

*(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 Three-Month Period Ended

31 March 2013

*(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
25 April 2013

*This report contains “Independent Accountants’
Limited Review Report” comprising 2 pages
and; “Unconsolidated Financial Statements and
Related Disclosures and Footnotes” comprising 89
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 OF 1 JANUARY – 31 MARCH 2013

We have reviewed the accompanying balance sheet of Türkiye Garanti Bankası A.Ş. (“the Bank”) as at 31 March 2013 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.

Subsequent to the reversal of TL 55,000 thousands in the current period, the accompanying financial statements include a general reserve amounting to TL 365,000 thousands as of the balance sheet date, provided by the Bank management in prior periods 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 31 March 2013 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, 25 April 2013

Türkiye Garanti Bankası Anonim Şirketi

Unconsolidated Interim Financial Report as of and for the Three-Month Period Ended 31 March 2013

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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
4. Financial Position and Results of Operations of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Limited Review Report

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

Ferit F. Şahenk
Board of Directors
Chairman

S. Ergun Özen
General Manager

Aydın Şenel
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

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1 General Information

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 936 domestic branches, eight foreign branches and three representative offices abroad. The Bank’s head office is located in Istanbul.

1.2 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 31 March 2013, 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, and the remaining 1% ownership in the stock exchange market on 11 December 2012.

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	23 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	31 years
Dr. Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	25 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	39 years
Manuel Castro Aladro	Member	22.03.2011	Master	21 years
Manuel Pedro Galatas Sanchez Harguindey	Member of BOD and Audit Committee	05.05.2011	University	29 years
Carlos Torres Vila	Member	22.03.2011	Master	22 years
Angel Cano Fernandez	Member	22.03.2011	University	28 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	26 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	26 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	35 years
Ali Fuat Erbil	EVP-Financial Institutions & Corporate Banking	30.04.1999	PhD	21 years
Erhan Adalı	EVP-Loans	03.08.2012	University	23 years
Gökhan Erün	EVP-Treasury, Investment Banking, Human Resources & Training	01.09.2005	Master	19 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	31 years
Halil Hüsnü Erel	EVP-Technology, Operations Management & Central Marketing	16.06.1997	University	28 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	23 years
Turgay Gönensin	EVP-Coordination of Subsidiaries	01.01.2013	University	28 years
Aydın Şenel	EVP-General Accounting & Financial Reporting	02.03.2006	University	32 years
Avni Aydın Düren	EVP-Legal Services & Retail Risk Monitoring	01.02.2009	Master	19 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	19 years
Murat Mergin	Head of Strategic Planning	01.01.2002	University	19 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	14 years
Didem Başer	EVP-Delivery Channels & Customer Satisfaction	20.03.2012	Master	15 years

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

1.4 Information on the bank's qualified shareholders

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

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

1.5 Summary information on the bank's activities and services

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

- All banking operations,
- Participating in, establishing, and trading the shares of enterprises at various sectors within the limits 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.

1.6 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries

None.

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi Balance Sheet (Statement of Financial Position) At 31 March 2013

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 March 2013			PRIOR PERIOD 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	1,270,556	16,478,967	17,749,523	1,293,932	14,818,750	16,112,682
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	858,383	552,117	1,410,500	675,550	507,926	1,183,476
2.1 Financial assets held for trading		640,094	552,117	1,192,211	453,369	507,926	961,295
2.1.1 Government securities		349,934	241,439	591,373	129,537	233,199	362,736
2.1.2 Equity securities		27,036	-	27,036	21,783	-	21,783
2.1.3 Derivative financial assets held for trading		258,548	276,023	534,571	297,832	252,873	550,705
2.1.4 Other securities		4,576	34,655	39,231	4,217	21,854	26,071
2.2 Financial assets valued at fair value through profit or loss		218,289	-	218,289	222,181	-	222,181
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans	(5.1.5)	218,289	-	218,289	222,181	-	222,181
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	1,869,698	5,391,067	7,260,765	2,232,563	5,513,788	7,746,351
IV. INTERBANK MONEY MARKETS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	36,100,017	1,539,050	37,639,067	34,866,196	1,008,583	35,874,779
5.1 Equity securities		26,786	5,288	32,074	25,163	4,785	29,948
5.2 Government securities		34,377,724	629,892	35,007,616	33,513,678	98,403	33,612,081
5.3 Other securities		1,695,507	903,870	2,599,377	1,327,355	905,395	2,232,750
VI. LOANS	(5.1.5)	61,461,410	35,002,985	96,464,395	57,629,743	34,194,749	91,824,492
6.1 Performing loans		61,031,226	35,002,985	96,034,211	57,226,864	34,194,749	91,421,613
6.1.1 Loans to bank's risk group	(5.7)	86,070	1,029,830	1,115,900	142,230	1,023,994	1,166,224
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		60,945,156	33,973,155	94,918,311	57,084,634	33,170,755	90,255,389
6.2 Loans under follow-up		2,273,817	-	2,273,817	2,114,073	-	2,114,073
6.3 Specific provisions (-)		1,843,633	-	1,843,633	1,711,194	-	1,711,194
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	920,097	-	920,097	918,519	445,864	1,364,383
8.1 Government securities		906,475	-	906,475	911,245	445,864	1,357,109
8.2 Other securities		13,622	-	13,622	7,274	-	7,274
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	21,099	-	21,099	21,099	-	21,099
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		21,099	-	21,099	21,099	-	21,099
9.2.1 Financial investments in associates		17,433	-	17,433	17,433	-	17,433
9.2.2 Non-financial investments in associates		3,666	-	3,666	3,666	-	3,666
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	471,685	2,095,666	2,567,351	470,998	2,117,536	2,588,534
10.1 Unconsolidated financial investments in subsidiaries		367,600	2,095,666	2,463,266	366,913	2,117,536	2,484,449
10.2 Unconsolidated non-financial investments in subsidiaries		104,085	-	104,085	104,085	-	104,085
XI. INVESTMENTS IN JOINT-VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(5.1.11)	2,123	-	2,123	-	-	-
13.1 Fair value hedges		2,123	-	2,123	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	1,138,037	381	1,138,418	1,128,690	489	1,129,179
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	54,801	43	54,844	54,756	58	54,814
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		54,801	43	54,844	54,756	58	54,814
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	155,377	-	155,377	156,347	-	156,347
XVII. TAX ASSET		146,583	-	146,583	177,515	-	177,515
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	(5.1.15)	146,583	-	146,583	177,515	-	177,515
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	149,551	-	149,551	127,351	-	127,351
18.1 Assets held for sale		149,551	-	149,551	127,351	-	127,351
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	1,278,429	121,672	1,400,101	1,714,109	117,380	1,831,489
TOTAL ASSETS		105,897,846	61,181,948	167,079,794	101,467,368	58,725,123	160,192,491

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

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 31 March 2013

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 March 2013			PRIOR PERIOD 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.2.1)	56,866,124	38,345,184	95,211,308	49,998,883	37,483,536	87,482,419
1.1 Deposits from bank's risk group	(5.7)	823,467	372,269	1,195,736	651,848	167,192	819,040
1.2 Others		56,042,657	37,972,915	94,015,572	49,347,035	37,316,344	86,663,379
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	425,244	254,372	679,616	587,352	283,679	871,031
III. FUNDS BORROWED	(5.2.3)	4,447,795	17,390,955	21,838,750	4,185,492	17,492,138	21,677,630
IV. INTERBANK MONEY MARKETS		10,131,345	1,262,587	11,393,932	12,226,915	1,272,608	13,499,523
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements	(5.2.4)	10,131,345	1,262,587	11,393,932	12,226,915	1,272,608	13,499,523
V. SECURITIES ISSUED (Net)	(5.2.4)	3,112,571	3,972,102	7,084,673	1,930,133	3,932,007	5,862,140
5.1 Bills		1,495,127	-	1,495,127	1,601,466	-	1,601,466
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		1,617,444	3,972,102	5,589,546	328,667	3,932,007	4,260,674
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	(5.2.4.3)	4,238,783	390,345	4,629,128	4,209,722	378,207	4,587,929
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		501,629	473,997	975,626	1,642,686	339,718	1,982,404
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	337	-	337	341	-	341
10.1 Financial lease payables		357	-	357	365	-	365
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		20	-	20	24	-	24
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	-	-	-	-	-
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	2,590,424	37,522	2,627,946	2,239,130	37,837	2,276,967
12.1 General provisions		1,374,740	32,263	1,407,003	1,269,819	32,733	1,302,552
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		416,909	-	416,909	343,997	-	343,997
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		798,775	5,259	804,034	625,314	5,104	630,418
XIII. TAX LIABILITY	(5.2.8)	378,822	10,763	389,585	516,223	9,382	525,605
13.1 Current tax liability		378,822	10,763	389,585	516,223	9,382	525,605
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.2.9)	-	-	-	-	-	-
14.1 Assets held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED DEBTS	(5.2.10)	-	114,419	114,419	-	117,251	117,251
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	21,205,679	928,795	22,134,474	20,449,436	859,815	21,309,251
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		2,299,336	860,704	3,160,040	2,547,175	790,733	3,337,908
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		834,706	860,704	1,695,410	1,082,545	790,733	1,873,278
16.2.4 Revaluation surplus on tangible assets		741,530	-	741,530	741,530	-	741,530
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)	-	(63,225)	(63,225)	-	(63,225)
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	68,091	10,700,027	10,631,936	69,082	10,701,018
16.3.1 Legal reserves		907,653	7,825	915,478	907,653	7,939	915,592
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		9,724,283	-	9,724,283	9,724,283	-	9,724,283
16.3.4 Other profit reserves		-	60,266	60,266	-	61,143	61,143
16.4 Profit or loss		4,074,407	-	4,074,407	3,070,325	-	3,070,325
16.4.1 Prior periods profit/loss		3,070,325	-	3,070,325	-	-	-
16.4.2 Current period net profit/loss		1,004,082	-	1,004,082	3,070,325	-	3,070,325
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		103,898,753	63,181,041	167,079,794	97,986,313	62,206,178	160,192,491

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Off-Balance Sheet Items
At 31 March 2013

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 March 2013			PRIOR PERIOD 31 December 2012		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-III)		70,372,444	146,074,961	216,447,405	66,368,386	143,680,211	210,048,597
I. GUARANTEES AND SURETIES	(5.3.1)	7,294,493	15,939,101	23,233,594	6,970,208	15,706,372	22,676,580
1.1. Letters of guarantee		7,288,367	9,550,923	16,839,290	6,958,156	9,465,698	16,423,854
1.1.1. Guarantees subject to State Tender Law		-	726,307	726,307	-	714,239	714,239
1.1.2. Guarantees given for foreign trade operations		450,735	194,222	644,957	438,392	182,077	620,469
1.1.3. Other letters of guarantee		6,837,632	8,630,394	15,468,026	6,519,764	8,569,382	15,089,146
1.2. Bank acceptances		3,975	639,076	643,051	5,028	715,868	720,896
1.2.1. Import letter of acceptance		3,975	639,076	643,051	5,028	715,868	720,896
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		2,151	5,681,894	5,684,045	7,024	5,458,506	5,465,530
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		2,151	5,681,894	5,684,045	7,024	5,458,506	5,465,530
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	67,208	67,208	-	66,300	66,300
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	37,658,015	76,143,095	113,801,110	33,685,681	70,774,949	104,460,630
2.1. Irrevocable commitments		27,143,370	9,540,652	36,684,022	23,695,883	10,205,196	33,901,079
2.1.1. Asset purchase and sale commitments		251,234	2,600,671	2,851,905	892,893	4,192,191	5,085,084
2.1.2. Deposit purchase and sale commitments		30,584	656,936	687,520	165	44,053	44,218
2.1.3. Share capital commitments to associates and subsidiaries		-	7,258	7,258	-	7,944	7,944
2.1.4. Loan granting commitments		5,179,261	5,517,162	10,696,423	5,100,371	5,213,008	10,313,379
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		2,865,936	-	2,865,936	1,994,233	-	1,994,233
2.1.8. Tax and fund obligations on export commitments		18,644	-	18,644	18,075	-	18,075
2.1.9. Commitments for credit card limits		17,323,501	-	17,323,501	14,215,936	-	14,215,936
2.1.10. Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,474,210	758,625	2,232,835	1,474,210	748,000	2,222,210
2.2. Revocable commitments		10,514,645	66,602,443	77,117,088	9,989,798	60,569,753	70,559,551
2.2.1. Revocable loan granting commitments		10,514,645	66,601,737	77,116,382	9,989,798	60,569,054	70,558,852
2.2.2. Other revocable commitments		-	706	706	-	699	699
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	25,419,936	53,992,765	79,412,701	25,712,497	57,198,890	82,911,387
3.1. Derivative financial instruments held for risk management		770,000	-	770,000	-	-	-
3.1.1. Fair value hedges		770,000	-	770,000	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		24,649,936	53,992,765	78,642,701	25,712,497	57,198,890	82,911,387
3.2.1. Forward foreign currency purchases/sales		5,227,001	6,412,234	11,639,235	4,085,520	5,006,561	9,092,081
3.2.1.1. Forward foreign currency purchases		2,329,342	3,299,207	5,628,549	1,551,055	2,939,516	4,490,571
3.2.1.2. Forward foreign currency sales		2,897,659	3,113,027	6,010,686	2,534,465	2,067,045	4,601,510
3.2.2. Currency and interest rate swaps		9,068,564	29,217,584	38,286,148	12,119,404	34,000,856	46,120,260
3.2.2.1. Currency swaps-purchases		3,332,099	6,781,887	10,113,986	4,585,239	9,780,113	14,365,352
3.2.2.2. Currency swaps-sales		1,843,865	7,312,225	9,156,090	3,843,165	9,198,283	13,041,448
3.2.2.3. Interest rate swaps-purchases		2,146,300	7,371,091	9,517,391	2,045,500	7,317,810	9,363,310
3.2.2.4. Interest rate swaps-sales		1,746,300	7,752,381	9,498,681	1,645,500	7,704,650	9,350,150
3.2.3. Currency, interest rate and security options		10,044,966	15,895,435	25,940,401	9,477,773	15,053,943	24,531,716
3.2.3.1. Currency call options		5,181,678	6,626,305	11,807,983	4,094,590	7,005,282	11,099,872
3.2.3.2. Currency put options		4,847,794	7,398,223	12,246,017	5,326,678	6,166,142	11,492,820
3.2.3.3. Interest rate call options		-	1,852,914	1,852,914	-	1,857,738	1,857,738
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		15,494	-	15,494	56,505	3,520	60,025
3.2.3.6. Security put options		-	17,993	17,993	-	21,261	21,261
3.2.4. Currency futures		287,307	348,478	635,785	28,384	183,525	211,909
3.2.4.1. Currency futures-purchases		470	322,997	323,467	28,384	155,278	183,662
3.2.4.2. Currency futures-sales		286,837	25,481	312,318	-	28,247	28,247
3.2.5. Interest rate futures		-	17,850	17,850	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	17,850	17,850	-	-	-
3.2.6. Others		22,098	2,101,184	2,123,282	1,416	2,954,005	2,955,421
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		505,192,929	249,529,890	754,722,819	420,969,854	239,191,423	660,161,277
IV. ITEMS HELD IN CUSTODY		126,455,562	18,235,260	144,690,822	65,023,469	17,841,768	82,865,237
4.1. Customers' securities held		95,918,467	1,123	95,919,590	34,655,678	1,139	34,656,817
4.2. Investment securities held in custody		20,335,386	3,872,796	24,208,182	20,865,091	3,906,395	24,771,486
4.3. Checks received for collection		8,440,109	1,488,484	9,928,593	7,743,022	1,331,553	9,074,575
4.4. Commercial notes received for collection		1,695,768	1,074,968	2,770,736	1,686,186	1,054,366	2,740,552
4.5. Other assets received for collection		39,250	10,669,711	10,708,961	45,605	10,387,378	10,432,983
4.6. Assets received through public offering		-	44,027	44,027	-	43,517	43,517
4.7. Other items under custody		26,582	1,084,151	1,110,733	27,887	1,117,420	1,145,307
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		378,737,367	231,294,630	610,031,997	355,946,385	221,349,655	577,296,040
5.1. Securities		1,305,327	7,138	1,312,465	2,073,280	7,242	2,080,522
5.2. Guarantee notes		42,141,598	10,131,584	52,273,182	41,324,590	9,967,059	51,291,649
5.3. Commodities		544	-	544	3,620	-	3,620
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		67,595,903	52,511,790	120,107,693	60,830,116	51,076,849	111,906,965
5.6. Other pledged items		267,693,825	168,643,728	436,337,553	251,714,609	160,298,120	412,012,729
5.7. Pledged items-depository		170	390	560	170	385	555
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		575,565,373	395,604,851	971,170,224	487,338,240	382,871,634	870,209,874

Türkiye Garanti Bankası Anonim Şirketi

Income Statement

For the Three-Month Period Ended 31 March 2013

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2013- 31 March 2013	PRIOR PERIOD 1 January 2012- 31 March 2012
I. INTEREST INCOME	(5.4.1)	3,225,020	3,191,210
1.1 Interest income on loans		2,173,771	1,997,509
1.2 Interest income on reserve deposits		-	-
1.3 Interest income on banks		38,841	60,510
1.4 Interest income on money market transactions		529	1,137
1.5 Interest income on securities portfolio		982,722	1,095,225
1.5.1 Trading financial assets		10,722	9,256
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		951,595	959,104
1.5.4 Investments held-to-maturity		20,405	126,865
1.6 Financial lease income		-	-
1.7 Other interest income		29,157	36,829
II. INTEREST EXPENSE	(5.4.2)	1,422,016	1,849,146
2.1 Interest on deposits		958,256	1,297,178
2.2 Interest on funds borrowed		199,429	221,362
2.3 Interest on money market transactions		169,045	255,655
2.4 Interest on securities issued		88,882	66,949
2.5 Other interest expenses		6,404	8,002
III. NET INTEREST INCOME (I - II)		1,803,004	1,342,064
IV. NET FEES AND COMMISSIONS INCOME		656,189	507,101
4.1 Fees and commissions received		761,760	616,611
4.1.1 Non-cash loans		48,086	29,131
4.1.2 Others		713,674	587,480
4.2 Fees and commissions paid		105,571	109,510
4.2.1 Non-cash loans		225	193
4.2.2 Others		105,346	109,317
V. DIVIDEND INCOME	(5.4.3)	2,597	58
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	141,348	88,900
6.1 Trading account income/losses		71,837	27,662
6.2 Income/losses from derivative financial instruments		102,790	(36,038)
6.3 Foreign exchange gains/losses		(33,279)	97,276
VII. OTHER OPERATING INCOME	(5.4.5)	145,608	74,093
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2,748,746	2,012,216
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	538,518	108,999
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	893,436	824,731
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1,316,792	1,078,486
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	1,316,792	1,078,486
XVI. PROVISION FOR TAXES (±)	(5.4.9)	312,710	216,772
16.1 Current tax charge		226,454	287,289
16.2 Deferred tax charge/(credit)		86,256	(70,517)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	1,004,082	861,714
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3 Others		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3 Others		-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	(5.4.8)	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(5.4.9)	-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge/(credit)		-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	(5.4.10)	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(5.4.11)	1,004,082	861,714
Earnings per Share		0.239	0.205

(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 Three-Month Period Ended 31 March 2013

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2013- 31 March 2013	PRIOR PERIOD 1 January 2012- 31 March 2012
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(229,772)	279,666
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(991)	(3,496)
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	236
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(3,420)	39,671
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	55,324	(51,835)
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(178,859)	264,242
XI. CURRENT PERIOD PROFIT/LOSSES	1,004,082	861,714
1.1 Net changes in fair value of securities (transferred to income statement)	55,373	(6,139)
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	948,709	867,853
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	825,223	1,125,956

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the Three-Month Period Ended 31 March 2013

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
		Paid-In Capital	Capital Reserves from Inflation Adj.s to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
PRIOR PERIOD (1 January - 31 March 2012)																	
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	723,303	-	7,612,215	40,528	-	3,070,575	608,534	598,953	1,891	(63,614)	-	17,576,819
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)	(5.5)	4,200,000	772,554	11,880	-	723,303	-	7,612,215	40,528	-	3,070,575	608,534	598,953	1,891	(63,614)	-	17,576,819
Changes during the period																	
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	267,549	-	-	-	-	267,549
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	189	-	189
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	189	-	189
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	(218)	-	-	(3,278)	-	-	-	-	-	-	-	(3,496)
XI. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	861,714	-	-	-	-	-	-	861,714
XX. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	723,085	-	7,612,215	37,250	861,714	3,070,575	876,083	598,953	1,891	(63,425)	-	18,702,775
CURRENT PERIOD (1 January - 31 March 2013)																	
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	915,592	-	9,724,283	61,143	-	3,070,325	1,873,278	741,530	1,891	(63,225)	-	21,309,251
Changes during the period	(5.5)																
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(177,868)	-	-	-	-	(177,868)
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	(114)	-	-	(877)	-	-	-	-	-	-	-	(991)
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	1,004,082	-	-	-	-	-	-	1,004,082
XVIII. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	915,478	-	9,724,283	60,266	1,004,082	3,070,325	1,695,410	741,530	1,891	(63,225)	-	22,134,474

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Three-Month Period Ended 31 March 2013

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2013- 31 March 2013	PRIOR PERIOD 1 January 2012- 31 March 2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		897,035	1,664,338
1.1.1 Interests received		3,068,415	3,418,101
1.1.2 Interests paid		(1,517,641)	(1,943,304)
1.1.3 Dividend received		2,597	-
1.1.4 Fees and commissions received		761,761	616,610
1.1.5 Other income		85,802	44,448
1.1.6 Collections from previously written-off loans and other receivables		8,602	9,300
1.1.7 Payments to personnel and service suppliers		(656,639)	(606,841)
1.1.8 Taxes paid		(317,022)	(122,975)
1.1.9 Others	(5.6)	(538,840)	248,999
1.2 Changes in operating assets and liabilities		(505,820)	866,115
1.2.1 Net (increase) decrease in financial assets held for trading		(247,813)	(362,434)
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		374,549	933,859
1.2.4 Net (increase) decrease in loans		(4,692,009)	261,972
1.2.5 Net (increase) decrease in other assets		(1,233,171)	(537,073)
1.2.6 Net increase (decrease) in bank deposits		508,351	261,299
1.2.7 Net increase (decrease) in other deposits		7,206,121	(1,559,629)
1.2.8 Net increase (decrease) in funds borrowed		(1,837,261)	1,658,317
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	(584,587)	209,804
I. Net cash flow from banking operations		391,215	2,530,453
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(1,911,931)	(3,575,631)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(61,399)	(72,028)
2.4 Sales of tangible assets		17,763	18,604
2.5 Cash paid for purchase of financial assets available-for-sale		(4,519,973)	(6,581,011)
2.6 Cash obtained from sale of financial assets available-for-sale		2,657,931	1,600,792
2.7 Cash paid for purchase of investments held-to-maturity		(6,253)	-
2.8 Cash obtained from sale of investments held-to-maturity		-	1,458,012
2.9 Others	(5.6)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		1,232,789	108,704
3.1 Cash obtained from funds borrowed and securities issued		2,300,926	959,096
3.2 Cash used for repayment of funds borrowed and securities issued		(1,067,992)	(850,392)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for financial leases		(145)	-
3.6 Others (payments for founder shares repurchased)	(5.6)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(5.6)	95,581	(337,238)
V. Net increase/(decrease) in cash and cash equivalents		(192,346)	(1,273,712)
VI. Cash and cash equivalents at beginning of period		4,262,674	7,613,562
VII. Cash and cash equivalents at end of period		4,070,328	6,339,850

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.

As per the Decree Law no. 660 published in the Official Gazette and become effective on 2 November 2011, the Additional Clause 1 of the Law no. 2499 were abolished and the Public Oversight, Accounting and Auditing Standards Authority (the “Institution”) was established. As per the Temporary Article 1 of the Decree Law, the related existing laws and standards will be in effect until new standards and regulations are issued by the Institution and become effective. Therefore, this development has no effect over the ‘Basis of Preparation of Financial Statements’ as disclosed in this footnote as of the reporting date.

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 use of financial instruments and foreign currency transactions

3.2.1 Strategy for 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.

The Bank's fixed-rate TL bonds and a portion of loans are hedged under fair value hedges. The fair value risks of such fixed-rate assets are hedged with TL interest rate swaps. The fair value changes of the hedged fixed-rate financial assets together with the changes in the fair value of the hedging instruments, namely interest rate swaps, are accounted under net trading income/losses in the income statement. At the inception of the hedge and during the subsequent periods, the hedge is expected to achieve the offsetting of changes in fair value attributable to the hedged risk for which the hedge is designated, and accordingly, the hedge effectiveness tests are performed.

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 (the Provisioning Regulation) 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:

Tangible assets	Estimated useful lives (years)	Depreciation Rates (%) from 1 January 2009	Depreciation Rates (%) from 1 January 2005	Depreciation Rates (%) before 1 January 2005
Buildings	50	2	4	2
Vaults	50	2	4	2
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

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:

	31 March 2013	31 December 2012	31 December 2011
	%	%	%
Discount Rate	2.18	2.18	4.25
Interest Rate	6.95	6.95	9.52
Expected Rate of Salary Increase	6.17	6.17	6.56
Inflation Rate	4.67	4.67	5.06

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:

	31 March 2013	
	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.

As per the revised TAS 19, the actuarial gains/losses will be recognised under shareholders’ equity starting from 1 January 2013.

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 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The tax applications for foreign branches;

NORTHERN CYPRUS

According to the Corporate Tax Law of the Turkish Republic of Northern Cyprus no.41/1976 as amended, the corporate earnings (including foreign corporations) are subject to a 10% corporate tax 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 31 March 2013, 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:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	936,759	812,591	788,599	210,797	2,748,746
Other	-	-	-	-	-
Total Operating Profit	936,759	812,591	788,599	210,797	2,748,746
Net Operating Profit	288,488	393,193	761,418	(128,904)	1,314,195
Income from Associates and Subsidiaries	-	-	-	2,597	2,597
Net Operating Profit	288,488	393,193	761,418	(126,307)	1,316,792
Provision for Taxes	-	-	-	312,710	312,710
Net Profit	288,488	393,193	761,418	(439,017)	1,004,082
Segment Assets	35,189,734	61,292,950	63,941,528	4,067,132	164,491,344
Investments in Associates and Subsidiaries	-	-	-	2,588,450	2,588,450
Total Assets	35,189,734	61,292,950	63,941,528	6,655,582	167,079,794
Segment Liabilities	58,087,370	38,075,261	45,611,560	3,171,129	144,945,320
Shareholders' Equity	-	-	-	22,134,474	22,134,474
Total Liabilities and Shareholders' Equity	58,087,370	38,075,261	45,611,560	25,305,603	167,079,794
Other Segment Items					
Capital Expenditures	-	-	-	72,130	72,130
Depreciation Expenses	33,497	15,391	1,233	2,727	52,848
Impairment Losses	176,590	152,302	(4,181)	214,252	538,963
Other Non-Cash Income/Expenses	24,620	45,172	187,389	(20,408)	236,773
Restructuring Costs	-	-	-	-	-

<i>Prior Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	732,438	734,525	273,863	271,332	2,012,158
Other	-	-	-	-	-
Total Operating Profit	732,438	734,525	273,863	271,332	2,012,158
Net Operating Profit	162,720	454,918	271,814	188,976	1,078,428
Income from Associates and Subsidiaries	-	-	-	58	58
Net Operating Profit	162,720	454,918	271,814	189,034	1,078,486
Provision for Taxes	-	-	-	216,772	216,772
Net Profit	162,720	454,918	271,814	(27,738)	861,714
Segment Assets	33,362,608	58,484,064	61,037,515	4,698,671	157,582,858
Investments in Associates and Subsidiaries	-	-	-	2,609,633	2,609,633
Total Assets	33,362,608	58,484,064	61,037,515	7,308,304	160,192,491
Segment Liabilities	55,913,811	32,860,300	46,011,331	4,097,798	138,883,240
Shareholders' Equity	-	-	-	21,309,251	21,309,251
Total Liabilities and Shareholders' Equity	55,913,811	32,860,300	46,011,331	25,407,049	160,192,491
Other Segment Items					
Capital Expenditures	-	-	-	238,976	238,976
Depreciation Expenses	25,472	13,716	786	10,319	50,293
Impairment Losses	93,600	29,495	(45,056)	31,438	109,477
Other Non-Cash Income/Expenses	48,786	23,604	1,213,882	(76,609)	1,209,663
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

None.

4 Financial position and results of operations and risk management

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 18.11% (31 December 2012: 18.21%).

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>	Risk Weights								
	Parent Bank Only								
	<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>
Value at Credit Risk	-	-	846,276	11,167,071	23,997,448	59,553,527	5,157,659	10,456,632	-
Exposure Categories	54,995,831	-	4,231,381	22,334,142	31,996,597	59,553,527	3,438,439	5,228,316	-
Conditional and unconditional exposures to regional governments or central banks	53,954,064	-	27	2,399,340	-	6,305	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	22	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	47,786	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	4,229,142	7,558,599	-	9,323	-	-	-
Conditional and unconditional exposures to corporates	-	-	-	-	-	54,661,198	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	31,996,597	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	12,374,767	-	-	-	-	-
Past due items	-	-	-	1,436	-	270,301	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	12,754	3,438,439	5,228,316	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Other items	1,041,767	-	2,190	-	-	4,545,860	-	-	-

<i>Prior Period</i>	Risk Weights								
	Parent Bank Only								
	<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>
Value at Credit Risk	-	-	845,544	10,808,347	22,837,083	57,750,707	4,734,597	8,791,156	-
Exposure Categories	53,152,361	-	4,227,718	21,616,694	30,449,444	57,750,707	3,156,398	4,395,578	-
Conditional and unconditional exposures to central governments or central banks	51,909,957	-	24	2,392,452	-	7,402	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	38	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	46,478	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	4,222,594	7,663,925	-	44,758	-	-	-
Conditional and unconditional exposures to corporates	-	-	-	7,226	-	53,025,096	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	30,449,444	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	11,552,964	-	-	-	-	-
Past due items	-	-	-	127	-	218,270	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	8,709	3,156,398	4,395,578	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Other items	1,242,404	-	5,062	-	-	4,399,994	-	-	-

4.1.3 Summary information related to capital adequacy ratio

	<i>Current Period</i>	<i>Priod Period</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	8,894,289	8,461,395
Capital Requirement for Market Risk (MRCR)	108,257	90,480
Capital Requirement for Operational Risk (ORCR)	1,067,735	1,043,016
Shareholders' Equity	22,796,509	21,835,440
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	18.11%	18.21%

4.1.4 Components of shareholders' equity items

	<i>Current Period</i>	<i>Prior Period</i>
CORE CAPITAL		
Paid-in Capital	4,200,000	4,200,000
Nominal Capital	4,200,000	4,200,000
Capital Commitments (-)	-	-
Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Reserves	10,611,740	10,612,731
Inflation Adjustments to Reserves	51,141	51,141
Profit	4,074,407	3,070,325
Current Period's Profit	1,004,082	3,070,325
Prior Periods' Profit	3,070,325	-
Provision for Possible Losses (upto 25% of Core Capital)	365,000	420,000
Income on Sale of Equity Shares and Real Estates	739,390	739,390
Primary Subordinated Debts	-	-
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Periods' Losses	-	-
Leasehold Improvements on Operational Leases (-)	87,128	94,182
Intangible Assets (-)	54,844	54,814
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 (-)	-	-
Total Core Capital	20,684,140	19,729,025
SUPPLEMENTARY CAPITAL		
General Provisions	1,407,003	1,302,552
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	963
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	1,891	1,891
Primary Subordinated Debts excluding the portion included in Core Capital	-	-
Secondary Subordinated Debts	114,385	116,050
45% of Securities Value Increase Fund	748,392	828,432
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss	37,146	37,146
Total Supplementary Capital	2,309,780	2,287,034
CAPITAL	22,993,920	22,016,059
DEDUCTIONS FROM CAPITAL	197,411	180,619
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	147,893	134,531
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity 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	34,204	34,690
Securitization Positions to be Deducted from Equity	-	-
Other Deduction Items	15,314	11,398
TOTAL SHAREHOLDERS' EQUITY	22,796,509	21,835,440

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>Prior Period</i>
(I) Capital Requirement against General Market Risk - Standard Method	9,086	6,086
(II) Capital Requirement against Specific Risks - Standard Method	10,308	9,270
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	41,838	31,586
(IV) Capital Requirement against Commodity Risks - Standard Method	7,433	8,534
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	31,603	27,608
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	7,989	7,396
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement	-	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	108,257	90,480
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	1,353,213	1,131,000

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 31 March 2013, the Bank’s net ‘on balance sheet’ foreign currency long position amounts to TL 1,504,550 thousands (31 December 2012: a foreign currency short position of TL 213,317 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 121,899 thousands (31 December 2012: TL 521,742 thousands), while net foreign currency long position amounts to TL 1,626,449 thousands (31 December 2012: TL 308,425 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:

	USD	EUR
Foreign currency purchase rates at balance sheet date	1.7850	2.2877
<u>Rates for the days before balance sheet date:</u>		
Day 1	1.7850	2.2877
Day 2	1.7850	2.2874
Day 3	1.7850	2.2920
Day 4	1.7950	2.2943
Day 5	1.7900	2.3015
Last 30-days arithmetical average rates	1.7827	2.3099

The Bank's currency risk:

<i>Current Period</i>	EUR	USD	Other FCs	Total
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	5,620,681	7,596,574	3,261,712	16,478,967
Banks	2,201,378	3,096,519	93,170	5,391,067
Financial Assets at Fair Value through Profit/Loss	305,884	169,854	-	475,738
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	164,324	1,374,725	1	1,539,050
Loans (*)	11,565,803	25,574,740	443,447	37,583,990
Investments in Associates, Subsidiaries and Joint-Ventures	1,876,941	218,725	-	2,095,666
Investments Held-to-Maturity	-	-	-	-
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	311	69	-	380
Intangible Assets	-	-	-	-
Other Assets	31,193	76,081	5,105	112,379
Total Assets	21,766,515	38,107,287	3,803,435	63,677,237
Liabilities				
Bank Deposits	438,176	2,741,783	118,922	3,298,881
Foreign Currency Deposits	10,534,429	21,204,255	807,290	32,545,974
Interbank Money Market Takings	-	1,262,585	2	1,262,587
Other Fundings	6,034,426	11,470,399	549	17,505,374
Securities Issued	-	3,972,102	-	3,972,102
Miscellaneous Payables	25,628	84,445	280,272	390,345
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities (**)	319,734	359,924	2,517,766	3,197,424
Total Liabilities	17,352,393	41,095,493	3,724,801	62,172,687
Net 'On Balance Sheet' Position	4,414,122	(2,988,206)	78,634	1,504,550
Net 'Off-Balance Sheet' Position	(3,635,897)	4,184,940	(427,144)	121,899
Derivative Assets	4,108,488	13,669,622	1,835,432	19,613,542
Derivative Liabilities	7,744,385	9,484,682	2,262,576	19,491,643
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	21,484,183	35,790,107	3,761,867	61,036,157
Total Liabilities	16,818,740	40,900,538	3,530,196	61,249,474
Net 'On Balance Sheet' Position	4,665,443	(5,110,431)	231,671	(213,317)
Net 'Off-Balance Sheet' Position	(4,531,503)	5,274,280	(221,035)	521,742
Derivative Assets	4,669,704	15,333,890	2,325,626	22,329,220
Derivative Liabilities	9,201,207	10,059,610	2,546,661	21,807,478
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,581,005 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Other liabilities include gold deposits of TL 2,500,329 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”

<i>Current Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	17,749,523	17,749,523
Banks	1,789,305	2,453,095	1,309,505	180,773	-	1,528,087	7,260,765
Financial Assets at Fair Value through Profit/Loss (**)	5,651	13,400	321,465	236,470	59,510	555,715	1,192,211
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	7,273,813	7,986,769	11,915,518	5,655,978	758,384	4,048,605	37,639,067
Loans (**)	17,886,071	8,571,528	15,495,861	35,027,070	18,013,898	1,688,256	96,682,684
Investments Held-to-Maturity	906,475	7,065	6,253	-	-	304	920,097
Other Assets	3,912	3,145	2,027	893	4,722	5,620,748	5,635,447
Total Assets	27,865,227	19,035,002	29,050,629	41,101,184	18,836,514	31,191,238	167,079,794
Liabilities							
Bank Deposits	2,742,336	758,373	21,351	-	-	792,072	4,314,132
Other Deposits	60,582,228	9,229,393	3,079,811	16,517	-	17,989,227	90,897,176
Interbank Money Market Takings	9,465,670	509,268	991,815	408,600	-	18,579	11,393,932
Miscellaneous Payables	-	-	-	-	-	4,629,128	4,629,128
Securities Issued	1,211,759	663,024	1,005,308	1,827,597	2,211,950	165,035	7,084,673
Other Fundings	5,963,374	6,637,992	3,248,593	3,999,893	1,935,810	167,507	21,953,169
Other Liabilities	24,109	96	193	1	-	26,783,185	26,807,584
Total Liabilities	79,989,476	17,798,146	8,347,071	6,252,608	4,147,760	50,544,733	167,079,794
On Balance Sheet Long Position	-	1,236,856	20,703,558	34,848,576	14,688,754	-	71,477,744
On Balance Sheet Short Position	(52,124,249)	-	-	-	-	(19,353,495)	(71,477,744)
Off-Balance Sheet Long Position	1,791,162	4,296,531	2,022,923	2,671,323	973,366	-	11,755,305
Off-Balance Sheet Short Position	(1,082,065)	(2,050,077)	(1,762,951)	(3,636,541)	(1,352,047)	-	(9,883,681)
Total Position	(51,415,152)	3,483,310	20,963,530	33,883,358	14,310,073	(19,353,495)	1,871,624

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

(**) Loans amounting to TL 218,289 thousands classified under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are included above under “Loans”.

<i>Prior Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	16,112,682	16,112,682
Banks	2,082,215	1,760,850	1,660,800	679,581	-	1,562,905	7,746,351
Financial Assets at Fair Value through Profit/Loss	4,743	24,507	101,508	222,482	37,616	570,439	961,295
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	3,192,083	10,953,511	12,531,690	4,210,994	842,269	4,144,232	35,874,779
Loans (**)	17,349,845	9,515,092	14,116,538	32,444,246	17,043,030	1,577,922	92,046,673
Investments Held-to-Maturity	910,865	-	7,064	148,192	293,449	4,813	1,364,383
Other Assets	7,190	-	2,723	4,241	4,698	6,067,476	6,086,328
Total Assets	23,546,941	22,253,960	28,420,323	37,709,736	18,221,062	30,040,469	160,192,491
Liabilities							
Bank Deposits	2,170,278	868,844	526	-	-	764,953	3,804,601
Other Deposits	53,328,997	9,067,816	3,746,179	7,730	-	17,527,096	83,677,818
Interbank Money Market Takings	12,009,528	563,513	911,100	-	-	15,382	13,499,523
Miscellaneous Payables	-	-	-	-	-	4,587,929	4,587,929
Securities Issued	1,213,307	322,141	922,685	1,048,258	2,180,314	175,435	5,862,140
Other Fundings	4,972,615	1,936,545	7,770,867	4,905,807	1,928,300	280,747	21,794,881
Other Liabilities	20,556	74	231	1	-	26,944,737	26,965,599
Total Liabilities	73,715,281	12,758,933	13,351,588	5,961,796	4,108,614	50,296,279	160,192,491
On Balance Sheet Long Position	-	9,495,027	15,068,735	31,747,940	14,112,448	-	70,424,150
On Balance Sheet Short Position	(50,168,340)	-	-	-	-	(20,255,810)	(70,424,150)
Off-Balance Sheet Long Position	1,641,576	3,331,561	2,670,303	2,951,487	626,121	-	11,221,048
Off-Balance Sheet Short Position	(743,463)	(1,794,291)	(2,112,161)	(3,527,824)	(1,172,411)	-	(9,350,150)
Total Position	(49,270,227)	11,032,297	15,626,877	31,171,603	13,566,158	(20,255,810)	1,870,898

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

(**) Loans amounting to TL 222,181 thousands classified under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are included above under “Loans”.

4.6.2 Average interest rates on monetary financial instruments (%)

Current Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.15	0.53	-	5.14
Financial Assets at Fair Value through Profit/Loss	4.63	4.99	-	8.42
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.52	5.68	-	10.85
Loans	5.06	5.42	5.68	14.06
Investments Held-to-Maturity	-	-	-	6.29
Liabilities				
Bank Deposits	1.58	1.77	-	5.94
Other Deposits	1.74	1.97	2.03	5.95
Interbank Money Market Takings	-	1.73	-	6.4
Miscellaneous Payables	-	-	-	-
Securities Issued	-	4.97	-	7.02
Other Fundings	1.68	2.21	-	9.39

Prior Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.19	0.65	-	5.88
Financial Assets at Fair Value through Profit/Loss	4.63	7.24	-	7.73
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.35	5.17	-	10.48
Loans	5.30	5.65	5.61	15.15
Investments Held-to-Maturity	-	6.86	-	8.15
Liabilities				
Bank Deposits	1.55	2.03	-	5.74
Other Deposits	1.98	2.09	1.71	6.55
Interbank Money Market Takings	-	2.04	-	5.67
Miscellaneous Payables	-	-	-	-
Securities Issued	-	4.98	-	7.23
Other Fundings	1.59	2.50	-	11.40

4.6.3 Interest rate risk on banking book

4.6.3.1 Nature of interest rate risk resulting from banking book, major assumptions on early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk

The interest rate risk resulting from the 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 resulting from the 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 resulting from maturity mismatch. The duration gap and sensitivity analysis are carried out every two weeks.

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, 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 fluctuations in the markets.

The interest rate risk resulting from the banking book is measured legally as per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulting 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 resulting 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

	<i>Current Period</i>	Shocks Applied	Gains/Losses	Gains/Equity- Losses/Equity
	Type of Currency	(+/- basis points)		
1	TL	(+) 500bp	(2,522,136)	(11.06)%
2	TL	(-) 400bp	2,435,215	10.68%
3	USD	(+) 200bp	(48,468)	(0.21)%
4	USD	(-) 200bp	(33,575)	(0.15)%
5	EUR	(+) 200bp	(75,223)	(0.33)%
6	EUR	(-) 200bp	64,256	0.28%
	Total (of negative shocks)		2,465,896	10.81%
	Total (of positive shocks)		(2,645,827)	(11.60)%

<i>Prior Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(2,820,578)	(12.92)%
2	TL	(-) 400 bps	2,761,432	12.65%
3	USD	(+) 200 bps	14,983	0.07%
4	USD	(-) 200 bps	(62,230)	(0.28)%
5	EUR	(+) 200 bps	(76,545)	(0.35)%
6	EUR	(-) 200 bps	82,518	0.38%
Total (of negative shocks)			2,781,720	12.75%
Total (of positive shocks)			(2,882,140)	(13.20)%

4.7 Position risk of equity securities in banking book

4.7.1 Comparison of carrying, fair and market values of equity shares

<i>Current Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- grade A	2,513,091	2,095,666	68,868
	Quoted Securities	68,868	-	68,868
2	Investment in Shares- grade B	74,297	-	62,786
	Quoted Securities	62,786	-	62,786
3	Investment in Shares- grade C	-	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- grade F	48	-	-
	Quoted Securities	-	-	-

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- grade A	2,534,600	2,117,536	68,509
	Quoted Securities	68,509	-	68,509
2	Investment in Shares- grade B	73,971	-	62,457
	Quoted Securities	62,457	-	62,457
3	Investment in Shares- grade C	-	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- grade F	48	-	-
	Quoted Securities	-	-	-

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

<i>Current Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
			Total	Amount in Supplementary Capital	Total	Amount in Core Capital	Amount in Supplementary Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	78,250	-	35,212
3	Other Shares	-	773,107	347,898	-	-	-
	Total	-	773,107	347,898	78,250	-	35,212

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
			Total	Amount in Supplementary Capital	Total	Amount in Core Capital	Amount in Supplementary Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	76,631	-	34,484
3	Other Shares	-	777,220	349,749	-	-	-
	Total	-	777,220	369,749	76,631	-	34,484

4.8 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 three months of 2013 and the year 2012, are as follows:

<i>Current Period</i>	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	134.80	133.84	96.89	104.10

<i>Prior Period</i>	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	131.56	139.73	98.80	104.67

4.8.1 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
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,152,658	14,596,865	-	-	-	-	-	17,749,523
Banks	1,503,079	551,041	218,196	811,017	2,241,622	1,935,810	-	7,260,765
Financial Assets at Fair Value through Profit/Loss (**)	2,976	112,904	39,531	268,815	631,774	136,211	-	1,192,211
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	32,074	1,227,729	4,640,419	10,077,085	16,062,066	5,599,694	-	37,639,067
Loans (**)	144,112	16,305,124	7,053,035	12,886,967	38,352,768	21,510,494	430,184	96,682,684
Investments Held-to-Maturity	-	-	7,362	6,259	906,476	-	-	920,097
Other Assets	720,783	335,555	3,145	2,027	893	4,722	4,568,322	5,635,447
Total Assets	5,555,682	33,129,218	11,961,688	24,052,170	58,195,599	29,186,931	4,998,506	167,079,794
Liabilities								
Bank Deposits	786,974	2,746,028	606,490	21,382	153,258	-	-	4,314,132
Other Deposits	17,703,457	60,783,988	9,264,976	3,070,706	54,856	19,193	-	90,897,176
Other Fundings	-	705,907	3,482,733	6,725,294	7,878,381	3,160,854	-	21,953,169
Interbank Money Market Takings	-	9,475,280	515,669	993,883	409,100	-	-	11,393,932
Securities Issued	-	676,258	663,024	1,005,308	2,373,008	2,367,075	-	7,084,673
Miscellaneous Payables	613,370	4,015,758	-	-	-	-	-	4,629,128
Other Liabilities (***)	275,057	231,812	160,916	67,377	424,949	78,674	25,568,799	26,807,584
Total Liabilities	19,378,858	78,635,031	14,693,808	11,883,950	11,293,552	5,625,796	25,568,799	167,079,794
Liquidity Gap	(13,823,176)	(45,505,813)	(2,732,120)	12,168,220	46,902,047	23,561,135	(20,570,293)	-
Prior Period								
Total Assets	6,197,781	29,616,881	8,315,464	28,247,169	54,782,926	28,100,301	4,931,969	160,192,491
Total Liabilities	19,920,705	74,474,541	12,165,383	13,641,874	9,869,522	5,662,009	24,458,457	160,192,491
Liquidity Gap	(13,722,924)	(44,857,660)	(3,849,919)	14,605,295	44,913,404	22,438,292	(19,526,488)	-

(*) 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 218,289 thousands (31 December 2012: TL 222,181 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.

4.9 Securitisation positions

None.

4.10 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 resulting from shorter remaining life of collateral than of receivables, the value of collateral is considered as the volatility-adjusted value.

<i>Current Period</i>	Amount (**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	56,364,729	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	4,535	16	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	91,676	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	24,707,224	4,332,016	-	-
Conditional and unconditional exposures to corporates	124,334,405	4,766,476	-	-
Conditional and unconditional retail exposures	70,725,877	929,017	-	-
Conditional and unconditional exposures secured by real estate property (*)	13,729,050	68,815	-	-
Past due items	271,858	120	-	-
Items in regulatory high-risk categories	8,862,172	115,645	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Other items	5,589,817	-	-	-

(*) The mortgages used for the determination of the risk categories as per the article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, are excluded.

(**) Includes total risk amounts before credit risk mitigation and liquidity conversions.

<i>Prior Period</i>	Amount ^(**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	54,314,898	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	4,581	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	114,383	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	25,722,458	4,257,753	-	-
Conditional and unconditional exposures to corporates	115,953,954	4,453,127	-	-
Conditional and unconditional retail exposures	66,052,250	920,759	-	-
Conditional and unconditional exposures secured by real estate property ^(*)	12,760,036	58,941	-	-
Past due items	218,515	118	-	-
Items in regulatory high-risk categories	7,716,270	102,442	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Other items	5,647,458	-	-	-

^(*) The mortgages used for the determination of the risk categories as per the article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, are excluded.

^(**) Includes total risk amounts before credit risk mitigation and liquidity conversions.

4.11 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 parallel 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.

4.12 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”.

4.13 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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	707,653	266,209	800,960	399,078
Central Bank of Turkey	562,488	16,143,078	492,972	14,372,246
Others	415	69,680	-	47,426
Total	1,270,556	16,478,967	1,293,932	14,818,750

Balances with the Central Bank of Turkey

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	562,488	1,546,213	492,972	1,500,401
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	14,596,865	-	12,871,845
Total	562,488	16,143,078	492,972	14,372,246

The reserve deposits kept as per the Communique 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*

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	-	219,094	-	223,894
Assets Subject to Repurchase Agreements	-	-	-	-
Total	-	219,094	-	223,894

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Forward Transactions	43,907	6,277	44,018	2,544
Swap Transactions	157,666	241,378	206,319	225,871
Futures	-	6,810	-	5,776
Options	56,975	21,558	47,495	18,682
Other	-	-	-	-
Total	258,548	276,023	297,832	252,873

5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	132,861	277,571	191,158	52,949
Foreign banks	1,736,837	5,113,496	2,041,405	5,460,839
Foreign headoffices and branches	-	-	-	-
Total	1,869,698	5,391,067	2,232,563	5,513,788

The placements at foreign banks include blocked accounts amounting TL 5,594,880 thousands (31 December 2012: TL 5,658,771 thousands) of which TL 77,663 thousands (31 December 2012: TL 82,876 thousands) and TL 29,833 thousands (31 December 2012: TL 26,402 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 5,487,384 thousands (31 December 2012: TL 5,549,493 thousands) as collateral against funds borrowed at various banks.

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*

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	10,348,918	560,084	10,954,245	96,816
Assets subject to Repurchase Agreements	12,641,816	-	14,696,052	-
Total	22,990,734	560,084	25,650,297	96,816

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

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	33,624,118	31,750,364
Quoted at Stock Exchange	31,125,503	29,596,105
Unquoted at Stock Exchange	2,498,615	2,154,259
Common Shares/Investment Funds	22,760	22,249
Quoted at Stock Exchange (*)	5,081	5,081
Unquoted at Stock Exchange	17,679	17,168
Value Increases/Impairment Losses (-)	3,992,189	4,102,166
Total	37,639,067	35,874,779

As of 31 March 2013, 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 2012: USD 425,000,000) and a total carrying value of TL 762,375 thousands (31 December 2012: TL 763,661 thousands).

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	854	82,454	21	118,418
Corporates	854	82,454	21	118,418
Individuals	-	-	-	-
Indirect Lendings to Shareholders	351,740	453,167	314,839	495,947
Loans to Employees	115,009	38,195	107,541	41,581
Total	467,603	573,816	422,401	655,946

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

<i>Current Period</i>	Cash Loans	Performing Loans and Other Receivables		Loans and Other Receivables under Follow-Up		
	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
Loans	93,637,307	1,275,270	-	2,615,193	1,074,562	651,590
Working Capital Loans	8,142,950	132,262	-	508,888	239,572	105,666
Export Loans	3,736,792	10,438	-	109,983	82,689	19,451
Import Loans	412	-	-	-	-	-
Loans to Financial Sector (*)	2,166,673	-	-	-	-	-
Consumer Loans	22,959,793	823,458	-	532,634	129,577	101,037
Credit Cards	11,885,446	-	-	420,179	-	321,797
Others	44,745,241	309,112	-	1,043,509	622,724	103,639
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	93,637,307	1,275,270	-	2,615,193	1,074,562	651,590

(*) Loans amounting to TL 218,289 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”.

<i>Prior Period</i>	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
Loans	89,217,584	1,269,093	-	2,426,210	872,130	561,099
Working Capital Loans	7,887,360	142,378	-	517,047	240,937	111,553
Export Loans	3,514,477	10,450	-	114,629	83,233	15,850
Import Loans	955	-	-	-	-	-
Loans to Financial Sector (*)	2,296,887	-	-	-	-	-
Consumer Loans	21,449,583	670,575	-	446,106	83,604	88,987
Credit Cards	11,539,424	-	-	336,618	-	252,722
Others	42,528,898	445,690	-	1,011,810	464,358	91,987
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	89,217,584	1,269,093	-	2,426,210	872,132	561,099

(*) Loans amounting to TL 222,181 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;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	8,929	1,995	-	10,924
Loans Collateralized by Mortgages	927,482	199,679	-	1,127,161
Loans Collateralized by Pledged Assets	95,603	33,266	-	128,869
Loans Collateralized by Cheques and Notes	107,151	272,227	-	379,378
Loans Collateralized by Other Collaterals	513,565	2,418	-	515,983
Unsecured Loans	9,650	23,049	420,179	452,878
Total	1,662,380	532,634	420,179	2,615,193

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	13,419	2,375	-	15,794
Loans Collateralized by Mortgages	949,022	191,960	-	1,140,982
Loans Collateralized by Pledged Assets	96,573	25,191	-	121,764
Loans Collateralized by Cheques and Notes	96,309	204,960	-	301,269
Loans Collateralized by Other Collaterals	474,088	1,640	-	475,728
Unsecured Loans	14,075	19,980	336,618	370,673
Total	1,643,486	446,106	336,618	2,426,210

Delinquency periods of loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	76,519	182,433	72,285	331,237
61-90 days	37,718	42,483	26,097	106,298
Others	1,548,143	307,718	321,797	2,177,658
Total	1,662,380	532,634	420,179	2,615,193

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	74,070	165,086	60,002	299,158
61-90 days	62,489	42,195	23,894	128,578
Others	1,506,927	238,825	252,722	1,998,474
Total	1,643,486	446,106	336,618	2,426,210

Loans and other receivables with extended payment plans;

No. of Extensions	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
1 or 2 times	1,150,432	1,025,951	1,170,683	830,194
3, 4 or 5 times	107,327	33,066	87,379	28,011
Over 5 times	17,511	15,545	11,031	13,927

Extention Periods	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
0 - 6 months	216,246	150,618	222,024	411,970
6 - 12 months	172,031	75,707	284,389	80,138
1 - 2 years	321,561	151,895	272,693	88,897
2 - 5 year	447,668	167,718	375,218	116,133
5 years and over	117,764	528,624	114,769	174,994

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	533,890	22,242,707	22,776,597
Housing Loans	19,868	10,974,740	10,994,608
Automobile Loans	19,582	1,296,110	1,315,692
General Purpose Loans	98,129	1,434,018	1,532,147
Other	396,311	8,537,839	8,934,150
Consumer Loans – FC-indexed	-	246,592	246,592
Housing Loans	-	238,254	238,254
Automobile Loans	-	185	185
General Purpose Loans	-	6,512	6,512
Other	-	1,641	1,641
Consumer Loans – FC	-	36,024	36,024
Housing Loans	-	27,633	27,633
Automobile Loans	-	6,281	6,281
General Purpose Loans	-	866	866
Other	-	1,244	1,244
Retail Credit Cards – TL	10,967,230	374,975	11,342,205
With Installment	6,025,599	374,971	6,400,570
Without Installment	4,941,631	4	4,941,635
Retail Credit Cards – FC	35,624	-	35,624
With Installment	13,996	-	13,996
Without Installment	21,628	-	21,628
Personnel Loans – TL	17,519	43,211	60,730
Housing Loan	-	1,788	1,788
Automobile Loans	-	105	105
General Purpose Loans	4,166	6,845	11,011
Other	13,353	34,473	47,826
Personnel Loans - FC-indexed	-	284	284
Housing Loans	-	284	284
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	35	35
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	35	35
Other	-	-	-
Personnel Credit Cards – TL	45,289	631	45,920
With Installment	36,088	631	36,719
Without Installment	9,201	-	9,201
Personnel Credit Cards – FC	556	-	556
With Installment	278	-	278
Without Installment	278	-	278
Deposit Accounts– TL (Real persons)	372,165	-	372,165
Deposit Accounts– FC (Real persons)	-	-	-
Total	11,972,273	22,944,459	34,916,732

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	574,438	20,570,250	21,144,688
Housing Loans	13,381	10,248,790	10,262,171
Automobile Loans	21,313	1,269,827	1,291,140
General Purpose Loans	107,615	1,283,909	1,391,524
Other	432,129	7,767,724	8,199,853
Consumer Loans – FC-indexed	-	274,002	274,002
Housing Loans	-	264,756	264,756
Automobile Loans	-	246	246
General Purpose Loans	-	6,858	6,858
Other	-	2,142	2,142
Consumer Loans – FC	-	40,621	40,621
Housing Loans	-	31,337	31,337
Automobile Loans	-	6,748	6,748
General Purpose Loans	-	1,161	1,161
Other	-	1,375	1,375
Retail Credit Cards – TL	10,891,301	264,632	11,155,933
With Installment	5,698,845	264,632	5,963,477
Without Installment	5,192,456	-	5,192,456
Retail Credit Cards – FC	32,690	-	32,690
With Installment	10,462	-	10,462
Without Installment	22,228	-	22,228
Personnel Loans – TL	18,465	37,051	55,516
Housing Loan	-	1,171	1,171
Automobile Loans	-	146	146
General Purpose Loans	4,265	5,866	10,131
Other	14,200	29,868	44,068
Personnel Loans - FC-indexed	-	58	58
Housing Loans	-	58	58
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	52	52
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	52	52
Other	-	-	-
Personnel Credit Cards – TL	43,806	513	44,319
With Installment	34,769	513	35,282
Without Installment	9,037	-	9,037
Personnel Credit Cards – FC	561	-	561
With Installment	255	-	255
Without Installment	306	-	306
Deposit Accounts– TL (Real persons)	380,752	-	380,752
Deposit Accounts– FC (Real persons)	-	-	-
Total	11,942,013	21,187,179	33,129,192

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,109,519	7,920,214	9,029,733
Real Estate Loans	1,238	595,782	597,020
Automobile Loans	47,344	1,573,378	1,620,722
General Purpose Loans	1,060,937	5,745,012	6,805,949
Other	-	6,042	6,042
Installment-based Commercial Loans - FC-indexed	85,583	714,055	799,638
Real Estate Loans	-	38,362	38,362
Automobile Loans	4,532	200,629	205,161
General Purpose Loans	81,051	475,064	556,115
Other	-	-	-
Installment-based Commercial Loans – FC	275	76,171	76,446
Real Estate Loans	-	1,311	1,311
Automobile Loans	126	5,271	5,397
General Purpose Loans	149	10,572	10,721
Other	-	59,017	59,017
Corporate Credit Cards – TL	874,060	657	874,717
With Installment	457,282	657	457,939
Without Installment	416,778	-	416,778
Corporate Credit Cards – FC	6,603	-	6,603
With Installment	-	-	-
Without Installment	6,603	-	6,603
Deposit Accounts– TL (Corporates)	587,487	-	587,487
Deposit Accounts– FC (Corporates)	-	-	-
Total	2,663,527	8,711,097	11,374,624

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,113,031	7,756,447	8,869,478
Real Estate Loans	547	577,452	577,999
Automobile Loans	49,295	1,540,604	1,589,899
General Purpose Loans	1,063,189	5,631,924	6,695,113
Other	-	6,467	6,467
Installment-based Commercial Loans - FC-indexed	71,711	662,032	733,743
Real Estate Loans	-	39,880	39,880
Automobile Loans	2,545	211,094	213,639
General Purpose Loans	69,166	411,058	480,224
Other	-	-	-
Installment-based Commercial Loans – FC	416	79,045	79,461
Real Estate Loans	-	1,460	1,460
Automobile Loans	170	4,665	4,835
General Purpose Loans	246	10,074	10,320
Other	-	62,846	62,846
Corporate Credit Cards – TL	636,981	750	637,731
With Installment	375,502	750	376,252
Without Installment	261,479	-	261,479
Corporate Credit Cards – FC	4,808	-	4,808
With Installment	1	-	1
Without Installment	4,807	-	4,807
Deposit Accounts– TL (corporates)	646,939	-	646,939
Deposit Accounts– FC (corporates)	-	-	-
Total	2,473,886	8,498,274	10,972,160

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

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	93,631,005	88,964,587
Foreign Loans (*)	2,621,495	2,679,207
Total	96,252,500	91,643,794

(*) Loans amounting to TL 218,289 thousands (31 December 2012: TL 222,181 thousands) included under “Financial Assets at Fair Value through Profit/Loss” in the accompanying balance sheet, are included above under “Foreign Loans”.

5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	763,306	851,364
Indirect Lending	-	-
Total	763,306	851,364

5.1.5.9 Specific provisions for loans

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	137,108	112,647
Doubtful Loans and Receivables	417,099	460,160
Uncollectible Loans and Receivables	1,289,426	1,138,387
Total	1,843,633	1,711,194

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

Non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
(Gross Amounts before Specific Provisions)	26,127	45,263	75,929
Restructured Loans and Receivables	26,127	45,263	75,929
Rescheduled Loans and Receivables	-	-	-
<i>Prior Period</i>			
(Gross Amounts before Specific Provisions)	23,914	40,941	75,043
Restructured Loans and Receivables	23,914	40,941	75,043
Rescheduled Loans and Receivables	-	-	-

Movements in non-performing loans and other receivables

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balances at Beginning of Period	219,718	565,595	1,328,760
Additions during the Period (+)	255,886	19,314	57,509
Transfer from Other NPL Categories (+)	-	213,513	202,272
Transfer to Other NPL Categories (-)	213,513	202,272	-
Collections during the Period (-)	33,449	54,183	85,333
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Balances at End of Period	228,642	541,967	1,503,208
Specific Provisions (-)	137,108	417,099	1,289,426
Net Balance on Balance Sheet	91,534	124,868	213,782

<i>Prior Period</i>	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	78,176	191,288	1,262,623
Additions during the Period (+)	832,319	176,843	71,104
Transfer from Other NPL Categories (+)	-	607,810	344,953
Transfer to Other NPL Categories (-)	607,810	345,163	1,217
Collections during the Period (-)	82,967	65,183	178,719
Write-offs (-) (*)	-	-	169,984
Corporate and Commercial Loans	-	-	2,864
Retail Loans	-	-	33,577
Credit Cards	-	-	133,543
Others	-	-	-
Balances at End of Period	219,718	565,595	1,328,760
Specific Provisions (-)	112,647	460,160	1,138,387
Net Balance on Balance Sheet	107,071	105,435	190,373

(*) resulted from sale of non-performing loans.

Movements in specific loan provisions

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	735,868	368,947	606,379	1,711,194
Additions during the Period(+)	126,625	53,573	75,664	255,862
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	66,328	22,585	34,510	123,423
Write-offs (-)	-	-	-	-
Balances at End of Period	796,165	399,935	647,533	1,843,633

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	450,411	248,229	553,075	1,251,715
Additions during the Period(+)	347,290	220,956	268,211	836,457
Restructured/Rescheduled Loans (-)	245	75	-	320
Collections during the Period (-)	58,724	66,586	81,364	206,674
Write-offs (-)	2,864	33,577	133,543	169,984
Balances at End of Period	735,868	368,947	606,379	1,711,194

Non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	36,833	171,520	265,127
Specific Provisions (-)	28,152	136,424	227,251
Net Balance at Balance Sheet	8,681	35,096	37,876
<i>Prior Period</i>			
Balance at End of Period	10,686	233,309	210,366
Specific Provisions (-)	5,059	198,414	175,164
Net Balance at Balance Sheet	5,627	34,895	35,202

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period (Net)</i>			
Loans to Individuals and Corporates (Gross)	228,642	541,967	1,495,178
Specific Provision (-)	137,108	417,099	1,281,396
Loans to Individuals and Corporates (Net)	91,534	124,868	213,782
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,719
Specific Provision (-)	-	-	7,719
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>			
Loans to Individuals and Corporates (Gross)	219,718	565,595	1,320,730
Specific Provision (-)	112,647	460,160	1,130,357
Loans to Individuals and Corporates (Net)	107,071	105,435	190,373
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,719
Specific Provision (-)	-	-	7,719
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	508	221	-	729
Loans Collateralized by Mortgages	394,625	50,263	-	444,888
Loans Collateralized by Pledged Assets	212,699	41,151	-	253,850
Loans Collateralized by Cheques and Notes	261,300	285,571	-	546,871
Loans Collateralized by Other Collaterals	219,514	5,741	-	225,255
Unsecured Loans	58,314	62,963	680,947	802,224
Total	1,146,960	445,910	680,947	2,273,817

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	549	213	-	762
Loans Collateralized by Mortgages	385,422	46,929	-	432,351
Loans Collateralized by Pledged Assets	205,991	39,865	-	245,856
Loans Collateralized by Cheques and Notes	251,960	253,795	-	505,755
Loans Collateralized by Other Collaterals	172,110	5,610	-	177,720
Unsecured Loans	47,803	64,739	639,087	751,629
Total	1,063,835	411,151	639,087	2,114,073

5.1.5.11 *Liquidation policy for uncollectible loans and receivables*

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

5.1.5.12 *“Write-off” policies*

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

5.1.6 *Investments held-to-maturity*

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	888,155	-	677,522	356,786
Investments subject to Repurchase Agreements	-	-	-	-
Total	888,155	-	677,522	356,786

5.1.6.2 *Government securities held-to-maturity*

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	906,475	911,245
Treasury Bills	-	-
Other Government Securities	-	445,864
Total	906,475	1,357,109

5.1.6.3 Investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	924,183	1,359,571
Quoted at Stock Exchange	910,865	1,352,506
Unquoted at Stock Exchange	13,318	7,065
Valuation Increase / (Decrease)	(4,086)	4,812
Total	920,097	1,364,383

5.1.6.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	1,364,383	4,786,530
Foreign Currency Differences On Monetary Assets	-	(26,348)
Purchases during the Period	6,253	7,065
Disposals through Sales/Redemptions (*)	(450,843)	(3,407,676)
Valuation Effect	304	4,812
Balances at End of Period	920,097	1,364,383

(*) As per the regulation on capital adequacy (Basel II) effective from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 100%. As allowed by the relevant accounting standards (TAS 39) for the sale or reclassification of securities originally classified under the securities held-to-maturity in cases where the capital requirement increases due to regulatory changes, in the prior period, the Bank sold a part of its eurobonds with a total face value of USD 595,638,000 from its held-to-maturity portfolio and in the current period, as per the letter of the Public Oversight, Accounting and Auditing Standards Authority no. 602 dated 20 February 2013, the Bank reclassified its eurobonds with a total face value of USD 248,209,999 to its available-for-sale portfolio.

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 ⁽¹⁾	İstanbul / Türkiye	10.15	10.15
2	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul / Türkiye	0.77	0.77
3	İMKB Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul / Türkiye	5.83	5.83
4	Vadeli İşlem ve Opsiyon Borsası AŞ ⁽¹⁾	İzmir / Türkiye	6.00	6.00
5	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul / Türkiye	9.09	9.09
6	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽¹⁾	Ankara / Türkiye	2.48	2.48
7	Kredi Garanti Fonu AŞ ⁽¹⁾	Ankara / Türkiye	1.75	1.75

	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	32,354	19,628	15,161	730	302	1,144	2,619	-
2	558,313	68,171	1,503	21,510	1,976	2,851	5,976	-
3	3,671,623	331,605	13,628	87,161	2,362	55,168	34,844	-
4	78,882	66,061	3,297	5,671	74	11,486	6,730	-
5	79,837	67,450	45,452	2,016	-	33,184	18,566	-
6	251,407,290	23,683,777	274,340	3,079,573	2,404,666	(300,025)	18,381,955	-
7	266,992	263,304	3,885	12,004	1	5,107	997	-

⁽¹⁾ Financial information is as of 31 December 2012.

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

5.1.7.2 Movement of investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	21,099	19,834
Movements during the Period	-	1,265
Acquisitions (*)	-	1,211
Bonus Shares Received	-	57
Dividends from Current Year Profit	-	-
Sales (**)	-	(3)
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
Balance at End of Period	21,099	21,099
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) In the prior period, TL 1,000 thousands of the acquisitions 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, and TL 211 thousands from the reallocation of the shares previously held by Fortisbank that was acquired by TEB in order to rebuild the equal shareholders principle.

(**) In the prior period, this decrease is due to the liquidation of Gelişen Bilgi Teknolojileri AŞ in 9 May 2012.

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	19,385	19,385
Other Associates	1,714	1,714

5.1.7.4 Quoted associates

None.

5.1.7.5 Valuation methods of investments in associates

Investments in Associates	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	21,099	21,099
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 adequacy of major subsidiaries

The Bank does not have any capital needs due to its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio. Information on capital adequacy of major subsidiaries are presented below.

<i>Current Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AS	Garanti Holding BV
CORE CAPITAL	973,374	582,311	342,494
Paid-in Capital	317,797	12,016	844,365
Inflation Adjustments to Paid-in Capital	-	68,832	-
Share Premium	-	-	29,681
Reserves	474,900	419,008	(366,562)
Current Period's Profit and Prior Periods' Profit	182,688	83,932	-
Current Period's Losses and Prior Periods' Losses	-	-	(19,237)
Leasehold Improvements on Operational Leases (-)	-	-	12,574
Intangible Assets (-)	2,011	1,477	3,887
Goodwill (Net) (-)	-	-	129,292
SUPPLEMENTARY CAPITAL	128,365	-	4,423
CAPITAL	1,101,739	582,311	346,917
DEDUCTIONS FROM CAPITAL	-	6	78,108
NET AVAILABLE EQUITY	1,101,739	582,305	268,809

<i>Prior Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AS	Garanti Holding BV
CORE CAPITAL	896,741	559,976	332,747
Paid-in Capital	322,353	12,016	856,656
Inflation Adjustments to Paid-in Capital	-	68,832	-
Share Premium	-	-	30,113
Reserves	474,900	419,008	(367,428)
Current Period's Profit and Prior Periods' Profit	101,782	61,560	-
Current Period's Losses and Prior Periods' Losses	-	-	(40,642)
Leasehold Improvements on Operational Leases (-)	-	-	12,821
Intangible Assets (-)	2,294	1,440	2,805
Goodwill (Net) (-)	-	-	130,326
SUPPLEMENTARY CAPITAL	178,282	-	9,720
CAPITAL	1,075,023	559,976	342,467
DEDUCTIONS FROM CAPITAL	-	42	81,453
NET AVAILABLE EQUITY	1,075,023	559,934	261,014

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	34,901	32,079	522	169	231	1,058	1,470	-
2	34,958	16,239	4,678	239	73	720	395	-
3	2,448	2,213	15	-	10	989	182	-
4	1,363	758	88	-	2	85	(2)	-
5	2,170	1,940	5	-	14	285	(667)	-
6	2,907,170	583,788	17,144	63,128	-	22,373	15,446	160,860
7	1,573,807	110,557	2,377	29,603	-	5,546	6,994	-
8	50,515	32,779	2,549	99	553	349	(2,705)	-
9	21,895	18,977	2,186	203	60	775	348	-
10	4,537,583	612,574	16,599	11,531	1,909	36,326	41,857	-
11	10,164,486	1,043,032	44,847	91,055	18,651	80,906	24,020	1,125,908
12	737,910	172,466	41,949	8,954	4,121	4,430	3,816	218,852
13	742,336	742,306	-	-	-	(5)	(9)	751,034

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

5.1.8.3 *Movement of investments in subsidiaries*

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	2,588,534	2,168,576
Movements during the Period	(21,183)	419,958
Acquisitions (*)	-	46,474
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	(6,571)	420,961
Currency Differences on Foreign Subsidiaries	(14,612)	(47,477)
Impairment Reversals/(Losses)	-	-
Balance at End of Period	2,567,351	2,588,534
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) In the prior period, the paid-in capital of Garanti Holding BV was increased from EUR 349,088,600 to EUR 369,088,600 on 18 October 2012 as per the decision made at the board of directors' meeting held on 11 October 2012.

5.1.8.4 *Sectoral distribution of investments in subsidiaries*

Subsidiaries	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,344,632	1,357,098
Insurance Companies	56,545	56,545
Factoring Companies	131,654	130,967
Leasing Companies	110,743	110,743
Finance Companies	819,692	829,096
Other Subsidiaries	104,085	104,085

5.1.8.5 *Quoted subsidiaries*

Subsidiaries	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	131,654	130,967
Quoted at International Stock Exchanges	-	-

5.1.8.6 *Valuation methods of investments in subsidiaries*

Subsidiaries	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	340,031	340,031
Valued at Fair Value	2,227,320	2,248,503

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	2,123	-	-	-
Cash Flow Hedges	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	2,123	-	-	-

5.1.12 Tangible assets

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

5.1.11 Intangible assets

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

5.1.14 Investment property

Current Period		Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type					
Building		191,660	(36,107)	(176)	Operational lease
Land		-	-	-	-

Prior Period		Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type					
Building		191,559	(34,971)	(241)	Operational lease
Land		-	-	-	-

5.1.15 Deferred tax asset

As of 31 March 2013, the Bank has a deferred tax asset of TL 146,583 thousands (31 December 2012: TL 177,515 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 31 March 2013. However, there is a deferred tax asset of TL 264,833 thousands (31 December 2012: TL 253,239 thousands) and deferred tax liability of TL 118,250 thousands (31 December 2012: TL 75,724 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.

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	479,138	95,828	401,019	80,204
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	93,607	34,169	420,331	90,000
Other	82,932	16,586	36,553	7,311
Total Deferred Tax Asset, Net	655,677	146,583	857,903	177,515

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.

(**) Calculations are performed at the relevant tax rates applicable in the country of the foreign branches' financial assets.

As of 31 March 2013, TL 86,256 thousands of deferred tax expenses and TL 55,324 thousands of deferred tax income are recognised in the income statement and the shareholders' equity, respectively.

5.1.16 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	131,463	124,203
Accumulated Depreciation (-)	(4,112)	(2,444)
Net Book Value	127,351	121,759
End of Current Period		
Additions	37,995	71,425
Disposals (Cost)	(14,821)	(62,393)
Disposals (Accumulated Depreciation)	188	517
Impairment Losses (-)	(446)	(1,772)
Depreciation Expense for Current Period (-)	(716)	(2,185)
Currency Translation Differences on Foreign Operations	-	-
Cost	154,191	131,463
Accumulated Depreciation (-)	(4,640)	(4,112)
Net Book Value	149,551	127,351

As of the balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 27,727 thousands (31 December 2012: TL 5,313 thousands).

5.1.17 Other assets

5.1.17.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Subsidiaries and Joint Ventures	-	1,362
Sale of Real Estates	7,779	7,733
Sale of Other Assets	3,007	3,007
Total	10,786	12,102

5.1.17.2 Prepaid expenses, taxes and similar items

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	322,465	258,578
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:

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Financial Assets at Fair Value through Profit or Loss	754	17,414	270	18,201
Banks	13,429	12,670	15,330	17,636
Interbank Money Markets	-	-	-	-
Financial Assets Available-for-Sale	3,909,296	107,235	4,081,030	33,254
Loans	782,236	475,836	755,137	419,906
Investments Held-to-Maturity	304	-	590	4,223
Other Accruals	3,721	-	6,713	-
Total	4,709,740	613,155	4,859,070	493,220

5.2 Liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	3,848,316	-	3,559,520	27,385,270	259,141	159,803	259,985	2,939	35,474,974
Foreign Currency Deposits	6,390,407	-	3,896,290	17,029,921	1,412,180	2,955,692	782,876	78,608	32,545,974
Residents in Turkey	6,080,828	-	3,739,620	15,687,788	834,622	572,461	355,749	77,102	27,348,170
Residents in Abroad	309,579	-	156,670	1,342,133	577,558	2,383,231	427,127	1,506	5,197,804
Public Sector Deposits	470,520	-	14,527	63,619	99	-	-	-	548,765
Commercial Deposits	4,543,170	-	2,715,374	11,557,700	163,923	27,541	199,948	-	19,207,656
Other	75,838	-	15,801	523,318	424	3,737	360	-	619,478
Precious Metal Deposits	2,375,206	-	6,979	41,758	-	2,203	74,183	-	2,500,329
Bank Deposits	786,974	-	419,718	2,706,305	181,639	3,799	215,697	-	4,314,132
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	283	-	86,109	6,006	101	-	57,910	-	150,409
Foreign Banks	222,080	-	333,609	2,700,299	181,538	3,799	157,787	-	3,599,112
Special Financial Institutions	564,611	-	-	-	-	-	-	-	564,611
Other	-	-	-	-	-	-	-	-	-
Total	18,490,431	-	10,628,209	59,307,891	2,017,406	3,152,775	1,533,049	81,547	95,211,308

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	3,547,678	-	3,249,553	25,946,859	283,170	83,893	236,802	2,619	33,350,574
Foreign Currency Deposits	6,719,900	-	5,444,260	14,902,375	1,236,891	2,947,701	862,199	79,203	32,192,529
Residents in Turkey	6,357,525	-	5,251,086	13,455,872	612,405	608,255	386,623	77,700	26,749,466
Residents in Abroad	362,375	-	193,174	1,446,503	624,486	2,339,446	475,576	1,503	5,443,063
Public Sector Deposits	676,056	-	24,344	13,628	8	-	-	-	714,036
Commercial Deposits	3,943,349	-	2,657,913	7,443,111	485,952	185,025	27,938	-	14,743,288
Other	66,997	-	39,804	189,564	5,226	347	372	-	302,310
Precious Metal Deposits	2,300,584	-	25,929	19,023	-	2,274	27,271	-	2,375,081
Bank Deposits	760,911	-	813,415	1,919,282	82,496	8,365	220,132	-	3,804,601
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	249	-	346,634	2,017	-	-	56,877	-	405,777
Foreign Banks	271,338	-	466,781	1,917,265	82,496	8,365	163,255	-	2,909,500
Special Financial Institutions	489,324	-	-	-	-	-	-	-	489,324
Other	-	-	-	-	-	-	-	-	-
Total	18,015,475	-	12,255,218	50,433,842	2,093,743	3,227,605	1,374,714	81,822	87,482,419

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 (*)	17,387,986	12,716,833	17,815,518	20,341,572
Foreign Currency Saving Deposits	4,561,427	3,276,116	11,214,655	12,611,000
Other Saving Deposits	1,535,104	1,132,858	893,971	1,114,691
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

(*) As per the decision published in the Official Gazette no. 28560 dated 15 February 2013, the deposit insurance limit has been increased from TL 50,000 thousands to TL 100,000 thousands.

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	491,940	509,167
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	318,494	244,756
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	73,489	24,352	64,245	11,967
Swap transactions	309,031	211,379	469,195	253,497
Futures	-	1,461	-	-
Options	42,724	17,180	53,912	18,215
Other	-	-	-	-
Total	425,244	254,372	587,352	283,679

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	288,292	339,784	234,007	349,317
Foreign Banks, Institutions and Funds	4,159,503	17,051,171	3,951,485	17,142,821
Total	4,447,795	17,390,955	4,185,492	17,492,138

5.2.3.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	499,120	5,457,473	222,386	4,254,951
Medium and Long-Term	3,948,675	11,933,482	3,963,106	13,237,187
Total	4,447,795	17,390,955	4,185,492	17,492,138

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

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,648,952	1,672,446	-	3,837,750
Cost	1,611,483	1,608,865	-	3,808,409
Carrying Value (*)	1,495,127	1,617,444	-	3,972,102

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,757,435	350,000	-	3,784,000
Cost	1,710,878	325,920	-	3,755,070
Carrying Value (*)	1,601,466	328,667	-	3,932,007

(*) The Bank repurchased its own TL securities with total nominal value of TL 156,808 thousands (31 December 2012: TL 139,248 thousands) and netted off such securities in the accompanying financial statement.

5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	8,376,678	-	11,478,900	-
Financial Institutions and Organizations	8,329,881	-	11,440,063	-
Other Institutions and Organizations	23,930	-	17,361	-
Individuals	22,867	-	21,476	-
Foreign Transactions	1,754,667	1,262,587	748,015	1,272,608
Financial Institutions and Organizations	1,754,536	1,262,587	747,723	1,272,608
Other Institutions and Organizations	63	-	186	-
Individuals	68	-	106	-
Total	10,131,345	1,262,587	12,226,915	1,272,608

5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	3,944,306	17,493	3,937,158	12,313
Other	294,477	372,852	272,564	365,894
Total	4,238,783	390,345	4,209,722	378,207

5.2.5 Lease payables (Net)

5.2.5.1 Financial lease payables

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Up to 1 Year	355	336	363	340
1-4 Years	2	1	2	1
More than 4 Years	-	-	-	-
Total	357	337	365	341

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

None.

5.2.7 Provisions

5.2.7.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	1,407,003	1,302,552
Loans and Receivables in Group I	1,164,089	1,082,935
- Additional Provision for Loans and Receivables with Extended Maturities	67,189	66,313
Loans and Receivables in Group II	35,005	33,734
- Additional Provision for Loans and Receivables with Extended Maturities	56,952	45,215
Non-Cash Loans	83,768	74,355
Others	-	-

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

	<i>Current Period</i>	<i>Prior Period</i>
Short-Term Loans	5,746	6,635
Medium and Long-Term Loans	4,872	4,749
Total	10,618	11,384

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

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	365,000	420,000

5.2.7.4.2 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	416,909	343,997
Provision for Promotion Expenses of Credit Cards (*)	39,948	37,760
Provision for Lawsuits	19,928	19,928
Other Provisions (**)	268,615	55,334
Total	745,400	457,019

(*) The Bank provides full allowance for the committed promotion expenses of credit cards as of the balance sheet date.

(**) As a result of the investigation of the Turkish Competition Board initiated based on its decision no. 11-55/1438-M dated 2 November 2011, an administrative fine amounting to TL 213,385 thousands was imposed against the economic group composed of Garanti Bankası AŞ, Garanti Ödeme Sistemleri AŞ and Garanti Konut Finansmanı Danışmanlık AŞ. In accordance with the Article 17 of the Law on Crime no. 5326, it is possible to pay only ¼ of such administrative fine which is TL 160,038 thousands. The reasoned decision of the Turkish Competition Board has not been notified as of the date of this report. Since a cash outflow is likely to settle the obligation and a reliable estimate of the obligation amount can be made, the Bank has provided a provision amounting TL 160,038 thousands in accordance with TAS 37 in the accompanying financial statements.

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 27 December 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 1,367,875 thousands at 31 December 2012 (31 December 2011: TL 1,143,072 thousands) as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2012 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 27 December 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 834,436 thousands (31 December 2011: TL 740,699 thousands) remains as of 31 December 2012 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 369,726 thousands (31 December 2011: TL 305,628 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2012. However, despite this treatment there are no excess obligation that needs to be provided against.

	<i>31 December 2012</i>	<i>31 December 2011</i>
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(458,057)	(376,357)
Net present value of medical benefits and health premiums transferable to SSF	369,726	305,628
General administrative expenses	(22,899)	(20,039)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(111,230)	(90,768)
Fair Value of Plan Assets (2)	1,479,105	1,233,840
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,367,875	1,143,072
Non-Transferable Benefits:		
Other pension benefits	(426,261)	(264,514)
Other medical benefits	(107,178)	(137,859)
Total Non-Transferable Benefits (4)	(533,439)	(402,373)
Asset Surplus over Total Benefits ((3)-(4)=(5))	834,436	740,699
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(369,726)	(305,628)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	464,710	435,071

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

	<i>31 December 2012</i>	<i>31 December 2011</i>
	%	%
Discount Rate (*)	6.97	9.52
Inflation Rate (*)	4.67	5.06
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	1.40% above inflation	1.40% above inflation
Future Pension Increase Rate (*)	4.67	5.06

(*)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 31 March 2013, the Bank had a current tax liability of TL 243,831 thousands (31 December 2012: TL 303,089 thousands).

5.2.8.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	243,831	303,089
Taxation on Securities Income	76,597	99,573
Taxation on Real Estates Income	2,404	2,071
Banking Insurance Transaction Tax	44,538	50,999
Foreign Exchange Transaction Tax	35	39
Value Added Tax Payable	1,073	3,456
Others	15,452	64,403
Total	383,930	523,630

5.2.8.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	30	2
Social Security Premiums-Employer	35	-
Bank Pension Fund Premium-Employees	863	75
Bank Pension Fund Premium-Employer	1,052	28
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,218	625
Unemployment Insurance-Employer	2,442	1,234
Others	15	11
Total	5,655	1,975

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

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

5.2.11.2 Registered share capital system

Capital	Paid-in Capital	Ceiling per Registered Share Capital
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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	106,351	772,619	105,801	776,725
Valuation difference	74,034	772,619	73,484	776,725
Exchange rate difference	32,317	-	32,317	-
Securities Available-for-Sale	728,355	88,085	976,744	14,008
Valuation difference	728,355	88,085	976,744	14,008
Exchange rate difference	-	-	-	-
Total	834,706	860,704	1,082,545	790,733

5.2.11.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	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	-	739,390	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 Bonus shares of associates, subsidiaries and joint-ventures

	<i>Current Period</i>	<i>Prior Period</i>
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
Total	1,891	1,891

5.2.11.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	801,188	801,302
II. Legal Reserve	114,290	114,290
Special Reserves	-	-

5.2.11.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	9,724,283	9,724,283
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:

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Deposits	195,366	95,631	187,476	89,104
Funds Borrowed	71,057	96,450	204,066	76,681
Interbank Money Markets	15,557	3,022	7,802	7,580
Other Accruals	158,216	161,827	134,095	178,931
Total	440,196	356,930	533,439	352,296

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 2,851,905 thousands (31 December 2012: TL 5,085,084 thousands), commitments for cheque payments of TL 2,865,936 thousands (31 December 2012: TL 1,994,233 thousands) and commitments for credit card limits of TL 17,323,501 thousands (31 December 2012: TL 14,215,936 thousands).

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

	<i>Current Period</i>	<i>Prior Period</i>
Letters of Guarantee in Foreign Currency	9,550,923	9,465,698
Letters of Guarantee in TL	7,288,367	6,958,156
Letters of Credit	5,684,045	5,465,530
Bills of Exchange and Acceptances	643,051	720,896
Prefinancings	-	-
Other Guarantees	67,208	66,300
Total	23,233,594	22,676,580

A specific provision of TL 110,543 thousands (31 December 2012: TL 97,396 thousands) is made for unliquidated non-cash loans of TL 206,744 thousands (31 December 2012: TL 184,169 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”.

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	1,361,787	1,404,045
With Original Maturity of 1 Year or Less	188,687	164,145
With Original Maturity of More Than 1 Year	1,173,100	1,239,900
Other Non-Cash Loans	21,871,807	21,272,535
Total	23,233,594	22,676,580

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 Credit derivatives and risk exposures on credit derivatives

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 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”.

5.3.5 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 (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-term loans	637,056	40,714	672,437	50,037
Medium and long-term loans	1,037,558	449,841	829,553	436,182
Loans under follow-up	8,602	-	9,300	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	1,683,216	490,555	1,511,290	486,219

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

5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	6	-
Domestic Banks	2,647	22	1,299	70
Foreign Banks	28,154	8,018	46,203	12,932
Foreign Head Offices and Branches	-	-	-	-
Total	30,801	8,040	47,508	13,002

5.4.1.3 Interest income from securities portfolio

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Financial Assets Held for Trading	7,538	3,184	6,855	2,401
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	936,079	15,516	941,562	17,542
Investments Held-to-Maturity	14,321	6,084	102,252	24,613
Total	957,938	24,784	1,050,669	44,556

5.4.1.4 Interest income received from associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Subsidiaries	11,813	16,898

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks	100,948	89,769	117,923	94,306
Central Bank of Turkey	-	462	-	-
Domestic Banks	4,857	2,819	4,373	2,416
Foreign Banks	96,091	86,488	113,550	91,890
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	8,712	-	9,133
Total	100,948	98,481	117,923	103,439

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

5.4.2.2 Interest expenses paid to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Interest Paid to Investments in Associates and Subsidiaries	9,585	10,556

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

<i>Current Period</i>	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	61	13,547	-	-	-	-	-	13,608
Saving Deposits	5	48,990	472,257	4,854	2,352	5,503	-	533,961
Public Sector Deposits	-	103	909	-	-	-	-	1,012
Commercial Deposits	3	37,089	187,981	3,543	3,315	1,194	-	233,125
Other	1	521	7,085	49	44	6	-	7,706
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	70	100,250	668,232	8,446	5,711	6,703	-	789,412
Foreign Currency								
Foreign Currency Deposits	54	14,777	103,554	7,683	23,873	6,822	355	157,118
Bank Deposits	-	11,497	-	-	-	-	-	11,497
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	8	-	84	136	-	229
Total FC	54	26,275	103,562	7,683	23,957	6,958	355	168,844
Grand Total	124	126,525	771,794	16,129	29,668	13,661	355	958,256

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		
Turkish Lira								
Bank Deposits	58	16,288	-	-	-	-	-	16,346
Saving Deposits	83	85,016	584,631	21,141	6,061	6,311	-	703,243
Public Sector Deposits	-	97	892	53	-	-	-	1,042
Commercial Deposits	49	59,622	175,326	80,694	9,039	6,541	-	331,271
Other	2	339	6,298	2,260	15	5	-	8,919
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	192	161,362	767,147	104,148	15,115	12,857	-	1,060,821
Foreign Currency								
Foreign Currency Deposits	279	55,134	143,767	9,908	4,736	12,304	343	226,471
Bank Deposits	-	9,855	-	-	-	-	-	9,855
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	-	-	12	18	-	31
Total FC	279	64,990	143,767	9,908	4,748	12,322	343	236,357
Grand Total	471	226,352	910,914	114,056	19,863	25,179	343	1,297,178

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	13,203,688	9,983,429
Trading Account Income	84,276	32,561
Gains from Derivative Financial Instruments	1,372,114	902,908
Foreign Exchange Gains	11,747,298	9,047,960
Losses (-)	13,062,340	9,894,529
Trading Account Losses	12,439	4,899
Losses from Derivative Financial Instruments	1,269,324	938,946
Foreign Exchange Losses	11,780,577	8,950,684
Total	141,348	88,900

TL 86,135 thousands (31 March 2012: TL 267,369 thousands) of foreign exchange gains and TL 190,101 thousands (31 March 2012: TL 311,798 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 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. In 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.

Again in the current period, the Bank has applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 85,000 thousands and for its bonds with a total face value of TL 300,000 thousands and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period the losses of TL 549 thousands and TL 1,575 thousands resulted from the related fair value calculations for the hedged loans and bonds were accounted under net trading income/losses in the income statement, respectively.

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.

5.4.6 Provision for losses on loans or other receivables

	<i>Current Period</i>	<i>Prior Period</i>
Specific Provisions for Loans and Other Receivables	204,799	97,837
<i>Loans and Receivables in Group III</i>	137,030	45,515
<i>Loans and Receivables in Group IV</i>	51,693	30,461
<i>Loans and Receivables in Group V</i>	16,076	21,861
General Provisions	105,217	98
Provision for Possible Losses	-	-
Impairment Losses on Securities	388	1,202
<i>Financial Assets at Fair Value through Profit or Loss</i>	388	1,202
<i>Financial Assets Available-for-Sale</i>	-	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	228,114	9,862
Total	538,518	108,999

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	399,942	354,167
Reserve for Employee Termination Benefits	8,979	6,255
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	43,425	44,422
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	7,572	5,309
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	446	478
Depreciation Expenses of Assets to be Disposed	716	562
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	359,947	342,999
<i>Operational Lease related Expenses</i>	56,815	50,274
<i>Repair and Maintenance Expenses</i>	5,332	4,692
<i>Advertisement Expenses</i>	26,159	23,651
<i>Other Expenses</i>	271,641	264,382
Loss on Sale of Assets	266	338
Others	72,143	70,201
Total	893,436	824,731

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 31 March 2013, the Bank recorded a tax charge of TL 226,454 thousands (31 March 2012: TL 287,289 thousands) and a deferred tax expense of TL 86,256 thousands (31 March 2012: a deferred tax income of TL 70,517 thousands).

Deferred tax benefit/charge on timing differences:

Deferred tax benefit/(charge) on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in tax deductible timing differences (+)	19,017	74,397
Decrease in tax deductible timing differences (-)	106,579	7,640
Increase in taxable timing differences (-)	13,914	13,378
Decrease in taxable timing differences (+)	15,220	17,138
Total	(86,256)	70,517

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

Deferred tax benefit/(charge) arising on timing differences, tax losses and tax deductions and exemptions	<i>Current Period</i>	<i>Prior Period</i>
(Increase)/decrease in tax deductible timing differences (net)	(87,562)	66,757
(Increase)/decrease in taxable timing differences (net)	1,306	3,760
(Increase)/decrease in tax losses (net)	-	-
(Increase)/decrease in tax deductions and exemptions (net)	-	-
Total	(86,256)	70,517

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	2,940,871	1,282,931	260,311	118,418	314,839	495,947
Balance at end of period	2,698,810	1,258,896	9,362	82,454	351,740	453,167
Interest and Commission Income	35,342	58	168	2	6,079	69

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	3,746,072	1,359,135	186,803	34,925	245,679	478,356
Balance at end of period	2,940,871	1,282,931	260,311	118,418	314,839	495,947
Interest and Commission Income	37,855	48	200	1	4,584	227

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	511,151	386,511	101,958	1,109,031	205,931	341,540
Balance at end of period	580,596	511,151	287,249	101,958	327,891	205,931
Interest Expense	9,585	10,556	1,571	7,381	3,149	4,081

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	1,119,747	951,574	2,895,692	1,066,781	-	28,710
Balance at end of period	914,970	1,119,747	2,257,989	2,895,692	-	-
Total Profit/(Loss)	889	20,426	(8,564)	1,864	-	869
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 The Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 1,115,900 thousands (31 December 2012: TL 1,166,224 thousands) compose 1.16% (31 December 2012: 1.27%) of the Bank's total cash loans and 0.67% (31 December 2012: 0.73%) of the Bank's total assets. The total loans and similar receivables amounting TL 3,059,912 thousands (31 December 2012: TL 3,516,021 thousands) compose 1.83% (31 December 2012: TL 2.19%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 1,794,517 thousands (31 December 2012: TL 1,897,296 thousands) compose 7.72% (31 December 2012: 8.37%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,195,736 thousands (31 December 2012: TL 819,040 thousands) compose 1.26% (31 December 2012: 0.94%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 143,553 thousands (31 December 2012: TL 145,643 thousands) compose 0.66% (31 December 2012: 0.17%) 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 73,363 thousands (31 December 2012: TL 64,596 thousands) to related parties.

Operating expenses of TL 1,503 thousands (31 March 2012: TL 1,489 thousands) for advertisement and broadcasting services, of TL 5,375 thousands (31 March 2012: TL 4,055 thousands) for operational leasing services, and of TL 1,237 thousands (31 March 2012: TL 1,075 thousands) for travelling services rendered by related parties and rent income of TL 1,089 thousands (31 March 2012: TL 924 thousands) for the real estates rented to related parties, are recorded.

As of 31 March 2013, the net payment provided or to be provided to the key management of the Bank amounts to TL 20,619 thousands (31 March 2012: TL 18,977 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 Equity Investments, and Foreign Representative Offices

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

5.9 Significant Events and Matters Arising Subsequent to Balance Sheet Date

None.

6 Other Disclosures

6.1 Other disclosures on activities of the Bank

6.1.1 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 (April 2013*)

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 (December 2012*)

Foreign Currency	
Long Term	BBB
Long Term FC Outlook	Stable
Short Term	F3
Financial Capacity Rate	bbb
Support	3
Turkish Lira	
Long Term	BBB
Long Term TL Outlook	Stable
Short Term	F3
National	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.

6.1.2 Other disclosures regarding dividend

As per the decision made at the board of directors' meeting of the Bank on 7 March 2013, the distribution of the profit after tax of the year 2012 to be submitted for the approval of the shareholders at the ordinary general meeting of shareholders to be held at 30 April 2013, as follows:

2012 PROFIT DISTRIBUTION TABLE	
2012 Net Profit	3,070,325
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	(153,516)
Undistributable funds	(24,941)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(135,341)
D – Second dividend to the shareholders	(386,500)
E – Extraordinary reserves	(2,121,377)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(38,650)

7 Limited Review Report

7.1 Disclosure on limited review report

The unconsolidated interim financial statements of the Bank as of 31 March 2013, 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 25 April 2013 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 31 March 2013.

7.2 Disclosures and footnotes prepared by independent accountants

None.

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