

*(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 Year Ended

31 December 2013

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

With Independent Auditors' Report Thereon

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
30 January 2014

*This report contains "Independent Auditors' Report"
comprising 2 pages and;"Unconsolidated Financial
Statements and Related Disclosures and
Footnotes" comprising 115 pages.*

To the Board of Directors of
Türkiye Garanti Bankası AŞ
İstanbul

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TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2013

We have audited the accompanying balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 31 December 2013 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with no. 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "The Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no. 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis For Qualified Opinion

Subsequent to the reversal of TL 110,000 thousands in the current period, the accompanying financial statements include a general reserve amounting to TL 310,000 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.

Independent Auditors' Opinion

In our opinion, except for the effect of the matter described in the fourth paragraph on the financial statements, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2013 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act no. 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for English translation

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK AŞ

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç
Partner

Istanbul, 30 January 2014

Türkiye Garanti Bankası Anonim Şirketi
Unconsolidated Financial Report
as of and for the Year Ended 31 December 2013

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

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

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, 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

İbrahim Aydın
Financial Reporting
Executive Vice President

Hakan Özdemir
General Accounting
Senior Vice President

M. Cüneyt Sezgin
Audit Committee Member

Manuel Pedro
Galatas Sanchez Harguindey
Audit Committee Member

The authorized contact person for questions on this financial report:
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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 990 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 December 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, Doğu Gayrimenkul Yatırım Ortaklığı AŞ and Volkswagen Doğu 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	Independent 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	Independent 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
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	25 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 Domestic and Foreign Subsidiaries	01.01.2013	University	28 years
Aydın Şenel	EVP-Purchasing & Tax Management	06.06.2013	University	32 years
İbrahim Aydınlı	EVP-General Accounting & Economic Research & Customer Satisfaction	06.06.2013	Master	19 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	EVP-Strategic Planning	01.01.2002	University	19 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	14 years
Didem Başer	EVP-Delivery Channels & Social Platforms Management	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 the 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 December 2013

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2013			PRIOR PERIOD 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	2,751,642	19,776,456	22,528,098	1,293,932	14,818,750	16,112,682
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	1,225,262	576,330	1,801,592	675,550	507,926	1,183,476
2.1 Financial assets held for trading		1,026,484	576,330	1,602,814	453,369	507,926	961,295
2.1.1 Government securities		90,491	308,282	398,773	129,537	233,199	362,736
2.1.2 Equity securities		30,825	-	30,825	21,783	-	21,783
2.1.3 Derivative financial assets held for trading		900,684	245,982	1,146,666	297,832	252,873	550,705
2.1.4 Other securities		4,484	22,066	26,550	4,217	21,854	26,071
2.2 Financial assets valued at fair value through profit or loss		198,778	-	198,778	222,181	-	222,181
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans	(5.1.5)	198,778	-	198,778	222,181	-	222,181
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	2,074,021	7,676,370	9,750,391	2,232,563	5,513,788	7,746,351
IV. INTERBANK MONEY MARKETS		-	190,802	190,802	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	190,802	190,802	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	19,677,517	1,952,565	21,630,082	34,866,196	1,008,583	35,874,779
5.1 Equity securities		31,956	8,212	40,168	25,163	4,785	29,948
5.2 Government securities		18,092,718	906,247	18,998,965	33,513,678	98,403	33,612,081
5.3 Other securities		1,552,843	1,038,106	2,590,949	1,327,355	905,395	2,232,750
VI. LOANS	(5.1.5)	73,474,973	45,196,426	118,671,399	57,629,743	34,194,749	91,824,492
6.1 Performing loans		72,993,011	45,196,426	118,189,437	57,226,864	34,194,749	91,421,613
6.1.1 Loans to bank's risk group	(5.7)	427,832	1,232,916	1,660,748	142,230	1,023,994	1,166,224
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		72,565,179	43,963,510	116,528,689	57,084,634	33,170,755	90,255,389
6.2 Loans under follow-up		2,538,430	-	2,538,430	2,114,073	-	2,114,073
6.3 Specific provisions (-)		2,056,468	-	2,056,468	1,711,194	-	1,711,194
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	13,120,328	864,107	13,984,435	918,519	445,864	1,364,383
8.1 Government securities		13,112,652	469,091	13,581,743	911,245	445,864	1,357,109
8.2 Other securities		7,676	395,016	402,692	7,274	-	7,274
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	36,698	-	36,698	21,099	-	21,099
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		36,698	-	36,698	21,099	-	21,099
9.2.1 Financial investments in associates		33,032	-	33,032	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)	448,691	2,730,138	3,178,829	470,998	2,117,536	2,588,534
10.1 Unconsolidated financial investments in subsidiaries		344,606	2,730,138	3,074,744	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)	103,975	11,009	114,984	-	-	-
13.1 Fair value hedges		65,943	-	65,943	-	-	-
13.2 Cash flow hedges		38,032	11,009	49,041	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	1,361,270	96	1,361,366	1,128,690	489	1,129,179
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	58,770	-	58,770	54,756	58	54,814
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		58,770	-	58,770	54,756	58	54,814
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	149,632	-	149,632	156,347	-	156,347
XVII. TAX ASSET		129,218	-	129,218	177,515	-	177,515
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	(5.1.15)	129,218	-	129,218	177,515	-	177,515
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	146,104	-	146,104	127,351	-	127,351
18.1 Assets held for sale		146,104	-	146,104	127,351	-	127,351
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	2,935,298	228,510	3,163,808	1,714,109	117,380	1,831,489
TOTAL ASSETS		117,693,399	79,202,809	196,896,208	101,467,368	58,725,123	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
Balance Sheet (Statement of Financial Position)
At 31 December 2013

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2013			PRIOR PERIOD 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.2.1)	59,655,722	46,817,866	106,473,588	49,998,883	37,483,536	87,482,419
1.1 Deposits from bank's risk group	(5.7)	856,057	430,332	1,286,389	651,848	167,192	819,040
1.2 Others		58,799,665	46,387,534	105,187,199	49,347,035	37,316,344	86,663,379
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	1,127,072	257,624	1,384,696	587,352	283,679	871,031
III. FUNDS BORROWED	(5.2.3)	5,222,504	24,255,589	29,478,093	4,185,492	17,492,138	21,677,630
IV. INTERBANK MONEY MARKETS		11,424,006	3,160,228	14,584,234	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)	11,424,006	3,160,228	14,584,234	12,226,915	1,272,608	13,499,523
V. SECURITIES ISSUED (Net)	(5.2.4)	3,885,539	6,494,850	10,380,389	1,930,133	3,932,007	5,862,140
5.1 Bills		1,347,962	-	1,347,962	1,601,466	-	1,601,466
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		2,537,577	6,494,850	9,032,427	328,667	3,932,007	4,260,674
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	(5.2.4.3)	5,099,413	534,436	5,633,849	4,209,722	378,207	4,587,929
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		2,280,478	597,280	2,877,758	1,642,686	339,718	1,982,404
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	480	-	480	341	-	341
10.1 Financial lease payables		504	-	504	365	-	365
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		24	-	24	24	-	24
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	39,105	39,105	-	-	-
11.1 Fair value hedges		-	39,105	39,105	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	2,942,279	59,530	3,001,809	2,258,832	37,837	2,296,669
12.1 General provisions		1,962,713	41,195	2,003,908	1,269,819	32,733	1,302,552
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		377,988	-	377,988	343,997	-	343,997
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		601,578	18,335	619,913	645,016	5,104	650,120
XIII. TAX LIABILITY	(5.2.8)	298,865	10,867	309,732	512,282	9,382	521,664
13.1 Current tax liability		298,865	10,867	309,732	512,282	9,382	521,664
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)	-	147,491	147,491	-	117,251	117,251
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	21,113,386	1,471,598	22,584,984	20,213,962	1,079,528	21,293,490
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		496,564	1,351,621	1,848,185	2,547,175	1,010,446	3,557,621
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		(429,394)	1,342,813	913,419	1,082,545	1,010,446	2,092,991
16.2.4 Revaluation surplus on tangible assets		174,304	-	174,304	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)		(32,790)	8,808	(23,982)	(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		770,673	-	770,673	772,554	-	772,554
16.3 Profit reserves		13,411,262	119,977	13,531,239	10,389,946	69,082	10,459,028
16.3.1 Legal reserves		1,098,509	11,639	1,110,148	907,653	7,939	915,592
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		12,312,753	-	12,312,753	9,482,293	-	9,482,293
16.3.4 Other profit reserves		-	108,338	108,338	-	61,143	61,143
16.4 Profit or loss		3,005,560	-	3,005,560	3,076,841	-	3,076,841
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		3,005,560	-	3,005,560	3,076,841	-	3,076,841
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		113,049,744	83,846,464	196,896,208	97,766,600	62,425,891	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 December 2013

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2013			31 December 2012		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-III)		100,427,191	135,652,643	236,079,834	66,368,386	143,680,211	210,048,597
I. GUARANTEES AND SURETIES	(5.3.1)	9,959,792	23,181,147	33,140,939	6,970,208	15,706,372	22,676,580
1.1. Letters of guarantee		9,952,370	13,583,722	23,536,092	6,958,156	9,465,698	16,423,854
1.1.1. Guarantees subject to State Tender Law		-	845,257	845,257	-	714,239	714,239
1.1.2. Guarantees given for foreign trade operations		1,134,793	320,050	1,454,843	438,392	182,077	620,469
1.1.3. Other letters of guarantee		8,817,577	12,418,415	21,235,992	6,519,764	8,569,382	15,089,146
1.2. Bank acceptances		6,898	631,191	638,089	5,028	715,868	720,896
1.2.1. Import letter of acceptance		6,898	631,191	638,089	5,028	715,868	720,896
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		524	8,886,310	8,886,834	7,024	5,458,506	5,465,530
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		524	8,886,310	8,886,834	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		-	79,924	79,924	-	66,300	66,300
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	34,668,117	15,249,746	49,917,863	33,685,681	70,774,949	104,460,630
2.1. Irrevocable commitments		34,642,613	15,248,903	49,891,516	23,695,883	10,205,196	33,901,079
2.1.1. Asset purchase and sale commitments		2,740,296	5,438,905	8,179,201	892,893	4,192,191	5,085,084
2.1.2. Deposit purchase and sale commitments		-	25,822	25,822	165	44,053	44,218
2.1.3. Share capital commitments to associates and subsidiaries		-	7,806	7,806	-	7,944	7,944
2.1.4. Loan granting commitments		5,494,147	8,875,370	14,369,517	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		2,658,815	-	2,658,815	1,994,233	-	1,994,233
2.1.8. Tax and fund obligations on export commitments		15,211	-	15,211	18,075	-	18,075
2.1.9. Commitments for credit card limits		22,259,934	-	22,259,934	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	901,000	2,375,210	1,474,210	748,000	2,222,210
2.2. Revocable commitments		25,504	843	26,347	9,989,798	60,569,753	70,559,551
2.2.1. Revocable loan granting commitments		25,504	-	25,504	9,989,798	60,569,054	70,558,852
2.2.2. Other revocable commitments		-	843	843	-	699	699
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	55,799,282	97,221,750	153,021,032	25,712,497	57,198,890	82,911,387
3.1. Derivative financial instruments held for risk management		5,536,346	1,632,486	7,168,832	-	-	-
3.1.1. Fair value hedges		2,928,361	996,486	3,924,847	-	-	-
3.1.2. Cash flow hedges		2,607,985	636,000	3,243,985	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		50,262,936	95,589,264	145,852,200	25,712,497	57,198,890	82,911,387
3.2.1. Forward foreign currency purchases/sales		8,595,511	10,118,008	18,713,519	4,085,520	5,006,561	9,092,081
3.2.1.1. Forward foreign currency purchases		2,857,352	6,528,366	9,385,718	1,551,055	2,939,516	4,490,571
3.2.1.2. Forward foreign currency sales		5,738,159	3,589,642	9,327,801	2,534,465	2,067,045	4,601,510
3.2.2. Currency and interest rate swaps		20,995,157	46,354,163	67,349,320	12,119,404	34,000,856	46,120,260
3.2.2.1. Currency swaps-purchases		11,516,738	13,608,131	25,124,869	4,585,239	9,780,113	14,365,352
3.2.2.2. Currency swaps-sales		6,080,851	15,462,054	21,542,905	3,843,165	9,198,283	13,041,448
3.2.2.3. Interest rate swaps-purchases		1,698,784	8,641,989	10,340,773	2,045,500	7,317,810	9,363,310
3.2.2.4. Interest rate swaps-sales		1,698,784	8,641,989	10,340,773	1,645,500	7,704,650	9,350,150
3.2.3. Currency, interest rate and security options		20,538,090	32,117,841	52,655,931	9,477,773	15,053,943	24,531,716
3.2.3.1. Currency call options		10,148,589	14,458,413	24,607,002	4,094,590	7,005,282	11,099,872
3.2.3.2. Currency put options		10,358,275	15,780,207	26,138,482	5,326,678	6,166,142	11,492,820
3.2.3.3. Interest rate call options		-	1,879,221	1,879,221	-	1,857,738	1,857,738
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		29,776	-	29,776	56,505	3,520	60,025
3.2.3.6. Security put options		1,450	-	1,450	-	21,261	21,261
3.2.4. Currency futures		110,122	182,913	293,035	28,384	183,525	211,909
3.2.4.1. Currency futures-purchases		-	182,913	182,913	28,384	155,278	183,662
3.2.4.2. Currency futures-sales		110,122	-	110,122	-	28,247	28,247
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		24,056	6,816,339	6,840,395	1,416	2,954,005	2,955,421
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		475,443,153	325,696,861	801,140,014	390,886,010	239,193,950	630,079,960
IV. ITEMS HELD IN CUSTODY		35,125,254	21,326,011	56,451,265	34,939,625	17,844,295	52,783,920
4.1. Customers' securities held		4,399,502	6,805	4,406,307	4,571,834	3,666	4,575,500
4.2. Investment securities held in custody		20,613,851	4,917,858	25,531,709	20,865,091	3,906,395	24,771,486
4.3. Checks received for collection		8,313,010	1,779,622	10,092,632	7,743,022	1,331,553	9,074,575
4.4. Commercial notes received for collection		1,728,205	822,948	2,551,153	1,686,186	1,054,366	2,740,552
4.5. Other assets received for collection		40,495	12,637,870	12,678,365	45,605	10,387,378	10,432,983
4.6. Assets received through public offering		-	52,622	52,622	-	43,517	43,517
4.7. Other items under custody		30,191	1,108,286	1,138,477	27,887	1,117,420	1,145,307
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		440,317,899	304,370,850	744,688,749	355,946,385	221,349,655	577,296,040
5.1. Securities		1,570,628	11,304	1,581,932	2,073,280	7,242	2,080,522
5.2. Guarantee notes		42,766,417	12,081,381	54,847,798	41,324,590	9,967,059	51,291,649
5.3. Commodities		6,531	-	6,531	3,620	-	3,620
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		79,449,434	64,892,546	144,341,980	60,830,116	51,076,849	111,906,965
5.6. Other pledged items		316,524,719	227,385,153	543,909,872	251,714,609	160,298,120	412,012,729
5.7. Pledged items-depository		170	466	636	170	385	555
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		575,870,344	461,349,504	1,037,219,848	457,254,396	382,874,161	840,128,557

Türkiye Garanti Bankası Anonim Şirketi

Income Statement

For the Year Ended 31 December 2013

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2013- 31 December 2013	PRIOR PERIOD 1 January 2012- 31 December 2012
I. INTEREST INCOME	(5.4.1)	12,741,425	12,670,471
1.1 Interest income on loans		9,070,992	8,441,212
1.2 Interest income on reserve deposits		-	-
1.3 Interest income on banks		147,317	220,628
1.4 Interest income on money market transactions		2,218	3,643
1.5 Interest income on securities portfolio		3,408,445	3,879,817
1.5.1 Trading financial assets		37,091	33,048
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		2,781,257	3,543,528
1.5.4 Investments held-to-maturity		590,097	303,241
1.6 Financial lease income		-	-
1.7 Other interest income		112,453	125,171
II. INTEREST EXPENSE	(5.4.2)	6,385,794	6,951,539
2.1 Interest on deposits		4,468,817	4,946,321
2.2 Interest on funds borrowed		861,976	892,122
2.3 Interest on money market transactions		561,088	787,962
2.4 Interest on securities issued		467,861	313,669
2.5 Other interest expenses		26,052	11,465
III. NET INTEREST INCOME (I - II)		6,355,631	5,718,932
IV. NET FEES AND COMMISSIONS INCOME		2,615,473	2,007,605
4.1 Fees and commissions received		3,135,783	2,492,089
4.1.1 Non-cash loans		199,585	162,384
4.1.2 Others		2,936,198	2,329,705
4.2 Fees and commissions paid		520,310	484,484
4.2.1 Non-cash loans		1,048	1,430
4.2.2 Others		519,262	483,054
V. DIVIDEND INCOME	(5.4.3)	56,041	2,444
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	296,942	623,952
6.1 Trading account income/losses		192,563	548,795
6.2 Income/losses from derivative financial instruments		(118,984)	(337,704)
6.3 Foreign exchange gains/losses		223,363	412,861
VII. OTHER OPERATING INCOME	(5.4.5)	457,017	298,616
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		9,781,104	8,651,549
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	1,623,824	1,181,593
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	4,206,165	3,540,901
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		3,951,115	3,929,055
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)	3,951,115	3,929,055
XVI. PROVISION FOR TAXES (±)	(5.4.9)	945,555	852,214
16.1 Current tax charge		541,652	1,192,965
16.2 Deferred tax charge/(credit)		403,903	(340,751)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	3,005,560	3,076,841
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)	3,005,560	3,076,841
Earnings per Share		0.716	0.733

(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 Year Ended 31 December 2013

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2013- 31 December 2013	PRIOR PERIOD 1 January 2012- 31 December 2012
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(1,797,703)	1,034,732
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	24,644	(3,026)
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	49,054	486
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	254,774	423,968
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	351,665	(200,568)
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(1,117,566)	1,255,592
XI. CURRENT PERIOD PROFIT/LOSSES	3,005,560	3,076,841
1.1 Net changes in fair value of securities (transferred to income statement)	375,815	52,489
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	2,629,745	3,024,352
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,887,994	4,332,433

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 Year Ended 31 December 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 December 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		-	-	-	-	-	-	(202,263)	-	-	(39,727)	229,236	-	-	-	-	(12,754)
2.1. Effect of corrections		-	-	-	-	-	-	(202,263)	-	-	(39,727)	229,236	-	-	-	-	(12,754)
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	-	7,409,952	40,528	-	3,030,848	837,770	598,953	1,891	(63,614)	-	17,564,065
Changes during the period																	
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	1,255,221	-	-	-	-	1,255,221
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	389	-	-	389
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	389	-	-	389
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		-	-	-	-	(240)	-	-	(2,786)	-	-	-	-	-	-	-	(3,026)
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		-	-	-	-	-	-	-	-	3,076,841	-	-	-	-	-	-	3,076,841
XX. Profit distribution		-	-	-	-	192,529	-	2,072,341	23,401	-	(3,030,848)	-	142,577	-	-	-	(600,000)
20.1. Dividends		-	-	-	-	192,529	-	2,072,341	23,401	-	(600,000)	-	142,577	-	-	-	(600,000)
20.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	(2,237,153)	-	(27,717)	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	(193,695)	-	170,294	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	915,592	-	9,482,293	61,143	3,076,841	-	2,092,991	741,530	1,891	(63,225)	-	21,293,490
CURRENT PERIOD (1 January - 31 December 2013)																	
I. Balances at beginning of the period	(5.5)	4,200,000	772,554	11,880	-	915,592	-	9,482,293	61,143	-	3,076,841	2,092,991	741,530	1,891	(63,225)	-	21,293,490
Changes during the period																	
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(1,179,572)	-	-	-	-	(1,179,572)
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	39,243	-	-	39,243
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	39,243	-	-	39,243
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		-	-	-	-	2,390	-	-	22,254	-	-	-	-	-	-	-	24,644
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		-	(1,881)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,881)
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	3,005,560	-	-	-	-	-	-	3,005,560
XVIII. Profit distribution		-	-	-	-	192,166	-	2,830,460	24,941	-	(3,076,841)	-	(567,226)	-	-	-	(596,500)
18.1. Dividends		-	-	-	-	192,166	-	2,830,460	24,941	-	(596,500)	-	(567,226)	-	-	-	(596,500)
18.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	(2,455,400)	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	-	-	(24,941)	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	770,673	11,880	-	1,110,148	-	12,312,753	108,338	3,005,560	-	913,419	174,304	1,891	(23,982)	-	22,584,984

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Year Ended 31 December 2013

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2013- 31 December 2013	PRIOR PERIOD 1 January 2012- 31 December 2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		4,552,144	4,131,529
1.1.1 Interests received		13,788,503	12,609,546
1.1.2 Interests paid		(6,290,098)	(7,090,195)
1.1.3 Dividend received		4,794	2,386
1.1.4 Fees and commissions received		3,135,783	2,492,089
1.1.5 Other income		562,588	340,974
1.1.6 Collections from previously written-off loans and other receivables		35,154	34,818
1.1.7 Payments to personnel and service suppliers		(3,390,278)	(2,772,294)
1.1.8 Taxes paid		(898,278)	(1,127,563)
1.1.9 Others	(5.6)	(2,396,024)	(358,232)
1.2 Changes in operating assets and liabilities		(4,356,736)	(6,389,424)
1.2.1 Net (increase) decrease in financial assets held for trading		(44,036)	585,446
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		(5,511,032)	2,049,834
1.2.4 Net (increase) decrease in loans		(27,261,470)	(8,741,707)
1.2.5 Net (increase) decrease in other assets		(1,333,423)	(7,428,730)
1.2.6 Net increase (decrease) in bank deposits		997,267	1,823,186
1.2.7 Net increase (decrease) in other deposits		17,843,243	1,231,122
1.2.8 Net increase (decrease) in funds borrowed		9,008,410	2,758,346
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	1,944,305	1,333,079
I. Net cash flow from banking operations		195,408	(2,257,895)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(2,343,258)	(2,275,930)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(10,494)	(47,685)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	3
2.3 Purchases of tangible assets		(489,027)	(238,976)
2.4 Sales of tangible assets		85,031	73,092
2.5 Cash paid for purchase of financial assets available-for-sale		(18,202,983)	(11,854,829)
2.6 Cash obtained from sale of financial assets available-for-sale		19,484,137	6,283,493
2.7 Cash paid for purchase of investments held-to-maturity		(3,705,796)	(7,065)
2.8 Cash obtained from sale of investments held-to-maturity		495,874	3,516,037
2.9 Others	(5.6)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		3,872,779	1,520,176
3.1 Cash obtained from funds borrowed and securities issued		10,728,432	8,063,991
3.2 Cash used for repayment of funds borrowed and securities issued		(6,258,267)	(5,943,692)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(596,500)	(600,000)
3.5 Payments for financial leases		(886)	(123)
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)	1,376,361	(337,239)
V. Net increase/(decrease) in cash and cash equivalents		3,101,290	(3,350,888)
VI. Cash and cash equivalents at beginning of period		4,262,674	7,613,562
VII. Cash and cash equivalents at end of period		7,363,964	4,262,674

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

Türkiye Garanti Bankası Anonim Şirketi

Statement of Profit Distribution

At 31 December 2013

STATEMENT OF PROFIT DISTRIBUTION		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (*)	PRIOR PERIOD
		31 December 2013	31 December 2012
I.	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	CURRENT PERIOD PROFIT	3,951,115	3,932,813
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	945,555	852,965
1.2.1	Corporate tax (income tax)	945,555	852,965
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	3,005,560	3,079,848
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	153,516
1.5	OTHER STATUTORY RESERVES (-)	-	24,941
B.	NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	-	2,901,391
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	210,000
1.6.1	To owners of ordinary shares	-	210,000
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of redeemed shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	386,500
1.9.1	To owners of ordinary shares	-	386,500
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	38,650
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	2,266,241
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of redeemed shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE (per YTL'000 face value each)		
3.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	0.716	0.733
3.2	TO OWNERS OF ORDINARY SHARES (%)	0.072	0.073
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Decision regarding to the 2013 profit distribution will be held at General Assembly meeting.

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 was abolished and the Public Oversight, Accounting and Auditing Standards Authority was established. The financial statements are prepared based on the TAS/TFRS and the related statements and guidances announced by the Public Oversight, Accounting and Auditing Standards Authority.

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for financial instruments 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 that may incur due to short-term structure of funding, 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.

A portion of the fixed-rate TL bonds and loans, and the foreign currency bonds of the Bank are hedged under fair value hedges. The fair value risks of such fixed-rate TL assets and financial liabilities in foreign currency are hedged with TL interest rate swaps and cross currency swaps. The fair value changes of the hedged fixed-rate TL financial assets and financial liabilities in foreign currencies together with the changes in the fair value of the hedging instruments, namely interest rate swaps and cross currency 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

As per the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement"; forward foreign currency purchases/sales, swaps, options and futures are classified as either "hedging purposes" or "trading purposes".

3.4.1 Derivative financial instruments held for trading

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.

Derivatives are initially recorded in off-balance sheet accounts at their purchase costs including the transaction costs. Subsequently, 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 depending on the fair values being positive or negative. Fair value changes for trading derivatives are recorded under 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 as commitment.

3.4.2 Derivative financial instruments held for risk management

The Bank enters into interest rate and cross currency swap transactions in order to hedge the change in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in income statement. If the hedging is effective, the changes in fair value of the hedged item is presented in statement of financial position together with the fixed-rate loan, and in case of fixed-rate financial assets available for sale, such changes are reclassified from shareholders’ equity to income statement.

The Bank enters into interest rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under hedging reserves in shareholders’ equity, and the ineffective portion is recognised in income statement. The changes recognised in shareholders’ equity is removed and included in income statement in the same period when the hedged cash flows effect the income or loss.

The Bank also applies fair value hedge to manage the foreign exchange rate risk resulted from its investments in foreign operations. The effective portion of the foreign exchange differences are recognised in income statement.

The Bank performs effectiveness test at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the “Dollar off-set model” and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to income statement over the life of the hedged item from that date of the hedge accounting is discontinued. While discontinuing cash flow hedge accounting, the cumulative gains/losses recognised in shareholders’ equity and presented under hedging reserves are continued to be kept in this account. When the cash flows of hedged item are recognised in income statement, the gain/losses accounted for under shareholders’ equity, are recognised in income statement.

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 or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting. The income derived from agreements or asset purchases from real-person or corporate 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 amortized costs are recorded as interest income in the income statement. The differences between the amortized costs and the fair values of such securities are recorded under trading account income/losses in the income statement. In cases where such securities are sold before their maturities, 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 by the Bank.

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 originated loans and receivables.

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

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

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

Financial assets available-for-sale are measured at their fair values subsequently. However, assets for which fair values can not be determined reliably, are valued at amortized costs by using discounting method with internal rate of return for floating-rate securities; and by using valuation models or discounted cash flow techniques for fixed-rate securities. Unrecognised gain/losses derived from the difference between their fair values and the discounted values are recorded in "securities value increase fund" under the shareholders' equity. In case of sales, the gain/losses arising from fair value measurement under shareholders' equity are recognized in 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 income statement of the related period.

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

3.9 Netting and derecognition of financial instruments

3.9.1 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 non-performing loan and other receivables in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. Such 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.

3.9.2 Derecognition of financial assets

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in income statement.

In case an existing financial asset is replaced with another financial asset from the same counterparty where the terms on the initial financial asset are substantially modified, the existing financial asset is derecognized and a new financial asset is recognized. The difference between the carrying values of the respective financial assets is recognized in income statement.

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 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 sale 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.

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 December 2013	31 December 2012
	%	%
Net Effective Discount Rate	3.06	2.18
Discount Rate	9.48	6.95
Expected Rate of Salary	7.73	6.17
Inflation Rate	6.23	4.67

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 December 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, no.25983, 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, no.2007/33. The reasoned ruling regarding the cancellation of the Constitutional Court was published in the Official Gazette no.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, no.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.

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS 19.

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 7% 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 8.25% 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, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

In cases where such funds are valued at their amortised costs and such application results in measurement or accounting inconsistencies due to having the relevant financial instruments valued using different methods or the related gains or losses are recorded differently, such fundings are valued and recorded at their fair values as per TAS 39 in order to minimise or prevent such inconsistencies.

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 December 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:

<i>Current Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,966,757	3,148,482	2,373,908	235,916	9,725,063
Other	-	-	-	-	-
Total Operating Profit	3,966,757	3,148,482	2,373,908	235,916	9,725,063
Net Operating Profit	743,082	1,548,338	2,202,045	(598,391)	3,895,074
Income from Associates and Subsidiaries	-	-	-	56,041	56,041
Net Operating Profit	743,082	1,548,338	2,202,045	(542,350)	3,951,115
Provision for Taxes	-	-	-	945,555	945,555
Net Profit	743,082	1,548,338	2,202,045	(1,487,905)	3,005,560
Segment Assets	43,417,715	75,253,684	68,383,330	6,625,952	193,680,681
Investments in Associates and Subsidiaries	-	-	-	3,215,527	3,215,527
Total Assets	43,417,715	75,253,684	68,383,330	9,841,479	196,896,208
Segment Liabilities	65,725,982	42,781,023	61,081,684	4,722,535	174,311,224
Shareholders' Equity	-	-	-	22,584,984	22,584,984
Total Liabilities and Shareholders' Equity	65,725,982	42,781,023	61,081,684	27,307,519	196,896,208
Other Segment Items					
Capital Expenditures	-	-	-	489,027	489,027
Depreciation Expenses	140,309	69,026	5,737	(5,092)	209,980
Impairment Losses	912,105	496,580	36,616	182,683	1,627,984
Other Non-Cash Income/Expenses	136,836	184,955	(2,675,611)	(101,663)	(2,455,483)
Restructuring Costs	-	-	-	-	-

<i>Prior Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,060,054	3,066,231	1,700,349	822,471	8,649,105
Other	-	-	-	-	-
Total Operating Profit	3,060,054	3,066,231	1,700,349	822,471	8,649,105
Net Operating Profit	641,658	1,546,194	1,525,521	213,238	3,926,611
Income from Associates and Subsidiaries	-	-	-	2,444	2,444
Net Operating Profit	641,658	1,546,194	1,525,521	215,682	3,929,055
Provision for Taxes	-	-	-	852,214	852,214
Net Profit	641,658	1,546,194	1,525,521	(636,532)	3,076,841
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	-	-	-	21,293,490	21,293,490
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	102,959	52,610	3,122	35,292	193,983
Impairment Losses	588,752	501,140	(48,377)	147,246	1,188,761
Other Non-Cash Income/Expenses	48,786	23,604	1,213,882	(76,609)	1,209,663
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

3.24.1 Changes in financial statements of prior periods

	<i>Reported 31 December 2011</i>	<i>Foreign Affiliate^(*)</i>	<i>SDIF Premiums(**)</i>	<i>Adjusted 31 December 2011</i>
Securities value increase fund	608,534	229,236	-	837,770
Extraordinary reserves	7,612,215	(193,103)	(9,160)	7,409,952
Other provisions	550,392	-	15,945	566,337
Current tax liability	265,400	-	(3,189)	262,211
Current period net profit/loss (foreign exchange gains/losses)	3,070,575	(36,133)	(3,594)	3,030,848

	<i>Reported 31 December 2012</i>	<i>Foreign Affiliate^(*)</i>	<i>SDIF Premiums(**)</i>	<i>Adjusted 31 December 2012</i>
Securities value increase fund	1,873,278	219,713	-	2,092,991
Extraordinary reserves	9,724,283	(229,236)	(12,754)	9,482,293
Other provisions	630,418	-	19,702	650,120
Current tax liability	525,605	-	(3,941)	521,664
Current period net profit/loss (foreign exchange gains/losses)	3,070,325	9,523	(3,007)	3,076,841

^(*) The effects of corrections to the prior periods' financial statements in compliance with TAS 8 due to the capital deduction of a foreign affiliate of the Bank in 2009, are disclosed above.

^(**) The effects of corrections made by the Bank for the calculation of SDIF premiums between the years 2007-2012 on the prior periods' financial statement, are presented above.

4 Financial position and results of operations and risk management

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 14.42%. (31 December 2012: 18.09%)

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								
	<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>250%</i>
Value at Credit Risk	-	-	1,854,004	14,643,130	19,982,123	82,326,561	5,000,216	24,059,034	664,205
Exposure Categories	51,971,249	-	9,270,022	29,286,260	26,642,831	82,326,561	3,333,477	12,029,517	265,682
Conditional and unconditional exposures to central governments or central banks	50,354,334	-	3	3,442,625	-	6,849	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	40,082	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	43	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,453,942	6,874,026	-	11,950	-	-	-
Conditional and unconditional exposures to corporates	-	-	770,648	1,290,840	-	70,988,621	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	26,642,831	5,476,494	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	17,676,198	-	-	-	-	-
Past due items	-	-	-	2,571	-	337,955	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	13,269	3,333,477	12,029,517	265,682
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	1,616,915	-	5,347	-	-	5,491,380	-	-	-

<i>Prior Period</i>	Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
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	-	-	3,967,622	7,118,171	-	44,758	-	-	-
Conditional and unconditional exposures to corporates	-	-	254,972	552,980	-	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

	Current Period	Priod Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11,882,342	8,461,395
Capital Requirement for Market Risk (MRCR)	301,025	90,480
Capital Requirement for Operational Risk (ORCR)	1,067,735	1,043,016
Shareholders' Equity ^(*)	23,882,776	21,698,837
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	14.42%	18.09%

^(*) In prior period, the changes disclosed in note 3.24.1 are included.

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	13,442,952	10,370,741
Inflation Adjustments to Reserves	51,141	51,141
Profit	3,005,560	3,076,841
Current Period's Profit	3,005,560	3,076,841
Prior Periods' Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	310,000	420,000
Income on Sale of Equity Shares and Real Estates	172,164	739,390
Primary Subordinated Debts	-	-
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Periods' Losses	-	-
Leasehold Improvements on Operational Leases (-)	94,785	94,182
Intangible Assets (-)	58,770	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	21,812,696	19,493,551
SUPPLEMENTARY CAPITAL		
General Provisions	2,003,908	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	146,050	116,050
45% of Securities Value Increase Fund	129,681	927,303
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss	37,146	37,146
Total Supplementary Capital	2,319,639	2,385,905
CAPITAL	24,132,335	21,879,456
DEDUCTIONS FROM CAPITAL	249,559	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	183,806	134,531
Loans Granted against the Articles 50 and 51 of the Banking Law	41	-
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	33,923	34,690
Securitization Positions to be Deducted from Equity	-	-
Other Deduction Items	31,789	11,398
TOTAL SHAREHOLDERS' EQUITY	23,882,776	21,698,837

(*) In prior period, the changes disclosed in note 3.24.1 are included.

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

"Garanti Bank's assessment process of adequacy of internal capital requirements and capital adequacy policies" was prepared and approved by the board of directors of the Bank. The ultimate aim of this internal capital requirements process is to maintain the continuity of capital adequacy under the Bank's strategies, lending growth expectations, asset-liability structure, future funding sources and liquidity, fluctuations in capital depending on dividend distribution policy and economics, in compliance with its risk profile and appetite.

Accordingly, the Bank's prospective internal capital requirements as per its 2013 capital structure and 2014 targets and strategies, have been assessed considering its operations and risks. This assessment includes the interest rate risk, liquidity risk, reputational risk, residual risk, concentration risk, strategy risk, and country and transfer risks arising from banking activities besides the market, credit and operational risks directly affecting its legal capital adequacy ratio. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set.

4.2 Credit risk

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

The debtors or group of debtors are subject to credit risk limits. Sectoral risk concentrations are reviewed on a monthly basis.

Credit worthiness of debtors is reviewed periodically in compliance with the legislation by the internal risk rating models. The credit limits are revised and further collateral is required if the risk level of debtor deteriorates. For unsecured loans, the necessary documentation is gathered in compliance with the legislation.

Geographical concentration of credit customers is reviewed monthly. This is in line with the concentration of industrial and commercial activities in Turkey.

In accordance with the Bank's lending policies, the debtor's creditworthiness is analysed and the adequate collateral is obtained based on the financial position of the company and the type of loan; like cash collateral, bank guarantees, mortgages, pledges, bills and corporate guarantees.

The Bank has control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed together with the risk from market fluctuations. The Bank follows up the risk arising from such instruments and takes the necessary actions to decrease it when necessary.

The liquidated non-cash loans are subject to the same risk weight with the overdue loans.

The Bank performs foreign trade finance and other interbank credit transactions through widespread correspondents network. Accordingly, the Bank assigns limits to domestic and foreign banks and other financial institutions based on review of their credit worthiness, periodically.

The Bank's largest 100 and 200 cash loan customers compose 24.40% (31 December 2012: 23.70%) and 30.60% (31 December 2012: 30.30%) of the total cash loan portfolio, respectively.

The Bank's largest 100 and 200 non-cash loan customers compose 54.80% (31 December 2012: 52.12%) and 64.35% (31 December 2012: 61.55%) of the total non-cash loan portfolio, respectively.

The Bank's largest 100 ve 200 cash and non-cash loan customers represent 9.24% (31 December 2012: 7.61%) and 11.79% (31 December 2012: 10.01%) of the total "on and off balance sheet" assets, respectively.

The general provision for credit risks amounts to TL 2,003,908 thousands (31 December 2012: TL 1,302,552 thousands).

The Bank developed a statistical-based internal risk rating model for its credit portfolio of corporate/ commercial/medium-size companies. This internal risk rating model has been in use for customer credibility assessment since 2003. Risk rating has become a requirement for loan applications, and ratings are used both to determine branch managers' credit authorization limits and in credit assessment process.

The concentration table of the cash and non-cash loans for the Bank according to the risk rating system for its customers defined as corporate, commercial and medium-size enterprises is presented below:

	<i>Current Period</i>	<i>Prior Period</i>
	<i>%</i>	<i>%</i>
Above Average	40.14	40.07
Average	54.39	53.04
Below Average	5.47	6.89
Total	100.00	100.00

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Exposure Categories	<i>Current Period</i>		<i>Prior Period</i>	
	<i>Risk Amount (*)</i>	<i>Average Risk Amount (**)</i>	<i>Risk Amount (*)</i>	<i>Average Risk Amount (**)</i>
Conditional and unconditional exposures to central governments or central banks	54,685,241	55,182,551	56,701,564	55,047,875
Conditional and unconditional exposures to regional governments or local authorities	40,082	26,613	39	51
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	157	15,787	46,479	49,514
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organisations	-	6	-	-
Conditional and unconditional exposures to banks and brokerage houses	32,494,945	21,949,465	26,177,748	27,843,347
Conditional and unconditional exposures to corporates	77,590,561	66,399,745	57,028,522	56,294,260
Conditional and unconditional retail exposures	32,844,346	33,267,298	31,235,149	31,136,757
Conditional and unconditional exposures secured by real estate property	17,782,183	15,286,011	11,608,417	11,081,464
Past due items	340,634	270,786	218,515	247,236
Items in regulatory high-risk categories	15,822,836	11,428,819	7,663,020	6,754,892
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	7,113,642	6,115,412	5,647,458	5,294,394

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

4.2.1 Profile of significant exposures in major regions

<i>Current Period</i> (***)	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	Total
Domestic	54,261,878	12,755,678	72,198,142	32,616,961	17,737,599	15,706,315	4,412,569	209,694,142
European Union (EU) Countries	257,098	17,278,198	2,333,181	27,569	37,447	2,751	147	19,936,391
OECD Countries (*)	62	168,295	802,547	2,043	2,082	100	-	975,129
Off-Shore Banking Regions	-	5,292	226,390	1,735	-	75	-	233,492
USA, Canada	680	1,333,987	555,840	1,838	804	53	1	1,893,203
Other Countries	165,523	199,605	449,462	194,200	4,251	113,541	2,054	1,128,636
Associates, Subsidiaries and Joint –Ventures	-	753,890	1,024,999	-	-	1	3,074,744	4,853,634
Unallocated Assets/Liabilities (**)	-	-	-	-	-	-	-	-
Total	54,685,241	32,494,945	77,590,561	32,844,346	17,782,183	15,822,836	7,494,515	238,714,627

<i>Prior Period</i> (***)	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	Total
Domestic	56,177,181	10,698,430	53,960,896	31,011,880	11,596,017	7,586,974	3,322,948	174,354,326
European Union (EU) Countries	419,570	12,423,091	2,064,162	31,397	8,508	2,037	65	14,948,830
OECD Countries (*)	7	116,928	318,723	3,104	878	12,166	1	451,808
Off-Shore Banking Regions	104,407	2,986	74,752	178,429	1,546	59,416	914	422,449
USA, Canada	373	800,059	214,998	2,178	767	27	30	1,018,433
Other Countries	26	207,845	161,446	8,161	700	2,401	0	380,580
Associates, Subsidiaries and Joint –Ventures	-	1,928,407	233,545	-	-	-	2,588,533	4,750,485
Unallocated Assets/Liabilities (**)	-	-	-	-	-	-	-	-
Total	56,701,564	26,177,747	57,028,522	31,235,149	11,608,417	7,663,021	5,912,491	196,326,910

(*) Includes OECD countries other than EU countries, USA and Canada.

(**) Includes assets and liability items that can not be allocated on a consistent basis.

(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

4.2.2 Risk profile by sectors or counterparties

Current Period (*)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TL	FC	Total
Agriculture	-	-	-	-	-	-	272,767	382,892	262,059	8,736	43,274	-	-	-	-	878,686	91,042	969,728
Farming and Stockbreeding	-	-	-	-	-	-	236.592	368.580	248.150	8.438	41.923	-	-	-	-	827.280	76.403	903.683
Forestry	-	-	-	-	-	-	6.420	9.049	8.091	246	590	-	-	-	-	18.603	5.793	24.396
Fishery	-	-	-	-	-	-	29.755	5.263	5.818	52	761	-	-	-	-	32.803	8.846	41.649
Manufacturing	-	-	-	-	-	-	31,978,926	2,520,516	2,469,276	106,354	220,248	-	-	-	-	11,105,583	26,189,737	37,295,320
Mining and Quarrying	-	-	-	-	-	-	939.613	114.797	87.437	7.510	8.201	-	-	-	-	498.564	658.994	1.157.558
Production	-	-	-	-	-	-	15.312.099	2.356.447	2.335.258	98.564	209.318	-	-	-	-	9.390.888	10.920.798	20.311.686
Electricity, Gas and Water	-	-	-	-	-	-	15.727.214	49.272	46.581	280	2.729	-	-	-	-	1.216.131	14.609.945	15.826.076
Construction	-	-	-	-	-	-	6,937,125	1,181,524	1,855,139	34,920	123,389	-	-	-	-	4,711,833	5,420,264	10,132,097
Services	346	-	-	-	-	32,467,349	28,254,998	6,164,457	5,768,575	157,588	681,476	-	-	-	-	37,966,801	35,527,988	73,494,789
Wholesale and Retail Trade	337	-	-	-	-	-	11.412.828	4.703.085	3.325.566	100.196	492.881	-	-	-	-	13.484.107	6.550.786	20.034.893
Accommodation and Dining	-	-	-	-	-	-	2.620.000	297.834	1.232.122	39.251	43.171	-	-	-	-	1.082.483	3.149.895	4.232.378
Transportation and Telecom.	-	-	-	-	-	-	8.251.797	822.388	458.045	13.743	76.049	-	-	-	-	2.260.108	7.361.914	9.622.022
Financial Institutions	-	-	-	-	-	32,467,349	3,374,222	56,732	22,321	666	21,451	-	-	-	-	19,711,186	16,231,555	35,942,741
Real Estate and Rental Services	-	-	-	-	-	-	971.356	50.578	381.861	600	7.600	-	-	-	-	308.659	1.103.336	1.411.995
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	1	-	-	-	-	-	223.568	61.017	140.810	878	10.246	-	-	-	-	336.172	100.348	436.520
Health and Social Services	8	-	-	-	-	-	1.401.227	172.823	207.850	2.254	30.078	-	-	-	-	784.086	1.030.154	1.814.240
Others	54,684,895	40,082	157	-	-	27,596	10,146,745	22,594,957	7,427,134	33,036	14,754,449	-	-	-	7,113,642	84,066,775	32,755,918	116,822,693
Total	54,685,241	40,082	157	-	-	32,494,945	77,590,561	32,844,346	17,782,183	340,634	15,822,836	-	-	-	7,113,642	138,729,678	99,984,949	238,714,627

1- Conditional and unconditional exposures to central governments or central banks

2- Conditional and unconditional exposures to regional governments or local authorities

3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings

4- Conditional and unconditional exposures to multilateral development banks

5- Conditional and unconditional exposures to international organisations

6- Conditional and unconditional exposures to banks and brokerage houses

7- Conditional and unconditional exposures to corporates

8- Conditional and unconditional retail exposures

9- Conditional and unconditional exposures secured by real estate property

10- Past due receivables

11- Receivables in regulatory high-risk categories

12- Exposures in the form of bonds secured by mortgages

13- Short term exposures to banks, brokerage houses and corporates

14- Exposures in the form of collective investment undertakings

15- Other receivables

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

Türkiye Garanti Bankası AŞ

Unconsolidated Financial Report as of and
for the Year Ended 31 December 2013
(Thousands of Turkish Lira (TL))

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

<i>Prior Period</i> (*)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TL	FC	Total
Agriculture	-	-	-	-	-	-	381,156	351,778	165,237	8,476	12,041	-	-	-	-	765,798	152,890	918,688
Farming and Stockbreeding	-	-	-	-	-	-	303,370	334,557	150,018	8,251	11,108	-	-	-	-	717,127	90,177	807,304
Forestry	-	-	-	-	-	-	9,217	9,788	6,135	165	549	-	-	-	-	21,673	4,181	25,854
Fishery	-	-	-	-	-	-	68,569	7,432	9,084	60	385	-	-	-	-	26,998	58,532	85,530
Manufacturing	-	-	1	-	-	-	23,375,788	2,679,517	1,465,137	82,744	125,596	-	-	-	-	9,384,804	18,343,979	27,728,783
Mining and Quarrying	-	-	1	-	-	-	823,924	112,567	49,256	1,803	4,858	-	-	-	-	466,508	525,900	992,408
Production	-	-	-	-	-	-	13,468,500	2,516,202	1,369,339	80,674	119,467	-	-	-	-	8,195,248	9,358,934	17,554,182
Electricity, Gas and Water	-	-	-	-	-	-	9,083,364	50,747	46,542	268	1,272	-	-	-	-	723,048	8,459,145	9,182,193
Construction	-	-	-	-	-	-	5,438,489	1,175,396	1,289,360	16,449	56,848	-	-	-	-	3,600,895	4,375,646	7,976,541
Services	-	-	46,356	-	-	26,177,747	19,939,203	6,361,884	3,131,082	89,404	359,569	-	-	-	-	31,052,266	25,052,980	56,105,246
Wholesale and Retail Trade	-	-	46,322	-	-	-	9,078,869	4,871,424	2,026,885	70,521	249,297	-	-	-	-	10,763,747	5,579,572	16,343,319
Accommodation and Dining	-	-	31	-	-	-	2,158,982	311,750	473,275	4,339	19,476	-	-	-	-	793,419	2,174,433	2,967,853
Transportation and Telecom.	-	-	-	-	-	-	5,844,454	789,668	314,594	11,211	56,726	-	-	-	-	1,846,522	5,170,132	7,016,654
Financial Institutions	-	-	-	-	-	26,177,747	1,324,030	54,942	15,146	633	10,184	-	-	-	-	16,570,728	11,011,953	27,582,682
Real Estate and Rental Services	-	-	-	-	-	-	493,085	43,351	111,474	431	2,678	-	-	-	-	113,807	537,211	651,018
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	1	-	-	-	194,504	73,103	40,950	567	4,750	-	-	-	-	228,996	84,878	313,874
Health and Social Services	-	-	3	-	-	-	845,280	217,646	148,758	1,702	16,459	-	-	-	-	735,046	494,800	1,229,847
Others	56,701,564	39	122	-	-	-	7,893,886	20,666,574	5,557,602	21,443	7,108,965	-	-	-	5,647,458	78,489,491	25,108,161	103,597,652
Total	56,701,564	39	46,479	-	-	26,177,747	57,028,522	31,235,149	11,608,417	218,515	7,663,021	-	-	-	5,647,458	123,293,254	73,033,657	196,326,910

- 1- Conditional and unconditional exposures to central governments or central banks
2- Conditional and unconditional exposures to regional governments or local authorities
3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
4- Conditional and unconditional exposures to multilateral development banks
5- Conditional and unconditional exposures to international organisations
6- Conditional and unconditional exposures to banks and brokerage houses
7- Conditional and unconditional exposures to corporates
8- Conditional and unconditional retail exposures
9- Conditional and unconditional exposures secured by real estate property
10- Past due receivables
11- Receivables in regulatory high-risk categories
12- Exposures in the form of bonds secured by mortgages
13- Short term exposures to banks, brokerage houses and corporates
14- Exposures in the form of collective investment undertakings
15- Other receivables

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

4.2.3 Analysis of maturity-bearing exposures according to remaining maturities

<i>Current Period</i>	Term To Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Categories ^(*)					
Conditional and unconditional exposures to central governments or central banks	1,124,878	17,972,771	2,920,464	3,448,921	25,063,580
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	40,082
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	2	113	-	-	42
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	11,677,776	1,279,221	806,487	2,152,382	9,813,245
Conditional and unconditional exposures to corporates	5,178,311	3,957,283	8,309,212	9,081,317	50,032,966
Conditional and unconditional retail exposures	8,263,032	4,350,717	8,324,853	2,745,042	9,046,381
Conditional and unconditional exposures secured by real estate property	681,046	686,353	1,285,799	1,314,139	13,717,240
Past due items	-	-	-	-	-
Items in regulatory high-risk categories	932	1,194	4,593	1,951,806	13,722,262
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other items	-	-	-	-	-
Total	26,925,977	28,247,652	21,651,408	20,693,607	121,435,798

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

<i>Prior Period</i>	Term To Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Categories (*)					
Conditional and unconditional exposures to central governments or central banks	4,678,808	13,819,140	5,834,636	9,326,868	20,871,414
Conditional and unconditional exposures to regional governments or local authorities	-	-	10	17	11
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	8	-	-	13	46,459
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	10,396,262	1,947,590	2,269,591	2,081,593	8,131,313
Conditional and unconditional exposures to corporates	3,402,895	5,156,939	4,920,818	6,686,653	36,861,217
Conditional and unconditional retail exposures	3,059,948	14,070,390	1,487,187	1,338,033	11,279,591
Conditional and unconditional exposures secured by real estate property	258,441	1,032,632	354,010	725,980	9,237,354
Past due items	-	-	-	-	-
Items in regulatory high-risk categories	3,928	790	633	1,130,130	6,527,476
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other items	-	-	-	-	-
Total	21,800,290	36,027,481	14,866,887	21,289,286	92,954,834

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

4.2.4 Exposure categories

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The international risk ratings are used for the exposures to central governments and central banks, whereas for central governments and central banks that are not rated by Fitch Ratings, the published country ratings as announced by the Organisation for Economic Cooperation and Development (OECD) are used.

According to the regulation on capital adequacy, external risk ratings are used only for the exposures to banks and brokerage houses and to corporates where the counterparties are resident in abroad, to determine their risk weights. Where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

In the determination of risk weights for items that are not included in trading book; if a relevant rating is available then such rating, but if it is an unrated exposure then the rating available for the issuer is used.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Risk Rating	Exposure Categories				
		Exposures to Central Governments or Central Banks	Exposures to Administrative Bodies and Non-Commercial Undertakings	Exposures to Banks and Brokerage Houses		Exposures to Corporates
				Exposures with Remaining Maturities Less Than 3 Months	Exposures with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%	20%
	AA+					
	AA					
	AA-					
2	A+	20%	50%	20%	50%	50%
	A					
	A-					
3	BBB+	50%	100%	20%	50%	100%
	BBB					
	BBB-					
4	BB+	100%	100%	50%	100%	100%
	BB					
	BB-					
5	B+	100%	100%	50%	100%	150%
	B					
	B-					
6	CCC+	150%	150%	150%	150%	150%
	CCC					
	CCC-					
	CC					
	C					
D						

4.2.5 Exposures by risk weights

<i>Current Period</i>	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Risk Weights										
Exposures before Credit Risk Mitigation	52,852,678	-	19,937,382	35,903,212	27,367,852	86,843,977	3,399,570	12,143,798	266,158	403,114
Exposures after Credit Risk Mitigation	51,971,249	-	9,270,022	29,286,260	26,642,831	82,326,561	3,333,477	12,029,517	265,682	403,114

<i>Prior Period</i>	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Risk Weights										
Exposures before Credit Risk Mitigation	55,544,088	-	13,933,158	27,028,530	31,235,149	60,931,679	3,196,577	4,457,730	-	329,612
Exposures after Credit Risk Mitigation	53,152,361	-	4,227,718	21,616,694	30,449,444	57,750,707	3,156,398	4,395,578	-	329,612

4.2.6 Information by major sectors and type of counterparties

As per the TAS and TFRS;

Impaired Credits; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, “specific provisions” are allocated as per the Provisioning Regulation.

Past Due Credits; are the credits that overdue upto 90 days but not impaired. For such credits, “general provisions” are allocated as per the Provisioning Regulation.

<i>Current Period</i>	Credit Risks			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
Agriculture	23,749	7,108	107	11,191
Farming and Stockbreeding	22,793	7,041	106	10,666
Forestry	678	23	-	361
Fishery	278	44	1	164
Manufacturing	617,755	64,995	1,209	463,651
Mining and Quarrying	25,359	7,891	152	13,772
Production	591,303	50,538	758	449,384
Electricity, Gas and Water	1,093	6,566	299	495
Construction	138,982	37,456	723	64,620
Services	656,895	145,010	2,484	392,168
Wholesale and Retail Trade	428,666	105,241	1,796	248,709
Accommodation and Dining	146,989	10,387	182	92,394
Transportation and Telecommunication	62,001	20,859	356	38,805
Financial Institutions	5,547	656	7	4,423
Real Estate and Rental Services	1,488	635	11	669
Professional Services	-	-	-	-
Educational Services	2,637	1,524	23	1,240
Health and Social Services	9,567	5,708	109	5,928
Others	1,335,814	2,255,163	112,528	1,237,776
Total	2,773,195	2,509,732	117,051	2,169,406

<i>Prior Period</i>	Credit Risks			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
Agriculture	19,849	6,661	103	7,223
Farming and Stockbreeding	19,129	6,468	100	6,877
Forestry	442	50	1	190
Fishery	278	143	2	156
Manufacturing	540,307	74,098	1,971	409,048
Mining and Quarrying	7,167	13,204	396	2,501
Production	532,268	60,811	1,573	406,220
Electricity, Gas and Water	872	83	2	327
Construction	97,081	18,358	289	46,541
Services	425,282	101,435	1,790	241,720
Wholesale and Retail Trade	344,448	64,037	1,261	195,335
Accommodation and Dining	23,594	4,898	63	15,901
Transportation and Telecommunication	40,487	26,765	380	19,649
Financial Institutions	5,488	193	3	4,731
Real Estate and Rental Services	1,038	705	10	483
Professional Services	-	-	-	-
Educational Services	2,309	576	8	1,142
Health and Social Services	7,918	4,261	65	4,479
Others	1,215,723	974,827	14,909	1,104,058
Total	2,298,242	1,175,379	19,062	1,808,590

4.2.7 Movements in value adjustments and provisions

<i>Current Period</i>	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1 Specific Provisions	1,808,590	1,059,663	698,847	-	2,169,406
2 General Provisions	1,302,552	692,945	51	8,462	2,003,908

<i>Prior Period</i>	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1 Specific Provisions	1,304,013	916,900	412,323	-	1,808,590
2 General Provisions	1,013,949	291,206	1,184	1,419	1,302,552

(*) Includes foreign exchange differences, mergers, acquisitions and disposals of subsidiaries.

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. The Bank takes the historical VaR results as the basis for the internal management of market risk and determination of limits. 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, position, 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	56,480	6,086
(II) Capital Requirement against Specific Risks - Standard Method	16,471	9,270
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	92,019	31,586
(IV) Capital Requirement against Commodity Risks - Standard Method	12,974	8,534
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	85,241	27,608
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	37,840	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)	301,025	90,480
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	3,762,813	1,131,000

4.3.2 Monthly average values at market risk

	<i>Current Period</i>			<i>Prior Period</i>		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	52,581	92,773	10,056	8,599	11,199	6,680
Equity-Shares Position Risk	8,187	11,691	3,848	11,046	20,436	5,415
Currency Position Risk	72,488	94,499	36,623	38,451	46,463	31,586
Commodity Risk	9,354	13,256	5,528	6,036	8,747	3,296
Clearing Risk	-	-	-	-	-	-
Option Market Risk	61,126	93,657	28,524	28,492	34,588	23,131
Counterparty Credit Risk	14,987	37,840	7,396	8,261	9,557	7,264
Total Value at Risk	218,723	343,716	91,975	100,885	130,990	77,372

4.3.3 Quantitative information on counterparty risk

For repurchase transactions, security and commodity lendings and derivative transactions, counterparty credit risks are calculated. In counterparty credit risk calculations, the fair value methodology is used according to the Appendix-2 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". In case of derivative transactions, the total of replacement costs and potential credit risks is considered as the exposure amount. The replacement costs are calculated valuing the contracts at their fair values and the potential credit risks are calculated multiplying the contract amounts with the credit conversion factors set in the appendix of the regulation.

	<i>Current Period</i> ^(*)	<i>Prior Period</i> ^(*)
Interest-Rate Contracts	1.306	969
Foreign-Exchange-Rate Contracts	393.541	89,615
Commodity Contracts	20.679	12,735
Equity-Shares Related Contracts	1.745	1,846
Other	-	-
Gross Positive Fair Values	401.808	85,584
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collaterals Received	26.077	12,587
Net Derivative Position	793.002	178,162

^(*) Includes only the counterparty risks arising from trading book.

4.4 Operational risk

The value at operational risk is calculated according to the basic indicator approach as per the Article 14 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

The annual gross income is composed of net interest income and net non-interest income after deducting realised gains/losses from the sale of securities available-for-sale and held-to-maturity, extraordinary income and income derived from insurance claims at year-end.

Basic Indicator Approach Current Period	31 December 2010	31 December 2011	31 December 2012	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	6,761,231	6,765,949	7,827,511	7,118,230	15	1,067,735
Value at Operational Risk (Total x % 12.5)						13,346,682

Basic Indicator Approach Prior Period	31 December 2009	31 December 2010	31 December 2011	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	7,309,306	6,771,829	6,779,184	6,953,440	15	1,043,016
Value at Operational Risk (Total x % 12.5)						13,037,699

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 December 2013, the Bank's net 'on balance sheet' foreign currency long position amounts to TL 564,086 thousands (31 December 2012: a foreign currency short position of TL 213,317 thousands), net 'off-balance sheet' foreign currency short position amounts to TL 296,312 thousands (31 December 2012: a foreign currency long position of TL 521,742 thousands), while net foreign currency long position amounts to TL 267,774 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, position 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	2.1200	2.9210
<u>Exchange rates for the days before balance sheet date;</u>		
Day 1	2.1200	2.9210
Day 2	2.1000	2.9006
Day 3	2.1250	2.9278
Day 4	2.1250	2.9278
Day 5	2.1250	2.9272
Last 30-days arithmetical average rates	2.0418	2.7985

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	6,634,844	8,768,890	4,372,722	19,776,456
Banks	3,238,739	4,349,359	88,272	7,676,370
Financial Assets at Fair Value through Profit/Loss	361,883	143,093	1	504,977
Interbank Money Market Placements	-	190,802	-	190,802
Financial Assets Available-for-Sale	172,385	1,780,180	-	1,952,565
Loans (*)	15,709,024	32,838,169	330,310	48,877,503
Investments in Associates, Subsidiaries and Joint-Ventures	2,454,680	275,458	-	2,730,138
Investments Held-to-Maturity	-	864,107	-	864,107
Derivative Financial Assets Held for Risk Management	-	11,009	-	11,009
Tangible Assets	11	85	-	96
Intangible Assets	-	-	-	-
Other Assets	47,923	164,758	3,124	215,805
Total Assets	28,619,489	49,385,910	4,794,429	82,799,828
Liabilities				
Bank Deposits	1,090,670	1,947,365	1,051,280	4,089,315
Foreign Currency Deposits	13,330,089	26,082,435	928,789	40,341,313
Interbank Money Market Takings	-	2,954,241	205,987	3,160,228
Other Fundings	8,012,462	16,315,731	74,887	24,403,080
Securities Issued	189,159	5,573,567	732,124	6,494,850
Miscellaneous Payables	33,134	329,835	171,467	534,436
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities (**)	230,664	570,201	2,411,655	3,212,520
Total Liabilities	22,886,178	53,773,375	5,576,189	82,235,742
Net 'On Balance Sheet' Position	5,733,311	(4,387,465)	(781,760)	564,086
Net 'Off-Balance Sheet' Position	(3,311,416)	1,925,632	1,089,472	(296,312)
Derivative Assets	9,006,773	24,240,529	6,960,286	40,207,588
Derivative Liabilities	12,318,189	22,314,897	5,870,814	40,503,900
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 3,681,077 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 2,387,238 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 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	-	-	-	-	-	22,528,098	22,528,098
Banks	2,851,072	2,593,050	1,368,300	218,881	-	2,719,088	9,750,391
Financial Assets at Fair Value through Profit/Loss (**)	3,171	11,580	86,602	266,584	47,559	1,187,318	1,602,814
Interbank Money Market Placements	190,800	-	-	-	-	2	190,802
Financial Assets Available-for-Sale	3,737,185	5,326,410	6,727,324	3,589,775	1,411,565	837,823	21,630,082
Loans (**)	24,213,531	8,675,177	15,693,846	41,044,426	27,117,412	2,125,785	118,870,177
Investments Held-to-Maturity	1,481,535	3,286,520	5,125,938	2,772,062	873,343	445,037	13,984,435
Other Assets	5,707	996	1,060	977	3,038	8,327,631	8,339,409
Total Assets	32,483,001	19,893,733	29,003,070	47,892,705	29,452,917	38,170,782	196,896,208
Liabilities							
Bank Deposits	1,276,619	2,045,284	385,217	848	-	1,193,930	4,901,898
Other Deposits	54,187,361	17,803,698	8,261,332	14,116	-	21,305,183	101,571,690
Interbank Money Market Takings	11,154,555	445,902	1,252,633	1,690,001	-	41,143	14,584,234
Miscellaneous Payables	-	-	-	-	-	5,633,849	5,633,849
Securities Issued	1,127,130	1,578,864	2,399,487	2,585,989	2,465,400	223,519	10,380,389
Other Fundings	9,070,984	10,253,973	4,742,164	2,829,924	2,566,550	161,989	29,625,584
Other Liabilities	2,823	3,688	6,871	1	-	30,185,181	30,198,564
Total Liabilities	76,819,472	32,131,409	17,047,704	7,120,879	5,031,950	58,744,794	196,896,208
On Balance Sheet Long Position	-	-	11,955,366	40,771,826	24,420,967	-	77,148,159
On Balance Sheet Short Position	(44,336,471)	(12,237,676)	-	-	-	(20,574,012)	(77,148,159)
Off-Balance Sheet Long Position	1,808,665	4,610,394	6,158,708	3,548,955	1,331,133	-	17,457,855
Off-Balance Sheet Short Position	(2,168,277)	(2,529,682)	(2,714,542)	(6,956,356)	(1,407,758)	-	(15,776,615)
Total Position	(44,696,083)	(10,156,964)	15,399,532	37,364,425	24,344,342	(20,574,012)	1,681,240

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

(**) Loans amounting to TL 198,778 thousands included under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are presented 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 included under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are presented above under “Loans”.

4.6.2 Average interest rates on monetary financial instruments (%)

<i>Current Period</i>	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.71	0.42	-	7.29
Financial Assets at Fair Value through Profit/Loss	4.63	7.45	-	12.95
Interbank Money Market Placements	-	0.40	-	-
Financial Assets Available-for-Sale	4.15	5.63	-	9.25
Loans	4.89	5.21	5.50	12.92
Investments Held-to-Maturity	-	4.98	-	10.12
Liabilities				
Bank Deposits	1.39	1.98	-	6.84
Other Deposits	1.70	1.82	0.69	6.90
Interbank Money Market Takings	-	1.78	1.49	7.45
Miscellaneous Payables	-	-	-	-
Securities Issued	3.46	4.25	-	8.23
Other Fundings	1.45	2.14	-	9.85

<i>Prior Period</i>	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 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 (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
	Type of Currency			
1	TL	(+) 500bp	(3,104,076)	(13.00)%
2	TL	(-) 400bp	3,041,950	12.74%
3	USD	(+) 200bp	(37,444)	(0.16) %
4	USD	(-) 200bp	6,990	0.03%
5	EUR	(+) 200bp	(112,317)	(0.47)%
6	EUR	(-) 200bp	89,257	0.37%
	Total (of negative shocks)		3,138,197	13.14%
	Total (of positive shocks)		(3,253,837)	(13.62)%

<i>Prior Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(2,820,578)	(13.00)%
2	TL	(-) 400 bps	2,761,432	12.73%
3	USD	(+) 200 bps	14,983	0.07%
4	USD	(-) 200 bps	(62,230)	(0.29) %
5	EUR	(+) 200 bps	(76,545)	(0.35)%
6	EUR	(-) 200 bps	82,518	0.38%
Total (of negative shocks)			2,781,720	12.82%
Total (of positive shocks)			(2,882,140)	(13.28)%

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	3,134,887	2,838,798	56,840
	Quoted Securities	56,840	-	56,840
2	Investment in Shares- grade B	78,916	-	51,819
	Quoted Securities	51,819	-	51,819
3	Investment in Shares- grade C	662	-	-
	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	2,248,502	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		Unrealised Gains and Losses		
			Total	Amount in Supplementary Capital	Total	Amount in Core Capital	Amount in Supplementary Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	40,893	-	17,788
3	Other Shares	-	1,322,634	595,185	-	-	-
	Total	-	1,322,634	595,185	40,893	-	17,788

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised 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	349,749	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 years 2013 and 2012, are as follows:

<i>Current Period</i>	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	156.07	136.67	104.26	103.75

<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 Contractual maturity analysis of liabilities according to remaining maturities

The remaining maturities table of the contractual liabilities includes the undiscounted future cash outflows for the principal amounts of the Bank's financial liabilities as per their earliest likely contractual maturities.

<i>Current Period</i>	Carrying Value	Gross Nominal Outflows	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposits	4,901,898	4,894,179	1,186,219	1,276,614	1,860,140	385,217	185,989	-
Other Deposits	101,571,690	101,152,169	20,885,662	54,181,573	17,792,901	8,223,123	55,781	13,129
Other Fundings	29,625,584	29,463,595	-	342,771	2,189,225	10,684,377	10,123,103	6,124,119
Interbank Money Market Takings	14,584,234	14,543,091	-	11,154,555	445,902	1,252,633	1,690,001	-
Securities Issued	10,380,389	10,156,870	-	393,859	1,321,583	2,460,497	3,515,531	2,465,400
Total	161,063,795	160,209,904	22,071,881	67,349,372	23,609,751	23,005,847	15,570,405	8,602,648

<i>Prior Period</i>	Carrying Value	Gross Nominal Outflows	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposits	3,804,601	3,800,553	760,907	2,170,290	716,719	526	152,111	-
Other Deposits	83,677,818	83,405,286	17,254,564	53,323,131	9,056,717	3,703,651	47,157	20,066
Other Fundings	21,794,881	21,514,134	-	1,526,559	1,243,301	7,942,072	7,584,619	3,217,583
Interbank Money Market Takings	13,499,523	13,484,141	-	12,009,528	563,513	911,100	-	-
Securities Issued	5,862,140	5,686,705	-	685,307	322,140	922,685	1,576,257	2,180,316
Total	128,638,963	127,890,819	18,015,471	69,714,815	11,902,390	13,480,034	9,360,144	5,417,965

4.8.2 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	5,361,318	17,166,780	-	-	-	-	-	22,528,098
Banks	2,688,855	1,302,035	847,286	971,181	1,580,734	2,360,300	-	9,750,391
Financial Assets at Fair Value through Profit/Loss (**)	18,800	148,936	247,105	578,126	499,983	109,864	-	1,602,814
Interbank Money Market Placements	-	190,802	-	-	-	-	-	190,802
Financial Assets Available-for-Sale	40,168	33,456	755,908	5,573,823	9,194,534	6,032,193	-	21,630,082
Loans (**)	5,446,826	13,225,111	9,570,169	28,498,617	45,409,075	14,558,275	2,162,104	118,870,177
Investments Held-to-Maturity	-	-	-	1,129,213	4,720,246	8,134,976	-	13,984,435
Other Assets	2,416,837	373,073	996	1,060	110,328	8,671	5,428,444	8,339,409
Total Assets	15,972,804	32,440,193	11,421,464	36,752,020	61,514,900	31,204,279	7,590,548	196,896,208
Liabilities								
Bank Deposits	1,186,219	1,279,459	1,863,230	387,000	185,990	-	-	4,901,898
Other Deposits	20,885,662	54,410,532	17,896,572	8,309,339	56,339	13,246	-	101,571,690
Other Fundings	-	366,223	2,290,783	10,716,353	10,128,106	6,124,119	-	29,625,584
Interbank Money Market Takings	-	11,162,830	448,520	1,276,385	1,696,499	-	-	14,584,234
Securities Issued	-	393,859	1,324,552	2,463,038	3,561,504	2,637,436	-	10,380,389
Miscellaneous Payables	638,677	4,995,172	-	-	-	-	-	5,633,849
Other Liabilities (***)	2,060,777	350,515	231,864	503,609	585,911	93,112	26,372,776	30,198,564
Total Liabilities	24,771,335	72,958,590	24,055,521	23,655,724	16,214,349	8,867,913	26,372,776	196,896,208
Liquidity Gap	(8,798,531)	(40,518,397)	(12,634,057)	13,096,296	45,300,551	22,336,366	(18,782,228)	-
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 198,778 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	55,716,807	901,582	-	-
Conditional and unconditional exposures to regional governments or local authorities	40,112	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	549	454	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	43,560,059	17,774,735	-	-
Conditional and unconditional exposures to corporates	96,574,831	6,916,663	-	-
Conditional and unconditional retail exposures	54,910,518	898,039	-	-
Conditional and unconditional exposures secured by real estate property (*)	18,543,668	111,092	-	-
Past due items	340,709	108	-	-
Items in regulatory high-risk categories	15,861,940	181,020	-	-
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	7,113,642	-	-	-

(*) 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 the effect of 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	56,704,672	2,415,166	-	-
Conditional and unconditional exposures to regional governments or local authorities	61	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	46,987	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	33,045,178	15,285,952	-	-
Conditional and unconditional exposures to corporates	69,149,393	4,490,416	-	-
Conditional and unconditional retail exposures	46,629,680	955,106	-	-
Conditional and unconditional exposures secured by real estate property ^(*)	12,055,043	59,004	-	-
Past due items	218,515	118	-	-
Items in regulatory high-risk categories	7,716,255	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 the effect of 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 paralel with its activities and under its sustainable and value-creating growth strategy.

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

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

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

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

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

4.12 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	185,331,724	151,897,404	185,623,513	151,292,903
Interbank Money Market Placements	190,802	-	190,802	-
Banks (*)	30,656,228	22,611,569	30,656,228	22,611,569
Financial Assets Available-for-Sale	21,630,082	35,874,779	21,630,082	35,874,779
Investments Held-to-Maturity	13,984,435	1,364,383	13,743,665	1,465,168
Loans	118,870,177	92,046,673	119,402,736	91,341,387
Financial Liabilities	152,113,410	119,727,369	152,113,410	119,727,369
Bank Deposits	4,901,898	3,804,601	4,901,898	3,804,601
Other Deposits	101,571,690	83,677,818	101,571,690	83,677,818
Other Fundings	29,625,584	21,794,881	29,625,584	21,794,881
Securities Issued	10,380,389	5,862,140	10,380,389	5,862,140
Miscellaneous Payables	5,633,849	4,587,929	5,633,849	4,587,929

(*) Including the balances at the Central Bank of Turkey

Fair values of financial assets available-for-sale and investments held-to-maturity are derived from market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

Fair values of loans are calculated discounting future cash flows at current market interest rates for fixed-rate loans. The carrying values of floating-rate loans are deemed an approximation for their fair values.

Fair values of other financial assets and liabilities represent the total acquisition costs and accrued interest.

The table below analyses financial instruments carried at fair value, by valuation method:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	17,315,403	1,693,580	2,621,099	21,630,082
Financial Assets Held for Trading	155,403	274,200	26,545	456,148
Derivative Financial Assets Held for Trading	1,451	1,145,215	-	1,146,666
Loans	-	198,778	-	198,778
Investments in Associates and Subsidiaries	108,660	-	2,730,138	2,838,798
Derivative Financial Assets Held for Risk Management	-	114,984	-	114,984
Financial Assets at Fair Value	17,580,917	3,426,757	5,377,782	26,385,456
Derivative Financial Liabilities Held for Trading	-	1,384,696	-	1,384,696
Funds Borrowed	-	2,084,138	-	2,084,138
Derivative Financial Liabilities Held for Risk Management	-	39,105	-	39,105
Financial Liabilities at Fair Value	-	3,507,939	-	3,507,939

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	33,646,892	-	2,227,887	35,874,779
Financial Assets Held for Trading	406,373	-	4,217	410,590
Derivative Financial Assets Held for Trading	5,776	544,929	-	550,705
Loans	-	222,181	-	222,181
Investments in Associates and Subsidiaries	130,967	-	2,117,536	2,248,503
Derivative Financial Assets Held for Risk Management	-	-	-	-
Financial Assets at Fair Value	34,190,008	767,110	4,349,640	39,306,758
Derivative Financial Liabilities Held for Trading	-	871,031	-	871,031
Funds Borrowed	-	-	-	-
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Financial Liabilities at Fair Value	-	871,031	-	871,031

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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	1,007,643	545,114	800,960	399,078
Central Bank of Turkey	1,743,999	19,161,838	492,972	14,372,246
Others	-	69,504	-	47,426
Total	2,751,642	19,776,456	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	1,743,999	1,995,058	492,972	1,500,401
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	17,166,780	-	12,871,845
Total	1,743,999	19,161,838	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	-	280,860	-	223,894
Assets Subject to Repurchase Agreements	-	-	-	-
Total	-	280,860	-	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	297,734	16,495	44,018	2,544
Swap Transactions	310,057	190,404	206,319	225,871
Futures	-	1,451	-	5,776
Options	292,893	37,632	47,495	18,682
Other	-	-	-	-
Total	900,684	245,982	297,832	252,873

5.1.2.3 *Financial assets at fair value through profit/loss*

The Bank classified certain fixed-rate loans amounting to TL 200,000 thousands at initial recognition under financial assets at fair value through profit/loss to eliminate accounting inconsistency.

5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	361,414	254,705	191,158	52,949
Foreign banks	1,712,607	7,421,665	2,041,405	5,460,839
Foreign headoffices and branches	-	-	-	-
Total	2,074,021	7,676,370	2,232,563	5,513,788

Due from foreign banks

	Unrestricted Balances		Restricted Balances	
	<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>	<i>Prior Period</i>
EU Countries	1,058,241	1,556,403	6,876,690	5,414,630
USA and Canada	437,706	73,095	406,461	217,740
OECD Countries (*)	3,614	2,558	-	-
Off-Shore Banking Regions	121,644	70,720	43,094	26,401
Other	186,822	140,697	-	-
Total	1,808,027	1,843,473	7,326,245	5,658,771

(*) OECD countries other than the EU countries, USA and Canada

The placements at foreign banks include blocked accounts amounting TL 7,326,245 thousands (31 December 2012: TL 5,658,771 thousands) of which TL 116,271 thousands (31 December 2012: TL 82,876 thousands) and TL 43,094 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 7,166,880 thousands (31 December 2012: TL 5,549,493 thousands) as collateral against funds borrowed at various 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	6,591,836	530,716	10,954,245	96,816
Assets subject to Repurchase Agreements	9,143,715	374,938	14,696,052	-
Total	15,735,551	905,654	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	21,064,852	31,750,364
Quoted at Stock Exchange	18,404,784	29,596,105
Unquoted at Stock Exchange	2,660,068	2,154,259
Common Shares/Investment Funds	18,163	22,249
Quoted at Stock Exchange (*)	7,669	5,081
Unquoted at Stock Exchange	10,494	17,168
Value Increases/Impairment Losses (-)	547,067	4,102,166
Total	21,630,082	35,874,779

As of 31 December 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 913,660 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	65	135,482	21	92,270
Corporates	65	135,482	21	92,270
Individuals	-	-	-	-
Indirect Lendings to Shareholders	452,446	294,928	314,839	256,913
Loans to Employees	154,164	50	107,541	48
Total	606,675	430,460	422,401	349,231

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

<i>Current 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	115,202,935	2,161,905	-	3,185,280	1,392,098	674,472
Working Capital Loans	8,892,266	146,715	-	635,501	363,054	85,052
Export Loans	4,257,583	11,321	-	46,569	25,371	11,365
Import Loans	-	-	-	-	-	-
Loans to Financial Sector (*)	3,375,977	-	-	-	-	-
Consumer Loans	28,438,417	1,068,031	-	785,216	186,004	64,352
Credit Cards	14,562,828	-	-	523,176	-	401,241
Others	55,675,864	935,838	-	1,194,818	817,669	112,462
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	115,202,935	2,161,905	-	3,185,280	1,392,098	674,472

(*)Loans amounting to TL 198,778 thousands included under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are presented 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
Cash Loans						
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 included under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are presented above under “Loans to Financial Sector”.

Collaterals received for loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial	Consumer Loans	Credit Cards	Total
	Loans			
Loans Collateralized by Cash	41,599	2,331	-	43,930
Loans Collateralized by Mortgages	1,034,971	293,855	-	1,328,826
Loans Collateralized by Pledged Assets	77,307	46,495	-	123,802
Loans Collateralized by Cheques and Notes	61,852	353,512	-	415,364
Loans Collateralized by Other Collaterals	613,547	4,236	-	617,783
Unsecured Loans	47,612	84,787	523,176	655,575
Total	1,876,888	785,216	523,176	3,185,280

<i>Prior Period</i>	Corporate/ Commercial	Consumer Loans	Credit Cards	Total
	Loans			
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	51,992	311,313	68,724	432,029
61-90 days	35,264	83,177	27,507	145,948
Others	1,789,632	390,726	426,945	2,607,303
Total	1,876,888	785,216	523,176	3,185,280

<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	2,074,651	1,362,038	1,170,683	830,194
3, 4 or 5 times	55,069	22,639	87,379	28,011
Over 5 times	32,185	7,421	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	519,933	133,034	222,024	411,970
6 - 12 months	128,650	52,069	284,389	80,138
1 - 2 years	292,141	154,404	272,693	88,897
2 - 5 year	460,737	431,914	375,218	116,133
5 years and over	760,444	620,677	114,769	174,994

5.1.5.3 Maturity analysis of cash loans

<i>Current Period</i>	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-term Loans	32,774,688	101,607	689,252	450,233
Loans	32,774,688	101,607	689,252	450,233
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	82,428,247	2,060,298	2,496,028	1,616,337
Loans	82,428,247	2,060,298	2,496,028	1,616,337
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

<i>Prior Period</i>	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-term Loans	27,470,825	178,341	559,039	361,343
Loans	27,470,825	178,341	559,039	361,343
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	61,746,759	1,090,752	1,867,171	1,071,888
Loans	61,746,759	1,090,752	1,867,171	1,071,888
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

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	571,192	27,931,131	28,502,323
Housing Loans	18,051	13,425,912	13,443,963
Automobile Loans	17,232	1,463,542	1,480,774
General Purpose Loans	98,945	1,877,475	1,976,420
Other	436,964	11,164,202	11,601,166
Consumer Loans – FC-indexed	-	232,720	232,720
Housing Loans	-	225,465	225,465
Automobile Loans	-	132	132
General Purpose Loans	-	5,547	5,547
Other	-	1,576	1,576
Consumer Loans – FC	143	39,918	40,061
Housing Loans	62	30,971	31,033
Automobile Loans	7	6,393	6,400
General Purpose Loans	-	828	828
Other	74	1,726	1,800
Retail Credit Cards – TL	12,942,722	713,232	13,655,954
With Installment	7,609,148	713,207	8,322,355
Without Installment	5,333,574	25	5,333,599
Retail Credit Cards – FC	47,871	-	47,871
With Installment	24,959	-	24,959
Without Installment	22,912	-	22,912
Personnel Loans – TL	15,064	51,603	66,667
Housing Loan	-	1,284	1,284
Automobile Loans	-	101	101
General Purpose Loans	3,716	9,248	12,964
Other	11,348	40,970	52,318
Personnel Loans - FC-indexed	-	269	269
Housing Loans	-	269	269
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	96	96
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	96	96
Other	-	-	-
Personnel Credit Cards – TL	77,845	831	78,676
With Installment	38,772	831	39,603
Without Installment	39,073	-	39,073
Personnel Credit Cards – FC	760	-	760
With Installment	458	-	458
Without Installment	302	-	302
Deposit Accounts– TL (Real persons)	381,497	-	381,497
Deposit Accounts– FC (Real persons)	-	-	-
Total	14,037,094	28,969,800	43,006,894

<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	917,999	7,852,874	8,770,873
Real Estate Loans	2,443	657,385	659,828
Automobile Loans	44,069	1,524,823	1,568,892
General Purpose Loans	871,487	5,665,918	6,537,405
Other	-	4,748	4,748
Installment-based Commercial Loans - FC-indexed	88,127	1,076,813	1,164,940
Real Estate Loans	-	48,110	48,110
Automobile Loans	3,569	260,595	264,164
General Purpose Loans	84,558	768,108	852,666
Other	-	-	-
Installment-based Commercial Loans – FC	278	91,008	91,286
Real Estate Loans	-	1,413	1,413
Automobile Loans	-	7,421	7,421
General Purpose Loans	278	18,216	18,494
Other	-	63,958	63,958
Corporate Credit Cards – TL	1,295,213	1,092	1,296,305
With Installment	783,440	1,088	784,528
Without Installment	511,773	4	511,777
Corporate Credit Cards – FC	6,438	-	6,438
With Installment	237	-	237
Without Installment	6,201	-	6,201
Deposit Accounts– TL (Corporates)	637,296	-	637,296
Deposit Accounts– FC (Corporates)	-	-	-
Total	2,945,351	9,021,787	11,967,138

<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

	<i>Current Period</i>	<i>Prior Period</i>
Public Sector	1,267,471	1,197,502
Private Sector (*)	117,120,744	90,446,292
Total	118,388,215	91,643,794

(*) Loans amounting to TL 198,778 thousands (31 December 2012: TL 222,181 thousands) included under “Financial Assets at Fair Value through Profit/Loss” in the accompanying balance sheet, are presented above under “Private Sector”.

5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	115,622,241	88,964,587
Foreign Loans (*)	2,765,974	2,679,207
Total	118,388,215	91,643,794

(*) Loans amounting to TL 198,778 thousands (31 December 2012: TL 222,181 thousands) included under “Financial Assets at Fair Value through Profit/Loss” in the accompanying balance sheet, are presented above under “Foreign Loans”.

5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	1,208,237	851,364
Indirect Lending	-	-
Total	1,208,237	851,364

5.1.5.9 Specific provisions for loans

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	277,414	112,647
Doubtful Loans and Receivables	302,070	460,160
Uncollectible Loans and Receivables	1,476,984	1,138,387
Total	2,056,468	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)	58,625	92,870	118,125
Restructured Loans and Receivables	58,625	92,870	118,125
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 (+)	1,141,762	48,537	98,195
Transfer from Other NPL Categories (+)	-	849,404	897,761
Transfer to Other NPL Categories (-)	849,404	897,761	-
Collections during the Period (-)	133,646	163,151	257,039
Write-offs (-) (*)	-	229	310,072
Corporate and Commercial Loans	-	226	29,209
Retail Loans	-	-	51,880
Credit Cards	-	3	228,983
Others	-	-	-
Balances at End of Period	378,430	402,395	1,757,605
Specific Provisions (-)	277,414	302,070	1,476,984
Net Balance on Balance Sheet	101,016	100,325	280,621

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

<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(+)	365,790	305,019	371,193	1,042,002
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	148,373	113,613	138,968	400,954
Write-offs (-)	16,472	50,316	228,986	295,774
Balances at End of Period	936,813	510,037	609,618	2,056,468

<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	141,370	17,319	456,840
Specific Provisions (-)	88,761	7,149	389,076
Net Balance at Balance Sheet	52,609	10,170	67,764
<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 receivables 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>			
	101,016	100,325	280,621
Loans to Individuals and Corporates (Gross)	378,430	402,395	1,749,573
Specific Provision (-)	277,414	302,070	1,468,952
Loans to Individuals and Corporates (Net)	101,016	100,325	280,621
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,721
Specific Provision (-)	-	-	7,721
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>			
	107,071	105,435	190,373
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	523	183	-	706
Loans Collateralized by Mortgages	502,325	57,620	-	559,945
Loans Collateralized by Pledged Assets	229,285	45,622	-	274,907
Loans Collateralized by Cheques and Notes	304,756	398,069	-	702,825
Loans Collateralized by Other Collaterals	262,161	3,951	-	266,112
Unsecured Loans	66,934	55,055	611,946	733,935
Total	1,365,984	560,500	611,946	2,538,430

<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*

Such loans and receivables are collected through legal follow-up and liquidation of collaterals.

5.1.5.12 *“Write-off” policies*

The Bank’s general policy for write-offs of loans and receivables under follow-up is to write of such loans and receivables that are proven to be uncollectible in legal follow-up process.

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	5,139,285	-	677,522	356,786
Investments subject to Repurchase Agreements	6,192,089	428,072	-	-
Total	11,331,374	428,072	677,522	356,786

5.1.6.2 *Government securities held-to-maturity*

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	13,581,743	911,245
Treasury Bills	-	-
Other Government Securities	-	445,864
Total	13,581,743	1,357,109

5.1.6.3 *Investments held-to-maturity*

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	13,540,925	1,359,571
Quoted at Stock Exchange	13,140,485	1,352,506
Unquoted at Stock Exchange	400,440	7,065
Valuation Increase/(Decrease)	443,510	4,812
Total	13,984,435	1,364,383

5.1.6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	1,364,383	4,786,530
Foreign Currency Differences On Monetary Assets	-	(26,348)
Purchases during the Period (*)	12,670,890	7,065
Disposals through Sales/Redemptions (**)	(495,874)	(3,407,676)
Valuation Effect	445,036	4,812
Balances at End of Period	13,984,435	1,364,383

(*) The Bank reclassified certain securities issued by the Turkish Treasury, with a total face value of TL 8,965,094 thousands from financial assets available-for-sale portfolio to investments held-to-maturity portfolio in the current period.

(**) 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/Turkey	10.15	10.15
2	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Turkey	0.77	0.77
3	İstanbul Takas ve Saklama Bankası AŞ ^(***)	İstanbul/Turkey	5.83	5.83
4	Borsa İstanbul AŞ ^{(1)(**)}	İstanbul/Turkey	6.00	6.00
5	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Turkey	9.09	9.09
6	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara /Turkey	2.48	2.48
7	Kredi Garanti Fonu AŞ	Ankara /Turkey	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	33,001	23,773	19,197	347	14	4,171	4,238	-
2	716,541	73,214	2,952	15,383	830	2,423	2,171	-
3	5,596,026	590,396	15,297	116,776	6,894	81,809	55,168	-
4	610,000	478,681	19,291	9,733	2,024	45,686	-	-
5	91,353	78,926	48,825	1,637	18	28,150	24,044	-
6	251,407,290	23,683,777	274,340	3,079,573	2,404,666	(300,025)	18,381,955	-
7	280,578	276,430	3,331	10,640	-	11,980	2,772	-

(1) Financial information is as of 30 September 2013.

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

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

(**) The shares in Vadeli İşlem ve Opsiyon Borsası A.Ş. were replaced by the shares of Borsa İstanbul A.Ş. according to the article 138-6/b of the Capital Market Law no.6362. The Current Period Profit/Loss includes the performance of the period from 3 April 2013 to 30 September 2013, starting from the date of establishment of Borsa İstanbul A.Ş. on 3 April 2013.

(***) The name of IMKB Takas ve Saklama was changed as İstanbul Takas ve Saklama Bankası AŞ.

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	15,599	1,265
Acquisitions (*)	10,494	1,211
Bonus Shares Received (**)	5,105	57
Dividends from Current Year Profit	-	-
Sales (***)	-	(3)
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
Balance at End of Period	36,698	21,099
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) In the current period, the increase of TL 10,494 thousands was due to the increase in the paid-in capital of İstanbul Takas ve Saklama Bankası AŞ, from TL 60,000 thousands to TL 420,000 thousands by TL 360,000 thousands of which TL 180,000 thousands was in cash, at the ordinary general meeting held on 29 March 2013.

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 current period, the increase of TL 5,105 thousands composes of;

-the increase of TL 5,090 thousands resulted from the increase in the paid-in capital of İstanbul Takas ve Saklama Bankası AŞ, from TL 60,000 thousands to TL 420,000 thousands by TL 360,000 thousands of which TL 180,000 thousands was in cash, at the ordinary general meeting held on 29 March 2013, and

-the C group of shares of Borsa İstanbul AŞ in the amount of TL 15 thousands received as bonus shares from the distribution to the existing members of İstanbul Altın Borsası as per the board of directors' meeting of Borsa İstanbul AŞ on 4 July 2013 according to the article 138-6/a of the Capital Markets Law no.6362.

(***) 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	34,984	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	36,698	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 is presented below.

<i>Current Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AS	Garanti Holding BV
CORE CAPITAL	1,112,637	594,053	588,776
Paid-in Capital	404,455	12,016	1,078,109
Inflation Adjustments to Paid-in Capital	-	68,832	-
Share Premium	-	-	37,897
Reserves	576,681	480,566	(407,076)
Current Period's Profit and Prior Periods' Profit	143,170	35,113	59,456
Current Period's Losses and Prior Periods' Losses	-	-	-
Leasehold Improvements on Operational Leases (-)	-	-	13,055
Intangible Assets (-)	11,669	2,474	3,402
Goodwill (Net) (-)	-	-	163,153
SUPPLEMENTARY CAPITAL	303,368	(45)	(105,871)
CAPITAL	1,416,005	594,008	482,905
DEDUCTIONS FROM CAPITAL	-	6	-
NET AVAILABLE EQUITY	1,416,005	594,002	482,905

<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	42,240	36,261	61	960	804	5,156	7,234	-
2	27,068	16,612	3,399	946	51	1,453	1,959	-
3	4,160	3,646	14	-	85	2,422	1,009	-
4	946	798	59	-	5	125	358	-
5	2,644	2,295	7	-	94	641	389	-
6	3,661,127	596,482	18,188	271,082	-	67,292	61,560	-
7	2,059,653	120,066	3,102	116,644	-	15,302	20,460	132,765
8	53,454	36,919	2,054	548	3,706	7,674	621	-
9	23,733	20,553	1,827	1,035	189	2,665	3,165	-
10	5,315,146	713,657	22,449	50,476	6,044	139,818	133,977	-
11	13,575,439	1,343,426	66,580	378,343	71,190	143,170	101,782	1,508,568
12	1,034,687	199,765	45,688	39,122	18,953	15,038	16,896	275,617
13	947,643	947,593	-	9	-	(210)	(121)	946,112

(*) 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	590,295	419,958
Acquisitions (*)	-	46,474
Bonus Shares Received (**)	46,142	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	257,126	420,961
Currency Differences on Foreign Subsidiaries	287,027	(47,477)
Impairment Reversals/(Losses)	-	-
Balance at End of Period	3,178,829	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.

(**) The paid-in capital of Garanti Faktoring Hizmetleri AŞ was increased from TL 21,000 thousands to TL 79,500 thousands as per the decision made at the board of directors' meeting held on 3 May 2013.

5.1.8.4 Sectoral distribution of investments in subsidiaries

Subsidiaries	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,784,026	1,357,098
Insurance Companies	56,545	56,545
Factoring Companies	108,660	130,967
Leasing Companies	110,743	110,743
Finance Companies	1,014,770	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	108,660	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	2,838,798	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	65,943	-	-	-
Cash Flow Hedges	38,032	11,009	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	103,975	11,009	-	-

As of 31 December 2013, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for risk management purposes, are summarized below:

	Face Value	Current Period		Prior Period		
		Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	4,928,361	103,975	-	-	-	-
-TL	4,928,361	103,975	-	-	-	-
-FC	-	-	-	-	-	-
Cross Currency Swaps	2,240,471	11,009	39,105	-	-	-
-TL	607,985	-	-	-	-	-
-FC	1,632,486	11,009	39,105	-	-	-
Total	7,168,832	114,984	39,105	-	-	-

5.1.11.1.1 Fair value hedge accounting

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(7,901)	7,101	-	(800)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(59,998)	58,842	-	(1,156)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	4,000	-	(36,541)	(32,541)
Cross Currency Swaps	Fixed-rate funds borrowed	Interest rate and foreign currency exchange rate risk	251	-	(2,564)	(2,313)

The Bank also applies fair value hedge to hedge the foreign exchange rate risks of its investments in Garanti Bank International, Garanti Bank Moscow and Garanti Holding BV amounting to USD 29,329,123 and EUR 460,783,575 in total. The effective portion of the foreign exchange differences are recognised in the income statement.

5.1.11.1.2 Cash flow hedge accounting

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net)Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates	38,032	-	38,044	-	-
Cross Currency Swaps	Fixed-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	11,009	-	11,009	-	-

5.1.12 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
At End of Prior Period:					
Cost	968,849	376,535	19,178	1,180,655	2,545,217
Accumulated Depreciation (-)	(268,219)	(357,417)	(16,134)	(774,268)	(1,416,038)
Net Book Value at End of Prior Period	700,630	19,118	3,044	406,387	1,129,179
At End of Current Period:					
Additions	122,303	962	2,035	326,931	452,231
Disposals (Costs)	(16,526)	(8,082)	(3,356)	(59,414)	(87,378)
Disposals (Accumulated Depreciation)	1,778	8,076	3,240	23,380	36,474
Impairment/Reversal of Impairment Losses	957	-	-	-	957
Depreciation Expense for Current Period (-)	(21,390)	(8,653)	(1,223)	(138,888)	(170,154)
Currency Translation Differences on Foreign Operations	-	5	-	52	57
Cost at End of Current Period	1,075,583	369,420	17,857	1,448,224	2,911,084
Accumulated Depreciation at End of Current Period	(287,831)	(357,994)	(14,117)	(889,776)	(1,549,718)
Net Book Value at End of Current Period	787,752	11,426	3,740	558,448	1,361,366

5.1.12.1 Disclosure for impairment losses or releases individually material for financial statements

Conditions for allocating/releasing any impairment:

None.

Amount of impairment losses provided or released in financial statements during current period:

None.

5.1.12.2 Other impairment losses provided or released in current period that are immaterial individually but material aggregately for financial statements

A total provision of TL 956 thousands (31 December 2012: TL 22,111 thousands) made for the impairment in values of certain real estates in prior periods in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets", is reversed in 2013.

5.1.13 Intangible assets

5.1.13.1 Useful lives and amortisation rates

Intangible assets include softwares and other intangible assets. The estimated useful lives of such assets vary between 3 and 15 years.

5.1.13.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation.

5.1.13.3 Balances at beginning and end of current period

	Beginning of Period		End of Period	
	Cost	Accumulated Amortisation	Cost	Accumulated Amortisation
Intangible Assets	182,614	123,844	145,852	91,038

5.1.13.4 Movements of intangible assets for current period

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at End of Prior Period	54,814	55,550
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	36,796	24,064
Disposals (-)	(285)	(2,647)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(32,559)	(22,153)
Currency Translation Differences on Foreign Operations	4	-
Other Movements	-	-
Net Book Value at End of Current Period	58,770	54,814

5.1.13.5 Details for any individually material intangible assets

None.

5.1.13.6 Intangible assets capitalised under government incentives at fair values

None.

5.1.13.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates

None.

5.1.13.8 Net book value of intangible asset that are restricted in usage or pledged

None.

5.1.13.9 Commitments to acquire intangible assets

None.

5.1.13.10 Disclosure on revalued intangible assets

None.

5.1.13.11 Research and development costs expensed during current period

None.

5.1.13.12 Goodwill

None.

5.1.13.13 Movements in goodwill during current period

None.

5.1.14 Investment property

<i>Current Period</i>	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type				
Building	188,500	(38,868)	-	Operational lease
Land	-	-	-	-

<i>Prior Period</i>	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 December 2013, the Bank has a deferred tax asset of TL 129,218 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 December 2013. However, there is a deferred tax asset of TL 369,090 thousands (31 December 2012: TL 253,239 thousands) and deferred tax liability of TL 239,872 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 (*)	525,719	105,144	457,084	91,417
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	17,483	(7,501)	419,887	89,911
Other	157,873	31,575	(19,068)	(3,813)
Total Deferred Tax Asset, Net	701,075	129,218	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.

In 2013, TL 403.903 thousands of deferred tax expense (31 December 2012: a deferred tax income of TL 340,751 thousands) and TL 351,665 thousands of deferred tax income (31 December 2012: a deferred tax expense of TL 200,568 thousands) were 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	92,305	71,425
Disposals (Cost)	(69,875)	(62,393)
Disposals (Accumulated Depreciation)	867	517
Impairment Losses (-)	(1,799)	(1,772)
Depreciation Expense for Current Period (-)	(2,745)	(2,185)
Currency Translation Differences on Foreign Operations	-	-
Cost	152,094	131,463
Accumulated Depreciation (-)	(5,990)	(4,112)
Net Book Value	146,104	127,351

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 27,725 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	3,033	7,733
Sale of Other Assets	3,038	3,007
Total	6,071	12,102

5.1.17.2 Prepaid expenses, taxes and similar items

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	346,741	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	117	21,735	270	18,201
Banks	16,128	14,772	15,330	17,636
Interbank Money Markets	-	2	-	-
Financial Assets Available-for-Sale	711,891	85,764	4,081,030	33,254
Loans	1,098,042	545,781	755,137	419,906
Investments Held-to-Maturity	437,561	7,476	590	4,223
Other Accruals	5,609	-	6,713	-
Total	2,269,348	675,530	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	4,844,126	-	3,832,387	27,610,532	1,368,665	470,100	377,994	3,605	38,507,409
Foreign Currency Deposits	8,019,045	-	5,589,147	16,061,670	3,866,476	4,988,913	1,745,117	70,945	40,341,313
Residents in Turkey	7,440,307	-	5,413,488	14,630,780	1,488,631	577,889	588,808	69,149	30,209,052
Residents in Abroad	578,738	-	175,659	1,430,890	2,377,845	4,411,024	1,156,309	1,796	10,132,261
Public Sector Deposits	699,412	-	1,415	7,093	118	1,280,747	13	-	1,988,798
Commercial Deposits	5,047,125	-	3,478,508	6,172,495	966,929	948,039	318,132	-	16,931,228
Other	140,389	-	181,254	371,170	22,635	796,172	444	-	1,512,064
Precious Metal Deposits	2,135,565	-	807	47,403	-	1,612	105,491	-	2,290,878
Bank Deposits	1,186,219	-	501,627	1,768,135	752,350	442,215	251,352	-	4,901,898
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,451	-	372,537	45	-	65,225	20,658	-	460,916
Foreign Banks	179,676	-	129,090	1,768,090	752,350	376,990	230,694	-	3,436,890
Special Financial Institutions	1,004,092	-	-	-	-	-	-	-	1,004,092
Other	-	-	-	-	-	-	-	-	-
Total	22,071,881	-	13,585,145	52,038,498	6,977,173	8,927,798	2,798,543	74,550	106,473,588

<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 ^(*)	19,316,340	12,716,833	18,901,123	20,341,572
Foreign Currency Saving Deposits	4,974,910	3,276,116	14,048,805	12,611,000
Other Saving Deposits	1,469,173	1,132,858	750,900	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

None.

5.2.1.3 Saving deposits not covered by insurance limits

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	544,316	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	486,656	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	120,653	17,228	64,245	11,967
Swap transactions	822,849	212,391	469,195	253,497
Futures	-	-	-	-
Options	183,570	28,005	53,912	18,215
Other	-	-	-	-
Total	1,127,072	257,624	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	238,147	354,491	234,007	349,317
Foreign Banks, Institutions and Funds	4,984,357	23,901,098	3,951,485	17,142,821
Total	5,222,504	24,255,589	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	469,559	7,777,277	222,386	4,254,951
Medium and Long-Term	4,752,945	16,478,312	3,963,106	13,237,187
Total	5,222,504	24,255,589	4,185,492	17,492,138

The Bank classified certain borrowings obtained through securitisations amounting to USD 1,000,000,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2013, the credit risk change amounting to TL 35,862 thousands is recognised in the income statement.

5.2.3.2 Disclosures for concentration areas of bank's liabilities

The Bank finances its ordinary banking activities through deposits and funds borrowed. Its deposit structure has a balanced TL and foreign currency concentration. The Bank's other funding sources specifically consist of foreign currency funds borrowed from abroad, TL funds obtained through repurchase transactions, and TL and foreign currency securities issued.

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	1,486,011	2,642,735	1,143,312
Cost	1,444,744	2,496,413	1,142,935	5,374,372
Carrying Value ^(*)	1,347,962	2,537,577	1,148,120	5,346,730

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
	Nominal	1,757,435	350,000	-
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 a total face value of TL 154,218 thousands and foreign currency securities with a total face value of USD 111,757,000 (31 December 2012: TL 139,248 thousands) and netted off such securities in the accompanying financial statements.

The Bank classified certain securities amounting to RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2013, the credit risk change amounting to TL 83 thousands is recognised in the income statement.

5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	9,477,016	-	11,478,900	-
Financial Institutions and Organizations	9,428,331	-	11,440,063	-
Other Institutions and Organizations	16,249	-	17,361	-
Individuals	32,436	-	21,476	-
Foreign Transactions	1,946,990	3,160,228	748,015	1,272,608
Financial Institutions and Organizations	1,946,487	3,160,228	747,723	1,272,608
Other Institutions and Organizations	463	-	186	-
Individuals	40	-	106	-
Total	11,424,006	3,160,228	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	4,906,607	25,729	3,937,158	12,313
Other	192,806	508,707	272,564	365,894
Total	5,099,413	534,436	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	502	479	363	340
1-4 Years	2	1	2	1
More than 4 Years	-	-	-	-
Total	504	480	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

Derivative Financial Liabilities held for Risk Management	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	-	39,105	-	-
Cash Flow Hedges	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	-	39,105	-	-

Please refer to Note 5.1.11.1 for financial liabilities resulted from derivatives held for risk management.

5.2.7 Provisions

5.2.7.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	2,003,908	1,302,552
Loans and Receivables in Group I	1,661,072	1,082,935
- Additional Provision for Loans and Receivables with Extended Maturities	84,217	66,313
Loans and Receivables in Group II	64,362	33,734
- Additional Provision for Loans and Receivables with Extended Maturities	69,597	45,215
Non-Cash Loans	124,660	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	526	6,635
Medium and Long-Term Loans	92	4,749
Total	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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	15,150	13,347
Doubtful Loans and Receivables	17,933	22,819
Uncollectible Loans and Receivables	79,855	61,230
Total	112,938	97,396

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	310,000	420,000

5.2.7.4.2 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	377,988	343,997
Provision for Promotion Expenses of Credit Cards (*)	53,441	37,760
Provision for Lawsuits	33,100	19,928
Other Provisions	110,434	75,036
Total	574,963	476,721

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

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 16 December 2013 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 1,639,833 thousands at 31 December 2013 (31 December 2012: TL 1,367,875 thousands) as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2013 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 16 December 2013 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 1,080,014 thousands (31 December 2012: TL 834,436 thousands) remains as of 31 December 2013 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 385,587 thousands (31 December 2012: TL 369,726 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2013. However, despite this treatment there are no excess obligation that needs to be provided against.

	<i>Current Period</i>	<i>Prior Period</i>
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(474,544)	(458,057)
Net present value of medical benefits and health premiums transferable to SSF	385,587	369,726
General administrative expenses	(26,165)	(22,899)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(115,122)	(111,230)
Fair Value of Plan Assets (2)	1,754,955	1,479,105
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,639,833	1,367,875
Non-Transferable Benefits:		
Other pension benefits	(408,757)	(426,261)
Other medical benefits	(151,062)	(107,178)
Total Non-Transferable Benefits (4)	(559,819)	(533,439)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,080,014	834,436
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(385,587)	(369,726)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	694,427	464,710

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

	<i>Current Period</i>	<i>Prior Period</i>
	<i>%</i>	<i>%</i>
Discount Rate (*)	9.60	6.97
Inflation Rate (*)	6.20	4.67
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate (*)	6.20	4.67

(*) 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 December 2013, the Bank had a current tax liability of TL 97,107 thousands (31 December 2012: TL 299,148 thousands) after offsetting with prepaid taxes. For the cases where the differences between the carrying values and the taxable values of assets subject to tax are related with certain items in the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

5.2.8.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	97,107	299,148
Taxation on Securities Income	79,849	99,573
Taxation on Real Estates Income	2,560	2,071
Banking Insurance Transaction Tax	63,017	50,999
Foreign Exchange Transaction Tax	58	39
Value Added Tax Payable	5,377	3,456
Others	59,401	64,403
Total	307,369	519,689

5.2.8.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	54	2
Social Security Premiums-Employer	66	-
Bank Pension Fund Premium-Employees	27	75
Bank Pension Fund Premium-Employer	28	28
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	714	625
Unemployment Insurance-Employer	1,464	1,234
Others	10	11
Total	2,363	1,975

5.2.8.2 Deferred tax liability

None.

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

None.

5.2.10 Subordinated debts

On 23 February 2009, the Bank obtained a subordinated debt of EUR 50 millions from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA), a company of the French Development Agency Group with an interest of Euribor+3.5% and maturity of 12 years with a repayment option at the end of the seventh year to finance the clean energy projects.

This debt is qualified as secondary subordinated debt to be included in the supplementary capital by the BRSA in the calculation of the Bank's capital adequacy ratio in compliance with the conditions set forth in the "Regulation on Equities of Banks" issued by the BRSA and published in the Official Gazette no.26333 dated 1 November 2006.

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	147,491	-	117,251
Total	-	147,491	-	117,251

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	55,724	1,322,011	105,801	996,438
Valuation difference	23,407	1,322,011	73,484	996,438
Exchange rate difference	32,317	-	32,317	-
Securities Available-for-Sale	(485,118)	20,802	976,744	14,008
Valuation difference	(485,118)	20,802	976,744	14,008
Exchange rate difference	-	-	-	-
Total	(429,394)	1,342,813	1,082,545	1,010,446

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	172,164	-	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	957,208	801,302
II. Legal Reserve	152,940	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 (*)	12,312,753	9,482,293
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

(*) In prior period, the changes disclosed in note 3.24.1 are included.

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	314,317	112,923	187,476	89,104
Funds Borrowed	123,715	38,274	204,066	76,681
Interbank Money Markets	28,862	12,281	7,802	7,580
Other Accruals	69,306	392,280	134,095	178,931
Total	536,200	555,758	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 term asset purchase and sale commitments of TL 8,179,201 thousands (31 December 2012: TL 5,085,084 thousands), commitments for cheque payments of TL 2,658,815 thousands (31 December 2012: TL 1,994,233 thousands) and commitments for credit card limits of TL 22,259,934 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	13,583,722	9,465,698
Letters of Guarantee in TL	9,952,370	6,958,156
Letters of Credit	8,886,834	5,465,530
Bills of Exchange and Acceptances	638,089	720,896
Prefinancings	-	-
Other Guarantees	79,924	66,300
Total	33,140,939	22,676,580

A specific provision of TL 112,938 thousands (31 December 2012: TL 97,396 thousands) is made for unliquidated non-cash loans of TL 234,765 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	2,358,859	1,404,045
With Original Maturity of 1 Year or Less	336,123	164,145
With Original Maturity of More Than 1 Year	2,022,736	1,239,900
Other Non-Cash Loans	30,782,080	21,272,535
Total	33,140,939	22,676,580

5.3.1.4 Sectoral risk concentration of non-cash loans

	<i>Current Period</i>				<i>Prior Period</i>			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	55,299	0.56	46,156	0.19	57,695	0.83	51,766	0.32
Farming and Stockbreeding	51,384	0.52	42,147	0.18	55,029	0.79	50,572	0.32
Forestry	1,863	0.02	3,417	0.01	1,291	0.02	567	-
Fishery	2,052	0.02	592	-	1,375	0.02	627	-
Manufacturing	3,281,654	32.96	9,334,555	40.26	2,416,517	34.67	5,770,592	36.73
Mining and Quarrying	112,116	1.13	273,692	1.18	342,528	4.91	44,749	0.28
Production	1,784,508	17.92	4,657,858	20.09	1,338,824	19.21	3,317,763	21.12
Electricity, Gas, Water	1,385,030	13.91	4,403,005	18.99	735,165	10.55	2,408,080	15.33
Construction	1,519,801	15.26	2,864,120	12.36	1,052,375	15.10	1,992,035	12.68
Services	4,320,198	43.37	8,968,509	38.69	2,729,671	39.16	5,802,672	36.96
Wholesale and Retail Trade	3,080,420	30.93	5,526,121	23.84	1,775,393	25.47	2,892,904	18.42
Accommodation and Dining	211,911	2.13	130,032	0.56	163,140	2.34	85,827	0.55
Transportation and Telecommunication	344,767	3.46	975,326	4.21	299,687	4.30	685,681	4.37
Financial Institutions	538,905	5.41	2,140,651	9.23	398,692	5.72	2,068,786	13.17
Real Estate and Rental Services	48,832	0.49	181,239	0.78	7,834	0.11	56,781	0.36
Professional Services	-	-	-	-	-	-	-	-
Educational Services	20,178	0.20	11,632	0.05	15,103	0.22	4,007	0.03
Health and Social Services	75,185	0.75	3,508	0.02	69,822	1.00	8,686	0.06
Others	782,840	7.85	1,967,807	8.50	713,950	10.24	2,089,307	13.31
Total	9,959,792	100.00	23,181,147	100.00	6,970,208	100.00	15,706,372	100.00

5.3.1.5 Non-cash loans classified under Group I and II

	Group I		Group II	
	TL	FC	TL	FC
Current Period				
Non-Cash Loans	9,884,653	23,119,937	75,139	61,210
Letters of Guarantee	9,877,231	13,528,714	75,139	55,008
Bills of Exchange and Bank Acceptances	6,898	626,300	-	4,891
Letters of Credit	524	8,884,999	-	1,311
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	79,924	-	-

	Group I		Group II	
	TL	FC	TL	FC
Prior Period				
Non-Cash Loans	6,895,069	15,615,608	75,139	90,764
Letters of Guarantee	6,883,017	9,384,344	75,139	81,354
Bills of Exchange and Bank Acceptances	5,028	715,168	-	700
Letters of Credit	7,024	5,449,796	-	8,710
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	66,300	-	-

5.3.2 Financial derivative instruments

<i>Current Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Derivative Financial Instruments held for Risk Management						
A. Total Derivative Financial Instruments held for Risk Management	-	-	-	6,977,597	191,235	7,168,832
Fair Value Hedges	-	-	-	3,733,612	191,235	3,924,847
Cash Flow Hedges	-	-	-	3,243,985	-	3,243,985
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency related Derivative Transactions (I)	44,701,580	25,608,730	38,077,450	8,032,052	-	116,419,812
Currency Forwards-Purchases	3,333,335	1,599,926	4,021,420	431,037	-	9,385,718
Currency Forwards-Sales	3,296,764	1,626,781	3,973,203	431,053	-	9,327,801
Currency Swaps-Purchases	13,356,677	3,494,008	5,190,909	3,083,275	-	25,124,869
Currency Swaps-Sales	9,450,510	3,432,435	5,235,793	3,424,167	-	21,542,905
Currency Options-Purchases	7,314,716	7,441,199	9,519,975	331,112	-	24,607,002
Currency Options-Sales	7,949,578	7,787,855	10,069,641	331,408	-	26,138,482
Currency Futures-Purchases	-	116,404	66,509	-	-	182,913
Currency Futures-Sales	-	110,122	-	-	-	110,122
Interest Rate related Derivative Transactions (II)	1,082,593	36,037	3,471,101	12,715,716	5,286,546	22,591,993
Interest Rate Swaps-Purchases	537,830	14,803	1,479,286	5,665,581	2,643,273	10,340,773
Interest Rate Swaps-Sales	537,830	14,803	1,479,286	5,665,581	2,643,273	10,340,773
Interest Rate Options-Purchases	-	-	494,667	1,384,554	-	1,879,221
Interest Rate Options-Sales	-	-	-	-	-	-
Securities Options-Purchases	6,933	4,981	17,862	-	-	29,776
Securities Options-Sales	-	1,450	-	-	-	1,450
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	3,951,111	146,835	318,285	282,964	2,141,200	6,840,395
B. Total Trading Derivatives (I+II+III)	49,735,284	25,791,602	41,866,836	21,030,732	7,427,746	145,852,200
Total Derivative Transactions (A+B)	49,735,284	25,791,602	41,866,836	28,008,329	7,618,981	153,021,032

<i>Prior Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Derivative Financial Instruments held for Risk Management						
A. Total Derivative Financial Instruments held for Risk Management	-	-	-	-	-	-
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency related Derivative Transactions (I)	36,295,895	7,444,201	11,208,756	4,354,630	-	59,303,482
Currency Forwards-Purchases	2,289,767	738,552	1,200,286	261,966	-	4,490,571
Currency Forwards-Sales	2,322,055	753,232	1,249,380	276,843	-	4,601,510
Currency Swaps-Purchases	11,967,009	317,007	748,893	1,332,443	-	14,365,352
Currency Swaps-Sales	10,549,505	310,193	723,259	1,458,491	-	13,041,448
Currency Options-Purchases	4,552,236	2,573,255	3,491,618	482,763	-	11,099,872
Currency Options-Sales	4,615,323	2,666,201	3,669,172	542,124	-	11,492,820
Currency Futures-Purchases	-	57,514	126,148	-	-	183,662
Currency Futures-Sales	-	28,247	-	-	-	28,247
Interest Rate related Derivative Transactions (II)	47,625	570,186	3,734,010	12,703,597	3,597,066	20,652,484
Interest Rate Swaps-Purchases	14,700	263,573	1,186,842	6,099,662	1,798,533	9,363,310
Interest Rate Swaps-Sales	14,700	263,573	1,186,842	6,086,502	1,798,533	9,350,150
Interest Rate Options-Purchases	-	-	1,340,305	517,433	-	1,857,738
Interest Rate Options-Sales	-	-	-	-	-	-
Securities Options-Purchases	18,225	39,520	2,280	-	-	60,025
Securities Options-Sales	-	3,520	17,741	-	-	21,261
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	2,341,762	58,635	340,854	214,170	-	2,955,421
B. Total Trading Derivatives (I+II+III)	38,685,282	8,073,022	15,283,620	17,272,397	3,597,066	82,911,387
Total Derivative Transactions (A+B)	38,685,282	8,073,022	15,283,620	17,272,397	3,597,066	82,911,387

5.3.3 Credit derivatives and risk exposures on credit derivatives

As of 31 December 2013, in the Bank's "other irrevocable commitments", there are commitments for "credit linked notes" with a total face value of USD 425,000,000 (31 December 2012: USD 425,000,000).

As of 31 December 2013, included in the Bank's "other derivative financial instruments", there are "total return swaps" with a total face value of EUR 85,000,000 (31 December 2012: EUR 85,000,000). The Bank is the protection buyer in these transactions.

5.3.4 Contingent liabilities and assets

The Bank made a total provision amounting to TL 33,100 thousands (31 December 2012: TL 19,928 thousands) for the lawsuits filed by various customers and institutions against the Bank which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.7.4.2, other provisions. The Bank has various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

It is possible that the Bank may be required to provide additional collateral for the derivative transactions involved due to changes in certain financials indicators such as CDS levels, currency exchange rates, interest rates etc. As of 31 December 2013, there was no payment made related with such contingent liabilities.

5.3.5 Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

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	2,419,341	159,611	2,794,707	191,500
Medium and long-term loans	4,371,285	2,085,601	3,666,298	1,753,889
Loans under follow-up	35,154	-	34,818	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	6,825,780	2,245,212	6,495,823	1,945,389

(*) 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	-	-	77	-
Domestic Banks	11,196	519	11,538	268
Foreign Banks	104,093	31,509	161,444	47,301
Foreign Head Offices and Branches	-	-	-	-
Total	115,289	32,028	173,059	47,569

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	22,886	14,205	24,448	8,600
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	2,689,835	91,422	3,483,151	60,377
Investments Held-to-Maturity	576,035	14,062	222,476	80,765
Total	3,288,756	119,689	3,730,075	149,742

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	46,590	58,211

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	458,120	349,515	470,435	394,801
Central Bank of Turkey	-	2,959	-	1,669
Domestic Banks	19,080	10,296	20,175	9,070
Foreign Banks	439,040	336,260	450,260	384,062
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	54,341	-	26,886
Total	458,120	403,856	470,435	421,687

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

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	45,209	44,764

5.4.2.3 Interest expenses on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid on Securities Issued	234,730	233,131	208,620	105,049

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
			Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
	Turkish Lira								
	Bank Deposits	307	58,909	-	-	-	-	-	59,216
	Saving Deposits	34	226,566	2,073,795	59,154	23,097	24,063	-	2,406,709
	Public Sector Deposits	-	307	2,343	80	42,304	7	-	45,041
	Commercial Deposits	55	214,629	723,461	95,028	46,702	14,449	-	1,094,324
	Other	8	9,071	56,290	10,246	16,757	39	-	92,411
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Total TL	404	509,482	2,855,889	164,508	128,860	38,558	-	3,697,701
	Foreign Currency								
	Foreign Currency Deposits	209	54,396	457,875	59,336	108,821	32,126	1,336	714,099
	Bank Deposits	-	55,499	-	-	-	-	-	55,499
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Precious Metal Deposits	-	-	29	-	1,013	476	-	1,518
	Total FC	209	109,895	457,904	59,336	109,834	32,602	1,336	771,116
	Grand Total	613	619,377	3,313,793	223,844	238,694	71,160	1,336	4,468,817

<i>Prior 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	236	78,260	-	-	-	-	-	78,496
Saving Deposits	115	287,149	2,424,365	50,817	15,375	22,971	-	2,800,792
Public Sector Deposits	-	418	2,685	118	-	-	-	3,221
Commercial Deposits	95	197,347	803,196	138,162	22,802	16,451	-	1,178,053
Other	5	1,667	22,858	11,062	46	20	-	35,658
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	451	564,841	3,253,104	200,159	38,223	39,442	-	4,096,220
Foreign Currency								
Foreign Currency Deposits	576	77,184	508,052	44,513	121,530	55,859	1,400	809,114
Bank Deposits	-	40,700	-	-	-	-	-	40,700
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	8	-	244	34	-	287
Total FC	576	117,885	508,060	44,513	121,774	55,893	1,400	850,101
Grand Total	1,027	682,726	3,761,164	244,672	159,997	95,335	1,400	4,946,321

5.4.2.5 Interest expense on repurchase agreements

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	516,396	44,692	755,386	30,665

5.4.2.6 Financial lease expenses

	<i>Current Period</i>	<i>Prior Period</i>
Financial Lease Expenses	80	21

5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

	<i>Current Period</i>	<i>Prior Period</i>
Trading Financial Assets	6	-
Financial Assets Valued at Fair Value through Profit or Loss	-	-
Financial Assets Available-for-Sale	675	675
Others	55,360	1,769
Total	56,041	2,444

5.4.4 Trading income/losses (Net)

	<i>Current Period</i>	<i>Prior Period</i>
Income	61,831,292	53,756,316
Trading Account Income	260,970	575,379
Gains from Derivative Financial Instruments	4,611,436	2,909,235
Foreign Exchange Gains	56,958,886	50,271,702
Losses (-)	61,534,350	53,132,364
Trading Account Losses	68,407	26,584
Losses from Derivative Financial Instruments	4,730,420	3,246,939
Foreign Exchange Losses	56,735,523	49,858,841
Total	296,942	623,952

TL 897,053 thousands (31 December 2012: TL 300,877 thousands) of foreign exchange gains and TL 554,278 thousands (31 December 2012: TL 259,783 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 values 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.

In this respect, the Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 141,690 thousands and for its bonds with a total face value of TL 1,323,000 thousands and fixed-rate coupons by designating interest rate swaps with the same face values and terms in the current period. Accordingly, in the current period the losses of TL 7,901 thousands and TL 59,998 thousands resulted from the related fair value calculations for the hedged loans and bonds were accounted for under net trading income/losses in the income statement, respectively.

In addition, the Bank also entered into cross currency swap agreements in order to hedge its fixed-rate bonds issued for a total principal value of AUD 175,000,000 and RON 115,500,000 with the same face value amount and conditions, and its borrowings for a total principal value of KWD 10,000,000 with the same notional amount and conditions, in the current period. Accordingly, a gain of TL 4,000 thousands and TL 251 thousands resulting from the fair value changes of the securities issued and funds borrowed subject to hedge accounting were accounted for under trading income/losses in the income statement.

The Bank also enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for the floating rate eurobonds issued in 2011 with a total face value of USD 300,000,000, maturity of 5 years and maturity date of 20 April 2016 by designating cross currency swaps with the same face value amount and conditions, and for the collateralised borrowings amounting to TL 1,000,000 thousands by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period TL 11,009 thousands and TL 38,044 thousands resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity.

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 recharged to customers and income on custody services.

In the current period, a part of non-performing receivables of the Bank amounting to TL 310,301 thousands and a part of its receivables written-off in prior periods in the amount of TL 3,857 thousands were sold to a local asset management company for a consideration of TL 58,400 thousands. Considering the related provisions of TL 299,631 thousands in the financial statements, a gain of TL 43,873 thousands is recognized under “Other Operating Income”.

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	853,222	763,845
<i>Loans and Receivables in Group III</i>	<i>277,338</i>	<i>112,449</i>
<i>Loans and Receivables in Group IV</i>	<i>301,784</i>	<i>460,061</i>
<i>Loans and Receivables in Group V</i>	<i>274,100</i>	<i>191,335</i>
General Provisions	692,945	291,206
Provision for Possible Losses	-	-
Impairment Losses on Securities	890	28
<i>Financial Assets at Fair Value through Profit or Loss</i>	<i>890</i>	<i>28</i>
<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	76,767	126,514
Total	1,623,824	1,181,593

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	1,666,456	1,501,004
Reserve for Employee Termination Benefits	31,807	61,629
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	2,361	5,396
Depreciation Expenses of Tangible Assets	170,154	165,513
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	32,559	22,153
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	1,799	1,772
Depreciation Expenses of Assets to be Disposed	2,745	2,185
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,935,226	1,490,979
<i>Operational Lease related Expenses</i>	251,168	215,535
<i>Repair and Maintenance Expenses</i>	44,464	30,389
<i>Advertisement Expenses</i>	114,578	105,877
<i>Other Expenses</i>	1,525,016	1,139,178
Loss on Sale of Assets	3,666	1,064
Others (*)	359,392	289,206
Total	4,206,165	3,540,901

(*) As per the decision of the Turkish Competition Board dated 8 March 2013 and resulted from the investigation 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 ¼ of such administrative fine as TL 160,038 thousands. The reasoned decision of the Turkish Competition Board was notified as of the reporting date and the stated amount was paid in the current period.

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

The profit before taxes includes a net interest income of TL 6,345,581 thousands (31 December 2012: TL 5,718,932 thousands), a net fees and commissions income of TL 2,615,473 thousands (31 December 2012: TL 2,007,605 thousands) and operating expenses of TL 4,206,165 thousands (31 December 2012: TL 3,540,901 thousands). The Bank's profit before taxes realized at TL 3,951,115 thousands increasing by 0.56% as compared to prior year.

5.4.9 Information on provision for taxes from continued and discontinued operations

As of 31 December 2013, the Bank recorded a tax charge of TL 541,652 thousands (31 December 2012: TL 1,192,965 thousands) and a deferred tax expense of TL 403,903 thousands (31 December 2012: a deferred tax income of TL 340,751 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 (+)	72,432	320,995
Decrease in tax deductible timing differences (-)	237,655	15,573
Increase in taxable timing differences (-)	255,269	4,625
Decrease in taxable timing differences (+)	16,589	39,954
Total	403,903	(340,751)

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)	165,223	(305,422)
(Increase)/decrease in taxable timing differences (net)	238,680	(35,329)
(Increase)/decrease in tax losses (net)	-	-
(Increase)/decrease in tax deductions and exemptions (net)	-	-
Total	403,903	(340,751)

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

None.

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

5.5.1 Any increases arising from application of accounting for financial instruments

5.5.1.1 Increases from valuation of financial assets available-for-sale

None.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. After netting with the related deferred tax effect, an increase of TL 39,243 thousands (31 December 2012: TL 389 thousands) is presented in the shareholders' equity for such hedges assessed as effective.

5.5.1.3 Reconciliation of foreign exchange differences at beginning and end of current period

An increase of TL 24,644 thousands (31 December 2012: a decrease of TL 3,026 thousands) that was resulted from the foreign currency translation of Luxembourg branch performance, is presented under translation differences in the shareholders' equity

5.5.2 Any decreases arising from application of accounting for financial instruments

5.5.2.1 Decreases from valuation of financial assets available-for-sale

As of 31 December 2013, a decrease of TL 803,757 thousands (31 December 2012: an increase of TL 1,307,710 thousands) resulted from the revaluation of financial assets available-for-sale at fair value after being netted with the related deferred tax liability effect and a gain of TL 375,815 thousands (31 December 2012: TL 52,489 thousands) that was transferred to the income statement from "securities value increase fund" are presented as the current period movements in securities value increase fund in the statement of changes in shareholders' equity.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
Transfers to Legal Reserves from Prior Year Profits	192,166	192,529
Transfers to Extraordinary Reserves from Prior Year Profits	2,830,460	2,072,341

5.5.4 Issuance of share certificates

Please refer to Note 5.2.11.3.

5.5.5 Effects of prior years' corrections to beginning balances of current period

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

5.6 Statement of Cash Flows

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

The net cash inflow arising from banking operations amount to TL 195,408 thousands (31 December 2012: net cash outflows of TL 2,257,894 thousands). TL 4,356,736 thousands (31 December 2012: TL 6,389,424 thousands) of this amount is generated from the change in operating assets and liabilities and TL 4,552,144 thousands (31 December 2012: TL 4,131,529 thousands) from operating profit. The “net increase/(decrease) in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 1,944,305 thousands (31 December 2012: TL 1,333,079 thousands). The “others” item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to TL 2,396,024 thousands (31 December 2012: TL 358,232 thousands).

The net cash inflows from financing activities is TL 3,872,779 thousands (31 December 2012: TL 1,520,176 thousands).

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 1,376,361 thousands (31 December 2012: TL 337,239 thousands).

5.6.2 Cash outflows from acquisition of associates, subsidiaries and joint-ventures

Please refer to Note 5.1.8.2 of investments in subsidiaries.

5.6.3 Cash inflows from disposal of associates, subsidiaries and joint-ventures

None.

5.6.4 Cash and cash equivalents at beginning of period

	<i>Current Period</i>	<i>Prior Period</i>
Cash on Hand	1,200,038	992,289
Cash in TL	800,960	617,193
Cash in Foreign Currency	399,078	375,096
Cash Equivalents	3,062,636	6,621,273
Other	3,062,636	6,621,273
TOTAL	4,262,674	7,613,562

5.6.5 Cash and cash equivalents at end of period

	<i>Current Period</i>	<i>Prior Period</i>
Cash on Hand	1,552,757	1,200,038
Cash in TL	1,007,643	800,960
Cash in Foreign Currency	545,114	399,078
Cash Equivalents	5,811,207	3,062,636
Other	5,811,207	3,062,636
TOTAL	7,363,964	4,262,674

5.6.6 Restricted cash and cash equivalents due to legal requirements or other reasons

The placements at foreign banks include blocked accounts amounting TL 7,326,245 thousands (31 December 2012: TL 5,658,771 thousands) of which TL 116,271 thousands (31 December 2012: TL 82,876 thousands) and TL 43,094 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 7,166,880 thousands (31 December 2012: TL 5,549,493 thousands) as collateral against funds borrowed at various banks.

The blocked account at the Central Bank of Turkey with a principal of TL 17,166,780 thousands is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None.

5.6.7.2 Cash inflows presenting increase in operating capacity of the Bank

None.

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	1,381,591	260,311	466,918	314,839	495,947
Balance at end of period	3,811,321	1,586,707	9,250	264,878	454,736	472,119
Interest and Commission Income	46,607	257	687	9	25,260	399

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	1,381,591	260,311	466,918	314,839	495,947
Interest and Commission Income	58,218	203	773	6	19,169	931

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	651,174	511,151	304,643	101,958	330,572	205,931
Interest Expense	45,209	44,764	9,910	14,810	15,088	13,827

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	1,200,843	1,119,747	8,871,339	2,895,692	-	-
Total Profit/(Loss)	(85,747)	(17,777)	(49,308)	(17,213)	-	934
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 1,660,748 thousands (31 December 2012: TL 1,166,224 thousands) compose 1.40% (31 December 2012: 1.27%) of the Bank's total cash loans and 0.84% (31 December 2012: 0.73%) of the Bank's total assets. The total loans and similar receivables amounting TL 4,275,307 thousands (31 December 2012: TL 3,516,021 thousands) compose 2.17% (31 December 2012: TL 2.19%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 2,323,704 thousands (31 December 2012: TL 2,344,456 thousands) compose 7.01% (31 December 2012: 8.37%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,286,389 thousands (31 December 2012: TL 819,040 thousands) compose 1.21% (31 December 2012: 0.94%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 2,477,403 thousands (31 December 2012: TL 145,643 thousands) compose 8.40% (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.

The credit card (POS) payables to the related parties, amounted to TL 70,805 thousands (31 December 2012: TL 64,596 thousands). A total rent income of TL 5,116 thousands (31 December 2012: TL 4,024 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 0 thousands (31 December 2012: TL 6,195 thousands) were incurred for the IT services rendered by the related parties.

Other income of TL 7,329 thousands (31 December 2012: TL 0 thousands) for IT services rendered and banking services fee of TL 2,026 thousands (31 December 2012: TL 1,344 thousands) were recognized from the related parties.

Insurance brokerage fee of TL 78,493 thousands (31 December 2012: TL 66,697 thousands), leasing customer acquisition fee of TL 9,739 thousands (31 December 2012: TL 6,974 thousands) factoring customer acquisition fee of TL 3,853 thousands (31 December 2012: TL 3,650 thousands), fleet business customer acquisition fee of TL 200 thousands (31 December 2012: TL 140 thousands) and stocks brokerage fee of TL 0 thousands (31 December 2012: TL 3,678 thousands) were recognized as income from the services rendered for the affiliates.

Operating expenses of TL 11,453 thousands (31 December 2012: TL 10,960 thousands) for advertisement and broadcasting services, of TL 23,648 thousands (31 December 2012: TL 17,813 thousands) for operational leasing services, and of TL 12,237 thousands (31 December 2012: TL 8,870 thousands) for travelling services rendered by the related parties were recognized as expense.

As of 31 December 2013, the net payment provided or to be provided to the key management of the Bank amounts to TL 68,918 thousands (31 December 2012: TL 82,512 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

5.8.1 Domestic and foreign branches and representative offices

	Number of Branches	Number Of Employees			
Domestic Branches	990	18,611			
			Country		
Foreign Representative Offices	1	1	1-Germany		
	1	1	2-England		
	1	1	3-China		
				Total Assets	Legal Capital
Foreign Branches	1	17	1- Luxembourg	15,643,473	1,168,400
	1	12	2- Malta	30,568,445	-
	6	94	3- NCTR	744,988	15,520

5.8.2 Opening or closing of domestic and foreign branches and representative offices and significant changes in organisational structure

In 2013, 67 new domestic branches were opened and three branches were closed.

5.9 Matters Arising Subsequent to Balance Sheet Date

None.

6 Other Disclosures on Activities of Bank

6.1 Bank's latest international risk ratings

MOODY'S (November 2013)^(*)

Long Term FC Deposit	Baa3
Long Term TL Deposit	Baa2
Short Term TL Deposit	Prime-2
Short Term FC Deposit	Prime-3
Long Term FC Deposit Outlook	Stable
Financial Strength Rate (FSR)	D+ (baa3)
FSR Outlook	Stable
Long Term National	Aa2.tr
Short Term National	TR-1

STANDARD AND POORS (June 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 (October 2013)^(*)

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	
Outlook	AAA (Trk)
Outlook	Stable

JCR EURASIA RATINGS (June 2013)^(*)

Long Term International FC	BBB
Long Term International TL	BBB+ (Stable)
Long Term National	AAA (Trk) (Stable)
Short Term International FC	A-3 (Stable)
Short Term International TL	A-2 (Stable)
Short Term National	A-1+ (Trk) (Stable)
Support	1
Independency from Shareholders	A

(*) Latest dates in risk ratings or outlooks.

6.2 Dividend

At the annual general assembly dated 30 April 2013, it was decided to distribute the profit of the year 2012 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)

6.3 Other disclosures

As per the Communiqué published on the Official Gazette no.28704 dated 11 July 2013, “Standards on Investment Banking Services and Activities and the related Services Rendered”, the Bank will be transferring a part of its activities under investment banking segment to Garanti Yatırım Menkul Kıymetler AŞ as of 1 July 2014.

7 Disclosures on Independent Auditors' Report

7.1 Disclosures on independent auditors' report

The unconsolidated financial statements of the Bank as of 31 December 2013, have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 30 January 2014, is presented before the accompanying financial statements.

7.2 Disclosures and footnotes prepared by independent auditors

None.

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