



**Türkiye Garanti Bankası Anonim Şirketi**

**And Its Financial Affiliates**

**Consolidated Financial Statements**

**As of and For the Three-Month Period Ended**

**31 March 2008**

*(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**

**1 May 2008**

*This report contains "Independent Auditors' Review  
Report" comprising 1 page and; "Consolidated  
Financial Statements and Related Disclosures and  
Footnotes" comprising 81 pages.*



**Akis Bağımsız Denetim ve Serbest  
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**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 consolidated balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") and its financial affiliates as of 31 March 2008 and the related consolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the three-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

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

The Bank has provided a general reserve amounting YTL 131 millions, fully charged as an expense to the income statement as of and for the three month period ended 31 March 2008 in the accompanying consolidated financial statements for possible additional liabilities, which probably will incur after the transfer of the liabilities of "Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" ("the Fund") to Social Security Foundation (SSF) in accordance with Law no. 5754 accepted and approved by the Turkish Parliament on 17 April 2008, and currently not enacted.

Based on our review, except for the effect on the consolidated financial statements of the matter referred to in the paragraph 3, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not presented fairly, in all material respects, the financial position of the Bank and its financial affiliates as of 31 March 2008 and the result of its operations and cash flows for the three-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Articles 37 and 38 of the (Turkish) Banking Law No. 5411 and other communiques, disclosures and directives issued by the Banking Regulatory and Supervisory Agency.

İstanbul,  
1 May 2008

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik  
Anonim Şirketi  
  
Mural Alsah  
Partner

*Certified Public Accountant*

**Additional paragraph for convenience translation to English:**

As explained in Note 3.1.1, the accompanying consolidated 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 and Its Financial Affiliates**  
**Consolidated Interim Financial Report**  
**as of and for the Three-Month Period Ended 31 March 2008**

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The consolidated interim financial report for the three-month period ended 31 March 2008 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 Parent Bank
2. Consolidated Financial Statements of Parent Bank
3. Accounting Policies
4. Consolidated Financial Position and Results of Operations of Group
5. Disclosures and Footnotes on Consolidated Financial Statements
6. Independent Auditors' Review Report

The consolidated subsidiaries and associates in the scope of this consolidated financial report are the followings:

<b>Subsidiaries</b>	<b>Associates</b>
1. Garanti Bank International NV	1. Eureka Sigorta AŞ
2. Garanti Finansal Kiralama AŞ	
3. Garanti Bank Moscow	
4. Garanti Faktoring Hizmetleri AŞ	
5. Garanti Emeklilik ve Hayat AŞ	
6. Garanti Yatırım Menkul Kıymetler AŞ	
7. Garanti Portföy Yönetimi AŞ	
8. Garanti Financial Services Plc	
9. Garanti Fund Management Co Ltd	

The consolidated 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. Unless stated otherwise, the accompanying consolidated financial statements are presented in thousands of New Turkish Lira (YTL).

<b>Ferit F. Şahenk</b> Board of Directors Chairman	<b>M. Cüneyt Sezgin</b> Audit Committee Member	<b>Des O'Shea</b> Audit Committee Member	<b>S. Ergun Özen</b> General Manager	<b>Aydın Şenel</b> Executive Vice President Responsible of Financial Reporting	<b>Aylin Aktürk</b> Coordinator
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The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations  
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## **1 General Information**

### **1.1 History of parent 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 624 domestic branches, five foreign branches and four representative offices abroad. The Bank’s head office is located in Istanbul.

### **1.2 Parent bank’s shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during period and information on its risk group**

As of 31 March 2008, group of companies under Doğu Holding AŞ that currently owns 30.52% shares of the Bank, is called as the Doğu Group (the Group). On 22 December 2005, Doğu Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank’s issued share capital to “GE Araştırma ve Müşavirlik Limited Şti.” of General Electric (GE) group. Accordingly, GE acquired a joint control on the Bank’s management. On 27 December 2007, GE Araştırma ve Müşavirlik Limited Şti. has sold 9,765,000,000 shares of the Bank at a nominal value of YTL 97.650 each to Doğu Holding AŞ, representing 4.65% of the issued share capital of Türkiye Garanti Bankası AŞ.

#### **Doğu Group**

The Group was established in 1951 as a construction and contracting firm. Today, in addition to the construction sector, the Group operates in a variety of business consisting of financial services, automotive, media, tourism and service sectors with more than 19,800 employees. The Group operates partnerships and has distribution, management and franchise agreements with internationally recognized brand names, such as Volkswagen, Audi, Bentley, Porsche, Seat, Scania, ITT Sheraton, Hyatt Regency, Jeeves, Armani, Gucci and CNBC. In the construction sector, the Group has an important role in certain ongoing projects such as Araklı-İyidere and Sinop-Boyabat motorways, Kadıköy-Kartal and Otogar-Bağcılar subways, Yusufeli and Artvin dams, Ukraine Dnyeper bridge. The Group has tourism investments such as Sheraton Voyager, Club Aldiana and Paradise Side Apart Otel and five marinas which are adjudicated by “build, operate and transfer model” such as Dalaman, Didim, Turgutreis, Bodrum and Antalya.

The investments of the Group in the financial sector are; Türkiye Garanti Bankası AŞ, Garanti Bank International NV, Garanti Bank Moscow, Garanti Finansal Kiralama AŞ, Garanti Yatırım Menkul Kıymetler AŞ, Garanti Portföy Yönetimi AŞ, Garanti Emeklilik ve Hayat AŞ, Garanti Faktoring Hizmetleri AŞ, Garanti Ödeme Sistemleri AŞ, Eureka Sigorta AŞ, Doğu GE Gayrimenkul Yatırım Ortaklığı AŞ and Volkswagen Doğu 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 parent bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the bank

#### Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	18 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	26 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	23 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	34 years
Charles Edward Alexander	Member	22.12.2005	University	28 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	Master	31 years
Oliver B.R.V. Piani	Member	21.02.2007	Master	27 years
Dmitri Lysander Stockton	Member	22.12.2005	University	17 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	21 years

#### CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	21 years
Adnan Memiş	EVP-Support Services	03.06.1991	University	30 years
Afzal Mohammed Modak	EVP-Finance & Accounting	20.07.2007	Master	23 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	Master	16 years
Ali Temel	EVP-Loans	21.10.1999	University	18 years
Gökhan Erun	EVP-Human Resources & Investment Banking	18.08.2005	Master	14 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	26 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	23 years
Uruz Ersözöğlu	EVP-Treasury	03.04.2006	University	17 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	16 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	23 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	27 years
Zekeriya Öztürk	EVP- International Business Development	02.03.2006	Master	13 years

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

#### **1.4 Information on parent bank's qualified shareholders**

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	559,900	26.6619%	559,900	-
GE Araştırma ve Müşavirlik Limited Şti	437,856	20.8503%	437,856	-

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 parent bank's activities and services**

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

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

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

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

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



## 2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

### Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates Consolidated Balance Sheet At 31 March 2008

ASSETS		Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
			CURRENT PERIOD 31 March 2008			PRIOR PERIOD 31 December 2007		
			YTL	FC	Total	YTL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>		5.1.1	965,056	4,722,457	5,687,513	3,186,970	4,050,061	7,237,031
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>		5.1.2	586,143	812,120	1,398,263	281,010	750,690	1,031,700
2.1 Financial assets held for trading			278,877	612,079	890,956	236,454	690,782	927,236
2.1.1 Government securities			257,275	73,313	330,588	225,090	107,044	332,134
2.1.2 Equity securities			12,539	13	12,552	1,462	-	1,462
2.1.3 Other securities			9,063	538,753	547,816	9,902	583,738	593,640
2.2 Financial assets valued at fair value through profit or loss			-	-	-	-	-	-
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Other securities			-	-	-	-	-	-
2.3 Derivative financial assets held for trading			307,266	200,041	507,307	44,556	59,908	104,464
<b>III. BANKS</b>		5.1.3	1,582,837	4,760,511	6,343,348	1,058,305	4,523,469	5,581,774
<b>IV. INTERBANK MONEY MARKETS</b>			-	-	-	-	-	-
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements			-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>		5.1.4	9,878,764	3,688,296	13,567,060	9,839,136	3,712,231	13,551,367
5.1 Equity securities			24,232	53,410	77,642	37,193	37,674	74,867
5.2 Government securities			9,715,302	2,034,509	11,749,811	9,690,401	2,268,068	11,958,469
5.3 Other securities			139,230	1,600,377	1,739,607	111,542	1,406,489	1,518,031
<b>VI. LOANS</b>		5.1.5	25,129,209	20,200,952	45,330,161	22,649,101	16,352,923	39,002,024
6.1 Loans			24,791,510	20,200,952	44,992,462	22,342,086	16,352,898	38,694,984
6.1.1 Loans to bank's risk group		5.7	32,876	84,015	116,891	22,720	71,062	93,782
6.1.2 Other			24,758,634	20,116,937	44,875,571	22,319,366	16,281,836	38,601,202
6.2 Loans under follow-up			884,602	6,934	891,536	846,538	5,776	852,314
6.3 Specific provisions (-)			546,903	6,934	553,837	539,523	5,751	545,274
<b>VII. FACTORING RECEIVABLES</b>		5.1.6	298,327	268,348	566,675	345,643	148,757	494,400
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>		5.1.7	3,342,055	541,349	3,883,404	3,498,885	801,475	4,300,360
8.1 Government securities			3,338,765	513,874	3,852,639	3,495,683	777,619	4,273,302
8.2 Other securities			3,290	27,475	30,765	3,202	23,856	27,058
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>		5.1.8	31,322	-	31,322	29,260	-	29,260
9.1 Associates consolidated under equity accounting			31,059	-	31,059	28,997	-	28,997
9.2 Unconsolidated associates			263	-	263	263	-	263
9.2.1 Financial investments in associates			-	-	-	-	-	-
9.2.2 Non-financial investments in associates			263	-	263	263	-	263
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>		5.1.9	10,857	661	11,518	9,694	540	10,234
10.1 Unconsolidated financial investments in subsidiaries			418	661	1,079	418	540	958
10.2 Unconsolidated non-financial investments in subsidiaries			10,439	-	10,439	9,276	-	9,276
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>		5.1.10	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>		5.1.11	524,989	1,636,839	2,161,828	549,408	1,396,241	1,945,649
12.1 Financial lease receivables			689,992	1,819,835	2,509,827	690,122	1,560,826	2,250,948
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			165,003	182,996	347,999	140,714	164,585	305,299
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>		5.1.12	-	221	221	-	31,960	31,960
13.1 Fair value hedges			-	-	-	-	-	-
13.2 Cash flow hedges			-	221	221	-	31,960	31,960
13.3 Net foreign investment hedges			-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		5.1.13	1,020,040	95,127	1,115,167	1,048,771	72,321	1,121,092
<b>XV. INTANGIBLE ASSETS (Net)</b>		5.1.14	24,565	4,139	28,704	24,926	3,127	28,053
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			18,177	4,139	22,316	18,538	3,127	21,665
<b>XVI. INVESTMENT PROPERTY (Net)</b>		5.1.15	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>			39,442	1,532	40,974	63,263	311	63,574
17.1 Current tax asset			2,166	-	2,166	5,222	-	5,222
17.2 Deferred tax asset		5.1.16	37,276	1,532	38,808	58,041	311	58,352
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>		5.1.17	97,400	-	97,400	112,886	-	112,886
18.1 Asset held for resale			97,400	-	97,400	112,886	-	112,886
18.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>		5.1.18	1,594,552	239,337	1,833,889	1,484,191	122,938	1,607,129
<b>TOTAL ASSETS</b>			45,125,558	36,971,889	82,097,447	44,181,449	31,967,044	76,148,493

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Balance Sheet**  
**At 31 March 2008**

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 March 2008			31 December 2007		
			YTL	FC	Total	YTL	FC	Total
<b>I. DEPOSITS</b>	5.2.1		21,929,515	26,313,471	48,242,986	20,196,472	23,493,058	43,689,530
1.1 Deposits from bank's risk group	5.7		226,894	380,433	607,327	204,546	135,893	340,439
1.2 Other			21,702,621	25,933,038	47,635,659	19,991,926	23,357,165	43,349,091
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	5.2.2		297,871	180,674	478,545	501,205	37,388	538,593
<b>III. FUNDS BORROWED</b>	5.2.3		2,650,670	10,156,443	12,807,113	1,812,519	9,088,223	10,900,742
<b>IV. INTERBANK MONEY MARKETS</b>	5.2.4		6,586,024	1,206,521	7,792,545	7,447,905	1,144,051	8,591,956
4.1 Interbank money market takings			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings			-	-	-	-	-	-
4.3 Obligations under repurchase agreements			6,586,024	1,206,521	7,792,545	7,447,905	1,144,051	8,591,956
<b>V. SECURITIES ISSUED (Net)</b>			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
<b>VI. FUNDS</b>			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>			2,318,986	122,693	2,441,679	2,384,138	129,090	2,513,228
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>			832,754	357,969	1,190,723	863,062	298,408	1,161,470
<b>IX. FACTORING PAYABLES</b>	5.2.5		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	5.2.6		-	5,687	5,687	-	4,115	4,115
10.1 Financial lease payables			-	5,687	5,687	-	4,115	4,115
10.2 Operational lease payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred expenses (-)			-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	5.2.7		-	849	849	-	249	249
11.1 Fair value hedges			-	-	-	-	-	-
11.2 Cash flow hedges			-	849	849	-	249	249
11.3 Net foreign investment hedges			-	-	-	-	-	-
<b>XII. PROVISIONS</b>	5.2.8		900,018	20,689	920,707	651,197	22,225	673,422
12.1 General provisions			332,532	16,596	349,128	265,965	14,695	280,660
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserve for employee benefits			198,355	-	198,355	143,883	-	143,883
12.4 Insurance technical provisions (Net)			115,173	-	115,173	101,150	-	101,150
12.5 Other provisions			253,958	4,093	258,051	140,199	7,530	147,729
<b>XIII. TAX LIABILITY</b>	5.2.9		48,320	6,548	54,868	217,521	3,219	220,740
13.1 Current tax liability			47,989	6,548	54,537	217,521	3,189	220,710
13.2 Deferred tax liability			331	-	331	-	30	30
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	5.2.10		-	-	-	-	-	-
14.1 Asset held for sale			-	-	-	-	-	-
14.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	5.2.11		-	823,910	823,910	-	728,771	728,771
<b>XVI. SHAREHOLDERS' EQUITY</b>	5.2.12		7,328,237	9,598	7,337,835	6,983,672	142,005	7,125,677
16.1 Paid-in capital			2,100,000	-	2,100,000	2,100,000	-	2,100,000
16.2 Capital reserves			649,473	6,751	656,224	886,218	139,484	1,025,702
16.2.1 Share premium			-	-	-	-	-	-
16.2.2 Share cancellation profits			-	-	-	-	-	-
16.2.3 Securities value increase fund			(102,669)	7,430	(95,239)	81,517	108,020	189,537
16.2.4 Revaluation surplus on tangible assets			29,864	-	29,864	29,864	-	29,864
16.2.5 Revaluation surplus on intangible assets			-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property			-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures			1,509	-	1,509	1,509	-	1,509
16.2.8 Hedging reserves (effective portion)			(51,785)	(679)	(52,464)	774	31,464	32,238
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations			-	-	-	-	-	-
16.2.10 Other capital reserves			772,554	-	772,554	772,554	-	772,554
16.3 Profit reserves			1,647,505	2,847	1,650,352	1,560,342	2,521	1,562,863
16.3.1 Legal reserves			165,846	2,847	168,693	165,846	2,521	168,367
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			1,388,561	-	1,388,561	1,388,561	-	1,388,561
16.3.4 Other profit reserves			93,098	-	93,098	5,935	-	5,935
16.4 Profit or loss			2,905,197	-	2,905,197	2,413,778	-	2,413,778
16.4.1 Prior periods profit/loss			2,413,778	-	2,413,778	-	-	-
16.4.2 Current period net profit/loss			491,419	-	491,419	2,413,778	-	2,413,778
16.5 Minority interest			26,062	-	26,062	23,334	-	23,334
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>42,892,395</b>	<b>39,205,052</b>	<b>82,097,447</b>	<b>41,057,691</b>	<b>35,090,802</b>	<b>76,148,493</b>

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

## Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

## Consolidated Off-Balance Sheet Items

At 31 March 2008

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD 31 March 2008			PRIOR PERIOD 31 December 2007		
		YTL	FC	Total	YTL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>26,217,674</b>	<b>43,250,276</b>	<b>69,467,950</b>	<b>23,960,000</b>	<b>32,425,848</b>	<b>56,385,848</b>
<b>I. GUARANTEES AND SURETIES</b>	5.3.1	<b>3,933,208</b>	<b>11,092,897</b>	<b>15,026,105</b>	<b>3,921,013</b>	<b>8,969,994</b>	<b>12,891,007</b>
1.1. Letters of guarantee		3,932,908	6,995,237	10,928,145	3,920,019	5,849,586	9,769,605
1.1.1. Guarantees subject to State Tender Law		304,396	507,069	811,465	306,986	423,552	730,538
1.1.2. Guarantees given for foreign trade operations		308,270	416,396	724,666	303,752	326,670	630,422
1.1.3. Other letters of guarantee		3,320,242	6,071,772	9,392,014	3,309,281	5,099,364	8,408,645
1.2. Bank acceptances		300	133,649	133,949	600	115,887	116,487
1.2.1. Import letter of acceptance		300	122,266	122,566	600	107,622	108,222
1.2.2. Other bank acceptances		-	11,383	11,383	-	8,265	8,265
1.3. Letters of credit		-	3,904,116	3,904,116	394	2,915,806	2,916,200
1.3.1. Documentary letters of credit		-	3,198	3,198	-	1,649	1,649
1.3.2. Other letters of credit		-	3,900,918	3,900,918	394	2,914,157	2,914,551
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		-	59,895	59,895	-	88,715	88,715
1.9. Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>13,318,304</b>	<b>4,956,288</b>	<b>18,274,592</b>	<b>13,139,200</b>	<b>3,675,756</b>	<b>16,814,956</b>
2.1. Irrevocable commitments		13,318,304	4,955,860	18,274,164	13,139,200	3,675,366	16,814,566
2.1.1. Asset purchase commitments		282,029	2,317,432	2,599,461	50,554	1,689,412	1,739,966
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		812	-	812	812	-	812
2.1.4. Loan granting commitments		2,560,555	1,443,040	4,003,595	2,327,523	924,924	3,252,447
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,263,818	-	1,263,818	1,852,451	-	1,852,451
2.1.8. Tax and fund obligations on export commitments		-	-	22,626	-	-	24,398
2.1.9. Commitments for credit card limits		7,924,254	7,272	7,931,526	7,619,252	-	7,619,252
2.1.10. Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,264,210	1,188,116	2,452,326	1,264,210	1,061,030	2,325,240
2.2. Revocable commitments		-	428	428	-	390	390
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	428	428	-	390	390
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	5.3.2	<b>8,966,162</b>	<b>27,201,091</b>	<b>36,167,253</b>	<b>6,899,787</b>	<b>19,780,098</b>	<b>26,679,885</b>
3.1. Derivative financial instruments held for risk management		-	3,401	3,401	-	58,282	58,282
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	3,401	3,401	-	58,282	58,282
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivative		8,966,162	27,197,690	36,163,852	6,899,787	19,721,816	26,621,603
3.2.1. Forward foreign currency purchases/sales		1,124,021	1,633,747	2,757,768	863,438	1,217,606	2,081,044
3.2.1.1. Forward foreign currency purchases		620,411	733,837	1,354,248	340,766	665,557	1,006,323
3.2.1.2. Forward foreign currency sales		503,610	899,910	1,403,520	522,672	552,049	1,074,721
3.2.2. Currency and interest rate swaps		4,484,627	12,763,881	17,248,508	4,840,279	10,157,286	14,997,565
3.2.2.1. Currency swaps-purchases		1,879,946	6,763,894	8,643,840	1,215,757	6,023,664	7,239,421
3.2.2.2. Currency swaps-sales		2,600,844	5,985,130	8,585,974	3,622,066	4,123,014	7,745,080
3.2.2.3. Interest rate swaps-purchases		1,088	7,596	8,684	417	5,401	5,818
3.2.2.4. Interest rate swaps-sales		2,749	7,261	10,010	2,039	5,207	7,246
3.2.3. Currency, interest rate and security options		3,222,438	12,246,546	15,468,984	1,077,653	7,711,274	8,788,927
3.2.3.1. Currency call options		1,371,470	6,008,300	7,379,770	370,616	3,798,693	4,169,309
3.2.3.2. Currency put options		1,651,658	5,898,532	7,550,190	635,057	3,417,318	4,052,375
3.2.3.3. Interest rate call options		-	91,700	91,700	-	81,200	81,200
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		100,054	124,917	224,971	37,344	113,283	150,627
3.2.3.6. Security put options		99,256	123,097	222,353	34,636	300,780	335,416
3.2.4. Currency futures		133,559	131,696	265,255	114,417	82,650	197,067
3.2.4.1. Currency futures-purchases		125,077	768	125,845	83,070	2,219	85,289
3.2.4.2. Currency futures-sales		8,482	130,928	139,410	31,347	80,431	111,778
3.2.5. Interest rate futures		-	5,240	5,240	-	-	-
3.2.5.1. Interest rate futures-purchases		-	2,620	2,620	-	-	-
3.2.5.2. Interest rate futures-sales		-	2,620	2,620	-	-	-
3.2.6. Others		1,517	416,580	418,097	4,000	553,000	557,000
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>135,314,776</b>	<b>88,958,235</b>	<b>224,273,011</b>	<b>129,941,310</b>	<b>67,836,609</b>	<b>197,777,919</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>42,352,175</b>	<b>13,977,329</b>	<b>56,329,504</b>	<b>46,920,619</b>	<b>12,856,015</b>	<b>59,776,634</b>
4.1. Customers' securities held		19,927,858	3,289,665	23,217,523	21,162,115	3,625,534	24,787,653
4.2. Investment securities held in custody		16,300,843	1,441,813	17,742,656	20,241,857	1,385,719	21,627,576
4.3. Checks received for collection		4,628,289	668,372	5,296,661	4,204,954	494,980	4,699,934
4.4. Commercial notes received for collection		1,465,979	1,994,260	3,460,239	1,281,717	1,631,219	2,912,936
4.5. Other assets received for collection		6,493	6,266,486	6,272,979	7,197	5,402,214	5,409,411
4.6. Assets received through public offering		-	21,499	21,499	-	18,805	18,805
4.7. Other items under custody		22,713	295,234	317,947	22,775	297,544	320,319
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>92,962,601</b>	<b>74,980,906</b>	<b>167,943,507</b>	<b>83,020,691</b>	<b>54,980,594</b>	<b>138,001,285</b>
5.1. Securities		134,790	6,549	141,339	169,805	5,555	175,360
5.2. Guarantee notes		13,395,241	5,807,507	19,202,748	11,971,031	4,942,492	16,913,523
5.3. Commodities		157	-	157	-	157	157
5.4. Warranties		-	518,487	518,487	-	463,776	463,776
5.5. Real estates		15,748,944	18,752,129	34,501,073	13,345,515	7,900,332	21,245,851
5.6. Other pledged items		63,683,299	49,895,844	113,579,143	57,534,005	41,668,096	99,202,105
5.7. Pledged items-depository		170	390	560	170	343	513
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>161,532,450</b>	<b>132,208,511</b>	<b>293,740,961</b>	<b>153,901,310</b>	<b>100,262,457</b>	<b>254,163,767</b>

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Income Statement**  
**For the Three-Month Period Ended 31 March 2008**

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)	
			CURRENT PERIOD 1 January 2008- 31 March 2008	PRIOR PERIOD 1 January 2007- 31 March 2007
<b>I. INTEREST INCOME</b>	5.4.1		<b>2,228,737</b>	<b>1,803,700</b>
1.1 Interest income on loans			1,315,176	938,857
1.2 Interest income on reserve deposits			48,699	41,807
1.3 Interest income on banks			116,208	88,319
1.4 Interest income on money market transactions			971	8,094
1.5 Interest income on securities portfolio			642,956	572,356
1.5.1 Trading financial assets			10,622	13,394
1.5.2 Financial assets valued at fair value through profit or loss			-	-
1.5.3 Financial assets available-for-sale			500,482	424,559
1.5.4 Investments held-to-maturity			131,852	134,403
1.6 Financial lease income			59,326	39,724
1.7 Other interest income			45,401	114,543
<b>II. INTEREST EXPENSE</b>	5.4.2		<b>1,382,824</b>	<b>1,099,078</b>
2.1 Interest on deposits			942,188	754,571
2.2 Interest on funds borrowed			220,691	168,620
2.3 Interest on money market transactions			218,379	172,926
2.4 Interest on securities issued			783	725
2.5 Other interest expenses			783	2,236
<b>III. NET INTEREST INCOME (I - II)</b>			<b>845,913</b>	<b>704,622</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>			<b>405,953</b>	<b>310,702</b>
4.1 Fees and commissions received			494,008	403,812
4.1.1 Non-cash loans			28,448	28,852
4.1.2 Others			465,560	374,960
4.2 Fees and commissions paid			88,055	93,110
4.2.1 Non-cash loans			53	76
4.2.2 Others			88,002	93,034
<b>V. DIVIDEND INCOME</b>	5.4.3		<b>93</b>	<b>309</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	5.4.4		<b>69,121</b>	<b>(57,013)</b>
6.1 Trading account income/losses (Net)			76,000	(51,562)
6.2 Foreign exchange gains/losses (Net)			(6,879)	(5,451)
<b>VII. OTHER OPERATING INCOME</b>	5.4.5		<b>217,179</b>	<b>136,109</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>			<b>1,538,259</b>	<b>1,094,729</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	5.4.6		<b>260,172</b>	<b>87,256</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	5.4.7		<b>645,396</b>	<b>466,776</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>			<b>632,691</b>	<b>540,697</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>			-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>			<b>2,062</b>	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>			-	-
<b>XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	5.4.8		<b>634,753</b>	<b>540,697</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	5.4.9		<b>140,606</b>	<b>111,404</b>
16.1 Current tax charge			134,388	107,839
16.2 Deferred tax charge/(credit)			6,218	3,565
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	5.4.10		<b>494,147</b>	<b>429,293</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-
18.1 Income from assets held for sale			-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures			-	-
18.3 Others			-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>			-	-
19.1 Expenses on assets held for sale			-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-
19.3 Others			-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>	5.4.8		-	-
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	5.4.9		-	-
21.1 Current tax charge			-	-
21.2 Deferred tax charge/(credit)			-	-
<b>XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)</b>	5.4.10		-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	5.4.11		<b>494,147</b>	<b>429,293</b>
23.1 Equity holders of the bank			491,419	428,963
23.2 Minority interest			2,728	330
<b>EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)</b>			<b>234</b>	<b>204</b>

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Income/Expense Items Accounted under Shareholders' Equity**  
**For the Three-Month Period Ended 31 March 2008**

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF NEW TURKISH LIRA (YTL)	
		CURRENT PERIOD	PRIOR PERIOD
		31 March 2008	31 March 2007
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"		(334,266)	(71,618)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS		-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS		-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES		86,780	(20,581)
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)		(32,143)	(784)
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)		(65,699)	28,148
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS		-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS		-	-
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES		63,339	21,569
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)		(281,989)	(43,267)
XI. CURRENT PERIOD PROFIT/LOSSES		494,147	429,293
1.1 Net changes in fair value of securities (transferred to income statement)		3,148	8,858
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement		-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement		-	-
1.4 Others		490,999	420,435
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)		212,158	386,027

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates  
Consolidated Statement of Changes in Shareholders' Equity  
For the Three-Month Period Ended 31 March 2008

		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)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD - 31 March 2007																				
I.	Balances at beginning of the period		2,100,000	772,554	-	-	108,653	-	526,745	36,923	-	1,165,311	122,704	2,147	950	(19,370)	-	4,816,617	7,770	4,824,387
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at beginning of the period (I+II)		2,100,000	772,554	-	-	108,653	-	526,745	36,923	-	1,165,311	122,704	2,147	950	(19,370)	-	4,816,617	7,770	4,824,387
Changes during the period																				
IV.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(44,419)	-	-	-	-	(44,419)	-	(44,419)
VI.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	21,734	-	21,734	-	21,734
6.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(784)	-	(784)	-	(784)
6.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	22,518	-	22,518	-	22,518
VII.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences		-	-	-	-	(16)	-	-	(20,575)	-	-	10	-	-	-	-	(20,581)	-	(20,581)
XI.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1.	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2.	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current period net profit/loss		-	-	-	-	-	-	-	-	428,963	-	-	-	-	-	-	428,963	330	429,293
XX.	Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1.	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2.	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)			2,100,000	772,554	-	-	108,637	-	526,745	16,348	428,963	1,165,311	78,295	2,147	950	2,364	-	5,202,314	8,100	5,210,414
CURRENT PERIOD - 31 March 2008																				
I.	Balances at beginning of the period	5.5.1	2,100,000	772,554	-	-	168,367	-	1,388,561	5,935	-	2,413,778	189,537	29,864	1,509	32,238	-	7,102,343	23,334	7,125,677
Changes during the period																				
II.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(284,067)	-	-	-	-	(284,067)	-	(284,067)
IV.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(84,702)	-	(84,702)	-	(84,702)
4.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(32,143)	-	(32,143)	-	(32,143)
4.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	(52,559)	-	(52,559)	-	(52,559)
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences		-	-	-	-	326	-	-	87,163	-	-	(709)	-	-	-	-	86,780	-	86,780
IX.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1.	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2.	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	5.5.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period net profit/loss		-	-	-	-	-	-	-	-	491,419	-	-	-	-	-	-	491,419	2,728	494,147
XVIII.	Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1.	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2.	Transfers to reserves	5.5.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)			2,100,000	772,554	-	-	168,693	-	1,388,561	93,098	491,419	2,413,778	(95,239)	29,864	1,509	(52,464)	-	7,311,773	26,062	7,337,835

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Cash Flows**  
**For the Three-Month Period Ended 31 March 2008**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)	
		CURRENT PERIOD 31 March 2008	PRIOR PERIOD 31 March 2007
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	5.6	<b>682,726</b>	<b>700,307</b>
1.1.1 Interests received		2,013,858	1,842,049
1.1.2 Interests paid		(1,399,661)	(1,033,166)
1.1.3 Dividend received		93	309
1.1.4 Fees and commissions received		405,953	330,291
1.1.5 Other income		279,900	95,591
1.1.6 Collections from previously written-off loans and other receivables		5,341	7,965
1.1.7 Payments to personnel and service suppliers		(496,059)	(417,979)
1.1.8 Taxes paid		(126,699)	(124,753)
1.1.9 Others		-	-
<b>1.2 Changes in operating assets and liabilities</b>	5.6	<b>919,557</b>	<b>276,127</b>
1.2.1 Net (increase) decrease in financial assets held for trading		43,467	(219,410)
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		2,297,593	(437,458)
1.2.4 Net (increase) decrease in loans		(6,627,843)	(2,368,807)
1.2.5 Net (increase) decrease in other assets		(525,344)	(162,323)
1.2.6 Net increase (decrease) in bank deposits		778,756	252,540
1.2.7 Net increase (decrease) in other deposits		3,763,099	2,995,251
1.2.8 Net increase (decrease) in funds borrowed		1,223,339	222,825
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(33,510)	(6,491)
<b>I. Net cash flow from banking operations</b>	5.6	<b>1,602,283</b>	<b>976,434</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	5.6	<b>(180,552)</b>	<b>(827,318)</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(250)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(73,608)	(46,398)
2.4 Sales of tangible assets		73,977	678
2.5 Cash paid for purchase of financial assets available-for-sale, net		(1,076,355)	(740,338)
2.6 Cash obtained from sale of financial assets available-for-sale, net		546,703	-
2.7 Cash paid for purchase of investments held-to-maturity		-	(46,935)
2.8 Cash obtained from sale of investments held-to-maturity		348,731	5,925
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(16)</b>	<b>(151)</b>
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for financial leases		(16)	(151)
3.6 Others		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>(6,879)</b>	<b>(5,451)</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>	5.6	<b>1,414,836</b>	<b>143,514</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	5.6	<b>4,315,192</b>	<b>4,149,369</b>
<b>VII. Cash and cash equivalents at end of period (V+VI)</b>	5.6	<b>5,730,028</b>	<b>4,292,883</b>

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

### **3 Accounting Policies**

#### **3.1 Basis of presentation**

As per the Articles 37 and 38 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 consolidated 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 Regulation and Supervision 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 consolidated financial statements are prepared in accordance with the historical cost basis except for the securities at fair value through profit or loss, securities available for sale, investments in associates and subsidiaries that are quoted on the stock exchanges and assets held for sale which are presented on a fair value basis.

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

#### **3.2 Strategy for use of financial instruments and foreign currency transactions**

##### **3.2.1 Strategy for use of financial instruments**

The liability side of the 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 and its financial affiliates have 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 and its financial affiliates are 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 widespread and effective branch network, advantage of primary dealership and strong market share in the treasury and capital markets, are the most effective tools in the realisation of this strategy. For this purpose, serving customers by introducing new products and services continuously and reaching the customers satisfaction are very important.

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

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

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

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



### **3.2.2 Foreign currency transactions**

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

Foreign currency differences arising from the conversion of the net investments in subsidiaries in foreign countries into YTL are classified as "other profit reserves" under the shareholders' equity. The financial liabilities in foreign currencies are designated as hedge of net investment in foreign operations and the Bank recognizes the effective portion of changes in the fair value of the hedging instruments under the shareholders' equity in "hedging reserves".

In the currency conversion of the financial statements of the Bank's foreign branches and consolidated financial affiliates, 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 Information on consolidated subsidiaries**

As of 31 March 2008, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring), Garanti Fund Management Co Ltd (GFM) ve Garanti Financial Services Plc (GFS).

Garanti Sigorta AŞ was established in 1989 to perform insurance activities. In 1992, it was decided to operate life and health branches under a different company and accordingly Garanti Hayat Sigorta AŞ was established. Garanti Hayat Sigorta AŞ was converted into a private pension company in compliance with the legislation early in 2003 and its name was changed as Garanti Emeklilik ve Hayat AŞ. Following the sale transactions that took place on 21 June 2007, the Bank owns 20% of Garanti Sigorta AŞ that its name has been changed as Eureka Sigorta AŞ at 1 October 2007 and 84.91% of Garanti Emeklilik. Eureka Sigorta AŞ is accounted under equity accounting method in the accompanying consolidated financial statements. The head offices of these companies are in Istanbul.

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities. The company's head office is in Istanbul. The Bank owns 98.94% of the company's shares through direct and indirect shareholdings.

Garanti Faktoring was established in 1990 to perform import, export and domestic factoring activities. The company's head office is in Istanbul. The Bank and T. İhracat Bankası AŞ own 55.40% and 9.78% of the company's shares, respectively. The remaining 34.82% shares are held by public.

GBI was established in 1990 by the Bank to perform banking activities in abroad. The head office of this bank is in Amsterdam. It is wholly owned by the Bank.

Garanti Yatırım was established in 1991 to perform brokerage activities for marketable securities, valuable papers and documents representing financial values or financial commitments of issuing parties other than securities. The company's head office is in Istanbul. It is wholly owned by the Bank.

Garanti Moscow was established in 1996 to perform banking activities in abroad. This bank's head office is in Moscow. The Bank and Garanti Financial Services plc own 75.02% and 24.86% of the company shares, respectively.

Garanti Portföy was established in June 1997 to manage the customer portfolios by using the capital market products in compliance with the principles and rules of the regulations regarding the company's purpose of establishment and the portfolio management agreements signed with the customers. The company's head office is in Istanbul. It is wholly owned by the Bank.

GFS was established in Ireland in December 1997 to perform financial activities. The Bank owns 99.99% of the company's shares.

Liquidation or sales of the associates and subsidiaries:

The Bank sold 80% and 15% shares of its consolidated subsidiaries, Garanti Sigorta AŞ and Garanti Emeklilik ve Hayat AŞ, respectively to Eureko BV on 21 June 2007.

The liquidation of GFM is expected to be completed during the year 2008.

### **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 and its financial affiliates do not have any embedded derivatives.

In accordance with 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**

General

Interest income and expenses 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 income 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.

**Insurance business**

Earned premiums: The premiums of life and non-life branches comprise the premiums due on contracts, net of cancellations, issued during a financial year. These premiums are recorded in the financial statements by taking the reserve for unearned premiums into consideration.

Unearned premium reserve: Insurance companies are required to allocate reserves for unearned premium for all in-force policies. In compliance with the Insurance Supervision Act no.7397, the unearned premium reserve is calculated for all outstanding policies during the balance sheet period after deducting commissions on an accrual basis.

Life assurance provision: Insurance companies operating in life insurance business are required to provide life assurance provision for future guaranteed policy benefits. The life assurance provision is computed by the actuary by taking the mortality assumptions officially applicable for Turkish insurance companies. Revenues arising from the conversion of these provisions into investment, are also taken into consideration while calculating life assurance provisions.

Provision for outstanding claims: Provision is allocated for the outstanding claims incurred and reported but not yet settled as of the reporting period end. Such provisions should be calculated taking into account the results of the appraisal reports or the preliminary assessments of the insured customer and the expert. Moreover, additional provision is allocated for outstanding claims incurred but not reported as of the balance sheet date.

**Financial lease operations**

Total of minimum rental payments including interests and principals are recorded under “financial lease receivables” as gross. The difference, i.e. the interest, between the total of rental payments and the cost of the related tangible asset is recorded under “unearned income”. When the rent payment incurs, the rent amount is deducted from “financial lease receivables”; and the interest portion is recorded as interest income in the income statement.

**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 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 and its financial affiliates have the intent and ability to hold until maturity, excluding originated loans and receivables.

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

Investments held-to-maturity are measured at amortized costs using internal rate of return after deducting impairments, if any.

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

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

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

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

*Loans and receivables* are financial assets raised through 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.

Specific allowances for non-performing loan and other receivables are provided in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. Such allowances are deducted from loans under follow-up 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 for Banks. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as "Investments Subject to Repurchase Agreements" and valued based on the Bank management's future intentions, either at market prices or using discounting method with internal rate of return. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

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

### **3.11 Assets held for sale and discontinued operations and related borrowings**

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 or its financial affiliates have no discontinued operations.

### **3.12 Goodwill and other intangible assets**

The intangible assets consist of goodwill, softwares, intangible rights and pre-operating expenses.

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

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

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The "net goodwill" resulted from the acquisition of the investment and to be included in the consolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles.

If any goodwill is computed at consolidation, it is recorded under intangible assets on the asset side of the consolidated balance sheet as an asset. It is assessed to identify whether there is any indication of impairment. If any such indication exists, the necessary provision is recorded as an expense in the income statement. The goodwill is not amortized.

Estimated useful lives of the intangible assets except for goodwill, 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 accordance 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.

Depreciation rates and estimated useful lives are:

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

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

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

### **3.14 Leasing activities**

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 or its financial affiliates. If an inflow of economic benefits 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 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 accordance 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:

	<b>31 March 2008</b>	<b>31 December 2007</b>
Discount Rate	5.71%	5.71%
Expected Rate of Salary/Limit Increase	5.00%	5.00%
Estimated Employee Turnover Rate	5.81%	5.81%

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in accordance 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 provisional article 20 of the Social Security Law no.506.

The first paragraph of the provisional article 23 of Banking Law No.5411, published in the Official Gazette at 1 November 2005, which requires the transfer of the funds’ contributors and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to the Social Security Foundation (“the SSF”) within three years following the effective date of the related article was cancelled with the decision of the Constitutional Court dated 22 March 2007, numbered 2007/33. The reasoned ruling regarding the cancellation of the Constitutional Court was published in the Official Gazette numbered 26731, dated 15 December 2007.



The Constitutional Court stated that the reason behind this cancellation was the possible loss of antecedent rights of the members of pension funds. Following the publication of the verdict, the Turkish Grand National Assembly (“Turkish Parliament”) started to work on the new legal arrangements by taking the cancellation reasoning into account. At 17 April 2008 Social Security Law No. 5754 (“the Law”) is accepted and approved by Turkish Parliament. As of the reporting date the related Law has not been enacted yet.

As per the provisional article 20 of the article 73 of the related Law;

The present value of the liability for each fund, in terms of the individuals transferred as of the transfer date, including the contributors left the fund, should be calculated by taking the following principles into account;

- a) The technical interest rate to be used for the actuarial calculation is 9.80 %.
- b) The present value of obligations is calculated taking into account the fund’s income and expenses within the context of the related Law.

The 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 15 February 2008 and prepared in accordance with the principles explained above, there is no inherited deficit determined which requires any provision.

The other social rights and payments provided in the existing trust indenture but not covered through the transfer of the funds’ contributors and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to the SGK, are to be covered by the funds or the institutions that employ the funds’ contributors.

Other than the employees of the Bank, the retirement-related benefits of the employees of the consolidated subsidiaries and associates are subject to the SSF in case of domestic investees and to the legislations of the related countries in case of foreign investee companies. There are no obligations not reflected in the accompanying consolidated financial statements.

### **3.18 Taxation**

#### **3.18.1 Corporate tax**

Effective from 1 January 2006, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

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

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

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

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.

In Holland, corporate income tax is levied at the rate of 25.5% (31 December 2006: 29.6%) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. There is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year. Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assesment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax has been calculated using the nominal tax rate of 25.5% over the Dutch taxable income, 30% (31 December 2007: 40%) over the local taxable income of Germany branch and 16% over the local taxable income of Romania branches.

The applicable tax rate for current and deferred tax for the Bank's consolidated affiliate in Russia is 24%. The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open for a longer period.

### **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.

In compliance with TAS 12, the deferred tax assets and liabilities of the consolidated affiliates are presented on the asset and liability sides of financial statements separately, without any offsetting.

### **3.19 Funds borrowed**

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

There are no convertible bonds or any other securities issued.

### **3.20 Shares and share issuances**

None.

### **3.21 Confirmed bills of exchange and acceptances**

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

### **3.22 Government incentives**

As of 31 March 2008, the Bank or its financial affiliates do 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 on a consolidated basis is as follows as of 31 March 2008:

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	422,404	546,011	300,631	269,120	1,538,166
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>422,404</b>	<b>546,011</b>	<b>300,631</b>	<b>269,120</b>	<b>1,538,166</b>
Net Operating Profit	283,656	296,906	154,942	(100,844)	634,660
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	93	93
<b>Net Operating Profit</b>	<b>283,656</b>	<b>296,906</b>	<b>154,942</b>	<b>(100,751)</b>	<b>634,753</b>
Provision for Taxes	-	-	-	140,606	140,606
<b>Net Profit</b>	<b>283,656</b>	<b>296,906</b>	<b>154,942</b>	<b>(241,357)</b>	<b>494,147</b>
Segment Assets	14,629,375	31,435,548	25,566,829	10,422,855	82,054,607
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	42,840	42,840
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>14,629,375</b>	<b>31,435,548</b>	<b>25,566,829</b>	<b>10,465,695</b>	<b>82,097,447</b>
Segment Liabilities	25,988,924	17,219,639	20,932,530	10,618,519	74,759,612
Shareholders' Equity	-	-	-	7,337,835	7,337,835
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>25,988,924</b>	<b>17,219,639</b>	<b>20,932,530</b>	<b>17,956,354</b>	<b>82,097,447</b>
<b>Other Segment Items</b>	<b>99,892</b>	<b>243,266</b>	<b>(158,637)</b>	<b>489,433</b>	<b>673,954</b>
Capital Expenditure	-	-	-	69,748	69,748
Depreciation Expenses	-	-	-	42,181	42,181
Impairment Losses	-	-	705	259,467	260,172
Other Non-Cash Income/Expenses	99,892	243,266	(159,342)	118,037	301,853
Restructuring Costs	-	-	-	-	-

### **3.24 Other disclosures**

#### **3.24.1 Reclassifications**

Leasehold improvements amounting YTL 91,432 thousands as of 31 December 2007, are classified to “tangible assets” from “intangible assets”.

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

Commissions received for cash loans amounting YTL 26,133 thousands are classified to “interest income on loans” and commissions paid for funds borrowed amounting YTL 6,544 thousands are classified to “interest expense on funds borrowed” as of 31 March 2007.

Foreign exchange gains/losses amounting YTL 15,074 thousands as of 31 March 2007, are classified from “other interest expenses” to “foreign exchange gains/losses”.

## **4 Consolidated Financial Position and Results of Operations**

### **4.1 Consolidated capital adequacy ratio**

The Bank's consolidated capital adequacy ratio is 12.90% (unconsolidated capital adequacy ratio: 14.10%) as of 31 March 2008.

#### **4.1.1 Risk measurement methods in calculation of consolidated capital adequacy ratio**

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

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

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

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

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted once more 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 Consolidated capital adequacy ratio

	Risk Weightings						
	Parent Bank Only						
	0%	10%	20%	50%	100%	150%	200%
<b>Value at Credit Risk</b>							
<b>Balance Sheet Items (Net)</b>	<b>13,261,542</b>	-	<b>2,541,374</b>	<b>10,772,965</b>	<b>31,208,767</b>	<b>517,365</b>	<b>7,573</b>
Cash on Hand	435,805	-	2,132	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	2,409,249	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	655,000	-	2,015,783	-	686,604	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	2,773,470	-	-	-	-	-	-
Loans	2,866,766	-	260,230	10,597,048	27,714,295	517,365	7,573
Loans under Follow-Up (Net)	-	-	-	-	337,698	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,524,255	-	-	-	-	-	-
Receivables from Term Sale of Assets	-	-	-	-	66,241	-	-
Miscellaneous Receivables	24,711	-	-	-	72,190	-	-
Accrued Interest and Income	116,767	-	111,044	175,917	631,731	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	635,022	-	-
Tangible Assets (Net)	-	-	-	-	1,017,216	-	-
Other Assets	455,519	-	152,185	-	47,770	-	-
<b>Off-Balance Sheet Items</b>	<b>1,479,091</b>	-	<b>1,300,904</b>	<b>625,626</b>	<b>8,259,347</b>	-	-
Non-Cash Loans and Commitments	1,479,091	-	984,899	625,626	8,238,696	-	-
Derivative Financial Instruments	-	-	316,005	-	20,651	-	-
<b>Non-Risk-Weighted Accounts</b>	-	-	-	-	-	-	-
<b>Total Risk-Weighted Assets</b>	<b>14,740,633</b>	-	<b>3,842,278</b>	<b>11,398,591</b>	<b>39,468,114</b>	<b>517,365</b>	<b>7,573</b>

	Risk Weightings						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
<b>Value at Credit Risk</b>							
<b>Balance Sheet Items (Net)</b>	<b>15,117,247</b>	<b>-</b>	<b>3,928,832</b>	<b>11,167,999</b>	<b>35,965,866</b>	<b>517,365</b>	<b>7,573</b>
Cash on Hand	455,345	-	2,132	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	2,409,249	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	2,157,785	-	3,046,141	-	1,008,117	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	2,773,470	-	-	-	-	-	-
Loans	2,828,480	-	541,739	10,691,573	30,121,131	517,365	7,573
Loans under Follow-Up (Net)	-	-	-	-	337,699	-	-
Lease Receivables	56,434	-	55,909	296,378	1,727,576	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,824,168	-	-	-	27,676	-	-
Receivables from Term Sale of Assets	-	-	-	-	66,241	-	-
Miscellaneous Receivables	24,711	-	-	-	698,740	-	-
Accrued Interest and Income	129,187	-	130,726	180,048	662,099	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	10,702	-	-
Tangible Assets (Net)	-	-	-	-	1,136,444	-	-
Other Assets	458,418	-	152,185	-	169,441	-	-
<b>Off-Balance Sheet Items</b>	<b>1,489,569</b>	<b>-</b>	<b>1,323,560</b>	<b>625,626</b>	<b>8,823,164</b>	<b>-</b>	<b>-</b>
Non-Cash Loans and Commitments	1,479,091	-	984,899	625,626	8,742,838	-	-
Derivative Financial Instruments	10,478	-	338,661	-	80,326	-	-
<b>Non-Risk-Weighted Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk-Weighted Assets</b>	<b>16,606,816</b>	<b>-</b>	<b>5,252,392</b>	<b>11,793,625</b>	<b>44,789,030</b>	<b>517,365</b>	<b>7,573</b>

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

	Parent Bank Only	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	46,727,059	41,927,303
Value at Market Risk (VaMR)	2,903,538	579,538
Value at Operational Risk (VaOR)	5,766,996	4,520,072
Shareholders' Equity	7,811,075	7,206,570
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	14.10%	15.32%

	Consolidated	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	52,527,515	46,859,414
Value at Market Risk (VaMR)	4,129,738	1,550,094
Value at Operational Risk (VaOR)	6,621,287	5,299,036
Shareholders' Equity	8,163,930	7,506,982
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	12.90%	13.98%



#### 4.1.4 Components of consolidated shareholders' equity

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
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	168,693	168,367
I. Legal Reserve (Turkish Commercial Code 466/1)	145,066	144,740
II. Legal Reserve (Turkish Commercial Code 466/2)	23,627	23,627
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	1,388,561	1,388,561
Reserve Allocated as per the Decision held by the General Assembly	1,388,561	1,388,561
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	2,905,197	2,413,778
Current Period Profit	491,419	2,413,778
Prior Periods Profit	2,413,778	-
Provision for Possible Losses (upto 25% of Core Capital)	153,000	32,000
Income on Sale of Investments in Associates, Subsidiaries and Real Estate	27,717	27,717
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Minority Interest	26,062	23,334
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	-	91,432
Prepaid Expenses (-)	290,056	257,923
Intangible Assets (-)	28,704	28,053
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Goodwill (Net) (-)	-	-
<b>Total Core Capital</b>	<b>7,541,784</b>	<b>6,926,311</b>
<b>SUPPLEMENTARY CAPITAL</b>	-	-
General Provisions	349,128	280,660
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	966	966
Bonus Shares of Associates, Subsidiaries and Joint-Ventures (Business Partnership)	1,509	1,509
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	768,222	672,492
45% of Securities Value Increase Fund	(111,292)	75,319
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	(111,292)	75,319
Other Reserves	40,634	38,173
<b>Total Supplementary Capital</b>	<b>1,049,167</b>	<b>1,069,119</b>
<b>TIER III CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>8,590,951</b>	<b>7,995,430</b>

<b>DEDUCTIONS FROM CAPITAL</b>	<b>427,021</b>	<b>488,448</b>
Unconsolidated Investments in Banks and Financial Institutions	32,138	29,955
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	-	-
Banks and Financial Institutions' Assets and Liabilities that are not Fully Consolidated but Included Using Equity Accounting	-	-
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	76,123	81,085
Others	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8,163,930</b>	<b>7,506,982</b>

## 4.2 Consolidated credit risk

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".

## 4.3 Consolidated 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 on a bank only basis and quarterly on a consolidated basis.

#### 4.3.1 Value at market risk on a consolidated basis

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	206,799
(II) Capital Obligation against Specific Risks - Standard Method	96,425
(III) Capital Obligation against Currency Risk - Standard Method	12,406
(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	14,749
<b>(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models</b>	<b>-</b>
<b>(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)</b>	<b>330,379</b>
<b>(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))</b>	<b>4,129,738</b>

#### 4.3.2 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 Consolidated operational risk

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

#### 4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2008, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to YTL 50,156 thousands (31 December 2007: YTL 1,584,354 thousands), net ‘off-balance sheet’ foreign currency long position amounts to YTL 601,696 thousands (31 December 2007: YTL 1,633,572 thousands), while net foreign currency long position amounts to YTL 551,540 thousands (31 December 2007: YTL 49,218 thousands).

The consolidated 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:

	USD	EUR	Yen (100)	GBP
The Bank’s foreign currency purchase rate at balance sheet date	1.3100	2.0771	1.3163	2.6036
<u>Foreign currency rates for the days before balance sheet date:</u>				
Day 1	1.2850	2.0250	1.2891	2.5561
Day 2	1.2850	2.0255	1.2891	2.5562
Day 3	1.2675	2.0020	1.2688	2.5556
Day 4	1.2500	1.9698	1.2605	2.5008
Day 5	1.2300	1.9175	1.2294	2.4581
Last 30-days arithmetical average rate	1.2308	1.9103	1.2219	2.4634

***The Bank's consolidated currency risk:***

	<b>Euro</b>	<b>USD</b>	<b>Yen</b>	<b>Other FCs</b>	<b>Total</b>
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	797,717	3,841,869	191	82,680	4,722,457
Banks	1,525,088	3,142,087	18,575	74,761	4,760,511
Financial Assets at Fair Value through Profit/Loss	236,691	552,741	837	8,439	798,708
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	192,260	3,421,705	-	74,331	3,688,296
Loans (*)	7,833,092	13,455,738	33,089	965,785	22,287,704
Investments in Associates, Subsidiaries and Joint-Ventures	661	-	-	-	661
Investments Held-to-Maturity	41,154	500,195	-	-	541,349
Derivative Financial Assets Held for Risk Management	-	221	-	-	221
Tangible Assets	81,106	685	-	13,336	95,127
Intangible Assets	3,541	1	-	597	4,139
Other Assets	1,233,052	814,944	4,569	47,386	2,099,951
<b>Total Assets</b>	<b>11,944,362</b>	<b>25,730,186</b>	<b>57,261</b>	<b>1,267,315</b>	<b>38,999,124</b>
<b>Liabilities</b>					
Bank Deposits	422,625	1,057,350	9	286,440	1,766,424
Foreign Currency Deposits	10,887,749	12,669,807	93,884	807,821	24,459,261
Interbank Money Market Takings	201,936	1,004,585	-	-	1,206,521
Other Fundings	3,262,277	7,716,427	1,649	-	10,980,353
Securities Issued	-	-	-	-	-
Miscellaneous Payables	63,113	54,225	-	5,355	122,693
Derivative Financial Liabilities Held for Risk Management	-	849	-	-	849
Other Liabilities (**)	220,616	183,026	4,391	105,146	513,179
<b>Total Liabilities</b>	<b>15,058,316</b>	<b>22,686,269</b>	<b>99,933</b>	<b>1,204,762</b>	<b>39,049,280</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(3,113,954)</b>	<b>3,043,917</b>	<b>(42,672)</b>	<b>62,553</b>	<b>(50,156)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>3,457,592</b>	<b>(2,980,660)</b>	<b>48,470</b>	<b>76,294</b>	<b>601,696</b>
Derivative Assets	5,154,952	8,812,391	516,948	663,977	15,148,268
Derivative Liabilities	(1,697,360)	(11,793,051)	(468,478)	(587,683)	(14,546,572)
Non-Cash Loans	-	-	-	-	-
<b>Prior Period</b>					
<b>Total Assets</b>	<b>12,364,285</b>	<b>20,062,782</b>	<b>41,212</b>	<b>858,003</b>	<b>33,326,282</b>
<b>Total Liabilities</b>	<b>12,535,259</b>	<b>21,379,824</b>	<b>73,076</b>	<b>922,477</b>	<b>34,910,636</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(170,974)</b>	<b>(1,317,042)</b>	<b>(31,864)</b>	<b>(64,474)</b>	<b>(1,584,354)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>334,335</b>	<b>1,056,302</b>	<b>31,247</b>	<b>211,688</b>	<b>1,633,572</b>
Derivative Assets	2,161,009	8,443,840	168,964	686,720	11,460,533
Derivative Liabilities	(1,826,674)	(7,387,538)	(137,717)	(475,032)	(9,826,961)
Non-Cash Loans	-	-	-	-	-

(\*) The foreign currency-indexed loans amounting YTL 2,086,752 thousands included under YTL loans in the accompanying balance sheet are presented above under the related foreign currency code.

(\*\*) Other liabilities also include gold deposits of YTL 87,786 thousands.

#### 4.5.1 Currency risk exposure

The possible increases or decreases in the shareholders' equity and the profit/loss (excluding tax effect) as per an assumption of devaluation by 10% of YTL against currencies mentioned below as of 31 March 2008 and 31 December 2007 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Profit or Loss of Period</b>	<b>Shareholders' Equity (*)</b>	<b>Profit or Loss of Period</b>	<b>Shareholders' Equity (*)</b>
USD	5,582	6,326	(40,843)	(26,074)
EUR	34,502	34,364	17,157	16,336
Other FCs	14,394	14,465	14,660	14,660
<b>Total, net</b>	<b>54,478</b>	<b>55,155</b>	<b>(9,026)</b>	<b>4,922</b>

(\*) The effect on shareholders' equity also includes the effect of devaluation by 10% of YTL against other currencies on the profit/loss.

#### 4.6 Consolidated interest rate risk

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

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

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

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

**4.6.1 Interest rate sensitivity of assets, liabilities and off balance sheet items (based on repricing dates)**

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,820,787	-	-	-	-	2,866,726	5,687,513
Banks	2,960,205	504,387	2,191,939	238,650	-	448,167	6,343,348
Financial Assets at Fair Value through Profit/Loss	3,909	44,795	309,560	334,140	12,904	692,955	1,398,263
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	965,012	416,594	5,769,529	4,334,590	1,483,758	597,577	13,567,060
Loans	11,747,224	8,735,232	8,831,647	11,632,868	3,194,212	1,188,978	45,330,161
Investments Held-to-Maturity	-	135,382	2,882,504	826,469	7,491	31,558	3,883,404
Other Assets	212,985	406,345	891,525	1,171,213	87,139	3,118,491	5,887,698
<b>Total Assets</b>	<b>18,710,122</b>	<b>10,242,735</b>	<b>20,876,704</b>	<b>18,537,930</b>	<b>4,785,504</b>	<b>8,944,452</b>	<b>82,097,447</b>
<b>Liabilities</b>							
Bank Deposits	2,246,176	43,734	467,463	142,481	41,542	275,725	3,217,121
Other Deposits	30,745,255	2,776,645	2,698,501	464,622	-	8,340,842	45,025,865
Interbank Money Market Takings	6,132,069	350,681	473,524	208,620	550,000	77,651	7,792,545
Miscellaneous Payables	-	-	-	-	-	2,441,679	2,441,679
Securities Issued	-	-	-	-	-	-	-
Other Fundings	7,400,725	710,734	3,856,457	1,505,703	-	157,404	13,631,023
Other Liabilities	-	-	-	-	-	9,989,214	9,989,214
<b>Total Liabilities</b>	<b>46,524,225</b>	<b>3,881,794</b>	<b>7,495,945</b>	<b>2,321,426</b>	<b>591,542</b>	<b>21,282,515</b>	<b>82,097,447</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>6,360,941</b>	<b>13,380,759</b>	<b>16,216,504</b>	<b>4,193,962</b>	<b>-</b>	<b>40,152,166</b>
<b>On Balance Sheet Short Position</b>	<b>(27,814,103)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,338,063)</b>	<b>(40,152,166)</b>
<b>Off-Balance Sheet Long Position</b>	<b>1,106</b>	<b>958</b>	<b>2,940</b>	<b>3,421</b>	<b>-</b>	<b>-</b>	<b>8,425</b>
<b>Off-Balance Sheet Short Position</b>	<b>(609)</b>	<b>(851)</b>	<b>(2,865)</b>	<b>(1,498)</b>	<b>-</b>	<b>-</b>	<b>(5,823)</b>
<b>Total Position</b>	<b>(27,813,606)</b>	<b>6,361,048</b>	<b>13,380,834</b>	<b>16,218,427</b>	<b>4,193,962</b>	<b>(12,338,063)</b>	<b>2,602</b>

***Average interest rates on monetary financial instruments (%):***

<b>Current Period</b>	<b>Euro</b>	<b>USD</b>	<b>Yen</b>	<b>YTL</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	0.95	-	11.43
Banks (*)	3.98-4.15	2.90-8.25	-	6.73-18.50
Financial Assets at Fair Value through Profit/Loss	5.71	4.00-6.52	-	10.00-19.30
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.02-10.63	6.61-12.75	-	12.59-21.24
Loans	6.71-10.86	6.60-13.00	2.62	22.54-22.78
Investments Held-to-Maturity	5.75-9.50	6.88-12.38	-	17.36-20.30
<b>Liabilities</b>				
Bank Deposits	4.20-7.08	2.80-6.72	-	15.00-15.58
Other Deposits	1.50-5.00	1.00-6.50	0.46	14.04
Interbank Money Market Takings	4.10	3.03-3.86	-	15.13
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	4.69-5.86	4.97-6.07	1.84	14.07-17.54

(\*) The interest rates for USD and YTL placements at banks are 3.45% and 15.68%, respectively, if the placements with range accrual agreements are excluded.

**4.6.2 Interest rate sensitivity of assets, liabilities and off balance sheet items (based on repricing dates)**

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,907,841	-	-	-	-	2,329,190	7,237,031
Banks	2,611,177	652,582	1,718,307	216,005	-	383,703	5,581,774
Financial Assets at Fair Value through Profit/Loss	35,839	23,475	266,192	397,928	40,640	267,626	1,031,700
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1,260,214	3,607,494	1,620,136	4,570,102	1,558,148	935,273	13,551,367
Loans	9,816,851	7,202,452	8,185,040	10,167,737	2,803,572	826,372	39,002,024
Investments Held-to-Maturity	668,982	2,362,014	300,105	781,710	6,573	180,976	4,300,360
Other Assets	265,230	285,149	786,132	1,090,802	25,818	2,991,106	5,444,237
<b>Total Assets</b>	<b>19,566,134</b>	<b>14,133,166</b>	<b>12,875,912</b>	<b>17,224,284</b>	<b>4,434,751</b>	<b>7,914,246</b>	<b>76,148,493</b>
<b>Liabilities</b>							
Bank Deposits	1,508,297	91,135	382,871	129,177	-	324,614	2,436,094
Other Deposits	27,359,379	4,138,411	1,764,896	275,143	-	7,715,607	41,253,436
Interbank Money Market Takings	7,017,196	432,944	520,865	550,003	-	70,948	8,591,956
Miscellaneous Payables	-	-	-	-	-	2,513,228	2,513,228
Securities Issued	-	-	-	-	-	-	-
Other Fundings	5,805,039	2,040,156	2,889,414	701,682	6,654	186,568	11,629,513
Other Liabilities	-	-	-	-	-	9,724,266	9,724,266
<b>Total Liabilities</b>	<b>41,689,911</b>	<b>6,702,646</b>	<b>5,558,046</b>	<b>1,656,005</b>	<b>6,654</b>	<b>20,535,231</b>	<b>76,148,493</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>7,430,520</b>	<b>7,317,866</b>	<b>15,568,279</b>	<b>4,428,097</b>	<b>-</b>	<b>34,744,762</b>
<b>On Balance Sheet Short Position</b>	<b>(22,123,777)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,620,985)</b>	<b>(34,744,762)</b>
<b>Off-Balance Sheet Long Position</b>	<b>2,596</b>	<b>82</b>	<b>731</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,409</b>
<b>Off-Balance Sheet Short Position</b>	<b>(72)</b>	<b>(20,686)</b>	<b>(3,777)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,535)</b>
<b>Total Position</b>	<b>(22,121,253)</b>	<b>7,409,916</b>	<b>7,314,820</b>	<b>15,568,279</b>	<b>4,428,097</b>	<b>(12,620,985)</b>	<b>(21,126)</b>



**Average interest rates on monetary financial instruments (%):**

Prior Period	Euro	USD	Yen	YTL
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1.80	-	-	11.81
Banks (*)	3.70-4.50	4.25-6.60	-	17.50-22.65
Financial Assets at Fair Value through Profit/Loss	6.49-6.50	7.00-12.38	-	10.00-18.94
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	5.13-10.63	6.61-16.54	-	17.37-20.78
Loans	1.05-10.79	7.00-13.90	2.31	22.95-23.71
Investments Held-to-Maturity	9.11-9.88	6.88-12.38	-	17.33-20.78
<b>Liabilities</b>				
Bank Deposits	3.50-7.08	3.75-6.72	-	13.00-16.65
Other Deposits	1.50-5.00	1.00-6.50	0.48	14.73
Interbank Money Market Takings	4.11	5.06-5.20	-	15.44
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	4.91-5.85	5.52-6.54	1.85	13.66-18.38

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

**4.6.3 Possible effects of interest rate sensitivity of financial assets and liabilities on profit/loss and shareholders' equity in future period**

The sensitivity of the income statement is the effect of possible changes in the interest rates on the net interest income of floating rate financial assets and liabilities not held for trading purposes as of 31 March 2008. The sensitivity of the shareholders' equity as of 31 March 2008, is calculated through revaluating the financial assets available-for-sale taking into account the possible changes in interest rates. The below analysis is prepared only on a bank only basis for the Bank, not on a consolidated basis. The tax effects are not considered in the analysis. The other variables, especially exchange rates, are assumed to be fixed in this analysis. The same method is applied for 31 December 2007. The sensitivity of trading portfolio is also included in the below table.

Current Period	Profit or Loss of Period		Shareholders' Equity (*)	
	increase by 100 bp	increase by 100 bp	increase by 100 bp	increase by 100 bp
Financial assets at fair value through profit or loss	711	(646)	711	(646)
Financial assets available-for-sale	-	-	(215,827)	231,914
Financial assets at floating rates	(291,866)	303,636	(291,866)	303,636
Financial liabilities at floating rates	93,088	(96,506)	93,088	(96,506)
<b>Total, net</b>	<b>(198,067)</b>	<b>206,484</b>	<b>(413,894)</b>	<b>438,398</b>

Prior Period	Profit or Loss of Period		Shareholders' Equity (*)	
	increase by 100 bp	increase by 100 bp	increase by 100 bp	increase by 100 bp
Financial assets at fair value through profit or loss	(19,041)	20,072	(19,041)	20,072
Financial assets available-for-sale	-	-	(247,139)	269,742
Financial assets at floating rates	(283,524)	296,401	(283,524)	296,401
Financial liabilities at floating rates	89,699	(93,446)	89,699	(93,446)
<b>Total, net</b>	<b>(212,866)</b>	<b>223,027</b>	<b>(460,005)</b>	<b>492,769</b>

(\*) The effect on shareholders' equity also includes the effect of 100 bps increase or decrease in interest rates on the profit/loss.

#### 4.7 Consolidated 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.

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

	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
<i>Current Period</i>	FC	FC + YTL	FC	FC + YTL
<b>Average (%)</b>	165.95	157.40	109.59	111.05
<b>Maximum (%)</b>	189.44	179.94	123.88	119.49
<b>Minimum (%)</b>	147.32	138.94	103.27	101.59

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

***Maturity analysis of assets and liabilities according to remaining maturities:***

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Undistributed (*)</b>	<b>Total</b>
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,866,726	2,820,787	-	-	-	-	-	<b>5,687,513</b>
Banks	1,186,846	1,917,400	177,827	967,564	1,426,470	667,241	-	<b>6,343,348</b>
Financial Assets at Fair Value through Profit/Loss	15,190	253,959	127,545	498,212	490,370	12,987	-	<b>1,398,263</b>
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	77,642	84,178	233,610	2,708,254	7,984,435	2,478,941		<b>13,567,060</b>
Loans	117,789	8,865,351	5,680,269	7,310,332	14,463,577	8,555,144	337,699	<b>45,330,161</b>
Investments Held-to-Maturity	-	-	135,675	209,657	3,530,802	7,270	-	<b>3,883,404</b>
Other Assets	556,573	360,943	1,044,995	900,305	1,184,924	87,139	1,752,819	<b>5,887,698</b>
<b>Total Assets</b>	<b>4,820,766</b>	<b>14,302,618</b>	<b>7,399,921</b>	<b>12,594,324</b>	<b>29,080,578</b>	<b>11,808,722</b>	<b>2,090,518</b>	<b>82,097,447</b>
<b>Liabilities</b>								
Bank Deposits	523,414	1,988,720	88,258	375,661	192,590	48,478	-	<b>3,217,121</b>
Other Deposits	9,942,302	29,051,717	2,789,171	2,628,308	513,133	101,234	-	<b>45,025,865</b>
Other Fundings	-	663,145	1,779,094	3,508,313	2,823,137	4,857,334	-	<b>13,631,023</b>
Interbank Money Market Takings	-	6,170,127	353,230	480,680	210,024	578,484	-	<b>7,792,545</b>
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	139,078	1,646,502	16,822	639,277	-	-	-	<b>2,441,679</b>
Other Liabilities (**)	876,479	343,524	251,349	371,388	7,591	48,943	8,089,940	<b>9,989,214</b>
<b>Total Liabilities</b>	<b>11,481,273</b>	<b>39,863,735</b>	<b>5,277,924</b>	<b>8,003,627</b>	<b>3,746,475</b>	<b>5,634,473</b>	<b>8,089,940</b>	<b>82,097,447</b>
<b>Liquidity Gap</b>	<b>(6,660,507)</b>	<b>(25,561,117)</b>	<b>2,121,997</b>	<b>4,590,697</b>	<b>25,334,103</b>	<b>6,174,249</b>	<b>(5,999,422)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>3,931,532</b>	<b>15,890,981</b>	<b>6,313,375</b>	<b>11,053,642</b>	<b>26,939,197</b>	<b>10,078,871</b>	<b>1,940,895</b>	<b>76,148,493</b>
<b>Total Liabilities</b>	<b>9,904,690</b>	<b>37,619,255</b>	<b>5,099,240</b>	<b>7,887,774</b>	<b>2,872,504</b>	<b>4,680,502</b>	<b>8,084,528</b>	<b>76,148,493</b>
<b>Liquidity Gap</b>	<b>(5,973,158)</b>	<b>(21,728,274)</b>	<b>1,214,135</b>	<b>3,165,868</b>	<b>24,066,693</b>	<b>5,398,369</b>	<b>(6,143,633)</b>	<b>-</b>

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

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

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

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 Consolidated Financial Statements

### 5.1 Consolidated assets

#### 5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash in YTL/Foreign Currency	245,963	137,763	244,778	209,416
Central Bank of Turkey	714,827	4,515,209	2,939,012	3,770,506
Others	4,266	69,485	3,180	70,139
<b>Total</b>	<b>965,056</b>	<b>4,722,457</b>	<b>3,186,970</b>	<b>4,050,061</b>

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	894	2,408,355	2,777	1,798,900
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	713,933	2,106,854	2,936,235	1,971,606
<b>Total</b>	<b>714,827</b>	<b>4,515,209</b>	<b>2,939,012</b>	<b>3,770,506</b>

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 11.43% for YTL deposits and 0.95% and 1.875% for USD and EUR deposits, respectively.

#### 5.1.2 Financial assets at fair value through profit/loss (net)

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Common Shares	-	-	-	-
Bills, Bonds and Similar Securities	-	-	1,915	-
Others	-	139,415	-	129,071
<b>Total</b>	<b>-</b>	<b>139,415</b>	<b>1,915</b>	<b>129,071</b>

##### 5.1.2.2 *Positive differences on trading derivative instruments*

Trading Derivatives	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	21,111	5,535	8,606	7,643
Swap Transactions	222,412	142,766	13,456	40,734
Futures	-	23	-	-
Options	63,743	48,152	22,494	11,456
Others	-	3,565	-	75
<b>Total</b>	<b>307,266</b>	<b>200,041</b>	<b>44,556</b>	<b>59,908</b>

### 5.1.3 Banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks				
Domestic banks	169,389	1,443,958	266,652	1,005,215
Foreign banks	1,413,448	3,316,553	791,653	3,518,254
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>1,582,837</b>	<b>4,760,511</b>	<b>1,058,305</b>	<b>4,523,469</b>

#### *Due from foreign banks:*

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”.

### 5.1.4 Financial assets available-for-sale (net)

#### 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 1,143,281 thousands (31 December 2007: YTL 671,758 thousands) is YTL 1,142,142 thousands (31 December 2007: YTL 673,136 thousands). The related accrued interests and impairment losses amount to YTL 35,827 thousands (31 December 2007: YTL 54,535 thousands) and YTL 1,670 thousands (31 December 2007: YTL 50 thousands).

Collateralized financial assets available-for-sale in foreign currencies include eurobonds and other foreign currency government securities. Carrying values of such securities with total face value of USD 279,955,000 and EUR 3,884,000 (31 December 2007: USD 428,330,000 and EUR 3,563,000), are USD 280,870,818 and EUR 4,070,650 (31 December 2007: USD 428,126,767 and EUR 3,886,376). The related accrued interests amount to USD 5,258,080 and EUR 13,021 (31 December 2007: USD 18,296,092 and EUR 81,874), respectively and the impairment losses to USD 343,846 and EUR 209,343 (31 December 2007: USD 619,275 and EUR 70,211).

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Assets	1,176,299	381,351	727,621	523,916
Assets subject to Repurchase Agreements	5,743,284	919,412	5,867,904	704,884
<b>Total</b>	<b>6,919,583</b>	<b>1,300,763</b>	<b>6,595,525</b>	<b>1,228,800</b>

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

	Current Period	Prior Period
<b>Debt Securities</b>	<b>13,498,742</b>	<b>13,487,717</b>
Quoted at Stock Exchange	11,769,691	12,080,698
Unquoted at Stock Exchange	1,729,051	1,407,019
<b>Common Shares</b>	<b>24,061</b>	<b>24,053</b>
Quoted at Stock Exchange	5,217	5,225
Unquoted at Stock Exchange	18,844	18,828
<b>Value Increase/Impairment Losses (-)</b>	<b>44,257</b>	<b>39,597</b>
<b>Total</b>	<b>13,567,060</b>	<b>13,551,367</b>

As of 31 March 2008, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 875,000,000 (31 December 2007: USD 875,000,000) and a total carrying value of YTL 1,159,940 thousands (31 December 2007: YTL 1,039,423 thousands). Garanti Faktoring's "financial assets available-for-sale" portfolio also includes private sector bonds with "credit linked notes" at a total face value of USD 28,850,000 and EUR 2,500,000 (31 December 2007: USD 35,850,000 and EUR 2,500,000) and a total carrying value of YTL 28,434 thousands (31 December 2007: YTL 30,633 thousands).

#### 5.1.5 Loans

##### 5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
<b>Direct Lendings to Shareholders</b>	<b>4</b>	<b>1,087</b>	<b>1</b>	<b>1,090</b>
Corporates	4	1,087	1	1,090
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>81,170</b>	<b>189,666</b>	<b>74,459</b>	<b>168,482</b>
<b>Loans to Employees</b>	<b>74,108</b>	<b>-</b>	<b>58,807</b>	<b>-</b>
<b>Total</b>	<b>155,282</b>	<b>190,753</b>	<b>133,267</b>	<b>169,572</b>

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

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
<b>Loans</b>	<b>43,763,904</b>	<b>-</b>	<b>1,169,926</b>	<b>58,632</b>
Discounted Bills	101,035	-	5,168	-
Export Loans	3,831,600	-	6,556	5,686
Import Loans	27,397	-	1,408	-
Loans to Financial Sector	1,065,165	-	-	-
Foreign Loans	2,787,655	-	-	-
Consumer Loans	8,536,113	-	500,583	-
Credit Cards	5,332,907	-	474,796	-
Precious Metal Loans	235,699	-	156	-
Others	21,846,333	-	181,259	52,946
<b>Specialization Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>43,763,904</b>	<b>-</b>	<b>1,169,926</b>	<b>58,632</b>

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

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	4,849	5,755	-	10,604
Loans Collateralized by Mortgages	81,286	215,701	-	296,987
Loans Collateralized by Pledged Assets	68,375	93,309	-	161,684
Loans Collateralized by Cheques and Notes	35,765	138,543	-	174,308
Loans Collateralized by Other Collaterals	32,483	13,359	-	45,842
Unsecured Loans	30,421	33,916	474,796	539,133
<b>Total</b>	<b>253,179</b>	<b>500,583</b>	<b>474,796</b>	<b>1,228,558</b>

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

Principals and Interests	Commercial Loans	Consumer Loans	Credit Cards	Total
Upto 30 days	117,529	301,574	312,994	732,097
30-60 days	56,807	191,815	154,578	403,200
60-90 days	20,211	7,194	7,224	34,629
<b>Total</b>	<b>194,547</b>	<b>500,583</b>	<b>474,796</b>	<b>1,169,926</b>

**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
<b>Consumer Loans – YTL</b>	<b>358,591</b>	<b>7,328,162</b>	<b>7,686,753</b>
Housing Loans	14,794	4,052,095	4,066,889
Automobile Loans	23,106	1,025,105	1,048,211
General Purpose Loans	320,691	2,250,962	2,571,653
Others	-	-	-
<b>Consumer Loans – FC-indexed</b>	<b>20,383</b>	<b>815,433</b>	<b>835,816</b>
Housing Loans	4,064	696,471	700,535
Automobile Loans	3,193	57,647	60,840
General Purpose Loans	13,126	61,315	74,441
Others	-	-	-
<b>Consumer Loans – FC</b>	<b>4,914</b>	<b>92,583</b>	<b>97,497</b>
Housing Loans	1,393	32,491	33,884
Automobile Loans	36	14,099	14,135
General Purpose Loans	3,237	45,993	49,230
Others	248	-	248
<b>Retail Credit Cards – YTL</b>	<b>5,533,374</b>	<b>-</b>	<b>5,533,374</b>
With Installment	2,480,612	-	2,480,612
Without Installment	3,052,762	-	3,052,762
<b>Retail Credit Cards – FC</b>	<b>15,993</b>	<b>654</b>	<b>16,647</b>
With Installment	-	-	-
Without Installment	15,993	654	16,647
<b>Personnel Loans – YTL</b>	<b>9,923</b>	<b>11,050</b>	<b>20,973</b>
Housing Loan	-	1,104	1,104
Automobile Loans	-	239	239
General Purpose Loans	9,923	9,707	19,630
Others	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>150</b>	<b>150</b>
Housing Loans	-	150	150
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>77</b>	<b>18,123</b>	<b>18,200</b>
Housing Loans	-	5,500	5,500
Automobile Loans	-	162	162
General Purpose Loans	77	12,461	12,538
Others	-	-	-
<b>Personnel Credit Cards – YTL</b>	<b>34,785</b>	<b>-</b>	<b>34,785</b>
With Installment	14,975	-	14,975
Without Installment	19,810	-	19,810
<b>Personnel Credit Cards – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Deposit Accounts– YTL (real persons)</b>	<b>377,307</b>	<b>-</b>	<b>377,307</b>
<b>Deposit Accounts– FC (real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>6,355,347</b>	<b>8,266,155</b>	<b>14,621,502</b>

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

	Short-Term	Medium and Long-Term	Total
<b>Installment-based Commercial Loans – YTL</b>	<b>480,891</b>	<b>2,859,759</b>	<b>3,340,650</b>
Real Estate Loans	25,706	386,608	412,314
Automobile Loans	87,095	1,216,426	1,303,521
General Purpose Loans	368,090	1,256,725	1,624,815
Others	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>92,347</b>	<b>524,096</b>	<b>616,443</b>
Real Estate Loans	264	59,231	59,495
Automobile Loans	7,719	221,764	229,483
General Purpose Loans	84,364	243,101	327,465
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>97</b>	<b>12,602</b>	<b>12,699</b>
Real Estate Loans	-	168	168
Automobile Loans	37	2,762	2,799
General Purpose Loans	60	9,672	9,732
Others	-	-	-
<b>Corporate Credit Cards – YTL</b>	<b>216,761</b>	<b>-</b>	<b>216,761</b>
With Installment	-	-	-
Without Installment	216,761	-	216,761
<b>Corporate Credit Cards – FC</b>	<b>6,136</b>	<b>-</b>	<b>6,136</b>
With Installment	1,879	-	1,879
Without Installment	4,257	-	4,257
<b>Deposit Accounts– YTL (corporate)</b>	<b>139,655</b>	<b>-</b>	<b>139,655</b>
<b>Deposit Accounts– FC (corporate)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>935,887</b>	<b>3,396,457</b>	<b>4,332,344</b>

**5.1.5.6 Allocation of loans by customers**

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”.

**5.1.5.7 Allocation of domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	42,204,807	36,117,908
Foreign Loans	2,787,655	2,577,076
<b>Total</b>	<b>44,992,462</b>	<b>38,694,984</b>

**5.1.5.8 Loans to associates and subsidiaries**

	Current Period	Prior Period
Direct Lending	35,717	201
Indirect Lending	-	-
<b>Total</b>	<b>35,717</b>	<b>201</b>

**5.1.5.9 Specific provisions for loans**

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	23,205	23,734
Doubtful Loans and Receivables	92,293	90,827
Uncollectible Loans and Receivables	438,339	430,713
<b>Total</b>	<b>553,837</b>	<b>545,274</b>

**5.1.5.10 Non-performing loans(NPLs) (net)**

*Non-performing loans and other receivables restructured or rescheduled:*

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<b>Current Period</b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	232	-	49,658
Rescheduled Loans and Receivables	-	-	-
<b>Total</b>	<b>232</b>	<b>-</b>	<b>49,658</b>
<b>Prior Period</b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	-	-	54,424
Rescheduled Loans and Receivables	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>54,424</b>

*Movements in non-performing loan groups:*

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<b>Balances at Beginning of Period</b>	<b>148,942</b>	<b>200,640</b>	<b>502,732</b>
Additions (+)	168,179	9,601	5,949
Transfer from Other NPL Categories (+)	-	122,845	85,760
Transfer to Other NPL Categories (-)	122,845	85,760	-
Collections during the Period (-)	40,214	38,259	26,382
Write-offs (-)	-	-	39,652
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	181
Credit Cards	-	-	39,471
Other	-	-	-
<b>Balances at End of Period</b>	<b>154,062</b>	<b>209,067</b>	<b>528,407</b>
Specific Provisions (-)	23,205	92,293	438,339
<b>Net Balance on Balance Sheet</b>	<b>130,857</b>	<b>116,774</b>	<b>90,068</b>

***Movements in specific loan provisions***

	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>178,138</b>	<b>105,471</b>	<b>261,665</b>	<b>545,274</b>
Additions during the Period (+)	15,946	36,256	58,408	110,610
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	7,483	22,965	31,977	62,425
Write-Offs (-)	151	-	39,471	39,622
<b>Balances at End of Period</b>	<b>186,450</b>	<b>118,762</b>	<b>248,625</b>	<b>553,837</b>

***Non-performing loans in foreign currencies***

	<b>Group III Substandard Loans and Receivables</b>	<b>Group IV Doubtful Loans and Receivables</b>	<b>Group V Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
<b>Balance at End of Period</b>	<b>3,265</b>	<b>3,759</b>	<b>96,622</b>
Specific Provisions (-)	179	381	72,625
<b>Net Balance at Balance Sheet</b>	<b>3,086</b>	<b>3,378</b>	<b>23,997</b>
<b>Prior Period</b>			
<b>Balance at End of Period</b>	<b>3,103</b>	<b>2,892</b>	<b>95,892</b>
Specific Provisions (-)	142	298	72,755
<b>Net Balance at Balance Sheet</b>	<b>2,961</b>	<b>2,594</b>	<b>23,137</b>

***Gross and net non-performing loans and receivables as per customer categories***

	<b>Group III Substandard Loans and Receivables</b>	<b>Group IV Doubtful Loans and Receivables</b>	<b>Group V Uncollectible Loans and Receivables</b>
<b>Current Period (Net)</b>	<b>130,857</b>	<b>116,774</b>	<b>90,068</b>
Loans to Individuals and Corporates (Gross)	154,062	209,067	516,417
Specific Provision (-)	23,205	92,293	426,349
Loans to Individuals and Corporates (Net)	130,857	116,774	90,068
Banks (Gross)	-	-	4,322
Specific Provision (-)	-	-	4,322
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,668
Specific Provision (-)	-	-	7,668
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>125,208</b>	<b>109,813</b>	<b>72,019</b>
Loans to Individuals and Corporates (Gross)	148,942	200,640	490,742
Specific Provision (-)	23,734	90,827	418,723
Loans to Individuals and Corporates (Net)	125,208	109,813	72,019
Banks (Gross)	-	-	4,322
Specific Provision (-)	-	-	4,322
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,668
Specific Provision (-)	-	-	7,668
Other Loans and Receivables (Net)	-	-	-

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

	<b>Corporate/Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	57	136	-	193
Loans Collateralized by Mortgages	147,390	33,813	-	181,203
Loans Collateralized by Pledged Assets	32,302	57,260	-	89,562
Loans Collateralized by Cheques and Notes	52,237	100,959	-	153,196
Loans Collateralized by Other Collaterals	16,936	6,884	-	23,820
Unsecured Loans	63,382	37,547	342,633	443,562
<b>Total</b>	<b>312,304</b>	<b>236,599</b>	<b>342,633</b>	<b>891,536</b>

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

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”.

**5.1.5.12 *Write-off policy***

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”.

**5.1.6 *Factoring receivables***

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”.

**5.1.7 *Investments held-to-maturity (net)***

**5.1.7.1 *Investment subject to repurchase agreements and provided as collateral/blocked***

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>YTL</b>	<b>FC</b>	<b>YTL</b>	<b>FC</b>
Collateralised/Blocked Investments	1,121,735	24,584	283,506	27,897
Investments subject to Repurchase	1,632,065	353,027	2,645,615	500,243
<b>Total</b>	<b>2,753,800</b>	<b>377,611</b>	<b>2,929,121</b>	<b>528,140</b>

**5.1.7.2 *Government securities held-to-maturity***

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	3,518,429	4,027,893
Treasury Bills	-	-
Other Government Securities	334,210	245,409
<b>Total</b>	<b>3,852,639</b>	<b>4,273,302</b>

**5.1.7.3 Investments held-to-maturity**

	Current Period	Prior Period
<b>Debt Securities</b>	<b>3,935,504</b>	<b>4,357,505</b>
Quoted at Stock Exchange	3,667,147	4,191,786
Unquoted at Stock Exchange	268,357	165,719
<b>Impairment Losses (-)</b>	<b>(52,100)</b>	<b>(57,145)</b>
<b>Total</b>	<b>3,883,404</b>	<b>4,300,360</b>

**5.1.7.4 Movement of investments held-to-maturity**

	Current Period	Prior Period
<b>Balances at Beginning of Period</b>	<b>4,300,360</b>	<b>5,172,601</b>
Foreign Currency Differences On Monetary Assets	78,876	(174,812)
Purchases During the Period	-	71,632
Disposals Through Sales/Redemptions	(348,731)	(678,737)
Value Increase/Impairment Losses (-)	5,045	(13,032)
Change in Redeemed Costs	(152,146)	(77,292)
<b>Balances at End of Period</b>	<b>3,883,404</b>	<b>4,300,360</b>

**5.1.8 Investments in associates (net)**

**5.1.8.1 Unconsolidated investments in associates**

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ	Istanbul/Turkey	-	9.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	3,936	3,591	325	114	25	111	584	-

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

***Unconsolidated investments in associates sold during the current period***

None.

***Unconsolidated investments in associates acquired during the current period***

None.

**5.1.8.2 Consolidated investments in associates**

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Eureko Sigorta AŞ	Istanbul/Turkey	20.00	20.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	414,084	155,298	16,838	7,355	191	16,096	38,612	-

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

**5.1.8.3 Movement of consolidated investments in associates**

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>28,997</b>	<b>-</b>
<b>Movements during the Period</b>	<b>2,062</b>	<b>28,997</b>
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications	-	28,997
Increase/Decrease in Fair Values	2,062	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>31,059</b>	<b>28,997</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

**Valuation methods of consolidated investments in associates**

Associates	Current Period	Prior Period
Valued at Cost	-	-
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	31,059	28,997

**Sectoral distribution of consolidated investments and associates**

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	31,059	28,997
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	-	-

**Quoted consolidated investments in associates**

None.

**Investments in associates sold during the current period**

None.

***Investments in associates acquired during the current period***

None.

**5.1.9 Investments in subsidiaries (net)**

**5.1.9.1 Unconsolidated investments in subsidiaries**

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	100.00
4	Garanti Kültür AŞ (**)	Istanbul/Turkey	100.00	100.00
5	Trifoy Real Estate Company	Bucharest/Romania	-	100.00
6	Participation GBI Custody	Amsterdam/Holland	-	100.00
7	Participation United Custodian	Amsterdam/Holland	-	100.00
8	Trifoy Investments	Amsterdam/Holland	-	100.00
9	Garanti Konut Finansmanı Danışmanlık Hizm. AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	100.00	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	14,993	9,013	534	-	172	1,167	(99,458)	-
2	11,813	7,123	664	-	368	627	5,917	-
3	1,072	1,015	23	-	25	165	532	-
4	349	167	40	-	-	(6)	(171)	-
5	65	35	58	-	-	-	(39)	-
6	260	260	-	-	-	-	-	-
7	260	260	-	-	-	-	-	-
8	2	2	-	-	-	-	-	-
9	348	251	-	-	2	55	8	-
10	53,440	(2,035)	41,531	-	-	(3,928)	893	-

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

(\*\*) The legal name of Galata Araştırma Yayıncılık Tanıtım ve Bilişim Teknoloji Hizmetleri AŞ has been changed as Garanti Kültür AŞ on 8 February 2008.

***Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments***

As of 31 March 2008, the investments in Trifoy Real Estate Company, Participation GBI Custody, Participation United Custodian and Trifoy Investments classified as financial subsidiaries are not consolidated as their total assets are less than 1% of the Bank's total assets, instead they are valued at cost.

The non-financial investments in Garanti Bilişim Teknolojisi ve Tic. AŞ, Garanti Ödeme Sistemleri AŞ, Garanti Hizmet Yönetimi AŞ, Garanti Kültür AŞ, Garanti Filo Yönetim Hizmetleri AŞ and Garanti Konut Finansmanı Danışmanlık Hizm. AŞ are accounted under equity method of accounting.



**5.1.9.2 Movement of consolidated investments in subsidiaries**

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>577,928</b>	<b>605,059</b>
<b>Movements during the Period</b>	<b>56,868</b>	<b>(27,131)</b>
Acquisitions and Capital Increases	-	-
Bonus Shares Received (*)	-	45,605
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	66,551
Reclassifications	-	-
Increase/Decrease in Market Values	(11,202)	22,884
Currency Differences on Foreign Subsidiaries	68,070	(29,069)
Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>634,796</b>	<b>577,928</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

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

**Valuation methods of consolidated investments in subsidiaries**

	Current Period	Prior Period
Valued at Cost	210,587	210,587
Valued at Fair Value	424,209	367,341
Valued by Equity Method of Accounting	-	-

**Sectoral distribution of consolidated investments in subsidiaries**

	Current Period	Prior Period
Banks	376,465	310,612
Insurance Companies	56,545	56,545
Factoring Companies	28,378	39,580
Leasing Companies	85,381	85,381
Finance Companies	88,027	85,810
Other Subsidiaries	-	-

**Quoted consolidated investments in subsidiaries**

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	28,378	39,580
Quoted at International Stock Exchanges	-	-

***Other information on consolidated investments in subsidiaries***

	<b>Subsidiaries</b>	<b>Address (City/ Country)</b>	<b>Parent Bank's Share – If Different, Voting Rights (%)</b>	<b>Shares of Other Consolidated Subsidiaries (%)</b>	<b>Method of Consolidation</b>
1	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	94.10	5.86	Full Consolidation
2	Garanti Faktoring Hizmetleri AŞ <sup>(1)</sup>	Istanbul/Turkey	55.40	-	Full Consolidation
3	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
4	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
5	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	-	Full Consolidation
6	Garanti Bank International NV	Amsterdam/Holland	100.00	-	Full Consolidation
7	Garanti Bank Moscow	Moscow/Russia	75.02	24.86	Full Consolidation
8	Garanti Financial Services Plc	Dublin/Ireland	99.99	-	Full Consolidation
9	Garanti Fund Management Co Ltd	Valetta/Malta	99.50	-	Full Consolidation

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets <sup>(*)</sup></b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss and Extraordinary Reserves</b>	<b>Company's Fair Value (if available)</b>
1	2,329,772	227,288	17,948	63,507	-	16,005	128,035	-
2	758,195	34,346	1,336	46,900	-	5,724	6,202	51,219
3	27,038	24,548	2,870	250	361	(280)	10,140	-
4	15,415	14,509	1,401	213	222	855	971	-
5	855,378	107,422	8,218	5,716	5,386	15,055	25,078	-
6	7,162,731	459,687	96,880	83,879	28,888	11,789	87,659	331,638
7	682,295	89,224	1,700	9,590	2,388	3,496	29,545	59,754
8	9,512	9,456	-	37	-	(67)	6,188	19,366
9	80	-	-	-	-	-	(267)	-

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

(1) Financial information is as of 31 December 2007, but fair value information is as of 31 March 2008.

***Consolidated investments in subsidiaries disposed during the current period***

None.

***Consolidated investments in subsidiaries acquired during the current period***

None.

**5.1.10 Investments in joint-ventures (net)**

None.

### 5.1.11 Lease receivables (net)

#### 5.1.11.1 Financial lease receivables according to remaining maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1,111,372	930,414	1,010,935	850,232
Between 1-4 Years	1,340,056	1,231,414	1,240,013	1,095,417
Longer than 4 Years	58,399	-	-	-
<b>Total</b>	<b>2,509,827</b>	<b>2,161,828</b>	<b>2,250,948</b>	<b>1,945,649</b>

#### 5.1.11.2 Net financial lease receivables

	Current Period	Prior Period
Gross Financial Lease Receivables	2,509,827	2,250,948
Unearned Income on Financial Lease Receivables (-)	347,999	305,299
Terminated Lease Contracts (-)	-	-
<b>Net Financial Lease Receivables</b>	<b>2,161,828</b>	<b>1,945,649</b>

#### 5.1.11.3 Financial lease agreements

The criterias applied for the financial lease agreements are as follows:

The customer applied for a financial lease is evaluated based on the lending policies and criterias taking into account the legal legislation. A “customer analysis report” according to the type and amount of the application is prepared for the evaluation of the customer by the Credit Committee and certain risk rating models such as “customer risk rating” and “equipment rating/scoring” are applied.

In compliance with the legal legislation and the authorization limits of the general manager, credit committee and board of directors, it is decided whether the loan will be granted considering the financial position and the qualitative characteristics of the customer and the criterias mentioned above, if yes, which conditions will be applied. At this stage, collateral such as bank guarantees, mortgages, asset pledges, promissory notes or the personal or corporate guarantees, may be required depending on the creditworthiness of the customer and the characteristics of the product to be sold.

The sectoral, equipment type and pledged asset concentration of the customers are monitored regularly.

The followings are monitored for the financial lease agreements signed:

Subsequent to granting of loan, the fulfillment of monetary aspects such as lending procedures, timely collection of rental payments are monitored. Furthermore, updated information on the performance of companies is reported by the credit monitoring unit even for the performing customers.

The reports prepared by the credit monitoring unit for the performing companies and the assessments made by the administration follow-up and the legal units for the problematic companies, are presented to the top management following the assesments made by the related internal committees and the necessary actions are taken.

## **5.1.12 Derivative financial assets held for risk management**

### **5.1.12.1 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	-	221	-	31,960
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	-	<b>221</b>	-	<b>31,960</b>

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

## **5.1.13 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”.

## **5.1.14 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”.

## **5.1.15 Investment property**

None.

## **5.1.16 Deferred tax asset**

As of 31 March 2008, on a consolidated basis the Bank has a deferred tax asset of YTL 38,808 thousands (31 December 2007: YTL 58,352 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

There is no deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 March 2008. However, there is a deferred tax asset of YTL 104,146 thousands (31 December 2007: YTL 112,882 thousands) and deferred tax liability of YTL 65,338 thousands (31 December 2007: YTL 54,530 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

For the cases where such differences are related with certain items on the shareholders’ equity accounts, the deferred taxes are charged or credited directly to these accounts.

#### 5.1.17 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>115,635</b>	<b>117,297</b>
<b>Accumulated Depreciation (-)</b>	<b>2,749</b>	<b>2,101</b>
<b>Net Book Value</b>	<b>112,886</b>	<b>115,196</b>
<b>End of Current Period</b>		
Additions	1,305	24,962
Disposals (Cost)	(17,355)	(26,624)
Disposals (Accumulated Depreciation)	846	746
Impairment Losses (-)	-	-
Depreciation Expense for Current Period (-)	282	1,394
Currency Translation Differences on Foreign	-	-
<b>Cost</b>	<b>99,585</b>	<b>115,635</b>
<b>Accumulated Depreciation (-)</b>	<b>2,185</b>	<b>2,749</b>
<b>Net Book Value</b>	<b>97,400</b>	<b>112,886</b>

As of balance sheet date, the rights of repurchase on various assets held for sale amount to YTL 15,129 thousands (31 December 2007: YTL 29,850 thousands).

#### 5.1.18 Other Assets

##### 5.1.18.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	36,032	31,412
Sale of Real Estates (*)	27,366	1,427
Sale of Other Assets	2,843	2,843
<b>Total</b>	<b>66,241</b>	<b>35,682</b>

(\*) On 11 March 2008, the Bank sold a real estate with a net book value of YTL 40,581 thousands to Doğuş Holding AŞ at a sale price of USD 35,000,000 (equivalent of YTL 42,693 thousands). USD 15,000,000 of the sale price was collected on the date of sale, the remaining USD 20,000,000 will be collected in a one-year term. A gain of YTL 2,112 thousands was recognized as income on this transaction.

##### 5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	290,056	257,923

## 5.2 Consolidated 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	Total
<b>Saving Deposits</b>	<b>1,229,233</b>	-	<b>4,607,828</b>	<b>7,470,461</b>	<b>173,559</b>	<b>127,399</b>	<b>217,611</b>	-	<b>13,826,091</b>
<b>Foreign Currency</b>	<b>6,114,462</b>	-	<b>8,338,095</b>	<b>6,571,009</b>	<b>911,108</b>	<b>1,592,842</b>	<b>851,991</b>	<b>79,754</b>	<b>24,459,261</b>
Residents in Turkey	3,841,760	-	6,636,659	6,174,139	604,374	358,635	398,251	78,746	18,092,564
Residents in Abroad	2,272,702	-	1,701,436	396,870	306,734	1,234,207	453,740	1,008	6,366,697
<b>Public Sector Deposits</b>	<b>550,172</b>	-	<b>4,278</b>	<b>7,192</b>	<b>292</b>	<b>2,296</b>	<b>57</b>	-	<b>564,287</b>
<b>Commercial Deposits</b>	<b>1,816,359</b>	-	<b>2,657,094</b>	<b>1,079,663</b>	<b>93,247</b>	<b>103,305</b>	<b>36,693</b>	-	<b>5,786,361</b>
<b>Others</b>	<b>172,258</b>	-	<b>53,649</b>	<b>74,664</b>	<b>1,134</b>	<b>166</b>	<b>208</b>	-	<b>302,079</b>
<b>Precious Metal Deposits</b>	<b>59,818</b>	-	<b>83</b>	<b>1,918</b>	-	<b>2,365</b>	<b>23,602</b>	-	<b>87,786</b>
<b>Bank Deposits</b>	<b>523,414</b>	-	<b>1,738,673</b>	<b>327,863</b>	<b>191,486</b>	<b>285,058</b>	<b>150,627</b>	-	<b>3,217,121</b>
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	15,882	-	628,396	3,122	134	24	77	-	647,635
Foreign Banks	353,196	-	1,110,277	324,741	191,352	285,034	150,550	-	2,415,150
Special Purpose Financial Institutions	154,336	-	-	-	-	-	-	-	154,336
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,465,716</b>	-	<b>17,399,700</b>	<b>15,532,770</b>	<b>1,370,826</b>	<b>2,113,431</b>	<b>1,280,789</b>	<b>79,754</b>	<b>48,242,986</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
<b>Saving Deposits</b>	<b>1,072,314</b>	-	<b>3,570,588</b>	<b>7,477,039</b>	<b>189,474</b>	<b>99,403</b>	<b>244,273</b>	-	<b>12,653,091</b>
<b>Foreign Currency</b>	<b>5,276,925</b>	-	<b>7,283,743</b>	<b>6,878,331</b>	<b>669,115</b>	<b>999,861</b>	<b>716,865</b>	<b>66,946</b>	<b>21,891,786</b>
Residents in Turkey	3,563,993	-	6,025,233	6,254,723	434,700	341,056	371,478	66,119	17,057,302
Residents in Abroad	1,712,932	-	1,258,510	623,608	234,415	658,805	345,387	827	4,834,484
<b>Public Sector Deposits</b>	<b>384,378</b>	-	<b>82,765</b>	<b>6,044</b>	<b>31</b>	<b>1,412</b>	<b>55</b>	-	<b>474,685</b>
<b>Commercial Deposits</b>	<b>1,644,869</b>	-	<b>2,293,188</b>	<b>1,741,392</b>	<b>130,100</b>	<b>93,931</b>	<b>17,467</b>	-	<b>5,920,947</b>
<b>Others</b>	<b>65,314</b>	-	<b>68,840</b>	<b>114,700</b>	<b>1,547</b>	<b>227</b>	<b>258</b>	-	<b>250,886</b>
<b>Precious Metal Deposits</b>	<b>35,438</b>	-	<b>1,465</b>	<b>1,488</b>	<b>3,112</b>	<b>3,424</b>	<b>17,114</b>	-	<b>62,041</b>
<b>Bank Deposits</b>	<b>376,893</b>	-	<b>1,265,127</b>	<b>261,125</b>	<b>111,829</b>	<b>288,505</b>	<b>132,615</b>	-	<b>2,436,094</b>
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,687	-	421,821	235	-	4,797	11,670	-	442,210
Foreign Banks	239,259	-	843,306	260,890	111,829	283,708	120,945	-	1,859,937
Special Purpose Financial Institutions	133,947	-	-	-	-	-	-	-	133,947
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8,856,131</b>	-	<b>14,565,716</b>	<b>16,480,119</b>	<b>1,105,208</b>	<b>1,486,763</b>	<b>1,128,647</b>	<b>66,946</b>	<b>43,689,530</b>

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

#### **5.2.1.1.1 Deposits exceeding insurance limit**

*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	6,561,167	6,036,489	6,815,964	6,261,780
Foreign Currency Saving Deposits	3,038,355	2,987,805	7,087,606	6,578,805
Other Saving Deposits	6,543	1,969	68,880	48,387
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 not covered by insurance limits**

##### **5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:**

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	689,555	566,974
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	223,345	196,751
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

### **5.2.2 Negative differences on derivative financial liabilities held for trading**

Trading Derivatives	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Deals	31,178	6,204	28,533	4,891
Swaps	201,308	122,303	454,943	21,673
Futures	-	-	-	482
Options	65,385	48,872	17,729	10,230
Others	-	3,295	-	112
<b>Total</b>	<b>297,871</b>	<b>180,674</b>	<b>501,205</b>	<b>37,388</b>

### 5.2.3 Funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	657,679	775,165	641,587	785,988
Foreign Banks, Institutions and Funds	1,992,991	9,381,278	1,170,932	8,302,235
<b>Total</b>	<b>2,650,670</b>	<b>10,156,443</b>	<b>1,812,519</b>	<b>9,088,223</b>

#### 5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	829,789	3,177,343	733,136	3,064,237
Medium and Long-Term	1,820,881	6,979,100	1,079,383	6,023,986
<b>Total</b>	<b>2,650,670</b>	<b>10,156,443</b>	<b>1,812,519</b>	<b>9,088,223</b>

#### 5.2.3.2 Disclosures for concentration areas of bank's liabilities

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”.

### 5.2.4 Interbank money markets

#### *Funds obtained through repurchase transactions:*

	Current Period		Prior Period	
	YTL	FC	YTL	FC
<b>Domestic Transactions</b>	<b>5,804,354</b>	-	<b>6,667,163</b>	-
Financial Institutions and Organizations	5,730,234	-	6,591,635	-
Other Institutions and Organizations	28,301	-	32,920	-
Individuals	45,819	-	42,608	-
<b>Foreign Transactions</b>	<b>781,670</b>	<b>1,206,521</b>	<b>780,742</b>	<b>1,144,051</b>
Financial Institutions and Organizations	781,147	1,206,521	780,157	1,144,051
Other Institutions and Organizations	243	-	125	-
Individuals	280	-	460	-
<b>Total</b>	<b>6,586,024</b>	<b>1,206,521</b>	<b>7,447,905</b>	<b>1,144,051</b>

### 5.2.5 Factoring payables

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”.

### 5.2.6 Lease payables

#### 5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	5,687	5,687	4,115	4,115
Between 1-4 Years	-	-	-	-
Longer than 4 Years	-	-	-	-
<b>Total</b>	<b>5,687</b>	<b>5,687</b>	<b>4,115</b>	<b>4,115</b>



#### 5.2.6.2 *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.

#### 5.2.7 *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	-	849	-	249
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	-	<b>849</b>	-	<b>249</b>

#### 5.2.8 *Provisions*

##### 5.2.8.1 *General provisions*

	Current Period	Prior Period
<b>General Provision for</b>	<b>349,128</b>	<b>280,660</b>
Loans and Receivables in Group I	290,395	250,216
Loans and Receivables in Group II	24,168	65
Non-Cash Loans	34,565	30,379
Others	-	-

##### 5.2.8.2 *Provisions for foreign exchange differences on foreign currency indexed loans and financial lease receivables*

	Current Period	Prior Period
Short-Term Loans	588	22,284
Medium and Long Term Loans	17,466	94,562
<b>Total</b>	<b>18,054</b>	<b>116,846</b>

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

##### 5.2.8.3 *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".

##### 5.2.8.4 *Other provisions*

##### 5.2.8.4.1 *General reserves for possible losses*

	Current Period	Prior Period
General Reserves for Possible Losses	153,000	32,000

The Bank has provided a general reserve amounting YTL 131,000 thousands for possible additional liabilities which probably will incur after the transfer of the liabilities of "Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" ("the Fund") to Social Security Foundation (SSF) in accordance with Law no. 5754 accepted and approved by the Turkish Parliament at 17 April 2008, and currently not enacted.

YTL 10,000 thousands of the prior period's general provision has been cancelled in the current period.

#### 5.2.8.4.2 Other provisions for possible losses

	Current Period	Prior Period
Reserve for Employee Benefits	198,355	143,883
Insurance Technical Provisions, Net	115,173	101,150
Provision for Promotion Expenses of Credit Cards <sup>(*)</sup>	42,785	49,219
Other Provisions	59,903	64,747
<b>Total</b>	<b>416,216</b>	<b>358,999</b>

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

### 5.2.9 Tax liability

#### 5.2.9.1 Current tax liability

##### 5.2.9.1.1 Tax liability

As of 31 March 2008, the tax liability amounts to YTL 9,806 thousands (31 December 2007: YTL 109,524 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.

##### 5.2.9.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	9,806	109,524
Taxation on Securities Income	14,174	56,827
Taxation on Real Estates Income	1,259	980
Banking Insurance Transaction Tax	11,982	27,097
Foreign Exchange Transaction Tax	4,029	2,991
Value Added Tax Payable	459	1,864
Others	11,296	19,878
<b>Total</b>	<b>53,005</b>	<b>219,161</b>

##### 5.2.9.1.3 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	219	259
Social Security Premiums-Employer	292	256
Bank Pension Fund Premium-Employees	20	16
Bank Pension Fund Premium-Employer	49	29
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	343	355
Unemployment Insurance-Employer	609	633
Others	-	1
<b>Total</b>	<b>1,532</b>	<b>1,549</b>

#### 5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements of the Bank had a deferred tax liability of YTL 331 thousands (31 December 2007: YTL 30 thousands).

#### **5.2.10 Liabilities for assets held for sale and assets of discontinued operations**

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 Subordinated debts**

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”.

#### **5.2.12 Shareholders’ equity**

##### **5.2.12.1 Paid-in capital**

	<b>Current Period</b>	<b>Prior Period</b>
Common Shares	2,100,000	2,100,000
Preference Shares	-	-

##### **5.2.12.2 Registered share capital system**

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling per Registered Share Capital</b>
Common Shares	2,100,000	7,000,000
Preference Shares	-	-

##### **5.2.12.3 Capital increases in current period**

None.

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

None.

##### **5.2.12.5 Capital commitments for current and future financial periods**

None.

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

None.

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

None.

**5.2.12.8 Securities value increase fund**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>(102,669)</b>	<b>7,430</b>	<b>81,517</b>	<b>108,020</b>
Valuation Difference	(102,669)	7,430	81,517	108,020
Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>(102,669)</b>	<b>7,430</b>	<b>81,517</b>	<b>108,020</b>

**5.2.12.9 Revaluation surplus**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Movables	-	-	-	-
Real Estates	2,147	-	2,147	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	27,717	-	27,717	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
<b>Total</b>	<b>29,864</b>	<b>-</b>	<b>29,864</b>	<b>-</b>

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

It includes the bonus shares received from the following investee companies; Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ by YTL 23 thousands, Eureka Sigorta AŞ by YTL 559 thousands, Garanti Ödeme Sistemleri AŞ by YTL 401 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.

**5.2.12.11 Legal reserves**

	Current Period	Prior Period
I. Legal Reserve	145,066	144,740
II. Legal Reserve	23,627	23,627
Special Reserves	-	-
<b>Total</b>	<b>168,693</b>	<b>168,367</b>

In compliance with the decisions made on the annual general assemblies of the Bank and its financial affiliates operating in Turkey, 5% of prior periods' profit is allocated to legal reserves.

**5.2.12.12 Extraordinary reserves**

	<b>Current Period</b>	<b>Prior Period</b>
Legal Reserves allocated in compliance with the Decisions made on the Annual General Assembly	1,388,561	1,388,561
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
<b>Total</b>	<b>1,388,561</b>	<b>1,388,561</b>

In compliance with the decisions made on the annual general assemblies of the Bank and its financial affiliates, the remaining prior periods' profit after the appropriation to legal reserves, is allocated to extraordinary reserves

**5.2.12.13 Minority interest**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at Beginning of Period</b>	<b>23,334</b>	<b>7,770</b>
Profit Share of Subsidiaries Net Profits	2,728	7,978
Prior Period Dividend	-	-
Decrease in Minority Interest due to Sales (-)	-	7,586
Others	-	-
<b>Balance at End of Period</b>	<b>26,062</b>	<b>23,334</b>

The increase in minority interest in prior period, is resulted from the sale of 15% shares of previously 100% owned consolidated subsidiary; Garanti Emeklilik ve Hayat AŞ.

### 5.3 Consolidated off-balance sheet items

#### 5.3.1 Off-balance sheet contingencies

##### 5.3.1.1 Irrevocable credit commitments

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	6,995,237	5,849,586
Letters of Guarantee in YTL	3,932,908	3,920,019
Letters of Credit	2,999,086	2,271,110
Bills of Exchange and Acceptances	133,949	116,487
Prefinancings	-	-
<b>Total</b>	<b>14,061,180</b>	<b>12,157,202</b>

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

A specific provision of YTL 2,363 thousands (31 December 2007: YTL 1,763 thousands) is made for unliquidated non-cash loans of YTL 11,363 thousands (31 December 2007: YTL 5,832 thousands) recorded under the off-balance sheet items as of 31 March 2008.

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

As of 31 March 2008, 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 2007: USD 875,000,000). Also, in “other irrevocable commitments” of Garanti Faktoring, there are commitments for “credit linked notes” with a total face value of USD 28,850,000 and EUR 2,500,000 (31 December 2007: USD 35,850,000 and EUR 2,500,000).

##### 5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	252,170	268,951
<i>With Original Maturity of 1 Year or Less</i>	<i>49,768</i>	<i>77,737</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>202,402</i>	<i>191,214</i>
Other Non-Cash Loans	14,773,935	12,622,056
<b>Total</b>	<b>15,026,105</b>	<b>12,891,007</b>

##### 5.3.1.4 Other information on non-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”.

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

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”.

#### 5.3.2 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**

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”.

**5.3.4 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 Consolidated income statement

### 5.4.1 Interest income

#### 5.4.1.1 Interest income (\*) from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
<b>Interest Income from Loans</b>				
Short-term loans	537,356	69,076	482,708	63,652
Medium and long-term loans	459,242	244,163	198,921	185,610
Loans under follow-up	5,339	-	7,966	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>1,001,937</b>	<b>313,239</b>	<b>689,595</b>	<b>249,262</b>

(\*) Includes commissions income on cash loans

#### 5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	2,013	-	13,057	-
Domestic Banks	506	16,413	7,880	12,357
Foreign Banks	60,485	36,791	15,117	39,908
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>63,004</b>	<b>53,204</b>	<b>36,054</b>	<b>52,265</b>

#### 5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Financial Assets	5,885	4,737	6,213	7,181
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	434,032	66,450	324,982	99,577
Investments Held-to-Maturity	122,060	9,792	117,991	16,412
<b>Total</b>	<b>561,977</b>	<b>80,979</b>	<b>449,186</b>	<b>123,170</b>

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

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	376	6



## 5.4.2 Interest expenses

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
<b>Banks</b>				
Central Bank of Turkey	-	-	-	-
Domestic Banks	17,455	16,436	17,728	4,025
Foreign Banks	56,088	119,913	21,328	117,640
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	-	10,799	-	7,899
<b>Total</b>	<b>73,543</b>	<b>147,148</b>	<b>39,056</b>	<b>129,564</b>

(\*) Includes commission expenses on borrowings

### 5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	1	-

### 5.4.2.3 Interest expenses on securities issued

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”.

### 5.4.2.4 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	
<b>Turkish Lira</b>								
Bank Deposits	3,453	24,669	-	-	-	-	-	28,122
Saving Deposits	385	166,781	302,153	6,825	4,379	5,068	-	485,591
Public Sector Deposits	25	3,104	7,668	6	98	2	-	10,903
Commercial Deposits	7,666	138,556	51,183	2,178	6,215	384	-	206,182
Others	62	2,073	4,113	51	11	8	-	6,318
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total YTL</b>	<b>11,591</b>	<b>335,183</b>	<b>365,117</b>	<b>9,060</b>	<b>10,703</b>	<b>5,462</b>	<b>-</b>	<b>737,116</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	19,254	72,455	65,328	7,821	13,894	12,445	688	191,885
Bank Deposits	1,190	7,898	939	918	1,355	825	-	13,125
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	17	45	-	62
<b>Total FC</b>	<b>20,444</b>	<b>80,353</b>	<b>66,267</b>	<b>8,739</b>	<b>15,266</b>	<b>13,315</b>	<b>688</b>	<b>205,072</b>
<b>Grand Total</b>	<b>32,035</b>	<b>415,536</b>	<b>431,384</b>	<b>17,799</b>	<b>25,969</b>	<b>18,777</b>	<b>688</b>	<b>942,188</b>

#### 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
<b>Income</b>	<b>1,878,585</b>	<b>780,367</b>
Trading Account Income	568,573	301,251
Derivative financial instruments	504,587	226,531
Others	63,986	74,720
Foreign Exchange Gain	1,310,012	479,116
<b>Losses (-)</b>	<b>1,809,464</b>	<b>837,380</b>
Trading Account Losses	492,573	352,813
Derivative financial instruments	457,042	311,309
Others	35,531	41,504
Foreign Exchange Losses	1,316,891	484,567
<b>Total</b>	<b>69,121</b>	<b>(57,013)</b>

#### 5.4.5 Other operating income

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

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

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

	Current Period	Prior Period
<b>Specific Provisions for Loans and Other Receivables</b>	<b>56,827</b>	<b>42,221</b>
Loans and receivables in Group III	30,814	20,156
Loans and receivables in Group IV	7,762	16,923
Loans and receivables in Group V	18,251	5,142
<b>General Provisions</b>	<b>66,567</b>	<b>30,670</b>
<b>Provision for Possible Losses</b>	<b>131,000</b>	<b>-</b>
<b>Impairment Losses on Securities</b>	<b>699</b>	<b>471</b>
Financial assets at fair value through profit or loss	699	300
Financial assets available-for-sale	-	171
<b>Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity</b>	<b>2,902</b>	<b>9,754</b>
Associates	-	-
Subsidiaries	6	-
Joint Ventures (Business Partnership)	-	-
Investments held-to-maturity	2,896	9,754
<b>Others</b>	<b>2,177</b>	<b>4,140</b>
<b>Total</b>	<b>260,172</b>	<b>87,256</b>

#### 5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	228,512	174,288
Reserve for Employee Termination Benefits	115	2,974
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	1	1
Depreciation Expenses of Tangible Assets	39,182	33,644
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	2,717	6,736
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	282	-
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
<b>Other Operating Expenses</b>	<b>206,608</b>	<b>143,711</b>
<i>Operational lease related expenses</i>	<i>23,395</i>	<i>19,153</i>
<i>Repair and maintenance expenses</i>	<i>4,131</i>	<i>3,827</i>
<i>Advertisement expenses</i>	<i>18,450</i>	<i>14,662</i>
<i>Other expenses</i>	<i>160,632</i>	<i>106,069</i>
Loss on Sale of Assets	2,794	2
Others	165,185	105,420
<b>Total</b>	<b>645,396</b>	<b>466,776</b>

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

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”.

#### 5.4.9 Provision for taxes including taxes for discontinued operations

As of 31 March 2008, on a consolidated basis, the Bank recorded a tax expense of YTL 134,388 thousands (31 March 2007: YTL 107,839 thousands) and a deferred tax expense of YTL 6,218 thousands (31 March 2007: YTL 3,565 thousands).

##### *Deferred tax income/expense on timing differences :*

Deferred tax income/(expense) on timing differences	Current Period
Increase in Tax Deductable Timing Differences (+)	16,153
Decrease in Tax Deductable Timing Differences (-)	11,877
Increase in Taxable Timing Differences (-)	12,152
Decrease in Taxable Timing Differences (+)	1,658
<b>Total</b>	<b>(6,218)</b>

##### *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 Deductable Timing Differences (net)	4,276
(Increase)/Decrease in Taxable Timing Differences (net)	(10,494)
Increase/(Decrease) in Tax Losses (net)	-
Increase/(Decrease) in Tax Deductions and Exemptions (net)	-
<b>Total</b>	<b>(6,218)</b>

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

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”.

#### 5.4.11 Net profit/loss

##### 5.4.11.1 Any further explanation on operating results needed for better understanding of 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.

##### 5.4.11.3 Minority interest's profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	2,728	330

#### 5.4.12 Components of other items in income statement

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

## **5.5 Consolidated 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 Consolidated 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 parent 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	9,033	244	1	1,090	158,515	168,482
Balance at end of period	44,670	2,094	30,117	1,087	100,119	189,666
Interest and Commission Income	376	-	208	1	1,797	161

##### 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	7,142	1,222	224,108	9,455	87,185	41,793
Balance at end of period	9,033	244	1	1,090	158,515	168,482
Interest and Commission Income	7	-	221	69	1,725	264

#### 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	8,448	2,010	91,590	509,513	240,401	132,777
Balance at end of period	786	8,448	257,406	91,590	349,135	240,401
Interest Expenses	1	-	4,715	8,411	4,561	3,179

#### 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 at Fair Value Through Profit or Loss:						
Beginning of Period	-	2,790	-	-	-	-
End of Period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-
Transactions for Hedging:						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

## **5.7.2 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 116,891 thousands (31 December 2007 YTL 74,661 thousands) compose 0.26% (31 December 2007: 0.19%) of the Bank's total cash loans and 0.14% (31 December 2007: 0.10%) of the Bank's total assets. The total loans and similar receivables amounting YTL 174,906 thousands (31 December 2007: YTL 167,549 thousands) compose 0.21% (31 December 2007: 0.22%) of the Bank's total assets. The non-cash loans of the risk group amounting YTL 192,847 thousands (31 December 2007: YTL 169,816 thousands) compose 1.28% (31 December 2007: 1.32%) of the Bank's total non-cash loans. The deposits of the risk group amounting YTL 607,327 thousands (31 December 2007: YTL 340,439 thousands) compose 1.26% (31 December 2007: 0.78%) 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 5.1.8 and 5.1.9.

### **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 certain consolidated subsidiaries namely Garanti Yatırım Menkul Kıymetler AŞ, Eureko Sigorta AŞ, Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities on behalf of customers are rendered by the Bank's specialised branches (Investment Centers).

Purchase of equipments for internal use are partly arranged through financial leasing.

Information on real estate sale to the Bank's risk group in the period is provided in Note 5.1.18.1.



**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 the balance sheet date**

- A part of the Bank's non-performing loan portfolio amounting YTL 98,221 thousands is sold to a local asset management company at a sale price of YTL 28,898 thousands. The sale price is fully recognized as income as of 3 April 2008, as the sold receivables were fully provisioned in the Bank's financial statements previously.
- As per the decision taken during the General Assembly of GarantiBank International NV at 14 April 2008, the company's share capital has been increased from EUR 159,470,00 to EUR 196,567,000. EUR 35,011,000 of this capital increase is from the prior year earnings and EUR 2,086,000 is from share premium. The bonus shares appropriated from the prior year earnings and amounted EUR 35,011,000 (equivalent of YTL 71,668 thousands) is recognized as dividend income at 15 April 2008 by the parent Bank.
- During the General Assembly meeting of Garanti Faktoring Hizmetleri AŞ held at 16 April 2008, it has been decided to increase the share capital of the company from YTL 16,849 thousands to YTL 17,960 thousands by YTL 1,111 thousands through appropriation from the 2007 net income reported in the financial statements prepared in accordance with International Financial Reporting Standards as per the Article XI no.25 of the Capital Market Board, and accordingly to issue bonus shares for this amount and to transfer the remaining earnings to reserves.
- Social Security Law No. 5754 ("the Law") which requires the transfer of the liabilities of 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 is accepted and approved by the Turkish Parliament at 17 April 2008. As of the reporting date, the related Law has not been enacted yet.
- It has been resolved in the Bank's board of directors meeting held at 22 April 2008 that:

In the light of demands of the Bank's local and foreign investors concerning the cancellation of the Bank's founder share certificates (holders of which have right to 10% of the net profit of the Bank) to eliminate the negative impact the founder shares have over the market value of the Bank's shares, it has become necessary to cancel the founder share certificates. In this regard, it is resolved that; 370 founder share certificates of the Bank will be cancelled after purchasing at a price value of YTL 3,876 per share (in total YTL 1,434,234) in accordance with the value determined by the Istanbul 5th Commercial Court of First Instance; the total consideration will be covered from the extraordinary reserves of the Bank; the founder share certificates will be destroyed following their purchase; and the head office of the Bank will be authorized to file necessary applications with the Banking Regulatory and Supervisory Agency, the Capital Market Board of Turkey and the other relevant official authorities in order to conclude the above-mentioned process.

It is resolved that the Articles 15, 16 and 45 of the Articles of Association of the Bank will be amended, and the head office of the Bank is authorized to file necessary applications with the Banking Regulatory and Supervisory Agency, the Capital Market Board of Turkey and the other relevant official authorities in order to conclude the above-mentioned process and execute any and all operations related thereto.

The issued capital of the Bank will be increased by YTL 2,100,000 (100%) and accordingly from YTL 2,100,000 to YTL 4,200,000 within the registered share capital ceiling of the Bank of YTL 7,000,000; the current shareholders will participate in the capital increase through the coupon no.20 (which grants the right to obtain new shares), by paying a nominal value of YKr 1 per share (which has a nominal value of YKr 1); the portion of the coupons (which grants the right to obtain new shares) unused by the current shareholders will be sold to the investors in the stock exchange; and the head office of the Bank is authorized to obtain any approval and permission with respect to the capital increase and conduct any and all operations in this regard.

## 5.10 Other Disclosures on Activities of the Bank

### 5.10.1 Parent bank's latest international risk ratings

#### **MOODY'S (December 2007\*)**

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

#### **STANDARD AND POORS (January 2007\*)**

Long Term FC Obligations	BB-
Long Term YTL Deposit	BB-
Outlook (**)	Negative

#### **FITCH RATINGS (January 2008\*)**

<b>Foreign Currency</b>	
Long Term	BB
Short Term	B
Outlook	Stable
Individual	C
Support	4
<b>Turkish Lira</b>	
Long Term	BBB-
Short Term	F3
Outlook	Stable
<b>National</b>	AAA
Outlook	Stable

#### **CAPITAL INTELLIGENCE (December 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.

(\*\*) Standard and Poors has revised Turkey's outlook from Stable to Negative in 2008.

### 5.10.2 Latest international risk ratings of Garanti Bank International NV, a consolidated subsidiary

#### **MOODY'S (March 2007)\***

Long Term FC Deposit	A3
Short Term FC Deposit	Prime 2
FSR	C
Outlook	Stable

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

### 5.10.3 Latest international risk ratings of Garanti Faktoring, a consolidated subsidiary

**FITCH RATINGS (December 2007)\***

<b>Foreign Currency</b>	
Long Term	BB
Short Term	B
Outlook	Stable
Support	3
<b>Turkish Lira</b>	
Long Term	BBB-
Short Term	F3
Outlook	Stable
<b>National</b>	AAA
Outlook	Stable

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

### 5.10.4 Latest international risk ratings of Garanti Finansal Kiralama, a consolidated subsidiary

**FITCH RATINGS (January 2008)\***

<b>Foreign Currency</b>	
Long Term	BB
Short Term	B
Outlook	Stable
Support	3
<b>Turkish Lira</b>	
Long Term	BBB-
Short Term	F3
Outlook	Stable
<b>National</b>	AAA
Outlook	Stable

**STANDARD AND POORS (January 2008)\***

FC Obligations	BB-
YTL Obligations	B
Outlook (**)	Negative

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

(\*\*) Standard and Poors has revised Turkey's outlook from Stable to Negative in 2008.

#### **5.10.5 Dividends**

At the Annual General Assembly of the Bank dated 3 April 2008, it was decided to distribute the profit of 2007 as follows:

<b>2007 PROFIT DISTRIBUTION TABLE</b>	
2007 Net Profit	2,315,616
A– I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(115,781)
Undistributable funds	(570,567)
B – The first dividend at 5% of the paid capital	-
C – Extraordinary reserves at 5% after above deductions	-
D - Founder shares	-
E – Extraordinary reserves	(1,629,268)
F – II. Legal reserve (Turkish Commercial Code 466/2)	-

## **6 Independent Auditors' Review Report**

### **6.1 Disclosure on independent auditors' review report**

The consolidated financial statements of the Bank and its financial affiliates as of 31 March 2008, 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 1 May 2008 that except for the effects of the matter explained in the paragraph 3 of the review report, nothing material has come to their attention that caused them to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the financial position and results of its operations of the Bank and its financial affiliates as of 31 March 2008.

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