

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

Türkiye Garanti Bankası Anonim Şirketi

And Its Financial Affiliates

Consolidated Financial Statements

As of and For the Six-Month Period Ended

30 June 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**

3 August 2011

*This report contains "Independent Accountants'
Limited Review Report" comprising 2 pages and;
"Consolidated Financial Statements and Related
Disclosures and Footnotes" comprising 87 pages.*

To the Board of Directors of
Türkiye Garanti Bankası AŞ
İstanbul

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT FOR THE INTERIM PERIOD 1 JANUARY 2011 –30 JUNE 2011

We have reviewed the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 30 June 2011 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants, our responsibility is to issue a report based on the review performed on these financial statements.

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

As of the balance sheet date, the accompanying consolidated financial statements include a general reserve amounting to TL 450,000 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 consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank and its consolidated financial affiliates as of and for the period ended 30 June 2011 in accordance with the prevailing accounting principles and standards set out as per the Article No. 37 and 38 of the Banking Act No. 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

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

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç
Partner

Istanbul, 3 August 2011

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Interim Financial Report
as of and for the Six-Month Period Ended 30 June 2011**

Levent Nispetiye Mah.Aytar Cad.
No:2 Beşiktaş 34340 İstanbul
Telephone: 212 318 18 18
Fax: 212 216 64 22
www.garanti.com.tr
investorrelations@garanti.com.tr

The consolidated interim financial report for the six-month period ended 30 June 2011 prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

The consolidated subsidiaries and special purpose entities in the scope of this consolidated financial report are the followings:

Subsidiaries

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

Special Purpose Entities

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

The consolidated semiannual 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	M. Cüneyt Sezgin	Manuel Pedro Galatas Sanchez - Harguindey	S. Ergun Özen	Aydın Şenel	Aylin Aktürk
Board of Directors Chairman	Audit Committee Member	Audit Committee Member	General Manager	Executive Vice President Responsible of Financial Reporting	Coordinator

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations
Phone no: 90 212 318 23 50
Fax no: 90 212 216 59 02

SECTION ONE

General Information

I.	History of parent bank including its incorporation date, initial legal status, amendments to legal status	1
II.	Parent bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on its risk group	1
III.	Information on parent bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the bank	2
IV.	Information on parent bank's qualified shareholders	3
V.	Summary information on parent bank's activities and services	4

SECTION TWO

Consolidated Interim Financial Statements

I.	Consolidated balance sheet	5
II.	Consolidated off-balance sheet items	7
III.	Consolidated income statement	8
IV.	Consolidated statement of income/expense items accounted under shareholders' equity	9
V.	Consolidated statement of changes in shareholders' equity	10
VI.	Consolidated statement of cash flows	11

SECTION THREE

Accounting Policies

I.	Basis of presentation	12
II.	Strategy for use of financial instruments and foreign currency transactions	12
III.	Information on consolidated subsidiaries	13
IV.	Forwards, options and other derivative transactions	14
V.	Interest income and expenses	14
VI.	Fees and commissions	15
VII.	Financial assets	15
VIII.	Impairment of financial assets	16
IX.	Netting of financial instruments	16
X.	Repurchase and resale agreements and securities lending	16
XI.	Assets held for sale, assets of discontinued operations and the related liabilities	17
XII.	Goodwill and other intangible assets	17
XIII.	Tangible assets	18
XIV.	Leasing activities	18
XV.	Provisions and contingent liabilities	19
XVI.	Contingent assets	19
XVII.	Liabilities for employee benefits	19
XVIII.	Taxation	21
XIX.	Funds borrowed	25
XX.	Share issuances	25
XXI.	Confirmed bills of exchange and acceptances	25
XXII.	Government incentives	25
XXIII.	Segment reporting	25
XXIV.	Other disclosures	27

SECTION FOUR

Consolidated Financial Position and Results of Operations

I.	Consolidated capital adequacy ratio	28
II.	Consolidated credit risk	32
III.	Consolidated market risk	32
IV.	Consolidated operational risk	33
V.	Consolidated currency risk	33
VI.	Consolidated interest rate risk	36
VII.	Consolidated liquidity risk	40
VIII.	Fair values of financial assets and liabilities	42
IX.	Transactions carried out on behalf of customers, items held in trust	42

SECTION FIVE

Disclosures and Footnotes on Consolidated Financial Statements

I.	Consolidated assets	43
II.	Consolidated liabilities	62
III.	Consolidated off-balance sheet items	71
IV.	Consolidated income statement	73
V.	Consolidated statement of changes in shareholders' equity	78
VI.	Consolidated statement of cash flows	79
VII.	Related party risks	80
VIII.	Domestic, foreign and off-shore branches or investments and foreign representative offices	82
IX.	Significant events and matters arising subsequent to balance sheet date	83
X.	Other disclosures on activities of bank	84

SECTION SIX

Independent Accountants' Limited Review Report

I.	Disclosure on independent accountants' limited review report	87
II.	Disclosures and footnotes prepared by independent accountants	87

1 General Information

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 884 domestic branches, six foreign branches and four representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 30 June 2011, 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. On 27 December 2007, this time GE Araştırma ve Müşavirlik Limited Şti. has sold 9,765,000,000 shares of Türkiye Garanti Bankası AŞ at a nominal value of TL 97,650 thousands each to Doğuş Holding AŞ, representing 4.65% of the issued share capital. Number of shares representing 20.85% ownership of GE Araştırma ve Müşavirlik Limited Şti increased to 87,571,249,898 subsequent to the capital increase through issuance of bonus shares. The company sold 83,371,249,899 shares at a total nominal value of TL 833,712 thousands representing 19.85% ownership in Türkiye Garanti Bankası AŞ, to GE Capital Corporation on 29 December 2010.

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, had joint control on the Bank’s management together with Doğuş Group.

On 7 April 2011, BBVA acquired 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.

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 thousands employees.

The major worldwide joint ventures of the Group are; 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, Doğuş Gayrimenkul Yatırım Ortaklığı AŞ and Volkswagen Doğuş 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 operate in China and Turkey, and operates in more than 30 countries with more than 100 thousand employees.

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	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
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 Ersözoğlu	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
Murat Mergin	Head of Strategic Planning	01.01.2002	University	17 years

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

1.4 Information on parent bank’s qualified shareholders

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	857,315	20.4123%	857,315	-
Banco Bilbao Vizcaya Argentaria SA	1,050,420	25.0100%	1,050,420	-

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 5th Commercial Court of First Instance. A total payment of TL 1,434,233 thousands has been made to the owners of 368 founder share-certificates from “extraordinary reserves”, and the value of remaining 2 founder share-certificates has been blocked in the bank accounts.

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

1.5 Summary information on parent bank's activities and services

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

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

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

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

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

2 Consolidated Interim Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates Consolidated Balance Sheet (Statement of Financial Position) At 30 June 2011

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2011			PRIOR PERIOD 31 December 2010		
			TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK		5.1.1	8.994.714	8.033.954	17.028.668	3.163.501	4.381.548	7.545.049
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		5.1.2	517.828	867.102	1.384.930	854.044	295.471	1.149.515
2.1 Financial assets held for trading			517.828	867.102	1.384.930	854.044	295.471	1.149.515
2.1.1 Government securities			195.271	445.214	640.485	621.557	15.929	637.486
2.1.2 Equity securities			36.624	2.329	38.953	30.148	-	30.148
2.1.3 Derivative financial assets held for trading			235.521	411.454	646.975	194.337	279.542	473.879
2.1.4 Other securities			50.412	8.105	58.517	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			-	-	-	-	-	-
III. BANKS		5.1.3	2.683.694	6.449.262	9.132.956	3.218.609	6.351.863	9.570.472
IV. INTERBANK MONEY MARKETS			65.385	-	65.385	2.036	-	2.036
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			65.335	-	65.335	-	-	-
4.3 Receivables from reverse repurchase agreements			50	-	50	2.036	-	2.036
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)		5.1.4	27.567.622	3.960.172	31.527.794	29.938.274	4.529.536	34.467.810
5.1 Equity securities			24.996	948	25.944	25.041	70.726	95.767
5.2 Government securities			26.409.506	738.198	27.147.704	28.811.271	1.115.961	29.927.232
5.3 Other securities			1.133.120	3.221.026	4.354.146	1.101.962	3.342.849	4.444.811
VI. LOANS		5.1.5	44.635.212	36.958.911	81.594.123	37.661.647	32.495.895	70.157.542
6.1 Loans			44.366.428	36.886.655	81.253.083	37.310.087	32.418.519	69.728.606
6.1.1 Loans to bank's risk group		5.7	63.518	168.748	232.266	104.507	186.607	291.114
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			44.302.910	36.717.907	81.020.817	37.205.580	32.231.912	69.437.492
6.2 Loans under follow-up			1.475.053	316.643	1.791.696	1.939.109	294.002	2.233.111
6.3 Specific provisions (-)			1.206.269	244.387	1.450.656	1.587.549	216.626	1.804.175
VII. FACTORING RECEIVABLES		5.1.6	794.734	219.552	1.014.286	1.162.592	288.992	1.451.584
VIII. INVESTMENTS HELD-TO-MATURITY (Net)		5.1.7	3.151.645	1.381.984	4.533.629	4.580.741	1.313.190	5.893.931
8.1 Government securities			3.145.832	1.381.984	4.527.816	4.576.594	1.313.190	5.889.784
8.2 Other securities			5.813	-	5.813	4.147	-	4.147
IX. INVESTMENTS IN ASSOCIATES (Net)		5.1.8	18.571	-	18.571	78.754	-	78.754
9.1 Associates consolidated under equity accounting			-	-	-	60.244	-	60.244
9.2 Unconsolidated associates			18.571	-	18.571	18.510	-	18.510
9.2.1 Financial investments in associates			16.594	-	16.594	16.533	-	16.533
9.2.2 Non-financial investments in associates			1.977	-	1.977	-	-	1.977
X. INVESTMENTS IN SUBSIDIARIES (Net)		5.1.9	120.230	748	120.978	35.751	662	36.413
10.1 Unconsolidated financial investments in subsidiaries			-	748	748	-	662	662
10.2 Unconsolidated non-financial investments in subsidiaries			120.230	-	120.230	35.751	-	35.751
XI. INVESTMENTS IN JOINT-VENTURES (Net)		5.1.10	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)		5.1.11	512.398	1.573.493	2.085.891	406.153	1.320.583	1.726.736
12.1 Financial lease receivables			598.391	1.789.379	2.387.770	476.883	1.501.521	1.978.404
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			85.993	215.886	301.879	70.730	180.938	251.668
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		5.1.12	-	25.732	25.732	-	-	-
13.1 Fair value hedges			-	25.732	25.732	-	-	-
13.2 Cash flow hedges			-	-	-	-	-	-
13.3 Net foreign investment hedges			-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		5.1.13	1.208.049	153.957	1.362.006	1.229.963	143.458	1.373.421
XV. INTANGIBLE ASSETS (Net)		5.1.14	56.597	8.095	64.692	49.608	6.197	55.805
15.1 Goodwill			6.388	-	6.388	6.388	-	6.388
15.2 Other intangibles			50.209	8.095	58.304	43.220	6.197	49.417
XVI. INVESTMENT PROPERTY (Net)		5.1.15	-	-	-	-	-	-
XVII. TAX ASSET			143.014	20.955	163.969	192.860	18.725	211.585
17.1 Current tax asset			61.403	1.141	62.544	37.018	2.742	39.760
17.2 Deferred tax asset		5.1.16	81.611	19.814	101.425	155.842	15.983	171.825
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)		5.1.17	86.400	5.272	91.672	99.087	4.946	104.033
18.1 Asset held for resale			86.400	5.272	91.672	99.087	4.946	104.033
18.2 Assets of discontinued operations			-	-	-	-	-	-
XIX. OTHER ASSETS		5.1.18	3.650.207	342.769	3.992.976	2.847.499	122.748	2.970.247
TOTAL ASSETS			94.206.300	60.001.958	154.208.258	85.521.119	51.273.814	136.794.933

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Balance Sheet (Statement of Financial Position)
At 30 June 2011

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 June 2011			31 December 2010		
			TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1		43.893.789	40.635.002	84.528.791	44.055.568	35.014.673	79.070.241
1.1 Deposits from bank's risk group	5.7		152.318	1.953.597	2.105.915	218.941	438.949	657.890
1.2 Other			43.741.471	38.681.405	82.422.876	43.836.627	34.575.724	78.412.351
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2		329.893	250.472	580.365	246.780	285.744	532.524
III. FUNDS BORROWED	5.2.3		6.283.884	17.071.799	23.355.683	6.625.511	13.204.872	19.830.383
IV. INTERBANK MONEY MARKETS			10.889.603	3.318.862	14.208.465	10.370.745	1.398.103	11.768.848
4.1 Interbank money market takings			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings			-	-	-	33.506	-	33.506
4.3 Obligations under repurchase agreements	5.2.4		10.889.603	3.318.862	14.208.465	10.337.239	1.398.103	11.735.342
V. SECURITIES ISSUED (Net)	5.2.4		2.086.008	1.301.846	3.387.854	-	-	-
5.1 Bills			2.086.008	-	2.086.008	-	-	-
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			-	1.301.846	1.301.846	-	-	-
VI. FUNDS			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES			5.519.062	180.532	5.699.594	4.737.807	125.185	4.862.992
VIII. OTHER EXTERNAL FUNDINGS PAYABLE			1.178.965	780.279	1.959.244	773.944	275.134	1.049.078
IX. FACTORING PAYABLES	5.2.5		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	5.2.6		-	2.240	2.240	-	2.396	2.396
10.1 Financial lease payables			-	2.289	2.289	-	2.396	2.396
10.2 Operational lease payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred expenses (-)			-	49	49	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7		-	1.517	1.517	-	2.347	2.347
11.1 Fair value hedges			-	-	-	-	-	-
11.2 Cash flow hedges			-	1.517	1.517	-	2.347	2.347
11.3 Net foreign investment hedges			-	-	-	-	-	-
XII. PROVISIONS	5.2.8		1.807.190	96.080	1.903.270	1.512.601	81.094	1.593.695
12.1 General provisions			798.363	80.424	878.787	593.530	66.937	660.467
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserve for employee benefits			253.063	3.651	256.714	290.149	3.454	293.603
12.4 Insurance technical provisions (Net)			160.092	-	160.092	140.788	-	140.788
12.5 Other provisions			595.672	12.005	607.677	488.134	10.703	498.837
XIII. TAX LIABILITY	5.2.9		286.097	12.628	298.725	373.892	54.534	428.426
13.1 Current tax liability			285.606	3.028	288.634	373.892	54.143	428.035
13.2 Deferred tax liability			491	9.600	10.091	-	391	391
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10		-	-	-	-	-	-
14.1 Asset held for sale			-	-	-	-	-	-
14.2 Assets of discontinued operations			-	-	-	-	-	-
XV. SUBORDINATED DEBTS	5.2.11		-	1.047.897	1.047.897	-	978.585	978.585
XVI. SHAREHOLDERS' EQUITY	5.2.12		17.149.804	84.809	17.234.613	16.505.674	169.744	16.675.418
16.1 Paid-in capital			4.196.982	-	4.196.982	4.200.000	-	4.200.000
16.2 Capital reserves			2.118.324	41.336	2.159.660	2.800.816	153.961	2.954.777
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			789.367	42.237	831.604	1.472.063	155.443	1.627.506
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			947	-	947	1.509	-	1.509
16.2.8 Hedging reserves (effective portion)			(55.377)	(901)	(56.278)	(55.377)	(1.482)	(56.859)
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			8.808.190	43.473	8.851.663	6.043.630	15.783	6.059.413
16.3.1 Legal reserves			752.612	6.648	759.260	544.489	4.283	548.772
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			8.007.233	-	8.007.233	5.443.579	-	5.443.579
16.3.4 Other profit reserves			48.345	36.825	85.170	55.562	11.500	67.062
16.4 Profit or loss			1.921.130	-	1.921.130	3.363.845	-	3.363.845
16.4.1 Prior periods profit/loss			-	-	-	-	-	-
16.4.2 Current period net profit/loss			1.921.130	-	1.921.130	3.363.845	-	3.363.845
16.5 Minority interest			105.178	-	105.178	97.383	-	97.383
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			89.424.295	64.783.963	154.208.258	85.202.522	51.592.411	136.794.933

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Off-Balance Sheet Items

At 30 June 2011

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2011			31 December 2010		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		54.775.472	79.567.554	134.343.026	42.786.829	68.088.418	110.875.247
I. GUARANTEES AND SURETIES	5.3.1	6.164.131	13.640.241	19.804.372	4.958.878	11.506.526	16.465.404
1.1 Letters of guarantee		6.153.622	8.572.177	14.725.799	4.951.728	7.358.370	12.310.098
1.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees given for foreign trade operations		373.587	367.515	741.102	350.400	406.434	756.834
1.1.3 Other letters of guarantee		5.780.035	8.204.662	13.984.697	4.601.328	6.951.936	11.553.264
1.2 Bank acceptances		120	213.835	213.955	-	164.105	164.105
1.2.1 Import letter of acceptance		-	213.835	213.835	-	164.105	164.105
1.2.2 Other bank acceptances		120	-	120	-	-	-
1.3 Letters of credit		10.389	4.793.850	4.804.239	7.150	3.927.305	3.934.455
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		10.389	4.793.850	4.804.239	7.150	3.927.305	3.934.455
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		-	60.379	60.379	-	56.746	56.746
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		21.658.744	7.849.165	29.507.909	20.379.416	6.347.384	26.726.800
2.1 Irrevocable commitments		21.658.744	7.417.946	29.076.690	20.379.416	5.909.078	26.288.494
2.1.1 Asset purchase and sale commitments		709.261	2.774.689	3.483.950	676.818	2.054.602	2.731.420
2.1.2 Deposit purchase and sale commitments		-	-	-	-	24.450	24.450
2.1.3 Share capital commitments to associates and subsidiaries		2.000	10.671	12.671	2.000	9.373	11.373
2.1.4 Loan granting commitments		4.299.931	3.817.774	8.117.705	4.037.979	2.535.204	6.573.183
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2.184.788	-	2.184.788	1.910.031	-	1.910.031
2.1.8 Tax and fund obligations on export commitments		15.409	-	15.409	21.447	-	21.447
2.1.9 Commitments for credit card limits		13.183.145	111.063	13.294.208	12.466.931	87.161	12.554.092
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	703.749	1.967.959	1.264.210	1.198.288	2.462.498
2.2 Revocable commitments		-	431.219	431.219	-	438.306	438.306
2.2.1 Revocable loan granting commitments		-	430.599	430.599	-	437.649	437.649
2.2.2 Other revocable commitments		-	620	620	-	657	657
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	26.952.597	58.078.148	85.030.745	17.448.535	50.234.508	67.683.043
3.1 Derivative financial instruments held for risk management		-	1.732.000	1.732.000	-	167.200	167.200
3.1.1 Fair value hedges		-	1.600.000	1.600.000	-	-	-
3.1.2 Cash flow hedges		-	132.000	132.000	-	167.200	167.200
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		26.952.597	56.346.148	83.298.745	17.448.535	50.067.308	67.515.843
3.2.1 Forward foreign currency purchases/sales		4.367.157	6.918.200	11.285.357	2.089.965	4.099.693	6.189.658
3.2.1.1 Forward foreign currency purchases		1.371.986	4.280.301	5.652.287	631.875	2.477.903	3.109.778
3.2.1.2 Forward foreign currency sales		2.995.171	2.637.899	5.633.070	1.458.090	1.621.790	3.079.880
3.2.2 Currency and interest rate swaps		12.084.413	35.637.453	47.721.866	8.617.535	32.388.338	41.005.873
3.2.2.1 Currency swaps-purchases		4.771.516	11.500.903	16.272.419	6.070.444	8.590.269	14.660.713
3.2.2.2 Currency swaps-sales		4.794.597	11.460.588	16.255.185	2.419.691	12.344.301	14.763.992
3.2.2.3 Interest rate swaps-purchases		1.259.150	6.337.981	7.597.131	63.700	5.726.125	5.789.825
3.2.2.4 Interest rate swaps-sales		1.259.150	6.337.981	7.597.131	63.700	5.727.643	5.791.343
3.2.3 Currency, interest rate and security options		10.340.558	13.458.081	23.798.639	6.623.791	12.217.689	18.841.480
3.2.3.1 Currency call options		4.133.257	7.436.537	11.569.794	2.760.413	4.661.817	7.422.230
3.2.3.2 Currency put options		6.084.701	5.852.152	11.936.853	3.347.967	4.126.004	7.473.971
3.2.3.3 Interest rate call options		-	114.250	114.250	-	1.630.000	1.630.000
3.2.3.4 Interest rate put options		-	-	-	-	1.630.000	1.630.000
3.2.3.5 Security call options		122.588	31.177	153.765	115.016	138.134	253.150
3.2.3.6 Security put options		12	23.965	23.977	400.395	31.734	432.129
3.2.4 Currency futures		4.680	4.828	9.508	15.446	30.150	45.596
3.2.4.1 Currency futures-purchases		504	4.429	4.933	1.875	14.739	16.614
3.2.4.2 Currency futures-sales		4.176	399	4.575	13.571	15.411	28.982
3.2.5 Interest rate futures		20.892	8.000	28.892	-	91.200	91.200
3.2.5.1 Interest rate futures-purchases		10.446	-	10.446	-	91.200	91.200
3.2.5.2 Interest rate futures-sales		10.446	8.000	18.446	-	-	-
3.2.6 Others		134.897	319.586	454.483	101.798	1.240.238	1.342.036
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		312.989.071	179.467.809	492.456.880	265.251.655	151.720.812	416.972.467
IV. ITEMS HELD IN CUSTODY		92.079.103	17.962.753	110.041.856	79.642.450	15.478.137	95.120.587
4.1 Customers' securities held		61.784.270	1.138	61.785.408	57.239.310	1.000	57.240.310
4.2 Investment securities held in custody		20.519.664	6.125.416	26.645.080	14.621.951	3.934.713	18.556.664
4.3 Checks received for collection		7.133.824	1.293.630	8.427.454	5.401.620	948.107	6.349.727
4.4 Commercial notes received for collection		2.579.597	1.038.826	3.618.423	2.302.357	1.777.910	4.080.267
4.5 Other assets received for collection		38.061	8.369.928	8.407.989	30.771	7.895.502	7.926.273
4.6 Assets received through public offering		-	39.903	39.903	-	37.530	37.530
4.7 Other items under custody		23.687	1.093.912	1.117.599	46.441	883.375	929.816
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		220.909.968	161.505.056	382.415.024	185.609.205	136.242.675	321.851.880
5.1 Securities		1.410.127	130.839	1.540.966	1.379.977	114.410	1.494.387
5.2 Guarantee notes		30.749.161	8.795.341	39.544.502	26.249.041	7.740.382	33.989.423
5.3 Commodities		-	-	-	-	-	-
5.4 Warranties		-	804.985	804.985	-	372.444	372.444
5.5 Real estates		44.254.379	45.794.296	90.048.675	36.472.372	38.791.780	75.264.152
5.6 Other pledged items		144.496.131	105.979.242	250.475.373	121.507.645	89.223.212	210.730.857
5.7 Pledged items-depository		170	353	523	170	447	617
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		367.764.543	259.035.363	626.799.906	308.038.484	219.809.230	527.847.714

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Income Statement
At 30 June 2011

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2011- 30 June 2011	PRIOR PERIOD 1 January 2010- 30 June 2010	CURRENT PERIOD 1 April 2011- 30 June 2011	PRIOR PERIOD 1 April 2010- 30 June 2010
I. INTEREST INCOME	5.4.1	5,099,075	5,175,917	2,653,310	2,530,490
1.1 Interest income on loans		3,188,627	2,748,022	1,632,314	1,369,138
1.2 Interest income on reserve deposits		-	53,729	-	27,888
1.3 Interest income on banks		130,024	147,661	69,685	75,176
1.4 Interest income on money market transactions		1,997	2,835	1,119	2,548
1.5 Interest income on securities portfolio		1,639,380	2,078,571	885,139	984,518
1.5.1 Trading financial assets		13,553	28,061	7,552	16,008
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		1,344,390	1,637,063	740,636	767,171
1.5.4 Investments held-to-maturity		281,437	413,447	136,951	201,339
1.6 Financial lease income		82,210	74,265	42,546	35,619
1.7 Other interest income		56,837	70,834	22,507	35,603
II. INTEREST EXPENSE	5.4.2	2,761,991	2,389,974	1,443,764	1,216,644
2.1 Interest on deposits		1,884,123	1,771,452	976,550	915,046
2.2 Interest on funds borrowed		497,176	391,822	258,443	202,539
2.3 Interest on money market transactions		324,200	221,580	165,929	97,949
2.4 Interest on securities issued		51,875	674	41,154	336
2.5 Other interest expenses		4,617	4,446	1,688	774
III. NET INTEREST INCOME (I - II)		2,337,084	2,785,943	1,209,546	1,313,846
IV. NET FEES AND COMMISSIONS INCOME		1,073,564	966,671	513,494	470,238
4.1 Fees and commissions received		1,253,839	1,114,997	610,967	552,355
4.1.1 Non-cash loans		96,833	93,459	45,749	44,058
4.1.2 Others		1,157,006	1,021,538	565,218	508,297
4.2 Fees and commissions paid		180,275	148,326	97,473	82,117
4.2.1 Non-cash loans		601	584	278	267
4.2.2 Others		179,674	147,742	97,195	81,850
V. DIVIDEND INCOME	5.4.3	4,237	1,587	4,059	1,542
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	334,545	260,917	75,674	83,067
6.1 Trading account income/losses (Net)		247,798	162,927	27,544	38,587
6.2 Income/losses from derivative financial instruments (Net)		122,575	(39,611)	108,147	154,162
6.3 Foreign exchange gains/losses (Net)		(35,828)	137,601	(60,017)	(109,682)
VII. OTHER OPERATING INCOME	5.4.5	823,602	481,618	479,495	213,792
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		4,573,032	4,496,736	2,282,268	2,082,485
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6	464,164	310,474	197,308	107,658
X. OTHER OPERATING EXPENSES (-)	5.4.7	1,664,459	1,616,292	831,007	776,887
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		2,444,409	2,569,970	1,253,953	1,197,940
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		6,261	7,256	1,741	3,304
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	5.4.8	2,450,670	2,577,226	1,255,694	1,201,244
XVI. PROVISION FOR TAXES (±)	5.4.9	521,741	522,495	240,026	234,805
16.1 Current tax charge		275,716	613,154	155,622	219,379
16.2 Deferred tax charge/(credit)		246,025	(90,659)	84,404	15,426
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10	1,928,929	2,054,731	1,015,668	966,439
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from assets held for sale		-	-	-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
18.3 Others		-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Expenses on assets held for sale		-	-	-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-	-	-
19.3 Others		-	-	-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	5.4.8	-	-	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	5.4.9	-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge/(credit)		-	-	-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	5.4.10	-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	5.4.11	1,928,929	2,054,731	1,015,668	966,439
23.1 Equity holders of the bank		1,921,130	2,046,356	1,010,211	961,448
23.2 Minority interest		7,799	8,375	5,457	4,991
Earnings per Share		0,457	0,487	0,241	0,229

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity
At 30 June 2011

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2011 - 30 June 2011	PRIOR PERIOD 1 January 2010 - 30 June 2010
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(979.155)	(165.574)
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(829)	(16.732)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	726	80
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(562)	-
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	183.104	38.537
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(796.716)	(143.689)
XI.	CURRENT PERIOD PROFIT/LOSSES	1.928.929	2.054.731
1.1	Net changes in fair value of securities (transferred to income statement)	218.833	115.769
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	1.710.096	1.938.962
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1.132.213	1.911.042

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Changes in Shareholders' Equity
At 30 June 2011

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)																	
			Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD - 1 January-30 June 2010																				
I.	Balances at beginning of the period	5.5	4.200.000	772.554	11.880	-	379.275	-	3.187.603	96.562	-	3.085.717	1.361.434	598.194	1.509	(57.967)	-	13.636.761	49.023	13.685.784
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	(25.567)	-	-	-	-	-	(25.567)	-	(25.567)
2.1.	Effect of corrections		-	-	-	-	-	-	-	-	-	(25.567)	-	-	-	-	-	(25.567)	-	(25.567)
2.2.	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at beginning of the period (I+II)		4.200.000	772.554	11.880	-	379.275	-	3.187.603	96.562	-	3.060.150	1.361.434	598.194	1.509	(57.967)	-	13.611.194	49.023	13.660.217
Changes during the period			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV.	Mergers		-	-	-	-	-	-	(228.075)	-	-	-	-	-	-	-	-	(228.075)	-	(228.075)
V.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(127.051)	-	-	-	-	(127.051)	30	(127.021)
VI.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	487	-	487	-	487
6.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	64	-	64	-	64
6.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	423	-	423	-	423
VII.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences		-	-	-	-	(515)	-	-	(16.640)	-	-	-	-	-	-	-	(17.155)	-	(17.155)
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	-	-	-	-	-	-	-	-	2.046.356	-	-	-	-	-	-	2.046.356	8.375	2.054.731	
XX.	Profit distribution	-	-	-	-	171.588	-	2.564.129	-	-	(3.085.717)	-	-	-	-	-	(350.000)	-	(350.000)	
20.1.	Dividends	-	-	-	-	-	-	-	-	-	(350.000)	-	-	-	-	-	(350.000)	-	(350.000)	
20.2.	Transfers to reserves	-	-	-	-	171.588	-	2.564.129	-	-	(2.735.717)	-	-	-	-	-	-	-	-	
20.3.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)			4.200.000	772.554	11.880	-	550.348	-	5.523.657	79.922	2.046.356	(25.567)	1.234.383	598.194	1.509	(57.480)	-	14.935.756	84.885	15.020.641
CURRENT PERIOD - 1 January-30 June 2011																				
I.	Balances at beginning of the period	5.5	4.200.000	772.554	11.880	-	548.772	-	5.443.579	67.062	-	3.363.845	1.627.506	598.187	1.509	(56.859)	-	16.578.035	97.383	16.675.418
Changes during the period			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Market value changes of securities		-	-	-	-	-	-	-	-	-	(795.902)	-	-	-	-	-	(795.902)	(4)	(795.906)
IV.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	581	-	581	-	581
4.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	581	-	581	-	581
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		-	-	-	-	1.293	-	-	(2.122)	-	-	-	-	(562)	-	-	(562)	-	(562)
IX.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1.	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2.	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	(3.018)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.018)	-	(3.018)	
XVII.	Current period net profit/loss	-	-	-	-	-	-	-	-	1.921.130	-	-	-	-	-	-	1.921.130	7.799	1.928.929	
XVIII.	Profit distribution	-	-	-	-	209.195	-	2.563.654	20.230	-	(3.363.845)	-	766	-	-	-	(570.000)	-	(570.000)	
18.1.	Dividends	-	-	-	-	-	-	-	-	-	(570.000)	-	-	-	-	-	(570.000)	-	(570.000)	
18.2.	Transfers to reserves	-	-	-	-	209.195	-	2.563.654	-	-	(2.772.849)	-	-	-	-	-	-	-	-	
18.3.	Others	-	-	-	-	-	-	-	20.230	-	(20.996)	-	766	-	-	-	-	-	-	
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)			4.196.982	772.554	11.880	-	759.260	-	8.007.233	85.170	1.921.130	-	831.604	598.953	947	(56.278)	-	17.129.435	105.178	17.234.613

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Cash Flows
At 30 June 2011

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2011 30 June 2011	1 January 2010 30 June 2010
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	2.260.579	2.140.459
1.1.1 Interests received		4.985.245	5.164.573
1.1.2 Interests paid		(2.685.228)	(2.337.665)
1.1.3 Dividend received		4.237	1.587
1.1.4 Fees and commissions received		1.073.564	966.671
1.1.5 Other income		1.071.400	297.698
1.1.6 Collections from previously written-off loans and other receivables		44.011	27.947
1.1.7 Payments to personnel and service suppliers		(1.453.879)	(1.250.967)
1.1.8 Taxes paid		(378.085)	(700.493)
1.1.9 Others		(400.686)	(28.892)
1.2 Changes in operating assets and liabilities	5.6	(1.052.921)	(8.288.583)
1.2.1 Net (increase) decrease in financial assets held for trading		(69.499)	(1.107.472)
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(1.578.426)	(606.139)
1.2.4 Net (increase) decrease in loans		(11.614.630)	(6.526.447)
1.2.5 Net (increase) decrease in other assets		(952.970)	(675.413)
1.2.6 Net increase (decrease) in bank deposits		441.516	(1.190.624)
1.2.7 Net increase (decrease) in other deposits		4.963.816	5.060.335
1.2.8 Net increase (decrease) in funds borrowed		6.040.316	(4.167.718)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		1.716.956	924.895
I. Net cash flow from banking operations	5.6	1.207.658	(6.148.124)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	3.140.630	1.883.241
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(125.570)	(128.368)
2.4 Sales of tangible assets		62.059	14.644
2.5 Cash paid for purchase of financial assets available-for-sale, net		(7.166.989)	(6.632.011)
2.6 Cash obtained from sale of financial assets available-for-sale, net		9.016.874	7.778.640
2.7 Cash paid for purchase of investments held-to-maturity		(5.781)	-
2.8 Cash obtained from sale of investments held-to-maturity		1.360.037	850.336
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		2.817.505	(353.906)
3.1 Cash obtained from funds borrowed and securities issued		3.632.998	-
3.2 Cash used for repayment of funds borrowed and securities issued		(245.144)	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(570.000)	(350.000)
3.5 Payments for financial leases		(349)	(3.906)
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		354.056	166.493
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	7.519.849	(4.452.296)
VI. Cash and cash equivalents at beginning of period	5.6	6.895.898	9.294.333
VII. Cash and cash equivalents at end of period (V+VI)	5.6	14.415.747	4.842.037

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

3 Accounting Policies

3.1 Basis of presentation

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

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

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

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

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

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

3.3 Information on consolidated subsidiaries

As of 30 June 2011, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

In 1992, it was decided to operate life and health branches under a different company and accordingly Garanti Hayat Sigorta AŞ was established. Garanti Hayat Sigorta AŞ was converted into a private pension company in compliance with the legislation early in 2003 and its name was changed as Garanti Emeklilik ve Hayat AŞ. Following the sale transactions that took place on 21 June 2007, the Bank's ownership in Garanti Emeklilik decreased to 84.91%. The head office of this company is in Istanbul.

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

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

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

Garanti Yatırım was established in 1991 to perform brokerage activities for marketable securities, valuable papers and documents representing financial values or financial commitments of issuing parties other than securities. The company's head office is in Istanbul. It is wholly owned by the Bank. Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 0.21%, has been consolidated in the accompanying consolidated financial statements due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

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

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

Garanti Holding was established in December 2007 in Amsterdam and as described in note 5.1.9.2, all its shares have been purchased by the Bank from Doğu Holding AŞ in May 2010. As of 27 January 2011 the consolidated subsidiary's legal name changed to Garanti Holding BV from D Netherlands BV.

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

Associate sale

As per the Shareholders' Agreement dated 27 June 2007 between the Bank and Eureka BV, the Bank sold its 20% shares of Eureka Sigorta AŞ with a nominal value of TL 12,000 thousands to Eureka BV for EUR 69,999,999.

3.4 Forwards, options and other derivative transactions

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

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

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

3.5 Interest income and expenses

General

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

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

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

Financial lease operations

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

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

3.8 Impairment of financial assets

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

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

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

3.9 Netting of financial instruments

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations and related borrowings

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

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

3.12 Goodwill and other intangible assets

The intangible assets consist of goodwill, softwares, intangible rights and other intangible assets.

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

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

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

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

Estimated useful lives of the intangible assets except for goodwill, are 3-15 years, and amortisation rates are 6.67-33.3%.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) “Impairment of Assets” and if the recoverable amount is less 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 accordance with the Turkish Accounting Standard 16 (TAS 16) “Tangible Assets”.

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

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

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

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

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

Depreciation rates and estimated useful lives are:

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

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance Indemnities and Short-Term Employee Benefits

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

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

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

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in compliance with TAS 19.

Retirement Benefit Obligations

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

The Bank's defined benefit plan (the "Plan") is managed by "Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" (the Fund) established as per the provisional article 20 of the Social Security Law no.506 and the Bank's employees are the members of this Fund.

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

	30 June 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, are to be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the Savings Deposit Insurance Fund, the banks and the funds, by using a technical discount rate of 9.80% taking into account the funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers are to take place within the three-year period starting from 1 January 2008. Subsequently, the transfer of the contributors and the persons receiving monthly or regular income and their right-holders from such funds established for employees of the banks, insurance and reinsurance companies, trade chambers, stock markets and unions that are part of these organizations subject to the provisional article 20 of the Social Security Law no.506 to the SSF, has been postponed for two years. The decision was made by the Council of Ministers on 14 March 2011 and published in the Official Gazette no. 27900 dated 9 April 2011 as per the decision of the Council of Ministers, numbered 2011/1559, and as per the letter no. 150 of the Ministry of Labor and Social Security dated 24 February 2011 and according to the provisional article 20 of the Social Security and Public Health Insurance Law no.5510.

On 19 June 2008, Cumhuriyet Halk Partisi (“CHP”) had 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 article 73 and the first paragraph of the provisional Article 20 added to the law no. 5510 are 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.

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

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

LUXEMBOURG

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 4% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 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.

Tax applications for foreign financial affiliates

HOLLAND

In Holland, corporate income tax is levied at the rate of 20% for tax profits up to EUR 200,000 and 25% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. In general, there is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year.

Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax has been calculated using the nominal tax rate of 25% over the Dutch taxable income, 30% over the local taxable income of Germany branch.

RUSSIA

The applicable corporate tax rate in Russia is 20% (2% federal and 18% regional). The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open for a longer period.

ROMANIA

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

3.18.2 Deferred taxes

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

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

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

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

3.18.3 Transfer pricing

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

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

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

3.18.4 Investment allowance

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

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

The expression of "only for the years 2006, 2007 and 2008" in the temporary article no.69 of the Income Tax Law no.193 that was cancelled by the decision no.2009/144 of the Turkish Constitutional Court published in the Official Gazette dated 8 Ocak 2010 is revised by the Article 5 of the Law no.6009 effective with the promulgation on the Official Gazette no.27659 dated 1 August 2010. As per the new regulation, the investment allowances that cannot be benefited and transferred to future periods due to insufficient income level of the relevant year, can be used without any year limitation, however the investment allowance amount to be considered in the determination of taxable income, will not exceed 25% of the income of the relevant year. In addition to this, it is also agreed that the corporate tax rate for the companies to benefit from investment allowance will be the current applicable tax rate (20%) instead of 30%.

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

3.19 Funds borrowed

Funds are generated from domestic and foreign sources whenever required. The funds borrowed from foreign sources are also in the form of syndications and securitizations. Besides, funding through bill and bond issuances in the local and international markets has commenced. The funds borrowed are recorded at their purchase costs and discounted by using the internal rate of return.

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 30 June 2011, the Bank or its financial affiliates do not have any government incentives or grants.

3.23 Segment reporting

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

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

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

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

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

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

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	1,537,935	1,586,211	664,403	780,243	4,568,792
Other	-	-	-	-	-
Total Operating Profit	1,537,935	1,586,211	664,403	780,243	4,568,792
Net Operating Profit	618,755	1,057,207	576,157	194,314	2,446,433
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	4,237	4,237
Net Operating Profit	618,755	1,057,207	576,157	198,551	2,450,670
Provision for Taxes	-	-	-	(521,741)	(521,741)
Net Profit	618,755	1,057,207	576,157	(323,190)	1,928,929
Segment Assets	25,819,044	55,081,527	59,312,446	13,855,692	154,068,709
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	139,549	139,549
Undistributed Items	-	-	-	-	-
Total Assets	25,819,044	55,081,527	59,312,446	13,995,241	154,208,258
Segment Liabilities	48,300,483	31,602,229	42,173,513	14,897,420	136,973,645
Shareholders’ Equity	-	-	-	17,234,613	17,234,613
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders’ Equity	48,300,483	31,602,229	42,173,513	32,132,033	154,208,258
Other Segment Items					
Capital Expenditures	-	-	-	107,775	107,775
Depreciation Expenses	52,754	30,525	2,180	16,879	102,338
Impairment Losses	110,686	98,759	5,267	252,372	467,084
Other Non-Cash Income/Expenses	42,497	68,470	(722,682)	37,702	(574,013)
Restructuring Costs	-	-	-	-	-

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	1,477,712	1,277,006	1,232,222	508,209	4,495,149
Other	-	-	-	-	-
Total Operating Profit	1,477,712	1,277,006	1,232,222	508,209	4,495,149
Net Operating Profit	498,030	708,163	1,183,828	185,618	2,575,639
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	1,587	1,587
Net Operating Profit	498,030	708,163	1,183,828	187,205	2,577,226
Provision for Taxes	-	-	-	(522,495)	(522,495)
Net Profit	498,030	708,163	1,183,828	(335,290)	2,054,731
Segment Assets	22,305,253	47,113,848	54,096,048	13,164,617	136,679,766
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	115,167	115,167
Undistributed Items	-	-	-	-	-
Total Assets	22,305,253	47,113,848	54,096,048	13,279,784	136,794,933
Segment Liabilities	44,596,689	29,963,366	31,745,974	13,813,486	120,119,515
Shareholders' Equity	-	-	-	16,675,418	16,675,418
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	44,596,689	29,963,366	31,745,974	30,488,904	136,794,933
Other Segment Items					
Capital Expenditures	-	-	-	339,101	339,101
Depreciation Expenses	48,588	23,701	1,700	9,850	83,839
Impairment Losses	172,714	98,407	314	40,420	311,855
Other Non-Cash Income/Expenses	(29,245)	(44,653)	(296,794)	(243,901)	(614,593)
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

3.24.1 Changes regarding prior periods' financial statements

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

	<i>Reported</i>		<i>Adjusted</i>
	31 December 2010	Correction	31 December 2010
Total Assets	136,784,224	10,709	136,794,933
Reserve for Employee Termination Benefits	49,551	53,545	103,096
Deferred Tax Assets	161,116	10,709	171,825
Extraordinary Reserves	5,469,146	(25,567)	5,443,579
Current Period Net Profit / Loss	3,401,986	(17,269)	3,384,717

4 Consolidated Financial Position and Results of Operations

4.1 Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 16.85% (unconsolidated capital adequacy ratio: 18.02%) as of 30 June 2011.

4.1.1 Risk measurement methods in calculation of consolidated capital adequacy ratio

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

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

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

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

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

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

4.1.2 Consolidated capital adequacy ratio

	Risk Weightings						
	Parent Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	29,557,966	-	2,514,833	17,317,945	59,538,607	673,789	193,149
Cash on Hand	915,076	-	1,973	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	11,779,761	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	4,688,940	-	801,267	-	3,030,535	-	-
Interbank Money Market Placements	65,000	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	3,794,450	-	-	-	-	-	-
Loans	4,104,294	-	332,558	17,107,124	51,282,680	673,789	193,149
Loans under Follow-Up (Net)	-	-	-	-	268,785	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,323,959	-	967,670	-	5,781	-	-
Receivables from Term Sale of Assets	-	-	-	-	170,087	-	-
Miscellaneous Receivables	49,879	-	-	-	121,173	-	-
Accrued Interest and Income	246,365	-	19,215	210,821	726,531	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	1,989,769	-	-
Tangible Assets (Net)	-	-	-	-	1,104,831	-	-
Other Assets	590,242	-	392,150	-	838,435	-	-
Off-Balance Sheet Items	1,341,138	-	1,600,101	738,236	15,167,115	-	-
Non-Cash Loans and Commitments	1,341,138	-	805,476	738,236	14,868,254	-	-
Derivative Financial Instruments	-	-	794,625	-	298,861	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	30,899,104	-	4,114,934	18,056,181	74,705,722	673,789	193,149

	Risk Weightings						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	30,016,027	-	6,131,526	18,716,069	65,239,932	681,182	195,761
Cash on Hand	959,839	-	1,973	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	11,779,761	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	4,740,114	-	2,220,350	-	2,122,807	-	-
Interbank Money Market Placements	65,000	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	50	-	-	-	-	-	-
Reserve Deposits	3,794,450	-	-	-	-	-	-
Loans	4,346,084	-	2,504,260	18,300,489	55,259,846	681,182	195,761
Loans under Follow-Up (Net)	-	-	-	-	341,040	-	-
Lease Receivables	10,212	-	3,745	197,848	1,861,442	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,323,959	-	967,670	-	5,781	-	-
Receivables from Term Sale of Assets	-	-	-	-	170,087	-	-
Miscellaneous Receivables	49,879	-	-	-	2,378,290	-	-
Accrued Interest and Income	246,902	-	41,378	217,732	746,555	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	137,422	-	-
Tangible Assets (Net)	-	-	-	-	1,271,544	-	-
Other Assets	699,777	-	392,150	-	945,118	-	-
Off-Balance Sheet Items	1,466,981	-	1,896,521	942,659	15,298,666	-	-
Non-Cash Loans and Commitments	1,466,981	-	964,465	942,659	14,947,163	-	-
Derivative Financial Instruments	-	-	932,056	-	351,503	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	31,483,008	-	8,028,047	19,658,728	80,538,598	681,182	195,761

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	85,953,781	72,072,246
Value at Market Risk (VaMR)	3,372,900	3,553,288
Value at Operational Risk (VaOR)	11,970,584	10,184,205
Shareholders' Equity	18,251,268	16,839,261
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	18.02%	19.62%

	Consolidated	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	93,386,866	78,722,539
Value at Market Risk (VaMR)	5,434,250	5,605,375
Value at Operational Risk (VaOR)	12,981,944	11,028,669
Shareholders' Equity	18,838,297	17,228,399
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	16.85%	18.07%

4.1.4 Components of consolidated shareholders' equity

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital that Comes Last in Terms of Receivable Rights in Case of Liquidation	4,196,982	4,200,000
Nominal Capital	4,196,982	4,200,000
Capital Commitments (-)	-	-
Paid-in Capital that Comes Last in Terms of Receivable Rights in Case of Liquidation	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Legal Reserves	759,260	548,772
I. Legal Reserve (Turkish Commercial Code 466/1)	678,279	504,369
II. Legal Reserve (Turkish Commercial Code 466/2)	80,981	44,403
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	8,007,233	5,469,146
Reserve Allocated as per the Decision Held by the General Assembly	8,007,233	5,469,146
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	1,921,130	3,381,114
Current Period Profit	1,921,130	3,381,114
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	450,000	360,000
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)	-	-
Minority Interest	105,129	97,330
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	144,255	152,511
Prepaid Expenses (-) ^(*)	-	248,019
Intangible Assets (-)	58,304	49,417
Deferred Tax Asset in Excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Goodwill (Net) (-)	6,388	6,388
Total Core Capital	16,612,034	14,980,508
SUPPLEMENTARY CAPITAL		
General Provisions	878,787	660,467
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	963
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	947	1,509
Primary Subordinated Debt Excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	1,013,033	948,860
45% of Securities Value Increase Fund ^(**)	373,714	732,110
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	373,714	732,110
Minority Interest	49	53
Other Reserves	28,892	10,203
Total Supplementary Capital	2,296,385	2,354,165
CAPITAL	18,908,419	17,334,673

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

DEDUCTIONS FROM CAPITAL	70,122	106,274
Unconsolidated Investments in Entities (domestic/foreign) Operating in Banking and Financial Sectors	2,127	2,461
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the Form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	-	-
Banks and Financial Institutions' Assets and Liabilities That are not Fully Consolidated but Included Using Equity Accounting	-	60,244
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	37,879	43,569
Deducting Securitization Positions from Equity Instead of Risk Weighting by 1250% Under Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks as per the 45th Article of the Banking Law	-	-
Others	30,116	-
TOTAL SHAREHOLDERS' EQUITY	18,838,297	17,228,399

4.2 Consolidated credit risk

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

4.3 Consolidated market risk

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

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with “Regulation on Bank's Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in Official Gazette no. 26333 dated 1 November 2006.

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

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

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

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. In the VaR calculations, trading, available-for-sale and derivative portfolios are taken into account. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. The Bank takes the historical VaR results as the basis for the internal management of market risk and determination of limits. The calculations made according to other two methods are used for comparison and monitoring purposes. In the VaR calculation, one year historical market data set is used, and 99% confidence interval and one-day retention period (10 days for legal capital adequacy calculation) are taken into account. In order to test the reliability of the VaR model, back tests are performed. Stress tests and scenario analysis are also applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations. Beside the VaR limits, the limits on transaction, dealer, desk, stop loss for trading portfolio as approved by the board of directors are also applied and monitored.

4.3.1 Value at market risk on a consolidated basis

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	172,831
(II) Capital Obligation against Specific Risks - Standard Method	72,910
(III) Capital Obligation against Currency Risk - Standard Method	125,161
(IV) Capital Obligation against Stocks Risks - Standard Method	4,696
(V) Capital Obligation against Exchange Risks – Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	59,142
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	434,740
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	5,434,250

4.3.2 Average values at market risk

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

4.4 Consolidated operational risk

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

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2011, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to TL 2,425,039 thousands (31 December 2010: a long position of TL 1,994,151 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 3,410,482 thousands (31 December 2010: a short position of TL 2,595,424 thousands), while net foreign currency long open position amounts to TL 985,443 thousands (31 December 2010: net foreign currency short open position of TL 601,273 thousands).

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

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

	USD	EUR	JPY (100)	GBP
The Bank's foreign currency purchase rate at balance sheet date	1.6000	2.3198	1.9811	2.5689
<u>Foreign currency rates for the days before balance sheet date:</u>				
Day 1	1.6050	2.3086	1.9854	2.5723
Day 2	1.6150	2.3218	2.0000	2.5868
Day 3	1.6150	2.3075	1.9959	2.5858
Day 4	1.6100	2.2813	2.0021	2.5712
Day 5	1.6100	2.2802	2.0014	2.5717
Last 30-days arithmetical average rate	1.5773	2.2688	1.9617	2.5562

The Bank's consolidated currency risk:

	EUR	USD	JPY	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	166,962	7,236,639	551	629,802	8,033,954
Banks	2,406,450	3,949,597	3,887	89,328	6,449,262
Financial Assets at Fair Value through Profit/Loss	478,442	111,756	1	2,443	592,642
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	1,801,341	1,975,963	-	182,868	3,960,172
Loans (*)	13,120,883	24,662,084	39,042	1,503,356	39,325,365
Investments in Associates, Subsidiaries and Joint-Ventures	730	-	-	18	748
Investments Held-to-Maturity	-	1,381,984	-	-	1,381,984
Derivative Financial Assets Held for Risk Management	-	25,732	-	-	25,732
Tangible Assets	49,582	100	-	84,761	134,443
Intangible Assets	2,542	-	-	5,553	8,095
Other Assets (**)	1,273,044	885,458	9,748	22,694	2,190,944
Total Assets	19,299,976	40,229,313	53,229	2,520,823	62,103,341
Liabilities					
Bank Deposits	475,706	1,976,868	19,145	248,585	2,720,304
Foreign Currency Deposits	14,634,862	21,149,790	28,733	1,198,028	37,011,413
Interbank Money Market Takings	677,763	2,487,221	-	153,878	3,318,862
Other Fundings	7,380,118	10,739,574	-	4	18,119,696
Securities Issued	-	1,301,846	-	-	1,301,846
Miscellaneous Payables	74,700	92,216	715	12,901	180,532
Derivative Financial Liabilities Held for Risk Management	-	1,517	-	-	1,517
Other Liabilities (***)	609,929	312,297	560	951,424	1,874,210
Total Liabilities	23,853,078	38,061,329	49,153	2,564,820	64,528,380
Net 'On Balance Sheet' Position	(4,553,102)	2,167,984	4,076	(43,997)	(2,425,039)
Net 'Off-Balance Sheet' Position	4,501,347	(1,657,950)	(5,035)	572,120	3,410,482
Derivative Assets	9,650,733	13,069,473	161,388	2,203,506	25,085,100
Derivative Liabilities	(5,149,386)	(14,727,423)	(166,423)	(1,631,386)	(21,674,618)
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	18,045,231	33,339,021	54,724	1,795,469	53,234,445
Total Liabilities	20,106,054	29,310,081	63,980	1,760,179	51,240,294
Net 'On Balance Sheet' Position	(2,060,823)	4,028,940	(9,256)	35,290	1,994,151
Net 'Off-Balance Sheet' Position	1,701,148	(4,670,283)	8,474	365,237	(2,595,424)
Derivative Assets	6,168,271	9,061,475	350,966	1,957,689	17,538,401
Derivative Liabilities	(4,467,123)	(13,731,758)	(342,492)	(1,592,452)	(20,133,825)
Non-Cash Loans	-	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,366,454 thousands included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) The foreign currency indexed factoring receivables amounting TL 90,251 thousands included under TL assets in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(***) Other liabilities also include gold deposits of TL 903,285 thousands.

4.6 Consolidated interest rate risk

The interest rate risk resulting from balance sheet maturity mismatch presents the possible losses that may arise due to the changes in interest rates of interest sensitive assets and liabilities in the on and off-balance sheet. Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Committee meetings taking into account the developments in market conditions.

Bank's interest rate risk is measured by the standard method, value at risk (VaR), duration-gap and sensitivity analysis.

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

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

In the duration-gap analysis used for the quantification of market risk arising from maturity mismatches of assets and liabilities, the present values of interest sensitive asset and liability items are calculated based on their cash flows and yield curves developed from market interest rates. The results are supported by the sensitivity and scenario analysis performed periodically due to the prospective fluctuations in markets. Furthermore, the interest rate risk is monitored within the limits approved by the board of directors.

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	10,511,794	-	-	-	-	6,516,874	17,028,668
Banks	1,499,443	784,877	72,327	2,462,412	2,615,940	1,697,957	9,132,956
Financial Assets at Fair Value through Profit/Loss	43,748	64,868	237,206	309,812	58,220	671,076	1,384,930
Interbank Money Market Placements	65,050	-	-	-	-	335	65,385
Financial Assets Available-for-Sale	14,281,337	3,789,981	5,102,289	4,068,543	1,528,146	2,757,498	31,527,794
Loans	17,673,794	12,241,810	13,679,957	23,500,804	13,199,214	1,298,544	81,594,123
Investments Held-to-Maturity	910,865	-	1,463,793	568,360	1,354,392	236,219	4,533,629
Other Assets	433,297	675,168	812,887	999,360	172,341	5,847,720	8,940,773
Total Assets	45,419,328	17,556,704	21,368,459	31,909,291	18,928,253	19,026,223	154,208,258
Liabilities							
Bank Deposits	1,429,093	510,261	817,795	18,692	-	440,172	3,216,013
Other Deposits	47,849,217	12,320,001	5,449,030	885,202	162,277	14,647,051	81,312,778
Interbank Money Market Takings	11,092,293	1,133,608	932,700	1,020,800	-	29,064	14,208,465
Miscellaneous Payables	-	-	-	-	-	5,699,594	5,699,594
Securities Issued	480,000	-	2,086,008	-	792,832	29,014	3,387,854
Other Fundings	9,103,001	2,396,333	5,204,821	3,986,928	3,474,342	238,155	24,403,580
Other Liabilities	411,746	-	-	-	-	21,568,228	21,979,974
Total Liabilities	70,365,350	16,360,203	14,490,354	5,911,622	4,429,451	42,651,278	154,208,258
On Balance Sheet Long Position	-	1,196,501	6,878,105	25,997,669	14,498,802	-	48,571,077
On Balance Sheet Short Position	(24,946,022)	-	-	-	-	(23,625,055)	(48,571,077)
Off-Balance Sheet Long Position	1,203,773	1,452,143	1,861,340	2,104,356	1,955,769	-	8,577,381
Off-Balance Sheet Short Position	(1,014,903)	(494,717)	(2,528,491)	(3,137,069)	(1,287,951)	-	(8,463,131)
Total Position	(24,757,152)	2,153,927	6,210,954	24,964,956	15,166,620	(23,625,055)	114,250

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

Average interest rates on monetary financial instruments (%):

Current Period	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.5-6.1	0.03-4.75	-	6.85-11.50
Financial Assets at Fair Value through Profit/Loss	3.22	7.78	-	7.00-20.80
Interbank Money Market Placements	-	-	-	8.49
Financial Assets Available-for-Sale	1.72-7.38	5.00-11.88	-	8.48-16.50
Loans	1.34-14.00	1.29-11.00	2.00-4.88	8.20-26.73
Investments Held-to-Maturity	-	7.22	-	13.56
Liabilities				
Bank Deposits	1.25-4.63	1.11-5.19	-	3.75-8.15
Other Deposits	0.43-8.00	0.19-7.00	0.24	7.24
Interbank Money Market Takings	1.36-3.39	0.55-2.02	-	6.58
Miscellaneous Payables	-	-	-	-
Securities Issued	-	5.64	-	7.50
Other Fundings	1.25-3.99	1.17-3.34	-	8.60-15.75

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,658,719	-	-	-	-	4,886,330	7,545,049
Banks	3,415,596	2,200,873	1,134,230	896,908	-	1,922,865	9,570,472
Financial Assets at Fair Value through Profit/Loss	270,705	143,615	89,544	118,824	17,430	509,397	1,149,515
Interbank Money Market Placements	2,030	-	-	-	-	6	2,036
Financial Assets Available-for-Sale	12,413,615	5,603,354	8,360,209	3,476,408	1,109,734	3,504,490	34,467,810
Loans	16,467,176	10,055,669	12,725,661	19,570,217	10,090,303	1,248,516	70,157,542
Investments Held-to-Maturity	2,265,714	-	4,143	2,026,372	1,286,672	311,030	5,893,931
Other Assets	611,703	895,388	696,531	662,483	126,020	5,016,453	8,008,578
Total Assets	38,105,258	18,898,899	23,010,318	26,751,212	12,630,159	17,399,087	136,794,933
Liabilities							
Bank Deposits	1,797,975	122,607	44,766	47,966	-	761,183	2,774,497
Other Deposits	49,724,504	9,145,204	4,307,678	872,926	141,906	12,103,526	76,295,744
Interbank Money Market Takings	10,649,889	833,473	260,062	-	-	25,424	11,768,848
Miscellaneous Payables	-	-	-	-	-	4,862,992	4,862,992
Securities Issued	-	-	-	-	-	-	-
Other Fundings	9,033,922	1,093,524	3,357,880	3,852,742	3,197,693	273,207	20,808,968
Other Liabilities	6,812	-	-	-	-	20,277,072	20,283,884
Total Liabilities	71,213,102	11,194,808	7,970,386	4,773,634	3,339,599	38,303,404	136,794,933
On Balance Sheet Long Position	-	7,704,091	15,039,932	21,977,578	9,290,560	-	54,012,161
On Balance Sheet Short Position	(33,107,844)	-	-	-	-	(20,904,317)	(54,012,161)
Off-Balance Sheet Long Position	1,084,623	744,587	2,626,573	1,953,702	1,093,941	-	7,503,426
Off-Balance Sheet Short Position	(1,148,245)	(760,728)	(2,609,958)	(2,003,026)	(982,987)	-	(7,504,944)
Total Position	(33,171,466)	7,687,950	15,056,547	21,928,254	9,401,514	(20,904,317)	(1,518)

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

Average interest rates on monetary financial instruments (%):

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

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

4.7 Consolidated liquidity risk

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

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

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Bank's liquidity ratios for the first half of 2011 and the year of 2010 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	130.71	154.30	89.31	111.27

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	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
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	11,210,178	5,818,490	-	-	-	-	-	17,028,668
Banks	2,106,147	973,095	1,066,821	395,236	1,975,717	2,615,940	-	9,132,956
Financial Assets at Fair Value through Profit/Loss	19,134	102,635	299,405	386,273	455,502	121,981	-	1,384,930
Interbank Money Market Placements	-	65,385	-	-	-	-	-	65,385
Financial Assets Available-for-Sale	25,944	3,000,639	1,049,845	1,968,099	19,146,413	6,336,854	-	31,527,794
Loans	60,641	14,375,666	8,538,181	12,070,989	28,659,389	17,548,216	341,041	81,594,123
Investments Held-to-Maturity	-	-	-	1,598,636	1,553,009	1,381,984	-	4,533,629
Other Assets	913,355	560,019	2,881,533	879,294	1,033,630	199,560	2,473,382	8,940,773
Total Assets	14,335,399	24,895,929	13,835,785	17,298,527	52,823,660	28,204,535	2,814,423	154,208,258
Liabilities								
Bank Deposits	579,994	1,206,155	333,982	1,058,691	37,191	-	-	3,216,013
Other Deposits	16,221,859	46,783,582	12,305,196	4,532,175	1,275,812	194,154	-	81,312,778
Other Fundings	-	2,014,483	1,667,779	7,633,760	8,678,295	4,409,263	-	24,403,580
Interbank Money Market Takings	-	11,104,037	1,142,403	937,353	1,024,672	-	-	14,208,465
Securities Issued	-	-	-	2,086,008	482,658	819,188	-	3,387,854
Miscellaneous Payables	158,082	3,392,712	-	2,148,800	-	-	-	5,699,594
Other Liabilities (**)	1,048,069	696,973	190,616	188,930	133,631	103,479	19,618,276	21,979,974
Total Liabilities	18,008,004	65,197,942	15,639,976	18,585,717	11,632,259	5,526,084	19,618,276	154,208,258
Liquidity Gap	(3,672,605)	(40,302,013)	(1,804,191)	(1,287,190)	41,191,401	22,678,451	(16,803,853)	-
Prior Period								
Total Assets	7,346,378	18,837,568	12,041,939	19,216,367	50,676,454	25,856,828	2,819,399	136,794,933
Total Liabilities	16,022,174	65,451,244	11,064,176	12,332,716	8,315,980	4,760,833	18,847,810	136,794,933
Liquidity Gap	(8,675,796)	(46,613,676)	977,763	6,883,651	42,360,474	21,095,995	(16,028,411)	-

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

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

4.8 Fair values of financial assets and liabilities

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

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

None.

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	506,960	370,226	500,567	413,770
Central Bank of Turkey	8,487,754	7,086,457	2,662,934	3,886,095
Others	-	577,271	-	81,683
Total	8,994,714	8,033,954	3,163,501	4,381,548

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	8,487,754	1,267,967	2,662,934	1,055,761
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	5,818,490	-	2,830,334
Total	8,487,754	7,086,457	2,662,934	3,886,095

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 Financial assets at fair value through profit/loss

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	89	196,198	98	-
Assets Subject to Repurchase Agreements	2,041	194,271	-	-
Total	2,130	390,469	98	-

5.1.2.2 Positive differences on derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	70,665	38,838	28,433	29,966
Swap Transactions	52,449	316,721	95,815	193,015
Futures	3	153	11	1,491
Options	112,404	55,742	70,078	54,978
Others	-	-	-	92
Total	235,521	411,454	194,337	279,542

5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	271,669	1,124,703	775,901	1,210,801
Foreign banks	2,412,025	5,324,559	2,442,708	5,141,062
Foreign headoffices and branches	-	-	-	-
Total	2,683,694	6,449,262	3,218,609	6,351,863

The placements at foreign banks include blocked accounts amounting TL 6,195,740 thousands of which TL 146,579 thousands, TL 194,390 thousands and TL 25,591 thousands are kept at the central banks of Luxembourg, Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 5,829,180 thousands as collateral against funds borrowed at various banks. Furthermore, there are restricted deposits at various domestic banks amounting TL 73,710 thousands as required for insurance activities.

Due from foreign banks:

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

5.1.4 Financial assets available-for-sale

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

Collateralized financial assets available-for-sale in TL consist of government bonds. Total carrying value of such securities with total face value of TL 6,459,997 thousands (31 December 2010: TL 2,609,350 thousands) is TL 6,699,002 thousands (31 December 2010: TL 2,571,988 thousands). The related accrued interests amount to TL 357,390 thousands (31 December 2010: TL 140,204 thousands). The related impairment losses on these securities amount to TL 29,502 thousands (31 December 2010: nil). Collateralized financial assets available-for-sale in foreign currencies consist of eurobonds and other foreign currency government securities. Carrying values of such securities with total face value of USD 21,048,000, EUR 351,630,432 and RUB 148,000,000 (31 December 2010: USD 24,328,000, EUR 225,932,846 and RUB 148,000,000), are USD 23,445,040 EUR 356,218,649 and RUB 149,539,200 (31 December 2010: USD 26,496,517, EUR 233,587,332 and RUB 148,009,030). The related accrued interest income amount to USD 3,457,178, EUR 4,290,518 and RUB 3,142,040 respectively (31 December 2010: USD 3,306,888, EUR 5,302,110 and RUB 3,133,010), and the impairment losses to USD 135,132 and EUR 965,313 respectively (31 December 2010: USD 468,364 and EUR 894,635).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	7,026,890	884,768	2,712,192	536,393
Assets subject to Repurchase Agreements	13,260,009	1,661,660	9,760,434	1,207,858
Total	20,286,899	2,546,428	12,472,626	1,744,251

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	28,869,699	30,978,569
Quoted at Stock Exchange	25,396,215	27,945,762
Unquoted at Stock Exchange	3,473,484	3,032,807
Common Shares/Investment Fund	18,499	28,625
Quoted at Stock Exchange	5,082	13,213
Unquoted at Stock Exchange	13,417	15,412
Value Increase/Impairment Losses (-)	2,639,596	3,460,616
Total	31,527,794	34,467,810

As of 30 June 2011, the Bank and its consolidated financial affiliates' "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 429,444,444 (31 December 2010: USD 730,555,556) and a total carrying value of TL 698,407 thousands (31 December 2010: TL 1,124,270 thousands).

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	-	6,971	14	4,831
Corporates	-	6,971	14	4,831
Individuals	-	-	-	-
Indirect Lendings to Shareholders	213,785	591,007	265,353	419,398
Loans to Employees	141,274	-	135,343	-
Total	355,059	597,978	400,710	424,229

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

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Loans	79,230,703	47,505	1,096,446	878,429
Discounted Bills	383,628	-	725	-
Export Loans	4,904,052	-	37,816	10,672
Import Loans	-	-	-	-
Loans to Financial Sector	2,922,584	-	1,265	20
Foreign Loans	4,683,784	29,802	25,100	-
Consumer Loans	17,335,162	17,703	153,867	79,549
Credit Cards	8,747,026	-	59,920	145,774
Precious Metal Loans	318,030	-	5,873	127
Others	39,936,437	-	811,880	642,287
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	79,230,703	47,505	1,096,446	878,429

Collaterals received for loans under follow-up

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	13,465	671	-	14,136
Loans Collateralized by Mortgages	628,667	121,013	-	749,680
Loans Collateralized by Pledged Assets	301,530	11,583	-	313,113
Loans Collateralized by Cheques and Notes	86,439	49,044	-	135,483
Loans Collateralized by Other Collaterals	401,415	12,375	-	413,790
Unsecured Loans	104,249	38,730	205,694	348,673
Total	1,535,765	233,416	205,694	1,974,875

Delinquency periods of loans under follow-up

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
30-60 days	22,822	55,843	47,707	126,372
61-90 days	34,594	44,167	11,194	89,955
Other	1,478,349	133,406	146,793	1,758,548
Total	1,535,765	233,416	205,694	1,974,875

5.1.5.3 Maturity analysis of cash loans

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	358,104	15,113,137	15,471,241
Housing Loans	14,898	8,208,028	8,222,926
Automobile Loans	17,121	910,253	927,374
General Purpose Loans	26,256	565,660	591,916
Others	299,829	5,429,196	5,729,025
Consumer Loans – FC-indexed	-	433,068	433,068
Housing Loans	-	407,333	407,333
Automobile Loans	-	3,267	3,267
General Purpose Loans	-	10,824	10,824
Others	-	11,644	11,644
Consumer Loans – FC	194,045	1,005,590	1,199,635
Housing Loans	11,333	451,457	462,790
Automobile Loans	8	9,310	9,318
General Purpose Loans	31,210	36,425	67,635
Others	151,494	508,398	659,892
Retail Credit Cards – TL	8,301,091	100,699	8,401,790
With Installment	3,818,156	100,699	3,918,855
Without Installment	4,482,935	-	4,482,935
Retail Credit Cards – FC	67,478	45,864	113,342
With Installment	17,141	-	17,141
Without Installment	50,337	45,864	96,201
Personnel Loans – TL	23,239	14,663	37,902
Housing Loan	-	1,454	1,454
Automobile Loans	-	112	112
General Purpose Loans	986	754	1,740
Others	22,253	12,343	34,596
Personnel Loans – FC-indexed	304	7,985	8,289
Housing Loans	304	7,985	8,289
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	1,080	50,426	51,506
Housing Loans	-	13,960	13,960
Automobile Loans	-	59	59
General Purpose Loans	38	30	68
Others	1,042	36,377	37,419
Personnel Credit Cards – TL	34,639	372	35,011
With Installment	26,083	372	26,455
Without Installment	8,556	-	8,556
Personnel Credit Cards – FC	688	1,369	2,057
With Installment	91	-	91
Without Installment	597	1,369	1,966
Deposit Accounts– TL (real persons)	384,640	-	384,640
Deposit Accounts– FC (real persons)	-	-	-
Total	9,365,308	16,773,173	26,138,481

5.1.5.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	646,291	6,963,377	7,609,668
Real Estate Loans	1,323	537,721	539,044
Automobile Loans	57,175	1,331,560	1,388,735
General Purpose Loans	587,662	5,089,701	5,677,363
Others	131	4,395	4,526
Installment-based Commercial Loans - FC-indexed	81,437	643,482	724,919
Real Estate Loans	-	49,719	49,719
Automobile Loans	5,213	192,970	198,183
General Purpose Loans	76,224	400,793	477,017
Others	-	-	-
Installment-based Commercial Loans – FC	493,985	712,644	1,206,629
Real Estate Loans	-	1,127	1,127
Automobile Loans	-	5,083	5,083
General Purpose Loans	437	4,579	5,016
Others	493,548	701,855	1,195,403
Corporate Credit Cards – TL	394,456	754	395,210
With Installment	183,437	752	184,189
Without Installment	211,019	2	211,021
Corporate Credit Cards – FC	5,310	-	5,310
With Installment	-	-	-
Without Installment	5,310	-	5,310
Deposit Accounts– TL (corporates)	517,545	-	517,545
Deposit Accounts– FC (corporates)	-	-	-
Total	2,139,024	8,320,257	10,459,281

5.1.5.6 Allocation of loans by customers

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

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	75,494,603	64,742,509
Foreign Loans	5,758,480	4,986,097
Total	81,253,083	69,728,606

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	18,481	25,747
Indirect Lending	-	-
Total	18,481	25,747

5.1.5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	19,844	21,413
Doubtful Loans and Receivables	82,421	102,679
Uncollectible Loans and Receivables	1,348,391	1,680,083
Total	1,450,656	1,804,175

5.1.5.10 Non-performing loans(NPLs) (net)

Non-performing loans and other receivables restructured or rescheduled:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	15,500	16,416	188,704
Rescheduled Loans and Receivables	-	-	-
Total	15,500	16,416	188,704
Prior Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	10,777	14,723	248,832
Rescheduled Loans and Receivables	-	-	-
Total	10,777	14,723	248,832

Movements in non-performing loan groups:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Balances at Beginning of Period	69,719	138,127	2,025,265
Additions (+)	145,401	5,277	51,069
Transfer from Other NPL Categories (+)	-	124,562	114,521
Transfer to Other NPL Categories (-)	125,068	117,681	188,599
Collections during the Period (-)	23,632	34,520	189,067
Write-offs (-) (*)	-	-	203,678
Corporate and Commercial Loans	-	-	29,104
Retail Loans	-	-	105,598
Credit Cards	-	-	68,976
Other	-	-	-
Balances at End of Period	66,420	115,765	1,609,511
Specific Provisions (-)	19,844	82,421	1,348,391
Net Balance on Balance Sheet	46,576	33,344	261,120

(*) 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
Balances at End of Prior Period	646,712	512,810	644,653	1,804,175
Additions during the Period (+)	50,777	52,582	63,392	166,751
Restructured/Rescheduled Loans (-)	136,706	179	-	136,885
Collections during the Period (-)	26,360	76,733	76,755	179,848
Write-Offs (-)	29,024	105,537	68,976	203,537
Balances at End of Period	505,399	382,943	562,314	1,450,656

Non-performing loans in foreign currencies

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	8,716	9,512	538,898
Specific Provisions (-)	597	1,354	435,312
Net Balance at Balance Sheet	8,119	8,158	103,586
Prior Period			
Balance at End of Period	2,781	3,264	616,792
Specific Provisions (-)	105	456	475,291
Net Balance at Balance Sheet	2,676	2,808	141,501

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period (Net)	46,576	33,344	261,120
Loans to Individuals and Corporates (Gross)	66,420	115,765	1,602,462
Specific Provision (-)	19,844	82,421	1,341,342
Loans to Individuals and Corporates (Net)	46,576	33,344	261,120
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,738
Specific Provision (-)	-	-	6,738
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	48,306	35,448	345,182
Loans to Individuals and Corporates (Gross)	69,719	138,127	2,018,150
Specific Provision (-)	21,413	102,679	1,672,968
Loans to Individuals and Corporates (Net)	48,306	35,448	345,182
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,804
Specific Provision (-)	-	-	6,804
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	781	220	-	1,001
Loans Collateralized by Mortgages	294,660	77,473	-	372,133
Loans Collateralized by Pledged Assets	127,102	38,680	-	165,782
Loans Collateralized by Cheques and Notes	125,364	112,567	-	237,931
Loans Collateralized by Other Collaterals	97,734	11,689	-	109,423
Unsecured Loans	97,367	225,587	582,472	905,426
Total	743,008	466,216	582,472	1,791,696

5.1.5.11 *Liquidation policy for uncollectible loans and receivables*

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

5.1.5.12 *Write-off policy*

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

5.1.6 *Factoring receivables*

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

5.1.7 *Investments held-to-maturity*

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	1,758,162	418,199	2,904,701	406,444
Investments subject to Repurchase Agreements	291,375	-	908,463	409,643
Total	2,049,537	418,199	3,813,164	816,087

5.1.7.2 *Government securities held-to-maturity*

	Current Period	Prior Period
Government Bonds	3,145,832	4,576,594
Treasury Bills	-	-
Other Government Securities	1,381,984	1,313,190
Total	4,527,816	5,889,784

5.1.7.3 *Investments held-to-maturity*

	Current Period	Prior Period
Debt Securities	4,297,410	5,583,946
Quoted at Stock Exchange	4,291,629	5,579,803
Unquoted at Stock Exchange	5,781	4,143
Valuation Increase / (Decrease)	236,219	309,985
Total	4,533,629	5,893,931

5.1.7.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	5,893,931	7,467,825
Foreign Currency Differences on Monetary Assets	67,720	19,353
Purchases during the Period	5,781	4,143
Disposals through Sales/Redemptions	(1,360,037)	(1,661,549)
Valuation Effect	(73,766)	64,159
Balances at End of Period	4,533,629	5,893,931

5.1.8 Investments in associates

5.1.8.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ	Istanbul/Turkey	-	9.00
2	Bankalararası Kart Merkezi AŞ ⁽¹⁾	Istanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ ^{(**)(1)}	Istanbul/Turkey	0.77	0.77
4	İMKB Takas ve Saklama Bankası AŞ	Istanbul/Turkey	5.83	5.83
5	Vadeli İşlem ve Opsiyon Borsası AŞ ⁽¹⁾	Istanbul/Turkey	6.00	6.00
6	KKB Kredi Kayıt Bürosu AŞ	Istanbul/Turkey	9.09	9.09
7	Gelişen Bilgi Teknolojileri AŞ ⁽¹⁾	Istanbul/Turkey	5.00	5.00
8	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	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 and Extraordinary Reserves	Company's Fair Value (if available)
1	6,519	5,373	513	161	-	1,071	647	-
2	20,567	17,454	6,312	181	-	1,589	6,946	-
3	587,926	62,036	1,551	7,145	368	2,110	3,205	-
4	1,734,538	288,509	10,797	15,202	1,806	15,837	92,469	-
5	55,535	50,254	5,848	901	15	(1,330)	38,789	-
6	34,017	23,852	2,053	1,441	4	8,204	-	-
7	429	425	-	2	-	(5)	345	-
8	154,509	12,108	245	32	4,137	3,099	12,060	-
9	142,235	135,886	3,038	2,147	-	2,782	7,632	-

⁽¹⁾ Financial information is as of 31 March 2011.

⁽²⁾ Financial information is as of 31 December 2010.

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

^(**) 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.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.8.2 Consolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Yatırım Ortaklığı AŞ ⁽¹⁾	İstanbul / Türkiye	-	0.21

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	32,443	31,703	75	-	-	751	3,866	19,800

⁽¹⁾ Financial information is as of 31 March 2011 but the fair value information is as of 30 June 2011.

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

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

5.1.8.3 Movement of consolidated investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	60,244	50,579
Movements during the Period	(60,187)	9,665
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	6,261	9,974
Sales/Liquidations (-)	(66,448)	-
Reclassifications	-	-
Increase/Decrease in Fair Values	-	(309)
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	57	60,244
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

As per the Shareholders' Agreement dated 27 June 2007 between the Bank and Eureka BV, the Bank sold its 20% shares of Eureka Sigorta AŞ with a nominal value of TL 12,000 thousands to Eureka BV for EUR 69,999,999.

Valuation methods of consolidated investments in associates

Associates	Current Period	Prior Period
Valued at Cost	-	-
Valued at Fair Value	57	50
Valued by Equity Method of Accounting	-	60,194

Sectoral distribution of consolidated investments and associates

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	60,194
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	57	50
Other Associates	-	-

Quoted consolidated investments in associates

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	57	50
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period

Please refer to Note 5.1.8.3.

Investments in associates acquired during the current period

None.

5.1.9 Investments in subsidiaries

5.1.9.1 Unconsolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
7	United Custodian	Amsterdam/Holland	-	100.00
8	Golden Clover Stichting Custody	Amsterdam/Holland	-	100.00
9	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
10	Garanti Broker Asigurari BRL	Bucharest/Romania	-	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	27,818	18,847	710	-	297	2,473	(90,924)	-
2	28,865	12,657	1,914	-	403	975	11,103	-
3	1,037	947	3	-	16	76	457	-
4	522	197	36	-	1	(7)	(141)	-
5	986	866	1	-	5	(279)	386	-
6	132	106	131	-	-	(5)	(13)	-
7	290	290	-	-	-	-	-	-
8	295	290	-	-	-	-	-	-
9	216,900	16,144	178,557	6	-	2,142	4,002	-
10	12	6	-	-	-	(2)	(5)	-

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

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

As of 30 June 2011, the investments in Trifoi Real Estate Company, United Custodian, Golden Clover Stichting Custody and Garanti Broker Asigurari BRL classified as financial subsidiaries are not consolidated in the context of materiality concept, instead they are valued at cost.

The liquidation of Trifoi Investment was completed in May 2011, therefore the company is not listed above.

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

5.1.9.2 Movement of consolidated investments in subsidiarie

	Current Period	Prior Period
Balance at Beginning of Period	1,646,532	997,754
Movements during the Period	231,904	648,778
Acquisitions and Capital Increases ^(*)	-	578,446
Bonus Shares Received ^(**)	-	953
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	(4,227)
Reclassifications	-	-
Increase/Decrease in Market Values	110,769	55,858
Currency Differences on Foreign Subsidiaries	121,135	17,748
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	1,878,436	1,646,532
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

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

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

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

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

Valuation methods of consolidated investments in subsidiaries

	Current Period	Prior Period
Valued at Cost	210,587	210,587
Valued at Fair Value	1,667,849	1,435,945
Valued by Equity Method of Accounting	-	-

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	Prior Period
Banks	946,103	783,622
Insurance Companies	56,545	56,545
Factoring Companies	61,433	73,533
Leasing Companies	85,381	85,381
Finance Companies	728,974	647,451
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	61,433	73,533
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Shares of Other Consolidated Subsidiaries (%)	Method of Consolidation
1	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	94.10	5.86	Full Consolidation
2	Garanti Faktoring Hizmetleri AŞ ⁽¹⁾	Istanbul/Turkey	55.40	-	Full Consolidation
3	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
4	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
5	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	0.01	Full Consolidation
6	Garanti Bank International NV	Amsterdam/Holland	100.00	-	Full Consolidation
7	Garanti Bank Moscow	Moscow/Russia	99.94	-	Full Consolidation
8	Garanti Holding BV ^(**)	Amsterdam/Holland	100.00	-	Full Consolidation
9	Leasemart Holding BV	Amsterdam/Holland	-	100.00	Full Consolidation
10	G Netherlands BV ^(**)	Amsterdam/Holland	-	100.00	Full Consolidation
11	Garanti Bank SA	Bucharest/Romania	-	100.00	Full Consolidation
12	Motoractive IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
13	Ralfi IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
14	Domenia Credit IFN SA	Bucharest/Romania	-	100.00	Full Consolidation

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	2,238,159	452,413	17,657	75,491	-	33,339	320,659	-
2	1,140,143	50,795	2,987	20,148	53	778	25,487	110,880
3	71,734	63,907	6,424	610	606	4,117	13,331	-
4	17,777	15,652	2,758	303	148	417	2,135	-
5	2,738,546	383,801	12,179	16,704	3,304	54,620	251,700	-
6	8,273,518	807,204	52,229	122,434	38,381	54,135	346,838	801,264
7	719,801	145,857	42,612	10,060	7,980	6,612	72,196	144,923
8	658,754	658,719	-	5	-	(65)	(118,323)	660,313
9	51,704	51,625	-	30	-	1,441	31,045	-
10	744,053	624,086	-	-	-	(1,524)	(9,989)	-
11	3,604,157	410,353	57,373	92,356	20,047	6,172	(62,995)	-
12	208,766	29,246	7,245	10,680	-	825	(7,329)	-
13	155,482	15,574	1,561	24,267	-	2,464	(10,880)	-
14	293,871	28,559	744	9,583	-	2,020	(13,125)	-

(1) Financial information is as of 31 March 2011 but the fair value information is as of 30 June 2011.

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

(**) As of 27 January 2011, D Netherlands Holding BV's name changed to Garanti Holding BV and Doğuş GE BV's name changed to G Netherlands BV.

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.10 Investments in joint-ventures

None.

5.1.11 Lease receivables

5.1.11.1 Financial lease receivables according to remaining maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	928,019	799,939	851,236	732,334
Between 1-5 Years	1,276,568	1,118,773	996,099	873,899
Longer than 5 Years	183,183	167,179	131,069	120,503
Total	2,387,770	2,085,891	1,978,404	1,726,736

5.1.11.2 Net financial lease receivables

	Current Period	Prior Period
Gross Financial Lease Receivables	2,387,770	1,978,404
Unearned Income on Financial Lease Receivables (-)	(301,879)	(251,668)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	2,085,891	1,726,736

5.1.11.3 Financial lease agreements

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

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

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

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

The followings are monitored for the financial lease agreements signed:

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

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

5.1.12 Derivative financial assets held for risk management

5.1.12.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	25,732	-	-
Cash Flow Hedges	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	-	25,732	-	-

5.1.13 Tangible assets

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

5.1.14 Intangible assets

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

5.1.15 Investment property

None.

5.1.16 Deferred tax asset

As of 30 June 2011, on a consolidated basis the Bank has a deferred tax asset of TL 101,425 thousands (31 December 2010: TL 171,825 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

There is no deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 June 2011. However, there is a deferred tax asset of TL 241,715 thousands (31 December 2010: TL 247,838 thousands) and deferred tax liability of TL 140,290 thousands (31 December 2010: TL 76,013 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

As per the annulment decision of the Turkish Constitutional Court as explained in Note 3.18.4, Garanti Finansal Kiralama, a consolidated subsidiary of the Bank, is subject to investment allowance ruling and can use its available allowances to reduce its taxable corporate income without any time limitations. Accordingly, a deferred tax asset amounting TL 11,959 thousands is recorded in the accompanying consolidated financial statements as of 31 December 2010 considering the fact that Garanti Finansal Kiralama may use its right of deducting investment allowances from its corporate income in the future. In the accompanying consolidated financial statements as of 30 June 2011, a deferred tax asset amounting TL 3,439 thousands is included in this respect.

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

5.1.17 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	105,679	82,336
Accumulated Depreciation (-)	(1,646)	(1,144)
Net Book Value	104,033	81,192
End of Current Period		
Additions	36,618	80,899
Disposals (Cost)	(45,983)	(54,819)
Disposals (Accumulated Depreciation)	474	483
Reversal of Impairment / Impairment Losses (-)	(2,812)	(2,737)
Depreciation Expense for Current Period (-)	(658)	(985)
Currency Translation Differences on Foreign Operations	-	-
Cost	93,502	105,679
Accumulated Depreciation (-)	(1,830)	(1,646)
Net Book Value	91,672	104,033

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 1,500 thousands (31 December 2010: TL 6,293 thousands).

5.1.18 Other Assets

5.1.18.1 Receivables from term sale of assets

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	167,107	4,249
Sale of Real Estates	15	45
Sale of Other Assets	2,965	2,920
Total	170,087	7,214

5.1.18.2 Prepaid expenses

	Current Period	Prior Period
Prepaid Expenses	353,412	248,019

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	2,768,189	-	4,610,177	19,276,284	1,591,822	254,779	232,617	1,031	28,734,899
Foreign Currency Deposits	7,459,600	-	6,205,651	14,611,149	2,253,458	2,831,496	3,565,768	84,291	37,011,413
Residents in Turkey	5,277,075	-	4,882,683	13,610,584	1,593,550	438,564	1,315,603	82,820	27,200,879
Residents in Abroad	2,182,525	-	1,322,968	1,000,565	659,908	2,392,932	2,250,165	1,471	9,810,534
Public Sector Deposits	1,609,669	-	2,089	11,520	1,308	21	-	-	1,624,607
Commercial Deposits	3,412,621	-	2,575,801	4,246,264	2,009,775	110,970	171,027	-	12,526,458
Others	77,940	-	25,268	95,761	35,223	272,721	5,203	-	512,116
Precious Metal Deposits	893,840	-	4,619	316	-	3,735	775	-	903,285
Bank Deposits	579,994	-	608,547	734,144	280,722	959,712	52,894	-	3,216,013
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,497	-	73,098	176	137	-	6,572	-	82,480
Foreign Banks	366,736	-	535,449	733,968	280,585	959,712	46,322	-	2,922,772
Special Financial Institutions	210,761	-	-	-	-	-	-	-	210,761
Others	-	-	-	-	-	-	-	-	-
Total	16,801,853	-	14,032,152	38,975,438	6,172,308	4,433,434	4,028,284	85,322	84,528,791

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

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

5.2.1.1.1 Deposits exceeding insurance limit

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	11,724,689	11,539,769	16,764,612	15,141,116
Foreign Currency Saving Deposits	7,251,755	6,533,041	11,243,044	10,275,662
Other Saving Deposits	402,479	204,524	466,154	243,956
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	421,885	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	344,481	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

Trading Derivatives	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	32,410	7,641	30,013	11,083
Swap Transactions	219,389	190,221	168,864	213,387
Futures	-	40	46	1,846
Options	78,094	52,570	47,857	53,272
Others	-	-	-	6,156
Total	329,893	250,472	246,780	285,744

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,207,916	754,686	1,508,513	608,657
Foreign Banks, Institutions and Funds	5,075,968	16,317,113	5,116,998	12,596,215
Total	6,283,884	17,071,799	6,625,511	13,204,872

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,763,542	7,330,332	2,212,061	5,308,895
Medium and Long-Term	4,520,342	9,741,467	4,413,450	7,895,977
Total	6,283,884	17,071,799	6,625,511	13,204,872

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Interbank money markets

5.2.4.1 Securities issued

	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	2,500,000	-	-	1,280,000
Cost	2,370,225	-	-	1,272,688
Carrying Value (*)	2,086,008	-	-	1,301,846

(*) The Bank and its financial affiliates repurchased the Bank's own TL securities with total nominal value of TL 343,150 thousands and netted off such securities in the accompanying consolidated financial statement.

5.2.4.2 Funds provided through repurchase transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	10,275,162	-	10,180,670	-
Financial Institutions and Organizations	10,208,213	-	10,115,836	-
Other Institutions and Organizations	27,762	-	19,318	-
Individuals	39,187	-	45,516	-
Foreign Transactions	614,441	3,318,862	156,569	1,398,103
Financial Institutions and Organizations	613,104	3,318,862	155,900	1,398,103
Other Institutions and Organizations	907	-	284	-
Individuals	430	-	385	-
Total	10,889,603	3,318,862	10,337,239	1,398,103

5.2.5 Factoring payables

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

5.2.6 Lease payables

5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	961	929	994	994
Between 1-5 Years	1,328	1,311	1,402	1,402
Longer than 5 Years	-	-	-	-
Total	2,289	2,240	2,396	2,396

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	1,517	-	2,347
Net Foreign Investment Hedges	-	-	-	-
Total	-	1,517	-	2,347

5.2.8 Provisions

5.2.8.1 General provisions

	Current Period	Prior Period
General Provision for	878,787	660,467
Loans and Receivables in Group I	769,171	571,746
Loans and Receivables in Group II	41,366	34,862
Non-Cash Loans	68,250	53,859
Others	-	-

As per the amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables and Provisions to Be Set Aside dated 28 May 2011, an additional provision of TL 82,297 thousands has been made for the loans and other receivables classified under Group I and II.

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

	Current Period	Prior Period
Short-Term Loans	2,032	4,027
Medium and Long Term Loans	787	7,429
Total	2,819	11,456

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

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

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

5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	450,000	360,000

5.2.8.4.2 Other provisions for possible losses

	Current Period	Prior Period
Reserve for Employee Benefits	256,714	293,603
Insurance Technical Provisions, Net	160,092	140,788
Provision for Promotion Expenses of Credit Cards ^(*)	39,130	46,488
Provision for Lawsuits	11,146	5,357
Other Provisions	53,928	29,705
Total	521,010	515,941

^(*) 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.

	31 December 2010
Transferable Pension and Medical Benefits:	
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)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(68,487)
Fair Value of Plan Assets (2)	1,020,383
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	951,896
Non-Transferable Benefits:	
Other pension benefits	(242,307)
Other medical benefits	(205,251)
Total Non-Transferable Benefits (4)	(447,558)
Asset Surplus over Total Benefits ((3)-(4)=(5))	504,338
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(266,382)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	237,956

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

	31 December 2010
	%
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.

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 30 June 2011, the corporate tax liability amounts to TL 160,083 thousands (31 December 2010: TL 297,271 thousands) after offsetting with prepaid taxes. In cases where the differences between the carrying amounts and the taxable amounts of assets subject to tax, are related with certain items in the equity accounts, the current tax assets/liabilities are charged or credited directly to these accounts.

5.2.9.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	160,083	297,271
Taxation on Securities Income	67,689	58,218
Taxation on Real Estates Income	1,943	1,536
Banking Insurance Transaction Tax	35,797	29,704
Foreign Exchange Transaction Tax	23	25
Value Added Tax Payable	1,636	2,758
Others	18,983	36,329
Total	286,154	425,841

5.2.9.1.3 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	381	349
Social Security Premiums-Employer	439	255
Bank Pension Fund Premium-Employees	25	34
Bank Pension Fund Premium-Employer	39	17
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	2
Unemployment Insurance-Employees	549	532
Unemployment Insurance-Employer	1,042	1,001
Others	5	4
Total	2,480	2,194

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 10,091 thousands as of 30 June 2011 (31 December 2010: TL 391 thousands).

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

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

5.2.11 Subordinated debts

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

5.2.12 Shareholders’ equity

5.2.12.1 Paid-in capital

	Current Period	Prior Period
Common shares	4,200,000	4,200,000
Shares repurchased during the period	(3,018)	-
Paid-in common shares	4,196,982	4,200,000
Preference shares	-	-

The Bank’s shares acquired by Garanti Yatırım Ortaklığı AŞ, one the parent Bank’s financial affiliates subject to full consolidation, in the current period are deducted from the paid-in capital in the accompanying consolidated balance sheet.

5.2.12.2 Registered share capital system

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered Shares	4,200,000	7,000,000

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	789,367	42,237	1,472,063	155,443
Valuation Difference	789,367	42,237	1,472,063	155,443
Exchange Rate Difference	-	-	-	-
Total	789,367	42,237	1,472,063	155,443

5.2.12.9 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	-	-	-	-
Total	598,953	-	598,187	-

5.2.12.10 Bonus shares of associates, subsidiaries and joint-ventures

Bonus shares resulted from non-cash capital increases from the following investee companies; Doğuş Gayrimenkul Yatırım Ortaklığı AŞ by TL 20 thousands, Garanti Ödeme Sistemleri AŞ by TL 401 thousands, Kredi Kartları Bürosu by TL 481 thousands, Tat Konserve AŞ by TL 36 thousands and Yatırım Finansman Menkul Değerler AŞ by TL 9 thousands.

5.2.12.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	678,279	504,369
II. Legal Reserve	80,981	44,403
Special Reserves	-	-
Total	759,260	548,772

5.2.12.12 Extraordinary reserves

	Current Period	Prior Period
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	8,007,233	5,443,579
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	8,007,233	5,443,579

5.2.12.13 Minority interest

	Current Period	Prior Period
Balance at Beginning of Period	97,383	49,023
Profit Share of Subsidiaries Net Profits	7,799	20,872
Prior Period Dividend	-	-
Increase / (Decrease) in Minority Interest due to Sales	-	-
Others	(4)	27,488
Balance at End of Period	105,178	97,383

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial affiliates have asset purchase and sale commitments of TL 3,483,950 thousands (31 December 2010: TL 2,731,420 thousands), commitments for cheque payments of TL 2,184,788 thousands (31 December 2010: TL 1,910,031 thousands) and commitments for credit card limits of TL 13,294,208 thousands (31 December 2010: TL 12,554,092 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	8,572,177	7,358,370
Letters of Guarantee in TL	6,153,622	4,951,728
Letters of Credit	4,804,239	3,934,455
Bills of Exchange and Acceptances	213,955	164,105
Prefinancings	-	-
Total	19,743,993	16,408,658

A specific provision of TL 53,473 thousands (31 December 2010: TL 57,287 thousands) is made for unliquidated non-cash loans of TL 113,584 thousands (31 December 2010: TL 96,013 thousands) recorded under the off-balance sheet items as of 30 June 2011.

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

As of 30 June 2011, in the Bank and its consolidated financial affiliates’ “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 429,444,444 (31 December 2010: USD 780,555,556).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	1,336,132	932,057
<i>With Original Maturity of 1 Year or Less</i>	<i>418,751</i>	<i>76,642</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>917,381</i>	<i>855,415</i>
Other Non-Cash Loans	18,468,240	15,533,347
Total	19,804,372	16,465,404

5.3.1.4 Other information on non-cash loans

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

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

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

5.3.2 Financial derivative instruments

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

5.3.3 Contingent liabilities and assets

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

5.3.4 Services rendered on behalf of third parties

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

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	1,012,584	167,371	1,046,395	123,325
Medium and long-term loans	1,223,567	739,047	1,000,712	549,643
Loans under follow-up	44,010	2,048	27,947	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,280,161	908,466	2,075,054	672,968

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

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	2,166	150
Domestic Banks	10,492	17,664	10,808	5,218
Foreign Banks	77,330	24,538	101,294	28,025
Foreign Head Offices and Branches	-	-	-	-
Total	87,822	42,202	114,268	33,393

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	10,926	2,627	27,713	348
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	1,232,460	111,930	1,529,985	107,078
Investments Held-to-Maturity	232,932	48,505	357,567	55,880
Total	1,476,318	163,062	1,915,265	163,306

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	419	542

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	-	-	-
Domestic Banks	41,395	5,873	37,487	9,012
Foreign Banks	262,167	154,979	196,277	118,092
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	32,762	-	30,954
Total	303,562	193,614	233,764	158,058

(*) Includes also fees and commissions expenses on borrowings

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	6,116	202

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	1,233	23,167	1,400	5,093	107	6,037	-	37,037
Saving Deposits	240	173,458	745,747	39,781	8,449	9,048	-	976,723
Public Sector Deposits	-	620	756	25	1	-	-	1,402
Commercial Deposits	834	122,119	234,016	37,738	3,006	7,216	-	404,929
Others	11	1,532	8,932	949	8,766	214	-	20,404
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	2,318	320,896	990,851	83,586	20,329	22,515	-	1,440,495
Foreign Currency								
Foreign Currency Deposits	12,526	96,647	250,238	25,437	19,315	34,152	839	439,154
Bank Deposits	1,171	1,721	676	418	220	218	-	4,424
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	50	-	-	50
Total FC	13,697	98,368	250,914	25,855	19,585	34,370	839	443,628
Grand Total	16,015	419,264	1,241,765	109,441	39,914	56,885	839	1,884,123

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (net)

	Current Period	Prior Period
Income	52,403,960	35,538,322
Trading Account Income	311,602	314,391
Derivative Financial Instruments	1,322,452	1,618,550
Foreign Exchange Gain	50,769,906	33,605,381
Losses (-)	52,069,415	35,277,405
Trading Account Losses	63,804	151,464
Derivative Financial Instruments	1,199,877	1,658,161
Foreign Exchange Losses	50,805,734	33,467,780
Total	334,545	260,917

TL 3,687,468 thousands (30 June 2010: TL 1,389,736 thousands) of foreign exchange gains and TL 3,414,922 thousands (30 June 2010: TL 2,214,558 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

5.4.5 Other operating income

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

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.

The income from the sale of the Bank’s shares in Visa and Mastercard amounting to TL 79,595 thousands is recognised under “Other Operating Income”.

The income from the sale of the Bank’s shares in Eureka Sigorta AŞ amounting to TL 93,561 thousands is recognised under “Other Operating Income”.

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	116,207	229,497
<i>Loans and receivables in Group III</i>	19,490	30,964
<i>Loans and receivables in Group IV</i>	64,108	141,819
<i>Loans and receivables in Group V</i>	32,609	56,714
General Provisions	209,075	78,428
Provision for Possible Losses	100,000	-
Impairment Losses on Financial Assets	2,546	297
<i>Financial assets at fair value through profit or loss</i>	2,518	194
<i>Financial assets available-for-sale</i>	28	103
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures (business partnership)</i>	-	-
<i>Investments held-to-maturity</i>	-	-
Others	36,336	2,252
Total	464,164	310,474

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	642,123	610,976
Reserve for Employee Termination Benefits	10,324	2,524
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	108	-
Depreciation Expenses of Tangible Assets	90,591	76,804
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	11,089	6,714
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	1,256	1,381
Depreciation Expenses of Assets to be Disposed	658	321
Impairment Losses on Assets Held for Sale and Discontinued Assets	1,556	-
Other Operating Expenses	604,144	620,582
<i>Operational lease related expenses</i>	<i>95,099</i>	<i>75,531</i>
<i>Repair and maintenance expenses</i>	<i>14,605</i>	<i>13,484</i>
<i>Advertisement expenses</i>	<i>36,763</i>	<i>60,622</i>
<i>Other expenses</i>	<i>457,677</i>	<i>470,945</i>
Loss on Sale of Assets	806	397
Others (*)	301,804	296,593
Total	1,664,459	1,616,292

(*) In the current period, this item includes a provision amounting TL 75,450 thousands (30 June 2010: TL 123,885 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 for continued and discontinued operations

As of 30 June 2011, on a consolidated basis, the Bank recorded a current tax expense of TL 275,716 thousands (30 June 2010: TL 613,154 thousands) and a deferred tax expense of TL 246,025 thousands (30 June 2010: TL 90,659 thousands of deferred tax income).

Deferred tax benefit/charge on timing differences :

Deferred tax benefit/(charge) on timing differences	Current Period	Prior Period
Increase in Tax Deductable Timing Differences (+)	16,533	52,247
Decrease in Tax Deductable Timing Differences (-)	(206,713)	(39,050)
Increase in Taxable Timing Differences (-)	(64,162)	(349)
Decrease in Taxable Timing Differences (+)	8,317	77,811
Total	(246,025)	90,659

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

Deferred tax benefit/(charge) arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
Increase/(Decrease) in Tax Deductable Timing Differences (net)	(190,180)	13,197
Increase/(Decrease) in Taxable Timing Differences (net)	(55,845)	77,462
Increase/(Decrease) in Tax Losses (net)	-	-
Increase/(Decrease) in Tax Deductions and Exemptions (net)	-	-
Total	(246,025)	90,659

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

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

5.4.11 Net profit/loss

5.4.11.1 Any further explanation on operating results needed for better understanding of bank’s performance

None.

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

None.

5.4.11.3 Minority interest’s profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	7,799	8,375

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

5.6 Consolidated statement of cash flows

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

5.7 Related Party Risks

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

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Loans and Other Receivables	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Balance at beginning of period	61,551	3,727	14	4,831	300,517	419,398
Balance at end of period	45,286	3,345	-	6,971	287,882	591,007
Interest and Commission Income	1,224	29	1	2	9,791	451

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Loans and Other Receivables	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Balance at beginning of period	18,332	3,194	2	920	306,087	374,508
Balance at end of period	61,551	3,727	14	4,831	300,517	419,398
Interest and Commission Income	667	-	138	6	12,065	1,923

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	
Deposits	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at beginning of period	60,473	3,826	207,008	360,361	390,409	359,037
Balance at end of period	2,660	60,473	1,805,424	207,008	297,831	390,409
Interest Expenses	6,116	202	16,074	11,808	5,151	6,169

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss:						
Balance at beginning of period	35,454	4,412	-	-	3,992	3,326
Balance at end of period	103,774	35,454	23,083	-	122,663	3,992
Total Profit/(Loss)	21,746	36,954	(115)	-	178	298
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 232,266 thousands (31 December 2010: TL 291,114 thousands) compose 0.28% (31 December 2010: 0.41%) of the Bank's total cash loans and 0.15% (31 December 2010: 0.21%) of the Bank's total assets. The total loans and similar receivables amounting TL 333,168 thousands (31 December 2010: TL 362,082 thousands) compose 0.22% (31 December 2010: 0.26%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 601,323 thousands (31 December 2010: TL 427,956 thousands) compose 3.04% (31 December 2010: 2.60%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 2,105,915 thousands (31 December 2010: TL 657,890 thousands) compose 2.49% (31 December 2010: 0.83%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set on an arms-length basis.

There is a credit card (POS) payable amounting TL 40,821 thousands (31 December 2010: TL 18,708 thousands) to related parties.

Operating expenses of TL 5,929 thousands (30 June 2010: TL 4,799 thousands) for IT services rendered by related parties and rent income of TL 352 thousands (30 June 2010: TL 112 thousands) for the real estates rented to related parties, are recorded.

The Bank and its consolidated financial affiliates made a total payment of TL 80,762 thousands as of 30 June 2011 (30 June 2010: TL 65,972 thousands) to its top management considered as the key management.

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

Please refer to Note 5.1.8.

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

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

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

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

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

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

None.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Parent 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)*

Foreign Currency	
Long Term	BBB-
Short Term	F3
Outlook	Positive
Individual	C
Support	3
Turkish Lira	
Long Term	BBB-
Short Term	F3
Outlook	Positive
National	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

JCR EURASIA RATINGS (May 2011)*

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

(*) Latest dates in risk ratings or outlooks

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

MOODY'S (July 2011)*

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

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (July 2010)*

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

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (December 2010)*

Foreign Currency	
Long Term	BBB- (Positive)
Short Term	F3
Outlook	Positive
Support	2
Turkish Lira	
Long Term	BBB- (Positive)
Short Term	F3
Outlook	Positive
National	AAA
Outlook	Positive

STANDARD AND POORS (February 2010)*

FC Obligations	BB
TL Obligations	BB
Outlook	Positive

(*) Latest dates in risk ratings or outlooks.

5.10.5 Dividends

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

2010 PROFIT DISTRIBUTION TABLE	
2010 Net Profit	3,145,233
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 consolidated financial statements of the Bank and its financial affiliates as of 30 June 2011, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited). The independent limited review report dated 3 August 2011 is presented at the beginning of the accompanying consolidated financial statements.

6.2 Disclosures and footnotes prepared by independent accountants

None.

.....