

Türkiye Garanti Bankası Anonim Şirketi
Unconsolidated Interim Financial Statements
As of and For the Six-Month Period Ended
30 June 2006

*(Convenience Translation of Financial Statements and Related
Disclosures and Footnotes Originally Issued in Turkish)*
With Independent Auditors' Review Report Thereon

Akis Serbest Muhasebeci
Mali Müşavirlik AŞ
3 August 2006

*This report contains "Independent Auditors' Review
Report" comprising 1 page and; "Unconsolidated
Financial Statements and Related Disclosures and
Footnotes" comprising 65 pages.*



**Akis Serbest Muhasebeci
Mali Müşavirlik A.Ş.**
Yapı Kredi Plaza C Blok Kat 17
Büyükdere Caddesi
Levent 34330 İstanbul

Telephone +90 (212) 317 74 00
Fax +90 (212) 317 73 00
Internet www.kpmg.com.tr

**Convenience Translation of the Auditor's Review Report
Originally Prepared and Issued in Turkish**

To the Board of Directors of Türkiye Garanti Bankası AŞ:

We have reviewed the balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") as of 30 June 2006 and the related income statement, statement of cash flows and statement of changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the regulations related with the "Accounting and Reporting System" and "Independent Audit Principles" of (Turkish) Banking Law No. 5411. These regulations require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, the financial position of Türkiye Garanti Bankası AŞ as of 30 June 2006 and the result of its operations and cash flows for the period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and the temporary Article 1 of (Turkish) Banking Law No. 5411.

İstanbul,
3 August 2006

Akis Serbest Muhasebeci
Mali Müşavirlik
Anonim Şirketi

Murat Alsan
Partner

Certified Public Accountant

Additional paragraph for convenience translation to English:

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

Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Financial Report as of and for the Six-Month Period Ended 30 June 2006

Levent Nispetiye Mah.Aytar Cad.
No:2 Beşiktaş 34340 Istanbul
Telephone: 212 318 18 18
Fax: 212 216 64 22
www.garanti.com.tr
www.garantibank.com.tr
investorrelations@garanti.com.tr

The Unconsolidated Interim Financial Report prepared in accordance with the Statement no.17 “Financial Statements and Related Disclosures and Footnotes to be Announced to Public” as regulated by Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

1. General Information about the Bank
2. Unconsolidated Interim Financial Statements
3. Financial Position and Results of Operations
4. Disclosures and Footnotes on Unconsolidated Interim Financial Statements
5. Other Disclosures and Footnotes
6. Independent Auditors’ Review Report

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent review, are prepared in accordance with the “Regulation on Accounting Standards” and the related statements and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying unconsolidated interim financial statements are presented in thousands of New Turkish Lira (YTL); and enclosed.

Ferit F. Şahenk	M. Cüneyt Sezgin	Daniel Noel O’Connor	S. Ergun Özen	Aydın Şenel	Mustafa Keleş
Board of Directors Chairman	Audit Board Member	Audit Board Member	General Manager	Executive Vice President	Accounting Manager (V)

The authorized contact person for questions on this financial report

Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations
Phone no: 90 212 318 23 50
Fax no: 90 212 216 59 02

SECTION ONE
General Information

Page No:

I.	History of the Bank including its incorporation date, initial legal status, amendments to legal status	1
II.	Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on Bank's risk group	1
III.	Information on the Bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents, change in top management and their shareholdings in the Bank	2
IV.	Bank's activities and services	3
V.	Disclosures on interim financial statements	3
VI.	Other information	5

SECTION TWO
Unconsolidated Financial Statements

I.	Balance sheets - Assets	6
II.	Balance sheets - Liabilities	7
III.	Off-balance sheet items	8
IV.	Income statement	9
V.	Statement of cash flows	10
VI.	Statement of changes in shareholders' equity	11

SECTION THREE
Financial Position and Results of Operations

I.	Strategy for use of financial instruments and foreign currency operations	12
II.	Capital adequacy ratio	13
III.	Credit risk	16
IV.	Market risk	16
V.	Foreign currency exchange rate risk	17
VI.	Interest rate risk	20
VII.	Liquidity risk	24
VIII.	Fair values of financial assets and liabilities	26
IX.	Transactions carried out on behalf of customers, items held in trust	26
X.	Disclosure on operation segments	26

SECTION FOUR
Disclosures and Footnotes on Unconsolidated Financial Statements

I.	Assets	27
II.	Liabilities	41
III.	Income statement	48
IV.	Off-balance sheet items	52
V.	Statement of changes in shareholders' equity	54
VI.	Statement of cash flows	56
VII.	Accounting for entities acquired through mergers and acquisitions	57
VIII.	Related party risks	58
IX.	Accounting in hyperinflationary economies	60
X.	Domestic, foreign and off-shore branches and foreign representative offices	61
XI.	Significant events and matters arising subsequent to balance sheet date	62

SECTION FIVE
Other Disclosures and Footnotes

I.	Other disclosures on activities of the Bank	63
----	---	----

SECTION SIX
Independent Auditor's Review Report

I.	Disclosure on Independent Auditor's Review Report	65
----	---	----

1 General Information

1.1 History of the Bank including its incorporation date, initial legal status, amendments to legal status

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 454 domestic branches, five foreign branches and four representative offices abroad. The Bank’s head office is located in Istanbul.

1.2 The Bank’s shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on Bank’s risk group

Group of Companies under Doğuş Holding AŞ that currently owns 27.54% shares of the Bank, is called as the Doğuş Group (the Group). On 22 December 2005, Doğuş Holding AŞ has completed the sale of 53,550,000,000 shares composing 25.5% of the Bank’s issued share capital to “GE Araştırma ve Müşavirlik Limited Şti.” of General Electric (GE) group. Accordingly, GE acquired a joint control on the Bank’s management.

Doğuş Group

The Group was established in 1951 as a construction and contracting firm. In addition to the construction sector, the Group operates in a variety of businesses consisting of financial services, automotive, media, tourism and service sectors with more than 15.000 employees. The Group operates partnerships and has distribution, management and franchise agreements with internationally recognized brand names, such as Volkswagen, Audi, Porsche, Seat, Scania, ITT Sheraton, Hyatt Regency, Jeeves, Armani, Gucci and CNBC. In the construction sector, the Group has an important role in certain ongoing projects such as Araklı-İyidere, Çukurova, Sinop-Boyabat, Asilah-Tanger (Morocco) motorways, Yusufeli and Artvin dams, Ukraine Dnyeper bridge. The Group has tourism investments such as Sheraton Voyager, Club Aldiana and Paradise Side Apart Otel and five marinas which are adjudicated by “build, operate and transfer model” such as Dalaman, Didim, Turgutreis, Bodrum and Antalya.

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

General Electric Group

GE is a company providing variety of technology, media and financial services including aircraft engine and energy production, water and security technologies, medical systems, corporate-retail financing services and media services. GE operates in more than 100 countries through its six major business lines providing services through their own business units with more than 300.000 employees. These six business lines are; GE Consumer Finance, GE Commercial Finance, GE Healthcare, GE Industrial, GE Infrastructure, NBC Universal.

GE Consumer Finance, one of its six major business lines extend loans to consumers, retailers and car vendors in 41 countries. GE Consumer Finance provides variety of financial products such as store credit cards, consumer loans, bank cards, automobile loans and leasing, mortgage, corporate traveling and spending cards, debt consolidation, housing loans through mortgage and credit insurance.

1.3 Information on the Bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents, change in top management and their shareholdings in the Bank

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	16 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	24 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Board	30.06.2004	PhD	21 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	32 years
Richard Alan Laxer	Member	22.12.2005	University	23 years
Daniel Noel O'Connor	Member of BOD and Audit Board	22.12.2005	Master	9 years
Charles Edward Alexander	Member	22.12.2005	University	26 years
Dmitri Lysander Stockton	Member	22.12.2005	University	15 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	19 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	19 years
Gerard Jude Ryan	EVP-Finance & Accounting	02.05.2006	University	19 years
Adnan Memiş	EVP-Support Services	03.06.1991	University	28 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	14 years
Ali Temel	EVP-Loans	21.10.1999	University	16 years
Gökhan Erun	EVP-Human Resources & Investment Banking	18.08.2005	Master	12 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	24 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	21 years
Uruz Ersözoğlu	EVP-Treasury	03.04.2006	University	15 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	14 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	21 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	25 years
Zekeriya Öztürk	EVP- International Business Development	02.03.2006	Master	11 years

The top management listed above does not hold any unquoted shares of the Bank.

1.4 The Bank's activities and services

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

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

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

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

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

1.5 Disclosures on interim financial statements

- The accounting policies and methods are applied consistently with the year-end financial statements except for the reclassifications explained late in this note.
- There are no transactions with seasonality effects in interim periods.
- There are no material errors or non-recurring transactions.
- There are no extraordinary items in terms of both size, nature or formation affecting assets, liabilities, shareholders' equity, net profit or cash flows.
- There are no change in the current period results estimated based on expectations made on the prior period interim financial statements considering the materiality concept.
- There are no bonds or capital market instruments issued or any payments made for those in the current period.
- Dividend payments per share and in total are explained in Note 4.5.3 giving details separately for founder shares.

- There are no important subsequent events that are not reflected in the interim financial statements.
- There are no transactions affecting the Bank's operations like investment in or disposal of equity participations, acquisition or disposal of long term investments, restructuring projects or discontinued operations in the current period.
- There are no contingent assets or liabilities identified subsequent to the preparation date of the year-end financial statements.
- The following reclassifications are made on the financial statements as of 31 December 2005 and 30 June 2005 in order to provide consistent comparative information for the presentation of the financial statements as of 30 June 2006:
 - The temporary accounts, namely the account no.280 on the asset side under "other assets" and the account no.392 on the liability side under "other external resources payable" that are used to record the cheque clearing transactions among the banks, are not netted off anymore in compliance with the BRSA's communique BDDK.DZM.2/13/1-a 1300. Therefore these accounts are increased by YTL 94,364 thousands as of 31 December 2005. Accordingly, the Bank's capital adequacy ratio as of 31 December 2005 is revised by decreasing it from 15.10% to 15.03%.
 - In compliance with the related communiqué, the expenditures of the card holders, either on installment or in cash, are recorded under "miscellaneous payables" during the time frame representing the date of issuing the sales document and the date of payment to the member business entity. Accordingly, "commercial deposits" are reduced by YTL 883,244 thousands and "miscellaneous payables" increased by the same amount as of 31 December 2005.
 - The account no.260, namely "prepaid taxes" classified under "other assets", where the taxes amounting YTL 151,869 thousands paid during the temporary tax payment periods in 2005 are recorded, is netted off with the account no.350, namely "provision for income taxes" classified under "provisions" as of 31 December 2005.
 - The deals made on behalf of the customers amounting YTL 8,007,813 thousands that are reflected in "other items under custody" in the statement of off-balance sheet items originally, are transferred to "customers' securities held" line in the same statement.
 - In compliance with the Article of "Changes in the Article related with the Uniform Chart of Accounts and the Related Explanations" as published in the Official Gazette no.25984 dated 2 November 2005, "foreign exchange losses on foreign currency indexed loans and securities" amounting YTL 8,940 thousands and YTL 27,706 thousands, respectively, are reclassified as "other operating expenses" and "foreign exchange gains on foreign currency indexed loans" amounting YTL 3,652 thousands as "other operating income" for the six-month period ended 30 June 2005.

1.6 Other information

Bank's commercial title	: Türkiye Garanti Bankası Anonim Şirketi
Bank's headoffice address	: Levent Nispetiye Mah. Aytar Cad. No:2 Beşiktaş 34340 İstanbul
Bank's phone and fax numbers	: Phone: 90 212 318 18 18 Fax: 90 212 216 64 22
Bank's website address	: www.garanti.com.tr / www.garantibank.com.tr
Bank's e-mail address	: investorrelations@garanti.com.tr
Reporting period	: 1 January 2006 - 30 June 2006

Unless stated otherwise, the accompanying unconsolidated financial statements, disclosures and footnotes are presented in thousands of New Turkish Lira (YTL).

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 30 June 2006

(Thousands of New Turkish Lira (YTL))

ASSETS	Footnotes	CURRENT PERIOD 30 June 2006			PRIOR PERIOD 31 December 2005		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	4.1.1	126,079	1,782,725	1,908,804	110,036	1,860,652	1,970,688
1.1 Cash in YTL		122,808	-	122,808	107,356	-	107,356
1.2 Cash in foreign currency		-	103,896	103,896	-	90,301	90,301
1.3 Balances with the Central Bank of Turkey		132	1,677,050	1,677,182	235	1,769,592	1,769,827
1.4 Other		3,139	1,779	4,918	2,445	759	3,204
II. TRADING SECURITIES (Net)	4.1.2	74,023	221,951	295,974	37,303	176,187	213,490
2.1 Public sector debt securities		74,023	221,158	295,181	37,303	175,824	213,127
2.1.1 Government bonds		68,912	155,320	224,232	36,032	161,829	197,861
2.1.2 Treasury bills		686	-	686	1,270	-	1,270
2.1.3 Other		4,425	65,838	70,263	1	13,995	13,996
2.2 Share certificates		-	-	-	-	-	-
2.3 Other securities		-	793	793	-	363	363
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	4.1.3	177,591	564,802	742,393	93,975	929,631	1,023,606
3.1 Banks		177,591	564,802	742,393	93,975	929,631	1,023,606
3.1.1 Domestic banks		23,766	207,993	231,759	61,370	629,739	691,109
3.1.2 Foreign banks		153,825	356,809	510,634	32,605	299,892	332,497
3.1.3 Foreign branches		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. INTERBANK MONEY MARKET		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements	4.1.4	-	-	-	-	-	-
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	4.1.5	3,718,763	4,132,124	7,850,887	5,665,118	2,674,241	8,339,359
5.1 Share certificates		40,880	31,863	72,743	39,950	-	39,950
5.2 Other securities		3,677,883	4,100,261	7,778,144	5,625,168	2,674,241	8,299,409
VI. LOANS	4.1.6	13,046,150	12,158,541	25,204,691	9,389,996	7,547,199	16,937,195
6.1 Short term		7,165,398	3,820,382	10,985,780	5,480,082	2,088,325	7,568,407
6.2 Medium and long term		5,707,286	8,338,159	14,045,445	3,672,491	5,458,874	9,131,365
6.3 Loans under follow-up		660,805	-	660,805	714,938	-	714,938
6.4 Specific provisions (-)		487,339	-	487,339	477,515	-	477,515
VII. FACTORING RECEIVABLES	4.1.7	-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	4.1.8	3,658,888	1,146,004	4,804,892	988	2,399,967	2,400,955
8.1 Public sector debt securities		3,658,888	1,146,004	4,804,892	988	2,399,967	2,400,955
8.1.1 Government bonds		3,658,888	1,146,004	4,804,892	988	2,270,317	2,271,305
8.1.2 Treasury bills		-	-	-	-	-	-
8.1.3 Other		-	-	-	-	129,650	129,650
8.2 Other securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	4.1.9	1,177	-	1,177	26,234	4,401	30,635
9.1 Financial investments in associates		-	-	-	-	4,401	4,401
9.2 Non-Financial investments in associates		1,177	-	1,177	26,234	-	26,234
X. INVESTMENTS IN SUBSIDIARIES (Net)	4.1.10	364,203	317,472	681,675	358,382	252,770	611,152
10.1 Financial investments in subsidiaries		356,313	317,472	673,785	350,491	252,770	603,261
10.2 Non-Financial investments in subsidiaries		7,890	-	7,890	7,891	-	7,891
XI. OTHER INVESTMENTS (Net)	4.1.11	-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)	4.1.12	-	-	-	-	-	-
12.1 Gross financial lease receivables		-	-	-	-	-	-
12.2 Unearned income (-)		-	-	-	-	-	-
XIII. RESERVE DEPOSITS		879,515	1,517,647	2,397,162	983,691	1,115,765	2,099,456
XIV. MISCELLANEOUS RECEIVABLES	4.1.13	69,157	2,800	71,957	61,324	1,668	62,992
XV. ACCRUED INTEREST AND INCOME	4.1.14	320,487	505,633	826,120	449,829	308,324	758,153
15.1 Loans		126,558	384,197	510,755	94,986	124,560	219,546
15.2 Securities		109,772	78,584	188,356	317,409	170,196	487,605
15.3 Other		84,157	42,852	127,009	37,434	13,568	51,002
XVI. TANGIBLE ASSETS (Net)	4.1.15	1,085,042	877	1,085,919	1,407,296	990	1,408,286
16.1 Cost		1,948,684	6,166	1,954,850	2,319,624	5,621	2,325,245
16.2 Accumulated Depreciation (-)		863,642	5,289	868,931	912,328	4,631	916,959
XVII. INTANGIBLE ASSETS (Net)	4.1.16	53,114	238	53,352	13,930	3	13,933
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		193,256	933	194,189	72,059	5	72,064
17.3 Accumulated Amortisation (-)		140,142	695	140,837	58,129	2	58,131
XVIII. DEFERRED TAX ASSET	4.1.17	-	-	-	30,460	-	30,460
XIX. OTHER ASSETS	4.1.18	697,806	87,603	785,409	449,552	60,822	510,374
TOTAL ASSETS		24,271,995	22,438,417	46,710,412	19,078,114	17,332,620	36,410,734

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet
At 30 June 2006

(Thousands of New Turkish Lira (YTL))

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		30 June 2006			31 December 2005		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	4.2.1	14,147,442	12,885,114	27,032,556	11,661,178	11,033,601	22,694,779
1.1 Bank deposits		819,174	363,710	1,182,884	436,946	134,856	571,802
1.2 Saving deposits		8,377,420	-	8,377,420	6,520,649	-	6,520,649
1.3 Public sector deposits		53,258	-	53,258	45,148	-	45,148
1.4 Commercial deposits		4,340,615	-	4,340,615	4,375,086	-	4,375,086
1.5 Other institutions deposits		556,975	-	556,975	283,349	-	283,349
1.6 Foreign currency deposits		-	12,458,331	12,458,331	-	10,880,085	10,880,085
1.7 Precious metals vault accounts		-	63,073	63,073	-	18,660	18,660
II. INTERBANK MONEY MARKET		3,388,829	1,638,366	5,027,195	1,306,738	649,707	1,956,445
2.1 Interbank money market takings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	4.2.2	3,388,829	1,638,366	5,027,195	1,306,738	649,707	1,956,445
III. FUNDS BORROWED	4.2.3	144,571	7,733,968	7,878,539	122,070	5,390,780	5,512,850
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed		144,571	7,733,968	7,878,539	122,070	5,390,780	5,512,850
3.2.1 Domestic banks and institutions		144,571	65,575	210,146	122,070	40,675	162,745
3.2.2 Foreign banks, institutions and funds		-	7,668,393	7,668,393	-	5,350,105	5,350,105
IV. SECURITIES ISSUED (Net)	4.2.4	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS	4.2.5	-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	4.2.6	1,164,875	18,131	1,183,006	994,868	9,249	1,004,117
VII. OTHER EXTERNAL RESOURCES PAYABLE	4.2.7	246,763	605,920	852,683	143,658	569,927	713,585
VIII. TAXES AND OTHER DUTIES PAYABLE	4.2.8	69,019	73	69,092	63,817	77	63,894
IX. FACTORING PAYABLES	4.2.9	-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	4.2.10	-	26,726	26,726	-	23,335	23,335
10.1 Financial lease payables		-	31,013	31,013	-	26,870	26,870
10.2 Deferred financial lease expenses (-)		-	4,287	4,287	-	3,535	3,535
XI. ACCRUED INTEREST AND EXPENSES	4.2.11	265,804	150,539	416,343	157,676	84,627	242,303
11.1 Deposits		106,914	36,059	142,973	116,434	22,156	138,590
11.2 Borrowings		3,497	85,237	88,734	3,561	43,744	47,305
11.3 Repurchase agreements		40,679	15,461	56,140	4,428	4,078	8,506
11.4 Other		114,714	13,782	128,496	33,253	14,649	47,902
XII. PROVISIONS	4.2.12	275,157	14,519	289,676	291,584	8,218	299,802
12.1 General provisions		136,830	8,910	145,740	95,043	4,357	99,400
12.2 Reserve for employee termination benefits		9,492	-	9,492	7,868	-	7,868
12.3 Provisions for income taxes		13,484	-	13,484	61,528	-	61,528
12.4 Insurance technical provisions		-	-	-	-	-	-
12.5 Other provisions		115,351	5,609	120,960	127,145	3,861	131,006
XIII. SUBORDINATED LOANS	4.2.12.10	-	-	-	-	-	-
XIV. DEFERRED TAX LIABILITY		12,430	11,686	24,116	-	-	-
XV. SHAREHOLDERS' EQUITY	4.2.13	3,989,053	(78,573)	3,910,480	3,842,023	57,601	3,899,624
15.1 Paid-in capital		2,100,000	-	2,100,000	2,100,000	-	2,100,000
15.2 Supplementary capital		736,323	(86,478)	649,845	921,063	52,629	973,692
15.2.1 Share premium		-	-	-	-	-	-
15.2.2 Share cancellation profits		-	-	-	-	-	-
15.2.3 Securities value increase fund	4.2.15	(50,114)	(86,478)	(136,592)	141,502	52,629	194,131
15.2.4 Revaluation fund	4.2.16	2,147	-	2,147	2,147	-	2,147
15.2.5 Revaluation surplus	4.2.17	11,736	-	11,736	4,860	-	4,860
15.2.6 Other supplementary capital		772,554	-	772,554	772,554	-	772,554
15.2.7 Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-
15.3 Profit reserves		644,220	7,905	652,125	112,566	4,972	117,538
15.3.1 Legal reserves	4.2.18	90,619	1,665	92,284	47,842	1,419	49,261
15.3.2 Status reserves		-	-	-	-	-	-
15.3.3 Extraordinary reserves	4.2.19	551,625	-	551,625	64,587	-	64,587
15.3.4 Other profit reserves		1,976	6,240	8,216	137	3,553	3,690
15.4 Profit or loss		508,510	-	508,510	708,394	-	708,394
15.4.1 Prior periods profit/loss		-	-	-	-	-	-
15.4.2 Current period profit/loss		508,510	-	508,510	708,394	-	708,394
TOTAL LIABILITIES AND EQUITY		23,703,943	23,006,469	46,710,412	18,583,612	17,827,122	36,410,734

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 30 June 2006

(Thousands of New Turkish Lira (YTL))

OFF-BALANCE SHEET ITEMS	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		30 June 2006			31 December 2005		
		YTL	FC	Total	YTL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		11,788,916	14,673,768	26,462,684	10,502,354	10,835,033	21,337,387
I. GUARANTEES	4.4.1	2,810,086	7,180,766	9,990,852	2,359,189	5,778,640	8,137,829
1.1. Letters of guarantee		2,586,511	4,644,611	7,231,122	2,090,318	3,872,083	5,962,401
1.1.1. Guarantees subject to State Tender Law		247,451	839,764	1,087,215	228,643	724,043	952,686
1.1.2. Guarantees given for foreign trade operations		241,018	106,711	347,729	242,518	43,347	285,865
1.1.3. Other letters of guarantee		2,098,042	3,698,136	5,796,178	1,619,157	3,104,693	4,723,850
1.2. Bank acceptances		-	245,095	245,095	-	286,255	286,255
1.2.1. Import letter of acceptance		-	245,095	245,095	-	286,255	286,255
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		223,575	2,291,060	2,514,635	268,871	1,620,302	1,889,173
1.3.1. Documentary letters of credit		-	40,603	40,603	-	79,627	79,627
1.3.2. Other letters of credit		223,575	2,250,457	2,474,032	268,871	1,540,675	1,809,546
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Purchase guarantees for securities issued		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other sureties		-	-	-	-	-	-
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		7,254,194	197,817	7,452,011	6,516,940	157,355	6,674,295
2.1. Irrevocable commitments		7,254,194	197,604	7,451,798	6,516,940	157,190	6,674,130
2.1.1. Asset purchase commitments		15,844	99,409	115,253	13,203	80,626	93,829
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		375	-	375	12,000	-	12,000
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,367,113	-	1,367,113	1,175,321	-	1,175,321
2.1.8. Tax and fund obligations on export commitments		21,208	-	21,208	25,639	-	25,639
2.1.9. Commitments for credit card limits		5,832,552	-	5,832,552	5,251,513	-	5,251,513
2.1.10. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.11. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		17,102	98,195	115,297	39,264	76,564	115,828
2.2. Revocable commitments		-	213	213	-	165	165
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	213	213	-	165	165
III. DERIVATIVE FINANCIAL INSTRUMENTS	4.4.2	1,724,636	7,295,185	9,019,821	1,626,225	4,899,038	6,525,263
3.1. Forward foreign currency purchases/sales		510,338	658,527	1,168,865	156,328	285,625	441,957
3.1.1. Forward foreign currency purchases		105,484	484,010	589,494	24,226	182,488	206,714
3.1.2. Forward foreign currency sales		404,854	174,517	579,371	132,102	103,141	235,243
3.2. Currency and interest rate swaps		632,283	5,522,785	6,155,068	693,101	3,339,350	4,032,451
3.2.1. Currency swaps-purchases		13,000	3,089,057	3,102,057	176,658	1,853,897	2,030,555
3.2.2. Currency swaps-sales		609,480	2,413,509	3,022,989	503,384	1,478,852	1,982,236
3.2.3. Interest rate swaps-purchases		3,578	10,581	14,159	6,212	3,423	9,635
3.2.4. Interest rate swaps-sales		6,225	9,638	15,863	6,847	3,178	10,025
3.3. Currency, interest rate and securities options		524,471	931,809	1,456,280	646,764	973,285	1,620,409
3.3.1. Currency options-purchases		22,484	736,945	759,429	298,062	472,885	770,951
3.3.2. Currency options-sales		501,987	192,642	694,629	348,702	398,315	747,021
3.3.3. Interest rate options-purchases		-	-	-	-	-	-
3.3.4. Interest rate options-sales		-	-	-	-	-	-
3.3.5. Securities options-purchases		-	-	-	-	37,752	37,752
3.3.6. Securities options-sales		-	2,222	2,222	-	64,325	64,325
3.4. Currency futures		50,968	44,380	95,348	128,042	119,913	247,955
3.4.1. Currency futures-purchases		23,213	25,036	48,249	125,791	316	126,107
3.4.2. Currency futures-sales		27,755	19,344	47,099	2,251	119,597	121,848
3.5. Interest rate futures		1,490	-	1,490	1,990	-	1,990
3.5.1. Interest rate futures-purchases		1,080	-	1,080	1,990	-	1,990
3.5.2. Interest rate futures-sales		410	-	410	-	-	-
3.6. Others		5,086	137,684	142,770	-	180,861	180,861
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	4.4.3	93,928,290	122,831,628	216,759,918	82,517,397	86,389,714	168,907,111
IV. ITEMS HELD IN CUSTODY		21,172,937	10,799,826	31,972,763	29,933,026	6,197,970	36,130,996
4.1. Customers' securities held		3,129,373	5,004,876	8,134,249	8,008,195	3,577,487	11,585,682
4.2. Investment securities held in custody		14,465,181	1,134,161	15,599,342	19,352,636	832,483	20,185,115
4.3. Checks received for collection		2,889,830	311,266	3,201,096	2,048,776	213,908	2,262,684
4.4. Commercial notes received for collection		670,518	2,075,011	2,745,529	509,926	1,559,300	2,069,226
4.5. Other assets received for collection		194	1,816,783	1,816,977	217	1,112	1,329
4.6. Assets received for public offering		-	22,259	22,259	-	8,756	8,756
4.7. Other items under custody		17,841	435,470	453,311	13,276	4,924	18,200
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		72,755,353	112,031,802	184,787,155	52,584,371	80,191,744	132,776,115
5.1. Securities		284,637	-	284,637	238,405	60	238,465
5.2. Guarantee notes		6,095,453	5,012,655	11,108,108	4,511,386	3,763,402	8,274,788
5.3. Commodities		237	-	237	237	-	237
5.4. Warranties		-	-	-	-	-	-
5.5. Immovables		6,672,102	5,393,091	12,065,193	4,586,455	3,441,425	8,027,884
5.6. Other pledged items		59,702,754	101,619,477	161,322,321	43,247,714	72,981,384	116,229,098
5.7. Pledged items-depository		170	6,579	6,749	170	5,473	5,643
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		105,717,206	137,505,396	243,222,602	93,019,751	97,224,747	190,244,498

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Income Statement

For the six-month period ended 30 June 2006

(Thousands of New Turkish Lira (YTL))

INCOME AND EXPENSE ITEMS	Footnotes	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		Six-month ended 30 June 2006	Six-month ended 30 June 2005	Three-month ended 30 June 2006	Three-month ended 30 June 2005
I. INTEREST INCOME	4.3.1	2,230,589	1,665,517	1,218,979	832,525
1.1 Interest on loans		1,337,042	887,865	707,298	465,217
1.1.1 Interest on YTL loans		997,164	711,792	501,749	369,242
1.1.1.1 Short term loans		765,813	667,849	367,942	341,411
1.1.1.2 Medium and long term loans:		231,351	43,943	133,807	27,831
1.1.2 Interest on foreign currency loan		316,223	174,494	183,501	94,801
1.1.2.1 Short term loans		79,565	52,421	46,764	29,375
1.1.2.2 Medium and long term loans:		236,658	122,073	136,737	65,426
1.1.3 Interest on loans under follow-up		23,655	1,579	22,048	1,174
1.1.4 Premiums received from Resource Utilisation Support Fund		-	-	-	-
1.2 Interest received from reserve deposit:		51,688	30,728	29,696	15,330
1.3 Interest received from banks:		45,898	19,419	26,348	10,656
1.3.1 The Central Bank of Turkey		7,546	2,764	4,467	2,048
1.3.2 Domestic banks		6,894	2,437	3,396	1,248
1.3.3 Foreign banks		31,458	14,218	18,485	7,360
1.3.4 Foreign headoffices and branches:		-	-	-	-
1.4 Interest received from money market transaction		756	637	412	78
1.5 Interest received from marketable securities portfolio		733,220	699,059	402,181	329,672
1.5.1 Trading securities		16,044	27,412	4,868	12,387
1.5.2 Available-for-sale securities:		554,425	476,165	276,534	217,386
1.5.3 Held to maturity securities:		162,751	195,482	120,779	99,899
1.6 Other interest income		61,985	27,809	53,044	11,572
II. INTEREST EXPENSE	4.3.2	1,322,474	814,273	734,472	418,020
2.1 Interest on deposits		1,036,134	622,814	567,037	320,948
2.1.1 Bank deposits		48,099	21,729	24,224	10,898
2.1.2 Saving deposits		499,806	332,301	265,903	168,002
2.1.3 Public sector deposits		448	954	148	924
2.1.4 Commercial deposits		317,837	153,344	179,873	84,435
2.1.5 Other institutions deposits:		13,377	33,161	6,959	15,281
2.1.6 Foreign currency deposits		156,321	81,271	89,794	41,369
2.1.7 Precious metals vault accounts		246	54	136	39
2.2 Interest on money market transaction		113,259	109,038	70,020	51,205
2.3 Interest on funds borrowed:		171,010	78,083	96,651	44,367
2.3.1 The Central Bank of Turkey		-	-	-	-
2.3.2 Domestic banks		9,822	12,517	5,027	6,025
2.3.3 Foreign banks		150,879	58,934	86,249	34,359
2.3.4 Foreign branches		-	-	-	-
2.3.5 Other financial institution		10,309	6,632	5,375	3,983
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		2,071	4,338	764	1,500
III. NET INTEREST INCOME (I - II)		908,115	851,244	484,507	414,505
IV. NET FEES AND COMMISSIONS INCOME		500,795	341,399	260,792	179,970
4.1 Fees and commissions received:		637,461	461,394	335,778	243,355
4.1.1 Cash loans		49,171	29,629	25,440	16,524
4.1.2 Non-cash loans		41,450	31,590	21,599	15,721
4.1.3 Other		546,840	400,175	288,739	211,110
4.2 Fees and commissions paid:		136,666	119,995	74,986	63,385
4.2.1 Cash loans		15,080	12,627	8,150	6,397
4.2.2 Non-cash loans		134	113	74	56
4.2.3 Other		121,452	107,255	66,762	56,932
V. DIVIDEND INCOME		2,382	1,140	1,779	91
5.1 Trading securities		-	-	-	-
5.2 Available-for-sale securities:		2,382	1,140	1,779	91
VI. NET TRADING INCOME/LOSS		(390,444)	72,099	(444,651)	(8,424)
6.1 Profit/losses on trading account securities (Net)		87,750	130	46,453	(1,594)
6.1.1 Profit on trading account securities:		478,008	240,658	294,327	131,567
6.1.1.1 Profit on derivative:		380,306	140,427	263,908	68,365
6.1.1.2 Others		97,702	100,231	30,419	63,202
6.1.2 Losses on trading account securities (-):		390,258	240,528	247,874	133,161
6.1.2.1 Losses on derivatives		345,906	175,667	230,767	92,005
6.1.2.2 Others		44,352	64,861	17,107	41,156
6.2 Foreign exchange gains/losses (Net):		(478,194)	71,969	(491,104)	(6,830)
6.2.1 Foreign exchange gains:		1,324,370	1,418,547	939,674	485,604
6.2.2 Foreign exchange losses (-):		1,802,564	1,346,578	1,430,778	492,434
VII. OTHER OPERATING INCOME	4.3.3	510,119	72,960	466,746	39,037
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		1,530,967	1,338,842	769,173	625,179
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	4.3.4	264,405	309,743	178,860	101,221
X. OTHER OPERATING EXPENSES (-)	4.3.5	674,423	600,378	330,682	296,677
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		592,139	428,721	259,631	227,281
XII. INCOME/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	4.3.6	35,371	2,001	35,371	2,001
XIII. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XIV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII)		627,510	430,722	295,002	229,282
XV. PROVISION FOR TAXES ON INCOME (-)	4.3.7	119,000	115,150	37,250	63,950
15.1 Current tax charge		67,534	55,798	(37,009)	44,802
15.2 Deferred tax charge/(credit)		51,466	59,352	74,259	19,148
XVI. NET OPERATING PROFIT/LOSS AFTER TAXES (XIV-XV)		508,510	315,572	257,752	165,332
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		-	-	-	-
17.1 Extraordinary net income/expense before tax:		-	-	-	-
17.1.1 Extraordinary income		-	-	-	-
17.1.2 Extraordinary expense (-):		-	-	-	-
17.2 Provision for taxes on extraordinary income (-)		-	-	-	-
XVIII. NET PROFIT/LOSS (XVI+XVII)	4.3.8	508,510	315,572	257,752	165,332
EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)		242	150	123	79

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the six-month period ended 30 June 2006

(Thousands of New Turkish Lira (YTL))

STATEMENT OF CASH FLOWS		Footnotes	CURRENT PERIOD 30 June 2006	PRIOR PERIOD 30 June 2005
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities		660,752	873,072
1.1.1	Interest received		1,962,963	1,741,126
1.1.2	Interest paid		(1,217,557)	(708,924)
1.1.3	Dividend received		37,753	3,141
1.1.4	Fees and commissions received		500,795	341,399
1.1.5	Other income		24,717	69,438
1.1.5	Collections from previously written off loans and other receivables		87,535	-
1.1.6	Payments to personnel and service suppliers		(586,464)	(573,108)
1.1.7	Taxes paid		(148,990)	-
1.1.8	Extraordinary items		-	-
1.1.9	Other	4.6.1	-	-
1.2	Changes in operating assets and liabilities		1,139,892	(663,979)
1.2.1	Net (increase) decrease in trading securities		(92,274)	80,712
1.2.2	Net (increase) decrease in due from banks and other financial institutions		(164,254)	39,287
1.2.3	Net (increase) decrease in loans		(8,277,320)	(3,032,030)
1.2.4	Net (increase) decrease in other assets		(524,201)	(59,866)
1.2.5	Net increase (decrease) in bank deposits		611,082	(180,191)
1.2.6	Net increase (decrease) in other deposits		3,726,695	1,162,192
1.2.7	Net increase (decrease) in funds borrowed		5,436,439	1,226,141
1.2.8	Net increase (decrease) in matured payables		-	-
1.2.9	Net increase (decrease) in other liabilities	4.6.1	423,725	99,776
I.	Net cash flow from banking operations		1,800,644	209,093
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities		(1,245,035)	(170,807)
2.1	Cash paid for purchase of investments, associates and subsidiaries	4.6.2	(12,125)	(23,076)
2.2	Cash obtained from sale of investments, associates and subsidiaries	4.6.3	29,458	21,288
2.3	Fixed assets purchases		(56,486)	(75,714)
2.4	Fixed assets sales		259,034	49,962
2.5	Cash paid for purchase of investments available for sale		(3,267,163)	(1,024,703)
2.6	Cash obtained from sale of investments available for sale		3,980,216	-
2.7	Cash paid for purchase of investment securities		(3,657,012)	881,436
2.8	Cash obtained from sale of investment securities		1,479,043	-
2.9	Extraordinary items		-	-
2.10	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities		(181,363)	(2,348)
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Capital increase		-	-
3.4	Dividends paid		(178,578)	-
3.5	Payments for finance leases		(2,785)	(2,348)
3.6	Extraordinary items		-	-
3.7	Other	4.6.1	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	4.6.1	(881,596)	77,725
V.	Net decrease in cash and cash equivalents (I+II+III+IV)		(507,350)	113,663
VI.	Cash and cash equivalents at beginning of period	4.6.4	2,888,209	1,489,444
VII.	Cash and cash equivalents at end of period (V+VI)	4.6.5	2,380,859	1,603,107

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the six-month period ended 30 June 2006

(Thousands of New Turkish Lira (YTL))

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund	Total
CURRENT PERIOD (30/06/2005)															
I. Balances at beginning of the period		1,200,000	1,222,554	-	-	26,337	-	71,416	5,229	-	459,041	9,143	5,731	141,218	3,140,669
II. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)		1,200,000	1,222,554	-	-	26,337	-	71,416	5,229	-	459,041	9,143	5,731	141,218	3,140,669
IV. Current period net profit		-	-	-	-	-	-	-	-	315,572	-	-	-	-	315,572
V. Profit distribution		-	-	-	-	22,953	-	436,088	-	-	(459,041)	-	-	-	-
5.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2. Transferred to reserves		-	-	-	-	22,953	-	436,088	-	-	(459,041)	-	-	-	-
5.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase		900,000	(450,000)	-	-	-	-	(442,917)	-	-	-	(7,083)	-	-	-
6.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2. Revaluation Fund		7,083	-	-	-	-	-	-	-	-	-	(7,083)	-	-	-
6.3. Revaluation Surplus		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.4. Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.5. Capital reserves from inflation adjustments to paid-in capital		450,000	(450,000)	-	-	-	-	-	-	-	-	-	-	-	-
6.6. Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.7. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.8. Others		442,917	-	-	-	-	-	(442,917)	-	-	-	-	-	-	-
VII. Bonds covertable to share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation increment		-	-	-	-	-	-	-	379	-	-	87	(816)	(70,918)	(71,268)
IX. Foreign exchange differences		-	-	-	-	(21)	-	-	(475)	-	-	-	-	-	(496)
Balances at end of the period (III+IV+V+VI+VII+VIII+IX)		2,100,000	772,554	-	-	49,269	-	64,587	5,133	315,572	-	2,147	4,915	70,300	3,384,477
CURRENT PERIOD (30/06/2006)															
I. Balances at beginning of the period		2,100,000	772,554	-	-	49,261	-	64,587	3,690	-	708,394	2,147	4,860	194,131	3,899,624
II. Effect of changes in accounting policies	4.5.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)		2,100,000	772,554	-	-	49,261	-	64,587	3,690	-	708,394	2,147	4,860	194,131	3,899,624
Increases during the period		-	-	-	-	-	-	-	2,687	-	-	-	-	(314,930)	(312,243)
IV. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	(306,449)	(306,449)
4.1. Net fair value gains/losses	4.5.2.1	-	-	-	-	-	-	-	-	-	-	-	-	(306,449)	(306,449)
V. Investments in associates and subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(8,481)	(8,481)
5.1. Net fair value gains/losses		-	-	-	-	-	-	-	-	-	-	-	-	(8,481)	(8,481)
VI. Cash flow hedges		-	-	-	-	-	-	-	2,687	-	-	-	-	-	2,687
6.1. Net fair value gains/losses	4.5.1.2	-	-	-	-	-	-	-	2,687	-	-	-	-	-	2,687
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	(15,793)	(15,793)
VII. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	(15,793)	(15,793)
7.1. Transferred to net profit	4.5.2.1	-	-	-	-	-	-	-	-	-	-	-	-	(15,793)	(15,793)
VIII. Cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1. Transferred to net profit		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2. Transferred to net assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Current period net profit		-	-	-	-	-	-	-	-	508,510	-	-	-	-	508,510
X. Profit distribution		-	-	-	-	42,777	-	487,038	-	-	(708,394)	-	-	-	(178,579)
10.1. Dividends	4.5.3	-	-	-	-	-	-	-	-	-	(178,578)	-	-	-	(178,578)
10.2. Transferred to reserves	4.5.4	-	-	-	-	42,777	-	487,038	-	-	(529,816)	-	-	-	(1)
10.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital increase	4.2.13.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Revaluation Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3. Revaluation Surplus		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4. Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6. Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Bonds covertable to share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Revaluation increment		-	-	-	-	-	-	-	-	-	-	-	6,876	-	6,876
XIV. Foreign exchange differences		-	-	-	-	246	-	-	1,839	-	-	-	-	-	2,085
Balances at end of the period (III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV)		2,100,000	772,554	-	-	92,284	-	551,625	8,216	508,510	-	2,147	11,736	(136,592)	3,910,480

3 Financial position and results of operations

3.1 Strategy for the use of financial instruments and foreign currency transactions

3.1.1 Strategy for the use of financial instruments

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

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

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

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

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

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

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

3.1.2 Foreign currency transactions

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

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

Foreign currency differences arising from the conversion of foreign currency investments, associates and subsidiaries into YTL are posted in the income statement as foreign exchange gains/losses.

The Bank revalued its foreign currency-indexed government securities acquired as “Debt Swap” in 2001 and classified in investment securities held to maturity as of 31 December 2005 by discounting using the internal rate of return and translated the foreign currency amounts using the currency exchange rates applicable based on the ten days’ average of Central Bank’s foreign currency exchange rates by fixing it ten business days prior to the balance sheet date, as required by the Ministry of State that is in charge of the Treasury, and recorded the evaluations to financial statements. Such securities matured during the current period.

3.2 Capital adequacy ratio

The Bank’s unconsolidated capital adequacy ratio is 10.74%.

3.2.1 Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks” published in Official Gazette No.24657 dated 31 January 2002.

In calculation of capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

The items deducted from the capital base are not included in the calculation of risk weighted assets. In calculation of risk weighted assets, impairments, depreciation and amortisation, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”. The net amounts are then multiplied by the rates stated in the Article 21, paragraph (1) of “Regulation on Foundation and Operations of Banks”.

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 21, paragraph (2) of “Regulation on Foundation and Operations of Banks”.

3.2.2 Capital adequacy ratio

	Risk Weights			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities, Off-Balance Sheet Items				
Balance Sheet Items (Net)	7,388,332	509,851	4,736,753	20,720,944
Cash on Hand	229,843	1,779	-	-
Banks	1,677,182	490,985	-	251,408
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	2,397,162	-	-	-
Special Purpose Financial Institutions	-	-	-	-
Loans	2,009,307	14,401	4,607,323	18,400,194
Loans under Follow-Up (Net)	-	-	-	173,466
Investments in Associates and Subsidiaries	-	-	-	9,067
Miscellaneous Receivables	68	-	-	71,889
Investment Securities Held to Maturity (Net)	693,115	-	-	-
Advances for Assets Acquired under Financial Lease	-	-	-	-
Financial Lease Receivables	-	-	-	-
Leased Assets (Net)	-	-	-	-
Tangible Assets (Net)	-	-	-	1,086,075
Accrued Interest and Income	280,986	2,686	129,430	148,356
Other Assets	100,669	-	-	580,489
Off-Balance Sheet Items	195,463	3,317,535	7,612,225	435,261
Guarantees	195,463	3,287,490	1,306,344	428,773
Commitments	-	107	6,305,881	-
Other Off Balance Sheet-Items	-	-	-	-
Derivative Financial Instruments	-	29,938	-	6,488
Non Risk Weighted Accounts	-	-	-	-
Total Risk Weighted Assets	7,583,795	3,827,386	12,348,978	21,156,205

3.2.3 Summary information related to capital adequacy ratio

	Risk Weights	
	Current Period	Prior Period
Total Risk Weighted Assets	28,096,170	20,488,550
Value at Risk	2,077,625	1,424,400
Shareholders' Equity	3,239,988	3,294,481
Shareholders' Equity/ (RWA+VaR)*100 (*)	10.74	15.03

(*) RWA: Total Risk Weighted Assets

VaR: Value at Risk

3.2.4 Components of shareholders' equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,100,000	2,100,000
Nominal Capital	2,100,000	2,100,000
Capital Commitments (-)	-	-
Share Premium and Cancellation Profit	-	-
Capital Reserves From Inflation Adjustments to Paid-in Capital	772,554	772,554
Legal Reserves	92,284	49,261
I. Legal Reserve (Turkish Commercial Code 466/1)	92,284	49,261
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves Allocated due to Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	551,625	64,587
Reserve Allocated at the General Assembly	551,625	64,587
Retained Earnings	-	-
Accumulated Losses	-	-
Profit Reserves	8,216	3,690
Profit	508,510	708,394
Current Period Profit	508,510	708,394
Prior Period Profit	-	-
Loss (-)	-	-
Current Period Loss	-	-
Prior Period Loss	-	-
Total Core Capital	4,033,189	3,698,486
SUPPLEMENTARY CAPITAL		
Revaluation Fund	2,147	2,147
Movables	-	-
Immovables	2,147	2,147
Income on Sale of Equity Shares and Real Estates	-	-
Revaluation Fund on Leasehold Improvements	-	-
Revaluation Surplus	11,736	4,860
Foreign Currency Exchange Differences	-	-
General Provisions	145,740	99,400
Provision for Possible Losses	15,000	58,500
Subordinated Loans	-	-
Securities Value Increase Fund	-136,592	194,131
Associates and Subsidiaries	13,918	22,836
Investments Available for Sale	-150,510	171,295
Securities Held for Structural Position	-	-
Total Supplementary Capital	38,031	359,038
TIER III CAPITAL		
CAPITAL	4,071,220	4,057,524

DEDUCTIONS FROM CAPITAL	831,232	763,043
Investments in Entities Operating in Financial Sectors like Money Markets, Capital Markets, Insurance under the related Special Laws	673,785	607,662
Leasehold Improvements	41,886	41,553
Pre-Operating Costs	11,310	13,933
Prepaid Expenses	104,251	99,895
Negative Difference between the Fair Values and the Carrying Values of Investments, Associates, Subsidiaries, Other Investments, Property and Equipment	-	-
Subordinated Loans Granted to Banks Operating in Turkey	-	-
Goodwill (Net)	-	-
Capitalised Expenses	-	-
TOTAL SHAREHOLDERS' EQUITY	3,239,988	3,294,481

3.3 Credit risk

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

3.4 Market risk

The Bank has defined its risk management procedures and has taken necessary precaution in order to avoid market risk, in compliance with “Regulation on Bank’s Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in Official Gazette no. 24312 dated 8 February 2001.

Being exposed to market risk, the Bank’s Board of Directors has identified risk management strategies and policies considering the suggestions by the Executive Risk Committee and has pursued the application of these strategies periodically. Considering the existing major risks, the Bank’s Board of Directors determines and revises the risk limits, when necessary. The Board of Directors ensures that the risk management group and the executive management are taking necessary action in identifying, measuring, controlling and managing several risks.

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. Market risk arising from maturity mismatches of assets and liabilities is calculated through the assets-liabilities risk measurement model.

The periodical stress testing and scenario analysis support the above mentioned measurements. Traditional risk measurement methods such as cash flow projection, duration and variance analysis are also used.

The capital need for general market risk and specific risks is calculated using the standart method defined by the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” and reported monthly.

Value at Risk:

	Amount
Capital Obligation against Interest Rate Risk - Standard Method	152,686
General Market Risk	138,490
Specific Risk	14,196
Options Subject to Interest Rate Risk	-
Capital Obligation against Common Stock Position Risk – Standard Method	12,795
General Market Risk	6,590
Specific Risk	6,205
Options Subject to Common Stock Position Risk	-
Capital Obligation against Currency Risk – Standard Method	729
Capital Obligation	387
Capital Obligation against Options Subject to Currency Risk	342
Total Value-at-Risk – Home Model	-
Total Capital Obligations against Market Risk	166,210
Value-at-Risk Amount	2,077,625

3.5 Foreign currency exchange rate risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2006, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to YTL 568,673 thousands, net ‘off-balance sheet’ foreign currency long position amounts to YTL 571,624 thousands, while net foreign currency long position amounts to YTL 2,951 thousands.

The Bank recorded a net foreign exchange loss of YTL 478,194 thousands on its foreign currency position excluding the foreign indexed assets for the current period. However, when the foreign exchange gains and losses on the foreign currency indexed assets and the derivative financial instruments are considered, the net foreign exchange loss for the current period amounts to YTL 38,540 thousands. YTL 164,919 thousands and YTL 14,783 thousands of the foreign exchange differences on foreign currency indexed securities are recorded in “other operating income” and “profit on trading account securities”, respectively, YTL 229,235 thousands and YTL 3,683 thousands of the foreign exchange differences on foreign currency indexed loans are recorded in “other operating income” and “other operating expenses”, respectively, and a net foreign exchange gain of YTL 34,400 thousands on derivative financial instruments is recorded as gross in “profit/losses on trading account securities”.

The Bank’s foreign currency position risk is measured by “standard method” and “value-at-risk (VaR) model”. Measurements by standard method are carried out weekly, whereas measurements by “VaR” are done daily.

The Bank's effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Bank in YTL are as follows:

	US\$	EUR
The Bank's foreign currency purchase rate at balance sheet date	1.5650	1.9983
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.5900	1.9942
Day 2	1.5950	1.9981
Day 3	1.6100	2.0280
Day 4	1.6500	2.0703
Day 5	1.6900	2.1151

The arithmetical average of the Bank's US dollar and Euro purchase rates for the last 30 days before balance sheet date are full YTL 1.5818 and full YTL 2.0030, respectively.

Currency risk:

	Euro	US\$	Yen	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,721,971	51,261	172	9,321	1,782,725
Banks and Other Financial Institutions	270,439	225,473	19,954	48,936	564,802
Trading Securities	26,329	129,784	-	65,838	221,951
Interbank Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	30,734	4,101,390	-	-	4,132,124
Loans	4,006,509	8,004,037	5,536	142,564	12,158,646
Investments in Associates and Subsidiaries	273,534	43,938	-	-	317,472
Investment Securities Held-to-Maturity	61,841	1,084,163	-	-	1,146,004
Tangible and Intangible Assets	-	204	-	673	877
Goodwill	-	-	-	-	-
Other Assets	1,667,610	401,641	193	3,418	2,072,862
Total Assets	8,058,967	14,041,891	25,855	270,750	22,397,463
Liabilities					
Bank Deposits	33,367	304,736	9	25,598	363,710
Foreign Currency Deposits	3,811,555	8,223,160	28,183	395,433	12,458,331
Interbank Money Market Takings	-	1,638,366	-	-	1,638,366
Other Fundings	1,892,058	5,841,549	-	361	7,733,968
Securities Issued	-	-	-	-	-
Miscellaneous Payables	2,274	15,721	-	136	18,131
Other Liabilities (*)	111,355	571,183	3,532	67,560	753,630
Total Liabilities	5,850,609	16,594,715	31,724	489,088	22,966,136
Net 'On Balance Sheet' Position	2,208,358	-2,552,824	-5,869	-218,338	-568,673
Net 'Off-Balance Sheet' Position	-2,256,136	2,608,369	6,273	213,118	571,624
Derivative Assets	344,174	3,284,427	6,273	352,354	3,987,228
Derivative Liabilities	2,600,310	676,058	-	139,236	3,415,604
Prior Period					
Total Assets	5,570,593	11,593,635	20,152	130,529	17,314,909
Total Liabilities	4,312,911	13,092,114	22,513	332,631	17,760,169
Net 'On Balance Sheet' Position	1,257,682	-1,498,479	-2,361	-202,102	-445,260
Net 'Off-Balance Sheet' Position	-1,231,563	1,320,767	2,036	208,133	299,373

(*) Other liabilities also include gold deposits of YTL 63,073 thousands.

3.6 Interest rate risk

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

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	1,908,804	1,908,804
Banks and Other Financial Institutions	452,092	43,350	21,120	1,000	55,650	169,181	742,393
Trading Securities	2,217	32,518	51,817	3,916	135,242	70,264	295,974
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	562,921	3,023,514	1,131,105	1,080,388	1,975,007	77,952	7,850,887
Loans	7,162,545	1,763,485	2,196,123	3,148,185	10,760,887	173,466	25,204,691
Investment Securities Held-to-Maturity	505,926	2,302,859	222,958	4,859	1,768,290	-	4,804,892
Other Assets	2,715,906	105,997	5,328	194,647	231,472	2,649,421	5,902,771
Total Assets	11,401,607	7,271,723	3,628,451	4,432,995	14,926,548	5,049,088	46,710,412
Liabilities							
Bank Deposits	642,188	244,986	11,010	9,250	21,067	254,383	1,182,884
Other Deposits	16,623,443	2,283,823	298,557	223,837	176	6,419,836	25,849,672
Interbank Money Market Takings	2,896,564	530,172	393,650	222,061	984,748	-	5,027,195
Miscellaneous Payables	-	-	-	-	-	1,183,006	1,183,006
Securities Issued	-	-	-	-	-	-	-
Other Fundings	64,257	337,976	1,493,555	1,511,925	4,470,826	-	7,878,539
Other Liabilities	210,811	81,996	14,689	216,248	22,932	5,042,440	5,589,116
Total Liabilities	20,437,263	3,478,953	2,211,461	2,183,321	5,499,749	12,899,665	46,710,412
On Balance Sheet Interest Sensitivity Gap	-9,035,656	3,792,770	1,416,990	2,249,674	9,426,799	-7,850,577	-
Off-Balance Sheet Interest Sensitivity Gap	754	1,617	504	-	-	-	2,875
Total Interest Sensitivity Gap	-9,034,902	3,794,387	1,417,494	2,249,674	9,426,799	-7,850,577	2,875

Average interest rates on monetary financial instruments:

Current Period	Euro	US\$	Yen	YTL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks and Other Financial Institutions	2.79	5.62	-	20.26
Trading Securities	6.46	8.27	-	21.83
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	5.34	8.00	-	20.91
Loans	5.21	7.36	-	23.75
Investment Securities Held-to-Maturity	9.54	9.80	-	17.75
Liabilities				
Bank Deposits	3.12	5.87	-	17.21
Other Deposits	1.63	3.58	-	12.69
Interbank Money Market Takings	-	5.27	-	13.78
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	3.56	5.86	-	14.46

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

Prior Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	1,970,688	1,970,688
Banks and Other Financial Institutions	887,378	850	13,340	400	-	121,638	1,023,606
Trading Securities	740	20,042	43,488	3,446	131,778	13,996	213,490
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	338,046	4,975,390	638,171	238,640	2,104,605	44,507	8,339,359
Loans	5,625,235	1,238,758	1,809,147	1,887,490	6,139,142	237,423	16,937,195
Investment Securities Held-to-Maturity	-	-	1,418,543	187,730	794,682	-	2,400,955
Other Assets	2,099,456	-	3,525	118,446	142,507	3,161,507	5,525,441
Total Assets	8,950,855	6,235,040	3,926,214	2,436,152	9,312,714	5,549,759	36,410,734
Liabilities							
Bank Deposits	178,451	44,191	41,496	23,420	19,753	264,491	571,802
Other Deposits	13,358,095	2,907,958	322,666	282,893	55,387	5,195,978	22,122,977
Interbank Money Market Takings	1,506,247	-	-	183,400	266,798	-	1,956,445
Miscellaneous payables	-	-	-	-	-	1,004,117	1,004,117
Securities Issued	-	-	-	-	-	-	-
Other Fundings	34,839	154,014	473,682	2,344,162	2,506,153	-	5,512,850
Other Liabilities	117,926	76,535	192,586	144,715	7,196	4,703,585	5,242,543
Total Liabilities	15,195,558	3,182,698	1,030,430	2,978,590	2,855,287	11,168,171	36,410,734
On Balance Sheet Interest Sensitivity Gap	-6,244,703	3,052,342	2,895,784	-542,438	6,457,427	-5,618,412	-
Off-Balance Sheet Interest Sensitivity Gap	8,953	-	-	682	-	-	9,635
Total Interest Sensitivity Gap	-6,235,750	3,052,342	2,895,784	-541,756	6,457,427	-5,618,412	9,635

Average interest rates on monetary financial instruments:

Prior Period	Euro	US\$	Yen	YTL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks and Other Financial Institutions	2.29	4.43	-	15.02
Trading Securities	8.52	5.56		14.15
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	5.70	6.49	-	17.44
Loans	5.22	7.08	-	28.53
Investment Securities Held-to-Maturity	9.54	9.80	-	-
Liabilities				
Bank Deposits	2.50	6.26	-	14.92
Other Deposits	1.49	2.54	-	14.05
Interbank Money Market Takings	-	4.73	-	15.46
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	3.08	5.11	-	14.16

3.7 Liquidity risk

In order to avoid the liquidity risk, the Bank diverts funding sources as customer deposits and foreign borrowings, looks after the maturity mismatch between assets and liabilities and maintains liquid assets to guarantee sufficient liquidity during market fluctuations.

While the Bank's short term liquidity need is met mainly with deposits, its long term liquidity is provided through foreign funding sources such as syndication and securitisation transactions. There are no significant idle liquidity sources.

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

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,908,804	-	-	-	-	-	-	1,908,804
Banks and Other Financial Institutions	169,181	452,092	43,350	21,120	1,000	55,650	-	742,393
Trading Securities	70,264	658	1,036	4,015	6,306	213,695	-	295,974
Interbank Money Market	-	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	77,952	41	976,525	177,828	1,505,719	5,112,822	-	7,850,887
Loans	-	7,162,545	1,763,485	2,196,123	3,148,185	10,760,887	173,466	25,204,691
Investment Securities Held-to-Maturity	-	-	-	222,958	4,859	4,577,075	-	4,804,892
Other Assets	95,904	2,734,013	151,219	67,802	327,011	599,210	1,927,612	5,902,771
Total Assets	2,322,105	10,349,349	2,935,615	2,689,846	4,993,080	21,319,339	2,101,078	46,710,412
Liabilities								
Bank Deposits	254,383	642,188	244,986	11,010	9,250	21,067	-	1,182,884
Other Deposits	6,419,836	16,623,443	2,283,823	298,557	223,837	176	-	25,849,672
Other Fundings	-	64,256	337,976	1,493,555	1,511,925	4,470,827	-	7,878,539
Interbank Money Market Takings	-	2,896,564	530,172	393,650	222,061	984,748	-	5,027,195
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	69,860	1,113,146	-	-	-	-	-	1,183,006
Other Liabilities (**)	208,521	585,028	117,293	18,388	219,375	22,935	4,417,576	5,589,116
Total Liabilities	6,952,600	21,924,625	3,514,250	2,215,160	2,186,448	5,499,753	4,417,576	46,710,412
Net Liquidity Gap	-4,630,495	-11,575,276	-578,635	474,686	2,806,632	15,819,586	-2,316,498	-
Prior Period								
Total Assets	2,251,808	8,998,952	1,623,187	3,888,684	3,400,283	13,803,641	2,444,179	36,410,734
Total Liabilities	5,642,006	16,317,305	3,214,615	1,033,284	2,980,741	2,855,866	4,366,917	36,410,734
Net Liquidity Gap	-3,390,198	-7,318,353	-1,591,428	2,855,400	419,542	10,947,775	-1,922,738	-

(*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in short period such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and loans under follow-up, are included in this column.

(**) Shareholders' Equity is included in "Other liabilities" line under "Undistributed" column.

3.8 Fair values of financial assets and liabilities

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

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

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

3.10 Disclosure on operations

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

4 Disclosures and Footnotes on Unconsolidated Financial Statements

4.1 Assets

4.1.1 Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	132	1,677,050	235	1,769,592
Unrestricted Time Deposits	-	-	-	-
Total	132	1,677,050	235	1,769,592

4.1.2 Further information on trading securities (presented at net value)

4.1.2.1 Trading securities given as collateral or blocked

None.

4.1.2.2 Trading securities subject to repurchase agreements

None.

4.1.3 Due from foreign banks

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

4.1.4 Receivables from reverse repurchase agreements

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

4.1.5 Investment securities available-for-sale

4.1.5.1 Investment securities available-for-sale

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

4.1.5.2 Details of investment securities available-for-sale

	Current Period	Prior Period
Debt Securities	7,778,144	8,299,409
Quoted at Stock Exchange	5,531,077	7,151,163
Not Quoted at Stock Exchange	2,247,067	1,148,246
Common Stocks	29,250	28,864
Quoted at Stock Exchange	11,452	11,191
Not Quoted at Stock Exchange	17,798	17,673
Impairment Losses (-)	-43,493	-11,086
Total	7,850,887	8,339,359

On 1 March 2006, the Bank participated in Gelişen İşletmeler Piyasaları AŞ by 5% for YTL 500 thousands of which YTL 125 thousands was paid.

As of 30 June 2006, the Bank recorded 424,159 shares of MasterCard Incorporated at a total nominal value of US\$ 42.42 acquired free of charge for its credit card marketing activities on MasterCard, in its investment securities available-for-sale portfolio.

4.1.5.3 Investment securities available-for-sale given as collateral

Collateralized investment securities available-for-sale in YTL include government bonds. Carrying values of such securities with total face value of YTL 69,845 thousands, is YTL 71,049 thousands. The related accrued interest amounts to YTL 2,300 thousands.

Collateralized investment securities available-for-sale in foreign currencies include eurobonds and other foreign currency government securities. Carrying values of such securities with total face value of US\$ 416,320,000, is US\$ 410,295,259. The related accrued interest amounts to US\$ 16,095,583.

4.1.5.4 Investment securities available-for-sale given as collateral or blocked

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Common stocks	-	-	-	-
Bills, bonds and other securities	71,049	642,112	458,437	530,137
Others	-	-	-	-
Total	71,049	642,112	458,437	530,137

4.1.5.5 Investment securities available for sale subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	1,100,912	1,336,218	1,390,840	184,952
Treasury Bills	1,402	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Others	-	-	-	133,123
Total	1,102,314	1,336,218	1,390,840	318,075

4.1.6 Loans

4.1.6.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	26	98,023	-	155,948
Corporates	26	98,023	-	155,948
Individuals	-	-	-	-
Indirect Lendings to Shareholders	12,103	26,404	83,220	2,006
Loans to Employees	31,067	-	28,658	-
Total	43,196	124,427	111,878	157,954

4.1.6.2 Loans and other receivables classified in groups I and II and restructured or rescheduled

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Loans	24,914,087	-	-	117,138
Discounted Bills	67,950	-	-	-
Export Loans	2,241,814	-	-	44,747
Import Loans	17,805	-	-	-
Loans to Financial Sector	321,522	-	-	-
Foreign Loans	402,716	-	-	-
Consumer Loans	4,974,654	-	-	-
Credit Cards	4,343,670	-	-	-
Precious Metal Loans	123,690	-	-	-
Other	12,420,266	-	-	72,391
Specialization Loans	-	-	-	-
Other Receivables	2,768,151	-	-	-
Total	27,682,238	-	-	117,138

4.1.6.3 Maturity analysis of cash loans

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

4.1.6.4 Consumer loans, retail credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long Term	Total	Accrued Interest and Income
Consumer Loans – YTL	385,780	4,176,335	4,562,115	33,612
Housing Loans	5,362	2,148,552	2,153,914	13,463
Automobile Loans	29,408	1,036,145	1,065,553	7,461
Consumer Loans	149,210	991,638	1,140,848	12,688
Other	201,800	-	201,800	-
Consumer Loans – FC-indexed	16,247	374,367	390,614	78,513
Housing Loans	614	311,086	311,700	62,884
Automobile Loans	2,093	44,667	46,760	9,655
Consumer Loans	13,540	18,614	32,154	5,974
Other	-	-	-	-
Consumer Loans – FC	129	5,338	5,467	15
Housing Loans	-	-	-	-
Automobile Loans	108	5,011	5,119	14
Consumer Loans	21	327	348	1
Other	-	-	-	-
Retail Credit Cards – YTL	4,226,791	-	4,226,791	30,579
Installment based	2,125,387	-	2,125,387	15,370
Other Credit Cards	2,101,404	-	2,101,404	15,209
Retail Credit Cards – FC	10,578	-	10,578	76
Installment based	-	-	-	-
Other Credit Cards	10,578	-	10,578	76
Personnel Loans – YTL	8,070	8,113	16,183	136
Housing Loan	-	533	533	4
Automobile Loans	10	88	98	1
Consumer Loans	5,054	7,492	12,546	131
Other	3,006	-	3,006	-
Personnel Loans - FC-indexed	-	166	166	39
Housing Loans	-	77	77	20
Automobile Loans	-	86	86	15
Consumer Loans	-	3	3	4
Other	-	-	-	-
Personnel Loans – FC	-	109	109	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	109	109	-
Personnel Credit Cards – YTL	14,609	-	14,609	105
Installment based	8,081	-	8,081	58
Other Credit Cards	6,528	-	6,528	47

Personnel Credit Cards – FC	-	-	-	-
Installment Based	-	-	-	-
Other Credit Cards	-	-	-	-
Total	4,662,204	4,564,428	9,226,632	143,075

4.1.6.5 *Installment based commercial loans and corporate credit cards*

	Short-Term	Medium and Long Term	Total	Accrued Interest and Income
Installment Based Commercial Loans – YTL	235,506	1,420,378	1,655,884	13,373
Housing Loans	2,431	223,110	225,541	1,595
Automobile Loans	78,428	786,138	864,566	6,004
Consumer Loans	154,647	411,130	565,777	5,774
Other	-	-	-	-
Installment Based Commercial Loans - FC-indexed	44,104	182,271	226,375	43,657
Housing Loans	966	38,452	39,418	6,566
Automobile Loans	4,942	97,413	102,355	20,870
Consumer Loans	38,196	46,406	84,602	16,221
Other	-	-	-	-
Installment-based Commercial Loans – FC	-	529	529	1
Housing Loans	-	-	-	-
Automobile Loans	-	484	484	1
Consumer Loans	-	45	45	-
Other Consumer Loans	-	-	-	-
Corporate Credit Cards – YTL	89,378	-	89,378	646
Installment based	-	-	-	-
Other Credit Cards	89,378	-	89,378	646
Corporate Credit Cards – FC	2,314	-	2,314	17
Installment based	-	-	-	-
Other Credit Cards	2,314	-	2,314	17
Total	371,302	1,603,178	1,974,480	57,694

4.1.6.6 *Allocation of loan customers*

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

4.1.6.7 *Allocation of domestic and foreign loans*

	Current Period	Prior Period
Domestic Loans	24,628,509	16,335,656
Foreign Loans	402,716	364,116
Total	25,031,225	16,699,772

4.1.6.8 Loans to investments, associates and subsidiaries

	Current Period	Prior Period
Direct Lendings	109,437	6,895
Indirect Lendings	-	-
Total	109,437	6,895

4.1.6.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	31,586	16,186
Doubtful Loans and Receivables	84,877	53,451
Uncollectible Loans and Receivables	370,876	407,878
Total	487,339	477,515

4.1.6.10 Non-performing loans(NPLs) (Net)

Non-performing loans and other receivables restructured or rescheduled:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
Restructured Loans and Receivables	-	-	18,809
Rescheduled Loans and Receivables	-	-	-
Prior Period			
Restructured Loans and Receivables	-	-	37,433
Rescheduled Loans and Receivables	-	-	-

Movements in non-performing loan groups:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	99,143	108,153	507,642
Additions (+)	75,762	78,222	9,715
Transfer from Other NPL Categories (+)	-	60,390	84,460
Transfer to Other NPL Categories (-)	60,390	84,460	76,141
Collections (-)	36,155	24,708	26,672
Write-offs (-)	2,678	-	51,478
Balances at End of Period	75,682	137,597	447,526
Specific Provisions (-)	31,586	84,877	370,876
Net Balance on Balance Sheet	44,096	52,720	76,650

The loans previously classified under Group V - uncollectible loans and receivables amounting YTL 76,141 thousands are included in "Transfer to Other NPL Categories" line as they are either restructured or rescheduled.

Non-performing loans in foreign currencies:

None.

4.1.6.11 Liquidation policy for uncollectible loans and receivables

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

4.1.7 Factoring receivables

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

4.1.8 Investment securities held-to-maturity (net)

4.1.8.1 Investment securities held-to-maturity

	Current Period	Prior Period
Debt Securities	4,843,778	2,424,505
Quoted at Stock Exchange	3,817,112	136,468
Not Quoted at Stock Exchange	1,026,666	2,288,037
Impairment Losses (-)	38,886	23,550
Total	4,804,892	2,400,955

4.1.8.2 Movement of investment securities held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	2,400,955	3,605,699
Foreign Currency Differences On Monetary Assets	240,417	-67,873
Purchases during the Period	3,657,899	988
Disposals through Sales/Redemptions (-)	1,479,043	1,122,588
Impairment Losses (-)	15,336	15,271
Restatements Effects of Inflationary Accounting (-)	-	-
Balances at End of Period	4,804,892	2,400,955

The Bank reclassified certain investment securities, previously classified in its available-for-sale portfolio, amounting YTL 2,993,773 thousands with total face value of YTL 2,936,112 thousands to its investment securities held-to-maturity portfolio in compliance with the “Regulation on Accounting Standards”. Such securities are included in “purchases during the period” line above in the movement table of investment securities held-to-maturity for the period at their fair values of YTL 3,108,957 thousands as of their reclassification dates. The value increases of such securities amounting YTL 23,083 thousands are recorded under the shareholders’ equity and amortized through the income statement up to their maturities as earned.

4.1.8.3 Information on investment securities held-to-maturity

Current Period	Historical Costs		Valuation	
	YTL	FC	YTL	FC
Collateralised/Blocked Securities	426,020	54,242	431,358	53,052
Securities subject to Repurchase Agreements	2,894,236	769,371	2,950,134	740,436
Securities held for "Structural" Position	-	-	-	-
Receivable from Security Lending Market	-	-	-	-
Guarantees to Security Lending Market	-	-	-	-
Other	338,632	361,277	345,436	358,080
Total	3,658,888	1,184,890	3,726,928	1,151,568

Prior Period	Historical Costs		Valuation	
	YTL	FC	YTL	FC
Collateralised securities	-	22,218	-	21,922
Securities subject to Repurchase Agreements	-	479,023	-	482,540
Securities held for "Structural" Position	-	-	-	-
Receivable from Security Lending Market	-	-	-	-
Guarantees to Security Lending Market	-	-	-	-
Other	988	1,983,765	1,040	1,970,071
Total	988	2,485,006	1,040	2,474,533

Investment securities held-to-maturity given as collateral:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Bills	-	-	-	-
Bonds and Similar Securities	426,020	54,242	-	22,218
Other	-	-	-	-
Total	426,020	54,242	-	22,218

Above securities are held for legal obligations.

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	2,894,236	769,371	-	349,373
Treasury Bill	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	129,650
Total	2,894,236	769,371	-	479,023

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

None.

4.1.9 Investments in associates (Net)

4.1.9.1 Investments in associates

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Bankalararası Kart Merkezi AŞ	Istanbul/Turkey	10.15	10.15

	Total Assets	Shareholders' Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	9,481	7,240	4,208	351	-	-204	873	-

4.1.9.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	30,635	159,640
Movements during the Period	-29,458	-129,005
Acquisitions and Participations in Capital Increases	-	21,978
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	29,458	146,085
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-623
Impairment Losses (-)	-	4,275
Balance at End of Period	1,177	30,635
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Impairment loss of YTL 4,275 thousands for the prior period was resulted from the equity accounting application.

Valuation methods of investments in associates:

Investments in Associates	Current Period	Prior Period
Valued at Cost	1,177	1,177
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	-	29,458

Sectoral distribution of investments and associates:

Investments in Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	4,401
Other Investments	1,177	26,234

Quoted associates:

None.

Investments in associates sold during the current period:

Investee Company	Sale Price YTL'000	Market Value at Date of Sale	Payment Type
Garanti Turizm Yatırım ve İşletmeleri AŞ	27,056	-	Term Sale
Doc Finance SA	4,623	-	Term Sale

Doğuş Holding AŞ signed a Share Sales Agreement on 24 August 2005 for the sale of 53,550,000,000 shares representing 25.5% of the Bank issued share capital to GE Araştırma ve Müşavirlik Limited Şti which is a GE Group company. According to this agreement, certain non-financial participations and property are to be taken over by Doğuş Holding AŞ at a total price of YTL 958 millions calculated based on the financial statements as of 31 March 2005. 50% of the sale price to be collected at the closing date, 25% to be collected one year from the closing date and the remaining to be collected two years from the closing date. Accordingly, following the sale of shares, the Bank's certain non-financial subsidiaries representing the first group were transferred over to Doğuş Holding AŞ in December 2005. In accordance with the terms of the agreement, the investments in certain associates categorized in the second group, namely Garanti Turizm Yatırım ve İşletmeleri AŞ, a non-financial associate and Doc Finance SA having book values of YTL 25,057 thousands and CHF 4,350,000, respectively were sold to Doğuş Holding AŞ at a total price of YTL 31,679 thousands. The Bank recorded a gain of YTL 2,139 thousands from these sales. YTL 11,587 thousands of the total sale price was collected on the date of sale and the remaining are to be collected in two equal instalments.

Investments in associates acquired during the current period:

None.

4.1.10 Investments in subsidiaries (Net)

4.1.10.1 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Doğuş Hiz. Yön. ve Org. Danış AŞ	Istanbul/Turkey	93.40	100.00
4	Galata Araştırma Yayıncılık Tanıtım ve Bilişim Teknoloji Hizmetleri AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Finansal Kiralama AŞ ⁽²⁾	Istanbul/Turkey	94.10	98.93
6	Garanti Faktoring Hiz. AŞ ⁽¹⁾	Istanbul/Turkey	55.40	55.40
7	Garanti Yatırım Menkul Kıymetler AŞ ⁽²⁾	Istanbul/Turkey	100.00	100.00
8	Garanti Portföy Yönetimi AŞ ⁽²⁾	Istanbul/Turkey	100.00	100.00
9	Garanti Sigorta AŞ ⁽²⁾	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ ⁽²⁾	Istanbul/Turkey	99.91	100.00
11	Garanti Gayrimenkul Yatırım Ortaklığı AŞ ⁽¹⁾	Istanbul/Turkey	50.98	50.98
12	Garanti Bank International NV ⁽²⁾	Amsterdam/Holland	100.00	100.00
13	Garanti Bank Moscow ⁽²⁾	Moscow/Russia	75.02	99.94
14	Garanti Financial Services Plc ⁽²⁾	Dublin/Ireland	99.99	100.00
15	Garanti Fund Management Co. Ltd ⁽²⁾	Valetta/Malta	99.50	100.00

	Total Assets	Shareholders' Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	10,362	7,488	771	-	117	-150	-94,999	-
2	9,344	4,317	560	21	219	924	2,814	-
3	1,374	1,323	54	14	69	383	737	-
4	257	161	1	-	-	-22	-147	-
5	992,131	125,555	17,967	28,171	102	9,381	32,925	-
6	425,199	25,068	1,345	7,708	-	1,042	3,454	64,154
7	23,960	17,364	2,205	-	665	230	2,448	-
8	16,172	15,531	3,538	73	226	476	4,159	-
9	208,454	70,189	13,908	3,335	206	4,168	13,121	-
10	273,759	32,582	4,897	1,435	658	2,268	-39,457	-
11	142,838	89,484	85,093	55	892	530	5,588	111,438
12	3,839,432	301,221	49,638	46,754	22,726	12,756	67,012	-
13	294,011	53,565	1,873	2,979	613	1,298	9,056	-
14	10,443	10,037	-	84	-	-17	6,540	-
15	82	-	-	-	-	1	-267	-

(1) Financial statements are as of 31 March 2006, but fair value information is as of 30 June 2006.

(2) Financial statements are as of 31 March 2006.

4.1.10.2 Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	611,152	1,394,851
Movements during the Period	70,523	-783,699
Acquisitions and Participations in Capital Increases	12,000	23,089
Bonus Shares Received	9,048	-
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	-	820,051
Reclassifications	-	-
Increase/Decrease in Market Values	-15,226	50,539
Currency Differences on Foreign Subsidiaries	64,701	-38,703
Impairment Losses (-)	-	-1,427
Balance at End of Period	681,675	611,152
Capital Commitments	-	12,000
Share Percentage at the End of Period (%)	-	-

“Acquisitions and participations in capital increases” for the current period compose of the payment amounting YTL 12,000 thousands for the Bank’s capital commitment to Garanti Emeklilik ve Hayat AŞ.

Valuation methods of investments in subsidiaries:

Subsidiaries	Current Period	Prior Period
Valued at Cost	581,523	496,322
Valued at Fair Value	92,333	107,011
Valued by Equity Method of Accounting	7,819	7,819

Sectoral distribution of investments in subsidiaries:

Subsidiaries	Current Period	Prior Period
Banks	313,344	249,251
Insurance Companies	111,858	99,858
Factoring Companies	35,522	28,755
Leasing Companies	76,169	76,169
Finance Companies	136,892	149,229
Other Subsidiaries	7,890	7,890

Quoted subsidiaries:

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	92,333	107,011
Quoted at International Stock Exchanges	-	-

Investments in subsidiaries disposed during the current period:

None.

Investments in subsidiaries acquired during the current period:

None.

4.1.11 Other investments (Net)

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

4.1.12 Financial lease receivables (Net)

4.1.12.1 Maturity analysis of financial lease receivables

None.

4.1.12.2 Net investment for financial lease

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

4.1.12.3 Financial lease agreements

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

4.1.13 Receivables on term sales of assets included in “Miscellaneous Receivables”

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

4.1.14 Accrued interest and income

4.1.14.1 Accrued interest and income on loans

Accrued Interest and Income on Loans	Current Period		Prior Period	
	YTL	FC	YTL	FC
Uncollected Interest Income	5,092	874	4,851	1,245
Interest Income Accruals	114,989	380,931	81,438	122,353
Uncollected Commissions and Other Income	572	73	411	107
Commissions and Other Income Accruals	5,905	2,319	8,286	855
Total	126,558	384,197	94,986	124,560

4.1.14.2 Other accrued interest and income

Other Accrued Interest and Income Receivable on	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Securities	83	1,896	159	2,739
Investment Securities Available-for-Sale	41,649	71,124	317,198	92,891
Investment Securities Held-to-Maturity	68,040	5,564	52	74,566
Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	22,407	4,546	17,012	2,744
Financial Derivative Instruments:	49,983	36,726	406	9,482
<i>Interest and Income Accruals</i>	<i>1,202</i>	<i>11,124</i>	<i>172</i>	<i>5,363</i>
<i>Income Accruals for Foreign Exchange Gains</i>	<i>48,781</i>	<i>25,602</i>	<i>234</i>	<i>4,119</i>
Financial Leases	-	-	-	-
Other	11,767	1,580	20,016	1,342
Total	193,929	121,436	354,843	183,764

4.1.15 Tangible assets (Net)

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

4.1.16 Intangible assets

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

4.1.17 Deferred tax assets

4.1.17.1 Timing differences, tax losses and tax deductions and exemptions

None.

4.1.17.2 Timing differences for which no deferred tax assets were calculated or recorded in the prior periods and their expiry dates, tax losses and tax deductions and exemptions

None.

4.1.17.3 Impairment provisions for deferred tax assets and deferred tax assets arising on reversal of impairment provisions

None.

4.1.18 Other assets

4.1.18.1 Prepaid expenses, taxes and similar items

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

4.1.18.2 Components of other assets, as each sub-account exceeding 20% of the total separately, excluding off-balance sheet items exceeding 10% of total assets

None.

4.2 Liabilities

4.2.1 Maturity profile of deposits

Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over
Saving Deposits	871,073	-	3,064,089	4,224,836	113,591	36,339	67,492
Foreign Currency Deposits	3,961,146	-	3,792,585	3,253,568	570,143	326,859	554,030
Residents in Turkey	3,582,539	-	3,661,619	3,160,652	502,382	266,811	479,568
Residents Abroad	378,607	-	130,966	92,916	67,761	60,048	74,462
Public Sector Deposits	50,072	-	785	2,177	143	41	40
Commercial Deposits	1,039,198	-	2,189,143	1,006,330	10,268	88,919	6,757
Other	460,709	-	38,640	55,472	689	1,273	192
Precious Metal Deposits	37,638	-	1,342	1,431	2,982	19,680	-
Bank Deposits	254,383	-	391,523	279,053	187,962	28,515	41,448
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	1,299	-	228,546	5,478	33,537	24,000	21,068
Foreign Banks	179,551	-	162,977	273,575	154,425	4,515	20,380
Special Purpose Financials Institutions	73,533	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	6,674,219	-	9,478,107	8,822,867	885,778	501,626	669,959

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over
Saving Deposits	791,429	-	1,626,428	3,733,734	201,849	72,561	94,648
Foreign Currency Deposits	3,177,372	-	3,863,868	2,621,988	563,984	249,975	402,898
Residents in Turkey	2,857,627	-	3,764,432	2,501,085	547,071	165,220	342,167
Residents Abroad	319,745	-	99,436	120,903	16,913	84,755	60,731
Public Sector Deposits	10,827	-	18,192	15,592	459	38	40
Commercial Deposits	1,040,771	-	1,875,516	1,361,302	89,733	3,168	4,596
Other	171,089	-	31,254	78,610	922	1,316	158
Precious Metal Deposits	4,490	-	22	1,048	-	13,100	-
Bank Deposits	264,491	-	51,755	124,090	28,363	48,398	54,705
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	1,456	-	5,000	40,000	25,465	36,403	19,753
Foreign Banks	197,231	-	46,755	84,090	2,898	11,995	34,952
Special Purpose Financials Institutions	65,804	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	5,460,469	-	7,467,035	7,936,364	885,310	388,556	557,045

4.2.1.1 Saving deposits insured by Saving Deposit Insurance Fund and total amount of deposits exceeding insurance coverage limit

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	4,250,276	3,555,602	4,058,338	2,901,048
Foreign Currency Saving Deposits	2,742,716	2,594,253	4,411,848	3,836,318
Other Deposits	3,554	605	48,660	16,432
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

4.2.1.2 Saving deposits at domestic branches of foreign banks in Turkey under the coverage of foreign insurance

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

4.2.1.3 Saving deposits out of the insurance coverage limits of Saving Deposit Insurance Fund

Saving Deposits at	Current Period	Prior Period
Foreign Branches	292,771	273,112
Off-Shore Branches	-	-

4.2.2 Funds provided from transactions by repurchase transactions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic Transactions	2,587,885	-	1,256,418	-
Financial Institutions and Organizations	83,780	-	113,839	-
Other Institutions and Organizations	2,416,388	-	1,117,799	-
Individuals	87,717	-	24,780	-
Foreign Transactions	800,944	1,638,366	50,320	649,707
Financial Institutions and Organizations	800,000	1,638,366	50,000	649,707
Other Institutions and Organizations	20	-	233	-
Individuals	924	-	87	-
Total	3,388,829	1,638,366	1,306,738	649,707

4.2.3 Funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term	144,571	3,217,754	122,070	2,832,882
Medium and Long-term	-	4,516,214	-	2,557,898
Total	144,571	7,733,968	122,070	5,390,780

4.2.3.1 Disclosures for concentration areas of the Bank's commitments

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

4.2.4 Disclosure for securities issued

None.

4.2.4.1 Convertible bonds

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

4.2.4.2 Maturity, interest and currency profile of securities issued

None.

4.2.5 Funds

None.

4.2.6 Miscellaneous payables

	Current Period	Prior Period
Cash Collaterals Received	1,034	872

4.2.6.1 Nature of cash collaterals received

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

4.2.7 Components of other liabilities, as each sub-account exceeding 20% of the total separately, excluding off-balance sheet items exceeding 10% of total liabilities

None.

4.2.8 Taxes and other duties payable

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

4.2.9 Factoring payables

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

4.2.10 Criteria used in the determination of lease instalments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

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

4.2.10.1 Changes in agreements and further commitments arising

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

4.2.10.2 *Financial lease payables*

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	18,004	15,476	18,130	15,550
1-4 Years	13,009	11,250	8,740	7,785
More than 4 Years	-	-	-	-
Total	31,013	26,726	26,870	23,335

4.2.10.3 *Operational lease agreements*

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

4.2.10.4 *“Sale-and-lease-back” agreements*

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

4.2.11 **Accrued interest and expenses**

Accrued Interest and Expenses on	Current Period		Prior Period	
	YTL	FC	YTL	FC
Deposits	106,914	36,059	116,434	22,156
Funds Borrowed	3,497	85,237	3,561	43,744
Securities Issued	-	-	-	-
Repurchase Agreements	40,679	15,461	4,428	4,078
Financial Derivative Instruments:	97,845	3,157	29,548	2,331
<i>Interest and Expense Accruals</i>	826	2,064	1,040	1,197
<i>Expense Accruals for Foreign Exchange Losses</i>	97,019	1,093	28,508	1,134
Factoring Payables	-	-	-	-
Other	16,869	10,625	3,705	12,318
Total	265,804	150,539	157,676	84,627

4.2.12 **Provisions and subordinated loans**

4.2.12.1 *General provisions*

	Current Period	Prior Period
General Provision for	145,740	99,400
Loans and Receivables in Group I	128,586	85,028
Loans and Receivables in Group II	332	227
Non-Cash Loans	16,822	14,145
Other	-	-

4.2.12.2 *Reserve for employee termination benefits and notification indemnity*

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

4.2.12.3 Liabilities resulting from retirement rights

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

4.2.12.4 Nature of provisions, timing and amount of expected payments and uncertainties

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

4.2.12.5 Provisions for foreign exchange differences on foreign currency indexed loans

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

4.2.12.6 Provisions for impairment losses at settlement dates

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

4.2.12.7 Provisions for non-cash loans that are not indemnified and converted into cash

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

4.2.12.8 General reserves for possible losses

	Current Period	Prior Period
Balance at Beginning of Period	58,500	41,500
Provision for realized losses	-58,500	-
Current period general reserve provision	15,000	17,000
Restatement effects of inflationary accounting	-	-
Balance at End of Period	15,000	58,500

4.2.12.9 Disclosures on number of subordinated loans received by the bank, their maturities and interest rates, the names of lenders and if any options for conversions into shares

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

4.2.12.10 Subordinated loans

None.

4.2.13 Information on shareholders' equity

4.2.13.1 Paid-in capital

	Current Period	Prior Period
Common Shares	2,100,000	2,100,000
Preference Shares	-	-

4.2.13.2 Registered share capital system

Capital	Paid-in Capital	Ceiling per Registered Share Capital
Common Shares	2,100,000	7,000,000
Preference Shares	-	-

4.2.13.3 Capital increases in current year

None.

4.2.13.4 Capital increases from revaluation fund in current year

None.

4.2.13.5 Capital commitments for current financial year and following year

None.

4.2.13.6 Information on privileges given to stocks representing the capital

None.

4.2.14 Common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Shares (billions)	210	210
Preferred Stock	-	-
Common Stock Issue Premium	-	-
Common Stock Canceling Profit	-	-
Other Equity Instruments	-	-
Total Common Stock Issue	210	210

4.2.15 Securities value increase fund

Securities value increase fund

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

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

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

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

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

4.2.16 Revaluation fund

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

4.2.17 Revaluation surplus

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

4.2.18 Legal reserves

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

4.2.19 Extraordinary reserves

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

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

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	497,400	23.69%	497,400	-
GE Araştırma ve Müşavirlik Limited Şti	535,506	25.50%	535,506	-

In 2004 and 2005, Doğuş Holding AŞ had two separate agreements with a foreign portfolio investor for issuing options to purchase a portion of the shares of the Bank owned by Doğuş Holding AŞ. In accordance with the related Security’s Lending Agreements, the investor took over all the ownership rights including the sale of 20,690,723,199 shares representing 9.85% of the Bank’s capital (per 1 New Kuruş) throughout the agreed option period. The total number of 3,471,074,325 shares representing 1.653% of the Bank’s capital were pledged to the investor for its unused additional purchase rights.

The sale of the Bank’s shares having a total nominal value of YTL 535,500 thousands representing 25.5% of the Bank’s issued share capital; and 182 of the founder shares by Doğuş Holding AŞ to GE Araştırma ve Müşavirlik Limited Şti., an investee company of GE Capital Corporation incorporated in Turkey, was completed on 22 December 2005. A call has been made to the Bank’s minority shareholders according to the paragraph 17 of the Article IV no.8 “Principles on Voting by Proxy at General Assembly and Gathering Proxy or Common Stock through Calls for Quoted Companies” of the Turkish Capital Market Board, starting from 27 March 2006 to purchase the shares with a total face value of YTL 1,564,500 at a price of YTL 3.90 per share from the minority shareholders. The call period has ended on 10 April 2006 and the minority shareholders responded to this call by selling 6,249.49 shares with a face value of YTL 1 each. Accordingly, the shares owned by GE Araştırma ve Müşavirlik Limited Şti. increased to YTL 535,506 thousands.

4.3 Income Statement

4.3.1 Interest Income

4.3.1.1 Interest income received from investments, associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	1,816	1,219

4.3.1.2 Income from financial lease

None.

4.3.1.3 Interest income received from reverse repurchase agreements

None.

4.3.1.4 Interest income from factoring receivables

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

4.3.2 Interest Expenses

4.3.2.1 Interest expenses paid to investments, associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	8,528	1,016

4.3.2.2 Expenses on financial lease

	Current Period	Prior Period
Financial Leasing Expenses	1,580	2,348

4.3.2.3 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits					Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	
YTL							
Bank Deposits	63	39,870	-	-	-	-	39,933
Saving Deposits	1,754	155,350	322,057	10,173	4,291	6,181	499,806
Public Sector Deposits	1	218	197	26	3	3	448
Commercial Deposits	3,811	137,746	164,549	11,282	131	318	317,837
Other	3,316	2,663	7,181	94	111	12	13,377
“7 Days Notice” Deposits	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-
Total YTL	8,945	335,847	493,984	21,575	4,536	6,514	871,401
FC							
Foreign Currency Deposits	8,167	59,882	63,846	13,104	2,775	8,547	156,321
Bank Deposits	-	8,166	-	-	-	-	8,166
Precious Metal Deposits	-	-	6	11	229	-	246
Total FC	8,167	68,048	63,852	13,115	3,004	8,547	164,733
Grand Total	17,112	403,895	557,836	34,690	7,540	15,061	1,036,134

4.3.2.4 Interest expense on repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest Paid on Repurchase Agreements	96,857	16,402	81,782	13,755

4.3.2.5 Interest expenses on factoring payables

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

4.3.3 Other operating income

Other operating income consists of collection or reversals of prior year provisions, foreign exchange gains on foreign currency indexed loans and securities (YTL 394,154 thousands), banking services related costs charged to customers and income in custody services.

4.3.4 Provision for loan or other receivable losses

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	135,953	244,783
<i>Loans and Receivables in Group III</i>	3,657	14,326
<i>Loans and Receivables in Group IV</i>	4,279	46,346
<i>Loans and Receivables in Group V</i>	128,017	184,111
General Provisions	45,257	16,586
Provision for Possible Losses	15,000	-
Impairment Losses on Securities	27,913	364
Trading securities	9,393	364
Available-for-sale securities	18,520	-
Other Impairment Losses	9,964	10,525
Associates	-	4,084
Subsidiaries	-	6,045
Joint Ventures	-	-
Investment Securities Held to Maturity	9,964	396
Other	30,318	37,485
Total	264,405	309,743

4.3.5 Other operating expenses

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

4.3.6 Income/losses from investments, associates and subsidiaries

4.3.6.1 Income and losses

Income/Losses from	Current Period	Prior Period
Subsidiaries (+/-)	35,371	2,000
Investment and Associates (+/-)	-	1

4.3.6.2 Income/losses from investments in associates resulting from equity accounting

There are no in the current period.

Losses from investments in associates accounted under equity accounting for the prior period are presented in 4.3.4 above under “other impairment losses”. There are no income recognized for associates under equity method of accounting.

4.3.6.3 Income or loss from transactions with companies and individuals in the Bank’s risk group

The related disclosure is presented in details in Note 4.8.

4.3.7 Provision for taxes on income

4.3.7.1 Current period tax charge/credit and deferred tax income/expense

As of 30 June 2006, the Bank recorded a current tax expense of YTL 67,534 thousands and a deferred tax expense of YTL 51,466 thousands.

4.3.7.2 Deferred tax income/expense on timing differences

Deferred tax income/(expense) on timing difference	Current Period
Increase in tax deductible timing differences	16,494
Decrease in tax deductible timing differences (-)	77,925
Increase in taxable timing differences (-)	16
Decrease in taxable timing differences	9,981
Total	-51,466

4.3.7.3 Deferred tax income/expense in the income statement arising on timing differences, tax losses and tax deductions and exemptions

Deferred tax income/(expense) arising on timing differences, tax losses and tax deductions and exemptions	Current Period
Increase/(decrease) in tax deductible timing differences	-61,431
(Increase)/decrease in taxable timing differences	9,965
Increase/(decrease) in tax losses	-
Increase/(decrease) in tax deductions and exemptions	-
Total	-51,466

4.3.8 Net profit and loss

4.3.8.1 Any further explanation on operating results needed for proper understanding of the Bank's performance

None.

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

None.

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

None.

4.4 Off-Balance Sheet Items

4.4.1 Off-balance sheet contingencies

4.4.1.1 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Loan Risks	438,561	326,860
<i>With Original Maturity of 1 Year or Less</i>	76,971	46,395
<i>With Original Maturity of More Than 1 Year</i>	361,590	280,465
Other Non-Cash Loans	9,552,291	7,810,969
Total	9,990,852	8,137,829

4.4.1.2 Other disclosures on non-cash loans

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

4.4.1.3 Irrevocable credit commitments

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	4,644,611	3,872,083
Letters of Guarantee in YTL	2,586,511	2,090,318
Letters of Credit	1,856,570	1,318,659
Bank Acceptances	245,095	286,255
Prefinancing	-	-
Total	9,332,787	7,567,315

4.4.1.4 Possible losses from off-balance sheet items

None.

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

None.

4.4.1.6 Explanation for the following matters separately from other conditional commitments

The Bank’s share in commitments for joint venture:

None.

Accounting method of commitments:

The Bank has capital commitments amounting YTL 375 thousands for its subsidiaries, associates and other investments. Furthermore, there are letters of guarantee amounting YTL 156,049 thousands issued for several entities for the Bank’s own business.

4.4.2 Financial derivative instruments

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

4.4.3 Services rendered on behalf of third parties

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

4.4.4 The Bank’s latest international risk ratings

MOODY’S (July 2006*)

Long Term FC Deposit	B1
Long Term YTL Deposit	A3
Short Term YTL Deposit	Prime-2
Long Term FC Deposit Outlook	Stable
FSR	D+
FSR Outlook	Positive
Long Term National	Aaa.tr
Short Term National	TR-1

STANDARD AND POORS (June 2006*)

Long Term FC Obligations	BB-
Long Term FC Deposit	BB-
Outlook	Stable

FITCH RATINGS (June 2006*)

Foreign Currency	
Long Term	BB-
Short Term	B
Outlook	Positive
Individual	C
Support	3
Turkish Lira	
Long Term	BB+
Short Term	B
Outlook	Positive
National	
Outlook	Stable

CAPITAL INTELLIGENCE (June 2006*)

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

(* Latest dates in risk ratings or outlooks.

4.5 Statement of Changes in Shareholders' Equity

4.5.1 Any increases arising from application of accounting for financial instruments

4.5.1.1 Increases from valuation of investment securities available-for-sale

None.

4.5.1.2 Increases due to cash flow hedges

In 2004, the Bank entered into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. A gain of YTL 379 thousands on such effective hedging contracts were classified directly under shareholders' equity within "other profit reserves" in the prior period. In the current period, the increase in such gains is YTL 2,687 thousands after netting with the related tax effect.

4.5.1.3 Reconciliation of foreign exchange differences at beginning and end of current period

The reconciliation has been completed.

4.5.2 Any decreases arising from application of accounting for financial instruments

4.5.2.1 Decreases from valuation of investment securities available-for-sale

As of 30 June 2006, the revaluation of investment securities available-for-sale at fair value netted with the related deferred tax liability effect has resulted in a decrease by YTL 306,449 thousands that is presented as the current period movement in "securities value increase fund" in the statement of changes in shareholders' equity. The amounts transferred to "net profit" from "securities value increase fund" were YTL 15,793 thousands and YTL 47,945 thousands for the six-month periods ended 30 June 2006 and 2005, respectively.

4.5.2.2 Decreases due to cash flow hedges

None.

4.5.3 Dividends

4.5.3.1 Any dividends declared after date of balance sheet but before publishing financial statements:

At the General Assembly dated 5 April 2006, it was decided to distribute the 2005 income as follows:

2005 PROFIT DISTRIBUTION TABLE	
CURRENT YEAR PROFIT	708,394
A - I.Legal reserve (Turkish Commercial Code 466/1) at 5%	-35,420
B – The first dividend at 5% of the Paid Capital	-105,000
C – Extraordinary reserves at 5% after above deductions	-28,399
D -	
- to the members of the Board of Directors upto 5%	-
- to the Bank personnel at 5%	-24,526
- to the owners of the Founder Shares	-49,052
E – Extraordinary reserves	-458,639
F - II.Legal reserve (Turkish Commercial Code 466/2)	-7,358

4.5.3.2 Earnings per share to be distributed to shareholders after balance sheet date

As per the resolutions of the Board of Directors and the General Assembly on 5 April 2006, the profit distribution as detailed below was decided.

CASH DIVIDEND ON 2005 PROFIT TO BE PAID TO ORDINARY SHARE HOLDERS

	AMOUNTS TO BE PAID IN CASH			DIVIDEND PAYMENT DATE
	TOTAL AMOUNT OF DIVIDEND	DIVIDEND PER SHARE WITH A FACE VALUE OF YTL 1		
		AMOUNT	RATIO (%)	
GROSS	105,000	0.05000	5.00000	12.04.2006
NET(*)	95,022	0.04525	4.52485	

CASH DIVIDEND ON 2005 PROFIT TO BE PAID TO FOUNDER SHARE HOLDERS

	AMOUNTS TO BE PAID IN CASH			DIVIDEND PAYMENT DATE
	TOTAL AMOUNT OF DIVIDEND	DIVIDEND PER SHARE		
		NO OF SHARES	AMOUNT	
GROSS	49,052	370	133	12.04.2006
NET(*)	44,391	370	120	

(*) According to the paragraph 6 (bi) of the article 94 of the Income Tax Law, the individuals, and the nonresident institutions and individuals are subject to a withholding tax of 10% (except for the ones with the operations and the permanent representatives in Turkey). However, there will be no withholding taxes on the dividend derived from income already subjected to the withholding tax on the investment incentives according to the temporary article 61 of the Income Tax Law.

4.5.3.3 Suggestions to general assembly for timing of profit distribution and if it is decided not to distribute any profits, reasons for such a decision

As per the resolution of the Board of Directors on 5 April 2006, the Bank started paying dividends amounting YTL 105,000 thousands to the ordinary share holders and YTL 49,052 thousands to the owners of the founder shares as of 12 April 2006.

4.5.4 Transfers to legal reserves

	Current Period	Prior Period
Transfers to Legal Reserves from Prior Year Profits	42,777	22,953
Transfers to Extraordinary Reserves from Prior Year Profits	487,038	436,088

4.5.5 Issuance of share certificates

According to the Articles of Association of the Bank, there are 370 founder shares. It is required in the Articles of Association to distribute 10% of the distributable profit to the holders of these founder shares after allocating 5% to legal reserves, distributing dividend at an amount equal to 5% of the capital and allocating 5% of the remaining to extraordinary reserves.

4.5.6 Effects of prior years' corrections to beginning balances of current period

None.

4.5.7 Compensation of prior period losses

None.

4.6 Statement of Cash Flows

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

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

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

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

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

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

4.6.4 Cash and cash equivalents at beginning of period

	Current Period 31.12.2005	Prior Period 31.12.2004
Cash on Hand	197,657	189,528
<i>Cash in YTL</i>	107,356	62,013
<i>Cash in Foreign Currency</i>	90,301	127,515
Cash Equivalents	2,690,552	1,299,916
<i>Other</i>	2,690,552	1,299,916
TOTAL	2,888,209	1,489,444

4.6.5 Cash and cash equivalents at end of period

	Current Period 30.06.2006	Prior Period 30.06.2005
Cash on Hand	226,704	167,963
<i>Cash in YTL</i>	122,808	77,611
<i>Cash in Foreign Currency</i>	103,896	90,352
Cash Equivalents	2,154,155	1,435,144
<i>Other</i>	2,154,155	1,435,144
TOTAL	2,380,859	1,603,107

4.6.6 Restricted cash and cash equivalents due to legal requirements or other reasons

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

4.6.7 Additional information

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

4.7 Accounting for Entities Acquired through Mergers and Acquisitions

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

4.8 Related Party Risks

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

4.8.1.1 Current Period

Bank's Risk Group (1)	Investments, Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	553,925	15,818	220,633	155,948	116,293	2,006
Balance at end of period	887,798	55,697	398,135	98,023	17,081	26,404
Interest and Commission Income	2,313	63	7	880	877	13

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

4.8.1.2 Prior Period

Bank's Risk Group (1)	Investments, Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	1,264,138	17,146	55,760	189,462	180,748	8,510
Balance at end of period	553,925	15,818	220,633	155,948	116,293	2,006
Interest and Commission Income	2,498	64	1,809	826	3,026	54

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

4.8.1.3 Other related party balances

Deposits:

Bank's Risk Group (1)	Investments, Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	165,859	65,484	1,143,865	7,046	125,258	145,656
Balance at end of period	93,572	165,859	133,246	1,143,865	115,845	125,258
Interest Expenses	8,528	1,016	25,590	747	5,417	7,275

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

Derivative transactions:

Bank's Risk Group (1)	Investments, Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Trading Transactions:						
Beginning of Period	-	-	-	-	-	680
End of Period	130,117	-	1,426	-	-	-
Total Profit/Loss	-5,023	49	-10	-	-	-
Hedging Transactions:						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

4.8.2 The Bank's risk group

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

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

4.8.2.2 Concentration of transaction volumes and balances with risk group and pricing policy

The cash loans of the risk group amounting YTL 121,566 thousands compose 0.49% of the Bank's total cash loans and 0.26% of the Bank's total assets. The total loans and similar receivables amounting YTL 1,303,014 thousands compose 2.79% of the Bank's total assets. The non-cash loans of the risk group amounting YTL 180,124 thousands compose 1.80% of the Bank's total non-cash loans. The deposits of the risk group amounting YTL 342,663 thousands compose 1.27% of the Bank's total deposits. The pricing of transactions with the risk group companies is set in compliance with the market prices.

4.8.2.3 Other matters not required to be disclosed

None.

4.8.2.4 Transactions accounted under equity method

Please refer to Notes 4.1.9 and 4.1.10.

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

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

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

4.9 Accounting in Hyperinflationary Economies

As per the decision no.1623 of BRSA dated 21 April 2005 and the Circular dated 28 April 2005, it is announced that the application of inflation accounting to be ceased in banking sector because the criteria as set out per the article 5 of the Statement no.14 of “Regulation on Accounting Standards”; “Accounting Standard for Financial Reporting in Hyperinflationary Economies” no longer confirm the existence of a hyperinflationary economy. Accordingly, starting from 1 January 2005 the application of inflation accounting has been ended.

4.10 Domestic, Foreign and Off-Shore Branches and Foreign Representative Offices

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

4.11 Significant Events and Matters Arising Subsequent to Balance Sheet Date

As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased to 15% from 10%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

5 Other Disclosures and Footnotes

5.1 Other Disclosures on Activities of the Bank

- As explained in Note 4.2.20, Doğu Holding AŞ signed a Share Sales Agreement on 24 August 2005 for the sale of 53,550,000,000 shares representing 25.5% of the Bank issued share capital to GE Araştırma ve Müşavirlik Limited Şti which is a GE Group company. According to this agreement, certain non-financial participations and property are to be taken over by Doğu Holding AŞ at a total price of YTL 958 millions calculated based on the financial statements as of 31 March 2005. 50% of the sale price to be collected at the closing date, 25% to be collected one year from the closing date and the remaining to be collected two years from the closing date. Accordingly, following the sale of shares, the Bank's certain non-financial subsidiaries representing the first group were transferred over to Doğu Holding AŞ on 22 December 2005.

In accordance with the terms of the agreement, the assets that are categorized as the second group representing certain non-financial associates namely Garanti Turizm Yatırım ve İşletmeleri AŞ and Doc Finance SA having a total book value of YTL 29,497 thousands and certain real estates either in use or held for resale (Ankara-Çankaya-building, İstanbul-Esenyurt/B.Çekmece-building, Kocaeli-Gebze-building, İstanbul-Kartal-two pieces of land, İstanbul-Çatalca/B.Çekmece-land) having a total book value of YTL 237,536 thousands were altogether sold to Doğu Holding AŞ on 17 April 2006. YTL 100,000 thousands of the total sale price amounting YTL 273,397 thousands was collected on the date of sale and the remaining are to be collected in two equal instalments, each amounting YTL 86,698,500, on 22 December 2006 and 24 December 2007.

- As per the temporary Article no.23 of the Turkish Banking Law no.5411 as approved by the Turkish Parliament on 19 October 2005, pension funds similar to foundations are required to be transferred directly to Social Security Foundation (SSF) within a period of three years.

As per this new Law, a commission established by the representatives from various organizations will calculate the commitment for each fund based on the actuarial calculations made taking into account the revenues and expenses of the funds. The commitment to be calculated will be paid maximum in 15 years in equal instalments. The commission established under the coordination of the Ministry of Labour and Social Security is currently working on the methodology and parameters to be used for the calculation of such commitments. However, the President has applied to the Constitution Court for the annulment of this Article on 2 November 2005.

The employees of the Bank are the members of "Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" (the Fund). The technical financial statements of the Fund are audited by the certified actuary according to the Article no.38 of the Insurance Law and the "Actuaries Regulation" issued as per this Article.

As per the actuarial calculation made on the technical financial statements of the Fund as of 31 December 2005 taking into account 10.24% as the technical interest rate that was defined during the studies under the coordination of the Ministry of Labour and Social Security, there is no technical or actual deficit that needs to be provided against. Furthermore, the Bank management believes that the Fund is capable of meeting its liabilities to be calculated by the commission mentioned above during the transfer of the Fund without any burden to the Bank.

- As per the resolution no.251 of the Board of Directors of Garanti Sigorta AŞ, a subsidiary of the Bank on 24 May 2006, it has been decided to increase the company's share capital from YTL 35,000 thousands to YTL 60,000 thousands through appropriation of capital reserves from inflation adjustments to paid-in capital of YTL 13,763 thousands, prior periods profits of YTL 8,552 thousands and cash injection from shareholders of YTL 2,685 thousands
- The Bank signed a preliminary agreement with the European Investment Bank in March 2006 for a 10-year loan amounting EUR 100 millions to finance its commercial and SME customers. The loan related processes continue.
- In accordance with Article No. 32 of the new Corporate Tax Law no.5520 published in the Official Gazette no.26205 dated 21 June 2006, the corporate tax rate is reduced from 30% to 20%. Accordingly, effective from 1 January 2006, statutory income is subject to corporate tax at 20%. Excess of corporate taxes paid in advance based on the tax base calculated on the quarterly earnings of the companies at the rate of 30% subsequent to periods beginning after 1 January 2006, will be deducted from the corporate taxes to be paid in advance for the subsequent periods based on the new tax rate.

6 Independent Auditor's Report

6.1 Disclosure on Independent Auditor's Report

The Bank's unconsolidated interim financial statements as of 30 June 2006, have been subject to review by Akis Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International). It was noted in their review report dated 3 August 2006 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 30 June 2006.