

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

**Türkiye Garanti Bankası Anonim Şirketi**  
**Unconsolidated Financial Statements**  
**As of and For the Three-Month Period Ended**  
**31 March 2011**

*(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  
5 May 2011

*This report contains "Independent Accountants'  
Limited Review Report" comprising 2 pages  
and;"Unconsolidated Financial Statements and  
Related Disclosures and Footnotes" comprising 76  
pages.*

To the Board of Directors of  
Türkiye Garanti Bankası AŞ  
İstanbul

## TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

### INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT FOR THE INTERIM PERIOD 1 JANUARY 2011 – 31 MARCH 2011

We have reviewed the accompanying balance sheet of Türkiye Garanti Bankası A.Ş. (“the Bank”) as at 31 March 2011 and the related 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 financial statements include a general reserve amounting to TL 420,000 thousands, TL 90,000 thousands of which was charged to the income statement as expense in the current period, 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.

Based on our review, except for the effect of the matter referred to in the preceding paragraph on the financial statements, nothing has come to our attention that causes us to believe that the accompanying 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 as of and for the period ended 31 March 2011 in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 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.

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's 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 AŞ

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç  
Partner

Istanbul, 5 May 2011

## **Türkiye Garanti Bankası Anonim Şirketi**

### **Unconsolidated Interim Financial Report as of and for the Three-Month Period Ended 31 March 2011**

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The unconsolidated interim financial report 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 the Bank
2. Unconsolidated Financial Statements
3. Accounting Policies of Unconsolidated Financial Statements
4. Financial Position and Results of Operations of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Independent Accountants' Limited Review Report

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

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

**S. Ergun Özen**  
General Manager

**Aydın Şenel**  
Executive Vice  
President

**Mustafa Keleş**  
Financial Accounting  
Director

**M. Cüneyt Sezgin**  
Audit Committee  
Member

**Manuel Pedro  
Galatas Sanchez -  
Harguindey**  
Audit Committee  
Member

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## **1 General Information**

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 874 domestic branches, six foreign branches and four representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 31 March 2011, the group of companies under Doğuş Holding AŞ that currently owns 24.23% shares of the Bank, is named 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.

GE Araştırma ve Müşavirlik Limited Şti had sold 9,765,000,000 shares of Türkiye Garanti Bankası AŞ at a nominal value of TL 97,650 each to Doğuş Holding AŞ, representing 4.65% of the issued share capital of Türkiye Garanti Bankası AŞ on 27 December 2007.

Number of shares representing 20.85% ownership of GE Araştırma ve Müşavirlik Limited Şti increased to 87,571,249,898 subsequent to the capital increase through issuance of bonus shares. The company sold 83,371,249,899 shares at a total nominal value of TL 833,712 thousands representing 19.85% ownership in Türkiye Garanti Bankası AŞ, to GE Capital Corporation on 29 December 2010.

On 22 March 2011, Banco Bilbao Vizcaya Argentaria SA (“BBVA”) acquired;

- 78.120.000.000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 thousands representing 18.60% ownership, and
- 26.418.840.000 shares of the Bank owned by Doğuş Holding AŞ at a total nominal value of TL 264,188 thousands representing 6.29% ownership.

BBVA, holding 24.89% shares of the Bank, has joint control on the Bank’s management together with Doğuş Group.

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 approximately 30 thousand employees.

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

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

#### BBVA Group

BBVA is operating for more than 150 years, providing variety of wide spread financial and non-financial services to over 47 million retail and commercial customers.

The Group's headquarter is in Spain, where the Group has concrete leadership in retail and commercial markets. BBVA adopting innovative, and customer and community oriented management style, besides banking, operates in insurance sector in Europe and portfolio management, private banking and investment banking in global markets.

The Group owns a bank being the largest financial institution in Mexico, the market leader in South America, and one of the largest 15 commercial banks in United States. BBVA is among the few international groups that operates in China and Turkey, and operates in more than 30 countries with more than 100 thousand employees.

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

#### Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	21 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	29 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	23 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	37 years
Manuel Castro Aladro	Member	22.03.2011	Master	19 years
Manuel Pedro Galatas Sanchez Harguindey	Member of BOD and Audit Committee	05.05.2011	University	27 years
Carlos Torres Vila	Member	22.03.2011	Master	20 years
Angel Cano Fernandez	Member	22.03.2011	University	26 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	24 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	24 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	33 years
Afzal Mohammed Modak	EVP-Finance and Accounting	20.07.2007	Master	26 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	19 years
Ali Temel	EVP-Loans	21.10.1999	University	21 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	17 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	29 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	26 years
Uruz Ersözöglü	EVP-Treasury	05.04.2006	University	20 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	19 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	26 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	30 years
Zekeriya Öztürk	EVP- International Business Development	06.03.2006	Master	16 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	17 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	17 years

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

**1.4 Information on the bank’s qualified shareholders**

Name / Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	857,315	20.4123%	857,315	-
Banco Bilbao Vizcaya Argentaria SA	1,045,388	24.8902%	1,045,388	-

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 the bank's activities and services**

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

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

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

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

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

## 2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

### Türkiye Garanti Bankası Anonim Şirketi Balance Sheet (Statement of Financial Position) At 31 March 2011

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 March 2011			PRIOR PERIOD 31 December 2010		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	(5.1.1)	<b>3.358.939</b>	<b>4.298.302</b>	<b>7.657.241</b>	<b>3.162.714</b>	<b>4.347.318</b>	<b>7.510.032</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	<b>397.309</b>	<b>219.525</b>	<b>616.834</b>	<b>763.702</b>	<b>216.213</b>	<b>979.915</b>
2.1 Financial assets held for trading		397.309	219.525	616.834	763.702	216.213	979.915
2.1.1 Government securities		116.018	14.488	130.506	556.878	15.929	572.807
2.1.2 Equity securities		24.487	-	24.487	6.993	-	6.993
2.1.3 Derivative financial assets held for trading		241.161	205.037	446.198	191.829	200.284	392.113
2.1.4 Other securities		15.643	-	15.643	8.002	-	8.002
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)	<b>2.449.430</b>	<b>5.397.596</b>	<b>7.847.026</b>	<b>2.500.227</b>	<b>5.820.958</b>	<b>8.321.185</b>
<b>IV. INTERBANK MONEY MARKETS</b>		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>	(5.1.4)	<b>27.512.596</b>	<b>1.681.640</b>	<b>29.194.236</b>	<b>29.851.339</b>	<b>2.484.871</b>	<b>32.336.210</b>
5.1 Equity securities		59.039	76.235	135.274	60.131	68.602	128.733
5.2 Government securities		26.428.672	600.244	27.028.916	28.743.514	964.406	29.707.920
5.3 Other securities		1.024.885	1.005.161	2.030.046	1.047.694	1.451.863	2.499.557
<b>VI. LOANS</b>	(5.1.5)	<b>40.881.171</b>	<b>29.494.818</b>	<b>70.375.989</b>	<b>37.297.159</b>	<b>27.530.151</b>	<b>64.827.310</b>
6.1 Performing loans		40.601.314	29.494.818	70.096.132	36.945.599	27.530.151	64.475.750
6.1.1 Loans to bank's risk group	(5.7)	42.582	1.255.370	1.297.952	105.221	1.319.974	1.425.195
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		40.558.732	28.239.448	68.798.180	36.840.378	26.210.177	63.050.555
6.2 Loans under follow-up		1.530.688	-	1.530.688	1.939.109	-	1.939.109
6.3 Specific provisions (-)		1.250.831	-	1.250.831	1.587.549	-	1.587.549
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>	(5.1.6)	<b>3.055.912</b>	<b>1.308.292</b>	<b>4.364.204</b>	<b>4.580.741</b>	<b>1.313.190</b>	<b>5.893.931</b>
8.1 Government securities		3.051.573	1.308.292	4.359.865	4.576.594	1.313.190	5.889.784
8.2 Other securities		4.339	-	4.339	4.147	-	4.147
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	<b>29.573</b>	-	<b>29.573</b>	<b>29.512</b>	-	<b>29.512</b>
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		29.573	-	29.573	29.512	-	29.512
9.2.1 Financial investments in associates		27.859	-	27.859	27.798	-	27.798
9.2.2 Non-financial investments in associates		1.714	-	1.714	1.714	-	1.714
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	<b>288.906</b>	<b>1.461.230</b>	<b>1.750.136</b>	<b>292.722</b>	<b>1.362.412</b>	<b>1.655.134</b>
10.1 Unconsolidated financial investments in subsidiaries		271.367	1.461.230	1.732.597	275.324	1.362.412	1.637.736
10.2 Unconsolidated non-financial investments in subsidiaries		17.539	-	17.539	17.398	-	17.398
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>	(5.1.9)	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	(5.1.10)	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>	(5.1.11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.12)	<b>1.174.196</b>	<b>360</b>	<b>1.174.556</b>	<b>1.200.888</b>	<b>425</b>	<b>1.201.313</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>34.002</b>	-	<b>34.002</b>	<b>30.527</b>	-	<b>30.527</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		34.002	-	34.002	30.527	-	30.527
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>		<b>81.613</b>	-	<b>81.613</b>	<b>117.224</b>	-	<b>117.224</b>
17.1 Current tax asset		347	-	347	-	-	-
17.2 Deferred tax asset	(5.1.15)	81.266	-	81.266	117.224	-	117.224
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	<b>90.882</b>	-	<b>90.882</b>	<b>98.056</b>	-	<b>98.056</b>
18.1 Assets held for sale		90.882	-	90.882	98.056	-	98.056
18.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.17)	<b>994.957</b>	<b>53.889</b>	<b>1.048.846</b>	<b>928.019</b>	<b>45.773</b>	<b>973.792</b>
<b>TOTAL ASSETS</b>		<b>80.349.486</b>	<b>43.915.652</b>	<b>124.265.138</b>	<b>80.852.830</b>	<b>43.121.311</b>	<b>123.974.141</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Balance Sheet (Statement of Financial Position)**  
**At 31 March 2011**

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2011			31 December 2010		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.2.1)	<b>41.925.933</b>	<b>32.608.463</b>	<b>74.534.396</b>	<b>44.000.765</b>	<b>28.657.654</b>	<b>72.658.419</b>
1.1 Deposits from bank's risk group	(5.7)	552.272	3.400.734	3.953.006	522.780	645.512	1.168.292
1.2 Others		41.373.661	29.207.729	70.581.390	43.477.985	28.012.142	71.490.127
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.2.2)	<b>354.726</b>	<b>207.105</b>	<b>561.831</b>	<b>243.549</b>	<b>217.994</b>	<b>461.543</b>
<b>III. FUNDS BORROWED</b>	(5.2.3)	<b>5.082.437</b>	<b>13.120.420</b>	<b>18.202.857</b>	<b>5.113.873</b>	<b>11.519.439</b>	<b>16.633.312</b>
<b>IV. INTERBANK MONEY MARKETS</b>		<b>5.576.131</b>	<b>1.185.606</b>	<b>6.761.737</b>	<b>10.370.745</b>	<b>883.398</b>	<b>11.254.143</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	33.506	-	33.506
4.3 Obligations under repurchase agreements	(5.2.4)	5.576.131	1.185.606	6.761.737	10.370.745	883.398	11.220.637
<b>V. SECURITIES ISSUED (Net)</b>	(5.2.4)	<b>866.170</b>	<b>-</b>	<b>866.170</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Bills		866.170	-	866.170	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>3.483.265</b>	<b>46.235</b>	<b>3.529.500</b>	<b>2.914.888</b>	<b>27.685</b>	<b>2.942.573</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>		<b>734.052</b>	<b>326.719</b>	<b>1.060.771</b>	<b>766.328</b>	<b>253.286</b>	<b>1.019.614</b>
<b>IX. FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. LEASE PAYABLES (Net)</b>	(5.2.5)	<b>126</b>	<b>65</b>	<b>191</b>	<b>246</b>	<b>111</b>	<b>357</b>
10.1 Financial lease payables		133	68	201	265	116	381
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		7	3	10	19	5	24
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	(5.2.6)	<b>-</b>	<b>1.853</b>	<b>1.853</b>	<b>-</b>	<b>2.347</b>	<b>2.347</b>
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	1.853	1.853	-	2.347	2.347
11.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.2.7)	<b>1.466.743</b>	<b>31.407</b>	<b>1.498.150</b>	<b>1.329.151</b>	<b>31.297</b>	<b>1.360.448</b>
12.1 General provisions		649.955	30.589	680.544	593.530	28.735	622.265
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		260.346	-	260.346	285.708	-	285.708
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		556.442	818	557.260	449.913	2.562	452.475
<b>XIII. TAX LIABILITY</b>	(5.2.8)	<b>216.474</b>	<b>192</b>	<b>216.666</b>	<b>324.821</b>	<b>158</b>	<b>324.979</b>
13.1 Current tax liability		216.474	192	216.666	324.821	158	324.979
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.2.9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1 Assets held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	(5.2.10)	<b>-</b>	<b>881.194</b>	<b>881.194</b>	<b>-</b>	<b>884.726</b>	<b>884.726</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.2.11)	<b>15.723.535</b>	<b>426.287</b>	<b>16.149.822</b>	<b>15.999.001</b>	<b>432.679</b>	<b>16.431.680</b>
16.1 Paid-in capital		4.200.000	-	4.200.000	4.200.000	-	4.200.000
16.2 Capital reserves		2.339.234	385.640	2.724.874	2.877.281	416.896	3.294.177
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		1.016.620	386.776	1.403.396	1.555.432	418.378	1.973.810
16.2.4 Revaluation surplus on tangible assets		598.953	-	598.953	598.187	-	598.187
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		2.452	-	2.452	2.453	-	2.453
16.2.8 Hedging reserves (effective portion)		(63.225)	(1.136)	(64.361)	(63.225)	(1.482)	(64.707)
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		8.329.078	40.647	8.369.725	5.793.756	15.783	5.809.539
16.3.1 Legal reserves		716.363	6.216	722.579	524.173	4.283	528.456
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		7.612.215	-	7.612.215	5.268.509	-	5.268.509
16.3.4 Other profit reserves		500	34.431	34.931	1.074	11.500	12.574
16.4 Profit or loss		855.223	-	855.223	3.127.964	-	3.127.964
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		855.223	-	855.223	3.127.964	-	3.127.964
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>75.429.592</b>	<b>48.835.546</b>	<b>124.265.138</b>	<b>81.063.367</b>	<b>42.910.774</b>	<b>123.974.141</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**

**Off-Balance Sheet Items**

At 31 March 2011

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2011			31 December 2010		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>49.533.378</b>	<b>66.755.748</b>	<b>116.289.126</b>	<b>40.214.279</b>	<b>56.056.490</b>	<b>96.270.769</b>
<b>I. GUARANTEES AND SURETIES</b>	(5.3.1)	<b>5.837.982</b>	<b>12.154.604</b>	<b>17.992.586</b>	<b>4.958.877</b>	<b>10.730.903</b>	<b>15.689.780</b>
1.1. Letters of guarantee		5.829.006	8.175.011	14.004.017	4.951.727	7.155.138	12.106.865
1.1.1. Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees given for foreign trade operations		365.961	256.596	622.557	350.400	272.075	622.475
1.1.3. Other letters of guarantee		5.463.045	7.918.415	13.381.460	4.601.327	6.883.063	11.484.390
1.2. Bank acceptances		-	201.633	201.633	-	164.105	164.105
1.2.1. Import letter of acceptance		-	201.633	201.633	-	164.105	164.105
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		8.976	3.720.812	3.729.788	7.150	3.354.914	3.362.064
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		8.976	3.720.812	3.729.788	7.150	3.354.914	3.362.064
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	57.148	57.148	-	56.746	56.746
1.9. Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.3.1)	<b>20.653.266</b>	<b>5.293.816</b>	<b>25.947.082</b>	<b>20.106.498</b>	<b>5.485.168</b>	<b>25.591.666</b>
2.1. Irrevocable commitments		20.653.266	5.293.153	25.946.419	20.106.498	5.484.511	25.591.009
2.1.1. Asset purchase and sale commitments		45.637	997.349	1.042.986	395.731	1.393.682	1.789.413
2.1.2. Deposit purchase and sale commitments		-	-	-	-	24.450	24.450
2.1.3. Share capital commitments to associates and subsidiaries		2.000	9.977	11.977	2.000	9.373	11.373
2.1.4. Loan granting commitments		4.167.000	3.635.577	7.802.577	4.045.824	2.879.006	6.924.830
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		2.121.339	-	2.121.339	1.910.095	-	1.910.095
2.1.8. Tax and fund obligations on export commitments		17.112	-	17.112	21.447	-	21.447
2.1.9. Commitments for credit card limits		13.035.968	-	13.035.968	12.467.191	-	12.467.191
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	650.250	1.914.460	1.264.210	1.178.000	2.442.210
2.2. Revocable commitments		-	663	663	-	657	657
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	663	663	-	657	657
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.3.2)	<b>23.042.130</b>	<b>49.307.328</b>	<b>72.349.458</b>	<b>15.148.904</b>	<b>39.840.419</b>	<b>54.989.323</b>
3.1. Derivative financial instruments held for risk management		-	147.263	147.263	-	167.200	167.200
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	147.263	147.263	-	167.200	167.200
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		23.042.130	49.160.065	72.202.195	15.148.904	39.673.215	54.822.123
3.2.1. Forward foreign currency purchases/sales		3.510.495	5.239.625	8.750.120	1.947.971	3.827.379	5.775.350
3.2.1.1. Forward foreign currency purchases		1.507.464	2.891.984	4.399.448	622.702	2.280.152	2.902.854
3.2.1.2. Forward foreign currency sales		2.003.031	2.347.641	4.350.672	1.325.269	1.547.227	2.872.496
3.2.2. Currency and interest rate swaps		11.260.817	29.393.745	40.654.562	8.242.884	24.906.200	33.149.090
3.2.2.1. Currency swaps-purchases		4.716.521	8.331.232	13.047.753	5.919.370	5.014.155	10.933.525
3.2.2.2. Currency swaps-sales		6.416.896	7.252.218	13.669.114	2.196.114	8.884.697	11.080.811
3.2.2.3. Interest rate swaps-purchases		63.700	6.902.496	6.966.196	63.700	5.502.918	5.566.618
3.2.2.4. Interest rate swaps-sales		63.700	6.907.799	6.971.499	63.700	5.504.436	5.568.136
3.2.3. Currency, interest rate and security options		8.188.821	13.127.805	21.316.630	4.841.892	9.579.515	14.421.407
3.2.3.1. Currency call options		3.500.786	4.859.486	8.360.272	1.861.152	3.378.729	5.239.881
3.2.3.2. Currency put options		4.502.146	4.598.766	9.100.912	2.465.329	2.834.386	5.299.715
3.2.3.3. Interest rate call options		-	1.735.200	1.735.200	-	1.630.000	1.630.000
3.2.3.4. Interest rate put options		-	1.735.200	1.735.200	-	1.630.000	1.630.000
3.2.3.5. Security call options		185.825	199.157	384.982	115.016	106.400	221.416
3.2.3.6. Security put options		64	-	64	400.395	-	400.395
3.2.4. Currency futures		9.748	48.061	57.809	14.359	28.681	43.040
3.2.4.1. Currency futures-purchases		49	47.984	48.033	2.066	13.270	15.336
3.2.4.2. Currency futures-sales		9.699	77	9.776	12.293	15.411	27.704
3.2.5. Interest rate futures		-	-	-	-	91.200	91.200
3.2.5.1. Interest rate futures-purchases		-	-	-	-	91.200	91.200
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		72.249	1.350.825	1.423.074	101.798	1.240.238	1.342.036
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>300.711.617</b>	<b>161.880.986</b>	<b>462.592.603</b>	<b>264.998.067</b>	<b>150.809.364</b>	<b>415.807.431</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>97.625.696</b>	<b>15.418.325</b>	<b>113.044.021</b>	<b>79.388.862</b>	<b>14.996.078</b>	<b>94.384.940</b>
4.1. Customers' securities held		69.774.114	1.064	69.775.178	57.239.310	1.000	57.240.310
4.2. Investment securities held in custody		19.383.488	3.895.759	23.279.247	14.621.951	3.934.713	18.556.664
4.3. Checks received for collection		6.047.124	1.075.761	7.122.885	5.181.861	922.581	6.104.442
4.4. Commercial notes received for collection		2.362.803	1.867.794	4.230.597	2.291.385	1.737.683	4.029.068
4.5. Other assets received for collection		34.590	7.990.263	8.024.853	30.771	7.895.502	7.926.273
4.6. Assets received through public offering		-	38.077	38.077	-	37.530	37.530
4.7. Other items under custody		23.577	549.607	573.184	23.584	467.069	490.653
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>203.085.921</b>	<b>146.462.661</b>	<b>349.548.582</b>	<b>185.609.205</b>	<b>135.813.286</b>	<b>321.422.491</b>
5.1. Securities		1.395.625	108.710	1.504.335	1.379.977	102.120	1.482.097
5.2. Guarantee notes		28.450.443	8.134.858	36.585.301	26.249.041	7.740.382	33.989.423
5.3. Commodities		-	-	-	-	-	-
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		40.321.944	41.060.847	81.382.791	36.472.372	38.791.780	75.264.152
5.6. Other pledged items		132.917.735	97.157.905	230.075.648	121.507.645	89.178.557	210.686.202
5.7. Pledged items-depository		170	337	507	170	447	617
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>350.244.995</b>	<b>228.636.734</b>	<b>578.881.729</b>	<b>305.212.346</b>	<b>206.865.854</b>	<b>512.078.200</b>

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

**Türkiye Garanti Bankası Anonim Şirketi**  
**Income Statement**  
**For the Three-Month Period Ended 31 March 2011**

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2011- 31 March 2011	CURRENT PERIOD 1 January 2010- 31 March 2010
<b>I. INTEREST INCOME</b>	(5.4.1)	<b>2.248.591</b>	<b>2.486.098</b>
1.1 Interest income on loans		1.442.909	1.306.232
1.2 Interest income on reserve deposits		-	25.841
1.3 Interest income on banks		51.470	54.925
1.4 Interest income on money market transactions		323	287
1.5 Interest income on securities portfolio		719.609	1.063.582
1.5.1 Trading financial assets		4.423	9.813
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		570.700	843.609
1.5.4 Investments held-to-maturity		144.486	210.160
1.6 Financial lease income		-	-
1.7 Other interest income		34.280	35.231
<b>II. INTEREST EXPENSE</b>	(5.4.2)	<b>1.246.620</b>	<b>1.104.229</b>
2.1 Interest on deposits		863.900	818.452
2.2 Interest on funds borrowed		213.621	161.113
2.3 Interest on money market transactions		155.660	121.328
2.4 Interest on securities issued		10.536	-
2.5 Other interest expenses		2.903	3.336
<b>III. NET INTEREST INCOME (I - II)</b>		<b>1.001.971</b>	<b>1.381.869</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>525.385</b>	<b>475.591</b>
4.1 Fees and commissions received		602.692	543.099
4.1.1 Non-cash loans		45.014	45.335
4.1.2 Others		557.678	497.764
4.2 Fees and commissions paid		77.307	67.508
4.2.1 Non-cash loans		231	180
4.2.2 Others		77.076	67.328
<b>V. DIVIDEND INCOME</b>	(5.4.3)	<b>90</b>	<b>43</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	(5.4.4)	<b>264.256</b>	<b>172.636</b>
6.1 Trading account income/losses		211.523	121.572
6.2 Income/losses from derivative financial instruments		16.469	(179.131)
6.3 Foreign exchange gains/losses		36.264	230.195
<b>VII. OTHER OPERATING INCOME</b>	(5.4.5)	<b>276.968</b>	<b>216.508</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>2.068.670</b>	<b>2.246.647</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.4.6)	<b>249.167</b>	<b>200.182</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.4.7)	<b>704.572</b>	<b>775.199</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>1.114.931</b>	<b>1.271.266</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>		-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	(5.4.8)	<b>1.114.931</b>	<b>1.271.266</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	(5.4.9)	<b>259.708</b>	<b>265.959</b>
16.1 Current tax charge		98.998	386.876
16.2 Deferred tax charge/(credit)		160.710	(120.917)
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	(5.4.10)	<b>855.223</b>	<b>1.005.307</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>855.223</b>	<b>1.005.307</b>
Earnings per Share		0,204	0,239

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

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

## **Türkiye Garanti Bankası Anonim Şirketi**

### **Statement of Income/Expense Items Accounted for under Shareholders' Equity**

**For the Three-Month Period Ended 31 March 2011**

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2011- 31 March 2011	PRIOR PERIOD 1 January 2010- 31 March 2010
<b>I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	<b>(721.727)</b>	<b>262.426</b>
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	-	-
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	-	-
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>2.988</b>	<b>(772)</b>
<b>V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	<b>433</b>	<b>33</b>
<b>VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	-	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	-	-
<b>VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>26.788</b>	<b>44.510</b>
<b>IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	<b>124.437</b>	<b>(48.378)</b>
<b>X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	<b>(567.081)</b>	<b>257.819</b>
<b>XI. CURRENT PERIOD PROFIT/LOSSES</b>	<b>855.223</b>	<b>1.005.307</b>
1.1 Net changes in fair value of securities (transferred to income statement)	160.379	72.063
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	694.844	933.244
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	<b>288.142</b>	<b>1.263.126</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Changes in Shareholders' Equity**  
**For the Three-Month Period Ended 31 March 2011**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
		Paid-In Capital	Capital Reserves from Inflation Adj.s to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
<b>PRIOR PERIOD</b> (1 January - 31 March 2010)																	
I. Balances at beginning of the period		4.200.000	772.554	11.880	-	367.032	-	2.847.764	8.238	-	2.962.241	1.611.146	598.194	2.453	(65.815)	-	13.315.687
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	(25.567)	-	-	-	-	-	(25.567)
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	(25.567)	-	-	-	-	-	(25.567)
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)	(5.5)	4.200.000	772.554	11.880	-	367.032	-	2.847.764	8.238	-	2.936.674	1.611.146	598.194	2.453	(65.815)	-	13.290.120
Changes during the period																	
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	258.565	-	-	-	-	258.565
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	26	-	26
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	26	-	26
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		-	-	-	-	(238)	-	-	(534)	-	-	-	-	-	-	-	(772)
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		-	-	-	-	-	-	-	-	1.005.307	-	-	-	-	-	-	1.005.307
XX. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4.200.000	772.554	11.880	-	366.794	-	2.847.764	7.704	1.005.307	2.936.674	1.869.711	598.194	2.453	(65.789)	-	14.553.246
<b>CURRENT PERIOD</b> (1 January - 31 March 2011)																	
I. Balances at beginning of the period		4.200.000	772.554	11.880	-	528.456	-	5.268.509	12.574	-	3.127.964	1.973.810	598.187	2.453	(64.707)	-	16.431.680
Changes during the period	(5.5)																
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(570.414)	-	-	-	-	(570.414)
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	346	-	346
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	346	-	346
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	861	-	-	2.127	-	-	-	-	-	-	-	2.988
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	855.223	-	-	-	-	-	-	855.223
XVIII. Profit distribution		-	-	-	-	193.262	-	2.343.706	20.230	-	(3.127.964)	-	766	-	-	-	(570.000)
18.1. Dividends		-	-	-	-	193.262	-	2.343.706	20.230	-	(570.000)	-	766	-	-	-	(570.000)
18.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	(2.536.968)	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	-	-	(20.996)	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4.200.000	772.554	11.880	-	722.579	-	7.612.215	34.931	855.223	-	1.403.396	598.953	2.452	(64.361)	-	16.149.822

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Cash Flows**  
**For the Three-Month Period Ended 31 March 2011**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2011- 31 March 2011	PRIOR PERIOD 1 January 2010- 31 March 2010
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>1.279.510</b>	<b>1.644.138</b>
1.1.1 Interests received		2.556.774	2.536.100
1.1.2 Interests paid		(1.388.516)	(1.169.301)
1.1.3 Dividend received		90	43
1.1.4 Fees and commissions received		666.886	580.295
1.1.5 Other income		276.818	135.636
1.1.6 Collections from previously written-off loans and other receivable:		28.285	14.442
1.1.7 Payments to personnel and service suppliers		(535.498)	(565.476)
1.1.8 Taxes paid		(225.956)	(29.231)
1.1.9 Others	(5.6)	(99.373)	141.630
<b>1.2 Changes in operating assets and liabilities</b>		<b>(5.728.829)</b>	<b>(7.212.352)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		406.899	(650.813)
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		(29.120)	(1.411.081)
1.2.4 Net (increase) decrease in loans		(5.830.458)	(4.116.110)
1.2.5 Net (increase) decrease in other assets		(165.683)	839.541
1.2.6 Net increase (decrease) in bank deposits		(636.830)	(587.758)
1.2.7 Net increase (decrease) in other deposits		2.557.123	3.580.928
1.2.8 Net increase (decrease) in funds borrowed		1.666.576	252.894
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	(3.697.336)	(5.119.953)
<b>I. Net cash flow from banking operations</b>		<b>(4.449.319)</b>	<b>(5.568.214)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>3.057.030</b>	<b>1.092.523</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(5.817)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(42.231)	(30.486)
2.4 Sales of tangible assets		14.382	201
2.5 Cash paid for purchase of financial assets available-for-sale		(5.321.796)	(4.317.440)
2.6 Cash obtained from sale of financial assets available-for-sale		7.051.014	4.756.598
2.7 Cash paid for purchase of investments held-to-maturity		-	-
2.8 Cash obtained from sale of investments held-to-maturity		1.355.661	689.467
2.9 Others	(5.6)	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>865.983</b>	<b>(1.621)</b>
3.1 Cash obtained from funds borrowed and securities issued		929.610	-
3.2 Cash used for repayment of funds borrowed and securities issued		(63.440)	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for financial leases		(187)	(1.621)
3.6 Others (payments for founder shares repurchased)	(5.6)	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(5.6)	<b>19.635</b>	<b>15.542</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>		<b>(506.671)</b>	<b>(4.461.770)</b>
<b>VI. Cash and cash equivalents at beginning of period</b>		<b>6.195.233</b>	<b>8.130.742</b>
<b>VII. Cash and cash equivalents at end of period</b>		<b>5.688.562</b>	<b>3.668.972</b>

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



### **3 Accounting policies**

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

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

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for 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 and that are in foreign currencies which are presented on a fair value basis.

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

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

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

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

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

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

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

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

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

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

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

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

### **3.2.2 Foreign currency transactions**

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

The 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, the Bank's spot purchase rates are used for balance sheet items and average foreign currency rates for income statement. All foreign currency differences arising from this conversion, are classified as “other profit reserves” under the shareholders' equity.

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

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

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

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

According to the Turkish Accounting Standard 39 (TAS 39) “Financial Instruments: Recognition and Measurement”; forward foreign currency purchases/sales, swaps, options and futures are classified “hedging purposes” and “trading purposes”. Derivatives are initially recorded in off-balance sheet accounts at their purchase costs including the transaction costs. Subsequently, the derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under “derivative financial assets 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**

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

In case 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 of the period after the acquisition is recorded as interest income in the financial statements.

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

### **3.6 Fees and commissions**

Fees and commissions received and paid, and other fees and commissions paid to financial institutions are calculated according to either accrual basis of accounting or effective interest rate method depending on nature of fees and commissions, 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 initially recorded at their purchase costs including the transaction costs.

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

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

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

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

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

The real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates of issuance, such securities are valued taking into account the difference between the reference index at the issue date and the reference index at the balance sheet date to reflect the effects of inflation.

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

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

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

Loans and receivables are recognized at cost and measured at amortized cost using the effective interest method. Duties paid, transaction 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.

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

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

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

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

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 has no discontinued operations.

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

The Bank’s intangible assets consist of softwares, intangible rights and other intangible assets.

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

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

Estimated useful lives of the Bank’s intangible assets 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 than 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 compliance with the Turkish Accounting Standard 16 (TAS 16) “Tangible Assets”.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) “ Impairment of Assets” and if the recoverable amount is less 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.

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

<b>Tangible assets</b>	<b>Estimated useful lives (years)</b>	<b>Depreciation Rates (%) 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**

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

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

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

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

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

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

### **3.16 Contingent assets**

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

### 3.17 Liabilities for employee benefits

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

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

Accordingly, the Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the Turkish Accounting Standard 19 (TAS 19) “Employee Benefits” for all its employees who retired or whose employment is terminated, called up for military service or died. The major actuarial assumptions used in the calculation of the total liability are as follows:

	31 March 2011	31 December 2010	31 December 2009
	%	%	%
Discount Rate	4.66	4.66	5.92
Interest Rate	10.00	10.00	11.00
Expected Rate of Salary Increase	6.60	6.60	6.30
Inflation Rate	5.10	5.10	4.80

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:

	31 March 2011	
	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 Saving Deposits 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. As per the related regulation, the transfers were expected to take place within the three-year period starting from 1 January 2008, however has been postponed for two years as per the decision no. 2011/1559 of the Council of Ministers as published in the Official Gazette no. 27900 dated 9 April 2011.

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. At the meeting of the Constitutional Court on 30 March 2011, it was decided that the first paragraph of the provisional Article 20 of the Law is not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

*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.

## **3.18 Taxation**

### **3.18.1 Corporate tax**

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions no.2009/14593 and no.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 tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.



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

The 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 to unemployment insurance fund. 3% of the taxable income is paid as municipality tax addition to corporate tax, the municipalities have right to increase this rate up to 225%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 6.75% of the taxable income. 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.

### **3.18.2 Deferred taxes**

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

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

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

### **3.18.3 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.

### **3.19 Funds borrowed**

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

There are no convertible bonds or any other securities issued.

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

None.

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

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

### **3.22 Government incentives**

As of 31 March 2011, the Bank does not have any government incentives or grants.

### **3.23 Segment reporting**

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

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

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

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

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

*Information on the business segments is as follows:*

<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	783,071	797,315	361,657	126,537	2,068,580
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>783,071</b>	<b>797,315</b>	<b>361,657</b>	<b>126,537</b>	<b>2,068,580</b>
Net Operating Profit	313,877	519,720	334,901	(53,657)	1,114,841
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	90	90
<b>Net Operating Profit</b>	<b>313,877</b>	<b>519,720</b>	<b>334,901</b>	<b>(53,567)</b>	<b>1,114,931</b>
Provision for Taxes	-	-	-	259,708	259,708
<b>Net Profit</b>	<b>313,877</b>	<b>519,720</b>	<b>334,901</b>	<b>(313,275)</b>	<b>855,223</b>
					-
Segment Assets	22,993,660	47,382,329	48,993,577	3,115,863	122,485,429
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	1,779,709	1,779,709
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>22,993,660</b>	<b>47,382,329</b>	<b>48,993,577</b>	<b>4,895,572</b>	<b>124,265,138</b>
Segment Liabilities	44,501,278	31,700,110	29,159,311	2,754,617	108,115,316
Shareholders' Equity	-	-	-	16,149,822	16,149,822
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>44,501,278</b>	<b>31,700,110</b>	<b>29,159,311</b>	<b>18,904,439</b>	<b>124,265,138</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	35,290	35,290
Depreciation Expenses	27,989	15,463	1,147	(511)	44,089
Impairment Losses	56,092	67,138	(3,396)	130,028	249,861
Other Non-Cash Income/Expenses	35,460	64,655	(974,927)	(9,694)	(884,506)
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	758,336	611,629	723,525	153,114	2,246,604
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>758,336</b>	<b>611,629</b>	<b>723,525</b>	<b>153,114</b>	<b>2,246,604</b>
Net Operating Profit	241,968	322,887	699,926	6,442	1,271,223
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	43	43
<b>Net Operating Profit</b>	<b>241,968</b>	<b>322,887</b>	<b>699,926</b>	<b>6,485</b>	<b>1,271,266</b>
Provision for Taxes	-	-	-	265,959	265,959
<b>Net Profit</b>	<b>241,968</b>	<b>322,887</b>	<b>699,926</b>	<b>(259,474)</b>	<b>1,005,307</b>
					-
Segment Assets	21,610,482	43,216,828	54,096,048	3,366,137	122,289,495
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	1,684,646	1,684,646
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>21,610,482</b>	<b>43,216,828</b>	<b>54,096,048</b>	<b>5,050,783</b>	<b>123,974,141</b>
Segment Liabilities	43,312,701	30,282,003	31,745,974	2,201,783	107,542,461
Shareholders' Equity	-	-	-	16,431,680	16,431,680
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>43,312,701</b>	<b>30,282,003</b>	<b>31,745,974</b>	<b>18,633,463</b>	<b>123,974,141</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	226,281	226,281
Depreciation Expenses	23,756	11,709	584	3,271	39,320
Impairment Losses	129,155	64,171	407	7,140	200,873
Other Non-Cash Income/Expenses	(36,032)	(11,182)	127,686	(4,409)	76,063
Restructuring Costs	-	-	-	-	-

### 3.24 Other disclosures

#### 3.24.1 Changes regarding prior periods' financial statements

The Bank reassessed the accounting treatment applied for the employee termination benefits during the preparation of the current financial statement and adjusted the prior years' financial statements. Accordingly, the effects of such corrections made to the 2010 accounting records on the financial statements are as follows:

	<i>Reported</i>		<i>Adjusted</i>
	<b>31 December 2010</b>	<b>Correction</b>	<b>31 December 2010</b>
Total Assets	123,963,432	10,709	123,974,141
Reserve for Employee Termination Benefits	47,392	53,545	100,937
Deferred Tax Assets	106,515	10,709	117,224
Extraordinary Reserves	5,294,076	(25,567)	5,268,509
Current Period Net Profit / Loss	3,145,233	(17,269)	3,127,964

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

### **4.1 Capital adequacy ratio**

The Bank's unconsolidated capital adequacy ratio is 18.16%.

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

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

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

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

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

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

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 Capital adequacy ratio

	Risk Weightings						
	0%	10%	20%	50%	100%	150%	200%
<b>Value at Credit Risk</b>							
<b>Balance Sheet Items (Net)</b>	<b>19,978,684</b>	-	<b>2,380,961</b>	<b>16,402,494</b>	<b>54,946,860</b>	<b>490,390</b>	<b>18,775</b>
Cash on Hand	698,361	-	2,098	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	3,976,939	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	4,594,700	-	776,559	-	2,438,660	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	2,979,843	-	-	-	-	-	-
Loans	3,885,161	-	333,946	16,202,333	48,313,017	490,390	18,775
Loans under Follow-Up (Net)	-	-	-	-	279,857	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,273,729	-	957,833	-	4,143	-	-
Receivables from Term Sale of Assets	-	-	-	-	7,344	-	-
Miscellaneous Receivables	45,816	-	-	-	104,760	-	-
Accrued Interest and Income	144,968	-	12,046	200,161	660,632	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	-	1,766,599	-	-
Tangible Assets (Net)	-	-	-	-	1,094,999	-	-
Other Assets	379,167	-	298,479	-	276,849	-	-
<b>Off-Balance Sheet Items</b>	<b>1,415,483</b>	-	<b>1,555,484</b>	<b>735,435</b>	<b>14,042,968</b>	-	-
Non-Cash Loans and Commitments	1,415,483	-	816,693	735,435	13,729,111	-	-
Derivative Financial Instruments	-	-	738,791	-	313,857	-	-
<b>Non-Risk-Weighted Accounts</b>	-	-	-	-	-	-	-
<b>Total Risk-Weighted Assets</b>	<b>21,394,167</b>	-	<b>3,936,445</b>	<b>17,137,929</b>	<b>68,989,828</b>	<b>490,390</b>	<b>18,775</b>

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

	Current Period	Prior Period
Value at Credit Risk (VaCR)	79,119,217	72,072,246
Value at Market Risk (VaMR)	3,435,263	3,553,288
Value at Operational Risk (VaOR)	11,970,584	10,184,205
Shareholders' Equity	17,165,655	16,839,261
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	18.16%	19.62%

#### 4.1.4 Components of shareholders' equity items

	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	722,579	528,456
I. Legal Reserve (Turkish Commercial Code 466/1)	647,289	489,166
II. Legal Reserve (Turkish Commercial Code 466/2)	75,290	39,290
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	7,612,215	5,294,076
Reserve allocated as per the Decision held by the General Assembly	7,612,215	5,294,076
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	34,931	12,574
Profit	855,223	3,145,233
Current Period Profit	855,223	3,145,233
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	420,000	330,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	596,813	596,047
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-) (*)	127,555	135,318
Prepaid Expenses (-) (**)	-	190,263
Intangible Assets (-) (*)	34,002	30,527
Deferred Tax Asset excess of 10% of Core Capital (-) (*)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
<b>Total Core Capital</b>	<b>15,064,638</b>	<b>14,534,712</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	680,544	622,265
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	963
Bonus shares of Associates, Subsidiaries and Joint-Ventures	2,452	2,453
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	873,450	861,875
45% of Securities Value Increase Fund (***)	616,985	873,672
Associates and Subsidiaries	148,342	135,932
Investment Securities Available for Sale	468,643	737,740
Other Reserves	-	-
<b>Total Supplementary Capital</b>	<b>2,174,394</b>	<b>2,361,228</b>
<b>TIER III CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>17,239,032</b>	<b>16,895,940</b>

(\*) According to the temporary Article 1 of the "Regulation on Equities of Banks" as 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.

(\*\*) Prepaid expenses are not deducted from the core capital according to the Article 1 of the Regulation for amending the Regulation on Equities of Banks" published in the Official Gazette no. 27870 dated 10 March 2011.

(\*\*\*) 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 it is negative then the whole amount is considered in the calculation.

<b>DEDUCTIONS FROM CAPITAL</b>	<b>73,378</b>	<b>56,679</b>
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	13,110	13,110
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	42,884	43,569
Others	17,384	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>17,165,655</b>	<b>16,839,261</b>

## 4.2 Credit risk

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

## 4.3 Market risk

The Bank 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 the highest authority 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**

	<b>Amount</b>
(I) Capital Obligation against General Market Risk - Standard Method	171,316
(II) Capital Obligation against Specific Risks - Standard Method	47,357
(III) Capital Obligation against Currency Risk - Standard Method	30,477
(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	25,671
<b>(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement</b>	<b>-</b>
<b>(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)</b>	<b>274,821</b>
<b>(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))</b>	<b>3,435,263</b>

#### **4.3.2 Monthly average values at market risk**

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

#### **4.4 Operational risk**

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

#### **4.5 Currency risk**

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2011, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to TL 2,219,998 thousands (31 December 2010: a long position of TL 2,845,283 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 2,551,802 thousands (31 December 2010: a short position of TL 3,071,066 thousands), while net foreign currency long position amounts to TL 331,804 thousands (31 December 2010: a short position of TL 225,783 thousands).

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

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

	<b>USD</b>	<b>EUR</b>	<b>JPY (100)</b>	<b>GBP</b>
<b>Foreign currency purchase rates at balance sheet date</b>				
<b><u>Rates for the days before balance sheet date;</u></b>				
Day 1	1.5400	2.1642	0.01854	2.4699
Day 2	1.5400	2.1684	0.01873	2.4613
Day 3	1.5350	2.1658	0.01878	2.4568
Day 4	1.5350	2.1708	0.01892	2.4687
Day 5	1.5350	2.1713	0.01891	2.4690
<b>Last 30-days arithmetical average rates</b>	1.5596	2.1871	0.01910	2.8156

**Currency risk:**

	EUR	USD	JPY	Other FCs	Total
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	107,227	4,136,828	482	53,765	4,298,302
Banks	2,608,204	2,751,632	4,712	33,048	5,397,596
Financial Assets at Fair Value through Profit/Loss	66,332	83,147	-	1	149,480
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	438,518	1,243,122	-	-	1,681,640
Loans (*)	10,018,209	21,054,903	17,768	647,920	31,738,800
Investments in Associates, Subsidiaries and Joint-Ventures	1,331,482	129,748	-	-	1,461,230
Investments Held-to-Maturity	-	1,308,292	-	-	1,308,292
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	234	101	-	-	335
Intangible Assets	-	-	-	-	-
Other Assets	19,347	24,634	147	910	45,038
<b>Total Assets</b>	<b>14,589,553</b>	<b>30,732,407</b>	<b>23,109</b>	<b>735,644</b>	<b>46,080,713</b>
<b>Liabilities</b>					
Bank Deposits	241,543	540,778	481	22,761	805,563
Foreign Currency Deposits	9,161,776	21,412,458	55,740	451,062	31,081,036
Interbank Money Market Takings	-	1,185,606	-	-	1,185,606
Other Fundings	5,022,136	8,979,269	209	-	14,001,614
Securities Issued	-	-	-	-	-
Miscellaneous Payables	13,655	30,148	63	2,369	46,235
Derivative Financial Liabilities Held for Risk Management	-	1,853	-	-	1,853
Other Liabilities (**)	202,948	245,351	859	729,646	1,178,804
<b>Total Liabilities</b>	<b>14,642,058</b>	<b>32,395,463</b>	<b>57,352</b>	<b>1,205,838</b>	<b>48,300,711</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(52,505)</b>	<b>(1,663,056)</b>	<b>(34,243)</b>	<b>(470,194)</b>	<b>(2,219,998)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>157,287</b>	<b>1,815,800</b>	<b>32,382</b>	<b>546,333</b>	<b>2,551,802</b>
Derivative Assets	3,731,618	12,602,572	128,515	1,288,964	17,751,669
Derivative Liabilities	3,574,331	10,786,772	96,133	742,631	15,199,867
Non-Cash Loans	-	-	-	-	-
<b>Prior Period</b>					
<b>Total Assets</b>	<b>15,130,596</b>	<b>29,307,203</b>	<b>29,890</b>	<b>743,710</b>	<b>45,211,399</b>
<b>Total Liabilities</b>	<b>14,488,403</b>	<b>26,908,782</b>	<b>45,436</b>	<b>923,495</b>	<b>42,366,116</b>
<b>Net 'On Balance Sheet' Position</b>	<b>642,193</b>	<b>2,398,421</b>	<b>(15,546)</b>	<b>(179,785)</b>	<b>2,845,283</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(362,364)</b>	<b>(2,896,477)</b>	<b>14,178</b>	<b>173,597</b>	<b>(3,071,066)</b>
Derivative Assets	3,119,422	7,397,305	263,680	1,009,823	11,790,230
Derivative Liabilities	3,481,786	10,293,782	249,502	836,226	14,861,296
Non-Cash Loans	-	-	-	-	-

(\*) The foreign currency-indexed loans amounting TL 2,243,982 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(\*\*) Other liabilities also include gold deposits of TL 721,864 thousands.

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

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,925,652	-	-	-	-	4,731,589	7,657,241
Banks	557,018	433,159	526,500	2,387,592	2,486,700	1,456,057	7,847,026
Financial Assets at Fair Value through Profit/Loss	24,504	16,169	78,660	37,693	2,681	457,127	616,834
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	12,724,295	1,087,438	9,056,191	3,159,019	520,383	2,646,910	29,194,236
Loans	13,698,353	10,483,521	12,589,012	21,065,453	11,424,667	1,114,983	70,375,989
Investments Held-to-Maturity	910,865	4,143	1,458,012	568,360	1,294,325	128,499	4,364,204
Other Assets	18,046	-	-	1,600	5,743	4,184,219	4,209,608
<b>Total Assets</b>	<b>30,858,733</b>	<b>12,024,430</b>	<b>23,708,375</b>	<b>27,219,717</b>	<b>15,734,499</b>	<b>14,719,384</b>	<b>124,265,138</b>
<b>Liabilities</b>							
Bank Deposits	835,960	587,751	37,309	-	-	311,566	1,772,586
Other Deposits	46,763,934	9,238,052	3,257,693	209,187	148,834	13,144,110	72,761,810
Interbank Money Market Takings	4,889,458	431,999	1,208,823	211,140	-	20,317	6,761,737
Miscellaneous Payables	-	-	-	-	-	3,529,500	3,529,500
Securities Issued	-	-	866,170	-	-	-	866,170
Other Fundings	6,521,905	2,562,333	2,382,924	4,116,592	3,338,816	161,481	19,084,051
Other Liabilities	14,476	52	11	2	-	19,474,743	19,489,284
<b>Total Liabilities</b>	<b>59,025,733</b>	<b>12,820,187</b>	<b>7,752,930</b>	<b>4,536,921</b>	<b>3,487,650</b>	<b>36,641,717</b>	<b>124,265,138</b>
<b>On Balance Sheet Long Position</b>	-	-	<b>15,955,445</b>	<b>22,682,796</b>	<b>12,246,849</b>	-	<b>50,885,090</b>
<b>On Balance Sheet Short Position</b>	<b>(28,167,000)</b>	<b>(795,757)</b>	-	-	-	<b>(21,922,333)</b>	<b>(50,885,090)</b>
<b>Off-Balance Sheet Long Position</b>	<b>868,602</b>	<b>2,626,666</b>	<b>1,994,103</b>	<b>2,193,493</b>	<b>1,092,164</b>	-	<b>8,775,028</b>
<b>Off-Balance Sheet Short Position</b>	<b>(925,983)</b>	<b>(2,607,747)</b>	<b>(864,530)</b>	<b>(3,382,310)</b>	<b>(999,760)</b>	-	<b>(8,780,330)</b>
<b>Total Position</b>	<b>(28,224,381)</b>	<b>(776,838)</b>	<b>17,085,018</b>	<b>21,493,979</b>	<b>12,339,253</b>	<b>(21,922,333)</b>	<b>(5,302)</b>

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

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.99	0.59	-	6.37
Financial Assets at Fair Value through Profit/Loss	5.13	6.29	-	8.91
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	5.99	6.07	-	8.31
Loans	4.95	4.68	4.80	14.23
Investments Held-to-Maturity	-	7.22	-	13.88
<b>Liabilities</b>				
Bank Deposits	2.91	2.77	-	6.13
Other Deposits	2.19	2.47	0.10	6.56
Interbank Money Market Takings	-	-	-	6.67
Miscellaneous Payables	-	-	-	-
Securities Issued	-	1.85	-	7.68
Other Fundings	2.17	2.21	3.00	10.67

(\*) The interest rate for USD placements at banks is 0.57% excluding the placements with range accrual agreements.

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

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,658,707	-	-	-	-	4,851,325	7,510,032
Banks	2,410,299	2,719,701	972,850	838,575	-	1,379,760	8,321,185
Financial Assets at Fair Value through Profit/Loss	269,581	141,942	79,213	78,914	7,341	402,924	979,915
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	12,360,452	5,581,763	8,001,403	2,287,775	622,107	3,482,710	32,336,210
Loans	14,295,231	8,370,267	12,397,500	19,014,744	9,617,578	1,131,990	64,827,310
Investments Held-to-Maturity	2,265,714	-	4,143	2,026,372	1,286,672	311,030	5,893,931
Other Assets	21,302	-	-	1,495	5,525	4,077,236	4,105,558
<b>Total Assets</b>	<b>34,281,286</b>	<b>16,813,673</b>	<b>21,455,109</b>	<b>24,247,875</b>	<b>11,539,223</b>	<b>15,636,975</b>	<b>123,974,141</b>
<b>Liabilities</b>							
Bank Deposits	1,372,947	258,617	16,865	-	-	759,881	2,408,310
Other Deposits	46,673,599	8,494,540	2,546,541	351,612	141,634	12,042,183	70,250,109
Interbank Money Market Takings	10,195,518	773,415	260,062	-	-	25,148	11,254,143
Miscellaneous Payables	-	-	-	-	-	2,942,573	2,942,573
Securities Issued	-	-	-	-	-	-	-
Other Fundings	6,885,307	842,167	2,741,006	3,594,611	3,192,903	262,044	17,518,038
Other Liabilities	6,934	48	184	4	-	19,593,798	19,600,968
<b>Total Liabilities</b>	<b>65,134,305</b>	<b>10,368,787</b>	<b>5,564,658</b>	<b>3,946,227</b>	<b>3,334,537</b>	<b>35,625,627</b>	<b>123,974,141</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>6,444,886</b>	<b>15,890,451</b>	<b>20,301,648</b>	<b>8,204,686</b>	<b>-</b>	<b>50,841,671</b>
<b>On Balance Sheet Short Position</b>	<b>(30,853,019)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,988,652)</b>	<b>(50,841,671)</b>
<b>Off-Balance Sheet Long Position</b>	<b>1,023,629</b>	<b>683,593</b>	<b>2,443,591</b>	<b>2,035,464</b>	<b>1,093,941</b>	<b>-</b>	<b>7,280,218</b>
<b>Off-Balance Sheet Short Position</b>	<b>(1,087,251)</b>	<b>(699,734)</b>	<b>(2,426,976)</b>	<b>(2,084,788)</b>	<b>(982,987)</b>	<b>-</b>	<b>(7,281,736)</b>
<b>Total Position</b>	<b>(30,916,641)</b>	<b>6,428,745</b>	<b>15,907,066</b>	<b>20,252,324</b>	<b>8,315,640</b>	<b>(19,988,652)</b>	<b>(1,518)</b>

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

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

<b>Prior Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks (*)	1.71	0.66	-	6.53
Financial Assets at Fair Value through Profit/Loss	5.13	6.32	-	12.01
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	6.35	6.11	-	11.49
Loans	4.78	4.63	4.52	14.94
Investments Held-to-Maturity	-	7.22	-	15.43
<b>Liabilities</b>				
Bank Deposits	2.30	1.68	-	6.30
Other Deposits	1.83	2.05	0.55	7.28
Interbank Money Market Takings	-	1.05	-	6.85
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	2.14	2.20	3.00	10.73

(\*) 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 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 liquidity ratios for the first three months of 2011 and the year 2010 are as follows :

<b>Current Period</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
<b>Average (%)</b>	125.73	157.99	85.61	112.26

<b>Prior Period</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
<b>Average (%)</b>	123.99	203.09	89.16	129.40



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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,677,398	2,979,843	-	-	-	-	-	7,657,241
Banks	1,420,544	561,049	447,051	543,213	2,388,469	2,486,700	-	7,847,026
Financial Assets at Fair Value through Profit/Loss	10,136	58,610	166,131	212,555	120,884	48,518	-	616,834
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	135,274	183,261	20,570	5,394,097	17,635,880	5,825,154	-	29,194,236
Loans	64,754	12,481,808	6,857,606	10,055,863	25,831,193	14,804,908	279,857	70,375,989
Investments Held-to-Maturity	-	-	4,338	1,525,557	1,526,017	1,308,292	-	4,364,204
Other Assets	592,934	223,944	-	-	1,600	5,743	3,385,387	4,209,608
<b>Total Assets</b>	<b>6,901,040</b>	<b>16,488,515</b>	<b>7,495,696</b>	<b>17,731,285</b>	<b>47,504,043</b>	<b>24,479,315</b>	<b>3,665,244</b>	<b>124,265,138</b>
<b>Liabilities</b>								
Bank Deposits	308,144	837,695	589,142	37,605	-	-	-	1,772,586
Other Deposits	12,903,095	46,913,810	9,258,435	3,246,836	261,670	177,964	-	72,761,810
Other Fundings	-	475,640	2,069,778	4,708,041	7,514,049	4,316,543	-	19,084,051
Interbank Money Market Takings	-	4,901,282	433,484	1,215,238	211,733	-	-	6,761,737
Securities Issued	-	-	-	866,170	-	-	-	866,170
Miscellaneous Payables	699,410	2,830,090	-	-	-	-	-	3,529,500
Other Liabilities (**)	617,091	247,599	245,481	137,493	75,983	94,507	18,071,130	19,489,284
<b>Total Liabilities</b>	<b>14,527,740</b>	<b>56,206,116</b>	<b>12,596,320</b>	<b>10,211,383</b>	<b>8,063,435</b>	<b>4,589,014</b>	<b>18,071,130</b>	<b>124,265,138</b>
<b>Liquidity Gap</b>	<b>(7,626,700)</b>	<b>(39,717,601)</b>	<b>(5,100,624)</b>	<b>7,519,902</b>	<b>39,440,608</b>	<b>19,890,301</b>	<b>(14,405,886)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>6,799,134</b>	<b>15,821,320</b>	<b>8,841,518</b>	<b>16,575,442</b>	<b>48,036,369</b>	<b>24,225,245</b>	<b>3,675,113</b>	<b>123,974,141</b>
<b>Total Liabilities</b>	<b>13,232,311</b>	<b>61,914,607</b>	<b>10,183,589</b>	<b>8,562,380</b>	<b>7,078,090</b>	<b>4,666,529</b>	<b>18,336,635</b>	<b>123,974,141</b>
<b>Liquidity Gap</b>	<b>(6,433,177)</b>	<b>(46,093,287)</b>	<b>(1,342,071)</b>	<b>8,013,062</b>	<b>40,958,279</b>	<b>19,558,716</b>	<b>(14,661,522)</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 Unconsolidated Financial Statements

### 5.1 Assets

#### 5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	433,287	222,358	499,780	379,540
Central Bank of Turkey	2,925,652	4,031,130	2,662,934	3,886,095
Others	-	44,814	-	81,683
<b>Total</b>	<b>3,358,939</b>	<b>4,298,302</b>	<b>3,162,714</b>	<b>4,347,318</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	2,925,652	1,051,287	2,662,934	1,055,761
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	2,979,843	-	2,830,334
<b>Total</b>	<b>2,925,652</b>	<b>4,031,130</b>	<b>2,662,934</b>	<b>3,886,095</b>

The banks operating in Turkey keep reserve deposits for Turkish Lira and foreign currency liabilities in TL and USD or EUR as per the Communique no. 2005/1 “Reserve Deposits” of the Central Bank of Turkey.

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

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

None.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	55,519	53,983	28,078	29,206
Swap Transactions	100,785	108,316	95,154	135,139
Futures	-	151	-	1,491
Options	84,857	42,587	68,597	34,448
Other	-	-	-	-
<b>Total</b>	<b>241,161</b>	<b>205,037</b>	<b>191,829</b>	<b>200,284</b>

### 5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	23,029	30,637	78,219	698,371
Foreign banks	2,426,401	5,366,959	2,422,008	5,122,587
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>2,449,430</b>	<b>5,397,596</b>	<b>2,500,227</b>	<b>5,820,958</b>

The placements at foreign banks include blocked accounts amounting TL 5,891,374 thousands of which TL 145,470 thousands, TL 193,300 thousands and TL 22,489 thousands are kept at the central banks of Luxembourg, Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits, and TL 5,530,115 thousands as collateral against funds borrowed.

#### *Due from foreign banks:*

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

### 5.1.4 Financial assets available-for-sale

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

The collateralized financial assets available-for-sale in TL consist of government bonds. The total carrying value of such securities with total face value of TL 4,829,042 thousands (31 December 2010: TL 2,609,350 thousands) is TL 5,036,503 thousands (31 December 2010: TL 2,571,988 thousands). The related accrued interests amount to TL 303,572 thousands (31 December 2010: TL 140,204 thousands). The related impairment losses on these securities amount to TL 29,496 thousands (31 December 2010: nil). The collateralized financial assets available-for-sale in foreign currencies consist of Eurobonds. The total carrying value of such securities with total face value of EUR 100,000,000 and USD 825,000 (31 December 2010: USD 8,860,000) is EUR 101,370,479 and USD 849,146 (31 December 2010: USD 9,277,029). The related accrued interests amount to EUR 239,109 and USD 127,471 (31 December 2010: USD 1,117,252). There are no impairment losses on these securities (31 December 2010: nil).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	5,310,579	221,885	2,712,192	15,799
Assets subject to Repurchase Agreements	6,222,728	307,208	9,760,434	574,242
<b>Total</b>	<b>11,533,307</b>	<b>529,093</b>	<b>12,472,626</b>	<b>590,041</b>

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

	Current Period	Prior Period
<b>Debt Securities</b>	<b>26,710,452</b>	<b>28,861,356</b>
Quoted at Stock Exchange	24,971,872	26,681,034
Unquoted at Stock Exchange	1,738,580	2,180,322
<b>Common Shares/Investment Funds</b>	<b>35,153</b>	<b>35,154</b>
Quoted at Stock Exchange (*)	21,812	21,866
Unquoted at Stock Exchange	13,341	13,288
<b>Value Increases/Impairment Losses (-)</b>	<b>2,448,631</b>	<b>3,439,700</b>
<b>Total</b>	<b>29,194,236</b>	<b>32,336,210</b>

(\*) TL 8,653 thousands of quoted shares comprise of 26.4389% participation in Garanti Faktoring Hizmetleri AŞ.

As of 31 March 2011, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 (31 December 2010: USD 725,000,000) and a total carrying value of TL 655,035 thousands (31 December 2010: TL 1,115,681 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>8,828</b>	<b>14</b>	<b>4,831</b>
Corporates	-	8,828	14	4,831
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>186,234</b>	<b>533,596</b>	<b>232,682</b>	<b>358,339</b>
<b>Loans to Employees</b>	<b>76,320</b>	-	<b>78,769</b>	-
<b>Total</b>	<b>262,554</b>	<b>542,424</b>	<b>311,465</b>	<b>363,170</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>68,028,588</b>	-	<b>1,146,627</b>	<b>920,917</b>
Discounted Bills	278,085	-	2,233	-
Export Loans	3,517,365	-	8,815	13,141
Import Loans	554	-	-	-
Loans to Financial Sector	2,056,956	-	1,289	79
Foreign Loans	1,832,472	-	4,965	-
Consumer Loans	15,008,864	-	79,639	76,959
Credit Cards	7,840,641	-	53,394	171,848
Precious Metal Loans	293,367	-	5,731	3,550
Other	37,200,284	-	990,561	655,340
<b>Specialization Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>68,028,588</b>	-	<b>1,146,627</b>	<b>920,917</b>

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

	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	11,080	1,042	-	12,122
Loans Collateralized by Mortgages	839,614	82,638	-	922,252
Loans Collateralized by Pledged Assets	301,816	10,196	-	312,012
Loans Collateralized by Cheques and Notes	88,505	30,074	-	118,579
Loans Collateralized by Other Collaterals	342,391	2,856	-	345,247
Unsecured Loans	102,298	29,792	225,242	357,332
<b>Total</b>	<b>1,685,704</b>	<b>156,598</b>	<b>225,242</b>	<b>2,067,544</b>

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

	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	19,931	54,253	46,197	120,381
61-90 days	8,611	11,125	10,542	30,278
Others	1,657,162	91,220	168,503	1,916,885
<b>Total</b>	<b>1,685,704</b>	<b>156,598</b>	<b>225,242</b>	<b>2,067,544</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>357,432</b>	<b>13,901,318</b>	<b>14,258,750</b>
Housing Loans	17,908	7,896,477	7,914,385
Automobile Loans	16,480	814,717	831,197
General Purpose Loans	25,298	535,853	561,151
Other	297,746	4,654,271	4,952,017
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>455,192</b>	<b>455,192</b>
Housing Loans	-	426,393	426,393
Automobile Loans	-	4,406	4,406
General Purpose Loans	-	11,654	11,654
Other	-	12,739	12,739
<b>Consumer Loans – FC</b>	<b>-</b>	<b>31,630</b>	<b>31,630</b>
Housing Loans	-	19,623	19,623
Automobile Loans	-	9,291	9,291
General Purpose Loans	-	1,353	1,353
Other	-	1,363	1,363
<b>Retail Credit Cards – TL</b>	<b>7,588,260</b>	<b>82,717</b>	<b>7,670,977</b>
With Installment	3,419,400	82,717	3,502,117
Without Installment	4,168,860	-	4,168,860
<b>Retail Credit Cards – FC</b>	<b>24,164</b>	<b>-</b>	<b>24,164</b>
With Installment	2,815	-	2,815
Without Installment	21,349	-	21,349
<b>Personnel Loans – TL</b>	<b>22,105</b>	<b>15,744</b>	<b>37,849</b>
Housing Loan	-	1,392	1,392
Automobile Loans	40	154	194
General Purpose Loans	933	764	1,697
Other	21,132	13,434	34,566
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>112</b>	<b>112</b>
Housing Loans	-	112	112
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>49</b>	<b>45</b>	<b>94</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	49	45	94
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>30,575</b>	<b>340</b>	<b>30,915</b>
With Installment	23,024	340	23,364
Without Installment	7,551	-	7,551
<b>Personnel Credit Cards – FC</b>	<b>363</b>	<b>-</b>	<b>363</b>
With Installment	21	-	21
Without Installment	342	-	342
<b>Deposit Accounts– TL (real persons)</b>	<b>381,835</b>	<b>-</b>	<b>381,835</b>
<b>Deposit Accounts– FC (real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8,404,783</b>	<b>14,487,098</b>	<b>22,891,881</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>641,106</b>	<b>6,297,534</b>	<b>6,938,640</b>
Real Estate Loans	1,427	522,525	523,952
Automobile Loans	58,245	1,209,320	1,267,565
General Purpose Loans	580,890	4,559,587	5,140,477
Other	544	6,102	6,646
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>71,875</b>	<b>597,518</b>	<b>669,393</b>
Real Estate Loans	-	52,108	52,108
Automobile Loans	4,764	176,737	181,501
General Purpose Loans	67,111	368,673	435,784
Other	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>206</b>	<b>92,721</b>	<b>92,927</b>
Real Estate Loans	-	1,113	1,113
Automobile Loans	4	4,218	4,222
General Purpose Loans	202	3,349	3,551
Other	-	84,041	84,041
<b>Corporate Credit Cards – TL</b>	<b>334,831</b>	<b>543</b>	<b>335,374</b>
With Installment	154,932	541	155,473
Without Installment	179,899	2	179,901
<b>Corporate Credit Cards – FC</b>	<b>4,090</b>	<b>-</b>	<b>4,090</b>
With Installment	40	-	40
Without Installment	4,050	-	4,050
<b>Deposit Accounts– TL (corporates)</b>	<b>475,349</b>	<b>-</b>	<b>475,349</b>
<b>Deposit Accounts– FC (corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,527,457</b>	<b>6,988,316</b>	<b>8,515,773</b>

**5.1.5.6 Allocation of loans by customers**

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

**5.1.5.7 Allocation of domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	68,258,695	62,559,204
Foreign Loans	1,837,437	1,916,546
<b>Total</b>	<b>70,096,132</b>	<b>64,475,750</b>

**5.1.5.8 Loans to associates and subsidiaries**

	Current Period	Prior Period
Direct Lending	1,111,718	1,192,499
Indirect Lending	-	-
<b>Total</b>	<b>1,111,718</b>	<b>1,192,499</b>

**5.1.5.9 Specific provisions for loans**

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	18,196	21,413
Doubtful Loans and Receivables	91,429	102,679
Uncollectible Loans and Receivables	1,141,206	1,463,457
<b>Total</b>	<b>1,250,831</b>	<b>1,587,549</b>

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

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period</b>			
(Gross Amounts before Specific Provisions)	8,077	13,845	160,417
Restructured Loans and Receivables	8,077	13,845	160,417
Rescheduled Loans and Receivables	-	-	-
<b>Prior Period</b>			
(Gross Amounts before Specific Provisions)	10,777	14,723	248,832
Restructured Loans and Receivables	10,777	14,723	248,832
Rescheduled Loans and Receivables	-	-	-

*Movements in non-performing loans and other receivables:*

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Balances at Beginning of Period</b>	<b>69,719</b>	<b>138,127</b>	<b>1,731,263</b>
Additions during the Period (+)	70,419	3,354	7,716
Transfer from Other NPL Categories (+)	-	64,458	60,457
Transfer to Other NPL Categories (-)	64,964	63,611	162,338
Collections during the Period (-)	13,403	19,417	90,677
Write-offs (-) (*)	-	-	200,415
Corporate and Commercial Loans	-	-	25,841
Retail Loans	-	-	105,598
Credit Cards	-	-	68,976
Others	-	-	-
<b>Balances at End of Period</b>	<b>61,771</b>	<b>122,911</b>	<b>1,346,006</b>
Specific Provisions (-)	18,196	91,429	1,141,206
<b>Net Balance on Balance Sheet</b>	<b>43,575</b>	<b>31,482</b>	<b>204,800</b>

(\*) TL 200,310 thousands of this amount is due to sale of non-performing loans.



**Movements in specific loan provisions:**

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
<b>Balances at End of Prior Period</b>	<b>576,401</b>	<b>377,447</b>	<b>633,701</b>	<b>1,587,549</b>
Additions during the Period(+)	8,214	16,326	31,877	56,417
Restructured/Rescheduled Loans (-)	117,775	179	-	117,954
Collections during the Period (-)	1,518	31,671	41,721	74,910
Write-offs (-)	25,760	105,535	68,976	200,271
<b>Balances at End of Period</b>	<b>439,562</b>	<b>256,388</b>	<b>554,881</b>	<b>1,250,831</b>

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period</b>			
<b>Balance at End of Period</b>	<b>6,458</b>	<b>3,738</b>	<b>251,116</b>
Specific Provisions (-)	383	547	210,286
<b>Net Balance at Balance Sheet</b>	<b>6,075</b>	<b>3,191</b>	<b>40,830</b>
<b>Prior Period</b>			
<b>Balance at End of Period</b>	<b>2,781</b>	<b>3,264</b>	<b>322,790</b>
Specific Provisions (-)	105	456	258,665
<b>Net Balance at Balance Sheet</b>	<b>2,676</b>	<b>2,808</b>	<b>64,125</b>

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period (Net)</b>	<b>43,575</b>	<b>31,482</b>	<b>204,800</b>
Loans to Individuals and Corporates (Gross)	61,771	122,911	1,338,891
Specific Provision (-)	18,196	91,429	1,134,091
Loans to Individuals and Corporates (Net)	43,575	31,482	204,800
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,804
Specific Provision (-)	-	-	6,804
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>48,306</b>	<b>35,448</b>	<b>267,806</b>
Loans to Individuals and Corporates (Gross)	69,719	138,127	1,724,148
Specific Provision (-)	21,413	102,679	1,456,342
Loans to Individuals and Corporates (Net)	48,306	35,448	267,806
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,804
Specific Provision (-)	-	-	6,804
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	624	237	-	861
Loans Collateralized by Mortgages	297,698	73,844	-	371,542
Loans Collateralized by Pledged Assets	82,904	42,209	-	125,113
Loans Collateralized by Cheques and Notes	115,987	112,595	-	228,582
Loans Collateralized by Other Collaterals	118,940	11,564	-	130,504
Unsecured Loans	23,394	74,774	575,918	674,086
<b>Total</b>	<b>639,547</b>	<b>315,223</b>	<b>575,918</b>	<b>1,530,688</b>

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

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

**5.1.5.12 “Write-off” policies**

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

**5.1.6 Investments held-to-maturity**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	1,709,739	393,048	2,904,701	406,444
Investments subject to Repurchase Agreements	881,537	-	908,463	409,643
<b>Total</b>	<b>2,591,276</b>	<b>393,048</b>	<b>3,813,164</b>	<b>816,087</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	3,050,761	4,576,594
Treasury Bills	-	-
Other Government Securities	1,309,104	1,313,190
<b>Total</b>	<b>4,359,865</b>	<b>5,889,784</b>

**5.1.6.3 Investments held-to-maturity**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>4,236,518</b>	<b>5,583,946</b>
Quoted at Stock Exchange	4,236,518	5,579,803
Unquoted at Stock Exchange	-	4,143
<b>Valuation Increase / (Decrease)</b>	<b>127,686</b>	<b>309,985</b>
<b>Total</b>	<b>4,364,204</b>	<b>5,893,931</b>

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

	Current Period	Prior Period
<b>Balances at Beginning of Period</b>	<b>5,893,931</b>	<b>7,346,161</b>
Foreign Currency Differences On Monetary Assets	8,465	25,395
Purchases during the Period	-	4,143
Disposals through Sales/Redemptions	(1,355,893)	(1,538,464)
Valuation Effect	(182,299)	56,696
<b>Balances at End of Period</b>	<b>4,364,204</b>	<b>5,893,931</b>

#### 5.1.7 Investments in associates

##### 5.1.7.1 Investments in associates

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Eureko Sigorta AŞ	Istanbul/Turkey	20.00	20.00
2	Bankalarası Kart Merkezi AŞ <sup>(1)</sup>	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 <sup>(1)</sup>	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 <sup>(1)</sup>	Istanbul/Turkey	9.09	9.09
7	Gelişen Bilgi Teknolojileri AŞ	Istanbul/Turkey	5.00	5.00
8	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(1)</sup>	Ankara/Turkey	2.48	2.48
9	Kredi Garanti Fonu AŞ	Ankara/Turkey	1.67	1.67

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	738,069	322,329	46,668	4,331	3,432	16,572	199,681	-
2	21,011	15,865	6,736	912	-	1,465	5,481	-
3	529,390	59,980	1,597	28,569	1,692	9,517	2,148	-
4	1,504,735	297,695	10,750	31,641	7,624	28,048	91,721	-
5	56,060	51,584	4,977	3,563	51	14,806	23,983	-
6	44,767	36,805	1,998	2,555	-	14,132	9,103	-
7	429	425	-	2	-	(5)	345	-
8	154,509	12,108	245	32	4,137	3,099	12,060	-
9	140,922	135,790	3,090	900	-	2,685	7,848	-

(1) Financial information is as of 31 December 2010.

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

**5.1.7.2 Movement of investments in associates**

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>29,512</b>	<b>29,705</b>
<b>Movements during the Period</b>	<b>61</b>	<b>(193)</b>
Acquisitions and Capital Increases	-	-
Bonus Shares Received (*)	61	54
Dividends from Current Year Profit	-	-
Sales	-	(247)
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
<b>Balance at End of Period</b>	<b>29,573</b>	<b>29,512</b>
<b>Capital Commitments</b>	<b>2,000</b>	<b>2,000</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

(\*) The paid-in capital of Yatırım Finansman Menkul Değerler AŞ was increased from TL 45,500 thousands to TL 53,500 thousands during its ordinary general assembly meeting held on 23 March 2011.

**5.1.7.3 Sectoral distribution of investments and associates**

Investments in Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	11,312	11,312
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	16,547	16,486
Other Associates	1,714	1,714

**5.1.7.4 Quoted associates**

None.

**5.1.7.5 Valuation methods of investments in associates**

Investments in Associates	Current Period	Prior Period
Valued at Cost	29,573	29,512
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	-	-

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

None.

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

None.

## 5.1.8 Investments in subsidiaries

### 5.1.8.1 Investments in subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	25,139	16,718	736	-	79	344	(90,924)	-
2	22,599	12,174	1,997	-	90	492	11,103	-
3	1,025	939	3	-	3	68	457	-
4	541	(15)	38	-	-	(219)	(141)	-
5	728	525	1	-	2	(620)	386	-
6	1,847,239	439,618	17,766	37,046	-	20,545	335,824	-
7	1,140,143	50,795	2,987	20,148	53	778	25,487	125,580
8	78,783	62,897	6,445	443	277	3,249	13,331	-
9	16,775	15,165	2,867	157	61	(70)	2,135	-
10	2,394,370	353,737	12,257	7,470	1,833	24,601	252,922	-
11	7,975,938	726,621	48,723	57,429	19,066	25,091	346,838	714,848
12	640,801	134,577	40,538	4,549	3,961	3,567	72,187	129,824
13	397,161	397,129	-	4	-	(33)	(221,101)	616,634

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

(\*\*) D Netherlands Holding BV's name changed to Garanti Holding BV as of 27 January 2011.

**5.1.8.2 Movement of investments in subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at Beginning of Period</b>	<b>1,655,134</b>	<b>1,003,260</b>
<b>Movements during the Period</b>	<b>95,002</b>	<b>651,874</b>
Acquisitions and Capital Increases (*)	-	553,497
Bonus Shares Received (**)	-	953
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	(4,227)
Increase in Market Values	39,236	80,512
Currency Differences on Foreign Subsidiaries	55,626	17,748
Impairment Reversals/(Losses)	140	3,391
<b>Balance at End of Period</b>	<b>1,750,136</b>	<b>1,655,134</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

(\*) 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 Garanti 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 Garanti Holding BV was increased by EUR 118.4 millions. Garanti Holding BV is the shareholder of G Netherlands BV (formerly Doğu GE BV) directly, and Garanti Bank SA (formerly GE Garanti Bank SA), Motoractive IFN SA, Ralfi IFN SA and Domenia Credit IFN SA, all resident in Romania, indirectly through G Netherlands BV. The paid-in capital of Garanti Holding BV was increased;

- from EUR 217,088,600 to EUR 247,088,600 on 27 August 2010 as per the decision made at the board of directors' meeting held on 3 August 2010, and
- from EUR 247,088,600 to EUR 329,088,600 on 15 December 2010 as per the decision made at the board of directors' meeting held on 8 December 2010

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

**5.1.8.3 Sectoral distribution of investments in subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	844,597	783,622
Insurance Companies	56,545	56,545
Factoring Companies	69,577	73,533
Leasing Companies	76,169	76,169
Finance Companies	685,709	647,867
Other Subsidiaries	17,539	17,398

**5.1.8.4 Quoted subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Quoted at Domestic Stock Exchanges	69,577	73,533
Quoted at International Stock Exchanges	-	-

**5.1.8.5 Valuation methods of investments in subsidiaries**

Subsidiaries	Current Period	Prior Period
Valued at Cost	202,612	202,612
Valued at Fair Value	1,530,808	1,435,945
Valued by Equity Method of Accounting (*)	16,716	16,577

(\*) Includes subsidiaries for which value decreases are provided against considering their equities.

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

None.

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

None.

**5.1.9 Investments in Joint-Ventures**

None.

**5.1.10 Lease receivables**

None.

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

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

None.

**5.1.12 Tangible assets**

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

**5.1.13 Intangible assets**

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

**5.1.14 Investment property**

None.

**5.1.15 Deferred tax asset**

As of 31 March 2011, the Bank has a deferred tax asset of TL 81,266 thousands (31 December 2010: TL 117,224 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 March 2011. However, there is a deferred tax asset of TL 174,630 thousands (31 December 2010: TL 188,672 thousands) and deferred tax liability of TL 93,364 thousands (31 December 2010: TL 71,448 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

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

	Current Period	Prior Period
<b>End of Prior Period</b>		
<b>Cost</b>	<b>99,700</b>	<b>82,293</b>
<b>Accumulated Depreciation (-)</b>	<b>(1,644)</b>	<b>(1,143)</b>
<b>Net Book Value</b>	<b>98,056</b>	<b>81,150</b>
<b>End of Current Period</b>		
Additions	6,941	74,964
Disposals (Cost)	(13,279)	(54,819)
Disposals (Accumulated Depreciation)	226	483
Impairment Losses (-)	(694)	(2,737)
Depreciation Expense for Current Period (-)	(368)	(985)
Currency Translation Differences on Foreign Operations	-	-
<b>Cost</b>	<b>92,668</b>	<b>99,701</b>
<b>Accumulated Depreciation (-)</b>	<b>(1,786)</b>	<b>(1,645)</b>
<b>Net Book Value</b>	<b>90,882</b>	<b>98,056</b>

As of 31 March 2011, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 5,448 thousands (31 December 2010: TL 6,293 thousands).

**5.1.17 Other assets**

**5.1.17.1 Receivables from term sale of assets**

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint Ventures	4,390	4,249
Sale of Real Estates	-	3,170
Sale of Other Assets	2,954	2,920
<b>Total</b>	<b>7,344</b>	<b>10,339</b>

**5.1.17.2 Prepaid expenses, taxes and similar items**

	Current Period	Prior Period
Prepaid Expenses	221,527	190,263
Prepaid Taxes	347	-

**5.1.18 Accrued interest and income**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	4,227	-
Financial Assets at Fair Value through Profit or Loss	614	179	10,107	411
Banks	22,729	14,378	17,931	13,857
Interbank Money Markets	-	-	-	-
Financial Assets Available-for-Sale	2,447,988	63,648	3,221,171	132,806
Loans	495,786	339,340	502,055	278,375
Investments Held-to-Maturity	114,532	13,967	284,512	26,518
Other Accruals	17,075	-	16,088	-
<b>Total</b>	<b>3,098,724</b>	<b>431,512</b>	<b>4,056,091</b>	<b>451,967</b>



## 5.2 Liabilities

### 5.2.1 Maturity profile of deposits

#### Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	2,511,888	-	4,871,090	19,040,935	752,862	156,256	192,894	867	27,526,792
<b>Foreign Currency Deposits</b>	5,815,414	-	7,119,041	13,896,515	857,196	1,721,922	1,589,116	81,832	31,081,036
Residents in Turkey	5,445,775	-	6,941,678	13,257,401	721,388	433,689	1,096,965	80,470	27,977,366
Residents in Abroad	369,639	-	177,363	639,114	135,808	1,288,233	492,151	1,362	3,103,670
<b>Public Sector Deposits</b>	749,335	-	1,403	23,857	7	20	-	-	774,622
<b>Commercial Deposits</b>	3,040,786	-	2,501,136	6,115,479	273,540	37,496	144,348	-	12,112,785
<b>Other</b>	68,244	-	40,198	163,357	2,042	265,750	5,120	-	544,711
<b>Precious Metal Deposits</b>	717,428	-	363	-	-	4,073	-	-	721,864
<b>Bank Deposits</b>	308,144	-	614,204	713,926	108,083	22,549	5,680	-	1,772,586
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1,293	-	1,300	5,063	-	5,090	-	-	12,746
Foreign Banks	91,729	-	612,904	708,863	108,083	17,459	5,680	-	1,544,718
Special Financial Institutions	215,122	-	-	-	-	-	-	-	215,122
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13,211,239</b>	<b>-</b>	<b>15,147,435</b>	<b>39,954,069</b>	<b>1,993,730</b>	<b>2,208,066</b>	<b>1,937,158</b>	<b>82,699</b>	<b>74,534,396</b>

#### Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	2,433,586	-	6,603,455	16,495,091	943,863	216,655	136,973	770	26,830,393
<b>Foreign Currency Deposits</b>	5,186,989	-	7,124,092	10,836,514	931,365	1,854,241	1,157,416	87,013	27,177,630
Residents in Turkey	4,887,105	-	6,831,438	10,435,652	815,581	636,228	823,096	85,730	24,514,830
Residents in Abroad	299,884	-	292,654	400,862	115,784	1,218,013	334,320	1,283	2,662,800
<b>Public Sector Deposits</b>	520,469	-	2,154	23,302	355	1,985	-	-	548,265
<b>Commercial Deposits</b>	3,091,199	-	3,393,199	6,966,337	926,007	217,079	137,756	-	14,731,577
<b>Other</b>	58,853	-	20,830	292,764	115,900	155	5,077	-	493,579
<b>Precious Metal Deposits</b>	464,651	-	4	-	-	4,010	-	-	468,665
<b>Bank Deposits</b>	757,565	-	1,174,213	450,096	7,800	18,636	-	-	2,408,310
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,876	-	338,279	30,317	-	-	-	-	371,472
Foreign Banks	310,346	-	835,934	419,779	7,800	18,636	-	-	1,592,495
Special Financial Institutions	444,343	-	-	-	-	-	-	-	444,343
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,513,312</b>	<b>-</b>	<b>18,317,947</b>	<b>35,064,104</b>	<b>2,925,290</b>	<b>2,312,761</b>	<b>1,437,222</b>	<b>87,783</b>	<b>72,658,419</b>

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

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	11,549,727	11,528,555	15,767,465	15,125,137
Foreign Currency Saving Deposits	3,046,008	3,128,715	10,234,986	9,950,009
Other Saving Deposits	316,744	204,524	377,997	243,956
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

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

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

**5.2.1.3 Saving deposits not covered by insurance limits**

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	403,860	375,362
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	224,148	186,298
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	44,267	2,501	29,650	10,340
Swap transactions	225,648	161,974	167,674	171,750
Futures	-	232	-	1,846
Options	84,811	42,398	46,225	34,058
Other	-	-	-	-
<b>Total</b>	<b>354,726</b>	<b>207,105</b>	<b>243,549</b>	<b>217,994</b>

**5.2.3 Funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	235,111	183,617	155,150	122,359
Foreign Banks, Institutions and Funds	4,847,326	12,936,803	4,958,723	11,397,080
<b>Total</b>	<b>5,082,437</b>	<b>13,120,420</b>	<b>5,113,873</b>	<b>11,519,439</b>

**5.2.3.1 Maturities of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	773,703	4,772,414	700,423	4,139,314
Medium and Long-Term	4,308,734	8,348,006	4,413,450	7,380,125
<b>Total</b>	<b>5,082,437</b>	<b>13,120,420</b>	<b>5,113,873</b>	<b>11,519,439</b>

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

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

**5.2.4 Other external funds**

**5.2.4.1 Securities issued**

As of 31 January 2011, the Bank issued bills with face value of TL 1,000,000 thousands, interest rate of 7.68% and maturity of one year.

**5.2.4.2 Funds provided through repurchase transactions:**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>5,071,671</b>	<b>-</b>	<b>10,180,670</b>	<b>-</b>
Financial Institutions and Organizations	5,022,814	-	10,115,836	-
Other Institutions and Organizations	13,182	-	19,318	-
Individuals	35,675	-	45,516	-
<b>Foreign Transactions</b>	<b>504,460</b>	<b>1,185,606</b>	<b>156,569</b>	<b>883,398</b>
Financial Institutions and Organizations	504,257	1,185,606	155,900	883,398
Other Institutions and Organizations	26	-	284	-
Individuals	177	-	385	-
<b>Total</b>	<b>5,576,131</b>	<b>1,185,606</b>	<b>10,337,239</b>	<b>883,398</b>

**5.2.5 Lease payables (Net)**

**5.2.5.1 Financial lease payables**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	199	189	377	353
1-4 Years	2	2	4	4
More than 4 Years	-	-	-	-
<b>Total</b>	<b>201</b>	<b>191</b>	<b>381</b>	<b>357</b>

**5.2.5.2 Operational lease agreements**

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

## 5.2.6 Derivative financial liabilities held for risk management

Derivative Financial Liabilities held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	1,853	-	2,347
Net foreign investment hedges	-	-	-	-
<b>Total</b>	-	<b>1,853</b>	-	<b>2,347</b>

## 5.2.7 Provisions

### 5.2.7.1 General provisions

	Current Period	Prior Period
<b>General Provision for</b>	<b>680,544</b>	<b>622,265</b>
Loans and Receivables in Group I	580,475	533,544
Loans and Receivables in Group II	38,981	34,862
Non-Cash Loans	61,088	53,859
Other	-	-

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

	Current Period	Prior Period
Short-Term Loans	13,874	4,027
Medium and Long-Term Loans	5,073	7,429
<b>Total</b>	<b>18,947</b>	<b>11,456</b>

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

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

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

### 5.2.7.4 Other provisions

#### 5.2.7.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	420,000	330,000

#### 5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	260,346	285,708
Recognized Liability for Defined Benefit Obligations	-	-
Provision for Promotion Expenses of Credit Cards (*)	40,062	46,488
Other Provisions	39,956	18,700
<b>Total</b>	<b>340,364</b>	<b>350,896</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 18 January 2011 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 951,896 thousands at 31 December 2010 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2010 as per the requirements of the Law explained in Note 3.17, the accounting policies related with “employee benefits” for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary’s 18 January 2011 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 504,338 thousands remains as of 31 December 2010 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 266,382 thousands 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.

	<b>31 December 2010</b>
<b>Transferable Pension and Medical Benefits:</b>	
Net present value of pension benefits transferable to SSF	(315,823)
Net present value of medical benefits and health premiums transferable to SSF	266,382
General administrative expenses	(19,046)
<b>Present Value of Pension and Medical Benefits Transferable to SSF (1)</b>	<b>(68,487)</b>
<b>Fair Value of Plan Assets (2)</b>	<b>1,020,383</b>
<b>Asset Surplus over Transferable Benefits ((2)-(1)=(3))</b>	<b>951,896</b>
<b>Non-Transferable Benefits:</b>	
Other pension benefits	(242,307)
Other medical benefits	(205,251)
<b>Total Non-Transferable Benefits (4)</b>	<b>(447,558)</b>
<b>Asset Surplus over Total Benefits ((3)-(4)=(5))</b>	<b>504,338</b>
<b>Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)</b>	<b>(266,382)</b>
<b>Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))</b>	<b>237,956</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 2010</b>
	<b>%</b>
Discount Rate	10.00
Inflation Rate	5.10
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	24.70-2.80
Future Pension Increase Rates	5.10

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.

## **5.2.8 Tax liability**

### **5.2.8.1 Current tax liability**

#### **5.2.8.1.1 Tax liability**

As of 31 March 2011, the Bank had a current tax liability of TL 101,724 thousands (31 December 2010: TL 204,102 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.

#### **5.2.8.1.2 Taxes payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Taxes Payable	101,724	204,102
Taxation on Securities Income	67,112	58,218
Taxation on Real Estates Income	1,938	1,536
Banking Insurance Transaction Tax	31,228	29,377
Foreign Exchange Transaction Tax	25	25
Value Added Tax Payable	1,166	2,642
Others	11,991	27,544
<b>Total</b>	<b>215,184</b>	<b>323,444</b>

#### **5.2.8.1.3 Premiums**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employees	-	-
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	38	34
Bank Pension Fund Premium-Employer	21	17
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	492	514
Unemployment Insurance-Employer	925	966
Others	6	4
<b>Total</b>	<b>1,482</b>	<b>1,535</b>

**5.2.8.2 Deferred tax liability**

None.

**5.2.9 Liabilities for assets held for sale and assets of discontinued operations**

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

**5.2.10 Subordinated debts**

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

**5.2.11 Shareholders’ equity**

**5.2.11.1 Paid-in capital**

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

**5.2.11.2 Registered share capital system**

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

**5.2.11.3 Capital increases in current period**

None.

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

None.

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

None.

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

None.

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

None.

**5.2.11.8 Securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	<b>63,613</b>	<b>298,353</b>	<b>66,777</b>	<b>267,610</b>
Valuation difference	31,296	298,353	34,460	267,610
Exchange rate difference	32,317	-	32,317	-
<b>Securities Available-for-Sale</b>	<b>953,007</b>	<b>88,423</b>	<b>1,488,655</b>	<b>150,768</b>
Valuation difference	953,007	88,423	1,488,655	150,768
Exchange rate difference	-	-	-	-
<b>Total</b>	<b>1,016,620</b>	<b>386,776</b>	<b>1,555,432</b>	<b>418,378</b>

**5.2.11.9 Revaluation surplus**

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	596,813	-	596,047	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

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

	Current Period	Prior Period
Garanti Yatırım Menkul Değerler AŞ	942	942
Eureko Sigorta AŞ	561	561
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Tat Konserve AŞ	36	36
Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ	22	23
Yatırım Finansman Menkul Değerler AŞ	9	9
<b>Total</b>	<b>2,452</b>	<b>2,453</b>

**5.2.11.11 Legal reserves**

	Current Period	Prior Period
I. Legal Reserve	647,289	489,166
II. Legal Reserve	75,290	39,290
Special Reserves	-	-

**5.2.11.12 Extraordinary reserves**

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	7,612,215	5,268,509
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-



### 5.2.12 Accrued interest and expenses

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Deposits	162,681	81,756	222,174	66,580
Funds Borrowed	99,501	61,980	209,226	52,818
Interbank Money Markets	16,402	3,915	24,477	671
Other Accruals	34,256	444	23,698	319
<b>Total</b>	<b>312,840</b>	<b>148,095</b>	<b>479,575</b>	<b>120,388</b>

### 5.3 Off-Balance Sheet Items

#### 5.3.1 Off-balance sheet contingencies

##### 5.3.1.1 Irrevocable credit commitments

The Bank has asset purchase and sale commitments of TL 1,042,986 thousands (31 December 2010: TL 1,789,413 thousands), commitments for cheque payments of TL 2,121,339 thousands (31 December 2010: TL 1,910,095 thousands) and commitments for credit card limits of TL 13,035,968 thousands (31 December 2010: TL 12,467,191 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	8,175,011	7,155,138
Letters of Guarantee in TL	5,829,006	4,951,727
Letters of Credit	3,729,788	3,362,064
Bills of Exchange and Acceptances	201,633	164,105
Others	-	-
<b>Total</b>	<b>17,935,438</b>	<b>15,633,034</b>

A specific provision of TL 57,242 thousands (31 December 2010: TL 57,287 thousands) is made for unliquidated non-cash loans of TL 109,938 thousands (31 December 2010: TL 96,013 thousands) recorded under the off-balance sheet items in the accompanying financial statements.

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

As of 31 March 2011, in the Bank’s “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 425,000,000 (31 December 2010: USD 775,000,000).

##### 5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	1,062,006	883,442
With Original Maturity of 1 Year or Less	34,107	39,865
With Original Maturity of More Than 1 Year	1,027,899	843,577
Other Non-Cash Loans	16,930,580	14,806,338
<b>Total</b>	<b>17,992,586</b>	<b>15,689,780</b>

##### 5.3.1.4 Sectoral risk concentration of non-cash loans

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

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

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

**5.3.2 Financial derivative instruments**

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

**5.3.3 Contingent liabilities and assets**

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

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

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

## 5.4 Income Statement

### 5.4.1 Interest Income

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans	464,104	37,686	496,369	36,065
Medium and long-term loans	595,755	317,079	497,036	262,320
Loans under follow-up	28,285	-	14,442	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>1,088,144</b>	<b>354,765</b>	<b>1,007,847</b>	<b>298,385</b>

(\*) Includes also the fee and commission income on cash loans

#### 5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	1,055	18
Domestic Banks	849	279	587	118
Foreign Banks	35,956	14,386	39,483	13,664
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>36,805</b>	<b>14,665</b>	<b>41,125</b>	<b>13,800</b>

#### 5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	4,115	308	9,742	71
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	542,084	28,616	807,570	36,039
Investments Held-to-Maturity	120,389	24,097	184,777	25,383
<b>Total</b>	<b>666,588</b>	<b>53,021</b>	<b>1,002,089</b>	<b>61,493</b>

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

	Current Period	Prior Period
Interest received from Investments in Associates and Subsidiaries	19,596	8,810

## 5.4.2 Interest Expenses

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>132,559</b>	<b>65,475</b>	<b>94,860</b>	<b>51,712</b>
Central Bank of Turkey	-	-	-	-
Domestic Banks	3,592	1,117	3,448	1,256
Foreign Banks	128,967	64,358	91,412	50,456
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>15,587</b>	<b>-</b>	<b>14,541</b>
<b>Total</b>	<b>132,559</b>	<b>81,062</b>	<b>94,860</b>	<b>66,253</b>

(\*) Includes also the fee and commission expenses on borrowings

### 5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest paid to Investments in Associates and Subsidiaries	10,992	6,967

### 5.4.2.3 Interest expenses on securities issued

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

### 5.4.2.4 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
<b>Turkish Lira</b>								
Bank Deposits	58	12,531	-	-	-	-	-	12,589
Saving Deposits	142	93,688	349,368	13,792	3,946	3,538	-	464,474
Public Sector Deposits	-	580	486	1	1	-	-	1,068
Commercial Deposits	62	63,652	137,015	5,171	902	3,290	-	210,092
Other	4	1,032	6,414	307	3,435	107	-	11,299
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>266</b>	<b>171,483</b>	<b>493,283</b>	<b>19,271</b>	<b>8,284</b>	<b>6,935</b>	<b>-</b>	<b>699,522</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	192	35,053	103,487	5,561	3,011	13,541	418	161,263
Bank Deposits	-	3,094	-	-	-	-	-	3,094
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	21	-	-	21
<b>Total FC</b>	<b>192</b>	<b>38,147</b>	<b>103,487</b>	<b>5,561</b>	<b>3,032</b>	<b>13,541</b>	<b>418</b>	<b>164,378</b>
<b>Grand Total</b>	<b>458</b>	<b>209,630</b>	<b>596,770</b>	<b>24,832</b>	<b>11,316</b>	<b>20,476</b>	<b>418</b>	<b>863,900</b>

#### **5.4.2.5 Interest expense on repurchase agreements**

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

#### **5.4.2.6 Financial lease expenses**

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

#### **5.4.2.7 Interest expenses on factoring payables**

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

#### **5.4.3 Dividend income**

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

#### **5.4.4 Trading income/losses (Net)**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>14,979,238</b>	<b>14,210,077</b>
Trading Account Income	245,809	131,973
Gains from Derivative Financial Instruments	668,288	743,776
Foreign Exchange Gains	14,065,141	13,334,328
<b>Losses (-)</b>	<b>14,714,982</b>	<b>14,037,441</b>
Trading Account Losses	34,286	10,401
Losses from Derivative Financial Instruments	651,819	922,907
Foreign Exchange Losses	14,028,877	13,104,133
<b>Total</b>	<b>264,256</b>	<b>172,636</b>

TL 1,406,884 thousands (31 March 2010: TL 719,477 thousands) of foreign exchange gains and TL 1,386,809 thousands (31 March 2010: TL 838,886 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

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

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

A part of the Bank’s non-performing loan portfolio amounting to TL 483,876 thousands was sold to a local asset management company at a sale price of TL 53,925 thousands. The sale price is fully recognized as income under other operating income as such receivables were fully provided against in the Bank’s financial statements before the sale.

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	52,323	147,987
<i>Loans and receivables in Group III</i>	17,842	72,115
<i>Loans and receivables in Group IV</i>	28,143	61,163
<i>Loans and receivables in Group V</i>	6,338	14,709
General Provisions	56,517	48,763
Provision for Possible Losses	100,000	-
Impairment Losses on Securities	1,024	347
<i>Financial assets at fair value through profit or loss</i>	989	347
<i>Financial assets available-for-sale</i>	35	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	204	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	204	-
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	39,099	3,085
<b>Total</b>	<b>249,167</b>	<b>200,182</b>

#### 5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	258,915	288,050
Reserve for Employee Termination Benefits	5,198	934
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	41,404	37,627
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	2,317	1,540
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	694	691
Depreciation Expenses of Assets to be Disposed	368	153
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	276,583	310,861
<i>Operational Lease related Expenses</i>	41,710	35,723
<i>Repair and Maintenance Expenses</i>	4,242	4,608
<i>Advertisement Expenses</i>	15,326	29,957
<i>Other Expenses</i>	215,305	240,573
Loss on Sale of Assets	231	232
Others (*)	118,862	135,111
<b>Total</b>	<b>704,572</b>	<b>775,199</b>

(\*) In the current period, this item includes a provision amounting TL 54,900 thousands (31 March 2010: TL 74,500 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 communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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

As of 31 March 2011, the Bank recorded a tax charge of TL 98,998 thousands (31 March 2010: TL 386,876 thousands) and a deferred tax expense of TL 160,710 thousands (31 March 2010: a deferred tax benefit of TL 120,917 thousands).

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

<b>Deferred tax benefit/(charge) on timing differences</b>	<b>Current Period</b>
Increase in tax deductible timing differences (+)	17,153
Decrease in tax deductible timing differences (-)	157,555
Increase in taxable timing differences (-)	24,976
Decrease in taxable timing differences (+)	4,668
<b>Total</b>	<b>(160,710)</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>
Increase/(decrease) in tax deductible timing differences (net)	(140,402)
Increase/(decrease) in taxable timing differences (net)	(20,308)
Increase/(decrease) in tax losses (net)	-
Increase/(decrease) in tax deductions and exemptions (net)	-
<b>Total</b>	<b>(160,710)</b>

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

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

#### 5.4.11 Net profit/loss

##### *5.4.11.1 Any further explanation on operating results needed for better understanding of the Bank’s performance*

None.

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

None.

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

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



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

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

## **5.6 Statement of Cash Flows**

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

## 5.7 Related Party Risks

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

#### 5.7.1.1 Loans and other receivables

##### Current Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,475,734	757,091	14	4,831	232,831	358,339
Balance at end of period	3,377,506	1,029,861	-	8,828	186,234	533,596
Interest and Commission Income	23,788	53	-	1	3,825	339

##### 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	1,454,678	23,581	2	920	214,868	299,669
Balance at end of period	3,475,734	757,091	14	4,831	232,831	358,339
Interest and Commission Income	11,424	39	2	-	3,785	873

#### 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	571,953	231,523	207,006	359,876	389,333	323,665
Balance at end of period	471,260	571,953	3,150,611	207,006	331,135	389,333
Interest Expense	10,992	6,967	1,234	4,497	2,270	2,930

#### 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 for Trading:						
Balance at beginning of period	707,375	303,015	-	-	3,992	3,326
Balance at end of period	811,227	707,375	-	-	90,766	3,992
Total Profit/(Loss)	2,153	40,587	-	-	(3,472)	576
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

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

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

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

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

The cash loans of the risk group amounting TL 1,297,952 thousands (31 December 2010: TL 1,425,195 thousands) compose 1.84% (31 December 2009: 2.20%) of the Bank's total cash loans and 1.04% (31 December 2010: 1.15%) of the Bank's total assets. The total loans and similar receivables amounting TL 3,563,740 thousands (31 December 2010: TL 3,708,578 thousands) compose 2.87% (31 December 2010: TL 2.99%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 1,572,285 thousands (31 December 2010: TL 1,120,261 thousands) compose 8.74% (31 December 2010: 7.14%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 3,953,006 thousands (31 December 2010: TL 1,168,292 thousands) compose 5.30% (31 December 2010: 1.61%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set on an arms-length basis.

The Bank has a total lease payable of TL 191 thousands (31 December 2010: TL 357 thousands) from the transactions carried out with related parties. As a result of these transactions, a leasing expense of TL 15 thousands (31 March 2010: TL 126 thousands) is recorded. Furthermore, there is a credit card (POS) payable amounting TL 49,609 thousands (31 December 2010: TL 53,634 thousands) to related parties.

Operating expenses of TL 1,592 thousands (31 March 2010: TL 1,168 thousands) for IT services and rent income of TL 721 thousands (31 March 2010: TL 415 thousands) for the real estates rented to related parties, are recorded.

The Bank made a total payment of TL 58,648 thousands to its top management considered as key management as of 31 March 2011 (31 March 2010: TL 47,873 thousands).

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

Purchase of equipments for the Bank's 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 Balance Sheet Date**

- As of 7 April 2011, one of the Bank's shareholders Banco Bilbao Vizcaya Argentaria SA (BBVA) has acquired additional 503.160.000 shares at a nominal value of TL 5,032 thousands and increased its ownership in the Bank's share capital to 25.01%. As per the agreement between Doğuş Holding AŞ and BBVA, if any of the parties acquires additional shares during the next five years, it is required to offer half of the acquired shares to other party, in case that other party does not accept to purchase the offered shares, usufruct rights shall be established on the voting rights of such shares in favour of other party. Accordingly, although BBVA has acquired additional shares in April, this does not affect their joint control on the Bank's management.
- The Bank, subsequent to balance sheet date, issued;
  - bills with total face value of TL 750,000 thousands, a maturity of 176 days and interest rate of 8.41% in the domestic market, and
  - USD 500 million 10-year fixed-rate notes with a maturity date of 20 April 2021 and coupon rate of 6.25% and USD 300 million 5-year floating-rate notes with a maturity date of 20 April 2016 and a coupon rate of 3-month libor + 2.50% in the international markets.

## 5.10 Other Disclosures on Activities of the Bank

### 5.10.1 The Bank's latest international risk ratings

#### **MOODY'S (January 2011\*)**

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

#### **STANDARD AND POORS (January 2011\*)**

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

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

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

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

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

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

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

Long Term International FC	BBB- (Stable)
Long Term International TL	BBB (Stable)
Long Term National	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 Dividends

At the annual general assembly dated 31 March 2011, it was decided to distribute the profit of 2010 as follows:

<b>2010 PROFIT DISTRIBUTION TABLE</b>	
2010 Net Profit	<b>3,145,233</b>
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(157,262)
Undistributable funds	(20,996)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(137,849)
D – Second dividend to the shareholders	(360,000)
E – Extraordinary reserves	(2,223,126)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(36,000)

Dividend payments to shareholders started on 11 April 2011.



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

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

The unconsolidated interim financial statements of the Bank as of 31 March 2011, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited). It was noted in their limited review report dated 5 May 2011 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 unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 31 March 2011.

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

None.

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