

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

**Türkiye Garanti Bankası Anonim Şirketi**  
**Unconsolidated Financial Statements**

**As of and For the Year Ended**

**31 December 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;"Unconsolidated Financial  
Statements and Related Disclosures and  
Footnotes" comprising 100 pages.*

To the Board of Directors of  
Türkiye Garanti Bankası AŞ  
İstanbul

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ**  
INDEPENDENT AUDITORS' REPORT  
FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2012

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

**Management's Responsibility for the Financial Statements**

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

**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 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial statements include a general reserve amounting to TL 420,000 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 on the financial statements, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2012 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

## **Additional paragraph for English translation**

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK AŞ

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç  
Partner

Istanbul, 31 January 2013

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

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

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

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

**Ferit F. Şahenk**  
Board of Directors  
Chairman

**S. Ergun Özen**  
General Manager

**Aydın Şenel**  
Financial Reporting  
Executive Vice President

**Hakan Özdemir**  
General Accounting  
Senior Vice President

**M. Cüneyt Sezgin**  
Audit Committee Member

**Manuel Pedro**  
**Galatas Sanchez Harguindey**  
Audit Committee Member

The authorized contact person for questions on this financial report:  
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## **1 General Information**

### **1.1 History of the bank including its incorporation date, initial legal status, amendments to legal status**

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 926 domestic branches, seven foreign branches and three representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 31 December 2012, the group of companies under Doğuş Holding AŞ that currently owns 24.23% shares of the Bank, is named the Doğuş Group (the Group).

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

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

Number of shares representing 20.85% ownership of GE Araştırma ve Müşavirlik Limited Şti increased to 87,571,249,898 subsequent to the capital increase through issuance of bonus shares. The company sold 83,371,249,899 shares at a total nominal value of TL 833,712 thousands representing 19.85% ownership in Türkiye Garanti Bankası AŞ, to GE Capital Corporation on 29 December 2010, 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 additional 503.160.000 shares at a nominal value of TL 5,032 thousands and increased its ownership in the Bank’s share capital to 25.01%. As per the agreement between Doğuş Holding AŞ and BBVA, if any of the parties acquires additional shares during the next five years, it is required to offer half of the acquired shares to other party, in case that other party does not accept to purchase the offered shares, usufruct rights shall be established on the voting rights of such shares in favour of other party. Accordingly, although BBVA has acquired additional shares in April, this does not affect their joint control on the Bank’s management.

#### **Doğuş Group**

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

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

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

#### **BBVA Group**

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

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

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

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

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

<b>Name and Surname</b>	<b>Responsibility</b>	<b>Appointment Date</b>	<b>Education</b>	<b>Experience in Banking and Business Administration</b>
Ferit Faik Şahenk	Chairman	18.04.2001	University	22 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	30 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	24 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	38 years
Manuel Castro Aladro	Member	22.03.2011	Master	20 years
Manuel Pedro Galatas Sanchez Harguindey	Member of BOD and Audit Committee	05.05.2011	University	28 years
Carlos Torres Vila	Member	22.03.2011	Master	21 years
Angel Cano Fernandez	Member	22.03.2011	University	27 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	25 years

**CEO and Executive Vice Presidents:**

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	25 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	34 years
Ali Fuat Erbil	EVP-Financial Institutions & Corporate Banking	30.04.1999	PhD	20 years
Erhan Adalı	EVP-Loans	03.08.2012	University	22 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	18 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	30 years
Halil Hüsnü Erel	EVP-Technology, Operations Management & Central Marketing	16.06.1997	University	27 years
Uruz Ersözöglü	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 Ersözöglü 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 be 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 the bank’s qualified shareholders**

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



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

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

## **1.5 Summary information on the bank’s activities and services**

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

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

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

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

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

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

None.

## 2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

### Türkiye Garanti Bankası Anonim Şirketi Balance Sheet (Statement of Financial Position) At 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
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	(5.1.1)	1,293,932	14,818,750	16,112,682	1,589,491	6,671,660	8,261,151
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	675,550	507,926	1,183,476	430,934	1,225,908	1,656,842
2.1 Financial assets held for trading		453,369	507,926	961,295	430,934	1,225,908	1,656,842
2.1.1 Government securities		129,537	233,199	362,736	179,828	762,198	942,026
2.1.2 Equity securities		21,783	-	21,783	17,901	-	17,901
2.1.3 Derivative financial assets held for trading		297,832	252,873	550,705	190,428	460,554	650,982
2.1.4 Other securities		4,217	21,854	26,071	42,777	3,156	45,933
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		-	-	-	-	-	-
<b>III. BANKS</b>	(5.1.3)	2,232,563	5,513,788	7,746,351	2,102,492	12,241,459	14,343,951
<b>IV. INTERBANK MONEY MARKETS</b>		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>	(5.1.4)	34,866,196	1,008,583	35,874,779	27,257,001	1,542,643	28,799,644
5.1 Equity securities		25,163	4,785	29,948	23,865	1,706	25,571
5.2 Government securities		33,513,678	98,403	33,612,081	26,234,437	173,268	26,407,705
5.3 Other securities		1,327,355	905,395	2,232,750	998,699	1,367,669	2,366,368
<b>VI. LOANS</b>	(5.1.5)	57,629,743	34,194,749	91,824,492	49,618,481	34,194,821	83,813,302
6.1 Performing loans		57,226,864	34,194,749	91,421,613	49,338,109	34,194,821	83,532,930
6.1.1 Loans to bank's risk group	(5.7)	142,230	1,023,994	1,166,224	296,961	1,167,853	1,464,814
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		57,084,634	33,170,755	90,255,389	49,041,148	33,026,968	82,068,116
6.2 Loans under follow-up		2,114,073	-	2,114,073	1,532,087	-	1,532,087
6.3 Specific provisions (-)		1,711,194	-	1,711,194	1,251,715	-	1,251,715
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>	(5.1.6)	918,519	445,864	1,364,383	3,176,043	1,610,487	4,786,530
8.1 Government securities		911,245	445,864	1,357,109	3,170,068	1,610,487	4,780,555
8.2 Other securities		7,274	-	7,274	5,975	-	5,975
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	21,099	-	21,099	19,834	-	19,834
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		21,099	-	21,099	19,834	-	19,834
9.2.1 Financial investments in associates		17,433	-	17,433	18,120	-	18,120
9.2.2 Non-financial investments in associates		3,666	-	3,666	1,714	-	1,714
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	470,998	2,117,536	2,588,534	408,780	1,759,796	2,168,576
10.1 Unconsolidated financial investments in subsidiaries		366,913	2,117,536	2,484,449	304,695	1,759,796	2,064,491
10.2 Unconsolidated non-financial investments in subsidiaries		104,085	-	104,085	104,085	-	104,085
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>	(5.1.9)	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	(5.1.10)	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>	(5.1.11)	-	-	-	-	129,335	129,335
13.1 Fair value hedges		-	-	-	-	129,335	129,335
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.12)	1,128,690	489	1,129,179	1,243,531	80	1,243,611
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	54,756	58	54,814	55,550	-	55,550
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		54,756	58	54,814	55,550	-	55,550
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	156,347	-	156,347	-	-	-
<b>XVII. TAX ASSET</b>		177,515	-	177,515	6,359	-	6,359
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	(5.1.15)	177,515	-	177,515	6,359	-	6,359
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	127,351	-	127,351	121,759	-	121,759
18.1 Assets held for sale		127,351	-	127,351	121,759	-	121,759
18.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.17)	1,714,109	117,380	1,831,489	1,128,823	107,174	1,235,997
<b>TOTAL ASSETS</b>		101,467,368	58,725,123	160,192,491	87,159,078	59,483,363	146,642,441

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Balance Sheet (Statement of Financial Position)**  
**At 31 December 2012**

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 December 2012			PRIOR PERIOD 31 December 2011		
			TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.2.1)	<b>49,998,883</b>	<b>37,483,536</b>	<b>87,482,419</b>	<b>47,777,457</b>	<b>36,765,318</b>	<b>84,542,775</b>	
1.1 Deposits from bank's risk group	(5.7)	651,848	167,192	819,040	602,101	1,234,981	1,837,082	
1.2 Others		49,347,035	37,316,344	86,663,379	47,175,356	35,530,337	82,705,693	
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.2.2)	<b>587,352</b>	<b>283,679</b>	<b>871,031</b>	<b>495,160</b>	<b>279,157</b>	<b>774,317</b>	
<b>III. FUNDS BORROWED</b>	(5.2.3)	<b>4,185,492</b>	<b>17,492,138</b>	<b>21,677,630</b>	<b>4,384,503</b>	<b>16,139,154</b>	<b>20,523,657</b>	
<b>IV. INTERBANK MONEY MARKETS</b>		<b>12,226,915</b>	<b>1,272,608</b>	<b>13,499,523</b>	<b>8,338,618</b>	<b>2,616,373</b>	<b>10,954,991</b>	
4.1 Interbank money market takings		-	-	-	-	-	-	
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-	
4.3 Obligations under repurchase agreements	(5.2.4)	12,226,915	1,272,608	13,499,523	8,338,618	2,616,373	10,954,991	
<b>V. SECURITIES ISSUED (Net)</b>	(5.2.4)	<b>1,930,133</b>	<b>3,932,007</b>	<b>5,862,140</b>	<b>2,082,601</b>	<b>1,621,496</b>	<b>3,704,097</b>	
5.1 Bills		1,601,466	-	1,601,466	2,082,601	-	2,082,601	
5.2 Asset backed securities		-	-	-	-	-	-	
5.3 Bonds		328,667	3,932,007	4,260,674	-	1,621,496	1,621,496	
<b>VI. FUNDS</b>		-	-	-	-	-	-	
6.1 Borrower funds		-	-	-	-	-	-	
6.2 Others		-	-	-	-	-	-	
<b>VII. MISCELLANEOUS PAYABLES</b>	(5.2.4.3)	<b>4,209,722</b>	<b>378,207</b>	<b>4,587,929</b>	<b>3,481,891</b>	<b>75,440</b>	<b>3,557,331</b>	
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>		<b>1,642,686</b>	<b>339,718</b>	<b>1,982,404</b>	<b>676,407</b>	<b>1,153,312</b>	<b>1,829,719</b>	
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-	
<b>X. LEASE PAYABLES (Net)</b>	(5.2.5)	<b>341</b>	-	<b>341</b>	<b>1</b>	<b>4</b>	<b>5</b>	
10.1 Financial lease payables		365	-	365	1	4	5	
10.2 Operational lease payables		-	-	-	-	-	-	
10.3 Others		-	-	-	-	-	-	
10.4 Deferred expenses (-)		24	-	24	-	-	-	
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	(5.2.6)	-	-	-	-	<b>782</b>	<b>782</b>	
11.1 Fair value hedges		-	-	-	-	-	-	
11.2 Cash flow hedges		-	-	-	-	782	782	
11.3 Net foreign investment hedges		-	-	-	-	-	-	
<b>XII. PROVISIONS</b>	(5.2.7)	<b>2,239,130</b>	<b>37,837</b>	<b>2,276,967</b>	<b>1,795,843</b>	<b>35,303</b>	<b>1,831,146</b>	
12.1 General provisions		1,269,819	32,733	1,302,552	979,797	34,152	1,013,949	
12.2 Restructuring reserves		-	-	-	-	-	-	
12.3 Reserve for employee benefits		343,997	-	343,997	266,805	-	266,805	
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-	
12.5 Other provisions		625,314	5,104	630,418	549,241	1,151	550,392	
<b>XIII. TAX LIABILITY</b>	(5.2.8)	<b>516,223</b>	<b>9,382</b>	<b>525,605</b>	<b>265,165</b>	<b>235</b>	<b>265,400</b>	
13.1 Current tax liability		516,223	9,382	525,605	265,165	235	265,400	
13.2 Deferred tax liability		-	-	-	-	-	-	
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.2.9)	-	-	-	-	-	-	
14.1 Assets held for sale		-	-	-	-	-	-	
14.2 Assets of discontinued operations		-	-	-	-	-	-	
<b>XV. SUBORDINATED DEBTS</b>	(5.2.10)	-	<b>117,251</b>	<b>117,251</b>	-	<b>1,081,402</b>	<b>1,081,402</b>	
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.2.11)	<b>20,449,436</b>	<b>859,815</b>	<b>21,309,251</b>	<b>17,104,283</b>	<b>472,536</b>	<b>17,576,819</b>	
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000	
16.2 Capital reserves		2,547,175	790,733	3,337,908	1,503,041	427,157	1,930,198	
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		1,082,545	790,733	1,873,278	180,988	427,546	608,534	
16.2.4 Revaluation surplus on tangible assets		741,530	-	741,530	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		1,891	-	1,891	1,891	-	1,891	
16.2.8 Hedging reserves (effective portion)		(63,225)	-	(63,225)	(63,225)	(389)	(63,614)	
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		10,631,936	69,082	10,701,018	8,330,667	45,379	8,376,046	
16.3.1 Legal reserves		907,653	7,939	915,592	716,363	6,940	723,303	
16.3.2 Status reserves		-	-	-	-	-	-	
16.3.3 Extraordinary reserves		9,724,283	-	9,724,283	7,612,215	-	7,612,215	
16.3.4 Other profit reserves		-	61,143	61,143	2,089	38,439	40,528	
16.4 Profit or loss		3,070,325	-	3,070,325	3,070,575	-	3,070,575	
16.4.1 Prior periods profit/loss		-	-	-	-	-	-	
16.4.2 Current period net profit/loss		3,070,325	-	3,070,325	3,070,575	-	3,070,575	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>97,986,313</b>	<b>62,206,178</b>	<b>160,192,491</b>	<b>86,401,929</b>	<b>60,240,512</b>	<b>146,642,441</b>	

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Off-Balance Sheet Items**  
**At 31 December 2012**

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2012			PRIOR PERIOD 31 December 2011		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-III)</b>		<b>66,368,386</b>	<b>143,680,211</b>	<b>210,048,597</b>	<b>56,011,426</b>	<b>127,698,145</b>	<b>183,709,571</b>
<b>I. GUARANTEES AND SURETIES</b>	(5.3.1)	<b>6,970,208</b>	<b>15,706,372</b>	<b>22,676,580</b>	<b>5,802,261</b>	<b>15,219,237</b>	<b>21,021,498</b>
1.1. Letters of guarantee		6,958,156	9,465,698	16,423,854	5,786,884	9,134,682	14,921,566
1.1.1. Guarantees subject to State Tender Law		-	714,239	714,239	-	-	-
1.1.2. Guarantees given for foreign trade operations		438,392	182,077	620,469	431,028	266,469	697,497
1.1.3. Other letters of guarantee		6,519,764	8,569,382	15,089,146	5,355,856	8,868,213	14,224,069
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	5,458,506	5,465,530	11,690	5,502,456	5,514,146
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		7,024	5,458,506	5,465,530	11,690	5,502,456	5,514,146
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		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.3.1)	<b>33,685,681</b>	<b>70,774,949</b>	<b>104,460,630</b>	<b>32,059,110</b>	<b>60,470,829</b>	<b>92,529,939</b>
2.1. Irrevocable commitments		23,695,883	10,205,196	33,901,079	23,630,190	8,513,450	32,143,640
2.1.1. Asset purchase and sale commitments		892,893	4,192,191	5,085,084	1,889,216	1,204,371	3,093,587
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		5,100,371	5,213,008	10,313,379	4,688,182	5,946,547	10,634,729
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,994,233	-	1,994,233	2,230,853	-	2,230,853
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		14,215,936	-	14,215,936	13,540,139	-	13,540,139
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	748,000	2,222,210	1,264,210	792,625	2,056,835
2.2. Revocable commitments		9,989,798	60,569,753	70,559,551	8,428,920	51,957,379	60,386,299
2.2.1. Revocable loan granting commitments		9,989,798	60,569,054	70,558,852	8,428,920	51,956,658	60,385,578
2.2.2. Other revocable commitments		-	699	699	-	721	721
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.3.2)	<b>25,712,497</b>	<b>57,198,890</b>	<b>82,911,387</b>	<b>18,150,055</b>	<b>52,008,079</b>	<b>70,158,134</b>
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		25,712,497	57,198,890	82,911,387	18,150,055	50,040,504	68,190,559
3.2.1. Forward foreign currency purchases/sales		4,085,520	5,006,561	9,092,081	4,211,614	5,989,590	10,201,204
3.2.1.1. Forward foreign currency purchases		1,551,055	2,939,516	4,490,571	1,527,702	3,612,899	5,140,601
3.2.1.2. Forward foreign currency sales		2,534,465	2,067,045	4,601,510	2,683,912	2,376,691	5,060,603
3.2.2. Currency and interest rate swaps		12,119,404	34,000,856	46,120,260	8,745,935	33,714,427	42,460,362
3.2.2.1. Currency swaps-purchases		4,585,239	9,780,113	14,365,352	4,721,703	8,378,462	13,100,165
3.2.2.2. Currency swaps-sales		3,843,165	9,198,283	13,041,448	715,032	12,354,491	13,069,523
3.2.2.3. Interest rate swaps-purchases		2,045,500	7,317,810	9,363,310	1,654,600	6,490,737	8,145,337
3.2.2.4. Interest rate swaps-sales		1,645,500	7,704,650	9,350,150	1,654,600	6,490,737	8,145,337
3.2.3. Currency, interest rate and security options		9,477,773	15,053,943	24,531,716	5,067,362	9,824,110	14,891,472
3.2.3.1. Currency call options		4,094,590	7,005,282	11,099,872	2,040,606	4,933,329	6,973,935
3.2.3.2. Currency put options		5,326,678	6,166,142	11,492,820	3,007,756	3,994,033	7,001,789
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		56,505	3,520	60,025	19,000	7,887	26,887
3.2.3.6. Security put options		-	21,261	21,261	-	-	-
3.2.4. Currency futures		28,384	183,525	211,909	66,940	60,369	127,309
3.2.4.1. Currency futures-purchases		28,384	155,278	183,662	30,820	23,623	54,443
3.2.4.2. Currency futures-sales		-	28,247	28,247	36,120	36,746	72,866
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		1,416	2,954,005	2,955,421	58,204	452,008	510,212
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>420,969,854</b>	<b>239,191,423</b>	<b>660,161,277</b>	<b>320,368,460</b>	<b>209,380,024</b>	<b>529,748,484</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>65,023,469</b>	<b>17,841,768</b>	<b>82,865,237</b>	<b>69,767,974</b>	<b>20,141,049</b>	<b>89,909,023</b>
4.1. Customers' securities held		34,655,678	1,139	34,656,817	37,046,678	1,188	37,047,866
4.2. Investment securities held in custody		20,865,091	3,906,395	24,771,486	22,266,158	7,297,692	29,563,850
4.3. Checks received for collection		7,743,022	1,331,553	9,074,575	7,474,216	1,447,143	8,921,359
4.4. Commercial notes received for collection		1,686,186	1,054,366	2,740,552	2,915,109	1,135,226	4,050,335
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		27,887	1,117,420	1,145,307	27,116	812,602	839,718
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>355,946,385</b>	<b>221,349,655</b>	<b>577,296,040</b>	<b>250,600,486</b>	<b>189,238,975</b>	<b>439,839,461</b>
5.1. Securities		2,073,280	7,242	2,080,522	1,390,133	121,371	1,511,504
5.2. Guarantee notes		41,324,590	9,967,059	51,291,649	33,971,973	10,100,312	44,072,285
5.3. Commodities		3,620	-	3,620	-	-	-
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		60,830,116	51,076,849	111,906,965	49,423,787	51,360,202	100,783,989
5.6. Other pledged items		251,714,609	160,298,120	412,012,729	165,814,423	127,656,682	293,471,105
5.7. Pledged items-depository		170	385	555	170	408	578
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>487,338,240</b>	<b>382,871,634</b>	<b>870,209,874</b>	<b>376,379,886</b>	<b>337,078,169</b>	<b>713,458,055</b>

# Türkiye Garanti Bankası Anonim Şirketi

## Income Statement

For the Year Ended 31 December 2012

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2012- 31 December 2012	PRIOR PERIOD 1 January 2011- 31 December 2011
<b>I. INTEREST INCOME</b>	(5.4.1)	<b>12,670,471</b>	<b>10,483,529</b>
1.1 Interest income on loans		8,441,212	6,593,311
1.2 Interest income on reserve deposits		-	-
1.3 Interest income on banks		220,628	235,491
1.4 Interest income on money market transactions		3,643	4,209
1.5 Interest income on securities portfolio		3,879,817	3,542,346
1.5.1 Trading financial assets		33,048	30,017
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		3,543,528	2,940,299
1.5.4 Investments held-to-maturity		303,241	572,030
1.6 Financial lease income		-	-
1.7 Other interest income		125,171	108,172
<b>II. INTEREST EXPENSE</b>	(5.4.2)	<b>6,951,539</b>	<b>5,794,581</b>
2.1 Interest on deposits		4,946,321	3,956,602
2.2 Interest on funds borrowed		892,122	931,268
2.3 Interest on money market transactions		787,962	718,172
2.4 Interest on securities issued		313,669	177,383
2.5 Other interest expenses		11,465	11,156
<b>III. NET INTEREST INCOME (I - II)</b>		<b>5,718,932</b>	<b>4,688,948</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>2,007,605</b>	<b>2,007,521</b>
4.1 Fees and commissions received		2,492,089	2,386,202
4.1.1 Non-cash loans		162,384	166,154
4.1.2 Others		2,329,705	2,220,048
4.2 Fees and commissions paid		484,484	378,681
4.2.1 Non-cash loans		1,430	866
4.2.2 Others		483,054	377,815
<b>V. DIVIDEND INCOME</b>	(5.4.3)	<b>2,444</b>	<b>5,557</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	(5.4.4)	<b>614,429</b>	<b>332,312</b>
6.1 Trading account income/losses		548,795	317,089
6.2 Income/losses from derivative financial instruments		(337,704)	353,190
6.3 Foreign exchange gains/losses		403,338	(337,967)
<b>VII. OTHER OPERATING INCOME</b>	(5.4.5)	<b>298,616</b>	<b>902,533</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>8,642,026</b>	<b>7,936,871</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.4.6)	<b>1,177,835</b>	<b>822,397</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.4.7)	<b>3,540,901</b>	<b>3,206,325</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>3,923,290</b>	<b>3,908,149</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>		-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	(5.4.8)	<b>3,923,290</b>	<b>3,908,149</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	(5.4.9)	<b>852,965</b>	<b>837,574</b>
16.1 Current tax charge		1,193,716	392,346
16.2 Deferred tax charge/(credit)		(340,751)	445,228
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	(5.4.10)	<b>3,070,325</b>	<b>3,070,575</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3 Others		-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3 Others		-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>	(5.4.8)	-	-
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	(5.4.9)	-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge/(credit)		-	-
<b>XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)</b>	(5.4.10)	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(5.4.11)	<b>3,070,325</b>	<b>3,070,575</b>
Earnings per Share		0.731	0.731

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

## **Türkiye Garanti Bankası Anonim Şirketi**

### **Statement of Income/Expense Items Accounted for under Shareholders' Equity**

**For the Year Ended 31 December 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
<b>I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	<b>1,034,732</b>	<b>(1,823,522)</b>
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	-	-
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	-	-
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>(3,026)</b>	<b>9,309</b>
<b>V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	<b>486</b>	<b>1,366</b>
<b>VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	-	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	-	-
<b>VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>430,483</b>	<b>126,851</b>
<b>IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	<b>(200,568)</b>	<b>330,560</b>
<b>X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	<b>1,262,107</b>	<b>(1,355,436)</b>
<b>XI. CURRENT PERIOD PROFIT/LOSSES</b>	<b>3,070,325</b>	<b>3,070,575</b>
1.1 Net changes in fair value of securities (transferred to income statement)	52,489	267,975
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	3,017,836	2,802,600
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	<b>4,332,432</b>	<b>1,715,139</b>

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



(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Changes in Shareholders' Equity**  
**For the Year Ended 31 December 2012**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
		Paid-In Capital	Capital Reserves from Inflation Adj.s to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
<b>PRIOR PERIOD</b> (1 January - 31 December 2011)																	
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	528,456	-	5,268,509	12,574	-	3,127,964	1,973,810	598,187	2,453	(64,707)	-	16,431,680
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)	(5.5)	4,200,000	772,554	11,880	-	528,456	-	5,268,509	12,574	-	3,127,964	1,973,810	598,187	2,453	(64,707)	-	16,431,680
<b>Changes during the period</b>																	
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(1,365,276)	-	-	-	-	(1,365,276)
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	1,093	-	-	1,093
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	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		-	-	-	-	1,585	-	-	7,724	-	-	-	-	-	-	-	9,309
XI. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	(562)	-	-	(562)
XII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current period net profit/loss		-	-	-	-	-	-	-	3,070,575	-	-	-	-	-	-	-	3,070,575
XX. Profit distribution		-	-	-	-	193,262	-	2,343,706	20,230	-	(3,127,964)	-	766	-	-	-	(570,000)
20.1. Dividends		-	-	-	-	193,262	-	2,343,706	20,230	-	(570,000)	-	766	-	-	-	(570,000)
20.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	(2,536,968)	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	(20,996)	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	723,303	-	7,612,215	40,528	3,070,575	-	608,534	598,953	1,891	(63,614)	-	17,576,819
<b>CURRENT PERIOD</b> (1 January - 31 December 2012)																	
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	723,303	-	7,612,215	40,528	-	3,070,575	608,534	598,953	1,891	(63,614)	-	17,576,819
<b>Changes during the period</b>																	
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	1,264,744	-	-	-	-	1,264,744
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	389	-	-	389
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	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		-	-	-	-	(240)	-	-	(2,786)	-	-	-	-	-	-	-	(3,026)
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current period net profit/loss		-	-	-	-	-	-	-	3,070,325	-	-	-	-	-	-	-	3,070,325
XVIII. Profit distribution		-	-	-	-	192,529	-	2,112,068	23,401	-	(3,070,575)	-	142,577	-	-	-	(600,000)
18.1. Dividends		-	-	-	-	192,529	-	2,112,068	23,401	-	(600,000)	-	142,577	-	-	-	(600,000)
18.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	(2,276,880)	-	(27,717)	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	-	-	(193,695)	-	170,294	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	915,592	-	9,724,283	61,143	3,070,325	-	1,873,278	741,530	1,891	(63,225)	-	21,309,251

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Cash Flows**  
**For the Year Ended 31 December 2012**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2012- 31 December 2012	PRIOR PERIOD 1 January 2011- 31 December 2011
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>4,122,006</b>	<b>2,087,875</b>
1.1.1 Interests received		12,609,546	9,509,710
1.1.2 Interests paid		(7,090,195)	(5,659,161)
1.1.3 Dividend received		2,386	5,557
1.1.4 Fees and commissions received		2,492,089	2,386,202
1.1.5 Other income		340,974	594,895
1.1.6 Collections from previously written-off loans and other receivables		34,818	77,381
1.1.7 Payments to personnel and service suppliers		(2,772,294)	(2,625,993)
1.1.8 Taxes paid		(1,127,563)	(632,675)
1.1.9 Others	(5.6)	(367,755)	(1,568,041)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(6,379,901)</b>	<b>(7,955,076)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		585,446	(399,950)
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		2,049,834	(1,971,747)
1.2.4 Net (increase) decrease in loans		(8,741,707)	(18,687,696)
1.2.5 Net (increase) decrease in other assets		(7,428,730)	(3,452,714)
1.2.6 Net increase (decrease) in bank deposits		1,823,186	(428,626)
1.2.7 Net increase (decrease) in other deposits		1,231,122	12,210,493
1.2.8 Net increase (decrease) in funds borrowed		2,758,346	3,754,940
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	1,342,602	1,020,224
<b>I. Net cash flow from banking operations</b>		<b>(2,257,895)</b>	<b>(5,867,201)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>(2,275,930)</b>	<b>3,612,106</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(47,685)	(84,420)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		3	171,003
2.3 Purchases of tangible assets		(238,976)	(366,103)
2.4 Sales of tangible assets		73,092	93,071
2.5 Cash paid for purchase of financial assets available-for-sale		(11,854,829)	(13,952,992)
2.6 Cash obtained from sale of financial assets available-for-sale		6,283,493	16,397,291
2.7 Cash paid for purchase of investments held-to-maturity		(7,065)	(4,737)
2.8 Cash obtained from sale of investments held-to-maturity		3,516,037	1,358,993
2.9 Others	(5.6)	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>1,520,176</b>	<b>2,996,019</b>
3.1 Cash obtained from funds borrowed and securities issued		8,063,991	5,290,027
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		(123)	(387)
3.6 Others (payments for founder shares repurchased)	(5.6)	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(5.6)	<b>(337,239)</b>	<b>677,405</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,350,888)</b>	<b>1,418,329</b>
<b>VI. Cash and cash equivalents at beginning of period</b>		<b>7,613,562</b>	<b>6,195,233</b>
<b>VII. Cash and cash equivalents at end of period</b>		<b>4,262,674</b>	<b>7,613,562</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

## Türkiye Garanti Bankası Anonim Şirketi

### Statement of Profit Distribution

At 31 December 2012

STATEMENT OF PROFIT DISTRIBUTION		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (*)	PRIOR PERIOD
		31 December 2012	31 December 2011
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1	CURRENT PERIOD PROFIT	3,923,290	3,908,149
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	852,965	837,574
1.2.1	Corporate tax (income tax)	852,965	837,574
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	-	-
<b>A.</b>	<b>NET PROFIT FOR THE PERIOD (1.1-1.2)</b>	<b>3,070,325</b>	<b>3,070,575</b>
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	153,529
1.5	OTHER STATUTORY RESERVES (-)	-	193,695
<b>B.</b>	<b>NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>3,070,325</b>	<b>2,723,351</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	210,000
1.6.1	To owners of ordinary shares	-	210,000
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of redeemed shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	390,000
1.9.1	To owners of ordinary shares	-	390,000
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	39,000
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	2,084,351
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of redeemed shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE (per YTL'000 face value each)</b>		
3.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	0.731	0.731
3.2	TO OWNERS OF ORDINARY SHARES (%)	0.073	0.073
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(\*) Decision regarding to the 2012 profit distribution will be held at General Assembly meeting.

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

### **3 Accounting policies**

#### **3.1 Basis of presentation**

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

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

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

##### **3.1.1 Additional paragraph for convenience translation to English**

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

#### **3.2 Strategy for use of financial instruments and foreign currency transactions**

##### **3.2.1 Strategy for use of financial instruments**

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

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

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

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

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

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

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

### **3.2.2 Foreign currency transactions**

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

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

### **3.3 Investments in associates and subsidiaries**

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

### **3.4 Forwards, options and other derivative transactions**

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

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

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

### **3.5 Interest income and expenses**

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

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

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

### **3.6 Fees and commissions**

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.

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

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

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

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

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

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

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



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

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

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

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

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

### **3.8 Impairment of financial assets**

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

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

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

### **3.9 Netting of financial instruments**

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

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

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

### **3.10 Repurchase and resale agreements and securities lending**

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

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

### **3.11 Assets held for sale and discontinued operations**

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

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

### **3.12 Goodwill and other intangible assets**

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

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

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

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

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

### **3.13 Tangible assets**

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

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

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

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

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

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

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

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

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

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

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

#### *Investment properties*

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

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

### **3.14 Leasing activities**

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

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

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

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

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

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

### **3.16 Contingent assets**

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

### **3.17 Liabilities for employee benefits**

#### *Severance Indemnities and Short-Term Employee Benefits*

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

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

	<b>31 December 2012<sup>(*)</sup></b>	<b>31 December 2011<sup>(*)</sup></b>
	<b>%</b>	<b>%</b>
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 employees' years-in-service.

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

#### *Retirement Benefit Obligations*

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

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

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

	<b>31 December 2012</b>	
	<b>Employer</b>	<b>Employee</b>
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

*a) Benefits transferable to SSF*

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

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

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

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

*b) Other benefits not transferable to SSF*

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

## **3.18 Taxation**

### **3.18.1 Corporate tax**

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

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

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

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

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

The tax applications for foreign branches;

#### *NORTHERN CYPRUS*

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

#### *MALTA*

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



### **LUXEMBOURG**

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 5% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 9% of the taxable income.

The tax returns do not include any tax amounts to be paid. The tax calculation is done by the tax office and the amount to be paid is declared to corporate through an official letter called Note. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

#### **3.18.2 Deferred taxes**

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

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

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

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

#### **3.18.3 Transfer pricing**

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

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

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

### **3.19 Funds borrowed**

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

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

### **3.20 Shares and share issuances**

None.

### **3.21 Confirmed bills of exchange and acceptances**

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

### **3.22 Government incentives**

As of 31 December 2012, the Bank does not have any government incentives or grants.

### **3.23 Segment reporting**

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

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

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

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

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

*Information on the business segments is as follows:*

<i>Current Period</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	3,060,054	3,066,231	1,700,349	815,392	8,642,026
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>3,060,054</b>	<b>3,066,231</b>	<b>1,700,349</b>	<b>815,392</b>	<b>8,642,026</b>
Net Operating Profit	641,658	1,546,194	1,525,521	207,473	3,920,846
Income from Associates and Subsidiaries	-	-	-	2,444	2,444
<b>Net Operating Profit</b>	<b>641,658</b>	<b>1,546,194</b>	<b>1,525,521</b>	<b>209,917</b>	<b>3,923,290</b>
Provision for Taxes	-	-	-	852,965	852,965
<b>Net Profit</b>	<b>641,658</b>	<b>1,546,194</b>	<b>1,525,521</b>	<b>(643,048)</b>	<b>3,070,325</b>
Segment Assets	33,362,608	58,484,064	61,037,515	4,698,671	157,582,858
Investments in Associates and Subsidiaries	-	-	-	2,609,633	2,609,633
<b>Total Assets</b>	<b>33,362,608</b>	<b>58,484,064</b>	<b>61,037,515</b>	<b>7,308,304</b>	<b>160,192,491</b>
Segment Liabilities	55,913,811	32,860,300	46,011,331	4,097,798	138,883,240
Shareholders' Equity	-	-	-	21,309,251	21,309,251
<b>Total Liabilities and Shareholders' Equity</b>	<b>55,913,811</b>	<b>32,860,300</b>	<b>46,011,331</b>	<b>25,407,049</b>	<b>160,192,491</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	238,976	238,976
Depreciation Expenses	102,959	52,610	3,122	35,292	193,983
Impairment Losses	588,752	501,140	(48,377)	143,488	1,185,003
Other Non-Cash Income/Expenses	48,786	23,604	1,213,882	(76,609)	1,209,663
Restructuring Costs	-	-	-	-	-

<i>Prior Period</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	3,078,343	3,103,411	1,432,502	322,615	7,936,871
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>3,078,343</b>	<b>3,103,411</b>	<b>1,432,502</b>	<b>322,615</b>	<b>7,936,871</b>
Net Operating Profit	915,781	1,905,218	1,247,711	(166,118)	3,902,592
Income from Associates and Subsidiaries	-	-	-	5,557	5,557
<b>Net Operating Profit</b>	<b>915,781</b>	<b>1,905,218</b>	<b>1,247,711</b>	<b>(160,561)</b>	<b>3,908,149</b>
Provision for Taxes	-	-	-	837,574	837,574
<b>Net Profit</b>	<b>915,781</b>	<b>1,905,218</b>	<b>1,247,711</b>	<b>(998,135)</b>	<b>3,070,575</b>
					-
Segment Assets	27,857,755	55,955,547	56,911,004	3,729,725	144,454,031
Investments in Associates and Subsidiaries	-	-	-	2,188,410	2,188,410
<b>Total Assets</b>	<b>27,857,755</b>	<b>55,955,547</b>	<b>56,911,004</b>	<b>5,918,135</b>	<b>146,642,441</b>
Segment Liabilities	51,721,161	35,039,949	39,909,125	2,395,387	129,065,622
Shareholders' Equity	-	-	-	17,576,819	17,576,819
<b>Total Liabilities and Shareholders' Equity</b>	<b>51,721,161</b>	<b>35,039,949</b>	<b>39,909,125</b>	<b>19,972,206</b>	<b>146,642,441</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	269,128	269,128
Depreciation Expenses	103,070	60,678	4,219	6,040	174,007
Impairment Losses	316,172	326,330	50,584	131,221	824,307
Other Non-Cash Income/Expenses	120,520	215,606	(1,191,401)	(46,337)	(901,612)
Restructuring Costs	-	-	-	-	-

### 3.24 Other disclosures

None.

## **4 Financial position and results of operations and risk management**

### **4.1 Capital adequacy ratio**

The Bank's unconsolidated capital adequacy ratio is 18.21%.

#### **4.1.1 Risk measurement methods in calculation of capital adequacy ratio**

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the "Regulation")", "Regulation on Credit Risk Mitigation Techniques" and "Regulation on Calculation of Risk Weighted Amounts for Securitisations" published in the Official Gazette no.28337 dated 28 June 2012 and the "Regulation on Equities of Banks" published in the Official Gazette no.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 Capital adequacy ratio

<i>Current Period</i>	<b>Risk Weights</b>								
	<b>Parent Bank Only</b>								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>1250%</i>
<b>Value at Credit Risk</b>	-	-	<b>845,544</b>	<b>10,808,347</b>	<b>22,837,083</b>	<b>57,750,707</b>	<b>4,734,597</b>	<b>8,791,156</b>	-
<b>Exposure Categories</b>	<b>53,152,361</b>	-	<b>4,227,718</b>	<b>21,616,694</b>	<b>30,449,444</b>	<b>57,750,707</b>	<b>3,156,398</b>	<b>4,395,578</b>	-
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	-	-	-

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

	<i>Current Period</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	8,461,395
Capital Requirement for Market Risk (MRCR)	90,480
Capital Requirement for Operational Risk (ORCR)	1,043,016
Shareholders' Equity	21,835,440
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	18.21%

**4.1.4 Components of shareholders' equity items**

	<i>Current Period</i>
<b>CORE CAPITAL</b>	
Paid-in Capital	4,200,000
Nominal Capital	4,200,000
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	772,554
Share Premium	11,880
Share Cancellation Profits	-
Reserves	10,612,731
Inflation Adjustments to Reserves	51,141
Profit	3,070,325
Current Period's Profit	3,070,325
Prior Periods' Profit	-
Provision for Possible Losses (upto 25% of Core Capital)	420,000
Income on Sale of Equity Shares and Real Estates	739,390
Primary Subordinated Debts	-
Loss (in excess of Reserves) (-)	-
Current Period's Losses	-
Prior Periods' Losses	-
Leasehold Improvements on Operational Leases (-)	94,182
Intangible Assets (-)	54,814
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 (-)	-
<b>Total Core Capital</b>	<b>19,729,025</b>
<b>SUPPLEMENTARY CAPITAL</b>	
General Provisions	1,302,552
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	1,891
Primary Subordinated Debts excluding the portion included in Core Capital	-
Secondary Subordinated Debts	116,050
45% of Securities Value Increase Fund	828,432
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss	37,146
<b>Total Supplementary Capital</b>	<b>2,287,034</b>
<b>CAPITAL</b>	<b>22,016,059</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>180,619</b>
Unconsolidated investments in Entities (domestic/foreign) Operating in Banking and Financial Sectors at 10% or more	-
Investments in Entities (domestic/foreign) Operating in Banking and Financial Sectors at less than 10%, Exceeding 10% or More of the Total Core and Supplementary Capitals	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	134,531
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	34,690
Securitization Positions to be Deducted from Equity	-
Other Deduction Items	11,398
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>21,835,440</b>

#### **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 Credit risk**

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

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

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

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

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

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

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

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



The Bank's largest 100 and 200 cash loan customers compose 23.70% and 30.30% of the total cash loan portfolio, respectively.

The Bank's largest 100 and 200 non-cash loan customers compose 52.12% and 61.55% of the total non-cash loan portfolio, respectively.

The Bank's largest 100 ve 200 cash and non-cash loan customers represent 7.61% and 10.01% of the total "on and off balance sheet" assets, respectively.

The general provision for consolidated credit risk amounts to TL 1,302,552 thousands.

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

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

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

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:

<b>Exposure Categories</b>	<i>Curent Period Risk Amount *</i>	<i>Average Risk Amount **</i>
Conditional and unconditional exposures to central governments or central banks	54,309,835	52,257,525
Conditional and unconditional exposures to regional governments or local authorities	38	49
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	46,478	49,513
Conditional and unconditional exposures to multilateral development banks	-	-
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	16,187,039	16,187,519
Conditional and unconditional exposures to corporates	56,202,343	55,330,385
Conditional and unconditional retail exposures	31,205,996	31,102,745
Conditional and unconditional exposures secured by real estate property	11,608,417	11,081,464
Past due items	218,515	247,236
Items in regulatory high-risk categories	7,663,021	6,754,893
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	5,647,460	5,294,394

\* Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

\*\* Average risk amounts are the arithmetical average of the amounts in monthly 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.

**4.2.1 Profile of significant exposures in major regions**

<i>Current Period</i>	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	Total
Domestic	53,785,452	2,349,229	53,367,579	30,982,831	11,596,019	7,586,975	3,322,947	162,991,032
European Union (EU) Countries	419,570	10,548,905	2,064,162	31,291	8,508	2,037	64	13,074,537
OECD Countries *	7	116,928	318,723	3,104	878	12,166	2	451,808
Off-Shore Banking Regions	104,407	2,986	74,752	178,429	1,546	59,416	913	422,449
USA, Canada	373	800,059	214,998	2,178	767	27	31	1,018,433
Other Countries	26	207,846	161,263	8,163	699	2,400	-	380,397
Associates, Subsidiaries and Joint –Ventures	-	2,161,086	866	-	-	-	2,588,534	4,750,486
Unallocated Assets/Liabilities **	-	-	-	-	-	-	-	-
<b>Total</b>	<b>54,309,835</b>	<b>16,187,039</b>	<b>56,202,343</b>	<b>31,205,996</b>	<b>11,608,417</b>	<b>7,663,021</b>	<b>5,912,491</b>	<b>183,089,142</b>

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

\*\* Includes assets 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.

**Türkiye Garanti Bankası AŞ**

Unconsolidated Financial Report as of and  
for the Year Ended 31 December 2012  
(Thousands of Turkish Lira (TL))

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

**4.2.2 Risk profile by sectors or counterparties**

<i>Current Period</i> *	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TL	FC	Total
<b>Agriculture</b>	-	-	-	-	-	-	381,155	351,658	165,237	8,476	12,042	-	-	-	-	765,678	152,890	918,568
Farming and Stockbreeding	-	-	-	-	-	-	303.369	334.438	150.018	8.251	11.108	-	-	-	-	717.007	90.177	807.184
Forestry	-	-	-	-	-	-	9.217	9.788	6.135	165	549	-	-	-	-	21.673	4.181	25.854
Fishery	-	-	-	-	-	-	68.569	7.432	9.084	60	385	-	-	-	-	26.998	58.532	85.530
<b>Manufacturing</b>	-	-	1	-	-	-	23,368,822	2,677,685	1,465,137	82,745	125,597	-	-	-	-	9,376,008	18,343,979	27,719,987
Mining and Quarrying	-	-	1	-	-	-	823.923	112.548	49.256	1.803	4.858	-	-	-	-	466.489	525.900	992.389
Production	-	-	-	-	-	-	13.461.535	2.514.595	1.369.339	80.674	119.467	-	-	-	-	8.186.676	9.358.934	17.545.610
Electricity, Gas and Water	-	-	-	-	-	-	9.083.364	50.542	46.542	268	1.272	-	-	-	-	722.843	8.459.145	9.181.988
<b>Construction</b>	-	-	-	-	-	-	5,438,452	1,174,210	1,289,360	16,449	56,848	-	-	-	-	3,599,673	4,375,646	7,975,319
<b>Services</b>	15,163,275	-	46,357	-	-	16,187,039	19,121,589	6,357,306	3,131,082	89,404	359,570	-	-	-	-	21,939,641	38,515,981	60,455,622
Wholesale and Retail Trade	-	-	46.322	-	-	-	9.078.295	4.868.416	2.026.885	70.521	249.297	-	-	-	-	10.760.163	5.579.573	16.339.736
Accommodation and Dining	-	-	31	-	-	-	2.158.846	311.314	473.275	4.339	19.476	-	-	-	-	792.848	2.174.433	2.967.281
Transportation and Telecom.	-	-	-	-	-	-	5,844,268	789,111	314,594	11,211	56,726	-	-	-	-	1,845,779	5,170,131	7,015,910
Financial Institutions	15,163,275	-	-	-	-	16,187,039	507,476	54,784	15,146	633	10,184	-	-	-	-	7,463,585	24,474,952	31,938,537
Real Estate and Rental Services	-	-	-	-	-	-	493.085	43.351	111.474	431	2.678	-	-	-	-	113.807	537.212	651.019
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	1	-	-	-	194.432	73.014	40.950	567	4.750	-	-	-	-	228.836	84.878	313.714
Health and Social Services	-	-	3	-	-	-	845.187	217.316	148.758	1.702	16.459	-	-	-	-	734.623	494.802	1.229.425
<b>Others</b>	39,146,560	38	120	-	-	-	7,892,325	20,645,137	5,557,601	21,441	7,108,964	-	-	-	5,647,460	75,550,015	10,469,631	86,019,646
<b>Total</b>	54,309,835	38	46,478	-	-	16,187,039	56,202,343	31,205,996	11,608,417	218,515	7,663,021	-	-	-	5,647,460	111,231,015	71,858,127	183,089,142

- 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

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

#### 4.2.3 Analysis of maturity-bearing exposures according to remaining maturities

Exposure Categories *	Term To Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional exposures to central governments or central banks	2,287,079	13,819,140	5,834,636	9,326,868	20,871,414
Conditional and unconditional exposures to regional governments or local authorities	-	-	10	17	11
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	8	-	-	13	46,457
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,655,002	1,274,418	1,608,290	2,025,372	8,272,559
Conditional and unconditional exposures to corporates	3,201,455	5,066,749	4,883,464	6,330,703	36,719,972
Conditional and unconditional retail exposures	3,031,103	14,070,080	1,487,187	1,338,033	11,279,593
Conditional and unconditional exposures secured by real estate property	258,441	1,032,632	354,010	725,980	9,237,354
Past due items	-	-	-	-	-
Items in regulatory high-risk categories	3,928	790	633	1,130,130	6,527,476
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other items	-	-	-	-	-
<b>Total</b>	<b>10,437,016</b>	<b>35,263,809</b>	<b>14,168,230</b>	<b>20,877,116</b>	<b>92,954,836</b>

\* 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	Fitch 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

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
Exposures before Credit Risk Mitigation	53,152,361	-	4,236,804	25,917,705	31,205,994	60,921,969	3,196,578	4,457,731	-	329,615
Exposures after Credit Risk Mitigation	53,152,361	-	4,227,718	21,616,694	30,449,444	57,750,707	3,156,398	4,395,578	-	329,615

#### 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>	<b>Credit Risks</b>			
	<b>Impaired Credits</b>	<b>Past Due Credits</b>	<b>Value Adjustments</b>	<b>Provisions</b>
<b>Agriculture</b>	<b>19,849</b>	<b>6,661</b>	<b>103</b>	<b>7,223</b>
Farming and Stockbreeding	19,129	6,468	100	6,877
Forestry	442	50	1	190
Fishery	278	143	2	156
<b>Manufacturing</b>	<b>540,307</b>	<b>74,098</b>	<b>1,971</b>	<b>409,048</b>
Mining and Quarrying	7,167	13,204	396	2,501
Production	532,268	60,811	1,573	406,220
Electricity, Gas and Water	872	83	2	327
<b>Construction</b>	<b>97,081</b>	<b>18,358</b>	<b>289</b>	<b>46,541</b>
<b>Services</b>	<b>425,282</b>	<b>101,435</b>	<b>1,790</b>	<b>241,720</b>
Wholesale and Retail Trade	344,448	64,037	1,261	195,335
Accommodation and Dining	23,594	4,898	63	15,901
Transportation and Telecommunication	40,487	26,765	380	19,649
Financial Institutions	5,488	193	3	4,731
Real Estate and Rental Services	1,038	705	10	483
Professional Services	-	-	-	-
Educational Services	2,309	576	8	1,142
Health and Social Services	7,918	4,261	65	4,479
<b>Others</b>	<b>1,215,723</b>	<b>974,827</b>	<b>14,909</b>	<b>1,104,058</b>
<b>Total</b>	<b>2,298,242</b>	<b>1,175,379</b>	<b>19,062</b>	<b>1,808,590</b>

#### 4.2.7 Movements in value adjustments and provisions

	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments</b>	<b>Closing Balance</b>
Specific Provisions	1,304,013	916,900	412,323	-	1,808,590
General Provisions	1,013,949	291,206	1,184	1,419	1,302,552

### 4.3 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

	<i>Current Period</i>
(I) Capital Requirement against General Market Risk - Standard Method	6,086
(II) Capital Requirement against Specific Risks - Standard Method	9,270
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-
(III) Capital Requirement against Currency Position Risk - Standard Method	31,586
(IV) Capital Requirement against Commodity Risks - Standard Method	8,534
(V) Capital Requirement against Clearing Risks - Standard Method	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	27,608
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	7,396
<b>(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement</b>	<b>-</b>
<b>(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)</b>	<b>90,480</b>
<b>(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))</b>	<b>1,131,000</b>

#### 4.3.2 Monthly average values at market risk

	<i>Current Period</i>		
	Average	Highest	Lowest
Interest Rate Risk	8,599	11,199	6,680
Equity-Shares Position Risk	11,046	20,436	5,415
Currency Position Risk	38,451	46,463	31,586
Commodity Risk	6,036	8,747	3,296
Clearing Risk	-	-	-
Option Market Risk	28,492	34,588	23,131
Counterparty Credit Risk	8,261	9,557	7,264
<b>Total Value at Risk</b>	<b>100,885</b>	<b>130,990</b>	<b>77,372</b>

#### 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 amount. 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.

<b>Current Period</b>	<b>Amount *</b>
Interest-Rate Contracts	969
Foreign-Exchange-Rate Contracts	89,615
Commodity Contracts	12,735
Equity-Shares Related Contracts	1,846
Other	-
Gross Positive Fair Values	85,584
Netting Benefits	-
Net Current Exposure Amount	-
Collaterals Received	12,587
Net Derivative Position	178,162

\* Includes only the counterparty risks arising from trading book.

#### 4.4 Operational risk

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

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

<b>Basic Indicator Approach</b>	<b>31 December 2009</b>	<b>31 December 2010</b>	<b>31 December 2011</b>	<b>Total/ No. of Years of Positive Gross</b>	<b>Rate (%)</b>	<b>Total</b>
Gross Income	7,309,306	6,771,829	6,779,184	6,953,440	15	1,043,016
<b>Value at Operational Risk (Total x % 12.5)</b>						13,037,699

#### 4.5 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2012, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to TL 213,317 thousands (31 December 2011: a foreign currency long balance sheet position of TL 2,321,493 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 521,742 thousands (31 December 2011: a foreign currency short off-balance sheet position of TL 2,173,154 thousands), while net foreign currency long position amounts to TL 308,425 thousands (31 December 2011: TL 148,339 thousands).

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

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

	<b>USD</b>	<b>EUR</b>
<b>Foreign currency purchase rates at balance sheet date</b>	1.7600	2.3210
<b><u>Rates for the days before balance sheet date:</u></b>		
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
<b>Last 30-days arithmetical average rates</b>	1.7620	2.3103



*The Bank's currency risk:*

<i>Current Period</i>	<b>EUR</b>	<b>USD</b>	<b>Other FCs</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	5,060,218	6,639,882	3,118,650	14,818,750
Banks	2,372,403	2,959,553	181,832	5,513,788
Financial Assets at Fair Value through Profit/Loss	323,487	147,468	-	470,955
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	177,753	830,830	-	1,008,583
Loans (*)	11,613,177	24,487,837	456,204	36,557,218
Investments in Associates, Subsidiaries and Joint-Ventures	1,902,041	215,495	-	2,117,536
Investments Held-to-Maturity	-	445,864	-	445,864
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	417	71	-	488
Intangible Assets	-	-	-	-
Other Assets	34,687	63,107	5,181	102,975
<b>Total Assets</b>	<b>21,484,183</b>	<b>35,790,107</b>	<b>3,761,867</b>	<b>61,036,157</b>
<b>Liabilities</b>				
Bank Deposits	594,729	2,238,090	83,107	2,915,926
Foreign Currency Deposits	9,893,110	21,519,709	779,710	32,192,529
Interbank Money Market Takings	-	1,272,606	2	1,272,608
Other Fundings	6,096,487	11,512,329	573	17,609,389
Securities Issued	-	3,932,007	-	3,932,007
Miscellaneous Payables	17,473	78,276	282,458	378,207
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities (**)	216,941	347,521	2,384,346	2,948,808
<b>Total Liabilities</b>	<b>16,818,740</b>	<b>40,900,538</b>	<b>3,530,196</b>	<b>61,249,474</b>
<b>Net 'On Balance Sheet' Position</b>	<b>4,665,443</b>	<b>(5,110,431)</b>	<b>231,671</b>	<b>(213,317)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(4,531,503)</b>	<b>5,274,280</b>	<b>(221,035)</b>	<b>521,742</b>
Derivative Assets	4,669,704	15,333,890	2,325,626	22,329,220
Derivative Liabilities	9,201,207	10,059,610	2,546,661	21,807,478
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>24,192,845</b>	<b>34,622,010</b>	<b>3,152,813</b>	<b>61,967,668</b>
<b>Total Liabilities</b>	<b>19,143,094</b>	<b>37,231,588</b>	<b>3,271,493</b>	<b>59,646,175</b>
<b>Net 'On Balance Sheet' Position</b>	<b>5,049,751</b>	<b>(2,609,578)</b>	<b>(118,680)</b>	<b>2,321,493</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(4,751,323)</b>	<b>2,455,470</b>	<b>122,699</b>	<b>(2,173,154)</b>
Derivative Assets	4,387,201	12,481,980	684,312	17,553,493
Derivative Liabilities	9,138,524	10,026,510	561,613	19,726,647
Non-Cash Loans	-	-	-	-

(\*) The foreign currency-indexed loans amounting TL 2,362,469 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(\*\*) Other liabilities also include gold deposits of TL 2,375,081 thousands.

#### **4.6 Interest rate risk**

The interest rate risk resulting from balance sheet maturity mismatch presents the possible losses that may arise due to the changes in interest rates of interest sensitive assets and liabilities in the on- and off-balance sheet. Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Committee meetings taking into consideration the developments in market conditions.

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

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

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

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

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

<i>Current Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	16,112,682	16,112,682
Banks	2,082,215	1,760,850	1,660,800	679,581	-	1,562,905	7,746,351
Financial Assets at Fair Value through Profit/Loss (**)	4,743	24,507	101,508	222,482	37,616	570,439	961,295
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	3,192,083	10,953,511	12,531,690	4,210,994	842,269	4,144,232	35,874,779
Loans (**)	17,349,845	9,515,092	14,116,538	32,444,246	17,043,030	1,577,922	92,046,673
Investments Held-to-Maturity	910,865	-	7,064	148,192	293,449	4,813	1,364,383
Other Assets	7,190	-	2,723	4,241	4,698	6,067,476	6,086,328
<b>Total Assets</b>	<b>23,546,941</b>	<b>22,253,960</b>	<b>28,420,323</b>	<b>37,709,736</b>	<b>18,221,062</b>	<b>30,040,469</b>	<b>160,192,491</b>
<b>Liabilities</b>							
Bank Deposits	2,170,278	868,844	526	-	-	764,953	3,804,601
Other Deposits	53,328,997	9,067,816	3,746,179	7,730	-	17,527,096	83,677,818
Interbank Money Market Takings	12,009,528	563,513	911,100	-	-	15,382	13,499,523
Miscellaneous Payables	-	-	-	-	-	4,587,929	4,587,929
Securities Issued	1,213,307	322,141	922,685	1,048,258	2,180,314	175,435	5,862,140
Other Fundings	4,972,615	1,936,545	7,770,867	4,905,807	1,928,300	280,747	21,794,881
Other Liabilities	20,556	74	231	1	-	26,944,737	26,965,599
<b>Total Liabilities</b>	<b>73,715,281</b>	<b>12,758,933</b>	<b>13,351,588</b>	<b>5,961,796</b>	<b>4,108,614</b>	<b>50,296,279</b>	<b>160,192,491</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>9,495,027</b>	<b>15,068,735</b>	<b>31,747,940</b>	<b>14,112,448</b>	<b>-</b>	<b>70,424,150</b>
<b>On Balance Sheet Short Position</b>	<b>(50,168,340)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,255,810)</b>	<b>(70,424,150)</b>
<b>Off-Balance Sheet Long Position</b>	<b>1,641,576</b>	<b>3,331,561</b>	<b>2,670,303</b>	<b>2,951,487</b>	<b>626,121</b>	<b>-</b>	<b>11,221,048</b>
<b>Off-Balance Sheet Short Position</b>	<b>(743,463)</b>	<b>(1,794,291)</b>	<b>(2,112,161)</b>	<b>(3,527,824)</b>	<b>(1,172,411)</b>	<b>-</b>	<b>(9,350,150)</b>
<b>Total Position</b>	<b>(49,270,227)</b>	<b>11,032,297</b>	<b>15,626,877</b>	<b>31,171,603</b>	<b>13,566,158</b>	<b>(20,255,810)</b>	<b>1,870,898</b>

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

(\*\*) Loans amounting to TL 222,181 thousands classified under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are included above under “Loans”.

<i>Prior Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	8,261,151	8,261,151
Banks	8,118,111	1,570,388	1,624,898	433,464	-	2,597,090	14,343,951
Financial Assets at Fair Value through Profit/Loss	35,594	50,325	77,256	246,154	563,254	684,259	1,656,842
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	3,175,246	8,996,171	5,971,115	7,850,138	497,478	2,309,496	28,799,644
Loans	15,672,488	10,303,220	14,973,826	25,641,936	15,726,070	1,495,762	83,813,302
Investments Held-to-Maturity	910,864	1,458,014	574,141	157,033	1,421,680	264,798	4,786,530
Other Assets	13,475	1,000	2,498	7,473	9,118	4,947,457	4,981,021
<b>Total Assets</b>	<b>27,925,778</b>	<b>22,379,118</b>	<b>23,223,734</b>	<b>34,336,198</b>	<b>18,217,600</b>	<b>20,560,013</b>	<b>146,642,441</b>
<b>Liabilities</b>							
Bank Deposits	977,358	263,239	22,908	-	-	719,836	1,983,341
Other Deposits	49,653,429	10,982,656	4,587,989	75,760	137,108	17,122,492	82,559,434
Interbank Money Market Takings	8,893,238	847,839	-	1,189,870	-	24,044	10,954,991
Miscellaneous Payables	-	-	-	-	-	3,557,331	3,557,331
Securities Issued	1,270,659	-	1,371,442	-	924,305	137,691	3,704,097
Other Fundings	9,027,908	1,679,770	3,635,879	3,126,011	3,839,414	296,077	21,605,059
Other Liabilities	713,448	1	1	2	-	21,564,736	22,278,188
<b>Total Liabilities</b>	<b>70,536,040</b>	<b>13,773,505</b>	<b>9,618,219</b>	<b>4,391,643</b>	<b>4,900,827</b>	<b>43,422,207</b>	<b>146,642,441</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>8,605,613</b>	<b>13,605,515</b>	<b>29,944,555</b>	<b>13,316,773</b>	<b>-</b>	<b>65,472,456</b>
<b>On Balance Sheet Short Position</b>	<b>(42,610,262)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,862,194)</b>	<b>(65,472,456)</b>
<b>Off-Balance Sheet Long Position</b>	<b>1,585,694</b>	<b>1,773,331</b>	<b>1,815,686</b>	<b>2,332,115</b>	<b>2,511,160</b>	<b>-</b>	<b>10,017,986</b>
<b>Off-Balance Sheet Short Position</b>	<b>(1,053,837)</b>	<b>(812,713)</b>	<b>(2,300,011)</b>	<b>(3,460,229)</b>	<b>(1,502,335)</b>	<b>-</b>	<b>(9,129,125)</b>
<b>Total Position</b>	<b>(42,078,405)</b>	<b>9,566,231</b>	<b>13,121,190</b>	<b>28,816,441</b>	<b>14,325,598</b>	<b>(22,862,194)</b>	<b>888,861</b>

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

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

<i>Current Period</i>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.19	0.65	-	5.88
Financial Assets at Fair Value through Profit/Loss	4.63	7.24		7.73
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.35	5.17	-	10.48
Loans	5.30	5.65	5.61	15.15
Investments Held-to-Maturity	-	6.86	-	8.15
<b>Liabilities</b>				
Bank Deposits	1.55	2.03	-	5.74
Other Deposits	1.98	2.09	1.71	6.55
Interbank Money Market Takings	-	2.04	-	5.67
Miscellaneous Payables	-	-	-	-
Securities Issued	-	4.98	-	7.23
Other Fundings	1.59	2.50	-	11.40

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

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

#### **4.6.3 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 Banking Book as per Standard Shock Method” published in the Official Gazette no.28034 dated 23 August 2011, and the legal limit as per this measurement is monitored and reported monthly. The capital level is maintained considering the interest rate risk resulting from the banking book.

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

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

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

	Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
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%
	<b>Total (of negative shocks)</b>		<b>2,781,720</b>	<b>12.75%</b>
	<b>Total (of positive shocks)</b>		<b>(2,882,140)</b>	<b>(13.20)%</b>

## 4.7 Position risk of equity securities in banking book

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

	Equity Securities (shares)	Comparison		
		Carrying Value	Fair Value	Market Value
<b>1</b>	<b>Investment in Shares- grade A</b>	<b>2,534,600</b>	<b>2,117,536</b>	<b>68,509</b>
	Quoted Securities	68,509	-	68,509
<b>2</b>	<b>Investment in Shares- grade B</b>	<b>73,971</b>	<b>-</b>	<b>62,457</b>
	Quoted Securities	62,457	-	62,457
<b>3</b>	<b>Investment in Shares- grade C</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-
<b>4</b>	<b>Investment in Shares- grade D</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-
<b>5</b>	<b>Investment in Shares- grade E</b>	<b>1,014</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-
<b>6</b>	<b>Investment in Shares- grade F</b>	<b>48</b>	<b>-</b>	<b>-</b>
	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

	Portfolio	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
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	76,631	-	34,484
3	Other Shares	-	777,220	349,749	-	-	-
	<b>Total</b>	<b>-</b>	<b>777,220</b>	<b>369,749</b>	<b>76,631</b>	<b>-</b>	<b>34,484</b>

## 4.8 Liquidity risk

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

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

In the management of TL and 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 for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively.

The liquidity ratios for the years 2012 and 2011, are as follows:

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

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

***Contractual maturity analysis of liabilities according to remaining maturities***

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

<i>Current Period</i>	<b>Carrying Value</b>	<b>Gross Nominal Outflows</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>
Bank Deposits	3,804,601	3,800,553	760,907	2,170,290	716,719	526	152,111	-
Other Deposits	83,677,818	83,405,286	17,254,564	53,323,131	9,056,717	3,703,651	47,157	20,066
Other Fundings	21,794,881	21,514,134	-	1,526,559	1,243,301	7,942,072	7,584,619	3,217,583
Interbank Money Market Takings	13,499,523	13,484,141	-	12,009,528	563,513	911,100	-	-
Securities Issued	5,862,140	5,686,705	-	685,307	322,140	922,685	1,576,257	2,180,316
<b>Total</b>	<b>128,638,963</b>	<b>127,890,819</b>	<b>18,015,471</b>	<b>69,714,815</b>	<b>11,902,390</b>	<b>13,480,034</b>	<b>9,360,144</b>	<b>5,417,965</b>

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



#### 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
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3,240,837	12,871,845	-	-	-	-	-	16,112,682
Banks	1,530,573	744,316	192,483	618,919	2,731,760	1,928,300	-	7,746,351
Financial Assets at Fair Value through Profit/Loss (**)	1,263	109,055	51,308	176,982	506,440	116,247	-	961,295
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	29,948	-	946,729	15,299,783	14,688,513	4,909,806	-	35,874,779
Loans (**)	142,461	15,598,788	7,124,944	12,141,488	35,791,811	20,844,302	402,879	92,046,673
Investments Held-to-Maturity	-	-	-	7,274	1,060,161	296,948	-	1,364,383
Other Assets	1,252,699	292,877	-	2,723	4,241	4,698	4,529,090	6,086,328
<b>Total Assets</b>	<b>6,197,781</b>	<b>29,616,881</b>	<b>8,315,464</b>	<b>28,247,169</b>	<b>54,782,926</b>	<b>28,100,301</b>	<b>4,931,969</b>	<b>160,192,491</b>
<b>Liabilities</b>								
Bank Deposits	760,911	2,172,432	718,617	530	152,111	-	-	3,804,601
Other Deposits	17,254,564	53,514,421	9,094,105	3,746,827	47,646	20,255	-	83,677,818
Other Fundings	-	1,641,551	1,357,130	7,989,608	7,589,009	3,217,583	-	21,794,881
Interbank Money Market Takings	-	12,016,510	569,713	913,300	-	-	-	13,499,523
Securities Issued	-	685,307	322,141	922,685	1,591,824	2,340,183	-	5,862,140
Miscellaneous Payables	585,774	4,002,155	-	-	-	-	-	4,587,929
Other Liabilities (***)	1,319,456	442,165	103,677	68,924	488,932	83,988	24,458,457	26,965,599
<b>Total Liabilities</b>	<b>19,920,705</b>	<b>74,474,541</b>	<b>12,165,383</b>	<b>13,641,874</b>	<b>9,869,522</b>	<b>5,662,009</b>	<b>24,458,457</b>	<b>160,192,491</b>
<b>Liquidity Gap</b>	<b>(13,722,924)</b>	<b>(44,857,660)</b>	<b>(3,849,919)</b>	<b>14,605,295</b>	<b>44,913,404</b>	<b>22,438,292</b>	<b>(19,526,488)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>5,441,225</b>	<b>25,613,044</b>	<b>10,765,193</b>	<b>13,826,328</b>	<b>58,866,923</b>	<b>27,991,470</b>	<b>4,138,258</b>	<b>146,642,441</b>
<b>Total Liabilities</b>	<b>18,204,429</b>	<b>65,391,998</b>	<b>13,409,429</b>	<b>13,774,426</b>	<b>9,999,080</b>	<b>5,961,902</b>	<b>19,901,177</b>	<b>146,642,441</b>
<b>Liquidity Gap</b>	<b>(12,763,204)</b>	<b>(39,778,954)</b>	<b>(2,644,236)</b>	<b>51,902</b>	<b>48,867,843</b>	<b>22,029,568</b>	<b>(15,762,919)</b>	<b>-</b>

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

(\*\*) Loans amounting to TL 222,181 thousands classified under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are included above under “Loans”.

(\*\*\*) Shareholders’ equity is included in “other liabilities” line under “undistributed” column.

#### 4.9 Securitisation positions

None.

#### 4.10 Credit risk mitigation techniques

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

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

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

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

Exposure Categories	Amount (**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Conditional and unconditional exposures to central governments or central banks	54,314,898	-	-	-
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	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	25,722,458	4,257,753	-	-
Conditional and unconditional exposures to corporates	115,953,954	4,453,127	-	-
Conditional and unconditional retail exposures	66,052,250	920,759	-	-
Conditional and unconditional exposures secured by real estate property (*)	12,760,036	58,941	-	-
Past due items	218,515	118	-	-
Items in regulatory high-risk categories	7,716,270	102,442	-	-
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	5,647,458	-	-	-

(\*) 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 credit risk mitigation and liquidity conversions.

#### 4.11 Risk management objectives and policies

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

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

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

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

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

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

#### 4.12 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>151,897,404</b>	<b>138,928,282</b>	<b>151,292,903</b>	<b>138,320,076</b>
Interbank Money Market Placements	-	-	-	-
Banks (*)	22,611,569	21,528,806	22,611,569	21,528,806
Financial Assets Available-for-Sale	35,874,779	28,799,644	35,874,779	28,799,644
Investments Held-to-Maturity	1,364,383	4,786,530	1,465,168	5,019,805
Loans	92,046,673	83,813,302	91,341,387	82,971,821
<b>Financial Liabilities</b>	<b>119,727,369</b>	<b>113,409,262</b>	<b>119,727,369</b>	<b>113,409,262</b>
Bank Deposits	3,804,601	1,983,341	3,804,601	1,983,341
Other Deposits	83,677,818	82,559,434	83,677,818	82,559,434
Other Fundings	21,794,881	21,605,059	21,794,881	21,605,059
Securities Issued	5,862,140	3,704,097	5,862,140	3,704,097
Miscellaneous Payables	4,587,929	3,557,331	4,587,929	3,557,331

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

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

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

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

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

<i>Current Period</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets Available-for-Sale	33,646,892	-	2,227,887	35,874,779
Financial Assets Held for Trading	406,373	-	4,217	410,590
Derivative Financial Assets Held for Trading	5,776	544,929	-	550,705
Loans	-	222,181	-	222,181
Investments in Associates and Subsidiaries	130,967	-	2,117,536	2,248,503
Derivative Financial Assets Held for Risk Management	-	-	-	-
<b>Financial Assets at Fair Value</b>	<b>34,190,008</b>	<b>767,110</b>	<b>4,349,640</b>	<b>39,306,758</b>
Derivative Financial Liabilities Held for Trading	-	871,031	-	871,031
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
<b>Financial Liabilities at Fair Value</b>	<b>-</b>	<b>871,031</b>	<b>-</b>	<b>871,031</b>

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

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, items held in trust**

None.

## 5 Disclosures and Footnotes on Unconsolidated Financial Statements

### 5.1 Assets

#### 5.1.1 Cash and balances with Central Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash in TL/Foreign Currency	800,960	399,078	617,193	375,096
Central Bank of Turkey	492,972	14,372,246	972,268	6,212,587
Others	-	47,426	30	83,977
<b>Total</b>	<b>1,293,932</b>	<b>14,818,750</b>	<b>1,589,491</b>	<b>6,671,660</b>

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

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

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

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

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Assets	-	223,894	-	646,886
Assets Subject to Repurchase Agreements	-	-	-	-
<b>Total</b>	<b>-</b>	<b>223,894</b>	<b>-</b>	<b>646,886</b>

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	44,018	2,544	68,193	20,179
Swap Transactions	206,319	225,871	13,865	379,817
Futures	-	5,776	-	4,950
Options	47,495	18,682	108,370	55,608
Other	-	-	-	-
<b>Total</b>	<b>297,832</b>	<b>252,873</b>	<b>190,428</b>	<b>460,554</b>

### 5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Banks				
Domestic banks	191,158	52,949	32,179	157
Foreign banks	2,041,405	5,460,839	2,070,313	12,241,302
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>2,232,563</b>	<b>5,513,788</b>	<b>2,102,492</b>	<b>12,241,459</b>

#### *Due from foreign banks*

	<b>Unrestricted Balances</b>		<b>Restricted Balances</b>	
	<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>	<i>Prior Period</i>
EU Countries	1,556,403	5,261,563	5,414,630	7,430,350
USA and Canada	73,095	936,974	217,740	431,411
OECD Countries (*)	2,558	4,345	-	-
Off-Shore Banking Regions	70,720	63,515	26,401	26,372
Other	140,697	157,085	-	-
<b>Total</b>	<b>1,843,473</b>	<b>6,423,482</b>	<b>5,658,771</b>	<b>7,888,133</b>

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

The placements at foreign banks include blocked accounts amounting TL 5,658,771 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 5,549,493 thousands (31 December 2011: TL 7,460,855 thousands) as collateral against funds borrowed at various banks.

### 5.1.4 Financial assets available-for-sale

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

The collateralized financial assets available-for-sale in TL consist of government bonds. The total carrying value of such securities with total face value of TL 9,397,954 thousands (31 December 2011: TL 6,699,932 thousands) is TL 9,579,711 thousands (31 December 2011: TL 6,901,185 thousands). The related accrued interests amount to TL 1,377,954 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). The collateralized financial assets available-for-sale in foreign currencies consist of Eurobonds. The total carrying value of such securities with total face value EUR 35,000,000 (31 December 2011: USD 9,925,000 and EUR 32,500,000) is EUR 34,635,651 (31 December 2011: USD 10,119,913 and EUR 26,364,891). The related accrued interests amount to EUR 7,077,368 (31 December 2011: USD 1,300,911 and EUR 29,997). There are no impairment losses on these securities (31 December 2011: EUR 12,333).

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Assets	10,954,245	96,816	7,622,941	85,188
Assets subject to Repurchase Agreements	14,696,052	-	11,142,092	353,925
<b>Total</b>	<b>25,650,297</b>	<b>96,816</b>	<b>18,765,033</b>	<b>439,113</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>31,750,364</b>	<b>26,731,268</b>
Quoted at Stock Exchange	29,596,105	24,915,253
Unquoted at Stock Exchange	2,154,259	1,816,015
<b>Common Shares/Investment Funds</b>	<b>22,249</b>	<b>19,666</b>
Quoted at Stock Exchange (*)	5,081	5,081
Unquoted at Stock Exchange	17,168	14,585
<b>Value Increases/Impairment Losses (-)</b>	<b>4,102,166</b>	<b>2,048,710</b>
<b>Total</b>	<b>35,874,779</b>	<b>28,799,644</b>

As of 31 December 2012, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 (31 December 2011: USD 425,000,000) and a total carrying value of TL 763,661 thousands (31 December 2011: TL 804,237 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>	
	<b>Cash Loans</b>	<b>Non-Cash Loans</b>	<b>Cash Loans</b>	<b>Non-Cash Loans</b>
<b>Direct Lendings to Shareholders</b>	<b>21</b>	<b>118,418</b>	<b>26</b>	<b>34,925</b>
Corporates	21	118,418	26	34,925
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>314,839</b>	<b>495,947</b>	<b>245,679</b>	<b>478,356</b>
<b>Loans to Employees</b>	<b>107,541</b>	<b>-</b>	<b>86,115</b>	<b>-</b>
<b>Total</b>	<b>422,401</b>	<b>614,365</b>	<b>331,820</b>	<b>513,281</b>

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

<b>Cash Loans</b>	<b>Performing Loans and Other Receivables</b>			<b>Loans and Other Receivables under Follow-Up</b>		
	<b>Loans and Other Receivables (Total)</b>	<b>Loans and Receivables with Revised Contract Terms</b>		<b>Loans and Other Receivables (Total)</b>	<b>Loans and Receivables with Revised Contract Terms</b>	
		<b>Extension of Repayment Plan</b>	<b>Other Changes</b>		<b>Extension of Repayment Plan</b>	<b>Other Changes</b>
<b>Loans</b>	<b>89,217,584</b>	<b>1,269,093</b>	<b>-</b>	<b>2,426,210</b>	<b>872,130</b>	<b>561,099</b>
Working Capital Loans	7,887,360	142,378	-	517,047	240,937	111,553
Export Loans	3,514,477	10,450	-	114,629	83,233	15,850
Import Loans	955	-	-	-	-	-
Loans to Financial Sector (*)	2,296,887	-	-	-	-	-
Consumer Loans	21,449,583	670,575	-	446,106	83,604	88,987
Credit Cards	11,539,424	-	-	336,618	-	252,722
Others	42,528,898	445,690	-	1,011,810	464,358	91,987
<b>Specialization Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>89,217,584</b>	<b>1,269,093</b>	<b>-</b>	<b>2,426,210</b>	<b>872,132</b>	<b>561,099</b>

(\*) Loans amounting to TL 222,181 thousands classified under "financial assets at fair value through profit or loss" in the accompanying balance sheet, are included above under "Loans to Financial Sector".

Collaterals received for loans under follow-up;

<i>Current Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	13,419	2,375	-	15,794
Loans Collateralized by Mortgages	949,022	191,960	-	1,140,982
Loans Collateralized by Pledged Assets	96,573	25,191	-	121,764
Loans Collateralized by Cheques and Notes	96,309	204,960	-	301,269
Loans Collateralized by Other Collaterals	474,088	1,640	-	475,728
Unsecured Loans	14,075	19,980	336,618	370,673
<b>Total</b>	<b>1,643,486</b>	<b>446,106</b>	<b>336,618</b>	<b>2,426,210</b>

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

Delinquency periods of loans under follow-up;

<i>Current Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	74,070	165,086	60,002	299,158
61-90 days	62,489	42,195	23,894	128,578
Others	1,506,927	238,825	252,722	1,998,474
<b>Total</b>	<b>1,643,486</b>	<b>446,106</b>	<b>336,618</b>	<b>2,426,210</b>

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

Loans and other receivables with extended payment plans;

<i>Current Period</i>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>No. of Extensions</b>		
1 or 2 times	1,170,683	830,194
3, 4 or 5 times	87,379	28,011
Over 5 times	11,031	13,927



<i>Current Period</i>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>Extention Periods</b>		
0 - 6 months	222,024	411,970
6 - 12 months	284,389	80,138
1 - 2 years	272,693	88,897
2 - 5 year	375,218	116,133
5 years and over	114,769	174,994

### 5.1.5.3 Maturity analysis of cash loans

<i>Current Period</i>	<b>Performing Loans and Other Receivables</b>		<b>Loans under Follow-Up and Other Receivables</b>	
	<b>Loans and Other Receivables</b>	<b>Loans and Receivables with Revised Contract Terms</b>	<b>Loans and Other Receivables</b>	<b>Loans and Receivables with Revised Contract Terms</b>
<b>Short-term Loans</b>	<b>27,470,825</b>	<b>178,341</b>	<b>559,039</b>	<b>361,343</b>
Loans	27,470,825	178,341	559,039	361,343
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and Long-term Loans</b>	<b>61,746,759</b>	<b>1,090,752</b>	<b>1,867,171</b>	<b>1,071,888</b>
Loans	61,746,759	1,090,752	1,867,171	1,071,888
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>574,438</b>	<b>20,570,250</b>	<b>21,144,688</b>
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
Other	432,129	7,767,724	8,199,853
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>274,002</b>	<b>274,002</b>
Housing Loans	-	264,756	264,756
Automobile Loans	-	246	246
General Purpose Loans	-	6,858	6,858
Other	-	2,142	2,142
<b>Consumer Loans – FC</b>	<b>-</b>	<b>40,621</b>	<b>40,621</b>
Housing Loans	-	31,337	31,337
Automobile Loans	-	6,748	6,748
General Purpose Loans	-	1,161	1,161
Other	-	1,375	1,375
<b>Retail Credit Cards – TL</b>	<b>10,891,301</b>	<b>264,632</b>	<b>11,155,933</b>
With Installment	5,698,845	264,632	5,963,477
Without Installment	5,192,456	-	5,192,456
<b>Retail Credit Cards – FC</b>	<b>32,690</b>	<b>-</b>	<b>32,690</b>
With Installment	10,462	-	10,462
Without Installment	22,228	-	22,228
<b>Personnel Loans – TL</b>	<b>18,465</b>	<b>37,051</b>	<b>55,516</b>
Housing Loan	-	1,171	1,171
Automobile Loans	-	146	146
General Purpose Loans	4,265	5,866	10,131
Other	14,200	29,868	44,068
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>58</b>	<b>58</b>
Housing Loans	-	58	58
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>52</b>	<b>52</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	52	52
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>43,806</b>	<b>513</b>	<b>44,319</b>
With Installment	34,769	513	35,282
Without Installment	9,037	-	9,037
<b>Personnel Credit Cards – FC</b>	<b>561</b>	<b>-</b>	<b>561</b>
With Installment	255	-	255
Without Installment	306	-	306
<b>Deposit Accounts– TL (Real persons)</b>	<b>380,752</b>	<b>-</b>	<b>380,752</b>
<b>Deposit Accounts– FC (Real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11,942,013</b>	<b>21,187,179</b>	<b>33,129,192</b>

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

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>1,113,031</b>	<b>7,756,447</b>	<b>8,869,478</b>
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
Other	-	6,467	6,467
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>71,711</b>	<b>662,032</b>	<b>733,743</b>
Real Estate Loans	-	39,880	39,880
Automobile Loans	2,545	211,094	213,639
General Purpose Loans	69,166	411,058	480,224
Other	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>416</b>	<b>79,045</b>	<b>79,461</b>
Real Estate Loans	-	1,460	1,460
Automobile Loans	170	4,665	4,835
General Purpose Loans	246	10,074	10,320
Other	-	62,846	62,846
<b>Corporate Credit Cards – TL</b>	<b>636,981</b>	<b>750</b>	<b>637,731</b>
With Installment	375,502	750	376,252
Without Installment	261,479	-	261,479
<b>Corporate Credit Cards – FC</b>	<b>4,808</b>	<b>-</b>	<b>4,808</b>
With Installment	1	-	1
Without Installment	4,807	-	4,807
<b>Deposit Accounts– TL (Corporates)</b>	<b>646,939</b>	<b>-</b>	<b>646,939</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,473,886</b>	<b>8,498,274</b>	<b>10,972,160</b>

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

#### 5.1.5.6 Allocation of loans by customers

	<i>Current Period</i>	<i>Prior Period</i>
Public Sector	1,197,502	1,469,006
Private Sector (*)	90,446,292	82,063,924
<b>Total</b>	<b>91,643,794</b>	<b>83,532,930</b>

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

#### 5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	88,964,587	81,535,965
Foreign Loans (*)	2,679,207	1,996,965
<b>Total</b>	<b>91,643,794</b>	<b>83,532,930</b>

(\*) Loans amounting to TL 222,181 thousands included under “Financial Assets at Fair Value through Profit/Loss” in the accompanying balance sheet, are included above under “Foreign Loans”.

#### 5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	851,364	1,219,109
Indirect Lending	-	-
<b>Total</b>	<b>851,364</b>	<b>1,219,109</b>

**5.1.5.9 Specific provisions for loans**

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	112,647	28,890
Doubtful Loans and Receivables	460,160	156,321
Uncollectible Loans and Receivables	1,138,387	1,066,504
<b>Total</b>	<b>1,711,194</b>	<b>1,251,715</b>

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<i>Current Period</i>			
(Gross Amounts before Specific Provisions)	23,914	40,941	75,043
Restructured Loans and Receivables	23,914	40,941	75,043
Rescheduled Loans and Receivables	-	-	-
<i>Prior Period</i>			
(Gross Amounts before Specific Provisions)	12,368	20,353	90,382
Restructured Loans and Receivables	12,368	20,353	90,382
Rescheduled Loans and Receivables	-	-	-

*Movements in non-performing loans and other receivables*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<i>Current Period</i>			
<b>Balances at Beginning of Period</b>	<b>78,176</b>	<b>191,288</b>	<b>1,262,623</b>
Additions during the Period (+)	832,319	176,843	71,104
Transfer from Other NPL Categories (+)	-	607,810	344,953
Transfer to Other NPL Categories (-)	607,810	345,163	1,217
Collections during the Period (-)	82,967	65,183	178,719
Write-offs (-) (*)	-	-	169,984
Corporate and Commercial Loans	-	-	2,864
Retail Loans	-	-	33,577
Credit Cards	-	-	133,543
Others	-	-	-
<b>Balances at End of Period</b>	<b>219,718</b>	<b>565,595</b>	<b>1,328,760</b>
Specific Provisions (-)	112,647	460,160	1,138,387
<b>Net Balance on Balance Sheet</b>	<b>107,071</b>	<b>105,435</b>	<b>190,373</b>

(\*) This amount is due to sale of non-performing loans.

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

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

***Movements in specific loan provisions***

<i>Current Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>450,411</b>	<b>248,229</b>	<b>553,075</b>	<b>1,251,715</b>
Additions during the Period(+)	347,290	220,956	268,211	836,457
Restructured/Rescheduled Loans (-)	245	75	-	320
Collections during the Period (-)	58,724	66,586	81,364	206,674
Write-offs (-)	2,864	33,577	133,543	169,984
<b>Balances at End of Period</b>	<b>735,868</b>	<b>368,947</b>	<b>606,379</b>	<b>1,711,194</b>

<i>Prior Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>576,401</b>	<b>377,447</b>	<b>633,701</b>	<b>1,587,549</b>
Additions during the Period(+)	159,134	77,482	112,034	348,650
Restructured/Rescheduled Loans (-)	161,237	179	-	161,416
Collections during the Period (-)	98,128	100,986	123,684	322,798
Write-offs (-)	25,759	105,535	68,976	200,270
<b>Balances at End of Period</b>	<b>450,411</b>	<b>248,229</b>	<b>553,075</b>	<b>1,251,715</b>

***Non-performing loans and other receivables in foreign currencies***

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b><i>Current Period</i></b>			
<b>Balance at End of Period</b>	<b>10,686</b>	<b>233,309</b>	<b>210,366</b>
Specific Provisions (-)	5,059	198,414	175,164
<b>Net Balance at Balance Sheet</b>	<b>5,627</b>	<b>34,895</b>	<b>35,202</b>
<b><i>Prior Period</i></b>			
<b>Balance at End of Period</b>	<b>3,038</b>	<b>26,843</b>	<b>195,255</b>
Specific Provisions (-)	211	18,555	152,194
<b>Net Balance at Balance Sheet</b>	<b>2,827</b>	<b>8,288</b>	<b>43,061</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b><i>Current Period (Net)</i></b>			
	<b>107,071</b>	<b>105,435</b>	<b>190,373</b>
Loans to Individuals and Corporates (Gross)	219,718	565,595	1,320,730
Specific Provision (-)	112,647	460,160	1,130,357
Loans to Individuals and Corporates (Net)	107,071	105,435	190,373
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,719
Specific Provision (-)	-	-	7,719
Other Loans and Receivables (Net)	-	-	-
<b><i>Prior Period (Net)</i></b>			
	<b>49,286</b>	<b>34,967</b>	<b>196,119</b>
Loans to Individuals and Corporates (Gross)	78,176	191,288	1,255,583
Specific Provision (-)	28,890	156,321	1,059,464
Loans to Individuals and Corporates (Net)	49,286	34,967	196,119
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,729
Specific Provision (-)	-	-	6,729
Other Loans and Receivables (Net)	-	-	-



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

<i>Current Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	549	213	-	762
Loans Collateralized by Mortgages	385,422	46,929	-	432,351
Loans Collateralized by Pledged Assets	205,991	39,865	-	245,856
Loans Collateralized by Cheques and Notes	251,960	253,795	-	505,755
Loans Collateralized by Other Collaterals	172,110	5,610	-	177,720
Unsecured Loans	47,803	64,739	639,087	751,629
<b>Total</b>	<b>1,063,835</b>	<b>411,151</b>	<b>639,087</b>	<b>2,114,073</b>

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

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

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

**5.1.5.12 *“Write-off” policies***

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

**5.1.6 *Investments held-to-maturity***

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	677,522	356,786	2,470,203	487,156
Investments subject to Repurchase Agreements	-	-	156,819	-
<b>Total</b>	<b>677,522</b>	<b>356,786</b>	<b>2,627,022</b>	<b>487,156</b>

**5.1.6.2 *Government securities held-to-maturity***

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	911,245	3,170,068
Treasury Bills	-	-
Other Government Securities	445,864	1,610,487
<b>Total</b>	<b>1,357,109</b>	<b>4,780,555</b>

### 5.1.6.3 Investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>1,359,571</b>	<b>4,521,731</b>
Quoted at Stock Exchange	1,352,506	4,515,950
Unquoted at Stock Exchange	7,065	5,781
<b>Valuation Increase / (Decrease)</b>	<b>4,812</b>	<b>264,799</b>
<b>Total</b>	<b>1,364,383</b>	<b>4,786,530</b>

### 5.1.6.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>4,786,530</b>	<b>5,893,931</b>
Foreign Currency Differences On Monetary Assets	(26,348)	292,041
Purchases during the Period	7,065	5,781
Disposals through Sales/Redemptions (*)	(3,407,676)	(1,360,037)
Valuation Effect	4,812	(45,186)
<b>Balances at End of Period</b>	<b>1,364,383</b>	<b>4,786,530</b>

(\*) 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.

## 5.1.7 Investments in associates

### 5.1.7.1 Investments in associates

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

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

(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.

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

**5.1.7.2 Movement of investments in associates**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>19,834</b>	<b>29,512</b>
<b>Movements during the Period</b>	<b>1,265</b>	<b>(9,678)</b>
Acquisitions (*)	1,211	1,000
Bonus Shares Received	57	634
Dividends from Current Year Profit	-	-
Sales (**)	(3)	(11,312)
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
<b>Balance at End of Period</b>	<b>21,099</b>	<b>19,834</b>
<b>Capital Commitments</b>	<b>-</b>	<b>1,000</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

(\*) TL 1,000 thousands of the acquisitions resulted from the payment of capital commitment amounting to TL 1,000 thousands to Kredi Garanti Fonu AŞ as per the capital increase of TL 4,000 thousands as of 11 September 2009, and TL 211 thousands from the reallocation of the shares previously held by Fortisbank that was acquired by TEB in order to rebuild the equal shareholders principle.

(\*\*) In the current period, this decrease is due to the liquidation of Gelişen Bilgi Teknolojileri AŞ in 9 May 2012. In the 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.

**5.1.7.3 Sectoral distribution of investments and associates**

<b>Investments in Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	19,385	18,120
Other Associates	1,714	1,714

**5.1.7.4 Quoted associates**

None.

**5.1.7.5 Valuation methods of investments in associates**

<b>Investments in Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	21,099	19,834
Valued at Fair Value	-	-

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

None.

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

None.

## 5.1.8 Investments in subsidiaries

### 5.1.8.1 Information on capital adequacy of major subsidiaries

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

<i>Current Period</i>	<b>Garanti Bank International NV</b>	<b>Garanti Finansal Kiralama AS</b>	<b>Garanti Holding BV</b>
<b>CORE CAPITAL</b>	<b>896,741</b>	<b>559,976</b>	<b>332,747</b>
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
<b>SUPPLEMENTARY CAPITAL</b>	<b>178,282</b>	<b>-</b>	<b>9,720</b>
<b>CAPITAL</b>	<b>1,075,023</b>	<b>559,976</b>	<b>342,467</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>-</b>	<b>42</b>	<b>81,453</b>
<b>NET AVAILABLE EQUITY</b>	<b>1,075,023</b>	<b>559,934</b>	<b>261,014</b>

### 5.1.8.2 Investments in subsidiaries

	<b>Subsidiary</b>	<b>Address (City/ Country)</b>	<b>Bank's Share – If Different, Voting Rights (%)</b>	<b>Bank's Risk Group Share (%)</b>
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	99.96	99.96
7	Garanti Faktoring Hizmetleri AŞ	Istanbul/Turkey	81.84	81.84
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/The Netherlands	100.00	100.00
12	Garanti Bank Moscow	Moscow/Russia	99.94	100.00
13	Garanti Holding BV	Amsterdam/The Netherlands	100.00	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	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	2,870,263	561,416	17,420	221,824	-	61,560	80,784	-
7	1,955,227	105,011	2,414	149,058	228	20,460	34,534	160,020
8	57,117	32,430	2,681	636	2,648	621	2,214	-
9	21,635	18,201	2,176	1,027	108	3,165	620	-
10	4,224,009	576,244	15,626	55,108	6,535	133,977	112,997	-
11	10,698,822	1,042,598	46,214	445,057	73,464	101,782	128,056	1,141,605
12	813,049	166,913	42,036	35,745	17,371	16,896	12,012	215,619
13	753,148	753,116	-	-	-	(121)	(10)	760,436

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

### 5.1.8.3 Movement of investments in subsidiaries

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>2,168,576</b>	<b>1,655,134</b>
<b>Movements during the Period</b>	<b>419,958</b>	<b>513,442</b>
Acquisitions (*)	46,474	83,420
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassification of Shares	-	8,653
Increase/(Decrease) in Market Values	420,961	163,773
Currency Differences on Foreign Subsidiaries	(47,477)	171,328
Impairment Reversals/(Losses)	-	86,268
<b>Balance at End of Period</b>	<b>2,588,534</b>	<b>2,168,576</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

(\*) In the 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.

In the 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.

**5.1.8.4 Sectoral distribution of investments in subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
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	829,096	805,079
Other Subsidiaries	104,085	104,085

**5.1.8.5 Quoted subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Quoted at Domestic Stock Exchanges	130,967	68,749
Quoted at International Stock Exchanges	-	-

**5.1.8.6 Valuation methods of investments in subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Valued at Cost	340,031	340,031
Valued at Fair Value	2,248,503	1,828,545

**5.1.8.7 Investments in subsidiaries disposed during the current period**

None.

**5.1.8.8 Investments in subsidiaries acquired during the current period**

None.

**5.1.9 Investments in Joint-Ventures**

None.

**5.1.10 Lease receivables**

None.

**5.1.11 Derivative financial assets held for risk management**

**5.1.11.1 Positive differences on derivative financial instruments held for risk management**

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

The Bank hedged its fixed-rate eurobonds issued on 20 April 2011 with a maturity of 10 years for the amount of USD 500 millions under various fair value hedges. On 5 June 2012, the Bank ceased to apply hedge accounting as per TAS 39 due to early closing of the related derivative transactions held for fair value risk management.

### 5.1.12 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
<b>At End of Prior Period:</b>					
Cost	1,094,486	379,357	21,333	1,046,873	2,542,049
Accumulated Depreciation (-)	(278,471)	(344,882)	(18,781)	(656,304)	(1,298,438)
Net Book Value at End of Prior Period	816,015	34,475	2,552	390,569	1,243,611
<b>At End of Current Period:</b>					
Additions	39,318	534	2,300	172,760	214,912
Disposals (Costs)	(187,307)	(3,356)	(4,455)	(38,978)	(234,096)
Disposals (Accumulated Depreciation)	30,841	3,339	4,038	9,695	47,913
Impairment/Reversal of Impairment Losses	22,352	-	-	-	22,352
Depreciation Expense for Current Period (-)	(20,589)	(15,874)	(1,391)	(127,659)	(165,513)
Currency Translation Differences on Foreign Operations	-	-	-	-	-
Cost at End of Current Period	968,849	376,535	19,178	1,180,655	2,545,217
Accumulated Depreciation at End of Current Period	(268,219)	(357,417)	(16,134)	(774,268)	(1,416,038)
Net Book Value at End of Current Period	700,630	19,118	3,044	406,387	1,129,179

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

##### *Conditions for allocating/releasing any impairment:*

None.

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

None.

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

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

### 5.1.13 Intangible assets

#### 5.1.13.1 Useful lives and amortisation rates

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

#### 5.1.13.2 Amortisation methods

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

#### 5.1.13.3 Balances at beginning and end of current period

	Beginning of Period		End of Period	
	Cost	Accumulated Amortisation	Cost	Accumulated Amortisation
Intangible Assets	145,852	91,038	123,385	67,835

**5.1.13.4 Movements of intangible assets for the current period**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Net Book Value at End of Prior Period</b>	<b>55,550</b>	<b>30,527</b>
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	24,064	42,089
Disposals (-)	(2,647)	(5,697)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(22,153)	(11,369)
Currency Translation Differences on Foreign Operations	-	-
Other Movements	-	-
<b>Net Book Value at End of Current Period</b>	<b>54,814</b>	<b>55,550</b>

**5.1.13.5 Details for any individually material intangible assets**

None.

**5.1.13.6 Intangible assets capitalised under government incentives at fair values**

None.

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

None.

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

None.

**5.1.13.9 Commitments to acquire intangible assets**

None.

**5.1.13.10 Disclosure on revalued intangible assets**

None.

**5.1.13.11 Research and development costs expensed during current period**

None.

**5.1.13.12 Goodwill**

None.

**5.1.13.13 Movements in goodwill during current period**

None.

**5.1.14 Investment property**

<b>Real Estate Type</b>	<b>Cost</b>	<b>Accumulated Depreciation (-)</b>	<b>Impairment Losses</b>	<b>Intend of Use</b>
Building	191,559	(34,971)	(241)	Operational lease
Land	-	-	-	-



### 5.1.15 Deferred tax asset

As of 31 December 2012, the Bank has a deferred tax asset of TL 177,515 thousands (31 December 2011: TL 6,359 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 December 2012. However, there is a deferred tax asset of TL 253,239 thousands (31 December 2011: TL 134,774 thousands) and deferred tax liability of TL 75,724 thousands (31 December 2011: TL 128,415 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

### 5.1.16 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>124,203</b>	<b>99,700</b>
<b>Accumulated Depreciation (-)</b>	<b>(2,444)</b>	<b>(1,644)</b>
<b>Net Book Value</b>	<b>121,759</b>	<b>98,056</b>
<b>End of Current Period</b>		
Additions	71,425	96,975
Disposals (Cost)	(62,393)	(70,562)
Disposals (Accumulated Depreciation)	517	659
Impairment Losses (-)	(1,772)	(1,910)
Depreciation Expense for Current Period (-)	(2,185)	(1,459)
Currency Translation Differences on Foreign Operations	-	-
<b>Cost</b>	<b>131,463</b>	<b>124,203</b>
<b>Accumulated Depreciation (-)</b>	<b>(4,112)</b>	<b>(2,444)</b>
<b>Net Book Value</b>	<b>127,351</b>	<b>121,759</b>

As of the 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).

### 5.1.17 Other assets

#### 5.1.17.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Subsidiaries and Joint Ventures	1,362	3,167
Sale of Real Estates	7,733	13,945
Sale of Other Assets	3,007	2,978
<b>Total</b>	<b>12,102</b>	<b>20,090</b>

#### 5.1.17.2 Prepaid expenses, taxes and similar items

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	258,578	235,131
Prepaid Taxes	-	-

**5.1.18 Accrued interest and income**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Central Bank of Turkey	-	-	-	-
Financial Assets at Fair Value through Profit or Loss	270	18,201	4,614	25,805
Banks	15,330	17,636	19,053	18,519
Interbank Money Markets	-	-	-	-
Financial Assets Available-for-Sale	4,081,030	33,254	2,232,901	51,024
Loans	755,137	419,906	812,775	402,615
Investments Held-to-Maturity	590	4,223	233,024	31,774
Other Accruals	6,713	-	10,870	-
<b>Total</b>	<b>4,859,070</b>	<b>493,220</b>	<b>3,313,237</b>	<b>529,737</b>

## 5.2 Liabilities

### 5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	3,547,678	-	3,249,553	25,946,859	283,170	83,893	236,802	2,619	33,350,574
<b>Foreign Currency Deposits</b>	6,719,900	-	5,444,260	14,902,375	1,236,891	2,947,701	862,199	79,203	32,192,529
Residents in Turkey	6,357,525	-	5,251,086	13,455,872	612,405	608,255	386,623	77,700	26,749,466
Residents in Abroad	362,375	-	193,174	1,446,503	624,486	2,339,446	475,576	1,503	5,443,063
<b>Public Sector Deposits</b>	676,056	-	24,344	13,628	8	-	-	-	714,036
<b>Commercial Deposits</b>	3,943,349	-	2,657,913	7,443,111	485,952	185,025	27,938	-	14,743,288
<b>Other</b>	66,997	-	39,804	189,564	5,226	347	372	-	302,310
<b>Precious Metal Deposits</b>	2,300,584	-	25,929	19,023	-	2,274	27,271	-	2,375,081
<b>Bank Deposits</b>	760,911	-	813,415	1,919,282	82,496	8,365	220,132	-	3,804,601
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	249	-	346,634	2,017	-	-	56,877	-	405,777
Foreign Banks	271,338	-	466,781	1,917,265	82,496	8,365	163,255	-	2,909,500
Special Financial Institutions	489,324	-	-	-	-	-	-	-	489,324
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>18,015,475</b>	<b>-</b>	<b>12,255,218</b>	<b>50,433,842</b>	<b>2,093,743</b>	<b>3,227,605</b>	<b>1,374,714</b>	<b>81,822</b>	<b>87,482,419</b>

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

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

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	12,716,833	11,517,475	20,341,572	18,581,731
Foreign Currency Saving Deposits	3,276,116	3,165,621	12,611,000	12,114,312
Other Saving Deposits	1,132,858	1,214,676	1,114,691	1,254,695
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

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

None.

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

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	509,167	441,070
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	244,756	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**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	64,245	11,967	61,995	25,309
Swap transactions	469,195	253,497	373,961	197,906
Futures	-	-	-	95
Options	53,912	18,215	59,204	55,847
Other	-	-	-	-
<b>Total</b>	<b>587,352</b>	<b>283,679</b>	<b>495,160</b>	<b>279,157</b>

**5.2.3 Funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	234,007	349,317	265,651	240,192
Foreign Banks, Institutions and Funds	3,951,485	17,142,821	4,118,852	15,898,962
<b>Total</b>	<b>4,185,492</b>	<b>17,492,138</b>	<b>4,384,503</b>	<b>16,139,154</b>

### 5.2.3.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-Term	222,386	4,254,951	223,318	6,338,631
Medium and Long-Term	3,963,106	13,237,187	4,161,185	9,800,523
<b>Total</b>	<b>4,185,492</b>	<b>17,492,138</b>	<b>4,384,503</b>	<b>16,139,154</b>

### 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>	<b>TL</b>		<b>FC</b>	
	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>
	Nominal	1,757,435	350,000	-
Cost	1,710,878	325,920	-	3,755,070
Carrying Value (*)	1,601,466	328,667	-	3,932,007

<i>Prior Period</i>	<b>TL</b>		<b>FC</b>	
	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>
	Nominal	2,500,000	-	-
Cost	2,365,935	-	-	1,193,145
Carrying Value (*)	2,082,601	-	-	1,621,496

(\*) The Bank repurchased its own TL securities with total nominal value of TL 139,248 thousands (31 December 2011: TL 369,681 thousands) and netted off such securities in the accompanying financial statement.

### 5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Domestic Transactions</b>	<b>11,478,900</b>	<b>-</b>	<b>8,338,230</b>	<b>-</b>
Financial Institutions and Organizations	11,440,063	-	8,293,202	-
Other Institutions and Organizations	17,361	-	20,249	-
Individuals	21,476	-	24,779	-
<b>Foreign Transactions</b>	<b>748,015</b>	<b>1,272,608</b>	<b>388</b>	<b>2,616,373</b>
Financial Institutions and Organizations	747,723	1,272,608	-	2,616,373
Other Institutions and Organizations	186	-	-	-
Individuals	106	-	388	-
<b>Total</b>	<b>12,226,915</b>	<b>1,272,608</b>	<b>8,338,618</b>	<b>2,616,373</b>

**5.2.4.3 Miscellaneous payables**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Payables from credit card transactions	3,937,158	12,313	3,293,560	9,784
Other	272,564	365,894	188,331	65,656
<b>Total</b>	<b>4,209,722</b>	<b>378,207</b>	<b>3,481,891</b>	<b>75,440</b>

**5.2.5 Lease payables (Net)**

**5.2.5.1 Financial lease payables**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Up to 1 Year	363	340	4	4
1-4 Years	2	1	1	1
More than 4 Years	-	-	-	-
<b>Total</b>	<b>365</b>	<b>341</b>	<b>5</b>	<b>5</b>

**5.2.5.2 Operational lease agreements**

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

**5.2.6 Derivative financial liabilities held for risk management**

<b>Derivative Financial Liabilities held for Risk Management</b>	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	782
Net foreign investment hedges	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>782</b>

**5.2.7 Provisions**

**5.2.7.1 General provisions**

	<i>Current Period</i>	<i>Prior Period</i>
<b>General Provision for</b>	<b>1,302,552</b>	<b>1,013,949</b>
Loans and Receivables in Group I	1,082,935	888,467
- Additional Provision for Loans and Receivables with Extended Maturities	66,313	-
Loans and Receivables in Group II	33,734	50,179
- Additional Provision for Loans and Receivables with Extended Maturities	45,215	-
Non-Cash Loans	74,355	75,303
Others	-	-

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

	<i>Current Period</i>	<i>Prior Period</i>
Short-Term Loans	6,635	2,345
Medium and Long-Term Loans	4,749	968
<b>Total</b>	<b>11,384</b>	<b>3,313</b>

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

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

	<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
<b>Total</b>	<b>97,396</b>	<b>52,298</b>

**5.2.7.4 Other provisions**

**5.2.7.4.1 General reserves for possible losses**

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	420,000	420,000

**5.2.7.4.2 Other provisions**

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	343,997	266,805
Provision for Promotion Expenses of Credit Cards (*)	37,760	44,353
Provision for Lawsuits	19,928	15,906
Other Provisions	55,334	17,835
<b>Total</b>	<b>457,019</b>	<b>344,899</b>

(\*) 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 at 31 December 2012 (31 December 2011: TL 1,143,072 thousands) 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>
<b>Transferable Pension and Medical Benefits:</b>		
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)
<b>Present Value of Pension and Medical Benefits Transferable to SSF (1)</b>	<b>(111,230)</b>	<b>(90,768)</b>
<b>Fair Value of Plan Assets (2)</b>	<b>1,479,105</b>	<b>1,233,840</b>
<b>Asset Surplus over Transferable Benefits ((2)-(1)=(3))</b>	<b>1,367,875</b>	<b>1,143,072</b>
<b>Non-Transferable Benefits:</b>		
Other pension benefits	(426,261)	(264,514)
Other medical benefits	(107,178)	(137,859)
<b>Total Non-Transferable Benefits (4)</b>	<b>(533,439)</b>	<b>(402,373)</b>
<b>Asset Surplus over Total Benefits ((3)-(4)=(5))</b>	<b>834,436</b>	<b>740,699</b>
<b>Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)</b>	<b>(369,726)</b>	<b>(305,628)</b>
<b>Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))</b>	<b>464,710</b>	<b>435,071</b>

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

	<i>Current Period</i>	<i>Prior Period</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	1.40% above inflation	1.40% above inflation
Future Pension Increase Rate (*)	4.67	5.06

(\*) As of 31 December 2012, the above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' years-in-service.

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

## **5.2.8 Tax liability**

### **5.2.8.1 Current tax liability**

#### **5.2.8.1.1 Tax liability**

As of 31 December 2012, the Bank had a current tax liability of TL 303,089 thousands (31 December 2011: TL 67,849 thousands) after offsetting with prepaid taxes.



**5.2.8.1.2 Taxes payable**

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	303,089	67,849
Taxation on Securities Income	99,573	75,858
Taxation on Real Estates Income	2,071	1,907
Banking Insurance Transaction Tax	50,999	46,017
Foreign Exchange Transaction Tax	39	21
Value Added Tax Payable	3,456	2,700
Others	64,403	67,635
<b>Total</b>	<b>523,630</b>	<b>261,987</b>

**5.2.8.1.3 Premiums**

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	2	-
Social Security Premiums-Employer	-	-
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	-	-
Unemployment Insurance-Employees	625	1,129
Unemployment Insurance-Employer	1,234	2,216
Others	11	8
<b>Total</b>	<b>1,975</b>	<b>3,413</b>

**5.2.8.2 Deferred tax liability**

None.

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

None.

**5.2.10 Subordinated debts**

On 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.

This debt is qualified as secondary subordinated debt 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.

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions (*)	-	117,251	-	1,081,402
<b>Total</b>	<b>-</b>	<b>117,251</b>	<b>-</b>	<b>1,081,402</b>

(\*) The subordinated debt of US\$ 500 millions obtained from foreign markets in 2007, was repaid on 6 February 2012.

## 5.2.11 Shareholders' equity

### 5.2.11.1 Paid-in capital

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

### 5.2.11.2 Registered share capital system

<b>Capital</b>	<b>Paid-in Capital</b>	<b>Ceiling per Registered Share Capital</b>
Registered Shares	4,200,000	10,000,000

### 5.2.11.3 Capital increases in current period

None.

### 5.2.11.4 Capital increases from capital reserves in current period

None.

### 5.2.11.5 Capital commitments for current and future financial periods

None.

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

None.

### 5.2.11.7 Information on privileges given to stocks representing the capital

None.

### 5.2.11.8 Securities value increase fund

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	<b>105,801</b>	<b>776,725</b>	<b>56,027</b>	<b>408,460</b>
Valuation difference	73,484	776,725	23,710	408,460
Exchange rate difference	32,317	-	32,317	-
<b>Securities Available-for-Sale</b>	<b>976,744</b>	<b>14,008</b>	<b>124,961</b>	<b>19,086</b>
Valuation difference	976,744	14,008	124,961	19,086
Exchange rate difference	-	-	-	-
<b>Total</b>	<b>1,082,545</b>	<b>790,733</b>	<b>180,988</b>	<b>427,546</b>

### 5.2.11.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates allocated for Capital Increases	739,390	-	596,813	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

**5.2.11.10 Bonus shares of associates, subsidiaries and joint-ventures**

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

**5.2.11.11 Legal reserves**

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	801,302	648,013
II. Legal Reserve	114,290	75,290
Special Reserves	-	-

**5.2.11.12 Extraordinary reserves**

	<i>Current Period</i>	<i>Prior Period</i>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	9,724,283	7,612,215
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

**5.2.12 Accrued interest and expenses**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Deposits	187,476	89,104	256,928	134,317
Funds Borrowed	204,066	76,681	212,822	83,255
Interbank Money Markets	7,802	7,580	6,920	17,124
Other Accruals	134,095	178,931	38,034	164,795
<b>Total</b>	<b>533,439</b>	<b>352,296</b>	<b>514,704</b>	<b>399,491</b>

### 5.3 Off-Balance Sheet Items

#### 5.3.1 Off-balance sheet contingencies

##### 5.3.1.1 Irrevocable credit commitments

The Bank has asset purchase and sale commitments of TL 5,085,084 thousands (31 December 2011: TL 3,093,587 thousands), commitments for cheque payments of TL 1,994,233 thousands (31 December 2011: TL 2,230,853 thousands) and commitments for credit card limits of TL 14,215,936 thousands (31 December 2011: TL 13,540,139 thousands).

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

	<i>Current Period</i>	<i>Prior Period</i>
Letters of Guarantee in Foreign Currency	9,465,698	9,134,682
Letters of Guarantee in TL	6,958,156	5,786,884
Letters of Credit	5,465,530	5,514,146
Bills of Exchange and Acceptances	720,896	515,550
Prefinancings	-	-
Other Guarantees	66,300	70,236
<b>Total</b>	<b>22,676,580</b>	<b>21,021,498</b>

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 in the accompanying financial statements.

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

##### 5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	1,404,045	1,298,865
With Original Maturity of 1 Year or Less	164,145	302,053
With Original Maturity of More Than 1 Year	1,239,900	996,812
Other Non-Cash Loans	21,272,535	19,722,633
<b>Total</b>	<b>22,676,580</b>	<b>21,021,498</b>

**5.3.1.4 Sectoral risk concentration of non-cash loans**

	<i>Current Period</i>				<i>Prior Period</i>			
	<b>TL</b>	<b>(%)</b>	<b>FC</b>	<b>(%)</b>	<b>TL</b>	<b>(%)</b>	<b>FC</b>	<b>(%)</b>
<b>Agriculture</b>	<b>57,695</b>	<b>0.83</b>	<b>51,766</b>	<b>0.32</b>	<b>68,282</b>	<b>1.18</b>	<b>56,413</b>	<b>0.37</b>
Farming and Stockbreeding	55,029	0.79	50,572	0.32	65,948	1.14	55,441	0.36
Forestry	1,291	0.02	567	-	524	0.01	112	-
Fishery	1,375	0.02	627	-	1,810	0.03	860	0.01
<b>Manufacturing</b>	<b>2,416,517</b>	<b>34.67</b>	<b>5,770,592</b>	<b>36.73</b>	<b>2,068,327</b>	<b>35.66</b>	<b>6,223,786</b>	<b>40.90</b>
Mining	342,528	4.91	44,749	0.28	307,253	5.30	45,627	0.30
Production	1,338,824	19.21	3,317,763	21.12	1,233,884	21.27	4,023,733	26.44
Electricity, Gas, Water	735,165	10.55	2,408,080	15.33	527,190	9.09	2,154,426	14.16
<b>Construction</b>	<b>1,052,375</b>	<b>15.10</b>	<b>1,992,035</b>	<b>12.68</b>	<b>872,018</b>	<b>15.03</b>	<b>1,865,576</b>	<b>12.26</b>
<b>Services</b>	<b>2,729,671</b>	<b>39.16</b>	<b>5,802,672</b>	<b>36.96</b>	<b>2,325,013</b>	<b>40.08</b>	<b>5,842,613</b>	<b>38.39</b>
Wholesale and Retail Trade	1,775,393	25.47	2,892,904	18.42	1,581,513	27.26	2,987,611	19.63
Hotel, Food and Beverage Services	163,140	2.34	85,827	0.55	151,771	2.62	65,921	0.43
Transportation and Telecommunication	299,687	4.30	685,681	4.37	209,132	3.60	807,888	5.31
Financial Institutions	398,692	5.72	2,068,786	13.17	311,294	5.37	1,961,588	12.89
Real Estate and Renting Services	7,834	0.11	56,781	0.36	8,835	0.15	1,668	0.01
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	15,103	0.22	4,007	0.03	8,143	0.14	4,381	0.03
Health and Social Services	69,822	1.00	8,686	0.06	54,325	0.94	13,556	0.09
<b>Other</b>	<b>713,950</b>	<b>10.24</b>	<b>2,089,307</b>	<b>13.31</b>	<b>468,621</b>	<b>8.05</b>	<b>1,230,849</b>	<b>8.08</b>
<b>Total</b>	<b>6,970,208</b>	<b>100.00</b>	<b>15,706,372</b>	<b>100.00</b>	<b>5,802,261</b>	<b>100.00</b>	<b>15,219,237</b>	<b>100.00</b>

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

	<b>Group I</b>		<b>Group II</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Current Period</b>				
<b>Non-Cash Loans</b>	<b>6,895,069</b>	<b>15,615,608</b>	<b>75,139</b>	<b>90,764</b>
Letters of Guarantee	6,883,017	9,384,344	75,139	81,354
Bills of Exchange and Bank Acceptances	5,028	715,168	-	700
Letters of Credit	7,024	5,449,796	-	8,710
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	-	66,300	-	-

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

### 5.3.2 Financial derivative instruments

<i>Current Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
<b>Hedging Derivatives</b>						
<b>A. Total Hedging Derivatives</b>	-	-	-	-	-	-
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-	-	-
<b>Trading Derivatives</b>						
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>36,295,895</b>	<b>7,444,201</b>	<b>11,208,756</b>	<b>4,354,630</b>	-	<b>59,303,482</b>
Currency Forwards-Purchases	2,289,767	738,552	1,200,286	261,966	-	<b>4,490,571</b>
Currency Forwards-Sales	2,322,055	753,232	1,249,380	276,843	-	<b>4,601,510</b>
Currency Swaps-Purchases	11,967,009	317,007	748,893	1,332,443	-	<b>14,365,352</b>
Currency Swaps-Sales	10,549,505	310,193	723,259	1,458,491	-	<b>13,041,448</b>
Currency Options-Purchases	4,552,236	2,573,255	3,491,618	482,763	-	<b>11,099,872</b>
Currency Options-Sales	4,615,323	2,666,201	3,669,172	542,124	-	<b>11,492,820</b>
Currency Futures-Purchases	-	57,514	126,148	-	-	<b>183,662</b>
Currency Futures-Sales	-	28,247	-	-	-	<b>28,247</b>
<b>Interest Rate Related Derivative Transactions (II)</b>	<b>47,625</b>	<b>570,186</b>	<b>3,734,010</b>	<b>12,703,597</b>	<b>3,597,066</b>	<b>20,652,484</b>
Interest Rate Swaps-Purchases	14,700	263,573	1,186,842	6,099,662	1,798,533	<b>9,363,310</b>
Interest Rate Swaps-Sales	14,700	263,573	1,186,842	6,086,502	1,798,533	<b>9,350,150</b>
Interest Rate Options-Purchases	-	-	1,340,305	517,433	-	<b>1,857,738</b>
Interest Rate Options-Sales	-	-	-	-	-	-
Securities Options-Purchases	18,225	39,520	2,280	-	-	<b>60,025</b>
Securities Options-Sales	-	3,520	17,741	-	-	<b>21,261</b>
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	-	-	-	-	-
<b>Other Trading Derivatives (III)</b>	<b>2,341,762</b>	<b>58,635</b>	<b>340,854</b>	<b>214,170</b>	-	<b>2,955,421</b>
<b>B. Total Trading Derivatives (I+II+III)</b>	<b>38,685,282</b>	<b>8,073,022</b>	<b>15,283,620</b>	<b>17,272,397</b>	<b>3,597,066</b>	<b>82,911,387</b>
<b>Total Derivative Transactions (A+B)</b>	<b>38,685,282</b>	<b>8,073,022</b>	<b>15,283,620</b>	<b>17,272,397</b>	<b>3,597,066</b>	<b>82,911,387</b>

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

### 5.3.3 Credit derivatives and risk exposures on credit derivatives

As of 31 December 2012, in the Bank's "other irrevocable commitments", there are commitments for "credit linked notes" with a total face value of USD 425,000,000 (31 December 2011: USD 425,000,000).

As of 31 December 2012, included in the Bank's "other derivative financial instruments", there are "total return swaps" with a total face value of EUR 85,000,000 (31 December 2011: None). The Bank is the protection buyer in these transactions.

### 5.3.4 Contingent liabilities and assets

The Bank made a total provision amounting to TL 19,928 thousands for the lawsuits filed by various customers and institutions against the Bank which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.7.4.2 Other provisions. The Bank has various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

### 5.3.5 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 Income Statement

### 5.4.1 Interest Income

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-term loans	2,794,707	191,500	2,136,923	174,895
Medium and long-term loans	3,666,298	1,753,889	2,678,751	1,525,361
Loans under follow-up	34,818	-	77,374	7
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>6,495,823</b>	<b>1,945,389</b>	<b>4,893,048</b>	<b>1,700,263</b>

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

#### 5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Central Bank of Turkey	77	-	-	14
Domestic Banks	11,538	268	7,500	734
Foreign Banks	161,444	47,301	158,303	68,940
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>173,059</b>	<b>47,569</b>	<b>165,803</b>	<b>69,688</b>

#### 5.4.1.3 Interest income from securities portfolio

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Financial Assets Held for Trading	24,448	8,600	28,483	1,534
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	3,483,151	60,377	2,830,090	110,209
Investments Held-to-Maturity	222,476	80,765	465,695	106,335
<b>Total</b>	<b>3,730,075</b>	<b>149,742</b>	<b>3,324,268</b>	<b>218,078</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Subsidiaries	58,211	82,104



## 5.4.2 Interest Expenses

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>470,435</b>	<b>394,801</b>	<b>532,235</b>	<b>325,909</b>
Central Bank of Turkey	-	1,669	-	-
Domestic Banks	20,175	9,070	19,268	5,312
Foreign Banks	450,260	384,062	512,967	320,597
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>26,886</b>	<b>-</b>	<b>73,124</b>
<b>Total</b>	<b>470,435</b>	<b>421,687</b>	<b>532,235</b>	<b>399,033</b>

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

### 5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	44,764	34,010

### 5.4.2.3 Interest expenses on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid on Securities Issued	208,620	105,049	126,552	50,831

### 5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
			Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
	<b>Turkish Lira</b>								
	Bank Deposits	236	78,260	-	-	-	-	-	78,496
	Saving Deposits	115	287,149	2,424,365	50,817	15,375	22,971	-	2,800,792
	Public Sector Deposits	-	418	2,685	118	-	-	-	3,221
	Commercial Deposits	95	197,347	803,196	138,162	22,802	16,451	-	1,178,053
	Other	5	1,667	22,858	11,062	46	20	-	35,658
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	<b>Total TL</b>	<b>451</b>	<b>564,841</b>	<b>3,253,104</b>	<b>200,159</b>	<b>38,223</b>	<b>39,442</b>	<b>-</b>	<b>4,096,220</b>
	<b>Foreign Currency</b>								<b>-</b>
	Foreign Currency Deposits	576	77,184	508,052	44,513	121,530	55,859	1,400	809,114
	Bank Deposits	-	40,700	-	-	-	-	-	40,700
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Precious Metal Deposits	-	1	8	-	244	34	-	287
	<b>Total FC</b>	<b>576</b>	<b>117,885</b>	<b>508,060</b>	<b>44,513</b>	<b>121,774</b>	<b>55,893</b>	<b>1,400</b>	<b>850,101</b>
	<b>Grand Total</b>	<b>1,027</b>	<b>682,726</b>	<b>3,761,164</b>	<b>244,672</b>	<b>159,997</b>	<b>95,335</b>	<b>1,400</b>	<b>4,946,321</b>

<i>Prior Period</i>	<b>Demand Deposits</b>	<b>Time Deposits</b>					<b>Accumulating Deposit Accounts</b>	<b>Total</b>
		<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>		
<b>Turkish Lira</b>								
Bank Deposits	235	38,191	-	-	-	-	-	38,426
Saving Deposits	414	321,312	1,659,483	89,815	20,368	18,245	-	2,109,637
Public Sector Deposits	-	668	2,392	97	2	-	-	3,159
Commercial Deposits	377	229,529	523,510	129,863	20,436	16,917	-	920,632
Other	20	2,673	19,331	5,233	10,677	302	-	38,236
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>1,046</b>	<b>592,373</b>	<b>2,204,716</b>	<b>225,008</b>	<b>51,483</b>	<b>35,464</b>	<b>-</b>	<b>3,110,090</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	617	188,817	497,877	45,531	15,635	61,476	1,696	811,649
Bank Deposits	-	34,730	-	-	-	-	-	34,730
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	-	-	119	13	-	133
<b>Total FC</b>	<b>617</b>	<b>223,548</b>	<b>497,877</b>	<b>45,531</b>	<b>15,754</b>	<b>61,489</b>	<b>1,696</b>	<b>846,512</b>
<b>Grand Total</b>	<b>1,663</b>	<b>815,921</b>	<b>2,702,593</b>	<b>270,539</b>	<b>67,237</b>	<b>96,953</b>	<b>1,696</b>	<b>3,956,602</b>

#### 5.4.2.5 Interest expense on repurchase agreements

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Interest Paid on Repurchase Agreements	755,386	30,665	668,598	44,206

#### 5.4.2.6 Financial lease expenses

	<i>Current Period</i>	<i>Prior Period</i>
Financial Lease Expenses	21	24

#### 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 Loss	-	-
Financial Assets Available-for-Sale	675	772
Others	1,769	4,785
<b>Total</b>	<b>2,444</b>	<b>5,557</b>

#### 5.4.4 Trading income/losses (Net)

	<i>Current Period</i>	<i>Prior Period</i>
<b>Income</b>	<b>53,756,316</b>	<b>92,007,978</b>
Trading Account Income	575,379	410,680
Gains from Derivative Financial Instruments	2,909,235	2,972,771
Foreign Exchange Gains	50,271,702	88,624,527
<b>Losses (-)</b>	<b>53,141,887</b>	<b>91,675,666</b>
Trading Account Losses	26,584	93,591
Losses from Derivative Financial Instruments	3,246,939	2,619,581
Foreign Exchange Losses	49,868,364	88,962,494
<b>Total</b>	<b>614,429</b>	<b>332,312</b>

TL 300,877 thousands (31 December 2011: TL 359,051 thousands) of foreign exchange gains and TL 259,783 thousands (31 December 2011: TL 371,309 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

The Bank enters into interest rate swap agreements in order to hedge the change in fair value of its fixed rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank 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.

However, the Bank ceased to apply hedge accounting and accordingly fair value calculations for these bonds on 5 June 2012. 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” 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 the Bank’s non-performing loan portfolio amounting to TL 200,564 thousands was sold to a local asset management company at a sale price of TL 32,600 thousands. The sale price is fully recognized as income under other operating income as such receivables were fully provided against in the Bank’s financial statements before the sale.

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Specific Provisions for Loans and Other Receivables</b>	<b>763,845</b>	<b>308,573</b>
<i>Loans and Receivables in Group III</i>	112,449	28,728
<i>Loans and Receivables in Group IV</i>	460,061	155,929
<i>Loans and Receivables in Group V</i>	191,335	123,916
<b>General Provisions</b>	<b>291,206</b>	<b>386,267</b>
<b>Provision for Possible Losses</b>	<b>-</b>	<b>100,000</b>
<b>Impairment Losses on Securities</b>	<b>28</b>	<b>2,566</b>
<i>Financial Assets at Fair Value through Profit or Loss</i>	28	2,453
<i>Financial Assets Available-for-Sale</i>	-	113
<b>Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity</b>	<b>-</b>	<b>-</b>
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
<b>Others</b>	<b>122,756</b>	<b>24,991</b>
<b>Total</b>	<b>1,177,835</b>	<b>822,397</b>

#### 5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	1,501,004	1,370,884
Reserve for Employee Termination Benefits	61,629	24,197
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	5,396	-
Depreciation Expenses of Tangible Assets	165,513	161,179
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	22,153	11,369
Impairment Losses on Investments Accounted under Equity Method	-	-
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	-	-
Other Operating Expenses	1,490,979	1,377,844
<i>Operational Lease related Expenses</i>	<i>215,535</i>	<i>186,642</i>
<i>Repair and Maintenance Expenses</i>	<i>30,389</i>	<i>30,684</i>
<i>Advertisement Expenses</i>	<i>105,877</i>	<i>99,307</i>
<i>Other Expenses</i>	<i>1,139,178</i>	<i>1,061,211</i>
Loss on Sale of Assets	1,064	1,185
Others	289,206	256,298
<b>Total</b>	<b>3,540,901</b>	<b>3,206,325</b>

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

The profit before taxes includes a net interest income of TL 5,718,932 thousands, a net fees and commissions income of TL 2,007,605 thousands and operating expenses of TL 3,540,901 thousands. The Bank's profit before taxes realized at TL 3,923,290 thousands increasing by 0.39% as compared to prior year.

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

As of 31 December 2012, the Bank recorded a tax charge of TL 1,193,716 thousands (31 December 2011: TL 392,346 thousands) and a deferred tax income of TL 340,751 thousands (31 December 2011: a deferred tax expense of TL 445,228 thousands).

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

<b>Deferred tax (benefit)/charge on timing differences</b>	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
Increase in tax deductible timing differences (+)	(320,995)	(17,197)
Decrease in tax deductible timing differences (-)	15,573	390,663
Increase in taxable timing differences (-)	4,625	82,202
Decrease in taxable timing differences (+)	(39,954)	(10,440)
<b>Total</b>	<b>(340,751)</b>	<b>445,228</b>

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

<b>Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions</b>	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
(Increase)/decrease in tax deductible timing differences (net)	(305,422)	373,466
(Increase)/decrease in taxable timing differences (net)	(35,329)	71,762
(Increase)/decrease in tax losses (net)	-	-
(Increase)/decrease in tax deductions and exemptions (net)	-	-
<b>Total</b>	<b>(340,751)</b>	<b>445,228</b>

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

None.

**5.4.11 Net profit/loss**

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

None.

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

None.

**5.4.12 Components of other items in income statement**

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

## **5.5 Statement of Changes in Shareholders' Equity**

### **5.5.1 Any increases arising from application of accounting for financial instruments**

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

None.

#### **5.5.1.2 Increases due to cash flow hedges**

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. After netting with the related deferred tax effect, an increase of TL 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**

A decrease of TL 3,026 thousands (31 December 2011: an increase of TL 9,309 thousands) that was resulted from the foreign currency translation of Luxembourg branch performance, is presented under translation differences in the shareholders' equity

### **5.5.2 Any decreases arising from application of accounting for financial instruments**

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

As of 31 December 2012, an increase of TL 1,317,233 thousands (31 December 2011: a decrease of TL 1,097,301 thousands) resulted from the revaluation of financial assets available-for-sale at fair value after being netted with the related deferred tax liability effect and a gain of TL 52,489 thousands (31 December 2011: TL 267,975 thousands) that was transferred to the income statement from "securities value increase fund" are presented as the current period movements in securities value increase fund in the statement of changes in shareholders' equity.

#### **5.5.2.2 Decreases due to cash flow hedges**

None.

### **5.5.3 Transfers to legal reserves**

	<i>Current Period</i>	<i>Prior Period</i>
Transfers to Legal Reserves from Prior Year Profits	192,529	193,262
Transfers to Extraordinary Reserves from Prior Year Profits	2,112,068	2,343,706

### **5.5.4 Issuance of share certificates**

Please refer to Note 5.2.11.3.

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

Please refer to Note 3.24.

### **5.5.6 Compensation of prior period losses**

None.

## 5.6 Statement of Cash Flows

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

The net cash outflow arising from banking operations amount to TL 2,257,895 thousands (31 December 2011: TL 5,867,201 thousands). TL 6,379,901 thousands (31 December 2011: TL 7,955,076 thousands) of this amount is generated from the change in operating assets and liabilities and TL 4,122,006 thousands (31 December 2011: TL 2,087,875 thousands) from operating profit. The “net increase/(decrease) in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 1,342,602 thousands (31 December 2011: TL 1,020,224 thousands). The “others” item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to TL 367,755 thousands (31 December 2011: TL 1,568,041 thousands).

The net cash inflows from financing activities is TL 1,520,176 thousands (31 December 2011: TL 2,996,019 thousands).

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 337,239 thousands (31 December 2011: TL 677,405 thousands).

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

Please refer to Note 5.1.8.2 of investments in subsidiaries.

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

None.

### 5.6.4 Cash and cash equivalents at beginning of period

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

### 5.6.5 Cash and cash equivalents at end of period

	<i>Current Period</i>	<i>Prior Period</i>
Cash on Hand	<b>1,200,038</b>	<b>992,289</b>
Cash in TL	800,960	617,193
Cash in Foreign Currency	399,078	375,096
Cash Equivalents	<b>3,062,636</b>	<b>6,621,273</b>
Other	3,062,636	6,621,273
<b>TOTAL</b>	<b>4,262,674</b>	<b>7,613,562</b>

**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 5,658,771 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 5,549,493 thousands (31 December 2011: TL 7,460,855 thousands) as collateral against funds borrowed at various banks.

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 operating capacity of the Bank**

None.



## 5.7 Related Party Risks

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

#### 5.7.1.1 Loans and other receivables

##### Current Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,746,072	1,359,135	186,803	34,925	245,679	478,356
Balance at end of period	2,940,871	1,282,931	260,311	118,418	314,839	495,947
Interest and Commission Income	139,633	203	760	6	20,249	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	3,475,734	757,091	14	4,831	232,831	358,273
Balance at end of period	3,746,072	1,359,135	186,803	34,925	245,679	478,356
Interest and Commission Income	176,367	193	1	5	15,601	1,175

#### 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	386,511	571,953	1,109,031	207,006	341,540	389,333
Balance at end of period	511,151	386,511	101,958	1,109,031	205,931	341,540
Interest Expense	44,764	34,010	14,810	54,624	13,827	15,672

#### 5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading:						
Balance at beginning of period	951,574	707,375	1,066,781		28,710	3,992
Balance at end of period	1,119,747	951,574	2,895,692	1,066,781	-	28,710
Total Profit/(Loss)	(17,777)	37,425	(17,213)	27,094	934	1,683
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

## **5.7.2 The Bank's risk group**

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

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

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

The cash loans of the risk group amounting TL 1,166,224 thousands (31 December 2011: TL 1,464,814 thousands) compose 1.27% (31 December 2011: 1.75%) of the Bank's total cash loans and 0.73% (31 December 2011: 1.00%) of the Bank's total assets. The total loans and similar receivables amounting TL 3,516,021 thousands (31 December 2011: TL 4,178,554 thousands) compose 2.19% (31 December 2011: TL 2.85%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 1,897,296 thousands (31 December 2011: TL 1,872,416 thousands) compose 8.37% (31 December 2011: 8.91%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 819,040 thousands (31 December 2011: TL 1,837,082 thousands) compose 0.94% (31 December 2011: 2.17%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 37,136 thousands (31 December 2011: TL 48,432 thousands) compose 0.17% (31 December 2011: 0.24%) of the Bank's total funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

Furthermore, there is a credit card (POS) payable amounting TL 64,596 thousands (31 December 2011: TL 57,693 thousands) to related parties.

Operating expenses of TL 6,195 thousands (31 December 2011: TL 6,991 thousands) for IT services, of TL 10,960 thousands (31 December 2011: TL 12,493 thousands) for advertisement and broadcasting services, of TL 17,813 thousands (31 December 2011: TL 13,695 thousands) for operational leasing services, and of TL 8,870 thousands (31 December 2011: TL 5,592 thousands) for travel-arrangement related services rendered by related parties and rent income of TL 4,024 thousands (31 December 2011: TL 2,990 thousands) for the real estates rented to related parties, are recorded.

As of 31 December 2012, the net payment provided or to be provided to the key management of the Bank amounts to TL 82,512 thousands (31 December 2011: TL 86,277 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 Garanti Yatırım Menkul Kıymetler AŞ and Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities on behalf of customers are rendered by the Bank's specialised branches (Investment Centers).

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

## **5.8 Domestic, foreign and off-shore branches or equity investments, and foreign representative offices**

### **5.8.1 Domestic and foreign branches and representative offices**

	<b>Number of Branches</b>	<b>Number Of Employees</b>			
<b>Domestic Branches</b>	926	17,176			
			<b>Country</b>		
<b>Foreign Representative Offices</b>	1	1	1-Germany		
	1	1	2-England		
	1	1	3-China		
				<b>Total Assets</b>	<b>Legal Capital</b>
<b>Foreign Branches</b>	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**

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

## **5.9 Significant Events and Matters Arising Subsequent to 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 Bank's latest international risk ratings

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

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

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

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

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

<b>Foreign Currency</b>	
Long Term	BBB
Long Term FC Outlook	Stable
Short Term	F3
Financial Capacity Rate	bbb
Support	3
<b>Turkish Lira</b>	
Long Term	BBB
Long Term TL Outlook	Stable
Short Term	F3
<b>National</b>	
Outlook	AAA (Trk)
Outlook	Stable

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

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

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

## 6.2 Dividends

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

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

## 6.3 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 two 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 financial statements as of 31 December 2012.

## **7 Independent Auditors' Report**

### **7.1 Disclosure on independent auditors' report**

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

### **7.2 Disclosures and footnotes prepared by independent auditors**

None.

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