

*(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 2010**

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

DRT Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ  
10 February 2011

*This report contains "Independent Auditors' Report"  
comprising 2 pages and;"Unconsolidated Financial  
Statements and Related Disclosures and  
Footnotes" comprising 87 pages.*

To the Board of Directors of  
Türkiye Garanti Bankası AŞ  
İstanbul

## TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

### INDEPENDENT AUDITOR'S REPORT FOR THE YEAR 1 JANUARY 2010 – 31 DECEMBER 2010

We have audited the accompanying balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 31 December 2010 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Management's Responsibility for the Financial Statements**

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "The Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Basis For Qualified Opinion**

As of the balance sheet date, the accompanying financial statements include a general reserve amounting to TL 330,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions, and all of this reserve amount was charged to the income statement as expense in the previous period.

## **Independent Auditor's Opinion**

In our opinion, except for the effect of the matter described in the fourth paragraph on the financial statements, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

## **Other Matters**

The financial statements of the Bank as of and for the year ended 31 December 2009 were audited by another auditor. The other independent auditor expressed a qualified opinion in their audit report dated 11 February 2010 for the financial statements as of 31 December 2009, stating that the financial statements included a general reserve amounting to TL 330,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which might arise from any changes in the economy or market conditions, and all of this reserve amount had been charged to the income statement as expense in that period.

## **Additional paragraph for English translation**

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

**DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK AŞ**

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç  
Partner

Istanbul, February 10, 2011

**Türkiye Garanti Bankası Anonim Şirketi**  
**Unconsolidated Financial Report**  
**as of and for the Year Ended 31 December 2010**

Levent Nispetiye Mah.Aytar Cad.  
No:2 Beşiktaş 34340 Istanbul  
Telephone: 212 318 18 18  
Fax: 212 216 64 22  
[www.garanti.com.tr](http://www.garanti.com.tr)  
[investorrelations@garanti.com.tr](mailto:investorrelations@garanti.com.tr)

The Unconsolidated Financial Report for the year-end prepared in accordance with the communiqué 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 Turkish Lira (TL).

**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

**SECTION ONE**

## General Information

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

**SECTION TWO**

## Unconsolidated Financial Statements

I.	Balance sheet - Assets	4
II.	Balance sheet - Liabilities	5
III.	Off-balance sheet items	6
IV.	Income statement	7
V.	Statement of income/expense items accounted under shareholders' equity	8
VI.	Statement of changes in shareholders' equity	9
VII.	Statement of cash flows	10
VIII.	Statement of profit distribution	11

**SECTION THREE**

## Accounting Policies

I.	Basis of presentation	12
II.	Strategy for use of financial instruments and foreign currency transactions	12
III.	Investments in associates and subsidiaries	13
IV.	Forwards, options and other derivative transactions	13
V.	Interest income and expenses	14
VI.	Fees and commissions	14
VII.	Financial assets	14
VIII.	Impairment of financial assets	15
IX.	Netting of financial instruments	15
X.	Repurchase and resale agreements and securities lending	15
XI.	Assets held for sale and discontinued operations	16
XII.	Goodwill and other intangible assets	16
XIII.	Tangible assets	16
XIV.	Leasing activities	17
XV.	Provisions and contingent liabilities	17
XVI.	Contingent assets	17
XVII.	Liabilities for employee benefits	18
XVIII.	Taxation	19
XIX.	Funds borrowed	21
XX.	Shares and share issuances	21
XXI.	Confirmed bills of exchange and acceptances	21
XXII.	Government incentives	21
XXIII.	Segment reporting	22
XXIV.	Other disclosures	23

**SECTION FOUR**

## Financial Position and Results of Operations

I.	Capital adequacy ratio	24
II.	Credit risk	27
III.	Market risk	31
IV.	Operational risk	32
V.	Currency risk	32
VI.	Interest rate risk	35
VII.	Liquidity risk	39
VIII.	Fair values of financial assets and liabilities	42
IX.	Transactions carried out on behalf of customers, items held in trust	42

**SECTION FIVE**

## Disclosures and Footnotes on Unconsolidated Financial Statements

I.	Assets	43
II.	Liabilities	60
III.	Off-balance sheet items	69
IV.	Income statement	73
V.	Statement of changes in shareholders' equity	78
VI.	Statement of cash flows	79
VII.	Related party risks	81
VIII.	Domestic, foreign and off-shore branches or investments and foreign representative offices	83
IX.	Significant events and matters arising subsequent to balance sheet date	84

**SECTION SIX**

## Other Disclosures and Footnotes

I.	Other disclosures on activities of the bank	85
----	---	----

**SECTION SEVEN**

## Independent Auditors' Report

I.	Disclosures on independent auditors' report	87
II.	Disclosures and footnotes prepared by independent accountants	87

## **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 853 domestic branches, six 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 2010, 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.

GE Araştırma ve Müşavirlik Limited Şti has sold 9,765,000,000 shares of Türkiye Garanti Bankası AŞ at a nominal value of TL 97,650 each to Doğuş Holding AŞ, representing 4.65% of the issued share capital of Türkiye Garanti Bankası AŞ on 27 December 2007.

Number of shares representing 20.85% ownership of GE Araştırma ve Müşavirlik Limited Şti increased to 87,571,249,898 subsequent to the capital increase through issuance of bonus shares. The company sold 83,371,249,899 shares at a total nominal value of TL 833,712 thousands representing 19.85% ownership in Türkiye Garanti Bankası AŞ, to GE Capital Corporation on 29 December 2010.

#### **Doğuş Group**

The Doğuş Group that was established in 1951 initially for investments in construction sector, operates in seven sectors namely financial services, automotive, construction, real estate, tourism, media and energy with more than 70 companies and over 29 thousand employees.

The major worldwide joint ventures of the Group are; GE in finance and real estate, Volkswagen AG and TÜVSÜD in automotive, French Alstom and Japan Marubeni in construction, CNBC in media and Starwood Hotels & Resorts, Worldwide Inc., HMS International Hotel GmbH (Maritim) and Aldania GmbH in tourism.

The major investments of the Group in financial sector are; Türkiye Garanti Bankası AŞ, Garanti Bank International NV, Garanti Bank Moscow, Garanti Finansal Kiralama AŞ, Garanti Faktoring Hizmetleri AŞ, Garanti Yatırım Menkul Kıymetler AŞ, Garanti Portföy Yönetimi AŞ, Garanti Emeklilik ve Hayat AŞ, Eureko Sigorta 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 four major business lines providing services through their own business units with more than 300 thousand employees.

These four business lines are;

GE Technology Infrastructure, GE Energy Infrastructure, GE Capital Finance and NBC Universal

GE Global Banking that operates under GE Capital Finance, one of GE's major business lines extends loans to consumers, retailers and car vendors in 26 countries. GE Global Banking provides variety of financial products to customers such as store credit cards, consumer loans, bank cards, automobile loans and leasing, mortgage, corporate traveling and spending cards and debt consolidation.

### 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	20 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	28 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	22 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	36 years
Denis Arthur Hall	Member	08.10.2008	College	26 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	University	33 years
Dmitri Lysander Stockton	Member	22.12.2005	University	19 years
Xavier Pascal Durand	Member	02.04.2009	Master	10 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	23 years

#### CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	23 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	32 years
Afzal Mohammed Modak	EVP-Finance and Accounting	20.07.2007	Master	25 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	18 years
Ali Temel	EVP-Loans	21.10.1999	University	20 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	16 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	28 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	25 years
Uruz Ersözöglü	EVP-Treasury	05.04.2006	University	19 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	18 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	25 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	29 years
Zekeriya Öztürk	EVP- International Business Development	06.03.2006	Master	15 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	16 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	16 years

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

#### 1.4 Information on the bank's qualified shareholders

Name / Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	1,121,504	26.7025%	1,121,504	-
GE Capital Corporation	833,712	19.8503%	833,712	-
GE Araştırma ve Müşavirlik Limited Şti	42,000	1.0000%	42,000	-

On 23 December 2009, Doğuş Holding AŞ acquired 1,703,451 shares of the Bank at a total face value of TL 1,703 thousands from Doğuş Nakliyat ve Ticaret AŞ.

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 TL 3,876 thousands each in accordance with the report prepared by the court expert and approved by the Istanbul 5<sup>th</sup> Commercial Court of First Instance. A total payment of TL 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.

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 (Statement of Financial Position) At 31 December 2010

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2010			PRIOR PERIOD 31 December 2009		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	(5.1.1)	3.162.714	4.347.318	7.510.032	3.848.995	3.016.978	6.865.973
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	763.702	216.213	979.915	784.350	130.442	914.792
2.1 Financial assets held for trading		763.702	216.213	979.915	784.350	130.442	914.792
2.1.1 Government securities		556.878	15.929	572.807	317.533	14.312	331.845
2.1.2 Equity securities		6.993	-	6.993	1.108	-	1.108
2.1.3 Derivative financial assets held for trading		191.829	200.284	392.113	456.737	116.130	572.867
2.1.4 Other securities		8.002	-	8.002	8.972	-	8.972
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 Loans		-	-	-	-	-	-
2.2.4 Other securities		-	-	-	-	-	-
<b>III. BANKS</b>	(5.1.3)	2.500.227	5.820.958	8.321.185	2.518.057	5.816.281	8.334.338
<b>IV. INTERBANK MONEY MARKETS</b>		-	-	-	1.000.180	-	1.000.180
4.1 Interbank money market placements		-	-	-	1.000.180	-	1.000.180
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>	(5.1.4)	29.851.339	2.484.871	32.336.210	25.218.752	2.876.281	28.095.033
5.1 Equity securities		60.131	68.602	128.733	54.356	78.066	132.422
5.2 Government securities		28.743.514	964.406	29.707.920	24.952.926	1.049.312	26.002.238
5.3 Other securities		1.047.694	1.451.863	2.499.557	211.470	1.748.903	1.960.373
<b>VI. LOANS</b>	(5.1.5)	37.297.159	27.530.151	64.827.310	28.582.799	21.149.896	49.732.695
6.1 Performing loans		36.945.599	27.530.151	64.475.750	28.158.157	21.149.896	49.308.053
6.1.1 Loans to bank's risk group	(5.7)	105.221	1.319.974	1.425.195	254.147	297.777	551.924
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		36.840.378	26.210.177	63.050.555	27.904.010	20.852.119	48.756.129
6.2 Loans under follow-up		1.939.109	-	1.939.109	2.237.105	-	2.237.105
6.3 Specific provisions (-)		1.587.549	-	1.587.549	1.812.463	-	1.812.463
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>	(5.1.6)	4.580.741	1.313.190	5.893.931	5.960.353	1.385.808	7.346.161
8.1 Government securities		4.576.594	1.313.190	5.889.784	5.960.353	1.385.808	7.346.161
8.2 Other securities		4.147	-	4.147	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	29.512	-	29.512	29.705	-	29.705
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		29.512	-	29.512	29.705	-	29.705
9.2.1 Financial investments in associates		27.798	-	27.798	27.991	-	27.991
9.2.2 Non-financial investments in associates		1.714	-	1.714	1.714	-	1.714
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	292.722	1.362.412	1.655.134	284.458	718.802	1.003.260
10.1 Unconsolidated financial investments in subsidiaries		275.324	1.362.412	1.637.736	270.155	718.802	988.957
10.2 Unconsolidated non-financial investments in subsidiaries		17.398	-	17.398	14.303	-	14.303
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>	(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		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	(5.1.10)	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>	(5.1.11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.12)	1.200.888	425	1.201.313	1.141.266	1.326	1.142.592
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	30.527	-	30.527	20.626	-	20.626
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		30.527	-	30.527	20.626	-	20.626
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>		106.515	-	106.515	22.439	-	22.439
17.1 Current tax asset		-	-	-	3.903	-	3.903
17.2 Deferred tax asset	(5.1.15)	106.515	-	106.515	18.536	-	18.536
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	98.056	-	98.056	81.150	-	81.150
18.1 Assets held for sale		98.056	-	98.056	81.150	-	81.150
18.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.17)	928.019	45.773	973.792	832.352	40.758	873.110
<b>TOTAL ASSETS</b>		<b>80.842.121</b>	<b>43.121.311</b>	<b>123.963.432</b>	<b>70.325.482</b>	<b>35.136.572</b>	<b>105.462.054</b>

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 (Statement of Financial Position)**  
**At 31 December 2010**

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2010			PRIOR PERIOD 31 December 2009		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.2.1)	<b>44.000.765</b>	<b>28.657.654</b>	<b>72.658.419</b>	<b>36.093.812</b>	<b>26.714.233</b>	<b>62.808.045</b>
1.1 Deposits from bank's risk group	(5.7)	522.780	645.512	1.168.292	467.020	448.044	915.064
1.2 Others		43.477.985	28.012.142	71.490.127	35.626.792	26.266.189	61.892.981
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.2.2)	<b>243.549</b>	<b>217.994</b>	<b>461.543</b>	<b>111.538</b>	<b>117.246</b>	<b>228.784</b>
<b>III. FUNDS BORROWED</b>	(5.2.3)	<b>5.113.873</b>	<b>11.519.439</b>	<b>16.633.312</b>	<b>3.190.609</b>	<b>9.816.865</b>	<b>13.007.474</b>
<b>IV. INTERBANK MONEY MARKETS</b>		<b>10.370.745</b>	<b>883.398</b>	<b>11.254.143</b>	<b>10.377.251</b>	<b>157.453</b>	<b>10.534.704</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		33.506	-	33.506	-	-	-
4.3 Obligations under repurchase agreements	(5.2.4)	10.337.239	883.398	11.220.637	10.377.251	157.453	10.534.704
<b>V. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>2.914.888</b>	<b>27.685</b>	<b>2.942.573</b>	<b>2.339.620</b>	<b>20.730</b>	<b>2.360.350</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>		<b>766.328</b>	<b>253.286</b>	<b>1.019.614</b>	<b>707.043</b>	<b>223.933</b>	<b>930.976</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.2.5)	<b>246</b>	<b>111</b>	<b>357</b>	<b>914</b>	<b>3.264</b>	<b>4.178</b>
10.1 Financial lease payables		265	116	381	984	3.548	4.532
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		19	5	24	70	284	354
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	(5.2.6)	-	<b>2.347</b>	<b>2.347</b>	-	<b>3.464</b>	<b>3.464</b>
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	2.347	2.347	-	3.464	3.464
11.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.2.7)	<b>1.275.606</b>	<b>31.297</b>	<b>1.306.903</b>	<b>1.009.841</b>	<b>32.725</b>	<b>1.042.566</b>
12.1 General provisions		593.530	28.735	622.265	407.179	30.155	437.334
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		232.163	-	232.163	165.367	-	165.367
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		449.913	2.562	452.475	437.295	2.570	439.865
<b>XIII. TAX LIABILITY</b>	(5.2.8)	<b>324.821</b>	<b>158</b>	<b>324.979</b>	<b>351.317</b>	<b>151</b>	<b>351.468</b>
13.1 Current tax liability		324.821	158	324.979	351.317	151	351.468
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.2.9)	-	-	-	-	-	-
14.1 Assets held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	(5.2.10)	-	<b>884.726</b>	<b>884.726</b>	-	<b>874.358</b>	<b>874.358</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.2.11)	<b>16.041.837</b>	<b>432.679</b>	<b>16.474.516</b>	<b>13.007.477</b>	<b>308.210</b>	<b>13.315.687</b>
16.1 Paid-in capital		4.200.000	-	4.200.000	4.200.000	-	4.200.000
16.2 Capital reserves		2.877.281	416.896	3.294.177	2.635.113	295.299	2.930.412
16.2.1 Share premium		11.880	-	11.880	11.880	-	11.880
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		1.555.432	418.378	1.973.810	1.313.680	297.466	1.611.146
16.2.4 Revaluation surplus on tangible assets		598.187	-	598.187	598.194	-	598.194
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)		(63.225)	(1.482)	(64.707)	(63.648)	(2.167)	(65.815)
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		5.819.323	15.783	5.835.106	3.210.123	12.911	3.223.034
16.3.1 Legal reserves		524.173	4.283	528.456	362.398	4.634	367.032
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		5.294.076	-	5.294.076	2.847.764	-	2.847.764
16.3.4 Other profit reserves		1.074	11.500	12.574	(39)	8.277	8.238
16.4 Profit or loss		3.145.233	-	3.145.233	2.962.241	-	2.962.241
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		3.145.233	-	3.145.233	2.962.241	-	2.962.241
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>81.052.658</b>	<b>42.910.774</b>	<b>123.963.432</b>	<b>67.189.422</b>	<b>38.272.632</b>	<b>105.462.054</b>

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

## Türkiye Garanti Bankası Anonim Şirketi

### Off-Balance Sheet Items

At 31 December 2010

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2010			31 December 2009		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>40.214.279</b>	<b>56.056.490</b>	<b>96.270.769</b>	<b>31.164.658</b>	<b>45.427.130</b>	<b>76.591.788</b>
<b>I. GUARANTEES AND SURETIES</b>	(5.3.1)	<b>4.958.877</b>	<b>10.730.903</b>	<b>15.689.780</b>	<b>4.513.990</b>	<b>10.169.309</b>	<b>14.683.299</b>
1.1. Letters of guarantee		4.951.277	7.155.138	12.106.865	4.513.454	7.451.475	11.964.929
1.1.1. Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees given for foreign trade operations		350.400	272.075	622.475	331.518	335.464	666.982
1.1.3. Other letters of guarantee		4.601.327	6.883.063	11.484.390	4.181.936	7.116.011	11.297.947
1.2. Bank acceptances		-	164.105	164.105	514	125.327	125.841
1.2.1. Import letter of acceptance		-	164.105	164.105	514	124.968	125.482
1.2.2. Other bank acceptances		-	-	-	-	359	359
1.3. Letters of credit		7.150	3.354.914	3.362.064	22	2.592.507	2.592.529
1.3.1. Documentary letters of credit		-	-	-	-	4	4
1.3.2. Other letters of credit		7.150	3.354.914	3.362.064	22	2.592.503	2.592.525
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		-	56.746	56.746	-	-	-
1.9. Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.3.1)	<b>20.106.498</b>	<b>5.485.168</b>	<b>25.591.666</b>	<b>15.449.634</b>	<b>4.255.825</b>	<b>19.705.459</b>
2.1. Irrevocable commitments		20.106.498	5.484.511	25.591.005	15.449.634	4.255.179	19.704.813
2.1.1. Asset purchase and sale commitments		395.731	1.393.682	1.789.413	270.190	1.170.188	1.440.378
2.1.2. Deposit purchase and sale commitments		-	24.450	24.450	46.000	1.736	47.736
2.1.3. Share capital commitments to associates and subsidiaries		2.000	9.373	11.373	2.250	10.136	12.386
2.1.4. Loan granting commitments		4.045.824	2.879.006	6.924.830	3.270.340	1.694.866	4.965.209
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1.910.095	-	1.910.095	1.513.300	-	1.513.300
2.1.8. Tax and fund obligations on export commitments		21.447	-	21.447	25.746	-	25.746
2.1.9. Commitments for credit card limits		12.467.191	-	12.467.191	9.057.598	-	9.057.598
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	1.178.000	2.442.210	1.264.210	1.378.250	2.642.460
2.2. Revocable commitments		-	657	657	-	646	646
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	657	657	-	646	646
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.3.2)	<b>15.148.904</b>	<b>39.840.419</b>	<b>54.989.323</b>	<b>11.201.034</b>	<b>31.001.996</b>	<b>42.203.030</b>
3.1. Derivative financial instruments held for risk management		-	167.200	167.200	-	245.850	245.850
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	167.200	167.200	-	245.850	245.850
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		15.148.904	39.673.219	54.822.123	11.201.034	30.756.146	41.957.180
3.2.1. Forward foreign currency purchases/sales		1.947.971	3.827.378	5.775.350	1.927.085	2.992.507	4.919.592
3.2.1.1. Forward foreign currency purchases		622.702	2.280.152	2.902.854	716.991	1.761.347	2.478.338
3.2.1.2. Forward foreign currency sales		1.325.269	1.547.227	2.872.496	1.210.094	1.231.160	2.441.254
3.2.2. Currency and interest rate swaps		8.242.884	24.906.206	33.149.090	5.776.756	18.227.184	24.003.942
3.2.2.1. Currency swaps-purchases		5.919.370	5.014.155	10.933.525	2.588.879	4.718.074	7.306.953
3.2.2.2. Currency swaps-sales		2.196.114	8.884.697	11.080.811	3.187.877	3.965.784	7.153.661
3.2.2.3. Interest rate swaps-purchases		63.700	5.502.918	5.566.618	-	4.771.663	4.771.663
3.2.2.4. Interest rate swaps-sales		63.700	5.504.436	5.568.136	-	4.771.663	4.771.663
3.2.3. Currency, interest rate and security options		4.841.892	9.579.515	14.421.407	3.469.504	8.863.465	12.332.969
3.2.3.1. Currency call options		1.861.152	3.378.725	5.239.881	1.211.007	3.047.363	4.258.370
3.2.3.2. Currency put options		2.465.329	2.834.386	5.299.715	2.234.906	2.294.698	4.529.604
3.2.3.3. Interest rate call options		-	1.630.000	1.630.000	-	1.810.844	1.810.844
3.2.3.4. Interest rate put options		-	1.630.000	1.630.000	-	1.710.560	1.710.560
3.2.3.5. Security call options		115.016	106.400	221.416	18.368	-	18.368
3.2.3.6. Security put options		400.395	-	400.395	5.223	-	5.223
3.2.4. Currency futures		14.359	28.681	43.040	24.689	24.715	49.404
3.2.4.1. Currency futures-purchases		2.066	13.270	15.336	-	4.704	4.704
3.2.4.2. Currency futures-sales		12.293	15.411	27.704	24.689	20.011	44.700
3.2.5. Interest rate futures		-	91.200	91.200	-	32.184	32.184
3.2.5.1. Interest rate futures-purchases		-	91.200	91.200	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	32.184	32.184
3.2.6. Others		101.798	1.240.238	1.342.036	3.000	616.091	619.091
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>264.998.067</b>	<b>150.809.364</b>	<b>415.807.431</b>	<b>185.131.605</b>	<b>131.521.185</b>	<b>316.652.790</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>79.388.862</b>	<b>14.996.078</b>	<b>94.384.940</b>	<b>45.183.674</b>	<b>15.367.633</b>	<b>60.551.307</b>
4.1. Customers' securities held		57.239.310	1.000	57.240.310	23.873.575	1.133	23.874.708
4.2. Investment securities held in custody		14.621.951	3.934.713	18.556.664	14.546.869	4.662.027	19.208.896
4.3. Checks received for collection		5.181.861	922.581	6.104.442	4.762.507	822.559	5.585.066
4.4. Commercial notes received for collection		2.291.385	1.737.683	4.029.068	1.955.218	1.791.447	3.746.665
4.5. Other assets received for collection		30.771	7.895.502	7.926.273	21.265	7.683.438	7.704.703
4.6. Assets received through public offering		-	37.530	37.530	-	34.412	34.412
4.7. Other items under custody		23.584	467.069	490.653	24.240	372.617	396.857
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>185.609.205</b>	<b>135.813.286</b>	<b>321.422.491</b>	<b>139.947.931</b>	<b>116.153.552</b>	<b>256.101.483</b>
5.1. Securities		1.379.977	102.120	1.482.097	548.240	257	548.497
5.2. Guarantee notes		26.249.041	7.740.382	33.989.423	20.386.072	7.192.615	27.578.687
5.3. Commodities		-	-	-	-	-	-
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		36.472.372	38.791.780	75.264.152	26.911.048	34.618.660	61.529.708
5.6. Other pledged items		121.507.645	89.178.557	210.686.202	92.102.401	74.341.580	166.443.981
5.7. Pledged items-depository		170	447	617	170	440	610
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>305.212.346</b>	<b>206.865.854</b>	<b>512.078.200</b>	<b>216.296.263</b>	<b>176.948.315</b>	<b>393.244.578</b>

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**  
**Income Statement**  
**For the Twelve-Month Period Ended 31 December 2010**

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2010- 31 December 2010	CURRENT PERIOD 1 January 2009- 31 December 2009
<b>I. INTEREST INCOME</b>	(5.4.1)	<b>9.499.876</b>	<b>10.441.368</b>
1.1 Interest income on loans		5.308.907	6.003.840
1.2 Interest income on reserve deposits		87.246	148.186
1.3 Interest income on banks		224.527	220.269
1.4 Interest income on money market transactions		3.375	3.182
1.5 Interest income on securities portfolio		3.742.070	3.917.937
1.5.1 Trading financial assets		49.782	18.151
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		2.856.777	2.897.216
1.5.4 Investments held-to-maturity		835.511	1.002.570
1.6 Financial lease income		-	-
1.7 Other interest income		133.751	147.954
<b>II. INTEREST EXPENSE</b>	(5.4.2)	<b>4.745.136</b>	<b>5.361.386</b>
2.1 Interest on deposits		3.598.786	3.936.377
2.2 Interest on funds borrowed		729.366	668.499
2.3 Interest on money market transactions		411.219	752.660
2.4 Interest on securities issued		-	-
2.5 Other interest expenses		5.765	3.850
<b>III. NET INTEREST INCOME (I - II)</b>		<b>4.754.740</b>	<b>5.079.982</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>1.815.536</b>	<b>1.771.914</b>
4.1 Fees and commissions received		2.117.544	2.088.234
4.1.1 Non-cash loans		151.437	161.167
4.1.2 Others		1.966.107	1.927.067
4.2 Fees and commissions paid		302.008	316.320
4.2.1 Non-cash loans		750	808
4.2.2 Others		301.258	315.512
<b>V. DIVIDEND INCOME</b>	(5.4.3)	<b>5.290</b>	<b>78.937</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	(5.4.4)	<b>363.925</b>	<b>880.698</b>
6.1 Trading account income/losses		202.344	361.107
6.2 Income/losses from derivative financial instruments		123.967	379.039
6.3 Foreign exchange gains/losses		37.614	140.552
<b>VII. OTHER OPERATING INCOME</b>	(5.4.5)	<b>637.989</b>	<b>279.252</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>7.577.480</b>	<b>8.090.783</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.4.6)	<b>584.297</b>	<b>1.612.814</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.4.7)	<b>3.040.830</b>	<b>2.699.441</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>3.952.353</b>	<b>3.778.528</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>		-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	(5.4.8)	<b>3.952.353</b>	<b>3.778.528</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	(5.4.9)	<b>807.120</b>	<b>816.287</b>
16.1 Current tax charge		973.542	817.616
16.2 Deferred tax charge/(credit)		(166.422)	(1.329)
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	(5.4.10)	<b>3.145.233</b>	<b>2.962.241</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3 Others		-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3 Others		-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>	(5.4.8)	-	-
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	(5.4.9)	-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge/(credit)		-	-
<b>XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)</b>	(5.4.10)	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(5.4.11)	<b>3.145.233</b>	<b>2.962.241</b>
Earnings per Share		0,749	0,705

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

# Türkiye Garanti Bankası Anonim Şirketi

## Statement of Income/Expense Items Accounted for under Shareholders' Equity

For the Twelve-Month Period Ended 31 December 2010

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2010- 31 December 2010	PRIOR PERIOD 1 January 2009- 31 December 2009
<b>I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	<b>329.578</b>	<b>1.379.598</b>
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	-	-
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	-	-
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>(169)</b>	<b>196</b>
<b>V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	<b>856</b>	<b>(66.849)</b>
<b>VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	<b>528</b>	<b>9.583</b>
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	-	-
<b>VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>90.038</b>	<b>98.527</b>
<b>IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	<b>(57.235)</b>	<b>(261.683)</b>
<b>X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	<b>363.596</b>	<b>1.159.372</b>
<b>XI. CURRENT PERIOD PROFIT/LOSSES</b>	<b>3.145.233</b>	<b>2.962.241</b>
1.1 Net changes in fair value of securities (transferred to income statement)	179.765	109.738
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	2.965.468	2.852.503
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	<b>3.508.829</b>	<b>4.121.613</b>

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

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Changes in Shareholders' Equity**  
**For the Twelve-Month Period Ended 31 December 2010**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
		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
<b>PRIOR PERIOD</b> (1 January - 31 December 2009)																	
I. Balances at beginning of the period		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
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)	(5.5)	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
Changes during the period																	
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	1.218.629	-	-	-	-	1.218.629
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	(59.453)	-	-	(59.453)
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	(67.119)	-	-	(67.119)
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	7.666	-	-	7.666
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	115	-	-	81	-	-	-	-	-	-	-	196
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		-	-	-	-	-	-	-	-	2.962.241	-	-	-	-	-	-	2.962.241
XX. Profit distribution		-	-	-	-	94.024	-	1.377.040	3.320	-	(1.750.488)	-	1.104	-	-	-	(275.000)
20.1. Dividends		-	-	-	-	6.500	-	(281.500)	-	-	-	-	-	-	-	-	(275.000)
20.2. Transfers to reserves		-	-	-	-	87.524	-	1.658.540	-	-	(1.746.064)	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	3.320	-	(4.424)	-	1.104	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4.200.000	772.554	11.880	-	367.032	-	2.847.764	8.238	2.962.241	-	1.611.146	598.194	2.453	(65.815)	-	13.315.687
<b>CURRENT PERIOD</b> (1 January - 31 December 2010)																	
I. Balances at beginning of the period	(5.5)	4.200.000	772.554	11.880	-	367.032	-	2.847.764	8.238	-	2.962.241	1.611.146	598.194	2.453	(65.815)	-	13.315.687
Changes during the period																	
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	362.664	-	-	-	-	362.664
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	1.108	-	-	1.108
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	685	-	-	685
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	423	-	-	423
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	(688)	-	-	519	-	-	-	-	-	-	-	(169)
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	(7)	-	-	-	(7)
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	3.145.233	-	-	-	-	-	-	3.145.233
XVIII. Profit distribution		-	-	-	-	162.112	-	2.446.312	3.817	-	(2.962.241)	-	-	-	-	-	(350.000)
18.1. Dividends		-	-	-	-	-	-	-	-	-	(350.000)	-	-	-	-	-	(350.000)
18.2. Transfers to reserves		-	-	-	-	162.112	-	2.446.312	-	-	(2.608.424)	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	3.817	-	(3.817)	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4.200.000	772.554	11.880	-	528.456	-	5.294.076	12.574	3.145.233	-	1.973.810	598.187	2.453	(64.707)	-	16.474.516

*(Convenience Translation of Financial Statements Originally Issued in Turkish)*

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Cash Flows**  
**For the Twelve-Month Period Ended 31 December 2010**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2010- 31 December 2010	PRIOR PERIOD 1 January 2009- 31 December 2009
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>3.938.627</b>	<b>3.755.718</b>
1.1.1 Interests received		9.122.411	10.657.486
1.1.2 Interests paid		(4.645.569)	(5.478.564)
1.1.3 Dividend received		5.290	78.937
1.1.4 Fees and commissions received		2.264.719	2.271.798
1.1.5 Other income		801.354	393.571
1.1.6 Collections from previously written-off loans and other receivable:		54.748	39.016
1.1.7 Payments to personnel and service suppliers		(2.489.338)	(2.076.921)
1.1.8 Taxes paid		(872.174)	(1.035.411)
1.1.9 Others	(5.6)	(302.814)	(1.094.194)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(2.948.155)</b>	<b>7.708.099</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(241.547)	(309.542)
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		(1.494.614)	(2.814.808)
1.2.4 Net (increase) decrease in loans		(15.296.891)	(388.822)
1.2.5 Net (increase) decrease in other assets		(298.915)	1.062.576
1.2.6 Net increase (decrease) in bank deposits		80.585	665.402
1.2.7 Net increase (decrease) in other deposits		9.687.218	9.552.211
1.2.8 Net increase (decrease) in funds borrowed		3.617.131	2.296.389
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	998.878	(2.355.307)
<b>I. Net cash flow from banking operations</b>		<b>990.472</b>	<b>11.463.817</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>(2.635.108)</b>	<b>(8.008.898)</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(553.497)	(2.655)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		5.568	-
2.3 Purchases of tangible assets		(300.936)	(297.743)
2.4 Sales of tangible assets		63.239	25.378
2.5 Cash paid for purchase of financial assets available-for-sale		(18.597.566)	(17.790.579)
2.6 Cash obtained from sale of financial assets available-for-sale		15.213.763	9.869.206
2.7 Cash paid for purchase of investments held-to-maturity		(4.143)	(927.839)
2.8 Cash obtained from sale of investments held-to-maturity		1.538.464	1.115.334
2.9 Others	(5.6)	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(354.922)</b>	<b>(307.799)</b>
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(350.000)	(275.000)
3.5 Payments for financial leases		(4.922)	(32.799)
3.6 Others (payments for founder shares repurchased)	(5.6)	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(5.6)	<b>64.049</b>	<b>(48.103)</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>		<b>(1.935.509)</b>	<b>3.099.017</b>
<b>VI. Cash and cash equivalents at beginning of period</b>		<b>8.130.742</b>	<b>5.031.725</b>
<b>VII. Cash and cash equivalents at end of period</b>		<b>6.195.233</b>	<b>8.130.742</b>

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

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Profit Distribution**  
**At 31 December 2010**

STATEMENT OF PROFIT DISTRIBUTION		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (*)	PRIOR PERIOD
		31 December 2010	31 December 2009
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1	CURRENT PERIOD PROFIT	3.952.353	3.778.528
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	807.120	816.287
1.2.1	Corporate tax (income tax)	807.120	816.287
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	-	-
<b>A.</b>	<b>NET PROFIT FOR THE PERIOD (1.1-1.2)</b>	<b>3.145.233</b>	<b>2.962.241</b>
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	157.262	148.112
1.5	OTHER STATUTORY RESERVES (-)	3.507	3.817
<b>B.</b>	<b>NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	<b>2.984.464</b>	<b>2.810.312</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	210.000
1.6.1	To owners of ordinary shares	-	210.000
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 (-)	-	140.000
1.9.1	To owners of ordinary shares	-	140.000
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 (-)	-	14.000
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	2.446.312
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>		
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 (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE (per YTL'000 face value each)</b>		
3.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	749	705
3.2	TO OWNERS OF ORDINARY SHARES (%)	75	71
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
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 the 2010 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 financial assets at fair value through profit or loss, financial assets available for sale, investments in associates and subsidiaries that are quoted on the stock exchanges and that are in foreign currencies 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 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, 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.

The Bank had applied net investment hedge accounting for the exchange rate differences on the net investment risks on its foreign affiliates and its related financial liabilities in foreign currencies in the previous periods. The Bank prospectively discontinued this application as of 1 January 2009 within the framework of TFRIC 16 – Comment on Hedges of a Net Investment in a Foreign Operation, published in the Official Gazette dated 8 January 2009, no. 27104. The Bank started to apply fair value hedge accounting as at 1 January 2009 by designating the exchange rate risk of these foreign investments that are recognized under fair value accounting as hedged item, in compliance with “TAS 39 *Financial Instruments: Recognition and Measurement*”. Accordingly, the effective portion of the foreign exchange differences is recorded under income statement in the current period.

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

### **3.4 Forwards, options and other derivative transactions**

The derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts. There are no embedded derivatives.

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

The real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates 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 costs 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 for 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 marketed 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 other intangible assets.

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. The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

Estimated useful lives of the Bank’s intangible assets are 3-15 years, and amortisation rates are 6.67-33.3%.

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 provided.

### **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 provided.

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:

<b>Tangible assets</b>	<b>Estimated useful lives (years)</b>	<b>Depreciation Rates (%) from 1 January 2009</b>	<b>Depreciation Rates (%) from 1 January 2005</b>	<b>Depreciation Rates (%) before 1 January 2005</b>
Buildings	50	2	4	2
Vaults	20-50	2-20	4-40	2-20
Motor vehicles	5-7	15-20	30-40	15-20
Other tangible assets	4-20	5-25	10-50	5-25

In prior periods, the tangible assets are depreciated over their estimated useful lives based on their inflation adjusted costs on a straight-line basis. The tangible assets purchased since 1 January 2005 are depreciated based on the declining balance method which is one of the accelerated depreciation methods. The straight-line depreciation method is in use for the tangible assets purchased since 1 January 2009.

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 2010	31 December 2009
Discount rate	4.66%	5.92%
Interest rate	10.00%	11.00%
Expected rate of salary/limit increase	5.10%	4.80%
Estimated employee turnover rate	7.25%	6.70%

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. These contributions are as follows:

	31 December 2010	
	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 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 on 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 on 17 April 2008, and enacted on 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 Saving Deposits Insurance Fund, 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 the three-year period starting from 1 January 2008.

On 19 June 2008, Cumhuriyet Halk Partisi (“CHP”) applied to the Constitutional Court for the cancellation of various articles of the Law including 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 decisions no.2009/14593 and no.2009/14594 of the Council of Ministers published in the Official Gazette no.27130 dated 3 February 2009, 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 25<sup>th</sup> 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 and 15% income 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 twelve 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 subject 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 of 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 subject to a 21% corporate tax. 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 to unemployment insurance fund. The municipality commerce tax, which is currently 7.5% of the taxable income, is also paid every year. 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 whenever required. The funds borrowed from foreign sources are mainly in the form of syndications and securitizations. The funds borrowed 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 2010, the Bank does not have any government incentives or grants.

### **3.23 Segment reporting**

The Bank operates in corporate, commercial, retail and investment banking business lines. 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:**

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	3,030,119	2,471,188	1,897,592	173,291	7,572,190
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>3,030,119</b>	<b>2,471,188</b>	<b>1,897,592</b>	<b>173,291</b>	<b>7,572,190</b>
Net Operating Profit	1,034,432	1,235,041	1,814,874	(137,284)	3,947,063
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	5,290	5,290
<b>Net Operating Profit</b>	<b>1,034,432</b>	<b>1,235,041</b>	<b>1,814,874</b>	<b>(131,994)</b>	<b>3,952,353</b>
Provision for Taxes	-	-	-	807,120	807,120
<b>Net Profit</b>	<b>1,034,432</b>	<b>1,235,041</b>	<b>1,814,874</b>	<b>(939,114)</b>	<b>3,145,233</b>
					-
Segment Assets	21,610,482	43,216,828	54,096,048	3,355,428	122,278,786
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	1,684,646	1,684,646
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>21,610,482</b>	<b>43,216,828</b>	<b>54,096,048</b>	<b>5,040,074</b>	<b>123,963,432</b>
Segment Liabilities	43,312,701	30,282,003	31,745,974	2,148,238	107,488,916
Shareholders' Equity	-	-	-	16,474,516	16,474,516
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>43,312,701</b>	<b>30,282,003</b>	<b>31,745,974</b>	<b>18,622,754</b>	<b>123,963,432</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	226,281	226,281
Depreciation Expenses	102,322	54,045	3,837	6,427	166,631
Impairment Losses	252,070	296,021	1,776	37,356	587,223
Other Non-Cash Income/Expenses	(36,032)	(11,182)	127,686	(4,409)	76,063
Restructuring Costs	-	-	-	-	-

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	2,681,170	2,425,221	2,461,229	444,226	8,011,846
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>2,681,170</b>	<b>2,425,221</b>	<b>2,461,229</b>	<b>444,226</b>	<b>8,011,846</b>
Net Operating Profit	1,229,331	1,633,665	2,379,317	(1,542,722)	3,699,591
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	78,937	78,937
<b>Net Operating Profit</b>	<b>1,229,331</b>	<b>1,633,665</b>	<b>2,379,317</b>	<b>(1,463,785)</b>	<b>3,778,528</b>
Provision for Taxes	-	-	-	816,287	816,287
<b>Net Profit</b>	<b>1,229,331</b>	<b>1,633,665</b>	<b>2,379,317</b>	<b>(2,280,072)</b>	<b>2,962,241</b>
Segment Assets	16,937,989	32,794,707	51,676,386	3,020,007	104,429,089
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	1,032,965	1,032,965
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>16,937,989</b>	<b>32,794,707</b>	<b>51,676,386</b>	<b>4,052,972</b>	<b>105,462,054</b>
Segment Liabilities	36,742,265	26,367,015	27,062,023	1,975,064	92,146,367
Shareholders' Equity	-	-	-	13,315,687	13,315,687
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>36,742,265</b>	<b>26,367,015</b>	<b>27,062,023</b>	<b>15,290,751</b>	<b>105,462,054</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	264,560	264,560
Depreciation Expenses	101,691	52,480	3,982	13,714	171,867
Impairment Losses	861,957	361,700	703	397,202	1,621,562
Other Non-Cash Income/Expenses	(36,348)	(196,896)	1,425,632	17,003	1,209,391
Restructuring Costs	-	-	-	-	-

### 3.24 Other disclosures

None.

## **4 Financial position and results of operations**

### **4.1 Capital adequacy ratio**

The Bank's unconsolidated capital adequacy ratio is 19.62%.

#### **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%
<b>Value at Credit Risk</b>							
<b>Balance Sheet Items (Net)</b>	<b>20,869,668</b>	-	<b>2,859,617</b>	<b>16,492,464</b>	<b>49,500,025</b>	<b>493,769</b>	<b>17,082</b>
Cash on Hand	960,173	-	830	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	3,714,468	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	4,548,250	-	1,264,650	-	2,476,497	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	2,830,334	-	-	-	-	-	-
Loans	3,449,513	-	312,320	16,321,800	43,100,836	493,769	17,082
Loans under Follow-Up (Net)	-	-	-	-	351,560	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	4,580,893	-	997,866	-	4,143	-	-
Receivables from Term Sale of Assets	-	-	-	-	10,339	-	-
Miscellaneous Receivables	45,505	-	-	-	71,153	-	-
Accrued Interest and Income	332,202	-	6,147	170,664	634,550	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	-	1,671,536	-	-
Tangible Assets (Net)	-	-	-	-	1,120,483	-	-
Other Assets	408,330	-	277,804	-	58,928	-	-
<b>Off-Balance Sheet Items</b>	<b>1,767,384</b>	-	<b>1,569,069</b>	<b>870,715</b>	<b>12,230,076</b>	-	-
Non-Cash Loans and Commitments	1,767,384	-	886,104	870,715	11,940,653	-	-
Derivative Financial Instruments	-	-	682,965	-	289,423	-	-
<b>Non-Risk-Weighted Accounts</b>	-	-	-	-	-	-	-
<b>Total Risk-Weighted Assets</b>	<b>22,637,052</b>	-	<b>4,428,686</b>	<b>17,363,179</b>	<b>61,730,101</b>	<b>493,769</b>	<b>17,082</b>

#### 4.1.3 Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk (VaCR)	72,072,246	54,763,611
Value at Market Risk (VaMR)	3,553,288	2,525,413
Value at Operational Risk (VaOR)	10,184,205	7,212,178
Shareholders' Equity	16,839,261	13,672,917
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	19.62%	21.20%

#### 4.1.4 Components of shareholders' equity items

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid-in Capital	4,200,000	4,200,000
Nominal Capital	4,200,000	4,200,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Legal Reserves	528,456	367,032
I. Legal Reserve (Turkish Commercial Code 466/1)	489,166	341,742
II. Legal Reserve (Turkish Commercial Code 466/2)	39,290	25,290
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	5,294,076	2,847,764
Reserve allocated as per the Decision held by the General Assembly	5,294,076	2,847,764
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	12,574	8,238
Profit	3,145,233	2,962,241
Current Period Profit	3,145,233	2,962,241
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	330,000	330,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	596,047	596,047
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	135,318	133,651
Prepaid Expenses (-)	190,263	210,859
Intangible Assets (-)	30,527	20,626
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
<b>Total Core Capital</b>	<b>14,534,712</b>	<b>11,730,620</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	622,265	437,334
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	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	861,875	851,910
45% of Securities Value Increase Fund (*)	873,672	710,309
Associates and Subsidiaries	135,932	95,790
Investment Securities Available for Sale	737,740	614,519
Other Reserves	-	-
<b>Total Supplementary Capital</b>	<b>2,361,228</b>	<b>2,002,972</b>
<b>TIER III CAPITAL</b>		
	-	-

<b>CAPITAL</b>	<b>16,895,940</b>	<b>13,733,592</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>56,679</b>	<b>60,675</b>
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	13,110	13,110
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	43,569	47,565
Others	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>16,839,261</b>	<b>13,672,917</b>

(\*) 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 is defined as 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 adequate collateral is obtained based on the financial position of the company and the type of loan; 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 based on review of their credit worthiness, periodically.

The Bank's largest 100 cash loan customers compose 28.77% of the total cash loan portfolio.

The Bank's largest 100 non-cash loan customers compose 52.11% of the total non-cash loan portfolio.



The Bank's largest 100 cash and non-cash loan customers represent 10.42% of the total "on and off balance sheet" assets.

The general provision for credit risk amounts to TL 622,265 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.

The concentration table of the cash and non-cash loans for the Bank according to the risk rating system for its customers defined as corporate, commercial and medium-size enterprises is presented below.

	Current Period	Prior Period
	%	%
Above Average	49.67	45.10
Average	44.23	47.02
Below Average	6.10	7.88
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**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
<b>Customer concentration</b>										
Private Sector	41,918,703	31,443,893	-	-	764,760	593,801	379,638	280,010	41,582,223	32,370,910
Public Sector	1,206,924	1,253,389	-	-	35,883,293	33,667,037	-	672	322	2,305
Banks	142,872	106,923	14,870,214	15,307,130	2,034,164	1,388,751	756,436	943,104	25,110,871	20,951,990
Retail Customers	21,558,811	16,928,490	-	-	-	-	39,568	11,332	2,236,164	1,951,071
Equity Securities	-	-	-	-	135,726	133,530	1,684,646	1,032,965	-	-
<b>Total</b>	<b>64,827,310</b>	<b>49,732,695</b>	<b>14,870,214</b>	<b>15,307,130</b>	<b>38,817,943</b>	<b>35,783,119</b>	<b>2,860,288</b>	<b>2,268,083</b>	<b>68,929,580</b>	<b>55,276,276</b>
<b>Regional concentration</b>										
Domestic	62,910,764	48,794,662	7,325,618	7,445,437	36,320,775	34,097,811	1,311,249	1,064,524	43,411,523	37,693,756
European Union (EU) Countries	1,847,676	784,284	7,041,359	7,154,425	1,049,816	1,257,553	1,357,546	1,010,302	14,740,318	9,298,379
OECD Countries ***	-	17,317	3,435	16,213	-	-	142	-	646,397	2,464,238
Off-Shore Banking Regions	56,554	75,523	68,563	63,772	192,629	229,387	400	281	25,684	21,266
USA, Canada	37	8,927	304,276	544,533	928,238	75,644	71,124	116,180	9,798,122	5,575,977
Other Countries	12,279	51,982	126,963	82,750	326,485	122,724	119,827	76,796	307,536	222,660
<b>Total</b>	<b>64,827,310</b>	<b>49,732,695</b>	<b>14,870,214</b>	<b>15,307,130</b>	<b>38,817,943</b>	<b>35,783,119</b>	<b>2,860,288</b>	<b>2,268,083</b>	<b>68,929,580</b>	<b>55,276,276</b>

\* 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  
\*\*\* Includes OECD countries other than EU countries, USA and Canada

#### 4.2.1 Geographical concentration

	Assets	Liabilities	Non-cash Loans	Capital Expenditures	Net Profit/(Loss)
<b>Current Period</b>					
Domestic	110,120,680	101,544,927	12,848,667	226,281	3,130,889
EU Countries	11,626,151	13,955,701	1,151,551	-	7,202
OECD Countries*	3,647	1,111,232	622,627	-	-
Off-Shore Banking Regions	323,138	544,336	25,684	-	7,142
USA, Canada	1,303,675	6,272,608	735,208	-	-
Other Countries	586,141	534,628	306,043	-	-
Unallocated Assets/Liabilities**	-	-			
<b>Total</b>	<b>123,963,432</b>	<b>123,963,432</b>	<b>15,689,780</b>	<b>226,281</b>	<b>3,145,233</b>
<b>Prior Period</b>					
Domestic	93,744,414	82,234,658	12,528,207	264,560	2,858,005
EU Countries	10,232,419	14,407,286	1,101,122	-	99,349
OECD Countries*	33,530	514,743	384,922	-	-
Off-Shore Banking Regions	372,155	436,414	21,266	-	4,887
USA, Canada	745,284	7,680,608	429,465	-	-
Other Countries	334,252	188,345	218,317	-	-
Unallocated Assets/Liabilities**	-	-			
<b>Total</b>	<b>105,462,054</b>	<b>105,462,054</b>	<b>14,683,299</b>	<b>264,560</b>	<b>2,962,241</b>

\* Includes OECD countries other than EU countries, USA and Canada

\*\* Includes 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			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agriculture</b>	<b>359,558</b>	<b>0.98</b>	<b>92,618</b>	<b>0.34</b>	<b>260,997</b>	<b>0.93</b>	<b>60,656</b>	<b>0.29</b>
Farming and Stockbreeding	343,383	0.93	84,313	0.31	243,422	0.86	54,587	0.26
Forestry	10,462	0.03	-	-	10,263	0.04	-	-
Fishery	5,713	0.02	8,305	0.03	7,312	0.03	6,069	0.03
<b>Manufacturing</b>	<b>4,775,566</b>	<b>12.93</b>	<b>11,088,425</b>	<b>40.28</b>	<b>3,678,528</b>	<b>13.06</b>	<b>7,508,606</b>	<b>35.50</b>
Mining	166,102	0.45	430,757	1.56	102,415	0.36	205,355	0.97
Production	4,266,268	11.55	7,696,560	27.96	3,423,729	12.16	5,207,127	24.62
Electricity, Gas, Water	343,196	0.93	2,961,108	10.76	152,384	0.54	2,096,124	9.91
<b>Construction</b>	<b>1,623,620</b>	<b>4.39</b>	<b>1,690,111</b>	<b>6.14</b>	<b>1,097,197</b>	<b>3.90</b>	<b>1,031,639</b>	<b>4.88</b>
<b>Services</b>	<b>6,874,227</b>	<b>18.60</b>	<b>10,399,177</b>	<b>37.77</b>	<b>4,874,984</b>	<b>17.32</b>	<b>9,329,664</b>	<b>44.11</b>
Wholesale and Retail Trade	4,527,518	12.25	3,378,415	12.27	3,210,181	11.40	3,266,448	15.44
Hotel, Food and Beverage Services	367,507	0.99	1,005,341	3.65	244,417	0.87	1,198,029	5.66
Transportation and Telecommunication	679,884	1.84	3,622,085	13.16	553,652	1.97	3,325,939	15.73
Financial Institutions	693,394	1.88	1,555,575	5.65	543,237	1.93	728,769	3.45
Real Estate and Renting Services	56,919	0.15	399,221	1.45	57,200	0.20	385,292	1.82
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	117,139	0.32	73,912	0.27	77,908	0.28	27,948	0.13
Health and Social Services	431,866	1.17	364,628	1.32	188,389	0.67	397,239	1.88
<b>Other</b>	<b>23,312,628</b>	<b>63.10</b>	<b>4,259,820</b>	<b>15.47</b>	<b>18,246,451</b>	<b>64.79</b>	<b>3,219,331</b>	<b>15.22</b>
<b>Total</b>	<b>36,945,599</b>	<b>100.00</b>	<b>27,530,151</b>	<b>100.00</b>	<b>28,158,157</b>	<b>100.00</b>	<b>21,149,896</b>	<b>100.00</b>

#### 4.2.3 Credit risk by business segments

<b>Current Period</b>					
<b>Loan Groups</b>	<b>Corporate Loans</b>	<b>Retail Loans</b>	<b>Credit Cards</b>	<b>Others</b>	<b>Total</b>
<b>Performing Loans</b>					
Cash Loans	41,187,049	13,633,284	7,798,641	7,682,197	70,301,171
Non-Cash Loans	15,511,793	6,924,830	12,467,191	6,198,988	41,102,802
<b>Loans under Follow-Up</b>					
Cash Loans	1,451,356	169,286	236,134	-	1,856,776
Non-Cash Loans	81,974	-	-	-	81,974
<b>Non-Performing Loans</b>					
Cash Loans	837,637	441,015	660,457	-	1,939,109
Non-Cash Loans	96,013	-	-	-	96,013
<b>Total</b>					
<b>Cash Loans</b>	<b>43,476,042</b>	<b>14,243,585</b>	<b>8,695,232</b>	<b>7,682,197</b>	<b>74,097,056</b>
<b>Non-Cash Loans</b>	<b>15,689,780</b>	<b>6,924,830</b>	<b>12,467,191</b>	<b>6,198,988</b>	<b>41,280,789</b>
<b>Provision Types</b>	<b>Corporate Loans</b>	<b>Retail Loans</b>	<b>Credit Cards</b>	<b>Others</b>	<b>Total</b>
<b>Specific Provision</b>					
Cash Loans	576,401	377,447	633,701	-	1,587,549
Non-Cash Loans	57,287	-	-	-	57,287
<b>General Provision</b>					
Cash Loans	334,484	110,938	59,063	63,921	568,406
Non-Cash Loans	20,490	6,319	18,830	8,220	53,859

<b>Prior Period</b>					
<b>Loan Groups</b>	<b>Corporate Loans</b>	<b>Retail Loans</b>	<b>Credit Cards</b>	<b>Others</b>	<b>Total</b>
<b>Performing Loans</b>					
Cash Loans	31,836,695	9,795,736	6,913,450	6,338,990	54,884,871
Non-Cash Loans	14,498,868	4,965,209	9,057,598	5,682,006	34,203,681
<b>Loans under Follow-Up</b>					
Cash Loans	422,778	148,757	190,637	-	762,172
Non-Cash Loans	81,316	-	-	-	81,316
<b>Non-Performing Loans</b>					
Cash Loans	819,834	605,007	812,264	-	2,237,105
Non-Cash Loans	103,115	-	-	-	103,115
<b>Total</b>					
<b>Cash Loans</b>	<b>33,079,307</b>	<b>10,549,500</b>	<b>7,916,351</b>	<b>6,338,990</b>	<b>57,884,148</b>
<b>Non-Cash Loans</b>	<b>14,683,299</b>	<b>4,965,209</b>	<b>9,057,598</b>	<b>5,682,006</b>	<b>34,388,112</b>
<b>Provision Types</b>	<b>Corporate Loans</b>	<b>Retail Loans</b>	<b>Credit Cards</b>	<b>Others</b>	<b>Total</b>
<b>Specific Provision</b>					
Cash Loans	556,575	493,598	762,290	-	1,812,463
Non-Cash Loans	56,105	-	-	-	56,105
<b>General Provision</b>					
Cash Loans	224,188	72,196	49,126	51,253	396,763
Non-Cash Loans	18,731	4,768	12,011	5,061	40,571

### 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 the highest authority responsible for the sound 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, available-for-sale and derivative 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 historical 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. Beside the VaR limits, the limits on transaction, dealer, desk, stop loss for trading portfolio as approved by the board of directors are also applied and monitored.

#### 4.3.1 Value at market risk

	<b>Amount</b>
(I) Capital Obligation against General Market Risk - Standard Method	190,920
(II) Capital Obligation against Specific Risks - Standard Method	52,631
(III) Capital Obligation against Currency Risk - Standard Method	29,230
(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	11,482
<b>(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement</b>	<b>-</b>
<b>(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)</b>	<b>284,263</b>
<b>(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))</b>	<b>3,553,288</b>

#### 4.3.2 Monthly average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	2.255.906	2.796.062	1.883.974	3.042.250	4.084.562	2.062.874
Common Share Risk	256.823	277.713	237.975	184.339	259.438	117.075
Currency Risk	361.340	742.363	62.613	193.895	495.825	5.238
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	251.618	360.925	141.363	241.970	470.975	108.788
<b>Total Value at Risk</b>	<b>3,125,687</b>	<b>4,177,063</b>	<b>2,325,925</b>	<b>3,662,454</b>	<b>5,310,800</b>	<b>2,293,975</b>

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 and net non-interest income after deducting 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 2009	31 December 2008	31 December 2007
(I)	Net Interest Income	5,079,982	3,177,960	2,804,103
(II)	Net Fees and Commissions Income	1,642,508	1,441,128	1,197,703
(III)	Dividend Income	78,937	102,470	49,399
(IV)	Net Trading Income/(Losses)	880,698	251,295	(135,904)
(V)	Other Operating Income	279,252	297,971	1,017,870
(VI)	Gain/(Loss) on Securities Available-for-Sale and Held-to-Maturity	362,823	48,991	47,375
(VII)	Extraordinary Income	210,599	233,591	967,264
(VIII)	Insurance Claim Collections	-	-	-
<b>(IX)</b>	<b>Gross Income (I+II+III+IV+V-VI-VII-VIII)</b>	<b>7,387,955</b>	<b>4,988,242</b>	<b>3,918,532</b>
(X)	Capital Obligation (IX * 15%)	1,108,193	748,236	587,780
(XI)	Average Capital Obligation against Operational Risk		814,736	
<b>(XII)</b>	<b>Value at Operational Risk (XI * 12.5)</b>		<b>10,184,205</b>	

#### 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 2010, the Bank’s net ‘on balance sheet’ foreign currency long position amounts to TL 2,845,283 thousands (31 December 2009: a short position of TL 845,840 thousands), net ‘off-balance sheet’ foreign currency short position amounts to TL 3,071,066 thousands (31 December 2009: a long position of TL 893,798 thousands), while net foreign currency short position amounts to TL 225,783 thousands (31 December 2009: a long position of TL 47,958 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 TL are as follows:

	<b>USD</b>	<b>EUR</b>	<b>JPY (100)</b>	<b>GBP</b>
<b>Foreign currency purchase rates at balance sheet date</b>	1.5200	2.0375	1.8768	2.3770
<b><u>Rates for the days before balance sheet date;</u></b>				
Day 1	1.5370	2.0399	1.8793	2.3680
Day 2	1.5450	2.0303	1.8840	2.3852
Day 3	1.5400	2.0253	1.8754	2.3694
Day 4	1.5300	2.0116	1.8469	2.3565
Day 5	1.5300	2.0066	1.8455	2.3626
<b>Last 30-days arithmetical average rates</b>	1.5057	1.9901	1.8085	2.3469

**Currency risk:**

	EUR	USD	JPY	Other FCs	Total
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,419,400	2,830,414	937	96,567	4,347,318
Banks	2,789,119	2,998,569	2,132	31,138	5,820,958
Financial Assets at Fair Value through Profit/Loss	85,131	69,822	-	-	154,953
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	216,067	2,268,804	-	-	2,484,871
Loans (*)	9,367,514	19,684,161	26,741	615,394	29,693,810
Investments in Associates, Subsidiaries and Joint-Ventures	1,242,585	119,827	-	-	1,362,412
Investments Held-to-Maturity	-	1,313,190	-	-	1,313,190
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	289	103	-	-	392
Intangible Assets	-	-	-	-	-
Other Assets	10,491	22,313	80	611	33,495
<b>Total Assets</b>	<b>15,130,596</b>	<b>29,307,203</b>	<b>29,890</b>	<b>743,710</b>	<b>45,211,399</b>
<b>Liabilities</b>					
Bank Deposits	486,670	514,021	2	10,666	1,011,359
Foreign Currency Deposits	9,394,035	17,302,351	45,009	436,235	27,177,630
Interbank Money Market Takings	-	883,398	-	-	883,398
Other Fundings	4,415,009	7,988,945	211	-	12,404,165
Securities Issued	-	-	-	-	-
Miscellaneous Payables	7,459	18,774	53	1,399	27,685
Derivative Financial Liabilities Held for Risk Management	-	2,347	-	-	2,347
Other Liabilities (**)	185,230	198,946	161	475,195	859,532
<b>Total Liabilities</b>	<b>14,488,403</b>	<b>26,908,782</b>	<b>45,436</b>	<b>923,495</b>	<b>42,366,116</b>
<b>Net 'On Balance Sheet' Position</b>	<b>642,193</b>	<b>2,398,421</b>	<b>(15,546)</b>	<b>(179,785)</b>	<b>2,845,283</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(362,364)</b>	<b>(2,896,477)</b>	<b>14,178</b>	<b>173,597</b>	<b>(3,071,066)</b>
Derivative Assets	3,119,422	7,397,305	263,680	1,009,823	11,790,230
Derivative Liabilities	3,481,786	10,293,782	249,502	836,226	14,861,296
Non-Cash Loans	-	-	-	-	-
<b>Prior Period</b>					
<b>Total Assets</b>	<b>12,662,309</b>	<b>23,653,640</b>	<b>39,485</b>	<b>705,702</b>	<b>37,061,136</b>
<b>Total Liabilities</b>	<b>13,779,499</b>	<b>23,281,265</b>	<b>29,995</b>	<b>816,217</b>	<b>37,906,976</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(1,117,190)</b>	<b>372,375</b>	<b>9,490</b>	<b>(110,515)</b>	<b>(845,840)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>1,409,510</b>	<b>(624,017)</b>	<b>(8,891)</b>	<b>117,196</b>	<b>893,798</b>
Derivative Assets	2,479,074	6,237,239	8,893	1,028,763	9,753,969
Derivative Liabilities	1,069,564	6,861,256	17,784	911,567	8,860,171
Non-Cash Loans	-	-	-	-	-

(\*) The foreign currency-indexed loans amounting TL 2,163,659 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(\*\*) Other liabilities also include gold deposits of TL 468,665 thousands.

## 4.6 Interest rate risk

The interest rate risk resulting from balance sheet maturity mismatch presents the possible losses that may arise due to the changes in interest rates of interest sensitive assets and liabilities in the on and off-balance sheet. 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), duration-gap and sensitivity analysis.

Measurements for standard method are carried out monthly using the maturity ladder table, while measurements for VaR calculations are done daily. The duration-gap and sensitivity analysis are run every two weeks period.

During the daily VaR calculations, the interest rate risks of the Bank's TL 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.

In the duration-gap analysis used for the quantification of market risk arising from maturity mismatches of assets and liabilities, 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. Furthermore, the interest rate risk is monitored within the limits approved by the board of directors.

As part of the duration-gap analysis, the sensitivity analysis for a +/-1 point change in the present values of interest sensitive balance sheet items excluding trading and available-for-sale portfolios as of 31 December 2010 is provided in the table below:

Sensitivity analysis for TL interest rates:

	Change in portfolio value	
	Current Period	Prior Period
<b>Stress applied</b>		
(+) 1%	(124,366)	(74,663)
(-) 1%	127,735	75,211

Sensitivity analysis for FC interest rates:

	Change in portfolio value	
	Current Period	Prior Period
<b>Stress applied</b>		
(+) 1%	(230,871)	(143,505)
(-) 1%	255,018	161,347



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

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,658,707	-	-	-	-	4,851,325	7,510,032
Banks	2,410,299	2,719,701	972,850	838,575	-	1,379,760	8,321,185
Financial Assets at Fair Value through Profit/Loss	269,581	141,942	79,213	78,914	7,341	402,924	979,915
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	12,360,452	5,581,763	8,001,403	2,287,775	622,107	3,482,710	32,336,210
Loans	14,295,231	8,370,267	12,397,500	19,014,744	9,617,578	1,131,990	64,827,310
Investments Held-to-Maturity	2,265,714	-	4,143	2,026,372	1,286,672	311,030	5,893,931
Other Assets	21,302	-	-	1,495	5,525	4,066,527	4,094,849
<b>Total Assets</b>	<b>34,281,286</b>	<b>16,813,673</b>	<b>21,455,109</b>	<b>24,247,875</b>	<b>11,539,223</b>	<b>15,626,266</b>	<b>123,963,432</b>
<b>Liabilities</b>							
Bank Deposits	1,372,947	258,617	16,865	-	-	759,881	2,408,310
Other Deposits	46,673,599	8,494,540	2,546,541	351,612	141,634	12,042,183	70,250,109
Interbank Money Market Takings	10,195,518	773,415	260,062	-	-	25,148	11,254,143
Miscellaneous Payables	-	-	-	-	-	2,942,573	2,942,573
Securities Issued	-	-	-	-	-	-	-
Other Fundings	6,885,307	842,167	2,741,006	3,594,611	3,192,903	262,044	17,518,038
Other Liabilities	6,934	48	184	4	-	19,583,089	19,590,259
<b>Total Liabilities</b>	<b>65,134,305</b>	<b>10,368,787</b>	<b>5,564,658</b>	<b>3,946,227</b>	<b>3,334,537</b>	<b>35,614,918</b>	<b>123,963,432</b>
<b>On Balance Sheet Long Position</b>	-	<b>6,444,886</b>	<b>15,890,451</b>	<b>20,301,648</b>	<b>8,204,686</b>	-	<b>50,841,671</b>
<b>On Balance Sheet Short Position</b>	<b>(30,853,019)</b>	-	-	-	-	<b>(19,988,652)</b>	<b>(50,841,671)</b>
<b>Off-Balance Sheet Long Position</b>	<b>1,023,629</b>	<b>683,593</b>	<b>2,443,591</b>	<b>2,035,464</b>	<b>1,093,941</b>	-	<b>7,280,218</b>
<b>Off-Balance Sheet Short Position</b>	<b>(1,087,251)</b>	<b>(699,734)</b>	<b>(2,426,976)</b>	<b>(2,084,788)</b>	<b>(982,987)</b>	-	<b>(7,281,736)</b>
<b>Total Position</b>	<b>(30,916,641)</b>	<b>6,428,745</b>	<b>15,907,066</b>	<b>20,252,324</b>	<b>8,315,640</b>	<b>(19,988,652)</b>	<b>(1,518)</b>

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.71	0.66	-	6.53
Financial Assets at Fair Value through Profit/Loss	5.13	6.32	-	12.01
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	6.35	6.11	-	11.49
Loans	4.78	4.63	4.52	14.94
Investments Held-to-Maturity	-	7.22	-	15.43
<b>Liabilities</b>				
Bank Deposits	2.30	1.68	-	6.30
Other Deposits	1.83	2.05	0.55	7.28
Interbank Money Market Takings	-	1.05	-	6.85
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	2.14	2.20	3.00	10.73

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

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,381,166	-	-	-	-	3,484,807	6,865,973
Banks	2,619,893	3,268,100	1,531,570	-	-	914,775	8,334,338
Financial Assets at Fair Value through Profit/Loss	24,275	8,070	268,548	29,719	4,393	579,787	914,792
Interbank Money Market Placements	1,000,000	-	-	-	-	180	1,000,180
Financial Assets Available-for-Sale	8,119,497	5,787,005	8,151,995	2,612,367	468,557	2,955,612	28,095,033
Loans	15,080,303	8,011,378	11,504,216	9,799,800	4,168,639	1,168,359	49,732,695
Investments Held-to-Maturity	1,394,173	1,261,949	92,163	3,056,156	1,261,280	280,440	7,346,161
Other Assets	15,921	459	5,364	7,168	7,093	3,136,877	3,172,882
<b>Total Assets</b>	<b>31,635,228</b>	<b>18,336,961</b>	<b>21,553,856</b>	<b>15,505,210</b>	<b>5,909,962</b>	<b>12,520,837</b>	<b>105,462,054</b>
<b>Liabilities</b>							
Bank Deposits	856,621	48,816	42,404	-	-	1,381,242	2,329,083
Other Deposits	42,500,244	6,048,721	1,833,534	17,405	-	10,079,058	60,478,962
Interbank Money Market Takings	9,925,239	368	400,000	150,000	-	59,097	10,534,704
Miscellaneous Payables	-	-	-	-	-	2,360,350	2,360,350
Securities Issued	-	-	-	-	-	-	-
Other Fundings	6,748,328	4,373,084	2,515,234	2,217	-	242,969	13,881,832
Other Liabilities	56	1,424	2,674	23	-	15,872,946	15,877,123
<b>Total Liabilities</b>	<b>60,030,488</b>	<b>10,472,413</b>	<b>4,793,846</b>	<b>169,645</b>	<b>-</b>	<b>29,995,662</b>	<b>105,462,054</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>7,864,548</b>	<b>16,760,010</b>	<b>15,335,565</b>	<b>5,909,962</b>	<b>-</b>	<b>45,870,085</b>
<b>On Balance Sheet Short Position</b>	<b>(28,395,260)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,474,825)</b>	<b>(45,870,085)</b>
<b>Off-Balance Sheet Long Position</b>	<b>1,350,031</b>	<b>397,777</b>	<b>2,601,863</b>	<b>1,994,490</b>	<b>311,129</b>	<b>-</b>	<b>6,655,290</b>
<b>Off-Balance Sheet Short Position</b>	<b>(680,013)</b>	<b>(379,117)</b>	<b>(2,604,215)</b>	<b>(2,117,414)</b>	<b>(874,531)</b>	<b>-</b>	<b>(6,655,290)</b>
<b>Total Position</b>	<b>(27,725,242)</b>	<b>7,883,208</b>	<b>16,757,658</b>	<b>15,212,641</b>	<b>5,346,560</b>	<b>(17,474,825)</b>	<b>-</b>

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

<b>Prior Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	5.20
Banks (*)	1.43	1.64	-	10.70
Financial Assets at Fair Value through Profit/Loss	6.28	3.78	-	9.26
Interbank Money Market Placements	-	-	-	6.50
Financial Assets Available-for-Sale	4.33	5.32	-	13.30
Loans	5.73	5.86	5.06	18.37
Investments Held-to-Maturity	9.25	7.52	-	14.74
<b>Liabilities</b>				
Bank Deposits	0.52	0.90	-	6.85
Other Deposits	1.75	1.93	0.23	7.78
Interbank Money Market Takings	-	4.84	-	7.34
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	2.43	2.26	3.16	12.37

(\*) The interest rates for USD and TL placements at banks are 0.76% and 6.57%, respectively, excluding the placements with range accrual agreements.

#### 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 of the years 2010 and 2009 are as follows:

<b>Current Period</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
<b>Average (%)</b>	123.99	203.09	89.16	129.40

<b>Prior Period</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
<b>Average (%)</b>	140.51	175.51	99.52	117.84

***Contractual maturity analysis of liabilities according to remaining maturities:***

The remaining maturities table of the contractual liabilities includes the undiscounted future cash outflows for the principal amounts of the Bank's financial liabilities as per their earliest likely contractual maturities.

	<b>Carrying Value</b>	<b>Gross Nominal Outflows</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>
<b>Current Period</b>								
Bank Deposits	2,408,310	2,405,993	757,552	1,372,959	258,617	16,865	-	-
Other Deposits	70,250,109	69,963,673	11,755,745	46,668,015	8,483,663	2,487,283	398,744	170,223
Other Fundings	17,518,038	17,255,994	-	296,399	387,585	5,608,473	6,599,202	4,364,335
Interbank Money Market Takings	11,254,143	11,228,995	-	10,195,518	773,415	260,062	-	-
Securities Issued	-	-	-	-	-	-	-	-
<b>Total</b>	<b>101,430,600</b>	<b>100,854,655</b>	<b>12,513,297</b>	<b>58,532,891</b>	<b>9,903,280</b>	<b>8,372,683</b>	<b>6,997,946</b>	<b>4,534,558</b>

	<b>Carrying Value</b>	<b>Gross Nominal Outflows</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>
<b>Prior Period</b>								
Bank Deposits	2,329,083	2,325,408	1,377,571	811,502	43,851	34,954	52,565	4,965
Other Deposits	60,478,962	60,276,454	9,876,596	42,492,544	6,021,843	1,649,962	127,587	107,922
Other Fundings	13,881,832	13,638,863	-	217,237	230,960	3,302,501	5,372,888	4,515,277
Interbank Money Market Takings	10,534,704	10,475,606	-	9,925,238	368	400,000	150,000	-
Securities Issued	-	-	-	-	-	-	-	-
<b>Total</b>	<b>87,224,581</b>	<b>86,716,331</b>	<b>11,254,167</b>	<b>53,446,521</b>	<b>6,297,022</b>	<b>5,387,417</b>	<b>5,703,040</b>	<b>4,628,164</b>

**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
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,679,698	2,830,334	-	-	-	-	-	7,510,032
Banks	1,348,441	1,308,612	324,812	514,906	2,389,164	2,435,250	-	8,321,185
Financial Assets at Fair Value through Profit/Loss	293	214,579	93,290	212,835	277,959	180,959	-	979,915
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	128,733	830,567	1,876,740	5,678,458	17,900,433	5,921,279	-	32,336,210
Loans	63,875	8,990,528	6,546,676	10,165,096	24,340,533	14,369,042	351,560	64,827,310
Investments Held-to-Maturity	-	1,449,809	-	4,147	3,126,785	1,313,190	-	5,893,931
Other Assets	578,094	196,891	-	-	1,495	5,525	3,312,844	4,094,849
<b>Total Assets</b>	<b>6,799,134</b>	<b>15,821,320</b>	<b>8,841,518</b>	<b>16,575,442</b>	<b>48,036,369</b>	<b>24,225,245</b>	<b>3,664,404</b>	<b>123,963,432</b>
<b>Liabilities</b>								
Bank Deposits	757,565	1,374,134	258,961	17,650	-	-	-	2,408,310
Other Deposits	11,755,747	46,885,334	8,519,133	2,518,521	400,787	170,587	-	70,250,109
Other Fundings	-	401,599	516,106	5,636,661	6,599,337	4,364,335	-	17,518,038
Interbank Money Market Takings	-	10,214,094	779,622	260,427	-	-	-	11,254,143
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	114,872	2,827,701	-	-	-	-	-	2,942,573
Other Liabilities (**)	604,127	211,745	109,767	129,121	77,966	131,607	18,325,926	19,590,259
<b>Total Liabilities</b>	<b>13,232,311</b>	<b>61,914,607</b>	<b>10,183,589</b>	<b>8,562,380</b>	<b>7,078,090</b>	<b>4,666,529</b>	<b>18,325,926</b>	<b>123,963,432</b>
<b>Liquidity Gap</b>	<b>(6,433,177)</b>	<b>(46,093,287)</b>	<b>(1,342,071)</b>	<b>8,013,062</b>	<b>40,958,279</b>	<b>19,558,716</b>	<b>(14,661,522)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>6,663,927</b>	<b>15,336,114</b>	<b>7,604,498</b>	<b>15,630,078</b>	<b>39,263,393</b>	<b>18,026,838</b>	<b>2,937,206</b>	<b>105,462,054</b>
<b>Total Liabilities</b>	<b>11,933,622</b>	<b>56,149,486</b>	<b>6,537,262</b>	<b>5,555,020</b>	<b>5,740,904</b>	<b>4,680,869</b>	<b>14,864,891</b>	<b>105,462,054</b>
<b>Liquidity Gap</b>	<b>(5,269,695)</b>	<b>(40,813,372)</b>	<b>1,067,236</b>	<b>10,075,058</b>	<b>33,522,489</b>	<b>13,345,969</b>	<b>(11,927,685)</b>	<b>-</b>

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

(\*\*) Shareholders' equity is included in "other liabilities" line under "undistributed" column.

#### 4.8 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Finansal Assets</b>	<b>117,927,665</b>	<b>100,481,019</b>	<b>118,220,176</b>	<b>101,353,097</b>
Interbank Money Market Placements	-	1,000,180	-	1,000,180
Banks (*)	14,870,214	14,306,950	14,870,214	14,306,950
Financial Assets Available-for-Sale	32,336,210	28,095,033	32,336,210	28,095,033
Investments Held-to-Maturity	5,893,931	7,346,161	6,433,894	7,933,852
Loans	64,827,310	49,732,695	64,579,858	50,017,082
<b>Financial Liabilities</b>	<b>93,119,030</b>	<b>79,050,227</b>	<b>93,119,030</b>	<b>79,050,227</b>
Bank Deposits	2,408,310	2,329,083	2,408,310	2,329,083
Other Deposits	70,250,109	60,478,962	70,250,109	60,478,962
Other Fundings	17,518,038	13,881,832	17,518,038	13,881,832
Securities Issued	-	-	-	-
Miscellaneous Payables	2,942,573	2,360,350	2,942,573	2,360,350

(\*) 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 an approximation for their fair values.

Fair values of other financial assets and liabilities represent the total acquisition costs and accrued interest.

The table below analyses financial instruments carried at fair value, by valuation method:

<b>31 December 2010</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets Available-for-Sale	29,961,264	1,365	2,373,581	32,336,210
Financial Assets Held for Trading	579,556	6,507	1,739	587,802
Derivative Financial Assets Held for Trading	1,491	390,622	-	392,113
Investments in Associates and Subsidiaries	73,533	-	1,362,412	1,435,945
<b>Financial Assets at Fair Value</b>	<b>30,615,844</b>	<b>398,494</b>	<b>3,737,732</b>	<b>34,752,070</b>
Derivative Financial Liabilities Held for Trading	1,846	459,697	-	461,543
Derivative Financial Liabilities Held for Risk Management	-	2,347	-	2,347
<b>Financial Liabilities at Fair Value</b>	<b>1,846</b>	<b>462,044</b>	<b>-</b>	<b>463,890</b>

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

None.

## 5 Disclosures and Footnotes on Unconsolidated Financial Statements

### 5.1 Assets

#### 5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	499,780	379,540	468,028	308,639
Central Bank of Turkey	2,662,934	3,886,095	3,375,837	2,596,775
Others	-	81,683	5,130	111,564
<b>Total</b>	<b>3,162,714</b>	<b>4,347,318</b>	<b>3,848,995</b>	<b>3,016,978</b>

#### *Balances with the Central Bank of Turkey:*

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	2,662,934	1,055,761	3,375,837	850,486
Unrestricted Time Deposits	-	-	-	29,809
Restricted Time Deposits	-	2,830,334	-	1,716,480
<b>Total</b>	<b>2,662,934</b>	<b>3,886,095</b>	<b>3,375,837</b>	<b>2,596,775</b>

The banks operating in Turkey keep reserve deposits for Turkish Lira and foreign currency liabilities in TL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. The reserves in TL and FCs do not earn any interests. As of the reporting date, reserve deposit rates for Turkish Lira liabilities vary from 5% to 12% depending on maturities of liabilities.

#### 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	
	TL	FC	TL	FC
Forward Transactions	28,078	29,206	16,263	5,675
Swap Transactions	95,154	135,139	419,367	83,607
Futures	-	1,491	-	281
Options	68,597	34,448	21,107	26,567
Other	-	-	-	-
<b>Total</b>	<b>191,829</b>	<b>200,284</b>	<b>456,737</b>	<b>116,130</b>



### 5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	78,219	698,371	61,207	411,438
Foreign banks	2,422,008	5,122,587	2,456,850	5,404,843
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>2,500,227</b>	<b>5,820,958</b>	<b>2,518,057</b>	<b>5,816,281</b>

#### *Due from foreign banks:*

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,501,748	2,766,800	5,539,611	4,387,625
USA and Canada	56,983	233,131	247,293	311,402
OECD Countries (*)	3,435	16,213	-	-
Off-Shore Banking Regions	47,602	47,948	20,961	15,824
Other	126,962	82,750	-	-
<b>Total</b>	<b>1,736,730</b>	<b>3,146,842</b>	<b>5,807,865</b>	<b>4,714,851</b>

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

The placements at foreign banks include blocked accounts amounting TL 5,807,865 thousands of which TL 130,281 thousands, TL 177,195 thousands and TL 20,961 thousands are kept at the central banks of Luxembourg, Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits, and TL 5,479,428 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 TL consist of government bonds. The total carrying value of such securities with total face value of TL 2,609,350 thousands (31 December 2009: TL 1,844,500 thousands) is TL 2,571,988 thousands (31 December 2009: TL 1,761,802 thousands). The related accrued interests amount to TL 140,204 thousands (31 December 2009: TL 234,079 thousands). There are no impairment losses on these securities (31 December 2009: TL 29 thousands). The collateralized financial assets available-for-sale in foreign currencies consist of Eurobonds. The total carrying value of such securities with total face value of USD 8,860,000 (31 December 2009: USD 7,000,000) is USD 9,277,029 (31 December 2009: USD 7,280,000). The related accrued interests amount to USD 1,117,252 (31 December 2009: USD 211,366). There are no impairment losses on these securities (31 December 2009: nil).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	2,712,192	15,799	1,995,852	11,162
Assets subject to Repurchase Agreements	9,760,434	574,242	7,957,698	84,018
<b>Total</b>	<b>12,472,626</b>	<b>590,041</b>	<b>9,953,550</b>	<b>95,180</b>

#### 5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
<b>Debt Securities</b>	<b>28,861,356</b>	<b>25,142,865</b>
Quoted at Stock Exchange	26,681,034	23,570,847
Unquoted at Stock Exchange	2,180,322	1,572,018
<b>Common Shares/Investment Funds</b>	<b>35,154</b>	<b>34,281</b>
Quoted at Stock Exchange (*)	21,866	21,252
Unquoted at Stock Exchange	13,288	13,029
<b>Value Increases/Impairment Losses (-)</b>	<b>3,439,700</b>	<b>2,917,887</b>
<b>Total</b>	<b>32,336,210</b>	<b>28,095,033</b>

(\*) TL xx thousands of quoted shares comprise of 26.4389% participation in Garanti Faktoring Hiz. AŞ.

As of 31 December 2010, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 725,000,000 (31 December 2009: USD 875,000,000) and a total carrying value of TL 1,115,681 thousands (31 December 2009: TL 1,322,035 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
<b>Direct Lendings to Shareholders</b>	<b>14</b>	<b>4,831</b>	<b>2</b>	<b>920</b>
Corporates	14	4,831	2	920
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>232,682</b>	<b>358,273</b>	<b>212,884</b>	<b>299,669</b>
<b>Loans to Employees</b>	<b>78,769</b>	<b>-</b>	<b>71,717</b>	<b>-</b>
<b>Total</b>	<b>311,465</b>	<b>363,104</b>	<b>284,603</b>	<b>300,589</b>

##### 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
<b>Loans</b>	<b>62,618,974</b>	<b>-</b>	<b>1,176,661</b>	<b>680,115</b>
Discounted Bills	215,623	-	144	-
Export Loans	3,625,568	-	15,680	13,263
Import Loans	-	-	-	-
Loans to Financial Sector	1,852,311	-	1,243	45
Foreign Loans	1,911,613	-	4,933	-
Consumer Loans	13,633,284	-	91,710	77,576
Credit Cards	7,798,641	-	66,402	169,732
Precious Metal Loans	246,163	-	9,170	199
Other	33,335,771	-	987,379	419,300
<b>Specialization Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>62,618,974</b>	<b>-</b>	<b>1,176,661</b>	<b>680,115</b>

**Collaterals received for loans under follow-up:**

	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	19,036	1,112	-	20,148
Loans Collateralized by Mortgages	1,138,661	92,441	-	1,231,102
Loans Collateralized by Pledged Assets	33,894	11,084	-	44,978
Loans Collateralized by Cheques and Notes	55,920	31,132	-	87,052
Loans Collateralized by Other Collaterals	169,682	3,132	-	172,814
Unsecured Loans	34,163	30,385	236,134	300,682
<b>Total</b>	<b>1,451,356</b>	<b>169,286</b>	<b>236,134</b>	<b>1,856,776</b>

**Delinquency periods of loans under follow-up:**

	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	40,766	69,045	53,708	163,519
61-90 days	11,477	15,310	12,694	39,481
Others	1,399,113	84,931	169,732	1,653,776
<b>Total</b>	<b>1,451,356</b>	<b>169,286</b>	<b>236,134</b>	<b>1,856,776</b>

**5.1.5.3 Maturity analysis of cash loans**

	<b>Performing Loans and Other Receivables (Group I)</b>		<b>Loans under Follow-Up and Other Receivables (Group II)</b>	
	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled Loans and Other Receivables</b>	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled Loans and Other Receivables</b>
<b>Short-term Loans</b>	<b>20,662,703</b>	<b>-</b>	<b>220,334</b>	<b>199,836</b>
Loans	20,662,703	-	220,334	199,836
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and Long-term Loans</b>	<b>41,956,271</b>	<b>-</b>	<b>956,327</b>	<b>480,279</b>
Loans	41,956,271	-	956,327	480,279
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
<b>Consumer Loans – TL</b>	<b>369,675</b>	<b>12,474,932</b>	<b>12,844,607</b>
Housing Loans	23,373	7,351,711	7,375,084
Automobile Loans	16,665	754,294	770,959
General Purpose Loans	27,927	485,044	512,971
Other	301,710	3,883,883	4,185,593
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>499,554</b>	<b>499,554</b>
Housing Loans	-	465,025	465,025
Automobile Loans	-	6,228	6,228
General Purpose Loans	-	14,236	14,236
Other	-	14,065	14,065
<b>Consumer Loans – FC</b>	<b>-</b>	<b>31,983</b>	<b>31,983</b>
Housing Loans	-	19,409	19,409
Automobile Loans	-	9,541	9,541
General Purpose Loans	-	1,451	1,451
Other	-	1,582	1,582
<b>Retail Credit Cards – TL</b>	<b>7,561,631</b>	<b>74,554</b>	<b>7,636,185</b>
With Installment	3,388,116	74,554	3,462,670
Without Installment	4,173,515	-	4,173,515
<b>Retail Credit Cards – FC</b>	<b>22,755</b>	<b>-</b>	<b>22,755</b>
With Installment	4,028	-	4,028
Without Installment	18,727	-	18,727
<b>Personnel Loans – TL</b>	<b>22,608</b>	<b>16,012</b>	<b>38,620</b>
Housing Loan	-	1,548	1,548
Automobile Loans	-	177	177
General Purpose Loans	1,105	743	1,848
Other	21,503	13,544	35,047
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>130</b>	<b>130</b>
Housing Loans	-	130	130
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>2</b>	<b>68</b>	<b>70</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	2	68	70
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>32,511</b>	<b>325</b>	<b>32,836</b>
With Installment	23,544	325	23,869
Without Installment	8,967	-	8,967
<b>Personnel Credit Cards – FC</b>	<b>445</b>	<b>-</b>	<b>445</b>
With Installment	108	-	108
Without Installment	337	-	337
<b>Deposit Accounts– TL (real persons)</b>	<b>387,606</b>	<b>-</b>	<b>387,606</b>
<b>Deposit Accounts– FC (real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8,397,233</b>	<b>13,097,558</b>	<b>21,494,791</b>

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

	Short-Term	Medium and Long-Term	Total
<b>Installment-based Commercial Loans – TL</b>	<b>566,900</b>	<b>5,446,667</b>	<b>6,013,567</b>
Real Estate Loans	1,353	507,591	508,944
Automobile Loans	56,171	1,059,270	1,115,441
General Purpose Loans	509,376	3,876,160	4,385,536
Other	-	3,646	3,646
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>62,919</b>	<b>540,665</b>	<b>603,584</b>
Real Estate Loans	-	55,245	55,245
Automobile Loans	4,183	163,220	167,403
General Purpose Loans	58,736	322,200	380,936
Other	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>485</b>	<b>91,140</b>	<b>91,625</b>
Real Estate Loans	-	1,117	1,117
Automobile Loans	18	3,920	3,938
General Purpose Loans	467	3,234	3,701
Other	-	82,869	82,869
<b>Corporate Credit Cards – TL</b>	<b>337,954</b>	<b>660</b>	<b>338,614</b>
With Installment	136,567	658	137,225
Without Installment	201,387	2	201,389
<b>Corporate Credit Cards – FC</b>	<b>3,940</b>	<b>-</b>	<b>3,940</b>
With Installment	438	-	438
Without Installment	3,502	-	3,502
<b>Deposit Accounts– TL (corporates)</b>	<b>424,311</b>	<b>-</b>	<b>424,311</b>
<b>Deposit Accounts– FC (corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,396,509</b>	<b>6,079,132</b>	<b>7,475,641</b>

**5.1.5.6 Allocation of loans by customers**

	Current Period	Prior Period
Public Sector	1,206,924	1,253,389
Private Sector	63,268,826	48,054,664
<b>Total</b>	<b>64,475,750</b>	<b>49,308,053</b>

**5.1.5.7 Allocation of domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	62,559,204	48,370,142
Foreign Loans	1,916,546	937,911
<b>Total</b>	<b>64,475,750</b>	<b>49,308,053</b>

**5.1.5.8 Loans to associates and subsidiaries**

	Current Period	Prior Period
Direct Lending	1,192,499	339,778
Indirect Lending	-	-
<b>Total</b>	<b>1,192,499</b>	<b>339,778</b>

**5.1.5.9 Specific provisions for loans**

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	21,413	185,391
Doubtful Loans and Receivables	102,679	560,941
Uncollectible Loans and Receivables	1,463,457	1,066,131
<b>Total</b>	<b>1,587,549</b>	<b>1,812,463</b>

**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
<b>Current Period</b>			
(Gross Amounts before Specific Provisions)	10,777	14,723	248,832
Restructured Loans and Receivables	10,777	14,723	248,832
Rescheduled Loans and Receivables	-	-	-
<b>Prior Period</b>			
(Gross Amounts before Specific Provisions)	55,667	227,343	229,139
Restructured Loans and Receivables	55,667	227,343	229,139
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
<b>Balances at Beginning of Period</b>	<b>317,665</b>	<b>724,054</b>	<b>1,195,386</b>
Additions during the Period (+)	427,565	41,910	184,275
Transfer from Other NPL Categories (+)	-	562,018	928,726
Transfer to Other NPL Categories (-)	562,018	934,265	23,054
Collections during the Period (-)	113,493	255,590	495,942
Write-offs (-)	-	-	58,128
Corporate and Commercial Loans	-	-	2,018
Retail Loans	-	-	36
Credit Cards	-	-	56,074
Others	-	-	-
<b>Balances at End of Period</b>	<b>69,719</b>	<b>138,127</b>	<b>1,731,263</b>
Specific Provisions (-)	21,413	102,679	1,463,457
<b>Net Balance on Balance Sheet</b>	<b>48,306</b>	<b>35,448</b>	<b>267,806</b>

**Movements in specific loan provisions:**

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
<b>Balances at End of Prior Period</b>	<b>556,575</b>	<b>493,598</b>	<b>762,290</b>	<b>1,812,463</b>
Additions during the Period(+)	170,279	100,552	237,553	508,384
Restructured/Rescheduled Loans (-)	11,399	5,429	-	16,828
Collections during the Period (-)	137,245	211,238	310,068	658,551
Write-offs (-)	1,809	36	56,074	57,919
<b>Balances at End of Period</b>	<b>576,401</b>	<b>377,447</b>	<b>633,701</b>	<b>1,587,549</b>

**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
<b>Current Period</b>			
<b>Balance at End of Period</b>	<b>2,781</b>	<b>3,264</b>	<b>322,790</b>
Specific Provisions (-)	105	456	258,665
<b>Net Balance at Balance Sheet</b>	<b>2,676</b>	<b>2,808</b>	<b>64,125</b>
<b>Prior Period</b>			
<b>Balance at End of Period</b>	<b>73,754</b>	<b>39,090</b>	<b>188,322</b>
Specific Provisions (-)	51,023	19,622	171,637
<b>Net Balance at Balance Sheet</b>	<b>22,731</b>	<b>19,468</b>	<b>16,685</b>

**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
<b>Current Period (Net)</b>	<b>48,306</b>	<b>35,448</b>	<b>267,806</b>
Loans to Individuals and Corporates (Gross)	69,719	138,127	1,724,148
Specific Provision (-)	21,413	102,679	1,456,342
Loans to Individuals and Corporates (Net)	48,306	35,448	267,806
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,804
Specific Provision (-)	-	-	6,804
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>132,274</b>	<b>163,113</b>	<b>129,255</b>
Loans to Individuals and Corporates (Gross)	317,665	724,054	1,187,365
Specific Provision (-)	185,391	560,941	1,058,110
Loans to Individuals and Corporates (Net)	132,274	163,113	129,255
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,710
Specific Provision (-)	-	-	7,710
Other Loans and Receivables (Net)	-	-	-

**Collaterals received for non-performing loans:**

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	376	271	-	647
Loans Collateralized by Mortgages	357,427	80,919	-	438,346
Loans Collateralized by Pledged Assets	192,167	68,499	-	260,666
Loans Collateralized by Cheques and Notes	128,903	175,199	-	304,102
Loans Collateralized by Other Collaterals	127,982	15,737	-	143,719
Unsecured Loans	30,782	100,390	660,457	791,629
<b>Total</b>	<b>837,637</b>	<b>441,015</b>	<b>660,457</b>	<b>1,939,109</b>

**5.1.5.11 Liquidation policy for uncollectible loans and receivables**

Uncollectible loans and receivables are collected through legal follow-up and liquidation of collaterals.

**5.1.5.12 "Write-off" policies**

The Bank's general policy for write-offs of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible in legal follow-up process.

**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	
	TL	FC	TL	FC
Collateralised/Blocked Investments	2,904,701	406,444	1,860,387	280,390
Investments subject to Repurchase Agreements	908,463	409,643	2,637,831	116,555
<b>Total</b>	<b>3,813,164</b>	<b>816,087</b>	<b>4,498,218</b>	<b>396,945</b>

**5.1.6.2 Government securities held-to-maturity**

	Current Period	Prior Period
Government Bonds	4,576,594	5,960,353
Treasury Bills	-	-
Other Government Securities	1,313,190	1,385,808
<b>Total</b>	<b>5,889,784</b>	<b>7,346,161</b>

**5.1.6.3 Investments held-to-maturity**

	Current Period	Prior Period
<b>Debt Securities</b>	<b>5,583,946</b>	<b>7,092,872</b>
Quoted at Stock Exchange	5,579,803	7,092,872
Unquoted at Stock Exchange	4,143	-
<b>Valuation Increase / (Decrease)</b>	<b>309,985</b>	<b>253,289</b>
<b>Total</b>	<b>5,893,931</b>	<b>7,346,161</b>



#### 5.1.6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
<b>Balances at Beginning of Period</b>	<b>7,346,161</b>	<b>7,617,297</b>
Foreign Currency Differences On Monetary Assets	25,395	(27,259)
Purchases during the Period	4,143	927,839
Disposals through Sales/Redemptions	(1,538,464)	(1,115,334)
Valuation Effect	56,696	(56,382)
<b>Balances at End of Period</b>	<b>5,893,931</b>	<b>7,346,161</b>

#### 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 <sup>(2)</sup>	Istanbul/Turkey	0.77	0.77
4	İMKB Takas ve Saklama Bankası AŞ <sup>(2)</sup>	Istanbul/Turkey	5.83	5.83
5	Vadeli İşlem ve Opsiyon Borsası AŞ <sup>(2)</sup>	Istanbul/Turkey	6.00	6.00
6	KKB Kredi Kayıt Bürosu AŞ	Istanbul/Turkey	9.09	9.09
7	Gelişen Bilgi Teknolojileri AŞ <sup>(**)(2)</sup>	Istanbul/Turkey	5.00	5.00
8	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(1)</sup>	Ankara/Turkey	2.48	2.48
9	Kredi Garanti Fonu AŞ <sup>(2)</sup>	Ankara/Turkey	1.67	1.67

	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	684,688	301,223	14,790	22,772	12,802	49,376	144,277	-
2	21,011	15,865	6,736	912	-	1,465	5,481	-
3	529,009	57,850	1,645	20,677	1,280	7,662	2,148	-
4	1,666,061	293,492	10,954	23,865	6,559	23,845	91,721	-
5	51,152	47,662	5,056	2,576	38	10,884	23,983	-
6	44,767	36,805	1,998	2,555	-	14,132	9,103	-
7	590	430	-	480	-	355	-	-
8	155,794	10,821	246	3,764	2,291	1,637	10,774	-
9	138,091	133,547	2,235	4,510	-	5,437	3,528	-

(1) Financial information is as of 31 December 2009.

(2) Financial information is as of 30 September 2010.

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

(\*\*) The commercial name of Gelişen İşletmeler Piyasaları AŞ was changed as Gelişen Bilgi Teknolojileri AŞ during the period.

**5.1.7.2 Movement of investments in associates**

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>29,705</b>	<b>27,705</b>
<b>Movements during the Period</b>	<b>(193)</b>	<b>2,000</b>
Acquisitions and Capital Increases (*)	-	2,000
Bonus Shares Received	54	-
Dividends from Current Year Profit	-	-
Sales	(247)	-
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
<b>Balance at End of Period</b>	<b>29,512</b>	<b>29,705</b>
<b>Capital Commitments</b>	<b>2,000</b>	<b>2,250</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

(\*) At the annual general assembly of Gelişen Bilgi Teknolojileri AŞ held on 5 April 2010, the company's capital was decreased from TL 10,000 thousands to TL 50 thousands.

**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	16,486	16,679
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	29,512	29,705
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 <sup>(1)</sup>	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	99.94	100.00
13	D Netherlands Holding BV	Amsterdam/Holland	100.00	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	24,952	16,373	727	-	408	3,096	(94,020)	-
2	23,454	11,683	624	-	1,151	1,537	9,567	-
3	1,141	989	4	-	17	576	-	-
4	563	204	35	-	-	(1)	(140)	-
5	1,331	1,203	-	-	8	263	181	-
6	2,193,634	419,073	17,862	155,277	-	79,519	256,306	-
7	1,427,313	60,486	2,540	76,379	363	9,003	26,953	132,720
8	74,736	58,902	5,744	729	1,424	3,345	9,989	-
9	20,349	15,236	3,290	1,174	238	1,188	948	-
10	2,376,076	329,207	11,992	26,352	9,580	99,589	157,050	-
11	7,221,799	663,518	52,988	236,921	85,365	82,853	263,985	663,795
12	499,470	119,718	37,806	16,334	13,201	18,946	53,250	119,896
13	373,113	373,083	-	-	-	(86)	(221,101)	578,791

<sup>(1)</sup> Financial information is as of 30 September 2010.

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

**5.1.8.2 Movement of investments in subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at Beginning of Period</b>	<b>1,003,260</b>	<b>812,128</b>
<b>Movements during the Period</b>	<b>651,874</b>	<b>191,132</b>
Acquisitions and Capital Increases (*)	553,497	655
Bonus Shares Received (**)	953	(125,648)
Dividends from Current Year Profit	-	-
Sales/Liquidations	(4,227)	-
Increase in Market Values	80,512	310,519
Currency Differences on Foreign Subsidiaries	17,748	2,228
Impairment Reversals/(Losses)	3,391	3,378
<b>Balance at End of Period</b>	<b>1,655,134</b>	<b>1,003,260</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

(\*) At 24 February 2010, the Bank acquired 430 common stocks of Garanti Bank Moscow representing 24.8555% of its registered capital at a total face value of RUR 109,650,000 from Garanti Financial Services Plc at a cost of USD 3,826,933.41 through subrogation.

On 27 May 2010, the Bank purchased the shares of D Netherlands Holding BV, established in Holland, presenting 100% ownership at a price of EUR 53.5 millions from Doğuş Holding AŞ, and subsequent to this share purchase, the paid-in capital of D Netherlands Holding BV was increased by EUR 118.4 millions. D Netherlands Holding BV is the shareholder of Doğuş GE BV directly, and GE Garanti Bank SA, Motoractive IFN SA, Ralfi IFN SA and Domenia Credit IFN SA, all resident in Romania, indirectly through Doğuş GE BV. The paid-in capital of D Netherlands Holding BV was increased;

- from EUR 217,088,600 to EUR 247,088,600 on 27 August 2010 as per the decision made at the board of directors' meeting held on 3 August 2010, and
- from EUR 247,088,600 to EUR 329,088,600 on 15 December 2010 as per the decision made at the board of directors' meeting held on 8 December 2010

(\*\*) The paid-in capital of Garanti Faktoring Hizmetleri AŞ was increased from TL 19,280 thousands to TL 21,000 thousands through appropriation from its retained earnings on 8 September 2010.

**5.1.8.3 Sectoral distribution of investments in subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	783,622	689,498
Insurance Companies	56,545	56,545
Factoring Companies	73,533	68,365
Leasing Companies	76,169	76,169
Finance Companies	647,867	98,380
Other Subsidiaries	17,398	14,303

**5.1.8.4 Quoted subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Quoted at Domestic Stock Exchanges	73,533	68,365
Quoted at International Stock Exchanges	-	-

**5.1.8.5 Valuation methods of investments in subsidiaries**

Subsidiaries	Current Period	Prior Period
Valued at Cost	202,612	202,612
Valued at Fair Value	1,435,945	787,166
Valued by Equity Method of Accounting (*)	16,577	13,482

(\*) Includes subsidiaries for which value decreases are provided against considering their equities.

**5.1.8.6 Investments in subsidiaries disposed during the current period**

The liquidation processes of Garanti Fund Management Co Ltd and Garanti Financial Services Plc were finalized and the disposals were recognized by 31 May 2010.

**5.1.8.7 Investments in subsidiaries acquired during the current period**

Please refer to Note 5.1.8.2.

**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**

None.

**5.1.12 Tangible assets**

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
<b>Balance at End of Prior Period</b>					
<b>Cost</b>	975,838	402,004	32,127	829,736	2,239,705
<b>Accumulated Depreciation (-)</b>	(232,756)	(311,000)	(25,810)	(527,547)	(1,097,113)
<b>Net Book Value at End of Prior Period</b>	743,082	91,004	6,317	302,189	1,142,592
<b>Balance at End of Current Period</b>					
Additions	51,947	2,865	1,047	153,603	209,462
Disposals (Costs)	(1,845)	(8,774)	(2,369)	(39,373)	(52,361)
Disposals (Accumulated Depreciation)	727	8,503	2,266	39,238	50,734
Impairment/Reversal of Impairment Losses	9,670	-	-	-	9,670
Depreciation Expense for Current Period (-)	(22,720)	(36,629)	(3,121)	(96,258)	(158,728)
Currency Translation Differences on Foreign Operations	-	-	-	(56)	(56)
<b>Cost at End of Current Period</b>	1,035,610	396,095	30,805	943,910	2,406,420
<b>Accumulated Depreciation at End of Current Period</b>	(254,749)	(339,126)	(26,665)	(584,567)	(1,205,107)
<b>Net Book Value at End of Current Period</b>	780,861	56,969	4,140	359,343	1,201,313

#### 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 TL 9,670 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 reversed in 2010.

### 5.1.13 Intangible assets

#### 5.1.13.1 Useful lives and amortisation rates

Intangible assets include softwares and other intangible assets. The estimated useful lives of such assets vary between 3 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	87,045	56,518	68,282	47,656

#### 5.1.13.4 Movements of intangible assets for the current period

	Current Period	Prior Period
<b>Net Book Value at End of Prior Period</b>	<b>20,626</b>	<b>15,764</b>
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	16,819	7,412
Disposals (-)	-	-
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(6,918)	(4,598)
Currency Translation Differences on Foreign Operations	-	-
Other Movements	-	2,048
<b>Net Book Value at End of Current Period</b>	<b>30,527</b>	<b>20,626</b>

**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 2010, the Bank has a deferred tax asset of TL 106,515 thousands (31 December 2009: TL 18,536 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 2010. However, there is a deferred tax asset of TL 177,963 thousands (31 December 2009: TL 167,727 thousands) and deferred tax liability of TL 71,448 thousands (31 December 2009: TL 149,191 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
<b>End of Prior Period</b>		
<b>Cost</b>	<b>82,293</b>	<b>83,136</b>
<b>Accumulated Depreciation (-)</b>	<b>(1,143)</b>	<b>(1,832)</b>
<b>Net Book Value</b>	<b>81,150</b>	<b>81,304</b>
<b>End of Current Period</b>		
Additions	74,964	33,183
Disposals (Cost)	(54,819)	(25,278)
Disposals (Accumulated Depreciation)	483	1,358
Impairment Losses (-)	(2,737)	(8,748)
Depreciation Expense for Current Period (-)	(985)	(669)
Currency Translation Differences on Foreign Operations	-	-
<b>Cost</b>	<b>99,701</b>	<b>82,293</b>
<b>Accumulated Depreciation (-)</b>	<b>(1,645)</b>	<b>(1,143)</b>
<b>Net Book Value</b>	<b>98,056</b>	<b>81,150</b>

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 6,293 thousands (31 December 2009: TL 3,263 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	4,249	17,353
Sale of Real Estates	3,170	-
Sale of Other Assets	2,920	2,884
<b>Total</b>	<b>10,339</b>	<b>20,237</b>

**5.1.17.2 Prepaid expenses, taxes and similar items**

	Current Period	Prior Period
Prepaid Expenses	190,263	210,859
Prepaid Taxes	-	3,903

**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	
	TL	FC	TL	FC
Central Bank of Turkey	4,227	-	24,471	9
Financial Assets at Fair Value through Profit or Loss	10,107	411	4,094	1,718
Banks	17,931	13,857	34,936	18,653
Interbank Money Markets	-	-	180	-
Financial Assets Available-for-Sale	3,221,171	132,806	2,713,745	109,445
Loans	502,055	278,375	453,023	290,694
Investments Held-to-Maturity	284,512	26,518	253,061	27,379
Other Accruals	16,088	-	15,769	-
<b>Total</b>	<b>4,056,091</b>	<b>451,967</b>	<b>3,499,279</b>	<b>447,898</b>



## 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
<b>Saving Deposits</b>	2,433,586	-	6,603,455	16,495,091	943,863	216,655	136,973	770	26,830,393
<b>Foreign Currency Deposits</b>	5,186,989	-	7,124,092	10,836,514	931,365	1,854,241	1,157,416	87,013	27,177,630
Residents in Turkey	4,887,105	-	6,831,438	10,435,652	815,581	636,228	823,096	85,730	24,514,830
Residents in Abroad	299,884	-	292,654	400,862	115,784	1,218,013	334,320	1,283	2,662,800
<b>Public Sector Deposits</b>	520,469	-	2,154	23,302	355	1,985	-	-	548,265
<b>Commercial Deposits</b>	3,091,199	-	3,393,199	6,966,337	926,007	217,079	137,756	-	14,731,577
<b>Other</b>	58,853	-	20,830	292,764	115,900	155	5,077	-	493,579
<b>Precious Metal Deposits</b>	464,651	-	4	-	-	4,010	-	-	468,665
<b>Bank Deposits</b>	757,565	-	1,174,213	450,096	7,800	18,636	-	-	2,408,310
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,876	-	338,279	30,317	-	-	-	-	371,472
Foreign Banks	310,346	-	835,934	419,779	7,800	18,636	-	-	1,592,495
Special Financial Institutions	444,343	-	-	-	-	-	-	-	444,343
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,513,312</b>	<b>-</b>	<b>18,317,947</b>	<b>35,064,104</b>	<b>2,925,290</b>	<b>2,312,761</b>	<b>1,437,222</b>	<b>87,783</b>	<b>72,658,419</b>

#### 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
<b>Saving Deposits</b>	1,833,625	-	7,070,398	11,555,702	172,843	128,642	82,679	51	20,843,940
<b>Foreign Currency Deposits</b>	4,899,239	-	8,641,772	9,000,277	393,091	713,736	1,033,428	89,179	24,770,722
Residents in Turkey	4,562,108	-	8,147,347	8,552,469	340,970	249,290	744,837	87,831	22,684,852
Residents in Abroad	337,131	-	494,425	447,808	52,121	464,446	288,591	1,348	2,085,870
<b>Public Sector Deposits</b>	461,652	-	5,722	8,017	15	302	67	-	475,775
<b>Commercial Deposits</b>	2,262,983	-	4,047,922	7,238,876	38,372	45,113	149,459	-	13,782,725
<b>Other</b>	85,261	-	42,193	139,686	686	137	273	-	268,236
<b>Precious Metal Deposits</b>	333,836	-	34	2,610	-	1,084	-	-	337,564
<b>Bank Deposits</b>	1,377,804	-	751,030	73,888	25,573	35,545	65,243	-	2,329,083
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	9,593	-	203,816	5,227	-	13,000	-	-	231,636
Foreign Banks	1,058,842	-	547,214	68,661	25,573	22,545	65,243	-	1,788,078
Special Financial Institutions	309,369	-	-	-	-	-	-	-	309,369
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,254,400</b>	<b>-</b>	<b>20,559,071</b>	<b>28,019,056</b>	<b>630,580</b>	<b>924,559</b>	<b>1,331,149</b>	<b>89,230</b>	<b>62,808,045</b>

**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	11,528,555	9,284,979	15,125,137	11,352,216
Foreign Currency Saving Deposits	3,128,715	3,214,814	9,950,009	10,005,530
Other Saving Deposits	204,524	120,181	243,956	175,083
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	375,362	401,603
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	186,298	172,124
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	
	TL	FC	TL	FC
Forward transactions	29,650	10,340	12,147	9,949
Swap transactions	167,674	171,750	79,849	81,895
Futures	-	1,846	-	106
Options	46,225	34,058	19,542	25,296
Other	-	-	-	-
<b>Total</b>	<b>243,549</b>	<b>217,994</b>	<b>111,538</b>	<b>117,246</b>

**5.2.3 Funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	155,150	122,359	154,465	158,979
Foreign Banks, Institutions and Funds	4,958,723	11,397,080	3,036,144	9,657,886
<b>Total</b>	<b>5,113,873</b>	<b>11,519,439</b>	<b>3,190,609</b>	<b>9,816,865</b>

**5.2.3.1 Maturities of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	700,423	4,139,314	154,465	2,859,824
Medium and Long-Term	4,413,450	7,380,125	3,036,144	6,957,041
<b>Total</b>	<b>5,113,873</b>	<b>11,519,439</b>	<b>3,190,609</b>	<b>9,816,865</b>

**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 TL and foreign currency concentration. The Bank's other funding sources specifically consist of foreign currency funds borrowed from abroad and TL funds obtained through repurchase transactions.

**5.2.4 Other external funds**

*Funds provided through repurchase transactions:*

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>10,180,670</b>	-	<b>9,804,711</b>	-
Financial Institutions and Organizations	10,115,836	-	9,749,113	-
Other Institutions and Organizations	19,318	-	18,423	-
Individuals	45,516	-	37,175	-
<b>Foreign Transactions</b>	<b>156,569</b>	<b>883,398</b>	<b>572,540</b>	<b>157,453</b>
Financial Institutions and Organizations	155,900	883,398	572,241	157,453
Other Institutions and Organizations	284	-	176	-
Individuals	385	-	123	-
<b>Total</b>	<b>10,337,239</b>	<b>883,398</b>	<b>10,377,251</b>	<b>157,453</b>

**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	377	353	4,506	4,155
1-4 Years	4	4	26	23
More than 4 Years	-	-	-	-
<b>Total</b>	<b>381</b>	<b>357</b>	<b>4,532</b>	<b>4,178</b>

**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	
	TL	FC	TL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	2,347	-	3,464
Net foreign investment hedges	-	-	-	-
<b>Total</b>	-	<b>2,347</b>	-	<b>3,464</b>

## 5.2.7 Provisions

### 5.2.7.1 General provisions

	Current Period	Prior Period
<b>General Provision for</b>	<b>622,265</b>	<b>437,334</b>
Loans and Receivables in Group I	533,544	383,421
Loans and Receivables in Group II	34,862	13,342
Non-Cash Loans	53,859	40,571
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	4,027	10,494
Medium and Long-Term Loans	7,429	9,244
<b>Total</b>	<b>11,456</b>	<b>19,738</b>

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	738	7,473
Doubtful Loans and Receivables	3,339	14,085
Uncollectible Loans and Receivables	53,210	34,547
<b>Total</b>	<b>57,287</b>	<b>56,105</b>

### 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	330,000	330,000

**5.2.7.4.2 Other provisions**

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for Employee Benefits	232,163	165,367
Recognized Liability for Defined Benefit Obligations	-	-
Provision for Promotion Expenses of Credit Cards (*)	46,488	36,208
Other Provisions	18,700	17,552
<b>Total</b>	<b>297,351</b>	<b>219,127</b>

(\*) 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 18 January 2011 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 above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 951,896 thousands (31 December 2009: TL 722,746 thousands) at 31 December 2010 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2010 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 18 January 2011 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 TL 504,338 thousands (31 December 2009: TL 324,807 thousands) remains as of 31 December 2010 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 266,382 thousands (31 December 2009: TL 191,521 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF. However, despite this treatment there are no excess obligation that needs to be provided against.

	<b>Current Period</b>	<b>Prior Period</b>
<b>Transferable Pension and Medical Benefits:</b>		
Net present value of pension benefits transferable to SSF	(315,823)	(287,981)
Net present value of medical benefits and health premiums transferable to SSF	266,382	191,521
General administrative expenses	(19,046)	(16,957)
<b>Present Value of Pension and Medical Benefits Transferable to SSF (1)</b>	<b>(68,487)</b>	<b>(113,417)</b>
<b>Fair Value of Plan Assets (2)</b>	<b>1,020,383</b>	<b>836,163</b>
<b>Asset Surplus over Transferable Benefits ((2)-(1)=(3))</b>	<b>951,896</b>	<b>722,746</b>
<b>Non-Transferable Benefits:</b>		
Other pension benefits	(242,307)	(188,494)
Other medical benefits	(205,251)	(209,445)
<b>Total Non-Transferable Benefits (4)</b>	<b>(447,558)</b>	<b>(397,939)</b>
<b>Asset Surplus over Total Benefits ((3)-(4)=(5))</b>	<b>504,338</b>	<b>324,807</b>
<b>Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)</b>	<b>(266,382)</b>	<b>(191,521)</b>
<b>Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))</b>	<b>237,956</b>	<b>133,286</b>

The major actuarial assumptions used in the calculation of other benefits not transferable to SSF in compliance with TAS 19 are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>%</b>	<b>%</b>
Discount Rate	10.00	10.86-8.42
Inflation Rate	5.10	6.90-4.80
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	24.70-2.80	20.50-6.80
Future Pension Increase Rates	5.10	6.90-4.80

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 2010, the Bank had a current tax liability of TL 204,102 thousands (31 December 2009: TL 198,353 thousands) after offsetting with prepaid taxes. 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**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Taxes Payable	204,102	198,353
Taxation on Securities Income	58,218	88,060
Taxation on Real Estates Income	1,536	1,300
Banking Insurance Transaction Tax	29,377	29,605
Foreign Exchange Transaction Tax	25	27
Value Added Tax Payable	2,642	2,672
Others	27,544	30,057
<b>Total</b>	<b>323,444</b>	<b>350,074</b>

#### **5.2.8.1.3 Premiums**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employees	-	-
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	34	30
Bank Pension Fund Premium-Employer	17	15
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	514	474
Unemployment Insurance-Employer	966	875
Others	4	-
<b>Total</b>	<b>1,535</b>	<b>1,394</b>

#### 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 a maturity of 10 years and with a repayment option for the Bank at the end of the fifth year at an interest rate of 6.95%, and then 7.95%, annually.
- On 23 February 2009, the Bank obtained a subordinated debt of EUR 50 millions from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA), a company of the French Development Agency Group with an interest of Euribor+3.5% and maturity of 12 years with a repayment option at the end of the seventh year to finance the clean energy projects.

These debts are qualified as secondary subordinated debts to be included in the supplementary capital by the BRSA in the calculation of the Bank's capital adequacy ratio in compliance with the conditions set forth in the "Regulation on Equities of Banks" issued by the BRSA and published in the Official Gazette no.26333 dated 1 November 2006.

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	884,726	-	874,358
<b>Total</b>	-	<b>884,726</b>	-	<b>874,358</b>

#### 5.2.11 **Shareholders' equity**

##### 5.2.11.1 *Paid-in capital*

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

##### 5.2.11.2 *Registered share capital system*

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

##### 5.2.11.3 *Capital increases in current period*

None.

##### 5.2.11.4 *Capital increases from capital reserves in current period*

None.

**5.2.11.5 Capital commitments for current and future financial periods**

None.

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

None.

**5.2.11.7 Information on privileges given to stocks representing the capital**

None.

**5.2.11.8 Securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	<b>66,777</b>	<b>267,610</b>	<b>63,768</b>	<b>181,780</b>
Valuation difference	34,460	267,610	31,088	181,780
Exchange rate difference	32,317	-	32,680	-
<b>Securities Available-for-Sale</b>	<b>1,488,655</b>	<b>150,768</b>	<b>1,249,912</b>	<b>115,686</b>
Valuation difference	1,488,655	150,768	1,249,912	115,686
Exchange rate difference	-	-	-	-
<b>Total</b>	<b>1,555,432</b>	<b>418,378</b>	<b>1,313,680</b>	<b>297,466</b>

**5.2.11.9 Revaluation surplus**

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,147	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	596,047	-	596,047	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

**5.2.11.10 Bonus shares of associates, subsidiaries and joint-ventures**

	Current Period	Prior Period
Garanti Yatırım Menkul Değerler AŞ	942	942
Eureko Sigorta AŞ	561	561
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Tat Konserve AŞ	36	36
Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ	23	23
Yatırım Finansman Menkul Değerler AŞ	9	9
<b>Total</b>	<b>2,453</b>	<b>2,453</b>



**5.2.11.11 Legal reserves**

	<b>Current Period</b>	<b>Prior Period</b>
I. Legal Reserve	489,166	341,742
II. Legal Reserve	39,290	25,290
Special Reserves	-	-

**5.2.11.12 Extraordinary reserves**

	<b>Current Period</b>	<b>Prior Period</b>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	5,294,076	2,847,764
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:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Deposits	222,174	66,580	154,150	52,033
Funds Borrowed	209,226	52,818	188,772	54,197
Interbank Money Markets	24,477	671	53,020	6,077
Other Accruals	23,698	319	18,754	537
<b>Total</b>	<b>479,575</b>	<b>120,388</b>	<b>414,696</b>	<b>112,844</b>

### 5.3 Off-Balance Sheet Items

#### 5.3.1 Off-balance sheet contingencies

##### 5.3.1.1 Irrevocable credit commitments

The Bank has asset purchase and sale commitments of TL 1,789,413 thousands (31 December 2009: TL 1,440,378 thousands), commitments for cheque payments of TL 1,910,095 thousands (31 December 2009: TL 1,513,300 thousands) and commitments for credit card limits of TL 12,467,191 thousands (31 December 2009: TL 9,057,598 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	7,155,138	7,451,475
Letters of Guarantee in TL	4,951,727	4,513,454
Letters of Credit	3,362,064	2,592,529
Bills of Exchange and Acceptances	164,105	125,841
Others	-	-
<b>Total</b>	<b>15,633,034</b>	<b>14,683,299</b>

A specific provision of TL 57,287 thousands (31 December 2009: TL 56,105 thousands) is made for unliquidated non-cash loans of TL 96,013 thousands (31 December 2009: TL 103,115 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 2010, in the Bank’s “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 775,000,000 (31 December 2009: USD 925,000,000).

##### 5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	883,442	897,123
With Original Maturity of 1 Year or Less	39,865	13,519
With Original Maturity of More Than 1 Year	843,577	883,604
Other Non-Cash Loans	14,806,338	13,786,176
<b>Total</b>	<b>15,689,780</b>	<b>14,683,299</b>

#### 5.3.1.4 Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agriculture</b>	<b>55,348</b>	<b>1.12</b>	<b>20,278</b>	<b>0.19</b>	<b>29,794</b>	<b>0.66</b>	<b>27,397</b>	<b>0.27</b>
Farming and Stockbreeding	52,897	1.07	20,187	0.19	27,820	0.62	27,397	0.27
Forestry	704	0.01	91	-	661	0.01	-	-
Fishery	1,747	0.04	-	-	1,313	0.03	-	-
<b>Manufacturing</b>	<b>1,737,187</b>	<b>35.03</b>	<b>3,646,436</b>	<b>33.98</b>	<b>1,696,354</b>	<b>37.57</b>	<b>3,539,678</b>	<b>34.81</b>
Mining	316,066	6.37	23,630	0.22	303,385	6.72	28,978	0.28
Production	1,048,610	21.15	2,362,841	22.02	1,046,987	23.19	2,362,864	23.24
Electricity, Gas, Water	372,511	7.51	1,259,965	11.74	345,982	7.66	1,147,836	11.29
<b>Construction</b>	<b>687,442</b>	<b>13.86</b>	<b>1,740,371</b>	<b>16.22</b>	<b>565,124</b>	<b>12.52</b>	<b>2,196,693</b>	<b>21.60</b>
<b>Services</b>	<b>2,105,382</b>	<b>42.45</b>	<b>4,108,355</b>	<b>38.28</b>	<b>1,931,945</b>	<b>42.80</b>	<b>3,683,693</b>	<b>36.22</b>
Wholesale and Retail Trade	1,392,907	28.09	1,741,372	16.23	1,308,395	28.99	1,187,159	11.67
Hotel, Food and Beverage Services	100,954	2.04	62,760	0.58	76,349	1.69	68,732	0.68
Transportation and Telecommunication	188,038	3.79	667,331	6.22	171,887	3.81	792,506	7.79
Financial Institutions	364,998	7.36	1,626,136	15.15	301,308	6.67	1,615,950	15.89
Real Estate and Renting Services	6,640	0.13	870	0.01	33,882	0.75	6,129	0.06
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	6,648	0.13	3,150	0.03	7,111	0.16	6,235	0.06
Health and Social Services	45,197	0.91	6,736	0.06	33,013	0.73	6,982	0.07
<b>Other</b>	<b>373,518</b>	<b>7.54</b>	<b>1,215,463</b>	<b>11.33</b>	<b>290,773</b>	<b>6.45</b>	<b>721,848</b>	<b>7.10</b>
<b>Total</b>	<b>4,958,877</b>	<b>100.00</b>	<b>10,730,903</b>	<b>100.00</b>	<b>4,513,990</b>	<b>100.00</b>	<b>10,169,309</b>	<b>100.00</b>

#### 5.3.1.5 Non-cash loans classified under Group I and II

	Group I		Group II	
	TL	FC	TL	FC
<b>Current Period</b>				
<b>Non-Cash Loans</b>	<b>4,925,868</b>	<b>10,681,938</b>	<b>33,009</b>	<b>48,965</b>
Letters of Guarantee	4,918,718	7,106,232	33,009	48,906
Bills of Exchange and Bank Acceptances	-	164,105	-	-
Letters of Credit	7,150	3,354,855	-	59
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	56,746	-	-

	Group I		Group II	
	TL	FC	TL	FC
<b>Prior Period</b>				
<b>Non-Cash Loans</b>	<b>4,485,463</b>	<b>10,116,520</b>	<b>28,527</b>	<b>52,789</b>
Letters of Guarantee	4,484,927	7,401,468	28,527	50,007
Bills of Exchange and Bank Acceptances	514	123,133	-	2,194
Letters of Credit	22	2,591,919	-	588
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	-	-	-

**5.3.2 Financial derivative instruments**

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
<b>Hedging Derivatives</b>						
<b>A. Total Hedging Derivatives</b>	-	-	<b>167,200</b>	-	-	<b>167,200</b>
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	167,200	-	-	167,200
Net Foreign Investment Hedges	-	-	-	-	-	-
<b>Trading Derivatives</b>						
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>16,812,451</b>	<b>8,049,102</b>	<b>10,358,210</b>	<b>2,033,363</b>	<b>1,119,196</b>	<b>38,372,322</b>
Currency Forwards-Purchases	1,364,709	428,341	881,411	102,295	126,098	2,902,854
Currency Forwards-Sales	1,386,424	408,877	851,839	99,258	126,098	2,872,496
Currency Swaps-Purchases	4,947,849	1,749,646	2,988,245	943,785	304,000	10,933,525
Currency Swaps-Sales	5,091,475	1,724,093	2,959,868	742,375	563,000	11,080,811
Currency Options-Purchases	1,968,416	1,997,065	1,206,000	68,400	-	5,239,881
Currency Options-Sales	2,053,578	1,698,040	1,470,847	77,250	-	5,299,715
Currency Futures-Purchases	-	15,336	-	-	-	15,336
Currency Futures-Sales	-	27,704	-	-	-	27,704
<b>Interest Rate Related Derivative Transactions (II)</b>	<b>57,358</b>	<b>520,924</b>	<b>3,712,015</b>	<b>6,666,216</b>	<b>4,151,252</b>	<b>15,107,765</b>
Interest Rate Swaps-Purchases	28,679	14,896	114,309	3,333,108	2,075,626	5,566,618
Interest Rate Swaps-Sales	28,679	14,896	115,827	3,333,108	2,075,626	5,568,136
Interest Rate Options-Purchases	-	-	1,630,000	-	-	1,630,000
Interest Rate Options-Sales	-	-	1,630,000	-	-	1,630,000
Securities Options-Purchases	-	-	221,416	-	-	221,416
Securities Options-Sales	-	399,932	463	-	-	400,395
Interest Rate Futures-Purchases	-	91,200	-	-	-	91,200
Interest Rate Futures-Sales	-	-	-	-	-	-
<b>Other Trading Derivatives (III)</b>	<b>386,877</b>	<b>536,348</b>	<b>418,811</b>	-	-	<b>1,342,036</b>
<b>B. Total Trading Derivatives (I+II+III)</b>	<b>17,256,686</b>	<b>9,106,374</b>	<b>14,489,036</b>	<b>8,699,579</b>	<b>5,270,448</b>	<b>54,822,123</b>
<b>Total Derivative Transactions (A+B)</b>	<b>17,256,686</b>	<b>9,106,374</b>	<b>14,656,236</b>	<b>8,699,579</b>	<b>5,270,448</b>	<b>54,989,323</b>

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Hedging Derivatives</b>						
<b>A. Total Hedging Derivatives</b>	-	-	-	<b>245,850</b>	-	<b>245,850</b>
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	-	245,850	-	245,850
Net Foreign Investment Hedges	-	-	-	-	-	-
<b>Trading Derivatives</b>						
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>17,493,520</b>	<b>5,064,972</b>	<b>4,434,328</b>	<b>363,764</b>	<b>861,000</b>	<b>28,217,584</b>
Currency Forwards-Purchases	1,531,287	328,196	491,321	127,534	-	2,478,338
Currency Forwards-Sales	1,495,782	320,268	500,616	124,588	-	2,441,254
Currency Swaps-Purchases	4,860,104	1,428,996	667,703	52,150	298,000	7,306,953
Currency Swaps-Sales	4,692,129	1,164,810	674,230	59,492	563,000	7,153,661
Currency Options-Purchases	2,432,356	864,741	961,273	-	-	4,258,370
Currency Options-Sales	2,481,862	909,623	1,138,119	-	-	4,529,604
Currency Futures-Purchases	-	4,182	522	-	-	4,704
Currency Futures-Sales	-	44,156	544	-	-	44,700
<b>Interest Rate Related Derivative Transactions (II)</b>	<b>1,727</b>	<b>32,184</b>	<b>225,150</b>	<b>10,490,124</b>	<b>2,371,320</b>	<b>13,120,505</b>
Interest Rate Swaps-Purchases	-	-	51,501	3,411,577	1,308,585	4,771,663
Interest Rate Swaps-Sales	-	-	51,501	3,657,427	1,062,735	4,771,663
Interest Rate Options-Purchases	-	-	100,284	1,710,560	-	1,810,844
Interest Rate Options-Sales	-	-	-	1,710,560	-	1,710,560
Securities Options-Purchases	-	-	18,368	-	-	18,368
Securities Options-Sales	1,727	-	3,496	-	-	5,223
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	32,184	-	-	-	32,184
<b>Other Trading Derivatives (III)</b>	<b>308,083</b>	<b>102,647</b>	<b>208,361</b>	-	-	<b>619,091</b>
<b>B. Total Trading Derivatives (I+II+III)</b>	<b>17,803,330</b>	<b>5,199,803</b>	<b>4,867,839</b>	<b>10,853,888</b>	<b>3,232,320</b>	<b>41,957,180</b>
<b>Total Derivative Transactions (A+B)</b>	<b>17,803,330</b>	<b>5,199,803</b>	<b>4,867,839</b>	<b>11,099,738</b>	<b>3,232,320</b>	<b>42,203,030</b>

### 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	
	TL	FC	TL	FC
Short-term loans	1,957,455	138,440	2,550,284	223,891
Medium and long-term loans	2,088,836	1,069,428	2,011,347	1,179,304
Loans under follow-up	54,748	-	39,014	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>4,101,039</b>	<b>1,207,868</b>	<b>4,600,645</b>	<b>1,403,195</b>

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

#### 5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	3,039	150	10,097	480
Domestic Banks	3,568	535	12,570	634
Foreign Banks	163,830	53,405	122,171	74,317
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>170,437</b>	<b>54,090</b>	<b>144,838</b>	<b>75,431</b>

#### 5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	49,063	719	15,999	2,152
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	2,714,706	142,071	2,749,109	148,107
Investments Held-to-Maturity	740,083	95,428	894,768	107,802
<b>Total</b>	<b>3,503,852</b>	<b>238,218</b>	<b>3,659,876</b>	<b>258,061</b>

#### 5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest received from Investments in Associates and Subsidiaries	42,073	43,193

## 5.4.2 Interest Expenses

### 5.4.2.1 Interest expenses on funds borrowed (\*)

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>459,248</b>	<b>205,471</b>	<b>346,958</b>	<b>264,065</b>
Central Bank of Turkey	-	-	-	-
Domestic Banks	14,329	4,836	31,483	6,787
Foreign Banks	444,919	200,635	315,475	257,278
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>64,647</b>	<b>-</b>	<b>57,476</b>
<b>Total</b>	<b>459,248</b>	<b>270,118</b>	<b>346,958</b>	<b>321,541</b>

(\*) 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	32,238	26,476

### 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		
<b>Turkish Lira</b>								
Bank Deposits	1,694	35,950	-	-	-	-	-	37,644
Saving Deposits	672	575,149	1,206,997	60,541	13,606	8,154	-	1,865,119
Public Sector Deposits	2	1,215	3,758	101	92	4	-	5,172
Commercial Deposits	3,067	388,853	613,569	70,504	9,593	13,035	-	1,098,621
Other	1,671	4,388	40,299	17,484	12	156	-	64,010
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>7,106</b>	<b>1,005,555</b>	<b>1,864,623</b>	<b>148,630</b>	<b>23,303</b>	<b>21,349</b>	<b>-</b>	<b>3,070,566</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	2,552	193,234	241,751	16,620	36,212	29,827	1,676	521,872
Bank Deposits	-	6,256	-	-	-	-	-	6,256
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	3	-	-	-	89	-	-	92
<b>Total FC</b>	<b>2,555</b>	<b>199,490</b>	<b>241,751</b>	<b>16,620</b>	<b>36,301</b>	<b>29,827</b>	<b>1,676</b>	<b>528,220</b>
<b>Grand Total</b>	<b>9,661</b>	<b>1,205,045</b>	<b>2,106,374</b>	<b>165,250</b>	<b>59,604</b>	<b>51,176</b>	<b>1,676</b>	<b>3,598,786</b>

### 5.4.2.5 Interest expense on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest paid on Repurchase Agreements	408,072	2,403	745,308	7,330

**5.4.2.6 Financial lease expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Financial Lease Expenses	439	1,785

**5.4.2.7 Interest expenses on factoring payables**

None.

**5.4.3 Dividend income**

	<b>Current Period</b>	<b>Prior Period</b>
Trading Financial Assets	-	-
Financial Assets Valued at Fair Value through Profit or Loss	-	-
Financial Assets Available-for-Sale	847	675
Others	4,443	78,262
<b>Total</b>	<b>5,290</b>	<b>78,937</b>

**5.4.4 Trading income/losses (Net)**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>64,625,145</b>	<b>55,769,542</b>
Trading Account Income	222,242	373,157
Gains from Derivative Financial Instruments	2,924,648	2,829,863
Foreign Exchange Gains	61,478,255	52,566,522
<b>Losses (-)</b>	<b>64,261,220</b>	<b>54,888,844</b>
Trading Account Losses	19,898	12,050
Losses from Derivative Financial Instruments	2,800,681	2,450,824
Foreign Exchange Losses	61,440,641	52,425,970
<b>Total</b>	<b>363,925</b>	<b>880,698</b>

TL 2,414,324 thousands (31 December 2009: TL 3,382,234 thousands) of foreign exchange gains and TL 2,821,404 thousands (31 December 2009: TL 4,297,123 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

**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.



#### 5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	<b>386,767</b>	<b>1,212,401</b>
<i>Loans and receivables in Group III</i>	20,709	141,317
<i>Loans and receivables in Group IV</i>	103,071	421,079
<i>Loans and receivables in Group V</i>	262,987	650,005
General Provisions	<b>186,689</b>	<b>11,255</b>
Provision for Possible Losses	-	<b>330,000</b>
Impairment Losses on Securities	<b>1,128</b>	<b>688</b>
<i>Financial assets at fair value through profit or loss</i>	1,128	688
<i>Financial assets available-for-sale</i>	-	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	<b>15</b>
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	15
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	<b>9,713</b>	<b>58,455</b>
<b>Total</b>	<b>584,297</b>	<b>1,612,814</b>

#### 5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,160,623	994,048
Reserve for Employee Termination Benefits	6,759	1,563
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	158,728	166,600
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	6,918	4,598
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	2,926	8,748
Depreciation Expenses of Assets to be Disposed	985	669
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,328,715	1,212,279
<i>Operational Lease related Expenses</i>	156,847	131,983
<i>Repair and Maintenance Expenses</i>	33,222	29,696
<i>Advertisement Expenses</i>	122,944	103,617
<i>Other Expenses</i>	1,015,702	946,983
Loss on Sale of Assets	1,971	1,886
Others (*)	373,205	309,050
<b>Total</b>	<b>3,040,830</b>	<b>2,699,441</b>

(\*) In the current period, this item includes a provision amounting TL 132,138 thousands (31 December 2009: TL 72,100 thousands) for short-term employee benefits.

#### **5.4.8 Information on profit/loss before taxes from continued and discontinued operations**

The profit before taxes includes a net interest income of TL 4,754,740 thousands, a net fees and commissions income of TL 1,815,536 thousands and operating expenses of TL 3,040,830 thousands. The Bank's profit before taxes realized at TL 3,952,353 thousands increasing by 4.60% as compared to the prior year.

#### **5.4.9 Information on provision for taxes from continued and discontinued operations**

As of 31 December 2010, the Bank recorded a tax charge of TL 973,542 thousands (31 December 2009: TL 817,616 thousands) and a deferred tax benefit of TL 166,422 thousands (31 December 2009: TL 1,329 thousands).

##### *Deferred tax benefit/charge on timing differences:*

<b>Deferred tax benefit/(charge) on timing differences</b>	<b>Current Period</b>
Increase in tax deductible timing differences (+)	121,428
Decrease in tax deductible timing differences (-)	32,390
Increase in taxable timing differences (-)	1,378
Decrease in taxable timing differences (+)	78,762
<b>Total</b>	<b>166,422</b>

##### *Deferred tax benefit/charge in the income statement arising on timing differences, tax losses and tax deductions and exemptions:*

<b>Deferred tax benefit/(charge) arising on timing differences, tax losses and tax deductions and exemptions</b>	<b>Current Period</b>
Increase/(decrease) in tax deductible timing differences (net)	89,038
Increase/(decrease) in taxable timing differences (net)	77,384
Increase/(decrease) in tax losses (net)	-
Increase/(decrease) in tax deductions and exemptions (net)	-
<b>Total</b>	<b>166,422</b>

#### **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 2010, 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 TL 362,664 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 the income statement from "securities value increase fund" are TL 179,765 thousands and TL 109,738 thousands for the years ended 31 December 2010 and 2009, 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. In the prior period the effective portion of the cash flow hedge amounting to TL 67,119 thousands was deducted from shareholders' equity, in the current period a gain of TL 685 thousands after netting with the related deferred tax effect was added to shareholders' equity.

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

The Bank had applied net investment hedge accounting for the exchange rate differences on the net investment risks on its foreign affiliates and its related financial liabilities in foreign currencies in the previous periods. The Bank started to apply fair value hedge accounting as at 1 January 2009. Accordingly, the effective portion of the foreign exchange differences is recorded under income statement in the current period.

The foreign exchange loss of TL 9,583 thousands netted with the related tax effect of TL 1,917 thousands that had been recorded under the shareholders' equity has been transferred from the shareholders' equity to the income statement as TL 7,666 thousands as per Garanti Bank International NV's capital decrease decision dated 16 October 2009.

### **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**

	<b>Current Period</b>	<b>Prior Period</b>
Transfers to Legal Reserves from Prior Year Profits	162,112	94,024
Transfers to Extraordinary Reserves from Prior Year Profits	2,446,312	1,377,040

As explained in Note 1.4, the payment of TL 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 2010, the net cash inflows arising from banking operations amount to TL 990,472 thousands. TL 2,948,155 thousands of this amount is generated from the change in operating assets and liabilities and TL 3,938,627 thousands from operating profit. The “net increase/(decrease) 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 TL 998,878 thousands for the year 2010. The “others” item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to a loss of TL 302,814 thousands for the year 2010.

The net cash outflow from financing activities for the year 2010, is TL 354,922 thousands.

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 64,049 thousands for the year 2010.

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

Please refer to Note 5.1.8.2 of investments in subsidiaries.

### 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	776,667	653,902
Cash in TL	468,028	312,466
Cash in Foreign Currency	308,639	341,436
Cash Equivalents	7,354,075	4,377,823
Other	7,354,075	4,377,823
<b>TOTAL</b>	<b>8,130,742</b>	<b>5,031,725</b>

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

	Current Period	Prior Period
Cash on Hand	879,320	776,667
Cash in TL	499,780	468,028
Cash in Foreign Currency	379,540	308,639
Cash Equivalents	5,315,913	7,354,075
Other	5,315,913	7,354,075
<b>TOTAL</b>	<b>6,195,233</b>	<b>8,130,742</b>

**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 balance of TL 5,807,865 thousands of which TL 130,281 thousands, TL 177,195 thousands and TL 20,961 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits, and TL 5,479,428 thousands as collateral against funds borrowed.

The blocked account at the Central Bank of Turkey with a principal balance of TL 2,830,334 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	1,454,678	23,581	2	920	214,868	299,669
Balance at end of period	3,475,734	757,091	14	4,831	232,831	358,273
Interest and Commission Income	55,279	179	8	7	13,125	2,818

##### 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	1,729,413	122,864	25	1,661	220,662	183,932
Balance at end of period	1,454,678	23,581	2	920	214,868	299,669
Interest and Commission Income	51,623	137	17	2	14,485	2,411

#### 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	231,523	240,915	359,876	300,582	323,665	183,763
Balance at end of period	571,953	231,523	207,006	359,876	389,333	323,665
Interest Expense	32,238	26,476	22,919	16,547	12,087	10,088

#### 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:						
Balance at beginning of period	303,015	-	-	-	3,326	-
Balance at end of period	707,375	303,015	-	-	3,992	3,326
Total Profit/(Loss)	206,168	83,325	-	-	1,565	595
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at 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 TL 1,425,195 thousands (31 December 2009: TL 551,924 thousands) compose 2.20% (31 December 2009: 1.11%) of the Bank's total cash loans and 1.15% (31 December 2009: 0.52%) of the Bank's total assets. The total loans and similar receivables amounting TL 3,708,579 thousands (31 December 2009: TL 1,669,548 thousands) compose 2.99% (31 December 2009: TL 1.59%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 1,120,195 thousands (31 December 2009: TL 324,170 thousands) compose 7.14% (31 December 2009: 2.21%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,168,292 thousands (31 December 2009: TL 915,064 thousands) compose 1.61% (31 December 2009: 1.46%) 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 TL 357 thousands (31 December 2009: TL 4,178 thousands) from the transactions carried out with related parties. As a result of these transactions, a leasing expense of TL 439 thousands (31 December 2009: TL 1,785 thousands) is recorded. Furthermore, there is a credit card (POS) payable amounting TL 53,634 thousands (31 December 2009: TL 37,215 thousands) to related parties.

Operating expenses of TL 5,447 thousands (31 December 2009: TL 6,708 thousands) for IT services and of TL 1,977 thousands for consultancy services rendered by related parties and rent income of TL 2,082 thousands (31 December 2009: TL 1,664 thousands) for the real estates rented to related parties, are recorded.

The Bank made a total payment of TL 66,705 thousands to its top management considered as key management as of 31 December 2010 (31 December 2009: TL 59,001 thousands).

### **5.7.2.3 *Other matters not required to be disclosed***

None.

### **5.7.2.4 *Transactions accounted for under equity method***

Please refer to Note 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.

## 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			
<b>Domestic Branches</b>	853	16,618			
			<b>Country</b>		
<b>Foreign Representative Offices</b>	1	1	1-Germany		
	1	1	2-Russia		
	1	-	3-England		
	1	1	4-China		
				<b>Total Assets</b>	<b>Legal Capital</b>
<b>Foreign Branches</b>	1	19	1- Luxembourg	11,101,245	815,000
	1	11	2- Malta	17,729,482	-
	4	24	3- NCTR	296,455	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 2010, 78 new domestic branches were opened and 7 branches were closed.



## **5.9 Significant Events and Matters Arising Subsequent to Balance Sheet Date**

At the meeting of the Bank's board of directors held on 22 October 2010, it has been resolved to issue TL denominated bank bonds and/or debentures up to an amount of TL 3,000,000 thousands in various maturities in the domestic market. Accordingly, the related approvals were received, and the issuance of TL denominated bank bonds amounting TL 1,000,000 thousands with one-year maturity and annual compound interest rate of 7.68091% started on 24 January 2011 and was completed on 31 January 2011.

## 6. Other Disclosures on Activities of the Bank

### 6.1 The Bank's latest international risk ratings

#### **MOODY'S (October 2010\*)**

Long Term FC Deposit	Ba3
Long Term TL Deposit	Baa1
Short Term TL Deposit	Prime-2
Short Term FC Deposit	NP
Long Term FC Deposit Outlook	Positive
Financial Strength Rate (FSR)	C-
FSR Outlook	Stable
Long Term National	Aa1.tr
Short Term National	TR-1

#### **STANDARD AND POORS (February 2010\*)**

Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Positive

#### **FITCH RATINGS (December 2010\*)**

<b>Foreign Currency</b>	
Long Term	BBB-
Short Term	F3
Outlook	Positive
Individual	C
Support	3
<b>Turkish Lira</b>	
Long Term	BBB-
Short Term	F3
Outlook	Positive
<b>National</b>	AAA (trk)
Outlook	Stable

#### **CAPITAL INTELLIGENCE (November 2010\*)**

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

(\*) Latest dates in risk ratings or outlooks.

**JCR EURASIA RATINGS (November 2010\*)**

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

(\*) Latest dates in risk ratings or outlooks.

## 6.2 Dividends

At the annual general assembly dated 1 April 2010, it was decided to distribute the profit of 2009 as follows:

<b>2009 PROFIT DISTRIBUTION TABLE</b>	
2009 Net Profit	<b>2,962,241</b>
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(148,112)
Undistributable funds	(3,817)
B – First dividend at 5% of the Paid Capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(130,016)
D – Dividend to the owners of the Founder Shares	(140,000)
E – Extraordinary reserves	(2,316,296)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(14,000)

Dividend payments to shareholders started on 12 April 2010.

## 6.3 Other disclosures

Doğuş Holding AŞ entered into a share purchase agreement with Banco Bilbao Vizcaya Argentaria SA (BBVA) on 1 November 2010 with respect to the acquisition of the shares with a total nominal value of TL 264,188,400 thousands representing 6.29% of the Bank's issued share capital. BBVA also entered into a share purchase agreement with GE Group (GE) on 1 November 2010 with respect to the acquisition of the shares with a total nominal value of TL 781,200,000 thousands representing 18.60% of the Bank's issued share capital. The completion of these deals depends on the approvals to be received from the relevant authorities.

## **7 Independent Auditors' Report**

### **7.1 Disclosure on independent auditors' report**

The unconsolidated financial statements of the Bank have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent audit report dated 10 February 2010 is presented before the accompanying financial statements.

### **7.2 Disclosures and footnotes prepared by independent accountants**

None.

.....