

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

**Türkiye Garanti Bankası Anonim Şirketi**  
**And Its Financial Affiliates**  
**Consolidated Financial Statements**  
**As of and For the Year Ended**  
**31 December 2010**

*(Convenience Translation of Financial Statements and Related  
Disclosures and Footnotes Originally Issued in Turkish)*  
**With Independent Auditors' Report Thereon**

DRT Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ  
10 February 2011

*This report contains "Independent Auditors' Report"  
comprising 2 pages and; "Consolidated Financial  
Statements and Related Disclosures and  
Footnotes" comprising 98 pages.*

To the Board of Directors of  
Türkiye Garanti Bankası AŞ  
İstanbul

## **TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES**

### **INDEPENDENT AUDITOR'S REPORT FOR THE YEAR 1 JANUARY 2010 - 31 DECEMBER 2010**

We have audited the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 31 December 2010 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Management's Responsibility for the Financial Statements**

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "The Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Basis For Qualified Opinion

As of the balance sheet date, the accompanying consolidated financial statements include a general reserve amounting to TL 360,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions, and all of this reserve amount was charged to the income statement as expense in the previous periods.

## Independent Auditor's Opinion

In our opinion, except for the effect of the matter described in the fourth paragraph above on the financial statements, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank and its consolidated financial affiliates as at 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

## Other Matters

The consolidated financial statements of the Bank and its financial affiliates as of and for the year ended 31 December 2009 were audited by another auditor. The other independent auditor expressed a qualified opinion in their audit report dated 11 February 2010 for the financial statements as of 31 December 2009, stating that the financial statements included a general reserve amounting to TL 360,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which might arise from any changes in the economy or market conditions, and TL 330,000 thousands of this reserve amount had been charged to the income statement as expense in that period.

## Additional paragraph for English translation

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank and its consolidated financial affiliates' financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç  
Partner

Istanbul, 10 February 2011

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates  
Consolidated Financial Report  
as of and for the Year Ended 31 December 2010**

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The consolidated financial report for the year-end prepared in accordance with the communiqué 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. Other Disclosures and Footnotes
7. Independent Auditors' Report

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

**Subsidiaries**

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1. Garanti Bank International NV
2. Garanti Emeklilik ve Hayat AŞ
3. D Netherlands Holding BV
4. Garanti Finansal Kiralama AŞ
5. Garanti Faktoring Hizmetleri AŞ
6. Garanti Bank Moscow
7. Garanti Yatırım Menkul Kıymetler AŞ
8. Garanti Portföy Yönetimi AŞ

**Associates**

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1. Eureka Sigorta AŞ

**Special Purpose Entities**

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1. Garanti Diversified Payment Rights Finance Company
2. T2 Capital Finance Company

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

<b>Ferit F. Şahenk</b>	<b>M. Cüneyt Sezgin</b>	<b>Des O'Shea</b>	<b>S. Ergun Özen</b>	<b>Aydın Şenel</b>	<b>Aylin Aktürk</b>
Board of Directors Chairman	Audit Committee Member	Audit Committee Member	General Manager	Executive Vice President Responsible of Financial Reporting	Coordinator

The authorized contact person for questions on this financial report:

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

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 853 domestic branches, six foreign branches and four representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 31 December 2010, 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, this time GE Araştırma ve Müşavirlik Limited Şti. has sold 9,765,000,000 shares of Türkiye Garanti Bankası AŞ at a nominal value of TL 97,650 thousands each to Doğu Holding AŞ, representing 4.65% of the issued share capital. Number of shares representing 20.85% ownership of GE Araştırma ve Müşavirlik Limited Şti increased to 87,571,249,898 subsequent to the capital increase through issuance of bonus shares. The company sold 83,371,249,899 shares at a total nominal value of TL 833,712 thousands representing 19.85% ownership in Türkiye Garanti Bankası AŞ, to GE Capital Corporation on 29 December 2010.

#### **Doğu Group**

The Doğu Group that was established in 1951 initially for investments in construction sector, operates in seven sectors namely financial services, automotive, construction, real estate, tourism, media and energy with more than 70 companies and over 29 thousands employees.

The major worldwide joint ventures of the Group are; GE in finance and real estate, Volkswagen AG and TÜVSÜD in automotive, French Alstom and Japan Marubeni in construction, CNBC in media and Starwood Hotels & Resorts, Worldwide Inc., HMS International Hotel GmbH (Maritim) and Aldania GmbH in tourism.

The major investments of the Group in financial sector are; Türkiye Garanti Bankası AŞ, Garanti Bank International NV, Garanti Bank Moscow, Garanti Bank SA, Garanti Finansal Kiralama AŞ, Garanti Faktoring Hizmetleri AŞ, Garanti Yatırım Menkul Kıymetler AŞ, Garanti Portföy Yönetimi AŞ, Garanti Emeklilik ve Hayat 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 four major business lines providing services through their own business units with more than 300 thousand employees. These four business lines are;

GE Technology Infrastructure

GE Energy Infrastructure

GE Capital Finance

NBC Universal

GE Global Banking that operates under GE Capital Finance, one of GE's major business lines extends loans to consumers, retailers and car vendors in 26 countries. GE Global Banking provides variety of financial products to customers such as store credit cards, consumer loans, bank cards, automobile loans and leasing, mortgage, corporate traveling and spending cards and debt consolidation.

### 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	20 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	28 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	22 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	36 years
Denis Arthur Hall	Member	08.10.2008	College	26 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	University	33 years
Dmitri Lysander Stockton	Member	22.12.2005	University	19 years
Xavier Pascal Durand	Member	02.04.2009	Master	10 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	23 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	23 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	32 years
Afzal Mohammed Modak	EVP-Finance & Accounting	20.07.2007	Master	25 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	18 years
Ali Temel	EVP-Loans	21.10.1999	University	20 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	16 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	28 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	25 years
Uruz Ersözöğlu	EVP-Treasury	05.04.2006	University	19 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	18 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	25 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	29 years
Zekeriya Öztürk	EVP- International Business Development	06.03.2006	Master	15 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	16 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	16 years

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



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

<b>Company</b>	<b>Shares</b>	<b>Ownership</b>	<b>Paid-in Capital</b>	<b>Unpaid Portion</b>
Doğuş Holding AŞ	1,121,504	26.7025%	1,121,504	-
GE Capital Corporation	833,712	19.8503%	833,712	-
GE Araştırma ve Müşavirlik Limited Şti	42,000	1.0000%	42,000	-

On 23 December 2009, Doğuş Holding AŞ acquired 1,703,451 shares of the Bank at a total face value of TL 1,703 thousands from Doğuş Nakliyat ve Ticaret AŞ.

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 TL 3,876 thousands each in accordance with the report prepared by the court expert and approved by the Istanbul 5<sup>th</sup> Commercial Court of First Instance. A total payment of TL 1,434,233 thousands has been made to the owners of 368 founder share-certificates from "extraordinary reserves", and the value of remaining 2 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 set forth by the Banking Law;
- Providing attorneyship, insurance agency, brokerage and freight services in relation with banking activities,
- Purchasing/selling debt securities, treasury bills, government bonds and other share certificates issued by Turkish government and other official and private institutions,
- Developing economical and financial relations with foreign organizations,
- Dealing with all economic operations in compliance with the Banking Law.

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

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

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 (Statement of Financial Position) At 31 December 2010

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 December 2010			PRIOR PERIOD 31 December 2009		
			TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>		5.1.1	3.163.501	4.381.548	7.545.049	3.849.004	3.037.901	6.886.905
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>		5.1.2	854.044	295.471	1.149.515	892.050	349.183	1.241.233
2.1 Financial assets held for trading			854.044	295.471	1.149.515	892.050	349.183	1.241.233
2.1.1 Government securities			621.557	15.929	637.486	411.165	14.312	425.477
2.1.2 Equity securities			30.148	-	30.148	9.489	14	9.503
2.1.3 Derivative financial assets held for trading			194.337	279.542	473.879	462.424	179.688	642.112
2.1.4 Other securities			8.002	-	8.002	8.972	155.169	164.141
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 Loans			-	-	-	-	-	-
2.2.4 Other securities			-	-	-	-	-	-
<b>III. BANKS</b>		5.1.3	3.218.609	6.351.863	9.570.472	3.153.741	6.904.630	10.058.371
<b>IV. INTERBANK MONEY MARKETS</b>			2.036	-	2.036	1.000.180	-	1.000.180
4.1 Interbank money market placements			-	-	-	1.000.180	-	1.000.180
4.2 Istanbul Stock Exchange money market placements			-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements			2.036	-	2.036	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>		5.1.4	29.938.274	4.529.536	34.467.810	25.422.478	4.347.156	29.769.634
5.1 Equity securities			25.041	70.726	95.767	21.732	78.066	99.798
5.2 Government securities			28.811.271	1.115.961	29.927.232	25.126.111	1.284.849	26.410.960
5.3 Other securities			1.101.962	3.342.849	4.444.811	274.635	2.984.241	3.258.876
<b>VI. LOANS</b>		5.1.5	37.661.647	32.495.895	70.157.542	28.830.216	24.646.420	53.476.636
6.1 Loans			37.310.087	32.418.519	69.728.606	28.405.574	24.644.204	53.049.778
6.1.1 Loans to bank's risk group		5.7	104.507	186.607	291.114	119.441	146.867	266.308
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			37.205.580	32.231.912	69.437.492	28.286.133	24.497.337	52.783.470
6.2 Loans under follow-up			1.939.109	294.002	2.233.111	2.237.105	58.093	2.295.198
6.3 Specific provisions (-)			1.587.549	216.626	1.804.175	1.812.463	55.877	1.868.340
<b>VII. FACTORING RECEIVABLES</b>		5.1.6	1.162.592	288.992	1.451.584	628.065	227.595	855.660
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>		5.1.7	4.580.741	1.313.190	5.893.931	5.991.656	1.476.169	7.467.825
8.1 Government securities			4.576.594	1.313.190	5.889.784	5.991.656	1.438.946	7.430.602
8.2 Other securities			4.147	-	4.147	-	37.223	37.223
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>		5.1.8	78.754	-	78.754	69.297	-	69.297
9.1 Associates consolidated under equity accounting			60.244	-	60.244	50.579	-	50.579
9.2 Unconsolidated associates			18.510	-	18.510	18.718	-	18.718
9.2.1 Financial investments in associates			16.533	-	16.533	16.741	-	16.741
9.2.2 Non-financial investments in associates			1.977	-	1.977	1.977	-	1.977
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>		5.1.9	35.751	662	36.413	22.432	681	23.113
10.1 Unconsolidated financial investments in subsidiaries			419	662	1.081	417	681	1.098
10.2 Unconsolidated non-financial investments in subsidiaries			35.332	-	35.332	22.015	-	22.015
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>		5.1.10	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>		5.1.11	406.153	1.320.583	1.726.736	321.461	1.220.048	1.541.509
12.1 Financial lease receivables			476.883	1.501.521	1.978.404	396.311	1.389.287	1.785.598
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			70.730	180.938	251.668	74.850	169.239	244.089
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>		5.1.12	-	-	-	-	-	-
13.1 Fair value hedges			-	-	-	-	-	-
13.2 Cash flow hedges			-	-	-	-	-	-
13.3 Net foreign investment hedges			-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		5.1.13	1.229.963	143.458	1.373.421	1.166.985	123.268	1.290.253
<b>XV. INTANGIBLE ASSETS (Net)</b>		5.1.14	49.608	6.197	55.805	41.572	5.374	46.946
15.1 Goodwill			6.388	-	6.388	6.388	-	6.388
15.2 Other intangibles			43.220	6.197	49.417	35.184	5.374	40.558
<b>XVI. INVESTMENT PROPERTY (Net)</b>		5.1.15	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>			182.151	18.725	200.876	115.201	1.455	116.656
17.1 Current tax asset			37.018	2.742	39.760	36.484	1.455	37.939
17.2 Deferred tax asset		5.1.16	145.133	15.983	161.116	78.717	-	78.717
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>		5.1.17	99.087	4.946	104.033	81.192	-	81.192
18.1 Asset held for resale			99.087	4.946	104.033	81.192	-	81.192
18.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>		5.1.18	2.847.499	122.748	2.970.247	2.216.285	192.771	2.409.056
<b>TOTAL ASSETS</b>			85.510.410	51.273.814	136.784.224	73.801.815	42.532.651	116.334.466

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 (Statement of Financial Position)**  
**At 31 December 2010**

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2010			31 December 2009		
			TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	5.2.1		<b>44.055.568</b>	<b>35.014.673</b>	<b>79.070.241</b>	<b>36.270.775</b>	<b>32.510.938</b>	<b>68.781.713</b>
1.1 Deposits from bank's risk group	5.7		218.941	438.949	657.890	248.102	475.122	723.224
1.2 Other			43.836.627	34.575.724	78.412.351	36.022.673	32.035.816	68.058.489
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	5.2.2		<b>246.780</b>	<b>285.744</b>	<b>532.524</b>	<b>117.872</b>	<b>223.544</b>	<b>341.416</b>
<b>III. FUNDS BORROWED</b>	5.2.3		<b>6.625.511</b>	<b>13.204.872</b>	<b>19.830.383</b>	<b>4.127.463</b>	<b>11.338.888</b>	<b>15.466.351</b>
<b>IV. INTERBANK MONEY MARKETS</b>			<b>10.370.745</b>	<b>1.398.103</b>	<b>11.768.848</b>	<b>10.377.251</b>	<b>387.478</b>	<b>10.764.729</b>
4.1 Interbank money market takings			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings			33.506	-	33.506	-	-	-
4.3 Obligations under repurchase agreements	5.2.4		10.337.239	1.398.103	11.735.342	10.377.251	387.478	10.764.729
<b>V. SECURITIES ISSUED (Net)</b>			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
<b>VI. FUNDS</b>			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>			<b>4.737.807</b>	<b>125.185</b>	<b>4.862.992</b>	<b>3.642.036</b>	<b>95.805</b>	<b>3.737.841</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>			<b>773.944</b>	<b>275.134</b>	<b>1.049.078</b>	<b>708.793</b>	<b>234.246</b>	<b>943.039</b>
<b>IX. FACTORING PAYABLES</b>	5.2.5		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	5.2.6		-	<b>2.396</b>	<b>2.396</b>	-	<b>5.034</b>	<b>5.034</b>
10.1 Financial lease payables			-	2.396	2.396	-	5.034	5.034
10.2 Operational lease payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred expenses (-)			-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	5.2.7		-	<b>2.347</b>	<b>2.347</b>	-	<b>3.464</b>	<b>3.464</b>
11.1 Fair value hedges			-	-	-	-	-	-
11.2 Cash flow hedges			-	2.347	2.347	-	3.464	3.464
11.3 Net foreign investment hedges			-	-	-	-	-	-
<b>XII. PROVISIONS</b>	5.2.8		<b>1.459.056</b>	<b>81.094</b>	<b>1.540.150</b>	<b>1.182.529</b>	<b>33.939</b>	<b>1.216.468</b>
12.1 General provisions			593.530	66.937	660.467	407.179	30.155	437.334
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserve for employee benefits			236.604	3.454	240.058	167.758	-	167.758
12.4 Insurance technical provisions (Net)			140.788	-	140.788	128.614	-	128.614
12.5 Other provisions			488.134	10.703	498.837	478.978	3.784	482.762
<b>XIII. TAX LIABILITY</b>	5.2.9		<b>373.892</b>	<b>54.534</b>	<b>428.426</b>	<b>381.104</b>	<b>16.066</b>	<b>397.170</b>
13.1 Current tax liability			373.892	54.143	428.035	380.809	5.511	386.320
13.2 Deferred tax liability			-	391	391	295	10.555	10.850
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	5.2.10		-	-	-	-	-	-
14.1 Asset held for sale			-	-	-	-	-	-
14.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	5.2.11		-	<b>978.585</b>	<b>978.585</b>	-	<b>991.457</b>	<b>991.457</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	5.2.12		<b>16.548.510</b>	<b>169.744</b>	<b>16.718.254</b>	<b>13.556.361</b>	<b>129.423</b>	<b>13.685.784</b>
16.1 Paid-in capital			4.200.000	-	4.200.000	4.200.000	-	4.200.000
16.2 Capital reserves			2.800.816	153.961	2.954.777	2.571.092	116.512	2.687.604
16.2.1 Share premium			11.880	-	11.880	11.880	-	11.880
16.2.2 Share cancellation profits			-	-	-	-	-	-
16.2.3 Securities value increase fund			1.472.063	155.443	1.627.506	1.242.755	118.679	1.361.434
16.2.4 Revaluation surplus on tangible assets			598.187	-	598.187	598.194	-	598.194
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)			(55.377)	(1.482)	(56.859)	(55.800)	(2.167)	(57.967)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations			-	-	-	-	-	-
16.2.10 Other capital reserves			772.554	-	772.554	772.554	-	772.554
16.3 Profit reserves			6.069.197	15.783	6.084.980	3.650.529	12.911	3.663.440
16.3.1 Legal reserves			544.489	4.283	548.772	374.641	4.634	379.275
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			5.469.146	-	5.469.146	3.187.603	-	3.187.603
16.3.4 Other profit reserves			55.562	11.500	67.062	88.285	8.277	96.562
16.4 Profit or loss			3.381.114	-	3.381.114	3.085.717	-	3.085.717
16.4.1 Prior periods profit/loss			-	-	-	-	-	-
16.4.2 Current period net profit/loss			3.381.114	-	3.381.114	3.085.717	-	3.085.717
16.5 Minority interest			97.383	-	97.383	49.023	-	49.023
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>85.191.813</b>	<b>51.592.411</b>	<b>136.784.224</b>	<b>70.364.184</b>	<b>45.970.282</b>	<b>116.334.466</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Off-Balance Sheet Items**  
**At 31 December 2010**

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2010			PRIOR PERIOD 31 December 2009		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>42.786.829</b>	<b>68.088.418</b>	<b>110.875.247</b>	<b>33.018.295</b>	<b>55.718.543</b>	<b>88.736.838</b>
<b>I. GUARANTEES AND SURETIES</b>	5.3.1	<b>4.958.878</b>	<b>11.506.526</b>	<b>16.465.404</b>	<b>4.507.230</b>	<b>10.606.237</b>	<b>15.113.467</b>
1.1 Letters of guarantee		4.951.728	7.358.370	12.310.098	4.506.694	7.653.913	12.160.607
1.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees given for foreign trade operations		350.400	406.434	756.834	331.518	535.270	866.788
1.1.3 Other letters of guarantee		4.601.328	6.951.936	11.553.264	4.175.176	7.118.643	11.293.819
1.2 Bank acceptances		-	164.105	164.105	514	125.327	125.841
1.2.1 Import letter of acceptance		-	164.105	164.105	514	124.968	125.482
1.2.2 Other bank acceptances		-	-	-	-	359	359
1.3 Letters of credit		7.150	3.927.305	3.934.455	22	2.826.997	2.827.019
1.3.1 Documentary letters of credit		-	-	-	-	4	4
1.3.2 Other letters of credit		7.150	3.927.305	3.934.455	22	2.826.993	2.827.015
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 commitment		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	56.746	56.746	-	-	-
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>20.379.416</b>	<b>6.347.384</b>	<b>26.726.800</b>	<b>15.558.625</b>	<b>5.168.345</b>	<b>20.726.970</b>
2.1 Irrevocable commitments		20.379.416	5.909.078	26.288.494	15.558.625	5.167.699	20.726.324
2.1.1 Asset purchase and sale commitments		676.818	2.054.602	2.731.420	387.216	1.876.854	2.264.070
2.1.2 Deposit purchase and sale commitments		-	24.450	24.450	46.000	1.736	47.736
2.1.3 Share capital commitments to associates and subsidiaries		2.000	9.373	11.373	2.250	10.136	12.386
2.1.4 Loan granting commitment		4.037.979	2.535.204	6.573.183	3.262.629	1.802.239	5.064.868
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		1.910.031	-	1.910.031	1.513.244	-	1.513.244
2.1.8 Tax and fund obligations on export commitment		21.447	-	21.447	25.746	-	25.746
2.1.9 Commitments for credit card limits		12.466.931	87.161	12.554.092	9.057.330	63.429	9.120.759
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	1.198.288	2.462.498	1.264.210	1.413.305	2.677.515
2.2 Revocable commitments		-	438.306	438.306	-	646	646
2.2.1 Revocable loan granting commitment		-	437.649	437.649	-	-	-
2.2.2 Other revocable commitments		-	657	657	-	646	646
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	5.3.2	<b>17.448.535</b>	<b>50.234.508</b>	<b>67.683.043</b>	<b>12.952.440</b>	<b>39.943.961</b>	<b>52.896.401</b>
3.1 Derivative financial instruments held for risk managemen		-	167.200	167.200	-	245.850	245.850
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	167.200	167.200	-	245.850	245.850
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		17.448.535	50.067.308	67.515.843	12.952.440	39.698.111	52.650.551
3.2.1 Forward foreign currency purchases/sales		2.089.965	4.099.693	6.189.658	1.818.821	3.115.457	4.934.278
3.2.1.1 Forward foreign currency purchases		631.875	2.477.903	3.109.778	632.918	1.852.653	2.485.571
3.2.1.2 Forward foreign currency sales		1.458.090	1.621.790	3.079.880	1.185.903	1.262.804	2.448.707
3.2.2 Currency and interest rate swaps		8.617.535	32.388.338	41.005.873	6.495.010	25.346.456	31.841.466
3.2.2.1 Currency swaps-purchases		6.070.444	8.590.269	14.660.713	2.751.465	8.058.713	10.810.178
3.2.2.2 Currency swaps-sales		2.419.691	12.344.301	14.763.992	3.743.545	6.933.665	10.677.210
3.2.2.3 Interest rate swaps-purchases		63.700	5.726.125	5.789.825	-	5.175.970	5.175.970
3.2.2.4 Interest rate swaps-sales		63.700	5.727.643	5.791.343	-	5.178.109	5.178.109
3.2.3 Currency, interest rate and security options		6.623.791	12.217.689	18.841.480	4.610.920	10.563.208	15.174.128
3.2.3.1 Currency call options		2.760.413	4.661.817	7.422.230	1.783.868	3.895.081	5.678.949
3.2.3.2 Currency put options		3.347.967	4.126.004	7.473.971	2.803.461	3.146.723	5.950.184
3.2.3.3 Interest rate call options		-	1.630.000	1.630.000	-	1.810.844	1.810.844
3.2.3.4 Interest rate put options		-	1.630.000	1.630.000	-	1.710.560	1.710.560
3.2.3.5 Security call options		115.016	138.134	253.150	18.368	-	18.368
3.2.3.6 Security put options		400.395	31.734	432.129	5.223	-	5.223
3.2.4 Currency futures		15.446	30.150	45.596	24.689	24.715	49.404
3.2.4.1 Currency futures-purchases		1.875	14.739	16.614	-	4.704	4.704
3.2.4.2 Currency futures-sales		13.571	15.411	28.982	24.689	20.011	44.700
3.2.5 Interest rate futures		-	91.200	91.200	-	32.184	32.184
3.2.5.1 Interest rate futures-purchases		-	91.200	91.200	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	32.184	32.184
3.2.6 Others		101.798	1.240.238	1.342.036	3.000	616.091	619.091
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>265.251.655</b>	<b>151.720.812</b>	<b>416.972.467</b>	<b>185.391.052</b>	<b>132.127.676</b>	<b>317.518.728</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>79.642.450</b>	<b>15.478.137</b>	<b>95.120.587</b>	<b>45.443.121</b>	<b>15.546.141</b>	<b>60.989.262</b>
4.1 Customers' securities held		57.239.310	1.000	57.240.310	23.873.575	1.133	23.874.708
4.2 Investment securities held in custody		14.621.951	3.934.713	18.556.664	14.546.869	4.662.027	19.208.896
4.3 Checks received for collection		5.401.620	948.107	6.349.727	4.990.781	854.872	5.845.653
4.4 Commercial notes received for collection		2.302.357	1.777.910	4.080.267	1.963.409	1.826.388	3.789.797
4.5 Other assets received for collection		30.771	7.895.502	7.926.273	21.265	7.683.438	7.704.703
4.6 Assets received through public offering		-	37.530	37.530	-	34.412	34.412
4.7 Other items under custody		46.441	883.375	929.816	47.222	483.871	531.093
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>185.609.205</b>	<b>136.242.675</b>	<b>321.851.880</b>	<b>139.947.931</b>	<b>116.581.535</b>	<b>256.529.466</b>
5.1 Securities		1.379.977	114.410	1.494.387	548.240	23.062	571.302
5.2 Guarantee notes		26.249.041	7.740.382	33.989.423	20.386.072	7.192.615	27.578.687
5.3 Commodities		-	-	-	-	-	-
5.4 Warranties		-	372.444	372.444	-	341.862	341.862
5.5 Real estates		36.472.372	38.791.780	75.264.152	26.911.048	34.618.660	61.529.708
5.6 Other pledged items		121.507.645	89.223.212	210.730.857	92.102.041	74.404.896	166.507.297
5.7 Pledged items-depository		170	447	617	170	440	610
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>308.038.484</b>	<b>219.809.230</b>	<b>527.847.714</b>	<b>218.409.347</b>	<b>187.846.219</b>	<b>406.255.566</b>

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliate**  
**Consolidated Income Statement**  
**At 31 December 2010**

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD	PRIOR PERIOD
			1 January 2010- 31 December 2010	1 January 2009- 31 December 2009
<b>I. INTEREST INCOME</b>		5.4.1	<b>10.177.131</b>	<b>11.138.986</b>
1.1 Interest income on loans			5.641.680	6.290.495
1.2 Interest income on reserve deposits			87.246	148.186
1.3 Interest income on banks			295.438	283.862
1.4 Interest income on money market transactions			3.375	3.182
1.5 Interest income on securities portfolio			3.862.712	4.068.812
1.5.1 Trading financial assets			59.280	28.434
1.5.2 Financial assets valued at fair value through profit or loss			-	-
1.5.3 Financial assets available-for-sale			2.962.576	3.026.039
1.5.4 Investments held-to-maturity			840.856	1.014.339
1.6 Financial lease income			152.923	196.488
1.7 Other interest income			133.757	147.961
<b>II. INTEREST EXPENSE</b>		5.4.2	<b>5.006.816</b>	<b>5.733.146</b>
2.1 Interest on deposits			3.734.832	4.148.311
2.2 Interest on funds borrowed			848.539	818.679
2.3 Interest on money market transactions			415.862	761.626
2.4 Interest on securities issued			1.294	2.272
2.5 Other interest expenses			6.289	2.258
<b>III. NET INTEREST INCOME (I - II)</b>			<b>5.170.315</b>	<b>5.405.840</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>			<b>1.910.015</b>	<b>1.854.479</b>
4.1 Fees and commissions received			2.226.221	2.163.836
4.1.1 Non-cash loans			169.659	176.302
4.1.2 Others			2.056.562	1.987.534
4.2 Fees and commissions paid			316.206	309.357
4.2.1 Non-cash loans			1.274	972
4.2.2 Others			314.932	308.385
<b>V. DIVIDEND INCOME</b>		5.4.3	<b>1.890</b>	<b>2.760</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>		5.4.4	<b>402.338</b>	<b>897.979</b>
6.1 Trading account income/losses (Net)			253.518	416.966
6.2 Income/losses from derivative financial instruments (Net)			63.106	309.261
6.3 Foreign exchange gains/losses (Net)			85.714	171.752
<b>VII. OTHER OPERATING INCOME</b>		5.4.5	<b>886.434</b>	<b>436.933</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>			<b>8.370.992</b>	<b>8.597.991</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>		5.4.6		
		5.4.7	<b>696.092</b>	<b>1.715.819</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>			<b>3.382.041</b>	<b>2.952.039</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>			<b>4.292.859</b>	<b>3.930.133</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>			-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>			<b>9.974</b>	<b>9.221</b>
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>			-	-
<b>XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>		5.4.8	<b>4.302.833</b>	<b>3.939.354</b>
<b>XVI. PROVISION FOR TAXES (±)</b>		5.4.9	<b>900.847</b>	<b>839.753</b>
16.1 Current tax charge			1.057.196	883.195
16.2 Deferred tax charge/(credit)			(156.349)	(43.442)
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>		5.4.10	<b>3.401.986</b>	<b>3.099.601</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-
18.1 Income from assets held for sale			-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures			-	-
18.3 Others			-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>			-	-
19.1 Expenses on assets held for sale			-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-
19.3 Others			-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>		5.4.8	-	-
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		5.4.9	-	-
21.1 Current tax charge			-	-
21.2 Deferred tax charge/(credit)			-	-
<b>XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)</b>		5.4.10	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>		5.4.11	<b>3.401.986</b>	<b>3.099.601</b>
23.1 Equity holders of the bank			3.381.114	3.085.717
23.2 Minority interest			20.872	13.884
<b>Earnings per Share</b>			<b>0,805</b>	<b>0,735</b>

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



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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity**  
**At 31 December 2010**

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2010 - 31 December 2010	1 January 2009 - 31 December 2009
<b>I.</b>	<b>MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	<b>335.323</b>	<b>1.454.692</b>
<b>II.</b>	<b>REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	<b>(7)</b>	<b>-</b>
<b>III.</b>	<b>REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>IV.</b>	<b>TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>(33.582)</b>	<b>(9.440)</b>
<b>V.</b>	<b>GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	<b>856</b>	<b>(62.895)</b>
<b>VI.</b>	<b>GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	<b>-</b>	<b>-</b>
<b>VII.</b>	<b>EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	<b>-</b>	<b>9.583</b>
<b>VIII.</b>	<b>OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>-</b>	<b>-</b>
<b>IX.</b>	<b>DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	<b>(69.391)</b>	<b>(273.337)</b>
<b>X.</b>	<b>NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	<b>233.199</b>	<b>1.118.603</b>
<b>XI.</b>	<b>CURRENT PERIOD PROFIT/LOSSES</b>	<b>3.401.986</b>	<b>3.099.601</b>
1.1	Net changes in fair value of securities (transferred to income statement)	189.822	118.755
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	3.212.164	2.980.846
<b>XII.</b>	<b>TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	<b>3.635.185</b>	<b>4.218.204</b>

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  
At 31 December 2010

THOUSANDS OF TURKISH LIRA (TL)																			
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 - 1 January-31 December 2009																			
I. Balances at beginning of the period		4.200.000	772.554	11.880	-	285.051	-	1.681.758	102.797	-	1.879.378	177.906	597.090	1.509	(2.468)	-	9.707.455	35.125	9.742.580
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)		4.200.000	772.554	11.880	-	285.051	-	1.681.758	102.797	-	1.879.378	177.906	597.090	1.509	(2.468)	-	9.707.455	35.125	9.742.580
Changes during the period	5.5																		
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	1.183.528	-	-	-	-	1.183.528	14	1.183.542
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(55.499)	-	(55.499)	-	(55.499)
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(63.165)	-	(63.165)	-	(63.165)
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	7.666	-	7.666	-	7.666
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	115	-	-	(9.555)	-	-	-	-	-	-	-	(9.440)	-	(9.440)
XI. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	3.085.717	-	-	-	-	-	-	3.085.717	13.884	3.099.601
XX. Profit distribution		-	-	-	-	94.109	-	1.505.845	3.320	-	(1.879.378)	-	1.104	-	-	-	(275.000)	-	(275.000)
20.1. Dividends		-	-	-	-	6.500	-	(281.500)	-	-	-	-	-	-	-	-	(275.000)	-	(275.000)
20.2. Transfers to reserves		-	-	-	-	87.609	-	1.787.345	-	-	(1.874.954)	-	-	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	3.320	-	(4.424)	-	1.104	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4.200.000	772.554	11.880	-	379.275	-	3.187.603	96.562	3.085.717	-	1.361.434	598.194	1.509	(57.967)	-	13.636.761	49.023	13.685.784
CURRENT PERIOD - 1 January-31 December 2010																			
I. Balances at beginning of the period	5.5	4.200.000	772.554	11.880	-	379.275	-	3.187.603	96.562	-	3.085.717	1.361.434	598.194	1.509	(57.967)	-	13.636.761	49.023	13.685.784
Changes during the period																			
II. Mergers		-	-	-	-	-	-	(280.172)	-	-	-	-	-	-	-	-	(280.172)	-	(280.172)
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	266.072	-	-	-	-	266.072	31	266.103
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	1.108	-	1.108	-	1.108
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	685	-	685	-	685
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	423	-	423	-	423
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	(688)	-	-	(33.317)	-	-	-	-	-	-	-	(34.005)	-	(34.005)
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	(7)	-	-	-	(7)	-	(7)
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.457	27.457
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	3.381.114	-	-	-	-	-	-	3.381.114	20.872	3.401.986
XVIII. Profit distribution		-	-	-	-	170.185	-	2.561.715	3.817	-	(3.085.717)	-	-	-	-	-	(350.000)	-	(350.000)
18.1. Dividends		-	-	-	-	-	-	-	-	-	(350.000)	-	-	-	-	-	(350.000)	-	(350.000)
18.2. Transfers to reserves		-	-	-	-	170.185	-	2.561.715	-	-	(2.731.900)	-	-	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	3.817	-	(3.817)	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4.200.000	772.554	11.880	-	548.772	-	5.469.146	67.062	3.381.114	-	1.627.506	598.187	1.509	(56.859)	-	16.620.871	97.383	16.718.254

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Cash Flows**  
**At 31 December 2010**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2010 31 December 2010	1 January 2009 31 December 2009
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	5.6	<b>3.625.102</b>	<b>4.343.405</b>
1.1.1 Interests received		9.604.543	11.550.923
1.1.2 Interests paid		(4.932.890)	(6.038.824)
1.1.3 Dividend received		1.890	2.760
1.1.4 Fees and commissions received		1.910.015	1.854.479
1.1.5 Other income		1.022.557	620.804
1.1.6 Collections from previously written-off loans and other receivables		54.748	39.016
1.1.7 Payments to personnel and service suppliers		(2.947.804)	(2.566.149)
1.1.8 Taxes paid		(1.087.957)	(1.119.604)
1.1.9 Others		-	-
<b>1.2 Changes in operating assets and liabilities</b>	5.6	<b>(3.276.609)</b>	<b>6.656.589</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(77.238)	(65.083)
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(1.628.080)	(4.230.122)
1.2.4 Net (increase) decrease in loans		(17.128.873)	(2.740.559)
1.2.5 Net (increase) decrease in other assets		(1.358.260)	(109.570)
1.2.6 Net increase (decrease) in bank deposits		36.164	642.227
1.2.7 Net increase (decrease) in other deposits		10.187.591	10.334.104
1.2.8 Net increase (decrease) in funds borrowed		5.355.638	1.786.547
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		1.336.449	1.039.045
<b>I. Net cash flow from banking operations</b>	5.6	<b>348.493</b>	<b>10.999.994</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	5.6	<b>(2.509.841)</b>	<b>(8.748.255)</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(62)	(2.655)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(437.400)	(349.925)
2.4 Sales of tangible assets		110.420	26.205
2.5 Cash paid for purchase of financial assets available-for-sale, net		(20.392.375)	(18.841.407)
2.6 Cash obtained from sale of financial assets available-for-sale, net		16.553.591	10.191.749
2.7 Cash paid for purchase of investments held-to-maturity		(4.143)	(927.839)
2.8 Cash obtained from sale of investments held-to-maturity		1.660.128	1.155.617
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(354.482)</b>	<b>(275.147)</b>
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(350.000)	(275.000)
3.5 Payments for financial leases		(4.482)	(147)
3.6 Others		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>117.395</b>	<b>171.752</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	5.6	<b>(2.398.435)</b>	<b>2.148.344</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	5.6	<b>9.294.333</b>	<b>7.145.989</b>
<b>VII. Cash and cash equivalents at end of period (V+VI)</b>	5.6	<b>6.895.898</b>	<b>9.294.333</b>

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

### **3 Accounting Policies**

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

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

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

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

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

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

The liability side of the balance sheet is intensively composed of short-term deposits in line with the general trend in the banking sector. In addition to deposits, the Bank and its financial affiliates have access to longer-term borrowings via the 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, 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 for the parent Bank and with the Central Bank of Turkey's spot purchase rates for domestic financial affiliates, and the differences are recorded as foreign exchange gain or loss in the income statement.

The Bank, as the parent bank, had applied net investment hedge accounting for the exchange rate differences on the net investment risks on its foreign affiliates and its related financial liabilities in foreign currencies in the previous periods. The Bank prospectively discontinued this application as of 1 January 2009 within the framework of TFRIC 16-Comment on Hedges of a Net Investment in a Foreign Operation, published in the Official Gazette dated 8 January 2009, no. 27104. The Bank started to apply fair value hedge accounting as at 1 January 2009 by designating the exchange rate risk of these foreign investments that are recognized under fair value accounting as hedged item, in compliance with "TAS 39 Financial Instruments: Recognition and Measurement". Accordingly, the effective portion of the foreign exchange differences is recorded under income statement in the current period.

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

**3.3 Information on consolidated subsidiaries**

As of 31 December 2010, 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) and D Netherlands Holding BV (D Netherlands).

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, Garanti Sigorta AŞ's name has been changed as Eureka Sigorta AŞ at 1 October 2007. The Bank owns 20% of Eureka Sigorta AŞ and 84.91% 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 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 Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 0.21%, has been consolidated in the accompanying consolidated financial statements due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

Garanti Moscow was established in 1996 to perform banking activities abroad. This bank's head office is in Moscow. The Bank owns 99.94% of its shares.

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.

D Netherlands was established in December 2007 in Amsterdam and as described in note 5.1.9.2, all its shares have been purchased by the Bank from Doğu Holding AŞ in May 2010.

Garanti Diversified Payment Rights Finance Company and T2 Capital Finance Company are the special purpose entities established for the Bank's securitization and subordinated debt transactions and also consolidated in the accompanying consolidated financial statements. The Bank or any of its affiliates does not have any shareholding interests in these companies.

#### Liquidation of the associates and subsidiaries:

The liquidation processes of Garanti Fund Management Co Ltd and Garanti Financial Services Plc were finalized, and the disposals were recognized by 31 May 2010.

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

The derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts. There are no embedded derivatives.

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

#### 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, income 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 on those assets 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.

The real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates 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 costs 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 for 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 marketed 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 other intangible assets.

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. The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

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 3-15 years, and amortisation rates are 6.67-33.3%.

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

### **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 then the carrying value of the related asset, a provision for impairment loss is provided.

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

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

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

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

Depreciation rates and estimated useful lives are:

<b>Tangible assets</b>	<b>Estimated useful lives (years)</b>	<b>Depreciation Rates (%) from 1 January 2009</b>	<b>Depreciation Rates (%) from 1 January 2005</b>	<b>Depreciation Rates (%) before 1 January 2005</b>
Buildings	50	2	4	2
Vaults	20-50	2-20	4-40	2-20
Motor Vehicles	5-7	15-20	30-40	15-20
Other Tangible Assets	4-20	5-25	10-50	5-25

In prior periods, the tangible assets are depreciated over their estimated useful lives based on their inflation adjusted costs on a straight-line basis. The tangible assets purchased since 1 January 2005 are depreciated based on the declining balance method which is one of the accelerated depreciation methods. The straight-line depreciation method is in use for the tangible assets purchased since 1 January 2009.

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 Liabilities for employee benefits**

#### *Severance Indemnities and Short-Term Employee Benefits*

As per the existing labour law in Turkey, the entities are 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 and its financial affiliates subject to the labour law, 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:

	<b>31 December 2010</b>	<b>31 December 2009</b>
Discount rate	4.66%	5.92%
Interest rate	10.00%	11.00%
Expected rate of salary/limit increase	5.10%	4.80%
Estimated employee turnover rate	7.25%	6.70%

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. These contributions are as follows:

	<b>31 December 2010</b>	
	<b>Employer</b>	<b>Employee</b>
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") as per the Social Security Law no.5754 ("the Law"), and b) other social rights 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 on 1 November 2005, which requires the transfer of the members of the funds subject to the provisional article 20 of the Social Security Law no.506, and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to 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 the Law regulating the principles related with such transfers were accepted and approved by Turkish Parliament on 17 April 2008, and enacted on 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 Savings Deposit Insurance Fund, 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 the three-year period starting from 1 January 2008.

On 19 June 2008, Cumhuriyet Halk Partisi ("CHP") applied to the Constitutional Court for the cancellation of various articles of the Law including 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.

**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.

The consolidated affiliates do not have retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated affiliates are subject to the Social Security Institution 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**

In Turkey, 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 decisions no. 2009/14593 and 2009/14594 of the Council of Ministers published in the Official Gazette no. 27130 dated 3 February 2009, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

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

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

*Tax applications for foreign branches*

**NORTHERN CYPRUS**

According to the Corporate Tax Law of the Turkish Republic of Northern Cyprus no.41/1976 as amended, the corporate earnings (including foreign corporations) are subject to a 10% corporate tax and 15% income tax. This tax is calculated based on the income that the taxpayers earn in an accounting period. Tax base is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The corporations cannot benefit from the rights of offsetting losses, investment incentives and amortisation unless they prepare and have certified their balance sheets, income statements and accounting records used for tax calculations by an auditor authorized by the Ministry of Finance. In cases where it is revealed that the earnings of a corporation were not subject to taxation in prior years or the tax paid on such earnings are understated, additional taxes can be charged in the next twelve years following that the related taxation period. The corporate tax returns are filed in the tax administration office in April after following the end of the accounting year to which they relate. The corporate taxes are paid in two equal installments in May and October.

**MALTA**

The corporate earnings are subject to a 35% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The earnings of the foreign corporations' branches in Malta are also subject to the same tax rate that the resident corporations in Malta are subject to. The earnings of such branches that are transferred to their head offices are not subject to an additional tax. The prepaid taxes are paid in April, August and December of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings. The excess part of the corporate tax that is not covered by such prepayments is paid to the tax office in September.

**LUXEMBOURG**

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 4% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. The municipality commerce tax, which is currently 7.5% of the taxable income, is also paid every year. The tax returns are examined by the authorized bodies and in case of detected mistakes, the amount of the taxes to be paid, is revised. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

*Tax applications for foreign financial affiliates*

**HOLLAND**

In Holland, corporate income tax is levied at the rate of 20% for tax profits up to EUR 200,000 and 25.5% (as of 1 January 2011, the corporate income tax rate will decrease to 25%) for the excess part over this amount 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. In general, 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 assessment 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% over the local taxable income of Germany branch.

#### **RUSSIA**

The applicable corporate tax rate in Russia is 20% (2% federal and 18% regional). 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.

#### **ROMANIA**

The applicable corporate tax rate in Romania is 16%. The taxation system in Romania is continuously developing and is subject to varying interpretations and constant changes, which may become rarely retroactive. In Romania, tax periods remain open for tax audits for five years. Tax losses can be carried forward to offset against future taxable income for seven years.

### **3.18.2 Deferred taxes**

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

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

The deferred tax assets and liabilities of the consolidated subsidiaries are reported as net in their individual financial statements.

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.

### **3.18.3 Transfer pricing**

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing” published at 18 November 2007, explains the application related issues on this topic.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As stated in the "7.1 Annual Documentation" section of this communiqué, the taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

#### **3.18.4 Investment allowance**

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no.26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010. The expression of " only for the years 2006, 2007 and 2008" in the temporary article no.69 of the Income Tax Law no.193 that was cancelled by the decision no.2009/144 of the Turkish Constitutional Court published in the Official Gazette dated 8 Ocak 2010 is revised by the Article 5 of the Law no.6009 effective with the promulgation on the Official Gazette no.27659 dated 1 August 2010. As per the new regulation, the investment allowances that cannot be benefited and transferred to future periods due to insufficient income level of the relevant year, can be used without any year limitation, however the investment allowance amount to be considered in the determination of taxable income, will not exceed 25% of the income of the relevant year. In addition to this, it is also agreed that the corporate tax rate for the companies to benefit from investment allowance will be the current applicable tax rate (20%) instead of 30%.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

### **3.19 Funds borrowed**

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

There are no convertible bonds or any other securities issued.

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

None.

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

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

### **3.22 Government incentives**

As of 31 December 2010, the Bank or its financial affiliates do not have any government incentives or grants.

### **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 and Electron Garanti24 cards are available.

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

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

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

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

Information on the business segments on a consolidated basis is as follows:

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	3,015,266	2,532,857	1,897,592	923,387	8,369,102
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>3,015,266</b>	<b>2,532,857</b>	<b>1,897,592</b>	<b>923,387</b>	<b>8,369,102</b>
Net Operating Profit	1,019,580	1,296,710	1,814,874	169,779	4,300,943
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	1,890	1,890
<b>Net Operating Profit</b>	<b>1,019,580</b>	<b>1,296,710</b>	<b>1,814,874</b>	<b>171,669</b>	<b>4,302,833</b>
Provision for Taxes	-	-	-	900,847	900,847
<b>Net Profit</b>	<b>1,019,580</b>	<b>1,296,710</b>	<b>1,814,874</b>	<b>(729,178)</b>	<b>3,401,986</b>
Segment Assets	22,305,253	47,113,848	54,096,048	13,153,908	136,669,057
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	115,167	115,167
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>22,305,253</b>	<b>47,113,848</b>	<b>54,096,048</b>	<b>13,269,075</b>	<b>136,784,224</b>
Segment Liabilities	44,596,689	29,963,366	31,745,974	13,759,941	120,065,970
Shareholders’ Equity	-	-	-	16,718,254	16,718,254
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders’ Equity</b>	<b>44,596,689</b>	<b>29,963,366</b>	<b>31,745,974</b>	<b>30,478,195</b>	<b>136,784,224</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	339,101	339,101
Depreciation Expenses	102,322	54,045	3,837	44,658	204,862
Impairment Losses	252,070	296,021	1,776	149,294	699,161
Other Non-Cash Income/Expenses	(36,032)	(19,747)	127,686	78,221	150,128
Restructuring Costs	-	-	-	-	-



<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	2,676,904	2,492,168	2,461,229	964,930	8,595,231
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>2,676,904</b>	<b>2,492,168</b>	<b>2,461,229</b>	<b>964,930</b>	<b>8,595,231</b>
Net Operating Profit	1,225,066	1,700,612	2,379,317	(1,368,401)	3,936,594
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	2,760	2,760
<b>Net Operating Profit</b>	<b>1,225,066</b>	<b>1,700,612</b>	<b>2,379,317</b>	<b>(1,365,641)</b>	<b>3,939,354</b>
Provision for Taxes	-	-	-	839,753	839,753
<b>Net Profit</b>	<b>1,225,066</b>	<b>1,700,612</b>	<b>2,379,317</b>	<b>(2,205,394)</b>	<b>3,099,601</b>
Segment Assets	17,444,234	35,949,921	51,676,386	11,171,515	116,242,056
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	92,410	92,410
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>17,444,234</b>	<b>35,949,921</b>	<b>51,676,386</b>	<b>11,263,925</b>	<b>116,334,466</b>
Segment Liabilities	38,259,084	26,479,457	27,062,023	10,848,118	102,648,682
Shareholders' Equity	-	-	-	13,685,784	13,685,784
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>38,259,084</b>	<b>26,479,457</b>	<b>27,062,023</b>	<b>24,533,902</b>	<b>116,334,466</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	316,741	316,741
Depreciation Expenses	101,691	52,480	3,982	24,789	182,942
Impairment Losses	861,957	361,700	703	501,248	1,725,608
Other Non-Cash Income/Expenses	(36,348)	(187,393)	1,425,632	151,883	1,353,774
Restructuring Costs	-	-	-	-	-

### 3.24 Other disclosures

None.

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

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

The Bank's consolidated capital adequacy ratio is 18.07% (unconsolidated capital adequacy ratio: 19.62%) as of 31 December 2010.

#### **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%
<b>Value at Credit Risk</b>							
<b>Balance Sheet Items (Net)</b>	<b>20,869,668</b>	-	<b>2,859,617</b>	<b>16,492,464</b>	<b>49,500,025</b>	<b>493,769</b>	<b>17,082</b>
Cash on Hand	960,173	-	830	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	3,714,468	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	4,548,250	-	1,264,650	-	2,476,497	-	-
Interbank Money Market Placements		-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	2,830,334	-	-	-	-	-	-
Loans	3,449,513	-	312,320	16,321,800	43,100,836	493,769	17,082
Loans under Follow-Up (Net)	-	-	-	-	351,560	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	4,580,893	-	997,866	-	4,143	-	-
Receivables from Term Sale of Assets	-	-	-	-	10,339	-	-
Miscellaneous Receivables	45,505	-	-	-	71,153	-	-
Accrued Interest and Income	332,202	-	6,147	170,664	634,550	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	1,671,536	-	-
Tangible Assets (Net)	-	-	-	-	1,120,483	-	-
Other Assets	408,330	-	277,804	-	58,928	-	-
<b>Off-Balance Sheet Items</b>	<b>1,767,384</b>	-	<b>1,569,069</b>	<b>870,715</b>	<b>12,230,076</b>	-	-
Non-Cash Loans and Commitments	1,767,384	-	886,104	870,715	11,940,653	-	-
Derivative Financial Instruments	-	-	682,965	-	289,423	-	-
<b>Non-Risk-Weighted Accounts</b>	-	-	-	-	-	-	-
<b>Total Risk-Weighted Assets</b>	<b>22,637,052</b>	-	<b>4,428,686</b>	<b>17,363,179</b>	<b>61,730,101</b>	<b>493,769</b>	<b>17,082</b>

	<b>Risk Weightings</b>						
	<b>Consolidated</b>						
	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>
<b>Value at Credit Risk</b>							
<b>Balance Sheet Items (Net)</b>	<b>21,875,732</b>	<b>-</b>	<b>6,065,798</b>	<b>17,651,391</b>	<b>54,494,461</b>	<b>496,718</b>	<b>18,291</b>
Cash on Hand	995,190	-	830	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	3,714,468	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	5,090,745	-	2,671,755	-	1,791,950	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	2,030	-	-	-	-
Reserve Deposits	2,830,334	-	-	-	-	-	-
Loans	3,770,291	-	2,087,274	17,282,273	46,712,241	496,718	18,291
Loans under Follow-Up (Net)	-	-	-	-	428,936	-	-
Lease Receivables	13,027	-	5,556	196,307	1,501,100	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	4,580,893	-	997,866	-	4,143	-	-
Receivables from Term Sale of Assets	-	-	-	-	7,214	-	-
Miscellaneous Receivables	45,505	-	-	-	1,980,857	-	-
Accrued Interest and Income	332,589	-	22,683	172,811	645,523	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	52,462	-	-
Tangible Assets (Net)	-	-	-	-	1,281,374	-	-
Other Assets	502,690	-	277,804	-	88,661	-	-
<b>Off-Balance Sheet Items</b>	<b>1,818,410</b>	<b>-</b>	<b>1,915,226</b>	<b>992,519</b>	<b>12,528,259</b>	<b>-</b>	<b>-</b>
Non-Cash Loans and Commitments	1,818,410	-	1,116,976	992,519	12,211,018	-	-
Derivative Financial Instruments	-	-	798,250	-	317,241	-	-
<b>Non-Risk-Weighted Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk-Weighted Assets</b>	<b>23,694,142</b>	<b>-</b>	<b>7,981,024</b>	<b>18,643,910</b>	<b>67,022,720</b>	<b>496,718</b>	<b>18,291</b>

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

	<b>Parent Bank Only</b>	
	<b>Current Period</b>	<b>Prior Period</b>
Value at Credit Risk (VaCR)	72,072,246	54,763,611
Value at Market Risk (VaMR)	3,553,288	2,525,413
Value at Operational Risk (VaOR)	10,184,205	7,212,178
Shareholders' Equity	16,839,261	13,672,917
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	19.62%	21.20%

	<b>Consolidated</b>	
	<b>Current Period</b>	<b>Prior Period</b>
Value at Credit Risk (VaCR)	78,722,539	61,062,215
Value at Market Risk (VaMR)	5,605,375	4,447,563
Value at Operational Risk (VaOR)	11,028,669	8,212,044
Shareholders' Equity	17,228,399	14,125,554
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	18.07%	19.16%

#### 4.1.4 Components of consolidated shareholders' equity

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid-in Capital	4,200,000	4,200,000
Nominal Capital	4,200,000	4,200,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Legal Reserves	548,772	379,275
I. Legal Reserve (Turkish Commercial Code 466/1)	504,369	349,148
II. Legal Reserve (Turkish Commercial Code 466/2)	44,403	30,127
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	5,469,146	3,187,603
Reserve Allocated as per the Decision held by the General Assembly	5,469,146	3,187,603
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	3,381,114	3,085,717
Current Period Profit	3,381,114	3,085,717
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	360,000	360,000
Income on Sale of Investments in Associates, Subsidiaries and Real Estate	596,047	596,047
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Minority Interest	97,330	49,001
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	152,511	147,686
Prepaid Expenses (-)	248,019	244,835
Intangible Assets (-)	49,417	40,558
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) (-)	6,388	6,388
<b>Total Core Capital</b>	<b>14,980,508</b>	<b>12,202,610</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	660,467	437,334
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	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	948,860	932,551
45% of Securities Value Increase Fund (*)	732,110	612,632
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	732,110	612,632
Minority Interest	53	22
Other Reserves	10,203	38,595
<b>Total Supplementary Capital</b>	<b>2,354,165</b>	<b>2,023,609</b>
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>17,334,673</b>	<b>14,226,219</b>

(\*) 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.

<b>DEDUCTIONS FROM CAPITAL</b>	<b>106,274</b>	<b>100,665</b>
Unconsolidated Investments in Banks and Financial Institutions	2,461	2,479
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	60,244	50,579
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	43,569	47,607
Others	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>17,228,399</b>	<b>14,125,554</b>

## 4.2 Consolidated credit risk

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

The debtors or group of debtors are subject to credit risk limits. Sectoral risk concentrations are reviewed on a monthly basis.

Credit worthiness of debtors is reviewed periodically in compliance with the legislation by the internal risk rating models. The credit limits are revised and further collateral is required if the risk level of debtor deteriorates. For unsecured loans, the necessary documentation is gathered in compliance with the legislation.

Geographical concentration of credit customers is reviewed monthly. This is in line with the concentration of industrial and commercial activities in Turkey.

In accordance with the lending policies, the debtor's creditworthiness is analysed and the adequate collateral is obtained based on the financial position of the company and the type of loan; like cash collateral, bank guarantees, mortgages, pledges, bills and personal or corporate guarantees.

There are control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed together with the risk from market fluctuations. The risk arising from such instruments are followed up and when necessary, the actions to decrease it are taken.

The liquidated non-cash loans are subject to the same risk weighting with the overdue loans.

Foreign trade finance and other interbank credit transactions are performed through widespread correspondents network. Accordingly, limits are assigned to domestic and foreign banks and other financial institutions based on review of their credit worthiness, periodically.

The Bank and its financial affiliates' largest 100 cash loan customers compose 26.58% of the total cash loan portfolio.

The Bank and its financial affiliates' largest 100 non-cash loan customers compose 50.71% of the total non-cash loan portfolio.

The Bank and its financial affiliates' largest 100 cash and non-cash loan customers represent 9.24% of the total "on and off balance sheet" assets.

The general provision for consolidated credit risk amounts to TL 660,467 thousands.

The Bank developed a statistical-based internal risk rating model for its credit portfolio of corporate/commercial/medium-size companies. This internal risk rating model has been in use for customer credibility assessment since 2003. Risk rating has become a requirement for loan applications, and ratings are used both to determine branch managers' credit authorization limits and in credit assessment process.

The concentration table of the cash and non-cash loans for the Bank according to the risk rating system for its customers defined as corporate, commercial and medium-size enterprises is presented below.

	Current Period	Prior Period
	%	%
Above Average	49.67	45.10
Average	44.23	47.02
Below Average	6.10	7.88
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

#### 4.2.1 Customer and regional concentration of credit risks

	Loans to Individuals and Corporates		Balances with Banks and Central Bank of Turkey		Securities*		Other Credits**		Off-Balance Sheet Commitments and Contingencies	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Customer concentration</b>										
Private Sector	47,176,121	34,169,681	-	-	1,061,262	917,882	2,300,581	1,786,849	43,785,358	32,936,557
Public Sector	1,253,385	1,371,789	-	380,396	36,778,120	34,663,356	74	672	7,946	24,823
Banks	142,872	491,480	16,121,537	16,650,767	3,072,080	1,991,144	828,915	993,595	29,698,888	25,840,107
Retail Customers	21,585,164	17,443,686	-	-	-	-	66,540	25,217	3,720,825	3,261,812
Equity Securities	-	-	-	-	125,915	264,198	115,167	92,410	-	-
<b>Total</b>	<b>70,157,542</b>	<b>53,476,636</b>	<b>16,121,537</b>	<b>17,031,163</b>	<b>41,037,377</b>	<b>37,836,580</b>	<b>3,311,277</b>	<b>2,898,743</b>	<b>77,213,017</b>	<b>62,063,299</b>
<b>Regional concentration</b>										
Domestic	64,457,518	50,449,613	8,537,767	7,989,284	36,771,827	34,935,641	1,621,299	1,483,906	45,240,993	38,044,477
European Union (EU) Countries	4,353,134	2,009,783	7,055,696	8,209,979	1,894,080	1,945,604	1,467,710	1,201,762	18,641,241	13,774,983
OECD Countries***	357,449	133,391	14,717	23,371	68,875	-	388	182	1,019,121	2,631,569
Off-Shore Banking Regions	66,261	79,805	68,563	63,772	192,629	229,387	3,053	1,049	241,887	204,280
USA, Canada	82,718	45,050	401,591	586,530	1,081,629	223,096	86,049	117,376	10,852,606	6,324,099
Other Countries	840,462	758,994	43,203	158,227	1,028,337	502,852	132,778	94,468	1,217,169	1,083,891
<b>Total</b>	<b>70,157,542</b>	<b>53,476,636</b>	<b>16,121,537</b>	<b>17,031,163</b>	<b>41,037,377</b>	<b>37,836,580</b>	<b>3,311,277</b>	<b>2,898,743</b>	<b>77,213,017</b>	<b>62,063,299</b>

\* Includes financial assets held for trading, financial assets available-for-sale and investments held-to-maturity

\*\* Includes transactions defined as credit as per the Article 48 of the Turkish Banking Law No 5411 and not covered in the first three columns above

\*\*\* Includes OECD countries other than EU countries, USA and Canada

#### 4.2.2 Geographical concentration

	Assets	Liabilities	Non-cash Loans	Capital Expenditures	Net Profit/(Loss)
<b>Current Period</b>					
Domestic	109,332,663	99,803,563	12,848,667	226,281	3,154,250
European Union (EU) Countries	8,531,108	13,739,569	1,151,551	-	7,202
OECD Countries <sup>(1)</sup>	3,647	1,111,232	622,627	-	-
Off-Shore Banking Regions	323,138	544,336	25,684	-	7,142
USA, Canada	1,303,675	6,272,608	735,208	-	-
Other Countries	340,136	534,437	306,043	-	-
Associates, Subsidiaries and Joint- Ventures (Business Partnership)	16,949,857	14,778,479	775,624	112,820	233,392
Unallocated Assets/Liabilities <sup>(2)</sup>	-	-	-	-	-
<b>Total</b>	<b>136,784,224</b>	<b>136,784,224</b>	<b>16,465,404</b>	<b>339,101</b>	<b>3,401,986</b>
<b>Prior Period</b>					
Domestic	93,126,803	81,335,463	12,515,855	264,560	2,786,650
EU Countries	9,058,984	14,309,163	1,101,122	-	99,349
OECD Countries <sup>(1)</sup>	33,530	514,743	384,922	-	-
Off-Shore Banking Regions	372,155	436,318	21,266	-	4,887
USA, Canada	745,284	7,680,608	429,465	-	-
Other Countries	175,512	188,256	218,317	-	-
Associates, Subsidiaries and Joint- Ventures (Business Partnership)	12,822,198	11,869,915	442,520	52,181	208,715
Unallocated Assets/Liabilities <sup>(2)</sup>	-	-	-	-	-
<b>Total</b>	<b>116,334,466</b>	<b>116,334,466</b>	<b>15,113,467</b>	<b>316,741</b>	<b>3,099,601</b>

<sup>(1)</sup> Includes OECD countries other than EU countries, USA and Canada

<sup>(2)</sup> Includes assets, liabilities and equity items that can not be allocated on a consistent basis



#### 4.2.3 Sectoral distribution of cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agriculture</b>	<b>359,558</b>	<b>0.97</b>	<b>382,295</b>	<b>1.18</b>	<b>260,997</b>	<b>0.93</b>	<b>227,203</b>	<b>0.92</b>
Farming and Stockbreeding	343,383	0.92	373,990	1.15	243,422	0.86	221,134	0.90
Forestry	10,462	0.03	-	-	10,263	0.04	-	-
Fishery	5,713	0.02	8,305	0.03	7,312	0.03	6,069	0.02
<b>Manufacturing</b>	<b>4,775,566</b>	<b>12.80</b>	<b>12,369,177</b>	<b>38.16</b>	<b>3,678,528</b>	<b>12.95</b>	<b>8,756,123</b>	<b>35.53</b>
Mining	166,102	0.45	584,202	1.80	102,415	0.36	296,846	1.21
Production	4,266,268	11.43	8,583,011	26.48	3,423,729	12.05	6,181,535	25.08
Electricity, Gas, Water	343,196	0.92	3,201,964	9.88	152,384	0.54	2,277,742	9.24
<b>Construction</b>	<b>1,623,620</b>	<b>4.35</b>	<b>1,946,607</b>	<b>6.00</b>	<b>1,097,197</b>	<b>3.86</b>	<b>1,247,654</b>	<b>5.06</b>
<b>Services</b>	<b>7,230,038</b>	<b>19.37</b>	<b>12,452,455</b>	<b>38.41</b>	<b>5,122,401</b>	<b>18.02</b>	<b>10,030,341</b>	<b>40.70</b>
Wholesale and Retail Trade	4,527,518	12.13	4,610,443	14.22	3,210,181	11.30	3,330,026	13.51
Hotel, Food and Beverage Services	367,507	0.99	1,035,387	3.19	244,417	0.86	1,198,029	4.86
Transportation and Telecommunication	679,884	1.82	3,953,510	12.20	553,652	1.95	3,479,901	14.12
Financial Institutions	1,049,205	2.81	2,015,354	6.22	790,654	2.78	1,211,906	4.92
Real Estate and Renting Services	56,919	0.15	399,221	1.23	57,200	0.20	385,292	1.57
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	117,139	0.31	73,912	0.23	77,908	0.27	27,948	0.11
Health and Social Services	431,866	1.16	364,628	1.12	188,389	0.66	397,239	1.61
<b>Others</b>	<b>23,321,305</b>	<b>62.51</b>	<b>5,267,985</b>	<b>16.25</b>	<b>18,246,451</b>	<b>64.24</b>	<b>4,382,883</b>	<b>17.79</b>
<b>Total</b>	<b>37,310,087</b>	<b>100.00</b>	<b>32,418,519</b>	<b>100.00</b>	<b>28,405,574</b>	<b>100.00</b>	<b>24,644,204</b>	<b>100.00</b>

#### 4.2.4 Credit risk by business segments

Current Period					
Loan Groups	Corporate Loans	Retail Loans	Credit Cards	Others	Total
<b>Performing Loans</b>					
Cash Loans	45,320,314	14,632,726	7,871,037	14,230,477	82,054,554
Non-Cash Loans	16,434,912	6,425,688	12,554,092	7,161,219	42,575,911
<b>Loans under Follow-up</b>					
Cash Loans	1,464,872	201,782	237,874	-	1,904,528
Non-Cash Loans	81,974	-	-	-	81,974
<b>Non-Performing Loans</b>					
Cash Loans	974,205	590,850	668,056	-	2,233,111
Non-Cash Loans	96,013	-	-	-	96,013
<b>Non-Cash Loans</b>					
Cash Loans	47,759,391	15,425,358	8,776,967	14,230,477	86,192,193
Non-Cash Loans	16,612,899	6,425,688	12,554,092	7,161,219	42,753,898
<b>Provision Types</b>	<b>Corporate Loans</b>	<b>Retail Loans</b>	<b>Credit Cards</b>	<b>Others</b>	<b>Total</b>
<b>Specific Provision</b>					
Cash Loans	646,712	512,810	644,653	-	1,804,175
Non-Cash Loans	57,287	-	-	-	57,287
<b>General Provision</b>					
Cash Loans	356,406	120,787	59,377	70,038	606,608
Non-Cash Loans	20,490	6,319	18,830	8,220	53,859

<b>Prior Period</b>					
<b>Loan Groups</b>	<b>Corporate Loans</b>	<b>Retail Loans</b>	<b>Credit Cards</b>	<b>Others</b>	<b>Total</b>
<b>Performing Loans</b>					
Cash Loans	35,068,491	10,233,137	6,977,603	12,287,181	64,566,412
Non-Cash Loans	14,978,664	5,037,504	9,120,759	6,518,433	35,655,360
<b>Loans under Follow-up</b>					
Cash Loans	431,153	148,757	190,637	-	770,547
Non-Cash Loans	81,316	-	-	-	81,316
<b>Non-Performing Loans</b>					
Cash Loans	858,871	624,063	812,264	-	2,295,198
Non-Cash Loans	103,115	-	-	-	103,115
<b>Non-Cash Loans</b>					
Cash Loans	<b>36,358,515</b>	<b>11,005,957</b>	<b>7,980,504</b>	<b>12,287,181</b>	<b>67,632,157</b>
Non-Cash Loans	<b>15,163,095</b>	<b>5,037,504</b>	<b>9,120,759</b>	<b>6,518,433</b>	<b>35,839,791</b>
<b>Provision Types</b>	<b>Corporate Loans</b>	<b>Retail Loans</b>	<b>Credit Cards</b>	<b>Others</b>	<b>Total</b>
<b>Specific Provision</b>					
Cash Loans	595,350	510,700	762,290	-	1,868,340
Non-Cash Loans	56,105	-	-	-	56,105
<b>General Provision</b>					
Cash Loans	224,188	72,196	49,126	51,253	396,763
Non-Cash Loans	18,731	4,768	12,011	5,061	40,571

### 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 set 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 for the sound 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, available-for-sale and

derivative 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 historical 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. Beside the VaR limits, the limits on transaction, dealer, desk, stop loss for trading portfolio as approved by the board of directors are also applied and monitored.

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

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	248,078
(II) Capital Obligation against Specific Risks - Standard Method	94,713
(III) Capital Obligation against Currency Risk - Standard Method	71,315
(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	34,324
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
<b>(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)</b>	<b>448,430</b>
<b>(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))</b>	<b>5,605,375</b>

#### 4.3.2 Average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	3,688,428	4,045,988	3,232,925	4,154,963	4,918,525	3,672,500
Common Share Risk	221,145	247,613	194,213	134,243	194,213	99,300
Currency Risk	683,013	891,438	470,113	321,835	470,113	215,850
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	382,304	494,375	227,063	359,468	587,950	122,325
<b>Total Value at Risk</b>	<b>4,974,890</b>	<b>5,679,414</b>	<b>4,124,314</b>	<b>4,970,509</b>	<b>6,170,801</b>	<b>4,109,975</b>

#### 4.4 Consolidated operational risk

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

The annual gross income is composed of net interest income and net non-interest income after deducting realised gains/losses from the sale of securities available-for-sale and held-to-maturity, extraordinary income and income derived from insurance claims at year-end.

	<b>31 December 2007</b>	<b>31 December 2008</b>	<b>31 December 2009</b>
(I) Net Interest Income	3,097,952	3,430,704	5,405,840
(II) Net Fees and Commissions Income	1,288,569	1,578,335	1,725,073
(III) Dividend Income	2,866	29,472	2,760
(IV) Net Trading Income/(Losses)	(218,454)	253,585	897,979
(V) Other Operating Expenses	1,201,924	448,380	446,154
(VI) Gain/Loss on Securities Available-for-Sale and Held-to-Maturity	50,037	54,177	408,402
(VII) Extraordinary Income	919,933	302,186	210,533
(VIII) Insurance Claim Collections	-	-	-
(IX) Gross Income (I+II+III+IV+V-VI-VII-VIII)	4,402,887	5,384,113	7,858,871
(X) Capital Obligation (IX * 15%)	660,433	807,617	1,178,831
(XI) Average Capital Obligation Against Operational Risk	882,294		
<b>(XII) Value at Operational Risk (XI * 12.5)</b>	<b>11,028,669</b>		

#### 4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2010, the Bank and its financial affiliates' net 'on balance sheet' foreign currency long position amounts to TL 1,994,151 thousands (31 December 2009: a short position of TL 1,314,971 thousands), net 'off-balance sheet' foreign currency short position amounts to TL 2,595,424 thousands (31 December 2009: a long position of TL 1,357,216 thousands), while net foreign currency short open position amounts to TL 601,273 thousands (31 December 2009: a long open position of TL 42,245 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 TL are as follows:

	<b>USD</b>	<b>EUR</b>	<b>JPY (100)</b>	<b>GBP</b>
The Bank's foreign currency purchase rate at balance sheet date	1.5200	2.0375	1.8768	2.3770
<u>Foreign currency rates for the days before balance sheet date:</u>				
Day 1	1.5370	2.0399	1.8793	2.3680
Day 2	1.5450	2.0303	1.8840	2.3852
Day 3	1.5400	2.0253	1.8754	2.3694
Day 4	1.5300	2.0116	1.8469	2.3565
Day 5	1.5300	2.0066	1.8455	2.3626
Last 30-days arithmetical average rate	1.5057	1.9901	1.8085	2.3469

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

	EUR	USD	JPY	Other FCs	Total
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,428,443	2,833,342	937	118,826	4,381,548
Banks	2,743,284	3,478,505	2,551	127,523	6,351,863
Financial Assets at Fair Value through Profit/Loss	83,895	64,508	-	-	148,403
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	1,205,811	3,161,758	-	161,967	4,529,536
Loans (*)	11,592,345	21,739,699	46,354	1,281,156	34,659,554
Investments in Associates, Subsidiaries and Joint-Ventures	648	-	-	14	662
Investments Held-to-Maturity	-	1,313,190	-	-	1,313,190
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	50,413	103	-	76,579	127,095
Intangible Assets	2,525	-	-	3,672	6,197
Other Assets	937,867	747,916	4,882	25,732	1,716,397
<b>Total Assets</b>	<b>18,045,231</b>	<b>33,339,021</b>	<b>54,724</b>	<b>1,795,469</b>	<b>53,234,445</b>
<b>Liabilities</b>					
Bank Deposits	391,897	802,812	17,683	159,952	1,372,344
Foreign Currency Deposits	13,645,900	18,507,228	45,300	975,236	33,173,664
Interbank Money Market Takings	102,707	1,186,952	-	108,444	1,398,103
Other Fundings	5,663,333	8,519,913	211	-	14,183,457
Securities Issued	-	-	-	-	-
Miscellaneous Payables	57,614	60,821	625	6,125	125,185
Derivative Financial Liabilities Held for Risk Management	-	2,347	-	-	2,347
Other Liabilities (**)	244,603	230,008	161	510,422	985,194
<b>Total Liabilities</b>	<b>20,106,054</b>	<b>29,310,081</b>	<b>63,980</b>	<b>1,760,179</b>	<b>51,240,294</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(2,060,823)</b>	<b>4,028,940</b>	<b>(9,256)</b>	<b>35,290</b>	<b>1,994,151</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>1,701,148</b>	<b>(4,670,283)</b>	<b>8,474</b>	<b>365,237</b>	<b>(2,595,424)</b>
Derivative Assets	6,168,271	9,061,475	350,966	1,957,689	17,538,401
Derivative Liabilities	(4,467,123)	(13,731,758)	(342,492)	(1,592,452)	(20,133,825)
Non-Cash Loans	-	-	-	-	-
<b>Prior Period</b>					
<b>Total Assets</b>	<b>15,699,728</b>	<b>27,030,231</b>	<b>67,206</b>	<b>1,587,451</b>	<b>44,384,616</b>
<b>Total Liabilities</b>	<b>19,056,583</b>	<b>24,997,852</b>	<b>53,620</b>	<b>1,591,532</b>	<b>45,699,587</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(3,356,855)</b>	<b>2,032,379</b>	<b>13,586</b>	<b>(4,081)</b>	<b>(1,314,971)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>3,637,522</b>	<b>(2,422,652)</b>	<b>(13,163)</b>	<b>155,509</b>	<b>1,357,216</b>
Derivative Assets	5,466,081	7,471,485	14,348	1,452,704	14,404,618
Derivative Liabilities	(1,828,559)	(9,894,137)	(27,511)	(1,297,195)	(13,047,402)
Non-Cash Loans	-	-	-	-	-

(\*) The foreign currency-indexed loans amounting TL 2,163,659 thousands included under TL loans in the accompanying consolidated balance sheet are presented above under the related foreign currency code.

(\*\*) Other liabilities also include gold deposits of TL 468,665 thousands.

#### 4.6 Consolidated interest rate risk

The interest rate risk resulting from balance sheet maturity mismatch presents the possible losses that may arise due to the changes in interest rates of interest sensitive assets and liabilities in the on and off-balance sheet. 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), duration-gap and sensitivity analysis.

Measurements for standard method are carried out monthly using the maturity ladder table, while measurements for VaR calculations are done daily. The duration-gap and sensitivity analysis are run every two weeks period.

During the daily VaR calculations, the interest rate risks of the Bank's TL 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.

In the duration-gap analysis used for the quantification of market risk arising from maturity mismatches of assets and liabilities, 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. Furthermore, the interest rate risk is monitored within the limits approved by the board of directors.

As part of the duration-gap analysis, the bank-only sensitivity analysis for a +/-1 point change in the present values of interest sensitive balance sheet items excluding trading and available-for-sale portfolios as of 31 December 2010 and 2009 is provided in the table below:

##### Sensitivity analysis for interest rates

Sensitivity analysis for TL interest rates	Change in portfolio value	
	Current Period	Prior Period
(+) 1%	(124,366)	(74,663)
(-) 1%	127,735	75,211
Sensitivity analysis for FC interest rates	Change in portfolio value	
	Current Period	Prior Period
(+) 1%	(230,871)	(143,505)
(-) 1%	255,018	161,347

**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
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,658,719	-	-	-	-	4,886,330	7,545,049
Banks	3,415,596	2,200,873	1,134,230	896,908	-	1,922,865	9,570,472
Financial Assets at Fair Value through Profit/Loss	270,705	143,615	89,544	118,824	17,430	509,397	1,149,515
Interbank Money Market Placements	2,030	-	-	-	-	6	2,036
Financial Assets Available-for-Sale	12,413,615	5,603,354	8,360,209	3,476,408	1,109,734	3,504,490	34,467,810
Loans	16,467,176	10,055,669	12,725,661	19,570,217	10,090,303	1,248,516	70,157,542
Investments Held-to-Maturity	2,265,714	-	4,143	2,026,372	1,286,672	311,030	5,893,931
Other Assets	611,703	895,388	696,531	662,483	126,020	5,005,744	7,997,869
<b>Total Assets</b>	<b>38,105,258</b>	<b>18,898,899</b>	<b>23,010,318</b>	<b>26,751,212</b>	<b>12,630,159</b>	<b>17,388,378</b>	<b>136,784,224</b>
<b>Liabilities</b>							
Bank Deposits	1,797,975	122,607	44,766	47,966	-	761,183	2,774,497
Other Deposits	49,724,504	9,145,204	4,307,678	872,926	141,906	12,103,526	76,295,744
Interbank Money Market Takings	10,649,889	833,473	260,062	-	-	25,424	11,768,848
Miscellaneous Payables	-	-	-	-	-	4,862,992	4,862,992
Securities Issued	-	-	-	-	-	-	-
Other Fundings	9,033,922	1,093,524	3,357,880	3,852,742	3,197,693	273,207	20,808,968
Other Liabilities	6,812	-	-	-	-	20,266,363	20,273,175
<b>Total Liabilities</b>	<b>71,213,102</b>	<b>11,194,808</b>	<b>7,970,386</b>	<b>4,773,634</b>	<b>3,339,599</b>	<b>38,292,695</b>	<b>136,784,224</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>7,704,091</b>	<b>15,039,932</b>	<b>21,977,578</b>	<b>9,290,560</b>	<b>-</b>	<b>54,012,161</b>
<b>On Balance Sheet Short Position</b>	<b>(33,107,844)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,904,317)</b>	<b>(54,012,161)</b>
<b>Off-Balance Sheet Long Position</b>	<b>1,084,623</b>	<b>744,587</b>	<b>2,626,573</b>	<b>1,953,702</b>	<b>1,093,941</b>	<b>-</b>	<b>7,503,426</b>
<b>Off-Balance Sheet Short Position</b>	<b>(1,148,245)</b>	<b>(760,728)</b>	<b>(2,609,958)</b>	<b>(2,003,026)</b>	<b>(982,987)</b>	<b>-</b>	<b>(7,504,944)</b>
<b>Total Position</b>	<b>(33,171,466)</b>	<b>7,687,950</b>	<b>15,056,547</b>	<b>21,928,254</b>	<b>9,401,514</b>	<b>(20,904,317)</b>	<b>(1,518)</b>

(\*) Interest accruals are included in non-interest bearing column.

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.36-5.00	0.03-5.19	-	3.83-9.50
Financial Assets at Fair Value through Profit/Loss	5.13	6.32	-	6.49-20.80
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	1.14-7.38	5.00-11.88	-	5.79-16.50
Loans	1.45-14.00	1.50-11.00	2.50-4.52	6.05-23.95
Investments Held-to-Maturity	-	7.22	-	15.43
<b>Liabilities</b>				
Bank Deposits	0.45-4.62	1.22-5.19	-	3.75-7.00
Other Deposits	0.75-8.00	0.03-6.50	0.55	7.28
Interbank Money Market Takings	1.32-1.40	0.65-2.25	-	6.85
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	1.00-3.84	1.17-3.25	3.00	7.35-10.73



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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,381,166	-	-	-	-	3,505,739	<b>6,886,905</b>
Banks	3,570,120	3,409,327	1,727,889	5,132	-	1,345,903	<b>10,058,371</b>
Financial Assets at Fair Value through Profit/Loss	34,084	56,454	398,212	88,691	4,393	659,399	<b>1,241,233</b>
Interbank Money Market Placements	1,000,000	-	-	-	-	180	<b>1,000,180</b>
Financial Assets Available-for-Sale	8,158,546	5,847,802	8,465,902	3,747,609	571,530	2,978,245	<b>29,769,634</b>
Loans	16,260,566	8,932,799	12,320,690	10,105,978	4,637,973	1,218,630	<b>53,476,636</b>
Investments Held-to-Maturity	1,394,174	1,274,169	142,373	3,085,813	1,297,588	273,708	<b>7,467,825</b>
Other Assets	241,052	440,554	763,086	755,377	54,130	4,179,483	<b>6,433,682</b>
<b>Total Assets</b>	<b>34,039,708</b>	<b>19,961,105</b>	<b>23,818,152</b>	<b>17,788,600</b>	<b>6,565,614</b>	<b>14,161,287</b>	<b>116,334,466</b>
<b>Liabilities</b>							
Bank Deposits	1,247,366	50,105	46,547	15,041	-	1,379,274	<b>2,738,333</b>
Other Deposits	45,037,305	6,447,007	3,421,971	689,015	403	10,447,679	<b>66,043,380</b>
Interbank Money Market Takings	10,155,173	368	400,000	150,000	-	59,188	<b>10,764,729</b>
Miscellaneous Payables	-	-	-	-	-	3,737,841	<b>3,737,841</b>
Securities Issued	-	-	-	-	-	-	<b>-</b>
Other Fundings	7,699,797	4,625,891	3,358,309	496,539	12,410	264,862	<b>16,457,808</b>
Other Liabilities	-	-	-	-	-	16,592,375	<b>16,592,375</b>
<b>Total Liabilities</b>	<b>64,139,641</b>	<b>11,123,371</b>	<b>7,226,827</b>	<b>1,350,595</b>	<b>12,813</b>	<b>32,481,219</b>	<b>116,334,466</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>8,837,734</b>	<b>16,591,325</b>	<b>16,438,005</b>	<b>6,552,801</b>	<b>-</b>	<b>48,419,865</b>
<b>On Balance Sheet Short Position</b>	<b>(30,099,933)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,319,932)</b>	<b>(48,419,865)</b>
<b>Off-Balance Sheet Long Position</b>	<b>1,350,031</b>	<b>516,516</b>	<b>2,768,143</b>	<b>2,131,085</b>	<b>311,129</b>	<b>-</b>	<b>7,076,904</b>
<b>Off-Balance Sheet Short Position</b>	<b>(680,013)</b>	<b>(497,856)</b>	<b>(2,770,495)</b>	<b>(2,254,009)</b>	<b>(874,531)</b>	<b>-</b>	<b>(7,076,904)</b>
<b>Total Position</b>	<b>(29,429,915)</b>	<b>8,856,394</b>	<b>16,588,973</b>	<b>16,315,081</b>	<b>5,989,399</b>	<b>(18,319,932)</b>	<b>-</b>

(\*) Interest accruals are included in non-interest bearing column.

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

Prior Period	EUR	USD	JPY	TL
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	5.20
Banks (*)	0.25-7.09	0.08-8.21	-	6.50-11.00
Financial Assets at Fair Value through Profit/Loss	0.91-6.28	3.78	-	7.57-16.00
Interbank Money Market Placements	-	-	-	6.50
Financial Assets Available-for-Sale	0.91-9.50	0.50-12.38	-	7.11-20.80
Loans	0.52-17.00	0.33-17.00	5.06	6.90-27.15
Investments Held-to-Maturity	9.25-9.50	6.13-11.75	-	11.56-14.74
<b>Liabilities</b>				
Bank Deposits	0.25-7.09	0.23-8.21	-	6.50-7.05
Other Deposits	0.40-8.30	0.7-8.23	0.23	7.78
Interbank Money Market Takings	-	4.84	-	7.34
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	1.00-6.00	2.26-6.00	3.16	7.35-12.37

(\*) The interest rates for USD and TL placements at banks are 0.76% and 6.57%, respectively, excluding the placements with range accrual agreements.

#### 4.7 Consolidated liquidity risk

In order to avoid the liquidity risk, the Bank diversifies 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 years 2010 and 2009 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	123.99	203.09	89.16	129.40

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	140.51	175.51	99.52	117.84

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

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Undistributed (*)</b>	<b>Total</b>
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,714,715	2,830,334	-	-	-	-	-	<b>7,545,049</b>
Banks	1,873,703	2,237,213	188,917	846,939	1,988,450	2,435,250	-	<b>9,570,472</b>
Financial Assets at Fair Value through Profit/Loss	23,448	227,102	112,415	281,538	313,815	191,197	-	<b>1,149,515</b>
Interbank Money Market Placements	-	2,036	-	-	-	-	-	<b>2,036</b>
Financial Assets Available-for-Sale	95,767	884,604	1,890,423	6,050,572	19,118,878	6,427,566	-	<b>34,467,810</b>
Loans	63,877	10,274,787	7,402,648	11,320,039	25,304,204	15,363,051	428,936	<b>70,157,542</b>
Investments Held-to-Maturity	-	1,449,809	-	4,147	3,126,785	1,313,190	-	<b>5,893,931</b>
Other Assets	574,868	931,683	2,447,536	713,132	824,322	126,574	2,379,754	<b>7,997,869</b>
<b>Total Assets</b>	<b>7,346,378</b>	<b>18,837,568</b>	<b>12,041,939</b>	<b>19,216,367</b>	<b>50,676,454</b>	<b>25,856,828</b>	<b>2,808,690</b>	<b>136,784,224</b>
<b>Liabilities</b>								
Bank Deposits	933,800	1,601,761	139,057	79,674	20,205	-	-	<b>2,774,497</b>
Other Deposits	14,306,899	48,000,298	9,213,677	3,519,854	1,083,920	171,096	-	<b>76,295,744</b>
Other Fundings	-	2,089,925	763,620	6,382,039	7,122,196	4,451,188	-	<b>20,808,968</b>
Interbank Money Market Takings	-	10,679,452	828,969	260,427	-	-	-	<b>11,768,848</b>
Securities Issued	-	-	-	-	-	-	-	<b>-</b>
Miscellaneous Payables	165,677	2,836,782	-	1,860,533	-	-	-	<b>4,862,992</b>
Other Liabilities (**)	615,798	243,026	118,853	230,189	89,659	138,549	18,837,101	<b>20,273,175</b>
<b>Total Liabilities</b>	<b>16,022,174</b>	<b>65,451,244</b>	<b>11,064,176</b>	<b>12,332,716</b>	<b>8,315,980</b>	<b>4,760,833</b>	<b>18,837,101</b>	<b>136,784,224</b>
<b>Liquidity Gap</b>	<b>(8,675,796)</b>	<b>(46,613,676)</b>	<b>977,763</b>	<b>6,883,651</b>	<b>42,360,474</b>	<b>21,095,995</b>	<b>(16,028,411)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>6,662,215</b>	<b>16,733,707</b>	<b>10,434,215</b>	<b>18,527,526</b>	<b>41,697,592</b>	<b>18,771,820</b>	<b>3,507,391</b>	<b>116,334,466</b>
<b>Total Liabilities</b>	<b>14,881,237</b>	<b>58,527,463</b>	<b>7,169,434</b>	<b>8,553,714</b>	<b>7,041,438</b>	<b>4,753,225</b>	<b>15,407,955</b>	<b>116,334,466</b>
<b>Liquidity Gap</b>	<b>(8,219,022)</b>	<b>(41,793,756)</b>	<b>3,264,781</b>	<b>9,973,812</b>	<b>34,656,154</b>	<b>14,018,595</b>	<b>(11,900,564)</b>	<b>-</b>

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

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

**Contractual maturity analysis of liabilities according to remaining maturities:**

The remaining maturities table of the contractual liabilities includes the undiscounted future cash outflows for the principal amounts of the Bank and its financial affiliates' financial liabilities as per their earliest likely contractual maturities.

	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
<b>Current Period</b>								
Bank Deposits	2,774,497	2,770,127	933,789	1,600,187	138,280	78,515	19,356	-
Other Deposits	76,295,744	75,977,357	14,306,806	47,779,945	9,171,426	3,477,238	1,071,213	170,729
Other Fundings	20,808,968	20,535,762	-	1,982,132	634,852	6,348,833	7,119,603	4,450,342
Interbank Money Market Takings	11,768,848	11,743,419	-	10,660,652	822,705	260,062	-	-
Securities Issued	-	-	-	-	-	-	-	-
<b>Total</b>	<b>111,648,057</b>	<b>111,026,665</b>	<b>15,240,595</b>	<b>62,022,916</b>	<b>10,767,263</b>	<b>10,164,648</b>	<b>8,210,172</b>	<b>4,621,071</b>

	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
<b>Prior Period</b>								
Bank Deposits	2,738,333	2,735,186	1,589,345	1,032,377	50,109	48,314	15,041	-
Other Deposits	66,043,380	65,797,397	12,576,988	43,405,334	6,399,964	2,361,006	946,065	108,040
Other Fundings	16,457,808	16,195,118	-	1,169,281	420,365	4,145,635	5,867,504	4,592,333
Interbank Money Market Takings	10,764,729	10,705,562	-	10,155,194	368	400,000	150,000	-
Securities Issued	-	-	-	-	-	-	-	-
<b>Total</b>	<b>96,004,250</b>	<b>95,433,263</b>	<b>14,166,333</b>	<b>55,762,186</b>	<b>6,870,806</b>	<b>6,954,955</b>	<b>6,978,610</b>	<b>4,700,373</b>

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>126,640,820</b>	<b>107,745,258</b>	<b>126,933,331</b>	<b>108,619,596</b>
Interbank Money Market Placements	2,036	1,000,180	2,036	1,000,180
Banks (*)	16,119,501	16,030,983	16,119,501	16,030,983
Financial Assets Available-for-Sale	34,467,810	29,769,634	34,467,810	29,769,634
Investments Held-to-Maturity	5,893,931	7,467,825	6,433,894	8,057,776
Loans	70,157,542	53,476,636	69,910,090	53,761,023
<b>Financial Liabilities</b>	<b>115,532,464</b>	<b>98,750,634</b>	<b>115,532,464</b>	<b>98,750,634</b>
Bank Deposits	2,774,497	2,738,333	2,774,497	2,738,333
Other Deposits	76,295,744	66,043,380	76,295,744	66,043,380
Interbank Money Market Takings and Funds Borrowed	31,599,231	26,231,080	31,599,231	26,231,080
Securities Issued	-	-	-	-
Miscellaneous Payables	4,862,992	3,737,841	4,862,992	3,737,841

(\*) including the balances at the Central Bank of Turkey

Fair values of financial assets available-for-sale and investments held-to-maturity are derived from market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

Fair values of loans are calculated discounting future cash flows at current market interest rates for fixed-rate loans. The carrying values of floating-rate loans are deemed an approximation for their fair values.

Fair values of other financial assets and liabilities represent the total acquisition costs and accrued interest.

The table below analyses the financial instruments carried at fair value, by valuation method:

<b>31 December 2010</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets Available-for-Sale	31,761,995	255,406	2,450,409	34,467,810
Financial Assets Held for Trading	662,053	11,844	1,739	675,636
Derivative Financial Assets Held for Trading	1,491	472,388	-	473,879
Investments in Associates and Subsidiaries	-	-	94,755	94,755
<b>Financial Assets at Fair Value</b>	<b>32,425,539</b>	<b>739,638</b>	<b>2,546,903</b>	<b>35,712,080</b>
Derivative Financial Liabilities Held for Trading	20,169	511,905	450	532,524
Derivative Financial Liabilities Held for Risk Management	-	2,347	-	2,347
<b>Financial Liabilities at Fair Value</b>	<b>20,169</b>	<b>514,252</b>	<b>450</b>	<b>534,871</b>

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

None.

## **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	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	500,567	413,770	468,037	329,562
Central Bank of Turkey	2,662,934	3,886,095	3,375,837	2,596,775
Others	-	81,683	5,130	111,564
<b>Total</b>	<b>3,163,501</b>	<b>4,381,548</b>	<b>3,849,004</b>	<b>3,037,901</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	2,662,934	1,055,761	3,375,837	850,486
Unrestricted Time Deposits	-	-	-	29,809
Restricted Time Deposits	-	2,830,334	-	1,716,480
<b>Total</b>	<b>2,662,934</b>	<b>3,886,095</b>	<b>3,375,837</b>	<b>2,596,775</b>

The banks operating in Turkey keep reserve deposits for turkish lira and foreign currency liabilities in TL 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. The reserves in TL and FCs do not earn any interests. As of the reporting date, reserve deposit rates for TL liabilities vary from 5% to 12% depending on maturities of liabilities.

#### **5.1.2 Financial assets at fair value through profit/loss**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Common Shares	-	-	-	-
Bills, Bonds and Similar Securities	98	-	89	-
Others	-	-	-	-
<b>Total</b>	<b>98</b>	<b>-</b>	<b>89</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	28,433	29,966	17,087	12,059
Swap Transactions	95,815	193,015	424,230	129,523
Futures	11	1,491	-	281
Options	70,078	54,978	21,107	37,825
Others	-	92	-	-
<b>Total</b>	<b>194,337</b>	<b>279,542</b>	<b>462,424</b>	<b>179,688</b>

**5.1.3 Banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	775,901	1,210,801	638,687	377,805
Foreign banks	2,442,708	5,141,062	2,515,054	6,526,825
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>3,218,609</b>	<b>6,351,863</b>	<b>3,153,741</b>	<b>6,904,630</b>

**Due from foreign banks:**

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,516,085	3,822,354	5,539,611	4,387,625
USA and Canada	154,298	275,128	247,293	311,402
OECD Countries (1)	14,717	23,371	-	-
Off-shore Banking Regions	47,602	47,948	20,961	15,824
Others	43,203	158,227	-	-
<b>Total</b>	<b>1,775,905</b>	<b>4,327,028</b>	<b>5,807,865</b>	<b>4,714,851</b>

(1) OECD countries other than the EU countries, USA and Canada

The placements at foreign banks include blocked accounts amounting TL 5,807,865 thousands of which TL 130,281 thousands, TL 177,195 thousands and TL 20,961 thousands are kept at the central banks of Luxembourg, Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 5,479,428 thousands as collateral against funds borrowed at various banks. Furthermore, there are restricted deposits at various domestic banks amounting TL 64,563 thousands as required for insurance activities.

**5.1.4 Financial assets available-for-sale**

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

Collateralized financial assets available-for-sale in TL consist of government bonds. Total carrying value of such securities with total face value of TL 2,609,350 thousands (31 December 2009: TL 1,851,913 thousands) is TL 2,571,988 thousands (31 December 2009: TL 1,769,837 thousands). The related accrued interests amount to TL 140,204 thousands (31 December 2009: TL 234,344 thousands). There are no impairment losses on these securities (31 December 2009: TL 29 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 24,328,000, EUR 225,932,846 and RUB 148,000,000

(31 December 2009: USD 68,675,000, EUR 197,547,000 and RUB 105,000,000), are USD 26,496,517, EUR 233,587,332 and RUB 148,009,030 (31 December 2009: USD 71,205,705, EUR 209,640,915 and RUB 105,178,500). The related accrued interest income amount to USD 3,306,888, EUR 5,302,110 and RUB 3,133,010 respectively (31 December 2009: USD 5,594,374, EUR 4,747,076 and RUB 3,728,550), and the impairment losses to USD 468,364 and EUR 894,635 respectively (31 December 2009: USD 500,712 and EUR 42,535).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	2,712,192	536,393	2,004,152	577,791
Assets subject to Repurchase Agreements	9,760,434	1,207,858	7,957,698	290,863
<b>Total</b>	<b>12,472,626</b>	<b>1,744,251</b>	<b>9,961,850</b>	<b>868,654</b>

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

	Current Period	Prior Period
<b>Debt Securities</b>	<b>30,978,569</b>	<b>26,793,650</b>
Quoted at Stock Exchange	27,945,762	25,004,436
Unquoted at Stock Exchange	3,032,807	1,789,214
<b>Common Shares/Investment Fund</b>	<b>28,625</b>	<b>26,083</b>
Quoted at Stock Exchange	13,213	13,054
Unquoted at Stock Exchange	15,412	13,029
<b>Value Increase/Impairment Losses (-)</b>	<b>3,460,616</b>	<b>2,949,901</b>
<b>Total</b>	<b>34,467,810</b>	<b>29,769,634</b>

As of 31 December 2010, the Bank and its consolidated financial affiliates' "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 730,555,556 (31 December 2009: USD 882,777,778 and EUR 500,000) and a total carrying value of TL 1,124,270 thousands (31 December 2009: TL 1,335,731 thousands).

#### 5.1.5 Loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
<b>Direct Lendings to Shareholders</b>	<b>14</b>	<b>4,831</b>	<b>2</b>	<b>920</b>
Corporates	14	4,831	2	920
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>265,353</b>	<b>419,398</b>	<b>266,063</b>	<b>374,508</b>
<b>Loans to Employees</b>	<b>135,343</b>	<b>-</b>	<b>72,708</b>	<b>-</b>
<b>Total</b>	<b>400,710</b>	<b>424,229</b>	<b>338,773</b>	<b>375,428</b>



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

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
<b>Loans</b>	<b>67,775,236</b>	<b>48,842</b>	<b>1,219,358</b>	<b>685,170</b>
Discounted Bills	215,623	-	144	-
Export Loans	4,680,241	-	15,680	13,263
Import Loans	-	-	-	-
Loans to Financial Sector	2,560,975	-	1,243	45
Foreign Loans	4,177,557	29,441	18,449	-
Consumer Loans	14,613,325	19,401	119,151	82,631
Credit Cards	7,871,037	-	68,142	169,732
Precious Metal Loans	246,163	-	9,170	199
Others	33,410,315	-	987,379	419,300
<b>Specialization Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>67,775,236</b>	<b>48,842</b>	<b>1,219,358</b>	<b>685,170</b>

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

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	21,475	2,463	-	23,938
Loans Collateralized by Mortgages	1,144,034	114,629	-	1,258,663
Loans Collateralized by Pledged Assets	33,894	11,084	-	44,978
Loans Collateralized by Cheques and Notes	55,920	31,132	-	87,052
Loans Collateralized by Other Collaterals	174,298	9,113	-	183,411
Unsecured Loans	35,251	33,361	237,874	306,486
<b>Total</b>	<b>1,464,872</b>	<b>201,782</b>	<b>237,874</b>	<b>1,904,528</b>

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

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
30-60 days	40,766	69,913	53,708	164,387
61-90 days	23,258	33,660	14,434	71,352
Other	1,400,848	98,209	169,732	1,668,789
<b>Total</b>	<b>1,464,872</b>	<b>201,782</b>	<b>237,874</b>	<b>1,904,528</b>

**5.1.5.3 Maturity analysis of cash loans**

	<b>Performing Loans and Other Receivables (Group I)</b>		<b>Loans under Follow-Up and Other Receivables (Group II)</b>	
	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled Loans and Other Receivables</b>	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled Loans and Other Receivables</b>
<b>Short-Term Loans</b>	<b>23,742,648</b>	<b>10,565</b>	<b>223,083</b>	<b>199,836</b>
Loans	23,742,648	10,565	223,083	199,836
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and Long-Term Loans</b>	<b>44,032,588</b>	<b>38,277</b>	<b>996,275</b>	<b>485,334</b>
Loans	44,032,588	38,277	996,275	485,334
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>67,775,236</b>	<b>48,842</b>	<b>1,219,358</b>	<b>685,170</b>

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

	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans – TL</b>	<b>369,675</b>	<b>12,474,932</b>	<b>12,844,607</b>
Housing Loans	23,373	7,351,711	7,375,084
Automobile Loans	16,665	754,294	770,959
General Purpose Loans	27,927	485,044	512,971
Others	301,710	3,883,883	4,185,593
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>499,554</b>	<b>499,554</b>
Housing Loans	-	465,025	465,025
Automobile Loans	-	6,228	6,228
General Purpose Loans	-	14,236	14,236
Others	-	14,065	14,065
<b>Consumer Loans – FC</b>	<b>160,422</b>	<b>848,350</b>	<b>1,008,772</b>
Housing Loans	12,240	373,153	385,393
Automobile Loans	18	10,490	10,508
General Purpose Loans	28,279	45,774	74,053
Others	119,885	418,933	538,818
<b>Retail Credit Cards – TL</b>	<b>7,561,631</b>	<b>74,554</b>	<b>7,636,185</b>
With Installment	3,388,116	74,554	3,462,670
Without Installment	4,173,515	-	4,173,515
<b>Retail Credit Cards – FC</b>	<b>33,283</b>	<b>62,183</b>	<b>95,466</b>
With Installment	14,556	-	14,556
Without Installment	18,727	62,183	80,910
<b>Personnel Loans – TL</b>	<b>22,608</b>	<b>16,012</b>	<b>38,620</b>
Housing Loan	-	1,548	1,548
Automobile Loans	-	177	177
General Purpose Loans	1,105	743	1,848
Others	21,503	13,544	35,047
<b>Personnel Loans – FC-indexed</b>	<b>399</b>	<b>8,688</b>	<b>9,087</b>
Housing Loans	399	8,688	9,087
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>583</b>	<b>45,679</b>	<b>46,262</b>
Housing Loans	-	4,292	4,292
Automobile Loans	-	-	-
General Purpose Loans	2	68	70
Others	581	41,319	41,900
<b>Personnel Credit Cards – TL</b>	<b>32,511</b>	<b>325</b>	<b>32,836</b>
With Installment	23,544	325	23,869
Without Installment	8,967	-	8,967
<b>Personnel Credit Cards – FC</b>	<b>445</b>	<b>1,425</b>	<b>1,870</b>
With Installment	108	-	108
Without Installment	337	1,425	1,762
<b>Deposit Accounts– TL (real persons)</b>	<b>387,606</b>	<b>-</b>	<b>387,606</b>
<b>Deposit Accounts– FC (real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8,569,163</b>	<b>14,031,702</b>	<b>22,600,865</b>

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

	Short-Term	Medium and Long-Term	Total
<b>Installment-based Commercial Loans – TL</b>	<b>566,900</b>	<b>5,446,667</b>	<b>6,013,567</b>
Real Estate Loans	1,353	507,591	508,944
Automobile Loans	56,171	1,059,270	1,115,441
General Purpose Loans	509,376	3,876,160	4,385,536
Others	-	3,646	3,646
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>62,919</b>	<b>540,665</b>	<b>603,584</b>
Real Estate Loans	-	55,245	55,245
Automobile Loans	4,183	163,220	167,403
General Purpose Loans	58,736	322,200	380,936
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>310,485</b>	<b>656,581</b>	<b>967,066</b>
Real Estate Loans	-	1,117	1,117
Automobile Loans	18	3,920	3,938
General Purpose Loans	467	3,234	3,701
Others	310,000	648,310	958,310
<b>Corporate Credit Cards – TL</b>	<b>337,954</b>	<b>660</b>	<b>338,614</b>
With Installment	136,567	658	137,225
Without Installment	201,387	2	201,389
<b>Corporate Credit Cards – FC</b>	<b>3,940</b>	<b>-</b>	<b>3,940</b>
With Installment	438	-	438
Without Installment	3,502	-	3,502
<b>Deposit Accounts– TL (corporates)</b>	<b>424,311</b>	<b>-</b>	<b>424,311</b>
<b>Deposit Accounts– FC (corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,706,509</b>	<b>6,644,573</b>	<b>8,351,082</b>

**5.1.5.6 Allocation of loans by customers**

	Current Period	Prior Period
Public Sector	1,253,384	1,371,789
Private Sector	68,475,222	51,677,989
<b>Total</b>	<b>69,728,606</b>	<b>53,049,778</b>

**5.1.5.7 Allocation of domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	64,742,509	50,025,017
Foreign Loans	4,986,097	3,024,761
<b>Total</b>	<b>69,728,606</b>	<b>53,049,778</b>

**5.1.5.8 Loans to associates and subsidiaries**

	Current Period	Prior Period
Direct Lending	25,747	243
Indirect Lending	-	-
<b>Total</b>	<b>25,747</b>	<b>243</b>

**5.1.5.9 Specific provisions for loans**

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	21,413	185,391
Doubtful Loans and Receivables	102,679	560,941
Uncollectible Loans and Receivables	1,680,083	1,122,008
<b>Total</b>	<b>1,804,175</b>	<b>1,868,340</b>

**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
<b>Current Period</b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	10,777	14,723	248,832
Rescheduled Loans and Receivables	-	-	-
<b>Total</b>	<b>10,777</b>	<b>14,723</b>	<b>248,832</b>
<b>Prior Period</b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	55,667	227,343	229,139
Rescheduled Loans and Receivables	-	-	-
<b>Total</b>	<b>55,667</b>	<b>227,343</b>	<b>229,139</b>

**Movements in non-performing loan groups:**

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Balances at Beginning of Period</b>	<b>317,665</b>	<b>724,054</b>	<b>1,253,479</b>
Additions (+)	427,565	41,910	469,416
Transfer from Other NPL Categories (+)	-	562,018	928,726
Transfer to Other NPL Categories (-)	562,018	934,265	23,054
Collections during the Period (-)	113,493	255,590	535,021
Write-offs (-)	-	-	68,281
Corporate and Commercial Loans	-	-	12,103
Retail Loans	-	-	104
Credit Cards	-	-	56,074
Other	-	-	-
<b>Balances at End of Period</b>	<b>69,719</b>	<b>138,127</b>	<b>2,025,265</b>
Specific Provisions (-)	21,413	102,679	1,680,083
<b>Net Balance on Balance Sheet</b>	<b>48,306</b>	<b>35,448</b>	<b>345,182</b>

***Movements in specific loan provisions***

	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>595,350</b>	<b>510,700</b>	<b>762,290</b>	<b>1,868,340</b>
Additions during the Period (+)	226,929	237,822	248,505	713,256
Restructured/Rescheduled Loans (-)	11,399	5,429	-	16,828
Collections during the Period (-)	152,314	230,179	310,068	692,561
Write-Offs (-)	11,854	104	56,074	68,032
<b>Balances at End of Period</b>	<b>646,712</b>	<b>512,810</b>	<b>644,653</b>	<b>1,804,175</b>

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

	<b>Group III Substandard Loans and Receivables</b>	<b>Group IV Doubtful Loans and Receivables</b>	<b>Group V Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
<b>Balance at End of Period</b>	<b>2,781</b>	<b>3,264</b>	<b>616,792</b>
Specific Provisions (-)	105	456	475,291
<b>Net Balance at Balance Sheet</b>	<b>2,676</b>	<b>2,808</b>	<b>141,501</b>
<b>Prior Period</b>			
<b>Balance at End of Period</b>	<b>73,754</b>	<b>39,090</b>	<b>246,415</b>
Specific Provisions (-)	51,023	19,622	227,514
<b>Net Balance at Balance Sheet</b>	<b>22,731</b>	<b>19,468</b>	<b>18,901</b>

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

	<b>Group III Substandard Loans and Receivables</b>	<b>Group IV Doubtful Loans and Receivables</b>	<b>Group V Uncollectible Loans and Receivables</b>
<b>Current Period (Net)</b>	<b>48,306</b>	<b>35,448</b>	<b>345,182</b>
Loans to Individuals and Corporates (Gross)	69,719	138,127	2,018,150
Specific Provision (-)	21,413	102,679	1,672,968
Loans to Individuals and Corporates (Net)	48,306	35,448	345,182
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,804
Specific Provision (-)	-	-	6,804
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>132,274</b>	<b>163,113</b>	<b>131,471</b>
Loans to Individuals and Corporates (Gross)	317,665	724,054	1,245,458
Specific Provision (-)	185,391	560,941	1,113,987
Loans to Individuals and Corporates (Net)	132,274	163,113	131,471
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,710
Specific Provision (-)	-	-	7,710
Other Loans and Receivables (Net)	-	-	-

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

	<b>Corporate/Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	1,077	271	-	1,348
Loans Collateralized by Mortgages	366,653	92,140	-	458,793
Loans Collateralized by Pledged Assets	235,694	68,499	-	304,193
Loans Collateralized by Cheques and Notes	128,903	175,199	-	304,102
Loans Collateralized by Other Collaterals	134,510	16,886	-	151,396
Unsecured Loans	107,368	237,855	668,056	1,013,279
<b>Total</b>	<b>974,205</b>	<b>590,850</b>	<b>668,056</b>	<b>2,233,111</b>

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

Uncollectible loans and receivables are collected through legal follow-up and liquidation of the collaterals.

**5.1.5.12 Write-off policy**

Bank's write-off policy is to write-off the receivables when it is documented that the collection is not possible with legal follow-up.

**5.1.6 Factoring receivables**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-Term	1,162,592	288,992	628,065	227,595
Medium and Long-Term	-	-	-	-
<b>Total</b>	<b>1,162,592</b>	<b>288,992</b>	<b>628,065</b>	<b>227,595</b>

**5.1.7 Investments held-to-maturity**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	2,904,701	406,444	1,860,387	280,390
Investments subject to Repurchase Agreements	908,463	409,643	2,637,832	152,905
<b>Total</b>	<b>3,813,164</b>	<b>816,087</b>	<b>4,498,219</b>	<b>433,295</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	4,576,594	5,991,656
Treasury Bills	-	-
Other Government Securities	1,313,190	1,438,946
<b>Total</b>	<b>5,889,784</b>	<b>7,430,602</b>

**5.1.7.3 Investments held-to-maturity**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>5,583,946</b>	<b>7,221,757</b>
Quoted at Stock Exchange	5,579,803	7,184,957
Unquoted at Stock Exchange	4,143	36,800
<b>Valuation Increase / (Decrease)</b>	<b>309,985</b>	<b>246,068</b>
<b>Total</b>	<b>5,893,931</b>	<b>7,467,825</b>

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

	Current Period	Prior Period
<b>Balances at Beginning of Period</b>	<b>7,467,825</b>	<b>7,784,381</b>
Foreign Currency Differences on Monetary Assets	19,353	(27,979)
Purchases during the Period	4,143	927,839
Disposals through Sales/Redemptions	(1,661,549)	(1,155,617)
Valuation Effect	64,159	(60,799)
<b>Balances at End of Period</b>	<b>5,893,931</b>	<b>7,467,825</b>

**5.1.8 Investments in associates**

**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 <sup>(2)</sup>	Istanbul/Turkey	-	9.00
2	Bankalararası Kart Merkezi AŞ	Istanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ <sup>(2)</sup>	Istanbul/Turkey	0.77	0.77
4	İMKB Takas ve Saklama Bankası AŞ <sup>(2)</sup>	Istanbul/Turkey	5.83	5.83
5	Vadeli İşlem ve Opsiyon Borsası AŞ <sup>(2)</sup>	Istanbul/Turkey	6.00	6.00
6	KKB Kredi Kayıt Bürosu AŞ	Istanbul/Turkey	9.09	9.09
7	Gelişen Bilgi Teknolojileri AŞ <sup>(**)</sup> (2)	Istanbul/Turkey	5.00	5.00
8	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(1)</sup>	Ankara / Turkey	2.48	2.48
9	Kredi Garanti Fonu AŞ <sup>(2)</sup>	Ankara / Turkey	1.67	1.67

	Total Assets	Shareholders' Equity	Total Fixed Assets <sup>(*)</sup>	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	6,893	5,958	347	302	71	1,679	625	-
2	21,011	15,865	6,736	912	-	1,465	5,481	-
3	529,009	57,850	1,645	20,677	1,280	7,662	2,148	-
4	1,666,061	293,492	10,954	23,865	6,559	23,845	91,721	-
5	51,152	47,662	5,056	2,576	38	10,884	23,983	-
6	44,767	36,805	1,998	2,555	-	14,132	9,103	-
7	590	430	-	480	-	355	-	-
8	155,794	10,821	246	3,764	2,291	1,637	10,774	-
9	138,091	133,547	2,235	4,510	-	5,437	3,528	-

<sup>(1)</sup> Financial information is as of 31 December 2009.

<sup>(2)</sup> Financial information is as of 30 September 2010.

<sup>(\*)</sup> Total fixed assets include tangible and intangible assets.

<sup>(\*\*)</sup> The commercial name of Gelişen İşletmeler Piyasaları AŞ has been changed as Gelişen Bilgi Teknolojileri AŞ during the period. At the annual general assembly of Gelişen Bilgi Teknolojileri AŞ held on 5 April 2010, the company's capital has been decreased from TL 10,000 thousands to TL 50 thousands.

**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
2	Garanti Yatırım Ortaklığı AŞ	İstanbul / Türkiye	0.21	0.21

	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	684,688	301,223	14,790	22,772	12,802	49,376	144,277	-
2	31,127	30,952	17	-	4,531	3,429	437	17,213

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

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 0.21%, has been consolidated in the accompanying consolidated financial statements starting from 30 June 2010 under full consolidation method due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

**5.1.8.3 Movement of consolidated investments in associates**

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>50,579</b>	<b>40,342</b>
<b>Movements during the Period</b>	<b>9,665</b>	<b>10,237</b>
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	9,974	9,221
Sales/Liquidations (-)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(309)	1,016
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>60,244</b>	<b>50,579</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

**Valuation methods of consolidated investments in associates**

Associates	Current Period	Prior Period
Valued at Cost	-	-
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	60,244	50,579

**Sectoral distribution of consolidated investments and associates**

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	60,244	50,579
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**

**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	96.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
7	United Custodian	Amsterdam/Holland	-	100.00
8	Trifoi Investments	Amsterdam/Holland	-	100.00
9	Golden Clover Stichting Custody	Amsterdam/Holland	-	100.00
10	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
11	Garanti Broker Asigurari BRL	Bucharest/Romania	-	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	24,952	16,373	727	-	408	3,096	(94,020)	-
2	23,454	11,683	624	-	1,151	1,537	9,567	-
3	1,141	989	4	-	17	576	-	-
4	563	204	35	-	-	(1)	(140)	-
5	1,331	1,203	-	-	8	263	181	-
6	128	105	124	-	-	22	(34)	-
7	255	255	-	-	-	-	-	-
8	-	(1)	-	-	-	-	(3)	-
9	257	255	-	-	-	-	-	-
10	194,995	17,934	161,096	5	-	10,457	(2,524)	-
11	11	7	-	-	-	(5)	-	-

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

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

As of 31 December 2010, the investments in Garanti Ödeme Sistemleri AŞ, Trifoi Real Estate Company, United Custodian, Trifoi Investments, Golden Clover Stichting Custody and Garanti Broker Asigurari BRL classified as financial subsidiaries are not consolidated in the context of materiality concept, instead they are valued at cost.

The non-financial investments are accounted under cost method of accounting.

**5.1.9.2 Movement of consolidated investments in subsidiaries**

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>997,754</b>	<b>810,562</b>
<b>Movements during the Period</b>	<b>648,778</b>	<b>187,192</b>
Acquisitions and Capital Increases <sup>(*)</sup>	578,446	93
Bonus Shares Received <sup>(**)</sup>	953	(125,648)
Dividends from Current Year Profit	-	-
Sales/Liquidations	(4,227)	-
Reclassifications	-	-
Increase/Decrease in Market Values	55,858	310,519
Currency Differences on Foreign Subsidiaries	17,748	2,228
Reversal of Impairment Losses / Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>1,646,532</b>	<b>997,754</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> At 24 February 2010, the Bank acquired 430 common stocks of Garanti Bank Moscow representing 24.8555% of its registered capital at a total face value of RUR 109,650,000 from Garanti Financial Services Plc at a cost of USD 3,826,933.41 through subrogation.

On 27 May 2010, the Bank purchased the shares of D Netherlands Holding BV, established in Holland, presenting 100% ownership at a price of EUR 53.5 millions from Doğu Holding AŞ, and subsequent to this share purchase, the paid-in capital of D Netherlands Holding BV was increased by EUR 118.4 millions. D Netherlands Holding BV is the shareholder of Doğu GE BV directly, and GE Garanti Bank SA, Motoractive IFN SA, Ralfi IFN SA and Domenia Credit IFN SA, all resident in Romania, indirectly through Doğu GE BV.

The paid-in capital of D Netherlands Holding BV was increased to EUR 247,088,600 from EUR 217,088,600 on 27 August 2010. The funding raised from this capital increase was used to increase the paid-in capitals of the financial subsidiaries under D Netherlands Holding BV and accordingly, the participation ratio of the Bank in these financial institutions increased from 70.00% to 73.27%.

As per the decision made at the board of directors' meeting of the Bank held on 8 December 2010, the existing capital of D Netherlands Holding BV was increased by EUR 82,000,000. Following this capital increase, as per the decisions made at the board of directors' meeting of D Netherlands Holding BV held on 16 December 2010;

- 1) Leasemart Holding BV, the Netherlands-based company, was acquired by D Netherlands Holding BV from GE Capital Corporation for a consideration of EUR 46.4 millions.
- 2) Following the above mentioned share purchase transaction, the percentage of shares owned indirectly by the Bank was increased from 73.27% to 100% in the Romania-based subsidiaries which are Garanti Bank SA (formerly GE Garanti Bank SA), Motoractive IFN SA, Domenia Credit IFN SA and Ralfi IFN SA.
- 3) The remaining amount of the increased share capital of D Netherlands Holding BV was utilized to increase the share capital of Garanti Bank SA by EUR 35 millions through Doğu GE BV.

<sup>(\*\*)</sup> The paid-in capital of Garanti Faktoring Hizmetleri AŞ was increased from TL 19,280 thousands to TL 21,000 thousands through appropriation from its retained earnings on 8 September 2010.

**Valuation methods of consolidated investments in subsidiaries**

	Current Period	Prior Period
Valued at Cost	210,587	210,587
Valued at Fair Value	1,435,945	787,167
Valued by Equity Method of Accounting	-	-

***Sectoral distribution of consolidated investments in subsidiaries***

	Current Period	Prior Period
Banks	783,622	689,498
Insurance Companies	56,545	56,545
Factoring Companies	73,533	68,365
Leasing Companies	85,381	85,381
Finance Companies	647,451	97,965
Other Subsidiaries	-	-

***Quoted consolidated investments in subsidiaries***

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	73,533	68,365
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 <sup>(1)</sup>	Istanbul/Turkey	55.40	-	Full Consolidation
3	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
4	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
5	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	0.01	Full Consolidation
6	Garanti Bank International NV	Amsterdam/Holland	100.00	-	Full Consolidation
7	Garanti Bank Moscow	Moscow/Russia	99.94	-	Full Consolidation
8	D Netherlands Holding BV	Amsterdam/Holland	100.00	-	Full Consolidation
9	Leasemart Holding BV	Amsterdam/Holland	-	100.00	Full Consolidation
10	Doğuş GE BV	Amsterdam/Holland	-	100.00	Full Consolidation
11	Garanti Bank SA <sup>(**)</sup>	Bucharest/Romania	-	100.00	Full Consolidation
12	Motoractive IFN SA <sup>(***)</sup>	Bucharest/Romania	-	100.00	Full Consolidation
13	Ralfi IFN SA <sup>(***)</sup>	Bucharest/Romania	-	100.00	Full Consolidation
14	Domenic Credit IFN SA <sup>(***)</sup>	Bucharest/Romania	-	100.00	Full Consolidation

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets (*)</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss and Extraordinary Reserves</b>	<b>Company's Fair Value (if available)</b>
1	2,193,634	419,073	17,862	155,277	-	79,519	256,306	-
2	1,427,313	60,486	2,540	76,379	363	9,003	26,953	132,720
3	74,736	58,902	5,744	729	1,424	3,345	9,989	-
4	20,349	15,236	3,290	1,174	238	1,188	948	-
5	2,376,076	329,207	11,992	26,352	9,580	99,589	157,050	-
6	7,221,799	663,518	52,988	236,921	85,365	82,853	263,985	663,795
7	499,470	119,718	37,806	16,334	13,201	18,946	53,250	119,896
8	373,113	373,083	-	-	-	(86)	(221,101)	578,791
9	44,621	44,240	-	2	-	(51)	31,096	-
10	653,004	548,494	-	-	-	(6,741)	(3,248)	-
11	2,939,010	356,825	49,572	74,266	14,080	(58,267)	(4,728)	-
12	219,478	24,683	6,224	12,599	-	(2,680)	(4,649)	-
13	153,439	11,836	1,694	26,515	-	(11,388)	508	-
14	279,782	23,096	947	9,905	-	(7,513)	(5,612)	-

(1) Financial information is as of 30 September 2010, the fair value information is as of 31 December 2010.

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

(\*\*) GE Garanti Bank SA's name changed to Garanti Bank SA.

(\*\*\*) During the board meetings of Ralfi IFN SA, Motoractive IFN SA and Domenia Credit IFN SA held in June 2010, as part of the approval processes of their 2009 annual financial statements, these institutions' losses accumulated up to 31 December 2009 have been covered by their existing reserves and capitals.

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

The liquidation processes of Garanti Fund Management Co Ltd and Garanti Financial Services Plc were finalized and the disposals were recognized by 31 May 2010.

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

Please refer to Note 5.1.9.2.

#### **5.1.10 Investments in joint-ventures**

None.

#### **5.1.11 Lease receivables**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	851,236	732,334	791,344	664,371
Between 1-5 Years	996,099	873,899	943,917	830,101
Longer than 5 Years	131,069	120,503	50,337	47,037
<b>Total</b>	<b>1,978,404</b>	<b>1,726,736</b>	<b>1,785,598</b>	<b>1,541,509</b>

#### **5.1.11.2 Net financial lease receivables**

	<b>Current Period</b>	<b>Prior Period</b>
Gross Financial Lease Receivables	1,978,404	1,785,598
Unearned Income on Financial Lease Receivables (-)	(251,668)	(244,089)
Terminated Lease Contracts (-)	-	-
<b>Net Financial Lease Receivables</b>	<b>1,726,736</b>	<b>1,541,509</b>

#### **5.1.11.3 Financial lease agreements**

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

The customer applied for a financial lease is evaluated based on the lending policies and criteria 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 assessments 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**

None.

### 5.1.13 Tangible assets

	Real Estates	Finansal Kiralama ile Edinilen MD	Vehicles	Other Tangible Assets	Total
<b>Balance at End of Prior Period</b>					
Cost	1,093,372	402,004	39,070	919,053	2,453,499
Accumulated Depreciation	(246,783)	(311,000)	(29,733)	(575,730)	(1,163,246)
<b>Net Book Value</b>	<b>846,589</b>	<b>91,004</b>	<b>9,337</b>	<b>343,323</b>	<b>1,290,253</b>
<b>Balance at End of Current Period</b>					
<b>Net Book Value at Beginning of Current Period</b>	846,589	91,004	9,337	343,323	1,290,253
Additions	91,797	2,865	6,031	205,466	306,159
Disposals (Cost)	(28,964)	(8,774)	(4,442)	(70,128)	(112,308)
Disposals (Accumulated Depreciation)	1,551	8,503	3,343	52,069	65,466
Reversal of Impairment Losses (-)	9,670	-	-	(143)	9,527
Depreciation Expense for Current Period	(24,147)	(36,629)	(6,570)	(117,472)	(184,818)
Currency Translation Differences on Foreign Operations, net	(2,544)	-	(504)	2,190	(858)
Cost at End of Current Period	1,163,225	396,095	40,170	1,054,924	2,654,414
Accumulated Depreciation at End of Current Period	(269,273)	(339,126)	(32,975)	(639,619)	(1,280,993)
<b>Net Book Value at End of Current Period</b>	<b>893,952</b>	<b>56,969</b>	<b>7,195</b>	<b>415,305</b>	<b>1,373,421</b>

#### 5.1.13.1 Disclosure for impairment losses or releases individually material for financial statements

##### *Conditions for allocating/releasing any impairment*

None.

##### *Amount of impairment losses provided or released in financial statements during current period*

None.

#### 5.1.13.2 Other impairment losses provided or released in current period that are immaterial for the financial statement individually but material for the financial statements aggregately

A provision of TL 143 thousands is made for the impairment in values of certain real estates and a provision of TL 9,670 thousands is reversed in 2010 in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets".

### 5.1.14 Intangible assets

#### 5.1.14.1 Useful lives and amortisation rates

The consolidation goodwill classified under intangible assets is not amortized. The estimated useful lives of softwares and other intangible assets vary between 3 and 15 years.

#### 5.1.14.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation. The consolidation goodwill is not amortized, however is subject to impairment testing regularly and if there is any impairment, a provision is made.

**5.1.14.3 Balances at beginning and end of current period**

	Current Period		Prior Period	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intangible Assets	149,206	93,401	117,613	70,667

**5.1.14.4 Movements of intangible assets for the current period**

	Current Period	Prior Period
<b>Net Book Value at Beginning Period</b>	<b>46,946</b>	<b>37,479</b>
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	32,949	18,032
Disposals (-)	(1,616)	(418)
Impairment Losses/Reversals to/from Revaluation Surplus	-	9
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(19,058)	(10,738)
Currency Translation Differences on Foreign Operations	(3,416)	534
Other Movements	-	2,048
<b>Net Book Value at End of Current Period</b>	<b>55,805</b>	<b>46,946</b>

**5.1.14.5 Details for any individually material intangible assets**

None.

**5.1.14.6 Intangible assets capitalised under government incentives at fair values**

None.

**5.1.14.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates**

None.

**5.1.14.8 Net book value of intangible asset that are restricted in usage or pledged**

None.

**5.1.14.9 Commitments to acquire intangible assets**

None.

**5.1.14.10 Disclosure on revalued intangible assets**

None.

**5.1.14.11 Research and development costs expensed during current period**

None.



#### 5.1.14.12 Goodwill

	Shares %	Carrying Value
<b>Goodwill</b>		
Garanti Yatırım	100.00	2,778
Garanti Finansal Kiralama	98.94	2,119
Garanti Faktoring	55.40	1,491
<b>Total</b>		<b>6,388</b>

#### 5.1.14.13 Movements in goodwill during current period

	Current Period
<b>Net Book Value at Beginning Period</b>	<b>6,388</b>
Movements in Current Period	-
Additions	-
Adjustments due to the Changes in Value of Assets and Liabilities	-
Disposals in Current Period due to a Discontinued Operation Or Partial or Complete Disposal of an Asset (-)	-
Amortisation Expense for Current Period (-)	-
Impairment Losses (-)	-
Reversal of Impairment Losses (-)	-
Other changes in Book Values	-
<b>Net Book Value at End of Current Period</b>	<b>6,388</b>

#### 5.1.15 Investment property

None.

#### 5.1.16 Deferred tax asset

As of 31 December 2010, on a consolidated basis the Bank has a deferred tax asset of TL 161,116 thousands (31 December 2009: TL 78,717 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

There is no deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 December 2010. However, there is a deferred tax asset of TL 237,129 thousands (31 December 2009: TL 248,506 thousands) and deferred tax liability of TL 76,013 thousands (31 December 2009: TL 169,789 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.

As per the annulment decision of the Turkish Constitutional Court as explained in Note 3.18.4, Garanti Finansal Kiralama, a consolidated subsidiary of the Bank, is subject to investment allowance ruling and can use its available allowances to reduce its taxable corporate income without any time limitations. Accordingly, a deferred tax asset amounting TL 32,383 thousands is recorded in the accompanying consolidated financial statements as of 31 December 2009 considering the fact that Garanti Finansal Kiralama may use its right of deducting investment allowances from its corporate income in the future. In the accompanying consolidated financial statements as of 31 December 2010, a deferred tax asset amounting TL 11,959 thousands is included in this respect.

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**

	<b>Current Period</b>	<b>Prior Period</b>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>82,336</b>	<b>83,178</b>
<b>Accumulated Depreciation (-)</b>	<b>(1,144)</b>	<b>(1,832)</b>
<b>Net Book Value</b>	<b>81,192</b>	<b>81,346</b>
<b>End of Current Period</b>		
Additions	80,899	33,184
Disposals (Cost)	(54,819)	(25,278)
Disposals (Accumulated Depreciation)	483	1,358
Reversal of Impairment / Impairment Losses (-)	(2,737)	(8,748)
Depreciation Expense for Current Period (-)	(985)	(670)
Currency Translation Differences on Foreign Operations	-	-
<b>Cost</b>	<b>105,679</b>	<b>82,336</b>
<b>Accumulated Depreciation (-)</b>	<b>(1,646)</b>	<b>(1,144)</b>
<b>Net Book Value</b>	<b>104,033</b>	<b>81,192</b>

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 6,293 thousands (31 December 2009: TL 3,263 thousands).

#### **5.1.18 Other Assets**

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

	<b>Current Period</b>	<b>Prior Period</b>
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	4,249	17,353
Sale of Real Estates	45	-
Sale of Other Assets	2,920	2,884
<b>Total</b>	<b>7,214</b>	<b>20,237</b>

##### **5.1.18.2 Prepaid expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Prepaid Expenses	248,019	244,835

## 5.2 Consolidated liabilities

### 5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
<b>Saving Deposits</b>	<b>2,434,150</b>	-	<b>6,612,117</b>	<b>16,505,046</b>	<b>946,670</b>	<b>223,924</b>	<b>138,640</b>	<b>770</b>	<b>26,861,317</b>
<b>Foreign Currency Deposits</b>	<b>7,733,909</b>	-	<b>7,391,591</b>	<b>11,899,800</b>	<b>1,142,408</b>	<b>2,589,329</b>	<b>2,329,614</b>	<b>87,013</b>	<b>33,173,664</b>
Residents in Turkey	5,046,573	-	6,918,206	10,919,299	949,652	689,760	919,787	85,730	25,529,007
Residents in Abroad	2,687,336	-	473,385	980,501	192,756	1,899,569	1,409,827	1,283	7,644,657
<b>Public Sector Deposits</b>	<b>520,469</b>	-	<b>2,154</b>	<b>23,302</b>	<b>355</b>	<b>1,985</b>	-	-	<b>548,265</b>
<b>Commercial Deposits</b>	<b>3,094,867</b>	-	<b>3,408,367</b>	<b>6,913,286</b>	<b>926,017</b>	<b>270,943</b>	<b>136,774</b>	-	<b>14,750,254</b>
<b>Others</b>	<b>58,853</b>	-	<b>20,830</b>	<b>292,764</b>	<b>115,900</b>	<b>155</b>	<b>5,077</b>	-	<b>493,579</b>
<b>Precious Metal Deposits</b>	<b>464,651</b>	-	<b>4</b>	-	-	<b>4,010</b>	-	-	<b>468,665</b>
<b>Bank Deposits</b>	<b>933,800</b>	-	<b>1,240,683</b>	<b>332,776</b>	<b>161,638</b>	<b>58,136</b>	<b>47,464</b>	-	<b>2,774,497</b>
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	151,885	-	634,245	84,609	92,813	-	716	-	964,268
Foreign Banks	337,571	-	606,438	248,167	68,825	58,136	46,748	-	1,365,885
Special Financial Institutions	444,344	-	-	-	-	-	-	-	444,344
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15,240,699</b>	-	<b>18,675,746</b>	<b>35,966,974</b>	<b>3,292,988</b>	<b>3,148,482</b>	<b>2,657,569</b>	<b>87,783</b>	<b>79,070,241</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
<b>Saving Deposits</b>	<b>1,833,772</b>	-	<b>7,089,376</b>	<b>11,569,248</b>	<b>175,313</b>	<b>134,826</b>	<b>83,831</b>	<b>51</b>	<b>20,886,417</b>
<b>Foreign Currency Deposits</b>	<b>7,582,027</b>	-	<b>9,104,499</b>	<b>9,296,644</b>	<b>444,965</b>	<b>1,360,734</b>	<b>2,412,379</b>	<b>89,179</b>	<b>30,290,427</b>
Residents in Turkey	4,698,349	-	8,356,255	8,751,946	359,979	254,215	817,161	87,831	23,325,736
Residents in Abroad	2,883,678	-	748,244	544,698	84,986	1,106,519	1,595,218	1,348	6,964,691
<b>Public Sector Deposits</b>	<b>461,652</b>	-	<b>5,722</b>	<b>8,017</b>	<b>15</b>	<b>302</b>	<b>67</b>	-	<b>475,775</b>
<b>Commercial Deposits</b>	<b>2,280,440</b>	-	<b>3,993,514</b>	<b>7,251,222</b>	<b>40,005</b>	<b>68,916</b>	<b>150,864</b>	-	<b>13,784,961</b>
<b>Others</b>	<b>85,261</b>	-	<b>42,193</b>	<b>139,686</b>	<b>686</b>	<b>137</b>	<b>273</b>	-	<b>268,236</b>
<b>Precious Metal Deposits</b>	<b>333,836</b>	-	<b>34</b>	<b>2,610</b>	-	<b>1,084</b>	-	-	<b>337,564</b>
<b>Bank Deposits</b>	<b>1,589,345</b>	-	<b>923,360</b>	<b>118,219</b>	<b>28,715</b>	<b>47,728</b>	<b>30,966</b>	-	<b>2,738,333</b>
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	100,175	-	213,048	38,075	-	13,194	4,730	-	369,222
Foreign Banks	1,179,801	-	710,312	80,144	28,715	34,534	26,236	-	2,059,742
Special Financial Institutions	309,369	-	-	-	-	-	-	-	309,369
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14,166,333</b>	-	<b>21,158,698</b>	<b>28,385,646</b>	<b>689,699</b>	<b>1,613,727</b>	<b>2,678,380</b>	<b>89,230</b>	<b>68,781,713</b>

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

#### 5.2.1.1.1 Deposits exceeding insurance limit

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	11,539,769	9,297,711	15,141,116	11,380,762
Foreign Currency Saving Deposits	6,533,041	7,242,292	10,275,662	10,277,032
Other Saving Deposits	204,524	120,181	243,956	175,083
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

None.

#### 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	375,362	401,603
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	186,298	172,124
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	
	TL	FC	TL	FC
Forward Transactions	30,013	11,083	12,214	16,829
Swap Transactions	168,864	213,387	86,116	170,251
Futures	46	1,846	-	106
Options	47,857	53,272	19,542	36,358
Others	-	6,156	-	-
<b>Total</b>	<b>246,780</b>	<b>285,744</b>	<b>117,872</b>	<b>223,544</b>

### 5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,508,513	608,657	1,005,262	775,418
Foreign Banks, Institutions and Funds	5,116,998	12,596,215	3,122,201	10,563,470
<b>Total</b>	<b>6,625,511</b>	<b>13,204,872</b>	<b>4,127,463</b>	<b>11,338,888</b>

**5.2.3.1 Maturities of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2,212,061	5,308,895	1,091,320	3,895,952
Medium and Long-Term	4,413,450	7,895,977	3,036,143	7,442,936
<b>Total</b>	<b>6,625,511</b>	<b>13,204,872</b>	<b>4,127,463</b>	<b>11,338,888</b>

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

The Bank finances its ordinary banking activities through deposits and funds borrowed. Its deposit structure has a balanced TL and foreign currency concentration. The Bank's other funding sources specifically consist of foreign currency funds borrowed from abroad and TL funds obtained through repurchase transactions.

**5.2.4 Interbank money markets**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>10,180,670</b>	-	<b>9,804,711</b>	-
Financial Institutions and Organizations	10,115,836	-	9,749,113	-
Other Institutions and Organizations	19,318	-	18,423	-
Individuals	45,516	-	37,175	-
<b>Foreign Transactions</b>	<b>156,569</b>	<b>1,398,103</b>	<b>572,540</b>	<b>387,478</b>
Financial Institutions and Organizations	155,900	1,398,103	572,241	387,478
Other Institutions and Organizations	284	-	176	-
Individuals	385	-	123	-
<b>Total</b>	<b>10,337,239</b>	<b>1,398,103</b>	<b>10,377,251</b>	<b>387,478</b>

**5.2.5 Factoring payables**

None.

**5.2.6 Lease payables**

**5.2.6.1 Financial lease payables**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	994	994	5,034	5,034
Between 1-5 Years	1,402	1,402	-	-
Longer than 5 Years	-	-	-	-
<b>Total</b>	<b>2,396</b>	<b>2,396</b>	<b>5,034</b>	<b>5,034</b>

**5.2.6.2 Operational lease agreements**

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

## 5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	2,347	-	3,464
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	-	<b>2,347</b>	-	<b>3,464</b>

## 5.2.8 Provisions

### 5.2.8.1 General provisions

	Current Period	Prior Period
<b>General Provision for</b>	<b>660,467</b>	<b>437,334</b>
Loans and Receivables in Group I	571,746	383,421
Loans and Receivables in Group II	34,862	13,342
Non-Cash Loans	53,859	40,571
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	4,027	10,494
Medium and Long Term Loans	7,429	9,244
<b>Total</b>	<b>11,456</b>	<b>19,738</b>

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

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

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	738	7,473
Doubtful Loans and Receivables	3,339	14,085
Uncollectible Loans and Receivables	53,210	34,547
<b>Total</b>	<b>57,287</b>	<b>56,105</b>

### 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	360,000	360,000

**5.2.8.4.2 Other provisions for possible losses**

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for Employee Benefits	240,058	167,758
Recognized Liability for Defined Benefit Obligations	-	-
Insurance Technical Provisions, Net	140,788	128,614
Provision for Promotion Expenses of Credit Cards <sup>(*)</sup>	46,488	36,208
Other Provisions	35,062	30,449
<b>Total</b>	<b>462,396</b>	<b>363,029</b>

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

**Recognized liability for defined benefit plan obligations**

The Bank obtained an actuarial report dated 18 January 2011 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 above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 951,896 thousands (31 December 2009: TL 722,746 thousands) at 31 December 2010 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2010 as per the requirements of the Law explained in Note 3.17, the accounting policies related with “employee benefits” 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 18 January 2011 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 504,338 (31 December 2009: TL 324,807 thousands) thousands remains as of 31 December 2010 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 266,382 thousands (31 December 2009: TL 191,521 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF. However, despite this treatment there are no excess obligation that needs to be provided against.

	Current Period	Prior Period
<b>Transferable Pension and Medical Benefits:</b>		
Net present value of pension benefits transferable to SSF	(315,823)	(287,981)
Net present value of medical benefits and health premiums transferable to SSF	266,382	191,521
General administrative expenses	(19,046)	(16,957)
<b>Present Value of Pension and Medical Benefits Transferable to SSF (1)</b>	<b>(68,487)</b>	<b>(113,417)</b>
<b>Fair Value of Plan Assets (2)</b>	<b>1,020,383</b>	<b>836,163</b>
<b>Asset Surplus over Transferable Benefits ((2)-(1)=(3))</b>	<b>951,896</b>	<b>722,746</b>
<b>Non-Transferable Benefits:</b>		
Other pension benefits	(242,307)	(188,494)
Other medical benefits	(205,251)	(209,445)
<b>Total Non-Transferable Benefits (4)</b>	<b>(447,558)</b>	<b>(397,939)</b>
<b>Asset Surplus over Total Benefits ((3)-(4)=(5))</b>	<b>504,338</b>	<b>324,807</b>
<b>Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)</b>	<b>(266,382)</b>	<b>(191,521)</b>
<b>Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))</b>	<b>237,956</b>	<b>133,286</b>

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

	Current Period	Prior Period
	%	%
Discount Rate	10.00	10.86-8.42
Inflation Rate	5.10	6.90-4.80
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	24.70-2.80	20.50-6.80
Future Pension Increase Rates	5.10	6.90-4.80

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.

## **5.2.9 Tax liability**

### **5.2.9.1 Current tax liability**

#### **5.2.9.1.1 Tax liability**

As of 31 December 2010, the corporate tax liability amounts to TL 297,271 thousands (31 December 2009: TL 224,153 thousands) after offsetting with prepaid taxes. 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**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Taxes Payable	297,271	224,153
Taxation on Securities Income	58,218	88,060
Taxation on Real Estates Income	1,536	1,300
Banking Insurance Transaction Tax	29,704	29,843
Foreign Exchange Transaction Tax	25	27
Value Added Tax Payable	2,758	2,694
Others	36,329	38,205
<b>Total</b>	<b>425,841</b>	<b>384,282</b>

#### **5.2.9.1.3 Premiums payable**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employees	349	336
Social Security Premiums-Employer	255	255
Bank Pension Fund Premium-Employees	34	30
Bank Pension Fund Premium-Employer	17	15
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	2	-
Unemployment Insurance-Employees	532	492
Unemployment Insurance-Employer	1,001	910
Others	4	-
<b>Total</b>	<b>2,194</b>	<b>2,038</b>

#### **5.2.9.2 Deferred tax liability**

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 391 thousands as of 31 December 2010 (31 December 2009: TL 10,850 thousands).

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

None.

#### **5.2.11 Subordinated debts**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	978,585	-	991,457
<b>Total</b>	<b>-</b>	<b>978,585</b>	<b>-</b>	<b>991,457</b>

On 5 February 2007, the Bank obtained a subordinated debt of US\$ 500 millions from foreign markets with a maturity of 10 years and with a repayment option for the Bank at the end of the fifth year at an interest rate of 6.95% and then 7.95% annually.

On 23 February 2009, the Bank obtained a subordinated debt of EUR 50 millions from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA), a company of the French Development Agency Group with an interest of Euribor+3.5% and maturity of 12 years with a repayment option at the end of the seventh year to finance the clean energy projects.

As at 31 December 2010, the subordinated debts include a floating rate note of EUR 30 millions obtained in September 2006 and subordinated deposits of approximately EUR 16 millions held by the Bank's consolidated subsidiary operating in Holland.

These debts are qualified as secondary subordinated debts to be included in the supplementary capital by the BRSA in the calculation of the Bank's capital adequacy ratio in compliance with the conditions set forth in the "Regulation on Equities of Banks" issued by the BRSA and published in the Official Gazette no.26333 dated 1 November 2006.

## **5.2.12 Shareholders' equity**

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

	<b>Current Period</b>	<b>Prior Period</b>
Common Shares	4,200,000	4,200,000
Preference Shares	-	-

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

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling per Registered Share Capital</b>
Registered Shares	4,200,000	7,000,000

### **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**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>1,472,063</b>	<b>155,443</b>	<b>1,242,755</b>	<b>118,679</b>
Valuation Difference	1,472,063	155,443	1,242,755	118,679
Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>1,472,063</b>	<b>155,443</b>	<b>1,242,755</b>	<b>118,679</b>

**5.2.12.9 Revaluation surplus**

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,147	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	596,047	-	596,047	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
<b>Total</b>	<b>598,187</b>	<b>-</b>	<b>598,194</b>	<b>-</b>

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

Bonus shares resulted from non-cash capital increases from the following investee companies; Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ by TL 23 thousands, Eureko Sigorta AŞ by TL 559 thousands, Garanti Ödeme Sistemleri AŞ by TL 401 thousands, Kredi Kartları Bürosu by TL 481 thousands, Tat Konserve AŞ by TL 36 thousands and Yatırım Finansman Menkul Değerler AŞ by TL 9 thousands.

**5.2.12.11 Legal reserves**

	Current Period	Prior Period
I. Legal Reserve	504,369	349,148
II. Legal Reserve	44,403	30,127
Special Reserves	-	-
<b>Total</b>	<b>548,772</b>	<b>379,275</b>

**5.2.12.12 Extraordinary reserves**

	Current Period	Prior Period
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	5,469,146	3,187,603
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
<b>Total</b>	<b>5,469,146</b>	<b>3,187,603</b>

**5.2.12.13 Minority interest**

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>49,023</b>	<b>35,125</b>
Profit Share of Subsidiaries Net Profits	20,872	13,884
Prior Period Dividend	-	-
Increase / (Decrease) in Minority Interest due to Sales	-	-
Others	27,488	14
<b>Balance at End of Period</b>	<b>97,383</b>	<b>49,023</b>

### **5.3 Consolidated off-balance sheet items**

#### **5.3.1 Off-balance sheet contingencies**

##### **5.3.1.1 Irrevocable credit commitments**

The Bank and its consolidated financial affiliates have asset purchase and sale commitments of TL 2,731,420 thousands (31 December 2009: TL 2,264,070 thousands), commitments for cheque payments of TL 1,910,031 thousands (31 December 2009: TL 1,513,244 thousands) and commitments for credit card limits of TL 12,554,092 thousands (31 December 2009: TL 9,120,759 thousands).

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Guarantee in Foreign Currency	7,358,370	7,653,913
Letters of Guarantee in TL	4,951,728	4,506,694
Letters of Credit	3,934,455	2,827,019
Bills of Exchange and Acceptances	164,105	125,841
Prefinancings	-	-
<b>Total</b>	<b>16,408,658</b>	<b>15,113,467</b>

A specific provision of TL 57,287 thousands (31 December 2009: TL 56,105 thousands) is made for unliquidated non-cash loans of TL 96,013 thousands (31 December 2009: TL 103,115 thousands) recorded under the off-balance sheet items as of 31 December 2010.

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

As of 31 December 2010, in the Bank and its consolidated financial affiliates’ “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 780,555,556 (31 December 2009: USD 932,777,778 and EUR 500,000).

##### **5.3.1.3 Non-cash loans**

	<b>Current Period</b>	<b>Prior Period</b>
Non-Cash Loans against Cash Risks	932,057	902,088
<i>With Original Maturity of 1 Year or Less</i>	76,642	18,484
<i>With Original Maturity of More Than 1 Year</i>	855,415	883,604
Other Non-Cash Loans	15,533,347	14,211,379
<b>Total</b>	<b>16,465,404</b>	<b>15,113,467</b>

**5.3.1.4 Other information on non-cash loans**

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agriculture</b>	<b>55,348</b>	<b>1.12</b>	<b>140,678</b>	<b>1.22</b>	<b>29,794</b>	<b>0.66</b>	<b>46,326</b>	<b>0.44</b>
Farming and Stockbreeding	52,897	1.07	140,587	1.22	27,820	0.62	46,326	0.44
Forestry	704	0.01	91	-	661	0.01	-	-
Fishery	1,747	0.04	-	-	1,313	0.03	-	-
<b>Manufacturing</b>	<b>1,737,187</b>	<b>35.03</b>	<b>3,859,813</b>	<b>33.54</b>	<b>1,696,354</b>	<b>37.64</b>	<b>3,641,187</b>	<b>34.33</b>
Mining	316,066	6.37	44,163	0.38	303,385	6.73	37,965	0.36
Production	1,048,610	21.15	2,552,008	22.18	1,046,987	23.23	2,455,087	23.15
Electricity, Gas, Water	372,511	7.51	1,263,642	10.98	345,982	7.68	1,148,135	10.83
<b>Construction</b>	<b>687,443</b>	<b>13.86</b>	<b>1,782,334</b>	<b>15.49</b>	<b>565,125</b>	<b>12.54</b>	<b>2,236,691</b>	<b>21.09</b>
<b>Services</b>	<b>2,105,382</b>	<b>42.46</b>	<b>4,441,893</b>	<b>38.61</b>	<b>1,925,184</b>	<b>42.71</b>	<b>3,906,033</b>	<b>36.82</b>
Wholesale and Retail Trade	1,392,907	28.09	1,756,413	15.26	1,308,395	29.03	1,188,844	11.21
Hotel, Food and Beverage Services	100,954	2.04	63,970	0.56	76,349	1.69	68,732	0.65
Transportation and Telecommunication	188,038	3.79	731,211	6.36	171,887	3.81	869,312	8.20
Financial Institutions	364,998	7.36	1,879,537	16.33	294,547	6.54	1,759,799	16.58
Real Estate and Renting Services	6,640	0.13	872	0.01	33,882	0.75	6,129	0.06
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	6,648	0.14	3,150	0.03	7,111	0.16	6,235	0.05
Health and Social Services	45,197	0.91	6,740	0.06	33,013	0.73	6,982	0.07
<b>Others</b>	<b>373,518</b>	<b>7.53</b>	<b>1,281,808</b>	<b>11.14</b>	<b>290,773</b>	<b>6.45</b>	<b>776,000</b>	<b>7.32</b>
<b>Total</b>	<b>4,958,878</b>	<b>100.00</b>	<b>11,506,526</b>	<b>100.00</b>	<b>4,507,230</b>	<b>100.00</b>	<b>10,606,237</b>	<b>100.00</b>

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

	Group I		Group II	
	TL	FC	TL	FC
<b>Current Period</b>				
<b>Non-Cash Loans</b>	<b>4,925,868</b>	<b>11,457,561</b>	<b>33,010</b>	<b>48,965</b>
Letters of Guarantee	4,918,718	7,309,464	33,010	48,906
Bills of Exchange and Bank Acceptances	-	164,105	-	-
Letters of Credit	7,150	3,927,246	-	59
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	56,746	-	-

	Group I		Group II	
	TL	FC	TL	FC
<b>Prior Period</b>				
<b>Non-Cash Loans</b>	<b>4,478,703</b>	<b>10,553,448</b>	<b>28,527</b>	<b>52,789</b>
Letters of Guarantee	4,478,167	7,603,906	28,527	50,007
Bills of Exchange and Bank Acceptances	514	123,133	-	2,194
Letters of Credit	22	2,826,409	-	588
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	-	-	-

### 5.3.2 Financial derivative instruments

Current Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Total
<b>Derivative Financial Instrument Held for Risk Management</b>						
<b>A. Total Derivative Financial Instrument Held for Risk Management</b>	-	-	167,200	-	-	167,200
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	167,200	-	-	167,200
Net Foreign Investment Hedges	-	-	-	-	-	-
<b>Trading Derivatives</b>	-	-	-	-	-	-
<b>Foreign Currency Related Derivative Transaction (I)</b>	20,090,333	10,239,548	17,034,304	2,054,229	1,137,746	50,556,160
Currency Forwards – Purchases	1,535,241	444,763	892,370	102,295	135,109	3,109,778
Currency Forwards – Sales	1,556,871	425,424	862,690	99,258	135,637	3,079,880
Currency Swaps – Purchases	5,974,044	2,241,384	5,197,500	943,785	304,000	14,660,713
Currency Swaps – Sales	6,106,144	2,206,024	5,146,449	742,375	563,000	14,763,992
Currency Options – Purchases	2,408,438	2,571,219	2,365,505	77,068	-	7,422,230
Currency Options – Sales	2,509,595	2,305,138	2,569,790	89,448	-	7,473,971
Currency Futures – Purchases	-	16,614	-	-	-	16,614
Currency Futures – Sales	-	28,982	-	-	-	28,982
<b>Interest Rate Related Derivative Transaction (II)</b>	57,358	520,924	3,775,483	7,112,630	4,151,252	15,617,647
Interest Rate Swaps – Purchases	28,679	14,896	114,309	3,556,315	2,075,626	5,789,825
Interest Rate Swaps – Sales	28,679	14,896	115,827	3,556,315	2,075,626	5,791,343
Interest Rate Options – Purchases	-	-	1,630,000	-	-	1,630,000
Interest Rate Options – Sales	-	-	1,630,000	-	-	1,630,000
Securities Options – Purchases	-	-	253,150	-	-	253,150
Securities Options – Sales	-	399,932	32,197	-	-	432,129
Interest Rate Futures – Purchases	-	91,200	-	-	-	91,200
Interest Rate Futures – Sales	-	-	-	-	-	-
<b>Other Trading Derivatives (III)</b>	386,877	536,348	418,811	-	-	1,342,036
<b>B. Total Trading Derivatives (I+II+III)</b>	20,534,568	11,296,820	21,228,598	9,166,859	5,288,998	67,515,843
<b>Total Derivative Transactions (A+B)</b>	20,534,568	11,296,820	21,395,798	9,166,859	5,288,998	67,683,043

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Month</b>	<b>3-12 Month</b>	<b>1-5 Year</b>	<b>5 Years and Over</b>	<b>Total</b>
<b>Derivative Financial Instrument Held for Risk Management</b>						
<b>A. Total Derivative Financial Instrument Held for Risk Management</b>	-	-	245,850	-	-	245,850
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	245,850	-	-	245,850
Net Foreign Investment Hedges	-	-	-	-	-	-
<b>Trading Derivatives</b>	-	-	-	-	-	-
<b>Foreign Currency Related Derivative Transaction (I)</b>	21,377,352	7,015,319	8,225,214	621,318	861,000	38,100,203
Currency Forwards – Purchases	1,532,113	332,257	493,667	127,534	-	2,485,571
Currency Forwards – Sales	1,496,757	324,393	502,969	124,588	-	2,448,707
Currency Swaps – Purchases	6,429,051	2,069,646	1,827,889	185,592	298,000	10,810,178
Currency Swaps – Sales	6,270,363	1,808,613	1,851,630	183,604	563,000	10,677,210
Currency Options – Purchases	2,799,781	1,193,595	1,685,573	-	-	5,678,949
Currency Options – Sales	2,849,287	1,238,477	1,862,420	-	-	5,950,184
Currency Futures – Purchases	-	4,182	522	-	-	4,704
Currency Futures – Sales	-	44,156	544	-	-	44,700
<b>Interest Rate Related Derivative Transaction (II)</b>	1,727	32,184	225,150	11,300,876	2,371,320	13,931,257
Interest Rate Swaps – Purchases	-	-	51,501	3,815,884	1,308,585	5,175,970
Interest Rate Swaps – Sales	-	-	51,501	4,063,872	1,062,735	5,178,108
Interest Rate Options – Purchases	-	-	100,284	1,710,560	-	1,810,844
Interest Rate Options – Sales	-	-	-	1,710,560	-	1,710,560
Securities Options – Purchases	-	-	18,368	-	-	18,368
Securities Options – Sales	1,727	-	3,496	-	-	5,223
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	-	32,184	-	-	-	32,184
<b>Other Trading Derivatives (III)</b>	308,083	102,647	208,361	-	-	619,091
<b>B. Total Trading Derivatives (I+II+III)</b>	21,687,162	7,150,150	8,658,725	11,922,194	3,232,320	52,650,551
<b>Total Derivative Transactions (A+B)</b>	21,687,162	7,150,150	8,658,725	12,168,044	3,232,320	52,896,401

### 5.3.3 Contingent liabilities and assets

None.

### 5.3.4 Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

## **5.4 Consolidated income statement**

### **5.4.1 Interest income**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest Income from Loans</b>				
Short-term loans	2,094,044	326,831	2,653,455	363,037
Medium and long-term loans	2,088,835	1,077,222	2,012,688	1,222,301
Loans under follow-up	54,748	-	39,014	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>4,237,627</b>	<b>1,404,053</b>	<b>4,705,157</b>	<b>1,585,338</b>

(\*) Includes also fees and commissions income on cash loans

#### **5.4.1.2 Interest income from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	3,039	150	10,097	480
Domestic Banks	19,062	16,238	13,495	11,732
Foreign Banks	186,448	70,501	169,350	78,708
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>208,549</b>	<b>86,889</b>	<b>192,942</b>	<b>90,920</b>

#### **5.4.1.3 Interest income from securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	57,936	1,344	26,216	2,218
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	2,741,984	220,592	2,769,772	256,267
Investments Held-to-Maturity	741,701	99,155	899,105	115,234
<b>Total</b>	<b>3,541,621</b>	<b>321,091</b>	<b>3,695,093</b>	<b>373,719</b>

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

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	1,657	778

## **5.4.2 Interest expenses**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Central Bank of Turkey	-	-	-	-
Domestic Banks	77,434	29,427	93,702	60,107
Foreign Banks	442,704	234,327	315,909	291,485
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	64,647	-	57,476
<b>Total</b>	<b>520,138</b>	<b>328,401</b>	<b>409,611</b>	<b>409,068</b>

(\*) Includes also fees and commissions 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	8,221	3

**5.4.2.3 Interest expenses on securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	-	1,294	-	2,272

**5.4.2.4 Maturity structure of interest expense on deposits**

Account Description	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	
<b>Turkish Lira</b>								
Bank Deposits	1,864	36,305	2,788	275	221	2,928	-	44,381
Saving Deposits	672	575,782	1,207,923	61,534	14,757	10,789	-	1,871,457
Public Sector Deposits	2	1,215	3,758	101	92	4	-	5,172
Commercial Deposits	4,524	383,927	602,435	69,087	10,713	13,861	-	1,084,547
Others	1,671	4,388	40,299	17,484	12	156	-	64,010
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>8,733</b>	<b>1,001,617</b>	<b>1,857,203</b>	<b>148,481</b>	<b>25,795</b>	<b>27,738</b>	<b>-</b>	<b>3,069,567</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	9,625	217,801	273,017	36,655	60,217	39,128	1,676	638,119
Bank Deposits	3,622	10,264	2,864	3,356	2,498	4,450	-	27,054
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	3	-	-	-	89	-	-	92
<b>Total FC</b>	<b>13,250</b>	<b>228,065</b>	<b>275,881</b>	<b>40,011</b>	<b>62,804</b>	<b>43,578</b>	<b>1,676</b>	<b>665,265</b>
<b>Grand Total</b>	<b>21,983</b>	<b>1,229,682</b>	<b>2,133,084</b>	<b>188,492</b>	<b>88,599</b>	<b>71,316</b>	<b>1,676</b>	<b>3,734,832</b>

**5.4.2.5 Interest expense on repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	408,072	7,074	745,330	16,296

**5.4.2.6 Financial lease expenses**

	Current Period	Prior Period
Financial Lease Expenses	94	147

**5.4.2.7 Interest expenses on factoring payables**

None.

#### 5.4.3 Dividend income

	Current Period	Prior Period
Trading Financial Assets		-
Financial Assets Valued at Fair Value through Profit or		-
Financial Assets Available-for-Sale	1,184	682
Others	706	2,078
<b>Total</b>	<b>1,890</b>	<b>2,760</b>

#### 5.4.4 Trading income/losses (net)

	Current Period	Prior Period
<b>Income</b>	<b>73,963,771</b>	<b>64,510,515</b>
Trading Account Income	1,993,162	847,608
Derivative Financial Instruments	2,972,714	2,972,528
Foreign Exchange Gain	68,997,895	60,690,379
<b>Losses (-)</b>	<b>73,561,433</b>	<b>63,612,536</b>
Trading Account Losses	1,739,644	430,642
Derivative Financial Instruments	2,909,608	2,663,267
Foreign Exchange Losses	68,912,181	60,518,627
<b>Total</b>	<b>402,338</b>	<b>897,979</b>

TL 4,727,355 thousands (31 December 2009: TL 6,017,264 thousands) of foreign exchange gains and TL 5,082,648 thousands (31 December 2009: TL 7,045,146 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

#### 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.

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

	Current Period	Prior Period
<b>Specific Provisions for Loans and Other Receivables</b>	<b>444,264</b>	<b>1,258,074</b>
<i>Loans and receivables in Group III</i>	20,709	141,317
<i>Loans and receivables in Group IV</i>	103,071	421,079
<i>Loans and receivables in Group V</i>	320,484	695,678
<b>General Provisions</b>	<b>224,891</b>	<b>11,255</b>
<b>Provision for Possible Losses</b>	<b>-</b>	<b>330,000</b>
<b>Impairment Losses on Financial Assets</b>	<b>1,128</b>	<b>3,627</b>
<i>Financial assets at fair value through profit or loss</i>	1,128	688
<i>Financial assets available-for-sale</i>	-	2,939
<b>Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity</b>	<b>-</b>	<b>15</b>
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	15
<i>Joint ventures (business partnership)</i>	-	-
<i>Investments held-to-maturity</i>	-	-
<b>Others</b>	<b>25,809</b>	<b>112,848</b>
<b>Total</b>	<b>696,092</b>	<b>1,715,819</b>

#### 5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,328,564	1,130,348
Reserve for Employee Termination Benefits	7,630	1,692
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	143	1,041
Depreciation Expenses of Tangible Assets	184,819	171,534
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	19,058	10,738
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	2,926	8,748
Depreciation Expenses of Assets to be Disposed	985	670
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	1,352,697	1,223,955
<i>Operational lease related expenses</i>	167,870	134,981
<i>Repair and maintenance expenses</i>	37,870	33,392
<i>Advertisement expenses</i>	131,216	108,597
<i>Other expenses</i>	1,015,741	946,985
Loss on Sale of Assets	1,971	1,886
Others (*)	483,248	401,427
<b>Total</b>	<b>3,382,041</b>	<b>2,952,039</b>

(\*) In the current period, this item includes a provision amounting TL 132,138 thousands (31 December 2009: TL 72,100 thousands) for short-term employee benefits.

#### 5.4.8 Information on profit/loss before taxes from continued and discontinued operations

TL 5,170,315 thousands of the profit before taxes is derived from net interest income and TL 1,910,015 thousands from net fees and commissions income. The total operating expenses amounted to TL 3,382,041 thousands. The profit before taxes realized at TL 4,302,833 thousands increasing by 9.23% as compared to the prior year.

#### 5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 December 2010, on a consolidated basis, the Bank recorded a current tax expense of TL 1,057,196 thousands (31 December 2008: TL 883,195 thousands) and a deferred tax income of TL 156,349 thousands (31 December 2008: TL 43,442 thousands).

##### *Deferred tax benefit/charge on timing differences :*

Deferred tax benefit/(charge) on timing differences	Current Period	Prior Period
Increase in Tax Deductable Timing Differences (+)	122,379	125,520
Decrease in Tax Deductable Timing Differences (-)	43,208	30,655
Increase in Taxable Timing Differences (-)	2,288	65,666
Decrease in Taxable Timing Differences (+)	79,466	14,243
<b>Total</b>	<b>156,349</b>	<b>43,442</b>

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

<b>Deferred tax benefit/(charge) arising on timing differences, tax losses and tax deductions and exemptions</b>	<b>Current Period</b>	<b>Prior Period</b>
Increase/(Decrease) in Tax Deductable Timing Differences (net)	79,171	94,865
Increase/(Decrease) in Taxable Timing Differences (net)	77,178	(51,423)
Increase/(Decrease) in Tax Losses (net)	-	-
Increase/(Decrease) in Tax Deductions and Exemptions (net)	-	-
<b>Total</b>	<b>156,349</b>	<b>43,442</b>

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

None.

**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**

	<b>Current Period</b>	<b>Prior Period</b>
Net Profit/(Loss) of Minority Interest	20,872	13,884

**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**

### **5.5.1 Any increases arising from application of accounting for financial instruments in current period**

#### **5.5.1.1 *Increases from valuation of financial assets available-for-sale***

As of 31 December 2010, the revaluation of financial assets available-for-sale at fair value netted with the related deferred tax liability effect has resulted in an increase by TL 266,103 thousands that is presented as the current period movement in "securities value increase fund" in the statement of changes in shareholders' equity. The gains transferred to the income statement from "securities value increase fund" amounted to TL 118,755 thousands in the prior period and to TL 189,822 thousands in 2010.

#### **5.5.1.2 *Increases due to cash flow hedges***

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. In the prior period, the effective portion of the cash flow hedge amounting to TL 80,646 thousands after netting with the related deferred tax effect, was transferred to income from derivative financial instruments account in the income statement, and the shareholder's equity decreased by TL 63,165 thousands, in the current period a gain of TL 685 thousands after netting with the related deferred tax effect was added to shareholders' equity.

#### **5.5.1.3 *Reconciliation of foreign exchange differences at beginning and end of current period***

The parent Bank had applied net investment hedge accounting for the exchange rate differences on the net investment risks on its foreign affiliates and its related financial liabilities in foreign currencies in the previous periods. The Bank started to apply fair value hedge accounting as at 1 January 2009. Accordingly, the effective portion of the foreign exchange differences is recorded under income statement in the current period.

The foreign exchange loss of TL 9,583 thousands netted with the related tax effect of TL 1,917 thousands that had been recorded under the shareholders' equity, has been transferred from the shareholders' equity to the income statement as TL 7,666 thousands as per Garanti Bank International NV's capital decrease decision dated 16 October 2009.

### **5.5.2 Any decreases arising from application of accounting for financial instruments**

#### **5.5.2.1 *Decreases from valuation of financial assets available-for-sale***

None.

#### **5.5.2.2 *Decreases due to cash flow hedges***

None.

### **5.5.3 Transfers to legal and extraordinary reserves**

	<b>Current Period</b>	<b>Prior Period</b>
Transfers to Legal Reserves from Prior Year Profits	170,185	94,109
Transfers to Extraordinary Reserves from Prior Year Profits	2,561,715	1,787,345

**5.5.4 Issuance of share certificates**

Please refer to Note 5.2.12.3.

**5.5.5 Effects of prior years' corrections to beginning balances of current period**

Please refer to Note 3.24.

**5.5.6 Compensation of prior period losses**

None.

## **5.6 Consolidated statement of cash flows**

### **5.6.1 Disclosures for “other” items and “effect of change in foreign currency rates cash and cash equivalents” in statement of cash flows**

In 2010, the net cash inflows arising from banking operations amount to TL 348,493 thousands. TL 3,276,609 thousands of this amount is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 3,625,102 thousands from the cash inflows resulted from operating profit. The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 1,336,449 thousands for the year 2010. The net cash outflow from financing activities for the year 2010 is TL 354,482 thousands.

The effect of changes in foreign exchange rates on cash and cash equivalents item is a net foreign exchange gain of TL 117,395 thousands for the year 2010.

### **5.6.2 Cash outflows from acquisition of associates, subsidiaries and joint-ventures**

Please refer to Notes 5.1.8.1 and 5.1.9.2.

### **5.6.3 Cash inflows from disposal of associates, subsidiaries and joint-ventures**

None.

### **5.6.4 Cash and cash equivalents at beginning of period**

	<b>Current Period</b>	<b>Prior Period</b>
Cash on Hand	<b>797,599</b>	<b>672,358</b>
<i>Cash in TL</i>	468,037	312,476
<i>Cash in Foreign Currency</i>	329,562	359,882
Cash Equivalents	<b>8,496,734</b>	<b>6,473,631</b>
<i>Others</i>	8,496,734	6,473,631
<b>Total</b>	<b>9,294,333</b>	<b>7,145,989</b>

### **5.6.5 Cash and cash equivalents at end of period**

	<b>Current Period</b>	<b>Prior Period</b>
Cash on Hand	<b>914,337</b>	<b>797,599</b>
<i>Cash in TL</i>	500,567	468,037
<i>Cash in Foreign Currency</i>	413,770	329,562
Cash Equivalents	<b>5,981,561</b>	<b>8,496,734</b>
<i>Others</i>	5,981,561	8,496,734
<b>Total</b>	<b>6,895,898</b>	<b>9,294,333</b>

**5.6.6 Restricted cash and cash equivalents due to legal requirements or other reasons**

The placements at foreign banks include blocked accounts with a total balance of TL 5,807,865 thousands of which TL 130,281 thousands, TL 177,195 thousands and TL 20,961 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits, and TL 5,479,428 thousands as collateral against funds borrowed. The consolidated domestic banks include blocked accounts of TL 64,563 thousands held for insurance activities.

The blocked account at the Central Bank of Turkey with a principal balance of TL 2,830,334 thousands is for the reserve deposits against foreign currency liabilities.

**5.6.7 Additional information**

**5.6.7.1 Restrictions on the Bank's potential borrowings**

None.

**5.6.7.2 Cash inflows presenting increase in banking activity related capacity**

None.



## 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	18,332	3,194	2	920	306,087	374,508
Balance at end of period	61,551	3,727	14	4,831	300,517	419,398
Interest and Commission Income	3,572	4	7	7	23,019	2,812

##### 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	23,597	3,157	25	1,661	274,415	184,521
Balance at end of period	18,332	3,194	2	920	306,087	374,508
Interest and Commission Income	1,057	-	562	2	24,389	2,411

#### 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	3,826	1,752	360,361	313,475	359,037	186,263
Balance at end of period	60,473	3,826	207,008	360,361	390,409	359,037
Interest Expenses	8,221	3	22,919	16,547	12,257	11,084

#### 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:						
Balance at beginning of period	4,412	13,500	-	-	3,326	-
Balance at end of period	35,454	4,412	-	-	3,992	3,326
Total Profit/(Loss)	75,023	18	-	-	1,565	595
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at 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 TL 291,114 thousands (31 December 2009 TL 266,308 thousands) compose 0.41% (31 December 2009: 0.50%) of the Bank's total cash loans and 0.21% (31 December 2009: 0.23%) of the Bank's total assets. The total loans and similar receivables amounting TL 362,082 thousands (31 December 2009: TL 324,421 thousands) compose 0.26% (31 December 2009: 0.28%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 427,956 thousands (31 December 2009: TL 378,622 thousands) compose 2.60% (31 December 2009: 2.51%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 657,890 thousands (31 December 2009: TL 723,224 thousands) compose 0.83% (31 December 2009: 1.05%) 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 TL 18,708 thousands (31 December 2009: TL 8,415 thousands) to related parties.

Operating expenses of TL 11,067 thousands (31 December 2009: TL 10,658 thousands) for IT services rendered by related parties and rent income of TL 328 thousands (31 December 2009: TL 251 thousands) for the real estates rented to related parties, are recorded.

The Bank and its consolidated financial affiliates made a total payment of TL 100,075 thousands as of 31 December 2010 (31 December 2009: TL 85,730 thousands) to its top management considered as the key management.

#### **5.7.2.3 Other matters not required to be disclosed**

None.

#### **5.7.2.4 Transactions accounted for under equity method**

Please refer to Note 5.1.8.

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

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

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

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

### 5.8.1 Domestic and foreign branches and representative offices

Türkiye Garanti Bankası AŞ					
	Number of Branches	Number Of Employees	Country		
<b>Domestic Branches</b>	853	16,618			
<b>Foreign Representative Offices</b>	1	1	1- Germany		
	1	1	2- Russia		
	1	-	3- England		
	1	1	4- China		
				<b>Total Assets</b>	<b>Legal Capital</b>
<b>Foreign Branches</b>	1	19	1- Luxembourg	11,101,245	815,000
	1	11	2- Malta	17,729,482	-
	4	24	3- NCTR	296,455	3,520

### 5.8.2 Opening or closing of domestic and foreign branches and representative offices and significant changes in organisational structure

During the year 2010, 78 new domestic branches were opened and 7 branches were closed.

### 5.8.3 Information on consolidated financial subsidiaries

Garanti Bank International NV					
	Number of Branches	Number Of Employees	Country		
<b>Foreign Representative Offices</b>	1	14	1- Turkey		
	1	2	3- Ukraine		
				<b>Total Assets</b>	<b>Legal Capital</b>
<b>Head office-Holland</b>	1	163	1- Holland	4,703,449	EUR 136,836,000
<b>Foreign Branches</b>	1	21	2- Germany	2,518,350	-

Garanti Bank Moscow					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
<b>Head Office-Moscow</b>	1	79	Russia	499,470	US\$ 32,757,364

Garanti Bank SA					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
<b>Romania Head Office and Branches</b>	67	706	Romania	2,939,010	RON 869,801,000

***Other consolidated foreign financial subsidiaries:***

	<b>Number Of Employees</b>	<b>Country</b>	<b>Total Assets</b>	<b>Legal Capital</b>
<b>D Netherlands Holding BV</b>	-	Holland	373,113	EUR 329,088,600
<b>Doğuş GE BV</b>	-	Holland	653,004	EUR 64,382,821
<b>Leasemart Holding BV</b>	-	Holland	44,621	EUR 8,033,300
<b>Motoractive IFN SA</b>	175	Romania	219,478	RON 63,345,000
<b>Ralfi IFN SA</b>	252	Romania	153,439	RON 46,306,500
<b>Domenia Credit IFN SA</b>	163	Romania	279,782	RON 74,614,350

***Consolidated domestic financial subsidiaries:***

	<b>Number Of Employees</b>	<b>Total Assets</b>	<b>Legal Capital</b>
<b>Garanti Finansal Kiralama AŞ</b>	150	2,193,634	73,000
<b>Garanti Faktoring Hizmetleri AŞ</b>	155	1,427,313	21,000
<b>Garanti Emeklilik ve Hayat AŞ</b>	654	2,376,076	50,000
<b>Garanti Yatırım Menkul Kıymetler AŞ</b>	93	74,736	8,328
<b>Garanti Portföy Yönetimi AŞ</b>	71	20,349	10,000
<b>Garanti Yatırım Ortaklığı AŞ</b>	6	30,824	26,500

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

At the meeting of the Bank's board of directors held on 22 October 2010, it has been resolved to issue TL denominated bank bonds and/or debentures up to an amount of TL 3,000,000 thousands in various maturities in the domestic market. Accordingly, the related approvals were received, and the issuance of TL denominated bank bonds amounting TL 1,000,000 thousands with one-year maturity and annual compound interest rate of 7.68091% started on 24 January 2011 and was completed on 31 January 2011.

## 6 Other Disclosures on Activities of the Bank

### 6.1 Other disclosures

Doğuş Holding AŞ, one of the Bank's shareholders, entered into a share purchase agreement with Banco Bilbao Vizcaya Argentaria SA (BBVA) on 1 November 2010 with respect to the acquisition of the shares with a total nominal value of TL 264,188,400 thousands representing 6.29% of the Bank's issued share capital. BBVA also entered into a share purchase agreement with GE Group (GE) on 1 November 2010 with respect to the acquisition of the shares with a total nominal value of TL 781,200,000 thousands representing 18.60% of the Bank's issued share capital. The completion of these deals depends on the approvals to be received from the relevant authorities.

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

#### MOODY'S (October 2010)\*

Long Term FC Deposit	Ba3
Long Term TL Deposit	Baa1
Short Term TL Deposit	Prime-2
Short Term FC Deposit	NP
Long Term FC Deposit Outlook	Positive
Financial Strength Rate (FSR)	C-
FSR Outlook	Stable
Long Term National	Aa1-tr
Short Term National	TR-1

#### STANDARD AND POORS (February 2010)\*

Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Positive

#### FITCH RATINGS (December 2010)\*

<b>Foreign Currency</b>	
Long Term	BBB-
Short Term	F3
Outlook	Positive
Individual	C
Support	3
<b>Turkish Lira</b>	
Long Term	BBB-
Short Term	F3
Outlook	Positive
<b>National</b>	AAA (Trk)
Outlook	Stable

#### CAPITAL INTELLIGENCE (November 2010)\*

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

#### JCR EURASIA RATINGS (November 2010)\*

Long Term International FC	BBB- (Stable)
Long Term International TL	BBB (Stable)
Long Term International	AAA (Trk) (Stable)
Short Term International FC	A-3 (Stable)
Short Term International TL	A-3 (Stable)
Short Term National	A-1+ (Trk) (Stable)
Support	1
Independency from Shareholders	A

(\*) Latest dates in risk ratings or outlooks

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

**MOODY'S (September 2010)\***

Long Term FC Deposit	Baa1
Short Term FC Deposit	Prime 2
Subordinate-Dom Curr	Baa2
FSR	C-
Outlook	Negative

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

**6.2.2 Latest international risk ratings of Garanti Faktoring, a consolidated subsidiary**

**FITCH RATINGS (July 2010)\***

<b>Foreign Currency</b>	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
Support	2
<b>Turkish Lira</b>	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
<b>National</b>	AAA
Outlook	Stable

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

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

**FITCH RATINGS (January 2010)\***

<b>Foreign Currency</b>	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
Support	2
<b>Turkish Lira</b>	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
<b>National</b>	AAA
Outlook	Stable

**STANDARD AND POORS (February 2010)\***

FC Obligations	BB
TL Obligations	BB
Outlook	Positive

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

### **6.3 Dividends**

At the parent Bank's annual general assembly dated 1 April 2010 it was decided to distribute the profit of 2009 as follows:

<b>2009 PROFIT DISTRIBUTION TABLE</b>	
2009 Net Profit	<b>2,962,241</b>
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(148,112)
Undistributable funds	(3,817)
B – The first dividend at 5% of the paid capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(130,016)
D – The second dividend to shareholders	(140,000)
E – Extraordinary reserves	(2,316,296)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(14,000)

Dividend payments to shareholders started on 12 April 2010.



## **7 Independent Accountants' Limited Review Report**

### **7.1 Disclosure on independent accountants' limited review report**

The consolidated financial statements of the Bank and its financial affiliates as of 31 December 2010, have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited), and the independent audit report dated 10 February 2011 is presented before the accompanying consolidated financial statements.

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