

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

**Türkiye Garanti Bankası Anonim Şirketi
And Its Financial Affiliates
Consolidated Financial Statements
As of and For the Year Ended
31 December 2012**

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

With Independent Auditors' Report Thereon

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
31 January 2013

*This report contains "Independent Auditors' Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and
Footnotes" comprising 109 pages.*

To the Board of Directors of
Türkiye Garanti Bankası AŞ
İstanbul

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2012

We have audited the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 31 December 2012 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Basis For Qualified Opinion

As of the balance sheet date, the accompanying consolidated financial statements include a general reserve amounting to TL 450,000 thousands in total, all provided by the Bank management in prior periods in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

Independent Auditors' Opinion


In our opinion, except for the effect of the matter described in the fourth paragraph above on the financial statements, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank and its consolidated financial affiliates as at 31 December 2012 and the results of its operations and its cash flows for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

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

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç
Partner

Istanbul, 31 January 2013

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Financial Report
as of and for the Year Ended 31 December 2012**

Levent Nispetiye Mah.Aytar Cad.
No:2 Beşiktaş 34340 İstanbul
Telephone: 212 318 18 18
Fax: 212 216 64 22
www.garanti.com.tr
investorrelations@garanti.com.tr

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

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

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

Subsidiaries

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

Special Purpose Entities

1. Garanti Diversified Payment Rights Finance Company

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

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

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations
Phone no: 90 212 318 23 50
Fax no: 90 212 216 59 02

SECTION ONE

General Information

I.	History of parent bank including its incorporation date, initial legal status, amendments to legal status	1
II.	Parent bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on its risk group	1
III.	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	2
IV.	Information on parent bank's qualified shareholders	3
V.	Summary information on parent bank's activities and services	4
VI.	Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods	4
VII.	Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries	4

SECTION TWO

Consolidated Financial Statements

I.	Consolidated balance sheet	5
II.	Consolidated off-balance sheet items	7
III.	Consolidated income statement	8
IV.	Consolidated statement of income/expense items accounted under shareholders' equity	9
V.	Consolidated statement of changes in shareholders' equity	10
VI.	Consolidated statement of cash flows	11

SECTION THREE

Accounting Policies

I.	Basis of presentation	12
II.	Strategy for use of financial instruments and foreign currency transactions	12
III.	Information on consolidated subsidiaries	13
IV.	Forwards, options and other derivative transactions	14
V.	Interest income and expenses	14
VI.	Fees and commissions	15
VII.	Financial assets	15
VIII.	Impairment of financial assets	16
IX.	Netting of financial instruments	16
X.	Repurchase and resale agreements and securities lending	16
XI.	Assets held for sale, assets of discontinued operations and the related liabilities	17
XII.	Goodwill and other intangible assets	17
XIII.	Tangible assets	17
XIV.	Leasing activities	18
XV.	Provisions and contingent liabilities	19
XVI.	Contingent assets	19
XVII.	Liabilities for employee benefits	19
XVIII.	Taxation	21
XIX.	Funds borrowed	25
XX.	Share issuances	25
XXI.	Confirmed bills of exchange and acceptances	25
XXII.	Government incentives	25
XXIII.	Segment reporting	25
XXIV.	Other disclosures	27

SECTION FOUR

Consolidated Financial Position and Results of Operations, and Risk Management Applications

I.	Consolidated capital adequacy ratio	28
II.	Consolidated credit risk	32
III.	Consolidated market risk	38
IV.	Consolidated operational risk	40
V.	Consolidated currency risk	40
VI.	Consolidated interest rate risk	42
VII.	Consolidated position risk of equity securities	47
VIII.	Consolidated liquidity risk	47
IX.	Consolidated securitisation positions	50
X.	Consolidated credit risk mitigation techniques	50
XI.	Risk management objectives and policies	51
XII.	Fair values of financial assets and liabilities	52
XIII.	Transactions carried out on behalf of customers and items held in trust	53

SECTION FIVE

Disclosures and Footnotes on Consolidated Financial Statements

I.	Consolidated assets	54
II.	Consolidated liabilities	78
III.	Consolidated off-balance sheet items	88
IV.	Consolidated income statement	92
V.	Consolidated statement of changes in shareholders' equity	98
VI.	Consolidated statement of cash flows	99
VII.	Related party risks	101
VIII.	Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of parent bank	103
IX.	Significant events and matters arising subsequent to balance sheet date	105

SECTION SIX

Other Disclosures

I.	Other disclosures on activities of parent bank	106
----	--	-----

SECTION SEVEN

Independent Auditors' Report

I.	Disclosures on independent auditors' report	109
II.	Disclosures and footnotes prepared by independent auditors	109

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 926 domestic branches, seven foreign branches and three representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 31 December 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, and the remaining 1% ownership in the stock exchange market on 11 December 2012.

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

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

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

On 7 April 2011, BBVA acquired 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:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
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 Ersözoğlu	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 Başer	EVP-Delivery Channels	20.03.2012	Master	14 years

As of 1 January 2013;

- Uruz Ersözoğlu resigned from his responsibility as executive vice president (EVP) for “treasury”.
- Gökhan Erun has been assigned as the EVP responsible for “treasury and investment banking” and “human resources and training”.
- Turgay Gönensin, previously responsible of “commercial banking”, has been assigned as the EVP responsible for “subsidiaries coordination”.
- Recep Baştuğ has been assigned as the EVP responsible for “commercial banking”.
- Didem Dinçer Başer has been assigned as the EVP responsible for “delivery channels and customer satisfaction”.

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

1.4 Information on parent bank’s qualified shareholders

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

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

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

1.5 Summary information on parent bank’s activities and services

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

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

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

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

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

1.6 Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods

As per the Regulation on Preparation of Consolidated Financial Statements of Banks, the investments in financial subsidiaries are subject to consolidation whereas as per the Turkish Accounting Standards, the investments in both financial and non-financial subsidiaries are subject to consolidation. There are no investments in entities subject to proportional consolidation or to deduction from equity.

1.7 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries

None.

2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates Consolidated Balance Sheet (Statement of Financial Position) At 31 December 2012

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 December 2012			PRIOR PERIOD 31 December 2011		
			TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK		5.1.1	1,293,951	14,879,433	16,173,384	1,589,506	6,722,944	8,312,450
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		5.1.2	755,945	451,276	1,207,221	493,214	1,480,920	1,974,134
2.1 Financial assets held for trading			533,764	451,276	985,040	493,214	1,480,920	1,974,134
2.1.1 Government securities			166,838	14,891	181,729	210,165	762,198	972,363
2.1.2 Equity securities			44,664	-	44,664	25,700	-	25,700
2.1.3 Derivative financial assets held for trading			298,964	411,671	710,635	214,572	709,232	923,804
2.1.4 Other securities			23,298	24,714	48,012	42,777	9,490	52,267
2.2 Financial assets valued at fair value through profit or loss			222,181	-	222,181	-	-	-
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Loans		5.1.5	222,181	-	222,181	-	-	-
2.2.4 Other securities			-	-	-	-	-	-
III. BANKS		5.1.3	2,473,466	7,689,962	10,163,428	2,421,842	14,294,673	16,716,515
IV. INTERBANK MONEY MARKETS			1,000	-	1,000	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			1,000	-	1,000	6,800	-	6,800
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)		5.1.4	34,921,810	3,572,696	38,494,506	27,279,694	3,875,345	31,155,039
5.1 Equity securities			25,163	4,787	29,950	23,865	1,708	25,573
5.2 Government securities			33,519,493	304,794	33,824,287	26,238,027	356,345	26,594,372
5.3 Other securities			1,377,154	3,263,115	4,640,269	1,017,802	3,517,292	4,535,094
VI. LOANS		5.1.5	58,545,529	41,576,990	100,122,519	50,244,265	40,489,844	90,734,109
6.1 Loans			58,142,650	41,383,999	99,526,649	49,963,893	40,365,215	90,329,108
6.1.1 Loans to bank's risk group		5.7	116,597	286,378	402,975	87,178	197,806	284,984
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			58,026,053	41,097,621	99,123,674	49,876,715	40,167,409	90,044,124
6.2 Loans under follow-up			2,114,073	591,137	2,705,210	1,532,087	401,446	1,933,533
6.3 Specific provisions (-)			1,711,194	398,146	2,109,340	1,251,715	276,817	1,528,532
VII. FACTORING RECEIVABLES		5.1.6	1,545,798	288,536	1,834,334	1,080,342	169,143	1,249,485
VIII. INVESTMENTS HELD-TO-MATURITY (Net)		5.1.7	921,090	445,864	1,366,954	3,176,043	1,610,487	4,786,530
8.1 Government securities			911,349	445,864	1,357,213	3,170,068	1,610,487	4,780,555
8.2 Other securities			9,741	-	9,741	5,975	-	5,975
IX. INVESTMENTS IN ASSOCIATES (Net)		5.1.8	21,409	2	21,411	20,145	-	20,145
9.1 Associates consolidated under equity accounting			-	-	-	-	-	-
9.2 Unconsolidated associates			21,409	2	21,411	20,145	-	20,145
9.2.1 Financial investments in associates			17,480	-	17,480	18,168	-	18,168
9.2.2 Non-financial investments in associates			3,929	2	3,931	1,977	-	1,977
X. INVESTMENTS IN SUBSIDIARIES (Net)		5.1.9	146,199	664	146,863	130,310	759	131,069
10.1 Unconsolidated financial investments in subsidiaries			-	-	-	-	605	605
10.2 Unconsolidated non-financial investments in subsidiaries			146,199	664	146,863	130,310	154	130,464
XI. INVESTMENTS IN JOINT-VENTURES (Net)		5.1.10	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)		5.1.11	857,997	2,010,913	2,868,910	702,450	1,967,444	2,669,894
12.1 Financial lease receivables			1,020,755	2,291,692	3,312,447	837,128	2,239,468	3,076,596
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			162,758	280,779	443,537	134,678	272,024	406,702
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		5.1.12	-	-	-	-	129,335	129,335
13.1 Fair value hedges			-	-	-	-	129,335	129,335
13.2 Cash flow hedges			-	-	-	-	-	-
13.3 Net foreign investment hedges			-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		5.1.13	1,181,037	137,302	1,318,339	1,272,489	153,636	1,426,125
XV. INTANGIBLE ASSETS (Net)		5.1.14	76,930	5,779	82,709	76,265	7,981	84,246
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			70,542	5,779	76,321	69,877	7,981	77,858
XVI. INVESTMENT PROPERTY (Net)		5.1.15	127,682	-	127,682	-	-	-
XVII. TAX ASSET			217,532	18,511	236,043	119,447	40,638	160,085
17.1 Current tax asset			-	4,823	4,823	89,685	7,548	97,233
17.2 Deferred tax asset		5.1.16	217,532	13,688	231,220	29,762	33,090	62,852
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)		5.1.17	128,516	3,921	132,437	123,040	4,616	127,656
18.1 Asset held for resale			128,516	3,921	132,437	123,040	4,616	127,656
18.2 Assets of discontinued operations			-	-	-	-	-	-
XIX. OTHER ASSETS		5.1.18	5,285,437	196,197	5,481,634	3,610,569	181,137	3,791,706
TOTAL ASSETS			108,501,328	71,278,046	179,779,374	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 31 December 2012

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2012			31 December 2011		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	49,901,574	47,876,105	97,777,679	47,648,127	45,588,188	93,236,315
1.1 Deposits from bank's risk group	5.7	151,640	164,189	315,829	228,321	1,229,275	1,457,596
1.2 Other		49,749,934	47,711,916	97,461,850	47,419,806	44,358,913	91,778,719
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	597,173	329,828	927,001	507,082	704,314	1,211,396
III. FUNDS BORROWED	5.2.3	5,578,336	20,166,076	25,744,412	5,605,360	18,569,677	24,175,037
IV. INTERBANK MONEY MARKETS		12,246,173	1,860,771	14,106,944	8,340,629	3,397,528	11,738,157
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements	5.2.4	12,246,173	1,860,771	14,106,944	8,340,629	3,397,528	11,738,157
V. SECURITIES ISSUED (Net)	5.2.4	2,168,049	3,908,986	6,077,035	2,138,635	1,603,421	3,742,056
5.1 Bills		1,766,215	-	1,766,215	2,138,635	-	2,138,635
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		401,834	3,908,986	4,310,820	-	1,603,421	1,603,421
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	5.2.4	7,578,235	484,818	8,063,053	5,837,230	222,060	6,059,290
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		1,660,667	415,839	2,076,506	705,223	1,192,528	1,897,751
IX. FACTORING PAYABLES	5.2.5	-	-	-	-	-	-
X. LEASE PAYABLES (Net)	5.2.6	-	172	172	-	420	420
10.1 Financial lease payables		-	538	538	-	451	451
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		-	366	366	-	31	31
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	-	-	-	-	782	782
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	-	-	-	782	782
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	5.2.8	2,500,563	96,520	2,597,083	1,995,164	106,975	2,102,139
12.1 General provisions		1,269,819	72,271	1,342,090	979,797	87,626	1,067,423
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		353,557	8,454	362,011	273,912	6,663	280,575
12.4 Insurance technical provisions (Net)		221,009	-	221,009	159,487	-	159,487
12.5 Other provisions		656,178	15,795	671,973	581,968	12,686	594,654
XIII. TAX LIABILITY	5.2.9	556,780	47,083	603,863	286,147	3,908	290,055
13.1 Current tax liability		556,627	28,204	584,831	286,147	2,575	288,722
13.2 Deferred tax liability		153	18,879	19,032	-	1,333	1,333
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10	-	-	-	-	-	-
14.1 Asset held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED DEBTS	5.2.11	-	148,680	148,680	-	1,122,138	1,122,138
XVI. SHAREHOLDERS' EQUITY	5.2.12	21,466,110	190,836	21,656,946	17,876,461	23,326	17,899,787
16.1 Paid-in capital		4,196,934	-	4,196,934	4,198,641	-	4,198,641
16.2 Capital reserves		2,471,175	116,914	2,588,089	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		976,919	116,914	1,093,833	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)	-	(55,377)	(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		11,323,397	73,922	11,397,319	8,795,440	45,379	8,840,819
16.3.1 Legal reserves		940,560	12,779	953,339	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		27,563	61,143	88,706	31,249	38,439	69,688
16.4 Profit or loss		3,334,080	-	3,334,080	3,326,299	-	3,326,299
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		3,334,080	-	3,334,080	3,326,299	-	3,326,299
16.5 Minority interest		140,524	-	140,524	112,527	-	112,527
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		104,253,660	75,525,714	179,779,374	90,940,058	72,535,265	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 Off-Balance Sheet Items

At 31 December 2012

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2012			31 December 2011		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		77,043,440	176,308,745	253,352,185	66,723,349	157,696,715	224,420,064
I. GUARANTEES AND SURETIES	5.3.1	6,972,159	16,809,147	23,781,306	5,806,539	16,430,870	22,237,409
1.1 Letters of guarantee		6,960,107	9,892,574	16,852,681	5,791,162	9,629,237	15,420,399
1.1.1 Guarantees subject to State Tender Law		-	714,239	714,239	-	-	-
1.1.2 Guarantees given for foreign trade operations		438,392	310,798	749,190	435,305	427,299	862,604
1.1.3 Other letters of guarantee		6,521,715	8,867,537	15,389,252	5,355,857	9,201,938	14,557,795
1.2 Bank acceptances		5,028	715,868	720,896	3,687	511,863	515,550
1.2.1 Import letter of acceptance		5,028	715,868	720,896	1,705	511,863	513,568
1.2.2 Other bank acceptances		-	-	-	1,982	-	1,982
1.3 Letters of credit		7,024	6,134,405	6,141,429	11,690	6,219,534	6,231,224
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		7,024	6,134,405	6,141,429	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		-	66,300	66,300	-	70,236	70,236
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		34,012,313	76,773,791	110,786,104	32,874,779	66,291,861	99,166,640
2.1 Irrevocable commitments		23,957,472	9,843,686	33,801,158	24,408,228	8,618,607	33,026,835
2.1.1 Asset purchase and sale commitments		1,160,772	4,611,831	5,772,603	2,685,482	2,255,452	4,940,934
2.1.2 Deposit purchase and sale commitments		165	44,053	44,218	200	559,500	559,700
2.1.3 Share capital commitments to associates and subsidiaries		-	7,944	7,944	1,000	10,407	11,407
2.1.4 Loan granting commitments		5,094,551	4,268,900	9,363,451	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		1,994,132	-	1,994,132	2,230,783	-	2,230,783
2.1.8 Tax and fund obligations on export commitments		18,075	-	18,075	16,390	-	16,390
2.1.9 Commitments for credit card limits		14,215,567	107,726	14,323,293	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		1,474,210	803,232	2,277,442	1,264,210	856,895	2,121,105
2.2 Revocable commitments		10,054,841	66,930,105	76,984,946	8,466,551	57,673,254	66,139,805
2.2.1 Revocable loan granting commitments		9,989,798	66,755,866	76,745,664	8,428,920	57,499,410	65,928,330
2.2.2 Other revocable commitments		65,043	174,239	239,282	37,631	173,844	211,475
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	36,058,968	82,725,807	118,784,775	28,042,031	74,973,984	103,016,015
3.1 Derivative financial instruments held for risk management		-	-	-	-	1,967,575	1,967,575
3.1.1 Fair value hedges		-	-	-	-	1,865,000	1,865,000
3.1.2 Cash flow hedges		-	-	-	-	102,575	102,575
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		36,058,968	82,725,807	118,784,775	28,042,031	73,006,409	101,048,440
3.2.1 Forward foreign currency purchases/sales		4,148,423	5,665,366	9,813,789	4,036,724	6,099,409	10,136,133
3.2.1.1 Forward foreign currency purchases		1,552,077	3,299,650	4,851,727	1,523,351	3,586,350	5,109,701
3.2.1.2 Forward foreign currency sales		2,596,346	2,365,716	4,962,062	2,513,373	2,513,059	5,026,432
3.2.2 Currency and interest rate swaps		15,734,524	51,561,510	67,296,034	11,245,884	47,862,337	59,108,221
3.2.2.1 Currency swaps-purchases		6,091,801	18,313,154	24,404,955	5,617,452	14,986,817	20,604,269
3.2.2.2 Currency swaps-sales		9,551,723	17,015,822	22,967,545	2,319,232	18,415,000	20,734,232
3.2.2.3 Interest rate swaps-purchases		2,045,500	7,922,847	9,968,347	1,654,600	7,230,260	8,884,860
3.2.2.4 Interest rate swaps-sales		1,645,500	8,309,687	9,955,187	1,654,600	7,230,260	8,884,860
3.2.3 Currency, interest rate and security options		16,122,403	22,558,686	38,681,089	12,632,581	18,532,286	31,164,867
3.2.3.1 Currency call options		7,411,998	10,703,688	18,115,686	5,800,662	9,241,315	15,041,977
3.2.3.2 Currency put options		8,643,650	9,864,549	18,508,199	6,812,919	8,229,023	15,041,942
3.2.3.3 Interest rate call options		-	1,857,738	1,857,738	-	888,861	888,861
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		61,630	57,485	119,115	19,000	90,487	109,487
3.2.3.6 Security put options		5,125	75,226	80,351	-	82,600	82,600
3.2.4 Currency futures		28,384	183,525	211,909	67,638	60,369	128,007
3.2.4.1 Currency futures-purchases		28,384	155,278	183,662	31,169	23,623	54,792
3.2.4.2 Currency futures-sales		-	28,247	28,247	36,469	36,746	73,215
3.2.5 Interest rate futures		-	-	-	1,000	-	1,000
3.2.5.1 Interest rate futures-purchases		-	-	-	500	-	500
3.2.5.2 Interest rate futures-sales		-	-	-	500	-	500
3.2.6 Others		25,234	2,756,720	2,781,954	58,204	452,008	510,212
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		427,449,101	244,083,296	671,532,397	323,227,724	214,443,975	537,671,699
IV. ITEMS HELD IN CUSTODY		71,172,660	18,896,193	90,068,853	72,383,750	20,661,487	93,045,237
4.1 Customers' securities held		37,428,413	1,139	37,429,552	39,326,965	1,188	39,328,153
4.2 Investment securities held in custody		23,665,091	3,906,395	27,571,486	22,266,173	7,297,692	29,563,865
4.3 Checks received for collection		8,189,784	1,398,694	9,588,478	7,802,184	1,469,619	9,271,803
4.4 Commercial notes received for collection		1,691,573	1,064,089	2,755,662	2,922,615	1,168,703	4,091,318
4.5 Other assets received for collection		45,605	10,387,378	10,432,983	38,697	9,401,147	9,439,844
4.6 Assets received through public offering		-	43,517	43,517	-	46,051	46,051
4.7 Other items under custody		152,194	2,094,981	2,247,175	27,116	1,277,087	1,304,203
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		356,276,441	225,187,103	581,463,544	250,843,974	193,782,488	444,626,462
5.1 Securities		2,103,397	7,248	2,110,645	1,411,109	137,081	1,548,190
5.2 Guarantee notes		41,326,572	10,005,309	51,331,881	33,972,618	10,220,197	44,192,815
5.3 Commodities		3,620	-	3,620	-	-	-
5.4 Warranties		-	1,171,673	1,171,673	-	1,125,675	1,125,675
5.5 Real estates		61,085,082	53,499,553	114,584,635	49,636,631	54,315,747	103,952,378
5.6 Other pledged items		251,757,600	160,502,935	412,260,535	165,823,446	127,983,380	293,806,826
5.7 Pledged items-depository		170	385	555	170	408	578
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		504,492,541	420,392,041	924,884,582	389,951,073	372,140,690	762,091,763

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 31 December 2012

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD	PRIOR PERIOD
			1 January 2012- 31 December 2012	1 January 2011- 31 December 2011
I. INTEREST INCOME	5.4.1		13,826,251	11,407,836
1.1 Interest income on loans			9,034,038	7,151,770
1.2 Interest income on reserve deposits			4,082	4,579
1.3 Interest income on banks			272,945	275,796
1.4 Interest income on money market transactions			3,653	5,199
1.5 Interest income on securities portfolio			4,003,400	3,676,493
1.5.1 Trading financial assets			37,077	34,735
1.5.2 Financial assets valued at fair value through profit or loss			-	-
1.5.3 Financial assets available-for-sale			3,663,003	3,069,728
1.5.4 Investments held-to-maturity			303,320	572,030
1.6 Financial lease income			239,737	185,695
1.7 Other interest income			268,396	108,304
II. INTEREST EXPENSE	5.4.2		7,406,098	6,149,372
2.1 Interest on deposits			5,201,252	4,151,913
2.2 Interest on funds borrowed			1,069,521	1,069,194
2.3 Interest on money market transactions			803,007	739,542
2.4 Interest on securities issued			320,733	177,431
2.5 Other interest expenses			11,585	11,292
III. NET INTEREST INCOME (I - II)			6,420,153	5,258,464
IV. NET FEES AND COMMISSIONS INCOME			2,071,374	2,129,434
4.1 Fees and commissions received			2,579,802	2,533,008
4.1.1 Non-cash loans			190,245	187,925
4.1.2 Others			2,389,557	2,345,083
4.2 Fees and commissions paid			508,428	403,574
4.2.1 Non-cash loans			2,346	1,474
4.2.2 Others			506,082	402,100
V. DIVIDEND INCOME	5.4.3		2,923	5,224
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4		604,825	352,725
6.1 Trading account income/losses (Net)			610,310	326,257
6.2 Income/losses from derivative financial instruments (Net)			(441,091)	351,954
6.3 Foreign exchange gains/losses (Net)			435,606	(325,486)
VII. OTHER OPERATING INCOME	5.4.5		661,645	1,154,386
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)			9,760,920	8,900,233
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6			
	5.4.7		1,393,743	920,395
X. OTHER OPERATING EXPENSES (-)			4,056,382	3,709,690
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)			4,310,795	4,270,148
XII. INCOME RESULTED FROM MERGERS			-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING			-	6,261
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	5.4.8		4,310,795	4,276,409
XVI. PROVISION FOR TAXES (±)	5.4.9		948,744	930,603
16.1 Current tax charge			1,301,809	480,565
16.2 Deferred tax charge/(credit)			(353,065)	450,038
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10		3,362,051	3,345,806
XVIII. INCOME FROM DISCONTINUED OPERATIONS			-	-
18.1 Income from assets held for sale			-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures			-	-
18.3 Others			-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)			-	-
19.1 Expenses on assets held for sale			-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-
19.3 Others			-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	5.4.8		-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	5.4.9		-	-
21.1 Current tax charge			-	-
21.2 Deferred tax charge/(credit)			-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	5.4.10		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	5.4.11		3,362,051	3,345,806
23.1 Equity holders of the bank			3,334,080	3,326,299
23.2 Minority interest			27,971	19,507
Earnings per Share			0.794	0.792

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity
At 31 December 2012

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2012 - 31 December 2012	PRIOR PERIOD 1 January 2011 - 31 December 2011
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	1,236,659	(1,893,680)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(4,500)	(16,019)
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	486	1,366
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	(562)
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	(235,830)	358,817
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	996,815	(1,550,078)
XI. CURRENT PERIOD PROFIT/LOSSES	3,362,051	3,345,806
1.1 Net changes in fair value of securities (transferred to income statement)	(8,753)	286,075
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	3,370,804	3,059,731
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	4,358,866	1,795,728

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Changes in Shareholders' Equity
At 31 December 2012

THOUSANDS OF TURKISH LIRA (TL)																			
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD - 1 January-31 December 2011																			
I. Balances at beginning of the period		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	5.5																		
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	(1,534,573)	-	-	-	-	(1,534,573)	(17)	(1,534,590)
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	1,093	-	1,093	-	1,093
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes resulted from disposal of assets		-	-	-	-	1,585	-	-	(17,604)	-	-	-	-	-	-	-	(16,019)	-	(16,019)
XII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	(562)	-	-	(562)	-	(562)
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		(1,359)	-	-	-	17	-	4,329	-	-	-	-	-	-	-	-	2,987	(4,346)	(1,359)
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	3,326,299	-	-	-	-	-	-	3,326,299	19,507	3,345,806
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)		4,198,641	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
CURRENT PERIOD - 1 January-31 December 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		-	-	-	-	-	-	-	-	-	-	1,000,900	-	-	-	-	1,000,900	26	1,000,926
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	389	-	389	-	389
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	389	-	389	-	389
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes resulted from disposal of assets		-	-	-	-	(117)	-	-	(4,383)	-	-	-	-	-	-	-	(4,500)	-	(4,500)
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		(1,707)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,707)	-	(1,707)
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	3,334,080	-	-	-	-	-	-	3,334,080	27,971	3,362,051
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)		4,196,934	772,554	11,880	-	953,339	-	10,355,274	88,706	3,334,080	-	1,093,833	764,252	947	(55,377)	-	21,516,422	140,524	21,656,946

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Cash Flows
At 31 December 2012

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2012 31 December 2012	1 January 2011 31 December 2011
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	4,469,055	1,694,332
1.1.1 Interests received		13,309,968	10,190,755
1.1.2 Interests paid		(7,461,303)	(5,820,401)
1.1.3 Dividend received		2,865	5,224
1.1.4 Fees and commissions received		2,579,802	2,533,008
1.1.5 Other income		574,631	580,948
1.1.6 Collections from previously written-off loans and other receivables		45,487	82,787
1.1.7 Payments to personnel and service suppliers		(3,321,371)	(3,176,517)
1.1.8 Taxes paid		(1,233,541)	(854,304)
1.1.9 Others		(27,483)	(1,847,168)
1.2 Changes in operating assets and liabilities	5.6	(6,956,496)	(7,261,048)
1.2.1 Net (increase) decrease in financial assets held for trading		564,232	(354,657)
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		(4,543,056)	(5,733,811)
1.2.4 Net (increase) decrease in loans		(10,214,667)	(20,065,495)
1.2.5 Net (increase) decrease in other assets		(2,480,232)	(1,562,518)
1.2.6 Net increase (decrease) in bank deposits		2,489,134	283,853
1.2.7 Net increase (decrease) in other deposits		2,138,546	13,763,522
1.2.8 Net increase (decrease) in funds borrowed		2,978,520	4,385,287
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		2,111,027	2,022,771
I. Net cash flow from banking operations	5.6	(2,487,441)	(5,566,716)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(2,204,779)	3,147,475
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(1,211)	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		3	171,003
2.3 Purchases of tangible assets		(264,331)	(429,342)
2.4 Sales of tangible assets		139,056	161,686
2.5 Cash paid for purchase of financial assets available-for-sale, net		(13,220,008)	(15,109,655)
2.6 Cash obtained from sale of financial assets available-for-sale, net		7,638,462	17,292,613
2.7 Cash paid for purchase of investments held-to-maturity		(9,557)	(5,781)
2.8 Cash obtained from sale of investments held-to-maturity		3,512,807	1,066,951
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		1,872,950	3,033,626
3.1 Cash obtained from funds borrowed and securities issued		8,416,744	5,327,604
3.2 Cash used for repayment of funds borrowed and securities issued		(5,943,692)	(1,723,621)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(600,000)	(570,000)
3.5 Payments for financial leases		(102)	(357)
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		(429,290)	1,565,188
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	(3,248,560)	2,179,573
VI. Cash and cash equivalents at beginning of period	5.6	9,075,471	6,895,898
VII. Cash and cash equivalents at end of period (V+VI)	5.6	5,826,911	9,075,471

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 31 December 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 parent 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 parent 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 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 (the Provisioning Regulation) 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:

Tangible assets	Estimated useful lives (years)	Depreciation Rates (%) from 1 January 2009	Depreciation Rates (%) from 1 January 2005	Depreciation Rates (%) before 1 January 2005
Buildings	50	2	4	2
Vaults	20-50	2-20	4-40	2-20
Motor Vehicles	5-7	15-20	30-40	15-20
Other Tangible Assets	4-20	5-25	10-50	5-25

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

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

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:

	31 December 2012^(*)	31 December 2011^(*)
Discount Rate	2.18%	4.25%
Interest Rate	6.95%	9.52%
Expected Rate of Salary Increase	6.17%	6.56%
Inflation Rate	4.67%	5.06%

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

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

Retirement benefit obligations

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

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

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

	31 December 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 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Tax applications for foreign branches

NORTHERN CYPRUS

According to the Corporate Tax Law of the Turkish Republic of Northern Cyprus no.41/1976 as amended, the corporate earnings (including foreign corporations) are subject to a 10% corporate tax and 15% income tax. This tax is calculated based on the income that the taxpayers earn in an accounting period. Tax base is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The corporations cannot benefit from the rights of offsetting losses, investment incentives and amortisation unless they prepare and have certified their balance sheets, income statements and accounting records used for tax calculations by an auditor authorized by the Ministry of Finance. In cases where it is revealed that the earnings of a

corporation were not subject to taxation in prior years or the tax paid on such earnings are understated, additional taxes can be charged in the next twelve years following that the related taxation period. The corporate tax returns are filed in the tax administration office in April after following the end of the accounting year to which they relate. The corporate taxes are paid in two equal installments in May and October.

MALTA

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

LUXEMBOURG

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 5% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 9% of the taxable income. The tax returns do not include any tax 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3.18.3 Transfer pricing

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

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

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

3.18.4 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 31 December 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>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,067,513	3,302,018	1,700,349	1,691,040	9,760,920
Other	-	-	-	-	-
Total Operating Profit	3,067,513	3,302,018	1,700,349	1,691,040	9,760,920
Net Operating Profit	637,690	1,795,865	1,525,521	348,796	4,307,872
Income from Associates and Subsidiaries	-	-	-	2,923	2,923
Net Operating Profit	637,690	1,795,865	1,525,521	351,719	4,310,795
Provision for Taxes	-	-	-	948,744	948,744
Net Profit	637,690	1,795,865	1,525,521	(597,025)	3,362,051
Segment Assets	34,253,386	66,686,271	61,037,515	17,633,928	179,611,100
Investments in Associates and Subsidiaries	-	-	-	168,274	168,274
Total Assets	34,253,386	66,686,271	61,037,515	17,802,202	179,779,374
Segment Liabilities	62,139,441	33,704,733	46,011,331	16,266,923	158,122,428
Shareholders' Equity	-	-	-	21,656,946	21,656,946
Total Liabilities and Shareholders' Equity	62,139,441	33,704,733	46,011,331	37,923,869	179,779,374
Other Segment Items					
Capital Expenditures	-	-	-	261,242	261,242
Depreciation Expenses	102,959	52,610	3,122	66,898	225,589
Impairment Losses	603,526	643,099	(48,377)	208,151	1,406,399
Other Non-Cash Income/Expenses	50,546	102,336	1,213,882	249,716	1,616,480
Restructuring Costs	-	-	-	-	-

<i>Prior Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,105,590	3,281,637	1,432,502	1,080,504	8,900,233
Other	-	-	-	-	-
Total Operating Profit	3,105,590	3,281,637	1,432,502	1,080,504	8,900,233
Net Operating Profit	943,028	2,083,445	1,247,711	(2,999)	4,271,185
Income from Associates and Subsidiaries	-	-	-	5,224	5,224
Net Operating Profit	943,028	2,083,445	1,247,711	2,225	4,276,409
Provision for Taxes	-	-	-	930,603	930,603
Net Profit	943,028	2,083,445	1,247,711	(928,378)	3,345,806
Segment Assets	28,915,024	62,376,914	56,911,004	15,121,167	163,324,109
Investments in Associates and Subsidiaries	-	-	-	151,214	151,214
Total Assets	28,915,024	62,376,914	56,911,004	15,272,381	163,475,323
Segment Liabilities	56,647,209	35,507,563	39,909,125	13,511,639	145,575,536
Shareholders' Equity	-	-	-	17,899,787	17,899,787
Total Liabilities and Shareholders' Equity	56,647,209	35,507,563	39,909,125	31,411,426	163,475,323
Other Segment Items					
Capital Expenditures	-	-	-	305,659	305,659
Depreciation Expenses	103,070	60,678	4,219	39,339	207,306
Impairment Losses	316,172	326,330	50,584	231,712	924,798
Other Non-Cash Income/Expenses	120,520	234,656	(1,191,401)	(336,647)	(1,172,872)
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

None.

4 Consolidated Financial Position and Results of Operations, and Risk Management Applications

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 16.87% as of 31 December 2012 (unconsolidated capital adequacy ratio: 18.21%).

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

Current Period	Risk Weights								
	Parent Bank Only								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Value at Credit Risk	-	-	845,544	10,808,347	22,837,083	57,750,707	4,734,597	8,791,156	-
Exposure Categories	53,152,361	-	4,227,718	21,616,694	30,449,444	57,750,707	3,156,398	4,395,578	-
Conditional and unconditional exposures to central governments or central banks	51,909,957	-	24	2,392,452	-	7,402	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	38	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	46,478	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	4,222,594	7,663,925	-	44,758	-	-	-
Conditional and unconditional exposures to corporates	-	-	-	7,226	-	53,025,096	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	30,449,444	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	11,552,964	-	-	-	-	-
Past due items	-	-	-	127	-	218,270	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	8,709	3,156,398	4,395,578	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Other items	1,242,404	-	5,062	-	-	4,399,994	-	-	-

<i>Current Period</i>	Risk Weights								
	Consolidated								
	<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>
Value at Credit Risk	-	-	1,051,254	12,231,121	24,421,547	66,123,832	5,089,893	8,791,156	-
Exposure Categories	58,232,362	-	5,256,272	24,462,242	32,562,063	66,123,832	3,393,262	4,395,578	-
Conditional and unconditional exposures to central governments or central banks	54,477,421	-	24	2,677,220	-	7,402	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	38	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	46,478	-	-	-
Conditional and unconditional exposures to multilateral development banks	5,211	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	5,251,148	9,295,832	-	209,038	-	-	-
Conditional and unconditional exposures to corporates	-	-	-	7,226	-	62,221,681	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	32,562,063	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	12,420,300	-	-	-	-	-
Past due items	-	-	-	127	-	402,115	-	-	-
Items in regulatory high-risk categories	-	-	-	352	-	10,416	3,393,262	4,395,578	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2,446,626	-	-	61,185	-	831,357	-	-	-
Other items	1,303,104	-	5,062	-	-	2,395,345	-	-	-

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	Consolidated
	<i>Current Period</i>	<i>Current Period</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	8,461,395	9,416,704
Capital Requirement for Market Risk (MRCR)	90,480	141,604
Capital Requirement for Operational Risk (ORCR)	1,043,016	1,157,575
Shareholders' Equity	21,835,440	22,599,323
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	18.21%	16.87%

4.1.4 Components of consolidated shareholders' equity

	<i>Current Period</i>
CORE CAPITAL	
Paid-in Capital	4,196,934
Nominal Capital	4,196,934
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	772,554
Share Premium	11,880
Share Cancellation Profits	-
Reserves	11,308,613
Profit	3,334,080
Current Period's Profit	3,334,080
Prior Periods' Profit	-
Provision for Possible Losses (upto 25% of Core Capital)	450,000
Income on Sale of Equity Shares and Real Estates	762,112
Primary Subordinated Debts	-
Minority Interest	140,462
Loss (excess of Reserves) (-)	-
Current Period's Losses	-
Prior Periods' Losses	-
Leasehold Improvements on Operational Leases (-)	110,049
Intangible Assets (-)	76,321
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
Total Core Capital	20,783,877
SUPPLEMENTARY CAPITAL	
General Provisions	1,342,090
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	116,050
45% of Securities Value Increase Fund (*)	491,398
Minority Interest	28
Other Reserves	33,329
Total Supplementary Capital	1,984,805
CAPITAL	22,768,682
DEDUCTIONS FROM CAPITAL	169,359
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	41,776
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	34,732
Securitization Positions to be Deducted from Equity	-
Other Deduction Items	92,851
TOTAL SHAREHOLDERS' EQUITY	22,599,323

(*) 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

The "Garanti Bank's assessment process of adequacy of internal capital requirements and capital adequacy policies" was prepared in order to describe the assessment process of adequacy of internal capital requirements and capital adequacy policies, and approved by its board of directors in September 2012. The ultimate aim of this internal capital requirements process is to maintain the continuity of capital adequacy under the Bank's strategies, lending growth expectations, asset-liability structure, future funding sources and liquidity, fluctuations in capital depending on dividend distribution policy and economics, in compliance with its risk profile and appetite.

Accordingly, the Bank's prospective internal capital requirements as per its 2012 capital structure and 2013 targets and strategies, have been assessed considering its operations and risks. This assessment includes the interest rate risk, liquidity risk, reputational risk, residual risk, concentration risk, strategy risk, and country and transfer risks arising from banking activities besides the market, credit and operational risks directly affecting its legal capital adequacy ratio. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set.

4.2 Consolidated credit risk

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

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

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

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

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

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

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

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

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

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

	<i>Current Period</i>	<i>Prior Period</i>
	<i>%</i>	<i>%</i>
Above Average	40.07	45.91
Average	53.04	48.70
Below Average	6.89	5.39
Total	100.00	100.00

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

Exposure Categories	Current Period ^(*)	Average ^(**)
Conditional and unconditional exposures to central governments or central banks	57,162,067	54,965,712
Conditional and unconditional exposures to regional governments or local authorities	38	46
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	46,478	48,952
Conditional and unconditional exposures to multilateral development banks	5,211	2,606
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	19,119,020	19,151,277
Conditional and unconditional exposures to corporates	65,766,904	65,295,901
Conditional and unconditional retail exposures	33,330,379	33,198,020
Conditional and unconditional exposures secured by real estate property	12,480,755	11,984,478
Past due items	411,663	407,554
Items in regulatory high-risk categories	7,902,657	7,426,101
Exposures in the form of bonds secured by mortgages	-	-
Securitisation positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	3,339,168	3,216,000
Other items	3,703,511	3,646,083

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

^(**) Average risk amounts are the arithmetical averages of the amounts in quarterly reports prepared starting from the date of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" (28 June 2012) to the period end.

The parent Bank and its financial affiliates' largest 100 and 200 cash loan customers compose 22.33% and 29.10% of the total cash loan portfolio, respectively.

The parent Bank and its financial affiliates' largest 100 and 200 non-cash loan customers compose 51.43% and 62.03% of the total non-cash loan portfolio, respectively.

The parent Bank and its financial affiliates' largest 100 ve 200 cash and non-cash loan customers represent 6.63% and 8.79% of the total "on and off balance sheet" assets, respectively.

The general provision for consolidated credit risk amounts to TL 1,342,090 thousands.

4.2.1 Profile of significant exposures in major regions

<i>Current Period</i> ^(****)	Exposure Categories ^(*)							Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	
Domestic	53,999,522	5,562,118	58,930,032	31,951,149	11,716,553	7,763,175	6,723,002	176,645,551
European Union (EU) Countries	2,982,280	11,179,378	4,134,873	1,118,706	716,861	64,371	93,196	20,289,665
OECD Countries ^(**)	7	123,689	318,723	3,104	878	12,166	2	458,569
Off-Shore Banking Regions	104,407	2,986	274,437	190,656	2,408	59,416	25,062	659,372
USA, Canada	373	879,558	465,810	18,099	2,042	563	5,248	1,371,693
Other Countries	75,478	1,353,218	1,634,937	48,665	42,013	2,966	241,181	3,398,458
Associates, Subsidiaries and Joint –Ventures	-	18,073	8,092	-	-	-	147,174	173,339
Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	271,204	271,204
Total	57,162,067	19,119,020	65,766,904	33,330,379	12,480,755	7,902,657	7,506,069	203,267,851

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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

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

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

4.2.2 Risk profile by sectors or counterparties

Current Period (**)	Exposure Categories (*)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TL	FC	Total
Agriculture	-	-	-	-	-	-	1,140,754	403,213	193,986	13,037	37,359	-	-	-	-	839,329	949,020	1,788,349
Farming and Stockbreeding	-	-	-	-	-	-	1,043,065	372,368	176,892	12,675	36,167	-	-	-	-	776,019	865,148	1,641,167
Forestry	-	-	-	-	-	-	19,715	23,070	8,002	302	807	-	-	-	-	36,240	15,656	51,896
Fishery	-	-	-	-	-	-	77,974	7,775	9,092	60	385	-	-	-	-	27,070	68,216	95,286
Manufacturing	-	-	1	-	-	-	26,632,516	3,017,581	1,542,295	144,700	177,056	-	-	-	-	10,479,513	21,034,636	31,514,149
Mining and Quarrying	-	-	1	-	-	-	1,590,922	141,890	52,701	3,749	7,235	-	-	-	-	753,401	1,043,097	1,796,498
Production	-	-	-	-	-	-	15,940,023	2,824,505	1,442,894	140,683	168,549	-	-	-	-	9,002,625	11,514,029	20,516,654
Electricity, Gas and Water	-	-	-	-	-	-	9,101,571	51,186	46,700	268	1,272	-	-	-	-	723,487	8,477,510	9,200,997
Construction	-	-	-	-	-	-	6,343,249	1,427,933	1,356,076	33,817	100,178	-	-	-	-	3,838,774	5,422,479	9,261,253
Services	15,163,275	-	46,357	5,211	-	19,118,829	21,789,419	6,750,703	3,422,649	155,077	417,296	-	-	-	-	23,747,205	43,121,611	66,868,816
Wholesale and Retail Trade	-	-	46,322	-	-	-	9,873,998	5,058,534	2,140,651	86,633	265,130	-	-	-	-	11,203,765	6,267,503	17,471,268
Accomodation and Dining	-	-	31	-	-	-	2,376,166	342,337	501,298	5,064	41,937	-	-	-	-	821,988	2,444,845	3,266,833
Transportation and Telecommunication	-	-	-	-	-	-	7,095,144	846,638	385,530	54,516	65,813	-	-	-	-	1,988,709	6,458,932	8,447,641
Financial Institutions	15,163,275	-	-	5,211	-	19,118,829	613,783	56,241	17,028	1,218	10,220	-	-	-	-	8,446,516	26,539,289	34,985,805
Real Estate and Rental Services	-	-	-	-	-	-	506,845	53,063	165,555	694	2,775	-	-	-	-	114,137	614,795	728,932
Professional Services	-	-	-	-	-	-	191,066	66,507	8,071	3,277	5,686	-	-	-	-	138,302	136,305	274,607
Educational Services	-	-	1	-	-	-	213,208	74,172	41,585	613	4,878	-	-	-	-	232,693	101,764	334,457
Health and Social Services	-	-	3	-	-	-	919,209	253,211	162,931	3,062	20,857	-	-	-	-	801,095	558,178	1,359,273
Others	41,998,792	38	120	-	-	191	9,860,966	21,730,949	5,965,749	65,032	7,170,768	-	-	3,339,168	3,703,511	79,260,012	14,575,272	93,835,284
Total	57,162,067	38	46,478	5,211	-	19,119,020	65,766,904	33,330,379	12,480,755	411,663	7,902,657	-	-	3,339,168	3,703,511	118,164,833	85,103,018	203,267,851

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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

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

4.2.3 Analysis of maturity-bearing exposures according to remaining maturities

<i>Current Period</i>		Term To Maturity					Demand	Total
Exposure Categories (*)		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
1	Conditional and unconditional exposures to central governments or central banks	4,091,206	13,841,235	5,834,636	9,326,868	21,897,424	2,170,698	57,162,067
2	Conditional and unconditional exposures to regional governments or local authorities	-	-	10	17	11	-	38
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	8	-	-	13	46,457	-	46,478
4	Conditional and unconditional exposures to multilateral development banks	-	-	-	-	5,211	-	5,211
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-
6	Conditional and unconditional exposures to banks and brokerage houses	2,598,482	2,198,067	1,850,915	2,174,542	9,440,225	856,789	19,119,020
7	Conditional and unconditional exposures to corporates	5,144,015	7,306,804	5,964,572	7,437,332	39,857,694	56,487	65,766,904
8	Conditional and unconditional retail exposures	3,180,670	14,229,309	1,660,344	1,501,199	12,660,816	98,041	33,330,379
9	Conditional and unconditional exposures secured by real estate property	292,819	1,076,742	408,275	808,739	9,894,179	1	12,480,755
10	Past due items	-	-	-	-	-	411,663	411,663
11	Items in regulatory high-risk categories	4,569	1,093	807	1,130,945	6,531,404	233,839	7,902,657
12	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-
13	Securitisation positions	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	3,339,168	3,339,168
16	Other items	-	-	-	-	-	3,703,511	3,703,511
Total		15,311,769	38,653,250	15,719,559	22,379,655	100,333,421	10,870,197	203,267,851

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

4.2.4 Exposure categories

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

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

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

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

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

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

4.2.5 Exposures by risk weights

The total amount of exposures corresponding to each class of risk weight before and after credit risk mitigation and the deductions from equity as defined in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks Appendix-1 are presented below:

<i>Current Period</i>										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
Exposures before Credit Risk Mitigation	58,232,362	-	5,284,641	28,768,254	33,330,379	69,760,330	3,434,155	4,457,730	-	362,117
Exposures after Credit Risk Mitigation	58,232,362	-	5,256,272	24,462,242	32,562,063	66,123,832	3,393,262	4,395,578	-	362,117

4.2.6 Information by major sectors and type of counterparties

As per the TAS and TFRS;

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

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

<i>Current Period</i>	Credit Risks			
Major Sectors/Counterparties	Impaired Credits	Past Due Credits	Value Adjustments	Specific Provisions
Agriculture	69,664	45,752	658	27,935
Farming and Stockbreeding	67,867	39,937	256	26,953
Forestry	1,519	5,652	400	826
Fishery	278	163	2	156
Manufacturing	738,734	273,153	2,679	483,990
Mining and Quarrying	13,703	26,642	857	5,345
Production	697,243	243,247	1,820	476,568
Electricity, Gas and Water	27,788	3,264	2	2,077
Construction	163,113	173,256	814	65,878
Services	933,807	541,768	7,036	433,387
Wholesale and Retail Trade	709,547	337,567	4,646	314,863
Accommodation and Dining	37,796	41,282	735	19,685
Transportation and Telecommunication	135,944	49,075	689	66,253
Financial Institutions	8,129	1,458	12	6,762
Real Estate and Rental Services	2,368	9,375	315	1,578
Professional Services	12,874	78,407	19	6,460
Educational Services	2,500	1,599	121	1,284
Health and Social Services	24,649	23,005	499	16,502
Others	1,514,677	1,272,796	32,771	1,320,372
Total	3,419,995	2,306,725	43,958	2,331,562

4.2.7 Movements in value adjustments and provisions

	<i>Current Period</i>	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1	Specific Provisions	1,677,751	1,129,493	453,394	(22,288)	2,331,562
2	General Provisions	1,067,423	291,206	11,934	(4,605)	1,342,090

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

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	9,090
(II) Capital Requirement against Specific Risks - Standard Method	4,817
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-
(III) Capital Requirement against Currency Position Risk - Standard Method	54,842
(IV) Capital Requirement against Commodity Risks - Standard Method	8,541
(V) Capital Requirement against Clearing Risks - Standard Method	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	55,537
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	8,777
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	141,604
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	1,770,050

4.3.2 Average consolidated values at market risk

	<i>Current Period</i>		
	Average	Highest	Lowest
Interest Rate Risk	31,154	51,467	10,842
Equity-Shares Position Risk	2,979	4,546	1,411
Currency Position Risk	48,426	54,842	42,010
Commodity Risk	7,443	8,541	6,345
Clearing Risk	-	-	-
Option Market Risk	58,415	62,774	54,056
Counterparty Credit Risk	13,820	18,863	8,777
Total Value at Risk	162,237	201,033	123,441

4.3.3 Quantitative information on counterparty risk

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

	Current Period^(*)
Interest-Rate Contracts	969
Foreign-Exchange-Rate Contracts	117,685
Commodity Contracts	12,735
Equity-Shares Related Contracts	4,370
Other	-
Gross Positive Fair Values	90,137
Netting Benefits	-
Net Current Exposure Amount	-
Collaterals Received	13,068
Net Derivative Position	212,828

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

4.4 Consolidated operational risk

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

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

	31 December 2009	31 December 2010	31 December 2011	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	7,856,399	7,526,950	7,768,158	7,717,169	15	1,157,575
Value at Operational Risk (Total x % 12.5)						14,469,692

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2012, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to TL 1,598,721 thousands (31 December 2011: a long position of TL 1,432,280 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 1,275,531 thousands (31 December 2011: a short position of TL 1,661,051 thousands), while net foreign currency short open position amounts to TL 323,190 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:

	USD	EUR
The Bank’s foreign currency purchase rate at balance sheet date	1.7600	2.3210
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.7600	2.3272
Day 2	1.7600	2.3272
Day 3	1.7600	2.3267
Day 4	1.7700	2.3400
Day 5	1.7670	2.3362
Last 30-days arithmetical average rate	1.7620	2.3103

The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	5,073,690	6,642,621	3,163,122	14,879,433
Banks	3,727,818	3,654,504	307,640	7,689,962
Financial Assets at Fair Value through Profit/Loss	66,249	164,344	-	230,593
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	1,522,404	1,857,835	192,457	3,572,696
Loans (*)	14,047,725	28,353,379	1,538,355	43,939,459
Investments in Associates, Subsidiaries and Joint-Ventures	664	-	2	666
Investments Held-to-Maturity	-	445,864	-	445,864
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	44,339	71	80,071	124,481
Intangible Assets	-	-	-	-
Other Assets (**)	1,377,509	1,275,736	29,535	2,682,780
Total Assets	25,860,398	42,394,354	5,311,182	73,565,934
Liabilities				
Bank Deposits	1,214,497	2,955,724	377,380	4,547,601
Foreign Currency Deposits	16,290,319	23,068,558	1,594,546	40,953,423
Interbank Money Market Takings	319,445	1,388,123	153,203	1,860,771
Other Fundings	7,858,713	12,426,053	29,990	20,314,756
Securities Issued	-	3,908,986	-	3,908,986
Miscellaneous Payables	70,137	119,630	295,051	484,818
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities (***)	297,978	403,104	2,393,218	3,094,300
Total Liabilities	26,051,089	44,270,178	4,843,388	75,164,655
Net 'On Balance Sheet' Position	(190,691)	(1,875,824)	467,794	(1,598,721)
Net 'Off-Balance Sheet' Position	(682,946)	1,886,842	71,635	1,275,531
Derivative Assets	9,993,422	20,954,187	4,225,391	35,173,000
Derivative Liabilities	(10,676,368)	(19,067,345)	(4,153,756)	(33,897,469)
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	28,217,111	40,626,933	4,626,669	73,470,713
Total Liabilities	26,873,648	40,379,143	4,785,642	72,038,433
Net 'On Balance Sheet' Position	1,343,463	247,790	(158,973)	1,432,280
Net 'Off-Balance Sheet' Position	(1,817,325)	(545,031)	701,305	(1,661,051)
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 2,362,469 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 216,040 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 2,375,081 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>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	16,173,384	16,173,384
Banks	3,830,236	1,839,017	1,972,079	681,431	-	1,840,665	10,163,428
Financial Assets at Fair Value through Profit/Loss (**)	16,408	37,342	120,019	44,559	28,755	737,957	985,040
Interbank Money Market Placements	1,000	-	-	-	-	-	1,000
Financial Assets Available-for-Sale	3,199,608	11,016,852	12,658,171	5,701,342	1,626,888	4,291,645	38,494,506
Loans (**)	20,956,393	12,020,509	15,738,573	32,816,562	17,023,973	1,788,690	100,344,700
Investments Held-to-Maturity	910,865	-	7,959	149,789	293,449	4,892	1,366,954
Other Assets	905,295	858,444	1,016,638	1,561,384	80,188	7,828,413	12,250,362
Total Assets	29,819,805	25,772,164	31,513,439	40,955,067	19,053,253	32,665,646	179,779,374
Liabilities							
Bank Deposits	3,524,855	1,129,067	1,015	109,811	-	819,038	5,583,786
Other Deposits	57,370,783	10,024,572	6,463,733	643,950	-	17,690,855	92,193,893
Interbank Money Market Takings	12,616,799	563,513	911,100	-	-	15,532	14,106,944
Miscellaneous Payables	-	-	-	-	-	8,063,053	8,063,053
Securities Issued	1,305,342	322,141	1,063,153	1,048,258	2,157,650	180,491	6,077,035
Other Fundings	7,076,180	2,267,587	8,774,682	5,531,591	1,928,300	314,752	25,893,092
Other Liabilities	20,523	-	-	-	-	27,841,048	27,861,571
Total Liabilities	81,914,482	14,306,880	17,213,683	7,333,610	4,085,950	54,924,769	179,779,374
On Balance Sheet Long Position	-	11,465,284	14,299,756	33,621,457	14,967,303	-	74,353,800
On Balance Sheet Short Position	(52,094,677)	-	-	-	-	(22,259,123)	(74,353,800)
Off-Balance Sheet Long Position	1,659,214	3,486,402	2,659,801	3,394,547	626,121	-	11,826,085
Off-Balance Sheet Short Position	(761,101)	(1,949,132)	(2,101,659)	(3,970,884)	(1,172,411)	-	(9,955,187)
Total Position	(51,196,564)	13,002,554	14,857,898	33,045,120	14,421,013	(22,259,123)	1,870,898

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

(**) Loans amounting to TL 222,181 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>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	8,312,450	8,312,450
Banks	9,961,437	1,607,707	2,072,916	437,020	-	2,637,435	16,716,515
Financial Assets at Fair Value through Profit/Loss	37,694	50,325	92,847	259,820	568,096	965,352	1,974,134
Interbank Money Market Placements	6,800	-	-	-	-	-	6,800
Financial Assets Available-for-Sale	3,175,246	8,996,171	6,114,101	9,578,813	984,245	2,306,463	31,155,039
Loans	17,768,557	12,585,374	15,652,944	26,529,611	16,407,602	1,790,021	90,734,109
Investments Held-to-Maturity	910,864	1,458,014	574,141	157,033	1,421,680	264,798	4,786,530
Other Assets	402,550	730,280	1,009,046	1,422,969	191,098	6,033,803	9,789,746
Total Assets	32,263,148	25,427,871	25,515,995	38,385,266	19,572,721	22,310,322	163,475,323
Liabilities							
Bank Deposits	1,777,950	234,740	163,946	484,997	-	435,177	3,096,810
Other Deposits	53,016,993	11,823,204	6,441,582	1,503,846	139,209	17,214,671	90,139,505
Interbank Money Market Takings	9,311,696	1,211,683	-	1,189,870	-	24,908	11,738,157
Miscellaneous Payables	-	-	-	-	-	6,059,290	6,059,290
Securities Issued	1,325,937	-	1,371,442	-	906,605	138,072	3,742,056
Other Fundings	11,462,054	1,715,238	4,379,208	3,504,548	3,915,273	320,854	25,297,175
Other Liabilities	713,444	-	-	1	-	22,688,885	23,402,330
Total Liabilities	77,608,074	14,984,865	12,356,178	6,683,262	4,961,087	46,881,857	163,475,323
On Balance Sheet Long Position	-	10,443,006	13,159,817	31,702,004	14,611,634	-	69,916,461
On Balance Sheet Short Position	(45,344,926)	-	-	-	-	(24,571,535)	(69,916,461)
Off-Balance Sheet Long Position	1,585,694	1,773,331	1,965,410	2,921,914	2,511,160	-	10,757,509
Off-Balance Sheet Short Position	(1,053,837)	(812,713)	(2,449,735)	(4,050,028)	(1,502,335)	-	(9,868,648)
Total Position	(44,813,069)	11,403,624	12,675,492	30,573,890	15,620,459	(24,571,535)	888,861

(*) 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
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.00-2.40	0.65-3.16	-	5.08-8.60
Financial Assets at Fair Value through Profit/Loss	0.89-4.63	0.37-7.24	-	5.01-13.00
Interbank Money Market Placements	-	-	-	5.25
Financial Assets Available-for-Sale	3.35-6.10	2.32-9.51	-	9.03-10.48
Loans	2.91-7.39	3.20-9.54	5.61	7.90-15.15
Investments Held-to-Maturity	-	6.86	-	8.15-9.00
Liabilities				
Bank Deposits	0.40-2.49	1.42-2.95	-	4.80-6.75
Other Deposits	1.98-3.00	1.82-2.19	1.48-1.71	5.94-7.10
Interbank Money Market Takings	3.50	1.30-2.04	-	4.50-5.67
Miscellaneous Payables	-	-	-	-
Securities Issued	-	4.98	-	6.71-9.06
Other Fundings	1.34-6.62	1.23-6.50	-	6.77-11.40

<i>Prior Period</i>	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks (*)	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
Liabilities				
Bank Deposits	0.20-5.37	0.89-5.19	-	4.75-10.14
Other Deposits	0.05-8.00	0.05-7.00	0.50	8.41
Interbank Money Market Takings	1.18-2.09	1.00-2.58	-	5.00-10.58
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 resulting from banking book, major assumptions on early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk*

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

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

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

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

In the duration gap analysis, 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, the maturity is determined as per interest rate fixing periods and customer behaviors. Such results are supported by sensitivity and scenario analysis applied periodically for possible fluctuations in the markets.

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

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

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

4.6.3.2 *Economic value differences resulted from interest rate instabilities calculated 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*

<i>Current Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(2,820,578)	(12.92)%
2	TL	(-) 400 bps	2,761,432	12.65%
3	USD	(+) 200 bps	14,983	0.07%
4	USD	(-) 200 bps	(62,230)	(0.28)%
5	EUR	(+) 200 bps	(76,545)	(0.35)%
6	EUR	(-) 200 bps	82,518	0.38%
Total (of negative shocks)			2,781,720	12.75%
Total (of positive shocks)			(2,882,140)	(13.20)%

4.7 Consolidated position risk of equity securities

4.7.1 Comparison of carrying, fair and market values of equity shares

<i>Current Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- grade A	155,698	-	-
	Quoted Securities	-	-	-
2	Investment in Shares- grade B	11,514	-	-
	Quoted Securities	-	-	-
3	Investment in Shares- grade C	-	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- grade F	48	-	-
	Quoted Securities	-	-	-

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

Current Period		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
			Total	Amount in Supplementary Capital	Total	Amount in Core Capital	Amount in Supplementary Capital
Portfolio							
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	3,147	-	1,416
3	Other Shares	-	495	223	-	-	-
Total		-	495	223	3,147	-	1,416

4.8 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 foreing 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 requirments 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 years 2012 and 2011, are as follows:

<i>Current Period</i>	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	131.56	139.73	98.80	104.67

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

4.8.1 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
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	3,301,537	12,871,847	-	-	-	-	-	16,173,384
Banks	2,236,000	2,159,408	281,029	941,226	2,617,465	1,928,300	-	10,163,428
Financial Assets at Fair Value through Profit/Loss (**)	24,144	142,927	96,151	291,624	323,965	106,229	-	985,040
Interbank Money Market Placements	-	1,000	-	-	-	-	-	1,000
Financial Assets Available-for-Sale	29,950	-	975,307	15,398,169	16,295,523	5,795,557	-	38,494,506
Loans (**)	142,461	17,264,322	8,938,905	14,116,522	37,280,708	21,996,800	604,982	100,344,700
Investments Held-to-Maturity	-	-	-	8,226	1,061,780	296,948	-	1,366,954
Other Assets	1,276,094	1,078,012	915,092	1,177,453	1,729,444	87,783	5,986,484	12,250,362
Total Assets	7,010,186	33,517,516	11,206,484	31,933,220	59,308,885	30,211,617	6,591,466	179,779,374
Liabilities								
Bank Deposits	1,327,590	3,073,723	963,555	66,632	152,286	-	-	5,583,786
Other Deposits	20,576,089	55,024,554	9,904,450	5,357,219	1,311,221	20,360	-	92,193,893
Other Fundings	-	3,100,573	1,683,021	9,618,001	8,269,947	3,221,550	-	25,893,092
Interbank Money Market Takings	-	12,623,931	569,713	913,300	-	-	-	14,106,944
Securities Issued	-	781,829	322,141	991,070	1,664,833	2,317,162	-	6,077,035
Miscellaneous Payables	608,125	4,124,549	2,320	3,708	-	3,324,351	-	8,063,053
Other Liabilities (***)	1,325,047	525,050	165,316	107,014	498,230	84,161	25,156,753	27,861,571
Total Liabilities	23,836,851	79,254,209	13,610,516	17,056,944	11,896,517	8,967,584	25,156,753	179,779,374
Liquidity Gap	(16,826,665)	(45,736,693)	(2,404,032)	14,876,276	47,412,368	21,244,033	(18,565,287)	-
Prior Period								
Total Assets	7,474,122	27,556,310	15,650,011	16,990,108	63,333,220	29,557,884	2,913,668	163,475,323
Total Liabilities	21,147,805	69,780,844	14,879,692	19,300,514	11,906,371	5,967,740	20,492,357	163,475,323
Liquidity Gap	(13,673,683)	(42,224,534)	770,319	(2,310,406)	51,426,849	23,590,144	(17,578,689)	-

(*) 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 222,181 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.

Contractual maturity analysis of liabilities according to remaining maturities

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

<i>Current Period</i>	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposits	5,583,786	5,576,602	1,327,586	3,070,213	960,359	66,333	152,111	-
Other Deposits	92,193,893	91,845,937	20,576,026	54,816,676	9,848,678	5,292,747	1,291,639	20,171
Other Fundings	25,893,092	25,578,341	-	2,974,711	1,561,047	9,560,378	8,260,662	3,221,543
Interbank Money Market Takings	14,106,944	14,091,412	-	12,616,799	563,513	911,100	-	-
Securities Issued	6,077,035	5,896,537	-	777,335	322,140	990,952	1,648,458	2,157,652
Total	143,854,750	142,988,829	21,903,612	74,255,734	13,255,737	16,821,510	11,352,870	5,399,366

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

4.9 Consolidated securitisation positions

None.

4.10 Consolidated 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 resulting from shorter remaining life of collateral than of receivables, the value of collateral is considered as the volatility-adjusted value.

<i>Current Period</i>	Amount (**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	57,174,167	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	4,581	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	114,383	-	-	-
Conditional and unconditional exposures to multilateral development banks	5,211	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	29,454,649	4,364,993	-	-
Conditional and unconditional exposures to corporates	131,399,214	4,824,441	-	-
Conditional and unconditional retail exposures	68,404,512	932,524	-	-
Conditional and unconditional exposures secured by real estate property (*)	13,681,622	65,057	-	-
Past due items	411,663	9,421	-	-
Items in regulatory high-risk categories	7,955,906	103,155	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	3,339,168	-	-	-
Other items	3,703,511	-	-	-

(*) The mortgages used for the determination of the risk categories as per the article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, are excluded.

(**) Includes total risk amounts before the effect of credit risk mitigation and liquidity conversions.

4.11 Risk management objectives and policies

The Risk Management Strategy of the 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.

4.12 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	165,235,806	150,583,848	164,668,809	150,114,901
Interbank Money Market Placements	1,000	6,800	1,000	6,800
Banks (*)	25,028,646	23,901,370	25,028,646	23,901,370
Financial Assets Available-for-Sale	38,494,506	31,155,039	38,494,506	31,155,039
Investments Held-to-Maturity	1,366,954	4,786,530	1,467,754	5,019,805
Loans (**)	100,344,700	90,734,109	99,676,903	90,031,887
Financial Liabilities	151,917,803	140,072,993	151,917,803	140,072,993
Bank Deposits	5,583,786	3,096,810	5,583,786	3,096,810
Other Deposits	92,193,893	90,139,505	92,193,893	90,139,505
Other Fundings from Financial Institutions	40,000,036	37,035,332	40,000,036	37,035,332
Securities Issued	6,077,035	3,742,056	6,077,035	3,742,056
Miscellaneous Payables	8,063,053	6,059,290	8,063,053	6,059,290

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

(**) Loans amounting to TL 222,181 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Loans".

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

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	36,233,452	14,983	2,246,071	38,494,506
Financial Assets Held for Trading	270,188	-	4,217	274,405
Derivative Financial Assets Held for Trading	5,776	704,859	-	710,635
Loans	-	222,181	-	222,181
Investments in Associates and Subsidiaries	-	-	42,114	42,114
Derivative Financial Assets Held for Risk Management	-	-	-	-
Financial Assets at Fair Value	36,509,416	942,023	2,292,402	39,743,841
Derivative Financial Liabilities Held for Trading	-	927,001	-	927,001
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Financial Liabilities at Fair Value	-	927,001	-	927,001

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

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

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

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

4.13 Transactions carried out on behalf of customers and 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>	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	800,979	459,761	617,208	426,380
Central Bank of Turkey	492,972	14,372,246	972,268	6,212,587
Others	-	47,426	30	83,977
Total	1,293,951	14,879,433	1,589,506	6,722,944

Balances with the Central Bank of Turkey

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	492,972	1,500,401	972,268	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	12,871,845	-	6,212,587
Total	492,972	14,372,246	972,268	6,212,587

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>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	-	223,894	3,681	646,886
Assets Subject to Repurchase Agreements	19,816	-	2,036	-
Total	19,816	223,894	5,717	646,886

5.1.2.2 Positive differences on derivative financial assets held for trading

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Forward Transactions	43,805	5,533	68,223	25,013
Swap Transactions	208,444	370,089	37,964	504,566
Futures	158	5,776	12	4,950
Options	46,557	30,273	108,373	174,649
Others	-	-	-	54
Total	298,964	411,671	214,572	709,232

5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	431,974	845,451	350,488	755,877
Foreign banks	2,041,492	6,844,511	2,071,354	13,538,796
Foreign headoffices and branches	-	-	-	-
Total	2,473,466	7,689,962	2,421,842	14,294,673

Due from foreign banks

	Unrestricted Balances		Restricted Balances	
	<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>	<i>Prior Period</i>
EU Countries	2,386,668	6,500,586	5,922,909	7,430,350
USA, Canada	134,922	1,008,254	219,495	431,411
OECD Countries (1)	34,720	18,013	-	-
Off-shore Banking Regions	70,720	63,515	26,401	26,372
Others	83,551	131,649	6,617	-
Total	2,710,581	7,722,017	6,175,422	7,888,133

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

The placements at foreign banks include blocked accounts amounting TL 6,175,422 (31 December 2011: TL 7,888,133 thousands) of which TL 82,876 thousands (31 December 2011: TL 185,474 thousands) and TL 26,402 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 6,066,144 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 108,694 thousands (31 December 2011: TL 94,091 thousands) as required for insurance activities.

5.1.4 Financial assets available-for-sale

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

Collateralized financial assets available-for-sale in TL consist of government bonds. Total carrying value of such securities with total face value of TL 9,411,554 thousands (31 December 2011: TL 6,699,932 thousands) is TL 9,593,212 thousands (31 December 2011: TL 6,901,185 thousands). The related accrued interests amount to TL 1,378,279 thousands (31 December 2011: TL 763,474 thousands). The related impairment losses on these securities amount to TL 3,420 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 139,040,108 and RUB 149,000,000 (31 December 2011: USD 20,728,000, EUR 301,823,542 and RUB 125,000,000), are USD 8,195,886 EUR 140,576,039 and RUB 149,238,400 (31 December 2011: USD 21,959,154, EUR 300,387,939 and RUB 124,062,500). The related accrued interest income amount to USD 1,943,910, EUR 15,699,450 and RUB 5,387,840 respectively (31 December 2011: USD 2,755,324, EUR 3,378,158 and RUB 2,388,750), and the impairment losses to USD 155,181 and EUR 45,166 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	10,968,071	388,212	7,622,941	783,085
Assets subject to Repurchase Agreements	14,696,052	699,780	11,142,092	1,279,161
Total	25,664,123	1,087,992	18,765,033	2,062,246

5.1.4.2 Details of financial assets available-for-sale

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	34,227,618	29,141,787
Quoted at Stock Exchange	32,025,799	26,435,077
Unquoted at Stock Exchange	2,201,819	2,706,710
Common Shares/Investment Fund	22,251	19,668
Quoted at Stock Exchange	5,081	5,081
Unquoted at Stock Exchange	17,170	14,587
Value Increase/Impairment Losses (-)	4,244,637	1,993,584
Total	38,494,506	31,155,039

As of 31 December 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 765,645 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
Direct Lendings to Shareholders	21	121,141	26	35,339
Corporates	21	121,141	26	35,339
Real Persons	-	-	-	-
Indirect Lendings to Shareholders	368,707	495,947	268,574	551,004
Loans to Employees	175,918	-	151,148	-
Total	544,646	617,088	419,748	586,343

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

<i>Current Period</i>	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Cash Loans						
Loans	97,197,474	1,508,528	77,093	2,551,356	875,596	571,771
Working Capital Loans	9,969,326	158,070	6,109	518,361	240,937	112,259
Export Loans	3,768,124	10,450	-	114,629	83,233	15,850
Import Loans	488,213	3,096	-	-	-	-
Loans to Financial Sector (*)	3,189,528	2	-	211	20	-
Consumer Loans	22,592,988	694,854	48,048	505,969	86,097	92,746
Credit Cards	11,615,309	-	-	338,376	-	252,722
Others	45,573,986	642,056	22,936	1,073,810	465,309	98,194
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	97,197,474	1,508,528	77,093	2,551,356	875,596	571,771

(*) Loans amounting to TL 222,181 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

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	13,419	2,375	-	15,794
Loans Collateralized by Mortgages	951,364	200,580	-	1,151,944
Loans Collateralized by Pledged Assets	121,406	25,234	-	146,640
Loans Collateralized by Cheques and Notes	96,309	204,960	-	301,269
Loans Collateralized by Other Collaterals	490,391	44,069	-	534,460
Unsecured Loans	34,122	28,751	338,376	401,249
Total	1,707,011	505,969	338,376	2,551,356

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

Delinquency periods of loans under follow-up

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	74,070	177,183	60,066	311,319
61-90 days	106,752	72,061	24,868	203,681
Other	1,526,189	256,725	253,442	2,036,356
Total	1,707,011	505,969	338,376	2,551,356

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

Loans and other receivables with extended payment plans

<i>Current Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
No. of Extensions		
1 or 2 times	1,304,863	833,038
3, 4 or 5 times	179,235	28,622
Over 5 times	24,430	13,936
Total	1,508,528	875,596

<i>Current Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
Extention Periods		
0 - 6 months	242,610	413,665
6 - 12 months	368,146	80,387
1 - 2 years	382,950	88,943
2 - 5 year	392,946	117,178
5 years and over	121,876	175,423
Total	1,508,528	875,596

5.1.5.3 Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
<i>Current Period</i>	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-Term Loans	32,558,640	402,072	588,918	362,120
Loans	32,558,640	402,072	588,918	362,120
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	64,638,834	1,183,549	1,962,438	1,085,247
Loans	64,638,834	1,183,549	1,962,438	1,085,247
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	97,197,474	1,585,621	2,551,356	1,447,367

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	574,505	20,570,250	21,144,755
Housing Loans	13,381	10,248,790	10,262,171
Automobile Loans	21,313	1,269,827	1,291,140
General Purpose Loans	107,615	1,283,909	1,391,524
Others	432,196	7,767,724	8,199,920
Consumer Loans – FC-indexed	-	274,002	274,002
Housing Loans	-	264,756	264,756
Automobile Loans	-	246	246
General Purpose Loans	-	6,858	6,858
Others	-	2,142	2,142
Consumer Loans – FC	151,370	1,025,824	1,177,194
Housing Loans	1,193	446,037	447,230
Automobile Loans	13	7,184	7,197
General Purpose Loans	7,969	347,577	355,546
Others	142,195	225,026	367,221
Retail Credit Cards – TL	10,891,301	264,632	11,155,933
With Installment	5,698,845	264,632	5,963,477
Without Installment	5,192,456	-	5,192,456
Retail Credit Cards – FC	46,460	62,124	108,584
With Installment	10,837	1,656	12,493
Without Installment	35,623	60,468	96,091
Personnel Loans – TL	18,465	37,051	55,516
Housing Loan	-	1,171	1,171
Automobile Loans	-	146	146
General Purpose Loans	4,265	5,866	10,131
Others	14,200	29,868	44,068
Personnel Loans - FC-indexed	224	15,302	15,526
Housing Loans	-	14,378	14,378
Automobile Loans	-	-	-
General Purpose Loans	224	924	1,148
Others	-	-	-
Personnel Loans – FC	2,389	48,823	51,212
Housing Loans	63	15,457	15,520
Automobile Loans	-	41	41
General Purpose Loans	174	27,666	27,840
Others	2,152	5,659	7,811
Personnel Credit Cards – TL	43,806	513	44,319
With Installment	34,769	513	35,282
Without Installment	9,037	-	9,037
Personnel Credit Cards – FC	810	1,500	2,310
With Installment	255	-	255
Without Installment	555	1,500	2,055
Deposit Accounts– TL (Real Persons)	380,752	-	380,752
Deposit Accounts– FC (Real Persons)	-	-	-
Total	12,110,082	22,300,021	34,410,103

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	385,331	16,971,897	17,357,228
Housing Loans	12,680	8,682,875	8,695,555
Automobile Loans	18,473	1,078,107	1,096,580
General Purpose Loans	28,796	635,716	664,512
Others	325,382	6,575,199	6,900,581
Consumer Loans – FC-indexed	-	408,695	408,695
Housing Loans	-	387,458	387,458
Automobile Loans	-	1,491	1,491
General Purpose Loans	-	10,380	10,380
Others	-	9,366	9,366
Consumer Loans – FC	259,227	1,085,584	1,344,811
Housing Loans	12,741	471,986	484,727
Automobile Loans	5	9,096	9,101
General Purpose Loans	27,004	37,944	64,948
Others	219,477	566,558	786,035
Retail Credit Cards – TL	9,270,682	121,785	9,392,467
With Installment	4,315,910	121,785	4,437,695
Without Installment	4,954,772	-	4,954,772
Retail Credit Cards – FC	54,092	45,461	99,553
With Installment	7,041	-	7,041
Without Installment	47,051	45,461	92,512
Personnel Loans – TL	20,775	20,964	41,739
Housing Loan	-	1,081	1,081
Automobile Loans	-	66	66
General Purpose Loans	972	985	1,957
Others	19,803	18,832	38,635
Personnel Loans - FC-indexed	527	11,360	11,887
Housing Loans	527	11,360	11,887
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	1,020	50,495	51,515
Housing Loans	-	16,088	16,088
Automobile Loans	-	83	83
General Purpose Loans	39	41	80
Others	981	34,283	35,264
Personnel Credit Cards – TL	36,359	414	36,773
With Installment	27,391	414	27,805
Without Installment	8,968	-	8,968
Personnel Credit Cards – FC	453	1,573	2,026
With Installment	27	-	27
Without Installment	426	1,573	1,999
Deposit Accounts– TL (Real Persons)	411,687	-	411,687
Deposit Accounts– FC (Real Persons)	-	-	-
Total	10,440,153	18,718,228	29,158,381

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,113,031	7,756,447	8,869,478
Real Estate Loans	547	577,452	577,999
Automobile Loans	49,295	1,540,604	1,589,899
General Purpose Loans	1,063,189	5,631,924	6,695,113
Others	-	6,467	6,467
Installment-based Commercial Loans - FC-indexed	87,881	685,775	773,656
Real Estate Loans	-	39,880	39,880
Automobile Loans	2,545	211,094	213,639
General Purpose Loans	70,804	411,058	481,862
Others	14,532	23,743	38,275
Installment-based Commercial Loans – FC	625,038	942,040	1,567,078
Real Estate Loans	-	257,571	257,571
Automobile Loans	170	4,665	4,835
General Purpose Loans	246	10,074	10,320
Others	624,622	669,730	1,294,352
Corporate Credit Cards – TL	636,981	750	637,731
With Installment	375,502	750	376,252
Without Installment	261,479	-	261,479
Corporate Credit Cards – FC	4,808	-	4,808
With Installment	1	-	1
Without Installment	4,807	-	4,807
Deposit Accounts– TL (Corporates)	646,939	-	646,939
Deposit Accounts– FC (Corporates)	-	-	-
Total	3,114,678	9,385,012	12,499,690

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	798,777	7,194,941	7,993,718
Real Estate Loans	1,121	528,143	529,264
Automobile Loans	56,032	1,417,261	1,473,293
General Purpose Loans	741,624	5,247,089	5,988,713
Others	-	2,448	2,448
Installment-based Commercial Loans - FC-indexed	88,845	696,249	785,094
Real Estate Loans	136	49,918	50,054
Automobile Loans	5,191	219,563	224,754
General Purpose Loans	83,518	426,768	510,286
Others	-	-	-
Installment-based Commercial Loans – FC	578,429	729,008	1,307,437
Real Estate Loans	-	1,178	1,178
Automobile Loans	151	4,724	4,875
General Purpose Loans	312	5,200	5,512
Others	577,966	717,906	1,295,872
Corporate Credit Cards – TL	426,613	724	427,337
With Installment	196,638	724	197,362
Without Installment	229,975	-	229,975
Corporate Credit Cards – FC	4,117	-	4,117
With Installment	-	-	-
Without Installment	4,117	-	4,117
Deposit Accounts– TL (Corporates)	525,078	-	525,078
Deposit Accounts– FC (Corporates)	-	-	-
Total	2,421,859	8,620,922	11,042,781

5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	1,198,693	1,472,793
Private Sector (*)	98,550,137	88,856,315
Total	99,748,830	90,329,108

(*) Loans amounting to TL 222,181 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under “Private Sector”.

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	91,700,234	84,546,363
Foreign Loans (*)	8,048,596	5,782,745
Total	99,748,830	90,329,108

(*) Loans amounting to TL 222,181 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	34,247	16,384
Indirect Lending	-	-
Total	34,247	16,384

5.1.5.9 Specific provisions for loans

Specific Provisions	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	153,280	28,890
Doubtful Loans and Receivables	468,299	156,321
Uncollectible Loans and Receivables	1,487,761	1,343,321
Total	2,109,340	1,528,532

5.1.5.10 Non-performing loans (net)

Non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	141,642	40,941	114,613
Rescheduled Loans and Receivables	-	-	38,274
Total	141,642	40,941	152,887
Prior Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	12,368	20,353	157,497
Rescheduled Loans and Receivables	-	-	5,167
Total	12,368	20,353	162,664

Movements in non-performing loan groups

	Group III	Group IV	Group V
<i>Current Period</i>	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	78,176	191,288	1,664,069
Additions (+)	878,790	179,605	256,959
Transfer from Other NPL Categories (+)	82,686	617,305	344,953
Transfer to Other NPL Categories (-)	607,810	345,163	93,396
Collections during the Period (-)	84,086	65,183	183,923
Write-offs (-) (*)	5,346	-	203,714
Corporate and Commercial Loans	5,211	-	10,441
Retail Loans	135	-	52,103
Credit Cards	-	-	140,667
Other	-	-	503
Balances at End of Period	342,410	577,852	1,784,948
Specific Provisions (-)	153,280	468,299	1,487,761
Net Balance on Balance Sheet	189,130	109,553	297,187

(*) TL 198,936 thousands of this amount is due to sale of non-performing loans.

<i>Prior Period</i>	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	69,719	138,127	2,025,265
Additions (+)	303,743	81,937	251,146
Transfer from Other NPL Categories (+)	-	248,894	215,546
Transfer to Other NPL Categories (-)	249,400	219,156	213,210
Collections during the Period (-)	45,886	58,514	383,423
Write-offs (-) (*)	-	-	231,255
Corporate and Commercial Loans	-	-	30,064
Retail Loans	-	-	112,307
Credit Cards	-	-	88,884
Other	-	-	-
Balances at End of Period	78,176	191,288	1,664,069
Specific Provisions (-)	28,890	156,321	1,343,321
Net Balance on Balance Sheet	49,286	34,967	320,748

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

Movements in specific loan provisions

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	561,503	401,108	565,921	1,528,532
Additions during the Period (+)	471,255	249,244	273,220	993,719
Restructured/Rescheduled Loans (-)	245	75	-	320
Collections during the Period (-)	62,022	66,914	81,908	210,844
Write-Offs (-)	14,821	46,259	140,667	201,747
Balances at End of Period	955,670	537,104	616,566	2,109,340

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

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	133,372	245,566	666,560
Specific Provisions (-)	45,693	206,553	524,537
Net Balance at Balance Sheet	87,679	39,013	142,023
<i>Prior Period</i>			
Balance at End of Period	3,038	26,843	596,701
Specific Provisions (-)	211	18,555	429,011
Net Balance at Balance Sheet	2,827	8,288	167,690

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period (Net)</i>	189,130	109,553	297,187
Loans to Individuals and Corporates (Gross)	342,410	577,852	1,776,918
Specific Provision (-)	153,280	468,299	1,479,731
Loans to Individuals and Corporates (Net)	189,130	109,553	297,187
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,719
Specific Provision (-)	-	-	7,719
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>	49,286	34,967	320,748
Loans to Individuals and Corporates (Gross)	78,176	191,288	1,657,029
Specific Provision (-)	28,890	156,321	1,336,281
Loans to Individuals and Corporates (Net)	49,286	34,967	320,748
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,729
Specific Provision (-)	-	-	6,729
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	10,166	213	-	10,379
Loans Collateralized by Mortgages	518,864	60,797	-	579,661
Loans Collateralized by Pledged Assets	258,097	39,971	-	298,068
Loans Collateralized by Cheques and Notes	252,037	253,795	-	505,832
Loans Collateralized by Other Collaterals	217,235	87,095	-	304,330
Unsecured Loans	158,185	195,277	653,478	1,006,940
Total	1,414,584	637,148	653,478	2,705,210

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	353	149	-	502
Loans Collateralized by Mortgages	258,444	62,908	-	321,352
Loans Collateralized by Pledged Assets	111,998	36,077	-	148,075
Loans Collateralized by Cheques and Notes	153,909	125,391	-	279,300
Loans Collateralized by Other Collaterals	159,124	8,795	-	167,919
Unsecured Loans	174,145	246,970	595,270	1,016,385
Total	857,973	480,290	595,270	1,933,533

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 Write-off policy

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

5.1.6 Factoring receivables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	1,543,115	281,016	1,070,103	162,757
Medium and Long-Term	2,683	7,520	10,239	6,386
Total	1,545,798	288,536	1,080,342	169,143

5.1.7 Investments held-to-maturity

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	677,626	356,786	2,470,203	487,156
Investments subject to Repurchase Agreements	-	-	156,819	-
Total	677,626	356,786	2,627,022	487,156

5.1.7.2 Government securities held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	911,349	3,170,068
Treasury Bills	-	-
Other Government Securities	445,864	1,610,487
Total	1,357,213	4,780,555

5.1.7.3 Investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	1,362,063	4,521,731
Quoted at Stock Exchange	1,354,998	4,515,950
Unquoted at Stock Exchange	7,065	5,781
Valuation Increase / (Decrease)	4,891	264,799
Total	1,366,954	4,786,530

5.1.7.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	4,786,530	5,893,931
Foreign Currency Differences on Monetary Assets	(26,348)	292,041
Purchases during the Period	9,557	5,781
Disposals through Sales/Redemptions (*)	(3,407,676)	(1,360,037)
Valuation Effect	4,891	(45,186)
Balances at End of Period	1,366,954	4,786,530

(*) As per the legislation on capital adequacy (Basel II) effective from 1 July 2012, the risk weight 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

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ	Istanbul/Turkey	-	6.67
2	Bankalararası Kart Merkezi AŞ ⁽¹⁾	Istanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	Istanbul/Turkey	0.77	0.77
4	İMKB Takas ve Saklama Bankası AŞ ⁽¹⁾	Istanbul/Turkey	5.83	5.83
5	Vadeli İşlem ve Opsiyon Borsası AŞ ⁽²⁾	Istanbul/Turkey	6.00	6.00
6	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	Istanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽³⁾	Ankara/Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ ⁽¹⁾	Ankara/Turkey	1.67	1.67

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	9,944	5,929	849	838	95	3	1	-
2	28,465	22,672	13,462	680	146	4,189	3,179	-
3	615,831	67,144	1,857	13,767	784	2,171	5,973	-
4	3,586,501	321,866	13,751	65,646	2,084	45,429	24,411	-
5	74,436	60,732	4,068	2,984	49	6,183	938	-
6	65,251	58,310	4,769	1,395	-	24,044	12,969	-
7	219,810,695	29,740,117	242,921	2,981,762	2,110,871	18,381,955	3,099,403	-
8	247,800	242,307	3,113	8,322	1	6,695	7,665	-

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

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

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

(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.

The liquidation of Gelişen Bilgi Teknolojileri AŞ has been completed in the current period.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.8.2 Consolidated investments in associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	34,249	33,820	221	377	6,712	3,553	868	20,400

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

(1) Financial information is as of 30 September 2012, however the fair value information is as of 31 December 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>
Balance at Beginning of Period	38	60,244
Movements during the Period	5	(60,206)
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	6,261
Sales/Liquidations (-) (*)	-	(66,448)
Reclassifications	-	-
Increase/Decrease in Fair Values	5	(19)
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	43	38
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

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

Associates	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value	43	38
Valued by Equity Method of Accounting	-	-

Sectoral distribution of consolidated investments and associates

Associates	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	43	38
Other Associates	-	-

Quoted consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	43	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 adequacy of major subsidiaries

<i>Current Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AS	Garanti Holding BV
CORE CAPITAL	896,741	559,976	332,747
Paid-in Capital	322,353	12,016	856,656
Inflation Adjustments to Paid-in Capital	-	68,832	-
Share Premium	-	-	30,113
Reserves	474,900	419,008	(367,428)
Current Period's Profit and Prior Periods' Profit	101,782	61,560	-
Current Period's Losses and Prior Periods' Losses	-	-	(40,642)
Leasehold Improvements on Operational Leases (-)	-	-	12,821
Intangible Assets (-)	2,294	1,440	2,805
Goodwill (Net) (-)	-	-	130,326
SUPPLEMENTARY CAPITAL	178,282	-	9,720
CAPITAL	1,075,023	559,976	342,467
DEDUCTIONS FROM CAPITAL	-	42	81,453
NET AVAILABLE EQUITY	1,075,023	559,934	261,014

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 ⁽¹⁾	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 ⁽²⁾	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	37,714	31,021	536	23	2,415	7,234	7,414	-	-
2	34,993	15,519	5,120	953	1,178	1,959	2,430	-	-
3	1,648	1,324	10	-	26	1,009	(555)	-	-
4	1,075	739	88	-	23	358	189	-	-
5	1,858	1,744	-	-	62	389	266	-	-
6	35	59	27	-	-	(1)	(22)	-	-
7	290	290	-	-	-	-	-	-	-
8	293	290	-	-	-	-	-	-	-
9	42	42	-	-	-	-	-	-	-
10	316,820	42,114	248,254	401	-	16,223	9,842	-	-
11	552	551	-	-	26	(39)	7	-	-

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

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

⁽²⁾ Financial information is as per its liquidation balance sheet dated 28 November 2012.

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

The non-financial investments excluded from the consolidation process, 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>
Balance at Beginning of Period	2,064,495	1,646,532
Movements during the Period	419,958	417,963
Acquisitions and Capital Increases ^(*)	46,474	83,420
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	8,653
Increase/Decrease in Market Values	420,961	154,562
Currency Differences on Foreign Subsidiaries	(47,477)	171,328
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	2,484,453	2,064,495
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*)

Current period;

The paid-in capital of Garanti Holding BV was increased from EUR 349,088,600 to EUR 369,088,600 on 18 October 2012 as per the decision made at the board of directors' meeting held on 11 October 2012.

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	2,248,503	1,828,545

Sectoral distribution of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,357,098	1,023,375
Insurance Companies	56,545	56,545
Factoring Companies	130,967	68,749
Leasing Companies	110,743	110,743
Finance Companies	829,100	805,083
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	130,967	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	2,870,263	561,416	17,420	221,824	-	61,560	80,784	-
2	1,955,227	105,011	2,414	149,058	228	20,460	34,534	160,020
3	57,117	32,430	2,681	636	2,648	621	2,214	-
4	21,635	18,201	2,176	1,027	108	3,165	620	-
5	4,224,009	576,244	15,626	55,108	6,535	133,977	112,997	-
6	10,698,822	1,042,598	46,214	445,057	73,464	101,782	128,056	1,141,605
7	813,049	166,913	42,036	35,745	17,371	16,896	12,012	215,619
8	753,148	753,116	-	-	-	(121)	(10)	760,436
9	796,474	677,182	-	375	-	(4,739)	(6,890)	-
10	3,500,589	458,016	46,934	204,049	27,454	(50,005)	7,462	-
11	208,758	35,092	5,488	19,347	-	5,254	2,809	-
12	178,926	21,752	1,544	36,525	-	5,302	5,018	-
13	273,040	32,168	318	18,276	-	4,995	4,359	-

(*) 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>	
	Gross	Net	Gross	Net
Less than 1 Year	1,174,890	1,063,248	1,045,915	897,416
Between 1-5 Years	2,029,321	1,717,707	1,810,768	1,581,938
Longer than 5 Years	108,236	87,955	219,913	190,540
Total	3,312,447	2,868,910	3,076,596	2,669,894

5.1.11.2 Net financial lease receivables

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	3,312,447	3,076,596
Unearned Income on Financial Lease Receivables (-)	(443,537)	(406,702)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	2,868,910	2,669,894

5.1.11.3 Financial lease agreements

Criteria applied for financial lease agreements

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.

Details monitored subsequent to signing of financial lease agreements

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

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

5.1.12 Derivative financial assets held for risk management

5.1.12.1 Positive differences on derivative financial instruments held for risk management

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

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

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at End of Prior Period					
Cost	1,219,962	379,357	31,388	1,188,590	2,819,297
Accumulated Depreciation	(293,995)	(344,882)	(24,964)	(729,331)	(1,393,172)
Net Book Value	925,967	34,475	6,424	459,259	1,426,125
Balance at End of Current Period					
Net Book Value at Beginning of Current Period	925,967	34,475	6,424	459,259	1,426,125
Additions	39,731	534	3,589	183,711	227,565
Disposals (Cost)	(157,070)	(3,356)	(5,812)	(42,901)	(209,139)
Disposals (Accumulated Depreciation)	26,480	3,339	5,131	12,329	47,279
Reversal of/Impairment Losses (-)	16,779	-	-	-	16,779
Depreciation Expense for Current Period	(23,070)	(15,874)	(3,073)	(142,378)	(184,395)
Currency Translation Differences on Foreign Operations, net	296	-	(256)	(5,915)	(5,875)
Cost at End of Current Period	1,119,154	376,535	28,656	1,316,890	2,841,235
Accumulated Depreciation at End of Current Period	(290,041)	(357,417)	(22,653)	(852,785)	(1,522,896)
Net Book Value at End of Current Period	829,113	19,118	6,003	464,105	1,318,339

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

Conditions for allocating/releasing any impairment

None.

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

None.

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

A total provision of TL 22,111 thousands was reversed and a total provision of TL 5,573 thousands was made for the impairment in values of certain real estates in 2012 in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets".

5.1.14 Intangible assets

5.1.14.1 Useful lives and amortisation rates

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

5.1.14.2 Amortisation methods

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

5.1.14.3 Balances at beginning and end of current period

	<i>Current Period</i>		<i>Prior Period</i>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intangible Assets	237,518	154,809	203,345	119,099

5.1.14.4 Movements of intangible assets for the current period

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	84,246	55,805
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	36,485	57,042
Disposals (-)	(2,651)	(5,699)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(34,877)	(24,048)
Currency Translation Differences on Foreign Operations	(494)	1,146
Other Movements	-	-
Net Book Value at End of Current Period	82,709	84,246

5.1.14.5 Details for any individually material intangible assets

None.

5.1.14.6 Intangible assets capitalised under government incentives at fair values

None.

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

None.

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

None.

5.1.14.9 Commitments to acquire intangible assets

None.

5.1.14.10 Disclosure on revalued intangible assets

None.

5.1.14.11 Research and development costs expensed during current period

None.

5.1.14.12 Goodwill

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

5.1.14.13 Movements in goodwill during current period

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

5.1.15 Investment property

<i>Current Period</i>	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type				
Building	157,544	(29,621)	(241)	Operational lease
Land	-	-	-	-

5.1.16 Deferred tax asset

As of 31 December 2012, on a consolidated basis the Bank has a deferred tax asset of TL 231,220 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 31 December 2012. However, there is a deferred tax asset of TL 316,089 thousands (31 December 2011: TL 197,339 thousands) and deferred tax liability of TL 84,869 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 31 December 2012, a deferred tax asset amounting TL 1,912 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>
End of Prior Period		
Cost	130,102	105,679
Accumulated Depreciation (-)	(2,446)	(1,646)
Net Book Value	127,656	104,033
End of Current Period		
Additions	79,074	123,683
Disposals (Cost)	(72,163)	(94,857)
Disposals (Accumulated Depreciation)	517	659
Reversal of Impairment / Impairment Losses (-)	(151)	(4,403)
Depreciation Expense for Current Period (-)	(2,185)	(1,459)
Currency Translation Differences on Foreign Operations	(311)	-
Cost	136,551	130,102
Accumulated Depreciation (-)	(4,114)	(2,446)
Net Book Value	132,437	127,656

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 5,313 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	1,362	3,167
Sale of Real Estates	7,733	13,945
Sale of Other Assets	3,007	2,978
Total	12,102	20,090

5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	311,590	289,532

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	3,550,602	-	3,270,706	25,970,388	288,667	92,810	250,950	2,619	33,426,742
Foreign Currency Deposits	10,042,224	-	5,812,532	15,896,903	1,349,877	3,846,762	3,925,922	79,203	40,953,423
Residents in Turkey	6,425,612	-	5,277,773	13,653,606	616,530	610,312	403,708	77,700	27,065,241
Residents in Abroad	3,616,612	-	534,759	2,243,297	733,347	3,236,450	3,522,214	1,503	13,888,182
Public Sector Deposits	676,056	-	24,344	13,628	8	-	-	-	714,036
Commercial Deposits	3,939,619	-	2,681,424	6,993,879	592,397	187,093	27,882	-	14,422,294
Others	67,004	-	39,804	189,564	5,226	347	372	-	302,317
Precious Metal Deposits	2,300,584	-	25,929	19,023	-	2,274	27,271	-	2,375,081
Bank Deposits	1,327,590	-	1,707,350	2,122,870	86,364	118,807	220,805	-	5,583,786
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	115,385	-	379,143	2,018	4	9	57,550	-	554,109
Foreign Banks	722,881	-	1,328,207	2,120,852	86,360	118,798	163,255	-	4,540,353
Special Financial Institutions	489,324	-	-	-	-	-	-	-	489,324
Others	-	-	-	-	-	-	-	-	-
Total	21,903,679	-	13,562,089	51,206,255	2,322,539	4,248,093	4,453,202	81,822	97,777,679

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	2,926,197	-	3,897,909	22,093,153	962,176	276,351	272,297	1,531	30,429,614
Foreign Currency Deposits	9,911,152	-	4,642,512	15,890,716	1,984,801	3,144,929	4,933,946	87,885	40,595,941
Residents in Turkey	6,888,561	-	4,362,454	14,040,203	1,254,759	489,583	1,331,768	86,177	28,453,505
Residents in Abroad	3,022,591	-	280,058	1,850,513	730,042	2,655,346	3,602,178	1,708	12,142,436
Public Sector Deposits	313,115	-	872	36,525	1,336	6	-	-	351,854
Commercial Deposits	3,725,761	-	2,531,943	5,845,595	2,919,089	539,490	261,359	-	15,823,237
Others	64,105	-	18,936	274,705	10,055	549	331	-	368,681
Precious Metal Deposits	2,562,568	-	3,247	-	-	3,414	949	-	2,570,178
Bank Deposits	827,375	-	1,130,586	682,853	70,922	368,477	16,597	-	3,096,810
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	7,970	-	128,853	103,157	-	5,391	1,078	-	246,449
Foreign Banks	273,975	-	1,001,733	573,584	70,922	363,086	15,519	-	2,298,819
Special Financial Institutions	545,430	-	-	6,112	-	-	-	-	551,542
Others	-	-	-	-	-	-	-	-	-
Total	20,330,273	-	12,226,005	44,823,547	5,948,379	4,333,216	5,485,479	89,416	93,236,315

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	12,744,375	11,531,720	20,553,407	18,603,874
Foreign Currency Saving Deposits	9,268,758	7,639,644	14,775,318	12,607,762
Other Saving Deposits	1,132,858	1,214,676	1,114,692	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

None.

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	509,167	441,070
Deposits and Other Accounts held by Shareholders and their Relatives	-	7,193
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	251,263	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	64,201	13,104	62,818	31,401
Swap Transactions	479,897	286,895	385,060	497,412
Futures	-	-	-	95
Options	53,075	29,681	59,204	175,161
Others	-	148	-	245
Total	597,173	329,828	507,082	704,314

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,488,444	1,178,481	1,268,505	979,878
Foreign Banks, Institutions and Funds	4,089,892	18,987,595	4,336,855	17,589,799
Total	5,578,336	20,166,076	5,605,360	18,569,677

5.2.3.1 *Maturities of funds borrowed*

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	1,615,231	6,275,413	1,444,175	8,285,742
Medium and Long-Term	3,963,105	13,890,663	4,161,185	10,283,935
Total	5,578,336	20,166,076	5,605,360	18,569,677

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

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

5.2.4 *Other external funds*

5.2.4.1 *Securities issued*

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,925,009	422,201	-	3,761,131
Cost	1,872,073	398,121	-	3,731,017
Carrying Value (*)	1,766,215	401,834	-	3,908,986

<i>Prior Period</i>	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 177,169 thousands (31 December 2011: TL 410,950 thousands) and foreign currency securities with a total nominal value of TL 22,869 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*

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	11,498,158	-	8,340,241	-
Financial Institutions and Organizations	11,440,064	-	8,293,202	-
Other Institutions and Organizations	19,898	-	20,249	-
Individuals	38,196	-	26,790	-
Foreign Transactions	748,015	1,860,771	388	3,397,528
Financial Institutions and Organizations	747,723	1,860,771	-	3,397,528
Other Institutions and Organizations	186	-	-	-
Individuals	106	-	388	-
Total	12,246,173	1,860,771	8,340,629	3,397,528

5.2.4.3 *Miscellaneous payables*

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	3,937,158	12,313	3,293,560	12,431
Payables from insurance transactions	3,346,707	36,198	2,330,981	41,732
Other	294,370	436,307	212,689	167,897
Total	7,578,235	484,818	5,837,230	222,060

5.2.5 Factoring payables

None.

5.2.6 Lease payables

5.2.6.1 Financial lease payables

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	336	93	211	187
Between 1-5 Years	202	79	240	233
Longer than 5 Years	-	-	-	-
Total	538	172	451	420

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

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

5.2.8 Provisions

5.2.8.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	1,342,090	1,067,423
Loans and Receivables in Group I	1,178,931	931,956
- Additional Provision for Loans and Receivables with Extended Maturities	74,557	-
Loans and Receivables in Group II	88,693	60,164
- Additional Provision for Loans and Receivables with Extended Maturities	46,781	-
Non-Cash Loans	74,466	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	6,635	2,345
Medium and Long Term Loans	4,749	968
Total	11,384	3,313

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	13,347	809
Doubtful Loans and Receivables	22,819	2,366
Uncollectible Loans and Receivables	61,230	49,123
Total	97,396	52,298

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	450,000	450,000

5.2.8.4.2 Other provisions for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	362,011	280,575
Insurance Technical Provisions, Net	221,009	159,487
Provision for Promotion Expenses of Credit Cards (*)	39,168	44,353
Provision for Lawsuits	19,942	15,906
Other Provisions	65,467	32,097
Total	707,597	532,418

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

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 27 December 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 1,367,875 thousands (31 Aralık 2011: TL 1,143,072 thousands) at 31 December 2012 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2012 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 27 December 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 834,436 thousands (31 December 2011: TL 740,699 thousands) remains as of 31 December 2012 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 369,726 thousands (31 December 2011: 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 2012. However, despite this treatment there are no excess obligation that needs to be provided against.

	<i>Current Period</i>	<i>Prior Period</i>
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(458,057)	(376,357)
Net present value of medical benefits and health premiums transferable to SSF	369,726	305,628
General administrative expenses	(22,899)	(20,039)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(111,230)	(90,768)
Fair Value of Plan Assets (2)	1,479,105	1,233,840
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,367,875	1,143,072
Non-Transferable Benefits:		
Other pension benefits	(426,261)	(264,514)
Other medical benefits	(107,178)	(137,859)
Total Non-Transferable Benefits (4)	(533,439)	(402,373)
Asset Surplus over Total Benefits ((3)-(4)=(5))	834,436	740,699
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(369,726)	(305,628)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	464,710	435,071

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

	<i>Current Period</i>	<i>Prior Period</i>
	<i>%</i>	<i>%</i>
Discount Rate (*)	6.97	9.52
Inflation Rate (*)	4.67	5.06
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate (*)	4.67	5.06

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

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 December 2012, the corporate tax liability amounts to TL 344,819 thousands (31 December 2011: TL 78,647 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	344,819	78,647
Taxation on Securities Income	99,573	75,858
Taxation on Real Estates Income	2,072	1,908
Banking Insurance Transaction Tax	52,347	46,474
Foreign Exchange Transaction Tax	39	21
Value Added Tax Payable	6,473	4,303
Others	75,811	76,256
Total	581,134	283,467

5.2.9.1.3 Premiums payable

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	699	714
Social Security Premiums-Employer	901	970
Bank Pension Fund Premium-Employees	75	24
Bank Pension Fund Premium-Employer	28	36
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	5
Unemployment Insurance-Employees	658	1,181
Unemployment Insurance-Employer	1,325	2,317
Others	11	8
Total	3,697	5,255

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 19,032 thousands as of 31 December 2012 (31 December 2011: TL 1,333 thousands).

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

None.

5.2.11 Subordinated debts

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	148,680	-	1,122,138
Total	-	148,680	-	1,122,138

On 5 February 2007, the Bank obtained a subordinated debt of US\$ 500 millions from foreign markets with a maturity of 10 years and with a repayment option for the Bank at the end of the fifth year at an interest rate of 6.95% and then 7.95% annually. The Bank used its early repayment option and repaid this debt on 6 February 2012 upon receiving necessary legal permissions.

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

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

As at 31 December 2012, the subordinated debts include subordinated deposits of approximately EUR 13 millions held by the Bank's consolidated subsidiary operating in the Netherlands.

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	(3,066)	(1,359)
Paid-in common shares	4,196,934	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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	976,919	116,914	114,597	(21,664)
Valuation Difference	976,919	116,914	114,597	(21,664)
Exchange Rate Difference	-	-	-	-
Total	976,919	116,914	114,597	(21,664)

5.2.12.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	762,112	-	596,813	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	764,252	-	598,953	-

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	835,626	675,914
II. Legal Reserve	117,713	78,713
Special Reserves	-	-
Total	953,339	754,627

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	-	-
Total	10,355,274	8,016,504

5.2.12.13 Minority interest

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	112,527	97,383
Profit Share of Subsidiaries Net Profits	27,971	19,507
Prior Period Dividend	-	-
Increase/(Decrease) in Minority Interest due to Sales	-	(4,346)
Others	26	(17)
Balance at End of Period	140,524	112,527

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 term asset purchase and sale commitments of TL 5,772,603 thousands (31 December 2011: TL 4,940,934 thousands), commitments for cheque payments of TL 1,994,132 thousands (31 December 2011: TL 2,230,783 thousands) and commitments for credit card limits of TL 14,323,293 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	9,892,574	9,629,237
Letters of Guarantee in TL	6,960,107	5,791,162
Letters of Credit	6,141,429	6,231,224
Bills of Exchange and Acceptances	720,896	515,550
Prefinancings	-	-
Other Guarantees	66,300	70,236
Total	23,781,306	22,237,409

A specific provision of TL 97,396 thousands (31 December 2011: TL 52,298 thousands) is made for unliquidated non-cash loans of TL 184,169 thousands (31 December 2011: TL 113,577 thousands) recorded under the off-balance sheet items as of 31 December 2012.

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

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	1,405,272	1,508,650
<i>With Original Maturity of 1 Year or Less</i>	<i>165,372</i>	<i>362,310</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>1,239,900</i>	<i>1,146,340</i>
Other Non-Cash Loans	22,376,034	20,728,759
Total	23,781,306	22,237,409

5.3.1.4 Other information on non-cash loans

	<i>Current Period</i>				<i>Prior Period</i>			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	57,695	0.83	70,863	0.42	68,282	1.18	74,393	0.46
Farming and Stockbreeding	55,029	0.79	69,669	0.41	65,948	1.14	73,421	0.45
Forestry	1,291	0.02	567	-	524	0.01	112	-
Fishery	1,375	0.02	627	0.01	1,810	0.03	860	0.01
Manufacturing	2,416,517	34.66	6,132,647	36.48	2,069,333	35.64	6,734,153	40.98
Mining	342,528	4.91	72,667	0.43	307,253	5.29	128,173	0.78
Production	1,338,824	19.20	3,617,370	21.52	1,234,890	21.27	4,432,132	26.97
Electricity, Gas, Water	735,165	10.55	2,442,610	14.53	527,190	9.08	2,173,848	13.23
Construction	1,052,375	15.09	2,250,429	13.39	872,018	15.02	2,058,986	12.53
Services	2,729,671	39.15	6,020,300	35.82	2,325,013	40.03	6,218,920	37.85
Wholesale and Retail Trade	1,775,393	25.46	2,905,770	17.29	1,581,513	27.24	3,014,182	18.35
Accommodation and Dining	163,140	2.34	86,795	0.52	151,771	2.61	67,315	0.41
Transportation and Telecommunication	299,687	4.30	698,054	4.15	209,132	3.60	884,124	5.38
Financial Institutions	398,692	5.72	2,260,207	13.45	311,294	5.36	2,233,692	13.59
Real Estate and Rental Services	7,834	0.11	56,781	0.34	8,835	0.15	1,670	0.01
Professional Services	-	-	-	-	-	-	-	-
Educational Services	15,103	0.22	4,007	0.02	8,143	0.14	4,381	0.03
Health and Social Services	69,822	1.00	8,686	0.05	54,325	0.93	13,556	0.08
Others	715,901	10.27	2,334,908	13.89	471,893	8.13	1,344,418	8.18
Total	6,972,159	100.00	16,809,147	100.00	5,806,539	100.00	16,430,870	100.00

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

<i>Current Period</i>	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	6,897,020	16,718,383	75,139	90,764
Letters of Guarantee	6,884,968	9,811,220	75,139	81,354
Bills of Exchange and Bank Acceptances	5,028	715,168	-	700
Letters of Credit	7,024	6,125,695	-	8,710
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	66,300	-	-

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	5,752,012	16,358,613	54,527	72,257
Letters of Guarantee	5,736,635	9,565,781	54,527	63,456
Bills of Exchange and Bank Acceptances	3,687	508,978	-	2,885
Letters of Credit	11,690	6,213,618	-	5,916
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	70,236	-	-

5.3.2 Financial derivative instruments

Current Period						
	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Total
Derivative Financial Instrument Held for Risk Management						
A. Total Derivative Financial Instrument Held for Risk Management	-	-	-	-	-	-
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	-	-	-	-	-	-
Foreign Currency Related Derivative Transaction (I)	55,060,498	11,309,103	23,283,488	4,368,994	-	94,022,083
Currency Forwards – Purchases	2,423,969	833,556	1,331,466	262,736	-	4,851,727
Currency Forwards – Sales	2,455,542	848,381	1,380,495	277,644	-	4,962,062
Currency Swaps – Purchases	16,459,810	1,522,978	5,083,460	1,338,707	-	24,404,955
Currency Swaps – Sales	15,028,629	1,483,628	4,990,268	1,465,020	-	22,967,545
Currency Options – Purchases	9,314,764	3,221,071	5,097,088	482,763	-	18,115,686
Currency Options – Sales	9,377,784	3,313,728	5,274,563	542,124	-	18,508,199
Currency Futures – Purchases	-	57,514	126,148	-	-	183,662
Currency Futures – Sales	-	28,247	-	-	-	28,247
Interest Rate Related Derivative Transaction (II)	94,497	879,868	3,910,696	13,498,611	3,597,066	21,980,738
Interest Rate Swaps – Purchases	32,338	418,414	1,221,893	6,497,169	1,798,533	9,968,347
Interest Rate Swaps – Sales	32,338	418,414	1,221,893	6,484,009	1,798,533	9,955,187
Interest Rate Options – Purchases	-	-	1,340,305	517,433	-	1,857,738
Interest Rate Options – Sales	-	-	-	-	-	-
Securities Options – Purchases	24,023	39,520	55,572	-	-	119,115
Securities Options – Sales	5,798	3,520	71,033	-	-	80,351
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	2,341,762	82,453	340,854	16,885	-	2,781,954
B. Total Trading Derivatives (I+II+III)	57,496,757	12,271,424	27,535,038	17,884,490	3,597,066	118,784,775
Total Derivative Transactions (A+B)	57,496,757	12,271,424	27,535,038	17,884,490	3,597,066	118,784,775

<i>Prior Period</i>	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Total
Derivative Financial Instrument Held for Risk Management						
A. Total Derivative Financial Instrument Held for Risk Management	-	-	102,575	-	1,865,000	1,967,575
Fair Value Hedges	-	-	-	-	1,865,000	1,865,000
Cash Flow Hedges	-	-	102,575	-	-	102,575
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	-	-	-	-	-	-
Foreign Currency Related Derivative Transaction (I)	25,005,125	21,788,016	30,156,180	4,491,883	245,356	81,686,560
Currency Forwards – Purchases	2,586,405	794,015	1,476,903	134,211	118,167	5,109,701
Currency Forwards – Sales	2,504,565	758,167	1,510,913	134,620	118,167	5,026,432
Currency Swaps – Purchases	5,861,189	7,310,969	6,034,559	1,392,994	4,558	20,604,269
Currency Swaps – Sales	6,064,712	7,142,359	5,977,391	1,545,306	4,464	20,734,232
Currency Options – Purchases	4,019,203	2,832,986	7,547,381	642,407	-	15,041,977
Currency Options – Sales	3,969,051	2,845,424	7,585,122	642,345	-	15,041,942
Currency Futures – Purchases	-	39,397	15,395	-	-	54,792
Currency Futures – Sales	-	64,699	8,516	-	-	73,215
Interest Rate Related Derivative Transaction (II)	14,530	98,806	2,414,141	10,144,261	6,179,930	18,851,668
Interest Rate Swaps – Purchases	-	-	1,182,053	4,612,842	3,089,965	8,884,860
Interest Rate Swaps – Sales	-	37,431	1,133,621	4,623,843	3,089,965	8,884,860
Interest Rate Options – Purchases	-	-	-	888,861	-	888,861
Interest Rate Options – Sales	-	-	-	-	-	-
Securities Options – Purchases	7,265	21,556	73,180	7,486	-	109,487
Securities Options – Sales	7,265	38,819	25,287	11,229	-	82,600
Interest Rate Futures – Purchases	-	500	-	-	-	500
Interest Rate Futures – Sales	-	500	-	-	-	500
Other Trading Derivatives (III)	366,850	110,432	32,930	-	-	510,212
B. Total Trading Derivatives (I+II+III)	25,386,505	21,997,254	32,603,251	14,636,144	6,425,286	101,048,440
Total Derivative Transactions (A+B)	25,386,505	21,997,254	32,705,826	14,636,144	8,290,286	103,016,015

5.3.3 Credit derivatives and risk exposures on credit derivatives

As of 31 December 2012, there are commitments for “credit linked notes” of the Bank and its consolidated financial affiliates with a total face value of USD 426,111,240 (31 December 2011: USD 428,333,333) classified under “other irrevocable commitments”.

5.3.4 Contingent liabilities and assets

The Bank made a total provision amounting to TL 19,942 thousands for the lawsuits filed by various customers and institutions against the Bank which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.8.4.2 Other provisions. The Bank has various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

5.3.5 Services rendered on behalf of third parties

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

5.4 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
Interest Income from Loans				
Short-term loans	2,940,584	450,058	2,339,857	359,897
Medium and long-term loans	3,666,298	1,931,611	2,681,218	1,688,011
Loans under follow-up	34,818	10,669	77,374	5,413
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	6,641,700	2,392,338	5,098,449	2,053,321

(*) 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	77	-	-	14
Domestic Banks	25,617	48,677	27,024	38,951
Foreign Banks	157,658	40,916	159,458	50,349
Foreign Head Offices and Branches	-	-	-	-
Total	183,352	89,593	186,482	89,314

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	28,280	8,797	30,863	3,872
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	3,487,269	175,734	2,835,761	233,967
Investments Held-to-Maturity	222,555	80,765	465,695	106,335
Total	3,738,104	265,296	3,332,319	344,174

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	2,935	591

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	-	1,669	-	-
Domestic Banks	84,307	52,120	85,791	23,269
Foreign Banks	471,694	430,669	528,715	358,295
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	29,062	-	73,124
Total	556,001	513,520	614,506	454,688

(*) 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	965	6,125

5.4.2.3 Interest expenses on securities issued

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	216,680	104,053	127,319	50,112

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	2,147	78,894	4,485	18	48	15,341	-	100,933
Saving Deposits	3,231	288,496	2,424,365	51,681	16,894	24,272	-	2,808,939
Public Sector Deposits	-	418	2,685	118	-	-	-	3,221
Commercial Deposits	6,979	193,007	773,618	134,912	25,194	18,613	-	1,152,323
Others	5	1,667	22,858	11,062	46	20	-	35,658
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	12,362	562,482	3,228,011	197,791	42,182	58,246	-	4,101,074
Foreign Currency								
Foreign Currency Deposits	82,783	117,310	522,830	67,409	158,024	87,035	1,400	1,036,791
Bank Deposits	5,371	46,866	7,144	954	1,796	969	-	63,100
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	8	-	244	34	-	287
Total FC	88,154	164,177	529,982	68,363	160,064	88,038	1,400	1,100,178
Grand Total	100,516	726,659	3,757,993	266,154	202,246	146,284	1,400	5,201,252

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

5.4.2.5 Interest expense on repurchase agreements

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	755,651	45,447	668,687	65,487

5.4.2.6 Financial lease expenses

	<i>Current Period</i>	<i>Prior Period</i>
Financial Lease Expenses	116	619

5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

	<i>Current Period</i>	<i>Prior Period</i>
Trading Financial Assets	-	-
Financial Assets Valued at Fair Value through Profit or	479	-
Financial Assets Available-for-Sale	675	1,257
Others	1,769	3,967
Total	2,923	5,224

5.4.4 Trading income/losses (net)

	<i>Current Period</i>	<i>Prior Period</i>
Income	58,372,158	101,317,512
Trading Account Income	1,683,918	454,256
Derivative Financial Instruments	3,703,982	3,722,080
Foreign Exchange Gain	52,984,258	97,141,176
Losses (-)	57,767,333	100,964,787
Trading Account Losses	1,073,608	127,999
Derivative Financial Instruments	4,145,073	3,370,126
Foreign Exchange Losses	52,548,652	97,466,662
Total	604,825	352,725

TL 882,273 thousands (31 December 2011: TL 1,831,429 thousands) of foreign exchange gains and TL 513,778 thousands (31 December 2011: TL 1,695,353 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. In June 2012, the Bank ceased to apply hedge accounting and accordingly fair value calculations for these bonds. The accumulated fair value differences incurred starting from the date of hedge accounting up to the date on which it was ceased, are amortized as per the effective interest-rate method in compliance with TAS 39.

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 229,516 thousands was sold for a consideration of TL 33,943 thousands. The income calculated considering the related provisions in the consolidated financial statements, for the amount of TL 31,472 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	932,203	372,543
<i>Loans and receivables in Group III</i>	<i>135,313</i>	<i>28,728</i>
<i>Loans and receivables in Group IV</i>	<i>462,065</i>	<i>155,929</i>
<i>Loans and receivables in Group V</i>	<i>334,825</i>	<i>187,886</i>
General Provisions	291,206	395,259
Provision for Possible Losses	-	100,000
Impairment Losses on Financial Assets	28	2,566
<i>Financial assets at fair value through profit or loss</i>	<i>28</i>	<i>2,453</i>
<i>Financial assets available-for-sale</i>	-	<i>113</i>
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	170,306	50,027
Total	1,393,743	920,395

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	1,756,317	1,607,949
Reserve for Employee Termination Benefits	61,977	24,700
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	10,884	-
Depreciation Expenses of Tangible Assets	184,395	181,831
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	34,877	24,016
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	1,772	1,910
Depreciation Expenses of Assets to be Disposed	2,185	1,459
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	2,493
Other Operating Expenses	1,634,249	1,418,056
<i>Operational lease related expenses</i>	<i>233,534</i>	<i>206,532</i>
<i>Repair and maintenance expenses</i>	<i>39,300</i>	<i>38,941</i>
<i>Advertisement expenses</i>	<i>114,438</i>	<i>110,772</i>
<i>Other expenses</i>	<i>1,246,977</i>	<i>1,061,811</i>
Loss on Sale of Assets	7,982	15,574
Others (*)	361,744	431,702
Total	4,056,382	3,709,690

(*) Includes saving-deposits-insurance-fund related expenses of TL 98,976 thousands (31 December 2011: TL 85,028 thousands) and insurance-business claim losses of TL 62,929 thousands (31 December 2011: TL 45,517 thousands) as of 31 December 2012.

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

TL 6,420,153 thousands of the profit before taxes is derived from net interest income and TL 2,071,374 thousands from net fees and commissions income. The total operating expenses amounted to TL 4,056,382 thousands. The profit before taxes realized at TL 4,310,795 thousands increasing by 0.8% as compared to the prior year.

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 December 2012, on a consolidated basis, the Bank recorded a current tax expense of TL 1,301,809 thousands (31 December 2011: TL 480,565 thousands) and a deferred tax income of TL 353,065 thousands (31 December 2011: a deferred tax expense of TL 450,038 thousands).

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductable Timing Differences (+)	(336,348)	(22,311)
Decrease in Tax Deductable Timing Differences (-)	19,993	401,222
Increase in Taxable Timing Differences (-)	5,500	83,120
Decrease in Taxable Timing Differences (+)	(42,210)	(11,993)
Total	(353,065)	450,038

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
(Increase)/Decrease in Tax Deductable Timing Differences (net)	(313,220)	378,911
(Increase)/Decrease in Taxable Timing Differences (net)	(36,710)	71,127
(Increase)/Decrease in Tax Losses (net)	(3,135)	-
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	(353,065)	450,038

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

None.

5.4.11 Net profit/loss

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

None.

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

None.

5.4.11.3 Minority interest's profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	27,971	19,507

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

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

None.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. After netting with the related deferred tax effect, an increase of TL 389 thousands (31 December 2011: TL 1,093 thousands) is presented in the shareholders' equity for such hedges assessed as effective.

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

As of 31 December 2012, a decrease of TL 4,500 thousands (31 December 2011: TL 16,019 thousands) that was resulted from the foreign currency translation of Luxembourg branch and consolidated foreign affiliates performances, is presented under translation differences in the shareholders' equity.

5.5.2 Any decreases arising from application of accounting for financial instruments

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

As of 31 December 2012, an increase of TL 992,147 thousands (31 December 2011: a decrease of TL 1,248,498 thousands) resulted from the revaluation of financial assets available-for-sale at fair value after being netted with the related deferred tax liability effect and a loss of TL 8,753 thousands (31 December 2011: a gain of TL 286,075 thousands) that was transferred to the income statement from "securities value increase fund" are presented as the current period movements in securities value increase fund in the statement of changes in shareholders' equity.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal and extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Transfers to Legal Reserves from Prior Year Profits	198,829	204,253
Transfers to Extraordinary Reserves from Prior Year Profits	2,338,770	2,568,596

5.5.4 Issuance of share certificates

Please refer to Note 5.2.12.3.

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

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

5.6 Consolidated statement of cash flows

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

The net cash outflows arising from banking operations amount to TL 2,487,441 thousands (31 December 2011: TL 5,566,716 thousands). TL 6,956,496 thousands (31 December 2011: TL 7,261,048 thousands) of this amount is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 4,469,055 thousands (31 December 2011: TL 1,694,332 thousands) from the cash inflows resulted from operating profit. The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 2,111,027 thousands (31 December 2011: TL 2,022,771 thousands). The net cash inflows from financing activities amount to TL 1,872,950 thousands (31 December 2011: TL 3,033,626 thousands).

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 429,290 thousands (31 December 2011: TL 1,565,188 thousands).

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

Please refer to Notes 5.1.8.1 and 5.1.9.2.

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

None.

5.6.4 Cash and cash equivalents at beginning of period

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

5.6.5 Cash and cash equivalents at end of period

	<i>Current Period</i>	<i>Prior Period</i>
Cash on Hand	1,260,740	1,043,588
<i>Cash in TL</i>	800,979	617,208
<i>Cash in Foreign Currency</i>	459,761	426,380
Cash Equivalents	4,566,171	8,031,883
<i>Others</i>	4,566,171	8,031,883
Total	5,826,911	9,075,471

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

The placements at foreign banks include blocked accounts amounting TL 6,175,422 thousands (31 December 2011: TL 7,888,133 thousands) of which TL 82,876 thousands (31 December 2011: TL 185,474 thousands) and TL 26,402 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 6,066,144 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 108,694 thousands (31 December 2011: TL 94,091 thousands) as required for insurance activities.

The blocked account at the Central Bank of Turkey with a principal of TL 12,871,845 thousands is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

5.6.7 Additional information

5.6.7.1 *Restrictions on the Bank's potential borrowings*

None.

5.6.7.2 *Cash inflows presenting increase in banking activity related capacity*

None.

5.7 Related Party Risks

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

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	54,938	3,280	188,278	35,339	356,435	551,004
Balance at end of period	88,612	3,531	263,859	121,141	442,665	495,947
Interest and Commission Income	3,172	5	887	6	39,111	931

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	3,852	20	3	5	30,101	1,169

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	6,679	5,737	101,958	1,109,063	207,192	342,796
Interest Expenses	965	6,125	14,810	55,405	13,834	16,735

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	6,963	-	3,373,361	1,066,781	-	28,710
Total Profit/(Loss)	15,762	30,765	(20,171)	27,094	934	1,683
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 402,975 thousands (31 December 2011: TL 284,984 thousands) compose 0.40% (31 December 2011: 0.31%) of the Bank's total consolidated cash loans and 0.22% (31 December 2011: 0.17%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 795,136 thousands (31 December 2011: TL 599,651 thousands) compose 0.44% (31 December 2011: 0.37%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 620,619 thousands (31 December 2011: TL 589,623 thousands) compose 2.61% (31 December 2011: 2.65%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 315,829 thousands (31 December 2011: TL 1,457,596 thousands) compose 0.32% (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 37,136 thousands (31 December 2011: TL 48,432 thousands) compose 0.14% (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 20,707 thousands (31 December 2011: TL 50,726 thousands) to related parties.

Operating expenses of TL 12,961 thousands (31 December 2011: TL 12,265 thousands) for IT services, of TL 11,342 thousands (31 December 2011: TL 13,193 thousands) for advertisement and broadcasting services, of TL 22,384 thousands (31 December 2011: TL 17,847 thousands) for operational leasing services, and of TL 11,492 thousands (31 December 2011: TL 7,726 thousands) for travel-arrangement related services rendered by related parties and rent income of TL 1,151 thousands (31 December 2011: TL 497 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 128,538 thousands as of 31 December 2012 (31 December 2011: TL 131,217 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 equity investments, and foreign representative offices of parent bank

5.8.1 Domestic and foreign branches and representative offices of parent bank

Parent Bank					
	Number of Branches	Number Of Employees	Country		
Domestic Branches	926	17,176			
Foreign Representative Offices	1	1	1- Germany		
	1	1	2- England		
	1	1	3- China		
				Total Assets	Legal Capital
Foreign Branches	1	15	1- Luxembourg	13,340,417	928,400
	1	12	2- Malta	22,002,088	-
	5	79	3- NCTR	607,290	15,520

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

In 2012, 23 new domestic branches were opened, four branches and one foreign representative office were closed.

5.8.3 Information on consolidated financial subsidiaries of parent bank

Garanti Bank International NV					
	Number of Branches	Number Of Employees	Country		
Foreign Representative Offices	1	15	1- Turkey		
	1	-	2- Switzerland		
	1	2	3- Ukraine		
				Total Assets	Legal Capital
Head office-The Netherlands	1	186	1-The Netherlands	6,509,831	EUR 136,836,000
Foreign Branches	1	20	2- Germany	4,188,991	-

Garanti Bank Moscow					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Head Office-Moscow	1	80	Russia	813,049	US\$ 32,757,364

Garanti Bank SA					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Romania Head Office and Branches	78	854	Romania	3,500,589	RON 1,038,649,142

Other consolidated foreign financial subsidiaries

	Number Of Employees	Country	Total Assets	Legal Capital
Garanti Holding BV	-	The Netherlands	753,148	EUR 369,088,600
G Netherlands BV	-	The Netherlands	796,474	EUN 104,382,821
Motoractive IFN SA	89	Romania	208,758	RON 40,139,000
Ralfi IFN SA	175	Romania	178,926	RON 10,661,500
Domenia Credit IFN SA	29	Romania	273,040	RON 41,094,203

Consolidated domestic financial subsidiaries

	Number Of Employees	Total Assets	Legal Capital
Garanti Finansal Kiralama AŞ	158	2,870,263	73,000
Garanti Faktoring Hizmetleri AŞ	179	1,955,227	21,000
Garanti Emeklilik ve Hayat AŞ	873	4,224,009	50,000
Garanti Yatırım Menkul Kıymetler AŞ	109	57,117	8,328
Garanti Portföy Yönetimi AŞ	55	21,635	10,000
Garanti Yatırım Ortaklığı AŞ (*)	7	34,249	30,000

(*) Financial information is as of 30 September 2012.

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

As a result of the inspections held by the Istanbul Large-Scale Taxpayers Office of the Tax Inspection Board regarding the banking and insurance transaction tax (BITT), it was claimed that the payments made under the name of “service fee” by the Bank’s contracted merchants to an institution other than the Bank itself in the years 2007, 2008, 2009 and 2010, should have been collected by the Bank, because of this application the Bank undercalculated the BITT, and accordingly, the Tax Audit Reports for the relevant years were prepared.

The tax audit report and tax/penalty notifications for the year 2007 were sent to the Bank. The audit reports for other years are also expected to be notified. The total tax assessment including fines for the years 2007, 2008, 2009 and 2010 is estimated to be approximately at the level of TL 36,300 thousands. As per the Bank’s assessment, the Bank’s practice is in compliance with the relevant legislation and the Bank will take legal actions against such assessments of the tax authority.

6 Other Disclosures

6.1 Other disclosures on activities of parent bank

6.1.1 Summary information on international risk ratings

6.1.1.1 Parent bank's 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 (December 2012)*

Foreign Currency	
Long Term	BBB
Long Term FC Outlook	Stable
Short Term	F3
Financial Capacity Rate	bbb
Support	3
Turkish Lira	
Long Term	BBB
Long Term TL Outlook	Stable
Short Term	F3
National	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.

6.1.1.2 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
Long Term Subordinated Funding	Baa2
FSR	C-
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

6.1.1.3 International risk ratings of Garanti Faktoring, a consolidated subsidiary

FITCH RATINGS (July 2010)*

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

(*) Latest date in risk ratings or outlooks.

6.1.1.4 International risk ratings of Garanti Finansal Kiralama, a consolidated subsidiary

FITCH RATINGS (July 2012)*

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

(*) Latest date in risk ratings or outlooks.

STANDARD AND POORS (May 2012)*

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

(*) Latest dates in risk ratings or outlooks.

6.1.1.5 International risk ratings of Garanti Bank SA, a consolidated subsidiary

FITCH RATINGS (November 2012)*

Foreign Currency	
Long Term	BBB-
Short Term	B
Outlook	Stable

6.1.2 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:

2011 PROFIT DISTRIBUTION TABLE	
2011 Net Profit	3,070,575
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)

6.1.3 Other disclosures

In accordance with its decision dated 2 November 2011 and numbered 11-55/1438-M, the Competition Board initiated proceedings pursuant to the Law on the Protection of Competition numbered 4054 against 12 banks and 2 related institutions (including the Bank and two of its subsidiaries) with significant market shares in the Turkish Banking industry to determine whether they have entered into agreements restricting competition or to determine whether they have engaged in concerted practices as regards to the interest rates applied to banking products. The proceedings are still pending and the potential outcome cannot be determined at this point, therefore there is no provision made in the accompanying consolidated financial statements as of 31 December 2012.

7 Independent Auditors' Report

7.1 Disclosure on independent auditors' report

The consolidated financial statements of the Bank and its financial affiliates as of 31 December 2012, have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 31 January 2013, is presented before the accompanying consolidated financial statements.

7.2 Disclosures and footnotes prepared by on independent auditors

None.

.....