

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

Türkiye Garanti Bankası Anonim Şirketi
Unconsolidated Financial Statements
As of and For the Nine-Month Period Ended
30 September 2015

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

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

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
27 October 2015

*This report contains “Independent Accountants’
Limited Review Report” comprising 2 pages
and; “Unconsolidated Financial Statements and
Related Disclosures and Footnotes” comprising 95
pages.*

LIMITED REVIEW REPORT FOR THE INTERIM FINANCIAL INFORMATION

To the Board of Directors of Türkiye Garanti Bankası A.Ş.

Introduction

We have reviewed the accompanying statement of financial position of Türkiye Garanti Bankası A.Ş. (“the Bank”) as at 30 September 2015, and the income statement, statement of income and expense items under shareholders’ equity, statement of changes in shareholders’ equity and statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the Banking Regulation and Supervision Agency, (all together referred as the BRSA Accounting and Reporting Regulations) and Turkish Accounting Standard 34 “Interim Financial Reporting”, except for the matters regulated by the BRSA Accounting and Reporting Regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As of the balance sheet date, the accompanying interim financial statements include a general reserve amounting to TL 450,000 thousands, TL 35,000 thousands of which was charged to the income statement as expense in the current period, provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the preceding paragraph on the financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of Türkiye Garanti Bankası A.Ş. as at 30 September 2015, and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Reporting Regulations and Turkish Accounting Standard 34 “Interim Financial Reporting”, except for the matters regulated by the BRSA Accounting and Reporting Regulations.

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**



Şule Firuzment Bekçe
Partner

Istanbul, 27 October 2015

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TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

Ferit F. Şahenk
Board of Directors
Chairman

Ali Fuat Erbil
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 998 domestic branches, nine 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 30 September 2015, group of companies under Banco Bilbao Vizcaya Argentaria SA (“BBVA”) that currently owns 39.90% shares of the Bank, is named the BBVA Group (the Group) and it is the main shareholder.

On 22 March 2011, BBVA had 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, purchasing 24.89% shares of the Bank, had joint control on the Bank’s management together with group of companies under Doğuş Holding AŞ (the Doğuş Group).

Subsequently, on 7 April 2011, BBVA had acquired 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%. Accordingly, BBVA and the Doğuş Group had mutual control on the Bank’s management.

Finally, in accordance with the terms of the agreement between BBVA and Doğuş Group which was previously disclosed on 19 November 2014, the sale of shares representing 14.89% of the share capital of the Bank with a face value of TL 625,380 thousands and 62.538.000.000 shares by the Doğuş Group to BBVA, has been completed on 27 July 2015. Following the acquisition, BBVA’s stake in the Bank has reached to 39.90%.

Accordingly, as of balance sheet date, the Doğuş Group’s interest in the share capital of the Bank is at 10%.

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.

BBVA that 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, operates in more than 30 countries with more than 100 thousand employees.

Doğuş Group

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

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

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

1.3 Information on the bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the bank

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	25 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	33 years
Dr. Muammer Cüneyt Sezgin	Independent Member of BOD and Audit Committee	30.06.2004	PhD	27 years
Manuel Pedro Galatas Sanchez Harguindey	Independent Member of BOD and Audit Committee	05.05.2011	University	31 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	22 years
Maria Isabel Goiri Lartitegui	Member	27.07.2015	Master	25 years
Javier Bernal Dionis	Member	27.07.2015	Master	25 years
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	27 years
Sait Ergun Özen	Member	14.05.2003	University	28 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	23 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ali Fuat Erbil	CEO	02.09.2015	PhD	23 years
Gökhan Erün	EVP-Corporate Banking and Treasury	01.09.2005	Master	21 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	33 years
Halil Hüsnü Erel	EVP-Technology, Operation Center, Marketing and Business Development	16.06.1997	University	40 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	25 years
İbrahim Aydın	EVP-General Accounting, Economic Research and Customer Satisfaction	06.06.2013	Master	21 years
Avni Aydın Düren	EVP-Legal Services and Risk Monitoring	01.02.2009	Master	21 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	21 years
Murat Mergin	EVP-Asset Liability Management and Strategic Planning	01.01.2002	University	21 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	16 years
Osman Nuri Tüzün	EVP- Human Resources and Support Services	19.08.2015	Master	23 years
Didem Başer	EVP-Digital Banking	20.03.2012	Master	20 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
Banco Bilbao Vizcaya Argentaria SA	1,675,800	39,9000%	1,675,800	-
Doğuş Holding AŞ	259,846	6,1868%	259,846	-

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 affiliates

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 30 September 2015

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 September 2015			PRIOR PERIOD 31 December 2014		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	1,893,124	31,055,437	32,948,561	1,759,994	23,312,658	25,072,652
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	2,214,214	524,273	2,738,487	1,051,726	832,191	1,883,917
2.1 Financial assets held for trading		2,017,944	524,273	2,542,217	850,341	832,191	1,682,532
2.1.1 Government securities		24,287	13,389	37,676	37,988	8,112	46,100
2.1.2 Equity securities		47,923	-	47,923	63,609	-	63,609
2.1.3 Derivative financial assets held for trading		1,945,734	475,098	2,420,832	748,744	542,268	1,291,012
2.1.4 Other securities		-	35,786	35,786	-	281,811	281,811
2.2 Financial assets valued at fair value through profit or loss		196,270	-	196,270	201,385	-	201,385
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans	(5.1.2)	196,270	-	196,270	201,385	-	201,385
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	74,850	12,349,220	12,424,070	1,419,891	7,020,058	8,439,949
IV. INTERBANK MONEY MARKETS		-	120,201	120,201	-	80,446	80,446
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	120,201	120,201	-	80,446	80,446
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	18,232,044	843,973	19,076,017	19,242,220	809,766	20,051,986
5.1 Equity securities		34,103	63,512	97,615	34,867	63,740	98,607
5.2 Government securities		17,505,800	12,192	17,517,992	17,500,522	604,159	18,104,681
5.3 Other securities		692,141	768,269	1,460,410	1,706,831	141,867	1,848,698
VI. LOANS	(5.1.5)	98,426,432	61,152,795	159,579,227	85,488,518	48,569,280	134,057,798
6.1 Performing loans		97,707,962	61,152,795	158,860,757	84,861,650	48,569,280	133,430,930
6.1.1 Loans to bank's risk group	(5.7)	513,672	2,325,029	2,838,701	644,135	1,899,502	2,543,637
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		97,194,290	58,827,766	156,022,056	84,217,515	46,669,778	130,887,293
6.2 Loans under follow-up		3,756,369	-	3,756,369	3,300,829	-	3,300,829
6.3 Specific provisions (-)		3,037,899	-	3,037,899	2,673,961	-	2,673,961
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	11,724,081	10,028,839	21,752,920	13,387,858	7,626,644	21,014,502
8.1 Government securities		11,710,709	5,922,266	17,632,975	13,360,856	4,641,023	18,001,879
8.2 Other securities		13,372	4,106,573	4,119,945	27,002	2,985,621	3,012,623
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	36,698	-	36,698	36,698	-	36,698
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		36,698	-	36,698	36,698	-	36,698
9.2.1 Financial investments in associates		33,032	-	33,032	33,032	-	33,032
9.2.2 Non-financial investments in associates		3,666	-	3,666	3,666	-	3,666
X. INVESTMENTS IN AFFILIATES (Net)	(5.1.8)	1,947,725	2,644,576	4,592,301	1,730,512	2,133,681	3,864,193
10.1 Unconsolidated financial investments in affiliates		1,843,489	2,644,576	4,488,065	1,626,276	2,133,681	3,759,957
10.2 Unconsolidated non-financial investments in affiliates		104,236	-	104,236	104,236	-	104,236
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)	96,488	723,282	819,770	46,202	120,050	166,252
13.1 Fair value hedges		56,452	-	56,452	31,158	83	31,241
13.2 Cash flow hedges		40,036	723,282	763,318	15,044	119,967	135,011
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	1,373,550	340	1,373,890	1,357,239	178	1,357,417
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	166,814	56	166,870	173,942	24	173,966
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		166,814	56	166,870	173,942	24	173,966
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	144,028	-	144,028	147,465	-	147,465
XVII. TAX ASSET		312,335	-	312,335	455,267	-	455,267
17.1 Current tax asset		60,564	-	60,564	-	-	-
17.2 Deferred tax asset	(5.1.15)	251,771	-	251,771	455,267	-	455,267
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	296,172	-	296,172	171,016	-	171,016
18.1 Assets held for sale		296,172	-	296,172	171,016	-	171,016
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	2,840,395	1,477,690	4,318,085	2,150,700	479,403	2,630,103
TOTAL ASSETS		139,778,950	120,920,682	260,699,632	128,619,248	90,984,379	219,603,627

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

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet (Statement of Financial Position)

At 30 September 2015

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 September 2015			31 December 2014		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(5.2.1)	68,774,079	80,583,580	149,357,659	62,264,002	58,043,979	120,307,981
1.1	Deposits from bank's risk group	(5.7)	1,062,008	1,578,243	2,640,251	1,147,243	418,458	1,565,701
1.2	Others		67,712,071	79,005,337	146,717,408	61,116,759	57,625,521	118,742,280
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	2,446,204	886,759	3,332,963	1,066,789	507,454	1,574,243
III.	FUNDS BORROWED	(5.2.3)	2,493,391	31,464,941	33,958,332	3,956,059	28,367,351	32,323,410
IV.	INTERBANK MONEY MARKETS	(5.2.4)	10,965,024	2,618,121	13,583,145	4,897,146	6,488,774	11,385,920
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		10,965,024	2,618,121	13,583,145	4,897,146	6,488,774	11,385,920
V.	SECURITIES ISSUED (Net)	(5.2.4)	3,465,647	11,575,990	15,041,637	3,926,198	9,426,049	13,352,247
5.1	Bills		961,444	223,958	1,185,402	1,088,546	387,887	1,476,433
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		2,504,203	11,352,032	13,856,235	2,837,652	9,038,162	11,875,814
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Others		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES	(5.2.4.3)	6,969,542	1,208,301	8,177,843	6,094,877	721,753	6,816,630
VIII.	OTHER EXTERNAL FUNDINGS PAYABLE		2,639,215	1,274,534	3,913,749	1,798,344	585,551	2,383,895
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(5.2.5)	12,584	-	12,584	538	-	538
10.1	Financial lease payables		13,909	-	13,909	576	-	576
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred expenses (-)		1,325	-	1,325	38	-	38
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	94	338,682	338,776	99,572	179,811	279,383
11.1	Fair value hedges		94	286,580	286,674	99,572	111,931	211,503
11.2	Cash flow hedges		-	52,102	52,102	-	67,880	67,880
11.3	Net foreign investment hedges		-	-	-	-	-	-
XII.	PROVISIONS	(5.2.7)	4,197,800	72,006	4,269,806	3,633,521	58,446	3,691,967
12.1	General provisions		2,913,103	47,326	2,960,429	2,395,297	39,332	2,434,629
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		596,666	-	596,666	497,565	-	497,565
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		688,031	24,680	712,711	740,659	19,114	759,773
XIII.	TAX LIABILITY	(5.2.8)	247,407	31,423	278,830	638,471	22,179	660,650
13.1	Current tax liability		247,407	31,423	278,830	638,471	22,179	660,650
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)	-	167,806	167,806	-	140,766	140,766
XVI.	SHAREHOLDERS' EQUITY	(5.2.11)	28,104,149	162,353	28,266,502	26,528,220	157,777	26,685,997
16.1	Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2	Capital reserves		1,027,437	(41,586)	985,851	1,335,816	21,628	1,357,444
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		116,991	(77,862)	39,129	414,761	38,795	453,556
16.2.4	Revaluation surplus on tangible assets		175,403	-	175,403	175,034	-	175,034
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7	Bonus shares of associates, affiliates and joint-ventures		1,891	-	1,891	1,891	-	1,891
16.2.8	Hedging reserves (effective portion)		731	36,276	37,007	11,709	(17,167)	(5,458)
16.2.9	Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		720,541	-	720,541	720,541	-	720,541
16.3	Profit reserves		20,391,699	203,939	20,595,638	17,308,679	136,149	17,444,828
16.3.1	Legal reserves		1,155,709	13,372	1,169,081	1,120,009	11,113	1,131,122
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		19,235,990	4,090	19,240,080	16,188,670	1,638	16,190,308
16.3.4	Other profit reserves		-	186,477	186,477	-	123,398	123,398
16.4	Profit or loss		2,485,013	-	2,485,013	3,683,725	-	3,683,725
16.4.1	Prior periods profit/loss		-	-	-	-	-	-
16.4.2	Current period net profit/loss		2,485,013	-	2,485,013	3,683,725	-	3,683,725
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			130,315,136	130,384,496	260,699,632	114,903,737	104,699,890	219,603,627

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

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Türkiye Garanti Bankası Anonim Şirketi

Income Statement

For the Nine-Month Period Ended 30 September 2015

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2015- 30 September 2015	PRIOR PERIOD 1 January 2014- 30 September 2014	CURRENT PERIOD 1 July 2015- 30 September 2015	PRIOR PERIOD 1 July 2014- 30 September 2014
I. INTEREST INCOME	(5.4.1)	12,620,470	11,111,920	4,285,964	3,715,032
1.1 Interest income on loans		9,987,234	8,120,402	3,581,653	2,856,244
1.2 Interest income on reserve deposits		39,454	-	20,034	-
1.3 Interest income on banks		60,670	117,038	14,494	31,995
1.4 Interest income on money market transactions		2,337	3,570	716	1,225
1.5 Interest income on securities portfolio		2,405,409	2,769,525	627,278	788,801
1.5.1 Trading financial assets		13,002	28,893	2,910	6,764
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		1,264,472	1,499,262	350,376	441,688
1.5.4 Investments held-to-maturity		1,127,935	1,241,370	273,992	340,349
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		125,366	101,385	41,789	36,767
II. INTEREST EXPENSE	(5.4.2)	6,015,926	5,828,085	2,122,910	1,847,061
2.1 Interest on deposits		4,173,110	3,886,485	1,457,833	1,217,285
2.2 Interest on funds borrowed		712,645	750,952	239,127	246,164
2.3 Interest on money market transactions		477,422	612,255	190,475	168,655
2.4 Interest on securities issued		635,377	570,699	233,941	213,038
2.5 Other interest expenses		17,372	7,694	1,534	1,919
III. NET INTEREST INCOME (I - II)		6,604,544	5,283,835	2,163,054	1,867,971
IV. NET FEES AND COMMISSIONS INCOME		2,204,528	2,261,350	749,561	776,595
4.1 Fees and commissions received		2,866,386	2,833,931	996,950	988,507
4.1.1 Non-cash loans		206,861	180,528	73,299	60,831
4.1.2 Others		2,659,525	2,653,403	923,651	927,676
4.2 Fees and commissions paid		661,858	572,581	247,389	211,912
4.2.1 Non-cash loans		2,227	943	688	451
4.2.2 Others		659,631	571,638	246,701	211,461
V. DIVIDEND INCOME	(5.4.3)	5,102	1,842	-	-
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	(723,323)	(23,416)	(371,994)	19,860
6.1 Trading account income/losses		741,022	(51,729)	490,099	225,293
6.2 Income/losses from derivative financial instruments		(1,556,439)	(626,479)	(281,445)	(435,775)
6.3 Foreign exchange gains/losses		92,094	654,792	(580,648)	230,342
VII. OTHER OPERATING INCOME	(5.4.5)	641,807	406,742	150,400	165,406
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		8,732,658	7,930,353	2,691,021	2,829,832
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	1,566,402	1,304,064	549,728	516,442
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	4,289,596	3,454,933	1,528,759	1,217,770
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		2,876,660	3,171,356	612,534	1,095,620
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		318,560	429,210	91,288	134,617
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	3,195,220	3,600,566	703,822	1,230,237
XVI. PROVISION FOR TAXES (±)	(5.4.9)	710,207	722,639	191,077	236,464
16.1 Current tax charge		331,345	895,936	(6,061)	217,868
16.2 Deferred tax charge/(credit)		378,862	(173,297)	197,138	18,596
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	2,485,013	2,877,927	512,745	993,773
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from assets held for sale		-	-	-	-
18.2 Income from sale of associates, affiliates 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, affiliates 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)	2,485,013	2,877,927	512,745	993,773
Earnings per Share		0.592	0.685	0.122	0.237

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

Türkiye Garanti Bankası Anonim Şirketi
Statement of Income/Expense Items Accounted for under Shareholders' Equity
For the Nine-Month Period Ended 30 September 2015

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2015- 30 September 2015	PRIOR PERIOD 1 January 2014- 30 September 2014
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(1,009,904)	346,376
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	369	730
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	482,182	(84,550)
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	89,645	52,572
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(36,563)	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(38,603)	11,859
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	175,366	(77,920)
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(337,508)	249,067
XI. CURRENT PERIOD PROFIT/LOSSES	2,485,013	2,877,927
1.1 Net changes in fair value of securities (transferred to income statement)	65,849	(26,345)
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	55,132	6,300
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	2,364,032	2,897,972
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	2,147,505	3,126,994

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 Nine-Month Period Ended 30 September 2015

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 - 30 September 2014)																		
I.	Balances at beginning of the period		4,200,000	772,554	11,880	-	1,110,148	-	12,312,753	106,457	-	3,005,560	913,419	174,304	1,891	(23,982)	-	22,584,984
II.	Correction made as per TAS 8		-	-	-	-	-	-	1,116,312	-	-	224,409	(872,731)	-	-	63,225	-	531,215
2.1.	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of changes in accounting policies (*)		-	-	-	-	-	-	1,116,312	-	-	224,409	(872,731)	-	-	63,225	-	531,215
III.	Adjusted balances at beginning of the period (I+II)	(5.5)	4,200,000	772,554	11,880	-	1,110,148	-	13,429,065	106,457	-	3,229,969	40,688	174,304	1,891	39,243	-	23,116,199
Changes during the period																		
IV.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	278,923	-	-	-	-	278,923
VI.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	42,105	-	42,105
6.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	42,105	-	42,105
6.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	730	-	-	-	730
VIII.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences		-	-	-	-	(314)	-	1,056	(5,630)	-	-	(79,662)	-	-	-	-	(84,550)
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		-	-	-	-	-	-	-	-	-	-	11,859	-	-	-	-	11,859
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		-	-	-	-	-	-	-	-	2,877,927	-	-	-	-	-	-	2,877,927
XX.	Profit distribution		-	-	-	-	21,500	-	2,749,423	34,046	-	(3,229,969)	-	-	-	-	-	(425,000)
20.1.	Dividends		-	-	-	-	-	-	-	-	-	(425,000)	-	-	-	-	-	(425,000)
20.2.	Transfers to reserves		-	-	-	-	21,500	-	2,525,014	-	-	(2,546,514)	-	-	-	-	-	-
20.3.	Others		-	-	-	-	-	-	224,409	34,046	-	(258,455)	-	-	-	-	-	-
	Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	1,131,334	-	16,179,544	134,873	2,877,927	-	251,808	175,034	1,891	81,348	-	25,818,193
CURRENT PERIOD (1 January - 30 September 2015)																		
I.	Balances at beginning of the period		4,200,000	772,554	11,880	-	1,131,122	-	16,190,308	71,385	-	3,683,725	453,556	175,034	1,891	(5,458)	-	26,685,997
Changes during the period																		
II.	Mergers	(5.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(823,975)	-	-	-	-	(823,975)
IV.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	42,465	-	42,465
4.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	71,716	-	71,716
4.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	(29,251)	-	(29,251)
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	369	-	-	-	369
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences		-	-	-	-	2,259	-	693	31,133	-	-	448,097	-	-	-	-	482,182
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		-	-	-	-	-	-	-	-	-	-	(38,549)	-	-	-	-	(38,549)
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1.	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2.	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period net profit/loss		-	-	-	-	-	-	-	-	2,485,013	-	-	-	-	-	-	2,485,013
XVIII.	Profit distribution		-	-	-	-	35,700	-	3,049,079	31,946	-	(3,683,725)	-	-	-	-	-	(567,000)
18.1.	Dividends		-	-	-	-	-	-	-	-	-	(567,000)	-	-	-	-	-	(567,000)
18.2.	Transfers to reserves		-	-	-	-	35,700	-	2,565,602	-	-	(2,601,302)	-	-	-	-	-	-
18.3.	Others		-	-	-	-	-	-	483,477	31,946	-	(515,423)	-	-	-	-	-	-
	Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	1,169,081	-	19,240,080	134,464	2,485,013	-	39,129	175,403	1,891	37,007	-	28,266,502

(*) The corrections are disclosed on Note 3.24.1

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Nine-Month Period Ended 30 September 2015

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2015- 30 September 2015	PRIOR PERIOD 1 January 2014- 30 September 2014
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		1,538,700	3,328,833
1.1.1 Interests received		11,855,189	10,345,657
1.1.2 Interests paid		(6,624,007)	(5,603,392)
1.1.3 Dividend received		5,102	1,842
1.1.4 Fees and commissions received		2,866,386	2,833,931
1.1.5 Other income		1,390,313	353,661
1.1.6 Collections from previously written-off loans and other receivables		55,159	87,228
1.1.7 Payments to personnel and service suppliers		(3,841,224)	(2,638,614)
1.1.8 Taxes paid		(787,199)	(759,442)
1.1.9 Others	(5.6)	(3,381,019)	(1,292,038)
1.2 Changes in operating assets and liabilities		3,244,593	(2,516,081)
1.2.1 Net (increase) decrease in financial assets held for trading		250,676	8,079
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		(5,315,322)	(845,523)
1.2.4 Net (increase) decrease in loans		(26,312,666)	(12,889,142)
1.2.5 Net (increase) decrease in other assets		(1,687,502)	253,202
1.2.6 Net increase (decrease) in bank deposits		1,743,326	2,042,780
1.2.7 Net increase (decrease) in other deposits		27,281,523	5,387,888
1.2.8 Net increase (decrease) in funds borrowed		4,530,262	2,434,853
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	2,754,296	1,091,782
I. Net cash flow from banking operations		4,783,293	812,752
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(472,346)	(4,772,339)
2.1 Cash paid for purchase of associates, affiliates and joint-ventures		-	-
2.2 Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3 Purchases of tangible assets		(168,509)	(143,940)
2.4 Sales of tangible assets		69,978	80,866
2.5 Cash paid for purchase of financial assets available-for-sale		(3,697,816)	(9,045,325)
2.6 Cash obtained from sale of financial assets available-for-sale		3,952,604	8,813,672
2.7 Cash paid for purchase of investments held-to-maturity		(3,590,304)	(5,885,722)
2.8 Cash obtained from sale of investments held-to-maturity		2,961,701	1,408,110
2.9 Others	(5.6)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		1,082,337	2,999,634
3.1 Cash obtained from funds borrowed and securities issued		5,076,524	10,870,727
3.2 Cash used for repayment of funds borrowed and securities issued		(3,425,034)	(7,445,876)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(567,000)	(425,000)
3.5 Payments for financial leases		(2,153)	(217)
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)	1,203,884	282,315
V. Net increase/(decrease) in cash and cash equivalents		6,597,168	(677,638)
VI. Cash and cash equivalents at beginning of period		7,585,868	7,363,965
VII. Cash and cash equivalents at end of period		14,183,036	6,686,327

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

3 Accounting policies

3.1 Basis of presentation

The Bank prepares its accounting records, unconsolidated financial statements and accompanying explanations and notes in accordance with Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority except for the matters regulated by the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the Banking Regulation and Supervision Agency.

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 affiliates valued at equity basis of accounting.

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.

3.2 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.

A portion of the fixed-rate securities and loans, and the bonds of the Bank are hedged under fair value hedges. The fair value risks of such fixed-rate assets and financial liabilities are hedged with interest rate swaps and cross currency swaps. The fair value changes of the hedged fixed-rate financial assets and financial liabilities 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.

The Bank may classify its financial assets and liabilities as at fair value through profit or loss, at the initial recognition in order to eliminate any accounting inconsistency.

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.

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.

In the unconsolidated financial statements, the financial affiliates are accounted for using the equity method in accordance with the Communiqué published on the Official Gazette dated 9 April 2015 no. 29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements". In this context, foreign affiliates' asset and liability items in the balance sheet are translated into Turkish Lira by using foreign exchange rates as of the balance sheet date whereas income and expense items are translated into Turkish Lira by using average foreign exchange rates for the related period. Foreign exchange differences arising from translation of income and expense items and other equity items are accounted under capital reserves under equity.

From 1 September 2015, it has been started to apply net investment hedge amounting to EUR 371,955,167 in total among net investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses in the amount of TL 36,563 thousands, arising from conversion of both foreign currency net investments and long term foreign currency borrowings are accounted under capital reserves and hedging reserves, respectively under equity. There is no ineffective portion arising from net investment hedge accounting as of 30 September 2015.

3.3 Investments in associates and affiliates

In the unconsolidated financial statements, the financial affiliates are accounted for using the equity method in accordance with the Communiqué published on the Official Gazette dated 9 April 2015 no. 29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements".

In accordance with the Turkish Accounting Standard 28 (TAS 28) for "Investments in Associates and Joint Ventures" through the equity method, the carrying value of financial affiliates are accounted in the financial statements with respect to the Bank's share in these investments' net asset value. While the Bank's share on profits or losses of financial affiliates are accounted in the Bank's income statement, the Bank's share in other comprehensive income of financial affiliates are accounted in the Bank's other comprehensive income statement.

Non-financial affiliates are accounted at cost in the financial statements after provisions for impairment losses deducted, if any, in accordance with TMS 27.

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 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 and securities issued at their origination dates, as financial assets/liabilities at fair value through profit or loss in compliance with TAS 39. The interest income/expense earned and the difference between the acquisition costs and the amortized costs of financial instruments are recorded under interest income/expense in income statement, the difference between the amortized costs and the fair values of financial instruments are recorded under trading account income/losses in income statement.

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 affiliates 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:

	30 September 2015	31 December 2014
	%	%
Net Effective Discount Rate	2.36	2.36
Discount Rate	8.60	8.60
Expected Rate of Salary	7.60	7.60
Inflation Rate	6.10	6.10

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

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

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

Retirement benefit obligations

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

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

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

	30 September 2015	
	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.

Before the completion of two-years period set by the Council of Ministers on 14 March 2011, as per the Article no. 51 of the law no. 6645, published in the Official Gazette no. 29335 dated 23 April 2015, the Article no. 20 of the law no. 5510 was amended giving the Council of Ministers the authority to determine the date of transfer without defining any timeline.

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% in Turkey. 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 7.50% 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 Share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 30 September 2015, 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 / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,678,221	3,004,047	1,018,634	1,026,654	8,727,556
Other	-	-	-	-	-
Total Operating Profit	3,678,221	3,004,047	1,018,634	1,026,654	8,727,556
Net Operating Profit	(114,226)	1,608,190	789,152	907,002	3,190,118
Income from Associates and Affiliates	-	-	-	5,102	5,102
Net Operating Profit	(114,226)	1,608,190	789,152	912,104	3,195,220
Provision for Taxes	-	-	-	710,207	710,207
Net Profit	(114,226)	1,608,190	789,152	201,897	2,485,013
Segment Assets	52,449,507	107,129,720	87,254,328	9,237,078	256,070,633
Investments in Associates and Affiliates	-	-	-	4,628,999	4,628,999
Total Assets	52,449,507	107,129,720	87,254,328	13,866,077	260,699,632
Segment Liabilities	92,223,084	59,673,662	74,219,908	6,316,477	232,433,130
Shareholders' Equity	-	-	-	28,266,502	28,266,502
Total Liabilities and Shareholders' Equity	92,223,084	59,673,662	74,219,908	34,582,979	260,699,632
Other Segment Items					
Capital Expenditures	-	-	-	200,336	200,336
Depreciation Expenses	116,841	54,398	3,975	(187)	175,027
Impairment Losses	1,120,520	247,722	54,933	145,411	1,568,586
Other Non-Cash Income/Expenses	272,643	661,950	(340,883)	209,953	803,663
Restructuring Costs	-	-	-	-	-

<i>Prior Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,094,048	2,754,799	740,752	1,338,912	7,928,511
Other	-	-	-	-	-
Total Operating Profit	3,094,048	2,754,799	740,752	1,338,912	7,928,511
Net Operating Profit	310,278	1,328,049	594,438	1,365,959	3,598,724
Income from Associates and Affiliates	-	-	-	1,842	1,842
Net Operating Profit	310,278	1,328,049	594,438	1,367,801	3,600,566
Provision for Taxes	-	-	-	722,639	722,639
Net Profit	310,278	1,328,049	594,438	645,162	2,877,927
Segment Assets	47,269,132	86,790,051	74,339,828	7,303,725	215,702,736
Investments in Associates and Affiliates	-	-	-	3,900,891	3,900,891
Total Assets	47,269,132	86,790,051	74,339,828	11,204,616	219,603,627
Segment Liabilities	76,139,758	47,040,680	64,786,504	4,950,688	192,917,630
Shareholders' Equity	-	-	-	26,685,997	26,685,997
Total Liabilities and Shareholders' Equity	76,139,758	47,040,680	64,786,504	31,636,685	219,603,627
Other Segment Items					
Capital Expenditures	-	-	-	492,660	492,660
Depreciation Expenses	104,100	53,641	4,986	(114)	162,613
Impairment Losses	743,222	446,409	28,318	91,678	1,309,627
Other Non-Cash Income/Expenses	(71,574)	98,263	879,984	(117,369)	789,304
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

3.24.1 Restatements in prior years' financial statements

In accordance with Communique related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements" published on the Official Gazette dated 9 April 2015 no. 29321, in their separate financial statements, entities shall account their investments in associates, affiliates and joint ventures either at cost, in accordance with the provisions set in TFRS 9 Financial Instruments or using the equity method as described in TAS 28 Investments in Associates and Joint Ventures. The aforementioned change will be effective for annual periods beginning on or after 1 January 2016, but earlier application is permitted.

In accordance with the letter from the BRSA Regulatory Department dated 14 July 2015 no. 24049440-045.01[3/8]-E.10686, the adoption of the aforementioned changes by banks in preparation of their separate financial statements have been permitted before 1 January 2016 as long as the adoption is in compliance with the provisions set in the temporary article 2 of TAS 27 and other related provisions in the TAS.

The Bank has decided to early adopt the equity method for the accounting of its investments in financial affiliates described in TAS 28 and started to use equity method for the valuation of its financial affiliates. Before the aforementioned accounting policy change, associates and affiliates were accounted in the unconsolidated financial statements in accordance with TAS 39. In accordance with TAS 39, affiliates quoted in an active market and having reliably measured fair values were accounted at fair value whereas associates and affiliates not quoted in an active market and do not have reliably measured fair values were accounted for at cost less any impairment losses in the financial statements.

Due to the aforementioned accounting policy change, the previous years' financial statements are restated within the scope of the TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Standard.

The effects of the adjusting entries on the previous years' financial statements are as follows:

<i>31 December 2014</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Unconsolidated financial investments in affiliates	3,158,011	601,946	3,759,957
Deferred tax asset	372,090	83,177	455,267
Total Asset	218,918,504	685,123	219,603,627
Securities value increase fund	1,655,856	(1,202,300)	453,556
Hedging reserves (effective portion)	(68,683)	63,225	(5,458)
Extraordinary reserves	14,849,587	1,340,721	16,190,308
Current period net profit/loss	3,200,248	483,477	3,683,725
Total Liabilities	218,918,504	685,123	219,603,627
Foreign exchange gains/losses	1,052,806	55,443	1,108,249
Income/loss from investments under equity accounting	-	439,123	439,123
Deferred tax charge/(credit)	(359,285)	11,089	(348,196)
Current period net profit/loss	3,200,248	483,477	3,683,725

<i>30 September 2014</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Unconsolidated financial investments in affiliates	3,248,321	624,779	3,873,100
Deferred tax asset	231,027	87,757	318,784
Total Asset	214,891,320	712,536	215,603,856
Securities value increase fund	1,398,463	(1,146,655)	251,808
Hedging reserves (effective portion)	18,122	63,226	81,348
Extraordinary reserves	14,838,823	1,340,721	16,179,544
Current period net profit/loss	2,422,683	455,244	2,877,927
Total Liabilities	214,891,320	712,536	215,603,856
Foreign exchange gains/losses	622,249	32,543	654,792
Income/loss from investments under equity accounting	-	429,210	429,210
Deferred tax charge/(credit)	(179,806)	6,509	(173,297)
Current period net profit/loss	2,422,683	455,244	2,877,927

<i>31 December 2013</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Unconsolidated financial investments in affiliates	3,074,744	436,949	3,511,693
Deferred tax asset	129,218	94,266	223,484
Total Asset	196,896,208	531,215	197,427,423
Securities value increase fund	913,419	(872,731)	40,688
Hedging reserves (effective portion)	(23,982)	63,225	39,243
Extraordinary reserves	12,312,753	1,116,312	13,429,065
Current period net profit/loss	3,005,560	224,409	3,229,969
Total Liabilities	196,896,208	531,215	197,427,423
Foreign exchange gains/losses	223,363	(287,028)	(63,665)
Income/loss from investments under equity accounting	-	425,250	425,250
Deferred tax charge/(credit)	403,903	(86,187)	317,716
Current period net profit/loss	3,005,560	224,409	3,229,969

<i>30 June 2014</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Foreign exchange gains/losses	400,966	23,484	424,450
Income/loss from investments under equity accounting	-	294,593	294,593
Deferred tax charge/(credit)	(196,590)	4,697	(191,893)
Current period net profit/loss	1,570,773	313,380	1,884,153

<i>30 June 2015</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Foreign exchange gains/losses	761,202	(88,460)	672,742
Income/loss from investments under equity accounting	-	227,272	227,272
Deferred tax charge/(credit)	199,416	(17,692)	181,724
Current period net profit/loss	1,815,764	156,504	1,972,268

4 Financial position and results of operations

4.1 Capital adequacy ratio

As per the revised “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” effective from 1 July 2012, the Bank’s unconsolidated capital adequacy ratio is 13.83% as of 30 September 2015 (31 December 2014: 15.23%).

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.28756 dated 5 September 2013.

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	-	-	2,302,453	23,936,471	28,333,199	113,837,757	8,481,599	20,500,520	1,203,468
Exposure Categories	59,132,088	-	11,512,264	47,872,942	37,777,598	113,837,757	5,654,399	10,250,260	481,387
Conditional and unconditional exposures to central governments or central banks	56,392,915	-	14	7,887,264	-	4	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	59,473	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	54,673	-	-	-
Conditional and unconditional exposures to multilateral development banks	73,330	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	10,357,098	11,013,806	-	11,530	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,095,208	3,241,078	-	99,790,011	-	-	-
Conditional and unconditional retail exposures	-	-	82	6,261	37,777,598	5,503,456	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	25,719,030	-	-	-	-	-
Past due items	-	-	-	5,503	-	473,290	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	15,128	5,654,399	10,250,260	481,387
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	33,254	-	-	-	-	10,151	-	-	-
Other items	2,632,589	-	389	-	-	7,979,514	-	-	-

<i>Prior Period</i> (*)	Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	1,994,956	19,039,877	25,107,898	86,887,374	6,390,335	24,511,860	1,308,088
Exposure Categories	52,312,514	-	9,974,782	38,079,754	33,477,197	86,887,374	4,260,223	12,255,930	523,235
Conditional and unconditional exposures to central governments or central banks	49,904,231	-	13	7,253,564	-	3	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,913	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	18	-	-	-	-	46,942	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,333,300	7,456,944	-	8,024	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,578,473	2,294,483	-	75,926,104	-	-	-
Conditional and unconditional retail exposures	-	-	4,874	4,868	33,477,197	4,930,885	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	21,066,535	-	-	-	-	-
Past due items	-	-	-	3,360	-	435,309	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	15,394	4,260,223	12,255,930	523,235
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	33,877	-	-	-	-	20,574	-	-	-
Other items	2,374,388	-	209	-	-	5,504,139	-	-	-

(*) The effects of restatements in prior years' financial statements as disclosed under Note 3.24.1 are not reflected.

4.1.3 Summary information related to capital adequacy ratio

	<i>Current Period</i>	<i>Prior Period</i> (*)
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	15,887,637	13,219,231
Capital Requirement for Market Risk (MRCR)	495,249	367,344
Capital Requirement for Operational Risk (ORCR)	1,352,494	1,187,245
Total Capital	30,670,720	28,116,657
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	13.83%	15.23%
Total Tier I Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	12.81%	14.17%
Common Equity Tier I Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	12.86%	14.24%

(*) The effects of restatements in prior years' financial statements as disclosed under Note 3.24.1 are not reflected.

4.1.4 Components of total capital

	<i>Current Period</i>	<i>Prior Period (*)</i>
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Reserves	20,595,638	16,104,107
Other Comprehensive Income according to TAS	956,321	1,830,890
Profit	2,485,013	3,200,248
Current Period Profit	2,485,013	3,200,248
Prior Period Profit	-	-
General Reserves for Possible Losses	450,000	415,000
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1,891	1,891
Common Equity Tier I Capital Before Deductions	29,473,297	26,536,570
Deductions From Common Equity Tier I Capital		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	823,054	115,238
Leasehold Improvements on Operational Leases (-)	89,436	92,112
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	60,783	32,250
Net Deferred Tax Asset/Liability (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	1,406	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	974,679	239,600
Total Common Equity Tier I Capital	28,498,618	26,296,970
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Additional Tier I Capital before Deductions	-	-

	<i>Current Period</i>	<i>Prior Period (*)</i>
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Additional Tier I Capital in cases where there are no adequate Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital		
Deductions from Tier I Capital		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	91,175	129,000
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Total Tier I Capital	28,407,443	26,167,970
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	125,559	125,501
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-	-
General Provisions	2,482,443	2,065,505
Tier II Capital before Deductions	2,608,002	2,191,006
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	2,608,002	2,191,006

	<i>Current Period</i>	<i>Prior Period (*)</i>
CAPITAL BEFORE DEDUCTIONS		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	252	87
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	61,884	32,417
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	229,154	184,367
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other items to be Defined by the BRSA (-)	53,435	25,448
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL	30,670,720	28,116,657
Amounts lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	266,684	384,807

(*) The effects of restatements in prior years' financial statements as disclosed under Note 3.24.1 are not reflected.

4.1.5 Components of total capital subject to temporary applications

<i>Current Period</i>	Parent Bank Only	
	Amount Included in Total Capital Calculation	Total Amount
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	125,559	167,790

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

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

4.2 Credit risk

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

4.3 Market risk

The Bank’s risk management activities are managed under the responsibility of the board of directors in compliance with “the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks”.

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with “the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks” published in the Official Gazette no. 29057 dated 11 July 2014.

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, desk, stop-loss approved by the board of directors for trading portfolio are also applied for limiting the market risk.

4.3.1 Value at market risk

	<i>Current Period</i>	<i>Prior Period</i>
(I) Capital Requirement against General Market Risk - Standard Method	80,189	74,413
(II) Capital Requirement against Specific Risks - Standard Method	34,580	34,142
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	160,718	130,923
(IV) Capital Requirement against Commodity Risks - Standard Method	4,349	2,115
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	167,928	110,476
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	47,485	15,275
(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)	495,249	367,344
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	6,190,613	4,591,800

4.3.2 Monthly average values at market risk

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

4.3.3 Quantitative information on counterparty risk

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

4.4 Operational risk

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

4.5 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 September 2015, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to TL 3,595,899 thousands (31 December 2014: TL 8,519,046 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 2,192,750 thousands (31 December 2014: TL 6,276,952 thousands), while net foreign currency short position amounts to TL 1,403,149 thousands (31 December 2014: TL 2,242,094 thousands).

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

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

	USD	EUR
Foreign currency purchase rates at balance sheet date	3.0050	3.3558
<u>Exchange rates for the days before balance sheet date:</u>		
Day 1	3.0130	3.3803
Day 2	3.0210	3.3938
Day 3	3.0000	3.3390
Day 4	3.0050	3.3462
Day 5	2.9750	3.3305
Last 30-days arithmetical average rates	2.9896	3.3541

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	4,462,376	21,665,816	4,927,245	31,055,437
Banks	2,232,255	9,893,359	223,606	12,349,220
Financial Assets at Fair Value through Profit/Loss	109,341	282,027	-	391,368
Interbank Money Market Placements	-	120,201	-	120,201
Financial Assets Available-for-Sale	63,512	780,461	-	843,973
Loans (*)	22,925,574	43,707,769	552,855	67,186,198
Investments in Associates, Affiliates and Joint-Ventures	2,515,744	-	128,832	2,644,576
Investments Held-to-Maturity	20,168	10,008,671	-	10,028,839
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	141	199	-	340
Intangible Assets	-	-	-	-
Other Assets	257,131	1,200,070	9,006	1,466,207
Total Assets	32,586,242	87,658,573	5,841,544	126,086,359
Liabilities				
Bank Deposits	927,878	2,854,374	363,288	4,145,540
Foreign Currency Deposits	22,573,086	50,963,760	1,728,104	75,264,950
Interbank Money Market Takings	-	2,359,106	259,015	2,618,121
Other Fundings	8,736,824	22,790,158	105,765	31,632,747
Securities Issued	1,928,334	8,837,778	809,878	11,575,990
Miscellaneous Payables	109,997	865,000	233,304	1,208,301
Derivative Financial Liabilities Held for Risk Management	-	184,434	154,248	338,682
Other Liabilities (**)	254,648	1,589,302	1,053,977	2,897,927
Total Liabilities	34,530,767	90,443,912	4,707,579	129,682,258
Net 'On Balance Sheet' Position	(1,944,525)	(2,785,339)	1,133,965	(3,595,899)
Net 'Off-Balance Sheet' Position	2,661,086	492,355	(960,691)	2,192,750
Derivative Assets	13,760,189	35,259,329	6,196,896	55,216,414
Derivative Liabilities	11,099,103	34,766,974	7,157,587	53,023,664
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	22,426,894	67,625,299	5,472,722	95,524,915
Total Liabilities	26,969,308	71,799,794	5,274,859	104,043,961
Net 'On Balance Sheet' Position	(4,542,414)	(4,174,495)	197,863	(8,519,046)
Net 'Off-Balance Sheet' Position	3,637,132	2,345,574	294,246	6,276,952
Derivative Assets	11,551,661	30,719,160	4,852,863	47,123,684
Derivative Liabilities	7,914,529	28,373,586	4,558,617	40,846,732
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 6,033,403 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 1,173,090 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	954,855	-	-	-	-	31,993,706	32,948,561
Banks	3,897,686	1,795,387	1,838,080	-	-	4,892,917	12,424,070
Financial Assets at Fair Value through Profit/Loss (**)	20,038	27,014	18,746	40,875	7,071	2,428,473	2,542,217
Interbank Money Market Placements	120,200	-	-	-	-	1	120,201
Financial Assets Available-for-Sale	802,570	6,412,095	7,108,543	2,808,193	1,170,280	774,336	19,076,017
Loans (**)	36,431,290	21,911,847	45,311,352	40,988,724	11,727,886	3,404,398	159,775,497
Investments Held-to-Maturity	2,914,002	3,043,389	2,701,326	4,230,979	7,378,156	1,485,068	21,752,920
Other Assets	8,282	-	-	-	3,098	12,048,769	12,060,149
Total Assets	45,148,923	33,189,732	56,978,047	48,068,771	20,286,491	57,027,668	260,699,632
Liabilities							
Bank Deposits	3,832,977	1,013,207	296,957	-	-	1,959,019	7,102,160
Other Deposits	74,540,431	23,342,508	12,119,563	697,366	-	31,555,631	142,255,499
Interbank Money Market Takings	10,954,416	-	2,348,956	256,021	-	23,752	13,583,145
Miscellaneous Payables	-	-	-	-	-	8,177,843	8,177,843
Securities Issued	1,217,307	1,560,337	1,697,069	6,991,054	3,263,782	312,088	15,041,637
Other Fundings	14,344,388	12,419,284	1,883,629	5,122,817	169,023	186,997	34,126,138
Other Liabilities	19,728	23,848	10,829	3,880	-	40,354,925	40,413,210
Total Liabilities	104,909,247	38,359,184	18,357,003	13,071,138	3,432,805	82,570,255	260,699,632
On Balance Sheet Long Position	-	-	38,621,044	34,997,633	16,853,686	-	90,472,363
On Balance Sheet Short Position	(59,760,324)	(5,169,452)	-	-	-	(25,542,587)	(90,472,363)
Off-Balance Sheet Long Position	6,615,364	10,448,697	5,247,740	5,335,519	2,301,821	-	29,949,141
Off-Balance Sheet Short Position	(2,532,580)	(7,002,477)	(5,350,209)	(8,551,016)	(6,765,622)	-	(30,201,904)
Total Position	(55,677,540)	(1,723,232)	38,518,575	31,782,136	12,389,885	(25,542,587)	(252,763)

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

(**) Loans amounting to TL 196,270 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	-	-	-	-	-	25,072,652	25,072,652
Banks	3,409,886	1,287,622	1,636,745	-	-	2,105,696	8,439,949
Financial Assets at Fair Value through Profit/Loss(**)	16,111	114,836	23,659	216,429	2,853	1,308,644	1,682,532
Interbank Money Market Placements	80,445	-	-	-	-	1	80,446
Financial Assets Available-for-Sale	1,613,924	7,768,940	4,996,785	2,744,401	1,431,427	1,496,509	20,051,986
Loans (**)	33,732,426	16,269,559	36,342,815	37,662,675	7,905,806	2,345,902	134,259,183
Investments Held-to-Maturity	728,378	4,177,637	5,589,282	3,296,123	5,864,176	1,358,906	21,014,502
Other Assets	6,144	-	-	-	3,071	8,993,162	9,002,377
Total Assets	39,587,314	29,618,594	48,589,286	43,919,628	15,207,333	42,681,472	219,603,627
Liabilities							
Bank Deposits	1,183,549	2,148,671	116,328	-	-	1,917,759	5,366,307
Other Deposits	56,667,997	24,500,044	8,759,624	64,961	153	24,948,895	114,941,674
Interbank Money Market Takings	8,051,352	1,312,907	-	1,997,965	-	23,696	11,385,920
Miscellaneous Payables	-	-	-	-	-	6,816,630	6,816,630
Securities Issued	1,527,276	1,495,978	1,847,139	5,696,356	2,511,311	274,187	13,352,247
Other Fundings	11,518,555	13,107,658	3,437,852	3,530,614	355,448	514,049	32,464,176
Other Liabilities	12,248	25,886	20,409	2	-	35,218,128	35,276,673
Total Liabilities	78,960,977	42,591,144	14,181,352	11,289,898	2,866,912	69,713,344	219,603,627
On Balance Sheet Long Position	-	-	34,407,934	32,629,730	12,340,421	-	79,378,085
On Balance Sheet Short Position	(39,373,663)	(12,972,550)	-	-	-	(27,031,872)	(79,378,085)
Off-Balance Sheet Long Position	5,269,642	6,150,351	4,630,864	4,792,315	1,296,240	-	22,139,412
Off-Balance Sheet Short Position	(1,294,542)	(2,676,922)	(4,598,308)	(9,614,462)	(4,315,227)	-	(22,499,461)
Total Position	(35,398,563)	(9,499,121)	34,440,490	27,807,583	9,321,434	(27,031,872)	(360,049)

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

(**) Loans amounting to TL 201,385 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	-	0.22	-	2.43
Banks	0.17	0.27	-	9.58
Financial Assets at Fair Value through Profit/Loss	4.65	7.84	-	9.57
Interbank Money Market Placements	-	0.20	-	-
Financial Assets Available-for-Sale	-	5.71	-	9.51
Loans	3.94	5.08	2.69	14.75
Investments Held-to-Maturity	0.19	5.48	-	9.01
Liabilities				
Bank Deposits	1.16	1.07	-	10.76
Other Deposits	1.01	1.42	1.05	7.87
Interbank Money Market Takings	-	2.14	1.49	9.3
Miscellaneous Payables	-	-	-	-
Securities Issued	3.57	4.69	0.94	9.69
Other Fundings	1.15	2.10	1.91	11.60

<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	-	-	-	0.53
Banks	0.40	0.34	-	10.72
Financial Assets at Fair Value through Profit/Loss	4.63	8.49	-	9.69
Interbank Money Market Placements	-	0.45	-	-
Financial Assets Available-for-Sale	5.67	6.99	-	9.44
Loans	4.54	5.06	2.42	14.38
Investments Held-to-Maturity	-	5.41	-	9.96
Liabilities				
Bank Deposits	1.50	1.48	-	9.06
Other Deposits	1.23	1.43	1.68	7.35
Interbank Money Market Takings	-	1.09	1.49	8.33
Miscellaneous Payables	-	-	-	-
Securities Issued	3.48	4.62	0.98	9.36
Other Fundings	1.26	2.13	2.03	9.66

4.6.3 Interest rate risk on banking book

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

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

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

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

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

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

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

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

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

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

	<i>Current Period</i>	Shocks Applied	Gains/Losses	Gains/Equity- Losses/Equity
	Type of Currency	(+/- basis points)		
1	TL	(+) 500bp	(3,208,773)	(10.46)%
2	TL	(-) 400bp	3,105,669	10.13%
3	USD	(+) 200bp	(731,106)	(2.38)%
4	USD	(-) 200bp	984,508	3.21%
5	EUR	(+) 200bp	53,238	0.17%
6	EUR	(-) 200bp	(23,571)	(0.08)%
	Total (of negative shocks)		4,066,606	13.26%
	Total (of positive shocks)		(3,886,641)	(12.67)%

<i>Prior Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,213,578)	(11.43)%
2	TL	(-) 400 bps	3,139,075	11.16%
3	USD	(+) 200 bps	(730,443)	(2.60)%
4	USD	(-) 200 bps	977,780	3.48%
5	EUR	(+) 200 bps	54,777	0.19%
6	EUR	(-) 200 bps	(82,307)	(0.29)%
Total (of negative shocks)			4,034,548	14.35%
Total (of positive shocks)			(3,889,244)	(13.84)%

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	4,538,845	4,426,732	72,361
	Quoted Securities	67,276	67,276	72,361
2	Investment in Shares- Grade B	88,430	61,333	65,969
	Quoted Securities	61,333	61,333	65,969
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	-	-	-

(*) The balances are as per the results of equity accounting application.

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value ^(*)	Market Value
1	Investment in Shares- Grade A	3,817,271	3,705,157	86,916
	Quoted Securities	60,108	60,108	86,916
2	Investment in Shares- Grade B	81,896	54,798	79,239
	Quoted Securities	54,798	54,798	79,239
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	-	-	-

(*) The balances are as per the results of equity accounting application.

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		
Portfolio			Total	Amount in Tier I Capital ^(*)	Total	Amount in Core Capital	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-	
2	Quoted Shares	-	43,357	43,357	-	-	
3	Other Shares	-	2,557,018	2,557,018	-	-	
	Total	-	2,600,375	2,600,375	-	-	

(*) The balances are as per the results of equity accounting application.

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses		
Portfolio			Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-	
2	Quoted Shares	-	-	-	70,493	70,493	
3	Other Shares	-	1,433,650	1,433,650	-	-	
	Total	-	1,433,650	1,433,650	70,493	70,493	

(*) The balances are as per the results of equity accounting application.

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.

4.8.1 Contractual maturity analysis of liabilities according to remaining maturities

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

4.8.2 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	11,456,121	21,492,440	-	-	-	-	-	32,948,561
Banks	4,882,625	2,396,874	191,311	340,520	4,612,740	-	-	12,424,070
Financial Assets at Fair Value through Profit/Loss (**)	5,550	504,490	423,284	704,007	678,061	226,825	-	2,542,217
Interbank Money Market Placements	-	120,201	-	-	-	-	-	120,201
Financial Assets Available-for-Sale	97,615	33,219	16,100	3,398,086	6,976,220	8,554,777	-	19,076,017
Loans (**)	196,039	27,673,398	13,263,248	38,548,757	56,628,614	20,046,771	3,418,670	159,775,497
Investments Held-to-Maturity	-	44,246	-	798,653	7,254,806	13,655,215	-	21,752,920
Other Assets	2,740,237	1,134,862	-	306,754	297,387	218,726	7,362,183	12,060,149
Total Assets	19,378,187	53,399,730	13,893,943	44,096,777	76,447,828	42,702,314	10,780,853	260,699,632
Liabilities								
Bank Deposits	1,952,213	3,836,254	1,015,192	298,501	-	-	-	7,102,160
Other Deposits	31,055,285	74,813,123	23,450,141	12,185,140	740,816	10,994	-	142,255,499
Other Fundings	-	453,091	5,376,664	9,390,218	12,674,531	6,231,634	-	34,126,138
Interbank Money Market Takings	-	10,965,024	-	2,359,106	259,015	-	-	13,583,145
Securities Issued	-	246,925	1,480,607	2,618,812	7,233,579	3,461,714	-	15,041,637
Miscellaneous Payables	1,279,698	6,898,145	-	-	-	-	-	8,177,843
Other Liabilities (***)	3,036,798	818,341	480,999	1,326,765	1,022,042	511,405	33,216,860	40,413,210
Total Liabilities	37,323,994	98,030,903	31,803,603	28,178,542	21,929,983	10,215,747	33,216,860	260,699,632
Liquidity Gap	(17,945,807)	(44,631,173)	(17,909,660)	15,918,235	54,517,845	32,486,567	(22,436,007)	-
Prior Period								
Total Assets	9,401,780	48,048,266	14,275,385	33,011,105	65,199,680	40,689,820	8,977,591	219,603,627
Total Liabilities	28,728,743	75,371,022	32,007,265	23,857,155	20,270,558	7,934,649	31,434,235	219,603,627
Liquidity Gap	(19,326,963)	(27,322,756)	(17,731,880)	9,153,950	44,929,122	32,755,171	(22,456,644)	-

(*) 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 affiliates, stationary supplies, prepaid expenses and loans under follow-up, are included in this column.

(**) Loans amounting to TL 196,270 thousands (31 December 2014: TL 201,385 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	69,583,725	5,217,524	-	-
Conditional and unconditional exposures to regional governments or local authorities	59,603	51	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	65,359	145	-	-
Conditional and unconditional exposures to multilateral development banks	551,671	493,945	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	40,777,850	15,673,818	-	-
Conditional and unconditional exposures to corporates	140,692,716	17,229,154	-	-
Conditional and unconditional retail exposures	69,670,003	331,585	-	-
Conditional and unconditional exposures secured by real estate property ^(*)	26,561,127	21,457	-	-
Past due items	478,806	-	-	-
Items in regulatory high-risk categories	16,569,925	117,161	-	-
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	43,405	-	-	-
Other items	10,612,492	-	-	-

^(*) 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	62,349,802	4,159,123	-	-
Conditional and unconditional exposures to regional governments or local authorities	58,056	117	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	75,453	13,771	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	31,824,025	10,622,460	-	-
Conditional and unconditional exposures to corporates	108,194,500	12,220,031	-	-
Conditional and unconditional retail exposures	64,700,150	1,061,892	-	-
Conditional and unconditional exposures secured by real estate property ^(*)	22,029,299	90,319	-	-
Past due items	439,219	523	-	-
Items in regulatory high-risk categories	17,238,709	140,316	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	54,451	-	-	-
Other items	7,878,736	-	-	-

^(*) 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

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

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

None.

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and balances with Central Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,418,802	741,321	1,089,200	589,326
Central Bank of Turkey	474,322	29,841,261	670,794	22,027,261
Others	-	472,855	-	696,071
Total	1,893,124	31,055,437	1,759,994	23,312,658

Balances with the Central Bank of Turkey

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	474,322	8,348,820	670,794	2,431,663
Unrestricted Time Deposits	-	7	-	-
Restricted Time Deposits	-	21,492,434	-	19,595,598
Total	474,322	29,841,261	670,794	22,027,261

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	-	-	-	265,254
Assets Subject to Repurchase Agreements	-	-	-	-
Total	-	-	-	265,254

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	589,007	21,253	113,870	22,136
Swap Transactions	724,541	397,970	435,049	497,523
Futures	-	550	-	-
Options	632,186	55,325	199,825	22,609
Other	-	-	-	-
Total	1,945,734	475,098	748,744	542,268

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. The carrying value of these financial assets and the related current period loss amounted to TL 196,270 thousands (31 December 2014: TL 201,385 thousands) and TL 5,115 thousands (31 December 2014: a gain of TL 2,607 thousands), respectively.

5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	34,714	251,423	1,186,762	144,712
Foreign banks	40,136	12,097,797	233,129	6,875,346
Foreign headoffices and branches	-	-	-	-
Total	74,850	12,349,220	1,419,891	7,020,058

The placements at foreign banks include blocked accounts amounting TL 8,696,028 thousands (31 December 2014: TL 5,578,016 thousands) of which TL 144,157 thousands (31 December 2014: TL 108,410 thousands) and TL 63,953 thousands (31 December 2014: TL 50,066 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 8,487,918 thousands (31 December 2014: TL 5,419,540 thousands) as collateral against funds borrowed at various banks.

Due from foreign banks

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

5.1.4.1 *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	3,193,969	2,880	5,463,784	141,803
Assets subject to Repurchase Agreements	9,093,461	-	5,024,297	523,499
Total	12,287,430	2,880	10,488,081	665,302

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

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	18,656,342	18,605,649
Quoted at Stock Exchange	18,017,892	16,961,989
Unquoted at Stock Exchange	638,450	1,643,660
Common Shares/Investment Funds	72,388	61,048
Quoted at Stock Exchange (*)	7,669	7,669
Unquoted at Stock Exchange	64,719	53,379
Value Increases/Impairment Losses (-)	347,287	1,385,289
Total	19,076,017	20,051,986

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	377	414,776	786	175,423
Corporates	377	414,776	786	175,423
Individuals	-	-	-	-
Indirect Lendings to Shareholders	1,969,400	270,995	1,532,539	534,359
Loans to Employees	184,671	93	165,305	68
Total	2,154,448	685,864	1,698,630	709,850

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	153,212,041	2,535,738	248,804	5,844,986	3,139,170	507,781
Working Capital Loans	14,573,422	396,239	-	924,417	499,468	90,900
Export Loans	7,097,022	10,073	-	116,898	53,478	37,508
Import Loans	15,506	-	-	-	-	-
Loans to Financial Sector (*)	4,356,336	1,006	-	-	-	-
Consumer Loans	35,470,342	1,616,765	-	1,693,299	592,484	47,848
Credit Cards	15,948,673	-	248,804	519,222	-	289,754
Others	75,750,740	511,655	-	2,591,150	1,993,740	41,771
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	153,212,041	2,535,738	248,804	5,844,986	3,139,170	507,781

(*) Loans amounting to TL 196,270 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”.

As of 30 September 2015, loans amounting to TL 5,667,346 thousands (31 December 2014: TL 4,462,373 thousands) are collateralized under funding transactions.

<i>Prior Period</i>	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Loans	129,439,486	1,640,194	225,215	4,192,829	1,997,330	328,572
Working Capital Loans	9,408,051	142,850	-	756,677	390,281	84,370
Export Loans	5,628,789	1,238	-	107,215	50,771	36,519
Import Loans	11,583	-	-	-	-	-
Loans to Financial Sector (*)	4,455,628	7,159	-	-	-	-
Consumer Loans	32,150,830	1,212,387	-	1,279,181	403,716	17,043
Credit Cards	14,446,110	-	225,215	343,754	-	127,602
Others	63,338,495	276,560	-	1,706,002	1,152,562	63,038
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	129,439,486	1,640,194	225,215	4,192,829	1,997,330	328,572

(*) Loans amounting to TL 201,385 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	26,343	3,657	-	30,000
Loans Collateralized by Mortgages	2,279,756	648,645	-	2,928,401
Loans Collateralized by Pledged Assets	36,985	62,106	-	99,091
Loans Collateralized by Cheques and Notes	56,087	564,803	-	620,890
Loans Collateralized by Other Collaterals	810,124	10,879	-	821,003
Unsecured Loans	423,170	403,209	519,222	1,345,601
Total	3,632,465	1,693,299	519,222	5,844,986

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	55,698	2,557	-	58,255
Loans Collateralized by Mortgages	1,458,181	469,735	-	1,927,916
Loans Collateralized by Pledged Assets	65,422	53,246	-	118,668
Loans Collateralized by Cheques and Notes	36,397	464,607	-	501,004
Loans Collateralized by Other Collaterals	622,907	8,621	-	631,528
Unsecured Loans	331,289	280,415	343,754	955,458
Total	2,569,894	1,279,181	343,754	4,192,829

Delinquency periods of loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	170,967	643,822	175,008	989,797
61-90 days	58,771	233,221	63,124	355,116
Others	3,402,727	816,256	281,090	4,500,073
Total	3,632,465	1,693,299	519,222	5,844,986

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	79,098	521,366	166,123	766,587
61-90 days	59,808	186,287	49,641	295,736
Others	2,430,988	571,528	127,990	3,130,506
Total	2,569,894	1,279,181	343,754	4,192,829

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	2,199,825	2,973,958	1,488,390	1,941,546
3, 4 or 5 times	246,839	148,750	82,054	43,603
Over 5 times	89,074	16,462	69,750	12,181

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	346,784	405,233	753,862	297,097
6 - 12 months	577,924	146,524	199,948	60,275
1 - 2 years	1,006,590	223,913	438,171	166,395
2 - 5 year	537,560	1,775,128	196,502	747,346
5 years and over	66,880	588,372	51,711	726,217

5.1.5.3 Maturity analysis of cash loans

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

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	670,678	35,705,444	36,376,122
Housing Loans	22,860	18,026,504	18,049,364
Automobile Loans	26,740	1,410,963	1,437,703
General Purpose Loans	621,078	16,267,977	16,889,055
Other	-	-	-
Consumer Loans – FC-indexed	-	189,628	189,628
Housing Loans	-	186,129	186,129
Automobile Loans	-	21	21
General Purpose Loans	-	3,478	3,478
Other	-	-	-
Consumer Loans – FC	6	43,516	43,522
Housing Loans	-	29,476	29,476
Automobile Loans	-	7,041	7,041
General Purpose Loans	6	6,999	7,005
Other	-	-	-
Retail Credit Cards – TL	14,005,093	498,152	14,503,245
With Installment	6,711,953	498,152	7,210,105
Without Installment	7,293,140	-	7,293,140
Retail Credit Cards – FC	59,641	-	59,641
With Installment	13,972	-	13,972
Without Installment	45,669	-	45,669
Personnel Loans – TL	19,072	75,637	94,709
Housing Loan	-	606	606
Automobile Loans	-	90	90
General Purpose Loans	19,072	74,941	94,013
Other	-	-	-
Personnel Loans - FC-indexed	-	350	350
Housing Loans	-	350	350
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	3	148	151
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	3	148	151
Other	-	-	-
Personnel Credit Cards – TL	88,507	444	88,951
With Installment	36,692	444	37,136
Without Installment	51,815	-	51,815
Personnel Credit Cards – FC	1,019	-	1,019
With Installment	279	-	279
Without Installment	740	-	740
Deposit Accounts– TL (Real persons)	459,159	-	459,159
Deposit Accounts– FC (Real persons)	-	-	-
Total	15,303,178	36,513,319	51,816,497

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	690,325	32,082,213	32,772,538
Housing Loans	19,660	15,359,984	15,379,644
Automobile Loans	21,705	1,341,922	1,363,627
General Purpose Loans	127,056	2,240,482	2,367,538
Other	521,904	13,139,825	13,661,729
Consumer Loans – FC-indexed	-	172,451	172,451
Housing Loans	-	168,056	168,056
Automobile Loans	-	60	60
General Purpose Loans	-	3,235	3,235
Other	-	1,100	1,100
Consumer Loans – FC	5	33,457	33,462
Housing Loans	-	25,626	25,626
Automobile Loans	-	5,219	5,219
General Purpose Loans	-	652	652
Other	5	1,960	1,965
Retail Credit Cards – TL	12,837,030	470,688	13,307,718
With Installment	5,992,626	470,688	6,463,314
Without Installment	6,844,404	-	6,844,404
Retail Credit Cards – FC	42,780	-	42,780
With Installment	15,930	-	15,930
Without Installment	26,850	-	26,850
Personnel Loans – TL	16,348	62,853	79,201
Housing Loan	-	967	967
Automobile Loans	-	57	57
General Purpose Loans	4,382	11,834	16,216
Other	11,966	49,995	61,961
Personnel Loans - FC-indexed	-	279	279
Housing Loans	-	279	279
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	110	110
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	110	110
Other	-	-	-
Personnel Credit Cards – TL	77,254	475	77,729
With Installment	30,149	475	30,624
Without Installment	47,105	-	47,105
Personnel Credit Cards – FC	726	-	726
With Installment	304	-	304
Without Installment	422	-	422
Deposit Accounts– TL (Real persons)	371,970	-	371,970
Deposit Accounts– FC (Real persons)	-	-	-
Total	14,036,438	32,822,526	46,858,964

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,289,051	9,164,160	10,453,211
Real Estate Loans	2,893	711,191	714,084
Automobile Loans	71,024	1,850,741	1,921,765
General Purpose Loans	1,215,134	6,602,228	7,817,362
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	194,641	1,959,958	2,154,599
Real Estate Loans	610	57,061	57,671
Automobile Loans	5,819	515,872	521,691
General Purpose Loans	188,212	1,387,025	1,575,237
Other	-	-	-
Installment-based Commercial Loans – FC	303	52,518	52,821
Real Estate Loans	-	1,082	1,082
Automobile Loans	142	13,816	13,958
General Purpose Loans	161	37,620	37,781
Other	-	-	-
Corporate Credit Cards – TL	1,802,713	2,000	1,804,713
With Installment	886,728	2,000	888,728
Without Installment	915,985	-	915,985
Corporate Credit Cards – FC	10,326	-	10,326
With Installment	250	-	250
Without Installment	10,076	-	10,076
Deposit Accounts– TL (Corporates)	880,489	-	880,489
Deposit Accounts– FC (Corporates)	-	-	-
Total	4,177,523	11,178,636	15,356,159

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,428,068	8,727,986	10,156,054
Real Estate Loans	1,767	643,270	645,037
Automobile Loans	72,896	1,724,661	1,797,557
General Purpose Loans	1,353,405	6,353,477	7,706,882
Other	-	6,578	6,578
Installment-based Commercial Loans - FC-indexed	149,234	1,373,897	1,523,131
Real Estate Loans	-	53,175	53,175
Automobile Loans	4,288	343,744	348,032
General Purpose Loans	144,946	976,978	1,121,924
Other	-	-	-
Installment-based Commercial Loans – FC	225	68,162	68,387
Real Estate Loans	-	1,088	1,088
Automobile Loans	20	6,725	6,745
General Purpose Loans	205	14,248	14,453
Other	-	46,101	46,101
Corporate Credit Cards – TL	1,353,768	515	1,354,283
With Installment	654,951	514	655,465
Without Installment	698,817	1	698,818
Corporate Credit Cards – FC	6,628	-	6,628
With Installment	136	-	136
Without Installment	6,492	-	6,492
Deposit Accounts– TL (corporates)	716,754	-	716,754
Deposit Accounts– FC (corporates)	-	-	-
Total	3,654,677	10,170,560	13,825,237

5.1.5.6 Allocation of loans by customers

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

5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	156,786,662	131,707,500
Foreign Loans (*)	2,270,365	1,924,815
Total	159,057,027	133,632,315

(*) Loans amounting to TL 196,270 thousands (31 December 2014: TL 201,385 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 affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	872,856	1,010,312
Indirect Lending	-	-
Total	872,856	1,010,312

5.1.5.9 Specific provisions for loans

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	316,569	309,887
Doubtful Loans and Receivables	583,360	596,107
Uncollectible Loans and Receivables	2,137,970	1,767,967
Total	3,037,899	2,673,961

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)	140,061	181,218	439,852
Restructured Loans and Receivables	140,061	181,218	439,852
Rescheduled Loans and Receivables	-	-	-
<i>Prior Period</i>			
(Gross Amounts before Specific Provisions)	98,424	121,778	240,451
Restructured Loans and Receivables	98,424	121,778	240,451
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	405,091	748,030	2,147,708
Additions during the Period (+)	1,371,079	48,156	25,512
Transfer from Other NPL Categories (+)	-	1,116,096	992,232
Transfer to Other NPL Categories (-)	1,116,096	992,232	-
Collections during the Period (-)	224,154	179,410	388,989
Write-offs (-) (*)	537	611	195,506
Corporate and Commercial Loans	537	609	118,156
Retail Loans	-	-	33,425
Credit Cards	-	2	43,925
Others	-	-	-
Balances at End of Period	435,383	740,029	2,580,957
Specific Provisions (-)	316,569	583,360	2,137,970
Net Balance on Balance Sheet	118,814	156,669	442,987

(*) of which TL 82,048 thousands is 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	378,430	402,395	1,757,605
Additions during the Period (+)	1,449,028	213,359	48,688
Transfer from Other NPL Categories (+)	-	1,198,736	865,678
Transfer to Other NPL Categories (-)	1,198,736	865,678	-
Collections during the Period (-)	223,631	200,231	242,518
Write-offs (-) (*)	-	551	281,745
Corporate and Commercial Loans	-	256	39,571
Retail Loans	-	295	57,734
Credit Cards	-	-	184,440
Others	-	-	-
Balances at End of Period	405,091	748,030	2,147,708
Specific Provisions (-)	309,887	596,107	1,767,967
Net Balance on Balance Sheet	95,204	151,923	379,741

(*) 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	1,158,403	823,655	691,903	2,673,961
Additions during the Period(+)	154,509	611,450	392,534	1,158,493
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	183,347	264,464	151,995	599,806
Write-offs (-) (*)	117,410	33,412	43,927	194,749
Balances at End of Period	1,012,155	1,137,229	888,515	3,037,899

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

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	936,813	510,037	609,618	2,056,468
Additions during the Period(+)	382,334	611,458	423,458	1,417,250
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	128,055	239,811	156,733	524,599
Write-offs (-) (*)	32,689	58,029	184,440	275,158
Balances at End of Period	1,158,403	823,655	691,903	2,673,961

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

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	28,982	55,773	488,025
Specific Provisions (-)	5,989	36,122	382,311
Net Balance at Balance Sheet	22,993	19,651	105,714
<i>Prior Period</i>			
Balance at End of Period	24,020	41,143	581,702
Specific Provisions (-)	14,586	20,846	469,969
Net Balance at Balance Sheet	9,434	20,297	111,733

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>			
	118,814	156,669	442,987
Loans to Individuals and Corporates (Gross)	435,383	740,029	2,579,642
Specific Provision (-)	316,569	583,360	2,136,655
Loans to Individuals and Corporates (Net)	118,814	156,669	442,987
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,004
Specific Provision (-)	-	-	1,004
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>			
	95,204	151,923	379,741
Loans to Individuals and Corporates (Gross)	405,091	748,030	2,140,816
Specific Provision (-)	309,887	596,107	1,761,075
Loans to Individuals and Corporates (Net)	95,204	151,923	379,741
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,581
Specific Provision (-)	-	-	6,581
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	2,167	288	-	2,455
Loans Collateralized by Mortgages	714,608	80,894	-	795,502
Loans Collateralized by Pledged Assets	239,909	53,481	-	293,390
Loans Collateralized by Cheques and Notes	261,602	9,059	-	270,661
Loans Collateralized by Other Collaterals	367,400	754,734	-	1,122,134
Unsecured Loans	74,384	309,328	888,515	1,272,227
Total	1,660,070	1,207,784	888,515	3,756,369

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	2,864	235	-	3,099
Loans Collateralized by Mortgages	813,345	70,508	-	883,853
Loans Collateralized by Pledged Assets	260,817	52,180	-	312,997
Loans Collateralized by Cheques and Notes	303,295	7,650	-	310,945
Loans Collateralized by Other Collaterals	270,842	575,930	-	846,772
Unsecured Loans	71,048	180,212	691,903	943,163
Total	1,722,211	886,715	691,903	3,300,829

5.1.5.11 *Liquidation policy for uncollectible loans and receivables*

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

5.1.5.12 *“Write-off” policies*

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

5.1.6 **Investments held-to-maturity**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	6,869,447	1,394,691	6,708,866	718,432
Investments subject to Repurchase Agreements	4,369,458	307,978	1,996,759	4,612,969
Total	11,238,905	1,702,669	8,705,625	5,331,401

5.1.6.2 *Government securities held-to-maturity*

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	17,632,975	18,001,879
Treasury Bills	-	-
Other Government Securities	-	-
Total	17,632,975	18,001,879

5.1.6.3 *Investments held-to-maturity*

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	20,284,199	19,655,596
Quoted at Stock Exchange	19,400,870	18,319,161
Unquoted at Stock Exchange	883,329	1,336,435
Valuation Increase/(Decrease)	1,468,721	1,358,906
Total	21,752,920	21,014,502

5.1.6.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	21,014,502	13,984,435
Foreign Currency Differences On Monetary Assets	2,261,843	74,753
Purchases during the Period ^(*)	1,328,461	7,689,505
Disposals through Sales/Redemptions ^(**)	(2,961,701)	(1,649,588)
Valuation Effect	109,815	915,397
Balances at End of Period	21,752,920	21,014,502

In the prior period,

(*) The Bank reclassified private sector bonds with “credit linked notes” with a total face value of USD 425,000,000 from financial assets available-for-sale portfolio to investments held-to-maturity portfolio.

(**) 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, and as per the letter of the Public Oversight, Accounting and Auditing Standards Authority no. 602 dated 20 February 2013, in the prior period the Bank reclassified its eurobonds with a total face value of USD 248,209,999 to its available-for-sale portfolio.

In the current period,

(**) As per the exceptions set out in the relevant accounting standards (TAS 39) for the sale or reclassification of securities originally classified under the securities held-to-maturity before maturity, certain credit linked notes with a total face value of USD 300,000,000 were sold.

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 ⁽¹⁾	İstanbul/Turkey	5.25	5.28
4	Borsa İstanbul AŞ ⁽¹⁾	İstanbul/Turkey	0.30	0.34
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 ⁽¹⁾	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
1	57,389	30,944	36,564	411	-	5,165	3,980	-
2	704,971	74,948	3,661	5,453	638	260	(4)	-
3	6,485,603	824,413	95,520	99,854	7,836	87,910	66,776	-
4	866,503	801,117	115,461	8,483	43	237,963	84,105	-
5	117,454	95,106	61,625	2,287	1	17,045	15,409	-
6	371,590,359	38,642,079	654,695	4,032,420	2,313,892	8,529,957	13,198,929	-
7	308,741	303,658	4,283	6,311	-	10,141	6,085	-

(1) Financial information is as of 30 June 2015.

(2) Financial information is as of 31 December 2014.

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

5.1.7.2 Movement of investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	36,698	36,698
Movements during the Period	-	-
Acquisitions	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
Balance at End of Period	36,698	36,698
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

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	34,984
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	36,698
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 affiliates

5.1.8.1 Information on capital adequacy of major affiliates

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

<i>Current Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	463,951	357,848	1,238,589
Share Premium	-	-	43,538
Share Cancellation Profits	-	-	-
Reserves	859,634	329,714	(327,366)
Other Comprehensive Income according to TAS	479,107	-	22,210
Current and Prior Periods' Profits	24,034	93,466	61,648
Common Equity Tier I Capital Before Deductions	1,826,726	781,028	1,038,619
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	131,521	287	250,765
Leasehold Improvements on Operational Leases (-)	-	59	10,908
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	7,111	2,151	79,037
Net Deferred Tax Asset/Liability (-)	-	-	6,589
Total Deductions from Common Equity Tier I Capital	138,632	2,497	347,299
Total Common Equity Tier I Capital	1,688,094	778,531	691,320
Total Deductions From Tier I Capital	10,666	3,226	128,438
Total Tier I Capital	1,677,428	775,305	562,882
TIER II CAPITAL	100,674	-	64,274
CAPITAL BEFORE DEDUCTIONS	1,778,102	775,305	627,156
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	6	-
TOTAL CAPITAL	1,778,102	775,299	627,156

<i>Prior Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	386,379	357,848	1,029,352
Share Premium	-	-	36,183
Share Cancellation Profits	-	-	-
Reserves	956,232	238,680	(507,545)
Other Comprehensive Income according to TAS (*)	19,907	-	33,626
Current and Prior Periods' Profits	139,784	91,034	18,788
Common Equity Tier I Capital Before Deductions	1,502,302	687,562	610,404
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	85,138	287	2,253
Leasehold Improvements on Operational Leases (-)	-	-	12,053
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	3,378	833	32,486
Net Deferred Tax Asset/Liability (-)	-	-	6,048
Total Deductions from Common Equity Tier I Capital	88,516	1,120	52,840
Total Common Equity Tier I Capital	1,413,786	686,442	557,564
Total Deductions From Tier I Capital	13,513	3,332	154,137
Total Tier I Capital	1,400,273	683,110	403,427
TIER II CAPITAL	83,667	-	50,797
CAPITAL BEFORE DEDUCTIONS	1,483,940	683,110	454,224
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	6	-
TOTAL CAPITAL	1,483,940	683,104	454,224

5.1.8.2 Investments in affiliates

	Affiliate	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	99.96	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	96.40	99.40
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	100.00	100.00
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	64,622	56,976	58	929	2,330	6,901	7,269	-
2	25,677	18,588	1,952	666	504	1,394	910	-
3	8,478	8,060	14	-	359	1,951	2,767	-
4	1,467	1,052	85	-	12	131	100	-
5	4,028	3,817	2	-	191	749	1,038	-
6	4,986,635	780,742	21,614	276,245	-	93,466	72,759	-
7	2,922,598	157,906	4,764	173,476	-	17,523	15,940	-
8	83,249	44,980	5,114	2,747	1,877	3,697	3,106	-
9	43,353	36,998	5,433	1,920	5	5,734	9,025	-
10	8,433,823	1,031,022	31,646	78,159	8,233	146,453	133,216	-
11	16,084,400	1,695,206	78,908	313,967	72,759	24,034	150,954	-
12	537,321	133,025	30,372	25,702	15,323	(5,863)	10,510	-
13	1,088,256	1,088,168	-	2	-	(169)	(153)	-

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

(*) Valued at equity accounting.

5.1.8.3 Movement of investments in affiliates

	Current Period	Prior Period
Balance at Beginning of Period	3,864,193	3,615,778
Movements during the Period	728,108	248,415
Acquisitions	-	543
Bonus Shares Received	-	-
Earnings from Current Year Profit	318,560	439,123
Sales/Liquidations	-	-
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	(38,549)	(18,025)
Currency Differences on Foreign Affiliates	448,097	(173,226)
Impairment Reversals/(Losses)	-	-
Balance at End of Period	4,592,301	3,864,193
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.8.4 Sectoral distribution of investments in affiliates

Affiliates	Current Period	Prior Period
Banks	1,855,724	1,521,057
Insurance Companies	861,898	751,095
Factoring Companies	128,609	114,907
Leasing Companies	771,071	687,274
Finance Companies	870,763	685,624
Other Affiliates	104,236	104,236

5.1.8.5 Quoted affiliates

None.

5.1.8.6 Valuation methods of investments in affiliates

Affiliates	Current Period	Prior Period
Valued at Cost	104,236	104,236
Valued at Fair Value	4,488,065	3,759,957

(*) The balances are as per the results of equity accounting application.

5.1.8.7 Investments in affiliates disposed during the current period

None.

5.1.8.8 Investments in affiliates 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	56,452	-	31,158	83
Cash Flow Hedges	40,036	723,282	15,044	119,967
Net Foreign Investment Hedges	-	-	-	-
Total	96,488	723,282	46,202	120,050

As of 30 September 2015, 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:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	15,081,875	96,488	184,528	12,215,225	46,285	168,109
-TL	4,926,383	96,488	94	6,034,049	46,202	99,572
-FC	10,155,492	-	184,434	6,181,176	83	68,537
Cross Currency Swaps	5,701,979	723,282	154,248	5,215,329	119,967	111,274
-TL	1,950,690	-	-	2,090,223	-	-
-FC	3,751,289	723,282	154,248	3,125,106	119,967	111,274
Total	20,783,854	819,770	338,776	17,430,554	166,252	279,383

5.1.11.1.1 Fair value hedge accounting

Current Period						
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	113,103	8,198	(126,397)	(5,096)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(57,422)	48,254	(6,029)	(15,197)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(16,797)	-	(154,248)	(171,045)

Prior Period						
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	39,256	3,000	(57,277)	(15,021)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	42,104	28,241	(91,167)	(20,822)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(12,511)	-	(63,059)	(75,570)

5.1.11.1.2 Cash flow hedge accounting

Current Period							
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	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	-	(147)	(117)	83	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	40,036	(51,955)	(8,350)	8,543	(1,928)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	299,363	-	11,789	13,735	19
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	423,919	-	85,273	33,690	990

In the current period, the amounts reclassified from the shareholders' equity to the income statement and recognised in the shareholders' equity due to the ceased hedging transactions are TL 619 thousands and TL 1,050 thousands, respectively.

Prior Period							
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	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	15,044	(19,665)	(41,815)	(16,302)	-
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	76,306	-	(8,749)	27,285	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	43,661	(48,215)	(5,312)	(13,246)	-

5.1.12 Tangible assets

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

5.1.13 Intangible assets

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

5.1.14 Investment property

<i>Current Period</i>	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type				
Building	191,020	(46,992)	-	Operational lease
Land	-	-	-	-

<i>Prior Period</i>	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type				
Building	191,020	(43,555)	-	Operational lease
Land	-	-	-	-

5.1.15 Deferred tax asset

As of 30 September 2015, the Bank has a deferred tax asset of TL 251,771 thousands (31 December 2014: TL 455,267 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 September 2015. However, there is a deferred tax asset of TL 519,862 thousands (31 December 2014: TL 550,271 thousands) and deferred tax liability of TL 268,091 thousands (31 December 2014: TL 95,004 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 (*)	773,017	154,603	656,754	131,351
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	561,847	94,637	1,380,566	274,453
Other	12,656	2,531	247,317	49,463
Total Deferred Tax Asset, Net	1,347,520	251,771	1,627,883	455,267

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

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

As of 30 September 2015, TL 378,862 thousands of deferred tax expense (31 December 2014: TL 348,196 thousands of deferred tax income) and TL 175,365 thousands of deferred tax income (31 December 2014: TL 116,413 thousands) are recognised in the income statement and the shareholders’ equity, respectively.

5.1.16 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	178,986	152,094
Accumulated Depreciation (-)	(7,970)	(5,990)
Net Book Value	171,016	146,104
End of Current Period		
Additions	191,055	106,021
Disposals (Cost)	(64,478)	(77,188)
Disposals (Accumulated Depreciation)	3,559	1,212
Impairment Losses (-)	(1,337)	(1,941)
Depreciation Expense for Current Period (-)	(3,643)	(3,192)
Currency Translation Differences on Foreign Operations		-
Cost	304,226	178,986
Accumulated Depreciation (-)	(8,054)	(7,970)
Net Book Value	296,172	171,016

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 179,917 thousands (31 December 2014: TL 26,361 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, Affiliates and Joint Ventures	-	-
Sale of Real Estates	-	1,062
Sale of Other Assets	3,098	3,071
Total	3,098	4,133

5.1.17.2 Prepaid expenses, taxes and similar items

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	423,982	363,379
Prepaid Taxes	60,564	-

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	21,158	7	866	-
Financial Assets at Fair Value through Profit or Loss	236	1,855	180	17,399
Banks	3,243	10,937	11,994	14,892
Interbank Money Markets	-	1	-	1
Financial Assets Available-for-Sale	665,850	10,871	1,327,998	69,904
Loans	1,871,031	814,897	1,110,738	608,296
Investments Held-to-Maturity	1,414,038	71,030	1,242,349	116,557
Other Accruals	7,695	-	5,054	-
Total	3,983,251	909,598	3,699,179	827,049

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	7,273,373	-	3,871,751	32,579,624	887,831	651,240	474,309	4,785	45,742,913
Foreign Currency Deposits	14,669,229	-	6,874,440	34,295,237	3,379,401	5,115,292	10,869,352	61,999	75,264,950
Residents in Turkey	13,903,634	-	6,664,606	30,613,378	2,680,645	1,544,434	813,074	60,570	56,280,341
Residents in Abroad	765,595	-	209,834	3,681,859	698,756	3,570,858	10,056,278	1,429	18,984,609
Public Sector Deposits	2,074,391	-	2,604	27,645	42	139	34	-	2,104,855
Commercial Deposits	5,832,539	-	4,540,666	4,764,484	79,487	320,519	371,833	-	15,909,528
Other	154,125	-	103,427	1,278,303	5,669	2,491	516,148	-	2,060,163
Precious Metal Deposits	1,051,628	-	115	12,419	-	1,515	107,413	-	1,173,090
Bank Deposits	1,952,213	-	2,859,773	52,624	1,850,929	138,271	248,350	-	7,102,160
Central Bank of Turkey	-	-	1,850,552	-	-	-	-	-	1,850,552
Domestic Banks	5,552	-	981,124	5,740	-	2,150	4	-	994,570
Foreign Banks	931,401	-	28,097	46,884	1,850,929	136,121	248,346	-	3,241,778
Special Financial Institutions	1,015,260	-	-	-	-	-	-	-	1,015,260
Other	-	-	-	-	-	-	-	-	-
Total	33,007,498	-	18,252,776	73,010,336	6,203,359	6,229,467	12,587,439	66,784	149,357,659

<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	6,244,814	-	3,665,685	29,247,066	2,183,560	1,004,915	648,068	4,235	42,998,343
Foreign Currency Deposits	10,542,357	-	6,007,500	21,251,376	4,374,215	3,978,925	5,803,385	56,466	52,014,224
Residents in Turkey	9,743,242	-	5,841,715	18,773,727	3,215,937	1,352,314	563,655	54,785	39,545,375
Residents in Abroad	799,115	-	165,785	2,477,649	1,158,278	2,626,611	5,239,730	1,681	12,468,849
Public Sector Deposits	757,159	-	2,386	25,054	149	55	28	-	784,831
Commercial Deposits	5,327,908	-	2,997,233	5,755,260	266,108	222,962	642,621	-	15,212,092
Other	141,075	-	120,899	1,619,081	25,053	398,009	4,340	-	2,308,457
Precious Metal Deposits	1,467,539	-	958	52,885	19	2,041	100,285	-	1,623,727
Bank Deposits	1,902,904	-	455,715	346,384	2,174,233	257,984	229,087	-	5,366,307
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,839	-	453,565	102,842	-	114,754	29,231	-	704,231
Foreign Banks	664,890	-	2,150	243,542	2,174,233	143,230	199,856	-	3,427,901
Special Financial Institutions	1,234,175	-	-	-	-	-	-	-	1,234,175
Other	-	-	-	-	-	-	-	-	-
Total	26,383,756	-	13,250,376	58,297,106	9,023,337	5,864,891	7,427,814	60,701	120,307,981

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	24,203,133	22,432,735	21,225,240	20,244,528
Foreign Currency Saving Deposits	8,203,645	6,086,988	28,431,082	18,217,256
Other Saving Deposits	562,012	999,391	581,482	575,691
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

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

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

5.2.1.3 Saving deposits not covered by insurance limits

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	697,723	608,592
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	687,318	554,203
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	619,585	87,054	193,167	31,322
Swap transactions	1,308,284	755,633	667,600	463,857
Futures	-	193	-	649
Options	518,335	43,879	206,022	11,626
Other	-	-	-	-
Total	2,446,204	886,759	1,066,789	507,454

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	230,488	400,507	223,949	265,357
Foreign Banks, Institutions and Funds	2,262,903	31,064,434	3,732,110	28,101,994
Total	2,493,391	31,464,941	3,956,059	28,367,351

5.2.3.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	230,488	4,580,344	399,929	8,208,084
Medium and Long-Term	2,262,903	26,884,597	3,556,130	20,159,267
Total	2,493,391	31,464,941	3,956,059	28,367,351

The Bank classified certain borrowings obtained through securitisations amounting to USD 2,000,000,000 as financial liability at fair value through profit/loss at the initial recognition. As of 30 September 2015, the accumulated negative credit risk change and the positive credit risk change recognised in the income statement amounted to TL 344,079 thousands and TL 633,455 thousands, respectively. The carrying value of the related financial liability amounted to TL 5,665,921 thousands, and the related current period income amounted to TL 633,455 thousands.

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Other external funds

5.2.4.1 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
	Nominal	979,534	2,727,155	222,971
Cost	950,214	2,551,994	222,971	11,639,272
Carrying Value ^(*)	961,444	2,504,203	223,958	11,352,032

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
	Nominal	1,200,782	2,955,871	544,114
Cost	1,170,442	2,742,947	544,110	9,085,124
Carrying Value ^(*)	1,088,546	2,837,652	547,127	8,878,922

^(*) The Bank repurchased its own TL securities with a total face value of TL 126,547 thousands (31 December 2014: TL 149,501 thousands) and foreign currency securities with a total face value of USD 206,730,000 (31 December 2014: USD 206,730,000) 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 30 September 2015, the accumulated negative credit risk change and the negative credit risk change recognised in the income statement amounted to TL 2,931 thousands and TL 194 thousands, respectively. The carrying value of the related financial liability amounted to TL 29,460 thousands, and the related current period loss amounted to TL 465 thousands.

5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	10,964,859	-	4,230,145	-
Financial Institutions and Organizations	10,928,239	-	4,163,450	-
Other Institutions and Organizations	11,308	-	24,652	-
Individuals	25,312	-	42,043	-
Foreign Transactions	165	2,618,121	667,001	6,488,774
Financial Institutions and Organizations	-	2,618,121	666,879	6,488,774
Other Institutions and Organizations	90	-	120	-
Individuals	75	-	2	-
Total	10,965,024	2,618,121	4,897,146	6,488,774

5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	6,747,401	97,765	5,879,730	49,304
Other	222,141	1,110,536	215,147	672,449
Total	6,969,542	1,208,301	6,094,877	721,753

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	9,813	8,704	573	536
1-4 Years	4,096	3,880	3	2
More than 4 Years	-	-	-	-
Total	13,909	12,584	576	538

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	94	286,580	99,572	111,931
Cash Flow Hedges	-	52,102	-	67,880
Net Foreign Investment Hedges	-	-	-	-
Total	94	338,682	99,572	179,811

5.2.7 Provisions

5.2.7.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	2,960,429	2,434,629
Loans and Receivables in Group I	2,510,167	2,105,409
- Additional Provision for Loans and Receivables with Extended Maturities	119,708	82,754
Loans and Receivables in Group II	298,447	188,973
- Additional Provision for Loans and Receivables with Extended Maturities	88,902	56,332
Non-Cash Loans	151,815	140,247
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	1,680	13,320
Medium and Long-Term Loans	4,230	11,208
Total	5,910	24,528

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

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

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

5.2.7.4 Other provisions

5.2.7.4.1 General reserves for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	450,000	415,000

5.2.7.4.2 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	596,666	497,565
Provision for Promotion Expenses of Credit Cards (*)	88,577	82,436
Provision for Lawsuits	43,333	30,062
Other Provisions	47,769	123,394
Total	776,345	733,457

(*) 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 22 December 2014 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 2,086,877 thousands at 31 December 2014 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2014 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 22 December 2014 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 1,287,303 thousands remains as of 31 December 2014 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 512,563 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2014. However, despite this treatment there are no excess obligation that needs to be provided against.

	<i>31 December 2014</i>
Transferable Pension and Medical Benefits:	
Net present value of pension benefits transferable to SSF	(528,752)
Net present value of medical benefits and health premiums transferable to SSF	512,563
General administrative expenses	(29,291)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(45,480)
Fair Value of Plan Assets (2)	2,132,357
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,086,877
Non-Transferable Benefits:	
Other pension benefits	(538,185)
Other medical benefits	(261,389)
Total Non-Transferable Benefits (4)	(799,574)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,287,303
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(512,563)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	774,740

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

	<i>31 December 2014</i>
	%
Discount Rate (*)	8.80
Inflation Rate (*)	6.10
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	40% above inflation
Future Pension Increase Rate (*)	6.10

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

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

5.2.8 Tax liability

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 30 September 2015, the Bank had a current tax liability of TL 34,928 thousands (31 December 2014: TL 426,915 thousands) after offsetting with prepaid taxes.

5.2.8.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	34,928	426,915
Taxation on Securities Income	93,065	86,086
Taxation on Real Estates Income	3,589	3,040
Banking Insurance Transaction Tax	89,425	76,956
Foreign Exchange Transaction Tax	71	68
Value Added Tax Payable	4,486	4,993
Others	49,919	60,005
Total	275,483	658,063

5.2.8.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	45	42
Social Security Premiums-Employer	55	52
Bank Pension Fund Premium-Employees	155	16
Bank Pension Fund Premium-Employer	195	18
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	955	782
Unemployment Insurance-Employer	1,926	1,649
Others	16	28
Total	3,347	2,587

5.2.8.2 Deferred tax liability

None.

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

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

5.2.10 Subordinated debts

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

5.2.11 Shareholders' equity

5.2.11.1 Paid-in capital

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

5.2.11.2 Registered share capital system

Capital	Paid-in Capital	Ceiling per Registered Share Capital
Registered Shares	4,200,000	10,000,000

5.2.11.3 Capital increases in current period

None.

5.2.11.4 Capital increases from capital reserves in current period

None.

5.2.11.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.11.7 Information on privileges given to stocks representing the capital

None.

5.2.11.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Affiliates and Joint-Ventures	780,309	(57,058)	332,193	(18,439)
Valuation difference	(609)	(57,058)	(627)	(18,439)
Exchange rate difference	780,918	-	332,820	-
Securities Available-for-Sale	(663,318)	(20,804)	82,568	57,234
Valuation difference	(663,318)	(20,804)	82,568	57,234
Exchange rate difference	-	-	-	-
Total	116,991	(77,862)	414,761	38,795

5.2.11.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Affiliates and Real Estates allocated for Capital Increases	173,263	-	172,894	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 Bonus shares of associates, affiliates and joint-ventures

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

5.2.11.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	958,941	956,682
II. Legal Reserve	210,140	174,440
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	19,240,080	16,190,380
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

5.2.12 Accrued interest and expenses

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Deposits	348,773	158,971	356,411	126,504
Funds Borrowed	71,202	115,795	124,965	389,084
Interbank Money Markets	10,608	13,144	11,247	12,449
Other Accruals	78,788	724,947	74,176	554,889
Total	509,371	1,012,857	566,799	1,082,926

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 3,140,820 thousands (31 December 2014: TL 5,003,821 thousands), commitments for cheque payments of TL 3,024,269 thousands (31 December 2014: TL 2,874,901 thousands) and commitments for credit card limits of TL 26,341,648 thousands (31 December 2014: TL 25,643,188 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	19,082,461	15,065,503
Letters of Guarantee in TL	14,398,354	12,138,797
Letters of Credit	13,568,948	8,634,976
Bills of Exchange and Acceptances	1,788,070	815,887
Prefinancings	-	-
Other Guarantees	112,890	86,702
Total	48,950,723	36,741,865

A specific provision of TL 83,032 thousands (31 December 2014: TL 108,881 thousands) is made for unliquidated non-cash loans of TL 289,948 thousands (31 December 2014: TL 272,978 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	4,769,837	2,838,901
With Original Maturity of 1 Year or Less	461,296	402,876
With Original Maturity of More Than 1 Year	4,308,541	2,436,025
Other Non-Cash Loans	44,180,886	33,902,964
Total	48,950,723	36,741,865

5.3.1.4 Sectoral risk concentration of non-cash loans

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

5.3.1.5 Non-cash loans classified under Group I and II

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

5.3.2 Financial derivative instruments

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

5.3.3 Credit derivatives and risk exposures on credit derivatives

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

5.3.4 Contingent liabilities and assets

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

5.3.5 Services rendered on behalf of third parties

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

5.4 Income Statement

5.4.1 Interest Income

5.4.1.1 Interest income from loans (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-term loans	3,024,074	124,237	2,310,019	117,121
Medium and long-term loans	4,664,335	2,137,373	3,867,777	1,793,814
Loans under follow-up	36,937	278	31,671	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	7,725,346	2,261,888	6,209,467	1,910,935

(*) 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	-	1,527	-	-
Domestic Banks	27,810	262	23,806	430
Foreign Banks	5,759	25,312	70,096	22,706
Foreign Head Offices and Branches	-	-	-	-
Total	33,569	27,101	93,902	23,136

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	8,745	4,257	18,282	10,611
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	1,201,408	63,064	1,431,009	68,253
Investments Held-to-Maturity	755,637	372,298	1,060,099	181,271
Total	1,965,790	439,619	2,509,390	260,135

5.4.1.4 Interest income received from associates and affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Affiliates	62,507	34,237

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks	242,564	288,248	352,157	263,981
Central Bank of Turkey	-	206	-	1,731
Domestic Banks	11,574	4,888	12,299	6,580
Foreign Banks	230,990	283,154	339,858	255,670
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	181,833	-	134,814
Total	242,564	470,081	352,157	398,795

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

5.4.2.2 Interest expenses paid to associates and affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Interest Paid to Investments in Associates and Affiliates	43,588	43,694

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

<i>Current Period</i>	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	592	82,172	-	-	-	-	-	82,764
Saving Deposits	22	229,516	2,175,986	88,168	58,217	41,206	-	2,593,115
Public Sector Deposits	-	443	1,848	8	4	2	-	2,305
Commercial Deposits	11	219,545	363,255	16,562	23,731	34,195	-	657,299
Other	5	8,731	65,922	920	4,563	27,270	-	107,411
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	630	540,407	2,607,011	105,658	86,515	102,673	-	3,442,894
Foreign Currency								
Foreign Currency Deposits	1,099	36,846	395,036	56,805	81,408	130,356	729	702,279
Bank Deposits	-	27,007	-	-	-	-	-	27,007
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	3	-	11	916	-	930
Total FC	1,099	63,853	395,039	56,805	81,419	131,272	729	730,216
Grand Total	1,729	604,260	3,002,050	162,463	167,934	233,945	729	4,173,110

Prior Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	415	68,303	-	-	-	-	-	68,718
Saving Deposits	14	224,191	1,908,841	155,888	37,477	34,140	-	2,360,551
Public Sector Deposits	-	251	636	50	20,408	1	-	21,346
Commercial Deposits	28	197,976	395,496	54,345	41,999	26,653	-	716,497
Other	8	9,934	38,917	2,269	49,458	23	-	100,609
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	465	500,655	2,343,890	212,552	149,342	60,817	-	3,267,721
Foreign Currency								
Foreign Currency Deposits	625	36,244	312,580	66,255	85,169	65,333	810	567,016
Bank Deposits	-	48,490	-	-	-	-	-	48,490
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	15	-	2,848	395	-	3,258
Total FC	625	84,734	312,595	66,255	88,017	65,728	810	618,764
Grand Total	1,090	585,389	2,656,485	278,807	237,359	126,545	810	3,886,485

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	73,788,559	20,490,549
Trading Account Income	822,672	242,313
Gains from Derivative Financial Instruments	9,984,402	3,730,098
Foreign Exchange Gains	62,981,485	16,518,138
Losses (-)	74,511,882	20,513,965
Trading Account Losses	81,650	294,042
Losses from Derivative Financial Instruments	11,540,841	4,356,577
Foreign Exchange Losses	62,889,391	15,863,346
Total	(723,323)	(23,416)

TL 1,712,728 thousands (30 September 2014: TL 798,879 thousands) of foreign exchange gains and TL 1,952,242 thousands (30 September 2014: TL 967,369 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.

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 its eurobonds with a total face value of USD 310,000,000, funds borrowed amounting to USD 99,783,786 and EUR 47,368,422, securitization borrowings amounting to USD 175,000,000 and EUR 216,157,898 by designating cross currency swaps with the same face value amount and conditions, and for the collateralised borrowings amounting to TL 850,000 thousands and commercial loans amounting to USD 500,000,000 by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period, a gain of TL 93,893 thousands (30 September 2014: TL 66,911 thousands) and a loss of TL 12,121 thousands (30 September 2014: a gain of TL 34,773 thousands) resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity, respectively.

The Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 238,616 thousands and USD 1,085,413,492 and for its bonds with a total face value of TL 1,325,000 thousands and USD 32,900,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a gain of TL 113,103 thousands (30 September 2014: a gain of TL 16,531 thousands) and a loss of TL 57,422 thousands (30 September 2014: TL 35,837 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, RON 85,500,000 and CZK 423,000,000 with the same face value amount and conditions. Accordingly, a loss of TL 16,797 thousands (30 September 2014: TL 4,845 thousands) resulted 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.

5.4.5 Other operating income

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

In the current period, a part of non-performing receivables of the Bank amounting to TL 82,048 thousands were sold for a consideration of TL 17,944 thousands. Considering the related provision of TL 80,146 thousands made in the financial statements, a gain of TL 16,019 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	961,117	866,513
<i>Loans and Receivables in Group III</i>	<i>316,412</i>	<i>265,949</i>
<i>Loans and Receivables in Group IV</i>	<i>576,129</i>	<i>534,223</i>
<i>Loans and Receivables in Group V</i>	<i>68,576</i>	<i>66,341</i>
General Provisions	518,316	328,207
Provision for Possible Losses	35,000	65,000
Impairment Losses on Securities	3,971	5,067
<i>Financial Assets at Fair Value through Profit or Loss</i>	<i>3,971</i>	<i>5,067</i>
<i>Financial Assets Available-for-Sale</i>	-	-
Impairment Losses on Associates, Affiliates and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Affiliates</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	47,998	39,277
Total	1,566,402	1,304,064

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs (*)	1,631,758	1,440,324
Reserve for Employee Termination Benefits	38,099	29,908
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	847	4,118
Depreciation Expenses of Tangible Assets	141,617	131,931
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	26,330	25,192
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	1,337	1,445
Depreciation Expenses of Assets to be Disposed	3,643	2,190
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,816,000	1,440,315
<i>Operational Lease related Expenses</i>	<i>253,573</i>	<i>218,859</i>
<i>Repair and Maintenance Expenses</i>	<i>35,872</i>	<i>32,784</i>
<i>Advertisement Expenses</i>	<i>80,086</i>	<i>71,171</i>
<i>Other Expenses (**)</i>	<i>1,446,469</i>	<i>1,117,501</i>
Loss on Sale of Assets	3,013	2,421
Others (***)	626,952	377,089
Total	4,289,596	3,454,933

(*) Includes compensation paid to key management personnel who left their position in the Bank in the amount of TL 26,555 thousands in the current period.

(**) Includes lawsuits, execution and other legal expenses borne by the Bank, of fees and commissions income recognized in prior years but reimbursed, in the amount of TL37,097 thousands (30 September 2014: TL 22,858 thousands), as per the decision of the Turkish Competition Board or the related courts.

(***) Includes repayments, by the Bank in the current period, of fees and commissions income recognised in prior years in the amount of TL 199,828 thousands (30 September 2014: TL 74,910 thousands), as per the decision of the Turkish Competition Board or the related courts.

According to the Custom and Trade Ministry inspectors audit report, The Bank notified with an administrative fee amounting to TL 110,110 thousands. In accordance with the Article 17/6 of the Law on Crime no.5326, saving all the cancellation legal rights, the Bank paid the administrative fee of TL 82,583 thousands with ¼ prepayment discount on 31 August 2015.

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

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

5.4.9 Information on provision for taxes from continued and discontinued operations

As of 30 September 2015, the Bank recorded a tax charge of TL 331,345 thousands (30 September 2014: TL 895,936 thousands) and a deferred tax charge of TL 378,862 thousands (30 September 2014: a deferred tax income of TL 173,297 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 (+)	64,994	143,746
Decrease in tax deductible timing differences (-)	(173,071)	(27,564)
Increase in taxable timing differences (-)	(313,460)	(63,510)
Decrease in taxable timing differences (+)	42,675	120,625
Total	(378,862)	173,297

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)	(108,077)	116,182
Increase/(decrease) in taxable timing differences (net)	(270,785)	57,115
Increase/(decrease) in tax losses (net)	-	-
Increase/(decrease) in tax deductions and exemptions (net)	-	-
Total	(378,862)	173,297

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

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

5.4.11 Net profit/loss

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

None.

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

None.

5.4.12 Components of other items in income statement

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

5.5 Statement of Changes in Shareholders' Equity

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

5.6 Statement of Cash Flows

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

5.7 Related Party Risks

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

5.7.1.1 Loans and other receivables

Current Period

Bank's Risk Group	Associates, Affiliates 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	3,318,634	1,522,279	399,748	316,606	1,537,174	702,845
Balance at end of period	3,613,382	2,302,542	15,993	707,724	1,974,035	512,752
Interest and Commission Income	63,039	273	577	6	74,216	311

Prior Period

Bank's Risk Group	Associates, Affiliates 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	3,811,321	1,586,707	9,250	264,878	454,736	472,119
Balance at end of period	3,318,634	1,522,279	399,748	316,606	1,537,174	702,845
Interest and Commission Income	34,604	201	267	7	52,129	991

5.7.1.2 Deposits

Bank's Risk Group	Associates, Affiliates 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	681,112	651,174	535,204	304,643	349,385	330,572
Balance at end of period	652,194	681,112	1,415,081	535,204	572,976	349,385
Interest Expense	43,853	43,694	12,082	3,881	8,567	11,590

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Affiliates 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 at Fair Value Through Profit or (Loss):						
Balance at beginning of period	848,391	1,200,843	10,292,901	8,871,339	5,770	-
Balance at end of period	409,491	848,391	13,513,741	10,292,901	-	5,770
Total Profit/(Loss)	(288,529)	(47,048)	(8,209)	(33,577)	-	-
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 2,838,701 thousands (31 December 2014: TL 2,543,637 thousands) compose 1.78% (31 December 2014: 1.90%) of the Bank's total cash loans and 1.09% (31 December 2014: 1.16%) of the Bank's total assets. The total loans and similar receivables amounting TL 5,603,410 thousands (31 December 2014: TL 5,255,556 thousands) compose 2.15% (31 December 2014: TL 2.40%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 3,523,018 thousands (31 December 2014: TL 2,541,730 thousands) compose 7.20% (31 December 2014: 6.92%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 2,640,251 thousands (31 December 2014: TL 1,565,701 thousands) compose 1.77% (31 December 2014: 1.30%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 10,617,672 thousands (31 December 2014: TL 9,074,365 thousands) compose 30.95% (31 December 2014: 28.07%) 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 120,075 thousands (31 December 2014: TL 88,494 thousands). A total rent income of TL 6,388 thousands (30 September 2014: TL 4,762 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 8,517 thousands (30 September 2014: TL 5,832 thousands) were incurred for the IT services rendered by the related parties. Banking services fees of TL 904 thousands (30 September 2014: TL 1,932 thousands) were recognized from the related parties.

Insurance brokerage fee of TL 84,507 thousands (30 September 2014: TL 69,302 thousands), shares brokerage fee of TL 57,209 thousands (30 September 2014: TL 50,669 thousands), leasing customer acquisition fee of TL 4,450 thousands (30 September 2014: TL 8,666 thousands) factoring customer acquisition fee of TL 2,539 thousands (30 September 2014: TL 2,286 thousands), fleet business customer acquisition fee of TL 330 thousands (30 September 2014: TL 382 thousands) and fund brokerage fee of TL 110 thousands (30 September 2014: -) were recognized as income from the services rendered for the affiliates.

Operating expenses of TL 5,627 thousands (30 September 2014: TL 7,520 thousands) for advertisement and broadcasting services, of TL 25,345 thousands (30 September 2014: TL 23,775 thousands) for operational leasing services, and of TL 7,707 thousands (30 September 2014: TL 5,271 thousands) for travelling services rendered by the related parties were recognized as expense.

As of 30 September 2015, the net payment provided or to be provided to the key management of the Bank amounts to TL 94,196 thousands (30 September 2014: TL 66,359 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

Please refer to Note 5.1.8 investments in affiliates.

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

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

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

5.8 Domestic, Foreign and Off-Shore Branches or Equity Investments, and Foreign Representative Offices

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

5.9 Matters Arising Subsequent to Balance Sheet Date

None.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Bank's latest international risk ratings

MOODY'S (28 September 2015)

Outlook	Negative
Long Term FC Deposit	Baa3
Long Term TL Deposit	Baa3
Short Term FC Deposit	P-3
Short Term TL Deposit	P-3
Basic Loan Assessment	ba1
Adjusted Loan Assessment	baa3
Long Term National Scale Rating (NSR)	Aa3.tr
Short Term NSR	TR-1

STANDARD AND POORS (7 August 2015)

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

FITCH RATINGS (31 July 2015)

Outlook	Stable
Long Term FC Outlook	BBB
Short Term FC Outlook	F2
Long Term TL Outlook	BBB
Short Term TL Outlook	F2
Financial Capacity	bbb-
Support	2
NSR	AAA(tur)

JCR EURASIA RATINGS (20 May 2015)

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

5.10.2 Matters Arising Subsequent to Balance Sheet Date

As per the decision made at the annual general assembly of shareholders of the Bank on 9 April 2015, the distribution of the net profit of the year 2014, is as follows:

2014 PROFIT DISTRIBUTION TABLE	
2014 Net Profit	3,200,248
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(31,946)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(149,512)
D – Second dividend to the shareholders	(357,000)
E – Extraordinary reserves	(2,416,090)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(35,700)

5.10.3 Other disclosures

None.

6 Limited Review Report

6.1 Disclosure on limited review

The unconsolidated financial statements of the Bank as of 30 September 2015, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent limited review report dated 27 October 2015, is presented before the accompanying financial statements.

6.2 Disclosures and footnotes prepared by independent accountants

None.

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