

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

**Türkiye Garanti Bankası Anonim Şirketi
And Its Financial Affiliates
Consolidated 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; "Consolidated Financial
Statements and Related Disclosures and
Footnotes" comprising 108 pages.*

To the Board of Directors of
Türkiye Garanti Bankası AŞ
İstanbul

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES

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

We have audited the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 31 December 2011 and the related consolidated 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 consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "The Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on November 1, 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 consolidated financial statements include a general reserve amounting to TL 450,000 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 above on the financial statements, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank and its consolidated financial affiliates 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 and 38 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 and its consolidated financial affiliates' 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, 1 February 2012

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Financial Report
as of and for the Year Ended 31 December 2011**

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The consolidated financial report for the year-end 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 Parent Bank
2. Consolidated Financial Statements of Parent Bank
3. Accounting Policies
4. Consolidated Financial Position and Results of Operations of Group
5. Disclosures and Footnotes on Consolidated Financial Statements
6. Other Disclosures and Footnotes
7. Independent Auditors' Report

The consolidated subsidiaries and special purpose entities in the scope of this consolidated financial report are the followings:

Subsidiaries

1. Garanti Bank International NV
2. Garanti Emeklilik ve Hayat AŞ
3. Garanti Holding BV
4. Garanti Finansal Kiralama AŞ
5. Garanti Faktoring Hizmetleri AŞ
6. Garanti Bank Moscow
7. Garanti Yatırım Menkul Kıymetler AŞ
8. Garanti Portföy Yönetimi AŞ

Special Purpose Entities

1. Garanti Diversified Payment Rights Finance Company
2. T2 Capital Finance Company

The consolidated 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	M. Cüneyt Sezgin	Manuel Pedro Galatas Sanchez - Harguindey	S. Ergun Özen	Aydın Şenel	Aylin Aktürk
Board of Directors Chairman	Audit Committee Member	Audit Committee Member	General Manager	Executive Vice President Responsible of Financial Reporting	Coordinator

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations
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1 General Information

1.1 History of parent 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 Parent bank’s shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during period and information on its risk group

As of 31 December 2011, 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. On 27 December 2007, this time GE Araştırma ve Müşavirlik Limited Şti. has sold 9,765,000,000 shares of Türkiye Garanti Bankası AŞ at a nominal value of TL 97,650 thousands each to Doğuş Holding AŞ, representing 4.65% of the issued share capital. 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 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 about 30 thousands employees.

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

BBVA Group

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

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

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

1.3 Information on parent 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 Ersözoğlu	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 parent bank’s qualified shareholders

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 parent 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 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates Consolidated 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	1,589,506	6,722,944	8,312,450	3,163,501	4,381,548	7,545,049
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		5.1.2	493,214	1,480,920	1,974,134	854,044	295,471	1,149,515
2.1 Financial assets held for trading			493,214	1,480,920	1,974,134	854,044	295,471	1,149,515
2.1.1 Government securities			210,165	762,198	972,363	621,557	15,929	637,486
2.1.2 Equity securities			25,700	-	25,700	30,148	-	30,148
2.1.3 Derivative financial assets held for trading			214,572	709,232	923,804	194,337	279,542	473,879
2.1.4 Other securities			42,777	9,490	52,267	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	2,421,842	14,294,673	16,716,515	3,218,609	6,351,863	9,570,472
IV. INTERBANK MONEY MARKETS			6,800	-	6,800	2,036	-	2,036
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements			6,800	-	6,800	2,036	-	2,036
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)		5.1.4	27,279,694	3,875,345	31,155,039	29,938,274	4,529,536	34,467,810
5.1 Equity securities			23,865	1,708	25,573	25,041	70,726	95,767
5.2 Government securities			26,238,027	356,345	26,594,372	28,811,271	1,115,961	29,927,232
5.3 Other securities			1,017,802	3,517,292	4,535,094	1,101,962	3,342,849	4,444,811
VI. LOANS		5.1.5	50,244,265	40,489,844	90,734,109	37,661,647	32,495,895	70,157,542
6.1 Loans			49,963,893	40,365,215	90,329,108	37,310,087	32,418,519	69,728,606
6.1.1 Loans to bank's risk group		5.7	87,178	197,806	284,984	104,507	186,607	291,114
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			49,876,715	40,167,409	90,044,124	37,205,580	32,231,912	69,437,492
6.2 Loans under follow-up			1,532,087	401,446	1,933,533	1,939,109	294,002	2,233,111
6.3 Specific provisions (-)			1,251,715	276,817	1,528,532	1,587,549	216,626	1,804,175
VII. FACTORING RECEIVABLES		5.1.6	1,080,342	169,143	1,249,485	1,162,592	288,992	1,451,584
VIII. INVESTMENTS HELD-TO-MATURITY (Net)		5.1.7	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)		5.1.8	20,145	-	20,145	78,754	-	78,754
9.1 Associates consolidated under equity accounting			-	-	-	60,244	-	60,244
9.2 Unconsolidated associates			20,145	-	20,145	18,510	-	18,510
9.2.1 Financial investments in associates			18,168	-	18,168	16,533	-	16,533
9.2.2 Non-financial investments in associates			1,977	-	1,977	-	-	1,977
X. INVESTMENTS IN SUBSIDIARIES (Net)		5.1.9	130,310	759	131,069	35,751	662	36,413
10.1 Unconsolidated financial investments in subsidiaries			-	605	605	-	527	527
10.2 Unconsolidated non-financial investments in subsidiaries			130,310	154	130,464	35,751	135	35,886
XI. INVESTMENTS IN JOINT-VENTURES (Net)		5.1.10	-	-	-	-	-	-
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)		5.1.11	702,450	1,967,444	2,669,894	406,153	1,320,583	1,726,736
12.1 Financial lease receivables			837,128	2,239,468	3,076,596	476,883	1,501,521	1,978,404
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			134,678	272,024	406,702	70,730	180,938	251,668
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		5.1.12	-	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)		5.1.13	1,272,489	153,636	1,426,125	1,229,963	143,458	1,373,421
XV. INTANGIBLE ASSETS (Net)		5.1.14	76,265	7,981	84,246	49,608	6,197	55,805
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			69,877	7,981	77,858	43,220	6,197	49,417
XVI. INVESTMENT PROPERTY (Net)		5.1.15	-	-	-	-	-	-
XVII. TAX ASSET			119,447	40,638	160,085	192,860	18,725	211,585
17.1 Current tax asset			89,685	7,548	97,233	37,018	2,742	39,760
17.2 Deferred tax asset		5.1.16	29,762	33,090	62,852	155,842	15,983	171,825
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)		5.1.17	123,040	4,616	127,656	99,087	4,946	104,033
18.1 Asset held for resale			123,040	4,616	127,656	99,087	4,946	104,033
18.2 Assets of discontinued operations			-	-	-	-	-	-
XIX. OTHER ASSETS		5.1.18	3,610,569	181,137	3,791,706	2,847,499	122,748	2,970,247
TOTAL ASSETS			92,346,421	71,128,902	163,475,323	85,521,119	51,273,814	136,794,933

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2011			31 December 2010		
			TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1		47,648,127	45,588,188	93,236,315	44,055,568	35,014,673	79,070,241
1.1 Deposits from bank's risk group	5.7		228,321	1,229,275	1,457,596	218,941	438,949	657,890
1.2 Other			47,419,806	44,358,913	91,778,719	43,836,627	34,575,724	78,412,351
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2		507,082	704,314	1,211,396	246,780	285,744	532,524
III. FUNDS BORROWED	5.2.3		5,605,360	18,569,677	24,175,037	6,625,511	13,204,872	19,830,383
IV. INTERBANK MONEY MARKETS			8,340,629	3,397,528	11,738,157	10,370,745	1,398,103	11,768,848
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		8,340,629	3,397,528	11,738,157	10,337,239	1,398,103	11,735,342
V. SECURITIES ISSUED (Net)	5.2.4		2,138,635	1,603,421	3,742,056	-	-	-
5.1 Bills			2,138,635	-	2,138,635	-	-	-
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			-	1,603,421	1,603,421	-	-	-
VI. FUNDS			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	5.2.4		5,837,230	222,060	6,059,290	4,737,807	125,185	4,862,992
VIII. OTHER EXTERNAL FUNDINGS PAYABLE			705,223	1,192,528	1,897,751	773,944	275,134	1,049,078
IX. FACTORING PAYABLES	5.2.5		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	5.2.6		-	420	420	-	2,396	2,396
10.1 Financial lease payables			-	451	451	-	2,396	2,396
10.2 Operational lease payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred expenses (-)			-	31	31	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7		-	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	5.2.8		1,995,164	106,975	2,102,139	1,512,601	81,094	1,593,695
12.1 General provisions			979,797	87,626	1,067,423	593,530	66,937	660,467
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserve for employee benefits			273,912	6,663	280,575	290,149	3,454	293,603
12.4 Insurance technical provisions (Net)			159,487	-	159,487	140,788	-	140,788
12.5 Other provisions			581,968	12,686	594,654	488,134	10,703	498,837
XIII. TAX LIABILITY	5.2.9		286,147	3,908	290,055	373,892	54,534	428,426
13.1 Current tax liability			286,147	2,575	288,722	373,892	54,143	428,035
13.2 Deferred tax liability			-	1,333	1,333	-	391	391
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10		-	-	-	-	-	-
14.1 Asset held for sale			-	-	-	-	-	-
14.2 Assets of discontinued operations			-	-	-	-	-	-
XV. SUBORDINATED DEBTS	5.2.11		-	1,122,138	1,122,138	-	978,585	978,585
XVI. SHAREHOLDERS' EQUITY	5.2.12		17,876,461	23,326	17,899,787	16,505,674	169,744	16,675,418
16.1 Paid-in capital			4,198,641	-	4,198,641	4,200,000	-	4,200,000
16.2 Capital reserves			1,443,554	(22,053)	1,421,501	2,800,816	153,961	2,954,777
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			114,597	(21,664)	92,933	1,472,063	155,443	1,627,506
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			947	-	947	1,509	-	1,509
16.2.8 Hedging reserves (effective portion)			(55,377)	(389)	(55,766)	(55,377)	(1,482)	(56,859)
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			8,795,440	45,379	8,840,819	6,043,630	15,783	6,059,413
16.3.1 Legal reserves			747,687	6,940	754,627	544,489	4,283	548,772
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			8,016,504	-	8,016,504	5,443,579	-	5,443,579
16.3.4 Other profit reserves			31,249	38,439	69,688	55,562	11,500	67,062
16.4 Profit or loss			3,326,299	-	3,326,299	3,363,845	-	3,363,845
16.4.1 Prior periods profit/loss			-	-	-	-	-	-
16.4.2 Current period net profit/loss			3,326,299	-	3,326,299	3,363,845	-	3,363,845
16.5 Minority interest			112,527	-	112,527	97,383	-	97,383
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			90,940,058	72,535,265	163,475,323	85,202,522	51,592,411	136,794,933

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated 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)		66,723,349	157,696,715	224,420,064	42,786,829	68,088,418	110,875,247
I. GUARANTEES AND SURETIES	5.3.1	5,806,539	16,430,870	22,237,409	4,958,878	11,506,526	16,465,404
1.1 Letters of guarantee		5,791,162	9,629,237	15,420,399	4,951,728	7,358,370	12,310,098
1.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees given for foreign trade operations		435,305	427,299	862,604	350,400	406,434	756,834
1.1.3 Other letters of guarantee		5,355,857	9,201,938	14,557,795	4,601,328	6,951,936	11,553,264
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	6,219,534	6,231,224	7,150	3,927,305	3,934,455
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		11,690	6,219,534	6,231,224	7,150	3,927,305	3,934,455
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		32,874,779	66,291,861	99,166,640	20,379,416	6,347,384	26,726,800
2.1 Irrevocable commitments		24,408,228	8,618,607	33,026,835	20,379,416	5,909,078	26,288,494
2.1.1 Asset purchase and sale commitments		2,685,482	2,255,452	4,940,934	676,818	2,054,602	2,731,420
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		4,670,337	4,844,708	9,515,045	4,037,979	2,535,204	6,573,183
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2,230,783	-	2,230,783	1,910,031	-	1,910,031
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		13,539,826	91,645	13,631,471	12,466,931	87,161	12,554,092
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	856,895	2,121,105	1,264,210	1,198,288	2,462,498
2.2 Revocable commitments		8,466,551	57,673,254	66,139,805	-	438,306	438,306
2.2.1 Revocable loan granting commitments		8,428,920	57,499,410	65,928,330	-	437,649	437,649
2.2.2 Other revocable commitments		37,631	173,844	211,475	-	657	657
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	28,042,031	74,973,984	103,016,015	17,448,535	50,234,508	67,683,043
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		28,042,031	73,006,409	101,048,440	17,448,535	50,067,308	67,515,843
3.2.1 Forward foreign currency purchases/sales		4,036,724	6,099,409	10,136,133	2,089,965	4,099,693	6,189,658
3.2.1.1 Forward foreign currency purchases		1,523,351	3,586,350	5,109,701	631,875	2,477,903	3,109,778
3.2.1.2 Forward foreign currency sales		2,513,373	2,513,059	5,026,432	1,458,090	1,621,790	3,079,880
3.2.2 Currency and interest rate swaps		11,245,884	47,862,337	59,108,221	8,617,535	32,388,338	41,005,873
3.2.2.1 Currency swaps-purchases		5,617,452	14,986,817	20,604,269	6,070,444	8,590,269	14,660,713
3.2.2.2 Currency swaps-sales		2,319,232	18,415,000	20,734,232	2,419,691	12,344,301	14,763,992
3.2.2.3 Interest rate swaps-purchases		1,654,600	7,230,260	8,884,860	63,700	5,726,125	5,789,825
3.2.2.4 Interest rate swaps-sales		1,654,600	7,230,260	8,884,860	63,700	5,727,643	5,791,343
3.2.3 Currency, interest rate and security options		12,632,581	18,532,286	31,164,867	6,623,791	12,217,689	18,841,480
3.2.3.1 Currency call options		5,800,662	9,241,315	15,041,977	2,760,413	4,661,817	7,422,230
3.2.3.2 Currency put options		6,812,919	8,229,023	15,041,942	3,347,967	4,126,004	7,473,971
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	90,487	109,487	115,016	138,134	253,150
3.2.3.6 Security put options		-	82,600	82,600	400,395	31,734	432,129
3.2.4 Currency futures		67,638	60,369	128,007	15,446	30,150	45,596
3.2.4.1 Currency futures-purchases		31,169	23,623	54,792	1,875	14,739	16,614
3.2.4.2 Currency futures-sales		36,469	36,746	73,215	13,571	15,411	28,982
3.2.5 Interest rate futures		1,000	-	1,000	-	91,200	91,200
3.2.5.1 Interest rate futures-purchases		500	-	500	-	91,200	91,200
3.2.5.2 Interest rate futures-sales		500	-	500	-	-	-
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)		323,227,724	214,443,975	537,671,699	265,251,655	151,720,812	416,972,467
IV. ITEMS HELD IN CUSTODY		72,383,750	20,661,487	93,045,237	79,642,450	15,478,137	95,120,587
4.1 Customers' securities held		39,326,965	1,188	39,328,153	57,239,310	1,000	57,240,310
4.2 Investment securities held in custody		22,266,173	7,297,692	29,563,865	14,621,951	3,934,713	18,556,664
4.3 Checks received for collection		7,802,184	1,469,619	9,271,803	5,401,620	948,107	6,349,727
4.4 Commercial notes received for collection		2,922,615	1,168,703	4,091,318	2,302,357	1,777,910	4,080,267
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	1,277,087	1,304,203	46,441	883,375	929,816
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		250,843,974	193,782,488	444,626,462	185,609,205	136,242,675	321,851,880
5.1 Securities		1,411,109	137,081	1,548,190	1,379,977	114,410	1,494,387
5.2 Guarantee notes		33,972,618	10,220,197	44,192,815	26,249,041	7,740,382	33,989,423
5.3 Commodities		-	-	-	-	-	-
5.4 Warranties		-	1,125,675	1,125,675	-	372,444	372,444
5.5 Real estates		49,636,631	54,315,747	103,952,378	36,472,372	38,791,780	75,264,152
5.6 Other pledged items		165,823,446	127,983,380	293,806,826	121,507,645	89,223,212	210,730,857
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)		389,951,073	372,140,690	762,091,763	308,038,484	219,809,230	527,847,714

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliate
Consolidated Income Statement
At 31 December 2011

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD	PRIOR PERIOD
			1 January 2011- 31 December 2011	1 January 2010- 31 December 2010
I. INTEREST INCOME		5.4.1	11,407,836	10,177,131
1.1 Interest income on loans			7,151,770	5,641,680
1.2 Interest income on reserve deposits			4,579	87,246
1.3 Interest income on banks			275,796	295,438
1.4 Interest income on money market transactions			5,199	3,375
1.5 Interest income on securities portfolio			3,676,493	3,862,712
1.5.1 Trading financial assets			34,735	59,280
1.5.2 Financial assets valued at fair value through profit or loss			-	-
1.5.3 Financial assets available-for-sale			3,069,728	2,962,576
1.5.4 Investments held-to-maturity			572,030	840,856
1.6 Financial lease income			185,695	152,923
1.7 Other interest income			108,304	133,757
II. INTEREST EXPENSE		5.4.2	6,149,372	5,006,816
2.1 Interest on deposits			4,151,913	3,734,832
2.2 Interest on funds borrowed			1,069,194	849,833
2.3 Interest on money market transactions			739,542	415,862
2.4 Interest on securities issued			177,431	-
2.5 Other interest expenses			11,292	6,289
III. NET INTEREST INCOME (I - II)			5,258,464	5,170,315
IV. NET FEES AND COMMISSIONS INCOME			2,129,434	1,910,015
4.1 Fees and commissions received			2,533,008	2,226,221
4.1.1 Non-cash loans			187,925	169,659
4.1.2 Others			2,345,083	2,056,562
4.2 Fees and commissions paid			403,574	316,206
4.2.1 Non-cash loans			1,474	1,274
4.2.2 Others			402,100	314,932
V. DIVIDEND INCOME		5.4.3	5,224	1,890
VI. NET TRADING INCOME/LOSSES (Net)		5.4.4	352,725	402,338
6.1 Trading account income/losses (Net)			326,257	253,518
6.2 Income/losses from derivative financial instruments (Net)			351,954	63,106
6.3 Foreign exchange gains/losses (Net)			(325,486)	85,714
VII. OTHER OPERATING INCOME		5.4.5	1,154,386	886,434
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)			8,900,233	8,370,992
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)		5.4.6		
		5.4.7	920,395	696,092
X. OTHER OPERATING EXPENSES (-)			3,709,690	3,403,627
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)			4,270,148	4,271,273
XII. INCOME RESULTED FROM MERGERS			-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING			6,261	9,974
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)		5.4.8	4,276,409	4,281,247
XVI. PROVISION FOR TAXES (±)		5.4.9	930,603	896,530
16.1 Current tax charge			480,565	1,057,196
16.2 Deferred tax charge/(credit)			450,038	(160,666)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)		5.4.10	3,345,806	3,384,717
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	3,345,806	3,384,717
23.1 Equity holders of the bank			3,326,299	3,363,845
23.2 Minority interest			19,507	20,872
Earnings per Share			0.792	0.801

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity
At 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"	(1,893,680)	335,323
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	(7)
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(16,019)	(33,582)
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)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(562)	-
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	358,817	(69,391)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(1,550,078)	233,199
XI.	CURRENT PERIOD PROFIT/LOSSES	3,345,806	3,384,717
1.1	Net changes in fair value of securities (transferred to income statement)	286,075	189,822
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	3,059,731	3,194,895
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,795,728	3,617,916

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Changes in Shareholders' Equity
At 31 December 2011

THOUSANDS OF TURKISH LIRA (TL)																			
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Capital Reserves from Inflation Adjustments 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	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD - 1 January-31 December 2010																			
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	379,275	-	3,187,603	96,562	-	3,085,717	1,361,434	598,194	1,509	(57,967)	-	13,636,761	49,023	13,685,784
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	(25,567)	-	-	-	-	-	(25,567)	-	(25,567)
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	(25,567)	-	-	-	-	-	(25,567)	-	(25,567)
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)		4,200,000	772,554	11,880	-	379,275	-	3,187,603	96,562	-	3,060,150	1,361,434	598,194	1,509	(57,967)	-	13,611,194	49,023	13,660,217
Changes during the period	5.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Mergers		-	-	-	-	-	-	(280,172)	-	-	-	-	-	-	-	-	(280,172)	-	(280,172)
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	266,072	-	-	-	-	266,072	31	266,103
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	1,108	-	1,108	-	1,108
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	685	-	685	-	685
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	423	-	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)	-	-	(33,317)	-	-	-	-	-	-	-	(34,005)	-	(34,005)
XI. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	(7)	-	-	-	(7)	-	(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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,457	27,457
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	3,363,845	-	-	-	-	-	-	3,363,845	20,872	3,384,717
XX. Profit distribution		-	-	-	-	170,185	-	2,536,148	3,817	-	(3,060,150)	-	-	-	-	-	(350,000)	-	(350,000)
20.1. Dividends		-	-	-	-	-	-	-	-	-	(350,000)	-	-	-	-	-	(350,000)	-	(350,000)
20.2. Transfers to reserves		-	-	-	-	170,185	-	2,536,148	-	-	(2,706,333)	-	-	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	3,817	-	(3,817)	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	548,772	-	5,443,579	67,062	3,363,845	-	1,627,506	598,187	1,509	(56,859)	-	16,578,035	97,383	16,675,418
CURRENT PERIOD - 1 January-31 December 2011																			
I. Balances at beginning of the period	5.5	4,200,000	772,554	11,880	-	548,772	-	5,443,579	67,062	-	3,363,845	1,627,506	598,187	1,509	(56,859)	-	16,578,035	97,383	16,675,418
Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(1,534,573)	-	-	-	-	(1,534,573)	(17)	(1,534,590)
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	1,093	-	1,093	-	1,093
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	1,093	-	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	-	-	(17,604)	-	-	-	-	-	-	-	(16,019)	-	(16,019)
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		(1,359)	-	-	-	17	-	4,329	-	-	-	-	-	-	-	-	2,987	(4,346)	(1,359)
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	3,326,299	-	-	-	-	-	-	3,326,299	19,507	3,345,806
XVIII. Profit distribution		-	-	-	-	204,253	-	2,568,596	20,230	-	(3,363,845)	-	766	-	-	-	(570,000)	-	(570,000)
18.1. Dividends		-	-	-	-	-	-	-	-	-	(570,000)	-	-	-	-	-	-	-	-
18.2. Transfers to reserves		-	-	-	-	204,253	-	2,568,596	-	-	(2,772,849)	-	-	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	20,230	-	(20,996)	-	766	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,198,641	772,554	11,880	-	754,627	-	8,016,504	69,688	3,326,299	-	92,933	598,953	947	(55,766)	-	17,787,260	112,527	17,899,787

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Cash Flows
At 31 December 2011

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2011 31 December 2011	1 January 2010 31 December 2010
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	1,694,332	3,147,909
1.1.1 Interests received		10,190,755	9,269,247
1.1.2 Interests paid		(5,820,401)	(4,932,890)
1.1.3 Dividend received		5,224	1,890
1.1.4 Fees and commissions received		2,533,008	2,226,221
1.1.5 Other income		580,948	455,551
1.1.6 Collections from previously written-off loans and other receivables		82,787	54,748
1.1.7 Payments to personnel and service suppliers		(3,176,517)	(2,947,804)
1.1.8 Taxes paid		(854,304)	(1,087,957)
1.1.9 Others		(1,847,168)	108,903
1.2 Changes in operating assets and liabilities	5.6	(7,261,048)	(2,799,416)
1.2.1 Net (increase) decrease in financial assets held for trading		(354,657)	(77,238)
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 and other financial institutions		(5,733,811)	(1,628,080)
1.2.4 Net (increase) decrease in loans		(20,065,495)	(16,651,680)
1.2.5 Net (increase) decrease in other assets		(1,562,518)	(1,358,260)
1.2.6 Net increase (decrease) in bank deposits		283,853	36,164
1.2.7 Net increase (decrease) in other deposits		13,763,522	10,187,591
1.2.8 Net increase (decrease) in funds borrowed		4,385,287	5,355,638
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		2,022,771	1,336,449
I. Net cash flow from banking operations	5.6	(5,566,716)	348,493
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	3,147,475	(2,509,841)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(62)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		171,003	-
2.3 Purchases of tangible assets		(429,342)	(437,400)
2.4 Sales of tangible assets		161,686	110,420
2.5 Cash paid for purchase of financial assets available-for-sale, net		(15,109,655)	(20,392,375)
2.6 Cash obtained from sale of financial assets available-for-sale, net		17,292,613	16,553,591
2.7 Cash paid for purchase of investments held-to-maturity		(5,781)	(4,143)
2.8 Cash obtained from sale of investments held-to-maturity		1,066,951	1,660,128
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		3,033,626	(354,482)
3.1 Cash obtained from funds borrowed and securities issued		5,327,604	-
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		(357)	(4,482)
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		1,565,188	117,395
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	2,179,573	(2,398,435)
VI. Cash and cash equivalents at beginning of period	5.6	6,895,898	9,294,333
VII. Cash and cash equivalents at end of period (V+VI)	5.6	9,075,471	6,895,898

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

3 Accounting Policies

3.1 Basis of presentation

As per the Articles 37 and 38 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 consolidated 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 Regulation and Supervision 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 consolidated 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 which are presented on a fair value basis.

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

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

The liability side of the 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 and its financial affiliates have 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 and its financial affiliates are 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 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 the management of the interest and liquidity risk 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 for the parent Bank and with the Central Bank of Turkey's spot purchase rates for domestic financial affiliates, and the differences are recorded as foreign exchange gain or loss in the income statement.

The Bank, as the parent 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 and consolidated financial affiliates, 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 Information on consolidated subsidiaries

As of 31 December 2011, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

In 1992, it was decided to operate life and health branches under a different company and accordingly Garanti Hayat Sigorta AŞ was established. Garanti Hayat Sigorta AŞ was converted into a private pension company in compliance with the legislation early in 2003 and its name was changed as Garanti Emeklilik ve Hayat AŞ. Following the sale transactions that took place on 21 June 2007, the Bank's ownership in Garanti Emeklilik decreased to 84.91%. The head office of this company is in Istanbul.

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities. The company's head office is in Istanbul. The Bank owns 99.96% of the company's shares.

Garanti Faktoring was established in 1990 to perform import, export and domestic factoring activities. The company's head office is in Istanbul. The Bank owns 81.84% of Garanti Faktoring shares including the shares acquired in the market, T. İhracat Bankası AŞ owns 9.78% of the company's shares and the remaining 8.38% shares are held by public.

GBI was established in 1990 by the Bank to perform banking activities abroad. The head office of this bank is in Amsterdam. It is wholly owned by the Bank.

Garanti Yatırım was established in 1991 to perform brokerage activities for marketable securities, valuable papers and documents representing financial values or financial commitments of issuing parties other than securities. The company's head office is in Istanbul. It is wholly owned by the Bank. Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 0.21%, has been consolidated in the accompanying consolidated financial statements due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

Garanti Moscow was established in 1996 to perform banking activities abroad. This bank's head office is in Moscow. The Bank owns 99.94% of its shares.

Garanti Portföy was established in June 1997 to manage the customer portfolios by using the capital market products in compliance with the principles and rules of the regulations regarding the company's purpose of establishment and the portfolio management agreements signed with the customers. The company's head office is in Istanbul. It is wholly owned by the Bank.

Garanti Holding was established in December 2007 in Amsterdam and as described in note 5.1.9.2, all its shares have been purchased by the Bank from Doğu Holding AŞ in May 2010. As of 27 January 2011 the consolidated subsidiary's legal name changed to Garanti Holding BV from D Netherlands BV.

Garanti Diversified Payment Rights Finance Company and T2 Capital Finance Company are the special purpose entities established for the Bank's securitization and subordinated debt transactions and also consolidated in the accompanying consolidated financial statements. The Bank or any of its affiliates does not have any shareholding interests in these companies.

Associate sale

As per the Shareholders' Agreement dated 27 June 2007 between the Bank and Eureka BV, the Bank sold its 20% shares of Eureka Sigorta AŞ with a nominal value of TL 12,000 thousands to Eureka BV for EUR 69,999,999.

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.

In accordance with 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

General

Interest income and expenses 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 income 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.

Financial lease operations

Total of minimum rental payments including interests and principals are recorded under “financial lease receivables” as gross. The difference, i.e. the interest, between the total of rental payments and the cost of the related tangible asset is recorded under “unearned income”. When the rent payment incurs, the rent amount is deducted from “financial lease receivables”; and the interest portion is recorded as interest income in the income statement.

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 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 and its financial affiliates have the intent and ability to hold until maturity, excluding originated loans and receivables.

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

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

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

Financial assets available-for-sale are measured at their fair values subsequently. However, assets for which fair values 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 through 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.

Specific allowances for non-performing loan and other receivables are provided in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. Such allowances are deducted from loans under follow-up 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 for Banks. 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. 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 and related borrowings

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 or its financial affiliates have no discontinued operations.

3.12 Goodwill and other intangible assets

The intangible assets consist of goodwill, softwares, intangible rights and other intangible assets.

Goodwill and other intangible assets are recorded at cost in accordance 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.

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The “net goodwill” resulted from the acquisition of the investment and to be included in the consolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles.

If any goodwill is computed at consolidation, it is recorded under intangible assets on the asset side of the consolidated balance sheet as an asset. It is assessed to identify whether there is any indication of impairment. If any such indication exists, the necessary provision is recorded as an expense in the income statement. The goodwill is not amortized.

Estimated useful lives of the intangible assets except for goodwill, 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 then 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 accordance 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 then 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.

Depreciation rates and estimated useful lives 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

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 or its financial affiliates. If an inflow of economic benefits 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 entities are 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 and its financial affiliates subject to the labour law, 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%
Inflation Rate	5.06%	5.10%	4.80%
Expected Rate of Salary Increase	6.56%	6.60%	6.30%

(*) The above rates are effective rates, whereas the rates applied for the calculation differ according to the employee’s 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”) had 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 article 73 and the first paragraph of the provisional Article 20 added to the law no. 5510 are not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

b) Other benefits not transferable to SSF

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

The consolidated affiliates do not have retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated affiliates are subject to the Social Security Institution in case of domestic investees and to the legislations of the related countries in case of foreign investee companies. There are no obligations not reflected in the accompanying consolidated financial statements.

3.18 Taxation

3.18.1 Corporate tax

In Turkey, 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 in Turkey are not subject to withholding tax. As per the decisions no. 2009/14593 and 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 Turkish tax legislation, the 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.

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.

Tax applications for foreign financial affiliates

HOLLAND

In Holland, corporate income tax is levied at the rate of 20% for tax profits up to EUR 200,000 and 25% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. In general, there is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year.

Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return 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 corporate income tax has been calculated using the nominal tax rate of 25% over the Dutch taxable income, 30% over the local taxable income of Germany branch.

RUSSIA

The applicable corporate tax rate in Russia is 20% (2% federal and 18% regional). The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open for a longer period.

ROMANIA

The applicable corporate tax rate in Romania is 16%. The taxation system in Romania is continuously developing and is subject to varying interpretations and constant changes, which may become rarely retroactive. In Romania, tax periods remain open for tax audits for seven years. Tax losses can be carried forward to offset against future taxable income for seven years.

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 of the consolidated subsidiaries are reported as net in their individual financial statements.

In compliance with TAS 12, the deferred tax assets and liabilities of the consolidated affiliates are presented on the asset and liability sides of financial statements separately, without any offsetting.

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.

3.18.4 Investment allowance

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no.26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

The expression of "only for the years 2006, 2007 and 2008" in the temporary article no.69 of the Income Tax Law no.193 that was cancelled by the decision no.2009/144 of the Turkish Constitutional Court published in the Official Gazette dated 8 January 2010 is revised by the Article 5 of the Law no.6009 effective with the promulgation on the Official Gazette no.27659 dated 1 August 2010. As per the new regulation, the investment allowances that cannot be benefited and transferred to future periods due to insufficient income level of the relevant year, can be used without any year limitation, however the investment allowance amount to be considered in the determination of taxable income, will not exceed 25% of the income of the relevant year. In addition to this, it is also agreed that the corporate tax rate for the companies to benefit from investment allowance will be the current applicable tax rate (20%) instead of 30%.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

3.19 Funds borrowed

Funds are generated 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 or its financial affiliates do not have any government incentives or grants.

3.23 Segment reporting

The Bank operates in corporate, commercial, small business, retail and investment banking. Accordingly, the banking products served to customers are; custody services, time and demand deposits, accumulating deposit accounts, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account (ELMA), cheques, safety boxes, bill payments, tax collections, payment orders. GarantiCard, BonusCard, Shop&Miles, BusinessCard under the brand name of Visa and Mastercard, and also American Express credit cards and Maestro and 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 on a consolidated basis is as follows:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,105,590	3,281,637	1,432,502	1,075,280	8,895,009
Other	-	-	-	-	-
Total Operating Profit	3,105,590	3,281,637	1,432,502	1,075,280	8,895,009
Net Operating Profit	943,028	2,083,445	1,247,711	(2,999)	4,271,185
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	5,224	5,224
Net Operating Profit	943,028	2,083,445	1,247,711	2,225	4,276,409
Provision for Taxes	-	-	-	930,603	930,603
Net Profit	943,028	2,083,445	1,247,711	(928,378)	3,345,806
Segment Assets	28,915,024	62,376,914	56,911,004	15,121,167	163,324,109
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	151,214	151,214
Undistributed Items	-	-	-	-	-
Total Assets	28,915,024	62,376,914	56,911,004	15,272,381	163,475,323
Segment Liabilities	56,647,209	35,507,563	39,909,125	13,511,639	145,575,536
Shareholders’ Equity	-	-	-	17,899,787	17,899,787
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders’ Equity	56,647,209	35,507,563	39,909,125	31,411,426	163,475,323
Other Segment Items					
Capital Expenditures	-	-	-	305,659	305,659
Depreciation Expenses	103,070	60,678	4,219	39,339	207,306
Impairment Losses	316,172	326,330	50,584	231,712	924,798
Other Non-Cash Income/Expenses	120,520	234,656	(1,191,401)	(336,647)	(1,172,872)
Restructuring Costs	-	-	-	-	-

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,015,266	2,532,857	1,897,592	923,387	8,369,102
Other	-	-	-	-	-
Total Operating Profit	3,015,266	2,532,857	1,897,592	923,387	8,369,102
Net Operating Profit	1,019,580	1,296,710	1,814,874	148,193	4,279,357
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	1,890	1,890
Net Operating Profit	1,019,580	1,296,710	1,814,874	150,083	4,281,247
Provision for Taxes	-	-	-	896,530	896,530
Net Profit	1,019,580	1,296,710	1,814,874	(746,447)	3,384,717
Segment Assets	22,305,253	47,113,848	54,096,048	13,164,617	136,679,766
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	115,167	115,167
Undistributed Items	-	-	-	-	-
Total Assets	22,305,253	47,113,848	54,096,048	13,279,784	136,794,933
Segment Liabilities	44,596,689	29,963,366	31,745,974	13,813,486	120,119,515
Shareholders' Equity	-	-	-	16,675,418	16,675,418
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	44,596,689	29,963,366	31,745,974	30,488,904	136,794,933
Other Segment Items					
Capital Expenditures	-	-	-	339,101	339,101
Depreciation Expenses	102,322	54,045	3,837	44,658	204,862
Impairment Losses	252,070	296,021	1,776	149,294	699,161
Other Non-Cash Income/Expenses	(36,032)	(19,747)	127,686	78,221	150,128
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

3.24.1 Changes regarding prior periods' financial statements

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

	<i>Reported</i>		<i>Adjusted</i>
	31 December 2010	Correction	31 December 2010
Total Assets	136,784,224	10,709	136,794,933
Reserve for Employee Termination Benefits	49,551	53,545	103,096
Deferred Tax Assets	161,116	10,709	171,825
Extraordinary Reserves	5,469,146	(25,567)	5,443,579
Current Period Net Profit / Loss	3,401,986	(17,269)	3,384,717

Furthermore, certain reclassifications were made in the accompanying consolidated financial statements of the prior period for comparative presentation.

4 Consolidated Financial Position and Results of Operations

4.1 Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 15.76% as of 31 December 2011 (31 December 2010: 18.07%) (unconsolidated capital adequacy ratio: 16.89% (31 December 2010: 19.62%)).

4.1.1 Risk measurement methods in calculation of consolidated capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and "Regulation on Equities 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 once more 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 Consolidated capital adequacy ratio

	Risk Weightings						
Current Period	Parent Bank Only						
	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 (Business Partnership) (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

	Risk Weightings						
Prior Period	Parent Bank Only						
	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 (Business Partnership) (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

	Risk Weightings						
Current Period	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	24,367,033	-	10,757,393	21,068,598	70,161,097	1,425,258	2,137,765
Cash on Hand	1,124,008	-	3,587	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	972,268	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	6,581,613	-	7,157,137	-	2,939,836	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	6,800	-	-	-	-	-	-
Reserve Deposits	6,212,587	-	-	-	-	-	-
Loans	5,067,690	-	2,169,817	20,284,494	59,174,219	1,425,258	2,137,765
Loans under Follow-Up (Net)	-	-	-	-	405,001	-	-
Lease Receivables	5,535	-	5,963	483,166	2,160,783	-	-
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	-	-	-	2,610,830	-	-
Accrued Interest and Income	316,577	-	61,948	300,938	918,279	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	148,657	-	-
Tangible Assets (Net)	-	-	-	-	1,393,315	-	-
Other Assets	434,532	-	412,636	-	384,305	-	-
Off-Balance Sheet Items	15,223,995	-	2,525,179	961,489	17,562,506	-	-
Non-Cash Loans and Commitments	15,223,995	-	1,352,673	961,489	17,139,320	-	-
Derivative Financial Instruments	-	-	1,172,506	-	423,186	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	39,591,028	-	13,282,572	22,030,087	87,723,603	1,425,258	2,137,765

	Risk Weightings						
Prior Period	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	21,875,732	-	6,065,798	17,651,391	54,494,461	496,718	18,291
Cash on Hand	995,190	-	830	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	3,714,468	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	5,090,745	-	2,671,755	-	1,791,950	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	2,030	-	-	-	-
Reserve Deposits	2,830,334	-	-	-	-	-	-
Loans	3,770,291	-	2,087,274	17,282,273	46,712,241	496,718	18,291
Loans under Follow-Up (Net)	-	-	-	-	428,936	-	-
Lease Receivables	13,027	-	5,556	196,307	1,501,100	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	4,580,893	-	997,866	-	4,143	-	-
Receivables from Term Sale of Assets	-	-	-	-	7,214	-	-
Miscellaneous Receivables	45,505	-	-	-	1,980,857	-	-
Accrued Interest and Income	332,589	-	22,683	172,811	645,523	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	52,462	-	-
Tangible Assets (Net)	-	-	-	-	1,281,374	-	-
Other Assets	502,690	-	277,804	-	88,661	-	-
Off-Balance Sheet Items	1,818,410	-	1,915,226	992,519	12,528,259	-	-
Non-Cash Loans and Commitments	1,818,410	-	1,116,976	992,519	12,211,018	-	-
Derivative Financial Instruments	-	-	798,250	-	317,241	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	23,694,142	-	7,981,024	18,643,910	67,022,720	496,718	18,291

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	
	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%

	Consolidated	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	107,808,578	78,722,539
Value at Market Risk (VaMR)	6,821,925	5,605,375
Value at Operational Risk (VaOR)	12,981,944	11,028,669
Shareholders' Equity	20,110,022	17,228,399
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	15.76%	18.07%

4.1.4 Components of consolidated shareholders' equity

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital that Comes Last in Terms of Receivable Rights in Case of Liquidation	4,198,641	4,200,000
Nominal Capital	4,198,641	4,200,000
Capital Commitments (-)	-	-
Paid-in Capital that Comes Last in Terms of Receivable Rights in Case of Liquidation	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Legal Reserves	754,627	548,772
I. Legal Reserve (Turkish Commercial Code 466/1)	675,914	504,369
II. Legal Reserve (Turkish Commercial Code 466/2)	78,713	44,403
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	8,016,504	5,469,146
Reserve Allocated as per the Decision Held by the General Assembly	8,016,504	5,469,146
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	3,326,299	3,381,114
Current Period Profit	3,326,299	3,381,114
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	450,000	360,000
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)	-	-
Minority Interest	112,511	97,330
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	132,748	152,511
Prepaid Expenses (-)(*)	-	248,019
Intangible Assets (-)	77,858	49,417
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 (-)	-	-
Goodwill (Net) (-)	6,388	6,388
Total Core Capital	18,022,835	14,980,508
SUPPLEMENTARY CAPITAL		
General Provisions	1,067,423	660,467
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	963
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	947	1,509
Primary Subordinated Debt Excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	1,081,745	948,860
45% of Securities Value Increase Fund (**)	2,239	732,110
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	2,239	732,110
Minority Interest	16	53
Other Reserves	13,922	10,203
Total Supplementary Capital	2,167,255	2,354,165
CAPITAL	20,190,090	17,334,673

(*) 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 its is negative then the whole amount is considered in the calculation.

DEDUCTIONS FROM CAPITAL	80,068	106,274
Unconsolidated Investments in Entities (domestic/foreign) Operating in Banking and Financial Sectors	2,557	2,461
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	-	-
Banks and Financial Institutions' Assets and Liabilities That are not Fully Consolidated but Included Using Equity Accounting	-	60,244
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	27,718	43,569
Deducting Securitization Positions from Equity Instead of Risk Weighting by 1250% Under Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks as per the 45th Article of the Banking Law	-	-
Others	49,793	-
TOTAL SHAREHOLDERS' EQUITY	20,110,022	17,228,399

4.2 Consolidated 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 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 personal or corporate guarantees.

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

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

Foreign trade finance and other interbank credit transactions are performed through widespread correspondents network. Accordingly, limits are assigned to domestic and foreign banks and other financial institutions based on review of their credit worthiness, periodically.

The Bank and its financial affiliates' largest 100 cash loan customers compose 26.29% of the total cash loan portfolio.

The Bank and its financial affiliates' largest 100 non-cash loan customers compose 54.86% of the total non-cash loan portfolio.

The Bank and its financial affiliates' largest 100 cash and non-cash loan customers represent 7.84% of the total "on and off balance sheet" assets.

The general provision for consolidated credit risk amounts to TL 1,067,423 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

4.2.1 Customer and regional concentration of credit risks

	Loans to Individuals and Corporates		Balances with Banks and Loans Granted to Financial Sector		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	58,835,929	47,176,121	-	-	914,800	1,061,262	5,876,748	4,707,907	122,965,139	43,785,374
Public Sector	1,472,793	1,253,385	-	-	32,901,821	36,778,120	66,116	52,233	9,472	7,946
Banks	1,371,439	142,872	23,908,170	16,121,537	3,124,005	3,072,080	1,192,546	828,918	42,845,608	29,667,364
Retail Customers	29,053,948	21,585,164	-	-	-	-	1,339,281	785,369	7,495,456	3,712,634
Equity Securities	-	-	-	-	51,273	125,915	151,215	115,167	-	-
Total	90,734,109	70,157,542	23,908,170	16,121,537	36,991,899	41,037,377	8,625,906	6,489,594	173,315,675	77,173,318
Regional concentration										
Domestic	83,806,950	64,457,518	8,298,010	8,537,767	32,067,031	36,771,827	5,482,305	4,152,551	121,408,633	45,240,957
European Union (EU) Countries	5,030,676	4,353,134	13,930,937	7,055,696	2,714,802	1,894,080	2,095,429	1,808,370	27,873,468	18,606,461
OECD Countries***	487,597	357,449	18,013	14,717	-	68,875	318,966	109,736	1,890,374	1,019,536
Off-Shore Banking Regions	101,294	66,261	89,887	68,563	177,143	192,629	32,543	19,156	328,127	241,831
USA, Canada	227,310	82,718	1,439,665	401,591	971,163	1,081,629	253,325	115,492	16,120,568	10,847,909
Other Countries	1,080,282	840,462	131,658	43,203	1,061,760	1,028,337	443,338	284,289	5,694,505	1,216,624
Total	90,734,109	70,157,542	23,908,170	16,121,537	36,991,899	41,037,377	8,625,906	6,489,594	173,315,675	77,173,318

* Includes financial assets held for trading, 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

4.2.2 Geographical concentration

	Assets	Liabilities	Non-cash Loans	Capital Expenditures	Net Profit/(Loss)
Current Period					
Domestic	124,331,396	114,117,741	17,329,010	269,128	2,830,569
European Union (EU) Countries	14,542,879	18,064,759	1,538,235	-	125,179
OECD Countries ⁽¹⁾	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	419,882	1,108,664	421,021	-	-
Associates, Subsidiaries and Joint- Ventures (Business Partnership)	21,424,909	19,092,601	1,262,866	36,531	380,145
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	163,475,323	163,475,323	22,237,409	305,659	3,345,806
Prior Period					
Domestic	109,343,372	99,814,272	12,848,667	226,281	3,136,981
EU Countries	8,531,108	13,739,569	1,151,551	-	7,202
OECD Countries ⁽¹⁾	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	340,136	534,437	306,043	-	-
Associates, Subsidiaries and Joint- Ventures (Business Partnership)	16,949,857	14,778,479	775,624	112,820	233,392
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	136,794,933	136,794,933	16,465,404	339,101	3,384,717

⁽¹⁾ Includes OECD countries other than EU countries, USA and Canada

⁽²⁾ Includes assets, liabilities and equity items that can not be allocated on a consistent basis

4.2.3 Sectoral distribution of cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	524,386	1.05	628,751	1.56	359,558	0.97	382,295	1.18
Farming and Stockbreeding	518,398	1.04	626,462	1.55	343,383	0.92	373,990	1.15
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	6,804,511	13.62	15,172,573	37.59	4,775,566	12.80	12,369,177	38.16
Mining	299,009	0.60	935,894	2.32	166,102	0.45	584,202	1.80
Production	6,147,920	12.30	9,224,117	22.85	4,266,268	11.43	8,583,011	26.48
Electricity, Gas, Water	357,582	0.72	5,012,562	12.42	343,196	0.92	3,201,964	9.88
Construction	2,218,575	4.44	3,145,058	7.79	1,623,620	4.35	1,946,607	6.00
Services	10,393,774	20.80	14,995,264	37.15	7,230,038	19.37	12,452,455	38.41
Wholesale and Retail Trade	6,541,479	13.09	5,148,007	12.75	4,527,518	12.13	4,610,443	14.22
Hotel, Food and Beverage Services	477,564	0.96	2,002,612	4.96	367,507	0.99	1,035,387	3.19
Transportation and Telecommunication	966,361	1.93	5,345,873	13.25	679,884	1.82	3,953,510	12.20
Financial Institutions	1,765,378	3.53	1,406,159	3.48	1,049,205	2.81	2,015,354	6.22
Real Estate and Renting Services	71,693	0.14	556,651	1.38	56,919	0.15	399,221	1.23
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	124,435	0.25	73,413	0.18	117,139	0.31	73,912	0.23
Health and Social Services	446,864	0.90	462,549	1.15	431,866	1.16	364,628	1.12
Others	30,022,647	60.09	6,423,569	15.91	23,321,305	62.51	5,267,985	16.25
Total	49,963,893	100.00	40,365,215	100.00	37,310,087	100.00	32,418,519	100.00

4.2.4 Credit risk by business segments

Current Period					
Loan Groups	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Performing Loans					
Cash Loans	59,193,125	19,302,859	9,732,233	23,368,223	111,596,440
Non-Cash Loans	30,975,551	895,108	13,631,471	9,880,319	55,382,449
Loans under Follow-up					
Cash Loans	1,546,148	324,703	230,040	-	2,100,891
Non-Cash Loans	126,784	-	-	-	126,784
Non-Performing Loans					
Cash Loans	857,973	480,290	595,270	-	1,933,533
Non-Cash Loans	113,577	-	-	-	113,577
Non-Cash Loans					
Cash Loans	61,597,246	20,107,852	10,557,543	23,368,223	115,630,864
Non-Cash Loans	31,215,912	895,108	13,631,471	9,880,319	55,622,810
Provision Types	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Specific Provision					
Cash Loans	565,200	397,411	565,921	-	1,528,532
Non-Cash Loans	52,298	-	-	-	52,298
General Provision					
Cash Loans	459,318	309,446	81,862	141,494	992,120
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	45,320,314	14,632,726	7,871,037	14,230,477	82,054,554
Non-Cash Loans	16,434,912	6,425,688	12,554,092	7,161,219	42,575,911
Loans under Follow-up					
Cash Loans	1,464,872	201,782	237,874	-	1,904,528
Non-Cash Loans	81,975	-	-	-	81,975
Non-Performing Loans					
Cash Loans	974,205	590,850	668,056	-	2,233,111
Non-Cash Loans	96,013	-	-	-	96,013
Non-Cash Loans					
Cash Loans	47,759,391	15,425,358	8,776,967	14,230,477	86,192,193
Non-Cash Loans	16,612,900	6,425,688	12,554,092	7,161,219	42,753,899
Provision Types	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Specific Provision					
Cash Loans	646,712	512,810	644,653	-	1,804,175
Non-Cash Loans	57,287	-	-	-	57,287
General Provision					
Cash Loans	356,406	120,787	59,377	70,038	606,608
Non-Cash Loans	32,003	563	18,830	2,463	53,859

4.3 Consolidated 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 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 on a consolidated basis

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	280,011	248,078
(II) Capital Obligation against Specific Risks - Standard Method	71,097	94,713
(III) Capital Obligation against Currency Risk - Standard Method	43,625	71,315
(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	150,151	34,324
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	545,754	448,430
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	6,821,925	5,605,375

4.3.2 Average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	3,904,784	4,296,087	2,969,338	3,688,428	4,045,988	3,232,925
Common Share Risk	168,368	290,025	96,363	221,145	247,613	194,213
Currency Risk	1,313,403	2,364,675	545,312	683,013	891,438	470,113
Stock Risk	17,875	58,700	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	1,071,120	1,868,888	420,334	382,304	494,375	227,063
Total Value at Risk	6,475,550	8,878,375	4,031,347	4,974,890	5,679,414	4,124,314

4.4 Consolidated 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.

	31 December 2008	31 December 2009	31 December 2010
(I) Net Interest Income	3,430,704	5,405,840	5,170,315
(II) Net Fees and Commissions Income	1,578,335	1,725,073	1,910,015
(III) Dividend Income	29,472	2,760	1,890
(IV) Net Trading Income/(Losses)	253,585	897,979	402,338
(V) Other Operating Expenses	448,380	446,154	896,408
(VI) Gain/Loss on Securities Available-for-Sale and Held-to-Maturity	54,177	408,402	251,601
(VII) Extraordinary Income	302,186	210,533	601,239
(VIII) Insurance Claim Collections	-	-	-
(IX) Gross Income (I+II+III+IV+V-VI-VII-VIII)	5,384,113	7,858,871	7,528,126
(X) Capital Obligation (IX * 15%)	807,617	1,178,831	1,129,219
(XI) Average Capital Obligation Against Operational Risk	1,038,556		
(XII) Value at Operational Risk (XI * 12.5)	12,981,944		

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2011, the Bank and its financial affiliates' net 'on balance sheet' foreign currency long position amounts to TL 1,432,280 thousands (31 December 2010: TL 1,994,151 thousands), net 'off-balance sheet' foreign currency short position amounts to TL 1,661,051 thousands (31 December 2010: TL 2,595,424 thousands), while net foreign currency short open position amounts to TL 228,771 thousands (31 December 2010: TL 601,273 thousands).

The consolidated 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
The Bank's foreign currency purchase rate at balance sheet date	1.8650	2.4216	2.4229	2.8992
<u>Foreign currency 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 rate	1.8490	2.4340	2.3766	2.8836

The Bank's consolidated 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	5,189,408	173,924	1,217	1,358,395	6,722,944
Banks	5,420,804	7,486,112	25,737	1,362,020	14,294,673
Financial Assets at Fair Value through Profit/Loss	827,682	239,599	44	10,091	1,077,416
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	1,600,621	2,079,944	-	194,780	3,875,345
Loans (*)	13,895,817	27,821,134	27,223	1,515,261	43,259,435
Investments in Associates, Subsidiaries and Joint-Ventures	757	-	-	2	759
Investments Held-to-Maturity	-	1,610,487	-	-	1,610,487
Derivative Financial Assets Held for Risk Management	-	129,335	-	-	129,335
Tangible Assets	51,112	80	-	80,498	131,690
Intangible Assets	2,490	-	-	5,491	7,981
Other Assets (**)	1,228,420	1,086,318	28,276	17,634	2,360,648
Total Assets	28,217,111	40,626,933	82,497	4,544,172	73,470,713
Liabilities					
Bank Deposits	739,708	1,348,533	23,614	310,214	2,422,069
Foreign Currency Deposits	16,824,499	22,143,627	37,202	1,590,613	40,595,941
Interbank Money Market Takings	226,233	3,009,035	-	162,260	3,397,528
Other Fundings	8,043,792	11,647,654	-	369	19,691,815
Securities Issued	-	1,603,421	-	-	1,603,421
Miscellaneous Payables	112,784	100,150	162	8,964	222,060
Derivative Financial Liabilities Held for Risk Management	-	782	-	-	782
Other Liabilities (***)	926,632	525,941	19,161	2,633,083	4,104,817
Total Liabilities	26,873,648	40,379,143	80,139	4,705,503	72,038,433
Net 'On Balance Sheet' Position	1,343,463	247,790	2,358	(161,331)	1,432,280
Net 'Off-Balance Sheet' Position	(1,817,325)	(545,031)	(4,051)	705,356	(1,661,051)
Derivative Assets	8,791,859	17,757,920	253,331	2,516,426	29,319,536
Derivative Liabilities	(10,609,184)	(18,302,951)	(257,382)	(1,811,070)	(30,980,587)
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	18,045,231	33,339,021	54,724	1,795,469	53,234,445
Total Liabilities	20,106,054	29,310,081	63,980	1,760,179	51,240,294
Net 'On Balance Sheet' Position	(2,060,823)	4,028,940	(9,256)	35,290	1,994,151
Net 'Off-Balance Sheet' Position	1,701,148	(4,670,283)	8,474	365,237	(2,595,424)
Derivative Assets	6,168,271	9,061,475	350,966	1,957,689	17,538,401
Derivative Liabilities	(4,467,123)	(13,731,758)	(342,492)	(1,592,452)	(20,133,825)
Non-Cash Loans	-	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,769,591 thousands included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) The foreign currency indexed factoring receivables amounting TL 70,800 thousands included under TL assets in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(***) Other liabilities also include gold deposits of TL 2,570,178 thousands.

4.6 Consolidated 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 for the Bank:

Sensitivity analysis for interest rates

	Change in portfolio value	
	<i>Current Period</i>	<i>Prior Period</i>
Sensitivity analysis for TL interest rates		
(+) 1%	(130,364)	(124,366)
(-) 1%	134,483	127,735
Sensitivity analysis for FC interest rates		
(+) 1%	(307,477)	(230,871)
(-) 1%	339,773	255,018

4.6.1 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	-	-	-	-	-	8,312,450	8,312,450
Banks	9,961,437	1,607,707	2,072,916	437,020	-	2,637,435	16,716,515
Financial Assets at Fair Value through Profit/Loss	112,664	14,692	53,510	259,820	568,096	965,352	1,974,134
Interbank Money Market Placements	6,800	-	-	-	-	-	6,800
Financial Assets Available-for-Sale	12,232,186	3,919,261	2,134,071	9,578,813	984,245	2,306,463	31,155,039
Loans	17,768,557	12,585,374	15,652,944	26,529,611	16,407,602	1,790,021	90,734,109
Investments Held-to-Maturity	910,864	1,458,014	574,141	157,033	1,421,680	264,798	4,786,530
Other Assets	404,216	737,516	1,014,631	1,423,151	191,098	6,019,134	9,789,746
Total Assets	41,396,724	20,322,564	21,502,213	38,385,448	19,572,721	22,295,653	163,475,323
Liabilities							
Bank Deposits	1,777,950	234,740	163,946	484,997	-	435,177	3,096,810
Other Deposits	53,016,993	11,823,204	6,441,582	1,503,846	139,209	17,214,671	90,139,505
Interbank Money Market Takings	9,311,696	1,211,683	-	1,189,870	-	24,908	11,738,157
Miscellaneous Payables	-	-	-	-	-	6,059,290	6,059,290
Securities Issued	1,325,937	-	1,371,442	-	906,605	138,072	3,742,056
Other Fundings	11,462,054	1,715,238	4,379,208	3,504,548	3,915,273	320,854	25,297,175
Other Liabilities	713,444	-	-	1	-	22,688,885	23,402,330
Total Liabilities	77,608,074	14,984,865	12,356,178	6,683,262	4,961,087	46,881,857	163,475,323
On Balance Sheet Long Position	-	5,337,699	9,146,035	31,702,186	14,611,634	-	60,797,554
On Balance Sheet Short Position	(36,211,350)	-	-	-	-	(24,586,204)	(60,797,554)
Off-Balance Sheet Long Position	1,585,694	1,773,331	1,965,410	2,921,914	2,511,160	-	10,757,509
Off-Balance Sheet Short Position	(1,053,837)	(812,713)	(2,449,735)	(4,050,028)	(1,502,335)	-	(9,868,648)
Total Position	(35,679,493)	6,298,317	8,661,710	30,574,072	15,620,459	(24,586,204)	888,861

(*) Interest accruals are 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 (*)	0.59-6.1	0.25-4.40	-	5.50-12.50
Financial Assets at Fair Value through Profit/Loss	4.25	6.79	-	5.58-20.80
Interbank Money Market Placements	-	-	-	7.87
Financial Assets Available-for-Sale	3.06-7.93	5.00-11.88	-	7.14-10.05
Loans	1.68-14.00	1.26-18.20	6.06	9.23-26.00
Investments Held-to-Maturity	-	7.22	-	13.88
Liabilities				
Bank Deposits	0.20-5.37	0.89-5.19	-	4.75-10.14
Other Deposits	0.05-8.00	0.05-7.00	0.50	8.41
Interbank Money Market Takings	1.18-2.09	1.00-2.58	-	5-10.58
Miscellaneous Payables	-	-	-	-
Securities Issued	-	5.64	-	7.76-8.75
Other Fundings	1.00-3.98	2.20-5.41	-	11.26-13.99

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

4.6.2 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	2,658,719	-	-	-	-	4,886,330	7,545,049
Banks	3,415,596	2,200,873	1,134,230	896,908	-	1,922,865	9,570,472
Financial Assets at Fair Value through Profit/Loss	270,705	143,615	89,544	118,824	17,430	509,397	1,149,515
Interbank Money Market Placements	2,030	-	-	-	-	6	2,036
Financial Assets Available-for-Sale	12,413,615	5,603,354	8,360,209	3,476,408	1,109,734	3,504,490	34,467,810
Loans	16,467,176	10,055,669	12,725,661	19,570,217	10,090,303	1,248,516	70,157,542
Investments Held-to-Maturity	2,265,714	-	4,143	2,026,372	1,286,672	311,030	5,893,931
Other Assets	611,703	895,388	696,531	662,483	126,020	5,016,453	8,008,578
Total Assets	38,105,258	18,898,899	23,010,318	26,751,212	12,630,159	17,399,087	136,794,933
Liabilities							
Bank Deposits	1,797,975	122,607	44,766	47,966	-	761,183	2,774,497
Other Deposits	49,724,504	9,145,204	4,307,678	872,926	141,906	12,103,526	76,295,744
Interbank Money Market Takings	10,649,889	833,473	260,062	-	-	25,424	11,768,848
Miscellaneous Payables	-	-	-	-	-	4,862,992	4,862,992
Securities Issued	-	-	-	-	-	-	-
Other Fundings	9,033,922	1,093,524	3,357,880	3,852,742	3,197,693	273,207	20,808,968
Other Liabilities	6,812	-	-	-	-	20,277,072	20,283,884
Total Liabilities	71,213,102	11,194,808	7,970,386	4,773,634	3,339,599	38,303,404	136,794,933
On Balance Sheet Long Position	-	7,704,091	15,039,932	21,977,578	9,290,560	-	54,012,161
On Balance Sheet Short Position	(33,107,844)	-	-	-	-	(20,904,317)	(54,012,161)
Off-Balance Sheet Long Position	1,084,623	744,587	2,626,573	1,953,702	1,093,941	-	7,503,426
Off-Balance Sheet Short Position	(1,148,245)	(760,728)	(2,609,958)	(2,003,026)	(982,987)	-	(7,504,944)
Total Position	(33,171,466)	7,687,950	15,056,547	21,928,254	9,401,514	(20,904,317)	(1,518)

(*) Interest accruals are 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 (*)	0.36-5.00	0.03-5.19	-	3.83-9.50
Financial Assets at Fair Value through Profit/Loss	5.13	6.32	-	6.49-20.80
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	1.14-7.38	5.00-11.88	-	5.79-16.50
Loans	1.45-14.00	1.50-11.00	2.50-4.52	6.05-23.95
Investments Held-to-Maturity	-	7.22	-	15.43
Liabilities				
Bank Deposits	0.45-4.62	1.22-5.19	-	3.75-7.00
Other Deposits	0.75-8.00	0.03-6.50	0.55	7.28
Interbank Money Market Takings	1.32-1.40	0.65-2.25	-	6.85
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	1.00-3.84	1.17-3.25	3.00	7.35-10.73

(*) 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 Consolidated 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 Bank's 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

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	2,099,863	6,212,587	-	-	-	-	-	8,312,450
Banks	4,541,734	5,780,697	434,099	978,456	2,017,049	2,964,480	-	16,716,515
Financial Assets at Fair Value through Profit/Loss	10,748	133,797	386,773	192,754	521,781	728,281	-	1,974,134
Interbank Money Market Placements	-	6,800	-	-	-	-	-	6,800
Financial Assets Available-for-Sale	25,573	169,424	587,031	266,340	26,617,487	3,489,184	-	31,155,039
Loans	123,796	14,739,590	9,466,730	13,828,909	31,577,077	20,593,006	405,001	90,734,109
Investments Held-to-Maturity	-	-	1,608,171	650,887	1,075,309	1,452,163	-	4,786,530
Other Assets	672,408	513,415	3,167,207	1,072,762	1,524,517	330,770	2,508,667	9,789,746
Total Assets	7,474,122	27,556,310	15,650,011	16,990,108	63,333,220	29,557,884	2,913,668	163,475,323
Liabilities								
Bank Deposits	827,375	1,752,340	358,334	158,761	-	-	-	3,096,810
Other Deposits	19,502,902	51,251,339	11,752,126	5,946,264	1,519,461	167,413	-	90,139,505
Other Fundings	-	2,133,945	1,302,730	8,952,559	8,288,265	4,619,676	-	25,297,175
Interbank Money Market Takings	-	9,328,345	1,215,145	-	1,194,667	-	-	11,738,157
Securities Issued	-	767,193	-	1,371,442	562,616	1,040,805	-	3,742,056
Miscellaneous Payables	240,042	3,446,536	-	2,372,712	-	-	-	6,059,290
Other Liabilities (**)	577,486	1,101,146	251,357	498,776	341,362	139,846	20,492,357	23,402,330
Total Liabilities	21,147,805	69,780,844	14,879,692	19,300,514	11,906,371	5,967,740	20,492,357	163,475,323
Liquidity Gap	(13,673,683)	(42,224,534)	770,319	(2,310,406)	51,426,849	23,590,144	(17,578,689)	-
Prior Period								
Total Assets	7,346,378	18,837,568	12,041,939	19,216,367	50,676,454	25,856,828	2,819,399	136,794,933
Total Liabilities	16,022,174	65,451,244	11,064,176	12,332,716	8,315,980	4,760,833	18,847,810	136,794,933
Liquidity Gap	(8,675,796)	(46,613,676)	977,763	6,883,651	42,360,474	21,095,995	(16,028,411)	-

(*) 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.

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 and its financial affiliates' financial liabilities as per their earliest likely contractual maturities.

	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Current Period								
Bank Deposits	3,096,810	3,087,485	827,316	1,748,890	353,704	157,575	-	-
Other Deposits	90,139,505	89,707,367	19,502,786	51,009,299	11,667,253	5,863,241	1,497,668	167,120
Other Fundings	25,297,175	24,974,773	-	1,993,549	1,171,590	8,904,403	8,287,485	4,617,746
Interbank Money Market Takings	11,738,157	11,713,248	-	9,311,695	1,211,683	-	1,189,870	-
Securities Issued	3,742,056	3,603,984	-	766,437	-	1,371,442	559,500	906,605
Total	134,013,703	133,086,857	20,330,102	64,829,870	14,404,230	16,296,661	11,534,523	5,691,471

	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Prior Period								
Bank Deposits	2,774,497	2,770,127	933,789	1,600,187	138,280	78,515	19,356	-
Other Deposits	76,295,744	75,977,357	14,306,806	47,779,945	9,171,426	3,477,238	1,071,213	170,729
Other Fundings	20,808,968	20,535,762	-	1,982,132	634,852	6,348,833	7,119,603	4,450,342
Interbank Money Market Takings	11,768,848	11,743,419	-	10,660,652	822,705	260,062	-	-
Securities Issued	-	-	-	-	-	-	-	-
Total	111,648,057	111,026,665	15,240,595	62,022,916	10,767,263	10,164,648	8,210,172	4,621,071

4.8 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	150,583,848	126,640,820	150,114,901	126,933,331
Interbank Money Market Placements	6,800	2,036	6,800	2,036
Banks (*)	23,901,370	16,119,501	23,901,370	16,119,501
Financial Assets Available-for-Sale	31,155,039	34,467,810	31,155,039	34,467,810
Investments Held-to-Maturity	4,786,530	5,893,931	5,019,805	6,433,894
Loans	90,734,109	70,157,542	90,031,887	69,910,090
Financial Liabilities	140,072,993	116,511,049	140,072,993	116,511,049
Bank Deposits	3,096,810	2,774,497	3,096,810	2,774,497
Other Deposits	90,139,505	76,295,744	90,139,505	76,295,744
Interbank Money Market Takings and Funds Borrowed	37,035,332	32,577,816	37,035,332	32,577,816
Securities Issued	3,742,056	-	3,742,056	-
Miscellaneous Payables	6,059,290	4,862,992	6,059,290	4,862,992

(*) 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 the financial instruments carried at fair value, by valuation method:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	25,339,341	2	5,815,696	31,155,039
Financial Assets Held for Trading	1,012,450	203	37,677	1,050,330
Derivative Financial Assets Held for Trading	4,962	918,842	-	923,804
Investments in Associates and Subsidiaries	-	-	26,224	26,224
Derivative Financial Assets Held for Risk Management	-	129,335	-	129,335
Financial Assets at Fair Value	26,356,753	1,048,382	5,879,597	33,284,732
Derivative Financial Liabilities Held for Trading	95	1,211,301	-	1,211,396
Derivative Financial Liabilities Held for Risk Management	-	782	-	782
Financial Liabilities at Fair Value	95	1,212,083	-	1,212,178

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	31,761,995	255,406	2,450,409	34,467,810
Financial Assets Held for Trading	662,053	11,844	1,739	675,636
Derivative Financial Assets Held for Trading	1,491	472,388	-	473,879
Investments in Associates and Subsidiaries	-	-	94,755	94,755
Derivative Financial Assets Held for Risk Management	-	-	-	-
Financial Assets at Fair Value	32,425,539	739,638	2,546,903	35,712,080
Derivative Financial Liabilities Held for Trading	20,169	511,905	450	532,524
Derivative Financial Liabilities Held for Risk Management	-	2,347	-	2,347
Financial Liabilities at Fair Value	20,169	514,252	450	534,871

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 Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	617,208	426,380	500,567	413,770
Central Bank of Turkey	972,268	6,212,587	2,662,934	3,886,095
Others	30	83,977	-	81,683
Total	1,589,506	6,722,944	3,163,501	4,381,548

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 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	3,681	646,886	98	-
Assets Subject to Repurchase Agreements	2,036	-	-	-
Total	5,717	646,886	98	-

5.1.2.2 Positive differences on derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	68,223	25,013	28,433	29,966
Swap Transactions	37,964	504,566	95,815	193,015
Futures	12	4,950	11	1,491
Options	108,373	174,649	70,078	54,978
Others	-	54	-	92
Total	214,572	709,232	194,337	279,542

5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	350,488	755,877	775,901	1,210,801
Foreign banks	2,071,354	13,538,796	2,442,708	5,141,062
Foreign headoffices and branches	-	-	-	-
Total	2,421,842	14,294,673	3,218,609	6,351,863

Due from foreign banks:

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	6,500,586	1,516,085	7,430,350	5,539,611
USA and Canada	1,008,254	154,298	431,411	247,293
OECD Countries (1)	18,013	14,717	-	-
Off-shore Banking Regions	63,515	47,602	26,372	20,961
Others	131,649	43,203	-	-
Total	7,722,017	1,775,905	7,888,133	5,807,865

(1) 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 at various banks. Furthermore, there are restricted deposits at various domestic banks amounting TL 94,091 thousands as required for insurance activities.

5.1.4 Financial assets available-for-sale

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

Collateralized financial assets available-for-sale in TL consist of government bonds. 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). Collateralized financial assets available-for-sale in foreign currencies consist of eurobonds, foreign governments bonds and corporate bonds. Carrying values of such securities with total face value of USD 20,728,000, EUR 301,823,542 and RUB 125,000,000 (31 December 2010: USD 24,328,000, EUR 225,932,846 and RUB 148,000,000), are USD 21,959,154 EUR 300,387,939 and RUB 124,062,500 (31 December 2010: USD 26,496,517, EUR 233,587,332 and RUB 148,009,030). The related accrued interest income amount to USD 2,755,324, EUR 3,378,158 and RUB 2,388,750 respectively (31 December 2010: USD 3,306,888, EUR 5,302,110 and RUB 3,133,010), and the impairment losses to USD 209,237 and EUR 2,455,333 respectively (31 December 2010: USD 468,364 and EUR 894,635).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	7,622,941	783,085	2,712,192	536,393
Assets subject to Repurchase Agreements	11,142,092	1,279,161	9,760,434	1,207,858
Total	18,765,033	2,062,246	12,472,626	1,744,251

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	29,141,787	30,978,569
Quoted at Stock Exchange	26,435,077	27,945,762
Unquoted at Stock Exchange	2,706,710	3,032,807
Common Shares/Investment Fund	19,668	28,625
Quoted at Stock Exchange	5,081	13,213
Unquoted at Stock Exchange	14,587	15,412
Value Increase/Impairment Losses (-)	1,993,584	3,460,616
Total	31,155,039	34,467,810

As of 31 December 2011, the Bank and its consolidated financial affiliates' "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 428,333,333 (31 December 2010: USD 730,555,556) and a total carrying value of TL 810,571 thousands (31 December 2010: TL 1,124,270 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	35,339	14	4,831
Corporates	26	35,339	14	4,831
Individuals	-	-	-	-
Indirect Lendings to Shareholders	268,574	551,004	265,353	419,398
Loans to Employees	151,148	-	135,343	-
Total	419,748	586,343	400,710	424,229

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)	
Current Period	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Loans	87,225,393	1,002,824	909,183	1,191,708
Discounted Bills	520,754	641	1,490	16
Export Loans	5,236,557	110,333	8,674	87,254
Import Loans	730	-	-	-
Loans to Financial Sector	2,281,899	10,500	1,378	-
Foreign Loans	4,803,462	325,628	27,589	9,713
Consumer Loans	18,941,782	361,077	195,939	128,764
Credit Cards	9,732,233	-	83,406	146,634
Precious Metal Loans	245,969	4,647	5,452	1,275
Others	45,462,007	189,998	585,255	818,052
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	87,225,393	1,002,824	909,183	1,191,708

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
Prior Period	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Loans	67,775,236	48,842	1,219,358	685,170
Discounted Bills	215,623	-	144	-
Export Loans	4,680,241	-	15,680	13,263
Import Loans	-	-	-	-
Loans to Financial Sector	2,560,975	-	1,243	45
Foreign Loans	4,177,557	29,441	18,449	-
Consumer Loans	14,613,325	19,401	119,151	82,631
Credit Cards	7,871,037	-	68,142	169,732
Precious Metal Loans	246,163	-	9,170	199
Others	33,410,315	-	987,379	419,300
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	67,775,236	48,842	1,219,358	685,170

Collaterals received for loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	21,608	1,313	-	22,921
Loans Collateralized by Mortgages	439,391	132,998	-	572,389
Loans Collateralized by Pledged Assets	489,012	16,038	-	505,050
Loans Collateralized by Cheques and Notes	159,881	108,712	-	268,593
Loans Collateralized by Other Collaterals	389,001	14,076	-	403,077
Unsecured Loans	47,255	51,566	230,040	328,861
Total	1,546,148	324,703	230,040	2,100,891

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	21,475	2,463	-	23,938
Loans Collateralized by Mortgages	1,144,034	114,629	-	1,258,663
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	174,298	9,113	-	183,411
Unsecured Loans	35,251	33,361	237,874	306,486
Total	1,464,872	201,782	237,874	1,904,528

Delinquency periods of loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
30-60 days	33,508	104,090	64,559	202,157
61-90 days	146,436	45,945	18,074	210,455
Other	1,366,204	174,668	147,407	1,688,279
Total	1,546,148	324,703	230,040	2,100,891

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
30-60 days	40,766	69,913	53,708	164,387
61-90 days	23,258	33,660	14,434	71,352
Other	1,400,848	98,209	169,732	1,668,789
Total	1,464,872	201,782	237,874	1,904,528

Loans with extended maturities

No. of Extension	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1- 5 Years	Over 5 Years	Total
1	117,202	52,276	146,043	187,792	552,509	117,485	1,173,307
2	704	1,432	368	13,966	7,614	7,085	31,169
3	-	15,057	159	20	4,559	1,193	20,988
4	-	-	40	300	23,931	473	24,744
5	-	-	464	-	15,851	74	16,389
Total	117,906	68,765	147,074	202,078	604,464	126,310	1,266,597

5.1.5.3 Maturity analysis of cash loans

	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
Current Period	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	29,723,785	385,923	168,833	246,808
Loans	29,723,785	385,923	168,833	246,808
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	57,501,608	616,901	740,350	944,900
Loans	57,501,608	616,901	740,350	944,900
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	87,225,393	1,002,824	909,183	1,191,708

	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
Prior Period	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	23,742,648	10,565	223,083	199,836
Loans	23,742,648	10,565	223,083	199,836
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	44,032,588	38,277	996,275	485,334
Loans	44,032,588	38,277	996,275	485,334
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	67,775,236	48,842	1,219,358	685,170

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
Others	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
Others	-	9,366	9,366
Consumer Loans – FC	259,227	1,085,584	1,344,811
Housing Loans	12,741	471,986	484,727
Automobile Loans	5	9,096	9,101
General Purpose Loans	27,004	37,944	64,948
Others	219,477	566,558	786,035
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	54,092	45,461	99,553
With Installment	7,041	-	7,041
Without Installment	47,051	45,461	92,512
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
Others	19,803	18,832	38,635
Personnel Loans – FC-indexed	527	11,360	11,887
Housing Loans	527	11,360	11,887
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	1,020	50,495	51,515
Housing Loans	-	16,088	16,088
Automobile Loans	-	83	83
General Purpose Loans	39	41	80
Others	981	34,283	35,264
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	453	1,573	2,026
With Installment	27	-	27
Without Installment	426	1,573	1,999
Deposit Accounts– TL (real persons)	411,687	-	411,687
Deposit Accounts– FC (real persons)	-	-	-
Total	10,440,153	18,718,228	29,158,381

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
Others	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
Others	-	14,065	14,065
Consumer Loans – FC	160,422	848,350	1,008,772
Housing Loans	12,240	373,153	385,393
Automobile Loans	18	10,490	10,508
General Purpose Loans	28,279	45,774	74,053
Others	119,885	418,933	538,818
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	33,283	62,183	95,466
With Installment	14,556	-	14,556
Without Installment	18,727	62,183	80,910
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
Others	21,503	13,544	35,047
Personnel Loans - FC-indexed	399	8,688	9,087
Housing Loans	399	8,688	9,087
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	583	45,679	46,262
Housing Loans	-	4,292	4,292
Automobile Loans	-	-	-
General Purpose Loans	2	68	70
Others	581	41,319	41,900
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	1,425	1,870
With Installment	108	-	108
Without Installment	337	1,425	1,762
Deposit Accounts– TL (real persons)	387,606	-	387,606
Deposit Accounts– FC (real persons)	-	-	-
Total	8,569,163	14,031,702	22,600,865

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
Others	-	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
Others	-	-	-
Installment-based Commercial Loans – FC	578,429	729,008	1,307,437
Real Estate Loans	-	1,178	1,178
Automobile Loans	151	4,724	4,875
General Purpose Loans	312	5,200	5,512
Others	577,966	717,906	1,295,872
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	2,421,859	8,620,922	11,042,781

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
Others	-	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
Others	-	-	-
Installment-based Commercial Loans – FC	310,485	656,581	967,066
Real Estate Loans	-	1,117	1,117
Automobile Loans	18	3,920	3,938
General Purpose Loans	467	3,234	3,701
Others	310,000	648,310	958,310
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	1,706,509	6,644,573	8,351,082

5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	1,472,793	1,253,384
Private Sector	88,856,315	68,475,222
Total	90,329,108	69,728,606

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	84,546,363	64,742,509
Foreign Loans	5,782,745	4,986,097
Total	90,329,108	69,728,606

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	16,384	25,747
Indirect Lending	-	-
Total	16,384	25,747

5.1.5.9 Specific provisions for loans

Specific Provisions	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	1,343,321	1,680,083
Total	1,528,532	1,804,175

5.1.5.10 Non-performing loans(NPLs) (net)

Non-performing loans and other receivables restructured or rescheduled:

	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)			
Restructured Loans and Receivables	12,368	20,353	157,497
Rescheduled Loans and Receivables	-	-	5,167
Total	12,368	20,353	162,664
Prior Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	10,777	14,723	248,832
Rescheduled Loans and Receivables	-	-	-
Total	10,777	14,723	248,832

Movements in non-performing loan groups:

Current Period	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Balances at Beginning of Period	69,719	138,127	2,025,265
Additions (+)	303,743	81,937	251,146
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	383,423
Write-offs (-) (*)	-	-	231,255
Corporate and Commercial Loans	-	-	30,064
Retail Loans	-	-	112,307
Credit Cards	-	-	88,884
Other	-	-	-
Balances at End of Period	78,176	191,288	1,664,069
Specific Provisions (-)	28,890	156,321	1,343,321
Net Balance on Balance Sheet	49,286	34,967	320,748

(*) TL 220,894 thousands of this amount is due to sale of non-performing loans.

Prior Period	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Balances at Beginning of Period	317,665	724,054	1,253,479
Additions (+)	427,565	41,910	469,416
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	535,021
Write-offs (-) (*)	-	-	68,281
Corporate and Commercial Loans	-	-	12,103
Retail Loans	-	-	104
Credit Cards	-	-	56,074
Other	-	-	-
Balances at End of Period	69,719	138,127	2,025,265
Specific Provisions (-)	21,413	102,679	1,680,083
Net Balance on Balance Sheet	48,306	35,448	345,182

Movements in specific loan provisions

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	646,712	512,810	644,653	1,804,175
Additions during the Period (+)	223,165	98,924	135,782	457,871
Restructured/Rescheduled Loans (-)	161,237	179	-	161,416
Collections during the Period (-)	113,789	101,899	125,630	341,318
Write-Offs (-)	29,651	112,245	88,884	230,780
Balances at End of Period	565,200	397,411	565,921	1,528,532

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	595,350	510,700	762,290	1,868,340
Additions during the Period (+)	226,929	237,822	248,505	713,256
Restructured/Rescheduled Loans (-)	11,399	5,429	-	16,828
Collections during the Period (-)	152,314	230,179	310,068	692,561
Write-Offs (-)	11,854	104	56,074	68,032
Balances at End of Period	646,712	512,810	644,653	1,804,175

Non-performing loans 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	596,701
Specific Provisions (-)	211	18,555	429,011
Net Balance at Balance Sheet	2,827	8,288	167,690
Prior Period			
Balance at End of Period	2,781	3,264	616,792
Specific Provisions (-)	105	456	475,291
Net Balance at Balance Sheet	2,676	2,808	141,501

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period (Net)	49,286	34,967	320,748
Loans to Individuals and Corporates (Gross)	78,176	191,288	1,657,029
Specific Provision (-)	28,890	156,321	1,336,281
Loans to Individuals and Corporates (Net)	49,286	34,967	320,748
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	345,182
Loans to Individuals and Corporates (Gross)	69,719	138,127	2,018,150
Specific Provision (-)	21,413	102,679	1,672,968
Loans to Individuals and Corporates (Net)	48,306	35,448	345,182
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	258,444	62,908	-	321,352
Loans Collateralized by Pledged Assets	111,998	36,077	-	148,075
Loans Collateralized by Cheques and Notes	153,909	125,391	-	279,300
Loans Collateralized by Other Collaterals	159,124	8,795	-	167,919
Unsecured Loans	174,145	246,970	595,270	1,016,385
Total	857,973	480,290	595,270	1,933,533

Prior Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	1,077	271	-	1,348
Loans Collateralized by Mortgages	366,653	92,140	-	458,793
Loans Collateralized by Pledged Assets	235,694	68,499	-	304,193
Loans Collateralized by Cheques and Notes	128,903	175,199	-	304,102
Loans Collateralized by Other Collaterals	134,510	16,886	-	151,396
Unsecured Loans	107,368	237,855	668,056	1,013,279
Total	974,205	590,850	668,056	2,233,111

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 policy

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 Factoring receivables

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,070,103	162,757	1,162,592	288,992
Medium and Long-Term	10,239	6,386	-	-
Total	1,080,342	169,143	1,162,592	288,992

5.1.7 Investments held-to-maturity

5.1.7.1 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

5.1.7.2 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

5.1.7.3 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

5.1.7.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	5,893,931	7,467,825
Foreign Currency Differences on Monetary Assets	292,041	19,353
Purchases during the Period	5,781	4,143
Disposals through Sales/Redemptions	(1,360,037)	(1,661,549)
Valuation Effect	(45,186)	64,159
Balances at End of Period	4,786,530	5,893,931

5.1.8 Investments in associates

5.1.8.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ ⁽¹⁾	Istanbul/Turkey	-	6.67
2	Bankalararası Kart Merkezi AŞ ^{(1) (****)}	Istanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ ^{(1) (**)}	Istanbul/Turkey	0.77	0.77
4	İMKB Takas ve Saklama Bankası AŞ ⁽¹⁾	Istanbul/Turkey	5.83	5.83
5	Vadeli İşlem ve Opsiyon Borsası AŞ ⁽¹⁾	Istanbul/Turkey	6.00	6.00
6	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	Istanbul/Turkey	9.09	9.09
7	Gelişen Bilgi Teknolojileri AŞ ⁽²⁾	Istanbul/Turkey	5.00	5.00
8	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽³⁾	Ankara / Turkey	2.48	2.48
9	Kredi Garanti Fonu AŞ ^{(1) (***)}	Ankara / Turkey	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 and Extraordinary Reserves	Company's Fair Value (if available)
1	7,283	6,182	464	272	-	1,083	647	-
2	22,629	19,044	6,401	686	-	3,179	1,105	-
3	642,295	64,918	1,405	17,658	829	5,975	3,205	-
4	2,168,769	297,083	10,613	27,363	2,890	24,411	92,469	-
5	61,072	53,664	4,716	3,009	48	4,277	36,207	-
6	38,784	27,914	2,552	2,033	4	12,265	-	-
7	427	425	-	12	-	(5)	345	-
8	154,509	12,108	245	32	4,137	3,099	12,060	-
9	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.

(**) 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 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 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.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.8.2 Consolidated investments in associates

Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1 Garanti Yatırım Ortaklığı AŞ ⁽¹⁾	İstanbul / Türkiye	-	0.21

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	31,970	31,773	271	91	(223)	868	136	17,700

(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.

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 0.21%, has been consolidated in the accompanying consolidated financial statements starting from 30 June 2010 under full consolidation method due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

5.1.8.3 Movement of consolidated investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	60,244	50,579
Movements during the Period	(60,206)	9,665
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	6,261	9,974
Sales/Liquidations (-)	(66,448)	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(19)	(309)
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	38	60,244
Capital Commitments	-	-
Share Percentage at the End of 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.

Valuation methods of consolidated investments in associates

Associates	Current Period	Prior Period
Valued at Cost	-	-
Valued at Fair Value	38	50
Valued by Equity Method of Accounting	-	60,194

Sectoral distribution of consolidated investments and associates

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	60,194
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	38	50
Other Associates	-	-

Quoted consolidated investments in associates

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	38	50
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period

Disclosed above.

Investments in associates acquired during the current period

None.

5.1.9 Investments in subsidiaries

5.1.9.1 Unconsolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. T. AŞ	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	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
7	United Custodian	Amsterdam/Holland	-	100.00
8	Golden Clover Stichting Custody	Amsterdam/Holland	-	100.00
9	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
10	Garanti Teknolojinet İletişim Hizmetleri ve Tic. AŞ	Istanbul/Turkey	-	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
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	39	39	29	-	-	(22)	(3)	-
7	303	303	-	-	-	-	-	-
8	306	303	-	-	-	-	-	-
9	256,423	26,224	216,181	13	-	9,842	6,382	-
10	588	588	-	-	40	7	(521)	-

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

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments

As of 31 December 2011, the investments in United Custodian and Golden Clover Stichting Custody classified as financial subsidiaries are not consolidated in the context of materiality concept, instead they are valued at cost.

The liquidations of Trifoi Investment SRL and Garanti Broker Asigurari BRL were completed in May and September 2011, respectively, therefore these companies are not listed above.

The non-financial investments are accounted under cost method of accounting.

5.1.9.2 Movement of consolidated investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	1,646,532	997,754
Movements during the Period	417,963	648,778
Acquisitions and Capital Increases ^(*)	83,420	578,446
Bonus Shares Received ^(**)	-	953
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	(4,227)
Reclassifications	8,653	-
Increase/Decrease in Market Values	154,562	55,858
Currency Differences on Foreign Subsidiaries	171,328	17,748
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	2,064,495	1,646,532
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Current 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 Doğu 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 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 to EUR 247,088,600 from EUR 217,088,600 on 27 August 2010. The funding raised from this capital increase was used to increase the paid-in capitals of the financial subsidiaries under Garanti Holding BV and accordingly, the participation ratio of the Bank in these financial institutions increased from 70.00% to 73.27%.

As per the decision made at the board of directors' meeting of the Bank held on 8 December 2010, the existing capital of Garanti Holding BV was increased by EUR 82,000,000. Following this capital increase, as per the decisions made at the board of directors' meeting of Garanti Holding BV held on 16 December 2010;

- 1) Leasemart Holding BV, the Netherlands-based company, was acquired by Garanti Holding BV from GE Capital Corporation for a consideration of EUR 46.4 millions.
- 2) Following the above mentioned share purchase transaction, the percentage of shares owned indirectly by the Bank was increased from 73.27% to 100% in the Romania-based subsidiaries which are Garanti Bank SA, Motoractive IFN SA, Domenia Credit IFN SA and Ralfi IFN SA.
- 3) The remaining amount of the increased share capital of Garanti Holding BV was utilized to increase the share capital of Garanti Bank SA by EUR 35 millions through G Netherlands BV.

(**) 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.

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. Garanti Holding BV increased the share capital of Garanti Bank SA by 20 million EUR through G Netherlands BV with its capital increase.

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.

Valuation methods of consolidated investments in subsidiaries

	Current Period	Prior Period
Valued at Cost	235,950	210,587
Valued at Fair Value	1,828,545	1,435,945

Sectoral distribution of consolidated investments in 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	85,381
Finance Companies	805,083	647,451
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

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

Other information on consolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Shares of Other Consolidated Subsidiaries (%)	Method of Consolidation
1	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	99.96	-	Full Consolidation
2	Garanti Faktoring Hizmetleri AŞ ⁽¹⁾	Istanbul/Turkey	81.84	-	Full Consolidation
3	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
4	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
5	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	0.01	Full Consolidation
6	Garanti Bank International NV	Amsterdam/Holland	100.00	-	Full Consolidation
7	Garanti Bank Moscow	Moscow/Russia	99.94	-	Full Consolidation
8	Garanti Holding BV ^(**) ^{(***)(****)}	Amsterdam/Holland	100.00	-	Full Consolidation
9	G Netherlands BV ^(**)	Amsterdam/Holland	-	100.00	Full Consolidation
10	Garanti Bank SA	Bucharest/Romania	-	100.00	Full Consolidation
11	Motoractive IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
12	Ralfi IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
13	Domenia Credit IFN SA	Bucharest/Romania	-	100.00	Full Consolidation

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	2,705,394	499,857	17,613	169,521	-	80,784	320,659	-
2	992,741	58,374	2,587	66,483	178	8,350	25,282	84,000
3	38,261	31,891	5,807	892	1,076	2,214	13,331	-
4	17,669	15,036	2,411	587	275	620	1,239	-
5	3,023,012	442,129	14,645	39,024	5,445	112,997	251,700	-
6	10,076,702	878,244	53,805	322,723	77,242	128,056	346,838	872,306
7	720,185	146,882	43,433	22,583	15,931	12,012	72,196	151,069
8	737,455	737,452	-	41	-	(10)	(118,323)	736,420
9	808,038	680,257	-	-	-	(6,890)	(9,690)	-
10	3,528,113	454,155	55,395	199,122	38,154	7,462	(62,995)	-
11	211,312	32,349	7,067	21,289	-	2,809	4,517	-
12	173,595	17,952	1,332	46,699	-	5,018	5,533	-
13	306,147	31,679	505	19,703	-	4,359	3,361	-

(1) Financial information is as of 30 September 2011, however the fair value information is as of 31 December 2001.

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

(**) As of 27 January 2011, D Netherlands Holding BV's name changed to Garanti Holding BV and Doğuş GE BV's name changed to G Netherlands BV.

(***) As of 2 August 2011, Leasemart Holding BV was merged under Garanti Holding BV.

(****) The fair value stated above for Garanti Holding BV covers all the consolidated affiliates under the company; namely G Netherlands BV, Garanti Bank SA, Motoractive IFN SA, Ralfi IFN SA and Domenia Credit IFN SA.

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.10 Investments in joint-ventures

None.

5.1.11 Lease receivables

5.1.11.1 Financial lease receivables according to remaining maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1,045,915	897,416	851,236	732,334
Between 1-5 Years	1,810,768	1,581,938	996,099	873,899
Longer than 5 Years	219,913	190,540	131,069	120,503
Total	3,076,596	2,669,894	1,978,404	1,726,736

5.1.11.2 Net financial lease receivables

	Current Period	Prior Period
Gross Financial Lease Receivables	3,076,596	1,978,404
Unearned Income on Financial Lease Receivables (-)	(406,702)	(251,668)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	2,669,894	1,726,736

5.1.11.3 Financial lease agreements

The criteria applied for the financial lease agreements are as follows:

The customer applied for a financial lease is evaluated based on the lending policies and criteria taking into account the legal legislation. A “customer analysis report” according to the type and amount of the application is prepared for the evaluation of the customer by the Credit Committee and certain risk rating models such as “customer risk rating” and “equipment rating/scoring” are applied.

In compliance with the legal legislation and the authorization limits of the general manager, credit committee and board of directors, it is decided whether the loan will be granted considering the financial position and the qualitative characteristics of the customer and the criterias mentioned above, if yes, which conditions will be applied. At this stage, collateral such as bank guarantees, mortgages, asset pledges, promissory notes or the personal or corporate guarantees, may be required depending on the creditworthiness of the customer and the characteristics of the product to be sold.

The sectoral, equipment type and pledged asset concentration of the customers are monitored regularly.

The followings are monitored for the financial lease agreements signed:

Subsequent to granting of loan, the fulfillment of monetary aspects such as lending procedures, timely collection of rental payments are monitored. Furthermore, updated information on the performance of companies is reported by the credit monitoring unit even for the performing customers.

The reports prepared by the credit monitoring unit for the performing companies and the assessments made by the administration follow-up and the legal units for the problematic companies, are presented to the top management following the assessments made by the related internal committees and the necessary actions are taken.

5.1.12 Derivative financial assets held for risk management

5.1.12.1 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.

5.1.13 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at End of Prior Period					
Cost	1,163,225	396,095	40,170	1,054,924	2,654,414
Accumulated Depreciation	(269,273)	(339,126)	(32,975)	(639,619)	(1,280,993)
Net Book Value	893,952	56,969	7,195	415,305	1,373,421
Balance at End of Current Period					
Net Book Value at Beginning of Current Period	893,952	56,969	7,195	415,305	1,373,421
Additions	50,709	301	1,745	195,862	248,617
Disposals (Cost)	(26,937)	(17,039)	(12,299)	(80,200)	(136,475)
Disposals (Accumulated Depreciation)	1,449	16,804	11,342	46,409	76,004
Reversal of Impairment Losses (-)	10,832	-	-	(106)	10,726
Depreciation Expense for Current Period	(26,326)	(22,560)	(3,910)	(129,204)	(182,000)
Currency Translation Differences on Foreign Operations, net	22,288	-	2,351	11,193	35,832
Cost at End of Current Period	1,219,962	379,357	31,388	1,188,590	2,819,297
Accumulated Depreciation at End of Current Period	(293,995)	(344,882)	(24,964)	(729,331)	(1,393,172)
Net Book Value at End of Current Period	925,967	34,475	6,424	459,259	1,426,125

5.1.13.1 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.

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

A provision of TL 106 thousands is made for the impairment in values of certain tangible assets and a total provision of TL 10,832 thousands made for the impairment in values of certain real estates in prior periods is reversed in 2011 in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets".

5.1.14 Intangible assets

5.1.14.1 Useful lives and amortisation rates

The consolidation goodwill classified under intangible assets is not amortized. The estimated useful lives of softwares and other intangible assets vary between 3 and 15 years.

5.1.14.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation. The consolidation goodwill is not amortized, however is subject to impairment testing regularly and if there is any impairment, a provision is made.

5.1.14.3 Balances at beginning and end of current period

	Current Period		Prior Period	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intangible Assets	203,345	119,099	149,206	93,401

5.1.14.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Net Book Value at Beginning Period	55,805	46,946
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	57,042	32,949
Disposals (-)	(5,699)	(1,616)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(24,048)	(19,058)
Currency Translation Differences on Foreign Operations	1,146	(3,416)
Other Movements	-	-
Net Book Value at End of Current Period	84,246	55,805

5.1.14.5 Details for any individually material intangible assets

None.

5.1.14.6 Intangible assets capitalised under government incentives at fair values

None.

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

None.

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

None.

5.1.14.9 Commitments to acquire intangible assets

None.

5.1.14.10 Disclosure on revalued intangible assets

None.

5.1.14.11 Research and development costs expensed during current period

None.

5.1.14.12 Goodwill

	Shares %	Carrying Value
Goodwill		
Garanti Yatırım	100.00	2,778
Garanti Finansal Kiralama	98.94	2,119
Garanti Faktoring	55.40	1,491
Total		6,388

5.1.14.13 Movements in goodwill during current period

	Current Period
Net Book Value at Beginning Period	6,388
Movements in Current Period	-
Additions	-
Adjustments due to the Changes in Value of Assets and Liabilities	-
Disposals in Current Period due to a Discontinued Operation Or Partial or Complete Disposal of an Asset (-)	-
Amortisation Expense for Current Period (-)	-
Impairment Losses (-)	-
Reversal of Impairment Losses (-)	-
Other changes in Book Values	-
Net Book Value at End of Current Period	6,388

5.1.15 Investment property

None.

5.1.16 Deferred tax asset

As of 31 December 2011, on a consolidated basis the Bank has a deferred tax asset of TL 62,852 thousands (31 December 2010: TL 171,825 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

There is no 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 197,339 thousands (31 December 2010: TL 247,838 thousands) and deferred tax liability of TL 134,487 thousands (31 December 2010: TL 76,013 thousands) presented as net in the accompanying consolidated 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.

As per the annulment decision of the Turkish Constitutional Court as explained in Note 3.18.4, Garanti Finansal Kiralama, a consolidated subsidiary of the Bank, is subject to investment allowance ruling and can use its available allowances to reduce its taxable corporate income without any time limitations. Accordingly, a deferred tax asset amounting TL 11,959 thousands is recorded in the accompanying consolidated financial statements as of 31 December 2010 considering the fact that Garanti Finansal Kiralama may use its right of deducting investment allowances from its corporate income in the future. In the accompanying consolidated financial statements as of 31 December 2011, a deferred tax asset amounting TL 1,741 thousands is included in this respect.

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.

5.1.17 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	105,679	82,336
Accumulated Depreciation (-)	(1,646)	(1,144)
Net Book Value	104,033	81,192
End of Current Period		
Additions	123,683	80,899
Disposals (Cost)	(94,857)	(54,819)
Disposals (Accumulated Depreciation)	659	483
Reversal of Impairment / Impairment Losses (-)	(4,403)	(2,737)
Depreciation Expense for Current Period (-)	(1,459)	(985)
Currency Translation Differences on Foreign Operations	-	-
Cost	130,102	105,679
Accumulated Depreciation (-)	(2,446)	(1,646)
Net Book Value	127,656	104,033

As of 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).

5.1.18 Other Assets

5.1.18.1 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	45
Sale of Other Assets	2,978	2,920
Total	20,090	7,214

5.1.18.2 Prepaid expenses

	Current Period	Prior Period
Prepaid Expenses	289,532	248,019

5.2 Consolidated 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	Total
Saving Deposits	2,926,197	-	3,897,909	22,093,153	962,176	276,351	272,297	1,531	30,429,614
Foreign Currency Deposits	9,911,152	-	4,642,512	15,890,716	1,984,801	3,144,929	4,933,946	87,885	40,595,941
Residents in Turkey	6,888,561	-	4,362,454	14,040,203	1,254,759	489,583	1,331,768	86,177	28,453,505
Residents in Abroad	3,022,591	-	280,058	1,850,513	730,042	2,655,346	3,602,178	1,708	12,142,436
Public Sector Deposits	313,115	-	872	36,525	1,336	6	-	-	351,854
Commercial Deposits	3,725,761	-	2,531,943	5,845,595	2,919,089	539,490	261,359	-	15,823,237
Others	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	827,375	-	1,130,586	682,853	70,922	368,477	16,597	-	3,096,810
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	7,970	-	128,853	103,157	-	5,391	1,078	-	246,449
Foreign Banks	273,975	-	1,001,733	573,584	70,922	363,086	15,519	-	2,298,819
Special Financial Institutions	545,430	-	-	6,112	-	-	-	-	551,542
Others	-	-	-	-	-	-	-	-	-
Total	20,330,273	-	12,226,005	44,823,547	5,948,379	4,333,216	5,485,479	89,416	93,236,315

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	Total
Saving Deposits	2,434,150	-	6,612,117	16,505,046	946,670	223,924	138,640	770	26,861,317
Foreign Currency Deposits	7,733,909	-	7,391,591	11,899,800	1,142,408	2,589,329	2,329,614	87,013	33,173,664
Residents in Turkey	5,046,573	-	6,918,206	10,919,299	949,652	689,760	919,787	85,730	25,529,007
Residents in Abroad	2,687,336	-	473,385	980,501	192,756	1,899,569	1,409,827	1,283	7,644,657
Public Sector Deposits	520,469	-	2,154	23,302	355	1,985	-	-	548,265
Commercial Deposits	3,094,867	-	3,408,367	6,913,286	926,017	270,943	136,774	-	14,750,254
Others	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	933,800	-	1,240,683	332,776	161,638	58,136	47,464	-	2,774,497
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	151,885	-	634,245	84,609	92,813	-	716	-	964,268
Foreign Banks	337,571	-	606,438	248,167	68,825	58,136	46,748	-	1,365,885
Special Financial Institutions	444,344	-	-	-	-	-	-	-	444,344
Others	-	-	-	-	-	-	-	-	-
Total	15,240,699	-	18,675,746	35,966,974	3,292,988	3,148,482	2,657,569	87,783	79,070,241

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

5.2.1.1.1 Deposits exceeding insurance limit

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	11,531,720	11,539,769	18,603,874	15,141,116
Foreign Currency Saving Deposits	7,639,644	6,533,041	12,607,762	10,275,662
Other Saving Deposits	1,214,676	204,524	1,254,695	243,956
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits 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

5.2.1.3.1 Saving deposits of individuals 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	7,193	-
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

Trading Derivatives	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	62,818	31,401	30,013	11,083
Swap Transactions	385,060	497,412	168,864	213,387
Futures	-	95	46	1,846
Options	59,204	175,161	47,857	53,272
Others	-	245	-	6,156
Total	507,082	704,314	246,780	285,744

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,268,505	979,878	1,508,513	608,657
Foreign Banks, Institutions and Funds	4,336,855	17,589,799	5,116,998	12,596,215
Total	5,605,360	18,569,677	6,625,511	13,204,872

5.2.3.1 *Maturities of funds borrowed*

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,444,175	8,285,742	2,212,061	5,308,895
Medium and Long-Term	4,161,185	10,283,935	4,413,450	7,895,977
Total	5,605,360	18,569,677	6,625,511	13,204,872

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	2,558,731	-	-	1,181,284
Cost	2,423,391	-	-	1,175,445
Carrying Value (*)	2,138,635	-	-	1,603,421

(*) The Bank and its financial affiliates repurchased the Bank's own TL securities with a total nominal value of TL 410,950 thousands and foreign currency securities with a total nominal value of TL 18,716 thousands and netted off such securities in the accompanying consolidated financial statement.

5.2.4.2 *Funds provided through repurchase transactions*

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	8,340,241	-	10,180,670	-
Financial Institutions and Organizations	8,293,202	-	10,115,836	-
Other Institutions and Organizations	20,249	-	19,318	-
Individuals	26,790	-	45,516	-
Foreign Transactions	388	3,397,528	156,569	1,398,103
Financial Institutions and Organizations	-	3,397,528	155,900	1,398,103
Other Institutions and Organizations	-	-	284	-
Individuals	388	-	385	-
Total	8,340,629	3,397,528	10,337,239	1,398,103

5.2.4.3 *Miscellaneous payables*

	Current Period		Prior Period	
	TL	FC	TL	FC
Payables from credit card transactions	3,331,594	39,534	2,803,479	11,671
Payables from insurance transactions	2,330,981	41,732	1,824,088	36,445
Other	174,655	140,794	110,240	77,069
Total	5,837,230	222,060	4,737,807	125,185

5.2.5 **Factoring payables**

None.

5.2.6 Lease payables

5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	211	187	994	994
Between 1-5 Years	240	233	1,402	1,402
Longer than 5 Years	-	-	-	-
Total	451	420	2,396	2,396

5.2.6.2 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.

5.2.7 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

5.2.8 Provisions

5.2.8.1 General provisions

	Current Period	Prior Period
General Provision for	1,067,423	660,467
Loans and Receivables in Group I	931,956	571,746
Loans and Receivables in Group II	60,164	34,862
Non-Cash Loans	75,303	53,859
Others	-	-

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.

5.2.8.2 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.

5.2.8.3 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

5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	450,000	360,000

5.2.8.4.2 Other provisions for possible losses

	Current Period	Prior Period
Reserve for Employee Benefits	280,575	293,603
Insurance Technical Provisions, Net	159,487	140,788
Provision for Promotion Expenses of Credit Cards ^(*)	44,353	46,488
Provision for Lawsuits	15,906	5,357
Other Provisions	32,097	29,705
Total	532,418	515,941

^(*) 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 at 31 December 2011 (31 December 2010: TL 951,896 thousands) as details are given in the table below.

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

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 305,628 thousands (31 December 2010: TL 266,382 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF. 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

(*) The above rates are effective rates, whereas the rates applied as of 31 December 2011 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.

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 December 2011, the corporate tax liability amounts to TL 78,647 thousands (31 December 2010: TL 297,271 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	78,647	297,271
Taxation on Securities Income	75,858	58,218
Taxation on Real Estates Income	1,908	1,536
Banking Insurance Transaction Tax	46,474	29,704
Foreign Exchange Transaction Tax	21	25
Value Added Tax Payable	4,303	2,758
Others	76,256	36,329
Total	283,467	425,841

5.2.9.1.3 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	714	349
Social Security Premiums-Employer	970	255
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	5	2
Unemployment Insurance-Employees	1,181	532
Unemployment Insurance-Employer	2,317	1,001
Others	8	4
Total	5,255	2,194

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 1,333 thousands as of 31 December 2011 (31 December 2010: TL 391 thousands).

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

None.

5.2.11 Subordinated debts

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	1,122,138	-	978,585
Total	-	1,122,138	-	978,585

On 5 February 2007, the Bank obtained a subordinated debt of US\$ 500 millions from foreign markets with a maturity of 10 years and with a repayment option for the Bank at the end of the fifth year at an interest rate of 6.95% and then 7.95% annually. The Bank decided to use its early repayment option. Accordingly, the debt will be repaid at 6 February 2012. 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.

As at 31 December 2011, the subordinated debts include a floating rate note of EUR 30 millions obtained in September 2006 and subordinated deposits of approximately EUR 16 millions held by the Bank's consolidated subsidiary operating in Holland.

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.

5.2.12 Shareholders' equity

5.2.12.1 Paid-in capital

	Current Period	Prior Period
Common shares	4,200,000	4,200,000
Shares repurchased during the period	(1,359)	-
Paid-in common shares	4,198,641	4,200,000
Preference shares	-	-

The Bank's shares acquired by Garanti Yatırım Ortaklığı AŞ, one the parent Bank's financial affiliates subject to full consolidation, in the current period are deducted from the paid-in capital in the accompanying consolidated balance sheet.

5.2.12.2 Registered share capital system

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered Shares	4,200,000	7,000,000

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	114,597	(21,664)	1,472,063	155,443
Valuation Difference	114,597	(21,664)	1,472,063	155,443
Exchange Rate Difference	-	-	-	-
Total	114,597	(21,664)	1,472,063	155,443

5.2.12.9 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	-	-	-	-
Total	598,953	-	598,187	-

5.2.12.10 Bonus shares of associates, subsidiaries and joint-ventures

Bonus shares resulted from non-cash capital increases from the following investee companies; Doğuş Gayrimenkul Yatırım Ortaklığı AŞ by TL 20 thousands, Garanti Ödeme Sistemleri AŞ by TL 401 thousands, Kredi Kartları Bürosu by TL 481 thousands, Tat Konserve AŞ by TL 36 thousands and Yatırım Finansman Menkul Değerler AŞ by TL 9 thousands.

5.2.12.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	675,914	504,369
II. Legal Reserve	78,713	44,403
Special Reserves	-	-
Total	754,627	548,772

5.2.12.12 Extraordinary reserves

	Current Period	Prior Period
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	8,016,504	5,443,579
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	8,016,504	5,443,579

5.2.12.13 Minority interest

	Current Period	Prior Period
Balance at Beginning of Period	97,383	49,023
Profit Share of Subsidiaries Net Profits	19,507	20,872
Prior Period Dividend	-	-
Increase / (Decrease) in Minority Interest due to Sales	(4,346)	-
Others	(17)	27,488
Balance at End of Period	112,527	97,383

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial affiliates have asset purchase and sale commitments of TL 4,940,934 thousands (31 December 2010: TL 2,731,420 thousands), commitments for cheque payments of TL 2,230,783 thousands (31 December 2010: TL 1,910,031 thousands) and commitments for credit card limits of TL 13,631,471 thousands (31 December 2010: TL 12,554,092 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	9,629,237	7,358,370
Letters of Guarantee in TL	5,791,162	4,951,728
Letters of Credit	6,231,224	3,934,455
Bills of Exchange and Acceptances	515,550	164,105
Prefinancings	-	-
Other Guarantees	70,236	56,746
Total	22,237,409	16,465,404

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 as of 31 December 2011.

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 and its consolidated financial affiliates’ “other irrevocable commitments”, there are commitments for “credit linked notes” with a total face value of USD 428,333,333 (31 December 2010: USD 780,555,556).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	1,508,650	932,057
<i>With Original Maturity of 1 Year or Less</i>	<i>362,310</i>	<i>76,642</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>1,146,340</i>	<i>855,415</i>
Other Non-Cash Loans	20,728,759	15,533,347
Total	22,237,409	16,465,404

5.3.1.4 Other information on non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	68,282	1.18	74,393	0.46	55,348	1.12	140,678	1.22
Farming and Stockbreeding	65,948	1.14	73,421	0.45	52,897	1.07	140,587	1.22
Forestry	524	0.01	112	-	704	0.01	91	-
Fishery	1,810	0.03	860	0.01	1,747	0.04	-	-
Manufacturing	2,069,333	35.64	6,734,153	40.98	1,737,187	35.03	3,859,813	33.54
Mining	307,253	5.29	128,173	0.78	316,066	6.37	44,163	0.38
Production	1,234,890	21.27	4,432,132	26.97	1,048,610	21.15	2,552,008	22.18
Electricity, Gas, Water	527,190	9.08	2,173,848	13.23	372,511	7.51	1,263,642	10.98
Construction	872,018	15.02	2,058,986	12.53	687,443	13.86	1,782,334	15.49
Services	2,325,013	40.03	6,218,920	37.85	2,105,382	42.46	4,441,893	38.61
Wholesale and Retail Trade	1,581,513	27.24	3,014,182	18.35	1,392,907	28.09	1,756,413	15.26
Hotel, Food and Beverage Services	151,771	2.61	67,315	0.41	100,954	2.04	63,970	0.56
Transportation and Telecommunication	209,132	3.60	884,124	5.38	188,038	3.79	731,211	6.36
Financial Institutions	311,294	5.36	2,233,692	13.59	364,998	7.36	1,879,537	16.33
Real Estate and Renting Services	8,835	0.15	1,670	0.01	6,640	0.13	872	0.01
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	8,143	0.14	4,381	0.03	6,648	0.14	3,150	0.03
Health and Social Services	54,325	0.93	13,556	0.08	45,197	0.91	6,740	0.06
Others	471,893	8.13	1,344,418	8.18	373,518	7.53	1,281,808	11.14
Total	5,806,539	100.00	16,430,870	100.00	4,958,878	100.00	11,506,526	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	5,752,012	16,358,613	54,527	72,257
Letters of Guarantee	5,736,635	9,565,781	54,527	63,456
Bills of Exchange and Bank Acceptances	3,687	508,978	-	2,885
Letters of Credit	11,690	6,213,618	-	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	11,457,561	33,010	48,965
Letters of Guarantee	4,918,718	7,309,464	33,010	48,906
Bills of Exchange and Bank Acceptances	-	164,105	-	-
Letters of Credit	7,150	3,927,246	-	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 Month	3-12 Month	1-5 Year	5 Years and Over	Total
Derivative Financial Instrument Held for Risk Management						
A. Total Derivative Financial Instrument Held for Risk Management	-	-	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 Transaction (I)	25,005,125	21,788,016	30,156,180	4,491,883	245,356	81,686,560
Currency Forwards – Purchases	2,586,405	794,015	1,476,903	134,211	118,167	5,109,701
Currency Forwards – Sales	2,504,565	758,167	1,510,913	134,620	118,167	5,026,432
Currency Swaps – Purchases	5,861,189	7,310,969	6,034,559	1,392,994	4,558	20,604,269
Currency Swaps – Sales	6,064,712	7,142,359	5,977,391	1,545,306	4,464	20,734,232
Currency Options – Purchases	4,019,203	2,832,986	7,547,381	642,407	-	15,041,977
Currency Options – Sales	3,969,051	2,845,424	7,585,122	642,345	-	15,041,942
Currency Futures – Purchases	-	39,397	15,395	-	-	54,792
Currency Futures – Sales	-	64,699	8,516	-	-	73,215
Interest Rate Related Derivative Transaction (II)	14,530	98,806	2,414,141	10,144,261	6,179,930	18,851,668
Interest Rate Swaps – Purchases	-	-	1,182,053	4,612,842	3,089,965	8,884,860
Interest Rate Swaps – Sales	-	37,431	1,133,621	4,623,843	3,089,965	8,884,860
Interest Rate Options – Purchases	-	-	-	888,861	-	888,861
Interest Rate Options – Sales	-	-	-	-	-	-
Securities Options – Purchases	7,265	21,556	73,180	7,486	-	109,487
Securities Options – Sales	7,265	38,819	25,287	11,229	-	82,600
Interest Rate Futures – Purchases	-	500	-	-	-	500
Interest Rate Futures – Sales	-	500	-	-	-	500
Other Trading Derivatives (III)	366,850	110,432	32,930	-	-	510,212
B. Total Trading Derivatives (I+II+III)	25,386,505	21,997,254	32,603,251	14,636,144	6,425,286	101,048,440
Total Derivative Transactions (A+B)	25,386,505	21,997,254	32,705,826	14,636,144	8,290,286	103,016,015

Prior Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Total
Derivative Financial Instrument Held for Risk Management						
A. Total Derivative Financial Instrument Held for Risk Management	-	-	167,200	-	-	167,200
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	167,200	-	-	167,200
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	-	-	-	-	-	-
Foreign Currency Related Derivative Transaction (I)	20,090,333	10,239,548	17,034,304	2,054,229	1,137,746	50,556,160
Currency Forwards – Purchases	1,535,241	444,763	892,370	102,295	135,109	3,109,778
Currency Forwards – Sales	1,556,871	425,424	862,690	99,258	135,637	3,079,880
Currency Swaps – Purchases	5,974,044	2,241,384	5,197,500	943,785	304,000	14,660,713
Currency Swaps – Sales	6,106,144	2,206,024	5,146,449	742,375	563,000	14,763,992
Currency Options – Purchases	2,408,438	2,571,219	2,365,505	77,068	-	7,422,230
Currency Options – Sales	2,509,595	2,305,138	2,569,790	89,448	-	7,473,971
Currency Futures – Purchases	-	16,614	-	-	-	16,614
Currency Futures – Sales	-	28,982	-	-	-	28,982
Interest Rate Related Derivative Transaction (II)	57,358	520,924	3,775,483	7,112,630	4,151,252	15,617,647
Interest Rate Swaps – Purchases	28,679	14,896	114,309	3,556,315	2,075,626	5,789,825
Interest Rate Swaps – Sales	28,679	14,896	115,827	3,556,315	2,075,626	5,791,343
Interest Rate Options – Purchases	-	-	1,630,000	-	-	1,630,000
Interest Rate Options – Sales	-	-	1,630,000	-	-	1,630,000
Securities Options – Purchases	-	-	253,150	-	-	253,150
Securities Options – Sales	-	399,932	32,197	-	-	432,129
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)	20,534,568	11,296,820	21,228,598	9,166,859	5,288,998	67,515,843
Total Derivative Transactions (A+B)	20,534,568	11,296,820	21,395,798	9,166,859	5,288,998	67,683,043

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 5.2.8.4.2 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 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	2,339,857	359,897	2,094,044	326,831
Medium and long-term loans	2,681,218	1,688,011	2,088,835	1,077,222
Loans under follow-up	77,374	5,413	54,748	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	5,098,449	2,053,321	4,237,627	1,404,053

(*) Includes also fees and commissions 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	27,024	38,951	19,062	16,238
Foreign Banks	159,458	50,349	186,448	70,501
Foreign Head Offices and Branches	-	-	-	-
Total	186,482	89,314	208,549	86,889

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	30,863	3,872	57,936	1,344
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	2,835,761	233,967	2,741,984	220,592
Investments Held-to-Maturity	465,695	106,335	741,701	99,155
Total	3,332,319	344,174	3,541,621	321,091

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	591	1,657

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	-	-	-
Domestic Banks	85,791	23,269	77,434	29,427
Foreign Banks	528,715	358,295	442,704	235,621
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	73,124	-	64,647
Total	614,506	454,688	520,138	329,695

(*) Includes also fees and commissions 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	6,125	8,221

5.4.2.3 Interest expenses on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	127,319	50,112	-	-

5.4.2.4 Maturity structure of interest expense on deposits

Current Period		Time Deposits						
Account Description	Demand Deposits	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Turkish Lira								
Bank Deposits	10,022	39,177	5,700	305	246	15,743	-	71,193
Saving Deposits	414	322,009	1,660,502	90,908	21,635	21,145	-	2,116,613
Public Sector Deposits	-	668	2,392	97	2	-	-	3,159
Commercial Deposits	1,982	226,506	506,585	125,793	21,220	17,589	-	899,675
Others	20	2,673	19,331	5,233	10,677	302	-	38,236
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	12,438	591,033	2,194,510	222,336	53,780	54,779	-	3,128,876
Foreign Currency								
Foreign Currency Deposits	15,637	234,773	548,074	78,414	38,774	74,407	1,696	991,775
Bank Deposits	3,097	24,265	1,460	235	792	1,280	-	31,129
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	-	-	119	13	-	133
Total FC	18,734	259,039	549,534	78,649	39,685	75,700	1,696	1,023,037
Grand Total	31,172	850,072	2,744,044	300,985	93,465	130,479	1,696	4,151,913

Prior Period	Time Deposits							Total
Account Description	Demand Deposits	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	1,864	36,305	2,788	275	221	2,928	-	44,381
Saving Deposits	672	575,782	1,207,923	61,534	14,757	10,789	-	1,871,457
Public Sector Deposits	2	1,215	3,758	101	92	4	-	5,172
Commercial Deposits	4,524	383,927	602,435	69,087	10,713	13,861	-	1,084,547
Others	1,671	4,388	40,299	17,484	12	156	-	64,010
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	8,733	1,001,617	1,857,203	148,481	25,795	27,738	-	3,069,567
Foreign Currency								
Foreign Currency Deposits	9,625	217,801	273,017	36,655	60,217	39,128	1,676	638,119
Bank Deposits	3,622	10,264	2,864	3,356	2,498	4,450	-	27,054
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	3	-	-	-	89	-	-	92
Total FC	13,250	228,065	275,881	40,011	62,804	43,578	1,676	665,265
Grand Total	21,983	1,229,682	2,133,084	188,492	88,599	71,316	1,676	3,734,832

5.4.2.5 Interest expense on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	668,687	65,487	408,072	7,074

5.4.2.6 Financial lease expenses

	Current Period	Prior Period
Financial Lease Expenses	619	94

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	-	-
Financial Assets Available-for-Sale	1,257	1,184
Others	3,967	706
Total	5,224	1,890

5.4.4 Trading income/losses (net)

	Current Period	Prior Period
Income	101,317,512	73,963,771
Trading Account Income	454,256	1,993,162
Derivative Financial Instruments	3,722,080	2,972,714
Foreign Exchange Gain	97,141,176	68,997,895
Losses (-)	100,964,787	73,561,433
Trading Account Losses	127,999	1,739,644
Derivative Financial Instruments	3,370,126	2,909,608
Foreign Exchange Losses	97,466,662	68,912,181
Total	352,725	402,338

TL 6,632,508 thousands (31 December 2010: TL 4,727,355 thousands) of foreign exchange gains and TL 6,820,818 thousands (31 December 2010: TL 5,082,648 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative 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” generally 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 Eureko Sigorta AŞ amounting to TL 93,561 thousands is recognised under “Other Operating Income”.

Furthermore, a part of non-performing receivables of the Bank’s consolidated affiliates amounting to TL 20,584 thousands was sold for a consideration of TL 1,124 thousands. The income from this sale amounting to TL 282 thousands is recognized under “Other Operating Income” in the accompanying consolidated financial statements.

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	372,543	444,264
<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>	187,886	320,484
General Provisions	395,259	224,891
Provision for Possible Losses	100,000	-
Impairment Losses on Financial Assets	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 (business partnership)</i>	-	-
<i>Investments held-to-maturity</i>	-	-
Others	50,027	25,809
Total	94 920,395	696,092

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,485,214	1,328,564
Reserve for Employee Termination Benefits	24,700	29,216
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	143
Depreciation Expenses of Tangible Assets	181,831	184,819
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	24,016	19,058
Decrease in Value of Equity Accounting Shares	-	-
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 and Discontinued Assets	2,493	-
Other Operating Expenses	1,418,056	1,352,697
<i>Operational lease related expenses</i>	206,532	167,870
<i>Repair and maintenance expenses</i>	38,941	37,870
<i>Advertisement expenses</i>	110,772	131,216
<i>Other expenses</i>	1,061,811	1,015,741
Loss on Sale of Assets	15,574	1,971
Others (*)	554,437	483,248
Total	3,709,690	3,403,627

(*) 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

TL 5,258,464 thousands of the profit before taxes is derived from net interest income and TL 2,129,434 thousands from net fees and commissions income. The total operating expenses amounted to TL 3,709,690 thousands. The profit before taxes realized at TL 4,276,409 thousands decreasing by 0.11% as compared to the prior year.

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 December 2011, on a consolidated basis, the Bank recorded a current tax expense of TL 480,565 thousands (31 December 2010: TL 1,057,196 thousands) and a deferred tax expense of TL 450,038 thousands (31 December 2010: a deferred tax income of TL 160,666 thousands).

Deferred tax benefit/charge on timing differences :

Deferred tax benefit/(charge) on timing differences	Current Period	Prior Period
Increase in Tax Deductable Timing Differences (+)	22,311	126,696
Decrease in Tax Deductable Timing Differences (-)	401,222	43,208
Increase in Taxable Timing Differences (-)	83,120	2,288
Decrease in Taxable Timing Differences (+)	11,993	79,466
Total	(450,038)	160,666

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 Deductable Timing Differences (net)	(378,911)	83,488
Increase/(Decrease) in Taxable Timing Differences (net)	(71,127)	77,178
Increase/(Decrease) in Tax Losses (net)	-	-
Increase/(Decrease) in Tax Deductions and Exemptions (net)	-	-
Total	(450,038)	160,666

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 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.

5.4.11.3 Minority interest's profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	19,507	20,872

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

5.5.1 Any increases arising from application of accounting for financial instruments in current period

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 decrease of TL 16,019 thousands (31 December 2010: TL 34,005 thousands) that was resulted from the foreign currency translation of Luxembourg branch and consolidated foreign affiliates 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 1,248,515 thousands (31 December 2010: an increase of TL 455,925 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 286,075 thousands (31 December 2010: TL 189,822 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 and extraordinary reserves

	Current Period	Prior Period
Transfers to Legal Reserves from Prior Year Profits	204,253	170,185
Transfers to Extraordinary Reserves from Prior Year Profits	2,568,596	2,536,148

5.5.4 Issuance of share certificates

Please refer to Note 5.2.12.3.

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 Consolidated 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 outflows arising from banking operations amount to TL 5,566,716 thousands. TL 7,261,048 thousands of this amount is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 1,694,332 thousands from the cash inflows resulted from operating profit. The “net increase 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 2,022,771 thousands for the year 2011. The net cash inflows from financing activities for the year 2011 is TL 3,147,475 thousands.

The effect of changes in foreign exchange rates on cash and cash equivalents item is a net foreign exchange gain of TL 1,565,188 thousands for the year 2011.

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

Please refer to Notes 5.1.8.1 and 5.1.9.2.

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	914,337	797,599
<i>Cash in TL</i>	<i>500,567</i>	<i>468,037</i>
<i>Cash in Foreign Currency</i>	<i>413,770</i>	<i>329,562</i>
Cash Equivalents	5,981,561	8,496,734
<i>Others</i>	<i>5,981,561</i>	<i>8,496,734</i>
Total	6,895,898	9,294,333

5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	1,043,588	914,337
<i>Cash in TL</i>	<i>617,208</i>	<i>500,567</i>
<i>Cash in Foreign Currency</i>	<i>426,380</i>	<i>413,770</i>
Cash Equivalents	8,031,883	5,981,561
<i>Others</i>	<i>8,031,883</i>	<i>5,981,561</i>
Total	9,075,471	6,895,898

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 domestic banks include blocked accounts of TL 94,091 thousands held for insurance activities.

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 currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None.

5.6.7.2 Cash inflows presenting increase in banking activity related capacity

None.

5.7 Related Party Risks

5.7.1 Transactions with parent 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	61,551	3,727	14	4,831	300,517	419,398
Balance at end of period	54,938	3,280	188,278	35,339	356,435	551,004
Interest and Commission Income	3,852	20	3	5	30,101	1,169

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	18,332	3,194	2	920	306,087	374,508
Balance at end of period	61,551	3,727	14	4,831	300,517	419,398
Interest and Commission Income	3,572	4	7	7	23,019	2,812

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	60,473	3,826	207,008	360,361	390,409	359,037
Balance at end of period	5,737	60,473	1,109,063	207,008	342,796	390,409
Interest Expenses	6,125	8,221	55,405	22,919	16,735	12,257

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 at Fair Value Through Profit or Loss:						
Balance at beginning of period	35,454	4,412	-	-	3,992	3,326
Balance at end of period	-	35,454	1,066,781	-	28,710	3,992
Total Profit/(Loss)	30,765	75,023	27,094	-	1,683	1,565
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 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 284,984 thousands (31 December 2010: TL 291,114 thousands) compose 0.31% (31 December 2010: 0.41%) of the Bank's total cash loans and 0.17% (31 December 2010: 0.21%) of the Bank's total assets. The total loans and similar receivables amounting TL 599,651 thousands (31 December 2010: TL 362,082 thousands) compose 0.37% (31 December 2010: 0.26%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 589,623 thousands (31 December 2010: TL 427,956 thousands) compose 2.65% (31 December 2010: 2.60%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,457,596 thousands (31 December 2010: TL 657,890 thousands) compose 1.56% (31 December 2010: 0.83%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting to TL 48,432 thousands compose 0.20% (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.

There is a credit card (POS) payable amounting TL 50,726 thousands (31 December 2010: TL 18,708 thousands) to related parties.

Operating expenses of TL 12,265 thousands (31 December: TL 11,067 thousands) for IT services rendered by related parties and rent income of TL 497 thousands (31 December 2010: TL 328 thousands) for the real estates rented to related parties, are recorded.

The Bank and its consolidated financial affiliates made a total payment of TL 131,217 thousands as of 31 December 2011 (31 December 2010: TL 110,744 thousands) to its top management considered as the key management.

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 certain consolidated subsidiaries namely 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 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

Türkiye Garanti Bankası AŞ					
	Number of Branches	Number Of Employees	Country		
Domestic Branches	907	16,688			
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.

5.8.3 Information on consolidated financial subsidiaries

Garanti Bank International NV					
	Number of Branches	Number Of Employees	Country		
Foreign Representative Offices	1	14	1- Turkey		
	1	-	2- Switzerland		
	1	2	3- Ukraine		
				Total Assets	Legal Capital
Head office-Holland	1	184	1- Holland	6,790,383	EUR 136,836,000
Foreign Branches	1	22	2- Germany	3,286,319	-

Garanti Bank Moscow					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Head Office-Moscow	1	79	Russia	720,185	US\$ 32,757,364

Garanti Bank SA					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Romania Head Office and Branches	77	848	Romania	3,528,113	RON 947,165,000

Other consolidated foreign financial subsidiaries:

	Number Of Employees	Country	Total Assets	Legal Capital
Garanti Holding BV	-	Holland	737,455	EUR 349,088,600
G Netherlands BV	-	Holland	808,038	EUN 84,382,821
Motoractive IFN SA	98	Romania	211,312	RON 40,139,000
Ralfi IFN SA	167	Romania	173,595	RON 10,661,500
Domenia Credit IFN SA	38	Romania	306,147	RON 41,094,203

Consolidated domestic financial subsidiaries:

	Number Of Employees	Total Assets	Legal Capital
Garanti Finansal Kiralama AŞ	155	2,705,394	73,000
Garanti Faktoring Hizmetleri AŞ (*)	179	992,741	21,000
Garanti Emeklilik ve Hayat AŞ	802	3,023,012	50,000
Garanti Yatırım Menkul Kıymetler AŞ	115	38,261	8,328
Garanti Portföy Yönetimi AŞ	60	17,669	10,000
Garanti Yatırım Ortaklığı AŞ	7	31,970	30,000

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

5.9 Significant events and matters arising subsequent to the 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 Other disclosures

6.2 Parent 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

JCR EURASIA RATINGS (May 2011)*

Long Term International FC	BBB- (Stable)
Long Term International TL	BBB (Stable)
Long Term International	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

6.2.1 Latest international risk ratings of Garanti Bank International NV, a consolidated subsidiary

MOODY'S (October 2011)*

Long Term FC Deposit	Baa1
Short Term FC Deposit	Prime-2
Subordinate-Dom Curr	Baa2
FSR	C-
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

6.2.2 Latest international risk ratings of Garanti Faktoring, a consolidated subsidiary

FITCH RATINGS (July 2010)*

Foreign Currency	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
National	AAA
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

6.2.3 Latest international risk ratings of Garanti Finansal Kiralama, a consolidated subsidiary

FITCH RATINGS (December 2011)*

Foreign Currency	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
National	AAA
Outlook	Stable

STANDARD AND POORS (December 2011)*

Foreign Currency	
Long Term	BB
Short Term	B
Outlook	Positive
Turkish Lira	
Long Term	BB+
Short Term	B
Outlook	Positive

(*) Latest dates in risk ratings or outlooks.

6.3 Dividends

At the parent Bank's 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.

7 Independent Auditors' Report

7.1 Disclosure on independent auditors' report

The consolidated financial statements of the Bank and its financial affiliates as of 31 December 2011, 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 consolidated financial statements.

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