

*(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 Nine-Month Period Ended**

**30 September 2012**

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

**With Independent Accountants' Limited Review**

**Report Thereon**

DRT Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ  
30 October 2012

*This report contains "Independent Accountants'  
Limited Review Report" comprising 2 pages and;  
"Consolidated Financial Statements and Related  
Disclosures and Footnotes" comprising 90 pages.*

To the Board of Directors of  
Türkiye Garanti Bankası AŞ  
İstanbul

## **TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES**

### **INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT FOR THE INTERIM PERIOD 1 JANUARY 2012 –30 SEPTEMBER 2012**

We have reviewed the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 30 September 2012 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants, our responsibility is to issue a report based on the review performed on these financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No. 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides less assurance. We have not performed an audit and accordingly we do not express an audit opinion.

As of the balance sheet date, the accompanying consolidated financial statements include a general reserve amounting to TL 532,000 thousands, TL 82,000 thousands of which was charged to the statement of income 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.

Based on our review, except for the effect of the matter referred to in the preceding paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank and its consolidated financial affiliates as of and for the period ended 30 September 2012 in accordance with the prevailing accounting principles and standards set out as per the Article No. 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, 30 October 2012

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates  
Consolidated Interim Financial Report  
as of and for the Nine-Month Period Ended 30 September 2012**

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The consolidated interim financial report for the nine-month period ended 30 September 2012 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 Interim 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. Independent Accountants' Limited Review Report

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

**Subsidiaries**

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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**

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1. Garanti Diversified Payment Rights Finance Company

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

<b>Ferit F. Şahenk</b>	<b>M. Cüneyt Sezgin</b>	<b>Manuel Pedro Galatas Sanchez - Harguindey</b>	<b>S. Ergun Özen</b>	<b>Aydın Şenel</b>	<b>Aylin Aktürk</b>
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 921 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 30 September 2012, 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 132 companies and more than 30 thousand employees.

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

The major investments of the 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 responsibilities and shareholdings in the bank**

#### **Board of Directors Chairman and Members:**

<b>Name and Surname</b>	<b>Responsibility</b>	<b>Appointment Date</b>	<b>Education</b>	<b>Experience in Banking and Business Administration</b>
Ferit Faik Şahenk	Chairman	18.04.2001	University	22 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	30 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	24 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	38 years
Manuel Castro Aladro	Member	22.03.2011	Master	20 years
Manuel Pedro Galatas Sanchez Harguindey	Member of BOD and Audit Committee	05.05.2011	University	28 years
Carlos Torres Vila	Member	22.03.2011	Master	21 years
Angel Cano Fernandez	Member	22.03.2011	University	27 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	25 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	25 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	34 years
Ali Fuat Erbil	EVP-Financial Institutions & Corporate Banking	30.04.1999	PhD	20 years
Erhan Adalı	EVP-Loans	03.08.2012	University	22 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	18 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	30 years
Halil Hüsnü Erel	EVP-Technology, Operations Management & Central Marketing	16.06.1997	University	27 years
Uruz Ersözöğlu	EVP-Treasury	05.04.2006	University	21 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	27 years
Aydın Şenel	EVP-General Accounting & Financial Reporting	02.03.2006	University	31 years
Zekeriya Öztürk	EVP-International Business Development	06.03.2006	Master	17 years
Avni Aydın Düren	EVP-Legal Services & Retail Risk Monitoring	01.02.2009	Master	18 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	18 years
Murat Mergin	Head of Strategic Planning	01.01.2002	University	18 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	13 years
Didem Dinçer Başer	EVP-Delivery Channels	20.03.2012	Master	14 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 5<sup>th</sup> 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 30 September 2012

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 September 2012			PRIOR PERIOD 31 December 2011		
			TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>		5.1.1	1,059,351	13,440,684	14,500,035	1,589,506	6,722,944	8,312,450
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>		5.1.2	1,410,063	495,503	1,905,566	493,214	1,480,920	1,974,134
2.1 Financial assets held for trading			1,191,489	495,503	1,686,992	493,214	1,480,920	1,974,134
2.1.1 Government securities			741,976	17,029	759,005	210,165	762,198	972,363
2.1.2 Equity securities			28,846	-	28,846	25,700	-	25,700
2.1.3 Derivative financial assets held for trading			397,739	476,487	874,226	214,572	709,232	923,804
2.1.4 Other securities			22,928	1,987	24,915	42,777	9,490	52,267
2.2 Financial assets valued at fair value through profit or loss			218,574	-	218,574	-	-	-
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Loans		5.1.5	218,574	-	218,574	-	-	-
2.2.4 Other securities			-	-	-	-	-	-
<b>III. BANKS</b>		5.1.3	2,664,165	7,497,301	10,161,466	2,421,842	14,294,673	16,716,515
<b>IV. INTERBANK MONEY MARKETS</b>			450	-	450	6,800	-	6,800
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements			450	-	450	6,800	-	6,800
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>		5.1.4	33,697,592	3,189,028	36,886,620	27,279,694	3,875,345	31,155,039
5.1 Equity securities			23,493	4,701	28,194	23,865	1,708	25,573
5.2 Government securities			32,226,994	276,786	32,503,780	26,238,027	356,345	26,594,372
5.3 Other securities			1,447,105	2,907,541	4,354,646	1,017,802	3,517,292	4,535,094
<b>VI. LOANS</b>		5.1.5	56,993,018	40,480,080	97,473,098	50,244,265	40,489,844	90,734,109
6.1 Loans			56,655,435	40,277,888	96,933,323	49,963,893	40,365,215	90,329,108
6.1.1 Loans to bank's risk group		5.7	166,867	253,240	420,107	87,178	197,806	284,984
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			56,488,568	40,024,648	96,513,216	49,876,715	40,167,409	90,044,124
6.2 Loans under follow-up			1,803,668	493,606	2,297,274	1,532,087	401,446	1,933,533
6.3 Specific provisions (-)			1,466,085	291,414	1,757,499	1,251,715	276,817	1,528,532
<b>VII. FACTORING RECEIVABLES</b>		5.1.6	1,120,793	260,627	1,381,420	1,080,342	169,143	1,249,485
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>		5.1.7	924,190	449,152	1,373,342	3,176,043	1,610,487	4,786,530
8.1 Government securities			916,079	449,152	1,365,231	3,170,068	1,610,487	4,780,555
8.2 Other securities			8,111	-	8,111	5,975	-	5,975
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>		5.1.8	21,202	2	21,204	20,145	-	20,145
9.1 Associates consolidated under equity accounting			-	-	-	-	-	-
9.2 Unconsolidated associates			21,202	2	21,204	20,145	-	20,145
9.2.1 Financial investments in associates			17,272	-	17,272	18,168	-	18,168
9.2.2 Non-financial investments in associates			3,930	2	3,932	1,977	-	1,977
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>		5.1.9	143,643	625	144,268	130,310	759	131,069
10.1 Unconsolidated financial investments in subsidiaries			-	-	-	-	605	605
10.2 Unconsolidated non-financial investments in subsidiaries			143,643	625	144,268	130,310	154	130,464
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>		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			-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>		5.1.11	826,661	1,967,331	2,793,992	702,450	1,967,444	2,669,894
12.1 Financial lease receivables			983,352	2,242,325	3,225,677	837,128	2,239,468	3,076,596
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			156,691	274,994	431,685	134,678	272,024	406,702
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>		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			-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		5.1.13	1,095,725	137,529	1,233,254	1,272,489	153,636	1,426,125
<b>XV. INTANGIBLE ASSETS (Net)</b>		5.1.14	73,381	5,989	79,370	76,265	7,981	84,246
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			66,993	5,989	72,982	69,877	7,981	77,858
<b>XVI. INVESTMENT PROPERTY (Net)</b>		5.1.15	128,790	-	128,790	-	-	-
<b>XVII. TAX ASSET</b>			170,641	18,080	188,721	119,447	40,638	160,085
17.1 Current tax asset			-	2,935	2,935	89,685	7,548	97,233
17.2 Deferred tax asset		5.1.16	170,641	15,145	185,786	29,762	33,090	62,852
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>		5.1.17	121,660	3,106	124,766	123,040	4,616	127,656
18.1 Asset held for resale			121,660	3,106	124,766	123,040	4,616	127,656
18.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>		5.1.18	4,464,400	216,772	4,681,172	3,610,569	181,137	3,791,706
<b>TOTAL ASSETS</b>			104,915,725	68,161,809	173,077,534	92,346,421	71,128,902	163,475,323

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 30 September 2012**

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 September 2012			PRIOR PERIOD 31 December 2011		
			TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	5.2.1		<b>53,316,658</b>	<b>46,405,732</b>	<b>99,722,390</b>	<b>47,648,127</b>	<b>45,588,188</b>	<b>93,236,315</b>
1.1 Deposits from bank's risk group	5.7		155,776	433,345	589,121	228,321	1,229,275	1,457,596
1.2 Other			53,160,882	45,972,387	99,133,269	47,419,806	44,358,913	91,778,719
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	5.2.2		<b>576,368</b>	<b>409,585</b>	<b>985,953</b>	<b>507,082</b>	<b>704,314</b>	<b>1,211,396</b>
<b>III. FUNDS BORROWED</b>	5.2.3		<b>5,067,360</b>	<b>20,318,350</b>	<b>25,385,710</b>	<b>5,605,360</b>	<b>18,569,677</b>	<b>24,175,037</b>
<b>IV. INTERBANK MONEY MARKETS</b>			<b>6,333,232</b>	<b>1,760,575</b>	<b>8,093,807</b>	<b>8,340,629</b>	<b>3,397,528</b>	<b>11,738,157</b>
4.1 Interbank money market takings			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings			-	-	-	-	-	-
4.3 Obligations under repurchase agreements	5.2.4		6,333,232	1,760,575	8,093,807	8,340,629	3,397,528	11,738,157
<b>V. SECURITIES ISSUED (Net)</b>	5.2.4		<b>2,218,196</b>	<b>3,941,614</b>	<b>6,159,810</b>	<b>2,138,635</b>	<b>1,603,421</b>	<b>3,742,056</b>
5.1 Bills			2,142,962	-	2,142,962	2,138,635	-	2,138,635
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			75,234	3,941,614	4,016,848	-	1,603,421	1,603,421
<b>VI. FUNDS</b>			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>	5.2.4		<b>7,568,550</b>	<b>369,436</b>	<b>7,937,986</b>	<b>5,837,230</b>	<b>222,060</b>	<b>6,059,290</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>			<b>534,970</b>	<b>458,936</b>	<b>993,906</b>	<b>705,223</b>	<b>1,192,528</b>	<b>1,897,751</b>
<b>IX. FACTORING PAYABLES</b>	5.2.5		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	5.2.6		-	<b>208</b>	<b>208</b>	-	<b>420</b>	<b>420</b>
10.1 Financial lease payables			-	221	221	-	451	451
10.2 Operational lease payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred expenses (-)			-	13	13	-	31	31
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	5.2.7		-	<b>78</b>	<b>78</b>	-	<b>782</b>	<b>782</b>
11.1 Fair value hedges			-	-	-	-	-	-
11.2 Cash flow hedges			-	78	78	-	782	782
11.3 Net foreign investment hedges			-	-	-	-	-	-
<b>XII. PROVISIONS</b>	5.2.8		<b>2,380,708</b>	<b>99,584</b>	<b>2,480,292</b>	<b>1,995,164</b>	<b>106,975</b>	<b>2,102,139</b>
12.1 General provisions			1,110,267	73,707	1,183,974	979,797	87,626	1,067,423
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserve for employee benefits			413,193	6,709	419,902	273,912	6,663	280,575
12.4 Insurance technical provisions (Net)			217,806	-	217,806	159,487	-	159,487
12.5 Other provisions			639,442	19,168	658,610	581,968	12,686	594,654
<b>XIII. TAX LIABILITY</b>	5.2.9		<b>510,256</b>	<b>25,214</b>	<b>535,470</b>	<b>286,147</b>	<b>3,908</b>	<b>290,055</b>
13.1 Current tax liability			508,657	16,513	525,170	286,147	2,575	288,722
13.2 Deferred tax liability			1,599	8,701	10,300	-	1,333	1,333
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	5.2.10		-	-	-	-	-	-
14.1 Asset held for sale			-	-	-	-	-	-
14.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	5.2.11		-	<b>144,746</b>	<b>144,746</b>	-	<b>1,122,138</b>	<b>1,122,138</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	5.2.12		<b>20,503,951</b>	<b>133,227</b>	<b>20,637,178</b>	<b>17,876,461</b>	<b>23,326</b>	<b>17,899,787</b>
16.1 Paid-in capital			4,196,829	-	4,196,829	4,198,641	-	4,198,641
16.2 Capital reserves			2,271,378	61,618	2,332,996	1,443,554	(22,053)	1,421,501
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			777,122	61,624	838,746	114,597	(21,664)	92,933
16.2.4 Revaluation surplus on tangible assets			764,252	-	764,252	598,953	-	598,953
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	947	-	947
16.2.8 Hedging reserves (effective portion)			(55,377)	(6)	(55,383)	(55,377)	(389)	(55,766)
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			11,316,998	71,609	11,388,607	8,795,440	45,379	8,840,819
16.3.1 Legal reserves			941,574	11,556	953,130	747,687	6,940	754,627
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			10,355,274	-	10,355,274	8,016,504	-	8,016,504
16.3.4 Other profit reserves			20,150	60,053	80,203	31,249	38,439	69,688
16.4 Profit or loss			2,584,229	-	2,584,229	3,326,299	-	3,326,299
16.4.1 Prior periods profit/loss			-	-	-	-	-	-
16.4.2 Current period net profit/loss			2,584,229	-	2,584,229	3,326,299	-	3,326,299
16.5 Minority interest			134,517	-	134,517	112,527	-	112,527
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>99,010,249</b>	<b>74,067,285</b>	<b>173,077,534</b>	<b>90,940,058</b>	<b>72,535,265</b>	<b>163,475,323</b>

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 30 September 2012**

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 September 2012			PRIOR PERIOD 31 December 2011		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>79,056,950</b>	<b>179,436,909</b>	<b>258,493,859</b>	<b>66,723,349</b>	<b>157,696,715</b>	<b>224,420,064</b>
<b>I. GUARANTEES AND SURETIES</b>	5.3.1	<b>6,628,285</b>	<b>16,218,015</b>	<b>22,846,300</b>	<b>5,806,539</b>	<b>16,430,870</b>	<b>22,237,409</b>
1.1 Letters of guarantee		6,617,251	9,342,789	15,960,040	5,791,162	9,629,237	15,420,399
1.1.1 Guarantees subject to State Tender Law		-	725,286	725,286	-	-	-
1.1.2 Guarantees given for foreign trade operations		445,661	287,374	733,035	435,305	427,299	862,604
1.1.3 Other letters of guarantee		6,171,590	8,330,129	14,501,719	5,355,857	9,201,938	14,557,795
1.2 Bank acceptances		2,504	730,673	733,177	3,687	511,863	515,550
1.2.1 Import letter of acceptance		-	730,673	730,673	1,705	511,863	513,568
1.2.2 Other bank acceptances		2,504	-	2,504	1,982	-	1,982
1.3 Letters of credit		8,530	6,077,830	6,086,360	11,690	6,219,534	6,231,224
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		8,530	6,077,830	6,086,360	11,690	6,219,534	6,231,224
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		-	66,723	66,723	-	70,236	70,236
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>34,482,794</b>	<b>74,214,857</b>	<b>108,697,651</b>	<b>32,874,779</b>	<b>66,291,861</b>	<b>99,166,640</b>
2.1 Irrevocable commitments		25,144,564	9,221,488	34,366,052	24,408,228	8,618,607	33,026,835
2.1.1 Asset purchase and sale commitments		1,564,449	4,016,999	5,581,448	2,685,482	2,255,452	4,940,934
2.1.2 Deposit purchase and sale commitments		-	208,833	208,833	200	559,500	559,700
2.1.3 Share capital commitments to associates and subsidiaries		-	7,802	7,802	1,000	10,407	11,407
2.1.4 Loan granting commitments		5,100,996	4,069,330	9,170,326	4,670,337	4,844,708	9,515,045
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2,826,779	-	2,826,779	2,230,783	-	2,230,783
2.1.8 Tax and fund obligations on export commitments		17,243	-	17,243	16,390	-	16,390
2.1.9 Commitments for credit card limits		14,370,887	102,185	14,473,072	13,539,826	91,645	13,631,471
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	816,339	2,080,549	1,264,210	856,895	2,121,105
2.2 Revocable commitments		9,338,230	64,993,369	74,331,599	8,466,551	57,673,254	66,139,805
2.2.1 Revocable loan granting commitments		9,266,477	64,783,337	74,049,814	8,428,920	57,499,410	65,928,330
2.2.2 Other revocable commitments		71,753	210,032	281,785	37,631	173,844	211,475
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	5.3.2	<b>37,945,871</b>	<b>89,004,037</b>	<b>126,949,908</b>	<b>28,042,031</b>	<b>74,973,984</b>	<b>103,016,015</b>
3.1 Derivative financial instruments held for risk management		-	24,365	24,365	-	1,967,575	1,967,575
3.1.1 Fair value hedges		-	-	-	-	1,865,000	1,865,000
3.1.2 Cash flow hedges		-	24,365	24,365	-	102,575	102,575
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		37,945,871	88,979,672	126,925,543	28,042,031	73,006,409	101,048,440
3.2.1 Forward foreign currency purchases/sales		4,574,830	5,855,298	10,430,128	4,036,724	6,099,409	10,136,133
3.2.1.1 Forward foreign currency purchases		1,860,017	3,354,291	5,214,308	1,523,351	3,586,350	5,109,701
3.2.1.2 Forward foreign currency sales		2,714,813	2,501,007	5,215,820	2,513,373	2,513,059	5,026,432
3.2.2 Currency and interest rate swaps		16,422,794	58,930,381	75,353,175	11,245,884	47,862,337	59,108,221
3.2.2.1 Currency swaps-purchases		22,326,940	22,326,892	27,352,832	5,617,452	14,986,817	20,604,269
3.2.2.2 Currency swaps-sales		7,696,754	18,869,767	26,566,521	2,319,232	18,415,000	20,734,232
3.2.2.3 Interest rate swaps-purchases		2,050,050	8,676,891	10,726,941	1,654,600	7,230,260	8,884,860
3.2.2.4 Interest rate swaps-sales		1,650,050	9,056,831	10,706,881	1,654,600	7,230,260	8,884,860
3.2.3 Currency, interest rate and security options		16,849,488	22,568,985	39,418,833	12,632,581	18,532,286	31,164,867
3.2.3.1 Currency call options		7,990,795	10,574,003	18,564,798	5,800,662	9,241,315	15,041,977
3.2.3.2 Currency put options		8,802,940	10,082,388	18,885,328	6,812,919	8,229,023	15,041,942
3.2.3.3 Interest rate call options		-	1,809,488	1,809,488	-	888,861	888,861
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		22,625	42,622	65,247	19,000	90,487	109,487
3.2.3.6 Security put options		33,488	60,484	93,972	-	82,600	82,600
3.2.4 Currency futures		65,036	100,499	165,535	67,638	60,369	128,007
3.2.4.1 Currency futures-purchases		65,036	24,698	89,734	31,169	23,623	54,792
3.2.4.2 Currency futures-sales		-	75,801	75,801	36,469	36,746	73,215
3.2.5 Interest rate futures		-	10,103	10,103	1,000	-	1,000
3.2.5.1 Interest rate futures-purchases		-	4,787	4,787	500	-	500
3.2.5.2 Interest rate futures-sales		-	5,316	5,316	500	-	500
3.2.6 Others		33,363	1,514,406	1,547,769	58,204	452,008	510,212
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>400,754,904</b>	<b>233,954,851</b>	<b>634,709,755</b>	<b>323,227,724</b>	<b>214,443,975</b>	<b>537,671,699</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>67,555,279</b>	<b>18,804,631</b>	<b>86,359,910</b>	<b>72,383,750</b>	<b>20,661,487</b>	<b>93,045,237</b>
4.1 Customers' securities held		32,624,449	1,119	32,625,568	39,326,965	1,188	39,328,153
4.2 Investment securities held in custody		23,855,015	3,909,471	27,764,486	22,266,173	7,297,692	29,563,865
4.3 Checks received for collection		8,592,386	1,460,276	10,052,662	7,802,184	1,469,619	9,271,803
4.4 Commercial notes received for collection		2,196,797	1,033,144	3,229,941	2,922,615	1,168,703	4,091,318
4.5 Other assets received for collection		38,026	10,411,148	10,449,174	38,697	9,401,147	9,439,844
4.6 Assets received through public offering		-	43,720	43,720	-	46,051	46,051
4.7 Other items under custody		248,606	1,945,753	2,194,359	27,116	1,277,087	1,304,203
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>333,199,625</b>	<b>215,150,220</b>	<b>548,349,845</b>	<b>250,843,974</b>	<b>193,782,488</b>	<b>444,626,462</b>
5.1 Securities		2,102,943	198,924	2,301,867	1,411,109	137,081	1,548,190
5.2 Guarantee notes		39,525,125	9,954,840	49,479,965	33,972,618	10,220,197	44,192,815
5.3 Commodities		4,520	-	4,520	-	-	-
5.4 Warranties		-	1,139,360	1,139,360	-	1,125,675	1,125,675
5.5 Real estates		57,662,997	52,693,921	110,356,918	49,636,631	54,315,747	103,952,378
5.6 Other pledged items		233,903,870	151,162,788	385,066,658	165,823,446	127,983,380	293,806,826
5.7 Pledged items-depository		170	387	557	170	408	578
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>479,811,854</b>	<b>413,391,760</b>	<b>893,203,614</b>	<b>389,951,073</b>	<b>372,140,690</b>	<b>762,091,763</b>

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 Income Statement**  
**At 30 September 2012**

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2012- 30 September 2012	PRIOR PERIOD 1 January 2011- 30 September 2011	CURRENT PERIOD 1 July 2012- 30 September 2012	PRIOR PERIOD 1 July 2011- 30 September 2011
<b>I. INTEREST INCOME</b>	5.4.1	<b>10,137,481</b>	<b>7,941,336</b>	<b>3,144,340</b>	<b>2,842,261</b>
1.1 Interest income on loans		6,694,198	5,088,426	2,309,927	1,899,799
1.2 Interest income on reserve deposits		3,066	84	969	84
1.3 Interest income on banks		209,565	208,192	66,775	78,168
1.4 Interest income on money market transactions		3,117	3,257	714	1,260
1.5 Interest income on securities portfolio		2,865,620	2,430,973	641,191	791,593
1.5.1 Trading financial assets		29,901	23,525	9,058	9,972
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		2,558,621	1,979,160	560,252	634,770
1.5.4 Investments held-to-maturity		277,098	428,288	71,881	146,851
1.6 Financial lease income		175,142	132,069	62,390	49,859
1.7 Other interest income		186,773	78,335	62,374	21,498
<b>II. INTEREST EXPENSE</b>	5.4.2	<b>5,781,591</b>	<b>4,406,778</b>	<b>1,851,315</b>	<b>1,644,787</b>
2.1 Interest on deposits		4,068,637	2,985,270	1,361,401	1,101,147
2.2 Interest on funds borrowed		801,996	783,800	267,323	286,624
2.3 Interest on money market transactions		669,827	513,891	141,887	189,691
2.4 Interest on securities issued		230,887	110,875	79,986	59,000
2.5 Other interest expenses		10,244	12,942	718	8,325
<b>III. NET INTEREST INCOME (I - II)</b>		<b>4,355,890</b>	<b>3,534,558</b>	<b>1,293,025</b>	<b>1,197,474</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>1,579,772</b>	<b>1,629,667</b>	<b>547,480</b>	<b>556,103</b>
4.1 Fees and commissions received		1,970,284	1,913,721	690,641	659,882
4.1.1 Non-cash loans		138,116	146,526	51,322	49,693
4.1.2 Others		1,832,168	1,767,195	639,319	610,189
4.2 Fees and commissions paid		390,512	284,054	143,161	103,779
4.2.1 Non-cash loans		1,485	941	462	340
4.2.2 Others		389,027	283,113	142,699	103,439
<b>V. DIVIDEND INCOME</b>	5.4.3	<b>2,920</b>	<b>4,812</b>	-	<b>575</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	5.4.4	<b>612,185</b>	<b>265,155</b>	<b>467,726</b>	<b>(69,390)</b>
6.1 Trading account income/losses (Net)		594,525	333,215	484,629	85,417
6.2 Income/losses from derivative financial instruments (Net)		(279,274)	60,969	(15,388)	(61,606)
6.3 Foreign exchange gains/losses (Net)		296,934	(129,029)	(1,515)	(93,201)
<b>VII. OTHER OPERATING INCOME</b>	5.4.5	<b>501,986</b>	<b>910,048</b>	<b>155,173</b>	<b>86,446</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>7,052,753</b>	<b>6,344,240</b>	<b>2,463,404</b>	<b>1,771,208</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	5.4.6	-	-	-	-
<b>X. OTHER OPERATING EXPENSES (-)</b>	5.4.7	<b>809,398</b>	<b>656,586</b>	<b>376,593</b>	<b>192,422</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>2,921,797</b>	<b>2,540,038</b>	<b>1,014,059</b>	<b>875,579</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>		-	-	-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	<b>6,261</b>	-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	5.4.8	<b>3,321,558</b>	<b>3,153,877</b>	<b>1,072,752</b>	<b>703,207</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	5.4.9	<b>715,351</b>	<b>686,040</b>	<b>248,529</b>	<b>164,299</b>
16.1 Current tax charge		970,153	391,802	352,444	116,086
16.2 Deferred tax charge/(credit)		(254,802)	294,238	(103,915)	48,213
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	5.4.10	<b>2,606,207</b>	<b>2,467,837</b>	<b>824,223</b>	<b>538,908</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1 Income from assets held for sale		-	-	-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
18.3 Others		-	-	-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
19.1 Expenses on assets held for sale		-	-	-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-	-	-
19.3 Others		-	-	-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>	5.4.8	-	-	-	-
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	5.4.9	-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge/(credit)		-	-	-	-
<b>XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)</b>	5.4.10	-	-	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	5.4.11	<b>2,606,207</b>	<b>2,467,837</b>	<b>824,223</b>	<b>538,908</b>
23.1 Equity holders of the bank		2,584,229	2,454,461	818,505	533,331
23.2 Minority interest		21,978	13,376	5,718	5,577
<b>Earnings per Share</b>		<b>0.615</b>	<b>0.584</b>	<b>0.195</b>	<b>0.127</b>

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 30 September 2012**

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2012 - 30 September 2012	PRIOR PERIOD 1 January 2011 - 30 September 2011
<b>I.</b>	<b>MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	<b>917,768</b>	<b>(1,336,890)</b>
<b>II.</b>	<b>REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>III.</b>	<b>REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>IV.</b>	<b>TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>(13,212)</b>	<b>(20,742)</b>
<b>V.</b>	<b>GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	<b>479</b>	<b>1,028</b>
<b>VI.</b>	<b>GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	<b>-</b>	<b>-</b>
<b>VII.</b>	<b>EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>-</b>	<b>(562)</b>
<b>IX.</b>	<b>DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	<b>(172,039)</b>	<b>253,877</b>
<b>X.</b>	<b>NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	<b>732,996</b>	<b>(1,103,289)</b>
<b>XI.</b>	<b>CURRENT PERIOD PROFIT/LOSSES</b>	<b>2,606,207</b>	<b>2,467,837</b>
1.1	Net changes in fair value of securities (transferred to income statement)	41,970	367,661
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	2,564,237	2,100,176
<b>XII.</b>	<b>TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	<b>3,339,203</b>	<b>1,364,548</b>

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 30 September 2012**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)																	
			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-30 September 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
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1.	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2.	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted balances at beginning of the period (I+II)		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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,083,174)	367	(1,082,807)
VI.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	(1,083,174)	-	-	-	-	822	-	822
6.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	822	-	822	-
6.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences		-	-	-	-	1,646	-	-	(22,388)	-	-	-	-	(562)	-	-	(562)	-	(562)
XI.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,742)	-	(20,742)
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	(1,760)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,760)	-	(1,760)	
XIX.	Current period net profit/loss	-	-	-	-	-	-	-	-	2,454,461	-	-	-	-	-	-	2,454,461	13,376	2,467,837	
XX.	Profit distribution	-	-	-	-	204,253	-	2,568,596	20,230	-	(3,363,845)	-	766	-	-	-	(570,000)	-	(570,000)	
20.1.	Dividends	-	-	-	-	-	-	-	-	-	(570,000)	-	-	-	-	-	(570,000)	-	(570,000)	
20.2.	Transfers to reserves	-	-	-	-	204,253	-	2,568,596	-	-	(2,772,849)	-	-	-	-	-	-	-	-	
20.3.	Others	-	-	-	-	-	-	-	20,230	-	(20,996)	-	766	-	-	-	-	-	-	
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)			4,198,240	772,554	11,880	-	754,671	-	8,012,175	64,904	2,454,461	-	544,332	598,953	947	(56,037)	-	17,357,080	111,126	17,468,206
CURRENT PERIOD - 1 January-30 September 2012																				
I.	Balances at beginning of the period	5.5	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
	Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	745,813	-	-	-	-	745,813	12	745,825
IV.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	383	-	383	-	383
4.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	383	-	383	-	383
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		-	-	-	-	(326)	-	-	(12,886)	-	-	-	-	-	-	-	(13,212)	-	(13,212)
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	(1,812)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,812)	-	(1,812)	
XVII.	Current period net profit/loss	-	-	-	-	-	-	-	-	2,584,229	-	-	-	-	-	-	2,584,229	21,978	2,606,207	
XVIII.	Profit distribution	-	-	-	-	198,829	-	2,338,770	23,401	-	(3,326,299)	-	165,299	-	-	-	(600,000)	-	(600,000)	
18.1.	Dividends	-	-	-	-	-	-	-	-	-	(600,000)	-	-	-	-	-	(600,000)	-	(600,000)	
18.2.	Transfers to reserves	-	-	-	-	198,829	-	2,338,770	-	-	(2,509,882)	-	(27,717)	-	-	-	-	-	-	
18.3.	Others	-	-	-	-	-	-	-	23,401	-	(216,417)	-	193,016	-	-	-	-	-	-	
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)			4,196,829	772,554	11,880	-	953,130	-	10,355,274	80,203	2,584,229	-	838,746	764,252	947	(55,383)	-	20,502,661	134,517	20,637,178

*(Convenience Translation of Financial Statements Originally Issued in Turkish)*

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Cash Flows**  
**At 30 September 2012**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2012 30 September 2012	1 January 2011 30 September 2011
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	5.6	<b>3,634,492</b>	<b>1,540,888</b>
1.1.1 Interests received		10,138,171	7,512,574
1.1.2 Interests paid		(5,776,859)	(4,150,630)
1.1.3 Dividend received		2,862	4,812
1.1.4 Fees and commissions received		1,970,284	1,913,721
1.1.5 Other income		523,863	499,601
1.1.6 Collections from previously written-off loans and other receivables		35,925	56,747
1.1.7 Payments to personnel and service suppliers		(2,375,754)	(2,141,340)
1.1.8 Taxes paid		(849,063)	(685,453)
1.1.9 Others		(34,937)	(1,469,144)
<b>1.2 Changes in operating assets and liabilities</b>	5.6	<b>(6,942,125)</b>	<b>(4,607,199)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(3,204)	(1,455,669)
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		(2,685,685)	(5,589,532)
1.2.4 Net (increase) decrease in loans		(7,177,655)	(17,855,431)
1.2.5 Net (increase) decrease in other assets		(1,151,446)	(1,428,975)
1.2.6 Net increase (decrease) in bank deposits		1,669,017	364,740
1.2.7 Net increase (decrease) in other deposits		4,797,061	9,126,028
1.2.8 Net increase (decrease) in funds borrowed		(3,363,565)	8,808,419
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		973,352	3,423,221
<b>I. Net cash flow from banking operations</b>	5.6	<b>(3,307,633)</b>	<b>(3,066,311)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	5.6	<b>(1,186,259)</b>	<b>1,661,916</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(1,000)	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	171,003
2.3 Purchases of tangible assets		(108,340)	(280,678)
2.4 Sales of tangible assets		63,273	140,417
2.5 Cash paid for purchase of financial assets available-for-sale, net		(11,709,596)	(13,659,585)
2.6 Cash obtained from sale of financial assets available-for-sale, net		7,064,574	13,936,503
2.7 Cash paid for purchase of investments held-to-maturity		(7,960)	(5,781)
2.8 Cash obtained from sale of investments held-to-maturity		3,512,790	1,360,037
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>1,785,954</b>	<b>2,959,293</b>
3.1 Cash obtained from funds borrowed and securities issued		4,589,547	3,689,763
3.2 Cash used for repayment of funds borrowed and securities issued		(2,203,586)	(160,406)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(600,000)	(570,000)
3.5 Payments for financial leases		(7)	(64)
3.6 Others		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>(383,314)</b>	<b>1,327,709</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	5.6	<b>(3,091,252)</b>	<b>2,882,607</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	5.6	<b>9,075,471</b>	<b>6,895,898</b>
<b>VII. Cash and cash equivalents at end of period (V+VI)</b>	5.6	<b>5,984,219</b>	<b>9,778,505</b>

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 3.23.

#### **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.

### **3.3 Information on consolidated subsidiaries**

As of 30 September 2012, 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).

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities and all related transactions and contracts. 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 October 1990 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.

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 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 all its shares was purchased by the Bank from Doğu Holding AŞ in May 2010. As of 27 January 2011 the consolidated subsidiary's legal named changed to Garanti Holding BV from D Netherlands BV.

Garanti Diversified Payment Rights Finance Company, a special purpose entity established for the Bank's securitization transactions, is consolidated in the accompanying consolidated financial statements. The Bank or any of its affiliates does not have any shareholding interests in this company.

T2 Capital Finance Company, a special purpose entity established for the subordinated debt granted to the Bank, again not an affiliate of the Bank or any of its affiliates, is excluded from the consolidation scope following the repayment of this debt as per the early-repayment option used by the Bank on 6 February 2012.

### **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 as commitment.

### **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**

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

## **3.7 Financial assets**

### **3.7.1 Financial assets at fair value through profit or loss**

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

The Bank classifies certain loans at their origination dates, as financial assets at fair value through profit or loss in compliance with TAS 39. Financial assets at fair value through profit or loss are initially recorded at cost and measured at fair value in subsequent periods by the Bank.

### **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 makes reclassification and provides specific and general allowances 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 and TAS. 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:

<b>Tangible assets</b>	<b>Estimated useful lives (years)</b>	<b>Depreciation Rates (%) from 1 January 2009</b>	<b>Depreciation Rates (%) from 1 January 2005</b>	<b>Depreciation Rates (%) before 1 January 2005</b>
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.

#### *Investment properties*

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in production, supply of goods or services, administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation under the cost method. Depreciation is provided on investment properties (except land) on a straight-line basis.

Investment properties are reviewed for possible impairment losses. Where the carrying value of an investment property is greater than the estimated recoverable value, it is written down to its recoverable value. The recoverable value of an investment property is higher of discounted net future cash flows from the use of the related investment property or net sale price.

### **3.14 Leasing activities**

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

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

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

### **3.15 Provisions and contingent liabilities**

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

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

### 3.16 Contingent assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank 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:

	30 September 2012 <sup>(*)</sup>	31 December 2011 <sup>(*)</sup>	31 December 2010
Discount Rate	4.25%	4.25%	4.66%
Interest Rate	9.52%	9.52%	10.00%
Expected Rate of Salary Increase	6.56%	6.56%	6.60%
Inflation Rate	5.06%	5.06%	5.10%

(\*) 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:

	30 September 2012	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

The first paragraph of the provisional article 23 of Banking Law No.5411, published in the Official Gazette on 1 November 2005, no. 25983, which requires the transfer of the members of the funds subject to the provisional article 20 of the Social Security Law no.506, and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to the SSF within three years following the effective date of the related article was cancelled with the decision of the Constitutional Court dated 22 March 2007, no. 2007/33. The reasoned ruling regarding the cancellation of the Constitutional Court was published in the Official Gazette no. 26731, dated 15 December 2007. The Constitutional Court stated that the reason behind this cancellation was the possible loss of antecedent rights of the fund members.

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

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, are to be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the Savings Deposit Insurance Fund, the banks and the funds, by using a technical discount rate of 9.80% taking into account the funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers are to take place within the three-year period starting from 1 January 2008. Subsequently, the transfer of the contributors and the persons receiving monthly or regular income and their right-holders from such funds established for employees of the banks, insurance and reinsurance companies, trade chambers, stock markets and unions that are part of these organizations subject to the provisional article 20 of the Social Security Law no.506 to the SSF, has been postponed for two years. The decision was made by the Council of Ministers on 14 March 2011 and published in the Official Gazette no. 27900 dated 9 April 2011 as per the decision of the Council of Ministers, 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 25<sup>th</sup> 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 amounts to be paid. The tax calculation is done by the tax office and the amount to be paid is declared to corporate through an official letter called Note. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

***Tax applications for foreign financial affiliates***

**THE NETHERLANDS**

In the Netherlands, 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 for the Germany branch is 30%.

**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 Bank and its 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%. However, the statement of "However the investment allowance amount to be considered in the determination of taxable income, will not exceed 25% of the relevant income" in the temporary article no.69 of the Law no.6009 has been cancelled on 18 February 2012 by the decision of the Constitutional Court, as this statement is decided to be against the Constitution, dated 9 February 2012, E:2010/93, K:2012/9 (decision for abolishing) as announced in the Official Gazette no.28208.

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 30 September 2012, 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 and medium-size businesses, retail and investment banking. Accordingly, the banking products served to customers are; custody services, time and demand deposits, accumulating deposit accounts, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account (ELMA), cheques, safety boxes, bill payments, tax collections, payment orders. GarantiCard, BonusCard, Miles&Smiles Card, FlexiCard, MoneyCard, BusinessCard under the brand name of Visa and Mastercard, virtual cards and also American Express credit cards and "Paracard" debit cards with Maestro, Electron, Visa and Mastercard brand names, are available.

The Bank provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network has been built in order to serve customers' needs effectively and efficiently. The Bank also utilizes alternative delivery channels intensively.

The Bank provides corporate banking products to international and national holdings in Turkey by coordinating regional offices, suppliers and intermediaries, utilizing cross-selling techniques. Mainly, it provides services through its commercial and mixed type of branches to export-revenue earning sectors like tourism and textile and exporters of Turkey's traditional agricultural products.

Additionally, the Bank provides banking services to enterprises and their employees working in retail and service sectors through product packages including overdraft accounts, POS machines, credit cards, cheque books, Turkish Lira and foreign currency deposits, investment accounts, internet banking and call-center, debit cards and bill payment modules.

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

Information on the business segments on a consolidated basis is as follows:

<i>Current Period</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	2,300,330	2,520,866	975,536	1,253,101	7,049,833
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>2,300,330</b>	<b>2,520,866</b>	<b>975,536</b>	<b>1,253,101</b>	<b>7,049,833</b>
Net Operating Profit	483,543	1,527,277	892,328	415,490	3,318,638
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	2,920	2,920
<b>Net Operating Profit</b>	<b>483,543</b>	<b>1,527,277</b>	<b>892,328</b>	<b>418,410</b>	<b>3,321,558</b>
Provision for Taxes	-	-	-	(715,351)	(715,351)
<b>Net Profit</b>	<b>483,543</b>	<b>1,527,277</b>	<b>892,328</b>	<b>(296,941)</b>	<b>2,606,207</b>
Segment Assets	32,728,320	65,105,415	59,443,247	15,635,080	172,912,062
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	165,472	165,472
Undistributed Items	-	-	-	-	-
<b>Total Assets</b>	<b>32,728,320</b>	<b>65,105,415</b>	<b>59,443,247</b>	<b>15,800,552</b>	<b>173,077,534</b>
Segment Liabilities	61,812,147	36,475,048	39,802,759	14,350,402	152,440,356
Shareholders' Equity	-	-	-	20,637,178	20,637,178
Undistributed Items	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>61,812,147</b>	<b>36,475,048</b>	<b>39,802,759</b>	<b>34,987,580</b>	<b>173,077,534</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	132,666	132,666
Depreciation Expenses	77,119	39,922	2,338	49,875	169,254
Impairment Losses	436,845	233,055	(47,126)	189,033	811,807
Other Non-Cash Income/Expenses	36,203	66,245	612,020	197,567	912,035
Restructuring Costs	-	-	-	-	-

<i>Prior Period</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	2,326,222	2,427,429	782,063	803,714	6,339,428
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>2,326,222</b>	<b>2,427,429</b>	<b>782,063</b>	<b>803,714</b>	<b>6,339,428</b>
Net Operating Profit	841,656	1,601,768	660,578	45,063	3,149,065
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	4,812	4,812
<b>Net Operating Profit</b>	<b>841,656</b>	<b>1,601,768</b>	<b>660,578</b>	<b>49,875</b>	<b>3,153,877</b>
Provision for Taxes	-	-	-	(686,040)	(686,040)
<b>Net Profit</b>	<b>841,656</b>	<b>1,601,768</b>	<b>660,578</b>	<b>(636,165)</b>	<b>2,467,837</b>
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	-	-	-	-	-
<b>Total Assets</b>	<b>28,915,024</b>	<b>62,376,914</b>	<b>56,911,004</b>	<b>15,272,381</b>	<b>163,475,323</b>
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	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>56,647,209</b>	<b>35,507,563</b>	<b>39,909,125</b>	<b>31,411,426</b>	<b>163,475,323</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	305,659	305,659
Depreciation Expenses	77,893	45,382	3,211	26,966	153,452
Impairment Losses	160,992	177,584	12,337	309,704	660,617
Other Non-Cash Income/Expenses	120,520	234,656	(1,191,401)	(336,647)	(1,172,872)
Restructuring Costs	-	-	-	-	-

## **4 Consolidated Financial Position and Results of Operations**

### **4.1 Consolidated capital adequacy ratio**

As per the revised “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” effective from 1 July 2012, the Bank’s consolidated capital adequacy ratio is 16.37% as of 30 September 2012 (unconsolidated capital adequacy ratio: 17.79%).

#### **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 (the “Regulation”)”, “Regulation on Credit Risk Mitigation Techniques” and “Regulation on Calculation of Risk Weighted Amounts for Securitisations” published in the Official Gazette no.28337 dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no.26333 dated 1 November 2006.

In the calculation of capital adequacy ratio, the data prepared from accounting records in compliance with the current legislation are used. Such accounting data is included in the calculation of credit and market risks subsequent to their designation as “trading book” and “banking book” according to the Regulation.

The items classified as trading book and the items deducted from the equity are not included in the calculation of credit risk. In the calculation of risk weighted assets, the assets subject to amortisation or impairment, are taken into account on a net basis after being reduced by the related amortisations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”. The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the “Regulation on Credit Risk Mitigation Techniques” and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

In the calculation of the value at credit risk for the derivative financial instruments and the credit derivatives classified in the banking book, the receivables from counterparties are multiplied by the rates stated in the Appendix-2 of the Regulation, reduced as per the “Regulation on Credit Risk Mitigation Techniques” and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

As per the article 5 of the Regulation, the “counterparty credit risk” is calculated for repurchase transactions, securities and commodities borrowing agreements.

**4.1.2 Consolidated capital adequacy ratio**

<i>Current Period</i>	<b>Risk Weightings</b>								
	<b>Parent Bank Only</b>								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>1250%</i>
<b>Value at Credit Risk</b>	<b>49,424,557</b>	<b>-</b>	<b>4,779,050</b>	<b>17,417,657</b>	<b>30,478,603</b>	<b>58,855,844</b>	<b>2,658,065</b>	<b>3,940,404</b>	<b>-</b>
<b>Exposure Categories</b>									
Conditional and unconditional receivables from central governments or central banks	48,330,703	-	-	4	-	2,358,945	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	54	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	156	-	-	51,270	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	4,777,156	6,754,341	-	546,853	-	-	-
Conditional and unconditional receivables from corporates	35,783	-	-	18	-	51,525,811	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	30,478,603	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	10,662,947	-	-	-	-	-
Past due receivables	-	-	-	293	-	198,664	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	10,999	2,658,065	3,940,404	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	1,058,071	-	1,738	-	-	4,163,302	-	-	-

<i>Current Period</i>	<b>Risk Weightings</b>								
	<b>Consolidated</b>								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>1250%</i>
<b>Value at Credit Risk</b>	<b>53,425,698</b>	<b>-</b>	<b>5,765,065</b>	<b>18,234,493</b>	<b>32,270,827</b>	<b>69,695,862</b>	<b>2,862,045</b>	<b>3,940,404</b>	<b>-</b>
<b>Exposure Categories</b>									
Conditional and unconditional receivables from central governments or central banks	50,080,134	-	31,098	87,753	-	2,570,372	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	54	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	156	-	-	51,270	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	5,732,073	6,714,418	-	2,436,553	-	-	-
Conditional and unconditional receivables from corporates	35,783	-	-	18	-	60,864,860	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	32,270,827	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	11,419,588	-	-	-	-	-
Past due receivables	-	-	-	11,853	-	391,592	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	809	-	11,248	2,862,045	3,940,404	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	2,185,810	-	-	-	-	907,022	-	-	-
Other receivables	1,123,971	-	1,738	-	-	2,462,945	-	-	-

#### 4.1.3 Summary information related to consolidated capital adequacy ratio

	<b>Parent Bank Only</b>	<b>Consolidated</b>
	<i>Current Period</i>	<i>Current Period</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	8,259,787	9,307,449
Capital Requirement for Market Risk (MRCR)	82,500	182,869
Capital Requirement for Operational Risk (ORCR)	1,043,016	1,157,575
Shareholders' Equity	20,874,880	21,793,980
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	17.79%	16.37%

#### 4.1.4 Components of consolidated shareholders' equity

	<i>Current Period</i>
<b>CORE CAPITAL</b>	
Paid-in Capital	4,196,829
Nominal Capital	4,196,829
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	772,554
Share Premium	11,880
Share Cancellation Profits	-
Reserves	11,308,404
Profit	2,584,229
Current Period's Profit	2,584,229
Prior Periods' Profit	-
Provision for Possible Losses (upto 25% of Core Capital)	532,000
Income on Sale of Equity Shares and Real Estates	762,112
Primary Subordinated Debts	-
Minority Interest	134,469
Loss (excess of Reserves) (-)	-
Current Period's Losses	-
Prior Periods' Losses	-
Leasehold Improvements on Operational Leases (-)	104,642
Intangible Assets (-)	72,982
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
<b>Total Core Capital</b>	<b>20,118,465</b>
<b>SUPPLEMENTARY CAPITAL</b>	
General Provisions	1,183,974
45% of Revaluation Surplus on Movables	-
45% of Revaluation Surplus on Immovables	963
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	947
Primary Subordinated Debts excluding the portion included in Core Capital	-
Secondary Subordinated Debts	135,622
45% of Securities Value Increase Fund <sup>(*)</sup>	375,442
Minority Interest	22
Other Reserves	24,820
<b>Total Supplementary Capital</b>	<b>1,721,790</b>
<b>CAPITAL</b>	<b>21,840,255</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>46,275</b>
Unconsolidated Investments in Entities Operating in Banking and Financial Sectors	-
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	-
Investment in Banks and Financial Institutions that are not Consolidated but Accounted under Equity Accounting	-
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law But Retained More Than Five Years	35,295
Securitization Positions to be Deducted from Equity	-
Other Deduction Items	10,980
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>21,793,980</b>

(\*) 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.

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

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

**4.2 Consolidated credit risk**

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

**4.3 Consolidated market risk**

The Bank’s risk management activities are managed under the responsibility of the board of directors in compliance with the “Regulation on Banks’ Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with “Regulation on Banks’ Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 28337 dated 28 June 2012.

The top management is responsible for applying risk policies, principles and application procedures approved by the board of directors, ensuring timely and reliable reporting to the board of directors about the important risks identified, assessing internal control, internal audit and risk reports prepared for departments and either eliminating risks, deficiencies or defects identified in these departments or taking the necessary precautions to prevent those, and participating in determination of risk limits.

The board of directors monitors the effectiveness of risk management systems through audit committee, related other committees and top management, and in the light of various risk reports and the assessments made by the audit committee.

The risk policies and application procedures have been approved by the board of directors and regularly revisited. The market risk is also managed by risk mitigations through hedging transactions beside measuring the risks in compliance with international standards, limiting such risk and allocating capital accordingly.

Market risks arising from trading portfolios are measured as per “standard” and “value at risk (VaR)” methods. The measurements as per the standard method are performed on a monthly basis, and taken into consideration in the calculation of capital adequacy. Whereas, the measurements as per VaR method are performed on a daily basis. VaR is calculated using three different methods, namely historical simulation, monte carlo simulation and parametric methods. The Bank takes the historical VaR results as the basis for the internal management of market risk and determination of limits. The calculations made according to other two methods are used for comparison and monitoring purposes. In the VaR calculation, one year historical market data set is used, and 99% confidence interval and one-day retention period (10 days for legal capital calculation) are taken into account. In order to test the reliability of the VaR model, back tests are performed. Stress tests and scenario analysis are also applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations. Beside the VaR limits, the limits on transaction, dealer, desk, stop-loss approved by the board of directors for trading portfolio are also applied for limiting the market risk.



#### 4.3.1 Value at market risk on a consolidated basis

	<i>Current Period</i>
(I) Capital Requirement against General Market Risk - Standard Method	47,730
(II) Capital Requirement against Specific Risks - Standard Method	5,104
Capital requirement against Specific Risks of Securitisation Positions– Standard Method	-
(III) Capital Requirement against Currency Exchange Risk - Standard Method	42,010
(IV) Capital Requirement against Commodity Risks - Standard Method	6,345
(V) Capital Requirement against Exchange Risks - Standard Method	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	62,817
(VII) Capital requirement against Counterparty Credit Risks - Standard Method	18,863
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-
<b>(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)</b>	<b>182,869</b>
<b>(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))</b>	<b>2,285,863</b>

#### 4.3.2 Average values at market risk

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

#### 4.4 Consolidated operational risk

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

#### 4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 September 2012, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to TL 3,310,402 thousands (31 December 2011: a long position of TL 1,432,280 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 2,859,606 thousands (31 December 2011: a short position of TL 1,661,051 thousands), while net foreign currency short open position amounts to TL 450,796 thousands (31 December 2011: TL 228,771 thousands).

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

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

	<b>USD</b>	<b>EUR</b>
The Bank’s foreign currency purchase rate at balance sheet date	1.7720	2.2796
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.7720	2.2796
Day 2	1.7720	2.2798
Day 3	1.7650	2.2702
Day 4	1.7680	2.2702
Day 5	1.7620	2.2840
Last 30-days arithmetical average rate	1.7755	2.2857

*The Bank's consolidated currency risk:*

	EUR	USD	Other FCs	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	7,556,118	2,883,152	3,001,414	13,440,684
Banks	3,010,797	4,289,011	197,493	7,497,301
Financial Assets at Fair Value through Profit/Loss	79,416	150,221	9,107	238,744
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	1,324,133	1,619,054	245,841	3,189,028
Loans (*)	13,429,955	27,886,385	1,587,595	42,903,935
Investments in Associates, Subsidiaries and Joint-Ventures	625	-	2	627
Investments Held-to-Maturity	-	449,152	-	449,152
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	47,500	73	77,453	125,026
Intangible Assets	-	-	-	-
Other Assets (**)	1,265,784	1,277,159	19,913	2,562,856
<b>Total Assets</b>	<b>26,714,328</b>	<b>38,554,207</b>	<b>5,138,818</b>	<b>70,407,353</b>
<b>Liabilities</b>				
Bank Deposits	642,160	2,739,387	299,818	3,681,365
Foreign Currency Deposits	16,464,359	22,441,573	1,676,862	40,582,794
Interbank Money Market Takings	139,546	1,451,865	169,164	1,760,575
Other Fundings	7,858,630	12,575,226	29,240	20,463,096
Securities Issued	-	3,941,614	-	3,941,614
Miscellaneous Payables	73,143	78,263	218,030	369,436
Derivative Financial Liabilities Held for Risk Management	-	78	-	78
Other Liabilities (***)	303,885	416,078	2,198,834	2,918,797
<b>Total Liabilities</b>	<b>25,481,723</b>	<b>43,644,084</b>	<b>4,591,948</b>	<b>73,717,755</b>
<b>Net 'On Balance Sheet' Position</b>	<b>1,232,605</b>	<b>(5,089,877)</b>	<b>546,870</b>	<b>(3,310,402)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(2,171,216)</b>	<b>5,026,596</b>	<b>4,226</b>	<b>2,859,606</b>
Derivative Assets	10,407,240	24,684,454	2,971,657	38,063,351
Derivative Liabilities	(12,578,456)	(19,657,858)	(2,967,431)	(35,203,745)
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>28,217,111</b>	<b>40,626,933</b>	<b>4,626,669</b>	<b>73,470,713</b>
<b>Total Liabilities</b>	<b>26,873,648</b>	<b>40,379,143</b>	<b>4,785,642</b>	<b>72,038,433</b>
<b>Net 'On Balance Sheet' Position</b>	<b>1,343,463</b>	<b>247,790</b>	<b>(158,973)</b>	<b>1,432,280</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(1,817,325)</b>	<b>(545,031)</b>	<b>701,305</b>	<b>(1,661,051)</b>
Derivative Assets	8,791,859	17,757,920	2,769,757	29,319,536
Derivative Liabilities	(10,609,184)	(18,302,951)	(2,068,452)	(30,980,587)
Non-Cash Loans	-	-	-	-

(\*) The foreign currency-indexed loans amounting TL 2,423,855 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 142,636 thousands included under TL assets in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(\*\*\*) The gold deposits of TL 2,141,573 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

#### **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 consideration the developments in market conditions on a bank-only basis.

The Bank's interest rate risk is measured by the standard method, value at risk (VaR), duration-gap and sensitivity analysis.

Measurements for standard method on a bank-only basis, are carried out monthly using the maturity ladder table, while measurements for VaR calculations are done daily. The duration-gap and sensitivity analysis are run every two weeks period.

During the daily VaR calculations, the interest rate risks of the Bank's TL and FC trading and investment securities available for sale and off-balance sheet position are measured. These are supported by scenario analysis and stress testing.

In the duration-gap analysis used for the quantification of market risk arising from maturity mismatches of assets and liabilities, the present values of interest sensitive asset and liability items are calculated based on their cash flows and yield curves developed from market interest rates. The results are supported by the sensitivity and scenario analysis performed periodically due to the possible instabilities in the markets. Furthermore, the interest rate risk is monitored according to the limits approved by the board of directors.

**4.6.1 Interest rate sensitivity of assets, liabilities and off balance sheet items (based on repricing dates)**

<i>Current Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	14,500,035	<b>14,500,035</b>
Banks	3,687,528	2,233,919	1,570,655	939,741	-	1,729,623	<b>10,161,466</b>
Financial Assets at Fair Value through Profit/Loss (**)	44,313	15,406	71,689	650,010	9,789	895,785	<b>1,686,992</b>
Interbank Money Market Placements	450	-	-	-	-	-	<b>450</b>
Financial Assets Available-for-Sale	13,711,858	3,298,737	6,979,251	8,048,680	1,443,613	3,404,481	<b>36,886,620</b>
Loans (**)	21,428,104	8,160,692	18,712,956	31,695,665	15,816,029	1,878,226	<b>97,691,672</b>
Investments Held-to-Maturity	910,865	-	7,960	147,539	295,448	11,530	<b>1,373,342</b>
Other Assets	428,084	625,065	1,217,210	1,517,723	94,657	6,894,218	<b>10,776,957</b>
<b>Total Assets</b>	<b>40,211,202</b>	<b>14,333,819</b>	<b>28,559,721</b>	<b>42,999,358</b>	<b>17,659,536</b>	<b>29,313,898</b>	<b>173,077,534</b>
<b>Liabilities</b>							
Bank Deposits	3,200,416	240,437	224,132	341,614	-	758,726	<b>4,765,325</b>
Other Deposits	58,210,810	11,786,276	7,069,632	640,515	56	17,249,776	<b>94,957,065</b>
Interbank Money Market Takings	6,424,875	357,003	1,052,661	244,536	-	14,732	<b>8,093,807</b>
Miscellaneous Payables	-	-	-	-	-	7,937,986	<b>7,937,986</b>
Securities Issued	1,426,008	959,131	359,498	-	3,244,704	170,469	<b>6,159,810</b>
Other Fundings	5,049,340	3,328,735	8,729,644	5,508,445	2,633,319	280,973	<b>25,530,456</b>
Other Liabilities	9,899	-	-	-	-	25,623,186	<b>25,633,085</b>
<b>Total Liabilities</b>	<b>74,321,348</b>	<b>16,671,582</b>	<b>17,435,567</b>	<b>6,735,110</b>	<b>5,878,079</b>	<b>52,035,848</b>	<b>173,077,534</b>
<b>On Balance Sheet Long Position</b>	-	-	<b>11,124,154</b>	<b>36,264,248</b>	<b>11,781,457</b>	-	<b>59,169,859</b>
<b>On Balance Sheet Short Position</b>	<b>(34,110,146)</b>	<b>(2,337,763)</b>	-	-	-	<b>(22,721,950)</b>	<b>(59,169,859)</b>
<b>Off-Balance Sheet Long Position</b>	<b>2,751,014</b>	<b>2,935,024</b>	<b>2,786,868</b>	<b>2,799,328</b>	<b>1,276,378</b>	-	<b>12,548,612</b>
<b>Off-Balance Sheet Short Position</b>	<b>(1,037,127)</b>	<b>(1,188,899)</b>	<b>(2,545,220)</b>	<b>(4,094,369)</b>	<b>(1,853,449)</b>	-	<b>(10,719,064)</b>
<b>Total Position</b>	<b>(32,396,259)</b>	<b>(591,638)</b>	<b>11,365,802</b>	<b>34,969,207</b>	<b>11,204,386</b>	<b>(22,721,950)</b>	<b>1,829,548</b>

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

(\*\*) Loans amounting to TL 218,574 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

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

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

**4.6.2 Average interest rates on monetary financial instruments (%)**

<i>Current Period</i>	EUR	USD	JPY	TL
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.45-3.25	0.12-4.05	-	5.00-11.00
Financial Assets at Fair Value through Profit/Loss	4.64	2.33-4.27	-	5.68-20.80
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.27-6.50	4.38-11.88	-	8.19-9.52
Loans	0.94-14.00	1.56-13.70	5.86-9.00	8.52-30.20
Investments Held-to-Maturity	-	6.88	-	10.29-11.72
<b>Liabilities</b>				
Bank Deposits	0.44-4.76	0.72-6.75	-	7.22-8.63
Other Deposits	1.50-4.00	1.50-4.50	1.41	7.78-7.89
Interbank Money Market Takings	0.35	1.31-2.15	-	7.26
Miscellaneous Payables	-	-	-	-
Securities Issued	-	5.00	-	9.06-10.99
Other Fundings	1.52-6.62	1.04-6.72	-	7.10-15.00

<i>Prior Period</i>	EUR	USD	JPY	TL
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks (*)	0.59-6.10	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
<b>Liabilities</b>				
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	-	5.00-10.58
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.

#### **4.6.3 Interest rate risk on banking book**

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

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

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

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

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

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

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

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

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

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

	Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
1	TL	(+) 500 bps	(2,581,243)	(12.37)%
2	TL	(-) 400 bps	2,505,128	12.00%
3	USD	(+) 200 bps	(821)	0.00%
4	USD	(-) 200 bps	(35,024)	(0.17)%
5	EUR	(+) 200 bps	(43,570)	(0.21)%
6	EUR	(-) 200 bps	48,119	0.23%
	<b>Total (of negative shocks)</b>		<b>2,518,222</b>	<b>12.35%</b>
	<b>Total (of positive shocks)</b>		<b>(2,625,633)</b>	<b>(12.88)%</b>

#### **4.6.4 Position risk of equity securities in banking book**

##### **4.6.4.1 Comparison of carrying, fair and market values of equity shares**

	Equity Securities (shares)	Comparison		
		Carrying Value	Fair Value	Market Value
<b>1</b>	<b>Securities Available-for-Sale</b>	<b>11,853</b>	<b>-</b>	<b>7,874</b>
	Quoted Securities	7,874	-	7,874
<b>2</b>	<b>Investments in Associates</b>	<b>21,204</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-
<b>3</b>	<b>Investment in Subsidiaries</b>	<b>144,268</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-

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

	Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
			Total	Amount under Supplementary Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	2,613	-	1,176
3	Other Shares	-	486	219	-	-	-
	<b>Total</b>	<b>-</b>	<b>486</b>	<b>219</b>	<b>2,613</b>	<b>-</b>	<b>1,176</b>

#### **4.7 Consolidated liquidity risk**

The liquidity risk of the Bank and its financial affiliates is defined as the risk of being unable to pay its liabilities ontime due to not having enough cash sources or cash inflows to finance its cash outflows fully and ontime due to cashflow instabilities.

In order to overcome the liquidity risk, the Bank and its financial affiliates diversify their funding sources considering their short and long term liquidity requirements, through instruments such as customer deposits, repurchase transactions, bond issuances and foreign borrowings. Besides, in order to secure the maturity match between the assets and liabilities, the strategies for maturity extension of fundings exist. The liquidity needs in different currencies are managed through transactions such as currency swaps. In order to meet the cash outflow requirements during crises periods, high-liquid asset reserves are maintained.

In the management of TL and foreign currency liquidity, the cashflows of existing assets and liabilities are monitored and the liquidity needs in future maturities are estimated. The necessary actions are taken for liquidity requirements by monitoring stress positions.

An emergency action plan that covers the solutions to prevent the increase in liquidity risks under the ordinary activities and the possible scenarios of liquidity constraints under different positions and stress levels, exist. As per this plan, the liquidity risk is monitored through possible actions and scenarios at various stress levels of liquidity risks and early warning signals.

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios 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 first nine months of 2012 and the year 2011, are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	129.89	139.08	98.72	104.29

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



#### 4.7.1 Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	3,032,501	11,467,534	-	-	-	-	-	14,500,035
Banks	1,926,745	2,197,631	533,760	698,471	2,880,579	1,924,280	-	10,161,466
Financial Assets at Fair Value through Profit/Loss (**)	18,948	204,908	194,415	233,532	855,346	179,843	-	1,686,992
Interbank Money Market Placements	-	450	-	-	-	-	-	450
Financial Assets Available-for-Sale	28,194	42,443	46,295	12,318,190	18,937,309	5,514,189	-	36,886,620
Loans (**)	150,496	16,973,430	9,216,882	13,779,035	35,752,729	21,280,323	538,777	97,691,672
Investments Held-to-Maturity	-	-	-	8,111	1,063,618	301,613	-	1,373,342
Other Assets	612,406	714,286	671,472	1,369,304	1,656,931	100,114	5,652,444	10,776,957
<b>Total Assets</b>	<b>5,769,290</b>	<b>31,600,682</b>	<b>10,662,824</b>	<b>28,406,643</b>	<b>61,146,512</b>	<b>29,300,362</b>	<b>6,191,221</b>	<b>173,077,534</b>
<b>Liabilities</b>								
Bank Deposits	843,301	3,205,050	431,406	133,226	152,342	-	-	4,765,325
Other Deposits	19,756,929	55,863,725	11,866,016	6,139,088	1,309,916	21,391	-	94,957,065
Other Fundings	-	1,580,190	2,883,603	9,484,885	8,281,451	3,300,327	-	25,530,456
Interbank Money Market Takings	-	6,431,783	358,409	1,058,303	245,312	-	-	8,093,807
Securities Issued	-	894,408	886,930	361,703	1,666,898	2,349,871	-	6,159,810
Miscellaneous Payables	883,906	3,937,779	6,465	8,929	80	-	3,100,827	7,937,986
Other Liabilities (***)	298,147	432,426	185,129	204,100	369,434	172,971	23,970,878	25,633,085
<b>Total Liabilities</b>	<b>21,782,283</b>	<b>72,345,361</b>	<b>16,617,958</b>	<b>17,390,234</b>	<b>12,025,433</b>	<b>5,844,560</b>	<b>27,071,705</b>	<b>173,077,534</b>
<b>Liquidity Gap</b>	<b>(16,012,993)</b>	<b>(40,744,679)</b>	<b>(5,955,134)</b>	<b>11,016,409</b>	<b>49,121,079</b>	<b>23,455,802</b>	<b>(20,880,484)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>7,474,122</b>	<b>27,556,310</b>	<b>15,650,011</b>	<b>16,990,108</b>	<b>63,333,220</b>	<b>29,557,884</b>	<b>2,913,668</b>	<b>163,475,323</b>
<b>Total Liabilities</b>	<b>21,147,805</b>	<b>69,780,844</b>	<b>14,879,692</b>	<b>19,300,514</b>	<b>11,906,371</b>	<b>5,967,740</b>	<b>20,492,357</b>	<b>163,475,323</b>
<b>Liquidity Gap</b>	<b>(13,673,683)</b>	<b>(42,224,534)</b>	<b>770,319</b>	<b>(2,310,406)</b>	<b>51,426,849</b>	<b>23,590,144</b>	<b>(17,578,689)</b>	<b>-</b>

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

(\*\*) Loans amounting to TL 218,574 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

(\*\*\*) Shareholders' Equity is included in "Other liabilities" line under "Undistributed" column.

#### 4.7.2 Securitisation positions

None.

#### 4.7.3 Credit risk mitigation techniques

The parent Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals in compliance with the article 34 of the “Regulation on Credit Risk Mitigation Techniques”.

In the credit risk mitigation, cash and cash equivalent items and high-credit-quality debt instruments are used.

The volatility adjustments regarding the receivables, collaterals and currency mismatch of the collaterals are made as per the standard volatility-adjustment approach defined in the article 37 of the above mentioned regulation.

In cases where there are maturity mismatches resulted from shorter remaining life of collateral than of receivables, the value of collateral is considered as the volatility-adjusted value.

Exposure Categories	Amount (**)	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	53,459,060	-	-	-
Conditional and unconditional receivables from regional or local governments	4,482	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	97,436	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	27,833,741	4,303,800	-	-
Conditional and unconditional receivables from corporates	129,387,223	5,061,664	-	-
Conditional and unconditional retail receivables	67,929,425	957,403	-	-
Conditional and unconditional receivables secured by mortgages (*)	12,579,516	75,605	-	-
Past due receivables	403,445	-	-	-
Receivables defined in high risk category by BRSA	6,978,699	135,039	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	3,092,832	-	-	-
Other receivables	3,588,654	-	-	-

(\*) The mortgages considered for determination of the risk categories as per the article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, are not taken into account.

(\*\*) Includes total risk amounts before credit risk mitigation.

#### **4.7.4 Risk management objectives and policies**

The Risk Management Strategy of the parent Bank includes the optimum allocation of the capital and the realisation of growth framework, maintaining risk-return balance, measuring the risks by methods in compliance with international standards and local regulations in paralel with its activities and under its sustainable and value-creating growth strategy.

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

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

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

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

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

#### **4.8 Fair values of financial assets and liabilities**

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

#### **4.9 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**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash in TL/Foreign Currency	658,725	369,111	617,208	426,380
Central Bank of Turkey	400,626	12,976,110	972,268	6,212,587
Others	-	95,463	30	83,977
<b>Total</b>	<b>1,059,351</b>	<b>13,440,684</b>	<b>1,589,506</b>	<b>6,722,944</b>

#### ***Balances with the Central Bank of Turkey:***

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits	400,626	1,508,576	972,268	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	11,467,534	-	6,212,587
<b>Total</b>	<b>400,626</b>	<b>12,976,110</b>	<b>972,268</b>	<b>6,212,587</b>

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***

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Assets	99	5,358	3,681	646,886
Assets Subject to Repurchase Agreements	5,013	-	2,036	-
<b>Total</b>	<b>5,112</b>	<b>5,358</b>	<b>5,717</b>	<b>646,886</b>

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	56,524	26,924	68,223	25,013
Swap Transactions	293,154	400,471	37,964	504,566
Futures	216	1,510	12	4,950
Options	47,845	47,582	108,373	174,649
Others	-	-	-	54
<b>Total</b>	<b>397,739</b>	<b>476,487</b>	<b>214,572</b>	<b>709,232</b>

### 5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	552,935	1,011,910	350,488	755,877
Foreign banks	2,111,230	6,485,391	2,071,354	13,538,796
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>2,664,165</b>	<b>7,497,301</b>	<b>2,421,842</b>	<b>14,294,673</b>

The placements at foreign banks include blocked accounts amounting TL 5,763,374 thousands (31 December 2011: TL 7,888,133 thousands) of which TL 98,432 thousands (31 December 2011: TL 185,474 thousands) and TL 30,111 thousands (31 December 2011: TL 26,372 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits (31 December 2011: a further TL 215,432 thousands at the central bank of Luxembourg) and TL 5,634,831 thousands (31 December 2011: TL 7,460,855 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 99,878 thousands (31 December 2011: TL 94,091 thousands) as required for insurance activities.

#### ***Due from foreign banks:***

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

### 5.1.4 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 9,235,185 thousands (31 December 2011: TL 6,699,932 thousands) is TL 9,373,698 thousands (31 December 2011: TL 6,901,185 thousands). The related accrued interests amount to TL 1,149,020 thousands (31 December 2011: TL 763,474 thousands). The related impairment losses on these securities amount to TL 1,582 thousands (31 December 2011: TL 41,718 thousands). 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 7,513,000 EUR 243,068,000 and RUB 149,000,000 (31 December 2011: USD 20,728,000, EUR 301,823,542 and RUB 125,000,000), are USD 8,385,222 EUR 244,524,103 and RUB 149,372,500 (31 December 2011: USD 21,959,154, EUR 300,387,939 and RUB 124,062,500). The related accrued interest income amount to USD 1,551,446, EUR 13,391,313 and RUB 2,081,530 respectively (31 December 2011: USD 2,755,324, EUR 3,378,158 and RUB 2,388,750), and the impairment losses to USD 194,367 and EUR 213,152 respectively (31 December 2011: USD 209,237 and EUR 2,455,333).

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	10,521,136	612,428	7,622,941	783,085
Assets subject to Repurchase Agreements	8,729,599	545,113	11,142,092	1,279,161
<b>Total</b>	<b>19,250,735</b>	<b>1,157,541</b>	<b>18,765,033</b>	<b>2,062,246</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>33,498,280</b>	<b>29,141,787</b>
Quoted at Stock Exchange	30,872,308	26,435,077
Unquoted at Stock Exchange	2,625,972	2,706,710
<b>Common Shares/Investment Fund</b>	<b>28,667</b>	<b>19,668</b>
Quoted at Stock Exchange	5,081	5,081
Unquoted at Stock Exchange	23,586	14,587
<b>Value Increase/Impairment Losses (-)</b>	<b>3,359,673</b>	<b>1,993,584</b>
<b>Total</b>	<b>36,886,620</b>	<b>31,155,039</b>

As of 30 September 2012, 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 426,111,240 (31 December 2011: USD 428,333,333) and a total carrying value of TL 759,020 thousands (31 December 2011: TL 810,571 thousands).

**5.1.5 Loans**

**5.1.5.1 Loans and advances to shareholders and employees of the Bank**

	<i>Current Period</i>		<i>Prior Period</i>	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
<b>Direct Lendings to Shareholders</b>	<b>9</b>	<b>68,815</b>	<b>26</b>	<b>35,339</b>
Corporates	9	68,815	26	35,339
Real Persons	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>394,289</b>	<b>410,073</b>	<b>268,574</b>	<b>551,004</b>
<b>Loans to Employees</b>	<b>168,585</b>	<b>-</b>	<b>151,148</b>	<b>-</b>
<b>Total</b>	<b>562,883</b>	<b>478,888</b>	<b>419,748</b>	<b>586,343</b>

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

	<b>Performing Loans and Other Receivables</b>			<b>Loans and Other Receivables under Follow-Up</b>		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
<b>Cash Loans</b>						
<b>Loans</b>	<b>94,523,032</b>	<b>1,280,610</b>	<b>78,453</b>	<b>2,628,865</b>	<b>548,852</b>	<b>791,297</b>
Working Capital Loans	8,534,478	299,939	7,183	650,166	211,392	250,535
Export Loans	3,906,215	13,863	-	108,509	77,640	2,013
Import Loans	548,553	27,378	-	-	-	-
Loans to Financial Sector (*)	3,223,156	5,347	-	78	20	-
Consumer Loans	21,547,435	552,808	47,813	458,627	55,370	81,854
Credit Cards	11,168,902	-	-	317,719	-	188,189
Others	45,594,293	381,275	23,457	1,093,766	204,430	268,706
<b>Specialization Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>94,523,032</b>	<b>1,280,610</b>	<b>78,453</b>	<b>2,628,865</b>	<b>548,852</b>	<b>791,297</b>

(\*) Loans amounting to TL 218,574 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Loans to Financial Sector".

***Collaterals received for loans under follow-up***

<b><i>Current Period</i></b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	17,069	1,127	-	18,196
Loans Collateralized by Mortgages	975,122	192,235	-	1,167,357
Loans Collateralized by Pledged Assets	229,138	24,358	-	253,496
Loans Collateralized by Cheques and Notes	161,853	178,700	-	340,553
Loans Collateralized by Other Collaterals	449,568	43,311	-	492,879
Unsecured Loans	19,769	18,896	317,719	356,384
<b>Total</b>	<b>1,852,519</b>	<b>458,627</b>	<b>317,719</b>	<b>2,628,865</b>

<b><i>Prior Period</i></b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
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
<b>Total</b>	<b>1,546,148</b>	<b>324,703</b>	<b>230,040</b>	<b>2,100,891</b>

***Delinquency periods of loans under follow-up***

<b><i>Current Period</i></b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	49,796	185,576	92,631	328,003
61-90 days	187,717	85,402	36,273	309,392
Other	1,615,006	187,649	188,815	1,991,470
<b>Total</b>	<b>1,852,519</b>	<b>458,627</b>	<b>317,719</b>	<b>2,628,865</b>

<b><i>Prior Period</i></b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 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
<b>Total</b>	<b>1,546,148</b>	<b>324,703</b>	<b>230,040</b>	<b>2,100,891</b>

***Loans and other receivables with extended payment plans***

<b><i>Current Period</i></b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>No. of Extensions</b>		
1 or 2 times	1,087,006	531,926
3, 4 or 5 times	170,755	16,492
Over 5 times	22,849	434
<b>Total</b>	<b>1,280,610</b>	<b>548,852</b>

<b><i>Current Period</i></b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>Extention Periods</b>		
0 - 6 months	243,117	189,248
6 - 12 months	244,884	42,839
1 - 2 years	315,230	80,854
2 - 5 year	351,821	194,280
5 years and over	125,558	41,631
<b>Total</b>	<b>1,280,610</b>	<b>548,852</b>

**5.1.5.3 Maturity analysis of cash loans**

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



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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>511,620</b>	<b>19,511,969</b>	<b>20,023,589</b>
Housing Loans	16,203	9,759,760	9,775,963
Automobile Loans	21,800	1,188,617	1,210,417
General Purpose Loans	92,095	1,149,020	1,241,115
Others	381,522	7,414,572	7,796,094
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>298,251</b>	<b>298,251</b>
Housing Loans	-	287,385	287,385
Automobile Loans	-	306	306
General Purpose Loans	-	7,891	7,891
Others	-	2,669	2,669
<b>Consumer Loans – FC</b>	<b>165,237</b>	<b>1,017,271</b>	<b>1,182,508</b>
Housing Loans	15,155	418,240	433,395
Automobile Loans	12	7,243	7,255
General Purpose Loans	22,108	388,553	410,661
Others	127,962	203,235	331,197
<b>Retail Credit Cards – TL</b>	<b>10,580,507</b>	<b>193,823</b>	<b>10,774,330</b>
With Installment	5,189,001	193,823	5,382,824
Without Installment	5,391,506	-	5,391,506
<b>Retail Credit Cards – FC</b>	<b>38,719</b>	<b>53,600</b>	<b>92,319</b>
With Installment	5,903	1,671	7,574
Without Installment	32,816	51,929	84,745
<b>Personnel Loans – TL</b>	<b>19,035</b>	<b>32,931</b>	<b>51,966</b>
Housing Loan	-	1,442	1,442
Automobile Loans	-	149	149
General Purpose Loans	4,351	5,179	9,530
Others	14,684	26,161	40,845
<b>Personnel Loans - FC-indexed</b>	<b>759</b>	<b>13,199</b>	<b>13,958</b>
Housing Loans	759	13,199	13,958
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>1,468</b>	<b>49,313</b>	<b>50,781</b>
Housing Loans	59	15,378	15,437
Automobile Loans	-	43	43
General Purpose Loans	162	28,175	28,337
Others	1,247	5,717	6,964
<b>Personnel Credit Cards – TL</b>	<b>41,968</b>	<b>469</b>	<b>42,437</b>
With Installment	33,379	469	33,848
Without Installment	8,589	-	8,589
<b>Personnel Credit Cards – FC</b>	<b>583</b>	<b>1,634</b>	<b>2,217</b>
With Installment	90	-	90
Without Installment	493	1,634	2,127
<b>Deposit Accounts– TL (Real Persons)</b>	<b>385,009</b>	<b>-</b>	<b>385,009</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11,744,905</b>	<b>21,172,460</b>	<b>32,917,365</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>385,331</b>	<b>16,971,897</b>	<b>17,357,228</b>
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
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>408,695</b>	<b>408,695</b>
Housing Loans	-	387,458	387,458
Automobile Loans	-	1,491	1,491
General Purpose Loans	-	10,380	10,380
Others	-	9,366	9,366
<b>Consumer Loans – FC</b>	<b>259,227</b>	<b>1,085,584</b>	<b>1,344,811</b>
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
<b>Retail Credit Cards – TL</b>	<b>9,270,682</b>	<b>121,785</b>	<b>9,392,467</b>
With Installment	4,315,910	121,785	4,437,695
Without Installment	4,954,772	-	4,954,772
<b>Retail Credit Cards – FC</b>	<b>54,092</b>	<b>45,461</b>	<b>99,553</b>
With Installment	7,041	-	7,041
Without Installment	47,051	45,461	92,512
<b>Personnel Loans – TL</b>	<b>20,775</b>	<b>20,964</b>	<b>41,739</b>
Housing Loan	-	1,081	1,081
Automobile Loans	-	66	66
General Purpose Loans	972	985	1,957
Others	19,803	18,832	38,635
<b>Personnel Loans - FC-indexed</b>	<b>527</b>	<b>11,360</b>	<b>11,887</b>
Housing Loans	527	11,360	11,887
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>1,020</b>	<b>50,495</b>	<b>51,515</b>
Housing Loans	-	16,088	16,088
Automobile Loans	-	83	83
General Purpose Loans	39	41	80
Others	981	34,283	35,264
<b>Personnel Credit Cards – TL</b>	<b>36,359</b>	<b>414</b>	<b>36,773</b>
With Installment	27,391	414	27,805
Without Installment	8,968	-	8,968
<b>Personnel Credit Cards – FC</b>	<b>453</b>	<b>1,573</b>	<b>2,026</b>
With Installment	27	-	27
Without Installment	426	1,573	1,999
<b>Deposit Accounts– TL (Real Persons)</b>	<b>411,687</b>	<b>-</b>	<b>411,687</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>10,440,153</b>	<b>18,718,228</b>	<b>29,158,381</b>

**5.1.5.5 Installment based commercial loans and corporate credit cards**

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>1,093,182</b>	<b>7,492,657</b>	<b>8,585,839</b>
Real Estate Loans	1,072	557,171	558,243
Automobile Loans	55,237	1,526,340	1,581,577
General Purpose Loans	1,036,873	5,407,474	6,444,347
Others	-	1,672	1,672
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>89,466</b>	<b>680,853</b>	<b>770,319</b>
Real Estate Loans	3,323	67,409	70,732
Automobile Loans	3,424	205,250	208,674
General Purpose Loans	82,719	408,194	490,913
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>674,952</b>	<b>1,217,960</b>	<b>1,892,912</b>
Real Estate Loans	-	1,535	1,535
Automobile Loans	14,752	247,501	262,253
General Purpose Loans	315	9,301	9,616
Others	659,885	959,623	1,619,508
<b>Corporate Credit Cards – TL</b>	<b>569,213</b>	<b>745</b>	<b>569,958</b>
With Installment	317,549	745	318,294
Without Installment	251,664	-	251,664
<b>Corporate Credit Cards – FC</b>	<b>5,360</b>	<b>-</b>	<b>5,360</b>
With Installment	-	-	-
Without Installment	5,360	-	5,360
<b>Deposit Accounts– TL (Corporates)</b>	<b>642,120</b>	<b>-</b>	<b>642,120</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,074,293</b>	<b>9,392,215</b>	<b>12,466,508</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>798,777</b>	<b>7,194,941</b>	<b>7,993,718</b>
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
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>88,845</b>	<b>696,249</b>	<b>785,094</b>
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	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>578,429</b>	<b>729,008</b>	<b>1,307,437</b>
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
<b>Corporate Credit Cards – TL</b>	<b>426,613</b>	<b>724</b>	<b>427,337</b>
With Installment	196,638	724	197,362
Without Installment	229,975	-	229,975
<b>Corporate Credit Cards – FC</b>	<b>4,117</b>	<b>-</b>	<b>4,117</b>
With Installment	-	-	-
Without Installment	4,117	-	4,117
<b>Deposit Accounts– TL (Corporates)</b>	<b>525,078</b>	<b>-</b>	<b>525,078</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,421,859</b>	<b>8,620,922</b>	<b>11,042,781</b>

#### 5.1.5.6 Allocation of loans by customers

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

#### 5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	89,518,131	84,546,363
Foreign Loans (*)	7,633,766	5,782,745
<b>Total</b>	<b>97,151,897</b>	<b>90,329,108</b>

(\*) Loans amounting to TL 218,574 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under “Foreign Loans”.

#### 5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	25,809	16,384
Indirect Lending	-	-
<b>Total</b>	<b>25,809</b>	<b>16,384</b>

**5.1.5.9 Specific provisions for loans**

<b>Specific Provisions</b>	<b>Current Period</b>	<b>Prior Period</b>
Substandard Loans and Receivables - Limited Collectibility	157,003	28,890
Doubtful Loans and Receivables	275,173	156,321
Uncollectible Loans and Receivables	1,325,323	1,343,321
<b>Total</b>	<b>1,757,499</b>	<b>1,528,532</b>

**5.1.5.10 Non-performing loans (net)**

*Non-performing loans and other receivables restructured or rescheduled*

	<b>Group III Substandard Loans and Receivables</b>	<b>Group IV Doubtful Loans and Receivables</b>	<b>Group V Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	142,394	31,143	109,240
Rescheduled Loans and Receivables	-	-	10,069
<b>Total</b>	<b>142,394</b>	<b>31,143</b>	<b>119,309</b>
<b>Prior Period</b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	12,368	20,353	157,497
Rescheduled Loans and Receivables	-	-	5,167
<b>Total</b>	<b>12,368</b>	<b>20,353</b>	<b>162,664</b>

*Movements in non-performing loan groups*

	<b>Group III Substandard Loans and Receivables</b>	<b>Group IV Doubtful Loans and Receivables</b>	<b>Group V Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
<b>Balances at Beginning of Period</b>	<b>78,176</b>	<b>191,288</b>	<b>1,664,069</b>
Additions (+)	645,894	15,147	122,722
Transfer from Other NPL Categories (+)	81,208	425,518	245,438
Transfer to Other NPL Categories (-)	416,192	245,648	93,206
Collections during the Period (-)	46,122	38,298	136,485
Write-offs (-) (*)	-	-	196,235
Corporate and Commercial Loans	-	-	10,159
Retail Loans	-	-	46,330
Credit Cards	-	-	139,746
Other	-	-	-
<b>Balances at End of Period</b>	<b>342,964</b>	<b>348,007</b>	<b>1,606,303</b>
Specific Provisions (-)	157,003	275,173	1,325,323
<b>Net Balance on Balance Sheet</b>	<b>185,961</b>	<b>72,834</b>	<b>280,980</b>

(\*) TL 187,514 thousands of this amount is due to sale of non-performing loans.

<i>Prior Period</i>	<b>Group III Substandard Loans and Receivables</b>	<b>Group IV Doubtful Loans and Receivables</b>	<b>Group V Uncollectible Loans and Receivables</b>
<b>Balances at Beginning of Period</b>	<b>69,719</b>	<b>138,127</b>	<b>2,025,265</b>
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	-	-	-
<b>Balances at End of Period</b>	<b>78,176</b>	<b>191,288</b>	<b>1,664,069</b>
Specific Provisions (-)	28,890	156,321	1,343,321
<b>Net Balance on Balance Sheet</b>	<b>49,286</b>	<b>34,967</b>	<b>320,748</b>

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

***Movements in specific loan provisions***

<i>Current Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>561,503</b>	<b>401,108</b>	<b>565,921</b>	<b>1,528,532</b>
Additions during the Period (+)	204,379	167,715	194,172	566,266
Restructured/Rescheduled Loans (-)	245	75	-	320
Collections during the Period (-)	38,755	46,359	57,108	142,222
Write-Offs (-)	11,059	45,555	138,143	194,757
<b>Balances at End of Period</b>	<b>715,823</b>	<b>476,834</b>	<b>564,842</b>	<b>1,757,499</b>

<i>Prior Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>646,712</b>	<b>512,810</b>	<b>644,653</b>	<b>1,804,175</b>
Additions during the Period (+)	219,468	102,621	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
<b>Balances at End of Period</b>	<b>561,503</b>	<b>401,108</b>	<b>565,921</b>	<b>1,528,532</b>

***Non-performing loans in foreign currencies***

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b><i>Current Period</i></b>			
<b>Balance at End of Period</b>	<b>145,837</b>	<b>86,725</b>	<b>558,320</b>
Specific Provisions (-)	42,743	75,064	426,549
<b>Net Balance at Balance Sheet</b>	<b>103,094</b>	<b>11,661</b>	<b>131,771</b>
<b><i>Prior Period</i></b>			
<b>Balance at End of Period</b>	<b>3,038</b>	<b>26,843</b>	<b>596,701</b>
Specific Provisions (-)	211	18,555	429,011
<b>Net Balance at Balance Sheet</b>	<b>2,827</b>	<b>8,288</b>	<b>167,690</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b><i>Current Period (Net)</i></b>	<b>185,961</b>	<b>72,834</b>	<b>280,980</b>
Loans to Individuals and Corporates (Gross)	342,964	348,007	1,598,537
Specific Provision (-)	157,003	275,173	1,317,557
Loans to Individuals and Corporates (Net)	185,961	72,834	280,980
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,455
Specific Provision (-)	-	-	7,455
Other Loans and Receivables (Net)	-	-	-
<b><i>Prior Period (Net)</i></b>	<b>49,286</b>	<b>34,967</b>	<b>320,748</b>
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)	-	-	-

***Collaterals received for non-performing loans***

<b><i>Current Period</i></b>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	9,948	203	-	10,151
Loans Collateralized by Mortgages	464,491	62,638	-	527,129
Loans Collateralized by Pledged Assets	130,715	38,273	-	168,988
Loans Collateralized by Cheques and Notes	169,564	213,551	-	383,115
Loans Collateralized by Other Collaterals	192,370	75,485	-	267,855
Unsecured Loans	170,234	167,761	602,041	940,036
<b>Total</b>	<b>1,137,322</b>	<b>557,911</b>	<b>602,041</b>	<b>2,297,274</b>

<b><i>Prior Period</i></b>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
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
<b>Total</b>	<b>857,973</b>	<b>480,290</b>	<b>595,270</b>	<b>1,933,533</b>

**5.1.5.11 Liquidation policy for uncollectible loans and receivables**

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

**5.1.5.12 Write-off policy**

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

**5.1.6 Factoring receivables**

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

**5.1.7 Investments held-to-maturity**

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

	<b><i>Current Period</i></b>		<b><i>Prior Period</i></b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	717,336	357,914	2,470,203	487,156
Investments subject to Repurchase Agreements	-	-	156,819	-
<b>Total</b>	<b>717,336</b>	<b>357,914</b>	<b>2,627,022</b>	<b>487,156</b>



**5.1.7.2 Government securities held-to-maturity**

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	916,079	3,170,068
Treasury Bills	-	-
Other Government Securities	449,152	1,610,487
<b>Total</b>	<b>1,365,231</b>	<b>4,780,555</b>

**5.1.7.3 Investments held-to-maturity**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>1,363,477</b>	<b>4,521,731</b>
Quoted at Stock Exchange	1,356,412	4,515,950
Unquoted at Stock Exchange	7,065	5,781
<b>Valuation Increase / (Decrease)</b>	<b>9,865</b>	<b>264,799</b>
<b>Total</b>	<b>1,373,342</b>	<b>4,786,530</b>

**5.1.7.4 Movement of investments held-to-maturity**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>4,786,530</b>	<b>5,893,931</b>
Foreign Currency Differences on Monetary Assets	(23,337)	292,041
Purchases during the Period	7,960	5,781
Disposals through Sales/Redemptions (*)	(3,407,677)	(1,360,037)
Valuation Effect	9,866	(45,186)
<b>Balances at End of Period</b>	<b>1,373,342</b>	<b>4,786,530</b>

(\*) As per the legislation on capital adequacy (Basel II) effective from 1 July 2012, the risk weighting of securities in foreign currencies issued by the Turkish Treasury increase from 0% to 100%. Accordingly, in the current period, the Bank sold a part of its Eurobonds with a total face value of USD595,638,000 from its held-to-maturity portfolio as per the permission granted by the relevant legislation (TAS 39) for the sale of securities originally classified under the securities held-to-maturity in cases where the capital requirement increases due to legal legislation.

**5.1.8 Investments in associates**

**5.1.8.1 Unconsolidated investments in associates**

	<b>Associates</b>	<b>Address (City/ Country)</b>	<b>Parent Bank's Share – If Different, Voting Rights (%)</b>	<b>Bank Risk Group's Share (%)</b>
1	Emeklilik Gözetim Merkezi AŞ	Istanbul/Turkey	-	6.67
2	Bankalararası Kart Merkezi AŞ <sup>(1)</sup>	Istanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ <sup>(1)</sup>	Istanbul/Turkey	0.77	0.77
4	İMKB Takas ve Saklama Bankası AŞ <sup>(1)</sup>	Istanbul/Turkey	5.83	5.83
5	Vadeli İşlem ve Opsiyon Borsası AŞ <sup>(1)</sup>	Istanbul/Turkey	6.00	6.00
6	KKB Kredi Kayıt Bürosu AŞ <sup>(1)</sup>	Istanbul/Turkey	9.09	9.09
7	Gelişen Bilgi Teknolojileri AŞ <sup>(2)</sup>	Istanbul/Turkey	5.00	5.00
8	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(3)</sup>	Ankara/Turkey	2.48	2.48
9	Kredi Garanti Fonu AŞ <sup>(1)</sup>	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	Company's Fair Value (if available)
1	8,774	7,736	446	594	2	1,811	1,083	-
2	30,507	20,440	12,875	453	122	1,957	1,309	-
3	597,135	66,845	1,576	7,840	465	1,621	4,689	-
4	3,378,472	309,635	13,133	43,725	1,400	33,198	15,837	-
5	74,436	60,732	4,068	2,984	49	6,183	938	-
6	57,225	50,441	3,459	644	-	16,175	8,719	-
7	427	425	-	12	-	(5)	290	-
8	219,810,695	29,740,117	242,921	2,981,762	2,110,871	18,381,955	3,099,403	-
9	207,201	199,536	3,325	5,732	1	4,714	2,780	-

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

(1) Financial information is as of 30 June 2012.

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

(3) Financial information is as of 31 December 2011.

In the current period, the capital commitment of TL 1,000 thousands to Kredi Garanti Fonu AŞ as per the capital increase of TL 4,000 thousands as of 11 September 2009, has been paid.

**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 <sup>(1)</sup>	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	Company's Fair Value (if available)
1	33,454	33,193	236	163	4,808	2,926	937	18,300

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

(1) Financial information is as of 30 June 2012, however the fair value information is as of 30 September 2012.

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 0.21%, is consolidated in the accompanying consolidated financial statements 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**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>38</b>	<b>60,244</b>
<b>Movements during the Period</b>	<b>1</b>	<b>(60,206)</b>
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	6,261
Sales/Liquidations (-) (*)	-	(66,448)
Reclassifications	-	-
Increase/Decrease in Fair Values	1	(19)
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>39</b>	<b>38</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

Prior 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 in 2011.

**Valuation methods of consolidated investments in associates**

<b>Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value	39	38
Valued by Equity Method of Accounting	-	-

**Sectoral distribution of consolidated investments and associates**

<b>Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	39	38
Other Associates	-	-

**Quoted consolidated investments in associates**

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	39	38
Quoted at International Stock Exchanges	-	-

**Investments in associates sold during the current period**

None.

**Investments in associates acquired during the current period**

None.

### 5.1.9 Investments in subsidiaries

#### *Information on capital adequacies of major subsidiaries*

The parent Bank does not have any capital needs due to its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio.

#### 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. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
7	United Custodian	Amsterdam/The Netherlands	-	100.00
8	Golden Clover Stichting Custody	Amsterdam/The Netherlands	-	100.00
9	Stichting Safekeeping	Amsterdam/The Netherlands	-	100.00
10	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
11	Garanti Teknolojinet İletişim Hizmetleri ve Tic. AŞ <sup>(1)</sup>	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	Company's Fair Value (if available)	Amount of Equity Requirement
1	39,760	29,867	564	22	1,885	6,080	4,356	-	-
2	38,515	15,365	5,600	751	849	1,253	1,794	-	-
3	1,383	1,163	15	-	17	848	(154)	-	-
4	1,505	442	66	-	19	61	(1)	-	-
5	1,437	1,235	-	-	48	(120)	(39)	-	-
6	34	57	26	-	-	(1)	(21)	-	-
7	285	285	-	-	-	-	-	-	-
8	288	285	-	-	-	-	-	-	-
9	41	41	-	-	-	-	-	-	-
10	270,050	39,559	225,108	348	-	13,668	1,944	-	-
11	550	551	-	-	35	(36)	4	-	-

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

(1) The company is under liquidation.

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

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

**5.1.9.2 Movement of consolidated investments in subsidiaries**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>2,064,495</b>	<b>1,646,532</b>
<b>Movements during the Period</b>	<b>111,899</b>	<b>417,963</b>
Acquisitions and Capital Increases <sup>(*)</sup>	-	83,420
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	8,653
Increase/Decrease in Market Values	177,218	154,562
Currency Differences on Foreign Subsidiaries	(65,319)	171,328
Reversal of Impairment Losses / Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>2,176,394</b>	<b>2,064,495</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

Prior 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**

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	235,950	235,950
Valued at Fair Value	1,940,444	1,828,545

**Sectoral distribution of consolidated investments in subsidiaries**

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,147,233	1,023,375
Insurance Companies	56,545	56,545
Factoring Companies	94,529	68,749
Leasing Companies	110,743	110,743
Finance Companies	767,344	805,083
Other Subsidiaries	-	-

**Quoted consolidated investments in subsidiaries**

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	94,529	68,749
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	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	-	Full Consolidation
6	Garanti Bank International NV	Amsterdam/The Netherlands	100.00	-	Full Consolidation
7	Garanti Bank Moscow	Moscow/Russia	99.94	-	Full Consolidation
8	Garanti Holding BV(**)	Amsterdam/The Netherlands	100.00	-	Full Consolidation
9	G Netherlands BV	Amsterdam/The Netherlands	-	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	Company's Fair Value (if available)
1	2,815,086	545,813	17,211	161,499	-	45,956	52,987	-
2	1,395,782	101,190	2,252	107,827	216	16,639	8,350	115,500
3	39,395	29,688	2,649	496	1,874	(2,121)	4,230	-
4	21,581	17,532	2,348	806	57	2,496	161	-
5	3,911,524	544,734	14,322	42,322	5,007	102,558	85,335	-
6	10,294,847	985,202	49,127	342,131	54,265	91,357	85,939	987,094
7	883,621	160,333	41,857	25,001	13,033	12,144	10,236	160,231
8	694,138	694,111	-	-	-	(98)	(149)	698,681
9	723,030	604,399	-	275	-	(5,943)	(6,204)	-
10	3,401,046	444,354	44,759	143,925	20,488	17,826	4,759	-
11	205,544	32,601	5,412	14,156	-	3,884	2,339	-
12	160,068	19,678	1,386	26,227	-	3,846	4,254	-
13	284,667	29,567	319	13,491	-	3,414	3,423	-

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

(\*\*) 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**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	1,132,078	1,024,329	1,045,915	897,416
Between 1-5 Years	1,969,642	1,668,876	1,810,768	1,581,938
Longer than 5 Years	123,957	100,787	219,913	190,540
<b>Total</b>	<b>3,225,677</b>	<b>2,793,992</b>	<b>3,076,596</b>	<b>2,669,894</b>

### **5.1.11.2 Net financial lease receivables**

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	3,225,677	3,076,596
Unearned Income on Financial Lease Receivables (-)	(431,685)	(406,702)
Terminated Lease Contracts (-)	-	-
<b>Net Financial Lease Receivables</b>	<b>2,793,992</b>	<b>2,669,894</b>

### **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	-	-	-	-
<b>Total</b>	-	-	-	<b>129,335</b>

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. On 5 June 2012, the Bank ceased to apply hedge accounting as per TAS 39 due to early closing of the related derivative transactions held for fair value risk management.

## **5.1.13 Tangible assets**

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

## **5.1.14 Intangible assets**

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

## **5.1.15 Investment property**

Real Estate Type	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Building	157,466	28,676	-	Operational lease
Land	-	-	-	-

## **5.1.16 Deferred tax asset**

As of 30 September 2012, on a consolidated basis the Bank has a deferred tax asset of TL 185,786 thousands (31 December 2011: TL 62,852 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 30 September 2012. However, there is a deferred tax asset of TL 271,914 thousands (31 December 2011: TL 197,339 thousands) and deferred tax liability of TL 86,128 thousands (31 December 2011: TL 134,487 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 1,741 thousands is recorded in the accompanying consolidated financial statements as of 31 December 2011 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 30 September 2012, a deferred tax asset amounting TL 1,260 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**

	<i>Current Period</i>	<i>Prior Period</i>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>130,102</b>	<b>105,679</b>
<b>Accumulated Depreciation (-)</b>	<b>(2,446)</b>	<b>(1,646)</b>
<b>Net Book Value</b>	<b>127,656</b>	<b>104,033</b>
<b>End of Current Period</b>		
Additions	58,363	123,683
Disposals (Cost)	(58,830)	(94,857)
Disposals (Accumulated Depreciation)	481	659
Reversal of Impairment / Impairment Losses (-)	(1,336)	(4,403)
Depreciation Expense for Current Period (-)	(1,568)	(1,459)
Currency Translation Differences on Foreign Operations	-	-
<b>Cost</b>	<b>128,299</b>	<b>130,102</b>
<b>Accumulated Depreciation (-)</b>	<b>(3,533)</b>	<b>(2,446)</b>
<b>Net Book Value</b>	<b>124,766</b>	<b>127,656</b>

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 4,382 thousands (31 December 2011: TL 6,273 thousands).

#### **5.1.18 Other Assets**

##### **5.1.18.1 Receivables from term sale of assets**

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	3,031	3,167
Sale of Real Estates	10,467	13,945
Sale of Other Assets	2,994	2,978
<b>Total</b>	<b>16,492</b>	<b>20,090</b>

##### **5.1.18.2 Prepaid expenses**

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	322,050	289,532

## 5.2 Consolidated liabilities

### 5.2.1 Maturity profile of deposits

<i>Current Period</i>	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Accumulating Deposit</b>	<b>Total</b>
<b>Saving Deposits</b>	3,487,995	-	3,561,955	26,465,141	371,444	100,251	269,898	2,457	34,259,141
<b>Foreign Currency Deposits</b>	9,352,329	-	5,633,806	15,783,874	1,305,266	3,940,150	4,488,194	79,175	40,582,794
Residents in Turkey	6,027,021	-	4,723,925	13,734,885	756,027	1,223,387	606,804	77,664	27,149,713
Residents in Abroad	3,325,308	-	909,881	2,048,989	549,239	2,716,763	3,881,390	1,511	13,433,081
<b>Public Sector Deposits</b>	436,333	-	11,662	14,203	7	-	-	-	462,205
<b>Commercial Deposits</b>	4,294,683	-	2,543,053	8,620,284	1,446,641	267,613	15,055	-	17,187,329
<b>Others</b>	64,752	-	11,365	240,848	6,434	317	307	-	324,023
<b>Precious Metal Deposits</b>	2,120,837	-	4,252	13,825	-	2,453	206	-	2,141,573
<b>Bank Deposits</b>	843,301	-	1,479,462	1,719,991	362,503	145,355	214,713	-	4,765,325
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	4,954	-	12,256	2,078	267,495	21,335	35,009	-	343,127
Foreign Banks	305,994	-	1,467,206	1,717,913	95,008	124,020	179,704	-	3,889,845
Special Financial Institutions	532,353	-	-	-	-	-	-	-	532,353
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20,600,230</b>	<b>-</b>	<b>13,245,555</b>	<b>52,858,166</b>	<b>3,492,295</b>	<b>4,456,139</b>	<b>4,988,373</b>	<b>81,632</b>	<b>99,722,390</b>

<i>Prior Period</i>	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Accumulating Deposit</b>	<b>Total</b>
<b>Saving Deposits</b>	2,926,197	-	3,897,909	22,093,153	962,176	276,351	272,297	1,531	30,429,614
<b>Foreign Currency Deposits</b>	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
<b>Public Sector Deposits</b>	313,115	-	872	36,525	1,336	6	-	-	351,854
<b>Commercial Deposits</b>	3,725,761	-	2,531,943	5,845,595	2,919,089	539,490	261,359	-	15,823,237
<b>Others</b>	64,105	-	18,936	274,705	10,055	549	331	-	368,681
<b>Precious Metal Deposits</b>	2,562,568	-	3,247	-	-	3,414	949	-	2,570,178
<b>Bank Deposits</b>	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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20,330,273</b>	<b>-</b>	<b>12,226,005</b>	<b>44,823,547</b>	<b>5,948,379</b>	<b>4,333,216</b>	<b>5,485,479</b>	<b>89,416</b>	<b>93,236,315</b>

### **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	12,757,612	11,531,720	21,484,753	18,603,874
Foreign Currency Saving Deposits	9,126,692	7,639,644	13,876,020	12,607,762
Other Saving Deposits	1,000,302	1,214,676	1,044,296	1,254,695
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**

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

#### **5.2.1.3 Saving deposits not covered by insurance limits**

##### **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	577,890	441,070
Deposits and Other Accounts held by Shareholders and their Relatives	7,101	7,193
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	289,304	352,525
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	77,297	7,835	62,818	31,401
Swap Transactions	439,069	347,418	385,060	497,412
Futures	-	2,951	-	95
Options	60,002	51,381	59,204	175,161
Others	-	-	-	245
<b>Total</b>	<b>576,368</b>	<b>409,585</b>	<b>507,082</b>	<b>704,314</b>

### **5.2.3 Funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,061,731	1,049,336	1,268,505	979,878
Foreign Banks, Institutions and Funds	4,005,629	19,269,014	4,336,855	17,589,799
<b>Total</b>	<b>5,067,360</b>	<b>20,318,350</b>	<b>5,605,360</b>	<b>18,569,677</b>

**5.2.3.1 Maturities of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,151,423	6,017,258	1,444,175	8,285,742
Medium and Long-Term	3,915,937	14,301,092	4,161,185	10,283,935
<b>Total</b>	<b>5,067,360</b>	<b>20,318,350</b>	<b>5,605,360</b>	<b>18,569,677</b>

**5.2.3.2 Disclosures for concentration areas of bank's liabilities**

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

**5.2.4 Other external funds**

**5.2.4.1 Securities issued**

Current Period	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	2,269,995	72,201	-	3,804,511
Cost	2,189,079	72,201	-	3,775,317
Carrying Value (*)	2,142,962	75,234	-	3,941,614

Prior Period	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/or its financial affiliates repurchased the Bank's own TL securities with a total nominal value of TL 138,733 thousands (31 December 2011: TL 410,950 thousands) and foreign currency securities with a total nominal value of TL 5,289 thousands (31 December 2011: 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
<b>Domestic Transactions</b>	<b>5,583,888</b>	<b>-</b>	<b>8,340,241</b>	<b>-</b>
Financial Institutions and Organizations	5,537,534	-	8,293,202	-
Other Institutions and Organizations	17,205	-	20,249	-
Individuals	29,149	-	26,790	-
<b>Foreign Transactions</b>	<b>749,344</b>	<b>1,760,575</b>	<b>388</b>	<b>3,397,528</b>
Financial Institutions and Organizations	749,233	1,760,575	-	3,397,528
Other Institutions and Organizations	101	-	-	-
Individuals	10	-	388	-
<b>Total</b>	<b>6,333,232</b>	<b>1,760,575</b>	<b>8,340,629</b>	<b>3,397,528</b>

**5.2.4.3 Miscellaneous payables**

	Current Period		Prior Period	
	TL	FC	TL	FC
Payables from credit card transactions	3,875,945	26,268	3,331,594	39,534
Payables from insurance transactions	3,082,679	37,889	2,330,981	41,732
Other	609,926	305,279	174,655	140,794
<b>Total</b>	<b>7,568,550</b>	<b>369,436</b>	<b>5,837,230</b>	<b>222,060</b>

### 5.2.5 Factoring payables

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

### 5.2.6 Lease payables

#### 5.2.6.1 Financial lease payables

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	186	174	211	187
Between 1-5 Years	35	34	240	233
Longer than 5 Years	-	-	-	-
<b>Total</b>	<b>221</b>	<b>208</b>	<b>451</b>	<b>420</b>

#### 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

<b>Derivative Financial Liabilities Held for Risk Management</b>	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	78	-	782
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>782</b>

### 5.2.8 Provisions

#### 5.2.8.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
<b>General Provision for</b>	<b>1,183,974</b>	<b>1,067,423</b>
Loans and Receivables in Group I	974,570	931,956
- Additional Provision for Loans and Receivables with Extended Maturities	53,719	-
Loans and Receivables in Group II	52,975	60,164
- Additional Provision for Loans and Receivables with Extended Maturities	27,860	-
Non-Cash Loans	74,850	75,303
Others	-	-

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

	<i>Current Period</i>	<i>Prior Period</i>
Short-Term Loans	10,771	2,345
Medium and Long Term Loans	6,304	968
<b>Total</b>	<b>17,075</b>	<b>3,313</b>

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

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

#### **5.2.8.4 Other provisions**

##### **5.2.8.4.1 General reserves for possible losses**

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	532,000	450,000

The Bank made an additional general reserve amounting to TL 82,000 thousands in the accompanying consolidated financial statements as of 30 September 2012 considering the latest adverse developments in the marine sector, for its loan customers operating in this sector.

##### **5.2.8.4.2 Other provisions for possible losses**

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	419,902	280,575
Insurance Technical Provisions, Net	217,806	159,487
Provision for Promotion Expenses of Credit Cards	47,567	44,353
Provision for Lawsuits	23,059	15,906
Other Provisions	30,292	32,097
<b>Total</b>	<b>738,626</b>	<b>532,418</b>

#### *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 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 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 as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2011. However, despite this treatment there are no excess obligation that needs to be provided against.

	<b>31 December 2011</b>
<b>Transferable Pension and Medical Benefits:</b>	
Net present value of pension benefits transferable to SSF	(376,357)
Net present value of medical benefits and health premiums transferable to SSF	305,628
General administrative expenses	(20,039)
<b>Present Value of Pension and Medical Benefits Transferable to SSF (1)</b>	<b>(90,768)</b>
<b>Fair Value of Plan Assets (2)</b>	<b>1,233,840</b>
<b>Asset Surplus over Transferable Benefits ((2)-(1)=(3))</b>	<b>1,143,072</b>
<b>Non-Transferable Benefits:</b>	
Other pension benefits	(264,514)
Other medical benefits	(137,859)
<b>Total Non-Transferable Benefits (4)</b>	<b>(402,373)</b>
<b>Asset Surplus over Total Benefits ((3)-(4)=(5))</b>	<b>740,699</b>
<b>Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)</b>	<b>(305,628)</b>
<b>Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))</b>	<b>435,071</b>

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

	<b>31 December 2011</b>
	%
Discount Rate (*)	9.52
Inflation Rate (*)	5.06
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	40% above inflation
Future Pension Increase Rate (*)	5.06

(\*) 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 30 September 2012, the corporate tax liability amounts to TL 358,885 thousands (31 December 2011: TL 78,647 thousands) after offsetting with prepaid taxes. Besides, there is a current tax asset of TL 2,428 thousands from the Bank's Luxemburg branch (31 December 2011: nil).

**5.2.9.1.2 Taxes payable**

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	358,885	78,647
Taxation on Securities Income	81,482	75,858
Taxation on Real Estates Income	2,121	1,908
Banking Insurance Transaction Tax	47,693	46,474
Foreign Exchange Transaction Tax	38	21
Value Added Tax Payable	2,609	4,303
Others	22,839	76,256
<b>Total</b>	<b>515,667</b>	<b>283,467</b>

**5.2.9.1.3 Premiums payable**

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	839	714
Social Security Premiums-Employer	1,468	970
Bank Pension Fund Premium-Employees	1,600	24
Bank Pension Fund Premium-Employer	1,927	36
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	7	5
Unemployment Insurance-Employees	1,213	1,181
Unemployment Insurance-Employer	2,444	2,317
Others	5	8
<b>Total</b>	<b>9,503</b>	<b>5,255</b>

**5.2.9.2 Deferred tax liability**

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 10,300 thousands as of 30 September 2012 (31 December 2011: TL 1,333 thousands).

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

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

**5.2.11 Subordinated debts**

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

**5.2.12 Shareholders’ equity**

**5.2.12.1 Paid-in capital**

	<i>Current Period</i>	<i>Prior Period</i>
Common shares	4,200,000	4,200,000
Shares repurchased	(3,171)	(1,359)
Paid-in common shares	4,196,829	4,198,641
Preference shares	-	-



The Bank's shares acquired by Garanti Yatırım Ortaklığı AŞ, one the parent Bank's financial affiliates subject to full consolidation, 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	10,000,000

**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
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>777,122</b>	<b>61,624</b>	<b>114,597</b>	<b>(21,664)</b>
Valuation Difference	777,122	61,624	114,597	(21,664)
Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>777,122</b>	<b>61,624</b>	<b>114,597</b>	<b>(21,664)</b>

**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	762,112	-	596,813	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
<b>Total</b>	<b>764,252</b>	<b>-</b>	<b>598,953</b>	<b>-</b>

**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**

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	835,417	675,914
II. Legal Reserve	117,713	78,713
Special Reserves	-	-
<b>Total</b>	<b>953,130</b>	<b>754,627</b>

**5.2.12.12 Extraordinary reserves**

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	10,355,274	8,016,504
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
<b>Total</b>	<b>10,355,274</b>	<b>8,016,504</b>

**5.2.12.13 Minority interest**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>112,527</b>	<b>97,383</b>
Profit Share of Subsidiaries Net Profits	21,978	19,507
Prior Period Dividend	-	-
Increase/(Decrease) in Minority Interest due to Sales	-	(4,346)
Others	12	(17)
<b>Balance at End of Period</b>	<b>134,517</b>	<b>112,527</b>

### **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 5,581,448 thousands (31 December 2011: TL 4,940,934 thousands), commitments for cheque payments of TL 2,826,779 thousands (31 December 2011: TL 2,230,783 thousands) and commitments for credit card limits of TL 14,473,072 thousands (31 December 2011: TL 13,631,471 thousands).

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

	<i>Current Period</i>	<i>Prior Period</i>
Letters of Guarantee in Foreign Currency	9,342,789	9,629,237
Letters of Guarantee in TL	6,617,251	5,791,162
Letters of Credit	6,086,360	6,231,224
Bills of Exchange and Acceptances	733,177	515,550
Prefinancings	-	-
Other Guarantees	66,723	70,236
<b>Total</b>	<b>22,846,300</b>	<b>22,237,409</b>

A specific provision of TL 25,692 thousands (31 December 2011: TL 52,298 thousands) is made for unliquidated non-cash loans of TL 67,641 thousands (31 December 2011: TL 113,577 thousands) recorded under the off-balance sheet items as of 30 September 2012.

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

As of 30 September 2012, 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 426,111,240 (31 December 2011: USD 428,333,333).

##### **5.3.1.3 Non-cash loans**

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	1,484,998	1,508,650
<i>With Original Maturity of 1 Year or Less</i>	229,654	362,310
<i>With Original Maturity of More Than 1 Year</i>	1,255,344	1,146,340
Other Non-Cash Loans	21,361,302	20,728,759
<b>Total</b>	<b>22,846,300</b>	<b>22,237,409</b>

##### **5.3.1.4 Other information on non-cash loans**

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

##### **5.3.1.5 Non-cash loans classified under Group I and II:**

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

#### **5.3.2 Financial derivative instruments**

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

**5.3.3 Contingent liabilities and assets**

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

**5.3.4 Services rendered on behalf of third parties**

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

## 5.4 Consolidated income statement

### 5.4.1 Interest income

#### 5.4.1.1 Interest income from loans (\*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Interest Income from Loans</b>				
Short-term loans	2,225,757	338,227	1,634,671	265,643
Medium and long-term loans	2,660,034	1,434,255	1,913,209	1,214,653
Loans under follow-up	26,831	9,094	56,741	3,509
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>4,912,622</b>	<b>1,781,576</b>	<b>3,604,621</b>	<b>1,483,805</b>

(\*) Includes also fees and commissions income on cash loans

#### 5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	36	-	-	-
Domestic Banks	18,601	27,601	16,311	31,594
Foreign Banks	128,214	35,113	118,685	41,602
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>146,851</b>	<b>62,714</b>	<b>134,996</b>	<b>73,196</b>

#### 5.4.1.3 Interest income from securities portfolio

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Financial Assets Held for Trading	23,922	5,979	18,468	5,057
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	2,426,113	132,508	1,794,622	184,538
Investments Held-to-Maturity	203,727	73,371	350,168	78,120
<b>Total</b>	<b>2,653,762</b>	<b>211,858</b>	<b>2,163,258</b>	<b>267,715</b>

#### 5.4.1.4 Interest income received from associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Subsidiaries	2,561	560

## 5.4.2 Interest expenses

#### 5.4.2.1 Interest expenses on funds borrowed (\*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	1,145	-	-
Domestic Banks	67,715	35,363	61,169	10,422
Foreign Banks	351,246	327,880	400,503	258,700
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	18,647	-	53,006
<b>Total</b>	<b>418,961</b>	<b>383,035</b>	<b>461,672</b>	<b>322,128</b>

(\*) Includes also fees and commissions expenses on borrowings

**5.4.2.2 Interest expenses paid to associates and subsidiaries**

	<i>Current Period</i>	<i>Prior Period</i>
Interest Paid to Investments in Associates and Subsidiaries	761	6,120

**5.4.2.3 Interest expenses on securities issued**

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

**5.4.2.4 Maturity structure of interest expense on deposits**

<i>Current Period</i>	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	864	64,176	4,317	1	13	11,097	-	80,468
Saving Deposits	1,575	230,078	1,883,576	44,397	14,641	18,437	-	2,192,704
Public Sector Deposits	-	209	2,348	118	-	-	-	2,675
Commercial Deposits	5,616	153,953	596,079	107,810	20,993	17,914	-	902,365
Others	4	1,126	18,081	10,939	41	15	-	30,206
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	8,059	449,542	2,504,401	163,265	35,688	47,463	-	3,208,418
Foreign Currency								
Foreign Currency Deposits	58,984	84,195	411,350	51,582	133,541	69,560	1,049	810,261
Bank Deposits	4,314	36,471	5,501	716	1,883	894	-	49,779
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	8	-	171	-	-	179
Total FC	63,298	120,666	416,859	52,298	135,595	70,454	1,049	860,219
Grand Total	71,357	570,208	2,921,260	215,563	171,283	117,917	1,049	4,068,637

<i>Prior Period</i>		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	7,190	24,855	4,077	211	170	11,202	-	47,705
Saving Deposits	312	249,019	1,184,506	71,314	14,592	14,895	-	1,534,638
Public Sector Deposits	-	645	1,739	63	2	-	-	2,449
Commercial Deposits	1,397	170,442	358,955	80,468	9,488	11,959	-	632,709
Others	13	1,989	12,877	4,541	10,668	296	-	30,384
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	8,912	446,950	1,562,154	156,597	34,920	38,352	-	2,247,885
Foreign Currency								
Foreign Currency Deposits	11,313	161,904	404,182	53,193	31,319	53,205	1,285	716,401
Bank Deposits	2,063	15,585	1,298	622	495	826	-	20,889
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	87	8	-	95
Total FC	13,376	177,489	405,480	53,815	31,901	54,039	1,285	737,385
Grand Total	22,288	624,439	1,967,634	210,412	66,821	92,391	1,285	2,985,270

#### **5.4.2.5 Interest expense on repurchase agreements**

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

#### **5.4.2.6 Financial lease expenses**

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

#### **5.4.2.7 Interest expenses on factoring payables**

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

#### **5.4.3 Dividend income**

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

#### **5.4.4 Trading income/losses (net)**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Income</b>	<b>44,216,881</b>	<b>73,859,327</b>
Trading Account Income	1,360,993	411,507
Derivative Financial Instruments	2,886,941	2,958,141
Foreign Exchange Gain	39,968,947	70,489,679
<b>Losses (-)</b>	<b>43,604,696</b>	<b>73,594,172</b>
Trading Account Losses	766,468	78,292
Derivative Financial Instruments	3,166,215	2,897,172
Foreign Exchange Losses	39,672,013	70,618,708
<b>Total</b>	<b>612,185</b>	<b>265,155</b>

TL 5,089,367 thousands (30 September 2011: TL 5,985,559 thousands) of foreign exchange gains and TL 4,991,687 thousands (30 September 2011: TL 5,819,119 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 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.

On 5 June 2012, the Bank ceased to apply hedge accounting and accordingly fair value calculations for these bonds. The accumulated fair value differences incurred starting from the date of hedge accounting up to the date on which it was ceased, are amortized as per the effective interest-rate method in compliance with TAS 39.

#### **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.

In the current period, a part of non-performing receivables of the Bank and its financial affiliates amounting to TL 218,094 thousands was sold for a consideration of TL 33,716 thousands. The income calculated considering the related provisions in the consolidated financial statements, for the amount of TL 31,297 thousands is recognized under “Other Operating Income”.

#### 5.4.6 Provision for losses on loans or other receivables

	<i>Current Period</i>	<i>Prior Period</i>
Specific Provisions for Loans and Other Receivables	557,755	202,161
<i>Loans and receivables in Group III</i>	133,302	20,641
<i>Loans and receivables in Group IV</i>	268,648	80,283
<i>Loans and receivables in Group V</i>	155,805	101,237
General Provisions	124,735	315,550
Provision for Possible Losses	82,000	100,000
Impairment Losses on Financial Assets	74	2,493
<i>Financial assets at fair value through profit or loss</i>	74	2,426
<i>Financial assets available-for-sale</i>	-	67
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	44,834	36,382
<b>Total</b>	<b>809,398</b>	<b>656,586</b>

#### 5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	1,283,085	1,076,876
Reserve for Employee Termination Benefits	18,964	16,062
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	1,073	-
Depreciation Expenses of Tangible Assets	142,148	135,393
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	25,538	17,111
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	1,336	1,884
Depreciation Expenses of Assets to be Disposed	1,568	948
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	2,147
Other Operating Expenses	1,084,703	959,708
<i>Operational lease related expenses</i>	172,504	148,829
<i>Repair and maintenance expenses</i>	24,980	23,293
<i>Advertisement expenses</i>	79,586	65,581
<i>Other expenses</i>	807,633	722,005
Loss on Sale of Assets	5,474	900
Others (*)	357,908	329,009
<b>Total</b>	<b>2,921,797</b>	<b>2,540,038</b>

(\*) Includes saving-deposits-insurance-fund related expenses of TL 76,995 thousands (30 September 2011: TL 60,869 thousands) and insurance-business claim losses of TL 45,962 thousands (30 September 2011: TL 35,367 thousands) as of 30 September 2012.



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

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

#### **5.4.9 Information on provision for taxes for continued and discontinued operations**

As of 30 September 2012, on a consolidated basis, the Bank recorded a current tax expense of TL 970,153 thousands (30 September 2011: TL 391,802 thousands) and a deferred tax income of TL 254,802 thousands (30 September 2011: a deferred tax expense of TL 294,238 thousands).

##### ***Deferred tax benefit/charge on timing differences :***

<b>Deferred tax (benefit)/charge on timing differences</b>	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
Increase in Tax Deductable Timing Differences (+)	242,297	43,901
Decrease in Tax Deductable Timing Differences (-)	22,008	266,687
Increase in Taxable Timing Differences (-)	5,412	82,551
Decrease in Taxable Timing Differences (+)	39,925	11,099
<b>Total</b>	<b>(254,802)</b>	<b>294,238</b>

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

<b>Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions</b>	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
(Increase)/Decrease in Tax Deductable Timing Differences (net)	(215,909)	222,786
(Increase)/Decrease in Taxable Timing Differences (net)	(34,513)	71,452
(Increase)/Decrease in Tax Losses (net)	(4,380)	-
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
<b>Total</b>	<b>(254,802)</b>	<b>294,238</b>

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

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

#### **5.4.11 Net profit/loss**

##### ***5.4.11.1 Any further explanation on operating results needed for better understanding of 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***

	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
Net Profit/(Loss) of Minority Interest	21,978	13,376

#### **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**

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

## **5.6 Consolidated statement of cash flows**

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

## 5.7 Related Party Risks

### 5.7.1 Transactions with 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	54,938	3,280	188,278	35,339	356,435	551,004
Balance at end of period	77,646	3,517	180,467	68,815	488,952	410,073
Interest and Commission Income	3,370	-	631	4	32,966	899

##### 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	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	1,008	19	3	4	18,149	1,027

#### 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	5,737	60,473	1,109,063	207,008	342,796	390,409
Balance at end of period	14,848	5,737	358,635	1,109,063	215,638	342,796
Interest Expenses	761	6,120	12,849	41,723	11,625	11,123

#### 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	1,066,781	-	28,710	3,992
Balance at end of period	-	-	4,788,355	1,066,781	3,540	28,710
Total Profit/(Loss)	12,326	28,810	(12,053)	299	916	12,224
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 420,107 thousands (31 December 2011: TL 284,984 thousands) compose 0.43% (31 December 2011: 0.31%) of the Bank's total consolidated cash loans and 0.24% (31 December 2011: 0.17%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 747,065 thousands (31 December 2011: TL 599,651 thousands) compose 0.43% (31 December 2011: 0.37%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 482,405 thousands (31 December 2011: TL 589,623 thousands) compose 2.11% (31 December 2011: 2.65%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 589,121 thousands (31 December 2011: TL 1,457,596 thousands) compose 0.59% (31 December 2011: 1.56%) of the Bank's total consolidated deposits. The funds borrowed by the Bank and its consolidated financial affiliates from their risk group amounting to TL 41,033 thousands (31 December 2011: TL 48,432 thousands) compose 0.16% (31 December 2011: 0.20%) of the Bank's total consolidated 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 16,321 thousands (31 December 2011: TL 50,726 thousands) to related parties.

Operating expenses of TL 9,441 thousands (30 September 2011: TL 9,061 thousands) for IT services, of TL 8,053 thousands (30 September 2011: TL 8,473 thousands) for advertisement and broadcasting services, of TL 15,990 thousands (30 September 2011: TL 12,207 thousands) for operational leasing services, and of TL 7,403 thousands (30 September 2011: TL 4,844 thousands) for travel-arrangement related services rendered by related parties and rent income of TL 819 thousands (30 September 2011: TL 473 thousands) for the real estates rented to related parties, are recorded.

The net payment provided or to be provided to the key management of the Bank and its consolidated financial affiliates amounts to TL 88,218 thousands as of 30 September 2012 (30 September 2011: TL 92,789 thousands).

### **5.7.2.3 *Other matters not required to be disclosed***

None.

### **5.7.2.4 *Transactions accounted for under equity method***

None.

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

The Bank has agency contracts with 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**

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

## **5.9 Significant events and matters arising subsequent to the balance sheet date**

The Bank's representative office in Moscow has ceased to operate effective from 1 October 2012 following the permission of the related authorities in this country.

At the board of directors' meeting of the Bank held on 11 October 2012, the following resolutions were passed;

- Increasing the paid-in capital of Garanti Holding BV operating in the Netherlands by EUR 20,000,000; and
- Granting a secondary subordinated loan amounting to EUR 10,000,000 to Garanti Bank SA (a subsidiary of Garanti Holding BV) operating in Romania.

## 5.10 Other Disclosures on Activities of the Bank

### 5.10.1 Parent bank's latest international risk ratings

#### MOODY'S (July 2012)\*

Long Term FC Deposit	Ba2
Long Term TL Deposit	Baa2
Short Term TL Deposit	Prime-2
Short Term FC Deposit	NP
Long Term FC Deposit Outlook	Stable
Financial Strength Rate (FSR)	D+
FSR Outlook	Stable
Long Term National	Aa2.tr
Short Term National	TR-1

#### STANDARD AND POORS (May 2012)\*

Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Stable
Credit Profile Independent from the Bank's Shareholders and the Rating of its Resident Country	bbb-

#### FITCH RATINGS (July 2012)\*

<b>Foreign Currency</b>	
Long Term	BBB-
Short Term	F3
Outlook	Stable
Individual	bbb-
Support	3
<b>Turkish Lira</b>	
Long Term	BBB-
Short Term	F3
Outlook	Stable
<b>National</b>	AAA (Trk)
Outlook	Stable

#### JCR EURASIA RATINGS (April 2012)\*

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.



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

**MOODY'S (July 2012)\***

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

(\*) Latest date in risk ratings or outlooks.

**5.10.3 Latest international risk ratings of Garanti Faktoring, a consolidated subsidiary**

**FITCH RATINGS (July 2010)\***

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

(\*) Latest date in risk ratings or outlooks.

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

**FITCH RATINGS (July 2012)\***

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

(\*) Latest date in risk ratings or outlooks.

**STANDARD AND POORS (May 2012)\***

<b>Foreign Currency</b>	
Long Term	BB
Short Term	B
Outlook	Stable
<b>Turkish Lira</b>	
Long Term	BB+
Short Term	B
Outlook	Stable

(\*) Latest dates in risk ratings or outlooks.

#### 5.10.5 Dividends

At the annual general assembly of the Bank dated 12 April 2012, it was decided to distribute the profit of the year 2011 as follows:

<b>2011 PROFIT DISTRIBUTION TABLE</b>	
2011 Net Profit	<b>3,070,575</b>
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(153,529)
Undistributable funds	(193,695)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(135,352)
D – Second dividend to the shareholders	(390,000)
E – Extraordinary reserves	(1,948,999)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(39,000)

## **6 Independent Accountants' Limited Review Report**

### **6.1 Disclosure on independent accountants' limited review report**

The consolidated financial statements of the Bank and its financial affiliates as of 30 September 2012, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited). The independent limited review report dated 30 October 2012, is presented before the accompanying consolidated financial statements.

### **6.2 Disclosures and footnotes prepared by independent accountants**

None.

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