

*(Convenience Translation of Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 3.1.1)*

**Türkiye Garanti Bankası Anonim Şirketi**

**And Its Financial Affiliates**

**Consolidated Financial Statements**

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

**30 June 2010**

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

**With Independent Accountants' Limited Review**

**Report Thereon**

**DRT Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ**

**3 August 2010**

*This report contains "Independent Accountants'  
Limited Review Report" comprising 2 pages and;  
"Consolidated Financial Statements and Related  
Disclosures and Footnotes" comprising 84 pages.*

To the Board of Directors of  
Türkiye Garanti Bankası AŞ  
İstanbul

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

**INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT  
FOR THE INTERIM PERIOD 1 JANUARY 2010 - 30 JUNE 2010**

We have reviewed the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 30 June 2010 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants, our responsibility is to issue a report based on the review performed on these financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides less assurance. We have not performed an audit and accordingly we do not express an audit 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.

Based on our review, except for the effect of the matter referred to in the preceding paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank and its consolidated financial affiliates as of and for the period ended 30 June 2010 in accordance with the prevailing accounting principles and standards set out as per the Article No 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 six-month period ended 30 June 2009 were reviewed and as of and for the year ended 31 December 2009 were audited by another auditor. The other independent auditor stated in their review report dated 5 August 2009 that nothing has come to their attention that causes them to believe that the interim financial statements do not give a true and fair view of the financial position and the results of its operations except for the effect of the general reserve amounting to TL 280,000 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 TL 250,000 thousands of which was charged to the income statement as expense in that period and 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 may arise from any changes in the economy or market conditions, and TL 330,000 thousands of this reserve amount was 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**



Hasan Kılıç  
Partner

Istanbul, 3 August 2010

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Interim Financial Report**  
**as of and for the Six-Month Period Ended 30 June 2010**

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The consolidated interim financial report for the six-month period ended 30 June 2010 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 Interim Financial Statements of Parent Bank
3. Accounting Policies
4. Consolidated Financial Position and Results of Operations of Group
5. Disclosures and Footnotes on Consolidated Financial Statements
6. Independent Accountants' Limited Review 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 semi-annual financial statements and related disclosures and footnotes that were subject to independent limited review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances and in compliance with the financial records of our Bank and, unless stated otherwise, presented in thousands of 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:

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

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

As of 30 June 2010, group of companies under Doğuş Holding AŞ that currently owns 30.52% shares of the Bank, is called as the Doğuş Group (the Group). On 22 December 2005, Doğuş Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank’s issued share capital to “GE Araştırma ve Müşavirlik Limited Şti.” of General Electric (GE) Group. Accordingly, GE acquired a joint control on the Bank’s management. On 27 December 2007, GE Araştırma ve Müşavirlik Limited Şti. has sold 9,765,000,000 shares of the Bank at a nominal value of TL 97,650 thousands each to Doğuş Holding AŞ, representing 4.65% of the issued share capital of Türkiye Garanti Bankası AŞ.

#### **Doğuş Group**

The Doğuş 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, GE 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, Eureko Sigorta AŞ, Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ and Volkswagen Doğuş Tüketici Finansmanı AŞ.

#### **General Electric Group**

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

GE operates in more than 100 countries through its 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 Erün	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 Araştırma ve Müşavirlik Limited Şti	875,712	20.8503%	875,712	-

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 30 June 2010

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2010			PRIOR PERIOD 31 December 2009		
			TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>		5.1.1	1.014.166	3.352.184	4.366.350	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	1.759.198	365.622	2.124.820	892.050	349.183	1.241.233
2.1 Financial assets held for trading			1.759.198	365.622	2.124.820	892.050	349.183	1.241.233
2.1.1 Government securities			1.554.456	21.225	1.575.681	411.165	14.312	425.477
2.1.2 Equity securities			27.489	14	27.503	9.489	14	9.503
2.1.3 Derivative financial assets held for trading			160.012	254.484	414.496	462.424	179.688	642.112
2.1.4 Other securities			17.241	89.899	107.140	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	3.306.978	6.234.687	9.541.665	3.153.741	6.904.630	10.058.371
<b>IV. INTERBANK MONEY MARKETS</b>			37.063	132.501	169.564	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			35.238	-	35.238	-	-	-
4.3 Receivables from reverse repurchase agreements			1.825	132.501	134.326	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>		5.1.4	24.369.111	4.053.117	28.422.228	25.422.478	4.347.156	29.769.634
5.1 Equity securities			24.084	64.574	88.658	21.732	78.066	99.798
5.2 Government securities			23.963.707	1.463.150	25.426.857	25.126.111	1.284.849	26.410.960
5.3 Other securities			381.320	2.525.393	2.906.713	274.635	2.984.241	3.258.876
<b>VI. LOANS</b>		5.1.5	33.278.659	27.007.923	60.286.582	28.830.216	24.646.420	53.476.636
6.1 Loans			32.924.012	26.940.949	59.864.961	28.405.574	24.644.204	53.049.778
6.1.1 Loans to bank's risk group		5.7	131.126	292.624	423.750	119.441	146.867	266.308
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			32.792.886	26.648.325	59.441.211	28.286.133	24.497.337	52.783.470
6.2 Loans under follow-up			1.976.361	183.026	2.159.387	2.237.105	58.093	2.295.198
6.3 Specific provisions (-)			1.621.714	116.052	1.737.766	1.812.463	55.877	1.868.340
<b>VII. FACTORING RECEIVABLES</b>		5.1.6	955.810	225.051	1.180.861	628.065	227.595	855.660
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>		5.1.7	5.305.217	1.375.620	6.680.837	5.991.656	1.476.169	7.467.825
8.1 Government securities			5.305.217	1.374.701	6.679.918	5.991.656	1.438.946	7.430.602
8.2 Other securities			-	919	919	-	37.223	37.223
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>		5.1.8	76.002	-	76.002	69.297	-	69.297
9.1 Associates consolidated under equity accounting			57.245	-	57.245	50.579	-	50.579
9.2 Unconsolidated associates			18.757	-	18.757	18.718	-	18.718
9.2.1 Financial investments in associates			16.780	-	16.780	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	29.705	618	30.323	22.432	681	23.113
10.1 Unconsolidated financial investments in subsidiaries			419	618	1.037	417	681	1.098
10.2 Unconsolidated non-financial investments in subsidiaries			29.286	-	29.286	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	338.388	1.154.592	1.492.980	321.461	1.220.048	1.541.509
12.1 Financial lease receivables			400.205	1.298.185	1.698.390	396.311	1.389.287	1.785.598
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			61.817	143.593	205.410	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	1.155.130	112.271	1.267.401	1.166.985	123.268	1.290.253
<b>XV. INTANGIBLE ASSETS (Net)</b>		5.1.14	41.642	5.138	46.780	41.572	5.374	46.946
15.1 Goodwill			6.388	-	6.388	6.388	-	6.388
15.2 Other intangibles			35.254	5.138	40.392	35.184	5.374	40.558
<b>XVI. INVESTMENT PROPERTY (Net)</b>		5.1.15	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>			205.385	13.295	218.680	115.201	1.455	116.656
17.1 Current tax asset			27.124	928	28.052	36.484	1.455	37.939
17.2 Deferred tax asset		5.1.16	178.261	12.367	190.628	78.717	-	78.717
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>		5.1.17	99.829	4.019	103.848	81.192	-	81.192
18.1 Asset held for resale			99.829	4.019	103.848	81.192	-	81.192
18.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>		5.1.18	2.696.922	94.463	2.791.385	2.216.285	192.771	2.409.056
<b>TOTAL ASSETS</b>			74.669.205	44.131.101	118.800.306	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 30 June 2010**

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 June 2010			31 December 2009		
			TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	5.2.1		39.601.492	33.136.689	72.738.181	36.270.775	32.510.938	68.781.713
1.1 Deposits from bank's risk group	5.7		323.111	880.937	1.204.048	248.102	475.122	723.224
1.2 Other			39.278.381	32.255.752	71.534.133	36.022.673	32.035.816	68.058.489
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	5.2.2		180.436	531.740	712.176	117.872	223.544	341.416
<b>III. FUNDS BORROWED</b>	5.2.3		5.077.984	11.994.823	17.072.807	4.127.463	11.338.888	15.466.351
<b>IV. INTERBANK MONEY MARKETS</b>	5.2.4		4.431.979	525.802	4.957.781	10.377.251	387.478	10.764.729
4.1 Interbank money market takings			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings			-	-	-	-	-	-
4.3 Obligations under repurchase agreements			4.431.979	525.802	4.957.781	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>			4.196.541	108.327	4.304.868	3.642.036	95.805	3.737.841
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>			967.863	289.002	1.256.865	708.793	234.246	943.039
<b>IX. FACTORING PAYABLES</b>	5.2.5		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	5.2.6		-	1.662	1.662	-	5.034	5.034
10.1 Financial lease payables			-	1.662	1.662	-	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		-	3.279	3.279	-	3.464	3.464
11.1 Fair value hedges			-	-	-	-	-	-
11.2 Cash flow hedges			-	3.279	3.279	-	3.464	3.464
11.3 Net foreign investment hedges			-	-	-	-	-	-
<b>XII. PROVISIONS</b>	5.2.8		1.333.311	56.443	1.389.754	1.182.529	33.939	1.216.468
12.1 General provisions			485.491	50.657	536.148	407.179	30.155	437.334
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserve for employee benefits			222.139	-	222.139	167.758	-	167.758
12.4 Insurance technical provisions (Net)			142.685	-	142.685	128.614	-	128.614
12.5 Other provisions			482.996	5.786	488.782	478.978	3.784	482.762
<b>XIII. TAX LIABILITY</b>	5.2.9		304.962	33.789	338.751	381.104	16.066	397.170
13.1 Current tax liability			304.317	28.141	332.458	380.809	5.511	386.320
13.2 Deferred tax liability			645	5.648	6.293	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		-	977.974	977.974	-	991.457	991.457
<b>XVI. SHAREHOLDERS' EQUITY</b>	5.2.12		14.929.265	116.943	15.046.208	13.556.361	129.423	13.685.784
16.1 Paid-in capital			4.200.000	-	4.200.000	4.200.000	-	4.200.000
16.2 Capital reserves			2.459.376	101.664	2.561.040	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			1.130.616	103.767	1.234.383	1.242.755	118.679	1.361.434
16.2.4 Revaluation surplus on tangible assets			598.194	-	598.194	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)	(2.103)	(57.480)	(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			6.138.648	15.279	6.153.927	3.650.529	12.911	3.663.440
16.3.1 Legal reserves			545.892	4.456	550.348	374.641	4.634	379.275
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			5.523.657	-	5.523.657	3.187.603	-	3.187.603
16.3.4 Other profit reserves			69.099	10.823	79.922	88.285	8.277	96.562
16.4 Profit or loss			2.046.356	-	2.046.356	3.085.717	-	3.085.717
16.4.1 Prior periods profit/loss			-	-	-	-	-	-
16.4.2 Current period net profit/loss			2.046.356	-	2.046.356	3.085.717	-	3.085.717
16.5 Minority interest			84.885	-	84.885	49.023	-	49.023
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>71.023.833</b>	<b>47.776.473</b>	<b>118.800.306</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 30 June 2010

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2010			31 December 2009		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>41.028.535</b>	<b>67.984.477</b>	<b>109.013.012</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>4.826.280</b>	<b>10.934.542</b>	<b>15.760.822</b>	<b>4.507.230</b>	<b>10.606.237</b>	<b>15.113.467</b>
1.1 Letters of guarantee		4.819.045	7.350.311	12.169.356	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		345.810	442.424	788.234	331.518	535.270	866.788
1.1.3 Other letters of guarantee		4.473.235	6.907.887	11.381.122	4.175.176	7.118.643	11.293.819
1.2 Bank acceptances		-	140.458	140.458	514	125.327	125.841
1.2.1 Import letter of acceptance		-	140.458	140.458	514	124.968	125.482
1.2.2 Other bank acceptances		-	-	-	-	359	359
1.3 Letters of credit		7.235	3.431.718	3.438.953	22	2.826.997	2.827.019
1.3.1 Documentary letters of credit		-	-	-	-	4	4
1.3.2 Other letters of credit		7.235	3.431.718	3.438.953	22	2.826.993	2.827.015
1.4 Guaranteed prefinancings		-	12.055	12.055	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	-	-	-	-	-
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>16.677.039</b>	<b>5.989.169</b>	<b>22.666.208</b>	<b>15.558.625</b>	<b>5.168.345</b>	<b>20.726.970</b>
2.1 Irrevocable commitments		16.677.039	5.988.494	22.665.533	15.558.625	5.167.699	20.726.324
2.1.1 Asset purchase and sale commitments		807.774	1.754.002	2.561.776	387.216	1.876.854	2.264.070
2.1.2 Deposit purchase and sale commitments		92.400	539.519	631.919	46.000	1.736	47.736
2.1.3 Share capital commitments to associates and subsidiaries		2.250	9.090	11.340	2.250	10.136	12.386
2.1.4 Loan granting commitments		1.917.925	2.391.530	4.309.455	3.262.625	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		1.661.294	-	1.661.294	1.513.244	-	1.513.244
2.1.8 Tax and fund obligations on export commitments		22.782	-	22.782	25.746	-	25.746
2.1.9 Commitments for credit card limits		10.908.404	55.354	10.963.758	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	1.238.999	2.503.205	1.264.210	1.413.305	2.677.515
2.2 Revocable commitments		-	675	675	-	646	646
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	675	675	-	646	646
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	5.3.2	<b>19.525.216</b>	<b>51.060.766</b>	<b>70.585.982</b>	<b>12.952.440</b>	<b>39.943.961</b>	<b>52.896.401</b>
3.1 Derivative financial instruments held for risk management		-	215.188	215.188	-	245.850	245.850
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	215.188	215.188	-	245.850	245.850
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivative:		19.525.216	50.845.578	70.370.794	12.952.440	39.698.111	52.650.551
3.2.1 Forward foreign currency purchases/sales		2.800.903	5.445.102	8.246.005	1.818.821	3.115.457	4.934.278
3.2.1.1 Forward foreign currency purchases		1.050.463	3.078.447	4.128.910	632.918	1.852.653	2.485.571
3.2.1.2 Forward foreign currency sales		1.750.440	2.366.655	4.117.095	1.185.903	1.262.804	2.448.707
3.2.2 Currency and interest rate swaps		8.504.318	30.367.906	38.872.224	6.495.010	25.346.456	31.841.466
3.2.2.1 Currency swaps-purchases		3.884.205	9.856.637	13.740.842	2.751.465	8.058.713	10.810.178
3.2.2.2 Currency swaps-sales		4.483.613	9.704.935	14.188.548	3.743.545	6.933.665	10.677.210
3.2.2.3 Interest rate swaps-purchases		68.250	5.403.167	5.471.417	-	5.175.970	5.175.970
3.2.2.4 Interest rate swaps-sales		68.250	5.403.167	5.471.417	-	5.178.109	5.178.109
3.2.3 Currency, interest rate and security options		8.201.721	13.951.350	22.153.071	4.610.920	10.563.208	15.174.128
3.2.3.1 Currency call options		3.521.700	5.694.829	9.216.525	1.783.868	3.895.081	5.678.949
3.2.3.2 Currency put options		4.571.507	5.033.566	9.605.073	2.803.461	3.146.723	5.950.184
3.2.3.3 Interest rate call options		-	1.635.115	1.635.115	-	1.810.844	1.810.844
3.2.3.4 Interest rate put options		-	1.534.000	1.534.000	-	1.710.560	1.710.560
3.2.3.5 Security call options		73.304	26.920	100.224	18.368	-	18.368
3.2.3.6 Security put options		35.210	26.920	62.130	5.223	-	5.223
3.2.4 Currency futures		18.274	18.920	37.194	24.689	24.715	49.404
3.2.4.1 Currency futures-purchases		409	18.507	18.916	-	4.704	4.704
3.2.4.2 Currency futures-sales		17.865	413	18.278	24.689	20.011	44.700
3.2.5 Interest rate futures		-	-	-	-	32.184	32.184
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	32.184	32.184
3.2.6 Others		-	1.062.300	1.062.300	3.000	616.091	619.091
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>217.733.065</b>	<b>140.581.997</b>	<b>358.315.062</b>	<b>185.391.052</b>	<b>132.127.676</b>	<b>317.518.728</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>55.067.604</b>	<b>15.664.569</b>	<b>70.732.173</b>	<b>45.443.121</b>	<b>15.546.141</b>	<b>60.989.262</b>
4.1 Customers' securities held		34.165.221	941	34.166.162	23.873.575	1.133	23.874.708
4.2 Investment securities held in custody		13.028.784	4.428.893	17.457.677	14.546.865	4.662.027	19.208.896
4.3 Checks received for collection		5.611.296	922.133	6.533.425	4.990.781	854.872	5.845.653
4.4 Commercial notes received for collection		2.179.410	1.772.648	3.952.058	1.963.405	1.826.388	3.789.797
4.5 Other assets received for collection		36.773	7.897.247	7.934.020	21.265	7.683.438	7.704.703
4.6 Assets received through public offering		-	38.347	38.347	-	34.412	34.412
4.7 Other items under custody		46.120	604.360	650.480	47.222	483.871	531.093
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>162.665.461</b>	<b>124.917.428</b>	<b>287.582.889</b>	<b>139.947.931</b>	<b>116.581.535</b>	<b>256.529.466</b>
5.1 Securities		621.585	70.584	692.169	548.240	23.062	571.302
5.2 Guarantee notes		23.235.972	7.565.269	30.801.241	20.386.072	7.192.615	27.578.687
5.3 Commodities		-	-	-	-	-	-
5.4 Warranties		-	297.287	297.287	-	341.862	341.862
5.5 Real estates		32.204.388	35.108.324	67.312.712	26.911.048	34.618.660	61.529.708
5.6 Other pledged items		106.603.346	81.875.506	188.478.852	92.102.401	74.404.896	166.507.297
5.7 Pledged items-depository		170	458	628	170	440	610
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>258.761.600</b>	<b>208.566.474</b>	<b>467.328.074</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.

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Income Statement**  
**At 30 June 2010**

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2010- 30 June 2010	PRIOR PERIOD 1 January 2009- 30 June 2009	CURRENT PERIOD 1 April 2010- 30 June 2010	PRIOR PERIOD 1 April 2009- 30 June 2009
<b>I. INTEREST INCOME</b>	5.4.1	<b>5,175,917</b>	<b>5,749,365</b>	<b>2,530,490</b>	<b>2,796,689</b>
1.1 Interest income on loans		2,748,022	3,334,919	1,369,138	1,593,075
1.2 Interest income on reserve deposits		53,729	88,720	27,888	39,436
1.3 Interest income on banks		147,661	136,497	75,176	60,136
1.4 Interest income on money market transactions		2,835	2,359	2,548	1,632
1.5 Interest income on securities portfolio		2,078,571	2,001,728	984,518	1,014,108
1.5.1 Trading financial assets		28,061	16,013	16,008	7,291
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		1,637,063	1,436,880	767,171	736,884
1.5.4 Investments held-to-maturity		413,447	548,835	201,339	269,933
1.6 Financial lease income		74,265	104,528	35,619	49,075
1.7 Other interest income		70,834	80,614	35,603	39,227
<b>II. INTEREST EXPENSE</b>	5.4.2	<b>2,389,974</b>	<b>3,214,724</b>	<b>1,216,644</b>	<b>1,443,292</b>
2.1 Interest on deposits		1,771,452	2,369,144	915,046	1,066,177
2.2 Interest on funds borrowed		391,822	401,346	202,539	194,765
2.3 Interest on money market transactions		221,580	441,747	97,949	181,757
2.4 Interest on securities issued		674	940	336	313
2.5 Other interest expenses		4,446	1,547	774	280
<b>III. NET INTEREST INCOME (I - II)</b>		<b>2,785,943</b>	<b>2,534,641</b>	<b>1,313,846</b>	<b>1,353,397</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>900,044</b>	<b>870,281</b>	<b>437,046</b>	<b>446,907</b>
4.1 Fees and commissions received		1,114,997	1,098,116	552,355	560,699
4.1.1 Non-cash loans		93,459	91,126	44,058	48,006
4.1.2 Others		1,021,538	1,006,990	508,297	512,693
4.2 Fees and commissions paid		214,953	227,835	115,309	113,792
4.2.1 Non-cash loans		584	396	267	178
4.2.2 Others		214,369	227,439	115,042	113,614
<b>V. DIVIDEND INCOME</b>	5.4.3	<b>1,587</b>	<b>2,628</b>	<b>1,542</b>	<b>2,573</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	5.4.4	<b>260,917</b>	<b>720,224</b>	<b>83,067</b>	<b>319,732</b>
6.1 Trading account income/losses (Net)		162,927	309,660	38,587	226,359
6.2 Income/losses from derivative financial instruments (Net)		(39,611)	356,161	154,162	(21,187)
6.3 Foreign exchange gains/losses (Net)		137,601	54,403	(109,682)	114,560
<b>VII. OTHER OPERATING INCOME</b>	5.4.5	<b>481,618</b>	<b>159,913</b>	<b>213,792</b>	<b>63,097</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>4,430,109</b>	<b>4,287,687</b>	<b>2,049,293</b>	<b>2,185,706</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	5.4.6				
	5.4.7	<b>310,474</b>	<b>1,085,217</b>	<b>107,658</b>	<b>499,144</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>		<b>1,549,665</b>	<b>1,323,258</b>	<b>743,695</b>	<b>713,406</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>2,569,970</b>	<b>1,879,212</b>	<b>1,197,940</b>	<b>973,156</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>		-	-	-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>7,256</b>	<b>6,231</b>	<b>3,304</b>	<b>1,789</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>2,577,226</b>	<b>1,885,443</b>	<b>1,201,244</b>	<b>974,945</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	5.4.9	<b>522,495</b>	<b>433,146</b>	<b>234,805</b>	<b>235,086</b>
16.1 Current tax charge		613,154	419,583	219,379	197,335
16.2 Deferred tax charge/(credit)		(90,659)	13,563	15,426	37,751
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	5.4.10	<b>2,054,731</b>	<b>1,452,297</b>	<b>966,439</b>	<b>739,859</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>2,054,731</b>	<b>1,452,297</b>	<b>966,439</b>	<b>739,859</b>
23.1 Equity holders of the bank		2,046,356	1,444,516	961,448	735,763
23.2 Minority interest		8,375	7,781	4,991	4,096
<b>Earnings per Share</b>		<b>0,487</b>	<b>0,344</b>	<b>0,229</b>	<b>0,175</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 30 June 2010**

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD	PRIOR PERIOD
	1 January 2010 - 30 June 2010	1 January 2009 - 30 June 2009
<b>I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	<b>(165.574)</b>	<b>605.741</b>
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>(16.732)</b>	<b>(3.422)</b>
<b>V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	<b>80</b>	<b>(62.985)</b>
<b>VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	<b>-</b>	<b>-</b>
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	<b>-</b>	<b>-</b>
<b>VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	<b>38.537</b>	<b>(117.361)</b>
<b>X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	<b>(143.689)</b>	<b>421.973</b>
<b>XI. CURRENT PERIOD PROFIT/LOSSES</b>	<b>2.054.731</b>	<b>1.452.297</b>
1.1 Net changes in fair value of securities (transferred to income statement)	115.769	113.659
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	1.938.962	1.338.638
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	<b>1.911.042</b>	<b>1.874.270</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 30 June 2010**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)																	
		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 2009 - 30 June 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																		
IV.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Market value changes of securities	-	-	-	-	-	-	-	-	-	-	488.621	-	-	-	-	488.621	11	488.632
VI.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	(63.237)	-	(63.237)	-	(63.237)
6.1.	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(63.237)	-	(63.237)	-	(63.237)
6.2.	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	(3.537)	-	-	-	-	-	-	-	(3.422)	-	(3.422)
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	-	-	-	-	-	-	-	-	1.444.516	-	-	-	-	-	-	1.444.516	7.781	1.452.297
XX.	Profit distribution	-	-	-	-	87.609	-	1.787.361	3.304	-	(1.879.378)	-	1.104	-	-	-	-	-	-
20.1.	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2.	Transfers to reserves	-	-	-	-	87.609	-	1.787.361	-	-	(1.874.970)	-	-	-	-	-	-	-	-
20.3.	Others	-	-	-	-	-	-	-	3.304	-	(4.408)	-	1.104	-	-	-	-	-	-
	Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)	4.200.000	772.554	11.880	-	372.775	-	3.469.119	102.564	1.444.516	-	666.527	598.194	1.509	(65.705)	-	11.573.933	42.917	11.616.850
CURRENT PERIOD - 1 January 2010 - 30 June 2010																			
I.	Balances at beginning of the period	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	-	-	-	-	-	-	(228.075)	-	-	-	-	-	-	-	-	(228.075)	-	(228.075)
III.	Market value changes of securities	-	-	-	-	-	-	-	-	-	-	(127.051)	-	-	-	-	(127.051)	30	(127.021)
IV.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	487	-	487	-	487
4.1.	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	64	-	64	-	64
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	-	-	-	-	(515)	-	-	(16.640)	-	-	-	-	-	-	-	(17.155)	-	(17.155)
IX.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1.	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2.	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.457	27.457
XVII.	Current period net profit/loss	-	-	-	-	-	-	-	-	2.046.356	-	-	-	-	-	-	2.046.356	8.375	2.054.731
XVIII.	Profit distribution	-	-	-	-	171.588	-	2.564.129	-	-	(3.085.717)	-	-	-	-	-	(350.000)	-	(350.000)
18.1.	Dividends	-	-	-	-	-	-	-	-	-	(350.000)	-	-	-	-	-	(350.000)	-	(350.000)
18.2.	Transfers to reserves	-	-	-	-	171.588	-	2.564.129	-	-	(2.735.717)	-	-	-	-	-	-	-	-
18.3.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)	4.200.000	772.554	11.880	-	550.348	-	5.523.657	79.922	2.046.356	-	1.234.383	598.194	1.509	(57.480)	-	14.961.323	84.885	15.046.208

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Cash Flows**  
**At 30 June 2010**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2010 30 June 2010	PRIOR PERIOD 1 January 2009 30 June 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>2.140.459</b>	<b>2.502.657</b>
1.1.1 Interests received		5.164.573	5.951.910
1.1.2 Interests paid		(2.337.665)	(3.388.870)
1.1.3 Dividend received		1.587	2.628
1.1.4 Fees and commissions received		900.044	870.281
1.1.5 Other income		297.698	393.414
1.1.6 Collections from previously written-off loans and other receivables		27.947	18.630
1.1.7 Payments to personnel and service suppliers		(1.184.340)	(1.065.936)
1.1.8 Taxes paid		(700.493)	(323.379)
1.1.9 Others		(28.892)	43.979
<b>1.2 Changes in operating assets and liabilities</b>	5.6	<b>(8.288.583)</b>	<b>(684.047)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(1.107.472)	159.690
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		(606.139)	(2.851.745)
1.2.4 Net (increase) decrease in loans		(6.526.447)	(143.649)
1.2.5 Net (increase) decrease in other assets		(675.413)	(873.683)
1.2.6 Net increase (decrease) in bank deposits		(1.190.624)	76.021
1.2.7 Net increase (decrease) in other deposits		5.060.335	5.790.643
1.2.8 Net increase (decrease) in funds borrowed		(4.167.718)	(3.209.546)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		924.895	368.222
<b>I. Net cash flow from banking operations</b>	5.6	<b>(6.148.124)</b>	<b>1.818.610</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	5.6	<b>1.883.241</b>	<b>(2.283.971)</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(562)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(128.368)	(145.024)
2.4 Sales of tangible assets		14.644	30.806
2.5 Cash paid for purchase of financial assets available-for-sale, net		(6.632.011)	(8.273.003)
2.6 Cash obtained from sale of financial assets available-for-sale, net		7.778.640	5.891.798
2.7 Cash paid for purchase of investments held-to-maturity		-	-
2.8 Cash obtained from sale of investments held-to-maturity (redemption)		850.336	212.014
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(353.906)</b>	<b>(56)</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)	-
3.5 Payments for financial leases		(3.906)	(56)
3.6 Others		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>166.493</b>	<b>10.424</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	5.6	<b>(4.452.296)</b>	<b>(454.993)</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>4.842.037</b>	<b>6.690.996</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 30 June 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 as of 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.

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 Doğuş 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 have been finalized, and accounting for their disposals was made 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.

Government bonds indexed to consumer price index and issued on 21 February 2007 and 20 August 2008 are for five-year maturity and with fixed real coupon rates of 5% and 6% semiannually. As per the statement made by the Turkish Treasury on the date of issuance, such securities are valued taking into account the difference between the reference index at the issue date and the reference index at the balance sheet date to reflect the effects of inflation.

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

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

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

Loans and receivables are recognized at cost and measured at amortized cost using the effective interest method. Duties paid, transaction 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 than 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>30 June 2010</b>	<b>31 December 2009</b>
Discount rate	5.92%	5.92%
Interest rate	11.00%	11.00%
Expected rate of salary/limit increase	4.80%	4.80%
Estimated employee turnover rate	6.70%	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:

	30 June 2010	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

The Plan is composed of a) the contractual benefits of the employees, which are subject to transfer to Social Security Foundation ("SSF") 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 tax is paid as a contribution for unemployment insurance fund. The municipality commerce tax, which is set as 3% of the taxable income, can be increased up to 225% by the authorization of the municipalities. This rate is 6.75% in the municipality where the Bank's Luxembourg branch operates. 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% 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 tax rate for current and deferred tax for the Bank's consolidated affiliate 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 tax rate for current and deferred tax in Romania is 16%. The taxation system in Romania is continuously developing and is subject to varying interpretations and constant changes, which may become 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.

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 30 June 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	1,411,085	1,277,006	1,232,222	508,209	4,428,522
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>1,411,085</b>	<b>1,277,006</b>	<b>1,232,222</b>	<b>508,209</b>	<b>4,428,522</b>
Net Operating Profit	498,030	708,163	1,183,828	185,618	2,575,639
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	1,587	1,587
<b>Net Operating Profit</b>	<b>498,030</b>	<b>708,163</b>	<b>1,183,828</b>	<b>187,205</b>	<b>2,577,226</b>
Provision for Taxes	-	-	-	(522,495)	(522,495)
<b>Net Profit</b>	<b>498,030</b>	<b>708,163</b>	<b>1,183,828</b>	<b>(335,290)</b>	<b>2,054,731</b>
Segment Assets	19,538,587	39,491,803	47,589,192	12,074,399	118,693,981
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	106,325	106,325
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>19,538,587</b>	<b>39,491,803</b>	<b>47,589,192</b>	<b>12,180,724</b>	<b>118,800,306</b>
Segment Liabilities	41,569,511	29,442,692	21,590,892	11,151,003	103,754,098
Shareholders' Equity	-	-	-	15,046,208	15,046,208
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>41,569,511</b>	<b>29,442,692</b>	<b>21,590,892</b>	<b>26,197,211</b>	<b>118,800,306</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	89,727	89,727
Depreciation Expenses	48,588	23,701	1,700	9,850	83,839
Impairment Losses	172,714	98,407	314	40,420	311,855
Other Non-Cash Income/Expenses	(29,245)	(44,653)	(296,794)	(243,901)	(614,593)
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	1,276,189	1,276,065	1,327,466	405,339	4,285,059
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>1,276,189</b>	<b>1,276,065</b>	<b>1,327,466</b>	<b>405,339</b>	<b>4,285,059</b>
Net Operating Profit	641,863	891,653	1,258,968	(909,669)	1,882,815
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	2,628	2,628
<b>Net Operating Profit</b>	<b>641,863</b>	<b>891,653</b>	<b>1,258,968</b>	<b>(907,041)</b>	<b>1,885,443</b>
Provision for Taxes	-	-	-	433,146	433,146
<b>Net Profit</b>	<b>641,863</b>	<b>891,653</b>	<b>1,258,968</b>	<b>(1,340,187)</b>	<b>1,452,297</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	49,950	25,472	1,981	14,149	91,552
Impairment Losses	588,141	191,765	252	305,059	1,085,217
Other Non-Cash Income/Expenses	26,741	(86,228)	618,736	181,313	740,562
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 18.46% (unconsolidated capital adequacy ratio: 20.14%) as of 30 June 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>19,353,251</b>	-	<b>2,298,384</b>	<b>14,263,203</b>	<b>42,399,300</b>	<b>462,842</b>	<b>20,225</b>
Cash on Hand	692,749	-	1,740	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	1,541,706	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	4,519,019	-	1,742,365	-	2,114,672	-	-
Interbank Money Market Placements	35,000	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	2,087,383	-	-	-	-	-	-
Loans	3,215,637	-	284,245	14,078,933	36,773,630	462,842	20,225
Loans under Follow-Up (Net)	-	-	-	-	354,647	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	6,344,103	-	-	-	-	-	-
Receivables from Term Sale of Assets	-	-	-	-	14,338	-	-
Miscellaneous Receivables	49,575	-	-	-	88,905	-	-
Accrued Interest and Income	323,961	-	11,747	184,270	606,400	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	1,338,285	-	-
Tangible Assets (Net)	-	-	-	-	1,054,048	-	-
Other Assets	544,118	-	258,287	-	54,375	-	-
<b>Off-Balance Sheet Items</b>	<b>1,788,485</b>	-	<b>1,872,444</b>	<b>799,266</b>	<b>10,907,959</b>	-	-
Non-Cash Loans and Commitments	1,788,485	-	1,372,635	799,266	10,666,299	-	-
Derivative Financial Instruments	-	-	499,809	-	241,660	-	-
<b>Non-Risk-Weighted Accounts</b>	-	-	-	-	-	-	-
<b>Total Risk-Weighted Assets</b>	<b>21,141,736</b>	-	<b>4,170,828</b>	<b>15,062,469</b>	<b>53,307,259</b>	<b>462,842</b>	<b>20,225</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>19,791,505</b>	<b>-</b>	<b>5,039,609</b>	<b>14,963,510</b>	<b>47,346,509</b>	<b>462,842</b>	<b>20,225</b>
Cash on Hand	709,033	-	1,740	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	1,541,706	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	4,564,104	-	3,050,167	-	1,881,977	-	-
Interbank Money Market Placements	35,000	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	1,195	-	-	-	133,031	-	-
Reserve Deposits	2,087,383	-	-	-	-	-	-
Loans	3,435,446	-	1,677,376	14,573,225	40,023,548	462,842	20,225
Loans under Follow-Up (Net)	-	-	-	-	421,621	-	-
Lease Receivables	13,208	-	17,899	202,073	1,248,113	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	6,399,759	-	-	-	2,329	-	-
Receivables from Term Sale of Assets	-	-	-	-	14,338	-	-
Miscellaneous Receivables	49,575	-	-	-	1,689,775	-	-
Accrued Interest and Income	324,656	-	34,140	188,212	636,953	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	46,664	-	-
Tangible Assets (Net)	-	-	-	-	1,181,933	-	-
Other Assets	630,440	-	258,287	-	66,227	-	-
<b>Off-Balance Sheet Items</b>	<b>1,840,865</b>	<b>-</b>	<b>2,169,153</b>	<b>806,775</b>	<b>11,604,856</b>	<b>-</b>	<b>-</b>
Non-Cash Loans and Commitments	1,840,865	-	1,567,325	806,775	11,334,254	-	-
Derivative Financial Instruments	-	-	601,828	-	270,602	-	-
<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>21,632,370</b>	<b>-</b>	<b>7,208,762</b>	<b>15,770,285</b>	<b>58,951,365</b>	<b>462,842</b>	<b>20,225</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)	62,407,372	54,763,611
Value at Market Risk (VaMR)	3,079,663	2,525,413
Value at Operational Risk (VaOR)	10,184,205	7,212,178
Shareholders' Equity	15,236,627	13,672,917
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	20.14%	21.20%

	<b>Consolidated</b>	
	<b>Current Period</b>	<b>Prior Period</b>
Value at Credit Risk (VaCR)	69,012,973	61,062,215
Value at Market Risk (VaMR)	4,545,200	4,447,563
Value at Operational Risk (VaOR)	11,028,669	8,212,044
Shareholders' Equity	15,617,407	14,125,554
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	18.46%	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	550,348	379,275
I. Legal Reserve (Turkish Commercial Code 466/1)	505,945	349,148
II. Legal Reserve (Turkish Commercial Code 466/2)	44,403	30,127
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	5,523,657	3,187,603
Reserve Allocated as per the Decision held by the General Assembly	5,523,657	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	2,046,356	3,085,717
Current Period Profit	2,046,356	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	84,833	49,001
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-) <sup>(*)</sup>	143,110	147,686
Prepaid Expenses (-) <sup>(*)</sup>	284,050	244,835
Intangible Assets (-) <sup>(*)</sup>	40,392	40,558
Deferred Tax Asset excess of 10% of Core Capital (-) <sup>(*)</sup>	-	-
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>13,671,735</b>	<b>12,202,610</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	536,148	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	949,326	932,551
45% of Securities Value Increase Fund <sup>(**)</sup>	555,480	612,632
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	555,480	612,632
Minority Interest	52	22
Other Reserves	22,442	38,595
<b>Total Supplementary Capital</b>	<b>2,065,920</b>	<b>2,023,609</b>
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>15,737,655</b>	<b>14,226,219</b>

(\*) According to the "Regulation on Equities of Banks" Temporary Article 1 published in Official Gazette no. 26333 dated 1 November 2006, starting from 1 January 2009 leasehold improvements, prepaid expenses, intangible assets and deferred tax assets above 10% of core capital are directly deducted from core capital.

(\*\*) 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>120,248</b>	<b>100,665</b>
Unconsolidated Investments in Banks and Financial Institutions	2,416	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	14,381	-
Banks and Financial Institutions' Assets and Liabilities that are not Fully Consolidated but Included Using Equity Accounting	57,245	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	46,206	47,607
Others	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>15,617,407</b>	<b>14,125,554</b>

## 4.2 Consolidated credit risk

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

## 4.3 Consolidated market risk

The Bank 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	165,759
(II) Capital Obligation against Specific Risks - Standard Method	108,668
(III) Capital Obligation against Currency Risk - Standard Method	48,022
(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	41,167
(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>363,616</b>
<b>(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))</b>	<b>4,545,200</b>

#### 4.3.2 Average values at market risk

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

#### 4.4 Consolidated operational risk

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

#### 4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2010, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to TL 1,358,424 thousands (31 December 2009: TL 1,314,971 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 2,431,999 thousands (31 December 2009: TL 1,357,216 thousands), while net foreign currency long open position amounts to TL 1,073,575 thousands (31 December 2009: 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>Yen (100)</b>	<b>GBP</b>
The Bank's foreign currency purchase rate at balance sheet date	1.5650	1.9175	1.7683	2.3421
<u>Foreign currency rates for the days before balance sheet date:</u>				
Day 1	1.5650	1.9057	1.7693	2.3558
Day 2	1.5550	1.9175	1.7426	2.3498
Day 3	1.5600	1.9170	1.7475	2.3357
Day 4	1.5600	1.9178	1.7476	2.3366
Day 5	1.5650	1.9269	1.7515	2.3444
Last 30-days arithmetical average rate	1.5592	1.9035	1.7172	2.2991

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

	<b>Euro</b>	<b>USD</b>	<b>Yen</b>	<b>Other FCs</b>	<b>Total</b>
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,170,950	110,656	1,024	69,554	3,352,184
Banks	2,119,122	3,972,410	2,808	140,347	6,234,687
Financial Assets at Fair Value through Profit/Loss	141,148	137,748	-	5,065	283,961
Interbank Money Market Placements	132,501	-	-	-	132,501
Financial Assets Available-for-Sale	637,559	3,264,259	-	151,299	4,053,117
Loans (*)	8,729,107	19,184,416	54,803	972,936	28,941,262
Investments in Associates, Subsidiaries and Joint-Ventures	610	-	-	8	618
Investments Held-to-Maturity	22,329	1,353,291	-	-	1,375,620
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	48,805	135	-	51,919	100,859
Intangible Assets	1,729	-	-	3,409	5,138
Other Assets	788,128	640,549	5,298	20,286	1,454,261
<b>Total Assets</b>	<b>15,791,988</b>	<b>28,663,464</b>	<b>63,933</b>	<b>1,414,823</b>	<b>45,934,208</b>
<b>Liabilities</b>					
Bank Deposits	449,623	507,953	16,858	58,749	1,033,183
Foreign Currency Deposits	13,669,205	17,217,181	47,666	862,396	31,796,448
Interbank Money Market Takings	142,454	383,348	-	-	525,802
Other Fundings	4,554,944	8,323,559	903	93,391	12,972,797
Securities Issued	-	-	-	-	-
Miscellaneous Payables	41,935	61,707	113	4,572	108,327
Derivative Financial Liabilities Held for Risk Management	-	3,279	-	-	3,279
Other Liabilities (**)	248,895	244,202	1,949	357,750	852,796
<b>Total Liabilities</b>	<b>19,107,056</b>	<b>26,741,229</b>	<b>67,489</b>	<b>1,376,858</b>	<b>47,292,632</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(3,315,068)</b>	<b>1,922,235</b>	<b>(3,556)</b>	<b>37,965</b>	<b>(1,358,424)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>3,712,700</b>	<b>(1,396,568)</b>	<b>(11,939)</b>	<b>127,806</b>	<b>2,431,999</b>
Derivative Assets	6,336,561	12,185,183	380,055	1,742,247	20,644,046
Derivative Liabilities	(2,623,861)	(13,581,751)	(391,994)	(1,614,441)	(18,212,047)
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 1,933,339 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 307,058 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.

**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	583,415	-	-	-	-	3,782,935	<b>4,366,350</b>
Banks	3,384,101	2,523,078	1,430,816	541,653	-	1,662,017	<b>9,541,665</b>
Financial Assets at Fair Value through Profit/Loss	483,174	178,463	864,249	140,217	18,654	440,063	<b>2,124,820</b>
Interbank Money Market Placements	168,694	-	-	-	-	870	<b>169,564</b>
Financial Assets Available-for-Sale	14,565,325	4,304,151	3,291,302	2,309,231	982,743	2,969,476	<b>28,422,228</b>
Loans	15,487,748	9,548,333	11,220,533	15,265,658	7,523,301	1,241,009	<b>60,286,582</b>
Investments Held-to-Maturity	1,393,931	757,441	897,249	2,028,701	1,324,765	278,750	<b>6,680,837</b>
Other Assets	821,831	385,225	657,406	615,032	34,766	4,694,000	<b>7,208,260</b>
<b>Total Assets</b>	<b>36,888,219</b>	<b>17,696,691</b>	<b>18,361,555</b>	<b>20,900,492</b>	<b>9,884,229</b>	<b>15,069,120</b>	<b>118,800,306</b>
<b>Liabilities</b>							
Bank Deposits	530,535	5,085	3,097	283,454	-	719,444	<b>1,541,615</b>
Other Deposits	48,626,593	6,220,348	3,834,372	429,553	152,703	11,932,997	<b>71,196,566</b>
Interbank Money Market Takings	3,920,823	537,019	439,972	-	-	59,967	<b>4,957,781</b>
Miscellaneous Payables	-	-	-	-	-	4,304,868	<b>4,304,868</b>
Securities Issued	-	-	-	-	-	-	<b>-</b>
Other Fundings	7,897,512	1,679,040	1,524,432	3,450,875	3,316,697	182,225	<b>18,050,781</b>
Other Liabilities	-	-	-	-	-	18,748,695	<b>18,748,695</b>
<b>Total Liabilities</b>	<b>60,975,463</b>	<b>8,441,492</b>	<b>5,801,873</b>	<b>4,163,882</b>	<b>3,469,400</b>	<b>35,948,196</b>	<b>118,800,306</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>9,255,199</b>	<b>12,559,682</b>	<b>16,736,610</b>	<b>6,414,829</b>	<b>-</b>	<b>44,966,320</b>
<b>On Balance Sheet Short Position</b>	<b>(24,087,244)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,879,076)</b>	<b>(44,966,320)</b>
<b>Off-Balance Sheet Long Position</b>	<b>975,498</b>	<b>486,874</b>	<b>2,836,281</b>	<b>1,911,889</b>	<b>953,027</b>	<b>-</b>	<b>7,163,569</b>
<b>Off-Balance Sheet Short Position</b>	<b>(867,904)</b>	<b>(711,176)</b>	<b>(2,819,216)</b>	<b>(1,981,950)</b>	<b>(783,323)</b>	<b>-</b>	<b>(7,163,569)</b>
<b>Total Position</b>	<b>(23,979,650)</b>	<b>9,030,897</b>	<b>12,576,747</b>	<b>16,666,549</b>	<b>6,584,533</b>	<b>(20,879,076)</b>	<b>-</b>

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

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

<b>Current Period</b>	<b>Euro</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	5.20
Banks (*)	0.35-6.01	0.03-6.74	-	2.17-11.00
Financial Assets at Fair Value through Profit/Loss	3.61	2.94	-	7.41-8.94
Interbank Money Market Placements	-	-	-	7.90
Financial Assets Available-for-Sale	0.81-9.50	0.79-11.88	-	3.00-20.8
Loans	0.96-29.27	0.40-10.62	4.45	7.04-24.92
Investments Held-to-Maturity	9.25-9.50	7.15	-	10.08-14.73
<b>Liabilities</b>				
Bank Deposits	0.40-4.50	0.25-6.74	-	6.74-6.90
Other Deposits	0.8-8.31	0.75-6.5	0.13-1	0.25-7.92
Interbank Money Market Takings	1.00-1.05	0.95-1.3	-	7.62
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	1.0-5.42	1.17-6.0	2.67	7.61-11.11

(\*) The interest rates for USD and TL placements at banks are 0.55% and 6.48%, respectively, excluding the placements with range accrual agreements.

**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	Euro	USD	Yen	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 first six-months of 2010 and the year 2009 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	126.82	205.67	90.90	131.07

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	2,278,967	2,087,383	-	-	-	-	-	<b>4,366,350</b>
Banks	1,493,335	2,149,187	447,732	332,968	2,620,108	2,453,250	45,085	<b>9,541,665</b>
Financial Assets at Fair Value through Profit/Loss	17,787	437,268	229,084	1,070,113	294,258	76,295	15	<b>2,124,820</b>
Interbank Money Market Placements	-	169,564	-	-	-	-	-	<b>169,564</b>
Financial Assets Available-for-Sale	88,658	2,815,226	889,592	2,882,906	17,436,523	4,309,323	-	<b>28,422,228</b>
Loans	68,334	12,431,166	6,203,753	8,733,398	20,661,051	11,767,259	421,621	<b>60,286,582</b>
Investments Held-to-Maturity	-	-	757,187	1,463,090	3,108,187	1,352,373	-	<b>6,680,837</b>
Other Assets	657,822	812,168	1,998,493	709,760	734,656	35,128	2,260,233	<b>7,208,260</b>
<b>Total Assets</b>	<b>4,604,903</b>	<b>20,901,962</b>	<b>10,525,841</b>	<b>15,192,235</b>	<b>44,854,783</b>	<b>19,993,628</b>	<b>2,726,954</b>	<b>118,800,306</b>
<b>Liabilities</b>								
Bank Deposits	716,682	582,447	59,139	175,502	7,749	96	-	<b>1,541,615</b>
Other Deposits	14,092,997	47,076,925	6,158,365	3,010,635	673,444	184,200	-	<b>71,196,566</b>
Other Fundings	-	1,405,377	1,149,527	4,542,033	6,489,076	4,464,768	-	<b>18,050,781</b>
Interbank Money Market Takings	-	3,935,877	575,772	446,132	-	-	-	<b>4,957,781</b>
Securities Issued	-	-	-	-	-	-	-	<b>-</b>
Miscellaneous Payables	121,391	2,612,632	-	1,570,845	-	-	-	<b>4,304,868</b>
Other Liabilities (**)	897,669	282,023	197,573	291,639	129,259	106,041	16,844,491	<b>18,748,695</b>
<b>Total Liabilities</b>	<b>15,828,739</b>	<b>55,895,281</b>	<b>8,140,376</b>	<b>10,036,786</b>	<b>7,299,528</b>	<b>4,755,105</b>	<b>16,844,491</b>	<b>118,800,306</b>
<b>Liquidity Gap</b>	<b>(11,223,836)</b>	<b>(34,993,319)</b>	<b>2,385,465</b>	<b>5,155,449</b>	<b>37,555,255</b>	<b>15,238,523</b>	<b>(14,117,537)</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.

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

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

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

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	404,288	264,213	468,037	329,562
Central Bank of Turkey	609,878	3,045,699	3,375,837	2,596,775
Others	-	42,272	5,130	111,564
<b>Total</b>	<b>1,014,166</b>	<b>3,352,184</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	609,878	958,316	3,375,837	850,486
Unrestricted Time Deposits	-	-	-	29,809
Restricted Time Deposits	-	2,087,383	-	1,716,480
<b>Total</b>	<b>609,878</b>	<b>3,045,699</b>	<b>3,375,837</b>	<b>2,596,775</b>

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency liabilities in TL and USD or EUR at the rates of 5% and 9.50%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. The interest rate applied by the Central Bank of Turkey for TL reserves is 5.20%. The FC reserves do not earn any interests.

#### 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	93	-	89	-
Others	-	-	-	-
<b>Total</b>	<b>93</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	32,328	20,859	17,087	12,059
Swap Transactions	67,725	174,517	424,230	129,523
Futures	15	29	-	281
Options	59,944	58,892	21,107	37,825
Others	-	187	-	-
<b>Total</b>	<b>160,012</b>	<b>254,484</b>	<b>462,424</b>	<b>179,688</b>

### 5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	467,086	248,671	638,687	377,805
Foreign banks	2,839,892	5,986,016	2,515,054	6,526,825
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>3,306,978</b>	<b>6,234,687</b>	<b>3,153,741</b>	<b>6,904,630</b>

The placements at foreign banks include blocked accounts amounting TL 5,663,019 thousands of which TL 135,142 thousands, TL 208,493 thousands and TL 19,908 thousands are kept at the central banks of Luxembourg, Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 5,299,476 thousands as collateral against funds borrowed at various banks. Furthermore, there are restricted deposits at various domestic banks amounting TL 54,645 thousands as required for insurance activities.

#### *Due from foreign banks:*

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

### 5.1.4 Financial assets available-for-sale

#### 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 2,112,475 thousands (31 December 2009: TL 1,851,913 thousands) is TL 2,113,605 thousands (31 December 2009: TL 1,769,837 thousands). The related accrued interests and impairment losses amount to TL 154,842 thousands (31 December 2009: TL 234,344 thousands) and TL 19 thousands (31 December 2009: TL 29 thousands), respectively. 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 43,339,839, EUR 193,307,000 and RUB 80,000,000 (31 December 2009: USD 68,675,000, EUR 197,547,000 and RUB 105,000,000), are USD 46,364,199, EUR 199,309,784 and RUB 82,886,170 (31 December 2009: USD 71,205,705, EUR 209,640,915 and RUB 105,178,500). The related accrued interest income amount to USD 2,211,273, EUR 1,889,207 and RUB 3,930,620 respectively (31 December 2009: USD 5,594,374, EUR 4,747,076 and RUB 3,728,550), and the impairment losses to USD 506,642 and EUR 1,773,824 respectively (31 December 2009: USD 500,712 and EUR 42,535).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	2,268,428	462,194	2,004,152	577,791
Assets subject to Repurchase Agreements	1,340,974	590,441	7,957,698	290,863
<b>Total</b>	<b>3,609,402</b>	<b>1,052,635</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>25,464,662</b>	<b>26,793,650</b>
Quoted at Stock Exchange	23,652,148	25,004,436
Unquoted at Stock Exchange	1,812,514	1,789,214
<b>Common Shares</b>	<b>27,422</b>	<b>26,083</b>
Quoted at Stock Exchange	13,450	13,054
Unquoted at Stock Exchange	13,972	13,029
<b>Value Increase/Impairment Losses (-)</b>	<b>2,930,144</b>	<b>2,949,901</b>
<b>Total</b>	<b>28,422,228</b>	<b>29,769,634</b>

As of 30 June 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 731,666,667 (31 December 2009: USD 882,777,778 and EUR 500,000) and a total carrying value of TL 1,159,646 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>101</b>	<b>3,641</b>	<b>2</b>	<b>920</b>
Corporates	101	3,641	2	920
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>235,082</b>	<b>471,044</b>	<b>266,063</b>	<b>374,508</b>
<b>Loans to Employees</b>	<b>111,326</b>	<b>-</b>	<b>72,708</b>	<b>-</b>
<b>Total</b>	<b>346,509</b>	<b>474,685</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>57,742,554</b>	<b>41,296</b>	<b>943,126</b>	<b>1,137,985</b>
Discounted Bills	174,489	-	15	-
Export Loans	4,214,322	-	9,718	193,907
Import Loans	-	-	-	-
Loans to Financial Sector	2,488,809	-	1,228	84
Foreign Loans	2,440,520	34,628	2,417	-
Consumer Loans	12,144,116	6,668	108,676	89,158
Credit Cards	7,394,350	-	50,887	162,424
Precious Metal Loans	303,466	-	5,092	249
Others	28,582,482	-	765,093	692,163
<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>57,742,554</b>	<b>41,296</b>	<b>943,126</b>	<b>1,137,985</b>

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

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	1,708	385	-	2,093
Loans Collateralized by Mortgages	1,146,996	101,959	-	1,248,955
Loans Collateralized by Pledged Assets	142,629	10,437	-	153,066
Loans Collateralized by Cheques and Notes	69,688	15,764	-	85,452
Loans Collateralized by Other Collaterals	273,231	3,284	-	276,515
Unsecured Loans	35,714	66,005	213,311	315,030
<b>Total</b>	<b>1,669,966</b>	<b>197,834</b>	<b>213,311</b>	<b>2,081,111</b>

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

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
30-60 days	17,884	58,656	36,423	112,963
61-90 days	16,936	32,451	13,469	62,856
Other	1,635,146	106,727	163,419	1,905,292
<b>Total</b>	<b>1,669,966</b>	<b>197,834</b>	<b>213,311</b>	<b>2,081,111</b>

**5.1.5.3 Maturity analysis of cash loans**

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

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

	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans – TL</b>	<b>346,745</b>	<b>10,267,222</b>	<b>10,613,967</b>
Housing Loans	39,625	6,029,045	6,068,670
Automobile Loans	14,058	570,177	584,235
General Purpose Loans	291,915	3,567,233	3,859,148
Others	1,147	100,767	101,914
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>604,854</b>	<b>604,854</b>
Housing Loans	-	555,527	555,527
Automobile Loans	-	11,529	11,529
General Purpose Loans	-	37,798	37,798
Others	-	-	-
<b>Consumer Loans – FC</b>	<b>86,153</b>	<b>524,729</b>	<b>610,882</b>
Housing Loans	6,769	251,124	257,893
Automobile Loans	20	11,668	11,688
General Purpose Loans	40,240	261,596	301,836
Others	39,124	341	39,465
<b>Retail Credit Cards – TL</b>	<b>7,155,187</b>	<b>80,069</b>	<b>7,235,256</b>
With Installment	3,019,972	80,069	3,100,041
Without Installment	4,135,215	-	4,135,215
<b>Retail Credit Cards – FC</b>	<b>24,336</b>	<b>36,265</b>	<b>60,601</b>
With Installment	6,757	-	6,757
Without Installment	17,579	36,265	53,844
<b>Personnel Loans – TL</b>	<b>21,607</b>	<b>16,562</b>	<b>38,169</b>
Housing Loan	-	1,676	1,676
Automobile Loans	-	186	186
General Purpose Loans	21,607	14,700	36,307
Others	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>164</b>	<b>164</b>
Housing Loans	-	153	153
Automobile Loans	-	11	11
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>551</b>	<b>25,207</b>	<b>25,758</b>
Housing Loans	-	7,784	7,784
Automobile Loans	-	39	39
General Purpose Loans	75	16,770	16,845
Others	476	614	1,090
<b>Personnel Credit Cards – TL</b>	<b>30,226</b>	<b>309</b>	<b>30,535</b>
With Installment	22,625	309	22,934
Without Installment	7,601	-	7,601
<b>Personnel Credit Cards – FC</b>	<b>7,315</b>	<b>786</b>	<b>8,101</b>
With Installment	7,120	-	7,120
Without Installment	195	786	981
<b>Deposit Accounts– TL (real persons)</b>	<b>454,824</b>	<b>-</b>	<b>454,824</b>
<b>Deposit Accounts– FC (real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8,126,944</b>	<b>11,556,167</b>	<b>19,683,111</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>506,772</b>	<b>3,986,586</b>	<b>4,493,358</b>
Real Estate Loans	1,833	409,768	411,601
Automobile Loans	44,550	795,404	839,954
General Purpose Loans	460,389	2,781,414	3,241,803
Others	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>74,760</b>	<b>479,776</b>	<b>554,536</b>
Real Estate Loans	-	55,498	55,498
Automobile Loans	2,641	132,138	134,779
General Purpose Loans	72,119	292,140	364,259
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>449</b>	<b>204,280</b>	<b>204,729</b>
Real Estate Loans	-	115,502	115,502
Automobile Loans	59	4,305	4,364
General Purpose Loans	390	3,150	3,540
Others	-	81,323	81,323
<b>Corporate Credit Cards – TL</b>	<b>269,334</b>	<b>967</b>	<b>270,301</b>
With Installment	106,419	967	107,386
Without Installment	162,915	-	162,915
<b>Corporate Credit Cards – FC</b>	<b>2,867</b>	<b>-</b>	<b>2,867</b>
With Installment	20	-	20
Without Installment	2,847	-	2,847
<b>Deposit Accounts– TL (corporates)</b>	<b>445,603</b>	<b>-</b>	<b>445,603</b>
<b>Deposit Accounts– FC (corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,299,785</b>	<b>4,671,609</b>	<b>5,971,394</b>

**5.1.5.6 Allocation of loans by customers**

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

**5.1.5.7 Allocation of domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	56,611,098	50,025,017
Foreign Loans	3,253,863	3,024,761
<b>Total</b>	<b>59,864,961</b>	<b>53,049,778</b>

**5.1.5.8 Loans to associates and subsidiaries**

	Current Period	Prior Period
Direct Lending	188,567	243
Indirect Lending	-	-
<b>Total</b>	<b>188,567</b>	<b>243</b>

**5.1.5.9 Specific provisions for loans**

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	31,667	185,391
Doubtful Loans and Receivables	290,877	560,941
Uncollectible Loans and Receivables	1,415,222	1,122,008
<b>Total</b>	<b>1,737,766</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	10,655	58,333	258,669
Rescheduled Loans and Receivables	-	-	-
<b>Total</b>	<b>10,655</b>	<b>58,333</b>	<b>258,669</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 (+)	262,079	35,712	141,503
Transfer from Other NPL Categories (+)	-	410,395	598,608
Transfer to Other NPL Categories (-)	410,395	598,608	-
Collections during the Period (-)	84,454	188,878	243,967
Write-offs (-)	-	-	57,806
Corporate and Commercial Loans	-	-	1,657
Retail Loans	-	-	33
Credit Cards	-	-	56,074
Other	-	-	42
<b>Balances at End of Period</b>	<b>84,895</b>	<b>382,675</b>	<b>1,691,817</b>
Specific Provisions (-)	31,667	290,877	1,415,222
<b>Net Balance on Balance Sheet</b>	<b>53,228</b>	<b>91,798</b>	<b>276,595</b>

***Movements in specific loan provisions***

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
<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 (+)	60,025	116,249	169,606	345,880
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	79,682	129,837	192,977	402,496
Write-Offs (-)	1,414	16,470	56,074	73,958
<b>Balances at End of Period</b>	<b>574,279</b>	<b>480,642</b>	<b>682,845</b>	<b>1,737,766</b>

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period</b>			
<b>Balance at End of Period</b>	<b>3,143</b>	<b>90,116</b>	<b>380,417</b>
Specific Provisions (-)	294	62,679	284,554
<b>Net Balance at Balance Sheet</b>	<b>2,849</b>	<b>27,437</b>	<b>95,863</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***

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period (Net)</b>	<b>53,228</b>	<b>91,798</b>	<b>276,595</b>
Loans to Individuals and Corporates (Gross)	84,895	382,675	1,684,146
Specific Provision (-)	31,667	290,877	1,407,551
Loans to Individuals and Corporates (Net)	53,228	91,798	276,595
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,360
Specific Provision (-)	-	-	7,360
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	689	309	-	998
Loans Collateralized by Mortgages	383,723	113,295	-	497,018
Loans Collateralized by Pledged Assets	121,548	84,147	-	205,695
Loans Collateralized by Cheques and Notes	128,193	186,174	-	314,367
Loans Collateralized by Other Collaterals	117,541	20,247	-	137,788
Unsecured Loans	111,556	183,535	708,430	1,003,521
<b>Total</b>	<b>863,250</b>	<b>587,707</b>	<b>708,430</b>	<b>2,159,387</b>

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

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

**5.1.5.12 *Write-off policy***

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

**5.1.6 *Factoring receivables***

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

**5.1.7 *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	1,411,042	409,544	1,860,387	280,390
Investments subject to Repurchase Agreements	3,083,733	-	2,637,832	152,905
<b>Total</b>	<b>4,494,775</b>	<b>409,544</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	5,305,217	5,991,656
Treasury Bills	-	-
Other Government Securities	1,374,701	1,438,946
<b>Total</b>	<b>6,679,918</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>6,429,720</b>	<b>7,221,757</b>
Quoted at Stock Exchange	6,429,720	7,184,957
Unquoted at Stock Exchange	-	36,800
<b>Valuation Increase / (Decrease)</b>	<b>251,117</b>	<b>246,068</b>
<b>Total</b>	<b>6,680,837</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	58,035	(27,979)
Purchases during the Period	-	927,839
Disposals through Sales/Redemptions	(850,337)	(1,155,617)
Valuation Effect	5,314	(60,799)
<b>Balances at End of Period</b>	<b>6,680,837</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	Istanbul/Turkey	-	9.00
2	Bankalararası Kart Merkezi AŞ	Istanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ <sup>(1)</sup>	Istanbul/Turkey	0.77	0.77
4	İMKB Takas ve Saklama Bankası AŞ	Istanbul/Turkey	5.83	5.83
5	Vadeli İşlem ve Opsiyon Borsası AŞ <sup>(1)</sup>	Istanbul/Turkey	6.00	6.00
6	KKB Kredi Kayıt Bürosu AŞ	Istanbul/Turkey	9.09	9.09
7	Gelişen İşletmeler Piyasaları AŞ <sup>(1)</sup>	Istanbul/Turkey	5.00	5.00
8	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(2)</sup>	Ankara / Turkey	2.48	2.48
9	Kredi Garanti Fonu AŞ <sup>(1)</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	6,767	5,854	336	217	-	1,575	625	-
2	18,840	15,414	5,971	428	-	1,014	5,481	-
3	449,633	53,687	1,568	5,261	484	3,004	2,148	-
4	1,648,890	287,517	10,878	16,249	4,403	17,870	91,721	-
5	46,141	43,032	4,179	808	8	3,909	27,121	-
6	35,701	28,637	1,797	1,096	-	5,964	9,103	-
7	8,228	8,190	1	193	-	142	2,980	-
8	155,794	10,821	246	3,764	2,291	1,637	10,774	-
9	133,833	130,087	990	1,239	-	2,120	3,713	-

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

<sup>(1)</sup> Financial information is as of 31 March 2010.

<sup>(2)</sup> Financial information is as of 31 December 2009.

**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 <sup>(1)</sup>	İstanbul / Türkiye	0.21	0.21

	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	614,029	286,226	13,776	13,175	4,916	35,788	144,277	-
2	28,980	28,163	20	21	779	592	4,203	15,836

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

<sup>(1)</sup> Financial information is as of 31 March 2010, but fair value information is as of 30 June 2010.

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 0.21%, has been consolidated in the accompanying consolidated financial statements as of 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>6,666</b>	<b>10,237</b>
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	7,256	9,221
Sales/Liquidations (-)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(590)	1,016
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>57,245</b>	<b>50,579</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</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	57,245	50,579

**Sectoral distribution of consolidated investments and associates**

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	57,245	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 <sup>(1)</sup>	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	-	70.00

	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	20,739	13,779	732	-	122	501	(94,020)	-
2	19,535	11,066	677	-	501	920	9,567	-
3	1,091	1,001	2	-	1	588	-	-
4	416	209	38	-	-	6	(140)	-
5	829	705	-	-	2	(235)	187	-
6	127	80	123	-	-	-	(36)	-
7	240	240	-	-	-	-	-	-
8	-	-	-	-	-	-	-	-
9	242	240	-	-	-	-	-	-
10	167,930	14,477	136,118	3	-	7,001	(2,524)	-
11	11	7	-	-	-	(4)	-	-

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

<sup>(1)</sup> Financial information is as of 31 March 2010.

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

As of 30 June 2010, the investments in Trifoi Real Estate Company, United Custodian, Trifoi Investments, Golden Clover Stichting Custody and Garanti Broker Asigurari BRL classified as financial subsidiaries are not consolidated as their total assets are less than 1% of the Bank's total assets, instead they are valued at cost.

The non-financial investments 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>317,869</b>	<b>187,192</b>
Acquisitions and Capital Increases <sup>(*)</sup>	333,118	93
Bonus Shares Received	-	(125,648)
Dividends from Current Year Profit	-	-
Sales/Liquidations	(4,227)	-
Reclassifications	-	-
Increase/Decrease in Market Values	14,490	310,519
Currency Differences on Foreign Subsidiaries	(25,512)	2,228
Reversal of Impairment Losses / Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>1,315,623</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.

**Valuation methods of consolidated investments in subsidiaries**

	Current Period	Prior Period
Valued at Cost	210,587	210,587
Valued at Fair Value	1,105,036	787,167
Valued by Equity Method of Accounting	-	-

**Sectoral distribution of consolidated investments in subsidiaries**

	Current Period	Prior Period
Banks	710,792	689,498
Insurance Companies	56,545	56,545
Factoring Companies	64,626	68,365
Leasing Companies	85,381	85,381
Finance Companies	398,279	97,965
Other Subsidiaries	-	-

**Quoted consolidated investments in subsidiaries**

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	64,626	68,365
Quoted at International Stock Exchanges	-	-



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

	<b>Subsidiaries</b>	<b>Address (City/ Country)</b>	<b>Parent Bank's Share – If Different, Voting Rights (%)</b>	<b>Shares of Other Consolidated Subsidiaries (%)</b>	<b>Method of Consolidation</b>
1	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	94.10	5.86	Full Consolidation
2	Garanti Faktoring Hizmetleri AŞ	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	100.00	Full Consolidation
9	Doğuş GE BV	Bucharest/Romania	70.00	70.00	Partial Consolidation
10	GE Garanti Bank SA	Bucharest/Romania	69.99	69.99	Partial Consolidation
11	Motoractive IFN SA	Bucharest/Romania	70.00	70.00	Partial Consolidation
12	Ralfi IFN SA	Bucharest/Romania	70.00	70.00	Partial Consolidation
13	Domenic Credit IFN SA	Bucharest/Romania	70.00	70.00	Partial 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	1,606,297	384,028	17,935	76,874	-	44,474	256,306	-
2	1,415,716	57,679	2,176	16,463	80	6,196	26,953	116,644
3	62,324	54,926	3,311	347	617	2,290	9,989	-
4	17,175	15,025	661	621	85	975	948	-
5	2,033,688	274,489	11,631	11,774	4,308	41,160	157,050	-
6	6,181,589	585,357	50,487	129,113	47,545	42,643	263,985	591,741
7	492,592	112,938	30,242	10,302	6,459	11,309	53,250	119,120
8	228,292	228,200	-	-	-	(4)	(212,357)	-
9	476,631	385,775	-	-	-	-	(3,142)	-
10	1,986,351	239,166	40,663	953	139	(28,773)	(4,313)	-
11	256,531	24,733	6,155	-	-	-	(28,854)	-
12	175,220	12,298	1,736	-	-	-	(53,865)	-
13	252,036	27,619	2,684	-	-	-	(35,325)	-

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

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

The liquidation processes of Garanti Fund Management Co Ltd and Garanti Financial Services Plc have been finalized and accounting for their disposals was made 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**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	804,376	694,151	791,344	664,371
Between 1-5 Years	864,055	770,573	943,917	830,101
Longer than 5 Years	29,959	28,256	50,337	47,037
<b>Total</b>	<b>1,698,390</b>	<b>1,492,980</b>	<b>1,785,598</b>	<b>1,541,509</b>

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

	Current Period	Prior Period
Gross Financial Lease Receivables	1,698,390	1,785,598
Unearned Income on Financial Lease Receivables (-)	(205,410)	(244,089)
Terminated Lease Contracts (-)	-	-
<b>Net Financial Lease Receivables</b>	<b>1,492,980</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**

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

**5.1.14 Intangible assets**

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

**5.1.15 Investment property**

None.

**5.1.16 Deferred tax asset**

As of 30 June 2010, on a consolidated basis the Bank has a deferred tax asset of TL 190,628 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 30 June 2010. However, there is a deferred tax asset of TL 242,702 thousands (31 December 2009: TL 248,506 thousands) and deferred tax liability of TL 52,074 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 30 June 2010, a deferred tax asset amounting TL 21,529 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**

	<i>Current Period</i>	<i>Prior Period</i>
<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	42,364	33,184
Disposals (Cost)	(18,036)	(25,278)
Disposals (Accumulated Depreciation)	30	1,358
Reversal of Impairment / Impairment Losses (-)	(1,381)	(8,748)
Depreciation Expense for Current Period (-)	(321)	(670)
Currency Translation Differences on Foreign Operations	-	-
<b>Cost</b>	<b>105,283</b>	<b>82,336</b>
<b>Accumulated Depreciation (-)</b>	<b>(1,435)</b>	<b>(1,144)</b>
<b>Net Book Value</b>	<b>103,848</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 2,942 thousands (31 December 2009: TL 3,263 thousands).

**5.1.18 Other Assets**

**5.1.18.1 Receivables from term sale of assets**

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	11,454	17,353
Sale of Real Estates	-	-
Sale of Other Assets	2,884	2,884
<b>Total</b>	<b>14,338</b>	<b>20,237</b>

**5.1.18.2 Prepaid expenses**

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	284,050	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>2,121,015</b>	-	<b>7,560,885</b>	<b>13,743,788</b>	<b>861,854</b>	<b>137,856</b>	<b>85,856</b>	<b>402</b>	<b>24,511,656</b>
<b>Foreign Currency Deposits</b>	<b>7,685,333</b>	-	<b>10,066,716</b>	<b>8,868,669</b>	<b>994,237</b>	<b>2,072,297</b>	<b>2,022,588</b>	<b>86,608</b>	<b>31,796,448</b>
Residents in Turkey	5,018,644	-	8,837,385	8,369,933	572,971	609,211	918,145	85,210	24,411,499
Residents in Abroad	2,666,689	-	1,229,331	498,736	421,266	1,463,086	1,104,443	1,398	7,384,949
<b>Public Sector Deposits</b>	<b>1,528,091</b>	-	<b>2,662</b>	<b>7,792</b>	<b>2,389</b>	-	<b>70</b>	-	<b>1,541,004</b>
<b>Commercial Deposits</b>	<b>2,379,723</b>	-	<b>4,603,362</b>	<b>3,902,778</b>	<b>732,854</b>	<b>55,497</b>	<b>136,416</b>	-	<b>11,810,630</b>
<b>Others</b>	<b>76,688</b>	-	<b>46,808</b>	<b>593,250</b>	<b>512,568</b>	<b>138</b>	<b>318</b>	-	<b>1,229,770</b>
<b>Precious Metal Deposits</b>	<b>302,147</b>	-	<b>3</b>	-	-	<b>4,908</b>	-	-	<b>307,058</b>
<b>Bank Deposits</b>	<b>716,682</b>	-	<b>470,884</b>	<b>58,335</b>	<b>15,429</b>	<b>200,814</b>	<b>79,471</b>	-	<b>1,541,615</b>
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	14,862	-	184,230	5,115	-	148,584	23,417	-	376,208
Foreign Banks	345,409	-	286,654	53,220	15,429	52,230	56,054	-	808,996
Special Financial Institutions	356,411	-	-	-	-	-	-	-	356,411
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14,809,679</b>	-	<b>22,751,320</b>	<b>27,174,612</b>	<b>3,119,331</b>	<b>2,471,510</b>	<b>2,324,719</b>	<b>87,010</b>	<b>72,738,181</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	10,530,438	9,297,711	13,809,187	11,380,762
Foreign Currency Saving Deposits	6,711,263	7,242,292	9,879,648	10,277,032
Other Saving Deposits	128,600	120,181	154,250	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**

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

#### **5.2.1.3 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	321,453	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	214,571	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	29,606	17,825	12,214	16,829
Swap Transactions	111,232	456,439	86,116	170,251
Futures	-	84	-	106
Options	39,598	57,392	19,542	36,358
Others	-	-	-	-
<b>Total</b>	<b>180,436</b>	<b>531,740</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	996,435	854,011	1,005,262	775,418
Foreign Banks, Institutions and Funds	4,081,549	11,140,812	3,122,201	10,563,470
<b>Total</b>	<b>5,077,984</b>	<b>11,994,823</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	1,509,769	4,596,606	1,091,320	3,895,952
Medium and Long-Term	3,568,215	7,398,217	3,036,143	7,442,936
<b>Total</b>	<b>5,077,984</b>	<b>11,994,823</b>	<b>4,127,463</b>	<b>11,338,888</b>

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

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

### 5.2.4 Interbank money markets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>3,837,614</b>	-	<b>9,804,711</b>	-
Financial Institutions and Organizations	3,796,220	-	9,749,113	-
Other Institutions and Organizations	9,737	-	18,423	-
Individuals	31,657	-	37,175	-
<b>Foreign Transactions</b>	<b>594,365</b>	<b>525,802</b>	<b>572,540</b>	<b>387,478</b>
Financial Institutions and Organizations	594,092	525,802	572,241	387,478
Other Institutions and Organizations	-	-	176	-
Individuals	273	-	123	-
<b>Total</b>	<b>4,431,979</b>	<b>525,802</b>	<b>10,377,251</b>	<b>387,478</b>

### 5.2.5 Factoring payables

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

### 5.2.6 Lease payables

#### 5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	770	770	5,034	5,034
Between 1-5 Years	892	892	-	-
Longer than 5 Years	-	-	-	-
<b>Total</b>	<b>1,662</b>	<b>1,662</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	-	3,279	-	3,464
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,279</b>	<b>-</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>536,148</b>	<b>437,334</b>
Loans and Receivables in Group I	454,211	383,421
Loans and Receivables in Group II	37,765	13,342
Non-Cash Loans	44,172	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	11,593	10,494
Medium and Long Term Loans	16,493	9,244
<b>Total</b>	<b>28,086</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

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

### 5.2.8.4 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

	Current Period	Prior Period
Reserve for Employee Benefits	222,139	167,758
Recognized Liability for Defined Benefit Obligations	-	-
Insurance Technical Provisions, Net	142,685	128,614
Provision for Promotion Expenses of Credit Cards <sup>(*)</sup>	45,529	36,208
Other Provisions	31,230	30,449
<b>Total</b>	<b>441,583</b>	<b>363,029</b>

(\*) 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 15 January 2010 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 722,746 thousands at 31 December 2009 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2009 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 15 January 2010 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 324,807 thousands remains as of 31 December 2009 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting 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. Accordingly, the provision amounting TL 102,601 thousands that was charged fully as expense as of 31 December 2008, was reversed in the accompanying financial statements as of 31 December 2009.

	31 December 2009
<b>Transferable Pension and Medical Benefits:</b>	
Net present value of pension benefits transferable to SSF	(287,981)
Net present value of medical benefits and health premiums transferable to SSF	191,521
General administrative expenses	(16,957)
<b>Present Value of Pension and Medical Benefits Transferable to SSF (1)</b>	<b>(113,417)</b>
<b>Fair Value of Plan Assets (2)</b>	<b>836,163</b>
<b>Asset Surplus over Transferable Benefits ((2)-(1)=(3))</b>	<b>722,746</b>
<b>Non-Transferable Benefits:</b>	
Other pension benefits	(188,494)
Other medical benefits	(209,445)
<b>Total Non-Transferable Benefits (4)</b>	<b>(397,939)</b>
<b>Asset Surplus over Total Benefits ((3)-(4)=(5))</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>(191,521)</b>
<b>Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))</b>	<b>133,286</b>

The major actuarial assumptions used in the calculation of other benefits not transferable to SSF in compliance with TAS 19 are as follows:

	<b>31 December 2009</b>
	<b>%</b>
Discount Rate	10.86-8.42
Inflation Rate	6.90-4.80
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	20.50-6.80
Future Pension Increase Rates	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 30 June 2010, the corporate tax liability amounts to TL 175,269 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	175,269	224,153
Taxation on Securities Income	108,495	88,060
Taxation on Real Estates Income	1,539	1,300
Banking Insurance Transaction Tax	28,385	29,843
Foreign Exchange Transaction Tax	19	27
Value Added Tax Payable	1,023	2,694
Others	15,640	38,205
<b>Total</b>	<b>330,370</b>	<b>384,282</b>

#### **5.2.9.1.3 Premiums payable**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employees	325	336
Social Security Premiums-Employer	237	255
Bank Pension Fund Premium-Employees	23	30
Bank Pension Fund Premium-Employer	17	15
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	3	-
Unemployment Insurance-Employees	516	492
Unemployment Insurance-Employer	967	910
Others	-	-
<b>Total</b>	<b>2,088</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 6,293 thousands as of 30 June 2010 (31 December 2009: TL 10,850 thousands).

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

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

#### **5.2.11 Subordinated debts**

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

#### **5.2.12 Shareholders’ equity**

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

	<b>Current Period</b>	<b>Prior Period</b>
Common Shares	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**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>1,130,616</b>	<b>103,767</b>	<b>1,242,755</b>	<b>118,679</b>
Valuation Difference	1,130,616	103,767	1,242,755	118,679
Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>1,130,616</b>	<b>103,767</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	2,147	-	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>598,194</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	505,945	349,148
II. Legal Reserve	44,403	30,127
Special Reserves	-	-
<b>Total</b>	<b>550,348</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	5,523,657	3,187,603
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
<b>Total</b>	<b>5,523,657</b>	<b>3,187,603</b>

**5.2.12.13 Minority interest**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at Beginning of Period</b>	<b>49,023</b>	<b>35,125</b>
Profit Share of Subsidiaries Net Profits	8,375	13,884
Prior Period Dividend	-	-
Increase / (Decrease) in Minority Interest due to Sales	-	-
Others	27,487	14
<b>Balance at End of Period</b>	<b>84,885</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 2,561,776 thousands (31 December 2009: TL 2,264,070 thousands), commitments for cheque payments of TL 1,661,294 thousands (31 December 2009: TL 1,513,244 thousands) and commitments for credit card limits of TL 10,963,758 thousands (31 December 2009: TL 9,120,759 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	7,350,311	7,653,913
Letters of Guarantee in TL	4,819,045	4,506,694
Letters of Credit	3,438,953	2,827,019
Bills of Exchange and Acceptances	140,458	125,841
Prefinancings	12,055	-
<b>Total</b>	<b>15,760,822</b>	<b>15,113,467</b>

A specific provision of TL 52,023 thousands (31 December 2009: TL 56,105 thousands) is made for unliquidated non-cash loans of TL 94,607 thousands (31 December 2009: TL 103,115 thousands) recorded under the off-balance sheet items as of 30 June 2010.

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

As of 30 June 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 781,666,667 (31 December 2009: USD 932,777,778 and EUR 500,000).

##### 5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	902,902	902,088
<i>With Original Maturity of 1 Year or Less</i>	<i>17,209</i>	<i>18,484</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>885,693</i>	<i>883,604</i>
Other Non-Cash Loans	14,857,920	14,211,379
<b>Total</b>	<b>15,760,822</b>	<b>15,113,467</b>

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

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

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

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

**5.3.2 Financial derivative instruments**

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

**5.3.3 Contingent liabilities and assets**

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

**5.3.4 Services rendered on behalf of third parties**

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

## 5.4 Consolidated income statement

### 5.4.1 Interest income

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest Income from Loans</b>				
Short-term loans	1,046,395	123,325	1,459,223	203,644
Medium and long-term loans	1,000,712	549,643	1,000,417	653,005
Loans under follow-up	27,947	-	18,630	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>2,075,054</b>	<b>672,968</b>	<b>2,478,270</b>	<b>856,649</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	2,166	150	4,226	394
Domestic Banks	10,808	5,218	1,918	10,743
Foreign Banks	101,294	28,025	68,241	50,975
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>114,268</b>	<b>33,393</b>	<b>74,385</b>	<b>62,112</b>

#### 5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	27,713	348	14,492	1,521
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	1,529,985	107,078	1,319,210	117,670
Investments Held-to-Maturity	357,567	55,880	481,819	67,016
<b>Total</b>	<b>1,915,265</b>	<b>163,306</b>	<b>1,815,521</b>	<b>186,207</b>

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

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	542	715

### 5.4.2 Interest expenses

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	-	-	-
Domestic Banks	37,487	9,012	50,489	4,914
Foreign Banks	196,277	118,092	148,290	168,079
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	30,954	-	29,574
<b>Total</b>	<b>233,764</b>	<b>158,058</b>	<b>198,779</b>	<b>202,567</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	202	1

**5.4.2.3 Interest expenses on securities issued**

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

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

Account Description	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	
<b>Turkish Lira</b>								
Bank Deposits	1,069	10,564	104	163	131	103	-	12,134
Saving Deposits	367	286,172	569,867	18,122	6,318	5,189	-	886,035
Public Sector Deposits	-	396	3,317	78	1	4	-	3,796
Commercial Deposits	2,182	183,356	302,807	16,276	2,356	7,295	-	514,272
Others	1,180	1,666	15,406	10,723	5	12	-	28,992
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>4,798</b>	<b>482,154</b>	<b>891,501</b>	<b>45,362</b>	<b>8,811</b>	<b>12,603</b>	<b>-</b>	<b>1,445,229</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	3,745	96,843	140,605	16,488	30,923	23,141	870	312,615
Bank Deposits	686	7,649	857	1,503	1,395	1,466	-	13,556
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	1	-	51	-	-	52
<b>Total FC</b>	<b>4,431</b>	<b>104,492</b>	<b>141,463</b>	<b>17,991</b>	<b>32,369</b>	<b>24,607</b>	<b>870</b>	<b>326,223</b>
<b>Grand Total</b>	<b>9,229</b>	<b>586,646</b>	<b>1,032,964</b>	<b>63,353</b>	<b>41,180</b>	<b>37,210</b>	<b>870</b>	<b>1,771,452</b>

**5.4.2.5 Interest expense on repurchase agreements**

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

**5.4.2.6 Financial lease expenses**

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

**5.4.2.7 Interest expenses on factoring payables**

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

**5.4.3 Dividend income**

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

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

	Current Period	Prior Period
<b>Income</b>	<b>35,538,322</b>	<b>38,676,783</b>
Trading Account Income	314,391	531,730
Derivative Financial Instruments	1,618,550	1,837,752
Foreign Exchange Gain	33,605,381	36,307,301
<b>Losses (-)</b>	<b>35,277,405</b>	<b>37,956,559</b>
Trading Account Losses	151,464	222,070
Derivative Financial Instruments	1,658,161	1,481,591
Foreign Exchange Losses	33,467,780	36,252,898
<b>Total</b>	<b>260,917</b>	<b>720,224</b>

TL 1,389,736 thousands (30 June 2009: TL 857,208 thousands) of foreign exchange gains and TL 2,214,558 thousands (30 June 2009: TL 2,294,732 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>229,497</b>	<b>760,280</b>
<i>Loans and receivables in Group III</i>	30,964	383,403
<i>Loans and receivables in Group IV</i>	141,819	210,392
<i>Loans and receivables in Group V</i>	56,714	166,485
<b>General Provisions</b>	<b>78,428</b>	<b>23,140</b>
<b>Provision for Possible Losses</b>	<b>-</b>	<b>250,000</b>
<b>Impairment Losses on Financial Assets</b>	<b>297</b>	<b>206</b>
<i>Financial assets at fair value through profit or loss</i>	194	206
<i>Financial assets available-for-sale</i>	103	-
<b>Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity</b>	<b>-</b>	<b>46</b>
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	46
<i>Joint ventures (business partnership)</i>	-	-
<i>Investments held-to-maturity</i>	-	-
<b>Others</b>	<b>2,252</b>	<b>51,545</b>
<b>Total</b>	<b>310,474</b>	<b>1,085,217</b>

#### 5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	610,976	488,857
Reserve for Employee Termination Benefits	2,524	20
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	76,804	85,966
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	6,714	5,146
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	1,381	-
Depreciation Expenses of Assets to be Disposed	321	440
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	553,955	489,456
<i>Operational lease related expenses</i>	75,531	64,602
<i>Repair and maintenance expenses</i>	13,484	13,179
<i>Advertisement expenses</i>	60,622	39,879
<i>Other expenses</i>	404,318	371,796
Loss on Sale of Assets	397	834
Others (*)	296,593	252,539
<b>Total</b>	<b>1,549,665</b>	<b>1,323,258</b>

(\*) In the current period, this item includes a provision amounting TL 123,885 thousands (30 June 2009: TL 79,950 thousands) for short-term employee benefits.

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

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

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

As of 30 June 2010, on a consolidated basis, the Bank recorded a current tax charge of TL 613,154 thousands (30 June 2009: TL 419,583 thousands) and a deferred tax benefit of TL 90,659 thousands (30 June 2009: TL 13,563 thousands, a deferred tax expense).

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

Deferred tax benefit/(charge) on timing differences	Current Period	Prior Period
Increase in Tax Deductable Timing Differences (+)	52,247	56,144
Decrease in Tax Deductable Timing Differences (-)	39,050	6,381
Increase in Taxable Timing Differences (-)	349	75,274
Decrease in Taxable Timing Differences (+)	77,811	11,948
<b>Total</b>	<b>90,659</b>	<b>(13,563)</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)	13,197	49,763
Increase/(Decrease) in Taxable Timing Differences (net)	77,462	(63,326)
Increase/(Decrease) in Tax Losses (net)	-	-
Increase/(Decrease) in Tax Deductions and Exemptions (net)	-	-
<b>Total</b>	<b>90,659</b>	<b>(13,563)</b>

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

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

**5.4.11 Net profit/loss**

**5.4.11.1 Any further explanation on operating results needed for better understanding of 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	8,375	7,781

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

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

## **5.5 Consolidated statement of changes in shareholders' equity**

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

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

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

## 5.7 Related Party Risks

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

#### 5.7.1.1 Loans and other receivables

##### Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	18,332	3,194	2	920	306,087	374,508
Balance at end of period	213,931	3,823	101	3,641	264,241	471,044
Interest and Commission Income	667	-	138	6	12,065	1,923

##### 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	814	1	452	1	13,814	935

#### 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	221,985	3,826	614,741	360,361	367,322	359,037
Interest Expenses	202	1	11,808	7,437	6,169	6,769

#### 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	310,204	4,412	-	-	8,153	3,326
Total Profit/(Loss)	36,954	21,081	-	-	298	-
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 423,750 thousands (31 December 2009 TL 266,308 thousands) compose 0.70% (31 December 2009: 0.50%) of the Bank's total cash loans and 0.36% (31 December 2009: 0.23%) of the Bank's total assets. The total loans and similar receivables amounting TL 478,273 thousands (31 December 2009: TL 324,421 thousands) compose 0.40% (31 December 2009: 0.28%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 478,508 thousands (31 December 2009: TL 378,622 thousands) compose 3.04% (31 December 2009: 2.51%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,204,048 thousands (31 December 2009: TL 723,224 thousands) compose 1.66% (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 8,659 thousands (31 December 2009: TL 8,415 thousands) to related parties.

Operating expenses of TL 4,799 thousands (30 June 2009: TL 5,329 thousands) for IT services rendered by related parties and rent income of TL 112 thousands (30 June 2009: TL 354 thousands) for the real estates rented to related parties, are recorded.

The Bank and its consolidated financial affiliates made a total payment of TL 65,972 thousands as of 30 June 2010 (30 June 2009: TL 53,608 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, Eureka Sigorta AŞ, Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities on behalf of customers are rendered by the Bank's specialised branches (Investment Centers).

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



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

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

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

None.

## 5.10 Other disclosures on activities of bank

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

#### MOODY'S (May 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	Stable
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 (April 2010)\*

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

#### CAPITAL INTELLIGENCE (November 2009)\*

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

#### JCR EURASIA RATINGS (May 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

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

**MOODY'S (August 2009)\***

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.

**5.10.3 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.

**5.10.4 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.

#### **5.10.5 Dividens**

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.

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

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

The consolidated financial statements of the Bank and its financial affiliates as of 30 June 2010, are reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu). It was noted in their independent limited review report dated 3 August 2010 that except for the effect of the matter described in the third paragraph on the financial statements, nothing material has come to their attention that caused them to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the financial position and results of operations of the Bank and its financial affiliates as of 30 June 2010.

### **6.2 Disclosures and footnotes prepared by independent accountants**

None.

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