

*(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 Nine-Month Period Ended

30 September 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
9 November 2007

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

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

To the Board of Directors of Türkiye Garanti Bankası AŞ:

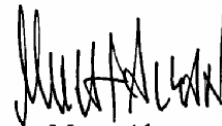
We have reviewed the unconsolidated balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") as of 30 September 2007 and the related unconsolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the nine-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

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

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

İstanbul,
9 November 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 Nine-Month Period Ended 30 September 2007

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

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

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

Ferit F. Şahenk
Board of Directors
Chairman

S. Ergun Özen
General Manager

Aydın Şenel
Executive Vice
President

Mustafa Keleş
Financial Accounting
Director

M. Cüneyt Sezgin
Audit Committee
Member

Des O'Shea
Audit Committee
Member

The authorized contact person for questions on this financial report:

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

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

As of 30 September 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, Eureko Sigorta AŞ, Garanti Emeklilik ve Hayat AŞ, Garanti Faktoring Hizmetleri AŞ, Garanti Ödeme Sistemleri AŞ, Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ and Volkswagen Doğuş Tüketici Finansmanı AŞ.

General Electric Group

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

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

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	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
Afzal Mohammed Modak	EVP-Finance and Accounting	20.07.2007	Master	22 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 30 September 2007

ASSETS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD 30 September 2007			PRIOR PERIOD 31 December 2006		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	739.630	3.665.059	4.404.689	1.885.335	3.391.537	5.276.872
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	108.323	37.550	145.873	67.621	80.838	148.459
2.1 Financial assets held for trading		61.929	34.487	96.416	57.403	76.766	134.169
2.1.1 Government securities		43.738	34.487	78.225	50.492	75.993	126.485
2.1.2 Equity securities		9.800	-	9.800	-	-	-
2.1.3 Other securities		8.391	-	8.391	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		46.394	3.063	49.457	10.218	4.072	14.290
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(5.1.3)	630.088	1.872.999	2.503.087	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)	7.789.412	3.534.675	11.324.087	5.619.046	4.008.884	9.627.930
5.1 Equity securities		45.816	26.909	72.725	44.648	21.668	66.316
5.2 Government securities		7.695.189	2.301.213	9.996.402	5.574.398	2.937.365	8.511.763
5.3 Other securities		48.407	1.206.553	1.254.960	-	1.049.851	1.049.851
VI. LOANS	(5.1.5)	19.821.440	14.893.109	34.714.549	15.320.304	12.030.186	27.350.490
6.1 Performing loans		19.520.380	14.893.109	34.413.489	15.134.959	12.030.186	27.165.145
6.2 Loans under follow-up		805.540	-	805.540	636.589	-	636.589
6.3 Specific provisions (-)		504.480	-	504.480	451.244	-	451.244
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	3.156.183	681.051	3.837.234	3.802.826	816.021	4.618.847
8.1 Government securities		3.153.041	681.051	3.834.092	3.800.874	816.021	4.616.895
8.2 Other securities		3.142	-	3.142	1.952	-	1.952
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	12.692	-	12.692	1.177	-	1.177
9.1 Financial investments in associates		11.312	-	11.312	-	-	-
9.2 Non-financial investments in associates		1.380	-	1.380	1.177	-	1.177
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	250.419	324.349	574.768	313.436	290.716	604.152
10.1 Unconsolidated financial investments in subsidiaries		242.864	324.349	567.213	305.546	290.716	596.262
10.2 Unconsolidated non-financial investments in subsidiaries		7.555	-	7.555	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)	-	12.671	12.671	-	4.799	4.799
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	12.671	12.671	-	4.799	4.799
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	897.966	992	898.958	884.325	1.121	885.446
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	79.332	310	79.642	67.515	203	67.718
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		79.332	310	79.642	67.515	203	67.718
XVI. TAX ASSET	(5.1.14)	56.033	-	56.033	38.188	-	38.188
16.1 Current tax asset		-	-	-	-	-	-
16.2 Deferred tax asset		56.033	-	56.033	38.188	-	38.188
XVII. ASSETS HELD FOR SALE	(5.1.15)	102.100	-	102.100	115.154	-	115.154
XVIII. OTHER ASSETS	(5.1.16)	737.040	101.901	838.941	542.620	108.619	651.239
TOTAL ASSETS		34.380.658	25.124.666	59.505.324	28.720.027	21.566.886	50.286.913

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet

At 30 September 2007

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD 30 September 2007			PRIOR PERIOD 31 December 2006		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	(5.2.1)	16.906.081	17.696.251	34.602.332	14.242.516	15.896.521	30.139.037
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	327.988	42.077	370.065	219.766	3.136	222.902
III. FUNDS BORROWED	(5.2.3)	956.916	7.580.624	8.537.540	510.041	7.380.364	7.890.405
IV. INTERBANK MONEY MARKETS	(5.2.4)	5.267.594	681.504	5.949.098	4.256.772	557.121	4.813.893
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		5.267.594	681.504	5.949.098	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		1.624.713	15.078	1.639.791	1.311.410	15.420	1.326.830
VIII. OTHER EXTERNAL RESOURCES PAYABLE	(5.2.4)	206.605	259.954	466.559	105.889	452.949	558.838
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	2.855	56.157	59.012	298	44.440	44.738
10.1 Financial lease payables		3.158	60.245	63.403	336	49.341	49.677
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		303	4.088	4.391	38	4.901	4.939
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	124	124	-	-	-
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	124	124	-	-	-
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	530.454	17.353	547.807	413.046	14.083	427.129
12.1 General provisions		234.241	12.865	247.106	148.747	9.719	158.466
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		166.218	-	166.218	128.818	-	128.818
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		129.995	4.488	134.483	135.481	4.364	139.845
XIII. TAX LIABILITY	(5.2.8)	238.904	47	238.951	192.765	83	192.848
13.1 Current tax liability		238.904	47	238.951	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)	-	608.819	608.819	-	-	-
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	6.400.799	84.427	6.485.226	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		889.271	81.808	971.079	816.815	74.485	891.300
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		94.499	69.941	164.440	67.782	71.337	139.119
16.2.4 Revaluation surplus on tangible assets		29.864	-	29.864	2.147	-	2.147
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Bonus shares of associates, subsidiaries and joint-ventures		2.453	-	2.453	4.698	-	4.698
16.2.7 Hedging reserves (effective portion)		-10.419	11.867	1.448	-30.366	3.148	-27.218
16.2.8 Revaluation surplus on assets held for sale		-	-	-	-	-	-
16.2.9 Other capital reserves		772.874	-	772.874	772.554	-	772.554
16.3 Profit reserves		1.426.499	2.619	1.429.118	613.153	2.177	615.330
16.3.1 Legal reserves		153.690	2.619	156.309	89.957	2.177	92.134
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		1.275.689	-	1.275.689	523.677	-	523.677
16.3.4 Other profit reserves		-2.880	-	-2.880	-481	-	-481
16.4 Profit or loss		1.985.029	-	1.985.029	1.063.663	-	1.063.663
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		1.985.029	-	1.985.029	1.063.663	-	1.063.663
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		32.462.909	27.042.415	59.505.324	25.846.134	24.440.779	50.286.913

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 30 September 2007

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD 30 September 2007			PRIOR PERIOD 31 December 2006		
		YTL	FC	Total	YTL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		23.300.031	19.371.938	42.671.969	16.579.521	15.402.920	31.982.441
I. GUARANTEES AND SURETIES	(5.3.1)	3.692.230	7.969.683	11.661.913	2.688.511	6.837.765	9.526.276
1.1. Letters of guarantee		3.690.443	5.536.349	9.226.792	2.687.808	4.575.955	7.263.763
1.1.1. Guarantees subject to State Tender Law		313.979	250.790	564.769	268.378	628.922	897.300
1.1.2. Guarantees given for foreign trade operations		300.006	280.099	580.105	255.968	240.821	496.789
1.1.3. Other letters of guarantee		3.076.458	5.005.460	8.081.918	2.163.462	3.706.212	5.869.674
1.2. Bank acceptances		858	126.970	127.828	616	142.925	143.541
1.2.1. Import letter of acceptance		858	116.627	117.485	600	141.356	141.956
1.2.2. Other bank acceptances		-	10.343	10.343	16	1.569	1.585
1.3. Letters of credit		929	2.306.364	2.307.293	87	2.118.885	2.118.972
1.3.1. Documentary letters of credit		-	9.152	9.152	-	10.810	10.810
1.3.2. Other letters of credit		929	2.297.212	2.298.141	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)	13.900.208	2.000.585	15.900.793	9.807.443	1.586.165	11.393.608
2.1. Irrevocable commitments		13.900.208	2.000.243	15.900.451	9.807.443	1.585.926	11.393.369
2.1.1. Asset purchase commitments		62.899	268.717	331.616	146.776	158.806	305.582
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		250	-	250	250	-	250
2.1.4. Loan granting commitments		2.419.392	388.522	2.807.914	1.825.959	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		1.841.251	-	1.841.251	1.528.984	-	1.528.984
2.1.8. Tax and fund obligations on export commitments		22.748	-	22.748	19.092	-	19.092
2.1.9. Commitments for credit card limits		8.243.897	-	8.243.897	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		1.309.771	1.343.004	2.652.775	151.413	1.032.422	1.183.835
2.2. Revocable commitments		-	342	342	-	239	239
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	342	342	-	239	239
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	5.707.593	9.401.670	15.109.263	4.083.567	6.978.990	11.062.557
3.1. Derivative financial instruments held for risk management		-	53.913	53.913	-	7.107	7.107
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	53.913	53.913	-	7.107	7.107
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		5.707.593	9.347.757	15.055.350	4.083.567	6.971.883	11.055.450
3.2.1. Forward foreign currency purchases/sales		540.493	695.770	1.236.263	356.402	497.943	854.345
3.2.1.1. Forward foreign currency purchases		360.430	272.545	632.975	235.783	193.363	429.146
3.2.1.2. Forward foreign currency sales		180.063	423.225	603.288	120.619	304.580	425.199
3.2.2. Currency and interest rate swaps		3.340.488	6.249.164	9.589.652	3.380.728	5.736.300	9.117.028
3.2.2.1. Currency swaps-purchases		8.200	4.484.821	4.493.021	28.567	4.392.056	4.420.623
3.2.2.2. Currency swaps-sales		3.329.757	1.761.394	5.091.151	3.346.038	1.330.945	4.676.983
3.2.2.3. Interest rate swaps-purchases		492	1.478	1.970	3.010	6.664	9.674
3.2.2.4. Interest rate swaps-sales		2.039	1.471	3.510	3.113	6.635	9.748
3.2.3. Currency, interest rate and security options		1.688.479	1.884.780	3.573.259	309.499	604.878	914.377
3.2.3.1. Currency call options		654.968	1.025.523	1.680.491	50.768	333.396	384.164
3.2.3.2. Currency put options		1.021.971	780.059	1.802.030	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		8.445	60.874	69.319	-	65.742	65.742
3.2.3.6. Security put options		3.095	18.324	21.419	-	84.973	84.973
3.2.4. Currency futures		125.112	106.813	231.925	36.938	34.828	71.766
3.2.4.1. Currency futures-purchases		117.293	17	117.310	36.938	-	36.938
3.2.4.2. Currency futures-sales		7.819	106.796	114.615	-	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		13.021	411.230	424.251	-	97.934	97.934
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		117.633.930	65.557.523	183.191.453	79.954.475	53.878.013	133.832.488
IV. ITEMS HELD IN CUSTODY		42.301.460	13.122.570	55.424.030	28.448.874	12.781.762	41.230.636
4.1. Customers' securities held		12.441.703	3.932.540	16.374.243	3.219.699	4.408.869	7.628.568
4.2. Investment securities held in custody		24.124.387	1.507.895	25.632.282	20.700.068	1.926.185	22.626.253
4.3. Checks received for collection		4.501.439	512.713	5.014.152	3.641.784	378.927	4.020.711
4.4. Commercial notes received for collection		1.204.618	1.562.378	2.766.996	864.143	1.862.917	2.727.060
4.5. Other assets received for collection		6.438	5.278.315	5.284.753	90	3.861.442	3.861.532
4.6. Assets received through public offering		-	19.457	19.457	-	20.233	20.233
4.7. Other items under custody		22.875	309.272	332.147	23.090	323.189	346.279
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		75.332.470	52.434.953	127.767.423	51.505.601	41.096.251	92.601.852
5.1. Securities		92.434	-	92.434	207.080	-	207.080
5.2. Guarantee notes		10.813.547	4.976.072	15.789.619	7.584.926	4.770.191	12.355.117
5.3. Commodities		157	-	157	237	-	237
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		11.760.396	7.390.240	19.150.636	7.935.629	5.948.579	13.884.208
5.6. Other pledged items		52.665.766	40.068.285	92.734.051	35.777.559	30.371.558	66.149.117
5.7. Pledged items-depository		170	356	526	170	5.923	6.093
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		140.933.961	84.929.461	225.863.422	96.533.996	69.280.933	165.814.929

Türkiye Garanti Bankası Anonim Şirketi
Income Statement
For the Nine-Month Period Ended 30 September 2007

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)			
		CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		Nine-month ended	Nine-month ended	Three-month ended	Three-month ended
		30 September 2007	30 September 2006	30 September 2007	30 September 2006
I. INTEREST INCOME	(5.4.1)	5.154.016	3.567.867	1.844.177	1.337.278
1.1 Interest income from loans		2.976.063	2.070.753	1.119.949	733.711
1.2 Interest income from reserve deposits		133.684	87.809	48.582	36.121
1.3 Interest income from banks		188.126	69.892	76.952	23.994
1.4 Interest income from money market transactions		3.998	1.422	1.792	666
1.5 Interest income from securities portfolio		1.608.147	1.164.374	544.361	431.154
1.5.1 Trading financial assets		14.891	17.680	3.133	1.636
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		1.096.791	793.891	372.592	239.466
1.5.4 Investments held-to-maturity		496.465	352.803	168.636	190.052
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		243.998	173.617	52.541	111.632
II. INTEREST EXPENSE	(5.4.2)	3.159.113	2.211.218	1.113.574	888.744
2.1 Interest on deposits		2.197.440	1.658.990	764.116	622.856
2.2 Interest on funds borrowed		434.475	277.291	172.335	106.281
2.3 Interest on money market transactions		521.418	272.446	176.120	159.187
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expenses		5.780	2.491	1.003	420
III. NET INTEREST INCOME (I - II)		1.994.903	1.356.649	730.603	448.534
IV. NET FEES AND COMMISSIONS INCOME		941.673	755.792	325.123	254.997
4.1 Fees and commissions received		1.269.888	989.572	452.207	352.111
4.1.1 Cash loans		67.878	70.623	23.437	21.452
4.1.2 Non-cash loans		73.226	63.979	21.451	22.529
4.1.3 Others		1.128.784	854.970	407.319	308.130
4.2 Fees and commissions paid		328.215	233.780	127.084	97.114
4.2.1 Cash loans		21.060	23.888	7.692	8.808
4.2.2 Non-cash loans		258	197	96	63
4.2.3 Others		306.897	209.695	119.296	88.243
V. DIVIDEND INCOME	(5.4.3)	49.399	46.305	2.430	8.552
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	-116.571	-5.385	-65.569	-5.412
6.1 Trading account income/losses (Net)		-51.161	83.864	-7.321	-3.886
6.2 Foreign exchange gains/losses (Net)		-65.410	-89.249	-58.248	-1.526
VII. OTHER OPERATING INCOME	(5.4.5)	1.001.146	152.722	159.640	36.757
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		3.870.550	2.306.083	1.152.227	743.428
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	240.605	289.491	72.704	25.086
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	1.283.916	1.034.551	469.426	364.395
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		2.346.029	982.041	610.097	353.947
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	2.346.029	982.041	610.097	353.947
XVI. PROVISION FOR TAXES	(5.4.9)	361.000	191.487	128.000	72.370
16.1 Current tax charge		374.270	161.188	120.044	93.654
16.2 Deferred tax charge/(credit)		-13.270	30.299	7.956	-21.284
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV-XVI)	(5.4.10)	1.985.029	790.554	482.097	281.577
17.1 Discontinued operations		-	-	-	-
17.2 Others		1.985.029	790.554	482.097	281.577
XVIII. NET PROFIT/LOSS (XV-XVI)	(5.4.11)	1.985.029	790.554	482.097	281.577
EARNINGS PER SHARE (full YTL amount per YTL/000 face value each)		945	376	229	134

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

		THOUSANDS OF NEW TURKISH LIRA (YTL)														
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund	Total Shareholders' Equity	
PRIOR PERIOD (30/9/2006)																
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		-	-	-	-	-	-	-40.840	-	-	12.892	-	-	-30.967	-58.915	
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2. Effect of changes in accounting policies	(3.24)	-	-	-	-	-	-	-40.840	-	12.892	-	-	-	-30.967	-58.915	
III. Adjusted balances at beginning of the period (I+II)		2.100.000	772.554	-	-	49.261	-	23.747	3.690	721.286	2.147	4.860	163.164	3.840.709		
Changes during the period																
VI. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	-76.927	-76.927	
VI. Hedges for risk management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1. Net cash flow hedges		-	-	-	-	-	-	-	-36.211	-	-	-	-	-	-36.211	
6.2. Net foreign investment hedges		-	-	-	-	-	-	-	-36.211	-	-	-	-	-	-36.211	
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-38.869	-38.869	
VII. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	-38.869	-38.869	
VIII. Hedges for risk management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.1. Net cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.2. Net foreign investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Current period net profit		-	-	-	-	-	-	-	-	790.554	-	-	-	-	790.554	
X. Profit distribution		-	-	-	-	42.778	-	499.930	-	-	-721.286	-	-	-	-178.578	
10.1. Dividends		-	-	-	-	-	-	-	-	-	-178.578	-	-	-	-178.578	
10.2. Transferred to reserves		-	-	-	-	42.778	-	499.930	-	-	-542.708	-	-	-	-	
10.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.3. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.4. Securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.5. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.6. Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.7. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.8. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Primary subordinated debts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Secondary subordinated debts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Others		-	-	-	-	229	-	-	1.293	-	-	-	0	0	1.522	
Balances at end of the period (III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)		2.100.000	772.554	-	-	92.268	-	523.677	-31.228	790.554	-	2.147	4.860	47.368	4.302.200	
CURRENT PERIOD (30/9/2007)																
I. Balances at beginning of the period		2.100.000	772.554	-	-	92.134	-	523.677	-27.699	-	1.063.663	2.147	4.698	139.119	4.670.293	
Changes during the period		-	-	-	-	-	-	-	28.666	-	-	-	-	31.391	60.057	
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	31.391	31.391	
IV. Hedges for risk management		-	-	-	-	-	-	-	28.666	-	-	-	-	-	28.666	
4.1. Net cash flow hedges		-	-	-	-	-	-	-	8.719	-	-	-	-	-	8.719	
4.2. Net foreign investment hedges		-	-	-	-	-	-	-	19.947	-	-	-	-	-	19.947	
Transfers		-	-	-	-	-	-	-	-	-	-	-	-2.245	-6.070	-8.315	
V. "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-2.245	-6.070	-8.315	
VI. Hedges for risk management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1. Net cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2. Net foreign investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Current period net profit		-	-	-	-	-	-	-	-	1.985.029	-	-	-	-	1.985.029	
VIII. Profit distribution		-	-	-	-	64.615	-	752.012	-	-	-1.063.663	27.717	-	-	-219.319	
8.1. Dividends		-	-	-	-	-	-	-	-	-	-219.319	-	-	-	-219.319	
8.2. Transferred to reserves		-	-	-	-	64.615	-	752.012	-	-	-816.627	-	-	-	-	
8.3. Others		-	-	-	-	-	-	-	-	-	-27.717	27.717	-	-	-	
IX. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.2. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.3. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.4. Securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.5. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.6. Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.7. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.8. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Primary subordinated debts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Secondary subordinated debts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Others		-	-	-	-	-440	-	-	-2.079	-	-	-	-	-	-2.519	
Balances at end of the period (I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV)		2.100.000	772.554	-	-	156.309	-	1.275.689	-1.112	1.985.029	-	29.864	2.453	164.440	6.485.226	

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)	
		CURRENT PERIOD	PRIOR PERIOD
		30 September 2007	30 September 2006
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		3.045.657	1.012.473
1.1.1 Interests received		5.330.224	3.116.588
1.1.2 Interests paid		-3.123.226	-2.082.646
1.1.3 Dividend received		49.399	46.305
1.1.4 Fees and commissions received		1.269.888	755.792
1.1.5 Other income		989.136	120.355
1.1.6 Collections from previously written-off loans and other receivables		13.783	101.800
1.1.7 Payments to personnel and service suppliers		-869.790	-896.731
1.1.8 Taxes paid		-42.102	-148.990
1.1.9 Others		-571.655	-
1.2 Changes in operating assets and liabilities		-1.731.178	1.242.412
1.2.1 Net (increase) decrease in financial assets held for trading		36.795	37.079
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-1.277.927	-179.566
1.2.4 Net (increase) decrease in loans		-7.436.315	-9.097.772
1.2.5 Net (increase) decrease in other assets		245.810	-8.498
1.2.6 Net increase (decrease) in bank deposits		-249.492	1.017.183
1.2.7 Net increase (decrease) in other deposits		4.693.394	5.205.888
1.2.8 Net increase (decrease) in funds borrowed		1.221.250	4.074.813
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		1.035.307	193.285
I. Net cash flow from banking operations		1.314.479	2.254.885
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		-1.286.882	-1.817.279
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-15.483
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		55.238	48.257
2.3 Purchases of tangible assets		-166.093	-90.781
2.4 Sales of tangible assets		30.094	335.443
2.5 Cash paid for purchase of financial assets available-for-sale		-1.754.177	-4.970.176
2.6 Cash obtained from sale of financial assets available-for-sale		-	4.929.729
2.7 Cash paid for purchase of investments held-to-maturity		-	-3.533.311
2.8 Cash obtained from sale of investments held-to-maturity		548.056	1.479.043
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		-283.660	-185.618
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-219.319	-178.578
3.5 Payments for financial leases		-64.341	-7.040
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		77.263	-666.292
V. Net decrease in cash and cash equivalents (I+II+III+IV)		-178.800	-414.304
VI. Cash and cash equivalents at beginning of period		2.987.300	2.888.209
VII. Cash and cash equivalents at end of period (V+VI)		2.808.500	2.473.905

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 management of interest and liquidity risks on balance sheet, is product diversification both on asset and liability sides.

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

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

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

3.2.2 Foreign currency transactions

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

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

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

3.3 Investments in associates and subsidiaries

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

3.4 Forwards, options and other derivative transactions

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

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

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

3.5 Interest income and expenses

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

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

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

Loans and receivables are recognized at cost and measured at amortized cost using the effective interest method. Duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

3.8 Impairment of financial assets

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

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

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

3.9 Netting of financial instruments

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

3.13 Tangible assets

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

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

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

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

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

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

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

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

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

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

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

3.16 Contingent assets

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

3.17 Obligations of the Bank concerning employee rights

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

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

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

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

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

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

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

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

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

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

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

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

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

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

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

3.18.2 Deferred taxes

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

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

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

3.19 Funds borrowed

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

There are no convertible bonds or any other securities issued.

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 30 September 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, BusinessCard under the brand name of Visa and Mastercard, and also American Express credit cards and Maestro ve Electron Garanti24 cards are available.

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

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

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

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

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

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	959,307	1,164,653	541,700	243,151	2,908,811
Other	-	-	-	912,340	912,340
Total Operating Profit	959,307	1,164,653	541,700	1,155,491	3,821,151
Net Operating Profit	728,374	663,890	338,913	565,453	2,296,630
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	49,399	49,399
Net Operating Profit	728,374	663,890	338,913	614,852	2,346,029
Provision for Taxes	-	-	-	361,000	361,000
Net Profit	728,374	663,890	338,913	253,852	1,985,029
Segment Assets	12,796,937	21,917,612	21,870,177	2,333,138	58,917,864
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	587,460	587,460
Undistributed Items	-	-	-	-	-
Total Assets	12,796,937	21,917,612	21,870,177	2,920,598	59,505,324
Segment Liabilities	22,591,121	13,088,884	16,251,802	1,088,291	53,020,098
Shareholders' Equity	-	-	-	6,485,226	6,485,226
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	22,591,121	13,088,884	16,251,802	7,573,517	59,505,324
Other Segment Items					
Capital Expenditure	-	-	-	-	-
Depreciation Expenses	-	-	-	122,217	122,217
Impairment Losses	-	-	754	239,851	240,605
Other Non-Cash Income/Expenses	39,637	-18,626	-279,886	-65,962	-324,837
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

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

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

	Securities Value Increase Fund	Net Profit/Loss Current Period	Prior Periods' Profit/Loss	Shareholders' Equity
Reported Balances as of 31 December 2005	194,131	708,394	459,041	3,899,624
Reserve for Employee Severance Indemnities	-	-8,576	-9,805	-18,381
Provision for Short-Term Employee Benefits	-	-6,198	-23,290	-29,488
Provision for Promotion Expenses of Credit Cards	-	-3,301	-7,745	-11,046
Exchange Rate Difference on Investments in Foreign Associates, Subsidiaries and Joint-Ventures	-30,967	30,967	-	-
Adjusted Balances as of 31 December 2005	163,164	721,286	418,201	3,840,709

	Net Profit/Loss Current Period	Shareholders' Equity
Reported Balances as of 30 September 2006	790,607	4,381,806
Reserve for Employee Severance Indemnities	-1,504	-19,885
Provision for Short-Term Employee Benefits	-1,203	-30,691
Provision for Promotion Expenses of Credit Cards	2,654	-8,391
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-20,639
Adjusted Balances as of 30 September 2006	790,554	4,302,200

As a result of the restatements explained above, the reported capital adequacy ratio at 31 December 2006, restated from 14.08% to 14.12%.

3.24.2 Other reclassifications

The foreign exchange losses of YTL 14,267 thousands on the principal of foreign currency-indexed loans, is reclassified from "other operating expenses" to "foreign exchange losses"; and the foreign exchange gains of YTL 165,746 thousands and YTL 164,920 thousands on the foreign currency-indexed loans and securities respectively from "other operating income" to "foreign exchange gains" as of 30 September 2006.

4 Financial position and results of operations

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 15.09%.

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)	20,535,180	2,736,395	6,922,965	28,800,548
Cash on Hand	365,838	3,738	-	-
Securities in Redemption	-	-	-	-
Balances with the Central Bank of Turkey	1,532,235	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	-	1,270,210	-	1,173,499
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	2,453,735	-	-	-
Loans	2,264,723	180,059	6,862,312	24,607,894
Loans under Follow-Up (Net)	-	-	-	301,061
Lease Receivables	-	-	-	-
Financial Assets Available-for-Sale	9,548,859	1,054,375	-	255,384
Investments Held-to-Maturity	3,801,000	-	-	-
Receivables from Term Sale of Assets	-	-	-	247,862
Miscellaneous Receivables	9,745	-	-	112,162
Accrued Interest and Income	493,557	8,380	60,653	558,245
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	575,731
Tangible Assets (Net)	-	-	-	931,287
Other Assets	65,488	219,633	-	37,423
Off-Balance Sheet Items	2,564,644	4,585,573	1,144,352	6,270,640
Non-Cash Loans and Commitments	2,564,644	4,435,433	1,144,352	6,260,480
Derivative Financial Instruments	-	150,140	-	10,160
Non-Risk-Weighted Accounts	-	-	-	-
Total Risk-Weighted Assets	23,099,824	7,321,968	8,067,317	35,071,188

4.1.3 Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk	40,569,241	31,465,572
Value at Market Risk	1,030,513	303,300
Value at Operational Risk	4,270,571	-
Shareholders' Equity	6,923,518	4,485,274
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100 (*)	15.09%	14.12%

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

4.1.4 Components of shareholders' equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,100,000	2,100,000
Nominal Capital	2,100,000	2,100,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	156,309	92,134
I. Legal Reserve (Turkish Commercial Code 466/1)	137,519	84,776
II. Legal Reserve (Turkish Commercial Code 466/2)	18,790	7,358
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	1,275,689	523,677
Reserve allocated as per the Decision held by the General Assembly	1,275,689	523,677
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	1,985,029	1,063,663
Current Period Profit	1,985,029	1,063,663
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	32,000	30,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	27,717	-
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	70,302	57,100
Prepaid Expenses (-)	190,550	146,106
Intangible Assets (-)	9,339	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	6,349,298	4,582,028

SUPPLEMENTARY CAPITAL		
General Provisions	247,106	158,466
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	966	966
Bonus shares of Associates, Subsidiaries and Joint-Ventures	2,453	4,698
Hedging Reserves (effective portion)	1,448	-27,218
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	602,500	-
45% of Securities Value Increase Fund	73,998	62,603
Associates and Subsidiaries	1,434	3,158
Investment Securities Available for Sale	72,564	59,445
Other Reserves	-2,560	-481
Total Supplementary Capital	925,911	199,034
TIER III CAPITAL	-	-
CAPITAL	7,275,209	4,781,062
DEDUCTIONS FROM CAPITAL	351,691	295,788
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	11,730	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	69,770	81,546
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	6,923,518	4,485,274

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	56,383
(II) Capital Obligation against Specific Risks - Standard Method	1,260
(III) Capital Obligation against Currency Risk - Standard Method	19,415
(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	5,383
(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)	82,441
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	1,030,513

4.3.2 Monthly average values at market risk

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

4.4 Operational risk

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

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

	31 December 2004	31 December 2005	31 December 2006
(I) Net Interest Income	1,287,786	1,674,660	1,901,806
(II) Net Non-Interest Income	-837,236	-966,266	-838,143
(III) Provisions	459,046	623,338	627,191
(IV) Operating Expenses	1,574,384	1,140,054	1,268,909
(V) Gain/Loss on Securities Available-for-Sale and Held-to-Maturity	-61,426	-55,676	-50,081
(VI) Extraordinary Income	-584,904	-131,408	-199,120
(VII) Gross Income (I+II+III+IV+V-VI-VII)	1,837,650	2,284,702	2,710,562
(VIII) Average Gross Income (Total Gross Income/3)		2,277,638	
(IX) Value at Operational Risk (Av. Gross Income x 15% x 12.5)		4,270,571	

4.5 Foreign currency exchange rate risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 September 2007, the Bank's net 'on balance sheet' foreign currency short position amounts to YTL 1,827,992 thousands (31 December 2006: YTL 2,825,652 thousands), net 'off-balance sheet' foreign currency long position amounts to YTL 1,769,254 thousands (31 December 2006: YTL 2,829,902 thousands), while net foreign currency short position amounts to YTL 58,738 thousands (31 December 2006: YTL 4,250 thousands, a net foreign currency long position).

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

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

	US\$	EUR	Yen (100)	GBP
The Bank's foreign currency purchase rates at balance sheet date	1.2050	1.7148	1.0487	2.4550
<u>Foreign currency rates for the days before balance sheet date;</u>				
Day 1	1.2050	1.7136	1.0480	2.4542
Day 2	1.2130	1.7168	1.0489	2.4544
Day 3	1.2200	1.7231	1.0550	2.4591
Day 4	1.3300	1.7331	1.0722	2.4741
Day 5	1.2250	1.7260	1.0651	2.4768
Last 30-day arithmetical average rates	1.2570	1.7480	1.0930	2.5389

Currency risk:

	Euro	US\$	Yen	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,537,215	58,287	275	69,282	3,665,059
Banks and Other Financial Institutions	258,799	1,479,371	97,377	37,452	1,872,999
Financial Assets at Fair Value through Profit/Loss	14,086	21,423	32	-	35,541
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	59,744	3,474,931	-	-	3,534,675
Loans	5,465,752	9,141,502	27,720	258,135	14,893,109
Investments in Associates, Subsidiaries and Joint-Ventures	267,946	56,403	-	-	324,349
Investments Held-to-Maturity	6,632	674,419	-	-	681,051
Derivative Financial Assets Held for Risk Management	-	12,671	-	-	12,671
Tangible Assets	-	404	-	588	992
Intangible Assets	-	240	-	70	310
Other Assets	11,592	42,667	2	694	54,955
Total Assets	9,621,766	14,962,318	125,406	366,221	25,075,711
Liabilities					
Bank Deposits	105,210	300,810	30	47,744	453,794
Foreign Currency Deposits	5,911,578	10,796,548	27,030	452,707	17,187,863
Interbank Money Market Takings	-	681,504	-	-	681,504
Other Fundings	1,602,789	6,584,460	2,194	-	8,189,443
Securities Issued	-	-	-	-	-
Miscellaneous Payables	10,147	4,708	-	223	15,078
Derivative Financial Liabilities Held for Risk Management	-	124	-	-	124
Other Liabilities (*)	151,599	165,111	881	58,306	375,897
Total Liabilities	7,781,323	18,533,265	30,135	558,980	26,903,703
Net 'On Balance Sheet' Position	1,840,443	-3,570,947	95,271	-192,759	-1,827,992
Net 'Off-Balance Sheet' Position	-1,980,393	3,512,216	-17,113	254,544	1,769,254
Derivative Assets	340,834	4,861,706	-	481,044	5,683,584
Derivative Liabilities	2,321,227	1,349,490	17,113	226,500	3,914,330
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 54,594 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	2,502,877	-	-	-	-	1,901,812	4,404,689
Banks and Other Financial Institutions	984,970	45,697	509,374	636,225	12,080	314,741	2,503,087
Financial Assets at Fair Value through Profit/Loss	22,521	13,904	39,465	28,336	31,847	9,800	145,873
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	913,324	596,575	4,208,622	1,371,306	4,161,535	72,725	11,324,087
Loans	8,651,491	7,428,741	3,316,614	3,378,195	11,638,447	301,061	34,714,549
Investments Held-to-Maturity	2,205	-	3,016,303	125,227	693,499	-	3,837,234
Other Assets	27,280	209,365	260	4,369	31,371	2,303,160	2,575,805
Total Assets	13,104,668	8,294,282	11,090,638	5,543,658	16,568,779	4,903,299	59,505,324
Liabilities							
Bank Deposits	305,516	43,318	6,290	1,931	91,422	311,094	759,571
Other Deposits	22,992,359	2,787,640	637,927	442,148	39,600	6,943,087	33,842,761
Interbank Money Market Takings	4,607,985	397,190	354,193	589,730	-	-	5,949,098
Miscellaneous Payables	-	-	-	-	-	1,639,791	1,639,791
Securities Issued	-	-	-	-	-	-	-
Other Fundings	5,218,339	1,453,444	1,292,006	838,599	343,971	-	9,146,359
Other Liabilities	61,728	65,740	107,597	49,924	144,215	7,738,540	8,167,744
Total Liabilities	33,185,927	4,747,332	2,398,013	1,922,332	619,208	16,632,512	59,505,324
On Balance Sheet Long Position	-	3,546,950	8,692,625	3,621,326	15,949,571	-	-
On Balance Sheet Short Position	-20,081,259	-	-	-	-	-11,729,213	-
Off-Balance Sheet Long Position	3,184	4,600	21,427	-	-	-	29,211
Off-Balance Sheet Short Position	-4,133	-41,647	-21,402	-	-	-	-67,182
Total Position	-20,082,208	3,509,903	8,692,650	3,621,326	15,949,571	-11,729,213	-37,971

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	1.70	-	-	12.93
Banks and Other Financial Institutions	4.06	6.04	1.25	23.13
Financial Assets at Fair Value through Profit/Loss	6.49	7.98	-	18.76
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	5.64	7.90	-	17.56
Loans	6.16	7.43	2.28	24.48
Investments Held-to-Maturity	9.14	9.48	-	20.44
Liabilities				
Bank Deposits	5.32	6.07	-	18.01
Other Deposits	2.50	3.99	0.48	15.15
Interbank Money Market Takings	-	5.48	-	16.63
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	4.68	5.93	1.76	13.00

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	3,350,372	1,143,978	2,158,958	964,935	272,162	-	7,890,405
Other Liabilities	1,467,136	168,277	111,222	210,128	11,845	4,148,140	6,116,748
Total Liabilities	28,705,181	4,059,456	2,604,572	1,493,640	1,294,540	12,129,524	50,286,913
On Balance Sheet Long Position	-	7,431,371	1,171,440	4,712,708	8,824,174	-	-
On Balance Sheet Short Position	-14,153,100	-	-	-	-	-7,986,593	-
Off-Balance Sheet Long Position	3,184	4,600	21,427	-	-	-	29,211
Off-Balance Sheet Short Position	-4,133	-41,647	-21,402	-	-	-	-67,182
Total Position	-14,154,049	7,394,324	1,171,465	4,712,708	8,824,174	-7,986,593	-37,971

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	1,901,812	2,502,877	-	-	-	-	-	4,404,689
Banks and Other Financial Institutions	314,732	984,979	45,697	12,156	2,050	1,143,473	-	2,503,087
Financial Assets at Fair Value through Profit/Loss	9,800	22,272	21,856	7,432	37,131	47,382	-	145,873
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	72,725	2,508	380,825	183,255	2,079,550	8,605,224	-	11,324,087
Loans	75,713	7,426,506	4,156,507	1,758,038	3,598,572	17,398,153	301,060	34,714,549
Investments Held-to-Maturity	-	2,205	-	293,510	125,227	3,416,292	-	3,837,234
Other Assets	219,633	194,187	209,365	260	4,369	31,371	1,916,620	2,575,805
Total Assets	2,594,415	11,135,534	4,814,250	2,254,651	5,846,899	30,641,895	2,217,680	59,505,324
Liabilities								
Bank Deposits	311,094	305,516	43,318	6,290	1,931	91,422	-	759,571
Other Deposits	6,943,087	22,992,359	2,787,640	637,927	442,148	39,600	-	33,842,761
Other Fundings	-	114,346	369,971	191,426	1,613,037	6,857,579	-	9,146,359
Interbank Money Market Takings	-	4,607,985	397,191	-	387,508	556,414	-	5,949,098
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	116,706	1,523,085	-	-	-	-	-	1,639,791
Other Liabilities (**)	249,670	163,168	134,379	107,597	49,924	144,215	7,318,791	8,167,744
Total Liabilities	7,620,557	29,706,459	3,732,499	943,240	2,494,548	7,689,230	7,318,791	59,505,324
Liquidity Gap	-5,026,142	-18,570,925	1,081,751	1,311,411	3,352,351	22,952,665	-5,101,111	-
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	5,383,502	50,286,913
Liquidity Gap	-4,619,693	-14,240,795	1,484,442	550,673	3,201,578	16,962,625	-3,338,830	-

(*) 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	182,693	117,386	181,169	146,565
Central Bank of Turkey	552,739	3,482,374	1,700,078	3,226,830
Others	4,198	65,299	4,088	18,142
Total	739,630	3,665,059	1,885,335	3,391,537

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	198	1,532,037	621	1,500,852
Unrestricted Time Deposits	-	-	500,730	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	552,541	1,950,337	1,198,727	1,725,978
Total	552,739	3,482,374	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 12.93% for YTL deposits and 2.325% and 1.700% for foreign currency deposits in USD and EUR.

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	9,912	1,027	7,520	899
Swap Transactions	348	1,177	59	2,963
Futures	-	-	-	-
Options	36,134	859	2,639	210
Other	-	-	-	-
Total	46,394	3,063	10,218	4,072

5.1.3 Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	630,088	1,872,999	62,480	833,962
Domestic banks	8,186	212,644	7,472	446,883
Foreign banks	621,902	1,660,355	55,008	387,079
Foreign headoffices and branches	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	630,088	1,872,999	62,480	833,962

The placements at foreign banks include blocked accounts amounting YTL 1,030,422 thousands of which YTL 142,135 thousands and YTL 17,221 thousands are kept at the Central Bank of Luxembourg and the Central Bank of NCTR , respectively as reserve deposits, and YTL 871,066 thousands are blocked at various banks for repayments of funds borrowed.

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 279,310 thousands (31 December 2006: YTL 454,760 thousands), is YTL 277,542 thousands (31 December 2006: YTL 460,717 thousands). The related accrued interests amount to YTL 9,344 thousands (31 December 2006: YTL 51,015 thousands).

Collateralized financial assets available-for-sale in foreign currencies include eurobonds and other foreign currency government securities. The carrying values of such securities with total face value of US\$ 422,270,000 (31 December 2006: US\$ 411,670,000), is US\$ 414,543,174 (31 December 2006: US\$ 405,158,355). The related accrued interests and impairment losses amount to US\$ 17,788,521 (31 December 2006: US\$ 18,845,582) and US\$ 20,710 (31 December 2006: US\$ 28,485), respectively.

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Assets	286,886	520,935	511,732	591,446
Assets subject to Repurchase Agreements	3,481,954	669,734	3,883,783	450,580
Total	3,768,840	1,190,669	4,395,515	1,042,026

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

	Current Period	Prior Period
Debt Securities	11,251,362	9,564,288
Quoted at Stock Exchange	8,634,990	7,155,806
Unquoted at Stock Exchange	2,616,372	2,408,482
Common Shares	30,116	29,416
Quoted at Stock Exchange	12,742	12,042
Unquoted at Stock Exchange	17,374	17,374
Value Increases/Impairment Losses (-)	42,609	34,226
Total	11,324,087	9,627,930

As of 30 September 2007, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 875,000,000 (31 December 2006: USD 625,000,000) and a total carrying value of USD YTL 1,067,177 thousands (31 December 2006: YTL 897,013 thousands).

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	6	1,085	2	8,253
Corporates	6	1,085	2	8,253
Individuals	-	-	-	-
Indirect Lendings to Shareholders	38,953	125,374	21,033	41,793
Loans to Employees	51,678	-	37,034	-
Total	90,637	126,459	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	34,315,806	-	-	97,683
Discounted Bills	82,883	-	-	-
Export Loans	2,861,173	-	-	36,146
Import Loans	30,209	-	-	-
Loans to Financial Sector	1,047,011	-	-	-
Foreign Loans	911,645	-	-	-
Consumer Loans	7,508,172	-	-	-
Credit Cards	5,354,004	-	-	-
Precious Metal Loans	169,608	-	-	-
Other	16,351,101	-	-	61,537
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	34,315,806	-	-	97,683

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	107,961	6,437,798	6,545,759
Housing Loans	2,143	3,374,873	3,377,016
Automobile Loans	9,157	1,087,542	1,096,699
General Purpose Loans	96,661	1,975,383	2,072,044
Other	-	-	-
Consumer Loans – FC-indexed	7,783	566,679	574,462
Housing Loans	2,851	481,161	484,012
Automobile Loans	653	46,615	47,268
General Purpose Loans	4,279	38,903	43,182
Other	-	-	-
Consumer Loans – FC	33	8,818	8,851
Housing Loans	-	561	561
Automobile Loans	-	7,718	7,718
General Purpose Loans	33	539	572
Other	-	-	-
Retail Credit Cards – YTL	5,107,594	-	5,107,594
With Installment	2,359,740	-	2,359,740
Without Installment	2,747,854	-	2,747,854
Retail Credit Cards – FC	25,424	-	25,424
With Installment	-	-	-
Without Installment	25,424	-	25,424
Personnel Loans – YTL	7,308	11,835	19,143
Housing Loan	-	1,202	1,202
Automobile Loans	4	254	258
General Purpose Loans	7,304	10,379	17,683
Other	-	-	-
Personnel Loans - FC-indexed	-	443	443
Housing Loans	-	132	132
Automobile Loans	-	311	311
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	41	26	67
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	41	26	67
Other	-	-	-
Personnel Credit Cards – YTL	32,025	-	32,025
With Installment	13,752	-	13,752
Without Installment	18,273	-	18,273
Personnel Credit Cards – FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Deposit Accounts– YTL (real persons)	359,447	-	359,447
Deposit Accounts– FC (real persons)	-	-	-
Total	5,647,616	7,025,599	12,673,215

5.1.5.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – YTL	143,865	2,721,619	2,865,484
Real Estate Loans	2,407	338,891	341,298
Automobile Loans	25,807	1,217,525	1,243,332
General Purpose Loans	115,651	1,165,203	1,280,854
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	28,603	317,996	346,599
Real Estate Loans	-	55,996	55,996
Automobile Loans	2,500	155,361	157,861
General Purpose Loans	26,103	106,639	132,742
Other	-	-	-
Installment-based Commercial Loans – FC	4	2,962	2,966
Real Estate Loans	-	83	83
Automobile Loans	4	1,790	1,794
General Purpose Loans	-	1,089	1,089
Other	-	-	-
Corporate Credit Cards – YTL	184,038	-	184,038
With Installment	-	-	-
Without Installment	184,038	-	184,038
Corporate Credit Cards – FC	4,923	-	4,923
With Installment	1,719	-	1,719
Without Installment	3,204	-	3,204
Deposit Accounts– YTL (corporate)	408,802	-	408,802
Deposit Accounts– FC (corporate)	-	-	-
Total	770,235	3,042,577	3,812,812

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	33,501,844	26,893,298
Foreign Loans	911,645	271,847
Total	34,413,489	27,165,145

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	362,634	124,139
Indirect Lending	-	-
Total	362,634	124,139

5.1.5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	21,189	23,281
Doubtful Loans and Receivables	81,410	58,177
Uncollectible Loans and Receivables	401,881	369,786
Total	504,480	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	-	-	62,091
Rescheduled Loans and Receivables	-	-	-
Total	-	-	62,091
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 (+)	449,103	38,398	9,482
Transfer from Other NPL Categories (+)	-	281,786	169,401
Transfer to Other NPL Categories (-)	281,786	169,401	17,340
Collections during the Period (-)	100,237	77,797	75,826
Write-offs (-)	10	12	56,810
Balances at End of Period	145,302	190,422	469,816
Specific Provisions (-)	21,189	81,410	401,881
Net Balance on Balance Sheet	124,113	109,012	67,935

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	1,968	3,896	84,576
Specific Provisions (-)	130	653	57,787
Net Balance at Balance Sheet	1,838	3,243	26,789
Prior Period			
Balance at End of Period	161	581	103,662
Specific Provisions (-)	22	154	62,002
Net Balance at Balance Sheet	139	427	41,660

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.6 Investments held-to-maturity

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Investments	262,593	20,930	229,691	35,469
Investments subject to Repurchase Agreements	2,561,833	169,024	1,057,869	293,706
Total	2,824,426	189,954	1,287,560	329,175

5.1.6.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	3,712,006	4,475,929
Treasury Bills	-	-
Other Government Securities	122,086	140,966
Total	3,834,092	4,616,895

5.1.6.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	3,884,515	4,656,239
Quoted at Stock Exchange	3,279,102	3,943,582
Unquoted at Stock Exchange	605,413	712,657
Impairment Losses (-)	47,281	37,392
Total	3,837,234	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	-113,663	38,142
Purchases during the Period	1,118	3,801,796
Disposals through Sales/Redemptions (-)	425,622	1,610,397
Impairment Losses (-)	9,889	13,842
Change in Redeemed Costs	-233,557	-72,426
Balances at End of Period	3,837,234	4,618,847

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

5.1.7 Investments in associates

5.1.7.1 Investments in associates

	Associate	Address (City/ Country)	Bank’s Share – If Different, Voting Rights (%)	Bank’s Risk Group Share (%)
1	Garanti Sigorta AŞ (*)	Istanbul / Turkey	20.00	20.00
2	Bankalararası Kart Merkezi AŞ	Istanbul / Turkey	10.15	10.15

	Total Assets	Shareholders’ Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company’s Fair Value (if available)
1	339,231	130,290	16,223	18,552	386	34,887	-7,140	-
2	14,260	12,685	3,762	1,084	-	3,048	926	-

(*) Its name has been changed as Eureka Sigorta AŞ on 1 October 2007.

5.1.7.2 Movement of investments in associates

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

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

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

5.1.7.3 Sectoral distribution of investments and associates

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

5.1.7.4 Quoted associates

None.

5.1.7.5 Valuation methods of investments in associates

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

5.1.7.6 Investments in associates sold during the current period

None.

5.1.7.7 Investments in associates acquired during the current period

None.

5.1.8 Investments in subsidiaries

5.1.8.1 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Doğuş Hiz. Yön. ve Org. Danış. AŞ	Istanbul/Turkey	93.40	100.00
4	Galata Araştırma Yayıncılık Tanıtım ve Bilişim Teknoloji Hiz. AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	94.10	98.93
6	Garanti Faktoring Hiz. AŞ (1)	Istanbul/Turkey	55.40	55.40
7	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
8	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
10	Garanti Bank International NV	Amsterdam/Holland	100.00	100.00
11	Garanti Bank Moscow	Moscow/Russia	75.02	99.94
12	Garanti Financial Services Plc	Dublin/Ireland	99.99	100.00
13	Garanti Fund Management Co. Ltd	Valetta/Malta	99.50	100.00

	Total Assets	Shareholders' Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	11,802	7,336	557	-	930	419	-100,385	-
2	16,939	6,260	654	-	1,558	1,712	3,969	-
3	929	861	31	21	76	543	-	-
4	335	148	42	-	1	-11	-185	-
5	1,866,439	193,914	17,039	138,655	-	37,447	73,219	-
6	635,092	31,260	1,355	24,143	-	2,638	7,062	74,133
7	26,752	23,755	2,334	1,810	1,013	5,343	3,726	-
8	15,621	13,076	1,551	308	1,628	-1,386	1,780	-
9	708,727	85,284	7,037	10,504	9,520	35,006	-17,003	-
10	5,307,480	344,955	65,293	243,720	80,651	31,811	32,461	267,946
11	502,455	68,868	1,662	22,895	6,498	9,415	16,217	52,040
12	9,401	8,830	-	260	-	-143	6,396	17,364
13	74	-	-	-	-	-	-267	-

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

5.1.8.2 Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	604,152	611,151
Movements during the Period	-29,384	-6,999
Acquisitions and Capital Increases	-	14,685
Bonus Shares Received (*)	45,605	10,723
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	55,238	72,537
Reclassifications	-11,312	-
Increase/(Decrease) in Market Values	16,457	2,184
Currency Differences on Foreign Subsidiaries	-24,896	37,946
Impairment Losses (-)	-	-
Balance at End of Period	574,768	604,152
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

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

Garanti Faktoring Hiz. AŞ has increased its capital from YTL 15,988,500 to YTL 16,848,500 through appropriation from its retained earnings on 8 August 2007.

5.1.8.3 Sectoral distribution of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	306,987	287,036
Insurance Companies	56,545	123,095
Factoring Companies	41,073	37,205
Leasing Companies	76,169	76,169
Finance Companies	86,439	72,757
Other Subsidiaries	7,555	7,890

5.1.8.4 Quoted subsidiaries

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	41,073	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	201,862	559,128
Valued at Fair Value	365,422	37,205
Valued by Equity Method of Accounting	7,484	7,819

5.1.8.6 Investments in subsidiaries disposed during the current period

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

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

5.1.8.7 Investments in subsidiaries acquired during the current period

None.

5.1.9 Investments in Joint-Ventures

None.

5.1.10 Lease receivables

None.

5.1.11 Derivative financial instruments held for risk management

5.1.11.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets held for Risk Management	Current Period		Prior Period	
	YTL	FC	YTL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	12,671	-	4,799
Net foreign investment hedges	-	-	-	-
Total	-	12,671	-	4,799

5.1.12 Tangible assets (Net)

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

5.1.13 Intangible assets

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

5.1.14 Deferred tax assets

As of 30 September 2007, the Bank had a deferred tax asset of YTL 56,033 thousands (31 December 2006: YTL 38,188 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank did not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 September 2007. However, there was a deferred tax asset of YTL 95,101 thousands (31 December 2006: YTL 83,312 thousands) and deferred tax liability of YTL 39,068 thousands (31 December 2006: YTL 45,124 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods. For the cases where such differences are related with certain items on the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

5.1.15 Assets held for sale

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

5.1.16 Other assets

5.1.16.1 Receivables from term sale of assets

	Current Period	Prior Period
Investments in Associates, Subsidiaries and Joint Ventures	165,179	169,619
Real Estates	79,840	92,680
Other Assets	2,843	2,843
Total	247,862	265,142

5.1.16.2 Prepaid expenses, taxes and similar items

	Current Period	Prior Period
Prepaid Expenses	190,550	146,106
Prepaid Taxes	7,579	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	36,530	12,613	29,990	8,704
Financial Assets at Fair Value through Profit or Loss	763	1,460	906	1,857
Banks and Other Financial Institutions	39,007	20,371	498	987
Interbank Money Markets	-	-	-	-
Financial Assets Available-for-Sale	386,889	78,580	386,190	137,297
Loans	281,065	217,434	225,008	227,878
Investments Held-to-Maturity	34,816	1,418	267,639	2,152
Other Accruals	12,112	-	11,188	414
Total	791,182	331,876	921,419	379,289

5.2 Liabilities

5.2.1 Maturity profile of deposits

Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	1,034,091	-	3,452,962	6,410,355	229,427	55,633	82,978	-	11,265,446
Foreign Currency Deposits	4,071,983	-	5,592,907	5,816,672	606,858	491,530	541,350	66,563	17,187,863
Residents in Turkey	3,745,331	-	5,390,339	5,707,627	568,566	446,550	422,477	65,792	16,346,682
Residents in Abroad	326,652	-	202,568	109,045	38,292	44,980	118,873	771	841,181
Public Sector Deposits	170,292	-	4,525	4,233	7	1,336	53	-	180,446
Commercial Deposits	1,569,280	-	2,038,920	1,265,861	30,602	73,863	2,410	-	4,980,936
Other	67,264	-	32,540	72,439	812	168	253	-	173,476
Precious Metal Deposits	30,176	-	1,473	1,363	2,840	3,124	15,618	-	54,594
Bank Deposits	312,157	-	304,453	43,318	6,290	1,931	91,422	-	759,571
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	8,331	-	55,319	-	5,585	-	-	-	69,235
Foreign Banks	169,060	-	249,134	43,318	705	1,931	91,422	-	555,570
Special Purpose Financial Institutions	134,766	-	-	-	-	-	-	-	134,766
Other	-	-	-	-	-	-	-	-	-
Total	7,255,243	-	11,427,780	13,614,241	876,836	627,585	734,084	66,563	34,602,332

Prior Period

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

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

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	5,558,111	4,517,802	5,584,580	4,529,157
Foreign Currency Saving Deposits	3,088,674	3,015,500	6,443,066	5,151,654
Other Deposits	2,213	3,417	40,975	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	304,701	239,732
Off-Shore Branches	-	-

5.2.2 Derivative financial liabilities held for trading

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward deals	7,999	1,469	2,830	602
Swaps	312,284	40,500	216,466	2,145
Futures	-	103	-	-
Options	7,705	5	470	389
Other	-	-	-	-
Total	327,988	42,077	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	218,368	55,940	192,435	53,445
Foreign Banks, Institutions and Funds	738,548	7,524,684	317,606	7,326,919
Total	956,916	7,580,624	510,041	7,380,364

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	218,368	1,589,979	510,041	1,876,506
Medium and Long-Term	738,548	5,990,645	-	5,503,858
Total	956,916	7,580,624	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 external funds

Funds provided through repurchase transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic Transactions	4,508,261	-	3,476,521	-
Financial Institutions and Organizations	4,431,416	-	59,156	-
Other Institutions and Organizations	29,733	-	3,373,115	-
Individuals	47,112	-	44,250	-
Foreign Transactions	759,333	681,504	780,251	557,121
Financial Institutions and Organizations	758,950	681,504	779,578	557,121
Other Institutions and Organizations	98	-	378	-
Individuals	285	-	295	-
Total	5,267,594	681,504	4,256,772	557,121

5.2.5 Lease payables (Net)

5.2.5.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	51,464	48,028	37,364	34,074
1-4 Years	11,939	10,984	12,313	10,664
More than 4 Years	-	-	-	-
Total	63,403	59,012	49,677	44,738

5.2.5.2 Operational lease agreements

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

5.2.6 Negative differences on derivative financial liabilities held for risk management

Derivative Financial Liabilities held for Risk Management	Current Period		Prior Period	
	YTL	FC	YTL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	124	-	-
Net foreign investment hedges	-	-	-	-
Total	-	124	-	-

5.2.7 Provisions

5.2.7.1 General provisions

	Current Period	Prior Period
General Provision for	247,106	158,466
Loans and Receivables in Group I	217,401	138,632
Loans and Receivables in Group II	382	490
Non-Cash Loans	29,323	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	34,939	12,392
Medium and Long-Term Loans	80,838	7,344
Total	115,777	19,736

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

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

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

5.2.7.4 Other provisions

5.2.7.4.1 General reserves for possible losses

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

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

5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	166,218	128,818
Provision for Promotion Expenses of Credit Cards (*)	45,164	46,051
Other Provisions	55,469	62,100
Total	266,851	236,969

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

5.2.8 Taxes and other duties payable

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 30 September 2007, after netting with the prepaid taxes, the Bank had a current tax liability of YTL 137,510 thousands (31 December 2006: YTL 121,650 thousands). In cases where the differences between the carrying amounts and the taxable amounts of assets subject to tax, are related with certain items in the equity accounts, the current tax assets/liabilities are charged or credited directly to these accounts.

5.2.8.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	137,510	121,650
Taxation on Securities Income	59,476	31,202
Taxation on Real Estates Income	842	677
Banking Insurance Transaction Tax	24,463	23,563
Foreign Exchange Transaction Tax	2,975	3,252
Value Added Tax Payable	601	1,248
Others	10,326	9,923
Total	236,193	191,515

5.2.8.1.3 Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	4	2
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	461	8
Bank Pension Fund Premium-Employer	722	11
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	549	462
Unemployment Insurance-Employer	1,022	850
Others	-	-
Total	2,758	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	-10,215	13,401	7,018	-
Valuation difference	10,333	13,401	7,619	-
Exchange rate difference	-20,548	-	-601	-
Securities Available-for-Sale	104,714	56,540	60,764	71,337
Valuation difference	104,714	56,540	60,764	71,337
Exchange rate difference	-	-	-	-
Total	94,499	69,941	67,782	71,337

5.2.11.9 Revaluation surplus

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

5.2.11.10 Bonus shares of associates, subsidiaries and joint-ventures

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

5.2.11.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	137,519	84,776
II. Legal Reserve	18,790	7,358
Special Reserves	-	-

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

5.2.11.12 Extraordinary reserves

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	1,275,689	523,677
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

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

5.2.12 Accrued interest and expenses

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

	Current Period		Prior Period	
	FC	YTL	FC	YTL
Deposits	131,059	49,611	119,029	42,246
Funds Borrowed	44,931	76,235	24,460	62,002
Interbank Money Markets	38,041	6,626	52,445	10,434
Other Accruals	20,046	3,406	5,667	10,732
Total	234,077	135,878	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	5,536,349	4,575,955
Letters of Guarantee in YTL	3,690,443	2,687,808
Letters of Credit	1,627,365	1,505,384
Bills of Exchange and Acceptances	127,780	143,541
Others	-	-
Total	10,981,937	8,912,688

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

A specific provision of YTL 1,850 thousands (31 December 2006: YTL 1,694 thousands) is made for unliquidated non-cash loans of YTL 9,008 thousands (31 December 2006: YTL 6,621 thousands) recorded under the off-balance sheet items in the accompanying financial statements.

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

As of 30 September 2007, in the Bank’s “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 875,000,000 (31 December 2006: USD 625,000,000).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	282,031	293,794
<i>With Original Maturity of 1 Year or Less</i>	64,859	41,294
<i>With Original Maturity of More Than 1 Year</i>	217,172	252,500
Other Non-Cash Loans	11,379,882	9,232,482
Total	11,661,913	9,526,276

5.3.1.4 Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agriculture	16,327	0.44	9,841	0.12	12,136	0.45	13,193	0.19
Farming and Stockbreeding	15,400	0.42	9,705	0.12	11,226	0.42	13,193	0.19
Forestry	99	0.00	-	-	80	0.00	-	-
Fishery	828	0.02	136	-	830	0.03	-	-
Manufacturing	1,258,166	34.08	3,013,645	37.81	709,238	26.38	2,778,048	40.63
Mining	332,308	9.00	15,026	0.19	66,001	2.45	28,819	0.42
Production	886,819	24.02	2,467,493	30.96	627,430	23.34	2,458,165	35.95
Electricity, Gas, Water	39,039	1.06	531,126	6.66	15,807	0.59	291,064	4.26
Construction	566,027	15.33	1,527,331	19.16	438,975	16.33	1,235,059	18.06
Services	1,641,740	44.46	2,903,850	36.43	1,410,591	52.47	2,658,889	38.88
Wholesale and Retail Trade	1,072,288	29.04	807,086	10.13	857,786	31.90	812,314	11.88
Hotel, Food and Beverage Services	70,236	1.90	111,507	1.40	68,449	2.55	106,313	1.55
Transportation and Telecommunication	83,806	2.27	561,933	7.05	73,029	2.72	594,163	8.69
Financial Institutions	370,316	10.03	1,393,343	17.48	370,255	13.77	1,118,742	16.36
Real Estate and Renting Services	14,159	0.38	10,594	0.13	12,032	0.45	11,685	0.17
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	5,554	0.15	3,364	0.04	5,750	0.21	4,763	0.07
Health and Social Services	25,381	0.69	16,023	0.20	23,290	0.87	10,909	0.16
Other	209,970	5.69	515,016	6.48	117,571	4.37	152,576	2.24
Total	3,692,230	100.00	7,969,683	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	3,685,937	7,966,968	-	-
Letters of Guarantee	3,684,150	5,535,104	-	-
Bills of Exchange and Bank Acceptances	858	126,970	-	-
Letters of Credit	929	2,304,894	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	-	-	-

5.3.2 Financial derivative instruments

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

5.3.3 Contingent liabilities and assets

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

5.3.4 Services rendered on behalf of third parties

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

5.4 Income Statement

5.4.1 Interest Income

5.4.1.1 Interest income from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term loans	1,596,999	141,757	1,137,402	120,627
Medium and long-term loans	685,699	537,824	390,011	394,316
Loans under follow-up	13,784	-	28,397	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,296,482	679,581	1,555,810	514,943

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	24,152	-	8,765	-
Domestic Banks	13,522	3,597	3,182	4,858
Foreign Banks	64,153	82,702	10,239	42,848
Foreign Headoffices and Branches	-	-	-	-
Total	101,827	86,299	22,186	47,706

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Financial Assets	10,253	4,637	7,754	9,927
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	856,537	240,254	583,003	210,887
Investments Held-to-Maturity	456,784	39,682	238,254	114,549
Total	1,323,574	284,573	829,011	335,363

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	15,313	3,998

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	101,962	298,989	17,920	244,211
Central Bank of Turkey	-	-	-	-
Domestic Banks	23,119	2,050	14,119	2,034
Foreign Banks	78,843	296,939	3,801	242,177
Foreign Headoffices and Branches	-	-	-	-
Other Institutions	-	33,524	-	15,160
Total	101,962	332,513	17,920	259,371

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	22,404	11,297

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	208	35,586	-	-	-	-	-	35,794
Saving Deposits	1,262	428,498	771,167	23,382	5,830	8,946	-	1,239,085
Public Sector Deposits	5	1,323	812	1	12	6	-	2,159
Commercial Deposits	8,283	344,870	110,601	3,124	1,649	764	-	469,291
Other	370	9,796	13,926	90	17	26	-	24,225
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total YTL	10,128	820,073	896,506	26,597	7,508	9,742	-	1,770,554
Foreign Currency								
Foreign Currency Deposits	14,647	171,827	169,298	23,111	13,807	13,658	1,980	408,328
Bank Deposits	-	18,440	-	-	-	-	-	18,440
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	5	10	21	82	-	-	118
Total FC	14,647	190,272	169,308	23,132	13,889	13,658	1,980	426,886
Grand Total	24,775	1,010,345	1,065,814	49,729	21,397	23,400	1,980	2,197,440

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	2,449,138	3,082,866
Trading Account Income	962,176	609,766
Derivative financial instruments	893,548	493,837
Others	68,628	115,929
Foreign Exchange Losses	1,486,962	2,473,100
Losses (-)	2,565,709	3,088,251
Trading Account Losses	1,013,337	525,902
Derivative financial instruments	985,286	466,440
Others	28,051	59,462
Foreign Exchange Losses	1,552,372	2,562,349
Total	-116,571	-5,385

5.4.5 Other operating income

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

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

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	128,349	180,335
<i>Loans and receivables in Group III</i>	<i>79,420</i>	<i>180,335</i>
<i>Loans and receivables in Group IV</i>	<i>26,773</i>	<i>-</i>
<i>Loans and receivables in Group V</i>	<i>22,156</i>	<i>-</i>
General Provisions	90,961	51,368
Provision for Possible Losses	17,000	15,000
Impairment Losses on Securities	419	2,776
<i>Financial assets at fair value through profit or loss</i>	<i>419</i>	<i>1,129</i>
<i>Financial assets available-for-sale</i>	<i>-</i>	<i>1,647</i>
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	335	8,541
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>335</i>	<i>-</i>
<i>Joint Ventures</i>	<i>-</i>	<i>-</i>
<i>Investments held-to-maturity</i>	<i>-</i>	<i>8,541</i>
Others	3,541	31,471
Total	240,605	289,491

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	464,707	374,489
Reserve for Employee Termination Benefits	6,798	4,482
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	51	4
Depreciation Expenses of Tangible Assets	104,717	99,358
Impairment Losses on Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	16,654	16,393
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	846	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	522,146	428,758
<i>Operational lease related expenses</i>	<i>55,172</i>	<i>40,184</i>
<i>Repair and maintenance expenses</i>	<i>13,920</i>	<i>8,568</i>
<i>Advertisement expenses</i>	<i>69,223</i>	<i>55,462</i>
<i>Other expenses</i>	<i>383,831</i>	<i>324,544</i>
Loss on Sale of Assets	6,011	10,924
Others	161,986	100,143
Total	1,283,916	1,034,551

5.4.8 Profit/loss before taxes

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

5.4.9 Provision for taxes on income

As of 30 September 2007, the Bank recorded a tax expense of YTL 374,270 thousands (30 September 2006: YTL 161,188 thousands) and a deferred tax income of YTL 13,270 thousands (30 September 2006: YTL 30,299 thousands, a deferred tax expense).

Deferred tax income/expense on timing differences

Deferred tax income/(expense) on timing difference	Current Period
Increase in tax deductible timing differences	10,805
Decrease in tax deductible timing differences (-)	4,013
Increase in taxable timing differences (-)	3,355
Decrease in taxable timing differences	9,833
Total	13,270

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	6,792
(Increase)/decrease in taxable timing differences	6,478
Increase/(decrease) in tax losses	-
Increase/(decrease) in tax deductions and exemptions	-
Total	13,270

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

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

5.5 Statement of Changes in Shareholders' Equity

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

5.6 Statement of Cash Flows

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

5.7 Related Party Risks

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

5.7.1.1 Loans and other receivables

Current Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	668,516	22,923	224,108	8,253	25,793	41,793
Balance at end of period	938,765	79,679	209,782	1,085	43,169	125,374
Interest and Commission Income	23,197	67	35	70	1,867	523

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	554,054	15,818	220,633	155,948	120,193	2,006
Balance at end of period	668,516	22,923	224,108	8,253	25,793	41,793
Interest and Commission Income	5,030	88	13	1,267	1,011	71

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	242,258	218,882	221,358	75,693	209,695	130,183
Interest Expense	22,404	11,297	17,273	39,044	6,922	7,689

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	3,430	2,790	-	-	-	-
Total Profit/Loss	-11	7	-	-	-	-
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 400,996 thousands (31 December 2006: YTL 145,174 thousands) compose 1.16% (31 December 2006: 0.53%) of the Bank's total cash loans and 0.67% (31 December 2006: 0.29%) of the Bank's total assets. The total loans and similar receivables amounting YTL 1,191,716 thousands (31 December 2006: YTL 921,207 thousands) compose 2.0% (31 December 2006: YTL 1.83%) of the Bank's total assets. The non-cash loans of the risk group amounting YTL 206,138 thousands (31 December 2006: YTL 72,969 thousands) compose 1.77% (31 December 2006: 0.77%) of the Bank's total non-cash loans. The deposits of the risk group amounting YTL 673,311 thousands (31 December 2006: YTL 424,758 thousands) compose 1.95% (31 December 2006: 1.41%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set in compliance with the market prices.

5.7.2.3 *Other matters not required to be disclosed*

None.

5.7.2.4 *Transactions accounted under equity method*

Please refer to Notes 5.1.7 and 5.1.8.

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

The Bank has agency contracts with Garanti Yatırım Menkul Kıymetler AŞ, Eureka Sigorta AŞ, Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities 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

The legal registration process of Garanti Konut Finansmanı Danışmanlık Hizmetleri AŞ, a new company established as per the decision made during the board of directors meeting of the Bank on 15 September 2007 to provide consultancy and outsourcing services to banks, housing finance and mortgage finance companies, has been completed on 3 October 2007. The Bank owns 99.99% of the company shares. ¼ of the share capital of the company amounting YTL 750 in total, is paid.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Other disclosures

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

The applications have been filed with the BRSA and the CMB for these resolutions on 13 June 2007. Following the completion of this process, the amendments to "the Articles of Association" are approved at the extraordinary general assembly meeting held on 4 October 2007.

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

US\$ 115 millions (YTL 147,775 thousands) that was paid in cash by Deutsche Bank AG for the transfer of the said services up front, is recorded under other operating income.

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

- It was decided during the Board of Directors meeting of the Bank on 15 September 2007 to establish a new company namely, Garanti Financial Services NV, in Holland for the purpose of cross border expansions and accordingly to authorize the head office to carry out the establishment procedures.

5.10.2 The Bank's latest international risk ratings

MOODY'S (September 2007*)

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

STANDARD AND POORS (January 2007*)

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

FITCH RATINGS (July 2007*)

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

CAPITAL INTELLIGENCE (July 2007*)

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

(*) Latest dates in risk ratings or outlooks.

5.10.3 Dividends

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

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

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

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

CASH DIVIDEND ON 2006 PROFIT FOR ORDINARY SHARE HOLDERS

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

CASH DIVIDEND ON 2006 PROFIT FOR FOUNDER SHARE HOLDERS

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

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

6 Independent Auditor's Review Report

6.1 Disclosure on Independent Auditor's Review Report

The Bank's unconsolidated interim financial statements as of 30 September 2007, are reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International). It was noted in their review report dated 9 November 2007 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 30 September 2007.

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