

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

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

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

**With Independent Auditors' Review Report Thereon**

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ  
2 November 2006

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

**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 September 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 September 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,  
2 November 2006

Akis Bağımsız Denetim ve  
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 Nine-Month Period Ended 30 September 2006**

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The Unconsolidated Interim Financial Report for the nine-month period ended 30 September 2006 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.

<b>Ferit F. Şahenk</b>	<b>M. Cüneyt Sezgin</b>	<b>Daniel Noel O’Connor</b>	<b>S. Ergun Özen</b>	<b>Aydın Şenel</b>	<b>Mustafa Keleş</b>
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  
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## **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 467 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 16.000 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 September 2005 in order to provide consistent comparative information for the presentation of the financial statements as of 30 September 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 5,018 thousands and YTL 47,984 thousands, respectively, are reclassified as “other operating expenses” and “foreign exchange gains on foreign currency indexed loans” amounting YTL 7,650 thousands as “other operating income” for the nine-month period ended 30 September 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	: <a href="http://www.garanti.com.tr">www.garanti.com.tr</a> / <a href="http://www.garantibank.com.tr">www.garantibank.com.tr</a>
Bank's e-mail address	: <a href="mailto:investorrelations@garanti.com.tr">investorrelations@garanti.com.tr</a>
Reporting period	: 1 January 2006 - 30 September 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 September 2006

(Thousands of New Turkish Lira (YTL))

ASSETS	Footnotes	CURRENT PERIOD 30 September 2006			PRIOR PERIOD 31 December 2005		
		YTL	FC	Total	YTL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY</b>	<b>4.1.1</b>	<b>106,456</b>	<b>2,216,594</b>	<b>2,323,050</b>	<b>110,036</b>	<b>1,860,652</b>	<b>1,970,688</b>
1.1 Cash in YTL		100,608	-	100,608	107,356	-	107,356
1.2 Cash in foreign currency		-	109,486	109,486	-	90,301	90,301
1.3 Balances with the Central Bank of Turkey		2,176	2,100,450	2,102,626	235	1,769,592	1,769,827
1.4 Other		3,672	6,658	10,330	2,445	759	3,204
<b>II. TRADING SECURITIES (Net)</b>	<b>4.1.2</b>	<b>26,632</b>	<b>149,113</b>	<b>175,745</b>	<b>37,303</b>	<b>176,187</b>	<b>213,490</b>
2.1 Public sector debt securities		21,669	148,376	170,045	37,303	175,824	213,127
2.1.1 Government bonds		19,042	121,609	140,651	36,032	161,829	197,861
2.1.2 Treasury bills		2,627	-	2,627	1,270	-	1,270
2.1.3 Other		-	26,767	26,767	1	13,995	13,996
2.2 Share certificates		-	-	-	-	-	-
2.3 Other securities		4,963	737	5,700	-	363	363
<b>III. BANKS AND OTHER FINANCIAL INSTITUTIONS</b>	<b>4.1.3</b>	<b>60,589</b>	<b>375,918</b>	<b>436,507</b>	<b>93,975</b>	<b>929,631</b>	<b>1,023,606</b>
3.1 Banks		60,589	375,918	436,507	93,975	929,631	1,023,606
3.1.1 Domestic banks		7,230	242	7,472	61,700	629,739	691,109
3.1.2 Foreign banks		53,359	375,676	429,035	32,605	299,892	332,497
3.1.3 Foreign branches		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
<b>IV. INTERBANK MONEY MARKET</b>							
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements	4.1.4	-	-	-	-	-	-
<b>V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)</b>	<b>4.1.5</b>	<b>4,470,638</b>	<b>4,136,863</b>	<b>8,607,501</b>	<b>5,665,118</b>	<b>2,674,241</b>	<b>8,339,359</b>
5.1 Share certificates		43,087	17,360	60,447	39,950	-	39,950
5.2 Other securities		4,427,551	4,119,503	8,547,054	5,625,168	2,674,241	8,299,409
<b>VI. LOANS</b>	<b>4.1.6</b>	<b>13,967,898</b>	<b>12,065,004</b>	<b>26,032,902</b>	<b>9,389,996</b>	<b>7,547,199</b>	<b>16,937,195</b>
6.1 Short term		7,782,528	3,749,453	11,531,981	5,480,082	2,088,325	7,568,407
6.2 Medium and long term		6,034,216	8,315,551	14,349,767	3,672,491	5,458,874	9,131,365
6.3 Loans under follow-up		630,734	-	630,734	714,938	-	714,938
6.4 Specific provisions (-)		479,580	-	479,580	477,515	-	477,515
<b>VII. FACTORING RECEIVABLES</b>	<b>4.1.7</b>						
<b>VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	<b>4.1.8</b>	<b>3,535,187</b>	<b>917,447</b>	<b>4,452,634</b>	<b>988</b>	<b>2,399,967</b>	<b>2,400,955</b>
8.1 Public sector debt securities		3,535,187	917,447	4,452,634	988	2,399,967	2,400,955
8.1.1 Government bonds		3,535,187	917,447	4,452,634	988	2,270,317	2,271,305
8.1.2 Treasury bills		-	-	-	-	-	-
8.1.3 Other		-	-	-	-	129,650	129,650
8.2 Other securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>4.1.9</b>	<b>1,177</b>		<b>1,177</b>	<b>26,234</b>	<b>4,401</b>	<b>30,635</b>
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
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	<b>4.1.10</b>	<b>404,762</b>	<b>298,263</b>	<b>703,025</b>	<b>358,382</b>	<b>252,770</b>	<b>611,152</b>
10.1 Financial investments in subsidiaries		396,872	298,263	695,135	350,491	252,770	603,261
10.2 Non-Financial investments in subsidiaries		7,890	-	7,890	7,891	-	7,891
<b>XI. OTHER INVESTMENTS (Net)</b>	<b>4.1.11</b>						
<b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>	<b>4.1.12</b>						
12.1 Gross financial lease receivables		-	-	-	-	-	-
12.2 Unearned income (-)		-	-	-	-	-	-
<b>XIII. RESERVE DEPOSITS</b>		<b>441,751</b>	<b>1,480,570</b>	<b>1,922,321</b>	<b>983,691</b>	<b>1,115,765</b>	<b>2,099,456</b>
<b>XIV. MISCELLANEOUS RECEIVABLES</b>	<b>4.1.13</b>	<b>79,922</b>	<b>1,860</b>	<b>81,782</b>	<b>61,324</b>	<b>1,668</b>	<b>62,992</b>
<b>XV. ACCRUED INTEREST AND INCOME</b>	<b>4.1.14</b>	<b>516,839</b>	<b>435,612</b>	<b>952,451</b>	<b>449,829</b>	<b>308,324</b>	<b>758,153</b>
15.1 Loans		171,331	289,687	461,018	94,986	124,560	219,546
15.2 Securities		291,533	91,121	382,654	317,409	170,196	487,605
15.3 Other		53,975	54,804	108,779	37,434	13,568	51,002
<b>XVI. TANGIBLE ASSETS (Net)</b>	<b>4.1.15</b>	<b>1,005,041</b>	<b>818</b>	<b>1,005,859</b>	<b>1,407,296</b>	<b>990</b>	<b>1,408,286</b>
16.1 Cost		1,898,196	5,848	1,904,044	2,319,624	5,621	2,325,245
16.2 Accumulated Depreciation (-)		893,155	5,030	898,185	912,328	4,631	916,959
<b>XVII. INTANGIBLE ASSETS (Net)</b>	<b>4.1.16</b>	<b>56,029</b>	<b>200</b>	<b>56,229</b>	<b>13,930</b>	<b>3</b>	<b>13,933</b>
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		201,629	881	202,510	72,059	5	72,064
17.3 Accumulated Amortisation (-)		145,600	681	146,281	58,129	2	58,131
<b>XVIII. DEFERRED TAX ASSET</b>	<b>4.1.17</b>				<b>30,460</b>		<b>30,460</b>
<b>XIX. OTHER ASSETS</b>	<b>4.1.18</b>	<b>638,781</b>	<b>95,941</b>	<b>734,722</b>	<b>449,552</b>	<b>60,822</b>	<b>510,374</b>
<b>TOTAL ASSETS</b>		<b>25,311,702</b>	<b>22,174,203</b>	<b>47,485,905</b>	<b>19,078,114</b>	<b>17,332,620</b>	<b>36,410,734</b>

(Convenience Translation of Financial Statements Originally Issued in Turkish)

# Türkiye Garanti Bankası Anonim Şirketi

## Balance Sheet

At 30 September 2006

(Thousands of New Turkish Lira (YTL))

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD 30 September 2006			PRIOR PERIOD 31 December 2005		
		YTL	FC	Total	YTL	FC	Total
<b>I. DEPOSITS</b>	<b>4.2.1</b>	<b>14,131,555</b>	<b>14,786,295</b>	<b>28,917,850</b>	<b>11,661,178</b>	<b>11,033,601</b>	<b>22,694,779</b>
1.1 Bank deposits		796,448	792,537	1,588,985	436,946	134,856	571,802
1.2 Saving deposits		8,284,846	-	8,284,846	6,520,649	-	6,520,649
1.3 Public sector deposits		106,280	-	106,280	45,148	-	45,148
1.4 Commercial deposits		4,742,833	-	4,742,833	4,375,086	-	4,375,086
1.5 Other institutions deposits		201,148	-	201,148	283,349	-	283,349
1.6 Foreign currency deposits		-	13,931,373	13,931,373	-	10,880,085	10,880,085
1.7 Precious metals vault accounts		-	62,385	62,385	-	18,660	18,660
<b>II. INTERBANK MONEY MARKET</b>		<b>2,908,328</b>	<b>1,085,264</b>	<b>3,993,592</b>	<b>1,306,738</b>	<b>649,707</b>	<b>1,956,445</b>
2.1 Interbank money market takings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	<b>4.2.2</b>	2,908,328	1,085,264	3,993,592	1,306,738	649,707	1,956,445
<b>III. FUNDS BORROWED</b>	<b>4.2.3</b>	<b>473,308</b>	<b>7,077,208</b>	<b>7,550,516</b>	<b>122,070</b>	<b>5,390,780</b>	<b>5,512,850</b>
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed		473,308	7,077,208	7,550,516	122,070	5,390,780	5,512,850
3.2.1 Domestic banks and institutions		173,308	62,880	236,188	122,070	40,675	162,745
3.2.2 Foreign banks, institutions and funds		300,000	7,014,328	7,314,328	-	5,350,105	5,350,105
<b>IV. SECURITIES ISSUED (Net)</b>	<b>4.2.4</b>	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>	<b>4.2.5</b>	-	-	-	-	-	-
<b>VI. MISCELLANEOUS PAYABLES</b>	<b>4.2.6</b>	<b>1,197,343</b>	<b>6,642</b>	<b>1,203,985</b>	<b>994,868</b>	<b>9,249</b>	<b>1,004,117</b>
<b>VII. OTHER EXTERNAL RESOURCES PAYABLE</b>	<b>4.2.7</b>	<b>68,943</b>	<b>539,251</b>	<b>608,194</b>	<b>143,658</b>	<b>569,927</b>	<b>713,585</b>
<b>VIII. TAXES AND OTHER DUTIES PAYABLE</b>	<b>4.2.8</b>	<b>62,113</b>	<b>49</b>	<b>62,162</b>	<b>63,817</b>	<b>77</b>	<b>63,894</b>
<b>IX. FACTORING PAYABLES</b>	<b>4.2.9</b>	-	-	-	-	-	-
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>	<b>4.2.10</b>	-	<b>31,707</b>	<b>31,707</b>	-	<b>23,335</b>	<b>23,335</b>
10.1 Financial lease payables		-	36,544	36,544	-	26,870	26,870
10.2 Deferred financial lease expenses (-)		-	4,837	4,837	-	3,535	3,535
<b>XI. ACCRUED INTEREST AND EXPENSES</b>	<b>4.2.11</b>	<b>256,257</b>	<b>152,793</b>	<b>409,050</b>	<b>157,676</b>	<b>84,627</b>	<b>242,303</b>
11.1 Deposits		137,124	37,930	175,054	116,434	22,156	138,590
11.2 Borrowings		9,197	85,403	94,600	3,561	43,744	47,305
11.3 Repurchase agreements		19,389	17,987	37,376	4,428	4,078	8,506
11.4 Other		90,547	11,473	102,020	33,253	14,649	47,902
<b>XII. PROVISIONS</b>	<b>4.2.12</b>	<b>308,909</b>	<b>16,068</b>	<b>324,977</b>	<b>291,584</b>	<b>8,218</b>	<b>299,802</b>
12.1 General provisions		140,464	10,918	151,382	95,043	4,357	99,400
12.2 Reserve for employee termination benefits		10,469	-	10,469	7,868	-	7,868
12.3 Provisions for income taxes		29,330	-	29,330	61,528	-	61,528
12.4 Insurance technical provisions		-	-	-	-	-	-
12.5 Other provisions		128,646	5,150	133,796	127,145	3,861	131,006
<b>XIII. SUBORDINATED LOANS</b>	<b>4.2.12.10</b>	-	-	-	-	-	-
<b>XIV. DEFERRED TAX LIABILITY</b>		-	<b>2,066</b>	<b>2,066</b>	-	-	-
<b>XV. SHAREHOLDERS' EQUITY</b>	<b>4.2.13</b>	<b>4,358,393</b>	<b>23,413</b>	<b>4,381,806</b>	<b>3,842,023</b>	<b>57,601</b>	<b>3,899,624</b>
15.1 Paid-in capital		2,100,000	-	2,100,000	2,100,000	-	2,100,000
15.2 Supplementary capital		824,812	17,306	842,118	921,063	52,629	973,692
15.2.1 Share premium		-	-	-	-	-	-
15.2.2 Share cancellation profits		-	-	-	-	-	-
15.2.3 Securities value increase fund	<b>4.2.15</b>	24,612	17,306	41,918	141,502	52,629	194,131
15.2.4 Revaluation fund	<b>4.2.16</b>	2,147	-	2,147	2,147	-	2,147
15.2.5 Revaluation surplus	<b>4.2.17</b>	25,499	-	25,499	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		642,974	6,107	649,081	112,566	4,972	117,538
15.3.1 Legal reserves	<b>4.2.18</b>	89,957	2,310	92,267	47,842	1,419	49,261
15.3.2 Status reserves		-	-	-	-	-	-
15.3.3 Extraordinary reserves	<b>4.2.19</b>	551,625	-	551,625	64,587	-	64,587
15.3.4 Other profit reserves		1,392	3,797	5,189	137	3,553	3,690
15.4 Profit or loss		790,607	-	790,607	708,394	-	708,394
15.4.1 Prior periods profit/loss		-	-	-	-	-	-
15.4.2 Current period profit/loss		790,607	-	790,607	708,394	-	708,394
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>23,765,149</b>	<b>23,720,756</b>	<b>47,485,905</b>	<b>18,583,612</b>	<b>17,827,122</b>	<b>36,410,734</b>

## Türkiye Garanti Bankası Anonim Şirketi

### Off-Balance Sheet Items

At 30 September 2006

(Thousands of New Turkish Lira (YTL))

OFF-BALANCE SHEET ITEMS	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		30 September 2006			31 December 2005		
		YTL	FC	Total	YTL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>12,787,449</b>	<b>14,151,472</b>	<b>26,938,921</b>	<b>10,502,354</b>	<b>10,835,033</b>	<b>21,337,387</b>
<b>I. GUARANTEES</b>	<b>4.4.1</b>	<b>2,718,411</b>	<b>6,906,657</b>	<b>9,625,068</b>	<b>2,359,189</b>	<b>5,778,640</b>	<b>8,137,829</b>
1.1. Letters of guarantee		2,617,470	4,480,905	7,098,379	2,090,318	3,872,083	5,962,401
1.1.1. Guarantees subject to State Tender Law		237,833	766,190	1,004,023	228,643	724,043	952,686
1.1.2. Guarantees given for foreign trade operations		234,344	101,109	335,453	242,518	43,347	285,865
1.1.3. Other letters of guarantee		2,145,293	3,613,610	5,758,903	1,619,157	3,104,693	4,723,850
1.2. Bank acceptances		750	198,467	199,217	-	286,255	286,255
1.2.1. Import letter of acceptance		750	198,467	199,217	-	286,255	286,255
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		100,191	2,227,281	2,327,472	268,871	1,620,302	1,889,173
1.3.1. Documentary letters of credit		-	31,171	31,171	-	79,627	79,627
1.3.2. Other letters of credit		100,191	2,196,110	2,296,301	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		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>7,601,811</b>	<b>709,648</b>	<b>8,311,459</b>	<b>6,516,940</b>	<b>157,355</b>	<b>6,674,295</b>
2.1. Irrevocable commitments		7,601,811	709,396	8,311,207	6,516,940	157,190	6,674,130
2.1.1. Asset purchase commitments		67,533	351,354	418,887	13,203	80,626	93,829
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		250	-	250	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		1,443,464	-	1,443,464	1,175,321	-	1,175,321
2.1.8. Tax and fund obligations on export commitments		20,518	-	20,518	25,639	-	25,639
2.1.9. Commitments for credit card limits		6,013,355	-	6,013,355	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		56,691	358,042	414,733	39,264	76,564	115,828
2.2. Revocable commitments		-	252	252	-	165	165
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	252	252	-	165	165
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>4.4.2</b>	<b>2,467,227</b>	<b>6,535,167</b>	<b>9,002,394</b>	<b>1,626,225</b>	<b>4,899,038</b>	<b>6,525,263</b>
3.1. Forward foreign currency purchases/sales		359,199	616,561	975,760	156,328	285,629	441,957
3.1.1. Forward foreign currency purchases		172,535	319,180	491,715	24,226	182,488	206,714
3.1.2. Forward foreign currency sales		186,664	297,381	484,045	132,102	103,141	235,243
3.2. Currency and interest rate swaps		1,741,213	5,288,456	7,029,669	693,101	3,339,350	4,032,451
3.2.1. Currency swaps-purchases		52,422	3,417,547	3,469,969	176,658	1,853,897	2,030,555
3.2.2. Currency swaps-sales		1,681,525	1,849,273	3,530,798	503,384	1,478,852	1,982,236
3.2.3. Interest rate swaps-purchases		4,153	11,431	15,584	6,212	3,423	9,635
3.2.4. Interest rate swaps-sales		3,113	10,205	13,318	6,847	3,178	10,025
3.3. Currency, interest rate and securities options		308,839	426,292	735,131	646,764	973,285	1,620,049
3.3.1. Currency options-purchases		79,628	272,287	351,915	298,062	472,889	770,951
3.3.2. Currency options-sales		229,211	138,924	368,135	348,702	398,319	747,021
3.3.3. Interest rate options-purchases		-	-	-	-	-	-
3.3.4. Interest rate options-sales		-	-	-	-	-	-
3.3.5. Securities options-purchases		-	15,081	15,081	-	37,752	37,752
3.3.6. Securities options-sales		-	-	-	-	64,325	64,325
3.4. Currency futures		55,503	39,631	95,134	128,042	119,913	247,955
3.4.1. Currency futures-purchases		21,247	21,524	42,771	125,791	316	126,107
3.4.2. Currency futures-sales		34,256	18,107	52,363	2,251	119,597	121,848
3.5. Interest rate futures		-	-	-	1,990	-	1,990
3.5.1. Interest rate futures-purchases		-	-	-	1,990	-	1,990
3.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.6. Others		2,473	164,227	166,700	-	180,861	180,861
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>	<b>4.4.3</b>	<b>105,274,003</b>	<b>126,828,413</b>	<b>232,102,416</b>	<b>82,517,397</b>	<b>86,389,714</b>	<b>168,907,111</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>25,924,654</b>	<b>11,288,230</b>	<b>37,212,884</b>	<b>29,933,026</b>	<b>6,197,970</b>	<b>36,130,996</b>
4.1. Customers' securities held		3,733,007	4,686,413	8,419,420	8,008,195	3,577,487	11,585,682
4.2. Investment securities held in custody		18,352,945	1,536,301	19,889,246	19,352,636	832,483	20,185,119
4.3. Checks received for collection		3,062,468	347,235	3,409,703	2,048,776	213,908	2,262,684
4.4. Commercial notes received for collection		753,930	1,937,048	2,690,978	509,926	1,559,300	2,069,226
4.5. Other assets received for collection		955	2,368,621	2,369,576	217	1,112	1,329
4.6. Assets received for public offering		-	21,271	21,271	-	8,756	8,756
4.7. Other items under custody		21,349	391,341	412,690	13,276	4,924	18,200
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>78,974,676</b>	<b>111,039,251</b>	<b>190,013,927</b>	<b>52,584,371</b>	<b>80,191,744</b>	<b>132,776,115</b>
5.1. Securities		221,029	-	221,029	238,405	60	238,465
5.2. Guarantee notes		6,799,369	4,966,778	11,766,147	4,511,386	3,763,402	8,274,788
5.3. Commodities		237	-	237	237	-	237
5.4. Warranties		-	-	-	-	-	-
5.5. Immovables		7,265,861	5,512,877	12,778,738	4,586,459	3,441,425	8,027,884
5.6. Other pledged items		64,688,010	100,553,385	165,241,395	43,247,714	72,981,384	116,229,098
5.7. Pledged items-depository		170	6,207	6,377	170	5,473	5,643
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>374,673</b>	<b>4,500,932</b>	<b>4,875,605</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>118,061,452</b>	<b>140,979,885</b>	<b>259,041,337</b>	<b>93,019,751</b>	<b>97,224,747</b>	<b>190,244,498</b>

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**

**Income Statement**

For the nine-month period ended 30 September 2006

(Thousands of New Turkish Lira (YTL))

INCOME AND EXPENSE ITEMS	Footnotes	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		Nine-month ended 30 September 2006	Nine-month ended 30 September 2005	Three-month ended 30 September 2006	Three-month ended 30 September 2005
<b>I. INTEREST INCOME</b>	<b>4.3.1</b>	<b>3,567,867</b>	<b>2,529,950</b>	<b>1,337,278</b>	<b>864,433</b>
1.1 Interest on loans		2,070,753	1,410,663	733,711	522,798
1.1.1 Interest on YTL loans		1,527,413	1,126,198	530,249	414,406
1.1.1.1 Short term loans		1,137,402	1,037,272	371,589	369,423
1.1.1.2 Medium and long term loans		390,011	88,926	158,660	44,983
1.1.2 Interest on foreign currency loans		514,943	280,923	198,720	106,429
1.1.2.1 Short term loans		120,627	81,674	41,062	29,253
1.1.2.2 Medium and long term loans		394,316	199,249	157,658	77,176
1.1.3 Interest on loans under follow-up		28,397	3,542	4,742	1,963
1.1.4 Premiums received from Resource Utilisation Support Func		-	-	-	-
1.2 Interest received from reserve deposits		87,809	48,065	36,121	17,337
1.3 Interest received from banks		69,892	31,235	23,994	11,816
1.3.1 The Central Bank of Turkey		8,765	4,191	1,219	1,427
1.3.2 Domestic banks		8,040	4,336	1,146	1,899
1.3.3 Foreign banks		53,087	22,708	21,629	8,490
1.3.4 Foreign headoffices and branches		-	-	-	-
1.4 Interest received from money market transactions		1,422	759	666	122
1.5 Interest received from marketable securities portfolioc		1,164,374	996,030	431,154	296,971
1.5.1 Trading securities		17,680	32,523	1,636	5,111
1.5.2 Available-for-sale securitie:		793,891	710,817	239,466	234,652
1.5.3 Held to maturity securities		352,803	252,690	190,052	57,208
1.6 Other interest income		173,617	43,198	111,632	15,389
<b>II. INTEREST EXPENSE</b>	<b>4.3.2</b>	<b>2,211,218</b>	<b>1,265,656</b>	<b>888,744</b>	<b>451,383</b>
2.1 Interest on deposits		1,658,990	985,524	622,856	362,710
2.1.1 Bank deposits		90,178	34,847	42,079	13,118
2.1.2 Saving deposits		815,580	528,894	315,774	196,593
2.1.3 Public sector deposits		625	3,865	177	2,911
2.1.4 Commercial deposits		485,381	244,085	167,544	90,741
2.1.5 Other institutions deposits		18,427	46,260	5,050	13,099
2.1.6 Foreign currency deposits		248,486	127,454	92,165	46,183
2.1.7 Precious metals vault accounts		313	119	67	65
2.2 Interest on money market transactions		272,446	147,426	159,187	38,388
2.3 Interest on funds borrowed		277,291	127,207	106,281	49,124
2.3.1 The Central Bank of Turkey		-	-	-	-
2.3.2 Domestic banks		16,153	16,708	6,331	4,191
2.3.3 Foreign banks		245,978	99,251	95,099	40,317
2.3.4 Foreign branches		-	-	-	-
2.3.5 Other financial institution:		15,160	11,248	4,851	4,616
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		2,491	5,499	420	1,161
<b>III. NET INTEREST INCOME (I - II)</b>		<b>1,356,649</b>	<b>1,264,294</b>	<b>448,534</b>	<b>413,050</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>755,792</b>	<b>535,046</b>	<b>254,997</b>	<b>193,647</b>
4.1 Fees and commissions received		989,572	722,526	352,111	261,132
4.1.1 Cash loans		70,623	49,045	21,452	19,416
4.1.2 Non-cash loans		63,979	47,634	22,529	16,044
4.1.3 Other		854,970	625,847	308,130	225,672
4.2 Fees and commissions paid		233,780	187,480	97,114	67,485
4.2.1 Cash loans		23,888	19,151	8,808	6,524
4.2.2 Non-cash loans		197	181	63	68
4.2.3 Other		209,695	168,148	88,243	60,893
<b>V. DIVIDEND INCOME</b>		<b>2,382</b>	<b>1,140</b>	-	-
5.1 Trading securities		-	-	-	-
5.2 Available-for-sale securitie:		2,382	1,140	-	-
<b>VI. NET TRADING INCOME/LOSS</b>		<b>(321,784)</b>	<b>100,956</b>	<b>68,660</b>	<b>28,857</b>
6.1 Profit/losses on trading account securities (Net)		83,864	2,811	(3,886)	2,681
6.1.1 Profit on trading account securities		609,766	356,484	131,758	115,826
6.1.1.1 Profit on derivatives		493,837	226,546	113,531	86,119
6.1.1.2 Others		115,929	129,938	18,227	29,707
6.1.2 Losses on trading account securities (-)		525,902	353,673	135,644	113,145
6.1.2.1 Losses on derivatives		466,440	271,610	120,534	95,943
6.1.2.2 Others		59,462	82,063	15,110	17,202
6.2 Foreign exchange gains/losses (Net)		(405,648)	98,145	72,546	26,176
6.2.1 Foreign exchange gains		2,096,913	1,790,771	772,543	372,224
6.2.2 Foreign exchange losses (-)		2,502,561	1,692,626	699,997	346,048
<b>VII. OTHER OPERATING INCOME</b>	<b>4.3.3</b>	<b>483,389</b>	<b>131,853</b>	<b>(26,730)</b>	<b>58,893</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>2,276,428</b>	<b>2,033,289</b>	<b>745,461</b>	<b>694,447</b>
<b>IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)</b>	<b>4.3.4</b>	<b>289,491</b>	<b>404,493</b>	<b>25,086</b>	<b>94,750</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>4.3.5</b>	<b>1,048,753</b>	<b>905,954</b>	<b>374,330</b>	<b>305,576</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>938,184</b>	<b>722,842</b>	<b>346,045</b>	<b>294,121</b>
<b>XII. INCOME/LOSSES FROM ASSOCIATES AND SUBSIDIARIES</b>	<b>4.3.6</b>	<b>43,923</b>	<b>2,001</b>	<b>8,552</b>	<b>-</b>
<b>XIII. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XIV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII)</b>		<b>982,107</b>	<b>724,843</b>	<b>354,597</b>	<b>294,121</b>
<b>XV. PROVISION FOR TAXES ON INCOME (-)</b>	<b>4.3.7</b>	<b>191,500</b>	<b>199,150</b>	<b>72,500</b>	<b>84,000</b>
15.1 Current tax charge		161,188	143,103	93,654	87,305
15.2 Deferred tax charge/(credit)		30,312	56,047	(21,154)	(3,305)
<b>XVI. NET OPERATING PROFIT/LOSS AFTER TAXES (XIV-XV)</b>		<b>790,607</b>	<b>525,693</b>	<b>282,097</b>	<b>210,121</b>
<b>XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES</b>		-	-	-	-
17.1 Extraordinary net income/expense before taxes:		-	-	-	-
17.1.1 Extraordinary income		-	-	-	-
17.1.2 Extraordinary expense (-)		-	-	-	-
17.2 Provision for taxes on extraordinary income (-)		-	-	-	-
<b>XVIII. NET PROFIT/LOSS (XVI+XVII)</b>	<b>4.3.8</b>	<b>790,607</b>	<b>525,693</b>	<b>282,097</b>	<b>210,121</b>
<b>EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)</b>		<b>376</b>	<b>250</b>	<b>134</b>	<b>100</b>

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Cash Flows**  
**For the nine-month period ended 30 September 2006**

(Thousands of New Turkish Lira (YTL))

STATEMENT OF CASH FLOWS		Footnotes	CURRENT PERIOD 30 September 2006	PRIOR PERIOD 30 September 2005
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>		<b>1,012,473</b>	<b>1,171,114</b>
1.1.1	Interest received		3,116,588	2,515,645
1.1.2	Interest paid		(2,082,646)	(1,177,164)
1.1.3	Dividend received		46,305	3,141
1.1.4	Fees and commissions received		755,792	535,046
1.1.5	Other income		120,355	127,013
1.1.6	Collections from previously written off loans and other receivables		101,800	-
1.1.7	Payments to personnel and service suppliers		(896,731)	(832,567)
1.1.8	Taxes paid		(148,990)	-
1.1.9	Extraordinary items		-	-
1.1.10	Other	4.6.1	-	-
<b>1.2</b>	<b>Changes in operating assets and liabilities</b>		<b>1,242,412</b>	<b>475,382</b>
1.2.1	Net (increase) decrease in trading securities		37,079	(19,930)
1.2.2	Net (increase) decrease in due from banks and other financial institutions		(179,566)	45,081
1.2.3	Net (increase) decrease in loans		(9,097,772)	(4,517,187)
1.2.4	Net (increase) decrease in other assets		(8,498)	(297,305)
1.2.5	Net increase (decrease) in bank deposits		1,017,183	(16,761)
1.2.6	Net increase (decrease) in other deposits		5,205,888	2,487,160
1.2.7	Net increase (decrease) in funds borrowed		4,074,813	2,555,717
1.2.8	Net increase (decrease) in matured payables		-	-
1.2.9	Net increase (decrease) in other liabilities	4.6.1	193,285	238,607
<b>I.</b>	<b>Net cash flow from banking operations</b>		<b>2,254,885</b>	<b>1,646,496</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net cash flow from investing activities</b>		<b>(1,817,279)</b>	<b>(931,609)</b>
2.1	Cash paid for purchase of investments, associates and subsidiaries	4.6.2	(15,483)	(45,067)
2.2	Cash obtained from sale of investments, associates and subsidiaries	4.6.3	48,257	319,674
2.3	Fixed assets purchases		(90,781)	(402,887)
2.4	Fixed assets sales		335,443	115,911
2.5	Cash paid for purchase of investments available for sale		(4,970,176)	(1,772,921)
2.6	Cash obtained from sale of investments available for sale		4,929,729	-
2.7	Cash paid for purchase of investment securities		(3,533,311)	(988)
2.8	Cash obtained from sale of investment securities		1,479,043	854,669
2.9	Extraordinary items		-	-
2.10	Other		-	-
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net cash flow from financing activities</b>		<b>(185,618)</b>	<b>(3,100)</b>
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		(7,040)	(3,100)
3.6	Extraordinary items		-	-
3.7	Other	4.6.1	-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	4.6.1	<b>(666,292)</b>	<b>117,589</b>
<b>V.</b>	<b>Net (decrease)/increase in cash and cash equivalents (I+II+III+IV)</b>		<b>(414,302)</b>	<b>829,376</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of period</b>	4.6.4	<b>2,888,209</b>	<b>1,489,444</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of period (V+VI)</b>	4.6.5	<b>2,473,907</b>	<b>2,318,820</b>

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Changes in Shareholders' Equity**  
**For the nine-month period ended 30 September 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
<b>CURRENT PERIOD (30/09/2005)</b>															
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		-	-	-	-	-	-	-	-	525,693	-	-	-	-	525,693
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 convertible to share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation increment		-	-	-	-	-	-	-	3,470	-	-	87	(871)	(14,098)	(11,412)
IX. Foreign exchange differences		-	-	-	-	(38)	-	-	(138)	-	-	-	-	-	(176)
Balances at end of the period (III+IV+V+VI+VII+VIII+IX)		2,100,000	772,554	-	-	49,252	-	64,587	8,561	525,693	-	2,147	4,860	127,120	3,654,774
<b>CURRENT PERIOD (30/09/2006)</b>															
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		-	-	-	-	-	-	-	206	-	-	-	-	(113,344)	(113,138)
IV. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	(116,873)	(116,873)
4.1. Net fair value gains/losses	4.5.2.1	-	-	-	-	-	-	-	-	-	-	-	-	(116,873)	(116,873)
V. Investments in associates and subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	3,529	3,529
5.1. Net fair value gains/losses		-	-	-	-	-	-	-	-	-	-	-	-	3,529	3,529
VI. Cash flow hedges		-	-	-	-	-	-	-	206	-	-	-	-	-	206
6.1. Net fair value gains/losses	4.5.1.2	-	-	-	-	-	-	-	206	-	-	-	-	-	206
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	(38,869)	(38,869)
VII. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	(38,869)	(38,869)
7.1. Transferred to net profit	4.5.2.1	-	-	-	-	-	-	-	-	-	-	-	-	(38,869)	(38,869)
VIII. Cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1. Transferred to net profit		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2. Transferred to net assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Current period net profit		-	-	-	-	-	-	-	-	790,607	-	-	-	-	790,607
X. Profit distribution		-	-	-	-	42,777	-	487,038	-	-	(708,394)	-	-	-	(178,579)
10.1. Dividends	4.5.3	-	-	-	-	-	-	-	-	-	(178,579)	-	-	-	(178,579)
10.2. Transferred to reserves	4.5.4	-	-	-	-	42,777	-	487,038	-	-	(529,815)	-	-	-	-
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 convertible to share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Revaluation increment		-	-	-	-	-	-	-	-	-	-	-	20,639	-	20,639
XIV. Foreign exchange differences		-	-	-	-	229	-	-	1,293	-	-	-	-	-	1,522
Balances at end of the period (III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV)		2,100,000	772,554	-	-	92,267	-	551,625	5,189	790,607	-	2,147	25,499	41,918	4,381,806

### **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 12.08%.

### **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%
<b>Risk Weighted Assets, Liabilities, Off-Balance Sheet Items</b>				
<b>Balance Sheet Items (Net)</b>	<b>8,818,014</b>	<b>300,166</b>	<b>4,906,112</b>	<b>21,451,961</b>
Cash on Hand	213,766	6,658	-	-
Banks	2,102,626	125,631	-	310,876
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	1,922,321	-	-	-
Special Purpose Financial Institutions	-	-	-	-
Loans	1,912,272	163,206	4,843,580	18,962,690
Loans under Follow-Up (Net)	-	-	-	151,154
Investments in Associates and Subsidiaries	-	-	-	9,067
Miscellaneous Receivables	77	-	-	81,705
Investment Securities Held to Maturity (Net)	2,445,664	-	-	-
Advances for Assets Acquired under Financial Lease	-	-	-	-
Financial Lease Receivables	-	-	-	-
Leased Assets (Net)	-	-	-	-
Tangible Assets (Net)	-	-	-	1,006,212
Accrued Interest and Income	213,851	4,671	62,532	294,717
Other Assets	7,437	-	-	635,540
<b>Off-Balance Sheet Items</b>	<b>183,417</b>	<b>3,284,360</b>	<b>7,619,614</b>	<b>346,607</b>
Guarantees	183,417	3,243,871	1,223,770	339,714
Commitments	-	126	6,395,844	-
Other Off Balance Sheet-Items	-	-	-	-
Derivative Financial Instruments	-	40,363	-	6,893
Non Risk Weighted Accounts	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>9,001,431</b>	<b>3,584,526</b>	<b>12,525,726</b>	<b>21,798,568</b>

### 3.2.3 Summary information related to capital adequacy ratio

	Risk Weights	
	Current Period	Prior Period
Total Risk Weighted Assets	28,778,336	20,488,550
Value at Risk	1,908,450	1,424,400
Shareholders' Equity	3,705,432	3,294,481
Shareholders' Equity/ (RWA+VaR)*100 (*)	12.08	15.03

(\*) RWA: Total Risk Weighted Assets

VaR: Value at Risk

### 3.2.4 Components of shareholders' equity items

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
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	92,267	49,261
I. Legal Reserve (Turkish Commercial Code 466/1)	92,267	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	5,189	3,690
Profit	790,607	708,394
Current Period Profit	790,607	708,394
Prior Period Profit	-	-
Loss (-)	-	-
Current Period Loss	-	-
Prior Period Loss	-	-
<b>Total Core Capital</b>	<b>4,312,242</b>	<b>3,698,486</b>
<b>SUPPLEMENTARY CAPITAL</b>		
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	25,499	4,860
Foreign Currency Exchange Differences	-	-
General Provisions	151,382	99,400
Provision for Possible Losses	15,000	58,500
Subordinated Loans	-	-
Securities Value Increase Fund	41,918	194,131
Associates and Subsidiaries	26,366	22,836
Investments Available for Sale	15,552	171,295
Securities Held for Structural Position	-	-
<b>Total Supplementary Capital</b>	<b>235,946</b>	<b>359,038</b>
<b>TIER III CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>4,548,188</b>	<b>4,057,524</b>

<b>DEDUCTIONS FROM CAPITAL</b>	<b>842,756</b>	<b>763,043</b>
Investments in Entities Operating in Financial Sectors like Money Markets, Capital Markets, Insurance under the related Special Laws	695,135	607,662
Leasehold Improvements	45,190	41,553
Pre-Operating Costs	10,686	13,933
Prepaid Expenses	91,745	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	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,705,432</b>	<b>3,294,481</b>

### **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:**

	<b>Amount</b>
<b>Capital Obligation against Interest Rate Risk - Standard Method</b>	<b>139,402</b>
General Market Risk	121,722
Specific Risk	17,680
Options Subject to Interest Rate Risk	-
<b>Capital Obligation against Common Stock Position Risk – Standard Method</b>	<b>9,985</b>
General Market Risk	5,045
Specific Risk	4,940
Options Subject to Common Stock Position Risk	-
<b>Capital Obligation against Currency Risk – Standard Method</b>	<b>3,289</b>
Capital Obligation	726
Capital Obligation against Options Subject to Currency Risk	2,563
<b>Total Value-at-Risk – Home Model</b>	<b>-</b>
<b>Total Capital Obligations against Market Risk</b>	<b>152,676</b>
<b>Value-at-Risk Amount</b>	<b>1,908,450</b>

### 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 September 2006, the Bank's net 'on balance sheet' foreign currency short position amounts to YTL 1,474,343 thousands, net 'off-balance sheet' foreign currency long position amounts to YTL 1,512,479 thousands, while net foreign currency long position amounts to YTL 38,136 thousands.

The Bank recorded a net foreign exchange loss of YTL 405,648 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 47,069 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 165,747 thousands and YTL 14,267 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 27,397 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:*

	<b>US\$</b>	<b>EUR</b>
The Bank's foreign currency purchase rate at balance sheet date	1.4800	1.8754
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.4800	1.8755
Day 2	1.4800	1.8773
Day 3	1.4800	1.8791
Day 4	1.4900	1.8884
Day 5	1.5100	1.9235

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 1.4630 and full YTL 1.86087, respectively.

**Currency risk:**

	<b>Euro</b>	<b>US\$</b>	<b>Yen</b>	<b>Other FCs</b>	<b>Total</b>
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,147,505	59,724	309	9,056	2,216,594
Banks and Other Financial Institutions	187,110	145,822	12,461	30,525	375,918
Trading Securities	18,980	103,366	-	26,767	149,113
Interbank Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	28,532	4,108,331	-	-	4,136,863
Loans	4,046,940	7,876,794	11,820	129,516	12,065,070
Investments in Associates and Subsidiaries	256,711	41,552	-	-	298,263
Investment Securities Held-to-Maturity	58,038	859,409	-	-	917,447
Tangible and Intangible Assets	-	152	-	666	818
Goodwill	-	-	-	-	-
Other Assets	1,597,715	363,016	87	2,471	1,963,289
<b>Total Assets</b>	<b>8,341,531</b>	<b>13,558,166</b>	<b>24,677</b>	<b>199,001</b>	<b>22,123,375</b>
<b>Liabilities</b>					
Bank Deposits	123,265	619,024	17	50,231	792,537
Foreign Currency Deposits	4,511,398	8,976,945	25,807	417,223	13,931,373
Interbank Money Market Takings	-	1,085,264	-	-	1,085,264
Other Fundings	1,771,223	5,305,639	-	346	7,077,208
Securities Issued	-	-	-	-	-
Miscellaneous Payables	1,776	4,683	-	183	6,642
Other Liabilities (*)	143,662	492,830	806	67,396	704,694
<b>Total Liabilities</b>	<b>6,551,324</b>	<b>16,484,385</b>	<b>26,630</b>	<b>535,379</b>	<b>23,597,718</b>
<b>Net 'On Balance Sheet' Position</b>	<b>1,790,207</b>	<b>-2,926,219</b>	<b>-1,953</b>	<b>-336,378</b>	<b>-1,474,343</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>-1,761,474</b>	<b>2,931,109</b>	<b>937</b>	<b>341,907</b>	<b>1,512,479</b>
Derivative Assets	192,587	3,655,141	937	468,548	4,317,213
Derivative Liabilities	1,954,061	724,032	-	126,641	2,804,734
<b>Prior Period</b>					
<b>Total Assets</b>	<b>5,570,593</b>	<b>11,593,635</b>	<b>20,152</b>	<b>130,529</b>	<b>17,314,909</b>
<b>Total Liabilities</b>	<b>4,312,911</b>	<b>13,092,114</b>	<b>22,513</b>	<b>332,631</b>	<b>17,760,169</b>
<b>Net 'On Balance Sheet' Position</b>	<b>1,257,682</b>	<b>-1,498,479</b>	<b>-2,361</b>	<b>-202,102</b>	<b>-445,260</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>-1,231,563</b>	<b>1,320,767</b>	<b>2,036</b>	<b>208,133</b>	<b>299,373</b>

(\*) Other liabilities also include gold deposits of YTL 62,385 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”:***

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	2,323,050	2,323,050
Banks and Other Financial Institutions	182,433	5,000	14,800	1,000	38,916	194,358	436,507
Trading Securities	780	44,734	35,118	1,740	66,608	26,765	175,745
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	880,105	838,147	4,169,291	835,570	1,821,289	63,099	8,607,501
Loans	8,818,031	5,195,689	2,633,374	3,618,165	5,616,489	151,154	26,032,902
Investment Securities Held-to-Maturity	-	48,700	2,701,748	428,060	1,274,126	-	4,452,634
Other Assets	2,259,180	7,437	118,986	95,664	256,325	2,719,974	5,457,566
<b>Total Assets</b>	<b>12,140,529</b>	<b>6,139,707</b>	<b>9,673,317</b>	<b>4,980,199</b>	<b>9,073,753</b>	<b>5,478,400</b>	<b>47,485,905</b>
<b>Liabilities</b>							
Bank Deposits	822,498	327,473	90,189	9,655	19,924	319,246	1,588,985
Other Deposits	17,890,205	2,427,708	502,426	212,694	266	6,295,566	27,328,865
Interbank Money Market Takings	2,291,017	372,577	358,000	-	971,998	-	3,993,592
Miscellaneous Payables	-	-	-	-	-	1,203,985	1,203,985
Securities Issued	-	-	-	-	-	-	-
Other Fundings	142,035	1,283,381	166,905	1,751,529	4,206,666	-	7,550,516
Other Liabilities	155,943	760	6,075	294,391	40,003	5,322,790	5,819,962
<b>Total Liabilities</b>	<b>21,301,698</b>	<b>4,411,899</b>	<b>1,123,595</b>	<b>2,268,269</b>	<b>5,238,857</b>	<b>13,141,587</b>	<b>47,485,905</b>
<b>On Balance Sheet Interest Sensitivity Gap</b>	<b>-9,161,169</b>	<b>1,727,808</b>	<b>8,549,722</b>	<b>2,711,930</b>	<b>3,834,896</b>	<b>-7,663,187</b>	<b>-</b>
<b>Off-Balance Sheet Interest Sensitivity Gap</b>	<b>9,937</b>	<b>6,628</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,565</b>
<b>Total Interest Sensitivity Gap</b>	<b>-9,151,232</b>	<b>1,734,436</b>	<b>8,549,722</b>	<b>2,711,930</b>	<b>3,834,896</b>	<b>-7,663,187</b>	<b>16,565</b>

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

<b>Current Period</b>	<b>Euro</b>	<b>US\$</b>	<b>Yen</b>	<b>YTL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks and Other Financial Institutions	3.05	5.89	-	17.45
Trading Securities	6.61	7.97	-	21.18
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	5.34	8.38	-	20.43
Loans	5.43	7.62	-	24.84
Investment Securities Held-to-Maturity	9.54	9.48	-	17.67
<b>Liabilities</b>				
Bank Deposits	3.22	5.74	-	18.90
Other Deposits	1.80	3.77	-	15.42
Interbank Money Market Takings	-	5.68	-	12.67
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	3.30	5.82	-	17.05

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

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
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
<b>Total Assets</b>	<b>8,950,855</b>	<b>6,235,040</b>	<b>3,926,214</b>	<b>2,436,152</b>	<b>9,312,714</b>	<b>5,549,759</b>	<b>36,410,734</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>15,195,558</b>	<b>3,182,698</b>	<b>1,030,430</b>	<b>2,978,590</b>	<b>2,855,287</b>	<b>11,168,171</b>	<b>36,410,734</b>
<b>On Balance Sheet Interest Sensitivity Gap</b>	<b>-6,244,703</b>	<b>3,052,342</b>	<b>2,895,784</b>	<b>-542,438</b>	<b>6,457,427</b>	<b>-5,618,412</b>	<b>-</b>
<b>Off-Balance Sheet Interest Sensitivity Gap</b>	<b>8,953</b>	<b>-</b>	<b>-</b>	<b>682</b>	<b>-</b>	<b>-</b>	<b>9,635</b>
<b>Total Interest Sensitivity Gap</b>	<b>-6,235,750</b>	<b>3,052,342</b>	<b>2,895,784</b>	<b>-541,756</b>	<b>6,457,427</b>	<b>-5,618,412</b>	<b>9,635</b>

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

<b>Prior Period</b>	<b>Euro</b>	<b>US\$</b>	<b>Yen</b>	<b>YTL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
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	-	-
<b>Liabilities</b>				
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
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,323,050	-	-	-	-	-	-	2,323,050
Banks and Other Financial Institutions	194,358	182,433	5,000	14,800	1,000	38,916	-	436,507
Trading Securities	26,765	2	2,478	5,083	1,740	139,677	-	175,745
Interbank Money Market	-	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	63,099	-	145,310	1,022,531	761,844	6,614,717	-	8,607,501
Loans	-	7,849,575	2,542,438	2,444,311	2,351,585	10,693,839	151,154	26,032,902
Investment Securities Held-to-Maturity	-	-	48,700	-	428,060	3,975,874	-	4,452,634
Other Assets	135,071	2,203,381	78,921	261,252	193,591	726,082	1,859,268	5,457,566
<b>Total Assets</b>	<b>2,742,343</b>	<b>10,235,391</b>	<b>2,822,847</b>	<b>3,747,977</b>	<b>3,737,820</b>	<b>22,189,105</b>	<b>2,010,422</b>	<b>47,485,905</b>
<b>Liabilities</b>								
Bank Deposits	319,246	822,498	327,473	90,189	9,655	19,924	-	1,588,985
Other Deposits	6,295,566	17,890,205	2,427,708	502,426	212,694	266	-	27,328,865
Other Fundings	-	142,035	1,283,381	166,905	1,751,529	4,206,666	-	7,550,516
Interbank Money Market Takings	-	2,291,017	372,577	358,000	-	971,998	-	3,993,592
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	66,840	1,137,145	-	-	-	-	-	1,203,985
Other Liabilities (**)	51,789	520,166	37,690	11,991	296,368	40,007	4,861,951	5,819,962
<b>Total Liabilities</b>	<b>6,733,441</b>	<b>22,803,066</b>	<b>4,448,829</b>	<b>1,129,511</b>	<b>2,270,246</b>	<b>5,238,861</b>	<b>4,861,951</b>	<b>47,485,905</b>
<b>Net Liquidity Gap</b>	<b>-3,991,098</b>	<b>-12,567,675</b>	<b>-1,625,982</b>	<b>2,618,466</b>	<b>1,467,574</b>	<b>16,950,244</b>	<b>-2,851,529</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>2,251,808</b>	<b>8,998,952</b>	<b>1,623,187</b>	<b>3,888,684</b>	<b>3,400,283</b>	<b>13,803,641</b>	<b>2,444,179</b>	<b>36,410,734</b>
<b>Total Liabilities</b>	<b>5,642,006</b>	<b>16,317,305</b>	<b>3,214,615</b>	<b>1,033,284</b>	<b>2,980,741</b>	<b>2,855,866</b>	<b>4,366,917</b>	<b>36,410,734</b>
<b>Net Liquidity Gap</b>	<b>-3,390,198</b>	<b>-7,318,353</b>	<b>-1,591,428</b>	<b>2,855,400</b>	<b>419,542</b>	<b>10,947,775</b>	<b>-1,922,738</b>	<b>-</b>

(\*) 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	2,176	2,100,450	235	1,769,592
Unrestricted Time Deposits	-	-	-	-
<b>Total</b>	<b>2,176</b>	<b>2,100,450</b>	<b>235</b>	<b>1,769,592</b>

#### 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
<b>Debt Securities</b>	<b>8,547,054</b>	<b>8,299,409</b>
Quoted at Stock Exchange	6,032,211	7,151,163
Not Quoted at Stock Exchange	2,514,843	1,148,246
<b>Common Stocks</b>	<b>29,376</b>	<b>28,864</b>
Quoted at Stock Exchange	11,451	11,191
Not Quoted at Stock Exchange	17,925	17,673
<b>Impairment Losses (-)</b>	<b>-31,071</b>	<b>-11,086</b>
<b>Total</b>	<b>8,607,501</b>	<b>8,339,359</b>

On 1 March 2006, the Bank participated in Gelişen İşletmeler Piyasaları AŞ by 5% for YTL 500 thousands of which YTL 250 thousands was paid.

As of 30 September 2006, the Bank recorded 424,159 shares of MasterCard Incorporated at a total nominal value of US\$ 42.42 and one share of Visa Europe Limited at a nominal value of EUR 10 acquired free of charge for its credit card marketing activities, in its investment securities available-for-sale portfolio. On 27 July 2006, 250,254 shares of MasterCard Incorporated at a total nominal value of US\$ 25.03 are sold for a sale price of US\$ 7,698,964.

**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 454,760 thousands, is YTL 458,253 thousands. The related accrued interests and impairment losses amount to YTL 21,440 thousands and YTL 7 thousands, respectively.

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\$ 412,870,000, is US\$ 406,332,195. The related accrued interests amount to US\$ 13,565,176.

**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	458,253	601,372	458,437	530,137
Others	-	-	-	-
<b>Total</b>	<b>458,253</b>	<b>601,372</b>	<b>458,437</b>	<b>530,137</b>

**4.1.5.5 Investment securities available for sale subject to repurchase agreements**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	2,013,533	955,866	1,390,840	184,952
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Others	-	-	-	133,123
<b>Total</b>	<b>2,013,533</b>	<b>955,866</b>	<b>1,390,840</b>	<b>318,075</b>



#### 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
<b>Direct Lendings to Shareholders</b>	<b>59</b>	<b>56,705</b>	-	<b>155,948</b>
Corporates	59	56,705	-	155,948
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>10,920</b>	<b>41,327</b>	<b>83,220</b>	<b>2,006</b>
<b>Loans to Employees</b>	<b>34,725</b>	-	<b>28,658</b>	-
<b>Total</b>	<b>45,704</b>	<b>98,032</b>	<b>111,878</b>	<b>157,954</b>

##### 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
<b>Loans</b>	<b>25,758,628</b>	-	-	<b>123,120</b>
Discounted Bills	83,604	-	-	-
Export Loans	2,091,533	-	-	38,710
Import Loans	35,044	-	-	-
Loans to Financial Sector	324,998	-	-	-
Foreign Loans	471,077	-	-	-
Consumer Loans	5,203,756	-	-	-
Credit Cards	4,472,073	-	-	-
Precious Metal Loans	108,925	-	-	-
Other	12,967,618	-	-	84,410
<b>Specialization Loans</b>	-	-	-	-
<b>Other Receivables</b>	<b>2,973,131</b>	-	-	-
<b>Total</b>	<b>28,731,759</b>	-	-	<b>123,120</b>

##### 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
<b>Consumer Loans – YTL</b>	<b>426,398</b>	<b>4,361,669</b>	<b>4,788,067</b>	<b>46,672</b>
Housing Loans	6,853	2,197,793	2,204,646	15,032
Automobile Loans	25,822	1,041,591	1,067,413	8,516
Consumer Loans	154,721	1,122,285	1,277,006	15,650
Other	239,002	-	239,002	7,474
<b>Consumer Loans – FC-indexed</b>	<b>14,850</b>	<b>376,596</b>	<b>391,446</b>	<b>48,303</b>
Housing Loans	2,568	317,778	320,346	40,073
Automobile Loans	1,986	42,871	44,857	5,135
Consumer Loans	10,296	15,947	26,243	3,095
Other	-	-	-	-
<b>Consumer Loans – FC</b>	<b>102</b>	<b>5,434</b>	<b>5,536</b>	<b>36</b>
Housing Loans	-	-	-	-
Automobile Loans	75	5,134	5,209	34
Consumer Loans	27	300	327	2
Other	-	-	-	-
<b>Retail Credit Cards – YTL</b>	<b>4,325,208</b>	<b>-</b>	<b>4,325,208</b>	<b>33,045</b>
Installment based	2,171,921	-	2,171,921	16,594
Other Credit Cards	2,153,287	-	2,153,287	16,451
<b>Retail Credit Cards – FC</b>	<b>13,572</b>	<b>-</b>	<b>13,572</b>	<b>104</b>
Installment based	-	-	-	-
Other Credit Cards	13,572	-	13,572	104
<b>Personnel Loans – YTL</b>	<b>9,814</b>	<b>8,636</b>	<b>18,450</b>	<b>183</b>
Housing Loan	-	563	563	4
Automobile Loans	6	161	167	2
Consumer Loans	5,863	7,912	13,775	177
Other	3,945	-	3,945	-
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>132</b>	<b>132</b>	<b>23</b>
Housing Loans	-	58	58	13
Automobile Loans	-	73	73	8
Consumer Loans	-	1	1	2
Other	-	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>125</b>	<b>125</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Consumer Loans	-	125	125	-
Other	-	-	-	-
<b>Personnel Credit Cards – YTL</b>	<b>15,789</b>	<b>-</b>	<b>15,789</b>	<b>121</b>
Installment based	6,490	-	6,490	50
Other Credit Cards	9,299	-	9,299	71

<b>Personnel Credit Cards – FC</b>	-	-	-	-
Installment Based	-	-	-	-
Other Credit Cards	-	-	-	-
<b>Total</b>	<b>4,805,733</b>	<b>4,752,592</b>	<b>9,558,325</b>	<b>128,487</b>

**4.1.6.5 Installment based commercial loans and corporate credit cards**

	Short-Term	Medium and Long Term	Total	Accrued Interest and Income
<b>Installment Based Commercial Loans – YTL</b>	<b>240,196</b>	<b>1,548,565</b>	<b>1,788,761</b>	<b>17,177</b>
Housing Loans	3,022	232,381	235,403	1,983
Automobile Loans	82,561	845,096	927,657	8,063
Consumer Loans	154,613	471,088	625,701	7,131
Other	-	-	-	-
<b>Installment Based Commercial Loans - FC-indexed</b>	<b>41,726</b>	<b>188,188</b>	<b>229,914</b>	<b>23,895</b>
Housing Loans	565	36,026	36,591	3,824
Automobile Loans	4,995	104,012	109,007	12,115
Consumer Loans	36,166	48,150	84,316	7,956
Other	-	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>25</b>	<b>700</b>	<b>725</b>	<b>2</b>
Housing Loans	-	-	-	-
Automobile Loans	-	648	648	2
Consumer Loans	25	52	77	-
Other Consumer Loans	-	-	-	-
<b>Corporate Credit Cards – YTL</b>	<b>114,443</b>	-	<b>114,443</b>	<b>874</b>
Installment based	-	-	-	-
Other Credit Cards	114,443	-	114,443	874
<b>Corporate Credit Cards – FC</b>	<b>3,061</b>	-	<b>3,061</b>	<b>23</b>
Installment based	-	-	-	-
Other Credit Cards	3,061	-	3,061	23
<b>Total</b>	<b>399,451</b>	<b>1,737,453</b>	<b>2,136,904</b>	<b>41,971</b>

**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	25,410,671	16,335,656
Foreign Loans	471,077	364,116
<b>Total</b>	<b>25,881,748</b>	<b>16,699,772</b>

**4.1.6.8 Loans to investments, associates and subsidiaries**

	Current Period	Prior Period
Direct Lendings	178,253	6,895
Indirect Lendings	-	-
<b>Total</b>	<b>178,253</b>	<b>6,895</b>

**4.1.6.9 Specific provisions for loans**

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	31,647	16,186
Doubtful Loans and Receivables	99,565	53,451
Uncollectible Loans and Receivables	348,368	407,878
<b>Total</b>	<b>479,580</b>	<b>477,515</b>

**4.1.6.10 Non-performing loans(NPLs) (Net)**

***Non-performing loans and other receivables restructured or rescheduled:***

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period</b>			
Restructured Loans and Receivables	-	-	34,009
Rescheduled Loans and Receivables	-	-	-
<b>Prior Period</b>			
Restructured Loans and Receivables	-	-	37,433
Rescheduled Loans and Receivables	-	-	-

***Movements in non-performing loan groups:***

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Balances at Beginning of Period</b>	<b>99,143</b>	<b>108,153</b>	<b>507,642</b>
Additions (+)	169,354	82,363	12,269
Transfer from Other NPL Categories (+)	-	126,842	139,912
Transfer to Other NPL Categories (-)	126,842	139,912	95,365
Collections (-)	55,366	50,021	53,375
Write-offs (-)	2,678	-	91,385
<b>Balances at End of Period</b>	<b>83,611</b>	<b>127,425</b>	<b>419,698</b>
Specific Provisions (-)	31,647	99,565	348,368
<b>Net Balance on Balance Sheet</b>	<b>51,964</b>	<b>27,860</b>	<b>71,330</b>

The loans previously classified under Group V - uncollectible loans and receivables amounting YTL 95,365 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**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>4,486,646</b>	<b>2,424,505</b>
Quoted at Stock Exchange	3,684,716	136,468
Not Quoted at Stock Exchange	801,930	2,288,037
<b>Impairment Losses (-)</b>	<b>34,012</b>	<b>23,550</b>
<b>Total</b>	<b>4,452,634</b>	<b>2,400,955</b>

**4.1.8.2 Movement of investment securities held-to-maturity**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balances at Beginning of Period</b>	<b>2,400,955</b>	<b>3,605,699</b>
Foreign Currency Differences On Monetary Assets	97,494	-67,873
Purchases during the Period	3,534,198	988
Disposals through Sales/Redemptions (-)	1,569,551	1,122,588
Impairment Losses (-)	10,462	15,271
Restatements Effects of Inflationary Accounting (-)	-	-
<b>Balances at End of Period</b>	<b>4,452,634</b>	<b>2,400,955</b>

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	211,641	38,864	220,088	37,508
Securities subject to Repurchase Agreements	1,281,730	499,774	1,307,390	476,375
Securities held for "Structural" Position	-	-	-	-
Receivable from Security Lending Market	-	-	-	-
Guarantees to Security Lending Market	-	-	-	-
Other	2,041,816	412,821	2,104,114	409,687
<b>Total</b>	<b>3,535,187</b>	<b>951,459</b>	<b>3,631,592</b>	<b>923,570</b>

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
<b>Total</b>	<b>988</b>	<b>2,485,006</b>	<b>1,040</b>	<b>2,474,533</b>

**Investment securities held-to-maturity given as collateral:**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Bills	-	-	-	-
Bonds and Similar Securities	211,641	38,864	-	22,218
Other	-	-	-	-
<b>Total</b>	<b>211,641</b>	<b>38,864</b>	<b>-</b>	<b>22,218</b>

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	1,281,730	499,774	-	349,373
Treasury Bill	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	129,650
<b>Total</b>	<b>1,281,730</b>	<b>499,774</b>	<b>-</b>	<b>479,023</b>

**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	10,904	9,537	3,977	554	-	2,093	873	-

##### 4.1.9.2 Movement of investments in associates

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>30,635</b>	<b>159,640</b>
<b>Movements during the Period</b>	<b>-29,458</b>	<b>-129,005</b>
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
<b>Balance at End of Period</b>	<b>1,177</b>	<b>30,635</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

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:***

<b>Investments in Associates</b>	<b>Current Period</b>	<b>Prior Period</b>
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:***

<b>Investee Company</b>	<b>Sale Price YTL'000</b>	<b>Market Value at Date of Sale</b>	<b>Payment Type</b>
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 installments.

***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 <sup>(2)</sup>	Istanbul/Turkey	94.10	98.93
6	Garanti Faktoring Hiz. AŞ	Istanbul/Turkey	55.40	55.40
7	Garanti Yatırım Menkul Kıymetler AŞ <sup>(2)</sup>	Istanbul/Turkey	100.00	100.00
8	Garanti Portföy Yönetimi AŞ <sup>(2)</sup>	Istanbul/Turkey	100.00	100.00
9	Garanti Sigorta AŞ <sup>(2)</sup>	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ <sup>(2)</sup>	Istanbul/Turkey	99.91	100.00
11	Garanti Gayrimenkul Yatırım Ortaklığı AŞ <sup>(1)</sup>	Istanbul/Turkey	50.98	50.98
12	Garanti Bank International NV <sup>(2)</sup>	Amsterdam/Holland	100.00	100.00
13	Garanti Bank Moscow <sup>(2)</sup>	Moscow/Russia	75.02	99.94
14	Garanti Financial Services Plc <sup>(2)</sup>	Dublin/Ireland	99.99	100.00
15	Garanti Fund Management Co. Ltd <sup>(2)</sup>	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	10,464	7,636	703	-	417	-1	-94,999	-
2	12,307	4,656	776	33	730	1,263	2,814	-
3	1,441	1,390	48	42	72	450	737	-
4	244	160	1	-	1	-23	-147	-
5	1,209,381	134,612	17,775	61,102	-659	18,438	32,925	-
6	530,513	27,509	1,349	27,558	39	3,484	2,465	65,713
7	19,328	17,851	2,178	-	722	1,362	1,803	-
8	15,478	15,010	3,452	149	52	1,665	662	-
9	217,695	76,791	14,593	6,553	588	11,349	12,906	-
10	332,478	35,632	4,595	2,648	636	5,447	-37,006	-
11	145,177	89,646	92,552	118	552	766	5,588	140,220
12	4,895,654	341,581	61,999	103,033	60,310	22,871	25,671	-
13	425,182	62,145	2,253	7,121	1,175	3,187	9,057	-
14	12,224	11,740	-	174	-	-70	6,540	-
15	96	-	-	-	-	-	-267	-

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

(2) Financial statements are as of 30 June 2006.

**4.1.10.2 Movement of investments in subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at Beginning of Period</b>	<b>611,152</b>	<b>1,394,851</b>
<b>Movements during the Period</b>	<b>91,873</b>	<b>-783,699</b>
Acquisitions and Participations in Capital Increases	14,685	23,089
Bonus Shares Received	31,362	-
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	-	820,051
Reclassifications	-	-
Increase/Decrease in Market Values	333	50,539
Currency Differences on Foreign Subsidiaries	45,493	-38,703
Impairment Losses (-)	-	-1,427
<b>Balance at End of Period</b>	<b>703,025</b>	<b>611,152</b>
<b>Capital Commitments</b>	<b>-</b>	<b>12,000</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

- As per the resolution no.251 of the Board of Directors of Garanti Sigorta AŞ on 24 May 2006, the company's share capital increased 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 capital commitment to Garanti Emeklilik ve Hayat AŞ amounting YTL 12,000 thousands was fulfilled.
- As per the resolution of the 2005 Annual General Assembly of Garanti Portföy Yönetimi AŞ on 17 May 2006, the company's share capital increased from YTL 1,500 thousands to YTL 10,000 thousands through appropriation of capital reserves from inflation adjustments to paid-in capital of YTL 6,877 thousands and extraordinary reserves of YTL 1,623 thousands.

**Valuation methods of investments in subsidiaries:**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Valued at Cost	587,315	496,322
Valued at Fair Value	107,891	107,011
Valued by Equity Method of Accounting	7,819	7,819

**Sectoral distribution of investments in subsidiaries:**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	294,358	249,251
Insurance Companies	136,858	99,858
Factoring Companies	36,408	28,755
Leasing Companies	76,169	76,169
Finance Companies	151,342	149,229
Other Subsidiaries	7,890	7,890

***Quoted subsidiaries:***

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Quoted at Domestic Stock Exchanges	107,891	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***

<b>Accrued Interest and Income on Loans</b>	<b>Current Period</b>		<b>Prior Period</b>	
	<b>YTL</b>	<b>FC</b>	<b>YTL</b>	<b>FC</b>
Uncollected Interest Income	13,095	1,536	4,851	1,245
Interest Income Accruals	152,359	286,361	81,438	122,353
Uncollected Commissions and Other Income	941	122	411	107
Commissions and Other Income Accruals	4,936	1,668	8,286	855
<b>Total</b>	<b>171,331</b>	<b>289,687</b>	<b>94,986</b>	<b>124,560</b>

**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	503	2,882	159	2,739
Investment Securities Available-for-Sale	194,624	82,117	317,198	92,891
Investment Securities Held-to-Maturity	96,406	6,122	52	74,566
Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	29,360	6,809	17,012	2,744
Financial Derivative Instruments:	14,172	47,995	406	9,482
<i>Interest and Income Accruals</i>	<i>1,503</i>	<i>6,883</i>	<i>172</i>	<i>5,363</i>
<i>Income Accruals for Foreign Exchange Gains</i>	<i>12,669</i>	<i>41,112</i>	<i>234</i>	<i>4,119</i>
Financial Leases	-	-	-	-
Other	10,443	-	20,016	1,342
<b>Total</b>	<b>345,508</b>	<b>145,925</b>	<b>354,843</b>	<b>183,764</b>

**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
<b>Saving Deposits</b>	<b>863,483</b>	-	<b>2,797,612</b>	<b>4,387,391</b>	<b>151,248</b>	<b>22,636</b>	<b>62,476</b>
<b>Foreign Currency Deposits</b>	<b>4,014,410</b>	-	<b>4,701,121</b>	<b>3,815,845</b>	<b>598,458</b>	<b>234,225</b>	<b>567,314</b>
Residents in Turkey	3,647,938	-	4,477,059	3,683,911	559,400	189,303	468,930
Residents Abroad	366,472	-	224,062	131,934	39,058	44,922	98,384
<b>Public Sector Deposits</b>	<b>101,455</b>	-	<b>3,126</b>	<b>1,579</b>	<b>32</b>	<b>43</b>	<b>45</b>
<b>Commercial Deposits</b>	<b>1,150,254</b>	-	<b>2,157,355</b>	<b>1,278,886</b>	<b>55,315</b>	<b>90,179</b>	<b>10,844</b>
<b>Other</b>	<b>127,841</b>	-	<b>28,018</b>	<b>44,655</b>	<b>425</b>	<b>20</b>	<b>189</b>
<b>Precious Metal Deposits</b>	<b>38,123</b>	-	<b>1,254</b>	<b>1,367</b>	<b>2,848</b>	<b>18,793</b>	-
<b>Bank Deposits</b>	<b>319,246</b>	-	<b>500,550</b>	<b>579,737</b>	<b>129,727</b>	<b>30,040</b>	<b>29,685</b>
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	3,134	-	90,644	36,609	1,000	17,000	19,924
Foreign Banks	257,192	-	409,906	543,128	128,727	13,040	9,761
Special Purpose Financials Institutions	58,920	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>6,614,812</b>	-	<b>10,189,036</b>	<b>10,109,460</b>	<b>938,053</b>	<b>395,936</b>	<b>670,553</b>

#### *Prior Period*

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over
<b>Saving Deposits</b>	<b>791,429</b>	-	<b>1,626,428</b>	<b>3,733,734</b>	<b>201,849</b>	<b>72,561</b>	<b>94,648</b>
<b>Foreign Currency Deposits</b>	<b>3,177,372</b>	-	<b>3,863,868</b>	<b>2,621,988</b>	<b>563,984</b>	<b>249,975</b>	<b>402,898</b>
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
<b>Public Sector Deposits</b>	<b>10,827</b>	-	<b>18,192</b>	<b>15,592</b>	<b>459</b>	<b>38</b>	<b>40</b>
<b>Commercial Deposits</b>	<b>1,040,771</b>	-	<b>1,875,516</b>	<b>1,361,302</b>	<b>89,733</b>	<b>3,168</b>	<b>4,596</b>
<b>Other</b>	<b>171,089</b>	-	<b>31,254</b>	<b>78,610</b>	<b>922</b>	<b>1,316</b>	<b>158</b>
<b>Precious Metal Deposits</b>	<b>4,490</b>	-	<b>22</b>	<b>1,048</b>	-	<b>13,100</b>	-
<b>Bank Deposits</b>	<b>264,491</b>	-	<b>51,755</b>	<b>124,090</b>	<b>28,363</b>	<b>48,398</b>	<b>54,705</b>
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	-	-	-	-	-	-	-
<b>Total</b>	<b>5,460,469</b>	-	<b>7,467,035</b>	<b>7,936,364</b>	<b>885,310</b>	<b>388,556</b>	<b>557,045</b>

**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	4,247,215	3,555,602	4,008,680	2,901,048
Foreign Currency Saving Deposits	2,852,710	2,594,253	4,652,819	3,836,318
Other Deposits	3,939	605	49,272	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	257,665	273,112
Off-Shore Branches	-	-

**4.2.2 Funds provided from transactions by repurchase transactions**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
<b>Domestic Transactions</b>	<b>2,007,574</b>	<b>-</b>	<b>1,256,418</b>	<b>-</b>
Financial Institutions and Organizations	14,601	-	113,839	-
Other Institutions and Organizations	1,940,559	-	1,117,799	-
Individuals	52,414	-	24,780	-
<b>Foreign Transactions</b>	<b>900,754</b>	<b>1,085,264</b>	<b>50,320</b>	<b>649,707</b>
Financial Institutions and Organizations	900,002	1,085,264	50,000	649,707
Other Institutions and Organizations	235	-	233	-
Individuals	517	-	87	-
<b>Total</b>	<b>2,908,328</b>	<b>1,085,264</b>	<b>1,306,738</b>	<b>649,707</b>

**4.2.3 Funds borrowed**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term	473,308	2,826,451	122,070	2,832,882
Medium and Long-term	-	4,250,757	-	2,557,898
<b>Total</b>	<b>473,308</b>	<b>7,077,208</b>	<b>122,070</b>	<b>5,390,780</b>

**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**

	<b>Current Period</b>	<b>Prior Period</b>
Cash Collaterals Received	1,210	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 installments 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	20,825	18,089	18,130	15,550
1-4 Years	15,719	13,618	8,740	7,785
More than 4 Years	-	-	-	-
<b>Total</b>	<b>36,544</b>	<b>31,707</b>	<b>26,870</b>	<b>23,335</b>

#### 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	137,124	37,930	116,434	22,156
Funds Borrowed	9,197	85,403	3,561	43,744
Securities Issued	-	-	-	-
Repurchase Agreements	19,389	17,987	4,428	4,078
Financial Derivative Instruments:	66,779	3,275	29,548	2,331
<i>Interest and Expense Accruals</i>	-	780	1,040	1,197
<i>Expense Accruals for Foreign Exchange Losses</i>	66,779	2,495	28,508	1,134
Factoring Payables	-	-	-	-
Other	23,768	8,198	3,705	12,318
<b>Total</b>	<b>256,257</b>	<b>152,793</b>	<b>157,676</b>	<b>84,627</b>

#### 4.2.12 **Provisions and subordinated loans**

##### 4.2.12.1 *General provisions*

	Current Period	Prior Period
<b>General Provision for</b>	<b>151,382</b>	<b>99,400</b>
Loans and Receivables in Group I	134,018	85,028
Loans and Receivables in Group II	616	227
Non-Cash Loans	16,748	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
<b>Balance at Beginning of Period</b>	<b>58,500</b>	<b>41,500</b>
Provision for realized losses	-58,500	-
Current period general reserve provision	15,000	17,000
Restatement effects of inflationary accounting	-	-
<b>Balance at End of Period</b>	<b>15,000</b>	<b>58,500</b>

**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	-	-
<b>Total Common Stock Issue</b>	<b>210</b>	<b>210</b>

**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**

<b>Company</b>	<b>Shares</b>	<b>Ownership</b>	<b>Paid-in Capital</b>	<b>Unpaid Portion</b>
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**

	<b>Current Period</b>	<b>Prior Period</b>
Interest Received from Investments in Associates and Subsidiaries	3,998	1,566

##### **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**

	<b>Current Period</b>	<b>Prior Period</b>
Interest Paid to Investments in Associates and Subsidiaries	11,297	11,326

##### **4.3.2.2 Expenses on financial lease**

	<b>Current Period</b>	<b>Prior Period</b>
Financial Leasing Expenses	2,173	3,100

**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	
<b>YTL</b>							
Bank Deposits	93	74,309	-	-	-	-	74,402
Saving Deposits	2,047	280,343	503,987	15,346	5,234	8,623	815,580
Public Sector Deposits	10	282	291	32	5	5	625
Commercial Deposits	5,002	249,983	215,595	13,710	444	647	485,381
Other	4,594	4,247	9,315	125	128	18	18,427
“7 Days Notice” Deposits	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-
<b>Total YTL</b>	<b>11,746</b>	<b>609,164</b>	<b>729,188</b>	<b>29,213</b>	<b>5,811</b>	<b>9,293</b>	<b>1,394,415</b>
<b>FC</b>							
Foreign Currency Deposits	13,698	99,800	100,371	18,181	3,763	12,673	248,486
Bank Deposits	-	15,776	-	-	-	-	15,776
Precious Metal Deposits	-	2	10	18	283	-	313
<b>Total FC</b>	<b>13,698</b>	<b>115,578</b>	<b>100,381</b>	<b>18,199</b>	<b>4,046</b>	<b>12,673</b>	<b>264,575</b>
<b>Grand Total</b>	<b>25,444</b>	<b>724,742</b>	<b>829,569</b>	<b>47,412</b>	<b>9,857</b>	<b>21,966</b>	<b>1,658,990</b>

**4.3.2.4 Interest expense on repurchase agreements**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest Paid on Repurchase Agreements	243,248	29,124	106,062	22,311

**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 amounting YTL 330,666 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	<b>180,335</b>	<b>288,802</b>
<i>Loans and Receivables in Group III</i>	5,841	-
<i>Loans and Receivables in Group IV</i>	29,048	311
<i>Loans and Receivables in Group V</i>	145,446	288,491
General Provisions	<b>51,368</b>	<b>24,547</b>
Provision for Possible Losses	<b>15,000</b>	<b>34,500</b>
Impairment Losses on Securities	<b>2,776</b>	<b>8,701</b>
Trading securities	1,129	178
Available-for-sale securities	1,647	8,523
Other Impairment Losses	<b>8,541</b>	<b>9,927</b>
Associates	-	4,276
Subsidiaries	-	4,965
Joint Ventures	-	-
Investment Securities Held to Maturity	8,541	686
Other	<b>31,471</b>	<b>38,016</b>
<b>Total</b>	<b>289,491</b>	<b>404,493</b>

#### 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 (+/-)	43,923	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 September 2006, the Bank recorded a current tax expense of YTL 161,188 thousands and a deferred tax expense of YTL 30,312 thousands.

**4.3.7.2 Deferred tax income/expense on timing differences**

<b>Deferred tax income/(expense) on timing difference</b>	<b>Current Period</b>
Increase in tax deductible timing differences	19,664
Decrease in tax deductible timing differences (-)	59,305
Increase in taxable timing differences (-)	16
Decrease in taxable timing differences	9,345
<b>Total</b>	<b>-30,312</b>

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

<b>Deferred tax income/(expense) arising on timing differences, tax losses and tax deductions and exemptions</b>	<b>Current Period</b>
Increase/(decrease) in tax deductible timing differences	39,641
(Increase)/decrease in taxable timing differences	9,329
Increase/(decrease) in tax losses	-
Increase/(decrease) in tax deductions and exemptions	-
<b>Total</b>	<b>-30,312</b>

**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	349,645	326,860
<i>With Original Maturity of 1 Year or Less</i>	65,441	46,395
<i>With Original Maturity of More Than 1 Year</i>	284,204	280,465
Other Non-Cash Loans	9,275,423	7,810,969
<b>Total</b>	<b>9,625,068</b>	<b>8,137,829</b>

###### 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	4,480,909	3,872,083
Letters of Guarantee in YTL	2,617,470	2,090,318
Letters of Credit	1,704,738	1,318,659
Bank Acceptances	199,217	286,255
Prefinancing	-	-
<b>Total</b>	<b>9,002,334</b>	<b>7,567,315</b>

###### 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 250 thousands for its subsidiaries, associates and other investments. Furthermore, there are letters of guarantee amounting YTL 153,202 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 (August 2006\*)**

<b>Foreign Currency</b>	
Long Term	BB-
Short Term	B
Outlook	Positive
Individual	C
Support	3
<b>Turkish Lira</b>	
Long Term	BB+
Short Term	B
Outlook	Positive
<b>National</b>	
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 3,470 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 206 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 September 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 116,873 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 53,472 thousands and YTL 38,869 thousands for the nine-month periods ended 30 September 2005 and 2006, 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	
NET(*)	95,022	0.04525	4.52485	
			12.04.2006	

**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	
NET(*)	44,391	370	120	
			12.04.2006	

(\*) 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
<b>TOTAL</b>	<b>2,888,209</b>	<b>1,489,444</b>

### 4.6.5 Cash and cash equivalents at end of period

	Current Period 30.09.2006	Prior Period 30.09.2005
Cash on Hand	210,094	173,338
<i>Cash in YTL</i>	100,608	88,125
<i>Cash in Foreign Currency</i>	109,486	85,213
Cash Equivalents	2,263,813	2,145,482
<i>Other</i>	2,263,813	2,145,482
<b>TOTAL</b>	<b>2,473,907</b>	<b>2,318,820</b>

### 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	857,708	22,991	418,982	56,705	15,837	41,327
Interest and Commission Income	5,030	88	13	1,267	1,011	71

(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	3,075	83	2,231	1,227	4,586	80

(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	149,278	165,859	473,342	1,143,865	220,460	125,258
Interest Expenses	11,297	11,326	39,044	996	7,689	3,125

(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
<b>Trading Transactions:</b>						
Beginning of Period	-	-	-	-	-	680
End of Period	30,619	-	-	-	-	-
Total Profit/Loss	933	7	-	-	-	-
<b>Hedging Transactions:</b>						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-

(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 189,232 thousands compose 0.73% of the Bank's total cash loans and 0.40% of the Bank's total assets. The total loans and similar receivables amounting YTL 1,292,527 thousands compose 2.72% of the Bank's total assets. The non-cash loans of the risk group amounting YTL 121,023 thousands compose 1.26% of the Bank's total non-cash loans. The deposits of the risk group amounting YTL 843,080 thousands compose 2.92% 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**

- In accordance with the purchase option agreement explained in Note 4.2.20 above, the investor has announced that it would use the unused additional purchase rights for the shares with total nominal value of YTL 15,000,000 representing 0.71% of the Bank's capital. Accordingly, the procedures to put these shares into circulation have been started.
- The Bank received a joint offer from GE Real Estate Europe SAS, an investee company of General Electric Capital Corporation, and Doğuş Holding AŞ, on 27 October 2006 for the acquisition of 1,475,410 A-group shares and 36,147,535 B-group shares of Garanti Gayrimenkul Yatırım Ortaklığı AŞ, its consolidated affiliate at a price of YTL 1.928 per share. In this offer, it is also stated that an application will be made for a call to the shares held by the public at the offered price. The Bank's authorized bodies will evaluate this offer and decide before its deadline on 6 November 2006.

## **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 installments, 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 installments. 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 announcement made according to the Article VIII no.39 of the Turkish Capital Market Board, the Bank decided to entrusted Watson Wyatt Limited with the assessment of potential merger, joint venture, share purchase and sale prospects for Garanti Sigorta AŞ, as its parent company, in the insurance sector.
- The Bank sold a building in Maslak/Istanbul, acquired against its impaired assets to Doğu Holding AŞ on 15 August 2006. US\$ 20,000,000 of the sale price of US\$ 32,000,000 was collected on the date of sale. The remaining US\$ 12,000,000 will be collected on 31 December 2006.
- A land in Umraniye/Istanbul was transferred to Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı AŞ and Garanti Gayrimenkul Yatırım Ortaklığı AŞ on 8 September 2006 at a total sale price of YTL 26,238 thousands of which YTL 25,933 thousands was collected on the date of sale.
- 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.
- 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.

## **6 Independent Auditor's Review Report**

### **6.1 Disclosure on Independent Auditor's Review Report**

The Bank's unconsolidated interim financial statements as of 30 September 2006, have been subject to review by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International). It was noted in their review report dated 2 November 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 September 2006.