

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

Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Financial Statements

As of and For the Three-Month Period Ended

31 March 2007

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

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
24 April 2007

*This report contains "Independent Auditors' Review
Report" comprising 1 page and; "Unconsolidated
Financial Statements and Related Disclosures and
Footnotes" comprising 70 pages.*



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**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 unconsolidated balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") as of 31 March 2007 and the related unconsolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the three-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the accounting and reporting system and the regulations on the accounting and independent audit principles as per the (Turkish) Banking Law No. 5411. These regulations require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, the financial position of Türkiye Garanti Bankası AŞ as of 31 March 2007 and the result of its operations and cash flows for the three-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Articles 37 and 38 of the (Turkish) Banking Law No. 5411 and other communiques, disclosures and directives issued by the Banking Regulatory and Supervisory Agency.

İstanbul,
24 April 2007

**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi**

Murat Alsan
Partner

Certified Public Accountant

Additional paragraph for convenience translation to English:

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

Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Interim Financial Report as of and for the Three-Month Period Ended 31 March 2007

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The Unconsolidated Interim Financial Report for the three-month period ended 31 March 2007 prepared in accordance with the communique of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

Ferit F. Şahenk
Board of Directors
Chairman

S. Ergun Özen
General Manager

Aydın Şenel
Executive Vice
President

Mustafa Keleş
Accounting
Director

M. Cüneyt Sezgin
Audit Committee
Member

Des O'Shea
Audit Committee
Member

The authorized contact person for questions on this financial report:

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1 General Information

1.1 History of the Bank including its incorporation date, initial legal status, amendments to legal status

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 492 domestic branches, five foreign branches and four representative offices abroad. The Bank’s head office is located in Istanbul.

1.2 The Bank’s shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on Bank’s risk group

As of 31 March 2007, Group of Companies under Doğuş Holding AŞ that currently owns 25.87% shares of the Bank, is called as the Doğuş Group (the Group). On 22 December 2005, Doğuş Holding AŞ has completed the sale of 53,550,000,000 shares composing 25.5% of the Bank’s issued share capital to “GE Araştırma ve Müşavirlik Limited Şti.” of General Electric (GE) group, as explained in Note 1.4. Accordingly, GE acquired a joint control on the Bank’s management.

Doğuş Group

The Group was established in 1951 as a construction and contracting firm. Today, in addition to the construction sector, the Group operates in a variety of businesses consisting of financial services, automotive, media, tourism and service sectors with more than 18.300 employees. The Group operates partnerships and has distribution, management and franchise agreements with internationally recognized brand names, such as Volkswagen, Audi, Bentley, Porsche, Seat, Scania, ITT Sheraton, Hyatt Regency, Jeeves, Armani, Gucci and CNBC. In the construction sector, the Group has an important role in certain ongoing projects such as Araklı-İyidere and Sinop-Boyabat motorways, Kadıköy-Kartal and Otogar-Bağcılar subways, Yusufeli and Artvin dams, Ukraine Dnyeper bridge. The Group has tourism investments such as Sheraton Voyager, Club Aldiana and Paradise Side Apart Otel and five marinas which are adjudicated by “build, operate and transfer model” such as Dalaman, Didim, Turgutreis, Bodrum and Antalya.

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

General Electric Group

GE is a company providing variety of technology, media and financial services including aircraft engine and energy production, water and security technologies, medical systems, corporate-retail financing services and media services. GE operates in more than 100 countries through its six major business lines providing services through their own business units with more than 300 thousand employees. These six business lines are; GE Consumer Finance, GE Commercial Finance, GE Healthcare, GE Industrial, GE Infrastructure and NBC Universal.

GE Consumer Finance, one of its six major business lines extend loans to consumers, retailers and car vendors in 41 countries. GE Consumer Finance provides variety of financial products such as store credit cards, consumer loans, bank cards, automobile loans and leasing, mortgage, corporate traveling and spending cards, debt consolidation, housing loans against mortgage and credit insurance.

1.3 Information on the Bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the Bank

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	17 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	25 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	22 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	33 years
Charles Edward Alexander	Member	22.12.2005	University	27 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	Master	30 years
Oliver B.R.V. Piani	Member	21.02.2007	Master	26 years
Dmitri Lysander Stockton	Member	22.12.2005	University	16 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	20 years

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

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	20 years
Adnan Memiş	EVP-Support Services	03.06.1991	University	29 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	15 years
Ali Temel	EVP-Loans	21.10.1999	University	17 years
Gökhan Erun	EVP-Human Resources & Investment Banking	18.08.2005	Master	13 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	25 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	22 years
Uruz Ersözöglü	EVP-Treasury	03.04.2006	University	16 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	15 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	22 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	26 years
Zekeriya Öztürk	EVP- International Business Development	02.03.2006	Master	12 years

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

1.4 Information on the Bank's qualified shareholders

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

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

1.5 Summary information on the Bank's activities and services

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

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

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

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

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

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 31 March 2007

ASSETS		Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
			CURRENT PERIOD 31 March 2007			PRIOR PERIOD 31 December 2006		
			YTL	FC	Total	YTL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	1.480.010	3.064.007	4.544.017	1.885.335	3.391.537	5.276.872
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	57.346	73.817	131.163	67.621	80.838	148.459
2.1	Financial assets held for trading		43.432	68.596	112.028	57.403	76.766	134.169
2.1.1	Government securities		35.258	67.906	103.164	50.492	75.993	126.485
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Other securities		8.174	690	8.864	6.911	773	7.684
2.2	Financial assets valued at fair value through profit or loss		-	-	-	-	-	-
2.2.1	Government securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Other securities		-	-	-	-	-	-
2.3	Trading derivatives		13.914	5.221	19.135	10.218	4.072	14.290
III.	BANKS AND OTHER FINANCIAL INSTITUTIONS	(5.1.3)	891.284	1.093.126	1.984.410	62.480	833.962	896.442
IV.	INTERBANK MONEY MARKETS		-	-	-	-	-	-
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	5.814.480	4.355.948	10.170.428	5.619.046	4.008.884	9.627.930
5.1	Equity securities		44.114	22.207	66.321	44.648	21.668	66.316
5.2	Government securities		5.770.366	4.319.325	10.089.691	5.574.398	3.987.216	9.561.614
5.3	Other securities		-	14.416	14.416	-	-	-
VI.	LOANS	(5.1.5)	16.414.057	13.432.486	29.846.543	15.320.304	12.030.186	27.350.490
6.1	Performing loans		16.181.492	13.432.486	29.613.978	15.134.959	12.030.186	27.165.145
6.2	Loans under follow-up		702.595	-	702.595	636.589	-	636.589
6.3	Specific provisions (-)		470.030	-	470.030	451.244	-	451.244
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	3.638.525	805.624	4.444.149	3.802.826	816.021	4.618.847
8.1	Government securities		3.636.507	805.624	4.442.131	3.800.874	816.021	4.616.895
8.2	Other securities		2.018	-	2.018	1.952	-	1.952
IX.	INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	1.177	-	1.177	1.177	-	1.177
9.1	Financial investments in associates		-	-	-	-	-	-
9.2	Non-financial investments in associates		1.177	-	1.177	1.177	-	1.177
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	315.208	292.721	607.929	313.436	290.716	604.152
10.1	Unconsolidated financial investments in subsidiaries		307.318	292.721	600.039	305.546	290.716	596.262
10.2	Unconsolidated non-financial investments in subsidiaries		7.890	-	7.890	7.890	-	7.890
XI.	INVESTMENTS IN JOINT-VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1	Financial investments in joint-ventures		-	-	-	-	-	-
11.2	Non-financial investments in joint-ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1	Financial lease receivables		-	-	-	-	-	-
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(5.1.11)	-	3.712	3.712	-	4.799	4.799
13.1	Fair value hedges		-	-	-	-	-	-
13.2	Cash flow hedges		-	3.712	3.712	-	4.799	4.799
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(5.1.12)	892.276	1.097	893.373	884.325	1.121	885.446
XV.	INTANGIBLE ASSETS (Net)	(5.1.13)	67.132	198	67.330	67.515	203	67.718
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		67.132	198	67.330	67.515	203	67.718
XVI.	TAX ASSET	(5.1.14)	34.453	-	34.453	38.188	-	38.188
16.1	Current tax asset		-	-	-	-	-	-
16.2	Deferred tax asset		34.453	-	34.453	38.188	-	38.188
XVII.	ASSETS HELD FOR SALE	(5.1.15)	106.537	-	106.537	115.154	-	115.154
XVIII.	OTHER ASSETS	(5.1.16)	613.168	114.217	727.385	542.620	108.619	651.239
TOTAL ASSETS			30.325.653	23.236.953	53.562.606	28.720.027	21.566.886	50.286.913

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 31 March 2007

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2007			31 December 2006		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	(5.2.1)	16.011.985	16.846.021	32.858.006	14.242.516	15.896.521	30.139.037
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	192.482	3.293	195.775	219.766	3.136	222.902
III. FUNDS BORROWED	(5.2.3)	542.859	7.573.549	8.116.408	510.041	7.380.364	7.890.405
IV. INTERBANK MONEY MARKETS	(5.2.4)	3.789.320	350.696	4.140.016	4.256.772	557.121	4.813.893
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		3.789.320	350.696	4.140.016	4.256.772	557.121	4.813.893
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		1.300.681	27.325	1.328.006	1.311.410	15.420	1.326.830
VIII. OTHER EXTERNAL RESOURCES PAYABLE	(5.2.4)	154.779	393.873	548.652	105.889	452.949	558.838
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	1.526	55.476	57.002	298	44.440	44.738
10.1 Financial lease payables		1.715	60.335	62.050	336	49.341	49.677
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		189	4.859	5.048	38	4.901	4.939
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	-	-	-	-	-
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	423.669	15.308	438.977	413.046	14.083	427.129
12.1 General provisions		178.956	9.551	188.507	148.747	9.719	158.466
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		135.902	-	135.902	128.818	-	128.818
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		108.811	5.757	114.568	135.481	4.364	139.845
XIII. TAX LIABILITY	(5.2.8)	176.032	43	176.075	192.765	83	192.848
13.1 Current tax liability		176.032	43	176.075	192.765	83	192.848
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES FOR ASSETS HELD FOR SALE	(5.2.9)	-	-	-	-	-	-
XV. SUBORDINATED DEBTS	(5.2.10)	-	698.027	698.027	-	-	-
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	4.957.192	48.470	5.005.662	4.593.631	76.662	4.670.293
16.1 Paid-in capital		2.100.000	-	2.100.000	2.100.000	-	2.100.000
16.2 Capital reserves		825.428	46.309	871.737	839.934	74.485	914.419
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		77.998	43.945	121.943	90.901	71.337	162.238
16.2.4 Revaluation surplus on tangible assets		2.147	-	2.147	2.147	-	2.147
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Bonus shares of associates, subsidiaries and joint-ventures		4.698	-	4.698	4.698	-	4.698
16.2.7 Hedging reserves (effective portion)		-31.969	2.364	-29.605	-30.366	3.148	-27.218
16.2.8 Revaluation surplus on assets held for sale		-	-	-	-	-	-
16.2.9 Other capital reserves		772.554	-	772.554	772.554	-	772.554
16.3 Profit reserves		590.613	2.161	592.774	590.034	2.177	592.211
16.3.1 Legal reserves		89.957	2.161	92.118	89.957	2.177	92.134
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		500.558	-	500.558	500.558	-	500.558
16.3.4 Other profit reserves		98	-	98	-481	-	-481
16.4 Profit or loss		1.441.151	-	1.441.151	1.063.663	-	1.063.663
16.4.1 Prior periods profit/loss		1.063.663	-	1.063.663	-	-	-
16.4.2 Current period profit/loss		377.488	-	377.488	1.063.663	-	1.063.663
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		27.550.525	26.012.081	53.562.606	25.846.134	24.440.779	50.286.913

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 31 March 2007

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2007			31 December 2006		
		YTL	FC	Total	YTL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		20.261.109	16.217.174	36.478.283	16.579.521	14.531.045	31.110.566
I. GUARANTEES AND SURETIES	(5.3.1),(5.3.3)	3.321.102	6.757.297	10.078.399	2.688.511	6.837.765	9.526.276
1.1. Letters of guarantee		3.320.415	4.298.701	7.619.116	2.687.808	4.575.955	7.263.763
1.1.1. Guarantees subject to State Tender Law		291.244	221.509	512.753	268.378	628.922	897.300
1.1.2. Guarantees given for foreign trade operations		251.898	249.010	500.908	255.968	240.821	496.789
1.1.3. Other letters of guarantee		2.777.273	3.828.182	6.605.455	2.163.462	3.706.212	5.869.674
1.2. Bank acceptances		541	145.457	145.998	616	142.925	143.541
1.2.1. Import letter of acceptance		525	141.269	141.794	600	141.356	141.956
1.2.2. Other bank acceptances		16	4.188	4.204	16	1.569	1.585
1.3. Letters of credit		146	2.313.139	2.313.285	87	2.118.885	2.118.972
1.3.1. Documentary letters of credit		-	1.561	1.561	-	10.810	10.810
1.3.2. Other letters of credit		146	2.311.578	2.311.724	87	2.108.075	2.108.162
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	-	-	-	-	-
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1),(5.3.3)	10.880.731	1.924.654	12.805.385	9.807.443	714.290	10.521.733
2.1. Irrevocable commitments		10.880.731	1.924.416	12.805.147	9.807.443	714.051	10.521.494
2.1.1. Asset purchase commitments		58.107	350.390	408.497	146.776	158.806	305.582
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		250	-	250	250	-	250
2.1.4. Loan granting commitments		1.995.058	1.225.904	3.220.962	1.825.955	394.698	2.220.657
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1.645.962	-	1.645.962	1.528.984	-	1.528.984
2.1.8. Tax and fund obligations on export commitments		19.418	-	19.418	-	-	19.092
2.1.9. Commitments for credit card limits		7.111.094	-	7.111.094	6.134.969	-	6.134.969
2.1.10. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.11. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		50.842	348.122	398.964	151.413	160.547	311.960
2.2. Revocable commitments		-	238	238	-	239	239
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	238	238	-	239	239
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	6.059.276	7.535.223	13.594.499	4.083.567	6.978.990	11.062.557
3.1. Derivative financial instruments held for risk management		-	6.410	6.410	-	7.107	7.107
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	6.410	6.410	-	7.107	7.107
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		6.059.276	7.528.813	13.588.085	4.083.567	6.971.883	11.055.450
3.2.1. Forward foreign currency purchases/sales		673.304	899.603	1.572.907	356.402	497.943	854.345
3.2.1.1. Forward foreign currency purchases		482.787	305.938	788.725	235.783	193.363	429.146
3.2.1.2. Forward foreign currency sales		190.517	593.665	784.182	120.619	304.580	425.199
3.2.2. Currency and interest rate swaps		3.796.703	4.472.858	8.269.561	3.380.728	5.736.300	9.117.028
3.2.2.1. Currency swaps-purchases		20.500	3.864.282	3.884.782	28.567	4.392.056	4.420.623
3.2.2.2. Currency swaps-sales		3.771.141	593.705	4.364.846	3.346.038	1.330.945	4.676.983
3.2.2.3. Interest rate swaps-purchases		1.949	7.455	9.404	3.010	6.664	9.674
3.2.2.4. Interest rate swaps-sales		3.113	7.416	10.529	3.113	6.635	9.748
3.2.3. Currency, interest rate and security options		1.444.040	1.889.855	3.333.895	309.499	604.878	914.377
3.2.3.1. Currency call options		448.967	1.130.620	1.579.587	50.768	333.396	384.164
3.2.3.2. Currency put options		995.073	699.147	1.694.220	258.731	120.767	379.498
3.2.3.3. Interest rate call options		-	-	-	-	-	-
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		-	53.459	53.459	-	65.742	65.742
3.2.3.6. Security put options		-	6.629	6.629	-	84.973	84.973
3.2.4. Currency futures		142.549	135.255	277.804	36.938	34.828	71.766
3.2.4.1. Currency futures-purchases		135.348	4.134	139.482	36.938	-	36.938
3.2.4.2. Currency futures-sales		7.201	131.121	138.322	-	34.828	34.828
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		2.680	131.242	133.922	-	97.934	97.934
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		128.338.147	138.161.527	266.499.674	115.037.822	126.092.949	241.130.771
IV. ITEMS HELD IN CUSTODY		31.667.036	14.724.823	46.391.859	28.448.874	12.781.762	41.230.636
4.1. Customers' securities held		4.034.204	4.765.796	8.800.000	3.219.695	4.408.869	7.628.568
4.2. Investment securities held in custody		22.815.081	1.985.424	24.800.505	20.700.068	1.926.185	22.626.253
4.3. Checks received for collection		3.800.060	449.764	4.249.824	3.641.784	378.927	4.020.711
4.4. Commercial notes received for collection		987.775	1.929.667	2.917.442	864.143	1.862.917	2.727.060
4.5. Other assets received for collection		5.773	5.251.843	5.257.616	90	3.861.442	3.861.532
4.6. Assets received through public offering		-	20.137	20.137	-	20.233	20.233
4.7. Other items under custody		24.143	322.192	346.335	23.090	323.189	346.279
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		96.671.111	123.436.704	220.107.815	86.588.948	113.311.187	199.900.135
5.1. Securities		-	192.192	192.192	-	207.080	207.080
5.2. Guarantee notes		8.659.635	5.134.194	13.793.829	7.584.926	4.770.191	12.355.117
5.3. Commodities		157	-	157	237	-	237
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		8.998.652	6.710.593	15.709.245	7.935.629	5.948.579	13.884.208
5.6. Other pledged items		78.820.305	111.591.510	190.411.815	70.860.906	102.586.494	173.447.400
5.7. Pledged items-depository		170	407	577	170	5.923	6.093
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		148.599.256	154.378.701	302.977.957	131.617.343	140.623.994	272.241.337

Türkiye Garanti Bankası Anonim Şirketi

Income Statement

For the Three-Month Period Ended 31 March 2007

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)	
		CURRENT PERIOD	PRIOR PERIOD
		Three-Month Ended 31 March 2007	Three-Month Ended 31 March 2006
I. INTEREST INCOME	(5.4.1)	1.620.703	1.011.610
1.1 Interest income from loans		869.834	629.744
1.2 Interest income from reserve deposits		41.807	21.992
1.3 Interest income from banks		59.077	19.550
1.4 Interest income from money market transactions		899	344
1.5 Interest income from securities portfolio		534.543	331.039
1.5.1 Trading financial assets		5.691	11.176
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		420.728	277.891
1.5.4 Investments held-to-maturity		108.124	41.972
1.6 Financial lease income		-	-
1.7 Other interest income		114.543	8.941
II. INTEREST EXPENSE	(5.4.2)	1.009.113	588.002
2.1 Interest on deposits		707.326	469.097
2.2 Interest on funds borrowed		133.804	74.359
2.3 Interest on money market transactions		165.712	43.239
2.4 Interest on securities issued		-	-
2.5 Other interest expenses		2.271	1.307
III. NET INTEREST INCOME (I - II)		611.590	423.608
IV. NET FEES AND COMMISSIONS INCOME		305.654	240.003
4.1 Fees and commissions received		395.330	301.682
4.1.1 Cash loans		21.970	23.731
4.1.2 Non-cash loans		26.187	19.851
4.1.3 Others		347.173	258.100
4.2 Fees and commissions paid		89.676	61.679
4.2.1 Cash loans		6.544	6.930
4.2.2 Non-cash loans		76	60
4.2.3 Others		83.056	54.689
V. DIVIDEND INCOME	(5.4.3)	309	603
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	-36.421	50.730
6.1 Trading account income/losses (Net)		-29.013	41.297
6.2 Foreign exchange gains/losses (Net)		-7.408	9.433
VII. OTHER OPERATING INCOME	(5.4.5)	59.318	33.005
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		940.450	747.949
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	74.641	85.527
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	383.621	328.323
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		482.188	334.099
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	482.188	334.099
XVI. PROVISION FOR TAXES	(5.4.9)	104.700	82.068
16.1 Current tax charge		101.632	104.543
16.2 Deferred tax charge/(credit)		3.068	-22.475
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV-XVI)	(5.4.10)	377.488	252.031
17.1 Discontinued operations		-	-
17.2 Others		377.488	252.031
XVIII. NET PROFIT/LOSS (XV-XVI)	(5.4.11)	377.488	252.031
EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)		180	120

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the Three-Month Period Ended 31 March 2007

THOUSANDS OF NEW TURKISH LIRA (YTL)															
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund	Total Shareholders' Equity
PRIOR PERIOD															
(31/3/2006)															
I. Balances at beginning of the period		2.100.000	772.554	-	-	49.261	-	64.587	3.690	-	708.394	2.147	4.860	194.131	3.899.624
II. Correction made as per TAS 8		-	-	-	-	-	-	-63.959	-	-	12.892	-	-	-7.848	-58.915
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	(3.24)	-	-	-	-	-	-	-63.959	-	-	12.892	-	-	-7.848	-58.915
III. Adjusted balances at beginning of the period (I+II)		2.100.000	772.554	-	-	49.261	-	628	3.690	-	721.286	2.147	4.860	186.283	3.840.709
Changes during the period															
VI. Mergers		-	-	-	-	-	-	-	-3.183	-	-	-	-	6.895	3.712
V. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	6.895	6.895
VI. Hedges for risk management		-	-	-	-	-	-	-	-3.183	-	-	-	-	-	-3.183
6.1. Net cash flow hedges		-	-	-	-	-	-	-	-3.183	-	-	-	-	-	-3.183
6.2. Net foreign investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers															
VII. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Hedges for risk management		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1. Net cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2. Net foreign investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Current period net profit		-	-	-	-	-	-	-	-	252.031	-	-	-	-	252.031
X. Profit distribution															
10.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.2. Transferred to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital increase															
11.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4. Securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6. Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from disposal of assets															
XIII. Changes resulted from reclassification of assets															
XIV. Primary subordinated debts															
XV. Secondary subordinated debts															
XVI. Others															
Balances at end of the period (III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)															
		2.100.000	772.554	-	-	49.259	-	628	507	252.031	721.286	2.147	4.860	193.178	4.096.450
CURRENT PERIOD															
(31/3/2007)															
I. Balances at beginning of the period	(5.5.1)	2.100.000	772.554	-	-	92.134	-	500.558	-27.699	-	1.063.663	2.147	4.698	162.238	4.670.293
Changes during the period															
II. Mergers		-	-	-	-	-	-	-	-2.387	-	-	-	-	-31.437	-33.824
III. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	-31.437	-31.437
IV. Hedges for risk management		-	-	-	-	-	-	-	-2.387	-	-	-	-	-	-2.387
4.1. Net cash flow hedges		-	-	-	-	-	-	-	-784	-	-	-	-	-	-784
4.2. Net foreign investment hedges		-	-	-	-	-	-	-	-1.603	-	-	-	-	-	-1.603
Transfers															
V. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	-8.858	-8.858
VI. Hedges for risk management		-	-	-	-	-	-	-	-	-	-	-	-	-8.858	-8.858
6.1. Net cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2. Net foreign investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Current period net profit		-	-	-	-	-	-	-	-	377.488	-	-	-	-	377.488
VIII. Profit distribution															
8.1. Dividends	(5.5.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2. Transferred to reserves	(5.5.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Capital increase															
9.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4. Securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.6. Issuance of share certificates	(5.5.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from disposal of assets															
XI. Changes resulted from reclassification of assets															
XII. Primary subordinated debts															
XIII. Secondary subordinated debts															
XIV. Others															
Balances at end of the period (I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV)															
		2.100.000	772.554	-	-	92.118	-	500.558	-29.507	377.488	1.063.663	2.147	4.698	121.943	5.005.662

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Three-Month Period Ended 31 March 2007

STATEMENT OF CASH FLOWS		Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)	
			CURRENT PERIOD 31 March 2007	PRIOR PERIOD 31 March 2006
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities		799.537	463.702
1.1.1	Interests received		1.876.726	996.691
1.1.2	Interests paid		-950.623	-520.220
1.1.3	Dividend received		309	603
1.1.4	Fees and commissions received		395.330	240.003
1.1.5	Other income		314.404	85.784
1.1.6	Collections from previously written-off loans and other receivables		7.965	10.447
1.1.7	Payments to personnel and service suppliers		-258.514	-299.548
1.1.8	Taxes paid		-11.347	-54.400
1.1.9	Others	5.6.1	-574.713	4.342
1.2	Changes in operating assets and liabilities		289.887	-1.672.101
1.2.1	Net (increase) decrease in financial assets held for trading		21.661	-19.478
1.2.2	Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3	Net (increase) decrease in due from banks and other financial institutions		-512.467	-41.471
1.2.4	Net (increase) decrease in loans		-2.459.212	-3.804.859
1.2.5	Net (increase) decrease in other assets		453.105	66.669
1.2.6	Net increase (decrease) in bank deposits		197.705	345.887
1.2.7	Net increase (decrease) in other deposits		2.503.806	1.721.785
1.2.8	Net increase (decrease) in funds borrowed		887.903	-84.990
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	5.6.1	-802.614	144.356
I.	Net cash flow from banking operations		1.089.424	-1.208.399
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities		-753.407	-579.763
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures	5.6.2	-	-12.125
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures	5.6.3	-	-
2.3	Purchases of tangible assets		-48.168	-25.741
2.4	Sales of tangible assets		6.395	6.727
2.5	Cash paid for purchase of financial assets available-for-sale		-721.602	-1.851.569
2.6	Cash obtained from sale of financial assets available-for-sale		-	1.302.945
2.7	Cash paid for purchase of investments held-to-maturity		-	-
2.8	Cash obtained from sale of investments held-to-maturity		9.968	-
2.9	Others		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities		-15.780	-3.806
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for financial leases		-15.780	-3.806
3.6	Others	5.6.1	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	5.6.1	38.816	-20.979
V.	Net (decrease)/increase in cash and cash equivalents (I+II+III+IV)		359.053	-1.812.947
VI.	Cash and cash equivalents at beginning of period	5.6.4	2.987.300	2.888.209
VII.	Cash and cash equivalents at end of period (V+VI)	5.6.5	3.346.353	1.075.262

3 Accounting policies

3.1 Basis of presentation

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

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

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

3.1.1 Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

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

3.2.1 Strategy for the use of financial instruments

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated with the Bank's spot purchase rates and the differences are recorded as foreign exchange gain or loss in the income statement except for foreign exchange gain/loss arising from the conversion of the net investments in associates and subsidiaries in foreign countries into YTL.

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

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

The Bank revalued its foreign currency-indexed government securities acquired as "debt swap" in 2001 by discounting using the internal rate of return and translated the foreign currency amounts using the currency exchange rates applicable based on the ten days' simple average of Central Bank's foreign currency exchange rates by fixing it two business days prior to the balance sheet date, as required by the Ministry of State that is in charge of the Treasury, and recorded the evaluations to financial statements. These securities matured during the year 2006.

3.3 Investments in associates and subsidiaries

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

3.4 Forwards, options and other derivative transactions

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

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

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

3.5 Interest income and expenses

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

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

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

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

3.8 Impairment of financial assets

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

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

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

3.9 Netting of financial instruments

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

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

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

3.10 Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet 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 markets” separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

3.11 Assets held for sale and discontinued operations

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

3.13 Tangible assets

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

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

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

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

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

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

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

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

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

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

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

3.16 Contingent assets

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

3.17 Obligations of the Bank concerning employee rights

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

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

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

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

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

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

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

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

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

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

The technical financial statements of the Fund are audited by the certified actuary according to the Article no.38 of the Insurance Law and the “Actuaries Regulation” issued as per this Article. As per the actuarial report dated 12 February 2007 and prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

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

3.18 Taxation

3.18.1 Corporate tax

In accordance with Article No. 32 of the new Corporate Tax Law no.5520 published in the Official Gazette no.26205 dated 21 June 2006, the corporate tax rate is reduced from 30% to 20%. Accordingly, effective from 1 January 2006, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased to 15% from 10%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

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

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue 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 will be 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 will be reviewed to assess the necessity for the application of inflationary accounting; and if it is concluded as necessary, the calculations will be 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.

As both of the conditions required by the Law are not met, the corporate tax is calculated for the tax period ended 31 March 2007 on the financial statements not adjusted for the effect of inflation.

3.18.2 Deferred taxes

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

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

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

3.19 Funds borrowed

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

There are no convertible bonds or any other securities issued.

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 31 March 2007, the Bank does not have any government incentives or aids.

3.23 Segment reporting

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

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

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

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

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

3.24 Other disclosures

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

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

	Securities Value Increase Fund	Net Profit/Loss Current Period	Prior Periods' Profit/Loss	Shareholders' Equity
Reported Balances as of 31 December 2005	194,131	708,394	459,041	3,899,624
Reserve for Employee Severance Indemnities	-	-8,576	-9,805	-18,381
Provision for Short-Term Employee Benefits	-	-6,198	-23,290	-29,488
Provision for Promotion Expenses of Credit Cards	-	-3,301	-7,745	-11,046
Exchange Rate Difference on Investments in Foreign Associates, Subsidiaries and Joint-Ventures	-7,848	30,967	-23,119	-
Adjusted Balances as of 31 December 2005	186,283	721,286	395,082	3,840,709

	Net Profit/Loss Current Period
Reported Balance as of 31 March 2006	250,758
Reserve for Employee Severance Indemnities	-502
Provision for Short-Term Employee Benefits	-401
Provision for Promotion Expenses of Credit Cards	2,176
Exchange Rate Difference on Investments in Foreign Associates, Subsidiaries and Joint-Ventures	-
Adjusted Balance as of 31 March 2006	252,031

3.24.2 Other reclassifications

The gold investment of YTL 19,297 thousands classified under trading securities and the reserve deposits of YTL 1,972,430 thousands as of 31 March 2006 are reclassified to “cash and balances with central bank” line in the accompanying financial statements for comparison purposes.

The foreign exchange losses of YTL 10,337 thousands and YTL 3,506 thousands on the principal of foreign currency-indexed securities and the foreign currency-indexed loans, respectively are reclassified from “other operating expenses” to “foreign exchange losses”; and the foreign exchange gains of YTL 10,367 thousands on the foreign currency-indexed loans, from “other operating income” to “foreign exchange gains” as of 31 March 2006.

4 Financial position and results of operations

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 15.31%.

4.1.1 Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no.26333 dated 1 November 2006.

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

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

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

4.1.2 Capital adequacy ratio

	Risk Weightings			
	0%	20%	50%	100%
Value at Credit Risk				
Balance Sheet Items (Net)	20,015,107	2,951,924	5,698,324	24,452,255
Cash on Hand	270,653	1,550	-	-
Securities in Redemption	-	-	-	-
Balances with the Central Bank of Turkey	1,868,942	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	-	1,142,368	-	834,405
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	2,360,319	-	-	-
Loans	2,557,755	80,672	5,631,601	20,818,343
Loans under Follow-Up (Net)	-	-	-	232,566
Lease Receivables	-	-	-	-
Financial Assets Available-for-Sale	8,057,156	1,553,907	-	214,810
Investments Held-to-Maturity	4,339,088	-	-	-
Receivables from Term Sale of Assets	-	-	-	267,229
Miscellaneous Receivables	90	-	-	77,218
Accrued Interest and Income	517,003	22,809	66,723	433,311
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	608,688
Tangible Assets (Net)	-	-	-	918,555
Other Assets	44,101	150,618	-	47,130
Off-Balance Sheet Items	177,136	3,797,249	1,066,856	5,829,167
Non-Cash Loans and Commitments	177,136	3,642,651	1,066,856	5,819,442
Derivative Financial Instruments	-	154,598	-	9,725
Non-Risk-Weighted Accounts	-	-	-	-
Total Risk-Weighted Assets	20,192,243	6,749,173	6,765,180	30,281,422

4.1.3 Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk	35,013,847	31,465,572
Value at Market Risk	1,072,013	303,300
Value at Operational Risk (*)	-	-
Shareholders' Equity	5,523,296	4,472,559
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100 (**)	15.31%	14.08%

(*) not calculated as per the article 24 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

(**) VaCR: Value at Credit Risk

VaMR: Value at Market Risk

VaOR: Value at Operational Risk

4.1.4 Components of shareholders' equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,100,000	2,100,000
Nominal Capital	2,100,000	2,100,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	92,118	92,134
I. Legal Reserve (Turkish Commercial Code 466/1)	84,760	84,776
II. Legal Reserve (Turkish Commercial Code 466/2)	7,358	7,358
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	500,558	500,558
Reserve allocated as per the Decision held by the General Assembly	500,558	500,558
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	1,441,151	1,063,663
Current Period Profit	377,488	1,063,663
Prior Periods Profit	1,063,663	-
Provision for Possible Losses (upto 25% of Core Capital)	15,000	30,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	-	-
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	57,868	57,100
Prepaid Expenses (-)	161,020	146,106
Intangible Assets (-)	9,462	10,618
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	4,921,381	4,558,909

SUPPLEMENTARY CAPITAL		
General Provisions	188,507	158,466
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	966	966
Bonus shares of Associates, Subsidiaries and Joint-Ventures	4,698	4,698
Hedging Reserves (effective portion)	-29,605	-27,218
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	692,500	-
45% of Securities Value Increase Fund	54,874	73,007
Associates and Subsidiaries	14,920	13,562
Investment Securities Available for Sale	39,954	59,445
Other Profit Reserves	98	-481
Total Supplementary Capital	912,038	209,438
TIER III CAPITAL	-	-
CAPITAL	5,833,419	4,768,347
DEDUCTIONS FROM CAPITAL	310,123	295,788
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	418	418
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	81,355	81,546
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	5,523,296	4,472,559

4.2 Credit risk

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

4.3 Market risk

The Bank has defined its risk management procedures and has taken necessary precaution in order to avoid market risk, in compliance with “Regulation on Bank’s Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in Official Gazette no. 26333 dated 1 November 2006.

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

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

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

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

4.3.1 Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	53,416
(II) Capital Obligation against Specific Risks - Standard Method	93
(III) Capital Obligation against Currency Risk - Standard Method	15,856
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	16,396
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	85,761
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	1,072,013

4.3.2 Monthly average values at market risk

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

4.4 Operational risk

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

4.5 Foreign currency exchange rate risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2007, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to YTL 2,761,597 thousands, net ‘off-balance sheet’ foreign currency long position amounts to YTL 2,345,545 thousands, while net foreign currency short position amounts to YTL 416,052 thousands.

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

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

	US\$	EUR	Yen (100)	GBP
The Bank's foreign currency purchase rates at balance sheet date	1,3850	1,8544	1,1794	2,7287
<u>Foreign currency rates for the days before balance sheet date:</u>				
Day 1	1,3850	1,8429	1,1720	2,7147
Day 2	1,3910	1,8551	1,1801	2,7307
Day 3	1,3950	1,8644	1,1983	2,7424
Day 4	1,3870	1,8516	1,1762	2,7259
Day 5	1,3860	1,8479	1,1765	2,7297
Last 30-day arithmetical average rates	1,4046	1,8605	1,1977	2,7351

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	2,967,161	57,382	164	39,300	3,064,007
Banks and Other Financial Institutions	343,653	704,932	13,636	30,905	1,093,126
Financial Assets at Fair Value through Profit/Loss	21,368	50,017	104	1	71,490
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	63,655	4,292,293	-	-	4,355,948
Loans	4,683,641	8,556,270	15,029	177,546	13,432,486
Investments in Associates, Subsidiaries and Joint-Ventures	253,837	38,884	-	-	292,721
Investments Held-to-Maturity	9,862	795,762	-	-	805,624
Derivative Financial Assets Held for Risk Management	-	3,712	-	-	3,712
Tangible Assets	-	306	-	791	1,097
Intangible Assets	-	108	-	90	198
Other Assets	11,647	58,843	-	791	71,281
Total Assets	8,354,824	14,558,509	28,933	249,424	23,191,690
Liabilities					
Bank Deposits	76,553	389,732	106	44,075	510,466
Foreign Currency Deposits	5,658,565	10,135,217	32,332	429,374	16,255,488
Interbank Money Market Takings	-	350,696	-	-	350,696
Other Fundings	1,761,538	6,508,981	709	348	8,271,576
Securities Issued	-	-	-	-	-
Miscellaneous Payables	6,492	20,661	-	172	27,325
Derivative Financial Liabilities Held for Risk Management	-	-	-	-	-
Other Liabilities (*)	103,861	347,873	986	85,016	537,736
Total Liabilities	7,607,009	17,753,160	34,133	558,985	25,953,287
Net 'On Balance Sheet' Position	747,815	-3,194,651	-5,200	-309,561	-2,761,597
Net 'Off-Balance Sheet' Position	-1,183,049	3,195,427	2,281	330,886	2,345,545
Derivative Assets	199,243	4,512,331	92,474	453,575	5,257,623
Derivative Liabilities	1,382,292	1,316,904	90,193	122,689	2,912,078
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	8,225,075	13,117,659	16,188	176,743	21,535,665
Total Liabilities	6,908,285	16,946,207	19,815	487,010	24,361,317
Net 'On Balance Sheet' Position	1,316,790	-3,828,548	-3,627	-310,267	-2,825,652
Net 'Off-Balance Sheet' Position	-1,307,253	3,786,385	3,197	347,573	2,829,902
Derivative Assets	148,462	4,466,731	3,197	434,199	5,052,589
Derivative Liabilities	1,455,715	680,346	-	86,626	2,222,687
Non-Cash Loans	-	-	-	-	-

(*) Other liabilities also include gold deposits of YTL 80,067 thousands.

4.6 Interest rate risk

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

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,152,873	-	-	-	-	1,391,144	4,544,017
Banks and Other Financial Institutions	1,274,858	1,147	27,880	426	470,618	209,481	1,984,410
Financial Assets at Fair Value through Profit/Loss	9,279	38,174	31,677	11,301	40,732	-	131,163
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1,004,628	1,079,575	4,703,986	340,513	2,975,405	66,321	10,170,428
Loans	8,783,915	6,025,588	3,443,277	2,635,058	8,726,139	232,566	29,846,543
Investments Held-to-Maturity	-	5,043	3,216,883	344,721	877,502	-	4,444,149
Other Assets	18,258	14,632	8,571	205,484	38,428	2,156,523	2,441,896
Total Assets	14,243,811	7,164,159	11,432,274	3,537,503	13,128,824	4,056,035	53,562,606
Liabilities							
Bank Deposits	346,672	112,875	5,563	7,563	564,071	185,650	1,222,394
Other Deposits	21,070,993	2,945,742	562,799	536,034	131,780	6,388,264	31,635,612
Interbank Money Market Takings	2,008,419	880,874	259,681	-	991,042	-	4,140,016
Miscellaneous Payables	-	-	-	-	-	1,328,006	1,328,006
Securities Issued	-	-	-	-	-	-	-
Other Fundings	140,285	1,324,984	147,272	995,245	6,206,649	-	8,814,435
Other Liabilities	99,416	111,910	168,473	21,645	24,214	5,996,485	6,422,143
Total Liabilities	23,665,785	5,376,385	1,143,788	1,560,487	7,917,756	13,898,405	53,562,606
On Balance Sheet Long Position	-	1,787,774	10,288,486	1,977,016	5,211,068	-	-
On Balance Sheet Short Position	-9,421,974	-	-	-	-	-9,842,370	-
Off-Balance Sheet Long Position	10,436	649	1,949	-	-	-	13,034
Off-Balance Sheet Short Position	-9,554	-640	-3,113	-	-	-	-13,307
Total Position	-9,421,092	1,787,783	10,287,322	1,977,016	5,211,068	-9,842,370	-273

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	1.84	-	-	15.63
Banks and Other Financial Institutions	3.83	5.42	0.60	18.17
Financial Assets at Fair Value through Profit/Loss	6.11	7.44	-	20.00
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	5.64	7.95	-	20.24
Loans	7.02	8.27	2.40	19.75
Investments Held-to-Maturity	9.14	9.48	-	17.40
Liabilities				
Bank Deposits	3.84	6.25	-	13.97
Other Deposits	2.02	3.44	0.74	15.88
Interbank Money Market Takings	-	5.51	-	16.80
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	4.03	6.08	1.44	17.55

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

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

Average interest rates on monetary financial instruments:

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

4.7 Liquidity risk

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

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

Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,391,144	3,152,873	-	-	-	-	-	4,544,017
Banks and Other Financial Institutions	209,481	1,274,858	1,147	27,880	426	470,618	-	1,984,410
Financial Assets at Fair Value through Profit/Loss	-	8,895	8,104	9,409	22,652	82,103	-	131,163
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	66,321	101,031	402,385	75,915	772,692	8,752,084	-	10,170,428
Loans	66,793	6,780,721	1,719,241	2,696,198	3,341,140	15,009,884	232,566	29,846,543
Investments Held-to-Maturity	-	-	5,043	474,990	344,721	3,619,395	-	4,444,149
Other Assets	150,618	145,824	14,632	8,571	205,484	38,428	1,878,339	2,441,896
Total Assets	1,884,357	11,464,202	2,150,552	3,292,963	4,687,115	27,972,512	2,110,905	53,562,606
Liabilities								
Bank Deposits	185,650	346,672	112,875	5,563	7,563	564,071	-	1,222,394
Other Deposits	6,388,264	21,070,993	2,945,742	562,799	536,034	131,780	-	31,635,612
Other Fundings	-	140,285	1,324,984	147,272	995,245	6,206,649	-	8,814,435
Interbank Money Market Takings	-	2,008,419	880,874	259,681	-	991,042	-	4,140,016
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	102,866	1,225,140	-	-	-	-	-	1,328,006
Other Liabilities (**)	207,878	176,279	148,800	168,473	21,645	24,214	5,674,854	6,422,143
Total Liabilities	6,884,658	24,967,788	5,413,275	1,143,788	1,560,487	7,917,756	5,674,854	53,562,606
Liquidity Gap	-5,000,301	-13,503,586	-3,262,723	2,149,175	3,126,628	20,054,756	-3,563,949	-
Prior Period								
Total Assets	2,221,082	11,060,981	4,546,213	2,450,768	4,664,060	23,299,137	2,044,672	50,286,913
Total Liabilities	6,840,775	25,301,776	3,061,771	1,900,095	1,462,482	6,336,512	5,383,503	50,286,913
Liquidity Gap	-4,619,693	-14,240,795	1,484,442	550,674	3,201,579	16,962,625	-3,338,831	-

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

(**) Shareholders' Equity is included in "Other liabilities" line under "Undistributed" column.

4.8 Fair values of financial assets and liabilities

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

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

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

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash in YTL/Foreign Currency	130,655	102,592	181,169	146,565
Central Bank of Turkey	1,346,277	2,925,538	1,700,078	3,226,830
Others	3,078	35,877	4,088	18,142
Total	1,480,010	3,064,007	1,885,335	3,391,537

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	6,260	1,112,682	621	1,500,852
Unrestricted Time Deposits	750,729	-	500,730	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	589,288	1,812,856	1,198,727	1,725,978
Total	1,346,277	2,925,538	1,700,078	3,226,830

The banks operating in Turkey keep reserve deposits for turkish currency and foreign currency liabilities in YTL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 “Reserve Deposits” of the Central Bank of Turkey. Interest rates applied for reserve requirements by the Central Bank of Turkey are 13.12% for YTL deposits and 2.525%-1.835% for foreign currency deposits.

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

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

None.

5.1.2.2 *Positive differences on trading derivative instruments*

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	4,629	1,536	7,520	899
Swap Transactions	1,808	1,575	59	2,963
Futures	-	-	-	-
Options	7,477	2,110	2,639	210
Other	-	-	-	-
Total	13,914	5,221	10,218	4,072

5.1.3 Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	891,284	1,093,126	62,480	833,962
Domestic banks	802,256	189,606	7,472	446,883
Foreign banks	89,028	903,520	55,008	387,079
Foreign headoffices and branches	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	891,284	1,093,126	62,480	833,962

Due from foreign banks:

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

5.1.4 Financial assets available-for-sale

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

Collateralized financial assets available-for-sale in YTL include government bonds. Carrying values of such securities with total face value of YTL 454,960 thousands, is YTL 455,712 thousands. The related accrued interests amount to YTL 27,417 thousands.

Collateralized financial assets available-for-sale in foreign currencies include eurobonds and other foreign currency government securities. Carrying values of such securities with total face value of US\$ 417,770,000, is US\$ 409,934,424. The related accrued interests and impairment losses amount to US\$ 18,987,888 and US\$ 12,506, respectively.

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Assets	483,129	594,040	511,732	591,446
Assets subject to Repurchase Agreements	1,527,900	285,682	3,883,783	450,580
Total	2,011,029	879,722	4,395,515	1,042,026

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

	Current Period	Prior Period
Debt Securities	10,104,107	9,564,288
Quoted at Stock Exchange	6,796,459	7,155,806
Unquoted at Stock Exchange	3,307,648	2,408,482
Common Shares	29,416	29,416
Quoted at Stock Exchange	12,042	12,042
Unquoted at Stock Exchange	17,374	17,374
Impairment Losses (-)	36,905	34,226
Total	10,170,428	9,627,930

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	19	1,011	2	8,253
Corporates	19	1,011	2	8,253
Individuals	-	-	-	-
Indirect Lendings to Shareholders	26,535	51,346	21,033	41,793
Loans to Employees	48,781	-	37,034	-
Total	75,335	52,357	58,069	50,046

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

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Loans	29,505,651	-	-	108,327
Discounted Bills	95,690	-	-	-
Export Loans	2,440,918	-	-	32,774
Import Loans	32,354	-	-	-
Loans to Financial Sector	496,495	-	-	-
Foreign Loans	235,295	-	-	-
Consumer Loans	5,970,129	-	-	-
Credit Cards	4,777,364	-	-	-
Precious Metal Loans	137,160	-	-	-
Other	15,320,246	-	-	75,553
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	29,505,651	-	-	108,327

5.1.5.3 Maturity analysis of cash loans

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – YTL	159,412	4,985,235	5,144,647
Housing Loans	7,084	2,574,729	2,581,813
Automobile Loans	21,137	1,025,598	1,046,735
General Purpose Loans	131,191	1,384,908	1,516,099
Other	-	-	-
Consumer Loans – FC-indexed	12,529	474,632	487,161
Housing Loans	3,772	413,296	417,068
Automobile Loans	2,025	43,186	45,211
General Purpose Loans	6,732	18,150	24,882
Other	-	-	-
Consumer Loans – FC	36	6,597	6,633
Housing Loans	-	228	228
Automobile Loans	23	5,961	5,984
General Purpose Loans	13	408	421
Other	-	-	-
Retail Credit Cards – YTL	4,578,229	-	4,578,229
With Installment	2,350,992	-	2,350,992
Without Installment	2,227,237	-	2,227,237
Retail Credit Cards – FC	34,741	-	34,741
With Installment	-	-	-
Without Installment	34,741	-	34,741
Personnel Loans – YTL	6,919	18,142	25,061
Housing Loan	-	5,580	5,580
Automobile Loans	26	860	886
General Purpose Loans	6,893	11,702	18,595
Other	-	-	-
Personnel Loans - FC-indexed	18	4,389	4,407
Housing Loans	-	4,140	4,140
Automobile Loans	-	75	75
General Purpose Loans	18	174	192
Other	-	-	-
Personnel Loans – FC	4	56	60
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	4	56	60
Other	-	-	-
Personnel Credit Cards – YTL	19,253	-	19,253
With Installment	9,045	-	9,045
Without Installment	10,208	-	10,208
Personnel Credit Cards – FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Deposit Accounts– YTL (real persons)	302,160	-	302,160
Deposit Accounts– FC (real persons)	-	-	-
Total	5,113,301	5,489,051	10,602,352

5.1.5.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – YTL	295,482	2,005,296	2,300,778
Real Estate Loans	1,672	271,848	273,520
Automobile Loans	78,948	1,015,003	1,093,951
General Purpose Loans	214,862	718,445	933,307
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	44,883	252,207	297,090
Real Estate Loans	16	47,221	47,237
Automobile Loans	5,462	132,557	138,019
General Purpose Loans	39,405	72,429	111,834
Other	-	-	-
Installment-based Commercial Loans – FC	138	1,726	1,864
Real Estate Loans	-	-	-
Automobile Loans	35	1,072	1,107
General Purpose Loans	103	654	757
Other	-	-	-
Corporate Credit Cards – YTL	141,969	-	141,969
With Installment	-	-	-
Without Installment	141,969	-	141,969
Corporate Credit Cards – FC	3,172	-	3,172
With Installment	-	-	-
Without Installment	3,172	-	3,172
Deposit Accounts– YTL (corporate)	340,319	-	340,319
Deposit Accounts– FC (corporate)	-	-	-
Total	825,963	2,259,229	3,085,192

5.1.5.6 Allocation of loan customers

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

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	29,378,683	26,893,298
Foreign Loans	235,295	271,847
Total	29,613,978	27,165,145

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	150,800	124,139
Indirect Lending	-	-
Total	150,800	124,139

5.1.5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	19,431	23,281
Doubtful Loans and Receivables	74,903	58,177
Uncollectible Loans and Receivables	375,696	369,786
Total	470,030	451,244

5.1.5.10 Non-performing loans(NPLs) (Net)

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
Restructured Loans and Receivables	-	-	23,531
Rescheduled Loans and Receivables	-	-	-
Total			23,531
Prior Period			
Restructured Loans and Receivables	-	-	32,547
Rescheduled Loans and Receivables	-	-	-
Total			32,547

Movements in non-performing loan groups:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	78,232	117,448	440,909
Additions (+)	138,946	17,838	3,768
Transfer from Other NPL Categories (+)	-	78,500	46,672
Transfer to Other NPL Categories (-)	78,500	46,672	-
Collections during the Period (-)	25,836	22,034	30,633
Write-offs (-)	9	15	16,019
Balances at End of Period	112,833	145,065	444,697
Specific Provisions (-)	19,431	74,903	375,696
Net Balance on Balance Sheet	93,402	70,162	69,001

Non-performing loans in foreign currencies:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	145	508	101,519
Specific Provisions (-)	49	183	61,287
Net Balance at Balance Sheet	96	325	40,232
Prior Period			
Balance at End of Period	161	581	103,662
Specific Provisions (-)	22	154	62,002
Net Balance at Balance Sheet	139	427	41,660

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.6 Investments held-to-maturity (net)

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Investments	226,537	24,382	229,691	35,469
Investments subject to Repurchase Agreements	2,943,141	197,335	1,057,869	293,706
Total	3,169,678	221,717	1,287,560	329,175

5.1.6.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	4,301,448	4,475,929
Treasury Bills	-	-
Other Government Securities	140,683	140,966
Total	4,442,131	4,616,895

5.1.6.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	4,485,556	4,656,239
Quoted at Stock Exchange	3,778,193	3,943,582
Unquoted at Stock Exchange	707,363	712,657
Impairment Losses (-)	41,407	37,392
Total	4,444,149	4,618,847

5.1.6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	4,618,847	2,475,574
Foreign Currency Differences On Monetary Assets	-5,953	38,142
Purchases during the Period	-	3,801,796
Disposals through Sales/Redemptions	-	1,610,397
Impairment Losses (-)	4,015	13,842
Change in Redeemed Costs	-164,730	-72,426
Balances at End of Period	4,444,149	4,618,847

The Bank reclassified certain investment securities, classified in its available-for-sale portfolio, amounting YTL 2,993,773 thousands with total face value of YTL 2,936,112 thousands to its investments held-to-maturity portfolio in compliance with the “Regulation on Accounting Standards” in the prior period. Such securities are included in “purchases during the period” line above in the movement table of investments held-to-maturity for the period at their fair values of YTL 3,108,957 thousands as of their reclassification dates. The value increases of such securities amounting YTL 23,083 thousands are recorded under the shareholders’ equity and amortized through the income statement up to their maturities as earned.

5.1.7 Investments in associates (Net)

5.1.7.1 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

	Total Assets	Shareholders’ Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company’s Fair Value (if available)
1	11,265	9,637	3,847	825	-	2,193	873	-

(1) Financial information is as of 31 December 2006.

5.1.7.2 Movement of investments in associates

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

5.1.7.3 Sectoral distribution of investments and associates

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

5.1.7.4 Quoted associates

None.

5.1.7.5 Valuation methods of investments in associates

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

5.1.7.6 Investments in associates sold during the current period

None.

5.1.7.7 Investments in associates acquired during the current period

None.

5.1.8 Investments in subsidiaries (Net)

5.1.8.1 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ ⁽²⁾	Istanbul/Turkey	99.92	100.00
3	Doğuş Hiz. Yön. ve Org. Danış AŞ	Istanbul/Turkey	93.40	100.00
4	Galata Araştırma Yayıncılık Tanıtım ve Bilişim Teknoloji Hizmetleri AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Finansal Kiralama AŞ ⁽²⁾	Istanbul/Turkey	94.10	98.93
6	Garanti Faktoring Hiz. AŞ ⁽¹⁾	Istanbul/Turkey	55.40	55.40
7	Garanti Yatırım Menkul Kıymetler AŞ ⁽²⁾	Istanbul/Turkey	100.00	100.00
8	Garanti Portföy Yönetimi AŞ ⁽²⁾	Istanbul/Turkey	100.00	100.00
9	Garanti Sigorta AŞ ⁽²⁾	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ ⁽²⁾	Istanbul/Turkey	99.91	100.00
11	Garanti Bank International NV ⁽²⁾	Amsterdam/Holland	100.00	100.00
12	Garanti Bank Moscow ⁽²⁾	Moscow/Russia	75.02	99.94
13	Garanti Financial Services Plc ⁽²⁾	Dublin/Ireland	99.99	100.00
14	Garanti Fund Management Co. Ltd ⁽²⁾	Valetta/Malta	99.50	100.00

	Total Assets	Shareholders' Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	11,391	7,116	564	-	176	200	-100,385	-
2	13,674	4,917	663	33	1,286	1,524	2,814	-
3	1,021	962	39	16	14	211	688	-
4	249	160	-	-	-	1	-187	-
5	1,369,019	156,467	17,414	135,308	-	40,293	32,925	-
6	673,050	28,622	1,394	39,831	39	4,597	2,465	70,349
7	19,782	18,411	2,146	-	1,268	1,279	2,447	-
8	15,715	15,171	1,195	272	1,125	1,827	661	-
9	258,121	93,805	14,099	15,345	857	25,311	3,563	-
10	450,865	50,312	6,432	9,138	3,893	20,003	-37,006	-
11	4,839,864	340,041	60,576	235,493	81,145	45,857	28,994	-
12	558,972	67,113	1,780	18,738	10,243	7,161	9,056	-
13	10,830	10,392	-	369	-	-144	6,540	-
14	85	-	-	-	-	-	-267	-

(1) Financial information is as of 31 December 2006, but fair value information is as of 31 March 2007.

(2) Financial information is as of 31 December 2006.

5.1.8.2 Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	604,152	611,151
Movements during the Period	3,777	-6,999
Acquisitions and Capital Increases	-	14,685
Bonus Shares Received	-	10,723
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	72,537
Reclassifications	-	-
Increase/Decrease in Market Values	1,772	2,184
Currency Differences on Foreign Subsidiaries	2,005	37,946
Impairment Losses (-)	-	-
Balance at End of Period	607,929	604,152
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.8.3 Sectoral distribution of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	289,067	287,036
Insurance Companies	123,095	123,095
Factoring Companies	38,977	37,205
Leasing Companies	76,169	76,169
Finance Companies	72,731	72,757
Other Subsidiaries	7,890	7,890

5.1.8.4 Quoted subsidiaries

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	38,977	37,205
Quoted at International Stock Exchanges	-	-

5.1.8.5 Valuation methods of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Valued at Cost	561,133	559,128
Valued at Fair Value	38,977	37,205
Valued by Equity Method of Accounting	7,819	7,819

5.1.8.6 Investments in subsidiaries disposed during the current period

None.

5.1.8.7 Investments in subsidiaries disposed during the current period

None.

5.1.9 Investments in Joint-Ventures (Net)

None.

5.1.10 Lease receivables (Net)

None.

5.1.11 Derivative financial instruments held for risk management

5.1.11.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets held for Risk Management	Current Period		Prior Period	
	YTL	FC	YTL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	3,712	-	4,799
Net foreign investment hedges	-	-	-	-
Total	-	3,712	-	4,799

5.1.12 Tangible assets (Net)

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

5.1.13 Intangible assets

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

5.1.14 Deferred tax assets

As of 31 March 2007, the Bank had a deferred tax asset of YTL 34,453 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 31 March 2007. However, there was a deferred tax asset of YTL 78,122 thousands and deferred tax liability of YTL 43,669 thousands presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods. For the cases where such differences are related with certain items on the shareholders’ equity accounts, the deferred taxes are charged or credited directly to these accounts.

5.1.15 Assets held for sale

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

5.1.16 Other assets

5.1.16.1 Receivables from term sale of assets

	Current Period	Prior Period
Investments in Associates, Subsidiaries and Joint Ventures	171,387	169,619
Real Estates	92,999	92,680
Other Assets	2,843	2,843
Total	267,229	265,142

5.1.16.2 Prepaid expenses, taxes and similar items

	Current Period	Prior Period
Prepaid Expenses	161,020	146,106
Prepaid Taxes	8,172	7,857

5.1.17 Accrued interest and income

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	32,175	10,379	29,990	8,704
Financial Assets at Fair Value through Profit or Loss	508	2,106	906	1,857
Banks and Other Financial Institutions	2,950	4,688	498	987
Interbank Money Markets	-	-	-	-
Financial Assets Available-for-Sale	265,655	78,900	386,190	137,297
Loans	294,440	231,166	225,008	227,878
Investments Held-to-Maturity	103,337	1,724	267,639	2,152
Other Accruals	14,433	-	11,188	414
Total	713,498	328,963	921,419	379,289

5.2 Liabilities

5.2.1 Maturity profile of deposits

Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	935,497	-	3,130,350	5,744,465	176,928	47,347	73,893	-	10,108,480
Foreign Currency Deposits	3,963,896	-	5,216,972	5,053,905	937,046	459,908	555,302	68,668	16,255,697
Residents in Turkey	3,593,687	-	5,021,029	4,888,686	913,765	412,231	440,030	67,930	15,337,358
Residents in Abroad	370,209	-	195,943	165,219	23,281	47,677	115,272	738	918,339
Public Sector Deposits	149,581	-	4,652	9,225	7	48	50	-	163,563
Commercial Deposits	1,228,411	-	2,647,695	970,968	21,426	13,867	8,546	-	4,890,913
Other	55,982	-	34,474	45,836	302	71	228	-	136,893
Precious Metal Deposits	54,897	-	25,169	-	-	-	-	-	80,066
Bank Deposits	185,650	-	203,273	243,233	7,040	19,477	563,721	-	1,222,394
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1,547	-	64,036	2,777	2,089	14,326	17,491	-	102,266
Foreign Banks	124,806	-	139,237	240,456	4,951	5,151	546,230	-	1,060,831
Special Purpose Financial Institutions	59,297	-	-	-	-	-	-	-	59,297
Other	-	-	-	-	-	-	-	-	-
Total	6,573,914	-	11,262,585	12,067,632	1,142,749	540,718	1,201,740	68,668	32,858,006

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	858,171	-	2,634,237	5,359,621	171,765	34,720	57,271	-	9,115,785
Foreign Currency Deposits	3,921,229	-	5,310,261	4,608,753	633,879	256,678	560,530	66,739	15,358,069
Residents in Turkey	3,577,938	-	5,129,059	4,486,519	603,335	217,947	432,301	66,058	14,513,157
Residents in Abroad	343,291	-	181,202	122,234	30,544	38,731	128,229	681	844,912
Public Sector Deposits	13,447	-	8,047	6,792	7	46	48	-	28,387
Commercial Deposits	1,381,951	-	1,583,036	1,178,296	23,406	12,262	8,671	-	4,187,622
Other	178,253	-	28,762	170,388	305	19	216	-	377,943
Precious Metal Deposits	32,721	-	24,235	-	-	-	-	-	56,956
Bank Deposits	268,782	-	269,293	318,501	122,260	15,526	19,913	-	1,014,275
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,427	-	109,841	18,277	7,033	9,807	17,227	-	165,612
Foreign Banks	199,908	-	159,452	300,224	115,227	5,719	2,686	-	783,216
Special Purpose Financial Institutions	65,447	-	-	-	-	-	-	-	65,447
Other	-	-	-	-	-	-	-	-	-
Total	6,654,554	-	9,857,871	11,642,351	951,622	319,251	646,649	66,739	30,139,037

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

Saving deposits covered by deposit insurance and total amount of deposits exceeding insurance coverage limit:

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	4,880,400	4,517,802	5,128,725	4,529,157
Foreign Currency Saving Deposits	3,064,465	3,015,500	6,093,155	5,151,654
Other Deposits	3,285	3,417	68,571	45,860
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

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

Saving Deposits at	Current Period	Prior Period
Foreign Branches	275,664	239,732
Off-Shore Branches	-	-

5.2.2 Derivative financial liabilities held for trading

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward deals	2,196	580	2,830	602
Swaps	186,428	335	216,466	2,145
Futures	-	-	-	-
Options	3,858	2,378	470	389
Other	-	-	-	-
Total	192,482	3,293	219,766	3,136

5.2.3 Funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	211,133	49,842	192,435	53,445
Foreign Banks, Institutions and Funds	331,726	7,523,707	317,606	7,326,919
Total	542,859	7,573,549	510,041	7,380,364

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	542,859	1,913,257	510,041	1,876,506
Medium and Long-Term	-	5,660,292	-	5,503,858
Total	542,859	7,573,549	510,041	7,380,364

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

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

5.2.4 Other liabilities

Funds provided through repurchase transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic Transactions	3,007,999	-	3,476,521	-
Financial Institutions and Organizations	-	-	59,156	-
Other Institutions and Organizations	2,962,928	-	3,373,115	-
Individuals	45,071	-	44,250	-
Foreign Transactions	781,321	350,696	780,251	557,121
Financial Institutions and Organizations	780,440	350,696	779,578	557,121
Other Institutions and Organizations	680	-	378	-
Individuals	201	-	295	-
Total	3,789,320	350,696	4,256,772	557,121

5.2.5 Lease payables

5.2.5.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	51,816	48,121	37,364	34,074
1-4 Years	10,234	8,881	12,313	10,664
More than 4 Years	-	-	-	-
Total	62,050	57,002	49,677	44,738

5.2.5.2 Operational lease agreements

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

5.2.6 Derivative financial liabilities held for risk management

None.

5.2.7 Provisions

5.2.7.1 General provisions

	Current Period	Prior Period
General Provision for	188,507	158,466
Loans and Receivables in Group I	163,482	138,632
Loans and Receivables in Group II	445	490
Non-Cash Loans	24,580	19,344
Other	-	-

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

	Current Period	Prior Period
Short-Term Loans	9,441	12,392
Medium and Long-Term Loans	11,925	7,344
Total	21,366	19,736

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

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

5.2.7.4 Other provisions

5.2.7.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	15,000	30,000

The Bank provided a general reserve in the amount of YTL 15,000 thousands in the current period against the possible adverse effects of the potential risks in the economy.

5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	135,902	128,818
Provision for Promotion Expenses of Credit Cards (*)	40,117	46,051
Other Provisions	58,025	62,100
Total	234,044	236,969

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

5.2.8 Taxes and other duties payable

5.2.8.1 Current tax liability

5.2.8.1.1 Tax provision

As of 31 March 2007, the Bank had a current tax liability of YTL 99,213 thousands. In cases where the differences between the carrying amounts and the taxable amounts of assets subject to tax, are related with certain items in the equity accounts, the current tax assets/liabilities are charged or credited directly to these accounts.

5.2.8.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	99,213	121,650
Taxation on Securities Income	38,710	31,202
Taxation on Real Estates Income	740	677
Banking Insurance Transaction Tax	22,101	23,563
Foreign Exchange Transaction Tax	2,613	3,252
Value Added Tax Payable	409	1,248
Others	10,021	9,923
Total	173,807	191,515

5.2.8.1.3 Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	2	2
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	369	8
Bank Pension Fund Premium-Employer	582	11
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	461	462
Unemployment Insurance-Employer	854	850
Others	-	-
Total	2,268	1,333

5.2.8.2 Deferred tax liability

None.

5.2.9 Payables for assets held for sale

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

5.2.10 Subordinated loans

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

5.2.11 Shareholders' equity

5.2.11.1 Paid-in capital

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

5.2.11.2 Registered share capital system

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

5.2.11.3 Capital increases in current period

None.

5.2.11.4 Capital increases from capital reserves in current period

None.

5.2.11.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.11.7 Information on privileges given to stocks representing the capital

None.

5.2.11.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-ventures	33,157	-	30,137	-
Valuation difference	9,036	-	7,619	-
Exchange rate difference	24,121	-	22,518	-
Securities Available-for-Sale	44,841	43,945	60,764	71,337
Valuation difference	44,841	43,945	60,764	71,337
Exchange rate difference	-	-	-	-
Total	77,998	43,945	90,901	71,337

5.2.11.9 Revaluation surplus

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

5.2.11.10 Bonus shares of associates, subsidiaries and joint-ventures

It includes the bonus shares received from the following investee companies; Garanti Gayrimenkul Yatırım Ortaklığı AŞ by YTL 23 thousands, Garanti Sigorta AŞ by YTL 2,806 thousands, Garanti Ödeme Sistemleri AŞ by YTL 401 thousands, Garanti Yatırım Menkul Değerler AŞ by YTL 942 thousands, Kredi Kartları Bürosu by YTL 481 thousands, Tat Konserve AŞ by YTL 36 thousands and Yatırım Finansman Menkul Değerler AŞ by YTL 9 thousands.

5.2.11.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	84,760	84,776
II. Legal Reserve	7,358	7,358
Special Reserves	-	-

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

5.2.11.12 Extraordinary reserves

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	500,558	500,558
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate 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.

5.2.12 Accrued interest and expenses

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

	Current Period		Prior Period	
	FC	YTL	FC	YTL
Deposits	130,657	48,077	119,029	42,246
Funds Borrowed	38,808	83,780	24,460	62,002
Interbank Money Markets	63,337	4,447	52,445	10,434
Other Accruals	15,342	10,405	5,667	10,732
Total	248,144	146,709	201,601	125,414

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	4,298,701	4,575,955
Letters of Guarantee in YTL	3,320,415	2,687,808
Letters of Credit	1,643,037	1,505,384
Bills of Exchange and Acceptances	145,998	143,541
Pre-financings	-	-
Total	9,408,151	8,912,688

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

A specific provision of YTL 1,426 thousands is made for unliquidated non-cash loans of YTL 5,884 thousands recorded under the off-balance sheet items as of 31 March 2007 in the accompanying financial statements.

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

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	277,968	293,794
<i>With Original Maturity of 1 Year or Less</i>	52,563	41,294
<i>With Original Maturity of More Than 1 Year</i>	225,405	252,500
Other Non-Cash Loans	9,800,431	9,232,482
Total	10,078,399	9,526,276

5.3.1.4 Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agriculture	12,447	0.37	14,129	0.21	12,136	0.45	13,193	0.19
Farming and Stockbreeding	11,595	0.35	14,129	0.21	11,226	0.42	13,193	0.19
Forestry	134	-	-	-	80	-	-	-
Fishery	718	0.02	-	-	830	0.03	-	-
Manufacturing	1,214,945	36.59	2,966,146	43.90	709,238	26.38	2,778,048	40.63
Mining	466,903	14.06	28,183	0.42	66,001	2.45	28,819	0.42
Production	728,816	21.95	2,534,750	37.51	627,430	23.34	2,458,165	35.95
Electricity, Gas, Water	19,226	0.58	403,213	5.97	15,807	0.59	291,064	4.26
Construction	512,690	15.44	1,347,181	19.94	438,975	16.33	1,235,059	18.06
Services	1,422,983	42.85	2,227,861	32.98	1,410,591	52.47	2,658,889	38.88
Wholesale and Retail Trade	891,720	26.85	812,647	12.03	857,786	31.9	812,314	11.88
Hotel, Food and Beverage Services	67,957	2.05	71,758	1.06	68,449	2.55	106,313	1.55
Transportation and Telecommunication	73,127	2.20	195,683	2.90	73,029	2.72	594,163	8.69
Financial Institutions	346,575	10.44	1,120,121	16.58	370,255	13.77	1,118,742	16.36
Real Estate and Renting Services	12,479	0.38	13,055	0.19	12,032	0.45	11,685	0.17
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	5,721	0.17	3,778	0.06	5,750	0.21	4,763	0.07
Health and Social Services	25,404	0.76	10,819	0.16	23,290	0.87	10,909	0.16
Other	158,037	4.75	201,980	2.97	117,571	4.37	152,576	2.24
Total	3,321,102	100.00	6,757,297	100.00	2,688,511	100.00	6,837,765	100.00

5.3.1.5 Non-cash loans classified under Group I and II

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	3,318,287	6,754,228	8,751	10,373
Letters of Guarantee	3,317,600	4,297,773	8,751	4,391
Bills of Exchange and Bank Acceptances	541	145,457	-	-
Letters of Credit	146	2,310,998	-	5,982
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	-	-	-
Total	-	-	-	-

5.3.2 Financial derivative instruments

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

5.3.3 Contingent liabilities and assets

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

5.3.4 Services rendered on behalf of third parties

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

5.4 Income Statement

5.4.1 Interest Income

5.4.1.1 Interest income from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term loans	458,524	42,439	397,871	32,801
Medium and long-term loans	197,890	163,016	97,544	99,921
Loans under follow-up	7,965	-	1,607	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	664,379	205,455	497,022	132,722

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	13,057	-	1,893	1,186
Domestic Banks	7,290	224	1,997	1,501
Foreign Banks	9,246	29,260	2,354	10,619
Foreign Headoffices and Branches	-	-	-	-
Total	29,593	29,484	6,244	13,306

5.4.1.3 Interest income from securities portfolio

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

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	3,064	272

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	21,112	103,445	4,289	65,135
Central Bank of Turkey	-	-	-	-
Domestic Banks	6,990	658	4,289	505
Foreign Banks	14,122	102,787	-	64,630
Foreign Headoffices and Branches	-	-	-	-
Other Institutions	-	9,247	-	4,935
Total	21,112	112,692	4,289	70,070

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	7,230	4,365

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

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

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	621,731	584,122
Trading Account Income	270,926	183,681
Derivative financial instruments	226,462	116,398
Others	44,464	67,283
Foreign Exchange Gain	350,805	400,441
Losses (-)	658,152	533,392
Trading Account Losses	299,939	142,383
Derivative financial instruments	285,967	115,139
Others	13,972	27,244
Foreign Exchange Losses	358,213	391,009
Total	-36,421	50,730

5.4.5 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.

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	42,221	66,260
<i>Loans and receivables in Group III</i>	20,156	1,567
<i>Loans and receivables in Group IV</i>	16,923	2,787
<i>Loans and receivables in Group V</i>	5,142	61,906
General Provisions	30,670	18,572
Provision for Possible Losses	-	-
Impairment Losses on Securities	503	245
<i>Financial assets at fair value through profit or loss</i>	332	245
<i>Financial assets available-for-sale</i>	171	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investments held-to-maturity</i>	-	-
Others	1,247	450
Total	74,641	85,527

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	143,404	124,914
Reserve for Employee Termination Benefits	2,675	1,979
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	1	2
Depreciation Expenses of Tangible Assets	32,150	32,960
Impairment Losses on Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	5,449	5,506
Impairment Losses on Assets to be Disposed	-	16
Depreciation Expenses of Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	140,446	134,769
<i>Operational lease related expenses</i>	17,950	11,671
<i>Repair and maintenance expenses</i>	3,192	2,203
<i>Advertisement expenses</i>	13,235	20,515
<i>Other expenses</i>	106,069	100,380
Loss on Sale of Assets	2	2,599
Others	59,494	30,776
Total	383,621	328,323

5.4.8 Profit/loss before taxes

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

5.4.9 Provision for taxes on income

As of 31 March 2007, the Bank recorded a tax expense of YTL 101,632 thousands and a deferred tax expense of YTL 3,068 thousands.

Deferred tax income/expense on timing differences

Deferred tax income/(expense) on timing difference	Current Period
Increase in tax deductible timing differences	1,417
Decrease in tax deductible timing differences (-)	6,607
Increase in taxable timing differences (-)	449
Decrease in taxable timing differences	2,571
Total	-3,068

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	-5,190
(Increase)/decrease in taxable timing differences	2,122
Increase/(decrease) in tax losses	-
Increase/(decrease) in tax deductions and exemptions	-
Total	-3,068

5.4.10 Operating profit/loss after taxes

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

5.4.11 Net profit and loss

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

None.

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

None.

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

None.

5.5 Statement of Changes in Shareholders' Equity

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

5.6 Statement of Cash Flows

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

5.7 Related Party Risks

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

5.7.1.1 Loans and other receivables

Current Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	671,306	22,923	224,108	8,253	25,793	41,793
Balance at end of period	710,328	13,826	224,005	1,011	31,043	51,346
Interest and Commission Income	3,129	22	1	69	814	264

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	554,054	15,818	220,633	155,948	120,193	2,006
Balance at end of period	671,306	22,923	224,108	8,253	25,793	41,793
Interest and Commission Income	469	37	3	521	402	6

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	218,882	167,596	75,693	1,144,326	130,183	125,333
Balance at end of period	178,125	218,882	126,379	75,693	114,345	130,183
Interest Expense	7,230	4,365	3,212	14,180	3,143	2,353

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading:						
Beginning of Period	2,790	-	-	-	-	-
End of Period	1,083	2,790	-	-	-	-
Total Profit/Loss	-1	-4	-	-	-	-
Hedging Transactions:						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

5.7.2 The Bank's risk group

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

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

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

The cash loans of the risk group amounting YTL 176,680 thousands compose 0.59% of the Bank's total cash loans and 0.33% of the Bank's total assets. The total loans and similar receivables amounting YTL 965,376 thousands compose 1.80% of the Bank's total assets. The non-cash loans of the risk group amounting YTL 66,183 thousands compose 0.66% of the Bank's total non-cash loans. The deposits of the risk group amounting YTL 418,849 thousands compose 1.27% of the Bank's total deposits. The pricing in transactions with the risk group companies is set in compliance with the market prices.

5.7.2.3 *Other matters not required to be disclosed*

None.

5.7.2.4 *Transactions accounted under equity method*

Please refer to Notes 5.1.7 and 5.1.8.

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

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

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

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

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

5.9 Significant Events and Matters Arising Subsequent to Balance Sheet Date

5.9.1 Dividends

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

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

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

CASH DIVIDEND ON 2006 PROFIT FOR ORDINARY SHARE HOLDERS

	AMOUNTS TO BE PAID IN CASH			DIVIDEND PAYMENT DATE
	TOTAL AMOUNT OF DIVIDEND	DIVIDEND PER SHARE WITH A FACE VALUE OF YTL 1		
		AMOUNT	RATIO (%)	
GROSS (*)	105,000	0.05000	5.00000	24.04.2007
NET	89,250	0.04250	4.25000	

CASH DIVIDEND ON 2006 PROFIT FOR FOUNDER SHARE HOLDERS

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

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

5.9.2 Other events

- On 16 April 2007, the Bank authorized a consortium of 32 international banks to act as co-arrangers for a one-year syndication borrowing of EUR 600 millions.
- It was decided during the Board of Directors meeting of the Bank on 4 April 2007 to merge the Romania branches of Garanti Bank International NV's, a fully owned subsidiary of the Bank in Holland and the following companies of GE Consumer Finance; Domenia Credit IFN, Ralfi IFN and Motoractive Leasing IFN operating in Romania. The ultimate shareholders of Motoractive Leasing IFN, the company planned to operate in Romania under the banking license after these mergers will be T. Garanti Bankası AŞ, Doğuş Holding AŞ and GE Consumer Finance.

5.10 Other Disclosures on Activities of the Bank

5.10.1 The Bank's latest international risk ratings

MOODY'S (July 2006*)

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

STANDARD AND POORS (June 2006*)

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

FITCH RATINGS (August 2006*)

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

CAPITAL INTELLIGENCE (June 2006*)

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

(*) Latest dates in risk ratings or outlooks.

5.10.2 Other disclosures

- On 5 February 2007, the Bank obtained a subordinated debt of US\$ 500 millions from foreign markets with an interest of 6.95% and maturity of 10 years with a repayment option for the Bank at the end of the fifth year. This debt is qualified as the secondary subordinated debt to be included in the supplementary capital by BRSA in the calculation of the Bank's capital adequacy ratio as of 5 February 2007 in compliance with the conditions set in the legislation on "Banks' Equities" issued by BRSA and published in the Official Gazette no.26333 dated 1 November 2006.

- An agreement has been reached between the Bank and Eureko BV (Holland) on 21 March 2007 for the sale of 80% shares in Garanti Sigorta AŞ, representing nominal shares of YTL 48,000,000 for EUR 365,000,000 and of 15% shares in Garanti Emeklilik ve Hayat AŞ, representing nominal shares of YTL 7,500,000 for EUR 100,000,000, both classified as investments in subsidiaries as of 31 March 2007.

Eureko BV (Holland) has also been granted an option to acquire a further 35%+1 shares in Garanti Emeklilik ve Hayat AŞ, exercisable after the third year of the closing date of deal within a period of two years.

The value fixing has been made according to the work of Watson Wyatt Limited, an international actuary firm and the results of due diligence processes.

The transfer of shares is subject to the regulatory approvals of the Turkish Treasury and the Turkish Competition Authority and will take place after such approvals are obtained. The sale proceeds will be fully collected at transfer date.

6 Independent Auditor's Review Report

6.1 Disclosure on Independent Auditor's Review Report

The Bank's unconsolidated interim financial statements as of 31 March 2007, have been subject to review by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International). It was noted in their review report dated 24 April 2007 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 31 March 2007.

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