

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

Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Financial Statements

As of and For the Six-Month Period Ended

30 June 2007

*(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
8 August 2007

*This report contains "Independent Auditors' Review
Report" comprising 1 page and; "Unconsolidated
Financial Statements and Related Disclosures and
Footnotes" comprising 73 pages.*

**Convenience Translation of the Independent Auditors' Review Report
Originally Prepared and Issued in Turkish (See Note 3.1.1)**

To the Board of Directors of Türkiye Garanti Bankası AŞ:

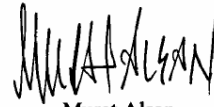
We have reviewed the unconsolidated balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") as of 30 June 2007 and the related unconsolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the six-month period then ended. These financial statements are 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 accounting and reporting system and the regulations on the accounting and independent audit principles as per the (Turkish) Banking Law No. 5411. These regulations require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, the financial position of Türkiye Garanti Bankası AŞ as of 30 June 2007 and the result of its operations and cash flows for the six-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 of the (Turkish) Banking Law No. 5411 and other communiques, disclosures and directives issued by the Banking Regulatory and Supervisory Agency.

İstanbul,
8 August 2007

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi



Murat Alsan
Partner

Certified Public Accountant

Additional paragraph for convenience translation to English:

As explained in Note 3.1.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Interim Financial Report as of and for the Six-Month Period Ended 30 June 2007

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The Unconsolidated Interim Financial Report for the six-month period ended 30 June 2007 prepared in accordance with the communique of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

The unconsolidated interim financial statements and related disclosures and footnotes that were subject to independent review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances and in compliance with the financial records of our Bank and, unless stated otherwise, presented in thousands of New Turkish Lira (YTL).

Ferit F. Şahenk
Board of Directors
Chairman

S. Ergun Özen
General Manager

Aydın Şenel
Executive Vice
President

Mustafa Keleş
Financial Accounting
Director

M. Cüneyt Sezgin
Audit Committee
Member

Des O'Shea
Audit Committee
Member

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 514 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

As of 30 June 2007, Group of Companies under Doğuş Holding AŞ that currently owns 25.87% 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, as explained in Note 1.4. 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. Today, 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 19.000 employees. The Group operates partnerships and has distribution, management and franchise agreements with internationally recognized brand names, such as Volkswagen, Audi, Bentley, 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 and Sinop-Boyabat motorways, Kadıköy-Kartal and Otogar-Bağcılar subways, 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 thousand employees. These six business lines are; GE Consumer Finance, GE Commercial Finance, GE Healthcare, GE Industrial, GE Infrastructure and 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 against 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 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	17 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	25 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	22 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	33 years
Charles Edward Alexander	Member	22.12.2005	University	27 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	Master	30 years
Oliver B.R.V. Piani	Member	21.02.2007	Master	26 years
Dmitri Lysander Stockton	Member	22.12.2005	University	16 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	20 years

The membership positions of Des O'Shea and Olivier B.R.V. Piani who have been assigned as of 2 November 2006 and 21 February 2007, respectively for the vacant positions of Daniel Noel O'Connor and Richard Alan Laxer to complete their duties, were approved by the Annual General Assembly held on 17 April 2007.

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	20 years
Adnan Memiş	EVP-Support Services	03.06.1991	University	29 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	15 years
Ali Temel	EVP-Loans	21.10.1999	University	17 years
Gökhan Erun	EVP-Human Resources & Investment Banking	18.08.2005	Master	13 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	25 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	22 years
Uruz Ersözöglü	EVP-Treasury	03.04.2006	University	16 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	15 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	22 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	26 years
Zekeriya Öztürk	EVP- International Business Development	02.03.2006	Master	12 years

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

Afzal Mohammed Modak has been assigned as the executive vice president responsible of the finance function of the Bank on 20 July 2007.

1.4 Information on the Bank's qualified shareholders

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	462,250	22.0119%	462,250	-
GE Araştırma ve Müşavirlik Limited Şti	535,506	25.5003%	535,506	-

In accordance with 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.

1.5 Summary information on 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.

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 30 June 2007

ASSETS		Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 June 2007			31 December 2006		
		YTL	FC	Total	YTL	FC	Total	
I.	CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	1.863.096	3.216.280	5.079.376	1.885.335	3.391.537	5.276.872
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	63.729	91.616	155.345	67.621	80.838	148.459
2.1	Financial assets held for trading		39.118	84.028	123.146	57.403	76.766	134.169
2.1.1	Government securities		28.777	84.028	112.805	50.492	75.993	126.485
2.1.2	Equity securities		1.411	-	1.411	-	-	-
2.1.3	Other securities		8.930	-	8.930	6.911	773	7.684
2.2	Financial assets valued at fair value through profit or loss		-	-	-	-	-	-
2.2.1	Government securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Other securities		-	-	-	-	-	-
2.3	Trading derivatives		24.611	7.588	32.199	10.218	4.072	14.290
III.	BANKS AND OTHER FINANCIAL INSTITUTIONS	(5.1.3)	589.005	1.307.961	1.896.966	62.480	833.962	896.442
IV.	INTERBANK MONEY MARKETS		-	-	-	-	-	-
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	6.023.564	4.274.968	10.298.532	5.619.046	4.008.884	9.627.930
5.1	Equity securities		51.688	32.643	84.331	44.648	21.668	66.316
5.2	Government securities		5.971.876	2.586.755	8.558.631	5.574.398	2.937.365	8.511.763
5.3	Other securities		-	1.655.570	1.655.570	-	1.049.851	1.049.851
VI.	LOANS	(5.1.5)	18.548.824	14.451.927	33.000.751	15.320.304	12.030.186	27.350.490
6.1	Performing loans		18.280.357	14.451.927	32.732.284	15.134.959	12.030.186	27.165.145
6.2	Loans under follow-up		767.546	-	767.546	636.589	-	636.589
6.3	Specific provisions (-)		499.079	-	499.079	451.244	-	451.244
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	3.797.892	750.755	4.548.647	3.802.826	816.021	4.618.847
8.1	Government securities		3.794.870	750.755	4.545.625	3.800.874	816.021	4.616.895
8.2	Other securities		3.022	-	3.022	1.952	-	1.952
IX.	INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	12.692	-	12.692	1.177	-	1.177
9.1	Financial investments in associates		11.312	-	11.312	-	-	-
9.2	Non-financial investments in associates		1.380	-	1.380	1.177	-	1.177
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	263.335	321.469	584.804	313.436	290.716	604.152
10.1	Unconsolidated financial investments in subsidiaries		255.827	321.469	577.296	305.546	290.716	596.262
10.2	Unconsolidated non-financial investments in subsidiaries		7.508	-	7.508	7.890	-	7.890
XI.	INVESTMENTS IN JOINT-VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1	Financial investments in joint-ventures		-	-	-	-	-	-
11.2	Non-financial investments in joint-ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1	Financial lease receivables		-	-	-	-	-	-
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(5.1.11)	-	3.362	3.362	-	4.799	4.799
13.1	Fair value hedges		-	-	-	-	-	-
13.2	Cash flow hedges		-	3.362	3.362	-	4.799	4.799
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(5.1.12)	890.691	1.168	891.859	884.325	1.121	885.446
XV.	INTANGIBLE ASSETS (Net)	(5.1.13)	72.952	203	73.155	67.515	203	67.718
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		72.952	203	73.155	67.515	203	67.718
XVI.	TAX ASSET	(5.1.14)	55.948	-	55.948	38.188	-	38.188
16.1	Current tax asset		-	-	-	-	-	-
16.2	Deferred tax asset		55.948	-	55.948	38.188	-	38.188
XVII.	ASSETS HELD FOR SALE	(5.1.15)	108.393	-	108.393	115.154	-	115.154
XVIII.	OTHER ASSETS	(5.1.16)	670.197	112.841	783.038	542.620	108.619	651.239
	TOTAL ASSETS		32.960.318	24.532.550	57.492.868	28.720.027	21.566.886	50.286.913

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 30 June 2007

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2007			31 December 2006		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	(5.2.1)	16.079.772	17.401.545	33.481.317	14.242.516	15.896.521	30.139.037
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	403.993	5.884	409.877	219.766	3.136	222.902
III. FUNDS BORROWED	(5.2.3)	565.916	7.938.237	8.504.153	510.041	7.380.364	7.890.405
IV. INTERBANK MONEY MARKETS	(5.2.4)	5.285.004	330.228	5.615.232	4.256.772	557.121	4.813.893
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		5.285.004	330.228	5.615.232	4.256.772	557.121	4.813.893
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		1.628.124	43.483	1.671.607	1.311.410	15.420	1.326.830
VIII. OTHER EXTERNAL RESOURCES PAYABLE	(5.2.4)	110.727	237.150	347.877	105.889	452.949	558.838
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	1.634	51.459	53.093	298	44.440	44.738
10.1 Financial lease payables		1.803	54.974	56.777	336	49.341	49.677
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		169	3.515	3.684	38	4.901	4.939
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	4.769	4.769	-	-	-
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	4.769	4.769	-	-	-
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	486.447	17.810	504.257	413.046	14.083	427.129
12.1 General provisions		211.997	12.461	224.458	148.747	9.719	158.466
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		149.000	-	149.000	128.818	-	128.818
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		125.450	5.349	130.799	135.481	4.364	139.845
XIII. TAX LIABILITY	(5.2.8)	260.756	52	260.808	192.765	83	192.848
13.1 Current tax liability		260.756	52	260.808	192.765	83	192.848
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES FOR ASSETS HELD FOR SALE	(5.2.9)	-	-	-	-	-	-
XV. SUBORDINATED DEBTS	(5.2.10)	-	665.905	665.905	-	-	-
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	5.907.372	66.601	5.973.973	4.593.631	76.662	4.670.293
16.1 Paid-in capital		2.100.000	-	2.100.000	2.100.000	-	2.100.000
16.2 Capital reserves		797.227	64.566	861.793	738.539	74.485	813.024
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		10.887	67.162	78.049	(10.494)	71.337	60.843
16.2.4 Revaluation surplus on tangible assets		29.864	-	29.864	2.147	-	2.147
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Bonus shares of associates, subsidiaries and joint-ventures		2.453	-	2.453	4.698	-	4.698
16.2.7 Hedging reserves (effective portion)		-18.851	-2.596	-21.447	-30.366	3.148	-27.218
16.2.8 Revaluation surplus on assets held for sale		-	-	-	-	-	-
16.2.9 Other capital reserves		772.874	-	772.874	772.554	-	772.554
16.3 Profit reserves		1.507.213	2.035	1.509.248	691.429	2.177	693.606
16.3.1 Legal reserves		154.572	2.035	156.607	89.957	2.177	92.134
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		1.353.965	-	1.353.965	601.953	-	601.953
16.3.4 Other profit reserves		-1.324	-	-1.324	-481	-	-481
16.4 Profit or loss		1.502.932	-	1.502.932	1.063.663	-	1.063.663
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period profit/loss		1.502.932	-	1.502.932	1.063.663	-	1.063.663
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		30.729.745	26.763.123	57.492.868	25.846.134	24.440.779	50.286.913

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 30 June 2007

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD 30 June 2007			PRIOR PERIOD 31 December 2006		
		YTL	FC	Total	YTL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		21.071.655	16.490.203	37.561.858	16.579.521	15.402.920	31.982.441
I. GUARANTEES AND SURETIES	(5.3.1),(5.3.3)	3.513.927	7.274.866	10.788.793	2.688.511	6.837.765	9.526.276
1.1. Letters of guarantee		3.513.804	4.774.922	8.288.726	2.688.808	4.575.955	7.263.763
1.1.1. Guarantees subject to State Tender Law		313.417	192.207	505.624	268.378	628.922	897.300
1.1.2. Guarantees given for foreign trade operations		263.345	238.739	502.084	255.968	240.821	496.789
1.1.3. Other letters of guarantee		2.937.042	4.343.976	7.281.018	2.163.462	3.706.212	5.869.674
1.2. Bank acceptances		75	140.213	140.288	616	142.925	143.541
1.2.1. Import letter of acceptance		75	132.552	132.627	600	141.356	141.956
1.2.2. Other bank acceptances		-	7.661	7.661	16	1.569	1.585
1.3. Letters of credit		48	2.359.731	2.359.779	87	2.118.885	2.118.972
1.3.1. Documentary letters of credit		-	2.502	2.502	-	10.810	10.810
1.3.2. Other letters of credit		48	2.357.229	2.357.277	87	2.108.075	2.108.162
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	-	-	-	-	-
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1),(5.3.3)	11.682.172	1.926.479	13.608.651	9.807.443	1.586.165	11.393.608
2.1. Irrevocable commitments		11.682.172	1.926.254	13.608.426	9.807.443	1.585.926	11.393.366
2.1.1. Asset purchase commitments		90.622	399.925	490.547	146.776	158.806	305.582
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		250	-	250	250	-	250
2.1.4. Loan granting commitments		2.145.534	357.978	2.503.512	1.825.955	394.698	2.220.657
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1.776.126	-	1.776.126	1.528.984	-	1.528.984
2.1.8. Tax and fund obligations on export commitments		-	-	-	19.092	-	19.092
2.1.9. Commitments for credit card limits		7.577.545	-	7.577.545	6.134.965	-	6.134.969
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		71.217	1.168.351	1.239.568	151.413	1.032.422	1.183.835
2.2. Revocable commitments		-	225	225	-	239	239
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	225	225	-	239	239
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	5.875.556	7.288.858	13.164.414	4.083.567	6.978.990	11.062.557
3.1. Derivative financial instruments held for risk management		-	22.542	22.542	-	7.107	7.107
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	22.542	22.542	-	7.107	7.107
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		5.875.556	7.266.316	13.141.872	4.083.567	6.971.883	11.055.450
3.2.1. Forward foreign currency purchases/sales		796.267	867.729	1.663.996	356.402	497.943	854.345
3.2.1.1. Forward foreign currency purchases		587.244	253.398	840.642	235.783	193.363	429.146
3.2.1.2. Forward foreign currency sales		209.023	614.331	823.354	120.619	304.580	425.199
3.2.2. Currency and interest rate swaps		3.940.181	5.032.372	8.972.553	3.380.728	5.736.300	9.117.028
3.2.2.1. Currency swaps-purchases		185.039	3.937.014	4.122.053	28.567	4.392.056	4.420.623
3.2.2.2. Currency swaps-sales		3.748.551	1.079.606	4.828.157	3.346.038	1.330.945	4.676.983
3.2.2.3. Interest rate swaps-purchases		1.422	7.894	9.316	3.010	6.664	9.674
3.2.2.4. Interest rate swaps-sales		5.169	7.858	13.027	3.113	6.635	9.748
3.2.3. Currency, interest rate and security options		1.037.667	1.130.079	2.167.746	309.499	604.878	914.377
3.2.3.1. Currency call options		340.662	664.739	1.005.401	50.768	333.396	384.164
3.2.3.2. Currency put options		689.964	409.438	1.099.402	258.731	120.767	379.498
3.2.3.3. Interest rate call options		-	-	-	-	-	-
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		7.041	42.743	49.784	-	65.742	65.742
3.2.3.6. Security put options		-	13.159	13.159	-	84.973	84.973
3.2.4. Currency futures		96.745	89.033	185.778	36.938	34.828	71.766
3.2.4.1. Currency futures-purchases		92.199	-	92.199	36.938	-	36.938
3.2.4.2. Currency futures-sales		4.546	89.033	93.579	-	34.828	34.828
3.2.5. Interest rate futures		-	52.160	52.160	-	-	-
3.2.5.1. Interest rate futures-purchases		-	26.080	26.080	-	-	-
3.2.5.2. Interest rate futures-sales		-	26.080	26.080	-	-	-
3.2.6. Others		4.696	94.943	99.639	-	97.934	97.934
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		146.755.879	143.429.860	290.185.739	115.037.822	126.092.949	241.130.771
IV. ITEMS HELD IN CUSTODY		37.594.016	14.376.626	51.970.642	28.448.874	12.781.762	41.230.636
4.1. Customers' securities held		9.394.598	4.606.811	14.001.410	3.219.699	4.408.869	7.628.568
4.2. Investment securities held in custody		22.569.932	1.576.650	24.146.582	20.700.068	1.926.185	22.626.253
4.3. Checks received for collection		4.468.975	498.359	4.967.334	3.641.784	378.927	4.020.711
4.4. Commercial notes received for collection		1.130.374	2.019.024	3.149.398	864.143	1.862.917	2.727.060
4.5. Other assets received for collection		6.145	5.347.333	5.353.478	90	3.861.442	3.861.532
4.6. Assets received through public offering		-	20.904	20.904	-	20.233	20.233
4.7. Other items under custody		23.991	307.545	331.536	23.090	323.189	346.279
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		109.161.863	129.053.234	238.215.097	86.588.948	113.311.187	199.900.135
5.1. Securities		200.047	-	200.047	207.080	-	207.080
5.2. Guarantee notes		9.876.933	5.083.451	14.960.384	7.584.926	4.770.191	12.355.117
5.3. Commodities		157	-	157	237	-	237
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		10.260.455	7.010.551	17.271.010	7.935.625	5.948.579	13.884.208
5.6. Other pledged items		88.824.097	116.958.848	205.782.945	70.860.906	102.586.494	173.447.400
5.7. Pledged items-depository		170	384	554	170	5.923	6.093
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		167.827.534	159.920.063	327.747.597	131.617.343	141.495.869	273.113.212

Türkiye Garanti Bankası Anonim Şirketi

Income Statement

For the Six-Month Period Ended 30 June 2007

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)			
		CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		Six-month ended 30 June 2007	Six-month ended 30 June 2006	Three-month ended 30 June 2007	Three-month ended 30 June 2006
I. INTEREST INCOME	(5.4.1)	3.309.839	2.230.589	1.689.136	1.218.979
1.1 Interest income from loans		1.856.114	1.337.042	986.280	707.298
1.2 Interest income from reserve deposits		85.102	51.688	43.295	29.696
1.3 Interest income from banks		111.174	45.898	52.097	26.348
1.4 Interest income from money market transactions		2.206	756	1.307	412
1.5 Interest income from securities portfolio		1.063.786	733.220	529.243	402.181
1.5.1 Trading financial assets		11.758	16.044	6.067	4.868
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		724.199	554.425	303.471	276.534
1.5.4 Investments held-to-maturity		327.829	162.751	219.705	120.779
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		191.457	61.985	76.914	53.044
II. INTEREST EXPENSE	(5.4.2)	2.045.539	1.322.474	1.036.426	734.472
2.1 Interest on deposits		1.433.324	1.036.134	725.998	567.037
2.2 Interest on funds borrowed		262.140	171.010	128.336	96.651
2.3 Interest on money market transactions		345.298	113.259	179.586	70.020
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expenses		4.777	2.071	2.506	764
III. NET INTEREST INCOME (I - II)		1.264.300	908.115	652.710	484.507
IV. NET FEES AND COMMISSIONS INCOME		616.550	500.795	310.896	260.792
4.1 Fees and commissions received		817.681	637.461	422.351	335.779
4.1.1 Cash loans		44.441	49.171	22.471	25.440
4.1.2 Non-cash loans		51.775	41.450	25.588	21.599
4.1.3 Others		721.465	546.840	374.292	288.740
4.2 Fees and commissions paid		201.131	136.666	111.455	74.987
4.2.1 Cash loans		13.368	15.080	6.824	8.150
4.2.2 Non-cash loans		162	134	86	74
4.2.3 Others		187.601	121.452	104.545	66.763
V. DIVIDEND INCOME	(5.4.3)	46.969	37.753	46.660	37.150
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	-51.002	27	-14.581	-50.703
6.1 Trading account income/losses (Net)		-43.840	87.750	-14.827	46.453
6.2 Foreign exchange gains/losses (Net)		-7.162	-87.723	246	-97.156
VII. OTHER OPERATING INCOME	(5.4.5)	841.506	115.965	782.188	82.960
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2.718.323	1.562.655	1.777.873	814.706
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	167.901	264.405	93.260	178.878
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	814.490	670.156	430.869	341.833
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1.735.932	628.094	1.253.744	293.995
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	1.735.932	628.094	1.253.744	293.995
XVI. PROVISION FOR TAXES	(5.4.9)	233.000	119.117	128.300	37.049
16.1 Current tax charge		254.226	67.534	152.594	-37.009
16.2 Deferred tax charge/(credit)		-21.226	51.583	-24.294	74.058
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV-XVI)	(5.4.10)	1.502.932	508.977	1.125.444	256.946
17.1 Discontinued operations		-	-	-	-
17.2 Others		1.502.932	508.977	1.125.444	256.946
XVIII. NET PROFIT/LOSS (XV-XVI)	(5.4.11)	1.502.932	508.977	1.125.444	256.946
EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)		716	242	536	122

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the Six-Month Period Ended 30 June 2007

		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 Shareholders' Equity	
PRIOR PERIOD (30/6/2006)																
I. Balances at beginning of the period		2.100.000	772.554	-	-	49.261	-	64.587	3.690	-	708.394	2.147	4.860	194.131	3.899.624	
II. Correction made as per TAS 8		-	-	-	-	-	-	37.436	-	-	12.892	-	-	-109.243	-58.915	
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2. Effect of changes in accounting policies	(3.24)	-	-	-	-	-	-	37.436	-	-	12.892	-	-	-109.243	-58.915	
III. Adjusted balances at beginning of the period (I+II)		2.100.000	772.554	-	-	49.261	-	102.023	3.690	-	721.286	2.147	4.860	84.888	3.840.709	
Changes during the period																
VI. Mergers		-	-	-	-	-	-	-	-47.272	-	-	-	-	-263.132	-310.404	
V. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	-263.132	-263.132	
VI. Hedges for risk management		-	-	-	-	-	-	-	-47.272	-	-	-	-	-	-47.272	
6.1. Net cash flow hedges		-	-	-	-	-	-	-	-47.272	-	-	-	-	-	-47.272	
6.2. Net foreign investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-15.793	-15.793	
VII. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	-15.793	-15.793	
VIII. Hedges for risk management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.1. Net cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.2. Net foreign investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Current period net profit		-	-	-	-	-	-	-	-	508.977	-	-	-	-	508.977	
X. Profit distribution		-	-	-	-	42.778	-	499.930	-	-	-721.286	-	-	-	-178.578	
10.1. Dividends		-	-	-	-	-	-	-	-	-	-178.578	-	-	-	-178.578	
10.2. Transferred to reserves		-	-	-	-	42.778	-	499.930	-	-	-542.708	-	-	-	-	
10.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.3. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Primary subordinated debts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Secondary subordinated debts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Others		-	-	-	-	245	-	-	-	-	-	-	-	-	245	
Balances at end of the period (III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)		2.100.000	772.554	-	-	92.284	-	601.953	-43.582	508.977	-	2.147	4.860	-194.037	3.845.156	
CURRENT PERIOD (30/6/2007)																
I. Balances at beginning of the period		2.100.000	772.554	-	-	92.134	-	601.953	-27.699	-	1.063.663	2.147	4.698	60.843	4.670.293	
Changes during the period		-	-	-	-	-	-	-	5.771	-	-	-	-	19.976	25.747	
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	19.976	19.976	
IV. Hedges for risk management		-	-	-	-	-	-	-	5.771	-	-	-	-	-	5.771	
4.1. Net cash flow hedges		-	-	-	-	-	-	-	-5.744	-	-	-	-	-	-5.744	
4.2. Net foreign investment hedges		-	-	-	-	-	-	-	11.515	-	-	-	-	-	11.515	
Transfers		-	-	-	-	-	-	-	-	-	-	-	-2.245	-2.770	-5.015	
V. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-2.245	-2.770	-5.015	
VI. Hedges for risk management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1. Net cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2. Net foreign investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Current period net profit		-	-	-	-	-	-	-	-	1.502.932	-	-	-	-	1.502.932	
VIII. Profit distribution		-	-	-	-	64.615	-	752.012	-	-	-1.063.663	27.717	-	-	-219.319	
8.1. Dividends		-	-	-	-	-	-	-	-	-	-219.319	-	-	-	-219.319	
8.2. Transferred to reserves		-	-	-	-	64.615	-	752.012	-	-	-816.627	-	-	-	-	
8.3. Others		-	-	-	-	-	-	-	-	-	-27.717	27.717	-	-	-	
IX. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.2. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.3. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.4. Securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.5. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.6. Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.7. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.8. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Primary subordinated debts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Secondary subordinated debts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Others		-	-	-	-	-142	-	-	-523	-	-	-	-	-	-665	
Balances at end of the period (I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV)		2.100.000	772.554	-	-	156.607	-	1.353.965	-22.451	1.502.932	-	29.864	2.453	78.049	5.973.973	

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Six-Month Period Ended 30 June 2007

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)	
		CURRENT PERIOD	PRIOR PERIOD
		30 June 2007	30 June 2006
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		2.020.438	660.752
1.1.1 Interests received		3.170.963	1.962.963
1.1.2 Interests paid		-1.930.808	-1.217.557
1.1.3 Dividend received		46.969	37.753
1.1.4 Fees and commissions received		817.681	500.795
1.1.5 Other income		1.401.340	24.717
1.1.6 Collections from previously written-off loans and other receivables		11.158	87.535
1.1.7 Payments to personnel and service suppliers		-570.132	-586.464
1.1.8 Taxes paid		-23.820	-148.990
1.1.9 Others		-902.913	-
1.2 Changes in operating assets and liabilities		-2.207.473	1.139.892
1.2.1 Net (increase) decrease in financial assets held for trading		10.605	-92.274
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-1.023.533	-164.254
1.2.4 Net (increase) decrease in loans		-5.642.008	-8.277.320
1.2.5 Net (increase) decrease in other assets		-791.781	-524.201
1.2.6 Net increase (decrease) in bank deposits		453.861	611.082
1.2.7 Net increase (decrease) in other deposits		2.864.201	3.726.695
1.2.8 Net increase (decrease) in funds borrowed		1.229.549	5.436.439
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		691.633	423.725
I. Net cash flow from banking operations		-187.035	1.800.644
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		-733.149	-1.245.035
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-12.125
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-55.238	29.458
2.3 Purchases of tangible assets		-106.779	-56.486
2.4 Sales of tangible assets		10.402	259.034
2.5 Cash paid for purchase of financial assets available-for-sale		-644.819	-3.267.163
2.6 Cash obtained from sale of financial assets available-for-sale		-	3.980.216
2.7 Cash paid for purchase of investments held-to-maturity		-	-3.657.012
2.8 Cash obtained from sale of investments held-to-maturity		63.285	1.479.043
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		-258.209	-181.363
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-219.319	-178.578
3.5 Payments for financial leases		-38.890	-2.785
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		268.695	-881.596
V. Net (decrease)/increase in cash and cash equivalents (I+II+III+IV)		-909.698	-507.350
VI. Cash and cash equivalents at beginning of period		2.987.300	2.888.209
VII. Cash and cash equivalents at end of period (V+VI)		2.077.602	2.380.859

3 Accounting policies

3.1 Basis of presentation

As per the Article 37 of “Accounting and Recording Rules” of the Turkish Banking Law No 5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its unconsolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulatory and Supervisory Agency (BRSA) and in effect since 1 November 2006, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidances.

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for the securities at fair value through profit or loss, securities available for sale, investments in associates and subsidiaries that are quoted on the stock exchanges and assets held for sale which are presented on a fair value basis. In BRSA’s Circular no.BDDK.DZM.2/13/-d-5 on 28 April 2005, it was stated that as of January 2005, the majority of the criterias confirming the existence of a hyperinflationary economy are not valid anymore. Accordingly, the inflation accounting had been applied upto the end of 2004 and ceased beginning from 1 January 2005.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in Notes 3.2 to 3.24.

3.1.1 Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International 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 generally accepted in such countries and IFRS.

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

3.2.1 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.

3.2.2 Foreign currency transactions

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, 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 income statement except for foreign exchange gain/loss arising from the conversion of the net investments in associates and subsidiaries in foreign countries into YTL.

Foreign currency differences arising from the conversion of the net investments in associates and subsidiaries in foreign countries into YTL are classified as "securities value increase fund" under the shareholders' equity. A non-derivative liability is designated as a hedge of net investment in foreign operations and the Bank recognizes the effective portion of changes in the fair value of the hedging instrument under the shareholders' equity in "hedging reserves".

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.

3.3 Investments in associates and subsidiaries

The unconsolidated investments in associates and subsidiaries are accounted in accordance with the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement". Investments in companies quoted in organized markets and for which their fair values can be reliably determined, are valued at their fair values. Others are valued at costs reduced by provisions for impairment losses, if any, in the accompanying financial statements.

3.4 Forwards, options and other derivative transactions

The derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts. The Bank does not have any embedded derivatives.

According to the Turkish Accounting Standard 39 (TAS 39) “Financial Instruments: Recognition and Measurement”; forward foreign currency purchases/sales, swaps, options and futures are classified “hedging purposes” and “trading purposes”. Derivatives are initially recorded in off-balance sheet accounts at their purchase costs including the transaction costs. Subsequently, the derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under “derivative financial assets” or “derivative financial liabilities”, respectively. The subsequent fair value changes are recorded under the income statement for trading derivatives and under the shareholders’ equity for hedging derivatives.

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

3.5 Interest income and expenses

Interests are recorded according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities) defined in the Turkish Accounting Standard 39 (TAS 39) “Financial Instruments: Recognition and Measurement”.

In case of an interest accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest of the period after the acquisition is recorded as interest income in the financial statements.

The accrued interest income on non-performing loans are reversed and subsequently recognised as interest income only when collected.

3.6 Fees and commissions

Fees and commissions received and paid, and other fees and commissions paid to financial institutions are calculated according to either accrual basis of accounting or effective interest rate method depending on nature of fees and commissions, incomes derived from agreements and asset purchases from third parties are recognized as income when realized.

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

Such assets are valued at their fair values and gain/loss arising is recorded in the income statement. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the income statement. In case of sales of such securities before their maturity, the gains/losses on such sales are recorded under trading income/losses.

3.7.2 Investments held-to-maturity, financial assets available-for-sale and loans and receivables

Financial assets are initially recorded at their purchase costs including the transaction costs.

Investments held-to-maturity are financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding loans and receivables.

There are no financial assets that are not allowed to be classified as investments held-to-maturity for two years due to the tainting rules applied for the breach of classification rules.

Investments held-to-maturity are recorded using discounting method with internal rate of return after deducting impairments, if any. Interest earned on investments held-to-maturity are recognized as interest income.

Assets available-for-sale, are financial assets other than assets held for trading purposes, investments held-to-maturity and loans and receivables.

Financial assets available-for-sale are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued using discounting method with internal rate of return for the ones with a fixed maturity; and using valuation models or discounted cash flow techniques for the ones which do not have a fixed maturity. Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in “securities value increase fund” under the shareholders’ equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

Government bonds indexed to consumer price index and issued on 21 February 2007 are for five-year maturity and with fixed real coupon rate of 5% semiannually. As per the statement made by the Turkish Treasury on the date of issuance, such securities will be valued taking into account the difference between the reference index at the issue date and the reference index at the balance sheet date to reflect the effects of inflation.

Purchase and sale transactions of securities are accounted at delivery dates.

Loans and receivables are financial assets raised by the Bank providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recorded at cost and valued using discounting method with internal rate of return. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

3.8 Impairment of financial assets

Financial asset or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Bank estimates the amount of impairment.

Impairment loss incurs if, and only if, there is an objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely effected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables published on the Official Gazette no.2633 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

3.9 Netting of financial instruments

In cases where the fair values of trading securities, securities available-for-sale, securities quoted at the stock exchanges, associates and subsidiaries are less than their carrying values, a provision for impairment is allocated, and the net value is shown on the balance sheet.

The Bank provides specific allowances for loan and other receivables in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. The allowances are recorded under “loans” as negative balances on the asset side.

Otherwise, the financial assets and liabilities are netted off only when there is a legal right to do so.

3.10 Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet in compliance with the Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as “Investments Subject to Repurchase Agreements” and valued based on the Bank management’s future intentions, either at market prices or using discounting method with internal rate of return. The funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

Securities purchased under resale agreements are classified under “interbank money markets” separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

3.11 Assets held for sale and discontinued operations

A tangible asset (or a disposal group) classified as “asset held for sale” is measured at lower of carrying value or fair value less costs to sell. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

A discontinued operation is a part of the Bank’s business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank has no discontinued operations.

3.12 Goodwill and other intangible assets

The Bank’s intangible assets consist of leasehold improvements, softwares, intangible rights and pre-operating expenses.

Goodwill and other intangible assets are recorded at cost in compliance with the Turkish Accounting Standard 38 (TAS 38) “Intangible Assets”.

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. Assets purchased before 2005 are amortised over their estimated useful lives on a straight-line basis. Since 1 January 2005, newly purchased assets are amortised based on the declining balance which is one of the accelerated amortisation methods.

Estimated useful lives of the Bank’s intangible assets are 5-15 years, and amortisation rates are 6.67-20%.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) “Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

3.13 Tangible assets

The cost of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs.

Tangible assets are recorded at cost in compliance with the Turkish Accounting Standard 16 (TAS 16) “Tangible Assets”.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) “ Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price.

Maintenance and repair costs incurred for tangible assets, are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

The depreciation rates and the estimated useful lives of tangible assets are:

Tangible assets	Estimated useful lives (years)	Depreciation Rates (%) from 1 January 2005	Depreciation Rates (%) before 1 January 2005
Buildings	50	4	2
Vaults	20-50	4-10	2-5
Motor vehicles	5-7	30-40	15-20
Other tangible assets	4-20	10-50	5-25

Tangible assets purchased before 2005 are depreciated over their estimated useful lives on a straight-line basis from the date of their acquisition. Since 1 January 2005, newly purchased tangible assets are depreciated based on the declining balance which is one of the accelerated depreciation methods.

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end.

3.14 Leasing activities

The maximum period of the leasing agreements is 4 years. Leased assets are recognized by recording an asset or a liability. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

In cases where leased assets are impaired or the expected future benefits of the assets are less than their book values, the book values of such leased assets are reduced to their net realizable values. Depreciation for assets acquired through financial leases is calculated consistently with the same principle as for the tangible assets.

In operating leases, the rent payments are charged to the statement of operations in equal installments.

3.15 Provisions and contingent liabilities

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

Provisions made during the period are recorded under “provision for losses on loans and other receivables”; provisions that were booked in the prior periods and released in the current year are recorded under “other operating income”.

3.16 Contingent assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. If an inflow of economic benefits to the Bank has become probable, then the contingent asset is disclosed in the footnotes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

3.17 Obligations of the Bank concerning employee rights

As per the existing labour law in Turkey, the Bank is required to pay certain amounts to the employees retired or fired except for resignation or misbehaviours.

The Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the Turkish Accounting Standard 19 (TAS 19) “Employee Benefits”.

The major actuarial assumptions used in the calculation of the total liability are as follows:

	30 June 2007	31 December 2006
Discount Rate	5.71 %	5.71 %
Expected Rate of Salary/Limit Increase	5.00%	5.00%
Estimated Employee Turnover Rate	5.25%	5.25%

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in compliance with TAS 19.

The employees of the Bank are the members of “Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı” (the Fund) established as per the temporary article no.20 of the Social Security Law no.506.

As per the letter of the Ministry of Employment and Social Security no.55723 dated 9 November 2006, the temporary Article no.23 of the Turkish Banking Law no.5411 and the temporary Article no.6 of the Law no.5502 dated 16 May 2006, the Board of Ministry of Turkey has agreed on 30 November 2006 by the Decree of Board of Ministries no. 2006/11345 that the Decree on the transfer of pension funds similar foundations subject to the temporary article no.20 of the Social Security Law no.506 together with their members and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to Social Security Foundation (SSF) will take place.

As per the Article no.9 of the related Decision of Board of Ministries;

The discounted liability for each fund in terms of the persons transferred as of the transfer date, including the contributors left the fund, should be calculated by taking the revenues and expenditures of funds into account under the Law no.506 as follows;

- a) The technical interest rate to be used for the actuarial calculation is 10.24% calculated as the nominal interest rate at the issue date of the longest-maturity discounted New Turkish Lira-denominated government bonds as of 30 June 2005, as adjusted to real interest rate using the year-end inflation target based on the consumer price index declared in the Medium-Term Program of the Turkish Government.
- b) Mortality table “CSO 1980 female and male lifetime tables” will be used for death-age assumptions.
- c) Estimated premium payments (including insurance premiums for illness) made by contributors of the fund after the date of transfer of the fund (i.e. active members and persons making voluntary premium payments) up to the date they are entitled to receive salary or income as per the Law no.506 are taken into account as revenue in the calculation of discounted value of 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 report dated 12 February 2007 and prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

On 2 November 2005 the President had applied to the Constitutional Court for annulment of certain statements of the related Article of the Turkish Banking Law no.5411 related with the transfer of funds to SSF. By the decision of the Constitutional Court no.E.2005/39, K.2007/33 dated 22 March 2007 as published in the Official Gazette no.26479 dated 31 March 2007, the related Article was annulled and its execution was aborted as of the publication date of this decision.

3.18 Taxation

3.18.1 Corporate tax

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%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. 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. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Effective from 1 January 2006, the article 2 of the Law no.5479 published in the Official Gazette dated 8 April 2006 with no.26133 and the article 19 of the Income Tax Law that used to regulate the investment incentives are abolished. However, the provisional article 69 added to the Income Tax Law through this law regulates the transition period in application of investment incentives.

3.18.2 Deferred taxes

According to the Turkish Accounting Standard 12 (TAS 12) "Income Taxes"; deferred tax assets and liabilities are recognized, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

If transactions and events are recorded in the income statement, then the related tax effects are also recognized in the income statement. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

The deferred tax assets and liabilities are reported as net in the financial statements.

3.19 Funds borrowed

The Bank generates funds from domestic and foreign sources when this is necessary. The funds borrowed from foreign sources are mainly in the form of syndications and securitizations. The funds borrowed received are recorded at their purchase costs and discounted by using the internal rate of return.

There are no convertible bonds or any other securities issued.

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any.

3.22 Government incentives

As of 30 June 2007, the Bank does not have any government incentives or aids.

3.23 Segment reporting

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

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

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

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

Retail banking customers form a wide-spread and sustainable deposit base for the Bank. Individual customers' needs are met by diversified consumer banking products through branches and alternative delivery channels.

Information on the business segments is as follows as of 30 June 2007:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	871.171	657.348	314.779	63.731	1.907.029
Other	-	-	-	764.325	764.325
Total Operating Profit	871.171	657.348	314.779	828.056	2.671.354
Net Operating Profit	519.661	441.367	291.585	436.350	1.688.963
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	46.969	46.969
Net Operating Profit	519.661	441.367	291.585	483.319	1.735.932
Provision for Taxes	-	-	-	233.000	233.000
Net Profit	519.661	441.367	291.585	250.319	1.502.932
Segment Assets	11.775.379	21.225.374	21.694.326	2.200.293	56.895.372
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	597.496	597.496
Undistributed Items	-	-	-	-	-
Total Assets	11.775.379	21.225.374	21.694.326	2.797.789	57.492.868
Segment Liabilities	22.043.885	11.750.454	16.726.692	997.864	51.518.895
Shareholders' Equity	-	-	-	5.973.973	5.973.973
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	22.043.885	11.750.454	16.726.692	6.971.837	57.492.868
Other Segment Items					
Capital Expenditure	-	-	-	-	-
Depreciation Expenses	-	-	-	78.971	78.971
Impairment Losses	-	-	1.238	166.663	167.901
Other Non-Cash Income/Expenses	67.031	16.090	-177.838	-66.354	-161.071
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

3.24.1 Disclosures for the first-time adoption of Turkish Accounting Standards

The accounting principles and valuation methods used in the preparation of the prior period financial statements are revised as explained in Note 3.1 in compliance with Turkish Accounting Standards and Turkish Financial Reporting Standards as per the communiqué no.1 "Frame for Preparation and Presentation of Financial Statements" of the Turkish Accounting Standards Board published on the Official Gazette no.25702 dated 16 January 2005. In compliance with the Turkish Accounting Standard 8 (TAS 8) "Accounting Policies, Changes in Accounting Estimates and Errors", the adjustments net of deferred tax effects made to the financial statements of the prior period are summarized below.

	Securities Value Increase Fund	Net Profit/Loss Current Period	Prior Periods' Profit/Loss	Shareholders' Equity
Reported Balances as of 31 December 2005	194,131	708,394	459,041	3,899,624
Reserve for Employee Severance Indemnities	-	-8.576	-9.805	-18.381
Provision for Short-Term Employee Benefits	-	-6.198	-23.290	-29.488
Provision for Promotion Expenses of Credit Cards	-	-3.301	-7.745	-11.046
Exchange Rate Difference on Investments in Foreign Associates, Subsidiaries and Joint-Ventures	-109,243	30,967	78,276	-
Adjusted Balances as of 31 December 2005	84,888	721,286	496,477	3,840,709

	Net Profit/Loss Current Period	Shareholders' Equity
Reported Balances as of 30 June 2006	508,510	3,910,480
Reserve for Employee Severance Indemnities	-1,003	-19,384
Provision for Short-Term Employee Benefits	-802	-30,290
Provision for Promotion Expenses of Credit Cards	2,272	-8,774
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-6,876
Adjusted Balances as of 30 June 2006	508,977	3,845,156

3.24.2 Other reclassifications

The foreign exchange losses of YTL 3,683 thousands on the principal of foreign currency-indexed loans, is reclassified from “other operating expenses” to “foreign exchange losses”; and the foreign exchange gains of YTL 229,235 thousands and YTL 164,920 thousands on the foreign currency-indexed loans and securities respectively from “other operating income” to “foreign exchange gains” as of 30 June 2006.

4 Financial position and results of operations

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 15.00%.

4.1.1 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.26333 dated 1 November 2006.

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 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios 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 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

4.1.2 Capital adequacy ratio

	Risk Weightings			
	0%	20%	50%	100%
Value at Credit Risk				
Balance Sheet Items (Net)	20,756,243	2,487,908	6,458,015	27,289,918
Cash on Hand	291,080	8,338	-	-
Securities in Redemption	-	-	-	-
Balances with the Central Bank of Turkey	1,189,548	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	-	539,392	-	1,331,871
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	3,546,635	-	-	-
Loans	2,524,040	245,313	6,391,120	23,031,066
Loans under Follow-Up (Net)	-	-	-	268,467
Lease Receivables	-	-	-	-
Financial Assets Available-for-Sale	8,057,376	1,467,000	-	224,885
Investments Held-to-Maturity	4,285,771	-	-	-
Receivables from Term Sale of Assets	-	-	-	256,922
Miscellaneous Receivables	76	-	-	95,117
Accrued Interest and Income	796,645	45,437	66,895	524,910
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	597,078
Tangible Assets (Net)	-	-	-	925,479
Other Assets	65,072	182,428	-	34,123
Off-Balance Sheet Items	209,734	4,173,932	1,164,386	5,790,520
Non-Cash Loans and Commitments	209,734	4,029,448	1,164,386	5,778,855
Derivative Financial Instruments	-	144,484	-	11,665
Non-Risk-Weighted Accounts	-	-	-	-
Total Risk-Weighted Assets	20,965,977	6,661,840	7,622,401	33,080,438

4.1.3 Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk	38,224,007	31,465,572
Value at Market Risk	815,713	303,300
Value at Operational Risk	4,270,571	-
Shareholders' Equity	6,496,246	4,528,326
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100 (*)	15.00%	14.25%

(*) VaCR: Value at Credit Risk
 VaMR: Value at Market Risk
 VaOR: Value at Operational Risk

4.1.4 Components of shareholders' equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,100,000	2,100,000
Nominal Capital	2,100,000	2,100,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	156,607	92,134
I. Legal Reserve (Turkish Commercial Code 466/1)	137,817	84,776
II. Legal Reserve (Turkish Commercial Code 466/2)	18,790	7,358
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	1,353,965	601,953
Reserve allocated as per the Decision held by the General Assembly	1,353,965	601,953
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	1,502,932	1,063,663
Current Period Profit	1,502,932	1,063,663
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	32,000	30,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	27,717	-
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	63,999	57,100
Prepaid Expenses (-)	193,731	146,106
Intangible Assets (-)	9,156	10,618
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	5,945,775	4,660,304

SUPPLEMENTARY CAPITAL		
General Provisions	224,457	158,466
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	966	966
Bonus shares of Associates, Subsidiaries and Joint-Ventures	2,453	4,698
Hedging Reserves (effective portion)	-21,447	-27,218
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	652,000	-
45% of Securities Value Increase Fund	35,122	27,379
Associates and Subsidiaries	-31,189	-32,066
Investment Securities Available for Sale	66,311	59,445
Other Reserves	-1,004	-481
Total Supplementary Capital	892,547	163,810
TIER III CAPITAL	-	-
CAPITAL	6,838,322	4,824,114
DEDUCTIONS FROM CAPITAL	342,076	295,788
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	418	418
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	74,772	81,546
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	6,496,246	4,528,326

4.2 Credit risk

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

4.3 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. 26333 dated 1 November 2006.

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.

4.3.1 Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	55,549
(II) Capital Obligation against Specific Risks - Standard Method	257
(III) Capital Obligation against Currency Risk - Standard Method	2,910
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	6,541
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	65,257
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	815,713

4.3.2 Monthly average values at market risk

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

4.4 Operational risk

The value at operational risk is calculated according to the basic indicator approach as per the Article 14 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”.

The annual gross income is composed of net interest income plus net non-interest income at year end. This is increased by provisions, operating expenses including fees paid to outsourcing service providers, reduced by realised gains/losses from the sale of securities available-for-sale and held-to-maturity and extraordinary income and income derived from insurance claims.

	31 December 2004	31 December 2005	31 December 2006
(I) Net Interest Income	1,287,786	1,674,660	1,901,806
(II) Net Non-Interest Income	-837,236	-966,266	-838,143
(III) Provisions	459,046	623,338	627,191
(IV) Operating Expenses	1,574,384	1,140,054	1,268,909
(V) Gain/Loss on Securities Available-for-Sale and Held-to-Maturity	-61,426	-55,676	-50,081
(VI) Extraordinary Income	-584,904	-131,408	-199,120
(VII) Gross Income (I+II+III+IV+V-VI-VII)	1,837,650	2,284,702	2,710,562
(VIII) Average Gross Income (Total Gross Income/3)		2,777,638	
(IX) Value at Operational Risk (Av. Gross Income x 15% x 12.5)		4,270,571	

4.5 Foreign currency exchange rate risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2007, the Bank's net 'on balance sheet' foreign currency short position amounts to YTL 2,202,942 thousands (31 December 2006: YTL 2,825,652 thousands), net 'off-balance sheet' foreign currency long position amounts to YTL 2,181,991 thousands (31 December 2006: YTL 2,829,902 thousands), while net foreign currency short position amounts to YTL 20,951 thousands (31 December 2006: YTL 4,250 thousands, a net foreign currency long position).

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

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

	US\$	EUR	Yen (100)	GBP
The Bank's foreign currency purchase rates at balance sheet date	1,3040	1,7627	1,0567	2,6159
<u>Foreign currency rates for the days before balance sheet date;</u>				
Day 1	1,3040	1,7619	1,0565	2,6156
Day 2	1,3150	1,7706	1,0691	2,6330
Day 3	1,3240	1,7787	1,0810	2,6434
Day 4	1,3180	1,7742	1,0707	2,6350
Day 5	1,3150	1,7698	1,0629	2,6263
Last 30-day arithmetical average rates	1,3155	1,7648	1,0721	2,6117

Currency risk:

	Euro	US\$	Yen	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,143,772	64,928	244	7,336	3,216,280
Banks and Other Financial Institutions	194,312	1,064,262	16,917	32,470	1,307,961
Financial Assets at Fair Value through Profit/Loss	21,735	68,177	15	31	89,958
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	60,658	4,214,310	-	-	4,274,968
Loans	5,018,898	9,210,779	25,272	196,978	14,451,927
Investments in Associates, Subsidiaries and Joint-Ventures	284,859	36,610	-	-	321,469
Investments Held-to-Maturity	6,656	744,099	-	-	750,755
Derivative Financial Assets Held for Risk Management	-	3,362	-	-	3,362
Tangible Assets	-	494	-	674	1,168
Intangible Assets	-	124	-	79	203
Other Assets	11,389	50,179	-	806	62,374
Total Assets	8,742,279	15,457,324	42,448	238,374	24,480,425
Liabilities					
Bank Deposits	92,190	358,331	43	37,714	488,278
Foreign Currency Deposits	5,816,830	10,513,043	68,329	447,070	16,845,272
Interbank Money Market Takings	-	330,228	-	-	330,228
Other Fundings	1,649,924	6,952,740	1,478	-	8,604,142
Securities Issued	-	-	-	-	-
Miscellaneous Payables	24,080	19,299	16	88	43,483
Derivative Financial Liabilities Held for Risk Management	-	4,769	-	-	4,769
Other Liabilities (*)	98,063	194,933	2,674	71,525	367,195
Total Liabilities	7,681,087	18,373,343	72,540	556,397	26,683,367
Net 'On Balance Sheet' Position	1,061,192	-2,916,019	-30,092	-318,023	-2,202,942
Net 'Off-Balance Sheet' Position	-1,084,555	2,888,955	26,675	350,916	2,181,991
Derivative Assets	168,164	4,296,875	51,852	451,585	4,968,476
Derivative Liabilities	1,252,719	1,407,920	25,177	100,669	2,786,485
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	8,225,075	13,117,659	16,188	176,743	21,535,665
Total Liabilities	6,908,285	16,946,207	19,815	487,010	24,361,317
Net 'On Balance Sheet' Position	1,316,790	-3,828,548	-3,627	-310,267	-2,825,652
Net 'Off-Balance Sheet' Position	-1,307,253	3,786,385	3,197	347,573	2,829,902
Derivative Assets	148,462	4,466,731	3,197	434,199	5,052,589
Derivative Liabilities	1,455,715	680,346	-	86,626	2,222,687
Non-Cash Loans	-	-	-	-	-

(*) Other liabilities also include gold deposits of YTL 67,995 thousands.

4.6 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.

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

Current Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,590,411	-	-	-	-	1,488,965	5,079,376
Banks and Other Financial Institutions	786,825	30,554	13,179	-	840,402	226,006	1,896,966
Financial Assets at Fair Value through Profit/Loss	18,363	36,397	17,772	14,388	67,022	1,403	155,345
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1,474,331	4,067,468	1,009,364	283,458	3,379,580	84,331	10,298,532
Loans	8,422,893	6,233,766	3,915,863	3,176,096	10,983,666	268,467	33,000,751
Investments Held-to-Maturity	523,493	2,836,613	2,218	462,381	723,942	-	4,548,647
Other Assets	18,894	8,084	207,308	4,610	32,905	2,241,450	2,513,251
Total Assets	14,835,210	13,212,882	5,165,704	3,940,933	16,027,517	4,310,622	57,492,868
Liabilities							
Bank Deposits	348,237	127,643	14,493	4,929	655,268	356,525	1,507,095
Other Deposits	21,543,819	2,657,579	571,860	444,042	44,470	6,712,452	31,974,222
Interbank Money Market Takings	4,011,674	602,935	-	198,721	801,902	-	5,615,232
Miscellaneous Payables	-	-	-	-	-	1,671,607	1,671,607
Securities Issued	-	-	-	-	-	-	-
Other Fundings	58,159	447,221	491,042	1,519,478	6,654,158	-	9,170,058
Other Liabilities	154,671	220,359	25,205	40,844	45,040	7,068,535	7,554,654
Total Liabilities	26,116,560	4,055,737	1,102,600	2,208,014	8,200,838	15,809,119	57,492,868
On Balance Sheet Long Position	-	9,157,145	4,063,104	1,732,919	7,826,679	-	-
On Balance Sheet Short Position	-11,281,350	-	-	-	-	-11,498,497	-
Off-Balance Sheet Long Position	12,666	3,790	1,077	137	-	-	17,670
Off-Balance Sheet Short Position	-14,186	-8,615	-1,003	-168	-	-	-23,972
Total Position	-11,282,870	9,152,320	4,063,178	1,732,888	7,826,679	-11,498,497	-6,302

Average interest rates on monetary financial instruments:

Current Period	Euro	US\$	Yen	YTL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1.97	-	-	13.13
Banks and Other Financial Institutions	4.05	5.41	0.55	22.20
Financial Assets at Fair Value through Profit/Loss	6.04	8.52	-	19.39
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	5.64	7.89	-	19.03
Loans	5.97	7.54	2.13	24.94
Investments Held-to-Maturity	9.14	9.48	-	20.57
Liabilities				
Bank Deposits	4.05	5.74	-	13.44
Other Deposits	2.57	4.13	0.45	15.77
Interbank Money Market Takings	-	5.50	-	11.27
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	4.26	5.89	1.63	17.66

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

Prior Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,425,434	-	-	-	-	1,851,438	5,276,872
Banks and Other Financial Institutions	713,825	15,199	15,090	425	15,077	136,826	896,442
Financial Assets at Fair Value through Profit/Loss	8,538	25,201	47,816	8,135	58,769	-	148,459
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1,760,022	3,895,051	1,286,994	202,453	2,417,094	66,316	9,627,930
Loans	7,905,344	5,171,776	2,417,330	5,329,049	6,341,646	185,345	27,350,490
Investments Held-to-Maturity	530,310	2,375,743	4,879	462,785	1,245,130	-	4,618,847
Other Assets	208,608	7,857	3,903	203,501	40,998	1,903,006	2,367,873
Total Assets	14,552,081	11,490,827	3,776,012	6,206,348	10,118,714	4,142,931	50,286,913
Liabilities							
Bank Deposits	560,366	153,754	10,324	3,742	17,306	268,782	1,014,274
Other Deposits	19,719,324	2,380,000	324,068	314,835	764	6,385,772	29,124,763
Interbank Money Market Takings	3,607,983	213,447	-	-	992,463	-	4,813,893
Miscellaneous Payables	-	-	-	-	-	1,326,830	1,326,830
Securities Issued	-	-	-	-	-	-	-
Other Fundings	48,011	146,293	1,451,335	930,632	5,314,134	-	7,890,405
Other Liabilities	1,467,136	168,277	111,222	210,128	11,845	4,148,140	6,116,748
Total Liabilities	25,402,820	3,061,771	1,896,949	1,459,337	6,336,512	12,129,524	50,286,913
On Balance Sheet Long Position	-	8,429,056	1,879,063	4,747,011	3,782,202	-	-
On Balance Sheet Short Position	-10,850,739	-	-	-	-	-7,986,593	-
Off-Balance Sheet Long Position	20,773	192	-	-	-	-	20,965
Off-Balance Sheet Short Position	-10,521	-167	-	-	-	-	-10,688
Total Position	-10,840,487	8,429,081	1,879,063	4,747,011	3,782,202	-7,986,593	10,277

Average interest rates on monetary financial instruments:

Prior Period	Euro	US\$	Yen	YTL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1.73	-	-	14.43
Banks and Other Financial Institutions	3.55	5.29	-	15.17
Financial Assets at Fair Value through Profit/Loss	5.63	7.37	-	19.74
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	5.34	8.15	-	20.60
Loans	5.73	7.62	2.80	25.16
Investments Held-to-Maturity	9.14	9.48	-	17.53
Liabilities				
Bank Deposits	3.69	5.90	-	18.56
Other Deposits	2.02	3.42	0.68	15.77
Interbank Money Market Takings	-	5.45	-	17.14
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	3.32	5.97	-	17.58

4.7 Liquidity risk

In order to avoid the liquidity risk, the Bank diverts funding resources as customer deposits and foreign borrowings, considers 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 resources.

Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,488,965	3,590,411	-	-	-	-	-	5,079,376
Banks and Other Financial Institutions	226,006	786,825	30,554	13,179	-	840,402	-	1,896,966
Financial Assets at Fair Value through Profit/Loss	1,403	17,837	12,836	17,722	14,485	91,062	-	155,345
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	84,331	1,474,331	4,067,468	1,009,364	283,458	3,379,580	-	10,298,532
Loans	72,627	6,038,717	2,874,099	2,659,218	2,800,875	18,286,748	268,467	33,000,751
Investments Held-to-Maturity	-	-	490,036	2,218	462,381	3,594,012	-	4,548,647
Other Assets	182,428	155,687	8,084	207,308	4,610	32,905	1,922,229	2,513,251
Total Assets	2,055,760	12,063,808	7,483,077	3,909,009	3,565,809	26,224,709	2,190,696	57,492,868
Liabilities								
Bank Deposits	356,525	348,237	127,643	14,493	4,929	655,268	-	1,507,095
Other Deposits	6,712,451	21,537,264	2,645,832	555,882	410,486	112,307	-	31,974,222
Other Fundings	-	58,159	447,221	491,042	1,519,478	6,654,158	-	9,170,058
Interbank Money Market Takings	-	4,011,674	602,935	-	198,721	801,902	-	5,615,232
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	132,231	1,539,376	-	-	-	-	-	1,671,607
Other Liabilities (**)	122,238	238,891	283,660	25,205	40,844	45,040	6,798,776	7,554,654
Total Liabilities	7,323,445	27,733,601	4,107,291	1,086,622	2,174,458	8,268,675	6,798,776	57,492,868
Liquidity Gap	-5,267,685	-15,669,793	3,375,786	2,822,387	1,391,351	17,956,034	-4,608,080	-
Prior Period								
Total Assets	2,221,082	11,060,981	4,546,213	2,450,768	4,664,060	23,299,137	2,044,672	50,286,913
Total Liabilities	6,840,775	25,301,776	3,061,771	1,900,095	1,462,482	6,336,512	5,383,503	50,286,913
Liquidity Gap	-4,619,693	-14,240,795	1,484,442	550,674	3,201,579	16,962,625	-3,338,831	-

(*) 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.

4.8 Fair values of financial assets and liabilities

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash in YTL/Foreign Currency	170,206	116,900	181,169	146,565
Central Bank of Turkey	1,689,051	3,090,906	1,700,078	3,226,830
Others	3,839	8,474	4,088	18,142
Total	1,863,096	3,216,280	1,885,335	3,391,537

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	4,693	1,184,854	621	1,500,852
Unrestricted Time Deposits	-	-	500,730	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	1,684,358	1,906,052	1,198,727	1,725,978
Total	1,689,051	3,090,906	1,700,078	3,226,830

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency liabilities in YTL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 “Reserve Deposits” of the Central Bank of Turkey. Interest rates applied for reserve requirements by the Central Bank of Turkey are 13.12% for YTL deposits and 2.530%-1.965% for foreign currency deposits.

5.1.2 Further information on financial assets at fair value through profit/loss

5.1.2.1 *Financial assets at fair value through profit/loss subject to repurchase agreements and provided as collateral/blocked*

None.

5.1.2.2 *Positive differences on trading derivative instruments*

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	10,182	469	7,520	899
Swap Transactions	807	5,843	59	2,963
Futures	-	102	-	-
Options	13,622	1,174	2,639	210
Other	-	-	-	-
Total	24,611	7,588	10,218	4,072

5.1.3 Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	589,005	1,307,961	62,480	833,962
Domestic banks	40,366	304,244	7,472	446,883
Foreign banks	548,639	1,003,717	55,008	387,079
Foreign headoffices and branches	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	589,005	1,307,961	62,480	833,962

Due from foreign banks:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.1.4 Financial assets available-for-sale

5.1.4.1 Financial assets subject to repurchase agreements and provided as collateral/blocked

Collateralized financial assets available-for-sale in YTL include government bonds. Carrying values of such securities with total face value of YTL 477,810 thousands (31 December 2006: YTL 454,760 thousands), is YTL 475,154 thousands (31 December 2006: YTL 460,717 thousands). The related accrued interests amount to YTL 33,171 thousands (31 December 2006: YTL 51,015 thousands).

Collateralized financial assets available-for-sale in foreign currencies include eurobonds and other foreign currency government securities. The carrying values of such securities with total face value of US\$ 417,770,000 (31 December 2006: US\$ 411,670,000), is US\$ 409,934,424 (31 December 2006: US\$ 405,158,355). The related accrued interests and impairment losses amount to US\$ 17,752,999 (31 December 2006: US\$ 18,845,582) and US\$ 57,089 (31 December 2006: US\$ 28,485), respectively.

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Assets	508,325	557,630	511,732	591,446
Assets subject to Repurchase Agreements	3,010,958	278,093	3,883,783	450,580
Total	3,519,283	835,723	4,395,515	1,042,026

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	10,214,200	9,564,288
Quoted at Stock Exchange	6,944,397	7,155,806
Unquoted at Stock Exchange	3,269,803	2,408,482
Common Shares	29,306	29,416
Quoted at Stock Exchange	11,932	12,042
Unquoted at Stock Exchange	17,374	17,374
Value Increases/(Impairment Losses)	55,026	34,226
Total	10,298,532	9,627,930

As of 30 June 2007, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 1,125,000,000 (31 December 2006: USD 625,000,000) and a total carrying value of USD YTL 1,513,274 thousands (31 December 2006: YTL 897,013 thousands).

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	13	1,078	2	8,253
Corporates	13	1,078	2	8,253
Individuals	-	-	-	-
Indirect Lendings to Shareholders	26,675	116,364	21,033	41,793
Loans to Employees	48,342	-	37,034	-
Total	75,030	117,442	58,069	50,046

5.1.5.2 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	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Loans	32,623,957	-	-	108,327
Discounted Bills	86,323	-	-	-
Export Loans	2,672,315	-	-	41,907
Import Loans	33,561	-	-	-
Loans to Financial Sector	885,130	-	-	-
Foreign Loans	1,141,086	-	-	-
Consumer Loans	6,655,792	-	-	-
Credit Cards	5,179,384	-	-	-
Precious Metal Loans	141,638	-	-	-
Other	15,828,728	-	-	66,420
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	32,623,957	-	-	108,327

5.1.5.3 Maturity analysis of cash loans

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – YTL	130,968	5,653,728	5,784,696
Housing Loans	3,859	2,923,678	2,927,537
Automobile Loans	14,272	1,066,279	1,080,551
General Purpose Loans	112,837	1,663,771	1,776,608
Other	-	-	-
Consumer Loans – FC-indexed	12,131	517,454	529,585
Housing Loans	5,905	448,449	454,354
Automobile Loans	1,116	43,699	44,815
General Purpose Loans	5,110	25,306	30,416
Other	-	-	-
Consumer Loans – FC	7	7,861	7,868
Housing Loans	-	305	305
Automobile Loans	-	7,080	7,080
General Purpose Loans	7	476	483
Other	-	-	-
Retail Credit Cards – YTL	4,932,695	-	4,932,695
With Installment	2,386,937	-	2,386,937
Without Installment	2,545,758	-	2,545,758
Retail Credit Cards – FC	28,715	-	28,715
With Installment	-	-	-
Without Installment	28,715	-	28,715
Personnel Loans – YTL	5,929	9,346	15,275
Housing Loan	-	266	266
Automobile Loans	-	34	34
General Purpose Loans	5,929	9,046	14,975
Other	-	-	-
Personnel Loans - FC-indexed	-	6	6
Housing Loans	-	-	-
Automobile Loans	-	6	6
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	33	38	71
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	33	38	71
Other	-	-	-
Personnel Credit Cards – YTL	32,990	-	32,990
With Installment	14,209	-	14,209
Without Installment	18,781	-	18,781
Personnel Credit Cards – FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Deposit Accounts– YTL (real persons)	318,291	-	318,291
Deposit Accounts– FC (real persons)	-	-	-
Total	5,461,759	6,188,433	11,650,192

5.1.5.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – YTL	212,302	2,316,077	2,528,379
Real Estate Loans	2,947	307,865	310,812
Automobile Loans	48,726	1,145,729	1,194,455
General Purpose Loans	160,629	862,483	1,023,112
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	37,815	287,415	325,230
Real Estate Loans	-	50,029	50,029
Automobile Loans	3,611	143,916	147,527
General Purpose Loans	34,204	93,470	127,674
Other	-	-	-
Installment-based Commercial Loans – FC	72	1,688	1,760
Real Estate Loans	-	91	91
Automobile Loans	19	1,022	1,041
General Purpose Loans	53	575	628
Other	-	-	-
Corporate Credit Cards – YTL	181,158	-	181,158
With Installment	-	-	-
Without Installment	181,158	-	181,158
Corporate Credit Cards – FC	3,826	-	3,826
With Installment	1,003	-	1,003
Without Installment	2,823	-	2,823
Deposit Accounts– YTL (corporate)	403,215	-	403,215
Deposit Accounts– FC (corporate)	-	-	-
Total	838,388	2,605,180	3,443,568

5.1.5.6 Allocation of loan customers

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	31,591,198	26,893,298
Foreign Loans	1,141,086	271,847
Total	32,732,284	27,165,145

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	307,013	124,139
Indirect Lending	-	-
Total	307,013	124,139

5.1.5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	20,793	23,281
Doubtful Loans and Receivables	82,650	58,177
Uncollectible Loans and Receivables	395,636	369,786
Total	499,079	451,244

5.1.5.10 Non-performing loans(NPLs) (Net)

Non-performing loans and other receivables restructured or rescheduled (gross amounts before specific provisions):

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
Restructured Loans and Receivables	-	-	5,882
Rescheduled Loans and Receivables	-	-	-
Total			5,882
Prior Period			
Restructured Loans and Receivables	-	-	32,547
Rescheduled Loans and Receivables	-	-	-
Total			32,547

Movements in non-performing loan groups:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	78,232	117,448	440,909
Additions (+)	295,594	30,216	5,677
Transfer from Other NPL Categories (+)	-	178,946	97,227
Transfer to Other NPL Categories (-)	178,946	97,227	17,340
Collections during the Period (-)	59,091	48,786	59,270
Write-offs (-)	9	12	16,022
Balances at End of Period	135,780	180,585	451,181
Specific Provisions (-)	20,793	82,650	395,636
Net Balance on Balance Sheet	114,987	97,935	55,545

Non-performing loans in foreign currencies:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	192	4,245	83,478
Specific Provisions (-)	65	422	56,732
Net Balance at Balance Sheet	127	3,823	26,746
Prior Period			
Balance at End of Period	161	581	103,662
Specific Provisions (-)	22	154	62,002
Net Balance at Balance Sheet	139	427	41,660

5.1.5.11 Liquidation policy for uncollectible loans and receivables

Not prepared in compliance with the Article 25 of the communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.1.6 Investments held-to-maturity

5.1.6.1 Investment subject to repurchase agreements and provided as collateral/blocked

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Investments	250,671	22,656	229,691	35,469
Investments subject to Repurchase Agreements	3,091,367	187,546	1,057,869	293,706
Total	3,342,038	210,202	1,287,560	329,175

5.1.6.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	4,414,196	4,475,929
Treasury Bills	-	-
Other Government Securities	131,429	140,966
Total	4,545,625	4,616,895

5.1.6.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	4,592,504	4,656,239
Quoted at Stock Exchange	3,928,270	3,943,582
Unquoted at Stock Exchange	664,234	712,657
Impairment Losses (-)	43,857	37,392
Total	4,548,647	4,618,847

5.1.6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	4,618,847	2,475,574
Foreign Currency Differences On Monetary Assets	-55,194	38,142
Purchases during the Period	1,118	3,801,796
Disposals through Sales/Redemptions (-)	2,744	1,610,397
Impairment Losses (-)	6,465	13,842
Change in Redeemed Costs	-6,915	-72,426
Balances at End of Period	4,548,647	4,618,847

The Bank reclassified certain investment securities, 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 investments held-to-maturity portfolio in compliance with the “Regulation on Accounting Standards” in the prior period. Such securities are included in “purchases during the period” line above in the movement table of investments 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.

5.1.7 Investments in associates

5.1.7.1 Investments in associates

	Associate	Address (City/ Country)	Bank’s Share – If Different, Voting Rights (%)	Bank’s Risk Group Share (%)
1	Garanti Sigorta AŞ	Istanbul / Turkey	20.00	20.00
2	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	299,367	124,492	15,626	9,661	386	30,724	29,058	-
2	13,217	10,571	3,897	711	-	934	926	-

5.1.7.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	1,177	30,635
Movements during the Period	11,515	-29,458
Acquisitions and Capital Increases	-	-
Bonus Shares Received (*)	203	-
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	-	29,458
Reclassifications (**)	11,312	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	12,692	1,177
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) Bankalararası Kart Merkezi AŞ has increased its share capital from YTL 4,000 thousands to YTL 6,000 thousands through appropriation from its extraordinary reserves.

(**) Following the sale of 80% shares in Garanti Sigorta AŞ previously classified as Investments in Subsidiaries, to Eureko BV on 21 June 2007, the remaining 20% shares are reclassified to Investments in Associates.

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	11,312	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	1,380	1,177

5.1.7.4 Quoted associates

None.

5.1.7.5 Valuation methods of investments in associates

Investments in Associates	Current Period	Prior Period
Valued at Cost	12,692	1,177
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	-	-

5.1.7.6 Investments in associates sold during the current period

None.

5.1.7.7 Investments in associates acquired during the current period

None.

5.1.8 Investments in subsidiaries

5.1.8.1 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 Hiz. AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	94.10	98.93
6	Garanti Faktoring Hiz. AŞ ⁽¹⁾	Istanbul/Turkey	55.40	55.40
7	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
8	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
10	Garanti Bank International NV	Amsterdam/Holland	100.00	100.00
11	Garanti Bank Moscow	Moscow/Russia	75.02	99.94
12	Garanti Financial Services Plc	Dublin/Ireland	99.99	100.00
13	Garanti Fund Management Co. Ltd	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	11,638	7,281	566	-	627	365	-100,385	-
2	17,093	5,881	666	-	1,032	1,334	3,969	-
3	1,295	1,234	34	21	48	483	477	-
4	365	156	44	-	-	-3	-185	-
5	1,648,801	180,983	17,167	87,111	-	24,517	73,218	-
6	499,015	29,872	1,388	12,520	-	1,250	7,062	97,530
7	26,725	22,804	2,259	1,472	1,435	4,393	3,726	-
8	15,884	15,284	1,521	262	1,055	113	2,488	-
9	622,517	73,961	6,642	6,726	6,044	23,682	-17,003	-
10	5,266,099	346,935	64,508	158,498	61,536	22,759	31,277	-
11	477,170	68,710	1,482	15,778	4,382	5,864	16,217	-
12	10,118	9,601	-	175	-	-99	6,396	-
13	80	-	-	-	-	-	-267	-

(1) Financial information is as of 31 March 2007, but fair value information is as of 30 June 2007.

5.1.8.2 Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	604,152	611,151
Movements during the Period	-19,348	-6,999
Acquisitions and Capital Increases	-	14,685
Bonus Shares Received (*)	45,129	10,723
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	55,238	72,537
Reclassifications	-11,312	-
Increase/(Decrease) in Market Values	16,449	2,184
Currency Differences on Foreign Subsidiaries	-14,376	37,946
Impairment Losses (-)	-	-
Balance at End of Period	584,804	604,152
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) Garanti Bank International NV has increased its capital from EUR 134,750,000 to EUR 159,470,000 through appropriation from its retained earnings on 17 April 2007.

5.1.8.3 Sectoral distribution of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	318,029	287,036
Insurance Companies	56,545	123,095
Factoring Companies	54,036	37,205
Leasing Companies	76,169	76,169
Finance Companies	72,517	72,757
Other Subsidiaries	7,508	7,890

5.1.8.4 Quoted subsidiaries

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	54,036	37,205
Quoted at International Stock Exchanges	-	-

5.1.8.5 Valuation methods of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Valued at Cost	523,331	559,128
Valued at Fair Value	54,036	37,205
Valued by Equity Method of Accounting	7,437	7,819

5.1.8.6 Investments in subsidiaries disposed during the current period

In the current period, the Bank sold its 80% shares in Garanti Sigorta AŞ representing YTL 48,000 thousands of nominal shares for EUR 365,000,000 and its 15% shares in Garanti Emeklilik ve Hayat AŞ representing YTL 7,500 thousands of nominal shares for EUR 100,000,000, both classified in Investments in Subsidiaries at total book values of YTL 56,562 thousands and YTL 66,534 thousands, respectively, to Eureko BV.

As part of the sale transactions mentioned above, the Bank has a sale option on the remaining shares of Garanti Sigorta AŞ and Eureko BV has purchase and sale options on the shares of Garanti Emeklilik ve Hayat AŞ.

5.1.8.7 Investments in subsidiaries acquired during the current period

None.

5.1.9 Investments in Joint-Ventures

None.

5.1.10 Lease receivables

None.

5.1.11 Derivative financial instruments held for risk management

5.1.11.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets held for Risk Management	Current Period		Prior Period	
	YTL	FC	YTL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	3,362	-	4,799
Net foreign investment hedges	-	-	-	-
Total	-	3,362	-	4,799

5.1.12 Tangible assets (Net)

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.1.13 Intangible assets

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.1.14 Deferred tax assets

As of 30 June 2007, the Bank had a deferred tax asset of YTL 55,948 thousands (31 December 2006: YTL 38,188 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank did not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 June 2007. However, there was a deferred tax asset of YTL 101,403 thousands (31 December 2006: YTL 83,312 thousands) and deferred tax liability of YTL 45,455 thousands (31 December 2006: YTL 45,124 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods. For the cases where such differences are related with certain items on the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

5.1.15 Assets held for sale

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.1.16 Other assets

5.1.16.1 Receivables from term sale of assets

	Current Period	Prior Period
Investments in Associates, Subsidiaries and Joint Ventures	166,733	169,619
Real Estates	87,346	92,680
Other Assets	2,843	2,843
Total	256,922	265,142

5.1.16.2 Prepaid expenses, taxes and similar items

	Current Period	Prior Period
Prepaid Expenses	193,731	146,106
Prepaid Taxes	7,478	7,857

5.1.17 Accrued interest and income

The details of accrued interest and income allocated to the related items on the assets side of the balance sheet are as follows:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	32,625	11,149	29,990	8,704
Financial Assets at Fair Value through Profit or Loss	906	2,293	906	1,857
Banks and Other Financial Institutions	15,776	9,926	498	987
Interbank Money Markets	-	-	-	-
Financial Assets Available-for-Sale	421,913	127,357	386,190	137,297
Loans	328,934	211,812	225,008	227,878
Investments Held-to-Maturity	261,587	1,289	267,639	2,152
Other Accruals	11,519	-	11,188	414
Total	1,073,260	363,826	921,419	379,289

5.2 Liabilities

5.2.1 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	Accumulating Deposit Accounts	Total
Saving Deposits	1,000,364	-	3,412,149	5,923,492	164,466	44,130	75,265	-	10,619,866
Foreign Currency Deposits	4,025,416	-	5,541,136	5,344,770	803,923	511,781	550,278	67,969	16,845,273
Residents in Turkey	3,671,740	-	5,291,326	5,214,578	762,638	464,355	432,455	67,215	15,904,307
Residents in Abroad	353,676	-	249,810	130,192	41,285	47,426	117,823	754	940,966
Public Sector Deposits	139,964	-	4,371	4,221	7	50	52	-	148,665
Commercial Deposits	1,439,011	-	1,861,211	800,226	12,662	8,357	7,302	-	4,128,769
Other	60,086	-	34,731	67,553	957	87	240	-	163,654
Precious Metal Deposits	47,610	-	1,363	1,303	2,725	1,359	13,635	-	67,995
Bank Deposits	356,525	-	348,238	127,643	14,493	4,929	655,267	-	1,507,095
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	5,139	-	14,005	-	11,471	4,393	-	-	35,008
Foreign Banks	302,954	-	325,995	127,643	3,022	536	655,267	-	1,415,417
Special Purpose Financial Institutions	48,432	-	8,238	-	-	-	-	-	56,670
Other	-	-	-	-	-	-	-	-	-
Total	7,068,976	-	11,203,199	12,269,208	999,233	570,693	1,302,039	67,969	33,481,317

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	858,171	-	2,634,237	5,359,621	171,765	34,720	57,271	-	9,115,785
Foreign Currency Deposits	3,921,229	-	5,310,261	4,608,753	633,879	256,678	560,530	66,739	15,358,069
Residents in Turkey	3,577,938	-	5,129,059	4,486,519	603,335	217,947	432,301	66,058	14,513,157
Residents in Abroad	343,291	-	181,202	122,234	30,544	38,731	128,229	681	844,912
Public Sector Deposits	13,447	-	8,047	6,792	7	46	48	-	28,387
Commercial Deposits	1,381,951	-	1,583,036	1,178,296	23,406	12,262	8,671	-	4,187,622
Other	178,253	-	28,762	170,388	305	19	217	-	377,944
Precious Metal Deposits	32,721	-	1,248	1,360	2,844	-	18,783	-	56,956
Bank Deposits	268,782	-	269,293	318,501	122,260	15,526	19,912	-	1,014,274
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,427	-	109,841	18,277	7,033	9,807	17,226	-	165,611
Foreign Banks	199,908	-	159,452	300,224	115,227	5,719	2,686	-	783,216
Special Purpose Financial Institutions	65,447	-	-	-	-	-	-	-	65,447
Other	-	-	-	-	-	-	-	-	-
Total	6,654,554	-	9,834,884	11,643,711	954,466	319,251	665,432	66,739	30,139,037

5.2.1.1 Saving deposits and other deposit accounts insured by Saving Deposit Insurance Fund

Saving deposits covered by deposit insurance 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	5,190,353	4,517,802	5,301,372	4,529,157
Foreign Currency Saving Deposits	3,154,039	3,015,500	6,442,631	5,151,654
Other Deposits	2,860	3,417	58,595	45,860
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

Saving Deposits at	Current Period	Prior Period
Foreign Branches	336,720	239,732
Off-Shore Branches	-	-

5.2.2 Derivative financial liabilities held for trading

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward deals	4,399	256	2,830	602
Swaps	393,333	5,136	216,466	2,145
Futures	-	-	-	-
Options	6,261	492	470	389
Other	-	-	-	-
Total	403,993	5,884	219,766	3,136

5.2.3 Funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	219,275	52,020	192,435	53,445
Foreign Banks, Institutions and Funds	346,641	7,886,217	317,606	7,326,919
Total	565,916	7,938,237	510,041	7,380,364

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	565,916	1,625,355	510,041	1,876,506
Medium and Long-Term	-	6,312,882	-	5,503,858
Total	565,916	7,938,237	510,041	7,380,364

5.2.3.2 Disclosures for concentration areas of the Bank's borrowings according to customers or sector groups providing funds or other risk concentrating criterias

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.2.4 Other liabilities

Funds provided through repurchase transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic Transactions	4,481,781	-	3,476,521	-
Financial Institutions and Organizations	4,438,832	-	59,156	-
Other Institutions and Organizations	-	-	3,373,115	-
Individuals	42,949	-	44,250	-
Foreign Transactions	803,223	330,228	780,251	557,121
Financial Institutions and Organizations	801,902	330,228	779,578	557,121
Other Institutions and Organizations	1,122	-	378	-
Individuals	199	-	295	-
Total	5,285,004	330,228	4,256,772	557,121

5.2.5 Lease payables

5.2.5.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	50,223	47,289	37,364	34,074
1-4 Years	6,554	5,804	12,313	10,664
More than 4 Years	-	-	-	-
Total	56,777	53,093	49,677	44,738

5.2.5.2 Operational lease agreements

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

5.2.6 Negative differences on derivative financial liabilities held for risk management

Derivative Financial Liabilities held for Risk Management	Current Period		Prior Period	
	YTL	FC	YTL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	4,769	-	-
Net foreign investment hedges	-	-	-	-
Total	-	4,769	-	-

5.2.7 Provisions

5.2.7.1 General provisions

	Current Period	Prior Period
General Provision for	224,458	158,466
Loans and Receivables in Group I	198,330	138,632
Loans and Receivables in Group II	489	490
Non-Cash Loans	25,639	19,344
Other	-	-

5.2.7.2 Provisions for foreign exchange differences on foreign currency indexed loans and financial lease receivables

	Current Period	Prior Period
Short-Term Loans	19,810	12,392
Medium and Long-Term Loans	37,518	7,344
Total	57,328	19,736

5.2.7.3 Provisions for non-cash loans that are not indemnified or converted into cash

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.2.7.4 Other provisions

5.2.7.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	32,000	30,000

The Bank provided a general reserve in the amount of YTL 32,000 thousands in the current period against the possible adverse effects of the potential risks in the economy.

5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	149,000	128,818
Provision for Promotion Expenses of Credit Cards (*)	41,859	46,051
Other Provisions	55,373	62,100
Total	246,232	236,969

(*) The Bank provides fully for the committed promotion expenses of credit cards as of the balance sheet date.

5.2.8 Taxes and other duties payable

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 30 June 2007, after netting with the prepaid taxes, the Bank had a current tax liability of YTL 176,590 thousands (31 December 2006: YTL 121,650 thousands). In cases where the differences between the carrying amounts and the taxable amounts of assets subject to tax, are related with certain items in the equity accounts, the current tax assets/liabilities are charged or credited directly to these accounts.

5.2.8.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	176,590	121,650
Taxation on Securities Income	44,132	31,202
Taxation on Real Estates Income	871	677
Banking Insurance Transaction Tax	23,603	23,563
Foreign Exchange Transaction Tax	3,240	3,252
Value Added Tax Payable	790	1,248
Others	8,417	9,923
Total	257,643	191,515

5.2.8.1.3 Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	7	2
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	711	8
Bank Pension Fund Premium-Employer	1,090	11
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	476	462
Unemployment Insurance-Employer	881	850
Others	-	-
Total	3,165	1,333

5.2.8.2 Deferred tax liability

None.

5.2.9 Payables for assets held for sale

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.2.10 Subordinated loans

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.2.11 Shareholders' equity

5.2.11.1 Paid-in capital

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

5.2.11.2 Registered share capital system

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

5.2.11.3 Capital increases in current period

None.

5.2.11.4 Capital increases from capital reserves in current period

None.

5.2.11.5 Capital commitments for current and future financial periods

None.

5.2.11.6 Possible effect of estimations made for the parent bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties

None.

5.2.11.7 Information on privileges given to stocks representing the capital

None.

5.2.11.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-ventures	-69,308	-	-71,258	-
Valuation difference	21,084	-	7,619	-
Exchange rate difference	-90,392	-	-78,877	-
Securities Available-for-Sale	80,195	67,162	60,764	71,337
Valuation difference	80,195	67,162	60,764	71,337
Exchange rate difference	-	-	-	-
Total	10,887	67,162	-10,494	71,337

5.2.11.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,147	-	2,147	-
Gain On Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	27,717	-	-	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 Bonus shares of associates, subsidiaries and joint-ventures

It includes the bonus shares received from the following investee companies; Garanti Gayrimenkul Yatırım Ortaklığı AŞ by YTL 23 thousands, Garanti Sigorta AŞ by YTL 561 thousands, Garanti Ödeme Sistemleri AŞ by YTL 401 thousands, Garanti Yatırım Menkul Değerler AŞ by YTL 942 thousands, Kredi Kartları Bürosu by YTL 481 thousands, Tat Konserve AŞ by YTL 36 thousands and Yatırım Finansman Menkul Değerler AŞ by YTL 9 thousands.

5.2.11.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	137,817	84,776
II. Legal Reserve	18,790	7,358
Special Reserves	-	-

As per the decisions made on the Annual General Assembly on 17 April 2007, 5% of prior periods' profit is allocated to legal reserves.

5.2.11.12 Extraordinary reserves

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	1,353,965	601,953
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

As per the decisions made on the Annual General Assembly on 17 April 2007, the remaining prior periods' profit after the appropriation to legal reserves, are allocated to extraordinary reserves.

5.2.12 Accrued interest and expenses

The details of accrued interest and expenses allocated to the related items on the liability side of the balance sheet are as follows:

	Current Period		Prior Period	
	FC	YTL	FC	YTL
Deposits	132,866	52,628	119,029	42,246
Funds Borrowed	54,326	82,240	24,460	62,002
Interbank Money Markets	99,057	4,230	52,445	10,434
Other Accruals	21,229	2,615	5,667	10,732
Total	307,478	141,713	201,601	125,414

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	4,774,922	4,575,955
Letters of Guarantee in YTL	3,513,804	2,687,808
Letters of Credit	1,705,694	1,505,384
Bills of Exchange and Acceptances	140,288	143,541
Prefinancings	-	-
Total	10,134,708	8,912,688

5.3.1.2 Possible losses and commitments resulted from off-balance sheet items

A specific provision of YTL 1,567 thousands (31 December 2006: YTL 1,694 thousands) is made for unliquidated non-cash loans of YTL 5,577 thousands (31 December 2006: YTL 6,621 thousands) recorded under the off-balance sheet items in the accompanying financial statements.

The detailed information for commitments, guarantees and sureties are provided under the statement of “off-balance sheet items”.

As of 30 June 2007, in the Bank’s “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 625,000,000 (31 December 2006: USD 625,000,000).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	268,685	293,794
<i>With Original Maturity of 1 Year or Less</i>	53,598	41,294
<i>With Original Maturity of More Than 1 Year</i>	215,087	252,500
Other Non-Cash Loans	10,520,108	9,232,482
Total	10,788,793	9,526,276

5.3.1.4 Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agriculture	15,872	0.45	13,830	0.19	12,136	0.45	13,193	0.19
Farming and Stockbreeding	14,491	0.41	13,830	0.19	11,226	0.42	13,193	0.19
Forestry	55	-	-	-	80	-	-	-
Fishery	1,326	0.04	-	-	830	0.03	-	-
Manufacturing	1,170,175	33.29	2,888,475	39.71	709,238	26.38	2,778,048	40.63
Mining	327,648	9.32	22,589	0.31	66,001	2.45	28,819	0.42
Production	811,472	23.09	2,468,786	33.94	627,430	23.34	2,458,165	35.95
Electricity, Gas, Water	31,055	0.88	397,100	5.46	15,807	0.59	291,064	4.26
Construction	567,717	16.16	1,464,940	20.14	438,975	16.33	1,235,059	18.06
Services	1,563,280	44.49	2,714,819	37.31	1,410,591	52.47	2,658,889	38.88
Wholesale and Retail Trade	1,002,822	28.54	832,593	11.44	857,786	31.90	812,314	11.88
Hotel, Food and Beverage Services	72,288	2.06	64,897	0.89	68,449	2.55	106,313	1.55
Transportation and Telecommunication	83,672	2.38	459,706	6.32	73,029	2.72	594,163	8.69
Financial Institutions	358,318	10.20	1,327,224	18.24	370,255	13.77	1,118,742	16.36
Real Estate and Renting Services	13,111	0.37	12,264	0.17	12,032	0.45	11,685	0.17
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	5,328	0.15	3,623	0.05	5,750	0.21	4,763	0.07
Health and Social Services	27,741	0.79	14,512	0.20	23,290	0.87	10,909	0.16
Other	196,883	5.61	192,802	2.65	117,571	4.37	152,576	2.24
Total	3,513,927	100.00	7,274,866	100.00	2,688,511	100.00	6,837,765	100.00

5.3.1.5 Non-cash loans classified under Group I and II

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	3,510,859	7,272,357	-	-
Letters of Guarantee	3,510,736	4,773,952	-	-
Bills of Exchange and Bank Acceptances	75	140,213	-	-
Letters of Credit	48	2,358,192	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	-	-	-

5.3.2 Financial derivative instruments

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.3.3 Contingent liabilities and assets

The monetary losses amounting YTL 712,872 thousands incurred in the 2001 financial year as a result of the inflation accounting applied in compliance with the Temporary article no.4 added to the Banks Law no.4389 through the Law no.4743, were net off with extraordinary reserves, legal reserves and capital reserves from inflation adjustments to equity items. As per the Temporary article no.4/13 of the same Law and the statements of the reiterated article 14/1a of the Corporate Tax Law no.5422, these losses have not been taking into account in the tax returns of the year 2001 and subsequent years, whereas such losses should have been deducted from the taxable income. Accordingly, the tax returns were submitted with a condition stating that such losses should have been deducted and the Bank may appeal to the tax court for the tax return. Following the rejection of this condition by the tax office, the Bank appealed to the tax court for the corporate tax return of the year 2004 and the temporary tax periods of the year 2005 and the tax court decided in favour of the Bank. However, as of the reporting date, the judgement process continues.

5.3.4 Services rendered on behalf of third parties

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4 Income Statement

5.4.1 Interest Income

5.4.1.1 Interest income from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term loans	988,928	85,608	765,813	79,565
Medium and long-term loans	424,065	346,356	231,351	236,658
Loans under follow-up	11,157	-	23,655	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	1,424,150	431,964	1,020,819	316,223

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	18,312	-	7,546	-
Domestic Banks	7,644	386	3,494	3,400
Foreign Banks	15,345	69,487	7,007	24,451
Foreign Headoffices and Branches	-	-	-	-
Total	41,301	69,873	18,047	27,851

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Financial Assets	7,638	4,120	6,193	9,851
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	556,482	167,717	421,076	133,349
Investments Held-to-Maturity	304,026	23,803	65,279	97,472
Total	868,146	195,640	492,548	240,672

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	7,381	1,816

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	44,017	199,076	8,552	152,148
Central Bank of Turkey	-	-	-	-
Domestic Banks	14,980	1,324	8,552	1,269
Foreign Banks	29,037	197,752	-	150,879
Foreign Headoffices and Branches	-	-	-	-
Other Institutions	-	19,047	-	10,310
Total	44,017	218,123	8,552	162,458

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	14,257	8,528

5.4.2.3 Interest expenses on securities issued

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.2.4 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	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	164	42,676	-	-	-	-	-	42,840
Saving Deposits	870	271,845	492,457	14,667	3,664	5,642	-	789,145
Public Sector Deposits	-	1,080	622	-	4	4	-	1,710
Commercial Deposits	4,531	225,349	72,012	1,939	915	645	-	305,391
Other	318	7,906	10,455	48	8	17	-	18,752
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total YTL	5,883	548,856	575,546	16,654	4,591	6,308	-	1,157,838
Foreign Currency								
Foreign Currency Deposits	11,183	109,948	108,316	15,676	8,031	7,941	1,910	263,005
Bank Deposits	-	12,399	-	-	-	-	-	12,399
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	3	7	14	58	-	-	82
Total FC	11,183	122,350	108,323	15,690	8,089	7,941	1,910	275,486
Grand Total	17,066	671,206	683,869	32,344	12,680	14,249	1,910	1,433,324

5.4.2.5 Interest expense on repurchase agreements

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.2.6 Financial lease expenses

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.2.7 Interest expenses on factoring payables

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.3 Dividend income

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	1,366,021	2,261,279
Trading Account Income	564,247	478,007
Derivative financial instruments	506,230	380,306
Others	58,017	97,701
Foreign Exchange Losses	801,774	1,783,272
Losses (-)	1,417,023	2,261,252
Trading Account Losses	608,087	390,257
Derivative financial instruments	587,378	345,906
Others	20,709	44,351
Foreign Exchange Losses	808,936	1,870,995
Total	-51,002	27

5.4.5 Other operating income

The other operating income of the Bank, generally consists of collection or reversals of prior year provisions, banking services related costs charged to customers and income in custody services.

In the current period, the gain on sales of 80% shares in Garanti Sigorta AŞ, previously classified in investments in subsidiaries, and 15% shares in Garanti Emeklilik ve Hayat AŞ, amounting YTL 762,384 thousands is recorded under other operating income.

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	80,118	135,953
<i>Loans and receivables in Group III</i>	<i>45,368</i>	<i>3,657</i>
<i>Loans and receivables in Group IV</i>	<i>23,185</i>	<i>4,279</i>
<i>Loans and receivables in Group V</i>	<i>11,565</i>	<i>128,017</i>
General Provisions	67,317	45,257
Provision for Possible Losses	17,000	15,000
Impairment Losses on Securities	856	27,913
<i>Financial assets at fair value through profit or loss</i>	<i>856</i>	<i>9,393</i>
<i>Financial assets available-for-sale</i>	<i>-</i>	<i>18,520</i>
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	382	9,964
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>382</i>	<i>-</i>
<i>Joint Ventures</i>	<i>-</i>	<i>-</i>
<i>Investments held-to-maturity</i>	<i>-</i>	<i>9,964</i>
Others	2,228	30,318
Total	167,901	264,405

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	292,274	245,197
Reserve for Employee Termination Benefits	3,973	2,877
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	2	3
Depreciation Expenses of Tangible Assets	67,812	65,381
Impairment Losses on Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	11,159	10,912
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	333,164	276,089
<i>Operational lease related expenses</i>	35,482	25,162
<i>Repair and maintenance expenses</i>	8,917	5,352
<i>Advertisement expenses</i>	48,682	40,482
<i>Other expenses</i>	240,083	205,093
Loss on Sale of Assets	3,043	10,731
Others	103,063	58,966
Total	814,490	670,156

5.4.8 Profit/loss before taxes

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.9 Provision for taxes on income

As of 30 June 2007, the Bank recorded a tax expense of YTL 254,226 thousands (31 December 2006: YTL 259,965 thousands) and a deferred tax income of YTL 21,226 thousands (31 December 2006: YTL 5,735 thousands, a deferred tax expense).

Deferred tax income/expense on timing differences

Deferred tax income/(expense) on timing difference	Current Period
Increase in tax deductible timing differences	16,330
Decrease in tax deductible timing differences (-)	2,276
Increase in taxable timing differences (-)	1,738
Decrease in taxable timing differences	8,910
Total	21,226

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

Deferred tax income/(expense) arising on timing differences, tax losses and tax deductions and exemptions	Current Period
Increase/(decrease) in tax deductible timing differences	14,054
(Increase)/decrease in taxable timing differences	7,172
Increase/(decrease) in tax losses	-
Increase/(decrease) in tax deductions and exemptions	-
Total	21,226

5.4.10 Operating profit/loss after taxes

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.11 Net profit and loss

5.4.11.1 Any further explanation on operating results needed for better understanding of the Bank’s performance

None.

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

None.

5.4.12 Components of other items in income statement, as each sub-account exceeding 20% of the total separately, exceeding 10% of total income statement

None.

5.5 Statement of Changes in Shareholders' Equity

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.6 Statement of Cash Flows

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.7 Related Party Risks

5.7.1 Transactions with the Bank's risk group; lendings and deposits and other related party transactions outstanding at period end and income and expenses from such transactions incurred during the period

5.7.1.1 Loans and other receivables

Current Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		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	668,516	22,923	224,108	8,253	25,793	41,793
Balance at end of period	851,449	47,061	217,811	1,078	30,992	116,364
Interest and Commission Income	12,554	47	2	69	1,406	402

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		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	554,054	15,818	220,633	155,948	120,193	2,006
Balance at end of period	668,516	22,923	224,108	8,253	25,793	41,793
Interest and Commission Income	2,313	63	7	880	877	13

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		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	218,882	167,596	75,693	1,144,326	130,183	125,333
Balance at end of period	202,458	218,882	132,985	75,693	88,437	130,183
Interest Expense	14,257	8,528	8,450	25,590	5,202	5,417

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading:						
Beginning of Period	2,790	-	-	-	-	-
End of Period	1,304	2,790	-	-	-	-
Total Profit/Loss	2	-5,023	-	-10	-	-
Hedging Transactions:						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

5.7.2 The Bank's risk group

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

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

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

The cash loans of the risk group amounting YTL 333,064 thousands (31 December 2006: YTL 145,174 thousands) compose 1.01% (31 December 2006: 0.53%) of the Bank's total cash loans and 0.58% (31 December 2006: 0.29%) of the Bank's total assets. The total loans and similar receivables amounting YTL 1,100,252 thousands (31 December 2006: YTL 921,207 thousands) compose 1.91% (31 December 2006: YTL 1.83%) of the Bank's total assets. The non-cash loans of the risk group amounting YTL 164,503 thousands (31 December 2006: YTL 72,969 thousands) compose 1.52% (31 December 2006: 0.77%) of the Bank's total non-cash loans. The deposits of the risk group amounting YTL 423,880 thousands (31 December 2006: YTL 424,758 thousands) compose 1.27% (31 December 2006: 1.41%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set in compliance with the market prices.

5.7.2.3 *Other matters not required to be disclosed*

None.

5.7.2.4 *Transactions accounted under equity method*

Please refer to Notes 5.1.7 and 5.1.8.

5.7.2.5 *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.

5.8 Domestic, Foreign and Off-Shore Branches or Investments and Foreign Representative Offices

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.9 Significant Events and Matters Arising Subsequent to Balance Sheet Date

On 5 July 2007, the Bank has reached an agreement with Deutsche Bank AG regarding the transfer of its custody services to foreign institutional investors for US\$ 115 millions. Pursuant to the agreement, ongoing services provided to foreign institutional investors will continue to be provided by the Bank for the duration of the next ten months.

Deutsche Bank AG has paid US\$ 115 millions consideration for the transfer of the said services up front and following the deduction of the Banking and Insurance Transaction Tax at 5% from such amount, the remaining will be recognized in the Bank's income of the corresponding period.

On the other hand, custody services provided by the Bank to local investors will continue to be provided as presently carried out and such investors will continue to receive custody services from Türkiye Garanti Bankası AŞ.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Other disclosures

- On 5 February 2007, the Bank obtained a subordinated debt of US\$ 500 millions from foreign markets with an interest of 6.95% and maturity of 10 years with a repayment option for the Bank at the end of the fifth year. This debt is qualified as the secondary subordinated debt to be included in the supplementary capital by BRSA in the calculation of the Bank's capital adequacy ratio as of 5 February 2007 in compliance with the conditions set in the legislation on "Banks' Equities" issued by BRSA and published in the Official Gazette no.26333 dated 1 November 2006.
- It was decided during the Board of Directors meeting of the Bank on 4 April 2007 to merge the Romania branches of Garanti Bank International NV's, a fully owned subsidiary of the Bank in Holland and the following companies of GE Consumer Finance; Domenia Credit IFN, Ralfi IFN and Motoractive Leasing IFN operating in Romania. The ultimate shareholders of Motoractive Leasing IFN, the company planned to operate in Romania under the banking license after these mergers will be T. Garanti Bankası AŞ, Doğu Holding AŞ and GE Consumer Finance. The work on this issue continues.
- It has been resolved in the Bank's board of directors meeting held on 11 June 2007 that:
 - the Article 38 "Voting" of "the Articles of Association of the Bank" will be amended to provide right of one vote for each share of 1Ykr (the pertaining amendment reflects a technical adjustment, related to the transition to YTL and does not entail any change regarding the voting rights of the shares).
 - the Article 45 "Distribution of Profit" of "the Articles of Association of the Bank" regarding the distribution of the net profit to members of the board of directors and the personnel will be abolished and removed from "the Articles of Association of the Bank"; and other terms in Article 45 regarding distribution of net profit will remain without any changes.

The applications have been filed with the BRSA and the CMB for these resolutions on 13 June 2007. Following the completion of this process, the amendments to "the Articles of Association" will be submitted for approval at the extraordinary general assembly meeting.

5.10.2 The Bank's latest international risk ratings

MOODY'S (April 2007*)

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

STANDARD AND POORS (June 2006*)

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

FITCH RATINGS (June 2007*)

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

CAPITAL INTELLIGENCE (July 2007*)

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

(*) Latest dates in risk ratings or outlooks.

5.10.3 Dividends

At the Annual General Assembly dated 17 April 2007, it was decided to distribute the income of 2006 as follows:-

2006 PROFIT DISTRIBUTION TABLE	
CURRENT YEAR PROFIT	1,063,663
A - I.Legal reserve (Turkish Commercial Code 466/1) at 5%	-53,183
Undistributable funds	-23,019
B – The first dividend at 5% of the Paid Capital	-105,000
C – Extraordinary reserves at 5% after above deductions	-44,123
D -	
- to the members of the Board of Directors upto 5%	-
- to the Bank personnel at 5%	-38,106
- to the owners of the Founder Shares	-76,213
E – Extraordinary reserves	-712,588
F - II.Legal reserve (Turkish Commercial Code 466/2)	-11,432

In the profit distribution, the undistributable funds are allocated as YTL 27,717 thousands due to changes in certain applications; and the difference is compensated by appropriation from extraordinary reserves.

As per the resolutions of the Board of Directors and the Annual General Assembly on 17 April 2007, the profit distribution as detailed below was decided. The distribution of the profit has started.

CASH DIVIDEND ON 2006 PROFIT FOR 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	24.04.2007
NET	89,250	0.04250	4.25000	

CASH DIVIDEND ON 2006 PROFIT FOR FOUNDER SHARE HOLDERS

	AMOUNTS TO BE PAID IN CASH			DIVIDEND PAYMENT DATE
	TOTAL AMOUNT OF DIVIDEND	DIVIDEND PER SHARE		
		NO OF SHARES	AMOUNT	
GROSS (*)	76,213	370	206	24.04.2007
NET	64,781	370	175	

(*) There will be no withholding tax of 15% on the cash dividends paid to the resident institutions and the parties earning revenues through their operations or permanent representatives in Turkey.

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 June 2007, are reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International). It was noted in their review report dated 8 August 2007 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 30 June 2007.

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