



**Türkiye Garanti Bankası Anonim Şirketi**  
**Unconsolidated 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;"Unconsolidated  
Financial Statements and Related Disclosures and  
Footnotes" comprising 73 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 unconsolidated balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") as of 31 March 2008 and the related unconsolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the three-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the accounting and reporting system and the regulations on the accounting and independent audit principles as per the (Turkish) Banking Law No. 5411. These regulations require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus 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 unconsolidated 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 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 unconsolidated financial statements are not presented fairly, in all material respects, the financial position of Türkiye Garanti Bankası AŞ 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 Article 37 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

**Murat Alsan**  
Partner

*Certified Public Accountant*

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

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

## **Türkiye Garanti Bankası Anonim Şirketi**

### **Unconsolidated Interim Financial Report as of and for the Three-Month Period Ended 31 March 2008**

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

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

**Ferit F. Şahenk**  
Board of Directors  
Chairman

**S. Ergun Özen**  
General Manager

**Aydın Şenel**  
Executive Vice  
President

**Mustafa Keleş**  
Financial Accounting  
Director

**M. Cüneyt Sezgin**  
Audit Committee  
Member

**Des O'Shea**  
Audit Committee  
Member

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## **1 General Information**

### **1.1 History of the bank including its incorporation date, initial legal status, amendments to legal status**

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 624 domestic branches, five foreign branches and four representative offices abroad. The Bank’s head office is located in Istanbul.

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

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

#### **Doğuş Group**

The Group was established in 1951 as a construction and contracting firm. Today, in addition to the construction sector, the Group operates in a variety of 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, Eureko Sigorta AŞ, Garanti Emeklilik ve Hayat AŞ, Garanti Faktoring Hizmetleri AŞ, Garanti Ödeme Sistemleri AŞ, Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ and Volkswagen Doğuş Tüketici Finansmanı AŞ.

#### **General Electric Group**

GE is a company providing variety of technology, media and financial services including aircraft engine and energy production, water and security technologies, medical systems, corporate-retail financing services and media services.

GE operates in more than 100 countries through its six major business lines providing services through their own business units with more than 300 thousand employees. These six business lines are; GE Consumer Finance, GE Commercial Finance, GE Healthcare, GE Industrial, GE Infrastructure and NBC Universal.

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

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

#### Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	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 and Accounting	20.07.2007	Master	23 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	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 Ersözöglü	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 the bank's qualified shareholders**

<b>Company</b>	<b>Shares</b>	<b>Ownership</b>	<b>Paid-in Capital</b>	<b>Unpaid Portion</b>
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 the bank's activities and services**

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

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

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

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

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

## 2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

### Türkiye Garanti Bankası Anonim Şirketi

#### Balance Sheet

At 31 March 2008

ASSETS		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.</b>	<b>CASH AND BALANCES WITH CENTRAL BANK</b>	(5.1.1)	965,033	4,702,940	5,667,973	3,186,964	4,040,903	7,227,867
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	356,372	42,602	398,974	71,478	74,162	145,640
2.1	Financial assets held for trading		68,949	24,214	93,163	31,327	64,928	96,255
2.1.1	Government securities		47,486	24,214	71,700	21,552	64,928	86,480
2.1.2	Equity securities		12,400	-	12,400	-	-	-
2.1.3	Other securities		9,063	-	9,063	9,775	-	9,775
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		287,423	18,388	305,811	40,151	9,234	49,385
<b>III.</b>	<b>BANKS</b>	(5.1.3)	1,178,290	2,291,598	3,469,888	804,865	2,328,118	3,132,983
<b>IV.</b>	<b>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.</b>	<b>FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>	(5.1.4)	9,804,706	3,098,016	12,902,722	9,776,793	3,325,681	13,102,474
5.1	Equity securities		37,698	44,086	81,784	44,751	37,674	82,425
5.2	Government securities		9,627,777	1,732,841	11,360,618	9,598,339	2,104,697	11,703,036
5.3	Other securities		139,231	1,321,089	1,460,320	133,703	1,183,310	1,317,013
<b>VI.</b>	<b>LOANS</b>	(5.1.5)	24,952,542	18,182,335	43,134,877	22,491,701	14,726,185	37,217,886
6.1	Performing loans		24,614,843	18,182,335	42,797,178	22,184,686	14,726,185	36,910,871
6.1.1	Loans to bank's risk group	(5.7)	150,122	380,018	530,140	143,007	306,366	449,373
6.1.2	Others		24,464,721	17,802,317	42,267,038	22,041,679	14,419,819	36,461,498
6.2	Loans under follow-up		884,602	-	884,602	846,538	-	846,538
6.3	Specific provisions (-)		546,903	-	546,903	539,523	-	539,523
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII.</b>	<b>INVESTMENTS HELD-TO-MATURITY (Net)</b>	(5.1.6)	3,136,522	414,356	3,550,878	3,294,938	648,827	3,943,765
8.1	Government securities		3,133,232	414,356	3,547,588	3,291,736	648,827	3,940,563
8.2	Other securities		3,290	-	3,290	3,202	-	3,202
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	11,312	-	11,312	11,312	-	11,312
9.1	Associates consolidated under equity accounting		-	-	-	-	-	-
9.2	Unconsolidated associates		11,312	-	11,312	11,312	-	11,312
9.2.1	Financial investments in associates		11,312	-	11,312	11,312	-	11,312
9.2.2	Non-financial investments in associates		-	-	-	-	-	-
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	239,607	395,832	635,439	249,646	327,762	577,408
10.1	Unconsolidated financial investments in subsidiaries		230,168	395,832	626,000	241,370	327,762	569,132
10.2	Unconsolidated non-financial investments in subsidiaries		9,439	-	9,439	8,276	-	8,276
<b>XI.</b>	<b>INVESTMENTS IN JOINT-VENTURES (Net)</b>	(5.1.9)	-	-	-	-	-	-
11.1	Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2	Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1	Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2	Non-financial investments in joint-ventures		-	-	-	-	-	-
<b>XII.</b>	<b>LEASE RECEIVABLES (Net)</b>	(5.1.10)	-	-	-	-	-	-
12.1	Financial lease receivables		-	-	-	-	-	-
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>	(5.1.11)	-	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.</b>	<b>TANGIBLE ASSETS (Net)</b>	(5.1.12)	995,253	685	995,938	1,024,233	725	1,024,958
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(5.1.13)	11,143	1	11,144	11,885	1	11,886
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		11,143	1	11,144	11,885	1	11,886
<b>XVI.</b>	<b>INVESTMENT PROPERTY (Net)</b>	(5.1.14)	-	-	-	-	-	-
<b>XVII.</b>	<b>TAX ASSET</b>	(5.1.15)	38,100	-	38,100	58,166	-	58,166
17.1	Current tax asset		2,166	-	2,166	5,222	-	5,222
17.2	Deferred tax asset		35,934	-	35,934	52,944	-	52,944
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	97,358	-	97,358	112,850	-	112,850
18.1	Assets held for sale		97,358	-	97,358	112,850	-	112,850
18.2	Assets of discontinued operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	(5.1.17)	942,592	124,007	1,066,599	892,499	86,828	979,327
	<b>TOTAL ASSETS</b>		42,728,830	29,252,593	71,981,423	41,987,330	25,591,152	67,578,482

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



(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**

**Balance Sheet**

At 31 March 2008

LIABILITIES AND SHAREHOLDERS' EQUITY	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. DEPOSITS</b>	(5.2.1)	<b>21,636,953</b>	<b>20,664,987</b>	<b>42,301,940</b>	<b>20,012,623</b>	<b>19,085,479</b>	<b>39,098,102</b>
1.1 Deposits from bank's risk group	(5.7)	378,390	186,797	565,187	304,065	171,726	475,791
1.2 Others		21,258,563	20,478,190	41,736,753	19,708,558	18,913,753	38,622,311
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.2.2)	<b>251,138</b>	<b>132,421</b>	<b>383,559</b>	<b>428,635</b>	<b>22,642</b>	<b>451,277</b>
<b>III. FUNDS BORROWED</b>	(5.2.3)	<b>2,028,447</b>	<b>8,514,709</b>	<b>10,543,156</b>	<b>1,282,828</b>	<b>7,275,816</b>	<b>8,558,644</b>
<b>IV. INTERBANK MONEY MARKETS</b>		<b>6,586,024</b>	<b>666,997</b>	<b>7,253,021</b>	<b>7,447,905</b>	<b>728,986</b>	<b>8,176,891</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		6,586,024	666,997	7,253,021	7,447,905	728,986	8,176,891
<b>V. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>1,729,479</b>	<b>21,124</b>	<b>1,750,603</b>	<b>1,819,991</b>	<b>11,574</b>	<b>1,831,565</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>	(5.2.4)	<b>831,744</b>	<b>348,394</b>	<b>1,180,138</b>	<b>862,906</b>	<b>292,951</b>	<b>1,155,857</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.2.5)	<b>3,310</b>	<b>49,280</b>	<b>52,590</b>	<b>3,075</b>	<b>51,663</b>	<b>54,738</b>
10.1 Financial lease payables		3,613	52,346	55,959	3,379	55,024	58,403
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		303	3,066	3,369	304	3,361	3,665
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	(5.2.6)	-	<b>849</b>	<b>849</b>	-	<b>249</b>	<b>249</b>
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	849	849	-	249	249
11.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.2.7)	<b>779,971</b>	<b>19,201</b>	<b>799,172</b>	<b>541,116</b>	<b>20,222</b>	<b>561,338</b>
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		197,019	-	197,019	140,372	-	140,372
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		250,420	2,605	253,025	134,779	5,527	140,306
<b>XIII. TAX LIABILITY</b>	(5.2.8)	<b>41,621</b>	<b>72</b>	<b>41,693</b>	<b>210,225</b>	<b>77</b>	<b>210,302</b>
13.1 Current tax liability		41,621	72	41,693	210,225	77	210,302
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.2.9)	-	-	-	-	-	-
14.1 Assets held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	(5.2.10)	-	<b>661,871</b>	<b>661,871</b>	-	<b>596,400</b>	<b>596,400</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.2.11)	<b>6,975,786</b>	<b>37,045</b>	<b>7,012,831</b>	<b>6,736,584</b>	<b>146,535</b>	<b>6,883,119</b>
16.1 Paid-in capital		2,100,000	-	2,100,000	2,100,000	-	2,100,000
16.2 Capital reserves		676,350	34,198	710,548	893,304	144,014	1,037,318
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		(68,888)	34,877	(34,011)	95,507	112,550	208,057
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		2,453	-	2,453	2,453	-	2,453
16.2.8 Hedging reserves (effective portion)		(59,633)	(679)	(60,312)	(7,074)	31,464	24,390
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		1,430,556	2,847	1,433,403	1,427,664	2,521	1,430,185
16.3.1 Legal reserves		153,690	2,847	156,537	153,690	2,521	156,211
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		1,275,689	-	1,275,689	1,275,689	-	1,275,689
16.3.4 Other profit reserves		1,177	-	1,177	(1,715)	-	(1,715)
16.4 Profit or loss		2,768,880	-	2,768,880	2,315,616	-	2,315,616
16.4.1 Prior periods profit/loss		2,315,616	-	2,315,616	-	-	-
16.4.2 Current period net profit/loss		453,264	-	453,264	2,315,616	-	2,315,616
16.5 Minority interests		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>40,864,473</b>	<b>31,116,950</b>	<b>71,981,423</b>	<b>39,345,888</b>	<b>28,232,594</b>	<b>67,578,482</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**

**Off-Balance Sheet Items**

At 31 March 2008

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2008			31 December 2007		
		YTL	FC	Total	YTL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>25,059,925</b>	<b>29,868,179</b>	<b>54,928,104</b>	<b>23,134,813</b>	<b>22,191,738</b>	<b>45,326,551</b>
<b>I. GUARANTEES AND SURETIES</b>	(5.3.1)	<b>3,938,167</b>	<b>10,315,814</b>	<b>14,253,981</b>	<b>3,925,972</b>	<b>8,429,994</b>	<b>12,355,966</b>
1.1. Letters of guarantee		3,937,867	6,836,491	10,774,358	3,924,978	5,749,874	9,674,852
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	307,568	615,838	303,752	265,210	568,962
1.1.3. Other letters of guarantee		3,325,201	6,021,854	9,347,055	3,314,240	5,061,112	8,375,352
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		-	3,345,674	3,345,674	394	2,564,233	2,564,627
1.3.1. Documentary letters of credit		-	3,198	3,198	-	1,649	1,649
1.3.2. Other letters of credit		-	3,342,476	3,342,476	394	2,562,584	2,562,978
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	-	-	-	-	-
1.9. Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.3.1)	<b>13,101,881</b>	<b>4,224,606</b>	<b>17,326,487</b>	<b>13,163,846</b>	<b>3,489,188</b>	<b>16,652,644</b>
2.1. Irrevocable commitments		13,101,881	4,224,178	17,326,059	13,163,846	3,488,798	16,652,644
2.1.1. Asset purchase commitments		53,778	1,875,604	1,929,382	48,248	1,560,461	1,608,709
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		2,565,143	1,202,324	3,767,467	2,354,191	913,337	3,267,528
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	-	22,626	24,398	-	24,398
2.1.9. Commitments for credit card limits		7,931,494	-	7,931,494	7,619,536	-	7,619,536
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	1,146,250	2,410,460	1,264,210	1,015,000	2,279,210
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>8,019,877</b>	<b>15,327,759</b>	<b>23,347,636</b>	<b>6,044,995</b>	<b>10,272,556</b>	<b>16,317,551</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 derivatives		8,019,877	15,324,358	23,344,235	6,044,995	10,214,274	16,259,266
3.2.1. Forward foreign currency purchases/sales		814,854	1,009,959	1,824,813	583,139	859,775	1,442,914
3.2.1.1. Forward foreign currency purchases		464,792	434,353	899,145	320,360	384,789	705,149
3.2.1.2. Forward foreign currency sales		350,062	575,606	925,668	262,779	474,986	737,765
3.2.2. Currency and interest rate swaps		3,935,385	7,923,276	11,858,661	4,328,262	6,811,744	11,140,006
3.2.2.1. Currency swaps-purchases		1,829,277	4,062,618	5,891,895	1,181,840	4,132,508	5,314,348
3.2.2.2. Currency swaps-sales		2,102,271	3,852,465	5,954,736	3,143,966	2,676,084	5,820,050
3.2.2.3. Interest rate swaps-purchases		1,088	4,167	5,255	417	1,581	1,998
3.2.2.4. Interest rate swaps-sales		2,749	4,026	6,775	2,039	1,571	3,610
3.2.3. Currency, interest rate and security options		3,134,562	5,837,607	8,972,169	1,015,177	1,907,105	2,922,282
3.2.3.1. Currency call options		1,370,096	2,803,831	4,173,927	366,159	896,609	1,262,768
3.2.3.2. Currency put options		1,650,284	2,694,062	4,344,346	630,600	515,233	1,145,833
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		57,490	124,917	182,407	10,563	113,283	123,846
3.2.3.6. Security put options		56,692	123,097	179,789	7,855	300,780	308,635
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>88,209,810</b>	<b>223,524,586</b>	<b>129,941,310</b>	<b>67,163,648</b>	<b>197,104,958</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	21,162,119	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	1,631,215	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>74,232,481</b>	<b>167,195,082</b>	<b>83,020,691</b>	<b>54,307,633</b>	<b>137,328,324</b>
5.1. Securities		134,790	-	134,790	-	169,805	169,805
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		-	-	-	-	-	-
5.5. Real estates		15,748,944	18,752,125	34,501,073	13,345,519	7,900,332	21,245,851
5.6. Other pledged items		63,683,295	49,672,455	113,355,754	57,534,009	41,464,466	98,998,475
5.7. Pledged items-depository		170	390	560	170	343	513
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>160,374,701</b>	<b>118,077,989</b>	<b>278,452,690</b>	<b>153,076,123</b>	<b>89,355,386</b>	<b>242,431,509</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

# Türkiye Garanti Bankası Anonim Şirketi

## Income Statement

For the 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>2,050,565</b>	<b>1,642,673</b>
1.1 Interest income on loans		1,272,858	891,804
1.2 Interest income on reserve deposits		48,699	41,807
1.3 Interest income on banks		73,100	59,077
1.4 Interest income on money market transactions		971	899
1.5 Interest income on securities portfolio		609,536	534,543
1.5.1 Trading financial assets		3,737	5,691
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		488,200	420,728
1.5.4 Investments held-to-maturity		117,599	108,124
1.6 Financial lease income		-	-
1.7 Other interest income		45,401	114,543
<b>II. INTEREST EXPENSE</b>	(5.4.2)	<b>1,280,494</b>	<b>1,015,657</b>
2.1 Interest on deposits		888,501	707,326
2.2 Interest on funds borrowed		174,793	140,348
2.3 Interest on money market transactions		214,746	165,712
2.4 Interest on securities issued		-	-
2.5 Other interest expenses		2,454	2,271
<b>III. NET INTEREST INCOME (I - II)</b>		<b>770,071</b>	<b>627,016</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>379,508</b>	<b>290,228</b>
4.1 Fees and commissions received		470,733	373,360
4.1.1 Non-cash loans		25,345	26,187
4.1.2 Others		445,388	347,173
4.2 Fees and commissions paid		91,225	83,132
4.2.1 Non-cash loans		53	76
4.2.2 Others		91,172	83,056
<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>89,790</b>	<b>(36,421)</b>
6.1 Trading account income/losses (Net)		97,683	(29,013)
6.2 Foreign exchange gains/losses (Net)		(7,893)	(7,408)
<b>VII. OTHER OPERATING INCOME</b>	(5.4.5)	<b>184,540</b>	<b>59,318</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>1,424,002</b>	<b>940,450</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.4.6)	<b>254,396</b>	<b>74,641</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.4.7)	<b>584,842</b>	<b>383,621</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>584,764</b>	<b>482,188</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>		-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	(5.4.8)	<b>584,764</b>	<b>482,188</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	(5.4.9)	<b>131,500</b>	<b>104,700</b>
16.1 Current tax charge		124,672	101,632
16.2 Deferred tax charge/(credit)		6,828	3,068
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	(5.4.10)	<b>453,264</b>	<b>377,488</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>453,264</b>	<b>377,488</b>
<b>EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)</b>		<b>216</b>	<b>180</b>

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

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

## **Türkiye Garanti Bankası Anonim Şirketi**

### **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 31 March 2008	PRIOR PERIOD 31 March 2007
<b>I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	<b>(360,273)</b>	<b>(55,746)</b>
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	-	-
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	-	-
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>55,777</b>	<b>2,166</b>
<b>V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	<b>(32,143)</b>	<b>(784)</b>
<b>VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	<b>(65,699)</b>	<b>(2,003)</b>
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	-	-
<b>VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>4,529</b>	<b>3,774</b>
<b>IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	<b>74,257</b>	<b>10,474</b>
<b>X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	<b>(323,552)</b>	<b>(42,119)</b>
<b>XI. CURRENT PERIOD PROFIT/LOSSES</b>	<b>453,264</b>	<b>377,488</b>
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	450,116	368,630
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	<b>129,712</b>	<b>335,369</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Changes in Shareholders' Equity**  
**For the Three-Month Period Ended 31 March 2008**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)												Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
		Paid-In Capital	Capital Reserves from Inflation Adj.s to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund						
<b>PRIOR PERIOD (31/3/2007)</b>																		
I. Balances at beginning of the period		2,100,000	772,554	-	-	92,134	-	500,558	(27,699)	-	1,063,663	162,238	2,147	4,698	-	-	-	4,670,293
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	-	-	92,134	-	500,558	(27,699)	-	1,063,663	162,238	2,147	4,698	-	-	-	4,670,293
<b>Changes during the period</b>																		
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(41,898)	-	-	-	-	-	(41,898)
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(2,387)	-	-	(2,387)
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(784)	-	-	(784)
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	(1,603)	-	-	(1,603)
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)	-	-	579	-	-	1,603	-	-	-	-	-	2,166
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		-	-	-	-	-	-	-	-	377,488	-	-	-	-	-	-	-	377,488
XX. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)</b>		<b>2,100,000</b>	<b>772,554</b>	<b>-</b>	<b>-</b>	<b>92,118</b>	<b>-</b>	<b>500,558</b>	<b>(27,120)</b>	<b>377,488</b>	<b>1,063,663</b>	<b>121,943</b>	<b>2,147</b>	<b>4,698</b>	<b>(2,387)</b>	<b>-</b>	<b>-</b>	<b>5,005,662</b>
<b>CURRENT PERIOD (31/3/2008)</b>																		
I. Balances at beginning of the period		2,100,000	772,554	-	-	156,211	-	1,275,689	(1,715)	-	2,315,616	208,057	29,864	2,453	24,390	-	-	6,883,119
<b>Changes during the period</b>	(5.5)																	
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(294,627)	-	-	-	-	-	(294,627)
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(84,702)	-	-	(84,702)
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(32,143)	-	-	(32,143)
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	(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	-	-	2,892	-	-	52,559	-	-	-	-	-	55,777
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	453,264	-	-	-	-	-	-	-	453,264
XVIII. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)</b>		<b>2,100,000</b>	<b>772,554</b>	<b>-</b>	<b>-</b>	<b>156,537</b>	<b>-</b>	<b>1,275,689</b>	<b>1,177</b>	<b>453,264</b>	<b>2,315,616</b>	<b>(34,011)</b>	<b>29,864</b>	<b>2,453</b>	<b>(60,312)</b>	<b>-</b>	<b>-</b>	<b>7,012,831</b>

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**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	PRIOR PERIOD
		31 March 2008	31 March 2007
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>302,786</b>	<b>799,537</b>
1.1.1 Interests received		1,951,491	1,876,726
1.1.2 Interests paid		(1,292,011)	(950,623)
1.1.3 Dividend received		93	309
1.1.4 Fees and commissions received		499,311	395,330
1.1.5 Other income		38,096	314,404
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		(402,174)	(258,514)
1.1.8 Taxes paid		(15,136)	(11,347)
1.1.9 Others	(5.6)	(482,225)	(574,713)
<b>1.2 Changes in operating assets and liabilities</b>		<b>280,701</b>	<b>289,887</b>
1.2.1 Net (increase) decrease in financial assets held for trading		440	21,661
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		(417,083)	(512,467)
1.2.4 Net (increase) decrease in loans		(5,478,424)	(2,459,212)
1.2.5 Net (increase) decrease in other assets		2,033,788	453,105
1.2.6 Net increase (decrease) in bank deposits		463,930	197,705
1.2.7 Net increase (decrease) in other deposits		2,742,298	2,503,806
1.2.8 Net increase (decrease) in funds borrowed		2,073,244	887,903
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	(1,137,492)	(802,614)
<b>I. Net cash flow from banking operations</b>		<b>583,487</b>	<b>1,089,424</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>(129,426)</b>	<b>(753,407)</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(59,007)	(48,168)
2.4 Sales of tangible assets		65,293	6,395
2.5 Cash paid for purchase of financial assets available-for-sale		(899,862)	(721,602)
2.6 Cash obtained from sale of financial assets available-for-sale		524,181	-
2.7 Cash paid for purchase of investments held-to-maturity		-	-
2.8 Cash obtained from sale of investments held-to-maturity		239,969	9,968
2.9 Others	(5.6)	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(26,931)</b>	<b>(15,780)</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		(26,931)	(15,780)
3.6 Others	(5.6)	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(5.6)	<b>1,071</b>	<b>38,816</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>428,201</b>	<b>359,053</b>
<b>VI. Cash and cash equivalents at beginning of period</b>		<b>3,417,495</b>	<b>2,987,300</b>
<b>VII. Cash and cash equivalents at end of period</b>		<b>3,845,696</b>	<b>3,346,353</b>

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

### **3 Accounting policies**

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

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

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for 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 financial statements are explained in Notes 3.2 to 3.24.

##### **3.1.1 Additional paragraph for convenience translation to English**

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

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

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

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

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

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

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

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

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

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

### **3.2.2 Foreign currency transactions**

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

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

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

### **3.3 Investments in associates and subsidiaries**

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

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

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

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



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

### **3.5 Interest income and expenses**

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

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

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

### **3.6 Fees and commissions**

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

### **3.7 Financial assets**

#### **3.7.1 Financial assets at fair value through profit or loss**

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

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

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

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

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

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

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

Financial assets available-for-sale are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued using discounting method with internal rate of return for the ones with a fixed maturity; and using valuation models or discounted cash flow techniques for the ones which do not have a fixed maturity. Unrecognised gain/losses derived from

the difference between their fair value and the discounted values are recorded in “securities value increase fund” under the shareholders’ equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

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 by the Bank providing money, commodity and services to debtors.

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

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

### **3.8 Impairment of financial assets**

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

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

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

### **3.9 Netting of financial instruments**

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

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

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

### **3.10 Repurchase and resale agreements and securities lending**

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

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

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

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

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

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

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

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

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

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

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

### **3.13 Tangible assets**

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

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

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

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

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

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

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

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

<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. Since 1 January 2005, newly purchased tangible assets are depreciated based on the declining balance which is one of the accelerated depreciation methods.

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

### **3.14 Leasing activities**

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

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

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

### **3.15 Provisions and contingent liabilities**

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

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

### **3.16 Contingent assets**

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

### **3.17 Obligations of the Bank concerning employee rights**

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

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

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

	<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 compliance with TAS 19.

The employees of the Bank are the members of “Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı” (the Fund) established as per the 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 SSF, are to be covered by the funds or the institutions that employ the funds’ contributors.

## **3.18 Taxation**

### **3.18.1 Corporate tax**

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the 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 tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

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

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

### **3.18.2 Deferred taxes**

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

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

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

### **3.19 Funds borrowed**

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

There are no convertible bonds or any other securities issued.

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

None.

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

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

### **3.22 Government incentives**

As of 31 March 2008, the Bank does not have any government incentives or aids.

### **3.23 Segment reporting**

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

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

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

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

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



*Information on the business segments is as follows as of 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	531,878	300,631	168,996	1,423,909
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>422,404</b>	<b>531,878</b>	<b>300,631</b>	<b>168,996</b>	<b>1,423,909</b>
Net Operating Profit	283,656	282,772	154,942	(136,699)	584,671
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	93	93
<b>Net Operating Profit</b>	<b>283,656</b>	<b>282,772</b>	<b>154,942</b>	<b>(136,606)</b>	<b>584,764</b>
Provision for Taxes	-	-	-	131,500	131,500
<b>Net Profit</b>	<b>283,656</b>	<b>282,772</b>	<b>154,942</b>	<b>(268,106)</b>	<b>453,264</b>
Segment Assets	14,629,375	28,505,502	25,566,829	2,632,966	71,334,672
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	646,751	646,751
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>14,629,375</b>	<b>28,505,502</b>	<b>25,566,829</b>	<b>3,279,717</b>	<b>71,981,423</b>
Segment Liabilities	25,988,924	16,318,568	20,932,530	1,728,570	64,968,592
Shareholders' Equity	-	-	-	7,012,831	7,012,831
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>25,988,924</b>	<b>16,318,568</b>	<b>20,932,530</b>	<b>8,741,401</b>	<b>71,981,423</b>
<b>Other Segment Items</b>					
Capital Expenditure	-	-	-	57,708	57,708
Depreciation Expenses	-	-	-	38,970	38,970
Impairment Losses	-	-	705	253,691	254,396
Other Non-Cash Income/Expenses	99,892	243,266	(159,342)	4,767	188,583
Restructuring Costs	-	-	-	-	-

### 3.24 Other disclosures

Leasehold improvements amounting YTL 85,129 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 21,970 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.

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

### **4.1 Capital adequacy ratio**

The Bank's unconsolidated capital adequacy ratio is 14.10%.

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

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

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

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

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

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

#### 4.1.2 Capital adequacy ratio

	Risk Weightings						
	0%	10%	20%	50%	100%	150%	200%
<b>Value at Credit Risk</b>							
<b>Balance Sheet Items (Net)</b>	<b>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 (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>

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

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

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

#### 4.1.4 Components of shareholders' equity items

	Current Period	Prior Period
<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	156,537	156,211
I. Legal Reserve (Turkish Commercial Code 466/1)	137,747	137,421
II. Legal Reserve (Turkish Commercial Code 466/2)	18,790	18,790
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	1,275,689	1,275,689
Reserve allocated as per the Decision held by the General Assembly	1,275,689	1,275,689
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	2,768,880	2,315,616
Current Period Profit	453,264	2,315,616
Prior Periods Profit	2,315,616	-
Provision for Possible Losses (upto 25% of Core Capital)	153,000	32,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	27,717	27,717
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	-	85,128
Prepaid Expenses (-)	270,965	231,262
Intangible Assets (-)	11,144	11,886
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
<b>Total Core Capital</b>	<b>7,254,377</b>	<b>6,679,787</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	2,453	2,453
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	655,000	580,000
45% of Securities Value Increase Fund	(82,107)	85,510
Associates and Subsidiaries	10,603	(5,312)
Investment Securities Available for Sale	(92,710)	90,822
Other Reserves	1,177	(1,715)
<b>Total Supplementary Capital</b>	<b>926,617</b>	<b>947,874</b>
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>8,180,994</b>	<b>7,627,661</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>369,919</b>	<b>421,091</b>
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	11,730	11,730
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	76,080	81,085
Others	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,811,075</b>	<b>7,206,570</b>

## 4.2 Credit risk

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

## 4.3 Market risk

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

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

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. Market risk arising from maturity mismatches of assets and liabilities is calculated through the assets-liabilities risk measurement model. The periodical stress testing and scenario analysis support the above mentioned measurements. Traditional risk measurement methods such as cash flow projection, duration and variance analysis are also used.

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

#### 4.3.1 Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	174,498
(II) Capital Obligation against Specific Risks - Standard Method	35,447
(III) Capital Obligation against Currency Risk - Standard Method	8,993
(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	13,345
<b>(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement</b>	-
<b>(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)</b>	<b>232,283</b>
<b>(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))</b>	<b>2,903,538</b>

#### 4.3.2 Monthly average values at market risk

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

#### 4.4 Operational risk

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

#### 4.5 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2008, the Bank’s net ‘on balance sheet’ foreign currency long position amounts to YTL 346,148 thousands (31 December 2007: YTL 1,099,543 thousands, a net foreign currency short position), net ‘off-balance sheet’ foreign currency long position amounts to YTL 26,452 thousands (31 December 2007: YTL 983,320 thousands), while net foreign currency long position amounts to YTL 372,600 thousands (31 December 2007: YTL 116,223 thousands, a net foreign currency short position).

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

### 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	7,508	10,849	(31,101)	(16,903)
EUR	24,935	25,015	4,208	4,410
Other FCs	1,397	1,397	870	870
<b>Total, net</b>	<b>33,840</b>	<b>37,261</b>	<b>(26,023)</b>	<b>(11,623)</b>

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

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:

	<b>USD</b>	<b>EUR</b>	<b>Yen (100)</b>	<b>GBP</b>
<b>Foreign currency purchase rates at balance sheet date</b>	1.3100	2.0771	1.3163	2.6036
<u>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	2.5456
Day 4	1.2500	1.9698	1.2605	2.5008
Day 5	1.2300	1.9175	1.2294	2.4581
<b>Last 30-days arithmetical average rates</b>	1.2308	1.9103	1.2219	2.4634

**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	790,886	3,839,058	191	72,805	4,702,940
Banks	547,026	1,706,190	2,965	35,417	2,291,598
Financial Assets at Fair Value through Profit/Loss	8,771	19,579	837	-	29,187
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	70,625	3,027,391	-	-	3,098,016
Loans (*)	7,356,465	12,397,244	26,737	488,591	20,269,037
Investments in Associates, Subsidiaries and Joint-Ventures	331,638	64,194	-	-	395,832
Investments Held-to-Maturity	5,151	409,205	-	-	414,356
Derivative Financial Assets Held for Risk Management	-	221	-	-	221
Tangible Assets	-	685	-	-	685
Intangible Assets	-	1	-	-	1
Other Assets	12,568	66,240	2	674	79,484
<b>Total Assets</b>	<b>9,123,130</b>	<b>21,530,008</b>	<b>30,732</b>	<b>597,487</b>	<b>31,281,357</b>
<b>Liabilities</b>					
Bank Deposits	260,509	429,074	9	51,016	740,608
Foreign Currency Deposits	8,059,952	11,210,139	79,427	487,075	19,836,593
Interbank Money Market Takings	-	666,997	-	-	666,997
Other Fundings	1,973,328	7,201,603	1,649	-	9,176,580
Securities Issued	-	-	-	-	-
Miscellaneous Payables	7,249	13,233	-	642	21,124
Derivative Financial Liabilities Held for Risk Management	-	849	-	-	849
Other Liabilities (**)	197,304	197,319	4,391	93,444	492,458
<b>Total Liabilities</b>	<b>10,498,342</b>	<b>19,719,214</b>	<b>85,476</b>	<b>632,177</b>	<b>30,935,209</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(1,375,212)</b>	<b>1,810,794</b>	<b>(54,744)</b>	<b>(34,690)</b>	<b>346,148</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>1,625,360</b>	<b>(1,702,310)</b>	<b>56,334</b>	<b>47,068</b>	<b>26,452</b>
Derivative Assets	3,079,844	4,413,998	442,402	561,536	8,497,780
Derivative Liabilities	1,454,484	6,116,308	386,068	514,468	8,471,328
Non-Cash Loans	-	-	-	-	-
<b>Prior Period</b>					
<b>Total Assets</b>	<b>10,231,019</b>	<b>16,278,547</b>	<b>27,217</b>	<b>413,608</b>	<b>26,950,391</b>
<b>Total Liabilities</b>	<b>9,100,595</b>	<b>18,341,518</b>	<b>63,301</b>	<b>544,520</b>	<b>28,049,934</b>
<b>Net 'On Balance Sheet' Position</b>	<b>1,130,424</b>	<b>(2,062,971)</b>	<b>(36,084)</b>	<b>(130,912)</b>	<b>(1,099,543)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(1,086,320)</b>	<b>1,893,946</b>	<b>36,273</b>	<b>139,421</b>	<b>983,320</b>
Derivative Assets	667,582	4,871,412	165,317	549,626	6,253,937
Derivative Liabilities	1,753,902	2,977,466	129,044	410,205	5,270,617
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 codes.

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



## 4.6 Interest rate risk

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

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

Measurements for standard method are carried out monthly using the maturity ladder table, while measurements for VaR calculations are done daily. Asset-liability risk measurement model is 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 mismatch for the Bank "Interest rate sensitivity of assets, liabilities and off balance sheet items based on repricing dates"

Current Period	Up to 1 Month	1-3 Months	3-12 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	2,820,787	-	-	-	-	2,847,186	5,667,973
Banks	1,395,584	355,510	1,301,092	40,132	-	377,570	3,469,888
Financial Assets at Fair Value through Profit/Loss	186,478	56,383	90,397	42,743	10,573	12,400	398,974
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1,011,088	426,890	6,084,238	4,051,333	1,247,388	81,785	12,902,722
Loans	11,449,309	8,535,046	8,443,800	11,228,086	3,140,938	337,698	43,134,877
Investments Held-to-Maturity	-	135,677	2,758,931	656,270	-	-	3,550,878
Other Assets	20,677	20,401	5,499	6,263	28,740	2,774,531	2,856,111
<b>Total Assets</b>	<b>16,883,923</b>	<b>9,529,907</b>	<b>18,683,957</b>	<b>16,024,827</b>	<b>4,427,639</b>	<b>6,431,170</b>	<b>71,981,423</b>
<b>Liabilities</b>							
Bank Deposits	1,559,198	69,657	48,319	-	42,257	333,042	2,052,473
Other Deposits	27,666,684	2,679,369	1,827,615	58,728	-	8,017,071	40,249,467
Interbank Money Market Takings	5,993,754	268,095	202,664	210,024	578,484	-	7,253,021
Miscellaneous Payables	-	-	-	-	-	1,750,603	1,750,603
Securities Issued	-	-	-	-	-	-	-
Other Fundings	6,848,048	506,279	2,765,123	1,085,577	-	-	11,205,027
Other Liabilities	118,296	155,800	100,977	12,981	48,943	9,033,835	9,470,832
<b>Total Liabilities</b>	<b>42,185,980</b>	<b>3,679,200</b>	<b>4,944,698</b>	<b>1,367,310</b>	<b>669,684</b>	<b>19,134,551</b>	<b>71,981,423</b>
<b>On Balance Sheet Long Position</b>	-	<b>5,850,707</b>	<b>13,739,259</b>	<b>14,657,517</b>	<b>3,757,955</b>	-	<b>38,005,438</b>
<b>On Balance Sheet Short Position</b>	<b>(25,302,057)</b>	-	-	-	-	<b>(12,703,381)</b>	<b>(38,005,438)</b>
<b>Off-Balance Sheet Long Position</b>	<b>418</b>	-	<b>1,157</b>	<b>3,421</b>	-	-	<b>4,996</b>
<b>Off-Balance Sheet Short Position</b>	-	-	<b>(1,090)</b>	<b>(1,498)</b>	-	-	<b>(2,588)</b>
<b>Total Position</b>	<b>(25,301,639)</b>	<b>5,850,707</b>	<b>13,739,326</b>	<b>14,659,440</b>	<b>3,757,955</b>	<b>(12,703,381)</b>	<b>2,408</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>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	0.95	-	11.43
Banks (*)	4.00	4.07	-	6.73
Financial Assets at Fair Value through Profit/Loss	5.71	6.52	-	18.82
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	5.64	6.97	-	14.92
Loans	6.71	6.60	2.62	22.54
Investments Held-to-Maturity	9.14	9.48	-	20.30
<b>Liabilities</b>				
Bank Deposits	5.20	3.98	-	15.58
Other Deposits	2.99	2.88	0.46	14.04
Interbank Money Market Takings	-	3.86	-	15.13
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	4.69	4.97	1.84	14.07

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

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,907,841	-	-	-	-	2,320,026	7,227,867
Banks	1,396,552	522,974	917,835	35,120	-	260,502	3,132,983
Financial Assets at Fair Value through Profit/Loss	21,557	29,887	31,836	21,566	40,794	-	145,640
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1,329,977	3,838,532	1,803,631	4,540,522	1,507,388	82,424	13,102,474
Loans	9,470,750	7,004,673	7,879,424	9,776,230	2,779,794	307,015	37,217,886
Investments Held-to-Maturity	662,039	2,471,920	168,692	641,114	-	-	3,943,765
Other Assets	48,306	277	4,089	5,409	25,818	2,723,968	2,807,867
<b>Total Assets</b>	<b>17,837,022</b>	<b>13,868,263</b>	<b>10,805,507</b>	<b>15,019,961</b>	<b>4,353,794</b>	<b>5,693,935</b>	<b>67,578,482</b>
<b>Liabilities</b>							
Bank Deposits	1,108,718	53,403	6,023	47,339	39,437	332,631	1,587,551
Other Deposits	25,475,339	3,723,160	1,216,706	52,238	-	7,043,108	37,510,551
Interbank Money Market Takings	6,942,341	278,547	384,561	571,442	-	-	8,176,891
Miscellaneous Payables	-	-	-	-	-	1,831,565	1,831,565
Securities Issued	-	-	-	-	-	-	-
Other Fundings	5,240,621	2,015,014	1,600,391	299,018	-	-	9,155,044
Other Liabilities	140,219	130,560	139,570	22,199	73,715	8,810,617	9,316,880
<b>Total Liabilities</b>	<b>38,907,238</b>	<b>6,200,684</b>	<b>3,347,251</b>	<b>992,236</b>	<b>113,152</b>	<b>18,017,921</b>	<b>67,578,482</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>7,667,579</b>	<b>7,458,256</b>	<b>14,027,725</b>	<b>4,240,642</b>	<b>-</b>	<b>33,394,202</b>
<b>On Balance Sheet Short Position</b>	<b>(21,070,216)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,323,986)</b>	<b>(33,394,202)</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>(21,067,692)</b>	<b>7,646,975</b>	<b>7,455,210</b>	<b>14,027,725</b>	<b>4,240,642</b>	<b>(12,323,986)</b>	<b>(21,126)</b>

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

<b>Prior Period</b>	<b>Euro</b>	<b>USD</b>	<b>Yen</b>	<b>YTL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1.80	-	-	11.81
Banks (*)	4.02	5.59	-	22.65
Financial Assets at Fair Value through Profit/Loss	6.49	7.98	-	18.94
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	5.64	7.93	-	17.62
Loans	6.47	7.20	2.31	23.71
Investments Held-to-Maturity	9.11	9.47	-	20.09
<b>Liabilities</b>				
Bank Deposits	5.65	5.65	-	16.65
Other Deposits	2.90	3.92	0.48	14.73
Interbank Money Market Takings	-	5.20	-	15.44
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	4.91	5.72	1.85	13.66

(\*) 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 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.

<b>Current Period</b>	<b>Profit or Loss of Period</b>		<b>Shareholders' Equity (*)</b>	
	<b>increase by 100 bp</b>	<b>increase by 100 bp</b>	<b>increase by 100 bp</b>	<b>increase by 100 bp</b>
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>

<i>Prior Period</i>	<b>Profit or Loss of Period</b>		<b>Shareholders' Equity (*)</b>	
	<b>increase by 100 bp</b>	<b>increase by 100 bp</b>	<b>increase by 100 bp</b>	<b>increase by 100 bp</b>
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 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 liquidity ratios in the first quarter of 2008 and the year of 2007 are as follows:

<i>Current Period</i>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + YTL</b>	<b>FC</b>	<b>FC + YTL</b>
<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

<i>Prior Period</i>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + YTL</b>	<b>FC</b>	<b>FC + YTL</b>
<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:***

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,847,186	2,820,787	-	-	-	-	-	5,667,973
Banks	377,570	1,147,327	-	36,253	1,241,497	667,241	-	3,469,888
Financial Assets at Fair Value through Profit/Loss	12,400	186,377	56,384	89,027	44,160	10,626	-	398,974
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	81,785	79,576	214,517	2,653,056	7,447,545	2,426,243	-	12,902,722
Loans	117,789	8,283,216	5,338,896	6,913,069	13,753,425	8,390,783	337,699	43,134,877
Investments Held-to-Maturity	-	-	135,675	56,093	3,359,110	-	-	3,550,878
Other Assets	566,513	165,347	20,401	5,499	6,263	28,740	2,063,348	2,856,111
<b>Total Assets</b>	<b>4,003,243</b>	<b>12,682,630</b>	<b>5,765,873</b>	<b>9,752,997</b>	<b>25,852,000</b>	<b>11,523,633</b>	<b>2,401,047</b>	<b>71,981,423</b>
<b>Liabilities</b>								
Bank Deposits	333,037	1,559,203	47,883	9,393	54,479	48,478	-	2,052,473
Other Deposits	8,017,071	27,662,773	2,668,020	1,719,468	80,901	101,234	-	40,249,467
Other Fundings	-	47,453	1,551,992	2,460,270	2,295,786	4,849,526	-	11,205,027
Interbank Money Market Takings	-	5,993,754	268,095	202,664	210,024	578,484	-	7,253,021
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	124,028	1,626,575	-	-	-	-	-	1,750,603
Other Liabilities (**)	876,106	159,095	207,897	100,977	12,981	48,943	8,064,833	9,470,832
<b>Total Liabilities</b>	<b>9,350,242</b>	<b>37,048,853</b>	<b>4,743,887</b>	<b>4,492,772</b>	<b>2,654,171</b>	<b>5,626,665</b>	<b>8,064,833</b>	<b>71,981,423</b>
<b>Liquidity Gap</b>	<b>(5,346,999)</b>	<b>(24,366,223)</b>	<b>1,021,986</b>	<b>5,260,225</b>	<b>23,197,829</b>	<b>5,896,968</b>	<b>(5,663,786)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>3,326,073</b>	<b>14,406,520</b>	<b>4,925,991</b>	<b>8,466,366</b>	<b>24,227,672</b>	<b>9,893,815</b>	<b>2,332,045</b>	<b>67,578,482</b>
<b>Total Liabilities</b>	<b>8,410,696</b>	<b>35,546,329</b>	<b>4,365,228</b>	<b>4,817,482</b>	<b>2,039,978</b>	<b>4,662,149</b>	<b>7,736,620</b>	<b>67,578,482</b>
<b>Liquidity Gap</b>	<b>(5,084,623)</b>	<b>(21,139,809)</b>	<b>560,763</b>	<b>3,648,884</b>	<b>22,187,694</b>	<b>5,231,666</b>	<b>(5,404,575)</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 Unconsolidated Financial Statements

### 5.1 Assets

#### 5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash in YTL/Foreign Currency	245,940	118,246	244,772	200,258
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>965,033</b>	<b>4,702,940</b>	<b>3,186,964</b>	<b>4,040,903</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 foreign currency deposits in USD and EUR, respectively.

#### 5.1.2 Information on financial assets at fair value through profit/loss

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

None.

##### 5.1.2.2 *Positive differences on derivative financial assets held for trading*

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	20,127	2,764	8,479	5,837
Swap Transactions	214,830	4,772	12,741	1,923
Futures	-	23	-	-
Options	52,466	10,829	18,931	1,474
Other	-	-	-	-
<b>Total</b>	<b>287,423</b>	<b>18,388</b>	<b>40,151</b>	<b>9,234</b>



### 5.1.3 Banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks				
Domestic banks	13,501	677,694	13,317	381,322
Foreign banks	1,164,789	1,613,904	791,548	1,946,796
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>1,178,290</b>	<b>2,291,598</b>	<b>804,865</b>	<b>2,328,118</b>

#### *Due from foreign banks:*

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

### 5.1.4 Financial assets available-for-sale

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

The collateralized financial assets available-for-sale in YTL include government bonds. The carrying values of such securities with total face value of YTL 1,141,380 thousands (31 December 2007: YTL 671,758 thousands) is YTL 1,140,662 thousands (31 December 2007: YTL 673,136 thousands). The related accrued interests and impairment losses amount to YTL 35,413 thousands (31 December 2007: YTL 54,535 thousands) and YTL 1,670 thousands (31 December 2007: YTL 50 thousands).

The collateralized financial assets available-for-sale in foreign currencies include eurobonds and other foreign currency government securities. The carrying values of such securities with total face value of USD 258,500,000 (31 December 2007: USD 407,350,000) is USD 257,102,071 (31 December 2007: USD 404,473,448). The related accrued interests and impairment losses amount to USD 3,705,956 (31 December 2007: USD 16,445,220). The related impairment losses amounted to USD 34,938 as of 31 December 2007 (31 March 2008: nil).

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Assets	1,174,405	341,659	727,621	488,225
Assets subject to Repurchase Agreements	5,743,284	592,511	5,867,904	527,840
<b>Total</b>	<b>6,917,689</b>	<b>934,170</b>	<b>6,595,525</b>	<b>1,016,065</b>

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

	Current Period	Prior Period
<b>Debt Securities</b>	<b>12,820,937</b>	<b>13,020,049</b>
Quoted at Stock Exchange	11,642,474	11,963,888
Unquoted at Stock Exchange	1,178,463	1,056,161
<b>Common Shares</b>	<b>31,540</b>	<b>31,497</b>
Quoted at Stock Exchange	12,743	12,743
Unquoted at Stock Exchange	18,797	18,754
<b>Value Increases/Impairment Losses (-)</b>	<b>50,245</b>	<b>50,928</b>
<b>Total</b>	<b>12,902,722</b>	<b>13,102,474</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).

**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>65,151</b>	<b>189,666</b>	<b>61,738</b>	<b>168,482</b>
<b>Loans to Employees</b>	<b>56,032</b>	<b>-</b>	<b>50,014</b>	<b>-</b>
<b>Total</b>	<b>121,187</b>	<b>190,753</b>	<b>111,753</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 and Other Receivables under Follow-Up (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>41,568,620</b>	<b>-</b>	<b>1,169,926</b>	<b>58,632</b>
Discounted Bills	101,035	-	5,168	-
Export Loans	2,895,049	-	6,556	5,686
Import Loans	27,397	-	1,408	-
Loans to Financial Sector	1,157,516	-	-	-
Foreign Loans	1,550,689	-	-	-
Consumer Loans	8,437,594	-	500,583	-
Credit Cards	5,331,684	-	474,796	-
Precious Metal Loans	235,699	-	156	-
Other	21,831,957	-	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>41,568,620</b>	<b>-</b>	<b>1,169,926</b>	<b>58,632</b>

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

	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	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:***

<b>Principals and Interests</b>	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
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**

	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<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
Other	-	-	-
<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
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>39</b>	<b>17,015</b>	<b>17,054</b>
Housing Loans	-	2,165	2,165
Automobile Loans	36	13,971	14,007
General Purpose Loans	3	879	882
Other	-	-	-
<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>15,424</b>	<b>-</b>	<b>15,424</b>
With Installment	-	-	-
Without Installment	15,424	-	15,424
<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
Other	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>150</b>	<b>150</b>
Housing Loans	-	150	150
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>18</b>	<b>106</b>	<b>124</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	18	106	124
Other	-	-	-
<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>6,349,844</b>	<b>8,171,916</b>	<b>14,521,760</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
Other	-	-	-
<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
Other	-	-	-
<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
Other	-	-	-
<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 loan by customers**

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

**5.1.5.7 Allocation of domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	41,246,489	35,738,668
Foreign Loans	1,550,689	1,172,203
<b>Total</b>	<b>42,797,178</b>	<b>36,910,871</b>

**5.1.5.8 Loans to associates and subsidiaries**

	Current Period	Prior Period
Direct Lending	465,655	388,214
Indirect Lending	-	-
<b>Total</b>	<b>465,655</b>	<b>388,214</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	431,405	424,962
<b>Total</b>	<b>546,903</b>	<b>539,523</b>

**5.1.5.10 Non-performing loans and other receivables (NPLs) (Net)**

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period</b>			
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>			
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 loans and other receivables:*

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Balances at Beginning of Period</b>	<b>148,942</b>	<b>200,640</b>	<b>496,956</b>
Additions during the Period (+)	168,179	9,601	4,641
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	26,413
Write-offs (-)	-	-	39,471
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	39,471
Others	-	-	-
<b>Balances at End of Period</b>	<b>154,062</b>	<b>209,067</b>	<b>521,473</b>
Specific Provisions (-)	23,205	92,293	431,405
<b>Net Balance on Balance Sheet</b>	<b>130,857</b>	<b>116,774</b>	<b>90,068</b>

***Movements in specific loan provisions:***

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
<b>Balances at End of Prior Period</b>	<b>172,387</b>	<b>105,471</b>	<b>261,665</b>	<b>539,523</b>
Additions during the Period (+)	14,613	36,255	58,408	109,276
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	7,483	22,965	31,977	62,425
Write-offs (-)	-	-	39,471	39,471
<b>Balances at End of Period</b>	<b>179,517</b>	<b>118,761</b>	<b>248,625</b>	<b>546,903</b>

***Non-performing loans and other receivables in foreign currencies:***

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period</b>			
<b>Balance at End of Period</b>	<b>3,265</b>	<b>3,759</b>	<b>89,614</b>
Specific Provisions (-)	179	381	65,617
<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>89,895</b>
Specific Provisions (-)	142	298	66,784
<b>Net Balance at Balance Sheet</b>	<b>2,961</b>	<b>2,594</b>	<b>23,111</b>

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period (Net)</b>	<b>130,857</b>	<b>116,774</b>	<b>90,068</b>
Loans to Individuals and Corporates (Gross)	154,062	209,067	509,483
Specific Provision (-)	23,205	92,293	419,415
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>71,994</b>
Loans to Individuals and Corporates (Gross)	148,942	200,640	484,966
Specific Provision (-)	23,734	90,827	412,972
Loans to Individuals and Corporates (Net)	125,208	109,813	71,994
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	51,554	100,959	-	152,513
Loans Collateralized by Other Collaterals	16,936	6,884	-	23,820
Unsecured Loans	57,131	37,547	342,633	437,311
<b>Total</b>	<b>305,370</b>	<b>236,599</b>	<b>342,633</b>	<b>884,602</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” policies***

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 *Investments held-to-maturity***

**5.1.6.1 *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 Agreements	1,632,065	221,797	2,645,615	353,973
<b>Total</b>	<b>2,753,800</b>	<b>246,381</b>	<b>2,929,121</b>	<b>381,870</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	3,415,203	3,823,946
Treasury Bills	-	-
Other Government Securities	132,385	116,617
<b>Total</b>	<b>3,547,588</b>	<b>3,940,563</b>

**5.1.6.3 *Investments held-to-maturity***

	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>3,590,213</b>	<b>3,991,041</b>
Quoted at Stock Exchange	3,586,923	3,987,839
Unquoted at Stock Exchange	3,290	3,202
<b>Impairment Losses (-)</b>	<b>(39,335)</b>	<b>(47,276)</b>
<b>Total</b>	<b>3,550,878</b>	<b>3,943,765</b>



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

	Current Period	Prior Period
<b>Balances at Beginning of Period</b>	<b>3,943,765</b>	<b>4,618,847</b>
Foreign Currency Differences On Monetary Assets	50,649	(140,382)
Purchases during the Period	-	1,118
Disposals through Sales/Redemptions	(306,500)	(427,744)
Value Increases/ Impairment Losses (-)	7,941	(9,884)
Change in Redeemed Costs	(144,977)	(98,190)
<b>Balances at End of Period</b>	<b>3,550,878</b>	<b>3,943,765</b>

**5.1.7 Investments in associates**

**5.1.7.1 Investments in associates**

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

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

**5.1.7.2 Movement of investments in associates**

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>11,312</b>	<b>-</b>
<b>Movements during the Period</b>	<b>-</b>	<b>11,312</b>
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications (*)	-	11,312
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>11,312</b>	<b>11,312</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

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

**5.1.7.3 Sectoral distribution of investments and associates**

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

**5.1.7.4 Quoted associates**

None.

**5.1.7.5 Valuation methods of investments in associates**

Investments in Associates	Current Period	Prior Period
Valued at Cost	11,312	11,312
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	-	-

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

None.

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

None.

**5.1.8 Investments in subsidiaries**

**5.1.8.1 Investments in subsidiaries**

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4	Garanti Kültür AŞ (*)	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	94.10	98.94
7	Garanti Faktoring Hiz. AŞ (1)	Istanbul/Turkey	55.40	55.40
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/Holland	100.00	100.00
12	Garanti Bank Moscow	Moscow/Russia	75.02	99.94
13	Garanti Financial Services Plc	Dublin/Ireland	99.99	100.00
14	Garanti Fund Management Co. Ltd	Valetta/Malta	99.50	100.00

	Total Assets	Shareholders' Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	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	348	251	-	-	2	55	8	-
6	2,329,772	227,288	17,948	63,507	-	16,005	128,035	-
7	758,195	34,346	1,336	46,900	-	5,724	6,202	51,219
8	27,038	24,548	2,870	250	361	(280)	10,140	-
9	15,415	14,509	1,401	213	222	855	971	-
10	855,378	107,422	8,218	5,716	5,386	15,055	25,078	-
11	7,162,731	459,687	96,880	83,879	28,888	11,789	87,659	331,638
12	682,295	89,224	1,700	9,590	2,388	3,496	29,545	59,754
13	9,512	9,456	-	37	-	(67)	6,188	19,366
14	80	-	-	-	-	-	(267)	-

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

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

#### 5.1.8.2 Movement of investments in subsidiaries

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>577,408</b>	<b>604,152</b>
<b>Movements during the Period</b>	<b>58,031</b>	<b>(26,744)</b>
Acquisitions and Capital Increases	-	187
Bonus Shares Received (*)	-	45,605
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	(55,238)
Reclassifications	-	(11,312)
Increase/(Decrease) in Market Values	(11,202)	22,884
Currency Differences on Foreign Subsidiaries	68,070	(29,069)
Impairment Reversals/(Losses)	(1,163)	199
<b>Balance at End of Period</b>	<b>635,439</b>	<b>577,408</b>
<b>Capital Commitments</b>	<b>562</b>	<b>562</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

(\*) In 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 Faktoring 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.

#### 5.1.8.3 Sectoral distribution of 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	76,169	76,169
Finance Companies	88,443	86,226
Other Subsidiaries	9,439	8,276

**5.1.8.4 Quoted subsidiaries**

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

**5.1.8.5 Valuation methods of investments in subsidiaries**

	Current Period	Prior Period
Valued at Cost	202,049	202,049
Valued at Fair Value	424,210	367,341
Valued by Equity Method of Accounting	9,180	8,018

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

None.

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

None.

**5.1.9 Investments in Joint-Ventures**

None.

**5.1.10 Lease receivables (net)**

None.

**5.1.11 Derivative financial assets held for risk management**

**5.1.11.1 Positive differences on derivative financial instruments held for risk management**

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”.

**5.1.12 Tangible 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”.

**5.1.13 Intangible assets**

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

#### 5.1.14 Investment property

None.

#### 5.1.15 Deferred tax asset

As of 31 March 2008, the Bank has a deferred tax asset of YTL 35,934 thousands (31 December 2007: YTL 52,944 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 March 2008. However, there is a deferred tax asset of YTL 100,941 thousands (31 December 2007: YTL 103,883 thousands) and deferred tax liability of YTL 65,007 thousands (31 December 2007: YTL 50,939 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

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

	Current Period	Prior Period
<b>End of Prior Period</b>		
<b>Cost</b>	<b>115,599</b>	<b>117,255</b>
<b>Accumulated Depreciation</b>	<b>(2,749)</b>	<b>(2,101)</b>
<b>Net Book Value</b>	<b>112,850</b>	<b>115,154</b>
<b>End of Current Period</b>		
Additions	1,299	24,962
Disposals (Cost)	(17,355)	(26,618)
Disposals (Accumulated Depreciation)	846	746
Impairment Losses (-)	-	-
Depreciation Expense for Current Period	(282)	(1,394)
Currency Translation Differences on Foreign Operations		-
<b>Cost</b>	<b>99,543</b>	<b>115,599</b>
<b>Accumulated Depreciation</b>	<b>(2,185)</b>	<b>(2,749)</b>
<b>Net Book Value</b>	<b>97,358</b>	<b>112,850</b>

As of 31 March 2008, the rights of repurchase on various assets held for sale amount to YTL 15,129 thousands (31 December 2007: YTL 29,850 thousands).

### 5.1.17 Other assets

#### 5.1.17.1 Receivables from term sale of assets

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint Ventures	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.

#### 5.1.17.2 Prepaid expenses

	Current Period	Prior Period
Prepaid Expenses	270,965	231,262

### 5.1.18 Accrued interest and income

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	36,463	10,855	38,920	11,802
Financial Assets at Fair Value through Profit or Loss	419	1,395	873	3,020
Banks	95,012	17,489	61,067	32,654
Interbank Money Markets	-	-	-	-
Financial Assets Available-for-Sale	483,242	31,793	723,009	125,391
Loans	553,028	280,873	288,420	205,706
Investments Held-to-Maturity	25,695	928	170,780	819
Other Accruals	14,522	594	13,509	2,749
<b>Total</b>	<b>1,208,380</b>	<b>343,928</b>	<b>1,296,578</b>	<b>382,141</b>

## 5.2 Liabilities

### 5.2.1 Maturity profile of deposits

#### *Current Period*

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	1,191,428	-	4,579,852	7,464,012	160,508	120,905	77,926	-	13,594,631
<b>Foreign Currency Deposits</b>	4,261,320	-	6,886,561	6,403,671	631,153	984,140	589,994	79,754	19,836,593
Residents in Turkey	3,848,764	-	6,639,178	6,174,139	604,374	358,635	398,251	78,746	18,102,087
Residents in Abroad	412,556	-	247,383	229,532	26,779	625,505	191,743	1,008	1,734,506
<b>Public Sector Deposits</b>	550,172	-	4,278	7,192	292	2,296	57	-	564,287
<b>Commercial Deposits</b>	1,782,074	-	2,747,660	1,132,297	93,116	102,798	6,146	-	5,864,091
<b>Other</b>	172,258	-	53,649	74,664	1,134	166	208	-	302,079
<b>Precious Metal Deposits</b>	59,818	-	83	1,918	-	2,365	23,602	-	87,786
<b>Bank Deposits</b>	333,043	-	1,309,143	287,488	13,636	2,030	107,133	-	2,052,473
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	12,876	-	490,452	262	134	-	-	-	503,724
Foreign Banks	165,831	-	818,691	287,226	13,502	2,030	107,133	-	1,394,413
Special Purpose Financial Institutions	154,336	-	-	-	-	-	-	-	154,336
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8,350,113</b>	<b>-</b>	<b>15,581,226</b>	<b>15,371,242</b>	<b>899,839</b>	<b>1,214,700</b>	<b>805,066</b>	<b>79,754</b>	<b>42,301,940</b>

#### *Prior Period*

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	1,055,069	-	3,546,376	7,469,353	187,532	96,210	90,235	-	12,444,775
<b>Foreign Currency Deposits</b>	3,898,591	-	6,313,000	6,415,792	459,651	642,799	529,841	66,946	18,326,620
Residents in Turkey	3,573,267	-	6,032,076	6,254,723	434,700	341,056	371,478	66,119	17,073,419
Residents in Abroad	325,324	-	280,924	161,069	24,951	301,743	158,363	827	1,253,201
<b>Public Sector Deposits</b>	384,378	-	82,765	6,044	31	1,412	55	-	474,685
<b>Commercial Deposits</b>	1,604,318	-	2,368,499	1,759,179	130,036	83,825	5,687	-	5,951,544
<b>Other</b>	65,314	-	68,840	114,700	1,547	227	258	-	250,886
<b>Precious Metal Deposits</b>	35,438	-	1,465	1,488	3,112	3,424	17,114	-	62,041
<b>Bank Deposits</b>	332,632	-	921,019	222,901	16,347	6,513	88,139	-	1,587,551
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	10,419	-	416,892	234	-	4,797	-	-	432,342
Foreign Banks	188,266	-	504,127	222,667	16,347	1,716	88,139	-	1,021,262
Special Purpose Financial Institutions	133,947	-	-	-	-	-	-	-	133,947
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,375,740</b>	<b>-</b>	<b>13,301,964</b>	<b>15,989,457</b>	<b>798,256</b>	<b>834,410</b>	<b>731,329</b>	<b>66,946</b>	<b>39,098,102</b>

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

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	6,534,566	6,011,198	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
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

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

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**

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	478,695	380,627
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**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward deals	22,173	3,718	9,657	4,384
Swaps	174,857	117,315	404,811	17,476
Futures	-	-	-	482
Options	54,108	11,388	14,167	300
Other	-	-	-	-
<b>Total</b>	<b>251,138</b>	<b>132,421</b>	<b>428,635</b>	<b>22,642</b>

**5.2.3 Funds borrowed**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	207,566	75,210	203,445	56,930
Foreign Banks, Institutions and Funds	1,820,881	8,439,499	1,079,383	7,218,886
<b>Total</b>	<b>2,028,447</b>	<b>8,514,709</b>	<b>1,282,828</b>	<b>7,275,816</b>



**5.2.3.1 Maturities of funds borrowed**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	207,566	1,809,060	203,445	1,579,378
Medium and Long-Term	1,820,881	6,705,649	1,079,383	5,696,438
<b>Total</b>	<b>2,028,447</b>	<b>8,514,709</b>	<b>1,282,828</b>	<b>7,275,816</b>

**5.2.3.2 Disclosures for concentration areas of bank's 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".

**5.2.4 Other external funds**

*Funds provided 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>666,997</b>	<b>780,742</b>	<b>728,986</b>
Financial Institutions and Organizations	781,147	666,997	780,157	728,986
Other Institutions and Organizations	243	-	125	-
Individuals	280	-	460	-
<b>Total</b>	<b>6,586,024</b>	<b>666,997</b>	<b>7,447,905</b>	<b>728,986</b>

**5.2.5 Lease payables (Net)**

**5.2.5.1 Financial lease payables**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	46,907	44,186	47,588	44,712
1-4 Years	9,052	8,404	10,815	10,026
More than 4 Years	-	-	-	-
<b>Total</b>	<b>55,959</b>	<b>52,590</b>	<b>58,403</b>	<b>54,738</b>

**5.2.5.2 Operational lease agreements**

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

## 5.2.6 Derivative financial liabilities held for risk management

Derivative Financial Liabilities held for Risk Management	Current Period		Prior Period	
	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>

## 5.2.7 Provisions

### 5.2.7.1 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
Other	-	-

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

	Current Period	Prior Period
Short-Term Loans	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.

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

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

### 5.2.7.4 Other provisions

#### 5.2.7.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	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.

#### 5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	197,019	140,372
Provision for Promotion Expenses of Credit Cards (*)	42,785	49,219
Other Provisions	54,877	57,324
<b>Total</b>	<b>294,681</b>	<b>246,915</b>

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

### 5.2.8 Tax liability

#### 5.2.8.1 Current tax liability

##### 5.2.8.1.1 Tax liability

As of 31 March 2008, the Bank had a current tax liability of YTL 894 thousands (31 December 2007: YTL 104,582 thousands). In cases where the differences between the carrying amounts and the taxable amounts of assets subject to tax, are related with certain items in the equity accounts, the current tax assets/liabilities are charged or credited directly to these accounts.

##### 5.2.8.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	894	104,582
Taxation on Securities Income	14,174	56,827
Taxation on Real Estates Income	1,259	980
Banking Insurance Transaction Tax	11,621	27,097
Foreign Exchange Transaction Tax	4,029	2,991
Value Added Tax Payable	440	1,513
Others	8,290	15,314
<b>Total</b>	<b>40,707</b>	<b>209,304</b>

##### 5.2.8.1.3 Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	10	3
Social Security Premiums-Employer	-	-
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	328	342
Unemployment Insurance-Employer	579	608
Others	-	-
<b>Total</b>	<b>986</b>	<b>998</b>

##### 5.2.8.2 Deferred tax liability

None.

### 5.2.9 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".

#### 5.2.10 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”.

#### 5.2.11 Shareholders’ equity

##### 5.2.11.1 Paid-in capital

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

##### 5.2.11.2 Registered share capital system

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

##### 5.2.11.3 Capital increases in current period

None.

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

None.

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

None.

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

None.

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

None.

##### 5.2.11.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Investments in Associates, Subsidiaries and Joint-ventures</b>	<b>28,993</b>	<b>23,387</b>	<b>(14,755)</b>	<b>20,985</b>
Valuation difference	176	23,387	9,138	20,985
Exchange rate difference	28,817	-	(23,893)	-
<b>Securities Available-for-Sale</b>	<b>(97,881)</b>	<b>11,490</b>	<b>110,262</b>	<b>91,565</b>
Valuation difference	(97,881)	11,490	110,262	91,565
Exchange rate difference	-	-	-	-
<b>Total</b>	<b>(68,888)</b>	<b>34,877</b>	<b>95,507</b>	<b>112,550</b>

**5.2.11.9 Revaluation surplus**

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

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

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

**5.2.11.11 Legal reserves**

	Current Period	Prior Period
I. Legal Reserve	137,747	137,421
II. Legal Reserve	18,790	18,790
Special Reserves	-	-

**5.2.11.12 Extraordinary reserves**

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

**5.2.12 Accrued interest and expenses**

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

	Current Period		Prior Period	
	FC	YTL	FC	YTL
Deposits	143,807	53,008	150,404	48,801
Funds Borrowed	76,392	66,159	85,367	80,446
Interbank Money Markets	64,453	4,359	57,620	3,963
Other Accruals	23,184	1,993	26,959	2,982
<b>Total</b>	<b>307,836</b>	<b>125,519</b>	<b>320,350</b>	<b>136,192</b>

### 5.3 Off-Balance Sheet Items

#### 5.3.1 Off-balance sheet contingencies

##### 5.3.1.1 Irrevocable credit commitments

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	6,836,491	5,749,874
Letters of Guarantee in YTL	3,937,867	3,924,978
Letters of Credit	2,440,644	1,919,538
Bills of Exchange and Acceptances	133,949	116,487
Others	-	-
<b>Total</b>	<b>13,348,951</b>	<b>11,710,877</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 in the accompanying financial statements.

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

As of 31 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).

##### 5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	252,170	268,951
With Original Maturity of 1 Year or Less	49,768	77,737
With Original Maturity of More Than 1 Year	202,402	191,214
Other Non-Cash Loans	14,001,811	12,087,015
<b>Total</b>	<b>14,253,981</b>	<b>12,355,966</b>

##### 5.3.1.4 Sectoral risk concentration of 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 Income Statement

### 5.4.1 Interest Income

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term loans	523,391	49,156	464,721	43,516
Medium and long-term loans	456,778	238,194	198,365	177,236
Loans under follow-up	5,339	-	7,966	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>985,508</b>	<b>287,350</b>	<b>671,052</b>	<b>220,752</b>

(\*) Includes fee and 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	952	1,378	7,290	224
Foreign Banks	45,613	23,144	9,246	29,260
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>48,578</b>	<b>24,522</b>	<b>29,593</b>	<b>29,484</b>

#### 5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Financial Assets	2,879	859	3,705	1,986
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	430,809	57,391	324,709	96,019
Investments Held-to-Maturity	113,497	4,101	106,397	1,727
<b>Total</b>	<b>547,185</b>	<b>62,351</b>	<b>434,811</b>	<b>99,732</b>

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

	Current Period	Prior Period
Interest received from Investments in Associates and Subsidiaries	7,826	3,064



## 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>	<b>57,853</b>	<b>106,141</b>	<b>21,112</b>	<b>109,989</b>
Central Bank of Turkey	-	-	-	-
Domestic Banks	7,559	993	6,990	658
Foreign Banks	50,294	105,148	14,122	109,331
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>10,799</b>	<b>-</b>	<b>9,247</b>
<b>Total</b>	<b>57,853</b>	<b>116,940</b>	<b>21,112</b>	<b>119,236</b>

(\*) Includes fee and commission expenses on borrowings

### 5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest paid to Investments in Associates and Subsidiaries	5,603	7,230

### 5.4.2.3 Interest expenses on securities issued

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

### 5.4.2.4 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
<b>Turkish Lira</b>								
Bank Deposits	2,447	22,994	-	-	-	-	-	25,441
Saving Deposits	388	166,027	302,060	6,795	4,307	3,264	-	482,841
Public Sector Deposits	25	3,104	7,668	6	98	2	-	10,903
Commercial Deposits	6,442	142,364	52,618	2,239	6,245	232	-	210,140
Other	62	2,073	4,113	51	11	8	-	6,318
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total YTL</b>	<b>9,364</b>	<b>336,562</b>	<b>366,459</b>	<b>9,091</b>	<b>10,661</b>	<b>3,506</b>	<b>-</b>	<b>735,643</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	2,091	59,515	60,151	5,442	9,498	8,513	688	145,898
Bank Deposits	-	6,898	-	-	-	-	-	6,898
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	17	45	-	62
<b>Total FC</b>	<b>2,091</b>	<b>66,413</b>	<b>60,151</b>	<b>5,442</b>	<b>9,515</b>	<b>8,558</b>	<b>688</b>	<b>152,858</b>
<b>Grand Total</b>	<b>11,455</b>	<b>402,975</b>	<b>426,610</b>	<b>14,533</b>	<b>20,176</b>	<b>12,064</b>	<b>688</b>	<b>888,501</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)**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>1,525,742</b>	<b>621,731</b>
Trading Account Income	507,857	270,926
Derivative financial instruments	469,247	226,462
Others	38,610	44,464
Foreign Exchange Losses	1,017,885	350,805
<b>Losses (-)</b>	<b>1,435,952</b>	<b>658,152</b>
Trading Account Losses	410,174	299,939
Derivative financial instruments	398,823	285,967
Others	11,351	13,972
Foreign Exchange Losses	1,025,778	358,213
<b>Total</b>	<b>89,790</b>	<b>(36,421)</b>

#### **5.4.5 Other operating income**

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

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
Specific Provisions for Loans and Other Receivables	53,947	42,221
<i>Loans and receivables in Group III</i>	30,814	20,156
<i>Loans and receivables in Group IV</i>	7,762	16,923
<i>Loans and receivables in Group V</i>	15,371	5,142
General Provisions	66,567	30,670
Provision for Possible Losses	131,000	-
Impairment Losses on Securities	699	503
<i>Financial assets at fair value through profit or loss</i>	699	332
<i>Financial assets available-for-sale</i>	-	171
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	6	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	6	-
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	2,177	1,247
<b>Total</b>	<b>254,396</b>	<b>74,641</b>

#### 5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	197,438	143,404
Reserve for Employee Termination Benefits	-	2,675
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	1	1
Depreciation Expenses of Tangible Assets	37,630	32,150
Impairment Losses on Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	1,058	5,449
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	282	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	204,736	140,446
<i>Operational Lease related Expenses</i>	23,070	17,950
<i>Repair and Maintenance Expenses</i>	3,803	3,192
<i>Advertisement Expenses</i>	17,231	13,235
<i>Other Expenses</i>	160,632	106,069
Loss on Sale of Assets	2,794	2
Others	140,903	59,494
<b>Total</b>	<b>584,842</b>	<b>383,621</b>

#### 5.4.8 Profit/loss before taxes including profit/loss from 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”.

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

As of 31 March 2008, the Bank recorded a tax expense of YTL 124,672 thousands (31 March 2007: YTL 101,632 thousands) and a deferred tax expense of YTL 6,828 thousands (31 March 2007: YTL 3,068 thousands).

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

<b>Deferred tax income/(expense) on timing difference</b>	<b>Current Period</b>
Increase in tax deductible timing differences (+)	14,894
Decrease in tax deductible timing differences (-)	11,078
Increase in taxable timing differences (-)	12,152
Decrease in taxable timing differences (+)	1,508
<b>Total</b>	<b>(6,828)</b>

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

<b>Deferred tax income/(expense) arising on timing differences, tax losses and tax deductions and exemptions</b>	<b>Current Period</b>
Increase/(decrease) in tax deductible timing differences (net)	3,816
(Increase)/decrease in taxable timing differences (net)	(10,644)
Increase/(decrease) in tax losses (net)	-
Increase/(decrease) in tax deductions and exemptions (net)	-
<b>Total</b>	<b>(6,828)</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 communique “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 the Bank’s performance*

None.

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

None.

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

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

## **5.5 Statement of Changes in Shareholders' Equity**

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

## **5.6 Statement of Cash Flows**

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

## 5.7 Related Party Risks

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

#### 5.7.1.1 Loans and other receivables

##### *Current Period*

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and Other Receivables</b>						
Balance at beginning of period	953,386	61,690	1	1,090	65,794	168,482
Balance at end of period	1,134,368	53,356	26,204	1,087	69,064	189,666
<b>Interest and Commission Income</b>	<b>9,371</b>	<b>27</b>	<b>4</b>	<b>1</b>	<b>1,541</b>	<b>161</b>

##### *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
<b>Loans and Other Receivables</b>						
Balance at beginning of period	668,516	22,923	224,108	8,253	25,793	41,793
Balance at end of period	953,386	61,690	1	1,090	65,794	168,482
<b>Interest and Commission Income</b>	<b>3,129</b>	<b>22</b>	<b>1</b>	<b>69</b>	<b>814</b>	<b>264</b>

#### 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
<b>Deposits</b>						
Balance at beginning of period	154,208	204,325	86,051	75,693	235,532	126,686
Balance at end of period	165,674	154,208	53,257	86,051	346,256	235,532
<b>Interest Expense</b>	<b>5,603</b>	<b>7,230</b>	<b>3,774</b>	<b>3,212</b>	<b>4,561</b>	<b>3,143</b>

#### 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
<b>Transactions at Fair Value through Profit or Loss:</b>						
Beginning of Period	-	-	-	-	-	-
End of Period	7,951	-	-	-	-	-
<b>Total Profit/(Loss)</b>	<b>88</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions for Hedging:</b>						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
<b>Total Profit/(Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **5.7.2 The Bank's risk group**

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

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

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

The cash loans of the risk group amounting YTL 530,140 thousands (31 December 2007: YTL 449,373 thousands) compose 1.23% (31 December 2007: 1.21%) of the Bank's total cash loans and 0.74% (31 December 2007: 0.66%) of the Bank's total assets. The total loans and similar receivables amounting YTL 1,229,636 thousands (31 December 2007: YTL 1,019,181 thousands) compose 1.71% (31 December 2007: YTL 1.51%) of the Bank's total assets. The non-cash loans of the risk group amounting YTL 244,109 thousands (31 December 2007: YTL 231,262 thousands) compose 1.71% (31 December 2007: 1.87%) of the Bank's total non-cash loans. The deposits of the risk group amounting YTL 565,187 thousands (31 December 2007: YTL 475,791 thousands) compose 1.34% (31 December 2007: 1.22%) 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 Note 5.1.8.

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

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

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

At 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 millions 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.



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

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

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

- 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.
- 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 thousands per share (in total YTL 1,434,234 thousands) 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 thousands (100%) and accordingly from YTL 2,100,000 thousands to YTL 4,200,000 thousands within the registered share capital ceiling of the Bank of YTL 7,000,000 thousands; 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 The 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.

### 5.10.2 Dividends

At the Annual General Assembly 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 – First dividend at 5% of the Paid Capital	-
C – Extraordinary reserves at 5% after above deductions	-
D – Dividend to the owners of the 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 Bank's unconsolidated interim financial statements 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 unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 31 March 2008.

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