

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

**Türkiye Garanti Bankası Anonim Şirketi
And Its Financial Affiliates
Consolidated Financial Statements
As of and For the Three-Month Period Ended
31 March 2013**
*(Convenience Translation of Financial Statements and Related
Disclosures and Footnotes Originally Issued in Turkish)*
**With Independent Accountants' Limited Review
Report Thereon**

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
25 April 2013

*This report contains "Independent Accountants'
Limited Review Report" comprising 2 pages and;
"Consolidated Financial Statements and Related
Disclosures and Footnotes" comprising 94 pages.*

To the Board of Directors of
Türkiye Garanti Bankası AŞ
İstanbul

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT FOR THE INTERIM PERIOD 1 JANUARY 2013 –31 MARCH 2013

We have reviewed the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 31 March 2013 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants, our responsibility is to issue a report based on the review performed on these financial statements.

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

Subsequent to the reversal of TL 55,000 thousands in the current period, the accompanying consolidated financial statements include a general reserve amounting to TL 395,000 thousands as of the balance sheet date, 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.

Based on our review, except for the effect of the matter referred to in the preceding paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank and its consolidated financial affiliates as of and for the period ended 31 March 2013 in accordance with the prevailing accounting principles and standards set out as per the Article No. 37 and 38 of the Banking Act No. 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

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

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç
Partner

Istanbul, 25 April 2013

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Interim Financial Report
as of and for the Three-Month Period Ended 31 March 2013**

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The consolidated interim financial report for the three-month period ended 31 March 2013 prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

1. General Information about Parent Bank
2. Consolidated Interim Financial Statements of Parent Bank
3. Accounting Policies
4. Consolidated Financial Position and Results of Operations of Group
5. Disclosures and Footnotes on Consolidated Financial Statements
6. Limited Review Report

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

Subsidiaries

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

Special Purpose Entities

1. Garanti Diversified Payment Rights Finance Company

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

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

The authorized contact person for questions on this financial report:

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

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1 General Information

1.1 History of parent bank including its incorporation date, initial legal status, amendments to legal status

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 936 domestic branches, eight foreign branches and three representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 31 March 2013, group of companies under Doğuş Holding AŞ that currently owns 24.23% shares of the Bank, is named the Doğuş Group (the Group).

On 22 December 2005, Doğuş Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank’s issued share capital to “GE Araştırma ve Müşavirlik Limited Şti” of General Electric (GE) Group. Accordingly, GE acquired a joint control on the Bank’s management. On 27 December 2007, this time GE Araştırma ve Müşavirlik Limited Şti. has sold 9,765,000,000 shares of Türkiye Garanti Bankası AŞ at a nominal value of TL 97,650 thousands each to Doğuş Holding AŞ, representing 4.65% of the issued share capital. Number of shares representing 20.85% ownership of GE Araştırma ve Müşavirlik Limited Şti increased to 87,571,249,898 subsequent to the capital increase through issuance of bonus shares. The company sold 83,371,249,899 shares at a total nominal value of TL 833,712 thousands representing 19.85% ownership in Türkiye Garanti Bankası AŞ, to GE Capital Corporation on 29 December 2010, and the remaining 1% ownership in the stock exchange market on 11 December 2012.

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

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

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

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

Doğuş Group

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

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

The major investments of the Doğuş 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 operate in China and Turkey, and operates in more than 30 countries with more than 100 thousand employees.

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

Board of Directors Chairman and Members:

| Name and Surname | Responsibility | Appointment Date | Education | Experience in Banking and Business Administration |
|---|-----------------------------------|------------------|------------|---|
| Ferit Faik Şahenk | Chairman | 18.04.2001 | University | 23 years |
| Süleyman Sözen | Vice Chairman | 08.07.2003 | University | 31 years |
| Dr. Muammer Cüneyt Sezgin | Member of BOD and Audit Committee | 30.06.2004 | PhD | 25 years |
| Dr. Ahmet Kamil Esirtgen | Member | 19.03.1992 | PhD | 39 years |
| Manuel Castro Aladro | Member | 22.03.2011 | Master | 21 years |
| Manuel Pedro Galatas Sanchez Harguindey | Member of BOD and Audit Committee | 05.05.2011 | University | 29 years |
| Carlos Torres Vila | Member | 22.03.2011 | Master | 22 years |
| Angel Cano Fernandez | Member | 22.03.2011 | University | 28 years |
| Sait Ergun Özen | Member and CEO | 14.05.2003 | University | 26 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 | 26 years |
| Adnan Memiş | EVP-Support Services | 03.06.1991 | Master | 35 years |
| Ali Fuat Erbil | EVP-Financial Institutions & Corporate Banking | 30.04.1999 | PhD | 21 years |
| Erhan Adalı | EVP-Loans | 03.08.2012 | University | 23 years |
| Gökhan Erün | EVP-Treasury, Investment Banking, Human Resources & Training | 01.09.2005 | Master | 19 years |
| Faruk Nafiz Karadere | EVP-SME Banking | 01.05.1999 | University | 31 years |
| Halil Hüsnü Erel | EVP-Technology, Operations Management & Central Marketing | 16.06.1997 | University | 28 years |
| Recep Baştuğ | EVP-Commercial Banking | 01.01.2013 | University | 23 years |
| Turgay Gönensin | EVP-Coordination of Subsidiaries | 01.01.2013 | University | 28 years |
| Aydın Şenel | EVP-General Accounting & Financial Reporting | 02.03.2006 | University | 32 years |
| Avni Aydın Düren | EVP-Legal Services & Retail Risk Monitoring | 01.02.2009 | Master | 19 years |
| Betül Ebru Edin | EVP-Project Finance | 25.11.2009 | University | 19 years |
| Murat Mergin | Head of Strategic Planning | 01.01.2002 | University | 19 years |
| Onur Genç | EVP-Retail Banking | 20.03.2012 | Master | 14 years |
| Didem Başer | EVP-Delivery Channels & Customer Satisfaction | 20.03.2012 | Master | 15 years |

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

1.4 Information on parent bank's qualified shareholders

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

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

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

1.5 Summary information on parent bank's activities and services

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

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

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

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

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

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

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

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

None.

2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Balance Sheet (Statement of Financial Position)

At 31 March 2013

| ASSETS | | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | | | | | |
|--|--|-----------|--------------------------------|------------|-------------|------------------|------------|-------------|
| | | | CURRENT PERIOD | | | PRIOR PERIOD | | |
| | | | 31 March 2013 | | | 31 December 2012 | | |
| | | | TL | FC | Total | TL | FC | Total |
| I. CASH AND BALANCES WITH CENTRAL BANK | | 5.1.1 | 1,270,571 | 16,541,124 | 17,811,695 | 1,293,951 | 14,879,433 | 16,173,384 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net) | | 5.1.2 | 954,991 | 435,336 | 1,390,327 | 755,945 | 451,276 | 1,207,221 |
| 2.1 Financial assets held for trading | | | 736,702 | 435,336 | 1,172,038 | 533,764 | 451,276 | 985,040 |
| 2.1.1 Government securities | | | 388,795 | 41,230 | 430,025 | 166,838 | 14,891 | 181,729 |
| 2.1.2 Equity securities | | | 60,266 | - | 60,266 | 44,664 | - | 44,664 |
| 2.1.3 Derivative financial assets held for trading | | | 258,462 | 359,451 | 617,913 | 298,964 | 411,671 | 710,635 |
| 2.1.4 Other securities | | | 29,179 | 34,655 | 63,834 | 23,298 | 24,714 | 48,012 |
| 2.2 Financial assets valued at fair value through profit or loss | | | 218,289 | - | 218,289 | 222,181 | - | 222,181 |
| 2.2.1 Government securities | | | - | - | - | - | - | - |
| 2.2.2 Equity securities | | | - | - | - | - | - | - |
| 2.2.3 Loans | | 5.1.5 | 218,289 | - | 218,289 | 222,181 | - | 222,181 |
| 2.2.4 Other securities | | | - | - | - | - | - | - |
| III. BANKS | | 5.1.3 | 2,029,086 | 7,118,464 | 9,147,550 | 2,473,466 | 7,689,962 | 10,163,428 |
| IV. INTERBANK MONEY MARKETS | | | 370 | - | 370 | 1,000 | - | 1,000 |
| 4.1 Interbank money market placements | | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange money market placements | | | - | - | - | - | - | - |
| 4.3 Receivables from reverse repurchase agreements | | | 370 | - | 370 | 1,000 | - | 1,000 |
| V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net) | | 5.1.4 | 36,156,343 | 3,728,492 | 39,884,835 | 34,921,810 | 3,572,696 | 38,494,506 |
| 5.1 Equity securities | | | 26,786 | 5,290 | 32,076 | 25,163 | 4,787 | 29,950 |
| 5.2 Government securities | | | 34,383,494 | 803,335 | 35,186,829 | 33,519,493 | 304,794 | 33,824,287 |
| 5.3 Other securities | | | 1,746,063 | 2,919,867 | 4,665,930 | 1,377,154 | 3,263,115 | 4,640,269 |
| VI. LOANS | | 5.1.5 | 62,368,739 | 42,459,347 | 104,828,086 | 58,545,529 | 41,576,990 | 100,122,519 |
| 6.1 Loans | | | 61,938,555 | 42,261,153 | 104,199,708 | 58,142,650 | 41,383,999 | 99,526,649 |
| 6.1.1 Loans to bank's risk group | | 5.7 | 83,115 | 288,707 | 371,822 | 116,597 | 286,378 | 402,975 |
| 6.1.2 Government securities | | | - | - | - | - | - | - |
| 6.1.3 Other | | | 61,855,440 | 41,972,446 | 103,827,886 | 58,026,053 | 41,097,621 | 99,123,674 |
| 6.2 Loans under follow-up | | | 2,273,817 | 619,879 | 2,893,696 | 2,114,073 | 591,137 | 2,705,210 |
| 6.3 Specific provisions (-) | | | 1,843,633 | 421,685 | 2,265,318 | 1,711,194 | 398,146 | 2,109,340 |
| VII. FACTORING RECEIVABLES | | 5.1.6 | 1,259,386 | 252,054 | 1,511,440 | 1,545,798 | 288,536 | 1,834,334 |
| VIII. INVESTMENTS HELD-TO-MATURITY (Net) | | 5.1.7 | 922,725 | - | 922,725 | 921,090 | 445,864 | 1,366,954 |
| 8.1 Government securities | | | 906,577 | - | 906,577 | 911,349 | 445,864 | 1,357,213 |
| 8.2 Other securities | | | 16,148 | - | 16,148 | 9,741 | - | 9,741 |
| IX. INVESTMENTS IN ASSOCIATES (Net) | | 5.1.8 | 21,409 | 2 | 21,411 | 21,409 | 2 | 21,411 |
| 9.1 Associates consolidated under equity accounting | | | - | - | - | - | - | - |
| 9.2 Unconsolidated associates | | | 21,409 | 2 | 21,411 | 21,409 | 2 | 21,411 |
| 9.2.1 Financial investments in associates | | | 17,480 | - | 17,480 | 17,480 | - | 17,480 |
| 9.2.2 Non-financial investments in associates | | | 3,929 | 2 | 3,931 | 3,929 | 2 | 3,931 |
| X. INVESTMENTS IN SUBSIDIARIES (Net) | | 5.1.9 | 152,517 | 632 | 153,149 | 146,199 | 664 | 146,863 |
| 10.1 Unconsolidated financial investments in subsidiaries | | | - | - | - | - | - | - |
| 10.2 Unconsolidated non-financial investments in subsidiaries | | | 152,517 | 632 | 153,149 | 146,199 | 664 | 146,863 |
| XI. INVESTMENTS IN JOINT-VENTURES (Net) | | 5.1.10 | - | - | - | - | - | - |
| 11.1 Joint-ventures consolidated under equity accounting | | | - | - | - | - | - | - |
| 11.2 Unconsolidated joint-ventures | | | - | - | - | - | - | - |
| 11.2.1 Financial investments in joint-ventures | | | - | - | - | - | - | - |
| 11.2.2 Non-financial investments in joint-ventures | | | - | - | - | - | - | - |
| XII. LEASE RECEIVABLES (Net) | | 5.1.11 | 886,363 | 2,028,286 | 2,914,649 | 857,997 | 2,010,913 | 2,868,910 |
| 12.1 Financial lease receivables | | | 1,049,833 | 2,298,304 | 3,348,137 | 1,020,755 | 2,291,692 | 3,312,447 |
| 12.2 Operational lease receivables | | | - | - | - | - | - | - |
| 12.3 Others | | | - | - | - | - | - | - |
| 12.4 Unearned income (-) | | | 163,470 | 270,018 | 433,488 | 162,758 | 280,779 | 443,537 |
| XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT | | 5.1.12 | 2,123 | - | 2,123 | - | - | - |
| 13.1 Fair value hedges | | | 2,123 | - | 2,123 | - | - | - |
| 13.2 Cash flow hedges | | | - | - | - | - | - | - |
| 13.3 Net foreign investment hedges | | | - | - | - | - | - | - |
| XIV. TANGIBLE ASSETS (Net) | | 5.1.13 | 1,189,489 | 136,899 | 1,326,388 | 1,181,037 | 137,302 | 1,318,339 |
| XV. INTANGIBLE ASSETS (Net) | | 5.1.14 | 78,208 | 6,542 | 84,750 | 76,930 | 5,779 | 82,709 |
| 15.1 Goodwill | | | 6,388 | - | 6,388 | 6,388 | - | 6,388 |
| 15.2 Other intangibles | | | 71,820 | 6,542 | 78,362 | 70,542 | 5,779 | 76,321 |
| XVI. INVESTMENT PROPERTY (Net) | | 5.1.15 | 126,901 | - | 126,901 | 127,682 | - | 127,682 |
| XVII. TAX ASSET | | | 184,038 | 26,034 | 210,072 | 217,532 | 18,511 | 236,043 |
| 17.1 Current tax asset | | | - | 4,785 | 4,785 | - | 4,823 | 4,823 |
| 17.2 Deferred tax asset | | 5.1.16 | 184,038 | 21,249 | 205,287 | 217,532 | 13,688 | 231,220 |
| XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net) | | 5.1.17 | 151,094 | 3,891 | 154,985 | 128,516 | 3,921 | 132,437 |
| 18.1 Asset held for resale | | | 151,094 | 3,891 | 154,985 | 128,516 | 3,921 | 132,437 |
| 18.2 Assets of discontinued operations | | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | | 5.1.18 | 5,101,110 | 205,110 | 5,306,220 | 5,285,437 | 196,197 | 5,481,634 |
| TOTAL ASSETS | | | 112,855,463 | 72,942,213 | 185,797,676 | 108,501,328 | 71,278,046 | 179,779,374 |

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Balance Sheet (Statement of Financial Position)
At 31 March 2013

| LIABILITIES AND SHAREHOLDERS' EQUITY | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | | | | | |
|--|-----------|--------------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | | CURRENT PERIOD | | | PRIOR PERIOD | | |
| | | 31 March 2013 | | | 31 December 2012 | | |
| | | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | 5.2.1 | 56,473,604 | 48,354,945 | 104,828,549 | 49,901,574 | 47,876,105 | 97,777,679 |
| 1.1 Deposits from bank's risk group | 5.7 | 276,067 | 366,871 | 642,938 | 151,640 | 164,189 | 315,829 |
| 1.2 Other | | 56,197,537 | 47,988,074 | 104,185,611 | 49,749,934 | 47,711,916 | 97,461,850 |
| II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING | 5.2.2 | 428,832 | 409,383 | 838,215 | 597,173 | 329,828 | 927,001 |
| III. FUNDS BORROWED | 5.2.3 | 5,715,407 | 19,849,803 | 25,565,210 | 5,578,336 | 20,166,076 | 25,744,412 |
| IV. INTERBANK MONEY MARKETS | | 10,143,438 | 1,692,759 | 11,836,197 | 12,246,173 | 1,860,771 | 14,106,944 |
| 4.1 Interbank money market takings | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange money market takings | | - | - | - | - | - | - |
| 4.3 Obligations under repurchase agreements | 5.2.4 | 10,143,438 | 1,692,759 | 11,836,197 | 12,246,173 | 1,860,771 | 14,106,944 |
| V. SECURITIES ISSUED (Net) | 5.2.4 | 3,232,096 | 3,949,049 | 7,181,145 | 2,168,049 | 3,908,986 | 6,077,035 |
| 5.1 Bills | | 1,543,475 | - | 1,543,475 | 1,766,215 | - | 1,766,215 |
| 5.2 Asset backed securities | | - | - | - | - | - | - |
| 5.3 Bonds | | 1,688,621 | 3,949,049 | 5,637,670 | 401,834 | 3,908,986 | 4,310,820 |
| VI. FUNDS | | - | - | - | - | - | - |
| 6.1 Borrower funds | | - | - | - | - | - | - |
| 6.2 Other | | - | - | - | - | - | - |
| VII. MISCELLANEOUS PAYABLES | 5.2.4 | 7,878,293 | 487,930 | 8,366,223 | 7,578,235 | 484,818 | 8,063,053 |
| VIII. OTHER EXTERNAL FUNDINGS PAYABLE | | 519,937 | 550,354 | 1,070,291 | 1,660,667 | 415,839 | 2,076,506 |
| IX. FACTORING PAYABLES | 5.2.5 | - | - | - | - | - | - |
| X. LEASE PAYABLES (Net) | 5.2.6 | - | 206 | 206 | - | 172 | 172 |
| 10.1 Financial lease payables | | - | 725 | 725 | - | 538 | 538 |
| 10.2 Operational lease payables | | - | - | - | - | - | - |
| 10.3 Others | | - | - | - | - | - | - |
| 10.4 Deferred expenses (-) | | - | 519 | 519 | - | 366 | 366 |
| XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT | 5.2.7 | - | - | - | - | - | - |
| 11.1 Fair value hedges | | - | - | - | - | - | - |
| 11.2 Cash flow hedges | | - | - | - | - | - | - |
| 11.3 Net foreign investment hedges | | - | - | - | - | - | - |
| XII. PROVISIONS | 5.2.8 | 2,861,148 | 90,009 | 2,951,157 | 2,500,563 | 96,520 | 2,597,083 |
| 12.1 General provisions | | 1,374,740 | 63,390 | 1,438,130 | 1,269,819 | 72,271 | 1,342,090 |
| 12.2 Restructuring reserves | | - | - | - | - | - | - |
| 12.3 Reserve for employee benefits | | 428,407 | 10,129 | 438,536 | 353,557 | 8,454 | 362,011 |
| 12.4 Insurance technical provisions (Net) | | 228,533 | - | 228,533 | 221,009 | - | 221,009 |
| 12.5 Other provisions | | 829,468 | 16,490 | 845,958 | 656,178 | 15,795 | 671,973 |
| XIII. TAX LIABILITY | 5.2.9 | 425,139 | 35,953 | 461,092 | 556,780 | 47,083 | 603,863 |
| 13.1 Current tax liability | | 425,139 | 34,663 | 459,802 | 556,627 | 28,204 | 584,831 |
| 13.2 Deferred tax liability | | - | 1,290 | 1,290 | 153 | 18,879 | 19,032 |
| XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net) | 5.2.10 | - | - | - | - | - | - |
| 14.1 Asset held for sale | | - | - | - | - | - | - |
| 14.2 Assets of discontinued operations | | - | - | - | - | - | - |
| XV. SUBORDINATED DEBTS | 5.2.11 | - | 114,419 | 114,419 | - | 148,680 | 148,680 |
| XVI. SHAREHOLDERS' EQUITY | 5.2.12 | 22,399,475 | 185,497 | 22,584,972 | 21,466,110 | 190,836 | 21,656,946 |
| 16.1 Paid-in capital | | 4,197,655 | - | 4,197,655 | 4,196,934 | - | 4,196,934 |
| 16.2 Capital reserves | | 2,222,722 | 111,679 | 2,334,401 | 2,471,175 | 116,914 | 2,588,089 |
| 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 | | 728,466 | 111,679 | 840,145 | 976,919 | 116,914 | 1,093,833 |
| 16.2.4 Revaluation surplus on tangible assets | | 764,252 | - | 764,252 | 764,252 | - | 764,252 |
| 16.2.5 Revaluation surplus on intangible assets | | - | - | - | - | - | - |
| 16.2.6 Revaluation surplus on investment property | | - | - | - | - | - | - |
| 16.2.7 Bonus shares of associates, subsidiaries and joint-ventures | | 947 | - | 947 | 947 | - | 947 |
| 16.2.8 Hedging reserves (effective portion) | | (55,377) | - | (55,377) | (55,377) | - | (55,377) |
| 16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations | | - | - | - | - | - | - |
| 16.2.10 Other capital reserves | | 772,554 | - | 772,554 | 772,554 | - | 772,554 |
| 16.3 Profit reserves | | 11,344,521 | 73,818 | 11,418,339 | 11,323,397 | 73,922 | 11,397,319 |
| 16.3.1 Legal reserves | | 941,306 | 13,552 | 954,858 | 940,560 | 12,779 | 953,339 |
| 16.3.2 Status reserves | | - | - | - | - | - | - |
| 16.3.3 Extraordinary reserves | | 10,374,526 | - | 10,374,526 | 10,355,274 | - | 10,355,274 |
| 16.3.4 Other profit reserves | | 28,689 | 60,266 | 88,955 | 27,563 | 61,143 | 88,706 |
| 16.4 Profit or loss | | 4,486,620 | - | 4,486,620 | 3,334,080 | - | 3,334,080 |
| 16.4.1 Prior periods profit/loss | | 3,313,206 | - | 3,313,206 | - | - | - |
| 16.4.2 Current period net profit/loss | | 1,173,414 | - | 1,173,414 | 3,334,080 | - | 3,334,080 |
| 16.5 Minority interest | | 147,957 | - | 147,957 | 140,524 | - | 140,524 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 110,077,369 | 75,720,307 | 185,797,676 | 104,253,660 | 75,525,714 | 179,779,374 |

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Off-Balance Sheet Items

At 31 March 2013

| OFF-BALANCE SHEET ITEMS | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | | | | | |
|---|-----------|---------------------------------|--------------------|----------------------|----------------------------------|--------------------|--------------------|
| | | CURRENT PERIOD 31 March 2013 | | | PRIOR PERIOD 31 December 2012 | | |
| | | TL | FC | Total | TL | FC | Total |
| A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III) | | 75,263,026 | 174,391,589 | 249,654,615 | 77,043,440 | 176,308,745 | 253,352,185 |
| I. GUARANTEES AND SURETIES | 5.3.1 | 7,296,445 | 17,037,726 | 24,334,171 | 6,972,159 | 16,809,147 | 23,781,306 |
| 1.1 Letters of guarantee | | 7,290,319 | 9,948,546 | 17,238,865 | 6,960,107 | 9,892,574 | 16,852,681 |
| 1.1.1 Guarantees subject to State Tender Law | | - | 726,307 | 726,307 | - | 714,239 | 714,239 |
| 1.1.2 Guarantees given for foreign trade operations | | 450,735 | 319,531 | 770,266 | 438,392 | 310,798 | 749,190 |
| 1.1.3 Other letters of guarantee | | 6,839,584 | 8,902,708 | 15,742,292 | 6,521,715 | 8,867,537 | 15,389,252 |
| 1.2 Bank acceptances | | 3,975 | 639,076 | 643,051 | 5,028 | 715,868 | 720,896 |
| 1.2.1 Import letter of acceptance | | 3,975 | 639,076 | 643,051 | 5,028 | 715,868 | 720,896 |
| 1.2.2 Other bank acceptances | | - | - | - | - | - | - |
| 1.3 Letters of credit | | 2,151 | 6,382,896 | 6,385,047 | 7,024 | 6,134,405 | 6,141,429 |
| 1.3.1 Documentary letters of credit | | - | - | - | - | - | - |
| 1.3.2 Other letters of credit | | 2,151 | 6,382,896 | 6,385,047 | 7,024 | 6,134,405 | 6,141,429 |
| 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 | | - | 67,208 | 67,208 | - | 66,300 | 66,300 |
| 1.9 Other sureties | | - | - | - | - | - | - |
| II. COMMITMENTS | | 37,741,831 | 81,379,087 | 119,120,918 | 34,012,313 | 76,773,791 | 110,786,104 |
| 2.1 Irrevocable commitments | | 27,163,462 | 9,038,495 | 36,201,957 | 23,957,472 | 9,843,686 | 33,801,158 |
| 2.1.1 Asset purchase and sale commitments | | 277,266 | 2,779,182 | 3,056,448 | 1,160,772 | 4,611,831 | 5,772,603 |
| 2.1.2 Deposit purchase and sale commitments | | 30,584 | 656,936 | 687,520 | 165 | 44,053 | 44,218 |
| 2.1.3 Share capital commitments to associates and subsidiaries | | - | 7,258 | 7,258 | - | 7,944 | 7,944 |
| 2.1.4 Loan granting commitments | | 5,173,814 | 4,700,004 | 9,873,818 | 5,094,551 | 4,268,900 | 9,363,451 |
| 2.1.5 Securities issuance brokerage commitments | | - | - | - | - | - | - |
| 2.1.6 Commitments for reserve deposit requirements | | - | - | - | - | - | - |
| 2.1.7 Commitments for cheque payments | | 2,865,816 | - | 2,865,816 | 1,994,132 | - | 1,994,132 |
| 2.1.8 Tax and fund obligations on export commitments | | 18,644 | - | 18,644 | 18,075 | - | 18,075 |
| 2.1.9 Commitments for credit card limits | | 17,323,128 | 97,133 | 17,420,261 | 14,215,567 | 107,726 | 14,323,293 |
| 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 | 797,982 | 2,272,192 | 1,474,210 | 803,232 | 2,277,442 |
| 2.2 Revocable commitments | | 10,578,369 | 72,340,592 | 82,918,961 | 10,054,841 | 66,930,105 | 76,984,946 |
| 2.2.1 Revocable loan granting commitments | | 10,513,645 | 72,107,316 | 82,620,961 | 9,989,798 | 66,755,866 | 76,745,664 |
| 2.2.2 Other revocable commitments | | 64,724 | 233,276 | 298,000 | 65,043 | 174,239 | 239,282 |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | 5.3.2 | 30,224,750 | 75,974,776 | 106,199,526 | 36,058,968 | 82,725,807 | 118,784,775 |
| 3.1 Derivative financial instruments held for risk management | | 770,000 | - | 770,000 | - | - | - |
| 3.1.1 Fair value hedges | | 770,000 | - | 770,000 | - | - | - |
| 3.1.2 Cash flow hedges | | - | - | - | - | - | - |
| 3.1.3 Net foreign investment hedges | | - | - | - | - | - | - |
| 3.2 Trading derivatives | | 29,454,750 | 75,974,776 | 105,429,526 | 36,058,968 | 82,725,807 | 118,784,775 |
| 3.2.1 Forward foreign currency purchases/sales | | 5,302,537 | 7,393,593 | 12,696,130 | 4,148,423 | 5,665,366 | 9,813,789 |
| 3.2.1.1 Forward foreign currency purchases | | 2,385,563 | 3,770,616 | 6,156,179 | 1,552,077 | 3,299,650 | 4,851,727 |
| 3.2.1.2 Forward foreign currency sales | | 2,916,974 | 3,622,977 | 6,539,951 | 2,596,346 | 2,365,716 | 4,962,062 |
| 3.2.2 Currency and interest rate swaps | | 11,726,845 | 47,449,221 | 59,176,066 | 15,734,524 | 51,561,510 | 67,296,034 |
| 3.2.2.1 Currency swaps-purchases | | 4,244,393 | 15,360,025 | 19,604,418 | 6,091,801 | 18,313,154 | 24,404,955 |
| 3.2.2.2 Currency swaps-sales | | 3,589,852 | 15,132,382 | 18,722,234 | 5,951,723 | 17,015,822 | 22,967,545 |
| 3.2.2.3 Interest rate swaps-purchases | | 2,146,300 | 8,287,762 | 10,434,062 | 2,045,500 | 7,922,847 | 9,968,347 |
| 3.2.2.4 Interest rate swaps-sales | | 1,746,300 | 8,669,052 | 10,415,352 | 1,645,500 | 8,309,687 | 9,955,187 |
| 3.2.3 Currency, interest rate and security options | | 12,098,514 | 18,858,904 | 30,957,418 | 16,122,403 | 22,558,686 | 38,681,089 |
| 3.2.3.1 Currency call options | | 6,209,095 | 8,091,318 | 14,300,413 | 7,411,998 | 10,703,688 | 18,115,686 |
| 3.2.3.2 Currency put options | | 5,873,925 | 8,862,929 | 14,736,854 | 8,643,650 | 9,864,549 | 18,508,199 |
| 3.2.3.3 Interest rate call options | | - | 1,852,914 | 1,852,914 | - | 1,857,738 | 1,857,738 |
| 3.2.3.4 Interest rate put options | | - | - | - | - | - | - |
| 3.2.3.5 Security call options | | 15,494 | 16,875 | 32,369 | 61,630 | 57,485 | 119,115 |
| 3.2.3.6 Security put options | | - | 34,868 | 34,868 | 5,125 | 75,226 | 80,351 |
| 3.2.4 Currency futures | | 287,307 | 348,478 | 635,785 | 28,384 | 183,525 | 211,909 |
| 3.2.4.1 Currency futures-purchases | | 470 | 322,997 | 323,467 | 28,384 | 155,278 | 183,662 |
| 3.2.4.2 Currency futures-sales | | 286,837 | 25,481 | 312,318 | - | 28,247 | 28,247 |
| 3.2.5 Interest rate futures | | - | 17,850 | 17,850 | - | - | - |
| 3.2.5.1 Interest rate futures-purchases | | - | - | - | - | - | - |
| 3.2.5.2 Interest rate futures-sales | | - | 17,850 | 17,850 | - | - | - |
| 3.2.6 Others | | 39,547 | 1,906,730 | 1,946,277 | 25,234 | 2,756,720 | 2,781,954 |
| B. CUSTODY AND PLEDGED ITEMS (IV+V+VI) | | 511,634,376 | 254,303,414 | 765,937,790 | 427,449,101 | 244,083,296 | 671,532,397 |
| IV. ITEMS HELD IN CUSTODY | | 132,545,443 | 19,247,460 | 151,792,903 | 71,172,660 | 18,896,193 | 90,068,853 |
| 4.1 Customers' securities held | | 98,692,790 | 1,123 | 98,693,913 | 37,428,413 | 1,139 | 37,429,552 |
| 4.2 Investment securities held in custody | | 23,135,386 | 3,872,796 | 27,008,182 | 23,665,091 | 3,906,395 | 27,571,486 |
| 4.3 Checks received for collection | | 8,930,010 | 1,555,221 | 10,485,231 | 8,189,784 | 1,398,694 | 9,588,478 |
| 4.4 Commercial notes received for collection | | 1,707,116 | 1,086,585 | 2,793,701 | 1,691,573 | 1,064,089 | 2,755,662 |
| 4.5 Other assets received for collection | | 39,250 | 10,669,711 | 10,708,961 | 45,605 | 10,387,378 | 10,432,983 |
| 4.6 Assets received through public offering | | - | 44,027 | 44,027 | - | 43,517 | 43,517 |
| 4.7 Other items under custody | | 40,891 | 2,017,997 | 2,058,888 | 152,194 | 2,094,981 | 2,247,175 |
| 4.8 Custodians | | - | - | - | - | - | - |
| V. PLEDGED ITEMS | | 379,088,933 | 235,055,954 | 614,144,887 | 356,276,441 | 225,187,103 | 581,463,544 |
| 5.1 Securities | | 1,338,599 | 7,144 | 1,345,743 | 2,103,397 | 7,248 | 2,110,645 |
| 5.2 Guarantee notes | | 42,144,029 | 10,158,252 | 52,302,281 | 41,326,572 | 10,005,309 | 51,331,881 |
| 5.3 Commodities | | 544 | - | 544 | 3,620 | - | 3,620 |
| 5.4 Warranties | | - | 1,109,438 | 1,109,438 | - | 1,171,673 | 1,171,673 |
| 5.5 Real estates | | 67,862,260 | 54,929,289 | 122,791,549 | 61,085,082 | 53,499,553 | 114,584,635 |
| 5.6 Other pledged items | | 267,743,331 | 168,851,441 | 436,594,772 | 251,757,600 | 160,502,935 | 412,260,535 |
| 5.7 Pledged items-depository | | 170 | 390 | 560 | 170 | 385 | 555 |
| VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES | | - | - | - | - | - | - |
| TOTAL OFF-BALANCE SHEET ITEMS (A+B) | | 586,897,402 | 428,695,003 | 1,015,592,405 | 504,492,541 | 420,392,041 | 924,884,582 |

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Income Statement
At 31 March 2013

| INCOME AND EXPENSE ITEMS | | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | |
|--|--------|-----------|--|--|
| | | | CURRENT PERIOD 1 January 2013- 31 March 2013 | PRIOR PERIOD 1 January 2012- 31 March 2012 |
| I. INTEREST INCOME | 5.4.1 | | 3,506,796 | 3,458,014 |
| 1.1 Interest income on loans | | | 2,311,178 | 2,174,135 |
| 1.2 Interest income on reserve deposits | | | 778 | 1,063 |
| 1.3 Interest income on banks | | | 51,690 | 69,241 |
| 1.4 Interest income on money market transactions | | | 529 | 1,286 |
| 1.5 Interest income on securities portfolio | | | 1,012,041 | 1,126,864 |
| 1.5.1 Trading financial assets | | | 12,383 | 10,156 |
| 1.5.2 Financial assets valued at fair value through profit or loss | | | - | - |
| 1.5.3 Financial assets available-for-sale | | | 979,196 | 989,843 |
| 1.5.4 Investments held-to-maturity | | | 20,462 | 126,865 |
| 1.6 Financial lease income | | | 67,303 | 48,537 |
| 1.7 Other interest income | | | 63,277 | 36,888 |
| II. INTEREST EXPENSE | 5.4.2 | | 1,520,309 | 1,960,631 |
| 2.1 Interest on deposits | | | 1,012,714 | 1,359,290 |
| 2.2 Interest on funds borrowed | | | 238,317 | 265,954 |
| 2.3 Interest on money market transactions | | | 170,389 | 259,701 |
| 2.4 Interest on securities issued | | | 92,290 | 67,636 |
| 2.5 Other interest expenses | | | 6,599 | 8,050 |
| III. NET INTEREST INCOME (I - II) | | | 1,986,487 | 1,497,383 |
| IV. NET FEES AND COMMISSIONS INCOME | | | 663,431 | 540,981 |
| 4.1 Fees and commissions received | | | 773,881 | 655,386 |
| 4.1.1 Non-cash loans | | | 54,763 | 35,807 |
| 4.1.2 Others | | | 719,118 | 619,579 |
| 4.2 Fees and commissions paid | | | 110,450 | 114,405 |
| 4.2.1 Non-cash loans | | | 480 | 250 |
| 4.2.2 Others | | | 109,970 | 114,155 |
| V. DIVIDEND INCOME | 5.4.3 | | 2,646 | 75 |
| VI. NET TRADING INCOME/LOSSES (Net) | 5.4.4 | | 235,757 | 72,948 |
| 6.1 Trading account income/losses (Net) | | | 160,111 | 42,429 |
| 6.2 Income/losses from derivative financial instruments (Net) | | | 128,982 | (90,817) |
| 6.3 Foreign exchange gains/losses (Net) | | | (53,336) | 121,336 |
| VII. OTHER OPERATING INCOME | 5.4.5 | | 252,286 | 169,129 |
| VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII) | | | 3,140,607 | 2,280,516 |
| IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-) | 5.4.6 | | | |
| | 5.4.7 | | 579,682 | 130,163 |
| X. OTHER OPERATING EXPENSES (-) | | | 1,021,784 | 945,107 |
| XI. NET OPERATING PROFIT/LOSS (VIII-IX-X) | | | 1,539,141 | 1,205,246 |
| XII. INCOME RESULTED FROM MERGERS | | | - | - |
| XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING | | | - | - |
| XIV. GAIN/LOSS ON NET MONETARY POSITION | | | - | - |
| XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV) | 5.4.8 | | 1,539,141 | 1,205,246 |
| XVI. PROVISION FOR TAXES (±) | 5.4.9 | | 358,286 | 243,055 |
| 16.1 Current tax charge | | | 271,557 | 312,715 |
| 16.2 Deferred tax charge/(credit) | | | 86,729 | (69,660) |
| XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI) | 5.4.10 | | 1,180,855 | 962,191 |
| XVIII. INCOME FROM DISCONTINUED OPERATIONS | | | - | - |
| 18.1 Income from assets held for sale | | | - | - |
| 18.2 Income from sale of associates, subsidiaries and joint-ventures | | | - | - |
| 18.3 Others | | | - | - |
| XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-) | | | - | - |
| 19.1 Expenses on assets held for sale | | | - | - |
| 19.2 Expenses on sale of associates, subsidiaries and joint-ventures | | | - | - |
| 19.3 Others | | | - | - |
| XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX) | 5.4.8 | | - | - |
| XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±) | 5.4.9 | | - | - |
| 21.1 Current tax charge | | | - | - |
| 21.2 Deferred tax charge/(credit) | | | - | - |
| XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI) | 5.4.10 | | - | - |
| XXIII. NET PROFIT/LOSS (XVII+XXII) | 5.4.11 | | 1,180,855 | 962,191 |
| 23.1 Equity holders of the bank | | | 1,173,414 | 952,830 |
| 23.2 Minority interest | | | 7,441 | 9,361 |
| Earnings per Share | | | 0.279 | 0.227 |

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity
At 31 March 2013

| INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY | | THOUSANDS OF TURKISH LIRA (TL) | |
|---|--|---|---|
| | | CURRENT PERIOD 1 January 2013 - 31 March 2013 | PRIOR PERIOD 1 January 2012 - 31 March 2012 |
| I. | MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND" | (332,645) | 369,911 |
| II. | REVALUATION SURPLUS ON TANGIBLE ASSETS | - | - |
| III. | REVALUATION SURPLUS ON INTANGIBLE ASSETS | - | - |
| IV. | TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES | 146 | 3,465 |
| V. | GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion) | - | 236 |
| VI. | GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion) | - | - |
| VII. | EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS | - | - |
| VIII. | OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS | - | - |
| IX. | DEFERRED TAXES ON VALUE INCREASES/DECREASES | 78,949 | (68,312) |
| X. | NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX) | (253,550) | 305,300 |
| XI. | CURRENT PERIOD PROFIT/LOSSES | 1,180,855 | 962,191 |
| 1.1 | Net changes in fair value of securities (transferred to income statement) | 117,948 | 330 |
| 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 | 1,062,907 | 961,861 |
| XII. | TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI) | 927,305 | 1,267,491 |

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Changes in Shareholders' Equity
At 31 March 2013

| THOUSANDS OF TURKISH LIRA (TL) | | | | | | | | | | | | | | | | | | | |
|--|-----------|-----------------|--|---------------|----------------------------|----------------|-----------------|------------------------|----------------|----------------------------------|----------------------------|--------------------------------|---|---------------------------------------|------------------|---|---|-------------------|----------------------------|
| STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | Footnotes | Paid-In Capital | Capital Reserves from Inflation Adjustments to Paid-In Capital | Share Premium | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Profit/(Loss) | Prior Period Profit/(Loss) | Securities Value Increase Fund | Revaluation Surplus on Tangible and Intangible Assets | Bonus Shares of Equity Participations | Hedging Reserves | Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations | Shareholders' Equity before Minority Interest | Minority Interest | Total Shareholders' Equity |
| PRIOR PERIOD - 1 January-31 March 2012 | | | | | | | | | | | | | | | | | | | |
| I. Balances at beginning of the period | | 4,198,641 | 772,554 | 11,880 | - | 754,627 | - | 8,016,504 | 69,688 | - | 3,326,299 | 92,933 | 598,953 | 947 | (55,766) | - | 17,787,260 | 112,527 | 17,899,787 |
| II. Correction made as per TAS 8 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1. Effect of corrections | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2. Effect of changes in accounting policies | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Adjusted balances at beginning of the period (I+II) | | 4,198,641 | 772,554 | 11,880 | - | 754,627 | - | 8,016,504 | 69,688 | - | 3,326,299 | 92,933 | 598,953 | 947 | (55,766) | - | 17,787,260 | 112,527 | 17,899,787 |
| Changes during the period | 5.5 | | | | | | | | | | | | | | | | | | |
| IV. Mergers | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Market value changes of securities | | - | - | - | - | - | - | - | - | - | - | 301,638 | - | - | - | - | 301,638 | 8 | 301,646 |
| VI. Hedging reserves | | - | - | - | - | - | - | - | - | - | - | - | - | - | 189 | - | 189 | - | 189 |
| 6.1. Cash flow hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | 189 | - | 189 | - | 189 |
| 6.2. Hedge of net investment in foreign operations | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Revaluation surplus on tangible assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Revaluation surplus on intangible assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Bonus shares of associates, subsidiaries and joint-ventures | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. Translation differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. Changes resulted from disposal of assets | | - | - | - | - | (218) | - | - | 3,683 | - | - | - | - | - | - | - | 3,465 | - | 3,465 |
| XII. Changes resulted from reclassification of assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIII. Effect of change in equities of associates on bank's equity | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIV. Capital increase | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.1. Cash | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.2. Internal sources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Share issuance | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Share cancellation profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. Capital reserves from inflation adjustments to paid-in capital | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVIII. Others | | (1,668) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,668) | - | (1,668) |
| XIX. Current period net profit/loss | | - | - | - | - | - | - | - | - | 952,830 | - | - | - | - | - | - | 952,830 | 9,361 | 962,191 |
| XX. Profit distribution | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20.1. Dividends | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20.2. Transfers to reserves | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20.3. Others | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX) | | 4,196,973 | 772,554 | 11,880 | - | 754,409 | - | 8,016,504 | 73,371 | 952,830 | 3,326,299 | 394,571 | 598,953 | 947 | (55,577) | - | 19,043,714 | 121,896 | 19,165,610 |
| CURRENT PERIOD - 1 January-31 March 2013 | | | | | | | | | | | | | | | | | | | |
| I. Balances at beginning of the period | | 4,196,934 | 772,554 | 11,880 | - | 953,339 | - | 10,355,274 | 88,706 | - | 3,334,080 | 1,093,833 | 764,252 | 947 | (55,377) | - | 21,516,422 | 140,524 | 21,656,946 |
| Changes during the period | 5.5 | | | | | | | | | | | | | | | | | | |
| II. Mergers | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Market value changes of securities | | - | - | - | - | - | - | - | - | - | - | (253,688) | - | - | - | - | (253,688) | (8) | (253,696) |
| IV. Hedging reserves | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.1. Cash flow hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.2. Hedge of net investment in foreign operations | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Revaluation surplus on tangible assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. Revaluation surplus on intangible assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Bonus shares of associates, subsidiaries and joint-ventures | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Translation differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Changes resulted from disposal of assets | | - | - | - | - | (103) | - | - | 249 | - | - | - | - | - | - | - | 146 | - | 146 |
| 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 | | 721 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 721 | - | 721 |
| XVII. Current period net profit/loss | | - | - | - | - | - | - | - | - | 1,173,414 | - | - | - | - | - | - | 1,173,414 | 7,441 | 1,180,855 |
| XVIII. Profit distribution | | - | - | - | - | 1,622 | - | 19,252 | - | - | (20,874) | - | - | - | - | - | - | - | - |
| 18.1. Dividends | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18.2. Transfers to reserves | | - | - | - | - | 1,622 | - | 19,252 | - | - | (20,874) | - | - | - | - | - | - | - | - |
| 18.3. Others | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII) | | 4,197,655 | 772,554 | 11,880 | - | 954,858 | - | 10,374,526 | 88,955 | 1,173,414 | 3,313,206 | 840,145 | 764,252 | 947 | (55,377) | - | 22,437,015 | 147,957 | 22,584,972 |

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Cash Flows
At 31 March 2013

| STATEMENT OF CASH FLOWS | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | |
|---|-----------|---------------------------------|---------------------------------|
| | | CURRENT PERIOD | PRIOR PERIOD |
| | | 1 January 2013 31 March 2013 | 1 January 2012 31 March 2012 |
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities | 5.6 | 1,465,060 | 1,685,608 |
| 1.1.1 Interests received | | 3,282,189 | 3,489,055 |
| 1.1.2 Interests paid | | (1,642,293) | (2,049,794) |
| 1.1.3 Dividend received | | 2,646 | - |
| 1.1.4 Fees and commissions received | | 773,881 | 655,386 |
| 1.1.5 Other income | | 277,764 | 145,390 |
| 1.1.6 Collections from previously written-off loans and other receivables | | 10,852 | 10,814 |
| 1.1.7 Payments to personnel and service suppliers | | (805,938) | (744,664) |
| 1.1.8 Taxes paid | | (345,343) | (144,314) |
| 1.1.9 Others | | (88,698) | 323,735 |
| 1.2 Changes in operating assets and liabilities | 5.6 | (2,390,138) | 207,275 |
| 1.2.1 Net (increase) decrease in financial assets held for trading | | (257,934) | (380,146) |
| 1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss | | - | - |
| 1.2.3 Net (increase) decrease in due from banks and other financial institutions | | (1,564,029) | 565,630 |
| 1.2.4 Net (increase) decrease in loans | | (4,980,162) | (696,122) |
| 1.2.5 Net (increase) decrease in other assets | | 445,006 | (308,171) |
| 1.2.6 Net increase (decrease) in bank deposits | | 20,517 | 513,641 |
| 1.2.7 Net increase (decrease) in other deposits | | 7,025,440 | (1,169,985) |
| 1.2.8 Net increase (decrease) in funds borrowed | | (2,368,828) | 1,095,166 |
| 1.2.9 Net increase (decrease) in matured payables | | - | - |
| 1.2.10 Net increase (decrease) in other liabilities | | (710,148) | 587,262 |
| I. Net cash flow from banking operations | 5.6 | (925,078) | 1,892,883 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net cash flow from investing activities | 5.6 | (1,172,255) | (3,403,275) |
| 2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures | | - | - |
| 2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures | | - | - |
| 2.3 Purchases of tangible assets | | (71,135) | (32,473) |
| 2.4 Sales of tangible assets | | 18,616 | 3,164 |
| 2.5 Cash paid for purchase of financial assets available-for-sale, net | | (4,935,997) | (6,964,238) |
| 2.6 Cash obtained from sale of financial assets available-for-sale, net | | 3,822,514 | 2,041,971 |
| 2.7 Cash paid for purchase of investments held-to-maturity | | (6,253) | - |
| 2.8 Cash obtained from sale of investments held-to-maturity | | - | 1,548,301 |
| 2.9 Others | | - | - |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net cash flow from financing activities | | 1,104,082 | 23,844 |
| 3.1 Cash obtained from funds borrowed and securities issued | | 2,297,196 | 874,237 |
| 3.2 Cash used for repayment of funds borrowed and securities issued | | (1,192,992) | (850,392) |
| 3.3 Equity instruments issued | | - | - |
| 3.4 Dividends paid | | - | - |
| 3.5 Payments for financial leases | | (122) | (1) |
| 3.6 Others | | - | - |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents | | 53,990 | (510,951) |
| V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV) | 5.6 | (939,261) | (1,997,499) |
| VI. Cash and cash equivalents at beginning of period | 5.6 | 5,826,911 | 9,075,471 |
| VII. Cash and cash equivalents at end of period (V+VI) | 5.6 | 4,887,650 | 7,077,972 |

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

3 Accounting Policies

3.1 Basis of presentation

As per the Articles 37 and 38 of “Accounting and Recording Rules” of the Turkish Banking Law No 5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its consolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulation and Supervision Agency (BRSA) and in effect since 1 November 2006, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidances.

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

The accounting policies and the valuation principles applied in the preparation of the accompanying consolidated financial statements are explained in Notes 3.2 to 3.23.

As per the Decree Law no. 660 published in the Official Gazette and become effective on 2 November 2011, the Additional Clause 1 of the Law no. 2499 were abolished and the Public Oversight, Accounting and Auditing Standards Authority (the “Institution”) was established. As per the Temporary Article 1 of the Decree Law, the related existing laws and standards will be in effect until new standards and regulations are issued by the Institution and become effective. Therefore, this development has no effect over the ‘Basis of Preparation of Financial Statements’ as disclosed in this footnote as of the reporting date.

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

The Bank’s fixed-rate TL bonds and a portion of loans are hedged under fair value hedges. The fair value risks of such fixed-rate assets are hedged with TL interest rate swaps. The fair value changes of the hedged fixed-rate financial assets together with the changes in the fair value of the hedging instruments, namely interest rate swaps, are accounted under net trading income/losses in the income statement. At the inception of the hedge and during the subsequent periods, the hedge is expected to achieve the offsetting of changes in fair value attributable to the hedged risk for which the hedge is designated, and accordingly, the hedge effectiveness tests are performed.

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

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

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

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

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

3.2.2 Foreign currency transactions

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

During the consolidation of foreign affiliates, the assets and liabilities are translated into TL at exchange rates ruling at the balance sheet date, the income and expenses in income statement are translated into TL using monthly average exchange rates. Foreign exchange differences arising from the translation of income and expense items and other equity items, are recognized under other profit reserves of the shareholders' equity.

3.3 Information on consolidated subsidiaries

As of 31 March 2013, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

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

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

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

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

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

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

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

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

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

3.4 Forwards, options and other derivative transactions

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

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

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

3.5 Interest income and expenses

General

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

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

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

Financial lease operations

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

Loans and receivables are financial assets raised through providing money, commodity and services to debtors.

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

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

3.8 Impairment of financial assets

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

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

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

3.9 Netting of financial instruments

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations and related borrowings

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

Estimated useful lives of the intangible assets except for goodwill, are 3-15 years, and amortisation rates are 6.67-33.3%.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less 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 accordance with the Turkish Accounting Standard 16 (TAS 16) "Tangible Assets".

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less 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.

Depreciation rates and estimated useful lives are:

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

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

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

Investment properties

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

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

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

| | 31 March 2013 | 31 December 2012 |
|----------------------------------|---------------|------------------|
| Discount Rate | 2.18% | 2.18% |
| Interest Rate | 6.95% | 6.95% |
| Expected Rate of Salary Increase | 6.17% | 6.17% |
| Inflation Rate | 4.67% | 4.67% |

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

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

Retirement benefit obligations

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

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

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

| | 31 March 2013 | |
|-------------------------------|---------------|----------|
| | Employer | Employee |
| Pension contributions | 15.5% | 10.0% |
| Medical benefit contributions | 6.0% | 5.0% |

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

a) Benefits transferable to SSF

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

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

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

On 19 June 2008, Cumhuriyet Halk Partisi ("CHP") had applied to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. At the meeting of the Constitutional Court on 30 March 2011, it was decided that the article 73 and the first paragraph of the provisional Article 20 added to the law no. 5510 are not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

b) Other benefits not transferable to SSF

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

As per the revised TAS 19, the actuarial gains/losses will be recognised under shareholders' equity starting from 1 January 2013.

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

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

LUXEMBOURG

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

Tax applications for foreign financial affiliates

THE NETHERLANDS

In the Netherlands, corporate income tax is levied at the rate of 20% for tax profits up to EUR 200,000 and 25% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. In general, there is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year. Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax for the Germany branch is 30%.

RUSSIA

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

ROMANIA

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

3.18.2 Deferred taxes

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

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

The deferred tax assets and liabilities of the Bank and its consolidated subsidiaries are reported as net in their individual financial statements.

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

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

3.18.3 Transfer pricing

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

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

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

3.18.4 Investment allowance

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

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

The expression of "only for the years 2006, 2007 and 2008" in the temporary article no.69 of the Income Tax Law no.193 that was cancelled by the decision no.2009/144 of the Turkish Constitutional Court published in the Official Gazette dated 8 January 2010 is revised by the Article 5 of the Law no.6009 effective with the promulgation on the Official Gazette no.27659 dated 1 August 2010. As per the new regulation, the investment allowances that cannot be benefited and transferred to future periods due to insufficient income level of the relevant year, can be used without any year limitation, however the investment allowance amount to be considered in the determination of taxable income, will not exceed 25% of the income of the relevant year. In addition to this, it is also agreed that the corporate tax rate for the companies to benefit from investment allowance will be the current applicable tax rate (20%) instead of 30%. However, the statement of "However the investment allowance amount to be considered in the determination of taxable income, will not exceed 25% of the relevant income" in the temporary article no.69 of the Law no.6009 has been cancelled on 18 February 2012 by the decision of the Constitutional Court, as this statement is decided to be against the Constitution, dated 9 February 2012, E:2010/93, K:2012/9 (decision for abolishing) as announced in the Official Gazette no.28208.

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

3.19 Funds borrowed

Funds are generated from domestic and foreign sources whenever required. The funds borrowed from foreign sources are also in the form of syndications and securitizations. Besides, funding through bill and bond issuances in the local and international markets has commenced. The funds borrowed are recorded at their purchase costs and discounted by using the internal rate of return.

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 31 March 2013, the Bank or its financial affiliates do not have any government incentives or grants.

3.23 Segment reporting

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

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

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

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

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

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

| <i>Current Period</i> | Retail Banking | Corporate Banking | Investment Banking | Other | Total Operations |
|---|---------------------------|------------------------------|-------------------------------|-------------------|-----------------------------|
| Total Operating Profit | 943,771 | 852,698 | 788,599 | 552,893 | 3,137,961 |
| Other | - | - | - | - | - |
| Total Operating Profit | 943,771 | 852,698 | 788,599 | 552,893 | 3,137,961 |
| Net Operating Profit | 291,131 | 459,848 | 761,418 | 24,098 | 1,536,495 |
| Income from Associates and Subsidiaries | - | - | - | 2,646 | 2,646 |
| Net Operating Profit | 291,131 | 459,848 | 761,418 | 26,744 | 1,539,141 |
| Provision for Taxes | - | - | - | (358,286) | (358,286) |
| Net Profit | 291,131 | 459,848 | 761,418 | (331,542) | 1,180,855 |
| | | | | | |
| Segment Assets | 36,082,109 | 69,507,327 | 63,941,528 | 16,092,152 | 185,623,116 |
| Investments in Associates and Subsidiaries | - | - | - | 174,560 | 174,560 |
| Total Assets | 36,082,109 | 69,507,327 | 63,941,528 | 16,266,712 | 185,797,676 |
| Segment Liabilities | 64,109,249 | 38,776,114 | 45,611,560 | 14,715,781 | 163,212,704 |
| Shareholders' Equity | - | - | - | 22,584,972 | 22,584,972 |
| Total Liabilities and Shareholders' Equity | 64,109,249 | 38,776,114 | 45,611,560 | 37,300,753 | 185,797,676 |
| | | | | | |
| Other Segment Items | | | | | |
| Capital Expenditures | - | - | - | 82,076 | 82,076 |
| Depreciation Expenses | 33,497 | 15,391 | 1,233 | 10,657 | 60,778 |
| Impairment Losses | 185,292 | 165,872 | (4,181) | 233,145 | 580,128 |
| Other Non-Cash Income/Expenses | 21,397 | 19,267 | 187,389 | (217,638) | 10,415 |
| Restructuring Costs | - | - | - | - | - |

| <i>Prior Period</i> | Retail Banking | Corporate Banking | Investment Banking | Other | Total Operations |
|---|---------------------------|------------------------------|-------------------------------|-------------------|-----------------------------|
| Total Operating Profit | 735,871 | 810,123 | 273,863 | 460,584 | 2,280,441 |
| Other | - | - | - | - | - |
| Total Operating Profit | 735,871 | 810,123 | 273,863 | 460,584 | 2,280,441 |
| Net Operating Profit | 166,153 | 530,967 | 271,814 | 236,237 | 1,205,171 |
| Income from Associates and Subsidiaries | - | - | - | 75 | 75 |
| Net Operating Profit | 166,153 | 530,967 | 271,814 | 236,312 | 1,205,246 |
| Provision for Taxes | - | - | - | (243,055) | (243,055) |
| Net Profit | 166,153 | 530,967 | 271,814 | (6,743) | 962,191 |
| | | | | | |
| Segment Assets | 34,253,386 | 66,686,271 | 61,037,515 | 17,633,928 | 179,611,100 |
| Investments in Associates and Subsidiaries | - | - | - | 168,274 | 168,274 |
| Total Assets | 34,253,386 | 66,686,271 | 61,037,515 | 17,802,202 | 179,779,374 |
| Segment Liabilities | 62,139,441 | 33,704,733 | 46,011,331 | 16,266,923 | 158,122,428 |
| Shareholders' Equity | - | - | - | 21,656,946 | 21,656,946 |
| Total Liabilities and Shareholders' Equity | 62,139,441 | 33,704,733 | 46,011,331 | 37,923,869 | 179,779,374 |
| | | | | | |
| Other Segment Items | | | | | |
| Capital Expenditures | - | - | - | 261,242 | 261,242 |
| Depreciation Expenses | 25,472 | 13,716 | 786 | 18,370 | 58,344 |
| Impairment Losses | 93,600 | 29,495 | (45,056) | 53,675 | 131,714 |
| Other Non-Cash Income/Expenses | 50,546 | 102,336 | 1,213,882 | 249,716 | 1,616,480 |
| Restructuring Costs | - | - | - | - | - |

3.24 Other disclosures

None.

4 Consolidated Financial Position and Results of Operations

4.1 Consolidated capital adequacy ratio

As per the revised “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” effective from 1 July 2012, the Bank’s consolidated capital adequacy ratio is 16.83% (31 December 2012: 16.87%) as of 31 March 2013 (unconsolidated capital adequacy ratio: 18.11% (31 December 2012: 18.21%)).

4.1.1 Risk measurement methods in calculation of consolidated capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the “Regulation”)”, “Regulation on Credit Risk Mitigation Techniques” and “Regulation on Calculation of Risk Weighted Amounts for Securitisations” published in the Official Gazette no.28337 dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no.26333 dated 1 November 2006.

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

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

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

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

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

4.1.2 Consolidated capital adequacy ratio

| <i>Current Period</i> | Risk Weights | | | | | | | | |
|--|-------------------------|------------|------------|------------|------------|-------------|-------------|-------------|--------------|
| | Parent Bank Only | | | | | | | | |
| | <i>0%</i> | <i>10%</i> | <i>20%</i> | <i>50%</i> | <i>75%</i> | <i>100%</i> | <i>150%</i> | <i>200%</i> | <i>1250%</i> |
| Value at Credit Risk | - | - | 846,276 | 11,167,071 | 23,997,448 | 59,553,527 | 5,157,659 | 10,456,632 | - |
| Exposure Categories | 54,995,831 | - | 4,231,381 | 22,334,142 | 31,996,597 | 59,553,527 | 3,438,439 | 5,228,316 | - |
| Conditional and unconditional exposures to central governments or central banks | 53,954,064 | - | 27 | 2,399,340 | - | 6,305 | - | - | - |
| Conditional and unconditional exposures to regional governments or local authorities | - | - | 22 | - | - | - | - | - | - |
| Conditional and unconditional exposures to administrative bodies and non-commercial undertakings | - | - | - | - | - | 47,786 | - | - | - |
| Conditional and unconditional exposures to multilateral development banks | - | - | - | - | - | - | - | - | - |
| Conditional and unconditional exposures to international organisations | - | - | - | - | - | - | - | - | - |
| Conditional and unconditional exposures to banks and brokerage houses | - | - | 4,229,142 | 7,558,599 | - | 9,323 | - | - | - |
| Conditional and unconditional exposures to corporates | - | - | - | - | - | 54,661,198 | - | - | - |
| Conditional and unconditional retail exposures | - | - | - | - | 31,996,597 | - | - | - | - |
| Conditional and unconditional exposures secured by real estate property | - | - | - | 12,374,767 | - | - | - | - | - |
| Past due items | - | - | - | 1,436 | - | 270,301 | - | - | - |
| Items in regulatory high-risk categories | - | - | - | - | - | 12,754 | 3,438,439 | 5,228,316 | - |
| 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 | 1,041,767 | - | 2,190 | - | - | 4,545,860 | - | - | - |

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

| <i>Current Period</i> | Risk Weights | | | | | | | | |
|--|---------------------|------------|------------------|-------------------|-------------------|-------------------|------------------|------------------|--------------|
| | Consolidated | | | | | | | | |
| | <i>0%</i> | <i>10%</i> | <i>20%</i> | <i>50%</i> | <i>75%</i> | <i>100%</i> | <i>150%</i> | <i>200%</i> | <i>1250%</i> |
| Value at Credit Risk | - | - | 1,064,965 | 12,878,462 | 25,316,094 | 68,491,885 | 5,485,172 | 10,456,632 | - |
| Exposure Categories | 58,946,135 | - | 5,324,827 | 25,756,923 | 33,754,792 | 68,491,885 | 3,656,781 | 5,228,316 | - |
| Conditional and unconditional exposures to central governments or central banks | 55,376,954 | - | 27 | 2,666,986 | - | 6,307 | - | - | - |
| Conditional and unconditional exposures to regional governments or local authorities | - | - | 22 | - | - | - | - | - | - |
| Conditional and unconditional exposures to administrative bodies and non-commercial undertakings | - | - | - | - | - | 47,786 | - | - | - |
| Conditional and unconditional exposures to multilateral development banks | 5,236 | - | - | - | - | - | - | - | - |
| Conditional and unconditional exposures to international organisations | - | - | - | - | - | - | - | - | - |
| Conditional and unconditional exposures to banks and brokerage houses | - | - | 5,322,588 | 9,877,432 | - | 299,279 | - | - | - |
| Conditional and unconditional exposures to corporates | - | - | - | - | - | 63,951,249 | - | - | - |
| Conditional and unconditional retail exposures | - | - | - | - | 33,754,792 | - | - | - | - |
| Conditional and unconditional exposures secured by real estate property | - | - | - | 13,138,870 | - | - | - | - | - |
| Past due items | - | - | - | 11,304 | - | 466,259 | - | - | - |
| Items in regulatory high-risk categories | - | - | - | 3,745 | - | 54,489 | 3,656,781 | 5,228,316 | - |
| Exposures in the form of bonds secured by mortgages | - | - | - | - | - | - | - | - | - |
| Securitisation positions | - | - | - | - | - | - | - | - | - |
| Short term exposures to banks, brokerage houses and corporates | - | - | - | - | - | - | - | - | - |
| Exposures in the form of collective investment undertakings | 2,460,006 | - | - | 58,586 | - | 1,058,822 | - | - | - |
| Other items | 1,103,939 | - | 2,190 | - | - | 2,607,694 | - | - | - |

| <i>Prior Period</i> | Risk Weights | | | | | | | | |
|--|---------------------|------------|------------------|-------------------|-------------------|-------------------|------------------|------------------|--------------|
| | Consolidated | | | | | | | | |
| | <i>0%</i> | <i>10%</i> | <i>20%</i> | <i>50%</i> | <i>75%</i> | <i>100%</i> | <i>150%</i> | <i>200%</i> | <i>1250%</i> |
| Value at Credit Risk | - | - | 1,051,254 | 12,231,121 | 24,421,547 | 66,123,832 | 5,089,893 | 8,791,156 | - |
| Exposure Categories | 58,232,362 | - | 5,256,272 | 24,462,242 | 32,562,063 | 66,123,832 | 3,393,262 | 4,395,578 | - |
| Conditional and unconditional exposures to central governments or central banks | 54,477,421 | - | 24 | 2,677,220 | - | 7,402 | - | - | - |
| Conditional and unconditional exposures to regional governments or local authorities | - | - | 38 | - | - | - | - | - | - |
| Conditional and unconditional exposures to administrative bodies and non-commercial undertakings | - | - | - | - | - | 46,478 | - | - | - |
| Conditional and unconditional exposures to multilateral development banks | 5,211 | - | - | - | - | - | - | - | - |
| Conditional and unconditional exposures to international organisations | - | - | - | - | - | - | - | - | - |
| Conditional and unconditional exposures to banks and brokerage houses | - | - | 5,251,148 | 9,295,832 | - | 209,038 | - | - | - |
| Conditional and unconditional exposures to corporates | - | - | - | 7,226 | - | 62,221,681 | - | - | - |
| Conditional and unconditional retail exposures | - | - | - | - | 32,562,063 | - | - | - | - |
| Conditional and unconditional exposures secured by real estate property | - | - | - | 12,420,300 | - | - | - | - | - |
| Past due items | - | - | - | 127 | - | 402,115 | - | - | - |
| Items in regulatory high-risk categories | - | - | - | 352 | - | 10,416 | 3,393,262 | 4,395,578 | - |
| Exposures in the form of bonds secured by mortgages | - | - | - | - | - | - | - | - | - |
| Securitisation positions | - | - | - | - | - | - | - | - | - |
| Short term exposures to banks, brokerage houses and corporates | - | - | - | - | - | - | - | - | - |
| Exposures in the form of collective investment undertakings | 2,446,626 | - | - | 61,185 | - | 831,357 | - | - | - |
| Other items | 1,303,104 | - | 5,062 | - | - | 2,395,345 | - | - | - |

4.1.3 Summary information related to consolidated capital adequacy ratio

| | Parent Bank Only | |
|--|-------------------------|---------------------|
| | <i>Current Period</i> | <i>Prior Period</i> |
| Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR) | 8,894,289 | 8,461,395 |
| Capital Requirement for Market Risk (MRCR) | 108,257 | 90,480 |
| Capital Requirement for Operational Risk (ORCR) | 1,067,735 | 1,043,016 |
| Shareholders' Equity | 22,796,509 | 21,835,440 |
| Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100 | 18.11% | 18.21% |

| | Consolidated | |
|--|-----------------------|---------------------|
| | <i>Current Period</i> | <i>Prior Period</i> |
| Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR) | 9,895,457 | 9,416,704 |
| Capital Requirement for Market Risk (MRCR) | 154,232 | 141,604 |
| Capital Requirement for Operational Risk (ORCR) | 1,209,317 | 1,157,575 |
| Shareholders' Equity | 23,688,243 | 22,599,323 |
| Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100 | 16.83% | 16.87% |

4.1.4 Components of consolidated shareholders' equity

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| CORE CAPITAL | | |
| Paid-in Capital | 4,197,655 | 4,196,934 |
| Nominal Capital | 4,197,655 | 4,196,934 |
| Capital Commitments (-) | - | - |
| Inflation Adjustments to Paid-in Capital | 772,554 | 772,554 |
| Share Premium | 11,880 | 11,880 |
| Share Cancellation Profits | - | - |
| Reserves | 11,329,384 | 11,308,613 |
| Profit | 4,486,620 | 3,334,080 |
| Current Period's Profit | 1,173,414 | 3,334,080 |
| Prior Periods' Profit | 3,313,206 | - |
| Provision for Possible Losses (upto 25% of Core Capital) | 395,000 | 450,000 |
| Income on Sale of Equity Shares and Real Estates | 762,112 | 762,112 |
| Primary Subordinated Debts | - | - |
| Minority Interest | 147,894 | 140,462 |
| Loss (excess of Reserves) (-) | - | - |
| Current Period's Losses | - | - |
| Prior Periods' Losses | - | - |
| Leasehold Improvements on Operational Leases (-) | 102,498 | 110,049 |
| Intangible Assets (-) | 78,362 | 76,321 |
| Deferred Tax Asset in Excess of 10% of Core Capital (-) | - | - |
| Limit Excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-) | - | - |
| Goodwill (Net) (-) | 6,388 | 6,388 |
| Total Core Capital | 21,915,851 | 20,783,877 |
| SUPPLEMENTARY CAPITAL | | |
| General Provisions | 1,438,130 | 1,342,090 |
| 45% of Revaluation Surplus on Movables | - | - |
| 45% of Revaluation Surplus on Immovables | 963 | 963 |
| Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current | 947 | 947 |
| Primary Subordinated Debts excluding the Portion included in Core Capital | - | - |
| Secondary Subordinated Debts | 114,385 | 116,050 |
| 45% of Securities Value Increase Fund (*) | 368,378 | 491,398 |
| Minority Interest | 28 | 28 |
| Other Reserves | 33,578 | 33,329 |
| Total Supplementary Capital | 1,956,409 | 1,984,805 |
| CAPITAL | 23,872,260 | 22,768,682 |
| DEDUCTIONS FROM CAPITAL | 184,017 | 169,359 |
| Unconsolidated Investments in Entities Operating in Banking and Financial Sectors | - | - |
| Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts | 56,385 | 41,776 |
| Investment in Banks and Financial Institutions that are not Consolidated but Accounted under Equity Accounting | - | - |
| Loans Granted against the Articles 50 and 51 of the Banking Law | - | - |
| Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law But Retained More Than Five Years | 34,210 | 34,732 |
| Securitization Positions to be Deducted from Equity | - | - |
| Other Deduction Items | 93,422 | 92,851 |
| TOTAL SHAREHOLDERS' EQUITY | 23,688,243 | 22,599,323 |

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

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

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

4.2 Consolidated credit risk

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

4.3 Consolidated market risk

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

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

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

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

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

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

4.3.1 Value at market risk on a consolidated basis

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| (I) Capital Requirement against General Market Risk - Standard Method | 14,346 | 9,090 |
| (II) Capital Requirement against Specific Risks - Standard Method | 9,132 | 4,817 |
| Capital Requirement against Specific Risks of Securitisation Positions- Standard Method | | - |
| (III) Capital Requirement against Currency Position Risk - Standard Method | 50,102 | 54,842 |
| (IV) Capital Requirement against Commodity Risks - Standard Method | 7,513 | 8,541 |
| (V) Capital Requirement against Clearing Risks - Standard Method | - | - |
| (VI) Capital Requirement against Market Risks of Options - Standard Method | 63,644 | 55,537 |
| (VII) Capital Requirement against Counterparty Credit Risks - Standard Method | 9,495 | 8,777 |
| (VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model | - | - |
| (IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII) | 154,232 | 141,604 |
| (X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX)) | 1,927,900 | 1,770,050 |

4.3.2 Average consolidated values at market risk

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

4.4 Consolidated operational risk

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

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2013, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency long position amounts to TL 172,136 thousands (31 December 2012: a short position of TL 1,598,721 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 861,097 thousands (31 December 2012: TL 1,275,531 thousands), while net foreign currency long position amounts to TL 1,033,233 thousands (31 December 2012: TL 323,190 thousands net foreign currency short position).

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

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

| | USD | EUR |
|---|------------|------------|
| The Bank’s foreign currency purchase rate at balance sheet date | 1.7850 | 2.2877 |
| <u>Foreign currency rates for the days before balance sheet date:</u> | | |
| Day 1 | 1.7850 | 2.2877 |
| Day 2 | 1.7850 | 2.2874 |
| Day 3 | 1.7850 | 2.2920 |
| Day 4 | 1.7950 | 2.2943 |
| Day 5 | 1.7900 | 2.3015 |
| | | |
| Last 30-days arithmetical average rate | 1.7827 | 2.3099 |

The Bank's consolidated currency risk

| | EUR | USD | Other FCs | Total |
|---|-------------------|--------------------|------------------|--------------------|
| Current Period | | | | |
| Assets | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 5,637,903 | 7,600,620 | 3,302,601 | 16,541,124 |
| Banks | 2,902,235 | 4,021,571 | 194,658 | 7,118,464 |
| Financial Assets at Fair Value through Profit/Loss | 87,823 | 176,545 | 19,783 | 284,151 |
| Interbank Money Market Placements | - | - | - | - |
| Financial Assets Available-for-Sale | 880,507 | 2,647,720 | 200,265 | 3,728,492 |
| Loans (*) | 14,048,344 | 29,630,132 | 1,361,876 | 45,040,352 |
| Investments in Associates, Subsidiaries and Joint-Ventures | 632 | - | 2 | 634 |
| Investments Held-to-Maturity | - | - | - | - |
| Derivative Financial Assets Held for Risk Management | - | - | - | - |
| Tangible Assets | 43,145 | 69 | 81,113 | 124,327 |
| Intangible Assets | - | - | - | - |
| Other Assets (**) | 1,389,307 | 1,210,455 | 26,908 | 2,626,670 |
| Total Assets | 24,989,896 | 45,287,112 | 5,187,206 | 75,464,214 |
| Liabilities | | | | |
| Bank Deposits | 841,769 | 3,330,971 | 417,020 | 4,589,760 |
| Foreign Currency Deposits | 16,752,316 | 22,920,285 | 1,592,255 | 41,264,856 |
| Interbank Money Market Takings | 120,608 | 1,459,855 | 112,296 | 1,692,759 |
| Other Fundings | 7,484,606 | 12,468,241 | 11,375 | 19,964,222 |
| Securities Issued | - | 3,949,049 | - | 3,949,049 |
| Miscellaneous Payables | 68,679 | 128,683 | 290,568 | 487,930 |
| Derivative Financial Liabilities Held for Risk Management | - | - | - | - |
| Other Liabilities (***) | 384,967 | 392,851 | 2,565,684 | 3,343,502 |
| Total Liabilities | 25,652,945 | 44,649,935 | 4,989,198 | 75,292,078 |
| Net 'On Balance Sheet' Position | (663,049) | 637,177 | 198,008 | 172,136 |
| Net 'Off-Balance Sheet' Position | 517,209 | 338,493 | 5,395 | 861,097 |
| Derivative Assets | 10,014,815 | 16,577,950 | 3,642,987 | 30,235,752 |
| Derivative Liabilities | (9,497,606) | (16,239,457) | (3,637,592) | (29,374,655) |
| Non-Cash Loans | - | - | - | - |
| Prior Period | | | | |
| Total Assets | 25,860,398 | 42,394,354 | 5,311,182 | 73,565,934 |
| Total Liabilities | 26,051,089 | 44,270,178 | 4,843,388 | 75,164,655 |
| Net 'On Balance Sheet' Position | (190,691) | (1,875,824) | 467,794 | (1,598,721) |
| Net 'Off-Balance Sheet' Position | (682,946) | 1,886,842 | 71,635 | 1,275,531 |
| Derivative Assets | 9,993,422 | 20,954,187 | 4,225,391 | 35,173,000 |
| Derivative Liabilities | (10,676,368) | (19,067,345) | (4,153,756) | (33,897,469) |
| Non-Cash Loans | - | - | - | - |

(*) The foreign currency-indexed loans amounting TL 2,581,005 thousands included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) The foreign currency indexed factoring receivables amounting TL 172,789 thousands included under TL assets in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(***) The gold deposits of TL 2,500,329 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.6 Consolidated interest rate risk

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

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

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

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

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

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

| <i>Current Period</i> | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Non-Interest Bearing (*) | Total |
|---|----------------------|--------------------|--------------------|--------------------|-------------------------|---------------------------------|---------------------|
| Assets | | | | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | - | - | - | - | - | 17,811,695 | 17,811,695 |
| Banks | 3,145,493 | 2,507,737 | 1,652,678 | 183,342 | - | 1,658,300 | 9,147,550 |
| Financial Assets at Fair Value through Profit/Loss (**) | 13,736 | 25,664 | 352,310 | 58,422 | 63,976 | 657,930 | 1,172,038 |
| Interbank Money Market Placements | 370 | - | - | - | - | - | 370 |
| Financial Assets Available-for-Sale | 7,293,288 | 8,036,722 | 12,052,863 | 6,368,592 | 2,030,589 | 4,102,781 | 39,884,835 |
| Loans (**) | 21,915,917 | 10,554,986 | 17,061,822 | 35,610,276 | 17,954,202 | 1,949,172 | 105,046,375 |
| Investments Held-to-Maturity | 906,475 | 7,961 | 6,253 | 1,597 | - | 439 | 922,725 |
| Other Assets | 627,782 | 683,947 | 1,167,016 | 1,571,189 | 69,924 | 7,692,230 | 11,812,088 |
| Total Assets | 33,903,061 | 21,817,017 | 32,292,942 | 43,793,418 | 20,118,691 | 33,872,547 | 185,797,676 |
| Liabilities | | | | | | | |
| Bank Deposits | 3,791,142 | 763,135 | 254,261 | - | - | 795,958 | 5,604,496 |
| Other Deposits | 64,679,099 | 9,646,865 | 5,792,598 | 607,046 | 24 | 18,498,421 | 99,224,053 |
| Interbank Money Market Takings | 9,725,624 | 691,434 | 991,815 | 408,600 | - | 18,724 | 11,836,197 |
| Miscellaneous Payables | - | - | - | - | - | 8,366,223 | 8,366,223 |
| Securities Issued | 1,211,759 | 803,432 | 984,042 | 1,823,866 | 2,188,958 | 169,088 | 7,181,145 |
| Other Fundings | 7,369,760 | 7,097,678 | 4,593,858 | 4,486,461 | 1,939,577 | 192,295 | 25,679,629 |
| Other Liabilities | 24,061 | - | - | 1 | - | 27,881,871 | 27,905,933 |
| Total Liabilities | 86,801,445 | 19,002,544 | 12,616,574 | 7,325,974 | 4,128,559 | 55,922,580 | 185,797,676 |
| On Balance Sheet Long Position | - | 2,814,473 | 19,676,368 | 36,467,444 | 15,990,132 | - | 74,948,417 |
| On Balance Sheet Short Position | (52,898,384) | - | - | - | - | (22,050,033) | (74,948,417) |
| Off-Balance Sheet Long Position | 1,844,286 | 4,400,458 | 1,837,024 | 3,616,842 | 973,366 | - | 12,671,976 |
| Off-Balance Sheet Short Position | (1,135,189) | (2,154,004) | (1,577,052) | (4,582,060) | (1,352,047) | - | (10,800,352) |
| Total Position | (52,189,287) | 5,060,927 | 19,936,340 | 35,502,226 | 15,611,451 | (22,050,033) | 1,871,624 |

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

(**) Loans amounting to TL 218,289 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

| <i>Prior Period</i> | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Non-Interest Bearing (*) | Total |
|---|--------------------------|--------------------|------------------------|--------------------|-----------------------------|-------------------------------------|---------------------|
| Assets | | | | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | - | - | - | - | - | 16,173,384 | 16,173,384 |
| Banks | 3,830,236 | 1,839,017 | 1,972,079 | 681,431 | - | 1,840,665 | 10,163,428 |
| Financial Assets at Fair Value through Profit/Loss | 16,408 | 37,342 | 120,019 | 44,559 | 28,755 | 737,957 | 985,040 |
| Interbank Money Market Placements | 1,000 | - | - | - | - | - | 1,000 |
| Financial Assets Available-for-Sale | 3,199,608 | 11,016,852 | 12,658,171 | 5,701,342 | 1,626,888 | 4,291,645 | 38,494,506 |
| Loans (**) | 20,956,393 | 12,020,509 | 15,738,573 | 32,816,562 | 17,023,973 | 1,788,690 | 100,344,700 |
| Investments Held-to-Maturity | 910,865 | - | 7,959 | 149,789 | 293,449 | 4,892 | 1,366,954 |
| Other Assets | 905,295 | 858,444 | 1,016,638 | 1,561,384 | 80,188 | 7,828,413 | 12,250,362 |
| Total Assets | 29,819,805 | 25,772,164 | 31,513,439 | 40,955,067 | 19,053,253 | 32,665,646 | 179,779,374 |
| | | | | | | | |
| Liabilities | | | | | | | |
| Bank Deposits | 3,524,855 | 1,129,067 | 1,015 | 109,811 | - | 819,038 | 5,583,786 |
| Other Deposits | 57,370,783 | 10,024,572 | 6,463,733 | 643,950 | - | 17,690,855 | 92,193,893 |
| Interbank Money Market Takings | 12,616,799 | 563,513 | 911,100 | - | - | 15,532 | 14,106,944 |
| Miscellaneous Payables | - | - | - | - | - | 8,063,053 | 8,063,053 |
| Securities Issued | 1,305,342 | 322,141 | 1,063,153 | 1,048,258 | 2,157,650 | 180,491 | 6,077,035 |
| Other Fundings | 7,076,180 | 2,267,587 | 8,774,682 | 5,531,591 | 1,928,300 | 314,752 | 25,893,092 |
| Other Liabilities | 20,523 | - | - | - | - | 27,841,048 | 27,861,571 |
| Total Liabilities | 81,914,482 | 14,306,880 | 17,213,683 | 7,333,610 | 4,085,950 | 54,924,769 | 179,779,374 |
| | | | | | | | |
| On Balance Sheet Long Position | - | 11,465,284 | 14,299,756 | 33,621,457 | 14,967,303 | - | 74,353,800 |
| On Balance Sheet Short Position | (52,094,677) | - | - | - | - | (22,259,123) | (74,353,800) |
| Off-Balance Sheet Long Position | 1,659,214 | 3,486,402 | 2,659,801 | 3,394,547 | 626,121 | - | 11,826,085 |
| Off-Balance Sheet Short Position | (761,101) | (1,949,132) | (2,101,659) | (3,970,884) | (1,172,411) | - | (9,955,187) |
| Total Position | (51,196,564) | 13,002,554 | 14,857,898 | 33,045,120 | 14,421,013 | (22,259,123) | 1,870,898 |

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

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

4.6.2 Average interest rates on monetary financial instruments (%)

| <i>Current Period</i> | EUR | USD | JPY | TL |
|---|-----------|------------|-----------|------------|
| Assets | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | - | - | - | - |
| Banks | 0.49-1.72 | 0.53-3.75 | - | 5.14-8.75 |
| Financial Assets at Fair Value through Profit/Loss | 0.89-4.63 | 0.37-4.99 | - | 3.38-13.29 |
| Interbank Money Market Placements | - | - | - | 6.50 |
| Financial Assets Available-for-Sale | 3.52-6.50 | 4.87-11.88 | - | 8.45-11.30 |
| Loans | 2.86-7.30 | 2.71-6.17 | 5.68 | 7.22-14.06 |
| Investments Held-to-Maturity | - | - | - | 6.29-9.00 |
| Liabilities | | | | |
| Bank Deposits | 0.40-1.95 | 1.06-2.27 | - | 3.50-6.49 |
| Other Deposits | 1.74-3.00 | 1.92-2.19 | 1.48-2.03 | 5.56-6.24 |
| Interbank Money Market Takings | 3.29 | 0.75-1.73 | - | 3.25-6.50 |
| Miscellaneous Payables | - | - | - | - |
| Securities Issued | - | 4.97 | - | 6.71-8.46 |
| Other Fundings | 1.02-5.74 | 1.19-5.65 | - | 6.28-9.39 |

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

4.6.3 Interest rate risk on banking book

4.6.3.1 Nature of interest rate risk resulting from banking book, major assumptions on early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk

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

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

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

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

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

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

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

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

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

| <i>Current Period</i> | | Shocks Applied (+/- basis points) | Gains/Losses | Gains/Equity- Losses/Equity |
|----------------------------|-----|---|--------------|--------------------------------|
| Type of Currency | | | | |
| 1 | TL | (+) 500 bps | (2,522,136) | (11.06)% |
| 2 | TL | (-) 400 bps | 2,435,215 | 10.68% |
| 3 | USD | (+) 200 bps | (48,468) | (0.21)% |
| 4 | USD | (-) 200 bps | (33,575) | (0.15)% |
| 5 | EUR | (+) 200 bps | (75,223) | (0.33)% |
| 6 | EUR | (-) 200 bps | 64,256 | 0.28% |
| Total (of negative shocks) | | | 2,465,896 | 10.81% |
| Total (of positive shocks) | | | (2,645,827) | (11.60)% |

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

4.7 Consolidated position risk of equity securities

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

| <i>Current Period</i> | | Comparison | | |
|----------------------------|-------------------------------|----------------|------------|--------------|
| Equity Securities (shares) | | Carrying Value | Fair Value | Market Value |
| 1 | Investment in Shares- grade A | 161,984 | - | - |
| | Quoted Securities | - | - | - |
| 2 | Investment in Shares- grade B | 11,514 | - | - |
| | Quoted Securities | - | - | - |
| 3 | Investment in Shares- grade C | - | - | - |
| | Quoted Securities | - | - | - |
| 4 | Investment in Shares- grade D | - | - | - |
| | Quoted Securities | - | - | - |
| 5 | Investment in Shares- grade E | 1,014 | - | - |
| | Quoted Securities | - | - | - |
| 6 | Investment in Shares- grade F | 48 | - | - |
| | Quoted Securities | - | - | - |

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

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

| <i>Current Period</i> | | Gains/Losses in Current Period | Revaluation Surpluses | | Unrealized Gains and Losses | | |
|-----------------------|----------------------------|--------------------------------------|-----------------------|---------------------------------------|-----------------------------|------------------------------|---------------------------------------|
| Portfolio | | | Total | Amount in Supplementary Capital | Total | Amount in Core Capital | Amount in Supplementary Capital |
| 1 | Private Equity Investments | - | - | - | - | - | - |
| 2 | Quoted Shares | - | - | - | 4,216 | - | 1,897 |
| 3 | Other Shares | - | 488 | 220 | - | - | - |
| | Total | - | 488 | 220 | 4,216 | - | 1,897 |

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

4.8 Consolidated liquidity risk

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

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

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

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

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from June 2007, “Measurement and Assessment of the Adequacy of Banks’ Liquidity”, the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Bank’s liquidity ratios for the first three months of 2013 and the year of 2012, are as follows:

| <i>Current Period</i> | First Maturity Bracket (Weekly) | | Second Maturity Bracket (Monthly) | |
|-----------------------|--|----------------|--|----------------|
| | FC | FC + TL | FC | FC + TL |
| Average (%) | 134.80 | 133.84 | 96.89 | 104.10 |

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

4.8.1 Maturity analysis of assets and liabilities according to remaining maturities

| | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Undistributed (*) | Total |
|---|---------------------|---------------------|--------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| Current Period | | | | | | | | |
| Assets | | | | | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank | 3,214,828 | 14,596,867 | - | - | - | - | - | 17,811,695 |
| Banks | 1,824,950 | 1,669,084 | 307,871 | 1,277,986 | 2,131,849 | 1,935,810 | - | 9,147,550 |
| Financial Assets at Fair Value through Profit/Loss (**) | 36,205 | 137,892 | 61,908 | 347,376 | 449,676 | 138,981 | - | 1,172,038 |
| Interbank Money Market Placements | - | 370 | - | - | - | - | - | 370 |
| Financial Assets Available-for-Sale | 32,076 | 1,245,532 | 4,677,321 | 10,161,861 | 16,841,737 | 6,926,308 | - | 39,884,835 |
| Loans (**) | 144,112 | 18,535,201 | 8,356,042 | 14,760,975 | 40,000,658 | 22,613,675 | 635,712 | 105,046,375 |
| Investments Held-to-Maturity | - | - | 8,341 | 6,259 | 908,125 | - | - | 922,725 |
| Other Assets | 742,509 | 829,530 | 730,983 | 1,301,161 | 1,773,562 | 90,724 | 6,343,619 | 11,812,088 |
| Total Assets | 5,994,680 | 37,014,476 | 14,142,466 | 27,855,618 | 62,105,607 | 31,705,498 | 6,979,331 | 185,797,676 |
| | | | | | | | | |
| Liabilities | | | | | | | | |
| Bank Deposits | 1,104,620 | 3,439,095 | 854,168 | 53,300 | 153,313 | - | - | 5,604,496 |
| Other Deposits | 21,817,405 | 61,811,414 | 9,549,994 | 4,726,271 | 1,296,265 | 22,704 | - | 99,224,053 |
| Other Fundings | - | 1,974,215 | 3,829,436 | 8,331,131 | 8,380,227 | 3,164,620 | - | 25,679,629 |
| Interbank Money Market Takings | - | 9,735,363 | 697,851 | 993,883 | 409,100 | - | - | 11,836,197 |
| Securities Issued | - | 676,258 | 732,639 | 984,042 | 2,444,184 | 2,344,022 | - | 7,181,145 |
| Miscellaneous Payables | 613,366 | 4,166,804 | 3,591 | 4,748 | - | 3,577,714 | - | 8,366,223 |
| Other Liabilities (***) | 275,057 | 333,335 | 247,115 | 192,712 | 430,350 | 78,845 | 26,348,519 | 27,905,933 |
| Total Liabilities | 23,810,448 | 82,136,484 | 15,914,794 | 15,286,087 | 13,113,439 | 9,187,905 | 26,348,519 | 185,797,676 |
| | | | | | | | | |
| Liquidity Gap | (17,815,768) | (45,122,008) | (1,772,328) | 12,569,531 | 48,992,168 | 22,517,593 | (19,369,188) | - |
| | | | | | | | | |
| Prior Period | | | | | | | | |
| Total Assets | 7,010,186 | 33,517,516 | 11,206,484 | 31,933,220 | 59,308,885 | 30,211,617 | 6,591,466 | 179,779,374 |
| Total Liabilities | 23,836,851 | 79,254,209 | 13,610,516 | 17,056,944 | 11,896,517 | 8,967,584 | 25,156,753 | 179,779,374 |
| | | | | | | | | |
| Liquidity Gap | (16,826,665) | (45,736,693) | (2,404,032) | 14,876,276 | 47,412,368 | 21,244,033 | (18,565,287) | - |

- (*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in short period such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and loans under follow-up, are included in this column.
- (**) Loans amounting to TL 218,289 thousands (31 December 2012: TL 222,181 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.
- (***) Shareholders' Equity is included in "Other liabilities" line under "Undistributed" column.

4.9 Consolidated securitisation positions

None.

4.10 Consolidated credit risk mitigation techniques

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

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

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

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

| <i>Current Period</i> | <i>Amount (**)</i> | <i>Financial Collateral</i> | <i>Other/Physical Collateral</i> | <i>Guaranties and Credit Derivatives</i> |
|--|--------------------|-----------------------------|----------------------------------|--|
| Exposure Categories | | | | |
| Conditional and unconditional exposures to central governments or central banks | 58,055,266 | - | - | - |
| Conditional and unconditional exposures to regional governments or local authorities | 4,535 | 16 | - | - |
| Conditional and unconditional exposures to administrative bodies and non-commercial undertakings | 91,676 | - | - | - |
| Conditional and unconditional exposures to multilateral development banks | 5,236 | - | - | - |
| Conditional and unconditional exposures to international organisations | - | - | - | - |
| Conditional and unconditional exposures to banks and brokerage houses | 28,049,116 | 4,434,129 | - | - |
| Conditional and unconditional exposures to corporates | 139,531,923 | 5,049,986 | - | - |
| Conditional and unconditional retail exposures | 72,708,914 | 934,260 | - | - |
| Conditional and unconditional exposures secured by real estate property (*) | 14,525,126 | 73,626 | - | - |
| Past due items | 487,255 | 9,692 | - | - |
| Items in regulatory high-risk categories | 9,126,298 | 115,949 | - | - |
| Exposures in the form of bonds secured by mortgages | - | - | - | - |
| Securitisation positions | - | - | - | - |
| Short term exposures to banks, brokerage houses and corporates | - | - | - | - |
| Exposures in the form of collective investment undertakings | 3,577,414 | - | - | - |
| Other items | 3,713,823 | - | - | - |

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

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

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

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

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

4.11 Risk management objectives and policies

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

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

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

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

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

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

4.12 Fair values of financial assets and liabilities

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

4.13 Transactions carried out on behalf of customers and items held in trust

None.

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|-----------------------------|-----------------------|-------------------|---------------------|-------------------|
| | TL | FC | TL | FC |
| Cash in TL/Foreign Currency | 707,668 | 328,366 | 800,979 | 459,761 |
| Central Bank of Turkey | 562,488 | 16,143,078 | 492,972 | 14,372,246 |
| Others | 415 | 69,680 | - | 47,426 |
| Total | 1,270,571 | 16,541,124 | 1,293,951 | 14,879,433 |

Balances with the Central Bank of Turkey

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|------------------------------|-----------------------|-------------------|---------------------|-------------------|
| | TL | FC | TL | FC |
| Unrestricted Demand Deposits | 562,488 | 1,546,213 | 492,972 | 1,500,401 |
| Unrestricted Time Deposits | - | - | - | - |
| Restricted Time Deposits | - | 14,596,865 | - | 12,871,845 |
| Total | 562,488 | 16,143,078 | 492,972 | 14,372,246 |

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

5.1.2 Financial assets at fair value through profit/loss

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

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---|-----------------------|----------------|---------------------|----------------|
| | TL | FC | TL | FC |
| Collateralised/Blocked Assets | - | 219,094 | - | 223,894 |
| Assets Subject to Repurchase Agreements | 12,152 | - | 19,816 | - |
| Total | 12,152 | 219,094 | 19,816 | 223,894 |

5.1.2.2 Positive differences on derivative financial assets held for trading

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|----------------------|-----------------------|----------------|---------------------|----------------|
| | TL | FC | TL | FC |
| Forward Transactions | 43,926 | 10,131 | 43,805 | 5,533 |
| Swap Transactions | 157,702 | 304,809 | 208,444 | 370,089 |
| Futures | 13 | 6,810 | 158 | 5,776 |
| Options | 56,821 | 37,501 | 46,557 | 30,273 |
| Others | - | 200 | - | - |
| Total | 258,462 | 359,451 | 298,964 | 411,671 |

5.1.3 Banks

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|----------------------------------|-----------------------|------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic banks | 284,133 | 1,217,814 | 431,974 | 845,451 |
| Foreign banks | 1,744,953 | 5,900,650 | 2,041,492 | 6,844,511 |
| Foreign headoffices and branches | - | - | - | - |
| Total | 2,029,086 | 7,118,464 | 2,473,466 | 7,689,962 |

The placements at foreign banks include blocked accounts amounting TL 5,659,965 thousands (31 December 2012: TL 6,175,422 thousands) of which TL 77,663 thousands (31 December 2012: TL 82,876 thousands) and TL 29,833 thousands (31 December 2012: TL 26,402 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 5,552,469 thousands (31 December 2012: TL 6,066,144 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 108,341 thousands (31 December 2012: TL 108,694 thousands) as required for insurance activities.

5.1.4 Financial assets available-for-sale

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

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---|-----------------------|------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Collateralised/Blocked Assets | 10,362,875 | 598,030 | 10,968,071 | 388,212 |
| Assets subject to Repurchase Agreements | 12,641,816 | 497,623 | 14,696,052 | 699,780 |
| Total | 23,004,691 | 1,095,653 | 25,664,123 | 1,087,992 |

5.1.4.2 Details of financial assets available-for-sale

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Debt Securities | 35,818,815 | 34,227,618 |
| Quoted at Stock Exchange | 33,300,931 | 32,025,799 |
| Unquoted at Stock Exchange | 2,517,884 | 2,201,819 |
| Common Shares/Investment Fund | 22,762 | 22,251 |
| Quoted at Stock Exchange | 5,081 | 5,081 |
| Unquoted at Stock Exchange | 17,681 | 17,170 |
| Value Increase/Impairment Losses (-) | 4,043,258 | 4,244,637 |
| Total | 39,884,835 | 38,494,506 |

As of 31 March 2013, the Bank and its consolidated financial affiliates' "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 (31 December 2012: USD 426,111,240) and a total carrying value of TL 762,375 thousands (31 December 2012: TL 765,645 thousands).

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|-----------------------|----------------|---------------------|----------------|
| | Cash Loans | Non-Cash Loans | Cash Loans | Non-Cash Loans |
| Direct Lendings to Shareholders | 854 | 85,361 | 21 | 121,141 |
| Corporates | 854 | 85,361 | 21 | 121,141 |
| Real Persons | - | - | - | - |
| Indirect Lendings to Shareholders | 361,201 | 453,167 | 368,707 | 495,947 |
| Loans to Employees | 179,288 | 35 | 175,918 | - |
| Total | 541,343 | 538,563 | 544,646 | 617,088 |

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

| <i>Current Period</i> | Performing Loans and Other Receivables | | | Loans and Other Receivables under Follow-Up | | |
|-------------------------------|---|--|----------------------|--|--|----------------------|
| | Loans and Other Receivables (Total) | Loans and Receivables with Revised Contract Terms | | Loans and Other Receivables (Total) | Loans and Receivables with Revised Contract Terms | |
| | | Extension of Repayment Plan | Other Changes | | Extension of Repayment Plan | Other Changes |
| Cash Loans | | | | | | |
| Loans | 101,703,133 | 1,558,211 | 78,720 | 2,714,864 | 1,078,464 | 661,981 |
| Working Capital Loans | 9,702,353 | 143,762 | 6,421 | 510,034 | 239,572 | 105,666 |
| Export Loans | 4,412,923 | 10,438 | - | 109,983 | 82,689 | 19,451 |
| Import Loans | 543,310 | 4,724 | - | - | - | - |
| Loans to Financial Sector (*) | 3,595,802 | 2 | - | 183 | - | - |
| Consumer Loans | 24,135,231 | 847,165 | 48,412 | 584,390 | 132,217 | 104,286 |
| Credit Cards | 11,957,883 | - | - | 422,506 | - | 321,797 |
| Others | 47,355,631 | 552,120 | 23,887 | 1,087,768 | 623,986 | 110,781 |
| Specialization Loans | - | - | - | - | - | - |
| Other Receivables | - | - | - | - | - | - |
| Total | 101,703,133 | 1,558,211 | 78,720 | 2,714,864 | 1,078,464 | 661,981 |

(*) Loans amounting to TL 218,289 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Loans to Financial Sector".

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

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

Collaterals received for loans under follow-up

| <i>Current Period</i> | Corporate / Commercial Loans | Consumer Loans | Credit Cards | Total |
|---|------------------------------|----------------|----------------|------------------|
| Loans Collateralized by Cash | 8,929 | 1,995 | - | 10,924 |
| Loans Collateralized by Mortgages | 932,229 | 205,791 | - | 1,138,020 |
| Loans Collateralized by Pledged Assets | 107,364 | 33,308 | - | 140,672 |
| Loans Collateralized by Cheques and Notes | 107,151 | 272,227 | - | 379,378 |
| Loans Collateralized by Other Collaterals | 530,494 | 38,542 | - | 569,036 |
| Unsecured Loans | 21,801 | 32,527 | 422,506 | 476,834 |
| Total | 1,707,968 | 584,390 | 422,506 | 2,714,864 |

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

Delinquency periods of loans under follow-up

| <i>Current Period</i> | Corporate / Commercial Loans | Consumer Loans | Credit Cards | Total |
|-----------------------|------------------------------|----------------|----------------|------------------|
| 31-60 days | 76,519 | 191,364 | 72,335 | 340,218 |
| 61-90 days | 69,567 | 68,858 | 27,439 | 165,864 |
| Other | 1,561,882 | 324,168 | 322,732 | 2,208,782 |
| Total | 1,707,968 | 584,390 | 422,506 | 2,714,864 |

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

Loans and other receivables with extended payment plans

| <i>Current Period</i> | Performing Loans | Loans and Other |
|--------------------------|-------------------------|--------------------------|
| No. of Extensions | and Other | Receivables under |
| | Receivables | Follow-up |
| 1 or 2 times | 1,304,835 | 1,029,160 |
| 3, 4 or 5 times | 222,517 | 33,750 |
| Over 5 times | 30,859 | 15,554 |
| Total | 1,558,211 | 1,078,464 |

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

| <i>Current Period</i> | Performing Loans | Loans and Other |
|--------------------------|-------------------------|--------------------------|
| Extention Periods | and Other | Receivables under |
| | Receivables | Follow-up |
| 0 - 6 months | 248,109 | 153,039 |
| 6 - 12 months | 223,463 | 75,954 |
| 1 - 2 years | 498,846 | 151,895 |
| 2 - 5 year | 463,162 | 168,359 |
| 5 years and over | 124,631 | 529,217 |
| Total | 1,558,211 | 1,078,464 |

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

5.1.5.3 Maturity analysis of cash loans

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

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

| <i>Current Period</i> | Short-Term | Medium and Long-Term | Total |
|--|-------------------|-----------------------------|-------------------|
| Consumer Loans – TL | 533,914 | 22,242,707 | 22,776,621 |
| Housing Loans | 19,868 | 10,974,740 | 10,994,608 |
| Automobile Loans | 19,582 | 1,296,110 | 1,315,692 |
| General Purpose Loans | 98,129 | 1,434,018 | 1,532,147 |
| Others | 396,335 | 8,537,839 | 8,934,174 |
| Consumer Loans – FC-indexed | - | 246,592 | 246,592 |
| Housing Loans | - | 238,254 | 238,254 |
| Automobile Loans | - | 185 | 185 |
| General Purpose Loans | - | 6,512 | 6,512 |
| Others | - | 1,641 | 1,641 |
| Consumer Loans – FC | 209,296 | 990,379 | 1,199,675 |
| Housing Loans | 1,067 | 444,279 | 445,346 |
| Automobile Loans | 6 | 6,621 | 6,627 |
| General Purpose Loans | 8,220 | 345,864 | 354,084 |
| Others | 200,003 | 193,615 | 393,618 |
| Retail Credit Cards – TL | 10,967,230 | 374,975 | 11,342,205 |
| With Installment | 6,025,599 | 374,971 | 6,400,570 |
| Without Installment | 4,941,631 | 4 | 4,941,635 |
| Retail Credit Cards – FC | 47,581 | 61,130 | 108,711 |
| With Installment | 14,675 | 1,178 | 15,853 |
| Without Installment | 32,906 | 59,952 | 92,858 |
| Personnel Loans – TL | 17,519 | 43,211 | 60,730 |
| Housing Loan | - | 1,788 | 1,788 |
| Automobile Loans | - | 105 | 105 |
| General Purpose Loans | 4,166 | 6,845 | 11,011 |
| Others | 13,353 | 34,473 | 47,826 |
| Personnel Loans - FC-indexed | 192 | 13,063 | 13,255 |
| Housing Loans | - | 13,063 | 13,063 |
| Automobile Loans | - | - | - |
| General Purpose Loans | 192 | - | 192 |
| Others | - | - | - |
| Personnel Loans – FC | 2,554 | 48,029 | 50,583 |
| Housing Loans | 53 | 14,977 | 15,030 |
| Automobile Loans | - | 38 | 38 |
| General Purpose Loans | 185 | 26,746 | 26,931 |
| Others | 2,316 | 6,268 | 8,584 |
| Personnel Credit Cards – TL | 45,289 | 631 | 45,920 |
| With Installment | 36,088 | 631 | 36,719 |
| Without Installment | 9,201 | - | 9,201 |
| Personnel Credit Cards – FC | 1,143 | 1,090 | 2,233 |
| With Installment | 278 | - | 278 |
| Without Installment | 865 | 1,090 | 1,955 |
| Deposit Accounts– TL (Real Persons) | 372,165 | - | 372,165 |
| Deposit Accounts– FC (Real Persons) | - | - | - |
| Total | 12,196,883 | 24,021,807 | 36,218,690 |

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

5.1.5.5 Installment based commercial loans and corporate credit cards

| <i>Current Period</i> | Short-Term | Medium and Long-Term | Total |
|--|-------------------|-----------------------------|-------------------|
| Installment-based Commercial Loans – TL | 1,109,519 | 7,920,214 | 9,029,733 |
| Real Estate Loans | 1,238 | 595,782 | 597,020 |
| Automobile Loans | 47,344 | 1,573,378 | 1,620,722 |
| General Purpose Loans | 1,060,937 | 5,745,012 | 6,805,949 |
| Others | - | 6,042 | 6,042 |
| Installment-based Commercial Loans - FC-indexed | 85,583 | 714,055 | 799,638 |
| Real Estate Loans | - | 38,362 | 38,362 |
| Automobile Loans | 4,532 | 200,629 | 205,161 |
| General Purpose Loans | 81,051 | 475,064 | 556,115 |
| Others | - | - | - |
| Installment-based Commercial Loans – FC | 630,775 | 655,264 | 1,286,039 |
| Real Estate Loans | - | 1,311 | 1,311 |
| Automobile Loans | 126 | 5,271 | 5,397 |
| General Purpose Loans | 149 | 10,572 | 10,721 |
| Others | 630,500 | 638,110 | 1,268,610 |
| Corporate Credit Cards – TL | 874,060 | 657 | 874,717 |
| With Installment | 457,282 | 657 | 457,939 |
| Without Installment | 416,778 | - | 416,778 |
| Corporate Credit Cards – FC | 6,603 | - | 6,603 |
| With Installment | - | - | - |
| Without Installment | 6,603 | - | 6,603 |
| Deposit Accounts– TL (Corporates) | 587,487 | - | 587,487 |
| Deposit Accounts– FC (Corporates) | - | - | - |
| Total | 3,294,027 | 9,290,190 | 12,584,217 |

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

5.1.5.6 Allocation of loans by customers

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

5.1.5.7 Allocation of domestic and foreign loans

| | <i>Current Period</i> | <i>Prior Period</i> |
|-------------------|-----------------------|---------------------|
| Domestic Loans | 96,223,427 | 91,700,234 |
| Foreign Loans (*) | 8,194,570 | 8,048,596 |
| Total | 104,417,997 | 99,748,830 |

(*) Loans amounting to TL 218,289 thousands (31 December 2012: TL 222,181 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under “Foreign Loans”.

5.1.5.8 Loans to associates and subsidiaries

| | <i>Current Period</i> | <i>Prior Period</i> |
|------------------|-----------------------|---------------------|
| Direct Lending | 9,767 | 34,247 |
| Indirect Lending | - | - |
| Total | 9,767 | 34,247 |

5.1.5.9 Specific provisions for loans

| Specific Provisions | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Substandard Loans and Receivables - Limited Collectibility | 178,541 | 153,280 |
| Doubtful Loans and Receivables | 425,366 | 468,299 |
| Uncollectible Loans and Receivables | 1,661,411 | 1,487,761 |
| Total | 2,265,318 | 2,109,340 |

5.1.5.10 Non-performing loans (net)

Non-performing loans and other receivables restructured or rescheduled

| | Group III | Group IV | Group V |
|--|--|---|--|
| | Substandard Loans and Receivables | Doubtful Loans and Receivables | Uncollectible Loans and Receivables |
| <i>Current Period</i> | | | |
| (Gross amounts before specific provisions) | | | |
| Restructured Loans and Receivables | 147,695 | 45,263 | 120,788 |
| Rescheduled Loans and Receivables | - | - | 39,732 |
| Total | 147,695 | 45,263 | 160,520 |
| <i>Prior Period</i> | | | |
| (Gross amounts before specific provisions) | | | |
| Restructured Loans and Receivables | 141,642 | 40,941 | 114,613 |
| Rescheduled Loans and Receivables | - | - | 38,274 |
| Total | 141,642 | 40,941 | 152,887 |

Movements in non-performing loan groups

| | Group III | Group IV | Group V |
|--|--|---|--|
| <i>Current Period</i> | Substandard Loans and Receivables | Doubtful Loans and Receivables | Uncollectible Loans and Receivables |
| Balances at Beginning of Period | 342,410 | 577,852 | 1,784,948 |
| Additions (+) | 259,479 | 19,603 | 84,158 |
| Transfer from Other NPL Categories (+) | - | 213,513 | 202,272 |
| Transfer to Other NPL Categories (-) | 213,513 | 202,272 | - |
| Collections during the Period (-) | 33,580 | 54,183 | 86,360 |
| Write-offs (-) | - | - | 631 |
| Corporate and Commercial Loans | - | - | - |
| Retail Loans | - | - | 631 |
| Credit Cards | - | - | - |
| Other | - | - | - |
| Balances at End of Period | 354,796 | 554,513 | 1,984,387 |
| Specific Provisions (-) | (178,541) | (425,366) | (1,661,411) |
| Net Balance on Balance Sheet | 176,255 | 129,147 | 322,976 |

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

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

Movements in specific loan provisions

| <i>Current Period</i> | Corporate / Commercial Loans | Consumer Loans | Credit Cards | Total |
|--|---|-----------------------|---------------------|------------------|
| Balances at End of Prior Period | 955,670 | 537,104 | 616,566 | 2,109,340 |
| Additions during the Period (+) | 137,565 | 65,109 | 78,174 | 280,848 |
| Restructured/Rescheduled Loans (-) | - | - | - | - |
| Collections during the Period (-) | 66,484 | 22,859 | 34,896 | 124,239 |
| Write-Offs (-) | - | 631 | - | 631 |
| Balances at End of Period | 1,026,751 | 578,723 | 659,844 | 2,265,318 |

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

Non-performing loans in foreign currencies

| | Group III | Group IV | Group V |
|-------------------------------------|--|---|--|
| | Substandard Loans and Receivables | Doubtful Loans and Receivables | Uncollectible Loans and Receivables |
| Current Period | | | |
| Balance at End of Period | 162,985 | 184,066 | 746,308 |
| Specific Provisions (-) | 69,586 | 144,690 | 599,236 |
| Net Balance at Balance Sheet | 93,399 | 39,376 | 147,072 |
| | | | |
| Prior Period | | | |
| Balance at End of Period | 133,372 | 245,566 | 666,560 |
| Specific Provisions (-) | 45,693 | 206,553 | 524,537 |
| Net Balance at Balance Sheet | 87,679 | 39,013 | 142,023 |

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

| | Group III | Group IV | Group V |
|---|--|---|--|
| | Substandard Loans and Receivables | Doubtful Loans and Receivables | Uncollectible Loans and Receivables |
| Current Period (Net) | 176,255 | 129,147 | 322,976 |
| Loans to Individuals and Corporates (Gross) | 354,796 | 554,513 | 1,976,357 |
| Specific Provision (-) | 178,541 | 425,366 | 1,653,381 |
| Loans to Individuals and Corporates (Net) | 176,255 | 129,147 | 322,976 |
| Banks (Gross) | - | - | 311 |
| Specific Provision (-) | - | - | 311 |
| Banks (Net) | - | - | - |
| Other Loans and Receivables (Gross) | - | - | 7,719 |
| Specific Provision (-) | - | - | 7,719 |
| Other Loans and Receivables (Net) | - | - | - |
| | | | |
| Prior Period (Net) | 189,130 | 109,553 | 297,187 |
| Loans to Individuals and Corporates (Gross) | 342,410 | 577,852 | 1,776,918 |
| Specific Provision (-) | 153,280 | 468,299 | 1,479,731 |
| Loans to Individuals and Corporates (Net) | 189,130 | 109,553 | 297,187 |
| Banks (Gross) | - | - | 311 |
| Specific Provision (-) | - | - | 311 |
| Banks (Net) | - | - | - |
| Other Loans and Receivables (Gross) | - | - | 7,719 |
| Specific Provision (-) | - | - | 7,719 |
| Other Loans and Receivables (Net) | - | - | - |

Collaterals received for non-performing loans

| <i>Current Period</i> | Corporate/ Commercial Loans | Consumer Loans | Credit Cards | Total |
|--|--|---------------------------|---------------------|------------------|
| Loans Collateralized by Cash | 9,945 | 221 | - | 10,166 |
| Loans Collateralized by Mortgages | 491,308 | 62,133 | - | 553,441 |
| Loans Collateralized by Pledged Assets | 286,170 | 41,259 | - | 327,429 |
| Loans Collateralized by Cheques and Notes | 261,300 | 285,571 | - | 546,871 |
| Loans Collateralized by Other Collaterals | 253,843 | 92,052 | - | 345,895 |
| Unsecured Loans | 217,457 | 196,654 | 695,783 | 1,109,894 |
| Total | 1,520,023 | 677,890 | 695,783 | 2,893,696 |

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

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 Write-off policy

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

5.1.6 Factoring receivables

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

5.1.7 Investments held-to-maturity

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

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|-----------------------|-----------|---------------------|----------------|
| | TL | FC | TL | FC |
| Collateralised/Blocked Investments | 888,257 | - | 677,626 | 356,786 |
| Investments subject to Repurchase Agreements | - | - | - | - |
| Total | 888,257 | - | 677,626 | 356,786 |

5.1.7.2 Government securities held-to-maturity

| | <i>Current Period</i> | <i>Prior Period</i> |
|-----------------------------|-----------------------|---------------------|
| Government Bonds | 906,577 | 911,349 |
| Treasury Bills | - | - |
| Other Government Securities | - | 445,864 |
| Total | 906,577 | 1,357,213 |

5.1.7.3 Investments held-to-maturity

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Debt Securities | 926,676 | 1,362,063 |
| Quoted at Stock Exchange | 913,358 | 1,354,998 |
| Unquoted at Stock Exchange | 13,318 | 7,065 |
| Valuation Increase / (Decrease) | (3,951) | 4,891 |
| Total | 922,725 | 1,366,954 |

5.1.7.4 Movement of investments held-to-maturity

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Balances at Beginning of Period | 1,366,954 | 4,786,530 |
| Foreign Currency Differences on Monetary Assets | - | (26,348) |
| Purchases during the Period | 6,253 | 9,557 |
| Disposals through Sales/Redemptions (*) | (450,843) | (3,407,676) |
| Valuation Effect | 361 | 4,891 |
| Balances at End of Period | 922,725 | 1,366,954 |

(*) As per the regulation on capital adequacy (Basel II) effective from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 100%. As allowed by the relevant accounting standards (TAS 39) for the sale or reclassification of securities originally classified under the securities held-to-maturity in cases where the capital requirement increases due to regulatory changes, in the prior period, the Bank sold a part of its eurobonds with a total face value of USD 595,638,000 from its held-to-maturity portfolio and in the current period, as per the letter of the Public Oversight, Accounting and Auditing Standards Authority no. 602 dated 20 February 2013, the Bank reclassified its eurobonds with a total face value of USD 248,209,999 to its available-for-sale portfolio.

5.1.8 Investments in associates

5.1.8.1 Unconsolidated investments in associates

| | Associates | Address (City/ Country) | Parent Bank's Share – If Different, Voting Rights (%) | Bank Risk Group's Share (%) |
|---|---|------------------------------------|--|--|
| 1 | Emeklilik Gözetim Merkezi AŞ | Istanbul/Turkey | - | 6.67 |
| 2 | Bankalararası Kart Merkezi AŞ ⁽¹⁾ | Istanbul/Turkey | 10.15 | 10.15 |
| 3 | Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾ | Istanbul/Turkey | 0.77 | 0.77 |
| 4 | İMKB Takas ve Saklama Bankası AŞ ⁽¹⁾ | Istanbul/Turkey | 5.83 | 5.83 |
| 5 | Vadeli İşlem ve Opsiyon Borsası AŞ ⁽¹⁾ | Izmir/Turkey | 6.00 | 6.00 |
| 6 | KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾ | Istanbul/Turkey | 9.09 | 9.09 |
| 7 | Türkiye Cumhuriyet Merkez Bankası AŞ ⁽¹⁾ | Ankara/Turkey | 2.48 | 2.48 |
| 8 | Kredi Garanti Fonu AŞ ⁽¹⁾ | Ankara/Turkey | 1.75 | 1.75 |

| | Total Assets | Shareholders' Equity | Total Fixed Assets (*) | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value (if available) |
|---|--------------|----------------------|------------------------|-----------------|--------------------------------|----------------------------|--------------------------|-------------------------------------|
| 1 | 9,833 | 6,386 | 792 | 155 | - | 457 | 547 | - |
| 2 | 32,354 | 19,628 | 15,161 | 730 | 302 | 1,144 | 2,619 | - |
| 3 | 558,313 | 68,171 | 1,503 | 21,510 | 1,976 | 2,851 | 5,976 | - |
| 4 | 3,671,623 | 331,605 | 13,628 | 87,161 | 2,362 | 55,168 | 34,844 | - |
| 5 | 78,882 | 66,061 | 3,297 | 5,671 | 74 | 11,486 | 6,730 | - |
| 6 | 79,837 | 67,450 | 45,452 | 2,016 | - | 33,184 | 18,566 | - |
| 7 | 251,407,290 | 23,683,777 | 274,340 | 3,079,573 | 2,404,666 | (300,025) | 18,381,955 | - |
| 8 | 266,992 | 263,304 | 3,885 | 12,004 | 1 | 5,107 | 997 | - |

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

(1) Financial information is as of 31 December 2012.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.8.2 Consolidated investments in associates

| | Associates | Address (City/ Country) | Parent Bank's Share – If Different, Voting Rights (%) | Bank Risk Group's Share (%) |
|---|---|-------------------------|---|-----------------------------|
| 1 | Garanti Yatırım Ortaklığı AŞ ⁽¹⁾ | İstanbul / Türkiye | - | 0.24 |

| | Total Assets | Shareholders' Equity | Total Fixed Assets (*) | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value (if available) |
|---|--------------|----------------------|------------------------|-----------------|--------------------------------|----------------------------|--------------------------|-------------------------------------|
| 1 | 35,702 | 34,369 | 208 | 470 | 11,079 | 4,102 | (638) | 19,800 |

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

(1) Financial information is as of 31 December 2012, however the fair value information is as of 31 March 2013.

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 0.24%, is consolidated in the accompanying consolidated financial statements under full consolidation method due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

5.1.8.3 Movement of consolidated investments in associates

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Balance at Beginning of Period | 43 | 38 |
| Movements during the Period | 5 | 5 |
| Acquisitions and Capital Increases | - | - |
| Bonus Shares Received | - | - |
| Allocation from Current Period Profit | - | - |
| Sales/Liquidations (-) (*) | - | - |
| Reclassifications | - | - |
| Increase/Decrease in Fair Values | 5 | 5 |
| Currency Differences on Foreign Associates | - | - |
| Impairment Losses (-) | - | - |
| Balance at End of Period | 48 | 43 |
| Capital Commitments | - | - |
| Share Percentage at the End of Period (%) | - | - |

Valuation methods of consolidated investments in associates

| Associates | <i>Current Period</i> | <i>Prior Period</i> |
|---------------------------------------|-----------------------|---------------------|
| Valued at Cost | - | - |
| Valued at Fair Value | 48 | 43 |
| Valued by Equity Method of Accounting | - | - |

Sectoral distribution of consolidated investments and associates

| Associates | <i>Current Period</i> | <i>Prior Period</i> |
|---------------------|-----------------------|---------------------|
| Banks | - | - |
| Insurance Companies | - | - |
| Factoring Companies | - | - |
| Leasing Companies | - | - |
| Finance Companies | 48 | 43 |
| Other Associates | - | - |

Quoted consolidated investments in associates

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Quoted at Domestic Stock Exchanges | 48 | 43 |
| Quoted at International Stock Exchanges | - | - |

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

5.1.9 Investments in subsidiaries

Information on capital adequacy of major subsidiaries

| <i>Current Period</i> | Garanti Bank International NV | Garanti Finansal Kiralama AS | Garanti Holding BV |
|---|--|---|-------------------------------|
| CORE CAPITAL | 973,374 | 582,311 | 342,494 |
| Paid-in Capital | 317,797 | 12,016 | 844,365 |
| Inflation Adjustments to Paid-in Capital | - | 68,832 | - |
| Share Premium | - | - | 29,681 |
| Reserves | 474,900 | 419,008 | (366,562) |
| Current Period's Profit and Prior Periods' Profit | 182,688 | 83,932 | - |
| Current Period's Losses and Prior Periods' Losses | - | - | (19,237) |
| Leasehold Improvements on Operational Leases (-) | - | - | 12,574 |
| Intangible Assets (-) | 2,011 | 1,477 | 3,887 |
| Goodwill (Net) (-) | - | - | 129,292 |
| SUPPLEMENTARY CAPITAL | 128,365 | - | 4,423 |
| CAPITAL | 1,101,739 | 582,311 | 346,917 |
| DEDUCTIONS FROM CAPITAL | - | 6 | 78,108 |
| NET AVAILABLE EQUITY | 1,101,739 | 582,305 | 268,809 |

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

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

5.1.9.1 Unconsolidated investments in subsidiaries

| | Subsidiaries | Address (City/ Country) | Parent Bank's Share – If Different, Voting Rights (%) | Bank Risk Group's Share (%) |
|----|--|--------------------------------|--|--|
| 1 | Garanti Bilişim Teknolojisi ve Tic. TAŞ | Istanbul/Turkey | 100.00 | 100.00 |
| 2 | Garanti Ödeme Sistemleri AŞ | Istanbul/Turkey | 99.92 | 100.00 |
| 3 | Garanti Hizmet Yönetimi AŞ | Istanbul/Turkey | 93.40 | 96.40 |
| 4 | Garanti Kültür AŞ | Istanbul/Turkey | 100.00 | 100.00 |
| 5 | Garanti Konut Finansmanı Danışmanlık Hiz. AŞ | Istanbul/Turkey | 100.00 | 100.00 |
| 6 | Trifoi Real Estate Company | Bucharest/Romania | - | 100.00 |
| 7 | United Custodian | Amsterdam/The Netherlands | - | 100.00 |
| 8 | Golden Clover Stichting Custody | Amsterdam/The Netherlands | - | 100.00 |
| 9 | Stichting Safekeeping | Amsterdam/The Netherlands | - | 100.00 |
| 10 | Garanti Filo Yönetim Hizmetleri AŞ | Istanbul/Turkey | - | 100.00 |

| | Total Assets | Shareholders' Equity | Total Fixed Assets (*) | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value (if available) | Amount of Equity Requirement |
|----|---------------------|-----------------------------|-------------------------------|------------------------|---------------------------------------|-----------------------------------|---------------------------------|--|-------------------------------------|
| 1 | 34,901 | 32,079 | 522 | 169 | 231 | 1,058 | 1,470 | - | - |
| 2 | 34,958 | 16,239 | 4,678 | 239 | 73 | 720 | 395 | - | - |
| 3 | 2,448 | 2,213 | 15 | - | 10 | 989 | 182 | - | - |
| 4 | 1,363 | 758 | 88 | - | 2 | 85 | (2) | - | - |
| 5 | 2,170 | 1,940 | 5 | - | 14 | 285 | (667) | - | - |
| 6 | 35 | 59 | 26 | - | - | (1) | (22) | - | - |
| 7 | 286 | 286 | - | - | - | - | - | - | - |
| 8 | 289 | 286 | - | - | - | - | - | - | - |
| 9 | 41 | 41 | - | - | - | - | - | - | - |
| 10 | 346,479 | 48,432 | 273,216 | 53 | - | 6,318 | 7,389 | - | - |

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

The liquidation process of Garanti Teknolojinet İletişim Hizmetleri ve Tic. AŞ has been completed in the current period.

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

The non-financial investments excluded from the consolidation process, are accounted under cost method of accounting.

5.1.9.2 Movement of consolidated investments in subsidiaries

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Balance at Beginning of Period | 2,484,453 | 2,064,495 |
| Movements during the Period | (21,183) | 419,958 |
| Acquisitions and Capital Increases(*) | - | 46,474 |
| Bonus Shares Received | - | - |
| Dividends from Current Year Profit | - | - |
| Sales/Liquidations | - | - |
| Reclassifications | - | - |
| Increase/Decrease in Market Values | (6,571) | 420,961 |
| Currency Differences on Foreign Subsidiaries | (14,612) | (47,477) |
| Reversal of Impairment Losses / Impairment Losses (-) | - | - |
| Balance at End of Period | 2,463,270 | 2,484,453 |
| Capital Commitments | - | - |
| Share Percentage at the End of Period (%) | - | - |

(*) In prior 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.

Valuation methods of consolidated investments in subsidiaries

| | Current Period | Prior Period |
|----------------------|-----------------------|---------------------|
| Valued at Cost | 235,950 | 235,950 |
| Valued at Fair Value | 2,227,320 | 2,248,503 |

Sectoral distribution of consolidated investments in subsidiaries

| | <i>Current Period</i> | <i>Prior Period</i> |
|---------------------|-----------------------|---------------------|
| Banks | 1,344,632 | 1,357,098 |
| Insurance Companies | 56,545 | 56,545 |
| Factoring Companies | 131,654 | 130,967 |
| Leasing Companies | 110,743 | 110,743 |
| Finance Companies | 819,696 | 829,100 |
| Other Subsidiaries | - | - |

Quoted consolidated investments in subsidiaries

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Quoted at Domestic Stock Exchanges | 131,654 | 130,967 |
| Quoted at International Stock Exchanges | - | - |

Other information on consolidated investments in subsidiaries

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

| | Total Assets | Shareholders' Equity | Total Fixed Assets (*) | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value (if available) |
|----|-------------------------|---------------------------------|-----------------------------------|----------------------------|---|---|-------------------------------------|--|
| 1 | 2,907,170 | 583,788 | 17,144 | 63,128 | - | 22,373 | 15,446 | - |
| 2 | 1,573,807 | 110,557 | 2,377 | 29,603 | - | 5,546 | 6,994 | 160,860 |
| 3 | 50,515 | 32,779 | 2,549 | 99 | 553 | 349 | (2,705) | - |
| 4 | 21,895 | 18,977 | 2,186 | 203 | 60 | 775 | 348 | - |
| 5 | 4,537,583 | 612,574 | 16,599 | 11,531 | 1,909 | 36,326 | 41,857 | - |
| 6 | 10,164,486 | 1,043,032 | 44,847 | 91,055 | 18,651 | 80,906 | 24,020 | 1,125,908 |
| 7 | 737,910 | 172,466 | 41,949 | 8,954 | 4,121 | 4,430 | 3,816 | 218,852 |
| 8 | 742,336 | 742,306 | - | - | - | (5) | (9) | 751,034 |
| 9 | 790,048 | 671,122 | - | 74 | - | (690) | (2,863) | - |
| 10 | 3,220,313 | 460,392 | 46,713 | 50,864 | 4,793 | 19,234 | 9,525 | - |
| 11 | 206,172 | 36,395 | 6,420 | 4,244 | - | 1,581 | 1,255 | - |
| 12 | 178,505 | 22,447 | 2,514 | 8,953 | - | 867 | 1,896 | - |
| 13 | 273,937 | 32,752 | 572 | 3,755 | - | 837 | 914 | - |

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

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

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.10 Investments in joint-ventures

None.

5.1.11 Lease receivables

5.1.11.1 Financial lease receivables according to remaining maturities

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---------------------|-----------------------|------------------|---------------------|------------------|
| | Gross | Net | Gross | Net |
| Less than 1 Year | 1,215,094 | 1,102,238 | 1,174,890 | 1,063,248 |
| Between 1-5 Years | 2,029,605 | 1,727,766 | 2,029,321 | 1,717,707 |
| Longer than 5 Years | 103,438 | 84,645 | 108,236 | 87,955 |
| Total | 3,348,137 | 2,914,649 | 3,312,447 | 2,868,910 |

5.1.11.2 Net financial lease receivables

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Gross Financial Lease Receivables | 3,348,137 | 3,312,447 |
| Unearned Income on Financial Lease Receivables (-) | (433,488) | (443,537) |
| Terminated Lease Contracts (-) | - | - |
| Net Financial Lease Receivables | 2,914,649 | 2,868,910 |

5.1.11.3 Financial lease agreements

Criteria applied for financial lease agreements

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

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

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

Details monitored subsequent to signing of financial lease agreements

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

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

5.1.12 Derivative financial assets held for risk management

5.1.12.1 Positive differences on derivative financial instruments held for risk management

| Derivative Financial Assets Held for Risk Management | Current Period | | Prior Period | |
|--|----------------|----------|--------------|----------|
| | TL | FC | TL | FC |
| Fair Value Hedges | 2,123 | - | - | - |
| Cash Flow Hedges | - | - | - | - |
| Net Foreign Investment Hedges | - | - | - | - |
| Total | 2,123 | - | - | - |

5.1.13 Tangible assets

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

5.1.14 Intangible assets

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

5.1.15 Investment property

| <i>Current Period</i> | Cost | Accumulated Depreciation (-) | Impairment Losses | Intend of Use |
|-----------------------|---------|------------------------------|-------------------|-------------------|
| Real Estate Type | | | | |
| Building | 157,645 | (30,568) | (176) | Operational lease |
| Land | - | - | - | - |

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

5.1.16 Deferred tax asset

As of 31 Mart 2013, on a consolidated basis the Bank has a deferred tax asset of TL 205,287 thousands (31 December 2012: TL 231,220 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 31 March 2013, there is a deferred tax asset of TL 328,809 thousands (31 December 2012: TL 316,089 thousands) and deferred tax liability of TL 123,522 thousands (31 December 2012: TL 84,869 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

As per the annulment decision of the Turkish Constitutional Court as explained in Note 3.18.4, Garanti Finansal Kiralama, a consolidated subsidiary of the Bank, is subject to investment allowance ruling and can use its available allowances to reduce its taxable corporate income without any time limitations. Accordingly, a deferred tax asset amounting TL 1,912 thousands is recorded in the accompanying consolidated financial statements as of 31 December 2012 considering the fact that Garanti Finansal Kiralama may use its right of deducting investment allowances from its corporate income in the future. In the accompanying consolidated financial statements as of 31 March 2013, a deferred tax asset amounting TL 1,440 thousands is included in this respect.

For the cases where the differences between the carrying values and the taxable values of assets subject to tax are related with certain items on the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---|-----------------------|----------------------------|---------------------|----------------------------|
| | Tax Base | Deferred Tax Amount | Tax Base | Deferred Tax Amount |
| Provisions (*) | 619,135 | 123,557 | 522,914 | 104,112 |
| Differences between the Carrying Values and Taxable Values of Financial Assets (**) | 195,237 | 56,021 | 484,047 | 103,976 |
| Other | 150,047 | 25,709 | 136,433 | 23,132 |
| Deferred Tax Asset, Net | 964,419 | 205,287 | 1,143,394 | 231,220 |

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.

(**) Calculations are performed at the relevant tax rates applicable in the country of the foreign branches and subsidiaries' financial assets.

As of 31 March 2013, TL 86,729 thousands of deferred tax expenses and TL 78,949 thousands of deferred tax income are recognised in the income statement and the shareholders' equity, respectively.

5.1.17 Assets held for sale and assets of discontinued operations

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| End of Prior Period | | |
| Cost | 136,551 | 130,102 |
| Accumulated Depreciation (-) | (4,114) | (2,446) |
| Net Book Value | 132,437 | 127,656 |
| End of Current Period | | |
| Additions | 39,826 | 79,074 |
| Disposals (Cost) | (16,848) | (72,163) |
| Disposals (Accumulated Depreciation) | 188 | 517 |
| Reversal of Impairment / Impairment Losses (-) | (399) | (151) |
| Depreciation Expense for Current Period (-) | (716) | (2,185) |
| Currency Translation Differences on Foreign Operations | 497 | (311) |
| Cost | 159,627 | 136,551 |
| Accumulated Depreciation (-) | (4,642) | (4,114) |
| Net Book Value | 154,985 | 132,437 |

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 27,727 thousands (31 December 2012: TL 5,313 thousands).

5.1.18 Other Assets

5.1.18.1 Receivables from term sale of assets

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Sale of Investments in Associates, Subsidiaries and Joint – Ventures | - | 1,362 |
| Sale of Real Estates | 7,779 | 7,733 |
| Sale of Other Assets | 3,007 | 3,007 |
| Total | 10,786 | 12,102 |

5.1.18.2 Prepaid expenses

| | <i>Current Period</i> | <i>Prior Period</i> |
|------------------|-----------------------|---------------------|
| Prepaid Expenses | 384,386 | 311,590 |

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

| <i>Current Period</i> | Demand | 7 Days Notice | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | Accumulating Deposit | Total |
|--------------------------------------|-------------------|--------------------------|--------------------------|-------------------|-------------------|------------------------|----------------------------|---------------------------------|--------------------|
| Saving Deposits | 3,848,460 | - | 3,577,554 | 27,433,389 | 262,043 | 170,346 | 259,985 | 2,939 | 35,554,716 |
| Foreign Currency Deposits | 10,510,455 | - | 4,272,312 | 17,712,690 | 1,609,607 | 3,923,078 | 3,158,109 | 78,608 | 41,264,859 |
| Residents in Turkey | 6,215,275 | - | 3,837,338 | 15,826,359 | 836,924 | 581,990 | 363,992 | 77,102 | 27,738,980 |
| Residents in Abroad | 4,295,180 | - | 434,974 | 1,886,331 | 772,683 | 3,341,088 | 2,794,117 | 1,506 | 13,525,879 |
| Public Sector Deposits | 470,520 | - | 14,527 | 63,619 | 99 | - | - | - | 548,765 |
| Commercial Deposits | 4,536,926 | - | 2,708,619 | 11,239,931 | 23,303 | 29,936 | 197,191 | - | 18,735,906 |
| Others | 75,838 | - | 15,801 | 523,318 | 424 | 3,737 | 360 | - | 619,478 |
| Precious Metal Deposits | 2,375,206 | - | 6,979 | 41,758 | - | 2,203 | 74,183 | - | 2,500,329 |
| Bank Deposits | 1,104,620 | - | 945,926 | 3,032,350 | 273,071 | 28,843 | 219,686 | - | 5,604,496 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | 40,390 | - | 47,207 | 6,127 | 123 | - | 58,174 | - | 152,021 |
| Foreign Banks | 499,619 | - | 898,719 | 3,026,223 | 272,948 | 28,843 | 161,512 | - | 4,887,864 |
| Special Financial Institutions | 564,611 | - | - | - | - | - | - | - | 564,611 |
| Others | - | - | - | - | - | - | - | - | - |
| Total | 22,922,025 | - | 11,541,718 | 60,047,055 | 2,168,547 | 4,158,143 | 3,909,514 | 81,547 | 104,828,549 |

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

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

5.2.1.1.1 Deposits exceeding insurance limit

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

| | Covered by Deposit Insurance | | Over Deposit Insurance Limit | |
|---|------------------------------|--------------|------------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Saving Deposits (*) | 17,418,211 | 12,744,375 | 17,936,522 | 20,553,407 |
| Foreign Currency Saving Deposits | 10,330,084 | 9,268,758 | 13,515,697 | 14,775,318 |
| Other Saving Deposits | 1,535,104 | 1,132,858 | 893,971 | 1,114,692 |
| Foreign Branches' Deposits Under Foreign Insurance Coverage | - | - | - | - |
| Off-Shore Branches' Deposits Under Foreign Insurance Coverage | - | - | - | - |

(*) As per the decision published in the Official Gazette no. 28560 dated 15 February 2013, the deposit insurance limit has been increased from TL 50,000 thousands to TL 100,000 thousands.

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

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

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Deposits and Other Accounts held at Foreign Branches | 491,940 | 509,167 |
| 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 | 324,665 | 251,263 |
| Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004 | - | - |
| Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey | - | - |

5.2.2 Negative differences on derivative financial liabilities held for trading

| Trading Derivatives | Current Period | | Prior Period | |
|----------------------|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Forward Transactions | 73,560 | 29,778 | 64,201 | 13,104 |
| Swap Transactions | 312,750 | 344,755 | 479,897 | 286,895 |
| Futures | 94 | 1,461 | - | - |
| Options | 42,428 | 32,774 | 53,075 | 29,681 |
| Others | - | 615 | - | 148 |
| Total | 428,832 | 409,383 | 597,173 | 329,828 |

5.2.3 Funds borrowed

| | Current Period | | Prior Period | |
|---------------------------------------|------------------|-------------------|------------------|-------------------|
| | TL | FC | TL | FC |
| Central Bank of Turkey | - | - | - | - |
| Domestic Banks and Institutions | 1,424,484 | 1,095,295 | 1,488,444 | 1,178,481 |
| Foreign Banks, Institutions and Funds | 4,290,923 | 18,754,508 | 4,089,892 | 18,987,595 |
| Total | 5,715,407 | 19,849,803 | 5,578,336 | 20,166,076 |

5.2.3.1 Maturities of funds borrowed

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|----------------------|-----------------------|-------------------|---------------------|-------------------|
| | TL | FC | TL | FC |
| Short-Term | 1,766,732 | 7,410,870 | 1,615,231 | 6,275,413 |
| Medium and Long-Term | 3,948,675 | 12,438,933 | 3,963,105 | 13,890,663 |
| Total | 5,715,407 | 19,849,803 | 5,578,336 | 20,166,076 |

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Other external funds

5.2.4.1 Securities issued

| <i>Current Period</i> | TL | | FC | |
|-----------------------|------------|----------------------|------------|----------------------|
| | Short-Term | Medium and Long-Term | Short-Term | Medium and Long-Term |
| Nominal | 1,696,743 | 1,740,897 | - | 3,814,525 |
| Cost | 1,657,751 | 1,677,335 | - | 3,783,981 |
| Carrying Value (*) | 1,543,475 | 1,688,621 | - | 3,949,049 |

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

(*) The Bank and/or its financial affiliates repurchased the Bank's own TL securities with a total nominal value of TL 193,268 thousands (31 December 2012: TL 177,169 thousands) and foreign currency securities with a total nominal value of TL 23,225 thousands (31 December 2012: TL 22,869 thousands) and netted off such securities in the accompanying consolidated financial statement.

5.2.4.2 Funds provided through repurchase transactions

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|-----------------------|------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Domestic Transactions | 8,388,771 | - | 11,498,158 | - |
| Financial Institutions and Organizations | 8,329,881 | - | 11,440,064 | - |
| Other Institutions and Organizations | 24,295 | - | 19,898 | - |
| Individuals | 34,595 | - | 38,196 | - |
| Foreign Transactions | 1,754,667 | 1,692,759 | 748,015 | 1,860,771 |
| Financial Institutions and Organizations | 1,754,536 | 1,692,759 | 747,723 | 1,860,771 |
| Other Institutions and Organizations | 63 | - | 186 | - |
| Individuals | 68 | - | 106 | - |
| Total | 10,143,438 | 1,692,759 | 12,246,173 | 1,860,771 |

5.2.4.3 Miscellaneous payables

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|-----------------------|----------------|---------------------|----------------|
| | TL | FC | TL | FC |
| Payables from credit card transactions | 3,944,306 | 18,577 | 3,937,158 | 12,313 |
| Payables from insurance transactions | 3,613,539 | 36,122 | 3,346,707 | 36,198 |
| Other | 320,448 | 433,231 | 294,370 | 436,307 |
| Total | 7,878,293 | 487,930 | 7,578,235 | 484,818 |

5.2.5 Factoring payables

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

5.2.6 Lease payables

5.2.6.1 Financial lease payables

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---------------------|-----------------------|------------|---------------------|------------|
| | Gross | Net | Gross | Net |
| Less than 1 Year | 471 | 191 | 336 | 93 |
| Between 1-5 Years | 254 | 15 | 202 | 79 |
| Longer than 5 Years | - | - | - | - |
| Total | 725 | 206 | 538 | 172 |

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

None.

5.2.8 Provisions

5.2.8.1 General provisions

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| General Provision for | 1,438,130 | 1,342,090 |
| Loans and Receivables in Group I | 1,255,721 | 1,178,931 |
| - Additional Provision for Loans and Receivables with Extended Maturities | 74,645 | 74,557 |
| Loans and Receivables in Group II | 98,559 | 88,693 |
| - Additional Provision for Loans and Receivables with Extended Maturities | 58,857 | 46,781 |
| Non-Cash Loans | 83,850 | 74,466 |
| Others | - | - |

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

| | <i>Current Period</i> | <i>Prior Period</i> |
|----------------------------|-----------------------|---------------------|
| Short-Term Loans | 5,746 | 6,635 |
| Medium and Long Term Loans | 4,872 | 4,749 |
| Total | 10,618 | 11,384 |

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

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

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

5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

| | <i>Current Period</i> | <i>Prior Period</i> |
|--------------------------------------|-----------------------|---------------------|
| General Reserves for Possible Losses | 395,000 | 450,000 |

5.2.8.4.2 Other provisions for possible losses

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Reserve for Employee Benefits | 438,536 | 362,011 |
| Insurance Technical Provisions, Net | 228,533 | 221,009 |
| Provision for Promotion Expenses of Credit Cards (*) | 41,441 | 39,168 |
| Provision for Lawsuits | 20,381 | 19,942 |
| Other Provisions (**) | 278,593 | 65,467 |
| Total | 1,007,484 | 707,597 |

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

(**) As a result of the investigation of the Turkish Competition Board initiated based on its decision no. 11-55/1438-M dated 2 November 2011, an administrative fine amounting to TL 213,385 thousands was imposed against the economic group composed of Garanti Bankası AŞ, Garanti Ödeme Sistemleri AŞ and Garanti Konut Finansmanı Danışmanlık AŞ. In accordance with the Article 17 of the Law on Crime no. 5326, it is possible to pay only $\frac{3}{4}$ of such administrative fine which is TL 160,038 thousands. The reasoned decision of the Turkish Competition Board has not been notified as of the date of this report. Since a cash outflow is likely to settle the obligation and a reliable estimate of the obligation amount can be made, the Bank has provided a provision amounting TL 160,038 thousands in accordance with TAS 37 in the accompanying consolidated financial statements.

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 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 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 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.

| | 31 December 2012 |
|--|------------------|
| Transferable Pension and Medical Benefits: | |
| Net present value of pension benefits transferable to SSF | (458,057) |
| Net present value of medical benefits and health premiums transferable to SSF | 369,726 |
| General administrative expenses | (22,899) |
| Present Value of Pension and Medical Benefits Transferable to SSF (1) | (111,230) |
| Fair Value of Plan Assets (2) | 1,479,105 |
| Asset Surplus over Transferable Benefits ((2)-(1)=(3)) | 1,367,875 |
| Non-Transferable Benefits: | |
| Other pension benefits | (426,261) |
| Other medical benefits | (107,178) |
| Total Non-Transferable Benefits (4) | (533,439) |
| Asset Surplus over Total Benefits ((3)-(4)=(5)) | 834,436 |
| Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6) | (369,726) |
| Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6)) | 464,710 |

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

| | 31 December 2012 |
|----------------------------------|---------------------|
| | % |
| Discount Rate (*) | 6.97 |
| Inflation Rate (*) | 4.67 |
| Future Real Salary Increase Rate | 1.5 |
| Medical Cost Trend Rate | 40% above inflation |
| Future Pension Increase Rate (*) | 4.67 |

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

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 March 2013, the corporate tax liability amounts to TL 303,013 thousands (31 December 2012: TL 344,819 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

| | <i>Current Period</i> | <i>Prior Period</i> |
|-----------------------------------|-----------------------|---------------------|
| Corporate Taxes Payable | 303,013 | 344,819 |
| Taxation on Securities Income | 76,597 | 99,573 |
| Taxation on Real Estates Income | 2,405 | 2,072 |
| Banking Insurance Transaction Tax | 45,757 | 52,347 |
| Foreign Exchange Transaction Tax | 35 | 39 |
| Value Added Tax Payable | 1,249 | 6,473 |
| Others | 21,881 | 75,811 |
| Total | 450,937 | 581,134 |

5.2.9.1.3 Premiums payable

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Social Security Premiums-Employees | 1,425 | 699 |
| Social Security Premiums-Employer | 1,617 | 901 |
| Bank Pension Fund Premium-Employees | 863 | 75 |
| Bank Pension Fund Premium-Employer | 1,052 | 28 |
| Pension Fund Membership Fees and Provisions-Employees | - | - |
| Pension Fund Membership Fees and Provisions-Employer | - | - |
| Unemployment Insurance-Employees | 1,283 | 658 |
| Unemployment Insurance-Employer | 2,606 | 1,325 |
| Others | 19 | 11 |
| Total | 8,865 | 3,697 |

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 1,290 thousands as of 31 March 2013 (31 December 2012: TL 19,032 thousands).

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

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

5.2.11 Subordinated debts

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

5.2.12 Shareholders’ equity

5.2.12.1 Paid-in capital

| | <i>Current Period</i> | <i>Prior Period</i> |
|-----------------------|-----------------------|---------------------|
| Common shares | 4,200,000 | 4,200,000 |
| Shares repurchased | (2,345) | (3,066) |
| Paid-in common shares | 4,197,655 | 4,196,934 |
| Preference shares | - | - |

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

5.2.12.2 Registered share capital system

| Capital System | Paid-in Capital | Ceiling per Registered Share Capital |
|-------------------|-----------------|--------------------------------------|
| Registered Shares | 4,200,000 | 10,000,000 |

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

| | Current Period | | Prior Period | |
|---|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Investments in Associates, Subsidiaries and Joint-Ventures | - | - | - | - |
| Valuation Difference | - | - | - | - |
| Exchange Rate Difference | - | - | - | - |
| Securities Available-for-Sale | 728,466 | 111,679 | 976,919 | 116,914 |
| Valuation Difference | 728,466 | 111,679 | 976,919 | 116,914 |
| Exchange Rate Difference | - | - | - | - |
| Total | 728,466 | 111,679 | 976,919 | 116,914 |

5.2.12.9 Revaluation surplus

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

5.2.12.10 Bonus shares of associates, subsidiaries and joint-ventures

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

5.2.12.11 Legal reserves

| | <i>Current Period</i> | <i>Prior Period</i> |
|-------------------|-----------------------|---------------------|
| I. Legal Reserve | 837,145 | 835,626 |
| II. Legal Reserve | 117,713 | 117,713 |
| Special Reserves | - | - |
| Total | 954,858 | 953,339 |

5.2.12.12 Extraordinary reserves

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly | 10,374,526 | 10,355,274 |
| Retained Earnings | - | - |
| Accumulated Losses | - | - |
| Exchange Rate Difference on Foreign Currency Capital | - | - |
| Total | 10,374,526 | 10,355,274 |

5.2.12.13 Minority interest

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Balance at Beginning of Period | 140,524 | 112,527 |
| Profit Share of Subsidiaries Net Profits | 7,441 | 27,971 |
| Prior Period Dividend | - | - |
| Increase/(Decrease) in Minority Interest due to Sales | - | - |
| Others | (8) | 26 |
| Balance at End of Period | 147,957 | 140,524 |

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 3,056,448 thousands (31 December 2012: TL 5,772,603 thousands), commitments for cheque payments of TL 2,865,816 thousands (31 December 2012: TL 1,994,132 thousands) and commitments for credit card limits of TL 17,420,261 thousands (31 December 2012: TL 14,323,293 thousands).

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

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Letters of Guarantee in Foreign Currency | 9,948,546 | 9,892,574 |
| Letters of Guarantee in TL | 7,290,319 | 6,960,107 |
| Letters of Credit | 6,385,047 | 6,141,429 |
| Bills of Exchange and Acceptances | 643,051 | 720,896 |
| Prefinancings | - | - |
| Other Guarantees | 67,208 | 66,300 |
| Total | 24,334,171 | 23,781,306 |

A specific provision of TL 110,543 thousands (31 December 2012: TL 97,396 thousands) is made for unliquidated non-cash loans of TL 206,744 thousands (31 December 2012: TL 184,169 thousands) recorded under the off-balance sheet items as of 31 March 2013.

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 | 1,361,787 | 1,405,272 |
| <i>With Original Maturity of 1 Year or Less</i> | <i>188,687</i> | <i>165,372</i> |
| <i>With Original Maturity of More Than 1 Year</i> | <i>1,173,100</i> | <i>1,239,900</i> |
| Other Non-Cash Loans | 22,972,384 | 22,376,034 |
| Total | 24,334,171 | 23,781,306 |

5.3.1.4 Other information on non-cash loans

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

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

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

5.3.2 Financial derivative instruments

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

5.3.3 Credit derivatives and risk exposures on credit derivatives

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

5.3.4 Contingent liabilities and assets

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

5.3.5 Services rendered on behalf of third parties

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

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|-----------------------|----------------|---------------------|----------------|
| | TL | FC | TL | FC |
| Interest Income from Loans | | | | |
| Short-term loans | 658,933 | 107,189 | 751,410 | 104,756 |
| Medium and long-term loans | 1,037,558 | 496,646 | 830,324 | 476,831 |
| Loans under follow-up | 8,602 | 2,250 | 9,300 | 1,514 |
| Premiums Received from Resource Utilization Support Fund | - | - | - | - |
| Total | 1,705,093 | 606,085 | 1,591,034 | 583,101 |

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

5.4.1.2 Interest income from banks

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|-----------------------------------|-----------------------|---------------|---------------------|---------------|
| | TL | FC | TL | FC |
| Central Bank of Turkey | - | - | 6 | - |
| Domestic Banks | 5,566 | 9,260 | 6,025 | 6,664 |
| Foreign Banks | 28,291 | 8,573 | 46,404 | 10,142 |
| Foreign Head Offices and Branches | - | - | - | - |
| Total | 33,857 | 17,833 | 52,435 | 16,806 |

5.4.1.3 Interest income from securities portfolio

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|-----------------------|---------------|---------------------|---------------|
| | TL | FC | TL | FC |
| Financial Assets Held for Trading | 9,022 | 3,361 | 8,278 | 1,878 |
| Financial Assets Valued at Fair Value Through Profit | - | - | - | - |
| Financial Assets Available-for-Sale | 937,241 | 41,955 | 942,231 | 47,612 |
| Investments Held-to-Maturity | 14,378 | 6,084 | 102,252 | 24,613 |
| Total | 960,641 | 51,400 | 1,052,761 | 74,103 |

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 | 551 | 36 |

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|-----------------------------------|-----------------------|----------------|---------------------|----------------|
| | TL | FC | TL | FC |
| Banks | 117,322 | 112,011 | 145,831 | 110,990 |
| Central Bank of Turkey | - | 462 | - | - |
| Domestic Banks | 16,936 | 13,706 | 28,185 | 3,427 |
| Foreign Banks | 100,386 | 97,843 | 117,646 | 107,563 |
| Foreign Head Offices and Branches | - | - | - | - |
| Other Institutions | - | 8,984 | - | 9,133 |
| Total | 117,322 | 120,995 | 145,831 | 120,123 |

(*) Includes also fees and commissions expenses on borrowings

5.4.2.2 Interest expenses paid to associates and subsidiaries

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Interest Paid to Investments in Associates and Subsidiaries | 355 | 122 |

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

| Current Period | Demand Deposits | Time Deposits | | | | | | Total |
|---------------------------|-----------------|---------------|------------|------------|-------------|-------------|-------------------------------|-----------|
| | | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | Over 1 Year | Accumulating Deposit Accounts | |
| Turkish Lira | | | | | | | | |
| Bank Deposits | 316 | 13,552 | - | - | - | 3,034 | - | 16,902 |
| Saving Deposits | 728 | 49,027 | 472,333 | 4,873 | 2,531 | 5,948 | - | 535,440 |
| Public Sector Deposits | - | 103 | 909 | - | - | - | - | 1,012 |
| Commercial Deposits | 658 | 35,671 | 180,645 | 3,420 | 3,340 | 1,534 | - | 225,268 |
| Others | 1 | 521 | 7,085 | 49 | 44 | 6 | - | 7,706 |
| “7 Days Notice” Deposits | - | - | - | - | - | - | - | - |
| Total TL | 1,703 | 98,874 | 660,972 | 8,342 | 5,915 | 10,522 | - | 786,328 |
| Foreign Currency | | | | | | | | |
| Foreign Currency Deposits | 24,510 | 17,326 | 108,193 | 8,025 | 29,931 | 19,810 | 355 | 208,150 |
| Bank Deposits | 1,442 | 12,937 | 2,711 | 522 | 376 | 19 | - | 18,007 |
| “7 Days Notice” Deposits | - | - | - | - | - | - | - | - |
| Precious Metal Deposits | - | 1 | 8 | - | 84 | 136 | - | 229 |
| Total FC | 25,952 | 30,264 | 110,912 | 8,547 | 30,391 | 19,965 | 355 | 226,386 |
| Grand Total | 27,655 | 129,138 | 771,884 | 16,889 | 36,306 | 30,487 | 355 | 1,012,714 |

| Prior Period | Demand Deposits | Time Deposits | | | | | | Total |
|---------------------------|-----------------|---------------|------------|------------|-------------|-------------|-------------------------------|-----------|
| | | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | Over 1 Year | Accumulating Deposit Accounts | |
| Turkish Lira | | | | | | | | |
| Bank Deposits | 355 | 15,232 | 1,324 | - | - | 3,528 | - | 20,439 |
| Saving Deposits | 651 | 85,186 | 584,631 | 21,284 | 6,616 | 6,649 | - | 705,017 |
| Public Sector Deposits | - | 97 | 892 | 53 | - | - | - | 1,042 |
| Commercial Deposits | 1,283 | 58,135 | 169,855 | 78,478 | 9,927 | 7,049 | - | 324,727 |
| Others | 2 | 339 | 6,298 | 2,260 | 15 | 5 | - | 8,919 |
| “7 Days Notice” Deposits | - | - | - | - | - | - | - | - |
| Total TL | 2,291 | 158,989 | 763,000 | 102,075 | 16,558 | 17,231 | - | 1,060,144 |
| Foreign Currency | | | | | | | | |
| Foreign Currency Deposits | 18,618 | 62,350 | 147,183 | 14,610 | 18,768 | 21,304 | 343 | 283,176 |
| Bank Deposits | 493 | 13,562 | 321 | 403 | 772 | 388 | - | 15,939 |
| “7 Days Notice” Deposits | - | - | - | - | - | - | - | - |
| Precious Metal Deposits | - | 1 | - | - | 12 | 18 | - | 31 |
| Total FC | 19,111 | 75,913 | 147,504 | 15,013 | 19,552 | 21,710 | 343 | 299,146 |
| Grand Total | 21,402 | 234,902 | 910,504 | 117,088 | 36,110 | 38,941 | 343 | 1,359,290 |

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (net)

| | <i>Current Period</i> | <i>Prior Period</i> |
|----------------------------------|-----------------------|---------------------|
| Income | 15,515,022 | 13,013,051 |
| Trading Account Income | 477,926 | 55,948 |
| Derivative Financial Instruments | 1,621,849 | 1,138,137 |
| Foreign Exchange Gain | 13,415,247 | 11,818,966 |
| Losses (-) | 15,279,265 | 12,940,103 |
| Trading Account Losses | 317,815 | 13,519 |
| Derivative Financial Instruments | 1,492,867 | 1,228,954 |
| Foreign Exchange Losses | 13,468,583 | 11,697,630 |
| Total | 235,757 | 72,948 |

TL 616,585 thousands (31 March 2012: TL 751,610 thousands) of foreign exchange gains and TL 403,763 thousands (31 March 2012: TL 808,712 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

The Bank enters into interest rate swap agreements in order to hedge the change in fair value of its fixed rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied fair value hedge accounting for the fixed rate eurobonds issued in 2011 with a total face value of USD 500,000,000, maturity of 10 years and maturity date of 20 April 2021 which were priced at 6.375% originally and had a coupon rate of 6.25%, by designating interest rate swaps with the same face value amount and conditions. In June 2012, the Bank ceased to apply hedge accounting and accordingly fair value calculations for these bonds. The accumulated fair value differences incurred starting from the date of hedge accounting up to the date on which it was ceased, are amortized as per the effective interest-rate method in compliance with TAS 39.

Again in the current period, the Bank has applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 85,000 thousands and for its bonds with a total face value of TL 300,000 thousands and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period the losses of TL 549 thousands and TL 1,575 thousands resulted from the related fair value calculations for the hedged loans and bonds were accounted under net trading income/losses in the income statement, respectively.

5.4.5 Other operating income

The items under “other operating income” generally consists of collection or reversals of prior year provisions, banking services related costs charged to customers and income in custody services.

5.4.6 Provision for losses on loans or other receivables

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Specific Provisions for Loans and Other Receivables | 230,807 | 105,187 |
| <i>Loans and receivables in Group III</i> | 137,887 | 45,515 |
| <i>Loans and receivables in Group IV</i> | 51,693 | 30,461 |
| <i>Loans and receivables in Group V</i> | 41,227 | 29,211 |
| General Provisions | 105,217 | 2,781 |
| Provision for Possible Losses | - | - |
| Impairment Losses on Financial Assets | 388 | 1,202 |
| <i>Financial assets at fair value through profit or loss</i> | 388 | 1,202 |
| <i>Financial assets available-for-sale</i> | - | - |
| Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity | - | - |
| <i>Associates</i> | - | - |
| <i>Subsidiaries</i> | - | - |
| <i>Joint ventures (business partnership)</i> | - | - |
| <i>Investments held-to-maturity</i> | - | - |
| Others | 243,270 | 20,993 |
| Total | 579,682 | 130,163 |

5.4.7 Other operating expenses

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Personnel Costs | 468,686 | 418,157 |
| Reserve for Employee Termination Benefits | 9,183 | 6,449 |
| Defined Benefit Obligation | - | - |
| Impairment Losses on Tangible Assets | - | 1,073 |
| Depreciation Expenses of Tangible Assets | 48,028 | 49,475 |
| Impairment Losses on Intangible Assets | - | - |
| Goodwill Impairment Losses | - | - |
| Amortisation Expenses of Intangible Assets | 10,898 | 8,307 |
| Decrease in Value of Equity Accounting Shares | - | - |
| Impairment Losses on Assets to be Disposed | 446 | 478 |
| Depreciation Expenses of Assets to be Disposed | 716 | 562 |
| Impairment Losses on Assets Held for Sale and Discontinued Assets | - | - |
| Other Operating Expenses | 378,378 | 351,918 |
| <i>Operational lease related expenses</i> | 61,630 | 55,052 |
| <i>Repair and maintenance expenses</i> | 7,590 | 6,639 |
| <i>Advertisement expenses</i> | 28,725 | 25,694 |
| <i>Other expenses</i> | 280,433 | 264,533 |
| Loss on Sale of Assets | 1,310 | 1,814 |
| Others (*) | 104,139 | 106,874 |
| Total | 1,021,784 | 945,107 |

(*) Includes saving-deposits-insurance-fund related expenses of TL 23,422 thousands (31 March 2012: TL 24,870 thousands) and insurance-business claim losses of TL 10,127 thousands (31 March 2012: TL 8,092 thousands) as of 31 March 2013.

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

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

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 March 2013, on a consolidated basis, the Bank recorded a current tax expense of TL 271,557 thousands (31 March 2012: TL 312,715 thousands) and a deferred tax expense of TL 86,729 thousands (31 March 2012: TL 69,660 thousands of deferred tax income).

Deferred tax benefit/charge on timing differences

| Deferred tax (benefit)/charge on timing differences | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Increase in Tax Deductable Timing Differences (+) | (22,902) | (80,344) |
| Decrease in Tax Deductable Timing Differences (-) | 111,018 | 13,164 |
| Increase in Taxable Timing Differences (-) | 14,096 | 14,657 |
| Decrease in Taxable Timing Differences (+) | (15,483) | (17,137) |
| Total | 86,729 | (69,660) |

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

| Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions | Current Period | Prior Period |
|--|-----------------------|---------------------|
| (Increase)/Decrease in Tax Deductable Timing Differences (net) | 87,314 | (67,180) |
| (Increase)/Decrease in Taxable Timing Differences (net) | (1,387) | (2,480) |
| (Increase)/Decrease in Tax Losses (net) | 802 | - |
| (Increase)/Decrease in Tax Deductions and Exemptions (net) | - | - |
| Total | 86,729 | (69,660) |

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

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

5.4.11 Net profit/loss

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

None.

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

None.

5.4.11.3 Minority interest’s profit/loss

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Net Profit/(Loss) of Minority Interest | 7,441 | 9,361 |

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

5.6 Consolidated statement of cash flows

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

5.7 Related Party Risks

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

5.7.1.1 Loans and other receivables

Current Period:

| Bank's Risk Group | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|--------------------------------|---|----------|---|----------|--------------------------------|----------|
| | Cash | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans and Other Receivables | | | | | | |
| Balance at beginning of period | 88,612 | 3,531 | 263,859 | 121,141 | 442,665 | 495,947 |
| Balance at end of period | 89,273 | 3,587 | 9,375 | 85,361 | 428,624 | 453,167 |
| Interest and Commission Income | 602 | 1 | 183 | 2 | 6,735 | 69 |

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 | 54,938 | 3,280 | 188,278 | 35,339 | 356,435 | 551,004 |
| Balance at end of period | 88,612 | 3,531 | 263,859 | 121,141 | 442,665 | 495,947 |
| Interest and Commission Income | 1,020 | 1 | 250 | 1 | 10,387 | 360 |

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 | 6,679 | 5,737 | 101,958 | 1,109,063 | 207,192 | 342,796 |
| Balance at end of period | 25,815 | 6,679 | 287,831 | 101,958 | 329,292 | 207,192 |
| Interest Expenses | 355 | 122 | 1,571 | 7,384 | 3,151 | 4,079 |

5.7.1.3 Derivative transactions

| Bank's Risk Group | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|--|---|--------------|---|--------------|--------------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Transactions at Fair Value Through Profit or Loss: | | | | | | |
| Balance at beginning of period | 6,963 | - | 3,373,361 | 1,066,781 | - | 28,710 |
| Balance at end of period | - | 6,963 | 2,376,598 | 3,373,361 | - | - |
| Total Profit/(Loss) | (193) | 10,536 | (8,639) | 3,893 | - | 869 |
| Transactions for Hedging: | | | | | | |
| Balance at beginning of period | - | - | - | - | - | - |
| Balance at end of period | - | - | - | - | - | - |
| Total Profit/(Loss) | - | - | - | - | - | - |

5.7.2 Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 371,822 thousands (31 December 2012: TL 402,975 thousands) compose 0.35% (31 December 2012: 0.40%) of the Bank's total consolidated cash loans and 0.20% (31 December 2012: 0.22%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 527,272 thousands (31 December 2012: TL 795,136 thousands) compose 0.28% (31 December 2012: 0.44%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 542,115 thousands (31 December 2012: TL 620,619 thousands) compose 2.23% (31 December 2012: 2.61%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 642,938 thousands (31 December 2012: TL 315,829 thousands) compose 0.61% (31 December 2012: 0.32%) of the Bank's total consolidated deposits. The funds borrowed by the Bank and its consolidated financial affiliates from their risk group amounting to TL 118,934 thousands (31 December 2012: TL 37,136 thousands) compose 0.47% (31 December 2012: 0.14%) of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

There is a credit card (POS) payable amounting TL 19,436 thousands (31 December 2012: TL 20,707 thousands) to related parties.

Operating expenses of TL 11 thousands (31 March 2012: TL 2,919 thousands) for IT services, of TL 1,734 thousands (31 March 2012: TL 1,679 thousands) for advertisement and broadcasting services, of TL 6,147 thousands (31 March 2012: TL 5,170 thousands) for operational leasing services, and of TL 1,467 thousands (31 March 2012: TL 1,340 thousands) for travelling services rendered by related parties and rent income of TL 293 thousands (31 March 2012: TL 406 thousands) for the real estates rented to related parties, are recorded.

The net payment provided or to be provided to the key management of the Bank and its consolidated financial affiliates amounts to TL 32,297 thousands as of 31 March 2013 (31 March 2012: TL 31,567 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

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

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

Purchase of equipments for internal use are partly arranged through financial leasing.

5.8 Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of parent bank

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

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

None.

5.10 Other disclosures on activities of parent bank

5.10.1 Summary information on international risk ratings

5.10.1.1 Parent bank's international risk ratings

MOODY'S (July 2012)*

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

STANDARD AND POORS (April 2013)*

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

FITCH RATINGS (December 2012)*

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

JCR EURASIA RATINGS (April 2012)*

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

(*) Latest dates in risk ratings or outlooks.

5.10.1.2 International risk ratings of Garanti Bank International NV, a consolidated affiliate

MOODY'S (July 2012)*

| | |
|--------------------------------|---------|
| Long Term FC Deposit | Baa2 |
| Short Term FC Deposit | Prime-2 |
| Long Term Subordinated Funding | Baa2 |
| FSR | C- |
| Outlook | Stable |

(*) Latest date in risk ratings or outlooks.

5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated affiliate

FITCH RATINGS (July 2010)*

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

(*) Latest date in risk ratings or outlooks.

5.10.1.4 International risk ratings of Garanti Finansal Kiralama, a consolidated affiliate

FITCH RATINGS (December 2012)*

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

(*) Latest date in risk ratings or outlooks.

STANDARD AND POORS (April 2013)*

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

(*) Latest date in risk ratings or outlooks.

5.10.1.5 International risk ratings of Garanti Bank SA, a consolidated affiliate

FITCH RATINGS (December 2012)*

| Foreign Currency | |
|-------------------------|--------|
| Long Term | BBB- |
| Short Term | B |
| Outlook | Stable |

(*) Latest date in risk ratings or outlooks.

5.10.2 Other disclosures

As per the decision made at the board of directors' meeting of the Bank on 7 March 2013, the distribution of the profit after tax of the year 2012 to be submitted for the approval of the shareholders at the ordinary general meeting of shareholders to be held at 30 April 2013, as follows:

| 2012 PROFIT DISTRIBUTION TABLE | |
|--|------------------|
| 2012 Net Profit | 3,070,325 |
| A – I. Legal reserve (Turkish Commercial Code 519/1) at 5% | (153,516) |
| Undistributable funds | (24,941) |
| B – First dividend at 5% of the paid-in capital | (210,000) |
| C – Extraordinary reserves at 5% after above deductions | (135,341) |
| D – Second dividend to the shareholders | (386,500) |
| E – Extraordinary reserves | (2,121,377) |
| F – II. Legal reserve (Turkish Commercial Code 519/2) | (38,650) |

6 Limited Review Report

6.1 Disclosure on limited review report

The consolidated financial statements of the Bank and its financial affiliates as of 31 March 2013, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited). The independent limited review report dated 25 April 2013, is presented before the accompanying consolidated financial statements.

6.2 Disclosures and footnotes prepared by independent accountants

None.

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