

*(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 Interim Financial Statements

As of and For the Six Month Ended 30 June 2005

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

With Independent Auditor's Review Report Thereon

Akis Serbest Muhasebeci
Mali Müşavirlik AŞ
21 July 2005

*This report contains "Independent Auditor's Review
Report" comprising 1 page and; "Unconsolidated
financial statements and related disclosures and
footnotes" comprising 71 pages.*

**Convenience Translation of the Auditor’s Review Report
Originally Prepared and Issued in Turkish (See Note 3.1.1)**

To the Board of Directors of Türkiye Garanti Bankası AŞ:

We have reviewed the balance sheet of Türkiye Garanti Bankası AŞ (“the Bank”) as of 30 June 2005 and the related income statement for the six-month period then ended. These financial statements are the responsibility of the Bank’s management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the regulations related with the “Accounting and Recording Rules” and “Independent Auditing Standards” of (Turkish) Banking Law No 4389. These regulations require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, the financial position of Türkiye Garanti Bankası AŞ as of 30 June 2005 and the result of its operations for the period then ended in accordance with regulations described in Article 13 “Accounting and Recording Rules” of (Turkish) Banking Law.

İstanbul,
21 July 2005

**Akis Serbest Muhasebeci
Mali Müşavirlik
Anonim Şirketi**

Bülent Ejder
Partner
Certified Public Accountant

Additional paragraph for convenience translation to English:

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

Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Interim Financial Report as of 30 June 2005

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

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

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

M. Cüneyt Sezgin

S. Ergun Özen

Ali Temel

Aylin Aktürk/Aydın Şenel

Board of Directors Member
Responsible of Internal
Control System

General Manager

Executive
Vice President

Senior Vice Presidents

The authorized contact person for questions on this financial report

Name-Surname/Title: Funda GÜNGÖR/Senior Vice President

Phone no: 90 212 318 18 18

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1 General Information

1.1 Activities of the Bank

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 347 domestic branches, three foreign branches and five representative offices abroad. The Bank’s head office is located in Istanbul.

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

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

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

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

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

1.2 Related parties

Group of Companies under Doğu Holding AŞ that currently owns 47.46% shares of the Bank, is called as the Doğu Group (the Group).

The Group was established in 1951 as a construction and contracting firm. In addition to the construction sector, the Group operates in a variety of businesses consisting of financial services, automotive, retail, tourism and service sectors with more than 19,000 employees.

The Group already operates partnerships and has distribution, management and franchise agreements with internationally recognized brand names, such as Volkswagen, Audi, Porsche, Seat, Scania, ITT Sheraton, Hyatt Regency, Jeeves, Armani, Gucci and CNBC.

In the construction sector, the Group has an important role in ongoing projects or projects being considered such as Araklı-İyidere, Çukurova, Sinop-Boyabat, Asilah-Tanger (Morocco) motorways, Yusufeli and Artvin dams, Ukraine Dnyeper Bridge.

The Group has tourism investments such as Sheraton Voyager, Club Aldiana and Paradise Side Apart Otel and five marinas which are adjudicated by “build, operate and transfer model” such as Dalaman, Didim, Turgutreis, Bodrum, Antalya.

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

1.3 Information on the Bank’s top management

Board of Directors

Chairman: Ferit Faik ŞAHENK
Members: Süleyman SÖZEN
Muammer Cüneyt SEZGİN
Ahmet Kamil ESİRTGEN
Sincar TOKER
Ali Can VERDİ
Sait Ergun ÖZEN

CEO: Sait Ergun ÖZEN

Executive Vice Presidents: Adnan MEMİŞ
Halil Hüsni EREL
Faruk Nafiz KARADERE
Ali TEMEL
Kubilay CİNEMRE
Tolga EGEMEN
Turgay GÖNENSİN
Ali Fuat ERBİL
Ali Can VERDİ

1.4 Disclosures on interim financial statements

- Except of ceasing the application of inflationary accounting effective from 1 January 2005, the accounting policies and methods are applied consistently with the year-end financial statements.
- There are no transactions with seasonality effects in interim periods.
- There are no material errors or non-recurring transactions.

- There are no extraordinary items in terms of both size, nature or formation affecting assets, liabilities, shareholders' equity, net profit or cash flows.
- There are no change in the current period results estimated based on expectations made on the prior period interim financial statements considering the materiality concept.
- There are no bonds or capital market instruments issued or any payments made for those in the current period.
- There are no dividend payments per share or per total stocks seperately disclosing privileged stocks.
- There are no important subsequent events that are not reflected in the interim financial statements.
- There are no transactions affecting the Bank's operations like investment in or disposal of equity participations, acquisition or disposal of long term investments, restructuring projects or discontinued operations in the current period.
- There are no subsequent changes in contingent gains and commitments and contingent liabilities.

1.5 Other information

The Bank's commercial title	: Türkiye Garanti Bankası Anonim Şirketi
The Bank's headoffice address	: Levent Nispetiye Mah. Aytar Cad. No:2 Beşiktaş 34340 İstanbul
The Bank's phone and fax numbers:	Phone – 90 212 318 18 18 Fax – 90 212 318 18 18
The Bank's website address	: www.garanti.com.tr
The Bank's e-mail address	: investorrelations@garanti.com.tr
The reporting period	: 1 January – 30 June 2005

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

2 Unconsolidated Interim Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish - See Note 3.1.1)

Türkiye Garanti Bankası Anonim Şirketi Balance Sheet At 30 June 2005

(Thousands of New Turkish Lira (YTL))

ASSETS	Footnotes	CURRENT PERIOD 30 June 2005			PRIOR PERIOD 31 December 2004		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	5.1.1	79.963	958.674	1.038.637	62.803	1.228.128	1.290.931
1.1 Cash in YTL		77.611	-	77.611	62.013	-	62.013
1.2 Cash in foreign currency		-	90.352	90.352	-	127.515	127.515
1.3 Balances with the Central Bank of Turkey		62	865.062	865.124	342	1.098.107	1.098.449
1.4 Other		2.290	3.260	5.550	448	2.506	2.954
II. TRADING SECURITIES (Net)	5.1.2	121.088	74.022	195.110	201.440	74.382	275.822
2.1 Public sector debt securities		121.088	73.503	194.591	201.440	73.824	275.264
2.1.1 Government bonds		32.758	68.680	101.438	180.971	72.473	253.444
2.1.2 Treasury bills		88.204	-	88.204	20.469	-	20.469
2.1.3 Other		126	4.823	4.949	-	1.351	1.351
2.2 Share certificates		-	-	-	-	-	-
2.3 Other securities		-	519	519	-	558	558
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	5.1.3	110.669	459.595	570.264	34.891	208.703	243.594
3.1 Banks		110.669	459.595	570.264	34.891	208.703	243.594
3.1.1 Domestic banks		54.062	251.235	305.297	12.611	89.309	101.920
3.1.2 Foreign banks		56.607	208.360	264.967	22.280	119.394	141.674
3.1.3 Foreign branches		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. INTERBANK MONEY MARKET		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	5.1.5	3.742.530	2.669.846	6.412.376	2.707.093	2.673.967	5.381.060
5.1 Share certificates		61.998	-	61.998	67.915	-	67.915
5.2 Other securities		3.680.532	2.669.846	6.350.378	2.639.178	2.673.967	5.313.145
VI. LOANS	5.1.6	6.890.506	6.366.707	13.257.213	5.166.274	5.335.102	10.501.376
6.1 Short term		5.099.690	2.183.295	7.282.985	4.736.717	2.072.309	6.809.026
6.2 Medium and long term		1.579.827	4.183.412	5.763.239	241.268	3.262.793	3.504.061
6.3 Loans under follow-up		633.503	-	633.503	431.826	-	431.826
6.4 Specific provisions (-)		422.514	-	422.514	243.537	-	243.537
VII. FACTORING RECEIVABLES	5.1.7	-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	5.1.8	266.796	2.449.044	2.715.840	976.483	2.629.216	3.605.699
8.1 Public sector debt securities		266.796	2.426.087	2.692.883	976.483	2.587.331	3.563.814
8.1.1 Government bonds		266.796	2.426.087	2.692.883	976.483	2.587.331	3.563.814
8.1.2 Treasury bills		-	-	-	-	-	-
8.1.3 Other		-	-	-	-	-	-
8.2 Other securities		-	22.957	22.957	-	41.885	41.885
IX. INVESTMENTS IN ASSOCIATES (Net)	5.1.9	170.396	4.398	174.794	154.616	5.024	159.640
9.1 Financial investments in associates		-	4.398	4.398	-	5.024	5.024
9.2 Non-Financial investments in associates		170.396	-	170.396	154.616	-	154.616
X. INVESTMENTS IN SUBSIDIARIES (Net)	5.1.10	1.101.740	259.047	1.360.787	1.102.991	291.860	1.394.851
10.1 Financial investments in subsidiaries		301.206	259.047	560.253	276.459	291.860	568.319
10.2 Non-Financial investments in subsidiaries		800.534	-	800.534	826.532	-	826.532
XI. OTHER INVESTMENTS (Net)	5.1.11	-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)	5.1.12	-	-	-	-	-	-
12.1 Gross financial lease receivables		-	-	-	-	-	-
12.2 Unearned income (-)		-	-	-	-	-	-
XIII. RESERVE DEPOSITS		363.791	993.147	1.356.938	332.942	1.000.043	1.332.985
XIV. MISCELLANEOUS RECEIVABLES	5.1.13	54.631	838	55.469	35.497	2.435	37.932
XV. ACCRUED INTEREST AND INCOME	5.1.14	215.320	257.282	472.602	237.635	306.924	544.559
15.1 Loans		90.185	98.466	188.651	70.422	93.632	164.054
15.2 Securities		99.610	146.364	245.974	141.302	145.939	287.241
15.3 Other		25.525	12.452	37.977	25.911	67.353	93.264
XVI. TANGIBLE ASSETS (Net)	5.1.15	1.196.850	1.094	1.197.944	1.262.723	1.613	1.264.336
16.1 Cost		2.011.402	5.591	2.016.993	2.029.198	6.018	2.035.216
16.2 Accumulated Depreciation (-)		814.552	4.497	819.049	766.475	4.405	770.880
XVII. INTANGIBLE ASSETS (Net)	5.1.16	17.383	3	17.386	20.862	5	20.867
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		17.383	3	17.386	20.862	5	20.867
17.3 Accumulated Amortisation (-)		-	-	-	-	-	-
XVIII. DEFERRED TAX ASSET	5.1.17	36.794	-	36.794	97.592	-	97.592
XIX. OTHER ASSETS	5.1.18	111.885	23.164	135.049	110.066	6.607	116.673
TOTAL ASSETS		14.480.342	14.516.861	28.997.203	12.503.908	13.764.009	26.267.917

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 30 June 2005

(Thousands of New Turkish Lira (YTL))

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		30 June 2005			30 December 2004		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	5.2.1	9.194.295	9.399.947	18.594.242	7.777.032	9.835.209	17.612.241
1.1 Bank deposits		246.330	215.400	461.730	431.260	210.661	641.921
1.2 Saving deposits		4.812.732	-	4.812.732	3.781.136	-	3.781.136
1.3 Public sector deposits		107.919	-	107.919	10.857	-	10.857
1.4 Commercial deposits		3.733.012	-	3.733.012	3.235.771	-	3.235.771
1.5 Other institutions deposits		294.302	-	294.302	318.008	-	318.008
1.6 Foreign currency deposits		-	9.169.394	9.169.394	-	9.617.844	9.617.844
1.7 Precious metals vault accounts		-	15.153	15.153	-	6.704	6.704
II. INTERBANK MONEY MARKET		808.645	770.748	1.579.393	508.466	465.990	974.456
2.1 Interbank money market takings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market takings		197.365	-	197.365	199.650	-	199.650
2.3 Funds provided under repurchase agreements	5.2.2	611.280	770.748	1.382.028	308.816	465.990	774.806
III. FUNDS BORROWED	5.2.3	138.626	4.030.324	4.168.950	124.743	3.423.003	3.547.746
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed		138.626	4.030.324	4.168.950	124.743	3.423.003	3.547.746
3.2.1 Domestic banks and institutions		138.626	46.053	184.679	124.743	72.822	197.565
3.2.2 Foreign banks, institutions and funds		-	3.984.271	3.984.271	-	3.350.181	3.350.181
IV. SECURITIES ISSUED (Net)	5.2.4	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS	5.2.5	-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	5.2.6	71.999	5.332	77.331	65.591	5.441	71.032
VII. OTHER EXTERNAL RESOURCES PAYABLE	5.2.7	95.102	526.737	621.839	61.798	460.944	522.742
VIII. TAXES AND OTHER DUTIES PAYABLE	5.2.8	38.144	56	38.200	43.612	39	43.651
IX. FACTORING PAYABLES	5.2.9	-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	5.2.10	-	29.569	29.569	-	29.738	29.738
10.1 Financial lease payables		-	34.443	34.443	-	35.647	35.647
10.2 Deferred financial lease expenses (-)		-	4.874	4.874	-	5.909	5.909
XI. ACCRUED INTEREST AND EXPENSES	5.2.11	136.541	133.548	270.089	95.671	71.417	167.088
11.1 Deposits		85.359	20.984	106.343	71.661	19.587	91.248
11.2 Borrowings		7.235	31.957	39.192	8.260	28.975	37.235
11.3 Repurchase agreements		10.300	6.576	16.876	3.822	10.195	14.017
11.4 Other		33.647	74.031	107.678	11.928	12.660	24.588
XII. PROVISIONS	5.2.12	214.631	7.341	221.972	122.097	7.802	129.899
12.1 General provisions		78.062	3.996	82.058	62.415	3.097	65.512
12.2 Reserve for employee termination benefits		7.186	-	7.186	12.570	-	12.570
12.3 Provisions for income taxes		60.697	-	60.697	1.488	-	1.488
12.4 Insurance technical provisions		-	-	-	-	-	-
12.5 Other provisions		68.686	3.345	72.031	45.624	4.705	50.329
XIII. SUBORDINATED LOANS	5.2.13	-	-	-	-	-	-
XIV. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XV. SHAREHOLDERS' EQUITY	5.2.14	3.335.704	59.914	3.395.618	3.089.705	79.619	3.169.324
15.1 Paid-in capital		2.100.000	-	2.100.000	1.200.000	-	1.200.000
15.2 Supplementary capital		796.784	53.132	849.916	1.305.449	73.197	1.378.646
15.2.1 Share premium		-	-	-	-	-	-
15.2.2 Share cancellation profits		-	-	-	-	-	-
15.2.3 Securities value increase fund		17.168	53.132	70.300	68.021	73.197	141.218
15.2.4 Revaluation fund		2.147	-	2.147	9.143	-	9.143
15.2.5 Revaluation surplus		4.915	-	4.915	5.731	-	5.731
15.2.6 Other supplementary capital		772.554	-	772.554	-	-	-
15.2.7 Capital reserves from inflation adjustments to paid-in capital		-	-	-	1.222.554	-	1.222.554
15.3 Profit reserves		123.348	6.782	130.130	96.560	6.422	102.982
15.3.1 Legal reserves		48.653	1.174	49.827	25.144	1.193	26.337
15.3.2 Status reserves		-	-	-	-	-	-
15.3.3 Extraordinary reserves		75.170	-	75.170	71.416	-	71.416
15.3.4 Other profit reserves		(475)	5.608	5.133	-	5.229	5.229
15.4 Profit or loss		315.572	-	315.572	487.696	-	487.696
15.4.1 Prior periods income/loss		-	-	-	37.147	-	37.147
15.4.2 Current period income/loss		315.572	-	315.572	450.549	-	450.549
TOTAL LIABILITIES AND EQUITY		14.033.687	14.963.516	28.997.203	11.888.715	14.379.202	26.267.917

(Convenience Translation of Financial Statements Originally Issued in Turkish - See Note 3.1.1)

Türkiye Garanti Bankası Anonim Şirketi
Off-Balance Sheet Items
At 30 June 2005

(Thousands of New Turkish Lira (YTL))

OFF-BALANCE SHEET ITEMS	Footnotes	CURRENT PERIOD 30 June 2005			PRIOR PERIOD 31 December 2004		
		YTL	FC	Total	YTL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)							
I. GUARANTEES	5.4.1	1.785.881	4.816.697	6.602.578	1.516.863	5.174.823	6.691.686
1.1. Letters of guarantee		1.785.775	3.072.629	4.858.404	1.516.757	3.085.217	4.601.974
1.1.1. Guarantees subject to State Tender Law		1.785.775	-	1.785.775	1.516.757	-	1.516.757
1.1.2. Guarantees given for foreign trade operations		-	3.072.629	3.072.629	-	3.085.217	3.085.217
1.1.3. Other letters of guarantee		-	-	-	-	-	-
1.2. Bank acceptances		-	335.811	335.811	-	599.588	599.588
1.2.1. Import letter of acceptance		-	335.811	335.811	-	599.588	599.588
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		106	1.408.257	1.408.363	106	1.490.018	1.490.124
1.3.1. Documentary letters of credit		106	1.408.257	1.408.363	106	1.490.018	1.490.124
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Purchase guarantees for securities issued		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other sureties		-	-	-	-	-	-
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		5.537.614	327.680	5.865.294	6.437.922	351.801	6.789.723
2.1. Irrevocable commitments		5.537.614	327.680	5.865.294	6.437.922	351.801	6.789.723
2.1.1. Asset purchase commitments		78.938	159.446	238.384	51.686	349.777	401.463
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		30.758	535	31.293	18.758	544	19.302
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1.209.159	-	1.209.159	942.545	-	942.545
2.1.8. Tax and fund obligations on export commitments		38.933	-	38.933	40.247	-	40.247
2.1.9. Commitments for credit card limits		4.109.751	-	4.109.751	5.377.917	-	5.377.917
2.1.10. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.11. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		70.075	167.699	237.774	6.769	1.480	8.249
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.4.2	1.133.778	4.867.099	6.000.877	993.677	3.851.015	4.844.692
3.1. Forward foreign currency purchases/sales		127.770	313.123	440.893	90.171	294.808	384.979
3.1.1. Forward foreign currency purchases		64.321	150.470	214.791	47.415	139.156	186.571
3.1.2. Forward foreign currency sales		63.449	162.653	226.102	42.756	155.652	198.408
3.2. Currency and interest rate swaps		451.132	3.879.948	4.331.080	566.377	2.914.939	3.481.316
3.2.1. Currency swaps-purchases		18.890	2.110.322	2.129.212	-	1.783.847	1.783.847
3.2.2. Currency swaps-sales		432.242	1.755.969	2.188.211	566.377	1.118.731	1.685.108
3.2.3. Interest rate swaps-purchases		-	6.843	6.843	-	5.528	5.528
3.2.4. Interest rate swaps-sales		-	6.814	6.814	-	6.833	6.833
3.3. Currency, interest rate and securities options		540.068	572.270	1.112.338	337.129	267.244	604.373
3.3.1. Currency options-purchases		269.308	216.130	485.438	193.087	97.237	290.324
3.3.2. Currency options-sales		250.344	300.747	551.091	124.042	170.007	294.049
3.3.3. Interest rate options-purchases		-	-	-	-	-	-
3.3.4. Interest rate options-sales		-	-	-	-	-	-
3.3.5. Securities options-purchases		20.416	55.393	75.809	20.000	-	20.000
3.3.6. Securities options-sales		-	-	-	-	-	-
3.4. Currency futures		10.728	6.655	17.383	-	299.200	299.200
3.4.1. Currency futures-purchases		5.060	1.825	6.885	-	149.600	149.600
3.4.2. Currency futures-sales		5.668	4.830	10.498	-	149.600	149.600
3.5. Interest rate futures		4.080	-	4.080	-	-	-
3.5.1. Interest rate futures-purchases		4.080	-	4.080	-	-	-
3.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.6. Others		-	95.103	95.103	-	74.824	74.824
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	5.4.3	60.829.508	69.363.661	130.193.169	46.737.631	62.850.363	109.587.994
IV. ITEMS HELD IN CUSTODY		21.853.433	6.196.208	28.049.641	17.053.813	6.211.890	23.265.703
4.1. Customers' securities held		382	3.558.117	3.558.499	382	3.669.364	3.669.746
4.2. Investment securities held in custody		19.518.293	965.813	20.484.106	15.410.273	904.064	16.314.337
4.3. Checks received for collection		1.799.830	167.030	1.966.860	1.326.370	105.084	1.431.454
4.4. Commercial notes received for collection		444.610	1.499.286	1.943.896	306.157	1.526.542	1.832.699
4.5. Other assets received for collection		217	1.174	1.391	236	1.544	1.780
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		90.101	4.788	94.889	10.395	5.292	15.687
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		38.976.075	63.167.453	102.143.528	29.683.818	56.638.473	86.322.291
5.1. Securities		237.606	-	237.606	196.292	71	196.363
5.2. Guarantee notes		3.310.965	3.505.175	6.816.140	2.421.477	3.275.291	5.696.768
5.3. Commodities		81	-	81	1.617	-	1.617
5.4. Warranties		-	-	-	-	-	-
5.5. Immovables		3.404.656	2.796.260	6.200.916	2.648.038	2.329.299	4.977.337
5.6. Other pledged items		32.022.597	56.860.447	88.883.044	24.416.224	51.027.935	75.444.159
5.7. Pledged items-depository		170	5.571	5.741	170	5.877	6.047
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		69.286.781	79.375.137	148.661.918	55.686.093	72.228.002	127.914.095

Türkiye Garanti Bankası Anonim Şirketi
Income Statement
For the Six-Month and the Three-Month Periods Ended 30 June 2005

(Thousands of New Turkish Lira (YTL))

INCOME AND EXPENSE ITEMS	Footnotes	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		Six-month ended 30 June 2005	Six-month ended 30 June 2004	Three-month ended 30 June 2005	Three-month ended 30 June 2004
I. INTEREST INCOME	5.3.1	1.669.169	1.559.756	832.160	840.092
1.1 Interest on loans		891.517	658.244	464.852	344.732
1.1.1 Interest on TL loans		711.792	484.746	369.242	238.340
1.1.1.1 Short term loans		667.849	475.055	341.411	232.082
1.1.1.2 Medium and long term loans		43.943	9.691	27.831	6.258
1.1.2 Interest on foreign currency loan		178.146	171.002	94.436	104.848
1.1.2.1 Short term loans		55.064	66.645	29.444	43.256
1.1.2.2 Medium and long term loan:		123.082	104.357	64.992	61.592
1.1.3 Interest on loans under follow-up		1.579	2.496	1.174	1.544
1.1.4 Premiums received from Resource Utilisation Support Fund		-	-	-	-
1.2 Interest received from reserve deposit:		30.728	31.281	15.330	14.979
1.3 Interest received from banks		19.419	10.838	10.656	5.775
1.3.1 The Central Bank of Turkey		2.764	4.117	2.048	1.938
1.3.2 Domestic banks		2.437	1.575	1.248	872
1.3.3 Foreign banks		14.218	5.146	7.360	2.965
1.3.4 Foreign headoffices and branches		-	-	-	-
1.4 Interest received from money market transaction		637	328	78	328
1.5 Interest received from marketable securities portfolio		699.059	828.496	329.672	462.715
1.5.1 Trading securities		27.412	87.583	12.387	65.347
1.5.2 Available-for-sale securities:		476.165	360.996	217.386	139.886
1.5.3 Held to maturity securities		195.482	379.917	99.899	257.482
1.6 Other interest income		27.809	30.569	11.572	11.563
II. INTEREST EXPENSE	5.3.2	814.273	863.943	418.020	424.778
2.1 Interest on deposits		622.814	725.475	320.948	360.167
2.1.1 Bank deposits		21.729	34.857	10.898	19.730
2.1.2 Saving deposits		332.301	384.470	168.002	187.487
2.1.3 Public sector deposits		954	106	924	74
2.1.4 Commercial deposits		153.344	199.639	84.435	133.735
2.1.5 Other institutions deposits		33.161	18.476	15.281	14.107
2.1.6 Foreign currency deposits		81.271	87.870	41.369	4.999
2.1.7 Precious metals vault accounts		54	57	39	35
2.2 Interest on money market transaction		109.038	77.430	51.205	34.502
2.3 Interest on funds borrowed		78.083	57.718	44.367	28.110
2.3.1 The Central Bank of Turkey		-	-	-	-
2.3.2 Domestic banks		12.517	14.689	6.025	5.749
2.3.3 Foreign banks		58.934	43.029	34.359	22.361
2.3.4 Foreign branches		-	-	-	-
2.3.5 Other financial institution		6.632	-	3.983	-
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		4.338	3.320	1.500	1.999
III. NET INTEREST INCOME (I - II)		854.896	695.813	414.140	415.314
IV. NET FEES AND COMMISSIONS INCOME		341.399	249.174	179.970	128.792
4.1 Fees and commissions received		461.394	351.997	243.355	183.075
4.1.1 Cash loans		29.629	26.204	16.524	14.405
4.1.2 Non-cash loans		31.590	30.781	15.721	15.461
4.1.3 Other		400.175	295.012	211.110	153.209
4.2 Fees and commissions paid		119.995	102.823	63.385	54.283
4.2.1 Cash loans		12.627	12.194	6.397	6.415
4.2.2 Non-cash loans		113	198	56	88
4.2.3 Other		107.255	90.431	56.932	47.780
V. DIVIDEND INCOME		1.140	1.208	91	1.208
5.1 Trading securities		-	-	-	-
5.2 Available-for-sale securities:		1.140	1.208	91	1.208
VI. NET TRADING INCOME/LOSS		72.099	(57.774)	(8.424)	(184.022)
6.1 Profit/losses on trading account securities (Net)		130	69.281	(1.594)	11.172
6.1.1 Profit on trading account securities:		240.658	187.404	131.567	80.733
6.1.1.1 Profit on derivative:		140.427	74.695	68.365	48.476
6.1.1.2 Others		100.231	112.709	63.202	32.257
6.1.2 Losses on trading account securities (-)		240.528	118.123	133.161	69.561
6.1.2.1 Losses on derivatives		175.667	32.680	92.005	16.616
6.1.2.2 Others		64.861	85.443	41.156	52.945
6.2 Foreign exchange gains/losses (Net)		71.969	(127.055)	(6.830)	(195.194)
6.2.1 Foreign exchange gains		1.418.547	1.566.089	485.604	643.738
6.2.2 Foreign exchange losses (-)		1.346.578	1.693.144	492.434	838.932
VII. OTHER OPERATING INCOME	5.3.3	69.308	44.146	39.402	35.659
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		1.338.842	932.567	625.179	396.951
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	5.3.4	346.389	150.937	82.532	71.445
X. OTHER OPERATING EXPENSES (-)	5.3.5	563.732	482.304	315.366	234.157
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		428.721	299.326	227.281	91.349
XII. INCOME/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	5.3.6	2.001	19.178	2.001	5.217
XIII. GAIN/LOSS ON NET MONETARY POSITION		-	4.704	-	(1.948)
XIV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII)		430.722	323.208	229.282	94.618
XV. PROVISION FOR TAXES ON INCOME (-)		115.150	101.591	63.950	28.372
15.1 Current tax charge		55.798	-	44.802	-
15.2 Deferred tax charge/credit		59.352	101.591	19.148	28.372
XVI. NET OPERATING PROFIT/LOSS AFTER TAXES (XIV-XV)		315.572	221.617	165.332	66.246
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES	5.3.7	-	-	-	-
17.1 Extraordinary net income/expense before tax		-	-	-	-
17.1.1 Extraordinary income		-	-	-	-
17.1.2 Extraordinary expense (-)		-	-	-	-
17.2 Provision for taxes on extraordinary income (-)		-	-	-	-
XVIII. NET PROFIT/LOSS (XVI+XVII)	5.3.8	315.572	221.617	165.332	66.246
EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)		150	270	79	81

(Convenience Translation of Financial Statements Originally Issued in Turkish - See Note 3.1.1)

Türkiye Garanti Bankası Anonim Şirketi

Statement of Cash Flows

For the Six-Month Period Ended 30 June 2005

(Thousands of New Turkish Lira (YTL))

STATEMENT OF CASH FLOWS		Footnotes	CURRENT PERIOD 30 June 2005	PRIOR PERIOD 30 June 2004
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	1.1. Operating profit before changes in operating assets and liabilities		873.073	733.753
1.1.1	Interest received		1.741.126	1.749.759
1.1.2	Interest paid		(708.924)	(956.486)
1.1.3	Dividend received		3.141	20.385
1.1.4	Fees and commissions received		341.399	249.174
1.1.5	Other income		69.438	87.225
1.1.5	Collections from previously written off loans and other receivables		-	-
1.1.6	Payments to personnel and service suppliers		(573.108)	(424.972)
1.1.7	Taxes paid		-	-
1.1.8	Extraordinary items		-	-
1.1.9	Other	5.6.1	-	8.668
1.2	Changes in operating assets and liabilities		(708.652)	(1.141.474)
1.2.1	Net (increase) decrease in trading securities		80.712	168.191
1.2.2	Net (increase) decrease in due from banks and other financial institutions		(5.386)	3.267
1.2.3	Net (increase) decrease in loans		(3.032.030)	(2.209.901)
1.2.4	Net (increase) decrease in other assets		(59.866)	(27.249)
1.2.5	Net increase (decrease) in bank deposits		(180.191)	267.422
1.2.6	Net increase (decrease) in other deposits		1.162.192	431.581
1.2.7	Net increase (decrease) in funds borrowed		1.226.141	149.713
1.2.8	Net increase (decrease) in matured payables		-	-
1.2.9	Net increase (decrease) in other liabilities	5.6.1	99.776	75.502
I.	Net cash provided from banking operations		164.420	(407.721)
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash used in investing activities		(170.807)	1.181.885
2.1	Cash paid for purchase of investments, associates and subsidiaries		(23.076)	(33.641)
2.2	Cash obtained from sale of investments, associates and subsidiaries		21.288	-
2.3	Fixed assets purchases		(75.714)	(19.013)
2.4	Fixed assets sales		49.962	26.788
2.5	Cash paid for purchase of investments available for sale		(1.024.703)	461.005
2.6	Cash obtained from sale of investments available for sale		-	-
2.7	Cash paid for purchase of investment securities		881.436	746.746
2.8	Cash obtained from sale of investment securities		-	-
2.9	Extraordinary items		-	-
2.10	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash used in financing activities		(2.348)	(1.342)
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Capital increase		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		(2.348)	(1.342)
3.6	Extraordinary items		-	-
3.7	Other	5.6.1	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	5.6.1	77.725	(107.140)
V.	Net increase (decrease) in cash and cash equivalents (I+II+III+IV)		68.990	665.682
VI.	Cash and cash equivalents at beginning of period		1.534.117	916.690
VII.	Cash and cash equivalents at end of period (V+VI)	5.6.4	1.603.107	1.582.372

(Convenience Translation of Financial Statements Originally Issued in Turkish - See Note 3.1.1)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the Six-Month Period Ended 30 June 2005

(Thousands of New Turkish Lira (YTL))

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund	Total
PRIOR PERIOD (30/06/2004)															
I. Balances at beginning of period		822.038	1.205.879	-	-	-	-	-	-	-	468.306	26.993	4.148	262.618	2.789.982
II. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	37.147	-	-	(37.147)	-
III. Adjusted balances at beginning of period (I+II)		822.038	1.205.879	-	-	-	-	-	-	-	505.453	26.993	4.148	225.471	2.789.982
IV. Current period net profit		-	-	-	-	-	-	-	-	221.617	-	-	-	-	221.617
V. Profit distribution		-	-	-	-	25.144	-	443.162	-	-	(468.306)	-	-	-	-
5.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2. Transferred to legal reserves		-	-	-	-	25.144	-	443.162	-	-	(468.306)	-	-	-	-
5.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase		-	-	-	-	-	-	-	-	-	-	-	13.063	-	13.063
6.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2. Revaluation Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.3. Revaluation Surplus		-	-	-	-	-	-	-	-	-	-	-	13.063	-	13.063
6.4. Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.5. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.6. Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.7. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.8. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonds convertible to share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation increment		-	-	-	-	-	-	-	8.187	-	-	4.132	-	(201.435)	(189.116)
IX. Foreign exchange differences		-	-	-	-	-	-	-	2.517	-	-	-	-	-	2.517
Balances at end of period (III+IV+V+VI+VII+VIII+IX)		822.038	1.205.879	-	-	25.144	-	443.162	10.704	221.617	37.147	31.125	17.211	24.036	2.838.063
CURRENT PERIOD (30/06/2005)															
I. Balances at beginning of period		1.200.000	1.222.554	-	-	26.337	-	71.416	5.229	-	487.696	9.143	5.731	141.218	3.169.324
II. Effect of changes in accounting policies	5.5.6	-	-	-	-	-	-	-	-	-	(17.514)	-	-	-	(17.514)
III. Adjusted balances at beginning of period (I+II)		1.200.000	1.222.554	-	-	26.337	-	71.416	5.229	-	470.182	9.143	5.731	141.218	3.151.810
Increases during the period		-	-	-	-	-	-	-	379	-	-	-	-	(22.973)	(22.594)
IV. "Available-for-sale" securities	5.5.1.1	-	-	-	-	-	-	-	-	-	-	-	-	(22.656)	(22.656)
4.1. Net fair value gains/losses		-	-	-	-	-	-	-	-	-	-	-	-	(22.656)	(22.656)
V. Investments in associates and subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(317)	(317)
5.1. Net fair value gains/losses		-	-	-	-	-	-	-	-	-	-	-	-	(317)	(317)
VI. Cash flow hedges		-	-	-	-	-	-	-	379	-	-	-	-	-	379
6.1. Net fair value gains/losses		-	-	-	-	-	-	-	379	-	-	-	-	-	379
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	(47.945)	(47.945)
VII. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	(47.945)	(47.945)
7.1. Transferred to net profit		-	-	-	-	-	-	-	-	-	-	-	-	(47.945)	(47.945)
VIII. Cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1. Transferred to net profit		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2. Transferred to net assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Current period net profit		-	-	-	-	-	-	-	-	315.572	-	-	-	-	315.572
X. Profit distribution	5.5.3	-	-	-	-	23.511	-	446.671	-	-	(470.182)	-	-	-	-
10.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.2. Transferred to legal reserves		-	-	-	-	23.511	-	446.671	-	-	(470.182)	-	-	-	-
10.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital increase	5.5.4	900.000	(450.000)	-	-	-	-	(442.917)	-	-	-	(7.083)	-	-	-
11.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Revaluation Fund		-	-	-	-	-	-	-	-	-	-	(7.083)	-	-	-
11.3. Revaluation Surplus		7.083	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4. Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5. Capital reserves from inflation adjustments to paid-in capital		450.000	(450.000)	-	-	-	-	-	-	-	-	-	-	-	-
11.6. Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8. Others		442.917	-	-	-	-	-	(442.917)	-	-	-	-	-	-	-
XII. Bonds convertible to share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Revaluation increment		-	-	-	-	-	-	-	-	-	-	87	(816)	-	(729)
XIV. Foreign exchange differences		-	-	-	-	(21)	-	-	(475)	-	-	-	-	-	(496)
Balances at end of period (III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV)		2.100.000	772.554	-	-	49.827	-	75.170	5.133	315.572	-	2.147	4.915	70.300	3.395.618

3 Accounting policies

3.1 Basis of presentation

The Bank keeps its accounting records and prepares its financial statements and the related footnotes in accordance with accounting and valuation standards as described in Article 13 of “Accounting and Recording Rules” of the Turkish Banking Law no.4389, and “Regulation on Accounting Standards” published by the Banking Regulation and Supervision Agency (BRSA) which has been in effect since 1 October 2002.

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for the trading securities, investment securities available for sale, investments, associates and subsidiaries that are quoted on the stock exchanges and assets held for resale which are presented on a fair value basis.

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 Forwards, options and other derivative transactions

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

According to Article 1 of the “Regulation on Accounting Standards”, Accounting Standard for Financial Instruments; 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 under Accrued Interest and Income or Accrued Interest and Expenses, respectively. The subsequent fair value changes are recorded under Statements of Operations for trading derivatives and under Shareholders’ Equity for hedging derivatives.

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

3.3 Netting of financial instruments

In cases where the fair values of trading securities, investment securities available-for-sale, securities quoted at the stock exchanges, associates and subsidiaries are under 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 assets side.

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

3.4 Interest income and expenses

Interest income and expenses are recorded on an accrual basis of accounting. Currency differences of foreign currency-indexed loans and securities are recorded under interest income if they are positive but under impairment provisions if negative. The interest income accruals on non-performing loans are not recognised as income before collection.

3.5 Fees and commissions

Fees and commissions received and paid, other fees and commissions paid to financial institutions, incomes derived from agreements and asset purchases from third parties are recognized as income only when collected.

3.6 Trading securities

Trading securities are valued at their fair values and gain/loss arising is recorded in the income statement. However, securities 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 without a fixed maturity. Interest income derived from the trading securities are included in interest income, in case of sale before maturity, the gains/losses on such sales are recorded under trading account income/loss.

3.7 Repurchase and resale agreements and transactions related to lending of securities

Securities sold under repurchase agreements are recorded on the balance sheet since 1 February 2002 in accordance with the changes in the Uniform Chart of Accounts for Banks in compliance with the Letter issued by the BRSA, BDDK.DZM.2/13-1382. 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. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

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

3.8 Investment securities held-to-maturity, investment securities available for sale and originated loans and receivables

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

Investment securities available-for-sale, are financial assets other than securities held for trading purposes, securities held-to-maturity and originated loans and receivables

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

Securities are recorded at their purchase costs including the transaction costs. Subsequently, the investment securities available-for-sale are valued at their fair values. However, securities 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 without 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. Held-to-maturity securities and originated loans are recorded using discounting method with internal rate of return after deducting impairments, if any.

There are no financial assets that are not allowed to be classified as investment securities held-to-maturity due to any violations in applications.

Interest earned on investment securities held-to-maturity are recognized as interest income.

Purchase and sale transactions of investment securities held-to-maturity are accounted at delivery dates.

3.9 Originated loans and receivables and specific and general provisions

Originated loans and receivables are recorded at their purchase costs and valued using discounting method with internal rate of return in the subsequent periods.

The Bank provides allowances for non-performing loans that are deducted from the current period profit. The provisioning is provided by the Bank’s management against potential losses that may arise in the future and based on the quality of the loan portfolio and potential risk factors including, economic and other related factors.

The Bank provides specific allowances for loans in Groups III, IV and V and general provision for other cash and non-cash loans in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables as described in Paragraph 11 of Article 3 and Paragraph 12 of Article 11 of the Turkish Banking Law no.4389 as amended by Act No.4672 as published in the Official Gazette no.24448 dated 30 June 2001, and in accordance with the amendment to the above regulation as republished in the Official Gazette no.24657 dated 31 January 2002.

The allowances are released from the income statement through credit entries to “provision for loan losses or other receivables” for the current period allowances released, and credited to “other operating income” for the prior period allowances recovered.

3.10 Goodwill and other intangible assets

The Bank's intangible assets consist of pre-operating expenses.

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 have ended. The intangible assets purchased after this date are recorded at their historical costs. Such assets are amortised over their estimated useful lives on a straight-line basis.

Estimated useful lives of the Bank's intangible assets are 5-10 years, and amortisation rates are 10-20%.

3.11 Tangible assets

The costs 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 have ended. The tangible assets purchased after this date are recorded at their historical costs.

The tangible assets are depreciated over their estimated useful lives on a straight-line basis from the date of their acquisition. 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.

In compliance with the Article 7 of "Regulation on Accounting Standards"; "Accounting Standard for Impairment of Assets", in cases where the net book values of tangible assets are higher than their fair values, a provision for impairment is recognized for the excesses over the fair values.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net restated value and the net sales value. The losses arising from such transactions are recorded in the income statement, and the profits are recorded under the shareholders equity to be transferred to paid-in capital.

Maintenance and repair costs 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.

Depreciation rates and estimated useful lives are:

Tangible assets	Estimated useful lives (years)	Depreciation rates (%)
Buildings	50	2
Vault	20-50	2-5
Motor vehicles	5-7	15-20
Other tangible assets	4-20	5-25

3.12 Leasing activities

The maximum period of the leasing agreements is 4 years. Leased assets are recognized by recording an asset and 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.

Depreciation is calculated in compliance with the same principle as for the tangible assets.

In such cases where leased assets are impaired or the expected future benefits of the assets are less than their restated values, the book values of such leased assets are reduced to their net realizable values.

In operating leases, the rent payments are charged to the income statement in equal instalments.

3.13 Provisions and Contingencies

Provision requirements other than the specific and general provisions for loans and other receivables are assessed in compliance with the statement no.8 “Accounting Standard for Allowances, Contingent Liabilities and Assets” of the “Regulation on Accounting Standards”.

A general provision is reflected in the current period against potential risks in the future.

Provisions made during the period are recorded under “Provision for Loan Losses or Other Receivables”; provisions that were booked in the prior periods and released in the current year are recorded under “Other Operating Income”.

3.14 Commitments for personnel rights

Personnel rights are accounted in compliance with the statement no.10, “Accounting Standard on Bank’s Personnel Rights” of the “Regulation on Accounting Standards”.

No provision has been reflected in the accompanying financial statements for the Bank’s Pension Fund (the Fund), “Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı”. No payments have been made by the Bank to this institution in order to cover its deficits. The Bank management believes that this institution is capable of meeting its liabilities without the Bank’s support.

Actuary audit has been finalised in compliance with the statement no.10 of the “Regulation on Accounting Standards” for Retirement Trust Fund founded under Social Security Law no. 506, the temporary clause 20. According to actuary audit report, the Fund did not have any actuary deficit as of 31 December 2004.

3.15 Taxation

3.15.1 Corporate Tax

Corporate income tax is levied at the rate of 30% on the corporate income tax base, which is determined by modifying accounting income 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. In accordance with the Law no.5035, announced on 2 January 2004 as published on the Official Gazette no.25334, the corporation tax rate applied was 33% only for the year 2004.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. All other dividend distributions are subject to a withholding tax of 10%. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

However, in case of distribution from the profits of years prior to 2003, in compliance with the temporary article no.62 added to the Income Tax Law by the Law no.4842, the Bank will not be required to pay any withholding taxes for the distribution of the profits of the year 1998 and prior years, and the distribution of profits from earnings non-taxable according to the Corporate Tax Law for the period from 1 January 1999 to 31 December 2002.

Starting from the second temporary tax period of 2003, the tax rate applied for the calculation of prepaid taxes on the Bank's quarterly taxable income, increased from 25% to 30%. However, this rate was applied as 33% for the quarterly temporary tax periods of 2004 in compliance with the temporary article no.32 added to the Corporate Tax Law by the Law no.5035 published in the Official Gazette on 2 January 2004. From 2005 onwards, the prepaid taxes are calculated 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 within four months following the close of the accounting year 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 new tax legislation requiring the application of inflationary accounting is effective from 1 January 2004 as per the Law no.5024 published in the Official Gazette dated 30 December 2003 with no.25332. According to the new tax legislation, the corporate tax is calculated considering the effects of inflation accounting adjustments if the increase in wholesale price index is higher than 100% for the last 36 months and 10% for the last 12 months. At the end of each quarterly "temporary tax computation" periods, such indices are reviewed to assess the necessity for the application of inflationary accounting; and if it is concluded as necessary, the calculations are revised to include the effects of the inflationary accounting not only for the current period but for the whole year including the prior quarterly "temporary tax" periods retrospectively.

For all the quarterly "temporary" tax periods of the year 2004, inflation accounting was applied and the 2004 corporate tax was calculated on the inflation adjusted financial statements. However, as of 30 June 2005, such indices were 55.73% and 8.70% for the last 36 months and 12 months, respectively. As both of the conditions; having the wholesale price index higher than 100% for the last 36 months and 10% for the last 12 months are not met, the Bank calculated its corporate tax for the period ended 30 June 2005 on the financial statements not adjusted for the effect of inflation.

3.15.2 Deferred Taxes

According to Article 18 of the "Regulation on Accounting Standards", "Accounting Standard for Taxation"; 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 differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

3.16 Funds borrowed

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

There are no convertible bonds or any other securities issued.

3.17 Paid-in capital and treasury stocks

Operation costs related to the issuance of share certificates are deducted from the shareholders' equity.

3.18 Acceptances

Acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any.

3.19 Government incentives

As of 30 June 2005, the Bank does not have any government incentives or aids.

3.20 Segment reporting

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

4 Financial position and results of operations

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

4.1.1 Strategy for the use of financial instruments

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

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

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

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

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

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

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

4.1.2 Foreign currency transactions

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

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

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

The Bank revalues the foreign currency-indexed government securities acquired as “Debt Swap” in 2001 by discounting using the internal rate of return and translates the foreign currency amounts using the currency exchange rates applicable based on the ten days’ average of Central Bank’s foreign currency exchange rates by fixing it two days prior to the balance sheet date, as required by the Ministry of State that is in charge of the Treasury, and records the evaluations to financial statements.

4.2 Capital adequacy ratio

The Bank’s unconsolidated capital adequacy ratio is 16.36%.

4.2.1 Risk measurement methods in calculation of capital adequacy ratio

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

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

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

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

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

4.2.2 Capital adequacy ratio

	Risk Weights			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities, Off-Balance Sheet Items				
Balance Sheet Items (Net)	4,818,975	521,901	1,687,253	12,701,235
Cash on Hand	170,253	3,260	-	-
Banks	865,124	468,981	-	101,283
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	1,356,938	-	-	-
Special Purpose Financial Institutions	-	-	-	-
Loans	1,397,656	11,981	1,670,097	9,966,490
Loans under Follow-Up (Net)	-	-	-	210,989
Investments in Associates and Subsidiaries	-	-	-	970,930
Miscellaneous Receivables	104	-	-	55,365
Investment Securities Held to Maturity (Net)	969,912	-	-	22,956
Advances for Assets Acquired under Financial Lease	-	-	-	-
Financial Lease Receivables	-	-	-	-
Leased Assets (Net)	-	-	-	-
Tangible Assets (Net)	-	-	-	1,160,884
Accrued Interest and Income	48,837	885	17,156	166,752
Other Assets	10,151	36,794	-	45,586
Off-Balance Sheet Items	183,669	2,211,233	3,376,409	383,973
Guarantees	183,669	2,184,906	746,050	380,226
Commitments	-	-	2,630,359	-
Other Off Balance Sheet-Items	-	-	-	-
Derivative Financial Instruments	-	26,327	-	3,747
Non Risk Weighted Accounts	-	-	-	-
Total Risk Weighted Assets	5,002,644	2,733,134	5,063,662	13,085,208

4.2.3 Summary information related to capital adequacy ratio

	Risk Weights	
	Current Period	Prior Period
Total Risk Weighted Assets	16,163,666	14,032,277
Value at Risk	1,076,388	1,178,850
Shareholders' Equity	2,820,767	2,555,324
Shareholders' Equity/ (RWA+VaR)*100 (*)	16.36	16.80

(*) RWA: Total Risk Weighted Assets

VaR: Value at Risk

4.2.4 Components of shareholders' equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,100,000	1,200,000
Nominal Capital	2,100,000	1,200,000
Capital Commitments (-)	-	-
Share Premium and Cancellation Profit	-	-
Capital Reserves From Inflation Adjustments to Paid-in Capital	772,554	1,222,554
Legal Reserves	49,827	26,337
I. Legal Reserve (Turkish Commercial Code 466/1)	49,827	26,337
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves Allocated due to Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	75,170	71,416
Reserve Allocated at the General Assembly	75,170	71,416
Retained Earnings	-	-
Accumulated Losses	-	-
Profit Reserves	5,133	5,229
Profit	315,572	487,696
Current Period Profit	315,572	450,549
Prior Period Profit	-	37,147
Loss (-)	-	-
Current Period Loss	-	-
Prior Period Loss	-	-
Total Core Capital	3,318,256	3,013,232
SUPPLEMENTARY CAPITAL		
Revaluation Fund	2,147	9,143
Movables	-	-
Immovables	2,147	2,060
Income on Sale of Equity Shares and Real Estates	-	7,083
Revaluation Fund on Leasehold Improvements	-	-
Revaluation Surplus	4,915	5,731
Foreign Currency Exchange Differences	-	-
General Provisions	82,058	65,512
Provision for Possible Losses	41,500	41,500
Subordinated Loans	-	-
Securities Value Increase Fund	70,300	141,218
Associates and Subsidiaries	-	-
Investments Available for Sale	70,300	141,218
Securities Held for Structural Position	-	-
Total Supplementary Capital	200,920	263,104
TIER III CAPITAL		
CAPITAL	3,519,176	3,276,336

DEDUCTIONS FROM CAPITAL	698,409	721,012
Investments in Entities Operating in Financial Sectors like Money Markets, Capital Markets, Insurance under the related Special Laws	564,651	573,343
Leasehold Improvements	37,060	40,998
Pre-Operating Costs	17,386	20,867
Prepaid Expenses	79,312	85,804
Negative Difference between the Fair Values and the Carrying Values of Investments, Associates, Subsidiaries, Other Investments, Property and Equipment	-	-
Subordinated Loans Granted to Banks Operating in Turkey	-	-
Goodwill (Net)	-	-
Capitalised Expenses	-	-
TOTAL SHAREHOLDERS' EQUITY	2,820,767	2,555,324

4.3 Credit risk

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

4.4 Market risk

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

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

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

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

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

Value at Risk:

	Amount
Capital Obligation against Interest Rate Risk - Standard Method	67,699
General Market Risk	60,947
Specific Risk	6,752
Options Subject to Interest Rate Risk	-
Capital Obligation against Common Stock Position Risk – Standard Method	10,383
General Market Risk	5,269
Specific Risk	5,114
Options Subject To Common Stock Position Risk	-
Capital Obligation against Currency Risk – Standard Method	8,029
Capital Obligation	6,715
Capital Obligation against Options Subject to Currency Risk	1,314
Total Value-At-Risk – Home Model	-
Total Capital Obligations against Market Risk	86,111
Value-At-Risk Amount	1,076,388

4.5 Foreign currency exchange rate risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2005, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to YTL 323,141 thousands, net ‘off-balance sheet’ foreign currency long position amounts to YTL 240,765 thousands, while net foreign currency short position amounts to YTL 82,376 thousands.

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

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

	US\$	EUR
The Bank’s foreign currency purchase rate at balance sheet date	1.3380	1.6172
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.34000	1.6158
Day 2	1.34000	1.6188
Day 3	1.34000	1.6300
Day 4	1.33000	1.6068
Day 5	1.33000	1.6077

The arithmetical average of the Bank’s US dollar purchase rates for the last 30 days before balance sheet date is YTL 1.3398 (YTL’full).

Currency risk:

	Euro	US\$	Yen	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	889,953	62,421	252	6,048	958,674
Banks and Other Financial Institutions	77,799	346,883	14,042	20,871	459,595
Trading Securities	14,811	54,388	-	4,823	74,022
Interbank Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	31,872	2,637,974	-	-	2,669,846
Loans	1,257,398	5,022,780	3,322	83,207	6,366,707
Investments in Associates and Subsidiaries	221,368	37,679	-	4,398	263,445
Investment Securities Held-to-Maturity	50,047	2,460,501	-	-	2,510,548
Tangible and Intangible Assets	-	206	-	676	882
Goodwill	-	-	-	-	-
Other Assets	1,030,678	171,067	19	1,129	1,202,893
Total Assets	3,573,926	10,793,899	17,635	121,152	14,506,612
Liabilities					
Bank Deposits	17,791	136,002	-	61,607	215,400
Foreign Currency Deposits	3,151,053	5,725,732	16,426	276,183	9,169,394
Interbank Money Market Takings	-	770,748	-	-	770,748
Other Fundings	769,227	3,261,097	-	-	4,030,324
Securities Issued	-	-	-	-	-
Miscellaneous Payables	1,380	3,807	-	145	5,332
Other Liabilities (*)	88,862	528,818	2,062	18,813	638,555
Total Liabilities	4,028,313	10,426,204	18,488	356,748	14,829,753
Net 'On Balance Sheet' Position	-454,387	367,695	-853	-235,596	-323,141
Net 'Off-Balance Sheet' Position	457,065	-456,177	-763	240,640	240,765
Derivative Assets	1,021,751	1,275,965	-	353,841	2,651,557
Derivative Liabilities	564,686	1,732,142	763	113,201	2,410,792
Prior Period					
Total Assets	3,376,077	10,212,321	13,590	100,192	13,702,180
Total Liabilities	4,282,710	9,635,228	13,030	359,756	14,290,724
Net 'On Balance Sheet' Position	-906,633	577,093	560	-259,564	-588,544
Net 'Off-Balance Sheet' Position	881,090	-636,355	-840	277,677	521,572

(*) Other liabilities also include gold deposits of YTL 15,153 thousands.

4.6 Interest rate risk

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

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	69,982	-	-	-	-	968,655	1,038,637
Banks and Other Financial Institutions	450,588	34,323	401	-	-	84,952	570,264
Trading Securities	112	20,835	67,610	50,071	51,533	4,949	195,110
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	530,532	3,729,217	796,505	161,851	1,128,539	65,732	6,412,376
Loans	4,360,802	1,191,284	1,320,878	1,809,847	4,363,413	210,989	13,257,213
Investment Securities Held-to-Maturity	3,387	22,956	1,692,898	989	995,610	-	2,715,840
Other Assets	1,426,999	125,541	91,159	31,247	154,595	2,978,222	4,807,763
Total Assets	6,842,402	5,124,156	3,969,451	2,054,005	6,693,690	4,313,499	28,997,203
Liabilities							
Bank Deposits	190,803	117,459	4,864	23,150	21,613	103,841	461,730
Other Deposits	9,644,526	2,427,021	478,782	238,670	52,604	5,290,909	18,132,512
Interbank Money Market Takings	758,645	101,740	401,410	-	317,598	-	1,579,393
Miscellaneous Payables	-	-	-	-	-	77,331	77,331
Securities Issued	-	-	-	-	-	-	-
Other Fundings	829,240	199,452	1,029,577	596,557	1,514,124	-	4,168,950
Other Liabilities	323,050	97,822	19,596	208,208	89,024	3,839,587	4,577,287
Total Liabilities	11,746,264	2,943,494	1,934,229	1,066,585	1,994,963	9,311,668	28,997,203
On Balance Sheet Interest Sensitivity Gap	-4,903,862	2,180,662	2,035,222	987,420	4,698,727	-4,998,169	-
Off-Balance Sheet Interest Sensitivity Gap	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	-4,903,862	2,180,662	2,035,222	987,420	4,698,727	-4,998,169	-

Average interest rates on monetary financial instruments:

Current Period	Euro	US\$	Yen	YTL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1.13	2.25	-	-
Banks and Other Financial Institutions	2.16	3.31	-	11.68
Trading Securities	6.18	6.52	-	16.01
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	5.81	5.95	-	21.15
Loans	5.86	6.79	-	32.42
Investment Securities Held-to-Maturity	9.54	9.87	-	16.18
Liabilities				
Bank Deposits	2.61	4.87	-	16.22
Other Deposits	1.54	2.08	-	14.07
Interbank Money Market Takings	-	-	-	-
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	3.80	4.42	-	15.57

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

Prior Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,089,197	9,252	-	-	-	192,482	1,290,931
Banks and Other Financial Institutions	138,820	42,894	408	-	-	61,472	243,594
Trading Securities	2,668	5,190	124,240	52,356	90,016	1,352	275,822
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	85,298	1,980,920	1,125,333	515,047	1,602,540	71,922	5,381,060
Loans	3,517,148	1,000,310	1,218,791	1,298,578	3,278,260	188,289	10,501,376
Investment Securities Held-to-Maturity	14,184	699,671	1,458,183	287,865	1,145,796	-	3,605,699
Other Assets	1,115,897	292,932	150,001	84,502	234,212	3,091,891	4,969,435
Total Assets	5,963,212	4,031,169	4,076,956	2,238,348	6,350,824	3,607,408	26,267,917
Liabilities							
Bank Deposits	451,831	72,494	15,786	6,000	42,050	53,760	641,921
Other Deposits	8,810,041	2,449,505	329,477	261,627	97,830	5,021,840	16,970,320
Interbank Money Market Takings	525,173	50,232	41,640	103,412	253,999	-	974,456
Miscellaneous payables	-	-	-	-	-	71,032	71,032
Securities Issued	-	-	-	-	-	-	-
Other Fundings	45,145	192,615	265,989	1,905,541	1,138,456	-	3,547,746
Other Liabilities	182,844	27,825	6,204	8,165	15,439	3,821,965	4,062,442
Total Liabilities	10,015,034	2,792,671	659,096	2,284,745	1,547,774	8,968,597	26,267,917
On Balance Sheet Interest Sensitivity Gap	-4,051,822	1,238,498	3,417,860	-46,397	4,803,050	-5,361,189	-
Off-Balance Sheet Interest Sensitivity Gap	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	-4,051,822	1,238,498	3,417,860	-46,397	4,803,050	-5,361,189	-

Average interest rates on monetary financial instruments:

Prior Period	Euro	US\$	Yen	YTL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1.10	1.10	-	-
Banks and Other Financial Institutions	2.14	2.65	-	19.85
Trading Securities	7.10	7.80	-	20.20
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	7.40	5.40	-	26.10
Loans	7.05	6.47	-	35.77
Investment Securities Held-to-Maturity	9.60	10.10	-	19.30
Liabilities				
Bank Deposits	4.17	4.14	-	19.72
Other Deposits	2.72	1.99	-	18.28
Interbank Money Market Takings	2.91	4.05	-	18.59
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	2.90	3.20	-	18.90

4.7 Liquidity risk

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non- Interest	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	968,655	69,982	-	-	-	-	-	1,038,637
Banks and Other Financial Institutions	84,952	450,588	34,323	401	-	-	-	570,264
Trading Securities	4,949	-	14,482	51,258	50,285	74,136	-	195,110
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	65,732	547	85,711	296,192	1,259,200	4,704,994	-	6,412,376
Loans	-	4,360,802	1,191,284	1,320,878	1,809,847	4,363,413	210,989	13,257,213
Investment Securities Held-to-Maturity	-	-	22,956	265,805	1,431,469	995,610	-	2,715,840
Other Assets	7,778	1,430,053	24,596	28,175	129,459	209,480	2,978,222	4,807,763
Total Assets	1,132,066	6,311,972	1,373,352	1,962,709	4,680,260	10,347,633	3,189,211	28,997,203
Liabilities								
Bank Deposits	103,841	190,803	117,459	4,864	23,150	21,613	-	461,730
Other Deposits	5,290,909	9,644,526	2,427,021	478,782	238,670	52,604	-	18,132,512
Other Fundings	-	829,240	199,452	1,029,577	596,557	1,514,124	-	4,168,950
Interbank Money Market Takings	-	758,645	101,740	401,410	-	317,598	-	1,579,393
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	77,331	-	-	-	-	-	-	77,331
Other Liabilities (**)	-	323,048	97,822	19,596	208,208	89,026	3,839,587	4,577,287
Total Liabilities	5,472,081	11,746,262	2,943,494	1,934,229	1,066,585	1,994,965	3,839,587	28,997,203
Net Liquidity Gap	-4,340,015	-5,434,290	-1,570,142	28,480	3,613,675	8,352,668	-650,376	-
Prior Period								
Total Assets	332,525	5,904,085	1,347,965	2,379,239	2,339,420	10,684,503	3,280,180	26,267,917
Total Liabilities	5,146,632	10,015,033	2,792,671	659,096	2,284,745	1,547,775	3,821,965	26,267,917
Net Liquidity Gap	-4,814,107	-4,110,948	-1,444,706	1,720,143	54,675	9,136,728	-541,785	-

(*) 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 "Non-interest bearing" column.

4.8 Fair values of financial assets and liabilities

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

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

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

4.10 Disclosure on operations

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

5 Disclosures and footnotes on unconsolidated financial statements

5.1 Assets

5.1.1 Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	62	795,080	342	988,306
Unrestricted Time Deposits	-	69,982	-	109,801
Total	62	865,062	342	1,098,107

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

5.1.2.1 Trading securities given as collateral or blocked

None.

5.1.2.2 Trading securities subject to repurchase agreements

None.

5.1.3 Due from foreign banks

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

5.1.4 Receivables from reverse repurchase agreements

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

5.1.5 Investment securities available-for-sale

5.1.5.1 Investment securities available-for-sale

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

5.1.5.2 Details of investment securities available-for-sale

	Current Period	Prior Period
Debt Securities	6,350,068	5,312,454
Quoted at Stock Exchange	5,404,834	4,425,681
Not Quoted at Stock Exchange	945,234	886,773
Common Stocks	59,086	72,036
Quoted at Stock Exchange	11,191	24,141
Not Quoted at Stock Exchange	47,895	47,895
Impairment Losses (-)	3,222	-3,430
Total	6,412,376	5,381,060

On 31 January 2005, the Bank sold its shares in Türkiye Sınai Kalkınma Bankası AŞ at a total selling price of YTL 7,574 thousands that were reflected at a net book value of YTL 5,817 thousands in its securities available-for-sale portfolio as at 31 December 2004.

5.1.5.3 Investment securities available-for-sale given as collateral

Collateralized investment securities available-for-sale in YTL include government bonds. Carrying values of such securities with total nominal value of YTL 284,958 thousands, is YTL 285,867 thousands. The related accrued interest amounts to YTL 4,829 thousands.

Collateralized investment securities available-for-sale in foreign currencies include eurobonds and other foreign currency government securities. Carrying values of such securities with total nominal value of US\$ 3 millions and EUR 3 millions, are US\$ 3,189,050 and EUR 3,049,421. The related accrued interest amounts to US\$ 115,751 and EUR 24,051.

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Common stocks	-	-	-	-
Bills, bonds and other securities	285,867	9,198	2,289	8,070
Others	-	-	-	-
Total	285,867	9,198	2,289	8,070

5.1.5.5 Investment securities available for sale subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	627,948	630,501	283,236	31,506
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Others	-	-	-	-
Total	627,948	630,501	283,236	31,506

5.1.6 Loans

5.1.6.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	27,764	180,299	55,760	189,462
Corporates	27,764	180,299	55,760	189,462
Individuals	-	-	-	-
Indirect Lendings to Shareholders	177,104	2,908	180,068	8,510
Loans to Employees	25,162	13	22,139	-
Total	230,030	183,220	257,967	197,972

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

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Loans	12,974,581	-	23,221	48,422
Discounted Bills	54,454	-	-	-
Export Loans	1,622,957	-	23,221	34,211
Import Loans	14,614	-	-	-
Loans to Financial Sector	146,821	-	-	-
Foreign Loans	400,036	-	-	-
Consumer Loans	1,600,255	-	-	-
Credit Cards	3,142,675	-	-	-
Precious Metal Loans (Gold, etc...)	79,362	-	-	-
Other	5,913,407	-	-	14,211
Specialization Loans	-	-	-	-
Other Receivables	2,450,358	-	-	-
Total	15,424,939	-	23,221	48,422

5.1.6.3 Maturity analysis of cash loans

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

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

	Short-Term	Medium and Long Term	Total	Accrued Interest and Income
Consumer Loans – YTL	168,854	1,161,796	1,330,650	13,859
Housing Loans	6,590	440,076	446,666	3,736
Automobile Loans	30,795	398,560	429,355	3,952
Consumer Loans	131,469	323,160	454,629	6,171
Other	-	-	-	-
Consumer Loans – FC-indexed	16,981	240,941	257,922	12,293
Housing Loans	3,014	183,073	186,087	11,494
Automobile Loans	3,471	47,229	50,700	367
Consumer Loans	10,496	10,639	21,135	432
Other	-	-	-	-
Consumer Loans - FC	5	137	142	-
Housing Loans	-	-	-	-
Automobile Loans	-	49	49	-
Consumer Loans	5	88	93	-
Other	-	-	-	-
Retail Credit Cards - YTL	3,072,423	-	3,072,423	32,108
Installment based	1,076,577	-	1,076,577	11,251
Other Credit Cards	1,995,846	-	1,995,846	20,857
Retail Credit Cards - FC	24,003	-	24,003	251
Installment based	-	-	-	-
Other Credit Cards	24,003	-	24,003	251
Personnel Loans - YTL	4,544	6,644	11,188	117
Housing Loan	-	379	379	4
Automobile Loans	8	123	131	1
Consumer Loans	4,536	6,142	10,678	112
Other	-	-	-	-
Personnel Loans - FC-indexed	-	308	308	29
Housing Loans	-	185	185	15
Automobile Loans	-	78	78	-
Consumer Loans	-	45	45	14
Other	-	-	-	-
Personnel Loans - FC	40	5	45	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Consumer Loans	40	5	45	-
Other	-	-	-	-
Personnel Credit Cards - YTL	10,098	-	10,098	106
Installment based	3,781	-	3,781	40
Other Credit Cards	6,317	-	6,317	66
Personnel Credit Cards - FC	107	-	107	1
Installment Based	-	-	-	-
Other Credit Cards	107	-	107	1
Total	3,297,055	1,409,831	4,706,886	58,764

5.1.6.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long Term	Total	Accrued Interest and Income
Installment Based Commercial Loans – YTL	136,112	349,895	486,007	4,680
Housing Loans	1,076	20,783	21,859	205
Automobile Loans	51,771	240,843	292,614	2,543
Consumer Loans	83,265	88,269	171,534	1,932
Other	-	-	-	-
Installment Based Commercial Loans - FC-indexed	31,435	89,950	121,385	1,468
Housing Loans	655	14,321	14,976	553
Automobile Loans	6,503	60,642	67,145	417
Consumer Loans	24,277	14,987	39,264	498
Other	-	-	-	-
Installment-based Commercial Loans – FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other Consumer Loans	-	-	-	-
Corporate Credit Cards – YTL	34,293	-	34,293	358
Installment based	-	-	-	-
Other Credit Cards	34,293	-	34,293	358
Corporate Credit Cards – FC	1,751	-	1,751	18
Installment based	-	-	-	-
Other Credit Cards	1,751	-	1,751	18
Total	203,591	439,845	643,436	6,524

5.1.6.6 Allocation of loan customers

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

5.1.6.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	12,646,188	9,815,392
Foreign Loans	400,036	497,695
Total	13,046,224	10,313,087

5.1.6.8 Loans to investments, associates and subsidiaries

	Current Period	Prior Period
Direct Lendings	57,528	97,433
Indirect Lendings	-	-
Total	57,528	97,433

5.1.6.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	14,326	161
Doubtful Loans and Receivables	46,873	565
Uncollectible Loans and Receivables	361,315	242,811
Total	422,514	243,537

5.1.6.10 Non-performing loans(NPLs) (Net)

Non-performing loans and other receivables restructured or rescheduled:

None.

Movements in non-performing loan groups:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Balances at Beginning of Period	3,160	3,970	424,696
Additions (+)	72,782	37,031	168,119
Transfer from Other NPL Categories (+)	-	59,563	3,969
Transfer to Other NPL Categories (-)	3,160	3,969	58,318
Collections (-)	-	-	19,047
Write-offs (-)	-	-	55,293
Restatement Effects of Inflationary Accounting (-)	-	-	-
Balances at End of Period	72,782	96,595	464,126
Specific Provisions (-)	14,326	46,873	361,315
Net Balance on Balance Sheet	58,456	49,722	102,811

Non-performing loans in foreign currencies:

None.

5.1.6.11 Liquidation policy for uncollectible loans and receivables

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

5.1.7 Factoring receivables

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

5.1.8 Investment securities held-to-maturity (net)

5.1.8.1 Investment securities held-to-maturity

	Current Period	Prior Period
Debt Securities	2,732,542	3,613,978
Quoted at Stock Exchange	404,796	1,115,612
Not Quoted at Stock Exchange	2,327,746	2,498,366
Impairment Losses (-)	16,702	8,279
Total	2,715,840	3,605,699

5.1.8.2 Movement of investment securities held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	3,605,699	5,167,181
Foreign Currency Differences On Monetary Assets	-51,088	-44,707
Purchases during the Period	988	1,491,943
Disposals through Sales/Redemptions	-831,336	-2,416,482
Impairment Losses (-)	8,423	8,279
Restatements Effects of Inflationary Accounting (-)	-	583,957
Balances at End of Period	2,715,840	3,605,699

5.1.8.3 Information on investment securities held-to-maturity

Current Period	Historical Costs		Valuation	
	YTL	FC	YTL	FC
Collateralised/Blocked Securities	-	1,182,978	-	1,232,465
Securities subject to Repurchase Agreements	65,456	481,699	64,651	478,408
Securities held for “Structural” Position	-	-	-	-
Receivable from Security Lending Market	-	-	-	-
Guarantees to Security Lending Market	-	-	-	-
Other	-	-	-	-
Total	65,456	1,664,677	64,651	1,710,873

Prior Period	Historical Costs		Valuation	
	YTL	FC	YTL	FC
Collateralised securities	370,706	1,196,247	381,971	1,239,247
Securities subject to Repurchase Agreements	66,002	540,628	66,269	538,755
Securities held for “Structural” Position	-	-	-	-
Receivable from Security Lending Market	-	-	-	-
Guarantees to Security Lending Market	-	-	-	-
Other	-	-	-	-
Total	436,708	1,736,875	448,240	1,778,002

Investment securities held-to-maturity given as collateral:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bonds and Similar Securities	-	1,182,978	370,706	1,196,247
Other	-	-	-	-
Total	-	1,182,978	370,706	1,196,247

Above securities are held for legal obligations and transaction limits.

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	65,456	481,699	66,002	540,628
Treasury Bill	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	65,456	481,699	66,002	540,628

Investment securities held-to-maturity held for “structural” position:

None.

5.1.9 Investments in associates (Net)

5.1.9.1 Investments in associates

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Bankalararası Kart Merkezi AŞ ⁽¹⁾	Istanbul/Turkey	10.15	10.15
2	Tansaş Perakende Mağazacılık AŞ ⁽²⁾	Izmir/ Turkey	24.11	56.98
3	Garanti Turizm Yatırım ve İşletmeleri AŞ	Istanbul/Turkey	43.33	100.00
4	Doc Finance SA	Geneve/Switzerland	29.00	100.00

	Total Assets	Shareholders' Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	6,806	6,438	3,339	35	-	-382	-	-
2	440,903	197,152	172,955	2,791	735	223	-396,983	597,095
3	70,743	50,296	48,794	14	-	-958	-77,076	-
4	72,631	15,521	54	3,515	-	557	-732	-

(1) Financial statements are as of 31 March 2005.

(2) Financial statements are as of 31 March 2005, but fair value information is as of 30 June 2005.

5.1.9.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	159,640	321,141
Movements during the Period	15,154	-161,501
Acquisitions and Participations in Capital Increases	-	-
Bonus Shares Received	-	12,580
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-121,567
Reclassifications	-	-
Increase/Decrease in Market Values	19,863	-30,546
Currency Differences on Foreign Associates	-650	-451
Impairment Losses (-)	4,059	21,517
Balance at End of Period	174,794	159,640
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Impairment losses amounting to YTL 4,059 thousands in the current period are calculated based on the equity accounting results of associates.

Valuation methods of investments in associates:

Investments in Associates	Current Period	Prior Period
Valued at Cost	1,177	1,177
Valued at Fair Value	143,969	124,106
Valued by Equity Method of Accounting	29,648	34,357

Sectoral distribution of investments and associates:

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

Quoted associates:

Associates	Current Period	Prior Period
Quoted at Domestic Stock Exchange	143,969	124,106
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period:

Company	Selling Price	Market or Stock Exchange Price per Share at Selling Date	Cash/Term Sale
İksir Ul. Elekt.Tic. Bilg.Ve Hab. Hiz. AŞ	2,435	-	Term sale

In the current period, the Bank sold its shares in İksir Uluslararası Elektronik Ticaret Bilgilendirme ve Haberleşme Hizmetleri AŞ, a non-financial subsidiary at a price of YTL 2,435 thousands to E Haber Ajansı Reklam ve Ticaret AŞ, a related company.

Investments in associates acquired during the current period:

None.

5.1.10 Investments in subsidiaries (Net)

5.1.10.1 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share- If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Lasas Lastik San.ve Tic.AŞ	İstanbul/Turkey	99.99	99.99
2	Garanti Bilişim Teknolojisi ve Tic. AŞ	İstanbul/Turkey	100.00	100.00
3	Ana Konut Danışmanlık AŞ	İstanbul/Turkey	100.00	100.00
4	Doğuş Hava Taşımacılığı AŞ	İstanbul/Turkey	96.49	100.00
5	Garanti Ödeme Sistemleri AŞ	İstanbul/Turkey	99.92	100.00
6	Doğuş İnsan Gücü AŞ	İstanbul/Turkey	64.10	100.00
7	Doğuş Hiz. Yön. ve Org. Danış AŞ	İstanbul/Turkey	93.40	100.00
8	Doğuş Turizm Sağlık Yat. İşlt. Tic. AŞ	İstanbul/Turkey	100.00	100.00
9	Sititur Turizm Taşımacılık Org. AŞ	İstanbul/Turkey	99.95	100.00
10	Galata Araştırma Yayıncılık Tanıtım ve Bilişim Teknoloji Hizmetleri AŞ	İstanbul/Turkey	100.00	100.00
11	Voyager Mediterranean Turizm End.ve Tic.AŞ	İstanbul/Turkey	77.00	100.00
12	Garanti Finansal Kiralama AŞ ⁽²⁾	İstanbul/Turkey	94.10	98.93
13	Garanti Faktoring Hiz.AŞ ⁽³⁾	İstanbul/Turkey	55.40	55.40
14	Garanti Yatırım Menkul Kıymetler AŞ ⁽²⁾	İstanbul/Turkey	100.00	100.00
15	Garanti Portföy Yönetimi AŞ ⁽²⁾	İstanbul/Turkey	100.00	100.00
16	Garanti Sigorta AŞ ⁽²⁾	İstanbul/Turkey	100.00	100.00
17	Garanti Emeklilik ve Hayat AŞ ⁽²⁾	İstanbul/Turkey	99.78	100.00
18	Garanti Gayrimenkul Yatırım Ortaklığı AŞ ⁽³⁾	İstanbul/Turkey	50.98	50.98
19	Garanti Bank International NV ⁽²⁾	Amsterdam/Holland	100.00	100.00
20	Bosphorus Financial Services Ltd ⁽¹⁾	Valetta/Malta	99.99	100.00
21	Garanti Bank Moscow ⁽²⁾	Moscow/Russia	78.35	99.85
22	Garanti Financial Services Plc ⁽²⁾	Dublin/Ireland	99.99	100.00
23	Garanti Fund Management Co. Ltd ⁽²⁾	Valetta/Malta	99.99	100.00

	Total Assets	Shareholders' Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	51,824	39,937	37,004	50	-	-574	-13,721	-
2	9,591	6,661	1,054	21	363	265	-96,240	-
3	315,515	295,227	266,555	1,097	-	-3,044	-105,142	-
4	13,747	13,410	-	20	-	-15	-123,084	-
5	7,636	3,495	122	-	166	828	1,438	-
6	2	2	-	-	-	-1	-1,577	-
7	830	828	23	-	32	459	216	-
8	193,804	193,724	185,504	20	-	-192	3,781	-
9	87,654	85,677	83,510	-	-	-1,232	-60,770	-
10	296	224	-	-	-	80	-186	-
11	30,173	25,095	21,834	38	-	464	-98,191	-
12	483,489	94,495	17,901	17,054	275	6,126	-13,086	-
13	145,768	21,206	454	3,230	-	635	2,122	39,000
14	22,080	15,529	3,615	5	837	384	-27,630	-
15	20,801	15,760	3,312	35	449	480	4,827	-
16	180,314	51,924	17,339	120	2,345	3,690	-24,269	-
17	126,247	27,144	5,097	923	436	-1,929	-29,445	-
18	103,290	83,479	62,341	-	1,262	-290	403	70,848
19	3,057,487	283,746	62,112	34,993	15,038	10,768	37,572	-
20	545	542	-	-	-	-	401	-
21	211,032	47,390	1,116	1,847	1,232	436	5,322	-
22	10,486	10,083	-	83	-	-202	6,798	-
23	1,305	-477	-	4	-	-358	-383	-

- (1) Financial statements are as of 31 December 2003. The Company is currently under liquidation.
(2) Financial statements are as of 31 March 2005.
(3) Financial statements are as of 31 March 2005, but fair value information is as of 30 June 2005.

As per the resolution no.2152 of the Board of Directors on 11 May 2005, it is decided to obtain all the necessary legal permissions in order to merge the Bank with Ana Konut Danışmanlık AŞ, a fully owned non-financial subsidiary of the Bank reflected at a net book value of YTL 295,471 thousands as of 30 June 2005, taking over all the rights, assets, liabilities and obligations of the company ceasing its legal corporate existence after merger. As of the reporting date, legal procedures related with this merger have not been finalized yet.

5.1.10.2 Movement of subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	1,394,851	1,464,248
Movements during the Period	-34,064	-69,397
Acquisitions and Participations in Capital Increases	23,076	20,829
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-21,288	-6,911
Reclassifications	-	-
Increase/Decrease in Market Values	1,254	24,918
Currency Differences on Foreign Subsidiaries	-32,811	-31,520
Impairment Losses (-)	4,295	76,713
Balance at End of Period	1,360,787	1,394,851
Capital Commitments	31,293	19,302
Share Percentage at the End of Period (%)	-	-

Impairment losses amounting to YTL 4,295 thousands in the current period are calculated based on the equity accounting results of subsidiaries.

Valuation methods of subsidiaries:

Subsidiaries	Current Period	Prior Period
Valued at Cost	668,127	677,862
Valued at Fair Value	57,727	56,473
Valued by Equity Method of Accounting	634,933	660,516

Sectoral distribution of subsidiaries:

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

Quoted subsidiaries:

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	57,727	56,473
Quoted at International Stock Exchanges	-	-

Subsidiaries disposed during the current period:

Company	Selling Price	Market or Stock Exchange Price per Share at Selling Date	Cash/Term Sale
Konaklı Turizm Temizlik Taşımacılık Org. Bilgisayar Danışmanlık Yapı ve Tic AŞ.	EUR 6,598,019.34	-	Term sale
Petrotrans Nakliyat Tic. AŞ	US\$ 10,000,000	-	Cash

In the current period, the Bank completed the sale of its shares in Konaklı Temizlik Taşımacılık Org. Bilgisayar Danışmanlık Yapı ve Tic. AŞ, a non-financial subsidiary at a net book value of YTL 11,507 thousands, at a price determined according to the company's balance sheet at the selling date.

On 23 March 2005, the Bank signed a Term Sale Agreement to sell its shares in Petrotrans Nakliyat Ticaret AŞ, a non-financial subsidiary at a net book value of YTL 9,782 thousands as at 31 March 2005, at a total selling price of USD 10 millions of which USD 9 millions will be collected according to the payment periods agreed. In compliance with this Agreement, following the collection of the installments set the transfer of shares took place as of 30 June 2005.

Subsidiaries acquired during the current period:

Acquisitions included in the movement schedule above, resulted from participations in capital increases of existing subsidiaries.

5.1.11 Other investments (Net)

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

5.1.12 Financial lease receivables (Net)

5.1.12.1 Maturity analysis of financial lease receivables

None.

5.1.12.2 Net investment for financial lease

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

5.1.12.3 Financial lease agreements

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

5.1.13 Receivables on term sales of assets included in "Miscellaneous Receivables"

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

5.1.14 Accrued interest and income

5.1.14.1 Accrued interest and income on loans

Accrued Interest and Income on Loans	Current Period		Prior Period	
	YTL	FC	YTL	FC
Uncollected Interest Income	5,644	1,553	3,093	1,824
Interest Income Accruals	78,024	96,040	61,041	90,774
Uncollected Commissions and Other Income	474	107	201	180
Commissions and Other Income Accruals	6,043	766	6,087	854
Total	90,185	98,466	70,422	93,632

5.1.14.2 Other accrued interest and income

Other Accrued Interest and Income Receivable on	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Securities	175	1,729	2,149	1,294
Investment Securities Available-for-Sale	96,753	76,259	117,005	82,467
Investment Securities Held-to-Maturity	2,682	68,376	22,148	62,178
Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	13,037	2,287	12,811	2,073
Financial Derivative Instruments:	1,846	9,658	1,006	64,540
<i>Interest and Income Accruals</i>	-	8,256	232	5,436
<i>Income Accruals for Foreign Exchange Gains</i>	1,846	1,402	774	59,104
Financial Leases	-	-	-	-
Other	10,642	507	12,094	740
Total	125,135	158,816	167,213	213,292

5.1.15 Tangible assets (Net)

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

5.1.16 Intangible assets

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

5.1.17 Deferred tax assets

5.1.17.1 *Timing differences, tax losses and tax deductions and exemptions*

As of 30 June 2005, the Bank had a deferred tax asset of YTL 36,794 thousands calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank did not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 June 2005. However, there was a deferred tax asset of YTL 60,788 thousands and deferred tax liability of YTL 23,994 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.

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

None.

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

None.

5.1.18 Other assets

5.1.18.1 *Prepaid expenses, taxes and quasi-transactions*

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

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

None.

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
Saving Deposits	586,747	-	1,344,218	2,144,610	449,003	163,894	124,260
Foreign Currency Deposits	2,299,594	-	2,767,066	2,327,793	406,880	295,299	372,762
Residents in Turkey	2,733,358	-	2,667,181	2,259,665	387,657	144,754	320,250
Residents Abroad	266,236	-	99,885	68,128	19,223	150,545	52,512
Public Sector Deposits	36,945	-	192	70,706	6	36	34
Commercial Deposits	1,419,806	-	1,297,227	734,684	246,281	27,713	7,301
Other	244,256	-	18,785	28,380	2,058	676	147
Precious Metal Deposits	3,561	-	412	1,870	897	8,413	-
Bank Deposits	103,841	-	357,889	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	2,710	-	174,448	-	-	-	-
Foreign Banks	101,129	-	183,441	-	-	-	-
Special Purpose Financials Institutions	2	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	5,394,750	-	5,785,789	5,308,043	1,105,125	496,031	504,504

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over
Saving Deposits	452,534	-	1,186,759	1,757,090	250,023	29,699	105,031
Foreign Currency Deposits	3,115,800	-	2,878,049	2,615,781	401,489	244,646	362,079
Residents in Turkey	2,821,532	-	2,789,551	2,494,379	385,085	201,365	325,068
Residents Abroad	294,268	-	88,498	121,402	16,404	43,281	37,011
Public Sector Deposits	10,309	-	254	220	5	35	34
Commercial Deposits	1,181,635	-	1,032,601	740,179	275,556	726	5,074
Other	259,047	-	15,259	41,685	1,859	13	145
Precious Metal Deposits	2,514	-	838	497	-	2,855	-
Bank Deposits	53,760	-	588,161	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	2,295	-	233,123	-	-	-	-
Foreign Banks	51,461	-	355,038	-	-	-	-
Special Purpose Financials Institutions	4	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	5,075,599	-	5,701,921	5,155,452	928,932	277,974	472,363

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	2,833,243	2,214,897	1,973,714	1,406,174
Foreign Currency Saving Deposits	2,695,156	2,857,002	3,231,304	3,488,700
Other Deposits	532	495	12,069	4,609
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

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

Saving Deposits at	Current Period	Prior Period
Foreign Branches	186,544	261,308
Off-Shore Branches	-	-

5.2.2 Funds provided from transactions by repurchase transactions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic Transactions	561,099	-	258,708	-
Financial Institutions and Organizations	151,586	-	200,951	-
Other Institutions and Organizations	388,403	-	32,092	-
Individuals	21,110	-	25,665	-
Foreign Transactions	50,181	770,748	50,108	465,990
Financial Institutions and Organizations	50,000	770,748	50,000	465,990
Other Institutions and Organizations	4	-	4	-
Individuals	177	-	104	-
Total	611,280	770,748	308,816	465,990

5.2.3 Funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term	138,626	2,400,327	124,743	2,210,449
Medium and Long-term	-	1,629,997	-	1,212,554
Total	138,626	4,030,324	124,743	3,423,003

5.2.3.1 Disclosures for concentration areas of the Bank's commitments

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

5.2.4 Disclosure for securities issued

None.

5.2.4.1 Convertible bonds

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

5.2.4.2 Maturity, interest and currency profile of securities issued

None.

5.2.5 Funds

None.

5.2.6 Miscellaneous payables

	Current Period	Prior Period
Cash Collaterals Received	784	702

5.2.6.1 Nature of cash collaterals received

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

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

None.

5.2.8 Taxes and other duties payable

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

5.2.9 Factoring payables

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

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

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

5.2.10.1 Changes in agreements and further commitments arising

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

5.2.10.2 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	17,822	14,933	16,583	13,723
1-4 Years	16,621	14,636	19,064	16,015
More than 4 Years	-	-	-	-
Total	34,443	29,569	35,647	29,738

5.2.10.3 Operational lease agreements

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

5.2.10.4 “Sale-and-lease-back” agreements

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

5.2.11 Accrued interest and expenses

Accrued Interest and Expenses on	Current Period		Prior Period	
	YTL	FC	YTL	FC
Deposits	85,359	20,984	71,661	19,587
Funds Borrowed	7,235	31,957	8,260	28,975
Securities Issued	-	-	-	-
Repurchase Agreements	10,300	6,576	3,822	10,195
Financial Derivative Instruments:	27,685	67,859	7,108	4,221
Interest and Expense Accruals	-	1,350	172	3,164
Expense Accruals for Foreign Exchange Losses	27,685	66,509	6,936	1,057
Factoring Payables	-	-	-	-
Other	5,962	6,172	4,820	8,439
Total	136,541	133,548	95,671	71,417

5.2.12 Provisions and subordinated loans

5.2.12.1 General provisions

	Current Period	Prior Period
General Provision for	82,058	65,512
Loans and Receivables in Group I	70,098	52,604
Loans and Receivables in Group II	358	389
Non-Cash Loans	11,602	12,519
Other	-	-

5.2.12.2 Reserve for employee termination benefits and notification indemnity

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

5.2.12.3 Liabilities resulting from retirement rights

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

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

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

5.2.12.5 General reserves for possible losses

	Current Period	Prior Period
Balance at Beginning of Period	41,500	37,567
Provision for realized losses	-	-33,000
Current period general reserve provision	-	41,500
Restatement effects of inflationary accounting	-	-4,567
Balance at End of Period	41,500	41,500

5.2.13 Subordinated loans

None.

5.2.14 Information on shareholders' equity

5.2.14.1 Paid-in capital

	Current Period	Prior Period
Common Stock	2,100,000	1,200,000
Preferred Stock	-	-

5.2.14.2 Registered share capital system

Capital	Paid-in Capital	Ceiling per Registered Share Capital
Common Stock	2,100,000	7,000,000
Preferred Stock	-	-

As per the resolution no.2141 of the Board of Directors on 7 March 2005, it has been decided to increase the Bank's registered share capital ceiling from YTL 1,200,000 thousands to YTL 7,000,000 thousands. The decision was approved during the Annual General Assembly held on 4 April 2005.

5.2.14.3 Capital increases in current period

As per the resolution no.2147 of the Board of Directors on 8 April 2005, it has been decided to increase the Bank's share capital from YTL 1,200,000 thousands to YTL 2,100,000 thousands through appropriation of capital reserves from inflation adjustments to paid-in capital of YTL 450,000 thousands, extraordinary reserves of YTL 442,917 thousands and income from sale of real estates of YTL 7,083 thousands.

5.2.14.4 Capital increases from revaluation fund in current period

None.

5.2.14.5 Capital commitments for current financial year and following period

None.

5.2.14.6 Information on privileges given to stocks representing the capital

None.

5.2.14.7 Common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Shares (billions) (1)	210	2,400
Preferred Stock	-	-
Common Stock Issue Premium	-	-
Common Stock Canceling Profit	-	-
Other Equity Instruments	-	-
Total Common Stock Issue	210	2,400

(1) As per the resolution of the Board of Directors on 8 April 2005, it was decided to increase the Bank's capital from YTL 1,200,000,000 to YTL 2,100,000,000. The increase in number of shares to 210,000,000,000 has been registered on 27 June 2005.

5.2.14.8 Securities value increase fund

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

Disclosure on securities value increase fund

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

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

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

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

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

5.2.14.9 Revaluation fund

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

5.2.14.10 Revaluation surplus

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

5.2.14.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve (Turkish Commercial Code 466/1)	49,827	26,337
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Extraordinary Reserves	-	-

In compliance with the decisions made on the Annual General Assembly, 5% of prior periods’ profit is allocated to legal reserves.

5.2.14.12 Extraordinary reserves

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	75,170	71,416
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Difference on Foreign Currency Capital	-	-

In compliance with the decisions made on the Annual General Assembly, remaining prior periods’ profit after the appropriation to legal reserves, are allocated to extraordinary reserves.

YTL 446,671 thousands of the year 2004 net profit has been allocated to extraordinary reserves after deducting the transfer to legal reserves in the amount of YTL 23,511 thousands.

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

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	996,662	47,46%	996,662	-

As per the resolution of Board of Directors dated 8 November 2004, Doğuş Holding AŞ had an agreement with a foreign portfolio investor for issuing an option to purchase a portion of the shares of the Bank owned by Doğuş Holding AŞ. In accordance with the related Security’s Lending Agreement, the investor took over all the ownership rights including sale of 12,013,037,274 shares representing 5.72% of the Bank’s capital (per 1 New Kuruş) throughout the option period agreed.

With the same foreign portfolio investor, a second contract was signed in 2005 for issuing an option to purchase further shares. According to the second contract, the notional amount of this option was USD 250 millions and the investor took over all the ownership rights including sale of 8,677,689,975 shares representing 4.13% of the Bank's capital (per 1 New Kuruş) throughout the option period agreed. Subsequently, the investor has purchased 4,331,683,125 shares representing 2.06% of the Bank's capital. The term of this Security's Lending Agreement is 18 months and an additional right has been provided to the investor to purchase a further 40% of the shares subject to this option which represents 1.653% of the Bank's capital. For these shares, the purchasing price was determined based on a market price of USD 6,250,000,000. Shares in the number of 7,817,077,275 representing 3.72% of the Bank's capital were pledged to the investor for its unused and additionally provided purchase rights.

Doğuş Holding AŞ, has given a mandate to Morgan Stanley & Co. Ltd for the Bank in connection with the identification and assessment of potential merger, joint venture, share purchase and sale prospects in the banking sector. As of the reporting date, negotiations with various prospective strategic investors continue.

5.3 Income Statement

5.3.1 Interest Income

5.3.1.1 Interest income received from investments, associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	1,219	2,988

5.3.1.2 Income from financial lease

None.

5.3.1.3 Interest income received from reverse repurchase agreements

None.

5.3.1.4 Interest income from factoring receivables

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

5.3.2 Interest Expenses

5.3.2.1 Interest expenses paid to investments, associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	1,016	6,693

5.3.2.2 Expenses on financial lease

	Current Period	Prior Period
Financial Leasing Expenses	2,348	1,302

5.3.2.3 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits					Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	
YTL							
Bank Deposits	7	17,623	-	-	-	-	17,630
Saving Deposits	1,633	112,256	167,491	31,879	7,693	11,349	332,301
Public Sector Deposits	9	316	617	6	3	3	954
Commercial Deposits	374	98,671	43,278	9,324	1,093	604	153,344
Other	4,696	5,285	5,813	17,327	24	16	33,161
“7 Days Notice” Deposits	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-
Total YTL	6,719	234,151	217,199	58,536	8,813	11,972	537,390
FC							
Foreign Currency Deposits	4,972	32,459	31,001	5,653	2,115	5,071	81,271
Bank Deposits	-	4,099	-	-	-	-	4,099
Precious Metal Deposits	-	4	12	-	38	-	54
Total FC	4,972	36,562	31,013	5,653	2,153	5,071	85,424
Grand Total	11,691	270,713	248,212	64,189	10,966	17,043	622,814

5.3.2.4 Interest expense on repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest Paid on Repurchase Agreements	81,782	13,755	49,450	19,191

5.3.2.5 Interest expenses on factoring payables

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

5.3.3 Other operating income

Other operating income consists of collection or reversals of prior year provisions, banking services related costs charged to customers and income in custody services.

5.3.4 Provision for loan or other receivable losses

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	244,783	41,466
<i>Loans and Receivables in Group III</i>	14,326	-
<i>Loans and Receivables in Group IV</i>	46,346	1,602
<i>Loans and Receivables in Group V</i>	184,111	39,864
General Provisions	16,586	12,439
Provision for Possible Losses	-	22,788
Foreign Exchange Losses on Foreign Currency Indexed Loans	8,940	2,177
Impairment Losses on Securities	364	5,161
Trading securities	364	5,161
Available-for-sale securities	-	-
Other Impairment Losses	38,231	63,644
Associates	4,084	34,525
Subsidiaries	6,045	29,119
Joint Ventures	-	-
Investment Securities Held to Maturity	28,102	-
Other	37,485	3,262
Total	346,389	150,937

5.3.5 Other operating expenses

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

5.3.6 Income/losses from investments, associates and subsidiaries

5.3.6.1 Income and losses

Income/Losses from	Current Period	Prior Period
Subsidiaries (+/-)	2,000	8,427
Investments and Associates (+/-)	1	10,751

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

Losses from investments in associates accounted under equity accounting, are presented in 5.3.4 above under “Other impairment losses”. There are no income recognized for investments in associates accounted under equity method of accounting.

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

The related disclosure is presented in details in note 5.8.

5.3.7 Provision for taxes on income

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

As of 30 June 2005, the Bank recorded a tax expense of YTL 55,798 thousands and a deferred tax expense of YTL 59,352 thousands in the current period. YTL 8,323 thousands of the current period tax expense comprise of withholding tax to be paid in 2006 for the incentive utilized on the investment incentive certificate in 2005.

5.3.7.2 Deferred tax income/expense on timing differences

Deferred tax income/(expense) on timing difference	Current Period
Increase in tax deductible timing differences	17,849
Decrease in tax deductible timing differences	-51,168
Increase in taxable timing differences	-5,812
Decrease in taxable timing differences	1,890
Total	-37,241

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

Deferred tax income/(expense) arising on timing differences, tax losses and tax deductions and exemptions	Current Period
Increase/(decrease) in tax deductible timing differences	-33.319
(Increase)/decrease in taxable timing differences	-3.922
Increase/(decrease) in tax losses	-14.704
Increase/(decrease) in tax deductions and exemptions	-7.407
Total	-59.352

5.3.8 Net profit and loss

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

None.

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

None.

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

None.

5.4 Off-balance Sheet Items

5.4.1 Off-balance sheet contingencies

5.4.1.1 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Loan Risks	388,649	365,712
<i>With Original Maturity of 1 Year or Less</i>	247,844	64,238
<i>With Original Maturity of More Than 1 Year</i>	140,805	301,474
Other Non-Cash Loans	6,213,929	6,325,974
Total	6,602,578	6,691,686

5.4.1.2 Other disclosures on non-cash loans

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

5.4.1.3 Irrevocable credit commitments

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	3,072,629	3,085,217
Letters of Guarantee in YTL	1,785,775	1,516,757
Letters of Credit	1,050,294	1,185,029
Bank Acceptances	334,887	357,269
Prefinancing	-	-
Total	6,243,585	6,144,272

5.4.1.4 Possible losses from off-balance sheet items

None.

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

None.

5.4.1.6 Explanation for the following matters separately from other conditional commitments

The Bank’s share in commitments for joint venture:

None.

Accounting method of commitments:

The Bank has capital commitments amounting to YTL 31,293 thousands for its subsidiaries and associates. Furthermore, there are letters of guarantee amounting to YTL 5,447 thousands issued for several entities for the Bank’s own business. These commitments are included in the Bank’s off-balance sheet accounts.

5.4.2 Financial derivative instruments

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

5.4.3 Services rendered on behalf of third parties

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

5.4.4 The Bank’s latest international risk ratings

MOODY’S (February 2005*)

Long Term FC Deposit	B2
Long Term YTL Deposit	Baa2
Short Term YTL Deposit	Prime-2
Long Term FC Deposit Outlook	Positive
FSR	D+
FSR Outlook	Stable

STANDARD AND POORS (January 2005*)

Long Term FC Obligations	BB-
Outlook	Stable

FITCH RATINGS (January 2005*)

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

CAPITAL INTELLIGENCE (January 2005*)

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

(* Latest dates in risk notes or outlooks.

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 investment securities available-for-sale

As of 30 June 2005, the revaluation of investment securities available-for-sale at fair value netted with the related deferred tax liability effect has resulted in a gain of YTL 22,973 thousands that is presented as the current period increase in "securities value increase fund" in the statement of changes in shareholders' equity. The amounts transferred to Net Profit from "securities value increase fund" were YTL 111,511 thousands and YTL 47,945 thousands for the first half of 2004 and 2005, respectively.

5.5.1.2 Increases due to cash flow hedges

In 2004, the Bank entered into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. A gain of YTL 8,187 thousands and YTL 5,608 thousands on such effective hedging contracts were classified directly under shareholders' equity within "Other Profit Reserves" in the prior period and the current period, respectively netting with the related deferred tax liability effect.

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

The reconciliation has been completed.

5.5.2 Any decreases arising from application of accounting for financial instruments

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

None.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Dividends

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

There is not any declaration.

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

During the Annual General Assembly on 4 April 2005, it has been decided not to distribute any dividends.

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

None.

5.5.4 Transfers to legal reserves

	Current Period	Prior Period
Transfer from retained earnings to legal reserves	23,511	25,144

5.5.5 Issuance of share certificates

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

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

On the Regulation issued by BRSA, BDDK.DZM.2/13/1-a-2, it is required that in cases where the fair values of the investments in quoted companies are below the book values restated for the effects of inflation, then taking into account certain criterias like whether the value decreases are temporary or permanent, the proportions of value decreases, the book values are adjusted for provisions to cover the impairments down to fair values and impairment losses are posted through statement of income. The effect of this regulation on the prior period results is adjusted through retained earnings under the heading of "Effect of changes in accounting policies" in the statement of changes in shareholders' equity in compliance with the Article 10 of the statement no.12 "Material Errors and Accounting for Changes in Accounting Policies" of the "Regulation on Accounting Standards". Accordingly, the prior period retained earnings and the current period net profit increased by YTL 37,147 thousands and YTL 33,272 thousands, respectively.

The Bank decided to allocate provision for bonus points on Bonus credit cards, a banking product in the period that are earned by the customers. The related points earned amounted to YTL 25,020 thousands as of 31 December 2004. Accordingly, the effect of this change in accounting policy on the prior period's net profit amounted to YTL 17,514 thousands net of deferred tax asset effect of YTL 7,506 thousands as of 31 December 2004 and recorded through a correction to the opening balances of the current period under the effect of changes in accounting policies line. There is no current period profit effect of this accounting policy change.

5.5.7 Compensation of prior period losses

None.

5.6 Statement of cash flows

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

In the first half of 2005, the net cash inflows arising from banking operations amount to YTL 164,420 thousands. YTL 708,652 thousands of this amount is generated from the change in operating assets and liabilities and YTL 873,073 thousands from operating profit. The net cash outflow from investing activities is YTL 170,807 thousands. The major item is the outflows arising from new investments in securities available-for-sale. Cash and cash equivalents increased to YTL 1,603,107 thousands at the end of the current period in comparison to YTL 1,534,117 thousands at the beginning of the current period also with the favorable effect of changes in foreign currency exchange rates by YTL 77,725 thousands.

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

Please refer to sections 5.1.9.2 and 5.1.10.2.

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

Please refer to sections 5.1.9.2 and 5.1.10.2.

5.6.4 Cash and cash equivalents at beginning of period

	Current Period	Prior Period
Cash on Hand	189,528	181,487
<i>Cash in YTL</i>	62,013	41,664
<i>Cash in Foreign Currency</i>	127,515	139,823
Cash Equivalents	1,344,589	735,203
<i>Other</i>	1,344,589	735,203
TOTAL	1,534,117	916,690

5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	167,963	134,798
<i>Cash in YTL</i>	77,611	41,884
<i>Cash in Foreign Currency</i>	90,352	92,914
Cash Equivalents	1,435,144	1,447,574
<i>Other</i>	1,435,144	1,447,574
TOTAL	1,603,107	1,582,372

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

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

5.6.7 Additional information

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

5.7 Accounting for entities acquired through mergers and acquisitions

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

5.8 Related party risks

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

5.8.1.1 Current Period

Bank's Risk Group (1)	Investments, Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	97,433	17,146	235,828	197,972	-	-
Balance at end of period	57,528	23,804	204,868	183,207	-	-
Interest and Commission Income	2,498	64	4,835	880	-	-

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

5.8.1.2 Prior Period

Bank's Risk Group (1)	Investments, Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	158,647	30,599	376,268	334,387	-	-
Balance at end of period	97,433	17,146	235,828	197,972	-	-
Interest and Commission Income	2,988	51	6,680	2,043	-	-

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

5.8.1.3 Other related party balances

Deposits:

Bank's Risk Group (1)	Investments, Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	65,484	98,358	152,702	139,985	-	-
Balance at end of period	78,466	65,484	174,057	152,702	-	-
Interest Expenses	1,016	6,693	8,023	8,403	-	-

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

Derivative transactions:

Bank's Risk Group (1)	Investments, Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Trading Transactions:						
Beginning of Period	222	161,005	680	-	-	-
End of Period	4,229	222		680	-	-
Total Profit/Loss	49	-	-	-	-	-
Hedging Transactions:						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

5.8.2 The Bank's risk group

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

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

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

The cash loans of the risk group compose 1.68% of the Bank's total cash loans and 0.75% of the Bank's total assets. The non-cash loans of the risk group compose 3.14% of the Bank's total non-cash loans. The deposits of the risk group compose 1.36% of the Bank's total deposits. The pricing of transactions with the risk group companies is set in compliance with the market prices.

5.8.2.3 Other matters not required to be disclosed

None.

5.8.2.4 Transactions accounted under equity method

Please refer to sections 5.1.9 and 5.1.10.

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

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

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

5.9 Accounting in hyperinflationary economies

According to the Article 14 of “Regulation on Accounting Standards”; “Accounting Standard for Financial Reporting in Hyperinflationary Economies”, if general population prefers to keep its wealth in foreign currencies, prices are quoted in foreign currencies, interest rates, wages and prices are linked to a general price index, sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short, the cumulative three-year inflation rate is equal to or over 100% and the current year inflation rate is equal to or over 10% according to the State Institute of Statistics, this confirms the existence of a hyperinflationary economy.

In BRSA’s Circular no.BDDK.DZM.2/13/-d-5 on 28 April 2005, it is stated that as of January 2005, the banking sector datas confirm that the YTL deposits has the majority in total deposit stock, the foreign currency deposits have a decreasing trend, in short-term transactions prices are determined disregarding any losses of purchasing power during the period and the issuance of government securities are not dependent on price indices, and the Turkish nation-wide wholesale price indices published by the State Institute of Statistics, have been 57.83% and 8.16% for the last three-year and twelve months, respectively as of 31 March 2005, and therefore the majority of the criterias confirming the existence of a hyperinflationary economy are not valid anymore. Accordingly, by the decision no.1623 of BRSA on 21 April 2005, it is announced that the application of inflation accounting in banking sector has ceased.

5.9.1 Other disclosures

The Bank’s accompanying unconsolidated interim financial statements are not adjusted for the effect of inflation as of 30 June 2005. The financial statements as of 31 December 2004 and the income statement for the six-month period ended 30 June 2004, are adjusted for the effects of inflation as of 31 December 2004. In the current period, the non-monetary items are not adjusted for the effects of inflation. Therefore in the income statement there are no gains/losses calculated for the monetary position.

In compliance with BRSA’s Circular on 28 April 2005 on ceasing the inflation accounting application, any accounting entries made to the accounts used for booking of the adjustments for inflation accounting were cancelled, and the balances resulted from the inflation accounting application as of 31 December 2004 and booked according to the Uniform Chart of Accounts and the related Articles, are transferred to the main accounts that were subject to the inflation accounting adjustments except for “capital reserves from inflation adjustments”. The balance of “capital reserves from inflation adjustments” account is transferred to “other supplementary capital” account.

The Turkish countrywide wholesale price indices and conversion factors published by the State Institute of Statistics, used in restatement of the financial statements are as follows:

<u>Date</u>	<u>Index</u>	<u>Conversion Factor</u>
31 December 2004	8,403.8	1.000
30 June 2004	7,982.7	1.053
31 December 2003	7,382.1	1.138

5.10 Domestic, foreign and off-shore branches and foreign representative offices

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

5.11 Significant events and matters arising subsequent to balance sheet date

On 8 July 2005, the Bank signed a one-year syndicated term-loan facility contract amounting EUR 600 millions at an interest cost of Eurolibor+0.40% for export financing activities.

6 Other disclosures and footnotes

6.1 Other disclosures on activities of the Bank

As per the resolution no.2145 of the Board of Directors dated 1 April 2005, the Bank, and also Doğu Holding AŞ, have signed a mandate with ABN AMRO Corporate Finance Ltd for Tansaş Perakende Mağazacılık Ticaret AŞ, a non-financial investment reflected at a net book value of YTL 131,651 thousands as at 31 March 2005, in connection with the identification and assessment of potential merger, joint venture, share purchase and sale prospects in the retail sector. As of the reporting date, negotiations have continued.

As per the resolution no.2151 of the Board of Directors dated 5 May 2005, it has been decided to sell the Bank's share in Akarnet Konaklama Tesisleri Yatırım ve İşletmeleri AŞ recorded at a net book value of YTL 30,402 thousands and classified under investment securities available for sale to third parties. As of the reporting date, the selling procedures have not been completed yet.

7 Independent Auditor’s Review Report

7.1 Disclosure on Independent Auditor’s Review Report

The Bank’s unconsolidated interim financial statements as of 30 June 2005, have been subject to review by Akis Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG). It was noted in their review report dated 21 July 2005 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank’s financial position and results of its operations as of 30 June 2005.