KPMG

Türkiye Garanti Bankası Anonim Şirketi
And Its Affiliates

Consolidated Financial Statements

31 March 2009

With Report on Review of Interim

Financial Information Thereon

14 May 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

Table of contents

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,

Introduction

We have reviewed the accompanying consolidated statement of financial position of Türkiye Garanti Bankası Anonim Şirketi (the Bank) and its affiliates as at 31 March 2009 and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-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.

Conclusion

Based on our review, 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 31 March 2009, and of its financial performance and its cash flows for the three-month period then ended in accordance with IAS 34.

KPMG Akis Bağımsız Denetim ve SMMM A.Ş.

İstanbul,
14 May 2009

Türkiye Garanti Bankası AŞ And Its Affiliates

Consolidated Statement of Financial Position
As at 31 March 2009

(Currency: Thousands of Turkish Lira (TL))

	Notes	31 March 2009	31 December 2008
Assets			
Cash and balances with central banks	4	3,158,966	3,972,533
Financial assets at fair value through profit or loss	5	690,093	564,137
Loans and advances to banks	6	11,564,287	8,004,241
Loans and advances to customers	7	54,922,701	53,870,069
Other assets	9	5,199,222	4,203,250
Investment securities	10,21	27,083,323	26,112,129
Investments in equity participations	11	66,007	70,437
Tangible assets, net	12	1,325,839	1,238,627
Goodwill, net	13	33,170	33,170
Deferred tax asset	19	147,919	119,745
Total assets		**104,191,527**	**98,188,338**
Liabilities			
Deposits from banks	14	1,712,281	2,119,279
Deposits from customers	15	61,929,201	55,837,808
Obligations under repurchase agreements	16	9,432,642	11,153,180
Loans and advances from banks	17	14,189,634	13,443,583
Subordinated liabilities	18	1,117,832	947,530
Current tax liability	19	306,281	127,684
Deferred tax liability	19	775	-
Other liabilities and accrued expenses	20	4,821,218	4,655,769
Total liabilities		**93,509,864**	**88,284,833**
Shareholders' equity and minority interest			
Share capital	21	5,146,371	5,146,371
Share premium	21	11,880	11,880
Minority interest	21	38,819	35,201
Unrealised gains on available-for-sale assets	10,21	290,053	177,751
Hedging reserve	21	(3,290)	60,998
Translation reserve	21	32,110	35,987
Legal reserves	21	289,618	289,414
Retained earnings	21	4,876,102	4,145,903
Total shareholders' equity and minority interest		**10,681,663**	**9,903,505**
Total liabilities, shareholders' equity and minority interest		**104,191,527**	**98,188,338**
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 Three-Month Period Ended 31 March 2009

(Currency: Thousands of Turkish Lira (TL))

	Notes	31 March 2009	31 March 2008
Interest income:-			
Interest on loans		1,722,169	1,334,639
Interest on securities		988,064	643,127
Interest on deposits at banks		137,206	165,877
Interest on lease business		64,841	59,326
Others		22,935	25,940
		2,935,215	2,228,909
Interest expense:-			
Interest on saving, commercial and public deposits		(1,262,760)	(899,363)
Interest on borrowings and obligations under repurchase agreements		(453,865)	(426,601)
Interest on bank deposits		(38,676)	(41,445)
Interest on subordinated liabilities		(17,185)	(12,962)
Others		(1,267)	(2,454)
		(1,773,753)	(1,382,825)
Net interest income		**1,161,462**	**846,084**
Fee and commission income		564,290	494,005
Fee and commission expense		(114,038)	(88,056)
Net fee and commission income	26	**450,252**	**405,949**
Trading gains, net	5	460,649	76,001
Premium income from insurance business		42,564	31,382
Other operating income		36,180	18,308
Other operating income		**539,393**	**125,691**
Total operating Income		**2,151,107**	**1,377,724**
Salaries and wages		(239,025)	(259,055)
Impairment losses, net	7,8,9,11,12,13,20	(521,868)	(118,479)
Foreign exchange loss, net	12	(62,690)	(6,913)
Employee benefits	20	(56,060)	(56,784)
Depreciation and amortization	12	(48,509)	(42,828)
Communication expenses		(33,224)	(31,996)
Rent expenses		(31,366)	(23,606)
Other operating expenses	27	(226,041)	(220,075)
Total operating expenses		**(1,218,783)**	**(759,736)**
Income before tax		**932,324**	**617,988**
Taxation charge	19	(193,006)	(129,046)
Net income for the period		**739,318**	**488,942**
Other comprehensive income:			
Foreign currency translation differences for foreign operations	21	9,522	87,489
Net gain/(losses) on hedges of net investments in foreign operations	21	(15,856)	(52,559)
Cash flow hedges:			
Effective portion of changes in fair value	21	16,358	3,859
Net amount transferred to income	21	(80,646)	(36,002)
Fair value reserves (available-for-sale financial assets):			
Net change in fair values	21	132,901	(281,629)
Net amount transferred to income	21	(17,931)	(3,147)
Other comprehensive income for the period, net of tax		**44,348**	**(281,989)**
Total comprehensive income for the period		**783,666**	**206,953**
Net income attributable to:			
Equity holders of the Bank		735,648	486,214
Minority interest		3,670	2,728
		739,318	**488,942**
Total comprehensive income attributable to:			
Equity holders of the Bank		779,989	204,225
Minority interest		3,677	2,728
		783,666	**206,953**
Weighted average number of shares with a face value of Kr 1 each	21	**420 billions**	**210 billions**
Basic and diluted earnings per share (full TL amount per TL'000 face value each)		**175.2**	**231.5**

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 Three-Month Period Ended 31 March 2009

(Currency: Thousands of Turkish Lira (TL))

	Notes	Share Capital	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		3,046,371	-	23,410	189,382	31,464	6,709	172,678	3,781,754	7,251,768
Foreign exchange difference on foreign currency legal reserves	21	-	-	-	-	-	-	326	-	326
Net unrealised market value losses from available-for-sale portfolio	21	-	-	-	(281,629)	-	-	-	-	(281,629)
Net gains on available-for-sale assets transferred to the income statement on disposal	21	-	-	-	(3,147)	-	-	-	-	(3,147)
Foreign currency translation differences for foreign operations		-	-	-	-	-	34,604	-	-	34,604
Net fair value gains from cash flow hedges	21	-	-	-	-	3,859	-	-	-	3,859
Net fair value gains from cash flow hedges transferred to the income statement on disposal	21	-	-	-	-	(36,002)	-	-	-	(36,002)
Net income for the three-month period		-	-	2,728	-	-	-	-	486,214	488,942
Balances at 31 March 2008		3,046,371	-	26,138	(95,394)	(679)	41,313	173,004	4,267,968	7,458,721
Collections from shareholders for capital increase	21	2,100,000	11,880	-	-	-	-	-	-	2,111,880
Payment for founder shares repurchased	21	-	-	-	-	-	-	-	(1,434,233)	(1,434,233)
Transfer to unappropriated earnings	21	-	-	-	-	-	-	115,833	(115,833)	-
Foreign exchange difference on foreign currency legal reserves		-	-	-	-	-	-	577	-	577
Net unrealised market value gains/(losses) from available-for-sale portfolio	21	-	-	(9)	331,269	-	-	-	-	331,260
Net gains on available-for-sale assets transferred to the income statement on disposal	21	-	-	-	(58,124)	-	-	-	-	(58,124)
Foreign currency translation differences for foreign operations	21	-	-	-	-	-	(5,326)	-	-	(5,326)
Net fair value gains from cash flow hedges	21	-	-	-	-	61,677	-	-	-	61,677
Net fair value gains from cash flow hedges transferred to the income statement on disposal	21	-	-	-	-	-	-	-	-	-
Net income for the nine-month period		-	-	9,072	-	-	-	-	1,428,001	1,437,073
Balances at 31 December 2008		5,146,371	11,880	35,201	177,751	60,998	35,987	289,414	4,145,903	9,903,505
Foreign exchange difference on foreign currency legal reserves	21	-	-	-	-	-	-	204	-	204
Net unrealised market value losses from available-for-sale portfolio	21	-	-	7	132,894	-	-	-	-	132,901
Net gains/(losses) on available-for-sale assets transferred to the income statement on disposal	21	-	-	-	(17,931)	-	-	-	-	(17,931)
Foreign currency translation differences for foreign operations		-	-	-	(2,661)	-	(3,877)	-	-	(6,538)
Net fair value gains from cash flow hedges	21	-	-	-	-	16,358	-	-	-	16,358
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 three-month period		-	-	3,670	-	-	-	-	735,648	739,318
Balances at 31 March 2009		5,146,371	11,880	38,819	290,053	(3,290)	32,110	289,618	4,876,102	10,681,663

Türkiye Garanti Bankası AŞ And Its Affiliates

Consolidated Statement of Cash Flows
For The Three-Month Period Ended 31 March 2009

(Currency: Thousands of Turkish Lira (TL))

	Notes	31 March 2009	31 March 2008
Cash flows from operating activities:-			
Interests and commissions received		2,280,201	1,099,959
Interest expenses paid		(1,995,408)	(1,403,557)
Other operating activities, net		353,122	124,755
Cash payments to employees and suppliers		(578,244)	(572,235)
		59,671	(751,078)
(Increase)/decrease in operating assets:-			
Loans and advances to banks		(1,370,022)	(9,714)
Balances with central banks		(954,631)	2,083,649
Financial assets at fair value through profit or loss		(130,789)	28,818
Loans and advances to customers		(1,515,453)	(5,202,971)
Consumer loans		171,207	(889,437)
Other assets		(206,190)	(251,684)
Increase/(decrease) in operating liabilities:-			
Deposits from banks		(408,516)	777,365
Deposits from customers		6,130,767	3,780,957
Obligations under repurchase agreements		(1,707,177)	(806,100)
Other liabilities		103,357	(121,171)
Net cash flow from/(used in) operating activities before income taxes paid		**172,224**	**(1,361,366)**
Income taxes paid	*19*	**(69,682)**	**(126,699)**
Net cash flow from/(used in) operating activities		**102,542**	**(1,488,065)**
Cash flows from investing activities:-			
Net increase in security investments		(935,081)	(180,921)
Interest received		1,236,987	1,112,776
Increase in investments in equity participations, net		(562)	-
Dividends received		55	93
Proceeds from sale of tangible assets		19,442	73,977
Purchase of tangible assets		(66,924)	(73,608)
Net cash flow from investing activities		**253,917**	**932,317**
Cash flows from financing activities:-			
Increase in loans and advances from banks, net		905,655	1,998,870
Increase in subordinated liabilities, net		183,945	-
Net cash flow from financing activities		**1,089,600**	**1,998,870**
Effect of exchange rate changes		**(62,690)**	**(6,913)**
Net increase in cash and cash equivalents		**1,383,369**	**1,436,209**
Cash and cash equivalents at the beginning of the period		7,145,989	4,293,819
Cash and cash equivalents at the end of the period	*2*	**8,529,358**	**5,730,028**

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 three-month period ended 31 March 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 595 domestic branches, five foreign branches, four representative offices abroad and 128 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 18,406 employees. The Bank's head office is located at Levent Nispetiye Mahallesi Aytar Caddesi 2 Beşiktaş 34340 İstanbul.

(b) Ownership

The Companies owned by Doğuş Holding AŞ, called as Doğuş 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 14 May 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.

(Currency: Thousands of Turkish Lira (TL))

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:

Tangible assets	*Estimated useful lives (years)*	*Depreciation rates (%) for the year 2005 and after*	*Depreciation rates (%) for the years before 2005*
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).

(Currency: Thousands of Turkish Lira (TL))

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:

	31 March 2009	
	Employer	*Employee*
	%	*%*
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.

(t) 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 31 March 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 interpretions

- 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 stataments 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 statament 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:

(Currency: Thousands of Turkish Lira (TL))

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:

	31 March 2009				
	Loans	*Total Assets*	*Total Liabilities*	*Non-Cash Loans*	*Capital Expenditure*
Turkey	52,510,635	88,369,357	71,169,865	12,710,676	61,127
Germany	235,677	3,705,764	2,700,969	92,247	116
England	8,230	1,803,804	3,680,007	345,091	-
USA	31,028	1,374,497	7,278,584	181,874	-
Romania	727,581	1,344,978	858,075	59,453	3,431
Holland	36,109	1,203,865	2,335,777	538,745	310
Russia	442,453	788,878	101,297	120,474	-
France	3,147	561,872	232,327	172,266	-
Others	927,841	5,038,512	5,152,963	1,156,996	-
	54,922,701	104,191,527	93,509,864	15,377,822	64,984

	31 December 2008				
	Loans	*Total Assets*	*Total Liabilities*	*Non-Cash Loans*	*Capital Expenditure*
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	-
	53,870,069	98,188,338	88,284,833	14,567,057	387,766

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

	For the three-month period ended	
	31 March 2009	*31 March 2008*
Turkey	575,241	451,923
Malta	132,390	983
Holland	12,467	6,575
Luxembourg	11,306	19,500
Others	7,914	9,961
	739,318	488,942

(Currency: Thousands of Turkish Lira (TL))

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:

31 March 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	616,676	601,026	830,892	-	2,048,594	30,065	47,743	9,822	7,639	6,865	2,150,728	379	2,151,107
Operating expenses	(268,874)	(208,821)	(690,395)	-	(1,168,090)	(16,614)	(22,670)	(6,778)	(7,969)	(6,859)	(1,228,980)	10,197	(1,218,783)
Income from operations	**347,802**	**392,205**	**140,497**	-	**880,504**	**13,451**	**25,073**	**3,044**	**(330)**	**6**	**921,748**	**10,576**	**932,324**
Taxation credit/(charge)	-	-	(184,573)	-	(184,573)	(3,439)	(4,249)	(723)	(28)	6	(193,006)	-	(193,006)
Net income for the period	**347,802**	**392,205**	**(44,076)**	-	**695,931**	**10,012**	**20,824**	**2,321**	**(358)**	**12**	**728,742**	**10,576**	**739,318**
Segment assets	16,276,325	37,921,633	45,409,035	(660,898)	98,946,095	2,211,996	1,329,410	711,317	43,590	13,851	103,256,259	(637,667)	102,618,592
Investments in equity participations	-	-	312,291	-	312,291	-	275	9,635	6,396	1,158	329,755	(263,748)	66,007
Unallocated assets	-	-	1,351,718	-	1,351,718	102,454	11,945	2,783	5,026	1,147	1,475,073	31,855	1,506,928
Total assets	**16,276,325**	**37,921,633**	**47,073,044**	**(660,898)**	**100,610,104**	**2,314,450**	**1,341,630**	**723,735**	**55,012**	**16,156**	**105,061,087**	**(869,560)**	**104,191,527**
Segment liabilities	33,451,237	26,518,056	30,927,042	(660,898)	90,235,437	2,024,306	1,163,883	674,623	5,072	6,258	94,109,579	(599,715)	93,509,864
Shareholders' equity and minority interest	-	-	10,374,667	-	10,374,667	290,144	177,747	49,112	49,940	9,898	10,951,508	(269,845)	10,681,663
Total liabilities, shareholders' equity and minority interest	**33,451,237**	**26,518,056**	**41,301,709**	**(660,898)**	**100,610,104**	**2,314,450**	**1,341,630**	**723,735**	**55,012**	**16,156**	**105,061,087**	**(869,560)**	**104,191,527**

(Currency: Thousands of Turkish Lira (TL))

1 Segment reporting (continued)

	Retail Banking	*Commercial Corporate & SME Banking*	*Other Operations*	*Eliminations*	*Total Banking*	*Leasing*	*Insurance*	*Factoring*	*Other Financial*	*Other Non-Financial*	*Combined*	*Eliminations*	*Total*
31 March 2008													
Operating income	499,662	431,954	366,673	-	1,298,289	26,418	42,082	6,243	8,479	7,101	1,388,612	(10,888)	1,377,724
Operating expenses	(208,555)	(135,049)	(366,412)	-	(710,016)	(10,420)	(23,673)	(4,198)	(7,900)	(5,573)	(761,780)	2,044	(759,736)
Income from operations	**291,107**	**296,905**	**261**	-	**588,273**	**15,998**	**18,409**	**2,045**	**579**	**1,528**	**626,832**	**(8,844)**	**617,988**
Taxation credit/(charge)	-	-	(124,774)	-	(124,774)	7	(3,351)	(491)	(70)	(367)	(129,046)	-	(129,046)
Net income for the period	**291,107**	**296,905**	**(124,513)**	-	**463,499**	**16,005**	**15,058**	**1,554**	**509**	**1,161**	**497,786**	**(8,844)**	**488,942**
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	-	-	1,323,625	-	1,323,625	18,290	11,187	2,068	4,669	1,083	1,360,922	30,620	1,391,542
Total assets	**16,457,561**	**36,550,189**	**42,501,188**	**(678,652)**	**94,830,286**	**2,228,841**	**1,204,865**	**754,379**	**55,793**	**16,412**	**99,090,576**	**(902,238)**	**98,188,338**
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	-	-	9,628,158	-	9,628,158	285,640	156,875	46,790	49,362	9,886	10,176,711	(273,206)	9,903,505
Total liabilities, shareholders' equity and minority interest	**31,339,548**	**24,809,320**	**39,360,070**	**(678,652)**	**94,830,286**	**2,228,841**	**1,204,865**	**754,379**	**55,793**	**16,412**	**99,090,576**	**(902,238)**	**98,188,338**

(Currency: Thousands of Turkish Lira (TL))

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 31 March 2009 and 2008, included in the accompanying consolidated statements of cash flows are as follows:

	31 March 2009	*31 March 2008*
Cash at branches	474,911	383,726
Loans and advances to banks with original maturity periods of less than three months	8,054,447	5,346,302
	8,529,358	5,730,028

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

	31 March 2009	*31 December 2008*
Statement of Financial Position		
Loans and advances to customers	296,403	289,145
Loans granted in TL	*104,825*	*79,385*
Loans granted in foreign currencies:	*US$ 48,625,617*	*US$ 54,605,072*
	EUR 48,007,134	*EUR 59,911,300*
	RON 10,763,288	-
Miscellaneous receivables	6,745	7,868
Deposits received	433,961	500,934
Commitments and contingencies		
Non-cash loans	204,324	188,864

3.2 Transactions

	For the three-month period ended	
	31 March 2009	*31 March 2008*
Interest income	7,671	2,542
Interest expense	7,323	9,277

In the first quarter of 2009, interest rates applied to foreign currency receivables from and payables to related parties vary within the ranges of 0.5%-7.9% 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 12.5%-24.00% and 10.5%-17.1%, respectively (31 December 2008: 18.6%-27.0% and 15.0%-23.0%). Various commission rates are applied to transactions involving guarantees and commitments.

(Currency: Thousands of Turkish Lira (TL))

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 31 March 2009.

The Bank sold a real estate, a building in Maslak to Doğuş 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.

Key management personnel compensation for the three-month period ended 31 March 2009 amounted TL 46,329 thousands (31 March 2008: TL 48,364 thousands) on a consolidated basis. Within this total, individual key management expenses of the Bank amounted TL 39,338 thousands (31 March 2008: TL 39,011 thousands) and of its financial affiliates amounted TL 6,991 thousands (31 March 2008: TL 9,353 thousands).

4 Cash and balances with central banks

	31 March 2009	*31 December 2008*
Cash at branches	474,911	672,358
Balances with central banks excluding reserve deposits	2,684,055	3,300,175
	3,158,966	3,972,533

5 Financial assets at fair value through profit or loss

	31 March 2009				*31 December 2008*
	Face value	*Carrying value*	*Interest rate range %*	*Latest maturity*	*Carrying value*
Debt and other instruments held at fair value:					
Government bonds in TL	171,962	160,409	12-22	2014	123,221
Discounted government bonds in TL	160,999	140,537	12-14	2010	3,633
Gold	-	63,411	-	-	24,967
Investment fund	-	28,890	-	-	22,123
Others		37,248			34,589
		430,495			208,533
Equity and other non-fixed income instruments:					
Forfeiting receivables		259,584			355,590
Listed shares		14			14
		259,598			355,604
Total financial assets at fair value through profit or loss		690,093			564,137

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.

(Currency: Thousands of Turkish Lira (TL))

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

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

	31 March 2009	*31 March 2008*
Fixed/floating securities	83,228	28,924
Foreign exchange transactions	62	(1,761)
Derivate transactions	377,359	48,838
Trading income/(loss), net	460,649	76,001

As at 31 March 2009, financial assets at fair value through profit or loss amounting to TL 94 thousands are blocked against asset management operation and insurance business related transactions (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

	31 March 2009			*31 December 2008*		
	TL	*Foreign Currency*	*Total*	*TL*	*Foreign Currency*	*Total*
Loans and advances-demand						
Domestic banks	828	11,214	12,042	436	2,428	2,864
Foreign banks	213,291	696,517	909,808	369,998	605,628	975,626
	214,119	707,731	921,850	370,434	608,056	978,490
Loans and advances-time						
Domestic banks	430,798	1,260,996	1,691,794	366,047	1,567,270	1,933,317
Foreign banks	1,621,109	7,269,234	8,890,343	975,661	4,009,012	4,984,673
	2,051,907	8,530,230	10,582,137	1,341,708	5,576,282	6,917,990
Placements at money markets	-	-	-	40,552	-	40,552
Accrued interest on loans and advances to banks	40,112	20,188	60,300	35,690	31,519	67,209
Total loans and advances to banks	2,306,138	9,258,149	11,564,287	1,788,384	6,215,857	8,004,241
Less: allowance for uncollectibility	-	-	-	-	-	-
Net loans and advances to banks	2,306,138	9,258,149	11,564,287	1,788,384	6,215,857	8,004,241

As at 31 March 2009, majority of loans and advances-time are short-term with interest rates ranging between 1%-10% per annum for foreign currency time placements and 11%-23% per annum for TL time placements (31 December 2008: 1%-11% and 15%-23%, respectively).

As at 31 March 2009, loans and advances at domestic and foreign banks include blocked accounts of TL 3,435,547 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.

(Currency: Thousands of Turkish Lira (TL))

7 Loans and advances to customers

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

	31 March 2009	*31 December 2008*
Consumer loans	16,061,770	16,232,977
Credit cards	*6,569,532*	*6,717,695*
Mortgage loan	*5,184,700*	*5,024,875*
General purpose loans	*2,810,732*	*2,907,668*
Auto loans	*742,100*	*839,399*
Other consumer loans	*754,706*	*743,340*
Service sector	4,753,606	4,581,154
Energy	3,823,568	3,593,525
Transportation and logistics	3,041,659	2,831,671
Construction	2,797,560	2,745,348
Transportation vehicles and sub-industry	2,450,489	2,331,475
Textile	2,183,976	2,067,422
Food	1,877,997	1,881,166
Financial institutions	1,788,997	2,019,792
Metal and metal products	1,762,368	1,742,065
Tourism	1,647,563	1,418,581
Data processing	1,269,963	1,199,499
Chemistry and chemical product	861,464	785,910
Durable consumption	856,343	958,250
Stone, rock and related products	678,151	645,265
Agriculture and stockbreeding	652,166	712,537
Machinery and equipments	647,911	632,454
Electronic, optical and medical equipment	590,682	545,395
Mining	394,638	397,882
Plastic products	341,459	326,161
Paper and paper products	286,658	288,016
Others	2,165,568	1,950,975
Total performing loans	50,934,556	49,887,520
Financial lease receivables, net of unearned income (Note 8)	1,960,456	1,997,066
Factoring receivables	579,078	651,799
Accrued interest income on loans and lease receivables	1,327,371	1,146,004
Non-performing loans, factoring and lease receivables	1,688,404	1,368,312
Allowance for possible losses from loans, factoring and lease receivables	(1,567,164)	(1,180,632)
Loans and advances to customers	54,922,701	53,870,069

As at 31 March 2009, interest rates on loans granted to customers range between 1%-25% (31 December 2008: 2%-30%) per annum for the foreign currency loans and 11%-32% (31 December 2008: 14%-35%) per annum for the TL loans.

(Currency: Thousands of Turkish Lira (TL))

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 253,920 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:

	31 March 2009	*31 December 2008*
Balance at the beginning of the period	1,180,632	785,855
Write-offs	(45,726)	(131,900)
Recoveries and reversals	(108,780)	(36,873)
Provision for the period	541,038	563,550
Balance at the end of the period	1,567,164	1,180,632

Movements in the portfolio basis allowance are as follows:

	31 March 2009	*31 December 2008*
Balance at the beginning of the period	196,351	153,805
Net change in provision for the period	57,569	42,546
Balance at the end of the period	253,920	196,351

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:

	31 March 2009	*31 December 2008*
Financial lease receivables, net of unearned income (Note 7)	1,960,456	1,997,066
Add: non-performing lease receivables	140,395	101,577
Less: allowance for possible losses on lease receivable	(19,486)	(15,117)
	2,081,365	2,083,526
Accrued interest on lease receivables	20,702	20,471

Analysis of net financial lease receivables		
Due within 1 year	1,041,570	1,077,648
Due between 1 and 5 years	1,299,339	1,270,738
Due after 5 years	61,789	60,329
Financial lease receivables, gross	2,402,698	2,408,715
Unearned income	(321,333)	(325,189)
Financial lease receivables, net	2,081,365	2,083,526
Analysis of net financial lease receivables, net		
Due within 1 year	877,026	907,223
Due between 1 and 5 years	1,148,104	1,121,576
Due after 5 years	56,235	54,727
Financial lease receivables, net	2,081,365	2,083,526

(Currency: Thousands of Turkish Lira (TL))

9 Other assets

	31 March 2009	*31 December 2008*
Reserve deposits at central banks	2,713,293	1,773,311
Insurance premium receivables	1,044,846	935,860
Accrued exchange gain on derivatives	648,954	812,397
Prepaid expenses, insurance claims and similar items	292,153	286,832
Miscellaneous receivables	162,102	95,801
Advances for tangible assets	93,289	81,008
Tangible assets held for sale	86,405	81,346
Prepaid taxes and taxes and funds to be refunded	58,930	52,106
Others	99,250	84,589
	5,199,222	4,203,250

Reserve deposits at central banks

At 31 March 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 8.4% (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 79,517 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

(Currency: Thousands of Turkish Lira (TL))

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 31 March 2009, real estates held for sale amounting TL 80,347 thousands (31 December 2008: TL 78,214 thousands) have been impaired by TL 3,342 thousands (31 December 2008: TL 4,739 thousands).

As of 31 March 2009, the rights of repurchase on various tangible assets held for sale amounted to TL 13,641 thousands (31 December 2008: TL 13,714 thousands).

10 Investment securities

	31 March 2009				*31 December 2008*
	Face value	*Carrying value*	*Interest rate range %*	*Latest maturity*	*Carrying value*
Debt and other instruments available-for-sale:					
Government bonds at floating rates	7,409,208	7,943,883	15-23	2014	7,269,810
Discounted government bonds in TL	4,315,188	3,950,859	12-14	2010	4,683,672
Government bonds in TL	3,146,964	3,224,437	14-17	2013	2,602,072
Bonds issued by corporations *(a)*	2,193,237	2,128,904	1-20	2017	2,022,743
Eurobonds	762,595	804,240	5-12	2036	683,634
Bonds issued by financial institutions	604,833	533,287	3-21	2014	422,811
Government bonds in foreign currency	434,518	437,046	2-6	2010	409,824
Government bonds indexed to consumer price index	207,381	234,881	10-12	2013	147,118
Others		128,848			86,063
Total securities available-for-sale		19,386,385			18,327,747
Debt and other instruments held-to-maturity:					
Government bonds in TL	3,250,909	3,056,155	14-17	2012	3,065,219
Government bonds at floating rates	2,597,384	2,691,867	18-21 *(b)*	2011	2,732,620
Eurobonds	1,753,168	1,791,330	7-12	2036	1,646,169
Others		43,285			39,760
		7,582,637			7,483,768
Accrued interest on held-to-maturity portfolio		114,301			300,614
Total securities held-to-maturity		7,696,938			7,784,382
Total investment securities		27,083,323			26,112,129

(a) Bonds issued by corporations include credit linked notes with a total face value of US$ 890,888,889 and EUR 1,175,000 (31 December 2008: US$ 895,500,000 and EUR 1,175,000) and a total carrying value of TL 1,487,073 (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.

(Currency: Thousands of Turkish Lira (TL))

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 87,734 thousands and US$ 6,766,198.

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 9,744,666 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:

	31 March 2009		*31 December 2008*	
	Face Value	*Carrying value*	*Face Value*	*Carrying value*
Collateralized to foreign banks	7,087,764	7,302,842	7,108,446	7,242,244
Deposited at Istanbul Stock Exchange	3,844,351	3,835,453	5,745,673	5,907,317
Deposited at central banks for repurchase transactions	1,387,506	1,428,728	1,541,280	1,606,177
Deposited at CBT for interbank transactions	630,259	640,751	598,920	629,992
Deposited at CBT for foreign currency money market transactions	582,070	579,655	581,980	584,095
Deposited at Clearing Bank (Takasbank)	53,500	54,415	10,000	10,087
Others		67,837		138,831
		13,909,681		16,118,743

11 Investments in equity participations

	31 March 2009		*31 December 2008*	
	Carrying Value	*Ownership %*	*Carrying Value*	*Ownership %*
Eureko Sigorta AŞ	45,208	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	8,837		8,133	
	66,007		70,437	

(Currency: Thousands of Turkish Lira (TL))

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 Eureko 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 Eureko 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 31 March 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 31 March 2009 and 31 December 2008. The cumulative provisions for such impairment losses amounted to TL 3,489 thousands as of 31 March 2009 (31 December 2008: TL 3,582 thousands).

12 Tangible assets

Movement in tangible assets from 1 January to 31 March 2009 is as follows:

	1 January	*Additions*	*Adjustment for Currency Translation*	*Disposals*	*31 March*
Costs					
Land and buildings	1,086,460	28,091	2,472	(13,032)	1,103,991
Furniture, fixture and equipments	1,037,027	114,794	1,160	(6,749)	1,146,232
Leasehold improvements	297,495	11,487	1,087	(1,734)	308,335
	2,420,982	154,372	4,719	(21,515)	2,558,558
Less: Accumulated depreciation					
Buildings	228,852	5,863	-	(885)	233,830
Furniture, fixture and equipments	725,990	41,477	406	(6,531)	761,342
Leasehold improvements	122,493	12,516	271	(997)	134,283
	1,077,335	59,856	677	(8,413)	1,129,455
Construction in progress	1,919	893	46	(1,197)	1,661
	1,345,566				1,430,764
Impairment in value of tangible assets	(106,939)				(104,925)
	1,238,627				1,325,839

(Currency: Thousands of Turkish Lira (TL))

12 Tangible assets (continued)

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

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

A portion of the additions amounting TL 81,330 thousands in the first quarter of 2009 represented the tangible assets of a newly consolidated affiliate.

Depreciation expense for the three-month period ended 31 March 2009 amounts to TL 48,509 thousands (31 March 2008: TL 42,828 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 31 March 2009, land and buildings at a total net book value before impairment of TL 393,468 thousands (31 December 2008: TL 394,800 thousands) have been impaired by TL 104,925 thousands (31 December 2008: TL 106,939 thousands).

13 Goodwill

As of 31 March 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:

	31 March 2009	*31 December 2008*
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	34	34
	33,170	33,170
Impairment of goodwill	-	-
	33,170	33,170

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

(Currency: Thousands of Turkish Lira (TL))

14 Deposits from banks

Deposits from banks comprise the following:

	31 March 2009	*31 December 2008*
Payable on demand	733,052	942,099
Term deposits	968,593	1,168,062
	1,701,645	2,110,161
Accrued interest on deposits from banks	10,636	9,118
	1,712,281	2,119,279

Deposits from banks include both TL accounts amounting TL 633,875 thousands (31 December 2008: TL 548,049 thousands) and foreign currency accounts amounting TL 1,067,770 thousands (31 December 2008: TL 1,562,112 thousands) in total. As at 31 March 2009, interest rates applicable to TL bank deposits and foreign currency bank deposits vary within ranges of 10%-20% and 1%-11% (31 December 2008: 13%-22% and 1%-8%), respectively.

15 Deposits from customers

Deposits from customers comprise the following:

	31 March 2009			*31 December 2008*
	Demand	*Time*	*Total*	*Total*
Foreign currency	6,384,559	23,471,654	29,856,213	27,023,909
Saving	1,491,154	17,394,695	18,885,849	18,225,454
Commercial	1,773,706	9,178,311	10,952,017	8,588,692
Public and other	870,230	1,030,513	1,900,743	1,626,000
	10,519,649	51,075,173	61,594,822	55,464,055
Accrued interest expense on deposits from customers	13,860	320,519	334,379	373,753
	10,533,509	51,395,692	61,929,201	55,837,808

As at 31 March 2009, interest rates applicable to TL deposits and foreign currency deposits vary within ranges of 11%-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:

	Carrying value	*Fair value of underlying assets*	*Carrying amount of corresponding liabilities*	*Range of repurchase dates*	*Repurchase price*
31 March 2009					
Investment securities	9,744,666	9,881,287	9,432,642	Apr'09-Feb'11	9,546,486
31 December 2008					
Investment securities	11,641,331	11,740,609	11,153,180	Jan'09-Feb'11	11,285,506

(Currency: Thousands of Turkish Lira (TL))

16 Obligations under repurchase agreements (continued)

Accrued interest on obligations under repurchase agreements amounting to TL 48,112 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 31 March 2009, the maturities of the obligations varied from one day to twenty three months and interest rates varied between 4%-12% (31 December 2008: 3%-17%).

17 Loans and advances from banks

Loans and advances from banks comprise the following:

	31 March 2009	*31 December 2008*
Short-term borrowings		
Domestic banks	887,729	948,325
Foreign banks	2,988,585	2,780,061
	3,876,314	3,728,386
Long-term debts		
Short-term portion	2,754,891	2,884,807
Medium and long-term portion	7,429,329	6,541,686
	10,184,220	9,426,493
Accrued interest on loans and advances from banks	129,100	288,704
	14,189,634	13,443,583

As at 31 March 2009, loans and advances from banks included various promissory notes amounting to TL 835,604 thousands in total with latest maturity by 2009 (31 December 2008: TL 953,176 thousands with latest maturity by 2009).

As at 31 March 2009, short-term borrowings included one-year syndicated facility to finance pre-export contracts of the Bank's corporate customers with a total amount of EUR 600 millions (equivalent of TL 1,318,860 thousands) with a rate of Euribor+0.675% per annum as signed with 31 foreign banks, and a one-year syndicated loan facility to finance export contracts in two tranches of US$ 215 millions and EUR 282 millions (equivalent of TL 975,689 thousands) with the rates of Libor+2% and Euribor+2% per annum, respectively from 20 foreign banks.

(Currency: Thousands of Turkish Lira (TL))

17 Loans and advances from banks (continued)

Long-term debts comprise the following:

	31 March 2009					31 December 2008
	Interest rate%	*Latest Maturity*	*Amount in original currency*	*Short term portion*	*Medium and long term portion*	*Medium and long term debts*
Deutsche Bank AG	11.3-12.9	2017	TL 701 mio	-	701,210	701,210
DPR Securitisation-IV	1.6-2.4	2013	US$ 542 mio	211,410	685,663	678,194
DPR Securitisation-V	1.6-2.4	2013	US$ 476 mio	179,021	609,476	600,808
DPR Securitisation-VII	2.4	2016	US$ 394 mio	39,704	612,254	571,420
DPR Securitisation-VIII	1.6	2017	US$ 350 mio	-	578,871	531,609
DPR Securitisation-VI	2.9	2011	EUR 230 mio	208,617	296,892	407,259
DPR Securitisation-IX	5.9	2018	EUR 200 mio	-	439,620	423,160
DPR Securitisation-III	1.6	2013	US$ 233 mio	90,836	295,259	291,989
DPR Securitisation-VI	1.6	2016	US$ 225 mio	5,716	366,121	341,450
DPR Securitisation-VI	2.2	2013	US$ 210 mio	-	346,962	318,583
DPR Securitisation-VIII	1.6	2017	US$ 100 mio	-	165,392	151,888
DPR Securitisation-VIII	1.6	2017	US$ 100 mio	-	165,392	151,888
DPR Securitisation-VII	2.3	2014	US$ 96 mio	27,505	130,667	126,302
DPR Securitisation-VIII	2.3	2015	US$ 50 mio	10,337	72,359	72,784
Others				1,981,745	1,963,191	1,173,142
				2,754,891	7,429,329	6,541,686

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.

(Currency: Thousands of Turkish Lira (TL))

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 CIFG 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:

	31 March 2009			*31 December 2008*
	Latest Maturity	*Interest rates %*	*Carrying value*	*Carrying value*
Subordinated debt of US$ 500 millions	2017	6.95	826,122	758,502
Subordinated debt of EUR 50 millions	2021	Euribor + 3.5	109,905	-
Subordinated deposit of EUR 48 millions	2016	4.42-7.73	105,524	101,573
Subordinated bonds payable of EUR 30 millions	2016	Euribor + 1.57	65,943	63,474
			1,107,494	923,549
Accrued interest on subordinated liabilities			10,338	23,981
			1,117,832	947,530

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 31 March 2009, subordinated deposits obtained by the consolidated banking affiliate in Holland amounted to EUR 48 millions (equivalent of TL 105,524 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 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 authorities during the

(Currency: Thousands of Turkish Lira (TL))

19 Taxation (continued)

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:

	31 March 2009	*%*	*31 March 2008*	*%*
Taxes on income per statutory tax rate	186,465	20.00	123,598	20.00
Income items exempt from tax or subject to different tax rates	(3,338)	(0.36)	(6,361)	(1.03)
Disallowable expenses	1,010	0.11	9,012	1.46
Others	8,869	0.95	2,797	0.45
Taxation charge	193,006	20.70	129,046	20.88

The taxation charge is comprised of the following:

	For the three-month period ended	
	31 March 2009	*31 March 2008*
Current taxes	222,313	134,819
Deferred taxes	(29,307)	(5,773)
Taxation charge	193,006	129,046

The movement of current tax liability is as follows:

	31 March 2009	*31 December 2008*
Balance at the beginning of the period	127,684	5,301
Current period taxes	222,313	442,315
Current taxes recognised under equity	25,966	135,665
Less: Prepaid corporate taxes	(69,682)	(455,597)
Current tax liability	306,281	127,684

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:

	31 March 2009	*31 December 2008*
Unrealised gains on available-for-sale assets	(78,305)	(50,461)
Hedging reserve	822	812
	(77,483)	(49,649)

(Currency: Thousands of Turkish Lira (TL))

19 Taxation (continued)

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

	31 March 2009	*31 December 2008*
Deferred tax asset		
Impairment losses on loans	68,908	68,266
Valuation difference on financial assets and liabilities	63,289	27,190
Short-term employee benefits	30,304	31,684
Impairment of equity participations and tangible assets	21,131	21,974
Defined benefit obligations	20,520	20,520
Discount on miscellaneous receivables	7,633	6,932
Reserve for employee severance indemnity	7,349	8,893
Accruals on credit card rewards	6,103	7,241
Pro-rata basis depreciation expenses	(14,920)	(16,710)
Prepaid expenses and promotions	(32,675)	(33,860)
Others, net	(29,723)	(22,385)
Total deferred tax asset	147,919	119,745
Deferred tax liability		
Total deferred tax liability	775	-

As of 31 March 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:

	Opening Balance	*Recognized in Income statement*	*Recognized in equity*	*Closing balance*
31 March 2009				
Impairment losses on loans	68,266	642	-	68,908
Valuation difference on financial assets and liabilities	27,190	33,570	2,529	63,289
Short-term employee benefits	31,684	(1,380)	-	30,304
Impairment of equity participations and tangible assets	21,974	(843)	-	21,131
Defined benefit obligations	20,520	-	-	20,520
Discount on miscellaneous receivables	6,932	701	-	7,633
Reserve for employee severance indemnity	8,893	(1,544)	-	7,349
Accruals on credit card rewards	7,241	(1,138)	-	6,103
Pro-rata basis depreciation expenses	(16,710)	1,790	-	(14,920)
Prepaid expenses and promotions	(33,860)	1,185	-	(32,675)
Others, net	(22,385)	(3,676)	(4,437)	(30,498)
Net deferred tax asset	119,745	29,307	(1,908)	147,144

(Currency: Thousands of Turkish Lira (TL))

19 Taxation (continued)

31 December 2008	*Opening Balance*	*Recognized in Income statement*	*Recognized in equity*	*Closing balance*
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	3,845	(28,095)	1,865	(22,385)
Net deferred tax asset	104,442	9,538	5,765	119,745

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.

(Currency: Thousands of Turkish Lira (TL))

20 Other liabilities and accrued expenses

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

	31 March 2009	*31 December 2008*
Blocked accounts against expenditures of card holders	1,845,374	1,815,228
Payables to insurance and reinsurance companies relating to insurance business	1,009,579	905,744
Accrued exchange losses on derivatives	570,406	605,962
Withholding taxes	166,203	268,635
Short-term employee benefits	148,468	154,992
Insurance business related provisions	131,164	123,603
Unearned income	127,381	107,673
Recognized liability for defined benefit obligations	102,601	102,601
Transfer orders	97,783	66,793
Expense accruals	94,679	85,350
Provision for non-cash loans	83,514	39,959
Miscellaneous payables	73,664	69,724
Payables to suppliers relating to financial lease activities	55,333	52,691
Cheques at cleaning house	41,201	48,879
Reserve for employee severance indemnity	38,362	45,513
Blocked accounts	34,569	35,561
Others	200,937	126,861
	4,821,218	4,655,769

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.

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

20 Other liabilities and accrued expenses (continued)

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 publishment 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. 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.

(Currency: Thousands of Turkish Lira (TL))

20 Other liabilities and accrued expenses (continued)

	31 December 2008
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
- General administrative expenses	(15,488)
	(176,416)
Fair value of plan assets	621,594
Asset surplus in the plan (*)	445,178

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

Plan assets consist of the following:

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

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

(*) *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.

(Currency: Thousands of Turkish Lira (TL))

20 Other liabilities and accrued expenses (continued)

	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 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 three-month periods ended 31 March 2009 and 2008 are as follows:

	31 March 2009	*31 March 2008*
Total contribution payment	26,682	26,579
Provision for unfunded liability	-	4,685
	26,682	31,264

Principal actuarial assumptions used are as follows:

	31 December 2008 %
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:

	31 December 2008 % change in defined benefit obligation		
	Pension Benefits	*Medical Benefits*	*Overall*
Assumption change	*%*	*%*	*%*
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:

	31 March 2009	*31 December 2008*
Balance, beginning of the period	154,992	100,402
Payments during the period, net	(53,450)	(217,834)
Provision for the period, net	46,926	272,424
Balance, end of the period	148,468	154,992

(Currency: Thousands of Turkish Lira (TL))

20 Other liabilities and accrued expenses (continued)

Insurance business related provisions

Insurance business related provisions are detailed in the table below:

	31 March 2009	*31 December 2008*
Reserve for unearned premiums, net	47,602	43,571
Gross	*72,265*	*53,666*
Reinsurers' share	*(24,663)*	*(10,095)*
Provision for claims, net	8,649	7,428
Gross	*10,496*	*7,765*
Reinsurers' share	*(1,847)*	*(337)*
Life mathematical reserves	74,913	72,604
	131,164	123,603

Reserve for employee severance indemnity

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

	31 March 2009	*31 December 2008*
Balance, beginning of the period	45,513	44,868
Reversals during the period	(7,182)	(8,816)
Provision for the period	31	9,461
Balance, end of the period	38,362	45,513

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 31 March 2009 and 31 December 2008, respectively.

The principal actuarial assumptions are as follows:

	31 March 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
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:

	31 March 2009	*31 December 2008*
Balance, beginning of the period	39,959	32,142
Provision for the period, net	43,555	7,817
Balance, end of the period	83,514	39,959

(Currency: Thousands of Turkish Lira (TL))

21 Shareholders' equity

The authorized nominal share capital of the Bank amounted to TL 4,200,000 thousands as of 31 March 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 210,000,000,000 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".

The reserves include legal reserves amounting to TL 289,618 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 per the decision made at the Annual General Assembly at 2 April 2009, 5% of the prior year's net income is allocated to legal reserves in April 2009.

As at 31 March 2009 net minority interest amounts to TL 38,819 thousands (31 December 2008: TL 35,201 thousands). Minority interest is detailed as follows:

	31 March 2009	*31 December 2008*
Capital and other reserves	14,026	14,012
Retained earnings	21,123	9,389
Current period net income	3,670	11,800
	38,819	35,201

(Currency: Thousands of Turkish Lira (TL))

21 Shareholders' equity (continued)

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

	31 March 2009	*31 December 2008*
Balance at the beginning of the period	177,751	189,382
Net unrealised gains from changes in fair value	162,560	81,536
Related deferred and current income taxes	(32,327)	(31,896)
Net gains transferred to the statement of comrehensive incomeon disposal	(22,414)	(76,435)
Related deferred and current income taxes	4,483	15,164
Balance at the end of the period	290,053	177,751

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities amounting TL 79,322 thousands (31 December 2008: TL 63,466 thousands) that hedges the Bank's net investment in foreign operations. The financial liabilities designated as hedging instrument amount to EUR 196,614,575 and US$ 28,274,282. The hedging relation is effective in achieving offsetting the changes in foreign currencies attributable to hedged item due to changes in foreign currency rates.

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.

(Currency: Thousands of Turkish Lira (TL))

22 Fair value information (continued)

Fair value of loans and advances to customers is TL 54,768,039 thousands (31 December 2008: TL 53,874,335 thousands), whereas the carrying amount is TL 54,922,701 thousands (31 December 2008: TL 53,870,069 thousands) in the accompanying consolidated statement of financial position as at 31 March 2009.

Fair value of investment securities is TL 27,140,613 thousands (31 December 2008: TL 26,117,422 thousands), whereas the carrying amount is TL 27,083,323 thousands (31 December 2008: TL 26,112,129 thousands) in the accompanying consolidated statement of financial position as at 31 March 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:

	31 March 2009	*31 December 2008*
Letters of guarantee	11,667,447	11,012,449
Letters of credit	3,431,419	3,320,801
Acceptance credits	194,231	123,807
Others	84,725	110,000
	15,377,822	14,567,057

As at 31 March 2009, commitment for uncalled capital of affiliated companies amounts to TL 250 thousands (31 December 2008: TL 812 thousands).

As at 31 March 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 18,711,128 thousands (31 December 2008: TL 17,520,902 thousands) in total.

As at 31 March 2009, commitments for the derivative transactions carried out on behalf of customers in the Turkish Derivatives Exchange amount to TL 367,809 thousands (31 December 2008: TL 340,676 thousands) in total.

As at 31 March 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 28,444,765 thousands (31 December 2008: TL 24,023,479 thousands), approximately 90% of which are due within a year.

(Currency: Thousands of Turkish Lira (TL))

23 Commitments and contingencies (continued)

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

	31 March 2009		*31 December 2008*	
	Purchases	*Sales*	*Purchases*	*Sales*
Forward agreements for customer dealing activities	760,295	1,036,459	615,838	893,999
Currency swap agreements for customer dealing activities	665,909	102,585	839,727	74,756
Options for customer dealing activities	1,092,148	1,000,764	214,852	216,481
Forward agreements for hedging purposes	618,205	414,200	685,667	205,272
Currency swap agreements for hedging purposes	7,174,811	7,325,204	6,574,919	7,498,424
Interest rate and credit default swap agreements	29,461	374,122	71,108	343,647
Interest rate, foreign currency and securities options	3,342,842	3,322,498	2,324,025	2,568,395
Forward rate agreements, foreign currency and interest rate futures	100,009	24,617	2,273	13,279
Forward agreements for gold trading	39,566	124,997	7,849	145,009
Spot foreign currency transactions	465,177	430,896	483,788	244,171
	14,288,423	14,156,342	11,820,046	12,203,433

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 31 March 2009, approximately 103% 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%).

(Currency: Thousands of Turkish Lira (TL))

23 Commitments and contingencies (continued)

	Notional amount with remaining life of					
31 March 2009	*Up to 1 month*	*1 to 3 months*	*3 to 6 months*	*6 to 12 months*	*Over 1 year*	*Total*
Interest Rate Derivatives						
Interest rate swaps	4,556	172,705	56,072	155,903	14,347	403,583
Purchases	*4,472*	*3,676*	*3,149*	*13,538*	*4,627*	*29,461*
Sales	*85*	*169,029*	*52,923*	*142,365*	*9,720*	*374,122*
Interest rate futures	5,050	22,634	-	-	-	27,684
Purchases	*5,050*		-	-	-	*5,050*
Sales	-	*22,634*	-	-	-	*22,634*
Other Derivatives						
Securities, shares and index options	1,591	-	37,549	1,651	1,874,330	1,915,121
Purchases	*1,591*	-	*18,751*	*1,651*	*937,165*	*959,158*
Sales	-	-	*18,798*	-	*937,165*	*955,963*
Currency Derivatives						
Spot exchange contracts	896,073	-	-	-	-	896,073
Purchases	*465,177*	-	-	-	-	*465,177*
Sales	*430,896*	-	-	-	-	*430,896*
Forward exchange contracts	1,455,393	705,814	264,577	234,427	168,948	2,829,159
Purchases	*572,718*	*504,062*	*86,116*	*144,847*	*70,757*	*1,378,500*
Sales	*882,675*	*201,752*	*178,461*	*89,580*	*98,191*	*1,450,659*
Currency/cross currency swaps	6,194,730	1,873,873	2,256,280	3,816,130	1,127,496	15,268,509
Purchases	*3,337,388*	*1,256,459*	*1,326,821*	*884,430*	*1,035,622*	*7,840,720*
Sales	*2,857,342*	*617,414*	*929,459*	*2,931,700*	*91,874*	*7,427,789*
Options	3,376,374	1,478,569	830,225	1,119,354	38,609	6,843,131
Purchases	*1,779,246*	*806,702*	*409,988*	*461,622*	*18,274*	*3,475,832*
Sales	*1,597,128*	*671,867*	*420,237*	*657,732*	*20,335*	*3,367,299*
Foreign currency futures	7,639	81,535	5,825	1,943	-	96,942
Purchases	*7,639*	*79,552*	*5,825*	*1,943*	-	*94,959*
Sale	-	*1,983*	-	-	-	*1,983*
Other foreign exchange contracts	153,331	8,955	-	2,277	-	164,563
Purchases	*36,075*	*1,214*	-	*2,277*	-	*39,566*
Sale	*117,256*	*7,741*	-	-	-	*124,997*
Subtotal Purchases	6,209,355	2,651,665	1,850,650	1,510,308	2,066,445	14,288,423
Subtotal Sales	5,885,382	1,692,420	1,599,878	3,821,377	1,157,285	14,156,342
Total of Transactions	12,094,737	4,344,085	3,450,528	5,331,685	3,223,730	28,444,765

(Currency: Thousands of Turkish Lira (TL))

23 Commitments and contingencies (continued)

	Notional amount with remaining life of					
31 December 2008	*Up to 1 month*	*1 to 3 months*	*3 to 6 months*	*6 to 12 months*	*Over 1 year*	*Total*
Interest Rate Derivatives						
Interest rate swaps	3,105	17,728	182,942	194,733	16,247	414,755
Purchases	*705*	*12,124*	*26,473*	*16,606*	*15,200*	*71,108*
Sales	*2,400*	*5,604*	*156,469*	*178,127*	*1,047*	*343,647*
Interest rate futures	-	4,709	1	-	-	4,710
Purchases	-	-	*1*	-	-	*1*
Sales	-	*4,709*	-	-	-	*4,709*
Other Derivatives						
Securities, shares and index options	-	-	68,200	30,969	1,692,640	1,791,809
Purchases	-	-	*68,200*	*10,642*	*846,320*	*925,162*
Sales	-	-	-	*20,327*	*846,320*	*866,647*
Currency Derivatives						
Spot exchange contracts	727,959	-	-	-	-	727,959
Purchases	*483,788*	-	-	-	-	*483,788*
Sales	*244,171*	-	-	-	-	*244,171*
Forward exchange contracts	1,102,185	712,221	211,708	198,808	175,854	2,400,776
Purchases	*661,873*	*333,970*	*139,056*	*98,498*	*68,108*	*1,301,505*
Sales	*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
Purchases	*2,570,681*	*1,438,698*	*880,855*	*1,754,017*	*770,395*	*7,414,646*
Sales	*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
Purchases	*515,908*	*404,703*	*414,572*	*266,926*	*11,606*	*1,613,715*
Sales	*828,260*	*359,857*	*333,680*	*382,169*	*14,263*	*1,918,229*
Foreign currency futures	-	10,842	-	-	-	10,842
Purchases	-	*2,272*	-	-	-	*2,272*
Sale	-	*8,570*	-	-	-	*8,570*
Other foreign exchange contracts	128,009	15,974	8,875	-	-	152,858
Purchases	*5,970*	*1,879*	-	-	-	*7,849*
Sale	*122,039*	*14,095*	*8,875*	-	-	*145,009*
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	10,327,865	4,556,375	3,144,990	3,221,830	2,772,419	24,023,479

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.

(Currency: Thousands of Turkish Lira (TL))

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 quarter of 2009 and the year of 2008 are as follows:

	31 March 2009			
	First Maturity Bracket (Weekly)		*Second Maturity Bracket (Monthly)*	
	FC	*FC + TL*	*FC*	*FC + TL*
Average (%)	168.40	157.50	101.40	110.18
Maximum (%)	184.75	167.05	110.29	113.47
Minimum (%)	137.78	145.34	89.43	107.40
	31 December 2008			
	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

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.

(Currency: Thousands of Turkish Lira (TL))

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:

	31 March 2009						*31 December 2008*					
	Up to 1 month	*1 to 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 year*	*Total*	*Up to 1 month*	*1 to 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 year*	*Total*
MONETARY ASSETS												
New Turkish Lira												
Cash and balances with central banks	1,885,611	-	-	-	-	1,885,611	2,519,678	-	-	-	-	2,519,678
Financial assets at fair value through profit or loss	29,777	10,292	144,196	166,074	-	350,339	22,173	2,230	40,665	87,929	2,267	155,264
Loans and advances to banks	782,078	39,730	48,762	1,435,568	-	2,306,138	739,727	40,897	71,053	936,707	-	1,788,384
Loans and advances to customers	9,422,389	3,165,321	2,943,029	7,649,833	2,402,827	25,583,399	9,207,023	3,509,951	2,938,457	7,940,741	2,308,772	25,904,944
Accrued exchange gain on derivatives	41,941	59,541	378,811	75,575	1,044	556,912	39,404	80,084	454,129	96,835	2,226	672,678
Other assets	238,599	1,028,417	464	918	4,239	1,272,637	192,176	920,753	16	5	6,530	1,119,480
Security investments	248,921	248,055	4,596,012	16,403,605	-	21,496,593	77,398	1,094,374	2,103,031	17,051,920	790,999	21,117,722
Deferred tax asset	-	-	-	128,638	-	128,638	-	-	-	102,031	-	102,031
Total New Turkish Lira monetary assets	12,649,316	4,551,356	8,111,274	25,860,211	2,408,110	53,580,267	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	1,273,355	-	-	-	-	1,273,355	1,452,855	-	-	-	-	1,452,855
Financial assets at fair value through profit or loss	71,009	75,053	96,079	92,366	5,247	339,754	85,930	3,052	125,437	187,228	7,226	408,873
Loans and advances to banks	5,780,465	264,878	1,236,199	311,727	1,664,880	9,258,149	3,736,536	262,072	1,127,298	313,532	776,419	6,215,857
Loans and advances to customers	1,605,346	3,580,708	5,315,703	9,031,539	9,684,766	29,218,062	1,272,896	2,782,704	6,070,877	8,346,844	9,304,124	27,777,445
Accrued exchange gain on derivatives	1,997	12,002	35,305	42,723	-	92,027	19,323	64,654	33,284	19,286	3,172	139,719
Other assets	2,715,378	8,677	-	6,944	15,791	2,746,790	1,743,174	956	5,036	6,333	14,528	1,770,027
Security investments	144,994	251,113	425,662	1,997,250	2,767,711	5,586,730	56,669	36,985	412,004	1,874,347	2,614,402	4,994,407
Deferred tax asset	-	-	-	19,281	-	19,281	-	-	-	17,714	-	17,714
Total foreign currency monetary assets	11,592,544	4,192,431	7,108,948	11,501,830	14,138,395	48,534,148	8,367,383	3,150,423	7,773,936	10,765,284	12,719,871	42,776,897
Total Monetary Assets	24,241,860	8,743,787	15,220,222	37,362,041	16,546,505	102,114,415	21,164,962	8,798,712	13,381,287	36,981,452	15,830,665	96,157,078
MONETARY LIABILITIES												
New Turkish Lira												
Deposits	30,147,206	1,682,317	442,094	73,805	-	32,345,422	26,490,260	2,273,438	255,104	99,786	-	29,118,588
Obligations under repurchase agreements	8,444,417	202	-	578,719	-	9,023,338	9,880,488	325	-	571,711	-	10,452,524
Loans and advances from banks	601,574	38,300	389,885	1,299,938	722,911	3,052,608	788,187	101,421	359,391	697,630	790,327	2,736,956
Subordinated liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Accrued exchange loss on derivatives	138,731	99,909	212,618	23,309	1,827	476,394	51,938	94,122	274,735	101,872	23,660	546,327
Other liabilities and accrued expenses	2,096,347	9,939	1,555,238	183,380	437,387	4,282,291	2,042,108	1,553	1,382,351	193,635	332,116	3,951,763
Total New Turkish Lira monetary liabilities	41,428,275	1,830,667	2,599,835	2,159,151	1,162,125	49,180,053	39,252,981	2,470,859	2,271,581	1,664,634	1,146,103	46,806,158
Foreign currency												
Deposits	24,506,190	2,967,213	2,455,086	1,235,053	132,518	31,296,060	23,472,334	2,078,233	2,107,100	1,076,571	104,261	28,838,499
Obligations under repurchase agreements	-	136,706	272,598	-	-	409,304	285,792	192,877	221,987	-	0	700,656
Loans and advances from banks	372,346	1,938,439	3,340,237	4,085,445	1,400,559	11,137,026	273,750	433,303	4,712,709	3,246,269	2,040,596	10,706,627
Subordinated liabilities	-	-	105,523	67,761	944,548	1,117,832	798	571	51,900	99,839	794,422	947,530
Accrued exchange loss on derivatives	30,557	1,925	16,746	44,743	-	93,971	10,788	15,484	14,559	18,673	131	59,635
Other liabilities and accrued expenses	164,792	58,330	45,814	514	6,168	275,618	105,363	53,797	59,043	30	7,495	225,728
Total foreign currency monetary liabilities	25,073,885	5,102,613	6,236,004	5,433,516	2,483,793	44,329,811	24,148,825	2,774,265	7,167,298	4,441,382	2,946,905	41,478,675
Total Monetary Liabilities	66,502,160	6,933,280	8,835,839	7,592,667	3,645,918	93,509,864	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.

(Currency Thousands of Turkish Lira (TL))

The following table provides an analysis of interest rate sensivity of monetary assets and monetary liabilities of the consolidated entities into relev

	31 March 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	83,682	-	-	-	-	3,075,284	3,158,966
Financial assets at fair value through profit or loss	7,323	85,035	242,708	252,408	5,223	97,396	690,093
Loans and advances to banks	6,048,025	1,223,474	3,276,273	34,368	-	982,147	11,564,287
Loans and advances to customers	16,182,993	13,087,619	11,232,314	10,154,916	2,816,256	1,327,363	54,801,461
Other assets	1,903,276	6,099	464	7,862	20,025	2,730,640	4,668,366
Security investments	3,198,688	1,794,253	10,494,332	8,195,378	1,857,934	1,542,738	27,083,323
Deferred tax asset	-	-	-	-	-	147,919	147,919
Total Monetary Assets	27,423,987	16,196,480	25,246,091	18,644,932	4,699,438	9,903,487	102,114,415
MONETARY LIABILITIES							
Deposits	44,886,767	4,164,301	4,152,850	868,715	527	9,568,322	63,641,482
Obligations under repurchase agreements	8,434,300	133,096	268,499	548,635	-	48,112	9,432,642
Loans and advances from banks	7,255,067	3,259,781	2,138,840	567,640	839,206	129,100	14,189,634
Subordinated liabilities	158	65,943	1,018,331	9,431	13,629	10,340	1,117,832
Other liabilities and accrued expenses	-	-	-	-	-	5,128,274	5,128,274
Total Monetary Liabilities	60,576,292	7,623,121	7,578,520	1,994,421	853,362	14,884,148	93,509,864

	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

(Currency: Thousands of Turkish Lira (TL))

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 quarter of 2009 and the year of 2008:

	31 March 2009			
	US$ %	*EUR* %	*TL* %	*Other Currencies* %
Assets				
Loans and advances to banks	0.25-7.25	0.50-6.89	10.50-17.08	9.50
Debt and other fixed or floating income instruments	6.20	5.75	18.02	-
Loans and advances to customers	0.62-19.00	0.80-19.00	10.95-32.00	5.72-22.00
Liabilities				
Deposits:				
- Foreign currency deposits	1.50-6.50	1.75-7.50	-	2.00-10.50
- Bank deposits	0.65-5.85	0.70-6.94	9.50-11.62	8.00
- Saving deposits	-	-	13.03-20.00	-
- Commercial deposits	-	-	13.74-20.00	-
- Public and other deposits	-	-	12.96	-
Obligations under repurchase agreements	3.67-4.90	3.70-6.75	10.88	-
Loans and advances from banks	2.88-8.03	2.89-6.70	11.54-13.93	3.19

	31 December 2008			
	US$ %	*EUR* %	*TL* %	*Other Currencies* %
Assets				
Loans and advances to banks	0.25-6.70	1.00-7.60	15.00-22.85	-
Debt and other fixed or floating income instruments	6.86	7.19	20.47	-
Loans and advances to customers	2.00-19.00	3.15-19.00	16.99-35.20	5.51-22.00
Liabilities				
Deposits:				
- Foreign currency deposits	1.00-6.50	2.00-7.50	-	2.00-10.50
- Bank deposits	1.50-6.85	1.95-6.94	15.00-18.11	0.75
- Saving deposits	-	-	15.75-21.98	-
- Commercial deposits	-	-	15.75-23.52	-
- Public and other deposits	-	-	21.89	-
Obligations under repurchase agreements	3.03-4.90	3.7-6.75	15.26	9.80
Loans and advances from banks	3.44-7.97	5.02-6.85	14.50-21.42	2.33

(Currency: Thousands of Turkish Lira (TL))

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 31 March 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:

	31 March 2009			*31 December 2008*		
	Average	*Highest*	*Lowest*	*Average*	*Highest*	*Lowest*
Interest rates risk	3,712,556	3,752,613	3,672,500	2,949,982	3,672,500	1,197,599
Common share risk	110,388	121,475	99,300	135,565	200,888	50,527
Currency risk	309,244	392,163	226,325	185,936	226,325	155,075
Option risk	326,450	530,575	122,325	214,980	353,475	122,325
Total value at risk	4,458,638	4,796,826	4,120,450	3,486,463	4,453,188	1,525,526

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 parametric 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.

(Currency: Thousands of Turkish Lira (TL))

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:

	31 March 2009			
	US$	*EUR*	*Other Currencies*	*Total*
Assets				
Cash and balances with central banks	155,127	1,090,099	28,129	1,273,355
Financial assets at fair value through profit or loss	206,673	69,605	63,476	339,754
Loans and advances to banks	6,666,977	2,446,695	144,477	9,258,149
Loans and advances to customers	18,615,286	9,849,797	802,337	29,267,420
Other assets	1,176,268	1,747,259	16,793	2,940,320
Investment securities	4,969,458	577,938	39,334	5,586,730
Investments in equity participations	-	700	-	700
Tangible assets	398	91,623	13,818	105,839
Deferred tax asset	-	19,281	-	19,281
Total Assets	*31,790,187*	*15,892,997*	*1,108,364*	*48,791,548*
Liabilities				
Deposits	16,916,543	13,379,175	1,000,342	31,296,060
Obligations under repurchase agreements	320,943	88,361	-	409,304
Loans and advances from banks	6,590,517	4,541,774	4,735	11,137,026
Current and deferred tax liability	-	6,900	-	6,900
Subordinated liabilities	834,644	283,189	-	1,117,832
Other liabilities and accrued expenses	170,226	132,672	59,790	362,689
Total Liabilities	*24,832,873*	*18,432,071*	*1,064,867*	*44,329,811*
Net Statement of Financial Position	*6,957,314*	*(2,539,074)*	*43,497*	*4,461,737*
Net Off Balance Sheet Position	*(7,369,927)*	*2,768,058*	*25,332*	*(4,576,537)*
Net Long/(Short) Position	*(412,613)*	*228,984*	*68,829*	*(114,800)*

	31 December 2008			
	US$	*EUR*	*Other Currencies*	*Total*
Total Assets	*28,718,124*	*13,236,609*	*1,034,830*	*42,989,563*
Total Liabilities	*23,201,218*	*17,321,887*	*955,570*	*41,478,675*
Net Statement of Financial Position	*5,516,906*	*(4,085,278)*	*79,260*	*1,510,888*
Net Off Balance Sheet Position	*(5,762,984)*	*4,080,591*	*(10,020)*	*(1,692,413)*
Net Long/(Short) Position	*(246,078)*	*(4,687)*	*69,240*	*(181,525)*

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 60,848 thousands at 31 March 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.

(Currency: Thousands of Turkish Lira (TL))

24 Financial risk management disclosures (continued)

Exposure to credit risk

	Loans and advances to customers	
	31 March 2009	*31 December 2008*
Individually impaired	1,688,404	1,368,312
Allowance for impairment	(1,313,244)	(984,281)
Carrying amount	375,160	384,031
Collectively impaired	-	-
Allowance for impairment	(253,920)	(196,351)
Carrying amount	(253,920)	(196,351)
Past due but not impaired	1,091,789	607,054
Carrying amount	1,091,789	607,054
Neither past due nor impaired	53,655,313	53,019,768
Loans with renegotiated terms	54,359	55,567
Carrying amount	53,709,672	53,075,335
Total carrying amount	54,922,701	53,870,069

As of 31 March 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:

	31 March 2009	*31 December 2008*
Consumer loans	1,030,680	808,931
Textile	162,260	131,530
Chemistry and chemical products	67,923	70,525
Construction	64,623	50,755
Food	53,856	40,260
Agriculture and stockbreeding	46,485	37,786
Service sector	37,454	29,128
Durable consumption	23,881	18,078
Metal and metal products	22,608	17,371
Others	178,634	163,948
Total non-performing loans and lease receivables	1,688,404	1,368,312

(Currency: Thousands of Turkish Lira (TL))

24 Financial risk management disclosures (continued)

	31 March 2009	*31 December 2008*
Turkey	1,666,937	1,344,276
Romania	10,475	16,232
Russia	8,252	5,176
Holland	1,930	1,847
Germany	810	781
Total non-performing loans and lease receivables	1,688,404	1,368,312

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 31 March 2009 and 31 December 2008.

Approximately 73% 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 79%.

(Currency: Thousands of Turkish Lira (TL))

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:

	31 March 2009	*31 December 2008*
Cash loans		
Secured loans:	39,281,360	37,858,171
Secured by cash collateral	1,195,362	1,217,556
Secured by mortgages	13,738,214	12,945,098
Secured by government institutions or government securities	2,357,404	2,015,479
Guarantees issued by financial institutions	198,236	169,122
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	21,792,144	21,510,916
Unsecured loans	14,192,730	14,678,214
Total performing loans and financial lease receivables	53,474,090	52,536,385
Non-cash loans		
Secured loans:	12,128,736	12,007,037
Secured by cash collateral	559,977	594,599
Secured by mortgages	1,548,938	1,453,631
Guarantees issued by financial institutions	27,554	4,921
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	9,992,267	9,953,886
Unsecured loans	3,249,086	2,560,020
Total non-cash loans	15,377,822	14,567,057

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

	31 March 2009	*31 December 2008*
Mortgages	408,324	341,058
Promissory notes and surety	352,577	295,228
Pledge assets	203,642	151,207
Cash collateral	1,804	372
Unsecured	722,057	580,447
	1,688,404	1,368,312

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.

(Currency: Thousands of Turkish Lira (TL))

24 Financial risk management disclosures (continued)

The Bank's and its affiliates' regulatory capital position on a consolidated basis at 31 March 2009 and 31 December 2008 was as follows:

	31 March 2009	*31 December 2008*
Tier 1 capital	9,719,126	9,506,293
Tier 2 capital	1,629,866	1,415,587
Deductions from capital	(110,527)	(461,243)
Total regulatory capital	11,238,465	10,460,637
Value at credit, market and operational risks	75,584,253	70,429,654
Capital ratios (%)		
Total regulatory capital expressed as a percentage of total value at credit, market and operational risks	14.87	14.85
Total tier 1 capital expressed as a percentage of total value at credit, market and operational risks	12.86	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 31 March 2009:

Notional amount	*Fixed payer rate (%)*	*Floating payer rate(%)*	*Fixed payment frequency*	*Maturity*
US$ 29.2 millions	5.445	3 month Libor + 1.75	Quarterly	2009
US$ 103.1 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.

(Currency: Thousands of Turkish Lira (TL))

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 31 March 2009:

Consolidated entities	***Shareholding Interest (%)***
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

	31 March 2009	*31 March 2008*
Fee and commission income:		
Credit cards fees	275,416	238,001
Retail banking	97,770	92,242
SME banking	59,385	50,480
Commercial banking	46,462	33,143
Corporate banking	22,499	16,924
Others	62,758	63,215
Total fee and commission income	564,290	494,005
Fee and commission expense:		
Credit cards fees	73,705	69,981
Retail banking	1,809	313
SME banking	863	177
Commercial banking	299	61
Others	37,362	17,524
Total fee and commission expense	114,038	88,056
Net fee and commission income	450,252	405,949

(Currency: Thousands of Turkish Lira (TL))

27 Other operating expenses

	31 March 2009	*31 March 2008*
Credit card rewards and promotion expenses	64,957	55,067
Advertising expenses	20,554	18,450
Taxes and duties other than on income	18,773	15,970
Saving deposits insurance fund	17,789	13,903
Utility expenses	17,141	11,367
EDP expenses	16,888	21,593
Claim loss from insurance business	7,074	9,039
Repair and maintenance expenses	5,560	4,152
Research and development expenses	3,490	2,619
Others	53,815	67,915
	226,041	220,075

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.

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

28 Use of estimates and judgements (continued)

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

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 US$ 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.