

*(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 Year Ended

31 December 2008

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

With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
12 February 2009

*This report contains "Independent Auditors' Report"
comprising 2 pages and;"Unconsolidated Financial
Statements and Related Disclosures and
Footnotes" comprising 89 pages.*



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

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

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

To the Board of Directors of Türkiye Garanti Bankası AŞ:

We have audited the unconsolidated balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") as of 31 December 2008 and the related unconsolidated income statement, statement of cash flows, statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and notes to the financial statements.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for adopting sound accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette no.26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and the statements and guidances published by the Banking Regulation and Supervision Agency (BRSA) on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our audit is performed in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no.26333 dated 1 November 2006 and international standards on auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.



Independent Auditors' Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye Garanti Bankası AŞ as of 31 December 2008 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of (Turkish) Banking Law No 5411 and the statements and guidances published by the BRSA on accounting and financial reporting principles.

İstanbul,
12 February 2009

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 Financial Report as of and for the Year Ended 31 December 2008

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

The Unconsolidated Year-End Financial Report 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 Financial Statements
4. Financial Position and Results of Operations of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Other Disclosures and Footnotes
7. Independent Auditors' Report

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, 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

Phone no: 90 212 318 23 50

Fax no: 90 212 216 59 02

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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 721 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 31 December 2008, the group of companies under Doğuş Holding AŞ that currently owns 30.52% shares of the Bank, is called as the Doğuş Group (the Group). On 22 December 2005, Doğuş Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank’s issued share capital to “GE Araştırma ve Müşavirlik Limited Şti.” of General Electric (GE) group. Accordingly, GE acquired a joint control on the Bank’s management. On 27 December 2007, GE Araştırma ve Müşavirlik Limited Şti. has sold 9.765.000.000 shares of the Bank at a nominal value of YTL 97,650 each to Doğuş Holding AŞ, representing 4.65% of the issued share capital of Türkiye Garanti Bankası AŞ.

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 business consisting of financial services, automotive, media, tourism and service sectors with more than 20.500 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, Eureko Sigorta AŞ, Garanti Emeklilik ve Hayat AŞ, Garanti Faktoring Hizmetleri AŞ, Garanti Ödeme Sistemleri AŞ, Doğuş GE 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	18 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	26 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	20 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	34 years
Denis Arthur Hall	Member	08.10.2008	College	24 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	University	31 years
Dmitri Lysander Stockton	Member	22.12.2005	University	17 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	21 years

As of 30 July 2008, Oliver B.R.V. Piani resigned from his board member position, subsequently at the Board of Directors' Meeting held on 8 October 2008, Denis Arthur Hall has been assigned for his vacant position. The board member Charles Edward Alexander resigned as of 26 November 2008.

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	21 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	30 years
Afzal Mohammed Modak	EVP-Finance and Accounting	20.07.2007	Master	23 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	16 years
Ali Temel	EVP-Loans	21.10.1999	University	18 years
Gökhan Erun	EVP-Human Resources & Investment Banking	18.08.2005	Master	14 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	26 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	23 years
Uruz Ersözöglü	EVP-Treasury	03.04.2006	University	17 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	16 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	23 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	27 years
Zekeriya Öztürk	EVP- International Business Development	02.03.2006	Master	13 years
Avni Aydın Düren	EVP-Legal Services	15.01.2009	Master	14 years

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

1.4 Information on the bank's qualified shareholders

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	1,119,800	26.6619%	1,119,800	-
GE Araştırma ve Müşavirlik Limited Şti	875,712	20.8503%	875,712	-

According to the decision made at the “General Assembly of Founder Shares Owners” and the “Extraordinary General Shareholders” meetings held on 13 June 2008, the Bank repurchased all the 370 founder share-certificates issued in order to redeem and exterminate them, subsequent to the permissions obtained from the related legal authorities, at a value of YTL 3,876 thousands each in accordance with the report prepared by the court expert and approved by the Istanbul 5th Commercial Court of First Instance. A total payment of YTL 1,434,233 thousands has been made to the owners of 368 founder share-certificates from “extraordinary reserves”, and the value of remaining 2 founder share-certificates has been blocked in the bank accounts.

Subsequent to these purchases, the clauses 15, 16 and 45 of the Articles of Association of the Bank have been revised accordingly.

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 Turkish government and other 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.

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 31 December 2008

ASSETS		Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2008			31 December 2007		
			YTL	FC	Total	YTL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	2,575,050	2,956,524	5,531,574	3,186,964	4,040,903	7,227,867
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	509,347	156,750	666,097	71,478	74,162	145,640
2.1	Financial assets held for trading		14,463	15,599	30,062	31,327	64,928	96,255
2.1.1	Government securities		4,663	15,599	20,262	21,552	64,928	86,480
2.1.2	Equity securities		600	-	600	-	-	-
2.1.3	Other securities		9,200	-	9,200	9,775	-	9,775
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	Derivative financial assets held for trading		494,884	141,151	636,035	40,151	9,234	49,385
III.	BANKS	(5.1.3)	1,425,450	3,375,585	4,801,035	804,865	2,328,118	3,132,983
IV.	INTERBANK MONEY MARKETS		40,552	-	40,552	-	-	-
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		40,552	-	40,552	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	14,887,550	2,458,231	17,345,781	9,760,509	3,325,681	13,086,190
5.1	Equity securities		25,679	44,989	70,668	28,467	37,674	66,141
5.2	Government securities		14,550,954	755,085	15,306,039	9,598,339	2,104,697	11,703,036
5.3	Other securities		310,917	1,658,157	1,969,074	133,703	1,183,310	1,317,013
VI.	LOANS	(5.1.5)	28,030,439	21,876,968	49,907,407	22,491,701	14,726,185	37,217,886
6.1	Performing loans		27,580,293	21,876,968	49,457,261	22,184,686	14,726,185	36,910,871
6.1.1	Loans to bank's risk group	(5.7)	128,749	538,322	667,071	143,007	306,366	449,373
6.1.2	Others		27,451,544	21,338,646	48,790,190	22,041,679	14,419,819	36,461,498
6.2	Loans under follow-up		1,239,739	-	1,239,739	846,538	-	846,538
6.3	Specific provisions (-)		789,593	-	789,593	539,523	-	539,523
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	6,054,289	1,563,008	7,617,297	3,294,938	648,827	3,943,765
8.1	Government securities		6,054,289	1,563,008	7,617,297	3,291,736	648,827	3,940,563
8.2	Other securities		-	-	-	3,202	-	3,202
IX.	INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	27,705	-	27,705	27,596	-	27,596
9.1	Associates consolidated under equity accounting		-	-	-	-	-	-
9.2	Unconsolidated associates		27,705	-	27,705	27,596	-	27,596
9.2.1	Financial investments in associates		25,991	-	25,991	25,882	-	25,882
9.2.2	Non-financial investments in associates		1,714	-	1,714	1,714	-	1,714
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	229,368	582,760	812,128	249,646	327,762	577,408
10.1	Unconsolidated financial investments in subsidiaries		219,005	582,760	801,765	241,370	327,762	569,132
10.2	Unconsolidated non-financial investments in subsidiaries		10,363	-	10,363	8,276	-	8,276
XI.	INVESTMENTS IN JOINT-VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1	Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2	Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1	Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2	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)	-	69,161	69,161	-	31,960	31,960
13.1	Fair value hedges		-	-	-	-	-	-
13.2	Cash flow hedges		-	69,161	69,161	-	31,960	31,960
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(5.1.12)	1,083,517	1,179	1,084,696	1,024,233	725	1,024,958
XV.	INTANGIBLE ASSETS (Net)	(5.1.13)	15,764	-	15,764	11,885	1	11,886
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		15,764	-	15,764	11,885	1	11,886
XVI.	INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
XVII.	TAX ASSET	0	34,255	-	34,255	58,166	-	58,166
17.1	Current tax asset		70	-	70	5,222	-	5,222
17.2	Deferred tax asset		34,185	-	34,185	52,944	-	52,944
XVIII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	81,304	-	81,304	112,850	-	112,850
18.1	Assets held for sale		81,304	-	81,304	112,850	-	112,850
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(5.1.17)	844,459	61,645	906,104	892,499	86,828	979,327
	TOTAL ASSETS		55,839,049	33,101,811	88,940,860	41,987,330	25,591,152	67,578,482

The accompanying notes are an integral part of these unconsolidated financial statements.

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 31 December 2008

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD 31 December 2008			PRIOR PERIOD 31 December 2007		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	(5.2.1)	29,006,986	23,708,295	52,715,281	20,012,623	19,085,479	39,098,102
1.1 Deposits from bank's risk group	(5.7)	311,435	413,825	725,260	304,065	171,726	475,791
1.2 Others		28,695,551	23,294,470	51,990,021	19,708,558	18,913,753	38,622,311
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	296,508	118,588	415,096	428,635	22,642	451,277
III. FUNDS BORROWED	(5.2.3)	2,076,975	8,766,471	10,843,446	1,282,828	7,275,816	8,558,644
IV. INTERBANK MONEY MARKETS		10,452,524	250,419	10,702,943	7,447,905	728,986	8,176,891
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		10,452,524	250,419	10,702,943	7,447,905	728,986	8,176,891
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		1,932,052	17,679	1,949,731	1,819,991	11,574	1,831,565
VIII. OTHER EXTERNAL FUNDINGS PAYABLE	(5.2.4)	627,284	225,365	852,649	862,906	292,951	1,155,857
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	597	22,760	23,357	3,075	51,663	54,738
10.1 Financial lease payables		631	24,176	24,807	3,379	55,024	58,403
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		34	1,416	1,450	304	3,361	3,665
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	4,871	4,871	-	249	249
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	4,871	4,871	-	249	249
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	781,480	22,951	804,431	541,116	20,222	561,338
12.1 General provisions		409,543	19,256	428,799	265,965	14,695	280,660
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		197,372	-	197,372	140,372	-	140,372
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		174,565	3,695	178,260	134,779	5,527	140,306
XIII. TAX LIABILITY	(5.2.8)	378,236	107	378,343	210,225	77	210,302
13.1 Current tax liability		378,236	107	378,343	210,225	77	210,302
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.2.9)	-	-	-	-	-	-
14.1 Assets held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED DEBTS	(5.2.10)	-	781,638	781,638	-	596,400	596,400
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	9,291,133	177,941	9,469,074	6,736,584	146,535	6,883,119
16.1 Paid-in capital		4,200,000	-	4,200,000	2,100,000	-	2,100,000
16.2 Capital reserves		1,600,696	169,436	1,770,132	893,304	144,014	1,037,318
16.2.1 Share premium		11,880	-	11,880	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		288,033	104,484	392,517	95,507	112,550	208,057
16.2.4 Revaluation surplus on tangible assets		597,090	-	597,090	29,864	-	29,864
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		2,453	-	2,453	2,453	-	2,453
16.2.8 Hedging reserves (effective portion)		(71,314)	64,952	(6,362)	(7,074)	31,464	24,390
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		772,554	-	772,554	772,554	-	772,554
16.3 Profit reserves		1,739,949	8,505	1,748,454	1,427,664	2,521	1,430,185
16.3.1 Legal reserves		268,796	4,097	272,893	153,690	2,521	156,211
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		1,470,724	-	1,470,724	1,275,689	-	1,275,689
16.3.4 Other profit reserves		429	4,408	4,837	(1,715)	-	(1,715)
16.4 Profit or loss		1,750,488	-	1,750,488	2,315,616	-	2,315,616
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		1,750,488	-	1,750,488	2,315,616	-	2,315,616
16.5 Minority interests		-	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		54,843,775	34,097,085	88,940,860	39,345,888	28,232,594	67,578,482

The accompanying notes are an integral part of these unconsolidated financial statements.

Türkiye Garanti Bankası Anonim Şirketi
Off-Balance Sheet Items
At 31 December 2008

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2008			31 December 2007		
		YTL	FC	Total	YTL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		31,399,717	38,058,985	69,458,702	23,134,813	22,191,738	45,326,551
I. GUARANTEES AND SURETIES	(5.3.1)	4,231,196	10,034,868	14,266,064	3,925,972	8,429,994	12,355,966
1.1. Letters of guarantee		4,120,918	6,790,151	10,911,069	3,924,978	5,749,874	9,674,852
1.1.1. Guarantees subject to State Tender Law		238,990	541,707	780,697	306,986	423,552	730,538
1.1.2. Guarantees given for foreign trade operations		312,363	330,871	643,434	303,752	265,210	568,962
1.1.3. Other letters of guarantee		3,569,365	5,917,573	9,486,938	3,314,240	5,061,112	8,375,352
1.2. Bank acceptances		-	123,807	123,807	600	115,887	116,487
1.2.1. Import letter of acceptance		-	108,097	108,097	600	107,622	108,222
1.2.2. Other bank acceptances		-	15,710	15,710	-	8,265	8,265
1.3. Letters of credit		278	3,120,910	3,121,188	394	2,564,233	2,564,627
1.3.1. Documentary letters of credit		-	82	82	-	1,649	1,649
1.3.2. Other letters of credit		278	3,120,828	3,121,106	394	2,562,584	2,562,978
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		110,000	-	110,000	-	-	-
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	14,325,782	3,577,545	17,903,327	13,163,846	3,489,188	16,653,034
2.1. Irrevocable commitments		14,325,782	3,576,891	17,902,673	13,163,846	3,488,798	16,652,644
2.1.1. Asset purchase commitments		101,953	635,532	737,485	48,248	1,560,461	1,608,709
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		812	-	812	812	-	812
2.1.4. Loan granting commitments		2,787,561	1,535,359	4,322,920	2,354,191	913,337	3,267,528
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,356,364	-	1,356,364	1,852,451	-	1,852,451
2.1.8. Tax and fund obligations on export commitments		25,834	-	25,834	24,398	-	24,398
2.1.9. Commitments for credit card limits		8,789,048	-	8,789,048	7,619,536	-	7,619,536
2.1.10. Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,264,210	1,406,000	2,670,210	1,264,210	1,015,000	2,279,210
2.2. Revocable commitments		-	654	654	-	390	390
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	654	654	-	390	390
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	12,842,739	24,446,572	37,289,311	6,044,995	10,272,556	16,317,551
3.1. Derivative financial instruments held for risk management		-	110,523	110,523	-	58,282	58,282
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	110,523	110,523	-	58,282	58,282
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		12,842,735	24,336,045	37,178,788	6,044,995	10,214,274	16,259,266
3.2.1. Forward foreign currency purchases/sales		1,842,879	2,509,939	4,352,818	583,139	859,775	1,442,914
3.2.1.1. Forward foreign currency purchases		835,846	1,346,064	2,181,910	320,360	384,789	705,149
3.2.1.2. Forward foreign currency sales		1,007,033	1,163,875	2,170,908	262,779	474,986	737,765
3.2.2. Currency and interest rate swaps		9,282,041	14,428,281	23,710,322	4,328,262	6,811,744	11,140,006
3.2.2.1. Currency swaps-purchases		5,342,075	6,590,355	11,932,430	1,181,840	4,132,508	5,314,348
3.2.2.2. Currency swaps-sales		3,939,966	7,799,523	11,739,485	3,143,966	2,676,084	5,820,050
3.2.2.3. Interest rate swaps-purchases		-	17,990	17,990	417	1,581	1,998
3.2.2.4. Interest rate swaps-sales		-	20,413	20,413	2,039	1,571	3,610
3.2.3. Currency, interest rate and security options		1,683,016	6,523,747	8,206,756	1,015,177	1,907,105	2,922,282
3.2.3.1. Currency call options		658,260	1,580,783	2,239,043	366,159	896,609	1,262,768
3.2.3.2. Currency put options		990,950	1,451,277	2,442,227	630,600	515,233	1,145,833
3.2.3.3. Interest rate call options		-	1,799,040	1,799,040	-	181,200	81,200
3.2.3.4. Interest rate put options		-	1,692,640	1,692,640	-	-	-
3.2.3.5. Security call options		33,806	-	33,806	10,563	113,283	123,846
3.2.3.6. Security put options		-	-	-	7,855	300,780	308,635
3.2.4. Currency futures		27,209	33,537	60,746	114,417	82,650	197,067
3.2.4.1. Currency futures-purchases		24,833	24,967	49,800	83,070	2,219	85,289
3.2.4.2. Currency futures-sales		2,376	8,570	10,946	31,347	80,431	111,778
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		7,594	840,552	848,146	4,000	553,000	557,000
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		149,828,729	108,222,111	258,050,840	129,941,310	67,163,648	197,104,958
IV. ITEMS HELD IN CUSTODY		38,828,829	15,588,198	54,417,027	46,920,619	12,856,015	59,776,634
4.1. Customers' securities held		18,299,861	3,913,486	22,213,347	21,162,119	3,625,534	24,787,653
4.2. Investment securities held in custody		13,804,387	932,508	14,736,895	20,241,857	1,385,719	21,627,576
4.3. Checks received for collection		4,869,700	895,721	5,765,421	4,204,954	494,980	4,699,934
4.4. Commercial notes received for collection		1,822,785	1,776,262	3,599,047	1,281,717	1,631,215	2,912,936
4.5. Other assets received for collection		9,649	7,665,813	7,675,462	7,197	5,402,214	5,409,411
4.6. Assets received through public offering		-	25,454	25,454	-	18,805	18,805
4.7. Other items under custody		22,447	378,954	401,401	22,775	297,544	320,319
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		110,999,900	92,633,913	203,633,813	83,020,691	54,307,633	137,328,324
5.1. Securities		77,210	-	77,210	-	169,805	169,805
5.2. Guarantee notes		16,424,680	6,927,507	23,352,187	11,971,031	4,942,492	16,913,523
5.3. Commodities		157	-	157	157	-	157
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		19,469,018	20,275,144	39,744,162	13,345,519	7,900,332	21,245,851
5.6. Other pledged items		75,028,665	65,430,814	140,459,479	57,534,009	41,464,466	98,998,475
5.7. Pledged items-depository		170	448	618	170	343	513
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		181,228,446	146,281,096	327,509,542	153,076,123	89,355,386	242,431,509

The accompanying notes are an integral part of these unconsolidated financial statements.

Türkiye Garanti Bankası Anonim Şirketi

Income Statement

For the Year Ended 31 December 2008

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)	
		CURRENT PERIOD 1 January 2008- 31 December 2008	PRIOR PERIOD 1 January 2007- 31 December 2007
I. INTEREST INCOME	(5.4.1)	9,378,392	7,216,606
1.1 Interest income on loans		5,757,266	4,254,452
1.2 Interest income on reserve deposits		218,100	184,252
1.3 Interest income on banks		261,715	265,118
1.4 Interest income on money market transactions		7,120	5,538
1.5 Interest income on securities portfolio		2,955,527	2,214,573
1.5.1 Trading financial assets		24,908	17,214
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		2,111,947	1,565,595
1.5.4 Investments held-to-maturity		818,672	631,764
1.6 Financial lease income		-	-
1.7 Other interest income		178,664	292,673
II. INTEREST EXPENSE	(5.4.2)	6,200,432	4,412,503
2.1 Interest on deposits		4,318,410	3,073,561
2.2 Interest on funds borrowed		713,554	618,733
2.3 Interest on money market transactions		1,159,115	712,517
2.4 Interest on securities issued		-	-
2.5 Other interest expenses		9,353	7,692
III. NET INTEREST INCOME (I - II)		3,177,960	2,804,103
IV. NET FEES AND COMMISSIONS INCOME		1,441,128	1,197,703
4.1 Fees and commissions received		1,915,070	1,612,011
4.1.1 Non-cash loans		114,210	95,153
4.1.2 Others		1,800,860	1,516,858
4.2 Fees and commissions paid		473,942	414,308
4.2.1 Non-cash loans		453	322
4.2.2 Others		473,489	413,986
V. DIVIDEND INCOME	(5.4.3)	102,470	49,399
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	251,295	(135,904)
6.1 Trading account income/losses (Net)		529,426	(335,029)
6.2 Foreign exchange gains/losses (Net)		(278,131)	199,125
VII. OTHER OPERATING INCOME	(5.4.5)	297,971	1,017,870
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		5,270,824	4,933,171
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	566,446	337,644
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	2,542,390	1,823,411
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		2,161,988	2,772,116
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)	2,161,988	2,772,116
XVI. PROVISION FOR TAXES (±)	(5.4.9)	411,500	456,500
16.1 Current tax charge		399,213	466,608
16.2 Deferred tax charge/(credit)		12,287	(10,108)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	1,750,488	2,315,616
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3 Others		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3 Others		-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	(5.4.8)	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(5.4.9)	-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge/(credit)		-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	(5.4.10)	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(5.4.11)	1,750,488	2,315,616
EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)		588	1,103

The accompanying notes are an integral part of these unconsolidated financial statements.

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Statement of Income/Expense Items Accounted under Shareholders' Equity

For the Year Ended 31 December 2008

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF NEW TURKISH LIRA (YTL)	
	CURRENT PERIOD 31 December 2008	PRIOR PERIOD 31 December 2007
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	31,407	71,224
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	84,412	(30,887)
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	32,591	27,614
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(64,240)	23,292
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	80,122	22,883
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	(6,472)	4,648
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	157,820	118,774
XI. CURRENT PERIOD PROFIT/LOSSES	1,750,488	2,315,616
1.1 Net changes in fair value of securities (transferred to income statement)	61,271	10,219
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	1,689,217	2,305,397
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,908,308	2,434,390

The accompanying notes are an integral part of these unconsolidated financial statements.

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2008

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)															
		Paid-In Capital	Capital Reserves from Inflation Adj.s 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)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
PRIOR PERIOD (31/12/2007)																	
I. Balances at beginning of the period		2,100,000	772,554	-	-	92,134	-	523,677	(481)	-	1,063,663	139,119	2,147	4,698	(27,218)	-	4,670,293
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)		2,100,000	772,554	-	-	92,134	-	523,677	(481)	-	1,063,663	139,119	2,147	4,698	(27,218)	-	4,670,293
Changes during the period																	
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	92,230	-	-	-	-	92,230
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	51,608	-	51,608
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	28,316	-	28,316
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	23,292	-	23,292
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	(2,245)	-	-	(2,245)
X. Translation differences		-	-	-	-	(538)	-	-	(1,234)	-	(23,292)	-	-	-	-	-	(25,064)
XI. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	2,315,616	-	-	-	-	-	-	2,315,616
XX. Profit distribution		-	-	-	-	64,615	-	752,012	-	-	(1,063,663)	-	27,717	-	-	-	(219,319)
20.1. Dividends		-	-	-	-	64,615	-	752,012	-	-	(219,319)	-	-	-	-	-	(219,319)
20.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	(816,627)	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	(27,717)	-	27,717	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		2,100,000	772,554	-	-	156,211	-	1,275,689	(1,715)	2,315,616	-	208,057	29,864	2,453	24,390	-	6,883,119
CURRENT PERIOD (31/12/2008)																	
I. Balances at beginning of the period		2,100,000	772,554	-	-	156,211	-	1,275,689	(1,715)	-	2,315,616	208,057	29,864	2,453	24,390	-	6,883,119
Changes during the period	(5.5)																
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	120,220	-	-	-	-	120,220
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(30,752)	-	(30,752)
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	33,488	-	33,488
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	(64,240)	-	(64,240)
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	901	-	-	3,211	-	64,240	-	-	-	-	-	68,352
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		2,100,000	-	11,880	-	-	-	-	-	-	-	-	-	-	-	-	2,111,880
12.1. Cash		2,100,000	-	11,880	-	-	-	-	-	-	-	-	-	-	-	-	2,111,880
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	(1,434,233)	-	-	-	-	-	-	-	-	(1,434,233)
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	1,750,488	-	-	-	-	-	-	1,750,488
XVIII. Profit distribution		-	-	-	-	115,781	-	1,629,268	3,341	-	(2,315,616)	-	567,226	-	-	-	-
18.1. Dividends		-	-	-	-	115,781	-	1,629,268	3,341	-	-	-	-	-	-	-	-
18.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	(1,745,049)	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	-	-	(570,567)	-	567,226	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	272,893	-	1,470,724	4,837	1,750,488	-	392,517	597,090	2,453	(6,362)	-	9,469,074

The accompanying notes are an integral part of these unaudited financial statements.

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Year Ended 31 December 2008

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)	
		CURRENT PERIOD 31 December 2008	PRIOR PERIOD 31 December 2007
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating losses before changes in operating assets and liabilities		(296,987)	3,312,966
1.1.1 Interests received		7,574,346	6,775,077
1.1.2 Interests paid		(5,931,586)	(4,268,323)
1.1.3 Dividend received		102,470	49,399
1.1.4 Fees and commissions received		2,054,089	1,701,336
1.1.5 Other income		116,554	880,578
1.1.6 Collections from previously written-off loans and other receivables		25,323	17,676
1.1.7 Payments to personnel and service suppliers		(1,964,574)	(1,454,334)
1.1.8 Taxes paid		(73,282)	(58,374)
1.1.9 Others	(5.6)	(2,200,327)	(330,069)
1.2 Changes in operating assets and liabilities		7,795,240	379,041
1.2.1 Net (increase) decrease in financial assets held for trading		65,861	38,999
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		(1,518,419)	(1,682,698)
1.2.4 Net (increase) decrease in loans		(11,979,155)	(9,923,267)
1.2.5 Net (increase) decrease in other assets		3,260,282	(2,319,020)
1.2.6 Net increase (decrease) in bank deposits		77,234	577,956
1.2.7 Net increase (decrease) in other deposits		13,408,117	8,343,180
1.2.8 Net increase (decrease) in funds borrowed		2,353,243	1,185,288
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	2,128,078	4,158,603
I. Net cash flow from banking operations		7,498,253	3,692,007
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(7,013,989)	(2,700,418)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(187)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		(37,883)	55,238
2.3 Purchases of tangible assets		(348,771)	(297,507)
2.4 Sales of tangible assets		144,244	44,665
2.5 Cash paid for purchase of financial assets available-for-sale		(11,690,440)	(8,884,570)
2.6 Cash obtained from sale of financial assets available-for-sale		4,449,682	5,805,053
2.7 Cash paid for purchase of investments held-to-maturity		-	(1,118)
2.8 Cash obtained from sale of investments held-to-maturity		469,179	578,008
2.9 Others	(5.6)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		552,727	(310,070)
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		2,111,880	-
3.4 Dividends paid		-	(219,319)
3.5 Payments for financial leases		(124,920)	(90,751)
3.6 Others (payments for founder shares repurchased)	(5.6)	(1,434,233)	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(5.6)	577,238	(251,324)
V. Net increase/(decrease) in cash and cash equivalents		1,614,230	430,195
VI. Cash and cash equivalents at beginning of period		3,417,495	2,987,300
VII. Cash and cash equivalents at end of period		5,031,725	3,417,495

The accompanying notes are an integral part of these unconsolidated financial statements.

Türkiye Garanti Bankası Anonim Şirketi

Statement of Profit Distribution

At 31 December 2008

STATEMENT OF PROFIT DISTRIBUTION		THOUSANDS OF NEW TURKISH LIRA (YTL)	
		CURRENT PERIOD	PRIOR PERIOD
		31 December 2008	31 December 2007
I.	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	CURRENT PERIOD PROFIT	2,161,988	2,772,116
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	411,500	456,500
1.2.1	Corporate tax (income tax)	411,500	456,500
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	1,750,488	2,315,616
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	87,524	115,781
1.5	OTHER STATUTORY RESERVES (-)	4,407	570,567
B.	NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1,658,557	1,629,268
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of redeemed shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	1,629,268
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of redeemed shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE (per YTL'000 face value each)		
3.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	417	1,103
3.2	TO OWNERS OF ORDINARY SHARES (%)	42	110
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

Decision regarding to profit distribution will be held at General Assembly meeting.

The accompanying notes are an integral part of these unconsolidated financial statements.

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.

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 the most 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 management of interest and liquidity risks 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. Non-derivative liabilities are designated as the 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 contacts.

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. Subsequent fair value changes for trading derivatives are recorded under income statement. Whereas, the effective portions of hedging derivatives are recorded under shareholders' equity while their ineffective portions are posted through income statement.

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 measured at amortized costs using internal rate of return after deducting impairments, if any.

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 are 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 recognized at cost and measured at amortized cost using the effective interest method. 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 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 Liabilities for employee benefits

Severance Indemnities and Short-Term Employee Benefits

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

Accordingly, 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” for all its employees who retired or whose employment is terminated, called up for military service or died. The major actuarial assumptions used in the calculation of the total liability are as follows:

	31 December 2008	31 December 2007
Discount rate	6.26%	5.71%
Interest rate	12.00%	11.00%
Expected rate of salary/limit increase	5.40%	5.00%
Estimated employee turnover rate	6.55%	5.81%

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

Retirement Benefit Obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee (and his/her dependents) will receive on retirement.

The Bank’s defined benefit plan (the “Plan”) is managed by “Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı” (the Fund) established as per the provisional article 20 of the Social Security Law no.506 and the Bank’s employees are the members of this Fund.

The Plan is funded through contributions of both by the employees and the employer as required by Social Security Law numbered 506 and these contributions are as follows:

	31 December 2008	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

The Plan is composed of a) the contractual benefits of the employees, which are subject to transfer to Social Security Foundation (“SSF”) as per the Social Security Law no.5754 (“the Law”), and b) other social rights and and medical benefits provided by the Bank but not transferable to SSF.

a) Benefits transferable to SSF

The first paragraph of the provisional article 23 of Banking Law No.5411, published in the Official Gazette at 1 November 2005, which requires the transfer of the members of the funds subject to the provisional article 20 of the Social Security Law no.506, and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to the SSF within three years following the effective date of the related article was cancelled with the decision of the Constitutional Court dated 22 March 2007, numbered 2007/33. The reasoned ruling regarding the cancellation of the Constitutional Court was published in the Official Gazette numbered 26731, dated 15 December 2007. The Constitutional Court stated that the reason behind this cancellation was the possible loss of antecedent rights of the fund members.

Following the publication of the verdict, the Turkish Grand National Assembly (“Turkish Parliament”) started to work on the new legal arrangements by taking the cancellation reasoning into account and the articles of the Law regulating the principles related with such transfers were accepted and approved by Turkish Parliament at 17 April 2008, and enacted at 8 May 2008 after being published in the Official Gazette no.26870.

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, will be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the SDIF, the banks and the funds, by using a technical discount rate of 9.80% taking into account the funds’ income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers will take place within three-year period starting from 1 January 2008.

At 19 June 2008, Cumhuriyet Halk Partisi (“CHP”) is applied to the Constitutional Court for the cancellation of various articles of the Law including the the first paragraph of the provisional Article 20. As of the issuing date of the financial statements, there is not any published ruling of the Constitutional Court.

b) Other benefits not transferable to SSF

Other social rights and payments provided in the existing trust indenture but not covered through the transfer of the funds’ members and their right-holders to the SSF, are to be covered by the funds and the institutions that employ the funds’ members.

3.18 Taxation

3.18.1 Corporate tax

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 is 15%. 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 re-assessments based on their findings.

The tax applications for foreign branches;

NORTHERN CYPRUS

According to the Corporate Tax Law of the Turkish Republic of Northern Cyprus no.41/1976 as amended, the corporate earnings (including foreign corporations) are subject to a 10% corporate tax. This tax is calculated based on the income that the taxpayers earn in an accounting period. Tax base is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The corporations cannot benefit from the rights of offsetting losses, investment incentives and amortisation unless they prepare and have certified their balance sheets, income statements and accounting records used for tax calculations by an auditor authorized by the Ministry of Finance. In cases where it is revealed that the earnings of a corporation were not subject to taxation in prior years or the tax paid on such earnings are understated, additional taxes can be charged in the next 12 years following that the related taxation period. The corporate tax returns are filed in the tax administration office in April after following the end of the accounting year to which they relate. The corporate taxes are paid in two equal installments in May and October.

MALTA

The corporate earnings are subjected to a 35% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The earnings of the foreign corporations' branches in Malta are also subject to the same tax rate that the resident corporations in Malta are subject to. The earnings of such branches that are transferred to their head offices are not subject to an additional tax. The prepaid taxes are paid in April, August and December in the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings. The excess part of the corporate tax that is not covered by such prepayments is paid to the tax office in September.

LUXEMBOURG

The corporate earnings are subjected to a 22% corporate tax. Effective from 1 January 1, 2009 this rate will be applied as 21%. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 4% of the calculated corporate tax is paid as a contribution for unemployment insurance fund. The municipality commerce tax, which is set as 3% of the taxable income, can be increased up to 225% by the authorization of the municipalities. This rate is 6.75% in the municipality where the Bank's Luxembourg branch operates. The tax returns are examined by the authorized bodies and in case of detected mistakes, the amount of the taxes to be paid, is revised. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

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.

3.18.3 Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing” published at 18 November 2007, explains the application related issues on this topic.

According to this communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As stated in the “7.1 Annual Documentation” section of this communiqué, the taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

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 31 December 2008, 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, BusinessCard under the brand name of Visa and Mastercard, and also American Express credit cards and Maestro ve Electron Garanti24 cards are available.

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 31 December 2008:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	1,372,178	2,234,643	1,252,389	309,144	5,168,354
Other	-	-	-	-	-
Total Operating Profit	1,372,178	2,234,643	1,252,389	309,144	5,168,354
Net Operating Profit	1,055,989	1,305,972	272,938	(575,381)	2,059,518
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	102,470	102,470
Net Operating Profit	1,055,989	1,305,972	272,938	(472,911)	2,161,988
Provision for Taxes	-	-	-	411,500	411,500
Net Profit	1,055,989	1,305,972	272,938	(884,411)	1,750,488
					-
Segment Assets	16,457,561	33,449,846	35,401,934	2,791,686	88,101,027
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	839,833	839,833
Undistributed Items	-	-	-	-	-
Total Assets	16,457,561	33,449,846	35,401,934	3,631,519	88,940,860
Segment Liabilities	31,339,548	21,941,581	24,473,329	1,717,328	79,471,786
Shareholders' Equity	-	-	-	9,469,074	9,469,074
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	31,339,548	21,941,581	24,473,329	11,186,402	88,940,860
					-
Other Segment Items					-
Capital Expenditure	-	-	-	341,855	341,855
Depreciation Expenses	-	-	-	172,459	172,459
Impairment Losses	-	-	770	565,677	566,447
Other Non-Cash Income/Expenses	125,983	348,770	1,228,051	(3,936)	1,698,868
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

Leasehold improvements amounting YTL 85,129 thousands as of 31 December 2007, are classified to “tangible assets” from “intangible assets”.

Prepaid taxes amounting YTL 5,222 thousands as of 31 December 2007, in “other assets” are classified to “tax asset”.

Equity securities amounting YTL 16,284 thousands classified under “financial assets available-for-sale” as of 31 December 2007, are reclassified to “investments in associates”.

Due to method change in valuation of derivative instruments, YTL 263,933 thousands is reclassified from “trading account gains/(losses)” to “foreign exchange gains/(losses)” as of 31 December 2007.

4 Financial position and results of operations

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 16.14%.

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, non-cash loans and commitments. 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".

The credit derivative contracts are included in the calculation of the value at credit risk and of the capital requirement for general market risk and specific risk in accordance with the principles in "Regulation on Taking Credit Derivatives into Consideration for Calculation of Capital Adequacy Ratio according to the Standard Method".

4.1.2 Capital adequacy ratio

	Risk Weightings						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	17,471,752	-	2,678,242	12,501,580	37,243,902	571,759	5,157
Cash on Hand	682,622	-	210	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	3,075,428	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	701,210	-	2,348,691	-	1,683,775	-	-
Interbank Money Market Placements	40,000	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	1,713,040	-	-	-	-	-	-
Loans	3,228,763	-	139,506	12,207,365	32,205,769	571,759	5,157
Loans under Follow-Up (Net)	-	-	-	-	450,146	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	7,305,103	-	-	-	-	-	-
Receivables from Term Sale of Assets	-	-	-	-	32,848	-	-
Miscellaneous Receivables	19,680	-	-	-	80,709	-	-
Accrued Interest and Income	413,824	-	21,772	294,215	822,863	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	-	826,723	-	-
Tangible Assets (Net)	-	-	-	-	1,103,117	-	-
Other Assets	292,082	-	168,063	-	37,952	-	-
Off-Balance Sheet Items	1,813,210	-	1,382,975	715,942	8,441,075	-	-
Non-Cash Loans and Commitments	1,813,210	-	965,853	715,942	8,395,522	-	-
Derivative Financial Instruments	-	-	417,122	-	45,553	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	19,284,962	-	4,061,217	13,217,522	45,684,977	571,759	5,157

4.1.3 Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk	53,973,934	41,927,303
Value at Market Risk	2,523,750	579,538
Value at Operational Risk	5,766,996	4,520,072
Shareholders' Equity	10,047,717	7,206,570
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100 (*)	16.14%	15.32%

(*) 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	4,200,000	2,100,000
Nominal Capital	4,200,000	2,100,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	-
Share Cancellation Profits	-	-
Legal Reserves	272,893	156,211
I. Legal Reserve (Turkish Commercial Code 466/1)	254,103	137,421
II. Legal Reserve (Turkish Commercial Code 466/2)	18,790	18,790
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	1,470,724	1,275,689
Reserve allocated as per the Decision held by the General Assembly	1,470,724	1,275,689
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	1,750,488	2,315,616
Current Period Profit	1,750,488	2,315,616
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	22,000	32,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	594,943	27,717
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	-	85,128
Prepaid Expenses (-)	295,671	231,262
Intangible Assets (-)	15,764	11,886
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	9,095,482	6,679,787
SUPPLEMENTARY CAPITAL		
General Provisions	428,799	280,660
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	966	966
Bonus shares of Associates, Subsidiaries and Joint-Ventures	2,453	2,453
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	760,000	580,000
45% of Securities Value Increase Fund (*)	142,608	85,510
Associates and Subsidiaries	46,593	(5,312)
Investment Securities Available for Sale	96,015	90,822
Other Reserves	4,837	(1,715)
Total Supplementary Capital	1,339,663	947,874

TIER III CAPITAL	-	-
CAPITAL	10,435,145	7,627,661
DEDUCTIONS FROM CAPITAL	387,428	421,091
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	13,110	11,730
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	62,883	81,085
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	10,047,717	7,206,570

(*) In cases where the Securities Value Increase Fund gives a positive result then only 45% of the amount is considered in the calculation, whereas if it is negative then the whole amount is considered in the calculation.

4.2 Credit risk

Credit risk means risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary. The debtors or group of debtors are subject to credit risk limits. Sectoral risk concentrations are reviewed on a monthly basis.

Credit worthiness of debtors is reviewed periodically in compliance with the legislation by the internal risk rating models. The credit limits are revised and further collateral is required if the risk level of debtor deteriorates. For unsecured loans, the necessary documentation is gathered in compliance with the legislation.

Geographical concentration of credit customers is reviewed monthly. This is in line with the concentration of industrial and commercial activities in Turkey.

In accordance with the Bank's lending policies, the debtor's creditworthiness is analysed and the satisfactory collateral is required based on the financial position of the company and the lending terms demanded; like cash collateral, bank guarantees, mortgages, pledges, bills and corporate guarantees.

The Bank has control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed under the risk from market fluctuations. The Bank follows up the risk arising from such instruments and takes the necessary actions to decrease it when necessary.

The liquidated non-cash loans are subject to the same risk weighting with the overdue loans.

The Bank performs foreign trade finance and other interbank credit transactions through widespread correspondents network. Accordingly, the Bank assigns limits to domestic and foreign banks and other financial institutions examining their credit worthiness, periodically.

The Bank's largest 100 cash loan customers compose 30.85% of the total cash loan portfolio.

The Bank's largest 100 non-cash loan customers compose 53.63% of the total non-cash loan portfolio.

The Bank's largest 100 cash and non-cash loan customers represent 12.38% of the total "on and off balance sheet" assets.

The general provision for credit risk amounts to YTL 428,799 thousands.

The Bank developed a statistical-based internal risk rating model for its credit portfolio of corporate/commercial/medium-size companies. This internal risk rating model has been in use for customer credibility assessment since 2003. Risk rating has become a requirement for loan applications, and ratings are used both to determine branch managers' credit authorization limits and in credit assessment process.

Customer and regional concentration of credit risks:

	Loans to Individuals and Corporates		Balances with Banks and Central Bank of Turkey		Securities*		Other Credits**		Off-Balance Sheet Commitments and Contingencies	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Customer concentration										
Private Sector	32,021,835	22,408,711	-	-	654,424	287,365	187,317	104,100	31,887,765	27,862,123
Public Sector	1,268,795	1,034,439	-	-	22,908,162	15,609,360	308	458	2,305	75,062
Banks	103,865	104,579	9,690,329	9,842,501	1,359,286	1,163,344	422,808	643,507	18,815,380	8,611,037
Retail Customers	16,512,912	13,670,157	-	-	-	-	-	-	127,546	253,871
Equity Securities	-	-	-	-	71,268	66,141	839,833	605,004	-	-
Total	49,907,407	37,217,886	9,690,329	9,842,501	24,993,140	17,126,210	1,450,266	1,353,069	50,832,996	36,802,093
Regional concentration										
Domestic	49,062,370	36,064,997	5,709,534	7,104,157	23,410,847	15,952,153	866,841	1,020,016	31,442,005	28,215,163
European Union (EU) Countries	667,477	727,378	3,042,197	2,299,893	1,277,785	1,039,423	515,047	292,394	10,895,571	5,777,665
OECD Countries ***	6,617	10,367	12,044	5,824	-	-	-	-	1,008,121	541,434
Off-Shore Banking Regions	90,103	5,227	57,151	67,495	226,765	13,915	212	964	30,461	24,196
USA, Canada	17,948	3,871	688,655	274,441	77,743	120,719	-	-	7,103,945	2,028,612
Other Countries	62,892	406,046	180,748	90,691	-	-	68,166	39,695	352,893	215,023
Total	49,907,407	37,217,886	9,690,329	9,842,501	24,993,140	17,126,210	1,450,266	1,353,069	50,832,996	36,802,093

- * includes financial assets at fair value through profit or loss, financial assets available-for-sale and investments held-to-maturity
** includes transactions defined as credit as per the Article 48 of the Turkish Banking Law No 5411 and not covered in the first three columns above
*** OECD countries other than EU countries, USA and Canada

4.2.1 Geographical concentration

	Assets	Liabilities	Non-cash Loans	Capital Expenditures	Net Profit/(Loss)
Current Period					
Domestic	81,915,736	74,770,923	11,500,025	341,854	1,674,576
EU Countries	5,532,362	6,511,645	1,635,450	-	73,356
OECD Countries*	18,661	836,228	433,287	-	-
Off-Shore Banking Regions	377,949	207,015	30,461	-	2,556
USA, Canada	784,346	6,421,186	314,583	-	-
Other Countries	311,806	193,863	352,258	-	-
Unallocated Assets/Liabilities**	-	-			
Total	88,940,860	88,940,860	14,266,064	341,854	1,750,488
Prior Period					
Domestic	62,247,270	55,486,173	10,346,161	272,545	2,295,452
EU Countries	4,291,589	5,496,322	1,227,937	-	16,595
OECD Countries*	15,782	780,097	232,657	-	-
Off-Shore Banking Regions	86,743	206,350	24,196	-	3,569
USA, Canada	396,446	5,223,800	310,342	-	-
Other Countries	540,652	385,740	214,673	-	-
Unallocated Assets/Liabilities**	-	-			
Total	67,578,482	67,578,482	12,355,966	272,545	2,315,616

* OECD countries other than EU countries, USA and Canada

** Assets, liabilities and equity items that can not be allocated on a consistent basis

4.2.2 Sectoral distribution of cash loans

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agriculture	276,174	1.00	72,527	0.33	194,622	0.87	67,105	0.45
Farming and Stockbreeding	265,942	0.96	61,230	0.28	189,456	0.85	63,035	0.43
Forestry	4,937	0.02	-	-	410	-	424	-
Fishery	5,295	0.02	11,297	0.05	4,756	0.02	3,646	0.02
Manufacturing	3,871,969	14.04	7,511,040	34.33	2,979,181	13.43	5,068,092	34.42
Mining	121,982	0.44	246,644	1.13	109,773	0.49	135,543	0.92
Production	3,537,887	12.83	5,885,970	26.90	2,528,660	11.40	4,088,742	27.77
Electricity, Gas, Water	212,100	0.77	1,378,426	6.30	340,748	1.54	843,807	5.73
Construction	953,983	3.46	1,348,629	6.16	842,137	3.80	1,072,745	7.28
Services	4,568,160	16.57	10,261,707	46.90	3,948,314	17.80	7,120,547	48.35
Wholesale and Retail Trade	3,178,646	11.53	2,562,118	11.71	2,633,025	11.87	1,626,111	11.04
Hotel, Food and Beverage Services	208,057	0.75	974,713	4.46	248,316	1.12	581,469	3.95
Transportation and Telecommunication	575,719	2.09	3,693,885	16.88	534,167	2.41	2,549,713	17.31
Financial Institutions	283,019	1.03	2,269,082	10.37	291,397	1.31	1,943,569	13.20
Real Estate and Renting Services	70,624	0.26	373,717	1.71	69,913	0.32	206,285	1.40
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	72,763	0.26	31,401	0.14	56,473	0.25	28,093	0.19
Health and Social Services	179,332	0.65	356,791	1.63	115,023	0.52	185,307	1.26
Other	17,910,007	64.93	2,683,065	12.28	14,220,432	64.10	1,397,696	9.50
Total	27,580,293	100.00	21,876,968	100.00	22,184,686	100.00	14,726,185	100.00

4.2.3 Credit risk by business segments

Loan Groups	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Performing Loans					
Cash Loans	32,859,116	9,221,273	6,769,819	5,888,948	54,739,156
Non-Cash Loans	14,236,350	4,322,920	8,789,048	4,790,705	32,139,023
Loans under Follow-Up					
Cash Loans	102,521	279,280	225,252	-	607,053
Non-Cash Loans	13,813	-	-	-	13,813
Non-Performing Loans					
Cash Loans	434,365	348,151	457,223	-	1,239,739
Non-Cash Loans	15,901	-	-	-	15,901
Total					
Cash Loans	33,396,002	9,848,704	7,452,294	5,888,948	56,585,948
Non-Cash Loans	14,266,064	4,322,920	8,789,048	4,790,705	32,168,737

Provision Types	Corporate	Retail	Credit Cards	Others	Total
Specific Provision					
Cash Loans	232,482	166,194	390,917	-	789,593
Non-Cash Loans	2,459	-	-	-	2,459
General Provision					
Cash Loans	228,445	68,310	48,007	46,753	391,515
Non-Cash Loans	17,603	3,802	11,474	4,405	37,284

4.3 Market risk

The Bank that had already started working on risk management area before the regulations on Bank's Internal Control and Risk Management Systems and Measurement and Assessment of Capital Adequacy Ratios of Banks issued by the BRSA in February 2001, restructured its internal systems in accordance with the related regulations under the responsibility of the board of directors and currently works accordingly.

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance 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.

The risk policies defined for the Bank's market risk exposure and the applications are approved and reviewed regularly by the board of directors.

The top management is responsible for applying risk policies, principles and application procedures approved by the board of directors, ensuring timely and reliable reporting to the board of directors about the important risks identified, assessing internal control, internal audit and risk reports prepared for departments and either eliminating risks, deficiencies or defects identified in these departments or taking the necessary precautions to prevent those and participating in determination of risk limits.

The board of directors follows up the effectiveness of risk management systems through audit committee, related other committees and top management, and take decisions in the light of various risk reports and the assessments made by audit committee. The board of directors is responsible of healthy performance of internal systems.

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. In the VaR calculations, trading and available-for-sale portfolios are taken into account. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. The Bank takes the parametric VaR results as the basis for the internal management of market risk and determination of limits. The calculations made according to other two methods are used for comparison and monitoring purposes. In the VaR calculation, one year historical market data set is used, and 99% confidence interval and one-day retention period (10 days for legal capital adequacy calculation) are taken into account. In order to test the reliability of the VaR model, back tests are performed. Stress tests and scenario analysis are also applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations.

In the quantification of market risk arising from maturity mismatches of assets and liabilities, duration and variance analysis are also used. In duration analysis, the present values of interest sensitive asset and liability items are calculated based on their cash flows and yield curves developed from market interest rates. The results are supported by the sensitivity and scenario analysis performed periodically due to the prospective fluctuations in markets.

The capital requirement for general market risk and specific risks is calculated using the standard 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	154,390
(II) Capital Obligation against Specific Risks - Standard Method	31,698
(III) Capital Obligation against Currency Risk - Standard Method	3,674
(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	12,138
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement	-
(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)	201,900
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	2,523,750

4.3.2 Monthly average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	2.236.147	2.562.612	1.413.975	687.656	792.174	518.613
Common Share Risk	157.298	189.025	115.725	3.667	14.700	-
Currency Risk	109.942	268.725	12.963	136.017	360.925	9.000
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	175.148	316.100	122.113	83.433	204.950	24.250
Total Value at Risk	2,678,535	3,336,462	1,664,776	910,773	1,372,749	551,863

The value at market risk as of 31 December 2006 is calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” and the “Regulation on Equities of Banks” published in Official Gazette no.26333 dated 1 November 2006.

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 reduced by realised gains/losses from the sale of securities available-for-sale and held-to-maturity, extraordinary income and income derived from insurance claims at year-end.

Basic Indicator Method		31 December 2007	31 December 2006	31 December 2005
(I)	Net Interest Income	2,804,103	1,901,806	1,674,660
(II)	Net Fees and Commissions Income	1,197,703	1,014,451	737,637
(III)	Dividend Income	49,399	46,945	3,141
(IV)	Net Trading Income/(Losses)	(135,904)	(56,272)	133,434
(V)	Other Operating Income	1,017,870	212,746	184,580
(VI)	Gain/(Loss) on Securities Available-for-Sale and Held-to-Maturity	47,375	50,081	55,676
(VII)	Extraordinary Income	1,021,942	240,613	143,419
(VIII)	Insurance Claim Collections	-	-	-
(IX)	Gross Income (I+II+III+IV+V+VI+VII+VIII)	3,863,854	2,828,982	2,534,357
(X)	Capital Obligation (IX * 15%)	579,578	424,347	380,154
(XI)	Average Capital Obligation against Operational Risk		461,360	
(XII)	Value at Operational Risk (XI * 12.5)		5,766,996	

4.5 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2008, the Bank's net 'on balance sheet' foreign currency long position amounts to YTL 1,684,034 thousands (31 December 2007: YTL 1,099,543 thousands, foreign currency short position), net 'off-balance sheet' foreign currency short position amounts to YTL 1,928,664 thousands (31 December 2007: YTL 983,320 thousands, foreign currency long position), while net foreign currency short position amounts to YTL 244,630 thousands (31 December 2007: YTL 116,223 thousands).

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
Foreign currency purchase rates at balance sheet date	1.5200	2.1158	1.6733	2.2094
<u>Rates for the days before balance sheet date;</u>				
Day 1	1.5000	2.1215	1.6607	2.1655
Day 2	1.4950	2.1309	1.6583	2.1812
Day 3	1.4850	2.0865	1.6381	2.1842
Day 4	1.4850	2.0868	1.6383	2.1842
Day 5	1.4950	2.0962	1.6514	2.1902
Last 30-days arithmetical average rates	1.5227	2.0600	1.6711	2.2611

Currency risk:

	Euro	USD	Yen	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	149,735	2,769,347	309	37,133	2,956,524
Banks	1,041,132	2,097,283	2,514	234,656	3,375,585
Financial Assets at Fair Value through Profit/Loss	30,109	39,877	-	41	70,027
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	217,953	2,240,278	-	-	2,458,231
Loans (*)	7,714,815	16,091,162	47,037	533,655	24,386,669
Investments in Associates, Subsidiaries and Joint-Ventures	487,273	95,487	-	-	582,760
Investments Held-to-Maturity	5,657	1,557,351	-	-	1,563,008
Derivative Financial Assets Held for Risk Management	68,537	624	-	-	69,161
Tangible Assets	-	1,179	-	-	1,179
Intangible Assets	-	-	-	-	-
Other Assets	12,229	27,216	1	284	39,730
Total Assets	9,727,440	24,919,804	49,861	805,769	35,502,874
Liabilities					
Bank Deposits	349,703	728,431	35	42,980	1,121,149
Foreign Currency Deposits	8,572,028	13,473,769	39,990	379,805	22,465,592
Interbank Money Market Takings	-	250,419	-	-	250,419
Other Fundings	2,892,007	6,654,953	1,149	-	9,548,109
Securities Issued	-	-	-	-	-
Miscellaneous Payables	5,013	3,280	-	9,386	17,679
Derivative Financial Liabilities Held for Risk Management	808	4,062	-	1	4,871
Other Liabilities (**)	107,768	175,701	1,183	126,369	411,021
Total Liabilities	11,927,327	21,290,615	42,357	558,541	33,818,840
Net 'On Balance Sheet' Position	(2,199,887)	3,629,189	7,504	247,228	1,684,034
Net 'Off-Balance Sheet' Position	2,029,201	(3,707,044)	(8,155)	(242,666)	(1,928,664)
Derivative Assets	3,750,886	5,234,213	2,914	418,432	9,406,445
Derivative Liabilities	1,721,685	8,941,257	11,069	661,098	11,335,109
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	10,231,019	16,278,547	27,217	413,608	26,950,391
Total Liabilities	9,100,595	18,341,518	63,301	544,520	28,049,934
Net 'On Balance Sheet' Position	1,130,424	(2,062,971)	(36,084)	(130,912)	(1,099,543)
Net 'Off-Balance Sheet' Position	(1,086,320)	1,893,946	36,273	139,421	983,320
Derivative Assets	667,582	4,871,412	165,317	549,626	6,253,937
Derivative Liabilities	1,753,902	2,977,466	129,044	410,205	5,270,617
Non-Cash Loans	-	-	-	-	-

(*) The foreign currency-indexed loans amounting YTL 2,509,701 thousands included under YTL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Other liabilities also include gold deposits of YTL 121,554 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 run 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	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,788,512	-	-	-	-	3,743,062	5,531,574
Banks	1,726,588	838,406	1,291,601	-	-	944,440	4,801,035
Financial Assets at Fair Value through Profit/Loss	33,270	75,827	425,675	118,116	12,609	600	666,097
Interbank Money Market Placements	40,552	-	-	-	-	-	40,552
Financial Assets Available-for-Sale	1,047,424	6,043,297	5,341,045	4,599,420	243,928	70,667	17,345,781
Loans	22,242,366	5,343,243	7,907,471	9,662,075	4,302,106	450,146	49,907,407
Investments Held-to-Maturity	514,932	2,307,180	148,422	3,332,449	1,314,314	-	7,617,297
Other Assets	82,616	301	5,052	6,338	21,056	2,915,754	3,031,117
Total Assets	27,476,260	14,608,254	15,119,266	17,718,398	5,894,013	8,124,669	88,940,860
Liabilities							
Bank Deposits	775,069	88,219	25,784	-	-	777,477	1,666,549
Other Deposits	37,713,758	4,003,826	1,485,572	28,946	-	7,816,630	51,048,732
Interbank Money Market Takings	10,130,907	325	-	571,711	-	-	10,702,943
Miscellaneous Payables	-	-	-	-	-	1,949,731	1,949,731
Securities Issued	-	-	-	-	-	-	-
Other Fundings	6,613,701	3,848,308	1,150,546	12,529	-	-	11,625,084
Other Liabilities	40,441	82,510	185,000	111,581	23,791	11,504,498	11,947,821
Total Liabilities	55,273,876	8,023,188	2,846,902	724,767	23,791	22,048,336	88,940,860
On Balance Sheet Long Position	-	6,585,066	12,272,364	16,993,631	5,870,222	-	41,721,283
On Balance Sheet Short Position	(27,797,616)	-	-	-	-	(13,923,667)	(41,721,283)
Off-Balance Sheet Long Position	3,116	2,155	6,022	-	-	-	11,293
Off-Balance Sheet Short Position	(50)	(16,701)	(43,725)	-	-	-	(60,476)
Total Position	(27,794,550)	6,570,520	12,234,661	16,993,631	5,870,222	(13,923,667)	(49,183)

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	-	-	-	12.00
Banks	2.98	1.75	-	2.07
Financial Assets at Fair Value through Profit/Loss	6.06	6.76	-	16.37
Interbank Money Market Placements	-	-	-	18.88
Financial Assets Available-for-Sale	5.25	6.52	-	19.16
Loans	7.86	6.86	5.51	24.53
Investments Held-to-Maturity	9.25	7.98	-	18.48
Liabilities				
Bank Deposits	4.39	4.27	-	18.11
Other Deposits	4.35	3.96	0.35	17.55
Interbank Money Market Takings	-	3.65	-	15.26
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	5.05	4.85	2.33	14.50

(*) The interest rates for USD and YTL placements at banks are 2.01% and 19.17%, respectively, when the placements with range accrual agreements are excluded.

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	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,907,841	-	-	-	-	2,320,026	7,227,867
Banks	1,396,552	522,974	917,835	35,120	-	260,502	3,132,983
Financial Assets at Fair Value through Profit/Loss	21,557	29,887	31,836	21,566	40,794	-	145,640
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1,329,977	3,838,532	1,803,631	4,540,522	1,507,388	82,424	13,102,474
Loans	9,470,750	7,004,673	7,879,424	9,776,230	2,779,794	307,015	37,217,886
Investments Held-to-Maturity	662,039	2,471,920	168,692	641,114	-	-	3,943,765
Other Assets	48,306	277	4,089	5,409	25,818	2,723,968	2,807,867
Total Assets	17,837,022	13,868,263	10,805,507	15,019,961	4,353,794	5,693,935	67,578,482
Liabilities							
Bank Deposits	1,108,718	53,403	6,023	47,339	39,437	332,631	1,587,551
Other Deposits	25,475,339	3,723,160	1,216,706	52,238	-	7,043,108	37,510,551
Interbank Money Market Takings	6,942,341	278,547	384,561	571,442	-	-	8,176,891
Miscellaneous Payables	-	-	-	-	-	1,831,565	1,831,565
Securities Issued	-	-	-	-	-	-	-
Other Fundings	5,240,621	2,015,014	1,600,391	299,018	-	-	9,155,044
Other Liabilities	140,219	130,560	139,570	22,199	73,715	8,810,617	9,316,880
Total Liabilities	38,907,238	6,200,684	3,347,251	992,236	113,152	18,017,921	67,578,482
On Balance Sheet Long Position	-	7,667,579	7,458,256	14,027,725	4,240,642	-	33,394,202
On Balance Sheet Short Position	(21,070,216)	-	-	-	-	(12,323,986)	(33,394,202)
Off-Balance Sheet Long Position	2,596	82	731	-	-	-	3,409
Off-Balance Sheet Short Position	(72)	(20,686)	(3,777)	-	-	-	(24,535)
Total Position	(21,067,692)	7,646,975	7,455,210	14,027,725	4,240,642	(12,323,986)	(21,126)

Average interest rates on monetary financial instruments:

Prior Period	Euro	USD	Yen	YTL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1.80	-	-	11.81
Banks (*)	4.02	5.59	-	22.65
Financial Assets at Fair Value through Profit/Loss	6.49	7.98	-	18.94
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	5.64	7.93	-	17.62
Loans	6.47	7.20	2.31	23.71
Investments Held-to-Maturity	9.11	9.47	-	20.09
Liabilities				
Bank Deposits	5.65	5.65	-	16.65
Other Deposits	2.90	3.92	0.48	14.73
Interbank Money Market Takings	-	5.20	-	15.44
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	4.91	5.72	1.85	13.66

(*) The interest rates for USD and YTL placements at banks are 4.97% and 15.96%, respectively, when the placements with range accrual agreements are excluded.

4.7 Liquidity risk

In order to avoid the liquidity risk, the Bank diversifies 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.

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The liquidity ratios in the years 2008 and 2007 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + YTL	FC	FC + YTL
Average (%)	168.14	149.56	110.42	108.99
Maximum (%)	215.04	179.94	126.94	119.49
Minimum (%)	137.44	126.82	95.14	100.70

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + YTL	FC	FC + YTL
Average (%)	205.49	188.04	127.36	123.78
Maximum (%)	251.92	212.33	147.16	130.54
Minimum (%)	158.32	148.21	112.59	116.03

Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,743,062	1,788,512	-	-	-	-	-	5,531,574
Banks	944,440	1,418,906	12,431	167,966	1,480,873	776,419	-	4,801,035
Financial Assets at Fair Value through Profit/Loss	600	33,267	72,389	425,443	121,730	12,668	-	666,097
Interbank Money Market Placements	-	40,552	-	-	-	-	-	40,552
Financial Assets Available-for-Sale	70,668	59,805	1,094,374	2,103,498	12,141,051	1,876,385	-	17,345,781
Loans	134,381	10,006,406	5,600,642	8,061,056	14,587,050	11,067,726	450,146	49,907,407
Investments Held-to-Maturity	-	-	-	148,422	6,154,561	1,314,314	-	7,617,297
Other Assets	422,808	220,957	301	5,052	6,338	21,056	2,354,605	3,031,117
Total Assets	5,315,959	13,568,405	6,780,137	10,911,437	34,491,603	15,068,568	2,804,751	88,940,860
Liabilities								
Bank Deposits	777,477	728,010	88,219	7,370	59,730	5,743	-	1,666,549
Other Deposits	7,816,630	37,699,538	3,974,712	1,337,753	112,668	107,431	-	51,048,732
Other Fundings	-	121,484	401,731	3,279,063	3,773,072	4,049,734	-	11,625,084
Interbank Money Market Takings	-	10,130,907	325	-	571,711	-	-	10,702,943
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	134,503	1,815,228	-	-	-	-	-	1,949,731
Other Liabilities (**)	493,140	299,593	125,002	185,000	111,581	23,791	10,709,714	11,947,821
Total Liabilities	9,221,750	50,794,760	4,589,989	4,809,186	4,628,762	4,186,699	10,709,714	88,940,860
Liquidity Gap	(3,905,791)	(37,226,355)	2,190,148	6,102,251	29,862,841	10,881,869	(7,904,963)	-
Prior Period								
Total Assets	3,326,073	14,406,520	4,925,991	8,466,366	24,227,672	9,893,815	2,332,045	67,578,482
Total Liabilities	8,410,696	35,546,329	4,365,228	4,817,482	2,039,978	4,662,149	7,736,620	67,578,482
Liquidity Gap	(5,084,623)	(21,139,809)	560,763	3,648,884	22,187,694	5,231,666	(5,404,575)	-

(*) 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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	84,560,814	64,106,626	84,574,331	64,398,611
Interbank Money Market Placements	40,552	-	40,552	-
Banks (*)	9,649,777	9,842,501	9,649,777	9,842,501
Financial Assets Available-for-Sale	17,345,781	13,102,474	17,345,781	13,102,474
Investments Held-to-Maturity	7,617,297	3,943,765	7,626,548	3,943,151
Loans	49,907,407	37,217,886	49,911,673	37,510,485
Financial Liabilities	66,290,096	58,261,600	66,290,096	58,261,600
Bank Deposits	1,666,549	1,587,551	1,666,549	1,587,551
Other Deposits	51,048,732	37,510,551	51,048,732	37,510,551
Other Fundings	11,625,084	17,331,935	11,625,084	17,331,935
Securities Issued	-	-	-	-
Miscellaneous Payables	1,949,731	1,831,563	1,949,731	1,831,563

(*) including the balances at the Central Bank of Turkey

Fair values of financial assets available-for-sale and investments held-to-maturity are derived from market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

Fair values of loans are calculated discounting future cash flows at current market interest rates for fixed-rate loans. The carrying values of floating-rate loans are deemed a reasonable proxy for their fair values.

Fair values of other financial assets and liabilities are represented by the total of acquisition costs and accrued interest income.

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

The Bank provides buying, selling and custody services and management and advisory services in financial matters for its customers.

The Bank is not involved in trust activities.

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	312,466	341,436	244,772	200,258
Central Bank of Turkey	2,258,831	2,589,911	2,939,012	3,770,506
Others	3,753	25,177	3,180	70,139
Total	2,575,050	2,956,524	3,186,964	4,040,903

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	2,258,831	853,027	2,939,012	1,798,900
Unrestricted Time Deposits	-	15,200	-	-
Restricted Time Deposits	-	1,721,684	-	1,971,606
Total	2,258,831	2,589,911	2,939,012	3,770,506

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 9%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. The interest rate applied by the Central Bank of Turkey for YTL reserves is 12%. The FC reserves do not earn any interests.

5.1.2 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 derivative financial assets held for trading*

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	58,900	3,640	8,479	5,837
Swap Transactions	424,753	115,354	12,741	1,923
Futures	-	14	-	-
Options	11,231	22,143	18,931	1,474
Other	-	-	-	-
Total	494,884	141,151	40,151	9,234

5.1.3 Banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks				
Domestic banks	82,934	737,306	13,317	381,322
Foreign banks	1,342,516	2,638,279	791,548	1,946,796
Foreign headoffices and branches	-	-	-	-
Total	1,425,450	3,375,585	804,865	2,328,118

Due from foreign banks:

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,478,907	1,209,261	1,563,290	1,090,632
USA and Canada	380,290	183,406	308,365	91,035
OECD Countries (*)	12,044	5,824	-	-
Off-Shore Banking Regions	41,198	50,843	15,953	16,652
Other	180,748	90,691	-	-
Total	2,093,187	1,540,025	1,887,608	1,198,319

(*) OECD countries other than the EU countries, USA and Canada

The placements at foreign banks include blocked accounts amounting YTL 1,887,608 thousands of which YTL 235,507 thousands, YTL 154,263 thousands and YTL 15,953 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits, and YTL 1,481,885 thousands as collateral against funds borrowed.

5.1.4 Financial assets available-for-sale

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

The collateralized financial assets available-for-sale in YTL consist of government bonds. The carrying values of such securities with total face value of YTL 2,421,747 thousands (31 December 2007: YTL 671,758 thousands) is YTL 2,364,979 thousands (31 December 2007: YTL 673,136 thousands). The related accrued interests and impairment losses amount to YTL 125,357 thousands (31 December 2007: YTL 54,535 thousands) and YTL 1,743 thousands. The collateralized financial assets available-for-sale in foreign currencies consist of eurobonds and other foreign currency government securities. The carrying values of such securities with total face value of USD 252,550,000 (31 December 2007: USD 407,350,000) is USD 251,524,241 (31 December 2007: USD 404,473,448). The related accrued interests and impairment losses amount to USD 8,680,426 (31 December 2007: USD 16,445,220) and USD 368,200 (31 December 2007: USD 34,938).

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Assets	2,488,593	394,951	727,621	488,225
Assets subject to Repurchase Agreements	6,491,961	104,557	5,867,904	527,840
Total	8,980,554	499,508	6,595,525	1,016,065

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	15,917,927	12,172,484
Quoted at Stock Exchange	14,363,860	11,011,197
Unquoted at Stock Exchange	1,554,067	1,161,287
Common Shares	33,531	15,212
Quoted at Stock Exchange	21,062	12,743
Unquoted at Stock Exchange	12,469	2,469
Value Increases/Impairment Losses (-)	1,394,323	898,494
Total	17,345,781	13,086,190

As of 31 December 2008, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 875,000,000 (2007: USD 875,000,000) and a total carrying value of YTL 1,355,529 thousands (2007: YTL 1,039,423 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	25	1,661	1	1,090
Corporates	25	1,661	1	1,090
Individuals	-	-	-	-
Indirect Lendings to Shareholders	216,995	183,922	61,738	168,482
Loans to Employees	47,155	-	50,014	-
Total	264,175	185,583	111,753	169,572

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	48,794,640	-	607,054	55,567
Discounted Bills	131,464	-	12	-
Export Loans	3,166,922	-	1,295	4,567
Import Loans	3,191	-	-	-
Loans to Financial Sector	1,076,740	-	-	-
Foreign Loans	774,028	-	-	-
Consumer Loans	9,221,114	-	279,280	-
Credit Cards	6,769,819	-	225,252	-
Precious Metal Loans	236,175	-	-	-
Other	27,415,187	-	101,215	51,000
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	48,794,640	-	607,054	55,567

Collaterals received for loans under follow-up:

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	928	1,988	-	2,916
Loans Collateralized by Mortgages	60,738	113,698	-	174,436
Loans Collateralized by Pledged Assets	39,165	47,237	-	86,402
Loans Collateralized by Cheques and Notes	17,740	65,921	-	83,661
Loans Collateralized by Other Collaterals	17,244	10,091	-	27,335
Unsecured Loans	22,274	40,345	225,252	287,871
Total	158,089	279,280	225,252	662,621

Delinquency periods of loans under follow-up:

	Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	72,740	211,764	150,864	435,368
61-90 days	29,782	67,516	74,388	171,686
Total	102,522	279,280	225,252	607,054

5.1.5.3 Maturity analysis of 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
Short-term Loans	17,500,465	-	276,189	53,167
Loans	17,500,465	-	276,189	53,167
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	31,294,175	-	330,865	2,400
Loans	31,294,175	-	330,865	2,400
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

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	394,752	7,549,107	7,943,859
Housing Loans	15,452	4,290,040	4,305,492
Automobile Loans	19,718	770,641	790,359
General Purpose Loans	359,582	2,488,426	2,848,008
Other	-	-	-
Consumer Loans – FC-indexed	14,961	1,011,616	1,026,577
Housing Loans	2,793	891,132	893,925
Automobile Loans	2,104	46,769	48,873
General Purpose Loans	10,064	73,715	83,779
Other	-	-	-
Consumer Loans – FC	38	24,482	24,520
Housing Loans	-	6,764	6,764
Automobile Loans	1	16,635	16,636
General Purpose Loans	37	1,083	1,120
Other	-	-	-
Retail Credit Cards – YTL	6,752,629	37,793	6,790,422
With Installment	2,891,182	37,784	2,928,966
Without Installment	3,861,447	9	3,861,456
Retail Credit Cards – FC	16,704	2	16,706
With Installment	10,674	2	10,676
Without Installment	6,030	-	6,030
Personnel Loans – YTL	14,256	8,855	23,111
Housing Loan	-	1,715	1,715
Automobile Loans	20	296	316
General Purpose Loans	14,236	6,844	21,080
Other	-	-	-
Personnel Loans - FC-indexed	-	512	512
Housing Loans	-	289	289
Automobile Loans	-	223	223
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	38	62	100
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	38	62	100
Other	-	-	-
Personnel Credit Cards – YTL	23,042	177	23,219
With Installment	17,818	177	17,995
Without Installment	5,224	-	5,224
Personnel Credit Cards – FC	213	-	213
With Installment	132	-	132
Without Installment	81	-	81
Deposit Accounts– YTL (real persons)	481,715	-	481,715
Deposit Accounts– FC (real persons)	-	-	-
Total	7,698,348	8,632,606	16,330,954

5.1.5.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – YTL	515,754	2,814,371	3,330,125
Real Estate Loans	5,434	370,842	376,276
Automobile Loans	52,499	1,011,108	1,063,607
General Purpose Loans	457,821	1,432,421	1,890,242
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	90,753	563,747	654,500
Real Estate Loans	562	66,119	66,681
Automobile Loans	5,699	223,685	229,384
General Purpose Loans	84,492	273,943	358,435
Other	-	-	-
Installment-based Commercial Loans – FC	13	11,077	11,090
Real Estate Loans	-	344	344
Automobile Loans	3	3,920	3,923
General Purpose Loans	10	6,813	6,823
Other	-	-	-
Corporate Credit Cards – YTL	162,729	152	162,881
With Installment	62,982	152	63,134
Without Installment	99,747	-	99,747
Corporate Credit Cards – FC	1,630	-	1,630
With Installment	1	-	1
Without Installment	1,629	-	1,629
Deposit Accounts– YTL (corporate)	556,510	-	556,510
Deposit Accounts– FC (corporate)	-	-	-
Total	1,327,389	3,389,347	4,716,736

5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	1,268,795	1,034,439
Private Sector	48,188,466	35,876,432
Total	49,457,261	36,910,871

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	48,683,233	35,738,668
Foreign Loans	774,028	1,172,203
Total	49,457,261	36,910,871

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	450,799	388,214
Indirect Lending	-	-
Total	450,799	388,214

5.1.5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	62,160	23,734
Doubtful Loans and Receivables	179,505	90,827
Uncollectible Loans and Receivables	547,928	424,962
Total	789,593	539,523

5.1.5.10 Non-performing loans and other receivables (NPLs) (Net)

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
(Gross Amounts before Specific Provisions)	-	-	54,285
Restructured Loans and Receivables	-	-	54,285
Rescheduled Loans and Receivables	-	-	-
Prior Period			
(Gross Amounts before Specific Provisions)	-	-	54,424
Restructured Loans and Receivables	-	-	54,424
Rescheduled Loans and Receivables	-	-	-

Movements in non-performing loans and other receivables:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Balances at Beginning of Period	148,942	200,640	496,956
Additions during the Period (+)	848,224	50,721	62,839
Transfer from Other NPL Categories (+)	-	588,381	401,250
Transfer to Other NPL Categories (-)	588,381	401,250	-
Collections during the Period (-)	170,595	143,858	121,997
Write-offs (-)	2	20	132,111
Corporate and Commercial Loans	2	-	14,305
Retail Loans	-	3	15,712
Credit Cards	-	17	102,094
Others	-	-	-
Balances at End of Period	238,188	294,614	706,937
Specific Provisions (-)	62,160	179,505	547,928
Net Balance on Balance Sheet	176,028	115,109	159,009

Movements in specific loan provisions:

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	172,387	105,471	261,665	539,523
Additions during the Period(+)	104,617	137,273	347,185	589,075
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	30,341	60,934	115,830	207,105
Write-offs (-)	14,181	15,616	102,103	131,900
Balances at End of Period	232,482	166,194	390,917	789,593

Non-performing loans and other receivables in foreign currencies:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	7,071	3,594	126,058
Specific Provisions (-)	467	526	95,401
Net Balance at Balance Sheet	6,604	3,068	30,657
Prior Period			
Balance at End of Period	3,103	2,892	89,895
Specific Provisions (-)	142	298	66,784
Net Balance at Balance Sheet	2,961	2,594	23,111

Gross and net non-performing loans and receivable as per customer categories:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period (Net)	176,028	115,109	159,009
Loans to Individuals and Corporates (Gross)	238,188	294,614	698,954
Specific Provision (-)	62,160	179,505	539,945
Loans to Individuals and Corporates (Net)	176,028	115,109	159,009
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,672
Specific Provision (-)	-	-	7,672
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	125,208	109,813	71,994
Loans to Individuals and Corporates (Gross)	148,942	200,640	484,966
Specific Provision (-)	23,734	90,827	412,972
Loans to Individuals and Corporates (Net)	125,208	109,813	71,994
Banks (Gross)	-	-	4,322
Specific Provision (-)	-	-	4,322
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,668
Specific Provision (-)	-	-	7,668
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans:

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	163	209	-	372
Loans Collateralized by Mortgages	229,602	65,644	-	295,246
Loans Collateralized by Pledged Assets	64,664	77,877	-	142,541
Loans Collateralized by Cheques and Notes	68,215	139,849	-	208,064
Loans Collateralized by Other Collaterals	24,364	10,526	-	34,890
Unsecured Loans	47,357	54,046	457,223	558,626
Total	434,365	348,151	457,223	1,239,739

5.1.5.11 Liquidation policy for uncollectible loans and receivables

Uncollectible loans and receivables legally qualified as “uncollectible” by way of the “incapability document”, are written off. In cases where any possible collections are negligible comparing to the prospective expenses and costs, such receivables are written off by the decision of the board of directors.

5.1.5.12 “Write-off” policies

Please refer to Note 5.1.5.11 above.

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	1,508,226	65,263	283,506	27,897
Investments subject to Repurchase Agreements	4,354,254	174,759	2,645,615	353,973
Total	5,862,480	240,022	2,929,121	381,870

5.1.6.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	6,054,289	3,823,946
Treasury Bills	-	-
Other Government Securities	1,563,008	116,617
Total	7,617,297	3,940,563

5.1.6.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	7,337,175	3,819,441
Quoted at Stock Exchange	7,337,175	3,816,239
Unquoted at Stock Exchange	-	3,202
Impairment Reversals/Impairment Losses (-)	280,122	124,324
Total	7,617,297	3,943,765

5.1.6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	3,943,765	4,618,847
Foreign Currency Differences On Monetary Assets	66,130	(140,382)
Purchases during the Period	3,935,987	1,118
Disposals through Sales/Redemptions	(484,383)	(427,744)
Value Increases/Impairment Losses (-)	15,203	(9,884)
Change in Redeemed Costs	140,595	(98,190)
Balances at End of Period	7,617,297	3,943,765

The Bank reclassified certain security investments, previously classified in its securities available-for-sale portfolio in its financial statements, with total face values of YTL 2,831,667 thousands and USD 843,847,999 to its securities held-to-maturity portfolio as a result of change in its intention to hold such securities in compliance with the TAS. Such securities are included in the securities held-to-maturity portfolio at their fair values of YTL 2,685,106 thousands and USD 852,772,307 as of their reclassification date and presented in the above movement table of investments held-to-maturity under the “purchases during the period” line. The negative valuation differences amounting YTL 99,085 thousands and USD 6,729,440 of these securities, are recorded under the shareholders’ equity and amortized through the income statement throughout their maturities. As of the balance sheet date, the negative valuation differences under the shareholders’ equity are YTL 92,998 thousands and USD 6,744,934.

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	Eureko Sigorta AŞ	Istanbul/Turkey	20,00	20,00
2	Bankalarası Kart Merkezi AŞ	Istanbul/Turkey	10,15	10,15
3	Yatırım Finansman Menkul Değerler AŞ (1)	Istanbul/Turkey	0,77	0,77
4	İMKB Takas ve Saklama Bankası AŞ (1)	Istanbul/Turkey	5,83	5,83
5	Vadeli İşlem ve Opsiyon Borsası AŞ	Istanbul/Turkey	6,00	6,00
6	KKB Kredi Kayıt Burosı AŞ (1)	Istanbul/Turkey	9,09	9,09
7	Gelişen İşletmeler Piyasaları AŞ	Istanbul/Turkey	5,00	5,00

	Total Assets	Shareholders’ Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company’s Fair Value (if available)
1	491,110	201,711	20,811	29,495	7,919	59,947	37,735	-
2	15,271	12,004	4,544	1,665	-	1,139	2,075	-
3	146,400	53,593	1,417	-	-	(1,962)	3,725	-
4	1,721,903	262,251	11,064	34,336	12,982	34,664	53,253	-
5	31,706	29,816	2,333	3,615	64	15,988	2,854	-
6	22,347	17,068	1,821	2,420	1	4,361	-	-
7	7,338	7,325	2	1,320	2	1,030	-	-

(1) Financial information is as of 30 September 2008.

(*) Total fixed assets include tangible and intangible assets.

5.1.7.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	27,596	16,081
Movements during the Period	109	11,515
Acquisitions and Capital Increases	-	-
Bonus Shares Received	109	203
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications (*)	-	11,312
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	27,705	27,596
Balance at End of Period	-	-
Capital Commitments	-	-
Share Percentage at the End of Period (%)		-

(*) Following the sale of 80% shares in Garanti Sigorta AŞ (Eureko 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. In the prior period.

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	11,312	11,312
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	14,679	14,570
Other Associates	1,714	1,714

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	27,705	27,596
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	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	94.10	98.94
7	Garanti Faktoring Hiz. AŞ	Istanbul/Turkey	55.40	55.40
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/Holland	100.00	100.00
12	Garanti Bank Moscow	Moscow/Russia	75.02	99.94
13	Garanti Financial Services Plc	Dublin/Ireland	99.99	100.00
14	Garanti Fund Management Co Ltd	Valetta/Malta	99.50	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	16,412	9,885	514	-	8	2,040	(99,458)	-
2	16,243	8,908	996	35	1,853	2,413	5,917	-
3	641	486	15	-	96	121	-	-
4	531	219	44	-	2	46	(171)	-
5	395	329	-	-	18	133	8	-
6	2,228,841	285,640	18,230	246,920	-	74,357	128,035	-
7	750,337	41,428	1,975	96,276	1,702	7,082	14,264	31,071
8	27,568	24,939	3,043	2,052	1,338	110	10,140	-
9	17,513	14,194	1,194	2,063	241	966	440	-
10	1,204,852	156,862	11,187	29,042	5,014	64,565	25,078	-
11	7,690,641	483,610	100,827	357,629	103,357	65,953	13,606	487,273
12	477,206	87,342	1,235	35,968	8,621	13,511	29,545	90,864
13	10,618	10,228	-	85	-	(725)	6,188	27,324
14	93	-	-	-	-	-	(267)	-

(*) Total fixed assets include tangible and intangible assets.

5.1.8.2 Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	577,408	604,152
Movements during the Period	234,720	(26,744)
Acquisitions and Capital Increases	-	187
Bonus Shares Received (*)	72,284	45,605
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	(55,238)
Reclassifications	-	(11,312)
Increase/(Decrease) in Market Values	80,122	22,884
Currency Differences on Foreign Subsidiaries	80,227	(29,069)
Impairment Reversals/(Losses)	2,087	199
Balance at End of Period	812,128	577,408
Capital Commitments	562	562
Share Percentage at the End of Period (%)	-	-

(*) Garanti Faktoring Hizmetleri AŞ increased its share capital from YTL 16,849 thousands to YTL 17,960 thousands through appropriation from the dividends allocated from its retained earnings of the year 2007 at 10 September 2008.

As per the decision made at the general assembly meeting of Garanti Bank International NV at 14 April 2008, the bank's share capital has been increased from EUR 159,470,000 to EUR 196,567,000. The appropriation of capital increase is from the retained earnings amounting EUR 35,011,000 and the share premium amounting EUR 2,086,000.

In prior period, Garanti Bank International NV increased its share capital from EUR 134,750,000 to EUR 159,470,000 through appropriation from its retained earnings at 17 April 2007. Garanti Faktoring Hizmetleri AŞ increased its share capital from YTL 15,989 thousands to YTL 16,849 thousands through appropriation from its retained earnings at 8 August 2007.

5.1.8.3 Sectoral distribution of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	555,439	310,612
Insurance Companies	56,545	56,545
Factoring Companies	17,215	39,580
Leasing Companies	76,169	76,169
Finance Companies	96,397	86,226
Other Subsidiaries	10,363	8,276

5.1.8.4 Quoted subsidiaries

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	17,215	39,580
Quoted at International Stock Exchanges	-	-

5.1.8.5 Valuation methods of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Valued at Cost	202,049	202,049
Valued at Fair Value	599,975	367,341
Valued by Equity Method of Accounting	10,104	8,018

5.1.8.6 Investments in subsidiaries disposed during the current period

None.

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 assets 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	-	69,161	-	31,960
Net foreign investment hedges	-	-	-	-
Total	-	69,161	-	31,960

The four interest rate swap transactions classified under derivative financial assets held for cash flow risk management in the financial statements of prior period are exercised before their due dates at 9 January 2008 and 16 January 2008. The Bank recognized USD 38,670,000 (equivalent of YTL 45,002 thousands) that was collected on the date of these transactions as per the related agreements, under “trading account income”.

5.1.12 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at End of Prior Period					
Cost	884,348	357,163	36,965	729,089	2,007,565
Accumulated Depreciation	(196,717)	(235,742)	(22,393)	(527,755)	(982,607)
Net Book Value at End of Prior Period	687,631	121,421	14,572	201,334	1,024,958
Balance at End of Current Period					
Additions	55,104	77,147	929	200,846	334,026
Disposals-Costs	(54,533)	(45,221)	(2,604)	(198,695)	(301,053)
Disposals-Accumulated Depreciation	1,740	46,572	1,869	137,965	188,146
Reversal of/Impairment Losses (-)	6,264	-	-	-	6,264
Depreciation Expense for Current Period	(20,799)	(63,066)	(5,856)	(77,924)	(167,645)
Currency Translation Differences on Foreign Operations	-	-	-	-	-
Cost at End of Current Period	891,183	389,089	35,290	731,240	2,046,802
Accumulated Depreciation at End of Current Period	(215,776)	(252,236)	(26,380)	(467,714)	(962,106)
Net Book Value at End of Current Period	675,407	136,853	8,910	263,526	1,084,696

5.1.12.1 Disclosure for impairment losses or releases individually material for financial statements

Conditions for allocating/releasing any impairment:

None.

Amount of impairment losses provided or released in financial statements during current period:

None.

5.1.12.2 Other impairment losses provided or released in current period that are immaterial for the financial statement individually

A total provision of YTL 6,265 thousands made for the impairment in values of certain real estates in prior periods in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets", is reserved in 2008.

5.1.13 Intangible assets

5.1.13.1 Useful lives and amortisation rates

Intangible assets include pre-operating expenses, softwares and intangible rights. The estimated useful lives of such assets vary between 5 and 15 years.

5.1.13.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation.

5.1.13.3 Balances at beginning and end of current period

	Beginning of Period		End of Period	
	Cost	Accumulated Amortisation	Cost	Accumulated Amortisation
Intangible Assets	60,995	45,231	53,166	41,280

5.1.13.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Net Book Value at End of Prior Period	11,886	10,618
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	7,829	6,290
Disposals (-)	-	5
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	3,951	5,017
Currency Translation Differences on Foreign Operations	-	-
Other Movements	-	-
Net Book Value at End of Current Period	15,764	11,886

5.1.13.5 Details for any individually material intangible assets

None.

5.1.13.6 Intangible assets capitalised under government incentives at fair values

None.

5.1.13.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates

None.

5.1.13.8 Net book value of intangible asset that are restricted in usage or pledged

None.

5.1.13.9 Commitments to acquire intangible assets

None.

5.1.13.10 Disclosure on revalued intangible assets

None.

5.1.13.11 Research and development costs expensed during current period

None.

5.1.13.12 Goodwill

None.

5.1.13.13 Movements in goodwill during current period

None.

5.1.14 Investment property

None.

5.1.15 Deferred tax asset

As of 31 December 2008, the Bank has a deferred tax asset of YTL 34,185 thousands (31 December 2007: YTL 52,944 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 December 2008. However, there is a deferred tax asset of YTL 107,145 thousands (31 December 2007: YTL 103,883 thousands) and deferred tax liability of YTL 72,960 thousands (31 December 2007: YTL 50,939 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.

5.1.16 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	115,599	117,255
Accumulated Depreciation	(2,749)	(2,101)
Net Book Value	112,850	115,154
End of Current Period		
Additions	6,917	24,962
Disposals (Cost)	(39,867)	(26,618)
Disposals (Accumulated Depreciation)	1,780	746
Impairment Losses (-)	487	-
Depreciation Expense for Current Period	(863)	(1,394)
Currency Translation Differences on Foreign Operations		-
Cost	83,136	115,599
Accumulated Depreciation	(1,832)	(2,749)
Net Book Value	81,304	112,850

As of 31 December 2008, the rights of repurchase on various assets held for sale amount to YTL 13,714 thousands (2007: YTL 29,850 thousands).

5.1.17 Other assets

5.1.17.1 Receivables from term sale of assets

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint Ventures	29,530	31,412
Sale of Real Estates	455	1,427
Sale of Other Assets	2,863	2,843
Total	32,848	35,682

5.1.17.2 Prepaid expenses, taxes and similar items

	Current Period	Prior Period
Prepaid Expenses	295,671	231,262
Prepaid Taxes	70	5,222

5.1.18 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	51,629	8,645	38,920	11,802
Financial Assets at Fair Value through Profit or Loss	721	3,180	873	3,020
Banks	35,237	32,122	61,067	32,654
Interbank Money Markets	552	-	-	-
Financial Assets Available-for-Sale	1,360,541	47,847	723,009	125,391
Loans	755,777	343,165	288,420	205,706
Investments Held-to-Maturity	287,324	24,870	170,780	819
Other Accruals	13,351	2	13,509	2,749
Total	2,505,132	459,831	1,296,578	382,141

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	1,263,502	-	6,626,686	10,082,104	111,230	82,761	72,599	-	18,238,882
Foreign Currency Deposits	4,161,413	-	9,087,581	6,854,269	418,274	1,086,744	766,434	90,877	22,465,592
Residents in Turkey	3,858,891	-	8,739,310	6,595,492	396,877	519,663	556,614	89,588	20,756,435
Residents in Abroad	302,522	-	348,271	258,777	21,397	567,081	209,820	1,289	1,709,157
Public Sector Deposits	426,693	-	283,600	516,009	25	272	63	-	1,226,662
Commercial Deposits	1,711,753	-	3,220,581	3,612,242	48,451	13,975	95,574	-	8,702,576
Other	159,815	-	54,414	77,756	705	569	207	-	293,466
Precious Metal Deposits	93,443	-	1	2,002	-	24,020	2,088	-	121,554
Bank Deposits	777,477	-	367,317	299,213	142,162	6,757	73,623	-	1,666,549
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	8,019	-	66,930	68,751	125,692	462	-	-	269,854
Foreign Banks	324,151	-	300,387	230,462	16,470	6,295	73,623	-	951,388
Special Purpose Financial Institutions	445,307	-	-	-	-	-	-	-	445,307
Other	-	-	-	-	-	-	-	-	-
Total	8,594,096	-	19,640,180	21,443,595	720,847	1,215,098	1,010,588	90,877	52,715,281

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	1,055,069	-	3,546,376	7,469,353	187,532	96,210	90,235	-	12,444,775
Foreign Currency Deposits	3,898,591	-	6,313,000	6,415,792	459,651	642,799	529,841	66,946	18,326,620
Residents in Turkey	3,573,267	-	6,032,076	6,254,723	434,700	341,056	371,478	66,119	17,073,419
Residents in Abroad	325,324	-	280,924	161,069	24,951	301,743	158,363	827	1,253,201
Public Sector Deposits	384,378	-	82,765	6,044	31	1,412	55	-	474,685
Commercial Deposits	1,604,318	-	2,368,499	1,759,179	130,036	83,825	5,687	-	5,951,544
Other	65,314	-	68,840	114,700	1,547	227	258	-	250,886
Precious Metal Deposits	35,438	-	1,465	1,488	3,112	3,424	17,114	-	62,041
Bank Deposits	332,632	-	921,019	222,901	16,347	6,513	88,139	-	1,587,551
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	10,419	-	416,892	234	-	4,797	-	-	432,342
Foreign Banks	188,266	-	504,127	222,667	16,347	1,716	88,139	-	1,021,262
Special Purpose Financial Institutions	133,947	-	-	-	-	-	-	-	133,947
Other	-	-	-	-	-	-	-	-	-
Total	7,375,740	-	13,301,964	15,989,457	798,256	834,410	731,329	66,946	39,098,102

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	8,435,686	6,011,198	9,545,348	6,261,780
Foreign Currency Saving Deposits	2,977,501	2,987,805	7,851,492	6,578,805
Other Saving Deposits	20,544	1,969	83,909	48,387
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

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

None.

5.2.1.3 Saving deposits not covered by insurance limits

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	543,248	380,627
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	244,985	196,751
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward deals	54,361	10,273	9,657	4,384
Swaps	179,673	87,163	404,811	17,476
Futures	-	996	-	482
Options	62,474	20,156	14,167	300
Other	-	-	-	-
Total	296,508	118,588	428,635	22,642

5.2.3 Funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	251,138	126,591	203,445	56,930
Foreign Banks, Institutions and Funds	1,825,837	8,639,880	1,079,383	7,218,886
Total	2,076,975	8,766,471	1,282,828	7,275,816

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	560,393	2,894,570	203,445	1,579,378
Medium and Long-Term	1,516,582	5,871,901	1,079,383	5,696,438
Total	2,076,975	8,766,471	1,282,828	7,275,816

5.2.3.2 Disclosures for concentration areas of bank's liabilities

The Bank finances its ordinary banking activities through deposits and funds borrowed. Its deposit structure has a balanced YTL and foreign currency concentration. The Bank's other funding sources specifically consist of foreign currency funds borrowed from abroad and YTL funds obtained through repurchase transactions.

5.2.4 Other external funds

Funds provided through repurchase transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic Transactions	9,878,528	-	6,667,163	-
Financial Institutions and Organizations	9,810,615	-	6,591,635	-
Other Institutions and Organizations	19,774	-	32,920	-
Individuals	48,139	-	42,608	-
Foreign Transactions	573,996	250,419	780,742	728,986
Financial Institutions and Organizations	571,711	250,419	780,157	728,986
Other Institutions and Organizations	1,749	-	125	-
Individuals	536	-	460	-
Total	10,452,524	250,419	7,447,905	728,986

5.2.5 Lease payables (Net)

5.2.5.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	21,359	20,194	47,588	44,712
1-4 Years	3,448	3,163	10,815	10,026
More than 4 Years	-	-	-	-
Total	24,807	23,357	58,403	54,738

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 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	-	4,871	-	249
Net foreign investment hedges	-	-	-	-
Total	-	4,871	-	249

5.2.7 Provisions

5.2.7.1 General provisions

	Current Period	Prior Period
General Provision for	428,799	280,660
Loans and Receivables in Group I	378,581	250,216
Loans and Receivables in Group II	12,934	65
Non-Cash Loans	37,284	30,379
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	9,441	22,284
Medium and Long-Term Loans	1,855	94,562
Total	11,296	116,846

Foreign exchange differences on foreign currency indexed loans are netted with loans on the asset side.

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

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	244	35
Doubtful Loans and Receivables	55	94
Uncollectible Loans and Receivables	2160	1,634
Total	2,459	1,763

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	22,000	32,000

5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	197,372	140,372
Recognized Liability for Defined Benefit Obligations	102,601	-
Provision for Promotion Expenses of Credit Cards (*)	36,206	49,219
Other Provisions	14,994	57,324
Total	351,173	246,915

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

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 5 February 2009 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are sufficient to meet the amount that will be required to be paid to transfer the obligation at 31 December 2008.

The asset surplus of the Fund after deducting the net present value of the transferable liabilities as of 31 December 2008 is as follows:

	Current Period
Net present value of pension benefits transferable to SSF	(296,328)
Net present value of medical benefits and health premiums transferable to SSF	135,400
General administrative expenses	(15,488)
Present value of pension and medical benefits transferable to SSF	(176,416)
Fair value of plan assets	621,594
Asset surplus	445,178

Furthermore, an actuarial report was prepared as of 31 December 2008 as per the requirements of the Law explained in Note 3.17, the accounting policies related with “employee benefits” for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary’s 5 February 2009 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of YTL 32,799 thousands remains.

	Current Period
Pension benefits	(162,356)
Medical benefits	(250,023)
	(412,379)
Fair value of plan assets after deducting transferable benefits	445,178
Asset surplus over present value of defined benefit obligation	32,799

The Bank’s management, acting prudently, did not consider the health premium surplus amounting YTL 135,400 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF and accordingly, recognized a provision amounting YTL 102,601 thousands for its liability and charged fully as expense in the accompanying financial statements.

	Current Period
Asset surplus over present value of defined benefit obligation	32,799
Net present value of medical benefits and health premiums transferable to SSF	(135,400)
Present value of defined benefit obligation	(102,601)

The major actuarial assumptions used in the calculation of other benefits not transferable to SSF are as follows:

	31 December 2008
	%
Discount Rate	17.41-10.51
Inflation Rate	9.50-5.73
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	17.80-11.77
Future Pension Increase Rates	9.50-5.73

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at age 60 is 17 for males, and at age 58 for females is 23.

5.2.8 Tax liability

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 31 December 2008, the Bank had a current tax liability of YTL 119,191 thousands (2007: YTL 104,582 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	119,191	104,582
Taxation on Securities Income	191,148	56,827
Taxation on Real Estates Income	1,137	980
Banking Insurance Transaction Tax	37,189	27,097
Foreign Exchange Transaction Tax	12	2,991
Value Added Tax Payable	2,449	1,513
Others	25,981	15,314
Total	377,107	209,304

5.2.8.1.3 Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	-	3
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	5	16
Bank Pension Fund Premium-Employer	27	29
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	427	342
Unemployment Insurance-Employer	777	608
Others	-	-
Total	1,236	998

5.2.8.2 Deferred tax liability

None.

5.2.9 Liabilities for assets held for sale and assets of discontinued operations

None.

5.2.10 Subordinated debts

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.

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	781,638	-	596,400
Total	-	781,638	-	596,400

5.2.11 Shareholders' equity

5.2.11.1 Paid-in capital

	Current Period	Prior Period
Common Shares	4,200,000	2,100,000
Preference Shares	-	-

5.2.11.2 Registered share capital system

Capital	Paid-in Capital	Ceiling per Registered Share Capital
Common Shares	4,200,000	7,000,000
Preference Shares	-	-

5.2.11.3 Capital increases in current period

Date of Increase	Amount of Increase	Cash Injection	Appropriation from Profit Reserves	Appropriation from Capital Reserves
31 July,2008	2,100,000	2,100,000	-	-

The pre-emptive rights on 210,000,000,000 shares with a total nominal value of YTL 2,100,000 thousands have been used during the period between 9 and 23 June 2008. The remaining shares with a total nominal value of YTL 5,525 thousands have been sold for the amount of YTL 17,405 thousands during the public offering on the ISE primary market and YTL 11,880 thousands is transferred to “share premium” account.

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	
	YTL	FC	YTL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	31,099	124,089	(14,755)	20,985
Valuation difference	(9,247)	124,089	9,138	20,985
Exchange rate difference	40,346	-	(23,893)	-
Securities Available-for-Sale	256,934	(19,605)	110,262	91,565
Valuation difference	256,934	(19,605)	110,262	91,565
Exchange rate difference	-	-	-	-
Total	288,033	104,484	95,507	112,550

5.2.11.9 Revaluation surplus

	Current Period		Prior Period	
	YTL	FC	YTL	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	594,943	-	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; Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ by YTL 23 thousands, Eureka 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	254,103	137,421
II. Legal Reserve	18,790	18,790
Special 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	1,470,724	1,275,689
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

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	250,628	80,405	150,404	48,801
Funds Borrowed	183,331	99,278	85,367	80,446
Interbank Money Markets	45,021	6,787	57,620	3,963
Other Accruals	23,902	9,978	26,959	2,982
Total	502,882	196,448	320,350	136,192

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	6,790,151	5,749,874
Letters of Guarantee in YTL	4,120,918	3,924,978
Letters of Credit	2,311,731	1,919,538
Bills of Exchange and Acceptances	123,807	116,487
Others	-	-
Total	13,346,607	11,710,877

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

A specific provision of YTL 2,459 thousands (2007: YTL 1,763 thousands) is made for unliquidated non-cash loans of YTL 15,901 thousands (2007: YTL 5,832 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 31 December 2008, in the Bank’s “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 925,000,000 (2007: USD 875,000,000).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	225,228	268,951
With Original Maturity of 1 Year or Less	15,067	77,737
With Original Maturity of More Than 1 Year	210,161	191,214
Other Non-Cash Loans	14,040,836	12,087,015
Total	14,266,064	12,355,966

5.3.1.4 Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agriculture	20,699	0.48	18,119	0.18	17,690	0.44	8,884	0.11
Farming and Stockbreeding	19,224	0.45	18,119	0.18	16,681	0.42	8,884	0.11
Forestry	461	0.01	-	-	95	-	-	-
Fishery	1,014	0.02	-	-	914	0.02	-	-
Manufacturing	1,444,368	34.14	3,027,583	30.17	1,448,464	36.89	2,816,681	33.42
Mining	329,968	7.80	21,024	0.21	333,357	8.49	12,660	0.15
Production	896,224	21.18	2,433,660	24.25	937,944	23.89	2,360,167	28.00
Electricity, Gas, Water	218,176	5.16	572,899	5.71	177,163	4.51	443,854	5.27
Construction	616,200	14.56	2,125,443	21.18	569,081	14.50	1,774,171	21.05
Services	1,819,846	43.01	4,585,181	45.69	1,664,509	42.39	3,311,615	39.27
Wholesale and Retail Trade	1,137,920	26.89	1,585,914	15.80	1,086,892	27.68	1,131,353	13.42
Hotel, Food and Beverage Services	60,126	1.42	152,716	1.52	72,771	1.85	99,706	1.18
Transportation and Telecommunication	127,545	3.01	890,931	8.88	92,621	2.36	541,619	6.42
Financial Institutions	452,129	10.69	1,922,241	19.16	367,594	9.36	1,509,308	17.90
Real Estate and Renting Services	8,179	0.19	6,126	0.06	14,327	0.36	7,344	0.09
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	8,677	0.21	3,766	0.04	5,694	0.15	1,656	0.02
Health and Social Services	25,270	0.60	23,487	0.23	24,610	0.63	20,629	0.24
Other	330,083	7.81	278,542	2.78	226,228	5.78	518,643	6.15
Total	4,231,196	100.00	10,034,868	100.00	3,925,972	100.00	8,429,994	100.00

5.3.1.5 Non-cash loans classified under Group I and II

	Group I		Group II	
	YTL	FC	YTL	FC
Current Period				
Non-Cash Loans	4,219,436	10,016,914	4,120	9,693
Letters of Guarantee	4,109,158	6,784,258	4,120	334
Bills of Exchange and Bank Acceptances	-	113,162	-	9,359
Letters of Credit	278	3,119,494	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	110,000	-	-	-

	Group I		Group II	
	YTL	FC	YTL	FC
Prior Period				
Non-Cash Loans	3,921,097	8,427,528	1,017	492
Letters of Guarantee	3,920,103	5,748,363	1,017	492
Bills of Exchange and Bank Acceptances	600	115,887	-	-
Letters of Credit	394	2,563,278	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	-	-	-

5.3.2 Financial derivative instruments

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Hedging Derivatives						
A. Total Hedging Derivatives	5,406	27,520	77,597	-	-	110,523
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	5,406	27,520	77,597	-	-	110,523
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transactions (I)	17,538,493	6,906,906	6,505,406	948,948	867,000	32,766,753
Currency Forwards-Purchases	958,092	432,737	603,602	187,479	-	2,181,910
Currency Forwards-Sales	955,765	444,281	585,220	185,642	-	2,170,908
Currency Swaps-Purchases	6,956,078	2,335,056	2,072,516	264,780	304,000	11,932,430
Currency Swaps-Sales	6,786,634	2,264,419	1,865,937	259,499	563,000	11,739,489
Currency Options-Purchases	909,385	663,848	641,857	23,953	-	2,239,043
Currency Options-Sales	972,539	714,914	727,179	27,595	-	2,442,227
Currency Futures-Purchases	-	40,705	9,095	-	-	49,800
Currency Futures-Sales	-	10,946	-	-	-	10,946
Interest Rate Related Derivative Transactions (II)	242	9,680	168,687	3,385,280		3,563,889
Interest Rate Swaps-Purchases	122	4,881	12,987	-	-	17,990
Interest Rate Swaps-Sales	120	4,799	15,494	-	-	20,413
Interest Rate Options-Purchases	-	-	106,400	1,692,640	-	1,799,040
Interest Rate Options-Sales	-	-	-	1,692,640	-	1,692,640
Securities Options-Purchases	-	-	33,806	-	-	33,806
Securities Options-Sales	-	-	-	-	-	-
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	128,010	20,683	669,053	30,400	-	848,146
B. Total Trading Derivatives (I+II+III)	17,666,745	6,937,269	7,343,146	4,364,628	867,000	37,178,788
Total Derivative Transactions (A+B)	17,672,151	6,964,789	7,420,743	4,364,628	867,000	37,289,311

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Hedging Derivatives						
A. Total Hedging Derivatives	3,764	41,230	13,288	-	-	58,282
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	3,764	41,230	13,288	-	-	58,282
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transactions (I)	6,857,680	4,306,364	3,099,565	124,371	795,000	15,182,980
Currency Forwards-Purchases	455,994	93,039	146,019	10,097	-	705,149
Currency Forwards-Sales	489,156	95,705	141,433	11,471	-	737,765
Currency Swaps-Purchases	2,518,866	1,652,933	869,949	40,600	232,000	5,314,348
Currency Swaps-Sales	2,434,492	1,656,482	1,106,583	59,493	563,000	5,820,050
Currency Options-Purchases	568,803	295,392	397,300	1,273	-	1,262,768
Currency Options-Sales	390,369	320,309	433,718	1,437	-	1,145,833
Currency Futures-Purchases	-	83,070	2,219	-	-	85,289
Currency Futures-Sales	-	109,434	2,344	-	-	111,778
Interest Rate Related Derivative Transactions (II)	345,494	90,020	83,775	-	-	519,289
Interest Rate Swaps-Purchases	554	153	1,291	-	-	1,998
Interest Rate Swaps-Sales	2,175	151	1,284	-	-	3,610
Interest Rate Options-Purchases	-	-	81,200	-	-	81,200
Interest Rate Options-Sales	-	-	-	-	-	-
Securities Options-Purchases	78,235	45,611	-	-	-	123,846
Securities Options-Sales	264,530	44,105	-	-	-	308,635
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	483,422	73,578	-	-	-	557,000
B. Total Trading Derivatives (I+II+III)	7,686,596	4,469,962	3,183,340	124,371	795,000	16,259,269
Total Derivative Transactions (A+B)	7,690,360	4,511,192	3,196,628	124,371	795,000	16,317,551

5.3.3 Contingent liabilities and assets

None.

5.3.4 Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

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	2,489,237	209,179	2,297,343	145,514
Medium and long-term loans	1,949,825	1,083,701	1,035,879	757,443
Loans under follow-up	25,324	-	18,273	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	4,464,386	1,292,880	3,351,495	902,957

(*) Includes also the fee and commissions income on cash loans

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	10,624	775	28,520	-
Domestic Banks	9,859	2,676	14,060	5,213
Foreign Banks	152,457	85,324	126,864	90,461
Foreign Head Offices and Branches	-	-	-	-
Total	172,940	88,775	169,444	95,674

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Financial Assets	21,163	3,745	12,211	5,003
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	1,917,237	194,710	1,254,112	311,483
Investments Held-to-Maturity	770,629	48,043	585,006	46,758
Total	2,709,029	246,498	1,851,329	363,244

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest received from Investments in Associates and Subsidiaries	65,110	22,962

5.4.2 Interest Expenses

5.4.2.1 Interest expenses (*) on funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	279,491	408,496	149,192	426,075
Central Bank of Turkey	-	-	-	1
Domestic Banks	34,875	4,799	31,302	2,826
Foreign Banks	244,616	403,697	117,890	423,248
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	25,567	-	43,466
Total	279,491	434,063	149,192	469,541

(*) Includes also the fee and commission expenses on borrowings

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest paid to Investments in Associates and Subsidiaries	30,081	31,179

5.4.2.3 Interest expenses on securities issued

None.

5.4.2.4 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	7,854	89,267	-	-	-	-	-	97,121
Saving Deposits	1,830	1,128,143	1,191,316	22,278	15,270	11,713	-	2,370,550
Public Sector Deposits	31	16,860	53,012	22	260	9	-	70,194
Commercial Deposits	19,633	573,107	348,519	48,581	14,801	5,773	-	1,010,414
Other	5,745	8,937	19,630	231	48	28	-	34,619
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total YTL	35,093	1,816,314	1,612,477	71,112	30,379	17,523	-	3,582,898
Foreign Currency								
Foreign Currency Deposits	16,195	336,706	281,200	18,117	29,695	22,885	2,614	707,412
Bank Deposits	-	27,744	-	-	-	-	-	27,744
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	2	-	354	-	-	356
Total FC	16,195	364,450	281,202	18,117	30,049	22,885	2,614	735,512
Grand Total	51,288	2,180,764	1,893,679	89,229	60,428	40,408	2,614	4,318,410

5.4.2.5 Interest expense on repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest paid on Repurchase Agreements	1,139,018	20,069	683,683	28,783

5.4.2.6 Financial lease expenses

	Current Period	Prior Period
Financial Lease Expenses	7,934	7,187

5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets Valued at Fair Value through Profit or Loss	-	-
Financial Assets Available-for-Sale	29,307	2,477
Others	73,163	46,922
Total	102,470	49,399

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	34,524,216	3,828,773
Trading Account Income	2,648,282	1,359,918
Derivative financial instruments	2,564,968	1,279,891
Others	83,314	80,027
Foreign Exchange Losses	31,875,934	2,468,855
Losses (-)	34,272,921	3,964,677
Trading Account Losses	2,118,856	1,694,947
Derivative financial instruments	2,084,907	1,662,568
Others	33,949	32,379
Foreign Exchange Losses	32,154,065	2,269,730
Total	251,295	(135,904)

5.4.5 Other operating income

The items under “other operating income” consists of collection or reversals of prior year provisions, banking services related costs charged to customers and income in custody services.

Furthermore, the Bank had called off its existing legal cases against Boğaziçi Corporations Tax Office related with the final and interim corporate tax returns of the years from 2001 to 2005 and settled up with the related tax authority as per the article 3 of the Law No.5736 “Collection of Certain Public Sector Receivables through Conciliation” published in the Official Gazette No.26800 dated 27 February 2008. Accordingly, following the adjustments made to the corporate tax returns of the period from 2001 to 2005, the tax refund that the Bank will collect through conciliation from the tax office due to the prepaid taxes in 2005, is agreed to be YTL 131,178 thousands. In line with this conciliation and including a tax refund on an existing unused investment incentive certificate amounting YTL 6,078 thousands, a total amount of YTL 137,256 thousands is recorded as current period income in the accompanying financial statements under “other operating income”.

A part of the Bank’s non-performing loan portfolio amounting YTL 98,221 thousands has been sold to a local asset management company at a sale price of YTL 28,898 thousands. The sale price is fully recognized as income in the accompanying financial statements under “other operating income”, as the sold receivables had been fully provisioned in the Bank’s financial statements in prior periods.

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	418,629	190,874
<i>Loans and receivables in Group III</i>	241,587	113,312
<i>Loans and receivables in Group IV</i>	44,938	37,398
<i>Loans and receivables in Group V</i>	132,104	40,164
General Provisions	143,578	125,113
Provision for Possible Losses	-	17,000
Impairment Losses on Securities	770	310
<i>Financial assets at fair value through profit or loss</i>	683	310
<i>Financial assets available-for-sale</i>	87	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	9
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	9
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	3,469	4,338
Total	566,446	337,644

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	962,916	699,515
Reserve for Employee Termination Benefits	-	6,661
Deficit Provision for Pension Fund	102,601	-
Impairment Losses on Tangible Assets	1	62
Depreciation Expenses of Tangible Assets	167,645	145,974
Impairment Losses on Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	3,951	24,036
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	863	1,394
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,001,658	754,819
<i>Operational Lease related Expenses</i>	109,035	77,209
<i>Repair and Maintenance Expenses</i>	28,691	21,605
<i>Advertisement Expenses</i>	104,139	94,889
<i>Other Expenses</i>	759,793	561,116
Loss on Sale of Assets	8,279	9,043
Others	294,476	181,907
Total	2,542,390	1,823,411

5.4.8 Profit/loss before taxes including profit/loss from discontinued operations

The profit before taxes includes a net interest income of YTL 3,177,960 thousands, a net fees and commissions income of YTL 1,441,128 thousands and operating expenses of YTL 2,542,390 thousands. The Bank's profit before taxes realized at YTL 2,161,988 thousands decreasing by 22% comparing to the prior year. In prior period income, there were a gain of YTL 762,384 thousands from the sale of certain shares in insurance subsidiaries and a gain of YTL 140,386 thousands from the sale of custody services rendered for foreign institutions.

5.4.9 Provision for taxes including taxes from discontinued operations

As of 31 December 2008, the Bank recorded a tax expense of YTL 399,213 thousands (2007: YTL 466,608 thousands) and a deferred tax income of YTL 12,287 thousands (2007: YTL 10,108 thousands).

Deferred tax income/expense on timing differences:

Deferred tax income/(expense) on timing differences	Current Period
Increase in tax deductible timing differences (+)	54,402
Decrease in tax deductible timing differences (-)	41,041
Increase in taxable timing differences (-)	27,319
Decrease in taxable timing differences (+)	1,671
Total	(12,287)

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 (net)	13,361
(Increase)/decrease in taxable timing differences (net)	(25,648)
Increase/(decrease) in tax losses (net)	-
Increase/(decrease) in tax deductions and exemptions (net)	-
Total	(12,287)

5.4.10 Net operating profit/loss after taxes including net profit/loss from discontinued operations

None.

5.4.11 Net profit/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

Other items do not exceed 10% of the total of income statement.

5.5 Statement of Changes in Shareholders' Equity

5.5.1 Any increases arising from application of accounting for financial instruments

5.5.1.1 Increases from valuation of financial assets available-for-sale

As of 31 December 2008, the revaluation of financial assets available-for-sale at fair value netted with the related deferred tax liability effect has resulted in an increase by YTL 82,337 thousands that is presented as the current period movement in "securities value increase fund" in the statement of changes in shareholders' equity. The gains transferred to income statement from "securities value increase fund" are YTL 10,219 thousands and YTL 61,271 thousands for the year ended 31 December 2007 and 2008, respectively.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. Gains of YTL 33,488 thousands and YTL 28,316 thousands after netting with the related deferred tax effect on such effective hedging contracts are classified directly under shareholders' equity within "other profit reserves" in the current and prior periods, respectively.

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

The Bank applied hedge accounting for its investments in foreign subsidiaries in compliance with the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement" using its foreign borrowings in foreign currencies obtained to finance such investments.

The effective portion of net foreign investment hedges is recorded in shareholders' equity as shown in the statement of changes in shareholders' equity and the ineffective portion, if any, is recorded directly in the income statement.

The effective loss of YTL 80,300 thousands on net foreign investment hedge after netting with the related tax effect of YTL 16,060 thousands as net YTL 64,240 thousands is recorded under the shareholders' equity. The balance sheet leg of this net foreign investment hedge is under "funds borrowed".

5.5.2 Any decreases arising from application of accounting for financial instruments

5.5.2.1 Decreases from valuation of financial assets available-for-sale

None.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal reserves

	Current Period	Prior Period
Transfers to Legal Reserves from Prior Year Profits	115,781	64,615
Transfers to Extraordinary Reserves from Prior Year Profits	1,629,268	752,012

As explained in Note 1.4, the payment of YTL 1,434,233 thousands for the purchase of founder share-certificates are compensated by extraordinary reserves.

5.5.4 Issuance of share certificates

Please refer to Note 5.2.11.3.

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

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

5.6 Statement of Cash Flows

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

In 2008, the net cash inflows arising from banking operations amount to YTL 7,498,253 thousands. YTL 7,795,240 thousands of this amount is generated from the change in operating assets and liabilities and YTL 296,987 thousands from operating losses. The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to YTL 2,128,078 thousands for the year 2008. The “others” item under operating losses, composes of fees and commissions paid, foreign exchange losses, other operating income and other operating expenses excluding employee costs, and amounts to YTL 2,200,327 thousands for the year 2008.

The net cash inflow from financing activities for the year 2008, is YTL 552,727 thousands. The “others” item amounting YTL 1,434,233 thousands under net cash flow from financing activities includes the payments for founder shares repurchased as explained in Note 1.4

The effect of change in foreign exchange rate on cash and cash equivalents includes the foreign exchange difference resulted from the translation of cash and cash equivalents in foreign currency into YTL at the exchange rates valid at the beginning and end of the year, and amounts to YTL 577,238 thousands for the year 2008.

5.6.2 Cash outflows from acquisition of associates, subsidiaries and joint-ventures

None.

5.6.3 Cash inflows from disposal of associates, subsidiaries and joint-ventures

None.

5.6.4 Cash and cash equivalents at beginning of period

	Current Period	Prior Period
Cash on Hand	445,030	327,734
Cash in YTL	244,772	181,169
Cash in Foreign Currency	200,258	146,565
Cash Equivalents	2,972,465	2,659,566
Other	2,972,465	2,659,566
TOTAL	3,417,495	2,987,300

5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	653,902	445,030
Cash in YTL	312,466	244,772
Cash in Foreign Currency	341,436	200,258
Cash Equivalents	4,377,823	2,972,465
Other	4,377,823	2,972,465
TOTAL	5,031,725	3,417,495

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

The placements at foreign banks include blocked accounts with a total principal balance of YTL 1,865,816 thousands of which YTL 235,164 thousands, YTL 153,894 thousands and YTL 15,953 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits, and YTL 1,460,805 thousands as collateral against funds borrowed.

The blocked account at the Central Bank of Turkey with a principal balance of YTL 1,713,040 thousands is for the reserve deposits against foreign currency liabilities.

5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None.

5.6.7.2 Cash inflows presenting increase in operating capacity of the Bank

None.

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	953,386	61,690	1	1,090	65,794	168,482
Balance at end of period	1,729,413	122,864	25	1,661	220,662	183,932
Interest and Commission Income	70,863	108	18	8	7,346	1,114

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	668,516	22,923	224,108	8,253	25,793	41,793
Balance at end of period	953,386	61,690	1	1,090	65,794	168,482
Interest and Commission Income	33,165	91	38	70	2,774	702

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	154,208	204,325	86,051	75,693	235,532	126,686
Balance at end of period	240,915	154,208	300,582	86,051	183,763	235,532
Interest Expense	30,081	31,179	21,885	29,354	20,929	9,874

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	-	-	-	-	-	-
End of Period	331,010	-	-	-	-	-
Total Profit/Loss	17,843	-	-	-	-	-
Transactions for Hedging:						
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 667,071 thousands (31 December 2007: YTL 449,373 thousands) compose 1.34% (31 December 2007: 1.21%) of the Bank's total cash loans and 0.75% (31 December 2007: 0.66%) of the Bank's total assets. The total loans and similar receivables amounting YTL 1,950,100 thousands (31 December 2007: YTL 1,019,181 thousands) compose 2.19% (31 December 2007: YTL 1.51%) of the Bank's total assets. The non-cash loans of the risk group amounting YTL 308,457 thousands (31 December 2007: YTL 231,262 thousands) compose 2.17% (31 December 2007: 1.87%) of the Bank's total non-cash loans. The deposits of the risk group amounting YTL 752,260 thousands (31 December 2007: YTL 475,791 thousands) compose 1.38% (31 December 2007: 1.22%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set on an arms-length basis.

The Bank has a total lease payable of YTL 23,357 thousands (31 December 2007: YTL 58,403 thousands) from the transactions carried out with related parties. As a result of these transactions, a leasing expense of YTL 7,934 thousands (31 December 2007: YTL 7,187 thousands) is recorded. Furthermore, there is a credit card (POS) payable amounting YTL 25,987 thousands (31 December 2007: YTL 37,502 thousands) to related parties.

Operating expenses of YTL 16,885 thousands (31 December 2007: YTL 17,139 thousands) for IT services rendered by related parties and rent income of YTL 1,462 thousands (31 December 2007: YTL 1,319 thousands) for the real estates rented to related parties, are recorded.

The Bank made a total payment of YTL 58,742 thousands (31 December 2007: YTL 29,616 thousands) to its top management considered as key management as of 31 December 2008.

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, Eureka 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 on behalf of customers 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.

At 11 March 2008, the Bank sold a real estate with a net book value of YTL 40,581 thousands to Doğuş Holding AŞ at a sale price of USD 35,000,000 (equivalent of YTL 42,693 thousands). The sale price, of which USD 15 millions was collected immediately at the date of sale, was fully collected. A gain of YTL 2,112 thousands was recognized as income on this transaction.

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

5.8.1 Domestic and foreign branches and representative offices

	Number of Branches	Number Of Employees			
Domestic Branches	721	16,272			
			Country		
Foreign Representative Offices	1	1	1-Germany		
	1	1	2-Russia		
	1	1	3-England		
	1	1	4-China		
				Total Assets	Legal Capital
Foreign Branches	1	20	1- Luxembourg	13,298,011	136,040
	1	14	2- Malta	15,522,054	-
	3	40	3- NCTR	183,829	3,520

5.8.2 Opening or closing of domestic and foreign branches and representative offices and significant changes in organisational structure

During the year 2008, 141 new domestic branches were opened and 3 branch was closed.

5.9 Significant Events and Matters Arising Subsequent to Balance Sheet Date

- By the decision of the Council of Ministers no.2007/11963 at 4 April 2007, the “new” expression in the New Turkish Lira (YTL), the currency of the Turkish Republic, is cancelled effective from 1 January 2009. The currency of the Turkish Republic is the Turkish Lira (TL).
- The financial reporting currency of the Bank’s Luxembourg branch is changed from USD to EUR effective from 1 January 2009. The capital of USD 89,500,000 allocated to the branch is converted into EUR 64,309,837.

Besides, the capital allocated to the Luxembourg branch increased by EUR 335,690,163 to EUR 400,000,000 at 13 January 2009 by the decision of the board of directors no.2226 at 4 December 2008 that gives the authorization to the head office to be able to increase the amount of the capital allocated to the Luxembourg branch upto EUR 400,000,000.

6 Other Disclosures on Activities of the Bank

6.1 Other disclosures

None.

6.2 The Bank's latest international risk ratings

MOODY'S (January 2009*)

Long Term FC Deposit	B1
Long Term YTL Deposit	A3
Short Term YTL Deposit	Prime-2
Short Term FC Deposit	NP
Long Term FC Deposit Outlook	Stable
Financial Strength Rate (FSR)	C-
FSR Outlook	Stable
Long Term National	Aaa.tr
Short Term National	TR-1

STANDARD AND POORS (January 2009*)

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

FITCH RATINGS (June 2008*)

Foreign Currency	
Long Term	BB
Short Term	B
Outlook	Stable
Individual	C
Support	4
Turkish Lira	
Long Term	BBB-
Short Term	F3
Outlook	Stable
National	
Outlook	Stable

CAPITAL INTELLIGENCE (December 2008*)

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

JCR EURASIA RATINGS (August 2008*)

Long Term International FC	BB+ (Stable)
Long Term International YTL	BBB (Stable)
Long Term National	AAA (Trk) (Stable)
Short Term International FC	B (Stable)
Short Term International YTL	A-3 (Stable)
Short Term National	A-1 (Trk) (Stable)
Support	1
Independency from Shareholders	A

(*) Latest dates in risk ratings or outlooks.

6.3 Dividends

At the annual general assembly dated 3 April 2008, it was decided to distribute the profit of 2007 as follows:

2007 PROFIT DISTRIBUTION TABLE	
2007 Net Profit	2,315,616
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(115,781)
Undistributable funds	(570,567)
B – First dividend at 5% of the Paid Capital	-
C – Extraordinary reserves at 5% after above deductions	-
D – Dividend to the owners of the Founder Shares	-
E – Extraordinary reserves	(1,629,268)
F – II. Legal reserve (Turkish Commercial Code 466/2)	-

7 Independent Auditors' Report

7.1 Disclosure on independent auditors' report

The Bank's unconsolidated financial statements as of 31 December 2008, have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International) and an unqualified opinion has been issued in their independent auditors' report dated 12 February 2009.

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