

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

**Türkiye Garanti Bankası Anonim Şirketi  
And Its Financial Affiliates**

**Consolidated Financial Statements**

**As of and For the Nine-Month Period Ended**

**30 September 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  
24 October 2013

*This report contains "Independent Accountants'  
Limited Review Report" comprising 2 pages and;  
"Consolidated Financial Statements and Related  
Disclosures and Footnotes" comprising 96 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 –30 SEPTEMBER 2013**

We have reviewed the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 30 September 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 60,000 thousands in the current period, the accompanying consolidated financial statements include a general reserve amounting to TL 390,000 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 30 September 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, 24 October 2013

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates  
Consolidated Interim Financial Report  
as of and for the Nine-Month Period Ended 30 September 2013**

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The consolidated interim financial report for the nine-month period ended 30 September 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**

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

**Special Purpose Entities**

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1. Garanti Diversified Payment Rights Finance Company

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

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

The authorized contact person for questions on this financial report:

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

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 966 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 30 September 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 Doğu Group in financial sector are; Türkiye Garanti Bankası AŞ, Garanti Bank International NV, Garanti Bank Moscow, Garanti Bank SA, Garanti Finansal Kiralama AŞ, Garanti Faktoring Hizmetleri AŞ, Garanti Yatırım Menkul Kıymetler AŞ, Garanti Portföy Yönetimi AŞ, Garanti Emeklilik ve Hayat AŞ, Doğu Gayrimenkul Yatırım Ortaklığı AŞ and Volkswagen Doğu Tüketici Finansmanı AŞ.

#### **BBVA Group**

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

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

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

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

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

<b>Name and Surname</b>	<b>Responsibility</b>	<b>Appointment Date</b>	<b>Education</b>	<b>Experience in Banking and Business Administration</b>
Ferit Faik Şahenk	Chairman	18.04.2001	University	23 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	31 years
Dr. Muammer Cüneyt Sezgin	Independent 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	Independent 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
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	25 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	26 years



**CEO and Executive Vice Presidents:**

<b>Name and Surname</b>	<b>Responsibility</b>	<b>Appointment Date</b>	<b>Education</b>	<b>Experience in Banking and Business Administration</b>
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-Purchasing & Tax Management	06.06.2013	University	32 years
İbrahim Aydın	EVP-General Accounting & Financial Reporting	06.06.2013	Master	19 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**

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

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

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

## **1.5 Summary information on parent bank's activities and services**

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

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

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

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

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

## **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 30 September 2013

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 September 2013			PRIOR PERIOD 31 December 2012		
			TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>		5.1.1	<b>2,064,119</b>	<b>21,542,885</b>	<b>23,607,004</b>	<b>1,293,951</b>	<b>14,879,433</b>	<b>16,173,384</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>		5.1.2	<b>1,125,036</b>	<b>651,971</b>	<b>1,777,007</b>	<b>755,945</b>	<b>451,276</b>	<b>1,207,221</b>
2.1 Financial assets held for trading			920,739	651,971	1,572,710	533,764	451,276	985,040
2.1.1 Government securities			144,508	20,237	164,745	166,838	14,891	181,729
2.1.2 Equity securities			155,148	-	155,148	44,664	-	44,664
2.1.3 Derivative financial assets held for trading			590,048	610,620	1,200,668	298,964	411,671	710,635
2.1.4 Other securities			31,035	21,114	52,149	23,298	24,714	48,012
2.2 Financial assets valued at fair value through profit or loss			204,297	-	204,297	222,181	-	222,181
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Loans		5.1.5	204,297	-	204,297	222,181	-	222,181
2.2.4 Other securities			-	-	-	-	-	-
<b>III. BANKS</b>		5.1.3	<b>1,932,788</b>	<b>9,528,353</b>	<b>11,461,141</b>	<b>2,473,466</b>	<b>7,689,962</b>	<b>10,163,428</b>
<b>IV. INTERBANK MONEY MARKETS</b>			<b>3,291</b>	<b>136,360</b>	<b>139,651</b>	<b>1,000</b>	-	<b>1,000</b>
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	136,360	136,360	-	-	-
4.3 Receivables from reverse repurchase agreements			3,291	-	3,291	1,000	-	1,000
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>		5.1.4	<b>21,097,167</b>	<b>4,059,166</b>	<b>25,156,333</b>	<b>34,921,810</b>	<b>3,572,696</b>	<b>38,494,506</b>
5.1 Equity securities			43,084	6,919	50,003	25,163	4,787	29,950
5.2 Government securities			19,329,527	1,120,626	20,450,153	33,519,493	304,794	33,824,287
5.3 Other securities			1,724,556	2,931,621	4,656,177	1,377,154	3,263,115	4,640,269
<b>VI. LOANS</b>		5.1.5	<b>71,959,687</b>	<b>50,555,222</b>	<b>122,514,909</b>	<b>58,545,529</b>	<b>41,576,990</b>	<b>100,122,519</b>
6.1 Loans			71,534,294	50,351,259	121,885,553	58,142,650	41,383,999	99,526,649
6.1.1 Loans to bank's risk group		5.7	41,288	360,271	401,559	116,597	286,378	402,975
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			71,493,006	49,990,988	121,483,994	58,026,053	41,097,621	99,123,674
6.2 Loans under follow-up			2,254,833	697,493	2,952,326	2,114,073	591,137	2,705,210
6.3 Specific provisions (-)			1,829,440	493,530	2,322,970	1,711,194	398,146	2,109,340
<b>VII. FACTORING RECEIVABLES</b>		5.1.6	<b>1,195,687</b>	<b>279,809</b>	<b>1,475,496</b>	<b>1,545,798</b>	<b>288,536</b>	<b>1,834,334</b>
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>		5.1.7	<b>12,326,015</b>	<b>269,144</b>	<b>12,595,159</b>	<b>921,090</b>	<b>445,864</b>	<b>1,366,954</b>
8.1 Government securities			12,316,796	169,748	12,486,544	911,349	445,864	1,357,213
8.2 Other securities			9,219	99,396	108,615	9,741	-	9,741
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>		5.1.8	<b>37,098</b>	<b>3</b>	<b>37,101</b>	<b>21,409</b>	<b>2</b>	<b>21,411</b>
9.1 Associates consolidated under equity accounting			-	-	-	-	-	-
9.2 Unconsolidated associates			37,098	3	37,101	21,409	2	21,411
9.2.1 Financial investments in associates			33,169	-	33,169	17,480	-	17,480
9.2.2 Non-financial investments in associates			3,929	3	3,932	3,929	2	3,931
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>		5.1.9	<b>114,085</b>	<b>1,024</b>	<b>115,109</b>	<b>146,199</b>	<b>664</b>	<b>146,863</b>
10.1 Unconsolidated financial investments in subsidiaries			-	-	-	-	-	-
10.2 Unconsolidated non-financial investments in subsidiaries			114,085	1,024	115,109	146,199	664	146,863
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>		5.1.10	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>		5.1.11	<b>990,822</b>	<b>2,440,311</b>	<b>3,431,133</b>	<b>857,997</b>	<b>2,010,913</b>	<b>2,868,910</b>
12.1 Financial lease receivables			1,145,437	2,739,313	3,884,750	1,020,755	2,291,692	3,312,447
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			154,615	299,002	453,617	162,758	280,779	443,537
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>		5.1.12	<b>37,407</b>	-	<b>37,407</b>	-	-	-
13.1 Fair value hedges			37,407	-	37,407	-	-	-
13.2 Cash flow hedges			-	-	-	-	-	-
13.3 Net foreign investment hedges			-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		5.1.13	<b>1,205,673</b>	<b>154,433</b>	<b>1,360,106</b>	<b>1,181,037</b>	<b>137,302</b>	<b>1,318,339</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		5.1.14	<b>72,043</b>	<b>10,343</b>	<b>82,386</b>	<b>76,930</b>	<b>5,779</b>	<b>82,709</b>
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			65,655	10,343	75,998	70,542	5,779	76,321
<b>XVI. INVESTMENT PROPERTY (Net)</b>		5.1.15	<b>122,539</b>	-	<b>122,539</b>	<b>127,682</b>	-	<b>127,682</b>
<b>XVII. TAX ASSET</b>			<b>196,025</b>	<b>44,095</b>	<b>240,120</b>	<b>217,532</b>	<b>18,511</b>	<b>236,043</b>
17.1 Current tax asset			-	10,384	10,384	-	4,823	4,823
17.2 Deferred tax asset		5.1.16	196,025	33,711	229,736	217,532	13,688	231,220
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>		5.1.17	<b>145,611</b>	<b>2,537</b>	<b>148,148</b>	<b>128,516</b>	<b>3,921</b>	<b>132,437</b>
18.1 Asset held for resale			145,611	2,537	148,148	128,516	3,921	132,437
18.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>		5.1.18	<b>6,753,845</b>	<b>376,057</b>	<b>7,129,902</b>	<b>5,285,437</b>	<b>196,197</b>	<b>5,481,634</b>
<b>TOTAL ASSETS</b>			<b>121,378,938</b>	<b>90,051,713</b>	<b>211,430,651</b>	<b>108,501,328</b>	<b>71,278,046</b>	<b>179,779,374</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Balance Sheet (Statement of Financial Position)**  
**At 30 September 2013**

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 September 2013			31 December 2012		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	5.2.1	<b>62,178,159</b>	<b>57,589,368</b>	<b>119,767,527</b>	<b>49,901,574</b>	<b>47,876,105</b>	<b>97,777,679</b>
1.1 Deposits from bank's risk group	5.7	201,967	417,229	619,196	151,640	164,189	315,829
1.2 Other		61,976,192	57,172,139	119,148,331	49,749,934	47,711,916	97,461,850
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	5.2.2	<b>763,629</b>	<b>364,519</b>	<b>1,128,148</b>	<b>597,173</b>	<b>329,828</b>	<b>927,001</b>
<b>III. FUNDS BORROWED</b>	5.2.3	<b>6,346,315</b>	<b>22,230,368</b>	<b>28,576,683</b>	<b>5,578,336</b>	<b>20,166,076</b>	<b>25,744,412</b>
<b>IV. INTERBANK MONEY MARKETS</b>		<b>9,104,479</b>	<b>3,638,572</b>	<b>12,743,051</b>	<b>12,246,173</b>	<b>1,860,771</b>	<b>14,106,944</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements	5.2.4	9,104,479	3,638,572	12,743,051	12,246,173	1,860,771	14,106,944
<b>V. SECURITIES ISSUED (Net)</b>	5.2.4	<b>4,049,135</b>	<b>6,171,677</b>	<b>10,220,812</b>	<b>2,168,049</b>	<b>3,908,986</b>	<b>6,077,035</b>
5.1 Bills		1,476,746	-	1,476,746	1,766,215	-	1,766,215
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		2,572,389	6,171,677	8,744,066	401,834	3,908,986	4,310,820
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>	5.2.4	<b>9,225,610</b>	<b>476,738</b>	<b>9,702,348</b>	<b>7,578,235</b>	<b>484,818</b>	<b>8,063,053</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>		<b>2,232,579</b>	<b>650,699</b>	<b>2,883,278</b>	<b>1,660,667</b>	<b>415,839</b>	<b>2,076,506</b>
<b>IX. FACTORING PAYABLES</b>	5.2.5	-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	5.2.6	-	<b>486</b>	<b>486</b>	-	<b>172</b>	<b>172</b>
10.1 Financial lease payables		-	925	925	-	538	538
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		-	439	439	-	366	366
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	5.2.7	-	<b>2,221</b>	<b>2,221</b>	-	-	-
11.1 Fair value hedges		-	2,221	2,221	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	5.2.8	<b>3,132,034</b>	<b>111,185</b>	<b>3,243,219</b>	<b>2,500,563</b>	<b>96,520</b>	<b>2,597,083</b>
12.1 General provisions		1,704,991	71,073	1,776,064	1,269,819	72,271	1,342,090
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		508,313	10,636	518,949	353,557	8,454	362,011
12.4 Insurance technical provisions (Net)		245,994	-	245,994	221,009	-	221,009
12.5 Other provisions		672,736	29,476	702,212	656,178	15,795	671,973
<b>XIII. TAX LIABILITY</b>	5.2.9	<b>407,873</b>	<b>42,425</b>	<b>450,298</b>	<b>556,780</b>	<b>47,083</b>	<b>603,863</b>
13.1 Current tax liability		407,873	41,803	449,676	556,627	28,204	584,831
13.2 Deferred tax liability		-	622	622	153	18,879	19,032
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	5.2.10	-	-	-	-	-	-
14.1 Asset held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	5.2.11	-	<b>135,028</b>	<b>135,028</b>	-	<b>148,680</b>	<b>148,680</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	5.2.12	<b>22,452,035</b>	<b>125,517</b>	<b>22,577,552</b>	<b>21,466,110</b>	<b>190,836</b>	<b>21,656,946</b>
16.1 Paid-in capital		4,200,000	-	4,200,000	4,196,934	-	4,196,934
16.2 Capital reserves		441,906	8,283	450,189	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		(356,547)	8,283	(348,264)	976,919	116,914	1,093,833
16.2.4 Revaluation surplus on tangible assets		174,304	-	174,304	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)		(161,232)	-	(161,232)	(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		14,776,494	117,234	14,893,728	11,323,397	73,922	11,397,319
16.3.1 Legal reserves		1,132,330	17,082	1,149,412	940,560	12,779	953,339
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		13,464,364	-	13,464,364	10,355,274	-	10,355,274
16.3.4 Other profit reserves		179,800	100,152	279,952	27,563	61,143	88,706
16.4 Profit or loss		2,875,590	-	2,875,590	3,334,080	-	3,334,080
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		2,875,590	-	2,875,590	3,334,080	-	3,334,080
16.5 Minority interest		158,045	-	158,045	140,524	-	140,524
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>119,891,848</b>	<b>91,538,803</b>	<b>211,430,651</b>	<b>104,253,660</b>	<b>75,525,714</b>	<b>179,779,374</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**

**Consolidated Off-Balance Sheet Items**

**At 30 September 2013**

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 September 2013			31 December 2012		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>94,891,569</b>	<b>141,613,854</b>	<b>236,505,423</b>	<b>77,043,440</b>	<b>176,308,745</b>	<b>253,352,185</b>
<b>I. GUARANTEES AND SURETIES</b>	5.3.1	<b>8,633,534</b>	<b>22,907,971</b>	<b>31,541,505</b>	<b>6,972,159</b>	<b>16,809,147</b>	<b>23,781,306</b>
1.1 Letters of guarantee		8,625,287	13,057,449	21,682,736	6,960,107	9,892,574	16,852,681
1.1.1 Guarantees subject to State Tender Law		-	767,453	767,453	-	714,239	714,239
1.1.2 Guarantees given for foreign trade operations		447,192	326,587	773,779	438,392	310,798	749,190
1.1.3 Other letters of guarantee		8,178,095	11,963,409	20,141,504	6,521,715	8,867,537	15,389,252
1.2 Bank acceptances		5,958	741,496	747,454	5,028	715,868	720,896
1.2.1 Import letter of acceptance		5,958	741,496	747,454	5,028	715,868	720,896
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		2,289	9,033,839	9,036,128	7,024	6,134,405	6,141,429
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		2,289	9,033,839	9,036,128	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		-	75,187	75,187	-	66,300	66,300
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>31,728,552</b>	<b>11,794,458</b>	<b>43,523,010</b>	<b>34,012,313</b>	<b>76,773,791</b>	<b>110,786,104</b>
2.1 Irrevocable commitments		31,654,225	11,690,293	43,344,518	23,957,472	9,843,686	33,801,158
2.1.1 Asset purchase and sale commitments		61,909	3,442,841	3,504,750	1,160,772	4,611,831	5,772,603
2.1.2 Deposit purchase and sale commitments		29,300	21,321	50,621	165	44,053	44,218
2.1.3 Share capital commitments to associates and subsidiaries		-	7,892	7,892	-	7,944	7,944
2.1.4 Loan granting commitments		5,342,785	7,185,977	12,528,762	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		2,690,265	-	2,690,265	1,994,132	-	1,994,132
2.1.8 Tax and fund obligations on export commitments		15,206	-	15,206	-	-	18,075
2.1.9 Commitments for credit card limits		22,040,550	125,005	22,165,555	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	907,257	2,381,467	1,474,210	803,232	2,277,442
2.2 Revocable commitments		74,327	104,165	178,492	10,054,841	66,930,105	76,984,946
2.2.1 Revocable loan granting commitments		27,439	1,658	29,097	9,989,798	66,755,866	76,745,664
2.2.2 Other revocable commitments		46,888	102,507	149,395	65,043	174,239	239,282
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	5.3.2	<b>54,529,483</b>	<b>106,911,425</b>	<b>161,440,908</b>	<b>36,058,968</b>	<b>82,725,807</b>	<b>118,784,775</b>
3.1 Derivative financial instruments held for risk management		924,144	668,727	1,592,871	-	-	-
3.1.1 Fair value hedges		924,144	668,727	1,592,871	-	-	-
3.1.2 Cash flow hedges		-	-	-	-	-	-
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		53,605,339	106,242,698	159,848,037	36,058,968	82,725,807	118,784,775
3.2.1 Forward foreign currency purchases/sales		8,307,767	9,898,883	18,206,650	4,148,423	5,665,366	9,813,789
3.2.1.1 Forward foreign currency purchases		3,035,161	6,032,866	9,068,027	1,552,077	3,299,650	4,851,727
3.2.1.2 Forward foreign currency sales		5,272,606	3,866,017	9,138,623	2,596,346	2,365,716	4,962,062
3.2.2 Currency and interest rate swaps		22,119,767	60,909,735	83,029,502	15,734,524	51,561,510	67,296,034
3.2.2.1 Currency swaps-purchases		11,617,682	20,185,964	31,803,646	6,091,801	18,313,154	24,404,955
3.2.2.2 Currency swaps-sales		7,100,485	22,451,107	29,551,592	5,951,723	17,015,822	22,967,545
3.2.2.3 Interest rate swaps-purchases		1,700,800	9,136,332	10,837,132	2,045,500	7,922,847	9,968,347
3.2.2.4 Interest rate swaps-sales		1,700,800	9,136,332	10,837,132	1,645,500	8,309,687	9,955,187
3.2.3 Currency, interest rate and security options		23,009,841	32,485,449	55,495,290	16,122,403	22,558,686	38,681,089
3.2.3.1 Currency call options		11,566,986	14,702,014	26,269,000	7,411,998	10,703,688	18,115,686
3.2.3.2 Currency put options		11,389,095	16,046,542	27,435,637	8,643,650	9,864,549	18,508,199
3.2.3.3 Interest rate call options		-	1,731,941	1,731,941	-	1,857,738	1,857,738
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		53,760	2,476	56,236	61,630	57,485	119,115
3.2.3.6 Security put options		-	2,476	2,476	5,125	75,226	80,351
3.2.4 Currency futures		134,334	163,055	297,389	28,384	183,525	211,909
3.2.4.1 Currency futures-purchases		696	150,205	150,901	28,384	155,278	183,662
3.2.4.2 Currency futures-sales		133,638	12,850	146,488	-	28,247	28,247
3.2.5 Interest rate futures		-	9,492	9,492	-	-	-
3.2.5.1 Interest rate futures-purchases		-	756	756	-	-	-
3.2.5.2 Interest rate futures-sales		-	8,736	8,736	-	-	-
3.2.6 Others		33,630	2,776,084	2,809,714	25,234	2,756,720	2,781,954
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>471,181,412</b>	<b>304,601,850</b>	<b>775,783,262</b>	<b>397,827,359</b>	<b>244,085,823</b>	<b>641,913,182</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>43,782,808</b>	<b>21,470,334</b>	<b>65,253,142</b>	<b>41,550,918</b>	<b>18,898,720</b>	<b>60,449,638</b>
4.1 Customers' securities held		11,714,821	5,616	11,720,437	10,606,671	3,666	10,610,337
4.2 Investment securities held in custody		21,432,266	4,423,713	25,855,979	20,865,091	3,906,395	24,771,486
4.3 Checks received for collection		8,737,973	1,556,730	10,294,703	8,189,784	1,398,694	9,588,478
4.4 Commercial notes received for collection		1,816,761	1,136,428	2,953,189	1,691,573	1,064,089	2,755,662
4.5 Other assets received for collection		36,403	12,044,449	12,080,852	45,605	10,387,378	10,432,983
4.6 Assets received through public offering		-	49,441	49,441	-	43,517	43,517
4.7 Other items under custody		44,584	2,253,957	2,298,541	152,194	2,094,981	2,247,175
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>427,398,604</b>	<b>283,131,516</b>	<b>710,530,120</b>	<b>356,276,441</b>	<b>225,187,103</b>	<b>581,463,544</b>
5.1 Securities		1,437,220	10,457	1,447,677	2,103,397	7,248	2,110,645
5.2 Guarantee notes		42,699,213	11,410,573	54,109,786	41,326,572	10,005,309	51,331,881
5.3 Commodities		2,237	-	2,237	-	-	3,620
5.4 Warranties		-	1,197,355	1,197,355	-	1,171,673	1,171,673
5.5 Real estates		77,099,148	63,390,698	140,489,846	61,085,082	53,499,553	114,584,635
5.6 Other pledged items		306,160,616	207,121,995	513,282,611	251,757,600	160,502,935	412,260,535
5.7 Pledged items-depository		170	438	608	170	385	555
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>566,072,981</b>	<b>446,215,704</b>	<b>1,012,288,685</b>	<b>474,870,799</b>	<b>420,394,568</b>	<b>895,265,367</b>

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Income Statement**  
**At 30 September 2013**

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
			CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
			1 January 2013- 30 September 2013	1 January 2012- 30 September 2012	1 July 2013- 30 September 2013	1 July 2012- 30 September 2012
<b>I. INTEREST INCOME</b>	5.4.1		<b>10,266,725</b>	<b>10,137,481</b>	<b>3,378,938</b>	<b>3,144,340</b>
1.1 Interest income on loans			7,113,684	6,694,198	2,443,078	2,309,927
1.2 Interest income on reserve deposits			2,236	3,066	707	969
1.3 Interest income on banks			144,031	209,565	51,994	66,775
1.4 Interest income on money market transactions			1,607	3,117	592	714
1.5 Interest income on securities portfolio			2,611,834	2,865,620	750,688	641,191
1.5.1 Trading financial assets			33,045	29,901	11,443	9,058
1.5.2 Financial assets valued at fair value through profit or loss			-	-	-	-
1.5.3 Financial assets available-for-sale			2,357,947	2,558,621	553,182	560,252
1.5.4 Investments held-to-maturity			220,842	277,098	186,063	71,881
1.6 Financial lease income			212,310	175,142	74,949	62,390
1.7 Other interest income			181,023	186,773	56,930	62,374
<b>II. INTEREST EXPENSE</b>	5.4.2		<b>4,851,309</b>	<b>5,781,591</b>	<b>1,842,447</b>	<b>1,851,315</b>
2.1 Interest on deposits			3,341,649	4,068,637	1,336,923	1,361,401
2.2 Interest on funds borrowed			744,454	801,996	266,107	267,323
2.3 Interest on money market transactions			414,903	669,827	100,156	141,887
2.4 Interest on securities issued			331,670	230,887	132,463	79,986
2.5 Other interest expenses			18,633	10,244	6,798	718
<b>III. NET INTEREST INCOME (I - II)</b>			<b>5,415,416</b>	<b>4,355,890</b>	<b>1,536,491</b>	<b>1,293,025</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>			<b>2,022,564</b>	<b>1,579,772</b>	<b>714,979</b>	<b>547,480</b>
4.1 Fees and commissions received			2,415,053	1,970,284	867,605	690,641
4.1.1 Non-cash loans			167,907	138,116	58,409	51,322
4.1.2 Others			2,247,146	1,832,168	809,196	639,319
4.2 Fees and commissions paid			392,489	390,512	152,626	143,161
4.2.1 Non-cash loans			1,600	1,485	706	462
4.2.2 Others			390,889	389,027	151,920	142,699
<b>V. DIVIDEND INCOME</b>	5.4.3		<b>10,328</b>	<b>2,920</b>	<b>14</b>	<b>-</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	5.4.4		<b>422,274</b>	<b>612,185</b>	<b>33,850</b>	<b>467,726</b>
6.1 Trading account income/losses (Net)			263,660	594,525	26,125	484,629
6.2 Income/losses from derivative financial instruments (Net)			(22,189)	(279,274)	(244,557)	(15,388)
6.3 Foreign exchange gains/losses (Net)			180,803	296,934	252,282	(1,515)
<b>VII. OTHER OPERATING INCOME</b>	5.4.5		<b>641,938</b>	<b>501,986</b>	<b>153,253</b>	<b>155,173</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>			<b>8,512,520</b>	<b>7,052,753</b>	<b>2,438,587</b>	<b>2,463,404</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	5.4.6					
	5.4.7		<b>1,223,861</b>	<b>809,398</b>	<b>186,321</b>	<b>376,593</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>			<b>3,513,475</b>	<b>2,921,797</b>	<b>1,327,243</b>	<b>1,014,059</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>			<b>3,775,184</b>	<b>3,321,558</b>	<b>925,023</b>	<b>1,072,752</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>			-	-	-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>			-	-	-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>			-	-	-	-
<b>XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	5.4.8		<b>3,775,184</b>	<b>3,321,558</b>	<b>925,023</b>	<b>1,072,752</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	5.4.9		<b>879,971</b>	<b>715,351</b>	<b>215,215</b>	<b>248,529</b>
16.1 Current tax charge			547,278	970,153	210,131	352,444
16.2 Deferred tax charge/(credit)			332,693	(254,802)	5,084	(103,915)
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	5.4.10		<b>2,895,213</b>	<b>2,606,207</b>	<b>709,808</b>	<b>824,223</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-	-	-
18.1 Income from assets held for sale			-	-	-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures			-	-	-	-
18.3 Others			-	-	-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>			-	-	-	-
19.1 Expenses on assets held for sale			-	-	-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-	-	-
19.3 Others			-	-	-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>	5.4.8		-	-	-	-
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	5.4.9		-	-	-	-
21.1 Current tax charge			-	-	-	-
21.2 Deferred tax charge/(credit)			-	-	-	-
<b>XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)</b>	5.4.10		-	-	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	5.4.11		<b>2,895,213</b>	<b>2,606,207</b>	<b>709,808</b>	<b>824,223</b>
23.1 Equity holders of the bank			2,875,590	2,584,229	703,932	818,505
23.2 Minority interest			19,623	21,978	5,876	5,718
<b>Earnings per Share</b>			<b>0.685</b>	<b>0.615</b>	<b>0.168</b>	<b>0.195</b>

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity**  
**At 30 September 2013**

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2013 - 30 September 2013	PRIOR PERIOD 1 January 2012 - 30 September 2012
<b>I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	(1,787,267)	917,768
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	-	-
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	-	-
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	168,420	(13,212)
<b>V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	-	479
<b>VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	(105,855)	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	-	-
<b>VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	(575)	-
<b>IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	345,148	(172,039)
<b>X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	(1,380,129)	732,996
<b>XI. CURRENT PERIOD PROFIT/LOSSES</b>	<b>2,895,213</b>	<b>2,606,207</b>
1.1 Net changes in fair value of securities (transferred to income statement)	430,238	41,970
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	2,464,975	2,564,237
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	<b>1,515,084</b>	<b>3,339,203</b>

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**At 30 September 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-30 September 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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	745,813	-	-	-	-	745,813	12	745,825
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	383	-	383	-	383
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	383	-	383	-	383
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		-	-	-	-	(326)	-	-	(12,886)	-	-	-	-	-	-	-	(13,212)	-	(13,212)
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		(1,812)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,812)	-	(1,812)
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	2,584,229	-	-	-	-	-	-	2,584,229	21,978	2,606,207
XX. Profit distribution		-	-	-	-	198,829	-	2,338,770	23,401	-	(3,326,299)	-	165,299	-	-	-	(600,000)	-	(600,000)
20.1. Dividends		-	-	-	-	-	-	-	-	-	(600,000)	-	-	-	-	-	(600,000)	-	(600,000)
20.2. Transfers to reserves		-	-	-	-	198,829	-	2,338,770	-	-	(2,509,882)	-	(27,717)	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	23,401	-	(216,417)	-	193,016	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,196,829	772,554	11,880	-	953,130	-	10,355,274	80,203	2,584,229	-	838,746	764,252	947	(55,383)	-	20,502,661	134,517	20,637,178
CURRENT PERIOD - 1 January-30 September 2013																			
I. Balances at beginning of the period	5.5	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																			
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(1,442,097)	-	-	-	-	(1,442,097)	(22)	(1,442,119)
IV. Hedging reserves		-	-	-	-	-	-	-	105,855	-	-	-	-	-	(105,855)	-	-	-	-
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	105,855	-	-	-	-	-	(105,855)	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	2,115	-	-	60,450	-	-	-	-	-	-	-	62,565	-	62,565
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	30	-	402	-	-	-	-	-	-	-	-	432	(1,007)	(575)
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		3,066	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,066	-	3,066
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	2,875,590	-	-	-	-	-	-	2,875,590	19,623	2,895,213
XVIII. Profit distribution		-	-	-	-	193,928	-	3,108,688	24,941	-	(3,334,080)	-	(589,948)	-	-	-	(596,471)	(1,073)	(597,544)
18.1. Dividends		-	-	-	-	-	-	-	-	-	(596,471)	-	-	-	-	-	(596,471)	(1,073)	(597,544)
18.2. Transfers to reserves		-	-	-	-	193,928	-	3,108,688	-	-	(2,712,668)	-	(589,948)	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	24,941	-	(24,941)	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	1,149,412	-	13,464,364	279,952	2,875,590	-	(348,264)	174,304	947	(161,232)	-	22,419,507	158,045	22,577,552



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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Cash Flows**  
**At 30 September 2013**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2013 30 September 2013	1 January 2012 30 September 2012
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	5.6	<b>6,224,385</b>	<b>3,634,492</b>
1.1.1 Interests received		11,375,065	10,138,171
1.1.2 Interests paid		(4,827,335)	(5,776,859)
1.1.3 Dividend received		5,178	2,862
1.1.4 Fees and commissions received		2,415,053	1,970,284
1.1.5 Other income		850,790	523,863
1.1.6 Collections from previously written-off loans and other receivables		34,353	35,925
1.1.7 Payments to personnel and service suppliers		(2,858,339)	(2,375,754)
1.1.8 Taxes paid		(787,036)	(849,063)
1.1.9 Others		16,656	(34,937)
<b>1.2 Changes in operating assets and liabilities</b>	5.6	<b>(4,154,201)</b>	<b>(6,942,125)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(79,292)	(3,204)
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(5,323,236)	(2,685,685)
1.2.4 Net (increase) decrease in loans		(22,717,499)	(7,177,655)
1.2.5 Net (increase) decrease in other assets		(1,828,625)	(1,151,446)
1.2.6 Net increase (decrease) in bank deposits		838,694	1,669,017
1.2.7 Net increase (decrease) in other deposits		21,019,990	4,797,061
1.2.8 Net increase (decrease) in funds borrowed		1,567,102	(3,363,565)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		2,368,665	973,352
<b>I. Net cash flow from banking operations</b>	5.6	<b>2,070,184</b>	<b>(3,307,633)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	5.6	<b>(2,816,135)</b>	<b>(1,186,259)</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(10,539)	(1,000)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(204,961)	(108,340)
2.4 Sales of tangible assets		68,441	63,273
2.5 Cash paid for purchase of financial assets available-for-sale, net		(17,042,133)	(11,709,596)
2.6 Cash obtained from sale of financial assets available-for-sale, net		16,480,580	7,064,574
2.7 Cash paid for purchase of investments held-to-maturity		(2,574,575)	(7,960)
2.8 Cash obtained from sale of investments held-to-maturity		467,052	3,512,790
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>3,596,513</b>	<b>1,785,954</b>
3.1 Cash obtained from funds borrowed and securities issued		8,568,228	4,589,547
3.2 Cash used for repayment of funds borrowed and securities issued		(4,373,568)	(2,203,586)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(597,544)	(600,000)
3.5 Payments for financial leases		(603)	(7)
3.6 Others		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>696,828</b>	<b>(383,314)</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	5.6	<b>3,547,390</b>	<b>(3,091,252)</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	5.6	<b>5,826,911</b>	<b>9,075,471</b>
<b>VII. Cash and cash equivalents at end of period (V+VI)</b>	5.6	<b>9,374,301</b>	<b>5,984,219</b>

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

### **3 Accounting Policies**

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

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

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

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

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 was abolished and the Public Oversight, Accounting and Auditing Standards Authority was established. The financial statements are prepared based on the TAS/TFRS and the related statements and guidances announced by the Public Oversight, Accounting and Auditing Standards Authority.

#### **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.

A portion of the fixed-rate TL bonds and loans, and the foreign currency bonds of the Bank are hedged under fair value hedges. The fair value risks of such fixed-rate TL assets and financial liabilities in foreign currency are hedged with TL interest rate swaps and cross currency swaps. The fair value changes of the hedged fixed-rate TL financial assets and financial liabilities in foreign currencies together with the changes in the fair value of the hedging instruments, namely interest rate swaps and cross currency 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.

The foreign currency risk arising from net investments in foreign affiliates are hedged with long-term foreign currency borrowings and the currency translation differences arising from the conversion of net investments in foreign affiliates and long-term foreign currency borrowings into TL are accounted for "other profit reserves" and "hedging reserves", respectively in equity.

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

As of 30 September 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 3.24%, 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 and fair value hedge derivatives are recorded under 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 or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting. The income derived from agreements or asset purchases from real-person or corporate 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 amortized costs are recorded as interest income in the income statement. The differences between the amortized costs and the fair values of such securities are recorded under trading account income/losses in the income statement. In cases where such securities are sold before their maturities, the gains/losses on such sales are recorded under trading account 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 can not be determined reliably, are valued at amortized costs by using the discounting method with the internal rate of return for floating-rate securities; and by using valuation models or discounted cash flow techniques for fixed-rate securities. Unrecognised gain/losses derived from the difference between their fair values and the discounted values are recorded in “securities value increase fund” under shareholders’ equity. In case of sales, the gain/losses arising from fair value measurement accumulated under shareholders’ equity, are recognized in 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 and derecognition of financial instruments**

#### **3.9.1 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.

#### **3.9.2 Derecognition of financial assets**

A financial asset is derecognized only when the contractual rights to the cash flows from this asset expire, or when the financial asset and substantially all its risks and rewards of ownership are transferred to another party. If all the risks and rewards of ownership are neither transferred nor retained substantially and the control of the transferred asset is maintained, the retained interest in asset and associated liability for amounts that may have to be paid, is recognized. If all the risks and rewards of ownership of a transferred financial asset is retained substantially the financial asset is continued to be recognized and a collateralized borrowing for the proceeds received is also recognized.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the income statement.

In case an existing financial asset is replaced with another financial asset from the same counterparty where the terms on the initial financial asset are substantially modified, the existing financial asset is derecognized and a new financial asset is recognized. The difference between the carrying values of the respective financial assets is recognized in the income statement.

### **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:

<b>Tangible assets</b>	<b>Estimated useful lives (years)</b>	<b>Depreciation Rates (%) from 1 January 2009</b>	<b>Depreciation Rates (%) from 1 January 2005</b>	<b>Depreciation Rates (%) before 1 January 2005</b>
Buildings	50	2	4	2
Vaults	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:

	<b>30 September 2013</b>	<b>31 December 2012</b>
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:

	<b>30 September 2013</b>	
	<b>Employer</b>	<b>Employee</b>
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

**a) Benefits transferable to SSF**

The first paragraph of the provisional article 23 of Banking Law No.5411, published in the Official Gazette on 1 November 2005, 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 25<sup>th</sup> of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

*Tax applications for foreign branches*

**NORTHERN CYPRUS**

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

prior years or the tax paid on such earnings are understated, additional taxes can be charged in the next twelve years following that the related taxation period. The corporate tax returns are filed in the tax administration office in April after following the end of the accounting year to which they relate. The corporate taxes are paid in two equal installments in May and October.

#### **MALTA**

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

#### **LUXEMBOURG**

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 7% 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 8.25% 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 30 September 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>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	2,944,417	2,676,541	1,928,417	952,817	8,502,192
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>2,944,417</b>	<b>2,676,541</b>	<b>1,928,417</b>	<b>952,817</b>	<b>8,502,192</b>
Net Operating Profit	681,118	1,525,777	1,813,632	(255,671)	3,764,856
Income from Associates and Subsidiaries	-	-	-	10,328	10,328
<b>Net Operating Profit</b>	<b>681,118</b>	<b>1,525,777</b>	<b>1,813,632</b>	<b>(245,343)</b>	<b>3,775,184</b>
Provision for Taxes	-	-	-	(879,971)	(879,971)
<b>Net Profit</b>	<b>681,118</b>	<b>1,525,777</b>	<b>1,813,632</b>	<b>(1,125,314)</b>	<b>2,895,213</b>
Segment Assets	42,918,217	80,332,227	67,870,299	20,157,698	211,278,441
Investments in Associates and Subsidiaries	-	-	-	152,210	152,210
<b>Total Assets</b>	<b>42,918,217</b>	<b>80,332,227</b>	<b>67,870,299</b>	<b>20,309,908</b>	<b>211,430,651</b>
Segment Liabilities	71,159,556	47,246,129	52,510,421	17,936,993	188,853,099
Shareholders’ Equity	-	-	-	22,577,552	22,577,552
<b>Total Liabilities and Shareholders’ Equity</b>	<b>71,159,556</b>	<b>47,246,129</b>	<b>52,510,421</b>	<b>40,514,545</b>	<b>211,430,651</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	240,609	240,609
Depreciation Expenses	100,087	44,571	3,683	33,549	181,890
Impairment Losses	628,280	413,015	10,819	173,097	1,225,211
Other Non-Cash Income/Expenses	102,007	53,263	(2,860,762)	175,589	(2,529,903)
Restructuring Costs	-	-	-	-	-

<i>Prior Period</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	2,300,330	2,520,866	975,536	1,253,101	7,049,833
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>2,300,330</b>	<b>2,520,866</b>	<b>975,536</b>	<b>1,253,101</b>	<b>7,049,833</b>
Net Operating Profit	483,543	1,527,277	892,328	415,490	3,318,638
Income from Associates and Subsidiaries	-	-	-	2,920	2,920
<b>Net Operating Profit</b>	<b>483,543</b>	<b>1,527,277</b>	<b>892,328</b>	<b>418,410</b>	<b>3,321,558</b>
Provision for Taxes	-	-	-	(715,351)	(715,351)
<b>Net Profit</b>	<b>483,543</b>	<b>1,527,277</b>	<b>892,328</b>	<b>(296,941)</b>	<b>2,606,207</b>
Segment Assets	34,253,386	66,686,271	61,037,515	17,633,928	179,611,100
Investments in Associates and Subsidiaries	-	-	-	168,274	168,274
<b>Total Assets</b>	<b>34,253,386</b>	<b>66,686,271</b>	<b>61,037,515</b>	<b>17,802,202</b>	<b>179,779,374</b>
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
<b>Total Liabilities and Shareholders' Equity</b>	<b>62,139,441</b>	<b>33,704,733</b>	<b>46,011,331</b>	<b>37,923,869</b>	<b>179,779,374</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	261,242	261,242
Depreciation Expenses	77,119	39,922	2,338	49,875	169,254
Impairment Losses	436,845	233,055	(47,126)	189,033	811,807
Other Non-Cash Income/Expenses	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 14.75% (31 December 2012: 16.87%) as of 30 September 2013 (unconsolidated capital adequacy ratio: 15.43% (31 December 2012: 18.11%)).

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

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

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

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

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

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

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

#### 4.1.2 Consolidated capital adequacy ratio

Current Period	Risk Weights								
	Parent Bank Only								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Value at Credit Risk	-	-	1,523,827	13,567,157	25,450,102	70,671,674	6,876,632	15,684,888	-
Exposure Categories	53,688,111	-	7,619,133	27,134,314	33,933,469	70,671,674	4,584,421	7,842,444	-
Conditional and unconditional exposures to central governments or central banks	52,125,026	-	7	2,983,527	-	44	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	39,475	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	35	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	6,547,123	6,162,591	-	44,583	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,030,470	1,066,709	-	65,301,285	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	33,933,469	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	16,918,264	-	-	-	-	-
Past due items	-	-	-	3,223	-	253,335	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	9,078	4,584,421	7,842,444	-
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	1,563,085	-	2,058	-	-	5,063,314	-	-	-

<i>Prior Period</i>	<b>Risk Weights</b>								
	<b>Parent Bank Only</b>								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>1250%</i>
<b>Value at Credit Risk</b>	-	-	845,544	10,808,347	22,837,083	57,750,707	4,734,597	8,791,156	-
<b>Exposure Categories</b>	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	-	-	3,967,622	7,118,171	-	44,758	-	-	-
Conditional and unconditional exposures to corporates	-	-	254,972	552,980	-	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>	<b>Risk Weights</b>								
	<b>Consolidated</b>								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>1250%</i>
<b>Value at Credit Risk</b>	-	-	1,665,059	16,049,341	26,980,174	79,577,880	7,280,982	15,684,888	-
<b>Exposure Categories</b>	58,640,822	-	8,325,293	32,098,682	35,973,565	79,577,880	4,853,988	7,842,444	-
Conditional and unconditional exposures to central governments or central banks	54,411,074	-	7	3,409,401	-	44	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	39,475	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	35	-	-	-
Conditional and unconditional exposures to multilateral development banks	5,774	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	7,164,654	8,535,048	-	146,766	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,021,968	1,660,681	-	74,959,324	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	35,973,565	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	18,391,249	-	-	-	-	-
Past due items	-	-	-	28,034	-	484,993	-	-	-
Items in regulatory high-risk categories	-	-	-	17,930	-	35,300	4,853,988	7,842,444	-
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	2,658,917	-	-	56,339	-	1,351,928	-	-	-
Other items	1,565,057	-	99,189	-	-	2,599,490	-	-	-

Prior Period	Risk Weights								
	Consolidated								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
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	-	-	4,412,721	8,173,364	-	209,038	-	-	-
Conditional and unconditional exposures to corporates	-	-	838,427	1,129,694	-	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	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	10,701,942	8,461,395
Capital Requirement for Market Risk (MRCR)	317,238	90,480
Capital Requirement for Operational Risk (ORCR)	1,067,735	1,043,016
Shareholders' Equity	23,319,820	21,714,598
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	15.43%	18.11%

(\*) The prior period's shareholders' equity balance and capital adequacy ratio are revised according to the correction made by the parent Bank in compliance with TAS 8.

	Consolidated	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11,779,066	9,416,704
Capital Requirement for Market Risk (MRCR)	309,436	141,604
Capital Requirement for Operational Risk (ORCR)	1,209,317	1,157,575
Shareholders' Equity	24,524,014	22,599,323
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	14.75%	16.87%

**4.1.4 Components of consolidated shareholders' equity**

	<i>Current Period</i>	<i>Prior Period</i>
<b>CORE CAPITAL</b>		
Paid-in Capital	4,200,000	4,196,934
Nominal Capital	4,200,000	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	14,613,776	11,308,613
Profit	2,875,590	3,334,080
Current Period's Profit	2,875,590	3,334,080
Prior Periods' Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	390,000	450,000
Income on Sale of Equity Shares and Real Estates	172,164	762,112
Primary Subordinated Debts	-	-
Minority Interest	158,005	140,462
Loss (excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Periods' Losses	-	-
Leasehold Improvements on Operational Leases (-)	97,731	110,049
Intangible Assets (-)	75,998	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
<b>Total Core Capital</b>	<b>23,013,852</b>	<b>20,783,877</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	1,776,064	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	135,015	116,050
45% of Securities Value Increase Fund (*)	(389,571)	491,398
Minority Interest	18	28
Other Reserves	118,720	33,329
<b>Total Supplementary Capital</b>	<b>1,642,156</b>	<b>1,984,805</b>
<b>CAPITAL</b>	<b>24,656,008</b>	<b>22,768,682</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>131,994</b>	<b>169,359</b>
Unconsolidated Investments in Entities Operating in Banking and Financial Sectors	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	63,018	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	33,270	34,732
Securitization Positions to be Deducted from Equity	-	-
Other Deduction Items	35,706	92,851
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>24,524,014</b>	<b>22,599,323</b>

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

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

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

**4.2 Consolidated credit risk**

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

**4.3 Consolidated market risk**

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

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

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

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

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

Market risks arising from trading portfolios are measured as per “standard” and “value at risk (VaR)” methods. The measurements as per the standard method are performed on a monthly basis, and taken into consideration in the calculation of capital adequacy. Whereas, the measurements as per VaR method are performed on a daily basis. The Bank takes the historical VaR results as the basis for the internal management of market risk and determination of limits. 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	85,216	9,090
(II) Capital Requirement against Specific Risks - Standard Method	20,459	4,817
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	55,879	54,842
(IV) Capital Requirement against Commodity Risks - Standard Method	13,256	8,541
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	113,046	55,537
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	21,580	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)	309,436	141,604
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	3,867,950	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 30 September 2013, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency long position amounts to TL 1,895,581 thousands (31 December 2012: a net foreign currency short position TL 1,598,721 thousands), net ‘off-balance sheet’ foreign currency short position amounts to TL 1,925,899 thousands (31 December 2012: a net ‘off-balance-sheet’ foreign currency long position TL 1,275,531 thousands), while net foreign currency short position amounts to TL 30,317 thousands (31 December 2012: TL 323,190 thousands).

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

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

	<b>USD</b>	<b>EUR</b>
The Bank’s foreign currency purchase rate at balance sheet date	1.9950	2.7003
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	2.0050	2.7151
Day 2	2.0050	2.7151
Day 3	2.0050	2.7151
Day 4	1.9930	2.6869
Day 5	1.9750	2.6683
Last 30-days arithmetical average rate	1.9924	2.6607



*The Bank's consolidated currency risk*

	EUR	USD	Other FCs	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	6,318,243	10,571,224	4,653,418	21,542,885
Banks	4,155,177	4,922,664	450,512	9,528,353
Financial Assets at Fair Value through Profit/Loss	111,775	114,130	6,332	232,237
Interbank Money Market Placements	-	136,360	-	136,360
Financial Assets Available-for-Sale	989,658	2,845,373	224,135	4,059,166
Loans (*)	17,024,474	35,279,377	1,664,594	53,968,445
Investments in Associates, Subsidiaries and Joint-Ventures	1,024	-	3	1,027
Investments Held-to-Maturity	-	269,144	-	269,144
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	50,276	76	90,938	141,290
Intangible Assets	-	-	-	-
Other Assets (**)	1,832,648	1,336,717	28,422	3,197,787
<b>Total Assets</b>	<b>30,483,275</b>	<b>55,475,065</b>	<b>7,118,354</b>	<b>93,076,694</b>
<b>Liabilities</b>				
Bank Deposits	1,370,442	3,019,585	1,220,589	5,610,616
Foreign Currency Deposits	20,782,267	26,887,046	1,862,307	49,531,620
Interbank Money Market Takings	220,477	3,263,217	154,878	3,638,572
Other Fundings	8,928,657	13,423,916	12,823	22,365,396
Securities Issued	-	5,605,360	566,317	6,171,677
Miscellaneous Payables	93,591	190,889	192,258	476,738
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities (***)	316,908	547,549	2,522,037	3,386,494
<b>Total Liabilities</b>	<b>31,712,342</b>	<b>52,937,562</b>	<b>6,531,209</b>	<b>91,181,113</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(1,229,067)</b>	<b>2,537,503</b>	<b>587,145</b>	<b>1,895,581</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>2,013,141</b>	<b>(3,840,980)</b>	<b>(98,060)</b>	<b>(1,925,899)</b>
Derivative Assets	13,929,814	24,065,684	5,990,589	43,986,087
Derivative Liabilities	(11,916,673)	(27,906,664)	(6,088,649)	(45,911,986)
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>25,860,398</b>	<b>42,394,354</b>	<b>5,311,182</b>	<b>73,565,934</b>
<b>Total Liabilities</b>	<b>26,051,089</b>	<b>44,270,178</b>	<b>4,843,388</b>	<b>75,164,655</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(190,691)</b>	<b>(1,875,824)</b>	<b>467,794</b>	<b>(1,598,721)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(682,946)</b>	<b>1,886,842</b>	<b>71,635</b>	<b>1,275,531</b>
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 3,413,223 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 139,696 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 2,447,132 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

#### **4.6 Consolidated interest rate risk**

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

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

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

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

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

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

<i>Current Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	7	-	-	-	-	23,606,997	<b>23,607,004</b>
Banks	4,057,221	2,373,998	2,234,674	235,030	-	2,560,218	<b>11,461,141</b>
Financial Assets at Fair Value through Profit/Loss (**)	11,641	27,305	147,444	27,721	29,389	1,329,210	<b>1,572,710</b>
Interbank Money Market Placements	139,649	-	-	-	-	2	<b>139,651</b>
Financial Assets Available-for-Sale	6,565,790	3,600,107	8,074,984	3,578,108	2,511,269	826,075	<b>25,156,333</b>
Loans (**)	24,599,631	11,530,309	17,810,370	41,341,384	25,162,076	2,275,436	<b>122,719,206</b>
Investments Held-to-Maturity	3,344,694	2,071,983	3,542,766	2,959,551	520,555	155,610	<b>12,595,159</b>
Other Assets	695,378	851,536	1,125,582	1,850,289	110,367	9,546,295	<b>14,179,447</b>
<b>Total Assets</b>	<b>39,414,011</b>	<b>20,455,238</b>	<b>32,935,820</b>	<b>49,992,083</b>	<b>28,333,656</b>	<b>40,299,843</b>	<b>211,430,651</b>
<b>Liabilities</b>							
Bank Deposits	2,949,531	1,948,123	631,940	6,680	-	890,248	<b>6,426,522</b>
Other Deposits	60,183,194	19,421,649	11,565,145	646,021	116	21,524,880	<b>113,341,005</b>
Interbank Money Market Takings	9,968,510	249,349	1,097,247	1,396,611	-	31,334	<b>12,743,051</b>
Miscellaneous Payables	-	-	-	-	-	9,702,348	<b>9,702,348</b>
Securities Issued	631,213	2,563,466	2,191,687	2,358,776	2,289,967	185,703	<b>10,220,812</b>
Other Fundings	7,238,851	8,457,446	6,754,364	3,864,339	2,210,137	186,574	<b>28,711,711</b>
Other Liabilities	1,596	7,487	18,986	-	-	30,257,133	<b>30,285,202</b>
<b>Total Liabilities</b>	<b>80,972,895</b>	<b>32,647,520</b>	<b>22,259,369</b>	<b>8,272,427</b>	<b>4,500,220</b>	<b>62,778,220</b>	<b>211,430,651</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>10,676,451</b>	<b>41,719,656</b>	<b>23,833,436</b>	<b>-</b>	<b>76,229,543</b>
<b>On Balance Sheet Short Position</b>	<b>(41,558,884)</b>	<b>(12,192,282)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,478,377)</b>	<b>(76,229,543)</b>
<b>Off-Balance Sheet Long Position</b>	<b>2,332,026</b>	<b>4,376,808</b>	<b>2,840,419</b>	<b>4,292,578</b>	<b>1,164,547</b>	<b>-</b>	<b>15,006,378</b>
<b>Off-Balance Sheet Short Position</b>	<b>(1,828,515)</b>	<b>(3,581,075)</b>	<b>(1,583,548)</b>	<b>(4,859,957)</b>	<b>(1,536,299)</b>	<b>-</b>	<b>(13,389,394)</b>
<b>Total Position</b>	<b>(41,055,373)</b>	<b>(11,396,549)</b>	<b>11,933,322</b>	<b>41,152,277</b>	<b>23,461,684</b>	<b>(22,478,377)</b>	<b>1,616,984</b>

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

(\*\*) Loans amounting to TL 204,297 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

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

(\*) 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
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.44-2.02	0.22-3.65	-	6.74-10.00
Financial Assets at Fair Value through Profit/Loss	4.63	7.70	-	3.17-14.57
Interbank Money Market Placements	-	0.40	-	6.90
Financial Assets Available-for-Sale	3.37-6.50	3.86-11.88	-	7.30-11.15
Loans	2.88-7.31	2.64-6.16	5.50	8.83-12.68
Investments Held-to-Maturity	-	6.16	-	7.94-8.00
<b>Liabilities</b>				
Bank Deposits	1.10-2.02	1.16-2.43	-	2.50-7.37
Other Deposits	1.80-2.55	1.55-2.54	0.79-1.49	4.70-7.27
Interbank Money Market Takings	2.72	0.95-1.80	-	2.50-7.25
Miscellaneous Payables	-	-	-	-
Securities Issued	-	4.03	-	5.84-7.81
Other Fundings	0.93-4.19	1.01-5.65	-	8.24-10.76

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

Current Period		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,071,945)	(13.17) %
2	TL	(-) 400 bps	3,016,206	12.93%
3	USD	(+) 200 bps	10,578	0.05%
4	USD	(-) 200 bps	(44,712)	(0.19) %
5	EUR	(+) 200 bps	(84,973)	(0.36) %
6	EUR	(-) 200 bps	83,433	0.36%
Total (of negative shocks)			3,054,927	13.10%
Total (of positive shocks)			(3,146,340)	(13.49) %

<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	123,389		
	Quoted Securities	-		
2	Investment in Shares- grade B	27,097		
	Quoted Securities	-		
3	Investment in Shares- grade C	662		
	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	-	-	-	10,792	-	4,856
3	Other Shares	-	576	259	-	-	-
	<b>Total</b>	-	<b>576</b>	<b>259</b>	<b>10,792</b>	-	<b>4,856</b>

<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	-	-	-
	<b>Total</b>	-	<b>495</b>	<b>223</b>	<b>3,147</b>	-	<b>1,416</b>

#### **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 nine months of 2013 and the year of 2012, are as follows:

<b>Current Period</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
<b>Average (%)</b>	147.17	136.79	99.35	103.32

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



#### 4.8.1 Maturity analysis of assets and liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	6,711,156	16,895,848	-	-	-	-	-	23,607,004
Banks	3,094,063	2,118,166	481,372	1,773,046	1,787,904	2,206,590	-	11,461,141
Financial Assets at Fair Value through Profit/Loss (**)	126,054	201,098	237,855	605,746	307,794	94,163	-	1,572,710
Interbank Money Market Placements	-	139,651	-	-	-	-	-	139,651
Financial Assets Available-for-Sale	50,001	2,411,198	1,358,715	5,802,640	10,315,735	5,218,044	-	25,156,333
Loans (**)	3,991,672	13,983,320	8,124,252	20,200,176	45,834,372	29,956,058	629,356	122,719,206
Investments Held-to-Maturity	-	-	-	913,851	4,815,852	6,865,456	-	12,595,159
Other Assets	2,011,261	929,833	916,060	1,260,928	2,077,958	136,453	6,846,954	14,179,447
<b>Total Assets</b>	<b>15,984,207</b>	<b>36,679,114</b>	<b>11,118,254</b>	<b>30,556,387</b>	<b>65,139,615</b>	<b>44,476,764</b>	<b>7,476,310</b>	<b>211,430,651</b>
<b>Liabilities</b>								
Bank Deposits	1,084,154	2,951,223	1,772,548	445,048	173,549	-	-	6,426,522
Other Deposits	25,480,367	56,799,442	19,403,830	10,183,148	1,456,131	18,087	-	113,341,005
Other Fundings	-	1,715,873	4,075,759	10,367,024	9,126,165	3,426,890	-	28,711,711
Interbank Money Market Takings	-	9,977,489	249,798	1,112,724	1,403,040	-	-	12,743,051
Securities Issued	-	123,299	2,114,315	2,347,104	3,182,602	2,453,492	-	10,220,812
Miscellaneous Payables	636,514	5,005,297	6,116	5,496	-	4,048,925	-	9,702,348
Other Liabilities (***)	1,917,857	427,891	404,733	386,008	429,683	62,432	26,656,598	30,285,202
<b>Total Liabilities</b>	<b>29,118,892</b>	<b>77,000,514</b>	<b>28,027,099</b>	<b>24,846,552</b>	<b>15,771,170</b>	<b>10,009,826</b>	<b>26,656,598</b>	<b>211,430,651</b>
<b>Liquidity Gap</b>	<b>(13,134,685)</b>	<b>(40,321,400)</b>	<b>(16,908,845)</b>	<b>5,709,835</b>	<b>49,368,445</b>	<b>34,466,938</b>	<b>(19,180,288)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>7,010,186</b>	<b>33,517,516</b>	<b>11,206,484</b>	<b>31,933,220</b>	<b>59,308,885</b>	<b>30,211,617</b>	<b>6,591,466</b>	<b>179,779,374</b>
<b>Total Liabilities</b>	<b>23,836,851</b>	<b>79,254,209</b>	<b>13,610,516</b>	<b>17,056,944</b>	<b>11,896,517</b>	<b>8,967,584</b>	<b>25,156,753</b>	<b>179,779,374</b>
<b>Liquidity Gap</b>	<b>(16,826,665)</b>	<b>(45,736,693)</b>	<b>(2,404,032)</b>	<b>14,876,276</b>	<b>47,412,368</b>	<b>21,244,033</b>	<b>(18,565,287)</b>	<b>-</b>

- (\*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in short period such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and loans under follow-up, are included in this column.
- (\*\*) Loans amounting to TL 204,297 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>
<b>Exposure Categories</b>				
Conditional and unconditional exposures to central governments or central banks	59,668,363	837,149	-	-
Conditional and unconditional exposures to regional governments or local authorities	39,488	1	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	541	447	-	-
Conditional and unconditional exposures to multilateral development banks	5,774	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	36,741,861	16,592,479	-	-
Conditional and unconditional exposures to corporates	101,347,547	7,780,355	-	-
Conditional and unconditional retail exposures	58,638,945	945,403	-	-
Conditional and unconditional exposures secured by real estate property (*)	19,192,303	93,247	-	-
Past due items	513,317	242	-	-
Items in regulatory high-risk categories	12,919,909	135,439	-	-
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	4,067,184	-	-	-
Other items	4,263,736	-	-	-

(\*) 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>	<b>Amount (**)</b>	<b>Financial Collateral</b>	<b>Other/Physical Collateral</b>	<b>Guaranties and Credit Derivatives</b>
<b>Exposure Categories</b>				
Conditional and unconditional exposures to central governments or central banks	59,652,157	2,521,209	-	-
Conditional and unconditional exposures to regional governments or local authorities	61	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	46,987	-	-	-
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	34,971,286	15,795,148	-	-
Conditional and unconditional exposures to corporates	80,568,659	4,962,154	-	-
Conditional and unconditional retail exposures	48,909,589	966,871	-	-
Conditional and unconditional exposures secured by real estate property (*)	12,936,905	65,120	-	-
Past due items	411,663	9,421	-	-
Items in regulatory high-risk categories	7,955,891	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>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash in TL/Foreign Currency	996,074	527,158	800,979	459,761
Central Bank of Turkey	1,068,045	20,874,711	492,972	14,372,246
Others	-	141,016	-	47,426
<b>Total</b>	<b>2,064,119</b>	<b>21,542,885</b>	<b>1,293,951</b>	<b>14,879,433</b>

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits	1,068,045	3,978,863	492,972	1,500,401
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	16,895,848	-	12,871,845
<b>Total</b>	<b>1,068,045</b>	<b>20,874,711</b>	<b>492,972</b>	<b>14,372,246</b>

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

#### **5.1.2 Financial assets at fair value through profit/loss**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Assets	-	255,457	-	223,894
Assets Subject to Repurchase Agreements	11,583	-	19,816	-
<b>Total</b>	<b>11,583</b>	<b>255,457</b>	<b>19,816</b>	<b>223,894</b>

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	147,412	22,934	43,805	5,533
Swap Transactions	215,961	513,731	208,444	370,089
Futures	44	7,398	158	5,776
Options	226,631	66,398	46,557	30,273
Others	-	159	-	-
<b>Total</b>	<b>590,048</b>	<b>610,620</b>	<b>298,964</b>	<b>411,671</b>

### 5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	212,938	1,123,103	431,974	845,451
Foreign banks	1,719,850	8,405,250	2,041,492	6,844,511
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>1,932,788</b>	<b>9,528,353</b>	<b>2,473,466</b>	<b>7,689,962</b>

The placements at foreign banks include blocked accounts amounting TL 6,675,503 thousands (31 December 2012: TL 6,175,422 thousands) of which TL 96,074 thousands (31 December 2012: TL 82,876 thousands) and TL 41,339 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 6,538,090 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 90,790 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	7,287,293	555,386	10,968,071	388,212
Assets subject to Repurchase Agreements	6,804,830	1,033,691	14,696,052	699,780
<b>Total</b>	<b>14,092,123</b>	<b>1,589,077</b>	<b>25,664,123</b>	<b>1,087,992</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>24,551,838</b>	<b>34,227,618</b>
Quoted at Stock Exchange	21,897,449	32,025,799
Unquoted at Stock Exchange	2,654,389	2,201,819
<b>Common Shares/Investment Fund</b>	<b>26,917</b>	<b>22,251</b>
Quoted at Stock Exchange	7,669	5,081
Unquoted at Stock Exchange	19,248	17,170
<b>Value Increase/Impairment Losses (-)</b>	<b>577,578</b>	<b>4,244,637</b>
<b>Total</b>	<b>25,156,333</b>	<b>38,494,506</b>

As of 30 September 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 851,998 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
<b>Direct Lendings to Shareholders</b>	<b>625</b>	<b>135,382</b>	<b>21</b>	<b>94,993</b>
Corporates	625	135,382	21	94,993
Real Persons	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>389,919</b>	<b>282,052</b>	<b>368,707</b>	<b>253,852</b>
<b>Loans to Employees</b>	<b>232,391</b>	<b>88</b>	<b>175,918</b>	<b>48</b>
<b>Total</b>	<b>622,935</b>	<b>417,522</b>	<b>544,646</b>	<b>348,893</b>

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

<i>Current Period</i>	<b>Performing Loans and Other Receivables</b>			<b>Loans and Other Receivables under Follow-Up</b>		
	<b>Loans and Other Receivables (Total)</b>	<b>Loans and Receivables with Revised Contract Terms</b>		<b>Loans and Other Receivables (Total)</b>	<b>Loans and Receivables with Revised Contract Terms</b>	
		<b>Extension of Repayment Plan</b>	<b>Other Changes</b>		<b>Extension of Repayment Plan</b>	<b>Other Changes</b>
<b>Cash Loans</b>						
<b>Loans</b>	<b>118,824,227</b>	<b>1,840,183</b>	<b>99,570</b>	<b>3,265,623</b>	<b>1,302,750</b>	<b>694,552</b>
Working Capital Loans	10,680,518	149,924	3,599	638,536	316,704	113,691
Export Loans	4,486,089	4,331	-	41,587	28,206	11,308
Import Loans	656,661	-	-	-	-	-
Loans to Financial Sector (*)	4,383,724	2	-	368	-	-
Consumer Loans	28,816,185	1,131,985	56,811	759,759	195,691	65,000
Credit Cards	14,097,428	-	-	525,919	-	390,975
Others	55,703,622	553,941	39,160	1,299,454	762,149	113,578
<b>Specialization Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>118,824,227</b>	<b>1,840,183</b>	<b>99,570</b>	<b>3,265,623</b>	<b>1,302,750</b>	<b>694,552</b>

(\*) Loans amounting to TL 204,297 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	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
<b>Cash Loans</b>						
<b>Loans</b>	<b>97,197,474</b>	<b>1,508,528</b>	<b>77,093</b>	<b>2,551,356</b>	<b>875,596</b>	<b>571,771</b>
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
<b>Specialization Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>97,197,474</b>	<b>1,508,528</b>	<b>77,093</b>	<b>2,551,356</b>	<b>875,596</b>	<b>571,771</b>

(\*) 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	9,356	2,070	-	11,426
Loans Collateralized by Mortgages	1,044,426	265,786	-	1,310,212
Loans Collateralized by Pledged Assets	86,158	42,944	-	129,102
Loans Collateralized by Cheques and Notes	79,010	365,714	-	444,724
Loans Collateralized by Other Collaterals	618,217	45,191	-	663,408
Unsecured Loans	142,778	38,054	525,919	706,751
<b>Total</b>	<b>1,979,945</b>	<b>759,759</b>	<b>525,919</b>	<b>3,265,623</b>

<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
<b>Total</b>	<b>1,707,011</b>	<b>505,969</b>	<b>338,376</b>	<b>2,551,356</b>

*Delinquency periods of loans under follow-up*

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	57,649	315,812	83,861	457,322
61-90 days	157,936	109,683	29,613	297,232
Other	1,764,360	334,264	412,445	2,511,069
<b>Total</b>	<b>1,979,945</b>	<b>759,759</b>	<b>525,919</b>	<b>3,265,623</b>



	<b>Corporate /</b>			
<i>Prior Period</i>	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
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
<b>Total</b>	<b>1,707,011</b>	<b>505,969</b>	<b>338,376</b>	<b>2,551,356</b>

*Loans and other receivables with extended payment plans*

<i>Current Period</i>	<b>Performing Loans</b>	<b>Loans and Other</b>
<b>No. of Extensions</b>	<b>and Other</b>	<b>Receivables under</b>
	<b>Receivables</b>	<b>Follow-up</b>
1 or 2 times	1,598,952	1,274,337
3, 4 or 5 times	181,535	25,337
Over 5 times	59,696	3,076
<b>Total</b>	<b>1,840,183</b>	<b>1,302,750</b>

<i>Prior Period</i>	<b>Performing Loans</b>	<b>Loans and Other</b>
<b>No. of Extensions</b>	<b>and Other</b>	<b>Receivables under</b>
	<b>Receivables</b>	<b>Follow-up</b>
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
<b>Total</b>	<b>1,508,528</b>	<b>875,596</b>

<i>Current Period</i>	<b>Performing Loans</b>	<b>Loans and Other</b>
<b>Extention Periods</b>	<b>and Other</b>	<b>Receivables under</b>
	<b>Receivables</b>	<b>Follow-up</b>
0 - 6 months	583,926	248,841
6 - 12 months	198,322	70,675
1 - 2 years	523,846	148,761
2 - 5 year	459,529	332,513
5 years and over	74,560	501,960
<b>Total</b>	<b>1,840,183</b>	<b>1,302,750</b>

<i>Prior Period</i>	<b>Performing Loans</b>	<b>Loans and Other</b>
<b>Extention Periods</b>	<b>and Other</b>	<b>Receivables under</b>
	<b>Receivables</b>	<b>Follow-up</b>
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
<b>Total</b>	<b>1,508,528</b>	<b>875,596</b>

**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>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>577,582</b>	<b>26,830,042</b>	<b>27,407,624</b>
Housing Loans	22,826	12,954,531	12,977,357
Automobile Loans	19,125	1,451,965	1,471,090
General Purpose Loans	97,721	1,785,315	1,883,036
Others	437,910	10,638,231	11,076,141
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>233,302</b>	<b>233,302</b>
Housing Loans	-	225,252	225,252
Automobile Loans	-	151	151
General Purpose Loans	-	6,320	6,320
Others	-	1,579	1,579
<b>Consumer Loans – FC</b>	<b>213,508</b>	<b>1,217,535</b>	<b>1,431,043</b>
Housing Loans	857	549,707	550,564
Automobile Loans	29	6,665	6,694
General Purpose Loans	2,775	391,870	394,645
Others	209,847	269,293	479,140
<b>Retail Credit Cards – TL</b>	<b>12,574,528</b>	<b>609,599</b>	<b>13,184,127</b>
With Installment	7,452,134	609,584	8,061,718
Without Installment	5,122,394	15	5,122,409
<b>Retail Credit Cards – FC</b>	<b>59,522</b>	<b>67,128</b>	<b>126,650</b>
With Installment	17,988	-	17,988
Without Installment	41,534	67,128	108,662
<b>Personnel Loans – TL</b>	<b>17,452</b>	<b>52,875</b>	<b>70,327</b>
Housing Loan	-	1,465	1,465
Automobile Loans	-	102	102
General Purpose Loans	4,369	9,182	13,551
Others	13,083	42,126	55,209
<b>Personnel Loans - FC-indexed</b>	<b>130</b>	<b>15,593</b>	<b>15,723</b>
Housing Loans	-	15,593	15,593
Automobile Loans	-	-	-
General Purpose Loans	130	-	130
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>2,488</b>	<b>54,626</b>	<b>57,114</b>
Housing Loans	51	15,295	15,346
Automobile Loans	-	38	38
General Purpose Loans	162	26,456	26,618
Others	2,275	12,837	15,112
<b>Personnel Credit Cards – TL</b>	<b>78,103</b>	<b>764</b>	<b>78,867</b>
With Installment	39,988	764	40,752
Without Installment	38,115	-	38,115
<b>Personnel Credit Cards – FC</b>	<b>1,849</b>	<b>758</b>	<b>2,607</b>
With Installment	294	-	294
Without Installment	1,555	758	2,313
<b>Deposit Accounts– TL (Real Persons)</b>	<b>360,811</b>	<b>-</b>	<b>360,811</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>13,885,973</b>	<b>29,082,222</b>	<b>42,968,195</b>

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

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>1,019,723</b>	<b>8,060,975</b>	<b>9,080,698</b>
Real Estate Loans	1,592	652,342	653,934
Automobile Loans	43,086	1,592,199	1,635,285
General Purpose Loans	975,045	5,810,815	6,785,860
Others	-	5,619	5,619
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>84,205</b>	<b>963,407</b>	<b>1,047,612</b>
Real Estate Loans	50	48,682	48,732
Automobile Loans	2,535	233,048	235,583
General Purpose Loans	81,620	681,677	763,297
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>645,929</b>	<b>786,079</b>	<b>1,432,008</b>
Real Estate Loans	-	1,391	1,391
Automobile Loans	51	5,503	5,554
General Purpose Loans	209	18,079	18,288
Others	645,669	761,106	1,406,775
<b>Corporate Credit Cards – TL</b>	<b>1,222,288</b>	<b>1,003</b>	<b>1,223,291</b>
With Installment	712,500	1,003	713,503
Without Installment	509,788	-	509,788
<b>Corporate Credit Cards – FC</b>	<b>7,805</b>	<b>-</b>	<b>7,805</b>
With Installment	140	-	140
Without Installment	7,665	-	7,665
<b>Deposit Accounts– TL (Corporates)</b>	<b>648,239</b>	<b>-</b>	<b>648,239</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,628,189</b>	<b>9,811,464</b>	<b>13,439,653</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>1,113,031</b>	<b>7,756,447</b>	<b>8,869,478</b>
Real Estate Loans	547	577,452	577,999
Automobile Loans	49,295	1,540,604	1,589,899
General Purpose Loans	1,063,189	5,631,924	6,695,113
Others	-	6,467	6,467
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>87,881</b>	<b>685,775</b>	<b>773,656</b>
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
<b>Installment-based Commercial Loans – FC</b>	<b>625,038</b>	<b>942,040</b>	<b>1,567,078</b>
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
<b>Corporate Credit Cards – TL</b>	<b>636,981</b>	<b>750</b>	<b>637,731</b>
With Installment	375,502	750	376,252
Without Installment	261,479	-	261,479
<b>Corporate Credit Cards – FC</b>	<b>4,808</b>	<b>-</b>	<b>4,808</b>
With Installment	1	-	1
Without Installment	4,807	-	4,807
<b>Deposit Accounts– TL (Corporates)</b>	<b>646,939</b>	<b>-</b>	<b>646,939</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,114,678</b>	<b>9,385,012</b>	<b>12,499,690</b>

#### 5.1.5.6 Allocation of loans by customers

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

#### 5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	113,903,512	91,700,234
Foreign Loans (*)	8,186,338	8,048,596
<b>Total</b>	<b>122,089,850</b>	<b>99,748,830</b>

(\*) Loans amounting to TL 204,297 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	11,020	34,247
Indirect Lending	-	-
<b>Total</b>	<b>11,020</b>	<b>34,247</b>

**5.1.5.9 Specific provisions for loans**

<b>Specific Provisions</b>	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	191,409	153,280
Doubtful Loans and Receivables	333,469	468,299
Uncollectible Loans and Receivables	1,798,092	1,487,761
<b>Total</b>	<b>2,322,970</b>	<b>2,109,340</b>

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b><i>Current Period</i></b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	138,091	65,140	149,758
Rescheduled Loans and Receivables	-	-	50,044
<b>Total</b>	<b>138,091</b>	<b>65,140</b>	<b>199,802</b>
<b><i>Prior Period</i></b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	141,642	40,941	114,613
Rescheduled Loans and Receivables	-	-	38,274
<b>Total</b>	<b>141,642</b>	<b>40,941</b>	<b>152,887</b>

*Movements in non-performing loan groups*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
<b><i>Current Period</i></b>	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Balances at Beginning of Period</b>	<b>342,410</b>	<b>577,852</b>	<b>1,784,948</b>
Additions (+)	762,121	45,506	252,493
Transfer from Other NPL Categories (+)	-	639,277	690,597
Transfer to Other NPL Categories (-)	642,936	686,938	-
Collections during the Period (-)	162,570	131,066	187,359
Write-offs (-) (*)	-	229	331,780
Corporate and Commercial Loans	-	226	36,566
Retail Loans	-	-	66,231
Credit Cards	-	3	228,983
Other	-	-	-
<b>Balances at End of Period</b>	<b>299,025</b>	<b>444,402</b>	<b>2,208,899</b>
Specific Provisions (-)	(191,409)	(333,469)	(1,798,092)
<b>Net Balance on Balance Sheet</b>	<b>107,616</b>	<b>110,933</b>	<b>410,807</b>

(\*) resulted from sale of non-performing loans.

<i>Prior Period</i>	<b>Group III Substandard Loans and Receivables</b>	<b>Group IV Doubtful Loans and Receivables</b>	<b>Group V Uncollectible Loans and Receivables</b>
<b>Balances at Beginning of Period</b>	<b>78,176</b>	<b>191,288</b>	<b>1,664,069</b>
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
<b>Balances at End of Period</b>	<b>342,410</b>	<b>577,852</b>	<b>1,784,948</b>
Specific Provisions (-)	(153,280)	(468,299)	(1,487,761)
<b>Net Balance on Balance Sheet</b>	<b>189,130</b>	<b>109,553</b>	<b>297,187</b>

(\*) TL 198,936 thousands of this amount is resulted from sale of non-performing loans.

*Movements in specific loan provisions*

<i>Current Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>955,670</b>	<b>537,104</b>	<b>616,566</b>	<b>2,109,340</b>
Additions during the Period (+)	310,797	244,491	279,557	834,845
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	123,153	78,311	102,270	303,734
Write-Offs (-)	23,829	64,666	228,986	317,481
<b>Balances at End of Period</b>	<b>1,119,485</b>	<b>638,618</b>	<b>564,867</b>	<b>2,322,970</b>

<i>Prior Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>561,503</b>	<b>401,108</b>	<b>565,921</b>	<b>1,528,532</b>
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
<b>Balances at End of Period</b>	<b>955,670</b>	<b>537,104</b>	<b>616,566</b>	<b>2,109,340</b>

*Non-performing loans in foreign currencies*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
<b>Balance at End of Period</b>	<b>84,697</b>	<b>65,292</b>	<b>1,033,827</b>
Specific Provisions (-)	34,978	45,870	815,822
<b>Net Balance at Balance Sheet</b>	<b>49,719</b>	<b>19,422</b>	<b>218,005</b>
<b>Prior Period</b>			
<b>Balance at End of Period</b>	<b>133,372</b>	<b>245,566</b>	<b>666,560</b>
Specific Provisions (-)	45,693	206,553	524,537
<b>Net Balance at Balance Sheet</b>	<b>87,679</b>	<b>39,013</b>	<b>142,023</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period (Net)</b>	<b>107,616</b>	<b>110,933</b>	<b>410,807</b>
Loans to Individuals and Corporates (Gross)	299,025	444,402	2,200,867
Specific Provision (-)	191,409	333,469	1,790,060
Loans to Individuals and Corporates (Net)	107,616	110,933	410,807
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,721
Specific Provision (-)	-	-	7,721
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>189,130</b>	<b>109,553</b>	<b>297,187</b>
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>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	670	160	-	830
Loans Collateralized by Mortgages	574,235	72,038	-	646,273
Loans Collateralized by Pledged Assets	301,498	42,595	-	344,093
Loans Collateralized by Cheques and Notes	272,949	325,712	-	598,661
Loans Collateralized by Other Collaterals	267,724	113,478	-	381,202
Unsecured Loans	217,099	191,167	573,001	981,267
<b>Total</b>	<b>1,634,175</b>	<b>745,150</b>	<b>573,001</b>	<b>2,952,326</b>

<i>Prior Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	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
<b>Total</b>	<b>1,414,584</b>	<b>637,148</b>	<b>653,478</b>	<b>2,705,210</b>

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

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

**5.1.5.12 Write-off policy**

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

**5.1.6 Factoring receivables**

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

**5.1.7 Investments held-to-maturity**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	4,150,967	-	677,626	356,786
Investments subject to Repurchase Agreements	6,045,092	237,837	-	-
<b>Total</b>	<b>10,196,059</b>	<b>237,837</b>	<b>677,626</b>	<b>356,786</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	12,486,544	911,349
Treasury Bills	-	-
Other Government Securities	-	445,864
<b>Total</b>	<b>12,486,544</b>	<b>1,357,213</b>

**5.1.7.3 Investments held-to-maturity**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>12,445,878</b>	<b>1,362,063</b>
Quoted at Stock Exchange	12,338,986	1,354,998
Unquoted at Stock Exchange	106,892	7,065
<b>Valuation Increase / (Decrease)</b>	<b>149,281</b>	<b>4,891</b>
<b>Total</b>	<b>12,595,159</b>	<b>1,366,954</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>1,366,954</b>	<b>4,786,530</b>
Foreign Currency Differences on Monetary Assets	-	(26,348)
Purchases during the Period (*)	11,539,669	9,557
Disposals through Sales/Redemptions (**)	(467,052)	(3,407,676)
Valuation Effect	155,588	4,891
<b>Balances at End of Period</b>	<b>12,595,159</b>	<b>1,366,954</b>

(\*) The Bank reclassified certain securities issued by the Turkish Treasury, with a total face value of TL 8,965,094 thousands from financial assets available-for-sale portfolio to investments held-to-maturity portfolio in the current period.

(\*\*) 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**

	<b>Associates</b>	<b>Address (City/ Country)</b>	<b>Parent Bank's Share – If Different, Voting Rights (%)</b>	<b>Bank Risk Group's Share (%)</b>
1	Emeklilik Gözetim Merkezi AŞ <sup>(1)</sup>	Istanbul/Turkey	-	6.67
2	Bankalararası Kart Merkezi AŞ <sup>(1)</sup>	Istanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ <sup>(1)</sup>	Istanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ <sup>(1)(***)</sup>	Istanbul/Turkey	5.83	5.83
5	Borsa İstanbul AŞ <sup>(1)(**)</sup>	Istanbul/Turkey	6.00	6.00
6	KKB Kredi Kayıt Bürosu AŞ <sup>(1)</sup>	Istanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(2)</sup>	Ankara/Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ <sup>(1)</sup>	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	7,417	6,571	678	111	1	642	1,191	-
2	27,657	20,724	16,916	239	11	1,116	1,998	-
3	614,184	73,104	2,461	11,556	485	2,268	1,622	-
4	4,601,531	543,398	15,647	45,759	317	34,803	33,198	-
5	598,342	456,427	18,385	4,044	758	23,432	-	-
6	85,008	71,010	48,040	917	9	20,234	16,175	-
7	251,407,290	23,683,777	274,340	3,079,573	2,404,666	(300,025)	18,381,955	-
8	272,049	266,402	3,378	4,426	-	5,427	4,730	-

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

(\*\*) The shares in Vadeli İşlem ve Opsiyon Borsası A.Ş. were replaced by the shares of Borsa İstanbul A.Ş. according to the article 138-6/b of the Capital Market Law no. 6362. The Current Period Profit/Loss includes the performance of the period from 3 April 2013 to 30 June 2013, starting from the date of establishment of Borsa İstanbul AŞ on 3 April 2013. The name of İMKB Takas ve Saklama AŞ was changed as İstanbul Takas ve Saklama Bankası AŞ.

(\*\*\*) The name of İMKB Takas ve Saklama AŞ was changed as İstanbul Takas ve Saklama Bankası AŞ.

(1) Financial information is as of 30 June 2013.

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

In the current period;

The paid-in capital of İstanbul Takas ve Saklama Bankası AŞ was decided to be increased from TL 60,000 thousands to TL 420,000 thousands by TL 360,000 thousands of which TL 180,000 thousands was in cash, at the ordinary general meeting held on 29 March 2013. The Bank and one of its consolidated financial affiliates participated in this increase in total by TL 10,539 thousands in cash and also acquired bonus shares of TL 5,135 thousands.

According to the article 138-6/a of Capital Markets Law no.6362, C group of shares of Borsa İstanbul AŞ were transferred as free shares to the existing members of İstanbul Altın Borsası as per the board of directors' meeting of Borsa İstanbul AŞ on 4 July 2013.

#### *Unconsolidated investments in associates sold during the current period*

None.

#### *Unconsolidated investments in associates acquired during the current period*

None.

#### **5.1.8.2 Consolidated investments in associates**

	Associates	Address (City/Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Yatırım Ortaklığı AŞ <sup>(1)</sup>	İstanbul / Türkiye	-	3.24

	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	35,148	34,576	192	374	965	1,283	2,926	26,400

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

(1) Financial information is as of 30 June 2013, however the fair value information is as of 30 September 2013.

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.24%, 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>
<b>Balance at Beginning of Period</b>	<b>43</b>	<b>38</b>
<b>Movements during the Period</b>	<b>870</b>	<b>5</b>
Acquisitions and Capital Increases	673	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales/Liquidations (-) (*)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	197	5
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>913</b>	<b>43</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

*Valuation methods of consolidated investments in associates*

<b>Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value	913	43
Valued by Equity Method of Accounting	-	-

*Sectoral distribution of consolidated investments and associates*

<b>Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	913	43
Other Associates	-	-

*Quoted consolidated investments in associates*

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	913	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>	<b>Garanti Bank International NV</b>	<b>Garanti Finansal Kiralama AS</b>	<b>Garanti Holding BV</b>
<b>CORE CAPITAL</b>	<b>1,116,517</b>	<b>582,321</b>	<b>515,448</b>
Paid-in Capital	374,255	12,016	996,651
Inflation Adjustments to Paid-in Capital	-	68,832	-
Share Premium	-	-	35,034
Reserves	576,681	480,566	(407,759)
Current Period's Profit and Prior Periods' Profit	171,878	23,286	59,194
Current Period's Losses and Prior Periods' Losses	-	-	-
Leasehold Improvements on Operational Leases (-)	-	-	13,138
Intangible Assets (-)	6,297	2,379	3,439
Goodwill (Net) (-)	-	-	151,095
<b>SUPPLEMENTARY CAPITAL</b>	<b>229,645</b>	<b>-</b>	<b>(71,679)</b>
<b>CAPITAL</b>	<b>1,346,162</b>	<b>582,321</b>	<b>443,769</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>-</b>	<b>6</b>	<b>16,704</b>
<b>NET AVAILABLE EQUITY</b>	<b>1,346,162</b>	<b>582,315</b>	<b>427,065</b>

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

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

	<b>Subsidiaries</b>	<b>Address (City/ Country)</b>	<b>Parent Bank's Share – If Different, Voting Rights (%)</b>	<b>Bank Risk Group's Share (%)</b>
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ <sup>(1)</sup>	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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets (*)</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value (if available)</b>	<b>Amount of Equity Requirement</b>
1	36,455	32,021	70	625	576	1,001	6,080	-	-
2	26,914	16,468	4,241	347	178	949	521	-	-
3	3,993	3,753	18	-	49	2,529	848	-	-
4	972	746	63	-	4	73	61	-	-
5	2,782	2,603	4	-	60	948	(120)	-	-
6	40	41	31	-	-	(1)	(1)	-	-
7	338	338	-	-	-	-	-	-	-
8	344	338	-	-	-	-	-	-	-
9	49	49	-	-	-	-	-	-	-
10	383,044	23,779	297,785	461	-	(18,335)	13,668	-	-

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

(1) Financial information is as of 30 June 2013.

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at Beginning of Period</b>	<b>2,484,453</b>	<b>2,064,495</b>
<b>Movements during the Period</b>	<b>357,226</b>	<b>419,958</b>
Acquisitions and Capital Increases (*)	-	46,474
Bonus Shares Received (**)	46,142	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	129,418	420,961
Currency Differences on Foreign Subsidiaries	181,666	(47,477)
Reversal of Impairment Losses / Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>2,841,679</b>	<b>2,484,453</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

(\*) 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.

(\*\*) The paid-in capital of Garanti Faktoring Hizmetleri AŞ was increased from TL 21,000 thousands to TL 79,500 thousands as per the decision made at the board of directors' meeting held on 3 May 2013.

#### *Valuation methods of consolidated investments in subsidiaries*

	<b>Current Period</b>	<b>Prior Period</b>
Valued at Cost	235,950	235,950
Valued at Fair Value	2,605,729	2,248,503

*Sectoral distribution of consolidated investments in subsidiaries*

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,588,087	1,357,098
Insurance Companies	56,545	56,545
Factoring Companies	112,563	130,967
Leasing Companies	110,743	110,743
Finance Companies	973,741	829,100
Other Subsidiaries	-	-

*Quoted consolidated investments in subsidiaries*

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	112,563	130,967
Quoted at International Stock Exchanges	-	-

*Other information on consolidated investments in subsidiaries*

	<b>Subsidiaries</b>	<b>Address (City/ Country)</b>	<b>Parent Bank's Share – If Different, Voting Rights (%)</b>	<b>Shares of Other Consolidated Subsidiaries (%)</b>	<b>Method of Consolidation</b>
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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets (*)</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value (if available)</b>
1	3,352,427	584,700	17,866	199,244	-	55,397	45,956	-
2	1,492,411	117,912	2,866	84,991	-	12,901	16,639	137,541
3	56,797	36,965	2,228	267	2,937	6,915	(2,121)	-
4	25,233	20,887	1,825	710	149	2,686	2,496	-
5	5,103,852	681,811	18,344	35,610	4,288	105,716	102,558	-
6	11,586,781	1,272,896	56,445	279,997	50,825	171,878	91,357	1,341,771
7	977,071	189,414	44,181	28,114	13,555	11,617	12,144	246,458
8	876,107	876,093	-	5	-	(97)	(98)	905,078
9	933,125	790,494	-	263	-	5,393	(5,943)	-
10	4,190,668	571,544	50,699	176,612	15,244	58,114	17,826	-
11	250,869	42,635	9,882	14,943	-	6,190	3,884	-
12	214,388	25,851	2,683	32,349	-	4,505	3,846	-
13	319,306	37,527	661	12,825	-	2,057	3,414	-

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

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

*Consolidated investments in subsidiaries disposed during the current period*  
None.

*Consolidated investments in subsidiaries acquired during the current period*  
None.

#### **5.1.10 Investments in joint-ventures**

None.

#### **5.1.11 Lease receivables**

##### **5.1.11.1 Financial lease receivables according to remaining maturities**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	1,416,834	1,308,458	1,174,890	1,063,248
Between 1-5 Years	2,311,379	1,996,458	2,029,321	1,717,707
Longer than 5 Years	156,537	126,217	108,236	87,955
<b>Total</b>	<b>3,884,750</b>	<b>3,431,133</b>	<b>3,312,447</b>	<b>2,868,910</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	3,884,750	3,312,447
Unearned Income on Financial Lease Receivables (-)	(453,617)	(443,537)
Terminated Lease Contracts (-)	-	-
<b>Net Financial Lease Receivables</b>	<b>3,431,133</b>	<b>2,868,910</b>

##### **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	37,407		-	-
Cash Flow Hedges	-		-	-
Net Foreign Investment Hedges	-		-	-
<b>Total</b>	<b>37,407</b>		<b>-</b>	<b>-</b>

## **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	154,418	(31,833)	(46)	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 30 September 2013, on a consolidated basis the Bank has a deferred tax asset of TL 229,736 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 30 September 2013, there is a deferred tax asset of TL 445,705 thousands (31 December 2012: TL 316,089 thousands) and deferred tax liability of TL 215,969 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 30 September 2013, a deferred tax asset amounting TL 1,307 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>	
	<b>Tax Base</b>	<b>Deferred Tax Amount</b>	<b>Tax Base</b>	<b>Deferred Tax Amount</b>
Provisions (*)	819,983	163,737	578,979	115,325
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	253,561	43,288	483,603	103,887
Other	135,094	22,711	80,812	12,008
<b>Deferred Tax Asset, Net</b>	<b>1,208,638</b>	<b>229,736</b>	<b>1,143,394</b>	<b>231,220</b>

(\*) 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.

In the first nine months of 2013, TL 332,693 thousands of deferred tax expense (in 2012: deferred tax income of TL 353,065 thousands) and TL 345,148 thousands of deferred tax income (in 2012: a deferred tax expense of TL 235,830 thousands) were 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>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>136,551</b>	<b>130,102</b>
<b>Accumulated Depreciation (-)</b>	<b>(4,114)</b>	<b>(2,446)</b>
<b>Net Book Value</b>	<b>132,437</b>	<b>127,656</b>
<b>End of Current Period</b>		
Additions	77,311	79,074
Disposals (Cost)	(59,953)	(72,163)
Disposals (Accumulated Depreciation)	625	517
Reversal of Impairment / Impairment Losses (-)	(787)	(151)
Depreciation Expense for Current Period (-)	(2,111)	(2,185)
Currency Translation Differences on Foreign Operations	626	(311)
<b>Cost</b>	<b>153,748</b>	<b>136,551</b>
<b>Accumulated Depreciation (-)</b>	<b>(5,600)</b>	<b>(4,114)</b>
<b>Net Book Value</b>	<b>148,148</b>	<b>132,437</b>

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 27,776 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	2,914	7,733
Sale of Other Assets	3,022	3,007
<b>Total</b>	<b>5,936</b>	<b>12,102</b>

##### 5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	402,614	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
<b>Saving Deposits</b>	4,578,077	-	3,602,909	28,511,091	1,056,068	483,751	314,059	3,360	38,549,315
<b>Foreign Currency Deposits</b>	12,330,026	-	4,725,519	19,077,926	3,372,365	6,332,673	3,618,657	74,449	49,531,615
Residents in Turkey	6,955,237	-	4,251,596	16,581,646	1,295,824	693,843	472,907	72,739	30,323,792
Residents in Abroad	5,374,789	-	473,923	2,496,280	2,076,541	5,638,830	3,145,750	1,710	19,207,823
<b>Public Sector Deposits</b>	1,602,118	-	6,573	9,826	1,735	1,248,861	104	-	2,869,217
<b>Commercial Deposits</b>	4,639,540	-	3,544,899	7,234,532	2,225,860	711,162	236,484	-	18,592,477
<b>Others</b>	139,305	-	144,131	530,358	361,805	273,557	564	-	1,449,720
<b>Precious Metal Deposits</b>	2,191,301	-	774	49,785	-	2,131	104,670	-	2,348,661
<b>Bank Deposits</b>	1,084,154	-	1,391,129	1,739,945	1,549,330	454,822	207,142	-	6,426,522
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,694	-	616,656	12,081	33,968	6,087	20,715	-	693,201
Foreign Banks	506,208	-	774,473	1,727,864	1,515,362	448,735	186,427	-	5,159,069
Special Financial Institutions	574,252	-	-	-	-	-	-	-	574,252
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	26,564,521	-	13,415,934	57,153,463	8,567,163	9,506,957	4,481,680	77,809	119,767,527

<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
<b>Saving Deposits</b>	3,550,602	-	3,270,706	25,970,388	288,667	92,810	250,950	2,619	33,426,742
<b>Foreign Currency Deposits</b>	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
<b>Public Sector Deposits</b>	676,056	-	24,344	13,628	8	-	-	-	714,036
<b>Commercial Deposits</b>	3,939,619	-	2,681,424	6,993,879	592,397	187,093	27,882	-	14,422,294
<b>Others</b>	67,004	-	39,804	189,564	5,226	347	372	-	302,317
<b>Precious Metal Deposits</b>	2,300,584	-	25,929	19,023	-	2,274	27,271	-	2,375,081
<b>Bank Deposits</b>	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	-	-	-	-	-	-	-	-	-
<b>Total</b>	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 (*)	18,808,153	12,744,375	19,422,217	20,553,407
Foreign Currency Saving Deposits	11,696,730	9,268,758	15,081,783	14,775,319
Other Saving Deposits	1,511,145	1,132,858	799,901	1,114,691
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	572,011	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	457,855	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	65,787	24,371	64,201	13,104
Swap Transactions	540,623	277,407	479,897	286,895
Futures	3	-	-	-
Options	157,172	62,626	53,075	29,681
Others	44	115	-	148
<b>Total</b>	<b>763,629</b>	<b>364,519</b>	<b>597,173</b>	<b>329,828</b>

## **5.2.3 Funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,288,515	1,440,668	1,488,444	1,178,481
Foreign Banks, Institutions and Funds	5,057,800	20,789,700	4,089,892	18,987,595
<b>Total</b>	<b>6,346,315</b>	<b>22,230,368</b>	<b>5,578,336</b>	<b>20,166,076</b>

**5.2.3.1 Maturities of funds borrowed**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	1,822,129	8,914,078	1,615,231	6,275,413
Medium and Long-Term	4,524,186	13,316,290	3,963,105	13,890,663
<b>Total</b>	<b>6,346,315</b>	<b>22,230,368</b>	<b>5,578,336</b>	<b>20,166,076</b>

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

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

**5.2.4 Other external funds**

**5.2.4.1 Securities issued**

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,602,963	2,676,011	1,327,946	4,842,448
Cost	1,564,119	2,551,931	1,326,852	4,808,052
Carrying Value (*)	1,476,746	2,572,389	1,330,602	4,841,075

<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 face value of TL 159,838 thousands (31 December 2012: TL 177,169 thousands) and foreign currency securities with a total face value of TL 187,467 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
<b>Domestic Transactions</b>	<b>7,177,437</b>	<b>-</b>	<b>11,498,158</b>	<b>-</b>
Financial Institutions and Organizations	7,125,849	-	11,440,064	-
Other Institutions and Organizations	19,057	-	19,898	-
Individuals	32,531	-	38,196	-
<b>Foreign Transactions</b>	<b>1,927,042</b>	<b>3,638,572</b>	<b>748,015</b>	<b>1,860,771</b>
Financial Institutions and Organizations	1,926,754	3,638,572	747,723	1,860,771
Other Institutions and Organizations	230	-	186	-
Individuals	58	-	106	-
<b>Total</b>	<b>9,104,479</b>	<b>3,638,572</b>	<b>12,246,173</b>	<b>1,860,771</b>

**5.2.4.3 Miscellaneous payables**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	4,814,865	47,017	3,937,158	12,313
Payables from insurance transactions	4,088,526	32,971	3,346,707	36,198
Other	322,219	396,750	294,370	436,307
<b>Total</b>	<b>9,225,610</b>	<b>476,738</b>	<b>7,578,235</b>	<b>484,818</b>

### 5.2.5 Factoring payables

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

### 5.2.6 Lease payables

#### 5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	704	448	336	93
Between 1-5 Years	221	38	202	79
Longer than 5 Years	-	-	-	-
<b>Total</b>	<b>925</b>	<b>486</b>	<b>538</b>	<b>172</b>

#### 5.2.6.2 Operational lease agreements

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

### 5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	2,221	-	-
Cash Flow Hedges	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,221</b>	<b>-</b>	<b>-</b>

### 5.2.8 Provisions

#### 5.2.8.1 General provisions

	Current Period	Prior Period
<b>General Provision for</b>	<b>1,776,064</b>	<b>1,342,090</b>
Loans and Receivables in Group I	1,550,259	1,178,931
- Additional Provision for Loans and Receivables with Extended Maturities	96,321	74,557
Loans and Receivables in Group II	120,846	88,693
- Additional Provision for Loans and Receivables with Extended Maturities	70,460	46,781
Non-Cash Loans	104,959	74,466
Others	-	-

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

	Current Period	Prior Period
Short-Term Loans	899	6,635
Medium and Long Term Loans	153	4,749
<b>Total</b>	<b>1,052</b>	<b>11,384</b>

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

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

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

#### **5.2.8.4 Other provisions**

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

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	390,000	450,000

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

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	518,949	362,011
Insurance Technical Provisions, Net	245,994	221,009
Provision for Promotion Expenses of Credit Cards (*)	52,277	39,168
Provision for Lawsuits	32,182	19,942
Other Provisions	114,988	65,467
<b>Total</b>	<b>964,390</b>	<b>707,597</b>

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

#### **Recognized liability for defined benefit plan obligations**

The Bank obtained an actuarial report dated 27 December 2012 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 1,367,875 thousands at 31 December 2012 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
<b>Transferable Pension and Medical Benefits:</b>	
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)
<b>Present Value of Pension and Medical Benefits Transferable to SSF (1)</b>	<b>(111,230)</b>
<b>Fair Value of Plan Assets (2)</b>	<b>1,479,105</b>
<b>Asset Surplus over Transferable Benefits ((2)-(1)=(3))</b>	<b>1,367,875</b>
<b>Non-Transferable Benefits:</b>	
Other pension benefits	(426,261)
Other medical benefits	(107,178)
<b>Total Non-Transferable Benefits (4)</b>	<b>(533,439)</b>
<b>Asset Surplus over Total Benefits ((3)-(4)=(5))</b>	<b>834,436</b>
<b>Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)</b>	<b>(369,726)</b>
<b>Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))</b>	<b>464,710</b>

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 30 September 2013, the corporate tax liability amounts to TL 254,000 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	254,000	344,819
Taxation on Securities Income	99,198	99,573
Taxation on Real Estates Income	2,766	2,072
Banking Insurance Transaction Tax	57,323	52,347
Foreign Exchange Transaction Tax	50	39
Value Added Tax Payable	1,942	6,473
Others	30,668	75,811
<b>Total</b>	<b>445,947</b>	<b>581,134</b>

#### **5.2.9.1.3 Premiums payable**

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	730	699
Social Security Premiums-Employer	764	901
Bank Pension Fund Premium-Employees	55	75
Bank Pension Fund Premium-Employer	81	28
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	688	658
Unemployment Insurance-Employer	1,398	1,325
Others	13	11
<b>Total</b>	<b>3,729</b>	<b>3,697</b>

#### **5.2.9.2 Deferred tax liability**

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 622 thousands as of 30 September 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	-	(3,066)
Paid-in common shares	4,200,000	4,196,934
Preference shares	-	-

**5.2.12.2 Registered share capital system**

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

**5.2.12.3 Capital increases in current period**

None.

**5.2.12.4 Capital increases from capital reserves in current period**

None.

**5.2.12.5 Capital commitments for current and future financial periods**

None.

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

None.

**5.2.12.7 Information on privileges given to stocks representing the capital**

None.

**5.2.12.8 Securities value increase fund**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>(356,547)</b>	<b>8,283</b>	<b>976,919</b>	<b>116,914</b>
Valuation Difference	(356,547)	8,283	976,919	116,914
Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>(356,547)</b>	<b>8,283</b>	<b>976,919</b>	<b>116,914</b>

**5.2.12.9 Revaluation surplus**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	172,164	-	762,112	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
<b>Total</b>	<b>174,304</b>	<b>-</b>	<b>764,252</b>	<b>-</b>

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

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

**5.2.12.11 Legal reserves**

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	993,049	835,626
II. Legal Reserve	156,363	117,713
Special Reserves	-	-
<b>Total</b>	<b>1,149,412</b>	<b>953,339</b>

**5.2.12.12 Extraordinary reserves**

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	13,464,364	10,355,274
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
<b>Total</b>	<b>13,464,364</b>	<b>10,355,274</b>

**5.2.12.13 Minority interest**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>140,524</b>	<b>112,527</b>
Profit Share of Subsidiaries Net Profits	19,623	27,971
Prior Period Dividend Payment	(1,073)	-
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(1,029)	26
<b>Balance at End of Period</b>	<b>158,045</b>	<b>140,524</b>

### **5.3 Consolidated off-balance sheet items**

#### **5.3.1 Off-balance sheet contingencies**

##### **5.3.1.1 Irrevocable credit commitments**

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 3,504,750 thousands (31 December 2012: TL 5,772,603 thousands), commitments for cheque payments of TL2,690,265 thousands (31 December 2012: TL 1,994,132 thousands) and commitments for credit card limits of TL 22,165,555 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	13,057,449	9,892,574
Letters of Guarantee in TL	8,625,287	6,960,107
Letters of Credit	9,036,128	6,141,429
Bills of Exchange and Acceptances	747,454	720,896
Prefinancings	-	-
Other Guarantees	75,187	66,300
<b>Total</b>	<b>31,541,505</b>	<b>23,781,306</b>

A specific provision of TL 112,765 thousands (31 December 2012: TL 97,396 thousands) is made for unliquidated non-cash loans of TL 225,725 thousands (31 December 2012: TL 184,169 thousands) recorded under the off-balance sheet items as of 30 September 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	1,736,252	1,405,272
<i>With Original Maturity of 1 Year or Less</i>	296,892	165,372
<i>With Original Maturity of More Than 1 Year</i>	1,439,360	1,239,900
Other Non-Cash Loans	29,805,253	22,376,034
<b>Total</b>	<b>31,541,505</b>	<b>23,781,306</b>

##### **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
<b>Interest Income from Loans</b>				
Short-term loans	1,876,039	323,957	2,225,757	338,227
Medium and long-term loans	3,209,940	1,669,395	2,660,034	1,434,255
Loans under follow-up	26,043	8,310	26,831	9,094
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>5,112,022</b>	<b>2,001,662</b>	<b>4,912,622</b>	<b>1,781,576</b>

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

#### 5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	36	-
Domestic Banks	15,757	26,467	18,601	27,601
Foreign Banks	73,999	27,808	128,214	35,113
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>89,756</b>	<b>54,275</b>	<b>146,851</b>	<b>62,714</b>

#### 5.4.1.3 Interest income from securities portfolio

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Financial Assets Held for Trading	22,703	10,342	23,922	5,979
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	2,222,909	135,038	2,426,113	132,508
Investments Held-to-Maturity	213,666	7,176	203,727	73,371
<b>Total</b>	<b>2,459,278</b>	<b>152,556</b>	<b>2,653,762</b>	<b>211,858</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Subsidiaries	618	2,561

### 5.4.2 Interest expenses

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	2,018	-	1,145
Domestic Banks	45,452	34,584	67,715	35,363
Foreign Banks	340,215	293,467	351,246	327,880
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	28,718	-	18,647
<b>Total</b>	<b>385,667</b>	<b>358,787</b>	<b>418,961</b>	<b>383,035</b>

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

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

	<i>Current Period</i>	<i>Prior Period</i>
Interest Paid to Investments in Associates and Subsidiaries	1,133	761

**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	578	44,305	5	-	-	6,839	-	51,727
Saving Deposits	2,002	164,920	1,470,334	31,187	13,693	17,684	-	1,699,820
Public Sector Deposits	-	262	2,198	51	11,893	5	-	14,409
Commercial Deposits	1,913	150,005	557,992	40,540	24,685	9,548	-	784,683
Others	2	6,665	46,697	5,070	4,568	33	-	63,035
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	4,495	366,157	2,077,226	76,848	54,839	34,109	-	2,613,674
Foreign Currency								
Foreign Currency Deposits	74,438	51,186	361,563	37,284	87,844	58,013	1,095	671,423
Bank Deposits	2,195	41,879	8,972	1,638	1,016	20	-	55,720
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	31	-	342	459	-	832
Total FC	76,633	93,065	370,566	38,922	89,202	58,492	1,095	727,975
Grand Total	81,128	459,222	2,447,792	115,770	144,041	92,601	1,095	3,341,649

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

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

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

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

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

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

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

#### **5.4.3 Dividend income**

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

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Income</b>	<b>59,773,586</b>	<b>44,216,881</b>
Trading Account Income	1,366,926	1,360,993
Derivative Financial Instruments	4,113,291	2,886,941
Foreign Exchange Gain	54,293,369	39,968,947
<b>Losses (-)</b>	<b>59,351,312</b>	<b>43,604,696</b>
Trading Account Losses	1,103,266	766,468
Derivative Financial Instruments	4,135,480	3,166,215
Foreign Exchange Losses	54,112,566	39,672,013
<b>Total</b>	<b>422,274</b>	<b>612,185</b>

TL 1,062,488 thousands (30 September 2012: TL 1,317,351 thousands) of foreign exchange gains and TL 895,737 thousands (30 September 2012: TL 1,051,304 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.

In this respect, the Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 65,000 thousands and for its bonds with a total face value of TL 400,000 thousands and fixed-rate coupons by designating interest rate swaps with the same face values and terms in the current period. Accordingly, in the current period the losses of TL 3,924 thousands and TL 33,372 thousands resulted from the related fair value calculations for the hedged loans and bonds were accounted for under net trading income/losses in the income statement, respectively.

In addition, the Bank also entered into cross currency swap agreements in order to hedge its fixed-rate bonds issued for a total principal value of AUD 175,000,000 in the current period with the same notional amount and conditions. Accordingly, a gain of TL 3,691 thousands resulting from the fair value changes of the securities issued subject to hedge accounting, was accounted for under trading income/losses in the income statement.



#### 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 recharged to customers and income on custody services.

In the current period, a part of non-performing receivables of the Bank and its financial affiliates amounting to TL 323,871 thousands (30 September 2012: TL 218,094 thousands) and a part of their receivables written-off in prior periods in the amount of TL 3,857 thousands were sold for a consideration of TL 58,885 thousands (30 September 2012: TL 33,716 thousands). Considering the related provisions of TL 313,168 thousands in the consolidated financial statements, a gain of TL 44,325 thousands (30 September 2012: TL 31,297 thousands) is recognized under “Other Operating Income”.

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

	<i>Current Period</i>	<i>Prior Period</i>
Specific Provisions for Loans and Other Receivables	645,872	557,755
<i>Loans and receivables in Group III</i>	<i>161,077</i>	<i>133,302</i>
<i>Loans and receivables in Group IV</i>	<i>323,015</i>	<i>268,648</i>
<i>Loans and receivables in Group V</i>	<i>161,780</i>	<i>155,805</i>
General Provisions	435,172	124,735
Provision for Possible Losses	-	82,000
Impairment Losses on Financial Assets	662	74
<i>Financial assets at fair value through profit or loss</i>	<i>662</i>	<i>74</i>
<i>Financial assets available-for-sale</i>	<i>-</i>	<i>-</i>
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>-</i>	<i>-</i>
<i>Joint ventures (business partnership)</i>	<i>-</i>	<i>-</i>
<i>Investments held-to-maturity</i>	<i>-</i>	<i>-</i>
Others	142,155	44,834
<b>Total</b>	<b>1,223,861</b>	<b>809,398</b>

**5.4.7 Other operating expenses**

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	1,445,629	1,283,085
Reserve for Employee Termination Benefits	31,123	18,964
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	1,073
Depreciation Expenses of Tangible Assets	141,761	142,148
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	35,182	25,538
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	787	1,336
Depreciation Expenses of Assets to be Disposed	2,111	1,568
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	1,450,133	1,084,703
<i>Operational lease related expenses</i>	<i>198,013</i>	<i>172,504</i>
<i>Repair and maintenance expenses</i>	<i>31,470</i>	<i>24,980</i>
<i>Advertisement expenses</i>	<i>81,584</i>	<i>79,586</i>
<i>Other expenses</i>	<i>1,139,066</i>	<i>807,633</i>
Loss on Sale of Assets	3,075	5,474
Others (*) (**)	403,674	357,908
<b>Total</b>	<b>3,513,475</b>	<b>2,921,797</b>

(\*) Includes saving-deposits-insurance-fund related expenses of TL 92,476 thousands (30 September 2012: TL 76,995 thousands) and insurance-business claim losses of TL 42,384 thousands (30 September 2012: TL 45,962 thousands) as of 30 September 2013.

(\*\*) As per the decision of the Turkish Competition Board dated 8 March 2013 and resulted from the investigation 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 ¼ of such administrative fine as TL 160,038 thousands. The reasoned decision of the Turkish Competition Board was notified as of the reporting date and the stated amount was paid in the current period.

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

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

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

As of 30 September 2013, on a consolidated basis, the Bank recorded a current tax expense of TL 547,278 thousands (30 September 2012: TL 970,153 thousands) and a deferred tax expense of TL 332,693 thousands (30 September 2012: a deferred tax income of TL 254,802 thousands).

*Deferred tax benefit/charge on timing differences*

<b>Deferred tax (benefit)/charge on timing differences</b>	<b>Current Period</b>	<b>Prior Period</b>
Increase in Tax Deductable Timing Differences (+)	78,093	242,297
Decrease in Tax Deductable Timing Differences (-)	258,348	22,008
Increase in Taxable Timing Differences (-)	173,255	5,412
Decrease in Taxable Timing Differences (+)	20,817	39,925
<b>Total</b>	<b>332,693</b>	<b>(254,802)</b>

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

<b>Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions</b>	<b>Current Period</b>	<b>Prior Period</b>
(Increase)/Decrease in Tax Deductable Timing Differences (net)	185,414	(215,909)
(Increase)/Decrease in Taxable Timing Differences (net)	152,438	(34,513)
(Increase)/Decrease in Tax Losses (net)	(5,159)	(4,380)
(Increase)/Decrease in Tax Deductions and Exemptions (net)		-
<b>Total</b>	<b>332,693</b>	<b>(254,802)</b>

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

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

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

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

None.

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

None.

##### **5.4.11.3 Minority interest’s profit/loss**

	<b>Current Period</b>	<b>Prior Period</b>
Net Profit/(Loss) of Minority Interest	19,623	21,978

#### **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

#### 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	469,641	442,665	495,947
Balance at end of period	33,058	3,640	232,429	154,190	461,300	449,926
Interest and Commission Income	856	5	585	4	23,167	307

*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	469,641	442,665	495,947
Interest and Commission Income	3,370	-	631	4	32,966	899

#### 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	29,451	6,679	228,143	101,958	361,602	207,192
Interest Expenses	1,133	761	7,606	12,849	11,802	11,625

#### 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	7,663,527	3,373,361	-	-
Total Profit/(Loss)	(627)	12,326	5,023	(12,053)	-	916
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 401,559 thousands (31 December 2012: TL 402,975 thousands) compose 0.33% (31 December 2012: 0.40%) of the Bank's total consolidated cash loans and 0.19% (31 December 2012: 0.22%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 726,787 thousands (31 December 2012: TL 795,136 thousands) compose 0.34% (31 December 2012: 0.44%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 607,756 thousands (31 December 2012: TL 969,119 thousands) compose 1.93% (31 December 2012: 4.08%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 619,196 thousands (31 December 2012: TL 315,829 thousands) compose 0.52% (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 190,059 thousands (31 December 2012: TL 37,136 thousands) compose 0.67% (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.

The credit card (POS) payables to the related parties, amounted to TL 9,753 thousands (31 December 2012: TL 20,707 thousands). A total rent income of TL 1,120 thousands (30 September 2012: TL 819 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 19 thousands (30 September 2012: TL 9,441 thousands) were incurred for the IT services rendered by the related parties. Other income of TL 25 thousands (30 September 2012: TL -) for the IT services rendered and banking services fee of TL 940 (30 September 2012: TL 738 thousands) were recognized from the related parties.

Operating expenses of TL 7,505 thousands (30 September 2012: TL 8,053 thousands) for advertisement and broadcasting services, of TL 19,304 thousands (30 September 2012: TL 15,990 thousands) for operational leasing services, and of TL 7,560 thousands (30 September 2012: TL 7,403 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 132 thousands (30 September 2012: TL 96 thousands) was recognized as income for the services rendered by the affiliates.

The net payment provided or to be provided to the key management of the Bank and its consolidated financial affiliates amounts to TL 89,944 thousands as of 30 September 2013 (30 September 2012: TL 90,549 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 (May 2013) (\*)**

Long Term FC Deposit	Baa3
Long Term TL Deposit	Baa2
Short Term TL Deposit	Prime-2
Short Term FC Deposit	Prime-3
Long Term FC Deposit Outlook	Stable
Financial Strength Rate (FSR)	D+ (baa3)
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) (\*)**

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

##### **JCR EURASIA RATINGS (May 2013) (\*)**

Long Term International FC	BBB
Long Term International TL	BBB+ (Stable)
Long Term International	AAA (Trk) (Stable)
Short Term International FC	A-3 (Stable)
Short Term International TL	A-2 (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 (June 2013) (\*)**

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 (May 2013) (\*)**

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

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

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

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

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

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

**STANDARD AND POORS (April 2013) (\*)**

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

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

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

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

<b>Foreign Currency</b>	
Long Term	BBB-
Short Term	F3
Outlook	Stable
Support	2

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

**5.10.2 Other disclosures**

At the annual general assembly of the Bank dated 30 April 2013, it was decided to distribute the profit of the year 2012 as follows:

<b>2012 PROFIT DISTRIBUTION TABLE</b>	
<b>2012 Net Profit</b>	<b>3,070,325</b>
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 30 September 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 24 October 2013, is presented before the accompanying consolidated financial statements.

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

None.

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