



TÜRKİYE GARANTI BANKASI A.Ş.
Levent Nispetiye Mah. Aytar Cad. 2,
Beşiktaş 34340 İstanbul

Tel: (0212) 318 18 18

Faks: (0212) 318 18 88

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2009 AUG 19 A 8:01

OFFICE OF INTERNATIONAL
CORPORATE FINANCE

August 6, 2009

Division of International Corporate Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
United States of America

SUPL

12g3-2 (b) filing number: 82-3636

The Board of Directors has resolved on August 5, 2009 that; (i) pursuant to "Article 45- Distribution of the Profit" of the Articles of Association of the Bank, the distribution of a cash dividend to our Shareholders in the amount of TL 275,000,000 representing 6.55% of the paid-in capital of the Bank, consisting of TL 210,000,000 which corresponds to the 5% of the paid-in capital of the Bank as first dividend and TL 65,000,000 as second dividend, which has been transferred to the Extraordinary Reserve Fund under the General Assembly resolution dated April 2, 2009, and (ii) the authorization of the Board of Directors with regard to timing of the distribution of the profit, be presented for the approval of our Shareholders during the Extraordinary General Shareholders' Meeting.

The gross dividend amount corresponding to a share with a nominal value of TL 1 is 0.06548 (TL 0.05565 net).

We declare that our above statements are in conformity with the principles included in the Board's Communiqué, Serial VIII Nr. 54., that it exactly reflects the information we received; that the information complies with our records, books and documents; that we did our best to obtain the correct and complete information relative to this subject and that we are responsible for the declarations made in this regard.

Regards,

Garanti Bank

Sinem Güçhan
Vice President
Investor Relations

Handan Saygın
Senior Vice President
Investor Relations



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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

TÜRKİYE GARANTİ BANKASI A.Ş.
Levent Nispetiye Mah. Aytar Cad. 2,
Beşiktaş 34340 İstanbul

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August 5, 2009

Division of International Corporate Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
United States of America

12g3-2 (b) filing number: 82-3636

Pursuant to the Board resolution of the Bank dated August 5, 2009, it is resolved that the Extraordinary General Shareholders' Meeting of the Bank be held on Thursday, September 3, 2009 at 10.00 a.m. at Levent, Nispetiye Mahallesi, Aytar Caddesi No: 2, Besiktas-Istanbul, with the following agenda.

AGENDA

1. The opening and formation of the Board of Presidency,
2. Authorization of the Board of Presidency for the execution of the minutes of the Extraordinary General Shareholders' Meeting,
3. Discussion, and acceptance or refusal of Board of Directors' proposals regarding;
(a) the distribution of TL 275,000,000 of the profit for the year 2008 which has been already transferred to the Extraordinary Reserve Fund in accordance with Article 45 of the Articles of the Association of the Bank and (b) timing of the distribution.

We declare that our above statements are in conformity with the principles included in the Board's Communiqué, Serial VIII Nr. 54., that it exactly reflects the information we received; that the information complies with our records, books and documents; that we did our best to obtain the correct and complete information relative to this subject and that we are responsible for the declarations made in this regard.

Regards,

Garanti Bank

Sinem Güçhan
Vice President
Investor Relations

Handan Saygın
Senior Vice President
Investor Relations



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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

TÜRKİYE GARANTI BANKASI A.Ş.
Levent Nispetiye Mah. Aydar Cad. 2,
Beşiktaş 34340 İstanbul

Tel: (0212) 318 18 18
Faks: (0212) 318 18 88

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June 26, 2009

Division of International Corporate Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
United States of America

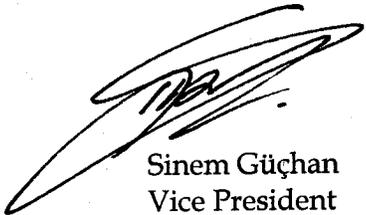
12g3-2 (b) filing number: 82-3636

Garanti Bank has signed a trade finance framework agreement on June 25, 2009 in Beijing with China Eximbank worth USD 100 million to support the foreign trade volume between Turkey and China.

We declare that our above statements are in conformity with the principles included in the Board's Communiqué, Serial VIII Nr. 54., that it exactly reflects the information we received; that the information complies with our records, books and documents; that we did our best to obtain the correct and complete information relative to this subject and that we are responsible for the declarations made in this regard.

Regards,

Garanti Bank



Sinem Güçhan
Vice President
Investor Relations



Handan Saygın
Senior Vice President
Investor Relations



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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

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Levent Nispetiye Mah. Aydar Cad. 2,
Beşiktaş 34340 İstanbul

Tel: (0212) 318 18 18

Faks: (0212) 318 18 88

garanti.com.tr

June 4, 2009

Division of International Corporate Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
United States of America

12g3-2 (b) filing number: 82-3636

Following the works which are to be conducted for changing the current shareholding structure of Kredi Garanti Fonu A.Ş. (KGF-Credit Guarantee Fund) with a three-shareholder based structure which will consist of TOBB, KOSGEB and the banks, the Board of Directors has resolved that a cash capital up to the amount of TL4,000,000 (four million Turkish Lira) be allocated to KGF, a capital increase up to the amount of TL4,000,000 (four million Turkish Lira) be undertaken, and the Head Office be authorized to conduct any and all acts in this regard.

We declare that our above statements are in conformity with the principles included in the Board's Communiqué, Serial VIII Nr. 54., that it exactly reflects the information we received; that the information complies with our records, books and documents; that we did our best to obtain the correct and complete information relative to this subject and that we are responsible for the declarations made in this regard.

Regards,

Garanti Bank

Sinem Güçhan
Vice President
Investor Relations

Handan Saygın
Senior Vice President
Investor Relations

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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

Türkiye Garanti Bankası Anonim Şirketi
And Its Financial Affiliates
Consolidated Financial Statements
As of and For the Six-Month Period Ended
30 June 2009
*(Convenience Translation of Financial Statements and Related
Disclosures and Footnotes Originally Issued in Turkish)*
With Independent Auditors' Review Report Thereon

**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ**
5 August 2009

*This report contains "Independent Auditors' Review
Report" comprising 1 page and; "Consolidated
Financial Statements and Related Disclosures and
Footnotes" comprising 82 pages.*



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

Yapı Kredi Plaza C Blok Kat 17
Büyükdere Caddesi
Levent 34330 İstanbul

Telephone +90 (212) 317 74 00
Fax +90 (212) 317 73 00
Internet www.kpmg.com.tr

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

To the Board of Directors of Türkiye Garanti Bankası AŞ:

We have reviewed the consolidated balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") and its financial affiliates as of 30 June 2009 and the related consolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the six-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the accounting and reporting system and the regulations on the accounting and independent audit principles as per the (Turkish) Banking Law No. 5411. These regulations require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

As of the balance sheet date, the accompanying consolidated financial statements include a general reserve amounting to TL 280,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in economy or market conditions, and TL 250,000 thousands of such provision has been recognized as expense in the current period.

Based on our review, except for the effect on the consolidated financial statements of the matter described in the paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not presented fairly, in all material respects, the financial position of Türkiye Garanti Bankası AŞ and its financial affiliates as of 30 June 2009 and the result of its operations and cash flows for the six-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and 38 of the (Turkish) Banking Law No. 5411 and other communiques, disclosures and directives issued by the Banking Regulatory and Supervisory Agency.

İstanbul,
5 August 2009

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

Murat ALSAN

Partner, Certified Public Accountant

Additional paragraph for convenience translation to English:

As explained in Note 3.1.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Interim Financial Report
as of and for the Six-Month Period Ended 30 June 2009

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

The consolidated interim financial report for the six-month period ended 30 June 2009 prepared in accordance with the communique of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

1. General Information about Parent Bank
2. Consolidated 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 Auditors' Review Report

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

Subsidiaries

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

Associates

1. Eureka Sigorta 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
Board of
Directors
Chairman

M. Cüneyt Sezgin
Audit Committee
Member

Des O'Shea
Audit Committee
Member

S. Ergun Özen
General
Manager

Aydın Şenel
Executive Vice
President
Responsible of
Financial Reporting

Aylin Aktürk
Coordinator

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

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1 General Information

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 729 domestic branches, five foreign branches and four representative offices abroad. The Bank's head office is located in Istanbul.

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

As of 30 June 2009, group of companies under Doğuş Holding AŞ that currently owns 30.52% shares of the Bank, is called as the Doğuş Group (the Group). On 22 December 2005, Doğuş Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank's issued share capital to "GE Araştırma ve Müşavirlik Limited Şti." of General Electric (GE) group. Accordingly, GE acquired a joint control on the Bank's management. On 27 December 2007, GE Araştırma ve Müşavirlik Limited Şti. has sold 9,765,000,000 shares of the Bank at a nominal value of TL 97.650 each to Doğuş Holding AŞ, representing 4.65% of the issued share capital of Türkiye Garanti Bankası AŞ.

Doğuş Group

The Doğuş Group that was established in 1951 initially for investments in construction sector, operates in seven sectors namely financial services, automotive, construction, real estate, tourism, media and energy with more than 70 companies and approximately 20 thousands employees.

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

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

General Electric Group

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

GE operates in more than 100 countries through its four major business lines providing services through their own business units with more than 300 thousand employees. These four business lines are;

GE Technology Infrastructure
GE Energy Infrastructure
GE Capital Finance
NBC Universal

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

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	19 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	27 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	21 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	35 years
Denis Arthur Hall	Member	08.10.2008	College	25 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	University	32 years
Dmitri Lysander Stockton	Member	22.12.2005	University	18 years
Xavier Pascal Durand	Member	02.04.2009	Master	9 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	22 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	22 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	31 years
Afzal Mohammed Modak	EVP-Finance & Accounting	20.07.2007	Master	24 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	17 years
Ali Temel	EVP-Loans	21.10.1999	University	19 years
Gökhan Erun	EVP-Human Resources & Investment Banking	18.08.2005	Master	15 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	27 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	24 years
Uruz Ersözöglü	EVP-Treasury	03.04.2006	University	18 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	17 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	24 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	28 years
Zekeriya Öztürk	EVP- International Business Development	02.03.2006	Master	14 years
Avni Aydın Düren	EVP-Legal Services	15.01.2009	Master	15 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	1,119,800	26.6619%	1,119,800	-
GE Araştırma ve Müşavirlik Limited Şti	875,712	20.8503%	875,712	-

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 and profitability.

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

2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates Consolidated Balance Sheet At 30 June 2009

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 June 2009			31 December 2008		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	5.1.1	1,668,694	3,260,714	4,929,408	2,575,060	2,974,970	5,550,030
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5.1.2	750,600	425,207	1,175,807	659,366	614,557	1,273,923
2.1	Financial assets held for trading		750,600	425,207	1,175,807	659,366	614,557	1,273,923
2.1.1	Government securities		168,431	12,497	180,928	123,957	15,599	139,556
2.1.2	Equity securities		3,468	5,070	8,538	13,642	14	13,656
2.1.3	Derivative financial assets held for trading		569,397	238,322	807,719	512,567	230,668	743,235
2.1.4	Other securities		9,304	169,318	178,622	9,200	368,276	377,476
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	2,604,271	7,396,527	10,000,798	1,713,868	5,336,354	7,050,222
IV.	INTERBANK MONEY MARKETS		15,160	-	15,160	40,552	-	40,552
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		15,160	-	15,160	40,552	-	40,552
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	5.1.4	17,704,707	3,922,346	21,627,053	15,031,030	3,296,591	18,327,621
5.1	Equity securities		19,213	53,363	72,576	17,464	44,989	62,453
5.2	Government securities		17,463,769	1,111,967	18,575,736	14,714,792	1,045,877	15,760,669
5.3	Other securities		221,725	2,757,016	2,978,741	298,774	2,205,725	2,504,499
VI.	LOANS	5.1.5	28,483,621	23,952,625	52,436,246	28,086,979	24,662,721	52,749,700
6.1	Loans		28,160,568	23,951,225	52,111,793	27,636,833	24,662,721	52,299,554
6.1.1	Loans to bank's risk group	5.7	82,966	153,686	236,652	48,308	201,823	250,131
6.1.2	Government securities	5.7	-	-	-	-	-	-
6.1.3	Other		28,077,602	23,797,539	51,875,141	27,588,525	24,460,898	52,049,423
6.2	Loans under follow-up		1,757,875	35,056	1,792,931	1,239,739	25,085	1,264,824
6.3	Specific provisions (-)		1,434,822	33,656	1,468,478	789,593	25,085	814,678
VII.	FACTORING RECEIVABLES	5.1.6	510,457	212,989	723,446	405,992	245,807	651,799
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	5.1.7	6,051,295	1,517,030	7,568,325	6,086,566	1,697,815	7,784,381
8.1	Government securities		6,051,295	1,477,295	7,528,590	6,086,566	1,658,021	7,744,587
8.2	Other securities		-	39,735	39,735	-	39,794	39,794
IX.	INVESTMENTS IN ASSOCIATES (Net)	5.1.8	64,013	-	64,013	57,074	-	57,074
9.1	Associates consolidated under equity accounting		47,295	-	47,295	40,342	-	40,342
9.2	Unconsolidated associates		16,718	-	16,718	16,732	-	16,732
9.2.1	Financial investments in associates		14,741	-	14,741	14,755	-	14,755
9.2.2	Non-financial investments in associates		1,977	-	1,977	1,977	-	1,977
X.	INVESTMENTS IN SUBSIDIARIES (Net)	5.1.9	21,296	681	21,977	20,780	674	21,454
10.1	Unconsolidated financial investments in subsidiaries		417	681	1,098	417	674	1,091
10.2	Unconsolidated non-financial investments in subsidiaries		20,879	-	20,879	20,363	-	20,363
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	393,070	1,498,679	1,891,749	450,766	1,653,231	2,103,997
12.1	Financial lease receivables		482,917	1,722,653	2,205,570	560,173	1,869,013	2,429,186
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		89,847	223,974	313,821	109,407	215,782	325,189
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	5.1.12	-	-	-	-	69,161	69,161
13.1	Fair value hedges		-	-	-	-	-	-
13.2	Cash flow hedges		-	-	-	-	69,161	69,161
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	5.1.13	1,119,137	96,234	1,215,371	1,108,806	98,218	1,207,024
XV.	INTANGIBLE ASSETS (Net)	5.1.14	36,097	5,096	41,193	32,456	5,023	37,479
15.1	Goodwill		6,388	-	6,388	6,388	-	6,388
15.2	Other intangibles		29,709	5,096	34,805	26,068	5,023	31,091
XVI.	INVESTMENT PROPERTY (Net)	5.1.15	-	-	-	-	-	-
XVII.	TAX ASSET		64,149	4,349	68,498	34,877	17,777	52,654
17.1	Current tax asset		40,389	4,349	44,738	70	63	133
17.2	Deferred tax asset	5.1.16	23,760	-	23,760	34,807	17,714	52,521
XVIII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.17	88,600	-	88,600	81,346	-	81,346
18.1	Asset held for resale		88,600	-	88,600	81,346	-	81,346
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	5.1.18	1,794,381	216,195	2,010,576	1,823,944	156,052	1,979,996
	TOTAL ASSETS		61,369,548	42,508,672	103,878,220	58,209,462	40,828,951	99,038,413

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Balance Sheet
At 30 June 2009

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2009			PRIOR PERIOD 31 December 2008		
			TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	31,559,409	32,232,370	63,791,779	29,119,139	28,840,818	57,959,957	
1.1 Deposits from bank's risk group	5.7	167,070	449,096	616,166	150,823	350,667	501,490	
1.2 Other		31,392,339	31,783,274	63,175,613	28,968,316	28,490,151	57,458,467	
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	201,105	157,318	358,423	302,141	298,951	601,092	
III. FUNDS BORROWED	5.2.3	3,635,049	11,743,364	15,378,413	2,738,501	10,734,878	13,473,379	
IV. INTERBANK MONEY MARKETS	5.2.4	5,441,696	335,246	5,776,942	10,452,524	700,656	11,153,180	
4.1 Interbank money market takings		-	-	-	-	-	-	
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-	
4.3 Obligations under repurchase agreements		5,441,696	335,246	5,776,942	10,452,524	700,656	11,153,180	
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-	
5.1 Bills		-	-	-	-	-	-	
5.2 Asset backed securities		-	-	-	-	-	-	
5.3 Bonds		-	-	-	-	-	-	
VI. FUNDS		-	-	-	-	-	-	
6.1 Borrower funds		-	-	-	-	-	-	
6.2 Other		-	-	-	-	-	-	
VII. MISCELLANEOUS PAYABLES		3,354,015	105,137	3,459,152	2,795,404	121,233	2,916,637	
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		504,481	273,558	778,039	633,430	231,590	865,020	
IX. FACTORING PAYABLES	5.2.5	-	-	-	-	-	-	
X. LEASE PAYABLES (Net)	5.2.6	-	4,725	4,725	-	4,845	4,845	
10.1 Financial lease payables		-	4,725	4,725	-	4,845	4,845	
10.2 Operational lease payables		-	-	-	-	-	-	
10.3 Others		-	-	-	-	-	-	
10.4 Deferred expenses (-)		-	-	-	-	-	-	
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	-	3,529	3,529	-	4,871	4,871	
11.1 Fair value hedges		-	-	-	-	-	-	
11.2 Cash flow hedges		-	3,529	3,529	-	4,871	4,871	
11.3 Net foreign investment hedges		-	-	-	-	-	-	
XII. PROVISIONS	5.2.8	1,218,424	23,391	1,241,815	944,756	28,510	973,266	
12.1 General provisions		432,567	19,462	452,029	409,543	19,256	428,799	
12.2 Restructuring reserves		-	-	-	-	-	-	
12.3 Reserve for employee benefits		181,386	-	181,386	198,840	-	198,840	
12.4 Insurance technical provisions (Net)		128,938	-	128,938	123,603	-	123,603	
12.5 Other provisions		475,533	3,929	479,462	212,770	9,254	222,024	
XIII. TAX LIABILITY	5.2.9	402,801	3,966	406,767	390,131	6,746	396,877	
13.1 Current tax liability		402,801	149	402,950	387,893	6,746	394,639	
13.2 Deferred tax liability		-	3,817	3,817	2,238	-	2,238	
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	-	1,061,786	1,061,786	-	946,709	946,709	
XVI. SHAREHOLDERS' EQUITY	5.2.12	11,610,072	6,778	11,616,850	9,752,345	(9,765)	9,742,580	
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000	
16.2 Capital reserves		1,991,073	(6,114)	1,984,959	1,576,741	(18,270)	1,558,471	
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		670,402	(3,875)	666,527	257,174	(79,268)	177,906	
16.2.4 Revaluation surplus on tangible assets		598,194	-	598,194	597,090	-	597,090	
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-	
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-	
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		1,509	-	1,509	1,509	-	1,509	
16.2.8 Hedging reserves (effective portion)		(63,466)	(2,239)	(65,705)	(63,466)	60,998	(2,468)	
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		3,931,566	12,892	3,944,458	2,061,101	8,505	2,069,606	
16.3.1 Legal reserves		368,141	4,634	372,775	280,954	4,097	285,051	
16.3.2 Status reserves		-	-	-	-	-	-	
16.3.3 Extraordinary reserves		3,469,119	-	3,469,119	1,681,758	-	1,681,758	
16.3.4 Other profit reserves		94,306	8,258	102,564	98,389	4,408	102,797	
16.4 Profit or loss		1,444,516	-	1,444,516	1,879,378	-	1,879,378	
16.4.1 Prior periods profit/loss		-	-	-	-	-	-	
16.4.2 Current period net profit/loss		1,444,516	-	1,444,516	1,879,378	-	1,879,378	
16.5 Minority interest		42,917	-	42,917	35,125	-	35,125	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		57,927,052	45,951,168	103,878,220	57,128,371	41,910,042	99,038,413	

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 2009

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2009			31 December 2008		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		35,781,809	53,324,289	89,106,068	32,184,579	48,697,088	80,881,667
I. GUARANTEES AND SURETIES	5.3.1	4,540,467	11,020,880	15,561,347	4,228,584	10,338,550	14,567,134
1.1. Letters of guarantee		4,473,392	7,823,271	12,296,663	4,118,306	6,894,220	11,012,526
1.1.1. Guarantees subject to State Tender Law		-	-	-	238,990	541,707	780,697
1.1.2. Guarantees given for foreign trade operations		332,079	539,520	871,599	312,563	422,149	734,712
1.1.3. Other letters of guarantee		4,141,313	7,283,751	11,425,064	3,566,753	5,930,364	9,497,117
1.2. Bank acceptances		127	188,475	188,602	-	123,807	123,807
1.2.1. Import letter of acceptance		127	140,680	140,807	-	108,097	108,097
1.2.2. Other bank acceptances		-	47,795	47,795	-	15,710	15,710
1.3. Letters of credit		109	3,009,134	3,009,243	278	3,320,523	3,320,801
1.3.1. Documentary letters of credit		-	82	82	-	82	82
1.3.2. Other letters of credit		109	3,009,052	3,009,161	278	3,320,441	3,320,715
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		66,839	-	66,839	110,000	-	110,000
1.9. Other surties		-	-	-	-	-	-
II. COMMITMENTS		14,771,159	6,289,950	21,061,109	14,376,973	4,743,412	19,120,385
2.1. Irrevocable commitments		14,771,155	6,289,288	21,060,447	14,376,973	4,742,758	19,119,731
2.1.1. Asset purchase commitments		114,200	2,649,562	2,763,762	153,483	1,418,635	1,572,122
2.1.2. Deposit purchase and sales commitments		250	10,365	10,615	812	-	812
2.1.3. Share capital commitments to associates and subsidiaries		2,918,740	2,156,756	5,075,496	2,787,561	1,853,327	4,640,888
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,521,623	-	1,521,623	1,356,288	-	1,356,288
2.1.8. Tax and fund obligations on export commitments		29,448	-	29,448	25,834	-	25,834
2.1.9. Commitments for credit card limits		8,922,688	43,178	8,965,866	8,788,785	31,274	8,820,055
2.1.10. Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,264,210	1,429,433	2,693,643	1,264,210	1,439,518	2,703,728
2.2. Revocable commitments		-	662	662	-	654	654
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	662	662	-	654	654
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	16,470,183	36,013,429	52,483,612	13,579,022	33,615,122	47,194,148
3.1. Derivative financial instruments held for risk management		-	2,287	2,287	-	110,523	110,523
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	2,287	2,287	-	110,523	110,523
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		16,470,183	36,011,142	52,481,325	13,579,022	33,504,603	47,083,625
3.2.1. Forward foreign currency purchases/sales		1,799,937	2,898,865	4,698,802	1,937,437	2,904,905	4,842,346
3.2.1.1. Forward foreign currency purchases		916,007	1,438,700	2,354,707	934,191	1,490,485	2,424,676
3.2.1.2. Forward foreign currency sales		883,930	1,460,165	2,344,095	1,003,246	1,414,424	2,417,670
3.2.2. Currency and interest rate swaps		9,627,481	19,480,386	29,107,867	9,923,766	20,708,428	30,632,194
3.2.2.1. Currency swaps-purchases		4,289,667	10,239,435	14,529,102	5,472,200	9,895,595	15,367,795
3.2.2.2. Currency swaps-sales		5,337,814	8,753,191	14,091,005	4,451,566	10,772,766	15,224,326
3.2.2.3. Interest rate swaps-purchases		-	246,117	246,117	-	18,612	18,612
3.2.2.4. Interest rate swaps-sales		-	241,643	241,643	-	21,461	21,461
3.2.3. Currency, interest rate and security options		5,022,243	12,468,856	17,491,095	1,683,016	9,017,177	10,700,193
3.2.3.1. Currency call options		2,201,744	4,574,670	6,776,414	658,260	2,816,855	3,475,115
3.2.3.2. Currency put options		2,741,065	4,361,766	7,102,835	990,950	2,696,475	3,687,425
3.2.3.3. Interest rate call options		-	1,817,150	1,817,150	-	1,799,040	1,799,040
3.2.3.4. Interest rate put options		-	1,710,400	1,710,400	-	1,692,640	1,692,640
3.2.3.5. Security call options		54,708	2,435	57,143	33,806	10,642	44,448
3.2.3.6. Security put options		24,722	2,435	27,157	-	1,521	1,521
3.2.4. Currency futures		17,967	37,888	55,855	27,209	33,537	60,746
3.2.4.1. Currency futures-purchases		573	16,527	17,100	24,833	24,967	49,800
3.2.4.2. Currency futures-sales		17,394	21,361	38,755	2,376	8,570	10,946
3.2.5. Interest rate futures		-	9,150	9,150	-	-	-
3.2.5.1. Interest rate futures-purchases		-	9,150	9,150	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		2,555	1,115,993	1,118,548	7,594	840,552	848,146
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		170,613,614	115,804,892	286,418,506	149,828,729	108,801,912	258,630,641
IV. ITEMS HELD IN CUSTODY		47,029,503	15,568,530	62,598,033	38,828,829	15,720,224	54,549,053
4.1. Customers' securities held		24,889,390	3,928,168	28,817,558	18,299,861	3,913,486	22,213,347
4.2. Investment securities held in custody		15,338,802	501,392	15,840,194	13,804,387	932,508	14,736,895
4.3. Checks received for collection		5,059,043	883,956	5,942,999	4,869,700	895,721	5,765,421
4.4. Commercial notes received for collection		1,708,640	1,883,340	3,591,980	1,822,785	1,776,262	3,599,047
4.5. Other assets received for collection		9,951	7,707,756	7,717,707	9,649	7,665,813	7,675,462
4.6. Assets received through public offering		-	35,138	35,138	-	25,454	25,454
4.7. Other items under custody		23,677	628,780	652,457	22,447	510,980	533,427
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		123,584,111	100,236,362	223,820,473	110,999,900	93,081,688	204,081,588
5.1. Securities		538,593	14,001	552,594	77,210	24,354	101,564
5.2. Guarantee notes		18,367,877	7,146,987	25,514,864	16,424,680	6,927,507	23,352,187
5.3. Commodities		-	-	-	-	157	157
5.4. Warranties		-	228,561	228,561	-	335,011	335,011
5.5. Real estates		23,041,018	21,871,912	44,912,930	19,469,018	20,275,144	39,744,162
5.6. Other pledged items		81,636,453	70,974,451	152,610,904	75,028,665	65,519,224	140,547,885
5.7. Pledged items-depository		170	450	620	170	448	618
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		206,395,423	169,129,151	375,524,574	182,013,308	157,499,000	339,512,308

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Income Statement
For the Six-Month Period Ended 30 June 2009

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		1 January 2009- 30 June 2009	1 January 2008- 30 June 2008	1 April 2009- 30 June 2009	1 April 2008- 30 June 2008
I. INTEREST INCOME	5.4.1	5,713,851	4,552,933	2,784,860	2,324,196
1.1 Interest income on loans		3,299,405	2,722,008	1,581,246	1,400,579
1.2 Interest income on reserve deposits		88,720	98,369	39,436	49,670
1.3 Interest income on banks		136,497	205,363	60,136	95,408
1.4 Interest income on money market transactions		2,359	2,090	1,632	1,119
1.5 Interest income on securities portfolio		2,001,728	1,317,668	1,014,108	674,712
1.5.1 Trading financial assets		16,013	19,511	7,291	8,889
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		1,436,880	976,177	736,884	475,695
1.5.4 Investments held-to-maturity		548,835	321,980	269,933	190,128
1.6 Financial lease income		104,528	116,720	49,075	57,394
1.7 Other interest income		80,614	90,715	39,227	45,314
II. INTEREST EXPENSE	5.4.2	3,214,724	2,809,690	1,443,292	1,426,866
2.1 Interest on deposits		2,369,144	1,938,527	1,066,177	996,339
2.2 Interest on funds borrowed		401,346	424,843	194,765	204,152
2.3 Interest on money market transactions		441,747	443,803	181,757	225,424
2.4 Interest on securities issued		940	1,386	313	603
2.5 Other interest expenses		1,547	1,131	280	348
III. NET INTEREST INCOME (I - II)		2,499,127	1,743,243	1,341,568	897,330
IV. NET FEES AND COMMISSIONS INCOME		905,795	796,345	458,736	390,392
4.1 Fees and commissions received		1,133,630	994,713	572,528	500,705
4.1.1 Non-cash loans		91,126	61,651	48,006	33,203
4.1.2 Others		1,042,504	933,062	524,522	467,502
4.2 Fees and commissions paid		227,835	198,368	113,792	110,313
4.2.1 Non-cash loans		396	151	178	98
4.2.2 Others		227,439	198,217	113,614	110,215
V. DIVIDEND INCOME	5.4.3	2,628	2,044	2,573	1,951
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	720,224	115,687	319,732	46,566
6.1 Trading account income/losses (Net)		309,660	44,142	226,359	15,687
6.2 Income/losses from derivative financial instruments (Net)		356,161	(47,875)	(21,187)	(49,387)
6.3 Foreign exchange gains/losses (Net)		54,403	119,420	114,560	80,266
VII. OTHER OPERATING INCOME	5.4.5	159,913	290,231	63,097	92,852
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		4,287,687	2,947,550	2,185,706	1,429,091
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6	1,085,217	264,404	499,144	4,232
X. OTHER OPERATING EXPENSES (-)	5.4.7	1,323,258	1,412,934	713,406	787,338
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1,879,212	1,270,212	973,156	637,521
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		6,231	4,676	1,789	2,614
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	5.4.8	1,885,443	1,274,888	974,945	640,135
XVI. PROVISION FOR TAXES (±)	5.4.9	433,146	245,810	235,086	105,204
16.1 Current tax charge		419,583	255,735	197,335	121,347
16.2 Deferred tax charge/(credit)		13,563	(9,925)	37,751	(16,143)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10	1,452,297	1,029,078	739,859	534,931
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	1,452,297	1,029,078	739,859	534,931
23.1 Equity holders of the bank		1,444,516	1,023,839	735,763	532,420
23.2 Minority interest		7,781	5,239	4,096	2,511
EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)		344	488	175	254

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted under Shareholders' Equity
For the Six-Month Period Ended 30 June 2009

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD	PRIOR PERIOD
	30 June 2009	30 June 2008
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	605,741	(682,045)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(3,422)	41,102
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	(62,985)	(41,298)
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	(28,885)
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	-
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	(117,361)	116,545
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	421,973	(594,581)
XI. CURRENT PERIOD PROFIT/LOSSES	1,452,297	1,029,078
1.1 Net changes in fair value of securities (transferred to income statement)	113,659	4,504
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	1,338,638	1,024,574
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,874,270	434,497

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 Changes in Shareholders' Equity
For the Six-Month Period Ended 30 June 2009

		THOUSANDS OF TURKISH LIRA (TL)																		
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity	
PRIOR PERIOD - 30 June 2009																				
I. Balances at beginning of the period		2,108,000	772,554	-	-	168,367	-	1,388,561	5,935	-	2,413,778	189,537	29,864	1,509	32,238	-	7,102,343	23,334	7,125,677	
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted balances at beginning of the period (I+II)		2,100,000	772,554	-	-	168,367	-	1,388,561	5,935	-	2,413,778	189,537	29,864	1,509	32,238	-	7,102,343	23,334	7,125,677	
Changes during the period																				
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(579,537)	-	-	-	-	(579,537)	-	(579,537)	
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(56,146)	-	(56,146)	-	(56,146)	
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(33,038)	-	(33,038)	-	(33,038)	
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	(23,108)	-	(23,108)	-	(23,108)	
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Transition differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Changes resulted from disposal of assets		-	-	-	-	98	-	-	41,369	-	-	(365)	-	-	-	-	41,362	-	41,362	
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		-	-	-	-	-	-	-	2,111,890	-	-	-	-	-	-	-	2,111,890	-	2,111,890	
14.2. Internal sources		-	-	-	-	-	-	-	2,111,890	-	-	-	-	-	-	-	2,111,890	-	2,111,890	
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIX. Current period net profit/loss		-	-	-	-	-	-	(1,434,233)	-	1,023,839	-	-	-	-	-	-	(1,434,233)	5,239	(1,434,233)	
20.1. Dividends		-	-	-	-	115,781	-	1,727,430	3,341	-	(2,413,778)	-	567,226	-	-	-	-	-	-	
20.2. Transfers to reserves		-	-	-	-	115,781	-	1,727,430	-	-	(1,843,211)	-	-	-	-	-	-	-	-	
20.3. Others		-	-	-	-	-	-	-	-	-	(570,567)	-	-	-	-	-	-	-	-	
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		2,100,000	772,554	-	-	284,246	-	1,601,758	2,162,525	1,023,839	(390,365)	597,090	1,509	(23,596)	-	-	8,289,248	28,573	8,237,821	
CURRENT PERIOD - 30 June 2009																				
I. Balances at beginning of the period		4,208,000	772,554	11,880	-	285,851	-	1,601,758	102,797	-	1,879,378	177,946	597,090	1,509	(2,468)	-	9,787,455	35,125	9,742,580	
Changes during the period																				
II. Mergers	5.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	488,621	-	-	-	-	488,621	11	488,632	
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(63,237)	-	(63,237)	-	(63,237)	
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(63,237)	-	(63,237)	-	(63,237)	
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. Transition differences		-	-	-	-	115	-	-	(3,537)	-	-	-	-	-	-	-	(3,422)	-	(3,422)	
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	1,444,516	-	-	-	-	-	-	1,444,516	7,781	1,452,297	
XVIII. Profit distribution		-	-	-	-	87,609	-	1,787,361	3,384	-	(1,879,378)	-	1,104	-	-	-	-	-	-	
18.1. Dividends		-	-	-	-	87,609	-	1,787,361	-	-	(1,874,970)	-	-	-	-	-	-	-	-	
18.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	(4,408)	-	-	-	-	-	-	-	-	
18.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	372,775	-	3,469,119	102,564	1,444,516	666,517	598,194	1,509	(65,785)	-	-	11,573,933	42,917	11,616,850	

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 Cash Flows
For the Six-Month Period Ended 30 June 2009

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		30 June 2009	30 June 2008
A. CASH FLOWS FROM BANKING OPERATIONS			
I.1 Operating profit before changes in operating assets and liabilities	5.6	2,458,678	1,504,142
1.1.1 Interests received		5,916,396	4,445,954
1.1.2 Interests paid		(3,388,870)	(2,724,247)
1.1.3 Dividend received		2,628	2,044
1.1.4 Fees and commissions received		905,795	796,345
1.1.5 Other income		393,414	132,206
1.1.6 Collections from previously written-off loans and other receivables		18,630	11,712
1.1.7 Payments to personnel and service suppliers		(1,065,936)	(1,117,344)
1.1.8 Taxes paid		(323,379)	(42,528)
1.1.9 Others		-	-
I.2 Changes in operating assets and liabilities	5.6	(684,047)	(586,186)
1.2.1 Net (increase) decrease in financial assets held for trading		159,690	108,869
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(2,851,745)	2,072,279
1.2.4 Net (increase) decrease in loans		(143,649)	(7,955,927)
1.2.5 Net (increase) decrease in other assets		(873,683)	(901,052)
1.2.6 Net increase (decrease) in bank deposits		76,021	(10,566)
1.2.7 Net increase (decrease) in other deposits		5,790,643	4,739,163
1.2.8 Net increase (decrease) in funds borrowed		(3,209,546)	1,008,906
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		368,222	352,142
I. Net cash flow from banking operations	5.6	1,774,631	917,956
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(2,283,971)	(1,826,727)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(562)	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(145,024)	(147,968)
2.4 Sales of tangible assets		30,806	124,219
2.5 Cash paid for purchase of financial assets available-for-sale, net		(8,273,003)	(5,548,776)
2.6 Cash obtained from sale of financial assets available-for-sale, net		5,891,798	3,225,902
2.7 Cash paid for purchase of investments held-to-maturity		-	-
2.8 Cash obtained from sale of investments held-to-maturity (redemption)		212,014	519,896
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		(56)	677,614
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	2,111,880
3.4 Dividends paid		-	-
3.5 Payments for financial leases		(56)	(33)
3.6 Others		-	(1,434,233)
IV. Effect of change in foreign exchange rate on cash and cash equivalents		54,403	119,420
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	(454,993)	(111,737)
VI. Cash and cash equivalents at beginning of period	5.6	7,145,989	4,293,819
VII. Cash and cash equivalents at end of period (V+VI)	5.6	6,690,996	4,182,082

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

3 Accounting Policies

3.1 Basis of presentation

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

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

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

3.1.1 Additional paragraph for convenience translation to English

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

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

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 2009, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring), Garanti Fund Management Co Ltd (GFM) ve Garanti Financial Services Plc (GFS).

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

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

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

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

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

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

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

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. The Bank or any of its affiliates does not have any shareholding interests in these companies.

Liquidation of the associates and subsidiaries:

The liquidation processes of GFM ve GFS continue.

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" or "derivative financial liabilities", respectively. Subsequent fair value changes for trading derivatives are recorded under income statement. Whereas, the effective portions of hedging derivatives are recorded under shareholders' equity while their ineffective portions are posted through income statement.

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

3.5 Interest income and expenses

General

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

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

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

Financial lease operations

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

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

3.8 Impairment of financial assets

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

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

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

3.9 Netting of financial instruments

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations and related borrowings

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

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

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

3.13 Tangible assets

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

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

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

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

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

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

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

Depreciation rates and estimated useful lives are:

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

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

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

3.16 Contingent assets

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

3.17 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 2009	31 December 2008
Discount rate	6.26%	6.26%
Interest rate	12.00%	12.00%
Expected rate of salary/limit increase	5.40%	5.40%
Estimated employee turnover rate	6.55%	6.55%

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

Retirement Benefit Obligations

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

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

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

	30 June 2009	
	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 at 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 at 17 April 2008, and enacted at 8 May 2008 after being published in the Official Gazette no.26870.

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

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

b) Other benefits not transferable to SSF

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

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

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

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. 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 12 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 subjected 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 in 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 subjected to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 4% of the calculated corporate tax is paid as a contribution for unemployment insurance fund. The municipality commerce tax, which is set as 3% of the taxable income, can be increased up to 225% by the authorization of the municipalities. This rate is 6.75% in the municipality where the Bank's Luxembourg branch operates. The tax returns are examined by the authorized bodies and in case of detected mistakes, the amount of the taxes to be paid, is revised. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

Tax applications for foreign financial affiliates

HOLLAND

In Holland, corporate income tax is levied at the rate of 25.5% on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. There is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year.

Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax has been calculated using the nominal tax rate of 25.5% over the Dutch taxable income, 30% over the local taxable income of Germany branch and 16% over the local taxable income of Romania branches.

RUSSIA

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

3.18.2 Deferred taxes

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

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

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

3.19 Funds borrowed

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

There are no convertible bonds or any other securities issued.

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 30 June 2009, the Bank or its financial affiliates do not have any government incentives or aids.

3.23 Segment reporting

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

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

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

Additionally, the Bank provides "small business" banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, 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 as of 30 June 2009:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	1,276,189	1,276,065	1,327,466	405,339	4,285,059
Other	-	-	-	-	-
Total Operating Profit	1,276,189	1,276,065	1,327,466	405,339	4,285,059
Net Operating Profit	641,863	891,653	1,258,968	(909,669)	1,882,815
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	2,628	2,628
Net Operating Profit	641,863	891,653	1,258,968	(907,041)	1,885,443
Provision for Taxes	-	-	-	433,146	433,146
Net Profit	641,863	891,653	1,258,968	(1,340,187)	1,452,297
Segment Assets	16,649,565	35,124,305	41,016,979	11,001,381	103,792,230
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	85,990	85,990
Undistributed Items	-	-	-	-	-
Total Assets	16,649,565	35,124,305	41,016,979	11,087,371	103,878,220
Segment Liabilities	34,688,596	23,852,455	21,826,999	11,893,320	92,261,370
Shareholders' Equity	-	-	-	11,616,850	11,616,850
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	34,688,596	23,852,455	21,826,999	23,510,170	103,878,220
Other Segment Items					
Capital Expenditure	-	-	-	143,564	143,564
Depreciation Expenses	-	-	-	91,552	91,552
Impairment Losses	-	-	252	1,084,965	1,085,217
Other Non-Cash Income/Expenses	26,741	(86,228)	618,736	181,313	740,562
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

None.

4 Consolidated Financial Position and Results of Operations

4.1 Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 16.16% (unconsolidated capital adequacy ratio: 17.70%) as of 30 June 2009.

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

Value at Credit Risk	Risk Weightings						
	Parent Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Balance Sheet Items (Net)	17,648,152	-	3,226,644	12,367,101	38,641,009	480,918	6,478
Cash on Hand	544,586	-	1,912	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	2,416,155	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	1,963,710	-	2,794,340	-	3,744,025	-	-
Interbank Money Market Placements	15,000	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	1,909,302	-	-	-	-	-	-
Loans	3,197,448	-	231,443	12,103,205	31,811,718	480,918	6,478
Loans under Follow-Up (Net)	-	-	-	-	323,053	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	7,148,425	-	-	-	-	-	-
Receivables from Term Sale of Assets	-	-	-	-	27,468	-	-
Miscellaneous Receivables	81,275	-	-	-	87,822	-	-
Accrued Interest and Income	355,039	-	6,913	263,896	743,685	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	856,249	-	-
Tangible Assets (Net)	-	-	-	-	999,364	-	-
Other Assets	17,212	-	192,036	-	47,625	-	-
Off-Balance Sheet Items	1,767,220	-	1,175,260	762,113	9,658,115	-	-
Non-Cash Loans and Commitments	1,767,220	-	840,101	762,113	9,572,523	-	-
Derivative Financial Instruments	-	-	335,159	-	85,592	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	19,415,372	-	4,401,904	13,129,214	48,299,124	480,918	6,478

	Risk Weightings						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	18,169,387	-	5,721,185	12,812,282	43,301,169	480,918	6,478
Cash on Hand	564,522	-	1,912	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	2,416,155	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	2,113,436	-	4,069,505	-	3,785,138	-	-
Interbank Money Market Placements	15,000	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	1,909,302	-	-	-	-	-	-
Loans	3,382,199	-	1,391,952	12,265,830	34,286,753	480,918	6,478
Loans under Follow-Up (Net)	-	-	-	-	324,453	-	-
Lease Receivables	19,284	-	38,667	279,334	1,535,730	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	7,245,055	-	-	-	39,644	-	-
Receivables from Term Sale of Assets	-	-	-	-	27,468	-	-
Miscellaneous Receivables	81,275	-	-	-	1,237,421	-	-
Accrued Interest and Income	352,180	-	27,113	267,118	762,446	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	36,217	-	-
Tangible Assets (Net)	-	-	-	-	1,102,783	-	-
Other Assets	70,979	-	192,036	-	163,116	-	-
Off-Balance Sheet Items	1,813,533	-	1,651,033	764,861	10,008,777	-	-
Non-Cash Loans and Commitments	1,813,533	-	1,206,920	764,861	9,925,761	-	-
Derivative Financial Instruments	-	-	444,113	-	83,016	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	19,982,920	-	7,372,218	13,577,143	53,309,946	480,918	6,478

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	56,478,445	53,973,934
Value at Market Risk (VaMR)	3,711,663	2,523,750
Value at Operational Risk (VaOR)	7,212,178	5,766,996
Shareholders' Equity	11,932,574	10,047,717
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	17.70%	16.14%

	Consolidated	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	62,307,295	59,687,917
Value at Market Risk (VaMR)	5,797,875	4,120,450
Value at Operational Risk (VaOR)	8,212,044	6,621,287
Shareholders' Equity	12,334,774	10,460,637
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	16.16%	14.85%

4.1.4 Components of consolidated shareholders' equity

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	4,200,000	4,200,000
Nominal Capital	4,200,000	4,200,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Legal Reserves	372,775	285,051
I. Legal Reserve (Turkish Commercial Code 466/1)	349,148	261,424
II. Legal Reserve (Turkish Commercial Code 466/2)	23,627	23,627
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	3,469,119	1,681,758
Reserve Allocated as per the Decision held by the General Assembly	3,469,119	1,681,758
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Other Capital Reserves and Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	1,444,516	1,879,378
Current Period Profit	1,444,516	1,879,378
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	280,000	52,000
Income on Sale of Investments in Associates, Subsidiaries and Real Estate	596,047	594,943
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Minority Interest	42,898	35,117
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-) ^(*)	138,486	-
Prepaid Expenses (-) ^(*)	291,792	318,026
Intangible Assets (-) ^(*)	41,193	37,479
Deferred Tax Asset excess of 10% of Core Capital (-) ^(*)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Goodwill (Net) (-)	6,388	6,388
Total Core Capital	10,711,930	9,506,293
SUPPLEMENTARY CAPITAL		
General Provisions	452,029	428,799
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	966	966
Bonus Shares of Associates, Subsidiaries and Joint-Ventures (Business Partnership)	1,509	1,509
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	950,323	847,545
45% of Securities Value Increase Fund (**)	293,614	36,431
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	293,614	36,431
Minority Interest	19	8
Other Reserves	36,859	100,329
Total Supplementary Capital	1,735,319	1,415,587
TIER III CAPITAL	-	-
CAPITAL	12,447,249	10,921,880

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

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

DEDUCTIONS FROM CAPITAL	112,475	461,243
Unconsolidated Investments in Banks and Financial Institutions	2,478	2,471
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	47,295	40,342
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	62,702	62,925
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	12,334,774	10,460,637

4.2 Consolidated credit risk

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

4.3 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 the highest authority responsible of healthy performance of internal systems.

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. In the VaR calculations, trading and available-for-sale portfolios are taken into account. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. The Bank takes the 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.

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

The capital requirement for general market risk and specific risks is calculated using the standard method defined by the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and reported monthly.

4.3.1 Value at market risk on a consolidated basis

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	261,973
(II) Capital Obligation against Specific Risks - Standard Method	126,608
(III) Capital Obligation against Currency Risk - Standard Method	17,268
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	57,981
(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)	463,830
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	5,797,875

4.3.2 Average values at market risk

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

4.4 Consolidated operational risk

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

4.5 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 2009, the Bank and its financial affiliates' net 'on balance sheet' foreign currency short position amounts to TL 1,249,265 thousands (31 December 2008: a long position of TL 1,477,585 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 2,015,958 thousands (31 December 2008: a short position of TL 1,692,413 thousands), while net foreign currency long position amounts to TL 766,693 thousands (31 December 2008: a short position of TL 214,828 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	Yen (100)	GBP
The Bank's foreign currency purchase rate at balance sheet date	1.5250	2.1380	1.5808	2.5078
<u>Foreign currency rates for the days before balance sheet date:</u>				
Day 1	1.5150	2.1299	1.5854	2.5070
Day 2	1.5200	2.1387	1.5935	2.5102
Day 3	1.5200	2.1377	1.5940	2.5070
Day 4	1.5300	2.1262	1.5891	2.4921
Day 5	1.5300	2.1479	1.6048	2.5279
Last 30-days arithmetical average rate	1.5222	2.1322	1.5733	2.4909

The Bank's consolidated currency risk:

	Euro	USD	Yen	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,103,295	2,054,746	260	102,413	3,260,714
Banks	3,201,993	4,021,044	5,916	167,574	7,396,527
Financial Assets at Fair Value through Profit/Loss	93,123	190,118	1,125	8,626	292,992
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	740,407	3,039,763	-	142,176	3,922,346
Loans (*)	8,775,740	16,624,790	64,917	741,413	26,206,860
Investments in Associates, Subsidiaries and Joint-Ventures	681	-	-	-	681
Investments Held-to-Maturity	42,202	1,474,827	-	1	1,517,030
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	79,925	324	-	15,985	96,234
Intangible Assets	4,112	-	-	984	5,096
Other Assets	1,100,345	798,357	6,004	1,876	1,906,582
Total Assets	15,141,823	28,203,969	78,222	1,181,048	44,605,062
Liabilities					
Bank Deposits	226,267	973,270	14,996	284,257	1,498,790
Foreign Currency Deposits	12,380,524	17,670,376	44,738	419,853	30,515,491
Interbank Money Market Takings	87,175	171,436	-	76,635	335,246
Other Fundings	4,787,945	8,005,072	8,581	3,552	12,805,150
Securities Issued	-	-	-	-	-
Miscellaneous Payables	48,176	51,020	3,810	2,131	105,137
Derivative Financial Liabilities Held for Risk Management	-	3,529	-	-	3,529
Other Liabilities (**)	176,204	172,883	3,077	238,820	590,984
Total Liabilities	17,706,291	27,047,586	75,202	1,025,248	45,854,327
Net 'On Balance Sheet' Position	(2,564,468)	1,156,383	3,020	155,800	(1,249,265)
Net 'Off-Balance Sheet' Position	2,449,123	(422,754)	8,033	(18,444)	2,015,958
Derivative Assets	5,887,910	11,102,069	214,756	975,590	18,180,325
Derivative Liabilities	(3,438,787)	(11,524,823)	(206,723)	(994,034)	(16,164,367)
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	13,266,009	28,835,289	80,073	952,604	43,133,975
Total Liabilities	17,372,469	23,295,370	62,438	926,113	41,656,390
Net 'On Balance Sheet' Position	(4,106,460)	5,539,919	17,635	26,491	1,477,585
Net 'Off-Balance Sheet' Position	4,080,591	(5,762,984)	(18,450)	8,430	(1,692,413)
Derivative Assets	6,394,180	7,466,360	10,038	629,825	14,500,403
Derivative Liabilities	(2,313,589)	(13,229,344)	(28,488)	(621,395)	(16,192,816)
Non-Cash Loans	-	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,254,235 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency code.

(**) Other liabilities also include gold deposits of TL 218,089 thousands.

4.6 Consolidated interest rate risk

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

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

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

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

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	2,081,138	-	-	-	-	2,848,270	4,929,408
Banks	4,962,398	1,369,214	2,730,047	2,255	-	936,884	10,000,798
Financial Assets at Fair Value through Profit/Loss	5,497	20,771	169,101	157,210	5,022	818,206	1,175,807
Interbank Money Market Placements	15,160	-	-	-	-	-	15,160
Financial Assets Available-for-Sale	2,600,799	5,871,391	4,371,522	6,186,317	592,427	2,004,597	21,627,053
Loans	16,233,520	10,868,509	11,869,646	9,142,252	2,973,731	1,348,588	52,436,246
Investments Held-to-Maturity	483,311	2,218,436	131,358	3,123,298	1,328,296	283,626	7,568,325
Other Assets	209,688	451,521	827,329	898,376	73,302	3,665,207	6,125,423
Total Assets	26,591,511	20,799,842	20,099,003	19,509,708	4,972,778	11,905,378	103,878,220
Liabilities							
Bank Deposits	878,019	153,418	130,625	22,341	1	992,480	2,176,884
Other Deposits	42,866,854	4,746,133	3,260,407	427,402	539	10,313,560	61,614,895
Interbank Money Market Takings	3,569,095	1,441,564	154,931	549,999	-	61,353	5,776,942
Miscellaneous Payables	-	-	-	-	-	3,459,152	3,459,152
Securities Issued	-	-	-	-	-	-	-
Other Fundings	7,489,025	4,041,837	4,092,609	603,685	16,596	196,447	16,440,199
Other Liabilities	-	-	-	-	-	14,410,148	14,410,148
Total Liabilities	54,802,993	10,382,952	7,638,572	1,603,427	17,136	29,433,140	103,878,220
On Balance Sheet Long Position	-	10,416,890	12,460,431	17,906,281	4,955,642	-	45,739,244
On Balance Sheet Short Position	(28,211,482)	-	-	-	-	(17,527,762)	(45,739,244)
Off-Balance Sheet Long Position	3,853	1,255	10,678	-	-	-	15,786
Off-Balance Sheet Short Position	(3,407)	(1,266)	(12,496)	-	-	-	(17,169)
Total Position	(28,211,036)	10,416,879	12,458,613	17,906,281	4,955,642	(17,527,762)	(1,383)

Average interest rates on monetary financial instruments (%):

Current Period	Euro	USD	Yen	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	7.00
Banks (*)	0.15-6.89	0.02-7.25	-	11.33-17.65
Financial Assets at Fair Value through Profit/Loss	2.14-4.35	0.66-5.39	-	9.22-19.76
Interbank Money Market Placements	-	-	-	10.52
Financial Assets Available-for-Sale	1.62-9.50	1.57-11.88	-	6.93-17.58
Loans	5.50-15.00	5.00-29.30	5.89	9.40-32.00
Investments Held-to-Maturity	9.25-9.50	6.13-11.88	-	16.52-16.82
Liabilities				
Bank Deposits	0.03-7.50	0.15-6.30	-	9.00-20.00
Other Deposits	2.00-10.75	2.00-11.70	0.30	10.51
Interbank Money Market Takings	5.89-5.90	3.93-4.84	-	9.48
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	1.00-5.75	2.89-7.12	3.71	9.98-13.36

(*) The interest rates for USD and TL placements at banks are 1.01% and 9.68%, respectively, when the placements with range accrual agreements are excluded.

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,788,512	-	-	-	-	3,761,518	5,550,030
Banks	3,863,217	829,511	1,279,190	17,137	-	1,061,167	7,050,222
Financial Assets at Fair Value through Profit/Loss	57,281	8,626	164,468	267,560	9,169	766,819	1,273,923
Interbank Money Market Placements	40,552	-	-	-	-	-	40,552
Financial Assets Available-for-Sale	978,092	5,575,301	5,219,482	4,649,683	414,690	1,490,373	18,327,621
Loans	15,763,183	9,263,744	13,670,626	9,161,077	3,303,206	1,587,864	52,749,700
Investments Held-to-Maturity	483,310	2,218,437	191,121	3,254,554	1,336,345	300,614	7,784,381
Other Assets	192,315	466,035	889,850	1,057,657	75,856	3,580,271	6,261,984
Total Assets	23,166,462	18,361,654	21,414,737	18,407,668	5,139,266	12,548,626	99,038,413
Liabilities							
Bank Deposits	1,043,341	37,982	53,825	226,536	-	757,592	2,119,276
Other Deposits	39,614,404	4,366,690	2,833,958	785,966	2,560	8,237,103	55,840,681
Interbank Money Market Takings	10,135,486	189,213	217,010	549,999	-	61,472	11,153,180
Miscellaneous Payables	-	-	-	-	-	2,916,637	2,916,637
Securities Issued	-	-	-	-	-	-	-
Other Fundings	7,608,866	3,248,241	1,938,078	528,977	785,562	310,364	14,420,088
Other Liabilities	-	-	-	-	-	12,588,551	12,588,551
Total Liabilities	58,402,097	7,842,126	5,042,871	2,091,478	788,122	24,871,719	99,038,413
On Balance Sheet Long Position	-	10,519,528	16,371,866	16,316,190	4,351,144	-	47,558,728
On Balance Sheet Short Position	(35,235,635)	-	-	-	-	(12,323,093)	(47,558,728)
Off-Balance Sheet Long Position	3,116	2,155	6,644	-	-	-	11,915
Off-Balance Sheet Short Position	(50)	(16,701)	(44,773)	-	-	-	(61,524)
Total Position	(35,232,569)	10,504,982	16,333,737	16,316,190	4,351,144	(12,323,093)	(49,609)

Average interest rates on monetary financial instruments (%):

Prior Period	Euro	USD	Yen	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	12.00
Banks (*)	1.00-7.60	0.03-6.70	-	2.07-22.85
Financial Assets at Fair Value through Profit/Loss	4.43-6.98	1.78-6.76	-	11.58-20.13
Interbank Money Market Placements	-	-	-	18.88
Financial Assets Available-for-Sale	3.53-9.50	3.03-12.38	-	14.00-21.16
Loans	4.73-17.50	6.83-18.00	5.51	22.58-24.53
Investments Held-to-Maturity	9.25-9.50	6.13-12.38	-	18.48-21.16
Liabilities				
Bank Deposits	1.95-6.94	1.50-6.85	-	15.00-18.11
Other Deposits	2.00-7.50	1.00-6.50	0.35	17.55
Interbank Money Market Takings	3.70-6.75	3.03-4.90	-	15.26
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	5.05-6.85	4.85-7.97	2.33	14.50-21.42

(*) The interest rates for USD and TL placements at banks are 2.01% and 19.17%, respectively, when the placements with range accrual agreements are excluded.

4.7 Consolidated liquidity risk

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

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

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Bank's liquidity ratios for the first six-months of 2009 and the year of 2008 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	156.80	164.66	102.81	113.92
Maximum (%)	184.75	188.31	112.01	123.03
Minimum (%)	126.72	145.34	89.43	107.40

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	168.14	149.56	110.42	108.99
Maximum (%)	215.04	179.94	126.94	119.49
Minimum (%)	137.44	126.82	95.14	100.70

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	2,848,270	2,081,138	-	-	-	-	-	4,929,408
Banks	918,055	3,494,936	137,810	306,317	2,380,235	2,481,710	281,735	10,000,798
Financial Assets at Fair Value through Profit/Loss	3,769	49,545	65,159	749,937	302,361	5,036	-	1,175,807
Interbank Money Market Placements	-	15,160	-	-	-	-	-	15,160
Financial Assets Available-for-Sale	72,576	9,179	786,133	4,166,089	15,138,593	1,454,483	-	21,627,053
Loans	128,178	11,314,590	6,450,647	7,409,606	15,467,492	11,341,280	324,453	52,436,246
Investments Held-to-Maturity	-	1	-	1,629,634	4,582,888	1,355,802	-	7,568,325
Other Assets	183,099	437,684	1,607,574	727,907	1,003,731	73,722	2,091,706	6,125,423
Total Assets	4,153,947	17,402,233	9,047,323	14,989,490	38,875,300	16,712,033	2,697,894	103,878,220
Liabilities								
Bank Deposits	1,044,718	810,187	154,494	141,206	23,177	3,102	-	2,176,884
Other Deposits	11,170,923	42,575,780	4,740,929	2,482,488	533,161	111,614	-	61,614,895
Other Fundings	-	1,448,121	418,988	4,198,624	5,832,679	4,541,787	-	16,440,199
Interbank Money Market Takings	-	3,581,439	1,443,679	157,813	594,011	-	-	5,776,942
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	100,710	2,232,941	-	1,125,501	-	-	-	3,459,152
Other Liabilities (**)	414,141	260,137	147,372	110,069	46,096	33,631	13,398,702	14,410,148
Total Liabilities	12,730,492	50,908,605	6,905,462	8,215,701	7,029,124	4,690,134	13,398,702	103,878,220
Liquidity Gap	(8,576,545)	(33,506,372)	2,141,861	6,773,789	31,846,176	12,021,899	(10,700,808)	-
Prior Period								
Total Assets	5,563,100	16,056,020	8,729,566	13,328,381	36,944,311	15,947,545	2,469,490	99,038,413
Total Liabilities	11,249,485	52,649,997	6,098,654	8,906,724	6,666,873	2,327,610	11,139,070	99,038,413
Liquidity Gap	(5,686,385)	(36,593,977)	2,630,912	4,421,657	30,277,438	13,619,935	(8,669,580)	-

(*) 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	298,388	196,351	312,476	359,882
Central Bank of Turkey	1,367,109	2,995,865	2,258,831	2,589,911
Others	3,197	68,498	3,753	25,177
Total	1,668,694	3,260,714	2,575,060	2,974,970

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,367,109	952,185	2,258,831	853,027
Unrestricted Time Deposits	-	134,378	-	15,200
Restricted Time Deposits	-	1,909,302	-	1,721,684
Total	1,367,109	2,995,865	2,258,831	2,589,911

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency liabilities in TL and USD or EUR at the rates of 6% and 9%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. The interest rate applied by the Central Bank of Turkey for TL reserves is 7%. The FC reserves do not earn any interests.

5.1.2 Financial assets at fair value through profit/loss

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

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

5.1.2.2 Positive differences on trading derivative instruments

Trading Derivatives	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	30,749	8,722	59,507	5,604
Swap Transactions	482,344	179,005	441,829	178,418
Futures	-	30	-	14
Options	56,304	48,328	11,231	46,447
Others	-	2,237	-	185
Total	569,397	238,322	512,567	230,668

5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	282,410	1,173,827	371,140	1,206,441
Foreign banks	2,321,861	6,222,700	1,342,728	4,129,913
Foreign headoffices and branches	-	-	-	-
Total	2,604,271	7,396,527	1,713,868	5,336,354

The placements at foreign banks include blocked accounts amounting TL 4,638,941 thousands of which TL 223,996 thousands, TL 182,350 thousands and TL 14,316 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits and TL 4,179,520 thousands as collateral against funds borrowed at various banks. Furthermore, there are restricted deposits at various domestic banks amounting TL 38,759 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. Carrying values of such securities with total face value of TL 2,397,745 thousands (31 December 2008: TL 2,421,747 thousands) is TL 2,289,582 thousands (31 December 2008: TL 2,364,979 thousands). The related accrued interests amount to TL 284,861 thousands (31 December 2008: TL 125,357 thousands). Collateralized financial assets available-for-sale in foreign currencies consist of eurobonds and other foreign currency government securities. Carrying values of such securities with total face value of USD 200,375,000 and EUR 3,884,000 (31 December 2008: USD 272,345,000 and EUR 3,884,000), are USD 200,806,827 and EUR 4,070,650 (31 December 2008: USD 273,641,122 and EUR 4,070,650). The related accrued interest income amount to USD 4,097,764 and EUR 86,579 respectively (31 December 2008: USD 9,915,654 and EUR 30,507), and the impairment losses to USD 654,179 and EUR 135,137 respectively (31 December 2008: USD 1,375,890 and EUR 242,566).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	2,574,443	320,227	2,488,593	437,003
Assets subject to Repurchase Agreements	2,343,453	292,870	6,491,961	540,370
Total	4,917,896	613,097	8,980,554	977,373

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	19,641,354	16,881,667
Quoted at Stock Exchange	17,945,088	15,062,032
Unquoted at Stock Exchange	1,696,266	1,819,635
Common Shares	26,033	25,682
Quoted at Stock Exchange	13,239	13,213
Unquoted at Stock Exchange	12,794	12,469
Value Increase/Impairment Losses (-)	1,959,666	1,420,272
Total	21,627,053	18,327,621

As of 30 June 2009, 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 890,888,889 and EUR 783,333 (31 December 2008: USD 895,500,000 and EUR 1,175,000) and a total carrying value of TL 1,379,703 thousands (31 December 2008: TL 1,389,392 thousands).

In 2008, a consolidated financial affiliate of the Bank, reclassified certain security investments, previously classified in its financial assets held for trading amounting EUR 65,782,732 with a total face value of USD 93,155,000 to its financial assets available-for-sale as per the legislation of the Turkish Accounting Standards Board published on the Official Gazette no.27040 dated 31 October 2008 for "the Amendments to the Legislation for the Turkish Accounting Standard 39 (TAS 39), Financial Instruments: Recognition and Measurement".

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	17	1,766	25	1,661
Corporates	17	1,766	25	1,661
Individuals	-	-	-	-
Indirect Lendings to Shareholders	231,763	369,469	243,152	184,251
Loans to Employees	64,770	-	48,381	-
Total	296,550	371,235	291,558	185,912

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	50,999,329	41,555	899,129	171,780
Discounted Bills	121,186	-	164	-
Export Loans	3,679,886	-	11,549	42,757
Import Loans	40	-	-	-
Loans to Financial Sector	1,972,078	-	1,111	-
Foreign Loans	1,756,214	-	6,398	-
Consumer Loans	9,625,972	20,915	268,690	12,188
Credit Cards	6,938,583	15,844	245,445	-
Precious Metal Loans	257,779	-	597	-
Others	26,647,591	4,796	365,175	116,835
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	50,999,329	41,555	899,129	171,780

Collaterals received for loans under follow-up

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	19,640	1,351	-	20,991
Loans Collateralized by Mortgages	292,999	125,074	-	418,073
Loans Collateralized by Pledged Assets	82,662	41,695	-	124,357
Loans Collateralized by Cheques and Notes	43,801	59,355	-	103,156
Loans Collateralized by Other Collaterals	80,944	11,269	-	92,213
Unsecured Loans	24,540	42,134	245,445	312,119
Total	544,586	280,878	245,445	1,070,909

Delinquency periods of loans under follow-up

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
30-60 days	52,033	177,990	168,902	398,925
60-90 days	43,782	102,888	76,543	223,213
Other	448,771	-	-	448,771
Total	544,586	280,878	245,445	1,070,909

5.1.5.3 *Maturity analysis of cash loans*

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	359,691	7,748,326	8,108,017
Housing Loans	43,639	4,722,516	4,766,155
Automobile Loans	16,718	650,687	667,405
General Purpose Loans	299,334	2,375,123	2,674,457
Others	-	-	-
Consumer Loans – FC-indexed	15,644	935,931	951,575
Housing Loans	3,325	824,070	827,395
Automobile Loans	1,316	37,878	39,194
General Purpose Loans	11,003	73,983	84,986
Others	-	-	-
Consumer Loans – FC	23,159	324,703	347,862
Housing Loans	2,089	15,166	17,255
Automobile Loans	33	15,842	15,875
General Purpose Loans	3,408	1,761	5,169
Others	17,629	291,934	309,563
Retail Credit Cards – TL	6,892,156	40,178	6,932,334
With Installment	2,543,044	40,178	2,583,222
Without Installment	4,349,112	-	4,349,112
Retail Credit Cards – FC	11,883	40,737	52,620
With Installment	553	-	553
Without Installment	11,330	40,737	52,067
Personnel Loans – TL	20,967	12,037	33,004
Housing Loan	-	1,675	1,675
Automobile Loans	12	276	288
General Purpose Loans	20,955	10,086	31,041
Others	-	-	-
Personnel Loans - FC-indexed	-	403	403
Housing Loans	-	245	245
Automobile Loans	-	158	158
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	1,270	18	1,288
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	9	18	27
Others	1,261	-	1,261
Personnel Credit Cards – TL	23,585	163	23,748
With Installment	17,010	163	17,173
Without Installment	6,575	-	6,575
Personnel Credit Cards – FC	180	-	180
With Installment	5	-	5
Without Installment	175	-	175
Deposit Accounts– TL (real persons)	485,616	-	485,616
Deposit Accounts– FC (real persons)	-	-	-
Total	7,834,151	9,102,496	16,936,647

5.1.5.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	608,269	2,719,801	3,328,070
Real Estate Loans	2,432	357,972	360,404
Automobile Loans	55,891	850,515	906,406
General Purpose Loans	549,946	1,511,314	2,061,260
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	87,300	507,659	594,959
Real Estate Loans	158	59,262	59,420
Automobile Loans	5,460	187,526	192,986
General Purpose Loans	81,682	260,871	342,553
Others	-	-	-
Installment-based Commercial Loans – FC	17	12,660	12,677
Real Estate Loans	-	441	441
Automobile Loans	-	4,319	4,319
General Purpose Loans	17	7,900	7,917
Others	-	-	-
Corporate Credit Cards – TL	187,853	434	188,287
With Installment	62,358	434	62,792
Without Installment	125,495	-	125,495
Corporate Credit Cards – FC	2,703	-	2,703
With Installment	3	-	3
Without Installment	2,700	-	2,700
Deposit Accounts– TL (corporate)	510,370	-	510,370
Deposit Accounts– FC (corporate)	-	-	-
Total	1,396,512	3,240,554	4,637,066

5.1.5.6 Allocation of loans by customers

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

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	50,348,992	50,134,508
Foreign Loans	1,762,801	2,165,046
Total	52,111,793	52,299,554

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	4,872	6,954
Indirect Lending	-	-
Total	4,872	6,954

5.1.5.9 *Specific provisions for loans*

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	207,368	62,160
Doubtful Loans and Receivables	489,176	179,505
Uncollectible Loans and Receivables	771,934	573,013
Total	1,468,478	814,678

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	106,672	116,580	37,989
Rescheduled Loans and Receivables	-	-	-
Total	106,672	116,580	37,989
Prior Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	-	-	54,285
Rescheduled Loans and Receivables	-	-	-
Total	-	-	54,285

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	238,188	294,614	732,022
Additions (+)	865,740	26,911	29,559
Transfer from Other NPL Categories (+)	-	603,277	251,886
Transfer to Other NPL Categories (-)	603,277	251,886	-
Collections during the Period (-)	125,073	93,993	92,646
Write-offs (-)	-	11	82,380
Corporate and Commercial Loans	-	11	14,240
Retail Loans	-	-	795
Credit Cards	-	-	67,281
Other	-	-	64
Balances at End of Period	375,578	578,912	838,441
Specific Provisions (-)	(207,368)	(489,176)	(771,934)
Net Balance on Balance Sheet	168,210	89,736	66,507

Movements in specific loan provisions

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	257,567	166,194	390,917	814,678
Additions during the Period (+)	216,482	293,976	464,010	974,468
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	38,799	50,018	149,460	238,277
Write-Offs (-)	14,310	795	67,286	82,391
Balances at End of Period	420,940	409,357	638,181	1,468,478

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	8,894	27,439	160,658
Specific Provisions (-)	1,615	15,070	157,983
Net Balance at Balance Sheet	7,279	12,369	2,675
Prior Period			
Balance at End of Period	7,071	3,594	151,143
Specific Provisions (-)	467	526	120,486
Net Balance at Balance Sheet	6,604	3,068	30,657

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)	168,210	89,736	66,507
Loans to Individuals and Corporates (Gross)	375,578	578,912	830,440
Specific Provision (-)	207,368	489,176	763,933
Loans to Individuals and Corporates (Net)	168,210	89,736	66,507
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,690
Specific Provision (-)	-	-	7,690
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	176,028	115,109	159,009
Loans to Individuals and Corporates (Gross)	238,188	294,614	724,039
Specific Provision (-)	62,160	179,505	565,030
Loans to Individuals and Corporates (Net)	176,028	115,109	159,009
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,672
Specific Provision (-)	-	-	7,672
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

	Corporate/Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	1,654	346	-	2,000
Loans Collateralized by Mortgages	295,997	110,572	-	406,569
Loans Collateralized by Pledged Assets	110,253	98,987	-	209,240
Loans Collateralized by Cheques and Notes	104,661	181,847	-	286,508
Loans Collateralized by Other Collaterals	38,435	16,309	-	54,744
Unsecured Loans	42,183	86,850	704,837	833,870
Total	593,183	494,911	704,837	1,792,931

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 Write-off policy

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

5.1.6 Factoring receivables

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

5.1.7 Investments held-to-maturity

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	1,507,683	3,797	1,508,226	65,263
Investments subject to Repurchase Agreements	3,226,941	119,457	4,354,254	254,746
Total	4,734,624	123,254	5,862,480	320,009

5.1.7.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	6,019,533	6,086,566
Treasury Bills	-	-
Other Government Securities	1,509,057	1,658,021
Total	7,528,590	7,744,587

5.1.7.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	7,287,732	7,516,860
Quoted at Stock Exchange	7,247,817	7,476,079
Unquoted at Stock Exchange	39,915	40,781
Impairment Losses (-)	280,593	267,521
Total	7,568,325	7,784,381

5.1.7.4 *Movement of investments held-to-maturity*

	Current Period	Prior Period
Balances at Beginning of Period	7,784,381	4,300,360
Foreign Currency Differences on Monetary Assets	5,549	90,970
Purchases during the Period	-	3,974,502
Disposals through Sales/Redemptions	(212,014)	(729,947)
Value Increase/Impairment Losses (-)	25,966	11,068
Change in Redeemed Costs	(35,557)	137,428
Balances at End of Period	7,568,325	7,784,381

In 2008 the Bank reclassified certain security investments, previously classified in its securities available-for-sale portfolio in its financial statements, with total face values of TL 2,831,667 thousands and USD 843,847,999 to its securities held-to-maturity portfolio as a result of change in its intention to hold such securities in compliance with the TAS. Such securities are included in the securities held-to-maturity portfolio at their fair values of TL 2,685,106 thousands and USD 852,772,307 as of their reclassification date and presented in the above movement table of investments held-to-maturity under the "purchases during the period" line. The negative valuation differences amounting TL 99,085 thousands and USD 6,729,440 of these securities, are recorded under the shareholders' equity and amortized through the income statement throughout their maturities. As of the balance sheet date, the negative valuation differences under the shareholders' equity are TL 82,408 thousands and USD 6,787,618.

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 ⁽¹⁾	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 İşletmeler Piyasaları AŞ ⁽¹⁾	Istanbul/Turkey	5.00	5.00

	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	5,480	4,763	411	307	27	921	722	-
2	14,077	12,455	5,104	299	-	(833)	4,421	-
3	111,904	54,200	1,350	2,094	581	944	4,119	-
4	1,390,958	253,946	11,284	11,198	3,862	12,166	64,644	-
5	34,753	32,320	2,299	1,045	1	2,504	18,842	-
6	24,079	18,140	1,981	1,400	9	4,571	-	-
7	7,599	7,543	2	285	-	217	1,030	-

⁽¹⁾ Financial information is as of 31 March 2009.

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

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.8.2 Consolidated investments in associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	545,594	236,474	11,917	8,742	12,407	31,169	97,668	-

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

5.1.8.3 Movement of consolidated investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	40,342	28,997
Movements during the Period	6,953	11,345
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	6,953	11,345
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	47,295	40,342
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Valuation methods of consolidated investments in associates

Associates	Current Period	Prior Period
Valued at Cost	-	-
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	47,295	40,342

Sectoral distribution of consolidated investments and associates

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	47,295	40,342
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	-	-

Quoted consolidated investments in associates

None.

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

5.1.9 Investments in subsidiaries

5.1.9.1 Unconsolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share - If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ ⁽¹⁾	Istanbul/Turkey	100.00	100.00
6	Trifoy Real Estate Company	Bucharest/Romani	-	100.00
7	Participation GBI Custody	Amsterdam/Holland	-	100.00
8	Participation United Custodian	Amsterdam/Holland	-	100.00
9	Trifoy Investments	Amsterdam/Holland	-	100.00
10	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	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	16,029	9,851	691	-	788	(34)	(97,416)	-
2	21,141	9,274	907	-	921	895	7,801	-
3	830	740	8	-	36	278	96	-
4	390	207	42	-	2	(12)	(126)	-
5	596	480	-	-	8	(330)	59	-
6	110	82	125	-	-	-	(37)	-
7	271	267	-	-	-	-	-	-
8	267	267	-	-	-	-	-	-
9	2	2	-	-	-	-	-	-
10	116,663	5,360	92,957	-	-	186	(4,826)	-

⁽¹⁾ The capital commitment amounting TL 562 thousands to Garanti Konut Finansmanı Danışmanlık Hizmetleri AŞ with a foundation capital of TL 750 thousands where the Bank has an ownership share of 99.9995%, has been paid.

^(*) 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 2009, the investments in Trifoy Real Estate Company, Participation GBI Custody, Participation United Custodian and Trifoy Investments classified as financial subsidiaries are not consolidated as their total assets are less than 1% of the Bank's total assets, instead they are valued at cost.

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

5.1.9.2 Movement of consolidated investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	810,562	577,928
Movements during the Period	29,009	232,634
Acquisitions and Capital Increases	-	-
Bonus Shares Received ^(*)	75,104	71,668
Dividends from Current Year Profit	-	910
Sales/Liquidations	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	(50,181)	(23,275)
Currency Differences on Foreign Subsidiaries	4,086	86,926
Impairment Losses (-)	-	96,405
Balance at End of Period	839,571	810,562
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) As per the decision made at the general assembly meeting of Garanti Bank International NV held at 15 April 2009, the bank's share capital has been increased from EUR 196,567,000 to EUR 231,499,000. The appropriation of capital increase is from the retained earnings amounting EUR 34,932,000.

Valuation methods of consolidated investments in subsidiaries

	Current Period	Prior Period
Valued at Cost	210,587	210,587
Valued at Fair Value	628,984	599,975
Valued by Equity Method of Accounting	-	-

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	Prior Period
Banks	560,776	555,439
Insurance Companies	56,545	56,545
Factoring Companies	40,797	17,215
Leasing Companies	85,381	85,381
Finance Companies	96,072	95,982
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	40,797	17,215
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	75.02	24.86	Full Consolidation
8	Garanti Financial Services Plc	Dublin/Ireland	99.99	-	Full Consolidation
9	Garanti Fund Management Co Ltd	Valetta/Malta	99.99	-	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	1,991,122	315,315	17,964	106,060	-	29,675	202,392	-
2	719,002	43,914	2,427	27,590	257	2,486	20,723	73,636
3	27,600	24,369	3,302	425	612	(571)	10,250	-
4	17,507	15,060	1,081	886	9	866	1,355	-
5	1,484,859	200,235	12,586	12,220	4,623	43,298	89,643	-
6	7,798,329	556,891	98,845	152,438	51,870	23,534	4,875	492,386
7	433,280	94,534	1,483	14,417	4,205	8,096	43,056	91,163
8	10,005	8,982	-	-	-	(633)	5,463	27,414
9	93	-	-	-	-	-	(267)	-

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

⁽¹⁾ Financial information is as of 31 March 2009, but fair value information is as of 30 June 2009.

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	945,567	786,428	1,098,119	927,694
Between 1-5 Years	1,194,998	1,046,089	1,270,738	1,121,576
Longer than 5 Years	65,005	59,232	60,329	54,727
Total	2,205,570	1,891,749	2,429,186	2,103,997

5.1.11.2 Net financial lease receivables

	Current Period	Prior Period
Gross Financial Lease Receivables	2,205,570	2,429,186
Unearned Income on Financial Lease Receivables (-)	(313,821)	(325,189)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	1,891,749	2,103,997

5.1.11.3 Financial lease agreements

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

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

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

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

The followings are monitored for the financial lease agreements signed:

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

The reports prepared by the credit monitoring unit for the performing companies and the assessments made by the administration follow-up and the legal units for the problematic companies, are presented to the top management following the 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	-	-	-	-
Cash Flow Hedges	-	-	-	69,161
Net Foreign Investment Hedges	-	-	-	-
Total	-	-	-	69,161

The eleven interest rate swap transactions classified under derivative financial assets held for cash flow risk management in the financial statements of the prior period are exercised in January 2009 before their due dates. The Bank recognized EUR 36,321,000 and USD 16,000,000 (total equivalent of TL 100,808 thousands) collected on the same transaction dates as per the related agreements, under "Income/losses from derivative financial instruments".

5.1.13 Tangible assets

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

5.1.14 Intangible assets

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

5.1.15 Investment property

None.

5.1.16 Deferred tax asset

As of 30 June 2009, on a consolidated basis the Bank has a deferred tax asset of TL 23,760 thousands (31 December 2008: TL 52,521 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 2009. However, there is a deferred tax asset of TL 109,119 thousands (31 December 2008: TL 133,715 thousands) and deferred tax liability of TL 85,359 thousands (31 December 2008: TL 81,194 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

5.1.17 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	83,178	115,635
Accumulated Depreciation (-)	(1,832)	(2,749)
Net Book Value	81,346	112,886
End of Current Period	-	
Additions	13,940	6,923
Disposals (Cost)	(6,266)	(39,867)
Disposals (Accumulated Depreciation)	20	1,780
Reversal of Impairment / Impairment Losses (-)	-	487
Depreciation Expense for Current Period (-)	(440)	(863)
Currency Translation Differences on Foreign	-	-
Cost	90,852	83,178
Accumulated Depreciation (-)	(2,252)	(1,832)
Net Book Value	88,600	81,346

As of balance sheet date, the rights of repurchase on various assets held for sale amount to TL 14,072 thousands (31 December 2008: TL 13,714 thousands).

5.1.18 Other Assets

5.1.18.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	24,595	29,530
Sale of Real Estates	10	455
Sale of Other Assets	2,863	2,863
Total	27,468	32,848

5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	291,792	318,026

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	1,573,454	-	6,208,059	11,443,679	141,136	146,873	163,704	-	19,676,905
Foreign Currency Deposits	6,920,805	-	10,230,852	8,901,811	1,185,815	1,754,409	1,429,897	91,902	30,515,491
Residents in Turkey	4,581,529	-	9,347,336	8,323,322	666,656	548,514	581,501	90,523	24,139,381
Residents in Abroad	2,339,276	-	883,516	578,489	519,159	1,205,895	848,396	1,379	6,376,110
Public Sector Deposits	537,006	-	3,810	96,924	20	291	67	-	638,118
Commercial Deposits	1,819,380	-	3,710,891	4,149,201	250,863	36,931	126,943	-	10,094,209
Others	114,713	-	33,082	323,151	638	260	239	-	472,083
Precious Metal Deposits	205,565	-	1	2,205	-	8,021	2,297	-	218,089
Bank Deposits	1,044,718	-	682,081	196,976	71,008	95,368	86,733	-	2,176,884
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	83,561	-	210,213	25,356	1,009	10,303	595	-	331,037
Foreign Banks	748,692	-	471,868	171,620	69,999	85,065	86,138	-	1,633,382
Special Purpose Financial Institutions	212,465	-	-	-	-	-	-	-	212,465
Others	-	-	-	-	-	-	-	-	-
Total	12,215,641	-	20,868,776	25,113,947	1,649,480	2,042,153	1,809,880	91,902	63,791,779

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	1,288,447	-	6,734,053	10,090,399	115,387	87,261	77,063	-	18,392,610
Foreign Currency Deposits	5,956,954	-	9,665,986	7,104,105	519,367	2,000,870	1,812,773	90,877	27,150,932
Residents in Turkey	3,957,213	-	9,039,186	6,699,350	407,667	530,296	569,274	89,588	21,292,574
Residents in Abroad	1,999,741	-	626,800	404,755	111,700	1,470,574	1,243,499	1,289	5,858,358
Public Sector Deposits	426,693	-	283,600	516,009	25	272	63	-	1,226,662
Commercial Deposits	1,718,894	-	3,085,788	3,647,112	74,494	31,679	97,490	-	8,655,457
Others	159,815	-	54,414	77,756	705	569	207	-	293,466
Precious Metal Deposits	93,443	-	1	2,002	-	24,020	2,088	-	121,554
Bank Deposits	942,592	-	359,785	232,964	170,693	212,939	200,303	-	2,119,276
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	115,582	-	54,077	29,344	77,386	117,008	79,385	-	472,782
Foreign Banks	381,703	-	305,708	203,620	93,307	95,931	120,918	-	1,201,187
Special Purpose Financial Institutions	445,307	-	-	-	-	-	-	-	445,307
Others	-	-	-	-	-	-	-	-	-
Total	10,586,838	-	20,183,627	21,670,347	880,671	2,357,610	2,189,987	90,877	57,959,957

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	8,798,161	8,456,294	10,532,030	9,677,592
Foreign Currency Saving Deposits	7,174,687	6,040,437	9,634,332	8,138,054
Other Saving Deposits	72,076	20,544	116,684	83,909
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	467,693	543,248
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	304,070	244,985
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 Deals	41,948	8,384	57,798	14,580
Swaps	121,881	94,371	181,869	237,941
Futures	-	448	-	996
Options	37,276	53,133	62,474	45,208
Others	-	982	-	226
Total	201,105	157,318	302,141	298,951

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	833,059	770,608	870,554	793,014
Foreign Banks, Institutions and Funds	2,801,990	10,972,756	1,867,947	9,941,864
Total	3,635,049	11,743,364	2,738,501	10,734,878

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,092,759	4,010,062	1,221,919	4,352,644
Medium and Long-Term	2,542,290	7,733,302	1,516,582	6,382,234
Total	3,635,049	11,743,364	2,738,501	10,734,878

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Interbank money markets

Funds obtained through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	4,847,441	-	9,878,528	-
Financial Institutions and Organizations	4,809,129	-	9,810,615	-
Other Institutions and Organizations	11,313	-	19,774	-
Individuals	26,999	-	48,139	-
Foreign Transactions	594,255	335,246	573,996	700,656
Financial Institutions and Organizations	594,011	335,246	571,711	700,656
Other Institutions and Organizations	-	-	1,749	-
Individuals	244	-	536	-
Total	5,441,696	335,246	10,452,524	700,656

5.2.5 Factoring payables

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

5.2.6 Lease payables

5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	4,725	4,725	4,845	4,845
Between 1-5 Years	-	-	-	-
Longer than 5 Years	-	-	-	-
Total	4,725	4,725	4,845	4,845

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	3,529	-	4,871
Net Foreign Investment Hedges	-	-	-	-
Total	-	3,529	-	4,871

5.2.8 Provisions

5.2.8.1 General provisions

	Current Period	Prior Period
General Provision for	452,029	428,799
Loans and Receivables in Group I	392,087	378,581
Loans and Receivables in Group II	19,340	12,934
Non-Cash Loans	40,602	37,284
Others	-	-

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

	Current Period	Prior Period
Short-Term Loans	21,123	9,441
Medium and Long Term Loans	7,044	1,855
Total	28,167	11,296

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	280,000	52,000

5.2.8.4.2 *Other provisions for possible losses*

	Current Period	Prior Period
Reserve for Employee Benefits	181,386	198,840
Recognized Liability for Defined Benefit Obligations	102,601	102,601
Insurance Technical Provisions, Net	128,938	123,603
Provision for Promotion Expenses of Credit Cards (*)	28,915	36,206
Other Provisions	25,304	28,758
Total	467,144	490,008

(*) 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 5 February 2009 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are sufficient to meet the amount that will be required to be paid to transfer the obligation at 31 December 2008.

The asset surplus of the Fund after deducting the net present value of the transferable liabilities as of 31 December 2008 is as follows:

	31 December 2008
Net present value of pension benefits transferable to SSF	(296,328)
Net present value of medical benefits and health premiums transferable to SSF	135,400
General administrative expenses	(15,488)
Present value of pension and medical benefits transferable to SSF	(176,416)
Fair value of plan assets	621,594
Asset surplus	445,178

Furthermore, an actuarial report was prepared as of 31 December 2008 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 5 February 2009 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 32,799 thousands remains.

	31 December 2008
Pension benefits	(162,356)
Medical benefits	(250,023)
	(412,379)
Fair value of plan assets after deducting transferable benefits	445,178
Asset surplus over present value of defined benefit obligation	32,799

As of 31 December 2008, the Bank's management, acting prudently, did not consider the health premium surplus amounting TL 135,400 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF and accordingly, recognized a provision amounting TL 102,601 thousands for its liability and charged fully as expense. This pension liability calculated as of 31 December 2008 is preserved in the accompanying interim financial statements.

	Current Period
Asset surplus over present value of defined benefit obligation	32,799
Net present value of medical benefits and health premiums transferable to SSF	(135,400)
Present value of defined benefit obligation	(102,601)

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

	31 December 2008
	%
Discount Rate	17.41-10.51
Inflation Rate	9.50-5.73
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	17.80-11.77
Future Pension Increase Rates	9.50-5.73

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 2009, the tax liability amounts to TL 268,040 thousands (31 December 2008: TL 126,911 thousands). In cases where the differences between the carrying amounts and the taxable amounts of assets subject to tax, are related with certain items in the equity accounts, the current tax assets/liabilities are charged or credited directly to these accounts.

5.2.9.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	268,040	126,911
Taxation on Securities Income	83,961	191,148
Taxation on Real Estates Income	1,351	1,137
Banking Insurance Transaction Tax	32,362	37,291
Foreign Exchange Transaction Tax	16	12
Value Added Tax Payable	742	2,485
Others	14,617	33,892
Total	401,089	392,876

5.2.9.1.3 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	303	273
Social Security Premiums-Employer	228	211
Bank Pension Fund Premium-Employees	6	5
Bank Pension Fund Premium-Employer	31	27
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	456	441
Unemployment Insurance-Employer	837	806
Others	-	-
Total	1,861	1,763

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 3,817 thousands as of 30 June 2009 (31 December 2008: TL 2,238 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
Preference Shares	-	-

5.2.12.2 Registered share capital system

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

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	670,402	(3,875)	257,174	(79,268)
Valuation Difference	670,402	(3,875)	257,174	(79,268)
Exchange Rate Difference	-	-	-	-
Total	670,402	(3,875)	257,174	(79,268)

5.2.12.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,147	-	2,147	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	596,047	-	594,943	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	598,194	-	597,090	-

5.2.12.10 Bonus shares of associates, subsidiaries and joint-ventures

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

5.2.12.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	349,148	261,424
II. Legal Reserve	23,627	23,627
Special Reserves	-	-
Total	372,775	285,051

As per the decisions made at the annual general assemblies of the Bank and its consolidated financial affiliates, 5% of prior periods' profits are allocated to legal reserves.

5.2.12.12 Extraordinary reserves

	Current Period	Prior Period
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	3,469,119	1,681,758
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	3,469,119	1,681,758

As per the decisions made at the annual general assemblies of the Bank and its consolidated financial affiliates, the remaining prior periods' profits after the appropriation to legal reserves and undistributable funds, are allocated to extraordinary reserves.

5.2.12.13 Minority interest

	Current Period	Prior Period
Balance at Beginning of Period	35,125	23,334
Profit Share of Subsidiaries Net Profits	7,781	11,800
Prior Period Dividend	-	-
Increase / (Decrease) in Minority Interest due to Sales	-	-
Others	11	(9)
Balance at End of Period	42,917	35,125

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	7,823,271	6,894,220
Letters of Guarantee in TL	4,473,392	4,118,306
Letters of Credit	2,440,201	2,511,344
Bills of Exchange and Acceptances	188,602	123,807
Prefinancings	-	-
Total	14,925,466	13,647,677

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

A specific provision of TL 42,642 thousands (31 December 2008: TL 2,459 thousands) is made for unliquidated non-cash loans of TL 84,836 thousands (31 December 2008: TL 15,901 thousands) recorded under the off-balance sheet items as of 30 June 2009.

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

As of 30 June 2009, 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 945,888,889 and EUR 1,000,000 (31 December 2008: USD 945,500,000 and EUR 1,175,000).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	748,997	225,228
<i>With Original Maturity of 1 Year or Less</i>	24,374	15,067
<i>With Original Maturity of More Than 1 Year</i>	724,623	210,161
Other Non-Cash Loans	14,812,350	14,341,906
Total	15,561,347	14,567,134

5.3.1.4 Other information on non-cash loans

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

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

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

5.3.2 Financial derivative instruments

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

5.3.3 Contingent liabilities and assets

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

5.3.4 Services rendered on behalf of third parties

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

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income (*) from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	1,424,772	202,470	1,115,933	149,631
Medium and long-term loans	1,000,417	653,116	933,506	511,224
Loans under follow-up	18,630	-	11,714	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,443,819	855,586	2,061,153	660,855

(*) 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	4,226	394	8,295	126
Domestic Banks	1,918	10,743	5,396	20,620
Foreign Banks	68,241	50,975	85,497	85,429
Foreign Head Offices and Branches	-	-	-	-
Total	74,385	62,112	99,188	106,175

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Financial Assets	14,492	1,521	9,937	9,574
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	1,319,210	117,670	844,771	131,406
Investments Held-to-Maturity	481,819	67,016	310,670	11,310
Total	1,815,521	186,207	1,165,378	152,290

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	715	1,201

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	50,489	4,914	33,006	29,832
Foreign Banks	148,290	168,079	126,300	214,854
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	29,574	-	20,851
Total	198,779	202,567	159,306	265,537

(*) 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	1	1

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	1,584	29,189	165	258	208	163	-	31,567
Saving Deposits	656	400,564	723,544	9,901	9,491	8,052	-	1,152,208
Public Sector Deposits	1	15,156	19,165	2	22	5	-	34,351
Commercial Deposits	3,874	272,138	327,394	4,683	2,509	11,689	-	622,287
Others	4,088	10,388	25,615	45	37	15	-	40,188
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	10,203	727,435	1,095,883	14,889	12,267	19,924	-	1,880,601
Foreign Currency								
Foreign Currency Deposits	5,626	169,261	188,220	30,862	34,700	25,485	1,217	455,371
Bank Deposits	1,085	17,040	2,392	4,212	3,420	4,700	-	32,849
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	323	-	-	323
Total FC	6,711	186,301	190,612	35,074	38,443	30,185	1,217	488,543
Grand Total	16,914	913,736	1,286,495	49,963	50,710	50,109	1,217	2,369,144

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (net)

	Current Period	Prior Period
Income	38,676,783	6,301,406
Trading Account Income	531,730	115,128
Derivative Financial Instruments	1,837,752	883,340
Foreign Exchange Gain	36,307,301	5,302,938
Losses (-)	37,956,559	6,185,719
Trading Account Losses	222,070	70,986
Derivative Financial Instruments	1,481,591	931,215
Foreign Exchange Losses	36,252,898	5,183,518
Total	720,224	115,687

TL 82,622 thousands (30 June 2008: TL 167,784 thousands) of foreign exchange gains and TL 403,699 thousands (30 June 2008: TL 70,328 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

5.4.5 Other operating income

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

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	760,280	132,725
<i>Loans and receivables in Group III</i>	383,403	65,079
<i>Loans and receivables in Group IV</i>	210,392	26,292
<i>Loans and receivables in Group V</i>	166,485	41,354
General Provisions	23,140	94,466
Provision for Possible Losses	250,000	30,000
Impairment Losses on Securities	206	964
<i>Financial assets at fair value through profit or loss</i>	206	964
<i>Financial assets available-for-sale</i>	-	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	46	3,330
<i>Associates</i>	-	-
<i>Subsidiaries</i>	46	5
<i>Joint Ventures (Business Partnership)</i>	-	-
<i>Investments held-to-maturity</i>	-	3,325
Others	51,545	2,919
Total	1,085,217	264,404

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	488,857	478,350
Reserve for Employee Termination Benefits	20	204
Defined Benefit Obligation	-	164,598
Impairment Losses on Tangible Assets	-	1
Depreciation Expenses of Tangible Assets	85,966	80,145
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	5,146	4,763
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	440	494
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	489,456	452,952
Operational lease related expenses	64,602	51,063
Repair and maintenance expenses	13,179	11,103
Advertisement expenses	39,879	47,975
Other expenses	371,796	342,811
Loss on Sale of Assets	834	7,878
Others (*)	252,539	223,549
Total	1,323,258	1,412,934

(*) In the current period, this item includes a provision amounting TL 79,950 thousands (30 June 2008: TL 85,730 thousands) for short-term employee benefits.

5.4.8 Profit/loss before taxes including profit/loss from discontinued operations

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

5.4.9 Provision for taxes including taxes for discontinued operations

As of 30 June 2009, on a consolidated basis, the Bank recorded a current tax expense of TL 419,583 thousands (30 June 2008: TL 255,735 thousands) and a deferred tax expense of TL 13,563 thousands (30 June 2008: a deferred tax income of TL 9,925 thousands).

Deferred tax income/expense on timing differences :

Deferred tax income/(expense) on timing differences	Current Period
Increase in Tax Deductable Timing Differences (+)	56,144
Decrease in Tax Deductable Timing Differences (-)	6,381
Increase in Taxable Timing Differences (-)	75,274
Decrease in Taxable Timing Differences (+)	11,948
Total	(13,563)

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

Deferred tax income/(expense) arising on timing differences, tax losses and tax deductions and exemptions	Current Period
Increase/(Decrease) in Tax Deductible Timing Differences (net)	49,763
(Increase)/Decrease in Taxable Timing Differences (net)	(63,326)
Increase/(Decrease) in Tax Losses (net)	-
Increase/(Decrease) in Tax Deductions and Exemptions (net)	-
Total	(13,563)

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	7,781	5,239

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

5.6 Consolidated statement of cash flows

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

5.7 Related Party Risks

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

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	23,597	3,157	25	1,661	274,415	184,251
Balance at end of period	23,465	3,190	17	1,766	256,222	369,469
Interest and Commission Income	814	1	452	1	13,814	935

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	9,033	244	1	1,090	158,515	168,482
Balance at end of period	23,597	3,157	25	1,661	274,415	184,251
Interest and Commission Income	1,201	1	390	3	3,723	499

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	1,752	8,448	313,475	91,590	186,263	240,401
Balance at end of period	1,548	1,752	357,966	313,475	256,652	186,263
Interest Expenses	1	1	7,437	7,967	6,769	10,001

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss:						
Beginning of Period	13,500	-	-	-	-	-
End of Period	52,333	13,500	-	-	-	-
Total Profit/(Loss)	21,081	-	-	-	-	-
Transactions for Hedging:						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 236,652 thousands (31 December 2008 TL 250,131 thousands) compose 0.45% (31 December 2008: 0.48%) of the Bank's total cash loans and 0.23% (31 December 2008: 0.25%) of the Bank's total assets. The total loans and similar receivables amounting TL 279,704 thousands (31 December 2008: TL 298,037 thousands) compose 0.27% (31 December 2008: 0.30%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 374,425 thousands (31 December 2008: TL 189,069 thousands) compose 2.41% (31 December 2008: 1.30%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 616,166 thousands (31 December 2008: TL 501,490 thousands) compose 0.97% (31 December 2008: 0.87%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set on an arms-length basis.

There is a credit card (POS) payable amounting TL 8,547 thousands (31 December 2008: TL 5,223 thousands) to related parties.

Operating expenses of TL 5,329 thousands (30 June 2008: TL 9,431 thousands) for IT services rendered by related parties and rent income of TL 354 thousands (30 June 2008: TL 160 thousands) for the real estates rented to related parties, are recorded.

The Bank and its consolidated financial affiliates made a total payment of TL 53,608 thousands as of 30 June 2009 (30 June 2008: TL 52,725 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 under equity method

Please refer to Notes 5.1.8 and 5.1.9.

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

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

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

At 11 March 2008, a real estate with a net book value of TL 40,581 thousands was sold to Doğu Holding AŞ at a sale price of USD 35,000,000 (equivalent of TL 42,693 thousands). The sale price, of which USD 15 millions was collected immediately at the date of sale, was fully collected. A gain of TL 2,112 thousands was recognized as income on this transaction in prior period.

At 6 March 2009, a real estate was purchased from Eureka Sigorta AŞ at a price of TL 12,434 thousands and fully paid.

The Bank purchased a real estate at a total price of USD 11,000,000 plus VAT (equivalent of TL 18,121 thousands) at 3 June 2009 through payments of USD 6,000,000 at 6 April 2009 and USD 5,880,000 at 3 June 2009 as per the trading commitment agreement with Doğuş-Ge Gayrimenkul Yatırım Ortaklığı AŞ.

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

Garanti Faktoring Hizmetleri AŞ has increased its share capital from TL 17,960 thousands to TL 19,280 thousands through appropriation from its retained earnings on 15 July 2009.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Parent bank's latest international risk ratings

MOODY'S (January 2009)*

Long Term FC Deposit	B1
Long Term TL Deposit	A3
Short Term TL Deposit	Prime-2
Short Term FC Deposit	NP
Long Term FC Deposit Outlook	Stable
Financial Strength Rate (FSR)	C-
FSR Outlook	Stable
Long Term National	Aaa.tr
Short Term National	TR-1

STANDARD AND POORS (January 2009)*

Long Term FC Obligations	BB-
Long Term TL Deposit	BB-
Outlook	Negative

FITCH RATINGS (April 2009)*

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

CAPITAL INTELLIGENCE (December 2008)*

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

JCR EURASIA RATINGS (May 2009)*

Long Term International FC	BB+ (Stable)
Long Term International TL	BBB (Stable)
Long Term International	AAA (Trk) (Stable)
Short Term International FC	B (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 (March 2009)*

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

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (April 2009)*

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

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (April 2009)*

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

STANDARD AND POORS (August 2008)*

FC Obligations	BB-
TL Obligations	BB-
Outlook	Negative

(*) Latest dates in risk ratings or outlooks.

5.10.5 Dividends

At the annual general assembly of the Bank dated 2 April 2009, it was decided to distribute the profit of 2008 as follows:

2008 PROFIT DISTRIBUTION TABLE	
2008 Net Profit	1,750,488
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(87,524)
Undistributable funds	(4,408)
B – The first dividend at 5% of the paid capital	-
C – Extraordinary reserves at 5% after above deductions	-
D – Founder shares	-
E – Extraordinary reserves	(1,658,556)
F – II. Legal reserve (Turkish Commercial Code 466/2)	-

5.10.6 Other disclosures

On 23 February 2009, the Bank obtained a subordinated debt of EUR 50 millions from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA), a company of the French Development Agency Group with an interest of Euribor+3.5% and maturity of 12 years with a repayment option at the end of the seventh year to finance the clean energy projects. This debt is qualified as the secondary subordinated debt to be included in the supplementary capital by the BRSA in the calculation of the Bank's capital adequacy ratio in compliance with the conditions set in the "Regulation on Equities of Banks" issued by the BRSA and published in the Official Gazette no.26333 dated 1 November 2006.

With the agreement signed on 12 May 2009, the Bank has renewed the syndication loan facility amounting EUR 600 millions, which was obtained on 8 May 2008. The syndication loan facility, which consists of two tranches amounting USD 109,974,375 and EUR 517,312,500, equivalent of EUR 600 millions in total, has been completed with the participation of 31 banks from 15 different countries for a one-year maturity. The total costs of this loan facility with two tranches that will be used for financing of export contracts, are Libor+2.5% and Euribor+2.5%, respectively.

The Bank has signed a framework agreement on 25 June 2009 with China Eximbank for USD 100 millions to support the foreign trade finance between two countries.

6 Independent Auditors' Review Report

6.1 Disclosure on independent auditors' review report

The consolidated financial statements of the Bank and its financial affiliates as of 30 June 2009, are reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International). It was noted in their review report dated 5 August 2009 that except for the effect of the matter described in the third paragraph on the financial statements, nothing material has come to their attention that caused them to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the financial position and results of operations of the Bank and its financial affiliates as of 30 June 2009.

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**Türkiye Garanti Bankası Anonim Şirketi
And Its Affiliates**

Consolidated Financial Statements

30 June 2009

With Report on Review of Interim
Financial Information Thereon

5 August 2009

This report contains the "Report on Review of Interim Financial Information" comprising 1 page and; the "Consolidated financial statements and their explanatory notes" comprising 72 pages.

Türkiye Garanti Bankası Anonim Şirketi
And Its Affiliates

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Report on Review of Interim Financial Information
Consolidated Statement of Financial Position
Consolidated Statement of Comprehensive Income
Consolidated Statement of Changes in Shareholders' Equity
Consolidated Statement of Cash Flows
Notes to Consolidated Financial Statements



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**
Yapı Kredi Plaza C Blok Kat 17
Büyükdere Caddesi
Levent 34330 İstanbul

Telephone +90 (212) 317 74 00
Fax +90 (212) 317 73 00
Internet www.kpmg.com.tr

Report on Review of Interim Financial Information

To the Board of Directors of
Türkiye Garanti Bankası Anonim Şirketi,

Report on the consolidated financial statements

We have reviewed the accompanying consolidated statement of financial position of Türkiye Garanti Bankası Anonim Şirketi (the Bank) and its affiliates as at 30 June 2009 and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of qualification

As of balance sheet date, the accompanying consolidated statement of financial position includes a general provision amounting to TL 280,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions, and TL 250,000 thousands of such provision has been recognized as expense in the current period.

Conclusion

Based on our review, except for the effect on the consolidated statement of financial positions of the matter described in the Basis of qualification paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not give a true and fair view of the financial position of the Bank and its affiliates as at 30 June 2009, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34.

KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

İstanbul,
5 August 2009

Türkiye Garanti Bankası AŞ And Its Affiliates
Consolidated Statement of Financial Position
As at 30 June 2009

(Currency: Thousands of Turkish Lira (TL))

	<u>Notes</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Assets			
Cash and balances with central banks	4	2,919,272	3,972,533
Financial assets at fair value through profit or loss	5	444,346	564,137
Loans and advances to banks	6	10,837,838	8,004,241
Loans and advances to customers	7	53,448,298	53,870,069
Other assets	9	5,006,843	4,203,250
Investment securities	10,21	29,195,505	26,112,129
Investments in equity participations	11	68,072	70,437
Tangible assets, net	12	1,343,338	1,238,627
Goodwill, net	13	33,170	33,170
Deferred tax asset	19	96,803	119,745
Total assets		<u>103,393,485</u>	<u>98,188,338</u>
Liabilities			
Deposits from banks	14	2,176,885	2,119,279
Deposits from customers	15	61,614,689	55,837,808
Obligations under repurchase agreements	16	5,776,942	11,153,180
Loans and advances from banks	17	15,459,398	13,443,583
Subordinated liabilities	18	1,060,531	947,530
Current tax liability	19	268,131	127,684
Deferred tax liability	19	3,817	-
Other liabilities and accrued expenses	20	5,256,673	4,655,769
Total liabilities		<u>91,617,066</u>	<u>88,284,833</u>
Shareholders' equity and minority interest			
Share capital	21	5,146,371	5,146,371
Share premium	21	11,880	11,880
Minority interest	21	42,939	35,201
Unrealised gains on available-for-sale assets	10,21	666,372	177,751
Hedging reserve	21	(2,239)	60,998
Translation reserve	21	32,454	35,987
Legal reserves	21	377,138	289,414
Retained earnings	21	5,501,504	4,145,903
Total shareholders' equity and minority interest		<u>11,776,419</u>	<u>9,903,505</u>
Total liabilities, shareholders' equity and minority interest		<u>103,393,485</u>	<u>98,188,338</u>
Commitments and contingencies	23		

The notes on pages 5 to 72 are an integral part of these consolidated financial statements.

Türkiye Garanti Bankası AŞ And Its Affiliates
Consolidated Statement of Comprehensive Income
For The Six-Month Period Ended 30 June 2009

(Currency: Thousands of Turkish Lira (TL))

	Notes	Six-month period ended 30 June 2009	Three-month period ended 30 June 2009	Six-month period ended 30 June 2008	Three-month period ended 30 June 2008
Interest income:-					
<i>Interest on loans</i>		3,310,034	1,587,865	2,752,896	1,418,257
<i>Interest on securities</i>		2,002,516	1,014,452	1,318,070	674,943
<i>Interest on deposits at banks</i>		252,601	115,395	314,938	149,061
<i>Interest on lease business</i>		123,993	59,152	116,720	57,394
<i>Others</i>		44,282	21,347	50,712	24,772
		<u>5,733,426</u>	<u>2,798,211</u>	<u>4,553,336</u>	<u>2,324,427</u>
Interest expense:-					
<i>Interest on saving, commercial and public deposits</i>		(2,303,335)	(1,040,575)	(1,856,971)	(956,228)
<i>Interest on borrowings and obligations under repurchase agreements</i>		(818,458)	(364,593)	(845,370)	(419,261)
<i>Interest on bank deposits</i>		(64,409)	(25,733)	(81,583)	(40,138)
<i>Interest on subordinated liabilities</i>		(31,351)	(14,166)	(23,248)	(10,286)
<i>Others</i>		(1,547)	(280)	(2,517)	(951)
		<u>(3,219,100)</u>	<u>(1,445,347)</u>	<u>(2,809,689)</u>	<u>(1,426,864)</u>
Net interest income		2,514,326	1,352,864	1,743,647	897,563
<i>Fee and commission income</i>		1,133,913	569,623	994,709	500,704
<i>Fee and commission expense</i>		(227,841)	(113,803)	(198,367)	(110,311)
Net fee and commission income	26	906,072	455,820	796,342	390,393
<i>Trading gains, net</i>	5	665,756	205,107	-	-
<i>Premium income from insurance business</i>		78,610	36,045	60,589	29,207
<i>Foreign exchange gains, net</i>		51,736	114,426	119,164	73,125
<i>Other operating income</i>		65,243	29,064	64,852	46,544
Other operating income		861,345	384,642	244,605	148,876
Total operating income		4,281,743	2,193,326	2,784,594	1,436,832
<i>Impairment losses, net</i>	7,8,9,11,12,13,20	(1,030,608)	(508,740)	(232,012)	(113,533)
<i>Salaries and wages</i>		(481,498)	(242,473)	(461,076)	(202,021)
<i>Credit card rewards and promotion expenses</i>		(144,852)	(79,895)	(125,209)	(70,142)
<i>Employee benefits</i>	20	(119,366)	(63,306)	(111,727)	(54,943)
<i>Depreciation and amortization</i>	12	(98,210)	(49,701)	(86,065)	(43,237)
<i>Taxes and duties other than on income</i>		(81,984)	(63,211)	(33,752)	(17,782)
<i>Communication expenses</i>		(66,774)	(33,550)	(65,307)	(33,311)
<i>Rent expenses</i>		(64,593)	(33,227)	(51,059)	(27,453)
<i>Trading losses, net</i>		-	-	(3,733)	(33,700)
<i>Other operating expenses</i>	27	(308,455)	(166,144)	(336,141)	(180,185)
Total operating expenses		(2,396,340)	(1,240,247)	(1,506,081)	(776,307)
Income before tax		1,885,403	953,079	1,278,513	660,525
<i>Taxation charge</i>	19	(428,958)	(235,952)	(230,821)	(101,775)
Net income for the period		1,456,445	717,127	1,047,692	558,750
Other comprehensive income:					
<i>Foreign currency translation differences for foreign operations</i>	21	(3,418)	2,916	41,464	(46,025)
<i>Net gain/(losses) on hedges of net investments in foreign operations</i>	21	-	-	(23,108)	29,451
<i>Cash flow hedges:</i>					
<i>Effective portion of changes in fair value</i>	21	17,409	1,051	2,964	(895)
<i>Net amount transferred to income</i>	21	(80,646)	-	(36,002)	-
<i>Fair value reserves (available-for-sale financial assets):</i>					
<i>Net change in fair values</i>	21	602,291	469,390	(575,394)	(293,765)
<i>Net amount transferred to income</i>	21	(113,659)	(95,728)	(4,504)	(1,357)
Other comprehensive income for the period, net of tax		421,977	377,629	(594,580)	(312,591)
Total comprehensive income for the period		1,878,422	1,094,756	453,112	246,159
Net income attributable to:					
<i>Equity holders of the Bank</i>		1,448,659	713,011	1,042,452	556,238
<i>Minority interest</i>		7,786	4,116	5,240	2,512
		<u>1,456,445</u>	<u>717,127</u>	<u>1,047,692</u>	<u>558,750</u>
Total comprehensive income attributable to:					
<i>Equity holders of the Bank</i>		1,870,625	1,090,636	447,872	243,647
<i>Minority interest</i>		7,797	4,120	5,240	2,512
		<u>1,878,422</u>	<u>1,094,756</u>	<u>453,112</u>	<u>246,159</u>
Weighted average number of shares with a face value of Kr 1 each	21	420 billions	420 billions	210 billions	210 billions
Basic and diluted earnings per share (full TL amount per '000 face value each)		344,9	169,8	496,4	264,9

The notes on pages 5 to 72 are integral part of these consolidated financial statements.

Türkiye Garanti Bankası AŞ And Its Affiliates
Consolidated Statement of Changes in Shareholders' Equity
For The Six-Month Period Ended 30 June 2009

(Currency: Thousands of Turkish Lira (TL))

	Notes	Share Capital	Capital Reserves	Share Premium	Minority Interest	Unrealised Gains/(Losses) on Available-for-Sale Assets	Hedging Reserve	Translation Reserve	Legal Reserves	Retained Earnings	Total Shareholders' Equity and Minority Interest
Balances at 31 December 2007		<u>3,046,371</u>	-	-	<u>23,410</u>	<u>189,382</u>	<u>31,464</u>	<u>6,709</u>	<u>172,678</u>	<u>3,781,754</u>	<u>7,251,768</u>
Collections from shareholders for capital increase	21	-	2,111,880	-	-	-	-	-	-	-	2,111,880
Payment for founder shares repurchased	21	-	-	-	-	-	-	-	-	(1,434,233)	(1,434,233)
Transfer to legal reserves		-	-	-	-	-	-	-	115,833	(115,833)	-
Foreign exchange difference on foreign currency legal reserves	21	-	-	-	-	-	-	-	98	-	98
Net unrealised market value losses from available-for-sale portfolio	21	-	-	-	-	(575,394)	-	-	-	-	(575,394)
Net gains on available-for-sale assets transferred to the income statement on disposal	21	-	-	-	-	(4,504)	-	-	-	-	(4,504)
Foreign currency translation differences for foreign operations	21	-	-	-	-	-	2,964	18,258	-	-	18,258
Net fair value gains from cash flow hedges	21	-	-	-	-	-	-	-	-	-	2,964
Net fair value gains from cash flow hedges transferred to the income statement on disposal	21	-	-	-	-	-	(36,002)	-	-	-	(36,002)
Net income for the six-month period		-	-	-	5,240	-	-	-	-	1,042,452	1,047,692
Balances at 30 June 2008		<u>3,046,371</u>	<u>2,111,880</u>	-	<u>28,650</u>	<u>(390,516)</u>	<u>(1,574)</u>	<u>24,967</u>	<u>288,609</u>	<u>3,274,140</u>	<u>8,382,527</u>
Increase in share capital through transfer from capital reserves	21	2,100,000	(2,111,880)	11,880	-	-	-	-	-	-	-
Foreign exchange difference on foreign currency legal reserves		-	-	-	-	-	-	-	805	-	805
Net unrealised market value gains/(losses) from available-for-sale portfolio	21	-	-	-	(9)	625,034	-	-	-	-	625,025
Net gains on available-for-sale assets transferred to the income statement on disposal	21	-	-	-	-	(56,767)	-	-	-	-	(56,767)
Foreign currency translation differences for foreign operations	21	-	-	-	-	-	-	11,020	-	-	11,020
Net fair value gains from cash flow hedges	21	-	-	-	-	-	62,572	-	-	-	62,572
Net income for the six-month period		-	-	-	6,560	-	-	-	-	871,763	878,323
Balances at 31 December 2008		<u>5,146,371</u>	-	<u>11,880</u>	<u>35,201</u>	<u>177,751</u>	<u>60,998</u>	<u>35,987</u>	<u>289,414</u>	<u>4,145,903</u>	<u>9,903,505</u>
Foreign exchange difference on foreign currency legal reserves	21	-	-	-	-	-	-	-	115	-	115
Transfer to legal reserves		-	-	-	-	-	-	-	87,609	(87,609)	-
Net unrealised market value gains from available-for-sale portfolio	21	-	-	-	11	602,280	-	-	-	-	602,291
Net gains on available-for-sale assets transferred to the income statement on disposal	21	-	-	-	-	(113,659)	-	-	-	-	(113,659)
Foreign currency translation differences for foreign operations	21	-	-	-	-	-	-	(3,533)	-	-	(3,533)
Net fair value gains from cash flow hedges	21	-	-	-	-	-	17,409	-	-	-	17,409
Net fair value gains from cash flow hedges transferred to the income statement on disposal	21	-	-	-	-	-	(80,646)	-	-	-	(80,646)
Adjustment to retained earnings for a new consolidated affiliate		-	-	-	(59)	-	-	-	-	(5,449)	(5,508)
Net income for the six-month period		-	-	-	7,786	-	-	-	-	1,448,659	1,456,445
Balances at 30 June 2009		<u>5,146,371</u>	-	<u>11,880</u>	<u>42,939</u>	<u>666,372</u>	<u>(2,239)</u>	<u>32,454</u>	<u>377,138</u>	<u>5,501,504</u>	<u>11,776,419</u>

The notes on pages 5 to 72 are an integral part of these consolidated financial statements.

Türkiye Garanti Bankası AŞ And Its Affiliates
Consolidated Statement of Cash Flows
For The Six-Month Period Ended 30 June 2009

(Currency: Thousands of Turkish Lira (TL))

	<u>Notes</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
Cash flows from operating activities:-			
Interests and commissions received		4,392,103	3,330,031
Interest expenses paid		(3,391,065)	(2,812,935)
Other operating activities, net		584,033	122,578
Cash payments to employees and suppliers		<u>(1,263,438)</u>	<u>(1,169,480)</u>
		321,633	(529,806)
(Increase)/decrease in operating assets:-			
Loans and advances to banks		(2,263,327)	58,569
Balances with central banks		(479,176)	1,845,777
Financial assets at fair value through profit or loss		116,881	138,343
Loans and advances to customers		270,829	(5,801,668)
Consumer loans		(328,416)	(2,117,389)
Other assets		(337,075)	(305,316)
Increase/(decrease) in operating liabilities:-			
Deposits from banks		76,021	(11,959)
Deposits from customers		5,789,676	4,748,531
Obligations under repurchase agreements		(5,376,118)	(284,291)
Other liabilities		565,128	420,546
		<u>(1,643,944)</u>	<u>(1,838,663)</u>
Net cash flow used in operating activities before income taxes paid		(1,643,944)	(1,838,663)
Income taxes paid	19	<u>(323,379)</u>	<u>(42,528)</u>
		(1,967,323)	(1,881,191)
Net cash flow used in operating activities			
Cash flows from investing activities:-			
Net increase in security investments		(2,169,191)	(1,802,978)
Interest received		1,498,603	1,508,441
Increase in investments in equity participations, net		(562)	-
Dividends received		2,628	2,044
Proceeds from sale of tangible assets		30,806	122,209
Purchase of tangible assets		<u>(145,024)</u>	<u>(146,948)</u>
		(782,740)	(317,232)
Net cash flow used in investing activities		(782,740)	(317,232)
Cash flows from financing activities:-			
Increase in loans and advances from banks, net		2,131,964	1,257,396
Increase in subordinated liabilities, net		111,370	32,479
Equity instruments issued		-	2,111,880
Payment for founder shares repurchased		-	(1,434,233)
		<u>2,243,334</u>	<u>1,967,522</u>
Net cash flow from financing activities		2,243,334	1,967,522
Effect of exchange rate changes		51,736	119,164
		<u>(454,993)</u>	<u>(111,737)</u>
Net decrease in cash and cash equivalents		(454,993)	(111,737)
Cash and cash equivalents at the beginning of the period		<u>7,145,989</u>	<u>4,293,819</u>
Cash and cash equivalents at the end of the period	2	<u>6,690,996</u>	<u>4,182,082</u>

The notes on pages 5 to 72 are an integral part of these consolidated financial statements.

Overview of the Bank

Türkiye Garanti Bankası AŞ (the Bank) is a bank domiciled in Turkey. The consolidated financial statements of the Bank as of and for the six-month period ended 30 June 2009 comprise the Bank and its affiliates (the Affiliates) and their interest in associates.

(a) Brief History

The foundation of the Bank was approved by the decree of the Council of Ministers numbered 3/4010 dated 11 April 1946 and "Articles of Association" was published in the official gazette dated 25 April 1946. The Bank provides corporate, commercial and retail banking services through a network of 599 domestic branches, five foreign branches, four representative offices abroad and 130 offices. In addition to its branches, the Bank has 100% ownership in two banks each of which is located in Amsterdam and Moscow. The Bank and its affiliates in total have 18,552 employees. The Bank's head office is located at Levent Nispetiye Mahallesi Aytar Caddesi 2 Beşiktaş 34340 İstanbul.

(b) Ownership

The Companies owned by Doğu Holding AŞ, called as Doğu Group, currently holds 30.52% and "GE Araştırma ve Müşavirlik Limited Şti." of the General Electric (GE) Group holds 20.85% of the issued capital.

Significant accounting policies

(a) Statement of compliance

The Bank and its Turkish affiliates maintain their books of accounts and prepare their statutory financial statements in New Turkish Lira (TL) in accordance with the Accounting Practice Regulations as promulgated by the Banking Regulatory and Supervisory Agency (BRSA); the Turkish Commercial Code; and the Turkish Tax Legislation (collectively, Turkish GAAP); the Bank's foreign affiliates maintain their books of accounts and prepare their statutory financial statements in accordance with the generally accepted accounting principles and the related legislation applicable in the countries they operate.

The accompanying consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS"). The accompanying consolidated financial statements are authorized for issue by the directors on 5 August 2009.

(b) Basis of preparation

The accompanying consolidated financial statements are presented in thousands of TL, which is the Bank's functional currency.

The financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until 31 December 2005, except that the following assets and liabilities are stated at their fair value if reliable measures are available: derivative financial instruments, instruments at fair value through profit or loss, available-for-sale financial assets and tangible assets held for sale. Recognized assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

The accounting policies set out below have been applied consistently by the Bank and its affiliates to all periods presented in these consolidated financial statements.

Significant accounting policies (continued)

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Notes 7, 10, 17 and 22.

(d) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent company, the Bank, its affiliates and associates on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as of the date of the consolidated financial statements.

Affiliates

Affiliates are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of affiliates are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

Associates are those entities in which the Bank and its affiliates have significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Bank and its affiliates' share of the total recognized gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Bank and its affiliates share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Bank and its affiliates has incurred obligations in respect of the associate.

Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. Special purpose entities are consolidated when the substance of the relationship between the Bank and the special purpose entity indicates that the special purpose entity is controlled by the Bank.

Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized gains and losses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and jointly controlled entities are

Significant accounting policies (continued)

eliminated to the extent of the Bank and its affiliates' interest in the entity. Unrealized gains arising from transactions with associates are eliminated against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(e) Foreign currency

Foreign currency transactions

Transactions are recorded in TL, which represents its functional currency. Transactions in foreign currencies are translated into the functional currency of the Bank at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into TL at the exchange rates ruling at date of the statement of financial position with the resulting exchange differences recognized in the statement of comprehensive income as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in the statement of comprehensive income as realized during the period.

Financial statements of foreign operations

The foreign operations of the Bank and its affiliates are not considered an integral part of its operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to TL at foreign exchange rates ruling at the date of the statement of financial position. The revenues and expenses of foreign operations are translated to TL using average exchange rates. Foreign exchange differences arising on translation are recognized directly in a separate component of equity. When a foreign operation is disposed of in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the statement of comprehensive income.

Hedge of net investment in a foreign operation see accounting policy (i).

(f) Tangible assets and related depreciation

Owned assets

The costs of the tangible assets purchased before 31 December 2005 are restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29. The tangible assets purchased after this date are recorded at their historical costs. Accordingly, tangible assets are carried at costs, less accumulated depreciation and impairment losses (refer to accounting policy (r)).

Leased assets

Leases in terms of which the Bank and its affiliates assume substantially all the risks and rewards of ownership are classified as financial leases. Tangible assets acquired by way of financial lease are stated at amounts equal to the lower of their fair values and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (refer to accounting policy (r)). Lease liabilities are reduced through repayments of principal, while the finance charge component of the lease payment is charged directly to statement of comprehensive income.

Significant accounting policies (continued)

Subsequent Expenditure

Expenditures incurred to replace a component of a tangible asset that is accounted for separately, and major inspection and overhaul costs, are capitalized. Other subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are reflected as expense in the statement of comprehensive income as incurred.

Depreciation

Tangible assets purchased before 2005 are depreciated over their estimated useful lives on a straight-line basis from the date of their acquisition. Assets acquired after this date are depreciated based on the declining balance method, one of the accelerated depreciation methods.

The estimated useful lives are as follows:

<i>Tangible assets</i>	<i>Estimated useful lives (years)</i>	<i>Depreciation rates (%) for the year 2005 and after</i>	<i>Depreciation rates (%) for the years before 2005</i>
Buildings	50	4	2
Furniture, fixture and equipments	4-20	10-50	5-25
Leasehold improvements	5-10	10-20	5

Expenditures for major renewals and improvement of tangible assets are capitalized and depreciated over the remaining useful lives of the related assets.

(g) Goodwill

Goodwill represents the excess of the total acquisition costs over the share of the Bank and its affiliates in the fair value of the net assets of the acquired companies at the dates of acquisitions. When the excess is negative (negative goodwill), it is recognized immediately in the statement of comprehensive income. Goodwill is assessed annually by using external and internal sources such as market value, information on any adverse effect on the acquired companies, market interest rates or other market rates of return on investments, carrying value of net assets, whether there is any indication that goodwill may be impaired. If any such indication exists, the recoverable amount of the goodwill is estimated. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount, and impairment loss is recognized as an expense in the statement of comprehensive income.

(h) Financial instruments

Classification

Financial instruments at fair value through profit or loss are those that are principally held for the purpose of short-term profit taking. These include investments, certain purchased loans and derivative contracts that are not designated as effective hedging instruments, and liabilities from short-term sales of financial instruments. All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as trading assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as trading liabilities.

Significant accounting policies (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank and its affiliates provide money, goods and services directly to a debtor with no intention of trading the receivable. Loans and receivables comprise loans and advances to banks and customers.

Available-for-sale assets are financial assets that are not held for trading purposes, provided by the Bank and its affiliates, or held to maturity. Available-for-sale instruments include certain debt and equity investments.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Bank and its affiliates have the intent and ability to hold to maturity. These include certain loans and advances to banks and customers and certain debt investments.

Change in accounting policy

In October 2008, the IASB issued Reclassification of Financial Assets (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures). The amendment to IAS 39 permits an entity to reclassify non-derivative financial assets, other than those designated at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term, as follows:

- If the financial asset would have met the definition of loans and receivables, if the financial asset had not been required to be classified as fair value through profit or loss at initial recognition, then it may be reclassified if the entity has the intention and ability to hold the financial asset for the foreseeable future or until maturity.
- If the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the financial assets at fair value through profit or loss category only in 'rare circumstances'.

The amendments are effective retrospectively from 1 July 2008.

Recognition

Financial assets at fair value through profit or loss and available-for-sale assets are initially recognized on the transaction date at which the Bank and its affiliates become a party to the contractual provisions of the instrument. From this date any gains and losses arising from changes in fair value of the assets are recognized.

Held-to-maturity instruments, loans and receivables, deposits and subordinated liabilities are recognized on the date they are originated.

Measurement

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition all trading instruments and available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at amortized cost.

Significant accounting policies (continued)

All non-trading financial liabilities, loans and receivables and held-to-maturity assets are measured at amortized cost less impairment losses. Amortized cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

Fair value measurement principles

The fair values of financial instruments are based on their quoted market prices at the date of the statement of financial position without any deduction for transaction costs. If a quoted market price is not available, fair value of an instrument is estimated using the available market information and the appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates made are not necessarily indicative of the amounts that could be realized in current market exchange.

The fair values of derivatives that are not exchange-traded are estimated at the amounts that the Bank and its affiliates would receive or pay to terminate the contracts at the date of the statement of financial position taking into account current market conditions and the current creditworthiness of the counterparties.

Gains and losses on subsequent measurement

Gains and losses arising from changes in the fair values of financial instruments at fair value are recognized in the statement of comprehensive income. Whereas, gains and losses arising from changes in the fair value of cash flow hedges and available-for-sale assets are deferred as a separate component of equity.

Specific instruments

Cash and balances with central banks: Cash and balances with central banks comprise cash balances on hand, cash deposited with the central banks and other cash items. Money market placements are classified in loans and advances to banks.

Investments: Investments held for the purpose of short-term profit taking are classified as trading instruments. Debt investments that the Bank and its affiliates have the intent and ability to hold to maturity are classified as held-to-maturity assets.

Loans and advances to banks and customers: Loans and advances provided by the Bank and its affiliates are classified as loans and receivables, and reported net of allowances to reflect the estimated recoverable amounts.

Financial lease receivables: Leases where the entire risks and rewards incident to ownership of an asset are substantially transferred to the lessee, are classified as financial leases. A receivable at an amount equal to the present value of the lease payments, including any guaranteed residual value, is recognized. The difference between the gross receivable and the present value of the receivable is unearned finance income and is recognized over the term of the lease using the effective interest rate method. Financial lease receivables are included in loans and advances to customers.

Bonds payable: Bonds issued by the Bank and its affiliates are classified as non-trading liabilities.

Significant accounting policies (continued)

Derecognition

A financial asset is derecognised when the control over the contractual rights that comprise that asset, is lost. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognized when it is extinguished.

Available-for-sale assets and assets held for trading that are sold are derecognized and corresponding receivables from the buyer for the payment are recognized as of the date the Bank and its affiliates commit to sell the assets. The specific identification method is used to determine the gain or loss on derecognition.

Held-to-maturity instruments and loans and receivables are derecognized on the days that they are transferred by the Bank and its affiliates.

(i) Derivatives held for risk management purposes

Derivatives held for risk management purposes are measured at fair value in the statement of financial position. The treatment for the changes in their fair value depends on their classification into the following categories:

Cash flow hedge

When a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect the result of statement of comprehensive income, the effective portion of changes in the fair value of the derivative are recognised directly in the shareholders' equity. The amount recognised in the shareholders' equity is removed and included in the statement of comprehensive income in the same period as the hedged cash flows affect the statement of comprehensive income under the same line item as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of comprehensive income.

If the derivative expires or is sold, terminated, or exercised, or no longer meets the criteria for cash flow hedge accounting, or the designation is revoked, then hedge accounting is discontinued and the amount recognized in the shareholders' equity remains there until the forecast transaction affects the statement of comprehensive income. If the forecast transaction is no longer expected to occur, then hedge accounting is discontinued and the balance in the shareholders' equity is recognized immediately in the statement of comprehensive income.

Net investment hedge

When a derivative or a non-derivative financial liability is designated as a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognized directly in the shareholders' equity, in the foreign currency translation reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of comprehensive income. The amount recognized in the shareholders' equity is removed and included in the statement of comprehensive income on disposal of the foreign operation.

Significant accounting policies (continued)

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a “host contract”). The Bank and its affiliates account for embedded derivatives separately from the host contract when the host contract is not itself carried at fair value through profit or loss, and the characteristics of the embedded derivatives are not clearly and closely related to the host contract. Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract.

(j) Securities borrowing and lending business

Investments lent under securities lending arrangements continue to be recognized in the statement of financial position and are measured in accordance with the accounting policy for the related assets as appropriate. Cash collateral received in respect of securities lent is recognized as liabilities to either banks or customers. Investments borrowed under securities borrowing agreements are not recognized. Cash collateral placements in respect of securities borrowed are recognized under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognized on an accrual basis over the period of the transactions and are included in interest income or expense.

(k) Repurchase and resale agreements over investments

The Bank and its affiliates enter into purchases of investments under agreements to resell (reverse repo) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized in loans to either banks or customers. The receivables are shown as collateralized by the underlying security. Investments sold under repurchase agreements (repo) continue to be recognized in the statement of financial position and are measured in accordance with the accounting policy for the related assets as appropriate. The proceeds from the sale of the investments are reported as “obligations under repurchase agreements”, a liability account.

Income and expenses arising from the repurchase and resale agreements over investments are recognized on an accrual basis over the period of the transactions and are included in interest income or expense.

(l) Items held in trust

Assets, other than cash deposits, held by the Bank in fiduciary or agency capacities for its customers and government entities are not included in the accompanying consolidated statement of financial position, since such items are not under the ownership of the Bank.

(m) Financial guarantees

Financial guarantees are contracts that require the Bank and its affiliates to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

Significant accounting policies (continued)

(n) Employee benefits

(i) Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee and his/her dependants will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Bank has a defined benefit plan ("the Plan") for its employees namely Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı ("the Fund"). The Fund is a separate legal entity and a foundation recognized by an official decree, providing pension and post-retirement medical benefits to all qualified Bank employees. This benefit plan is funded through contributions of both by the employees and the employer as required by Social Security Law numbered 506 and these contributions are as follows:

	<i>30 June 2009</i>	
	<i>Employer</i>	<i>Employee</i>
	<i>%</i>	<i>%</i>
Pension contributions	15.5	10.0
Medical benefit contributions	6.0	5.0

This benefit plan is composed of a) the contractual benefits of the employees, which are subject to transfer to Social Security Foundation ("SSF") ("pension and medical benefits transferable to SSF") (see Note 20) and b) other excess social rights and payments provided in the existing trust indenture but not transferable to SSF and medical benefits provided by the Bank for its constructive obligation ("excess benefits").

a) Pension and medical benefits transferable to SSF

As discussed in Note 20, the Bank expects to transfer a portion of the obligation of the Fund to SSF. This transfer will be a settlement of that portion of the Fund's obligation. Final legislation establishing the terms for this transfer was enacted on 8 May 2008. Although the settlement will not be recognized until the transfer is made, the Bank believes that it is more appropriate to measure the obligation at 31 December 2008 as the value of the payment that would need to be made to SSF to settle the obligation at the date of the statement of financial position in accordance with the Temporary Article 20 of the Law No.5754: "Law regarding the changes in Social Insurance and General Health Insurance Law and other laws and regulations" ("New Law"). The pension disclosures set out in Note 20, therefore reflect the actuarial assumptions and mortality tables specified in the New Law, including a discount rate of 9.80%.

The pension benefits transferable to SSF are calculated annually by an independent actuary, who is registered with the Undersecretariat of the Treasury.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are directly charged to statement of comprehensive income.

b) Excess benefits not transferable to SSF

The excess benefits, which are not subject to the transfer, are accounted in accordance with IAS 19, "Employee Benefits". The obligation in respect of the retained portion of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value by using the projected unit credit method, and any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is a floating discount rate between 17.41% - 10.51% as of 31 December 2008.

Significant accounting policies (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are directly charged to statement of comprehensive income.

(ii) Reserve for employee severance indemnity

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Bank and its affiliates calculated in accordance with the Turkish Labor Law. In accordance with Turkish Labor Law, the Bank and its affiliates are required to make lump-sum payments to each employee whose employment is terminated due to retirement or before the retirement date for reasons other than resignation or misconduct and has completed at least one year of service.

Provision is made for the present value of the liability calculated using the projected unit credit method and all actuarial gains and losses are recognized immediately in the consolidated statement of comprehensive income.

(iii) Short-term employee benefits

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

(o) Taxes on income

Taxes on income for the year comprise current tax and deferred taxes. Current taxes on income comprises tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and; any adjustment in taxes payable for previous years.

Deferred income tax is provided, using the statement of financial position method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax liability and asset are recognized when it is probable that the future economic benefits resulting from the reversal of temporary differences will flow to or from the Bank and its affiliates. Deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. Currently, enacted tax rates are used to determine deferred taxes on income.

An individual consolidated affiliate offsets deferred tax asset and deferred tax liability if the deferred tax asset and deferred tax liability relate to income taxes levied by the same taxation authority.

Deferred taxes related to fair value remeasurement of available-for-sale assets and cash flow hedges, are charged or credited directly to equity and subsequently recognized in the statement of comprehensive income together with the deferred gains or losses that are realized.

(p) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legally enforceable right to set off the amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Significant accounting policies (continued)

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses from a group of similar transactions.

(q) Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of comprehensive income are determined by dividing the net income by the weighted average number of shares outstanding during the period attributable to the shareholders of the Bank. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such Bonus Shares issued are regarded as issued shares.

Additionally, considering the fact that the increase in the number of shares issued by way of bonus shares in fact does not require any cash injection by the shareholders; the number of issued shares outstanding before such bonus share issuances is adjusted for the proportionate change in the number of issued shares outstanding as if the event had occurred at the beginning of the earliest period reported.

(r) Impairment

Financial assets are reviewed at each date of the statement of financial position to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Loans and receivables and held-to-maturity instruments

The recoverable amounts of loans and receivables and held-to-maturity instruments, are calculated as the present values of the expected future cash flows discounted at the instrument's original effective interest rate. Short-term balances are not discounted.

Loans and receivables are presented net of specific and portfolio basis allowances for uncollectibility. Specific allowances are made against the carrying amount of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and receivable to their recoverable amounts. In assessing the recoverable amounts of the loans and receivables, the estimated future cash flows are discounted to their present value. Portfolio basis allowances are maintained to reduce the carrying amount of portfolios of similar loans and receivables to their estimated recoverable amounts at the date of financial position. The expected cash flows for portfolios of similar assets are estimated based on previous experience and considering the credit rating of the underlying customers and late payments of interest or penalties. Increases in the allowance account are recognized in the statement of comprehensive income. When a loan is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the loan is written off directly. If in a subsequent period, the amount of impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down, the write-down or allowance is reversed through the statement of comprehensive income.

Financial assets remeasured to fair value

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans remeasured to fair value is calculated as the present value of the expected future cash flows discounted at the current market rate of interest.

Significant accounting policies (continued)

Where an asset remeasured to fair value is impaired, the write-down is recognized in the statement of comprehensive income.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

(s) Income and expense recognition

Interest income and expense

Except for the interest income on overdue loans, interest income and expense is recognized on an accrual basis by taking into account the effective yield of the asset or an applicable floating rate. Interest income on overdue loans that are under legal follow up is recognized on a cash basis. Interest income and expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fee and commission

Fee and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

Net trading income

Net trading income includes gains and losses arising from disposals of financial assets at fair value through profit or loss and available-for-sale.

Dividend income

Dividend income is recognized in the statement of comprehensive income when received.

Insurance business

Premium income: For short-term insurance contracts, premiums are recognized as revenue (earned premiums), net of premium ceded to reinsurer firms, proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at date of the statement of financial position is recognized as the reserve for unearned premiums that are calculated on a daily pro-rata basis. Premiums are shown before deduction of commissions and deferred acquisition cost, and are gross of any taxes and duties levied on premiums. For long-term insurance contracts, premiums are recognized as revenue when the premiums are due from the policyholders. Premiums received for long-term insurance contracts with discretionary participation feature ("DPF"), are not recognized as revenue, insurance premiums for such contracts are recognized directly as liabilities.

Significant accounting policies (continued)

Unearned premium reserve: Unearned premiums are those proportions of the premiums written in a period that relate to the period of risk subsequent to the date of the statement of financial position for all short-term insurance policies. In accordance with the incumbent legislation on the computation of insurance contract liabilities, unearned premium reserve set aside for unexpired risks as at the dates of the statements of financial position, has been computed on daily pro-rata basis. The change in the provision for unearned premium is recognized in the statement of comprehensive income in the order that revenue is recognized over the period of risk.

Claims and provision for "outstanding" claims: Claims are recognized in the period in which they occur, based on reported claims or on the basis of estimates when not reported. The claims provision is the total estimated ultimate cost of settling all claims arising from events, which have occurred up to the end of the accounting period. Full provision is accounted for outstanding claims, including claim settlements reported at the period-end. Incurred but not reported claims ("IBNR") are also provided for under the provision for outstanding claims.

Provision for future policy benefit: Provision for future policy benefits are the difference between the net present values of premiums collected in return of the risk covered by the company and the liabilities to policyholders. Provision for future benefits is the sum of the remainder of collected premiums and accumulated life insurance provision. Provision for future benefits is computed on the basis of actuarial mortality assumptions as approved by the Turkish Treasury Insurance Department, which are applicable for Turkish Insurance Companies.

Liability adequacy test: At each date of the statement of financial position, asset-liability adequacy tests are performed to ensure the adequacy of the contract liabilities, net of related deferred acquisition cost. In performing these tests, current best estimates of future cash flows are used. Any deficiency is immediately charged to the statement of comprehensive income.

Income generated from pension business: Revenue arising from asset management and other related services offered by the insurance affiliate of the Bank are recognized in the accounting period in which the service is rendered. Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the company actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument. These services comprise the activity of trading financial assets in order to reproduce the contractual services. In all cases, these services comprise an indeterminate number of acts over the life of the individual contracts.

(i) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Significant accounting policies (continued)

(u) Segment reporting

A segment is a distinguishable component of the Bank and its affiliates that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 30 June 2009, and have not been applied in preparing these consolidated financial statements:

- Amended IAS 27 *Consolidated and Separate Financial Statements (2008)* requires accounting for changes in ownership interests Bank loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in income. The amendments to IAS 27, which become mandatory for the Bank's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments, which will become mandatory for the Bank's 2010 consolidated financial statements, with retrospective application required are not expected to have a significant impact on the consolidated financial statements.

(w) Early adopted standards and interpretations

- IFRIC 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13 becomes mandatory for the Bank's 2009 consolidated financial statements and will be applicable retrospectively. The Bank early adopted this interpretation in the accompanying consolidated financial statements by using one of the relevant approach that the future cost for the obligation to deliver the award should be recognised as an expense at the time of gaining the awards.
- Revised IAS *Presentation of Financial Statements (2007)* introduces the term "total comprehensive income" which represents the changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the statement of comprehensive income and all non-owner changes in equity in a single statement), or in an statement of comprehensive income and a separate statement of comprehensive income according to revised IAS 1, which becomes mandatory for the Bank's 2009 financial statements. The Bank early adopted this revision in the accompanying consolidated financial statements by using the single statement of comprehensive income approach.

Index for the notes to the consolidated financial statements:

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Türkiye Garanti Bankası AŞ and Its Affiliates
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1 Segment reporting

Segment information is presented in respect of the Bank and its affiliates' geographical and business segments. The primary format, business segments, is based on the Bank and its affiliates. Measurement of segment assets and liabilities and segment results is based on the accounting policies set out in the accounting policy notes.

1.1 Geographical segments

The Bank and its affiliates operate principally in Turkey, but also have operations in Holland, Russia, Turkish Republic of Northern Cyprus, Malta, Luxembourg, Germany and Romania. Total geographic sector risk concentrations, both on and off balance sheet, are presented in the table below:

	30 June 2009				
	<u>Loans</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Non-Cash Loans</u>	<u>Capital Expenditure</u>
Turkey	51,269,007	89,263,185	65,666,155	13,192,281	138,629
England	11,326	4,893,195	8,901,552	321,513	-
Germany	8,136	1,602,644	3,033,114	88,800	138
Romania	801,986	1,335,898	1,038,243	90,753	4,913
Holland	232,204	1,236,589	2,163,926	265,190	462
Russia	434,812	946,025	138,950	114,017	882
France	3,030	736,217	243,958	227,796	-
USA	10,349	650,016	6,578,172	169,650	-
Others	677,448	2,729,716	3,852,996	1,091,111	-
	<u>53,448,298</u>	<u>103,393,485</u>	<u>91,617,066</u>	<u>15,561,111</u>	<u>145,024</u>

	31 December 2008				
	<u>Loans</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Non-Cash Loans</u>	<u>Capital Expenditure</u>
Turkey	51,629,704	87,465,358	67,511,825	11,639,580	351,025
Holland	223,744	2,091,340	2,172,863	506,634	2,198
England	24,218	1,910,672	3,626,436	340,765	-
Germany	18,224	1,556,435	2,591,540	100,624	68
Romania	768,131	1,365,104	726,893	68,874	34,084
Russia	497,323	1,161,158	160,828	139,411	391
USA	44,820	876,610	6,863,025	326,507	-
France	11,325	125,182	111,686	190,346	-
Others	652,580	1,636,479	4,519,737	1,254,316	-
	<u>53,870,069</u>	<u>98,188,338</u>	<u>88,284,833</u>	<u>14,567,057</u>	<u>387,766</u>

Total geographic sector risk concentrations on statement of comprehensive income are presented in the table below:

	<u>Six-month period ended 30 June 2009</u>	<u>Three-month period ended 30 June 2009</u>	<u>Six-month period ended 30 June 2008</u>	<u>Three-month period ended 30 June 2008</u>
Turkey	1,340,437	765,196	929,084	477,161
Malta	44,666	(87,724)	10,050	9,067
Luxembourg	41,770	30,464	48,776	29,276
Holland	16,959	4,492	45,786	39,211
Others	12,613	4,699	13,996	4,035
	<u>1,456,445</u>	<u>717,127</u>	<u>1,047,692</u>	<u>558,750</u>

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1 Segment reporting (continued)

1.2 Business segments

The main business segments are banking, leasing, insurance, factoring, other financial and non-financial sectors. Banking segment information is detailed further to retail banking and commercial, corporate and small and medium size enterprises (SME) banking as these are the major banking activities. Other operations heading under the banking segment include mainly treasury and investment banking activities as well as unallocated income and expense items. The analysis is as follows:

30 June 2009	Retail Banking	Commercial, Corporate & SME Banking	Other Operations	Eliminations	Total Banking	Leasing	Insurance	Factoring	Other Financial	Other Non- Financial	Combined	Eliminations	Total
Operating income	1,256,305	1,287,069	1,530,816	-	4,074,190	69,369	90,798	19,044	17,993	13,368	4,284,762	(3,019)	4,281,743
Operating expenses	(593,259)	(395,416)	(1,301,018)	-	(2,289,693)	(32,797)	(37,538)	(12,421)	(18,680)	(13,417)	(2,404,546)	8,206	(2,396,340)
Income/(loss) from operations	663,046	891,653	229,798	-	1,784,497	36,572	53,260	6,623	(687)	(49)	1,880,216	5,187	1,885,403
Taxation credit/(charge)	-	-	(411,428)	-	(411,428)	(6,448)	(9,962)	(1,485)	349	16	(428,958)	-	(428,958)
Net income/(loss) for the period	663,046	891,653	(181,630)	-	1,373,069	30,124	43,298	5,138	(338)	(33)	1,451,258	5,187	1,456,445
Segment assets	16,649,565	35,969,855	46,153,745	(700,180)	98,072,985	1,982,702	1,472,009	951,481	44,610	13,519	102,537,306	(685,204)	101,852,102
Investments in equity participations	-	-	338,553	-	338,553	-	275	9,635	5,898	1,158	355,519	(287,447)	68,072
Unallocated assets	-	-	1,300,389	-	1,300,389	113,987	12,585	2,712	4,698	1,352	1,435,723	37,588	1,473,311
Total assets	16,649,565	35,969,855	47,792,687	(700,180)	99,711,927	2,096,689	1,484,869	963,828	55,206	16,029	104,328,548	(935,063)	103,393,485
Segment liabilities	34,688,596	24,698,005	29,576,014	(700,180)	88,262,435	1,786,433	1,284,622	911,899	6,796	6,178	92,258,363	(641,297)	91,617,066
Shareholders' equity and minority interest	-	-	11,449,492	-	11,449,492	310,256	200,247	51,929	48,410	9,851	12,070,185	(293,766)	11,776,419
Total liabilities, shareholders' equity and minority interest	34,688,596	24,698,005	41,025,506	(700,180)	99,711,927	2,096,689	1,484,869	963,828	55,206	16,029	104,328,548	(935,063)	103,393,485

Türkiye Garanti Bankası AŞ and Its Affiliates
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1 Segment reporting (continued)

	<i>Retail Banking</i>	<i>Commercial Corporate & SME Banking</i>	<i>Other Operations</i>	<i>Eliminations</i>	<i>Total Banking</i>	<i>Leasing</i>	<i>Insurance</i>	<i>Factoring</i>	<i>Other Financial</i>	<i>Other Non- Financial</i>	<i>Combined</i>	<i>Eliminations</i>	<i>Total</i>
30 June 2008													
Operating income	1,017,507	806,488	787,833	-	2,611,828	54,277	73,446	13,383	18,954	12,645	2,784,533	61	2,784,594
Operating expenses	<u>(467,367)</u>	<u>(256,444)</u>	<u>(669,142)</u>	-	<u>(1,392,953)</u>	<u>(19,727)</u>	<u>(37,961)</u>	<u>(8,872)</u>	<u>(16,410)</u>	<u>(11,684)</u>	<u>(1,487,607)</u>	<u>(18,474)</u>	<u>(1,506,081)</u>
Income from operations	550,140	550,044	118,691	-	1,218,875	34,550	35,485	4,511	2,544	961	1,296,926	(18,413)	1,278,513
Taxation credit/(charge)	-	-	<u>(221,950)</u>	-	<u>(221,950)</u>	9	<u>(7,182)</u>	<u>(1,124)</u>	<u>(456)</u>	<u>(268)</u>	<u>(230,971)</u>	150	<u>(230,821)</u>
Net income for the period	<u>550,140</u>	<u>550,044</u>	<u>(103,259)</u>	-	<u>996,925</u>	<u>34,559</u>	<u>28,303</u>	<u>3,387</u>	<u>2,088</u>	<u>693</u>	<u>1,065,955</u>	<u>(18,263)</u>	<u>1,047,692</u>
31 December 2008													
Segment assets	16,457,561	36,550,189	40,874,460	(678,652)	93,203,558	2,200,551	1,193,403	742,676	45,231	14,171	97,399,590	(673,231)	96,726,359
Investments in equity participations	-	-	303,103	-	303,103	10,000	275	9,635	5,893	1,158	330,064	(259,627)	70,437
Unallocated assets	-	-	<u>1,323,625</u>	-	<u>1,323,625</u>	<u>18,290</u>	<u>11,187</u>	<u>2,068</u>	<u>4,669</u>	<u>1,083</u>	<u>1,360,922</u>	<u>30,620</u>	<u>1,391,542</u>
Total assets	<u>16,457,561</u>	<u>36,550,189</u>	<u>42,501,188</u>	<u>(678,652)</u>	<u>94,830,286</u>	<u>2,228,841</u>	<u>1,204,865</u>	<u>754,379</u>	<u>55,793</u>	<u>16,412</u>	<u>99,090,576</u>	<u>(902,238)</u>	<u>98,188,338</u>
Segment liabilities	31,339,548	24,809,320	29,731,912	(678,652)	85,202,128	1,943,201	1,047,990	707,589	6,431	6,526	88,913,865	(629,032)	88,284,833
Shareholders' equity and minority interest	-	-	<u>9,628,158</u>	-	<u>9,628,158</u>	<u>285,640</u>	<u>156,875</u>	<u>46,790</u>	<u>49,362</u>	<u>9,886</u>	<u>10,176,711</u>	<u>(273,206)</u>	<u>9,903,505</u>
Total liabilities, shareholders' equity and minority interest	<u>31,339,548</u>	<u>24,809,320</u>	<u>39,360,070</u>	<u>(678,652)</u>	<u>94,830,286</u>	<u>2,228,841</u>	<u>1,204,865</u>	<u>754,379</u>	<u>55,793</u>	<u>16,412</u>	<u>99,090,576</u>	<u>(902,238)</u>	<u>98,188,338</u>

2 Cash and cash equivalents

Cash and cash equivalents include cash balances on hand, due from banks with original maturity periods of less than three months and other cash items. Cash and cash equivalents as at 30 June 2009 and 2008, included in the accompanying consolidated statements of cash flows are as follows:

	<u>30 June</u> <u>2009</u>	<u>30 June</u> <u>2008</u>
Cash at branches	494,739	431,466
Loans and advances to banks with original maturity periods of less than three months	<u>6,196,257</u>	<u>3,750,616</u>
	<u>6,690,996</u>	<u>4,182,082</u>

3 Related party disclosures

For the purpose of this report, the shareholders jointly controlling the Bank namely Doğuş Holding AŞ and GE and all their subsidiaries, and their ultimate owners, directors and executive officers are referred to as related parties. During the course of the business, the Bank has made placements with and granted loans to related parties and also received deposits from them at various terms. The Bank had the following balances outstanding from and transactions with related parties:

3.1 Outstanding balances

	<u>30 June</u> <u>2009</u>	<u>31 December</u> <u>2008</u>
<i>Statement of financial position</i>		
Loans and advances to customers	<u>259,459</u>	<u>289,145</u>
<i>Loans granted in TL</i>	104,464	79,385
<i>Loans granted in foreign currencies:</i>	US\$ 53,754,585	US\$ 54,605,072
	EUR 34,152,833	EUR 59,911,300
Miscellaneous receivables	5,420	7,868
Deposits received	615,735	500,934
<i>Commitments and contingencies</i>		
Non-cash loans	371,389	188,864

3.2 Transactions

	<i>Six-month</i> <i>period ended</i> <u>30 June 2009</u>	<i>Three-month</i> <i>period ended</i> <u>30 June 2009</u>	<i>Six-month</i> <i>period ended</i> <u>30 June 2008</u>	<i>Three-month</i> <i>period ended</i> <u>30 June 2008</u>
Interest income	16,714	9,043	4,876	2,334
Interest expense	14,206	6,883	17,969	8,692

In the first half of 2009, interest rates applied to foreign currency receivables from and payables to related parties vary within the ranges of 0.5%-10.8% and 0.7%-5.9% (31 December 2008: 3.1%-6.6% and 1.5%-6.5%), respectively. The interest rates applied to TL receivables from and payables to related parties vary within the ranges of 9.3%-24.0% and 7.9%-13.1%, respectively (31 December 2008: 18.6%-27.0% and 15.0%-23.0%). Various commission rates are applied to transactions involving guarantees and commitments.

3 Related party disclosures (continued)

No impairment losses have been recorded against balances outstanding during the period with related parties and no specific allowance has been made for impairment losses on balances with the related parties as at 30 June 2009.

The Bank sold a real estate, a building in Maslak to Doğu Holding AŞ on 11 March 2008 at a sale price of US\$ 35 millions. Before the year end, the total amount has been fully collected and a gain of TL 267 thousands on this sale is recorded as of 31 December 2008.

At 6 March 2009, the Bank purchased a real estate from Eureko Sigorta AŞ at a price of TL 12,434 thousands and fully paid.

The Bank purchased a real estate at a total price of USD 11,000,000 plus VAT (equivalent of TL 18,121 thousands) at 3 June 2009 through payments of USD 6,000,000 at 6 April 2009 and USD 5,880,000 at 3 June 2009 as per the trading commitment agreement with Doğu-Ge Gayrimenkul Yatırım Ortaklığı AŞ.

Key management personnel compensation for the six-month period ended 30 June 2009 amounted TL 55,313 thousands (30 June 2008: TL 54,387 thousands) on a consolidated basis. Within this total, individual key management expenses of the Bank amounted TL 41,906 thousands (30 June 2008: TL 39,994 thousands) and of its financial affiliates amounted TL 13,407 thousands (30 June 2008: TL 14,393 thousands).

4 Cash and balances with central banks

	<u>30 June</u> <u>2009</u>	<u>31 December</u> <u>2008</u>
Cash at branches	494,739	672,358
Balances with central banks excluding reserve deposits	<u>2,424,533</u>	<u>3,300,175</u>
	<u>2,919,272</u>	<u>3,972,533</u>

5 Financial assets at fair value through profit or loss

	<u>30 June</u> <u>2009</u>			<u>31 December</u> <u>2008</u>	
	<u>Face</u> <u>value</u>	<u>Carrying</u> <u>value</u>	<u>Interest rate</u> <u>range %</u>	<u>Latest</u> <u>maturity</u>	<u>Carrying</u> <u>value</u>
<i>Debt and other instruments held at fair value:</i>					
Discounted government bonds in TL	96,748	88,464	10-12	2011	3,633
Gold	-	66,392	-	-	24,967
Government bonds in TL	51,365	51,700	9-18	2013	123,221
Investment fund	-	17,921	-	-	22,123
Others		<u>50,069</u>			<u>34,589</u>
		274,546			208,533
<i>Equity and other non-fixed income instruments:</i>					
Forfeiting receivables		169,318			355,590
Listed shares		<u>482</u>			<u>14</u>
		<u>169,800</u>			<u>355,604</u>
Total financial assets at fair value through profit or loss		<u>444,346</u>			<u>564,137</u>

Income from debt and other instruments held at fair value is reflected in the consolidated statement of comprehensive income as interest on securities. Gains and losses arising on derivative financial instruments and changes in fair value of other trading instruments are reflected in net trading income. Whereas, gains and losses arising from changes in the fair value of cash flow hedges are reflected as a separate component of equity.

5 Financial assets at fair value through profit or loss (continued)

Income/(loss) from trading of financial assets is detailed in the table below:

	<i>Six-month period ended 30 June 2009</i>	<i>Three-month period ended 30 June 2009</i>	<i>Six-month period ended 30 June 2008</i>	<i>Three-month period ended 30 June 2008</i>
Fixed/floating securities	309,660	226,432	24,772	6,667
Foreign exchange transactions	-	(62)	16,773	7,715
Derivative transactions	<u>356,096</u>	<u>(21,263)</u>	<u>(45,278)</u>	<u>(48,082)</u>
Trading income/(loss), net	<u>665,756</u>	<u>205,107</u>	<u>(3,733)</u>	<u>(33,700)</u>

As at 30 June 2009, financial assets at fair value through profit or loss amounting to TL 98 thousands are blocked against asset management operation (31 December 2008: TL 93 thousands).

A consolidated financial affiliate of the Bank, reclassified some of its investment securities, previously reported as financial assets held for trading amounting EUR 65,782,732 with a total face value of US\$ 93,155,000 to financial assets available-for-sale as of 1 July 2008 as per the Amendments to IAS 39 Financial Instruments: Recognition and Measurement as issued by the International Accounting Standards Board in October 2008.

6 Loans and advances to banks

	<i>30 June 2009</i>			<i>31 December 2008</i>		
	<i>TL</i>	<i>Foreign Currency</i>	<i>Total</i>	<i>TL</i>	<i>Foreign Currency</i>	<i>Total</i>
<i>Loans and advances-demand</i>						
Domestic banks	1,035	2,185	3,220	436	2,428	2,864
Foreign banks	<u>167,111</u>	<u>739,571</u>	<u>906,682</u>	<u>369,998</u>	<u>605,628</u>	<u>975,626</u>
	<u>168,146</u>	<u>741,756</u>	<u>909,902</u>	<u>370,434</u>	<u>608,056</u>	<u>978,490</u>
<i>Loans and advances-time</i>						
Domestic banks	274,835	1,851,329	2,126,164	366,047	1,567,270	1,933,317
Foreign banks	<u>2,167,344</u>	<u>5,580,056</u>	<u>7,747,400</u>	<u>975,661</u>	<u>4,009,012</u>	<u>4,984,673</u>
	<u>2,442,179</u>	<u>7,431,385</u>	<u>9,873,564</u>	<u>1,341,708</u>	<u>5,576,282</u>	<u>6,917,990</u>
Placements at money markets	<u>15,160</u>	-	<u>15,160</u>	<u>40,552</u>	-	<u>40,552</u>
Accrued interest on loans and advances to banks	<u>21,160</u>	<u>18,052</u>	<u>39,212</u>	<u>35,690</u>	<u>31,519</u>	<u>67,209</u>
Total loans and advances to banks	2,646,645	8,191,193	10,837,838	1,788,384	6,215,857	8,004,241
Less: allowance for uncollectibility	-	-	-	-	-	-
Net loans and advances to banks	<u>2,646,645</u>	<u>8,191,193</u>	<u>10,837,838</u>	<u>1,788,384</u>	<u>6,215,857</u>	<u>8,004,241</u>

As at 30 June 2009, majority of loans and advances-time are short-term with interest rates ranging between 1%-12% per annum for foreign currency time placements and 9%-26% per annum for TL time placements (31 December 2008: 1%-11% and 15%-23%, respectively).

As at 30 June 2009, loans and advances at domestic and foreign banks include blocked accounts of TL 4,638,941 thousands (31 December 2008: TL 1,939,349 thousands) held against securitizations, fundings, legal legislations for the branches operating in foreign countries and insurance business.

7 Loans and advances to customers

Outstanding loans and advances to customers are divided between economic sectors and loan types as follows:

	<u>30 June</u> <u>2009</u>	<u>31 December</u> <u>2008</u>
Consumer loans	16,561,393	16,232,977
<i>Credit cards</i>	6,878,056	6,717,695
<i>Mortgage loan</i>	5,446,440	5,024,875
<i>General purpose loans</i>	2,752,031	2,907,668
<i>Auto loans</i>	709,589	839,399
<i>Other consumer loans</i>	775,277	743,340
Service sector	4,535,218	4,581,154
Energy	3,535,058	3,593,525
Transportation and logistics	2,912,713	2,831,671
Construction	2,521,330	2,745,348
Transportation vehicles and sub-industry	2,227,468	2,331,475
Textile	2,130,354	2,067,422
Metal and metal products	2,071,706	1,742,065
Financial institutions	1,871,164	2,019,792
Food	1,741,687	1,881,166
Tourism	1,540,913	1,418,581
Data processing	1,230,176	1,199,499
Durable consumption	796,457	958,250
Chemistry and chemical product	790,743	785,910
Machinery and equipments	689,121	632,454
Stone, rock and related products	666,567	645,265
Agriculture and stockbreeding	617,983	712,537
Electronic, optical and medical equipment	561,465	545,395
Mining	322,376	397,882
Plastic products	315,452	326,161
Paper and paper products	289,279	288,016
Others	<u>1,912,646</u>	<u>1,950,975</u>
Total performing loans	49,841,269	49,887,520
Financial lease receivables, net of unearned income (Note 8)	1,708,725	1,997,066
Factoring receivables	723,446	651,799
Accrued interest income on loans and lease receivables	1,033,313	1,146,004
Non-performing loans, factoring and lease receivables	1,983,654	1,368,312
Allowance for possible losses from loans, factoring and lease receivables	<u>(1,842,109)</u>	<u>(1,180,632)</u>
Loans and advances to customers	<u>53,448,298</u>	<u>53,870,069</u>

As at 30 June 2009, interest rates on loans granted to customers range between 1%-20% (31 December 2008: 2%-30%) per annum for the foreign currency loans and 9%-32% (31 December 2008: 14%-35%) per annum for the TL loans.

7 Loans and advances to customers (continued)

The provision for possible losses is comprised of amounts for specifically identified as being impaired and non-performing loans and advances and a further portfolio-basis amount considered adequate to cover the residual inherent risk of loss present in the lending relationships presently performing in accordance with agreements made with borrowers. The amount of the portfolio basis allowance is TL 298,124 thousands (31 December 2008: TL 196,351 thousands).

Movements in the allowance for possible losses on loans, factoring and lease receivables including the portfolio basis allowances, are as follows:

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
Balance at the beginning of the period	1,180,632	785,855
Write-offs	(82,391)	(131,900)
Recoveries and reversals	(238,277)	(36,873)
Provision for the period	<u>982,145</u>	<u>563,550</u>
Balance at the end of the period	<u>1,842,109</u>	<u>1,180,632</u>

Movements in the portfolio basis allowance are as follows:

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
Balance at the beginning of the period	196,351	153,805
Net change in provision for the period	<u>101,773</u>	<u>42,546</u>
Balance at the end of the period	<u>298,124</u>	<u>196,351</u>

8 Financial lease receivables

The financial leases typically run for a period of one to five years, with transfer of ownership of the leased asset at the end of the lease term. Interest is charged over the period of the lease.

The receivables are secured by way of the underlying assets. Loans and advances to customers include the following financial lease receivables:

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
Financial lease receivables, net of unearned income (Note 7)	1,708,725	1,997,066
Add: non-performing lease receivables	186,956	101,577
Less: allowance for possible losses on lease receivable	<u>(23,242)</u>	<u>(15,117)</u>
	<u>1,872,439</u>	<u>2,083,526</u>
Accrued interest on lease receivables	<u>18,733</u>	<u>20,471</u>
<i>Analysis of net financial lease receivables</i>		
Due within 1 year	926,257	1,077,648
Due between 1 and 5 years	1,194,998	1,270,738
Due after 5 years	<u>65,005</u>	<u>60,329</u>
Financial lease receivables, gross	2,186,260	2,408,715
Unearned income	<u>(313,821)</u>	<u>(325,189)</u>
Financial lease receivables, net	<u>1,872,439</u>	<u>2,083,526</u>
<i>Analysis of net financial lease receivables, net</i>		
Due within 1 year	767,118	907,223
Due between 1 and 5 years	1,046,089	1,121,576
Due after 5 years	<u>59,232</u>	<u>54,727</u>
Financial lease receivables, net	<u>1,872,439</u>	<u>2,083,526</u>

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9 Other assets

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
Reserve deposits at central banks	2,229,674	1,773,311
Insurance premium receivables	1,167,136	935,860
Accrued exchange gain on derivatives	807,719	812,397
Prepaid expenses, insurance claims and similar items	276,397	286,832
Miscellaneous receivables	182,436	95,801
Advances for tangible assets	109,500	81,008
Tangible assets held for sale	88,600	81,346
Prepaid taxes and taxes and funds to be refunded	56,664	52,106
Others	<u>88,717</u>	<u>84,589</u>
	<u>5,006,843</u>	<u>4,203,250</u>

Reserve deposits at central banks

At 30 June 2009, reserve deposits at the Central Bank of Turkey are kept as minimum reserve requirement. These funds are not available for the daily business of the Bank and its affiliates. As required by the Turkish Banking Law, these reserve deposits are calculated on the basis of TL and foreign currency liabilities taken at the rates determined by the Central Bank of Turkey. In accordance with the current legislation, the reserve deposit rates for TL and foreign currency liabilities are 6% and 9% (31 December 2008: 6% and 9%), respectively. Interest rates applied for reserve requirements are 7% (31 December 2008: 12%) for TL deposits. The foreign currency reserves do not earn any interests.

The reserve deposits at the Central Bank of the Netherlands, as required by the Dutch Banking Law, are calculated as 2% on all customer deposits with an original maturity less than 2 years and 2% on bank deposits of non-EU banks with an original maturity less than 2 years. The banks operating in Romania are obliged to keep minimum reserve requirements in accounts held with Romanian Central Bank (NBR). The reserve requirements are to be held in RON for RON liabilities and in Euro or US\$ for foreign currency liabilities. Presently, in line with stipulations of related legislation in force, the rates for reserve requirements are 18% for RON denominated liabilities with a remaining maturity less than 2 years and 40% for foreign currency denominated liabilities with an remaining maturity less than 2 years excluding Romanian banks' fundings (previously, 20% for RON and 40% for foreign currency). The interest rates paid by the NBR to banks for reserve requirements are subject of permanent update, presently there are 5.9% for RON reserves, 2.65% for Euro reserves and 1.10% for US\$ reserves.

The reserve deposits at the Central Bank of Russia are not available for the daily business, as required by the Russian Banking Law, these reserve deposits are calculated on the basis of RUR and foreign currency liabilities taken at the rates determined by the Central Bank of Russia. In accordance with the current legislation, the reserve deposit rates for RUR and foreign currency liabilities banks-nonresident (RUR and foreign currency liabilities), individuals (RUR) and other liabilities are 0.5% (2008: banks-nonresident (RUR and foreign currency liabilities) 5.5%, individuals (RUR) 4.5%, other liabilities (RUR and foreign currency liabilities) 5%).

Tangible assets held for sale

TL 81,796 thousands (31 December 2008: TL 74,366 thousands) of the tangible assets held for sale is comprised of foreclosed real estate acquired by the Bank against its impaired receivables. Such assets are required to be disposed of within three years following their acquisitions per the Turkish Banking Law. This three year period can be extended by a legal permission from the regulators. In case of real

9 Other assets (continued)

estates held for sale, this requirement is valid only if the legal limit on the size of the real estate portfolio that a bank can maintain is exceeded. Currently, as the Bank is within this legal limit, it is not subject to the above requirement.

Impairment losses provided on real estates held for sale were determined based on the appraisals of independent appraisal firms. As of 30 June 2009, real estates held for sale amounting TL 86,645 thousands (31 December 2008: TL 78,214 thousands) have been impaired by TL 5,156 thousands (31 December 2008: TL 4,739 thousands).

As of 30 June 2009, the rights of repurchase on various tangible assets held for sale amounted to TL 14,072 thousands (31 December 2008: TL 13,714 thousands).

10 Investment securities

	<u>30 June 2009</u>				<u>31 December 2008</u>
	<u>Face value</u>	<u>Carrying value</u>	<u>Interest rate range %</u>	<u>Latest maturity</u>	<u>Carrying value</u>
<i>Debt and other instruments available-for-sale:</i>					
Government bonds at floating rates	7,337,836	7,942,661	12-18	2014	7,269,810
Government bonds indexed to consumer price index	3,345,598	4,082,115	10-12	2013	147,118
Discounted government bonds in TL	4,170,851	3,946,231	10-12	2011	4,683,672
Bonds issued by corporations (a)	1,962,662	1,939,793	1-20	2017	2,022,743
Government bonds in TL	1,354,291	1,488,244	14	2014	2,602,072
Bonds issued by financial institutions	886,811	875,157	2-20	2049	422,811
Eurobonds	766,638	838,166	5-12	2036	683,634
Government bonds in foreign currency	284,098	285,529	2-6	2010	409,824
Others		<u>229,285</u>			<u>86,063</u>
Total securities available-for-sale		<u>21,627,181</u>			<u>18,327,747</u>
<i>Debt and other instruments held-to-maturity:</i>					
Government bonds in TL	3,250,909	3,056,155	14-17	2012	3,065,219
Government bonds at floating rates (b)	2,597,371	2,732,762	17-18	2011	2,732,620
Eurobonds	1,439,701	1,456,137	7-12	2036	1,646,169
Others		<u>39,645</u>			<u>39,760</u>
		<u>7,284,699</u>			<u>7,483,768</u>
Accrued interest on held-to-maturity portfolio		<u>283,625</u>			<u>300,614</u>
Total securities held-to-maturity		<u>7,568,324</u>			<u>7,784,382</u>
Total investment securities		<u>29,195,505</u>			<u>26,112,129</u>

(a) Bonds issued by corporations include credit linked notes with a total face value of US\$ 890,888,889 and EUR 783,333 (31 December 2008: US\$ 895,500,000 and EUR 1,175,000) and a total carrying value of TL 1,379,703 (31 December 2008: TL 1,389,392 thousands).

(b) The interest rates applied on these securities are floating quarterly based on interest rates of government bond bids of the government.

10 Investment securities (continued)

In 2008, the Bank reclassified certain investment securities, previously classified in its securities available-for-sale portfolio in its financial statements, with total face values of TL 2,831,667 thousands and US\$ 843,847,999 to its securities held-to-maturity portfolio as a result of change in its intention to hold such securities. Such securities are included in the securities held-to-maturity portfolio at their fair values of TL 2,685,106 thousands and US\$ 852,772,307 as of their reclassification date. The negative valuation differences amounting TL 99,085 thousands and US\$ 6,729,440 of these securities, are recorded under the shareholders' equity and amortized through the statement of comprehensive income throughout their maturities. As of the date of the statement of financial position, the negative valuation differences under the shareholders' equity are TL 82,408 thousands and US\$ 6,787,618.

Interest income from debt and other fixed or floating instruments is reflected in interest on securities. Whereas, gains and losses arising from changes in the fair value of cash flow hedges and available-for-sale assets are deferred as a separate component of equity.

Government bonds and treasury bills include securities pledged under repurchase agreements with customers amounting to TL 5,982,721 thousands (31 December 2008: TL 11,641,331 thousands).

The following table summarizes securities that were deposited as collaterals with respect to various banking, insurance and asset management transactions:

	<u>30 June 2009</u>		<u>31 December 2008</u>	
	<u>Face Value</u>	<u>Carrying value</u>	<u>Face Value</u>	<u>Carrying value</u>
Collateralized to foreign banks	4,893,152	5,105,726	7,108,446	7,242,244
Deposited at Istanbul Stock Exchange	2,224,932	2,308,260	5,745,673	5,907,317
Deposited at central banks for repurchase transactions	1,506,800	1,632,807	1,541,280	1,606,177
Deposited at CBT for interbank transactions	607,978	634,172	598,920	629,992
Deposited at CBT for foreign currency money market transactions	581,240	598,204	581,980	584,095
Deposited at Clearing Bank (Takasbank)	55,420	58,594	10,000	10,087
Others		<u>51,206</u>		<u>138,831</u>
		<u>10,388,969</u>		<u>16,118,743</u>

11 Investments in equity participations

	<u>30 June 2009</u>		<u>31 December 2008</u>	
	<u>Carrying Value</u>	<u>Ownership %</u>	<u>Carrying Value</u>	<u>Ownership %</u>
Eureko Sigorta AŞ	47,295	20.00	40,342	20.00
IMKB Takasbank AŞ	11,962	5.83	11,962	5.83
Garanti Filo Yönetim Hizmetleri AŞ	-	-	10,000	100.00
Others	<u>8,815</u>		<u>8,133</u>	
	<u>68,072</u>		<u>70,437</u>	

11 Investments in equity participations (continued)

Others include "Garanti Konut Finansmanı Danışmanlık Hizmetleri AŞ" which was established as per the decision made during the board of directors meeting of the Bank on 15 September 2007 to provide consultancy and outsourcing services to banks, housing finance and mortgage finance companies. Its legal registration process was completed on 3 October 2007. The Bank owns 99.99% of the company shares. The share capital of the company amounting TL 750 is fully paid. This company is not consolidated in the accompanying consolidated financial statements as currently it does not have material operations compared to the consolidated performance of the Bank and its affiliates, instead it is recorded under investments in equity participations in "others" above and valued at cost.

80% shares of a previously consolidated affiliate, Garanti Sigorta AŞ, owned by the Bank are sold to Eureka BV on 21 June 2007. After the sale, the remaining 20% is reclassified as investments in equity participations and accounted under the equity method of accounting. Subsequent to this sale, at 1 October 2007 the legal name of the company has been changed as Eureka Sigorta AŞ.

Garanti Filo Yönetimi Hizmetleri AŞ was established on 10 January 2007 as an operational leasing company, and fully owned and controlled by the leasing affiliate of the Bank. The company's main objective is to rent cars to corporates, institutional and small and medium size enterprises. The total paid-in share capital is TL 10,000 thousands as of the issue date of the financial statements. This company is consolidated in the accompanying financial statements as of 30 June 2009. As of 31 December 2008 it was recorded under investments in equity participations and valued at cost due to its low level of operations in 2008.

IMKB Takasbank AŞ and other equity participations do not have a quoted market price in an active market and other methods of reasonably estimating their values would be inappropriate and impracticable, accordingly they are stated at cost, restated for the effects of inflation in TL units current at 31 December 2005.

There is not any additional impairment losses for the investments in equity participations as of 30 June 2009 and 31 December 2008. The cumulative provisions for such impairment losses amounted to TL 3,489 thousands as of 30 June 2009 (31 December 2008: TL 3,582 thousands).

12 Tangible assets

Movement in tangible assets from 1 January to 30 June 2009 is as follows:

	<u>1 January</u>	<u>Additions</u>	<u>Adjustment for Currency Translation</u>	<u>Disposals</u>	<u>30 June</u>
<i>Costs</i>					
Land and buildings	1,086,460	64,089	355	(19,508)	1,131,396
Furniture, fixture, equipments and motor vehicles	1,037,027	146,569	212	(14,383)	1,169,425
Leasehold improvements	<u>297,495</u>	<u>20,226</u>	<u>218</u>	<u>(2,960)</u>	<u>314,979</u>
	2,420,982	230,884	785	(36,851)	2,615,800
<i>Less: Accumulated depreciation</i>					
Buildings	228,852	11,558	-	(5,192)	235,218
Furniture, fixture, equipments and motor vehicles	725,990	74,879	32	(7,048)	793,853
Leasehold improvements	<u>122,493</u>	<u>23,993</u>	-	<u>(1,395)</u>	<u>145,091</u>
	1,077,335	110,430	32	(13,635)	1,174,162
<i>Construction in progress</i>	<u>1,919</u>	3,562	12	(1,472)	<u>4,021</u>
	1,345,566				1,445,659
<i>Impairment in value of tangible assets</i>	<u>(106,939)</u>				<u>(102,321)</u>
	<u>1,238,627</u>				<u>1,343,338</u>

12 Tangible assets (continued)

Movement in tangible assets from 1 January to 31 December 2008 is as follows:

	<u>1 January</u>	<u>Additions</u>	<u>Adjustment for Currency Translation</u>	<u>Disposals</u>	<u>31 December</u>
<i>Costs</i>					
Land and buildings	1,096,919	55,561	14,766	(80,786)	1,086,460
Furniture, fixture, equipments and motor vehicles	1,086,273	219,709	5,357	(274,312)	1,037,027
Leasehold improvements	<u>198,274</u>	<u>102,412</u>	<u>2,831</u>	<u>(6,022)</u>	<u>297,495</u>
	2,381,466	377,682	22,954	(361,120)	2,420,982
<i>Less: Accumulated depreciation</i>					
Buildings	229,497	22,971	1,556	(25,172)	228,852
Furniture, fixture, equipments and motor vehicles	809,741	130,234	2,015	(216,000)	725,990
Leasehold improvements	<u>87,894</u>	<u>38,117</u>	<u>595</u>	<u>(4,113)</u>	<u>122,493</u>
	1,127,132	191,322	4,166	(245,285)	1,077,335
<i>Construction in progress</i>	<u>17,794</u>	10,084	1,402	(27,361)	<u>1,919</u>
	1,272,128				1,345,566
<i>Impairment in value of tangible assets</i>	<u>(109,227)</u>				<u>(106,939)</u>
	<u>1,162,901</u>				<u>1,238,627</u>

A portion of the additions amounting TL 89,422 thousands in the first half of 2009 represented the tangible assets of a newly consolidated affiliate.

Depreciation expense for the six-month period ended and the three-month period ended 30 June 2009 amounts to TL 98,210 thousands and TL 49,701 thousands (the six-month period ended 30 June 2008: TL 86,065 thousands and the three-month period ended 30 June 2008: YTL 43,237 thousands).

Assessment of the independent appraiser firms have been taken into consideration in the determination of the impairment losses provided for land and buildings. As of 30 June 2009, land and buildings at a total net book value before impairment of TL 391,959 thousands (31 December 2008: TL 394,800 thousands) have been impaired by TL 102,321 thousands (31 December 2008: TL 106,939 thousands).

13 Goodwill

As of 30 June 2009, goodwill arises from the direct acquisitions of 100.00% ownership in Garanti Yatırım Menkul Kıymetler AŞ, 98.94% ownership in Garanti Finansal Kiralama AŞ, 84.91% ownership in Garanti Emeklilik ve Hayat AŞ, 81.84% ownership in Garanti Faktoring Hizmetleri AŞ and 20.00% ownership in Eureko Sigorta AŞ consisting of the excesses of the total acquisition costs over net assets of these consolidated entities at the dates of their acquisition as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Garanti Yatırım Menkul Kıymetler AŞ	20,984	20,984
Garanti Faktoring Hizmetleri AŞ	6,697	6,697
Garanti Finansal Kiralama AŞ	5,233	5,233
Eureko Sigorta AŞ	222	222
Garanti Emeklilik ve Hayat AŞ	<u>34</u>	<u>34</u>
	33,170	33,170
Impairment of goodwill	<u>-</u>	<u>-</u>
	<u>33,170</u>	<u>33,170</u>

Impairment losses when necessary are provided for decrease in the net asset value of the consolidated entities by assessing their internal and external resources.

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14 Deposits from banks

Deposits from banks comprise the following:

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
Payable on demand	1,042,846	942,099
Term deposits	<u>1,126,131</u>	<u>1,168,062</u>
	2,168,977	2,110,161
Accrued interest on deposits from banks	<u>7,908</u>	<u>9,118</u>
	<u>2,176,885</u>	<u>2,119,279</u>

Deposits from banks include both TL accounts amounting TL 674,355 thousands (31 December 2008: TL 548,049 thousands) and foreign currency accounts amounting TL 1,494,622 thousands (31 December 2008: TL 1,562,112 thousands) in total. As at 30 June 2009, interest rates applicable to TL bank deposits and foreign currency bank deposits vary within ranges of 9%-19% and 1%-6% (31 December 2008: 13%-22% and 1%-8%), respectively.

15 Deposits from customers

Deposits from customers comprise the following:

	<i>30 June</i> <u>2009</u>			<i>31 December</i> <u>2008</u>
	<u><i>Demand</i></u>	<u><i>Time</i></u>	<u><i>Total</i></u>	<u><i>Total</i></u>
Foreign currency	6,894,476	23,560,052	30,454,528	27,023,909
Saving	1,573,450	17,989,435	19,562,885	18,225,454
Commercial	1,819,187	8,197,366	10,016,553	8,588,692
Public and other	<u>857,290</u>	<u>362,476</u>	<u>1,219,766</u>	<u>1,626,000</u>
	11,144,403	50,109,329	61,253,732	55,464,055
Accrued interest expense on deposits from customers	<u>26,315</u>	<u>334,642</u>	<u>360,957</u>	<u>373,753</u>
	<u>11,170,718</u>	<u>50,443,971</u>	<u>61,614,689</u>	<u>55,837,808</u>

As at 30 June 2009, interest rates applicable to TL deposits and foreign currency deposits vary within ranges of 8%-26% and 1%-11% (31 December 2008: 13%-24% and 1%-11%), respectively.

16 Obligations under repurchase agreements

The Bank and its affiliates raise funds by selling financial instruments under agreements to repay the funds by repurchasing the instruments at future dates at the same price plus interest at a predetermined rate. Repurchase agreements are commonly used as a tool for short-term financing of interest-bearing assets, depending on the prevailing interest rates.

Assets sold under repurchase agreements comprise the following:

	<u><i>Carrying value</i></u>	<u><i>Fair value of underlying assets</i></u>	<u><i>Carrying amount of corresponding liabilities</i></u>	<u><i>Range of repurchase dates</i></u>	<u><i>Repurchase price</i></u>
<u><i>30 June 2009</i></u>					
Investment securities	<u>5,982,721</u>	<u>6,216,608</u>	<u>5,776,942</u>	Jul'09-Feb'11	<u>5,899,841</u>
<u><i>31 December 2008</i></u>					
Investment securities	<u>11,641,331</u>	<u>11,740,609</u>	<u>11,153,180</u>	Jan'09-Feb'11	<u>11,285,506</u>

16 Obligations under repurchase agreements (continued)

Accrued interest on obligations under repurchase agreements amounting to TL 61,353 thousands (31 December 2008: TL 61,473 thousands) is included in the carrying amount of corresponding liabilities.

In general the carrying values of such assets are more than the corresponding liabilities due to the margins set between the parties, since such funding is raised against assets collateralized.

The proceeds from the sale of securities under repurchase agreements are treated as liabilities and recorded as obligations under repurchase agreements. As at 30 June 2009, the maturities of the obligations varied from one day to twenty months and interest rates varied between 2%-11% (31 December 2008: 3%-17%).

17 Loans and advances from banks

Loans and advances from banks comprise the following:

	<i><u>30 June</u></i> <i><u>2009</u></i>	<i><u>31 December</u></i> <i><u>2008</u></i>
<u>Short-term borrowings</u>		
Domestic banks	923,761	948,325
Foreign banks	<u>3,225,662</u>	<u>2,780,061</u>
	4,149,423	3,728,386
<u>Long-term debts</u>		
Short-term portion	1,826,672	2,884,807
Medium and long-term portion	<u>9,310,748</u>	<u>6,541,686</u>
	11,137,420	9,426,493
Accrued interest on loans and advances from banks	<u>172,555</u>	<u>288,704</u>
	<u>15,459,398</u>	<u>13,443,583</u>

As at 30 June 2009, loans and advances from banks included various promissory notes amounting to TL 505,731 thousands in total with latest maturity by 2009 (31 December 2008: TL 953,176 thousands with latest maturity by 2009).

As at 30 June 2009, short-term borrowings included one-year syndicated loan facility to finance export contracts in two tranches of US\$ 109,974,375 and EUR 517,312,500, equivalent of EUR 600 millions (equivalent of TL 1,273,725 thousands) with the rates of Libor+2.5% and Euribor+2.5% per annum, respectively with the participation of 31 banks from 15 different countries.

17 Loans and advances from banks (continued)

Long-term debts comprise the following:

			<u>30 June 2009</u>			<u>31 December 2008</u>
	<i>Interest rate%</i>	<i>Latest Maturity</i>	<i>Amount in original currency</i>	<i>Short term portion</i>	<i>Medium and long term portion</i>	<i>Medium and long term debts</i>
Deutsche Bank AG	11.3-12.9	2017	TL 701 mio	-	701,210	701,210
DPR Securitisation-IV	1.4-2.2	2013	US\$ 510 mio	194,771	583,024	678,194
DPR Securitisation-V	1.6-2.9	2013	US\$ 449 mio	164,939	520,308	600,808
DPR Securitisation-VII	1.3	2016	US\$ 388 mio	36,522	554,766	571,420
DPR Securitisation-VIII	1.8	2017	US\$ 350 mio	-	533,382	531,609
DPR Securitisation-VI	1.3	2011	EUR 211 mio	219,573	231,025	407,259
DPR Securitisation-IX	4.7	2018	EUR 200 mio	8,552	419,048	423,160
DPR Securitisation-VI	2.1	2016	US\$ 225 mio	10,599	332,012	341,450
DPR Securitisation-III	1.4	2013	US\$ 220 mio	83,688	251,105	291,989
DPR Securitisation-VI	2.0	2013	US\$ 210 mio	-	319,703	318,583
DPR Securitisation-VIII	2.3	2017	US\$ 100 mio	-	152,395	151,888
DPR Securitisation-VIII	1.3	2017	US\$ 100 mio	-	152,395	151,888
DPR Securitisation-VII	2.0	2014	US\$ 92 mio	25,401	114,284	126,302
DPR Securitisation-VIII	1.3	2015	US\$ 50 mio	12,702	63,496	72,784
Others				<u>1,069,925</u>	<u>4,382,595</u>	<u>1,173,142</u>
				<u>1,826,672</u>	<u>9,310,748</u>	<u>6,541,686</u>

On 22 August 2008, the Bank completed a securitization (the "DPR Securitization-IX") transaction by issuance of certificates; a tranche of EUR 200 millions with 10 years maturity from European Investment Bank.

On 28 June 2007, the Bank completed a securitization (the "DPR Securitization-VIII") transaction by issuance of certificates; three tranches of US\$ 550 millions with 10 years maturity wrapped by Ambac Assurance Corp., Financial Guaranty Insurance Corp. and XL Capital Assurance and a tranche of US\$ 50 millions with 8 years maturity and no financial guarantee.

On 24 January 2007, the Bank borrowed TL 435 millions from Deutsche Bank AG, London with a maturity of 10 years at 12.93% annual fixed interest rate through a secured financing transaction. Accordingly, the Bank pledged US\$ 300 millions of cash collateral to Deutsche Bank AG, London. Subsequently, the Bank has entered into two more secured financing transactions with the same counterparty under the same collateral conditions and borrowed in total TL 266 millions in two separate transactions on 28 June and 3 July 2007 with maturity of 10 years for each and pledged US\$ 100 millions of cash collateral for each. The funding costs are 11.30% and 11.35%, respectively. The cash collaterals earn annually US\$ libor floating interest rate.

In December 2006, the Bank completed a securitization (the "DPR Securitization-VII") transaction by issuance of certificates: US\$ 400 millions tranche with a maturity of 10 years and US\$ 100 millions tranche with a maturity of 8 years. Both of the series were issued on an unwrapped basis.

In May 2006, the Bank completed a securitization (the "DPR Securitization-VI") transaction by issuance of certificates: Euro 300 millions with a guarantee issued by MBIA Insurance Corp. with maturity of 5 years, US\$ 300 millions with no financial guarantee and a maturity of 7 years and US\$ 225 millions with a guarantee issued by Ambac Assurance Corp. with maturity of 10 years.

17 Loans and advances from banks (continued)

In November 2005, the Bank completed a securitization (the "DPR Securitization-V") transaction by issuance of certificate: US\$ 150 millions with a guarantee issued by CFIG Inc. with a maturity of 7 years, US\$ 250 millions with a guarantee issued by XL Capital Assurance with a maturity of 8 years and US\$ 125 millions with no financial guarantee and a maturity of 8 years.

In September 2005, the Bank completed a securitization (the "DPR Securitisation-IV") transaction by issuance of certificate: US\$ 150 millions with a guarantee issued by Financial Guaranty Insurance Corp. with a final maturity of 7 years, US\$ 150 millions with a guarantee issued by Financial Security Assurance with a final maturity of 8 years, US\$ 165 millions with a financial guarantee issued by Assured Guaranty Corp. with a final maturity of 8 years, US\$ 110 millions with a financial guarantee issued by Radian Asset Assurance Inc. with a final maturity of 7 years, US\$ 25 millions with no financial guarantee and a final maturity of 7 years.

In May 2005, the Bank completed a securitization (the "DPR Securitisation-III") transaction by issuance of certificate: US\$ 300 millions with a guarantee issued by MBIA Insurance Corp., a final maturity of 8 years.

The DPR securitization is a way of securitizing the Bank's payment orders created via SWIFT MT 103 or similar payment orders in terms of US Dollar, Euro and GBP accepted as derived primarily from the Bank's trade finance and other corporate businesses and paid through foreign depository banks.

18 Subordinated liabilities

Subordinated liabilities comprise of the following:

	<u>30 June 2009</u>		<u>31 December 2008</u>	
	<u>Latest Maturity</u>	<u>Interest rates %</u>	<u>Carrying value</u>	<u>Carrying value</u>
Subordinated debt of US\$ 500 millions	2017	6.95	761,242	758,502
Subordinated debt of EUR 50 millions	2021	Euribor + 3.5	106,900	-
Subordinated deposit of EUR 48 millions	2016	4.42-7.73	102,637	101,573
Subordinated bonds payable of EUR 30 millions	2016	Euribor + 1.57	64,140	63,474
			1,034,919	923,549
Accrued interest on subordinated liabilities			25,612	23,981
			<u>1,060,531</u>	<u>947,530</u>

On 23 February 2009, the Bank has obtained a 12-year subordinated loan of EUR 50 millions due March 2021 from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA) a company of the French Development Agency Group, with an interest of Euribor+3.5% and a repayment option for the Bank at the end of the seventh year.

On 5 February 2007, the Bank obtained a 10-year subordinated fixed-rate notes of US\$ 500 millions due February 2017 with a repayment option for the Bank at the end of the fifth year. The fixed rate notes with Political Risk Insurance provided by Steadfast (a subsidiary of Zurich American Insurance Company) received a rating of Baa1 by Moody's Investors Service and priced at par to yield 6.95% to investors.

On 29 September 2006, one of the Bank's affiliates issued its first floating rate note for EUR 30 millions, Euro-denominated lower tier-2 capital, priced at 99.30, arranged by Deutsche Bank and traded on the alternative market in Frankfurt.

As at 30 June 2009, subordinated deposits obtained by the consolidated banking affiliate in Holland amounted to EUR 48 millions (equivalent of TL 102,637 thousands) (31 December 2008: EUR 48 millions, equivalent of TL 101,573 thousands).

18 Subordinated liabilities (continued)

The Bank reclassified certain subordinated liabilities, previously classified in its deposits from customers amounting TL 103,892 thousands, loans and advances from banks amounting TL 780,140 thousands and bonds payable amounting TL 63,498 thousands to subordinated liabilities as of 31 December 2008.

19 Taxation

In Turkey, corporate income tax is levied at the rate of 20% on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes.

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

Under the Turkish taxation system, 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 prior years. There is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns within four months following the end of the accounting year to which they relate. Tax returns and accounting records 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 the tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

In Turkey, the tax legislation does not permit a parent company and its affiliates to file a consolidated tax return. Therefore, the taxation charge, as reflected in the accompanying consolidated financial statements, represents the total amount of the taxation charge of each affiliate.

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. 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 statements of financial position, statements of comprehensive income 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 12 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.

19 Taxation (continued)

MALTA

The corporate earnings are subjected 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 in 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 subjected to a 21% corporate tax (2008: 22%). This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 4% of the calculated corporate tax is paid as a contribution for unemployment insurance fund. The rate of the municipality commerce tax is 6.75% in the municipality where the Bank's Luxembourg branch operates. The tax returns are examined by the authorized bodies and in case of any detected mistake, 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 affiliates

HOLLAND

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

RUSSIA

The applicable tax rate for current and deferred tax for the Bank's consolidated affiliate in Russia is 20% (2008: 24%). The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax

19 Taxation (continued)

authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open for a longer period.

The total provision for taxes on income is different than the amount computed by applying the Turkish statutory tax rate to income before provision for taxes as shown in the following reconciliation:

	<i>30 June</i> <u>2009</u>	<i>%</i>	<i>30 June</i> <u>2008</u>	<i>%</i>
Taxes on income per statutory tax rate	377,081	20.00	255,703	20.00
Provision for general banking risks	50,000	2.65	-	-
Disallowable expenses	6,319	0.33	20,444	1.60
Income items exempt from tax or subject to different tax rates	(3,889)	(0.21)	(17,210)	(1.35)
Defined benefit obligation	-	-	(32,920)	(2.57)
Others	<u>(553)</u>	<u>(0.02)</u>	<u>4,804</u>	<u>0.37</u>
Taxation charge	<u>428,958</u>	<u>22.75</u>	<u>230,821</u>	<u>18.05</u>

The taxation charge is comprised of the following:

	<i>For the six-month period ended</i>	
	<i>30 June</i> <u>2009</u>	<i>30 June</i> <u>2008</u>
Current taxes	418,976	256,091
Deferred taxes	<u>9,982</u>	<u>(25,270)</u>
Taxation charge	<u>428,958</u>	<u>230,821</u>

The movement of current tax liability is as follows:

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
Balance at the beginning of the period	127,684	5,301
Current period taxes	418,976	442,315
Current taxes recognised under equity	44,850	135,665
Less: Prepaid corporate taxes	<u>(323,379)</u>	<u>(455,597)</u>
Current tax liability	<u>268,131</u>	<u>127,684</u>

In accordance with the related regulation for prepaid taxes on income, such advance payments during the year are being deducted from the final tax liability for the year. Accordingly, the taxation charge on income is not equal to the final tax liability appearing on the statement of financial position.

Income tax assets/(liabilities) recognised directly in equity is as follows:

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
Unrealised gains on available-for-sale assets	(167,425)	(50,461)
Hedging reserve	<u>560</u>	<u>812</u>
	<u>(166,865)</u>	<u>(49,649)</u>

19 Taxation (continued)

Deferred tax asset and liabilities are attributable to the items detailed in the table below:

	<u>30 June</u> <u>2009</u>	<u>31 December</u> <u>2008</u>
<i>Deferred tax asset</i>		
Impairment losses on loans	67,600	68,266
Short-term employee benefits	29,410	31,684
Impairment of equity participations and tangible assets	20,598	21,974
Defined benefit obligations	20,520	20,520
Discount on miscellaneous receivables	7,591	6,932
Reserve for employee severance indemnity	7,494	8,893
Accruals on credit card rewards	5,783	7,241
Valuation difference on financial assets and liabilities	(6,102)	27,190
Pro-rata basis depreciation expenses	(13,488)	(16,710)
Prepaid expenses and promotions	(26,586)	(33,860)
Others, net	(16,017)	(22,385)
Total deferred tax asset	<u>96,803</u>	<u>119,745</u>
<i>Deferred tax liability</i>		
Total deferred tax liability	<u>3,817</u>	<u>-</u>

As of 30 June 2009, there are not any deferred tax assets and liabilities that have not been recognized in the accompanying consolidated financial statements.

Movements in deferred tax assets and liabilities are detailed in the table below:

	<u>Opening</u> <u>Balance</u>	<u>Recognized in</u> <u>Income</u> <u>statement</u>	<u>Recognized</u> <u>in equity</u>	<u>Closing</u> <u>balance</u>
<u>30 June 2009</u>				
Impairment losses on loans	68,266	(666)	-	67,600
Short-term employee benefits	31,684	(2,274)	-	29,410
Impairment of equity participations and tangible assets	21,974	(1,376)	-	20,598
Defined benefit obligations	20,520	-	-	20,520
Discount on miscellaneous receivables	6,932	659	-	7,591
Reserve for employee severance indemnity	8,893	(1,399)	-	7,494
Accruals on credit card rewards	7,241	(1,458)	-	5,783
Valuation difference on financial assets and liabilities	27,190	(16,767)	(16,525)	(6,102)
Pro-rata basis depreciation expenses	(16,710)	3,222	-	(13,488)
Prepaid expenses and promotions	(33,860)	7,274	-	(26,586)
Others, net	(22,385)	2,803	(252)	(19,834)
Net deferred tax asset	<u>119,745</u>	<u>(9,982)</u>	<u>(16,777)</u>	<u>92,986</u>

19 Taxation (continued)

	<i>Opening Balance</i>	<i>Recognized in Income statement</i>	<i>Recognized in equity</i>	<i>Closing balance</i>
<u>31 December 2008</u>				
Impairment losses on loans	47,675	20,591	-	68,266
Short-term employee benefits	20,088	11,596	-	31,684
Valuation difference on financial assets and liabilities	17,114	6,176	3,900	27,190
Impairment of equity participations and tangible assets	26,668	(4,694)	-	21,974
Defined benefit obligations	-	20,520	-	20,520
Reserve for employee severance indemnity	9,125	(232)	-	8,893
Accruals on credit card rewards	9,844	(2,603)	-	7,241
Discount on miscellaneous receivables	2,278	4,654	-	6,932
Pro-rata basis depreciation expenses	(10,992)	(5,718)	-	(16,710)
Prepaid expenses and promotions	(21,203)	(12,657)	-	(33,860)
Others, net	<u>3,845</u>	<u>(28,095)</u>	<u>1,865</u>	<u>(22,385)</u>
Net deferred tax asset	<u>104,442</u>	<u>9,538</u>	<u>5,765</u>	<u>119,745</u>

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.

20 Other liabilities and accrued expenses

The principal components of other liabilities and accrued expenses are as follows:

	<i>30 June</i>	<i>31 December</i>
	<u>2009</u>	<u>2008</u>
Blocked accounts against expenditures of card holders	2,180,939	1,815,228
Payables to insurance and reinsurance companies		
relating to insurance business	1,125,501	905,744
Accrued exchange losses on derivatives	362,485	605,962
Provision for general banking risks	280,000	30,000
Cheques at cleaning house	165,275	48,879
Short-term employee benefits	143,482	154,992
Withholding taxes	135,785	268,635
Insurance business related provisions	128,938	123,603
Unearned income	126,920	107,673
Transfer orders	119,295	66,793
Recognized liability for defined benefit obligations	102,601	102,601
Provision for non-cash loans	83,500	39,959
Miscellaneous payables	61,412	69,724
Expense accruals	53,539	85,350
Payables to suppliers relating to financial lease activities	40,873	52,691
Reserve for employee severance indemnity	39,745	45,513
Blocked accounts	35,171	35,561
Others	<u>71,212</u>	<u>96,861</u>
	<u>5,256,673</u>	<u>4,655,769</u>

As of 30 June 2009, a general provision amounting to TL 280,000 thousands (31 December 2008: TL 30,000 thousands) is provided by the Bank in line with conservatism principle considering the circumstances which may arise from any changes in economy or market conditions under the name of provision for general banking risks.

Recognized liability for defined benefit obligations

(i) Defined benefit plan

As a result of the changes in legislation described below, the Bank will transfer a substantial portion of its pension liability under the Plan to SSF. This transfer, which will be a settlement of the Bank's obligation in respect of the pension and medical benefits transferable to SSF, will occur within three years from the enactment of the New Law in May 2008. The actual date of the transfer has not been specified yet. However, in the financial statements for the year ended 31 December 2007, the Bank has modified the accounting required by IAS 19 *Employee Benefits* as the Bank believes that it is more appropriate to measure the obligation, in respect of the benefits that will be transferred to SSF, at the expected transfer amount prior to the date on which the transfer and settlement will occur. The expected transfer amount is calculated based on the methodology and actuarial assumptions (discount rate and mortality tables) prescribed in the New Law. As such, this calculation measures the liability to be transferred at the expected settlement amount i.e., the expected value of the payment to be made to SSF to assume that obligation.

The obligation with respect to excess benefits is accounted as a defined benefit plan under IAS 19.

20 Other liabilities and accrued expenses (continued)

a) Pension and medical benefits transferable to SSF

As per the provisional Article no.23 of the Turkish Banking Law no.5411 as approved by the Turkish Parliament on 19 October 2005, pension funds which are in essence similar to foundations are required to be transferred directly to SSF within a period of three years. In accordance with the Banking Law, the actuarial calculation of the liability (if any) on the transfer should be performed regarding the methodology and parameters determined by the commission established by Ministry of Labor and

Social Security. Accordingly, the Bank calculated the pension benefits transferable to SSF in accordance with the Decree published by the Council of Ministers in the Official Gazette no. 26377 dated 15 December 2006 ("Decree") for the purpose of determining the principles and procedures to be applied during the transfer of funds. However the said Article was vetoed by the President and at 2 November 2005 the President initiated a lawsuit before the Turkish Constitutional Court in order to rescind certain paragraphs of the provisional article no.23.

The Bank obtained an actuarial report regarding its obligations at 31 December 2006. This report, which was dated 12 February 2007, is from an actuary, who is registered with the Undersecretariat of the Treasury regarding this Fund in accordance with the Decree. Based on this Decree, the actuarial statement of financial position of the Fund has been prepared using a discount rate of 10.24% and the CSO 1980 mortality table. Based on the actuarial report, the assets of the plan exceed the amount that will be required to be paid to transfer the obligation at 31 December 2006. In accordance with the existing legislation at 31 December 2006, the pension and medical benefits within the social security limits were subject to transfer and the banks were not required to provide any excess social rights and payments.

On 22 March 2007, the Turkish Constitutional Court reached a verdict with regards to the suspension of the execution of the first paragraph of provisional article no.23 of the Turkish Banking Law, which requires the transfer of pension funds to SSF, until the decision regarding the cancellation thereof is published in the Official Gazette. The Constitutional Court stated in its reasoned ruling published in the Official Gazette numbered 26731, dated 15 December 2007 that the reason behind this cancellation was the possible loss of antecedent rights of the members of pension funds. Following the publication of the verdict, the Grand National Assembly of Republic of Turkey ("Turkish Parliament") worked on the new legal arrangements by taking the cancellation reasoning into account. At 17 April 2008, the New Law has been accepted by the Turkish Parliament and the New Law has been enacted at 8 May 2008 following its publication in the Official Gazette no 26870. In accordance with the New Law, members of the funds established in accordance with the Social Security Law should be transferred to SSF within three years following its enactment date.

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

The Bank obtained an actuarial report dated 5 February 2009 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the New Law. The actuarial statement of financial position of the Fund has been prepared using a discount rate of 9.80% and the CSO 1980 mortality table, and the assets of the plan exceed the amount that will be required to be paid to transfer the obligation at 31 December 2008.

The Bank's obligation in respect of the pension and medical benefits transferable to SSF has been determined as the value of the payment that would need to be made to SSF to settle the obligation at the date of the statement of financial position in accordance with the related article of the New Law.

20 Other liabilities and accrued expenses (continued)

The pension disclosures set out below therefore reflect the methodology and actuarial assumptions specified in the New Law. This calculation measures the benefit obligation at the expected transfer amount i.e., the estimated amount the Bank will pay to SSF to assume this portion of the obligation.

The pension benefits are calculated annually, as per the calculation as of 31 December 2008 the present value of funded obligations amount to TL 176,416 thousands and the fair value of the planned assets amount to TL 621,594 thousands.

	31 December
	<u>2008</u>
Present value of funded obligations	
- Pension benefits transferable to SSF (obligation measured at the expected transfer amount)	(296,328)
- Medical benefits transferable to SSF (obligation measured at the expected transfer amount)	135,400
	<u>(15,488)</u>
- General administrative expenses	(176,416)
	<u>621,594</u>
Fair value of plan assets	<u>445,178</u>
Asset surplus in the plan ^(*)	

^(*) Asset surplus in this plan will be used as plan assets of the excess benefit plan.

Plan assets consist of the following:

	31 December
	<u>2008</u>
Securities	480,552
Land and buildings	110,600
Cash and due from banks	<u>30,442</u>
	<u>621,594</u>

b) Excess benefits not transferable to SSF

The other social rights and payments representing benefits in excess of social security limits are not subject to transfer to SSF. Therefore these excess benefits are accounted as an ongoing defined benefit plan.

Asset surplus/(shortage) on present value of defined benefit obligation is as follows:

	31 December
	<u>2008</u>
Present value of defined benefit obligations	
- Pension	(162,356)
- Health	(250,023)
Fair value of plan assets ^(*)	<u>445,178</u>
Asset surplus/(shortage) on present value of defined benefit obligation	<u>32,799</u>

^(*) Plan assets are composed of asset surplus in the plan explained in paragraph a).

As per the actuarial calculation performed as of 31 December 2008 as detailed above, 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 32,799 thousands remains. However, the Bank's management, acting prudently, did not consider the health premium surplus amounting TL 135,400 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF and accordingly, kept recognizing a provision amounting TL 102,601 thousands as its liability in the accompanying consolidated financial statements as of 31 December 2008.

20 Other liabilities and accrued expenses (continued)

	<i>31 December</i> <u>2008</u>
Asset surplus over present value of defined benefit obligation	32,799
Net present value of medical benefits and health premiums transferable to SSF	<u>(135,400)</u>
Present value of defined benefit obligation	<u>(102,601)</u>

The pension benefits are calculated annually by an independent actuary. In the accompanying interim financial statements, the pension liability calculated as of 31 December 2008 is preserved.

Expenses recognized regarding this benefit plan in the accompanying consolidated statements of comprehensive income for the six-month periods ended 30 June 2009 and 2008 are as follows:

	<i>30 June</i> <u>2009</u>	<i>30 June</i> <u>2008</u>
Total contribution payment	54,943	55,134
Provision for unfunded liability	-	-
	<u>54,943</u>	<u>55,134</u>

Principal actuarial assumptions used are as follows:

	<i>31 December 2008</i> <u>%</u>
Discount rates	17.41-10.51
Inflation rates	9.50-5.73
Future real salary increase rates	1.5
Medical cost trend rates	17.80-11.77
Future pension increase rates	9.50-5.73

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

The sensitivity analysis of defined benefit obligation of excess liabilities are as follows:

	<i>31 December 2008</i>		
	<u>% change in defined benefit obligation</u>		
	<i>Pension Benefits</i>	<i>Medical Benefits</i>	<i>Overall</i>
<u>Assumption change</u>	<u>%</u>	<u>%</u>	<u>%</u>
Discount rate +1%	(10.5)	(14.2)	(12.8)
Discount rate -1%	13.1	18.3	16.3
Medical inflation +10% of CPI		16.6	10.1
Medical inflation -10% of CPI		(7.9)	(4.8)

Short-term employee benefits

Movement in the provision for short-term employee benefits are as follows:

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
Balance, beginning of the period	154,992	100,402
Payments during the period, net	(118,865)	(217,834)
Provision for the period, net	<u>107,355</u>	<u>272,424</u>
Balance, end of the period	<u>143,482</u>	<u>154,992</u>

20 Other liabilities and accrued expenses (continued)

Insurance business related provisions

Insurance business related provisions are detailed in the table below:

	<i>30 June</i>	<i>31 December</i>
	<u>2009</u>	<u>2008</u>
Reserve for unearned premiums, net	49,551	43,571
<i>Gross</i>	81,614	53,666
<i>Reinsurers' share</i>	(32,063)	(10,095)
Provision for claims, net	9,199	7,428
<i>Gross</i>	12,472	7,765
<i>Reinsurers' share</i>	(3,273)	(337)
Life mathematical reserves	<u>70,188</u>	<u>72,604</u>
	<u>128,938</u>	<u>123,603</u>

Reserve for employee severance indemnity

Movement in the reserve for employee severance indemnity is as follows:

	<i>30 June</i>	<i>31 December</i>
	<u>2009</u>	<u>2008</u>
Balance, beginning of the period	45,513	44,868
Reversals during the period	(5,964)	(8,816)
Provision for the period	<u>196</u>	<u>9,461</u>
Balance, end of the period	<u>39,745</u>	<u>45,513</u>

The computation of the liabilities is based upon the retirement pay ceiling announced by the government. The ceiling amounts applicable for each year of employment are TL 2,260.05 and TL 2,173.18 as of 30 June 2009 and 31 December 2008, respectively.

The principal actuarial assumptions are as follows:

	<i>30 June</i>	<i>31 December</i>
	<u>2009</u>	<u>2008</u>
	<u>%</u>	<u>%</u>
Discount rate	6.26	6.26
Interest rate	12.00	12.00
Expected rate of salary/limit increase (*)	5.40	5.40
Turnover rate to estimate the probability of retirement	6.55	6.55

(*) Determined based on the government's future targets for annual inflation.

Provision for non-cash loans

Movement in the provision for non-cash loans are as follows:

	<i>30 June</i>	<i>31 December</i>
	<u>2009</u>	<u>2008</u>
Balance, beginning of the period	39,959	32,142
Provision for the period, net	<u>43,541</u>	<u>7,817</u>
Balance, end of the period	<u>83,500</u>	<u>39,959</u>

21 Shareholders' equity

The authorized nominal share capital of the Bank amounted to TL 4,200,000 thousands as of 30 June 2009.

At the "General Assembly of Founder Shares Owners" and the "Extraordinary General Shareholders" meetings held at 13 June 2008, the Bank decided to repurchase 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 "retained earnings", and the value of remaining two 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.

It has been resolved in the Bank's board of directors meeting held at 22 April 2008 that the paid share capital of the Bank is to be increased by TL 2,100,000 thousands from TL 2,100,000 thousands to TL 4,200,000 thousands. Accordingly, the pre-emptive rights on 210,000,000 shares with a total nominal value of TL 2,100,000 thousands have been used during the period between 9 and 23 June 2008. The remaining shares with a total nominal value of TL 5,525 thousands have been sold for the amount of TL 17,405 thousands during the public offering on the ISE primary market. The capital increase is approved by the Istanbul Commercial Registry at 31 July 2008, and accordingly TL 2,100,000 thousands of the cash collected is transferred to "share capital" and the excess balance amounting TL 11,880 thousands over the nominal values of new shares issued to "share premium".

As per the decisions made at the annual general assemblies of the Bank and its affiliates, 5% of the prior year's net income is allocated to legal reserves. The reserves include legal reserves amounting to TL 377,138 thousands in total which are generated by annual appropriations amounting to 5% of the statutory income of the Bank and its affiliates until such reserves reach 20% of paid-in share capital (first legal reserves). Without limit, a further 10% of dividend distributions in excess of 5% of paid-in share capital appropriated to generate the legal reserves (second legal reserves). The legal reserves are restricted and are not available for distribution as dividends unless they exceed 50% of the share capital.

As at 30 June 2009 net minority interest amounts to TL 42,939 thousands (31 December 2008: TL 35,201 thousands). Minority interest is detailed as follows:

	<i>30 June</i>	<i>31 December</i>
	<u>2009</u>	<u>2008</u>
Capital and other reserves	14,250	14,012
Retained earnings	20,903	9,389
Current period net income	<u>7,786</u>	<u>11,800</u>
	<u>42,939</u>	<u>35,201</u>

21 Shareholders' equity (continued)

Unrealised gains from changes in fair value of available-for-sale assets are detailed as follows:

	<u>30 June</u> <u>2009</u>	<u>31 December</u> <u>2008</u>
Balance at the beginning of the period	177,751	189,382
Net unrealised gains from changes in fair value	747,594	81,536
Related deferred and current income taxes	(145,314)	(31,896)
Net gains transferred to the statement of comprehensive income on disposal	(142,009)	(76,435)
Related deferred and current income taxes	<u>28,350</u>	<u>15,164</u>
Balance at the end of the period	<u>666,372</u>	<u>177,751</u>

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

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 IFRIC 16 *Comment on Hedges of a Net Investment in a Foreign Operation*, effective for annual periods beginning on or after 1 October 2008.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred (see Note 24 for the details).

22 Fair value information

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation and best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Bank, and where it exists, appropriate valuation methodologies. However, judgment is necessary required to interpret market data to determine the estimated fair value. Turkey has shown signs of an emerging market and has experienced a significant decline in the volume of activity in its financial market. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances.

Management has estimated that the fair value of certain financial assets and liabilities are not materially different than their recorded values except for those of loans and advances to customers and investment securities. These financial assets and liabilities include loans and advances to banks, obligations under repurchase agreements, loans and advances from banks, and other short-term assets and liabilities that are of a contractual nature. Management believes that the carrying amount of these particular financial assets and liabilities approximates their fair value, partially due to the fact that it is practice to renegotiate interest rates to reflect current market conditions.

22 Fair value information (continued)

Fair value of loans and advances to customers is TL 53,372,842 thousands (31 December 2008: TL 53,874,335 thousands), whereas the carrying amount is TL 53,448,298 thousands (31 December 2008: TL 53,870,069 thousands) in the accompanying consolidated statement of financial position as at 30 June 2009.

Fair value of investment securities is TL 29,571,074 thousands (31 December 2008: TL 26,117,422 thousands), whereas the carrying amount is TL 29,195,505 thousands (31 December 2008: TL 26,112,129 thousands) in the accompanying consolidated statement of financial position as at 30 June 2009.

23 Commitments and contingencies

In the ordinary course of business, the Bank and its affiliates undertake various commitments and incur certain contingent liabilities that are not presented in the accompanying consolidated financial statements, including letters of guarantee, acceptance credits and letters of credit. Commitments and contingent liabilities comprise the following:

	<i>30 June</i>	<i>31 December</i>
	<u>2009</u>	<u>2008</u>
Letters of guarantee	12,296,427	11,012,449
Letters of credit	3,009,243	3,320,801
Acceptance credits	188,602	123,807
Others	<u>66,839</u>	<u>110,000</u>
	<u>15,561,111</u>	<u>14,567,057</u>

As at 30 June 2009, commitment for uncalled capital of affiliated companies amounts to TL 10,615 thousands (31 December 2008: TL 812 thousands).

As at 30 June 2009, commitments for unused credit limits for credit cards, overdrafts, cheques and loans to customers, and commitments for "credit linked notes" amount approximately to TL 18,253,827 thousands (31 December 2008: TL 17,520,902 thousands) in total.

As at 30 June 2009, commitments for the derivative transactions carried out on behalf of customers in the Turkish Derivatives Exchange amount to TL 458,674 thousands (31 December 2008: TL 340,676 thousands) in total.

As at 30 June 2009, commitment for purchase and sale of foreign currencies under spot, forwards, swaps, future rate agreements, options and forward agreements for gold trading amounts to TL 27,096,700 thousands (31 December 2008: TL 24,023,479 thousands), approximately 91% of which are due within a year.

23 Commitments and contingencies (continued)

The breakdown of outstanding commitments arising from derivatives is presented as follows:

	<u>30 June 2009</u>		<u>31 December 2008</u>	
	<u>Purchases</u>	<u>Sales</u>	<u>Purchases</u>	<u>Sales</u>
Forward agreements for customer dealing activities	636,430	899,531	615,838	893,999
Currency swap agreements for customer dealing activities	541,378	19,247	839,727	74,756
Options for customer dealing activities	1,405,406	979,955	214,852	216,481
Forward agreements for hedging purposes	452,934	229,424	685,667	205,272
Currency swap agreements for hedging purposes	8,716,795	4,553,839	6,574,919	7,498,424
Interest rate and credit default swap agreements	228,607	185,702	71,108	343,647
Interest rate, foreign currency and securities options	3,495,151	3,180,766	2,324,025	2,568,395
Forward rate agreements, foreign currency and interest rate futures	25,677	546	2,273	13,279
Forward agreements for gold trading	39,829	136,092	7,849	145,009
Spot foreign currency transactions	<u>626,490</u>	<u>742,901</u>	<u>483,788</u>	<u>244,171</u>
	<u>16,168,697</u>	<u>10,928,003</u>	<u>11,820,046</u>	<u>12,203,433</u>

The following tables summarize the contractual amounts of the forward, swap, futures and options contracts, with details of remaining periods to maturity. Foreign currency amounts are translated at rates ruling at the date of the statement of financial position. Monetary items denominated in foreign currencies are economically hedged using foreign currency derivative contracts. All gains and losses on foreign currency contracts are recognized in the statement of comprehensive income, except for contracts of cash flow hedges as stated above. At 30 June 2009, approximately 157% of the net foreign currency open position of the consolidated statement of financial position was hedged through the use of foreign currency contracts (31 December 2008: 112%).

23 Commitments and contingencies (continued)

<u>30 June 2009</u>	<i>Notional amount with remaining life of</i>					<u>Total</u>
	<u>Up to 1 month</u>	<u>1 to 3 months</u>	<u>3 to 6 months</u>	<u>6 to 12 months</u>	<u>Over 1 year</u>	
<u>Interest Rate Derivatives</u>						
Interest rate swaps	37,131	17,817	139,143	12,580	207,638	414,309
Purchases	3,037	1,306	5,025	11,601	207,638	228,607
Sales	34,094	16,511	134,118	979	-	185,702
Interest rate futures	-	9,150	-	-	-	9,150
Purchases	-	9,150	-	-	-	9,150
Sales	-	-	-	-	-	-
<u>Other Derivatives</u>						
Securities, shares and index options	89,217	2,269	53,375	-	1,710,400	1,855,261
Purchases	58,067	1,891	53,375	-	1,304,180	1,417,513
Sales	31,150	378	-	-	406,220	437,748
Other forward contracts	132,738	38,874	-	4,309	-	175,921
Purchases	25,592	9,928	-	4,309	-	39,829
Sale	107,146	28,946	-	-	-	136,092
<u>Currency Derivatives</u>						
Spot exchange contracts	1,369,391	-	-	-	-	1,369,391
Purchases	626,490	-	-	-	-	626,490
Sales	742,901	-	-	-	-	742,901
Forward exchange contracts	1,078,807	502,330	377,896	123,857	135,429	2,218,319
Purchases	610,513	211,262	166,984	46,318	54,287	1,089,364
Sales	468,294	291,068	210,912	77,539	81,142	1,128,955
Currency/cross currency swaps	5,393,787	3,784,947	1,805,203	2,368,076	479,246	13,831,259
Purchases	3,848,756	3,439,597	1,115,140	375,434	479,246	9,258,173
Sales	1,545,031	345,350	690,063	1,992,642	-	4,573,086
Options	3,369,847	1,775,860	1,391,877	653,132	15,301	7,206,017
Purchases	1,788,078	795,013	641,555	249,217	9,181	3,483,044
Sales	1,581,769	980,847	750,322	403,915	6,120	3,722,973
Foreign currency futures	-	5,108	11,965	-	-	17,073
Purchases	-	4,779	11,748	-	-	16,527
Sale	-	329	217	-	-	546
Subtotal Purchases	6,960,533	4,472,926	1,993,827	686,879	2,054,532	16,168,697
Subtotal Sales	4,510,385	1,663,429	1,785,632	2,475,075	493,482	10,928,003
Total of Transactions	11,470,918	6,136,354	3,779,459	3,161,954	2,548,014	27,096,700

23 Commitments and contingencies (continued)

31 December 2008	<i>Notional amount with remaining life of</i>					Total
	<i>Up to 1 month</i>	<i>1 to 3 months</i>	<i>3 to 6 months</i>	<i>6 to 12 months</i>	<i>Over 1 year</i>	
<i>Interest Rate Derivatives</i>						
Interest rate swaps	3,105	17,728	182,942	194,733	16,247	414,755
<i>Purchases</i>	705	12,124	26,473	16,606	15,200	71,108
<i>Sales</i>	2,400	5,604	156,469	178,127	1,047	343,647
Interest rate futures	-	4,709	1	-	-	4,710
<i>Purchases</i>	-	-	1	-	-	1
<i>Sales</i>	-	4,709	-	-	-	4,709
<i>Other Derivatives</i>						
Securities, shares and index options	-	-	68,200	30,969	1,692,640	1,791,809
<i>Purchases</i>	-	-	68,200	10,642	846,320	925,162
<i>Sales</i>	-	-	-	20,327	846,320	866,647
Other forward contracts	128,009	15,974	8,875	-	-	152,858
<i>Purchases</i>	5,970	1,879	-	-	-	7,849
<i>Sale</i>	122,039	14,095	8,875	-	-	145,009
<i>Currency Derivatives</i>						
Spot exchange contracts	727,959	-	-	-	-	727,959
<i>Purchases</i>	483,788	-	-	-	-	483,788
<i>Sales</i>	244,171	-	-	-	-	244,171
Forward exchange contracts	1,102,185	712,221	211,708	198,808	175,854	2,400,776
<i>Purchases</i>	661,873	333,970	139,056	98,498	68,108	1,301,505
<i>Sales</i>	440,312	378,251	72,652	100,310	107,746	1,099,271
Currency/cross currency swaps	7,022,439	3,030,341	1,925,012	2,148,225	861,809	14,987,826
<i>Purchases</i>	2,570,681	1,438,698	880,855	1,754,017	770,395	7,414,646
<i>Sales</i>	4,451,758	1,591,643	1,044,157	394,208	91,414	7,573,180
Options	1,344,168	764,560	748,252	649,095	25,869	3,531,944
<i>Purchases</i>	515,908	404,703	414,572	266,926	11,606	1,613,715
<i>Sales</i>	828,260	359,857	333,680	382,169	14,263	1,918,229
Foreign currency futures	-	10,842	-	-	-	10,842
<i>Purchases</i>	-	2,272	-	-	-	2,272
<i>Sale</i>	-	8,570	-	-	-	8,570
Subtotal Purchases	4,238,925	2,193,646	1,529,157	2,146,689	1,711,629	11,820,046
Subtotal Sales	6,088,940	2,362,729	1,615,833	1,075,141	1,060,790	12,203,433
Total of Transactions	<u>10,327,865</u>	<u>4,556,375</u>	<u>3,144,990</u>	<u>3,221,830</u>	<u>2,772,419</u>	<u>24,023,479</u>

24 Financial risk management disclosures

This section provides details of the Bank and its affiliates' exposure to risk and describes the methods used by management to control risk. The most important types of financial risk to which the Bank and its affiliates are exposed, are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate risk and option risk.

The nature of the risks and the approach to managing risk differs fundamentally between the trading and non-trading portfolios; section 24.2 contains risk management information related to the trading portfolio and section 24.3 deals with the non-trading portfolio.

Risk management framework

Developing risk management policies and strategies, and controlling these functions are among the responsibilities of the Board of Directors. Consequently, the Risk Management Department, which carries out the risk management activities and works independently from executive activities, report directly to the Board of Directors.

The Board of Directors monitors the effectiveness of the risk management system through the audit committee, other related committees and senior management.

The Bank's risk management policy is established on its maintainable long term, value adding growth strategy. This policy is measuring risks with the methods in compliance with its activities and international standards, and optimal allocation of economic capital to business lines considering the risk-return balance.

The Risk Management System consists of all the mechanisms related to establishment of standards, information flow, determination of the compliance with standards, decision making and applications processes; which were put into practice by the Board of Directors in order to monitor, control and change when deemed necessary the risk-return structure and the future cash flows of the Bank and the quality and the level of related activities.

The risks are measured with the internationally accepted methodologies in compliance with local and international regulations, the Bank's structure, policy and procedures. They are effectively managed and assessed in a continuously growing manner. At the same time, studies for compliance with the international banking applications, such as Basel II, are carried out.

In order to ensure the compliance with the rules altered pursuant to the Articles 23, 29 and 31 of the Banking Law No. 5411 and the Articles 36 and 43 of Regulation on Internal Systems within the Banks, dated 1 November 2006, the Bank revised the current written policies and implementation procedures regarding management of each risk encountered in its activities in February 2007.

The Bank has purchased an integrated software system to place better risk management and Basel II applications in order to support and improve risk management activities. The Bank aims to establish the Basel II applications in line with BRSA's roadmap.

24 Financial risk management disclosures (continued)

Audit Committee

The Audit Committee consists of two members of the Board of Directors who do not have any executive functions. The Audit Committee, which was established to assist the Board of Directors in its auditing and supervising activities, is responsible for:

- The supervision of the efficiency and effectiveness of the internal control, risk management and internal audit systems of the Bank, functioning of these systems as well as accounting and reporting systems within the framework of related procedures, and the integrity of information generated;
- The preliminary assessment on the selection process of independent audit firms and the systematic monitoring of the activities of these companies;
- The maintenance and coordination of the internal audit functions of corporations subject to consolidated internal audits.

Other Committees

Market, credit and operational sub-risk committees have been established in order to support the implementation of risk management and internal audit systems within the Bank by sharing information with the involved units.

24.1 Derivative financial instruments

The Bank and its affiliates enter into a variety of derivative financial instruments for hedging and risk management purposes. This note describes the derivatives used. Further details of the objectives and strategies in the use of derivatives are set out in the sections of this note on non-trading activities. Details of the nature and terms of derivative instruments outstanding at the dates of the statements of financial position are set out in Note 23. Derivative financial instruments used include swaps, futures, forwards, options and other similar types of contracts whose value changes in response to changes in interest rates, foreign exchange rates and gold prices. Derivatives are individually negotiated over-the-counter contracts. A description of the main types of derivative instruments used is set out below:

Swaps

Swaps are over-the-counter agreements to exchange future cash flows based upon agreed notional amounts. Most commonly used swaps are currency swaps. The Bank and its affiliates are subject to credit risk arising from the respective counterparties' failure to perform. Market risk arises from the possibility of unfavorable movements in market rates relative to the contractual rates of the contract.

Futures and forwards

Futures and forward contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or another financial asset. Futures are standardized exchange-traded contracts whereas forwards are individually traded over-the-counter contracts. Initial margin requirements for futures are met in cash or other instruments, and changes in the future contract values are settled daily. Therefore credit risk is limited to the net positive change in the market value for a single day. Futures contracts have little credit risk because the counterparties are futures exchanges. Forward contracts result in credit exposure to the counterparty. Futures and forward contracts both result in exposure to market risk based on changes in market prices relative to contracted amounts.

24 Financial risk management disclosures (continued)

Options

Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right, but not the obligation, to either purchase from (call option) or sell (put option) to the writer a specified underlying at a specified price on or before a specified date. The Bank enters into foreign exchange options. Foreign currency options provide protection against rising or falling currency rates. The Bank as a buyer of over-the-counter options is subject to market risk and credit risk since the counterparty is obliged to make payments under the terms of the contract if the Bank exercises the option. As the writer of over-the-counter options, the Bank is subject to market risk only since it is obliged to make payments if the option is exercised.

24.2 Trading activities

The Bank and its affiliates maintain active trading positions in non-derivative financial instruments. Most of the trading activities are customer driven. In anticipation of customer demand, an inventory of capital market instruments is carried and access to market liquidity is maintained by quoting bid and offer prices to and trading with other market makers. Positions are also taken in the interest rate, foreign exchange, debt and equity markets based on expectations of future market conditions. These activities constitute the proprietary trading business and enable the Bank and its affiliates to provide customers with capital market products at competitive prices. As trading strategies depend on both market-making and proprietary positions, given the relationships between instruments and markets, those are managed in concert to maximize net trading income. Trading activities are managed by type of risk involved and on the basis of the categories of trading instruments held.

Counterparty credit risk

The Bank and its affiliates' counterparty credit exposure at the date of the statement of financial position from financial instruments held or issued for trading purposes is represented by the fair value of instruments with a positive fair value at that date, as recorded on the statement of financial position. Notional amounts disclosed in the notes to the financial statements do not represent the amounts to be exchanged by the parties to derivatives and do not measure the exposure to credit or market risks. The amounts to be exchanged are based on the terms of the derivatives.

The risk that counterparties to trading instruments might default on their obligations is monitored on an ongoing basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and to the volatility of the fair value of trading instruments. To manage the level of credit risk, the Bank and its affiliates deal with counterparties of good credit standing, enter into master netting agreements whenever possible, and when appropriate, obtain collateral. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default.

Market risk

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. The instruments are recognized at fair value, and all changes in market conditions directly affect net trading income.

The Bank and its affiliates manage its use of trading instruments in response to changing market conditions. Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

24 Financial risk management disclosures (continued)

24.3 Non-trading activities

Below is a discussion of the various risks the Bank and its affiliates are exposed to as a result of its non-trading activities and the approach taken to manage those risks.

Liquidity risk

Liquidity risk arises in the general funding of the Bank and its affiliates' activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Bank and its affiliates have access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, syndications, securitizations, bonds issuance, other funding sources and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. Liquidity risk is continuously assessed through identifying and monitoring changes in funding required for meeting business goals and targets set in terms of the overall strategy. In addition, a portfolio of liquid assets is held as a part of the Bank's liquidity risk management strategy.

Exposure to liquidity risk

The calculation method used to measure the banks compliance with the liquidity limit is set by BRSA. Currently, this calculation is performed on a bank only basis. In November 2006, BRSA issued a new communiqué on the measurement of liquidity adequacy of banks. The legislation requires the banks to meet minimum 80% liquidity ratio of foreign currency assets/liabilities and minimum 100% liquidity ratio of total assets/liabilities on a weekly and monthly basis effective from 1 June 2007. The Bank's liquidity ratios for the first half of 2009 and the year of 2008 are as follows:

	30 June 2009			
	<u>First Maturity Bracket (Weekly)</u>		<u>Second Maturity Bracket (Monthly)</u>	
	<u>FC</u>	<u>FC + TL</u>	<u>FC</u>	<u>FC + TL</u>
Average (%)	156.80	164.66	102.81	113.92
Maximum (%)	184.75	188.31	112.01	123.03
Minimum (%)	126.72	145.34	89.43	107.40
	31 December 2008			
	<u>First Maturity Bracket (Weekly)</u>		<u>Second Maturity Bracket (Monthly)</u>	
	<u>FC</u>	<u>FC + TL</u>	<u>FC</u>	<u>FC + TL</u>
Average (%)	168.14	149.56	110.42	108.99
Maximum (%)	215.04	179.94	126.94	119.49
Minimum (%)	137.44	126.82	95.14	100.70

The Bank's banking affiliate in Holland is subject to a similar liquidity measurement, however the Dutch Central Bank does not impose limits, rather monitors the banks' overall liquidity position to ensure there is no significant deterioration in the liquidity of banks operating in Holland.

The Bank's banking affiliate in Russia is subject to three levels of liquidity requirement since 2004; instant liquidity of minimum 15%, current liquidity of minimum 50% and long-term liquidity of maximum 120%. The affiliate complies with the local legislation.

The following table provides an analysis of monetary assets and monetary liabilities of the consolidated entities into relevant maturity groupings based on the remaining periods to repayment:

	30 June 2009					Total	31 December 2008					Total
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 year		Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 year	
MONETARY ASSETS												
New Turkish Lira												
Cash and balances with central banks	1,628,038	-	-	-	-	1,628,038	2,519,678	-	-	-	-	2,519,678
Financial assets at fair value through profit or loss	13,678	8,107	80,697	88,588	-	191,070	22,173	2,230	40,665	87,929	2,267	155,264
Loans and advances to banks	509,702	170,107	246,524	1,720,312	-	2,646,645	739,727	40,897	71,053	936,707	-	1,788,384
Loans and advances to customers	9,846,223	3,419,826	2,936,626	7,930,146	2,580,253	26,713,074	9,207,023	3,509,951	2,938,457	7,940,741	2,308,772	25,904,944
Accrued exchange gain on derivatives	26,767	39,531	521,011	114,260	-	701,569	39,404	80,084	454,129	96,835	2,226	672,678
Other assets	233,773	1,153,405	459	918	3,780	1,392,335	192,176	920,753	16	5	6,530	1,119,480
Security investments	23,698	752,790	5,162,431	17,817,210	-	23,756,129	77,398	1,094,374	2,103,031	17,051,920	790,999	21,117,722
Deferred tax asset	-	-	-	96,803	-	96,803	-	-	-	102,031	-	102,031
Total New Turkish Lira monetary assets	12,281,879	5,543,766	8,947,748	27,768,237	2,584,033	57,125,663	12,797,579	5,648,289	5,607,351	26,216,168	3,110,794	53,380,181
Foreign currency												
Cash and balances with central banks	1,291,234	-	-	-	-	1,291,234	1,452,855	-	-	-	-	1,452,855
Financial assets at fair value through profit or loss	73,901	8,913	89,254	76,172	5,036	253,276	85,930	3,052	125,437	187,228	7,226	408,873
Loans and advances to banks	4,058,026	461,499	928,119	261,839	2,481,710	8,191,193	3,736,536	262,072	1,127,298	313,532	776,419	6,215,857
Loans and advances to customers	1,665,636	3,095,662	4,703,948	8,417,787	8,710,646	26,593,679	1,272,896	2,782,704	6,070,877	8,346,844	9,304,124	27,777,445
Accrued exchange gain on derivatives	15,239	8,595	58,974	23,342	-	106,150	19,323	64,654	33,284	19,286	3,172	139,719
Other assets	2,252,079	1,530	6,603	4,796	10,294	2,275,322	1,743,174	956	5,036	6,333	14,528	1,770,027
Security investments	58,185	33,343	633,293	1,904,271	2,810,284	5,439,376	56,669	36,985	412,004	1,874,347	2,614,402	4,994,407
Deferred tax asset	-	-	-	-	-	-	-	-	-	17,714	-	17,714
Total foreign currency monetary assets	9,414,300	3,609,562	6,420,191	10,688,207	14,017,970	44,150,230	8,367,383	3,150,423	7,773,936	10,765,284	12,719,871	42,776,897
Total Monetary Assets	21,696,179	9,153,328	15,367,939	38,456,444	16,602,003	101,275,893	21,164,962	8,798,712	13,381,287	36,981,452	15,830,665	96,157,078
MONETARY LIABILITIES												
New Turkish Lira												
Deposits	28,752,803	2,278,841	467,015	60,555	-	31,559,214	26,490,260	2,273,438	255,104	99,786	-	29,118,588
Obligations under repurchase agreements	3,404,006	1,443,679	-	594,011	-	5,441,696	9,880,488	325	-	571,711	-	10,452,524
Loans and advances from banks	892,839	41,786	172,396	1,834,169	727,033	3,668,223	788,187	101,421	359,391	697,630	790,327	2,736,956
Subordinated liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Accrued exchange loss on derivatives	110,101	74,564	42,119	8,057	33,519	268,360	51,938	94,122	274,735	101,872	23,660	546,327
Other liabilities and accrued expenses	2,474,607	2,893	1,619,666	177,144	638,567	4,912,877	2,042,108	1,553	1,382,351	193,635	332,116	3,951,763
Total New Turkish Lira monetary liabilities	35,634,356	3,841,763	2,301,196	2,673,936	1,399,119	45,850,370	39,252,981	2,470,859	2,271,581	1,664,634	1,146,103	46,806,158
Foreign currency												
Deposits	26,848,615	2,616,582	2,156,973	495,571	114,619	32,232,360	23,472,334	2,078,233	2,107,100	1,076,571	104,261	28,838,499
Obligations under repurchase agreements	177,433	1	157,812	-	-	335,246	285,792	192,877	221,987	-	0	700,656
Loans and advances from banks	595,269	375,446	3,948,136	3,974,190	2,898,134	11,791,175	273,750	433,303	4,712,709	3,246,269	2,040,596	10,706,627
Subordinated liabilities	-	-	102,638	67,075	890,818	1,060,531	798	571	51,900	99,839	794,422	947,530
Accrued exchange loss on derivatives	6,513	4,118	53,207	30,287	-	94,125	10,788	15,484	14,559	18,673	131	59,635
Other liabilities and accrued expenses	137,372	66,423	39,441	3,816	6,207	253,259	105,363	53,797	59,043	30	7,495	225,728
Total foreign currency monetary liabilities	27,765,202	3,062,570	6,458,207	4,570,939	3,909,778	45,766,696	24,148,825	2,774,265	7,167,298	4,441,382	2,946,905	41,478,675
Total Monetary Liabilities	63,399,558	6,904,333	8,759,403	7,244,875	5,308,897	91,617,066	63,401,806	5,245,124	9,438,879	6,106,016	4,093,008	88,284,833

24 Financial risk management disclosures (continued)

Market risk

Interest rate risk: The Bank and its affiliates' operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities the Bank and its affiliates are also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the deposit rate and nine months libor and different types of interest. Treasury activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes. In general, as common in current economic environment, the consolidated financial statements are liability sensitive because its interest-earning assets have a longer duration and reprice slightly less frequently than interest-bearing liabilities. This means that in rising interest rate environments, margins earned will narrow as liabilities reprice. However, the actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within repricing periods and among currencies.

Interest rate derivatives are primarily used to bridge the mismatch in the repricing of assets and liabilities. This is done in accordance with the guidelines established by the Bank's asset-liability management committee.

Some assets have indefinite maturities or interest rate sensitivities and are not readily matched with specific liabilities. Those assets are funded through liability pools based on the assets' estimated maturities and repricing characteristics.

Part of the Bank's return on financial instruments is obtained from controlled mismatching of the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instruments mature.

Türkiye Garanti Bankası AŞ and Its Affiliates
Notes to Consolidated Financial Statements
As of and for the Six-Month Period Ended 30 June 2009
(Currency: Thousands of Turkish Lira (TL))

The following table provides an analysis of interest rate sensitivity of monetary assets and monetary liabilities of the consolidated entities into relevant maturity groupings:

	30 June 2009						
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 year	Non-Interest Bearing	Total
MONETARY ASSETS							
Cash and balances with central banks	134,320	-	-	-	-	2,784,952	2,919,272
Financial assets at fair value through profit or loss	5,498	20,771	169,101	157,210	5,022	86,744	444,346
Loans and advances to banks	4,970,708	1,850,762	3,054,678	24,668	-	937,022	10,837,838
Loans and advances to customers	16,165,553	10,836,769	12,359,794	9,983,317	2,928,013	1,033,307	53,306,753
Other assets	1,909,467	464	7,062	5,714	14,070	2,538,599	4,475,376
Security investments	3,084,110	8,089,827	4,502,881	9,309,615	1,920,816	2,288,256	29,195,505
Deferred tax asset	-	-	-	-	-	96,803	96,803
Total Monetary Assets	26,269,656	20,798,593	20,093,516	19,480,524	4,867,921	9,765,683	101,275,893
MONETARY LIABILITIES							
Deposits	43,744,871	4,899,552	3,391,032	449,741	539	11,305,839	63,791,574
Obligations under repurchase agreements	3,569,095	1,441,564	154,931	549,999	-	61,353	5,776,942
Loans and advances from banks	7,593,815	3,971,944	3,122,332	594,653	4,097	172,557	15,459,398
Subordinated liabilities	-	64,140	949,305	8,975	12,499	25,612	1,060,531
Other liabilities and accrued expenses	-	-	-	-	-	5,528,621	5,528,621
Total Monetary Liabilities	54,907,781	10,377,200	7,617,600	1,603,368	17,135	17,093,982	91,617,066
	31 December 2008						
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 year	Non-Interest Bearing	Total
MONETARY ASSETS							
Cash and balances with central banks	212,283	-	-	-	-	3,760,250	3,972,533
Financial assets at fair value through profit or loss	57,294	8,626	164,468	267,560	9,169	57,020	564,137
Loans and advances to banks	3,778,865	1,109,182	1,984,869	85,626	-	1,045,699	8,004,241
Loans and advances to customers	22,171,170	5,854,812	8,613,797	11,118,960	4,777,650	1,146,000	53,682,389
Other assets	1,713,148	301	5,052	6,338	21,056	1,956,009	3,701,904
Security investments	1,461,403	7,793,738	5,410,603	7,904,237	1,751,035	1,791,113	26,112,129
Deferred tax asset	-	-	-	-	-	119,745	119,745
Total Monetary Assets	29,394,163	14,766,659	16,178,789	19,382,721	6,558,910	9,875,836	96,157,078
MONETARY LIABILITIES							
Deposits	40,660,124	4,446,989	3,207,854	650,287	-	8,991,833	57,957,087
Obligations under repurchase agreements	10,135,486	189,213	217,010	549,999	-	61,472	11,153,180
Loans and advances from banks	7,704,272	3,079,578	1,856,570	511,382	3,076	288,705	13,443,583
Subordinated liabilities	13,283	838,354	61,398	7,106	3,408	23,981	947,530
Other liabilities and accrued expenses	-	-	-	-	-	4,783,453	4,783,453
Total Monetary Liabilities	58,513,165	8,554,134	5,342,832	1,718,774	6,484	14,149,444	88,284,833

24 Financial risk management disclosures (continued)

The following table indicates the effective interest rates by major currencies for the major components of the consolidated statement of financial position for the first half of 2009 and the year of 2008:

	<i>30 June 2009</i>			
	<i>US\$</i> <i>%</i>	<i>EUR</i> <i>%</i>	<i>TL</i> <i>%</i>	<i>Other</i> <i>Currencies</i> <i>%</i>
<i>Assets</i>				
Loans and advances to banks	0-7	0-7	11-18	6-7
Debt and other fixed or floating income instruments	6	5	17	-
Loans and advances to customers	1-18	6-15	9-32	1-20
<i>Liabilities</i>				
<i>Deposits:</i>				
- Foreign currency deposits	2-12	2-11	-	2-11
- Bank deposits	0-6	1-5	9-20	0-5
- Saving deposits	-	-	9-20	-
- Commercial deposits	-	-	13-20	-
- Public and other deposits	-	-	13	-
Obligations under repurchase agreements	4-5	6	10	-
Loans and advances from banks	3-7	1-6	10-13	4
	<i>31 December 2008</i>			
	<i>US\$</i> <i>%</i>	<i>EUR</i> <i>%</i>	<i>TL</i> <i>%</i>	<i>Other</i> <i>Currencies</i> <i>%</i>
<i>Assets</i>				
Loans and advances to banks	0-7	1-8	15-23	-
Debt and other fixed or floating income instruments	7	7	20	-
Loans and advances to customers	2-19	3-19	17-35	6-22
<i>Liabilities</i>				
<i>Deposits:</i>				
- Foreign currency deposits	1-7	2-8	-	2-11
- Bank deposits	2-7	2-7	15-18	1
- Saving deposits	-	-	16-22	-
- Commercial deposits	-	-	16-24	-
- Public and other deposits	-	-	22	-
Obligations under repurchase agreements	3-5	4-7	15	10
Loans and advances from banks	3-8	5-7	15-21	2

24 Financial risk management disclosures (continued)

The market risk arising from trading transactions is calculated via Value at Risk (VaR). In addition to this, the stress tests and scenario analysis are performed. The interest rate risk of the statement of financial position is monitored with methods such as static duration, gap and sensitivity analysis.

Internal limits are set as well as legal limits in order to restrict market risk; value at risk limits for trading portfolio, position limits set for trading desks, single transaction limits set for traders and stop-loss limits. Approval, update, monitoring, override and warning procedures of these limits are put into practice and changed with the approval of the Board of Directors.

The consolidated value at market risks as of 30 June 2009 and 31 December 2008 calculated as per the statutory consolidated financial statements prepared for BRSA reporting purposes within the scope of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no.26333 dated 1 November 2006, are as follows:

	30 June 2009			31 December 2008		
	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Interest rates risk	4,100,038	4,875,000	3,672,500	2,949,982	3,672,500	1,197,599
Common share risk	113,283	121,475	99,300	135,565	200,888	50,527
Currency risk	278,113	392,163	215,850	185,936	226,325	155,075
Option risk	<u>413,617</u>	<u>587,950</u>	<u>122,325</u>	<u>214,980</u>	<u>353,475</u>	<u>122,325</u>
Total value at risk	<u>4,905,051</u>	<u>5,976,588</u>	<u>4,109,975</u>	<u>3,486,463</u>	<u>4,453,188</u>	<u>1,525,526</u>

Exposure to interest rate risk – non-trading portfolios

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

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

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

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

24 Financial risk management disclosures (continued)

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

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. In the VaR calculations, trading and available-for-sale portfolios are taken into account. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. The Bank takes the 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.

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

The capital requirement for general market risk and specific risks is calculated using the standard method defined by the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and reported monthly.

Currency risk

The Bank and its affiliates are exposed to currency risk through transactions in foreign currencies and through its investment in foreign operations.

The Bank and its affiliates' main foreign operations are in Holland and Moscow. The measurement currencies of its operations are Euro and US Dollars. As the currency in which the Bank presents its consolidated financial statements is TL, the consolidated financial statements are affected by currency exchange rate fluctuations against TL.

The Bank finances a significant proportion of its net investment in foreign operations with borrowings in the same currencies as the relevant measurement currencies to mitigate its currency risk. Currency swaps are also used to match the currency of some of its other borrowings to the measurement currencies involved.

24 Financial risk management disclosures (continued)

The Bank and its affiliates' transactional exposures give rise to foreign currency gains and losses that are recognized in the statement of comprehensive income. These exposures comprise the monetary assets and monetary liabilities that are not denominated in the measurement currency of the Bank involved, excluding borrowings treated as hedges of net investments in foreign operations. These exposures are as follows:

	30 June 2009			
	<u>US\$</u>	<u>EUR</u>	<u>Other Currencies</u>	<u>Total</u>
<i>Assets</i>				
Cash and balances with central banks	580,164	666,867	44,203	1,291,234
Financial assets at fair value				
through profit or loss	156,592	29,054	67,630	253,276
Loans and advances to banks	4,505,242	3,527,173	158,778	8,191,193
Loans and advances to customers	16,682,779	9,189,041	798,773	26,670,593
Other assets	1,679,115	778,346	46,616	2,504,077
Investment securities	4,514,590	782,609	142,177	5,439,376
Investments in equity participations	-	680	-	680
Tangible assets	384	99,463	1,483	101,330
Deferred tax asset	-	-	-	-
Total Assets	<u>28,118,866</u>	<u>15,073,233</u>	<u>1,259,660</u>	<u>44,451,759</u>
<i>Liabilities</i>				
Deposits	18,643,646	12,606,783	981,931	32,232,360
Obligations under repurchase agreements	171,436	87,175	76,635	335,246
Loans and advances from banks	7,207,887	4,571,156	12,132	11,791,175
Current and deferred tax liability	-	3,966	-	3,966
Subordinated liabilities	783,919	276,612	-	1,060,531
Other liabilities and accrued expenses	142,286	172,018	29,114	343,418
Total Liabilities	<u>26,949,174</u>	<u>17,717,710</u>	<u>1,099,812</u>	<u>45,766,696</u>
Net Statement of Financial Position	<u>1,169,692</u>	<u>(2,644,477)</u>	<u>159,848</u>	<u>(1,314,937)</u>
Net Off Balance Sheet Position	<u>(422,754)</u>	<u>2,499,831</u>	<u>(10,471)</u>	<u>2,066,606</u>
Net Long/(Short) Position	<u>746,938</u>	<u>(144,646)</u>	<u>149,377</u>	<u>751,669</u>
31 December 2008				
	<u>US\$</u>	<u>EUR</u>	<u>Other Currencies</u>	<u>Total</u>
Total Assets	<u>28,718,124</u>	<u>13,236,609</u>	<u>1,034,830</u>	<u>42,989,563</u>
Total Liabilities	<u>23,201,218</u>	<u>17,321,887</u>	<u>955,570</u>	<u>41,478,675</u>
Net Statement of Financial Position	<u>5,516,906</u>	<u>(4,085,278)</u>	<u>79,260</u>	<u>1,510,888</u>
Net Off Balance Sheet Position	<u>(5,762,984)</u>	<u>4,080,591</u>	<u>(10,020)</u>	<u>(1,692,413)</u>
Net Long/(Short) Position	<u>(246,078)</u>	<u>(4,687)</u>	<u>69,240</u>	<u>(181,525)</u>

24 Financial risk management disclosures (continued)

For the purposes of the evaluation of the table above, the figures represent the TL equivalent of the related hard currencies.

The short positions in the statement of financial position shown in the table above are hedged by currency swaps, forward contracts and other derivatives entered into to manage these currency exposures. In respect of monetary assets and liabilities in foreign currencies that are not economically hedged, the Bank and its affiliates ensure that their net exposures are kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate.

The net amount of Russian Rubles denominated assets and liabilities as included in the above table at their TL equivalents, is a net asset of TL 96,543 thousands at 30 June 2009 (31 December 2008: TL 90,379 thousands).

Credit risk

The Bank and its affiliates are subject to credit risk through its trading, lending, hedging and investing activities and in cases where they act as intermediaries on behalf of customers or other third parties or issues guarantees.

Credit risk associated with trading and investing activities is managed through the Bank's market risk management process.

The Bank and its affiliates' primary exposures to credit risk arise through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of these assets on the statement of financial position. The Bank developed a statistical-based internal risk rating model for its credit portfolio of corporate/commercial/medium-size companies. This internal risk rating model has been in use for customer credibility assessment since 2003. Risk rating has become a requirement for loan applications, and ratings are used both to determine branch managers' credit authorization limits and in credit assessment process.

The Bank and its affiliates are exposed to credit risk on various other financial assets, including derivative instruments used for hedging and debt investments. The current credit exposure in respect of these instruments is equal to the carrying amount of these assets in the statement of financial position. In addition, the Bank and its affiliates are exposed to off balance sheet credit risk through guarantees issued (Note 23).

The risk that counterparties to both derivative and other instruments might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Bank and its affiliates deal with counterparties of good credit standing, enter into master netting agreements whenever possible, and when appropriate, obtain collateral.

Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

24 Financial risk management disclosures (continued)

Exposure to credit risk

	<i>Loans and advances to customers</i>	
	<u>30 June 2009</u>	<u>31 December 2008</u>
Individually impaired	1,983,654	1,368,312
Allowance for impairment	<u>(1,543,985)</u>	<u>(984,281)</u>
Carrying amount	<u>439,669</u>	<u>384,031</u>
Collectively impaired	-	-
Allowance for impairment	<u>(298,124)</u>	<u>(196,351)</u>
Carrying amount	<u>(298,124)</u>	<u>(196,351)</u>
Past due but not impaired	<u>899,129</u>	<u>607,054</u>
Carrying amount	<u>899,129</u>	<u>607,054</u>
Neither past due nor impaired	52,235,844	53,019,768
Loans with renegotiated terms	<u>171,780</u>	<u>55,567</u>
Carrying amount	<u>52,407,624</u>	<u>53,075,335</u>
Total carrying amount	<u>53,448,298</u>	<u>53,870,069</u>

As of 30 June 2009 and 31 December 2008, the Bank has no allowance for loans and advances to banks.

Impaired loans

Impaired loans are loans for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement due to lack of assets, high debtness ratio, insufficient working capital and/or equity of the customer.

Sectoral and geographical concentration of impaired loans

The Bank and its affiliates monitor concentrations of credit risk by sector and by geographic location. An analysis of concentrations of non-performing loans and lease receivables is shown below:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Consumer loans	1,200,117	808,931
Textile	163,236	131,530
Construction	74,467	50,755
Chemistry and chemical products	70,704	70,525
Food	67,529	40,260
Agriculture and stockbreeding	59,350	37,786
Service sector	43,314	29,128
Metal and metal products	30,138	17,371
Durable consumption	27,368	18,078
Others	<u>247,431</u>	<u>163,948</u>
Total non-performing loans and lease receivables	<u>1,983,654</u>	<u>1,368,312</u>

24 Financial risk management disclosures (continued)

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
Turkey	1,958,874	1,344,276
Romania	13,949	16,232
Russia	7,980	5,176
Holland	1,954	1,847
Germany	897	781
Total non-performing loans and lease receivables	<u>1,983,654</u>	<u>1,368,312</u>

Past due but not impaired loans

These are loans where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of collateral available and the customer's current activities, assets and financial position.

Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a portfolio-basis loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy

The Bank writes off a receivable balance (and any related allowances for impairment losses) when it is determined that the receivable is uncollectible based on the evidence of insolvency issued by the Court. In cases where any possible collections are negligible comparing to the prospective expenses and costs, such receivables are written off by the decision of the board of directors.

Collateral policy

The Bank's policy is to require suitable collateral to be provided by certain customers prior to the disbursement of approved loans. The Bank and its affiliates currently hold collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets and guarantees. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 30 June 2009 and 31 December 2008.

Approximately 72% of the outstanding performing loans is collateralized. Guarantees and letters of credit are also subject to strict credit assessments before being provided. The agreements specify monetary limits to the Bank and its affiliates' obligations. The extent of collateral held for performing guarantees and letters of credit is approximately 76%.

24 Financial risk management disclosures (continued)

The breakdown of performing cash and non-cash loans and advances to customers by type of collateral is as follows:

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
<i>Cash loans</i>		
Secured loans:	<u>37,893,660</u>	<u>37,858,171</u>
Secured by cash collateral	1,057,578	1,217,556
Secured by mortgages	12,836,235	12,945,098
Secured by government institutions or government securities	2,148,979	2,015,479
Guarantees issued by financial institutions	234,146	169,122
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	21,616,722	21,510,916
Unsecured loans	<u>14,379,780</u>	<u>14,678,214</u>
Total performing loans and financial lease receivables	<u>52,273,440</u>	<u>52,536,385</u>
<i>Non-cash loans</i>		
Secured loans:	<u>11,901,875</u>	<u>12,007,037</u>
Secured by cash collateral	586,237	594,599
Secured by mortgages	1,545,931	1,453,631
Guarantees issued by financial institutions	84,782	4,921
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	9,684,925	9,953,886
Unsecured loans	<u>3,659,236</u>	<u>2,560,020</u>
Total non-cash loans	<u>15,561,111</u>	<u>14,567,057</u>

An estimate of the fair value of collateral held against non-performing loans and receivables is as follows:

	<i>30 June</i> <u>2009</u>	<i>31 December</i> <u>2008</u>
Mortgages	489,758	341,058
Promissory notes and sureties	436,971	295,228
Pledge assets	215,580	151,207
Cash collateral	2,000	372
Unsecured	<u>839,345</u>	<u>580,447</u>
	<u>1,983,654</u>	<u>1,368,312</u>

The amounts reflected in the tables above represent the maximum accounting loss that would be recognized at the date of the statement of financial position if counterparties failed completely to perform as contracted and any collateral or security proved to be of no value. The amounts, therefore, greatly exceed expected losses, which are included in the allowance for uncollectibility.

Operational risks

Operational risk expresses the probability of loss that may arise from the overlook of faults and inconsistency with the established rules due to the deficiencies in the Bank and its affiliates' internal controls, manner of the management and the personnel that are not in coherence with time and conditions, deficiencies in the bank management, faults and problems in information technology systems and disasters such as earthquake, fire, flood or terror attacks.

24 Financial risk management disclosures (continued)

The operational risk items in the Bank are determined in accordance with the definition of operational risk by considering the whole processes, products and departments. The control areas are set for operational risks within the Bank and all operational risks are followed by assigning the risks to these control areas. In this context, appropriate monitoring methodology is developed for each control area that covers all operational risks and control frequencies are determined.

Currently, the value at operational risk is calculated according to the basic indicator approach as per the Article 14 of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The annual gross income is defined as net interest income plus net non-interest income reduced by realised gains/losses from the sale of securities available-for-sale and held-to-maturity, non-recurring gains and income derived from insurance claims. The result is added to risk weighted assets in the capital adequacy calculation.

Capital management – regulatory capital

BRSA sets and monitors capital requirements for the Bank as a whole. The parent company and individual banking operations are directly supervised by their local regulators. In implementing current capital requirements BRSA requires the banks to maintain a prescribed ratio of minimum 8% of total capital to total value at credit, market and operational risks. The Bank and its affiliates' consolidated regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes paid-in capital, share premium, legal reserves, retained earnings, translation reserve and minority interest after deductions for goodwill and certain cost items.
- Tier 2 capital, which includes qualifying subordinated liabilities, general impairment allowances and the element of the fair value reserve relating to unrealised gain/(loss) on assets classified as available-for-sale.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. There have been no material changes in the Bank's management of capital during the period.

The Bank and its individually regulated operations have complied with externally imposed capital requirements throughout the period.

24 Financial risk management disclosures (continued)

The Bank's and its affiliates' regulatory capital position on a consolidated basis at 30 June 2009 and 31 December 2008 was as follows:

	<u>30 June</u> <u>2009</u>	<u>31 December</u> <u>2008</u>
Tier 1 capital	10,711,930	9,506,293
Tier 2 capital	1,735,319	1,415,587
Deductions from capital	<u>(112,475)</u>	<u>(461,243)</u>
Total regulatory capital	<u>12,334,774</u>	<u>10,460,637</u>
Value at credit, market and operational risks	<u>76,317,214</u>	<u>70,429,654</u>
Capital ratios (%)		
Total regulatory capital expressed as a percentage of total value at credit, market and operational risks	16.16	14.85
Total tier 1 capital expressed as a percentage of total value at credit, market and operational risks	14.04	13.50

24.4 Hedging

Due to the Bank and its affiliates' overall interest rate risk position and funding structure, its risk management policies require that it should minimize its exposure to changes in foreign currency rates and manage interest rate, credit risk and market price risk exposure within certain guidelines. Derivative financial instruments are used to manage the potential earnings impact of interest rate and foreign currency movements. Several types of derivative financial instrument are used for this purpose, including interest rate swaps and currency swaps, options, financial futures, forward contracts and other derivatives. The purpose of the hedging activities is to protect the Bank and its affiliates from the risk that the net cash inflows will be adversely affected by changes in interest or exchange rates, credit ratings or market prices. The Bank and its affiliates enter into transactions to ensure that it is economically hedged in accordance with risk management policies. In the accompanying consolidated financial statements, hedge accounting is applied for the cases where hedge accounting relationship is evidenced.

In prior periods, the Bank entered into various interest rate swap transactions in order to hedge its certain cash flow exposures primarily on floating rate assets and liabilities, through converting its floating rate income/payments into fixed rate income/payments. The following table includes certain characteristics of such swap transactions outstanding as of 30 June 2009:

<i>Notional amount</i>	<i>Fixed payer rate (%)</i>	<i>Floating payer rate(%)</i>	<i>Fixed payment frequency</i>	<i>Maturity</i>
US\$ 14.6 millions	5.445	3 month Libor + 1.75	Quarterly	2009
US\$ 96.3 millions	3.35	3 month Libor + 0.40	Quarterly	2012

In January 2009, the Bank has exercised eleven interest rate swap transactions held for cash flow risk management of the prior periods before their maturities. The Bank has recognized a total income amounting EUR 36,321,000 and US\$ 16,000,000 (equivalent of TL 100,808 thousands in total) collected on the same transaction dates as per the related agreements under trading income in the accompanying consolidated financial statements.

In January 2008, the Bank exercised four interest rate swap transactions held for cash flow risk management of the prior periods before their maturities. The Bank recognized a total income amounting US\$ 38,670,000 (equivalent of TL 45,002 thousands) collected on the same transaction dates as per the related agreements under trading income in the accompanying consolidated financial statements.

25 Affiliates, associates and special purpose entities

The table below sets out the consolidated affiliates, associates and special purpose entities of the Bank and its shareholding interests in these entities as at 30 June 2009:

<u>Consolidated entities</u>	<u>Shareholding Interest (%)</u>
Garanti Bank International NV	100.00
Garanti Bank Moscow	100.00
Garanti Portföy Yönetimi AŞ	100.00
Garanti Yatırım Menkul Kıymetler AŞ	100.00
Garanti Financial Services plc.	100.00
Garanti Fund Management Co. Ltd.	100.00
Garanti Bilişim Teknolojisi ve Tic. AŞ	100.00
Garanti Filo Yönetimi Hizmetleri AŞ	100.00
Garanti Finansal Kiralama AŞ	98.94
Garanti Emeklilik ve Hayat AŞ	84.91
Garanti Faktoring Hizmetleri AŞ	81.84
Eureko Sigorta AŞ	20.00
Garanti Diversified Payment Rights Finance Company (a)	-
T2 Capital Finance Company (a)	-

(a) *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, respectively, that are explained in Note 17. The Bank or any of its affiliates does not have any shareholding interests in these companies.*

Garanti Kültür AŞ (The legal name of Galata Araştırma Yayıncılık Tanıtım ve Bilişim Teknoloji Hizmetleri AŞ has been changed as Garanti Kültür AŞ at 8 February 2008) is excluded from the consolidation scope as of 31 December 2008 as the company does not have material operations and results.

Garanti Fund Management Co. Ltd. (100.00%) and Garanti Financial Services plc (100.00%) are under liquidation as of the reporting date.

26 Net fee and commission income

	<u>Six-month period ended 30 June 2009</u>	<u>Three-month period ended 30 June 2009</u>	<u>Six-month period ended 30 June 2008</u>	<u>Three-month period ended 30 June 2008</u>
<i>Fee and commission income:</i>				
Credit cards fees	551,725	276,309	496,850	258,849
Retail banking	196,394	98,624	169,798	77,556
SME banking	118,025	58,640	98,847	48,367
Commercial banking	96,191	49,729	75,715	42,572
Corporate banking	45,457	22,958	37,466	20,542
Others	<u>126,121</u>	<u>63,363</u>	<u>116,033</u>	<u>52,818</u>
Total fee and commission income	<u>1,133,913</u>	<u>569,623</u>	<u>994,709</u>	<u>500,704</u>
<i>Fee and commission expense:</i>				
Credit cards fees	144,136	70,431	150,848	80,867
Retail banking	4,866	3,057	10,362	10,049
SME banking	2,398	1,535	2,444	2,267
Commercial banking	792	493	368	307
Others	<u>75,649</u>	<u>38,287</u>	<u>34,345</u>	<u>16,821</u>
Total fee and commission expense	<u>227,841</u>	<u>113,803</u>	<u>198,367</u>	<u>110,311</u>
Net fee and commission income	<u>906,072</u>	<u>455,820</u>	<u>796,342</u>	<u>390,393</u>

27 Other operating expenses

	<i>Six-month period ended 30 June 2009</i>	<i>Three-month period ended 30 June 2009</i>	<i>Six-month period ended 30 June 2008</i>	<i>Three-month period ended 30 June 2008</i>
EDP expenses	40,897	24,009	39,171	17,578
Advertising expenses	40,119	19,565	47,975	29,525
Saving deposits insurance fund	35,694	17,905	28,257	14,354
Utility expenses	28,199	11,058	20,376	9,009
Repair and maintenance expenses	13,269	7,709	11,154	7,002
Claim loss from insurance business	10,456	3,382	12,530	3,491
Research and development expenses	9,736	6,246	6,570	3,951
Others	<u>130,085</u>	<u>76,270</u>	<u>170,108</u>	<u>95,275</u>
	<u>308,455</u>	<u>166,144</u>	<u>336,141</u>	<u>180,185</u>

28 Use of estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management (see Note 24).

Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortized cost are evaluated for impairment on a basis described in accounting policy Note 7.

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgement about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the credit risk function.

Portfolio-basis assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. A component of portfolio-basis assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

28 Use of estimates and judgements (continued)

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in significant accounting policies and Note 22. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements in applying the Bank's accounting policies

Critical accounting judgements made in applying the Bank's accounting policies include:

Financial asset and liability classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "trading", the Bank has determined that it meets the description of trading assets and liabilities set out in accounting policy (i) *Financial instruments*.
- In designating financial assets or liabilities at fair value through profit or loss, the Bank has determined that it has met one of the criteria for this designation set out in accounting policy (i) *Financial instruments*.
- In classifying financial assets as held-to-maturity, the Bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy (h) *Financial instruments*.

Securitizations

In applying its policies on securitised financial assets, the Bank has considered both the degree of transfer of risks and rewards on assets transferred to another entity and the degree of control exercised by the Bank over the other entity:

- When the Bank, in substance, controls the entity to which financial assets have been transferred, the entity is included in these consolidated financial statements and the transferred assets are recognised in the Bank's consolidated statement of financial position.
- When the Bank has transferred financial assets to another entity, but has not transferred substantially all of the risk and rewards relating to the transferred assets, the assets are recognised in the Bank's consolidated statement of financial position.
- When the Bank transfers substantially all the risks and rewards relating to the transferred assets to an entity that it does not control, the assets have been derecognised from the Bank's consolidated statement of financial position.

Details of the Bank's securitisation activities are given in Note 17.

29 Subsequent event

Garanti Faktoring Hizmetleri AŞ has increased its share capital from TL 17,960 thousands to TL 19,280 thousands through appropriation from its retained earnings on 15 July 2009.

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

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Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Financial Statements

As of and For the Six-Month Period Ended

30 June 2009

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

With Independent Auditors' Review Report Thereon

**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
5 August 2009**

*This report contains "Independent Auditors' Review
Report" comprising 1 pages and; "Unconsolidated
Financial Statements and Related Disclosures and
Footnotes" comprising 77 pages.*



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

Yapı Kredi Plaza C Blok Kat 17
Büyükdere Caddesi
Levent 34330 İstanbul

Telephone: +90 (212) 317 74 00
Fax: +90 (212) 317 73 00
Internet: www.kpmg.com.tr

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

To the Board of Directors of Türkiye Garanti Bankası AŞ:

We have reviewed the unconsolidated balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") as of 30 June 2009 and the related unconsolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the six-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the accounting and reporting system and the regulations on the accounting and independent audit principles as per the (Turkish) Banking Law No. 5411. These regulations require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

As of the balance sheet date, the accompanying financial statements include a general reserve amounting to TL 250,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in economy or market conditions, and full amount of such provision has been recognized as expense in the current period.

Based on our review, except for the effect on the unconsolidated financial statements of the matter described in the paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements are not presented fairly, in all material respects, the financial position of Türkiye Garanti Bankası AŞ as of 30 June 2009 and the result of its operations and cash flows for six-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 of the (Turkish) Banking Law No. 5411 and other communiques, disclosures and directives issued by the Banking Regulatory and Supervisory Agency.

İstanbul,
5 August 2009

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

Murat ALSAN
Partner, Certified Public Accountant

Additional paragraph for convenience translation to English:

As explained in Note 3.1.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

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

Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Interim Financial Report as of and for the Six-Month Period Ended 30 June 2009

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

The Unconsolidated Interim Financial Report for the six-month period ended 30 June 2009 prepared in accordance with the communique of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

Ferit F. Şahenk
Board of Directors
Chairman

S. Ergun Özen
General Manager

Aydın Şenel
Executive Vice
President

Mustafa Keleş
Financial Accounting
Director

M. Cüneyt Sezgin
Audit Committee
Member

Des O'Shea
Audit Committee
Member

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

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1 General Information

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 729 domestic branches, five foreign branches and four representative offices abroad. The Bank's head office is located in Istanbul.

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

As of 30 June 2009, the group of companies under Doğu Holding AŞ that currently owns 30.52% shares of the Bank, is called as the Doğu Group (the Group). On 22 December 2005, Doğu Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank's issued share capital to "GE Araştırma ve Müşavirlik Limited Şti." of General Electric (GE) group. Accordingly, GE acquired a joint control on the Bank's management. On 27 December 2007, GE Araştırma ve Müşavirlik Limited Şti. has sold 9.765.000.000 shares of the Bank at a nominal value of TL 97,650 each to Doğu Holding AŞ, representing 4.65% of the issued share capital of Türkiye Garanti Bankası AŞ.

Doğu Group

The Doğu Group that was established in 1951 initially for investments in construction sector, operates in seven sectors namely financial services, automotive, construction, real estate, tourism, media and energy with more than 70 companies and approximately 20 thousands employees.

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

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

General Electric Group

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

GE operates in more than 100 countries through its four major business lines providing services through their own business units with more than 300 thousand employees. These four business lines are;

GE Technology Infrastructure
GE Energy Infrastructure
GE Capital Finance
NBC Universal

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

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	19 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	27 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	21 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	35 years
Denis Arthur Hall	Member	08.10.2008	College	25 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	University	32 years
Dmitri Lysander Stockton	Member	22.12.2005	University	18 years
Xavier Pascal Durand	Member	02.04.2009	Master	9 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	22 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	22 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	31 years
Afzal Mohammed Modak	EVP-Finance and Accounting	20.07.2007	Master	24 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	17 years
Ali Temel	EVP-Loans	21.10.1999	University	19 years
Gökhan Erun	EVP-Human Resources & Investment Banking	18.08.2005	Master	15 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	27 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	24 years
Uruz Ersözoglu	EVP-Treasury	03.04.2006	University	18 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	17 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	24 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	28 years
Zekeriya Öztürk	EVP- International Business Development	02.03.2006	Master	14 years
Avni Aydın Düren	EVP-Legal Services	15.01.2009	Master	15 years

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

1.4 Information on the bank's qualified shareholders

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	1,119,800	26.6619%	1,119,800	-
GE Araştırma ve Müşavirlik Limited Şti	875,712	20.8503%	875,712	-

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 the bank's activities and services

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

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

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

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

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

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi Balance Sheet At 30 June 2009

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2009			PRIOR PERIOD 31 December 2008		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	1,668,677	3,240,795	4,909,472	2,575,050	2,956,524	5,531,574
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	611,082	138,868	749,950	509,347	156,750	666,097
2.1	Financial assets held for trading		611,082	138,868	749,950	509,347	156,750	666,097
2.1.1	Government securities		58,963	12,242	71,205	4,663	15,599	20,262
2.1.2	Equity securities		3,468	-	3,468	600	-	600
2.1.3	Derivative financial assets held for trading		539,602	126,626	666,228	494,884	141,151	636,035
2.1.4	Other securities		9,049	-	9,049	9,200	-	9,200
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)	2,153,759	6,382,584	8,536,343	1,425,450	3,375,585	4,801,035
IV.	INTERBANK MONEY MARKETS		15,160	-	15,160	40,552	-	40,552
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		15,160	-	15,160	40,552	-	40,552
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	17,417,397	2,483,840	19,901,237	14,887,550	2,458,231	17,345,781
5.1	Equity securities		38,682	53,363	92,045	25,679	44,989	70,668
5.2	Government securities		17,218,133	770,103	17,988,236	14,550,954	755,085	15,306,039
5.3	Other securities		160,582	1,660,374	1,820,956	310,917	1,658,157	1,969,074
VI.	LOANS	(5.1.5)	28,323,410	20,823,833	49,147,243	28,030,439	21,876,968	49,907,407
6.1	Performing loans		28,000,357	20,823,833	48,824,190	27,580,293	21,876,968	49,457,261
6.1.1	Loans to bank's risk group	(5.7)	279,579	276,079	555,658	128,749	538,322	667,071
6.1.2	Government securities		-	-	-	-	-	-
6.1.3	Others		27,720,778	20,547,754	48,268,532	27,451,544	21,338,646	48,790,190
6.2	Loans under follow-up		1,757,875	-	1,757,875	1,239,739	-	1,239,739
6.3	Specific provisions (-)		1,434,822	-	1,434,822	789,593	-	789,593
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	6,019,533	1,418,512	7,438,045	6,054,289	1,563,008	7,617,297
8.1	Government securities		6,019,533	1,418,512	7,438,045	6,054,289	1,563,008	7,617,297
8.2	Other securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	27,705	-	27,705	27,705	-	27,705
9.1	Associates consolidated under equity accounting		-	-	-	-	-	-
9.2	Unconsolidated associates		27,705	-	27,705	27,705	-	27,705
9.2.1	Financial investments in associates		25,991	-	25,991	25,991	-	25,991
9.2.2	Non-financial investments in associates		1,714	-	1,714	1,714	-	1,714
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	253,467	588,187	841,654	229,368	582,760	812,128
10.1	Unconsolidated financial investments in subsidiaries		242,588	588,187	830,775	219,005	582,760	801,765
10.2	Unconsolidated non-financial investments in subsidiaries		10,879	-	10,879	10,363	-	10,363
XI.	INVESTMENTS IN JOINT-VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1	Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2	Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1	Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2	Non-financial investments in joint-ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1	Financial lease receivables		-	-	-	-	-	-
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(5.1.11)	-	-	-	-	69,161	69,161
13.1	Fair value hedges		-	-	-	-	-	-
13.2	Cash flow hedges		-	-	-	-	69,161	69,161
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(5.1.12)	1,093,693	1,002	1,094,695	1,083,517	1,179	1,084,696
XV.	INTANGIBLE ASSETS (Net)	(5.1.13)	17,943	-	17,943	15,764	-	15,764
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		17,943	-	17,943	15,764	-	15,764
XVI.	INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
XVII.	TAX ASSET		14,731	-	14,731	34,255	-	34,255
17.1	Current tax asset		-	-	-	70	-	70
17.2	Deferred tax asset	(5.1.15)	14,731	-	14,731	34,185	-	34,185
XVIII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	88,558	-	88,558	81,304	-	81,304
18.1	Assets held for sale		88,558	-	88,558	81,304	-	81,304
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(5.1.17)	648,587	62,476	711,063	844,459	61,645	906,104
TOTAL ASSETS			58,353,702	35,140,097	93,493,799	55,839,049	33,101,811	88,940,860

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet
At 30 June 2009

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 June 2009			PRIOR PERIOD 31 December 2008		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.2.1)	31,408,243	26,521,921	57,930,164	29,006,986	23,708,295	52,715,281
1.1 Deposits from bank's risk group	(5.7)	369,893	493,750	863,643	311,435	413,825	725,260
1.2 Others		31,038,350	26,028,171	57,066,521	28,695,551	23,294,470	51,990,021
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	192,765	84,847	277,612	296,508	118,588	415,096
III. FUNDS BORROWED	(5.2.3)	1,002,688	10,050,525	13,053,213	2,076,975	8,766,471	10,843,446
IV. INTERBANK MONEY MARKETS	(5.2.4)	4,416,966	157,813	5,599,509	10,452,524	250,419	10,702,943
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		5,441,696	157,813	5,599,509	10,452,524	250,419	10,702,943
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		2,275,979	21,307	2,297,286	1,932,052	17,679	1,949,731
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		495,448	266,245	761,693	627,284	225,365	852,649
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	476	8,872	9,348	597	22,760	23,357
10.1 Financial lease payables		513	9,342	9,855	631	24,176	24,807
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		37	470	507	34	1,416	1,450
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	3,529	3,529	-	4,871	4,871
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	3,529	3,529	-	4,871	4,871
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	1,047,460	22,363	1,069,823	781,480	22,951	804,431
12.1 General provisions		432,567	19,462	452,029	409,543	19,256	428,799
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		179,765	-	179,765	197,372	-	197,372
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		435,128	2,901	438,029	174,565	3,695	178,260
XIII. TAX LIABILITY	(5.2.8)	387,715	148	387,863	378,236	107	378,343
13.1 Current tax liability		387,715	148	387,863	378,236	107	378,343
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.2.9)	-	-	-	-	-	-
14.1 Assets held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED DEBTS	(5.2.10)	-	892,075	892,075	-	781,638	781,638
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	11,125,566	86,118	11,211,684	9,291,133	177,941	9,469,074
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		2,024,565	73,226	2,097,791	1,600,696	169,436	1,770,132
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		710,798	75,465	786,263	288,033	104,484	392,517
16.2.4 Revaluation surplus on tangible assets		598,194	-	598,194	597,090	-	597,090
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		2,453	-	2,453	2,453	-	2,453
16.2.8 Hedging reserves (effective portion)		(71,314)	(2,239)	(73,553)	(71,314)	64,952	(6,362)
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		3,485,141	12,892	3,498,033	1,739,949	8,505	1,748,454
16.3.1 Legal reserves		355,898	4,634	360,532	268,796	4,097	272,893
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		3,129,280	-	3,129,280	1,470,724	-	1,470,724
16.3.4 Other profit reserves		(37)	8,258	8,221	429	4,408	4,837
16.4 Profit or loss		1,415,860	-	1,415,860	1,750,488	-	1,750,488
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		1,415,860	-	1,415,860	1,750,488	-	1,750,488
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		55,378,036	38,115,763	93,493,799	54,843,775	34,097,085	88,940,860

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Off-Balance Sheet Items
At 30 June 2009

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2009			31 December 2008		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		34,778,315	39,675,251	74,453,566	31,399,717	38,058,985	69,458,702
I. GUARANTEES AND SURETIES	(5.3.1)	4,540,871	10,487,736	14,998,607	4,231,196	10,034,868	14,266,064
1.1. Letters of guarantee		4,473,796	7,663,053	12,136,845	4,120,918	6,790,151	10,911,065
1.1.1. Guarantees subject to State Tender Law		-	-	-	238,990	541,707	780,697
1.1.2. Guarantees given for foreign trade operations		332,079	382,813	714,892	312,563	330,871	643,434
1.1.3. Other letters of guarantee		4,141,717	7,280,240	11,421,957	3,569,365	5,917,573	9,486,938
1.2. Bank acceptances		127	188,475	188,602	-	123,807	123,807
1.2.1. Import letter of acceptance		127	140,680	140,807	-	108,097	108,097
1.2.2. Other bank acceptances		-	47,795	47,795	-	15,710	15,710
1.3. Letters of credit		109	2,606,208	2,606,317	278	3,120,910	3,121,188
1.3.1. Documentary letters of credit		-	82	82	-	82	82
1.3.2. Other letters of credit		109	2,606,126	2,606,235	278	3,120,828	3,121,106
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		66,839	-	66,839	110,000	-	110,000
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	14,678,476	5,016,970	19,695,446	14,325,782	3,577,545	17,903,327
2.1. Irrevocable commitments		14,678,476	5,016,308	19,694,784	14,325,782	3,576,891	17,902,673
2.1.1. Asset purchase commitments		13,875	1,597,814	1,611,689	101,953	635,532	737,485
2.1.2. Deposit purchase and sales commitments		250	10,365	10,615	812	-	812
2.1.3. Share capital commitments to associates and subsidiaries		2,926,083	1,997,504	4,923,587	2,787,561	1,535,355	4,322,920
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		1,521,686	-	1,521,686	1,356,364	-	1,356,364
2.1.7. Commitments for cheque payments		29,448	-	29,448	25,834	-	25,834
2.1.8. Tax and fund obligations on export commitments		8,922,924	-	8,922,924	8,789,048	-	8,789,048
2.1.9. Commitments for credit card limits		-	-	-	-	-	-
2.1.10. Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,264,210	1,410,625	2,674,835	1,264,210	1,406,000	2,670,210
2.2. Revocable commitments		-	662	662	-	654	654
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	662	662	-	654	654
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	15,558,968	24,200,545	39,759,513	12,842,739	24,446,572	37,289,311
3.1. Derivative financial instruments held for risk management		-	2,287	2,287	-	-	-
3.1.1. Fair value hedges		-	2,287	2,287	-	110,523	110,523
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		15,558,968	24,198,258	39,757,226	12,842,735	24,336,045	37,178,788
3.2.1. Forward foreign currency purchases/sales		1,820,588	2,765,995	4,586,583	1,842,875	2,509,935	4,352,818
3.2.1.1. Forward foreign currency purchases		898,484	1,400,354	2,298,838	835,846	1,346,064	2,181,910
3.2.1.2. Forward foreign currency sales		922,104	1,365,641	2,287,745	1,007,033	1,163,875	2,170,908
3.2.2. Currency and interest rate swaps		8,695,615	11,028,307	19,723,922	9,282,041	14,428,281	23,710,322
3.2.2.1. Currency swaps-purchases		4,025,214	5,984,282	10,009,496	5,342,075	6,590,355	11,932,430
3.2.2.2. Currency swaps-sales		4,670,401	4,971,543	9,641,944	3,939,966	7,799,523	11,739,485
3.2.2.3. Interest rate swaps-purchases		-	38,478	38,478	-	17,990	17,990
3.2.2.4. Interest rate swaps-sales		-	34,004	34,004	-	20,413	20,413
3.2.3. Currency, interest rate and security options		5,022,243	9,240,925	14,263,168	1,683,016	6,523,740	8,206,756
3.2.3.1. Currency call options		2,201,744	2,963,140	5,164,884	658,260	1,580,783	2,239,043
3.2.3.2. Currency put options		2,741,065	2,750,235	5,491,304	990,950	2,451,277	2,442,227
3.2.3.3. Interest rate call options		-	1,817,150	1,817,150	-	1,799,040	1,799,040
3.2.3.4. Interest rate put options		-	1,710,400	1,710,400	-	1,692,640	1,692,640
3.2.3.5. Security call options		54,708	-	54,708	33,806	-	33,806
3.2.3.6. Security put options		17,967	-	17,967	-	-	-
3.2.4. Currency futures		17,967	37,888	55,855	27,209	33,537	60,746
3.2.4.1. Currency futures-purchases		573	16,527	17,100	24,833	24,967	49,800
3.2.4.2. Currency futures-sales		17,394	21,361	38,755	2,376	8,570	10,946
3.2.5. Interest rate futures		-	9,150	9,150	-	-	-
3.2.5.1. Interest rate futures-purchases		-	9,150	9,150	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		2,555	1,115,993	1,118,548	7,594	840,552	848,146
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		170,421,604	115,232,687	285,654,291	149,828,729	108,222,111	258,050,840
IV. ITEMS HELD IN CUSTODY		46,837,493	15,320,988	62,158,481	38,828,829	15,588,198	54,417,027
4.1. Customers' securities held		24,889,390	3,928,168	28,817,558	18,299,861	3,913,486	22,213,347
4.2. Investment securities held in custody		15,338,802	501,392	15,840,194	13,804,387	932,508	14,736,895
4.3. Checks received for collection		4,869,517	842,419	5,711,936	4,869,708	5,721	5,765,421
4.4. Commercial notes received for collection		1,706,156	1,880,491	3,586,647	1,822,785	1,776,262	3,599,047
4.5. Other assets received for collection		9,951	7,707,756	7,717,707	9,649	7,665,813	7,675,462
4.6. Assets received through public offering		-	35,138	35,138	-	25,454	25,454
4.7. Other items under custody		23,677	425,624	449,301	22,447	378,954	401,401
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		123,584,111	99,911,699	223,495,810	110,999,900	92,633,913	203,633,813
5.1. Securities		538,593	-	538,593	77,210	-	77,210
5.2. Guarantee notes		18,367,877	7,146,987	25,514,864	16,424,680	6,927,507	23,352,187
5.3. Commodities		-	-	-	157	-	157
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		23,041,018	21,871,912	44,912,930	19,469,018	20,275,144	39,744,162
5.6. Other pledged items		81,636,453	70,892,350	152,528,803	75,028,665	65,430,814	140,459,475
5.7. Pledged items-depository		170	450	620	170	448	618
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		205,199,919	154,907,938	360,107,857	181,228,446	146,281,096	327,509,542

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Income Statement
For the Six-Month Period Ended 30 June 2009

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2009- 30 June 2009	PRIOR PERIOD 1 January 2008- 30 June 2008	CURRENT PERIOD 1 April 2009- 30 June 2009	PRIOR PERIOD 1 April 2008- 30 June 2008
I. INTEREST INCOME	(5.4.1)	5,405,244	4,204,107	2,638,534	2,153,542
1.1 Interest income on loans		3,197,992	2,627,054	1,530,435	1,354,196
1.2 Interest income on reserve deposits		88,720	98,369	39,436	49,670
1.3 Interest income on banks		95,513	134,832	47,130	61,732
1.4 Interest income on money market transactions		2,359	2,090	1,632	1,119
1.5 Interest income on securities portfolio		1,940,048	1,251,047	980,674	641,511
1.5.1 Trading financial assets		11,160	6,290	4,874	2,553
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		1,386,963	947,688	709,077	459,488
1.5.4 Investments held-to-maturity		541,925	297,069	266,723	179,470
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		80,612	90,715	39,227	45,314
II. INTEREST EXPENSE	(5.4.2)	3,015,782	2,609,117	1,355,325	1,328,623
2.1 Interest on deposits		2,243,346	1,832,771	1,006,396	944,270
2.2 Interest on funds borrowed		334,368	336,977	168,565	162,184
2.3 Interest on money market transactions		435,110	434,956	179,372	220,210
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expenses		2,958	4,413	992	1,959
III. NET INTEREST INCOME (I - II)		2,389,462	1,594,990	1,283,209	824,919
IV. NET FEES AND COMMISSIONS INCOME		837,745	734,305	419,826	354,797
4.1 Fees and commissions received		1,065,745	938,579	531,423	467,846
4.1.1 Non-cash loans		83,616	54,539	41,315	29,194
4.1.2 Others		982,129	884,040	490,108	438,652
4.2 Fees and commissions paid		228,000	204,274	111,597	113,049
4.2.1 Non-cash loans		396	151	178	98
4.2.2 Others		227,604	204,123	111,419	112,951
V. DIVIDEND INCOME	(5.4.3)	77,725	74,132	77,670	74,039
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	722,393	109,972	337,728	20,182
6.1 Trading account income/losses		303,510	40,419	225,745	13,160
6.2 Income/losses from derivative financial instruments		384,181	(25,495)	(3,597)	(95,919)
6.3 Foreign exchange gains/losses		34,702	95,048	115,580	102,941
VII. OTHER OPERATING INCOME	(5.4.5)	79,392	229,086	24,466	64,346
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		4,106,717	2,742,485	2,142,899	1,338,283
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	1,071,564	225,496	494,401	(28,900)
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	1,212,984	1,302,220	661,635	737,178
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1,822,169	1,214,769	986,863	630,005
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	1,822,169	1,214,769	986,863	630,005
XVI. PROVISION FOR TAXES (±)	(5.4.9)	406,309	219,500	221,766	88,000
16.1 Current tax charge		395,961	228,615	183,919	103,943
16.2 Deferred tax charge/(credit)		10,348	(9,115)	37,847	(15,943)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	1,415,860	995,269	765,097	542,005
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 ON 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)	1,415,860	995,269	765,097	542,005
EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)		337	474	182	258

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

Türkiye Garanti Bankası Anonim Şirketi
Statement of Income/Expense Items Accounted under Shareholders' Equity
For the Six-Month Period Ended 30 June 2009

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD	PRIOR PERIOD
	30 June 2009	30 June 2008
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	551,308	(680,466)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	195	24,140
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	(66,938)	(33,038)
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	(28,885)
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(50,180)	40,458
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	(107,635)	108,058
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	326,750	(569,733)
XI. CURRENT PERIOD PROFIT/LOSSES	1,415,860	995,269
1.1 Net changes in fair value of securities (transferred to income statement)	113,659	4,504
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	1,302,201	990,765
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,742,610	425,536

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the Six-Month Period Ended 30 June 2009

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (YTL)																
		Paid-In Capital	Capital Reserves from Inflation Adj.s to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity	
PRIOR PERIOD (30/6/2008)																		
I.	Balances at beginning of the period	2,100,000	772,554	-	-	156,211	-	1,275,689	(1,715)	-	2,315,616	208,057	29,864	2,453	24,390	-	6,883,119	
II.	Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1.	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2.	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted balances at beginning of the period (I+II)	2,100,000	772,554	-	-	156,211	-	1,275,689	(1,715)	-	2,315,616	208,057	29,864	2,453	24,390	-	6,883,119	
Changes during the period																		
IV.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Market value changes of securities	-	-	-	-	-	-	-	-	-	(537,727)	-	-	-	-	-	(537,727)	
VI.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	(56,146)	-	(56,146)	
6.1.	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(33,038)	-	(33,038)	
6.2.	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	(23,108)	-	(23,108)	
VII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Translation differences	-	-	-	-	98	-	-	-	934	-	23,108	-	-	-	-	24,140	
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	-	-	-	-	-	-	-	-	2,111,880	-	-	-	-	-	-	2,111,880	
14.1.	Cash	-	-	-	-	-	-	-	-	2,111,880	-	-	-	-	-	-	2,111,880	
14.2.	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.	Others	-	-	-	-	-	-	(1,434,233)	-	-	-	-	-	-	-	-	(1,434,233)	
XIX.	Current period net profit/loss	-	-	-	-	-	-	-	-	995,269	-	-	-	-	-	-	995,269	
XX.	Profit distribution	-	-	-	-	115,781	-	1,629,268	3,341	-	(2,315,616)	-	567,226	-	-	-	-	
20.1.	Dividends	-	-	-	-	115,781	-	1,629,268	3,341	-	-	-	567,226	-	-	-	-	
20.2.	Transfers to reserves	-	-	-	-	115,781	-	1,629,268	3,341	-	(1,745,049)	-	567,226	-	-	-	-	
20.3.	Others	-	-	-	-	-	-	-	-	-	(570,567)	-	-	-	-	-	-	
	Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)	2,100,000	772,554	-	-	272,090	-	1,470,724	2,114,440	995,269	-	(306,562)	597,090	2,453	(31,756)	-	7,986,302	
CURRENT PERIOD (30/6/2009)																		
I.	Balances at beginning of the period	4,200,000	772,554	11,880	-	272,893	-	1,470,724	4,837	-	1,750,488	392,517	597,090	2,453	(6,362)	-	9,469,074	
Changes during the period																		
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Market value changes of securities	-	-	-	-	-	-	-	-	-	393,746	-	-	-	-	-	393,746	
IV.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	(67,191)	-	(67,191)	
4.1.	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(67,191)	-	(67,191)	
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	-	-	-	-	115	-	-	80	-	-	-	-	-	-	-	195	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Current period net profit/loss	-	-	-	-	-	-	-	-	1,415,860	-	-	-	-	-	-	1,415,860	
XVIII.	Profit distribution	-	-	-	-	87,524	-	1,658,556	3,304	-	(1,750,488)	-	1,104	-	-	-	-	
18.1.	Dividends	-	-	-	-	87,524	-	1,658,556	3,304	-	-	-	1,104	-	-	-	-	
18.2.	Transfers to reserves	-	-	-	-	87,524	-	1,658,556	3,304	-	(1,746,080)	-	-	-	-	-	-	
18.3.	Others	-	-	-	-	-	-	-	-	-	(4,408)	-	-	-	-	-	-	
	Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)	4,200,000	772,554	11,880	-	360,532	-	3,129,280	8,221	1,415,860	-	786,263	598,194	2,453	(73,553)	-	11,211,684	

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Six-Month Period Ended 30 June 2009

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 30 June 2009	PRIOR PERIOD 30 June 2008
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		2,288,687	1,419,420
1.1.1 Interests received		5,519,889	4,153,661
1.1.2 Interests paid		(3,160,168)	(2,516,264)
1.1.3 Dividend received		77,725	74,132
1.1.4 Fees and commissions received		1,147,056	1,009,652
1.1.5 Other income		317,867	89,912
1.1.6 Collections from previously written-off loans and other receivables		18,630	11,712
1.1.7 Payments to personnel and service suppliers		(909,355)	(885,935)
1.1.8 Taxes paid		(79,759)	(31,991)
1.1.9 Others	(5.6)	(643,198)	(485,459)
1.2 Changes in operating assets and liabilities		(260,039)	(1,016,042)
1.2.1 Net (increase) decrease in financial assets held for trading		(53,893)	(59,805)
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		(2,588,262)	(619,303)
1.2.4 Net (increase) decrease in loans		512,893	(7,273,168)
1.2.5 Net (increase) decrease in other assets		88,647	1,656,782
1.2.6 Net increase (decrease) in bank deposits		240,541	(50,820)
1.2.7 Net increase (decrease) in other deposits		5,030,028	4,569,474
1.2.8 Net increase (decrease) in funds borrowed		2,432,272	1,041,896
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	(5,922,265)	(281,098)
I. Net cash flow from banking operations		2,028,648	403,378
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(1,626,533)	(1,578,749)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(562)	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(129,086)	(146,338)
2.4 Sales of tangible assets		28,573	117,911
2.5 Cash paid for purchase of financial assets available-for-sale		(7,404,008)	(5,101,154)
2.6 Cash obtained from sale of financial assets available-for-sale		5,734,447	3,165,779
2.7 Cash paid for purchase of investments held-to-maturity		-	-
2.8 Cash obtained from sale of investments held-to-maturity		144,103	385,053
2.9 Others	(5.6)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		(25,602)	628,166
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	2,111,880
3.4 Dividends paid		-	-
3.5 Payments for financial leases		(25,602)	(49,481)
3.6 Others (payments for founder shares repurchased)	(5.6)	-	(1,434,233)
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(5.6)	8,017	(53,233)
V. Net increase/(decrease) in cash and cash equivalents		384,530	(600,438)
VI. Cash and cash equivalents at beginning of period		5,031,725	3,417,495
VII. Cash and cash equivalents at end of period		5,416,255	2,817,057

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

3 Accounting policies

3.1 Basis of presentation

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

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

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

3.1.1 Additional paragraph for convenience translation to English

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

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

3.2.1 Strategy for the use of financial instruments

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

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

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

3.3 Investments in associates and subsidiaries

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

3.4 Forwards, options and other derivative transactions

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

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

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

3.5 Interest income and expenses

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

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

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

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

3.8 Impairment of financial assets

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

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

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

3.9 Netting of financial instruments

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations

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

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

3.12 Goodwill and other intangible assets

The Bank’s intangible assets consist of softwares, intangible rights and pre-operating expenses.

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

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. Assets purchased before 2005 are amortised over their estimated useful lives on a straight-line basis. Since 1 January 2005, newly purchased assets are amortised based on the declining balance which is one of the accelerated amortisation methods.

Estimated useful lives of the Bank’s intangible assets are 5-15 years, and amortisation rates are 6.67-20%.

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

3.13 Tangible assets

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

Tangible assets are recorded at cost in compliance with the Turkish Accounting Standard 16 (TAS 16) “Tangible Assets”.

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

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

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

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

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

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

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

Tangible assets purchased before 2005 are depreciated over their estimated useful lives on a straight-line basis from the date of their acquisition. Since 1 January 2005, newly purchased tangible assets are depreciated based on the declining balance which is one of the accelerated depreciation methods.

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance Indemnities and Short-Term Employee Benefits

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

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

	30 June 2009	31 December 2008
Discount rate	6.26%	6.26%
Interest rate	12.00%	12.00%
Expected rate of salary/limit increase	5.40%	5.40%
Estimated employee turnover rate	6.55%	6.55%

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

Retirement Benefit Obligations

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

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

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

	30 June 2009	
	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 at 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 at 17 April 2008, and enacted at 8 May 2008 after being published in the Official Gazette no.26870.

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

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

b) Other benefits not transferable to SSF

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

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 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.

The tax applications for foreign branches;

NORTHERN CYPRUS

According to the Corporate Tax Law of the Turkish Republic of Northern Cyprus no.41/1976 as amended, the corporate earnings (including foreign corporations) are subject to a 10% corporate tax. 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 12 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 subjected 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 in 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 subjected to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 4% of the calculated corporate tax is paid as a contribution for unemployment insurance fund. The municipality commerce tax, which is set as 3% of the taxable income, can be increased up to 225% by the authorization of the municipalities. This rate is 6.75% in the municipality where the Bank's Luxembourg branch operates. The tax returns are examined by the authorized bodies and in case of detected mistakes, the amount of the taxes to be paid, is revised. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

3.18.2 Deferred taxes

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

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

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

3.18.3 Transfer pricing

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

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

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

3.19 Funds borrowed

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

There are no convertible bonds or any other securities issued.

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 30 June 2009, the Bank does not have any government incentives or aids.

3.23 Segment reporting

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

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

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

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

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

Information on the business segments is as follows as of 30 June 2009:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	1,276,189	1,244,663	1,327,466	180,674	4,028,992
Other	-	-	-	-	-
Total Operating Profit	1,276,189	1,244,663	1,327,466	180,674	4,028,992
Net Operating Profit	641,863	860,251	1,258,968	(1,016,638)	1,744,444
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	77,725	77,725
Net Operating Profit	641,863	860,251	1,258,968	(938,913)	1,822,169
Provision for Taxes	-	-	-	406,309	406,309
Net Profit	641,863	860,251	1,258,968	(1,345,222)	1,415,860
					-
Segment Assets	16,649,565	32,497,677	41,016,979	2,460,219	92,624,440
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	869,359	869,359
Undistributed Items	-	-	-	-	-
Total Assets	16,649,565	32,497,677	41,016,979	3,329,578	93,493,799
Segment Liabilities	34,688,596	23,951,865	21,826,999	1,814,655	82,282,115
Shareholders' Equity	-	-	-	11,211,684	11,211,684
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	34,688,596	23,951,865	21,826,999	13,026,339	93,493,799
Other Segment Items					
Capital Expenditure	-	-	-	115,145	115,145
Depreciation Expenses	-	-	-	86,016	86,016
Impairment Losses	-	-	252	1,071,312	1,071,564
Other Non-Cash Income/Expenses	26,741	(78,184)	618,736	22,620	589,913
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

None.

4 Financial position and results of operations

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 17.70%.

4.1.1 Risk measurement methods in calculation of capital adequacy ratio

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

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

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

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

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

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

4.1.2 Capital adequacy ratio

	Risk Weightings						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	17,648,152	-	3,226,644	12,367,101	38,641,009	480,918	6,478
Cash on Hand	544,586	-	1,912	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	2,416,155	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	1,963,710	-	2,794,340	-	3,744,025	-	-
Interbank Money Market Placements	15,000	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	1,909,302	-	-	-	-	-	-
Loans	3,197,448	-	231,443	12,103,205	31,811,718	480,918	6,478
Loans under Follow-Up (Net)	-	-	-	-	323,053	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	7,148,425	-	-	-	-	-	-
Receivables from Term Sale of Assets	-	-	-	-	27,468	-	-
Miscellaneous Receivables	81,275	-	-	-	87,822	-	-
Accrued Interest and Income	355,039	-	6,913	263,896	743,685	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	-	856,249	-	-
Tangible Assets (Net)	-	-	-	-	999,364	-	-
Other Assets	17,212	-	192,036	-	47,625	-	-
Off-Balance Sheet Items	1,767,220	-	1,175,260	762,113	9,658,115	-	-
Non-Cash Loans and Commitments	1,767,220	-	840,101	762,113	9,572,523	-	-
Derivative Financial Instruments	-	-	335,159	-	85,592	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	19,415,372	-	4,401,904	13,129,214	48,299,124	480,918	6,478

4.1.3 Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk (VaCR)	56,478,445	53,973,934
Value at Market Risk (VaMR)	3,711,663	2,523,750
Value at Operational Risk (VaOR)	7,212,178	5,766,996
Shareholders' Equity	11,932,574	10,047,717
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	17.70%	16.14%

4.1.4 Components of shareholders' equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	4,200,000	4,200,000
Nominal Capital	4,200,000	4,200,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Legal Reserves	360,532	272,893
I. Legal Reserve (Turkish Commercial Code 466/1)	341,742	254,103
II. Legal Reserve (Turkish Commercial Code 466/2)	18,790	18,790
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	3,129,280	1,470,724
Reserve allocated as per the Decision held by the General Assembly	3,129,280	1,470,724
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	1,415,860	1,750,488
Current Period Profit	1,415,860	1,750,488
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	250,000	22,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	596,047	594,943
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-) (*)	121,229	-
Prepaid Expenses (-) (*)	257,369	295,671
Intangible Assets (-) (*)	17,943	15,764
Deferred Tax Asset excess of 10% of Core Capital (-) (*)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	10,339,612	9,095,482
SUPPLEMENTARY CAPITAL		
General Provisions	452,029	428,799
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	966	966
Bonus shares of Associates, Subsidiaries and Joint-Ventures	2,453	2,453
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	869,400	760,000
45% of Securities Value Increase Fund (**)	335,663	142,608
Associates and Subsidiaries	26,975	46,593
Investment Securities Available for Sale	308,687	96,015
Other Reserves	8,221	4,837
Total Supplementary Capital	1,668,732	1,339,663

TIER III CAPITAL	-	-
CAPITAL	12,008,344	10,435,145
DEDUCTIONS FROM CAPITAL	75,770	378,428
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	13,110	13,110
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	62,660	62,883
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	11,932,574	10,047,717

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

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

4.2 Credit risk

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

4.3 Market risk

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

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

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

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

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

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. In the VaR calculations, trading and available-for-sale portfolios are taken into account. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. The Bank takes the 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.

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

The capital requirement for general market risk and specific risks is calculated using the standard method defined by the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and reported monthly.

4.3.1 Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	214,374
(II) Capital Obligation against Specific Risks - Standard Method	32,164
(III) Capital Obligation against Currency Risk - Standard Method	1,772
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	48,623
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement	-
(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)	296,933
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	3,711,663

4.3.2 Monthly average values at market risk

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

4.4 Operational risk

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

4.5 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2009, the Bank's net 'on balance sheet' foreign currency short position amounts to TL 656,143 thousands (31 December 2008: a long position of TL 1,684,034 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 1,413,088 thousands (31 December 2008: a short position of TL 1,928,664 thousands), while net foreign currency long position amounts to TL 756,945 thousands (31 December 2008: a short position of TL 244,630 thousands).

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

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

	US\$	EUR	Yen (100)	GBP
Foreign currency purchase rates at balance sheet date	1.5250	2.1380	1.5808	2.5078
<u>Rates for the days before balance sheet date:</u>				
Day 1	1.5150	2.1299	1.5854	2.5070
Day 2	1.5200	2.1387	1.5935	2.5102
Day 3	1.5200	2.1377	1.5940	2.5070
Day 4	1.5300	2.1262	1.5891	2.4921
Day 5	1.5300	2.1479	1.6048	2.5279
Last 30-days arithmetical average rates	1.5222	2.1322	1.5733	2.4909

Currency risk:

	Euro	USD	Yen	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,101,982	2,053,280	260	85,273	3,240,795
Banks	3,031,446	3,235,681	5,107	110,350	6,382,584
Financial Assets at Fair Value through Profit/Loss	72,729	33,087	1,208	1,588	108,612
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	228,830	2,255,010	-	-	2,483,840
Loans (*)	7,525,171	14,969,104	43,469	540,324	23,078,068
Investments in Associates, Subsidiaries and Joint-Ventures	492,386	95,801	-	-	588,187
Investments Held-to-Maturity	5,492	1,413,019	-	1	1,418,512
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	678	324	-	-	1,002
Intangible Assets	-	-	-	-	-
Other Assets	12,105	30,610	4	1,972	44,691
Total Assets	12,470,819	24,085,916	50,048	739,508	37,346,291
Liabilities					
Bank Deposits	421,712	860,813	3	39,480	1,322,008
Foreign Currency Deposits	8,122,768	16,421,049	44,562	393,445	24,981,824
Interbank Money Market Takings	-	157,813	-	-	157,813
Other Fundings	3,502,694	7,439,147	758	1	10,942,600
Securities Issued	-	-	-	-	-
Miscellaneous Payables	9,240	10,765	39	1,263	21,307
Derivative Financial Liabilities Held for Risk Management	-	3,529	-	-	3,529
Other Liabilities (**)	185,307	164,546	3,077	220,423	573,353
Total Liabilities	12,241,721	25,057,662	48,439	654,612	38,002,434
Net 'On Balance Sheet' Position	229,098	(971,746)	1,609	84,896	(656,143)
Net 'Off-Balance Sheet' Position	(154,802)	1,631,577	9,437	(73,124)	1,413,088
Derivative Assets	1,869,401	9,139,372	213,096	396,629	11,618,498
Derivative Liabilities	2,024,203	7,507,795	203,659	469,753	10,205,410
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	9,727,440	24,919,804	49,861	805,769	35,502,874
Total Liabilities	11,927,327	21,290,615	42,357	558,541	33,818,840
Net 'On Balance Sheet' Position	(2,199,887)	3,629,189	7,504	247,228	1,684,034
Net 'Off-Balance Sheet' Position	2,029,201	(3,707,044)	(8,155)	(242,666)	(1,928,664)
Derivative Assets	3,750,886	5,234,213	2,914	418,432	9,406,445
Derivative Liabilities	1,721,685	8,941,257	11,069	661,098	11,335,109
Non-Cash Loans	-	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,254,235 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Other liabilities also include gold deposits of TL 218,089 thousands.

4.6 Interest rate risk

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

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

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

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

4.6.1 Interest rate mismatch for the Bank "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	2,081,138	-	-	-	-	2,828,334	4,909,472
Banks	3,654,935	1,291,965	2,798,652	-	-	790,791	8,536,343
Financial Assets at Fair Value through Profit/Loss	33,941	20,207	540,771	146,527	5,036	3,468	749,950
Interbank Money Market Placements	15,160	-	-	-	-	-	15,160
Financial Assets Available-for-Sale	2,772,663	6,243,890	4,513,441	5,984,523	294,676	92,044	19,901,237
Loans	15,854,127	9,936,484	11,376,478	8,594,230	3,062,871	323,053	49,147,243
Investments Held-to-Maturity	506,648	2,258,662	100,138	3,254,223	1,318,374	-	7,438,045
Other Assets	15,145	464	7,062	5,714	14,070	2,753,894	2,796,349
Total Assets	24,933,757	19,751,672	19,336,542	17,985,217	4,695,027	6,791,584	93,493,799
Liabilities							
Bank Deposits	771,588	56,506	124,606	-	-	953,222	1,905,922
Other Deposits	41,543,592	4,098,229	1,446,703	1,678	-	8,934,040	56,024,242
Interbank Money Market Takings	3,404,006	1,443,679	157,813	594,011	-	-	5,599,509
Miscellaneous Payables	-	-	-	-	-	2,297,286	2,297,286
Securities Issued	-	-	-	-	-	-	-
Other Fundings	6,726,257	3,707,365	3,511,282	384	-	-	13,945,288
Other Liabilities	93,690	50,399	79,782	33,552	33,519	13,430,610	13,721,552
Total Liabilities	52,539,133	9,356,178	5,320,186	629,625	33,519	25,615,158	93,493,799
On Balance Sheet Long Position	-	10,395,494	14,016,356	17,355,592	4,661,508	-	46,428,950
On Balance Sheet Short Position	(27,605,376)	-	-	-	-	(18,823,574)	(46,428,950)
Off-Balance Sheet Long Position	3,853	1,255	10,486	-	-	-	15,594
Off-Balance Sheet Short Position	(3,407)	(1,266)	(8,626)	-	-	-	(13,299)
Total Position	(27,604,930)	10,395,483	14,018,216	17,355,592	4,661,508	(18,823,574)	2,295

Average interest rates on monetary financial instruments:

Current Period	Euro	US\$	Yen	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	7.00
Banks (*)	1.13	1.79	-	14.46
Financial Assets at Fair Value through Profit/Loss	4.35	5.39	-	11.71
Interbank Money Market Placements	-	-	-	10.52
Financial Assets Available-for-Sale	3.18	5.56	-	6.93
Loans	6.63	6.57	5.89	22.56
Investments Held-to-Maturity	9.25	7.52	-	16.52
Liabilities				
Bank Deposits	1.55	1.16	-	9.63
Other Deposits	2.65	2.80	0.30	10.51
Interbank Money Market Takings	-	4.84	-	9.48
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	2.88	2.89	3.71	13.36

(*) The interest rates for USD and TL placements at banks are 1.01% and 9.68%, respectively, when the placements with range accrual agreements are excluded.

4.6.2 Interest rate mismatch for the Bank “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	1,788,512	-	-	-	-	3,743,062	5,531,574
Banks	1,726,588	838,406	1,291,601	-	-	944,440	4,801,035
Financial Assets at Fair Value through Profit/Loss	33,270	75,827	425,675	118,116	12,609	600	666,097
Interbank Money Market Placements	40,552	-	-	-	-	-	40,552
Financial Assets Available-for-Sale	1,047,424	6,043,297	5,341,045	4,599,420	243,928	70,667	17,345,781
Loans	15,952,275	8,974,291	12,995,113	8,716,209	2,819,373	450,146	49,907,407
Investments Held-to-Maturity	514,932	2,307,180	148,422	3,332,449	1,314,314	-	7,617,297
Other Assets	82,616	301	5,052	6,338	21,056	2,915,754	3,031,117
Total Assets	21,186,169	18,239,302	20,206,908	16,772,532	4,411,280	8,124,669	88,940,860
Liabilities							
Bank Deposits	775,069	88,219	25,784	-	-	777,477	1,666,549
Other Deposits	37,713,758	4,003,826	1,485,572	28,946	-	7,816,630	51,048,732
Interbank Money Market Takings	10,130,907	325	-	571,711	-	-	10,702,943
Miscellaneous Payables	-	-	-	-	-	1,949,731	1,949,731
Securities Issued	-	-	-	-	-	-	-
Other Fundings	6,613,701	3,066,670	1,150,546	12,529	781,638	-	11,625,084
Other Liabilities	40,441	82,510	185,000	111,581	23,791	11,504,498	11,947,821
Total Liabilities	55,273,876	7,241,550	2,846,902	724,767	805,429	22,048,336	88,940,860
On Balance Sheet Long Position	-	10,997,752	17,360,006	16,047,765	3,605,851	-	48,011,374
On Balance Sheet Short Position	(34,087,707)	-	-	-	-	(13,923,667)	(48,011,374)
Off-Balance Sheet Long Position	3,116	2,155	6,022	-	-	-	11,293
Off-Balance Sheet Short Position	(50)	(16,701)	(43,725)	-	-	-	(60,476)
Total Position	(34,084,641)	10,983,206	17,322,303	16,047,765	3,605,851	(13,923,667)	(49,183)

Average interest rates on monetary financial instruments:

Prior Period	Euro	USD	Yen	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	12.00
Banks (*)	2.98	1.75	-	2.07
Financial Assets at Fair Value through Profit/Loss	6.06	6.76	-	16.37
Interbank Money Market Placements	-	-	-	18.88
Financial Assets Available-for-Sale	5.25	6.52	-	19.16
Loans	7.86	6.86	5.51	24.53
Investments Held-to-Maturity	9.25	7.98	-	18.48
Liabilities				
Bank Deposits	4.39	4.27	-	18.11
Other Deposits	4.35	3.96	0.35	17.55
Interbank Money Market Takings	-	3.65	-	15.26
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	5.05	4.85	2.33	14.50

(*) The interest rates for USD and TL placements at banks are 2.01% and 19.17%, respectively, when the placements with range accrual agreements are excluded.

4.7 Liquidity risk

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

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

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The liquidity ratios in the first six months of 2009 and the year 2008 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	156.80	164.66	102.81	113.92
Maximum (%)	184.75	188.31	112.01	123.03
Minimum (%)	126.72	145.34	89.43	107.40

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	168.14	149.56	110.42	108.99
Maximum (%)	215.04	179.94	126.94	119.49
Minimum (%)	137.44	126.82	95.14	100.70

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	2,828,334	2,081,138	-	-	-	-	-	4,909,472
Banks	790,791	2,484,465	60,618	340,779	2,377,980	2,481,710	-	8,536,343
Financial Assets at Fair Value through Profit/Loss	3,468	33,821	16,294	540,850	150,481	5,036	-	749,950
Interbank Money Market Placements	-	15,160	-	-	-	-	-	15,160
Financial Assets Available-for-Sale	92,045	-	752,790	3,789,516	14,126,425	1,140,461	-	19,901,237
Loans	128,178	10,951,027	5,701,897	6,481,041	14,286,096	11,275,951	323,053	49,147,243
Investments Held-to-Maturity	-	1	-	1,602,551	4,517,119	1,318,374	-	7,438,045
Other Assets	192,036	231,869	464	7,062	5,714	14,070	2,345,134	2,796,349
Total Assets	4,034,852	15,797,481	6,532,063	12,761,799	35,463,815	16,235,602	2,668,187	93,493,799
Liabilities								
Bank Deposits	953,222	771,588	56,506	62,282	57,241	5,083	-	1,905,922
Other Deposits	8,934,038	41,534,450	4,040,650	1,311,321	92,625	111,158	-	56,024,242
Other Fundings	-	631,143	103,620	3,520,567	5,165,019	4,524,939	-	13,945,288
Interbank Money Market Takings	-	3,404,006	1,443,679	157,813	594,011	-	-	5,599,509
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	82,875	2,214,411	-	-	-	-	-	2,297,286
Other Liabilities (**)	397,404	224,857	118,539	79,782	33,552	33,519	12,833,899	13,721,552
Total Liabilities	10,367,539	48,780,455	5,762,994	5,131,765	5,942,448	4,674,699	12,833,899	93,493,799
Liquidity Gap	(6,332,687)	(32,982,974)	769,069	7,630,034	29,521,367	11,560,903	(10,165,712)	-
Prior Period								
Total Assets	5,315,959	13,568,405	6,780,137	10,911,437	34,491,603	15,068,568	2,804,751	88,940,860
Total Liabilities	9,221,740	50,954,064	5,350,143	5,341,227	5,044,983	2,318,989	10,709,714	88,940,860
Liquidity Gap	(3,905,781)	(37,385,659)	1,429,994	5,570,210	29,446,620	12,749,579	(7,904,963)	-

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

(**) Shareholders' equity is included in "other liabilities" line under "undistributed" column.

4.8 Fair values of financial assets and liabilities

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

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

None.

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	298,371	176,432	312,466	341,436
Central Bank of Turkey	1,367,109	2,995,865	2,258,831	2,589,911
Others	3,197	68,498	3,753	25,177
Total	1,668,677	3,240,795	2,575,050	2,956,524

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,367,109	952,185	2,258,831	853,027
Unrestricted Time Deposits	-	134,378	-	15,200
Restricted Time Deposits	-	1,909,302	-	1,721,684
Total	1,367,109	2,995,865	2,258,831	2,589,911

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency liabilities in TL and USD or EUR at the rates of 6% and 9%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. The interest rate applied by the Central Bank of Turkey for TL reserves is 7%. The FC reserves do not earn any interests.

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

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

None.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	30,189	7,274	58,900	3,640
Swap Transactions	453,109	90,729	424,753	115,354
Futures	-	30	-	14
Options	56,304	28,593	11,231	22,143
Other	-	-	-	-
Total	539,602	126,626	494,884	141,151

5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	46,618	740,185	82,934	737,306
Foreign banks	2,107,141	5,642,399	1,342,516	2,638,279
Foreign headoffices and branches	-	-	-	-
Total	2,153,759	6,382,584	1,425,450	3,375,585

The placements at foreign banks include blocked accounts amounting TL 4,600,182 thousands of which TL 223,996 thousands, TL 182,350 thousands and TL 14,316 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits, and TL 4,179,520 thousands as collateral against funds borrowed.

Due from foreign banks:

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

5.1.4 Financial assets available-for-sale

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

The collateralized financial assets available-for-sale in TL consist of government bonds. The carrying values of such securities with total face value of TL 2,388,520 thousands (31 December 2008: TL 2,421,747 thousands) is TL 2,280,455 thousands (31 December 2008: TL 2,364,979 thousands). The related accrued interests amount to TL 284,622 thousands (31 December 2008: TL 125,357 thousands). The collateralized financial assets available-for-sale in foreign currencies consist of government securities. The carrying values of such securities with total face value of USD 181,700,000 (31 December 2008: USD 252,550,000) is USD 180,026,971 (31 December 2008: USD 251,524,241). The related accrued interests amount to USD 2,585,699 (31 December 2008: USD 8,680,426). There were no impairment losses on such securities as at 30 June 2009 (31 December 2008: USD 368,200).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	2,565,077	278,484	2,488,593	394,951
Assets subject to Repurchase Agreements	2,343,453	82,367	6,491,961	104,557
Total	4,908,530	360,851	8,980,554	499,508

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	17,928,406	15,917,927
Quoted at Stock Exchange	16,370,537	14,363,860
Unquoted at Stock Exchange	1,557,869	1,554,067
Common Shares	33,882	33,531
Quoted at Stock Exchange	21,088	21,062
Unquoted at Stock Exchange	12,794	12,469
Value Increases/Impairment Losses (-)	1,938,949	1,394,323
Total	19,901,237	17,345,781

As of 30 June 2009, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 875,000,000 (31 December 2008: USD 875,000,000) and a total carrying value of TL 1,353,924 thousands (31 December 2008: TL 1,355,529 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	17	1,766	25	1,661
Corporates	17	1,766	25	1,661
Individuals	-	-	-	-
Indirect Lendings to Shareholders	171,146	294,316	216,995	183,922
Loans to Employees	63,509	-	47,155	-
Total	234,672	296,082	264,175	185,583

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	47,718,124	41,555	892,731	171,780
Discounted Bills	121,186	-	164	-
Export Loans	2,805,302	-	11,549	42,757
Import Loans	40	-	-	-
Loans to Financial Sector	987,008	-	1,111	-
Foreign Loans	752,107	-	-	-
Consumer Loans	9,309,666	20,915	268,690	12,188
Credit Cards	6,897,846	15,844	245,445	-
Precious Metal Loans	257,779	-	597	-
Other	26,587,190	4,796	365,175	116,835
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	47,718,124	41,555	892,731	171,780

Collaterals received for loans under follow-up:

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	19,640	1,351	-	20,991
Loans Collateralized by Mortgages	292,999	125,074	-	418,073
Loans Collateralized by Pledged Assets	82,662	41,695	-	124,357
Loans Collateralized by Cheques and Notes	43,801	59,355	-	103,156
Loans Collateralized by Other Collaterals	74,546	11,269	-	85,815
Unsecured Loans	24,540	42,134	245,445	312,119
Total	538,188	280,878	245,445	1,064,511

Delinquency periods of loans under follow-up:

	Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	45,635	177,990	168,902	392,527
61-90 days	43,782	102,888	76,543	223,213
Others	448,771	-	-	448,771
Total	538,188	280,878	245,445	1,064,511

5.1.5.3 Maturity analysis of cash loans

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	359,691	7,748,326	8,108,017
Housing Loans	43,639	4,722,516	4,766,155
Automobile Loans	16,718	650,687	667,405
General Purpose Loans	299,334	2,375,123	2,674,457
Other	-	-	-
Consumer Loans – FC-indexed	15,644	935,931	951,575
Housing Loans	3,325	824,070	827,395
Automobile Loans	1,316	37,878	39,194
General Purpose Loans	11,003	73,983	84,986
Other	-	-	-
Consumer Loans – FC	48	32,769	32,817
Housing Loans	-	15,166	15,166
Automobile Loans	33	15,842	15,875
General Purpose Loans	15	1,761	1,776
Other	-	-	-
Retail Credit Cards – TL	6,892,156	40,178	6,932,334
With Installment	2,543,044	40,178	2,583,222
Without Installment	4,349,112	-	4,349,112
Retail Credit Cards – FC	11,883	-	11,883
With Installment	553	-	553
Without Installment	11,330	-	11,330
Personnel Loans – TL	20,967	12,037	33,004
Housing Loan	-	1,675	1,675
Automobile Loans	12	276	288
General Purpose Loans	20,955	10,086	31,041
Other	-	-	-
Personnel Loans - FC-indexed	-	403	403
Housing Loans	-	245	245
Automobile Loans	-	158	158
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	9	18	27
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	9	18	27
Other	-	-	-
Personnel Credit Cards – TL	23,585	163	23,748
With Installment	17,010	163	17,173
Without Installment	6,575	-	6,575
Personnel Credit Cards – FC	180	-	180
With Installment	5	-	5
Without Installment	175	-	175
Deposit Accounts– TL (real persons)	485,616	-	485,616
Deposit Accounts– FC (real persons)	-	-	-
Total	7,809,779	8,769,825	16,579,604

5.1.5.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	608,269	2,719,801	3,328,070
Real Estate Loans	2,432	357,972	360,404
Automobile Loans	55,891	850,515	906,406
General Purpose Loans	549,946	1,511,314	2,061,260
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	87,300	507,659	594,959
Real Estate Loans	158	59,262	59,420
Automobile Loans	5,460	187,526	192,986
General Purpose Loans	81,682	260,871	342,553
Other	-	-	-
Installment-based Commercial Loans – FC	17	12,660	12,677
Real Estate Loans	-	441	441
Automobile Loans	-	4,319	4,319
General Purpose Loans	17	7,900	7,917
Other	-	-	-
Corporate Credit Cards – TL	187,853	434	188,287
With Installment	62,358	434	62,792
Without Installment	125,495	-	125,495
Corporate Credit Cards – FC	2,703	-	2,703
With Installment	3	-	3
Without Installment	2,700	-	2,700
Deposit Accounts– TL (corporate)	510,370	-	510,370
Deposit Accounts– FC (corporate)	-	-	-
Total	1,396,512	3,240,554	4,637,066

5.1.5.6 Allocation of loans by customers

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

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	48,072,083	48,683,233
Foreign Loans	752,107	774,028
Total	48,824,190	49,457,261

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	385,247	450,799
Indirect Lending	-	-
Total	385,247	450,799

5.1.5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	207,368	62,160
Doubtful Loans and Receivables	489,176	179,505
Uncollectible Loans and Receivables	738,278	547,928
Total	1,434,822	789,593

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

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
(Gross Amounts before Specific Provisions)	106,672	116,580	37,989
Restructured Loans and Receivables	106,672	116,580	37,989
Rescheduled Loans and Receivables	-	-	-
Prior Period	-	-	54,285
(Gross Amounts before Specific Provisions)	-	-	54,285
Restructured Loans and Receivables	-	-	-
Rescheduled Loans and Receivables	-	-	-

Movements in non-performing loans and other receivables:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	238,188	294,614	706,937
Additions during the Period (+)	865,740	26,911	19,524
Transfer from Other NPL Categories (+)	-	603,277	251,886
Transfer to Other NPL Categories (-)	603,277	251,886	-
Collections during the Period (-)	125,073	93,993	92,646
Write-offs (-)	-	11	82,316
Corporate and Commercial Loans	-	11	14,240
Retail Loans	-	-	795
Credit Cards	-	-	67,281
Others	-	-	-
Balances at End of Period	375,578	578,912	803,385
Specific Provisions (-)	207,368	489,176	738,278
Net Balance on Balance Sheet	168,210	89,736	65,107

Movements in specific loan provisions:

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	232,482	166,194	390,917	789,593
Additions during the Period(+)	207,629	293,976	464,010	965,615
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	38,581	50,018	149,460	238,059
Write-offs (-)	14,246	795	67,286	82,327
Balances at End of Period	387,284	409,357	638,181	1,434,822

Non-performing loans and other receivables in foreign currencies:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	8,894	27,439	125,602
Specific Provisions (-)	1,615	15,070	124,327
Net Balance at Balance Sheet	7,279	12,369	1,275
Prior Period			
Balance at End of Period	7,071	3,594	126,058
Specific Provisions (-)	467	526	95,401
Net Balance at Balance Sheet	6,604	3,068	30,657

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period (Net)	168,210	89,736	65,107
Loans to Individuals and Corporates (Gross)	375,578	578,912	795,384
Specific Provision (-)	207,368	489,176	730,277
Loans to Individuals and Corporates (Net)	168,210	89,736	65,107
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,690
Specific Provision (-)	-	-	7,690
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	176,028	115,109	159,009
Loans to Individuals and Corporates (Gross)	238,188	294,614	698,954
Specific Provision (-)	62,160	179,505	539,945
Loans to Individuals and Corporates (Net)	176,028	115,109	159,009
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,672
Specific Provision (-)	-	-	7,672
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans:

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	333	111	-	444
Loans Collateralized by Mortgages	287,813	108,002	-	395,815
Loans Collateralized by Pledged Assets	101,498	96,982	-	198,480
Loans Collateralized by Cheques and Notes	104,594	181,744	-	286,338
Loans Collateralized by Other Collaterals	36,726	16,309	-	53,035
Unsecured Loans	34,101	85,952	703,710	823,763
Total	565,065	489,100	703,710	1,757,875

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 "Write-off" policies

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

5.1.6 Investments held-to-maturity

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	1,507,683	3,797	1,508,226	65,263
Investments subject to Repurchase Agreements	3,226,941	119,457	4,354,254	174,759
Total	4,734,624	123,254	5,862,480	240,022

5.1.6.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	6,019,533	6,054,289
Treasury Bills	-	-
Other Government Securities	1,418,512	1,563,008
Total	7,438,045	7,617,297

5.1.6.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	7,151,187	7,337,175
Quoted at Stock Exchange	7,151,187	7,337,175
Unquoted at Stock Exchange	-	-
Impairment Reversals/Impairment Losses (-)	286,858	280,122
Total	7,438,045	7,617,297

5.1.6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	7,617,297	3,943,765
Foreign Currency Differences On Monetary Assets	5,012	66,130
Purchases during the Period	-	3,935,987
Disposals through Sales/Redemptions	(178,016)	(484,383)
Value Increases/Impairment Losses (-)	29,309	15,203
Change in Redeemed Costs	(35,557)	140,595
Balances at End of Period	7,438,045	7,617,297

The Bank reclassified certain security investments, previously classified in its securities available-for-sale portfolio in its financial statements, with total face values of TL 2,831,667 thousands and USD 843,847,999 to its securities held-to-maturity portfolio as a result of change in its intention to hold such securities in compliance with the TAS. Such securities are included in the securities held-to-maturity portfolio at their fair values of TL 2,685,106 thousands and USD 852,772,307 as of their reclassification date and presented in the above movement table of investments held-to-maturity under the “purchases during the period” line. The negative valuation differences amounting TL 99,085 thousands and USD 6,729,440 of these securities, are recorded under the shareholders’ equity and amortized through the income statement throughout their maturities. As of the balance sheet date, the negative valuation differences under the shareholders’ equity are TL 82,408 and USD 6,787,618.

5.1.7 Investments in associates

5.1.7.1 Investments in associates

	Associate	Address (City/ Country)	Bank’s Share – If Different, Voting Rights (%)	Bank’s Risk Group Share (%)
1	Eureko Sigorta AŞ	Istanbul/Turkey	20.00	20.00
2	Bankalarası Kart Merkezi AŞ (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 (1)	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 İşletmeler Piyasaları AŞ (1)	Istanbul/Turkey	5.00	5.00

	Total Assets	Shareholders’ Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company’s Fair Value (if available)
1	545,594	236,474	11,917	8,742	12,407	31,169	97,668	-
2	14,077	12,455	5,104	299	-	(833)	4,421	-
3	111,904	54,200	1,350	2,094	581	944	4,119	-
4	1,390,958	253,946	11,284	11,198	3,862	12,166	64,644	-
5	34,753	32,320	2,299	1,045	1	2,504	18,842	-
6	24,079	18,140	1,981	1,400	9	4,571	-	-
7	7,599	7,543	2	285	-	217	1,030	-

(1) Financial information is as of 31 March 2009.

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

5.1.7.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	27,705	27,596
Movements during the Period	-	109
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	109
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Impairment Losses (-)	-	-
Balance at End of Period	27,705	27,705
Capital Commitments	250	250
Share Percentage at the End of Period (%)	-	-

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	11,312	11,312
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	14,679	14,679
Other Associates	1,714	1,714

5.1.7.4 Quoted associates

None.

5.1.7.5 Valuation methods of investments in associates

Investments in Associates	Current Period	Prior Period
Valued at Cost	27,705	27,705
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	-	-

5.1.7.6 Investments in associates sold during the current period

None.

5.1.7.7 Investments in associates acquired during the current period

None.

5.1.8 Investments in subsidiaries

5.1.8.1 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	94.10	98.94
7	Garanti Faktoring Hiz. AŞ (1)	Istanbul/Turkey	55.40	55.40
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/Holland	100.00	100.00
12	Garanti Bank Moscow	Moscow/Russia	75.02	99.94
13	Garanti Financial Services Plc	Dublin/Ireland	99.99	100.00
14	Garanti Fund Management Co Ltd	Valetta/Malta	99.50	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	16,029	9,851	691	-	788	(34)	(97,416)	-
2	21,141	9,274	907	-	921	895	7,801	-
3	830	740	8	-	36	278	96	-
4	390	207	42	-	2	(12)	(126)	-
5	596	480	-	-	8	(330)	59	-
6	1,991,122	315,315	17,964	106,060	-	29,675	202,392	-
7	719,002	43,914	2,427	27,590	257	2,486	20,723	73,636
8	27,600	24,369	3,302	425	612	(571)	10,250	-
9	17,507	15,060	1,081	886	9	866	1,355	-
10	1,484,859	200,235	12,586	12,220	4,623	43,298	89,643	-
11	7,798,329	556,891	98,845	152,438	51,870	23,534	4,875	492,386
12	433,280	94,534	1,483	14,417	4,205	8,096	43,056	91,163
13	10,005	8,982	-	-	-	(633)	5,463	27,414
14	93	-	-	-	-	-	(267)	-

(1) Financial information is as of 31 March 2009, but fair value information is as of 30 June 2009.

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

5.1.8.2 Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	812,128	577,408
Movements during the Period	29,526	234,720
Acquisitions and Capital Increases (*)	562	-
Bonus Shares Received (**)	75,104	72,284
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Increase/(Decrease) in Market Values	(50,180)	80,122
Currency Differences on Foreign Subsidiaries	4,086	80,227
Impairment Reversals/(Losses)	(46)	2,087
Balance at End of Period	841,654	812,128
Capital Commitments	-	562
Share Percentage at the End of Period (%)	-	-

(*) The capital commitment amounting TL 562 thousands to Garanti Konut Finansmanı Danışmanlık Hizmetleri AŞ with a foundation capital of TL 750 thousands where the Bank has an ownership share of 99.9995%, has been paid.

(**) As per the decision made at the general assembly meeting of Garanti Bank International NV at 14 April 2008, the bank's share capital had been increased from EUR 159,470,000 to EUR 196,567,000. The appropriation of capital increase had been from the retained earnings amounting EUR 35,011,000 and the share premium amounting EUR 2,086,000. As per the decision made at the general assembly meeting of Garanti Bank International NV at 15 April 2009, the bank's share capital has been increased from EUR 196,567,000 to EUR 231,499,000. The appropriation of capital increase is from the retained earnings amounting EUR 34,932,000.

Garanti Faktoring Hizmetleri AŞ increased its share capital from TL 16,849 thousands to TL 17,960 thousands through appropriation from the dividends allocated from its retained earnings of the year 2007 at 10 September 2008.

5.1.8.3 Sectoral distribution of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	560,776	555,439
Insurance Companies	56,545	56,545
Factoring Companies	40,797	17,215
Leasing Companies	76,169	76,169
Finance Companies	96,488	96,397
Other Subsidiaries	10,879	10,363

5.1.8.4 Quoted subsidiaries

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	40,797	17,215
Quoted at International Stock Exchanges	-	-

5.1.8.5 Valuation methods of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Valued at Cost	202,612	202,049
Valued at Fair Value	628,984	599,975
Valued by Equity Method of Accounting	10,058	10,104

5.1.8.6 Investments in subsidiaries disposed during the current period

None.

5.1.8.7 Investments in subsidiaries acquired during the current period

None.

5.1.9 Investments in Joint-Ventures

None.

5.1.10 Lease receivables

None.

5.1.11 Derivative financial assets held for risk management

5.1.11.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	69,161
Net foreign investment hedges	-	-	-	-
Total	-	-	-	69,161

The eleven interest rate swap transactions classified under derivative financial assets held for cash flow risk management in the financial statements of prior period are exercised before their due dates in January 2009. The Bank recognized EUR 36,321,000 and USD 16,000,000 (equivalent of TL 100,808 thousands in total) that was collected on the date of these transactions as per the related agreements, under "Income/losses from derivative financial instruments".

5.1.12 Tangible assets

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

5.1.13 Intangible assets

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

5.1.14 Investment property

None.

5.1.15 Deferred tax asset

As of 30 June 2009, the Bank has a deferred tax asset of TL 14,731 thousands (31 December 2008: TL 34,185 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 June 2009. However, there is a deferred tax asset of TL 87,948 thousands (31 December 2008: TL 107,145 thousands) and deferred tax liability of TL 73,217 thousands (31 December 2008: TL 72,960 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

5.1.16 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	83,136	115,599
Accumulated Depreciation	(1,832)	(2,749)
Net Book Value	81,304	112,850
End of Current Period		
Additions	13,940	6,917
Disposals (Cost)	(6,266)	(39,867)
Disposals (Accumulated Depreciation)	20	1,780
Impairment Losses (-)	-	487
Depreciation Expense for Current Period	(440)	(863)
Currency Translation Differences on Foreign Operations	-	-
Cost	90,810	83,136
Accumulated Depreciation	(2,252)	(1,832)
Net Book Value	88,558	81,304

As of 30 June 2009, the rights of repurchase on various assets held for sale amount to TL 14,072 thousands (31 December 2008: TL 13,714 thousands).

5.1.17 Other assets

5.1.17.1 Receivables from term sale of assets

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint Ventures	24,595	29,530
Sale of Real Estates	10	455
Sale of Other Assets	2,863	2,863
Total	27,468	32,848

5.1.17.2 Prepaid expenses, taxes and similar items

	Current Period	Prior Period
Prepaid Expenses	257,369	295,671
Prepaid Taxes	-	70

5.1.18 Accrued interest and income

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	37,459	58	51,629	8,645
Financial Assets at Fair Value through Profit or Loss	840	2,546	721	3,180
Banks	18,265	16,003	35,237	32,122
Interbank Money Markets	160	-	552	-
Financial Assets Available-for-Sale	1,850,085	47,189	1,360,541	47,847
Loans	651,995	340,985	755,777	343,165
Investments Held-to-Maturity	261,632	27,989	287,324	24,870
Other Accruals	14,987	-	13,351	2
Total	2,835,423	434,770	2,505,132	459,831

5.2 Liabilities

5.2.1 Maturity profile of deposits

Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	1,564,142	-	6,186,639	11,443,309	138,163	141,354	80,824	-	19,554,431
Foreign Currency Deposits	4,696,901	-	9,375,667	8,491,741	846,029	711,578	768,006	91,902	24,981,824
Residents in Turkey	4,363,402	-	8,911,775	8,174,690	645,017	540,536	525,288	90,523	23,251,231
Residents in Abroad	333,499	-	463,892	317,051	201,012	171,042	242,718	1,379	1,730,593
Public Sector Deposits	537,006	-	3,810	96,924	20	291	67	-	638,118
Commercial Deposits	1,815,711	-	3,845,947	4,105,410	250,777	17,358	124,480	-	10,159,683
Other	114,713	-	33,096	323,151	638	260	239	-	472,097
Precious Metal Deposits	205,565	-	1	2,205	-	8,021	2,297	-	218,089
Bank Deposits	953,222	-	660,314	138,188	47,376	37,747	69,075	-	1,905,922
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	25,676	-	181,942	25,357	1,009	10,303	-	-	244,287
Foreign Banks	715,081	-	478,372	112,831	46,367	27,444	69,075	-	1,449,170
Special Purpose Financial Institutions	212,465	-	-	-	-	-	-	-	212,465
Other	-	-	-	-	-	-	-	-	-
Total	9,887,260	-	20,105,474	24,600,928	1,283,003	916,609	1,044,988	91,902	57,930,164

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	1,263,502	-	6,626,686	10,082,104	111,230	82,761	72,599	-	18,238,882
Foreign Currency Deposits	4,161,413	-	9,087,581	6,854,269	418,274	1,086,744	766,434	90,877	22,465,592
Residents in Turkey	3,858,891	-	8,739,310	6,595,492	396,877	519,663	556,614	89,588	20,756,435
Residents in Abroad	302,522	-	348,271	258,777	21,397	567,081	209,820	1,289	1,709,157
Public Sector Deposits	426,693	-	283,600	516,009	25	272	63	-	1,226,662
Commercial Deposits	1,711,753	-	3,220,581	3,612,242	48,451	13,975	95,574	-	8,702,576
Other	159,815	-	54,414	77,756	705	569	207	-	293,466
Precious Metal Deposits	93,443	-	1	2,002	-	24,020	2,088	-	121,554
Bank Deposits	777,477	-	367,317	299,213	142,162	6,757	73,623	-	1,666,549
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	8,019	-	66,930	68,751	125,692	462	-	-	269,854
Foreign Banks	324,151	-	300,387	230,462	16,470	6,295	73,623	-	951,388
Special Purpose Financial Institutions	445,307	-	-	-	-	-	-	-	445,307
Other	-	-	-	-	-	-	-	-	-
Total	8,594,096	-	19,640,180	21,443,595	720,847	1,215,098	1,010,588	90,877	52,715,281

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

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	8,785,430	8,435,686	10,503,487	9,545,348
Foreign Currency Saving Deposits	3,147,586	2,977,501	9,362,855	7,851,492
Other Saving Deposits	72,076	20,544	116,684	83,909
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

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

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

5.2.1.3 Saving deposits not covered by insurance limits

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	467,693	543,248
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	304,070	244,985
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward deals	41,819	6,102	54,361	10,273
Swaps	113,670	49,851	179,673	87,163
Futures	-	448	-	996
Options	37,276	28,446	62,474	20,156
Other	-	-	-	-
Total	192,765	84,847	296,508	118,588

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	253,783	169,982	251,138	126,591
Foreign Banks, Institutions and Funds	2,748,905	9,880,543	1,825,837	8,639,880
Total	3,002,688	10,050,525	2,076,975	8,766,471

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	460,398	2,915,679	560,393	2,894,570
Medium and Long-Term	2,542,290	7,134,846	1,516,582	5,871,901
Total	3,002,688	10,050,525	2,076,975	8,766,471

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Other external funds

Funds provided through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	4,847,441	-	9,878,528	-
Financial Institutions and Organizations	4,809,129	-	9,810,615	-
Other Institutions and Organizations	11,313	-	19,774	-
Individuals	26,999	-	48,139	-
Foreign Transactions	594,255	157,813	573,996	250,419
Financial Institutions and Organizations	594,011	157,813	571,711	250,419
Other Institutions and Organizations	-	-	1,749	-
Individuals	244	-	536	-
Total	5,441,696	157,813	10,452,524	250,419

5.2.5 Lease payables (Net)

5.2.5.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	9,814	9,313	21,359	20,194
1-4 Years	41	35	3,448	3,163
More than 4 Years	-	-	-	-
Total	9,855	9,348	24,807	23,357

5.2.5.2 Operational lease agreements

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

5.2.6 Derivative financial liabilities held for risk management

Derivative Financial Liabilities held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	3,529	-	4,871
Net foreign investment hedges	-	-	-	-
Total	-	3,529	-	4,871

5.2.7 Provisions

5.2.7.1 General provisions

	Current Period	Prior Period
General Provision for	452,029	428,799
Loans and Receivables in Group I	392,087	378,581
Loans and Receivables in Group II	19,340	12,934
Non-Cash Loans	40,602	37,284
Other	-	-

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

	Current Period	Prior Period
Short-Term Loans	21,123	9,441
Medium and Long-Term Loans	7,044	1,855
Total	28,167	11,296

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

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

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

5.2.7.4 Other provisions

5.2.7.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	250,000	22,000

5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	179,765	197,372
Recognized Liability for Defined Benefit Obligations	102,601	102,601
Provision for Promotion Expenses of Credit Cards ^(*)	28,915	36,206
Other Provisions	13,871	14,994
Total	325,152	351,173

^(*) 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 5 February 2009 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are sufficient to meet the amount that will be required to be paid to transfer the obligation at 31 December 2008.

The asset surplus of the Fund after deducting the net present value of the transferable liabilities as of 31 December 2008 is as follows:

	31 December 2008
Net present value of pension benefits transferable to SSF	(296,328)
Net present value of medical benefits and health premiums transferable to SSF	135,400
General administrative expenses	(15,488)
Present value of pension and medical benefits transferable to SSF	(176,416)
Fair value of plan assets	621,594
Asset surplus	445,178

Furthermore, an actuarial report was prepared as of 31 December 2008 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 5 February 2009 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 32,799 thousands remains.

	31 December 2008
Pension benefits	(162,356)
Medical benefits	(250,023)
	(412,379)
Fair value of plan assets after deducting transferable benefits	445,178
Asset surplus over present value of defined benefit obligation	32,799

As of 31 December 2008, the Bank's management, acting prudently, did not consider the health premium surplus amounting TL 135,400 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF and accordingly, recognized a provision amounting TL 102,601 thousands for its liability and charged fully as expense. This pension liability calculated as of 31 December 2008 is preserved in the accompanying interim financial statements.

	31 December 2008
Asset surplus over present value of defined benefit obligation	32,799
Net present value of medical benefits and health premiums transferable to SSF	(135,400)
Present value of defined benefit obligation	(102,601)

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

	31 December 2008
	%
Discount Rate	17.41-10.51
Inflation Rate	9.50-5.73
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	17.80-11.77
Future Pension Increase Rates	9.50-5.73

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

5.2.8 Tax liability

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 30 June 2009, the Bank had a current tax liability of TL 256,696 thousands (31 December 2008: TL 119,191 thousands). In cases where the differences between the carrying amounts and the taxable amounts of assets subject to tax, are related with certain items in the equity accounts, the current tax assets/liabilities are charged or credited directly to these accounts.

5.2.8.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	256,696	119,191
Taxation on Securities Income	83,961	191,148
Taxation on Real Estates Income	1,351	1,137
Banking Insurance Transaction Tax	31,954	37,189
Foreign Exchange Transaction Tax	16	12
Value Added Tax Payable	718	2,449
Others	11,884	25,981
Total	386,580	377,107

5.2.8.1.3 Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	-	-
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	6	5
Bank Pension Fund Premium-Employer	31	27
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	440	427
Unemployment Insurance-Employer	806	777
Others	-	-
Total	1,283	1,236

5.2.8.2 Deferred tax liability

None.

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

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

5.2.10 Subordinated debts

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

5.2.11 Shareholders' equity

5.2.11.1 Paid-in capital

	Current Period	Prior Period
Common Shares	4,200,000	4,200,000
Preference Shares	-	-

5.2.11.2 Registered share capital system

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

5.2.11.3 Capital increases in current period

None.

5.2.11.4 Capital increases from capital reserves in current period

None.

5.2.11.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.11.7 Information on privileges given to stocks representing the capital

None.

5.2.11.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	49,965	50,325	31,099	124,089
Valuation difference	9,619	50,325	(9,247)	124,089
Exchange rate difference	40,346	-	40,346	-
Securities Available-for-Sale	660,833	25,140	256,934	(19,605)
Valuation difference	660,833	25,140	256,934	(19,605)
Exchange rate difference	-	-	-	-
Total	710,798	75,465	288,033	104,484

5.2.11.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,147	-	2,147	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	596,047	-	594,943	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 Bonus shares of associates, subsidiaries and joint-ventures

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

5.2.11.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	341,742	254,103
II. Legal Reserve	18,790	18,790
Special Reserves	-	-

As per the decisions made at the annual general assembly at 2 April 2009, 5% of prior periods' profit is allocated to legal reserves.

5.2.11.12 Extraordinary reserves

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	3,129,280	1,470,724
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

As per the decisions made at the annual general assembly at 2 April 2009, the remaining prior periods' profit after the appropriation to legal reserves and undistributable funds, are allocated to extraordinary reserves.

5.2.12 Accrued interest and expenses

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

	Current Period		Prior Period	
	FC	TL	FC	TL
Deposits	198,412	76,935	250,628	80,405
Funds Borrowed	106,015	64,527	183,331	99,278
Interbank Money Markets	52,841	2,882	45,021	6,787
Other Accruals	12,021	870	23,902	9,978
Total	369,289	145,214	502,882	196,448

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	7,663,053	6,790,151
Letters of Guarantee in TL	4,473,796	4,120,918
Letters of Credit	2,037,275	2,311,731
Bills of Exchange and Acceptances	188,602	123,807
Others	-	-
Total	14,362,726	13,346,607

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

A specific provision of TL 42,642 thousands (31 December 2008: TL 2,459 thousands) is made for unliquidated non-cash loans of TL 84,836 thousands (31 December 2008: TL 15,901 thousands) recorded under the off-balance sheet items in the accompanying financial statements.

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

As of 30 June 2009, in the Bank's "other irrevocable commitments", there are commitments for "credit linked notes" with a total face value of USD 925,000,000 (31 December 2008: USD 925,000,000).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	744,032	225,228
With Original Maturity of 1 Year or Less	19,409	15,067
With Original Maturity of More Than 1 Year	724,623	210,161
Other Non-Cash Loans	14,254,575	14,040,836
Total	14,998,607	14,266,064

5.3.1.4 Sectoral risk concentration of non-cash loans

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

5.3.1.5 Non-cash loans classified under Group I and II

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

5.3.2 Financial derivative instruments

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

5.3.3 Contingent liabilities and assets

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

5.3.4 Services rendered on behalf of third parties

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

5.4 Income Statement

5.4.1 Interest Income

5.4.1.1 Interest income (*) from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans	1,410,115	134,490	1,090,137	89,885
Medium and long-term loans	999,748	635,009	932,708	502,610
Loans under follow-up	18,630	-	11,714	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,428,493	769,499	2,034,559	592,495

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

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	4,226	394	4,148	-
Domestic Banks	7,416	384	3,203	1,662
Foreign Banks	39,677	43,416	82,276	43,543
Foreign Head Offices and Branches	-	-	-	-
Total	51,319	44,194	89,627	45,205

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Financial Assets	9,639	1,521	3,835	2,455
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	1,309,865	77,098	836,829	110,860
Investments Held-to-Maturity	479,365	62,560	293,068	4,000
Total	1,798,869	141,179	1,133,732	117,315

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest received from Investments in Associates and Subsidiaries	28,596	19,273

5.4.2 Interest Expenses

5.4.2.1 Interest expenses (*) on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	162,789	142,005	127,234	188,892
Central Bank of Turkey	-	-	-	-
Domestic Banks	19,571	3,439	15,614	1,963
Foreign Banks	143,218	138,566	111,620	186,929
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	29,574	-	20,851
Total	162,789	171,579	127,234	209,743

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

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest paid to Investments in Associates and Subsidiaries	12,390	13,588

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	1,430	28,411	-	-	-	-	-	29,841
Saving Deposits	659	399,976	722,685	8,981	8,424	5,608	-	1,146,333
Public Sector Deposits	1	15,156	19,165	2	22	5	-	34,351
Commercial Deposits	2,523	272,940	332,779	4,519	1,274	10,819	-	624,854
Other	4,088	10,388	25,615	45	37	15	-	40,188
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	8,701	726,871	1,100,244	13,547	9,757	16,447	-	1,875,567
Foreign Currency								
Foreign Currency Deposits	1,643	148,497	164,044	12,756	15,122	17,144	1,217	360,423
Bank Deposits	-	7,033	-	-	-	-	-	7,033
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	323	-	-	323
Total FC	1,643	155,530	164,044	12,756	15,445	17,144	1,217	367,779
Grand Total	10,344	882,401	1,264,288	26,303	25,202	33,591	1,217	2,243,346

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	33,798,994	6,201,523
Trading Account Income	316,518	54,722
Gains from Derivative Financial Instruments	1,757,881	865,426
Foreign Exchange Gains	31,724,595	5,281,375
Losses (-)	33,076,601	6,091,551
Trading Account Losses	13,008	14,303
Losses from Derivative Financial Instruments	1,373,700	890,921
Foreign Exchange Losses	31,689,893	5,186,327
Total	722,393	109,972

TL 80,913 thousands (30 June 2008: TL 167,080 thousands) of foreign exchange gains and TL 402,109 thousands (30 June 2008: TL 69,687 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

5.4.5 Other operating income

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

Furthermore, the Bank had called off its existing legal cases against Boğaziçi Corporations Tax Office related with the final and interim corporate tax returns of the years from 2001 to 2005 and settled up with the related tax authority as per the article 3 of the Law No.5736 "Collection of Certain Public Sector Receivables through Conciliation" published in the Official Gazette No.26800 dated 27 February 2008. Accordingly, following the adjustments made to the corporate tax returns of the period from 2001 to 2005, the tax refund that the Bank will collect through conciliation from the tax office due to the prepaid taxes in 2005, is agreed to be TL 131,178 thousands. In line with this conciliation and including a tax refund on an existing unused investment incentive certificate amounting TL 6,078 thousands, a total amount of TL 137,256 thousands is recorded as prior period income in the accompanying financial statements 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	756,767	127,186
<i>Loans and receivables in Group III</i>	383,403	65,079
<i>Loans and receivables in Group IV</i>	210,392	26,292
<i>Loans and receivables in Group V</i>	162,972	35,815
General Provisions	23,140	94,466
Provision for Possible Losses	250,000	-
Impairment Losses on Securities	206	964
<i>Financial assets at fair value through profit or loss</i>	206	964
<i>Financial assets available-for-sale</i>	-	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	46	5
<i>Associates</i>	-	-
<i>Subsidiaries</i>	46	5
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	41,405	2,875
Total	1,071,564	225,496

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	425,383	418,040
Reserve for Employee Termination Benefits	-	-
Deficit Provision for Pension Fund	-	164,598
Impairment Losses on Tangible Assets	-	1
Depreciation Expenses of Tangible Assets	83,381	78,289
Impairment Losses on Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	2,194	2,041
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	441	494
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	483,972	448,095
<i>Operational Lease related Expenses</i>	63,137	49,968
<i>Repair and Maintenance Expenses</i>	11,575	10,306
<i>Advertisement Expenses</i>	37,466	45,012
<i>Other Expenses</i>	371,794	342,809
Loss on Sale of Assets	834	7,878
Others (*)	216,779	182,784
Total	1,212,984	1,302,220

(*) In the current period, this item includes a provision amounting TL 79,950 thousands (30 June 2008: TL 85,730 thousands) for short-term employee benefits.

5.4.8 Profit/loss before taxes including profit/loss from discontinued operations

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

5.4.9 Provision for taxes including taxes from discontinued operations

As of 30 June 2009, the Bank recorded a tax expense of TL 395,961 thousands (30 June 2008: TL228,615 thousands) and a deferred tax expense of TL 10,348 thousands (30 June 2008: TL 9,115 thousands, a deferred tax income).

Deferred tax income/expense on timing differences:

Deferred tax income/(expense) on timing differences	Current Period
Increase in tax deductible timing differences (+)	56,144
Decrease in tax deductible timing differences (-)	6,100
Increase in taxable timing differences (-)	72,340
Decrease in taxable timing differences (+)	11,948
Total	(10,348)

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

Deferred tax income/(expense) arising on timing differences, tax losses and tax deductions and exemptions	Current Period
Increase/(decrease) in tax deductible timing differences (net)	50,044
(Increase)/decrease in taxable timing differences (net)	(60,392)
Increase/(decrease) in tax losses (net)	-
Increase/(decrease) in tax deductions and exemptions (net)	-
Total	(10,348)

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

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

5.4.11 Net profit/loss

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

None.

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

None.

5.4.12 Components of other items in income statement

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

5.5 Statement of Changes in Shareholders' Equity

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

5.6 Statement of Cash Flows

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

5.7 Related Party Risks

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

5.7.1.1 Loans and other receivables

Current Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	1,729,413	122,864	25	1,661	220,662	183,932
Balance at end of period	1,794,928	24,253	17	1,766	174,048	294,316
Interest and Commission Income	31,989	64	13	1	8,570	936

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	953,386	61,690	1	1,090	65,794	168,482
Balance at end of period	1,729,413	122,864	25	1,661	220,662	183,932
Interest and Commission Income	22,892	58	15	3	2,140	497

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	240,915	154,208	300,582	86,051	183,763	235,532
Balance at end of period	252,330	240,915	357,301	300,582	254,012	183,763
Interest Expense	12,390	13,588	7,437	6,354	6,040	9,933

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading:						
Beginning of Period	331,010	-	-	-	-	-
End of Period	121,597	331,010	-	-	-	-
Total Profit/Loss	26,736	398	-	-	-	-
Transactions for Hedging:						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

5.7.2 The Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 555,658 thousands (31 December 2008: TL 667,071 thousands) compose 1.13% (31 December 2008: 1.34%) of the Bank's total cash loans and 0.59% (31 December 2008: 0.75%) of the Bank's total assets. The total loans and similar receivables amounting TL 1,968,993 thousands (31 December 2008: TL 1,950,100 thousands) compose 2.11% (31 December 2008: 2.19%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 320,335 thousands (31 December 2008: TL 308,457 thousands) compose 2.14% (31 December 2008: 2.17%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 863,643 thousands (31 December 2008: TL 725,260 thousands) compose 1.49% (31 December 2008: 1.38%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set on an arms-length basis.

The Bank has a total lease payable of TL 9,348 thousands (31 December 2008: TL 23,357 thousands) from the transactions carried out with related parties. As a result of these transactions, a leasing expense of TL 1,498 thousands (30 June 2008: TL 3,357 thousands) is recorded. Furthermore, there is a credit card (POS) payable amounting TL 30,242 thousands (31 December 2008: TL 25,987 thousands) to related parties.

Operating expenses of TL 4,005 thousands (30 June 2008: TL 8,641 thousands) for IT services rendered by related parties and rent income of TL 861 thousands (30 June 2008: TL 684 thousands) for the real estates rented to related parties, are recorded.

The Bank made a total payment of TL 41,906 thousands to its top management considered as key management as of 30 June 2009 (30 June 2008: TL 39,994 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted under equity method

Please refer to Note 5.1.8.

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

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

Purchase of equipments for the Bank's internal use are partly arranged through financial leasing.

At 11 March 2008, a real estate with a net book value of TL 40,581 thousands was sold to Doğuş Holding AŞ at a sale price of USD 35,000,000 (equivalent of TL 42,693 thousands). The sale price, of which USD 15,000,000 was collected immediately at the date of sale, was fully collected. A gain of TL 2,112 thousands was recognized as income on this transaction in prior period.

At 6 March 2009, a real estate was purchased from Eureko Sigorta AŞ at a price of TL 12,434 thousands and fully paid.

The Bank purchased a real estate at a total price of USD 11,000,000 plus VAT (equivalent of TL 18,121 thousands) at 3 June 2009 through payments of USD 6,000,000 at 6 April 2009 and USD 5,880,000 at 3 June 2009 as per the trading commitment agreement with Doğuş-Ge Gayrimenkul Yatırım Ortaklığı AŞ.

5.8 Domestic, Foreign and Off-Shore Branches or Investments and Foreign Representative Offices

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

5.9 Significant Events and Matters Arising Subsequent to Balance Sheet Date

Garanti Faktoring Hizmetleri AŞ has increased its share capital from TL 17,960 thousands to TL 19,280 thousands through appropriation from its retained earnings on 15 July 2009.

5.10 Other Disclosures on Activities of the Bank

5.10.1 The Bank's latest international risk ratings

MOODY'S (January 2009*)

Long Term FC Deposit	B1
Long Term TL Deposit	A3
Short Term TL Deposit	Prime-2
Short Term FC Deposit	NP
Long Term FC Deposit Outlook	Stable
Financial Strength Rate (FSR)	C-
FSR Outlook	Stable
Long Term National	Aaa.tr
Short Term National	TR-1

STANDARD AND POORS (January 2009*)

Long Term FC Obligations	BB-
Long Term TL Deposit	BB-
Outlook	Negative

FITCH RATINGS (April 2009*)

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

CAPITAL INTELLIGENCE (December 2008*)

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

JCR EURASIA RATINGS (May 2009*)

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

(*) Latest dates in risk ratings or outlooks.

5.10.2 Dividends

At the annual general assembly dated 2 April 2009, it was decided to distribute the profit of 2008 as follows:

2008 Net Profit	1,750,488
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(87,524)
Undistributable funds	(4,408)
B – First dividend at 5% of the Paid Capital	-
C – Extraordinary reserves at 5% after above deductions	-
D – Dividend to the owners of the Founder Shares	-
E – Extraordinary reserves	(1,658,556)
F – II. Legal reserve (Turkish Commercial Code 466/2)	-

5.10.3 Other disclosures

On 23 February 2009, the Bank obtained a subordinated debt of EUR 50 millions from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA), a company of the French Development Agency Group with an interest of Euribor+3.5% and maturity of 12 years with a repayment option at the end of the seventh year to finance the clean energy projects. This debt is qualified as the secondary subordinated debt to be included in the supplementary capital by the BRSA in the calculation of the Bank's capital adequacy ratio in compliance with the conditions set in the "Regulation on Equities of Banks" issued by the BRSA and published in the Official Gazette no.26333 dated 1 November 2006.

With the agreement signed on 12 May 2009, the Bank has renewed the syndication loan facility amounting EUR 600 millions, which was obtained on 8 May 2008. The syndication loan facility, which consists of two tranches amounting USD 109,974,375 and EUR 517,312,500, equivalent of EUR 600 millions in total, has been completed with the participation of 31 banks from 15 different countries for a one-year maturity. The total costs of this loan facility with two tranches that will be used for financing of export contracts, are Libor+2.5% and Euribor+2.5%, respectively.

The Bank has signed a framework agreement on 25 June 2009 with China Eximbank for USD 100 millions to support the foreign trade finance between two countries.

6 Independent Auditors' Review Report

6.1 Disclosure on independent auditors' review report

The Bank's unconsolidated interim financial statements as of 30 June 2009, are reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International). It was noted in their review report dated 5 August 2009 that except for the effect of the matter described in the third paragraph on the financial statements, nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 30 June 2009.

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