

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

**Türkiye Garanti Bankası Anonim Şirketi**  
**Unconsolidated Financial Statements**  
**As of and For the Nine-Month Period Ended**  
**30 September 2012**

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

**With Independent Accountants’  
Limited Review Report Thereon**

DRT Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ  
30 October 2012

*This report contains “Independent Accountants’  
Limited Review Report” comprising 2 pages  
and; “Unconsolidated Financial Statements and  
Related Disclosures and Footnotes” comprising 83  
pages.*

To the Board of Directors of  
Türkiye Garanti Bankası AŞ  
İstanbul

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ**  
INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT  
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2012

We have reviewed the accompanying balance sheet of Türkiye Garanti Bankası A.Ş. (“the Bank”) as at 30 September 2012 and the related statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants, our responsibility is to issue a report based on the review performed on these financial statements.

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

As of the balance sheet date, the accompanying financial statements include a general reserve amounting to TL 502,000 thousands, TL 82,000 thousands of which was charged to the statement of income as expense in the current period, provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

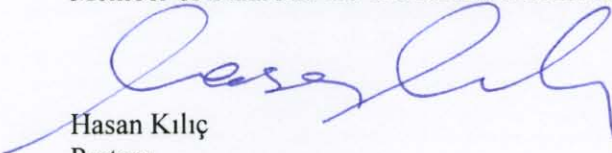
Based on our review, except for the effect of the matter referred to in the preceding paragraph on the financial statements, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank as of and for the period ended 30 September 2012 in accordance with the prevailing accounting principles and standards set out as per the Article No. 37 of the Banking Act No. 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK AŞ

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç  
Partner

Istanbul, 30 October 2012

## **Türkiye Garanti Bankası Anonim Şirketi**

### **Unconsolidated Interim Financial Report as of and for the Nine-Month Period Ended 30 September 2012**

Levent Nispetiye Mah.Aytar Cad.  
No:2 Beşiktaş 34340 Istanbul  
Telephone: 212 318 18 18  
Fax: 212 216 64 22  
[www.garanti.com.tr](http://www.garanti.com.tr)  
[investorrelations@garanti.com.tr](mailto:investorrelations@garanti.com.tr)

The unconsolidated interim financial report prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

1. General Information about the Bank
2. Unconsolidated Financial Statements of the Bank
3. Accounting Policies of Unconsolidated Financial Statements
4. Financial Position and Results of Operations of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Limited Review Report

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

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

**S. Ergun Özen**  
General Manager

**Aydın Şenel**  
Financial Reporting  
Executive Vice President

**Hakan Özdemir**  
General Accounting  
Senior Vice President

**M. Cüneyt Sezgin**  
Audit Committee Member

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

The authorized contact person for questions on this financial report:  
Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations  
Phone no: 90 212 318 23 50  
Fax no: 90 212 216 59 02

	<b>Page No:</b>
<b><u>SECTION ONE</u></b>	
General Information	
I. History of the bank including its incorporation date, initial legal status, amendments to legal status	1
II. Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the period and information on bank's risk group	1
III. Information on the bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the bank	2
IV. Information on the bank's qualified shareholders	3
V. Summary information on the bank's activities and services	4
<b><u>SECTION TWO</u></b>	
Unconsolidated Interim Financial Statements	
I. Balance sheet - Assets	5
II. Balance sheet - Liabilities	6
III. Off-balance sheet items	7
IV. Income statement	8
V. Statement of income/expense items accounted under shareholders' equity	9
VI. Statement of changes in shareholders' equity	10
VII. Statement of cash flows	11
<b><u>SECTION THREE</u></b>	
Accounting Policies	
I. Basis of presentation	12
II. Strategy for use of financial instruments and foreign currency transactions	12
III. Investments in associates and subsidiaries	13
IV. Forwards, options and other derivative transactions	13
V. Interest income and expenses	14
VI. Fees and commissions	14
VII. Financial assets	14
VIII. Impairment of financial assets	15
IX. Netting of financial instruments	15
X. Repurchase and resale agreements and securities lending	15
XI. Assets held for sale and discontinued operations	16
XII. Goodwill and other intangible assets	16
XIII. Tangible assets	16
XIV. Leasing activities	17
XV. Provisions and contingent liabilities	17
XVI. Contingent assets	18
XVII. Liabilities for employee benefits	18
XVIII. Taxation	19
XIX. Funds borrowed	21
XX. Shares and share issuances	21
XXI. Confirmed bills of exchange and acceptances	21
XXII. Government incentives	21
XXIII. Segment reporting	22
XXIV. Other disclosures	24
<b><u>SECTION FOUR</u></b>	
Financial Position and Results of Operations	
I. Capital adequacy ratio	25
II. Credit risk	28
III. Market risk	28
IV. Operational risk	29
V. Currency risk	29
VI. Interest rate risk	31
VII. Liquidity risk	36
VIII. Fair values of financial assets and liabilities	39
IX. Transactions carried out on behalf of customers, items held in trust	39
<b><u>SECTION FIVE</u></b>	
Disclosures and Footnotes on Unconsolidated Financial Statements	
I. Assets	40
II. Liabilities	58
III. Off-balance sheet items	67
IV. Income statement	69
V. Statement of changes in shareholders' equity	75
VI. Statement of cash flows	76
VII. Related party risks	77
VIII. Domestic, foreign and off-shore branches or investments and foreign representative offices	79
IX. Significant events and matters arising subsequent to balance sheet date	80
X. Other disclosures on activities of the bank	81
<b><u>SECTION SIX</u></b>	
Limited Review Report	
I. Disclosures on independent accountants' limited review report	83
II. Disclosures and footnotes prepared by independent accountants	83

## **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 921 domestic branches, seven foreign branches and four representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 30 September 2012, the group of companies under Doğuş Holding AŞ that currently owns 24.23% shares of the Bank, is named the Doğuş Group (the Group).

On 22 December 2005, Doğuş Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank’s issued share capital to “GE Araştırma ve Müşavirlik Limited Şti” of General Electric (GE) Group. Accordingly, GE acquired a joint control on the Bank’s management.

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

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

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

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

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

On 7 April 2011, BBVA acquired additional 503.160.000 shares at a nominal value of TL 5,032 thousands and increased its ownership in the Bank’s share capital to 25.01%. As per the agreement between Doğuş Holding AŞ and BBVA, if any of the parties acquires additional shares during the next five years, it is required to offer half of the acquired shares to other party, in case that other party does not accept to purchase the offered shares, usufruct rights shall be established on the voting rights of such shares in favour of other party. Accordingly, although BBVA has acquired additional shares in April, this does not affect their joint control on the Bank’s management.

### Doğuş Group

The Doğuş Group that was established in 1951 initially for investments in construction sector, operates in seven sectors namely financial services, automotive, construction, real estate, tourism, media and energy with 132 companies and more than 30 thousand employees.

The major worldwide joint ventures of the Group are; Volkswagen AG and TÜVSÜD in automotive, CNBC, MSNBC and Condé Nast in media and, Hyatt International Ltd and HMS International Hotel GmbH (Maritim) in tourism.

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

### BBVA Group

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

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

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

## 1.3 Information on the bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and 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	22 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	30 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	24 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	38 years
Manuel Castro Aladro	Member	22.03.2011	Master	20 years
Manuel Pedro Galatas Sanchez Harguindey	Member of BOD and Audit Committee	05.05.2011	University	28 years
Carlos Torres Vila	Member	22.03.2011	Master	21 years
Angel Cano Fernandez	Member	22.03.2011	University	27 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	25 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	25 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	34 years
Ali Fuat Erbil	EVP-Financial Institutions & Corporate Banking	30.04.1999	PhD	20 years
Erhan Adalı	EVP-Loans	03.08.2012	University	22 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	18 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	30 years
Halil Hüsnü Erel	EVP-Technology, Operations Management & Central Marketing	16.06.1997	University	27 years
Uruz Ersözöğlü	EVP-Treasury	05.04.2006	University	21 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	27 years
Aydın Şenel	EVP-General Accounting & Financial Reporting	02.03.2006	University	31 years
Zekeriya Öztürk	EVP-International Business Development	06.03.2006	Master	17 years
Avni Aydın Düren	EVP-Legal Services & Retail Risk Monitoring	01.02.2009	Master	18 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	18 years
Murat Mergin	Head of Strategic Planning	01.01.2002	University	18 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	13 years
Didem Dinçer Başer	EVP-Delivery Channels	20.03.2012	Master	14 years

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

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

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

According to the decision made at the “General Assembly of Founder Shares Owners” and the “Extraordinary General Shareholders” meetings held on 13 June 2008, the Bank repurchased all the 370 founder share-certificates issued in order to redeem and exterminate them, subsequent to the permissions obtained from the related legal authorities, at a value of TL 3,876 thousands each in accordance with the report prepared by the court expert and approved by the Istanbul 5<sup>th</sup> Commercial Court of First Instance. A total payment of TL 1,434,233 thousands has been made to the owners of 368 founder share-certificates from “extraordinary reserves”, and the value of remaining 2 founder share-certificates has been blocked in the bank accounts.

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



## **1.5 Summary information on the bank's activities and services**

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

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

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

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

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



(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Balance Sheet (Statement of Financial Position)**  
**At 30 September 2012**

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 September 2012			PRIOR PERIOD 31 December 2011		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.2.1)	<b>53,327,225</b>	<b>36,472,501</b>	<b>89,799,726</b>	<b>47,777,457</b>	<b>36,765,318</b>	<b>84,542,775</b>
1.1 Deposits from bank's risk group	(5.7)	630,112	435,515	1,065,627	602,101	1,234,981	1,837,082
1.2 Others		52,697,113	36,036,986	88,734,099	47,175,356	35,530,337	82,705,693
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.2.2)	<b>569,357</b>	<b>301,531</b>	<b>870,888</b>	<b>495,160</b>	<b>279,157</b>	<b>774,317</b>
<b>III. FUNDS BORROWED</b>	(5.2.3)	<b>4,195,247</b>	<b>17,562,854</b>	<b>21,758,101</b>	<b>4,384,503</b>	<b>16,139,154</b>	<b>20,523,657</b>
<b>IV. INTERBANK MONEY MARKETS</b>		<b>6,328,180</b>	<b>1,303,615</b>	<b>7,631,795</b>	<b>8,338,618</b>	<b>2,616,373</b>	<b>10,954,991</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements	(5.2.4)	6,328,180	1,303,615	7,631,795	8,338,618	2,616,373	10,954,991
<b>V. SECURITIES ISSUED (Net)</b>	(5.2.4)	<b>2,048,886</b>	<b>3,946,879</b>	<b>5,995,765</b>	<b>2,082,601</b>	<b>1,621,496</b>	<b>3,704,097</b>
5.1 Bills		2,048,886	-	2,048,886	2,082,601	-	2,082,601
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	3,946,879	3,946,879	-	1,621,496	1,621,496
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>	(5.2.4.3)	<b>4,460,746</b>	<b>266,582</b>	<b>4,727,328</b>	<b>3,481,891</b>	<b>75,440</b>	<b>3,557,331</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>		<b>513,601</b>	<b>380,598</b>	<b>894,199</b>	<b>676,407</b>	<b>1,153,312</b>	<b>1,829,719</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.2.5)	<b>151</b>	<b>1</b>	<b>152</b>	<b>1</b>	<b>4</b>	<b>5</b>
10.1 Financial lease payables		164	1	165	1	4	5
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		13	-	13	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	(5.2.6)	-	<b>78</b>	<b>78</b>	-	<b>782</b>	<b>782</b>
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	78	78	-	782	782
11.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.2.7)	<b>2,118,510</b>	<b>41,433</b>	<b>2,159,943</b>	<b>1,795,843</b>	<b>35,303</b>	<b>1,831,146</b>
12.1 General provisions		1,110,267	32,149	1,142,416	979,797	34,152	1,013,949
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		399,333	-	399,333	266,805	-	266,805
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		608,910	9,284	618,194	549,241	1,151	550,392
<b>XIII. TAX LIABILITY</b>	(5.2.8)	<b>482,488</b>	<b>254</b>	<b>482,742</b>	<b>265,165</b>	<b>235</b>	<b>265,400</b>
13.1 Current tax liability		482,488	254	482,742	265,165	235	265,400
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.2.9)	-	-	-	-	-	-
14.1 Assets held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	(5.2.10)	-	<b>114,014</b>	<b>114,014</b>	-	<b>1,081,402</b>	<b>1,081,402</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.2.11)	<b>19,462,650</b>	<b>653,052</b>	<b>20,115,702</b>	<b>17,104,283</b>	<b>472,536</b>	<b>17,576,819</b>
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		2,317,281	585,202	2,902,483	1,503,041	427,157	1,930,198
16.2.1 Share premium		11,880	-	11,880	11,880	-	11,880
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		852,651	585,208	1,437,859	180,988	427,546	608,534
16.2.4 Revaluation surplus on tangible assets		741,530	-	741,530	598,953	-	598,953
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		1,891	-	1,891	1,891	-	1,891
16.2.8 Hedging reserves (effective portion)		(63,225)	(6)	(63,231)	(63,225)	(389)	(63,614)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		772,554	-	772,554	772,554	-	772,554
16.3 Profit reserves		10,631,936	67,850	10,699,786	8,330,667	45,379	8,376,046
16.3.1 Legal reserves		907,653	7,797	915,450	716,363	6,940	723,303
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		9,724,283	-	9,724,283	7,612,215	-	7,612,215
16.3.4 Other profit reserves		-	60,053	60,053	2,089	38,439	40,528
16.4 Profit or loss		2,313,433	-	2,313,433	3,070,575	-	3,070,575
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		2,313,433	-	2,313,433	3,070,575	-	3,070,575
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>93,507,041</b>	<b>61,043,392</b>	<b>154,550,433</b>	<b>86,401,929</b>	<b>60,240,512</b>	<b>146,642,441</b>

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



**Türkiye Garanti Bankası Anonim Şirketi**  
**Income Statement**  
**For the Nine-Month Period Ended 30 September 2012**

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2012- 30 September 2012	PRIOR PERIOD 1 January 2011- 30 September 2011	CURRENT PERIOD 1 July 2012- 30 September 2012	PRIOR PERIOD 1 July 2011- 30 September 2011
<b>I. INTEREST INCOME</b>	(5.4.1)	<b>9,294,169</b>	<b>7,292,356</b>	<b>2,853,808</b>	<b>2,590,206</b>
1.1 Interest income on loans		6,247,122	4,708,588	2,157,380	1,752,132
1.2 Interest income on reserve deposits		-	-	-	-
1.3 Interest income on banks		175,916	176,294	53,884	66,032
1.4 Interest income on money market transactions		3,104	2,364	716	1,174
1.5 Interest income on securities portfolio		2,773,246	2,326,782	610,864	749,309
1.5.1 Trading financial assets		26,932	19,084	7,348	8,290
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		2,469,247	1,879,410	531,661	594,168
1.5.4 Investments held-to-maturity		277,067	428,288	71,855	146,851
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		94,781	78,328	30,964	21,559
<b>II. INTEREST EXPENSE</b>	(5.4.2)	<b>5,441,714</b>	<b>4,160,849</b>	<b>1,737,823</b>	<b>1,547,007</b>
2.1 Interest on deposits		3,876,325	2,845,038	1,293,957	1,048,664
2.2 Interest on funds borrowed		668,221	691,962	227,904	249,267
2.3 Interest on money market transactions		658,380	500,381	138,017	182,307
2.4 Interest on securities issued		228,212	110,333	77,020	58,193
2.5 Other interest expenses		10,576	13,135	925	8,576
<b>III. NET INTEREST INCOME (I - II)</b>		<b>3,852,455</b>	<b>3,131,507</b>	<b>1,115,985</b>	<b>1,043,199</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>1,511,663</b>	<b>1,527,444</b>	<b>529,507</b>	<b>517,453</b>
4.1 Fees and commissions received		1,884,747	1,796,234	667,652	615,606
4.1.1 Non-cash loans		116,776	125,785	44,592	40,958
4.1.2 Others		1,767,971	1,670,449	623,060	574,648
4.2 Fees and commissions paid		373,084	268,790	138,145	98,153
4.2.1 Non-cash loans		837	629	277	225
4.2.2 Others		372,247	268,161	137,868	97,928
<b>V. DIVIDEND INCOME</b>	(5.4.3)	<b>2,444</b>	<b>5,148</b>	<b>-</b>	<b>1,391</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	(5.4.4)	<b>607,702</b>	<b>258,681</b>	<b>451,550</b>	<b>(66,896)</b>
6.1 Trading account income/losses		536,804	321,938	450,135	77,151
6.2 Income/losses from derivative financial instruments		(211,405)	103,613	30,069	(33,792)
6.3 Foreign exchange gains/losses		282,303	(166,870)	(28,654)	(110,255)
<b>VII. OTHER OPERATING INCOME</b>	(5.4.5)	<b>237,197</b>	<b>754,272</b>	<b>68,774</b>	<b>58,708</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>6,211,461</b>	<b>5,677,052</b>	<b>2,165,816</b>	<b>1,553,855</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.4.6)	<b>720,977</b>	<b>598,772</b>	<b>329,519</b>	<b>160,964</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.4.7)	<b>2,540,740</b>	<b>2,179,498</b>	<b>879,524</b>	<b>761,483</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>2,949,744</b>	<b>2,898,782</b>	<b>956,773</b>	<b>631,408</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>		-	-	-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-	-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	(5.4.8)	<b>2,949,744</b>	<b>2,898,782</b>	<b>956,773</b>	<b>631,408</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	(5.4.9)	<b>636,311</b>	<b>618,734</b>	<b>223,554</b>	<b>149,762</b>
16.1 Current tax charge		887,389	326,279	326,224	93,569
16.2 Deferred tax charge/(credit)		(251,078)	292,455	(102,670)	56,193
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	(5.4.10)	<b>2,313,433</b>	<b>2,280,048</b>	<b>733,219</b>	<b>481,646</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1 Income from assets held for sale		-	-	-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
18.3 Others		-	-	-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
19.1 Expenses on assets held for sale		-	-	-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-	-	-
19.3 Others		-	-	-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>	(5.4.8)	-	-	-	-
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	(5.4.9)	-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge/(credit)		-	-	-	-
<b>XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)</b>	(5.4.10)	-	-	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(5.4.11)	<b>2,313,433</b>	<b>2,280,048</b>	<b>733,219</b>	<b>481,646</b>
Earnings per Share		0.551	0.543	0.175	0.115

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Income/Expense Items Accounted for under Shareholders' Equity**  
**For the Nine-Month Period Ended 30 September 2012**

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2012- 30 September 2012	PRIOR PERIOD 1 January 2011- 30 September 2011
<b>I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	<b>784,230</b>	<b>(963,668)</b>
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	-	-
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	-	-
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>(4,258)</b>	<b>7,262</b>
<b>V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	<b>479</b>	<b>726</b>
<b>VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	-	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	-	-
<b>VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>190,660</b>	<b>83,484</b>
<b>IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	<b>(145,661)</b>	<b>171,048</b>
<b>X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	<b>825,450</b>	<b>(701,148)</b>
<b>XI. CURRENT PERIOD PROFIT/LOSSES</b>	<b>2,313,433</b>	<b>2,280,048</b>
1.1 Net changes in fair value of securities (transferred to income statement)	(7,719)	214,245
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	2,321,152	2,065,803
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	<b>3,138,883</b>	<b>1,578,900</b>

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



(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Cash Flows**  
**For the Nine-Month Period Ended 30 September 2012**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2012- 30 September 2012	PRIOR PERIOD 1 January 2011- 30 September 2011
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>3,238,504</b>	<b>2,073,605</b>
1.1.1 Interests received		9,518,404	7,012,124
1.1.2 Interests paid		(5,532,423)	(4,109,621)
1.1.3 Dividend received		2,386	5,148
1.1.4 Fees and commissions received		1,884,748	1,796,234
1.1.5 Other income		272,063	650,611
1.1.6 Collections from previously written-off loans and other receivables		26,831	56,747
1.1.7 Payments to personnel and service suppliers		(1,956,096)	(1,751,511)
1.1.8 Taxes paid		(762,843)	(516,474)
1.1.9 Others	(5.6)	(214,566)	(1,069,653)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(5,729,598)</b>	<b>(3,648,950)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		32,669	(1,490,472)
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks		2,469,634	(2,548,322)
1.2.4 Net (increase) decrease in loans		(5,537,337)	(16,090,497)
1.2.5 Net (increase) decrease in other assets		(5,397,655)	(2,335,362)
1.2.6 Net increase (decrease) in bank deposits		1,302,828	(197,260)
1.2.7 Net increase (decrease) in other deposits		3,992,527	7,971,101
1.2.8 Net increase (decrease) in funds borrowed		(3,003,837)	8,681,502
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	411,573	2,360,360
<b>I. Net cash flow from banking operations</b>		<b>(2,491,094)</b>	<b>(1,575,345)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>(1,726,790)</b>	<b>2,196,057</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(1,000)	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	171,003
2.3 Purchases of tangible assets		(93,104)	(164,410)
2.4 Sales of tangible assets		60,217	57,496
2.5 Cash paid for purchase of financial assets available-for-sale		(11,212,839)	(12,746,644)
2.6 Cash obtained from sale of financial assets available-for-sale		6,010,963	13,524,356
2.7 Cash paid for purchase of investments held-to-maturity		(7,065)	(5,781)
2.8 Cash obtained from sale of investments held-to-maturity		3,516,038	1,360,037
2.9 Others	(5.6)	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>1,664,049</b>	<b>2,912,126</b>
3.1 Cash obtained from funds borrowed and securities issued		4,467,635	3,642,913
3.2 Cash used for repayment of funds borrowed and securities issued		(2,203,586)	(160,406)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(600,000)	(570,000)
3.5 Payments for financial leases		-	(381)
3.6 Others (payments for founder shares repurchased)	(5.6)	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(5.6)	<b>(298,696)</b>	<b>589,048</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,852,531)</b>	<b>4,121,886</b>
<b>VI. Cash and cash equivalents at beginning of period</b>		<b>7,613,562</b>	<b>6,195,233</b>
<b>VII. Cash and cash equivalents at end of period</b>		<b>4,761,031</b>	<b>10,317,119</b>

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



### **3 Accounting policies**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3.2.2 Foreign currency transactions**

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

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

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

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

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

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

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

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

### **3.5 Interest income and expenses**

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

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

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

### **3.6 Fees and commissions**

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

### **3.7 Financial assets**

#### **3.7.1 Financial assets at fair value through profit or loss**

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

The Bank classifies certain loans at their origination dates, as financial assets at fair value through profit or loss in compliance with TAS 39. Financial assets at fair value through profit or loss are initially recorded at cost and measured at fair value in subsequent periods.

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

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

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

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

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

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

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

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

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

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

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

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

### **3.8 Impairment of financial assets**

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

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

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

### **3.9 Netting of financial instruments**

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

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

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

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

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

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

### **3.11 Assets held for sale and discontinued operations**

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

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

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

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

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

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

Estimated useful lives of the Bank’s intangible assets are 3-15 years, and amortisation rates are 6.67-33.3%.

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

### **3.13 Tangible assets**

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

Tangible assets are recorded at cost in compliance with the Turkish Accounting Standard 16 (TAS 16) “Tangible Assets”.

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

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

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

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

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

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

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

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

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

#### *Investment properties*

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in production, supply of goods or services, administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation under the cost method. Depreciation is provided on investment property (except land) on a straight-line basis.

Investment properties are reviewed for impairment losses. Where the carrying value of an investment property is greater than the estimated recoverable value, it is written down to its recoverable value. The recoverable value of an investment property is higher of discounted net future cash flows from the use of the related investment property or net sale price.

### **3.14 Leasing activities**

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

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

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

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

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

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

### 3.16 Contingent assets

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

### 3.17 Liabilities for employee benefits

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

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

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

	30 September 2012 <sup>(*)</sup>	31 December 2011 <sup>(*)</sup>	31 December 2010
	%	%	%
Discount Rate	4.25	4.25	4.66
Interest Rate	9.52	9.52	10.00
Expected Rate of Salary Increase	6.56	6.56	6.60
Inflation Rate	5.06	5.06	5.10

(\*) The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' years-in-service.

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

#### *Retirement Benefit Obligations*

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

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

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

	30 September 2012	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

The Plan is composed of a) the contractual benefits of the employees, which are subject to transfer to Social Security Foundation ("SSF") as per the Social Security Law no.5754 ("the Law"), and b) other social rights and medical benefits provided by the Bank but not transferable to SSF.

*a) Benefits transferable to SSF*

The first paragraph of the provisional article 23 of Banking Law No.5411, published in the Official Gazette on 1 November 2005, which requires the transfer of the members of the funds subject to the provisional article 20 of the Social Security Law no.506, and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to the SSF within three years following the effective date of the related article was cancelled with the decision of the Constitutional Court dated 22 March 2007, numbered 2007/33. The reasoned ruling regarding the cancellation of the Constitutional Court was published in the Official Gazette numbered 26731, dated 15 December 2007. The Constitutional Court stated that the reason behind this cancellation was the possible loss of antecedent rights of the fund members.

Following the publication of the verdict, the Turkish Grand National Assembly (“Turkish Parliament”) started to work on the new legal arrangements by taking the cancellation reasoning into account and the articles of the Law no.5754 regulating the principles related with such transfers were accepted and approved by Turkish Parliament on 17 April 2008, and enacted on 8 May 2008 after being published in the Official Gazette no.26870.

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

On 19 June 2008, Cumhuriyet Halk Partisi (“CHP”) applied to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. At the meeting of the Constitutional Court on 30 March 2011, it was decided that the first paragraph of the provisional Article 20 of the Law is not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

*b) Other benefits not transferable to SSF*

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

## **3.18 Taxation**

### **3.18.1 Corporate tax**

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



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

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

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

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

The tax applications for foreign branches;

#### *NORTHERN CYPRUS*

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

#### *MALTA*

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

#### *LUXEMBOURG*

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 5% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 9% of the taxable income.

The tax returns do not include any tax amounts to be paid. The tax calculation is done by the tax office and the amount to be paid is declared to corporate through an official letter called Note. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

### **3.18.2 Deferred taxes**

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

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

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

### **3.18.3 Transfer pricing**

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

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

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

### **3.19 Funds borrowed**

The Bank generates funds from domestic and foreign sources whenever required. The funds borrowed from foreign sources are also in the form of syndications and securitizations. Besides, funding through bill and bond issuances in the local and international markets has commenced.

The funds borrowed are recorded at their purchase costs and discounted by using the internal rate of return.

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

None.

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

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

### **3.22 Government incentives**

As of 30 September 2012, the Bank does not have any government incentives or grants.

### **3.23 Segment reporting**

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

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

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

Additionally, the Bank provides banking services to enterprises and their employees working in retail and service sectors through product packages including overdraft accounts, POS machines, credit cards, cheque books, Turkish Lira and foreign currency deposits, investment accounts, internet banking and call-center, debit cards and bill payment modules.

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

*Information on the business segments is as follows:*

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	2,302,612	2,284,001	975,536	646,868	6,209,017
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>2,302,612</b>	<b>2,284,001</b>	<b>975,536</b>	<b>646,868</b>	<b>6,209,017</b>
Net Operating Profit	485,825	1,289,100	892,328	280,047	2,947,300
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	2,444	2,444
<b>Net Operating Profit</b>	<b>485,825</b>	<b>1,289,100</b>	<b>892,328</b>	<b>282,491</b>	<b>2,949,744</b>
Provision for Taxes	-	-	-	636,311	636,311
<b>Net Profit</b>	<b>485,825</b>	<b>1,289,100</b>	<b>892,328</b>	<b>(353,820)</b>	<b>2,313,433</b>
					-
Segment Assets	31,862,797	57,107,402	59,443,247	3,835,620	152,249,066
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	2,301,367	2,301,367
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>31,862,797</b>	<b>57,107,402</b>	<b>59,443,247</b>	<b>6,136,987</b>	<b>154,550,433</b>
Segment Liabilities	55,815,947	35,608,191	39,802,759	3,207,834	134,434,731
Shareholders' Equity	-	-	-	20,115,702	20,115,702
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>55,815,947</b>	<b>35,608,191</b>	<b>39,802,759</b>	<b>23,323,536</b>	<b>154,550,433</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	117,122	117,122
Depreciation Expenses	77,119	39,922	2,338	26,000	145,379
Impairment Losses	436,845	233,055	(47,126)	99,539	722,313
Other Non-Cash Income/Expenses	36,203	36,615	612,020	(41,632)	643,206
Restructuring Costs	-	-	-	-	-

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	2,314,513	2,292,497	782,063	282,831	5,671,904
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>2,314,513</b>	<b>2,292,497</b>	<b>782,063</b>	<b>282,831</b>	<b>5,671,904</b>
Net Operating Profit	829,947	1,466,836	660,578	(63,727)	2,893,634
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	5,148	5,148
<b>Net Operating Profit</b>	<b>829,947</b>	<b>1,466,836</b>	<b>660,578</b>	<b>(58,579)</b>	<b>2,898,782</b>
Provision for Taxes	-	-	-	618,734	618,734
<b>Net Profit</b>	<b>829,947</b>	<b>1,466,836</b>	<b>660,578</b>	<b>(677,313)</b>	<b>2,280,048</b>
					-
Segment Assets	27,857,755	55,955,547	56,911,004	3,729,725	144,454,031
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	2,188,410	2,188,410
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>27,857,755</b>	<b>55,955,547</b>	<b>56,911,004</b>	<b>5,918,135</b>	<b>146,642,441</b>
Segment Liabilities	51,721,161	35,039,949	39,909,125	2,395,387	129,065,622
Shareholders' Equity	-	-	-	17,576,819	17,576,819
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>51,721,161</b>	<b>35,039,949</b>	<b>39,909,125</b>	<b>19,972,206</b>	<b>146,642,441</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	269,128	269,128
Depreciation Expenses	77,893	45,382	3,211	2,036	128,522
Impairment Losses	160,992	177,584	12,337	249,743	600,656
Other Non-Cash Income/Expenses	120,520	215,606	(1,191,401)	(46,337)	(901,612)
Restructuring Costs	-	-	-	-	-

### 3.24 Other disclosures

None.

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

### **4.1 Capital adequacy ratio**

The Bank's unconsolidated capital adequacy ratio is 17.79%.

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

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the "Regulation")", "Regulation on Credit Risk Mitigation Techniques" and "Regulation on Calculation of Risk Weighted Amounts for Securitisations" published in the Official Gazette no.28337 dated 28 June 2012 and the "Regulation on Equities of Banks" published in the Official Gazette no.26333 dated 1 November 2006.

In the calculation of capital adequacy ratio, the data prepared from accounting records in compliance with the current legislation are used. Such accounting data is included in the calculation of credit and market risks subsequent to their designation as "trading book" and "banking book" according to the Regulation.

The items classified as trading book and the items deducted from the equity are not included in the calculation of credit risk. In the calculation of risk weighted assets, the assets subject to amortisation or impairment, are taken into account on a net basis after being reduced by the related amortisations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

In the calculation of the value at credit risk for the derivative financial instruments and the credit derivatives classified in the banking book, the receivables from counterparties are multiplied by the rates stated in the Appendix-2 of the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

As per the article 5 of the Regulation, the "counterparty credit risk" is calculated for repurchase transactions, securities and commodities borrowing agreements.

#### 4.1.2 Capital adequacy ratio

<i>Current Period</i>	<b>Risk Weightings</b>								
	<b>Parent Bank Only</b>								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>1250%</i>
<b>Value at Credit Risk</b>									
<b>Exposure Categories</b>									
Conditional and unconditional receivables from central governments or central banks	48,330,703	-	-	4	-	2,358,945	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	54	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	156	-	-	51,270	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	4,777,156	6,754,341	-	546,853	-	-	-
Conditional and unconditional receivables from corporates	35,783	-	-	18	-	51,525,811	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	30,478,603	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	10,662,947	-	-	-	-	-
Past due receivables	-	-	-	293	-	198,664	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	10,999	2,658,065	3,940,404	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	1,058,071	-	1,738	-	-	4,163,302	-	-	-

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

	<i>Current Period</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	8,259,787
Capital Requirement for Market Risk (MRCR)	82,500
Capital Requirement for Operational Risk (ORCR)	1,043,016
Shareholders' Equity	20,874,880
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	17.79%

#### 4.1.4 Components of shareholders' equity items

	<i>Current Period</i>
<b>CORE CAPITAL</b>	
Paid-in Capital	4,200,000
Nominal Capital	4,200,000
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	772,554
Share Premium	11,880
Share Cancellation Profits	-
Reserves	10,611,499
Inflation Adjustments to Reserves	51,141
Profit	2,313,433
Current Period's Profit	2,313,433
Prior Periods' Profit	-
Provision for Possible Losses (upto 25% of Core Capital)	502,000
Income on Sale of Equity Shares and Real Estates	739,390
Primary Subordinated Debts	-
Loss (in excess of Reserves) (-)	-
Current Period's Losses	-
Prior Periods' Losses	-
Leasehold Improvements on Operational Leases (-)	88,722
Intangible Assets (-)	52,564
Deferred Tax Asset in Excess of 10% of Core Capital (-)	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-
<b>Total Core Capital</b>	<b>19,060,611</b>
<b>SUPPLEMENTARY CAPITAL</b>	
General Provisions	1,142,416
45% of Revaluation Surplus on Movables	-
45% of Revaluation Surplus on Immovables	963
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	1,891
Primary Subordinated Debts excluding the portion included in Core Capital	-
Secondary Subordinated Debts	113,980
45% of Securities Value Increase Fund	632,494
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss	37,146
<b>Total Supplementary Capital</b>	<b>1,928,890</b>
<b>CAPITAL</b>	<b>20,989,501</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>114,621</b>
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	68,388
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	35,253
Securitization Positions to be Deducted from Equity	-
Other Deduction Items	10,980
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>20,874,880</b>



**4.1.5 Approaches for assessment of adequacy of internal capital requirements for current and future activities**

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

**4.2 Credit risk**

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

**4.3 Market risk**

The Bank’s risk management activities are managed under the responsibility of the board of directors in compliance with the “Regulation on Banks’ Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with “Regulation on Banks’ Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 28337 dated 28 June 2012.

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

The board of directors monitors the effectiveness of risk management systems through audit committee, related other committees and top management, and in the light of various risk reports and the assessments made by the audit committee.

The risk policies and application procedures have been approved by the board of directors and regularly revisited. The market risk is also managed by risk mitigations through hedging transactions beside measuring the risks in compliance with international standards, limiting such risk and allocating capital accordingly.

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

#### 4.3.1 Value at market risk

	<i>Current Period</i>
(I) Capital Requirement against General Market Risk - Standard Method	6,355
(II) Capital Requirement against Specific Risks - Standard Method	2,811
Capital requirement against Specific Risks of Securitisation Positions– Standard Method	-
(III) Capital Requirement against Currency Exchange Risk - Standard Method	35,845
(IV) Capital Requirement against Commodity Risks - Standard Method	6,345
(V) Capital Requirement against Exchange Risks - Standard Method	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	23,131
(VII) Capital requirement against Counterparty Credit Risks - Standard Method	8,013
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-
<b>(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)</b>	<b>82,500</b>
<b>(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))</b>	<b>1,031,250</b>

#### 4.3.2 Monthly average values at market risk

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

#### 4.4 Operational risk

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

#### 4.5 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 September 2012, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to TL 1,679,414 thousands (31 December 2011: a foreign currency long balance sheet position of TL 2,321,493 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 1,509,285 thousands (31 December 2011: a foreign currency short off-balance sheet position of TL 2,173,154 thousands), while net foreign currency short position amounts to TL 170,129 thousands (31 December 2011: a net foreign currency long position of TL 148,339 thousands).

The foreign currency position risk of the Bank is measured by “standard method” and “value-at-risk (VaR) model”. Measurements by standard method are carried out monthly, whereas measurements by “VaR” are done daily. The foreign currency exchange risk is managed through transaction, dealer, desk and stop-loss limits approved by the board of directors for the trading portfolio beside the foreign currency net position standard ratio and the VaR limit.

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

	<b>USD</b>	<b>EUR</b>
<b>Foreign currency purchase rates at balance sheet date</b>	1.7720	2.2796
<b><u>Rates for the days before balance sheet date;</u></b>		
Day 1	1.7720	2.2796
Day 2	1.7720	2.2798
Day 3	1.7650	2.2702
Day 4	1.7680	2.2702
Day 5	1.7620	2.2840
<b>Last 30-days arithmetical average rates</b>	1.7755	2.2857

**Currency risk:**

	EUR	USD	Other FCs	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	7,542,132	2,878,293	2,954,364	13,374,789
Banks	2,420,185	3,135,828	49,386	5,605,399
Financial Assets at Fair Value through Profit/Loss	308,836	138,255	-	447,091
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	180,437	831,227	-	1,011,664
Loans (*)	11,237,522	24,014,430	479,660	35,731,612
Investments in Associates, Subsidiaries and Joint-Ventures	1,685,775	160,139	-	1,845,914
Investments Held-to-Maturity	-	449,152	-	449,152
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	510	73	-	583
Intangible Assets	-	-	-	-
Other Assets	46,271	79,623	7,973	133,867
<b>Total Assets</b>	<b>23,421,668</b>	<b>31,687,020</b>	<b>3,491,383</b>	<b>58,600,071</b>
<b>Liabilities</b>				
Bank Deposits	350,904	1,807,539	53,470	2,211,913
Foreign Currency Deposits	10,269,748	21,059,974	789,293	32,119,015
Interbank Money Market Takings	-	1,303,613	2	1,303,615
Other Fundings	6,087,653	11,589,215	-	17,676,868
Securities Issued	-	3,946,879	-	3,946,879
Miscellaneous Payables	20,405	34,581	211,596	266,582
Derivative Financial Liabilities Held for Risk Management	-	78	-	78
Other Liabilities (**)	239,870	361,667	2,152,998	2,754,535
<b>Total Liabilities</b>	<b>16,968,580</b>	<b>40,103,546</b>	<b>3,207,359</b>	<b>60,279,485</b>
<b>Net 'On Balance Sheet' Position</b>	<b>6,453,088</b>	<b>(8,416,526)</b>	<b>284,024</b>	<b>(1,679,414)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(6,542,916)</b>	<b>8,337,524</b>	<b>(285,323)</b>	<b>1,509,285</b>
Derivative Assets	4,661,823	18,090,918	1,171,053	23,923,794
Derivative Liabilities	11,204,739	9,753,394	1,456,376	22,414,509
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>24,192,845</b>	<b>34,622,010</b>	<b>3,152,813</b>	<b>61,967,668</b>
<b>Total Liabilities</b>	<b>19,143,094</b>	<b>37,231,588</b>	<b>3,271,493</b>	<b>59,646,175</b>
<b>Net 'On Balance Sheet' Position</b>	<b>5,049,751</b>	<b>(2,609,578)</b>	<b>(118,680)</b>	<b>2,321,493</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(4,751,323)</b>	<b>2,455,470</b>	<b>122,699</b>	<b>(2,173,154)</b>
Derivative Assets	4,387,201	12,481,980	684,312	17,553,493
Derivative Liabilities	9,138,524	10,026,510	561,613	19,726,647
Non-Cash Loans	-	-	-	-

(\*) The foreign currency-indexed loans amounting TL 2,423,855 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(\*\*) Other liabilities also include gold deposits of TL 2,141,573 thousands.

#### **4.6 Interest rate risk**

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

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

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

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

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

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

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	14,434,135	14,434,135
Banks	2,018,833	2,207,788	1,341,100	929,632	-	1,627,264	8,124,617
Financial Assets at Fair Value through Profit/Loss (**)	31,621	12,023	56,005	825,165	19,352	725,901	1,670,067
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	13,674,076	3,265,838	6,843,417	6,600,864	978,646	3,314,805	34,677,646
Loans (**)	18,197,421	6,627,617	15,694,626	31,264,906	15,798,228	1,587,402	89,170,200
Investments Held-to-Maturity	910,865	-	7,065	147,539	295,448	11,499	1,372,416
Other Assets	9,481	4,826	-	4,754	6,912	5,075,379	5,101,352
<b>Total Assets</b>	<b>34,842,297</b>	<b>12,118,092</b>	<b>23,942,213</b>	<b>39,772,860</b>	<b>17,098,586</b>	<b>26,776,385</b>	<b>154,550,433</b>
<b>Liabilities</b>							
Bank Deposits	2,145,576	344,357	46,626	-	-	749,596	3,286,155
Other Deposits	54,583,528	11,109,409	3,784,320	15,130	-	17,021,184	86,513,571
Interbank Money Market Takings	6,111,238	209,272	1,052,661	244,536	-	14,088	7,631,795
Miscellaneous Payables	-	-	-	-	-	4,727,328	4,727,328
Securities Issued	1,426,008	886,930	267,548	-	3,249,969	165,310	5,995,765
Other Fundings	4,108,509	2,954,812	7,011,285	4,910,700	2,633,080	253,729	21,872,115
Other Liabilities	9,913	29	108	1	-	24,513,653	24,523,704
<b>Total Liabilities</b>	<b>68,384,772</b>	<b>15,504,809</b>	<b>12,162,548</b>	<b>5,170,367</b>	<b>5,883,049</b>	<b>47,444,888</b>	<b>154,550,433</b>
<b>On Balance Sheet Long Position</b>	-	-	<b>11,779,665</b>	<b>34,602,493</b>	<b>11,215,537</b>	-	<b>57,597,695</b>
<b>On Balance Sheet Short Position</b>	<b>(33,542,475)</b>	<b>(3,386,717)</b>	-	-	-	<b>(20,668,503)</b>	<b>(57,597,695)</b>
<b>Off-Balance Sheet Long Position</b>	<b>2,733,700</b>	<b>2,935,024</b>	<b>2,754,044</b>	<b>2,244,156</b>	<b>1,276,378</b>	-	<b>11,943,302</b>
<b>Off-Balance Sheet Short Position</b>	<b>(1,019,813)</b>	<b>(1,188,899)</b>	<b>(2,512,396)</b>	<b>(3,539,197)</b>	<b>(1,853,449)</b>	-	<b>(10,113,754)</b>
<b>Total Position</b>	<b>(31,828,588)</b>	<b>(1,640,592)</b>	<b>12,021,313</b>	<b>33,307,452</b>	<b>10,638,466</b>	<b>(20,668,503)</b>	<b>1,829,548</b>

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

(\*\*) Loans amounting to TL 218,574 thousands classified under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are included above under “Loans”.

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years 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	-	-	-	-	-	8,261,151	8,261,151
Banks	8,118,111	1,570,388	1,624,898	433,464	-	2,597,090	14,343,951
Financial Assets at Fair Value through Profit/Loss	110,564	14,692	37,919	246,154	563,254	684,259	1,656,842
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	12,232,186	3,919,261	1,991,085	7,850,138	497,478	2,309,496	28,799,644
Loans	15,672,488	10,303,220	14,973,826	25,641,936	15,726,070	1,495,762	83,813,302
Investments Held-to-Maturity	910,864	1,458,014	574,141	157,033	1,421,680	264,798	4,786,530
Other Assets	13,475	1,000	2,498	7,473	9,118	4,947,457	4,981,021
<b>Total Assets</b>	<b>37,057,688</b>	<b>17,266,575</b>	<b>19,204,367</b>	<b>34,336,198</b>	<b>18,217,600</b>	<b>20,560,013</b>	<b>146,642,441</b>
<b>Liabilities</b>							
Bank Deposits	977,358	263,239	22,908	-	-	719,836	1,983,341
Other Deposits	49,653,429	10,982,656	4,587,989	75,760	137,108	17,122,492	82,559,434
Interbank Money Market Takings	8,893,238	847,839	-	1,189,870	-	24,044	10,954,991
Miscellaneous Payables	-	-	-	-	-	3,557,331	3,557,331
Securities Issued	1,270,659	-	1,371,442	-	924,305	137,691	3,704,097
Other Fundings	9,027,908	1,679,770	3,635,879	3,126,011	3,839,414	296,077	21,605,059
Other Liabilities	713,448	1	1	2	-	21,564,736	22,278,188
<b>Total Liabilities</b>	<b>70,536,040</b>	<b>13,773,505</b>	<b>9,618,219</b>	<b>4,391,643</b>	<b>4,900,827</b>	<b>43,422,207</b>	<b>146,642,441</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>3,493,070</b>	<b>9,586,148</b>	<b>29,944,555</b>	<b>13,316,773</b>	<b>-</b>	<b>56,340,546</b>
<b>On Balance Sheet Short Position</b>	<b>(33,478,352)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,862,194)</b>	<b>(56,340,546)</b>
<b>Off-Balance Sheet Long Position</b>	<b>1,585,694</b>	<b>1,773,331</b>	<b>1,815,686</b>	<b>2,332,115</b>	<b>2,511,160</b>	<b>-</b>	<b>10,017,986</b>
<b>Off-Balance Sheet Short Position</b>	<b>(1,053,837)</b>	<b>(812,713)</b>	<b>(2,300,011)</b>	<b>(3,460,229)</b>	<b>(1,502,335)</b>	<b>-</b>	<b>(9,129,125)</b>
<b>Total Position</b>	<b>(32,946,495)</b>	<b>4,453,688</b>	<b>9,101,823</b>	<b>28,816,441</b>	<b>14,325,598</b>	<b>(22,862,194)</b>	<b>888,861</b>

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

**4.6.2 Average interest rates on monetary financial instruments (%)**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.43	0.67	-	7.00
Financial Assets at Fair Value through Profit/Loss	4.64	4.27	-	7.93
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.27	5.18	-	9.52
Loans	5.55	5.83	5.86	15.76
Investments Held-to-Maturity	-	6.88	-	10.29
<b>Liabilities</b>				
Bank Deposits	1.97	2.04	-	7.57
Other Deposits	2.14	2.43	1.41	7.78
Interbank Money Market Takings	-	2.15	-	7.26
Miscellaneous Payables	-	-	-	-
Securities Issued	-	5.00	-	9.52
Other Fundings	2.05	2.32	-	11.37

<b>Prior Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks (*)	1.16	0.37	-	9.16
Financial Assets at Fair Value through Profit/Loss	4.25	6.79	-	8.73
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.76	5.68	-	8.47
Loans	5.79	5.40	6.06	15.47
Investments Held-to-Maturity	-	7.22	-	13.88
<b>Liabilities</b>				
Bank Deposits	2.03	3.13	-	10.14
Other Deposits	2.78	3.05	0.50	8.41
Interbank Money Market Takings	-	2.15	-	10.58
Miscellaneous Payables	-	-	-	-
Securities Issued	-	5.64	-	7.76
Other Fundings	2.47	2.38	-	11.26

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

#### **4.6.3 Interest rate risk on banking book**

##### **4.6.3.1 Nature of interest rate risk resulted from banking book, major assumptions including also assumption on early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk**

The interest rate risk resulted from banking book is assessed in terms of repricing risk, yield-curve risk, base risk and option risk, measured as per international standards and managed through limitations and mitigations through hedging transactions.

The interest sensitivity of assets, liabilities and off balance-sheet items are evaluated at the weekly Asset-Liability Committee meetings considering also the market developments.

The measurement process of interest rate risk resulted from banking book, is designed and managed by the Bank on a bank-only basis to include the interest rate positions defined as banking book by the Bank and to consider the relevant repricing and maturity data.

Duration gaps, gaps by maturity brackets and sensitivity analysis are used in monitoring of repricing risk resulted from maturity mismatch. The duration gap and sensitivity analysis are carried out every two weeks period.

In the duration gap analysis, the present values of interest-rate-sensitive asset and liability items are calculated using yield curves developed from market interest rates. In case of instruments with no maturities assigned, the maturity is determined as per interest rate fixing periods and customer behaviors. Such results are supported by sensitivity and scenario analysis applied periodically for possible instabilities in the markets.

The interest rate risk resulted from banking book is measured legally as per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method” published in the Official Gazette no.28034 dated 23 August 2011, and the legal limit as per this measurement is monitored and reported monthly. The capital level is maintained considering the interest rate risk resulted from the banking book.

The interest rate risk on the interest-rate-sensitive financial instruments of the trading portfolio is evaluated as part of the market risk.

The market risks of branches and business lines are transferred to the Asset Liability Management department through transfer pricing. This department applies a centralised market risk management and uses the balance sheet (long-term borrowing) and off balance sheet (derivative instruments) methods.

##### **4.6.3.2 Economic value differences resulted from interest rate instabilities calculated according to Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method**

	Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
1	TL	(+) 500 bps	(2,581,243)	(12.37)%
2	TL	(-) 400 bps	2,505,128	12.00%
3	USD	(+) 200 bps	(821)	0.00%
4	USD	(-) 200 bps	(35,024)	(0.17)%
5	EUR	(+) 200 bps	(43,570)	(0.21)%
6	EUR	(-) 200 bps	48,119	0.23%
	<b>Total (of negative shocks)</b>		<b>2,518,222</b>	<b>12.35%</b>
	<b>Total (of positive shocks)</b>		<b>(2,625,633)</b>	<b>(12.88)%</b>



#### 4.6.4 Position risk of equity securities in banking book

##### 4.6.4.1 Comparison of carrying, fair and market values of equity shares

	Equity Securities (shares)	Comparison		
		Carrying Value	Fair Value	Market Value
<b>1</b>	<b>Securities Available-for-Sale</b>	<b>11,851</b>	<b>-</b>	<b>7,874</b>
	Quoted Securities	7,874	-	7,874
<b>2</b>	<b>Investments in Associates</b>	<b>20,892</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-
<b>3</b>	<b>Investment in Subsidiaries</b>	<b>2,280,475</b>	<b>1,845,914</b>	<b>94,529</b>
	Quoted Securities	94,529	-	94,529

##### 4.6.4.2 Realised gains/losses, revaluation surpluses and unrealised gains/losses on equity securities and results included in core and supplementary capitals

	Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
			Total	Amount under Supplementary Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	46,948	-	21,127
3	Other Shares	-	573,825	258,221	-	-	-
	<b>Total</b>	<b>-</b>	<b>573,825</b>	<b>258,221</b>	<b>46,948</b>	<b>-</b>	<b>21,127</b>

#### 4.7 Liquidity risk

The liquidity risk of the Bank is defined as the risk of being unable to pay its liabilities ontime due to not having enough cash sources or cash inflows to finance its cash outflows fully and ontime due to cashflow instabilities.

In order to overcome the liquidity risk, the Bank diversifies its funding sources considering their short and long term liquidity requirements, through instruments such as customer deposits, repurchase transactions, bond issuances and foreign borrowings. Besides, in order to secure the maturity match between the assets and liabilities, the strategies for maturity extension of fundings exist. The liquidity needs in different currencies are also managed through transactions such as currency swaps. In order to meet the cash outflow requirements during crises periods, high-liquid asset reserves are maintained.

In the management of TL and foreign currency liquidity, the cashflows of existing assets and liabilities are monitored and the liquidity needs in future maturities are estimated. The necessary actions are taken for liquidity requirements by monitoring stress positions.

An emergency action plan that covers the solutions to prevent the increase in liquidity risks under the ordinary activities and the possible scenarios of liquidity constraints under different positions and stress levels, exist. As per this plan, the liquidity risk is monitored through possible actions and scenarios at various stress levels of liquidity risks and early warning signals.

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The liquidity ratios for the first nine-month of 2012 and the year of 2011 are as follows :

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	129.89	139.08	98.72	104.29

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	135.89	148.57	94.32	109.14

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,966,601	11,467,534	-	-	-	-	-	14,434,135
Banks	1,570,734	789,034	389,645	465,815	2,985,109	1,924,280	-	8,124,617
Financial Assets at Fair Value through Profit/Loss (**)	683	163,290	160,507	127,560	1,028,140	189,887	-	1,670,067
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	28,192	-	35,513	12,234,239	17,393,848	4,985,854	-	34,677,646
Loans (**)	150,496	15,178,974	8,175,506	10,927,210	34,333,229	20,067,202	337,583	89,170,200
Investments Held-to-Maturity	-	-	-	7,185	1,063,618	301,613	-	1,372,416
Other Assets	622,252	362,953	4,826	-	4,754	6,912	4,099,655	5,101,352
<b>Total Assets</b>	<b>5,338,958</b>	<b>27,961,785</b>	<b>8,765,997</b>	<b>23,762,009</b>	<b>56,808,698</b>	<b>27,475,748</b>	<b>4,437,238</b>	<b>154,550,433</b>
<b>Liabilities</b>								
Bank Deposits	743,636	2,149,989	193,202	47,055	152,273	-	-	3,286,155
Other Deposits	16,674,304	54,806,773	11,162,440	3,788,436	60,409	21,209	-	86,513,571
Other Fundings	-	638,970	2,424,583	7,864,753	7,649,146	3,294,663	-	21,872,115
Interbank Money Market Takings	-	6,118,023	210,157	1,058,303	245,312	-	-	7,631,795
Securities Issued	-	894,408	886,930	267,548	1,591,729	2,355,150	-	5,995,765
Miscellaneous Payables	883,906	3,843,422	-	-	-	-	-	4,727,328
Other Liabilities (***)	298,147	333,440	150,162	111,913	350,166	172,786	23,107,090	24,523,704
<b>Total Liabilities</b>	<b>18,599,993</b>	<b>68,785,025</b>	<b>15,027,474</b>	<b>13,138,008</b>	<b>10,049,035</b>	<b>5,843,808</b>	<b>23,107,090</b>	<b>154,550,433</b>
<b>Liquidity Gap</b>	<b>(13,261,035)</b>	<b>(40,823,240)</b>	<b>(6,261,477)</b>	<b>10,624,001</b>	<b>46,759,663</b>	<b>21,631,940</b>	<b>(18,669,852)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>5,441,225</b>	<b>25,613,044</b>	<b>10,765,193</b>	<b>13,826,328</b>	<b>58,866,923</b>	<b>27,991,470</b>	<b>4,138,258</b>	<b>146,642,441</b>
<b>Total Liabilities</b>	<b>18,204,429</b>	<b>65,391,998</b>	<b>13,409,429</b>	<b>13,774,426</b>	<b>9,999,080</b>	<b>5,961,902</b>	<b>19,901,177</b>	<b>146,642,441</b>
<b>Liquidity Gap</b>	<b>(12,763,204)</b>	<b>(39,778,954)</b>	<b>(2,644,236)</b>	<b>51,902</b>	<b>48,867,843</b>	<b>22,029,568</b>	<b>(15,762,919)</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.

(\*\*) Loans amounting to TL 218,574 thousands classified under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are included above under “Loans”.

(\*\*\*) Shareholders’ equity is included in “other liabilities” line under “undistributed” column.

**4.7.2 Securitisation positions**

None.

#### 4.7.3 Credit risk mitigation techniques

The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals in compliance with the article 34 of the “Regulation on Credit Risk Mitigation Techniques”.

In the credit risk mitigation, cash and cash equivalent items and high-credit-quality debt instruments are used.

The volatility adjustments regarding the receivables, collaterals and currency mismatch of the collaterals are made as per the standard volatility-adjustment approach defined in the article 37 of the above mentioned regulation.

In cases where there are maturity mismatches resulted from shorter remaining life of collateral than of receivables, the value of collateral is considered as the volatility-adjusted value.

Exposure Categories	Amount (**)	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	51,372,303	-	-	-
Conditional and unconditional receivables from regional or local governments	4,482	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	97,436	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	23,417,902	4,279,625	-	-
Conditional and unconditional receivables from corporates	113,590,177	4,691,857	-	-
Conditional and unconditional retail receivables	65,950,328	956,567	-	-
Conditional and unconditional receivables secured by mortgages (*)	11,768,995	66,765	-	-
Past due receivables	198,957	-	-	-
Receivables defined in high risk category by BRSA	6,773,580	134,958	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	5,223,111	-	-	-

(\*) The mortgages considered for determination of the risk categories as per the article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, are not taken into account.

(\*\*) Includes total risk amounts before credit risk mitigation.

#### 4.7.4 Risk management objectives and policies

The Risk Management Strategy of the Bank includes the optimum allocation of the capital and the realisation of growth framework, maintaining risk-return balance, measuring the risks by methods in compliance with international standards and local regulations in paralel with its activities and under its sustainable and value-creating growth strategy.

The Bank determines the necessary approaches in order to update, revise, apply and manage its policies set for the proper assessment and management of risks considering changes in conditions.

The top management is responsible of managing, developing the risk management strategies, policies and application principles approved by the board of directors, reporting of major risks that the Bank is facing to the board of directors, assessment of internal control, internal audit and risk reports of departments and either eliminating risks, deficiencies or defects identified in these departments or taking the necessary precautions to prevent those, and participating in determination of risk limits.

The risk management activities are structured under the responsibility of the Bank's board of directors. The top management is responsible to the board of directors for monitoring and managing of risks. Besides, the following departments participate in monitoring of risks, independent from the departments having operational activities; Internal Control, Risk Management, Fraud, Compliance and Internal Audit.

The risks are evaluated on a continuously developing structure that is managed by internationally accepted applications and in compliance with the Bank's policies and procedures, and the international and local regulations.

The risks are also managed through risk mitigations using hedging transactions beside measurement, limitation and capital allocation techniques. The data of the Bank and the market are regularly monitored for better risk monitoring and management. As part of limitation of risks, internal limits are also set beside the legal limits. The possible changes in economic conditions and the risks that can be faced under extraordinary conditions are taken into consideration.

#### **4.8 Fair values of financial assets and liabilities**

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

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

None.

## 5 Disclosures and Footnotes on Unconsolidated Financial Statements

### 5.1 Assets

#### 5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	658,720	303,216	617,193	375,096
Central Bank of Turkey	400,626	12,976,110	972,268	6,212,587
Others	-	95,463	30	83,977
<b>Total</b>	<b>1,059,346</b>	<b>13,374,789</b>	<b>1,589,491</b>	<b>6,671,660</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	400,626	1,508,576	972,268	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	11,467,534	-	6,212,587
<b>Total</b>	<b>400,626</b>	<b>12,976,110</b>	<b>972,268</b>	<b>6,212,587</b>

The reserve deposits kept as per the Communiqué no. 2005/1 “Reserve Deposits” of the Central Bank of Turkey in Turkish Lira, foreign currencies and gold, are included in the table above.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	-	5,358	-	646,886
Assets Subject to Repurchase Agreements	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5,358</b>	<b>-</b>	<b>646,886</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	56,529	25,617	68,193	20,179
Swap Transactions	291,437	266,863	13,865	379,817
Futures	-	1,510	-	4,950
Options	48,048	25,911	108,370	55,608
Other	-	-	-	-
<b>Total</b>	<b>396,014</b>	<b>319,901</b>	<b>190,428</b>	<b>460,554</b>

### 5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	433,040	150,715	32,179	157
Foreign banks	2,086,178	5,454,684	2,070,313	12,241,302
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>2,519,218</b>	<b>5,605,399</b>	<b>2,102,492</b>	<b>12,241,459</b>

The placements at foreign banks include blocked accounts amounting TL 5,699,691 thousands (31 December 2011: TL 7,888,133 thousands) of which TL 98,432 thousands (31 December 2011: TL 185,474 thousands) and TL 30,111 thousands (31 December 2011: TL 26,372 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus (and as of 31 December 2011: a further TL 215,432 thousands at the central bank of Luxembourg), respectively as reserve deposits, and TL 5,571,148 thousands (31 December 2011: TL 7,460,855 thousands) as collateral against funds borrowed.

#### *Due from foreign banks:*

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

### 5.1.4 Financial assets available-for-sale

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

The collateralized financial assets available-for-sale in TL consist of government bonds. The total carrying value of such securities with total face value of TL 9,229,585 thousands (31 December 2011: TL 6,493,103 thousands) is TL 9,368,057 thousands (31 December 2011: TL 6,716,870 thousands). The related accrued interests amount to TL 1,148,996 thousands (31 December 2011: TL 613,321 thousands). The related impairment losses on these securities amount to TL 1,582 thousands (31 December 2011: TL 24,481 thousands). The collateralized financial assets available-for-sale in foreign currencies consist of Eurobonds. The total carrying value of such securities with total face value EUR 35,000,000 (31 December 2011: USD 9,925,000 and EUR 32,500,000) is EUR 34,635,651 (31 December 2011: USD 10,119,913 and EUR 26,364,891). The related accrued interests amount to EUR 5,611,238 (31 December 2011: USD 1,300,911 and EUR 29,997). There are no impairment losses on these securities (31 December 2011: EUR 12,333).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	10,515,471	91,747	7,622,941	85,188
Assets subject to Repurchase Agreements	8,729,599	-	11,142,092	353,925
<b>Total</b>	<b>19,245,070</b>	<b>91,747</b>	<b>18,765,033</b>	<b>439,113</b>

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

	Current Period	Prior Period
<b>Debt Securities</b>	<b>31,379,696</b>	<b>26,731,268</b>
Quoted at Stock Exchange	29,129,566	24,915,253
Unquoted at Stock Exchange	2,250,130	1,816,015
<b>Common Shares/Investment Funds</b>	<b>28,665</b>	<b>19,666</b>
Quoted at Stock Exchange (*)	5,081	5,081
Unquoted at Stock Exchange	23,584	14,585
<b>Value Increases/Impairment Losses (-)</b>	<b>3,269,285</b>	<b>2,048,710</b>
<b>Total</b>	<b>34,677,646</b>	<b>28,799,644</b>

As of 30 September 2012, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 (31 December 2011: USD 425,000,000) and a total carrying value of TL 757,037 thousands (31 December 2011: TL 804,237 thousands).

## 5.1.5 Loans

### 5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
<b>Direct Lendings to Shareholders</b>	<b>9</b>	<b>68,815</b>	<b>26</b>	<b>34,925</b>
Corporates	9	68,815	26	34,925
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>299,740</b>	<b>410,073</b>	<b>245,679</b>	<b>478,356</b>
<b>Loans to Employees</b>	<b>102,230</b>	<b>-</b>	<b>86,115</b>	<b>-</b>
<b>Total</b>	<b>401,979</b>	<b>478,888</b>	<b>331,820</b>	<b>513,281</b>

### 5.1.5.2 Loans and other receivables classified in groups I and II including contracts with revised terms

Cash Loans	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
<b>Loans</b>	<b>86,374,677</b>	<b>1,030,637</b>	<b>-</b>	<b>2,457,940</b>	<b>542,974</b>	<b>774,805</b>
Working Capital Loans	7,370,859	122,493	-	629,288	211,392	250,423
Export Loans	3,378,734	13,863	-	108,509	77,640	2,013
Import Loans	1,852	-	-	-	-	-
Loans to Financial Sector	1,875,622	5,345	-	-	-	-
Consumer Loans	20,394,877	537,366	-	404,452	53,563	76,983
Credit Cards	11,098,689	-	-	316,054	-	188,189
Others (*)	42,254,044	351,570	-	999,637	200,379	257,197
<b>Specialization Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>86,374,677</b>	<b>1,030,637</b>	<b>-</b>	<b>2,457,940</b>	<b>542,974</b>	<b>774,805</b>

(\*) Loans amounting to TL 218,574 thousands classified under "financial assets at fair value through profit or loss" in the accompanying balance sheet, are included above under "Loans to Financial Sector".

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

Current Period	Corporate/ Commercial	Consumer Loans	Credit Cards	Total
	Loans			
Loans Collateralized by Cash	17,069	1,127	-	18,196
Loans Collateralized by Mortgages	941,591	181,646	-	1,123,237
Loans Collateralized by Pledged Assets	193,398	24,312	-	217,710
Loans Collateralized by Cheques and Notes	161,853	178,700	-	340,553
Loans Collateralized by Other Collaterals	410,517	1,669	-	412,186
Unsecured Loans	13,006	16,998	316,054	346,058
<b>Total</b>	<b>1,737,434</b>	<b>404,452</b>	<b>316,054</b>	<b>2,457,940</b>

	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Prior Period</b>				
Loans Collateralized by Cash	21,125	805	-	21,930
Loans Collateralized by Mortgages	430,374	102,467	-	532,841
Loans Collateralized by Pledged Assets	488,931	16,038	-	504,969
Loans Collateralized by Cheques and Notes	159,881	108,712	-	268,593
Loans Collateralized by Other Collaterals	370,689	3,305	-	373,994
Unsecured Loans	41,587	43,998	228,360	313,945
<b>Total</b>	<b>1,512,587</b>	<b>275,325</b>	<b>228,360</b>	<b>2,016,272</b>

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

	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Current Period</b>				
31-60 days	49,796	184,552	92,631	326,979
61-90 days	88,889	57,181	35,234	181,304
Others	1,598,749	162,719	188,189	1,949,657
<b>Total</b>	<b>1,737,434</b>	<b>404,452</b>	<b>316,054</b>	<b>2,457,940</b>

	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Prior Period</b>				
31-60 days	33,508	102,844	64,559	200,911
61-90 days	120,717	23,282	17,167	161,166
Others	1,358,362	149,199	146,634	1,654,195
<b>Total</b>	<b>1,512,587</b>	<b>275,325</b>	<b>228,360</b>	<b>2,016,272</b>

***Loans and other receivables with extended maturities:***

<b>Current Period</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>No. of Extensions</b>		
1 or 2 times	943,603	528,098
3, 4 or 5 times	78,973	14,442
Over 5 times	8,061	434

<b>Current Period</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>Extention Periods</b>		
0 - 6 months	215,780	187,449
6 - 12 months	165,097	42,147
1 - 2 years	201,425	80,847
2 - 5 year	329,970	193,185
5 years and over	118,365	39,346

**5.1.5.3 Maturity analysis of cash loans**

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



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

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>511,620</b>	<b>19,511,969</b>	<b>20,023,589</b>
Housing Loans	16,203	9,759,760	9,775,963
Automobile Loans	21,800	1,188,617	1,210,417
General Purpose Loans	92,095	1,149,020	1,241,115
Other	381,522	7,414,572	7,796,094
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>298,251</b>	<b>298,251</b>
Housing Loans	-	287,385	287,385
Automobile Loans	-	306	306
General Purpose Loans	-	7,891	7,891
Other	-	2,669	2,669
<b>Consumer Loans – FC</b>	<b>-</b>	<b>40,348</b>	<b>40,348</b>
Housing Loans	-	31,723	31,723
Automobile Loans	-	6,778	6,778
General Purpose Loans	-	864	864
Other	-	983	983
<b>Retail Credit Cards – TL</b>	<b>10,580,507</b>	<b>193,823</b>	<b>10,774,330</b>
With Installment	5,189,001	193,823	5,382,824
Without Installment	5,391,506	-	5,391,506
<b>Retail Credit Cards – FC</b>	<b>22,222</b>	<b>-</b>	<b>22,222</b>
With Installment	5,539	-	5,539
Without Installment	16,683	-	16,683
<b>Personnel Loans – TL</b>	<b>19,035</b>	<b>32,931</b>	<b>51,966</b>
Housing Loan	-	1,442	1,442
Automobile Loans	-	149	149
General Purpose Loans	4,351	5,179	9,530
Other	14,684	26,161	40,845
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>71</b>	<b>71</b>
Housing Loans	-	71	71
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>95</b>	<b>95</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	95	95
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>41,968</b>	<b>469</b>	<b>42,437</b>
With Installment	33,379	469	33,848
Without Installment	8,589	-	8,589
<b>Personnel Credit Cards – FC</b>	<b>436</b>	<b>-</b>	<b>436</b>
With Installment	90	-	90
Without Installment	346	-	346
<b>Deposit Accounts– TL (real persons)</b>	<b>385,009</b>	<b>-</b>	<b>385,009</b>
<b>Deposit Accounts– FC (real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11,560,797</b>	<b>20,077,957</b>	<b>31,638,754</b>

<b>Prior Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>385,331</b>	<b>16,971,897</b>	<b>17,357,228</b>
Housing Loans	12,680	8,682,875	8,695,555
Automobile Loans	18,473	1,078,107	1,096,580
General Purpose Loans	28,796	635,716	664,512
Other	325,382	6,575,199	6,900,581
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>408,695</b>	<b>408,695</b>
Housing Loans	-	387,458	387,458
Automobile Loans	-	1,491	1,491
General Purpose Loans	-	10,380	10,380
Other	-	9,366	9,366
<b>Consumer Loans – FC</b>	<b>15</b>	<b>34,701</b>	<b>34,716</b>
Housing Loans	-	24,062	24,062
Automobile Loans	-	8,248	8,248
General Purpose Loans	15	745	760
Other	-	1,646	1,646
<b>Retail Credit Cards – TL</b>	<b>9,270,682</b>	<b>121,785</b>	<b>9,392,467</b>
With Installment	4,315,910	121,785	4,437,695
Without Installment	4,954,772	-	4,954,772
<b>Retail Credit Cards – FC</b>	<b>21,042</b>	<b>-</b>	<b>21,042</b>
With Installment	4,016	-	4,016
Without Installment	17,026	-	17,026
<b>Personnel Loans – TL</b>	<b>20,775</b>	<b>20,964</b>	<b>41,739</b>
Housing Loan	-	1,081	1,081
Automobile Loans	-	66	66
General Purpose Loans	972	985	1,957
Other	19,803	18,832	38,635
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>94</b>	<b>94</b>
Housing Loans	-	94	94
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>39</b>	<b>41</b>	<b>80</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	39	41	80
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>36,359</b>	<b>414</b>	<b>36,773</b>
With Installment	27,391	414	27,805
Without Installment	8,968	-	8,968
<b>Personnel Credit Cards – FC</b>	<b>223</b>	<b>-</b>	<b>223</b>
With Installment	27	-	27
Without Installment	196	-	196
<b>Deposit Accounts– TL (real persons)</b>	<b>411,687</b>	<b>-</b>	<b>411,687</b>
<b>Deposit Accounts– FC (real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>10,146,153</b>	<b>17,558,591</b>	<b>27,704,744</b>

**5.1.5.5 Installment based commercial loans and corporate credit cards**

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>1,093,182</b>	<b>7,492,657</b>	<b>8,585,839</b>
Real Estate Loans	1,072	557,171	558,243
Automobile Loans	55,237	1,526,340	1,581,577
General Purpose Loans	1,036,873	5,407,474	6,444,347
Other	-	1,672	1,672
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>86,156</b>	<b>657,235</b>	<b>743,391</b>
Real Estate Loans	13	43,791	43,804
Automobile Loans	3,424	205,250	208,674
General Purpose Loans	82,719	408,194	490,913
Other	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>341</b>	<b>82,192</b>	<b>82,533</b>
Real Estate Loans	-	1,535	1,535
Automobile Loans	26	4,623	4,649
General Purpose Loans	315	9,301	9,616
Other	-	66,733	66,733
<b>Corporate Credit Cards – TL</b>	<b>569,213</b>	<b>745</b>	<b>569,958</b>
With Installment	317,549	745	318,294
Without Installment	251,664	-	251,664
<b>Corporate Credit Cards – FC</b>	<b>5,360</b>	<b>-</b>	<b>5,360</b>
With Installment	-	-	-
Without Installment	5,360	-	5,360
<b>Deposit Accounts– TL (corporates)</b>	<b>642,120</b>	<b>-</b>	<b>642,120</b>
<b>Deposit Accounts– FC (corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,396,372</b>	<b>8,232,829</b>	<b>10,629,201</b>

<b>Prior Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>798,777</b>	<b>7,194,941</b>	<b>7,993,718</b>
Real Estate Loans	1,121	528,143	529,264
Automobile Loans	56,032	1,417,261	1,473,293
General Purpose Loans	741,624	5,247,089	5,988,713
Other	-	2,448	2,448
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>88,845</b>	<b>696,249</b>	<b>785,094</b>
Real Estate Loans	136	49,918	50,054
Automobile Loans	5,191	219,563	224,754
General Purpose Loans	83,518	426,768	510,286
Other	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>463</b>	<b>94,244</b>	<b>94,707</b>
Real Estate Loans	-	1,178	1,178
Automobile Loans	151	4,724	4,875
General Purpose Loans	312	5,200	5,512
Other	-	83,142	83,142
<b>Corporate Credit Cards – TL</b>	<b>426,613</b>	<b>724</b>	<b>427,337</b>
With Installment	196,638	724	197,362
Without Installment	229,975	-	229,975
<b>Corporate Credit Cards – FC</b>	<b>4,117</b>	<b>-</b>	<b>4,117</b>
With Installment	-	-	-
Without Installment	4,117	-	4,117
<b>Deposit Accounts– TL (corporates)</b>	<b>525,078</b>	<b>-</b>	<b>525,078</b>
<b>Deposit Accounts– FC (corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,843,893</b>	<b>7,986,158</b>	<b>9,830,051</b>

#### 5.1.5.6 Allocation of loans by customers

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

#### 5.1.5.7 Allocation of domestic and foreign loans

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	86,279,781	81,535,965
Foreign Loans (*)	2,552,836	1,996,965
<b>Total</b>	<b>88,832,617</b>	<b>83,532,930</b>

(\*) Loans amounting to TL 218,574 thousands classified under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are included above under “Foreign Loans”.

#### 5.1.5.8 Loans to associates and subsidiaries

	<b>Current Period</b>	<b>Prior Period</b>
Direct Lending	746,176	1,219,109
Indirect Lending	-	-
<b>Total</b>	<b>746,176</b>	<b>1,219,109</b>

**5.1.5.9 Specific provisions for loans**

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	118,890	28,890
Doubtful Loans and Receivables	268,779	156,321
Uncollectible Loans and Receivables	1,078,416	1,066,504
<b>Total</b>	<b>1,466,085</b>	<b>1,251,715</b>

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

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period</b>			
(Gross Amounts before Specific Provisions)	22,357	31,143	76,318
Restructured Loans and Receivables	22,357	31,143	76,318
Rescheduled Loans and Receivables	-	-	-
<b>Prior Period</b>			
(Gross Amounts before Specific Provisions)	12,368	20,353	90,382
Restructured Loans and Receivables	12,368	20,353	90,382
Rescheduled Loans and Receivables	-	-	-

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<b>Current Period</b>			
<b>Balances at Beginning of Period</b>	<b>78,176</b>	<b>191,288</b>	<b>1,262,623</b>
Additions during the Period (+)	587,686	12,206	59,618
Transfer from Other NPL Categories (+)	-	416,192	245,438
Transfer to Other NPL Categories (-)	416,192	245,648	1,217
Collections during the Period (-)	45,641	38,298	132,579
Write-offs (-) (*)	-	-	169,984
Corporate and Commercial Loans	-	-	2,864
Retail Loans	-	-	33,577
Credit Cards	-	-	133,543
Others	-	-	-
<b>Balances at End of Period</b>	<b>204,029</b>	<b>335,740</b>	<b>1,263,899</b>
Specific Provisions (-)	118,890	268,779	1,078,416
<b>Net Balance on Balance Sheet</b>	<b>85,139</b>	<b>66,961</b>	<b>185,483</b>

(\*) This amount is due to sale of non-performing loans.

Prior Period	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<b>Balances at Beginning of Period</b>	<b>69,719</b>	<b>138,127</b>	<b>1,731,263</b>
Additions during the Period (+)	303,743	81,937	91,767
Transfer from Other NPL Categories (+)	-	248,894	215,546
Transfer to Other NPL Categories (-)	249,400	219,156	213,210
Collections during the Period (-)	45,886	58,514	362,328
Write-offs (-) (*)	-	-	200,415
Corporate and Commercial Loans	-	-	25,841
Retail Loans	-	-	105,598
Credit Cards	-	-	68,976
Others	-	-	-
<b>Balances at End of Period</b>	<b>78,176</b>	<b>191,288</b>	<b>1,262,623</b>
Specific Provisions (-)	28,890	156,321	1,066,504
<b>Net Balance on Balance Sheet</b>	<b>49,286</b>	<b>34,967</b>	<b>196,119</b>

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

**Movements in specific loan provisions:**

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
<b>Balances at End of Prior Period</b>	<b>450,411</b>	<b>248,229</b>	<b>553,075</b>	<b>1,251,715</b>
Additions during the Period(+)	177,672	154,094	192,380	524,146
Restructured/Rescheduled Loans (-)	245	75	-	320
Collections during the Period (-)	37,389	45,651	56,432	139,472
Write-offs (-)	2,864	33,577	133,543	169,984
<b>Balances at End of Period</b>	<b>587,585</b>	<b>323,020</b>	<b>555,480</b>	<b>1,466,085</b>

Prior Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
<b>Balances at End of Prior Period</b>	<b>576,401</b>	<b>377,447</b>	<b>633,701</b>	<b>1,587,549</b>
Additions during the Period(+)	159,134	77,482	112,034	348,650
Restructured/Rescheduled Loans (-)	161,237	179	-	161,416
Collections during the Period (-)	98,128	100,986	123,684	322,798
Write-offs (-)	25,759	105,535	68,976	200,270
<b>Balances at End of Period</b>	<b>450,411</b>	<b>248,229</b>	<b>553,075</b>	<b>1,251,715</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
<b>Balance at End of Period</b>	<b>6,902</b>	<b>74,458</b>	<b>215,916</b>
Specific Provisions (-)	4,630	68,670	179,642
<b>Net Balance at Balance Sheet</b>	<b>2,272</b>	<b>5,788</b>	<b>36,274</b>
<b>Prior Period</b>			
<b>Balance at End of Period</b>	<b>3,038</b>	<b>26,843</b>	<b>195,255</b>
Specific Provisions (-)	211	18,555	152,194
<b>Net Balance at Balance Sheet</b>	<b>2,827</b>	<b>8,288</b>	<b>43,061</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period (Net)</b>	<b>85,139</b>	<b>66,961</b>	<b>185,483</b>
Loans to Individuals and Corporates (Gross)	204,029	335,740	1,256,133
Specific Provision (-)	118,890	268,779	1,070,650
Loans to Individuals and Corporates (Net)	85,139	66,961	185,483
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,455
Specific Provision (-)	-	-	7,455
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>49,286</b>	<b>34,967</b>	<b>196,119</b>
Loans to Individuals and Corporates (Gross)	78,176	191,288	1,255,583
Specific Provision (-)	28,890	156,321	1,059,464
Loans to Individuals and Corporates (Net)	49,286	34,967	196,119
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,729
Specific Provision (-)	-	-	6,729
Other Loans and Receivables (Net)	-	-	-

**Collaterals received for non-performing loans:**

<b>Current Period</b>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	525	203	-	728
Loans Collateralized by Mortgages	374,241	44,496	-	418,737
Loans Collateralized by Pledged Assets	93,979	38,171	-	132,150
Loans Collateralized by Cheques and Notes	169,490	213,551	-	383,041
Loans Collateralized by Other Collaterals	165,181	5,836	-	171,017
Unsecured Loans	45,772	61,957	590,266	697,995
<b>Total</b>	<b>849,188</b>	<b>364,214</b>	<b>590,266</b>	<b>1,803,668</b>

<b>Prior Period</b>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	353	149	-	502
Loans Collateralized by Mortgages	241,111	47,657	-	288,768
Loans Collateralized by Pledged Assets	84,078	33,968	-	118,046
Loans Collateralized by Cheques and Notes	153,856	125,391	-	279,247
Loans Collateralized by Other Collaterals	159,124	8,795	-	167,919
Unsecured Loans	29,912	68,234	579,459	677,605
<b>Total</b>	<b>668,434</b>	<b>284,194</b>	<b>579,459</b>	<b>1,532,087</b>

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

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

**5.1.5.12 “Write-off” policies**

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

**5.1.6 Investments held-to-maturity**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	717,336	357,914	2,470,203	487,156
Investments subject to Repurchase Agreements	-	-	156,819	-
<b>Total</b>	<b>717,336</b>	<b>357,914</b>	<b>2,627,022</b>	<b>487,156</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	916,079	3,170,068
Treasury Bills	-	-
Other Government Securities	449,152	1,610,487
<b>Total</b>	<b>1,365,231</b>	<b>4,780,555</b>



### 5.1.6.3 Investments held-to-maturity

	Current Period	Prior Period
<b>Debt Securities</b>	<b>1,362,582</b>	<b>4,521,731</b>
Quoted at Stock Exchange	1,355,517	4,515,950
Unquoted at Stock Exchange	7,065	5,781
<b>Valuation Increase / (Decrease)</b>	<b>9,834</b>	<b>264,799</b>
<b>Total</b>	<b>1,372,416</b>	<b>4,786,530</b>

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

	Current Period	Prior Period
<b>Balances at Beginning of Period</b>	<b>4,786,530</b>	<b>5,893,931</b>
Foreign Currency Differences On Monetary Assets	(23,337)	292,041
Purchases during the Period	7,065	5,781
Disposals through Sales/Redemptions (*)	(3,407,677)	(1,360,037)
Valuation Effect	9,835	(45,186)
<b>Balances at End of Period</b>	<b>1,372,416</b>	<b>4,786,530</b>

(\*) As per the legislation on capital adequacy (Basel II) effective from 1 July 2012, the risk weighting of securities in foreign currencies issued by the Turkish Treasury increase from 0% to 100%. Accordingly, in the current period, the Bank sold a part of its Eurobonds with a total face value of USD595,638,000 from its held-to-maturity portfolio as per the permission granted by the relevant legislation (TAS 39) for the sale of securities originally classified under the securities held-to-maturity in cases where the capital requirement increases due to legal legislation.

## 5.1.7 Investments in associates

### 5.1.7.1 Investments in associates

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Bankalararası Kart Merkezi AŞ <sup>(1)</sup>	İstanbul/Türkiye	10.15	10.15
2	Yatırım Finansman Menkul Değerler AŞ <sup>(1)</sup>	İstanbul/Türkiye	0.77	0.77
3	İMKB Takas ve Saklama Bankası AŞ <sup>(1)</sup>	İstanbul/Türkiye	5.83	5.83
4	Vadeli İşlem ve Opsiyon Borsası AŞ <sup>(1)</sup>	İstanbul/Türkiye	6.00	6.00
5	KKB Kredi Kayıt Bürosu AŞ <sup>(1)</sup>	İstanbul/Türkiye	9.09	9.09
6	Gelişen Bilgi Teknolojileri AŞ <sup>(2)</sup>	İstanbul/Türkiye	5.00	5.00
7	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(3)</sup>	Ankara / Türkiye	2.48	2.48
8	Kredi Garanti Fonu AŞ <sup>(1)</sup>	Ankara / Türkiye	1.67	1.67

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	30,507	20,440	12,875	453	122	1,957	1,309	-
2	597,135	66,845	1,576	7,840	465	1,621	4,689	-
3	3,378,472	309,635	13,133	43,725	1,400	33,198	15,837	-
4	74,436	60,732	4,068	2,984	49	6,183	938	-
5	57,225	50,441	3,459	644	-	16,175	8,719	-
6	427	425	-	12	-	(5)	290	-
7	219,810,695	29,740,117	242,921	2,981,762	2,110,871	18,381,955	3,099,403	-
8	207,201	199,536	3,325	5,732	1	4,714	2,780	-

(1) Financial information is as of 30 June 2012.

(2) The company is under liquidation. The financial information is as of 30 June 2011.

(3) Financial information is as of 31 December 2011.

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

**5.1.7.2 Movement of investments in associates**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at Beginning of Period</b>	<b>19,834</b>	<b>29,512</b>
<b>Movements during the Period</b>	<b>1,058</b>	<b>(9,678)</b>
Acquisitions and Capital Increases (*)	1,000	1,000
Bonus Shares Received	58	634
Dividends from Current Year Profit	-	-
Sales (**)	-	(11,312)
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
<b>Balance at End of Period</b>	<b>20,892</b>	<b>19,834</b>
<b>Capital Commitments</b>	<b>-</b>	<b>1,000</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

(\*) Resulted from the payment of capital commitment amounting to TL 1,000 thousands to Kredi Garanti Fonu AŞ as per the capital increase of TL 4,000 thousands as of 11 September 2009.

(\*\*) As per the Shareholders' Agreement dated 21 June 2007 between the Bank and Eureko BV, the Bank sold its 20% shares of Eureko Sigorta AŞ with a nominal value of TL 12,000 thousands to Eureko BV for EUR 69,999,999.

**5.1.7.3 Sectoral distribution of investments and associates**

<b>Investments in Associates</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	19,178	18,120
Other Associates	1,714	1,714

**5.1.7.4 Quoted associates**

None.

**5.1.7.5 Valuation methods of investments in associates**

<b>Investments in Associates</b>	<b>Current Period</b>	<b>Prior Period</b>
Valued at Cost	20,892	19,834
Valued at Fair Value	-	-

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

None.

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

None.

## 5.1.8 Investments in subsidiaries

### 5.1.8.1 Information on capital adequacies of major subsidiaries

The parent Bank does not have any capital needs due to its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio.

### 5.1.8.2 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	99.96	99.96
7	Garanti Faktoring Hizmetleri AŞ	Istanbul/Turkey	81.84	81.84
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/The Netherlands	100.00	100.00
12	Garanti Bank Moscow	Moscow/Russia	99.94	100.00
13	Garanti Holding BV	Amsterdam/The Netherlands	100.00	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	39,760	29,867	564	22	1,885	6,080	4,356	-
2	38,515	15,365	5,600	751	849	1,253	1,794	-
3	1,383	1,163	15	-	17	848	(154)	-
4	1,505	442	66	-	19	61	(1)	-
5	1,437	1,235	-	-	48	(120)	(39)	-
6	2,815,086	545,813	17,211	161,499	-	45,956	52,987	-
7	1,395,782	101,190	2,252	107,827	216	16,639	8,350	115,500
8	39,395	29,688	2,649	496	1,874	(2,121)	4,230	-
9	21,581	17,532	2,348	806	57	2,496	161	-
10	3,911,524	544,734	14,322	42,322	5,007	102,558	85,335	-
11	10,294,847	985,202	49,127	342,131	54,265	91,357	85,939	987,094
12	883,621	160,333	41,857	25,001	13,033	12,144	10,236	160,231
13	694,138	694,111	-	-	-	(98)	(149)	698,681

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

**5.1.8.3 Movement of investments in subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at Beginning of Period</b>	<b>2,168,576</b>	<b>1,655,134</b>
<b>Movements during the Period</b>	<b>111,899</b>	<b>513,442</b>
Acquisitions and Capital Increases	-	83,420
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassification of Shares	-	8,653
Increase/(Decrease) in Market Values	177,218	163,773
Currency Differences on Foreign Subsidiaries	(65,319)	171,328
Impairment Reversals/(Losses)	-	86,268
<b>Balance at End of Period</b>	<b>2,280,475</b>	<b>2,168,576</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

**5.1.8.4 Sectoral distribution of investments in subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	1,147,233	1,023,375
Insurance Companies	56,545	56,545
Factoring Companies	94,529	68,749
Leasing Companies	110,743	110,743
Finance Companies	767,340	805,079
Other Subsidiaries	104,085	104,085

**5.1.8.5 Quoted subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Quoted at Domestic Stock Exchanges	94,529	68,749
Quoted at International Stock Exchanges	-	-

**5.1.8.6 Valuation methods of investments in subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Valued at Cost	340,031	340,031
Valued at Fair Value	1,940,444	1,828,545

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

None.

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

None.

**5.1.9 Investments in Joint-Ventures**

None.

**5.1.10 Lease receivables**

None.

### 5.1.11 Derivative financial assets held for risk management

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

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	129,335
Cash Flow Hedges	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	-	-	-	<b>129,335</b>

The Bank hedged its fixed-rate eurobonds issued on 20 April 2011 with a maturity of 10 years for the amount of USD 500 millions under various fair value hedges. On 5 June 2012, the Bank ceased to apply hedge accounting as per TAS 39 due to early closing of the related derivative transactions held for fair value risk management.

### 5.1.12 Tangible assets

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

### 5.1.13 Intangible assets

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

### 5.1.14 Investment property

Real Estate Type	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Building	191,413	(33,836)	-	Operational lease
Land	-	-	-	-

### 5.1.15 Deferred tax asset

As of 30 September 2012, the Bank has a deferred tax asset of TL 142,748 thousands (31 December 2011: TL 6,359 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 September 2012. However, there is a deferred tax asset of TL 210,821 thousands (31 December 2011: TL 134,774 thousands) and deferred tax liability of TL 68,073 thousands (31 December 2011: TL 128,415 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

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

	Current Period	Prior Period
<b>End of Prior Period</b>		
<b>Cost</b>	<b>124,203</b>	<b>99,700</b>
<b>Accumulated Depreciation (-)</b>	<b>(2,444)</b>	<b>(1,644)</b>
<b>Net Book Value</b>	<b>121,759</b>	<b>98,056</b>
<b>End of Current Period</b>		
Additions	52,665	96,975
Disposals (Cost)	(51,506)	(70,562)
Disposals (Accumulated Depreciation)	481	659
Impairment Losses (-)	(1,336)	(1,910)
Depreciation Expense for Current Period (-)	(1,568)	(1,459)
Currency Translation Differences on Foreign Operations	-	-
<b>Cost</b>	<b>124,026</b>	<b>124,203</b>
<b>Accumulated Depreciation (-)</b>	<b>(3,531)</b>	<b>(2,444)</b>
<b>Net Book Value</b>	<b>120,495</b>	<b>121,759</b>

As of the balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 4,382 thousands (31 December 2011: TL 6,273 thousands).

**5.1.17 Other assets**

**5.1.17.1 Receivables from term sale of assets**

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint Ventures	3,031	3,167
Sale of Real Estates	10,467	13,945
Sale of Other Assets	2,994	2,978
<b>Total</b>	<b>16,492</b>	<b>20,090</b>

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

	Current Period	Prior Period
Prepaid Expenses	265,770	235,131
Prepaid Taxes	-	-

**5.1.18 Accrued interest and income**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Financial Assets at Fair Value through Profit or Loss	797	8,506	4,614	25,805
Banks	42,708	15,730	19,053	18,519
Interbank Money Markets	-	-	-	-
Financial Assets Available-for-Sale	3,268,452	18,161	2,232,901	51,024
Loans	764,092	485,727	812,775	402,615
Investments Held-to-Maturity	5,334	6,165	233,024	31,774
Other Accruals	6,401	2,025	10,870	-
<b>Total</b>	<b>4,087,784</b>	<b>536,314</b>	<b>3,313,237</b>	<b>529,737</b>

## 5.2 Liabilities

### 5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	3,485,833	-	3,535,494	26,425,596	365,858	91,616	256,156	2,457	34,163,010
<b>Foreign Currency Deposits</b>	6,275,745	-	5,243,665	15,066,649	1,144,448	3,142,404	1,166,929	79,175	32,119,015
Residents in Turkey	5,952,264	-	4,630,041	13,651,230	746,826	1,220,720	589,312	77,664	26,868,057
Residents in Abroad	323,481	-	613,624	1,415,419	397,622	1,921,684	577,617	1,511	5,250,958
<b>Public Sector Deposits</b>	436,332	-	11,662	14,203	7	-	-	-	462,204
<b>Commercial Deposits</b>	4,290,805	-	2,437,883	8,881,386	1,412,213	266,404	15,055	-	17,303,746
<b>Other</b>	64,752	-	11,365	240,848	6,434	317	307	-	324,023
<b>Precious Metal Deposits</b>	2,120,837	-	4,252	13,825	-	2,453	206	-	2,141,573
<b>Bank Deposits</b>	743,636	-	588,260	1,375,006	352,336	62,885	164,032	-	3,286,155
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	297	-	9,110	2,040	267,495	55,825	-	-	334,767
Foreign Banks	210,986	-	579,150	1,372,966	84,841	7,060	164,032	-	2,419,035
Special Financial Institutions	532,353	-	-	-	-	-	-	-	532,353
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>17,417,940</b>	<b>-</b>	<b>11,832,581</b>	<b>52,017,513</b>	<b>3,281,296</b>	<b>3,566,079</b>	<b>1,602,685</b>	<b>81,632</b>	<b>89,799,726</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	2,925,484	-	3,877,057	22,053,893	958,056	269,486	272,297	1,531	30,357,804
<b>Foreign Currency Deposits</b>	7,140,570	-	4,496,212	14,863,506	1,492,586	2,795,740	2,008,823	87,885	32,885,322
Residents in Turkey	6,828,537	-	4,324,542	13,817,207	1,249,803	488,656	1,314,294	86,177	28,109,216
Residents in Abroad	312,033	-	171,670	1,046,299	242,783	2,307,084	694,529	1,708	4,776,106
<b>Public Sector Deposits</b>	313,115	-	872	36,525	1,336	6	-	-	351,854
<b>Commercial Deposits</b>	3,731,380	-	2,543,810	5,903,471	3,051,481	538,083	257,370	-	16,025,595
<b>Other</b>	64,105	-	18,936	274,705	10,055	549	331	-	368,681
<b>Precious Metal Deposits</b>	2,562,568	-	3,247	-	-	3,414	949	-	2,570,178
<b>Bank Deposits</b>	713,846	-	423,390	605,619	49,794	185,942	4,750	-	1,983,341
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	6,042	-	27,548	103,181	-	5,391	-	-	142,162
Foreign Banks	162,374	-	395,842	496,326	49,794	180,551	4,750	-	1,289,637
Special Financial Institutions	545,430	-	-	6,112	-	-	-	-	551,542
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>17,451,068</b>	<b>-</b>	<b>11,363,524</b>	<b>43,737,719</b>	<b>5,563,308</b>	<b>3,793,220</b>	<b>2,544,520</b>	<b>89,416</b>	<b>84,542,775</b>

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

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	12,727,350	11,517,475	21,067,442	18,581,731
Foreign Currency Saving Deposits	3,275,707	3,165,621	12,000,602	12,114,312
Other Saving Deposits	1,000,302	1,214,676	1,044,296	1,254,695
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

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

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

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

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	577,890	441,070
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	289,304	352,525
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	77,594	6,043	61,995	25,309
Swap transactions	431,753	262,158	373,961	197,906
Futures	-	2,951	-	95
Options	60,010	30,379	59,204	55,847
Other	-	-	-	-
<b>Total</b>	<b>569,357</b>	<b>301,531</b>	<b>495,160</b>	<b>279,157</b>

### 5.2.3 **Funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	295,819	366,281	265,651	240,192
Foreign Banks, Institutions and Funds	3,899,428	17,196,573	4,118,852	15,898,962
<b>Total</b>	<b>4,195,247</b>	<b>17,562,854</b>	<b>4,384,503</b>	<b>16,139,154</b>



**5.2.3.1 Maturities of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	279,303	3,895,332	223,318	6,338,631
Medium and Long-Term	3,915,944	13,667,522	4,161,185	9,800,523
<b>Total</b>	<b>4,195,247</b>	<b>17,562,854</b>	<b>4,384,503</b>	<b>16,139,154</b>

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

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

**5.2.4 Other external funds**

**5.2.4.1 Securities issued**

Current Period	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	2,172,922	-	-	3,809,800
Cost	2,096,152	-	-	3,780,673
Carrying Value (*)	2,048,886	-	-	3,946,879

Prior Period	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	2,500,000	-	-	1,200,000
Cost	2,365,935	-	-	1,193,145
Carrying Value (*)	2,082,601	-	-	1,621,496

(\*) The Bank repurchased its own TL securities with total nominal value of TL 105,806 thousands (31 December 2011: TL 369,681 thousands) and netted off such securities in the accompanying financial statement.

**5.2.4.2 Funds provided through repurchase transactions**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>5,578,836</b>	<b>-</b>	<b>8,338,230</b>	<b>-</b>
Financial Institutions and Organizations	5,537,534	-	8,293,202	-
Other Institutions and Organizations	17,205	-	20,249	-
Individuals	24,097	-	24,779	-
<b>Foreign Transactions</b>	<b>749,344</b>	<b>1,303,615</b>	<b>388</b>	<b>2,616,373</b>
Financial Institutions and Organizations	749,233	1,303,615	-	2,616,373
Other Institutions and Organizations	101	-	-	-
Individuals	10	-	388	-
<b>Total</b>	<b>6,328,180</b>	<b>1,303,615</b>	<b>8,338,618</b>	<b>2,616,373</b>

#### 5.2.4.3 *Miscellaneous payables*

	Current Period		Prior Period	
	TL	FC	TL	FC
Payables from credit card transactions	3,875,945	23,900	3,331,594	36,887
Other	584,801	242,682	150,297	38,553
<b>Total</b>	<b>4,460,746</b>	<b>266,582</b>	<b>3,481,891</b>	<b>75,440</b>

#### 5.2.5 **Lease payables (Net)**

##### 5.2.5.1 *Financial lease payables*

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	163	151	4	4
1-4 Years	2	1	1	1
More than 4 Years	-	-	-	-
<b>Total</b>	<b>165</b>	<b>152</b>	<b>5</b>	<b>5</b>

##### 5.2.5.2 *Operational lease agreements*

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

#### 5.2.6 **Derivative financial liabilities held for risk management**

Derivative Financial Liabilities held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	78	-	782
Net foreign investment hedges	-	-	-	-
<b>Total</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>782</b>

#### 5.2.7 **Provisions**

##### 5.2.7.1 *General provisions*

	<i>Current Period</i>	<i>Prior Period</i>
<b>General Provision for</b>	<b>1,142,416</b>	<b>1,013,949</b>
Loans and Receivables in Group I	945,868	888,467
- Additional Provision for Loans and Receivables with Extended Maturities	53,719	-
Loans and Receivables in Group II	40,246	50,179
- Additional Provision for Loans and Receivables with Extended Maturities	27,860	-
Non-Cash Loans	74,723	75,303
Others	-	-

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

	<b>Current Period</b>	<b>Prior Period</b>
Short-Term Loans	10,771	2,345
Medium and Long-Term Loans	6,304	968
<b>Total</b>	<b>17,075</b>	<b>3,313</b>

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

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

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

**5.2.7.4 Other provisions**

**5.2.7.4.1 General reserves for possible losses**

	<b>Current Period</b>	<b>Prior Period</b>
General Reserves for Possible Losses	502,000	420,000

The Bank made an additional general reserve amounting to TL 82,000 thousands in the accompanying financial statements as of 30 September 2012 considering the latest adverse developments in the marine sector, for its loan customers operating in this sector.

**5.2.7.4.2 Other provisions**

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for Employee Benefits	399,333	266,805
Provision for Promotion Expenses of Credit Cards	47,567	44,353
Provision for Lawsuits	23,059	15,906
Other Provisions	19,876	17,835
<b>Total</b>	<b>489,835</b>	<b>344,899</b>

*Recognized liability for defined benefit plan obligations*

The Bank obtained an actuarial report dated 11 January 2012 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 1,143,072 thousands at 31 December 2011 (31 December 2010: TL 951,896 thousands) as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2011 as per the requirements of the Law explained in Note 3.17, the accounting policies related with “employee benefits” for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary’s 11 January 2012 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 740,699 thousands (31 December 2010: TL 504,338 thousands) remains as of 31 December 2011 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 305,628 thousands (31 December 2010: TL 266,382 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2011. However, despite this treatment there are no excess obligation that needs to be provided against.

	31 December 2011	31 December 2010
<b>Transferable Pension and Medical Benefits:</b>		
Net present value of pension benefits transferable to SSF	(376,357)	(315,823)
Net present value of medical benefits and health premiums transferable to SSF	305,628	266,382
General administrative expenses	(20,039)	(19,046)
<b>Present Value of Pension and Medical Benefits Transferable to SSF (1)</b>	<b>(90,768)</b>	<b>(68,487)</b>
<b>Fair Value of Plan Assets (2)</b>	<b>1,233,840</b>	<b>1,020,383</b>
<b>Asset Surplus over Transferable Benefits ((2)-(1)=(3))</b>	<b>1,143,072</b>	<b>951,896</b>
<b>Non-Transferable Benefits:</b>		
Other pension benefits	(264,514)	(242,307)
Other medical benefits	(137,859)	(205,251)
<b>Total Non-Transferable Benefits (4)</b>	<b>(402,373)</b>	<b>(447,558)</b>
<b>Asset Surplus over Total Benefits ((3)-(4)=(5))</b>	<b>740,699</b>	<b>504,338</b>
<b>Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)</b>	<b>(305,628)</b>	<b>(266,382)</b>
<b>Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))</b>	<b>435,071</b>	<b>237,956</b>

The major actuarial assumptions used in the calculation of other benefits not transferable to SSF in compliance with TAS 19 are as follows:

	31 December 2011	31 December 2010
	%	%
Discount Rate (*)	9.52	10.00
Inflation Rate (*)	5.06	5.10
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	40% above inflation	60% above inflation
Future Pension Increase Rate (*)	5.06	5.10

(\*) As of 31 December 2011, the above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' years-in-service.

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

## 5.2.8 Tax liability

### 5.2.8.1 Current tax liability

#### 5.2.8.1.1 Tax liability

As of 30 September 2012, the Bank had a current tax liability of TL 324,804 thousands (31 December 2011: TL 67,849 thousands) after offsetting with prepaid taxes. Besides, there is a current tax asset of TL 2,428 thousands from the Bank's Luxemburg branch (31 December 2011: nil).

**5.2.8.1.2 Taxes payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Taxes Payable	324,804	67,849
Taxation on Securities Income	81,482	75,858
Taxation on Real Estates Income	2,120	1,907
Banking Insurance Transaction Tax	47,433	46,017
Foreign Exchange Transaction Tax	38	21
Value Added Tax Payable	1,037	2,700
Others	18,860	67,635
<b>Total</b>	<b>475,774</b>	<b>261,987</b>

**5.2.8.1.3 Premiums**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employees	2	-
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	1,600	24
Bank Pension Fund Premium-Employer	1,927	36
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,154	1,129
Unemployment Insurance-Employer	2,284	2,216
Others	1	8
<b>Total</b>	<b>6,968</b>	<b>3,413</b>

**5.2.8.2 Deferred tax liability**

None.

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

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

**5.2.10 Subordinated debts**

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

**5.2.11 Shareholders’ equity**

**5.2.11.1 Paid-in capital**

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

**5.2.11.2 Registered share capital system**

<b>Capital</b>	<b>Paid-in Capital</b>	<b>Ceiling per Registered Share Capital</b>
Registered Shares	4,200,000	10,000,000

**5.2.11.3 Capital increases in current period**

None.

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

None.

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

None.

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

None.

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

None.

**5.2.11.8 Securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	<b>76,652</b>	<b>573,339</b>	<b>56,027</b>	<b>408,460</b>
Valuation difference	44,335	573,339	23,710	408,460
Exchange rate difference	32,317	-	32,317	-
<b>Securities Available-for-Sale</b>	<b>775,999</b>	<b>11,869</b>	<b>124,961</b>	<b>19,086</b>
Valuation difference	775,999	11,869	124,961	19,086
Exchange rate difference	-	-	-	-
<b>Total</b>	<b>852,651</b>	<b>585,208</b>	<b>180,988</b>	<b>427,546</b>

**5.2.11.9 Revaluation surplus**

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates allocated for Capital Increases	739,390	-	596,813	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

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

	Current Period	Prior Period
Garanti Yatırım Menkul Değerler AŞ	942	942
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Tat Konserve AŞ	36	36
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
<b>Total</b>	<b>1,891</b>	<b>1,891</b>

**5.2.11.11 Legal reserves**

	<b>Current Period</b>	<b>Prior Period</b>
I. Legal Reserve	801,160	648,013
II. Legal Reserve	114,290	75,290
Special Reserves	-	-

**5.2.11.12 Extraordinary reserves**

	<b>Current Period</b>	<b>Prior Period</b>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	9,724,283	7,612,215
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

**5.2.12 Accrued interest and expenses**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Deposits	237,542	115,298	256,928	134,317
Funds Borrowed	155,578	98,151	212,822	83,255
Interbank Money Markets	7,670	6,418	6,920	17,124
Other Accruals	101,819	167,818	38,034	164,795
<b>Total</b>	<b>502,609</b>	<b>387,685</b>	<b>514,704</b>	<b>399,491</b>

### 5.3 Off-Balance Sheet Items

#### 5.3.1 Off-balance sheet contingencies

##### 5.3.1.1 Irrevocable credit commitments

The Bank has asset purchase and sale commitments of TL 3,089,427 thousands (31 December 2011: TL 3,093,587 thousands), commitments for cheque payments of TL 2,826,887 thousands (31 December 2011: TL 2,230,853 thousands) and commitments for credit card limits of TL 14,371,268 thousands (31 December 2011: TL 13,540,139 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	8,921,560	9,134,682
Letters of Guarantee in TL	6,615,305	5,786,884
Letters of Credit	5,540,371	5,514,146
Bills of Exchange and Acceptances	733,177	515,550
Prefinancings	-	-
Other Guarantees	66,723	70,236
<b>Total</b>	<b>21,877,136</b>	<b>21,021,498</b>

A specific provision of TL 25,692 thousands (31 December 2011: TL 52,298 thousands) is made for unliquidated non-cash loans of TL 67,641 thousands (31 December 2011: TL 113,577 thousands) recorded under the off-balance sheet items in the accompanying financial statements.

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

As of 30 September 2012, in the Bank’s “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 425,000,000 (31 December 2011: USD 425,000,000).

##### 5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	1,482,126	1,298,865
With Original Maturity of 1 Year or Less	226,782	302,053
With Original Maturity of More Than 1 Year	1,255,344	996,812
Other Non-Cash Loans	20,395,010	19,722,633
<b>Total</b>	<b>21,877,136</b>	<b>21,021,498</b>

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

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

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

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

#### 5.3.2 Financial derivative instruments

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



**5.3.3 Contingent liabilities and assets**

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

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

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

## 5.4 Income Statement

### 5.4.1 Interest Income

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans	2,108,897	147,003	1,511,829	123,378
Medium and long-term loans	2,660,034	1,304,357	1,910,861	1,105,772
Loans under follow-up	26,831	-	56,741	7
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>4,795,762</b>	<b>1,451,360</b>	<b>3,479,431</b>	<b>1,229,157</b>

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

#### 5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	36	-	-	-
Domestic Banks	7,725	235	6,304	547
Foreign Banks	131,199	36,721	117,211	52,232
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>138,960</b>	<b>36,956</b>	<b>123,515</b>	<b>52,779</b>

#### 5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	21,127	5,805	16,098	2,986
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	2,423,355	45,892	1,789,497	89,913
Investments Held-to-Maturity	203,696	73,371	350,168	78,120
<b>Total</b>	<b>2,648,178</b>	<b>125,068</b>	<b>2,155,763</b>	<b>171,019</b>

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

	Current Period	Prior Period
Interest received from Investments in Associates and Subsidiaries	45,375	62,096

## 5.4.2 Interest Expenses

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>352,411</b>	<b>297,163</b>	<b>405,255</b>	<b>233,701</b>
Central Bank of Turkey	-	1,145	-	-
Domestic Banks	15,100	7,154	14,980	4,533
Foreign Banks	337,311	288,864	390,275	229,168
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>18,647</b>	<b>-</b>	<b>53,006</b>
<b>Total</b>	<b>352,411</b>	<b>315,810</b>	<b>405,255</b>	<b>286,707</b>

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

### 5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest paid to Investments in Associates and Subsidiaries	33,553	25,457

### 5.4.2.3 Interest expenses on securities issued

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

### 5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
			Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
<b>Turkish Lira</b>									
	Bank Deposits	174	63,874	-	-	-	-	-	64,048
	Saving Deposits	92	229,640	1,883,576	43,996	13,421	17,755	-	2,188,480
	Public Sector Deposits	-	209	2,348	118	-	-	-	2,675
	Commercial Deposits	84	157,900	617,873	110,256	17,209	16,024	-	919,346
	Other	4	1,126	18,081	10,939	41	15	-	30,206
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	<b>Total TL</b>	<b>354</b>	<b>452,749</b>	<b>2,521,878</b>	<b>165,309</b>	<b>30,671</b>	<b>33,794</b>	<b>-</b>	<b>3,204,755</b>
<b>Foreign Currency</b>									
	Foreign Currency Deposits	418	63,218	400,062	36,335	93,073	45,951	1,049	640,106
	Bank Deposits	-	31,285	-	-	-	-	-	31,285
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Precious Metal Deposits	-	-	8	-	171	-	-	179
	<b>Total FC</b>	<b>418</b>	<b>94,503</b>	<b>400,070</b>	<b>36,335</b>	<b>93,244</b>	<b>45,951</b>	<b>1,049</b>	<b>671,570</b>
	<b>Grand Total</b>	<b>772</b>	<b>547,252</b>	<b>2,921,948</b>	<b>201,644</b>	<b>123,915</b>	<b>79,745</b>	<b>1,049</b>	<b>3,876,325</b>

Prior Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
<b>Turkish Lira</b>								
Bank Deposits	177	24,045	-	-	-	-	-	24,222
Saving Deposits	312	248,535	1,183,799	70,556	13,713	12,883	-	1,529,798
Public Sector Deposits	-	645	1,739	63	2	-	-	2,449
Commercial Deposits	283	173,216	371,408	83,157	8,775	11,500	-	648,339
Other	13	1,989	12,877	4,541	10,668	296	-	30,384
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>785</b>	<b>448,430</b>	<b>1,569,823</b>	<b>158,317</b>	<b>33,158</b>	<b>24,679</b>	<b>-</b>	<b>2,235,192</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	504	132,891	365,414	32,734	10,923	43,717	1,285	587,468
Bank Deposits	-	22,283	-	-	-	-	-	22,283
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	87	8	-	95
<b>Total FC</b>	<b>504</b>	<b>155,174</b>	<b>365,414</b>	<b>32,734</b>	<b>11,010</b>	<b>43,725</b>	<b>1,285</b>	<b>609,846</b>
<b>Grand Total</b>	<b>1,289</b>	<b>603,604</b>	<b>1,935,237</b>	<b>191,051</b>	<b>44,168</b>	<b>68,404</b>	<b>1,285</b>	<b>2,845,038</b>

#### 5.4.2.5 Interest expense on repurchase agreements

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

#### 5.4.2.6 Financial lease expenses

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

#### 5.4.2.7 Interest expenses on factoring payables

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

#### 5.4.3 Dividend income

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

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

	Current Period	Prior Period
<b>Income</b>	<b>39,012,736</b>	<b>67,408,976</b>
Trading Account Income	561,658	374,012
Gains from Derivative Financial Instruments	2,289,068	2,432,594
Foreign Exchange Gains	36,162,010	64,602,370
<b>Losses (-)</b>	<b>38,405,034</b>	<b>67,150,295</b>
Trading Account Losses	24,854	52,074
Losses from Derivative Financial Instruments	2,500,473	2,328,981
Foreign Exchange Losses	35,879,707	64,769,240
<b>Total</b>	<b>607,702</b>	<b>258,681</b>

TL 4,100,431 thousands (30 September 2011: TL 3,800,519 thousands) of foreign exchange gains and TL 4,280,481 thousands (30 September 2011: TL 3,546,780 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

The Bank enters into interest rate swap agreements in order to hedge the change in fair value of its fixed rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank has applied fair value hedge accounting for the fixed rate eurobonds issued in 2011 with a total face value of USD 500,000,000, maturity of 10 years and maturity date of 20 April 2021 which were priced at 6.375% originally and had a coupon rate of 6.25%, by designating interest rate swaps with the same face value amount and conditions.

On 5 June 2012, the Bank ceased to apply hedge accounting and accordingly fair value calculations for these bonds. The accumulated fair value differences incurred starting from the date of hedge accounting up to the date on which it was ceased, are amortized as per the effective interest-rate method in compliance with TAS 39.

#### 5.4.5 Other operating income

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

In the current period, a part of the Bank’s non-performing loan portfolio amounting to TL 200,564 thousands was sold to a local asset management company at a sale price of TL 32,600 thousands. The sale price is fully recognized as income under other operating income as such receivables were fully provided against in the Bank’s financial statements before the sale.

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

	Current Period	Prior Period
<b>Specific Provisions for Loans and Other Receivables</b>	<b>493,685</b>	<b>161,482</b>
<i>Loans and receivables in Group III</i>	<i>118,688</i>	<i>20,641</i>
<i>Loans and receivables in Group IV</i>	<i>268,648</i>	<i>80,283</i>
<i>Loans and receivables in Group V</i>	<i>106,349</i>	<i>60,558</i>
<b>General Provisions</b>	<b>131,283</b>	<b>308,810</b>
<b>Provision for Possible Losses</b>	<b>82,000</b>	<b>100,000</b>
<b>Impairment Losses on Securities</b>	<b>74</b>	<b>2,493</b>
<i>Financial assets at fair value through profit or loss</i>	<i>74</i>	<i>2,426</i>
<i>Financial assets available-for-sale</i>	<i>-</i>	<i>67</i>
<b>Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity</b>	<b>-</b>	<b>-</b>
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>-</i>	<i>-</i>
<i>Joint Ventures</i>	<i>-</i>	<i>-</i>
<i>Investments Held-to-Maturity</i>	<i>-</i>	<i>-</i>
<b>Others</b>	<b>13,935</b>	<b>25,987</b>
<b>Total</b>	<b>720,977</b>	<b>598,772</b>

#### 5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,096,383	918,575
Reserve for Employee Termination Benefits	18,835	15,766
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	127,587	119,865
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	16,224	7,709
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	1,336	1,884
Depreciation Expenses of Assets to be Disposed	1,568	948
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,056,892	930,286
<i>Operational Lease related Expenses</i>	158,713	134,158
<i>Repair and Maintenance Expenses</i>	18,458	17,453
<i>Advertisement Expenses</i>	73,049	56,997
<i>Other Expenses</i>	806,672	721,678
Loss on Sale of Assets	957	900
Others	220,958	183,565
<b>Total</b>	<b>2,540,740</b>	<b>2,179,498</b>

#### 5.4.8 Information on profit/loss before taxes from continued and discontinued operations

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

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

As of 30 September 2012, the Bank recorded a tax charge of TL 887,389 thousands (30 September 2011: TL 326,279 thousands) and a deferred tax income of TL 251,078 thousands (30 September 2011: a deferred tax expense of TL 292,455 thousands).

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

Deferred tax (benefit)/charge on timing differences	Current Period	Prior Period
Increase in tax deductible timing differences (+)	229,815	38,090
Decrease in tax deductible timing differences (-)	12,817	259,606
Increase in taxable timing differences (-)	4,189	82,038
Decrease in taxable timing differences (+)	38,269	11,099
<b>Total</b>	<b>(251,078)</b>	<b>292,455</b>

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

<b>Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions</b>	<b>Current Period</b>	<b>Prior Period</b>
(Increase)/decrease in tax deductible timing differences (net)	(216,998)	221,516
(Increase)/decrease in taxable timing differences (net)	(34,080)	70,939
(Increase)/decrease in tax losses (net)	-	-
(Increase)/decrease in tax deductions and exemptions (net)	-	-
<b>Total</b>	<b>(251,078)</b>	<b>292,455</b>

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

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

**5.4.11 Net profit/loss**

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

None.

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

None.

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

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

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

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



## **5.6 Statement of Cash Flows**

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

## 5.7 Related Party Risks

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

#### 5.7.1.1 Loans and other receivables

##### *Current Period*

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,932,849	1,359,135	26	34,925	245,679	478,356
Balance at end of period	2,966,972	1,297,400	9	68,815	299,740	410,073
<b>Interest and Commission Income</b>	<b>107,755</b>	<b>147</b>	<b>548</b>	<b>4</b>	<b>14,619</b>	<b>756</b>

##### *Prior Period*

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,475,734	757,091	14	4,831	232,831	358,273
Balance at end of period	3,932,849	1,359,135	26	34,925	245,679	478,356
<b>Interest and Commission Income</b>	<b>138,254</b>	<b>145</b>	<b>1</b>	<b>4</b>	<b>11,181</b>	<b>1,032</b>

#### 5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	386,511	571,953	1,109,031	207,006	341,540	389,333
Balance at end of period	492,597	386,511	358,635	1,109,031	214,395	341,540
<b>Interest Expense</b>	<b>33,553</b>	<b>25,457</b>	<b>12,849</b>	<b>41,222</b>	<b>11,620</b>	<b>11,118</b>

#### 5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading:						
Balance at beginning of period	951,574	707,375	1,066,781	-	28,710	3,992
Balance at end of period	987,156	951,574	4,531,360	1,066,781	3,540	28,710
<b>Total Profit/(Loss)</b>	<b>10,775</b>	<b>5,823</b>	<b>(11,845)</b>	<b>299</b>	<b>957</b>	<b>12,224</b>
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
<b>Total Profit/(Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

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

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

The cash loans of the risk group amounting TL 1,045,925 thousands (31 December 2011: TL 1,464,814 thousands) compose 1.18% (31 December 2011: 1.75%) of the Bank's total cash loans and 0.68% (31 December 2011: 1.00%) of the Bank's total assets. The total loans and similar receivables amounting TL 3,266,721 thousands (31 December 2011: TL 4,178,554 thousands) compose 2.11% (31 December 2011: TL 2.85%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 1,776,288 thousands (31 December 2011: TL 1,872,416 thousands) compose 8.12% (31 December 2011: 8.91%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,065,627 thousands (31 December 2011: TL 1,837,082 thousands) compose 1.19% (31 December 2011: 2.17%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 41,033 thousands (31 December 2011: TL 48,432 thousands) compose 0.19% (31 December 2011: 0.24%) of the Bank's total funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

Furthermore, there is a credit card (POS) payable amounting TL 58,603 thousands (31 December 2011: TL 57,693 thousands) to related parties.

Operating expenses of TL 4,779 thousands (30 September 2011: TL 5,128 thousands) for IT services, of TL 7,481 thousands (30 September 2011: TL 7,965 thousands) for advertisement and broadcasting services, of TL 12,710 thousands (30 September 2011: TL 9,191 thousands) for operational leasing services, and of TL 4,794 thousands (30 September 2011: TL 3,258 thousands) for travel-arrangement related services rendered by related parties and rent income of TL 2,884 thousands (30 September 2011: TL 2,142 thousands) for the real estates rented to related parties, are recorded.

As of 30 September 2012, the net payment provided or to be provided to the key management of the Bank amounts to TL 57,718 thousands (30 September 2011: TL 64,805 thousands).

### **5.7.2.3 Other matters not required to be disclosed**

None.

### **5.7.2.4 Transactions accounted for under equity method**

None.

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

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

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

## **5.8 Domestic, Foreign and Off-Shore Branches or Investments and Foreign Representative**

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

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

The Bank's representative office in Moscow has ceased to operate effective from 1 October 2012 following the permission of the related authorities in this country.

At the board of directors' meeting of the Bank held on 11 October 2012, the following resolutions were passed;

- Increasing the paid-in capital of Garanti Holding BV operating in the Netherlands by EUR 20,000,000; and
- Granting a secondary subordinated loan amounting to EUR 10,000,000 to Garanti Bank SA (a subsidiary of Garanti Holding BV) operating in Romania.

## 5.10 Other Disclosures on Activities of the Bank

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

#### **MOODY'S (July 2012\*)**

Long Term FC Deposit	Ba2
Long Term TL Deposit	Baa2
Short Term TL Deposit	Prime-2
Short Term FC Deposit	NP
Long Term FC Deposit Outlook	Stable
Financial Strength Rate (FSR)	D+
FSR Outlook	Stable
Long Term National	Aa2.tr
Short Term National	TR-1

#### **STANDARD AND POORS (May 2012\*)**

Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Stable
Credit Profile (independent from the bank's shareholders and the rating of its resident country)	bbb-

#### **FITCH RATINGS (July 2012\*)**

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

#### **JCR EURASIA RATINGS (April 2012\*)**

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

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

### 5.10.2 Dividends

At the annual general assembly dated 12 April 2012, it was decided to distribute the profit of the year 2011 as follows:

<b>2011 PROFIT DISTRIBUTION TABLE</b>	
2011 Net Profit	<b>3,070,575</b>
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(153,529)
Undistributable funds	(193,695)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(135,352)
D – Second dividend to the shareholders	(390,000)
E – Extraordinary reserves	(1,948,999)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(39,000)

## **6 Limited Review Report**

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

The unconsolidated interim financial statements of the Bank as of 30 September 2012, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited). It was noted in their limited review report dated 30 October 2012 that except for the effect of the matter described in the third paragraph on the financial statements, nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of 30 September 2012.

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

None.

.....