

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

**Türkiye Garanti Bankası Anonim Şirketi
And Its Financial Affiliates
Consolidated Financial Statements
As of and For the Three-Month Period Ended
31 March 2015**
*(Convenience Translation of Financial Statements and Related
Disclosures and Footnotes Originally Issued in Turkish)*
**With Independent Accountants’
Limited Review Report Thereon**

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
28 April 2015

*This report contains “Independent Accountants’
Limited Review Report” comprising 2 pages and;
“Consolidated Financial Statements and Related
Disclosures and Footnotes” comprising 103 pages.*

LIMITED REVIEW REPORT FOR THE INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Türkiye Garanti Bankası A.Ş.
İstanbul

Introduction

We have reviewed the accompanying consolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates (together will be referred as "the Group") as at 31 March 2015, and the consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the three month period then ended, and summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the Banking Regulation and Supervision Agency, (together referred as the BRSA Accounting and Reporting Regulations) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by the BRSA Accounting and Reporting Regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As of the balance sheet date, the accompanying consolidated interim financial statements include a general reserve amounting to TL 450,000 thousands, TL 35,000 thousands of which was charged to the income statement as expense in the current period, provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

Conclusion

Based on our review, except for the effect of the matter referred in the preceding paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, financial position of Türkiye Garanti Bankası A.Ş. and its financial affiliates as at 31 March 2015 and of the results of its operations and its cash flows for the three-month-period then ended in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the Banking Regulation and Supervision Agency, (together referred as the BRSA Accounting and Reporting Regulations) and Turkish Accounting Standard 34 “Interim Financial Reporting” except for the matters regulated by the BRSA Accounting and Reporting Regulations.

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK AŞ

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Şule Firuzment Bekçe

Partner

Istanbul, 28 April 2015

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
AND ITS FINANCIAL AFFILIATES
CONSOLIDATED INTERIM FINANCIAL REPORT AS OF AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

The consolidated interim financial report for the three-month period ended 31 March 2015 prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

Subsidiaries

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

Special Purpose Entities

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

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

Ferit F. Şahenk

Board of Directors Chairman

S. Ergun Özen

General Manager

İbrahim Aydın

Executive Vice President

Responsible of Financial Reporting

Aylin Aktürk

Coordinator

M. Cüneyt Sezgin

Audit Committee Member

Manuel Pedro

Galatas Sanchez -Harguindey

Audit Committee Member

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations

Phone no: 90 212 318 23 50

Fax no: 90 212 216 59 02

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1 General Information

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 995 domestic branches, eight foreign branches and three representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 31 March 2015, 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 2011, 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.

BBVA that 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, 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	25 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	33 years
Dr. Muammer Cüneyt Sezgin	Independent Member of BOD and Audit Committee	30.06.2004	PhD	27 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	41 years
Manuel Castro Aladro	Member	22.03.2011	Master	23 years
Manuel Pedro Galatas Sanchez Harguindey	Independent Member of BOD and Audit Committee	05.05.2011	University	31 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	22 years
Angel Cano Fernandez	Member	22.03.2011	University	30 years
Belkis Sema Yurdum	Independent Member	30.04.2013	University	27 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	28 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	28 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	37 years
Ali Fuat Erbil	EVP-Financial Institutions and Corporate Banking	30.04.1999	PhD	23 years
Erhan Adalı	EVP-Loans	03.08.2012	University	25 years
Gökhan Erün	EVP-Treasury, Investment Banking, Human Resources and Training	01.09.2005	Master	21 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	33 years
Halil Hüsnü Erel	EVP-Technology, Operations Management and Central Marketing	16.06.1997	University	40 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	25 years
Turgay Gönensin	EVP-Coordination of Domestic and Foreign Subsidiaries	15.12.2001	University	30 years
Aydın Şenel	EVP-Purchasing and Tax Management	02.03.2006	University	34 years
İbrahim Aydın	EVP-General Accounting, Economic Research and Customer Satisfaction	06.06.2013	Master	21 years
Avni Aydın Düren	EVP-Legal Services and Risk Monitoring	01.02.2009	Master	21 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	21 years
Murat Mergin	EVP-Financial and Strategic Planning	01.01.2002	University	21 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	16 years
Didem Başer	EVP-Delivery Channels and Social Platforms Management	20.03.2012	Master	20 years

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

1.4 Information on parent bank's qualified shareholders

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

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

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

1.5 Summary information on parent bank's activities and services

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

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

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

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

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

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

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

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

None.

2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Balance Sheet (Statement of Financial Position)

At 31 March 2015

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 March 2015			31 December 2014		
			TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK		5.1.1	2,170,376	23,037,426	25,207,802	1,760,060	23,432,509	25,192,569
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		5.1.2	1,822,432	953,089	2,775,521	1,144,139	723,777	1,867,916
2.1 Financial assets held for trading			1,622,513	953,089	2,575,602	942,754	723,777	1,666,531
2.1.1 Government securities			134,007	13,298	147,305	73,423	8,112	81,535
2.1.2 Equity securities			74,338	-	74,338	72,940	-	72,940
2.1.3 Derivative financial assets held for trading			1,382,172	828,012	2,210,184	755,168	693,013	1,448,181
2.1.4 Other securities			31,996	111,779	143,775	41,223	22,652	63,875
2.2 Financial assets valued at fair value through profit or loss			199,919	-	199,919	201,385	-	201,385
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Loans		5.1.5	199,919	-	199,919	201,385	-	201,385
2.2.4 Other securities			-	-	-	-	-	-
III. BANKS		5.1.3	1,020,238	13,469,845	14,490,083	1,796,433	11,066,991	12,863,424
IV. INTERBANK MONEY MARKETS			22,111	11,515	33,626	25,692	84,551	110,243
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	-	-	-	80,446	80,446
4.3 Receivables from reverse repurchase agreements			22,111	11,515	33,626	25,692	4,105	29,797
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)		5.1.4	18,914,246	3,965,588	22,879,834	19,276,594	4,253,710	23,530,304
5.1 Equity securities			37,777	62,441	100,218	34,867	63,742	98,609
5.2 Government securities			17,454,291	264,413	17,718,704	17,500,522	871,296	18,371,818
5.3 Other securities			1,422,178	3,638,734	5,060,912	1,741,205	3,318,672	5,059,877
VI. LOANS		5.1.5	92,154,773	62,763,136	154,917,909	86,092,273	57,945,413	144,037,686
6.1 Loans			91,506,735	62,284,691	153,791,426	85,465,405	57,471,974	142,937,379
6.1.1 Loans to bank's risk group		5.7	108,046	1,494,709	1,602,755	153,890	1,402,013	1,555,903
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			91,398,689	60,789,982	152,188,671	85,311,515	56,069,961	141,381,476
6.2 Loans under follow-up			3,413,624	1,101,039	4,514,663	3,300,829	1,085,225	4,386,054
6.3 Specific provisions (-)			2,765,586	622,594	3,388,180	2,673,961	611,786	3,285,747
VII. FACTORING RECEIVABLES		5.1.6	1,932,795	828,145	2,760,940	2,270,223	688,726	2,958,949
VIII. INVESTMENTS HELD-TO-MATURITY (Net)		5.1.7	11,510,261	7,660,104	19,170,365	13,387,953	7,279,089	20,667,042
8.1 Government securities			11,400,779	5,094,761	16,495,540	13,360,951	4,641,023	18,001,974
8.2 Other securities			109,482	2,565,343	2,674,825	27,002	2,638,066	2,665,068
IX. INVESTMENTS IN ASSOCIATES (Net)		5.1.8	37,258	4	37,261	37,258	3	37,261
9.1 Associates consolidated under equity accounting			-	-	-	-	-	-
9.2 Unconsolidated associates			37,258	3	37,261	37,258	3	37,261
9.2.1 Financial investments in associates			33,329	-	33,329	33,329	-	33,329
9.2.2 Non-financial investments in associates			3,929	3	3,932	3,929	3	3,932
X. INVESTMENTS IN SUBSIDIARIES (Net)		5.1.9	114,236	833	115,069	114,236	847	115,083
10.1 Unconsolidated financial investments in subsidiaries			-	-	-	-	-	-
10.2 Unconsolidated non-financial investments in subsidiaries			114,236	833	115,069	114,236	847	115,083
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	1,323,339	3,061,021	4,384,360	1,249,559	2,904,844	4,154,403
12.1 Financial lease receivables			1,593,000	3,423,091	5,016,091	1,506,256	3,280,332	4,786,588
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			269,661	362,070	631,731	256,697	375,488	632,185
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		5.1.12	48,464	288,879	337,343	46,202	120,050	166,252
13.1 Fair value hedges			27,813	-	27,813	31,158	83	31,241
13.2 Cash flow hedges			20,651	288,879	309,530	15,044	119,967	135,011
13.3 Net foreign investment hedges			-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		5.1.13	1,384,009	138,732	1,522,741	1,413,743	136,620	1,550,363
XV. INTANGIBLE ASSETS (Net)		5.1.14	211,446	24,108	235,554	212,982	24,370	237,352
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			205,058	24,108	229,166	206,594	24,370	230,964
XVI. INVESTMENT PROPERTY (Net)		5.1.15	119,301	-	119,301	120,258	-	120,258
XVII. TAX ASSET			537,097	48,455	585,552	408,044	52,202	460,246
17.1 Current tax asset			-	9,324	9,324	58	9,231	9,289
17.2 Deferred tax asset		5.1.16	537,097	39,131	576,228	407,986	42,971	450,957
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)		5.1.17	167,989	11,478	179,467	172,449	5,758	178,207
18.1 Asset held for resale			167,989	11,478	179,467	172,449	5,758	178,207
18.2 Assets of discontinued operations			-	-	-	-	-	-
XIX. OTHER ASSETS		5.1.18	9,442,433	579,378	10,021,811	8,379,158	424,375	8,803,533
TOTAL ASSETS			142,932,804	116,841,735	259,774,539	137,907,256	109,143,835	247,051,091

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Balance Sheet (Statement of Financial Position)
At 31 March 2015

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2015			31 December 2014		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	62,382,880	78,706,689	141,089,569	61,920,631	71,505,248	133,425,879
1.1 Deposits from bank's risk group	5.7	394,370	420,030	814,400	541,060	488,134	1,029,194
1.2 Other		61,988,510	78,286,659	140,275,169	61,379,571	71,017,114	132,396,685
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	2,182,014	1,942,999	4,125,013	1,073,132	1,027,639	2,100,771
III. FUNDS BORROWED	5.2.3	4,775,739	32,616,122	37,391,861	5,740,980	32,047,561	37,788,541
IV. INTERBANK MONEY MARKETS		10,330,478	2,881,187	13,211,665	4,900,797	7,120,368	12,021,165
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements	5.2.4	10,330,478	2,881,187	13,211,665	4,900,797	7,120,368	12,021,165
V. SECURITIES ISSUED (Net)	5.2.4	4,295,318	10,302,618	14,597,936	4,843,784	9,594,572	14,438,356
5.1 Bills		1,866,708	297,521	2,164,229	2,038,716	-	2,038,716
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		2,428,610	10,005,097	12,433,707	2,805,068	9,594,572	12,399,640
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	5.2.4	12,419,367	1,093,110	13,512,477	12,205,125	814,945	13,020,070
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		2,438,546	716,911	3,155,457	1,818,236	666,031	2,484,267
IX. FACTORING PAYABLES	5.2.5	-	-	-	-	-	-
X. LEASE PAYABLES (Net)	5.2.6	-	-	-	-	-	-
10.1 Financial lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	67,487	258,259	325,746	99,572	179,811	279,383
11.1 Fair value hedges		67,487	179,438	246,925	99,572	111,931	211,503
11.2 Cash flow hedges		-	78,821	78,821	-	67,880	67,880
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	5.2.8	4,037,358	123,026	4,160,384	3,896,834	120,827	4,017,661
12.1 General provisions		2,581,097	63,112	2,644,209	2,395,297	62,255	2,457,552
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		550,102	28,266	578,368	519,406	28,852	548,258
12.4 Insurance technical provisions (Net)		238,823	-	238,823	239,160	-	239,160
12.5 Other provisions		667,336	31,648	698,984	742,971	29,720	772,691
XIII. TAX LIABILITY	5.2.9	589,150	49,224	638,374	670,717	36,446	707,163
13.1 Current tax liability		589,125	49,224	638,349	670,717	36,446	707,163
13.2 Deferred tax liability		25	-	25	-	-	-
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	-	138,250	138,249	-	140,766	140,766
XVI. SHAREHOLDERS' EQUITY	5.2.12	27,322,584	105,224	27,427,808	26,494,916	132,153	26,627,069
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		656,008	(40,837)	615,171	790,604	(11,063)	779,541
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		(58,648)	(32,048)	(90,696)	82,677	6,104	88,781
16.2.4 Revaluation surplus on tangible assets		175,034	-	175,034	175,034	-	175,034
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)		(192,711)	(8,789)	(201,500)	(199,440)	(17,167)	(216,607)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		719,506	-	719,506	719,506	-	719,506
16.3 Profit reserves		17,677,171	146,061	17,823,232	17,657,509	143,216	17,800,725
16.3.1 Legal reserves		1,158,213	22,604	1,180,817	1,157,675	22,279	1,179,954
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		16,161,792	1,624	16,163,416	16,151,525	1,638	16,153,163
16.3.4 Other profit reserves		357,166	121,833	478,999	348,309	119,299	467,608
16.4 Profit or loss		4,587,392	-	4,587,392	3,653,070	-	3,653,070
16.4.1 Prior periods profit/loss		3,642,271	-	3,642,271	-	-	-
16.4.2 Current period net profit/loss		945,121	-	945,121	3,653,070	-	3,653,070
16.5 Minority interest		202,013	-	202,013	193,733	-	193,733
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		130,840,921	128,933,618	259,774,539	123,664,724	123,386,367	247,051,091

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Off-Balance Sheet Items
At 31 March 2015

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 March 2015			PRIOR PERIOD 31 December 2014		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II-III)		161,154,234	234,241,223	395,395,457	124,389,720	179,316,627	303,706,347
I. GUARANTEES AND SURETIES	5.3.1	12,820,817	28,435,998	41,256,815	12,149,325	25,579,872	37,729,197
1.1 Letters of guarantee		12,801,052	16,760,303	29,561,355	12,138,798	15,379,775	27,518,573
1.1.1 Guarantees subject to State Tender Law		-	866,755	866,755	-	883,228	883,228
1.1.2 Guarantees given for foreign trade operations		1,635,511	418,539	2,054,050	1,467,460	487,126	1,954,586
1.1.3 Other letters of guarantee		11,165,541	15,475,009	26,640,550	10,671,338	14,009,421	24,680,759
1.2 Bank acceptances		19,587	1,007,653	1,027,240	9,600	806,287	815,887
1.2.1 Import letter of acceptance		19,587	1,007,653	1,027,240	9,600	806,287	815,887
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		178	10,571,362	10,571,540	927	9,307,108	9,308,035
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		178	10,571,362	10,571,540	927	9,307,108	9,308,035
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		-	96,680	96,680	-	86,702	86,702
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		39,657,692	13,981,277	53,638,969	37,592,345	10,396,512	47,988,857
2.1 Irrevocable commitments		39,487,226	13,779,640	53,266,866	37,484,500	10,293,302	47,777,802
2.1.1 Asset purchase and sale commitments		2,918,435	6,870,037	9,788,472	1,584,514	3,862,326	5,446,840
2.1.2 Deposit purchase and sale commitments		-	25,750	25,750	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	6,006	6,006	-	6,059	6,059
2.1.4 Loan granting commitments		6,423,304	6,355,318	12,778,622	6,093,560	5,201,258	11,294,818
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		3,062,884	-	3,062,884	2,874,791	-	2,874,791
2.1.8 Tax and fund obligations on export commitments		16,278	-	16,278	15,861	-	15,861
2.1.9 Commitments for credit card limits		25,795,219	174,958	25,970,177	25,642,813	156,788	25,799,601
2.1.10 Commitments for credit cards and banking services related promotions		6,896	-	6,896	8,751	-	8,751
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		1,264,210	347,571	1,611,781	1,264,210	1,066,871	2,331,081
2.2 Revocable commitments		170,466	201,637	372,103	107,845	103,210	211,055
2.2.1 Revocable loan granting commitments		45,344	191	45,535	42,009	-	42,009
2.2.2 Other revocable commitments		125,122	201,446	326,568	65,836	103,210	169,046
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	108,675,725	191,823,948	300,499,673	74,648,050	143,340,243	217,988,293
3.1 Derivative financial instruments held for risk management		7,230,420	10,398,256	17,628,676	8,124,272	9,306,282	17,430,554
3.1.1 Fair value hedges		3,184,200	5,466,896	8,651,096	4,034,049	4,802,991	8,837,040
3.1.2 Cash flow hedges		4,046,220	4,931,360	8,977,580	4,090,223	4,503,291	8,593,514
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		101,445,305	181,425,692	282,870,997	66,523,778	134,033,961	200,557,739
3.2.1 Forward foreign currency purchases/sales		16,370,179	20,150,958	36,521,137	10,086,437	12,426,784	22,513,221
3.2.1.1 Forward foreign currency purchases		7,004,881	10,846,664	17,851,545	4,430,102	6,884,095	11,314,197
3.2.1.2 Forward foreign currency sales		9,365,298	9,304,294	18,669,592	5,656,335	5,542,689	11,199,024
3.2.2 Currency and interest rate swaps		52,764,544	104,257,841	157,022,385	34,360,421	83,087,805	117,448,226
3.2.2.1 Currency swaps-purchases		20,907,457	44,355,187	65,262,644	10,210,965	37,447,942	47,658,907
3.2.2.2 Currency swaps-sales		26,907,339	35,751,760	62,659,099	19,879,952	25,536,137	45,416,089
3.2.2.3 Interest rate swaps-purchases		2,474,874	12,075,447	14,550,321	2,134,752	10,051,863	12,186,615
3.2.2.4 Interest rate swaps-sales		2,474,874	12,075,447	14,550,321	2,134,752	10,051,863	12,186,615
3.2.3 Currency, interest rate and security options		32,066,725	45,721,838	77,788,563	22,051,233	29,737,878	51,789,111
3.2.3.1 Currency call options		14,145,072	21,922,695	36,067,767	9,817,575	13,833,684	23,651,259
3.2.3.2 Currency put options		17,845,718	19,644,785	37,490,503	12,227,334	12,568,861	24,796,195
3.2.3.3 Interest rate call options		-	4,144,080	4,144,080	-	3,317,397	3,317,397
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		28,485	5,139	33,624	3,384	8,968	12,352
3.2.3.6 Security put options		47,450	5,139	52,589	2,940	8,968	11,908
3.2.4 Currency futures		209,639	231,468	441,107	19,583	19,928	39,511
3.2.4.1 Currency futures-purchases		152,014	74,653	226,667	-	19,099	19,099
3.2.4.2 Currency futures-sales		57,625	156,815	214,440	19,583	829	20,412
3.2.5 Interest rate futures		-	122,313	122,313	-	92,200	92,200
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	122,313	122,313	-	92,200	92,200
3.2.6 Others		34,218	10,941,274	10,975,492	6,104	8,669,366	8,675,470
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		504,608,995	353,388,741	857,997,736	506,774,603	374,807,156	881,581,759
IV. ITEMS HELD IN CUSTODY		42,048,044	30,892,565	72,940,609	42,007,900	24,449,530	66,457,430
4.1 Customers' securities held		8,778,497	-	8,778,497	8,268,224	-	8,268,224
4.2 Investment securities held in custody		20,242,482	11,030,803	31,273,285	21,117,192	6,385,801	27,502,993
4.3 Checks received for collection		10,768,318	2,280,622	13,048,940	10,523,739	2,096,471	12,620,210
4.4 Commercial notes received for collection		2,083,829	1,015,775	3,099,604	1,974,573	895,388	2,869,961
4.5 Other assets received for collection		74,404	14,385,483	14,459,887	67,738	13,485,525	13,553,263
4.6 Assets received through public offering		-	62,639	62,639	-	56,584	56,584
4.7 Other items under custody		100,514	2,117,243	2,217,757	56,434	1,529,761	1,586,195
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		462,560,951	322,496,176	785,057,127	464,766,703	350,357,626	815,124,329
5.1 Securities		3,473,764	288,262	3,762,026	3,621,592	14,069	3,635,661
5.2 Guarantee notes		40,159,773	10,168,704	50,328,477	41,904,628	12,401,652	54,306,280
5.3 Commodities		530	-	530	2,234	-	2,234
5.4 Warranties		-	746,703	746,703	-	771,718	771,718
5.5 Real estates		100,070,789	75,472,081	175,542,870	94,933,475	69,794,029	164,727,504
5.6 Other pledged items		318,855,925	235,819,871	554,675,796	324,304,604	267,375,657	591,680,261
5.7 Pledged items-depository		170	555	725	170	501	671
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		665,763,229	587,629,964	1,253,393,193	631,164,323	554,123,783	1,185,288,106

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Income Statement
At 31 March 2015

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2015- 31 March 2015	PRIOR PERIOD 1 January 2014- 31 March 2014
I. INTEREST INCOME		5.4.1	4,238,253	3,929,951
1.1 Interest income on loans			3,257,311	2,746,763
1.2 Interest income on reserve deposits			6,615	592
1.3 Interest income on banks			45,346	60,369
1.4 Interest income on money market transactions			1,911	1,604
1.5 Interest income on securities portfolio			741,358	959,833
1.5.1 Trading financial assets			6,780	10,540
1.5.2 Financial assets valued at fair value through profit or loss			-	-
1.5.3 Financial assets available-for-sale			419,866	545,318
1.5.4 Investments held-to-maturity			314,712	403,975
1.6 Financial lease income			90,421	84,540
1.7 Other interest income			95,291	76,250
II. INTEREST EXPENSE		5.4.2	2,072,985	2,101,182
2.1 Interest on deposits			1,389,562	1,399,975
2.2 Interest on funds borrowed			287,944	322,077
2.3 Interest on money market transactions			161,393	199,524
2.4 Interest on securities issued			220,924	175,012
2.5 Other interest expenses			13,162	4,594
III. NET INTEREST INCOME (I - II)			2,165,268	1,828,769
IV. NET FEES AND COMMISSIONS INCOME			759,443	742,269
4.1 Fees and commissions received			956,538	910,066
4.1.1 Non-cash loans			72,272	65,266
4.1.2 Others			884,266	844,800
4.2 Fees and commissions paid			197,095	167,797
4.2.1 Non-cash loans			543	351
4.2.2 Others			196,552	167,446
V. DIVIDEND INCOME		5.4.3	-	69
VI. NET TRADING INCOME/LOSSES (Net)		5.4.4	3,185	82,159
6.1 Trading account income/losses (Net)			258,930	(49,983)
6.2 Income/losses from derivative financial instruments (Net)			(1,359,879)	(118,878)
6.3 Foreign exchange gains/losses (Net)			1,104,134	251,020
VII. OTHER OPERATING INCOME		5.4.5	493,191	250,823
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)			3,421,087	2,904,089
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)		5.4.6	632,637	466,137
X. OTHER OPERATING EXPENSES (-)		5.4.7	1,541,953	1,260,098
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)			1,246,497	1,177,854
XII. INCOME RESULTED FROM MERGERS			-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING			-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)		5.4.8	1,246,497	1,177,854
XVI. PROVISION FOR TAXES (±)		5.4.9	293,078	281,496
16.1 Current tax charge			391,263	273,714
16.2 Deferred tax charge/(credit)			(98,185)	7,782
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)		5.4.10	953,419	896,358
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	953,419	896,358
23.1 Equity holders of the bank			945,121	888,409
23.2 Minority interest			8,298	7,949
Earnings per Share			0.225	0.212

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity
At 31 March 2015

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2015 - 31 March 2015	PRIOR PERIOD 1 January 2014 - 31 March 2014
At 31 March 2015			
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(209,688)	(66,460)
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	11,708	(19,692)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	14,786	49,600
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	3,278	2,773
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	-
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	27,236	7,201
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(152,680)	(26,578)
XI.	CURRENT PERIOD PROFIT/LOSSES	953,419	896,358
1.1	Net changes in fair value of securities (transferred to income statement)	80,755	23,905
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	(26,694)	(2,263)
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	899,358	874,716
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	800,739	869,780

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 Changes in Shareholders' Equity
At 31 March 2015

THOUSANDS OF TURKISH LIRA (TL)																			
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Inflation Adjustment to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD - 1 January-31 March 2014																			
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	1,153,154	-	13,315,508	632,351	-	3,314,434	(494,431)	174,304	947	(227,350)	-	22,853,351	162,818	23,016,169
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)		4,200,000	772,554	11,880	-	1,153,154	-	13,315,508	632,351	-	3,314,434	(494,431)	174,304	947	(227,350)	-	22,853,351	162,818	23,016,169
Changes during the period	5.5																		
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(49,326)	-	-	-	-	(49,326)	(13)	(49,339)
VI. Hedging reserves		-	-	-	-	-	-	-	(2,773)	-	-	-	-	-	42,453	-	39,680	-	39,680
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	39,680	-	39,680	-	39,680
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	(2,773)	-	-	-	-	-	2,773	-	-	-	-
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	(354)	-	-	(16,565)	-	-	-	-	-	-	-	(16,919)	-	(16,919)
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	888,409	-	-	-	-	-	-	888,409	7,949	896,358
XX. Profit distribution		-	-	-	-	1,103	-	-	-	-	(1,103)	-	-	-	-	-	-	-	-
20.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2. Transfers to reserves		-	-	-	-	1,103	-	-	-	-	(1,103)	-	-	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	1,153,903	-	13,315,508	613,013	888,409	3,313,331	(543,757)	174,304	947	(184,897)	-	23,715,195	170,754	23,885,949
CURRENT PERIOD - 1 January-31 March 2015																			
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	1,179,954	-	16,153,163	414,560	-	3,653,070	88,781	175,034	947	(216,607)	-	26,433,336	193,733	26,627,069
Changes during the period	5.5																		
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(179,477)	-	-	-	-	(179,477)	(18)	(179,495)
IV. Hedging reserves		-	-	-	-	-	-	-	(3,278)	-	-	-	-	-	15,107	-	11,829	-	11,829
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	11,829	-	11,829	-	11,829
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	(3,278)	-	-	-	-	-	3,278	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	331	-	(14)	14,669	-	-	-	-	-	-	-	14,986	-	14,986
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	945,121	-	-	-	-	-	-	945,121	8,298	953,419
XVIII. Profit distribution		-	-	-	-	532	-	10,267	-	-	(10,799)	-	-	-	-	-	-	-	-
18.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2. Transfers to reserves		-	-	-	-	532	-	10,267	-	-	(10,799)	-	-	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	1,180,817	-	16,163,416	425,951	945,121	3,642,271	(90,696)	175,034	947	(201,500)	-	27,225,795	202,013	27,427,808

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Cash Flows
At 31 March 2015

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2015 31 March 2015	PRIOR PERIOD 1 January 2014 31 March 2014
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	999,660	1,797,168
1.1.1 Interests received		4,097,617	3,601,508
1.1.2 Interests paid		(2,264,517)	(2,039,467)
1.1.3 Dividend received		-	69
1.1.4 Fees and commissions received		956,538	910,066
1.1.5 Other income		726,361	272,836
1.1.6 Collections from previously written-off loans and other receivables		32,785	13,787
1.1.7 Payments to personnel and service suppliers		(1,223,467)	(1,005,884)
1.1.8 Taxes paid		(478,941)	(147,577)
1.1.9 Others		(846,716)	191,830
1.2 Changes in operating assets and liabilities	5.6	(3,937,712)	(859,356)
1.2.1 Net (increase) decrease in financial assets held for trading		(154,688)	(1,628)
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(1,410,756)	504,849
1.2.4 Net (increase) decrease in loans		(10,935,362)	(3,407,988)
1.2.5 Net (increase) decrease in other assets		(1,246,777)	304,928
1.2.6 Net increase (decrease) in bank deposits		(1,231,346)	431,982
1.2.7 Net increase (decrease) in other deposits		8,946,398	2,132,746
1.2.8 Net increase (decrease) in funds borrowed		970,389	(760,723)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		1,124,430	(63,522)
I. Net cash flow from banking operations	5.6	(2,938,052)	937,812
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	2,578,124	(2,760,609)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(39,514)	(47,392)
2.4 Sales of tangible assets		28,637	22,854
2.5 Cash paid for purchase of financial assets available-for-sale, net		(3,129,062)	(2,459,002)
2.6 Cash obtained from sale of financial assets available-for-sale, net		3,599,722	2,402,613
2.7 Cash paid for purchase of investments held-to-maturity		(525,793)	(2,679,682)
2.8 Cash obtained from sale of investments held-to-maturity		2,644,134	-
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		120,546	368,977
3.1 Cash obtained from funds borrowed and securities issued		1,721,981	2,329,120
3.2 Cash used for repayment of funds borrowed and securities issued		(1,601,317)	(1,959,351)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for financial leases		(118)	(792)
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		393,558	(12,055)
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	154,176	(1,465,875)
VI. Cash and cash equivalents at beginning of period	5.6	9,999,761	8,784,102
VII. Cash and cash equivalents at end of period (V+VI)	5.6	10,153,937	7,318,227

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 3.24.

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 (“POA”).

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 securities and loans, and the bonds of the Bank are hedged under fair value hedges. The fair value risks of such fixed-rate assets and financial liabilities are hedged with interest rate swaps and cross currency swaps. The fair value changes of the hedged fixed-rate financial assets and financial liabilities 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 Bank may classify its financial assets and liabilities as at fair value through profit or loss at the initial recognition in order to eliminate any accounting inconsistency.

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 March 2015, 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 increased its shareholding to 100% through a further acquisition of 0.04% of the company's shares on 21 October 2014.

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 Kredi 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 3.30%, 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.

The Bank and its financial affiliates do not consider the bonus shares received through capital increases of their affiliates from their own equities as income in accordance with IAS 18, as such capital increases do not create any differences in the financial position or economic interest of the Bank or its financial affiliates and it is not certain that there is an economic benefit associated with such transactions that will flow to the Bank or its financial affiliates.

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 and securities issued at their origination dates, as financial assets/liabilities at fair value through profit or loss in compliance with TAS 39. The interest income/expense earned and the difference between the acquisition costs and the amortized costs of financial instruments are recorded under interest income/expense in income statement, the difference between the amortized costs and the fair values of financial instruments are recorded under trading account income/losses in income statement.

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 March 2015	31 December 2014
Net Effective Discount Rate	2.36%	2.36%
Discount Rate	8.60%	8.60%
Expected Rate of Salary Increase	7.60%	7.60%
Inflation Rate	6.10%	6.10%

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 March 2015	
	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 7.50% 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.

3.19 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 March 2015, the Bank or its financial affiliates do not have any government incentives or grants.

3.23 Segment reporting

The Bank operates in corporate, commercial, retail and investment banking. Accordingly, the banking products served to customers are; custody services, time and demand deposits, accumulating deposit accounts, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account (ELMA), cheques, safety boxes, bill payments, tax collections, payment orders. GarantiCard, BonusCard, Miles&Smiles Card, FlexiCard, MoneyCard, BusinessCard under the brand 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 / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	1,374,082	1,081,134	296,882	668,989	3,421,087
Other	-	-	-	-	-
Total Operating Profit	1,374,082	1,081,134	296,882	668,989	3,421,087
Net Operating Profit	24,421	563,135	208,904	450,037	1,246,497
Income from Associates and Subsidiaries	-	-	-	-	-
Net Operating Profit	24,421	563,135	208,904	450,037	1,246,497
Provision for Taxes	-	-	-	(293,078)	(293,078)
Net Profit	24,421	563,135	208,904	156,959	953,419
Segment Assets	49,978,370	106,208,379	74,131,614	29,303,846	259,622,209
Investments in Associates and Subsidiaries	-	-	-	152,330	152,330
Total Assets	49,978,370	106,208,379	74,131,614	29,456,176	259,774,539
Segment Liabilities	88,581,394	53,804,075	66,412,280	23,548,982	232,346,731
Shareholders' Equity	-	-	-	27,427,808	27,427,808
Total Liabilities and Shareholders' Equity	88,581,394	53,804,075	66,412,280	50,976,790	259,774,539
Other Segment Items					
Capital Expenditures	-	-	-	50,792	50,792
Depreciation Expenses	38,227	18,514	1,358	12,550	70,649
Impairment Losses	391,423	121,383	32,258	89,115	634,179
Other Non-Cash Income/Expenses	75,516	292,348	(1,103,388)	(331,845)	(1,067,369)
Restructuring Costs	-	-	-	-	-

<i>Prior Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	985,950	936,144	229,897	752,029	2,904,020
Other	-	-	-	-	-
Total Operating Profit	985,950	936,144	229,897	752,029	2,904,020
Net Operating Profit	158,526	564,399	150,211	304,649	1,177,785
Income from Associates and Subsidiaries	-	-	-	69	69
Net Operating Profit	158,526	564,399	150,211	304,718	1,177,854
Provision for Taxes	-	-	-	(281,496)	(281,496)
Net Profit	158,526	564,399	150,211	23,222	896,358
Segment Assets	48,782,409	95,669,419	73,992,308	28,454,611	246,898,747
Investments in Associates and Subsidiaries	-	-	-	152,344	152,344
Total Assets	48,782,409	95,669,419	73,992,308	28,606,955	247,051,091
Segment Liabilities	83,063,109	50,345,874	64,438,463	22,576,576	220,424,022
Shareholders' Equity	-	-	-	26,627,069	26,627,069
Total Liabilities and Shareholders' Equity	83,063,109	50,345,874	64,438,463	49,203,645	247,051,091
Other Segment Items					
Capital Expenditures	-	-	-	562,708	562,708
Depreciation Expenses	37,106	19,159	1,618	6,303	64,186
Impairment Losses	185,938	103,917	11,460	165,394	466,709
Other Non-Cash Income/Expenses	(72,234)	93,321	853,534	(826,338)	48,283
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

None.

4 Consolidated Financial Position and Results of Operations

4.1 Consolidated capital adequacy ratio

As per the revised “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” effective from 1 July 2012, the Bank’s consolidated capital adequacy ratio is 13.32% (31 December 2014: 13.86%) as of 31 March 2015 (unconsolidated capital adequacy ratio: 14.46% (31 December 2014: 15.23%)).

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.28756 dated 5 September 2013.

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%	250%
Value at Credit Risk	-	-	2,539,953	21,280,611	26,821,489	95,578,125	6,688,398	22,655,374	1,686,625
Exposure Categories	50,950,214	-	12,699,766	42,561,221	35,761,985	95,578,125	4,458,932	11,327,687	674,650
Conditional and unconditional exposures to central governments or central banks	48,392,571	-	14	6,073,497	-	3	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	64,552	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	1	-	42,038	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	9,984,079	11,128,874	-	8,914	-	-	-
Conditional and unconditional exposures to corporates	-	-	2,520,801	2,468,995	-	84,688,436	-	-	-
Conditional and unconditional retail exposures	-	-	4,938	2,945	35,761,985	4,794,212	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	22,883,856	-	-	-	-	-
Past due items	-	-	-	3,053	-	441,147	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	15,521	4,458,932	11,327,687	674,650
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	34,165	-	-	-	-	17,361	-	-	-
Other items	2,523,478	-	125,382	-	-	5,570,493	-	-	-

<i>Prior Period</i>	Risk Weights								
	Parent Bank Only								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	1,994,956	19,039,877	25,107,898	86,887,374	6,390,335	24,511,860	1,308,088
Exposure Categories	52,312,514	-	9,974,782	38,079,754	33,477,197	86,887,374	4,260,223	12,255,930	523,235
Conditional and unconditional exposures to central governments or central banks	49,904,231	-	13	7,253,564	-	3	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,913	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	18	-	-	-	-	46,942	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,333,300	7,456,944	-	8,024	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,578,473	2,294,483	-	75,926,104	-	-	-
Conditional and unconditional retail exposures	-	-	4,874	4,868	33,477,197	4,930,885	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	21,066,535	-	-	-	-	-
Past due items	-	-	-	3,360	-	435,309	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	15,394	4,260,223	12,255,930	523,235
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	33,877	-	-	-	-	20,574	-	-	-
Other items	2,374,388	-	209	-	-	5,504,139	-	-	-

<i>Current Period</i>	Risk Weights								
	Consolidated								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	2,796,546	23,799,819	28,126,604	105,749,052	7,094,106	24,350,302	2,043,565
Exposure Categories	53,675,795	-	13,982,730	47,599,638	37,502,138	105,749,052	4,729,404	12,175,151	817,426
Conditional and unconditional exposures to central governments or central banks	50,991,100	-	14	6,426,871	-	3	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	64,552	27,912	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	1	-	68,378	-	-	-
Conditional and unconditional exposures to multilateral development banks	3,121	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	11,491,831	14,264,747	-	72,770	-	-	-
Conditional and unconditional exposures to corporates	-	-	2,296,010	2,661,573	-	97,181,581	-	-	-
Conditional and unconditional retail exposures	-	-	4,941	3,605	37,502,138	4,808,498	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	24,191,515	-	-	-	-	-
Past due items	-	-	-	8,579	-	678,789	-	-	-
Items in regulatory high-risk	-	-	-	14,835	-	260,022	4,729,404	12,175,151	817,426
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	34,165	-	-	-	-	17,361	-	-	-
Other items	2,647,409	-	125,382	-	-	2,661,650	-	-	-

Prior Period	Risk Weights								
	Consolidated								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	2,213,814	21,416,054	26,159,304	97,444,184	7,005,683	26,179,756	1,650,978
Exposure Categories	55,778,982	-	11,069,072	42,832,107	34,879,074	97,444,184	4,670,455	13,089,878	660,391
Conditional and unconditional exposures to central governments or central banks	53,247,959	-	13	7,580,693	-	3	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,914	28,904	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	18	-	-	-	-	74,890	-	-	-
Conditional and unconditional exposures to multilateral development banks	2,822	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	9,536,626	10,260,700	-	59,084	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,469,436	2,613,734	-	88,829,927	-	-	-
Conditional and unconditional retail exposures	-	-	4,874	5,575	34,879,074	4,944,567	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	22,319,792	-	-	-	-	-
Past due items	-	-	-	7,361	-	687,841	-	-	-
Items in regulatory high-risk categories	-	-	-	15,348	-	249,823	4,670,455	13,089,878	660,391
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	33,877	-	-	-	-	20,574	-	-	-
Other items	2,494,306	-	209	-	-	2,577,475	-	-	-

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	14,180,046	13,219,231
Capital Requirement for Market Risk (MRCR)	457,572	367,344
Capital Requirement for Operational Risk (ORCR)	1,352,494	1,187,245
Total Capital	28,902,336	28,116,657
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	14.46%	15.23%
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	13.41%	14.17%
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	13.46%	14.24%

	Consolidated	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	15,516,799	14,565,582
Capital Requirement for Market Risk (MRCR)	426,155	335,458
Capital Requirement for Operational Risk (ORCR)	1,496,632	1,312,809
Total Capital	29,031,438	28,096,277
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	13.32%	13.86%
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.24%	12.77%
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.30%	12.86%

4.1.4 Components of consolidated total capital

	<i>Current Period</i>	<i>Prior Period</i>
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Reserves	16,919,601	17,253,772
Other Comprehensive Income according to TAS	802,921	368,368
Profit	4,402,806	3,508,591
Current Period Profit	905,013	3,508,591
Prior Period Profit	3,497,793	-
General Reserves for Possible Losses	450,000	415,000
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's	947	947
Minority Interests	61,355	60,262
Common Equity Tier I Capital Before Deductions	27,622,064	26,591,374
Deductions From Common Equity Tier I Capital		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	622,769	368,736
Leasehold Improvements on Operational Leases (-)	103,802	109,750
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	78,278	39,781
Net Deferred Tax Asset/Liability (-)	9,273	6,352
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	1,706	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capital (-)	-	-
Total Deductions from Common Equity Tier I Capital	815,828	524,619
Total Common Equity Tier I Capital	26,806,236	26,066,755
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Additional Tier I Capital before Deductions	-	-

	Current Period	Prior Period
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Additional Tier I Capital in cases where there are no adequate Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Deductions from Tier I Capital		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	117,417	159,123
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	13,910	25,414
Total Tier I Capital	26,674,909	25,882,218
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	125,559	125,501
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-	-
General Provisions	2,424,500	2,275,872
Shares of Third Parties in Tier II Capital	-	-
Tier II Capital before Deductions	2,550,059	2,401,373
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	2,550,059	2,401,373

	<i>Current Period</i>	<i>Prior Period</i>
CAPITAL BEFORE DEDUCTIONS		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	91	87
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	31,869	32,423
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	81,339	72,811
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other items to be Defined by the BRSA (-)	23,686	25,448
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	56,545	56,545
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL	29,031,438	28,096,277
Amounts lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	564,432	430,950

4.1.5 Components of total capital subject to temporary applications

<i>Current Period</i>	Parent Bank Only		Consolidated	
	Amount Included in Total Capital Calculation	Total Amount	Amount Included in Total Capital Calculation	Total Amount
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	125,559	125,559	125,559	125,559

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

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

4.2 Consolidated credit risk

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

4.3 Consolidated market risk

The Bank’s risk management activities are managed under the responsibility of the board of directors in compliance with “the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks”.

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with “the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks” published in the Official Gazette no. 29057 dated 11 July 2014.

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

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

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

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

4.3.1 Value at market risk on a consolidated basis

	<i>Current Period</i>	<i>Prior Period</i>
(I) Capital Requirement against General Market Risk - Standard Method	80,858	77,151
(II) Capital Requirement against Specific Risks - Standard Method	38,214	35,626
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	82,852	55,346
(IV) Capital Requirement against Commodity Risks - Standard Method	4,239	4,651
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	184,428	145,470
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	35,564	17,214
(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)	426,155	335,458
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	5,326,938	4,193,225

4.3.2 Average consolidated values at market risk

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

4.3.3 Quantitative information on counterparty risk

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

4.4 Consolidated operational risk

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

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2015, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to TL 5,531,768 thousands (31 December 2014: TL 8,509,061 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 5,134,165 thousands (31 December 2014: TL 5,983,223 thousands), while net foreign currency short open position amounts to TL 397,603 thousands (31 December 2014: TL 2,525,838 thousands).

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

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

	USD	EUR
The Bank's foreign currency purchase rate at balance sheet date	2.5750	2.7646
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	2.5750	2.7894
Day 2	2.5800	2.8109
Day 3	2.5650	2.8005
Day 4	2.5470	2.7980
Day 5	2.5420	2.7722
Last 30-days arithmetical average rate	2.5675	2.7787

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	3,779,553	13,961,419	5,296,454	23,037,426
Banks	3,409,483	9,508,194	552,168	13,469,845
Financial Assets at Fair Value through Profit/Loss	205,720	103,604	25,993	335,317
Interbank Money Market Placements	-	11,515	-	11,515
Financial Assets Available-for-Sale	1,246,522	2,540,443	178,623	3,965,588
Loans (*)	19,452,426	46,498,187	1,888,746	67,839,359
Investments in Associates, Subsidiaries and Joint-Ventures	393	-	443	836
Investments Held-to-Maturity	-	7,660,104	-	7,660,104
Derivative Financial Assets Held for Risk Management	-	288,879	-	288,879
Tangible Assets	51,710	171	75,983	127,864
Intangible Assets	-	-	-	-
Other Assets (**)	2,356,981	2,296,211	57,347	4,710,539
Total Assets	30,502,788	82,868,727	8,075,757	121,447,272
Liabilities				
Bank Deposits	860,241	2,787,523	1,151,594	4,799,358
Foreign Currency Deposits	26,900,076	42,605,318	3,214,856	72,720,250
Interbank Money Market Takings	372,570	2,155,890	352,727	2,881,187
Other Fundings	9,832,456	22,749,595	172,320	32,754,371
Securities Issued	1,696,689	7,752,164	853,765	10,302,618
Miscellaneous Payables	97,948	760,257	234,905	1,093,110
Derivative Financial Liabilities Held for Risk Management	42,652	116,587	99,020	258,259
Other Liabilities (***)	335,368	659,855	1,174,664	2,169,887
Total Liabilities	40,138,000	79,587,189	7,253,851	126,979,040
Net 'On Balance Sheet' Position	(9,635,212)	3,281,538	821,906	(5,531,768)
Net 'Off-Balance Sheet' Position	9,862,053	(4,335,761)	(392,127)	5,134,165
Derivative Assets	21,412,601	51,926,842	8,105,629	81,445,072
Derivative Liabilities	(11,550,548)	(56,262,603)	(8,497,756)	(76,310,907)
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	30,380,279	75,807,110	7,564,841	113,752,230
Total Liabilities	38,093,323	76,427,383	7,740,585	122,261,291
Net 'On Balance Sheet' Position	(7,713,044)	(620,273)	(175,744)	(8,509,061)
Net 'Off-Balance Sheet' Position	6,299,162	(1,445,207)	1,129,268	5,983,223
Derivative Assets	17,565,924	34,692,951	7,075,484	59,334,359
Derivative Liabilities	(11,266,762)	(36,138,158)	(5,946,216)	(53,351,136)
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 5,076,223 thousands included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) The foreign currency indexed factoring receivables amounting TL 272,980 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 1,187,081 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.6 Consolidated interest rate risk

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

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

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

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

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

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

<i>Current Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	25,207,802	25,207,802
Banks	6,099,133	2,137,143	2,070,266	13,451	-	4,170,090	14,490,083
Financial Assets at Fair Value through Profit/Loss (**)	29,617	41,321	107,077	33,370	127,182	2,237,035	2,575,602
Interbank Money Market Placements	29,428	4,048	-	-	-	150	33,626
Financial Assets Available-for-Sale	4,283,376	3,765,774	6,570,694	3,701,383	3,355,466	1,203,141	22,879,834
Loans (**)	43,178,043	21,142,829	39,374,221	39,747,246	8,398,059	3,277,430	155,117,828
Investments Held-to-Maturity	2,461,060	3,061,382	2,689,717	3,434,435	6,373,259	1,150,512	19,170,365
Other Assets	972,525	1,238,473	2,051,531	2,411,773	215,416	13,409,681	20,299,399
Total Assets	57,053,182	31,390,970	52,863,506	49,341,658	18,469,382	50,655,841	259,774,539
Liabilities							
Bank Deposits	2,148,034	2,189,162	291,991	-	-	1,246,541	5,875,728
Other Deposits	71,152,175	23,374,279	12,487,563	939,329	4,210	27,256,285	135,213,841
Interbank Money Market Takings	10,168,213	660,000	18,746	2,342,434	-	22,272	13,211,665
Miscellaneous Payables	-	-	-	-	-	13,512,477	13,512,477
Securities Issued	1,911,110	1,584,029	1,668,417	6,331,384	2,765,511	337,485	14,597,936
Other Fundings	13,191,040	14,504,111	4,067,132	4,994,076	405,034	368,717	37,530,110
Other Liabilities	9,496	20,315	21,972	1	-	39,780,998	39,832,782
Total Liabilities	98,580,068	42,331,896	18,555,821	14,607,224	3,174,755	82,524,775	259,774,539
On Balance Sheet Long Position	-	-	34,307,685	34,734,434	15,294,627	-	84,336,746
On Balance Sheet Short Position	(41,526,886)	(10,940,926)	-	-	-	(31,868,934)	(84,336,746)
Off-Balance Sheet Long Position	6,262,560	7,452,805	4,065,271	7,639,691	2,090,825	-	27,511,152
Off-Balance Sheet Short Position	(3,019,175)	(5,126,009)	(2,511,064)	(12,071,517)	(5,198,954)	-	(27,926,719)
Total Position	(38,283,501)	(8,614,130)	35,861,892	30,302,608	12,186,498	(31,868,934)	(415,567)

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

(**) Loans amounting to TL 199,919 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

<i>Prior Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	25,192,569	25,192,569
Banks	5,970,447	1,557,156	2,346,613	7,987	-	2,981,221	12,863,424
Financial Assets at Fair Value through Profit/Loss	40,143	80,705	38,472	44,917	3,017	1,459,277	1,666,531
Interbank Money Market Placements	106,130	-	4,020	-	-	93	110,243
Financial Assets Available-for-Sale	1,620,940	7,853,238	5,100,213	3,826,108	3,714,380	1,415,425	23,530,304
Loans (**)	36,716,523	20,034,744	38,340,469	38,377,337	7,856,625	2,913,373	144,239,071
Investments Held-to-Maturity	382,838	4,177,637	5,589,374	3,296,123	5,864,176	1,356,894	20,667,042
Other Assets	1,500,848	1,258,872	1,616,711	2,282,061	222,781	11,900,634	18,781,907
Total Assets	46,337,869	34,962,352	53,035,872	47,834,533	17,660,979	47,219,486	247,051,091
Liabilities							
Bank Deposits	2,017,075	2,714,693	444,184	-	-	1,939,453	7,115,405
Other Deposits	62,887,422	25,714,373	10,368,301	1,343,164	3,907	25,993,307	126,310,474
Interbank Money Market Takings	8,614,319	1,312,906	18,973	2,050,954	-	24,013	12,021,165
Miscellaneous Payables	-	-	-	-	-	13,020,070	13,020,070
Securities Issued	1,661,600	1,614,249	2,493,319	5,881,773	2,488,846	298,569	14,438,356
Other Fundings	13,603,408	14,014,507	5,182,282	4,204,863	375,516	548,731	37,929,307
Other Liabilities	12,247	25,887	20,409	-	-	36,157,771	36,216,314
Total Liabilities	88,796,071	45,396,615	18,527,468	13,480,754	2,868,269	77,981,914	247,051,091
On Balance Sheet Long Position	-	-	34,508,404	34,353,779	14,792,710	-	83,654,893
On Balance Sheet Short Position	(42,458,202)	(10,434,263)	-	-	-	(30,762,428)	(83,654,893)
Off-Balance Sheet Long Position	5,370,748	7,011,731	5,434,846	5,187,759	1,296,240	-	24,301,324
Off-Balance Sheet Short Position	(1,395,648)	(3,538,302)	(5,402,290)	(10,009,906)	(4,315,227)	-	(24,661,373)
Total Position	(38,483,102)	(6,960,834)	34,540,960	29,531,632	11,773,723	(30,762,428)	(360,049)

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

(**) Loans amounting to TL 201,385 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	-	-	-	1.46
Banks	0.19-3.75	0.33-5.67	-	9.00-12.40
Financial Assets at Fair Value through Profit/Loss	1.01-4.50	8.01	-	8.49-13.58
Interbank Money Market Placements	-	0.45-4.00	-	9.64
Financial Assets Available-for-Sale	0.40-5.50	3.24-11.88	-	8.75-13.82
Loans	0.54-15.00	0.77-12.25	3.35	9.95-15.00
Investments Held-to-Maturity	-	5.51	-	9.27-9.66
Liabilities				
Bank Deposits	0.40-2.32	1.00-2.20	-	5.00-10.39
Other Deposits	1.33-7.00	1.59-8.75	1.10	4.75-9.90
Interbank Money Market Takings	0.40-0.50	0.50-2.10	1.49	7.00-8.84
Miscellaneous Payables	-	-	-	-
Securities Issued	3.43	4.62	0.94	8.70-10.17
Other Fundings	0.30-4.62	1.00-4.40	1.94	10.07-11.97

<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	-	-	-	0.53
Banks	0.40-3.61	0.34-4.60	-	9.00-12.40
Financial Assets at Fair Value through Profit/Loss	4.63	8.49	-	8.02-14.02
Interbank Money Market Placements	-	0.45-4.00	-	-
Financial Assets Available-for-Sale	0.72-5.67	3.22-11.88	-	9.44-13.82
Loans	0.72-15.00	0.90-14.55	2.42-5.04	8.34-24.84
Investments Held-to-Maturity	-	5.41	-	9.27-9.96
Liabilities				
Bank Deposits	0.10-2.26	0.30-2.28	-	5.75-9.35
Other Deposits	1.23-7.00	1.43-10.25	1.68	6.50-10.79
Interbank Money Market Takings	0.50-0.70	0.65-2.07	1.49	6.00-8.33
Miscellaneous Payables	-	-	-	-
Securities Issued	3.48	4.62	0.98	8.77-10.05
Other Fundings	0.67-4.64	0.80-4.38	2.03	9.05-14.70

4.6.3 Interest rate risk on banking book

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

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

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

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

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

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

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

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

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

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

<i>Current Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,099,528)	(10.72)%
2	TL	(-) 400 bps	3,034,861	10.50%
3	USD	(+) 200 bps	(757,012)	(2.62)%
4	USD	(-) 200 bps	991,768	3.43%
5	EUR	(+) 200 bps	61,024	0.21%
6	EUR	(-) 200 bps	(48,615)	(0.17)%
	Total (of negative shocks)		3,978,014	13.76%
	Total (of positive shocks)		(3,795,516)	(13.13)%

<i>Prior Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,213,578)	(11.43)%
2	TL	(-) 400 bps	3,139,075	11.16%
3	USD	(+) 200 bps	(730,443)	(2.60)%
4	USD	(-) 200 bps	977,780	3.48%
5	EUR	(+) 200 bps	54,777	0.19%
6	EUR	(-) 200 bps	(82,307)	(0.29)%
Total (of negative shocks)			4,034,548	14.35%
Total (of positive shocks)			(3,889,244)	(13.84)%

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	123,349	-	-
	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	123,363	-	-
	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	-	-	-

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 Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	13,299	-	13,299
3	Other Shares	-	642	642	-	-	-
	Total	-	642	642	13,299	-	13,299

<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	-	-	-	13,915	-	13,915
3	Other Shares	-	648	648	-	-	-
	Total	-	648	648	13,915	-	13,915

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.

4.8.1 Contractual maturity analysis of liabilities according to remaining maturities

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

4.8.2 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	6,476,115	18,731,687	-	-	-	-	-	25,207,802
Banks	5,894,589	3,041,194	839,865	785,205	3,929,230	-	-	14,490,083
Financial Assets at Fair Value through Profit/Loss (**)	27,381	467,788	421,359	778,267	412,536	468,271	-	2,575,602
Interbank Money Market Placements	-	29,443	4,183	-	-	-	-	33,626
Financial Assets Available-for-Sale	100,218	732,795	343,898	572,172	10,683,817	10,446,934	-	22,879,834
Loans (**)	217,400	31,507,831	13,410,240	34,157,737	54,612,273	17,970,938	3,241,409	155,117,828
Investments Held-to-Maturity	-	42,642	18,417	539,573	3,834,568	14,735,165	-	19,170,365
Other Assets	2,185,908	1,831,251	1,228,760	2,010,531	2,872,437	289,787	9,880,725	20,299,399
Total Assets	14,901,611	56,384,631	16,266,722	38,843,485	76,344,861	43,911,095	13,122,134	259,774,539
Liabilities								
Bank Deposits	1,302,541	2,082,875	2,097,802	392,510	-	-	-	5,875,728
Other Deposits	31,009,009	67,095,376	23,320,877	12,250,048	1,524,187	14,344	-	135,213,841
Other Fundings	-	2,173,374	5,277,073	11,876,096	12,890,354	5,313,213	-	37,530,110
Interbank Money Market Takings	-	10,173,546	667,315	18,833	2,351,971	-	-	13,211,665
Securities Issued	-	1,075,385	1,492,777	1,728,571	7,355,276	2,945,927	-	14,597,936
Miscellaneous Payables	1,065,863	5,978,357	9,188	8,264	-	-	6,450,805	13,512,477
Other Liabilities (***)	2,219,707	1,461,140	1,063,184	1,326,125	1,009,230	271,119	32,482,277	39,832,782
Total Liabilities	35,597,120	90,040,053	33,928,216	27,600,447	25,131,018	8,544,603	38,933,082	259,774,539
Liquidity Gap	(20,695,509)	(33,655,422)	(17,661,494)	11,243,038	51,213,843	35,366,492	(25,810,948)	-
Prior Period								
Total Assets	12,019,795	52,395,782	17,621,384	37,668,454	70,731,868	44,355,972	12,257,836	247,051,091
Total Liabilities	34,151,656	80,370,483	34,238,378	28,704,177	23,941,625	7,880,922	37,763,850	247,051,091
Liquidity Gap	(22,131,861)	(27,974,701)	(16,616,994)	8,964,277	46,790,243	36,475,050	(25,506,014)	-

(*) 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 199,919 thousands (31 December 2014: TL 201,385 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

(***) Shareholders' Equity is included in "Other liabilities" line under "Undistributed" column.

4.9 Consolidated securitisation positions

None.

4.10 Consolidated credit risk mitigation techniques

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

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

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

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

<i>Current Period</i>	<i>Amount (**)</i>	<i>Financial Collateral</i>	<i>Other/Physical Collateral</i>	<i>Guaranties and Credit Derivatives</i>
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	64,411,407	6,098,129	-	-
Conditional and unconditional exposures to regional governments or local authorities	93,008	145	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	78,950	3,616	-	-
Conditional and unconditional exposures to multilateral development banks	3,121	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	-	-
Conditional and unconditional exposures to corporates	42,143,591	7,442,706	-	-
Conditional and unconditional retail exposures	133,999,128	14,291,233	-	-
Conditional and unconditional exposures secured by real estate property ^(*)	69,176,031	1,135,469	-	-
Past due items	25,280,305	115,239	-	-
Items in regulatory high-risk categories	688,354	981	-	-
Exposures in the form of bonds secured by mortgages	18,191,054	149,907	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	51,526	-	-	-
Other items	5,434,441	-	-	-

<i>Prior Period</i>	Amount (**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	66,208,931	4,346,883	-	-
Conditional and unconditional exposures to regional governments or local authorities	87,260	117	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	103,416	13,771	-	-
Conditional and unconditional exposures to multilateral development banks	2,822	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	36,757,188	11,086,247	-	-
Conditional and unconditional exposures to corporates	122,034,964	12,515,119	-	-
Conditional and unconditional retail exposures	66,323,632	1,074,028	-	-
Conditional and unconditional exposures secured by real estate property (*)	23,287,776	95,539	-	-
Past due items	696,183	954	-	-
Items in regulatory high-risk categories	18,882,845	153,339	-	-
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	54,451	-	-	-
Other items	5,071,990	-	-	-

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

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

4.11 Risk management objectives and policies

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

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

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

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

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

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

4.12 Fair values of financial assets and liabilities

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

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

None.

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,057,973	714,836	1,089,266	709,177
Central Bank of Turkey	1,112,403	21,322,610	670,794	22,027,261
Others	-	999,980	-	696,071
Total	2,170,376	23,037,426	1,760,060	23,432,509

Balances with the Central Bank of Turkey

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,112,403	2,590,922	670,794	2,431,663
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	18,731,688	-	19,595,598
Total	1,112,403	21,322,610	670,794	22,027,261

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	12,141	-	10,744	265,254
Assets Subject to Repurchase Agreements	8,558	-	3,639	-
Total	20,699	-	14,383	265,254

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	276,173	29,169	113,870	25,446
Swap Transactions	678,348	712,675	441,452	621,374
Futures	25	-	9	-
Options	427,616	79,423	199,834	37,613
Others	10	6,745	3	8,580
Total	1,382,172	828,012	755,168	693,013

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. The carrying value of these financial assets and the related current period loss amounted to TL 199,919 thousands (31 December 2014: TL 201,385 thousands) and TL 1,466 thousands (31 December 2014: a gain of TL 2,607 thousands), respectively.

5.1.3 **Banks**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	735,412	1,001,541	1,563,265	1,057,721
Foreign banks	284,826	12,468,304	233,168	10,009,270
Foreign headoffices and branches	-	-	-	-
Total	1,020,238	13,469,845	1,796,433	11,066,991

The placements at foreign banks include blocked accounts amounting TL 8,252,668 (31 December 2014: TL 6,000,467 thousands) of which TL 140,732 thousands (31 December 2014: TL 108,410 thousands) and TL 53,278 thousands (31 December 2014: TL 50,066 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 8,058,658 thousands (31 December 2014: TL 5,841,991 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 145,334 thousands (31 December 2014: TL 123,681 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	5,147,294	30,661	5,463,784	183,146
Assets subject to Repurchase Agreements	9,533,832	663,283	5,024,297	1,240,802
Total	14,681,126	693,944	10,488,081	1,423,948

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

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	21,676,810	22,130,726
Quoted at Stock Exchange	20,321,828	20,487,066
Unquoted at Stock Exchange	1,354,982	1,643,660
Common Shares/Investment Fund	60,610	61,050
Quoted at Stock Exchange	7,669	7,669
Unquoted at Stock Exchange	52,941	53,381
Value Increase/Impairment Losses (-)	1,142,414	1,338,528
Total	22,879,834	23,530,304

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	20	259,002	786	175,423
Corporates	20	259,002	786	175,423
Real Persons	-	-	-	-
Indirect Lendings to Shareholders	1,598,884	258,691	1,554,137	534,359
Loans to Employees	235,815	112	255,971	107
Total	1,834,719	517,805	1,810,894	709,889

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	149,368,128	2,051,569	47,050	4,623,217	2,187,642	397,421
Working Capital Loans	12,214,590	182,960	139	837,054	424,152	84,523
Export Loans	7,474,733	7,562	-	119,300	50,050	35,724
Import Loans	637,865	-	-	-	-	-
Loans to Financial Sector (*)	6,007,415	4,048	-	-	-	-
Consumer Loans	34,776,983	1,510,892	45,754	1,444,981	456,072	31,490
Credit Cards	14,610,966	-	-	345,858	-	129,506
Others	73,645,576	346,107	1,157	1,876,024	1,257,368	116,178
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	149,368,128	2,051,569	47,050	4,623,217	2,187,642	397,421

(*) Loans amounting to TL 199,919 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	138,847,612	1,698,614	47,257	4,291,152	1,999,696	338,147
Working Capital Loans	11,904,635	150,355	234	765,462	390,281	84,424
Export Loans	6,913,680	1,238	-	107,215	50,771	36,519
Import Loans	624,368	-	-	-	-	-
Loans to Financial Sector (*)	5,167,694	7,162	-	-	-	-
Consumer Loans	33,622,555	1,228,653	45,622	1,353,068	406,082	26,503
Credit Cards	14,551,502	-	-	345,148	-	127,602
Others	66,063,178	311,206	1,401	1,720,259	1,152,562	63,099
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	138,847,612	1,698,614	47,257	4,291,152	1,999,696	338,147

(*) Loans amounting to TL 201,385 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".

As of 31 March 2015, loans amounting to TL 4,907,779 thousands (31December 2014: TL 4,462,373 thousands) are collateralized under funding transactions.

Collaterals received for loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	48,617	2,861	-	51,478
Loans Collateralized by Mortgages	1,601,896	584,069	-	2,185,965
Loans Collateralized by Pledged Assets	62,482	53,959	-	116,441
Loans Collateralized by Cheques and Notes	50,298	462,920	-	513,218
Loans Collateralized by Other Collaterals	692,484	16,228	-	708,712
Unsecured Loans	376,601	324,944	345,858	1,047,403
Total	2,832,378	1,444,981	345,858	4,623,217

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	55,698	2,557	-	58,255
Loans Collateralized by Mortgages	1,479,090	523,901	-	2,002,991
Loans Collateralized by Pledged Assets	65,498	53,246	-	118,744
Loans Collateralized by Cheques and Notes	36,397	464,607	-	501,004
Loans Collateralized by Other Collaterals	624,926	15,369	-	640,295
Unsecured Loans	331,327	293,388	345,148	969,863
Total	2,592,936	1,353,068	345,148	4,291,152

Delinquency periods of loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	57,627	596,421	153,699	807,747
61-90 days	88,261	228,107	62,498	378,866
Other	2,686,490	620,453	129,661	3,436,604
Total	2,832,378	1,444,981	345,858	4,623,217

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	79,098	527,104	166,123	772,325
61-90 days	73,990	230,454	50,677	355,121
Other	2,439,848	595,510	128,348	3,163,706
Total	2,592,936	1,353,068	345,148	4,291,152

Loans and other receivables with extended payment plans

Current Period	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
No. of Extensions		
1 or 2 times	1,855,473	2,118,395
3, 4 or 5 times	113,905	55,795
Over 5 times	82,191	13,452
Total	2,051,569	2,187,642

<i>Prior Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
No. of Extensions		
1 or 2 times	1,520,890	1,943,366
3, 4 or 5 times	96,574	44,149
Over 5 times	81,150	12,181
Total	1,698,614	1,999,696

<i>Current Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
Extention Periods		
0 - 6 months	925,239	342,346
6 - 12 months	230,234	68,670
1 - 2 years	551,223	197,671
2 - 5 year	282,741	1,136,690
5 years and over	62,132	442,265
Total	2,051,569	2,187,642

<i>Prior Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
Extention Periods		
0 - 6 months	774,677	299,463
6 - 12 months	208,004	60,275
1 - 2 years	460,501	166,395
2 - 5 year	196,670	747,346
5 years and over	58,762	726,217
Total	1,698,614	1,999,696

5.1.5.3 Maturity analysis of cash loans

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

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	666,910	33,285,161	33,952,071
Housing Loans	18,259	15,935,720	15,953,979
Automobile Loans	21,149	1,312,726	1,333,875
General Purpose Loans	626,176	16,036,715	16,662,891
Others	1,326	-	1,326
Consumer Loans – FC-indexed	-	170,914	170,914
Housing Loans	-	166,660	166,660
Automobile Loans	-	51	51
General Purpose Loans	-	4,203	4,203
Others	-	-	-
Consumer Loans – FC	205,611	1,348,558	1,554,169
Housing Loans	2,032	578,062	580,094
Automobile Loans	9	5,407	5,416
General Purpose Loans	4,398	630,231	634,629
Others	199,172	134,858	334,030
Retail Credit Cards – TL	12,750,242	466,683	13,216,925
With Installment	5,914,122	466,683	6,380,805
Without Installment	6,836,120	-	6,836,120
Retail Credit Cards – FC	74,042	72,183	146,225
With Installment	11,635	-	11,635
Without Installment	62,407	72,183	134,590
Personnel Loans – TL	17,203	76,561	93,764
Housing Loan	-	6,395	6,395
Automobile Loans	16	771	787
General Purpose Loans	17,187	69,395	86,582
Others	-	-	-
Personnel Loans - FC-indexed	158	-	158
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	158	-	158
Others	-	-	-
Personnel Loans – FC	993	60,888	61,881
Housing Loans	77	20,938	21,015
Automobile Loans	-	-	-
General Purpose Loans	187	34,415	34,602
Others	729	5,535	6,264
Personnel Credit Cards – TL	77,094	445	77,539
With Installment	31,391	445	31,836
Without Installment	45,703	-	45,703
Personnel Credit Cards – FC	889	1,583	2,472
With Installment	179	-	179
Without Installment	710	1,583	2,293
Deposit Accounts– TL (Real Persons)	389,007	-	389,007
Deposit Accounts– FC (Real Persons)	-	-	-
Total 56	14,182,149	35,482,976	49,665,125

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	690,325	32,082,213	32,772,538
Housing Loans	19,660	15,359,984	15,379,644
Automobile Loans	21,705	1,341,922	1,363,627
General Purpose Loans	127,056	2,240,482	2,367,538
Others	521,904	13,139,825	13,661,729
Consumer Loans – FC-indexed	-	172,451	172,451
Housing Loans	-	168,056	168,056
Automobile Loans	-	60	60
General Purpose Loans	-	3,235	3,235
Others	-	1,100	1,100
Consumer Loans – FC	198,682	1,293,210	1,491,892
Housing Loans	1,822	549,973	551,795
Automobile Loans	12	5,355	5,367
General Purpose Loans	4,411	603,111	607,522
Others	192,437	134,771	327,208
Retail Credit Cards – TL	12,837,030	470,688	13,307,718
With Installment	5,992,626	470,688	6,463,314
Without Installment	6,844,404	-	6,844,404
Retail Credit Cards – FC	76,879	69,203	146,082
With Installment	15,931	-	15,931
Without Installment	60,948	69,203	130,151
Personnel Loans – TL	16,348	62,853	79,201
Housing Loan	-	967	967
Automobile Loans	-	57	57
General Purpose Loans	4,382	11,834	16,216
Others	11,966	49,995	61,961
Personnel Loans - FC-indexed	211	279	490
Housing Loans	-	279	279
Automobile Loans	-	-	-
General Purpose Loans	211	-	211
Others	-	-	-
Personnel Loans – FC	1,573	85,508	87,081
Housing Loans	111	31,802	31,913
Automobile Loans	4	12	16
General Purpose Loans	260	39,492	39,752
Others	1,198	14,202	15,400
Personnel Credit Cards – TL	77,254	475	77,729
With Installment	30,149	475	30,624
Without Installment	47,105	-	47,105
Personnel Credit Cards – FC	1,316	2,894	4,210
With Installment	304	-	304
Without Installment	1,012	2,894	3,906
Deposit Accounts– TL (Real Persons)	371,970	-	371,970
Deposit Accounts– FC (Real Persons)	-	-	-
Total	14,271,588	34,239,774	48,511,362

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,428,893	9,035,603	10,464,496
Real Estate Loans	2,474	668,823	671,297
Automobile Loans	69,042	1,817,420	1,886,462
General Purpose Loans	1,357,377	6,549,360	7,906,737
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	168,302	1,541,833	1,710,135
Real Estate Loans	-	53,170	53,170
Automobile Loans	4,310	374,705	379,015
General Purpose Loans	163,992	1,113,958	1,277,950
Others	-	-	-
Installment-based Commercial Loans – FC	592,844	1,150,170	1,743,014
Real Estate Loans	-	1,065	1,065
Automobile Loans	10	6,179	6,189
General Purpose Loans	327	56,486	56,813
Others	592,507	1,086,440	1,678,947
Corporate Credit Cards – TL	1,502,805	850	1,503,655
With Installment	719,213	850	720,063
Without Installment	783,592	-	783,592
Corporate Credit Cards – FC	10,008	-	10,008
With Installment	234	-	234
Without Installment	9,774	-	9,774
Deposit Accounts– TL (Corporates)	799,633	-	799,633
Deposit Accounts– FC (Corporates)	-	-	-
Total	4,502,485	11,728,456	16,230,941

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,428,068	8,727,986	10,156,054
Real Estate Loans	1,767	643,270	645,037
Automobile Loans	72,896	1,724,661	1,797,557
General Purpose Loans	1,353,405	6,353,477	7,706,882
Others	-	6,578	6,578
Installment-based Commercial Loans - FC-indexed	149,234	1,373,897	1,523,131
Real Estate Loans	-	53,175	53,175
Automobile Loans	4,288	343,744	348,032
General Purpose Loans	144,946	976,978	1,121,924
Others	-	-	-
Installment-based Commercial Loans – FC	615,145	1,022,908	1,638,053
Real Estate Loans	-	1,088	1,088
Automobile Loans	20	6,725	6,745
General Purpose Loans	205	14,248	14,453
Others	614,920	1,000,847	1,615,767
Corporate Credit Cards – TL	1,353,768	515	1,354,283
With Installment	654,951	514	655,465
Without Installment	698,817	1	698,818
Corporate Credit Cards – FC	6,628	-	6,628
With Installment	136	-	136
Without Installment	6,492	-	6,492
Deposit Accounts– TL (Corporates)	716,754	-	716,754
Deposit Accounts– FC (Corporates)	-	-	-
Total	4,269,597	11,125,306	15,394,903

5.1.5.6 Allocation of loans by customers

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

5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	144,267,714	134,845,900
Foreign Loans ^(*)	9,723,631	8,292,864
Total	153,991,345	143,138,764

^(*) Loans amounting to TL 199,919 thousands (31 December 2014: TL 201,385 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	3,851	980
Indirect Lending	-	-
Total	3,851	980

5.1.5.9 Specific provisions for loans

Specific Provisions	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	407,166	397,288
Doubtful Loans and Receivables	608,330	685,249
Uncollectible Loans and Receivables	2,372,684	2,203,210
Total	3,388,180	3,285,747

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	136,289	255,785	400,429
Rescheduled Loans and Receivables	11,589	5,498	38,800
Total	147,878	261,283	439,229
<i>Prior Period</i>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	143,326	209,992	366,158
Rescheduled Loans and Receivables	11,327	4,415	44,798
Total	154,653	214,407	410,956

Movements in non-performing loan groups

<i>Current Period</i>	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	675,966	919,137	2,790,951
Additions during the Period (+)	442,534	18,858	67,620
Transfer from Other NPL Categories (+)	-	357,704	399,524
Transfer to Other NPL Categories (-)	357,704	399,524	-
Collections during the Period (-)	86,360	73,476	139,833
Write-offs (-) ^(*)	161	-	100,573
Corporate and Commercial Loans	147	-	2,465
Retail Loans	14	-	54,183
Credit Cards	-	-	43,925
Others	-	-	-
Balances at End of Period	674,275	822,699	3,017,689
Specific Provisions (-)	407,166	608,330	2,372,684
Net Balance on Balance Sheet	267,109	214,369	645,005

^(*) Includes also the sale of non-performing loans.

<i>Prior Period</i>	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	506,189	519,170	2,579,725
Additions during the Period (+)	1,565,667	243,886	235,895
Transfer from Other NPL Categories (+)	160,533	1,282,345	931,770
Transfer to Other NPL Categories (-)	1,257,391	873,644	243,613
Collections during the Period (-)	289,465	232,267	245,194
Write-offs (-) (*)	9,567	20,353	467,632
Corporate and Commercial Loans	8,894	20,009	196,924
Retail Loans	673	344	75,436
Credit Cards	-	-	195,272
Others	-	-	-
Balances at End of Period	675,966	919,137	2,790,951
Specific Provisions (-)	397,288	685,249	2,203,210
Net Balance on Balance Sheet	278,678	233,888	587,741

(*) Includes also the 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	1,512,557	1,065,533	707,657	3,285,747
Additions during the Period (+)	90,620	197,817	131,417	419,854
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	81,630	79,349	55,856	216,835
Write-Offs (-) (*)	2,465	54,196	43,925	100,586
Balances at End of Period	1,519,082	1,129,805	739,293	3,388,180

<i>Prior Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	1,303,085	750,498	630,255	2,683,838
Additions during the Period (+)	599,643	637,421	430,093	1,667,157
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	171,482	245,933	157,419	574,834
Write-Offs (-) (*)	218,689	76,453	195,272	490,414
Balances at End of Period	1,512,557	1,065,533	707,657	3,285,747

(*) Includes also the sale of non-performing loans.

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	303,266	176,025	1,218,365
Specific Provisions (-)	118,403	90,121	875,292
Net Balance at Balance Sheet	184,863	85,904	343,073
<i>Prior Period</i>			
Balance at End of Period	294,892	212,253	1,224,945
Specific Provisions (-)	101,987	109,988	905,212
Net Balance at Balance Sheet	192,905	102,265	319,733

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>	267,109	214,369	645,005
Loans to Individuals and Corporates (Gross)	674,275	822,699	3,010,797
Specific Provision (-)	407,166	608,330	2,365,792
Loans to Individuals and Corporates (Net)	267,109	214,369	645,005
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,581
Specific Provision (-)	-	-	6,581
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>	278,675	233,891	587,741
Loans to Individuals and Corporates (Gross)	675,963	919,140	2,784,059
Specific Provision (-)	397,288	685,249	2,196,318
Loans to Individuals and Corporates (Net)	278,675	233,891	587,741
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,581
Specific Provision (-)	-	-	6,581
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	15,996	169	-	16,165
Loans Collateralized by Mortgages	912,011	75,088	-	987,099
Loans Collateralized by Pledged Assets	419,328	52,836	-	472,164
Loans Collateralized by Cheques and Notes	288,314	615,313	-	903,627
Loans Collateralized by Other Collaterals	341,331	176,145	-	517,476
Unsecured Loans	526,780	349,594	741,758	1,618,132
Total	2,503,760	1,269,145	741,758	4,514,663

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	14,452	235	-	14,687
Loans Collateralized by Mortgages	903,364	72,867	-	976,231
Loans Collateralized by Pledged Assets	436,743	52,212	-	488,955
Loans Collateralized by Cheques and Notes	329,520	577,913	-	907,433
Loans Collateralized by Other Collaterals	303,325	179,744	-	483,069
Unsecured Loans	477,060	328,785	709,834	1,515,679
Total	2,464,464	1,211,756	709,834	4,386,054

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 Write-off policy

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

5.1.6 Factoring receivables

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

5.1.7 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	5,640,486	919,540	6,708,961	718,432
Investments subject to Repurchase Agreements	2,996,950	326,866	1,996,759	4,612,969
Total	8,637,436	1,246,406	8,705,720	5,331,401

5.1.7.2 Government securities held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	16,495,540	18,001,974
Treasury Bills	-	-
Other Government Securities	-	-
Total	16,495,540	18,001,974

5.1.7.3 Investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	18,018,915	19,308,134
Quoted at Stock Exchange	17,654,548	18,319,254
Unquoted at Stock Exchange	364,367	988,880
Valuation Increase / (Decrease)	1,151,450	1,358,908
Total	19,170,365	20,667,042

As of 31 March 2015, the Bank's "investments held-to-maturity" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 125,000,000 (31 December 2014: USD 425,000,000) and a total carrying value of TL 322,593 thousands (31 December 2014: TL 993,074 thousands).

5.1.7.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	20,667,042	13,773,794
Foreign Currency Differences on Monetary Assets	908,346	103,897
Purchases during the Period (*)	444,438	7,523,758
Disposals through Sales/Redemptions (**)	(2,644,134)	(1,651,339)
Valuation Effect	(205,327)	916,932
Balances at End of Period	19,170,365	20,667,042

In the current period,

(**) As per the exceptions set out in the relevant accounting standards (TAS 39) for the sale or reclassification of securities originally classified under the securities held-to-maturity before maturity, certain credit linked notes with a total face value of USD 300,000,000 were sold.

In the prior period,

(*) The Bank reclassified private sector bonds with "credit linked notes" with a total face value of USD 425,000,000 from financial assets available-for-sale portfolio to investments held-to-maturity portfolio.

(**) 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, and as per the letter of the Public Oversight, Accounting and Auditing Standards Authority no. 602 dated 20 February 2013, in the prior period 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	-	5.26
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 ⁽¹⁾	İstanbul/Turkey	5.25	5.28
5	Borsa İstanbul AŞ ⁽¹⁾	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽¹⁾	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ ⁽¹⁾	Ankara/ Turkey	1.75	1.75

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	8,192	7,171	874	154	1	367	167	-
2	56,641	25,774	32,679	1,009	-	3,490	2,644	-
3	719,241	74,986	3,873	14,134	1,568	(647)	2,923	-
4	5,495,623	800,244	18,538	155,165	24,158	121,492	81,809	-
5	689,124	560,710	82,473	18,668	2,407	94,146	23,976	-
6	115,240	91,597	59,454	4,246	-	21,834	32,665	-
7	371,590,359	38,642,079	654,695	4,032,420	2,313,892	8,529,957	13,198,929	-
8	289,395	284,079	3,274	14,246	-	10,288	8,436	-

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

(1) Financial information is as of 31 December 2014.

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	İstanbul / Turkey	-	3.30

	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	36,210	35,977	89	543	(15)	11	267	22,720

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

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.30%, is consolidated in the accompanying consolidated financial statements under full consolidation method due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

5.1.8.3 Movement of consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	792	643
Movements during the Period	(41)	149
Acquisitions and Capital Increases	-	15
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(41)	134
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	751	792
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Valuation methods of consolidated investments in associates

Associates	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value	751	792
Valued by Equity Method of Accounting	-	-

Sectoral distribution of consolidated investments and associates

Associates	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	751	792
Other Associates	-	-

Quoted consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	751	792
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 AŞ	Garanti Holding BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	383,054	357,848	1,020,384
Share Premium	-	-	35,868
Share Cancellation Profits	-	-	-
Reserves	719,852	238,680	(347,993)
Other Comprehensive Income according to TAS	242,708	-	35,515
Current and Prior Periods' Profits	187,891	119,833	38,186
Common Equity Tier I Capital Before Deductions	1,533,505	716,361	781,960
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	72,401	287	146,965
Leasehold Improvements on Operational Leases (-)	-	-	10,869
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	6,574	1,942	65,540
Net Deferred Tax Asset/Liability (-)	-	-	7,369
Total Deductions from Common Equity Tier I Capital	78,975	2,229	230,743
Total Common Equity Tier I Capital	1,454,530	714,132	551,217
Total Deductions From Tier I Capital	9,860	2,914	109,364
Total Tier I Capital	1,444,670	711,218	441,853
TIER II CAPITAL	82,938	-	51,776
CAPITAL BEFORE DEDUCTIONS	1,527,608	711,218	493,629
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	6	-
TOTAL CAPITAL	1,527,608	711,212	493,629

<i>Prior Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	386,379	357,848	1,029,352
Share Premium	-	-	36,183
Share Cancellation Profits	-	-	-
Reserves	956,232	238,680	(507,545)
Other Comprehensive Income according to TAS	19,907	-	33,626
Current and Prior Periods' Profits	139,784	91,034	18,788
Common Equity Tier I Capital Before Deductions	1,502,302	687,562	610,404
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	85,138	287	2,253
Leasehold Improvements on Operational Leases (-)	-	-	12,053
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	3,378	833	32,486
Net Deferred Tax Asset/Liability (-)	-	-	6,048
Total Deductions from Common Equity Tier I Capital	88,516	1,120	52,840
Total Common Equity Tier I Capital	1,413,786	686,442	557,564
Total Deductions From Tier I Capital	13,513	3,332	154,137
Total Tier I Capital	1,400,273	683,110	403,427
TIER II CAPITAL	83,667	-	50,797
CAPITAL BEFORE DEDUCTIONS	1,483,940	683,110	454,224
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	6	-
TOTAL CAPITAL	1,483,940	683,104	454,224

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	99.96	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	96.40	99.40
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	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
8	Garanti Filo Sigorta Aracılık 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	59,520	53,526	75	344	731	3,450	1,957	-	-
2	24,402	17,394	2,650	253	119	200	330	-	-
3	7,384	7,036	14	-	101	928	1,190	-	-
4	1,561	1,064	95	-	6	42	20	-	-
5	3,615	3,445	3	-	52	377	587	-	-
6	40	41	32	-	-	(1)	(1)	-	-
7	639,886	74,280	542,965	20	-	8,408	10,299	-	-
8	78	44	-	-	-	(63)	(142)	-	-

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

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	3,158,015	3,074,748
Movements during the Period	(2,598)	83,267
Acquisitions and Capital Increases	-	392
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	680	138,319
Currency Differences on Foreign Subsidiaries	(3,278)	(55,444)
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	3,155,417	3,158,015
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Valuation methods of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	236,342	236,342
Valued at Fair Value	2,919,075	2,921,673

Sectoral distribution of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,825,847	1,816,094
Insurance Companies	56,545	56,545
Factoring Companies	132,083	135,988
Leasing Companies	111,135	111,134
Finance Companies	1,029,807	1,038,254
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	132,083	135,988
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	100.00	-	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

	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	4,266,143	716,075	21,170	85,540	-	28,800	23,451	-
2	2,827,945	146,355	4,303	52,222	-	5,973	3,594	161,385
3	78,690	41,857	5,336	929	898	575	1,077	-
4	37,254	33,376	5,783	559	3	2,113	1,490	-
5	7,784,826	932,273	32,111	23,041	5,822	47,753	46,309	-
6	13,427,956	1,461,103	68,122	100,050	23,044	48,107	45,881	1,598,804
7	598,599	129,281	29,968	11,327	4,396	1,573	3,301	227,174
8	896,676	896,568	-	-	-	(41)	(44)	961,144
9	949,093	819,693	-	27	-	932	(652)	-
10	5,282,355	667,342	56,360	58,335	7,178	13,606	26,672	-
11	305,308	50,994	4,809	5,271	-	1,729	1,803	-
12	236,365	38,488	3,314	9,927	-	3,616	1,752	-

(*) 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 and Ralfi 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	1,952,147	1,674,047	1,836,026	1,562,466
Between 1-5 Years	2,810,930	2,476,192	2,693,712	2,354,116
Longer than 5 Years	253,014	234,121	256,850	237,821
Total	5,016,091	4,384,360	4,786,588	4,154,403

5.1.11.2 Net financial lease receivables

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	5,016,091	4,786,588
Unearned Income on Financial Lease Receivables (-)	(631,731)	(632,185)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	4,384,360	4,154,403

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	27,813	-	31,158	83
Cash Flow Hedges	20,651	288,879	15,044	119,967
Net Foreign Investment Hedges	-	-	-	-
Total	48,464	288,879	46,202	120,050

As of 31 March 2015, 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	12,277,614	48,480	184,074	12,215,225	46,285	168,109
-TL	5,184,200	48,464	67,487	6,034,049	46,202	99,572
-FC	7,093,414	16	116,587	6,181,176	83	68,537
Cross Currency Swaps	5,351,062	288,863	141,672	5,215,329	119,967	111,274
-TL	2,046,220	-	-	2,090,223	-	-
-FC	3,304,842	288,863	141,672	3,125,106	119,967	111,274
Total	17,628,676	337,343	325,746	17,430,554	166,252	279,383

5.1.12.1.1 Fair value hedge accounting

Current Period						
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	63,106	3,848	(78,606)	(11,652)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	28,010	23,965	(69,299)	(17,324)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(16,928)	-	(99,020)	(115,948)

Prior Period						
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	39,256	3,000	(57,277)	(15,021)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	42,104	28,241	(91,167)	(20,822)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(12,511)	-	(63,059)	(75,570)

5.1.12.1.2 Cash flow hedge accounting

Current Period							
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	20,651	(36,169)	(10,214)	3,850	(1,586)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	163,313	-	5,303	(7,284)	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	125,566	(42,652)	19,697	(21,674)	-

Prior Period							
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	15,044	(19,665)	(41,815)	(16,302)	-
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	76,306	-	(8,749)	27,285	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	43,661	(48,215)	(5,312)	(13,246)	-

5.1.13 Tangible assets

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

5.1.14 Intangible assets

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

5.1.15 Investment property

<i>Current Period</i>	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type				
Building	156,954	37,653	-	Operational lease
Land	-	-	-	-

<i>Prior Period</i>	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type				
Building	156,954	36,696	-	Operational lease
Land	-	-	-	-

5.1.16 Deferred tax asset

As of 31 March 2015, on a consolidated basis the Bank has a deferred tax asset of TL 576,228 thousands (31 December 2014: TL 450,957 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 31 March 2015, there is a deferred tax asset of TL 808,260 thousands (31 December 2014: TL 665,277 thousands) and deferred tax liability of TL 232,032 thousands (31 December 2014: TL 214,320 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.

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 (*)	714,421	142,600	685,084	136,752
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	1,848,218	362,475	1,052,596	211,686
Other	375,375	71,153	534,529	102,519
Deferred Tax Asset, Net	2,938,014	576,228	2,272,209	450,957

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

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

As of 31 March 2015, TL 98,185 thousands of deferred tax income (31 March 2014: a deferred tax expense of TL 7,782 thousands) and TL 27,236 thousands of deferred tax expenses (31 December 2014: a deferred tax income of TL 108,960 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	186,179	155,734
Accumulated Depreciation (-)	(7,972)	(5,992)
Net Book Value	178,207	149,742
End of Current Period		
Additions	24,326	120,277
Disposals (Cost)	(21,885)	(87,296)
Disposals (Accumulated Depreciation)	399	1,212
Reversal of Impairment / Impairment Losses (-)	(508)	(2,123)
Depreciation Expense for Current Period (-)	(1,180)	(3,192)
Currency Translation Differences on Foreign Operations	108	(413)
Cost	188,220	186,179
Accumulated Depreciation (-)	(8,753)	(7,972)
Net Book Value	179,467	178,207

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 48,396 thousands (31 December 2014: TL 26,361 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	-	-
Sale of Real Estates	-	1,062
Sale of Other Assets	3,071	3,071
Total	3,071	4,133

5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	502,104	413,337

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	Accumulati ng Deposit	Total
Saving Deposits	6,609,841	-	4,170,914	31,303,088	1,147,636	897,352	655,121	4,413	44,788,365
Foreign Currency	16,716,315	-	6,677,437	28,975,928	5,288,812	5,836,932	9,169,300	55,526	72,720,250
Residents in Turkey	11,271,150	-	5,862,711	24,682,192	2,250,297	1,315,852	673,872	54,226	46,110,300
Residents in Abroad	5,445,165	-	814,726	4,293,736	3,038,515	4,521,080	8,495,428	1,300	26,609,950
Public Sector Deposits	1,029,696	-	4,464	21,370	162	18	31	-	1,055,741
Commercial Deposits	5,468,551	-	3,690,299	3,906,187	383,434	272,139	77,517	-	13,798,127
Others	146,720	-	134,255	898,066	18,526	8,997	457,713	-	1,664,277
Precious Metal	1,037,886	-	105	47,544	-	1,497	100,049	-	1,187,081
Bank Deposits	1,302,541	-	1,386,549	817,518	1,209,833	896,938	262,349	-	5,875,728
Central Bank of	-	-	-	-	-	-	-	-	-
Domestic Banks	4,295	-	856,977	-	4	57,318	27,641	-	946,235
Foreign Banks	561,711	-	529,572	817,518	1,209,829	839,620	234,708	-	4,192,958
Special Financial	736,535	-	-	-	-	-	-	-	736,535
Others	-	-	-	-	-	-	-	-	-
Total	32,311,550	-	16,064,023	65,969,701	8,048,403	7,913,873	10,722,080	59,939	141,089,569

<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	Accumulati ng Deposit	Total
Saving Deposits	6,247,742	-	3,674,737	29,266,592	2,193,860	1,012,447	648,068	4,235	43,047,681
Foreign Currency	16,037,813	-	6,723,156	22,032,267	5,181,757	5,585,326	8,109,362	56,466	63,726,147
Residents in Turkey	10,137,009	-	5,919,738	18,889,764	3,223,634	1,370,095	594,701	54,785	40,189,726
Residents in Abroad	5,900,804	-	803,418	3,142,503	1,958,123	4,215,231	7,514,661	1,681	23,536,421
Public Sector Deposits	757,161	-	2,386	25,054	149	55	28	-	784,833
Commercial Deposits	5,327,139	-	3,000,277	5,871,281	301,254	31,590	286,705	-	14,818,246
Others	141,082	-	120,899	1,619,081	25,053	398,009	4,339	-	2,308,463
Precious Metal	1,468,915	-	958	52,885	19	2,041	100,286	-	1,625,104
Bank Deposits	1,906,709	-	907,536	854,367	2,504,414	635,816	306,563	-	7,115,405
Central Bank of	-	-	-	-	-	-	-	-	-
Domestic Banks	3,977	-	475,877	102,842	13	114,754	29,382	-	726,845
Foreign Banks	668,578	-	431,659	751,525	2,504,401	521,062	277,181	-	5,154,406
Special Financial	1,234,154	-	-	-	-	-	-	-	1,234,154
Others	-	-	-	-	-	-	-	-	-
Total	31,886,561	-	14,429,949	59,721,527	10,206,506	7,665,284	9,455,351	60,701	133,425,879

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	23,243,421	22,454,627	21,248,782	20,271,564
Foreign Currency Saving Deposits	13,352,632	13,007,471	25,360,191	21,798,720
Other Saving Deposits	640,732	999,391	688,659	786,318
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

5.2.1.3 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	599,590	608,592
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	666,310	556,395
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	461,316	99,239	189,393	33,483
Swap Transactions	1,349,074	1,770,999	677,661	958,501
Futures	102	905	22	649
Options	371,522	65,341	206,050	26,608
Others	-	6,515	6	8,398
Total	2,182,014	1,942,999	1,073,132	1,027,639

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,139,309	1,099,038	1,761,544	1,019,648
Foreign Banks, Institutions and Funds	3,636,430	31,517,084	3,979,436	31,027,913
Total	4,775,739	32,616,122	5,740,980	32,047,561

5.2.3.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	1,592,785	8,624,531	2,109,054	9,443,891
Medium and Long-Term	3,182,954	23,991,591	3,631,926	22,603,670
Total	4,775,739	32,616,122	5,740,980	32,047,561

The Bank classified certain borrowings obtained through securitisations amounting to USD 2,000,000,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 March 2015, the accumulated negative credit risk change and the positive credit risk change recognised in the income statement amounted to TL 165,939 thousands and TL 123,436 thousands, respectively. The carrying value of the related financial liability amounted to TL 5,315,939 thousands, and the related current period gain amounted TL 123,436 thousands.

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Other external funds

5.2.4.1 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,932,913	2,548,090	295,688	10,253,918
Cost	1,886,728	2,391,804	295,688	10,203,181
Carrying Value (*)	1,866,708	2,428,610	297,521	10,005,097

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	2,161,571	2,885,551	544,114	9,293,935
Cost	2,101,801	2,709,717	544,110	9,248,076
Carrying Value (*)	2,038,716	2,805,068	547,127	9,047,445

(*) The Bank and/or its financial affiliates repurchased the Bank's own TL securities with a total face value of TL 152,491 thousands (31 December 2014: TL 237,044 thousands) and foreign currency securities with a total face value of TL 564,661 thousands (31 December 2014: TL 506,477 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 March 2015, the accumulated negative credit risk change and the negative credit risk change recognised in the income statement amounted to TL 2,347 thousands and TL 232 thousands, respectively. The carrying value of the related financial liability amounted to TL 24,434 thousands, and the related current period loss amounted to TL 265 thousands.

5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	9,663,194	-	4,233,796	-
Financial Institutions and Organizations	9,597,711	-	4,163,450	-
Other Institutions and Organizations	35,082	-	27,959	-
Individuals	30,401	-	42,387	-
Foreign Transactions	667,284	2,881,187	667,001	7,120,368
Financial Institutions and Organizations	667,248	2,881,187	666,879	7,120,368
Other Institutions and Organizations	-	-	120	-
Individuals	36	-	2	-
Total	10,330,478	2,881,187	4,900,797	7,120,368

5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	5,670,323	68,581	5,879,730	51,453
Payables from insurance transactions	6,524,121	31,283	6,158,282	26,266
Other	224,923	993,246	167,113	737,226
Total	12,419,367	1,093,110	12,205,125	814,945

5.2.5 Factoring payables

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

5.2.6 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	-	-	-	-
Between 1-5 Years	-	-	-	-
Longer than 5 Years	-	-	-	-
Total	-	-	-	-

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	67,487	179,438	99,572	111,931
Cash Flow Hedges	-	78,821	-	67,880
Net Foreign Investment Hedges	-	-	-	-
Total	67,487	258,259	99,572	179,811

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	2,644,209	2,457,552
Loans and Receivables in Group I	2,282,911	2,125,471
- Additional Provision for Loans and Receivables with Extended Maturities	95,535	82,858
Loans and Receivables in Group II	220,183	191,690
- Additional Provision for Loans and Receivables with Extended Maturities	61,773	56,706
Non-Cash Loans	141,115	140,391
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	11,768	13,320
Medium and Long Term Loans	13,543	11,208
Total	25,311	24,528

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

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

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

5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	450,000	415,000

5.2.8.4.2 Other provisions for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	578,368	548,258
Insurance Technical Provisions, Net	238,823	239,160
Provision for Promotion Expenses of Credit Cards (*)	86,421	84,817
Provision for Lawsuits	33,015	31,014
Other Provisions	50,814	132,979
Total	987,441	1,036,228

(*) 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 22 December 2014 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 2,086,877 thousands at 31 December 2014 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2014 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 22 December 2014 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 1,287,303 thousands remains as of 31 December 2014 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 512,562 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2014. However, despite this treatment there are no excess obligation that needs to be provided against.

	31 December 2014
Transferable Pension and Medical Benefits:	
Net present value of pension benefits transferable to SSF	(528,752)
Net present value of medical benefits and health premiums transferable to SSF	512,562
General administrative expenses	(29,290)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(45,480)
Fair Value of Plan Assets (2)	2,132,357
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,086,877
Non-Transferable Benefits:	
Other pension benefits	(538,185)
Other medical benefits	(261,389)
Total Non-Transferable Benefits (4)	(799,574)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,287,303
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(512,562)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	774,741

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

	31 December 2014
	%
Discount Rate (*)	8.80
Inflation Rate (*)	6.10
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	40% above inflation
Future Pension Increase Rate (*)	6.10

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

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 March 2015, the corporate tax liability amounts to TL 418,450 thousands (31 December 2014: TL 449,439 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	418,450	449,439
Taxation on Securities Income	89,118	86,086
Taxation on Real Estates Income	3,398	3,040
Banking Insurance Transaction Tax	78,367	78,828
Foreign Exchange Transaction Tax	61	68
Value Added Tax Payable	10,985	11,461
Others	31,381	73,628
Total	631,760	702,550

5.2.9.1.3 Premiums payable

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	1,786	727
Social Security Premiums-Employer	1,534	1,231
Bank Pension Fund Premium-Employees	122	16
Bank Pension Fund Premium-Employer	154	18
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	931	818
Unemployment Insurance-Employer	2,020	1,764
Others	42	39
Total	6,589	4,613

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 25 thousands as of 31 March 2015 (31 December 2014: -).

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

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

5.2.11 Subordinated debts

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

5.2.12 Shareholders' equity

5.2.12.1 Paid-in capital

	<i>Current Period</i>	<i>Prior Period</i>
Common shares	4,200,000	4,200,000
Shares repurchased	-	-
Paid-in common shares	4,200,000	4,200,000
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	(58,648)	(32,048)	82,677	6,104
Valuation Difference	(58,648)	(32,048)	82,677	6,104
Exchange Rate Difference	-	-	-	-
Total	(58,648)	(32,048)	82,677	6,104

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	172,894	-	172,894	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	175,034	-	175,034	-

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	1,002,954	1,002,091
II. Legal Reserve	177,863	177,863
Special Reserves	-	-
Total	1,180,817	1,179,954

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	16,163,416	16,153,163
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	16,163,416	16,153,163

5.2.12.13 Minority interest

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	193,733	162,818
Profit Share of Subsidiaries Net Profits	8,298	31,477
Prior Period Dividend Payment		(185)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(18)	(377)
Balance at End of Period	202,013	193,733

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 9,788,472 thousands (31 December 2014: TL 5,446,840 thousands), commitments for cheque payments of TL 3,062,884 thousands (31 December 2014: TL 2,874,791 thousands) and commitments for credit card limits of TL 25,970,177 thousands (31 December 2014: TL 25,799,601 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	16,760,303	15,379,775
Letters of Guarantee in TL	12,801,052	12,138,798
Letters of Credit	10,571,540	9,308,035
Bills of Exchange and Acceptances	1,027,240	815,887
Prefinancings	-	-
Other Guarantees	96,680	86,702
Total	41,256,815	37,729,197

A specific provision of TL 78,734 thousands (31 December 2014: TL 108,881 thousands) is made for unliquidated non-cash loans of TL 238,740 thousands (31 December 2014: TL 272,978 thousands) recorded under the off-balance sheet items as of 31 March 2015.

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	3,602,113	2,838,901
<i>With Original Maturity of 1 Year or Less</i>	380,902	402,876
<i>With Original Maturity of More Than 1 Year</i>	3,221,211	2,436,025
Other Non-Cash Loans	37,654,702	34,890,296
Total	41,256,815	37,729,197

5.3.1.4 Other information on non-cash loans

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

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

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

5.3.2 Financial derivative instruments

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

5.3.3 Credit derivatives and risk exposures on credit derivatives

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

5.3.4 Contingent liabilities and assets

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

5.3.5 Services rendered on behalf of third parties

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

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	935,572	88,020	748,461	106,572
Medium and long-term loans	1,486,570	732,476	1,222,818	655,125
Loans under follow-up	12,263	2,410	11,677	2,110
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	2,434,405	822,906	1,982,956	763,807

(*) 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	-	-	-	-
Domestic Banks	22,803	4,752	10,348	11,330
Foreign Banks	4,350	13,441	29,073	9,618
Foreign Head Offices and Branches	-	-	-	-
Total	27,153	18,193	39,421	20,948

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	6,449	331	7,321	3,219
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	365,094	54,772	479,673	65,645
Investments Held-to-Maturity	197,319	117,393	368,602	35,373
Total	568,862	172,496	855,596	104,237

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	131	710

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	114,359	118,288	163,020	56,527
Central Bank of Turkey	-	206	-	617
Domestic Banks	23,662	13,258	19,688	11,103
Foreign Banks	90,697	104,824	143,332	44,807
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	55,297	-	102,530
Total	114,359	173,585	163,020	159,057

(*) 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	473	385

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

<i>Current Period</i>	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	256	18,311	-	-	-	-	-	18,567
Saving Deposits	35	75,755	684,075	39,209	22,810	15,454	-	837,338
Public Sector Deposits	-	142	517	3	-	1	-	663
Commercial Deposits	75	56,209	120,853	10,324	5,950	14,507	-	207,918
Others	4	3,933	36,228	511	4,243	5,039	-	49,958
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	370	154,350	841,673	50,047	33,003	35,001	-	1,114,444
Foreign Currency								
Foreign Currency Deposits	10,480	14,720	128,827	22,596	28,700	55,603	236	261,162
Bank Deposits	-	12,294	451	725	80	40	-	13,590
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	5	-	28	-	4	329	-	366
Total FC	10,485	27,014	129,306	23,321	28,784	55,972	236	275,118
Grand Total	10,855	181,364	970,979	73,368	61,787	90,973	236	1,389,562

<i>Prior Period</i>	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	118	32,337	-	-	-	701	-	33,156
Saving Deposits	33	75,913	626,775	39,404	11,189	8,482	-	761,796
Public Sector Deposits	-	70	174	37	20,279	-	-	20,560
Commercial Deposits	58	69,684	154,304	19,533	18,664	6,556	-	268,799
Others	-	4,003	13,695	1,068	21,761	7	-	40,534
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	209	182,007	794,948	60,042	71,893	15,746	-	1,124,845
Foreign Currency								
Foreign Currency Deposits	13,198	18,017	120,778	27,769	41,282	34,936	305	256,285
Bank Deposits	-	13,349	3,289	1,122	317	190	-	18,267
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	21	-	230	327	-	578
Total FC	13,198	31,366	124,088	28,891	41,829	35,453	305	275,130
Grand Total	13,407	213,373	919,036	88,933	113,722	51,199	305	1,399,975

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (net)

	<i>Current Period</i>	<i>Prior Period</i>
Income	29,684,444	10,051,627
Trading Account Income	795,240	423,682
Derivative Financial Instruments	4,595,408	1,937,326
Foreign Exchange Gain	24,293,796	7,690,619
Losses (-)	29,681,259	9,969,468
Trading Account Losses	536,310	473,665
Derivative Financial Instruments	5,955,287	2,056,204
Foreign Exchange Losses	23,189,662	7,439,599
Total	3,185	82,159

TL 2,263,295 thousands (31 March 2014: TL 833,566 thousands) of foreign exchange gains and TL 1,977,891 thousands (31 March 2014: TL 965,336 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 267,647 thousands and USD 667,105,869 and for its bonds with a total face value of TL 1,325,000 thousands and USD 32,900,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, gains of TL 63,106 thousands and TL 28,010 thousands (31 March 2014: a gain of TL 2,725 thousands and a loss of TL 73,937 thousands resulting from outstanding transactions at that date) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under 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, RON 85,500,000 and CZK 423,000,000 with the same face value amount and conditions. Accordingly, in the current period, a loss of TL 16,928 thousands (31 March 2014: total gains of TL 2,132 thousands resulting from outstanding transactions at that date) resulted 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 its eurobonds with a total face value of USD 310,000,000, funds borrowed amounting to USD 107,766,486 and EUR 50,000,000, securitization borrowings amounting to USD 175,000,000 and EUR 240,095,263 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 and commercial loans amounting to USD 500,000,000 by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period, a gain of TL 21,951 thousands and a loss of TL 13,985 thousands (31 March 2014: gains of TL 33,416 thousands and TL 65,238 thousands resulting from outstanding transactions at that date) 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 amounting to TL 79,220 thousands (31 March 2014: TL 3,218 thousands of non-performing receivables) were sold for a consideration of TL 14,653 thousands (31 March 2014: TL 700 thousands). Considering the related provisions of TL 79,073 thousands (31 March 2014: TL 3,218 thousands) in the financial statements, a gain of TL 14,506 thousands (31 March 2014: TL 700 thousands) is recognized under "other operating income".

A part of non-performing receivables of a consolidated financial affiliate of the Bank amounting to TL 19,951 thousands were sold for a consideration of TL 2,349 thousands. A gain from this sale amounting to TL 2,349 thousands is recognized under "other operating income" as the whole receivables had been provided against in the accompanying consolidated financial statements in prior periods. The revenues earned from subsequent collections of the sold receivables in prior period, amounting to TL 532 thousands is recognized in the income statement under "other operating income" in the current period.

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	369,115	231,095
<i>Loans and receivables in Group III</i>	<i>308,625</i>	<i>169,142</i>
<i>Loans and receivables in Group IV</i>	<i>16,295</i>	<i>11,398</i>
<i>Loans and receivables in Group V</i>	<i>44,195</i>	<i>50,555</i>
General Provisions	194,099	96,610
Provision for Possible Losses	35,000	100,000
Impairment Losses on Financial Assets	5,007	2,371
<i>Financial assets at fair value through profit or loss</i>	<i>4,989</i>	<i>2,344</i>
<i>Financial assets available-for-sale</i>	<i>18</i>	<i>27</i>
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>-</i>	<i>-</i>
<i>Joint ventures (business partnership)</i>	<i>-</i>	<i>-</i>
<i>Investments held-to-maturity</i>	<i>-</i>	<i>-</i>
Others	29,416	36,061
Total	632,637	466,137

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	591,735	534,869
Reserve for Employee Termination Benefits	13,366	10,526
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	1,034	-
Depreciation Expenses of Tangible Assets	53,482	49,328
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	14,841	12,955
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	508	572
Depreciation Expenses of Assets to be Disposed	1,180	802
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	555,119	479,986
<i>Operational lease related expenses</i>	85,760	75,572
<i>Repair and maintenance expenses</i>	11,238	11,652
<i>Advertisement expenses</i>	20,122	23,175
<i>Other expenses (***)</i>	437,999	369,587
Loss on Sale of Assets	2,564	849
Others (*) (**)	308,124	170,211
Total	1,541,953	1,260,098

- (*) Includes saving-deposits-insurance-fund related expenses of TL 46,656 thousands (31 March 2014: TL 40,564 thousands) and insurance-business claim losses of TL 10,697 thousands (31 March 2014: TL 14,960 thousands) in the current period.
- (**) Includes repayments, by the Bank in the current period, of fees and commissions income recognised in prior years in the amount of TL 62,387 thousands (31 March 2014: TL 14,792 thousands) as per the decision of the Turkish Competition Board or the related courts.
- (***) Includes lawsuit, execution and other legal expenses borne by the Bank in the current period, of fees and commissions income recognized in prior years but reimbursed, in the amount of TL 12,157 thousands (31 March 2014: TL 4,302 thousands), as per the decision of the Turkish Competition Board or the related courts.

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

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

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 March 2015, on a consolidated basis, the Bank recorded a current tax expense of TL 391,263 thousands (31 March 2014: TL 273,714 thousands) and a deferred tax benefit of TL 98,185 thousands (31 March 2014: a deferred tax expense of TL 7,782 thousands).

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductable Timing Differences (+)	(191,637)	(61,369)
Decrease in Tax Deductable Timing Differences (-)	76,848	25,273
Increase in Taxable Timing Differences (-)	35,373	50,179
Decrease in Taxable Timing Differences (+)	(18,769)	(6,301)
Total	(98,185)	7,782

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	<i>Current Period</i>	<i>Prior Period</i>
(Increase)/Decrease in Tax Deductable Timing Differences (net)	(125,990)	(34,914)
(Increase)/Decrease in Taxable Timing Differences (net)	16,604	43,878
(Increase)/Decrease in Tax Losses (net)	11,201	(1,182)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	(98,185)	7,782

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

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

5.4.11 Net profit/loss

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

None.

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

None.

5.4.11.3 Minority interest’s profit/loss

	<i>Current Period</i>	<i>Prior Period</i>
Net Profit/(Loss) of Minority Interest	8,298	7,949

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

5.6 Consolidated statement of cash flows

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

5.7 Related party risks

5.7.1 Transactions with parent bank's risk group;

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	17,504	8,259	402,167	328,209	1,643,236	703,307
Balance at end of period	27,784	3,721	645,814	1,049,247	1,673,806	488,316
Interest and Commission Income	401	3	84	2	26,039	63

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	92,579	3,652	9,250	284,178	590,506	489,308
Balance at end of period	17,504	8,259	402,167	328,209	1,643,236	703,307
Interest and Commission Income	848	1	131	1	11,619	230

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	28,674	28,668	649,010	304,643	351,510	342,925
Balance at end of period	26,423	28,674	415,750	649,010	372,227	351,510
Interest Expenses	473	385	1,150	1,068	3,109	3,841

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	2,789	2,921	10,825,180	9,092,999	5,770	-
Balance at end of period	6,360	2,789	19,280,667	10,825,180	-	5,770
Total Profit/(Loss)	(54)	436	(266,665)	(25,392)	56	-
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 1,602,755 thousands (31 December 2014: TL 1,555,903 thousands) compose 1.04% (31 December 2014: 1.08%) of the Bank's total consolidated cash loans and 0.62% (31 December 2014: 0.63%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 2,347,404 thousands (31 December 2014: TL 2,062,907 thousands) compose 0.90% (31 December 2014: 0.84%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 1,541,284 thousands (31 December 2014: TL 1,039,775 thousands) compose 3.74% (31 December 2014: 2.76%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 814,400 thousands (31 December 2014: TL 1,029,194 thousands) compose 0.58% (31 December 2014: 0.77%) 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 185,597 thousands (31 December 2014: TL 188,146 thousands) compose 0.50% (31 December 2014: 0.50%) 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 31,902 thousands (31 December 2014: TL 17,680 thousands). A total rent income of TL 863 thousands (31 March 2014: TL 761 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 1,008 thousands as of 31 March 2015 (31 March 2014: TL 11 thousands) were incurred for the IT services rendered by the related parties. Other income of TL 33 thousands (31 March 2014: TL 55 thousands) for the IT services rendered and banking services fee income of TL 654 thousands (31 March 2014: TL 561 thousands) were recognized from the related parties.

Operating expenses of TL 1,999 thousands (31 March 2014: TL 863 thousands) for advertisement and broadcasting services, of TL 9,456 thousands (31 March 2014: TL 8,810 thousands) for operational leasing services, and of TL 2,009 thousands (31 March 2014: TL 1,768 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 163 thousands (31 March 2014: TL 110 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 34,978 thousands as of 31 March 2015 (31 March 2014: TL 34,652 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

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

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

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

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

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

5.9 Matters arising subsequent to the balance sheet date

As per the decision made at the annual general assembly of shareholders of the Bank on 9 April 2015, the distribution of the net profit of the year 2014, will be as follows;

2014 PROFIT DISTRIBUTION TABLE	
2014 Net Profit	3,200,248
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(31,946)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(149,512)
D – Second dividend to the shareholders	(357,000)
E – Extraordinary reserves	(2,416,090)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(35,700)

5.10 Other disclosures on activities of parent bank

5.10.1 Summary information on international risk ratings

5.10.1.1 Parent bank's international risk ratings

MOODY'S (March 2015) (*)

Outlook	Negative
Long Term FC Deposit	Baa3
Long Term TL Deposit	Baa3
Short Term FC Deposit	Prime-3
Short Term TL Deposit	Prime-3
Basic Loan Assessment	ba1
Adjusted Loan Assessment	ba1
Long Term National Scale Rating (NSR)	Aa3.tr
Short Term NSR	TR-1

STANDARD AND POORS (June 2014) (*)

Long Term FC ICR	BB+
Long Term TL ICR	BB+
Outlook	Negative
Stand-alone Credit Profile (SACP)	bb+

FITCH RATINGS (December 2014) (*)

Outlook	Stable (**)
Long Term FC Outlook	BBB- (**)
Short Term FC Outlook	F3 (**)
Long Term TL Outlook	BBB- (**)
Short Term TL Outlook	F3 (**)
Financial Capacity	bbb-
Support	3 (**)
NSR	AA+ (tur) (**)

(**) As of 1 December 2014, Fitch started positive follow-up for risk ratings.

JCR EURASIA RATINGS (June 2014) (*)

International FC Outlook	Stable
Long Term International FC	BBB
Short Term International FC	A-3
International TL Outlook	Stable
Long Term International TL	BBB+
Short Term International TL	A-2
National Outlook	Stable
Long Term NSR	AAA(Trk)
Short Term NSR	A-1+(Trk)
Independency from Shareholders	A
Support	1

(*) Latest dates in risk ratings or outlooks.

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

MOODY'S (July 2014) ^(*)^()**

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

(*) Latest date in risk ratings or outlooks.

(**) Under review.

5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated affiliate

FITCH RATINGS (August 2014) ^(*)

Foreign Currency	
Long Term	BBB-
Short Term	F3
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB-
Short Term	F3
Outlook	Stable
National	AA+
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (August 2014) ^(*)

Foreign Currency	
Long Term	BBB-
Short Term	F3
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB-
Short Term	F3
Outlook	Stable
National	AA+
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

STANDARD AND POORS (February 2014) ^(*)

Foreign Currency	
Long Term	BB+
Short Term	B
Outlook	Negative
Turkish Lira	
Long Term	BB
Short Term	A-2
Outlook	Negative

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (December 2014) ^(*)

Foreign Currency	
Long Term	BB+
Short Term	B
Financial Capacity	b
Support	3

(*) Latest date in risk ratings or outlooks.

5.10.2 Other disclosures

Doğuş Group and BBVA have entered into a share purchase agreement dated 19 November 2014 for the sale of shares of the Bank representing 14.89% of the paid-up share capital with a total face value of TL 625,380 thousands. The parties agreed that the total purchase price for the shares being sold would be TL 5,497,090 thousands with a purchase price per share of TL 8.79. In addition, the parties have agreed that Doğuş Group would be entitled to receive up to TL 0.11 of the dividend distributed per share sold with respect to distributable profit for the year 2014.

Following the completion of the share transfers, Doğuş Group's stake in the Bank will be 10%. The transfer of title for the shares sold from Doğuş Group to BBVA will be finalized once the transaction is approved by the relevant authorities in and outside of Turkey including the BRSA, the Capital Markets Board and the Competition Board.

The shareholders agreement dated 1 November 2010 relating to governance and management of the Bank signed between Doğuş Group and BBVA has been also amended on 19 November 2014. The revised shareholders agreement shall become effective simultaneously with the consummation of the share transfers following the approval of all necessary regulators. Under the revised shareholders agreement Doğuş Group and BBVA have agreed that: (i) the board of directors of the Bank would comprise of ten members ; (ii) seven of the board members would be nominated by BBVA at the general assembly and two of these seven members would also be the members of the audit committee of the Bank whom, in line with the applicable regulations, shall be deemed as independent board members; (iii) two members would be nominated by Doğuş Group at the general assembly and (iv) the last independent member would be jointly nominated by the shareholders at the general assembly. The call option previously granted by Doğuş Group to BBVA with respect to acquisition of further shares of the Bank by BBVA representing 1% of the share capital has been revoked.

6 Limited Review Report

6.1 Disclosure on limited review report

The consolidated financial statements of the Bank and its financial affiliates as of 31 March 2015, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent limited review report dated 28 April 2015, is presented before the accompanying consolidated financial statements.

6.2 Disclosures and footnotes prepared by independent accountants

None.

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