,210
Nominal capital	100.00	100,000

All capital owners' shares have been paid in full.

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(18) Methods applied for the presentation of financial leasing transactions in the financial statements and explanations related to these transactions in accordance with the International Accounting Standard No: 17 (IAS 17): Not included.

(19) Other Footnotes:

a- Explanations on the deferred tax :

	30.06.2002

Deferred Tax (Asset)	-
Deferred Tax Provision (Assets)	-
Deferred Tax Credit (P/L)	-

b- The method used in the accounting of currency swaps as stated in the 4th section of the Principles of Accounting for Derivatives from the Description of Accounting Standards applied by Banks and Uniform Chart of Accounts:

Money swaps are accounted in regular accounts and the positive or negative difference between buying and selling amounts which are evaluated with the statement exchange rate, are recorded as increase or expense.

c- Foreign exchange income/expense accruals on forward and swap transactions that are followed in other accruals in assets and liabilities:

	30.06.2002

Income Accruals on Futures	7,373
Expense Accruals on Futures	276
Income Accruals on Forwards	620
Expense Accruals on Forwards	313
Income Accruals on Currency Swaps	825
Expense Accruals on Currency Swaps	540

As of June 30, 2002, the income and expense discounts o forward, futures and swap transactions are shown in the statement as net.

d- The amounts on assets and liabilities indexed to foreign currency exchange rates, gold prices and other financial indicators:

	30.06.2002	
	-----	-----
	Book Value	FX Gain
	-----	-----
FX Indexed Loans	30,567	5,317
FX Indexed Bonds	77,633	25,226

e- 30 June 2002: Legal reserves 5,480 TL, Reserves for possible losses 4,610 TL.

f- Other disclosures: None.

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NOTES TO FINANCIAL STATEMENTS (Continued)
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III - FOOTNOTES AND EXPLANATIONS ON THE INCOME STATEMENT:

(1) a- There is no interest received from participation and subsidiaries. Fees and commissions received is TL 25.

b- Interest paid to participations and subsidiaries is TL3,358 and fees and commissions paid is TL515.

(2) There is no financial lease income.

(3) There is no financial lease expense.

(4) a- Provision for general loan losses is TL 1,096.

b- There is no provision for impairment in the value of marketable securities.

(5) Items comprising 20%, at minimum, of the other expenses and income classified in groups I, II, IV and V, and representing 10%, at minimum, of the total of the related group that they are included in:

Other interest expense consists of interest expense on repurchase transactions.

(6) **Presentation of repo expenses in the financial statements and repo expense total:**

	30.06.2002

Income accrual on repos	16,395
Expense accrual on repos	(405)

Net income accrual on repos	15,990
	=====

(7) **Other disclosures:** None

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NOTES YO FINANCIAL STATEMENTS (Continued)
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IV- ADDITIONAL FINANCIAL STATEMENTS :

A. Off-Balance Sheet Items:

		30.06.2002		
		Turkish Lira	Foreign currency	Total
I.	CONTINGENCIES AND COMMITMENTS	144,742	393,353	538,095
A.	Letter of Guarantees	144,695	198,563	343,258
	1. L/Gs Under Law no.2886	-	-	-
	2. L/Gs Issued for Foreign Trades	-	-	-
	3. Other L/Gs	144,695	198,563	343,258
B.	Banks' Acceptances	-	16,618	16,618
	1. Banks' Acceptance for Import	-	16,618	16,618
	2. Other Banks' Acceptance	-	-	-
C.	Letter of Credits	-	145,650	145,650
	1. Letter of Credits with documents	-	110,466	110,466
	2. Other L/C's	-	35,184	35,184
D.	Prefinances given as guarantees	47	-	47
E.	Endorsements	-	-	-
	1. Endorsements to Central Bank of Turkey	-	-	-
	2. Other Endorsements	-	-	-
F.	Sale Contracts on Bank Assets (Risk Secured by the Bank)	-	-	-
H.	Other Guarantees	-	32,522	32,522
I.	Others	-	-	-
II.	COMMITMENTS	2,151	3	2,154
A.	Irrevocable Commitments	2,151	3	2,154
	1. Repo and reverse repo transactions	-	-	-
	a. Repo transactions	-	-	-
	i. With the Central Bank	-	-	-
	ii. With Banks	-	-	-
	iii. With Brokerage Companies	-	-	-
	iv. With Other customers	-	-	-
	b. Reverse Repo Transactions	-	-	-
	i. With the Central Bank	-	-	-
	ii. With Banks	-	-	-
	iii. With Brokerage Companies	-	-	-
	iv. With Other customers	-	-	-
	2. Commitments of Asset Purchase	-	-	-
	3. Commitments of Deposit Trading	-	-	-
	4. Equity participation commitments	-	-	-
	5. Equity participation dividends	-	-	-
	6. Commitments of Intermediary Activities for share certificate issuance	-	-	-
	7. Commitments of reserve deposits payments	-	-	-
	8. Commitments of credit cards limits	-	-	-
	9. Other irrevocable commitments	2,151	3	2,154
B.	Revocable Commitments	-	-	-
	1. Revocable Loan assignment commitments	-	-	-
	2. Others	-	-	-
III.	DERIVATIVE TRANSACTION	-	373,217	373,217
A.	Forward currency purchases / sales	-	49,462	49,462
	1. Forward currency purchases	-	24,884	24,884
	2. Forward currency sales	-	24,578	24,578
B.	Money and Interest swaps	-	25,570	25,570
	1. Swap money buy	-	12,928	12,928
	2. Swap money sell	-	12,642	12,642
	3. Swap interest buy	-	-	-
	4. Swap interest sell	-	-	-
C.	Money and Interest Options	-	-	-
	1. Money buy options	-	-	-
	2. Money sell options	-	-	-
	3. Interest buy options	-	-	-
	4. Interest sell options	-	-	-
D.	Futures transactions	-	298,185	298,185
	1. "Futures" buy transactions	-	152,339	152,339
	2. "Futures" sell transactions	-	145,846	145,846
E.	Futures Interest Transactions	-	-	-
	1. "Futures" interest buy transactions	-	-	-
	2. "Futures" interest sell transactions	-	-	-
F.	Other	-	-	-
TOTAL OFF-BALANCE SHEET ITEM		146,893	766,573	913,466

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IV- ADDITIONAL FINANCIAL STATEMENTS :

B. Other Memorandum Accounts

	30.06.2002		
	Turkish Lira	Foreign Currency	Total
A. Valuables at safekeeping	451,361	8,516	459,877
1. Fund management and portfolio stocks	-	-	-
2. Marketable securities at safe keeping	367,573	-	367,573
3. Cheques in collection	81,034	5,822	86,856
4. Promissory notes in collection	1,225	1,240	2,465
5. Other valuables in collection	-	-	-
6. -	-	-	-
7. Marketable securities for repo	-	-	-
8. Other valuables under custody	341	20	361
9. Other trust assets	1,188	1,434	2,622
B. Pledged Securities	15,183	6,191	21,374
1. Marketable Securities	-	-	-
2. Promissory notes	551	3,426	3,977
3. Inventory	-	139	139
4. Warrants	-	-	-
5. Fixed assets	-	2,404	2,404
6. Other valuables under pledge	14,632	222	14,854
7. Pledged securities	-	-	-
TOTAL (A+B)	466,544	14,707	481,251

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NOTES TO FINANCIAL STATEMENTS (Continued)
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IV- ADDITIONAL FINANCIAL STATEMENTS :

C. Maturity Profile of Assets, Liabilities, and Certain Commitments and Contingencies According to Remaining Maturities:

Current Period
(30.06.2002) :

	Demand	Upto 1 month	1 to 3 months	3 months to 1 year	1 years and over	Total
Cash	6,150	-	-	-	-	6,150
Banks and Other Financial Institutions	3,206	14,768	-	-	-	17,974
Interbank Fnds Sold and Reverse Repo	-	-	-	-	-	-
Marketable Securities, net	598	-	-	29,666	1,507	31,771
Loans	-	97,418	97,536	86,832	20,823	302,609
Loans in follow-up, net	4,915	-	-	-	-	4,915
Accrued Interest and Income	-	9,604	7,765	8,529	17,870	43,768
Lease receivables, net	-	-	-	-	-	-
Reserve Deposits	-	59,108	-	-	-	59,108
Subsidiaries, net	37,422	-	-	-	-	37,422
Participations, net	-	-	-	-	-	-
Long-term marketable sec's (Share Certificates), net	-	-	-	-	-	-
Long-term marketable sec's (Repoed Securities), net	-	24	2,272	28,918	71,933	103,147
Long-term marketable sec's (Other Securities), net	-	28,829	60,721	30,850	275,174	395,574
Miscellaneous Receivables	923	-	-	-	-	923
Other assets	23,912	-	-	-	-	23,912
Fixed Assets	59,625	-	-	-	-	59,625
TOTAL ASSETS	136,751	209,751	168,294	184,795	387,307	1,086,898
Deposits	57,724	534,112	120,662	44,654	228	757,380
Interbank Funds Borrowed and Repo Funds	-	103,472	-	-	-	103,472
Funds borrowed	-	22,809	20,629	49,746	14,906	108,090
Funds	-	-	-	-	-	-
Securities Issued, net	-	-	-	-	-	-
Accrued Interest and Expense	-	6,255	1,335	892	143	8,625
Leasing payables, net	-	-	-	-	-	-
Taxes, stamps, premiums and other duties	-	3,096	-	-	-	3,096
Import Transfer Orders	18	-	-	-	-	18
Miscellaneous Payables	37,187	-	-	-	-	37,187
Reserves	6,336	-	-	-	-	6,336
Subordinated Loans	-	-	-	-	-	-
Other Liabilities	8,510	1,566	-	-	-	10,076
Paid-in Capital	100,000	-	-	-	-	100,000
Share Premiums	-	-	-	-	-	-
Legal Reserves	32,401	-	-	-	-	32,401
Effect of inflation accounting on share capital	202,125	-	-	-	-	202,125
Valuation Differences	-	-	-	-	-	-
Previous Period Income/Loss	(303,403)	-	-	-	-	(303,403)
Current Period Income/Loss	21,495	-	-	-	-	21,495
TOTAL LIABILITIES	162,393	671,310	142,626	95,292	15,277	1,086,898
COMMITMENTS AND CONTINGIES	372,139	28,552	36,400	85,893	15,111	538,095
Letter of Guarantees	264,246	4,173	4,019	56,433	14,387	343,258
Banks' Acceptances	599	3,460	3,319	9,240	-	16,618
Letter of Credits	74,725	20,919	29,062	20,220	724	145,650
Prefinances given as guarantees	47	-	-	-	-	47
Endorsements	-	-	-	-	-	-
Sale Contracts on Bank Assets	-	-	-	-	-	-
Other Guarantees	32,522	-	-	-	-	32,522
Other Collaterals	-	-	-	-	-	-
COMMITMENTS	2,154	-	-	-	-	2,154
Irrevocable commitments	2,154	-	-	-	-	2,154
Revocable Commitments	-	-	-	-	-	-
FORWARD COMMITMENTS	-	52,639	320,578	-	-	373,217
Forwards	-	27,069	22,393	-	-	49,462
Currency and Interest Swaps	-	25,570	-	-	-	25,570
Currency and Interest Options	-	-	-	-	-	-
Futures Currency Transactions	-	-	298,185	-	-	298,185
Futures Interest Purchases/Sales Transactions	-	-	-	-	-	-
OTHER	241,622	5,144	16,004	48,449	170,032	481,251
Valuables at safekeeping	220,248	5,144	16,004	48,449	170,032	459,877
Pledged Securities	21,374	-	-	-	-	21,374
TOTAL OFF-BALANCE SHEET ITEMS	615,915	86,335	372,982	134,342	185,143	1,394,717