

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

Türkiye Garanti Bankası Anonim Şirketi
Unconsolidated Financial Statements

As of and For the Year Ended

31 December 2011

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

With Independent Auditors' Report Thereon

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
1 February 2012

*This report contains "Independent Auditors' Report"
comprising 2 pages and;"Unconsolidated Financial
Statements and Related Disclosures and
Footnotes" comprising 98 pages.*

To the Board of Directors of
Türkiye Garanti Bankası AŞ
İstanbul

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD OF 1 JANUARY – 31 DECEMBER 2011

We have audited the accompanying balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 31 December 2011 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

Basis For Qualified Opinion

As of the balance sheet date, the accompanying financial statements include a general reserve amounting to TL 420,000 thousands, TL 90,000 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.

Independent Auditors' Opinion

In our opinion, except for the effect of the matter described in the fourth paragraph on the financial statements, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for English translation

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç
Partner

Istanbul, February 1, 2012

Türkiye Garanti Bankası Anonim Şirketi
Unconsolidated Financial Report
as of and for the Year Ended 31 December 2011

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

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

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

Ferit F. Şahenk
Board of Directors
Chairman

S. Ergun Özen
General Manager

Aydın Şenel
Financial Reporting
Executive Vice President

Hakan Özdemir
General Accounting
Senior Vice President

M. Cüneyt Sezgin
Audit Committee Member

Manuel Pedro
Galatas Sanchez Harguindey
Audit Committee Member

The authorized contact person for questions on this financial report:
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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 907 domestic branches, seven foreign branches and four representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 31 December 2011, the group of companies under Doğuş Holding AŞ that currently owns 24.23% shares of the Bank, is named the Doğuş Group (the Group).

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

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

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

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

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

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

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

Doğuş Group

The Doğuş Group that was established in 1951 initially for investments in construction sector, operates in seven sectors namely financial services, automotive, construction, real estate, tourism, media and energy with more than 70 companies and approximately 30 thousand employees.

The major worldwide joint ventures of the Group are; German Volkswagen AG and TÜVSÜD in automotive, French Alstom and Japan Marubeni in construction, CNBC in media and Starwood Hotels & Resorts, Worldwide Inc., HMS International Hotel GmbH (Maritim) and Aldania GmbH in tourism.

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

BBVA Group

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

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

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

1.3 Information on the bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their 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	21 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	29 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	23 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	37 years
Manuel Castro Aladro	Member	22.03.2011	Master	19 years
Manuel Pedro Galatas Sanchez Harguindey	Member of BOD and Audit Committee	05.05.2011	University	27 years
Carlos Torres Vila	Member	22.03.2011	Master	20 years
Angel Cano Fernandez	Member	22.03.2011	University	26 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	24 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	24 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	33 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	19 years
Ali Temel	EVP-Loans	21.10.1999	University	21 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	17 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	29 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	26 years
Uruz Ersözöglü	EVP-Treasury	05.04.2006	University	20 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	19 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	26 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	30 years
Zekeriya Öztürk	EVP- International Business Development	06.03.2006	Master	16 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	17 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	17 years
Murat Mergin	Head of Strategic Planning	01.01.2002	University	17 years

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

1.4 Information on the bank's qualified shareholders

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

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

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

1.5 Summary information on the bank's activities and services

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

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

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

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

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

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi Balance Sheet (Statement of Financial Position) At 31 December 2011

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2011			PRIOR PERIOD 31 December 2010		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	1,589,491	6,671,660	8,261,151	3,162,714	4,347,318	7,510,032
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	430,934	1,225,908	1,656,842	763,702	216,213	979,915
2.1 Financial assets held for trading		430,934	1,225,908	1,656,842	763,702	216,213	979,915
2.1.1 Government securities		179,828	762,198	942,026	556,878	15,929	572,807
2.1.2 Equity securities		17,901	-	17,901	6,993	-	6,993
2.1.3 Derivative financial assets held for trading		190,428	460,554	650,982	191,829	200,284	392,113
2.1.4 Other securities		42,777	3,156	45,933	8,002	-	8,002
2.2 Financial assets valued at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	2,102,492	12,241,459	14,343,951	2,500,227	5,820,958	8,321,185
IV. INTERBANK MONEY MARKETS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	27,257,001	1,542,643	28,799,644	29,851,339	2,484,871	32,336,210
5.1 Equity securities		23,865	1,706	25,571	60,131	68,602	128,733
5.2 Government securities		26,234,437	173,268	26,407,705	28,743,514	964,406	29,707,920
5.3 Other securities		998,699	1,367,669	2,366,368	1,047,694	1,451,863	2,499,557
VI. LOANS	(5.1.5)	49,618,481	34,194,821	83,813,302	37,297,159	27,530,151	64,827,310
6.1 Performing loans		49,338,109	34,194,821	83,532,930	36,945,599	27,530,151	64,475,750
6.1.1 Loans to bank's risk group	(5.7)	296,961	1,167,853	1,464,814	105,221	1,319,974	1,425,195
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		49,041,148	33,026,968	82,068,116	36,840,378	26,210,177	63,050,555
6.2 Loans under follow-up		1,532,087	-	1,532,087	1,939,109	-	1,939,109
6.3 Specific provisions (-)		1,251,715	-	1,251,715	1,587,549	-	1,587,549
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	3,176,043	1,610,487	4,786,530	4,580,741	1,313,190	5,893,931
8.1 Government securities		3,170,068	1,610,487	4,780,555	4,576,594	1,313,190	5,889,784
8.2 Other securities		5,975	-	5,975	4,147	-	4,147
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	19,834	-	19,834	29,512	-	29,512
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		19,834	-	19,834	29,512	-	29,512
9.2.1 Financial investments in associates		18,120	-	18,120	27,798	-	27,798
9.2.2 Non-financial investments in associates		1,714	-	1,714	1,714	-	1,714
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	408,780	1,759,796	2,168,576	292,722	1,362,412	1,655,134
10.1 Unconsolidated financial investments in subsidiaries		304,695	1,759,796	2,064,491	274,906	1,362,412	1,637,318
10.2 Unconsolidated non-financial investments in subsidiaries		104,085	-	104,085	17,816	-	17,816
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)	-	129,335	129,335	-	-	-
13.1 Fair value hedges		-	129,335	129,335	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	1,243,531	80	1,243,611	1,200,888	425	1,201,313
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	55,550	-	55,550	30,527	-	30,527
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		55,550	-	55,550	30,527	-	30,527
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
XVII. TAX ASSET		6,359	-	6,359	117,224	-	117,224
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	(5.1.15)	6,359	-	6,359	117,224	-	117,224
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	121,759	-	121,759	98,056	-	98,056
18.1 Assets held for sale		121,759	-	121,759	98,056	-	98,056
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	1,128,823	107,174	1,235,997	928,019	45,773	973,792
TOTAL ASSETS		87,159,078	59,483,363	146,642,441	80,852,830	43,121,311	123,974,141

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 31 December 2011

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2011			PRIOR PERIOD 31 December 2010		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.2.1)	47,777,457	36,765,318	84,542,775	44,000,765	28,657,654	72,658,419
1.1 Deposits from bank's risk group	(5.7)	602,101	1,234,981	1,837,082	522,780	645,512	1,168,292
1.2 Others		47,175,356	35,530,337	82,705,693	43,477,985	28,012,142	71,490,127
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	495,160	279,157	774,317	243,549	217,994	461,543
III. FUNDS BORROWED	(5.2.3)	4,384,503	16,139,154	20,523,657	5,113,873	11,519,439	16,633,312
IV. INTERBANK MONEY MARKETS		8,338,618	2,616,373	10,954,991	10,370,745	883,398	11,254,143
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	33,506	-	33,506
4.3 Obligations under repurchase agreements	(5.2.4)	8,338,618	2,616,373	10,954,991	10,337,239	883,398	11,220,637
V. SECURITIES ISSUED (Net)	(5.2.4)	2,082,601	1,621,496	3,704,097	-	-	-
5.1 Bills		2,082,601	-	2,082,601	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	1,621,496	1,621,496	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	(5.2.4.3)	3,481,891	75,440	3,557,331	2,914,888	27,685	2,942,573
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		676,407	1,153,312	1,829,719	766,328	253,286	1,019,614
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	1	4	5	246	111	357
10.1 Financial lease payables		1	4	5	265	116	381
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		-	-	-	19	5	24
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	782	782	-	2,347	2,347
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	782	782	-	2,347	2,347
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	1,795,843	35,303	1,831,146	1,329,151	31,297	1,360,448
12.1 General provisions		979,797	34,152	1,013,949	593,530	28,735	622,265
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		266,805	-	266,805	285,708	-	285,708
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		549,241	1,151	550,392	449,913	2,562	452,475
XIII. TAX LIABILITY	(5.2.8)	265,165	235	265,400	324,821	158	324,979
13.1 Current tax liability		265,165	235	265,400	324,821	158	324,979
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)	-	1,081,402	1,081,402	-	884,726	884,726
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	17,104,283	472,536	17,576,819	15,999,001	432,679	16,431,680
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		1,503,041	427,157	1,930,198	2,877,281	416,896	3,294,177
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		180,988	427,546	608,534	1,555,432	418,378	1,973,810
16.2.4 Revaluation surplus on tangible assets		598,953	-	598,953	598,187	-	598,187
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		1,891	-	1,891	2,453	-	2,453
16.2.8 Hedging reserves (effective portion)		(63,225)	(389)	(63,614)	(63,225)	(1,482)	(64,707)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		772,554	-	772,554	772,554	-	772,554
16.3 Profit reserves		8,330,667	45,379	8,376,046	5,793,756	15,783	5,809,539
16.3.1 Legal reserves		716,363	6,940	723,303	524,173	4,283	528,456
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		7,612,215	-	7,612,215	5,268,509	-	5,268,509
16.3.4 Other profit reserves		2,089	38,439	40,528	1,074	11,500	12,574
16.4 Profit or loss		3,070,575	-	3,070,575	3,127,964	-	3,127,964
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		3,070,575	-	3,070,575	3,127,964	-	3,127,964
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		86,401,929	60,240,512	146,642,441	81,063,367	42,910,774	123,974,141

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 31 December 2011

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2011			31 December 2010		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		56,011,426	127,698,145	183,709,571	40,214,279	56,056,490	96,270,769
I. GUARANTEES AND SURETIES	(5.3.1)	5,802,261	15,219,237	21,021,498	4,958,877	10,730,903	15,689,780
1.1. Letters of guarantee		5,786,884	9,134,682	14,921,566	4,951,727	7,155,138	12,106,865
1.1.1. Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees given for foreign trade operations		431,028	266,469	697,497	350,400	272,075	622,475
1.1.3. Other letters of guarantee		5,355,856	8,868,213	14,224,065	4,601,327	6,883,063	11,484,390
1.2. Bank acceptances		3,687	511,863	515,550	-	164,105	164,105
1.2.1. Import letter of acceptance		1,705	511,863	513,568	-	164,105	164,105
1.2.2. Other bank acceptances		1,982	-	1,982	-	-	-
1.3. Letters of credit		11,690	5,502,456	5,514,146	7,150	3,354,914	3,362,064
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		11,690	5,502,456	5,514,146	7,150	3,354,914	3,362,064
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	70,236	70,236	-	56,746	56,746
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	32,059,110	60,470,829	92,529,939	20,106,498	5,485,168	25,591,666
2.1. Irrevocable commitments		23,630,190	8,513,450	32,143,640	20,106,498	5,484,511	25,591,009
2.1.1. Asset purchase and sale commitments		1,889,216	1,204,371	3,093,587	395,731	1,393,682	1,789,413
2.1.2. Deposit purchase and sale commitments		200	559,500	559,700	-	24,450	24,450
2.1.3. Share capital commitments to associates and subsidiaries		1,000	10,407	11,407	2,000	9,373	11,373
2.1.4. Loan granting commitments		4,688,182	5,946,547	10,634,729	4,045,824	2,879,006	6,924,830
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		2,230,853	-	2,230,853	1,910,095	-	1,910,095
2.1.8. Tax and fund obligations on export commitments		16,390	-	16,390	21,447	-	21,447
2.1.9. Commitments for credit card limits		13,540,135	-	13,540,135	12,467,191	-	12,467,191
2.1.10. Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,264,210	792,625	2,056,835	1,264,210	1,178,000	2,442,210
2.2. Revocable commitments		8,428,920	51,957,375	60,386,295	-	657	657
2.2.1. Revocable loan granting commitments		8,428,920	51,956,658	60,385,578	-	-	-
2.2.2. Other revocable commitments		-	721	721	-	657	657
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	18,150,055	52,008,079	70,158,134	15,148,904	39,840,419	54,989,323
3.1. Derivative financial instruments held for risk management		-	1,967,575	1,967,575	-	167,200	167,200
3.1.1. Fair value hedges		-	1,865,000	1,865,000	-	-	-
3.1.2. Cash flow hedges		-	102,575	102,575	-	167,200	167,200
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		18,150,055	50,040,504	68,190,559	15,148,904	39,673,215	54,822,123
3.2.1. Forward foreign currency purchases/sales		4,211,614	5,989,590	10,201,204	1,947,971	3,827,379	5,775,350
3.2.1.1. Forward foreign currency purchases		1,527,702	3,612,895	5,140,601	622,702	2,280,152	2,902,854
3.2.1.2. Forward foreign currency sales		2,683,912	2,376,691	5,060,603	1,325,269	1,547,227	2,872,496
3.2.2. Currency and interest rate swaps		8,745,935	33,714,427	42,460,362	8,242,884	24,906,200	33,149,090
3.2.2.1. Currency swaps-purchases		4,721,703	8,378,462	13,100,165	5,919,370	5,014,155	10,933,525
3.2.2.2. Currency swaps-sales		715,032	12,354,491	13,069,523	2,196,114	8,884,697	11,080,811
3.2.2.3. Interest rate swaps-purchases		1,654,600	6,490,737	8,145,337	63,700	5,502,918	5,566,618
3.2.2.4. Interest rate swaps-sales		1,654,600	6,490,737	8,145,337	63,700	5,504,436	5,568,136
3.2.3. Currency, interest rate and security options		5,067,362	9,824,110	14,891,472	4,841,892	9,579,515	14,421,407
3.2.3.1. Currency call options		2,040,606	4,933,325	6,973,935	1,861,152	3,378,725	5,239,881
3.2.3.2. Currency put options		3,007,756	3,994,033	7,001,789	2,465,329	2,834,386	5,299,715
3.2.3.3. Interest rate call options		-	888,861	888,861	-	1,630,000	1,630,000
3.2.3.4. Interest rate put options		-	-	-	-	1,630,000	1,630,000
3.2.3.5. Security call options		19,000	7,887	26,887	115,016	106,400	221,416
3.2.3.6. Security put options		-	-	-	400,395	-	400,395
3.2.4. Currency futures		66,940	60,369	127,309	14,359	28,681	43,040
3.2.4.1. Currency futures-purchases		30,820	23,623	54,443	2,066	13,270	15,336
3.2.4.2. Currency futures-sales		36,120	36,746	72,866	12,293	15,411	27,704
3.2.5. Interest rate futures		-	-	-	-	91,200	91,200
3.2.5.1. Interest rate futures-purchases		-	-	-	-	91,200	91,200
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		58,204	452,008	510,212	101,798	1,240,238	1,342,036
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		320,368,460	209,380,024	529,748,484	264,998,067	150,809,364	415,807,431
IV. ITEMS HELD IN CUSTODY		69,767,974	20,141,049	89,909,023	79,388,862	14,996,078	94,384,940
4.1. Customers' securities held		37,046,678	1,188	37,047,866	57,239,310	1,000	57,240,310
4.2. Investment securities held in custody		22,266,158	7,297,692	29,563,850	14,621,951	3,934,713	18,556,664
4.3. Checks received for collection		7,474,216	1,447,143	8,921,359	5,181,861	922,581	6,104,442
4.4. Commercial notes received for collection		2,915,109	1,135,226	4,050,335	2,291,385	1,737,683	4,029,068
4.5. Other assets received for collection		38,697	9,401,147	9,439,844	30,771	7,895,502	7,926,273
4.6. Assets received through public offering		-	46,051	46,051	-	37,530	37,530
4.7. Other items under custody		27,116	812,602	839,718	23,584	467,069	490,653
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		250,600,486	189,238,975	439,839,461	185,609,205	135,813,286	321,422,491
5.1. Securities		1,390,133	121,371	1,511,504	1,379,977	102,120	1,482,097
5.2. Guarantee notes		33,971,973	10,100,312	44,072,285	26,249,041	7,740,382	33,989,423
5.3. Commodities		-	-	-	-	-	-
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		49,423,787	51,360,202	100,783,989	36,472,372	38,791,780	75,264,152
5.6. Other pledged items		165,814,422	127,656,682	293,471,105	121,507,645	89,178,557	210,686,202
5.7. Pledged items-depository		170	408	578	170	447	617
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		376,379,886	337,078,169	713,458,055	305,212,346	206,865,854	512,078,200

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

Türkiye Garanti Bankası Anonim Şirketi
Income Statement
For the Year Ended 31 December 2011

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2011- 31 December 2011	PRIOR PERIOD 1 January 2010- 31 December 2010
I. INTEREST INCOME	(5.4.1)	10,483,529	9,499,876
1.1 Interest income on loans		6,593,311	5,308,907
1.2 Interest income on reserve deposits		-	87,246
1.3 Interest income on banks		235,491	224,527
1.4 Interest income on money market transactions		4,209	3,375
1.5 Interest income on securities portfolio		3,542,346	3,742,070
1.5.1 Trading financial assets		30,017	49,782
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		2,940,299	2,856,777
1.5.4 Investments held-to-maturity		572,030	835,511
1.6 Financial lease income		-	-
1.7 Other interest income		108,172	133,751
II. INTEREST EXPENSE	(5.4.2)	5,794,581	4,745,136
2.1 Interest on deposits		3,956,602	3,598,786
2.2 Interest on funds borrowed		931,268	729,366
2.3 Interest on money market transactions		718,172	411,219
2.4 Interest on securities issued		177,383	-
2.5 Other interest expenses		11,156	5,765
III. NET INTEREST INCOME (I - II)		4,688,948	4,754,740
IV. NET FEES AND COMMISSIONS INCOME		2,007,521	1,815,536
4.1 Fees and commissions received		2,386,202	2,117,544
4.1.1 Non-cash loans		166,154	151,437
4.1.2 Others		2,220,048	1,966,107
4.2 Fees and commissions paid		378,681	302,008
4.2.1 Non-cash loans		866	750
4.2.2 Others		377,815	301,258
V. DIVIDEND INCOME	(5.4.3)	5,557	5,290
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	332,312	363,925
6.1 Trading account income/losses		317,089	202,344
6.2 Income/losses from derivative financial instruments		353,190	123,967
6.3 Foreign exchange gains/losses		(337,967)	37,614
VII. OTHER OPERATING INCOME	(5.4.5)	902,533	637,989
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		7,936,871	7,577,480
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	822,397	584,297
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	3,206,325	3,062,416
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		3,908,149	3,930,767
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	3,908,149	3,930,767
XVI. PROVISION FOR TAXES (±)	(5.4.9)	837,574	802,803
16.1 Current tax charge		392,346	973,542
16.2 Deferred tax charge/(credit)		445,228	(170,739)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	3,070,575	3,127,964
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3 Others		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3 Others		-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	(5.4.8)	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(5.4.9)	-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge/(credit)		-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	(5.4.10)	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(5.4.11)	3,070,575	3,127,964
Earnings per Share		0.731	0.745

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 Income/Expense Items Accounted for under Shareholders' Equity

For the Year Ended 31 December 2011

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2011- 31 December 2011	PRIOR PERIOD 1 January 2010- 31 December 2010
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(1,823,522)	329,578
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	9,309	(169)
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	1,366	856
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	528
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	126,851	90,038
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	330,560	(57,235)
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(1,355,436)	363,596
XI. CURRENT PERIOD PROFIT/LOSSES	3,070,575	3,127,964
1.1 Net changes in fair value of securities (transferred to income statement)	267,975	179,765
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	2,802,600	2,948,199
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,715,139	3,491,560

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2011

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
		Paid-In Capital	Capital Reserves from Inflation Adj.s to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
PRIOR PERIOD (1 January - 31 December 2010)																	
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	367,032	-	2,847,764	8,238	-	2,962,241	1,611,146	598,194	2,453	(65,815)	-	13,315,687
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	(25,567)	-	-	-	-	-	(25,567)
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	(25,567)	-	-	-	-	-	(25,567)
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)	(5.5)	4,200,000	772,554	11,880	-	367,032	-	2,847,764	8,238	-	2,936,674	1,611,146	598,194	2,453	(65,815)	-	13,290,120
Changes during the period																	
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	362,664	-	-	-	-	362,664
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	1,108	-	-	1,108
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	685	-	-	685
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	423	-	-	423
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	(688)	-	-	519	-	-	-	-	-	-	-	(169)
XI. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7)
XII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	3,127,964	-	-	-	-	-	-	3,127,964
XX. Profit distribution		-	-	-	-	162,112	-	2,420,745	3,817	-	(2,936,674)	-	-	-	-	-	(350,000)
20.1. Dividends		-	-	-	-	162,112	-	2,420,745	3,817	-	(350,000)	-	-	-	-	-	(350,000)
20.2. Transfers to reserves		-	-	-	-	162,112	-	2,420,745	3,817	-	(2,582,857)	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	(3,817)	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	528,456	-	5,268,509	12,574	3,127,964	-	1,973,810	598,187	2,453	(64,707)	-	16,431,680
CURRENT PERIOD (1 January - 31 December 2011)																	
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	528,456	-	5,268,509	12,574	-	3,127,964	1,973,810	598,187	2,453	(64,707)	-	16,431,680
Changes during the period	(5.5)																
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(1,365,276)	-	-	-	-	(1,365,276)
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	1,093	-	-	1,093
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	1,093	-	-	1,093
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	1,585	-	-	7,724	-	-	-	-	-	-	-	9,309
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(562)
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	3,070,575	-	-	-	-	-	-	3,070,575
XVIII. Profit distribution		-	-	-	-	193,262	-	2,343,706	20,230	-	(3,127,964)	-	766	-	-	-	(570,000)
18.1. Dividends		-	-	-	-	193,262	-	2,343,706	20,230	-	(570,000)	-	766	-	-	-	(570,000)
18.2. Transfers to reserves		-	-	-	-	193,262	-	2,343,706	20,230	-	(2,536,968)	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	-	-	(20,996)	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	723,303	-	7,612,215	40,528	3,070,575	-	608,534	598,953	1,891	(63,614)	-	17,576,819

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Year Ended 31 December 2011

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2011- 31 December 2011	PRIOR PERIOD 1 January 2010- 31 December 2010
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		2,087,875	3,938,627
1.1.1 Interests received		9,509,710	9,122,411
1.1.2 Interests paid		(5,659,161)	(4,645,569)
1.1.3 Dividend received		5,557	5,290
1.1.4 Fees and commissions received		2,386,202	2,264,719
1.1.5 Other income		594,895	801,354
1.1.6 Collections from previously written-off loans and other receivables		77,381	54,748
1.1.7 Payments to personnel and service suppliers		(2,625,993)	(2,489,338)
1.1.8 Taxes paid		(632,675)	(872,174)
1.1.9 Others	(5.6)	(1,568,041)	(302,814)
1.2 Changes in operating assets and liabilities		(7,955,076)	(2,948,155)
1.2.1 Net (increase) decrease in financial assets held for trading		(399,950)	(241,547)
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		(1,971,747)	(1,494,614)
1.2.4 Net (increase) decrease in loans		(18,687,696)	(15,296,891)
1.2.5 Net (increase) decrease in other assets		(3,452,714)	(298,915)
1.2.6 Net increase (decrease) in bank deposits		(428,626)	80,585
1.2.7 Net increase (decrease) in other deposits		12,210,493	9,687,218
1.2.8 Net increase (decrease) in funds borrowed		3,754,940	3,617,131
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	1,020,224	998,878
I. Net cash flow from banking operations		(5,867,201)	990,472
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		3,612,106	(2,635,108)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(84,420)	(553,497)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		171,003	5,568
2.3 Purchases of tangible assets		(366,103)	(300,936)
2.4 Sales of tangible assets		93,071	63,239
2.5 Cash paid for purchase of financial assets available-for-sale		(13,952,992)	(18,597,566)
2.6 Cash obtained from sale of financial assets available-for-sale		16,397,291	15,213,763
2.7 Cash paid for purchase of investments held-to-maturity		(4,737)	(4,143)
2.8 Cash obtained from sale of investments held-to-maturity		1,358,993	1,538,464
2.9 Others	(5.6)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		2,996,019	(354,922)
3.1 Cash obtained from funds borrowed and securities issued		5,290,027	-
3.2 Cash used for repayment of funds borrowed and securities issued		(1,723,621)	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(570,000)	(350,000)
3.5 Payments for financial leases		(387)	(4,922)
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)	677,405	64,049
V. Net increase/(decrease) in cash and cash equivalents		1,418,329	(1,935,509)
VI. Cash and cash equivalents at beginning of period		6,195,233	8,130,742
VII. Cash and cash equivalents at end of period		7,613,562	6,195,233

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 Profit Distribution
At 31 December 2011

STATEMENT OF PROFIT DISTRIBUTION		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (*)	PRIOR PERIOD
		31 December 2011	31 December 2010
I.	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	CURRENT PERIOD PROFIT	3,908,149	3,930,767
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	837,574	802,803
1.2.1	Corporate tax (income tax)	837,574	802,803
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	3,070,575	3,127,964
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	157,262
1.5	OTHER STATUTORY RESERVES (-)	-	20,996
B.	NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	3,070,575	2,949,706
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	210,000
1.6.1	To owners of ordinary shares	-	210,000
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of redeemed shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	360,000
1.9.1	To owners of ordinary shares	-	360,000
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	36,000
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	2,343,706
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES	-	-
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of redeemed shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE (per YTL'000 face value each)	-	-
3.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	731	745
3.2	TO OWNERS OF ORDINARY SHARES (%)	73	74
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE	-	-
4.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Decision regarding to the 2011 profit distribution will be held at General Assembly meeting.

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

3 Accounting policies

3.1 Basis of presentation

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

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

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

3.1.1 Additional paragraph for convenience translation to English

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

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

3.2.1 Strategy for the use of financial instruments

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

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

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

3.3 Investments in associates and subsidiaries

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

3.4 Forwards, options and other derivative transactions

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

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

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

3.5 Interest income and expenses

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

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

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

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

3.8 Impairment of financial assets

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

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

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

3.9 Netting of financial instruments

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

3.13 Tangible assets

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

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

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

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

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

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

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

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

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	20-50	2-20	4-40	2-20
Motor vehicles	5-7	15-20	30-40	15-20
Other tangible assets	4-20	5-25	10-50	5-25

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

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

3.14 Leasing activities

The maximum period of the leasing agreements is 4 years. Leased assets are recognized by recording an asset or a liability. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

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

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

3.15 Provisions and contingent liabilities

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

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance Indemnities and Short-Term Employee Benefits

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

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

	31 December 2011^(*)	31 December 2010	31 December 2009
	%	%	%
Discount Rate	4.25	4.66	5.92
Interest Rate	9.52	10.00	11.00
Expected Rate of Salary Increase	6.56	6.60	6.30
Inflation Rate	5.06	5.10	4.80

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

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

Retirement Benefit Obligations

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

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

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

	31 December 2011	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

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

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

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

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

b) Other benefits not transferable to SSF

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

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

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

The tax applications for foreign branches;

NORTHERN CYPRUS

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

MALTA

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

LUXEMBOURG

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 5% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 9% of the taxable income. The tax returns do not include any tax payable amounts. The tax calculation is done by the tax office and the amount to be paid is declared to corporate through an official letter called Note. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

3.18.2 Deferred taxes

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

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

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

3.18.3 Transfer pricing

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

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

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

3.19 Funds borrowed

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

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

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 31 December 2011, the Bank does not have any government incentives or grants.

3.23 Segment reporting

The Bank operates in corporate, commercial, retail and investment banking business lines. 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, Shop&Miles, BusinessCard under the brand name of Visa and Mastercard, and also American Express credit cards and Maestro ve Electron Garanti24 cards 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 "small business" banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card and bill payment.

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

Information on the business segments is as follows:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,078,343	3,103,411	1,432,502	317,058	7,931,314
Other	-	-	-	-	-
Total Operating Profit	3,078,343	3,103,411	1,432,502	317,058	7,931,314
Net Operating Profit	915,781	1,905,218	1,247,711	(166,118)	3,902,592
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	5,557	5,557
Net Operating Profit	915,781	1,905,218	1,247,711	(160,561)	3,908,149
Provision for Taxes	-	-	-	837,574	837,574
Net Profit	915,781	1,905,218	1,247,711	(998,135)	3,070,575
					-
Segment Assets	27,857,755	55,955,547	56,911,004	3,729,725	144,454,031
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	2,188,410	2,188,410
Undistributed Items	-	-	-	-	-
Total Assets	27,857,755	55,955,547	56,911,004	5,918,135	146,642,441
Segment Liabilities	51,721,161	35,039,949	39,909,125	2,395,387	129,065,622
Shareholders' Equity	-	-	-	17,576,819	17,576,819
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	51,721,161	35,039,949	39,909,125	19,972,206	146,642,441
Other Segment Items					
Capital Expenditures	-	-	-	269,128	269,128
Depreciation Expenses	103,070	60,678	4,219	6,040	174,007
Impairment Losses	316,172	326,330	50,584	131,221	824,307
Other Non-Cash Income/Expenses	120,520	215,606	(1,191,401)	(46,337)	(901,612)
Restructuring Costs	-	-	-	-	-

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,030,119	2,471,188	1,897,592	173,291	7,572,190
Other	-	-	-	-	-
Total Operating Profit	3,030,119	2,471,188	1,897,592	173,291	7,572,190
Net Operating Profit	1,034,432	1,235,041	1,814,874	(158,870)	3,925,477
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	5,290	5,290
Net Operating Profit	1,034,432	1,235,041	1,814,874	(153,580)	3,930,767
Provision for Taxes	-	-	-	802,803	802,803
Net Profit	1,034,432	1,235,041	1,814,874	(956,383)	3,127,964
					-
Segment Assets	21,610,482	43,216,828	54,096,048	3,366,137	122,289,495
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	1,684,646	1,684,646
Undistributed Items	-	-	-	-	-
Total Assets	21,610,482	43,216,828	54,096,048	5,050,783	123,974,141
Segment Liabilities	43,312,701	30,282,003	31,745,974	2,201,783	107,542,461
Shareholders' Equity	-	-	-	16,431,680	16,431,680
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	43,312,701	30,282,003	31,745,974	18,633,463	123,974,141
Other Segment Items					
Capital Expenditures	-	-	-	226,281	226,281
Depreciation Expenses	102,322	54,045	3,837	6,427	166,631
Impairment Losses	252,070	296,021	1,776	37,356	587,223
Other Non-Cash Income/Expenses	(36,032)	(11,182)	127,686	(4,409)	76,063
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

3.24.1 Changes regarding prior periods' financial statements

The Bank reassessed the accounting treatment applied for the employee termination benefits during the preparation of the current period's financial statement and adjusted the prior periods' financial statements. Accordingly, the effects of such corrections made to the 2010 accounting records on the financial statements are as follows:

	<i>Reported</i>		<i>Adjusted</i>
	31 December 2010	Correction	31 December 2010
Total Assets	123,963,432	10,709	123,974,141
Reserve for Employee Termination Benefits	47,392	53,545	100,937
Deferred Tax Assets	106,515	10,709	117,224
Extraordinary Reserves	5,294,076	(25,567)	5,268,509
Current Period Net Profit / Loss	3,145,233	(17,269)	3,127,964

4 Financial position and results of operations

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 16.89% (31 December 2010: 19.62%).

4.1.1 Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no.26333 dated 1 November 2006.

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

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

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

The credit derivative contracts are included in the calculation of the value at credit risk and of the capital requirement for general market risk and specific risk in accordance with the principles in "Regulation on Taking Credit Derivatives into Consideration for Calculation of Capital Adequacy Ratio according to the Standard Method".

4.1.2 Capital adequacy ratio

Current Period	Risk Weightings						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	22,311,307	-	7,485,092	19,349,200	63,093,358	1,412,914	2,078,792
Cash on Hand	1,072,709	-	3,587	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	972,268	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	5,176,039	-	5,703,537	-	3,426,803	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	6,212,587	-	-	-	-	-	-
Loans	4,635,296	-	381,568	19,056,825	54,629,704	1,412,914	2,078,792
Loans under Follow-Up (Net)	-	-	-	-	280,372	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,569,645	-	946,305	-	5,782	-	-
Receivables from Term Sale of Assets	-	-	-	-	20,090	-	-
Miscellaneous Receivables	75,778	-	-	-	136,978	-	-
Accrued Interest and Income	316,179	-	37,459	292,375	882,617	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	-	2,186,458	-	-
Tangible Assets (Net)	-	-	-	-	1,221,961	-	-
Other Assets	280,806	-	412,636	-	302,593	-	-
Off-Balance Sheet Items	15,084,253	-	2,064,692	805,969	17,051,424	-	-
Non-Cash Loans and Commitments	15,084,253	-	1,076,615	805,969	16,742,631	-	-
Derivative Financial Instruments	-	-	988,077	-	308,793	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	37,395,560	-	9,549,784	20,155,169	80,144,782	1,412,914	2,078,792

Prior Period	Risk Weightings						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	20,869,668	-	2,859,617	16,492,464	49,500,025	493,769	17,082
Cash on Hand	960,173	-	830	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	3,714,468	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	4,548,250	-	1,264,650	-	2,476,497	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	2,830,334	-	-	-	-	-	-
Loans	3,449,513	-	312,320	16,321,800	43,100,836	493,769	17,082
Loans under Follow-Up (Net)	-	-	-	-	351,560	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	4,580,893	-	997,866	-	4,143	-	-
Receivables from Term Sale of Assets	-	-	-	-	10,339	-	-
Miscellaneous Receivables	45,505	-	-	-	71,153	-	-
Accrued Interest and Income	332,202	-	6,147	170,664	634,550	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	-	1,671,536	-	-
Tangible Assets (Net)	-	-	-	-	1,120,483	-	-
Other Assets	408,330	-	277,804	-	58,928	-	-
Off-Balance Sheet Items	1,767,384	-	1,569,069	870,715	12,230,076	-	-
Non-Cash Loans and Commitments	1,767,384	-	886,104	870,715	11,940,653	-	-
Derivative Financial Instruments	-	-	682,965	-	289,423	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	22,637,052	-	4,428,686	17,363,179	61,730,101	493,769	17,082

4.1.3 Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk (VaCR)	98,409,278	72,072,246
Value at Market Risk (VaMR)	4,789,663	3,553,288
Value at Operational Risk (VaOR)	11,970,584	10,184,205
Shareholders' Equity	19,454,197	16,839,261
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	16.89%	19.62%

4.1.4 Components of shareholders' equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	4,200,000	4,200,000
Nominal Capital	4,200,000	4,200,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Legal Reserves	723,303	528,456
I. Legal Reserve (Turkish Commercial Code 466/1)	648,013	489,166
II. Legal Reserve (Turkish Commercial Code 466/2)	75,290	39,290
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	7,612,215	5,294,076
Reserve allocated as per the Decision held by the General Assembly	7,612,215	5,294,076
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	40,528	12,574
Profit	3,070,575	3,145,233
Current Period Profit	3,070,575	3,145,233
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	420,000	330,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	596,813	596,047
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-) (*)	115,733	135,318
Prepaid Expenses (-) (**)	-	190,263
Intangible Assets (-) (*)	55,550	30,527
Deferred Tax Asset in Excess of 10% of Core Capital (-) (*)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	17,276,585	14,534,712
SUPPLEMENTARY CAPITAL		
General Provisions	1,013,949	622,265
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	963
Bonus shares of Associates, Subsidiaries and Joint-Ventures	1,891	2,453
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	1,053,580	861,875
45% of Securities Value Increase Fund (***)	259,298	873,672
Associates and Subsidiaries	194,477	135,932
Investment Securities Available for Sale	64,821	737,740
Other Reserves	-	-
Total Supplementary Capital	2,329,681	2,361,228
TIER III CAPITAL		
CAPITAL	19,606,266	16,895,940

(*) According to the temporary Article 1 of the "Regulation on Equities of Banks" as published in Official Gazette no. 26333 dated 1 November 2006, starting from 1 January 2009 leasehold improvements, prepaid expenses, intangible assets and deferred tax assets above 10% of core capital are directly deducted from core capital.

(**) Prepaid expenses are not deducted from the core capital according to the Article 1 of the Regulation for amending the Regulation on Equities of Banks" published in the Official Gazette no. 27870 dated 10 March 2011.

(***) In cases where the Securities Value Increase Fund gives a positive result then only 45% of the amount is considered in the calculation, whereas if it is negative then the whole amount is considered in the calculation.

DEDUCTIONS FROM CAPITAL	152,069	56,679
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	1,952	13,110
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	72,648	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	27,676	43,569
Others	49,793	-
TOTAL SHAREHOLDERS' EQUITY	19,454,197	16,839,261

4.2 Credit risk

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

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

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

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

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

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

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

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

The Bank's largest 100 cash loan customers compose 26.97% of the total cash loan portfolio.

The Bank's largest 100 non-cash loan customers compose 55.01% of the total non-cash loan portfolio.

The Bank's largest 100 cash and non-cash loan customers represent 8.71% of the total "on and off balance sheet" assets.

The general provision for credit risk amounts to TL 1,013,949 thousands.

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

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

	Current Period	Prior Period
	%	%
Above Average	45.91	49.67
Average	48.70	44.23
Below Average	5.39	6.10
Total	100.00	100.00

Customer and regional concentration of credit risks:

	Loans to Individuals and Corporates		Balances with Banks and Central Bank of Turkey		Securities*		Other Credits**		Off-Balance Sheet Commitments and Contingencies	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Customer concentration										
Private Sector	54,470,694	41,918,703	-	-	761,238	764,760	624,301	379,638	116,301,674	41,582,223
Public Sector	1,469,006	1,206,924	-	-	32,111,730	35,883,293	-	-	114	322
Banks	168,858	142,872	21,528,806	14,870,213	1,675,594	2,034,164	1,109,632	756,436	31,720,162	25,110,871
Retail Customers	27,704,744	21,558,811	-	-	-	-	47,250	39,568	1,015,011	2,236,164
Equity Securities	-	-	-	-	43,472	135,726	2,188,410	1,684,646	-	-
Total	83,813,302	64,827,310	21,528,806	14,870,213	34,592,034	38,817,943	3,969,593	2,860,288	149,036,961	68,929,580
Regional concentration										
Domestic	81,816,356	62,910,764	7,217,191	7,325,618	31,572,761	36,320,775	1,780,953	1,311,249	116,806,409	43,411,523
European Union (EU) Countries	1,893,731	1,847,676	12,691,913	7,041,359	1,605,165	1,049,816	1,858,189	1,357,546	17,100,334	14,740,318
OECD Countries ***	-	-	4,345	3,435	-	-	-	142	969,653	646,397
Off-Shore Banking Regions	67,343	56,554	89,887	68,563	177,143	192,629	1,012	400	48,059	25,684
USA, Canada	15,357	37	1,368,385	304,276	849,736	928,238	178,157	71,124	13,663,442	9,798,122
Other Countries	20,515	12,279	157,085	126,962	387,229	326,485	151,282	119,827	449,064	307,536
Total	83,813,302	64,827,310	21,528,806	14,870,213	34,592,034	38,817,943	3,969,593	2,860,288	149,036,961	68,929,580

- * Includes financial assets at fair value through profit or loss, financial assets available-for-sale and investments held-to-maturity
** Includes transactions defined as credit as per the Article 48 of the Turkish Banking Law No 5411 and not covered in the first three columns above
*** Includes OECD countries other than EU countries, USA and Canada

4.2.1 Geographical concentration

	Assets	Liabilities	Non-cash Loans	Capital Expenditures	Net Profit/(Loss)
Current Period					
Domestic	125,120,750	116,371,518	17,375,965	269,128	2,935,483
EU Countries	18,049,221	18,070,251	1,538,235	-	125,179
OECD Countries*	4,345	2,456,279	965,527	-	-
Off-Shore Banking Regions	340,084	1,019,718	43,396	-	9,913
USA, Canada	2,411,828	7,615,561	677,354	-	-
Other Countries	716,213	1,109,114	421,021	-	-
Unallocated Assets/Liabilities**	-	-			
Total	146,642,441	146,642,441	21,021,498	269,128	3,070,575
Prior Period					
Domestic	110,131,389	101,555,636	12,848,667	226,281	3,113,620
EU Countries	11,626,151	13,955,701	1,151,551	-	7,202
OECD Countries*	3,647	1,111,232	622,627	-	-
Off-Shore Banking Regions	323,138	544,336	25,684	-	7,142
USA, Canada	1,303,675	6,272,608	735,208	-	-
Other Countries	586,141	534,628	306,043	-	-
Unallocated Assets/Liabilities**	-	-			
Total	123,974,141	123,974,141	15,689,780	226,281	3,127,964

* Includes OECD countries other than EU countries, USA and Canada

** Includes assets, liabilities and equity items that can not be allocated on a consistent basis

4.2.2 Sectoral distribution of cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	524,386	1.06	80,320	0.24	359,558	0.98	92,618	0.34
Farming and Stockbreeding	518,398	1.05	78,031	0.23	343,383	0.93	84,313	0.31
Forestry	1,937	-	-	-	10,462	0.03	-	-
Fishery	4,051	0.01	2,289	0.01	5,713	0.02	8,305	0.03
Manufacturing	6,718,061	13.62	13,326,927	38.98	4,775,566	12.93	11,088,425	40.28
Mining	299,009	0.61	440,177	1.29	166,102	0.45	430,757	1.56
Production	6,144,284	12.45	8,082,120	23.64	4,266,268	11.55	7,696,560	27.96
Electricity, Gas, Water	274,768	0.56	4,804,630	14.05	343,196	0.93	2,961,108	10.76
Construction	2,218,575	4.50	2,685,354	7.85	1,623,620	4.39	1,690,111	6.14
Services	9,904,817	20.09	13,120,022	38.36	6,874,227	18.60	10,399,177	37.77
Wholesale and Retail Trade	6,541,479	13.26	3,710,137	10.85	4,527,518	12.25	3,378,415	12.27
Hotel, Food and Beverage Services	477,564	0.97	1,960,655	5.73	367,507	0.99	1,005,341	3.65
Transportation and Telecommunication	966,361	1.96	4,831,369	14.13	679,884	1.84	3,622,085	13.16
Financial Institutions	1,276,421	2.59	1,525,248	4.46	693,394	1.88	1,555,575	5.65
Real Estate and Renting Services	71,693	0.15	556,651	1.63	56,919	0.15	399,221	1.45
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	124,435	0.25	73,413	0.21	117,139	0.32	73,912	0.27
Health and Social Services	446,864	0.91	462,549	1.35	431,866	1.17	364,628	1.32
Other	29,972,270	60.73	4,982,198	14.57	23,312,628	63.10	4,259,820	15.47
Total	49,338,109	100.00	34,194,821	100.00	36,945,599	100.00	27,530,151	100.00

4.2.3 Credit risk by business segments

Current Period					
Loan Groups	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Performing Loans					
Cash Loans	53,884,145	17,978,914	9,653,599	14,390,518	95,907,176
Non-Cash Loans	29,621,951	1,793,915	13,540,139	7,968,772	52,924,777
Loans under Follow-Up					
Cash Loans	1,512,587	275,325	228,360	-	2,016,272
Non-Cash Loans	126,784	-	-	-	126,784
Non-Performing Loans					
Cash Loans	668,434	284,194	579,459	-	1,532,087
Non-Cash Loans	113,577	-	-	-	113,577
Total					
Cash Loans	56,065,166	18,538,433	10,461,418	14,390,518	99,455,535
Non-Cash Loans	29,862,312	1,793,915	13,540,139	7,968,772	53,165,138
Provision Types					
Specific Provision					
Cash Loans	454,108	244,532	553,075	-	1,251,715
Non-Cash Loans	52,298	-	-	-	52,298
General Provision					
Cash Loans	452,745	276,662	77,470	131,769	938,646
Non-Cash Loans	49,408	1,815	20,976	3,104	75,303

Prior Period					
Loan Groups	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Performing Loans					
Cash Loans	41,187,051	13,633,282	7,798,641	7,682,197	70,301,171
Non-Cash Loans	21,268,511	1,168,112	12,467,191	6,198,988	41,102,802
Loans under Follow-Up					
Cash Loans	1,451,356	169,286	236,134	-	1,856,776
Non-Cash Loans	81,974	-	-	-	81,974
Non-Performing Loans					
Cash Loans	837,637	441,015	660,457	-	1,939,109
Non-Cash Loans	96,013	-	-	-	96,013
Total					
Cash Loans	43,476,044	14,243,583	8,695,232	7,682,197	74,097,056
Non-Cash Loans	21,446,498	1,168,112	12,467,191	6,198,988	41,280,789
Provision Types					
Specific Provision					
Cash Loans	576,401	377,447	633,701	-	1,587,549
Non-Cash Loans	57,287	-	-	-	57,287
General Provision					
Cash Loans	334,484	110,938	59,063	63,921	568,406
Non-Cash Loans	32,003	563	18,830	2,463	53,859

4.3 Market risk

The Bank that had already started working on risk management area before the regulations on Bank's Internal Control and Risk Management Systems and Measurement and Assessment of Capital Adequacy Ratios of Banks issued by the BRSA in February 2001, restructured its internal systems in accordance with the related regulations under the responsibility of the board of directors and currently works accordingly.

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26333 dated 1 November 2006.

The risk policies defined for the Bank's market risk exposure and the applications are approved and reviewed regularly by the board of directors.

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 follows up the effectiveness of risk management systems through audit committee, related other committees and top management, and take decisions in the light of various risk reports and the assessments made by audit committee. The board of directors is the highest authority responsible for the sound performance of internal systems.

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. In the VaR calculations, trading, available-for-sale and derivative portfolios are taken into account. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. The Bank takes the historical VaR results as the basis for the internal management of market risk and determination of limits. The calculations made according to other two methods are used for comparison and monitoring purposes. In the VaR calculation, one year historical market data set is used, and 99% confidence interval and one-day retention period (10 days for legal capital adequacy 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 for trading portfolio as approved by the board of directors are also applied and monitored.

4.3.1 Value at market risk

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	239,551	190,920
(II) Capital Obligation against Specific Risks - Standard Method	40,367	52,631
(III) Capital Obligation against Currency Risk - Standard Method	64,477	29,230
(IV) Capital Obligation against Stocks Risks - Standard Method	870	-
(V) Capital Obligation against Exchange Risks - Standard Method	-	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	37,908	11,482
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement	-	-
(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)	383,173	284,263
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	4,789,663	3,553,288

4.3.2 Monthly average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	2,852,355	3,790,336	2,058,261	2,255,906	2,796,062	1,883,974
Common Share Risk	147,751	408,950	48,300	256,823	277,713	237,975
Currency Risk	741,719	1,550,388	161,450	361,340	742,363	62,613
Stock Risk	15,926	58,700	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	469,797	631,775	246,763	251,618	360,925	141,363
Total Value at Risk	4,227,549	6,440,149	2,514,774	3,125,687	4,177,063	2,325,925

The value at market risk as of 31 December 2006 is calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” and the “Regulation on Equities of Banks” published in Official Gazette no.26333 dated 1 November 2006.

4.4 Operational risk

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

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

Basic Indicator Method		31 December 2010	31 December 2009	31 December 2008
(I)	Net Interest Income	4,754,740	5,079,982	3,177,960
(II)	Net Fees and Commissions Income	1,815,536	1,642,508	1,441,128
(III)	Dividend Income	5,290	78,937	102,470
(IV)	Net Trading Income/(Losses)	363,925	880,698	251,295
(V)	Other Operating Income	637,989	279,252	297,971
(VI)	Gain/(Loss) on Securities Available-for-Sale and Held-to-Maturity	201,545	362,823	48,991
(VII)	Extraordinary Income	599,197	210,599	233,591
(VIII)	Insurance Claim Collections	-	-	-
(IX)	Gross Income (I+II+III+IV+V+VI+VII+VIII)	6,776,738	7,387,955	4,988,242
(X)	Capital Obligation (IX * 15%)	1,016,511	1,108,193	748,236
(XI)	Average Capital Obligation against Operational Risk		957,647	
(XII)	Value at Operational Risk (XI * 12.5)		11,970,584	

4.5 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2011, the Bank’s net ‘on balance sheet’ foreign currency long position amounts to TL 2,321,493 thousands (31 December 2010: TL 2,845,283 thousands), net ‘off-balance sheet’ foreign currency short position amounts to TL 2,173,154 thousands (31 December 2010: TL 3,071,066 thousands), while net foreign currency long position amounts to TL 148,339 thousands (31 December 2010: a net foreign currency short position of TL 225,783 thousands).

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

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

	USD	EUR	JPY (100)	GBP
Foreign currency purchase rates at balance sheet date	1.8650	2.4216	2.4229	2.8992
<u>Rates for the days before balance sheet date:</u>				
Day 1	1.8650	2.4218	2.4182	2.8964
Day 2	1.8900	2.4423	2.4326	2.9103
Day 3	1.8950	2.4539	2.4328	2.9318
Day 4	1.8750	2.4506	2.4096	2.9368
Day 5	1.8700	2.4442	2.4002	2.9226
Last 30-days arithmetical average rates	1.8490	2.4340	2.3766	2.8836

Currency risk:

	EUR	USD	JPY	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	5,176,957	170,833	1,217	1,322,653	6,671,660
Banks	4,382,464	6,657,310	1,565	1,200,120	12,241,459
Financial Assets at Fair Value through Profit/Loss	824,738	135,499	-	-	960,237
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	277,054	1,265,589	-	-	1,542,643
Loans (*)	11,898,254	24,458,853	27,223	580,082	36,964,412
Investments in Associates, Subsidiaries and Joint-Ventures	1,608,727	151,069	-	-	1,759,796
Investments Held-to-Maturity	-	1,610,487	-	-	1,610,487
Derivative Financial Assets Held for Risk Management	-	129,335	-	-	129,335
Tangible Assets	23	54	-	-	77
Intangible Assets	-	-	-	-	-
Other Assets	24,628	42,981	18,818	1,135	87,562
Total Assets	24,192,845	34,622,010	48,823	3,103,990	61,967,668
Liabilities					
Bank Deposits	403,798	866,840	769	38,411	1,309,818
Foreign Currency Deposits	11,569,020	20,685,924	36,782	593,596	32,885,322
Interbank Money Market Takings	-	2,616,371	-	2	2,616,373
Other Fundings	6,220,854	10,999,530	-	172	17,220,556
Securities Issued	-	1,621,496	-	-	1,621,496
Miscellaneous Payables	36,480	36,604	71	2,285	75,440
Derivative Financial Liabilities Held for Risk Management	-	782	-	-	782
Other Liabilities (**)	912,942	404,041	19,156	2,580,249	3,916,388
Total Liabilities	19,143,094	37,231,588	56,778	3,214,715	59,646,175
Net 'On Balance Sheet' Position	5,049,751	(2,609,578)	(7,955)	(110,725)	2,321,493
Net 'Off-Balance Sheet' Position	(4,751,323)	2,455,470	8,024	114,675	(2,173,154)
Derivative Assets	4,387,201	12,481,980	136,286	548,026	17,553,493
Derivative Liabilities	9,138,524	10,026,510	128,262	433,351	19,726,647
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	15,130,596	29,307,203	29,890	743,710	45,211,399
Total Liabilities	14,488,403	26,908,782	45,436	923,495	42,366,116
Net 'On Balance Sheet' Position	642,193	2,398,421	(15,546)	(179,785)	2,845,283
Net 'Off-Balance Sheet' Position	(362,364)	(2,896,477)	14,178	173,597	(3,071,066)
Derivative Assets	3,119,422	7,397,305	263,680	1,009,823	11,790,230
Derivative Liabilities	3,481,786	10,293,782	249,502	836,226	14,861,296
Non-Cash Loans	-	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,769,591 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Other liabilities also include gold deposits of TL 2,570,178 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 account the developments in market conditions.

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 prospective fluctuations in markets. Furthermore, the interest rate risk is monitored within the limits approved by the board of directors.

As part of the duration-gap analysis, the sensitivity analysis for a +/-1 point change in the present values of interest sensitive balance sheet items excluding trading and available-for-sale portfolios as of 31 December 2011 is provided in the table below:

Sensitivity analysis

Stress applied	Change in portfolio value	
	Current Period	Prior Period
For TL Interest Rates		
(+) 1%	(130,364)	(124,366)
(-) 1%	134,483	127,735
For Foreign Currency Interest Rates		
(+) 1%	(307,477)	(230,871)
(-) 1%	339,773	255,018

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

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

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

Average interest rates on monetary financial instruments:

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

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 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	2,658,707	-	-	-	-	4,851,325	7,510,032
Banks	2,410,299	2,719,701	972,850	838,575	-	1,379,760	8,321,185
Financial Assets at Fair Value through Profit/Loss	269,581	141,942	79,213	78,914	7,341	402,924	979,915
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	12,360,452	5,581,763	8,001,403	2,287,775	622,107	3,482,710	32,336,210
Loans	14,295,231	8,370,267	12,397,500	19,014,744	9,617,578	1,131,990	64,827,310
Investments Held-to-Maturity	2,265,714	-	4,143	2,026,372	1,286,672	311,030	5,893,931
Other Assets	21,302	-	-	1,495	5,525	4,077,236	4,105,558
Total Assets	34,281,286	16,813,673	21,455,109	24,247,875	11,539,223	15,636,975	123,974,141
Liabilities							
Bank Deposits	1,372,947	258,617	16,865	-	-	759,881	2,408,310
Other Deposits	46,673,599	8,494,540	2,546,541	351,612	141,634	12,042,183	70,250,109
Interbank Money Market Takings	10,195,518	773,415	260,062	-	-	25,148	11,254,143
Miscellaneous Payables	-	-	-	-	-	2,942,573	2,942,573
Securities Issued	-	-	-	-	-	-	-
Other Fundings	6,885,307	842,167	2,741,006	3,594,611	3,192,903	262,044	17,518,038
Other Liabilities	6,934	48	184	4	-	19,593,798	19,600,968
Total Liabilities	65,134,305	10,368,787	5,564,658	3,946,227	3,334,537	35,625,627	123,974,141
On Balance Sheet Long Position	-	6,444,886	15,890,451	20,301,648	8,204,686	-	50,841,671
On Balance Sheet Short Position	(30,853,019)	-	-	-	-	(19,988,652)	(50,841,671)
Off-Balance Sheet Long Position	1,023,629	683,593	2,443,591	2,035,464	1,093,941	-	7,280,218
Off-Balance Sheet Short Position	(1,087,251)	(699,734)	(2,426,976)	(2,084,788)	(982,987)	-	(7,281,736)
Total Position	(30,916,641)	6,428,745	15,907,066	20,252,324	8,315,640	(19,988,652)	(1,518)

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

Average interest rates on monetary financial instruments:

Prior Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks (*)	1.71	0.66	-	6.53
Financial Assets at Fair Value through Profit/Loss	5.13	6.32	-	12.01
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	6.35	6.11	-	11.49
Loans	4.78	4.63	4.52	14.94
Investments Held-to-Maturity	-	7.22	-	15.43
Liabilities				
Bank Deposits	2.30	1.68	-	6.30
Other Deposits	1.83	2.05	0.55	7.28
Interbank Money Market Takings	-	1.05	-	6.85
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	2.14	2.20	3.00	10.73

(*) The interest rates for USD and TL placements at banks are 0.76% and 6.57%, respectively, excluding the placements with range accrual agreements.

4.7 Liquidity risk

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

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

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The liquidity ratios for the years 2011 and 2010 are as follows :

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

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	123.99	203.09	89.16	129.40

Contractual maturity analysis of liabilities according to remaining maturities:

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

	Carrying Value	Gross Nominal Outflows	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Current Period								
Bank Deposits	1,983,341	1,977,366	713,846	977,388	263,224	22,908	-	-
Other Deposits	82,559,434	82,174,164	16,737,222	49,646,269	10,971,190	4,522,014	133,457	164,012
Other Fundings	21,605,059	21,308,982	-	433,622	934,378	7,549,791	7,791,551	4,599,640
Interbank Money Market Takings	10,954,991	10,930,947	-	8,893,238	847,839	-	1,189,870	-
Securities Issued	3,704,097	3,566,406	-	711,159	-	1,371,442	559,500	924,305
Total	120,806,922	119,957,865	17,451,068	60,661,676	13,016,631	13,466,155	9,674,378	5,687,957

	Carrying Value	Gross Nominal Outflows	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Prior Period								
Bank Deposits	2,408,310	2,405,993	757,552	1,372,959	258,617	16,865	-	-
Other Deposits	70,250,109	69,963,673	11,755,745	46,668,015	8,483,663	2,487,283	398,744	170,223
Other Fundings	17,518,038	17,255,994	-	296,399	387,585	5,608,473	6,599,202	4,364,335
Interbank Money Market Takings	11,254,143	11,228,995	-	10,195,518	773,415	260,062	-	-
Securities Issued	-	-	-	-	-	-	-	-
Total	101,430,600	100,854,655	12,513,297	58,532,891	9,903,280	8,372,683	6,997,946	4,534,558

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	2,048,564	6,212,587	-	-	-	-	-	8,261,151
Banks	2,560,419	5,757,775	300,307	291,036	2,469,934	2,964,480	-	14,343,951
Financial Assets at Fair Value through Profit/Loss	2,858	112,204	241,410	181,592	395,274	723,504	-	1,656,842
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	25,571	169,426	587,030	137,750	24,896,940	2,982,927	-	28,799,644
Loans	123,796	13,067,358	8,027,275	12,562,565	30,021,993	19,729,943	280,372	83,813,302
Investments Held-to-Maturity	-	-	1,608,171	650,887	1,075,309	1,452,163	-	4,786,530
Other Assets	680,017	293,694	1,000	2,498	7,473	138,453	3,857,886	4,981,021
Total Assets	5,441,225	25,613,044	10,765,193	13,826,328	58,866,923	27,991,470	4,138,258	146,642,441
Liabilities								
Bank Deposits	713,846	979,727	266,766	23,002	-	-	-	1,983,341
Other Deposits	16,737,222	49,882,363	11,047,540	4,592,123	135,881	164,305	-	82,559,434
Other Fundings	-	563,869	1,062,123	7,587,496	7,791,931	4,599,640	-	21,605,059
Interbank Money Market Takings	-	8,909,625	850,699	-	1,194,667	-	-	10,954,991
Securities Issued	-	711,159	-	1,371,442	562,616	1,058,880	-	3,704,097
Miscellaneous Payables	206,398	3,350,933	-	-	-	-	-	3,557,331
Other Liabilities (**)	546,963	994,322	182,301	200,363	313,985	139,077	19,901,177	22,278,188
Total Liabilities	18,204,429	65,391,998	13,409,429	13,774,426	9,999,080	5,961,902	19,901,177	146,642,441
Liquidity Gap	(12,763,204)	(39,778,954)	(2,644,236)	51,902	48,867,843	22,029,568	(15,762,919)	-
Prior Period								
Total Assets	6,799,134	15,821,320	8,841,518	16,575,442	48,036,369	24,225,245	3,675,113	123,974,141
Total Liabilities	13,232,311	61,914,607	10,183,589	8,562,380	7,078,090	4,666,529	18,336,635	123,974,141
Liquidity Gap	(6,433,177)	(46,093,287)	(1,342,071)	8,013,062	40,958,279	19,558,716	(14,661,522)	-

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

(**) Shareholders' equity is included in "other liabilities" line under "undistributed" column.

4.8 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	138,928,282	117,927,665	138,320,076	118,220,176
Interbank Money Market Placements	-	-	-	-
Banks (*)	21,528,806	14,870,214	21,528,806	14,870,214
Financial Assets Available-for-Sale	28,799,644	32,336,210	28,799,644	32,336,210
Investments Held-to-Maturity	4,786,530	5,893,931	5,019,805	6,433,894
Loans	83,813,302	64,827,310	82,971,821	64,579,858
Financial Liabilities	113,409,262	93,119,030	113,409,262	93,119,030
Bank Deposits	1,983,341	2,408,310	1,983,341	2,408,310
Other Deposits	82,559,434	70,250,109	82,559,434	70,250,109
Other Fundings	21,605,059	17,518,038	21,605,059	17,518,038
Securities Issued	3,704,097	-	3,704,097	-
Miscellaneous Payables	3,557,331	2,942,573	3,557,331	2,942,573

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

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

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	23,023,180	-	5,776,464	28,799,644
Financial Assets Held for Trading	967,980	203	37,677	1,005,860
Derivative Financial Assets Held for Trading	4,950	646,032	-	650,982
Investments in Associates and Subsidiaries	68,749	-	1,759,796	1,828,545
Derivative Financial Assets Held for Risk Management	-	129,335	-	129,335
Financial Assets at Fair Value	24,064,859	775,570	7,537,937	32,414,366
Derivative Financial Liabilities Held for Trading	95	774,222	-	774,317
Derivative Financial Liabilities Held for Risk Management	-	782	-	782
Financial Liabilities at Fair Value	95	775,004	-	775,099

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	29,961,264	1,365	2,373,581	32,336,210
Financial Assets Held for Trading	579,556	6,507	1,739	587,802
Derivative Financial Assets Held for Trading	1,491	390,622	-	392,113
Investments in Associates and Subsidiaries	73,533	-	1,362,412	1,435,945
Derivative Financial Assets Held for Risk Management	-	-	-	-
Financial Assets at Fair Value	30,615,844	398,494	3,737,732	34,752,070
Derivative Financial Liabilities Held for Trading	1,846	459,697	-	461,543
Derivative Financial Liabilities Held for Risk Management	-	2,347	-	2,347
Financial Liabilities at Fair Value	1,846	462,044	-	463,890

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

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

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

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

None.

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	617,193	375,096	499,780	379,540
Central Bank of Turkey	972,268	6,212,587	2,662,934	3,886,095
Others	30	83,977	-	81,683
Total	1,589,491	6,671,660	3,162,714	4,347,318

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	972,268	-	2,662,934	1,055,761
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	6,212,587	-	2,830,334
Total	972,268	6,212,587	2,662,934	3,886,095

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	-	646,886	-	-
Assets Subject to Repurchase Agreements	-	-	-	-
Total	-	646,886	-	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	68,193	20,179	28,078	29,206
Swap Transactions	13,865	379,817	95,154	135,139
Futures	-	4,950	-	1,491
Options	108,370	55,608	68,597	34,448
Other	-	-	-	-
Total	190,428	460,554	191,829	200,284

5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	32,179	157	78,219	698,371
Foreign banks	2,070,313	12,241,302	2,422,008	5,122,587
Foreign headoffices and branches	-	-	-	-
Total	2,102,492	12,241,459	2,500,227	5,820,958

Due from foreign banks:

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	5,261,563	1,501,748	7,430,350	5,539,611
USA and Canada	936,974	56,983	431,411	247,293
OECD Countries (*)	4,345	3,435	-	-
Off-Shore Banking Regions	63,515	47,602	26,372	20,961
Other	157,085	126,962	-	-
Total	6,423,482	1,736,730	7,888,133	5,807,865

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

The placements at foreign banks include blocked accounts amounting TL 7,888,133 thousands of which TL 215,432 thousands, TL 185,474 thousands and TL 26,372 thousands are kept at the central banks of Luxembourg, Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits, and TL 7,460,855 thousands as collateral against funds borrowed.

5.1.4 Financial assets available-for-sale

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

The collateralized financial assets available-for-sale in TL consist of government bonds. The total carrying value of such securities with total face value of TL 6,699,932 thousands (31 December 2010: TL 2,609,350 thousands) is TL 6,901,185 thousands (31 December 2010: TL 2,571,988 thousands). The related accrued interests amount to TL 763,474 thousands (31 December 2010: TL 140,204 thousands). The related impairment losses on these securities amount to TL 41,718 thousands (31 December 2010: nil). The collateralized financial assets available-for-sale in foreign currencies consist of Eurobonds. The total carrying value of such securities with total face value of USD 9,925,000 and EUR 32,500,000 (31 December 2010: USD 8,860,000) is USD 10,119,913 and EUR 26,364,891 (31 December 2010: USD 9,277,029). The related accrued interests amount to USD 1,300,911 and EUR 29,997 (31 December 2010: USD 1,117,252). The impairment losses on these securities amount to EUR 12,333 (31 December 2010: nil).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	7,622,941	85,188	2,712,192	15,799
Assets subject to Repurchase Agreements	11,142,092	353,925	9,760,434	574,242
Total	18,765,033	439,113	12,472,626	590,041

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	26,731,268	28,861,356
Quoted at Stock Exchange	24,915,253	26,681,034
Unquoted at Stock Exchange	1,816,015	2,180,322
Common Shares/Investment Funds	19,666	35,154
Quoted at Stock Exchange (*)	5,081	21,866
Unquoted at Stock Exchange	14,585	13,288
Value Increases/Impairment Losses (-)	2,048,710	3,439,700
Total	28,799,644	32,336,210

As of 31 December 2011, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 (31 December 2010: USD 725,000,000) and a total carrying value of TL 804,237 thousands (31 December 2010: TL 1,115,681 thousands).

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	26	34,925	14	4,831
Corporates	26	34,925	14	4,831
Individuals	-	-	-	-
Indirect Lendings to Shareholders	245,679	478,356	232,831	358,273
Loans to Employees	86,115	-	78,769	-
Total	331,820	513,281	311,614	363,104

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

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Current Period				
Loans	80,928,213	588,445	838,780	1,177,492
Discounted Bills	520,754	641	1,490	16
Export Loans	3,526,691	15,283	6,311	87,254
Import Loans	730	-	-	-
Loans to Financial Sector	1,984,144	10,500	1,378	-
Foreign Loans	1,929,013	61,725	1,963	4,264
Consumer Loans	17,673,263	305,651	155,328	119,997
Credit Cards	9,653,599	-	81,726	146,634
Precious Metal Loans	245,969	4,647	5,452	1,275
Other	45,394,050	189,998	585,132	818,052
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	80,928,213	588,445	838,780	1,177,492

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Prior Period				
Loans	62,618,974	-	1,176,661	680,115
Discounted Bills	215,623	-	144	-
Export Loans	3,625,568	-	15,680	13,263
Import Loans	-	-	-	-
Loans to Financial Sector	1,852,311	-	1,243	45
Foreign Loans	1,911,613	-	4,933	-
Consumer Loans	13,633,284	-	91,710	77,576
Credit Cards	7,798,641	-	66,402	169,732
Precious Metal Loans	246,163	-	9,170	199
Other	33,335,771	-	987,379	419,300
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	62,618,974	-	1,176,661	680,115

Collaterals received for loans under follow-up:

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

Prior Period	Corporate/ Commercial	Consumer Loans	Credit Cards	Total
	Loans			
Loans Collateralized by Cash	19,036	1,112	-	20,148
Loans Collateralized by Mortgages	1,138,661	92,441	-	1,231,102
Loans Collateralized by Pledged Assets	33,894	11,084	-	44,978
Loans Collateralized by Cheques and Notes	55,920	31,132	-	87,052
Loans Collateralized by Other Collaterals	169,682	3,132	-	172,814
Unsecured Loans	34,163	30,385	236,134	300,682
Total	1,451,356	169,286	236,134	1,856,776

Delinquency periods of loans under follow-up:

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

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Prior Period				
31-60 days	40,766	69,045	53,708	163,519
61-90 days	11,477	15,310	12,694	39,481
Others	1,399,113	84,931	169,732	1,653,776
Total	1,451,356	169,286	236,134	1,856,776

Loans with extended maturities:

No. of Extensions	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
1	112,553	25,678	52,911	166,447	472,317	91,839	921,745
2	704	1,268	368	13,966	462	43	16,811
3	-	15,057	159	20	24	-	15,260
4	-	-	40	300	-	-	340
5	-	-	464	-	-	-	464
Total	113,257	42,003	53,942	180,733	472,803	91,882	954,620

5.1.5.3 Maturity analysis of cash loans

Current Period	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Short-term Loans	25,688,515	141,710	160,908	245,371
Loans	25,688,515	141,710	160,908	245,371
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	55,239,698	446,735	677,872	932,121
Loans	55,239,698	446,735	677,872	932,121
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

Prior Period	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Short-term Loans	20,662,703	-	220,334	199,836
Loans	20,662,703	-	220,334	199,836
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	41,956,271	-	956,327	480,279
Loans	41,956,271	-	956,327	480,279
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

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

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

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	369,675	12,474,932	12,844,607
Housing Loans	23,373	7,351,711	7,375,084
Automobile Loans	16,665	754,294	770,959
General Purpose Loans	27,927	485,044	512,971
Other	301,710	3,883,883	4,185,593
Consumer Loans – FC-indexed	-	499,554	499,554
Housing Loans	-	465,025	465,025
Automobile Loans	-	6,228	6,228
General Purpose Loans	-	14,236	14,236
Other	-	14,065	14,065
Consumer Loans – FC	-	31,983	31,983
Housing Loans	-	19,409	19,409
Automobile Loans	-	9,541	9,541
General Purpose Loans	-	1,451	1,451
Other	-	1,582	1,582
Retail Credit Cards – TL	7,561,631	74,554	7,636,185
With Installment	3,388,116	74,554	3,462,670
Without Installment	4,173,515	-	4,173,515
Retail Credit Cards – FC	22,755	-	22,755
With Installment	4,028	-	4,028
Without Installment	18,727	-	18,727
Personnel Loans – TL	22,608	16,012	38,620
Housing Loan	-	1,548	1,548
Automobile Loans	-	177	177
General Purpose Loans	1,105	743	1,848
Other	21,503	13,544	35,047
Personnel Loans - FC-indexed	-	130	130
Housing Loans	-	130	130
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	2	68	70
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	2	68	70
Other	-	-	-
Personnel Credit Cards – TL	32,511	325	32,836
With Installment	23,544	325	23,869
Without Installment	8,967	-	8,967
Personnel Credit Cards – FC	445	-	445
With Installment	108	-	108
Without Installment	337	-	337
Deposit Accounts– TL (real persons)	387,606	-	387,606
Deposit Accounts– FC (real persons)	-	-	-
Total	8,397,233	13,097,558	21,494,791

5.1.5.5 Installment based commercial loans and corporate credit cards

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

Prior Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	566,900	5,446,667	6,013,567
Real Estate Loans	1,353	507,591	508,944
Automobile Loans	56,171	1,059,270	1,115,441
General Purpose Loans	509,376	3,876,160	4,385,536
Other	-	3,646	3,646
Installment-based Commercial Loans - FC-indexed	62,919	540,665	603,584
Real Estate Loans	-	55,245	55,245
Automobile Loans	4,183	163,220	167,403
General Purpose Loans	58,736	322,200	380,936
Other	-	-	-
Installment-based Commercial Loans – FC	485	91,140	91,625
Real Estate Loans	-	1,117	1,117
Automobile Loans	18	3,920	3,938
General Purpose Loans	467	3,234	3,701
Other	-	82,869	82,869
Corporate Credit Cards – TL	337,954	660	338,614
With Installment	136,567	658	137,225
Without Installment	201,387	2	201,389
Corporate Credit Cards – FC	3,940	-	3,940
With Installment	438	-	438
Without Installment	3,502	-	3,502
Deposit Accounts– TL (corporates)	424,311	-	424,311
Deposit Accounts– FC (corporates)	-	-	-
Total	1,396,509	6,079,132	7,475,641

5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	1,469,006	1,206,924
Private Sector	82,063,924	63,268,826
Total	83,532,930	64,475,750

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	81,535,965	62,559,204
Foreign Loans	1,996,965	1,916,546
Total	83,532,930	64,475,750

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	1,219,109	1,192,499
Indirect Lending	-	-
Total	1,219,109	1,192,499

5.1.5.9 Specific provisions for loans

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	28,890	21,413
Doubtful Loans and Receivables	156,321	102,679
Uncollectible Loans and Receivables	1,066,504	1,463,457
Total	1,251,715	1,587,549

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

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
(Gross Amounts before Specific Provisions)	12,368	20,353	90,382
Restructured Loans and Receivables	12,368	20,353	90,382
Rescheduled Loans and Receivables	-	-	-
Prior Period			
(Gross Amounts before Specific Provisions)	10,777	14,723	248,832
Restructured Loans and Receivables	10,777	14,723	248,832
Rescheduled Loans and Receivables	-	-	-

Movements in non-performing loans and other receivables:

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

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

Prior Period	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	317,665	724,054	1,195,386
Additions during the Period (+)	427,565	41,910	184,275
Transfer from Other NPL Categories (+)	-	562,018	928,726
Transfer to Other NPL Categories (-)	562,018	934,265	23,054
Collections during the Period (-)	113,493	255,590	495,942
Write-offs (-) (*)	-	-	58,128
Corporate and Commercial Loans	-	-	2,018
Retail Loans	-	-	36
Credit Cards	-	-	56,074
Others	-	-	-
Balances at End of Period	69,719	138,127	1,731,263
Specific Provisions (-)	21,413	102,679	1,463,457
Net Balance on Balance Sheet	48,306	35,448	267,806

Movements in specific loan provisions:

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	576,401	377,447	633,701	1,587,549
Additions during the Period(+)	162,831	73,785	112,034	348,650
Restructured/Rescheduled Loans (-)	161,237	179	-	161,416
Collections during the Period (-)	98,128	100,986	123,684	322,798
Write-offs (-)	25,759	105,535	68,976	200,270
Balances at End of Period	454,108	244,532	553,075	1,251,715

Prior Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	556,575	493,598	762,290	1,812,463
Additions during the Period(+)	170,279	100,552	237,553	508,384
Restructured/Rescheduled Loans (-)	11,399	5,429	-	16,828
Collections during the Period (-)	137,245	211,238	310,068	658,551
Write-offs (-)	1,809	36	56,074	57,919
Balances at End of Period	576,401	377,447	633,701	1,587,549

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
Current Period			
Balance at End of Period	3,038	26,843	195,255
Specific Provisions (-)	211	18,555	152,194
Net Balance at Balance Sheet	2,827	8,288	43,061
Prior Period			
Balance at End of Period	2,781	3,264	322,790
Specific Provisions (-)	105	456	258,665
Net Balance at Balance Sheet	2,676	2,808	64,125

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period (Net)	49,286	34,967	196,119
Loans to Individuals and Corporates (Gross)	78,176	191,288	1,255,583
Specific Provision (-)	28,890	156,321	1,059,464
Loans to Individuals and Corporates (Net)	49,286	34,967	196,119
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,729
Specific Provision (-)	-	-	6,729
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	48,306	35,448	267,806
Loans to Individuals and Corporates (Gross)	69,719	138,127	1,724,148
Specific Provision (-)	21,413	102,679	1,456,342
Loans to Individuals and Corporates (Net)	48,306	35,448	267,806
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,804
Specific Provision (-)	-	-	6,804
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans:

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

Prior Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	376	271	-	647
Loans Collateralized by Mortgages	357,427	80,919	-	438,346
Loans Collateralized by Pledged Assets	192,167	68,499	-	260,666
Loans Collateralized by Cheques and Notes	128,903	175,199	-	304,102
Loans Collateralized by Other Collaterals	127,982	15,737	-	143,719
Unsecured Loans	30,782	100,390	660,457	791,629
Total	837,637	441,015	660,457	1,939,109

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 "Write-off" policies

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

5.1.6 Investments held-to-maturity

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	2,470,203	487,156	2,904,701	406,444
Investments subject to Repurchase Agreements	156,819	-	908,463	409,643
Total	2,627,022	487,156	3,813,164	816,087

5.1.6.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	3,170,068	4,576,594
Treasury Bills	-	-
Other Government Securities	1,610,487	1,313,190
Total	4,780,555	5,889,784

5.1.6.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	4,521,731	5,583,946
Quoted at Stock Exchange	4,515,950	5,579,803
Unquoted at Stock Exchange	5,781	4,143
Valuation Increase / (Decrease)	264,799	309,985
Total	4,786,530	5,893,931

5.1.6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	5,893,931	7,346,161
Foreign Currency Differences On Monetary Assets	292,041	25,395
Purchases during the Period	5,781	4,143
Disposals through Sales/Redemptions	(1,360,037)	(1,538,464)
Valuation Effect	(45,186)	56,696
Balances at End of Period	4,786,530	5,893,931

5.1.7 Investments in associates

5.1.7.1 Investments in associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	22,629	19,044	6,401	686	-	3,179	1,105	-
2	642,295	64,918	1,405	17,658	829	5,975	3,205	-
3	2,168,769	297,083	10,613	27,363	2,890	24,411	92,469	-
4	61,072	53,664	4,716	3,009	48	4,277	36,207	-
5	38,784	27,914	2,552	2,033	4	12,265	-	-
6	427	425	-	12	-	(5)	345	-
7	154,509	12,108	245	32	4,137	3,099	12,060	-
8	207,899	201,048	2,904	3,979	-	7,672	7,632	-

(1) Financial information is as of 30 September 2011.

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

(3) Financial information is as of 31 December 2010.

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

5.1.7.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	29,512	29,705
Movements during the Period	(9,678)	(193)
Acquisitions and Capital Increases	1,000	-
Bonus Shares Received (*)	634	54
Dividends from Current Year Profit	-	-
Sales (**)	(11,312)	(247)
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
Balance at End of Period	19,834	29,512
Capital Commitments	1,000	2,000
Share Percentage at the End of Period (%)	-	-

The Bank has paid TL 2,000 thousands of its capital commitment of TL 4,000 thousands on 15 October 2009 and TL 1,000 thousands on 29 July 2011 arising from the capital increase of Kredi Garanti Fonu AŞ dated 11 September 2009.

(*) The paid-in capital of Yatırım Finansman Menkul Değerler AŞ was increased from TL 45,500 thousands to TL 53,500 thousands during its ordinary general assembly meeting held on 23 March 2011.

The paid-in capital of Bankalararası Kart Merkezi AŞ was increased from TL 6,000 thousands to TL 14,000 thousands during its ordinary general assembly meeting held on 30 March 2011.

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

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	11,312
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	18,120	16,486
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	Current Period	Prior Period
Valued at Cost	19,834	29,512
Valued at Fair Value	-	-

5.1.7.6 Investments in associates sold during the current period

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

5.1.7.7 Investments in associates acquired during the current period

None.

5.1.8 Investments in subsidiaries

5.1.8.1 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	99.96	99.96
7	Garanti Faktoring Hizmetleri AŞ ⁽¹⁾	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/Holland	100.00	100.00
12	Garanti Bank Moscow	Moscow/Russia	99.94	100.00
13	Garanti Holding BV ^(**)	Amsterdam/Holland	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	38,394	23,787	658	-	910	7,414	(90,924)	-
2	24,287	14,112	1,670	-	1,030	2,430	11,103	-
3	897	315	18	-	31	(555)	457	-
4	880	393	74	-	6	189	(141)	-
5	1,553	1,411	-	-	19	266	375	-
6	2,705,394	499,857	17,613	169,521	-	80,784	320,659	-
7	992,741	58,374	2,587	66,483	178	8,350	25,282	84,000
8	38,261	31,891	5,807	892	1,076	2,214	13,331	-
9	17,669	15,036	2,411	587	275	620	1,239	-
10	3,023,012	442,129	14,645	39,024	5,445	112,997	251,700	-
11	10,076,702	878,244	53,805	322,723	77,242	128,056	346,838	872,306
12	720,185	146,882	43,433	22,583	15,931	12,012	72,196	151,069
13	737,455	737,452	-	41	-	(10)	(118,323)	736,420

(1) Financial information is as of 30 September 2011, however the fair value information is as of 31 December 2011.

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

(**) D Netherlands Holding BV's name changed to Garanti Holding BV as of 27 January 2011.

5.1.8.2 Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	1,655,134	1,003,260
Movements during the Period	513,442	651,874
Acquisitions and Capital Increases (*)	83,420	553,497
Bonus Shares Received (**)	-	953
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	(4,227)
Reclassification of Shares	8,653	-
Increase/(Decrease) in Market Values	163,773	80,512
Currency Differences on Foreign Subsidiaries	171,328	17,748
Impairment Reversals/(Losses)	86,268	3,391
Balance at End of Period	2,168,576	1,655,134
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

In the prior period;

(*) At 24 February 2010, the Bank acquired 430 common stocks of Garanti Bank Moscow representing 24.8555% of its registered capital at a total face value of RUB 109,650,000 from Garanti Financial Services Plc at a cost of USD 3,826,933.41 through subrogation.

On 27 May 2010, the Bank purchased the shares of Garanti Holding BV, established in Holland, presenting 100% ownership at a price of EUR 53.5 millions from Doğuş Holding AŞ, and subsequent to this share purchase, the paid-in capital of Garanti Holding BV was increased by EUR 118.4 millions. Garanti Holding BV is the shareholder of G Netherlands BV (formerly Doğuş GE BV) directly, and Garanti Bank SA (formerly GE Garanti Bank SA), Motoractive IFN SA, Ralfi IFN SA and Domenia Credit IFN SA, all resident in Romania, indirectly through G Netherlands BV. The paid-in capital of Garanti Holding BV was increased;

- from EUR 217,088,600 to EUR 247,088,600 on 27 August 2010 as per the decision made at the board of directors' meeting held on 3 August 2010, and
- from EUR 247,088,600 to EUR 329,088,600 on 15 December 2010 as per the decision made at the board of directors' meeting held on 8 December 2010

(**)The paid-in capital of Garanti Faktoring Hizmetleri AŞ was increased from TL 19,280 thousands to TL 21,000 thousands through appropriation from its retained earnings on 8 September 2010.

In the current period;

(*) The paid-in capital of Garanti Holding BV was increased from EUR 329,088,600 to EUR 349,088,600 on 29 December 2011 as per the decision made at the board of directors' meeting held on 1 December 2011.

The Bank purchased 5.86% of the paid-in capital of Garanti Finansal Kiralama AŞ at a total face value of TL 4,278 thousands from Garanti Faktoring Hizmetleri AŞ for a consideration of TL 34,574 thousands on 5 December 2011.

5.1.8.3 Sectoral distribution of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	1,023,375	783,622
Insurance Companies	56,545	56,545
Factoring Companies	68,749	73,533
Leasing Companies	110,743	76,169
Finance Companies	805,079	647,449
Other Subsidiaries	104,085	17,816

5.1.8.4 Quoted subsidiaries

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	68,749	73,533
Quoted at International Stock Exchanges	-	-

5.1.8.5 Valuation methods of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Valued at Cost	340,031	219,189
Valued at Fair Value	1,828,545	1,435,945

(*) Includes subsidiaries for which value decreases are provided against considering their equities.

5.1.8.6 Investments in subsidiaries disposed during the current period

None.

5.1.8.7 Investments in subsidiaries acquired during the current period

None.

5.1.9 Investments in Joint-Ventures

None.

5.1.10 Lease receivables

None.

5.1.11 Derivative financial assets held for risk management

5.1.11.1 Positive differences on derivative financial instruments held for risk management

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

The Bank hedged its fixed-rate eurobonds issued on 20 April 2011 with a maturity of 10 years for the amount of USD 500 millions under various fair value hedges.

5.1.12 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
At End of Prior Period:					
Cost	1,035,610	396,096	30,805	943,910	2,406,421
Accumulated Depreciation (-)	(254,749)	(339,126)	(26,665)	(584,568)	(1,205,108)
Net Book Value at End of Prior Period	780,861	56,970	4,140	359,342	1,201,313
At End of Current Period:					
Additions	50,120	301	533	176,085	227,039
Disposals (Costs)	(2,075)	(17,040)	(10,005)	(73,122)	(102,242)
Disposals (Accumulated Depreciation)	48	16,804	9,770	41,226	67,848
Impairment/Reversal of Impairment Losses	10,832	-	-	-	10,832
Depreciation Expense for Current Period (-)	(23,771)	(22,560)	(1,886)	(112,962)	(161,179)
Currency Translation Differences on Foreign Operations	-	-	-	-	-
Cost at End of Current Period	1,094,487	379,357	21,333	1,046,873	2,542,050
Accumulated Depreciation at End of Current Period	(278,472)	(344,882)	(18,781)	(656,304)	(1,298,439)
Net Book Value at End of Current Period	816,015	34,475	2,552	390,569	1,243,611

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

Conditions for allocating/releasing any impairment:

None.

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

None.

5.1.12.2 Other impairment losses provided or released in current period that are immaterial for the financial statement individually

A total provision of TL 10,832 thousands made for the impairment in values of certain real estates in prior periods in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets", is reversed in 2011.

5.1.13 Intangible assets

5.1.13.1 Useful lives and amortisation rates

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

5.1.13.2 Amortisation methods

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

5.1.13.3 Balances at beginning and end of current period

	Beginning of Period		End of Period	
	Cost	Accumulated Amortisation	Cost	Accumulated Amortisation
Intangible Assets	123,385	67,835	87,045	56,518

5.1.13.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Net Book Value at End of Prior Period	30,527	20,626
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	42,089	16,819
Disposals (-)	(5,697)	-
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(11,369)	(6,918)
Currency Translation Differences on Foreign Operations	-	-
Other Movements	-	-
Net Book Value at End of Current Period	55,550	30,527

5.1.13.5 Details for any individually material intangible assets

None.

5.1.13.6 Intangible assets capitalised under government incentives at fair values

None.

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

None.

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

None.

5.1.13.9 Commitments to acquire intangible assets

None.

5.1.13.10 Disclosure on revalued intangible assets

None.

5.1.13.11 Research and development costs expensed during current period

None.

5.1.13.12 Goodwill

None.

5.1.13.13 Movements in goodwill during current period

None.

5.1.14 Investment property

None.

5.1.15 Deferred tax asset

As of 31 December 2011, the Bank has a deferred tax asset of TL 6,359 thousands (31 December 2010: TL 117,224 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 December 2011. However, there is a deferred tax asset of TL 134,774 thousands (31 December 2010: TL 188,672 thousands) and deferred tax liability of TL 128,415 thousands (31 December 2010: TL 71,448 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

5.1.16 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	99,700	82,293
Accumulated Depreciation (-)	(1,644)	(1,143)
Net Book Value	98,056	81,150
End of Current Period		
Additions	96,975	74,964
Disposals (Cost)	(70,562)	(54,819)
Disposals (Accumulated Depreciation)	659	483
Impairment Losses (-)	(1,910)	(2,737)
Depreciation Expense for Current Period (-)	(1,459)	(985)
Currency Translation Differences on Foreign Operations	-	-
Cost	124,203	99,700
Accumulated Depreciation (-)	(2,444)	(1,644)
Net Book Value	121,759	98,056

As of the balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 6,273 thousands (31 December 2010: TL 6,293 thousands).

5.1.17 Other assets

5.1.17.1 Receivables from term sale of assets

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint Ventures	3,167	4,249
Sale of Real Estates	13,945	3,170
Sale of Other Assets	2,978	2,920
Total	20,090	10,339

5.1.17.2 Prepaid expenses, taxes and similar items

	Current Period	Prior Period
Prepaid Expenses	235,131	190,263
Prepaid Taxes	-	-

5.1.18 Accrued interest and income

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	4,227	-
Financial Assets at Fair Value through Profit or Loss	4,614	25,805	10,107	411
Banks	19,053	18,519	17,931	13,857
Interbank Money Markets	-	-	-	-
Financial Assets Available-for-Sale	2,232,901	51,024	3,221,171	132,806
Loans	812,775	402,615	502,055	278,375
Investments Held-to-Maturity	233,024	31,774	284,512	26,518
Other Accruals	10,870	-	16,088	-
Total	3,313,237	529,737	4,056,091	451,967

5.2 Liabilities

5.2.1 Maturity profile of deposits

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

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	2,433,586	-	6,603,455	16,495,091	943,863	216,655	136,973	770	26,830,393
Foreign Currency Deposits	5,186,989	-	7,124,092	10,836,514	931,365	1,854,241	1,157,416	87,013	27,177,630
Residents in Turkey	4,887,105	-	6,831,438	10,435,652	815,581	636,228	823,096	85,730	24,514,830
Residents in Abroad	299,884	-	292,654	400,862	115,784	1,218,013	334,320	1,283	2,662,800
Public Sector Deposits	520,469	-	2,154	23,302	355	1,985	-	-	548,265
Commercial Deposits	3,091,199	-	3,393,199	6,966,337	926,007	217,079	137,756	-	14,731,577
Other	58,853	-	20,830	292,764	115,900	155	5,077	-	493,579
Precious Metal Deposits	464,651	-	4	-	-	4,010	-	-	468,665
Bank Deposits	757,565	-	1,174,213	450,096	7,800	18,636	-	-	2,408,310
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,876	-	338,279	30,317	-	-	-	-	371,472
Foreign Banks	310,346	-	835,934	419,779	7,800	18,636	-	-	1,592,495
Special Financial Institutions	444,343	-	-	-	-	-	-	-	444,343
Other	-	-	-	-	-	-	-	-	-
Total	12,513,312	-	18,317,947	35,064,104	2,925,290	2,312,761	1,437,222	87,783	72,658,419

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

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	11,517,475	11,528,555	18,581,731	15,125,137
Foreign Currency Saving Deposits	3,165,621	3,128,715	12,114,312	9,950,009
Other Saving Deposits	1,214,676	204,524	1,254,695	243,956
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

None.

5.2.1.3 Saving deposits not covered by insurance limits

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	441,070	375,362
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	352,525	186,298
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	61,995	25,309	29,650	10,340
Swap transactions	373,961	197,906	167,674	171,750
Futures	-	95	-	1,846
Options	59,204	55,847	46,225	34,058
Other	-	-	-	-
Total	495,160	279,157	243,549	217,994

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	265,651	240,192	155,150	122,359
Foreign Banks, Institutions and Funds	4,118,852	15,898,962	4,958,723	11,397,080
Total	4,384,503	16,139,154	5,113,873	11,519,439

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	223,318	6,338,631	700,423	4,139,314
Medium and Long-Term	4,161,185	9,800,523	4,413,450	7,380,125
Total	4,384,503	16,139,154	5,113,873	11,519,439

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Other external funds

5.2.4.1 Securities issued

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

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

5.2.4.2 Funds provided through repurchase transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	8,338,230	-	10,180,670	-
Financial Institutions and Organizations	8,293,202	-	10,115,836	-
Other Institutions and Organizations	20,249	-	19,318	-
Individuals	24,779	-	45,516	-
Foreign Transactions	388	2,616,373	156,569	883,398
Financial Institutions and Organizations	-	2,616,373	155,900	883,398
Other Institutions and Organizations	-	-	284	-
Individuals	388	-	385	-
Total	8,338,618	2,616,373	10,337,239	883,398

5.2.4.3 Miscellaneous payables

	Current Period		Prior Period	
	TL	FC	TL	FC
Payables from credit card transactions	3,331,594	36,887	2,803,479	9,947
Other	150,297	38,553	111,409	17,738
Total	3,481,891	75,440	2,914,888	27,685

5.2.5 Lease payables (Net)

5.2.5.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	4	4	377	353
1-4 Years	1	1	4	4
More than 4 Years	-	-	-	-
Total	5	5	381	357

5.2.5.2 Operational lease agreements

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

5.2.6 Derivative financial liabilities held for risk management

Derivative Financial Liabilities held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	782	-	2,347
Net foreign investment hedges	-	-	-	-
Total	-	782	-	2,347

5.2.7 Provisions

5.2.7.1 General provisions

	Current Period	Prior Period
General Provision for	1,013,949	622,265
Loans and Receivables in Group I	888,467	533,544
Loans and Receivables in Group II	50,179	34,862
Non-Cash Loans	75,303	53,859
Other	-	-

As per the amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables and Provisions to Be Set Aside dated 28 May 2011, an additional provision of TL 34,550 thousands has been made for the loans and other receivables classified under Group I and II.

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

	Current Period	Prior Period
Short-Term Loans	2,345	4,027
Medium and Long-Term Loans	968	7,429
Total	3,313	11,456

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

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	809	738
Doubtful Loans and Receivables	2,366	3,339
Uncollectible Loans and Receivables	49,123	53,210
Total	52,298	57,287

5.2.7.4 Other provisions

5.2.7.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	420,000	330,000

5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	266,805	285,708
Provision for Promotion Expenses of Credit Cards (*)	44,353	46,488
Provision for Lawsuits	15,906	5,357
Other Provisions	17,835	13,343
Total	344,899	350,896

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

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

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

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

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

	Current Period	Prior Period
	%	%
Discount Rate (*)	9.52	10.00
Inflation Rate (*)	5.06	5.10
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	60% above inflation
Future Pension Increase Rate (*)	5.06	5.10

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

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

5.2.8 Tax liability

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 31 December 2011, the Bank had a current tax liability of TL 67,849 thousands (31 December 2010: TL 204,102 thousands) after offsetting with prepaid taxes.

5.2.8.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	67,849	204,102
Taxation on Securities Income	75,858	58,218
Taxation on Real Estates Income	1,907	1,536
Banking Insurance Transaction Tax	46,017	29,377
Foreign Exchange Transaction Tax	21	25
Value Added Tax Payable	2,700	2,642
Others	67,635	27,544
Total	261,987	323,444

5.2.8.1.3 Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	-	-
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	24	34
Bank Pension Fund Premium-Employer	36	17
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,129	514
Unemployment Insurance-Employer	2,216	966
Others	8	4
Total	3,413	1,535

5.2.8.2 Deferred tax liability

None.

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

None.

5.2.10 Subordinated debts

- On 5 February 2007, the Bank obtained a subordinated debt of US\$ 500 millions from foreign markets with a maturity of 10 years and interest rate of 6.95%. However, this debt will be repaid at 6 February 2012 as per the repayment option for the Bank. The necessary permissions are obtained from the BRSA.
- On 23 February 2009, the Bank obtained a subordinated debt of EUR 50 millions from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA), a company of the French Development Agency Group with an interest of Euribor+3.5% and maturity of 12 years with a repayment option at the end of the seventh year to finance the clean energy projects.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	1,081,402	-	884,726
Total	-	1,081,402	-	884,726

5.2.11 Shareholders' equity

5.2.11.1 Paid-in capital

	Current Period	Prior Period
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	7,000,000
Preferred Shares Provision	-	-

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, Subsidiaries and Joint-Ventures	56,027	408,460	66,777	267,610
Valuation difference	23,710	408,460	34,460	267,610
Exchange rate difference	32,317	-	32,317	-
Securities Available-for-Sale	124,961	19,086	1,488,655	150,768
Valuation difference	124,961	19,086	1,488,655	150,768
Exchange rate difference	-	-	-	-
Total	180,988	427,546	1,555,432	418,378

5.2.11.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	596,813	-	596,047	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 Bonus shares of associates, subsidiaries and joint-ventures

	Current Period	Prior Period
Garanti Yatırım Menkul Değerler AŞ	942	942
Eureko Sigorta AŞ	-	561
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Tat Konserve AŞ	36	36
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	23
Yatırım Finansman Menkul Değerler AŞ	9	9
Total	1,891	2,453

5.2.11.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	648,013	489,166
II. Legal Reserve	75,290	39,290
Special Reserves	-	-

5.2.11.12 Extraordinary reserves

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	7,612,215	5,268,509
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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Deposits	256,928	134,317	222,174	66,580
Funds Borrowed	212,822	83,255	209,226	52,818
Interbank Money Markets	6,920	17,124	24,477	671
Other Accruals	38,034	164,795	23,698	319
Total	514,704	399,491	479,575	120,388

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank has asset purchase and sale commitments of TL 3,093,587 thousands (31 December 2010: TL 1,789,413 thousands), commitments for cheque payments of TL 2,230,853 thousands (31 December 2010: TL 1,910,095 thousands) and commitments for credit card limits of TL 13,540,139 thousands (31 December 2010: TL 12,467,191 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	9,134,682	7,155,138
Letters of Guarantee in TL	5,786,884	4,951,727
Letters of Credit	5,514,146	3,362,064
Bills of Exchange and Acceptances	515,550	164,105
Prefinancings	-	-
Other Guarantees	70,236	56,746
Total	21,021,498	15,689,780

A specific provision of TL 52,298 thousands (31 December 2010: TL 57,287 thousands) is made for unliquidated non-cash loans of TL 113,577 thousands (31 December 2010: TL 96,013 thousands) recorded under the off-balance sheet items in the accompanying financial statements.

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

As of 31 December 2011, in the Bank’s “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 425,000,000 (31 December 2010: USD 775,000,000).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	1,298,865	883,442
With Original Maturity of 1 Year or Less	302,053	39,865
With Original Maturity of More Than 1 Year	996,812	843,577
Other Non-Cash Loans	19,722,633	14,806,338
Total	21,021,498	15,689,780

5.3.1.4 Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	68,282	1.18	56,413	0.37	55,348	1.12	20,278	0.19
Farming and Stockbreeding	65,948	1.14	55,441	0.36	52,897	1.07	20,187	0.19
Forestry	524	0.01	112	-	704	0.01	91	-
Fishery	1,810	0.03	860	0.01	1,747	0.04	-	-
Manufacturing	2,068,327	35.66	6,223,786	40.90	1,737,187	35.03	3,646,436	33.98
Mining	307,253	5.30	45,627	0.30	316,066	6.37	23,630	0.22
Production	1,233,884	21.27	4,023,733	26.44	1,048,610	21.15	2,362,841	22.02
Electricity, Gas, Water	527,190	9.09	2,154,426	14.16	372,511	7.51	1,259,965	11.74
Construction	872,018	15.03	1,865,576	12.26	687,442	13.86	1,740,371	16.22
Services	2,325,013	40.08	5,842,613	38.39	2,105,382	42.45	4,108,355	38.28
Wholesale and Retail Trade	1,581,513	27.26	2,987,611	19.63	1,392,907	28.09	1,741,372	16.23
Hotel, Food and Beverage Services	151,771	2.62	65,921	0.43	100,954	2.04	62,760	0.58
Transportation and Telecommunication	209,132	3.60	807,888	5.31	188,038	3.79	667,331	6.22
Financial Institutions	311,294	5.37	1,961,588	12.89	364,998	7.36	1,626,136	15.15
Real Estate and Renting Services	8,835	0.15	1,668	0.01	6,640	0.13	870	0.01
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	8,143	0.14	4,381	0.03	6,648	0.13	3,150	0.03
Health and Social Services	54,325	0.94	13,556	0.09	45,197	0.91	6,736	0.06
Other	468,621	8.05	1,230,849	8.08	373,518	7.54	1,215,463	11.33
Total	5,802,261	100.00	15,219,237	100.00	4,958,877	100.00	10,730,903	100.00

5.3.1.5 Non-cash loans classified under Group I and II

	Group I		Group II	
	TL	FC	TL	FC
Current Period				
Non-Cash Loans	5,747,734	15,146,980	54,527	72,257
Letters of Guarantee	5,732,357	9,071,226	54,527	63,456
Bills of Exchange and Bank Acceptances	3,687	508,978	-	2,885
Letters of Credit	11,690	5,496,540	-	5,916
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	70,236	-	-

	Group I		Group II	
	TL	FC	TL	FC
Prior Period				
Non-Cash Loans	4,925,868	10,681,938	33,009	48,965
Letters of Guarantee	4,918,718	7,106,232	33,009	48,906
Bills of Exchange and Bank Acceptances	-	164,105	-	-
Letters of Credit	7,150	3,354,855	-	59
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	56,746	-	-

5.3.2 Financial derivative instruments

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Hedging Derivatives						
A. Total Hedging Derivatives	-	-	102,575	-	1,865,000	1,967,575
Fair Value Hedges	-	-	-	-	1,865,000	1,865,000
Cash Flow Hedges	-	-	102,575	-	-	102,575
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transactions (I)	15,396,895	16,648,605	13,744,520	4,447,571	236,334	50,473,925
Currency Forwards-Purchases	2,688,834	766,748	1,433,109	133,743	118,167	5,140,601
Currency Forwards-Sales	2,605,073	740,140	1,463,081	134,142	118,167	5,060,603
Currency Swaps-Purchases	3,108,344	6,238,467	2,364,185	1,389,169	-	13,100,165
Currency Swaps-Sales	3,091,095	6,076,362	2,360,874	1,541,192	-	13,069,523
Currency Options-Purchases	1,973,314	1,352,968	3,022,990	624,663	-	6,973,935
Currency Options-Sales	1,930,235	1,370,522	3,076,370	624,662	-	7,001,789
Currency Futures-Purchases	-	39,048	15,395	-	-	54,443
Currency Futures-Sales	-	64,350	8,516	-	-	72,866
Interest Rate Related Derivative Transactions (II)	-	-	2,069,543	8,956,949	6,179,930	17,206,422
Interest Rate Swaps-Purchases	-	-	1,021,328	4,034,044	3,089,965	8,145,337
Interest Rate Swaps-Sales	-	-	1,021,328	4,034,044	3,089,965	8,145,337
Interest Rate Options-Purchases	-	-	-	888,861	-	888,861
Interest Rate Options-Sales	-	-	-	-	-	-
Securities Options-Purchases	-	-	26,887	-	-	26,887
Securities Options-Sales	-	-	-	-	-	-
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	366,850	110,432	32,930	-	-	510,212
B. Total Trading Derivatives (I+II+III)	15,763,745	16,759,037	15,846,993	13,404,520	6,416,264	68,190,559
Total Derivative Transactions (A+B)	15,763,745	16,759,037	15,949,568	13,404,520	8,281,264	70,158,134

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Hedging Derivatives						
A. Total Hedging Derivatives	-	-	167,200	-	-	167,200
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	167,200	-	-	167,200
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transactions (I)	16,812,451	8,049,102	10,358,210	2,033,363	1,119,196	38,372,322
Currency Forwards-Purchases	1,364,709	428,341	881,411	102,295	126,098	2,902,854
Currency Forwards-Sales	1,386,424	408,877	851,839	99,258	126,098	2,872,496
Currency Swaps-Purchases	4,947,849	1,749,646	2,988,245	943,785	304,000	10,933,525
Currency Swaps-Sales	5,091,475	1,724,093	2,959,868	742,375	563,000	11,080,811
Currency Options-Purchases	1,968,416	1,997,065	1,206,000	68,400	-	5,239,881
Currency Options-Sales	2,053,578	1,698,040	1,470,847	77,250	-	5,299,715
Currency Futures-Purchases	-	15,336	-	-	-	15,336
Currency Futures-Sales	-	27,704	-	-	-	27,704
Interest Rate Related Derivative Transactions (II)	57,358	520,924	3,712,015	6,666,216	4,151,252	15,107,765
Interest Rate Swaps-Purchases	28,679	14,896	114,309	3,333,108	2,075,626	5,566,618
Interest Rate Swaps-Sales	28,679	14,896	115,827	3,333,108	2,075,626	5,568,136
Interest Rate Options-Purchases	-	-	1,630,000	-	-	1,630,000
Interest Rate Options-Sales	-	-	1,630,000	-	-	1,630,000
Securities Options-Purchases	-	-	221,416	-	-	221,416
Securities Options-Sales	-	399,932	463	-	-	400,395
Interest Rate Futures-Purchases	-	91,200	-	-	-	91,200
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	386,877	536,348	418,811	-	-	1,342,036
B. Total Trading Derivatives (I+II+III)	17,256,686	9,106,374	14,489,036	8,699,579	5,270,448	54,822,123
Total Derivative Transactions (A+B)	17,256,686	9,106,374	14,656,236	8,699,579	5,270,448	54,989,323

5.3.3 Contingent liabilities and assets

The Bank made a total provision amounting to TL 15,906 thousands for the lawsuits filed by various customers and institutions against the Bank which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.7.4.2 Other Provisions. The Bank has various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

5.3.4 Services rendered on behalf of third parties

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

5.4 Income Statement

5.4.1 Interest Income

5.4.1.1 Interest income from loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans	2,136,923	174,895	1,957,455	138,440
Medium and long-term loans	2,678,751	1,525,361	2,088,836	1,069,428
Loans under follow-up	77,374	7	54,748	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	4,893,048	1,700,263	4,101,039	1,207,868

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

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	14	3,039	150
Domestic Banks	7,500	734	3,568	535
Foreign Banks	158,303	68,940	163,830	53,405
Foreign Head Offices and Branches	-	-	-	-
Total	165,803	69,688	170,437	54,090

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	28,483	1,534	49,063	719
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	2,830,090	110,209	2,714,706	142,071
Investments Held-to-Maturity	465,695	106,335	740,083	95,428
Total	3,324,268	218,078	3,503,852	238,218

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest received from Investments in Associates and Subsidiaries	82,104	42,073

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	532,235	325,909	459,248	205,471
Central Bank of Turkey	-	-	-	-
Domestic Banks	19,268	5,312	14,329	4,836
Foreign Banks	512,967	320,597	444,919	200,635
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	73,124	-	64,647
Total	532,235	399,033	459,248	270,118

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

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest paid to Investments in Associates and Subsidiaries	34,010	32,238

5.4.2.3 Interest expenses on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest paid on Securities Issued	126,552	50,831	-	-

5.4.2.4 Maturity structure of interest expense on deposits

Current 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	235	38,191	-	-	-	-	-	-	38,426
Saving Deposits	414	321,312	1,659,483	89,815	20,368	18,245	-	-	2,109,637
Public Sector Deposits	-	668	2,392	97	2	-	-	-	3,159
Commercial Deposits	377	229,529	523,510	129,863	20,436	16,917	-	-	920,632
Other	20	2,673	19,331	5,233	10,677	302	-	-	38,236
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-	-
Total TL	1,046	592,373	2,204,716	225,008	51,483	35,464	-	-	3,110,090
Foreign Currency									
Foreign Currency Deposits	617	188,817	497,877	45,531	15,635	61,476	1,696	-	811,649
Bank Deposits	-	34,730	-	-	-	-	-	-	34,730
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	-	-	119	13	-	-	133
Total FC	617	223,548	497,877	45,531	15,754	61,489	1,696	-	846,512
Grand Total	1,663	815,921	2,702,593	270,539	67,237	96,953	1,696	-	3,956,602

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	1,694	35,950	-	-	-	-	-	37,644
Saving Deposits	672	575,149	1,206,997	60,541	13,606	8,154	-	1,865,119
Public Sector Deposits	2	1,215	3,758	101	92	4	-	5,172
Commercial Deposits	3,067	388,853	613,569	70,504	9,593	13,035	-	1,098,621
Other	1,671	4,388	40,299	17,484	12	156	-	64,010
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	7,106	1,005,555	1,864,623	148,630	23,303	21,349	-	3,070,566
Foreign Currency								
Foreign Currency Deposits	2,552	193,234	241,751	16,620	36,212	29,827	1,676	521,872
Bank Deposits	-	6,256	-	-	-	-	-	6,256
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	3	-	-	-	89	-	-	92
Total FC	2,555	199,490	241,751	16,620	36,301	29,827	1,676	528,220
Grand Total	9,661	1,205,045	2,106,374	165,250	59,604	51,176	1,676	3,598,786

5.4.2.5 Interest expense on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest paid on Repurchase Agreements	668,598	44,206	408,072	2,403

5.4.2.6 Financial lease expenses

	Current Period	Prior Period
Financial Lease Expenses	24	439

5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets Valued at Fair Value through Profit or Loss	-	-
Financial Assets Available-for-Sale	772	847
Others	4,785	4,443
Total	5,557	5,290

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	92,007,978	64,625,145
Trading Account Income	410,680	222,242
Gains from Derivative Financial Instruments	2,972,771	2,924,648
Foreign Exchange Gains	88,624,527	61,478,255
Losses (-)	91,675,666	64,261,220
Trading Account Losses	93,591	19,898
Losses from Derivative Financial Instruments	2,619,581	2,800,681
Foreign Exchange Losses	88,962,494	61,440,641
Total	332,312	363,925

TL 3,611,644 thousands (31 December 2010: TL 2,414,324 thousands) of foreign exchange gains and TL 3,606,035 thousands (31 December 2010: TL 2,821,404 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

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

Accordingly, for the period ended 31 December 2011, TL 129,335 thousands of income from derivative financial instruments held for fair value hedges was recognized in income/losses from derivative financial instruments under net trading income/losses in the accompanying financial statements. In the same period, TL 123,081 thousands of expense from eurobonds subject to fair value hedges was netted with the income from interest rate swaps held for fair value hedges in the income/losses from derivative financial instruments under net trading income/losses.

As per the calculation as of 31 December 2011, the hedge accounting was assessed as effective.

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.

A part of the Bank’s non-performing loan portfolio amounting to TL 483,876 thousands was sold to a local asset management company for a consideration of TL 53,925 thousands. The sale price is fully recognized as income under other operating income as such receivables were fully provided against in the Bank’s financial statements before the sale.

The income from the sale of the Bank’s shares in Visa and Mastercard amounting to TL 79,595 thousands is recognised under “Other Operating Income”.

The income from the sale of the Bank’s shares in Eureka Sigorta AŞ amounting to TL 147,358 thousands is recognised under “Other Operating Income”.

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	308,573	386,767
<i>Loans and receivables in Group III</i>	28,728	20,709
<i>Loans and receivables in Group IV</i>	155,929	103,071
<i>Loans and receivables in Group V</i>	123,916	262,987
General Provisions	386,267	186,689
Provision for Possible Losses	100,000	-
Impairment Losses on Securities	2,566	1,128
<i>Financial assets at fair value through profit or loss</i>	2,453	1,128
<i>Financial assets available-for-sale</i>	113	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	24,991	9,713
Total	822,397	584,297

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,248,149	1,160,623
Reserve for Employee Termination Benefits	24,197	6,759
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	161,179	158,728
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	11,369	6,918
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	1,910	2,926
Depreciation Expenses of Assets to be Disposed	1,459	985
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,377,844	1,328,715
<i>Operational Lease related Expenses</i>	186,642	156,847
<i>Repair and Maintenance Expenses</i>	30,684	33,222
<i>Advertisement Expenses</i>	99,307	122,944
<i>Other Expenses</i>	1,061,211	1,015,702
Loss on Sale of Assets	1,185	1,971
Others (*)	379,033	394,791
Total	3,206,325	3,062,416

(*) In the current period, this item includes a provision amounting TL 122,735 thousands (31 December 2010: TL 132,138 thousands) for short-term employee benefits.

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

The profit before taxes includes a net interest income of TL 4,688,948 thousands, a net fees and commissions income of TL 2,007,521 thousands and operating expenses of TL 3,206,325 thousands. The Bank's profit before taxes realized at TL 3,908,149 thousands decreasing by 0.58% as compared to prior year.

5.4.9 Information on provision for taxes from continued and discontinued operations

As of 31 December 2011, the Bank recorded a tax charge of TL 392,346 thousands (31 December 2010: TL 973,542 thousands) and a deferred tax expense of TL 445,228 thousands (31 December 2010: a deferred tax income of TL 170,739 thousands).

Deferred tax benefit/charge on timing differences:

Deferred tax benefit/(charge) on timing differences	Current Period	Prior Period
Increase in tax deductible timing differences (+)	17,197	125,745
Decrease in tax deductible timing differences (-)	390,663	32,390
Increase in taxable timing differences (-)	82,202	1,378
Decrease in taxable timing differences (+)	10,440	78,762
Total	(445,228)	170,739

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	Current Period	Prior Period
Increase/(decrease) in tax deductible timing differences (net)	(373,466)	93,355
Increase/(decrease) in taxable timing differences (net)	(71,762)	77,384
Increase/(decrease) in tax losses (net)	-	-
Increase/(decrease) in tax deductions and exemptions (net)	-	-
Total	(445,228)	170,739

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

None.

5.4.11 Net profit/loss

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

None.

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

None.

5.4.12 Components of other items in income statement

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

5.5 Statement of Changes in Shareholders' Equity

5.5.1 Any increases arising from application of accounting for financial instruments

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

None.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. After netting with the related deferred tax effect, an increase of TL 1,093 thousands (31 December 2010: TL 685 thousands) is presented in the shareholders' equity for such hedges assessed as effective.

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

An increase of TL 9,309 thousands (31 December 2010: a decrease of TL 169 thousands) that was resulted from the foreign currency translation of Luxembourg branch performance, is presented under translation differences in the shareholders' equity

5.5.2 Any decreases arising from application of accounting for financial instruments

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

As of 31 December 2011, a decrease of TL 1,097,301 thousands (31 December 2010: an increase of TL 542,429 thousands) resulted from the revaluation of financial assets available-for-sale at fair value after being netted with the related deferred tax liability effect and a gain of TL 267,975 thousands (31 December 2010: TL 179,765 thousands) that was transferred to the income statement from "securities value increase fund" are presented as the current period movements in securities value increase fund in the statement of changes in shareholders' equity.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal reserves

	Current Period	Prior Period
Transfers to Legal Reserves from Prior Year Profits	193,262	162,112
Transfers to Extraordinary Reserves from Prior Year Profits	2,343,706	2,446,312

5.5.4 Issuance of share certificates

Please refer to Note 5.2.11.3.

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

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

5.6 Statement of Cash Flows

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

In 2011, the net cash outflow arising from banking operations amount to TL 5,867,201 thousands. TL 7,955,076 thousands of this amount is generated from the change in operating assets and liabilities and TL 2,087,875 thousands from operating profit. The “net increase/(decrease) in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 1,020,224 thousands for the year 2011. The “others” item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to a loss of TL 1,568,041 thousands for the year 2011.

The net cash inflows from financing activities for the year 2011, is TL 2,996,019 thousands.

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 677,405 thousands for the year 2011.

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

Please refer to Note 5.1.8.2 of investments in subsidiaries.

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

None.

5.6.4 Cash and cash equivalents at beginning of period

	Current Period	Prior Period
Cash on Hand	879,320	776,667
Cash in TL	499,780	468,028
Cash in Foreign Currency	379,540	308,639
Cash Equivalents	5,315,913	7,354,075
Other	5,315,913	7,354,075
TOTAL	6,195,233	8,130,742

5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	992,289	879,320
Cash in TL	617,193	499,780
Cash in Foreign Currency	375,096	379,540
Cash Equivalents	6,621,273	5,315,913
Other	6,621,273	5,315,913
TOTAL	7,613,562	6,195,233

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

The placements at foreign banks include blocked accounts with a total balance of TL 7,888,133 thousands of which TL 215,432 thousands, TL 185,474 thousands and TL 26,372 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits, and TL 7,460,855 thousands as collateral against funds borrowed.

The blocked account at the Central Bank of Turkey with a principal balance of TL 6,212,587 thousands is for the reserve deposits in foreign currencies and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None.

5.6.7.2 Cash inflows presenting increase in operating capacity of the Bank

None.

5.7 Related Party Risks

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

5.7.1.1 Loans and other receivables

Current Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,475,734	757,091	14	4,831	232,831	358,273
Balance at end of period	3,932,849	1,359,135	26	34,925	245,679	478,356
Interest and Commission Income	176,367	193	1	5	15,601	1,175

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	1,454,678	23,581	2	920	214,868	299,669
Balance at end of period	3,475,734	757,091	14	4,831	232,831	358,273
Interest and Commission Income	112,551	179	8	7	13,125	2,818

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	571,953	231,523	207,006	359,876	389,333	323,665
Balance at end of period	386,511	571,953	1,109,031	207,006	341,540	389,333
Interest Expense	34,010	32,238	54,624	22,919	15,672	12,087

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading:						
Balance at beginning of period	707,375	303,015	-	-	3,992	3,326
Balance at end of period	951,574	707,375	1,066,781	-	28,710	3,992
Total Profit/(Loss)	37,425	154,555	27,094	-	1,683	-
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 The Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 1,464,814 thousands (31 December 2010: TL 1,425,195 thousands) compose 1.75% (31 December 2010: 2.20%) of the Bank's total cash loans and 1.00% (31 December 2010: 1.15%) of the Bank's total assets. The total loans and similar receivables amounting TL 4,178,554 thousands (31 December 2010: TL 3,708,578 thousands) compose 2.85% (31 December 2010: TL 2.99%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 1,872,260 thousands (31 December 2010: TL 1,120,261 thousands) compose 8.91% (31 December 2010: 7.14%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,837,082 thousands (31 December 2010: TL 1,168,292 thousands) compose 2.17% (31 December 2010: 1.61%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL TL 48,432 thousands compose 0.24% (31 December 2010: -) of the Bank's total funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

The Bank has a total lease payable of TL 5 thousands (31 December 2010: TL 357 thousands) from the transactions carried out with related parties. As a result of these transactions, a leasing expense of TL 24 thousands (31 December 2010: TL 439 thousands) is recorded. Furthermore, there is a credit card (POS) payable amounting TL 57,693 thousands (31 December 2010: TL 53,634 thousands) to related parties.

Operating expenses of TL 6,991 thousands (31 December 2010: TL 5,447 thousands) for IT services and rent income of TL 2,990 thousands (31 December 2010: TL 2,082 thousands) for the real estates rented to related parties, are recorded.

The Bank made a total payment of TL 86,277 thousands to its top management considered as key management as of 31 December 2011 (31 December 2010: TL 77,374 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.

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

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

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

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

5.8.1 Domestic and foreign branches and representative offices

	Number of Branches	Number Of Employees			
Domestic Branches	907	16,688			
			Country		
Foreign Representative Offices	1	1	1-Germany		
	1	1	2-Russia		
	1	1	3-England		
	1	1	4-China		
				Total Assets	Legal Capital
Foreign Branches	1	16	1- Luxembourg	13,287,494	968,640
	1	12	2- Malta	23,596,970	-
	5	57	3- NCTR	482,476	3,520

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

In 2011, 67 new domestic branches were opened and 13 branches were closed.

5.9 Significant Events and Matters Arising Subsequent to Balance Sheet Date

The decision to renew the agreement for the Turkish Airlines Frequent Flyer Cooperation Program between the Bank and Türk Hava Yolları AO expiring on 31 March 2012, has been made for a five-year period and accordingly, the negotiations between two parties have started.

At the meeting of the Bank's board of directors held on 14 July 2011, it has been resolved to issue TL denominated bank bills up to an amount of TL 1,000,000 thousands in various maturities in the domestic market. Accordingly, the related approvals were obtained, and the issuance of TL denominated bank bills amounting TL 650,000 thousands with 176-days maturity and annual compound interest rate of 10.98%, and TL 350,000 thousands with 92-days maturity and annual compound interest rate of 10.96% was started on 23 January 2012 and completed on 26 January 2012.

6. Other Disclosures on Activities of the Bank

6.1 The Bank's latest international risk ratings

MOODY'S (January 2012*)

Long Term FC Deposit	Ba3
Long Term TL Deposit	Baa1
Short Term TL Deposit	Prime-2
Short Term FC Deposit	NP
Long Term FC Deposit Outlook	Positive
Financial Strength Rate (FSR)	C-
FSR Outlook	Stable
Long Term National	Aa1.tr
Short Term National	TR-1

STANDARD AND POORS (December 2011*)

Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Positive

FITCH RATINGS (November 2011*)

Foreign Currency	
Long Term	BBB-
Short Term	F3
Outlook	Positive
Individual	C
Support	3
Turkish Lira	
Long Term	BBB-
Short Term	F3
Outlook	Positive
National	AAA (Trk)
Outlook	Stable

CAPITAL INTELLIGENCE (December 2010*)

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

(*) Latest dates in risk ratings or outlooks.

JCR EURASIA RATINGS (May 2011*)

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

(*) Latest dates in risk ratings or outlooks.

6.2 Dividends

At the annual general assembly dated 31 March 2011, it was decided to distribute the profit of the year 2010 as follows:

2010 PROFIT DISTRIBUTION TABLE	
2010 Net Profit	3,145,233
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(157,262)
Undistributable funds	(20,996)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(137,849)
D – Second dividend to the shareholders	(360,000)
E – Extraordinary reserves	(2,223,126)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(36,000)

Dividend payments to shareholders started on 11 April 2011.

6.3 Other disclosures

None.

7 Independent Auditors' Report

7.1 Disclosure on independent auditors' report

The unconsolidated financial statements of the Bank have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent audit report dated 1 February 2012 is presented before the accompanying financial statements.

7.2 Disclosures and footnotes prepared by independent auditors

None.

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