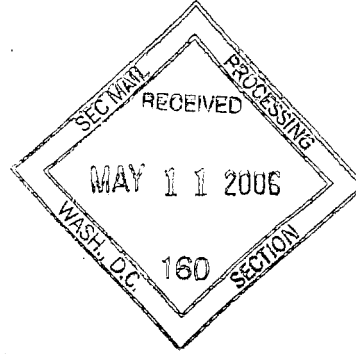




06013414

May 08, 2006

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



# SUPPL

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

Please find attached Garanti Bank's first quarter earnings release announcement and its financial statements for the period ended March 31, 2006 prepared in line with the BRSA's (Banking Regulation and Supervisory Agency) directives.

Yours sincerely,

Olca Erdost  
Vice President  
Corporate Strategy, Business Development  
& Investor Relations

Handan Saygın  
Senior Vice President  
Corporate Strategy, Business Development  
& Investor Relations

PROCESSED

MAY 17 2006

THOMSON  
FINANCIAL

*Handwritten signature*  
25/15

## **GARANTI BANK REPORTS FIRST QUARTER NET INCOME OF 251 MILLION YTL - 67% YEAR-ON-YEAR INCREASE**

### **B/S Highlights**

- Total assets were up by 6.6% as compared to YE 2005
- TL loans increased by 21.5%; while FC loans were up by 23.5% in US\$ terms over YE2005
- Share of performing loans in total assets increased to 52.6% in Q1-2006 from 45.9% at YE2005
- Share of consumer and SME segments in gross cash loans were 46.1%
- TL deposits increased by 17.3% in TL terms and FC deposits went up by 0.6% in US\$ terms as compared to YE2005
- Shareholders' equity increased by 6.5%, reaching YTL4.2 Billion

### **P/L Highlights**

- Total revenues increased by 6.7% y-o-y
- Operating income was up by 2.2% as compared to a year ago
- Net fee and commission income was up by 48.7% on an annual basis, and up by 18.5% on a quarterly basis
- Net fee and commission income covered 70.1% of operating expenses in Q1-2006, compared to 53.2% in Q1-2005
- Net income was YTL250.8 Million
- Cost / Income ratio improved to 50.7% in Q1-2006, down from 60.1% in Q1-2005
- ROAA and ROAE were 2.67% and 24.91%, respectively

### **Q1 2006 Balance Sheet Performance**

**Garanti continued to increase its loans which composed more than half of its total assets at end of Q1-2006.**

- Share of performing loans in total assets increased by another 675 bps reaching 52.6% in Q1-2006 while share of securities composed 29.7% of the assets.
- On the liability side, total deposits made up 63.8% of total liabilities and shareholders' equity. Share of funds borrowed and interbank decreased, contributing 19.0% of the liability mix. Shareholders' equity in total liabilities and shareholders' equity mix was stable at 10.7%

**Loans to retail segment contributed almost half of the total loans.**

- Loans to retail segment composed of credit cards, consumer loans and SMEs contributed 46.1% of the cash loan portfolio.
- Share of credit cards in total loans decreased to 19.5% in Q1-2006 from 23.0% in 2005 due to faster increase in consumer loans and SMEs.
- Consumer and SME segment deposits contribute 59.9% of total deposits.

**Garanti registered a significant growth in its loan portfolio during the first quarter.**

- During the first quarter of 2006, TL loans surged by 21.5% and FC loans in US\$ terms increased by 23.5% YTD.
- Year-over-year increase in TL and FC loans were 98.1% and 63.5%, respectively
- Currency breakdown loans remained flat.
- Garanti realized a sizeable increase in both TL and FC loan market shares. In the first quarter, its share in TL and FC loan market increased 110 bps and 170 bps, respectively.

**Garanti continued to rapidly grow its consumer lending portfolio during the first three months of 2006.**

- Consumer loans (excluding credit cards) increased at a fast pace by 28.1% YTD.
- Credit card growth in Q1 was above market growth, at 4.3%.
- Due to faster growth rates experienced in consumer loans, share of credit cards in total consumer loans decreased by 512 bps to 49.2%, whereas share of housing loans increased to 25.5% in Q1-2006.
- Total consumer loans, including credit cards, increased by 15.1% YTD and 101.2% Y-o-Y.
- Garanti's market share in housing, auto and general purpose loans increased 40 bps, 170 bps and 50 bps, respectively.

**Stronger asset quality was achieved.**

- NPL ratio improved 40 bps to 3.7% in Q1-2006, and the coverage ratio slightly increased to 67.6%
- Share of consumer loans in TL loans increased to 38.1% in Q1-2006 from 36.0% at YE2005, whereas share of credit cards were down by 530 bps during the same period

**Targeting leadership in credit cards with a continuous stream of innovative offerings, Garanti further increased its market share both in issuing and acquiring volumes.**

- Garanti's issuing volume increased to 21.9% in Q1-2006 from 20.6% at YE2005 while its acquiring volume increased to 21.3% from 19.6%.
- Garanti's success in growing its market share is derived from its ability to offer a continuous stream of innovative products.
- Flexicard, the first card in Europe allowing customers to custom design their credit card in accordance with their specific financial needs was launched in January 2006.

**Increase in customer funds was sustainable and high. Improvement in favorable deposit mix continued.**

- TL deposits increased by 17.3% in Q1-2006 and 60.6% over Q1-2005 year, reaching YTL 13,680 Million.
- FC deposits in US\$ terms were up by 0.6% YTD.
- Total customer funds increased by 5.6% during the first quarter, reaching YTL50,123 Million.
- Share of T-bills under custody stood at 42.0%, whereas TL and FC deposits' share in total remained the same at 47.5%.
- Share of TL deposits in total deposits continued to increase and reached 55.2% as of Q1 2006.
- Garanti managed to increase its market share in TL deposits; from 7.4% in 2005 to 8.0% in Q1-2006.
- Market share in TL and demand deposits were up by 60 bps each, whereas market share in total deposits increased by 20 bps in Q1-2006.

**Improvement in free equity was at a significant level. Garanti managed to defend margin pressure with increasing share of higher margin TL assets.**

- Free equity increased to US\$1,357 Million in Q1-2006.
- Free funds went up slightly in Q1-2006 and stood at US\$5,337 million. Ratio of free funds to interest earning assets was 20.4% in Q1-2006.
- TL B/S margins were 7.9% while FC B/S margins were 2.71% as of end of March 2006. The share of higher margin TL assets further increased to compose 54.4% of total B/S.

### **Q1 2006 P/L Performance**

#### **Composition of interest income and interest expense was in line with real banking focus.**

- Interest earned on total loans composed 62.3% of interest income in Q1-2006, as compared to 51.0% in Q1-2005.
- Interest paid to deposits composed 79.8% of interest expense in Q1-2006.

#### **Garanti registered a significant growth in sustainable revenues in Q1-2006.**

- Ordinary Banking income YTD was YTL718 Million.
- Share of sustainable/customer-driven income in ordinary banking income increased further to 77.8% in Q1-2006 from 64.4% in Q1-2005.

#### **Growth in the Bank's fee and commission income was notable in Q1-2006.**

- Net fee and commission income increased by 48.7% over Q1-2005, and 18.5% over Q4-2005.
- 73.8% of non-interest income is from net fee and commission income.
- Despite large growth in average assets net fee and commission income to average assets went up to 2.55% in Q1-2006 from 2.44% in Q1-2005.
- Net fee and commission income covers 70.1% of operating expenses in Q1-2006 whereas this coverage ratio was 53.2% a year ago.

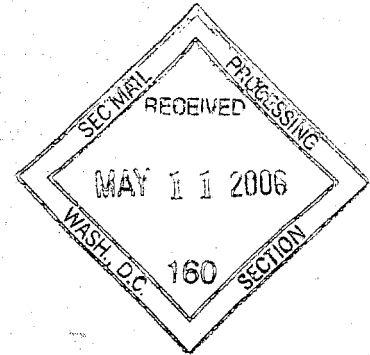
#### **Garanti achieved significant improvement in operating expense ratios.**

- Although operating expenses increased by 12.8% y-o-y, mainly due to new branch openings, operating expenses to average assets improved to 3.23% in Q1-2006 from 4.15% in Q1-2005.
- Cost / Income ratio improved to 50.7% in Q1-2006 down from 60.1% in Q1-2005.

#### **High growth in loan and deposit volumes coupled with strong fee and commission income resulted in solid profitability ratios.**

- ROAA and ROAE were 2.67% and 24.91%, as of Q1-2006.
- Garanti's capital adequacy ratio stood at 13.6% as of Q1-2006, well within the comfort zone.

\*\*\*



**Türkiye Garanti Bankası Anonim Şirketi**  
**Unconsolidated Interim Financial Statements**  
**As of and For the Three-Month Period Ended**  
**31 March 2006**  
*(Convenience Translation of Financial Statements and Related  
Disclosures and Footnotes Originally Issued in Turkish)*  
**With Independent Auditors' Review Report Thereon**

Akis Serbest Muhasebeci  
Mali Müşavirlik AŞ  
2 May 2006

*This report contains "Independent Auditors' Review  
Report" comprising 1 page and, "Unconsolidated  
Financial Statements and Related Disclosures and  
Footnotes" comprising 62 pages.*

**Convenience Translation of the Auditor's Review Report  
Originally Prepared and Issued in Turkish**

**To the Board of Directors of Türkiye Garanti Bankası AŞ:**

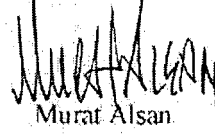
We have reviewed the balance sheet of Türkiye Garanti Bankası AŞ ("the Bank") as of 31 March 2006 and the related income statement, statement of cash flows and statement of changes in shareholders' equity for the three-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the regulations related with the "Accounting and Reporting System" and "Independent Audit Principles" of (Turkish) Banking Law No 5411. These regulations require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, the financial position of Türkiye Garanti Bankası AŞ as of 31 March 2006 and the result of its operations and cash flows for the period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and the temporary Article 1 of (Turkish) Banking Law No 5411.

İstanbul,  
2 May 2006

Akis Serbest Muhasebeci  
Mali Müşavirlik  
Anonim Şirketi



Murat Alsan

Partner

*Certified Public Accountant*

**Additional paragraph for convenience translation to English:**

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

## Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Financial Report as of and for the Three-Month Period Ended  
31 March 2006

Levent Nispetiye Mah.Aytar Cad.  
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The Unconsolidated Interim Financial Report prepared in accordance with the Statement no.17 "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as regulated by Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

1. General Information about the Bank
2. Unconsolidated Interim Financial Statements
3. Financial Position and Results of Operations
4. Disclosures and Footnotes on Unconsolidated Interim Financial Statements
5. Other Disclosures and Footnotes
6. Independent Auditors' Review Report

The unconsolidated three-month financial statements and related disclosures and footnotes that were subject to independent review, are prepared in accordance with the "Regulation on Accounting Standards" and the related statements and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying unconsolidated interim financial statements are presented in thousands of New Turkish Lira (YTL); and enclosed.

|                                |                         |                             |                      |                             |                           |
|--------------------------------|-------------------------|-----------------------------|----------------------|-----------------------------|---------------------------|
| <b>Ferit F. Şahenk</b>         | <b>M. Cüneyt Sezgin</b> | <b>Daniel Noel O'Connor</b> | <b>S. Ergun Özen</b> | <b>Aydın Şenel</b>          | <b>Mustafa Keleş</b>      |
| Board of Directors<br>Chairman | Audit Board<br>Member   | Audit Board<br>Member       | General Manager      | Executive Vice<br>President | Accounting<br>Manager (V) |

The authorized contact person for questions on this financial report

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

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## **1 General Information**

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 431 domestic branches, five foreign branches and five representative offices abroad. The Bank's head office is located in Istanbul.

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

Group of Companies under Doğuş Holding AŞ that currently owns 27.54% shares of the Bank, is called as the Doğuş Group (the Group). On 22 December 2005, Doğuş Holding AŞ has completed the sale of 53,550,000,000 shares composing 25.5% of the Bank's issued share capital to "GE Araştırma ve Müşavirlik Limited Şti." of General Electric (GE) group. Accordingly, GE acquired a joint control on the Bank's management.

#### **Doğuş Group**

The Group was established in 1951 as a construction and contracting firm. In addition to the construction sector, the Group operates in a variety of businesses consisting of financial services, automotive, retail, media, tourism and service sectors with more than 16.000 employees. The Group operates partnerships and has distribution, management and franchise agreements with internationally recognized brand names, such as Volkswagen, Audi, Porsche, Seat, Scania, ITT Sheraton, Hyatt Regency, Jeeves, Armani, Gucci and CNBC. In the construction sector, the Group has an important role in certain ongoing projects such as Araklı-İyidere, Çukurova, Sinop-Boyabat, Asilah-Tanger (Morocco) motorways, Yusufeli and Artvin dams, Ukraine Dnyeper bridge. The Group has tourism investments such as Sheraton Voyager, Club Aldiana and Paradise Side Apart Otel and five marinas which are adjudicated by "build, operate and transfer model" such as Dalaman, Didim, Turgutreis, Bodrum and Antalya.

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

#### **General Electric Group**

GE is a company providing variety of technology, media and financial services including aircraft engine and energy production, water and security technologies, medical systems, corporate-retail financing services and media services. GE operates in more than 100 countries through its six major business lines providing services through their own business units with more than 300.000 employees. These six business lines are; GE Consumer Finance, GE Commercial Finance, GE Healthcare, GE Industrial, GE Infrastructure, NBC Universal.

GE Consumer Finance, one of its six major business lines extend loans to consumers, retailers and car vendors in 41 countries. GE Consumer Finance provides variety of financial products such as store credit cards, consumer loans, bank cards, automobile loans and leasing, mortgage, corporate traveling and spending cards, debt consolidation, housing loans through mortgage and credit insurance.

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

#### Board of Directors Chairman and Members:

| Name and Surname          | Responsibility                | Appointment Date | Education  | Experience in Banking and Business Administration |
|---------------------------|-------------------------------|------------------|------------|---|
| Ferit Faik Şahenk         | Chairman                      | 18.04.2001       | University | 16 years  |
| Süleyman Sözen            | Vice Chairman                 | 08.07.2003       | University | 24 years  |
| Muammer Cüneyt Sezgin     | Member of BOD and Audit Board | 30.06.2004       | PhD        | 21 years  |
| Dr. Ahmet Kamil Esirtgen  | Member                        | 19.03.1992       | PhD        | 32 years  |
| Richard Alan Laxer        | Member                        | 22.12.2005       | University | 23 years  |
| Daniel Noel O'Connor      | Member of BOD and Audit Board | 22.12.2005       | Master     | 9 years   |
| Charles Edward Alexander  | Member                        | 22.12.2005       | University | 26 years  |
| Dimitri Lysander Stockton | Member                        | 22.12.2005       | University | 15 years  |
| Sait Ergun Özen           | Member and CEO                | 14.05.2003       | University | 19 years  |

#### CEO and Executive Vice Presidents:

| Name and Surname     | Responsibility                                   | Appointment Date | Education  | Experience in Banking and Business Administration |
|----------------------|--|------------------|------------|---|
| Sait Ergun Özen      | CEO  | 01.04.2000       | University | 19 years  |
| Adnan Memiş          | EVP-Support Services                             | 03.06.1991       | University | 28 years  |
| Ali Fuat Erbil       | EVP-Retail Banking                               | 30.04.1999       | PhD        | 14 years  |
| Ali Temel            | EVP-Loans  | 21.10.1999       | University | 16 years  |
| Gökhan Erun          | EVP-Human Resources                              | 18.08.2005       | Master     | 12 years  |
| Faruk Nafiz Karadere | EVP-SME Banking                                  | 01.05.1999       | University | 24 years  |
| Halil Hüsnü Erel     | EVP-Operational Services                         | 16.06.1997       | University | 21 years  |
| Kubilay Cinemre (*)  | EVP-Treasury and Investment Banking              | 06.06.2000       | University | 19 years  |
| Uruz Ersözöglü (*)   | EVP-Treasury                                     | 05.04.2006       | University | 15 years  |
| Tolga Egemen         | EVP-Financial Institutions and Corporate Banking | 21.09.2000       | University | 14 years  |
| Turgay Gönensin      | EVP-Commercial Banking                           | 15.12.2001       | University | 21 years  |
| Aydın Şenel          | EVP- Management Services                         | 02.03.2006       | University | 25 years  |
| Zekeriya Öztürk      | EVP- International Business Development          | 02.03.2006       | Master     | 11 years  |

(\*) Kubilay Cinemre has left his position on 7 April 2006 and his Treasury responsibilities have been taken over by Uruz Ersözöglü on 5 April 2006.

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

#### **1.4 The Bank's activities and services**

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

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

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

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

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

#### **1.5 Disclosures on interim financial statements**

- The accounting policies and methods are applied consistently with the year-end financial statements except for the reclassifications explained late in this note.
- There are no transactions with seasonality effects in interim periods.
- There are no material errors or non-recurring transactions.
- There are no extraordinary items in terms of both size, nature or formation affecting assets, liabilities, shareholders' equity, net profit or cash flows.
- There are no change in the current period results estimated based on expectations made on the prior period interim financial statements considering the materiality concept.
- There are no bonds or capital market instruments issued or any payments made for those in the current period.
- Dividend payments per share and in total are explained in Note 4.5.3 giving details separately for founder shares.

- There are no important subsequent events that are not reflected in the interim financial statements.
- There are no transactions affecting the Bank's operations like investment in or disposal of equity participations, acquisition or disposal of long term investments, restructuring projects or discontinued operations in the current period.
- The subsequent changes in contingent assets and liabilities are explained in Note 4.11.
- The following reclassifications are made on the financial statements as of 31 December 2005 and 31 March 2005 in order to provide consistent comparative information for the presentation of the financial statements as of 31 March 2006:
  - The temporary accounts, namely the account no.280 on the asset side under "other assets" and the account no.392 on the liability side under "other external resources payable" that are used to record the cheque clearing transactions among the banks, are not netted off anymore. Therefore these accounts are increased by YTL 94,364 thousands as of 31 December 2005. Accordingly, the Bank's capital adequacy ratio as of 31 December 2005 is revised by decreasing it from 15.10% to 15.03%.
  - In compliance with the related communiqué, the expenditures of the card holders, either on instalment or in cash, are recorded under "miscellaneous payables" during the time frame representing the date of issuing the sales document and the date of payment to the member business entity. Accordingly, "commercial deposits" are reduced by YTL 883,244 thousands and "miscellaneous payables" increased by the same amount as of 31 December 2005.
  - The account no.260, namely "prepaid taxes" classified under "other assets", where the taxes amounting YTL 151,869 thousands paid during the temporary tax payment periods in 2005 are recorded, is netted off with the account no.350, namely "provision for income taxes" classified under "provisions" as of 31 December 2005.
  - The deals made on behalf of the customers amounting YTL 8,007,813 thousands that are reflected in "other items under custody" in the statement of off-balance sheet items originally, are transferred to "customers' securities held" in the same statement.
  - In compliance with the Article of "Changes in the Article related with the Uniform Chart of Accounts and the Related Explanations" as published in the Official Gazette no.25984 dated 2 November 2005, "foreign exchange losses on foreign currency indexed loans and securities" amounting YTL 1,783 thousands and YTL 53,552 thousands, respectively, are reclassified as "other operating expenses" for the three-month period ended 31 March 2005.

## 1.6 Other information

|                              |   |
|------------------------------|---|
| Bank's commercial title      | : Türkiye Garanti Bankası Anonim Şirketi  |
| Bank's headoffice address    | : Levent Nispetiye Mah. Aydar Cad. No:2 Beşiktaş 34340 İstanbul   |
| Bank's phone and fax numbers | : Phone: 90 212 318 18 18<br>Fax: 90 212 216 64 22  |
| Bank's website address       | : <a href="http://www.garanti.com.tr">www.garanti.com.tr</a> / <a href="http://www.garantibank.com.tr">www.garantibank.com.tr</a> |
| Bank's e-mail address        | : <a href="mailto:investorrelations@garanti.com.tr">investorrelations@garanti.com.tr</a>  |
| Reporting period             | : 1 January 2006 - 31 March 2006  |

Unless stated otherwise, the accompanying unconsolidated financial statements, disclosures and footnotes are presented in thousands of New Turkish Lira (YTL).

## 2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

### Türkiye Garanti Bankası Anonim Şirketi

#### Balance Sheet

At 31 March 2006

(Thousands of New Turkish Lira (YTL))

| ASSETS  | Footnotes     | CURRENT PERIOD<br>31 March 2006 |                   |                   | PRIOR PERIOD<br>31 December 2005 |                   |                   |
|---|---------------|---------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
|   |               | YTL                             | FC                | Total             | YTL                              | FC                | Total             |
| <b>I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY</b> | <b>4.1.1</b>  | <b>109,753</b>                  | <b>514,055</b>    | <b>623,808</b>    | <b>110,036</b>                   | <b>1,860,652</b>  | <b>1,970,688</b>  |
| 1.1 Cash in YTL   |               | 106,012                         | -                 | 106,012           | 107,356                          | -                 | 107,356           |
| 1.2 Cash in foreign currency                                |               | -                               | 75,749            | 75,749            | -                                | 90,301            | 90,301            |
| 1.3 Balances with the Central Bank of Turkey                |               | 1,184                           | 434,463           | 435,647           | 235                              | 1,769,592         | 1,769,827         |
| 1.4 Other   |               | 2,557                           | 3,843             | 6,400             | 2,445                            | 759               | 3,204             |
| <b>II. TRADING SECURITIES (Net)</b>                         | <b>4.1.2</b>  | <b>108,786</b>                  | <b>124,182</b>    | <b>232,968</b>    | <b>37,303</b>                    | <b>176,187</b>    | <b>213,490</b>    |
| 2.1 Public sector debt securities                           |               | 108,786                         | 123,834           | 232,620           | 37,303                           | 175,824           | 213,127           |
| 2.1.1 Government bonds                                      |               | 95,251                          | 104,537           | 199,788           | 36,032                           | 161,829           | 197,861           |
| 2.1.2 Treasury bills  |               | 9,481                           | -                 | 9,481             | 1,270                            | -                 | 1,270             |
| 2.1.3 Other   |               | 4,054                           | 19,297            | 23,351            | 1                                | 13,995            | 13,996            |
| 2.2 Share certificates                                      |               | -                               | -                 | -                 | -                                | -                 | -                 |
| 2.3 Other securities  |               | -                               | 348               | 348               | -                                | 363               | 363               |
| <b>III. BANKS AND OTHER FINANCIAL INSTITUTIONS</b>          | <b>4.1.3</b>  | <b>127,097</b>                  | <b>471,911</b>    | <b>599,008</b>    | <b>93,975</b>                    | <b>929,631</b>    | <b>1,023,606</b>  |
| 3.1 Banks   |               | 127,097                         | 471,911           | 599,008           | 93,975                           | 929,631           | 1,023,606         |
| 3.1.1 Domestic banks  |               | 42,873                          | 185,577           | 228,450           | 61,370                           | 629,739           | 691,109           |
| 3.1.2 Foreign banks   |               | 84,224                          | 286,334           | 370,558           | 32,605                           | 299,892           | 332,497           |
| 3.1.3 Foreign branches                                      |               | -                               | -                 | -                 | -                                | -                 | -                 |
| 3.2 Other financial institutions                            |               | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>IV. INTERBANK MONEY MARKET</b>                           |               | -                               | -                 | -                 | -                                | -                 | -                 |
| 4.1 Interbank money market placements                       |               | -                               | -                 | -                 | -                                | -                 | -                 |
| 4.2 Istanbul Stock Exchange money market placements         |               | -                               | -                 | -                 | -                                | -                 | -                 |
| 4.3 Receivables from reverse repurchase agreements          | 4.1.4         | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)</b>    | <b>4.1.5</b>  | <b>5,950,028</b>                | <b>2,968,680</b>  | <b>8,918,708</b>  | <b>5,665,118</b>                 | <b>2,674,241</b>  | <b>8,339,359</b>  |
| 5.1 Share certificates                                      |               | 52,396                          | -                 | 52,396            | 39,950                           | -                 | 39,950            |
| 5.2 Other securities  |               | 5,897,632                       | 2,968,680         | 8,866,312         | 5,625,168                        | 2,674,241         | 8,299,409         |
| <b>VI. LOANS</b>  | <b>4.1.6</b>  | <b>11,375,675</b>               | <b>9,309,745</b>  | <b>20,685,420</b> | <b>9,389,996</b>                 | <b>7,547,199</b>  | <b>16,937,195</b> |
| 6.1 Short term  |               | 6,646,201                       | 2,492,528         | 9,138,729         | 5,480,082                        | 2,088,325         | 7,568,407         |
| 6.2 Medium and long term                                    |               | 4,473,506                       | 6,817,217         | 11,290,723        | 3,672,491                        | 5,458,874         | 9,131,365         |
| 6.3 Loans under follow-up                                   |               | 790,117                         | -                 | 790,117           | 714,938                          | -                 | 714,938           |
| 6.4 Specific provisions (-)                                 |               | 534,149                         | -                 | 534,149           | 477,515                          | -                 | 477,515           |
| <b>VII. FACTORING RECEIVABLES</b>                           | <b>4.1.7</b>  | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>   | <b>4.1.8</b>  | <b>988</b>                      | <b>2,390,148</b>  | <b>2,391,136</b>  | <b>988</b>                       | <b>2,399,967</b>  | <b>2,400,955</b>  |
| 8.1 Public sector debt securities                           |               | 988                             | 2,390,148         | 2,391,136         | 988                              | 2,399,967         | 2,400,955         |
| 8.1.1 Government bonds                                      |               | 988                             | 2,260,639         | 2,261,627         | 988                              | 2,270,317         | 2,271,305         |
| 8.1.2 Treasury bills  |               | -                               | -                 | -                 | -                                | -                 | -                 |
| 8.1.3 Other   |               | -                               | 129,509           | 129,509           | -                                | 129,650           | 129,650           |
| 8.2 Other securities  |               | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>                  | <b>4.1.9</b>  | <b>26,234</b>                   | <b>4,440</b>      | <b>30,674</b>     | <b>26,234</b>                    | <b>4,401</b>      | <b>30,635</b>     |
| 9.1 Financial investments in associates                     |               | -                               | 4,440             | 4,440             | -                                | 4,401             | 4,401             |
| 9.2 Non-Financial investments in associates                 |               | 26,234                          | -                 | 26,234            | 26,234                           | -                 | 26,234            |
| <b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>                 | <b>4.1.10</b> | <b>402,803</b>                  | <b>258,148</b>    | <b>660,951</b>    | <b>358,382</b>                   | <b>252,770</b>    | <b>611,152</b>    |
| 10.1 Financial investments in subsidiaries                  |               | 394,913                         | 258,148           | 653,061           | 350,491                          | 252,770           | 603,261           |
| 10.2 Non-Financial investments in subsidiaries              |               | 7,890                           | -                 | 7,890             | 7,891                            | -                 | 7,891             |
| <b>XI. OTHER INVESTMENTS (Net)</b>                          | <b>4.1.11</b> | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>               | <b>4.1.12</b> | -                               | -                 | -                 | -                                | -                 | -                 |
| 12.1 Gross financial lease receivables                      |               | -                               | -                 | -                 | -                                | -                 | -                 |
| 12.2 Unearned income (-)                                    |               | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>XIII. RESERVE DEPOSITS</b>                               |               | <b>747,634</b>                  | <b>1,224,796</b>  | <b>1,972,430</b>  | <b>983,691</b>                   | <b>1,115,765</b>  | <b>2,099,456</b>  |
| <b>XIV. MISCELLANEOUS RECEIVABLES</b>                       | <b>4.1.13</b> | <b>57,785</b>                   | <b>1,713</b>      | <b>59,498</b>     | <b>61,324</b>                    | <b>1,668</b>      | <b>62,992</b>     |
| <b>XV. ACCRUED INTEREST AND INCOME</b>                      | <b>4.1.14</b> | <b>376,851</b>                  | <b>363,321</b>    | <b>740,172</b>    | <b>449,829</b>                   | <b>308,324</b>    | <b>758,153</b>    |
| 15.1 Loans  |               | 121,768                         | 156,362           | 278,130           | 94,986                           | 124,560           | 219,546           |
| 15.2 Securities   |               | 222,598                         | 194,057           | 416,655           | 317,409                          | 170,196           | 487,605           |
| 15.3 Other  |               | 32,485                          | 12,902            | 45,387            | 37,434                           | 13,568            | 51,002            |
| <b>XVI. TANGIBLE ASSETS (Net)</b>                           | <b>4.1.15</b> | <b>1,345,145</b>                | <b>751</b>        | <b>1,345,896</b>  | <b>1,407,296</b>                 | <b>990</b>        | <b>1,408,286</b>  |
| 16.1 Cost   |               | 2,218,239                       | 4,994             | 2,223,233         | 2,319,624                        | 5,621             | 2,325,245         |
| 16.2 Accumulated Depreciation (-)                           |               | 873,094                         | 4,243             | 877,337           | 912,328                          | 4,631             | 916,959           |
| <b>XVII. INTANGIBLE ASSETS (Net)</b>                        | <b>4.1.16</b> | <b>52,639</b>                   | <b>220</b>        | <b>52,859</b>     | <b>13,930</b>                    | <b>3</b>          | <b>13,933</b>     |
| 17.1 Goodwill   |               | -                               | -                 | -                 | -                                | -                 | -                 |
| 17.2 Other  |               | 187,403                         | 786               | 188,189           | 72,059                           | 5                 | 72,064            |
| 17.3 Accumulated Amortisation (-)                           |               | 134,764                         | 566               | 135,330           | 58,129                           | 2                 | 58,131            |
| <b>XVIII. DEFERRED TAX ASSET</b>                            | <b>4.1.17</b> | <b>39,975</b>                   | <b>-</b>          | <b>39,975</b>     | <b>30,460</b>                    | <b>-</b>          | <b>30,460</b>     |
| <b>XIX. OTHER ASSETS</b>                                    | <b>4.1.18</b> | <b>415,594</b>                  | <b>61,169</b>     | <b>476,763</b>    | <b>449,552</b>                   | <b>60,822</b>     | <b>510,374</b>    |
| <b>TOTAL ASSETS</b>   |               | <b>21,136,987</b>               | <b>17,693,279</b> | <b>38,830,266</b> | <b>19,078,114</b>                | <b>17,332,620</b> | <b>36,410,734</b> |

**Türkiye Garanti Bankası Anonim Şirketi**  
**Balance Sheet**  
**At 31 March 2006**

(Thousands of New Turkish Lira (YTL))

| LIABILITIES AND EQUITY  | Footnotes | CURRENT PERIOD<br>31 March 2006 |                   |                   | PRIOR PERIOD<br>31 December 2005 |                   |                   |
|---|-----------|---------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
|   |           | YTL                             | FC                | Total             | YTL                              | FC                | Total             |
| <b>I. DEPOSITS</b>  | 4.2.1     | 13,679,954                      | 11,082,497        | 24,762,451        | 11,661,178                       | 11,033,601        | 22,694,779        |
| 1.1 Bank deposits   |           | 536,114                         | 381,575           | 917,689           | 436,946                          | 134,856           | 571,802           |
| 1.2 Saving deposits   |           | 7,450,296                       | -                 | 7,450,296         | 6,520,649                        | -                 | 6,520,649         |
| 1.3 Public sector deposits  |           | 85,008                          | -                 | 85,008            | 45,148                           | -                 | 45,148            |
| 1.4 Commercial deposits   |           | 5,187,457                       | -                 | 5,187,457         | 4,375,086                        | -                 | 4,375,086         |
| 1.5 Other institutions deposits                                       |           | 421,079                         | -                 | 421,079           | 283,349                          | -                 | 283,349           |
| 1.6 Foreign currency deposits   |           | -                               | 10,662,474        | 10,662,474        | -                                | 10,880,085        | 10,880,085        |
| 1.7 Precious metals vault accounts                                    |           | -                               | 38,448            | 38,448            | -                                | 18,660            | 18,660            |
| <b>II. INTERBANK MONEY MARKET</b>                                     |           | 906,802                         | 849,380           | 1,756,182         | 1,306,738                        | 649,707           | 1,956,445         |
| 2.1 Interbank money market takings                                    |           | -                               | -                 | -                 | -                                | -                 | -                 |
| 2.2 Istanbul Stock Exchange money market takings                      |           | -                               | -                 | -                 | -                                | -                 | -                 |
| 2.3 Funds provided under repurchase agreements                        | 4.2.2     | 906,802                         | 849,380           | 1,756,182         | 1,306,738                        | 649,707           | 1,956,445         |
| <b>III. FUNDS BORROWED</b>  | 4.2.3     | 150,814                         | 5,477,309         | 5,628,123         | 122,070                          | 5,390,780         | 5,512,850         |
| 3.1 Funds borrowed from the Central Bank of Turkey                    |           | -                               | -                 | -                 | -                                | -                 | -                 |
| 3.2 Other funds borrowed  |           | 150,814                         | 5,477,309         | 5,628,123         | 122,070                          | 5,390,780         | 5,512,850         |
| 3.2.1 Domestic banks and institutions                                 |           | 150,814                         | 46,412            | 197,226           | 122,070                          | 40,675            | 162,745           |
| 3.2.2 Foreign banks, institutions and funds                           |           | -                               | 5,430,897         | 5,430,897         | -                                | 5,350,105         | 5,350,105         |
| <b>IV. SECURITIES ISSUED (Net)</b>                                    | 4.2.4     | -                               | -                 | -                 | -                                | -                 | -                 |
| 4.1 Bills   |           | -                               | -                 | -                 | -                                | -                 | -                 |
| 4.2 Asset backed securities   |           | -                               | -                 | -                 | -                                | -                 | -                 |
| 4.3 Bonds   |           | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>V. FUNDS</b>   | 4.2.5     | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>VI. MISCELLANEOUS PAYABLES</b>                                     | 4.2.6     | 951,764                         | 8,500             | 960,264           | 994,868                          | 9,249             | 1,004,117         |
| <b>VII. OTHER EXTERNAL RESOURCES PAYABLE</b>                          | 4.2.7     | 178,018                         | 638,827           | 816,845           | 143,658                          | 569,927           | 713,585           |
| <b>VIII. TAXES AND OTHER DUTIES PAYABLE</b>                           | 4.2.8     | 54,430                          | 49                | 54,479            | 63,817                           | 77                | 63,894            |
| <b>IX. FACTORING PAYABLES</b>   | 4.2.9     | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>X. FINANCIAL LEASE PAYABLES (Net)</b>                              | 4.2.10    | -                               | 19,529            | 19,529            | -                                | 23,335            | 23,335            |
| 10.1 Financial lease payables   |           | -                               | 22,271            | 22,271            | -                                | 26,870            | 26,870            |
| 10.2 Deferred financial lease expenses (-)                            |           | -                               | 2,742             | 2,742             | -                                | 3,535             | 3,535             |
| <b>XI. ACCRUED INTEREST AND EXPENSES</b>                              | 4.2.11    | 216,677                         | 113,156           | 329,833           | 157,676                          | 84,627            | 242,303           |
| 11.1 Deposits   |           | 129,111                         | 29,633            | 158,744           | 116,434                          | 22,156            | 138,590           |
| 11.2 Borrowings   |           | 4,182                           | 59,611            | 63,793            | 3,561                            | 43,744            | 47,305            |
| 11.3 Repurchase agreements  |           | 17,659                          | 8,689             | 26,348            | 4,428                            | 4,078             | 8,506             |
| 11.4 Other  |           | 65,725                          | 15,223            | 80,948            | 33,253                           | 14,649            | 47,902            |
| <b>XII. PROVISIONS</b>  | 4.2.12    | 340,046                         | 8,422             | 348,468           | 291,584                          | 8,218             | 299,802           |
| 12.1 General provisions   |           | 113,616                         | 4,350             | 117,966           | 95,043                           | 4,357             | 99,400            |
| 12.2 Reserve for employee termination benefits                        |           | 9,220                           | -                 | 9,220             | 7,868                            | -                 | 7,868             |
| 12.3 Provisions for income taxes                                      |           | 100,628                         | -                 | 100,628           | 61,528                           | -                 | 61,528            |
| 12.4 Insurance technical provisions                                   |           | -                               | -                 | -                 | -                                | -                 | -                 |
| 12.5 Other provisions   |           | 116,582                         | 4,072             | 120,654           | 127,145                          | 3,861             | 131,006           |
| <b>XIII. SUBORDINATED LOANS</b>                                       | 4.2.12.10 | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>XIV. DEFERRED TAX LIABILITY</b>                                    |           | -                               | -                 | -                 | -                                | -                 | -                 |
| <b>XV. SHAREHOLDERS' EQUITY</b>                                       | 4.2.13    | 4,102,530                       | 51,562            | 4,154,092         | 3,842,023                        | 57,601            | 3,899,624         |
| 15.1 Paid-in capital  |           | 2,100,000                       | -                 | 2,100,000         | 2,100,000                        | -                 | 2,100,000         |
| 15.2 Supplementary capital  |           | 930,638                         | 45,647            | 976,285           | 921,063                          | 52,629            | 973,692           |
| 15.2.1 Share premium  |           | -                               | -                 | -                 | -                                | -                 | -                 |
| 15.2.2 Share cancellation profits                                     |           | -                               | -                 | -                 | -                                | -                 | -                 |
| 15.2.3 Securities value increase fund                                 | 4.2.15    | 151,077                         | 45,647            | 196,724           | 141,502                          | 52,629            | 194,131           |
| 15.2.4 Revaluation fund   | 4.2.16    | 2,147                           | -                 | 2,147             | 2,147                            | -                 | 2,147             |
| 15.2.5 Revaluation surplus  | 4.2.17    | 4,860                           | -                 | 4,860             | 4,860                            | -                 | 4,860             |
| 15.2.6 Other supplementary capital                                    |           | 772,554                         | -                 | 772,554           | 772,554                          | -                 | 772,554           |
| 15.2.7 Capital reserves from inflation adjustments to paid-in capital |           | -                               | -                 | -                 | -                                | -                 | -                 |
| 15.3 Profit reserves  |           | 112,740                         | 5,915             | 118,655           | 112,566                          | 4,972             | 117,538           |
| 15.3.1 Legal reserves   | 4.2.18    | 47,842                          | 1,417             | 49,259            | 47,842                           | 1,419             | 49,261            |
| 15.3.2 Status reserves  |           | -                               | -                 | -                 | -                                | -                 | -                 |
| 15.3.3 Extraordinary reserves   | 4.2.19    | 64,587                          | -                 | 64,587            | 64,587                           | -                 | 64,587            |
| 15.3.4 Other profit reserves  |           | 311                             | 4,498             | 4,809             | 137                              | 3,553             | 3,690             |
| 15.4 Profit or loss   |           | 959,152                         | -                 | 959,152           | 708,394                          | -                 | 708,394           |
| 15.4.1 Prior periods profit/loss                                      |           | 708,394                         | -                 | 708,394           | -                                | -                 | -                 |
| 15.4.2 Current period profit/loss                                     |           | 250,758                         | -                 | 250,758           | 708,394                          | -                 | 708,394           |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                   |           | <b>20,581,035</b>               | <b>18,249,231</b> | <b>38,830,266</b> | <b>18,583,612</b>                | <b>17,827,122</b> | <b>36,410,734</b> |

## Türkiye Garanti Bankası Anonim Şirketi

## Off-Balance Sheet Items

At 31 March 2006

(Thousands of New Turkish Lira (YTL))

| OFF-BALANCE SHEET ITEMS  | Footnotes | CURRENT PERIOD |             |             | PRIOR PERIOD     |            |             |
|--|-----------|----------------|-------------|-------------|------------------|------------|-------------|
|  |           | 31 March 2006  |             |             | 31 December 2005 |            |             |
|  |           | YTL            | FC          | Total       | YTL              | FC         | Total       |
| <b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b> |           |                |             |             |                  |            |             |
| <b>I. GUARANTEES</b>   | 4.4.1     | 11,255,212     | 10,034,163  | 21,289,375  | 10,502,354       | 10,835,033 | 21,337,387  |
| 1. Guarantees subject to State Tender Law                            |           | 2,408,988      | 6,074,152   | 8,483,140   | 2,359,189        | 5,778,640  | 8,137,829   |
| 1.1. Letters of guarantee  |           | 2,130,001      | 3,967,843   | 6,097,844   | 2,090,318        | 3,872,083  | 5,962,401   |
| 1.1.1. Guarantees subject to State Tender Law                        |           | 235,290        | 687,456     | 922,746     | 228,643          | 724,043    | 952,686     |
| 1.1.2. Guarantees given for foreign trade operations                 |           | 221,471        | 106,464     | 327,935     | 242,518          | 43,347     | 285,865     |
| 1.1.3. Other letters of guarantee                                    |           | 1,673,240      | 3,173,923   | 4,847,163   | 1,619,157        | 3,104,693  | 4,723,850   |
| 1.2. Bank acceptances  |           | -              | 282,521     | 282,521     | -                | 286,255    | 286,255     |
| 1.2.1. Import letter of acceptance                                   |           | -              | 282,521     | 282,521     | -                | 286,255    | 286,255     |
| 1.2.2. Other bank acceptances  |           | -              | -           | -           | -                | -          | -           |
| 1.3. Letters of credit   |           | 278,987        | 1,823,788   | 2,102,775   | 268,871          | 1,620,302  | 1,889,173   |
| 1.3.1. Documentary letters of credit                                 |           | -              | 50,439      | 50,439      | -                | 79,627     | 79,627      |
| 1.3.2. Other letters of credit                                       |           | 278,987        | 1,773,349   | 2,052,336   | 268,871          | 1,540,675  | 1,809,546   |
| 1.4. Prefinancing given as guarantee                                 |           | -              | -           | -           | -                | -          | -           |
| 1.5. Endorsements  |           | -              | -           | -           | -                | -          | -           |
| 1.5.1. Endorsements to the Central Bank of Turkey                    |           | -              | -           | -           | -                | -          | -           |
| 1.5.2. Other endorsements  |           | -              | -           | -           | -                | -          | -           |
| 1.6. Purchase guarantees for securities issued                       |           | -              | -           | -           | -                | -          | -           |
| 1.7. Factoring related guarantees                                    |           | -              | -           | -           | -                | -          | -           |
| 1.8. Other sureties  |           | -              | -           | -           | -                | -          | -           |
| 1.9. Other collaterals   |           | -              | -           | -           | -                | -          | -           |
| <b>II. COMMITMENTS</b>   |           | 7,107,228      | 492,986     | 7,600,214   | 6,516,940        | 157,355    | 6,674,295   |
| 2.1. Irrevocable commitments   |           | 7,107,228      | 492,821     | 7,600,049   | 6,516,940        | 157,190    | 6,674,130   |
| 2.1.1. Asset purchase commitments                                    |           | 52,858         | 264,223     | 317,081     | 13,203           | 80,626     | 93,829      |
| 2.1.2. Deposit purchase and sales commitments                        |           | -              | -           | -           | -                | -          | -           |
| 2.1.3. Share capital commitment to associates and subsidiaries       |           | 375            | -           | 375         | 12,000           | -          | 12,000      |
| 2.1.4. Loan granting commitments                                     |           | -              | -           | -           | -                | -          | -           |
| 2.1.5. Securities issue brokerage commitments                        |           | -              | -           | -           | -                | -          | -           |
| 2.1.6. Commitments for reserve deposit requirements                  |           | -              | -           | -           | -                | -          | -           |
| 2.1.7. Commitments for cheque payments                               |           | 1,276,888      | -           | 1,276,888   | 1,175,321        | -          | 1,175,321   |
| 2.1.8. Tax and fund obligations on export commitments                |           | 21,752         | -           | 21,752      | 25,639           | -          | 25,639      |
| 2.1.9. Commitments for credit card limits                            |           | 5,680,615      | -           | 5,680,615   | 5,251,513        | -          | 5,251,513   |
| 2.1.10. Receivables from "short" sale commitments on securities      |           | -              | -           | -           | -                | -          | -           |
| 2.1.11. Payables from "short" sale commitments on securities         |           | -              | -           | -           | -                | -          | -           |
| 2.1.12. Other irrevocable commitments                                |           | 74,736         | 228,598     | 303,334     | 39,264           | 76,564     | 115,828     |
| 2.2. Revocable commitments   |           | -              | 165         | 165         | -                | 165        | 165         |
| 2.2.1. Revocable loan granting commitments                           |           | -              | -           | -           | -                | -          | -           |
| 2.2.2. Other revocable commitments                                   |           | -              | 165         | 165         | -                | 165        | 165         |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>                         | 4.4.2     | 1,738,996      | 3,467,025   | 5,206,021   | 1,626,225        | 4,899,038  | 6,525,263   |
| 3.1. Forward foreign currency purchases/sales                        |           | 210,892        | 345,426     | 556,318     | 156,328          | 285,629    | 441,957     |
| 3.1.1. Forward foreign currency purchases                            |           | 25,078         | 258,445     | 283,523     | 24,226           | 182,488    | 206,714     |
| 3.1.2. Forward foreign currency sales                                |           | 185,814        | 86,981      | 272,795     | 132,102          | 103,141    | 235,243     |
| 3.2. Currency and interest rate swaps                                |           | 630,377        | 1,820,703   | 2,451,080   | 693,101          | 3,339,350  | 4,032,451   |
| 3.2.1. Currency swaps-purchases                                      |           | 14,600         | 1,187,387   | 1,201,987   | 176,658          | 1,853,897  | 2,030,555   |
| 3.2.2. Currency swaps-sales  |           | 605,080        | 616,904     | 1,221,984   | 503,384          | 1,478,852  | 1,982,236   |
| 3.2.3. Interest rate swaps-purchases                                 |           | 4,472          | 8,468       | 12,940      | 6,212            | 3,423      | 9,635       |
| 3.2.4. Interest rate swaps-sales                                     |           | 6,225          | 7,944       | 14,169      | 6,847            | 3,178      | 10,025      |
| 3.3. Currency, interest rate and securities options                  |           | 788,738        | 1,082,126   | 1,870,864   | 646,764          | 973,285    | 1,620,045   |
| 3.3.1. Currency options-purchases                                    |           | 503,173        | 374,039     | 877,212     | 298,062          | 472,889    | 770,951     |
| 3.3.2. Currency options-sales  |           | 285,565        | 557,914     | 843,479     | 348,702          | 398,319    | 747,021     |
| 3.3.3. Interest rate options-purchases                               |           | -              | -           | -           | -                | -          | -           |
| 3.3.4. Interest rate options-sales                                   |           | -              | -           | -           | -                | -          | -           |
| 3.3.5. Securities options-purchases                                  |           | -              | 62,171      | 62,171      | -                | 37,752     | 37,752      |
| 3.3.6. Securities options-sales                                      |           | -              | 88,002      | 88,002      | -                | 64,325     | 64,325      |
| 3.4. Currency futures  |           | 104,544        | 99,983      | 204,527     | 128,042          | 119,913    | 247,955     |
| 3.4.1. Currency futures-purchases                                    |           | 103,076        | 1,268       | 104,344     | 125,791          | 316        | 126,107     |
| 3.4.2. Currency futures-sales  |           | 1,468          | 98,715      | 100,183     | 2,251            | 119,597    | 121,848     |
| 3.5. Interest rate futures   |           | -              | -           | -           | -                | 1,990      | 1,990       |
| 3.5.1. Interest rate futures-purchases                               |           | -              | -           | -           | -                | 1,990      | 1,990       |
| 3.5.2. Interest rate futures-sales                                   |           | -              | -           | -           | -                | -          | -           |
| 3.6. Others  |           | 4,445          | 118,787     | 123,232     | -                | 180,861    | 180,861     |
| <b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>                        |           | 95,785,579     | 94,310,489  | 190,096,068 | 82,517,397       | 86,389,714 | 168,907,111 |
| <b>IV. ITEMS HELD IN CUSTODY</b>                                     | 4.4.3     | 33,029,419     | 6,515,727   | 39,545,146  | 29,933,026       | 6,197,970  | 36,130,996  |
| 4.1. Customers' securities held                                      |           | 9,985,940      | 3,791,300   | 13,777,240  | 8,008,195        | 3,577,487  | 11,585,682  |
| 4.2. Investment securities held in custody                           |           | 20,213,680     | 848,651     | 21,062,337  | 19,352,630       | 832,483    | 20,185,115  |
| 4.3. Checks received for collection                                  |           | 2,254,414      | 226,517     | 2,480,931   | 2,048,770        | 213,908    | 2,262,684   |
| 4.4. Commercial notes received for collection                        |           | 561,676        | 1,629,315   | 2,190,991   | 509,926          | 1,559,300  | 2,069,226   |
| 4.5. Other assets received for collection                            |           | -              | -           | -           | 217              | 1,112      | 1,329       |
| 4.6. Assets received for public offering                             |           | -              | 18,282      | 18,282      | -                | 8,756      | 8,756       |
| 4.7. Other items under custody                                       |           | 13,703         | 1,662       | 15,365      | 13,276           | 4,924      | 18,200      |
| 4.8. Custodians  |           | -              | -           | -           | -                | -          | -           |
| <b>V. PLEDGED ITEMS</b>  |           | 62,756,160     | 87,794,762  | 150,550,922 | 52,584,371       | 80,191,744 | 132,776,115 |
| 5.1. Securities  |           | 287,279        | 62          | 287,341     | 238,405          | 60         | 238,465     |
| 5.2. Guarantee notes   |           | 5,211,247      | 3,922,815   | 9,134,066   | 4,511,380        | 3,763,402  | 8,274,788   |
| 5.3. Commodities   |           | 237            | -           | 237         | 237              | -          | 237         |
| 5.4. Warranties  |           | -              | -           | -           | -                | -          | -           |
| 5.5. Immovables  |           | 5,512,030      | 4,007,353   | 9,519,383   | 4,586,455        | 3,441,425  | 8,027,884   |
| 5.6. Other pledged items   |           | 51,745,197     | 79,859,015  | 131,604,216 | 43,247,714       | 72,981,384 | 116,229,098 |
| 5.7. Pledged items-depository  |           | 170            | 5,509       | 5,679       | 170              | 5,473      | 5,643       |
| <b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>                  |           | -              | -           | -           | -                | -          | -           |
| <b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>                           |           | 107,040,791    | 104,344,652 | 211,385,443 | 93,019,751       | 97,224,747 | 190,244,498 |

**Türkiye Garanti Bankası Anonim Şirketi****Income Statement****For the three-month period ended 31 March 2006**

(Thousands of New Turkish Lira (YTL))

| INCOME AND EXPENSE ITEMS |   | Footnotes | CURRENT PERIOD | PRIOR PERIOD  |
|--------------------------|---|-----------|----------------|---------------|
|                          |   |           | 31 March 2006  | 31 March 2005 |
| <b>I.</b>                | <b>INTEREST INCOME</b>  | 4.3.1     | 1,011,610      | 837,009       |
| 1.1                      | Interest on loans   |           | 629,744        | 426,665       |
| 1.1.1                    | Interest on YTL loans   |           | 495,415        | 342,550       |
| 1.1.1.1                  | Short term loans  |           | 397,871        | 326,438       |
| 1.1.1.2                  | Medium and long term loans  |           | 97,544         | 16,112        |
| 1.1.2                    | Interest on foreign currency loans                                      |           | 132,722        | 83,710        |
| 1.1.2.1                  | Short term loans  |           | 32,801         | 25,620        |
| 1.1.2.2                  | Medium and long term loans  |           | 99,921         | 58,090        |
| 1.1.3                    | Interest on loans under follow-up                                       |           | 1,607          | 405           |
| 1.1.4                    | Premiums received from Resource Utilisation Support Fund                |           | -              | -             |
| 1.2                      | Interest received from reserve deposits                                 |           | 21,992         | 15,398        |
| 1.3                      | Interest received from banks  |           | 19,550         | 8,763         |
| 1.3.1                    | The Central Bank of Turkey  |           | 3,079          | 716           |
| 1.3.2                    | Domestic banks  |           | 3,498          | 1,189         |
| 1.3.3                    | Foreign banks   |           | 12,973         | 6,858         |
| 1.3.4                    | Foreign headoffices and branches  |           | -              | -             |
| 1.4                      | Interest received from money market transactions                        |           | 344            | 559           |
| 1.5                      | Interest received from marketable securities portfolio                  |           | 331,039        | 369,387       |
| 1.5.1                    | Trading securities  |           | 11,176         | 15,025        |
| 1.5.2                    | Available-for-sale securities   |           | 277,891        | 258,779       |
| 1.5.3                    | Held to maturity securities   |           | 41,972         | 95,583        |
| 1.6                      | Other interest income   |           | 8,941          | 16,237        |
| <b>II.</b>               | <b>INTEREST EXPENSE</b>   | 4.3.2     | 588,002        | 396,253       |
| 2.1                      | Interest on deposits  |           | 469,097        | 301,866       |
| 2.1.1                    | Bank deposits   |           | 23,875         | 10,831        |
| 2.1.2                    | Saving deposits   |           | 233,903        | 164,299       |
| 2.1.3                    | Public sector deposits  |           | 300            | 30            |
| 2.1.4                    | Commercial deposits   |           | 137,964        | 68,909        |
| 2.1.5                    | Other institutions deposits   |           | 6,418          | 17,880        |
| 2.1.6                    | Foreign currency deposits   |           | 66,527         | 39,902        |
| 2.1.7                    | Precious metals vault accounts  |           | 110            | 15            |
| 2.2                      | Interest on money market transactions                                   |           | 43,239         | 57,833        |
| 2.3                      | Interest on funds borrowed  |           | 74,359         | 33,716        |
| 2.3.1                    | The Central Bank of Turkey  |           | -              | -             |
| 2.3.2                    | Domestic banks  |           | 4,795          | 6,492         |
| 2.3.3                    | Foreign banks   |           | 64,630         | 24,575        |
| 2.3.4                    | Foreign branches  |           | -              | -             |
| 2.3.5                    | Other financial institutions  |           | 4,934          | 2,649         |
| 2.4                      | Interest on securities issued   |           | -              | -             |
| 2.5                      | Other interest expense  |           | 1,307          | 2,838         |
| <b>III.</b>              | <b>NET INTEREST INCOME (I - II)</b>                                     |           | 423,608        | 440,756       |
| <b>IV.</b>               | <b>NET FEES AND COMMISSIONS INCOME</b>                                  |           | 240,003        | 161,429       |
| 4.1                      | Fees and commissions received   |           | 301,683        | 218,039       |
| 4.1.1                    | Cash loans  |           | 23,731         | 13,105        |
| 4.1.2                    | Non-cash loans  |           | 19,851         | 15,869        |
| 4.1.3                    | Other   |           | 258,101        | 189,065       |
| 4.2                      | Fees and commissions paid   |           | 61,680         | 56,610        |
| 4.2.1                    | Cash loans  |           | 6,930          | 6,230         |
| 4.2.2                    | Non-cash loans  |           | 60             | 57            |
| 4.2.3                    | Other   |           | 54,690         | 50,323        |
| <b>V.</b>                | <b>DIVIDEND INCOME</b>  |           | 603            | 1,049         |
| 5.1                      | Trading securities  |           | -              | -             |
| 5.2                      | Available-for-sale securities   |           | 603            | 1,049         |
| <b>VI.</b>               | <b>NET TRADING INCOME/LOSS</b>  |           | 54,207         | 80,523        |
| 6.1                      | Profit/losses on trading account securities (Net)                       |           | 41,297         | 1,724         |
| 6.1.1                    | Profit on trading account securities                                    |           | 183,681        | 109,091       |
| 6.1.1.1                  | Profit on derivatives   |           | 116,398        | 72,062        |
| 6.1.1.2                  | Others  |           | 67,283         | 37,029        |
| 6.1.2                    | Losses on trading account securities (-)                                |           | 142,384        | 107,367       |
| 6.1.2.1                  | Losses on derivatives   |           | 115,139        | 83,662        |
| 6.1.2.2                  | Others  |           | 27,245         | 23,705        |
| 6.2                      | Foreign exchange gains/losses (Net)                                     |           | 12,910         | 78,799        |
| 6.2.1                    | Foreign exchange gains  |           | 384,696        | 932,943       |
| 6.2.2                    | Foreign exchange losses (-)   |           | 371,786        | 854,144       |
| <b>VII.</b>              | <b>OTHER OPERATING INCOME</b>   | 4.3.3     | 43,373         | 29,906        |
| <b>VIII.</b>             | <b>TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>                         |           | 761,794        | 713,663       |
| <b>IX.</b>               | <b>PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)</b>               | 4.3.4     | 85,545         | 208,522       |
| <b>X.</b>                | <b>OTHER OPERATING EXPENSES (-)</b>                                     | 4.3.5     | 343,741        | 303,701       |
| <b>XI.</b>               | <b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>                            |           | 332,508        | 201,440       |
| <b>XII.</b>              | <b>INCOME/LOSSES FROM ASSOCIATES AND SUBSIDIARIES</b>                   | 4.3.6     | -              | -             |
| <b>XIII.</b>             | <b>GAIN/LOSS ON NET MONETARY POSITION</b>                               |           | -              | -             |
| <b>XIV.</b>              | <b>PROFIT/LOSS BEFORE TAXES (XI+XII+XIII)</b>                           |           | 332,508        | 201,440       |
| <b>XV.</b>               | <b>PROVISION FOR TAXES ON INCOME (-)</b>                                | 4.3.7     | 81,750         | 51,200        |
| 15.1                     | Current tax charge  |           | 104,543        | 11,402        |
| 15.2                     | Deferred tax charge/(credit)  |           | (22,793)       | 39,798        |
| <b>XVI.</b>              | <b>NET OPERATING PROFIT/LOSS AFTER TAXES (XIV-XV)</b>                   |           | 250,758        | 150,240       |
| <b>XVII.</b>             | <b>EXTRAORDINARY INCOME/EXPENSE AFTER TAXES</b>                         |           | -              | -             |
| 17.1                     | Extraordinary net income/expense before taxes                           |           | -              | -             |
| 17.1.1                   | Extraordinary income  |           | -              | -             |
| 17.1.2                   | Extraordinary expense (-)   |           | -              | -             |
| 17.2                     | Provision for taxes on extraordinary income (-)                         |           | -              | -             |
| <b>XVIII.</b>            | <b>NET PROFIT/LOSS (XVI+XVII)</b>                                       | 4.3.8     | 250,758        | 150,240       |
|                          | <b>EARNINGS PER SHARE (full YTL amount per YTL'000 face value each)</b> |           | 119            | 125           |



**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Cash Flows**  
**For the three-month period ended 31 March 2006**

(Thousands of New Turkish Lira (YTL))

| STATEMENT OF CASH FLOWS |  | Footnotes | CURRENT PERIOD | PRIOR PERIOD  |
|-------------------------|--|-----------|----------------|---------------|
|                         |  |           | 31 March 2006  | 31 March 2005 |
| <b>A.</b>               | <b>CASH FLOWS FROM BANKING OPERATIONS</b>                                  |           |                |               |
| 1.1                     | Operating profit before changes in operating assets and liabilities        |           | 463,702        | 422,504       |
| 1.1.1                   | Interest received  |           | 996,691        | 811,574       |
| 1.1.2                   | Interest paid  |           | (520,220)      | (389,006)     |
| 1.1.3                   | Dividend received  |           | 603            | 1,049         |
| 1.1.4                   | Fees and commissions received  |           | 240,003        | 161,429       |
| 1.1.5                   | Other income   |           | 85,784         | 111,070       |
| 1.1.5                   | Collections from previously written off loans and other receivables        |           | 10,447         | 11,898        |
| 1.1.6                   | Payments to personnel and service suppliers                                |           | (299,548)      | (280,541)     |
| 1.1.7                   | Taxes paid   |           | (54,400)       | -             |
| 1.1.8                   | Extraordinary items  |           | -              | -             |
| 1.1.9                   | Other  | 4.6.1     | 4,343          | (4,969)       |
| 1.2                     | Changes in operating assets and liabilities                                |           | (1,672,101)    | (655,313)     |
| 1.2.1                   | Net (increase) decrease in trading securities                              |           | (19,478)       | 56,282        |
| 1.2.2                   | Net (increase) decrease in due from banks and other financial institutions |           | (41,471)       | (3,594)       |
| 1.2.3                   | Net (increase) decrease in loans   |           | (3,804,859)    | (1,019,365)   |
| 1.2.4                   | Net (increase) decrease in other assets                                    |           | 66,669         | 35,681        |
| 1.2.5                   | Net increase (decrease) in bank deposits                                   |           | 345,887        | (70,655)      |
| 1.2.6                   | Net increase (decrease) in other deposits                                  |           | 1,721,785      | 94,686        |
| 1.2.7                   | Net increase (decrease) in funds borrowed                                  |           | (84,990)       | 301,149       |
| 1.2.8                   | Net increase (decrease) in matured payables                                |           | -              | -             |
| 1.2.9                   | Net increase (decrease) in other liabilities                               | 4.6.1     | 144,356        | (49,497)      |
| I.                      | Net cash flow from banking operations                                      |           | (1,208,399)    | (232,809)     |
| <b>B.</b>               | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |           |                |               |
| II.                     | Net cash flow from investing activities                                    |           | (579,763)      | (376,215)     |
| 2.1                     | Cash paid for purchase of investments, associates and subsidiaries         |           | (12,125)       | (18,000)      |
| 2.2                     | Cash obtained from sale of investments, associates and subsidiaries        |           | -              | 11,507        |
| 2.3                     | Fixed assets purchases   |           | (25,741)       | (28,541)      |
| 2.4                     | Fixed assets sales   |           | 6,727          | 21,943        |
| 2.5                     | Cash paid for purchase of investments available for sale                   |           | (1,851,569)    | (1,500,092)   |
| 2.6                     | Cash obtained from sale of investments available for sale                  |           | 1,302,945      | 1,124,269     |
| 2.7                     | Cash paid for purchase of investment securities                            |           | -              | -             |
| 2.8                     | Cash obtained from sale of investment securities                           |           | -              | 12,699        |
| 2.9                     | Extraordinary items  |           | -              | -             |
| 2.10                    | Other  |           | -              | -             |
| <b>C.</b>               | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                |           |                |               |
| III.                    | Net cash flow from financing activities                                    |           | (3,806)        | 5,034         |
| 3.1                     | Cash obtained from funds borrowed and securities issued                    |           | -              | -             |
| 3.2                     | Cash used for repayment of funds borrowed and securities issued            |           | -              | -             |
| 3.3                     | Capital increase   |           | -              | -             |
| 3.4                     | Dividends paid   |           | -              | -             |
| 3.5                     | Payments for finance leases  |           | (3,806)        | 5,034         |
| 3.6                     | Extraordinary items  |           | -              | -             |
| 3.7                     | Other  | 4.6.1     | -              | -             |
| IV.                     | Effect of change in foreign exchange rate on cash and cash equivalents     | 4.6.1     | (20,979)       | 215,802       |
| V.                      | Net decrease in cash and cash equivalents (I+II+III+IV)                    |           | (1,812,947)    | (388,188)     |
| VI.                     | Cash and cash equivalents at beginning of period                           | 4.6.4     | 2,888,209      | 1,489,444     |
| VII.                    | Cash and cash equivalents at end of period (V+VI)                          | 4.6.5     | 1,075,262      | 1,101,256     |

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Changes in Shareholders' Equity**  
**For the three-month period ended 31 March 2006**

(Thousands of New Turkish Lira (YTL))

|   | Footnotes   | Paid-In Capital | Capital Reserves from Inflation Adjustments to Paid-In Capital | Share Premium | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Profit/(Loss) | Prior Period Profit/(Loss) | Revaluation Fund | Revaluation Surplus | Securities Value Increase Fund | Total     |
|---|---|-----------------|--|---------------|----------------------------|----------------|-----------------|------------------------|----------------|----------------------------------|----------------------------|------------------|---------------------|--------------------------------|-----------|
| <b>STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b> |   |                 |  |               |                            |                |                 |                        |                |                                  |                            |                  |                     |                                |           |
| <b>CURRENT PERIOD</b>                               |   |                 |  |               |                            |                |                 |                        |                |                                  |                            |                  |                     |                                |           |
| I.  | Balances at beginning of the period                                       | 1,200,000       | 1,222,554  | -             | -                          | 26,337         | -               | 71,416                 | 5,229          | -                                | 459,041                    | 9,143            | 5,731               | 141,218                        | 3,140,669 |
| II.   | Effect of changes in accounting policies                                  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| III.  | Adjusted balances at beginning of the period (I+II)                       | 1,200,000       | 1,222,554  | -             | -                          | 26,337         | -               | 71,416                 | 5,229          | -                                | 459,041                    | 9,143            | 5,731               | 141,218                        | 3,140,669 |
| IV.   | Current period net profit   | -               | -  | -             | -                          | -              | -               | -                      | 150,240        | 150,240                          | -                          | -                | -                   | -                              | 150,240   |
| V.  | Profit distribution   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| VI.   | Dividends   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| VII.  | Transferred to legal reserves   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| VIII.   | Others  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| IX.   | Capital increase  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| X.  | Cash  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XI.   | Revaluation Fund  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XII.  | Revaluation Surplus   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XIII.   | Securities Value Increase Fund  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XIV.  | Capital reserve from inflation adjustments to paid-in capital             | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XV.   | Issuance of share certificates  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XVI.  | Foreign exchange differences  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XVII.   | Others  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XVIII.  | Bonds convertible to share certificates                                   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XIX.  | Revaluation increment   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XX.   | Foreign exchange differences  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXI.  | Others  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXII.   | Balances at end of the period (III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV) | 1,200,000       | 772,554  | -             | -                          | 26,304         | (33)            | 71,416                 | 12,577         | 150,240                          | 459,041                    | 9,238            | 4,860               | 75,611                         | 3,231,833 |
| XXIII.  | Balances at beginning of the period                                       | 2,100,000       | 772,554  | -             | -                          | 49,261         | -               | 64,587                 | 3,690          | -                                | 708,394                    | 2,147            | 4,860               | 194,131                        | 3,899,624 |
| XXIV.   | Effect of changes in accounting policies                                  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXV.  | Adjusted balances at beginning of the period (I+II)                       | 2,100,000       | 772,554  | -             | -                          | 49,261         | -               | 64,587                 | 3,690          | -                                | 708,394                    | 2,147            | 4,860               | 194,131                        | 3,899,624 |
| XXVI.   | Increases during the period   | -               | -  | -             | -                          | -              | -               | -                      | 945            | -                                | -                          | -                | -                   | -                              | 945       |
| XXVII.  | "Available-for-sale" securities   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXVIII.   | Net fair value gains/losses   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXIX.   | Transfers to associates and subsidiaries                                  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXX.  | Net fair value gains/losses   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXXI.   | Cash flow hedges  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXXII.  | Net fair value gains/losses   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXXIII.   | Transfers   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXXIV.  | "Available-for-sale" securities   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXXV.   | Transferred to net profit   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXXVI.  | Cash flow hedges  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXXVII.   | Transferred to net profit   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXXVIII.  | Transferred to net assets   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XXXIX.  | Current period net profit   | -               | -  | -             | -                          | -              | -               | -                      | 250,758        | 250,758                          | -                          | -                | -                   | -                              | 250,758   |
| XL.   | Dividends   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XLI.  | Transferred to legal reserves   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XLII.   | Others  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XLIII.  | Capital increase  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XLIV.   | Cash  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XLV.  | Revaluation Fund  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XLVI.   | Revaluation Surplus   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XLVII.  | Securities Value Increase Fund  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XLVIII.   | Capital reserve from inflation adjustments to paid-in capital             | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| XLIX.   | Issuance of share certificates  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| L.  | Foreign exchange differences  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| LI.   | Others  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| LII.  | Bonds convertible to share certificates                                   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| LIII.   | Revaluation increment   | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| LIV.  | Foreign exchange differences  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| LIV.  | Others  | -               | -  | -             | -                          | -              | -               | -                      | -              | -                                | -                          | -                | -                   | -                              | -         |
| LIV.  | Balances at end of the period (III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV) | 2,100,000       | 772,554  | -             | -                          | 49,259         | (2)             | 64,587                 | 4,809          | 250,758                          | 708,394                    | 2,147            | 4,860               | 196,224                        | 4,154,092 |

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

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

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

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

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

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

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

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

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

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

##### **3.1.2 Foreign currency transactions**

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

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

Foreign currency differences arising from the conversion of foreign currency investments, associates and subsidiaries into YTL are posted in the income statement as foreign exchange gains/losses.

The Bank revalues the foreign currency-indexed government securities acquired as “Debt Swap” in 2001 by discounting using the internal rate of return and translates the foreign currency amounts using the currency exchange rates applicable based on the ten days’ average of Central Bank’s foreign currency exchange rates by fixing it ten business days prior to the balance sheet date, as required by the Ministry of State that is in charge of the Treasury, and records the evaluations to financial statements.

### **3.2 Capital adequacy ratio**

The Bank’s unconsolidated capital adequacy ratio is 13.62%.

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

Capital adequacy ratio is calculated within the scope of the “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks” published in Official Gazette No.24657 dated 31 January 2002.

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

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

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”. The net amounts are then multiplied by the rates stated in the Article 21, paragraph (1) of “Regulation on Foundation and Operations of Banks”.

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 21, paragraph (2) of “Regulation on Foundation and Operations of Banks”.

### 3.2.2 Capital adequacy ratio

|   | Risk Weights     |                  |                   |                   |
|---|------------------|------------------|-------------------|-------------------|
|   | 0%               | 20%              | 50%               | 100%              |
| <b>Risk Weighted Assets, Liabilities, Off-Balance Sheet Items</b> |                  |                  |                   |                   |
| <b>Balance Sheet Items (Net)</b>                                  | <b>6,483,839</b> | <b>474,272</b>   | <b>3,610,218</b>  | <b>17,491,242</b> |
| Cash on Hand  | 184,318          | 3,843            | -                 | -                 |
| Banks   | 435,647          | 415,374          | -                 | 183,634           |
| Interbank Money Market Placements                                 | -                | -                | -                 | -                 |
| Receivables from Reverse Repurchase Agreements                    | -                | -                | -                 | -                 |
| Reserve Deposits  | 1,972,430        | -                | -                 | -                 |
| Special Purpose Financial Institutions                            | -                | -                | -                 | -                 |
| Loans   | 1,823,100        | 13,071           | 3,563,958         | 15,029,323        |
| Loans under Follow-Up (Net)                                       | -                | -                | -                 | 255,968           |
| Investments in Associates and Subsidiaries                        | -                | -                | -                 | 34,124            |
| Miscellaneous Receivables   | 66               | -                | -                 | 59,432            |
| Investment Securities Held to Maturity (Net)                      | 1,893,634        | -                | -                 | -                 |
| Advances for Assets Acquired under Financial Lease                | -                | -                | -                 | -                 |
| Financial Lease Receivables                                       | -                | -                | -                 | -                 |
| Leased Assets (Net)   | -                | -                | -                 | -                 |
| Tangible Assets (Net)   | -                | -                | -                 | 1,345,896         |
| Accrued Interest and Income                                       | 168,605          | 2,009            | 46,260            | 203,355           |
| Other Assets  | 6,039            | 39,975           | -                 | 379,510           |
| <b>Off-Balance Sheet Items</b>                                    | <b>189,100</b>   | <b>2,761,771</b> | <b>7,438,079</b>  | <b>459,406</b>    |
| Guarantees  | 189,100          | 2,723,400        | 1,111,422         | 450,945           |
| Commitments   | -                | 82               | 6,326,657         | -                 |
| Other Off Balance Sheet-Items                                     | -                | -                | -                 | -                 |
| Derivative Financial Instruments                                  | -                | 38,289           | -                 | 8,461             |
| Non Risk Weighted Accounts  | -                | -                | -                 | -                 |
| <b>Total Risk Weighted Assets</b>                                 | <b>6,672,939</b> | <b>3,236,043</b> | <b>11,048,297</b> | <b>17,950,648</b> |

### 3.2.3 Summary information related to capital adequacy ratio

|   | Risk Weights   |              |
|---|----------------|--------------|
|   | Current Period | Prior Period |
| Total Risk Weighted Assets              | 24,122,005     | 20,488,550   |
| Value at Risk                           | 1,696,888      | 1,424,400    |
| Shareholders' Equity                    | 3,517,234      | 3,294,481    |
| Shareholders' Equity/ (RWA+VaR)*100 (*) | 13.62          | 15.03        |

(\*) RWA: Total Risk Weighted Assets

VaR: Value at Risk

3.2.4 Components of shareholders' equity items

|  | Current Period   | Prior Period     |
|--|------------------|------------------|
| <b>CORE CAPITAL</b>  |                  |                  |
| Paid-in Capital  | 2,100,000        | 2,100,000        |
| Nominal Capital  | 2,100,000        | 2,100,000        |
| Capital Commitments (-)  | -                | -                |
| Share Premium and Cancellation Profit                          | -                | -                |
| Capital Reserves From Inflation Adjustments to Paid-in Capital | 772,554          | 772,554          |
| Legal Reserves   | 49,259           | 49,261           |
| I. Legal Reserve (Turkish Commercial Code 466/1)               | 49,259           | 49,261           |
| II. Legal Reserve (Turkish Commercial Code 466/2)              | -                | -                |
| Reserves Allocated due to Special Legislations                 | -                | -                |
| Status Reserves  | -                | -                |
| Extraordinary Reserves   | 64,587           | 64,587           |
| Reserve Allocated at the General Assembly                      | 64,587           | 64,587           |
| Retained Earnings  | -                | -                |
| Accumulated Losses   | -                | -                |
| Profit Reserves  | 4,809            | 3,690            |
| Profit   | 959,152          | 708,394          |
| Current Period Profit  | 250,758          | 708,394          |
| Prior Period Profit  | 708,394          | -                |
| Loss (-)   | -                | -                |
| Current Period Loss  | -                | -                |
| Prior Period Loss  | -                | -                |
| <b>Total Core Capital</b>                                      | <b>3,950,361</b> | <b>3,698,486</b> |
| <b>SUPPLEMENTARY CAPITAL</b>                                   |                  |                  |
| Revaluation Fund   | 2,147            | 2,147            |
| Movables   | -                | -                |
| Immovables   | 2,147            | 2,147            |
| Income on Sale of Equity Shares and Real Estates               | -                | -                |
| Revaluation Fund on Leasehold Improvements                     | -                | -                |
| Revaluation Surplus  | 4,860            | 4,860            |
| Foreign Currency Exchange Differences                          | -                | -                |
| General Provisions   | 117,966          | 99,400           |
| Provision for Possible Losses                                  | 46,750           | 58,500           |
| Subordinated Loans   | -                | -                |
| Securities Value Increase Fund                                 | 196,724          | 194,131          |
| Associates and Subsidiaries                                    | 45,531           | 22,836           |
| Investments Available for Sale                                 | 151,193          | 171,295          |
| Securities Held for Structural Position                        | -                | -                |
| <b>Total Supplementary Capital</b>                             | <b>368,447</b>   | <b>359,038</b>   |
| <b>TIER III CAPITAL</b>  |                  |                  |
| <b>CAPITAL</b>   | <b>4,318,808</b> | <b>4,057,524</b> |

| <b>DEDUCTIONS FROM CAPITAL</b>  | <b>801,574</b>   | <b>763,043</b>   |
|---|------------------|------------------|
| Investments in Entities Operating in Financial Sectors like Money Markets, Capital Markets, Insurance under the related Special Laws                    | 657,501          | 607,662          |
| Leasehold Improvements  | 40,059           | 41,553           |
| Pre-Operating Costs   | 12,800           | 13,933           |
| Prepaid Expenses  | 91,214           | 99,895           |
| Negative Difference between the Fair Values and the Carrying Values of Investments, Associates, Subsidiaries, Other Investments, Property and Equipment | -                | -                |
| Subordinated Loans Granted to Banks Operating in Turkey   | -                | -                |
| Goodwill (Net)  | -                | -                |
| Capitalised Expenses  | -                | -                |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   | <b>3,517,234</b> | <b>3,294,481</b> |

### **3.3 Credit risk**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

### **3.4 Market risk**

The Bank has defined its risk management procedures and has taken necessary precaution in order to avoid market risk, in compliance 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. 24312 dated 8 February 2001.

Being exposed to market risk, the Bank's Board of Directors has identified risk management strategies and policies considering the suggestions by the Executive Risk Committee and has pursued the application of these strategies periodically. Considering the existing major risks, the Bank's Board of Directors determines and revises the risk limits, when necessary. The Board of Directors ensures that the risk management group and the executive management are taking necessary action in identifying, measuring, controlling and managing several risks.

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. Market risk arising from maturity mismatches of assets and liabilities is calculated through the assets-liabilities risk measurement model.

The periodical stress testing and scenario analysis support the above mentioned measurements. Traditional risk measurement methods such as cash flow projection, duration and variance analysis are also used.

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

**Value at Risk:**

|  | Amount           |
|--|------------------|
| <b>Capital Obligation against Interest Rate Risk - Standard Method</b>         | <b>107,755</b>   |
| General Market Risk  | 101,085          |
| Specific Risk  | 6,670            |
| Options Subject to Interest Rate Risk  | -                |
| <b>Capital Obligation against Common Stock Position Risk – Standard Method</b> | <b>8,937</b>     |
| General Market Risk  | 4,561            |
| Specific Risk  | 4,376            |
| Options Subject to Common Stock Position Risk                                  | -                |
| <b>Capital Obligation against Currency Risk – Standard Method</b>              | <b>19,059</b>    |
| Capital Obligation   | 4,497            |
| Capital Obligation against Options Subject to Currency Risk                    | 14,562           |
| <b>Total Value-at-Risk – Home Model</b>  | <b>-</b>         |
| <b>Total Capital Obligations against Market Risk</b>                           | <b>135,751</b>   |
| <b>Value-at-Risk Amount</b>  | <b>1,696,888</b> |

### 3.5 Foreign currency exchange rate risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2006, the Bank's net 'on balance sheet' foreign currency short position amounts to YTL 421,348 thousands, net 'off-balance sheet' foreign currency long position amounts to YTL 342,004 thousands, while net foreign currency short position amounts to YTL 79,344 thousands.

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

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

|  | US\$   | EUR    |
|--|--------|--------|
| The Bank's foreign currency purchase rate at balance sheet date              | 1.3320 | 1.6127 |
| <b><u>Foreign currency rates for the days before balance sheet date;</u></b> |        |        |
| Day 1  | 1.3320 | 1.6105 |
| Day 2  | 1.3400 | 1.6091 |
| Day 3  | 1.3350 | 1.6138 |
| Day 4  | 1.3250 | 1.5950 |
| Day 5  | 1.3200 | 1.5864 |

The arithmetical average of the Bank's US dollar and Euro purchase rates for the last 30 days before balance sheet date are full YTL 1.3167 and full YTL 1.5836, respectively.



**Currency risk:**

|   | Euro              | US\$              | Yen           | Other FCs       | Total             |
|---|-------------------|-------------------|---------------|-----------------|-------------------|
| <b>Current Period</b>   |                   |                   |               |                 |                   |
| <i>Assets</i>   |                   |                   |               |                 |                   |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 468,112           | 42,291            | 111           | 3,541           | 514,055           |
| Banks and Other Financial Institutions  | 120,360           | 302,367           | 26,499        | 22,685          | 471,911           |
| Trading Securities  | 15,866            | 89,019            | -             | 19,297          | 124,182           |
| Interbank Money Market Placements   | -                 | -                 | -             | -               | -                 |
| Investment Securities Available-for-Sale  | 29,033            | 2,939,647         | -             | -               | 2,968,680         |
| Loans   | 2,833,032         | 6,357,772         | 3,107         | 115,915         | 9,309,826         |
| Investments in Associates and Subsidiaries  | 220,752           | 37,396            | -             | 4,440           | 262,588           |
| Investment Securities Held-to-Maturity  | 49,908            | 2,443,040         | -             | -               | 2,492,948         |
| Tangible and Intangible Assets  | -                 | 158               | -             | 593             | 751               |
| Goodwill  | -                 | -                 | -             | -               | -                 |
| Other Assets  | 1,284,807         | 260,059           | 15            | 1,161           | 1,546,042         |
| <b>Total Assets</b>   | <b>5,021,870</b>  | <b>12,471,749</b> | <b>29,732</b> | <b>167,632</b>  | <b>17,690,983</b> |
| <i>Liabilities</i>  |                   |                   |               |                 |                   |
| Bank Deposits   | 33,010            | 322,510           | 1             | 26,054          | 381,575           |
| Foreign Currency Deposits   | 3,255,694         | 7,076,965         | 29,561        | 300,254         | 10,662,474        |
| Interbank Money Market Takings  | -                 | 849,380           | -             | -               | 849,380           |
| Other Fundings  | 1,021,353         | 4,455,956         | -             | -               | 5,477,309         |
| Securities Issued   | -                 | -                 | -             | -               | -                 |
| Miscellaneous Payables  | 1,715             | 1,741             | -             | 5,044           | 8,500             |
| Other Liabilities (*)   | 90,424            | 593,942           | 2,206         | 46,521          | 733,093           |
| <b>Total Liabilities</b>  | <b>4,402,196</b>  | <b>13,300,494</b> | <b>31,768</b> | <b>377,873</b>  | <b>18,112,331</b> |
| <b>Net 'On Balance Sheet' Position</b>  | <b>619,674</b>    | <b>-828,745</b>   | <b>-2,036</b> | <b>-210,241</b> | <b>-421,348</b>   |
| <b>Net 'Off-Balance Sheet' Position</b>   | <b>-650,277</b>   | <b>786,275</b>    | <b>-</b>      | <b>206,006</b>  | <b>342,004</b>    |
| Derivative Assets   | 162,665           | 1,587,415         | -             | 318,231         | 2,068,311         |
| Derivative Liabilities  | 812,942           | 801,140           | -             | 112,225         | 1,726,307         |
| <b>Prior Period</b>   |                   |                   |               |                 |                   |
| <b>Total Assets</b>   | <b>5,570,593</b>  | <b>11,593,635</b> | <b>20,152</b> | <b>130,529</b>  | <b>17,314,909</b> |
| <b>Total Liabilities</b>  | <b>4,312,911</b>  | <b>13,092,114</b> | <b>22,513</b> | <b>332,631</b>  | <b>17,760,169</b> |
| <b>Net 'On Balance Sheet' Position</b>  | <b>1,257,682</b>  | <b>-1,498,479</b> | <b>-2,361</b> | <b>-202,102</b> | <b>-445,260</b>   |
| <b>Net 'Off-Balance Sheet' Position</b>   | <b>-1,231,563</b> | <b>1,320,767</b>  | <b>2,036</b>  | <b>208,133</b>  | <b>299,373</b>    |

(\*) Other liabilities also include gold deposits of YTL 38,448 thousands.

### 3.6 Interest rate risk

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

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

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

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

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

| Current Period  | Up to 1 Month     | 1-3 Months        | 3-6 Months       | 6-12 Months      | 1 Year and Over   | Non-Interest Bearing | Total             |
|---|-------------------|-------------------|------------------|------------------|-------------------|----------------------|-------------------|
| <b>Assets</b>   |                   |                   |                  |                  |                   |                      |                   |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | -                 | -                 | -                | -                | -                 | 623,808              | 623,808           |
| Banks and Other Financial Institutions  | 444,836           | -                 | 13,320           | 400              | -                 | 140,452              | 599,008           |
| Trading Securities  | 566               | 45,646            | 26,884           | 30,066           | 106,457           | 23,349               | 232,968           |
| Interbank Money Market Placements   | -                 | -                 | -                | -                | -                 | -                    | -                 |
| Investment Securities Available-for-Sale  | 226,755           | 1,679,168         | 4,282,939        | 896,759          | 1,776,073         | 57,014               | 8,918,708         |
| Loans   | 6,773,784         | 1,371,658         | 1,903,952        | 2,503,795        | 7,876,263         | 255,968              | 20,685,420        |
| Investment Securities Held-to-Maturity  | -                 | 1,408,667         | -                | 192,050          | 790,419           | -                    | 2,391,136         |
| Other Assets  | 1,972,430         | -                 | 3,520            | 120,173          | 133,958           | 3,149,137            | 5,379,218         |
| <b>Total Assets</b>   | <b>9,418,371</b>  | <b>4,505,139</b>  | <b>6,230,615</b> | <b>3,743,243</b> | <b>10,683,170</b> | <b>4,249,728</b>     | <b>38,830,266</b> |
| <b>Liabilities</b>  |                   |                   |                  |                  |                   |                      |                   |
| Bank Deposits   | 371,940           | 189,469           | 21,759           | 9,407            | 19,724            | 305,390              | 917,689           |
| Other Deposits  | 13,104,207        | 5,028,994         | 407,345          | 255,242          | 53,252            | 4,995,722            | 23,844,762        |
| Interbank Money Market Takings  | 554,740           | -                 | 50,000           | 401,643          | 749,799           | -                    | 1,756,182         |
| Miscellaneous Payables  | -                 | -                 | -                | -                | -                 | 960,264              | 960,264           |
| Securities Issued   | -                 | -                 | -                | -                | -                 | -                    | -                 |
| Other Fundings  | 306,058           | 193,583           | 1,304,625        | 1,310,152        | 2,513,705         | -                    | 5,628,123         |
| Other Liabilities   | 205,992           | 153,173           | 132,806          | 54,186           | 5,239             | 5,171,850            | 5,723,246         |
| <b>Total Liabilities</b>  | <b>14,542,937</b> | <b>5,565,219</b>  | <b>1,916,535</b> | <b>2,030,630</b> | <b>3,341,719</b>  | <b>11,433,226</b>    | <b>38,830,266</b> |
| <b>On Balance Sheet Interest Sensitivity Gap</b>  | <b>-5,124,566</b> | <b>-1,060,080</b> | <b>4,314,080</b> | <b>1,712,613</b> | <b>7,341,451</b>  | <b>-7,183,498</b>    | <b>-</b>          |
| <b>Off-Balance Sheet Interest Sensitivity Gap</b>   | <b>8,184</b>      | <b>-</b>          | <b>-</b>         | <b>2,075</b>     | <b>-</b>          | <b>-</b>             | <b>10,259</b>     |
| <b>Total Interest Sensitivity Gap</b>   | <b>-5,116,382</b> | <b>-1,060,080</b> | <b>4,314,080</b> | <b>1,714,688</b> | <b>7,341,451</b>  | <b>-7,183,498</b>    | <b>10,259</b>     |

*Average interest rates on monetary financial instruments:*

| Current Period  | Euro | US\$  | Yen | YTL   |
|---|------|-------|-----|-------|
|   | %    | %     | %   | %     |
| <b>Assets</b>   |      |       |     |       |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | -    | -     | -   | -     |
| Banks and Other Financial Institutions  | 2.50 | 4.96  | -   | 14.26 |
| Trading Securities  | 7.60 | 7.49  | -   | 14.43 |
| Interbank Money Market Placements   | -    | -     | -   | -     |
| Investment Securities Available-for-Sale  | 7.31 | 7.33  | -   | 17.87 |
| Loans   | 5.25 | 7.25  | -   | 25.10 |
| Investment Securities Held-to-Maturity  | 7.82 | 10.50 | -   | 9.00  |
| <b>Liabilities</b>  |      |       |     |       |
| Bank Deposits   | 2.92 | 5.46  | -   | 14.14 |
| Other Deposits  | 1.63 | 3.30  | -   | 13.41 |
| Interbank Money Market Takings  | -    | 4.96  | -   | 12.58 |
| Miscellaneous Payables  | -    | -     | -   | -     |
| Securities Issued   | -    | -     | -   | -     |
| Other Fundings  | 3.23 | 5.44  | -   | 13.84 |

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

| Prior Period  | Up to 1 Month     | 1-3 Months       | 3-6 Months       | 6-12 Months      | 1 Year and Over  | Non-Interest Bearing | Total             |
|---|-------------------|------------------|------------------|------------------|------------------|----------------------|-------------------|
| <b>Assets</b>   |                   |                  |                  |                  |                  |                      |                   |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | -                 | -                | -                | -                | -                | 1,970,688            | 1,970,688         |
| Banks and Other Financial Institutions  | 887,378           | 850              | 13,340           | 400              | -                | 121,638              | 1,023,606         |
| Trading Securities  | 740               | 20,042           | 43,488           | 3,446            | 131,778          | 13,996               | 213,490           |
| Interbank Money Market Placements   | -                 | -                | -                | -                | -                | -                    | -                 |
| Investment Securities Available-for-Sale  | 338,046           | 4,975,390        | 638,171          | 238,640          | 2,104,605        | 44,507               | 8,339,359         |
| Loans   | 5,625,235         | 1,238,758        | 1,809,147        | 1,887,490        | 6,139,142        | 237,423              | 16,937,195        |
| Investment Securities Held-to-Maturity  | -                 | -                | 1,418,543        | 187,730          | 794,682          | -                    | 2,400,955         |
| Other Assets  | 2,099,456         | -                | 3,525            | 118,446          | 142,507          | 3,161,507            | 5,525,441         |
| <b>Total Assets</b>   | <b>8,950,855</b>  | <b>6,235,040</b> | <b>3,926,214</b> | <b>2,436,152</b> | <b>9,312,714</b> | <b>5,549,759</b>     | <b>36,410,734</b> |
| <b>Liabilities</b>  |                   |                  |                  |                  |                  |                      |                   |
| Bank Deposits   | 178,451           | 44,191           | 41,496           | 23,420           | 19,753           | 264,491              | 571,802           |
| Other Deposits  | 13,358,095        | 2,907,958        | 322,666          | 282,893          | 55,387           | 5,195,978            | 22,122,977        |
| Interbank Money Market Takings  | 1,506,247         | -                | -                | 183,400          | 266,798          | -                    | 1,956,445         |
| Miscellaneous payables  | -                 | -                | -                | -                | -                | 1,004,117            | 1,004,117         |
| Securities Issued   | -                 | -                | -                | -                | -                | -                    | -                 |
| Other Fundings  | 34,839            | 154,014          | 473,682          | 2,344,162        | 2,506,153        | -                    | 5,512,850         |
| Other Liabilities   | 117,926           | 76,535           | 192,586          | 144,715          | 7,196            | 4,703,585            | 5,242,543         |
| <b>Total Liabilities</b>  | <b>15,195,558</b> | <b>3,182,698</b> | <b>1,030,430</b> | <b>2,978,590</b> | <b>2,855,287</b> | <b>11,168,171</b>    | <b>36,410,734</b> |
| <b>On Balance Sheet Interest Sensitivity Gap</b>  | <b>-6,244,703</b> | <b>3,052,342</b> | <b>2,895,784</b> | <b>-542,438</b>  | <b>6,457,427</b> | <b>-5,618,412</b>    | <b>-</b>          |
| <b>Off-Balance Sheet Interest Sensitivity Gap</b>   | <b>8,953</b>      | <b>-</b>         | <b>-</b>         | <b>682</b>       | <b>-</b>         | <b>-</b>             | <b>9,635</b>      |
| <b>Total Interest Sensitivity Gap</b>   | <b>-6,235,750</b> | <b>3,052,342</b> | <b>2,895,784</b> | <b>-541,756</b>  | <b>6,457,427</b> | <b>-5,618,412</b>    | <b>9,635</b>      |

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

| Prior Period  | Euro | US\$ | Yen | YTL   |
|---|------|------|-----|-------|
|   | %    | %    | %   | %     |
| <b>Assets</b>   |      |      |     |       |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | -    | -    | -   | -     |
| Banks and Other Financial Institutions  | 2.29 | 4.43 | -   | 15.02 |
| Trading Securities  | 8.52 | 5.56 | -   | 14.15 |
| Interbank Money Market Placements   | -    | -    | -   | -     |
| Investment Securities Available-for-Sale  | 5.70 | 6.49 | -   | 17.44 |
| Loans   | 5.22 | 7.08 | -   | 28.53 |
| Investment Securities Held-to-Maturity  | 9.54 | 9.80 | -   | -     |
| <b>Liabilities</b>  |      |      |     |       |
| Bank Deposits   | 2.50 | 6.26 | -   | 14.92 |
| Other Deposits  | 1.49 | 2.54 | -   | 14.05 |
| Interbank Money Market Takings  | -    | 4.73 | -   | 15.46 |
| Miscellaneous Payables  | -    | -    | -   | -     |
| Securities Issued   | -    | -    | -   | -     |
| Other Fundings  | 3.08 | 5.11 | -   | 14.16 |

**3.7 Liquidity risk**

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

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

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

|   | Demand            | Up to 1<br>Month  | 1-3<br>Months     | 3-6<br>Months    | 6-12<br>Months   | 1 Year<br>and Over | Undistributed<br>(*) | Total             |
|---|-------------------|-------------------|-------------------|------------------|------------------|--------------------|----------------------|-------------------|
| <b>Current Period</b>   |                   |                   |                   |                  |                  |                    |                      |                   |
| <b>Assets</b>   |                   |                   |                   |                  |                  |                    |                      |                   |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 623,808           | -                 | -                 | -                | -                | -                  | -                    | 623,808           |
| Banks and Other Financial Institutions  | 140,452           | 444,836           | -                 | 13,320           | 400              | -                  | -                    | 599,008           |
| Trading Securities  | 23,349            | 117               | 75                | 8,921            | 32,457           | 168,049            | -                    | 232,968           |
| Interbank Money Market Placements   | -                 | -                 | -                 | -                | -                | -                  | -                    | -                 |
| Investment Securities Available-for-Sale  | 57,014            | 160,154           | 354,428           | 1,055,356        | 1,325,652        | 5,966,104          | -                    | 8,918,708         |
| Loans   | -                 | 6,773,784         | 1,371,658         | 1,903,952        | 2,503,795        | 7,876,263          | 255,968              | 20,685,420        |
| Investment Securities Held-to-Maturity  | -                 | -                 | 1,408,667         | -                | 192,050          | 790,419            | -                    | 2,391,136         |
| Other Assets  | 78,659            | 2,169,528         | 138,318           | 44,863           | 224,543          | 479,015            | 2,244,292            | 5,379,218         |
| <b>Total Assets</b>   | <b>923,282</b>    | <b>9,548,419</b>  | <b>3,273,146</b>  | <b>3,026,412</b> | <b>4,278,897</b> | <b>15,279,850</b>  | <b>2,500,260</b>     | <b>38,830,266</b> |
| <b>Liabilities</b>  |                   |                   |                   |                  |                  |                    |                      |                   |
| Bank Deposits   | 305,390           | 371,940           | 189,469           | 21,759           | 9,407            | 19,724             | -                    | 917,689           |
| Other Deposits  | 4,995,722         | 13,104,207        | 5,028,994         | 407,345          | 255,242          | 53,252             | -                    | 23,844,762        |
| Other Fundings  | -                 | 306,057           | 193,584           | 1,304,625        | 1,310,152        | 2,513,705          | -                    | 5,628,123         |
| Interbank Money Market Takings  | -                 | 554,740           | -                 | 50,000           | 401,643          | 749,799            | -                    | 1,756,182         |
| Securities Issued   | -                 | -                 | -                 | -                | -                | -                  | -                    | -                 |
| Miscellaneous Payables  | 66,259            | 894,005           | -                 | -                | -                | -                  | -                    | 960,264           |
| Other Liabilities (**)  | 134,353           | 452,244           | 228,510           | 137,167          | 57,239           | 6,069              | 4,707,664            | 5,723,246         |
| <b>Total Liabilities</b>  | <b>5,501,724</b>  | <b>15,683,193</b> | <b>5,640,557</b>  | <b>1,920,896</b> | <b>2,033,683</b> | <b>3,342,549</b>   | <b>4,707,664</b>     | <b>38,830,266</b> |
| <b>Net Liquidity Gap</b>  | <b>-4,578,442</b> | <b>-6,134,774</b> | <b>-2,367,411</b> | <b>1,105,516</b> | <b>2,245,214</b> | <b>11,937,301</b>  | <b>-2,207,404</b>    | <b>-</b>          |
| <b>Prior Period</b>   |                   |                   |                   |                  |                  |                    |                      |                   |
| <b>Total Assets</b>   | <b>2,251,808</b>  | <b>8,998,952</b>  | <b>1,623,187</b>  | <b>3,888,684</b> | <b>3,400,283</b> | <b>13,803,641</b>  | <b>2,444,179</b>     | <b>36,410,734</b> |
| <b>Total Liabilities</b>  | <b>5,642,006</b>  | <b>16,317,305</b> | <b>3,214,615</b>  | <b>1,033,284</b> | <b>2,980,741</b> | <b>2,855,866</b>   | <b>4,366,917</b>     | <b>36,410,734</b> |
| <b>Net Liquidity Gap</b>  | <b>-3,390,198</b> | <b>-7,318,353</b> | <b>-1,591,428</b> | <b>2,855,400</b> | <b>419,542</b>   | <b>10,947,775</b>  | <b>-1,922,738</b>    | <b>-</b>          |

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

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

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

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

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

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

**3.10 Disclosure on operations**

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.



## 4 Disclosures and Footnotes on Unconsolidated Financial Statements

### 4.1 Assets

#### 4.1.1 Balances with the Central Bank of Turkey

|                              | Current Period |                | Prior Period |                  |
|------------------------------|----------------|----------------|--------------|------------------|
|                              | YTL            | FC             | YTL          | FC               |
| Unrestricted Demand Deposits | 1,184          | 434,463        | 235          | 1,769,592        |
| Unrestricted Time Deposits   | -              | -              | -            | -                |
| <b>Total</b>                 | <b>1,184</b>   | <b>434,463</b> | <b>235</b>   | <b>1,769,592</b> |

#### 4.1.2 Further information on trading securities (presented at net value)

##### 4.1.2.1 Trading securities given as collateral or blocked

None.

##### 4.1.2.2 Trading securities subject to repurchase agreements

None.

#### 4.1.3 Due from foreign banks

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### 4.1.4 Receivables from reverse repurchase agreements

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### 4.1.5 Investment securities available-for-sale

##### 4.1.5.1 Investment securities available-for-sale

Investment securities available-for-sale consist of debt securities, investment funds and shares.

##### 4.1.5.2 Details of investment securities available-for-sale

|                              | Current Period   | Prior Period     |
|------------------------------|------------------|------------------|
| <b>Debt Securities</b>       | <b>8,866,312</b> | <b>8,299,409</b> |
| Quoted at Stock Exchange     | 7,554,182        | 7,151,163        |
| Not Quoted at Stock Exchange | 1,312,130        | 1,148,246        |
| <b>Common Stocks</b>         | <b>28,989</b>    | <b>28,864</b>    |
| Quoted at Stock Exchange     | 11,191           | 11,191           |
| Not Quoted at Stock Exchange | 17,798           | 17,673           |
| <b>Impairment Losses (-)</b> | <b>-23,407</b>   | <b>-11,086</b>   |
| <b>Total</b>                 | <b>8,918,708</b> | <b>8,339,359</b> |

On 1 March 2006, the Bank participated by 5% in Gelişen İşletmeler Piyasaları AŞ for YTL 500 thousands of which YTL 125 thousands was paid.

**4.1.5.3 Investment securities available-for-sale given as collateral**

Collateralized investment securities available-for-sale in YTL include government bonds. Carrying values of such securities with total face value of YTL 435,000 thousands, is YTL 445,805 thousands. The related accrued interest amounts to YTL 29,907 thousands.

Collateralized investment securities available-for-sale in foreign currencies include eurobonds and other foreign currency government securities. Carrying values of such securities with total face value of US\$ 404,087,000, is US\$ 397,403,870. The related accrued interest amounts to US\$ 12,682,480.

**4.1.5.4 Investment securities available-for-sale given as collateral or blocked**

|                                   | Current Period |                | Prior Period   |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | YTL            | FC             | YTL            | FC             |
| Common stocks                     | -              | -              | -              | -              |
| Bills, bonds and other securities | 445,805        | 529,342        | 458,437        | 530,137        |
| Others                            | -              | -              | -              | -              |
| <b>Total</b>                      | <b>445,805</b> | <b>529,342</b> | <b>458,437</b> | <b>530,137</b> |

**4.1.5.5 Investment securities available for sale subject to repurchase agreements**

|                                     | Current Period   |                | Prior Period     |                |
|-------------------------------------|------------------|----------------|------------------|----------------|
|                                     | YTL              | FC             | YTL              | FC             |
| Government Bonds                    | 1,130,455        | 444,782        | 1,390,840        | 184,952        |
| Treasury Bills                      | -                | -              | -                | -              |
| Other Debt Securities               | -                | -              | -                | -              |
| Bonds Issued or Guaranteed by Banks | -                | -              | -                | -              |
| Asset Backed Securities             | -                | -              | -                | -              |
| Others                              | -                | 132,924        | -                | 133,123        |
| <b>Total</b>                        | <b>1,130,455</b> | <b>577,706</b> | <b>1,390,840</b> | <b>318,075</b> |

**4.1.6 Loans**

**4.1.6.1 Loans and advances to shareholders and employees of the Bank**

|  | Current Period |                | Prior Period   |                |
|--|----------------|----------------|----------------|----------------|
|  | Cash Loans     | Non-Cash Loans | Cash Loans     | Non-Cash Loans |
| <b>Direct Lendings to Shareholders</b>   | -              | 130,468        | -              | 155,948        |
| Corporates                               | -              | 130,468        | -              | 155,948        |
| Individuals                              | -              | -              | -              | -              |
| <b>Indirect Lendings to Shareholders</b> | 11,450         | 1,646          | 83,220         | 2,006          |
| <b>Loans to Employees</b>                | 28,815         | -              | 28,658         | -              |
| <b>Total</b>                             | <b>40,265</b>  | <b>132,114</b> | <b>111,878</b> | <b>157,954</b> |

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

| Cash Loans                          | Performing Loans and Other Receivables (Group I) |                             | Loans under Follow-Up and Other Receivables (Group II) |                             |
|-------------------------------------|--|-----------------------------|--|-----------------------------|
|                                     | Loans and Other Receivables                      | Restructured or Rescheduled | Loans and Other Receivables                            | Restructured or Rescheduled |
| <b>Loans</b>                        | <b>20,388,021</b>                                | -                           | -  | <b>41,431</b>               |
| Discounted Bills                    | 53,430   | -                           | -  | -                           |
| Export Loans                        | 1,838,546  | -                           | -  | 30,283                      |
| Import Loans                        | 33,058   | -                           | -  | -                           |
| Loans to Financial Sector           | 223,934  | -                           | -  | -                           |
| Foreign Loans                       | 383,657  | -                           | -  | -                           |
| Consumer Loans                      | 4,119,493  | -                           | -  | -                           |
| Credit Cards                        | 3,991,883  | -                           | -  | -                           |
| Precious Metal Loans (Gold, etc...) | 111,263  | -                           | -  | -                           |
| Other                               | 9,632,757  | -                           | -  | 11,148                      |
| <b>Specialization Loans</b>         | -  | -                           | -  | -                           |
| <b>Other Receivables</b>            | <b>1,974,648</b>                                 | -                           | -  | -                           |
| <b>Total</b>                        | <b>22,362,669</b>                                | -                           | -  | <b>41,431</b>               |

**4.1.6.3 Maturity analysis of cash loans**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

4.1.6.4 Consumer loans, retail credit cards, personnel loans and personnel credit cards:

|                                     | Short-Term       | Medium and Long Term | Total            | Accrued Interest and Income |
|-------------------------------------|------------------|----------------------|------------------|-----------------------------|
| <b>Consumer Loans – YTL</b>         | <b>382,028</b>   | <b>3,339,744</b>     | <b>3,721,772</b> | <b>34,849</b>               |
| Housing Loans                       | 6,716            | 1,762,786            | 1,769,502        | 11,011                      |
| Automobile Loans                    | 32,129           | 852,835              | 884,964          | 5,830                       |
| Consumer Loans                      | 142,086          | 724,123              | 866,209          | 9,202                       |
| Other                               | 201,097          | -                    | 201,097          | 8,806                       |
| <b>Consumer Loans – FC-indexed</b>  | <b>9,940</b>     | <b>367,510</b>       | <b>377,450</b>   | <b>13,712</b>               |
| Housing Loans                       | 628              | 301,447              | 302,075          | 11,704                      |
| Automobile Loans                    | 2,854            | 46,571               | 49,425           | 1,184                       |
| Consumer Loans                      | 6,458            | 19,492               | 25,950           | 824                         |
| Other                               | -                | -                    | -                | -                           |
| <b>Consumer Loans – FC</b>          | <b>37</b>        | <b>4,360</b>         | <b>4,397</b>     | <b>13</b>                   |
| Housing Loans                       | -                | 183                  | 183              | 1                           |
| Automobile Loans                    | 11               | 4,167                | 4,178            | 12                          |
| Consumer Loans                      | 26               | 10                   | 36               | -                           |
| Other                               | -                | -                    | -                | -                           |
| <b>Retail Credit Cards – YTL</b>    | <b>3,891,003</b> | <b>-</b>             | <b>3,891,003</b> | <b>36,219</b>               |
| Installment based                   | 1,900,057        | -                    | 1,900,057        | 17,788                      |
| Other Credit Cards                  | 1,990,946        | -                    | 1,990,946        | 18,431                      |
| <b>Retail Credit Cards – FC</b>     | <b>8,959</b>     | <b>-</b>             | <b>8,959</b>     | <b>83</b>                   |
| Installment based                   | -                | -                    | -                | -                           |
| Other Credit Cards                  | 8,959            | -                    | 8,959            | 83                          |
| <b>Personnel Loans – YTL</b>        | <b>7,724</b>     | <b>7,752</b>         | <b>15,476</b>    | <b>199</b>                  |
| Housing Loan                        | -                | 465                  | 465              | 4                           |
| Automobile Loans                    | 19               | 87                   | 106              | 1                           |
| Consumer Loans                      | 5,283            | 7,200                | 12,483           | 124                         |
| Other                               | 2,422            | -                    | 2,422            | 70                          |
| <b>Personnel Loans - FC-indexed</b> | <b>-</b>         | <b>333</b>           | <b>333</b>       | <b>18</b>                   |
| Housing Loans                       | -                | 94                   | 94               | 7                           |
| Automobile Loans                    | -                | 235                  | 235              | 7                           |
| Consumer Loans                      | -                | 4                    | 4                | 4                           |
| Other                               | -                | -                    | -                | -                           |
| <b>Personnel Loans – FC</b>         | <b>2</b>         | <b>63</b>            | <b>65</b>        | <b>-</b>                    |
| Housing Loans                       | -                | -                    | -                | -                           |
| Automobile Loans                    | -                | -                    | -                | -                           |
| Consumer Loans                      | 2                | 63                   | 65               | -                           |
| Other                               | -                | -                    | -                | -                           |
| <b>Personnel Credit Cards – YTL</b> | <b>12,941</b>    | <b>-</b>             | <b>12,941</b>    | <b>330</b>                  |
| Installment based                   | -                | -                    | -                | -                           |
| Other Credit Cards                  | 12,941           | -                    | 12,941           | 330                         |

|                                    |                  |                  |                  |               |
|------------------------------------|------------------|------------------|------------------|---------------|
| <b>Personnel Credit Cards – FC</b> | -                | -                | -                | -             |
| Installment Based                  | -                | -                | -                | -             |
| Other Credit Cards                 | -                | -                | -                | -             |
| <b>Total</b>                       | <b>4,312,634</b> | <b>3,719,762</b> | <b>8,032,396</b> | <b>85,423</b> |

#### 4.1.6.5 *Installment based commercial loans and corporate credit cards*

|  | Short-Term     | Medium and Long Term | Total            | Accrued Interest and Income |
|--|----------------|----------------------|------------------|-----------------------------|
| <b>Installment Based Commercial Loans – YTL</b>        | <b>207,476</b> | <b>1,032,122</b>     | <b>1,239,598</b> | <b>9,922</b>                |
| Housing Loans  | 1,921          | 108,397              | 110,318          | 779                         |
| Automobile Loans                                       | 77,125         | 618,832              | 695,957          | 4,591                       |
| Consumer Loans   | 128,430        | 304,893              | 433,323          | 4,552                       |
| Other  | -              | -                    | -                | -                           |
| <b>Installment Based Commercial Loans - FC-indexed</b> | <b>40,263</b>  | <b>149,866</b>       | <b>190,129</b>   | <b>4,964</b>                |
| Housing Loans  | 1,000          | 21,615               | 22,615           | 573                         |
| Automobile Loans                                       | 5,208          | 89,240               | 94,448           | 2,121                       |
| Consumer Loans   | 34,055         | 39,011               | 73,066           | 2,270                       |
| Other  | -              | -                    | -                | -                           |
| <b>Installment-based Commercial Loans – FC</b>         | <b>-</b>       | <b>232</b>           | <b>232</b>       | <b>-</b>                    |
| Housing Loans  | -              | -                    | -                | -                           |
| Automobile Loans                                       | -              | 232                  | 232              | -                           |
| Consumer Loans   | -              | -                    | -                | -                           |
| Other Consumer Loans                                   | -              | -                    | -                | -                           |
| <b>Corporate Credit Cards – YTL</b>                    | <b>76,575</b>  | <b>-</b>             | <b>76,575</b>    | <b>717</b>                  |
| Installment based                                      | -              | -                    | -                | -                           |
| Other Credit Cards                                     | 76,575         | -                    | 76,575           | 717                         |
| <b>Corporate Credit Cards – FC</b>                     | <b>2,405</b>   | <b>-</b>             | <b>2,405</b>     | <b>23</b>                   |
| Installment based                                      | -              | -                    | -                | -                           |
| Other Credit Cards                                     | 2,405          | -                    | 2,405            | 23                          |
| <b>Total</b>   | <b>326,719</b> | <b>1,182,220</b>     | <b>1,508,939</b> | <b>15,626</b>               |

#### 4.1.6.6 *Allocation of loan customers*

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

#### 4.1.6.7 *Allocation of domestic and foreign loans*

|                | Current Period    | Prior Period      |
|----------------|-------------------|-------------------|
| Domestic Loans | 20,045,795        | 16,335,656        |
| Foreign Loans  | 383,657           | 364,116           |
| <b>Total</b>   | <b>20,429,452</b> | <b>16,699,772</b> |

**4.1.6.8 Loans to investments, associates and subsidiaries**

|                   | Current Period | Prior Period |
|-------------------|----------------|--------------|
| Direct Lendings   | 52,646         | 6,895        |
| Indirect Lendings | -              | -            |
| <b>Total</b>      | <b>52,646</b>  | <b>6,895</b> |

**4.1.6.9 Specific provisions for loans**

| Specific Provisions  | Current Period | Prior Period   |
|--|----------------|----------------|
| Substandard Loans and Receivables - Limited Collectibility | 18,211         | 16,186         |
| Doubtful Loans and Receivables                             | 60,840         | 53,451         |
| Uncollectible Loans and Receivables                        | 455,098        | 407,878        |
| <b>Total</b>   | <b>534,149</b> | <b>477,515</b> |

**4.1.6.10 Non-performing loans (NPLs) (Net)**

**Non-performing loans and other receivables restructured or rescheduled:**

|                                    | Group III                               | Group IV                             | Group V                                   |
|------------------------------------|---|--------------------------------------|---|
|                                    | Substandard<br>Loans and<br>Receivables | Doubtful<br>Loans and<br>Receivables | Uncollectible<br>Loans and<br>Receivables |
| <b>Current Period</b>              |   |                                      |   |
| Restructured Loans and Receivables | -                                       | -                                    | 42,063                                    |
| Rescheduled Loans and Receivables  | -                                       | -                                    | -   |
| <b>Prior Period</b>                |   |                                      |   |
| Restructured Loans and Receivables | -                                       | -                                    | 37,433                                    |
| Rescheduled Loans and Receivables  | -                                       | -                                    | -   |

**Movements in non-performing loan groups:**

|  | Group III                               | Group IV                             | Group V                                   |
|--|---|--------------------------------------|---|
|  | Substandard<br>Loans and<br>Receivables | Doubtful<br>Loans and<br>Receivables | Uncollectible<br>Loans and<br>Receivables |
| <b>Balances at Beginning of Period</b> | <b>99,143</b>                           | <b>108,153</b>                       | <b>507,642</b>                            |
| Additions (+)                          | 23,348                                  | 7,196                                | 55,082                                    |
| Transfer from Other NPL Categories (+) | -                                       | 27,549                               | 2,236                                     |
| Transfer to Other NPL Categories (-)   | 27,549                                  | 2,236                                | -   |
| Collections (-)                        | 140                                     | 46                                   | 10,261                                    |
| Write-offs (-)                         | -                                       | -                                    | -   |
| <b>Balances at End of Period</b>       | <b>94,802</b>                           | <b>140,616</b>                       | <b>554,699</b>                            |
| Specific Provisions (-)                | 18,211                                  | 60,840                               | 455,098                                   |
| <b>Net Balance on Balance Sheet</b>    | <b>76,591</b>                           | <b>79,776</b>                        | <b>99,601</b>                             |

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

None.

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

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.1.7 Factoring receivables**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.1.8 Investment securities held-to-maturity (net)**

**4.1.8.1 Investment securities held-to-maturity**

|                              | Current Period   | Prior Period     |
|------------------------------|------------------|------------------|
| <b>Debt Securities</b>       | <b>2,414,423</b> | <b>2,424,505</b> |
| Quoted at Stock Exchange     | 136,264          | 136,468          |
| Not Quoted at Stock Exchange | 2,278,159        | 2,288,037        |
| <b>Impairment Losses (-)</b> | <b>23,287</b>    | <b>23,550</b>    |
| <b>Total</b>                 | <b>2,391,136</b> | <b>2,400,955</b> |

**4.1.8.2 Movement of investment securities held-to-maturity**

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| <b>Balances at Beginning of Period</b>              | <b>2,400,955</b> | <b>3,605,699</b> |
| Foreign Currency Differences On Monetary Assets     | -10,082          | -67,873          |
| Purchases during the Period                         | -                | 988              |
| Disposals through Sales/Redemptions                 | -                | -1,122,588       |
| Impairment Losses (-)                               | -263             | 15,271           |
| Restatements Effects of Inflationary Accounting (-) | -                | -                |
| <b>Balances at End of Period</b>                    | <b>2,391,136</b> | <b>2,400,955</b> |

**4.1.8.3 Information on investment securities held-to-maturity**

| Current Period                              | Historical Costs |                  | Valuation    |                  |
|---|------------------|------------------|--------------|------------------|
|   | YTL              | FC               | YTL          | FC               |
| Collateralised/Blocked Securities           | -                | 29,836           | -            | 29,143           |
| Securities subject to Repurchase Agreements | -                | 478,358          | -            | 468,801          |
| Securities held for "Structural" Position   | -                | -                | -            | -                |
| Receivable from Security Lending Market     | -                | -                | -            | -                |
| Guarantees to Security Lending Market       | -                | -                | -            | -                |
| Other                                       | 988              | 1,976,605        | 1,062        | 1,998,343        |
| <b>Total</b>                                | <b>988</b>       | <b>2,484,799</b> | <b>1,062</b> | <b>2,496,287</b> |

| Prior Period                                | Historical Costs |                  | Valuation    |                  |
|---|------------------|------------------|--------------|------------------|
|   | YTL              | FC               | YTL          | FC               |
| Collateralised securities                   | -                | 22,218           | -            | 21,922           |
| Securities subject to Repurchase Agreements | -                | 479,023          | -            | 482,540          |
| Securities held for "Structural" Position   | -                | -                | -            | -                |
| Receivable from Security Lending Market     | -                | -                | -            | -                |
| Guarantees to Security Lending Market       | -                | -                | -            | -                |
| Other                                       | 988              | 1,983,765        | 1,040        | 1,970,071        |
| <b>Total</b>                                | <b>988</b>       | <b>2,485,006</b> | <b>1,040</b> | <b>2,474,533</b> |

*Investment securities held-to-maturity given as collateral:*

|                              | Current Period |               | Prior Period |               |
|------------------------------|----------------|---------------|--------------|---------------|
|                              | YTL            | FC            | YTL          | FC            |
| Bills                        | -              | -             | -            | -             |
| Bonds and Similar Securities | -              | 29,836        | -            | 22,218        |
| Other                        | -              | -             | -            | -             |
| <b>Total</b>                 | <b>-</b>       | <b>29,836</b> | <b>-</b>     | <b>22,218</b> |

Above securities are held for legal obligations.

*Investment securities held-to-maturity subject to repurchase agreements:*

|                                     | Current Period |                | Prior Period |                |
|-------------------------------------|----------------|----------------|--------------|----------------|
|                                     | YTL            | FC             | YTL          | FC             |
| Government Bonds                    | -              | 348,849        | -            | 349,373        |
| Treasury Bill                       | -              | -              | -            | -              |
| Other Debt Securities               | -              | -              | -            | -              |
| Bonds Issued or Guaranteed by Banks | -              | -              | -            | -              |
| Asset Backed Securities             | -              | -              | -            | -              |
| Other                               | -              | 129,509        | -            | 129,650        |
| <b>Total</b>                        | <b>-</b>       | <b>478,358</b> | <b>-</b>     | <b>479,023</b> |

*Investment securities held-to-maturity held for "structural" position:*

None.



#### 4.1.9 Investments in associates (Net)

##### 4.1.9.1 Investments in associates

|   | Associate                                    | Address (City/<br>Country) | Bank's Share – If<br>Different, Voting<br>Rights (%) | Bank's Risk Group<br>Share (%) |
|---|--|----------------------------|--|--------------------------------|
| 1 | Bankalararası Kart Merkezi AŞ <sup>(1)</sup> | Istanbul/Turkey            | 10.15  | 10.15                          |
| 2 | Garanti Turizm Yatırım ve İşletmeleri AŞ     | Istanbul/Turkey            | 43.33  | 100.00                         |
| 3 | Doc Finance SA                               | Geneva/Switzerland         | 29.00  | 100.00                         |

|   | Total<br>Assets | Shareholders'<br>Equity | Total<br>Tangible<br>and<br>Intangible<br>Assets | Interest<br>Income | Income on<br>Securities<br>Portfolio | Current<br>Period<br>Profit/Loss | Prior<br>Period<br>Profit/Loss | Company's<br>Fair Value<br>(if<br>available) |
|---|-----------------|-------------------------|--|--------------------|--------------------------------------|----------------------------------|--------------------------------|--|
| 1 | 9,131           | 7,444                   | 3,299  | 543                | -                                    | 624                              | -                              | -  |
| 2 | 55,078          | 49,166                  | 48,079   | 12                 | -                                    | -1,275                           | -77,887                        | -  |
| 3 | 62,516          | 18,568                  | 24   | 554                | -                                    | 548                              | 2,659                          | -  |

(1) Financial statements are as of 31 December 2005.

##### 4.1.9.2 Movement of investments in associates

|  | Current Period | Prior Period    |
|--|----------------|-----------------|
| <b>Balance at Beginning of Period</b>                | <b>30,635</b>  | <b>159,640</b>  |
| <b>Movements during the Period</b>                   | <b>39</b>      | <b>-129,005</b> |
| Acquisitions and Participations in Capital Increases | -              | 21,978          |
| Bonus Shares Received                                | -              | -               |
| Dividends from Current Year Profit                   | -              | -               |
| Sales/Liquidations                                   | -              | -146,085        |
| Reclassifications                                    | -              | -               |
| Increase/Decrease in Market Values                   | -              | -               |
| Currency Differences on Foreign Associates           | 39             | -623            |
| Impairment Losses (-)                                | -              | 4,275           |
| <b>Balance at End of Period</b>                      | <b>30,674</b>  | <b>30,635</b>   |
| <b>Capital Commitments</b>                           | <b>-</b>       | <b>-</b>        |
| <b>Share Percentage at the End of Period (%)</b>     | <b>-</b>       | <b>-</b>        |

Impairment loss of YTL 4,275 thousands for the prior period was resulted from the equity accounting application.

##### Valuation methods of investments in associates:

| Investments in Associates             | Current Period | Prior Period |
|---------------------------------------|----------------|--------------|
| Valued at Cost                        | 1,177          | 1,177        |
| Valued at Fair Value                  | -              | -            |
| Valued by Equity Method of Accounting | 29,497         | 29,458       |

**Sectoral distribution of investments and associates:**

| Investments in Associates | Current Period | Prior Period |
|---------------------------|----------------|--------------|
| Banks                     | -              | -            |
| Insurance Companies       | -              | -            |
| Factoring Companies       | -              | -            |
| Leasing Companies         | -              | -            |
| Finance Companies         | 4,440          | 4,401        |
| Other Investments         | 26,234         | 26,234       |

**Quoted associates:**

None.

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

None.

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

None.

**4.1.10 Investments in subsidiaries (Net)**

**4.1.10.1 Investments in subsidiaries**

|    | Subsidiary  | Address (City/<br>Country) | Bank's Share – If<br>Different, Voting<br>Rights (%) | Bank's Risk Group<br>Share (%) |
|----|---|----------------------------|--|--------------------------------|
| 1  | Garanti Bilişim Teknolojisi ve Tic. AŞ <sup>(2)</sup>                                 | Istanbul/Turkey            | 100.00   | 100.00                         |
| 2  | Garanti Ödeme Sistemleri AŞ   | Istanbul/Turkey            | 99.92  | 100.00                         |
| 3  | Doğuş Hiz. Yön. ve Org. Danış AŞ  | Istanbul/Turkey            | 93.40  | 100.00                         |
| 4  | Galata Araştırma Yayıncılık Tanıtım ve Bilişim Teknoloji Hizmetleri AŞ <sup>(2)</sup> | Istanbul/Turkey            | 100.00   | 100.00                         |
| 5  | Garanti Finansal Kiralama AŞ <sup>(2)</sup>   | Istanbul/Turkey            | 94.10  | 98.93                          |
| 6  | Garanti Faktoring Hiz. AŞ <sup>(1)</sup>  | Istanbul/Turkey            | 55.40  | 55.40                          |
| 7  | Garanti Yatırım Menkul Kıymetler AŞ <sup>(2)</sup>                                    | Istanbul/Turkey            | 100.00   | 100.00                         |
| 8  | Garanti Portföy Yönetimi AŞ <sup>(2)</sup>  | Istanbul/Turkey            | 100.00   | 100.00                         |
| 9  | Garanti Sigorta AŞ <sup>(2)</sup>   | Istanbul/Turkey            | 100.00   | 100.00                         |
| 10 | Garanti Emeklilik AŞ <sup>(2)</sup>   | Istanbul/Turkey            | 99.91  | 100.00                         |
| 11 | Garanti Gayrimenkul Yatırım Ortaklığı AŞ <sup>(1)</sup>                               | Istanbul/Turkey            | 50.98  | 50.98                          |
| 12 | Garanti Bank International NV <sup>(2)</sup>  | Amsterdam/Holland          | 100.00   | 100.00                         |
| 13 | Garanti Bank Moscow <sup>(2)</sup>  | Moscow/Russia              | 75.02  | 99.94                          |
| 14 | Garanti Financial Services Plc <sup>(2)</sup>   | Dublin/Ireland             | 99.99  | 100.00                         |
| 15 | Garanti Fund Management Co. Ltd <sup>(2)</sup>  | Valetta/Malta              | 99.50  | 100.00                         |

|    | Total Assets | Shareholders' Equity | Total Tangible and Intangible Assets | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value (if available) |
|----|--------------|----------------------|--------------------------------------|-----------------|--------------------------------|----------------------------|--------------------------|-------------------------------------|
| 1  | 10,008       | 7,637                | 887                                  | 21              | 705                            | 1,241                      | -96,240                  | -                                   |
| 2  | 10,472       | 3,980                | 450                                  | 17              | 351                            | 587                        | 1,309                    | -                                   |
| 3  | 1,159        | 1,125                | 61                                   | -               | 26                             | 185                        | 737                      | -                                   |
| 4  | 294          | 182                  | -                                    | -               | 2                              | 38                         | -186                     | -                                   |
| 5  | 962,566      | 116,174              | 18,134                               | 79,415          | 513                            | 27,805                     | -13,086                  | -                                   |
| 6  | 356,694      | 24,025               | 1,413                                | 16,784          | -                              | 3,454                      | -                        | 94,800                              |
| 7  | 19,086       | 17,134               | 3,415                                | -               | 2,975                          | 1,988                      | -                        | -                                   |
| 8  | 16,461       | 15,055               | 3,573                                | 152             | 1,325                          | 1,775                      | 2,384                    | -                                   |
| 9  | 214,469      | 65,795               | 17,542                               | 11,028          | 1,183                          | 12,986                     | -                        | -                                   |
| 10 | 207,635      | 18,331               | 5,311                                | 4,013           | 1,520                          | -10,013                    | -29,445                  | -                                   |
| 11 | 139,766      | 88,954               | 79,011                               | 810             | 5,203                          | 5,185                      | 403                      | 170,478                             |
| 12 | 3,607,470    | 282,549              | 52,773                               | 141,020         | 69,251                         | 29,440                     | -                        | -                                   |
| 13 | 302,452      | 52,754               | 1,547                                | 9,538           | 10,279                         | 3,734                      | 5,322                    | -                                   |
| 14 | 10,483       | 10,059               | -                                    | 350             | -                              | -257                       | 6,798                    | -                                   |
| 15 | 82           | -                    | -                                    | 6               | -                              | 117                        | -384                     | -                                   |

(1) Financial statements are as of 31 December 2005, but fair value information is as of 31 March 2006.

(2) Financial statements are as of 31 December 2005.

#### 4.1.10.2 Movement of investments in subsidiaries

|  | Current Period | Prior Period     |
|--|----------------|------------------|
| <b>Balance at Beginning of Period</b>                | <b>611,152</b> | <b>1,394,851</b> |
| <b>Movements during the Period</b>                   | <b>49,799</b>  | <b>-783,699</b>  |
| Acquisitions and Participations in Capital Increases | 12,000         | 23,089           |
| Bonus Shares Received                                | -              | -                |
| Dividends from Current Year Profit                   | -              | -                |
| Sales/Liquidations                                   | -              | -820,051         |
| Reclassifications                                    | -              | -                |
| Increase/Decrease in Market Values                   | 32,421         | 50,539           |
| Currency Differences on Foreign Subsidiaries         | 5,378          | -38,703          |
| Impairment Losses (-)                                | -              | -1,427           |
| <b>Balance at End of Period</b>                      | <b>660,951</b> | <b>611,152</b>   |
| <b>Capital Commitments</b>                           | <b>-</b>       | <b>12,000</b>    |
| <b>Share Percentage at the End of Period (%)</b>     | <b>-</b>       | <b>-</b>         |

“Acquisitions and participations in capital increases” for the current period compose of the payment amounting YTL 12,000 thousands for the capital commitment to Garanti Emeklilik AŞ.

*Valuation methods of investments in subsidiaries:*

| Subsidiaries                          | Current Period | Prior Period |
|---------------------------------------|----------------|--------------|
| Valued at Cost                        | 513,700        | 496,322      |
| Valued at Fair Value                  | 139,432        | 107,011      |
| Valued by Equity Method of Accounting | 7,819          | 7,819        |

*Sectoral distribution of investments in subsidiaries:*

| Subsidiaries        | Current Period | Prior Period |
|---------------------|----------------|--------------|
| Banks               | 254,634        | 249,251      |
| Insurance Companies | 111,858        | 99,858       |
| Factoring Companies | 52,524         | 28,755       |
| Leasing Companies   | 76,169         | 76,169       |
| Finance Companies   | 157,876        | 149,229      |
| Other Subsidiaries  | 7,890          | 7,890        |

*Quoted subsidiaries:*

| Subsidiaries                            | Current Period | Prior Period |
|---|----------------|--------------|
| Quoted at Domestic Stock Exchanges      | 139,432        | 107,011      |
| Quoted at International Stock Exchanges | -              | -            |

*Investments in subsidiaries disposed during the current period:*

None.

*Investments in subsidiaries acquired during the current period:*

None.

**4.1.11 Other investments (Net)**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.1.12 Financial lease receivables (Net)**

**4.1.12.1 Maturity analysis of financial lease receivables**

None.

**4.1.12.2 Net investment for financial lease**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.1.12.3 Financial lease agreements**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.1.13 Receivables on term sales of assets included in "Miscellaneous Receivables"**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### 4.1.14 Accrued interest and income

##### 4.1.14.1 Accrued interest and income on loans

| Accrued Interest and Income on Loans     | Current Period |                | Prior Period  |                |
|--|----------------|----------------|---------------|----------------|
|  | YTL            | FC             | YTL           | FC             |
| Uncollected Interest Income              | 4,399          | 804            | 4,851         | 1,245          |
| Interest Income Accruals                 | 105,671        | 153,728        | 81,438        | 122,353        |
| Uncollected Commissions and Other Income | 407            | 56             | 411           | 107            |
| Commissions and Other Income Accruals    | 11,291         | 1,774          | 8,286         | 855            |
| <b>Total</b>                             | <b>121,768</b> | <b>156,362</b> | <b>94,986</b> | <b>124,560</b> |

##### 4.1.14.2 Other accrued interest and income

| Other Accrued Interest and Income Receivable on   | Current Period |                | Prior Period   |                |
|---|----------------|----------------|----------------|----------------|
|   | YTL            | FC             | YTL            | FC             |
| Trading Securities                                | 239            | 1,712          | 159            | 2,739          |
| Investment Securities Available-for-Sale          | 222,285        | 86,207         | 317,198        | 92,891         |
| Investment Securities Held-to-Maturity            | 74             | 106,138        | 52             | 74,566         |
| Reverse Repurchase Agreements                     | -              | -              | -              | -              |
| Reserve Deposits                                  | 18,547         | 3,443          | 17,012         | 2,744          |
| Financial Derivative Instruments:                 | 786            | 8,273          | 406            | 9,482          |
| <i>Interest and Income Accruals</i>               | <i>112</i>     | <i>6,914</i>   | <i>172</i>     | <i>5,363</i>   |
| <i>Income Accruals for Foreign Exchange Gains</i> | <i>674</i>     | <i>1,359</i>   | <i>234</i>     | <i>4,119</i>   |
| Financial Leases                                  | -              | -              | -              | -              |
| Other   | 13,152         | 1,186          | 20,016         | 1,342          |
| <b>Total</b>                                      | <b>255,083</b> | <b>206,959</b> | <b>354,843</b> | <b>183,764</b> |

#### 4.1.15 Tangible assets (Net)

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### 4.1.16 Intangible assets

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### **4.1.17 Deferred tax assets**

##### **4.1.17.1 *Timing differences, tax losses and tax deductions and exemptions***

As of 31 March 2006, the Bank had a deferred tax asset of YTL 39,975 thousands calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank did not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 March 2006. However, there was a deferred tax asset of YTL 90,923 thousands and deferred tax liability of YTL 50,948 thousands presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

##### **4.1.17.2 *Timing differences for which no deferred tax assets were calculated or recorded in the prior periods and their expiry dates, tax losses and tax deductions and exemptions***

None.

##### **4.1.17.3 *Impairment provisions for deferred tax assets and deferred tax assets arising on reversal of impairment provisions***

None.

#### **4.1.18 Other assets**

##### **4.1.18.1 *Prepaid expenses, taxes and similar items***

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

##### **4.1.18.2 *Components of other assets, as each sub-account exceeding 20% of the total seperately, excluding off-balance sheet items exceeding 10% of total assets***

None.

## 4.2 Liabilities

### 4.2.1 Maturity profile of deposits

#### Current Period

|   | Demand           | 7 Days Notice | Up to 1 Month    | 1-3 Months        | 3-6 Months       | 6-12 Months    | 1 Year and Over |
|---|------------------|---------------|------------------|-------------------|------------------|----------------|-----------------|
| <b>Saving Deposits</b>                  | 809,354          | -             | 2,027,070        | 4,327,141         | 139,550          | 69,277         | 77,904          |
| <b>Foreign Currency Deposits</b>        | 2,874,534        | -             | 3,049,972        | 3,315,223         | 742,631          | 241,350        | 438,764         |
| Residents in Turkey                     | 2,539,030        | -             | 2,787,421        | 3,199,850         | 717,921          | 140,024        | 384,857         |
| Residents Abroad                        | 335,504          | -             | 262,551          | 115,373           | 24,710           | 101,326        | 53,907          |
| <b>Public Sector Deposits</b>           | 82,000           | -             | 1,531            | 958               | 438              | 41             | 40              |
| <b>Commercial Deposits</b>              | 919,486          | -             | 1,483,990        | 2,763,379         | 15,360           | 1,230          | 4,012           |
| <b>Other</b>                            | 290,506          | -             | 31,968           | 96,753            | 409              | 1,280          | 163             |
| <b>Precious Metal Deposits</b>          | 19,842           | -             | 124              | 1,186             | 2,471            | 14,825         | -               |
| <b>Bank Deposits</b>                    | 305,390          | -             | 102,231          | 292,190           | 121,965          | 37,847         | 58,066          |
| Central Bank of Turkey                  | -                | -             | -                | -                 | -                | -              | -               |
| Domestic Banks                          | 1,107            | -             | 5,000            | 49,502            | 3,000            | 32,135         | 19,724          |
| Foreign Banks                           | 240,166          | -             | 97,231           | 242,520           | 118,965          | 5,712          | 38,342          |
| Special Purpose Financials Institutions | 64,117           | -             | -                | 168               | -                | -              | -               |
| Other                                   | -                | -             | -                | -                 | -                | -              | -               |
| <b>Total</b>                            | <b>5,301,112</b> | <b>-</b>      | <b>6,696,886</b> | <b>10,796,830</b> | <b>1,022,824</b> | <b>365,850</b> | <b>578,949</b>  |

#### Prior Period

|   | Demand           | 7 Days Notice | Up to 1 Month    | 1-3 Months       | 3-6 Months     | 6-12 Months    | 1 Year and Over |
|---|------------------|---------------|------------------|------------------|----------------|----------------|-----------------|
| <b>Saving Deposits</b>                  | 791,429          | -             | 1,626,428        | 3,733,734        | 201,849        | 72,561         | 94,648          |
| <b>Foreign Currency Deposits</b>        | 3,177,372        | -             | 3,863,868        | 2,621,988        | 563,984        | 249,975        | 402,898         |
| Residents in Turkey                     | 2,857,627        | -             | 3,764,432        | 2,501,085        | 547,071        | 165,220        | 342,167         |
| Residents Abroad                        | 319,745          | -             | 99,436           | 120,903          | 16,913         | 84,755         | 60,731          |
| <b>Public Sector Deposits</b>           | 10,827           | -             | 18,192           | 15,592           | 459            | 38             | 40              |
| <b>Commercial Deposits</b>              | 1,040,771        | -             | 1,875,516        | 1,361,302        | 89,733         | 3,168          | 4,596           |
| <b>Other</b>                            | 171,039          | -             | 31,254           | 78,610           | 922            | 1,316          | 158             |
| <b>Precious Metal Deposits</b>          | 4,490            | -             | 22               | 1,048            | -              | 13,100         | -               |
| <b>Bank Deposits</b>                    | 264,491          | -             | 51,755           | 124,090          | 28,363         | 48,398         | 54,705          |
| Central Bank of Turkey                  | -                | -             | -                | -                | -              | -              | -               |
| Domestic Banks                          | 1,456            | -             | 5,000            | 40,000           | 25,465         | 36,403         | 19,753          |
| Foreign Banks                           | 197,231          | -             | 46,755           | 84,090           | 2,898          | 11,995         | 34,952          |
| Special Purpose Financials Institutions | 65,804           | -             | -                | -                | -              | -              | -               |
| Other                                   | -                | -             | -                | -                | -              | -              | -               |
| <b>Total</b>                            | <b>5,460,469</b> | <b>-</b>      | <b>7,467,035</b> | <b>7,936,364</b> | <b>885,310</b> | <b>388,556</b> | <b>557,045</b>  |

**4.2.1.1 Saving deposits insured by Saving Deposit Insurance Fund and total amount of deposits exceeding insurance coverage limit**

|   | Covered by Deposit Insurance |              | Over Deposit Insurance Limit |              |
|---|------------------------------|--------------|------------------------------|--------------|
|   | Current Period               | Prior Period | Current Period               | Prior Period |
| Saving Deposits   | 3,780,517                    | 3,555,602    | 3,604,278                    | 2,901,048    |
| Foreign Currency Saving Deposits                              | 2,511,523                    | 2,594,253    | 3,762,263                    | 3,836,318    |
| Other Deposits  | 1,003                        | 605          | 34,907                       | 16,432       |
| Foreign Branches' Deposits Under Foreign Insurance Coverage   | -                            | -            | -                            | -            |
| Off-Shore Branches' Deposits Under Foreign Insurance Coverage | -                            | -            | -                            | -            |

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

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.1.3 Saving deposits out of the insurance coverage limits of Saving Deposit Insurance Fund**

| Saving Deposits at | Current Period | Prior Period |
|--------------------|----------------|--------------|
| Foreign Branches   | 307,197        | 273,112      |
| Off-Shore Branches | -              | -            |

**4.2.2 Funds provided from transactions by repurchase transactions**

|  | Current Period |                | Prior Period     |                |
|--|----------------|----------------|------------------|----------------|
|  | YTL            | FC             | YTL              | FC             |
| <b>Domestic Transactions</b>             | <b>306,406</b> | <b>-</b>       | <b>1,256,418</b> | <b>-</b>       |
| Financial Institutions and Organizations | 15,501         | -              | 113,839          | -              |
| Other Institutions and Organizations     | 259,193        | -              | 1,117,799        | -              |
| Individuals                              | 31,712         | -              | 24,780           | -              |
| <b>Foreign Transactions</b>              | <b>600,396</b> | <b>849,380</b> | <b>50,320</b>    | <b>649,707</b> |
| Financial Institutions and Organizations | 600,000        | 849,380        | 50,000           | 649,707        |
| Other Institutions and Organizations     | 200            | -              | 233              | -              |
| Individuals                              | 196            | -              | 87               | -              |
| <b>Total</b>                             | <b>906,802</b> | <b>849,380</b> | <b>1,306,738</b> | <b>649,707</b> |

**4.2.3 Funds borrowed**

|                      | Current Period |                  | Prior Period   |                  |
|----------------------|----------------|------------------|----------------|------------------|
|                      | YTL            | FC               | YTL            | FC               |
| Short-term           | 150,814        | 2,918,474        | 122,070        | 2,832,882        |
| Medium and Long-term | -              | 2,558,835        | -              | 2,557,898        |
| <b>Total</b>         | <b>150,814</b> | <b>5,477,309</b> | <b>122,070</b> | <b>5,390,780</b> |

**4.2.3.1 Disclosures for concentration areas of the Bank's commitments**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".



**4.2.4 Disclosure for securities issued**

None.

**4.2.4.1 Convertible bonds**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.4.2 Maturity, interest and currency profile of securities issued**

None.

**4.2.5 Funds**

None.

**4.2.6 Miscellaneous payables**

|                           | Current Period | Prior Period |
|---------------------------|----------------|--------------|
| Cash Collaterals Received | 911            | 872          |

**4.2.6.1 Nature of cash collaterals received**

Cash collaterals received consist of deposits blocked for loans, export and import transactions.

**4.2.7 Components of other liabilities, as each sub-account exceeding 20% of the total seperately, excluding off-balance sheet items exceeding 10% of total liabilities**

None.

**4.2.8 Taxes and other duties payable**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.9 Factoring payables**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.10 Criteria used in the determination of lease instalments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.10.1 Changes in agreements and further commitments arising**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### 4.2.10.2 Financial lease payables

|                   | Current Period |               | Prior Period  |               |
|-------------------|----------------|---------------|---------------|---------------|
|                   | Gross          | Net           | Gross         | Net           |
| Up to 1 Year      | 15,335         | 13,454        | 18,130        | 15,550        |
| 1-4 Years         | 6,936          | 6,075         | 8,740         | 7,785         |
| More than 4 Years | -              | -             | -             | -             |
| <b>Total</b>      | <b>22,271</b>  | <b>19,529</b> | <b>26,870</b> | <b>23,335</b> |

#### 4.2.10.3 Operational lease agreements

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### 4.2.10.4 "Sale-and-lease-back" agreements

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### 4.2.11 Accrued interest and expenses

| Accrued Interest and Expenses on                    | Current Period |                | Prior Period   |               |
|---|----------------|----------------|----------------|---------------|
|   | YTL            | FC             | YTL            | FC            |
| Deposits  | 129,111        | 29,633         | 116,434        | 22,156        |
| Funds Borrowed                                      | 4,182          | 59,611         | 3,561          | 43,744        |
| Securities Issued                                   | -              | -              | -              | -             |
| Repurchase Agreements                               | 17,659         | 8,689          | 4,428          | 4,078         |
| Financial Derivative Instruments:                   | 50,125         | 1,502          | 29,548         | 2,331         |
| <i>Interest and Expense Accruals</i>                | <i>1,850</i>   | <i>633</i>     | <i>1,040</i>   | <i>1,197</i>  |
| <i>Expense Accruals for Foreign Exchange Losses</i> | <i>48,275</i>  | <i>869</i>     | <i>28,508</i>  | <i>1,134</i>  |
| Factoring Payables                                  | -              | -              | -              | -             |
| Other   | 15,600         | 13,721         | 3,705          | 12,318        |
| <b>Total</b>  | <b>216,677</b> | <b>113,156</b> | <b>157,676</b> | <b>84,627</b> |

#### 4.2.12 Provisions and subordinated loans

##### 4.2.12.1 General provisions

|                                   | Current Period | Prior Period  |
|-----------------------------------|----------------|---------------|
| <b>General Provision for</b>      | <b>117,966</b> | <b>99,400</b> |
| Loans and Receivables in Group I  | 102,670        | 85,028        |
| Loans and Receivables in Group II | 207            | 227           |
| Non-Cash Loans                    | 15,089         | 14,145        |
| Other                             | -              | -             |

##### 4.2.12.2 Reserve for employee termination benefits and notification indemnity

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.12.3 Liabilities resulting from retirement rights**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.12.4 Nature of provisions, timing and amount of expected payments and uncertainties**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.12.5 Provisions for foreign exchange differences on foreign currency indexed loans**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.12.6 Provisions for impairment losses at settlement dates**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.12.7 Provisions for non-cash loans that are not indemnified and converted into cash**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.12.8 General reserves for possible losses**

|  | Current Period | Prior Period  |
|--|----------------|---------------|
| <b>Balance at Beginning of Period</b>          | <b>58,500</b>  | <b>41,500</b> |
| Provision for realized losses                  | -11,750        | -             |
| Current period general reserve provision       | -              | 17,000        |
| Restatement effects of inflationary accounting | -              | -             |
| <b>Balance at End of Period</b>                | <b>46,750</b>  | <b>58,500</b> |

**4.2.12.9 Disclosures on number of subordinated loans received by the bank, their maturities and interest rates, the names of lenders and if any options for conversions into shares**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.12.10 Subordinated loans**

None.

**4.2.13 Information on shareholders' equity**

**4.2.13.1 Paid-in capital**

|                   | Current Period | Prior Period |
|-------------------|----------------|--------------|
| Common Shares     | 2,100,000      | 2,100,000    |
| Preference Shares | -              | -            |

**4.2.13.2 Registered share capital system**

| Capital           | Paid-in Capital | Ceiling per Registered Share Capital |
|-------------------|-----------------|--------------------------------------|
| Common Shares     | 2,100,000       | 7,000,000                            |
| Preference Shares | -               | -                                    |

**4.2.13.3 Capital increases in current year**

None.

**4.2.13.4 Capital increases from revaluation fund in current year**

None.

**4.2.13.5 Capital commitments for current financial year and following year**

None.

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

None.

**4.2.14 Common stock issue premiums, shares and equity instruments**

|                                 | Current Period | Prior Period |
|---------------------------------|----------------|--------------|
| Number of Shares (billions)     | 210            | 210          |
| Preferred Stock                 | -              | -            |
| Common Stock Issue Premium      | -              | -            |
| Common Stock Canceling Profit   | -              | -            |
| Other Equity Instruments        | -              | -            |
| <b>Total Common Stock Issue</b> | <b>210</b>     | <b>210</b>   |

**4.2.15 Securities value increase fund**

***Securities value increase fund***

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

***Accounting for foreign exchange gains/losses on investments, associates, subsidiaries and common stocks in investment securities available-for-sale***

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

***Any foreign exchange gains/losses classified under shareholders' equity in prior periods***

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.16 Revaluation fund**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.17 Revaluation surplus**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.18 Legal reserves**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.19 Extraordinary reserves**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

**4.2.20 Shareholders having more than 10% share in capital and/or voting right**

| Company                                 | Shares  | Ownership | Paid-in Capital | Unpaid Portion |
|---|---------|-----------|-----------------|----------------|
| Doğuş Holding AŞ                        | 497,400 | 23,69%    | 497,400         | -              |
| GE Araştırma ve Müşavirlik Limited Şti. | 535,500 | 25,50%    | 535,500         | -              |

In 2004 and 2005, Doğuş Holding AŞ had two separate agreements with a foreign portfolio investor for issuing options to purchase a portion of the shares of the Bank owned by Doğuş Holding AŞ. In accordance with the related Security's Lending Agreements, the investor took over all the ownership rights including the sale of 20,690,723,199 shares representing 9.85% of the Bank's capital (per 1 New Kuruş) throughout the agreed option period. The total number of 3,471,074,325 shares representing 1.653% of the Bank's capital were pledged to the investor for its unused additional purchase rights.

The sale of the Bank's shares having a total nominal value of YTL 535,500 thousands representing 25.5% of the Bank's issued share capital; and 182 of the founder shares by Doğuş Holding AŞ to GE Araştırma ve Müşavirlik Limited Şti., an investee company of GE Capital Corporation incorporated in Turkey, was completed on 22 December 2005. A call has been made to the Bank's minority shareholders according to the paragraph 17 of the Article IV no.8 "Principles on Voting by Proxy at General Assembly and Gathering Proxy or Common Stock through Calls for Quoted Companies" of the Turkish Capital Market Board, starting from 27 March 2006 to purchase the shares with a total face value of YTL 1,564,500 at a price of YTL 3.90 per share from the minority shareholders. The call period has ended on 10 April 2006 and the minority shareholders responded to this call by selling 6,249.49 shares with a face value of YTL 1 each. Accordingly, the shares owned by GE Araştırma ve Müşavirlik Limited Şti. increased to YTL 535,506 thousands.

#### 4.3 Income Statement

##### 4.3.1 Interest Income

###### 4.3.1.1 Interest income received from investments, associates and subsidiaries

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Interest Received from Investments in Associates and Subsidiaries | 272            | 906          |

###### 4.3.1.2 Income from financial lease

None.

###### 4.3.1.3 Interest income received from reverse repurchase agreements

None.

###### 4.3.1.4 Interest income from factoring receivables

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

##### 4.3.2 Interest Expenses

###### 4.3.2.1 Interest expenses paid to investments, associates and subsidiaries

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Interest Paid to Investments in Associates and Subsidiaries | 4,365          | 498          |

###### 4.3.2.2 Expenses on financial lease

|                            | Current Period | Prior Period |
|----------------------------|----------------|--------------|
| Financial Leasing Expenses | 1,110          | 1,470        |

4.3.2.3 *Maturity structure of interest expense on deposits*

| Account Description       | Demand Deposits | Time Deposits  |                |               |              |                 | Total          |
|---------------------------|-----------------|----------------|----------------|---------------|--------------|-----------------|----------------|
|                           |                 | Up to 1 Month  | 1-3 Months     | 3-6 Months    | 6-12 Months  | 1 Year and Over |                |
| <b>YTL</b>                |                 |                |                |               |              |                 |                |
| Bank Deposits             | 46              | 20,733         | -              | -             | -            | -               | 20,779         |
| Saving Deposits           | 300             | 64,036         | 156,925        | 6,136         | 3,137        | 3,369           | 233,903        |
| Public Sector Deposits    | -               | 126            | 155            | 16            | 1            | 2               | 300            |
| Commercial Deposits       | 271             | 57,671         | 74,673         | 5,083         | 98           | 168             | 137,964        |
| Other                     | 1,053           | 1,399          | 3,831          | 74            | 56           | 5               | 6,418          |
| "7 Days Notice" Deposits  | -               | -              | -              | -             | -            | -               | -              |
| Precious Metal Deposits   | -               | -              | -              | -             | -            | -               | -              |
| <b>Total YTL</b>          | <b>1,670</b>    | <b>143,965</b> | <b>235,584</b> | <b>11,309</b> | <b>3,292</b> | <b>3,544</b>    | <b>399,364</b> |
| <b>FC</b>                 |                 |                |                |               |              |                 |                |
| Foreign Currency Deposits | 2,135           | 28,935         | 25,453         | 5,428         | 1,375        | 3,201           | 66,527         |
| Bank Deposits             | -               | 3,096          | -              | -             | -            | -               | 3,096          |
| Precious Metal Deposits   | -               | -              | 3              | 3             | 104          | -               | 110            |
| <b>Total FC</b>           | <b>2,135</b>    | <b>32,031</b>  | <b>25,456</b>  | <b>5,431</b>  | <b>1,479</b> | <b>3,201</b>    | <b>69,733</b>  |
| <b>Grand Total</b>        | <b>3,805</b>    | <b>175,996</b> | <b>261,040</b> | <b>16,740</b> | <b>4,771</b> | <b>6,745</b>    | <b>469,097</b> |

4.3.2.4 *Interest expense on repurchase agreements*

|  | Current Period |       | Prior Period |       |
|--|----------------|-------|--------------|-------|
|  | YTL            | FC    | YTL          | FC    |
| Interest Paid on Repurchase Agreements | 37,758         | 5,481 | 44,733       | 5,867 |

4.3.2.5 *Interest expenses on factoring payables*

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

4.3.3 **Other operating income**

Other operating income consists of collection or reversals of prior year provisions, banking services related costs charged to customers and income in custody services.

#### 4.3.4 Provision for loan or other receivable losses

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| Specific Provisions for Loans and Other Receivables           | 66,260         | 146,161        |
| <i>Loans and Receivables in Group III</i>                     | 1,567          | -              |
| <i>Loans and Receivables in Group IV</i>                      | 2,787          | 1,139          |
| <i>Loans and Receivables in Group V</i>                       | 61,906         | 145,022        |
| General Provisions  | 18,572         | 5,803          |
| Provision for Possible Losses                                 | -              | 8,000          |
| Foreign Exchange Losses on Foreign Currency Indexed Loans (*) | -              | -              |
| Impairment Losses on Securities                               | 245            | 14,280         |
| Trading securities  | 245            | 5,350          |
| Available-for-sale securities                                 | -              | 8,930          |
| Other Impairment Losses                                       | -              | 13,711         |
| Associates  | -              | 4,084          |
| Subsidiaries  | -              | 4,339          |
| Joint Ventures  | -              | -              |
| Investment Securities Held to Maturity                        | -              | 5,288          |
| Other   | 468            | 20,567         |
| <b>Total</b>  | <b>85,545</b>  | <b>208,522</b> |

(\*) in compliance with the Article of "Changes in the Article related with the Uniform Chart of Accounts and the Related Explanations" as published in the Official Gazette no.25984 dated 2 November 2005, "foreign exchange losses on foreign currency indexed loans and securities" in the amounts of YTL 3,508 thousands and YTL 10,337 thousands in the current period and YTL 1,783 thousands and YTL 53,552 thousands in the prior period, respectively, are included in "other operating expenses".

#### 4.3.5 Other operating expenses

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### 4.3.6 Income/losses from investments, associates and subsidiaries

##### 4.3.6.1 Income and losses

None.

##### 4.3.6.2 Income/losses from investments in associates resulting from equity accounting

There are no in the current period.

Losses from investments in associates accounted under equity accounting for the prior period, are presented in 4.3.4 above under "other impairment losses". There are no income recognized for associates under equity method of accounting.

##### 4.3.6.3 Income or loss from transactions with companies and individuals in the Bank's risk group

The related disclosure is presented in details in Note 4.8.



#### 4.3.7 Provision for taxes on income

##### 4.3.7.1 Current period tax charge/credit and deferred tax income/expense

As of 31 March 2006, the Bank recorded a tax expense of YTL 104,543 thousands and a deferred tax income of YTL 22,793 thousands in the current period.

##### 4.3.7.2 Deferred tax income/expense on timing differences

| Deferred tax income/(expense) on timing difference | Current Period |
|--|----------------|
| Increase in tax deductible timing differences      | 27,904         |
| Decrease in tax deductible timing differences (-)  | 7,875          |
| Increase in taxable timing differences (-)         | 59             |
| Decrease in taxable timing differences             | 2,823          |
| <b>Total</b>                                       | <b>22,793</b>  |

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

| Deferred tax income/(expense) arising on timing differences, tax losses and tax deductions and exemptions | Current Period |
|---|----------------|
| Increase/(decrease) in tax deductible timing differences  | 20,029         |
| (Increase)/decrease in taxable timing differences   | 2,764          |
| Increase/(decrease) in tax losses   | -              |
| Increase/(decrease) in tax deductions and exemptions  | -              |
| <b>Total</b>  | <b>22,793</b>  |

#### 4.3.8 Net profit and loss

##### 4.3.8.1 Any further explanation on operating results needed for proper understanding of the Bank's performance

None.

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

None.

##### 4.3.9 Quantification of any changes in accounting estimates that had material effect in current period and may materially affect subsequent periods

None.

#### 4.4 Off-Balance Sheet Items

##### 4.4.1 Off-balance sheet contingencies

###### 4.4.1.1 Non-cash loans

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Non-Cash Loans against Cash Loan Risks            | 469,310          | 326,860          |
| <i>With Original Maturity of 1 Year or Less</i>   | 59,231           | 46,395           |
| <i>With Original Maturity of More Than 1 Year</i> | 410,079          | 280,465          |
| Other Non-Cash Loans                              | 8,013,830        | 7,810,969        |
| <b>Total</b>                                      | <b>8,483,140</b> | <b>8,173,829</b> |

###### 4.4.1.2 Other disclosures on non-cash loans

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

###### 4.4.1.3 Irrevocable credit commitments

|  | Current Period   | Prior Period     |
|--|------------------|------------------|
| Letters of Guarantee in Foreign Currency | 3,967,843        | 3,872,083        |
| Letters of Guarantee in YTL              | 2,130,001        | 2,090,318        |
| Letters of Credit                        | 1,473,586        | 1,318,659        |
| Bank Acceptances                         | 282,521          | 286,255          |
| Prefinancing                             | -                | -                |
| <b>Total</b>                             | <b>7,853,951</b> | <b>7,567,315</b> |

###### 4.4.1.4 Possible losses from off-balance sheet items

None.

###### 4.4.1.5 Pledges, mortgages, other restrictions and acquisition commitments on tangible assets

None.

###### 4.4.1.6 Explanation for the following matters separately from other conditional commitments

*The Bank's share in commitments for joint venture:*

None.

*Accounting method of commitments:*

The Bank has capital commitments amounting YTL 375 thousands for its subsidiaries, associates and other investments. Furthermore, there are letters of guarantee amounting YTL 113,692 thousands issued for several entities for the Bank's own business.

##### 4.4.2 Financial derivative instruments

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### 4.4.3 Services rendered on behalf of third parties

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

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

##### MOODY'S (January 2006\*)

|                              |          |
|------------------------------|----------|
| Long Term FC Deposit         | B1       |
| Long Term YTL Deposit        | A3       |
| Short Term YTL Deposit       | Prime-2  |
| Long Term FC Deposit Outlook | Stable   |
| FSR                          | D+       |
| FSR Outlook                  | Positive |

##### STANDARD AND POORS (January 2006\*)

|                          |          |
|--------------------------|----------|
| Long Term FC Obligations | BB-      |
| Long Term FC Deposit     | BB-      |
| Outlook                  | Positive |

##### FITCH RATINGS (December 2005\*)

|                         |          |
|-------------------------|----------|
| <b>Foreign Currency</b> |          |
| Long Term               | BB-      |
| Short Term              | B        |
| Outlook                 | Positive |
| <b>Individual</b>       |          |
| Support                 | C/D      |
|                         | 4        |
| <b>Turkish Lira</b>     |          |
| Long Term               | BB-      |
| Short Term              | B        |
| Outlook                 | Positive |
| <b>National</b>         |          |
| Support                 | A+       |
| Outlook                 | Stable   |

##### CAPITAL INTELLIGENCE (August 2005\*)

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

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

#### 4.5 Statement of Changes in Shareholders' Equity

##### 4.5.1 Any increases arising from application of accounting for financial instruments

###### 4.5.1.1 Increases from valuation of investment securities available-for-sale

None.

###### 4.5.1.2 Increases due to cash flow hedges

In 2004, the Bank entered into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. A gain of YTL 12,563 thousands on such effective hedging contracts were classified directly under shareholders' equity within "other profit reserves" in the prior period. In the current period, the amount recorded under shareholders' equity is YTL 4,498 thousands after netting with the related tax effect.

###### 4.5.1.3 Reconciliation of foreign exchange differences at beginning and end of current period

The reconciliation has been completed.

##### 4.5.2 Any decreases arising from application of accounting for financial instruments

###### 4.5.2.1 Decreases from valuation of investment securities available-for-sale

As of 31 March 2006, the revaluation of investment securities available-for-sale at fair value netted with the related deferred tax liability effect has resulted in a decrease by YTL 13,958 thousands that is presented as the current period movement in "securities value increase fund" in the statement of changes in shareholders' equity. The amounts transferred to "net profit" from "securities value increase fund" were YTL 6,144 thousands and YTL 38,854 thousands for the three-month periods ended 31 March 2006 and 2005, respectively.

###### 4.5.2.2 Decreases due to cash flow hedges

None.

##### 4.5.3 Dividends

###### 4.5.3.1 Any dividends declared after date of balance sheet but before publishing financial statements:

At the General Assembly dated 5 April 2006, it was decided to distribute the 2005 income as follows:

| 2005 PROFIT DISTRIBUTION TABLE                             |          |
|--|----------|
| CURRENT YEAR PROFIT  | 708,394  |
| A - I. Legal reserve (Turkish Commercial Code 466/1) at 5% | -35,420  |
| B - The first dividend at 5% of the Paid Capital           | -105,000 |
| C - Extraordinary reserves at 5% after above deductions    | -28,399  |
| D -  |          |
| - to the members of the Board of Directors upto 5%         | -        |
| - to the Bank personnel at 5%                              | -24,526  |
| - to the owners of the Founder Shares                      | -49,052  |
| E - Extraordinary reserves                                 | -458,639 |
| F - II. Legal reserve (Turkish Commercial Code 466/2)      | -7,358   |

**4.5.3.2 Earnings per share to be distributed to shareholders after balance sheet date**

As per the resolutions of the Board of Directors and the General Assembly on 5 April 2006, the profit distribution as detailed below was decided.

**CASH DIVIDEND ON 2005 PROFIT TO BE PAID TO ORDINARY SHARE HOLDERS**

|        | AMOUNTS TO BE PAID IN CASH |   |           | DIVIDEND PAYMENT DATE |
|--------|----------------------------|---|-----------|-----------------------|
|        | TOTAL AMOUNT OF DIVIDEND   | DIVIDEND PER SHARE WITH A FACE VALUE OF YTL 1 |           |                       |
|        |                            | AMOUNT  | RATIO (%) |                       |
| GROSS  | 105,000                    | 0.05000                                       | 5.00000   | 12.04.2006            |
| NET(*) | 95,022                     | 0.04525                                       | 4.52485   |                       |

**CASH DIVIDEND ON 2005 PROFIT TO BE PAID TO FOUNDER SHARE HOLDERS**

|        | AMOUNTS TO BE PAID IN CASH |                    |        | DIVIDEND PAYMENT DATE |
|--------|----------------------------|--------------------|--------|-----------------------|
|        | TOTAL AMOUNT OF DIVIDEND   | DIVIDEND PER SHARE |        |                       |
|        |                            | NO OF SHARES       | AMOUNT |                       |
| GROSS  | 49,052                     | 370                | 133    | 12.04.2006            |
| NET(*) | 44,391                     | 370                | 120    |                       |

(\*) According to the paragraph 6 (bi) of the article 94 of the Income Tax Law, the individuals, and the nonresident institutions and individuals are subject to a withholding tax of 10% (except for the ones with the operations and the permanent representatives in Turkey). However, there will be no withholding taxes on the dividend derived from income already subjected to the withholding tax on the investment incentives according to the temporary article 61 of the Income Tax Law.

**4.5.3.3 Suggestions to general assembly for timing of profit distribution and if it is decided not to distribute any profits, reasons for such a decision**

As per the resolution of the Board of Directors on 5 April 2006, the Bank started paying dividends amounting YTL 105,000 thousands to the ordinary share holders and YTL 49,052 thousands to the owners of the founder shares as of 12 April 2006.

**4.5.4 Transfers to legal reserves**

None.

**4.5.5 Issuance of share certificates**

According to the Articles of Association of the Bank, there are 370 founder shares. It is required in the Articles of Association to distribute 10% of the distributable profit to the holders of these founder shares after allocating 5% to legal reserves, distributing dividend at an amount equal to 5% of the capital and allocating 5% of the remaining to extraordinary reserves.

**4.5.6 Effects of prior years' corrections to beginning balances of current period**

None.

**4.5.7 Compensation of prior period losses**

None.

#### 4.6 Statement of Cash Flows

##### 4.6.1 Disclosures for “other” items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

##### 4.6.2 Cash outflows from acquisition of investments, associates, subsidiaries and other investments

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

##### 4.6.3 Cash inflows from disposal of investments, associates, subsidiaries and other investments

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

##### 4.6.4 Cash and cash equivalents at beginning of period

|                                 | Current Period<br>31.12.2005 | Prior Period<br>31.12.2004 |
|---------------------------------|------------------------------|----------------------------|
| Cash on Hand                    | 197,657                      | 189,528                    |
| <i>Cash in YTL</i>              | 107,356                      | 62,013                     |
| <i>Cash in Foreign Currency</i> | 90,301                       | 127,515                    |
| Cash Equivalents                | 2,690,552                    | 1,299,916                  |
| <i>Other</i>                    | 2,690,552                    | 1,299,916                  |
| <b>TOTAL</b>                    | <b>2,888,209</b>             | <b>1,489,444</b>           |

##### 4.6.5 Cash and cash equivalents at end of period

|                                 | Current Period<br>31.03.2006 | Prior Period<br>31.03.2005 |
|---------------------------------|------------------------------|----------------------------|
| Cash on Hand                    | 181,761                      | 136,323                    |
| <i>Cash in YTL</i>              | 106,012                      | 62,955                     |
| <i>Cash in Foreign Currency</i> | 75,749                       | 73,368                     |
| Cash Equivalents                | 893,501                      | 964,933                    |
| <i>Other</i>                    | 893,501                      | 964,933                    |
| <b>TOTAL</b>                    | <b>1,075,262</b>             | <b>1,101,256</b>           |

##### 4.6.6 Restricted cash and cash equivalents due to legal requirements or other reasons

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

##### 4.6.7 Additional information

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

#### **4.7 Accounting for Entities Acquired through Mergers and Acquisitions**

Not prepared in compliance with Article 51 of the statement no.17 of “Regulation on Accounting Standards”.

#### 4.8 Related Party Risks

##### 4.8.1 Volume of transactions with the Bank's risk group, lendings and deposits outstanding at period end and income and expenses from transactions incurred during the period

###### 4.8.1.1 Current Period

| Bank's Risk Group (1)          | Investments, Associates and Subsidiaries |          | Bank's Direct and Indirect Shareholders |          | Other Components in Risk Group |          |
|--------------------------------|--|----------|---|----------|--------------------------------|----------|
|                                | Cash                                     | Non-cash | Cash                                    | Non-cash | Cash                           | Non-cash |
| Loans and Other Receivables    |  |          |   |          |                                |          |
| Balance at beginning of period | 553,925                                  | 15,818   | 220,633                                 | 155,948  | 116,293                        | 2,006    |
| Balance at end of period       | 643,079                                  | 18,015   | 223,926                                 | 130,468  | 44,307                         | 1,646    |
| Interest and Commission Income | 469                                      | 37       | 3                                       | 521      | 402                            | 6        |

(1) As described in the Article 20, clause (2) of "Regulation on Establishment and Operations of Banks".

###### 4.8.1.2 Prior Period

| Bank's Risk Group (1)          | Investments, Associates and Subsidiaries |          | Bank's Direct and Indirect Shareholders |          | Other Components in Risk Group |          |
|--------------------------------|--|----------|---|----------|--------------------------------|----------|
|                                | Cash                                     | Non-cash | Cash                                    | Non-cash | Cash                           | Non-cash |
| Loans and Other Receivables    |  |          |   |          |                                |          |
| Balance at beginning of period | 1,264,138                                | 17,146   | 55,760                                  | 189,462  | 180,748                        | 8,510    |
| Balance at end of period       | 553,925                                  | 15,818   | 220,633                                 | 155,948  | 116,293                        | 2,006    |
| Interest and Commission Income | 958                                      | 45       | 835                                     | 289      | 1,079                          | 31       |

(1) As described in the Article 20, clause (2) of "Regulation on Establishment and Operations of Banks".

###### 4.8.1.3 Other related party balances

###### Deposits:

| Bank's Risk Group (1)          | Investments, Associates and Subsidiaries |              | Bank's Direct and Indirect Shareholders |              | Other Components in Risk Group |              |
|--------------------------------|--|--------------|---|--------------|--------------------------------|--------------|
|                                | Current Period                           | Prior Period | Current Period                          | Prior Period | Current Period                 | Prior Period |
| Deposits                       |  |              |   |              |                                |              |
| Balance at beginning of period | 165,859                                  | 65,484       | 1,143,865                               | 7,046        | 125,258                        | 145,656      |
| Balance at end of period       | 105,740                                  | 165,859      | 637,223                                 | 1,143,865    | 138,466                        | 125,258      |
| Interest Expenses              | 4,365                                    | 498          | 14,180                                  | 318          | 2,353                          | 3,660        |

(1) As described in the Article 20, clause (2) of "Regulation on Establishment and Operations of Banks".



*Derivative transactions:*

| Bank's Risk Group (1)        | Investments, Associates and Subsidiaries |              | Bank's Direct and Indirect Shareholders |              | Other Components in Risk Group |              |
|------------------------------|--|--------------|---|--------------|--------------------------------|--------------|
|                              | Current Period                           | Prior Period | Current Period                          | Prior Period | Current Period                 | Prior Period |
| <b>Trading Transactions:</b> |  |              |   |              |                                |              |
| Beginning of Period          | -  | -            | -                                       | -            | -                              | 680          |
| End of Period                | 2,968                                    | -            | -                                       | -            | -                              | -            |
| Total Profit/Loss            | -4                                       | 153          | -                                       | -            | -                              | -48          |
| <b>Hedging Transactions:</b> |  |              |   |              |                                |              |
| Beginning of Period          | -  | -            | -                                       | -            | -                              | -            |
| End of Period                | -  | -            | -                                       | -            | -                              | -            |
| Total Profit/Loss            | -  | -            | -                                       | -            | -                              | -            |

(1) As described in the Article 20, clause (2) of "Regulation on Establishment and Operations of Banks".

#### 4.8.2 The Bank's risk group

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

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

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

The cash loans of the risk group amounting YTL 64,096 thousands compose 0.31% of the Bank's total cash loans and 0.17% of the Bank's total assets. The total loans and similar receivables amounting YTL 911,312 thousands compose 2.35% of the Bank's total assets. The non-cash loans of the risk group amounting YTL 150,129 thousands compose 1.77% of the Bank's total non-cash loans. The deposits of the risk group amounting YTL 881,429 thousands compose 3.56% of the Bank's total deposits. The pricing of transactions with the risk group companies is set in compliance with the market prices.

##### 4.8.2.3 Other matters not required to be disclosed

None.

##### 4.8.2.4 Transactions accounted under equity method

Please refer to Notes 4.1.9 and 4.1.10.

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

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

Purchase of equipments for the Bank's internal use are partly arranged through financial leasing.

#### 4.9 **Accounting in Hyperinflationary Economies**

As per the decision no.1623 of BRSA dated 21 April 2005 and the Circular dated 28 April 2005, it is announced that the application of inflation accounting to be ceased in banking sector because the criteria as set out per the article 5 of the Statement no.14 of "Regulation on Accounting Standards"; "Accounting Standard for Financial Reporting in Hyperinflationary Economies" no longer confirm the existence of a hyperinflationary economy. Accordingly, starting from 1 January 2005 the application of inflation accounting has been ended.

**4.10 Domestic, Foreign and Off-Shore Branches and Foreign Representative Offices**

Not prepared in compliance with Article 51 of the statement no.17 of "Regulation on Accounting Standards".

#### **4.11 Significant Events and Matters Arising Subsequent to Balance Sheet Date**

- As explained in Note 4.2.20, Dođuş Holding AŞ signed a Share Sales Agreement on 24 August 2005 for the sale of 53,550,000,000 shares representing 25.5% of the Bank issued share capital to GE Arařtırma ve Müřavirlik Limited řti which is a GE Group company. According to this agreement, certain non-financial participations and property are to be taken over by Dođuş Holding AŞ at a total price of YTL 958 millions calculated based on the financial statements as of 31 March 2005. 50% of the sale price to be collected at the closing date, 25% to be collected one year from the closing date and the remaining to be collected two years from the closing date. Accordingly, following the sale of shares, the Bank's certain non-financial subsidiaries representing the first group were transferred over to Dođuş Holding AŞ on 22 December 2005.

In accordance with the terms of the agreement, the assets that are categorized as the second group representing certain non-financial associates namely Garanti Turizm Yatırım ve İşletmeleri AŞ and Doc Finance SA having a total book value of YTL 29,497 thousands and certain real estates either in use or held for resale (Ankara-Çankaya-building, İstanbul-Esenyurt/B.Çekmece-building, Kocaeli-Gebze-building, İstanbul-Kartal-two pieces of land, İstanbul-Çatalca/B.Çekmece-land) having a total book value of YTL 237,536 thousands were altogether sold to Dođuş Holding AŞ on 17 April 2006. YTL 100,000 thousands of the total sale price amounting YTL 273,397 thousands was collected on the date of sale and the remaining are to be collected in two equal instalments, each amounting YTL 86,698,500, on 22 December 2006 and 24 December 2007.

- The Bank has started working on obtaining a foreign funding to be backed by the flows of transfer orders amounting US\$ 875 millions with a maximum maturity of ten years.

## 5 Other Disclosures and Footnotes

### 5.1 Other Disclosures on Activities of the Bank

- The Bank signed a preliminary agreement with the European Investment Bank in March 2006 for a 10-year loan amounting EUR 100 millions to finance its commercial and SME customers. The loan related processes continue.
- As per the temporary Article no.23 of the Turkish Banking Law no.5411 as approved by the Turkish Parliament on 19 October 2005, pension funds similar to foundations are required to be transferred directly to Social Security Foundation (SSF) within a period of three years.

As per this new Law, a commission established by the representatives from various organizations will calculate the commitment for each fund based on the actuarial calculations made taking into account the revenues and expenses of the funds. The commitment to be calculated will be paid maximum in 15 years in equal instalments. The commission established under the coordination of the Ministry of Labour and Social Security is currently working on the methodology and parameters to be used for the calculation of such commitments. However, the President has applied to the Constitution Court for the annulment of this Article on 2 November 2005.

The employees of the Bank are the members of “Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı” (the Fund). The technical financial statements of the Fund are audited by the certified actuary according to the Article no.38 of the Insurance Law and the “Actuaries Regulation” issued as per this Article.

As per the actuarial calculation made on the technical financial statements of the Fund as of 31 December 2005 taking into account 10.24% as the technical interest rate that was defined during the studies under the coordination of the Ministry of Labour and Social Security, there is no technical or actual deficit that needs to be provided against. Furthermore, the Bank management believes that the Fund is capable of meeting its liabilities to be calculated by the commission mentioned above during the transfer of the Fund without any burden to the Bank.

- According to the draft “Corporate Tax Law” announced by the Ministry of Finance, the corporate tax rate will be reduced to 20% from 30% effective from the taxation periods starting from 1 January 2006. In the event that the draft Law passes and becomes effective, the corporate income tax will be levied at the rate of 20% on the corporate income tax base for the year starting from 1 January 2006. However, as the draft Law has not become effective, the tax rate used in the calculation of the corporate tax as of March 31, 2006 is 30%.

## **6 Independent Auditor's Report**

### **6.1 Disclosure on Independent Auditor's Report**

The Bank's unconsolidated interim financial statements as of 31 March 2006, have been subject to review by Akis Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International). It was noted in their review report dated 2 May 2006 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 31 March 2006.