

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

**Türkiye Garanti Bankası Anonim Şirketi
And Its Financial Affiliates
Consolidated Financial Statements
As of and For the Year Ended
31 December 2013**

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

With Independent Auditors' Report Thereon

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
30 January 2014

*This report contains "Independent Auditors' Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and
Footnotes" comprising 121 pages.*

To the Board of Directors of
Türkiye Garanti Bankası AŞ
Istanbul

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TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2013

We have audited the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 31 December 2013 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with no. 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

Basis For Qualified Opinion

Subsequent to the reversal of TL 115,000 thousands in the current period, the accompanying consolidated financial statements include a general reserve amounting to TL 335,000 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.

Independent Auditors' Opinion

In our opinion, except for the effect of the matter described in the fourth paragraph above on the financial statements, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank and its consolidated financial affiliates as at 31 December 2013 and the results of its operations and its cash flows for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 and 38 of the Banking Act no. 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

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

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç
Partner

Istanbul, 30 January 2014

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Financial Report
as of and for the Year Ended 31 December 2013**

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

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

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

Subsidiaries

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

Special Purpose Entities

1. Garanti Diversified Payment Rights Finance Company
2. RPV Company

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

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

The authorized contact person for questions on this financial report:

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SECTION ONE

General Information

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

SECTION TWO

Consolidated Financial Statements

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

SECTION THREE

Accounting Policies

I.	Basis of presentation	12
II.	Strategy for use of financial instruments and foreign currency transactions	12
III.	Information on consolidated subsidiaries	13
IV.	Forwards, options and other derivative transactions	14
V.	Interest income and expenses	15
VI.	Fees and commissions	16
VII.	Financial assets	16
VIII.	Impairment of financial assets	17
IX.	Netting and derecognition of financial instruments	17
X.	Repurchase and resale agreements and securities lending	18
XI.	Assets held for sale, assets of discontinued operations and the related liabilities	18
XII.	Goodwill and other intangible assets	18
XIII.	Tangible assets	19
XIV.	Leasing activities	20
XV.	Provisions and contingent liabilities	20
XVI.	Contingent assets	20
XVII.	Liabilities for employee benefits	20
XVIII.	Taxation	22
XIX.	Funds borrowed	26
XX.	Share issuances	26
XXI.	Confirmed bills of exchange and acceptances	26
XXII.	Government incentives	26
XXIII.	Segment reporting	26
XXIV.	Other disclosures	28

SECTION FOUR

Consolidated Financial Position and Results of Operations and Risk Management Applications

I.	Consolidated capital adequacy ratio	29
II.	Consolidated credit risk	35
III.	Consolidated market risk	45
IV.	Consolidated operational risk	47
V.	Consolidated currency risk	47
VI.	Consolidated interest rate risk	50
VII.	Consolidated position risk of equity securities	55
VIII.	Consolidated liquidity risk	56
IX.	Consolidated securitisation positions	58
X.	Consolidated credit risk mitigation techniques	58
XI.	Risk management objectives and policies	60
XII.	Fair values of financial assets and liabilities	60
XIII.	Transactions carried out on behalf of customers and items held in trust	61

SECTION FIVE

Disclosures and Footnotes on Consolidated Financial Statements

I.	Consolidated assets	62
II.	Consolidated liabilities	90
III.	Consolidated off-balance sheet items	100
IV.	Consolidated income statement	104
V.	Consolidated statement of changes in shareholders' equity	110
VI.	Consolidated statement of cash flows	111
VII.	Related party risks	113
VIII.	Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of parent bank	115
IX.	Matters arising subsequent to balance sheet date	117

SECTION SIX

Other Disclosures on Activities

I.	Information on international risk ratings	118
II.	Dividends	120
III.	Other disclosures	120

SECTION SEVEN

Independent Auditors' Report

I.	Disclosures on independent auditors' report	121
II.	Disclosures and footnotes prepared by independent auditors	121

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

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

As of 31 December 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:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	23 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	31 years
Dr. Muammer Cüneyt Sezgin	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:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	26 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	35 years
Ali Fuat Erbil	EVP-Financial Institutions & Corporate Banking	30.04.1999	PhD	21 years
Erhan Adalı	EVP-Loans	03.08.2012	University	23 years
Gökhan Erün	EVP-Treasury, Investment Banking, Human Resources & Training	01.09.2005	Master	19 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	31 years
Halil Hüsnü Erel	EVP-Technology, Operations Management & Central Marketing	16.06.1997	University	28 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	23 years
Turgay Gönensin	EVP-Coordination of Domestic and Foreign Subsidiaries	01.01.2013	University	28 years
Aydın Şenel	EVP-Purchasing & Tax Management	06.06.2013	University	32 years
İbrahim Aydın	EVP-General Accounting & Economic Research & Customer Satisfaction	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	EVP-Strategic Planning	01.01.2002	University	19 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	14 years
Didem Başer	EVP-Delivery Channels & Social Platforms Management	20.03.2012	Master	15 years

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

1.4 Information on parent bank's qualified shareholders

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

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

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

1.5 Summary information on parent bank's activities and services

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

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

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

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

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

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

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

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

None.

2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Balance Sheet (Statement of Financial Position)

At 31 December 2013

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2013			31 December 2012		
			TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK		5.1.1	2,751,743	19,891,099	22,642,842	1,293,951	14,879,433	16,173,384
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		5.1.2	1,331,384	804,859	2,136,243	755,945	451,276	1,207,221
2.1 Financial assets held for trading			1,132,606	804,859	1,937,465	533,764	451,276	985,040
2.1.1 Government securities			128,383	34,253	162,636	166,838	14,891	181,729
2.1.2 Equity securities			50,722	-	50,722	44,664	-	44,664
2.1.3 Derivative financial assets held for trading			921,286	748,540	1,669,826	298,964	411,671	710,635
2.1.4 Other securities			32,215	22,066	54,281	23,298	24,714	48,012
2.2 Financial assets valued at fair value through profit or loss			198,778	-	198,778	222,181	-	222,181
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Loans		5.1.5	198,778	-	198,778	222,181	-	222,181
2.2.4 Other securities			-	-	-	-	-	-
III. BANKS		5.1.3	2,194,272	10,930,155	13,124,427	2,473,466	7,689,962	10,163,428
IV. INTERBANK MONEY MARKETS			8,231	190,802	199,033	1,000	-	1,000
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	190,802	190,802	-	-	-
4.3 Receivables from reverse repurchase agreements			8,231	-	8,231	1,000	-	1,000
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)		5.1.4	19,748,440	5,087,787	24,836,227	34,921,810	3,572,696	38,494,506
5.1 Equity securities			41,468	8,213	49,681	25,163	4,787	29,950
5.2 Government securities			18,098,543	1,157,093	19,255,636	33,519,493	304,794	33,824,287
5.3 Other securities			1,608,429	3,922,481	5,530,910	1,377,154	3,263,115	4,640,269
VI. LOANS		5.1.5	74,364,492	54,520,566	128,885,058	58,545,529	41,576,990	100,122,519
6.1 Loans			73,882,530	54,081,282	127,963,812	58,142,650	41,383,999	99,526,649
6.1.1 Loans to bank's risk group		5.7	117,448	462,590	580,038	116,597	286,378	402,975
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			73,765,082	53,618,692	127,383,774	58,026,053	41,097,621	99,123,674
6.2 Loans under follow-up			2,538,430	1,066,654	3,605,084	2,114,073	591,137	2,705,210
6.3 Specific provisions (-)			2,056,468	627,370	2,683,838	1,711,194	398,146	2,109,340
VII. FACTORING RECEIVABLES		5.1.6	1,568,362	426,368	1,994,730	1,545,798	288,536	1,834,334
VIII. INVESTMENTS HELD-TO-MATURITY (Net)		5.1.7	13,122,078	651,716	13,773,794	921,090	445,864	1,366,954
8.1 Government securities			13,112,752	469,091	13,581,843	911,349	445,864	1,357,213
8.2 Other securities			9,326	182,625	191,951	9,741	-	9,741
IX. INVESTMENTS IN ASSOCIATES (Net)		5.1.8	37,258	3	37,261	21,409	2	21,411
9.1 Associates consolidated under equity accounting			-	-	-	-	-	-
9.2 Unconsolidated associates			37,258	3	37,261	21,409	2	21,411
9.2.1 Financial investments in associates			33,329	-	33,329	17,480	-	17,480
9.2.2 Non-financial investments in associates			3,929	3	3,932	3,929	2	3,931
X. INVESTMENTS IN SUBSIDIARIES (Net)		5.1.9	114,085	1,234	115,319	146,199	664	146,863
10.1 Unconsolidated financial investments in subsidiaries			-	-	-	-	-	-
10.2 Unconsolidated non-financial investments in subsidiaries			114,085	1,234	115,319	146,199	664	146,863
XI. INVESTMENTS IN JOINT-VENTURES (Net)		5.1.10	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)		5.1.11	1,097,434	2,673,821	3,771,255	857,997	2,010,913	2,868,910
12.1 Financial lease receivables			1,292,846	3,009,301	4,302,147	1,020,755	2,291,692	3,312,447
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			195,412	335,480	530,892	162,758	280,779	443,537
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		5.1.12	103,975	11,009	114,984	-	-	-
13.1 Fair value hedges			65,943	-	65,943	-	-	-
13.2 Cash flow hedges			38,032	11,009	49,041	-	-	-
13.3 Net foreign investment hedges			-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		5.1.13	1,412,741	164,524	1,577,265	1,181,037	137,302	1,318,339
XV. INTANGIBLE ASSETS (Net)		5.1.14	88,370	15,660	104,030	76,930	5,779	82,709
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			81,982	15,660	97,642	70,542	5,779	76,321
XVI. INVESTMENT PROPERTY (Net)		5.1.15	121,671	-	121,671	127,682	-	127,682
XVII. TAX ASSET			166,814	58,807	225,621	217,532	18,511	236,043
17.1 Current tax asset			302	11,699	12,001	-	4,823	4,823
17.2 Deferred tax asset		5.1.16	166,512	47,108	213,620	217,532	13,688	231,220
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)		5.1.17	147,510	2,232	149,742	128,516	3,921	132,437
18.1 Asset held for resale			147,510	2,232	149,742	128,516	3,921	132,437
18.2 Assets of discontinued operations			-	-	-	-	-	-
XIX. OTHER ASSETS		5.1.18	7,333,767	339,017	7,672,784	5,285,437	196,197	5,481,634
TOTAL ASSETS			125,712,627	95,769,659	221,482,286	108,501,328	71,278,046	179,779,374

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2013			31 December 2012		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	59,531,562	59,677,665	119,209,227	49,901,574	47,876,105	97,777,679
1.1 Deposits from bank's risk group	5.7	239,123	437,113	676,236	151,640	164,189	315,829
1.2 Other		59,292,439	59,240,552	118,532,991	49,749,934	47,711,916	97,461,850
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	1,159,931	407,099	1,567,030	597,173	329,828	927,001
III. FUNDS BORROWED	5.2.3	6,557,375	27,428,605	33,985,980	5,578,336	20,166,076	25,744,412
IV. INTERBANK MONEY MARKETS		11,430,918	4,576,820	16,007,738	12,246,173	1,860,771	14,106,944
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements	5.2.4	11,430,918	4,576,820	16,007,738	12,246,173	1,860,771	14,106,944
V. SECURITIES ISSUED (Net)	5.2.4	4,332,755	6,457,804	10,790,559	2,168,049	3,908,986	6,077,035
5.1 Bills		1,616,171	-	1,616,171	1,766,215	-	1,766,215
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		2,716,584	6,457,804	9,174,388	401,834	3,908,986	4,310,820
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	5.2.4	9,356,225	658,611	10,014,836	7,578,235	484,818	8,063,053
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		2,300,052	686,818	2,986,870	1,660,667	415,839	2,076,506
IX. FACTORING PAYABLES	5.2.5	-	-	-	-	-	-
X. LEASE PAYABLES (Net)	5.2.6	-	61	61	-	172	172
10.1 Financial lease payables		-	486	486	-	538	538
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		-	425	425	-	366	366
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	-	39,105	39,105	-	-	-
11.1 Fair value hedges		-	39,105	39,105	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	5.2.8	3,231,292	118,458	3,349,750	2,520,265	96,520	2,616,785
12.1 General provisions		1,962,713	75,124	2,037,837	1,269,819	72,271	1,342,090
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		399,879	12,462	412,341	353,557	8,454	362,011
12.4 Insurance technical provisions (Net)		239,423	-	239,423	221,009	-	221,009
12.5 Other provisions		629,277	30,872	660,149	675,880	15,795	691,675
XIII. TAX LIABILITY	5.2.9	342,752	24,718	367,470	552,839	47,083	599,922
13.1 Current tax liability		342,752	24,045	366,797	552,686	28,204	580,890
13.2 Deferred tax liability		-	673	673	153	18,879	19,032
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10	-	-	-	-	-	-
14.1 Asset held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED DEBTS	5.2.11	-	147,491	147,491	-	148,680	148,680
XVI. SHAREHOLDERS' EQUITY	5.2.12	22,886,187	129,982	23,016,169	21,450,349	190,836	21,641,185
16.1 Paid-in capital		4,200,000	-	4,200,000	4,196,934	-	4,196,934
16.2 Capital reserves		236,652	(310)	236,342	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		(485,313)	(9,118)	(494,431)	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)		(236,158)	8,808	(227,350)	(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		770,992	-	770,992	772,554	-	772,554
16.3 Profit reserves		14,905,627	130,292	15,035,919	11,310,643	73,922	11,384,565
16.3.1 Legal reserves		1,132,330	20,824	1,153,154	940,560	12,779	953,339
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		13,446,598	-	13,446,598	10,342,520	-	10,342,520
16.3.4 Other profit reserves		326,699	109,468	436,167	27,563	61,143	88,706
16.4 Profit or loss		3,381,090	-	3,381,090	3,331,073	-	3,331,073
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		3,381,090	-	3,381,090	3,331,073	-	3,331,073
16.5 Minority interest		162,818	-	162,818	140,524	-	140,524
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		121,129,049	100,353,237	221,482,286	104,253,660	75,525,714	179,779,374

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Off-Balance Sheet Items

At 31 December 2013

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2013			31 December 2012		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		106,001,199	164,304,183	270,305,382	77,043,440	176,308,745	253,352,185
I. GUARANTEES AND SURETIES	5.3.1	9,959,793	24,220,283	34,180,076	6,972,159	16,809,147	23,781,306
1.1 Letters of guarantee		9,952,371	13,925,359	23,877,730	6,960,107	9,892,574	16,852,681
1.1.1 Guarantees subject to State Tender Law		-	845,257	845,257	-	714,239	714,239
1.1.2 Guarantees given for foreign trade operations		1,134,793	334,609	1,469,402	438,392	310,798	749,190
1.1.3 Other letters of guarantee		8,817,578	12,745,493	21,563,071	6,521,715	8,867,537	15,389,252
1.2 Bank acceptances		6,898	631,191	638,089	5,028	715,868	720,896
1.2.1 Import letter of acceptance		6,898	631,191	638,089	5,028	715,868	720,896
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		524	9,583,809	9,584,333	7,024	6,134,405	6,141,429
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		524	9,583,809	9,584,333	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		-	79,924	79,924	-	66,300	66,300
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		34,726,851	14,570,721	49,297,572	34,012,313	76,773,791	110,786,104
2.1 Irrevocable commitments		34,656,889	14,484,130	49,141,019	23,957,472	9,843,686	33,801,158
2.1.1 Asset purchase and sale commitments		2,760,872	5,713,419	8,474,291	1,160,772	4,611,831	5,772,603
2.1.2 Deposit purchase and sale commitments		-	25,822	25,822	165	44,053	44,218
2.1.3 Share capital commitments to associates and subsidiaries		-	7,806	7,806	-	7,944	7,944
2.1.4 Loan granting commitments		5,488,327	7,692,268	13,180,595	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		2,658,736	-	2,658,736	1,994,132	-	1,994,132
2.1.8 Tax and fund obligations on export commitments		15,211	-	15,211	18,075	-	18,075
2.1.9 Commitments for credit card limits		22,259,533	123,270	22,382,803	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	921,545	2,395,755	1,474,210	803,232	2,277,442
2.2 Revocable commitments		69,962	86,591	156,553	10,054,841	66,930,105	76,984,946
2.2.1 Revocable loan granting commitments		25,504	2,447	27,951	9,989,798	66,755,866	76,745,664
2.2.2 Other revocable commitments		44,458	84,144	128,602	65,043	174,239	239,282
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	61,314,555	125,513,179	186,827,734	36,058,968	82,725,807	118,784,775
3.1 Derivative financial instruments held for risk management		5,536,346	1,632,486	7,168,832	-	-	-
3.1.1 Fair value hedges		2,928,361	996,486	3,924,847	-	-	-
3.1.2 Cash flow hedges		2,607,985	636,000	3,243,985	-	-	-
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		55,778,209	123,880,693	179,658,902	36,058,968	82,725,807	118,784,775
3.2.1 Forward foreign currency purchases/sales		8,681,586	10,547,606	19,229,192	4,148,423	5,665,366	9,813,789
3.2.1.1 Forward foreign currency purchases		2,946,679	6,695,948	9,642,627	1,552,077	3,299,650	4,851,727
3.2.1.2 Forward foreign currency sales		5,734,907	3,851,658	9,586,565	2,596,346	2,365,716	4,962,062
3.2.2 Currency and interest rate swaps		24,588,644	71,140,308	95,728,952	15,734,524	51,561,510	67,296,034
3.2.2.1 Currency swaps-purchases		13,139,524	25,155,421	38,294,945	6,091,801	18,313,154	24,404,955
3.2.2.2 Currency swaps-sales		8,051,552	26,315,403	34,366,955	5,951,723	17,015,822	22,967,545
3.2.2.3 Interest rate swaps-purchases		1,698,784	9,834,742	11,533,526	2,045,500	7,922,847	9,968,347
3.2.2.4 Interest rate swaps-sales		1,698,784	9,834,742	11,533,526	1,645,500	8,309,687	9,955,187
3.2.3 Currency, interest rate and security options		22,361,048	35,441,812	57,802,860	16,122,403	22,558,686	38,681,089
3.2.3.1 Currency call options		11,061,233	16,118,387	27,179,620	7,411,998	10,703,688	18,115,686
3.2.3.2 Currency put options		11,268,589	17,441,706	28,710,295	8,643,650	9,864,549	18,508,199
3.2.3.3 Interest rate call options		-	1,879,221	1,879,221	-	1,857,738	1,857,738
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		29,776	1,249	31,025	61,630	57,485	119,115
3.2.3.6 Security put options		1,450	1,249	2,699	5,125	75,226	80,351
3.2.4 Currency futures		110,122	182,913	293,035	28,384	183,525	211,909
3.2.4.1 Currency futures-purchases		-	182,913	182,913	28,384	155,278	183,662
3.2.4.2 Currency futures-sales		110,122	-	110,122	-	28,247	28,247
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		36,809	6,568,054	6,604,863	25,234	2,756,720	2,781,954
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		479,525,342	331,728,028	811,253,370	397,827,359	244,085,823	641,913,182
IV. ITEMS HELD IN CUSTODY		38,639,963	22,263,030	60,902,993	41,550,918	18,898,720	60,449,638
4.1 Customers' securities held		7,870,431	6,805	7,877,236	10,606,671	3,666	10,610,337
4.2 Investment securities held in custody		20,613,851	4,917,858	25,531,709	20,865,091	3,906,395	24,771,486
4.3 Checks received for collection		8,350,606	1,783,003	10,133,609	8,189,784	1,398,694	9,588,478
4.4 Commercial notes received for collection		1,728,469	823,208	2,551,677	1,691,573	1,064,089	2,755,662
4.5 Other assets received for collection		40,495	12,637,870	12,678,365	45,605	10,387,378	10,432,983
4.6 Assets received through public offering		-	52,622	52,622	-	43,517	43,517
4.7 Other items under custody		36,111	2,041,664	2,077,775	152,194	2,094,981	2,247,175
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		440,885,379	309,464,998	750,350,377	356,276,441	225,187,103	581,463,544
5.1 Securities		1,621,409	12,045	1,633,454	2,103,397	7,248	2,110,645
5.2 Guarantee notes		42,781,340	12,108,353	54,889,693	41,326,572	10,005,309	51,331,881
5.3 Commodities		6,531	-	6,531	3,620	-	3,620
5.4 Warranties		-	1,293,355	1,293,355	-	1,171,673	1,171,673
5.5 Real estates		79,754,153	68,167,820	147,921,973	61,085,082	53,499,553	114,584,635
5.6 Other pledged items		316,721,776	227,882,959	544,604,735	251,757,600	160,502,935	412,260,535
5.7 Pledged items-depository		170	466	636	170	385	555
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		585,526,541	496,032,211	1,081,558,752	474,870,799	420,394,568	895,265,367

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2013- 31 December 2013	PRIOR PERIOD 1 January 2012- 31 December 2012
I. INTEREST INCOME	5.4.1		13,912,537	13,826,350
1.1 Interest income on loans			9,649,769	9,034,038
1.2 Interest income on reserve deposits			2,892	4,082
1.3 Interest income on banks			196,226	272,945
1.4 Interest income on money market transactions			2,416	3,752
1.5 Interest income on securities portfolio			3,526,717	4,003,400
1.5.1 Trading financial assets			44,948	37,077
1.5.2 Financial assets valued at fair value through profit or loss			-	-
1.5.3 Financial assets available-for-sale			2,891,877	3,663,003
1.5.4 Investments held-to-maturity			589,892	303,320
1.6 Financial lease income			289,234	239,737
1.7 Other interest income			245,283	268,396
II. INTEREST EXPENSE	5.4.2		6,779,637	7,406,098
2.1 Interest on deposits			4,671,629	5,201,252
2.2 Interest on funds borrowed			1,027,382	1,069,521
2.3 Interest on money market transactions			571,228	803,007
2.4 Interest on securities issued			483,204	320,733
2.5 Other interest expenses			26,194	11,585
III. NET INTEREST INCOME (I - II)			7,132,900	6,420,252
IV. NET FEES AND COMMISSIONS INCOME			2,664,906	2,071,374
4.1 Fees and commissions received			3,205,754	2,579,802
4.1.1 Non-cash loans			228,738	190,245
4.1.2 Others			2,977,016	2,389,557
4.2 Fees and commissions paid			540,848	508,428
4.2.1 Non-cash loans			2,069	2,346
4.2.2 Others			538,779	506,082
V. DIVIDEND INCOME	5.4.3		10,488	2,923
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4		444,886	604,726
6.1 Trading account income/losses (Net)			291,639	610,211
6.2 Income/losses from derivative financial instruments (Net)			(216,335)	(441,091)
6.3 Foreign exchange gains/losses (Net)			369,582	435,606
VII. OTHER OPERATING INCOME	5.4.5		936,109	661,645
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)			11,189,289	9,760,920
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6		1,939,372	1,397,501
X. OTHER OPERATING EXPENSES (-)	5.4.7		4,796,858	4,056,382
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)			4,453,059	4,307,037
XII. INCOME RESULTED FROM MERGERS			-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING			-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	5.4.8		4,453,059	4,307,037
XVI. PROVISION FOR TAXES (±)	5.4.9		1,047,610	947,993
16.1 Current tax charge			660,000	1,301,058
16.2 Deferred tax charge/(credit)			387,610	(353,065)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10		3,405,449	3,359,044
XVIII. INCOME FROM DISCONTINUED OPERATIONS			-	-
18.1 Income from assets held for sale			-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures			-	-
18.3 Others			-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)			-	-
19.1 Expenses on assets held for sale			-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-
19.3 Others			-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	5.4.8		-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	5.4.9		-	-
21.1 Current tax charge			-	-
21.2 Deferred tax charge/(credit)			-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	5.4.10		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	5.4.11		3,405,449	3,359,044
23.1 Equity holders of the bank			3,381,090	3,331,073
23.2 Minority interest			24,359	27,971
Earnings per Share			0.805	0.794

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2013 - 31 December 2013	PRIOR PERIOD 1 January 2012 - 31 December 2012
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(1,975,775)	1,236,659
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	326,372	(4,500)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	49,054	486
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(211,216)	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(2,092)	-
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	377,670	(235,830)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(1,435,987)	996,815
XI.	CURRENT PERIOD PROFIT/LOSSES	3,405,449	3,359,044
1.1	Net changes in fair value of securities (transferred to income statement)	489,788	(8,753)
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	2,915,661	3,367,797
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,969,462	4,355,859

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)																	
			Paid-In Capital	Other Capital Reserves	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD - 1 January-31 December 2012																				
I.	Balances at beginning of the period	5.5	4,198,641	772,554	11,880	-	754,627	-	8,016,504	69,688	-	3,326,299	92,933	598,953	947	(55,766)	-	17,787,260	112,527	17,899,787
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	(9,160)	-	-	(3,594)	-	-	-	-	(12,754)	-	(12,754)
2.1.	Effect of corrections		-	-	-	-	-	-	-	(9,160)	-	-	(3,594)	-	-	-	-	(12,754)	-	(12,754)
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	-	8,007,344	69,688	-	3,322,705	92,933	598,953	947	(55,766)	-	17,774,506	112,527	17,887,033
Changes during the period																				
IV.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	1,000,900	-	-	-	-	1,000,900	26	1,000,926
6.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	389	-	389	-	389
6.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	389	-	389	-	389
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	(1,707)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,707)	-	(1,707)	
XIX.	Current period net profit/loss	-	-	-	-	-	-	-	-	3,331,073	-	-	-	-	-	-	3,331,073	27,971	3,359,044	
XX.	Profit distribution	-	-	-	-	198,829	-	2,335,176	23,401	-	(3,322,705)	-	165,299	-	-	-	(600,000)	-	(600,000)	
20.1.	Dividends	-	-	-	-	-	-	-	-	-	(600,000)	-	-	-	-	-	(600,000)	-	(600,000)	
20.2.	Transfers to reserves	-	-	-	-	198,829	-	2,335,176	-	-	(2,506,288)	-	(27,717)	-	-	-	-	-	-	
20.3.	Others	-	-	-	-	-	-	-	23,401	-	(216,417)	-	193,016	-	-	-	-	-	-	
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)			4,196,934	772,554	11,880	-	953,339	-	10,342,520	88,706	3,331,073	-	1,093,833	764,252	947	(55,377)	-	21,500,661	140,524	21,641,185
CURRENT PERIOD - 1 January-31 December 2013																				
I.	Balances at beginning of the period	5.5	4,196,934	772,554	11,880	-	953,339	-	10,342,520	88,706	-	3,331,073	1,093,833	764,252	947	(55,377)	-	21,500,661	140,524	21,641,185
Changes during the period																				
II.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV.	Hedging reserves		-	-	-	-	-	-	-	211,216	-	-	(1,588,264)	-	-	-	-	(1,588,264)	(30)	(1,588,294)
4.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,243	-	39,243
4.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	211,216	-	-	-	-	-	-	-	39,243	-	39,243
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes resulted from disposal of assets		-	-	-	-	3,852	-	-	111,304	-	-	-	-	-	-	-	115,156	-	115,156
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	(1,562)	-	-	-	-	-	-	-	-	-	-	-	-	-	1,504	45	1,549	
XVII.	Current period net profit/loss	-	-	-	-	-	-	-	-	3,381,090	-	-	-	-	-	-	3,381,090	24,359	3,405,449	
XVIII.	Profit distribution	-	-	-	-	195,933	-	3,103,676	24,941	-	(3,331,073)	-	(589,948)	-	-	-	(596,471)	(1,073)	(597,544)	
18.1.	Dividends	-	-	-	-	-	-	-	-	-	(596,471)	-	-	-	-	-	(596,471)	-	(597,544)	
18.2.	Transfers to reserves	-	-	-	-	195,933	-	3,103,676	-	-	(2,709,661)	-	(589,948)	-	-	-	-	-	-	
18.3.	Others	-	-	-	-	-	-	-	24,941	-	(24,941)	-	-	-	-	-	-	-	-	
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)			4,200,000	770,992	11,880	-	1,153,154	-	13,446,598	436,167	3,381,090	-	(494,431)	174,304	947	(227,350)	-	22,853,351	162,818	23,016,169

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2013 31 December 2013	1 January 2012 31 December 2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	5,189,820	4,469,055
1.1.1 Interests received		14,462,443	13,309,968
1.1.2 Interests paid		(6,701,832)	(7,461,303)
1.1.3 Dividend received		5,178	2,865
1.1.4 Fees and commissions received		3,205,754	2,579,802
1.1.5 Other income		1,090,204	574,631
1.1.6 Collections from previously written-off loans and other receivables		42,670	45,487
1.1.7 Payments to personnel and service suppliers		(4,011,201)	(3,321,371)
1.1.8 Taxes paid		(1,061,732)	(1,233,541)
1.1.9 Others		(1,841,664)	(27,483)
1.2 Changes in operating assets and liabilities	5.6	(5,014,508)	(6,956,496)
1.2.1 Net (increase) decrease in financial assets held for trading		31,310	564,232
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		(6,672,787)	(4,543,056)
1.2.4 Net (increase) decrease in loans		(29,438,476)	(10,214,667)
1.2.5 Net (increase) decrease in other assets		(3,236,064)	(2,480,232)
1.2.6 Net increase (decrease) in bank deposits		1,145,086	2,489,134
1.2.7 Net increase (decrease) in other deposits		20,161,826	2,138,546
1.2.8 Net increase (decrease) in funds borrowed		10,233,232	2,978,520
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		2,761,365	2,111,027
I. Net cash flow from banking operations	5.6	175,312	(2,487,441)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(2,193,072)	(2,204,779)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(10,540)	(1,211)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	3
2.3 Purchases of tangible assets		(502,519)	(264,331)
2.4 Sales of tangible assets		98,924	139,056
2.5 Cash paid for purchase of financial assets available-for-sale, net		(20,260,148)	(13,220,008)
2.6 Cash obtained from sale of financial assets available-for-sale, net		21,477,789	7,638,462
2.7 Cash paid for purchase of investments held-to-maturity		(3,493,404)	(9,557)
2.8 Cash obtained from sale of investments held-to-maturity		496,826	3,512,807
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		4,069,424	1,872,950
3.1 Cash obtained from funds borrowed and securities issued		11,296,507	8,416,744
3.2 Cash used for repayment of funds borrowed and securities issued		(6,628,211)	(5,943,692)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(597,544)	(600,000)
3.5 Payments for financial leases		(1,328)	(102)
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		905,527	(429,290)
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	2,957,191	(3,248,560)
VI. Cash and cash equivalents at beginning of period	5.6	5,826,911	9,075,471
VII. Cash and cash equivalents at end of period (V+VI)	5.6	8,784,102	5,826,911

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 instruments 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 that may incur due to short-term structure of funding, 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 expenses 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 31 December 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 and RPV Company are special purpose entities established for the parent Bank's securitization transactions, and consolidated in the accompanying consolidated financial statements. The Bank or any of its affiliates does not have any shareholding interests in these companies.

3.4 Forwards, options and other derivative transactions

As per the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement"; forward foreign currency purchases/sales, swaps, options and futures are classified as either "hedging purposes" or "trading purposes".

3.4.1 Derivative financial instruments held for trading

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.

Derivatives are initially recorded in off-balance sheet accounts at their purchase costs including the transaction costs. Subsequently, 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 depending on the fair values being positive or negative. Fair value changes for trading 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.

3.4.2 Derivative financial instruments held for risk management

The Bank and its consolidated financial affiliates enter into interest rate and cross currency swap transactions in order to hedge the changes in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in income statement. If the hedging is effective, the changes in fair value of the hedged item is presented in statement of financial position together with the fixed-rate loan, and in case of the fixed-rate financial assets available for sale, such changes are reclassified from shareholders' equity to income statement.

The Bank and its consolidated financial affiliates enter into interest rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under hedging reserves in shareholders' equity, and the ineffective portion is recognised in income statement. The changes recognized in shareholders' equity is removed and included in income statement in the same period when the hedged cash flows effect the income or loss.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the "Dollar off-set model" and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to income statement over the life of the hedged item from that date of the hedge accounting is discontinued. While discontinuing cash flow hedge accounting, the cumulative gains/losses recognised in shareholders' equity and presented under hedging reserves are continued to be kept in this account. When the cash flows of hedged item are recognised in income statement, the gain/losses accounted for under shareholders' equity are recognised in income statement.

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 initially recorded at their purchase costs including the transaction costs.

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

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

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

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

Financial assets available-for-sale are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued at amortized costs by using the discounting method with 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 value and the discounted values are recorded in “securities value increase fund” under the shareholders’ equity. In case of sales, the 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.

Provisions made during the period are recorded under "provision for losses on loans and other receivables". Provisions booked in the prior periods and relased in the current year are recorded under "other operating income."

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 then 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 sale 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 of tangible assets are:

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

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

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

Investment properties

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

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

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

	31 December 2013	31 December 2012
Net Effective Discount Rate	2.69-3.28%	2.18-3.28%
Discount Rate	9.21-9.64%	6.95-7.49%
Expected Rate of Salary Increase	6.18-7.73%	5.00-6.17%
Inflation Rate	6.16-6.47%	4.67-5.00%

In the above table, the ranges of effective rates are presented for the Bank and its financial affiliates subject to the labour law, whereas the rates applied for the calculations 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.

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS19.

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 no. 506. These contributions are as follows:

	31 December 2013	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

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

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

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

March 2011 and published in the Official Gazette no. 27900 dated 9 April 2011 as per the decision of the Council of Ministers no. 2011/1559, and as per the letter no. 150 of the Ministry of Labor and Social Security dated 24 February 2011 and according to the provisional article 20 of the Social Security and Public Health Insurance Law no.5510.

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

b) Other benefits not transferable to SSF

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

The actuarial gains/losses are recognised under shareholders’ equity as per the revised TAS19.

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

3.18 Taxation

3.18.1 Corporate tax

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

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

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings. In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

LUXEMBOURG

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 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

The Bank, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

In cases where such funds are valued at their amortised costs and such application results in measurement or accounting inconsistencies due to having the relevant financial instruments valued using different methods or the related gains or losses are recorded differently, such fundings are valued and recorded at their fair values as per TAS 39 in order to minimise or prevent such inconsistencies.

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

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

3.23 Segment reporting

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

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

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

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

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

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

<i>Current Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,988,152	3,394,211	2,372,456	1,423,982	11,178,801
Other	-	-	-	-	-
Total Operating Profit	3,988,152	3,394,211	2,372,456	1,423,982	11,178,801
Net Operating Profit	737,626	1,833,011	2,202,046	(330,112)	4,442,571
Income from Associates and Subsidiaries	-	-	-	10,488	10,488
Net Operating Profit	737,626	1,833,011	2,202,046	(319,624)	4,453,059
Provision for Taxes	-	-	-	1,047,610	1,047,610
Net Profit	737,626	1,833,011	2,202,046	(1,367,234)	3,405,449
Segment Assets	44,617,958	85,076,353	68,174,864	23,460,531	221,329,706
Investments in Associates and Subsidiaries	-	-	-	152,580	152,580
Total Assets	44,617,958	85,076,353	68,174,864	23,613,111	221,482,286
Segment Liabilities	73,596,647	44,006,379	60,864,581	19,998,510	198,466,117
Shareholders' Equity	-	-	-	23,016,169	23,016,169
Total Liabilities and Shareholders' Equity	73,596,647	44,006,379	60,864,581	43,014,679	221,482,286
Other Segment Items					
Capital Expenditures	-	-	-	541,532	541,532
Depreciation Expenses	140,309	69,026	5,737	29,300	244,372
Impairment Losses	970,842	662,945	36,616	273,177	1,943,580
Other Non-Cash Income/Expenses	127,890	94,500	(2,675,611)	380,932	(2,072,289)
Restructuring Costs	-	-	-	-	-

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,067,513	3,302,018	1,700,349	1,688,117	9,757,997
Other	-	-	-	-	-
Total Operating Profit	3,067,513	3,302,018	1,700,349	1,688,117	9,757,997
Net Operating Profit	637,690	1,795,865	1,525,521	345,038	4,304,114
Income from Associates and Subsidiaries	-	-	-	2,923	2,923
Net Operating Profit	637,690	1,795,865	1,525,521	347,961	4,307,037
Provision for Taxes	-	-	-	947,993	947,993
Net Profit	637,690	1,795,865	1,525,521	(600,032)	3,359,044
Segment Assets	34,253,386	66,686,271	61,037,515	17,633,928	179,611,100
Investments in Associates and Subsidiaries	-	-	-	168,274	168,274
Total Assets	34,253,386	66,686,271	61,037,515	17,802,202	179,779,374
Segment Liabilities	62,139,441	33,704,733	46,011,331	16,282,684	158,138,189
Shareholders' Equity	-	-	-	21,641,185	21,641,185
Total Liabilities and Shareholders' Equity	62,139,441	33,704,733	46,011,331	37,923,869	179,779,374
Other Segment Items					
Capital Expenditures	-	-	-	261,242	261,242
Depreciation Expenses	102,959	52,610	3,122	66,898	225,589
Impairment Losses	603,526	643,099	(48,377)	211,909	1,410,157
Other Non-Cash Income/Expenses	50,546	102,336	1,213,882	249,716	1,616,480
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

The effects of corrections made by the Bank for the calculation of SDIF premiums between the years 2007-2012 on the prior periods' consolidated financial statements, are presented below:

	Reported 31 December 2011	Correction	Adjusted 31 December 2011
Other provisions	594,654	15,945	610,599
Current tax liability	288,722	(3,189)	285,533
Extraordinary reserves	8,016,504	(9,160)	8,007,344
Current period net profit/loss	3,345,806	(3,594)	3,342,212

	Reported 31 December 2012	Correction	Adjusted 31 December 2012
Other provisions	671,973	19,702	691,675
Current tax liability	584,831	(3,941)	580,890
Extraordinary reserves	10,355,274	(12,754)	10,342,520
Current period net profit/loss	3,362,051	(3,007)	3,359,044

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 13.70% (2012: 16.86%) as of 31 December 2013 (unconsolidated capital adequacy ratio: 14.42% (31 December 2012: 18.09%)).

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	-	-	1,854,004	14,643,130	19,982,123	82,326,561	5,000,216	24,059,034	664,205
Exposure Categories	51,971,249	-	9,270,022	29,286,260	26,642,831	82,326,561	3,333,477	12,029,517	265,682
Conditional and unconditional exposures to central governments or central banks	50,354,334	-	3	3,442,625	-	6,849	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	40,082	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	43	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,453,942	6,874,026	-	11,950	-	-	-
Conditional and unconditional exposures to corporates	-	-	770,648	1,290,840	-	70,988,621	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	26,642,831	5,476,494	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	17,676,198	-	-	-	-	-
Past due items	-	-	-	2,571	-	337,955	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	13,269	3,333,477	12,029,517	265,682
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	1,616,915	-	5,347	-	-	5,491,380	-	-	-

<i>Prior Period</i>	Risk Weights								
	Parent Bank Only								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>1250%</i>
Value at Credit Risk	-	-	845,544	10,808,347	22,837,083	57,750,707	4,734,597	8,791,156	-
Exposure Categories	53,152,361	-	4,227,718	21,616,694	30,449,444	57,750,707	3,156,398	4,395,578	-
Conditional and unconditional exposures to central governments or central banks	51,909,957	-	24	2,392,452	-	7,402	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	38	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	46,478	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	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>	Risk Weights								
	Consolidated								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>1250%</i>
Value at Credit Risk	-	-	2,054,001	17,178,502	21,255,722	92,774,743	5,371,476	25,251,712	852,540
Exposure Categories	58,030,029	-	10,270,006	34,357,004	28,340,963	92,774,743	3,580,984	12,625,856	341,016
Conditional and unconditional exposures to central governments or central banks	53,566,751	-	3	3,932,471	-	6,849	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	40,082	50,102	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	877	-	-	-
Conditional and unconditional exposures to multilateral development banks	5,801	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	9,019,016	10,110,763	-	109,407	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,205,558	1,670,497	-	82,110,496	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	28,340,963	5,486,546	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	18,490,800	-	-	-	-	-
Past due items	-	-	-	2,571	-	679,872	-	-	-
Items in regulatory high-risk categories	-	-	-	6,048	-	122,204	3,580,984	12,625,856	341,016
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	2,725,817	-	-	93,752	-	1,429,755	-	-	-
Other items	1,731,660	-	5,347	-	-	2,828,737	-	-	-

<i>Prior Period</i>	Risk Weights								
	Consolidated								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>1250%</i>
Value at Credit Risk	-	-	1,051,254	12,231,121	24,421,547	66,123,832	5,089,893	8,791,156	-
Exposure Categories	58,232,362	-	5,256,272	24,462,242	32,562,063	66,123,832	3,393,262	4,395,578	-
Conditional and unconditional exposures to central governments or central banks	54,477,421	-	24	2,677,220	-	7,402	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	38	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	46,479	-	-	-
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	-	209,030	-	-	-
Conditional and unconditional exposures to corporates	-	-	838,427	1,129,694	-	62,221,688	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	32,562,063	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	12,420,300	-	-	-	-	-
Past due items	-	-	-	127	-	402,115	-	-	-
Items in regulatory high-risk categories	-	-	-	352	-	10,416	3,393,262	4,395,578	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2,446,626	-	-	61,185	-	831,357	-	-	-
Other items	1,303,104	-	5,062	-	-	2,395,345	-	-	-

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	
	<i>Current Period</i>	<i>Prior Period</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11,882,342	8,461,395
Capital Requirement for Market Risk (MRCR)	301,025	90,480
Capital Requirement for Operational Risk (ORCR)	1,067,735	1,043,016
Shareholders' Equity ^(*)	23,882,776	21,698,837
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	14.42%	18.09%

	Consolidated	
	<i>Current Period</i>	<i>Prior Period</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	13,179,096	9,416,704
Capital Requirement for Market Risk (MRCR)	292,299	141,604
Capital Requirement for Operational Risk (ORCR)	1,209,317	1,157,575
Shareholders' Equity ^(*)	25,147,997	22,583,562
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	13.70 %	16.86%

^(*) The prior period's shareholders' equity balances and capital adequacy ratios are revised according to the corrections made by the parent Bank.

4.1.4 Components of consolidated shareholders' equity

	Current Period	Prior Period^(**)
CORE CAPITAL		
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	14,599,752	11,295,859
Profit	3,381,090	3,331,073
Current Period's Profit	3,381,090	3,331,073
Prior Periods' Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	335,000	450,000
Income on Sale of Equity Shares and Real Estates	172,164	762,112
Primary Subordinated Debts	-	-
Minority Interest	162,785	140,462
Loss (excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Periods' Losses	-	-
Leasehold Improvements on Operational Leases (-)	109,831	110,049
Intangible Assets (-)	97,642	76,321
Deferred Tax Asset in Excess of 10% of Core Capital (-)	-	-
Limit Excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Goodwill (Net) (-)	6,388	6,388
Total Core Capital	23,421,364	20,768,116
SUPPLEMENTARY CAPITAL		
General Provisions	2,037,837	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 Period's Profit	947	947
Primary Subordinated Debts excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debts	146,050	116,050
45% of Securities Value Increase Fund ^(*)	(533,709)	491,398
Minority Interest	15	28
Other Reserves	207,255	33,329
Total Supplementary Capital	1,859,358	1,984,805
CAPITAL	25,280,722	22,752,921
DEDUCTIONS FROM CAPITAL	132,725	169,359
Unconsolidated Investments in Entities Operating in Banking and Financial Sectors	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	66,966	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	41	-
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	33,929	34,732
Securitization Positions to be Deducted from Equity	-	-
Other Deduction Items	31,789	92,851
TOTAL SHAREHOLDERS' EQUITY	25,147,997	22,583,562

^(*) 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.

^(**) In prior period, the changes disclosed in note 3.24.1 are included.

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

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

Accordingly, the Bank's prospective internal capital requirements as per its 2013 capital structure and 2014 targets and strategies, have been assessed considering its operations and risks. This assessment includes the interest rate risk, liquidity risk, reputational risk, residual risk, concentration risk, strategy risk, and country and transfer risks arising from banking activities besides the market, credit and operational risks directly affecting its legal capital adequacy ratio. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set.

4.2 Consolidated credit risk

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

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

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

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

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

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

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

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

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

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

	<i>Current Period</i>	<i>Prior Period</i>
	%	%
Above Average	40.14	40.07
Average	54.39	53.04
Below Average	5.47	6.89
Total	100.00	100.00

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

Exposure Categories	Current Period ^(*)	Average ^(**)
Conditional and unconditional exposures to central governments or central banks	58,540,858	57,859,448
Conditional and unconditional exposures to regional governments or local authorities	90,184	42,445
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	992	12,238
Conditional and unconditional exposures to multilateral development banks	5,801	5,530
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	37,589,143	30,269,017
Conditional and unconditional exposures to corporates	90,016,193	78,960,415
Conditional and unconditional retail exposures	34,559,816	35,418,754
Conditional and unconditional exposures secured by real estate property	18,599,094	16,703,012
Past due items	682,730	528,138
Items in regulatory high-risk categories	16,879,291	12,393,854
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	4,249,324	3,922,511
Other items	4,565,744	4,102,863

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

^(**) Average risk amounts are the arithmetical averages of the amounts in quarterly reports prepared as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

Exposure Categories	Prior Period ^(*)	Average ^(**)
Conditional and unconditional exposures to central governments or central banks	59,642,012	56,205,685
Conditional and unconditional exposures to regional governments or local authorities	39	47
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	46,479	48,952
Conditional and unconditional exposures to multilateral development banks	5,211	2,606
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	28,320,449	23,751,992
Conditional and unconditional exposures to corporates	67,853,500	66,339,199
Conditional and unconditional retail exposures	33,359,534	33,212,597
Conditional and unconditional exposures secured by real estate property	12,480,755	11,984,478
Past due items	411,663	407,554
Items in regulatory high-risk categories	7,902,657	7,426,101
Exposures in the form of bonds secured by mortgages	-	-
Securitisation positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	3,339,168	3,216,000
Other items	3,703,511	3,646,083

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

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

The parent Bank and its financial affiliates' largest 100 and 200 cash loan customers compose 22.76 % (31 December 2012: 22.33%) and 29.16% (31 December 2012: 29.10%) of the total cash loan portfolio, respectively.

The parent Bank and its financial affiliates' largest 100 and 200 non-cash loan customers compose 53.71% (31 December 2012: 51.43%) and 64.19% (31 December 2012: 62.03%) of the total non-cash loan portfolio, respectively.

The parent Bank and its financial affiliates' largest 100 ve 200 cash and non-cash loan customers represent 8.18% (31 December 2012: 6.63%) and 10.55% (31 December 2012: 8.79%) of the total "on and off balance sheet" assets, respectively.

The general provision for consolidated credit risk amounts to TL 2,037,837 thousands (31 December 2012: TL 1,342,090 thousands).

4.2.1 Profile of significant exposures in major regions

<i>Current Period</i> ^(****)	Exposure Categories ^(*)							Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	
Domestic	54,559,300	15,441,858	79,754,069	33,485,519	17,814,783	15,916,175	8,808,564	225,780,268
European Union (EU) Countries	3,521,243	19,379,578	5,448,831	842,687	776,563	829,559	199,322	30,997,783
OECD Countries ^(**)	62	178,099	1,480,367	2,916	2,082	100	-	1,663,626
Off-Shore Banking Regions	-	5,324	488,979	5,013	-	1,703	27,208	528,227
USA, Canada	680	1,438,803	864,585	29,175	961	2,614	10,189	2,347,007
Other Countries	459,573	1,141,437	1,978,514	194,506	4,705	129,140	14,725	3,922,600
Associates, Subsidiaries and Joint –Ventures	-	4,044	848	-	-	-	11,797	16,689
Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	522,970	522,970
Total	58,540,858	37,589,143	90,016,193	34,559,816	18,599,094	16,879,291	9,594,775	265,779,170

<i>Prior Period</i> ^(****)	Exposure Categories ^(*)							Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	
Domestic	56,391,251	12,785,589	60,909,400	31,980,197	11,716,554	7,763,175	6,723,003	188,269,169
European Union (EU) Countries	2,982,280	13,237,570	4,158,466	1,118,811	716,861	64,371	93,197	22,371,556
OECD Countries ^(**)	7	123,689	318,723	3,105	878	12,166	1	458,569
Off-Shore Banking Regions	104,407	2,986	274,436	190,656	2,408	59,416	25,062	659,371
USA, Canada	373	879,558	465,809	18,099	2,041	563	5,249	1,371,692
Other Countries	163,694	1,288,581	1,726,000	48,666	42,013	2,966	241,181	3,513,101
Associates, Subsidiaries and Joint –Ventures	-	2,476	666	-	-	-	147,174	150,316
Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	271,204	271,204
Total	59,642,012	28,320,449	67,853,500	33,359,534	12,480,755	7,902,657	7,506,071	217,064,978

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

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

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

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

4.2.2 Risk profile by sectors or counterparties

Current Period (**)	Exposure Categories (*)															TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15			
Agriculture	-	-	319	-	-	-	968,442	409,026	271,590	20,391	48,609	-	-	-	-	906,614	811,763	1,718,377
Farming and Stockbreeding	-	-	-	-	-	-	918,218	388,079	257,507	19,790	47,258	-	-	-	-	850,429	780,423	1,630,852
Forestry	-	-	319	-	-	-	16,746	14,982	8,265	549	590	-	-	-	-	22,892	18,559	41,451
Fishery	-	-	-	-	-	-	33,478	5,965	5,818	52	761	-	-	-	-	33,293	12,781	46,074
Manufacturing	-	1,688	-	-	-	-	36,960,004	2,837,910	2,509,080	170,203	448,600	-	-	-	-	12,511,267	30,416,218	42,927,485
Mining and Quarrying	-	-	-	-	-	-	1,565,923	140,179	88,279	12,929	27,758	-	-	-	-	572,048	1,263,020	1,835,068
Production	-	-	-	-	-	-	18,831,917	2,644,277	2,372,178	156,646	417,964	-	-	-	-	10,700,455	13,722,527	24,422,982
Electricity, Gas and Water	-	1,688	-	-	-	-	16,562,164	53,454	48,623	628	2,878	-	-	-	-	1,238,764	15,430,671	16,669,435
Construction	-	27,147	-	-	-	-	7,763,883	1,331,386	1,947,012	78,226	172,338	-	-	-	-	5,013,450	6,306,542	11,319,992
Services	346	376	-	5,801	-	37,561,545	32,170,376	6,619,991	5,967,967	305,415	741,214	-	-	-	-	39,596,239	43,776,792	83,373,031
Wholesale and Retail Trade	337	-	-	-	-	-	13,143,384	5,002,174	3,402,760	171,990	536,115	-	-	-	-	13,978,059	8,278,701	22,256,760
Accommodation and Dining	-	-	-	-	-	-	2,873,195	341,465	1,265,373	50,691	52,857	-	-	-	-	1,173,668	3,409,913	4,583,581
Transportation and Telecommunication	-	376	-	-	-	-	9,386,591	884,567	472,549	66,260	82,113	-	-	-	-	2,486,853	8,405,603	10,892,456
Financial Institutions	-	-	-	5,801	-	37,561,545	3,884,852	56,810	23,506	1,322	21,455	-	-	-	-	20,407,243	21,148,048	41,555,291
Real Estate and Rental Services	-	-	-	-	-	-	1,103,459	56,887	441,342	7,214	7,646	-	-	-	-	318,626	1,297,922	1,616,548
Professional Services	-	-	-	-	-	-	-	947	-	-	7	-	-	-	-	-	954	954
Educational Services	1	-	-	-	-	-	251,882	64,366	144,172	1,049	10,311	-	-	-	-	351,677	120,104	471,781
Health and Social Services	8	-	-	-	-	-	1,527,013	212,775	218,265	6,889	30,710	-	-	-	-	880,113	1,115,547	1,995,660
Others	58,540,512	60,973	673	-	-	27,598	12,153,488	23,361,503	7,903,445	108,495	15,468,530	-	-	4,249,324	4,565,744	88,540,326	37,899,959	126,440,285
Total	58,540,858	90,184	992	5,801	-	37,589,143	90,016,193	34,559,816	18,599,094	682,730	16,879,291	-	-	4,249,324	4,565,744	146,567,896	119,211,274	265,779,170

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

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

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates

Consolidated Financial Report as of and
for the Year Ended 31 December 2013
(Thousands of Turkish Lira (TL))

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

<i>Prior Period</i> (**)	Exposure Categories (*)															TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15			
Agriculture	-	-	-	-	-	-	1,140,754	403,332	193,986	13,037	37,359	-	-	-	-	839,449	949,019	1,788,468
Farming and Stockbreeding	-	-	-	-	-	-	1,043,065	372,487	176,892	12,675	36,167	-	-	-	-	776,139	865,147	1,641,286
Forestry	-	-	-	-	-	-	19,715	23,070	8,002	302	807	-	-	-	-	36,240	15,656	51,896
Fishery	-	-	-	-	-	-	77,974	7,775	9,092	60	385	-	-	-	-	27,070	68,216	95,286
Manufacturing	-	-	1	-	-	-	26,639,484	3,019,414	1,542,295	144,699	177,054	-	-	-	-	10,488,312	21,034,635	31,522,947
Mining and Quarrying	-	-	1	-	-	-	1,590,922	141,910	52,701	3,749	7,234	-	-	-	-	753,420	1,043,097	1,796,517
Production	-	-	-	-	-	-	15,946,991	2,826,112	1,442,894	140,682	168,548	-	-	-	-	9,011,200	11,514,027	20,525,227
Electricity, Gas and Water	-	-	-	-	-	-	9,101,571	51,392	46,700	268	1,272	-	-	-	-	723,692	8,477,511	9,201,203
Construction	-	-	-	-	-	-	6,343,286	1,429,118	1,356,076	33,817	100,178	-	-	-	-	3,839,996	5,422,479	9,262,475
Services	-	-	46,356	5,211	-	28,320,257	23,848,373	6,755,283	3,422,649	155,075	417,298	-	-	-	-	32,860,803	30,109,699	62,970,502
Wholesale and Retail Trade	-	-	46,321	-	-	-	9,874,572	5,061,542	2,140,651	86,631	265,132	-	-	-	-	11,207,349	6,267,500	17,474,849
Accommodation and Dining	-	-	31	-	-	-	2,376,302	342,773	501,298	5,064	41,937	-	-	-	-	822,559	2,444,846	3,267,405
Transportation and Telecommunication	-	-	-	-	-	-	7,095,330	847,196	385,530	54,516	65,813	-	-	-	-	1,989,452	6,458,933	8,448,385
Financial Institutions	-	-	-	5,211	-	28,320,257	2,671,677	56,399	17,029	1,219	10,220	-	-	-	-	17,554,632	13,527,380	31,082,012
Real Estate and Rental Services	-	-	-	-	-	-	506,845	53,063	165,554	694	2,775	-	-	-	-	114,137	614,794	728,931
Professional Services	-	-	-	-	-	-	191,067	66,509	8,071	3,277	5,686	-	-	-	-	138,302	136,308	274,610
Educational Services	-	-	1	-	-	-	213,278	74,262	41,585	613	4,878	-	-	-	-	232,853	101,762	334,615
Health and Social Services	-	-	3	-	-	-	919,302	253,541	162,931	3,061	20,857	-	-	-	-	801,519	558,176	1,359,695
Others	59,642,012	39	122	-	-	192	9,881,603	21,752,387	5,965,749	65,035	7,170,768	-	-	3,339,168	3,703,511	82,218,562	29,302,024	111,520,586
Total	59,642,012	39	46,479	5,211	-	28,320,449	67,853,500	33,359,534	12,480,755	411,663	7,902,657	-	-	3,339,168	3,703,511	130,247,122	86,817,856	217,064,978

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

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

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

4.2.3 Analysis of maturity-bearing exposures according to remaining maturities

<i>Current Period</i>		Term To Maturity					Demand	Total
Exposure Categories ^(*)		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
1	Conditional and unconditional exposures to central governments or central banks	3,341,438	18,463,954	2,920,464	3,449,021	26,126,642	4,239,339	58,540,858
2	Conditional and unconditional exposures to regional governments or local authorities	-	1,687	9,988	19,423	59,086	-	90,184
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	2	113	12	5	860	-	992
4	Conditional and unconditional exposures to multilateral development banks	-	-	-	-	5,801	-	5,801
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-
6	Conditional and unconditional exposures to banks and brokerage houses	12,036,731	3,063,045	1,599,080	3,140,419	10,981,536	6,768,332	37,589,143
7	Conditional and unconditional exposures to corporates	8,028,907	6,309,248	9,662,869	9,466,134	55,498,823	1,050,212	90,016,193
8	Conditional and unconditional retail exposures	8,366,371	4,482,427	8,457,856	2,907,771	10,112,793	232,598	34,559,816
9	Conditional and unconditional exposures secured by real estate property	699,594	704,752	1,298,720	1,342,397	14,456,025	97,606	18,599,094
10	Past due items	-	-	-	-	-	682,730	682,730
11	Items in regulatory high-risk categories	117,883	1,197	6,554	1,964,387	14,448,346	340,924	16,879,291
12	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-
13	Securitisation positions	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	4,249,324	4,249,324
16	Other items	-	-	-	-	-	4,565,744	4,565,744
Total		32,590,926	33,026,423	23,955,543	22,289,557	131,689,912	22,226,809	265,779,170

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

<i>Prior Period</i>		Term To Maturity					Demand	Total
Exposure Categories (*)		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
1	Conditional and unconditional exposures to central governments or central banks	6,571,151	13,841,235	5,834,636	9,326,868	21,897,424	2,170,698	59,642,012
2	Conditional and unconditional exposures to regional governments or local authorities	-	-	10	17	11	1	39
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	8	-	-	13	46,458	-	46,479
4	Conditional and unconditional exposures to multilateral development banks	-	-	-	-	5,211	-	5,211
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-
6	Conditional and unconditional exposures to banks and brokerage houses	11,273,827	2,526,585	2,361,670	2,090,007	9,214,295	854,065	28,320,449
7	Conditional and unconditional exposures to corporates	5,882,508	7,741,649	6,152,473	7,934,038	40,083,624	59,208	67,853,500
8	Conditional and unconditional retail exposures	3,209,515	14,229,619	1,660,344	1,501,199	12,660,814	98,043	33,359,534
9	Conditional and unconditional exposures secured by real estate property	292,819	1,076,742	408,275	808,739	9,894,180	-	12,480,755
10	Past due items	-	-	-	-	-	411,663	411,663
11	Items in regulatory high-risk categories	4,570	1,093	807	1,130,944	6,531,403	233,840	7,902,657
12	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-
13	Securitisation positions	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	3,339,168	3,339,168
16	Other items	-	-	-	-	-	3,703,511	3,703,511
Total		27,234,398	39,416,923	16,418,215	22,791,825	100,333,420	10,870,197	217,064,978

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

4.2.4 Exposure categories

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

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

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

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

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

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

4.2.5 Exposures by risk weights

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

<i>Current Period</i>										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Exposures before Credit Risk Mitigation	58,911,458	-	22,061,354	41,203,945	29,073,270	97,800,020	3,647,311	12,740,320	341,492	346,586
Exposures after Credit Risk Mitigation	58,030,029	-	10,270,006	34,357,004	28,340,963	92,774,743	3,580,984	12,625,856	341,016	346,586

<i>Prior Period</i>										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Exposures before Credit Risk Mitigation	60,624,091	-	15,406,816	29,993,536	33,359,534	69,789,117	3,434,155	4,457,730	-	362,117
Exposures after Credit Risk Mitigation	58,232,362	-	5,256,272	24,462,242	32,562,063	66,123,832	3,393,262	4,395,578	-	362,117

4.2.6 Information by major sectors and type of counterparties

As per the TAS and TFRS;

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

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

<i>Current Period</i>	Credit Risks			
Major Sectors/Counterparties	Impaired Credits	Past Due Credits	Value Adjustments	Specific Provisions
Agriculture	67,049	32,558	107	35,483
Farming and Stockbreeding	65,297	30,732	106	34,329
Forestry	1,471	1,782	-	987
Fishery	281	44	1	167
Manufacturing	1,046,747	319,071	1,209	639,513
Mining and Quarrying	35,319	23,417	152	17,302
Production	1,010,037	287,798	758	621,641
Electricity, Gas and Water	1,391	7,856	299	570
Construction	258,407	183,779	723	101,052
Services	1,518,883	674,436	2,484	677,565
Wholesale and Retail Trade	1,130,381	450,794	1,796	456,999
Accommodation and Dining	174,100	57,543	182	100,216
Transportation and Telecommunication	173,063	91,462	356	93,792
Financial Institutions	7,730	949	7	5,946
Real Estate and Rental Services	7,092	14,202	11	3,979
Professional Services	220	57	-	220
Educational Services	2,860	32,141	23	1,423
Health and Social Services	23,437	27,288	109	14,990
Others	1,732,229	2,535,805	112,528	1,540,759
Total	4,623,315	3,745,649	117,051	2,994,372

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

4.2.7 Movements in value adjustments and provisions

<i>Current Period</i>	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1 Specific Provisions	2,331,562	1,371,998	825,320	116,132	2,994,372
2 General Provisions	1,342,090	724,119	47,012	18,640	2,037,837

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

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

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

4.3 Consolidated market risk

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

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

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

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

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

Market risks arising from trading portfolios are measured as per “standard” and “value at risk (VaR)” methods. The measurements as per the standard method are performed on a monthly basis, and taken into consideration in the calculation of capital adequacy. Whereas, the measurements as per VaR method are performed on a daily basis. 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, position, 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	59,700	9,090
(II) Capital Requirement against Specific Risks - Standard Method	21,084	4,817
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	55,572	54,842
(IV) Capital Requirement against Commodity Risks - Standard Method	12,974	8,541
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	102,922	55,537
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	40,047	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)	292,299	141,604
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	3,653,738	1,770,050

4.3.2 Average consolidated values at market risk

	<i>Current Period</i>			<i>Prior Period</i>		
	<i>Average</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>	<i>Highest</i>	<i>Lowest</i>
Interest Rate Risk	44,059	66,015	10,842	31,154	51,467	10,842
Equity-Shares Position Risk	20,027	48,291	4,546	2,979	4,546	1,411
Currency Position Risk	52,147	55,879	44,341	48,426	54,842	42,010
Commodity Risk	9,767	13,587	6,095	7,443	8,541	6,345
Clearing Risk	-	-	-	-	-	-
Option Market Risk	87,745	122,538	54,056	58,415	62,774	54,056
Counterparty Credit Risk	19,460	40,047	8,777	13,820	18,863	8,777
Total Value at Risk	233,205	346,357	128,657	162,237	201,033	123,441

4.3.3 Quantitative information on counterparty risk

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

	<i>Current Period^(*)(**)</i>	<i>Prior Period^(*)</i>
Interest-Rate Contracts	1,308	969
Foreign-Exchange-Rate Contracts	405,837	117,685
Commodity Contracts	20,678	12,735
Equity-Shares Related Contracts	2,585	4,370
Other	-	-
Gross Positive Fair Values	446,199	90,137
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collaterals Received	54,986	13,068
Net Derivative Position	821,621	212,828

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

(**) TL 142 thousands of repurchase and reverse repurchase agreements are not included in the above table.

4.4 Consolidated operational risk

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

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

Current Period	31 December 2010	31 December 2011	31 December 2012	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	7,516,351	7,754,923	8,915,064	8,062,113	15	1,209,317
Value at Operational Risk (Total x % 12.5)						15,116,461

Prior Period	31 December 2010	31 December 2011	31 December 2012	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	7,856,399	7,526,950	7,768,158	7,717,169	15	1,157,575
Value at Operational Risk (Total x % 12.5)						14,469,692

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2013, the Bank and its financial affiliates' net 'on balance sheet' foreign currency short position amounts to TL 901,224 thousands (31 December 2012: TL 1,598,721 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 302,789 thousands (31 December 2012: TL 1,275,531 thousands), while net foreign currency short open position amounts to TL 598,435 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, position and stop-loss limits approved by the board of directors for the trading portfolio beside the foreign currency net position standard ratio and the VaR limit.

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

	USD	EUR
The Bank’s foreign currency purchase rate at balance sheet date	2.1200	2.9210
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	2.1200	2.9210
Day 2	2.1000	2.9006
Day 3	2.1250	2.9278
Day 4	2.1250	2.9278
Day 5	2.1250	2.9272
Last 30-days arithmetical average rate	2.0418	2.7985

The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	6,659,348	8,776,519	4,455,232	19,891,099
Banks	5,017,584	5,416,772	495,799	10,930,155
Financial Assets at Fair Value through Profit/Loss	71,094	133,008	786	204,888
Interbank Money Market Placements	-	190,802	-	190,802
Financial Assets Available-for-Sale	1,382,704	3,426,780	278,303	5,087,787
Loans (*)	19,171,144	37,194,507	1,835,992	58,201,643
Investments in Associates, Subsidiaries and Joint-Ventures	1,234	-	3	1,237
Investments Held-to-Maturity	-	651,716	-	651,716
Derivative Financial Assets Held for Risk Management	-	11,009	-	11,009
Tangible Assets	54,919	85	96,459	151,463
Intangible Assets	-	-	-	-
Other Assets (**)	2,126,366	1,567,954	25,302	3,719,622
Total Assets	34,484,393	57,369,152	7,187,876	99,041,421
Liabilities				
Bank Deposits	1,480,304	2,923,414	1,435,777	5,839,495
Foreign Currency Deposits	21,505,522	27,767,894	2,174,624	51,448,040
Interbank Money Market Takings	217,098	3,978,477	381,245	4,576,820
Other Fundings	10,118,515	17,343,529	114,052	27,576,096
Securities Issued	189,159	5,536,521	732,124	6,457,804
Miscellaneous Payables	100,544	365,427	192,640	658,611
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities (***)	289,340	598,166	2,498,273	3,385,779
Total Liabilities	33,900,482	58,513,428	7,528,735	99,942,645
Net 'On Balance Sheet' Position	583,911	(1,144,276)	(340,859)	(901,224)
Net 'Off-Balance Sheet' Position	647,257	(1,669,652)	1,325,184	302,789
Derivative Assets	15,803,669	28,514,522	9,403,312	53,721,503
Derivative Liabilities	(15,156,412)	(30,184,174)	(8,078,128)	(53,418,714)
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	25,860,398	42,394,354	5,311,182	73,565,934
Total Liabilities	26,051,089	44,270,178	4,843,388	75,164,655
Net 'On Balance Sheet' Position	(190,691)	(1,875,824)	467,794	(1,598,721)
Net 'Off-Balance Sheet' Position	(682,946)	1,886,842	71,635	1,275,531
Derivative Assets	9,993,422	20,954,187	4,225,391	35,173,000
Derivative Liabilities	(10,676,368)	(19,067,345)	(4,153,756)	(33,897,469)
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 3,681,077 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 310,069 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 2,390,130 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.6 Consolidated interest rate risk

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

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

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

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

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

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

<i>Current Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2	-	-	-	-	22,642,840	22,642,842
Banks	5,138,747	2,703,647	2,189,278	244,498	-	2,848,257	13,124,427
Financial Assets at Fair Value through Profit/Loss (**)	15,625	42,345	99,414	22,070	47,967	1,710,044	1,937,465
Interbank Money Market Placements	199,031	-	-	-	-	2	199,033
Financial Assets Available-for-Sale	3,768,495	5,392,562	6,846,798	4,802,934	3,214,425	811,013	24,836,227
Loans (**)	28,749,197	11,280,593	17,289,360	42,077,786	27,036,752	2,650,148	129,083,836
Investments Held-to-Maturity	1,269,535	3,286,520	5,127,532	2,772,062	873,343	444,802	13,773,794
Other Assets	772,314	1,303,715	1,303,445	2,007,696	130,188	10,367,304	15,884,662
Total Assets	39,912,946	24,009,382	32,855,827	51,927,046	31,302,675	41,474,410	221,482,286
Liabilities							
Bank Deposits	2,521,261	2,497,793	462,372	848	-	1,251,006	6,733,280
Other Deposits	60,008,309	19,179,065	9,791,162	1,321,852	102	22,175,457	112,475,947
Interbank Money Market Takings	11,531,754	1,491,714	1,252,633	1,690,001	-	41,636	16,007,738
Miscellaneous Payables	-	-	-	-	-	10,014,836	10,014,836
Securities Issued	1,127,130	1,578,864	2,861,065	2,568,833	2,428,933	225,734	10,790,559
Other Fundings	10,109,015	10,597,693	6,415,918	4,233,968	2,580,289	196,588	34,133,471
Other Liabilities	2,747	3,550	6,606	-	-	31,313,552	31,326,455
Total Liabilities	85,300,216	35,348,679	20,789,756	9,815,502	5,009,324	65,218,809	221,482,286
On Balance Sheet Long Position	-	-	12,066,071	42,111,544	26,293,351	-	80,470,966
On Balance Sheet Short Position	(45,387,270)	(11,339,297)	-	-	-	(23,744,399)	(80,470,966)
Off-Balance Sheet Long Position	1,662,616	4,809,048	6,379,375	4,468,437	1,331,133	-	18,650,609
Off-Balance Sheet Short Position	(2,022,228)	(2,728,336)	(2,935,209)	(7,875,838)	(1,407,758)	-	(16,969,369)
Total Position	(45,746,882)	(9,258,585)	15,510,237	38,704,143	26,216,726	(23,744,399)	1,681,240

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

(**) Loans amounting to TL 198,778 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

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

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

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

4.6.2 Average interest rates on monetary financial instruments (%)

<i>Current Period</i>	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.18-2.38	0.15-3.30	-	7.29-10.00
Financial Assets at Fair Value through Profit/Loss	4.63	7.45	-	2.83-14.40
Interbank Money Market Placements	-	0.40	-	6.94-7.02
Financial Assets Available-for-Sale	3.37-5.50	3.96-11.88	-	7.39-11.30
Loans	2.83-8.67	2.60-6.10	5.50	8.67-12.92
Investments Held-to-Maturity	-	4.98	-	10.12
Liabilities				
Bank Deposits	1.39-2.63	1.98-2.63	-	6.84-7.32
Other Deposits	1.70-2.55	1.82-2.35	0.69-1.49	4.98-6.90
Interbank Money Market Takings	0.51-1.10	0.65-1.78	1.49	2.50-7.45
Miscellaneous Payables	-	-	-	-
Securities Issued	3.46	4.25	-	6.78-9.70
Other Fundings	0.93-4.34	1.01-5.65	-	8.75-11.28

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

4.6.3 Interest rate risk on banking book

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

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

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

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

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

In case of instruments with no maturities, the maturity is determined as per interest rate fixing periods and customer behaviors. Such results are supported by sensitivity and scenario analysis applied periodically for possible fluctuations in the markets.

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

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

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

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

<i>Current Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,104,076)	(13.00) %
2	TL	(-) 400 bps	3,041,950	12.74%
3	USD	(+) 200 bps	(37,444)	(0.16) %
4	USD	(-) 200 bps	6,990	0.03%
5	EUR	(+) 200 bps	(112,317)	(0.47)%
6	EUR	(-) 200 bps	89,257	0.37%
	Total (of negative shocks)		3,138,197	13.14%
	Total (of positive shocks)		(3,253,837)	(13.62) %

<i>Prior Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(2,820,578)	(13.00) %
2	TL	(-) 400 bps	2,761,432	12.73%
3	USD	(+) 200 bps	14,983	0.07%
4	USD	(-) 200 bps	(62,230)	(0.29)%
5	EUR	(+) 200 bps	(76,545)	(0.35)%
6	EUR	(-) 200 bps	82,518	0.38%
	Total (of negative shocks)		2,781,720	12.82%
	Total (of positive shocks)		(2,882,140)	(13.28)%

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	123,599	-	-
	Quoted Securities	-	-	-
2	Investment in Shares- grade B	27,097	-	-
	Quoted Securities	-	-	-
3	Investment in Shares- grade C	822	-	-
	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	-	-	-	13,340	-	6,003
3	Other Shares	-	623	280	-	-	-
	Total	-	623	280	13,340	-	6,003

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

4.8 Consolidated liquidity risk

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

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

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

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

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

<i>Current Period</i>	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	156.07	136.67	104.26	103.75

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

4.8.1 Maturity analysis of assets and liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	5,476,062	17,166,780	-	-	-	-	-	22,642,842
Banks	3,280,980	3,232,474	961,877	1,829,762	1,459,034	2,360,300	-	13,124,427
Financial Assets at Fair Value through Profit/Loss (**)	38,697	327,105	335,406	862,037	262,978	111,242	-	1,937,465
Interbank Money Market Placements	-	199,033	-	-	-	-	-	199,033
Financial Assets Available-for-Sale	49,681	52,190	792,171	5,693,686	10,429,211	7,819,288	-	24,836,227
Loans (**)	5,446,825	15,524,585	11,015,091	30,571,778	47,938,454	15,985,710	2,601,393	129,083,836
Investments Held-to-Maturity	-	-	-	1,130,963	4,720,246	7,922,585	-	13,773,794
Other Assets	2,416,824	1,089,202	1,262,305	1,394,812	2,288,483	152,542	7,280,494	15,884,662
Total Assets	16,709,069	37,591,369	14,366,850	41,483,038	67,098,406	34,351,667	9,881,887	221,482,286
Liabilities								
Bank Deposits	1,188,352	2,523,111	2,313,076	522,604	186,137	-	-	6,733,280
Other Deposits	25,892,007	55,961,868	19,205,278	9,856,005	1,543,348	17,441	-	112,475,947
Other Fundings	-	1,627,976	2,644,233	12,449,595	11,486,147	5,925,520	-	34,133,471
Interbank Money Market Takings	-	11,540,180	1,494,674	1,276,385	1,696,499	-	-	16,007,738
Securities Issued	-	393,859	1,324,552	2,927,494	3,544,264	2,600,390	-	10,790,559
Miscellaneous Payables	638,677	5,099,700	512	4,157	-	4,271,790	-	10,014,836
Other Liabilities (***)	2,060,777	496,714	306,572	614,752	599,343	93,524	27,154,773	31,326,455
Total Liabilities	29,779,813	77,643,408	27,288,897	27,650,992	19,055,738	12,908,665	27,154,773	221,482,286
Liquidity Gap	(13,070,744)	(40,052,039)	(12,922,047)	13,832,046	48,042,668	21,443,002	(17,272,886)	-
Prior Period								
Total Assets	7,010,186	33,517,516	11,206,484	31,933,220	59,308,885	30,211,617	6,591,466	179,779,374
Total Liabilities	23,836,851	79,254,209	13,610,516	17,056,944	11,896,517	8,967,584	25,156,753	179,779,374
Liquidity Gap	(16,826,665)	(45,736,693)	(2,404,032)	14,876,276	47,412,368	21,244,033	(18,565,287)	-

- (*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in short period such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and loans under follow-up, are included in this column.
- (**) Loans amounting to TL 198,778 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.

Contractual maturity analysis of liabilities according to remaining maturities

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

<i>Current Period</i>	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposits	6,733,280	6,721,693	1,188,352	2,518,328	2,308,858	520,167	185,988	-
Other Deposits	112,475,947	112,007,757	25,891,890	55,725,386	19,092,264	9,759,940	1,521,060	17,217
Other Fundings	34,133,471	33,936,882	-	1,596,983	2,532,945	12,407,461	11,473,636	5,925,857
Interbank Money Market Takings	16,007,738	15,966,100	-	11,531,752	1,491,714	1,252,633	1,690,001	-
Securities Issued	10,790,559	10,564,825	-	393,859	1,321,583	2,922,075	3,498,375	2,428,933
Total	180,140,995	179,197,257	27,080,242	71,766,308	26,747,364	26,862,276	18,369,060	8,372,007

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

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.

Current Period	Amount (**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	59,572,424	1,076,834	-	-
Conditional and unconditional exposures to regional governments or local authorities	90,215	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1,383	454	-	-
Conditional and unconditional exposures to multilateral development banks	5,801	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	47,533,199	19,091,811	-	-
Conditional and unconditional exposures to corporates	109,691,262	7,406,825	-	-
Conditional and unconditional retail exposures	56,779,492	905,323	-	-
Conditional and unconditional exposures secured by real estate property (*)	19,360,580	113,402	-	-
Past due items	682,805	287	-	-
Items in regulatory high-risk categories	16,918,395	203,313	-	-
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	4,249,324	-	-	-
Other items	4,565,744	-	-	-

Prior Period	Amount (**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
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 parallel with its activities and under its sustainable and value-creating growth strategy.

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

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

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

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

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

4.12 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	201,923,154	165,235,806	202,245,496	164,668,809
Interbank Money Market Placements	199,033	1,000	199,033	1,000
Banks (*)	34,030,264	25,028,646	34,030,264	25,028,646
Financial Assets Available-for-Sale	24,836,227	38,494,506	24,836,227	38,494,506
Investments Held-to-Maturity	13,773,794	1,366,954	13,533,024	1,467,754
Loans (**)	129,083,836	100,344,700	129,646,948	99,676,903
Financial Liabilities	190,155,831	151,917,803	190,155,831	151,917,803
Bank Deposits	6,733,280	5,583,786	6,733,280	5,583,786
Other Deposits	112,475,947	92,193,893	112,475,947	92,193,893
Other Fundings from Financial Institutions	50,141,209	40,000,036	50,141,209	40,000,036
Securities Issued	10,790,559	6,077,035	10,790,559	6,077,035
Miscellaneous Payables	10,014,836	8,063,053	10,014,836	8,063,053

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

(**) Loans amounting to TL 198,778 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".

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

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	20,230,574	1,967,344	2,638,309	24,836,227
Financial Assets Held for Trading	240,923	171	26,545	267,639
Derivative Financial Assets Held for Trading	1,653	1,668,173	-	1,669,826
Loans	-	198,778	-	198,778
Derivative Financial Assets Held for Risk Management	-	114,984	-	114,984
Financial Assets at Fair Value	20,473,150	3,949,450	2,664,854	27,087,454
Derivative Financial Liabilities Held for Trading	-	1,567,030	-	1,567,030
Funds Borrowed	-	2,084,138	-	2,084,138
Derivative Financial Liabilities Held for Risk Management	-	39,105	-	39,105
Financial Liabilities at Fair Value	-	3,690,273	-	3,690,273

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	36,233,452	14,983	2,246,071	38,494,506
Financial Assets Held for Trading	270,188	-	4,217	274,405
Derivative Financial Assets Held for Trading	5,776	704,859	-	710,635
Loans	-	222,181	-	222,181
Derivative Financial Assets Held for Risk Management	-	-	-	-
Financial Assets at Fair Value	36,509,416	942,023	2,250,288	39,701,727
Derivative Financial Liabilities Held for Trading	-	927,001	-	927,001
Funds Borrowed	-	-	-	-
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Financial Liabilities at Fair Value	-	927,001	-	927,001

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

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

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

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

None.

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,007,744	659,757	800,979	459,761
Central Bank of Turkey	1,743,999	19,161,838	492,972	14,372,246
Others	-	69,504	-	47,426
Total	2,751,743	19,891,099	1,293,951	14,879,433

Balances with the Central Bank of Turkey

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,743,999	1,995,058	492,972	1,500,401
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	17,166,780	-	12,871,845
Total	1,743,999	19,161,838	492,972	14,372,246

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

5.1.2 Financial assets at fair value through profit/loss

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	-	280,860	-	223,894
Assets Subject to Repurchase Agreements	2,732	-	19,816	-
Total	2,732	280,860	19,816	223,894

5.1.2.2 Positive differences on derivative financial assets held for trading

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Forward Transactions	297,742	19,747	43,805	5,533
Swap Transactions	330,329	645,228	208,444	370,089
Futures	203	1,451	158	5,776
Options	293,012	81,708	46,557	30,273
Others	-	406	-	-
Total	921,286	748,540	298,964	411,671

5.1.2.3 Financial assets at fair value through profit/loss

The Bank classified certain fixed-rate loans amounting to TL 200,000 thousands at initial recognition under financial assets at fair value through profit/loss to eliminate accounting inconsistency.

5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	481,639	1,441,682	431,974	845,451
Foreign banks	1,712,633	9,488,473	2,041,492	6,844,511
Foreign headoffices and branches	-	-	-	-
Total	2,194,272	10,930,155	2,473,466	7,689,962

Due from foreign banks

	Unrestricted Balances		Restricted Balances	
	<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>	<i>Prior Period</i>
EU Countries	3,010,199	2,386,668	6,925,660	5,922,909
USA, Canada	533,189	134,922	408,952	219,495
OECD Countries (1)	22,200	34,720	-	-
Off-shore Banking Regions	121,675	70,720	43,094	26,401
Others	136,137	83,551	-	6,617
Total	3,823,400	2,710,581	7,377,706	6,175,422

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

The placements at foreign banks include blocked accounts amounting TL 7,377,706 (31 December 2012: TL 6,175,422 thousands) of which TL 116,271 thousands (31 December 2012: TL 82,876 thousands) and TL 43,094 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 7,218,341 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 91,740 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	6,612,447	581,497	10,968,071	388,212
Assets subject to Repurchase Agreements	9,143,715	2,089,708	14,696,052	699,780
Total	15,756,162	2,671,205	25,664,123	1,087,992

5.1.4.2 Details of financial assets available-for-sale

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	24,311,825	34,227,618
Quoted at Stock Exchange	21,641,181	32,025,799
Unquoted at Stock Exchange	2,670,644	2,201,819
Common Shares/Investment Fund	18,165	22,251
Quoted at Stock Exchange	7,669	5,081
Unquoted at Stock Exchange	10,496	17,170
Value Increase/Impairment Losses (-)	506,237	4,244,637
Total	24,836,227	38,494,506

As of 31 December 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 913,660 thousands (31 December 2012: TL 765,645 thousands).

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	65	135,482	21	94,993
Corporates	65	135,482	21	94,993
Real Persons	-	-	-	-
Indirect Lendings to Shareholders	509,825	294,931	368,707	253,852
Loans to Employees	232,867	90	175,918	48
Total	742,757	430,503	544,646	348,893

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

<i>Current Period</i>	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Cash Loans						
Loans	124,873,864	2,413,436	100,130	3,288,726	1,396,969	683,179
Working Capital Loans	10,896,938	164,422	4,679	636,979	363,054	85,052
Export Loans	4,983,365	11,321	-	46,569	25,371	11,365
Import Loans	692,267	-	-	-	-	-
Loans to Financial Sector (*)	4,680,387	3	-	66	-	-
Consumer Loans	29,987,887	1,099,767	61,405	854,213	189,309	66,678
Credit Cards	14,658,984	-	-	525,198	-	401,241
Others	58,974,036	1,137,923	34,046	1,225,701	819,235	118,843
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	124,873,864	2,413,436	100,130	3,288,726	1,396,969	683,179

(*) Loans amounting to TL 198,778 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
Cash Loans						
Loans	97,197,474	1,508,528	77,093	2,551,356	875,596	571,771
Working Capital Loans	9,969,326	158,070	6,109	518,361	240,937	112,259
Export Loans	3,768,124	10,450	-	114,629	83,233	15,850
Import Loans	488,213	3,096	-	-	-	-
Loans to Financial Sector (*)	3,189,528	2	-	211	20	-
Consumer Loans	22,592,988	694,854	48,048	505,969	86,097	92,746
Credit Cards	11,615,309	-	-	338,376	-	252,722
Others	45,573,986	642,056	22,936	1,073,810	465,309	98,194
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	97,197,474	1,508,528	77,093	2,551,356	875,596	571,771

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

Collaterals received for loans under follow-up

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	41,599	2,331	-	43,930
Loans Collateralized by Mortgages	1,035,609	287,361	-	1,322,970
Loans Collateralized by Pledged Assets	81,653	46,495	-	128,148
Loans Collateralized by Cheques and Notes	61,852	353,512	-	415,364
Loans Collateralized by Other Collaterals	633,520	54,121	-	687,641
Unsecured Loans	55,082	110,393	525,198	690,673
Total	1,909,315	854,213	525,198	3,288,726

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

Delinquency periods of loans under follow-up

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	51,992	322,179	68,743	442,914
61-90 days	59,115	116,407	28,948	204,470
Other	1,798,208	415,627	427,507	2,641,342
Total	1,909,315	854,213	525,198	3,288,726

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

Loans and other receivables with extended payment plans

<i>Current Period</i>	Performing Loans	Loans and Other
No. of Extensions	and Other	Receivables under
	Receivables	Follow-up
1 or 2 times	2,188,784	1,365,763
3, 4 or 5 times	176,664	23,763
Over 5 times	47,988	7,443
Total	2,413,436	1,396,969

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

<i>Current Period</i>	Performing Loans	Loans and Other
Extention Periods	and Other	Receivables under
	Receivables	Follow-up
0 - 6 months	555,878	135,872
6 - 12 months	132,414	52,091
1 - 2 years	490,202	154,415
2 - 5 year	466,011	433,409
5 years and over	768,931	621,182
Total	2,413,436	1,396,969

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

5.1.5.3 Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
<i>Current Period</i>	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-Term Loans	38,392,318	294,355	713,102	452,863
Loans	38,392,318	294,355	713,102	452,863
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	86,481,546	2,219,211	2,575,624	1,627,285
Loans	86,481,546	2,219,211	2,575,624	1,627,285
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	124,873,864	2,513,566	3,288,726	2,080,148

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

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	571,942	27,931,131	28,503,073
Housing Loans	18,051	13,425,912	13,443,963
Automobile Loans	17,232	1,463,542	1,480,774
General Purpose Loans	98,945	1,877,475	1,976,420
Others	437,714	11,164,202	11,601,916
Consumer Loans – FC-indexed	-	232,720	232,720
Housing Loans	-	225,465	225,465
Automobile Loans	-	132	132
General Purpose Loans	-	5,547	5,547
Others	-	1,576	1,576
Consumer Loans – FC	229,240	1,351,820	1,581,060
Housing Loans	1,033	639,619	640,652
Automobile Loans	21	6,711	6,732
General Purpose Loans	4,313	553,428	557,741
Others	223,873	152,062	375,935
Retail Credit Cards – TL	12,942,722	713,232	13,655,954
With Installment	7,609,148	713,207	8,322,355
Without Installment	5,333,574	25	5,333,599
Retail Credit Cards – FC	73,459	70,605	144,064
With Installment	25,118	-	25,118
Without Installment	48,341	70,605	118,946
Personnel Loans – TL	15,064	51,603	66,667
Housing Loan	-	1,284	1,284
Automobile Loans	-	101	101
General Purpose Loans	3,716	9,248	12,964
Others	11,348	40,970	52,318
Personnel Loans - FC-indexed	231	16,039	16,270
Housing Loans	-	16,039	16,039
Automobile Loans	-	-	-
General Purpose Loans	231	-	231
Others	-	-	-
Personnel Loans – FC	2,521	58,292	60,813
Housing Loans	66	18,227	18,293
Automobile Loans	7	29	36
General Purpose Loans	218	34,009	34,227
Others	2,230	6,027	8,257
Personnel Credit Cards – TL	77,845	831	78,676
With Installment	38,772	831	39,603
Without Installment	39,073	-	39,073
Personnel Credit Cards – FC	1,804	941	2,745
With Installment	458	-	458
Without Installment	1,346	941	2,287
Deposit Accounts– TL (Real Persons)	381,497	-	381,497
Deposit Accounts– FC (Real Persons)	-	-	-
Total	14,296,325	30,427,214	44,723,539

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

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	917,999	7,852,874	8,770,873
Real Estate Loans	2,443	657,385	659,828
Automobile Loans	44,069	1,524,823	1,568,892
General Purpose Loans	871,487	5,665,918	6,537,405
Others	-	4,748	4,748
Installment-based Commercial Loans - FC-indexed	88,127	1,076,813	1,164,940
Real Estate Loans	-	48,110	48,110
Automobile Loans	3,569	260,595	264,164
General Purpose Loans	84,558	768,108	852,666
Others	-	-	-
Installment-based Commercial Loans – FC	706,480	786,153	1,492,633
Real Estate Loans	-	1,413	1,413
Automobile Loans	-	7,421	7,421
General Purpose Loans	278	18,216	18,494
Others	706,202	759,103	1,465,305
Corporate Credit Cards – TL	1,295,213	1,092	1,296,305
With Installment	783,440	1,088	784,528
Without Installment	511,773	4	511,777
Corporate Credit Cards – FC	6,438	-	6,438
With Installment	237	-	237
Without Installment	6,201	-	6,201
Deposit Accounts– TL (Corporates)	637,296	-	637,296
Deposit Accounts– FC (Corporates)	-	-	-
Total	3,651,553	9,716,932	13,368,485

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

5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	1,267,471	1,198,693
Private Sector (*)	126,895,119	98,550,137
Total	128,162,590	99,748,830

(*) Loans amounting to TL 198,778 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 “Private Sector”.

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	119,416,568	91,700,234
Foreign Loans (*)	8,746,022	8,048,596
Total	128,162,590	99,748,830

(*) Loans amounting to TL 198,778 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	70,148	34,247
Indirect Lending	-	-
Total	70,148	34,247

5.1.5.9 Specific provisions for loans

Specific Provisions	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	320,306	153,280
Doubtful Loans and Receivables	350,780	468,299
Uncollectible Loans and Receivables	2,012,752	1,487,761
Total	2,683,838	2,109,340

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	184,781	100,782	203,631
Rescheduled Loans and Receivables	-	-	51,804
Total	184,781	100,782	255,435
<i>Prior Period</i>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	141,642	40,941	114,613
Rescheduled Loans and Receivables	-	-	38,274
Total	141,642	40,941	152,887

Movements in non-performing loan groups

	Group III	Group IV	Group V
<i>Current Period</i>	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	342,410	577,852	1,784,948
Additions during the Period (+)	1,158,454	145,641	489,306
Transfer from Other NPL Categories (+)	-	856,818	901,486
Transfer to Other NPL Categories (-)	860,541	897,761	-
Collections during the Period (-)	134,134	163,151	262,590
Write-offs (-) (*)	-	229	333,425
Corporate and Commercial Loans	-	226	37,049
Retail Loans	-	-	67,393
Credit Cards	-	3	228,983
Others	-	-	-
Balances at End of Period	506,189	519,170	2,579,725
Specific Provisions (-)	320,306	350,780	2,012,752
Net Balance on Balance Sheet	185,883	168,390	566,973

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

<i>Prior Period</i>	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Balances at Beginning of Period	78,176	191,288	1,664,069
Additions during the Period (+)	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
Others	-	-	503
Balances at End of Period	342,410	577,852	1,784,948
Specific Provisions (-)	153,280	468,299	1,487,761
Net Balance on Balance Sheet	189,130	109,553	297,187

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

Movements in specific loan provisions

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	955,670	537,104	616,566	2,109,340
Additions during the Period (+)	535,332	393,359	381,643	1,310,334
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	163,605	114,137	138,971	416,713
Write-Offs (-)	24,312	65,828	228,983	319,123
Balances at End of Period	1,303,085	750,498	630,255	2,683,838

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

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	269,127	134,093	1,278,963
Specific Provisions (-)	131,653	55,859	924,844
Net Balance at Balance Sheet	137,474	78,234	354,119
<i>Prior Period</i>			
Balance at End of Period	133,372	245,566	666,560
Specific Provisions (-)	45,693	206,553	524,537
Net Balance at Balance Sheet	87,679	39,013	142,023

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period (Net)</i>	185,883	168,390	566,973
Loans to Individuals and Corporates (Gross)	506,189	519,170	2,571,693
Specific Provision (-)	320,306	350,780	2,004,720
Loans to Individuals and Corporates (Net)	185,883	168,390	566,973
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,721
Specific Provision (-)	-	-	7,721
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>	189,130	109,553	297,187
Loans to Individuals and Corporates (Gross)	342,410	577,852	1,776,918
Specific Provision (-)	153,280	468,299	1,479,731
Loans to Individuals and Corporates (Net)	189,130	109,553	297,187
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,719
Specific Provision (-)	-	-	7,719
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	11,332	183	-	11,515
Loans Collateralized by Mortgages	668,884	71,597	-	740,481
Loans Collateralized by Pledged Assets	397,290	45,677	-	442,967
Loans Collateralized by Cheques and Notes	304,757	398,069	-	702,826
Loans Collateralized by Other Collaterals	327,348	141,201	-	468,549
Unsecured Loans	391,719	211,644	635,383	1,238,746
Total	2,101,330	868,371	635,383	3,605,084

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

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 Write-off policy

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

5.1.6 Factoring receivables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	1,561,143	422,560	1,543,115	281,016
Medium and Long-Term	7,219	3,808	2,683	7,520
Total	1,568,362	426,368	1,545,798	288,536

5.1.7 Investments held-to-maturity

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	5,139,386	-	677,626	356,786
Investments subject to Repurchase Agreements	6,192,089	428,072	-	-
Total	11,331,475	428,072	677,626	356,786

5.1.7.2 Government securities held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	13,581,843	911,349
Treasury Bills	-	-
Other Government Securities	-	445,864
Total	13,581,843	1,357,213

5.1.7.3 Investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	13,330,130	1,362,063
Quoted at Stock Exchange	13,142,081	1,354,998
Unquoted at Stock Exchange	188,049	7,065
Valuation Increase / (Decrease)	443,664	4,891
Total	13,773,794	1,366,954

5.1.7.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	1,366,954	4,786,530
Foreign Currency Differences on Monetary Assets	-	(26,348)
Purchases during the Period (*)	12,458,498	9,557
Disposals through Sales/Redemptions (**)	(496,826)	(3,407,676)
Valuation Effect	445,168	4,891
Balances at End of Period	13,773,794	1,366,954

(*) 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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	9,174	6,354	773	499	(89)	3	3	-
2	33,001	23,773	19,197	347	14	4,171	4,238	-
3	716,541	73,214	2,952	15,383	830	2,423	2,171	-
4	5,596,026	590,396	15,297	116,776	6,894	81,809	55,168	-
5	610,000	478,681	19,291	9,733	2,024	45,686	-	-
6	91,353	78,926	48,825	1,637	18	28,150	24,044	-
7	251,407,290	23,683,777	274,340	3,079,573	2,404,666	(300,025)	18,381,955	-
8	280,578	276,430	3,331	10,640	-	11,980	2,772	-

(*) 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 September 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.

(1) Financial information is as of 30 September 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 decided to be distributed as bonus shares to the existing members of İstanbul Altın Borsası as per the board of directors' meeting of Borsa İstanbul AŞ on 4 July 2013 and accordingly shares amounting to TL 15 thousands were received as bonus shares.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.8.2 Consolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Yatırım Ortaklığı AŞ ⁽¹⁾	İstanbul / Turkey	-	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	35,386	34,648	176	710	878	1,354	3,553	19,840

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

(1) Financial information is as of 30 September 2013, however the fair value information is as of 31 December 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

	Current Period	Prior Period
Balance at Beginning of Period	43	38
Movements during the Period	600	5
Acquisitions and Capital Increases	673	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(73)	5
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	643	43
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Valuation methods of consolidated investments in associates

Associates	Current Period	Prior Period
Valued at Cost	-	-
Valued at Fair Value	643	43
Valued by Equity Method of Accounting	-	-

Sectoral distribution of consolidated investments and associates

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	643	43
Other Associates	-	-

Quoted consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	643	43
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

5.1.9 Investments in subsidiaries

Information on capital adequacy of major subsidiaries

<i>Current Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AS	Garanti Holding BV
CORE CAPITAL	1,112,637	594,053	588,776
Paid-in Capital	404,455	12,016	1,078,109
Inflation Adjustments to Paid-in Capital	-	68,832	-
Share Premium	-	-	37,897
Reserves	576,681	480,566	(407,076)
Current Period's Profit and Prior Periods' Profit	143,170	35,113	59,456
Current Period's Losses and Prior Periods' Losses	-	-	-
Leasehold Improvements on Operational Leases (-)	-	-	13,055
Intangible Assets (-)	11,669	2,474	3,402
Goodwill (Net) (-)	-	-	163,153
SUPPLEMENTARY CAPITAL	303,368	(45)	(105,871)
CAPITAL	1,416,005	594,008	482,905
DEDUCTIONS FROM CAPITAL	-	6	-
NET AVAILABLE EQUITY	1,416,005	594,002	482,905

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

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

5.1.9.1 Unconsolidated investments in subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)	Amount of Equity Requirement
1	42,240	36,261	61	960	804	5,156	7,234	-	-
2	27,068	16,612	3,399	946	51	1,453	1,959	-	-
3	4,160	3,646	14	-	85	2,422	1,009	-	-
4	946	798	59	-	5	125	358	-	-
5	2,644	2,295	7	-	94	641	389	-	-
6	43	44	33	-	-	(1)	(1)	-	-
7	365	365	-	-	-	-	-	-	-
8	373	365	-	-	-	-	-	-	-
9	53	53	-	-	-	-	-	-	-
10	408,686	14,880	343,924	515	-	(14,815)	16,223	-	-

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

The liquidation process of Garanti Teknolojinet İletişim Hizmetleri ve Tic. A.Ş has been completed in 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

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	2,484,453	2,064,495
Movements during the Period	590,295	419,958
Acquisitions and Capital Increases ^(*)	-	46,474
Bonus Shares Received ^(**)	46,142	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	257,126	420,961
Currency Differences on Foreign Subsidiaries	287,027	(47,477)
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	3,074,748	2,484,453
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

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

(**) 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

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	235,950	235,950
Valued at Fair Value	2,838,798	2,248,503

Sectoral distribution of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,784,026	1,357,098
Insurance Companies	56,545	56,545
Factoring Companies	108,660	130,967
Leasing Companies	110,743	110,743
Finance Companies	1,014,774	829,100
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	108,660	130,967
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	3,661,127	596,482	18,188	271,082	-	67,292	61,560	-
2	2,059,653	120,066	3,102	116,644	-	15,302	20,460	132,765
3	53,454	36,919	2,054	548	3,706	7,674	621	-
4	23,733	20,553	1,827	1,035	189	2,665	3,165	-
5	5,315,146	713,657	22,449	50,476	6,044	139,818	133,977	-
6	13,575,439	1,343,426	66,580	378,343	71,190	143,170	101,782	1,508,568
7	1,034,687	199,765	45,688	39,122	18,953	15,038	16,896	275,617
8	947,643	947,593	-	9	-	(210)	(121)	946,112
9	989,791	851,453	-	356	-	3,694	(4,739)	-
10	4,807,490	622,944	54,361	254,955	23,313	60,746	(50,005)	-
11	279,803	48,209	10,108	21,730	-	8,856	5,254	-
12	233,841	30,997	2,691	47,471	-	7,947	5,302	-
13	340,014	40,012	657	18,403	-	1,712	4,995	-

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

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

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.10 Investments in joint-ventures

None.

5.1.11 Lease receivables

5.1.11.1 Financial lease receivables according to remaining maturities

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	1,636,978	1,482,607	1,174,890	1,063,248
Between 1-5 Years	2,486,229	2,140,109	2,029,321	1,717,707
Longer than 5 Years	178,940	148,539	108,236	87,955
Total	4,302,147	3,771,255	3,312,447	2,868,910

5.1.11.2 Net financial lease receivables

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	4,302,147	3,312,447
Unearned Income on Financial Lease Receivables (-)	(530,892)	(443,537)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	3,771,255	2,868,910

5.1.11.3 Financial lease agreements

Criteria applied for financial lease agreements

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

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

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

Details monitored subsequent to signing of financial lease agreements

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

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

5.1.12 Derivative financial assets held for risk management

5.1.12.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	65,943	-	-	-
Cash Flow Hedges	38,032	11,009	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	103,975	11,009	-	-

As of 31 December 2013, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for risk management purposes, are summarized below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	4,928,361	103,975	-	-	-	-
-TL	4,928,361	103,975	-	-	-	-
-FC	-	-	-	-	-	-
Cross Currency Swaps	2,240,471	11,009	39,105	-	-	-
-TL	607,985	-	-	-	-	-
-FC	1,632,486	11,009	39,105	-	-	-
Total	7,168,832	114,984	39,105	-	-	-

5.1.12.1.1 Fair value hedge accounting

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(7,901)	7,101	-	(800)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(59,998)	58,842	-	(1,156)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	4,000	-	(36,541)	(32,541)
Cross Currency Swaps	Fixed-rate funds borrowed	Interest rate and foreign currency exchange rate risk	251	-	(2,564)	(2,313)

5.1.12.1.2 Cash flow hedge accounting

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	38,032	-	38,044	-	-
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	11,009	-	11,009	-	-

5.1.13 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Cost	1,119,154	376,535	28,656	1,316,890	2,841,235
Accumulated Depreciation	(290,041)	(357,417)	(22,653)	(852,785)	(1,522,896)
Net Book Value	829,113	19,118	6,003	464,105	1,318,339
Balances at End of Current Period					
Net Book Value at Beginning of Current Period	829,113	19,118	6,003	464,105	1,318,339
Additions	122,754	962	6,682	342,841	473,239
Disposals (Cost)	(17,764)	(8,082)	(6,682)	(65,815)	(98,343)
Disposals (Accumulated Depreciation)	2,909	8,076	6,313	29,095	46,393
Reversal of/Impairment Losses (-)	965	-	-	-	965
Depreciation Expense for Current Period	(24,729)	(8,653)	(2,600)	(154,483)	(190,465)
Currency Translation Differences on Foreign Operations, net	14,360	5	202	12,570	27,137
Cost at End of Current Period	1,242,587	369,420	30,274	1,622,416	3,264,697
Accumulated Depreciation at End of Current Period	(314,979)	(357,994)	(20,356)	(994,103)	(1,687,432)
Net Book Values at End of Current Period	927,608	11,426	9,918	628,313	1,577,265

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

Conditions for allocating/releasing any impairment

None.

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

None.

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

A total provision of TL 965 thousands was reversed in 2013 (31 December 2012: a total provision of TL 22,111 thousands was reversed and a total provision of TL 5,573 thousand was made) in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets".

5.1.14 Intangible assets

5.1.14.1 Useful lives and amortisation rates

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

5.1.14.2 Amortisation methods

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

5.1.14.3 Balances at beginning and end of current period

	<i>Current Period</i>		<i>Prior Period</i>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intangible Assets	310,958	206,928	237,518	154,809

5.1.14.4 Movements of intangible assets for current period

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	82,709	84,246
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	68,293	36,485
Disposals (-)	(285)	(2,651)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(47,401)	(34,877)
Currency Translation Differences on Foreign Operations	714	(494)
Other Movements	-	-
Net Book Value at End of Current Period	104,030	82,709

5.1.14.5 Details for any individually material intangible assets

None.

5.1.14.6 Intangible assets capitalised under government incentives at fair values

None.

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

None.

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

None.

5.1.14.9 Commitments to acquire intangible assets

None.

5.1.14.10 Disclosure on revalued intangible assets

None.

5.1.14.11 Research and development costs expensed during current period

None.

5.1.14.12 Goodwill

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

5.1.14.13 Movements in goodwill during current period

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

5.1.15 Investment property

<i>Current Period</i>				
Real Estate Type	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Building	154,434	32,763	-	Operational lease
Land	-	-	-	-

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

5.1.16 Deferred tax asset

As of 31 December 2013, on a consolidated basis the Bank has a deferred tax asset of TL 213,620 thousands (31 December 2012: TL 231,220 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 31 December 2013, there is a deferred tax asset of TL 481,678 thousands (31 December 2012: TL 316,089 thousands) and deferred tax liability of TL 268,058 thousands (31 December 2012: TL 84,869 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

As per the annulment decision of the Turkish Constitutional Court as explained in Note 3.18.4, Garanti Finansal Kiralama, a consolidated subsidiary of the Bank, is subject to investment allowance ruling and can use its available allowances to reduce its taxable corporate income without any time limitations. Accordingly, a deferred tax asset amounting TL 1,912 thousands is recorded in the accompanying consolidated financial statements as of 31 December 2012 considering the fact that Garanti Finansal Kiralama may use its right of deducting investment allowances from its corporate income in the future. In the accompanying consolidated financial statements as of 31 December 2013, a deferred tax asset amounting TL 1,202 thousands is included in this respect.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	729,152	145,506	578,979	115,325
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	101,736	20,934	483,603	103,887
Other	264,832	47,180	80,812	12,008
Deferred Tax Asset, Net	1,095,720	213,620	1,143,394	231,220

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

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

In 2013, TL 387,610 thousands of deferred tax expense (in 2012: a deferred tax income of TL 353,065 thousands) and TL 377,670 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>
End of Prior Period		
Cost	136,551	130,102
Accumulated Depreciation (-)	(4,114)	(2,446)
Net Book Value	132,437	127,656
End of Current Period		
Additions	102,001	79,074
Disposals (Cost)	(81,960)	(72,163)
Disposals (Accumulated Depreciation)	867	517
Reversal of Impairment / Impairment Losses (-)	(1,847)	(151)
Depreciation Expense for Current Period (-)	(2,745)	(2,185)
Currency Translation Differences on Foreign Operations	989	(311)
Cost	155,734	136,551
Accumulated Depreciation (-)	(5,992)	(4,114)
Net Book Value	149,742	132,437

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 27,725 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	3,033	7,733
Sale of Other Assets	3,038	3,007
Total	6,071	12,102

5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	401,484	311,590

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	4,855,387	-	3,834,605	27,640,714	1,375,648	479,730	377,994	3,605	38,567,683
Foreign Currency Deposits	13,012,515	-	5,916,533	17,187,101	4,493,374	6,378,902	4,388,670	70,945	51,448,040
Residents in Turkey	7,751,157	-	5,414,888	14,749,223	1,514,749	579,305	593,852	69,149	30,672,323
Residents in Abroad	5,261,358	-	501,645	2,437,878	2,978,625	5,799,597	3,794,818	1,796	20,775,717
Public Sector Deposits	699,412	-	1,415	7,093	118	1,280,747	13	-	1,988,798
Commercial Deposits	5,045,809	-	3,543,210	6,288,153	936,528	557,247	294,607	-	16,665,554
Others	140,427	-	181,254	371,170	22,635	796,172	444	-	1,512,102
Precious Metal Deposits	2,138,457	-	807	47,403	-	1,612	105,491	-	2,293,770
Bank Deposits	1,188,352	-	1,109,085	2,747,140	846,558	590,589	251,556	-	6,733,280
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	7,148	-	472,066	45	415	65,225	20,876	-	565,775
Foreign Banks	177,112	-	637,019	2,747,095	846,143	525,364	230,680	-	5,163,413
Special Financial Institutions	1,004,092	-	-	-	-	-	-	-	1,004,092
Others	-	-	-	-	-	-	-	-	-
Total	27,080,359	-	14,586,909	54,288,774	7,674,861	10,084,999	5,418,775	74,550	119,209,227

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

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

5.2.1.1.1 Deposits exceeding insurance limit

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ^(*)	19,339,421	12,744,375	18,937,930	20,553,407
Foreign Currency Saving Deposits	12,703,119	9,268,758	16,554,964	14,775,319
Other Saving Deposits	1,477,207	1,132,858	1,090,842	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

None.

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	544,316	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	489,029	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	120,240	21,352	64,201	13,104
Swap Transactions	856,002	314,215	479,897	286,895
Futures	-	-	-	-
Options	183,689	71,508	53,075	29,681
Others	-	24	-	148
Total	1,159,931	407,099	597,173	329,828

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,147,608	1,340,817	1,488,444	1,178,481
Foreign Banks, Institutions and Funds	5,409,767	26,087,788	4,089,892	18,987,595
Total	6,557,375	27,428,605	5,578,336	20,166,076

5.2.3.1 *Maturities of funds borrowed*

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	1,784,349	8,623,544	1,615,231	6,275,413
Medium and Long-Term	4,773,026	18,805,061	3,963,105	13,890,663
Total	6,557,375	27,428,605	5,578,336	20,166,076

The Bank classified certain borrowings obtained through securitisations amounting to USD 1,000,000,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2013, the credit risk change amounting to TL 35,862 thousands is recognised in the income statement.

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

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

5.2.4 **Other external funds**

5.2.4.1 *Securities issued*

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,765,712	2,818,560	1,143,312	5,370,947
Cost	1,711,747	2,673,832	1,142,935	5,337,905
Carrying Value (*)	1,616,171	2,716,584	1,148,120	5,309,684

<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 189,753 thousands (31 December 2012: TL 177,169 thousands) and foreign currency securities with a total face value of TL 278,581 thousands (31 December 2012: TL 22,869 thousands) and netted off such securities in the accompanying consolidated financial statements.

The Bank classified certain securities amounting to RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2013, the credit risk change amounting to TL 83 thousands is recognised in the income statement.

5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	9,483,928	-	11,498,158	-
Financial Institutions and Organizations	9,428,331	-	11,440,064	-
Other Institutions and Organizations	20,429	-	19,898	-
Individuals	35,168	-	38,196	-
Foreign Transactions	1,946,990	4,576,820	748,015	1,860,771
Financial Institutions and Organizations	1,946,487	4,576,820	747,723	1,860,771
Other Institutions and Organizations	463	-	186	-
Individuals	40	-	106	-
Total	11,430,918	4,576,820	12,246,173	1,860,771

5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	4,906,607	27,379	3,937,158	12,313
Payables from insurance transactions	4,287,276	30,245	3,346,707	36,198
Other	162,342	600,987	294,370	436,307
Total	9,356,225	658,611	7,578,235	484,818

5.2.5 Factoring payables

None.

5.2.6 Lease payables

5.2.6.1 Financial lease payables

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	244	12	336	93
Between 1-5 Years	242	49	202	79
Longer than 5 Years	-	-	-	-
Total	486	61	538	172

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	-	39,105	-	-
Cash Flow Hedges	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	-	39,105	-	-

Please refer to Note 5.1.12.1 for financial liabilities resulted from derivatives held for risk management.

5.2.8 Provisions

5.2.8.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	2,037,837	1,342,090
Loans and Receivables in Group I	1,774,854	1,178,931
- Additional Provision for Loans and Receivables with Extended Maturities	99,639	74,557
Loans and Receivables in Group II	138,210	88,693
- Additional Provision for Loans and Receivables with Extended Maturities	70,353	46,781
Non-Cash Loans	124,773	74,466
Others	-	-

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

	<i>Current Period</i>	<i>Prior Period</i>
Short-Term Loans	526	6,635
Medium and Long Term Loans	92	4,749
Total	618	11,384

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

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	15,150	13,347
Doubtful Loans and Receivables	17,933	22,819
Uncollectible Loans and Receivables	79,855	61,230
Total	112,938	97,396

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	335,000	450,000

5.2.8.4.2 Other provisions for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	412,341	362,011
Insurance Technical Provisions, Net	239,423	221,009
Provision for Promotion Expenses of Credit Cards (*)	55,466	39,168
Provision for Lawsuits	33,601	19,942
Other Provisions	123,144	85,169
Total	863,975	727,299

(*) 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 16 December 2013 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 1,639,833 thousands (31 December 2012: TL 1,367,875 thousands) as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2013 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 16 December 2013 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 1,080,014 thousands (31 December 2012: TL 834,436 thousands) remains as of 31 December 2013 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 385,587 thousands (31 December 2012: 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 2013. However, despite this treatment there are no excess obligation that needs to be provided against.

	<i>Current Period</i>	<i>Prior Period</i>
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(474,544)	(458,057)
Net present value of medical benefits and health premiums transferable to SSF	385,587	369,726
General administrative expenses	(26,165)	(22,899)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(115,122)	(111,230)
Fair Value of Plan Assets (2)	1,754,955	1,479,105
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,639,833	1,367,875
Non-Transferable Benefits:		
Other pension benefits	(408,757)	(426,261)
Other medical benefits	(151,062)	(107,178)
Total Non-Transferable Benefits (4)	(559,819)	(533,439)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,080,014	834,436
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(385,587)	(369,726)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	694,427	464,710

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

	<i>Current Period</i>	<i>Prior Period</i>
	%	%
Discount Rate (*)	9.60	6.97
Inflation Rate (*)	6.20	4.67
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate (*)	6.20	4.67

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

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 December 2013, the corporate tax liability amounts to TL 132,388 thousands (31 December 2012: TL 340,878 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	132,388	340,878
Taxation on Securities Income	79,849	99,573
Taxation on Real Estates Income	2,560	2,072
Banking Insurance Transaction Tax	64,532	52,347
Foreign Exchange Transaction Tax	58	39
Value Added Tax Payable	9,441	6,473
Others	74,046	75,811
Total	362,874	577,193

5.2.9.1.3 Premiums payable

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	772	699
Social Security Premiums-Employer	800	901
Bank Pension Fund Premium-Employees	27	75
Bank Pension Fund Premium-Employer	28	28
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	747	658
Unemployment Insurance-Employer	1,533	1,325
Others	16	11
Total	3,923	3,697

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 673 thousands as of 31 December 2013 (31 December 2012: TL 19,032 thousands).

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

None.

5.2.11 Subordinated debts

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	147,491	-	148,680
Total	96	147,491	-	148,680

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

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

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

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

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(485,313)	(9,118)	976,919	116,914
Valuation Difference	(485,313)	(9,118)	976,919	116,914
Exchange Rate Difference	-	-	-	-
Total	(485,313)	(9,118)	976,919	116,914

5.2.12.9 Revaluation surplus

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

5.2.12.10 Bonus shares of associates, subsidiaries and joint-ventures

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

5.2.12.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	996,791	835,626
II. Legal Reserve	156,363	117,713
Special Reserves	-	-
Total	1,153,154	953,339

5.2.12.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	13,446,598	10,342,520
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	13,446,598	10,342,520

5.2.12.13 Minority interest

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	140,524	112,527
Profit Share of Subsidiaries Net Profits	24,359	27,971
Prior Period Dividend Payment	(1,073)	-
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(992)	26
Balance at End of Period	162,818	140,524

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 8,474,291 thousands (31 December 2012: TL 5,772,603 thousands), commitments for cheque payments of TL 2,658,736 thousands (31 December 2012: TL 1,994,132 thousands) and commitments for credit card limits of TL 22,382,803 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	13,925,359	9,892,574
Letters of Guarantee in TL	9,952,371	6,960,107
Letters of Credit	9,584,333	6,141,429
Bills of Exchange and Acceptances	638,089	720,896
Prefinancings	-	-
Other Guarantees	79,924	66,300
Total	34,180,076	23,781,306

A specific provision of TL 112,938 thousands (31 December 2012: TL 97,396 thousands) is made for unliquidated non-cash loans of TL 234,765 thousands (31 December 2012: TL 184,169 thousands) recorded under the off-balance sheet items as of 31 December 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	2,358,859	1,405,272
<i>With Original Maturity of 1 Year or Less</i>	<i>336,123</i>	<i>165,372</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>2,022,736</i>	<i>1,239,900</i>
Other Non-Cash Loans	31,821,217	22,376,034
Total	34,180,076	23,781,306

5.3.1.4 Other information on non-cash loans

	<i>Current Period</i>				<i>Prior Period</i>			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	55,299	0.56	74,918	0.31	57,695	0.83	70,863	0.42
<i>Farming and Stockbreeding</i>	51,384	0.52	70,909	0.29	55,029	0.79	69,669	0.41
<i>Forestry</i>	1,863	0.02	3,417	0.01	1,291	0.02	567	-
<i>Fishery</i>	2,052	0.02	592	0.00	1,375	0.02	627	0.01
Manufacturing	3,281,654	32.95	9,647,250	39.83	2,416,517	34.66	6,132,647	36.48
<i>Mining and Quarrying</i>	112,116	1.13	296,620	1.22	342,528	4.91	72,667	0.43
<i>Production</i>	1,784,508	17.92	4,915,746	20.30	1,338,824	19.20	3,617,370	21.52
<i>Electricity, Gas, Water</i>	1,385,030	13.91	4,434,884	18.31	735,165	10.55	2,442,610	14.53
Construction	1,519,802	15.26	2,982,672	12.31	1,052,375	15.09	2,250,429	13.39
Services	4,320,198	43.38	9,194,310	37.96	2,729,671	39.15	6,020,300	35.82
<i>Wholesale and Retail Trade</i>	3,080,420	30.93	5,544,416	22.89	1,775,393	25.46	2,905,770	17.29
<i>Accommodation and Dining</i>	211,911	2.13	130,575	0.54	163,140	2.34	86,795	0.52
<i>Transportation and Telecommunication</i>	344,767	3.46	986,191	4.07	299,687	4.30	698,054	4.15
<i>Financial Institutions</i>	538,905	5.41	2,336,749	9.65	398,692	5.72	2,260,207	13.45
<i>Real Estate and Rental Services</i>	48,832	0.49	181,239	0.75	7,834	0.11	56,781	0.34
<i>Professional Services</i>	-	-	-	-	-	-	-	-
<i>Educational Services</i>	20,178	0.20	11,632	0.05	15,103	0.22	4,007	0.02
<i>Health and Social Services</i>	75,185	0.75	3,508	0.01	69,822	1.00	8,686	0.05
Others	782,840	7.85	2,321,133	9.59	715,901	10.27	2,334,908	13.89
Total	9,959,793	100.00	24,220,283	100.00	6,972,159	100.00	16,809,147	100.00

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

<i>Current Period</i>	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	9,884,654	24,159,073	75,139	61,210
Letters of Guarantee	9,877,232	13,870,351	75,139	55,008
Bills of Exchange and Bank Acceptances	6,898	626,300	-	4,891
Letters of Credit	524	9,582,498	-	1,311
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	79,924	-	-

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

5.3.2 Financial derivative instruments

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Derivative Financial Instruments held for Risk Management	-	-	-	6,977,597	191,235	7,168,832
A. Total Derivative Financial Instruments held for Risk Management	-	-	-	3,733,612	191,235	3,924,847
Fair Value Hedges	-	-	-	3,243,985	-	3,243,985
Cash Flow Hedges	-	-	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	56,368,669	31,135,174	52,040,032	8,530,167	-	148,074,042
Foreign Currency related Derivative Transactions (I)	3,354,810	1,763,277	4,084,798	439,742	-	9,642,627
Currency Forwards – Purchases	3,322,078	1,788,461	4,036,086	439,940	-	9,586,565
Currency Forwards – Sales	18,900,107	5,590,624	10,480,024	3,324,190	-	38,294,945
Currency Swaps – Purchases	14,871,767	5,481,955	10,349,881	3,663,352	-	34,366,955
Currency Swaps – Sales	7,642,547	7,968,935	11,236,816	331,322	-	27,179,620
Currency Options – Purchases	8,277,360	8,315,396	11,785,918	331,621	-	28,710,295
Currency Options – Sales	-	116,404	66,509	-	-	182,913
Currency Futures – Purchases	-	110,122	-	-	-	110,122
Currency Futures – Sales	792,991	433,345	3,912,435	14,554,680	5,286,546	24,979,997
Interest Rate related Derivative Transactions (II)	391,780	213,457	1,699,953	6,585,063	2,643,273	11,533,526
Interest Rate Swaps – Purchases	391,780	213,457	1,699,953	6,585,063	2,643,273	11,533,526
Interest Rate Swaps – Sales	-	-	494,667	1,384,554	-	1,879,221
Interest Rate Options – Purchases	-	-	-	-	-	-
Interest Rate Options – Sales	8,182	4,981	17,862	-	-	31,025
Securities Options – Purchases	1,249	1,450	-	-	-	2,699
Securities Options – Sales	-	-	-	-	-	-
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	3,951,111	159,588	318,285	34,679	2,141,200	6,604,863
Other Trading Derivatives (III)	61,112,771	31,728,107	56,270,752	23,119,526	7,427,746	179,658,902
B. Total Trading Derivatives (I+II+III)						
Total Derivative Transactions (A+B)	61,112,771	31,728,107	56,270,752	30,097,123	7,618,981	186,827,734

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

5.3.3 Credit derivatives and risk exposures on credit derivatives

As of 31 December 2013, there are commitments for “credit linked notes” of the Bank and its consolidated financial affiliates with a total face value of USD 425,000,000 (31 December 2012: USD 426,111,240) classified under “other irrevocable commitments”.

5.3.4 Contingent liabilities and assets

The Bank and its consolidated financial affiliates made a total provision amounting to TL 33,601 thousands (31 December 2012: TL 19,942 thousands) for the lawsuits filed by various customers and institutions which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.8.4.2, other provisions. There are various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

It is possible that the parent Bank or its consolidated financial affiliates may be required to provide additional collateral for the derivative transactions involved due to changes in certain financial indicators such as CDS levels, currency exchange rates, interest rates etc. As of 31 December 2013, there was no payment made related with such contingent liabilities.

5.3.5 Services rendered on behalf of third parties

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

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	2,516,632	430,547	2,940,584	450,058
Medium and long-term loans	4,371,285	2,288,635	3,666,298	1,931,611
Loans under follow-up	35,154	7,516	34,818	10,669
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	6,923,071	2,726,698	6,641,700	2,392,338

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

5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	77	-
Domestic Banks	21,487	35,806	25,617	48,677
Foreign Banks	101,559	37,374	157,658	40,916
Foreign Head Offices and Branches	-	-	-	-
Total	123,046	73,180	183,352	89,593

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	30,525	14,423	28,280	8,797
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	2,695,824	196,053	3,487,269	175,734
Investments Held-to-Maturity	576,221	13,671	222,555	80,765
Total	3,302,570	224,147	3,738,104	265,296

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	1,092	2,935

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	-	2,959	-	1,669
Domestic Banks	63,994	120,886	84,307	52,120
Foreign Banks	476,753	324,104	471,694	430,669
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	38,686	-	29,062
Total	540,747	486,635	556,001	513,520

(*) 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	1,610	965

5.4.2.3 Interest expenses on securities issued

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	251,688	231,516	216,680	104,053

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	685	63,064	-	-	-	8,428	-	72,177
Saving Deposits	189	227,172	2,075,908	59,626	23,698	24,376	-	2,410,969
Public Sector Deposits	-	307	2,343	80	42,304	7	-	45,041
Commercial Deposits	255	206,709	697,906	93,087	44,995	13,877	-	1,056,829
Others	8	9,071	56,290	10,246	16,752	39	-	92,406
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	1,137	506,323	2,832,447	163,039	127,749	46,727	-	3,677,422
Foreign Currency								
Foreign Currency Deposits	64,581	63,734	475,809	65,608	133,239	112,530	1,336	916,837
Bank Deposits	1,263	56,507	13,410	2,781	1,689	202	-	75,852
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	29	-	1,013	476	-	1,518
Total FC	65,844	120,241	489,248	68,389	135,941	113,208	1,336	994,207
Grand Total	66,981	626,564	3,321,695	231,428	263,690	159,935	1,336	4,671,629

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

5.4.2.5 Interest expense on repurchase agreements

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	516,877	54,351	755,651	45,447

5.4.2.6 Financial lease expenses

	<i>Current Period</i>	<i>Prior Period</i>
Financial Lease Expenses	139	116

5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

	<i>Current Period</i>	<i>Prior Period</i>
Trading Financial Assets	6	-
Financial Assets Valued at Fair Value through Profit or	1	479
Financial Assets Available-for-Sale	675	675
Others	9,806	1,769
Total	10,488	2,923

5.4.4 Trading income/losses (net)

	<i>Current Period</i>	<i>Prior Period</i>
Income	67,381,340	58,079,927
Trading Account Income	836,296	1,391,687
Derivative Financial Instruments	5,536,988	3,703,982
Foreign Exchange Gain	61,008,056	52,984,258
Losses (-)	66,936,454	57,475,201
Trading Account Losses	544,657	781,476
Derivative Financial Instruments	5,753,323	4,145,073
Foreign Exchange Losses	60,638,474	52,548,652
Total	444,886	604,726

TL 1,711,322 thousands (31 December 2012: TL 882,273 thousands) of foreign exchange gains and TL 1,148,740 thousands (31 December 2012: TL 513,778 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 values 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 141,690 thousands and for its bonds with a total face value of TL 1,323,000 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 7,901 thousands and TL 59,998 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 and RON 115,500,000 with the same face value amount and conditions, and its borrowings for a total principal value of KWD 10,000,000 with the same notional amount and conditions, in the current period. Accordingly, gains of TL 4,000 thousands and TL 251 thousands resulting from the fair value changes of the securities issued and funds borrowed subject to hedge accounting were accounted for under trading income/losses in the income statement.

The Bank also enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for the floating rate eurobonds issued in 2011 with a total face value of USD 300,000,000, maturity of 5 years and maturity date of 20 April 2016 by designating cross currency swaps with the same face value amount and conditions, and for the collateralised borrowings amounting to TL 1,000,000 thousands by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period TL 11,009 thousands and TL 38,044 thousands resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity.

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 (31 December 2012: TL 229,516 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 (31 December 2012: TL 33,943 thousands). Considering the related provisions of TL 313,168 thousands in the consolidated financial statements, a gain of TL 44,325 thousands (31 December 2012: TL 31,472 thousands) is recognized under "Other Operating Income".

5.4.6 Provision for losses on loans or other receivables

	<i>Current Period</i>	<i>Prior Period</i>
Specific Provisions for Loans and Other Receivables	1,059,660	932,203
<i>Loans and receivables in Group III</i>	293,924	135,313
<i>Loans and receivables in Group IV</i>	341,816	462,065
<i>Loans and receivables in Group V</i>	423,920	334,825
General Provisions	724,119	291,206
Provision for Possible Losses	-	-
Impairment Losses on Financial Assets	890	28
<i>Financial assets at fair value through profit or loss</i>	890	28
<i>Financial assets available-for-sale</i>	-	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures (business partnership)</i>	-	-
<i>Investments held-to-maturity</i>	-	-
Others	154,703	174,064
Total	1,939,372	1,397,501

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	1,948,843	1,756,317
Reserve for Employee Termination Benefits	39,816	61,977
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	2,361	10,884
Depreciation Expenses of Tangible Assets	190,465	184,395
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	47,401	34,877
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	1,847	1,772
Depreciation Expenses of Assets to be Disposed	2,745	2,185
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	2,018,244	1,634,249
<i>Operational lease related expenses</i>	<i>272,154</i>	<i>233,534</i>
<i>Repair and maintenance expenses</i>	<i>52,908</i>	<i>39,300</i>
<i>Advertisement expenses</i>	<i>123,808</i>	<i>114,438</i>
<i>Other expenses</i>	<i>1,569,374</i>	<i>1,246,977</i>
Loss on Sale of Assets	4,394	7,982
Others (*)(**)	540,742	361,744
Total	4,796,858	4,056,382

(*) Includes saving-deposits-insurance-fund related expenses of TL 131,177 thousands (31 December 2012: TL 98,976 thousands) and insurance-business claim losses of TL 56,570 thousands (31 December 2012: TL 62,929 thousands) as of 31 December 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 $\frac{3}{4}$ 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

TL 7,132,900 thousands (31 December 2012: TL 6,420,252 thousands) of the profit before taxes is derived from net interest income and TL 2,664,906 thousands (31 December 2012: TL 2,071,374 thousands) from net fees and commissions income. The total operating expenses amounted to TL 4,796,858 thousands (31 December 2012: TL 4,056,382 thousands). The profit before taxes realised at TL 4,453,059 thousands (31 December 2012: TL 4,307,037 thousands) increasing by 3.4% (31 December 2012: 0.7%) as compared to the prior year.

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 December 2013, on a consolidated basis, the Bank recorded a current tax expense of TL 660,000 thousands (31 December 2012: TL 1,301,058 thousands) and a deferred tax expense of TL 387,610 thousands (31 December 2012: a deferred tax income of TL 353,065 thousands).

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	Current Period	Prior Period
Increase in Tax Deductable Timing Differences (+)	97,262	336,348
Decrease in Tax Deductable Timing Differences (-)	241,698	19,993
Increase in Taxable Timing Differences (-)	260,564	5,500
Decrease in Taxable Timing Differences (+)	17,390	42,210
Total	387,610	(353,065)

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
(Increase)/Decrease in Tax Deductable Timing Differences (net)	145,611	(313,220)
(Increase)/Decrease in Taxable Timing Differences (net)	243,174	(36,710)
(Increase)/Decrease in Tax Losses (net)	(1,175)	(3,135)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	387,610	(353,065)

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

None.

5.4.11 Net profit/loss

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

None.

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

None.

5.4.11.3 Minority interest's profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	24,359	27,971

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

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

None.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. After netting with the related deferred tax effect, an increase of TL 39,243 thousands (31 December 2012: TL 389 thousands) is presented in the shareholders' equity for such hedges assessed as effective.

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

As of 31 December 2013, a decrease of TL 115,156 thousands (31 December 2012: TL 4,500 thousands) that was resulted from the foreign currency translation of Luxembourg branch and consolidated foreign affiliates performances, is presented under translation differences in the shareholders' equity.

5.5.2 Any decreases arising from application of accounting for financial instruments

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

As of 31 December 2013, a decrease of TL 1,098,476 thousands (31 December 2012: an increase of TL 992,147 thousands) resulted from the revaluation of financial assets available-for-sale at fair value after being netted with the related deferred tax liability effect and a gain of TL 489,788 thousands (31 December 2012: a loss of TL 8,753 thousands) that was transferred to the income statement from "securities value increase fund" are presented as the current period movements in securities value increase fund in the statement of changes in shareholders' equity.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal and extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Transfers to Legal Reserves from Prior Year Profits	195,933	198,829
Transfers to Extraordinary Reserves from Prior Year Profits	3,103,676	2,335,176

5.5.4 Issuance of share certificates

Please refer to Note 5.2.12.3.

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

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

5.6 Consolidated statement of cash flows

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

The net cash inflows arising from banking operations amount to TL 175,312 thousands (31 December 2012: a net cash outflows of TL 2,487,441 thousands). TL 5,014,508 thousands (31 December 2012: TL 6,956,496 thousands) of these net cash inflows is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 5,189,820 thousands (31 December 2012: TL 4,469,055 thousands) from the cash inflows resulted from operating profit. The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 2,761,365 thousands (31 December 2012: TL 2,111,027 thousands). The net cash inflows from financing activities amount to TL 4,069,424 thousands (31 December 2012: TL 1,872,950 thousands).

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 905,527 thousands (31 December 2012: TL 429,290 thousands).

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

Please refer to Notes 5.1.8.1 and 5.1.9.2.

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

None.

5.6.4 Cash and cash equivalents at beginning of period

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

5.6.5 Cash and cash equivalents at end of period

	<i>Current Period</i>	<i>Prior Period</i>
Cash on Hand	1,667,501	1,260,740
<i>Cash in TL</i>	1,007,744	800,979
<i>Cash in Foreign Currency</i>	659,757	459,761
Cash Equivalents	7,116,601	4,566,171
<i>Others</i>	7,116,601	4,566,171
Total	8,784,102	5,826,911

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

The placements at foreign banks include blocked accounts amounting TL 7,377,706 thousands (31 December 2012: TL 6,175,422 thousands) of which TL 116,271 thousands (31 December 2012: TL 82,876 thousands) and TL 43,094 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 7,218,341 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 91,740 thousands (31 December 2012: TL 108,694 thousands) as required for insurance activities.

The blocked account at the Central Bank of Turkey with a principal of TL 17,166,780 thousands (31 December 2012: TL 12,871,845 thousands) is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

5.6.7 Additional information

5.6.7.1 *Restrictions on the Bank's potential borrowings*

None.

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

None.

5.7 Related party risks

5.7.1 Transactions with parent bank's risk group;

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	92,579	3,652	9,250	284,178	590,506	489,308
Interest and Commission Income	1,587	6	728	9	32,402	399

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	3,172	5	887	6	39,111	931

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	28,668	6,679	304,643	101,958	342,925	207,192
Interest Expenses	1,610	965	9,910	14,810	15,095	13,834

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	2,921	6,963	9,092,999	3,373,361	-	-
Total Profit/(Loss)	(333)	15,762	(49,437)	(20,171)	-	934
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 580,038 thousands (31 December 2012: TL 402,975 thousands) compose 0.45% (31 December 2012: 0.40%) of the Bank's total consolidated cash loans and 0.26% (31 December 2012: 0.22%) of the Bank's total consolidated assets. The total loans and similar receivables amounting 692,335 thousands (31 December 2012: TL 795,136 thousands) compose 0.31% (31 December 2012: 0.44%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 777,138 thousands (31 December 2012: TL 969,119 thousands) compose 2.27% (31 December 2012: 4.08%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 676,236 thousands (31 December 2012: TL 315,829 thousands) compose 0.57% (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 199,623 thousands (31 December 2012: TL 37,136 thousands) compose 0.59% (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 12,664 thousands (31 December 2012: TL 20,707 thousands). A total rent income of TL 1,776 thousands (31 December 2012: TL 1,151 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 61 thousands (31 December 2012: TL 12,961 thousands) were incurred for the IT services rendered by the related parties. Other income of TL 33 thousands (31 December 2012: TL -) for the IT services rendered and banking services fee of TL 1,435 (31 December 2012: TL 1,087 thousands) were recognized from the related parties.

Operating expenses of TL 12,104 thousands (31 December 2012: TL 11,342 thousands) for advertisement and broadcasting services, of TL 27,112 thousands (31 December 2012: TL 22,384 thousands) for operational leasing services, and of TL 15,004 thousands (31 December 2012: TL 11,492 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 200 thousands (31 December 2012: TL 140 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 121,469 thousands as of 31 December 2013 (31 December 2012: TL 128,538 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

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

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

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

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

5.8.1 Domestic and foreign branches and representative offices of parent bank

Parent Bank					
	Number of Branches	Number Of Employees	Country		
Domestic Branches	990	18,611			
Foreign Representative Offices	1	1	1- Germany		
	1	1	2- England		
	1	1	3- China		
				Total Assets	Legal Capital
Foreign Branches	1	17	1- Luxembourg	15,643,473	1,168,400
	1	12	2- Malta	30,568,445	-
	6	94	3- NCTR	744,988	15,520

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

In 2013, 67 new domestic branches were opened and three branches were closed.

5.8.3 Information on consolidated financial subsidiaries of parent bank

Garanti Bank International NV					
	Number of Branches	Number Of Employees	Country		
Foreign Representative Offices	1	16	1- Turkey		
	1	-	2- Switzerland		
	1	2	3- Ukraine		
				Total Assets	Legal Capital
Head office-The Netherlands	1	196	1-The Netherlands	13,510,776	EUR 136,836,000
Foreign Branches	1	20	2- Germany	64,663	-

Garanti Bank Moscow					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Head Office-Moscow	1	83	Russia	1,034,687	US\$ 32,757,000

Garanti Bank SA					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Romania Head Office and Branches	78	917	Romania	4,807,490	RON 1,038,649,142

Other consolidated foreign financial subsidiaries

	Number Of Employees	Country	Total Assets	Legal Capital
Garanti Holding BV	-	The Netherlands	947,643	EUR 369,088,600
G Netherlands BV	-	The Netherlands	989,791	EUR 104,382,821
Motoractive IFN SA	80	Romania	279,803	RON 40,139,000
Ralfi IFN SA	161	Romania	233,841	RON 10,661,500
Domenia Credit IFN SA	26	Romania	340,014	RON 41,094,203

Consolidated domestic financial subsidiaries

	Number Of Employees	Total Assets	Legal Capital
Garanti Finansal Kiralama AŞ	151	3,661,127	73,000
Garanti Faktoring Hizmetleri AŞ	195	2,059,595	79,500
Garanti Emeklilik ve Hayat AŞ	898	5,315,146	50,000
Garanti Yatırım Menkul Kıymetler AŞ	104	53,454	8,328
Garanti Portföy Yönetimi AŞ	57	23,733	10,000
Garanti Yatırım Ortaklığı AŞ (*)	7	35,386	32,000

(*) Financial information is as of 30 September 2013.

5.9 Matters arising subsequent to the balance sheet date

None.

6 Other Disclosures on Activities

6.1 Information on international risk ratings

6.1.1 Parent bank's international risk ratings

MOODY'S (November 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 (June 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 (October 2013) (*)

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

JCR EURASIA RATINGS (June 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.

6.1.2 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.

6.1.3 International risk ratings of Garanti Faktoring, a consolidated affiliate

FITCH RATINGS (May 2013) (*)

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

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (December 2012) (*)

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

(*) Latest date in risk ratings or outlooks.

STANDARD AND POORS (June 2013) (*)

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

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (November 2013) (*)

Foreign Currency	
Long Term	BBB-
Short Term	F3
Outlook	Stable
Support	2

(*) Latest date in risk ratings or outlooks.

6.2 Dividends

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:

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

6.3 Other disclosures

As per the Communiqué published on the Official Gazette no.28704 dated 11 July 2013, “Standards on Investment Banking Services and Activities and the related Services Rendered”, the Bank will be transferring a part of its activities under investment banking segment to Garanti Yatırım Menkul Kıymetler AŞ, a consolidated affiliate, as of 1 July 2014.

7 Independent Auditors' Report

7.1 Disclosure on independent auditors' report

The consolidated financial statements of the Bank and its financial affiliates as of 31 December 2013, have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 30 January 2014, is presented before the accompanying consolidated financial statements.

7.2 Disclosures and footnotes prepared by independent auditors

None.

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