

Türkiye Garanti Bankası Anonim Şirketi
And Its Financial Affiliates
Consolidated Financial Statements
As of and For the Six-Month Period Ended
30 June 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
5 August 2008

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



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

To the Board of Directors of Türkiye Garanti Bankası AŞ:

We have reviewed the consolidated balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") and its financial affiliates as of 30 June 2008 and the related consolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the six-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not presented fairly, in all material respects, the financial position of the Bank and its financial affiliates as of 30 June 2008 and the result of its operations and cash flows for the six-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Articles 37 and 38 of the (Turkish) Banking Law No. 5411 and other communiques, disclosures and directives issued by the Banking Regulatory and Supervisory Agency.

İstanbul,
5 August 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 and Its Financial Affiliates
Consolidated Interim Financial Report
as of and for the Six-Month Period Ended 30 June 2008

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The consolidated interim financial report for the six-month period ended 30 June 2008 prepared in accordance with the communique of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

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

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

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

Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations
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SECTION ONE

General Information

I.	History of parent bank including its incorporation date, initial legal status, amendments to legal status	1
II.	Parent bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on its risk group	1
III.	Information on parent bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the bank	2
IV.	Information on parent bank's qualified shareholders	3
V.	Summary information on parent bank's activities and services	3

SECTION TWO

Consolidated Financial Statements

I.	Consolidated balance sheet - Assets	4
II.	Consolidated balance sheet - Liabilities	5
III.	Consolidated off-balance sheet items	6
IV.	Consolidated income statement	7
V.	Consolidated statement of income/expense items accounted under shareholders' equity	8
VI.	Consolidated statement of changes in shareholders' equity	9
VII.	Consolidated statement of cash flows	10

SECTION THREE

Accounting Policies

I.	Basis of presentation	11
II.	Strategy for use of financial instruments and foreign currency transactions	11
III.	Information on consolidated subsidiaries	12
IV.	Forwards, options and other derivative transactions	13
V.	Interest income and expenses	14
VI.	Fees and commissions	14
VII.	Financial assets	15
VIII.	Impairment of financial assets	16
IX.	Netting of financial instruments	16
X.	Repurchase and resale agreements and securities lending	16
XI.	Assets held for sale and discontinued operations	16
XII.	Goodwill and other intangible assets	17
XIII.	Tangible assets	17
XIV.	Leasing activities	18
XV.	Provisions and contingent liabilities	19
XVI.	Contingent assets	19
XVII.	Employee benefits	19
XVIII.	Taxation	22
XIX.	Funds borrowed	23
XX.	Shares and share issuances	23
XXI.	Confirmed bills of exchange and acceptances	23
XXII.	Government incentives	23
XXIII.	Segment reporting	24
XXIV.	Other disclosures	25

SECTION FOUR

Consolidated Financial Position and Results of Operations

I.	Consolidated capital adequacy ratio	26
II.	Consolidated credit risk	30
III.	Consolidated market risk	30
IV.	Consolidated operational risk	31
V.	Consolidated currency risk	31
VI.	Consolidated interest rate risk	34
VII.	Consolidated liquidity risk	37
VIII.	Fair values of financial assets and liabilities	39
IX.	Transactions carried out on behalf of customers, items held in trust	39

SECTION FIVE

Disclosures and Footnotes on Consolidated Financial Statements

I.	Consolidated assets	40
II.	Consolidated liabilities	57
III.	Consolidated off-balance sheet items	65
IV.	Consolidated income statement	67
V.	Consolidated statement of changes in shareholders' equity	72
VI.	Consolidated statement of cash flows	73
VII.	Related party risks	74
VIII.	Domestic, foreign and off-shore branches or investments and foreign representative offices	76
IX.	Significant events and matters arising subsequent to balance sheet date	77
X.	Other disclosures on activities of bank	78

SECTION SIX

Independent Auditors' Review Report

I.	Disclosure on independent auditors' review report	81
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1 General Information

1.1 History of parent bank including its incorporation date, initial legal status, amendments to legal status

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 671 domestic branches, five foreign branches and four representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 30 June 2008, group of companies under Doğu Holding AŞ that currently owns 30.52% shares of the Bank, is called as the Doğu Group (the Group). On 22 December 2005, Doğu Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank’s issued share capital to “GE Araştırma ve Müşavirlik Limited Şti.” of General Electric (GE) group. Accordingly, GE acquired a joint control on the Bank’s management. On 27 December 2007, GE Araştırma ve Müşavirlik Limited Şti. has sold 9,765,000,000 shares of the Bank at a nominal value of YTL 97.650 each to Doğu Holding AŞ, representing 4.65% of the issued share capital of Türkiye Garanti Bankası AŞ.

Doğu Group

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

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

General Electric Group

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

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

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	18 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	26 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	23 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	34 years
Charles Edward Alexander	Member	22.12.2005	University	28 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	University	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	Master	30 years
Afzal Mohammed Modak	EVP-Finance & 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 Ersözöğlu	EVP-Treasury	03.04.2006	University	17 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	16 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	23 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	27 years
Zekeriya Öztürk	EVP- International Business Development	02.03.2006	Master	13 years

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

1.4 Information on parent bank's qualified shareholders

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

According to the decision made at the “General Assembly of Founder Shares Owners” and the “Extraordinary General Shareholders” meetings held on 13 June 2008, the Bank repurchased all the 370 founder share-certificates issued in order to redeem and exterminate them, subsequent to the permissions obtained from the related legal authorities, at a value of YTL 3,876 thousands each in accordance with the report prepared by the court expert and approved by the Istanbul 5th Commercial Court of First Instance. A total payment of YTL 1,434,233 thousands has been made to the owners of 366 founder share-certificates from “extraordinary reserves”, and the value of remaining 4 founder share-certificates has been blocked in the bank accounts.

Subsequent to these purchases, the clauses 15, 16 and 45 of the Articles of Association of the Bank have been revised accordingly.

1.5 Summary information on parent bank's activities and services

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

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

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

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

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

2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates Consolidated Balance Sheet At 30 June 2008

ASSETS		Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
			CURRENT PERIOD 30 June 2008			PRIOR PERIOD 31 December 2007		
			YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK		5.1.1	1,293,049	3,265,768	4,558,817	3,186,970	4,050,061	7,237,031
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		5.1.2	419,748	704,748	1,124,496	281,010	750,690	1,031,700
2.1 Financial assets held for trading			297,241	529,242	826,483	236,454	690,782	927,236
2.1.1 Government securities			277,119	85,067	362,186	225,090	107,044	332,134
2.1.2 Equity securities			10,685	13	10,698	1,462	-	1,462
2.1.3 Other securities			9,437	444,162	453,599	9,902	583,738	593,640
2.2 Financial assets valued at fair value through profit or loss			-	-	-	-	-	-
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Other securities			-	-	-	-	-	-
2.3 Derivative financial assets held for trading			122,507	175,506	298,013	44,556	59,908	104,464
III. BANKS		5.1.3	1,974,913	3,076,344	5,051,257	1,058,305	3,497,847	4,556,152
IV. INTERBANK MONEY MARKETS			-	-	-	-	-	-
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements			-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)		5.1.4	11,604,900	3,582,868	15,187,768	9,839,136	3,712,231	13,551,367
5.1 Equity securities			22,788	48,287	71,075	37,193	37,674	74,867
5.2 Government securities			11,437,125	1,803,693	13,240,818	9,690,401	2,268,068	11,958,469
5.3 Other securities			144,987	1,730,888	1,875,875	111,542	1,406,489	1,518,031
VI. LOANS		5.1.5	27,203,593	20,504,937	47,708,530	22,649,101	17,378,545	40,027,646
6.1 Loans			26,811,236	20,502,481	47,313,717	22,342,086	17,378,520	39,720,606
6.1.1 Loans to bank's risk group		5.7	54,390	106,533	160,923	22,720	51,941	74,661
6.1.2 Other			26,756,846	20,395,948	47,152,794	22,319,366	17,326,579	39,645,945
6.2 Loans under follow-up			958,700	11,803	970,503	846,538	5,776	852,314
6.3 Specific provisions (-)			566,343	9,347	575,690	539,523	5,751	545,274
VII. FACTORING RECEIVABLES		5.1.6	445,028	377,740	822,768	345,643	148,757	494,400
VIII. INVESTMENTS HELD-TO-MATURITY (Net)		5.1.7	3,419,335	364,739	3,784,074	3,498,885	801,475	4,300,360
8.1 Government securities			3,419,335	339,871	3,759,206	3,495,683	777,619	4,273,302
8.2 Other securities			-	24,868	24,868	3,202	23,856	27,058
IX. INVESTMENTS IN ASSOCIATES (Net)		5.1.8	33,936	-	33,936	29,260	-	29,260
9.1 Associates consolidated under equity accounting			33,673	-	33,673	28,997	-	28,997
9.2 Unconsolidated associates			263	-	263	263	-	263
9.2.1 Financial investments in associates			-	-	-	-	-	-
9.2.2 Non-financial investments in associates			263	-	263	263	-	263
X. INVESTMENTS IN SUBSIDIARIES (Net)		5.1.9	10,387	604	10,991	9,694	540	10,234
10.1 Unconsolidated financial investments in subsidiaries			418	604	1,022	418	540	958
10.2 Unconsolidated non-financial investments in subsidiaries			9,969	-	9,969	9,276	-	9,276
XI. INVESTMENTS IN JOINT-VENTURES (Net)		5.1.10	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)		5.1.11	518,516	1,586,259	2,104,775	549,408	1,396,241	1,945,649
12.1 Financial lease receivables			653,791	1,786,862	2,440,653	690,122	1,560,826	2,250,948
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			135,275	200,603	335,878	140,714	164,585	305,299
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		5.1.12	-	2,550	2,550	-	31,960	31,960
13.1 Fair value hedges			-	-	-	-	-	-
13.2 Cash flow hedges			-	2,550	2,550	-	31,960	31,960
13.3 Net foreign investment hedges			-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		5.1.13	1,026,552	86,854	1,113,406	1,048,771	72,321	1,121,092
XV. INTANGIBLE ASSETS (Net)		5.1.14	27,508	4,150	31,658	24,926	3,127	28,053
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			21,120	4,150	25,270	18,538	3,127	21,665
XVI. INVESTMENT PROPERTY (Net)		5.1.15	-	-	-	-	-	-
XVII. TAX ASSET			60,902	5,766	66,668	63,263	311	63,574
17.1 Current tax asset			1,046	-	1,046	5,222	-	5,222
17.2 Deferred tax asset		5.1.16	59,856	5,766	65,622	58,041	311	58,352
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)		5.1.17	81,677	-	81,677	112,886	-	112,886
18.1 Asset held for resale			81,677	-	81,677	112,886	-	112,886
18.2 Assets of discontinued operations			-	-	-	-	-	-
XIX. OTHER ASSETS		5.1.18	1,866,787	145,818	2,012,605	1,484,191	122,938	1,607,129
TOTAL ASSETS			49,986,831	33,709,145	83,695,976	44,181,449	31,967,044	76,148,493

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Balance Sheet
At 30 June 2008

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 June 2008			31 December 2007		
			YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	5.2.1		21,485,713	26,999,953	48,485,666	20,196,472	23,493,058	43,689,530
1.1 Deposits from bank's risk group	5.7		199,947	629,151	829,098	204,546	135,893	340,439
1.2 Other			21,285,766	26,370,802	47,656,568	19,991,926	23,357,165	43,349,091
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2		364,887	38,766	403,653	501,205	37,388	538,593
III. FUNDS BORROWED	5.2.3		2,637,077	9,531,717	12,168,794	1,812,519	9,088,223	10,900,742
IV. INTERBANK MONEY MARKETS	5.2.4		7,371,542	954,012	8,325,554	7,447,905	1,144,051	8,591,956
4.1 Interbank money market takings			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings			-	-	-	-	-	-
4.3 Obligations under repurchase agreements			7,371,542	954,012	8,325,554	7,447,905	1,144,051	8,591,956
V. SECURITIES ISSUED (Net)			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
VI. FUNDS			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES			2,693,159	130,184	2,823,343	2,384,138	129,090	2,513,228
VIII. OTHER EXTERNAL FUNDINGS PAYABLE			1,027,395	247,632	1,275,027	863,062	298,408	1,161,470
IX. FACTORING PAYABLES	5.2.5		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	5.2.6		-	4,804	4,804	-	4,115	4,115
10.1 Financial lease payables			-	4,804	4,804	-	4,115	4,115
10.2 Operational lease payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred expenses (-)			-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7		-	3,988	3,988	-	249	249
11.1 Fair value hedges			-	-	-	-	-	-
11.2 Cash flow hedges			-	3,988	3,988	-	249	249
11.3 Net foreign investment hedges			-	-	-	-	-	-
XII. PROVISIONS	5.2.8		969,005	17,562	986,567	651,197	22,225	673,422
12.1 General provisions			360,432	15,266	375,698	265,965	14,695	280,660
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserve for employee benefits			186,379	-	186,379	143,883	-	143,883
12.4 Insurance technical provisions (Net)			119,143	-	119,143	101,150	-	101,150
12.5 Other provisions			303,051	2,296	305,347	140,199	7,530	147,729
XIII. TAX LIABILITY	5.2.9		203,244	9,901	213,145	217,521	3,219	220,740
13.1 Current tax liability			203,244	9,901	213,145	217,521	3,189	220,710
13.2 Deferred tax liability			-	-	-	-	30	30
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10		-	-	-	-	-	-
14.1 Asset held for sale			-	-	-	-	-	-
14.2 Assets of discontinued operations			-	-	-	-	-	-
XV. SUBORDINATED DEBTS	5.2.11		-	767,614	767,614	-	728,771	728,771
XVI. SHAREHOLDERS' EQUITY	5.2.12		8,307,178	(69,357)	8,237,821	6,983,672	142,005	7,125,677
16.1 Paid-in capital			2,100,000	-	2,100,000	2,100,000	-	2,100,000
16.2 Capital reserves			3,144,477	(75,717)	3,068,760	886,218	139,484	1,025,702
16.2.1 Share premium			-	-	-	-	-	-
16.2.2 Share cancellation profits			-	-	-	-	-	-
16.2.3 Securities value increase fund			(316,222)	(74,143)	(390,365)	81,517	108,020	189,537
16.2.4 Revaluation surplus on tangible assets			597,090	-	597,090	29,864	-	29,864
16.2.5 Revaluation surplus on intangible assets			-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property			-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures			1,509	-	1,509	1,509	-	1,509
16.2.8 Hedging reserves (effective portion)			(22,334)	(1,574)	(23,908)	774	31,464	32,238
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations			-	-	-	-	-	-
16.2.10 Other capital reserves			2,884,434	-	2,884,434	772,554	-	772,554
16.3 Profit reserves			2,010,289	6,360	2,016,649	1,560,342	2,521	1,562,863
16.3.1 Legal reserves			281,627	2,619	284,246	165,846	2,521	168,367
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			1,681,758	-	1,681,758	1,388,561	-	1,388,561
16.3.4 Other profit reserves			46,904	3,741	50,645	5,935	-	5,935
16.4 Profit or loss			1,023,839	-	1,023,839	2,413,778	-	2,413,778
16.4.1 Prior periods profit/loss			-	-	-	-	-	-
16.4.2 Current period net profit/loss			1,023,839	-	1,023,839	2,413,778	-	2,413,778
16.5 Minority interest			28,573	-	28,573	23,334	-	23,334
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			45,059,200	38,636,776	83,695,976	41,057,691	35,090,802	76,148,493

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Off-Balance Sheet Items

At 30 June 2008

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2008			31 December 2007		
		YTL	FC	Total	YTL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		28,777,011	46,014,291	74,791,302	23,960,000	32,425,848	56,385,848
I. GUARANTEES AND SURETIES	5.3.1	3,956,954	11,064,901	15,021,855	3,921,013	8,881,279	12,802,292
1.1. Letters of guarantee		3,956,865	6,349,019	10,305,884	3,920,019	5,849,586	9,769,605
1.1.1. Guarantees subject to State Tender Law		271,055	480,341	751,396	306,986	423,552	730,538
1.1.2. Guarantees given for foreign trade operations		297,347	393,922	691,269	303,752	326,670	630,422
1.1.3. Other letters of guarantee		3,388,463	5,474,756	8,863,215	3,309,281	5,099,364	8,408,645
1.2. Bank acceptances		-	116,954	116,954	600	115,887	116,487
1.2.1. Import letter of acceptance		-	105,018	105,018	600	107,622	108,222
1.2.2. Other bank acceptances		-	11,936	11,936	-	8,265	8,265
1.3. Letters of credit		89	4,598,928	4,599,017	394	2,915,806	2,916,200
1.3.1. Documentary letters of credit		-	3,863	3,863	-	1,649	1,649
1.3.2. Other letters of credit		89	4,595,065	4,595,154	394	2,914,157	2,914,551
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	-	-	-	-	-
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS		14,140,833	5,687,984	19,828,817	13,139,200	3,764,471	16,903,671
2.1. Irrevocable commitments		14,140,833	5,687,508	19,828,341	13,139,200	3,764,081	16,903,281
2.1.1. Asset purchase commitments		347,235	2,438,588	2,785,823	50,554	1,689,412	1,739,966
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		812	-	812	812	-	812
2.1.4. Loan granting commitments		2,867,718	2,141,241	5,008,959	2,327,523	1,013,639	3,341,162
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,344,126	-	1,344,126	1,852,451	-	1,852,451
2.1.8. Tax and fund obligations on export commitments		25,191	-	25,191	-	-	24,398
2.1.9. Commitments for credit card limits		8,291,541	14,741	8,306,282	7,619,252	-	7,619,252
2.1.10. Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,264,210	1,092,938	2,357,148	1,264,210	1,061,030	2,325,240
2.2. Revocable commitments		-	476	476	-	390	390
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	476	476	-	390	390
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	10,679,224	29,261,406	39,940,630	6,899,787	19,780,098	26,679,885
3.1. Derivative financial instruments held for risk management		-	12,937	12,937	-	58,282	58,282
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	12,937	12,937	-	58,282	58,282
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivative		10,679,224	29,248,469	39,927,692	6,899,787	19,721,816	26,621,603
3.2.1. Forward foreign currency purchases/sales		1,086,011	1,521,893	2,607,904	863,438	1,217,606	2,081,044
3.2.1.1. Forward foreign currency purchases		590,868	727,422	1,318,290	340,766	665,557	1,006,323
3.2.1.2. Forward foreign currency sales		495,143	794,471	1,289,614	522,672	552,049	1,074,721
3.2.2. Currency and interest rate swaps		6,381,482	17,288,245	23,669,727	4,840,279	10,157,286	14,997,565
3.2.2.1. Currency swaps-purchases		1,118,274	10,557,286	11,675,560	1,215,757	6,023,664	7,239,421
3.2.2.2. Currency swaps-sales		5,263,208	6,705,264	11,968,472	3,622,066	4,123,014	7,745,080
3.2.2.3. Interest rate swaps-purchases		-	12,846	12,846	417	5,401	5,818
3.2.2.4. Interest rate swaps-sales		-	12,849	12,849	2,039	5,207	7,246
3.2.3. Currency, interest rate and security options		3,112,389	9,441,741	12,554,130	1,077,653	7,711,274	8,788,927
3.2.3.1. Currency call options		1,558,659	4,395,616	5,954,275	370,616	3,798,693	4,169,309
3.2.3.2. Currency put options		1,389,429	4,732,742	6,122,171	635,057	3,417,318	4,052,375
3.2.3.3. Interest rate call options		-	84,350	84,350	-	81,200	81,200
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		71,977	159,904	231,881	37,344	113,283	150,627
3.2.3.6. Security put options		92,324	69,129	161,453	34,636	300,780	335,416
3.2.4. Currency futures		97,827	83,893	181,720	114,417	82,650	197,067
3.2.4.1. Currency futures-purchases		90,132	2	90,134	83,070	2,219	85,289
3.2.4.2. Currency futures-sales		7,695	83,891	91,586	31,347	80,431	111,778
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		1,515	912,697	914,212	4,000	553,000	557,000
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		134,546,293	84,943,456	219,489,749	129,941,310	67,836,609	197,777,919
IV. ITEMS HELD IN CUSTODY		33,280,421	12,914,902	46,195,323	46,920,619	12,856,015	59,776,634
4.1. Customers' securities held		13,509,420	3,056,999	16,566,419	21,162,115	3,625,534	24,787,653
4.2. Investment securities held in custody		12,570,824	752,167	13,322,991	20,241,857	1,385,719	21,627,576
4.3. Checks received for collection		5,483,899	740,225	6,224,124	4,204,954	494,980	4,699,934
4.4. Commercial notes received for collection		1,687,442	1,803,093	3,490,535	1,281,717	1,631,219	2,912,936
4.5. Other assets received for collection		6,667	6,268,035	6,274,702	7,197	5,402,214	5,409,411
4.6. Assets received through public offering		-	20,541	20,541	-	18,805	18,805
4.7. Other items under custody		22,169	273,842	296,011	22,775	297,544	320,319
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		101,265,872	72,028,554	173,294,426	83,020,691	54,980,594	138,001,285
5.1. Securities		94,890	-	94,890	169,805	5,555	175,360
5.2. Guarantee notes		14,615,727	5,546,297	20,162,024	11,971,031	4,942,492	16,913,523
5.3. Commodities		157	-	157	-	-	157
5.4. Warranties		-	376,862	376,862	-	463,776	463,776
5.5. Real estates		17,343,531	16,734,710	34,078,241	13,345,515	7,900,332	21,245,851
5.6. Other pledged items		69,211,397	49,370,326	118,581,723	57,534,005	41,668,096	99,202,105
5.7. Pledged items-depository		170	359	529	170	343	513
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		163,323,304	130,957,747	294,281,051	153,901,310	100,262,457	254,163,767

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Income Statement
For the Six-Month Period Ended 30 June 2008

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)			
			CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
			1 January 2008- 30 June 2008	1 January 2007- 30 June 2007	1 April 2008- 30 June 2008	1 April 2007- 30 June 2007
I. INTEREST INCOME	5.4.1		4,552,933	3,686,938	2,324,196	1,883,238
1.1 Interest income on loans			2,722,008	2,006,765	1,400,579	1,062,583
1.2 Interest income on reserve deposits			98,369	85,102	49,670	43,295
1.3 Interest income on banks			205,363	179,202	95,408	89,013
1.4 Interest income on money market transactions			2,090	2,206	1,119	1,307
1.5 Interest income on securities portfolio			1,317,668	1,138,765	674,712	566,409
1.5.1 Trading financial assets			19,511	33,378	8,889	19,984
1.5.2 Financial assets valued at fair value through profit or loss			-	-	-	-
1.5.3 Financial assets available-for-sale			976,177	733,303	475,695	308,744
1.5.4 Investments held-to-maturity			321,980	372,084	190,128	237,681
1.6 Financial lease income			116,720	83,441	57,394	43,717
1.7 Other interest income			90,715	191,457	45,314	76,914
II. INTEREST EXPENSE	5.4.2		2,809,690	2,232,822	1,426,866	1,133,744
2.1 Interest on deposits			1,938,527	1,528,786	996,339	774,215
2.2 Interest on funds borrowed			424,843	331,161	204,152	162,541
2.3 Interest on money market transactions			443,803	365,472	225,424	192,546
2.4 Interest on securities issued			1,386	1,464	603	739
2.5 Other interest expenses			1,131	5,939	348	3,703
III. NET INTEREST INCOME (I - II)			1,743,243	1,454,116	897,330	749,494
IV. NET FEES AND COMMISSIONS INCOME			796,345	625,355	390,392	314,653
4.1 Fees and commissions received			994,713	828,582	500,705	424,770
4.1.1 Non-cash loans			61,651	57,886	33,203	29,034
4.1.2 Others			933,062	770,696	467,502	395,736
4.2 Fees and commissions paid			198,368	203,227	110,313	110,117
4.2.1 Non-cash loans			151	162	98	86
4.2.2 Others			198,217	203,065	110,215	110,031
V. DIVIDEND INCOME	5.4.3		2,044	1,849	1,951	1,540
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4		115,687	(100,597)	46,566	(43,584)
6.1 Trading account income/losses (Net)			(3,733)	(305,078)	(33,699)	(183,461)
6.2 Foreign exchange gains/losses (Net)			119,420	204,481	80,265	139,877
VII. OTHER OPERATING INCOME	5.4.5		310,031	964,103	92,852	827,994
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)			2,967,350	2,944,826	1,429,091	1,850,097
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6		264,404	184,201	4,232	96,945
X. OTHER OPERATING EXPENSES (-)	5.4.7		1,432,734	989,518	787,338	522,742
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)			1,270,212	1,771,107	637,521	1,230,410
XII. INCOME RESULTED FROM MERGERS			-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING			4,676	-	2,614	-
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-	-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	5.4.8		1,274,888	1,771,107	640,135	1,230,410
XVI. PROVISION FOR TAXES (±)	5.4.9		245,810	254,932	105,204	143,528
16.1 Current tax charge			255,735	276,402	121,347	168,563
16.2 Deferred tax charge/(credit)			(9,925)	(21,470)	(16,143)	(25,035)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10		1,029,078	1,516,175	534,931	1,086,882
XVIII. INCOME FROM DISCONTINUED OPERATIONS			-	-	-	-
18.1 Income from assets held for sale			-	-	-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures			-	-	-	-
18.3 Others			-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)			-	-	-	-
19.1 Expenses on assets held for sale			-	-	-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-	-	-
19.3 Others			-	-	-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	5.4.8		-	-	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	5.4.9		-	-	-	-
21.1 Current tax charge			-	-	-	-
21.2 Deferred tax charge/(credit)			-	-	-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	5.4.10		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	5.4.11		1,029,078	1,516,175	534,931	1,086,882
23.1 Equity holders of the bank			1,023,839	1,511,873	532,420	1,082,910
23.2 Minority interest			5,239	4,302	2,511	3,972
EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)			488	720	254	516

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted under Shareholders' Equity
For the Six-Month Period Ended 30 June 2008

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF NEW TURKISH LIRA (YTL)	
		CURRENT PERIOD	PRIOR PERIOD
		30 June 2008	30 June 2007
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(682,045)	12,365
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	41,102	(15,980)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	(41,298)	(7,180)
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(28,885)	14,394
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	417
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	116,545	(6,989)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(594,581)	(2,973)
XI.	CURRENT PERIOD PROFIT/LOSSES	1,029,078	1,516,175
1.1	Net changes in fair value of securities (transferred to income statement)	4,504	2,770
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	1,024,574	1,513,405
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	434,497	1,513,202

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Changes in Shareholders' Equity
For the Six-Month Period Ended 30 June 2008

		THOUSANDS OF NEW TURKISH LIRA (YTL)																		
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD - 30 June 2007																				
I.	Balances at beginning of the period		2,100,000	772,554	-	-	108,653	-	526,745	36,923	-	1,165,311	122,704	2,147	950	(19,370)	-	4,816,617	7,770	4,824,387
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at beginning of the period (I+II)		2,100,000	772,554	-	-	108,653	-	526,745	36,923	-	1,165,311	122,704	2,147	950	(19,370)	-	4,816,617	7,770	4,824,387
Changes during the period																				
IV.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	6,819	-	-	-	-	6,819	-	6,819
VI.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	5,771	-	5,771	-	5,771
6.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(5,744)	-	(5,744)	-	(5,744)
6.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	11,515	-	11,515	-	11,515
VII.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences		-	-	-	-	-	-	-	(15,961)	-	-	(19)	-	-	-	-	(15,980)	-	(15,980)
XI.	Changes resulted from disposal of assets		-	-	-	-	(4,434)	-	(28,876)	-	-	33,310	-	-	559	-	-	559	-	559
XII.	Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	2,565	-	-	-	-	-	2,565	7,586	10,151
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		-	-	-	-	(142)	-	-	-	-	-	-	-	-	-	-	(142)	-	(142)
XIX.	Current period net profit/loss		-	-	-	-	-	-	-	-	1,511,873	-	-	-	-	-	-	1,511,873	4,302	1,516,175
XX.	Profit distribution		-	-	-	-	64,615	-	889,535	-	-	(1,201,186)	-	27,717	-	-	-	(219,319)	-	(219,319)
20.1.	Dividends		-	-	-	-	-	-	-	-	(219,319)	-	-	-	-	-	-	(219,319)	-	(219,319)
20.2.	Transfers to reserves		-	-	-	-	64,615	-	889,535	-	-	(954,150)	-	-	-	-	-	-	-	-
20.3.	Others		-	-	-	-	-	-	-	-	(27,717)	-	-	27,717	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)			2,100,000	772,554	-	-	168,692	-	1,387,404	20,962	1,511,873	-	129,504	29,864	1,509	(13,599)	-	6,108,763	19,658	6,128,421
CURRENT PERIOD - 30 June 2008																				
I.	Balances at beginning of the period	5.5.1	2,100,000	772,554	-	-	168,367	-	1,388,561	5,935	-	2,413,778	189,537	29,864	1,509	32,238	-	7,102,343	23,334	7,125,677
Changes during the period																				
II.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(579,537)	-	-	-	-	(579,537)	-	(579,537)
IV.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(56,146)	-	(56,146)	-	(56,146)
4.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(33,038)	-	(33,038)	-	(33,038)
4.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	(23,108)	-	(23,108)	-	(23,108)
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences		-	-	-	-	98	-	-	41,369	-	-	(365)	-	-	-	-	41,102	-	41,102
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		-	-	-	-	-	-	-	2,111,880	-	-	-	-	-	-	-	2,111,880	-	2,111,880
12.1.	Cash		-	-	-	-	-	-	-	2,111,880	-	-	-	-	-	-	-	2,111,880	-	2,111,880
12.2.	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	5.5.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others		-	-	-	-	-	-	(1,434,233)	-	-	-	-	-	-	-	-	(1,434,233)	-	(1,434,233)
XVII.	Current period net profit/loss		-	-	-	-	-	-	-	-	1,023,839	-	-	-	-	-	-	1,023,839	5,239	1,029,078
XVIII.	Profit distribution		-	-	-	-	115,781	-	1,727,430	3,341	-	(2,413,778)	-	567,226	-	-	-	-	-	-
18.1.	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2.	Transfers to reserves	5.5.3	-	-	-	-	115,781	-	1,727,430	-	-	(1,843,211)	-	-	-	-	-	-	-	-
18.3.	Others		-	-	-	-	-	-	-	3,341	-	(570,567)	-	567,226	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)			2,100,000	772,554	-	-	284,246	-	1,681,758	2,162,525	1,023,839	-	(390,265)	597,090	1,509	(23,908)	-	8,209,248	28,573	8,237,821

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Cash Flows
For the Six-Month Period Ended 30 June 2008

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF NEW TURKISH LIRA (YTL)	
		CURRENT PERIOD 30 June 2008	PRIOR PERIOD 30 June 2007
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	1,504,142	1,854,326
1.1.1 Interests received		4,445,954	3,503,793
1.1.2 Interests paid		(2,724,247)	(2,073,201)
1.1.3 Dividend received		2,044	1,849
1.1.4 Fees and commissions received		796,345	664,876
1.1.5 Other income		132,206	834,753
1.1.6 Collections from previously written-off loans and other receivables		11,712	11,158
1.1.7 Payments to personnel and service suppliers		(1,117,344)	(867,304)
1.1.8 Taxes paid		(42,528)	(221,598)
1.1.9 Others		-	-
1.2 Changes in operating assets and liabilities	5.6	(607,559)	(2,334,109)
1.2.1 Net (increase) decrease in financial assets held for trading		108,869	(216,048)
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		2,050,906	(1,671,946)
1.2.4 Net (increase) decrease in loans		(7,955,927)	(5,874,146)
1.2.5 Net (increase) decrease in other assets		(901,052)	(437,885)
1.2.6 Net increase (decrease) in bank deposits		(10,566)	617,352
1.2.7 Net increase (decrease) in other deposits		4,739,163	3,119,986
1.2.8 Net increase (decrease) in funds borrowed		1,008,906	1,895,212
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		352,142	233,366
I. Net cash flow from banking operations	5.6	896,583	(479,783)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(1,826,727)	(812,524)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(71)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	95
2.3 Purchases of tangible assets		(147,968)	(111,094)
2.4 Sales of tangible assets		124,219	27,035
2.5 Cash paid for purchase of financial assets available-for-sale, net		(5,548,776)	(735,280)
2.6 Cash obtained from sale of financial assets available-for-sale, net		3,225,902	-
2.7 Cash paid for purchase of investments held-to-maturity		-	(70,776)
2.8 Cash obtained from sale of investments held-to-maturity		519,896	77,567
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		677,614	(219,365)
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		2,111,880	-
3.4 Dividends paid		-	(219,319)
3.5 Payments for financial leases		(33)	(46)
3.6 Others (payments for founder shares repurchased)		(1,434,233)	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		119,420	(5,831)
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	(133,110)	(1,517,503)
VI. Cash and cash equivalents at beginning of period	5.6	4,315,192	4,149,369
VII. Cash and cash equivalents at end of period (V+VI)	5.6	4,182,082	2,631,866

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

3 Accounting Policies

3.1 Basis of presentation

As per the Articles 37 and 38 of “Accounting and Recording Rules” of the Turkish Banking Law No 5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its consolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulation and Supervision Agency (BRSA) and in effect since 1 November 2006, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidances.

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

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

3.1.1 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 use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

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

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

3.3 Information on consolidated subsidiaries

As of 30 June 2008, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring), Garanti Fund Management Co Ltd (GFM) ve Garanti Financial Services Plc (GFS).

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

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

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

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

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

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

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

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

Liquidation or sales of the associates and subsidiaries:

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

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

The liquidation process of GFS is started in 2008 and expected to be completed during the year 2009.

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.

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

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

3.5 Interest income and expenses

General

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

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

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

Insurance business

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

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

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

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

Financial lease operations

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

Loans and receivables are financial assets raised through providing money, commodity and services to debtors.

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

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

3.8 Impairment of financial assets

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

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

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

3.9 Netting of financial instruments

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

Specific allowances for non-performing loan and other receivables are provided in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. Such allowances are deducted from loans under follow-up on the asset side.

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations and related borrowings

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

Estimated useful lives of the intangible assets except for goodwill, are 5-15 years, and amortisation rates are 6.67-20%.

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

3.13 Tangible assets

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

Tangible assets are recorded at cost in accordance with the Turkish Accounting Standard 16 (TAS 16) "Tangible Assets".

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

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

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

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

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

Depreciation rates and estimated useful lives are:

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

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

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

3.16 Contingent assets

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

3.17 Employee benefits

Severance Indemnities and Short-Term Employee Benefits

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

Accordingly, 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” for all its employees who retired or whose employment is terminated, called up for military service or died. The major actuarial assumptions used in the calculation of the total liability are as follows:

	30 June 2008	31 December 2007
Discount Rate	11.00%	11.00%
Expected Rate of Salary/Limit	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.

Retirement Benefit Obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee and his/her dependents will receive on retirement.

The Bank’s defined benefit plan (the “Plan”) is managed by “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 and the Bank’s employees are the members of this Fund.

The Plan is funded through contributions of both by the employees and the employer as required by Social Security Law numbered 506 and these contributions are as follows:

	30 June 2008	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

The Plan is composed of a) the contractual benefits of the employees, which are subject to transfer to Social Security Foundation ("SSF") and b) other social rights and and medical benefits provided by the Bank but not transferable to SSF.

a) Benefits transferable to SSF

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' members 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 fund members.

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 and the articles of Social Security Law No. 5754 ("the Law") regulating the principles related with such transfers were accepted and approved by Turkish Parliament at 17 April 2008, and enacted at 8 May 2008 after being published in the Official Gazette no.26870.

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, will be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the SDIF, the banks and the funds, by using a technical discount rate of 9.80% taking into account the funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers will take place within three-year period starting from 1 January 2008.

At 19 June 2008, Cumhuriyet Halk Partisi ("CHP") is applied to the Constitutional Court for the cancellation of various articles of the Law including the the first paragraph of the provisional Article 20. As of the issuing date of the financial statements, there is not any published ruling of the Constitutional Court regarding this application.

The Bank obtained an actuarial report dated 13 May 2008 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are sufficient to meet the amount that will be required to be paid to transfer the obligation at 31 December 2007.

The asset surplus of the Fund after deducting the net present value of the transferable liabilities as of 31 December 2007 is as follows:

Pension and medical benefits transferable to SSF	(319,418)
Fair value of plan assets	<u>469,931</u>
Asset surplus	<u>150,513</u>

b) Other benefits not transferable to SSF

Other social rights and payments provided in the existing trust indenture but not covered through the transfer of the funds' members and their right-holders to the SSF, are to be covered by the funds and the institutions that employ the funds' members.

Accordingly, an actuarial report was prepared as of 31 December 2007 as per the requirements of the Law for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary's 13 May 2008 dated report, the Bank recognized a provision amounting YTL 164,598 thousands for its liability and charged fully as expense in the accompanying financial statements.

Pension benefits	(109,080)
Medical benefits	<u>(206,031)</u>
	(315,111)
Fair value of plan assets after deducting transferable benefits	<u>150,513</u>
Present value of the defined benefit obligation	<u>(164,598)</u>

The major actuarial assumptions used in the calculation of other benefits not transferable to SSF are as follows:

	31 December 2007
	(%)
Discount Rate	16.77-10.17
Inflation Rate	8-4.85
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	12.8-7.76
Future Pension Increase Rates	8-4.85

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at age 60 is 17 for males, and at age 58 for females is 23.

The consolidated subsidiaries and associates do not have retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated subsidiaries and associates are subject to the SSF in case of domestic investees and to the legislations of the related countries in case of foreign investee companies. There are no obligations not reflected in the accompanying consolidated financial statements.

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

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

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

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

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

3.18.2 Deferred taxes

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

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

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

3.19 Funds borrowed

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

There are no convertible bonds or any other securities issued.

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 30 June 2008, the Bank or its financial affiliates do not have any government incentives or aids.

3.23 Segment reporting

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

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

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

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

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

Information on the business segments on a consolidated basis is as follows as of 30 June 2008:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	783,595	1,074,562	609,851	497,298	2,965,306
Other	-	-	-	-	-
Total Operating Profit	783,595	1,074,562	609,851	497,298	2,965,306
Net Operating Profit	535,186	620,910	267,901	(151,153)	1,272,844
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	2,044	2,044
Net Operating Profit	535,186	620,910	267,901	(149,109)	1,274,888
Provision for Taxes	-	-	-	245,810	245,810
Net Profit	535,186	620,910	267,901	(394,919)	1,029,078
Segment Assets	15,770,632	31,227,385	26,250,644	10,402,388	83,651,049
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	44,927	44,927
Undistributed Items	-	-	-	-	-
Total Assets	15,770,632	31,227,385	26,250,644	10,447,315	83,695,976
Segment Liabilities	26,591,242	18,163,738	20,027,688	10,675,487	75,458,155
Shareholders' Equity	-	-	-	8,237,821	8,237,821
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	26,591,242	18,163,738	20,027,688	18,913,308	83,695,976
Other Segment Items	31,126	97,974	(65,711)	530,718	594,107
Capital Expenditure	-	-	-	136,977	136,977
Depreciation Expenses	-	-	-	85,402	85,402
Impairment Losses	-	-	969	263,436	264,405
Other Non-Cash Income/Expenses	31,126	97,974	(66,680)	44,903	107,323
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

3.24.1 Reclassifications

Loans given to banks amounting YTL 1,025,622 thousands as of 31 December 2007 are classified to "loans" from "banks". Interest income received from loans given to banks amounting YTL 10,231 thousands are classified to "interest income on loans" from "interest income on banks".

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

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

Commissions received for cash loans amounting YTL 52,889 thousands are classified to "interest income on loans" and commissions paid for funds borrowed amounting YTL 13,368 thousands are classified to "interest expense on funds borrowed" as of 30 June 2007.

Due to method change in valuation of derivative instruments, YTL 210,312 thousands is reclassified from "trading account gains/(losses)" to "foreign exchange gains/(losses)" as of 30 June 2007.

4 Consolidated Financial Position and Results of Operations

4.1 Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 13.33% (unconsolidated capital adequacy ratio: 14.89%) as of 30 June 2008.

4.1.1 Risk measurement methods in calculation of consolidated capital adequacy ratio

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

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

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

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

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

The credit derivative contracts are included in the calculation of the value at credit risk and of the capital requirement for general market risk and specific risk in accordance with the principles in "Regulation on Taking Credit Derivatives into Consideration for Calculation of Capital Adequacy Ratio according to the Standard Method".

4.1.2 Consolidated capital adequacy ratio

	Risk Weightings						
	Parent Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	11,958,182	-	2,827,740	11,143,940	32,903,589	583,300	5,519
Cash on Hand	445,462	-	2,469	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	1,038,526	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	602,500	-	2,402,909	-	886,288	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	3,011,342	-	-	-	-	-	-
Loans	2,678,992	-	173,786	11,022,781	29,188,021	583,300	5,519
Loans under Follow-Up (Net)	-	-	-	-	392,357	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,370,957	-	-	-	-	-	-
Receivables from Term Sale of Assets	-	-	-	-	42,966	-	-
Miscellaneous Receivables	20,120	-	-	-	91,421	-	-
Accrued Interest and Income	214,867	-	67,517	121,159	527,530	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	712,906	-	-
Tangible Assets (Net)	-	-	-	-	1,021,233	-	-
Other Assets	575,416	-	181,059	-	40,867	-	-
Off-Balance Sheet Items	1,367,683	-	1,531,904	611,974	8,629,337	-	-
Non-Cash Loans and Commitments	1,367,683	-	1,181,767	611,974	8,594,832	-	-
Derivative Financial Instruments	-	-	350,137	-	34,505	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	13,325,865	-	4,359,644	11,755,914	41,532,926	583,300	5,519

	Risk Weightings						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	13,484,391	-	3,165,466	11,524,218	38,178,097	583,300	5,519
Cash on Hand	459,652	-	2,469	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	1,038,526	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	1,120,422	-	2,428,684	-	1,423,809	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	3,011,342	-	-	-	-	-	-
Loans	3,349,261	-	394,556	11,111,468	32,012,652	583,300	5,519
Loans under Follow-Up (Net)	-	-	-	-	394,813	-	-
Lease Receivables	63,842	-	74,408	287,774	1,653,514	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,610,001	-	-	-	25,388	-	-
Receivables from Term Sale of Assets	-	-	-	-	42,966	-	-
Miscellaneous Receivables	20,120	-	-	-	796,040	-	-
Accrued Interest and Income	230,402	-	84,290	124,976	552,614	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	10,232	-	-
Tangible Assets (Net)	-	-	-	-	1,132,247	-	-
Other Assets	580,823	-	181,059	-	133,822	-	-
Off-Balance Sheet Items	1,397,319	-	1,618,533	656,271	9,845,239	-	-
Non-Cash Loans and Commitments	1,391,630	-	1,184,949	656,271	9,745,868	-	-
Derivative Financial Instruments	5,689	-	433,584	-	99,371	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	14,881,710	-	4,783,999	12,180,489	48,023,336	583,300	5,519

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	49,168,800	41,927,303
Value at Market Risk (VaMR)	2,809,238	579,538
Value at Operational Risk (VaOR)	5,766,996	4,520,072
Shareholders' Equity	8,597,830	7,206,570
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	14.89%	15.32%

	Consolidated	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	55,956,369	46,859,414
Value at Market Risk (VaMR)	4,319,563	1,550,094
Value at Operational Risk (VaOR)	6,621,287	5,299,036
Shareholders' Equity	8,916,905	7,506,982
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	13.33%	13.98%

4.1.4 Components of consolidated shareholders' equity

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,100,000	2,100,000
Nominal Capital	2,100,000	2,100,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	284,246	168,367
I. Legal Reserve (Turkish Commercial Code 466/1)	260,619	144,740
II. Legal Reserve (Turkish Commercial Code 466/2)	23,627	23,627
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	1,681,758	1,388,561
Reserve Allocated as per the Decision held by the General Assembly	1,681,758	1,388,561
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Other Capital Reserves and Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	2,111,880	-
Profit	1,023,839	2,413,778
Current Period Profit	1,023,839	2,413,778
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	52,000	32,000
Income on Sale of Investments in Associates, Subsidiaries and Real Estate	594,943	27,717
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Minority Interest	28,573	23,334
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	-	91,432
Prepaid Expenses (-)	310,982	257,923
Intangible Assets (-)	31,658	28,053
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Goodwill (Net) (-)	-	-
Total Core Capital	8,649,793	6,926,311
SUPPLEMENTARY CAPITAL		
General Provisions	375,698	280,660
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	966	966
Bonus Shares of Associates, Subsidiaries and Joint-Ventures (Business Partnership)	1,509	1,509
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	690,417	672,492
45% of Securities Value Increase Fund (*)	(388,044)	75,319
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	(388,044)	75,319
Other Reserves	26,737	38,173
Total Supplementary Capital	707,283	1,069,119
TIER III CAPITAL		
CAPITAL	9,357,076	7,995,430

(*) In cases where the Securities Value Increase Fund gives a positive result then only 45% of the amount is considered in the calculation, whereas if its is negative then the whole amount is considered in the calculation.

DEDUCTIONS FROM CAPITAL	440,171	488,448
Unconsolidated Investments in Banks and Financial Institutions	34,695	29,955
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Banks and Financial Institutions' Assets and Liabilities that are not Fully Consolidated but Included Using Equity Accounting	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	62,836	81,085
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	8,916,905	7,506,982

4.2 Consolidated credit risk

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

4.3 Consolidated market risk

The Bank that had already started working on risk management area before the regulations on Bank's Internal Control and Risk Management Systems and Measurement and Assessment of Capital Adequacy Ratios of Banks issued by the BRSA in February 2001, restructured its internal systems in accordance with the related regulations under the responsibility of the board of directors and currently works accordingly.

In order to comply with the regulations, the Bank revisited its activities related with market risk management in accordance 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.

The risk policies defined for the Bank's market risk exposure and the applications are approved and reviewed regularly by the board of directors.

The top management is responsible for applying risk policies, principles and application procedures approved by the board of directors, ensuring timely and reliable reporting to the board of directors about the important risks identified, assessing internal control, internal audit and risk reports prepared for departments and either eliminating risks, deficiencies or defects identified in these departments or taking the necessary precautions to prevent those and participating in determination of risk limits.

The board of directors follows up the effectiveness of risk management systems through audit committee, related other committees and top management, and take decisions in the light of various risk reports and the assessments made by audit committee. The board of directors is responsible of healthy performance of internal systems.

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. In the VaR calculations, trading and available-for-sale portfolios are taken into account. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. The Bank takes the parametric VaR results as the basis for the internal management of market risk and determination of limits. The calculations made according to other two methods are used for comparison and monitoring purposes. In the VaR calculation, one year historical market data set is used, and 99% confidence interval and one-day retention period (10 days for legal capital adequacy calculation) are taken into

account. In order to test the reliability of the VaR model, back tests are performed. Stress tests and scenario analysis are also applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations.

In the quantification of market risk arising from maturity mismatches of assets and liabilities, duration and variance analysis are also used. In duration analysis, the present values of interest sensitive asset and liability items are calculated based on their cash flows and yield curves developed from market interest rates. The results are supported by the sensitivity and scenario analysis performed periodically due to the prospective fluctuations in markets.

The capital requirement for general market risk and specific risks is calculated using the standard 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 on a consolidated basis

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	203,806
(II) Capital Obligation against Specific Risks - Standard Method	99,580
(III) Capital Obligation against Currency Risk - Standard Method	17,470
(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	24,709
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	345,565
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	4,319,563

4.3.2 Average values at market risk

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

4.4 Consolidated operational risk

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

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2008, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to YTL 3,077,007 thousands (31 December 2007: YTL 1,584,354 thousands), net ‘off-balance sheet’ foreign currency long position amounts to YTL 3,371,010 thousands (31 December 2007: YTL 1,633,572 thousands), while net foreign currency long position amounts to YTL 294,003 thousands (31 December 2007: YTL 49,218 thousands).

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

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

	USD	EUR	Yen (100)	GBP
The Bank's foreign currency purchase rate at balance sheet date	1.2050	1.8996	1.1375	2.4017
<u>Foreign currency rates for the days before balance sheet date:</u>				
Day 1	1.2100	1.9059	1.1397	2.4097
Day 2	1.2100	1.9054	1.1382	2.4069
Day 3	1.2050	1.8972	1.1240	2.3961
Day 4	1.2000	1.8686	1.1099	2.3630
Day 5	1.2150	1.8970	1.1308	2.3957
Last 30-days arithmetical average rate	1.2176	1.8962	1.1401	2.3954

The Bank's consolidated currency risk:

	Euro	USD	Yen	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	65,630	3,160,497	147	39,494	3,265,768
Banks	1,002,644	1,980,532	14,553	78,615	3,076,344
Financial Assets at Fair Value through Profit/Loss	86,450	455,834	127	7,509	549,920
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	286,427	3,226,352	-	70,089	3,582,868
Loans (*)	7,896,346	13,921,654	25,984	735,202	22,579,186
Investments in Associates, Subsidiaries and Joint-Ventures	604	-	-	-	604
Investments Held-to-Maturity	38,258	326,481	-	-	364,739
Derivative Financial Assets Held for Risk Management	-	2,550	-	-	2,550
Tangible Assets	27,428	556	-	58,870	86,854
Intangible Assets	3,581	-	-	569	4,150
Other Assets	1,132,100	886,797	4,937	57,043	2,080,877
Total Assets	10,539,468	23,961,253	45,748	1,047,391	35,593,860
Liabilities					
Bank Deposits	336,238	1,161,390	10	255,856	1,753,494
Foreign Currency Deposits	11,379,162	13,138,291	104,613	521,062	25,143,128
Interbank Money Market Takings	132,275	821,737	-	-	954,012
Other Fundings	3,332,546	6,965,872	913	-	10,299,331
Securities Issued	-	-	-	-	-
Miscellaneous Payables	72,820	49,590	4,977	2,797	130,184
Derivative Financial Liabilities Held for Risk Management	3,545	443	-	-	3,988
Other Liabilities (**)	119,403	143,019	8,595	115,713	386,730
Total Liabilities	15,375,989	22,280,342	119,108	895,428	38,670,867
Net 'On Balance Sheet' Position	(4,836,521)	1,680,911	(73,360)	151,963	(3,077,007)
Net 'Off-Balance Sheet' Position	4,514,350	(1,272,173)	71,762	57,071	3,371,010
Derivative Assets	6,282,502	10,002,339	183,294	566,146	17,034,281
Derivative Liabilities	(1,768,152)	(11,274,512)	(111,532)	(509,075)	(13,663,271)
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	12,364,285	20,062,782	41,212	858,003	33,326,282
Total Liabilities	12,535,259	21,379,824	73,076	922,477	34,910,636
Net 'On Balance Sheet' Position	(170,974)	(1,317,042)	(31,864)	(64,474)	(1,584,354)
Net 'Off-Balance Sheet' Position	334,335	1,056,302	31,247	211,688	1,633,572
Derivative Assets	2,161,009	8,443,840	168,964	686,720	11,460,533
Derivative Liabilities	(1,826,674)	(7,387,538)	(137,717)	(475,032)	(9,826,961)
Non-Cash Loans	-	-	-	-	-

(*) The foreign currency-indexed loans amounting YTL 2,074,249 thousands included under YTL loans in the accompanying balance sheet are presented above under the related foreign currency code.

(**) Other liabilities also include gold deposits of YTL 103,331 thousands.

4.6 Consolidated interest rate risk

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

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,058,169	-	-	-	-	1,500,648	4,558,817
Banks	2,707,017	397,290	1,442,055	12,130	-	492,765	5,051,257
Financial Assets at Fair Value through Profit/Loss	46,815	74,080	248,439	244,375	26,750	484,037	1,124,496
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1,257,365	4,107,099	2,877,215	5,070,224	1,122,375	753,490	15,187,768
Loans	14,212,484	8,457,427	11,724,284	9,544,928	2,689,039	1,080,368	47,708,530
Investments Held-to-Maturity	532,374	2,218,439	240,136	644,439	-	148,686	3,784,074
Other Assets	312,820	488,992	922,165	1,145,411	75,893	3,335,753	6,281,034
Total Assets	22,127,044	15,743,327	17,454,294	16,661,507	3,914,057	7,795,747	83,695,976
Liabilities							
Bank Deposits	1,394,428	216,590	412,507	56,901	-	346,829	2,427,255
Other Deposits	30,786,549	2,968,499	2,185,023	302,202	-	9,816,138	46,058,411
Interbank Money Market Takings	6,926,639	285,165	283,011	191,899	550,000	88,840	8,325,554
Miscellaneous Payables	-	-	-	-	-	2,823,343	2,823,343
Securities Issued	-	-	-	-	-	-	-
Other Fundings	5,954,584	2,128,654	3,359,635	1,277,814	12,602	203,119	12,936,408
Other Liabilities	-	-	-	-	-	11,125,005	11,125,005
Total Liabilities	45,062,200	5,598,908	6,240,176	1,828,816	562,602	24,403,274	83,695,976
On Balance Sheet Long Position	-	10,144,419	11,214,118	14,832,691	3,351,455	-	39,542,683
On Balance Sheet Short Position	(22,935,156)	-	-	-	-	(16,607,527)	(39,542,683)
Off-Balance Sheet Long Position	-	7,257	2,742	5,760	-	-	15,759
Off-Balance Sheet Short Position	-	(7,256)	(7,030)	(4,994)	-	-	(19,280)
Total Position	(22,935,156)	10,144,420	11,209,830	14,833,457	3,351,455	(16,607,527)	(3,521)

Average interest rates on monetary financial instruments (%):

Current Period	Euro	USD	Yen	YTL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	1.00	-	12.18
Banks (*)	3.00-4.62	2.60-5.00	-	11.21-20.90
Financial Assets at Fair Value through Profit/Loss	5.71	7.00-8.50	-	16.76-22.31
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.26-9.50	6.61-12.75	-	14.00-23.77
Loans	6.97-11.94	6.21-14.00	3.60	22.72
Investments Held-to-Maturity	9.25-9.50	6.88-12.38	-	17.33-19.18
Liabilities				
Bank Deposits	4.20-7.08	2.80-6.72	-	15.00-17.80
Other Deposits	1.50-5.00	1.00-6.50	0.45	14.56
Interbank Money Market Takings	4.11	3.03-3.37	-	16.71
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	5.10-6.45	3.81-6.05	1.00	14.06-21.53

(*) The interest rates for USD and YTL placements at banks are 3.16% and 19.31%, respectively, when the placements with range accrual agreements are excluded.

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,907,841	-	-	-	-	2,329,190	7,237,031
Banks	2,263,363	565,195	1,305,376	51,219	-	370,999	4,556,152
Financial Assets at Fair Value through Profit/Loss	35,839	23,475	266,192	397,928	40,640	267,626	1,031,700
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1,260,214	3,607,494	1,620,136	4,570,102	1,558,148	935,273	13,551,367
Loans	10,164,665	7,289,839	8,597,971	10,332,523	2,803,572	839,076	40,027,646
Investments Held-to-Maturity	668,982	2,362,014	300,105	781,710	6,573	180,976	4,300,360
Other Assets	265,230	285,149	786,132	1,090,802	25,818	2,991,106	5,444,237
Total Assets	19,566,134	14,133,166	12,875,912	17,224,284	4,434,751	7,914,246	76,148,493
Liabilities							
Bank Deposits	1,508,297	91,135	382,871	129,177	-	324,614	2,436,094
Other Deposits	27,359,379	4,138,411	1,764,896	275,143	-	7,715,607	41,253,436
Interbank Money Market Takings	7,017,196	432,944	520,865	550,003	-	70,948	8,591,956
Miscellaneous Payables	-	-	-	-	-	2,513,228	2,513,228
Securities Issued	-	-	-	-	-	-	-
Other Fundings	5,805,039	2,040,156	2,889,414	701,682	6,654	186,568	11,629,513
Other Liabilities	-	-	-	-	-	9,724,266	9,724,266
Total Liabilities	41,689,911	6,702,646	5,558,046	1,656,005	6,654	20,535,231	76,148,493
On Balance Sheet Long Position	-	7,430,520	7,317,866	15,568,279	4,428,097	-	34,744,762
On Balance Sheet Short Position	(22,123,777)	-	-	-	-	(12,620,985)	(34,744,762)
Off-Balance Sheet Long Position	2,596	82	731	-	-	-	3,409
Off-Balance Sheet Short Position	(72)	(20,686)	(3,777)	-	-	-	(24,535)
Total Position	(22,121,253)	7,409,916	7,314,820	15,568,279	4,428,097	(12,620,985)	(21,126)

Average interest rates on monetary financial instruments (%):

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

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

4.7 Consolidated liquidity risk

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

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

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

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + YTL	FC	FC + YTL
Average (%)	164.82	153.06	111.49	108.92
Maximum (%)	190.52	179.94	126.94	119.49
Minimum (%)	137.44	128.00	101.98	101.04

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + YTL	FC	FC + YTL
Average (%)	205.49	188.04	127.36	123.78
Maximum (%)	251.92	212.33	147.16	130.54
Minimum (%)	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
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,500,648	3,058,169	-	-	-	-	-	4,558,817
Banks	937,615	1,830,631	117,272	400,885	1,151,901	612,953	-	5,051,257
Financial Assets at Fair Value through Profit/Loss	10,661	138,022	167,693	385,668	392,247	30,205	-	1,124,496
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	73,001	366,690	460,385	1,728,752	10,180,441	2,378,499	-	15,187,768
Loans	99,290	10,332,591	5,601,756	7,795,104	14,337,174	9,147,781	394,834	47,708,530
Investments Held-to-Maturity	-	67,371	-	231,220	3,485,483	-	-	3,784,074
Other Assets	684,945	464,303	1,208,035	930,767	1,158,764	76,253	1,757,967	6,281,034
Total Assets	3,306,160	16,257,777	7,555,141	11,472,396	30,706,010	12,245,691	2,152,801	83,695,976
Liabilities								
Bank Deposits	429,417	1,311,766	271,978	80,573	290,829	42,692	-	2,427,255
Other Deposits	10,467,137	29,820,580	2,962,151	2,169,728	545,120	93,695	-	46,058,411
Other Fundings	-	916,019	327,210	4,739,849	3,124,543	3,828,787	-	12,936,408
Interbank Money Market Takings	-	6,954,204	294,719	287,971	194,932	593,728	-	8,325,554
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	165,538	1,921,135	17,599	719,071	-	-	-	2,823,343
Other Liabilities (**)	987,349	281,941	217,307	347,495	13,355	75,371	9,202,187	11,125,005
Total Liabilities	12,049,441	41,205,645	4,090,964	8,344,687	4,168,779	4,634,273	9,202,187	83,695,976
Liquidity Gap	(8,743,281)	(24,947,868)	3,464,177	3,127,709	26,537,231	7,611,418	(7,049,386)	-
Prior Period								
Total Assets	3,931,532	15,890,981	6,313,375	11,053,642	26,939,197	10,078,871	1,940,895	76,148,493
Total Liabilities	9,904,690	37,619,255	5,099,240	7,887,774	2,872,504	4,680,502	8,084,528	76,148,493
Liquidity Gap	(5,973,158)	(21,728,274)	1,214,135	3,165,868	24,066,693	5,398,369	(6,143,633)	-

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

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

4.8 Fair values of financial assets and liabilities

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

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

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

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash in YTL/Foreign Currency	285,167	146,298	244,778	209,416
Central Bank of Turkey	1,002,824	3,093,872	2,939,012	3,770,506
Others	5,058	25,598	3,180	70,139
Total	1,293,049	3,265,768	3,186,970	4,050,061

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	17,178	1,021,349	2,777	1,798,900
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	985,646	2,072,523	2,936,235	1,971,606
Total	1,002,824	3,093,872	2,939,012	3,770,506

The banks operating in Turkey keep reserve deposits for turkish currency and foreign currency liabilities in YTL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. Interest rates applied for reserve requirements by the Central Bank of Turkey are 12.18% for YTL deposits and 1.00% and 1.80% for USD and EUR deposits, respectively.

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

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Common Shares	-	-	-	-
Bills, Bonds and Similar Securities	98	-	1,915	-
Others	-	86,287	-	129,071
Total	98	86,287	1,915	129,071

5.1.2.2 *Positive differences on trading derivative instruments*

Trading Derivatives	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	19,029	2,729	8,606	7,643
Swap Transactions	49,488	154,205	13,456	40,734
Futures	-	-	-	-
Options	53,990	18,332	22,494	11,456
Others	-	240	-	75
Total	122,507	175,506	44,556	59,908

5.1.3 Banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	780,394	783,523		
Domestic banks	1,194,519	2,292,821	266,652	662,002
Foreign banks	-	-	791,653	2,835,845
Foreign headoffices and branches	-	-	-	-
Total	1,974,913	3,076,344	1,058,305	3,497,847

Due from foreign banks:

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

5.1.4 Financial assets available-for-sale (net)

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

Collateralized financial assets available-for-sale in YTL consist of government bonds. Carrying values of such securities with total face value of YTL 2,089,380 thousands (31 December 2007: YTL 671,758 thousands) is YTL 1,965,069 thousands (31 December 2007: YTL 673,136 thousands). The related accrued interests and impairment losses amount to YTL 174,257 thousands (31 December 2007: YTL 54,535 thousands) and YTL 26,547 thousands (31 December 2007: YTL 50 thousands).

Collateralized financial assets available-for-sale in foreign currencies consist of eurobonds and other foreign currency government securities. Carrying values of such securities with total face value of USD 286,605,000 and EUR 3,884,000 (31 December 2007: USD 428,330,000 and EUR 3,563,000), are USD 288,108,112 and EUR 4,070,650 (31 December 2007: USD 428,126,767 and EUR 3,886,376). The related accrued interests amount to USD 5,600,182 and EUR 4,770 (31 December 2007: USD 18,296,092 and EUR 81,874), respectively and the impairment losses to USD 1,747,813 and EUR 317,095 (31 December 2007: USD 619,275 and EUR 70,211).

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Assets	2,112,779	359,505	727,621	523,916
Assets subject to Repurchase Agreements	6,319,289	638,548	5,867,904	704,884
Total	8,432,068	998,053	6,595,525	1,228,800

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	14,735,717	12,622,834
Quoted at Stock Exchange	12,913,557	11,210,244
Unquoted at Stock Exchange	1,822,160	1,412,590
Common Shares	24,126	31,609
Quoted at Stock Exchange	5,217	12,781
Unquoted at Stock Exchange	18,909	18,828
Value Increase/Impairment Losses (-)	427,925	896,924
Total	15,187,768	13,551,367

As of 30 June 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 1,054,375 thousands (31 December 2007: YTL 1,039,423 thousands). Garanti Faktoring's "financial assets available-for-sale" portfolio also includes private sector bonds with "credit linked notes" at a total face value of USD 28,850,000 and EUR 2,000,000 (31 December 2007: USD 35,850,000 and EUR 2,500,000) and a total carrying value of YTL 26,873 thousands (31 December 2007: YTL 30,633 thousands).

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	166	1,667	1	1,090
Corporates	166	1,667	1	1,090
Individuals	-	-	-	-
Indirect Lendings to Shareholders	119,176	179,272	74,459	168,482
Loans to Employees	84,803	-	58,807	-
Total	204,145	180,939	133,267	169,572

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

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Loans	46,096,642	-	1,167,541	49,534
Discounted Bills	133,522	-	192	-
Export Loans	3,452,179	-	1,071	4,432
Import Loans	27,799	-	-	-
Loans to Financial Sector	2,096,268	-	-	-
Foreign Loans	2,093,954	-	-	-
Consumer Loans	8,774,085	-	546,914	-
Credit Cards	6,133,663	-	492,593	-
Precious Metal Loans	216,719	-	-	-
Others	23,168,453	-	126,771	45,102
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	46,096,642	-	1,167,541	49,534

Collaterals received for loans under follow-up

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	2,074	6,799	-	8,873
Loans Collateralized by Mortgages	55,316	231,815	-	287,131
Loans Collateralized by Pledged Assets	42,398	97,762	-	140,160
Loans Collateralized by Cheques and Notes	15,626	151,518	-	167,144
Loans Collateralized by Other Collaterals	18,423	14,342	-	32,765
Unsecured Loans	43,731	44,678	492,593	581,002
Total	177,568	546,914	492,593	1,217,075

Delinquency periods of loans under follow-up

Principals and Interests	Commercial Loans	Consumer Loans	Credit Cards	Total
Upto 30 days	64,589	314,418	333,038	712,045
30-60 days	38,990	153,662	114,463	307,115
60-90 days	24,455	78,834	45,092	148,381
Total	128,034	546,914	492,593	1,167,541

5.1.5.3 Maturity analysis of cash loans

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – YTL	387,405	7,507,219	7,894,624
Housing Loans	15,842	4,177,763	4,193,605
Automobile Loans	20,011	931,513	951,524
General Purpose Loans	351,552	2,397,943	2,749,495
Others	-	-	-
Consumer Loans – FC-indexed	18,418	788,251	806,669
Housing Loans	3,763	677,001	680,764
Automobile Loans	2,104	48,490	50,594
General Purpose Loans	12,551	62,760	75,311
Others	-	-	-
Consumer Loans – FC	9,010	139,144	148,154
Housing Loans	1,268	45,932	47,200
Automobile Loans	20	13,768	13,788
General Purpose Loans	7,182	79,444	86,626
Others	540	-	540
Retail Credit Cards – YTL	6,369,004	53,193	6,422,197
With Installment	2,721,238	53,179	2,774,417
Without Installment	3,647,766	14	3,647,780
Retail Credit Cards – FC	12,883	2,466	15,349
With Installment	550	5	555
Without Installment	12,333	2,461	14,794
Personnel Loans – YTL	10,772	10,421	21,193
Housing Loan	-	1,614	1,614
Automobile Loans	-	299	299
General Purpose Loans	10,772	8,508	19,280
Others	-	-	-
Personnel Loans - FC-indexed	-	384	384
Housing Loans	-	125	125
Automobile Loans	-	259	259
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	127	24,808	24,935
Housing Loans	-	7,592	7,592
Automobile Loans	-	215	215
General Purpose Loans	127	17,001	17,128
Others	-	-	-
Personnel Credit Cards – YTL	23,986	278	24,264
With Installment	18,113	278	18,391
Without Installment	5,873	-	5,873
Personnel Credit Cards – FC	111	-	111
With Installment	17	-	17
Without Installment	94	-	94
Deposit Accounts– YTL (real persons)	425,040	-	425,040
Deposit Accounts– FC (real persons)	-	-	-
Total	7,256,756	8,526,164	15,782,920

5.1.5.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – YTL	483,516	2,957,733	3,441,249
Real Estate Loans	19,216	397,898	417,114
Automobile Loans	73,931	1,180,397	1,254,328
General Purpose Loans	390,369	1,379,438	1,769,807
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	85,027	497,330	582,357
Real Estate Loans	113	52,154	52,267
Automobile Loans	6,581	207,879	214,460
General Purpose Loans	78,333	237,297	315,630
Others	-	-	-
Installment-based Commercial Loans – FC	21	10,870	10,891
Real Estate Loans	-	148	148
Automobile Loans	19	2,840	2,859
General Purpose Loans	2	7,882	7,884
Others	-	-	-
Corporate Credit Cards – YTL	161,423	173	161,596
With Installment	62,301	173	62,474
Without Installment	99,122	-	99,122
Corporate Credit Cards – FC	2,739	-	2,739
With Installment	2	-	2
Without Installment	2,737	-	2,737
Deposit Accounts– YTL (corporate)	156,013	-	156,013
Deposit Accounts– FC (corporate)	-	-	-
Total	888,739	3,466,106	4,354,845

5.1.5.6 Allocation of loans by customers

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

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	45,219,290	36,461,121
Foreign Loans	2,094,427	3,259,485
Total	47,313,717	39,720,606

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	41,581	201
Indirect Lending	-	-
Total	41,581	201

5.1.5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	25,181	23,734
Doubtful Loans and Receivables	98,441	90,827
Uncollectible Loans and Receivables	452,068	430,713
Total	575,690	545,274

5.1.5.10 Non-performing loans(NPLs) (net)

Non-performing loans and other receivables restructured or rescheduled:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	-	232	49,620
Rescheduled Loans and Receivables	-	-	-
Total	-	232	49,620
Prior Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	-	-	54,424
Rescheduled Loans and Receivables	-	-	-
Total	-	-	54,424

Movements in non-performing loan groups:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Balances at Beginning of Period	148,942	200,640	502,732
Additions (+)	355,210	29,293	21,311
Transfer from Other NPL Categories (+)	-	262,447	179,403
Transfer to Other NPL Categories (-)	262,447	179,403	-
Collections during the Period (-)	79,843	72,181	55,998
Write-offs (-)	2	3	79,598
Corporate and Commercial Loans	2	-	2,338
Retail Loans	-	3	2,127
Credit Cards	-	-	75,133
Other	-	-	-
Balances at End of Period	161,860	240,793	567,850
Specific Provisions (-)	25,181	98,441	452,068
Net Balance on Balance Sheet	136,679	142,352	115,782

Movements in specific loan provisions

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	178,138	105,471	261,665	545,274
Additions during the Period (+)	34,006	65,596	118,269	217,871
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	12,859	35,787	59,328	107,974
Write-Offs (-)	4,348	-	75,133	79,481
Balances at End of Period	194,937	135,280	245,473	575,690

Non-performing loans in foreign currencies

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	2,943	5,784	103,913
Specific Provisions (-)	256	714	75,278
Net Balance at Balance Sheet	2,687	5,070	28,635
Prior Period			
Balance at End of Period	3,103	2,892	95,892
Specific Provisions (-)	142	298	72,755
Net Balance at Balance Sheet	2,961	2,594	23,137

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period (Net)	136,679	142,352	115,782
Loans to Individuals and Corporates (Gross)	161,860	240,793	555,855
Specific Provision (-)	25,181	98,441	440,073
Loans to Individuals and Corporates (Net)	136,679	142,352	115,782
Banks (Gross)	-	-	4,323
Specific Provision (-)	-	-	4,323
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,672
Specific Provision (-)	-	-	7,672
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	125,208	109,813	72,019
Loans to Individuals and Corporates (Gross)	148,942	200,640	490,742
Specific Provision (-)	23,734	90,827	418,723
Loans to Individuals and Corporates (Net)	125,208	109,813	72,019
Banks (Gross)	-	-	4,322
Specific Provision (-)	-	-	4,322
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,668
Specific Provision (-)	-	-	7,668
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

	Corporate/Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	72	119	-	191
Loans Collateralized by Mortgages	165,083	40,188	-	205,271
Loans Collateralized by Pledged Assets	47,926	63,043	-	110,969
Loans Collateralized by Cheques and Notes	57,255	113,321	-	170,576
Loans Collateralized by Other Collaterals	25,967	7,154	-	33,121
Unsecured Loans	61,161	40,892	348,322	450,375
Total	357,464	264,717	348,322	970,503

5.1.5.11 *Liquidation policy for uncollectible loans and receivables*

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

5.1.5.12 *Write-off policy*

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

5.1.6 *Factoring receivables*

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

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

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Collateralised/Blocked Investments	1,352,241	8,650	283,506	27,897
Investments subject to Repurchase Agreements	1,577,289	347,106	2,645,615	500,243
Total	2,929,530	355,756	2,929,121	528,140

5.1.7.2 *Government securities held-to-maturity*

	Current Period	Prior Period
Government Bonds	3,577,984	4,027,893
Treasury Bills	-	-
Other Government Securities	181,222	245,409
Total	3,759,206	4,273,302

5.1.7.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	3,666,509	4,166,659
Quoted at Stock Exchange	3,641,121	4,139,172
Unquoted at Stock Exchange	25,388	27,487
Impairment Losses (-)	117,565	133,701
Total	3,784,074	4,300,360

5.1.7.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	4,300,360	5,172,601
Foreign Currency Differences On Monetary Assets	17,865	(174,812)
Purchases During the Period	-	71,632
Disposals Through Sales/Redemptions	(519,896)	(678,737)
Value Increase/Impairment Losses (-)	12,832	(13,032)
Change in Redeemed Costs	(27,087)	(77,292)
Balances at End of Period	3,784,074	4,300,360

5.1.8 Investments in associates (net)

5.1.8.1 Unconsolidated investments in associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	4,172	3,756	331	235	50	277	584	-

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

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.8.2 Consolidated investments in associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	409,570	168,368	17,046	15,012	823	29,610	38,169	-

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

5.1.8.3 Movement of consolidated investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	28,997	-
Movements during the Period	4,676	28,997
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications	-	28,997
Increase/Decrease in Fair Values	4,676	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	33,673	28,997
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Valuation methods of consolidated investments in associates

Associates	Current Period	Prior Period
Valued at Cost	-	-
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	33,673	28,997

Sectoral distribution of consolidated investments and associates

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	33,673	28,997
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	-	-

Quoted consolidated investments in associates

None.

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

5.1.9 Investments in subsidiaries (net)

5.1.9.1 Unconsolidated investments in subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	13,652	8,542	528	-	402	697	(99,458)	-
2	16,493	7,669	557	-	798	1,173	5,917	-
3	1,148	1,074	21	-	47	225	532	-
4	359	168	39	-	1	(5)	(171)	-
5	61	32	54	-	-	-	(39)	-
6	239	239	-	-	-	-	-	-
7	237	237	-	-	-	-	-	-
8	2	2	-	-	-	-	-	-
9	434	334	-	-	6	138	8	-
10	72,477	(926)	56,985	-	-	(2,759)	833	-

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

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

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

As of 30 June 2008, the investments in Trifoy Real Estate Company, Participation GBI Custody, Participation United Custodian and Trifoy Investments classified as financial subsidiaries are not consolidated as their total assets are less than 1% of the Bank's total assets, instead they are valued at cost.

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

5.1.9.2 Movement of consolidated investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	577,928	605,059
Movements during the Period	135,225	(27,131)
Acquisitions and Capital Increases	-	-
Bonus Shares Received (*)	71,667	45,605
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	66,551
Reclassifications	-	-
Increase/Decrease in Market Values	(18,390)	22,884
Currency Differences on Foreign Subsidiaries	28,876	(29,069)
Impairment Losses (-)	53,072	-
Balance at End of Period	713,153	577,928
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) As per the decision made at the general assembly of Garanti Bank International NV at 14 April 2008, the bank's share capital has been increased from EUR 159,470,000 to EUR 196,567,000. The appropriation of capital increase is from the retained earnings amounting EUR 35,011,000 and the share premium amounting EUR 2,086,000.

In prior period, Garanti Bank International 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 form YTL 15,989 thousands to YTL 16,849 thousands through appropriation from its retained earnings at 8 August 2007.

Valuation methods of consolidated investments in subsidiaries

	Current Period	Prior Period
Valued at Cost	210,587	210,587
Valued at Fair Value	502,566	367,341
Valued by Equity Method of Accounting	-	-

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	Prior Period
Banks	463,561	310,612
Insurance Companies	56,545	56,545
Factoring Companies	21,190	39,580
Leasing Companies	85,381	85,381
Finance Companies	86,476	85,810
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	21,190	39,580
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	2,212,457	245,842	17,806	123,460	-	34,559	128,035	-
2	915,876	38,075	1,852	29,535	-	3,729	15,375	38,246
3	28,439	26,117	3,041	1,430	314	1,289	10,140	-
4	15,959	14,541	1,348	744	229	1,313	440	-
5	955,046	120,562	8,559	11,819	2,604	28,300	25,078	-
6	6,584,939	446,165	88,997	164,517	57,843	47,599	21,173	422,327
7	566,234	85,318	1,460	18,233	4,770	6,872	29,545	54,965
8	8,598	8,252	-	64	-	(514)	6,188	17,816
9	74	-	-	-	-	-	(267)	-

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

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.10 Investments in joint-ventures (net)

None.

5.1.11 Lease receivables (net)

5.1.11.1 Financial lease receivables according to remaining maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1,084,330	906,646	1,010,935	850,232
Between 1-4 Years	1,297,627	1,145,522	1,240,013	1,095,417
Longer than 4 Years	58,696	52,607	-	-
Total	2,440,653	2,104,775	2,250,948	1,945,649

5.1.11.2 Net financial lease receivables

	Current Period	Prior Period
Gross Financial Lease Receivables	2,440,653	2,250,948
Unearned Income on Financial Lease Receivables (-)	335,878	305,299
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	2,104,775	1,945,649

5.1.11.3 Financial lease agreements

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

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

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

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

The followings are monitored for the financial lease agreements signed:

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

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

5.1.12 Derivative financial assets held for risk management

5.1.12.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets held for Risk Management	Current Period		Prior Period	
	YTL	FC	YTL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	2,550	-	31,960
Net Foreign Investment Hedges	-	-	-	-
Total	-	2,550	-	31,960

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

5.1.13 Tangible assets (net)

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

5.1.14 Intangible assets

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

5.1.15 Investment property

None.

5.1.16 Deferred tax asset

As of 30 June 2008, on a consolidated basis the Bank has a deferred tax asset of YTL 65,622 thousands (31 December 2007: YTL 58,352 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

There is no deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 June 2008. However, there is a deferred tax asset of YTL 136,555 thousands (31 December 2007: YTL 112,882 thousands) and deferred tax liability of YTL 70,933 thousands (31 December 2007: YTL 54,530 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

5.1.17 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	115,635	117,297
Accumulated Depreciation (-)	2,749	2,101
Net Book Value	112,886	115,196
End of Current Period		
Additions	2,448	24,962
Disposals (Cost)	(35,197)	(26,624)
Disposals (Accumulated Depreciation)	1,547	746
Reversal of Impairment / Impairment Losses (-)	487	-
Depreciation Expense for Current Period (-)	494	1,394
Currency Translation Differences on Foreign	-	-
Cost	83,373	115,635
Accumulated Depreciation (-)	1,696	2,749
Net Book Value	81,677	112,886

As of balance sheet date, the rights of repurchase on various assets held for sale amount to YTL 15,043 thousands (31 December 2007: YTL 29,850 thousands).

5.1.18 Other Assets

5.1.18.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	29,597	31,412
Sale of Real Estates (*)	10,516	1,427
Sale of Other Assets	2,853	2,843
Total	42,966	35,682

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

5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	310,982	257,923

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	1,212,809	-	6,783,253	5,656,238	143,372	100,325	215,952	-	14,111,949
Foreign Currency	6,027,545	-	8,862,029	7,203,357	606,666	1,546,549	821,245	75,737	25,143,128
Residents in Turkey	4,014,657	-	7,678,165	6,647,397	429,604	318,099	391,880	74,725	19,554,527
Residents in Abroad	2,012,888	-	1,183,864	555,960	177,062	1,228,450	429,365	1,012	5,588,601
Public Sector Deposits	1,235,981	-	7,513	7,820	257	2,424	59	-	1,254,054
Commercial Deposits	1,782,239	-	2,194,084	1,026,957	29,574	112,691	57,315	-	5,202,860
Others	130,847	-	45,297	64,681	1,801	271	192	-	243,089
Precious Metal Deposits	77,716	-	81	1,724	-	16,567	7,243	-	103,331
Bank Deposits	429,417	-	1,015,877	541,932	235,967	139,239	64,823	-	2,427,255
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	18,014	-	122,334	1,933	-	-	-	-	142,281
Foreign Banks	272,119	-	893,543	539,999	235,967	139,239	64,823	-	2,145,690
Special Purpose Financial Institutions	139,284	-	-	-	-	-	-	-	139,284
Others	-	-	-	-	-	-	-	-	-
Total	10,896,554	-	18,908,134	14,502,709	1,017,637	1,918,066	1,166,829	75,737	48,485,666

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

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

5.2.1.1.1 Deposits exceeding insurance limit

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	6,970,694	6,036,489	6,878,107	6,261,780
Foreign Currency Saving Deposits	3,143,622	2,987,805	7,365,417	6,578,805
Other Saving Deposits	20,185	1,969	67,535	48,387
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	556,916	566,974
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	178,057	196,751
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

Trading Derivatives	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Deals	29,420	3,694	28,533	4,891
Swaps	308,535	16,062	454,943	21,673
Futures	-	-	-	482
Options	26,932	18,712	17,729	10,230
Others	-	298	-	112
Total	364,887	38,766	501,205	37,388

5.2.3 Funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	672,827	666,820	641,587	785,988
Foreign Banks, Institutions and Funds	1,964,250	8,864,897	1,170,932	8,302,235
Total	2,637,077	9,531,717	1,812,519	9,088,223

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	770,235	3,407,421	733,136	3,064,237
Medium and Long-Term	1,866,842	6,124,296	1,079,383	6,023,986
Total	2,637,077	9,531,717	1,812,519	9,088,223

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Interbank money markets

Funds obtained through repurchase transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic Transactions	6,569,016	-	6,667,163	-
Financial Institutions and Organizations	6,523,516	-	6,591,635	-
Other Institutions and Organizations	17,803	-	32,920	-
Individuals	27,697	-	42,608	-
Foreign Transactions	802,526	954,012	780,742	1,144,051
Financial Institutions and Organizations	802,430	954,012	780,157	1,144,051
Other Institutions and Organizations	-	-	125	-
Individuals	96	-	460	-
Total	7,371,542	954,012	7,447,905	1,144,051

5.2.5 Factoring payables

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

5.2.6 Lease payables

5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	4,804	4,804	4,115	4,115
Between 1-4 Years	-	-	-	-
Longer than 4 Years	-	-	-	-
Total	4,804	4,804	4,115	4,115

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	Current Period		Prior Period	
	YTL	FC	YTL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	3,988	-	249
Net Foreign Investment Hedges	-	-	-	-
Total	-	3,988	-	249

5.2.8 Provisions

5.2.8.1 General provisions

	Current Period	Prior Period
General Provision for	375,698	280,660
Loans and Receivables in Group I	314,902	250,216
Loans and Receivables in Group II	24,009	65
Non-Cash Loans	36,787	30,379
Others	-	-

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

	Current Period	Prior Period
Short-Term Loans	18,447	22,284
Medium and Long Term Loans	50,572	94,562
Total	69,019	116,846

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

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

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

5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	52,000	32,000

5.2.8.4.2 Other provisions for possible losses

	Current Period	Prior Period
Reserve for Employee Benefits	186,379	143,883
Recognized Liability for Defined Benefit Obligations ^(*)	164,598	-
Insurance Technical Provisions, Net	119,143	101,150
Provision for Promotion Expenses of Credit Cards ^(**)	41,631	49,219
Other Provisions	44,728	64,747
Total	556,479	358,999

^(*) The details are explained in Note 3.17, the accounting policies related with “employee benefits”.

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 30 June 2008, the tax liability amounts to YTL 75,992 thousands (31 December 2007: YTL 109,524 thousands). In cases where the differences between the carrying amounts and the taxable amounts of assets subject to tax, are related with certain items in the equity accounts, the current tax assets/liabilities are charged or credited directly to these accounts.

5.2.9.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	75,992	109,524
Taxation on Securities Income	88,685	56,827
Taxation on Real Estates Income	1,225	980
Banking Insurance Transaction Tax	29,383	27,097
Foreign Exchange Transaction Tax	10	2,991
Value Added Tax Payable	1,159	1,864
Others	14,993	19,878
Total	211,447	219,161

5.2.9.1.3 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	368	259
Social Security Premiums-Employer	279	256
Bank Pension Fund Premium-Employees	27	16
Bank Pension Fund Premium-Employer	42	29
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	354	355
Unemployment Insurance-Employer	628	633
Others	-	1
Total	1,698	1,549

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of YTL 30 thousands as of 31 December 2007 (30 June 2008: nil).

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

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

5.2.11 Subordinated debts

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

5.2.12 Shareholders’ equity

5.2.12.1 Paid-in capital

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

5.2.12.2 Registered share capital system

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

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(316,222)	(74,143)	81,517	108,020
Valuation Difference	(316,222)	(74,143)	81,517	108,020
Exchange Rate Difference	-	-	-	-
Total	(316,222)	(74,143)	81,517	108,020

5.2.12.9 Revaluation surplus

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Movables	-	-	-	-
Real Estates	2,147	-	2,147	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	594,943	-	27,717	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	597,090	-	29,864	-

5.2.12.10 Bonus shares of associates, subsidiaries and joint-ventures

It includes the bonus shares received from the following investee companies; Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ by YTL 23 thousands, Eureka Sigorta AŞ by YTL 559 thousands, Garanti Ödeme Sistemleri AŞ by YTL 401 thousands, Kredi Kartları Bürosu by YTL 481 thousands, Tat Konserve AŞ by YTL 36 thousands and Yatırım Finansman Menkul Değerler AŞ by YTL 9 thousands.

5.2.12.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	260,619	144,740
II. Legal Reserve	23,627	23,627
Special Reserves	-	-
Total	284,246	168,367

As per the decisions made at the annual general assembly at 3 April 2008, 5% of prior periods' profit is allocated to legal reserves.

5.2.12.12 Extraordinary reserves

	Current Period	Prior Period
Legal Reserves allocated in compliance with the Decisions made on the Annual General Assembly	1,681,758	1,388,561
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	1,681,758	1,388,561

As per the decisions made at the annual general assembly at 3 April 2008, the remaining prior periods' profit after the appropriation to legal reserves and undistributable funds, are allocated to extraordinary reserves.

As explained in Note 1.4, the payment of YTL 1,434,233 thousands for the purchase of founder share-certificates are compensated by extraordinary reserves.

5.2.12.13 Minority interest

	Current Period	Prior Period
Balance at Beginning of Period	23,334	7,770
Profit Share of Subsidiaries Net Profits	5,239	7,978
Prior Period Dividend	-	-
Decrease in Minority Interest due to Sales (-)	-	7,586
Others	-	-
Balance at End of Period	28,573	23,334

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

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	6,349,019	5,849,586
Letters of Guarantee in YTL	3,956,865	3,920,019
Letters of Credit	3,769,754	2,271,110
Bills of Exchange and Acceptances	116,954	116,487
Prefinancings	-	-
Total	14,192,592	12,157,202

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

A specific provision of YTL 2,390 thousands (31 December 2007: YTL 1,763 thousands) is made for unliquidated non-cash loans of YTL 11,079 thousands (31 December 2007: YTL 5,832 thousands) recorded under the off-balance sheet items as of 30 June 2008.

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

As of 30 June 2008, in the Bank’s “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 875,000,000 (31 December 2007: USD 875,000,000). Also, in “other irrevocable commitments” of Garanti Faktoring, there are commitments for “credit linked notes” with a total face value of USD 28,850,000 and EUR 2,000,000 (31 December 2007: USD 35,850,000 and EUR 2,500,000).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	228,172	268,951
<i>With Original Maturity of 1 Year or Less</i>	<i>36,986</i>	<i>77,737</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>191,186</i>	<i>191,214</i>
Other Non-Cash Loans	14,793,683	12,533,341
Total	15,021,855	12,802,292

5.3.1.4 Other information on non-cash loans

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

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

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

5.3.2 Financial derivative instruments

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

5.3.3 Contingent liabilities and assets

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

5.3.4 Services rendered on behalf of third parties

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

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income (*) from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest Income from Loans				
Short-term loans	1,115,933	149,631	1,039,186	136,457
Medium and long-term loans	933,506	511,224	426,627	392,739
Loans under follow-up	11,714	-	11,756	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,061,153	660,855	1,477,569	529,196

(*) Includes commissions income on cash loans

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	8,295	126	18,312	-
Domestic Banks	5,396	20,620	8,631	17,990
Foreign Banks	85,497	85,429	38,960	95,309
Foreign Head Offices and Branches	-	-	-	-
Total	99,188	106,175	65,903	113,299

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Financial Assets	9,937	9,574	24,720	8,658
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	844,771	131,406	556,867	176,436
Investments Held-to-Maturity	310,670	11,310	327,547	44,537
Total	1,165,378	152,290	909,134	229,631

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	1,201	12

5.4.2 Interest expenses

5.4.2.1 Interest expenses (*) on funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks				
Central Bank of Turkey	-	-	-	-
Domestic Banks	33,006	29,832	27,548	20,902
Foreign Banks	126,300	214,854	36,878	230,450
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	20,851	-	15,383
Total	159,306	265,537	64,426	266,735

(*) Includes commission expenses on borrowings

5.4.2.2 Interest expenses paid to associates and subsidiaries

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

5.4.2.3 Interest expenses on securities issued

Not prepared in compliance with the Article 25 of the 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						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	4,447	41,092	151	235	190	149	-	46,264
Saving Deposits	746	394,513	582,253	13,463	10,273	9,850	-	1,011,098
Public Sector Deposits	29	3,365	7,983	17	191	4	-	11,589
Commercial Deposits	12,560	275,732	113,807	31,067	11,157	721	-	445,044
Others	1,703	4,196	7,512	114	21	15	-	13,561
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total YTL	19,485	718,898	711,706	44,896	21,832	10,739	-	1,527,556
Foreign Currency								
Foreign Currency Deposits	8,722	144,691	138,232	25,341	36,285	21,475	1,235	375,981
Bank Deposits	790	18,482	2,165	4,629	4,546	4,265	-	34,877
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	76	37	-	113
Total FC	9,512	163,173	140,397	29,970	40,907	25,777	1,235	410,971
Grand Total	28,997	882,071	852,103	74,866	62,739	36,516	1,235	1,938,527

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (net)

	Current Period	Prior Period
Income	6,301,406	1,817,848
Trading Account Income	998,468	706,025
Derivative financial instruments	883,340	582,432
Others	115,128	123,593
Foreign Exchange Gain	5,302,938	1,111,823
Losses (-)	6,185,719	1,918,445
Trading Account Losses	1,002,201	1,011,103
Derivative financial instruments	931,215	928,864
Others	70,986	82,239
Foreign Exchange Losses	5,183,518	907,342
Total	115,687	(100,597)

5.4.5 Other operating income

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

Furthermore, the Bank had called off its existing legal cases against Boğaziçi Corporations Tax Office related with the final and interim corporate tax returns of the years from 2001 to 2005 and settled up with the related tax authority as per the article 3 of the Law No.5736 “Collection of Certain Public Sector Receivables through Conciliation” published in the Official Gazette No.26800 dated 27 February 2008. Accordingly, following the adjustments made to the corporate tax returns of the period from 2001 to 2005, the tax refund that the Bank will collect through conciliation from the tax office, due to the prepaid taxes in 2005 is agreed to be YTL 131,178 thousands. In line with this conciliation and including a tax refund on an existing unused investment incentive certificate amounting YTL 6,078 thousands, a total amount of YTL 137,256 thousands is recorded as current period income in the accompanying financial statements under “other operating income”.

A part of the Bank's non-performing loan portfolio amounting YTL 98,221 thousands has been sold to a local asset management company at a sale price of YTL 28,898 thousands. The sale price is fully recognized as income in the accompanying financial statements under "other operating income", as the sold receivables had been fully provisioned in the Bank's financial statements in prior periods.

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	132,725	82,068
Loans and receivables in Group III	65,079	45,368
Loans and receivables in Group IV	26,292	23,185
Loans and receivables in Group V	41,354	13,515
General Provisions	94,466	67,317
Provision for Possible Losses	30,000	17,000
Impairment Losses on Securities	964	856
Financial assets at fair value through profit or loss	964	856
Financial assets available-for-sale	-	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	3,330	12,078
Associates	-	-
Subsidiaries	5	382
Joint Ventures (Business Partnership)	-	-
Investments held-to-maturity	3,325	11,696
Others	2,919	4,882
Total	264,404	184,201

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	498,150	352,584
Reserve for Employee Termination Benefits	204	4,243
Defined Benefit Obligation	164,598	-
Impairment Losses on Tangible Assets	1	-
Depreciation Expenses of Tangible Assets	80,145	70,823
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	4,763	13,905
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	494	-
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	452,952	340,414
<i>Operational lease related expenses</i>	51,063	37,789
<i>Repair and maintenance expenses</i>	11,103	10,183
<i>Advertisement expenses</i>	47,975	52,359
<i>Other expenses</i>	342,811	240,083
Loss on Sale of Assets	7,878	3,043
Others	223,549	204,506
Total	1,432,734	989,518

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 for discontinued operations

As of 30 June 2008, on a consolidated basis, the Bank recorded a tax expense of YTL 255,735 thousands (30 June 2007: YTL 276,402 thousands) and a deferred tax income of YTL 9,925 thousands (30 June 2007: YTL 21,470 thousands).

Deferred tax income/expense on timing differences :

Deferred tax income/(expense) on timing differences	Current Period
Increase in Tax Deductable Timing Differences (+)	47,694
Decrease in Tax Deductable Timing Differences (-)	19,291
Increase in Taxable Timing Differences (-)	20,686
Decrease in Taxable Timing Differences (+)	2,208
Total	9,925

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

Deferred tax income/(expense) arising on timing differences, tax losses and tax deductions and exemptions	Current Period
Increase/(Decrease) in Tax Deductable Timing Differences (net)	28,403
(Increase)/Decrease in Taxable Timing Differences (net)	18,478
Increase/(Decrease) in Tax Losses (net)	-
Increase/(Decrease) in Tax Deductions and Exemptions (net)	-
Total	9,925

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 bank's performance

None.

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

None.

5.4.11.3 Minority interest's profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	5,239	4,302

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

5.6 Consolidated statement of cash flows

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

5.7 Related Party Risks

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

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	9,033	244	1	1,090	158,515	168,482
Balance at end of period	50,478	430	9,806	1,667	141,741	179,272
Interest and Commission Income	1,201	1	390	3	3,723	499

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	7,142	1,222	224,108	9,455	87,185	41,793
Balance at end of period	9,033	244	1	1,090	158,515	168,482
Interest and Commission Income	14	-	371	69	2,377	402

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	8,448	2,010	91,590	509,513	240,401	132,777
Balance at end of period	800	8,448	528,891	91,590	299,407	240,401
Interest Expenses	1	-	7,967	17,153	10,001	5,270

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss:						
Beginning of Period	-	2,790	-	-	-	-
End of Period	-	-	-	-	-	-
Total Profit/(Loss)	-	2	-	-	-	-
Transactions for Hedging:						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 Bank's risk group

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

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

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

The cash loans of the risk group amounting YTL 160,923 thousands (31 December 2007 YTL 74,661 thousands) compose 0.34% (31 December 2007: 0.19%) of the Bank's total cash loans and 0.19% (31 December 2007: 0.10%) of the Bank's total assets. The total loans and similar receivables amounting YTL 202,025 thousands (31 December 2007: YTL 167,549 thousands) compose 0.24% (31 December 2007: 0.22%) of the Bank's total assets. The non-cash loans of the risk group amounting YTL 181,369 thousands (31 December 2007: YTL 169,816 thousands) compose 1.21% (31 December 2007: 1.33%) of the Bank's total non-cash loans. The deposits of the risk group amounting YTL 829,098 thousands (31 December 2007: YTL 340,439 thousands) compose 1.71% (31 December 2007: 0.78%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set on an arms-length basis.

There is a credit card (POS) payable amounting YTL 5,557 thousands (31 December 2007: YTL 24,377 thousands) to related parties.

Operating expenses of YTL 9,431 thousands (30 June 2007: YTL 8,248 thousands) for IT services rendered by related parties and rent income of YTL 160 thousands (30 June 2007: YTL 188 thousands) for the real estates rented to related parties, are recorded.

5.7.2.3 *Other matters not required to be disclosed*

None.

5.7.2.4 *Transactions accounted under equity method*

Please refer to Notes 5.1.8 and 5.1.9.

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

The Bank has agency contracts with certain consolidated subsidiaries namely Garanti Yatırım Menkul Kıymetler AŞ, 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 internal use are partly arranged through financial leasing.

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

5.8 Domestic, foreign and off-shore branches or investments and foreign representative offices

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

5.9 Significant events and matters arising subsequent to the balance sheet date

It has been resolved in the Bank's board of directors meeting held at 22 April 2008 that the paid share capital of the Bank is to be increased by YTL 2,100,000 thousands and accordingly from YTL 2,100,000 thousands to YTL 4,200,000 thousands.

The pre-emptive rights on 210,000,000,000 shares with a total nominal value of YTL 2,100,000 thousands have been used during the period between 9 and 23 June 2008. The remaining shares with a total nominal value of YTL 5,525 thousands have been sold for the amount of YTL 17,405 thousands during the public offering on the ISE primary market.

Subsequent to the examination of the BRSA on this capital increase process, YTL 2,100,000 thousands is transferred to "share capital" and YTL 11,880 thousands is transferred to "share premium" accounts and the capital increase is approved by the Istanbul Commercial Registry at 31 July 2008.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Parent bank's latest international risk ratings

MOODY'S (September 2007)*

Long Term FC Deposit	B1
Long Term YTL Deposit	A3
Short Term YTL Deposit	NP
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 (August 2008)*

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

FITCH RATINGS (June 2008)*

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

CAPITAL INTELLIGENCE (April 2008)*

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

MOODY'S (March 2007)*

Long Term FC Deposit	A3
Short Term FC Deposit	Prime 2
Subordinate-Dom Curr	Baa1
FSR	C
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (December 2007)*

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

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (January 2008)*

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

STANDARD AND POORS (April 2008)*

FC Obligations	BB-
YTL Obligations	BB-
Outlook	Negative

(*) Latest dates in risk ratings or outlooks.

5.10.5 Dividends

At the annual general assembly of the Bank dated 3 April 2008, it was decided to distribute the profit of 2007 as follows:

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

5.10.6 Other

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 the 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.

6 Independent Auditors' Review Report

6.1 Disclosure on independent auditors' review report

The consolidated financial statements of the Bank and its financial affiliates as of 30 June 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 5 August 2008 that nothing material has come to their attention that caused them to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the financial position and results of its operations of the Bank and its financial affiliates as of 30 June 2008.

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