

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

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

**Consolidated Financial Statements**

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

**30 September 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  
27 October 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

Mersis No: 0291001097600016  
Ticari Sicil No : 304099

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

### *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 30 September 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 nine-month period then ended and a 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, (all 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 Independent Auditing Standard on Review Engagements 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 conducted 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.

## *Qualified Conclusion*

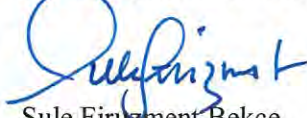
Based on our review, except for the effect of the matter referred in the preceding paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of Türkiye Garanti Bankası A.Ş. and its consolidated financial affiliates as at 30 September 2015 and of the results of its operations and its cash flows for the nine-month period then ended in accordance with 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, 27 October 2015

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ  
AND ITS FINANCIAL AFFILIATES  
CONSOLIDATED INTERIM FINANCIAL REPORT AS OF AND  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

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The consolidated interim financial report for the nine-month period ended 30 September 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 affiliates and special purpose entities in the scope of this consolidated financial report are the followings:

**Affiliates**

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

**Special Purpose Entities**

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

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

**Ferit F. Şahenk**

Board of Directors Chairman

**Ali Fuat Erbil**

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

**SECTION ONE**

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

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

As of 30 September 2015, group of companies under Banco Bilbao Vizcaya Argentaria SA (“BBVA”) that currently owns 39.90% shares of the Bank, is named the BBVA Group (the Group) and it is the main shareholder.

On 22 March 2011, BBVA had 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, purchasing 24.89% shares of the Bank, had joint control on the Bank’s management together with group of companies under Doğuş Holding AŞ (the Doğuş Group).

Subsequently, on 7 April 2011, BBVA had 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%. Accordingly, BBVA and the Doğuş Group had mutual control on the Bank’s management.

Finally, in accordance with the terms of the agreement between BBVA and Doğuş Group which was previously disclosed on 19 November 2014, the sale of shares representing 14.89% of the share capital of the Bank with a face value of TL 625,380 thousands and 62,538,000,000 shares by the Doğuş Group to BBVA, has been completed on 27 July 2015. Following the acquisition, BBVA’s stake in the Bank has reached to 39.90%.

Accordingly, as of balance sheet date, the Doğuş Group’s interest in the share capital of the Bank is at 10%.

#### **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.

## Doğuş Group

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

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

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

### 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
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
Maria Isabel Goiri Lartitegui	Member	27.07.2015	Master	25 years
Javier Bernal Dionis	Member	27.07.2015	Master	25 years
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	27 years
Sait Ergun Özen	Member	14.05.2003	University	28 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	23 years



**CEO and Executive Vice Presidents:**

<b>Name and Surname</b>	<b>Responsibility</b>	<b>Appointment Date</b>	<b>Education</b>	<b>Experience in Banking and Business Administration</b>
Ali Fuat Erbil	CEO	02.09.2015	PhD	23 years
Gökhan Erün	EVP-Corporate Banking and Treasury	01.09.2005	Master	21 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	33 years
Halil Hüsnü Erel	EVP-Technology, Operation Center, Marketing and Business Development	16.06.1997	University	40 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	25 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-Asset Liability Management and Strategic Planning	01.01.2002	University	21 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	16 years
Osman Nuri Tüzün	EVP- Human Resources and Support Services	19.08.2015	Master	23 years
Didem Başer	EVP-Digital Banking	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**

<b>Company</b>	<b>Shares</b>	<b>Ownership</b>	<b>Paid-in Capital</b>	<b>Unpaid Portion</b>
Banco Bilbao Vizcaya Argentaria SA	1,675,800	39.9000%	1,675,800	-
Doğuş Holding AŞ	259,846	6.1868%	259,846	-

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

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

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

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

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

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

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

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

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

As per the Regulation on Preparation of Consolidated Financial Statements of Banks, the investments in financial affiliates 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 affiliates**

None.

## 2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

### Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates Consolidated Balance Sheet (Statement of Financial Position) At 30 September 2015

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 September 2015			PRIOR PERIOD 31 December 2014		
			TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>		5.1.1	<b>1,893,140</b>	<b>31,213,948</b>	<b>33,107,088</b>	<b>1,760,060</b>	<b>23,432,509</b>	<b>25,192,569</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>		5.1.2	<b>2,261,247</b>	<b>930,418</b>	<b>3,191,665</b>	<b>1,144,139</b>	<b>723,777</b>	<b>1,867,916</b>
2.1 Financial assets held for trading			2,064,977	930,418	2,995,395	942,754	723,777	1,666,531
2.1.1 Government securities			58,293	13,389	71,682	73,423	8,112	81,535
2.1.2 Equity securities			58,337	-	58,337	72,940	-	72,940
2.1.3 Derivative financial assets held for trading			1,934,854	881,243	2,816,097	755,168	693,013	1,448,181
2.1.4 Other securities			13,493	35,786	49,279	41,223	22,652	63,875
2.2 Financial assets valued at fair value through profit or loss			196,270	-	196,270	201,385	-	201,385
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Loans		5.1.5	196,270	-	196,270	201,385	-	201,385
2.2.4 Other securities			-	-	-	-	-	-
<b>III. BANKS</b>		5.1.3	<b>678,398</b>	<b>15,363,433</b>	<b>16,041,831</b>	<b>1,796,433</b>	<b>11,066,991</b>	<b>12,863,424</b>
<b>IV. INTERBANK MONEY MARKETS</b>			<b>21,536</b>	<b>130,540</b>	<b>152,076</b>	<b>25,692</b>	<b>84,551</b>	<b>110,243</b>
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	120,201	120,201	-	80,446	80,446
4.3 Receivables from reverse repurchase agreements			21,536	10,339	31,875	25,692	4,105	29,797
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>		5.1.4	<b>18,250,349</b>	<b>4,935,229</b>	<b>23,185,578</b>	<b>19,276,594</b>	<b>4,253,710</b>	<b>23,530,304</b>
5.1 Equity securities			34,103	63,514	97,617	34,867	63,742	98,609
5.2 Government securities			17,505,800	288,220	17,794,020	17,500,522	871,296	18,371,818
5.3 Other securities			710,446	4,583,495	5,293,941	1,741,205	3,318,672	5,059,877
<b>VI. LOANS</b>		5.1.5	<b>99,792,691</b>	<b>73,516,907</b>	<b>173,309,598</b>	<b>86,092,273</b>	<b>57,945,413</b>	<b>144,037,686</b>
6.1 Loans			99,074,221	72,954,018	172,028,239	85,465,405	57,471,974	142,937,379
6.1.1 Loans to bank's risk group		5.7	482,864	1,770,211	2,253,075	153,890	1,402,013	1,555,903
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			98,591,357	71,183,807	169,775,164	85,311,515	56,069,961	141,381,476
6.2 Loans under follow-up			3,756,369	1,278,947	5,035,316	3,300,829	1,085,225	4,386,054
6.3 Specific provisions (-)			3,037,899	716,058	3,753,957	2,673,961	611,786	3,285,747
<b>VII. FACTORING RECEIVABLES</b>		5.1.6	<b>1,766,326</b>	<b>1,108,843</b>	<b>2,875,169</b>	<b>2,270,223</b>	<b>688,726</b>	<b>2,958,949</b>
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>		5.1.7	<b>11,724,081</b>	<b>9,575,681</b>	<b>21,299,762</b>	<b>13,387,953</b>	<b>7,279,089</b>	<b>20,667,042</b>
8.1 Government securities			11,710,709	5,922,266	17,632,975	13,360,951	4,641,023	18,001,974
8.2 Other securities			13,372	3,653,415	3,666,787	27,002	2,638,066	2,665,068
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>		5.1.8	<b>37,258</b>	<b>3</b>	<b>37,261</b>	<b>37,258</b>	<b>3</b>	<b>37,261</b>
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
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>		5.1.9	<b>114,236</b>	<b>1,340</b>	<b>115,576</b>	<b>114,236</b>	<b>847</b>	<b>115,083</b>
10.1 Unconsolidated financial investments in affiliates			-	-	-	-	-	-
10.2 Unconsolidated non-financial investments in affiliates			114,236	1,340	115,576	114,236	847	115,083
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>		5.1.10	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>		5.1.11	<b>1,406,734</b>	<b>3,792,759</b>	<b>5,199,493</b>	<b>1,249,559</b>	<b>2,904,844</b>	<b>4,154,403</b>
12.1 Financial lease receivables			1,675,770	4,226,743	5,902,513	1,506,256	3,280,332	4,786,588
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			269,036	433,984	703,020	256,697	375,488	632,185
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>		5.1.12	<b>96,488</b>	<b>723,282</b>	<b>819,770</b>	<b>46,202</b>	<b>120,050</b>	<b>166,252</b>
13.1 Fair value hedges			56,452	-	56,452	31,158	83	31,241
13.2 Cash flow hedges			40,036	723,282	763,318	15,044	119,967	135,011
13.3 Net foreign investment hedges			-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		5.1.13	<b>1,429,235</b>	<b>156,808</b>	<b>1,586,043</b>	<b>1,413,743</b>	<b>136,620</b>	<b>1,550,363</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		5.1.14	<b>210,474</b>	<b>26,021</b>	<b>236,495</b>	<b>212,982</b>	<b>24,370</b>	<b>237,352</b>
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			204,086	26,021	230,107	206,594	24,370	230,964
<b>XVI. INVESTMENT PROPERTY (Net)</b>		5.1.15	<b>117,384</b>	<b>-</b>	<b>117,384</b>	<b>120,258</b>	<b>-</b>	<b>120,258</b>
<b>XVII. TAX ASSET</b>			<b>367,813</b>	<b>94,217</b>	<b>462,030</b>	<b>408,044</b>	<b>52,202</b>	<b>460,246</b>
17.1 Current tax asset			60,640	30,096	90,736	58	9,231	9,289
17.2 Deferred tax asset		5.1.16	307,173	64,121	371,294	407,986	42,971	450,957
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>		5.1.17	<b>298,375</b>	<b>19,965</b>	<b>318,340</b>	<b>172,449</b>	<b>5,758</b>	<b>178,207</b>
18.1 Asset held for resale			298,375	19,965	318,340	172,449	5,758	178,207
18.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>		5.1.18	<b>9,952,173</b>	<b>1,245,874</b>	<b>11,198,047</b>	<b>8,379,158</b>	<b>424,375</b>	<b>8,803,533</b>
<b>TOTAL ASSETS</b>			<b>150,417,938</b>	<b>142,835,268</b>	<b>293,253,206</b>	<b>137,907,256</b>	<b>109,143,835</b>	<b>247,051,091</b>

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Balance Sheet (Statement of Financial Position)**  
**At 30 September 2015**

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 September 2015			31 December 2014		
			TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	5.2.1		<b>68,506,105</b>	<b>97,152,888</b>	<b>165,658,993</b>	<b>61,920,631</b>	<b>71,505,248</b>	<b>133,425,879</b>
1.1 Deposits from bank's risk group	5.7		474,004	1,554,946	2,028,950	541,060	488,134	1,029,194
1.2 Other			68,032,101	95,597,942	163,630,043	61,379,571	71,017,114	132,396,685
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	5.2.2		<b>2,501,209</b>	<b>1,193,931</b>	<b>3,695,140</b>	<b>1,073,132</b>	<b>1,027,639</b>	<b>2,100,771</b>
<b>III. FUNDS BORROWED</b>	5.2.3		<b>3,465,430</b>	<b>36,371,617</b>	<b>39,837,047</b>	<b>5,740,980</b>	<b>32,047,561</b>	<b>37,788,541</b>
<b>IV. INTERBANK MONEY MARKETS</b>			<b>11,262,556</b>	<b>3,347,999</b>	<b>14,610,555</b>	<b>4,900,797</b>	<b>7,120,368</b>	<b>12,021,165</b>
4.1 Interbank money market takings			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings			269,286	-	269,286	-	-	-
4.3 Obligations under repurchase agreements	5.2.4		10,993,270	3,347,999	14,341,269	4,900,797	7,120,368	12,021,165
<b>V. SECURITIES ISSUED (Net)</b>	5.2.4		<b>4,526,036</b>	<b>11,768,552</b>	<b>16,294,588</b>	<b>4,843,784</b>	<b>9,594,572</b>	<b>14,438,356</b>
5.1 Bills			2,021,833	223,958	2,245,791	2,038,716	-	2,038,716
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			2,504,203	11,544,594	14,048,797	2,805,068	9,594,572	12,399,640
<b>VI. FUNDS</b>			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>	5.2.4		<b>13,954,139</b>	<b>1,345,527</b>	<b>15,299,666</b>	<b>12,205,125</b>	<b>814,945</b>	<b>13,020,070</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>			<b>2,682,919</b>	<b>1,412,534</b>	<b>4,095,453</b>	<b>1,818,236</b>	<b>666,031</b>	<b>2,484,267</b>
<b>IX. FACTORING PAYABLES</b>	5.2.5		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	5.2.6		-	-	-	-	-	-
10.1 Financial lease payables			-	-	-	-	-	-
10.2 Operational lease payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred expenses (-)			-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	5.2.7		<b>94</b>	<b>338,682</b>	<b>338,776</b>	<b>99,572</b>	<b>179,811</b>	<b>279,383</b>
11.1 Fair value hedges			94	286,580	286,674	99,572	111,931	211,503
11.2 Cash flow hedges			-	52,102	52,102	-	67,880	67,880
11.3 Net foreign investment hedges			-	-	-	-	-	-
<b>XII. PROVISIONS</b>	5.2.8		<b>4,487,584</b>	<b>136,710</b>	<b>4,624,294</b>	<b>3,896,834</b>	<b>120,827</b>	<b>4,017,661</b>
12.1 General provisions			2,913,103	78,044	2,991,147	2,395,297	62,255	2,457,552
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserve for employee benefits			629,102	21,028	650,130	519,406	28,852	548,258
12.4 Insurance technical provisions (Net)			254,524	-	254,524	239,160	-	239,160
12.5 Other provisions			690,855	37,638	728,493	742,971	29,720	772,691
<b>XIII. TAX LIABILITY</b>	5.2.9		<b>299,092</b>	<b>36,936</b>	<b>336,028</b>	<b>670,717</b>	<b>36,446</b>	<b>707,163</b>
13.1 Current tax liability			298,936	36,936	335,872	670,717	36,446	707,163
13.2 Deferred tax liability			156	-	156	-	-	-
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	5.2.10		-	-	-	-	-	-
14.1 Asset held for sale			-	-	-	-	-	-
14.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	5.2.11		-	<b>167,806</b>	<b>167,806</b>	-	<b>140,766</b>	<b>140,766</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	5.2.12		<b>28,185,596</b>	<b>109,264</b>	<b>28,294,860</b>	<b>26,494,916</b>	<b>132,153</b>	<b>26,627,069</b>
16.1 Paid-in capital			4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves			(130,405)	(109,680)	(240,085)	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			(662,728)	(145,956)	(808,684)	82,677	6,104	88,781
16.2.4 Revaluation surplus on tangible assets			175,403	-	175,403	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, affiliates and joint-ventures			947	-	947	947	-	947
16.2.8 Hedging reserves (effective portion)			(375,413)	36,276	(339,137)	(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			21,207,294	218,944	21,426,238	17,657,509	143,216	17,800,725
16.3.1 Legal reserves			1,199,314	26,883	1,226,197	1,157,675	22,279	1,179,954
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			19,162,065	4,090	19,166,155	16,151,525	1,638	16,153,163
16.3.4 Other profit reserves			845,915	187,971	1,033,886	348,309	119,299	467,608
16.4 Profit or loss			2,690,972	-	2,690,972	3,653,070	-	3,653,070
16.4.1 Prior periods profit/loss			-	-	-	-	-	-
16.4.2 Current period net profit/loss			2,690,972	-	2,690,972	3,653,070	-	3,653,070
16.5 Minority interest			217,735	-	217,735	193,733	-	193,733
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>139,870,760</b>	<b>153,382,446</b>	<b>293,253,206</b>	<b>123,664,724</b>	<b>123,386,367</b>	<b>247,051,091</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

**Consolidated Off-Balance Sheet Items**

**At 30 September 2015**

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 September 2015			31 December 2014		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>146,492,713</b>	<b>235,597,871</b>	<b>382,090,584</b>	<b>124,389,720</b>	<b>179,316,627</b>	<b>303,706,347</b>
<b>I. GUARANTEES AND SURETIES</b>	5.3.1	<b>14,429,439</b>	<b>35,511,779</b>	<b>49,941,218</b>	<b>12,149,325</b>	<b>25,579,872</b>	<b>37,729,197</b>
1.1 Letters of guarantee		14,399,839	19,571,424	33,971,263	12,138,798	15,379,775	27,518,573
1.1.1 Guarantees subject to State Tender Law		-	1,394,997	1,394,997	-	883,228	883,228
1.1.2 Guarantees given for foreign trade operations		2,235,515	439,880	2,675,395	1,467,460	487,126	1,954,586
1.1.3 Other letters of guarantee		12,164,324	17,736,547	29,900,871	10,671,338	14,009,421	24,680,759
1.2 Bank acceptances		23,685	1,764,385	1,788,070	9,600	806,287	815,887
1.2.1 Import letter of acceptance		23,685	1,764,385	1,788,070	9,600	806,287	815,887
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		5,915	14,063,080	14,068,995	927	9,307,108	9,308,035
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		5,915	14,063,080	14,068,995	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		-	112,890	112,890	-	86,702	86,702
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>37,108,487</b>	<b>13,002,318</b>	<b>50,110,805</b>	<b>37,592,345</b>	<b>10,396,512</b>	<b>47,988,857</b>
2.1 Irrevocable commitments		36,930,219	12,579,143	49,509,362	37,484,500	10,293,302	47,777,802
2.1.1 Asset purchase and sale commitments		212,113	4,723,837	4,935,950	1,584,514	3,862,326	5,446,840
2.1.2 Deposit purchase and sale commitments		-	47,996	47,996	-	-	-
2.1.3 Share capital commitments to associates and affiliates		-	6,452	6,452	-	6,059	6,059
2.1.4 Loan granting commitments		6,062,674	7,118,603	13,181,277	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		3,024,185	-	3,024,185	2,874,791	-	2,874,791
2.1.8 Tax and fund obligations on export commitments		-	-	-	15,861	-	15,861
2.1.9 Commitments for credit card limits		26,341,332	246,721	26,588,053	25,642,813	156,788	25,799,601
2.1.10 Commitments for credit cards and banking services related promotions		7,373	-	7,373	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	435,534	1,699,744	1,264,210	1,066,871	2,331,081
2.2 Revocable commitments		178,268	423,175	601,443	107,845	103,210	211,055
2.2.1 Revocable loan granting commitments		8,799	-	8,799	42,009	-	42,009
2.2.2 Other revocable commitments		169,469	423,175	592,644	65,836	103,210	169,046
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	5.3.2	<b>94,954,787</b>	<b>187,083,774</b>	<b>282,038,561</b>	<b>74,648,050</b>	<b>143,340,243</b>	<b>217,988,293</b>
3.1 Derivative financial instruments held for risk management		6,877,073	13,906,782	20,783,855	8,124,272	9,306,282	17,430,554
3.1.1 Fair value hedges		3,126,383	8,230,115	11,356,498	4,034,049	4,802,991	8,837,040
3.1.2 Cash flow hedges		3,750,690	5,676,667	9,427,357	4,090,223	4,503,291	8,593,514
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		88,077,714	173,176,992	261,254,706	66,523,778	134,033,961	200,557,739
3.2.1 Forward foreign currency purchases/sales		18,367,635	23,280,711	41,648,346	10,086,437	12,426,784	22,513,221
3.2.1.1 Forward foreign currency purchases		7,118,216	13,141,338	20,259,554	4,430,102	6,884,095	11,314,197
3.2.1.2 Forward foreign currency sales		11,249,419	10,139,373	21,388,792	5,656,335	5,542,689	11,199,024
3.2.2 Currency and interest rate swaps		34,165,198	85,846,450	120,011,648	34,360,421	83,087,805	117,448,226
3.2.2.1 Currency swaps-purchases		14,725,336	31,117,042	45,842,378	10,210,965	37,447,942	47,658,907
3.2.2.2 Currency swaps-sales		15,783,840	25,911,194	41,695,034	19,879,952	25,536,137	45,416,089
3.2.2.3 Interest rate swaps-purchases		1,828,011	14,409,107	16,237,118	2,134,752	10,051,863	12,186,615
3.2.2.4 Interest rate swaps-sales		1,828,011	14,409,107	16,237,118	2,134,752	10,051,863	12,186,615
3.2.3 Currency, interest rate and security options		35,089,514	50,274,633	85,364,147	22,051,233	29,737,878	51,789,111
3.2.3.1 Currency call options		14,330,507	23,832,013	38,162,520	9,817,575	13,833,684	23,651,259
3.2.3.2 Currency put options		20,723,539	19,692,649	40,416,188	12,227,334	12,568,861	24,796,195
3.2.3.3 Interest rate call options		-	6,680,357	6,680,357	-	3,317,397	3,317,397
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		15,247	34,807	50,054	3,384	8,968	12,352
3.2.3.6 Security put options		20,221	34,807	55,028	2,940	8,968	11,908
3.2.4 Currency futures		92,335	166,944	259,279	19,583	19,928	39,511
3.2.4.1 Currency futures-purchases		-	100,470	100,470	-	19,099	19,099
3.2.4.2 Currency futures-sales		92,335	66,474	158,809	19,583	829	20,412
3.2.5 Interest rate futures		-	12,020	12,020	-	92,200	92,200
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	12,020	12,020	-	92,200	92,200
3.2.6 Others		363,032	13,596,234	13,959,266	6,104	8,669,366	8,675,470
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>559,234,515</b>	<b>446,211,115</b>	<b>1,005,445,630</b>	<b>506,774,603</b>	<b>374,807,156</b>	<b>881,581,759</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>41,666,568</b>	<b>34,923,594</b>	<b>76,590,162</b>	<b>42,007,900</b>	<b>24,449,530</b>	<b>66,457,430</b>
4.1 Customers' securities held		10,585,001	-	10,585,001	8,268,224	-	8,268,224
4.2 Investment securities held in custody		16,767,448	13,954,986	30,722,434	21,117,192	6,385,801	27,502,993
4.3 Checks received for collection		12,037,178	2,598,676	14,635,854	10,523,739	2,096,471	12,620,210
4.4 Commercial notes received for collection		2,094,487	1,185,993	3,280,480	1,974,573	895,388	2,869,961
4.5 Other assets received for collection		72,296	14,259,838	14,332,134	67,738	13,485,525	13,553,263
4.6 Assets received through public offering		-	73,311	73,311	-	56,584	56,584
4.7 Other items under custody		110,158	2,850,790	2,960,948	56,434	1,529,761	1,586,195
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>517,567,947</b>	<b>411,287,521</b>	<b>928,855,468</b>	<b>464,766,703</b>	<b>350,357,626</b>	<b>815,124,329</b>
5.1 Securities		3,388,566	315,460	3,704,026	3,621,592	14,069	3,635,661
5.2 Guarantee notes		39,544,821	13,900,722	53,445,543	41,904,628	12,401,652	54,306,280
5.3 Commodities		1,555	-	1,555	2,234	-	2,234
5.4 Warranties		-	395,057	395,057	-	771,718	771,718
5.5 Real estates		109,328,384	91,447,101	200,775,485	94,933,475	69,794,029	164,727,504
5.6 Other pledged items		365,304,451	305,228,532	670,532,983	324,304,604	267,375,657	591,680,261
5.7 Pledged items-depository		170	649	819	170	501	671
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>705,727,228</b>	<b>681,808,986</b>	<b>1,387,536,214</b>	<b>631,164,323</b>	<b>554,123,783</b>	<b>1,185,288,106</b>

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Income Statement**  
**At 30 September 2015**

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
			CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
			1 January 2015- 30 September 2015	1 January 2014- 30 September 2014	1 July 2015- 30 September 2015	1 July 2014- 30 September 2014
<b>I. INTEREST INCOME</b>		5.4.1	<b>13,727,426</b>	<b>12,193,578</b>	<b>4,684,476</b>	<b>4,074,943</b>
1.1 Interest income on loans			10,451,891	8,652,872	3,746,605	3,027,569
1.2 Interest income on reserve deposits			40,231	1,643	20,247	477
1.3 Interest income on banks			123,329	162,361	37,870	47,501
1.4 Interest income on money market transactions			4,478	4,355	1,320	1,434
1.5 Interest income on securities portfolio			2,518,075	2,870,231	666,895	818,229
1.5.1 Trading financial assets			18,901	31,000	5,252	6,086
1.5.2 Financial assets valued at fair value through profit or loss			-	-	-	-
1.5.3 Financial assets available-for-sale			1,381,018	1,598,578	390,414	472,579
1.5.4 Investments held-to-maturity			1,118,156	1,240,653	271,229	339,564
1.6 Financial lease income			293,241	264,412	104,849	93,968
1.7 Other interest income			296,181	237,704	106,690	85,765
<b>II. INTEREST EXPENSE</b>		5.4.2	<b>6,389,356</b>	<b>6,204,442</b>	<b>2,255,544</b>	<b>1,970,474</b>
2.1 Interest on deposits			4,279,661	4,031,592	1,495,080	1,261,573
2.2 Interest on funds borrowed			885,296	925,781	299,197	300,965
2.3 Interest on money market transactions			499,791	622,959	198,920	171,952
2.4 Interest on securities issued			707,512	616,462	261,059	234,077
2.5 Other interest expenses			17,096	7,648	1,288	1,907
<b>III. NET INTEREST INCOME (I - II)</b>			<b>7,338,070</b>	<b>5,989,136</b>	<b>2,428,932</b>	<b>2,104,469</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>			<b>2,222,649</b>	<b>2,289,169</b>	<b>755,820</b>	<b>781,992</b>
4.1 Fees and commissions received			2,910,322	2,881,903	1,013,797	1,000,395
4.1.1 Non-cash loans			225,001	202,893	79,619	68,856
4.1.2 Others			2,685,321	2,679,010	934,178	931,539
4.2 Fees and commissions paid			687,673	592,734	257,977	218,403
4.2.1 Non-cash loans			2,335	1,097	688	452
4.2.2 Others			685,338	591,637	257,289	217,951
<b>V. DIVIDEND INCOME</b>		5.4.3	<b>5,387</b>	<b>2,066</b>	-	-
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>		5.4.4	<b>(459,581)</b>	<b>66,153</b>	<b>(238,170)</b>	<b>68,401</b>
6.1 Trading account income/losses (Net)			804,652	83,890	498,892	284,953
6.2 Income/losses from derivative financial instruments (Net)			(1,686,666)	(620,791)	(402,071)	(428,888)
6.3 Foreign exchange gains/losses (Net)			422,433	603,054	(334,991)	212,336
<b>VII. OTHER OPERATING INCOME</b>		5.4.5	<b>1,088,597</b>	<b>804,902</b>	<b>309,025</b>	<b>292,694</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>			<b>10,195,122</b>	<b>9,151,426</b>	<b>3,255,607</b>	<b>3,247,556</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>		5.4.6	<b>1,828,902</b>	<b>1,519,284</b>	<b>634,991</b>	<b>598,876</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>		5.4.7	<b>4,814,147</b>	<b>3,933,822</b>	<b>1,725,110</b>	<b>1,381,904</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>			<b>3,552,073</b>	<b>3,698,320</b>	<b>895,506</b>	<b>1,266,776</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>			-	-	-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>			-	-	-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>			-	-	-	-
<b>XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>		5.4.8	<b>3,552,073</b>	<b>3,698,320</b>	<b>895,506</b>	<b>1,266,776</b>
<b>XVI. PROVISION FOR TAXES (±)</b>		5.4.9	<b>835,735</b>	<b>836,299</b>	<b>244,070</b>	<b>275,803</b>
16.1 Current tax charge			427,809	1,005,634	34,907	251,693
16.2 Deferred tax charge/(credit)			407,926	(169,335)	209,163	24,110
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>		5.4.10	<b>2,716,338</b>	<b>2,862,021</b>	<b>651,436</b>	<b>990,973</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-	-	-
18.1 Income from assets held for sale			-	-	-	-
18.2 Income from sale of associates, affiliates and joint-ventures			-	-	-	-
18.3 Others			-	-	-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>			-	-	-	-
19.1 Expenses on assets held for sale			-	-	-	-
19.2 Expenses on sale of associates, affiliates and joint-ventures			-	-	-	-
19.3 Others			-	-	-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>		5.4.8	-	-	-	-
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		5.4.9	-	-	-	-
21.1 Current tax charge			-	-	-	-
21.2 Deferred tax charge/(credit)			-	-	-	-
<b>XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)</b>		5.4.10	-	-	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>		5.4.11	<b>2,716,338</b>	<b>2,862,021</b>	<b>651,436</b>	<b>990,973</b>
23.1 Equity holders of the bank			2,690,972	2,837,703	642,794	983,752
23.2 Minority interest			25,366	24,318	8,642	7,221
<b>Earnings per Share</b>			<b>0.641</b>	<b>0.676</b>	<b>0.153</b>	<b>0.234</b>

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity**  
**At 30 September 2015**

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2015 - 30 September 2015	PRIOR PERIOD 1 January 2014 - 30 September 2014
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(1,102,351)	361,470
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	369	730
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	539,443	(82,571)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	89,644	52,630
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(281,749)	32,543
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	274,451	(80,934)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(480,193)	283,868
XI.	CURRENT PERIOD PROFIT/LOSSES	2,716,338	2,862,021
1.1	Net changes in fair value of securities (transferred to income statement)	106,079	68,712
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	55,132	-
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	2,555,127	2,793,309
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	2,236,145	3,145,889

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 30 September 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-30 September 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		-	-	-	-	-	-	-	-	-	-	291,038	-	-	-	-	291,038	24	291,062
VI. Hedging reserves		-	-	-	-	-	-	-	(32,543)	-	-	-	-	-	74,647	-	42,104	-	42,104
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,104	-	42,104
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	(32,543)	-	-	-	-	-	32,543	-	-	-	-
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	730	-	-	-	730	-	730
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	(916)	-	1,090	(50,202)	-	-	-	-	-	-	-	(50,028)	-	(50,028)
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		-	-	-	-	-	-	-	-	2,837,703	-	-	-	-	-	-	2,837,703	24,318	2,862,021
XX. Profit distribution		-	-	-	-	29,267	-	2,826,121	34,046	-	(3,314,434)	-	-	-	-	-	(425,000)	(185)	(425,185)
20.1. Dividends		-	-	-	-	-	-	-	-	-	(425,000)	-	-	-	-	-	(425,000)	(185)	(425,185)
20.2. Transfers to reserves		-	-	-	-	29,267	-	2,826,121	-	-	(2,855,388)	-	-	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	34,046	-	(34,046)	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	1,181,505	-	16,142,719	583,652	2,837,703	-	(203,393)	175,034	947	(152,703)	-	25,549,898	186,975	25,736,873
CURRENT PERIOD - 1 January-30 September 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		-	-	-	-	-	-	-	-	-	-	(897,465)	-	-	-	-	(897,465)	(10)	(897,475)
IV. Hedging reserves		-	-	-	-	-	-	-	281,749	-	-	-	-	-	(122,530)	-	159,219	-	159,219
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71,715	-	71,715
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	281,749	-	-	-	-	-	(194,245)	-	87,504	-	87,504
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	369	-	-	-	369	-	369
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	4,609	-	502	252,583	-	-	-	-	-	-	-	257,694	-	257,694
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		-	-	-	-	-	-	-	-	2,690,972	-	-	-	-	-	-	2,690,972	25,366	2,716,338
XVIII. Profit distribution		-	-	-	-	41,634	-	3,012,490	31,946	-	(3,653,070)	-	-	-	-	-	(567,000)	(1,354)	(568,354)
18.1. Dividends		-	-	-	-	-	-	-	-	-	(567,000)	-	-	-	-	-	(567,000)	(1,354)	(568,354)
18.2. Transfers to reserves		-	-	-	-	41,634	-	3,012,490	-	-	(3,054,124)	-	-	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	31,946	-	(31,946)	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	1,226,197	-	19,166,155	980,838	2,690,972	-	(808,684)	175,403	947	(339,137)	-	28,077,125	217,735	28,294,860

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 Cash Flows**  
**At 30 September 2015**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2015 30 September 2015	1 January 2014 30 September 2014
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	5.6	<b>1,846,436</b>	<b>4,107,582</b>
1.1.1 Interests received		12,894,298	11,403,922
1.1.2 Interests paid		(6,986,837)	(5,940,271)
1.1.3 Dividend received		5,387	2,066
1.1.4 Fees and commissions received		2,910,322	2,881,903
1.1.5 Other income		1,882,567	600,791
1.1.6 Collections from previously written-off loans and other receivables		76,890	93,212
1.1.7 Payments to personnel and service suppliers		(4,173,558)	(3,219,694)
1.1.8 Taxes paid		(978,946)	(1,008,749)
1.1.9 Others		(3,783,687)	(705,598)
<b>1.2 Changes in operating assets and liabilities</b>	5.6	<b>4,590,416</b>	<b>(4,761,438)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		37,816	(27,373)
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		(3,149,694)	(891,891)
1.2.4 Net (increase) decrease in loans		(30,255,876)	(13,555,603)
1.2.5 Net (increase) decrease in other assets		(3,339,094)	(1,408,305)
1.2.6 Net increase (decrease) in bank deposits		2,033,550	1,966,363
1.2.7 Net increase (decrease) in other deposits		30,201,380	5,370,617
1.2.8 Net increase (decrease) in funds borrowed		5,306,635	1,543,557
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		3,755,699	2,241,197
<b>I. Net cash flow from banking operations</b>	5.6	<b>6,436,852</b>	<b>(653,856)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	5.6	<b>(1,223,666)</b>	<b>(4,334,768)</b>
2.1 Cash paid for purchase of associates, affiliates and joint-ventures		-	-
2.2 Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3 Purchases of tangible assets		(214,503)	(189,626)
2.4 Sales of tangible assets		72,182	83,871
2.5 Cash paid for purchase of financial assets available-for-sale, net		(6,307,722)	(14,129,385)
2.6 Cash obtained from sale of financial assets available-for-sale, net		5,854,885	14,226,510
2.7 Cash paid for purchase of investments held-to-maturity		(3,590,304)	(5,735,999)
2.8 Cash obtained from sale of investments held-to-maturity		2,961,796	1,409,861
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>1,241,754</b>	<b>3,641,504</b>
3.1 Cash obtained from funds borrowed and securities issued		6,796,648	11,895,681
3.2 Cash used for repayment of funds borrowed and securities issued		(4,986,450)	(7,828,729)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(568,354)	(425,185)
3.5 Payments for financial leases		(90)	(263)
3.6 Others		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>1,550,143</b>	<b>339,173</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	5.6	<b>8,005,083</b>	<b>(1,007,947)</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	5.6	<b>9,999,761</b>	<b>8,784,102</b>
<b>VII. Cash and cash equivalents at end of period (V+VI)</b>	5.6	<b>18,004,844</b>	<b>7,776,155</b>

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

### **3 Accounting Policies**

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

The Bank prepares its accounting records, consolidated financial statements and accompanying explanations and notes in accordance with Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority except for the matters regulated by 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.

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 affiliates valued at equity basis of accounting or 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.

#### **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 affiliates**

As of 30 September 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 affiliate'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 TAS 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 affiliates 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:

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

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

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

#### *Investment properties*

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

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

### 3.14 Leasing activities

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

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

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

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

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

### **3.16 Contingent assets**

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

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

#### *Severance indemnities and short-term employee benefits*

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

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

	<b>30 September 2015</b>	<b>31 December 2014</b>
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:

	<b>30 September 2015</b>	
	<b>Employer</b>	<b>Employee</b>
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

**a) Benefits transferable to SSF**

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

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

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

Before the completion of two-years period set by the Council of Ministers on 14 March 2011 as explained above, as per the Article no. 51 of the law no. 6645, published in the Official Gazette no. 29335 dated 23 April 2015, the Article no. 20 of the law no. 5510 was amended giving the Council of Ministers the authority to determine the date of transfer without defining any timeline.

**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 25<sup>th</sup> of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

*Tax applications for foreign branches*

**NORTHERN CYPRUS**

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

**MALTA**

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

**LUXEMBOURG**

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 7% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 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 affiliates 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 30 September 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>	<b>Retail Banking</b>	<b>Corporate / Commercial Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	3,727,277	3,376,421	1,018,621	2,067,416	10,189,735
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>3,727,277</b>	<b>3,376,421</b>	<b>1,018,621</b>	<b>2,067,416</b>	<b>10,189,735</b>
Net Operating Profit	(115,785)	1,787,096	783,439	1,091,936	3,546,686
Income from Associates and Affiliates	-	-	-	5,387	5,387
<b>Net Operating Profit</b>	<b>(115,785)</b>	<b>1,787,096</b>	<b>783,439</b>	<b>1,097,323</b>	<b>3,552,073</b>
Provision for Taxes	-	-	-	835,735	835,735
<b>Net Profit</b>	<b>(115,785)</b>	<b>1,787,096</b>	<b>783,439</b>	<b>261,588</b>	<b>2,716,338</b>
Segment Assets	54,405,957	118,045,785	86,801,341	33,847,286	293,100,369
Investments in Associates and Affiliates	-	-	-	152,837	152,837
<b>Total Assets</b>	<b>54,405,957</b>	<b>118,045,785</b>	<b>86,801,341</b>	<b>34,000,123</b>	<b>293,253,206</b>
Segment Liabilities	100,414,190	64,896,423	73,766,469	25,881,264	264,958,346
Shareholders' Equity	-	-	-	28,294,860	28,294,860
<b>Total Liabilities and Shareholders' Equity</b>	<b>100,414,190</b>	<b>64,896,423</b>	<b>73,766,469</b>	<b>54,176,124</b>	<b>293,253,206</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	168,187	168,187
Depreciation Expenses	116,841	54,398	3,975	38,620	213,834
Impairment Losses	1,120,520	339,060	54,933	316,573	1,831,086
Other Non-Cash Income/Expenses	271,935	653,528	(355,208)	549,320	1,119,575
Restructuring Costs	-	-	-	-	-

<i>Prior Period</i>	<b>Retail Banking</b>	<b>Corporate / Commercial Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	3,130,736	3,090,879	743,043	2,184,702	9,149,360
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>3,130,736</b>	<b>3,090,879</b>	<b>743,043</b>	<b>2,184,702</b>	<b>9,149,360</b>
Net Operating Profit	318,510	1,579,461	592,186	1,206,097	3,696,254
Income from Associates and Affiliates	-	-	-	2,066	2,066
<b>Net Operating Profit</b>	<b>318,510</b>	<b>1,579,461</b>	<b>592,186</b>	<b>1,208,163</b>	<b>3,698,320</b>
Provision for Taxes	-	-	-	836,299	836,299
<b>Net Profit</b>	<b>318,510</b>	<b>1,579,461</b>	<b>592,186</b>	<b>371,864</b>	<b>2,862,021</b>
Segment Assets	48,782,409	95,669,419	73,992,308	28,454,611	246,898,747
Investments in Associates and Affiliates	-	-	-	152,344	152,344
<b>Total Assets</b>	<b>48,782,409</b>	<b>95,669,419</b>	<b>73,992,308</b>	<b>28,606,955</b>	<b>247,051,091</b>
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
<b>Total Liabilities and Shareholders' Equity</b>	<b>83,063,109</b>	<b>50,345,874</b>	<b>64,438,463</b>	<b>49,203,645</b>	<b>247,051,091</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	562,708	562,708
Depreciation Expenses	104,100	53,641	4,986	32,494	195,221
Impairment Losses	743,222	480,921	28,318	272,942	1,525,403
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 12.28% as of 30 September 2015 (31 December 2014: 13.86%) (unconsolidated capital adequacy ratio 13.83% (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**

<i>Current Period</i>	<b>Risk Weights</b>								
	<b>Parent Bank Only</b>								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>250%</i>
<b>Value at Credit Risk</b>	-	-	2,302,453	23,936,471	28,333,199	113,837,757	8,481,599	20,500,520	1,203,468
<b>Exposure Categories</b>	59,132,088	-	11,512,264	47,872,942	37,777,598	113,837,757	5,654,399	10,250,260	481,387
Conditional and unconditional exposures to central governments or central banks	56,392,915	-	14	7,887,264	-	4	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	59,473	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	54,673	-	-	-
Conditional and unconditional exposures to multilateral development banks	73,330	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	10,357,098	11,013,806	-	11,530	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,095,208	3,241,078	-	99,790,011	-	-	-
Conditional and unconditional retail exposures	-	-	82	6,261	37,777,598	5,503,456	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	25,719,030	-	-	-	-	-
Past due items	-	-	-	5,503	-	473,290	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	15,128	5,654,399	10,250,260	481,387
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	33,254	-	-	-	-	10,151	-	-	-
Other items	2,632,589	-	389	-	-	7,979,514	-	-	-

<i>Prior Period</i>	<b>Risk Weights</b>								
	<b>Parent Bank Only</b>								
	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>250%</b>
<b>Value at Credit Risk</b>	-	-	1,994,956	19,039,877	25,107,898	86,887,374	6,390,335	24,511,860	1,308,088
<b>Exposure Categories</b>	<b>52,312,514</b>	-	<b>9,974,782</b>	<b>38,079,754</b>	<b>33,477,197</b>	<b>86,887,374</b>	<b>4,260,223</b>	<b>12,255,930</b>	<b>523,235</b>
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	-	-	-



Current Period	Risk Weights								
	Consolidated								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	2,729,455	26,601,382	29,969,283	125,768,009	9,258,275	22,477,380	1,698,025
Exposure Categories	62,081,375	-	13,647,273	53,202,764	39,959,044	125,768,009	6,172,183	11,238,690	679,210
Conditional and unconditional exposures to central governments or central banks	59,180,177	-	14	8,291,168	-	4	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	59,474	24,559	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	74,307	-	-	-
Conditional and unconditional exposures to multilateral development banks	76,827	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	11,962,781	14,085,010	-	122,733	41	-	-
Conditional and unconditional exposures to corporates	-	-	1,624,533	3,915,236	-	115,298,226	-	-	-
Conditional and unconditional retail exposures	-	-	82	8,184	39,959,044	5,515,292	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	26,838,089	-	-	-	-	-
Past due items	-	-	-	10,670	-	856,977	-	-	-
Items in regulatory high-risk categories	-	-	-	29,848	-	95,257	6,172,142	11,238,690	679,210
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	33,254	-	-	-	-	10,151	-	-	-
Other items	2,791,117	-	389	-	-	3,795,062	-	-	-

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)	15,887,637	13,219,231
Capital Requirement for Market Risk (MRCR)	495,249	367,344
Capital Requirement for Operational Risk (ORCR)	1,352,494	1,187,245
Total Capital	30,670,720	28,116,657
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	13.83%	15.23%
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.81%	14.17%
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.86%	14.24%

	Consolidated	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	17,480,145	14,565,582
Capital Requirement for Market Risk (MRCR)	545,361	335,458
Capital Requirement for Operational Risk (ORCR)	1,496,632	1,312,809
Total Capital	29,972,742	28,096,277
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	12.28%	13.86%
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	11.55%	12.77%
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	11.61%	12.86%

#### 4.1.4 Components of consolidated total capital

	<i>Current Period</i>	<i>Prior Period</i>
<b>COMMON EQUITY TIER I CAPITAL</b>		
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	20,582,559	17,253,772
Other Comprehensive Income according to TAS	1,365,860	368,368
Profit	2,678,104	3,508,591
Current Period Profit	2,678,104	3,508,591
Prior Period Profit	-	-
General Reserves for Possible Losses	450,000	415,000
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	947	947
Minority Interests	62,179	60,262
<b>Common Equity Tier I Capital Before Deductions</b>	<b>30,124,083</b>	<b>26,591,374</b>
<b>Deductions From Common Equity Tier I Capital</b>		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	1,610,763	368,736
Leasehold Improvements on Operational Leases (-)	105,182	109,750
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	77,364	39,781
Net Deferred Tax Asset/Liability (-)	10,006	6,352
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	1,406	-
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 Capitals (-)	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>1,804,721</b>	<b>524,619</b>
<b>Total Common Equity Tier I Capital</b>	<b>28,319,362</b>	<b>26,066,755</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
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	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-

	<b>Current Period</b>	<b>Prior Period</b>
<b>Deductions from Additional Tier I Capital</b>		
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 (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Deductions from Tier I Capital</b>		
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 (-)	116,045	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 (-)	15,010	25,414
<b>Total Tier I Capital</b>	<b>28,188,307</b>	<b>25,882,218</b>
<b>TIER II CAPITAL</b>		
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	2,731,273	2,275,872
Shares of Third Parties in Tier II Capital	-	-
<b>Tier II Capital before Deductions</b>	<b>2,856,832</b>	<b>2,401,373</b>
<b>Deductions from Tier II Capital</b>		
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 (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>2,856,832</b>	<b>2,401,373</b>

	<i>Current Period</i>	<i>Prior Period</i>
<b>CAPITAL BEFORE DEDUCTIONS</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	252	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 (-)	61,890	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 (-)	94,922	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 (-)	53,435	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 (-)	861,898	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 (-)	-	-
<b>TOTAL CAPITAL</b>	<b>29,972,742</b>	<b>28,096,277</b>
<b>Amounts lower than Excesses as per Deduction Rules</b>		
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	359,681	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	167,790	125,559	167,790

#### 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	81,494	77,151
(II) Capital Requirement against Specific Risks - Standard Method	38,330	35,626
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	182,650	55,346
(IV) Capital Requirement against Commodity Risks - Standard Method	18,489	4,651
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	168,157	145,470
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	56,241	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)	545,361	335,458
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	6,817,013	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 30 September 2015, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to TL 4,510,972 thousands (31 December 2014: TL 8,509,061 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 2,747,296 thousands (31 December 2014: TL 5,983,223 thousands), while net foreign currency short open position amounts to TL 1,763,676 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:

	<b>USD</b>	<b>EUR</b>
<b>The Bank's foreign currency purchase rate at balance sheet date</b>	3.0050	3.3558
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	3.0130	3.3803
Day 2	3.0210	3.3938
Day 3	3.0000	3.3390
Day 4	3.0050	3.3462
Day 5	2.9750	3.3305
Last 30-days arithmetical average rate	2.9896	3.3541



*The Bank's consolidated currency risk*

	EUR	USD	Other FCs	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,488,182	21,676,282	5,049,484	31,213,948
Banks	3,674,158	11,156,913	532,362	15,363,433
Financial Assets at Fair Value through Profit/Loss	140,108	298,434	23,205	461,747
Interbank Money Market Placements	-	130,540	-	130,540
Financial Assets Available-for-Sale	1,778,902	2,966,766	189,561	4,935,229
Loans (*)	28,044,496	49,120,295	2,385,519	79,550,310
Investments in Associates, Affiliates and Joint-Ventures	808	-	535	1,343
Investments Held-to-Maturity	20,168	9,555,513	-	9,575,681
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	61,272	199	84,428	145,899
Intangible Assets	-	-	-	-
Other Assets (**)	3,307,175	3,234,888	72,808	6,614,871
<b>Total Assets</b>	<b>41,515,269</b>	<b>98,139,830</b>	<b>8,337,902</b>	<b>147,993,001</b>
<b>Liabilities</b>				
Bank Deposits	1,969,546	3,718,986	484,510	6,173,042
Foreign Currency Deposits	31,318,176	54,288,643	4,198,264	89,805,083
Interbank Money Market Takings	201,452	2,822,606	323,941	3,347,999
Other Fundings	11,833,197	24,461,351	244,875	36,539,423
Securities Issued	1,928,334	8,798,892	1,041,326	11,768,552
Miscellaneous Payables	170,381	917,644	257,502	1,345,527
Derivative Financial Liabilities Held for Risk Management	-	184,434	154,248	338,682
Other Liabilities (***)	504,206	1,534,412	1,147,047	3,185,665
<b>Total Liabilities</b>	<b>47,925,292</b>	<b>96,726,968</b>	<b>7,851,713</b>	<b>152,503,973</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(6,410,023)</b>	<b>1,412,862</b>	<b>486,189</b>	<b>(4,510,972)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>6,328,183</b>	<b>(3,893,407)</b>	<b>312,520</b>	<b>2,747,296</b>
Derivative Assets	21,529,739	40,671,438	9,055,449	71,256,626
Derivative Liabilities	(15,201,556)	(44,564,845)	(8,742,929)	(68,509,330)
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>30,380,279</b>	<b>75,807,110</b>	<b>7,564,841</b>	<b>113,752,230</b>
<b>Total Liabilities</b>	<b>38,093,323</b>	<b>76,427,383</b>	<b>7,740,585</b>	<b>122,261,291</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(7,713,044)</b>	<b>(620,273)</b>	<b>(175,744)</b>	<b>(8,509,061)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>6,299,162</b>	<b>(1,445,207)</b>	<b>1,129,268</b>	<b>5,983,223</b>
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 6,033,403 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 484,186 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 1,174,763 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

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

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

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

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

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

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

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

<i>Current Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	954,855	-	-	-	-	32,152,233	<b>33,107,088</b>
Banks	6,251,866	2,129,755	2,032,812	4,606	-	5,622,792	<b>16,041,831</b>
Financial Assets at Fair Value through Profit/Loss (**)	29,871	30,051	47,353	40,950	13,751	2,833,419	<b>2,995,395</b>
Interbank Money Market Placements	152,064	-	-	-	-	12	<b>152,076</b>
Financial Assets Available-for-Sale	834,946	6,412,861	7,185,267	4,532,328	3,569,971	650,205	<b>23,185,578</b>
Loans (**)	41,617,040	25,507,789	49,062,642	41,607,259	11,661,068	4,050,070	<b>173,505,868</b>
Investments Held-to-Maturity	2,463,525	3,043,389	2,701,326	4,230,979	7,378,156	1,482,387	<b>21,299,762</b>
Other Assets	1,174,772	1,165,483	2,300,619	2,796,771	332,854	15,195,109	<b>22,965,608</b>
<b>Total Assets</b>	<b>53,478,939</b>	<b>38,289,328</b>	<b>63,330,019</b>	<b>53,212,893</b>	<b>22,955,800</b>	<b>61,986,227</b>	<b>293,253,206</b>
<b>Liabilities</b>							
Bank Deposits	5,457,670	1,466,017	307,763	-	-	1,904,877	<b>9,136,327</b>
Other Deposits	81,969,943	24,546,928	14,821,270	1,490,207	6,530	33,687,788	<b>156,522,666</b>
Interbank Money Market Takings	11,734,496	34,174	2,359,657	457,369	-	24,859	<b>14,610,555</b>
Miscellaneous Payables	-	-	-	-	-	15,299,666	<b>15,299,666</b>
Securities Issued	1,455,329	1,914,191	2,137,684	7,217,782	3,224,998	344,604	<b>16,294,588</b>
Other Fundings	15,668,235	14,746,898	3,217,118	5,959,791	169,023	243,788	<b>40,004,853</b>
Other Liabilities	18,380	23,933	3,830	-	-	41,338,408	<b>41,384,551</b>
<b>Total Liabilities</b>	<b>116,304,053</b>	<b>42,732,141</b>	<b>22,847,322</b>	<b>15,125,149</b>	<b>3,400,551</b>	<b>92,843,990</b>	<b>293,253,206</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>40,482,697</b>	<b>38,087,744</b>	<b>19,555,249</b>	<b>-</b>	<b>98,125,690</b>
<b>On Balance Sheet Short Position</b>	<b>(62,825,114)</b>	<b>(4,442,813)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,857,763)</b>	<b>(98,125,690)</b>
<b>Off-Balance Sheet Long Position</b>	<b>7,214,449</b>	<b>11,826,603</b>	<b>5,399,905</b>	<b>5,671,099</b>	<b>2,301,821</b>	<b>-</b>	<b>32,413,877</b>
<b>Off-Balance Sheet Short Position</b>	<b>(3,131,665)</b>	<b>(8,380,383)</b>	<b>(5,502,374)</b>	<b>(8,886,596)</b>	<b>(6,765,622)</b>	<b>-</b>	<b>(32,666,640)</b>
<b>Total Position</b>	<b>(58,742,330)</b>	<b>(996,593)</b>	<b>40,380,228</b>	<b>34,872,247</b>	<b>15,091,448</b>	<b>(30,857,763)</b>	<b>(252,763)</b>

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

(\*\*) Loans amounting to TL 196,270 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

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

(\*) 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
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	0.22	-	2.43
Banks	0.17-3.00	0.01-3.75	-	7.50-15.00
Financial Assets at Fair Value through Profit/Loss	4.65	7.84	-	9.57-14.61
Interbank Money Market Placements	-	0.20-2.25	-	9.98-10.00
Financial Assets Available-for-Sale	0.46-5.50	3.24-11.88	-	9.51-13.82
Loans	0.25-14.00	0.76-11.00	2.69	10.00-15.85
Investments Held-to-Maturity	0.19	5.48	-	9.01
<b>Liabilities</b>				
Bank Deposits	0.05-1.16	0.12-1.43	-	10.76-11.37
Other Deposits	1.01-7.00	1.42-3.75	1.05	7.00-11.25
Interbank Money Market Takings	0.15	0.22-2.14	1.49	7.50-13.02
Miscellaneous Payables	-	-	-	-
Securities Issued	3.57	4.69	0.94	9.69-11.59
Other Fundings	0.35-6.25	0.90-4.97	1.91	11.29-14.96

<i>Prior Period</i>	EUR	USD	JPY	TL
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	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
<b>Liabilities</b>				
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	(3,208,773)	(10.46)%
2	TL	(-) 400 bps	3,105,669	10.13%
3	USD	(+) 200 bps	(731,106)	(2.38)%
4	USD	(-) 200 bps	984,508	3.21%
5	EUR	(+) 200 bps	53,238	0.17%
6	EUR	(-) 200 bps	(23,571)	(0.08)%
Total (of negative shocks)			4,066,606	13.26%
Total (of positive shocks)			(3,886,641)	(12.67)%

<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	123,856	-	-
	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>		Revaluation Surpluses		Unrealized Gains and Losses		
		Gains/Losses in Current Period				
Portfolio		Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital
1	Private Equity Investments	-	-	-	-	-
2	Quoted Shares	-	-	9,476	-	9,476
3	Other Shares	-	780	-	-	-
	<b>Total</b>	-	<b>780</b>	<b>9,476</b>	-	<b>9,476</b>

<i>Prior Period</i>		Revaluation Surpluses		Unrealized Gains and Losses		
		Gains/Losses in Current Period				
Portfolio		Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital
1	Private Equity Investments	-	-	-	-	-
2	Quoted Shares	-	-	13,915	-	13,915
3	Other Shares	-	648	-	-	-
	<b>Total</b>	-	<b>648</b>	<b>13,915</b>	-	<b>13,915</b>

## **4.8 Consolidated liquidity risk**

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

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

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

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

### **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
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	11,614,647	21,492,441	-	-	-	-	-	33,107,088
Banks	6,745,896	3,628,161	534,503	518,327	4,614,944	-	-	16,041,831
Financial Assets at Fair Value through Profit/Loss (**)	15,964	572,473	533,582	902,133	738,686	232,557	-	2,995,395
Interbank Money Market Placements	-	152,076	-	-	-	-	-	152,076
Financial Assets Available-for-Sale	97,617	51,644	16,897	3,445,359	8,742,038	10,832,023	-	23,185,578
Loans (**)	340,305	30,571,516	15,417,073	41,731,320	59,459,841	22,004,246	3,981,567	173,505,868
Investments Held-to-Maturity	-	44,246	-	798,653	7,254,806	13,202,057	-	21,299,762
Other Assets	2,740,242	2,127,681	1,177,264	2,490,119	3,339,790	570,710	10,519,802	22,965,608
<b>Total Assets</b>	<b>21,554,671</b>	<b>58,640,238</b>	<b>17,679,319</b>	<b>49,885,911</b>	<b>84,150,105</b>	<b>46,841,593</b>	<b>14,501,369</b>	<b>293,253,206</b>
<b>Liabilities</b>								
Bank Deposits	2,018,295	5,340,562	1,468,158	309,312	-	-	-	9,136,327
Other Deposits	38,688,801	76,684,419	24,593,602	14,759,658	1,778,577	17,609	-	156,522,666
Other Fundings	-	1,796,519	6,077,571	11,595,058	15,016,437	5,519,268	-	40,004,853
Interbank Money Market Takings	-	11,745,887	34,310	2,369,891	460,467	-	-	14,610,555
Securities Issued	-	496,292	1,846,229	3,068,933	7,460,307	3,422,827	-	16,294,588
Miscellaneous Payables	1,279,698	7,044,844	3,949	6,591	-	-	6,964,584	15,299,666
Other Liabilities (***)	3,036,796	1,122,352	591,038	1,456,181	1,096,648	512,144	33,569,392	41,384,551
<b>Total Liabilities</b>	<b>45,023,590</b>	<b>104,230,875</b>	<b>34,614,857</b>	<b>33,565,624</b>	<b>25,812,436</b>	<b>9,471,848</b>	<b>40,533,976</b>	<b>293,253,206</b>
<b>Liquidity Gap</b>	<b>(23,468,919)</b>	<b>(45,590,637)</b>	<b>(16,935,538)</b>	<b>16,320,287</b>	<b>58,337,669</b>	<b>37,369,745</b>	<b>(26,032,607)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>12,019,795</b>	<b>52,395,782</b>	<b>17,621,384</b>	<b>37,668,454</b>	<b>70,731,868</b>	<b>44,355,972</b>	<b>12,257,836</b>	<b>247,051,091</b>
<b>Total Liabilities</b>	<b>34,151,656</b>	<b>80,370,483</b>	<b>34,238,378</b>	<b>28,704,177</b>	<b>23,941,625</b>	<b>7,880,922</b>	<b>37,763,850</b>	<b>247,051,091</b>
<b>Liquidity Gap</b>	<b>(22,131,861)</b>	<b>(27,974,701)</b>	<b>(16,616,994)</b>	<b>8,964,277</b>	<b>46,790,243</b>	<b>36,475,050</b>	<b>(25,506,014)</b>	<b>-</b>

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

(\*\*) Loans amounting to TL 196,270 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>
<b>Exposure Categories</b>				
Conditional and unconditional exposures to central governments or central banks	73,050,186	5,498,745	-	-
Conditional and unconditional exposures to regional governments or local authorities	88,843	2,312	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	84,993	145	-	-
Conditional and unconditional exposures to multilateral development banks	555,168	493,945	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	47,536,172	16,191,804	-	-
Conditional and unconditional exposures to corporates	157,999,220	17,081,835	-	-
Conditional and unconditional retail exposures	72,388,626	351,484	-	-
Conditional and unconditional exposures secured by real estate property (*)	27,686,106	26,843	-	-
Past due items	882,839	15,179	-	-
Items in regulatory high-risk categories	18,384,242	117,504	-	-
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	43,405	-	-	-
Other items	6,586,568	-	-	-

<i>Prior Period</i>	<b>Amount <sup>(**)</sup></b>	<b>Financial Collateral</b>	<b>Other/Physical Collateral</b>	<b>Guaranties and Credit Derivatives</b>
<b>Exposure Categories</b>				
Conditional and unconditional exposures to central governments or central banks	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 <sup>(*)</sup>	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	-	-	-

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> Includes total risk amounts before the effect of credit risk mitigation and liquidity conversions.

#### 4.11 Risk management objectives and policies

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

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

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

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

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

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

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

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

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

None.

## **5 Disclosures and Footnotes on Consolidated Financial Statements**

### **5.1 Consolidated assets**

#### **5.1.1 Cash and balances with Central Bank**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash in TL/Foreign Currency	1,418,818	899,832	1,089,266	709,177
Central Bank of Turkey	474,322	29,841,261	670,794	22,027,261
Others	-	472,855	-	696,071
<b>Total</b>	<b>1,893,140</b>	<b>31,213,948</b>	<b>1,760,060</b>	<b>23,432,509</b>

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits	474,322	8,348,820	670,794	2,431,663
Unrestricted Time Deposits	-	7	-	-
Restricted Time Deposits	-	21,492,434	-	19,595,598
<b>Total</b>	<b>474,322</b>	<b>29,841,261</b>	<b>670,794</b>	<b>22,027,261</b>

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

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

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Assets	10,936	-	10,744	265,254
Assets Subject to Repurchase Agreements	9,128	-	3,639	-
<b>Total</b>	<b>20,064</b>	<b>-</b>	<b>14,383</b>	<b>265,254</b>

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	573,409	29,192	113,870	25,446
Swap Transactions	725,122	737,225	441,452	621,374
Futures	9	550	9	-
Options	632,282	108,653	199,834	37,613
Others	4,032	5,623	3	8,580
<b>Total</b>	<b>1,934,854</b>	<b>881,243</b>	<b>755,168</b>	<b>693,013</b>

### 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 196,270 thousands (31 December 2014: TL 201,385 thousands) and TL 5,115 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	638,226	848,610	1,563,265	1,057,721
Foreign banks	40,172	14,514,823	233,168	10,009,270
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>678,398</b>	<b>15,363,433</b>	<b>1,796,433</b>	<b>11,066,991</b>

The placements at foreign banks include blocked accounts amounting TL 8,818,341 (31 December 2014: TL 6,000,467 thousands) of which TL 144,157 thousands (31 December 2014: TL 108,410 thousands) and TL 63,953 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 8,610,231 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 150,949 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	3,193,969	35,547	5,463,784	183,146
Assets subject to Repurchase Agreements	9,093,461	844,359	5,024,297	1,240,802
<b>Total</b>	<b>12,287,430</b>	<b>879,906</b>	<b>10,488,081</b>	<b>1,423,948</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>22,895,161</b>	<b>22,130,726</b>
Quoted at Stock Exchange	22,218,757	20,487,066
Unquoted at Stock Exchange	676,404	1,643,660
<b>Common Shares/Investment Fund</b>	<b>72,390</b>	<b>61,050</b>
Quoted at Stock Exchange	7,669	7,669
Unquoted at Stock Exchange	64,721	53,381
<b>Value Increase/Impairment Losses (-)</b>	<b>218,027</b>	<b>1,338,528</b>
<b>Total</b>	<b>23,185,578</b>	<b>23,530,304</b>

## 5.1.5 Loans

### 5.1.5.1 Loans and advances to shareholders and employees of the Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
<b>Direct Lendings to Shareholders</b>	<b>377</b>	<b>414,776</b>	<b>786</b>	<b>175,423</b>
Corporates	377	414,776	786	175,423
Real Persons	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>2,248,532</b>	<b>270,995</b>	<b>1,554,137</b>	<b>534,359</b>
<b>Loans to Employees</b>	<b>257,843</b>	<b>121</b>	<b>255,971</b>	<b>107</b>
<b>Total</b>	<b>2,506,752</b>	<b>685,892</b>	<b>1,810,894</b>	<b>709,889</b>

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

<i>Current Period</i>	<b>Performing Loans and Other Receivables</b>			<b>Loans and Other Receivables under Follow-Up</b>		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
<b>Cash Loans</b>						
<b>Loans</b>	<b>166,257,091</b>	<b>2,628,215</b>	<b>304,805</b>	<b>5,967,418</b>	<b>3,142,198</b>	<b>515,137</b>
Working Capital Loans	17,801,296	403,119	284	956,483	499,468	90,959
Export Loans	8,895,986	13,265	-	116,898	53,478	37,508
Import Loans	485,218	28,440	-	-	-	-
Loans to Financial Sector (*)	6,451,610	1,006	-	109	4	-
Consumer Loans	37,438,497	1,639,989	54,719	1,758,333	595,508	55,084
Credit Cards	16,078,096	-	248,804	520,979	-	289,754
Others	79,106,388	542,396	998	2,614,616	1,993,740	41,832
<b>Specialization Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>166,257,091</b>	<b>2,628,215</b>	<b>304,805</b>	<b>5,967,418</b>	<b>3,142,198</b>	<b>515,137</b>

(\*) Loans amounting to TL 196,270 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>	<b>Performing Loans and Other Receivables</b>			<b>Loans and Other Receivables under Follow-Up</b>		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
<b>Cash Loans</b>						
<b>Loans</b>	<b>138,847,612</b>	<b>1,698,614</b>	<b>272,472</b>	<b>4,291,152</b>	<b>1,999,696</b>	<b>338,147</b>
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	-	225,215	345,148	-	127,602
Others	66,063,178	311,206	1,401	1,720,259	1,152,562	63,099
<b>Specialization Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>138,847,612</b>	<b>1,698,614</b>	<b>272,472</b>	<b>4,291,152</b>	<b>1,999,696</b>	<b>338,147</b>

(\*) 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 30 September 2015, loans amounting to TL 5,667,346 thousands (31December 2014: TL 4,462,373 thousands) are collateralized under funding transactions.

*Collaterals received for loans under follow-up*

<b>Current Period</b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	26,343	3,657	-	30,000
Loans Collateralized by Mortgages	2,281,698	648,645	-	2,930,343
Loans Collateralized by Pledged Assets	62,180	62,120	-	124,300
Loans Collateralized by Cheques and Notes	56,087	564,803	-	620,890
Loans Collateralized by Other Collaterals	834,020	63,289	-	897,309
Unsecured Loans	427,778	415,819	520,979	1,364,576
<b>Total</b>	<b>3,688,106</b>	<b>1,758,333</b>	<b>520,979</b>	<b>5,967,418</b>

<b>Prior Period</b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
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
<b>Total</b>	<b>2,592,936</b>	<b>1,353,068</b>	<b>345,148</b>	<b>4,291,152</b>

*Delinquency periods of loans under follow-up*

<b>Current Period</b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	174,969	649,428	175,008	999,405
61-90 days	93,355	263,971	64,503	421,829
Other	3,419,782	844,934	281,468	4,546,184
<b>Total</b>	<b>3,688,106</b>	<b>1,758,333</b>	<b>520,979</b>	<b>5,967,418</b>

<b>Prior Period</b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
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
<b>Total</b>	<b>2,592,936</b>	<b>1,353,068</b>	<b>345,148</b>	<b>4,291,152</b>

*Loans and other receivables with extended payment plans*

<b>Current Period</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>No. of Extensions</b>		
1 or 2 times	2,276,334	2,976,511
3, 4 or 5 times	249,594	149,195
Over 5 times	102,287	16,492
<b>Total</b>	<b>2,628,215</b>	<b>3,142,198</b>



<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
<b>Total</b>	<b>1,698,614</b>	<b>1,999,696</b>

<i>Current Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
Extention Periods		
0 - 6 months	394,481	408,014
6 - 12 months	599,293	146,553
1 - 2 years	1,025,765	223,917
2 - 5 year	537,754	1,775,128
5 years and over	70,922	588,586
<b>Total</b>	<b>2,628,215</b>	<b>3,142,198</b>

<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
<b>Total</b>	<b>1,698,614</b>	<b>1,999,696</b>

#### 5.1.5.3 Maturity analysis of cash loans

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

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>670,804</b>	<b>35,705,444</b>	<b>36,376,248</b>
Housing Loans	22,860	18,026,504	18,049,364
Automobile Loans	26,740	1,410,963	1,437,703
General Purpose Loans	621,078	16,267,977	16,889,055
Others	126	-	126
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>189,628</b>	<b>189,628</b>
Housing Loans	-	186,129	186,129
Automobile Loans	-	21	21
General Purpose Loans	-	3,478	3,478
Others	-	-	-
<b>Consumer Loans – FC</b>	<b>263,314</b>	<b>1,742,112</b>	<b>2,005,426</b>
Housing Loans	2,377	787,724	790,101
Automobile Loans	14	7,103	7,117
General Purpose Loans	5,710	783,875	789,585
Others	255,213	163,410	418,623
<b>Retail Credit Cards – TL</b>	<b>14,005,093</b>	<b>498,152</b>	<b>14,503,245</b>
With Installment	6,711,953	498,152	7,210,105
Without Installment	7,293,140	-	7,293,140
<b>Retail Credit Cards – FC</b>	<b>89,936</b>	<b>98,872</b>	<b>188,808</b>
With Installment	13,972	-	13,972
Without Installment	75,964	98,872	174,836
<b>Personnel Loans – TL</b>	<b>19,072</b>	<b>75,637</b>	<b>94,709</b>
Housing Loan	-	606	606
Automobile Loans	-	90	90
General Purpose Loans	19,072	74,941	94,013
Others	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>240</b>	<b>350</b>	<b>590</b>
Housing Loans	-	350	350
Automobile Loans	-	-	-
General Purpose Loans	240	-	240
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>1,117</b>	<b>69,953</b>	<b>71,070</b>
Housing Loans	78	24,601	24,679
Automobile Loans	-	-	-
General Purpose Loans	253	39,250	39,503
Others	786	6,102	6,888
<b>Personnel Credit Cards – TL</b>	<b>88,507</b>	<b>444</b>	<b>88,951</b>
With Installment	36,692	444	37,136
Without Installment	51,815	-	51,815
<b>Personnel Credit Cards – FC</b>	<b>1,199</b>	<b>1,833</b>	<b>3,032</b>
With Installment	279	-	279
Without Installment	920	1,833	2,753
<b>Deposit Accounts– TL (Real Persons)</b>	<b>459,159</b>	<b>-</b>	<b>459,159</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b> 56	<b>15,598,441</b>	<b>38,382,425</b>	<b>53,980,866</b>

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans – TL</b>	<b>690,325</b>	<b>32,082,213</b>	<b>32,772,538</b>
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
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>172,451</b>	<b>172,451</b>
Housing Loans	-	168,056	168,056
Automobile Loans	-	60	60
General Purpose Loans	-	3,235	3,235
Others	-	1,100	1,100
<b>Consumer Loans – FC</b>	<b>198,682</b>	<b>1,293,210</b>	<b>1,491,892</b>
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
<b>Retail Credit Cards – TL</b>	<b>12,837,030</b>	<b>470,688</b>	<b>13,307,718</b>
With Installment	5,992,626	470,688	6,463,314
Without Installment	6,844,404	-	6,844,404
<b>Retail Credit Cards – FC</b>	<b>76,879</b>	<b>69,203</b>	<b>146,082</b>
With Installment	15,931	-	15,931
Without Installment	60,948	69,203	130,151
<b>Personnel Loans – TL</b>	<b>16,348</b>	<b>62,853</b>	<b>79,201</b>
Housing Loan	-	967	967
Automobile Loans	-	57	57
General Purpose Loans	4,382	11,834	16,216
Others	11,966	49,995	61,961
<b>Personnel Loans - FC-indexed</b>	<b>211</b>	<b>279</b>	<b>490</b>
Housing Loans	-	279	279
Automobile Loans	-	-	-
General Purpose Loans	211	-	211
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>1,573</b>	<b>85,508</b>	<b>87,081</b>
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
<b>Personnel Credit Cards – TL</b>	<b>77,254</b>	<b>475</b>	<b>77,729</b>
With Installment	30,149	475	30,624
Without Installment	47,105	-	47,105
<b>Personnel Credit Cards – FC</b>	<b>1,316</b>	<b>2,894</b>	<b>4,210</b>
With Installment	304	-	304
Without Installment	1,012	2,894	3,906
<b>Deposit Accounts– TL (Real Persons)</b>	<b>371,970</b>	<b>-</b>	<b>371,970</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>14,271,588</b>	<b>34,239,774</b>	<b>48,511,362</b>

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>1,289,051</b>	<b>9,164,160</b>	<b>10,453,211</b>
Real Estate Loans	2,893	711,191	714,084
Automobile Loans	71,024	1,850,741	1,921,765
General Purpose Loans	1,215,134	6,602,228	7,817,362
Others	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>194,641</b>	<b>1,959,958</b>	<b>2,154,599</b>
Real Estate Loans	610	57,061	57,671
Automobile Loans	5,819	515,872	521,691
General Purpose Loans	188,212	1,387,025	1,575,237
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>721,993</b>	<b>1,561,767</b>	<b>2,283,760</b>
Real Estate Loans	-	1,082	1082
Automobile Loans	142	13,816	13,958
General Purpose Loans	161	37,620	37,781
Others	721,690	1,509,249	2,230,939
<b>Corporate Credit Cards – TL</b>	<b>1,802,713</b>	<b>2,000</b>	<b>1,804,713</b>
With Installment	886,728	2,000	888,728
Without Installment	915,985	-	915,985
<b>Corporate Credit Cards – FC</b>	<b>10,326</b>	<b>-</b>	<b>10,326</b>
With Installment	250	-	250
Without Installment	10,076	-	10,076
<b>Deposit Accounts– TL (Corporates)</b>	<b>880,489</b>	<b>-</b>	<b>880,489</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,899,213</b>	<b>12,687,885</b>	<b>17,587,098</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>1,428,068</b>	<b>8,727,986</b>	<b>10,156,054</b>
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
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>149,234</b>	<b>1,373,897</b>	<b>1,523,131</b>
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	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>615,145</b>	<b>1,022,908</b>	<b>1,638,053</b>
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
<b>Corporate Credit Cards – TL</b>	<b>1,353,768</b>	<b>515</b>	<b>1,354,283</b>
With Installment	654,951	514	655,465
Without Installment	698,817	1	698,818
<b>Corporate Credit Cards – FC</b>	<b>6,628</b>	<b>-</b>	<b>6,628</b>
With Installment	136	-	136
Without Installment	6,492	-	6,492
<b>Deposit Accounts– TL (Corporates)</b>	<b>716,754</b>	<b>-</b>	<b>716,754</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,269,597</b>	<b>11,125,306</b>	<b>15,394,903</b>

#### 5.1.5.6 Allocation of loans by customers

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

#### 5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	160,401,267	134,845,900
Foreign Loans <sup>(*)</sup>	11,823,242	8,292,864
<b>Total</b>	<b>172,224,509</b>	<b>143,138,764</b>

<sup>(\*)</sup> Loans amounting to TL 196,270 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 affiliates**

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	4,166	980
Indirect Lending	-	-
<b>Total</b>	<b>4,166</b>	<b>980</b>

**5.1.5.9 Specific provisions for loans**

<b>Specific Provisions</b>	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	404,965	397,288
Doubtful Loans and Receivables	622,143	685,249
Uncollectible Loans and Receivables	2,726,849	2,203,210
<b>Total</b>	<b>3,753,957</b>	<b>3,285,747</b>

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	232,943	212,762	696,194
Rescheduled Loans and Receivables	5,427	3,067	34,756
<b>Total</b>	<b>238,370</b>	<b>215,829</b>	<b>730,950</b>
<b>Prior Period</b>			
(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
<b>Total</b>	<b>154,653</b>	<b>214,407</b>	<b>410,956</b>

*Movements in non-performing loan groups*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
<b>Current Period</b>	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Balances at Beginning of Period</b>	<b>675,966</b>	<b>919,137</b>	<b>2,790,951</b>
Additions during the Period (+)	1,690,685	76,996	228,460
Transfer from Other NPL Categories (+)	19,890	1,186,713	1,192,442
Transfer to Other NPL Categories (-)	1,196,803	1,186,978	15,264
Collections during the Period (-)	345,721	186,719	427,970
Write-offs (-) <sup>(*)</sup>	72,107	3,338	311,024
Corporate and Commercial Loans	72,050	3,276	139,359
Retail Loans	55	8	123,879
Credit Cards	2	54	47,786
Others	-	-	-
<b>Balances at End of Period</b>	<b>771,910</b>	<b>805,811</b>	<b>3,457,595</b>
Specific Provisions (-)	404,965	622,143	2,726,849
<b>Net Balance on Balance Sheet</b>	<b>366,945</b>	<b>183,668</b>	<b>730,746</b>

<sup>(\*)</sup> Includes also the sale of non-performing loans.

	Group III	Group IV	Group V
<i>Prior Period</i>	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<b>Balances at Beginning of Period</b>	<b>506,189</b>	<b>519,170</b>	<b>2,579,725</b>
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	-	-	-
<b>Balances at End of Period</b>	<b>675,966</b>	<b>919,137</b>	<b>2,790,951</b>
Specific Provisions (-)	397,288	685,249	2,203,210
<b>Net Balance on Balance Sheet</b>	<b>278,678</b>	<b>233,888</b>	<b>587,741</b>

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

*Movements in specific loan provisions*

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
<i>Current Period</i>				
<b>Balances at End of Prior Period</b>	<b>1,512,557</b>	<b>1,065,533</b>	<b>707,657</b>	<b>3,285,747</b>
Additions during the Period (+)	408,964	676,101	399,085	1,484,150
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-) (*)	207,464	271,637	152,818	631,919
Write-Offs (-) (**)	212,429	123,750	47,842	384,021
<b>Balances at End of Period</b>	<b>1,501,628</b>	<b>1,346,247</b>	<b>906,082</b>	<b>3,753,957</b>

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
<i>Prior Period</i>				
<b>Balances at End of Prior Period</b>	<b>1,303,085</b>	<b>750,498</b>	<b>630,255</b>	<b>2,683,838</b>
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
<b>Balances at End of Period</b>	<b>1,512,557</b>	<b>1,065,533</b>	<b>707,657</b>	<b>3,285,747</b>

(\*) Foreign affiliates' foreign exchange rate changes are included in the collections during the period line.

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

*Non-performing loans in foreign currencies*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<i><b>Current Period</b></i>			
<b>Balance at End of Period</b>	<b>365,506</b>	<b>121,559</b>	<b>1,364,662</b>
Specific Provisions (-)	94,385	74,905	971,190
<b>Net Balance at Balance Sheet</b>	<b>271,121</b>	<b>46,654</b>	<b>393,472</b>
<i><b>Prior Period</b></i>			
<b>Balance at End of Period</b>	<b>294,892</b>	<b>212,253</b>	<b>1,224,945</b>
Specific Provisions (-)	101,987	109,988	905,212
<b>Net Balance at Balance Sheet</b>	<b>192,905</b>	<b>102,265</b>	<b>319,733</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<i><b>Current Period (Net)</b></i>	<b>366,945</b>	<b>183,668</b>	<b>730,746</b>
Loans to Individuals and Corporates (Gross)	771,910	805,811	3,456,280
Specific Provision (-)	404,965	622,143	2,725,534
Loans to Individuals and Corporates (Net)	366,945	183,668	730,746
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,004
Specific Provision (-)	-	-	1,004
Other Loans and Receivables (Net)	-	-	-
<i><b>Prior Period (Net)</b></i>	<b>278,675</b>	<b>233,891</b>	<b>587,741</b>
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*

<b>Current Period</b>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	17,219	288	-	17,507
Loans Collateralized by Mortgages	843,633	82,691	-	926,324
Loans Collateralized by Pledged Assets	452,062	53,523	-	505,585
Loans Collateralized by Cheques and Notes	261,602	9,059	-	270,661
Loans Collateralized by Other Collaterals	454,609	960,751	-	1,415,360
Unsecured Loans	588,305	402,208	909,366	1,899,879
<b>Total</b>	<b>2,617,430</b>	<b>1,508,520</b>	<b>909,366</b>	<b>5,035,316</b>

<b>Prior Period</b>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
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	303,295	7,650	-	310,945
Loans Collateralized by Other Collaterals	329,550	750,007	-	1,079,557
Unsecured Loans	477,060	328,785	709,834	1,515,679
<b>Total</b>	<b>2,464,464</b>	<b>1,211,756</b>	<b>709,834</b>	<b>4,386,054</b>

**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>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	6,869,447	1,394,691	6,708,961	718,432
Investments subject to Repurchase Agreements	4,369,458	307,978	1,996,759	4,612,969
<b>Total</b>	<b>11,238,905</b>	<b>1,702,669</b>	<b>8,705,720</b>	<b>5,331,401</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	17,632,975	18,001,974
Treasury Bills	-	-
Other Government Securities	-	-
<b>Total</b>	<b>17,632,975</b>	<b>18,001,974</b>

### **5.1.7.3 Investments held-to-maturity**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>19,831,041</b>	<b>19,308,134</b>
Quoted at Stock Exchange	19,400,870	18,319,254
Unquoted at Stock Exchange	430,171	988,880
<b>Valuation Increase / (Decrease)</b>	<b>1,468,721</b>	<b>1,358,908</b>
<b>Total</b>	<b>21,299,762</b>	<b>20,667,042</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>20,667,042</b>	<b>13,773,794</b>
Foreign Currency Differences on Monetary Assets	2,365,073	103,897
Purchases during the Period (*)	1,117,248	7,523,758
Disposals through Sales/Redemptions (**)	(2,961,795)	(1,651,339)
Valuation Effect	112,194	916,932
<b>Balances at End of Period</b>	<b>21,299,762</b>	<b>20,667,042</b>

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 <sup>(1)</sup>	İstanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ <sup>(1)</sup>	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ <sup>(1)</sup>	İstanbul/Turkey	5.25	5.28
5	Borsa İstanbul AŞ <sup>(1)</sup>	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ <sup>(1)</sup>	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(2)</sup>	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ <sup>(1)</sup>	Ankara/ Turkey	1.75	1.75

	Total Assets	Shareholders' Equity	Total Fixed Assets <sup>(*)</sup>	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	9,068	7,746	932	518	3	941	368	-
2	57,389	30,944	36,564	411	-	5,165	3,980	-
3	704,971	74,948	3,661	5,453	638	260	(4)	-
4	6,485,603	824,413	95,520	99,854	7,836	87,910	66,776	-
5	866,503	801,117	115,461	8,483	43	237,963	84,105	-
6	117,454	95,106	61,625	2,287	1	17,045	15,409	-
7	371,590,359	38,642,079	654,695	4,032,420	2,313,892	8,529,957	13,198,929	-
8	308,741	303,658	4,283	6,311	-	10,141	6,085	-

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

(1) Financial information is as of 30 June 2015.

(2) 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 <sup>(*)</sup>	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	34,923	34,664	67	359	1,051	99	1,354	21,440

(\*) 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>
<b>Balance at Beginning of Period</b>	<b>792</b>	<b>643</b>
<b>Movements during the Period</b>	<b>(84)</b>	<b>149</b>
Acquisitions and Capital Increases	-	15
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(84)	134
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>708</b>	<b>792</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

*Valuation methods of consolidated investments in associates*

<b>Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value	708	792
Valued by Equity Method of Accounting	-	-

*Sectoral distribution of consolidated investments and associates*

<b>Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	708	792
Other Associates	-	-

*Quoted consolidated investments in associates*

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	708	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 affiliates

#### *Information on capital adequacy of major affiliates*

<i>Current Period</i>	<b>Garanti Bank International NV</b>	<b>Garanti Finansal Kiralama AŞ</b>	<b>Garanti Holding BV</b>
<b>COMMON EQUITY TIER I CAPITAL</b>			
Paid-in Capital to be Entitled for Compensation after All Creditors	463,951	357,848	1,238,589
Share Premium	-	-	43,538
Share Cancellation Profits	-	-	-
Reserves	859,634	329,714	(327,366)
Other Comprehensive Income according to TAS	479,107	-	22,210
Current and Prior Periods' Profits	24,034	93,466	61,648
<b>Common Equity Tier I Capital Before Deductions</b>	<b>1,826,726</b>	<b>781,028</b>	<b>1,038,619</b>
<b>Deductions From Common Equity Tier I Capital</b>			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	131,521	287	250,765
Leasehold Improvements on Operational Leases (-)	-	59	10,908
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	7,111	2,151	79,037
Net Deferred Tax Asset/Liability (-)	-	-	6,589
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>138,632</b>	<b>2,497</b>	<b>347,299</b>
<b>Total Common Equity Tier I Capital</b>	<b>1,688,094</b>	<b>778,531</b>	<b>691,320</b>
<b>Total Deductions From Tier I Capital</b>	<b>10,666</b>	<b>3,226</b>	<b>128,438</b>
<b>Total Tier I Capital</b>	<b>1,677,428</b>	<b>775,305</b>	<b>562,882</b>
<b>TIER II CAPITAL</b>	<b>100,674</b>	<b>-</b>	<b>64,274</b>
<b>CAPITAL BEFORE DEDUCTIONS</b>	<b>1,778,102</b>	<b>775,305</b>	<b>627,156</b>
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	-
<b>TOTAL CAPITAL</b>	<b>1,778,102</b>	<b>775,299</b>	<b>627,156</b>

<i>Prior Period</i>	<b>Garanti Bank International NV</b>	<b>Garanti Finansal Kiralama AŞ</b>	<b>Garanti Holding BV</b>
<b>COMMON EQUITY TIER I CAPITAL</b>			
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
<b>Common Equity Tier I Capital Before Deductions</b>	<b>1,502,302</b>	<b>687,562</b>	<b>610,404</b>
<b>Deductions From Common Equity Tier I Capital</b>			
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
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>88,516</b>	<b>1,120</b>	<b>52,840</b>
<b>Total Common Equity Tier I Capital</b>	<b>1,413,786</b>	<b>686,442</b>	<b>557,564</b>
<b>Total Deductions From Tier I Capital</b>	<b>13,513</b>	<b>3,332</b>	<b>154,137</b>
<b>Total Tier I Capital</b>	<b>1,400,273</b>	<b>683,110</b>	<b>403,427</b>
<b>TIER II CAPITAL</b>	<b>83,667</b>	<b>-</b>	<b>50,797</b>
<b>CAPITAL BEFORE DEDUCTIONS</b>	<b>1,483,940</b>	<b>683,110</b>	<b>454,224</b>
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	-
<b>TOTAL CAPITAL</b>	<b>1,483,940</b>	<b>683,104</b>	<b>454,224</b>

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

**5.1.9.1 Unconsolidated investments in affiliates**

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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets (*)</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>	<b>Amount of Equity Requirement</b>
1	64,622	56,976	58	929	2,330	6,901	7,269	-	-
2	25,677	18,588	1,952	666	504	1,394	910	-	-
3	8,478	8,060	14	-	359	1,951	2,767	-	-
4	1,467	1,052	85	-	12	131	100	-	-
5	4,028	3,817	2	-	191	749	1,038	-	-
6	48	49	39	-	-	(1)	(1)	-	-
7	789,679	34,848	646,864	99	-	14,847	34,539	-	-
8	1,491	1,184	-	-	-	1,076	-	-	-

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

*Unconsolidated affiliates, 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 affiliates**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>3,781,037</b>	<b>3,521,952</b>
<b>Movements during the Period</b>	<b>716,749</b>	<b>259,085</b>
Acquisitions and Capital Increases	-	543
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	268,652	431,768
Currency Differences on Foreign Affiliates	448,097	(173,226)
Reversal of Impairment Losses / Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>4,497,786</b>	<b>3,781,037</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

(\*) Except for quoted affiliates, value increases/(decreases) are based on the results of equity accounting application.

*Valuation methods of consolidated investments in affiliates*

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value (*)	4,497,786	3,781,037

(\*) Except for quoted affiliates, the balances are as per the results of equity accounting application.

*Sectoral distribution of consolidated investments in affiliates*

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,855,724	1,521,057
Insurance Companies	861,898	751,095
Factoring Companies	138,330	135,987
Leasing Companies	771,071	687,274
Finance Companies	870,763	685,624
Other Affiliates	-	-

Except for quoted affiliates, the balances are as per the results of equity accounting application.

*Quoted consolidated investments in affiliates*

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	138,330	135,987
Quoted at International Stock Exchanges	-	-



*Other information on consolidated investments in affiliates*

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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets <sup>(*)</sup></b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
1	4,986,635	780,742	21,614	276,245	-	93,466	72,759	-
2	2,922,598	157,906	4,764	173,476	-	17,523	15,940	138,330
3	83,249	44,980	5,114	2,747	1,877	3,697	3,106	-
4	43,353	36,998	5,433	1,920	5	5,734	9,025	-
5	8,433,823	1,031,022	31,646	78,159	8,233	146,453	133,216	-
6	16,084,400	1,695,206	78,908	313,967	72,759	24,034	150,954	-
7	537,321	133,025	30,372	25,702	15,323	(5,863)	10,510	-
8	1,088,256	1,088,168	-	2	-	(169)	(153)	-
9	1,150,497	993,511	-	77	-	1,526	5,305	-
10	6,554,785	814,868	63,818	217,181	26,871	53,167	45,828	-
11	412,900	63,873	5,381	18,039	-	5,687	5,577	-
12	284,042	55,258	3,871	31,508	-	14,790	5,798	-

<sup>(\*)</sup> Total fixed assets include tangible and intangible assets.

<sup>(\*\*)</sup> 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 affiliates disposed during the current period*

None.

*Consolidated investments in affiliates acquired during the current period*

None.

**5.1.10 Investments in joint-ventures**

None.

### **5.1.11 Lease receivables**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	2,254,415	1,947,000	1,836,026	1,562,466
Between 1-5 Years	3,272,216	2,900,464	2,693,712	2,354,116
Longer than 5 Years	375,882	352,029	256,850	237,821
<b>Total</b>	<b>5,902,513</b>	<b>5,199,493</b>	<b>4,786,588</b>	<b>4,154,403</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	5,902,513	4,786,588
Unearned Income on Financial Lease Receivables (-)	(703,020)	(632,185)
Terminated Lease Contracts (-)	-	-
<b>Net Financial Lease Receivables</b>	<b>5,199,493</b>	<b>4,154,403</b>

#### **5.1.11.3 Financial lease agreements**

##### *Criteria applied for financial lease agreements*

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

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

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

##### *Details monitored subsequent to signing of financial lease agreements*

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

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

## 5.1.12 Derivative financial assets held for risk management

### 5.1.12.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	56,452	-	31,158	83
Cash Flow Hedges	40,036	723,282	15,044	119,967
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>96,488</b>	<b>723,282</b>	<b>46,202</b>	<b>120,050</b>

As of 30 September 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	15,081,875	96,488	184,528	12,215,225	46,285	168,109
-TL	4,926,383	96,488	94	6,034,049	46,202	99,572
-FC	10,155,492	-	184,434	6,181,176	83	68,537
Cross Currency Swaps	5,701,979	723,282	154,248	5,215,329	119,967	111,274
-TL	1,950,690	-	-	2,090,223	-	-
-FC	3,751,289	723,282	154,248	3,125,106	119,967	111,274
<b>Total</b>	<b>20,783,854</b>	<b>819,770</b>	<b>338,776</b>	<b>17,430,554</b>	<b>166,252</b>	<b>279,383</b>

#### 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	113,103	8,198	(126,397)	(5,096)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(57,422)	48,254	(6,029)	(15,197)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(16,797)	-	(154,248)	(171,045)

<b>Prior Period</b>						
<b>Hedging Item</b>	<b>Hedged Item</b>	<b>Type of Risk</b>	<b>Fair Value Change of Hedged Item</b>	<b>Net Fair Value Change of Hedging Item</b>		<b>Income Statement Effect (gains/losses from derivative financial instruments)</b>
				<b>Asset</b>	<b>Liability</b>	
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

<b>Current Period</b>							
<b>Hedging Item</b>	<b>Hedged Item</b>	<b>Type of Risk</b>	<b>Fair Value Change of Hedged Item</b>		<b>Gains/Losses Accounted under Shareholders' Equity in the Period</b>	<b>Gains/Losses Accounted under Income Statement in the Period</b>	<b>Ineffective Portion (net) Accounted under Income Statement</b>
			<b>Asset</b>	<b>Liability</b>			
Interest Rate Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	-	(147)	(117)	83	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	40,036	(51,955)	(8,350)	8,543	(1,928)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	299,363	-	11,789	13,735	19
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	423,919	-	85,273	33,690	990

In the current period, the amounts reclassified from the shareholders' equity to the income statement and recognised in the shareholders' equity due to the ceased hedging transactions are TL 619 thousands and TL 1,050 thousands respectively.

<b>Prior Period</b>							
<b>Hedging Item</b>	<b>Hedged Item</b>	<b>Type of Risk</b>	<b>Fair Value Change of Hedged Item</b>		<b>Gains/Losses Accounted under Shareholders' Equity in the Period</b>	<b>Gains/Losses Accounted under Income Statement in the Period</b>	<b>Ineffective Portion (net) Accounted under Income Statement</b>
			<b>Asset</b>	<b>Liability</b>			
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	<sup>74</sup> (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	39,570	-	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 30 September 2015, on a consolidated basis the Bank has a deferred tax asset of TL 371,294 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 30 September 2015, there is a deferred tax asset of TL 661,936 thousands (31 December 2014: TL 665,277 thousands) and deferred tax liability of TL 290,642 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 (*)	807,626	161,248	685,084	136,752
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	759,719	144,178	1,052,596	211,686
Other	345,718	65,868	534,529	102,519
<b>Deferred Tax Asset, Net</b>	<b>1,913,063</b>	<b>371,294</b>	<b>2,272,209</b>	<b>450,957</b>

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

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

As of 30 September 2015, TL 407,926 thousands of deferred tax expenses (30 September 2014: a deferred tax income of TL 169,335 thousands) and TL 274,451 thousands of deferred tax income (31 December 2014: a deferred tax expense 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>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>186,179</b>	<b>155,734</b>
<b>Accumulated Depreciation</b>	<b>(7,972)</b>	<b>(5,992)</b>
<b>Net Book Value</b>	<b>178,207</b>	<b>149,742</b>
<b>End of Current Period</b>		
Additions	204,736	120,277
Disposals (Cost)	(66,616)	(87,296)
Disposals (Accumulated Depreciation)	3,559	1,212
Reversal of Impairment / Impairment Losses (-)	(1,324)	(2,123)
Depreciation Expense for Current Period (-)	(3,643)	(3,192)
Currency Translation Differences on Foreign Operations	3,421	(413)
<b>Cost</b>	<b>326,396</b>	<b>186,179</b>
<b>Accumulated Depreciation (-)</b>	<b>(8,056)</b>	<b>(7,972)</b>
<b>Net Book Value</b>	<b>318,340</b>	<b>178,207</b>

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 179,917 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, Affiliates and Joint – Ventures	-	-
Sale of Real Estates	-	1,062
Sale of Other Assets	3,098	3,071
<b>Total</b>	<b>3,098</b>	<b>4,133</b>

**5.1.18.2 Prepaid expenses**

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	477,379	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	Accumulating Deposit	Total
<b>Saving Deposits</b>	<b>7,296,448</b>	-	<b>3,921,834</b>	<b>32,598,016</b>	<b>901,195</b>	<b>657,512</b>	<b>474,309</b>	<b>4,785</b>	<b>45,854,099</b>
<b>Foreign Currency</b>	<b>22,281,381</b>	-	<b>7,576,224</b>	<b>35,595,003</b>	<b>4,120,545</b>	<b>6,329,913</b>	<b>13,840,018</b>	<b>61,999</b>	<b>89,805,083</b>
Residents in Turkey	14,505,324	-	6,783,358	30,700,359	2,684,584	1,547,375	860,585	60,570	57,142,155
Residents in Abroad	7,776,057	-	792,866	4,894,644	1,435,961	4,782,538	12,979,433	1,429	32,662,928
<b>Public Sector Deposits</b>	<b>2,074,391</b>	-	<b>2,604</b>	<b>27,645</b>	<b>42</b>	<b>139</b>	<b>34</b>	-	<b>2,104,855</b>
<b>Commercial Deposits</b>	<b>5,829,149</b>	-	<b>4,563,014</b>	<b>4,694,577</b>	<b>86,224</b>	<b>321,203</b>	<b>29,531</b>	-	<b>15,523,698</b>
<b>Others</b>	<b>154,131</b>	-	<b>103,426</b>	<b>1,278,303</b>	<b>5,669</b>	<b>2,491</b>	<b>516,148</b>	-	<b>2,060,168</b>
<b>Precious Metal</b>	<b>1,053,301</b>	-	<b>115</b>	<b>12,419</b>	-	<b>1,515</b>	<b>107,413</b>	-	<b>1,174,763</b>
<b>Bank Deposits</b>	<b>2,018,295</b>	-	<b>3,658,727</b>	<b>847,620</b>	<b>2,218,379</b>	<b>138,674</b>	<b>254,632</b>	-	<b>9,136,327</b>
Central Bank of	-	-	1,850,552	-	-	-	-	-	1,850,552
Domestic Banks	5,815	-	981,124	5,742	1	2,150	4	-	994,836
Foreign Banks	997,220	-	827,051	841,878	2,218,378	136,524	254,628	-	5,275,679
Special Financial	1,015,260	-	-	-	-	-	-	-	1,015,260
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>40,707,096</b>	-	<b>19,825,944</b>	<b>75,053,583</b>	<b>7,332,054</b>	<b>7,451,447</b>	<b>15,222,085</b>	<b>66,784</b>	<b>165,658,993</b>

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
<b>Saving Deposits</b>	<b>6,247,742</b>	-	<b>3,674,737</b>	<b>29,266,592</b>	<b>2,193,860</b>	<b>1,012,447</b>	<b>648,068</b>	<b>4,235</b>	<b>43,047,681</b>
<b>Foreign Currency</b>	<b>16,037,813</b>	-	<b>6,723,156</b>	<b>22,032,267</b>	<b>5,181,757</b>	<b>5,585,326</b>	<b>8,109,362</b>	<b>56,466</b>	<b>63,726,147</b>
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
<b>Public Sector Deposits</b>	<b>757,161</b>	-	<b>2,386</b>	<b>25,054</b>	<b>149</b>	<b>55</b>	<b>28</b>	-	<b>784,833</b>
<b>Commercial Deposits</b>	<b>5,327,139</b>	-	<b>3,000,277</b>	<b>5,871,281</b>	<b>301,254</b>	<b>31,590</b>	<b>286,705</b>	-	<b>14,818,246</b>
<b>Others</b>	<b>141,082</b>	-	<b>120,899</b>	<b>1,619,081</b>	<b>25,053</b>	<b>398,009</b>	<b>4,339</b>	-	<b>2,308,463</b>
<b>Precious Metal</b>	<b>1,468,915</b>	-	<b>958</b>	<b>52,885</b>	<b>19</b>	<b>2,041</b>	<b>100,286</b>	-	<b>1,625,104</b>
<b>Bank Deposits</b>	<b>1,906,709</b>	-	<b>907,536</b>	<b>854,367</b>	<b>2,504,414</b>	<b>635,816</b>	<b>306,563</b>	-	<b>7,115,405</b>
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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>31,886,561</b>	-	<b>14,429,949</b>	<b>59,721,527</b>	<b>10,206,506</b>	<b>7,665,284</b>	<b>9,455,351</b>	<b>60,701</b>	<b>133,425,879</b>

## **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	24,230,197	22,454,627	21,308,753	20,271,564
Foreign Currency Saving Deposits	16,106,870	13,007,471	32,773,290	21,798,720
Other Saving Deposits	562,012	999,391	771,015	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	697,723	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	690,883	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	619,310	119,602	189,393	33,483
Swap Transactions	1,359,272	971,349	677,661	958,501
Futures	13	193	22	649
Options	518,573	97,207	206,050	26,608
Others	4,041	5,580	6	8,398
<b>Total</b>	<b>2,501,209</b>	<b>1,193,931</b>	<b>1,073,132</b>	<b>1,027,639</b>

## **5.2.3 Funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,039,265	1,404,368	1,761,544	1,019,648
Foreign Banks, Institutions and Funds	2,426,165	34,967,249	3,979,436	31,027,913
<b>Total</b>	<b>3,465,430</b>	<b>36,371,617</b>	<b>5,740,980</b>	<b>32,047,561</b>



### 5.2.3.1 *Maturities of funds borrowed*

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	1,103,154	6,084,676	2,109,054	9,443,891
Medium and Long-Term	2,362,276	30,286,941	3,631,926	22,603,670
<b>Total</b>	<b>3,465,430</b>	<b>36,371,617</b>	<b>5,740,980</b>	<b>32,047,561</b>

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 30 September 2015, the accumulated credit risk change and the credit risk change recognised in the income statement amounted to TL 344,079 thousands and TL 633,455 thousands, respectively. The carrying value of the related financial liability amounted to TL 5,665,921 thousands, and the related current period gain amounted TL 633,455 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	2,066,814	2,727,155	222,971	11,894,879
Cost	1,982,704	2,551,994	222,971	11,827,216
Carrying Value (*)	2,021,833	2,504,203	223,958	11,544,594

<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 127,602 thousands (31 December 2014: TL 237,044 thousands) and foreign currency securities with a total face value of TL 660,289 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 30 September 2015, the accumulated negative credit risk change and the negative credit risk change recognised in the income statement amounted to TL 2,931 thousands and TL 194 thousands, respectively. The carrying value of the related financial liability amounted to TL 29,460 thousands, and the related current period loss amounted to TL 465 thousands.

**5.2.4.2 Funds provided through repurchase transactions**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>10,993,105</b>	-	<b>4,233,796</b>	-
Financial Institutions and Organizations	10,932,738	-	4,163,450	-
Other Institutions and Organizations	34,132	-	27,959	-
Individuals	26,235	-	42,387	-
<b>Foreign Transactions</b>	<b>165</b>	<b>3,347,999</b>	<b>667,001</b>	<b>7,120,368</b>
Financial Institutions and Organizations	-	3,347,999	666,879	7,120,368
Other Institutions and Organizations	90	-	120	-
Individuals	75	-	2	-
<b>Total</b>	<b>10,993,270</b>	<b>3,347,999</b>	<b>4,900,797</b>	<b>7,120,368</b>

**5.2.4.3 Miscellaneous payables**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	6,747,401	102,242	5,879,730	51,453
Payables from insurance transactions	7,039,877	34,619	6,158,282	26,266
Other	166,861	1,208,666	167,113	737,226
<b>Total</b>	<b>13,954,139</b>	<b>1,345,527</b>	<b>12,205,125</b>	<b>814,945</b>

**5.2.5 Factoring payables**

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

**5.2.6 Lease payables**

**5.2.6.1 Financial lease payables**

*None.*

**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**

<b>Derivative Financial Liabilities Held for Risk Management</b>	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	94	286,580	99,572	111,931
Cash Flow Hedges	-	52,102	-	67,880
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>94</b>	<b>338,682</b>	<b>99,572</b>	<b>179,811</b>

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>
<b>General Provision for</b>	<b>2,991,147</b>	<b>2,457,552</b>
Loans and Receivables in Group I	2,536,900	2,125,471
- Additional Provision for Loans and Receivables with Extended Maturities	120,290	82,858
Loans and Receivables in Group II	302,085	191,690
- Additional Provision for Loans and Receivables with Extended Maturities	89,426	56,706
Non-Cash Loans	152,162	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	1,680	13,320
Medium and Long Term Loans	4,230	11,208
<b>Total</b>	<b>5,910</b>	<b>24,528</b>

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

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

Not prepared in compliance with the Article 25 of the communiqué “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	650,130	548,258
Insurance Technical Provisions, Net	254,524	239,160
Provision for Promotion Expenses of Credit Cards (*)	91,700	84,817
Provision for Lawsuits	45,065	31,014
Other Provisions	58,696	132,979
<b>Total</b>	<b>1,100,115</b>	<b>1,036,228</b>

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

*Recognized liability for defined benefit plan obligations*

The Bank obtained an actuarial report dated 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.

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

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

	<b>31 December 2014</b>
	<b>%</b>
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 30 September 2015, the corporate tax liability amounts to TL 66,482 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	66,482	449,439
Taxation on Securities Income	93,119	86,086
Taxation on Real Estates Income	3,589	3,040
Banking Insurance Transaction Tax	91,634	78,828
Foreign Exchange Transaction Tax	71	68
Value Added Tax Payable	10,270	11,461
Others	63,180	73,628
<b>Total</b>	<b>328,345</b>	<b>702,550</b>

#### **5.2.9.1.3 Premiums payable**

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	2,374	727
Social Security Premiums-Employer	1,707	1,231
Bank Pension Fund Premium-Employees	155	16
Bank Pension Fund Premium-Employer	195	18
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	997	818
Unemployment Insurance-Employer	2,076	1,764
Others	23	39
<b>Total</b>	<b>7,527</b>	<b>4,613</b>

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

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 156 thousands as of 30 September 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**

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

### **5.2.12.3 Capital increases in current period**

None.

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

None.

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

None.

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

None.

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

None.

### **5.2.12.8 Securities value increase fund**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Investments in Associates, Affiliates and Joint-Ventures</b>	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>(662,728)</b>	<b>(145,956)</b>	<b>82,677</b>	<b>6,104</b>
Valuation Difference	(662,728)	(145,956)	82,677	6,104
Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>(662,728)</b>	<b>(145,956)</b>	<b>82,677</b>	<b>6,104</b>

**5.2.12.9 Revaluation surplus**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Affiliates and Real Estates to be used for Capital Increases	173,263	-	172,894	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
<b>Total</b>	<b>175,403</b>	<b>-</b>	<b>175,034</b>	<b>-</b>

**5.2.12.10 Bonus shares of associates, affiliates 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	1,012,625	1,002,091
II. Legal Reserve	213,572	177,863
Special Reserves	-	-
<b>Total</b>	<b>1,226,197</b>	<b>1,179,954</b>

**5.2.12.12 Extraordinary reserves**

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	19,166,155	16,153,163
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
<b>Total</b>	<b>19,166,155</b>	<b>16,153,163</b>

**5.2.12.13 Minority interest**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>193,733</b>	<b>162,818</b>
Profit Share of Affiliates Net Profits	25,366	31,477
Prior Period Dividend Payment	(1,354)	(185)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(10)	(377)
<b>Balance at End of Period</b>	<b>217,735</b>	<b>193,733</b>

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

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

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

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 4,935,950 thousands (31 December 2014: TL 5,446,840 thousands), commitments for cheque payments of TL 3,024,185 thousands (31 December 2014: TL 2,874,791 thousands) and commitments for credit card limits of TL 26,588,053 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	19,571,424	15,379,775
Letters of Guarantee in TL	14,399,839	12,138,798
Letters of Credit	14,068,995	9,308,035
Bills of Exchange and Acceptances	1,788,070	815,887
Prefinancings	-	-
Other Guarantees	112,890	86,702
<b>Total</b>	<b>49,941,218</b>	<b>37,729,197</b>

A specific provision of TL 83,032 thousands (31 December 2014: TL 108,881 thousands) is made for unliquidated non-cash loans of TL 289,948 thousands (31 December 2014: TL 272,978 thousands) recorded under the off-balance sheet items as of 30 September 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	4,769,837	2,838,901
<i>With Original Maturity of 1 Year or Less</i>	<i>461,296</i>	<i>402,876</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>4,308,541</i>	<i>2,436,025</i>
Other Non-Cash Loans	45,171,381	34,890,296
<b>Total</b>	<b>49,941,218</b>	<b>37,729,197</b>

##### **5.3.1.4 Other information on non-cash loans**

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

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

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

#### **5.3.2 Financial derivative instruments**

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



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

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

**5.3.4 Contingent liabilities and assets**

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

**5.3.5 Services rendered on behalf of third parties**

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

## **5.4 Consolidated income statement**

### **5.4.1 Interest income**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Interest Income from Loans</b>				
Short-term loans	3,076,940	253,504	2,461,142	313,154
Medium and long-term loans	4,690,196	2,388,291	3,867,777	1,973,330
Loans under follow-up	36,937	6,023	31,671	5,798
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>7,804,073</b>	<b>2,647,818</b>	<b>6,360,590</b>	<b>2,292,282</b>

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

#### **5.4.1.2 Interest income from banks**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	1,527	-	-
Domestic Banks	67,009	12,917	39,420	25,092
Foreign Banks	4,924	36,952	69,125	28,724
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>71,933</b>	<b>51,396</b>	<b>108,545</b>	<b>53,816</b>

#### **5.4.1.3 Interest income from securities portfolio**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Financial Assets Held for Trading	13,914	4,987	25,632	5,368
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	1,207,609	173,409	1,430,658	167,920
Investments Held-to-Maturity	755,642	362,514	1,060,156	180,497
<b>Total</b>	<b>1,977,165</b>	<b>540,910</b>	<b>2,516,446</b>	<b>353,785</b>

#### **5.4.1.4 Interest income received from associates and affiliates**

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Affiliates	520	1,527

### **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
<b>Banks</b>				
Central Bank of Turkey	-	206	-	1,731
Domestic Banks	71,372	46,802	60,021	38,416
Foreign Banks	258,779	326,304	388,762	301,715
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	181,833	-	135,136
<b>Total</b>	<b>330,151</b>	<b>555,145</b>	<b>448,783</b>	<b>476,998</b>

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

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

	<i>Current Period</i>	<i>Prior Period</i>
Interest Paid to Investments in Associates and Affiliates	1,347	1,470

**5.4.2.3 Interest expenses on securities issued**

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

**5.4.2.4 Maturity structure of interest expense on deposits**

Current Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	595	84,591	-	152	102	-	-	85,440
Saving Deposits	139	230,876	2,177,470	89,039	58,425	41,206	-	2,597,155
Public Sector Deposits	-	443	1,848	8	4	2	-	2,305
Commercial Deposits	175	206,292	347,927	16,752	22,273	32,069	-	625,488
Others	5	8,731	65,922	920	4,563	27,270	-	107,411
“7 Days Notice” Deposits	-	-	-	-	-	-	-	
Total TL	914	530,933	2,593,167	106,871	85,367	100,547	-	3,417,799
Foreign Currency								
Foreign Currency Deposits	31,868	45,673	407,434	63,897	95,644	177,766	729	823,011
Bank Deposits	8	32,880	3,381	1,347	166	139	-	37,921
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	3	-	11	916	-	930
Total FC	31,876	78,553	410,818	65,244	95,821	178,821	729	861,862
Grand Total	32,790	609,486	3,003,985	172,115	181,188	279,368	729	4,279,661

Prior Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	440	72,163	-	-	-	2,067	-	74,670
Saving Deposits	78	224,510	1,909,894	157,319	38,119	34,140	-	2,364,060
Public Sector Deposits	-	251	636	50	20,408	1	-	21,346
Commercial Deposits	245	187,046	376,877	55,273	39,686	25,101	-	684,228
Others	8	9,934	38,917	2,269	49,458	23	-	100,609
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	771	493,904	2,326,324	214,911	147,671	61,332	-	3,244,913
Foreign Currency								
Foreign Currency Deposits	36,016	43,421	327,933	75,396	109,010	119,739	810	712,325
Bank Deposits	-	53,775	9,424	4,839	1,797	1,261	-	71,096
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	15	-	2,848	395	-	3,258
Total FC	36,016	97,196	337,372	80,235	113,655	121,395	810	786,679
Grand Total	36,787	591,100	2,663,696	295,146	261,326	182,727	810	4,031,592

**5.4.2.5 Interest expense on repurchase agreements**

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

**5.4.2.6 Financial lease expenses**

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

**5.4.2.7 Interest expenses on factoring payables**

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

**5.4.3 Dividend income**

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

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Income</b>	<b>78,209,945</b>	<b>25,683,534</b>
Trading Account Income	2,087,156	1,359,298
Derivative Financial Instruments	10,522,770	4,349,553
Foreign Exchange Gain	65,600,019	19,974,683
<b>Losses (-)</b>	<b>78,669,526</b>	<b>25,617,381</b>
Trading Account Losses	1,282,504	1,275,408
Derivative Financial Instruments	12,209,436	4,970,344
Foreign Exchange Losses	65,177,586	19,371,629
<b>Total</b>	<b>(459,581)</b>	<b>66,153</b>

TL 2,786,030 thousands (30 September 2014: TL 1,276,639 thousands) of foreign exchange gains and TL 2,504,402 thousands (30 September 2014: TL 1,950,023 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 238,616 thousands and USD 1,085,413,492 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, a gain of TL 113,103 thousands and a loss of TL 57,422 thousands (30 September 2014: gain of TL 16,531 thousands and loss of TL 35,837 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 16,797 thousands (30 September 2014: total loss of TL 4,845 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 99,783,786 and EUR 47,368,422 securitization borrowings amounting to USD 175,000,000 and EUR 216,157,898 by designating cross currency swaps with the same face value amount and conditions, and for the collateralised borrowings amounting to TL 850,000 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, gain of TL 93,893 thousands and loss of TL 12,121 thousands (30 September 2014: gains of TL 66,911 and TL 34,773 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 82,048 thousands (30 September 2014: TL 282,040 thousands of non-performing receivables) were sold for a consideration of TL 17,944 thousands (30 September 2014: TL 55,557 thousands). Considering the related provisions of TL 80,146 thousands (30 September 2014: TL 275,155 thousands) in the financial statements, a gain of TL 16,019 thousands (30 September 2014: TL 48,592 thousands) is recognized under "other operating income".

A part of non-performing receivables of a consolidated financial affiliate of the Bank amounting to TL 108,813 thousands were sold for a consideration of TL 16,624 thousands. A gain from this sale amounting to TL 9,048 thousands is recognized under "other operating income" considering the related provisions of TL 101,237 thousands 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 1,870 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	<b>1,152,033</b>	<b>1,000,851</b>
<i>Loans and receivables in Group III</i>	<i>417,720</i>	<i>285,672</i>
<i>Loans and receivables in Group IV</i>	<i>585,702</i>	<i>567,533</i>
<i>Loans and receivables in Group V</i>	<i>148,611</i>	<i>147,646</i>
General Provisions	<b>544,277</b>	<b>351,243</b>
Provision for Possible Losses	<b>35,000</b>	<b>65,000</b>
Impairment Losses on Financial Assets	<b>3,971</b>	<b>5,067</b>
<i>Financial assets at fair value through profit or loss</i>	<i>3,971</i>	<i>5,067</i>
<i>Financial assets available-for-sale</i>	-	-
Impairment Losses on Associates, Affiliates and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Affiliates</i>	-	-
<i>Joint ventures (business partnership)</i>	-	-
<i>Investments held-to-maturity</i>	-	-
Others	<b>93,621</b>	<b>97,123</b>
<b>Total</b>	<b>1,828,902</b>	<b>1,519,284</b>

#### 5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs (*)	1,890,662	1,674,768
Reserve for Employee Termination Benefits	40,785	31,743
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	847	4,118
Depreciation Expenses of Tangible Assets	159,429	148,951
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	47,326	40,782
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	1,337	1,714
Depreciation Expenses of Assets to be Disposed	3,643	2,190
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	1,901,812	1,515,893
<i>Operational lease related expenses</i>	274,774	238,174
<i>Repair and maintenance expenses</i>	43,441	39,704
<i>Advertisement expenses</i>	85,432	76,775
<i>Other expenses (**)</i>	1,498,165	1,161,240
Loss on Sale of Assets	3,013	2,928
Others (***) (****)	765,293	510,735
<b>Total</b>	<b>4,814,147</b>	<b>3,933,822</b>

(\*) Includes compensation paid to key management personnel who left their position in the Bank in the amount of TL 26,555 thousands in the current period.

(\*\*) Includes lawsuit, execution and other legal expenses beared by the Bank of fees and commissions income recognized in prior years but reimbursed, in the amount of TL 37,097 thousands (30 September 2014: TL 22,858 thousands), as per the decision of the Turkish Competition Board or the related courts.

(\*\*\*) Includes saving-deposits-insurance-fund related expenses of TL 145,324 thousands (30 September 2014: TL 125,393 thousands) and insurance-business claim losses of TL 61,839 thousands (30 September 2014: TL 47,152 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 199,828 thousands (30 September: TL 74,910 thousands) as per the decision of the Turkish Competition Board or the related courts.

According to the Custom and Trade Ministry inspectors audit report, The Bank notified with an administrative fee amounting to TL 110,110 thousands. In accordance with the Article 17/6 of the Law on Crime no.5326, saving all the cancellation legal rights, the Bank paid the administrative fee of TL 82,583 thousands with ¼ prepayment discount on 31 August 2015.

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

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”.

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

As of 30 September 2015, on a consolidated basis, the Bank recorded a current tax expense of TL 427,809 thousands (30 September 2014: TL 1,005,634 thousands) and a deferred tax charge of TL 407,926 thousands (30 September 2014: TL 169,335 thousands of deferred tax benefit).

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

<b>Deferred tax (benefit)/charge on timing differences</b>	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductable Timing Differences (+)	(92,867)	(168,514)
Decrease in Tax Deductable Timing Differences (-)	240,044	38,236
Increase in Taxable Timing Differences (-)	320,937	81,701
Decrease in Taxable Timing Differences (+)	(60,188)	(120,758)
<b>Total</b>	<b>407,926</b>	<b>(169,335)</b>

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

<b>Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions</b>	<b>Current Period</b>	<b>Prior Period</b>
(Increase)/Decrease in Tax Deductable Timing Differences (net)	133,816	(122,025)
(Increase)/Decrease in Taxable Timing Differences (net)	260,749	(39,057)
(Increase)/Decrease in Tax Losses (net)	13,361	(8,253)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
<b>Total</b>	<b>407,926</b>	<b>(169,335)</b>

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

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

**5.4.11 Net profit/loss**

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

None.

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

None.

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

	<b>Current Period</b>	<b>Prior Period</b>
Net Profit/(Loss) of Minority Interest	25,366	24,318

**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, Affiliates 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	36,050	3,640	19,869	707,801	2,318,533	526,301
Interest and Commission Income	1,315	6	578	6	95,158	311

##### *Prior Period:*

Bank's Risk Group	Associates, Affiliates 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	2,245	5	276	7	66,096	991

#### 5.7.1.2 Deposits

Bank's Risk Group	Associates, Affiliates 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	28,758	28,674	1,422,116	649,010	578,076	351,510
Interest Expenses	1,347	1,676	12,080	4,048	8,578	11,364

#### 5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Affiliates 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/(Loss)						
Balance at beginning of period	2,789	2,921	10,825,180	9,092,999	5,770	-
Balance at end of period	11,745	2,789	14,017,420	10,825,180	-	5,770
Total Profit/(Loss)	182	(108)	10,452	(28,012)	-	-
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 2,253,075 thousands (31 December 2014: TL 1,555,903 thousands) compose 1.30% (31 December 2014: 1.08%) of the Bank's total consolidated cash loans and 0.77% (31 December 2014: 0.63%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 2,374,452 thousands (31 December 2014: TL 2,062,907 thousands) compose 0.81% (31 December 2014: 0.84%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 1,237,741 thousands (31 December 2014: TL 1,039,775 thousands) compose 2.48% (31 December 2014: 2.76%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 2,028,950 thousands (31 December 2014: TL 1,029,194 thousands) compose 1.22% (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 20,192 thousands (31 December 2014: TL 188,146 thousands) compose 0.05% (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 28,436 thousands (31 December 2014: TL 17,680 thousands). A total rent income of TL 2,745 thousands (30 September 2014: TL 1,694 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 4,872 thousands as of 30 September 2015 (30 September 2014: TL 95) were incurred for the IT services rendered by the related parties. Other income of TL 129 thousands (30 September 2014: TL 88 thousands) for the IT services rendered and banking services fee income of TL 662 thousands (30 September 2014: TL 1,624 thousands) were recognized from the related parties.

Operating expenses of TL 4,856 thousands (30 September 2014: TL 7,535 thousands) for advertisement and broadcasting services, of TL 30,368 thousands (30 September 2014: TL 23,456 thousands) for operational leasing services, and of TL 8,127 thousands (30 September 2014: TL 6,324 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 344 thousands (30 September 2014: TL 382 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 142,847 thousands as of 30 September 2015 (30 September 2014: TL 100,600 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 affiliates 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**

None.

## **5.10 Other disclosures on activities of parent bank**

### **5.10.1 Summary information on international risk ratings**

#### **5.10.1.1 Parent bank's international risk ratings**

##### **MOODY'S (September 2015)**

Outlook	Negative
Long Term FC Deposit	Baa3
Long Term TL Deposit	Baa3
Short Term FC Deposit	P-3
Short Term TL Deposit	P-3
Basic Loan Assessment	ba1
Adjusted Loan Assessment	baa3
Long Term National Scale Rating (NSR)	Aa3.tr
Short Term NSR	TR-1

##### **STANDARD AND POORS (August 2015)**

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

##### **FITCH RATINGS (July 2015)**

Outlook	Stable
Long Term FC Outlook	BBB
Short Term FC Outlook	F2
Long Term TL Outlook	BBB
Short Term TL Outlook	F2
Financial Capacity	bbb-
Support	2
NSR	AAA(tur)

##### **JCR EURASIA RATINGS (May 2015)**

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

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

**MOODY'S (June 2015) (\*)**

Long Term FC Deposit	A3
Short Term FC Deposit	Prime-2
Baseline Credit Assessment	baa2
Long Term Credit Assessment	A2
Short Term Credit Assessment	Prime-1
Outlook	Negative

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

**5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated affiliate**

**FITCH RATINGS (July 2015) (\*)(\*\*)**

<b>Foreign Currency</b>	
Long Term	BBB
Short Term	F2
Outlook	Stable
Support	2
<b>Turkish Lira</b>	
Long Term	BBB
Short Term	F2
Outlook	Stable
<b>National</b>	AAA
Outlook	Stable

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

(\*\*) Under positive follow-up.

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

**FITCH RATINGS (July 2015) (\*)(\*\*)**

<b>Foreign Currency</b>	
Long Term	BBB
Short Term	F2
Outlook	Stable
Support	2
<b>Turkish Lira</b>	
Long Term	BBB
Short Term	F2
Outlook	Stable
<b>National</b>	AAA
Outlook	Stable

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

(\*\*) Under positive follow-up.

**STANDARD AND POORS (August 2015) (\*)**

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 (July 2015) (\*)**

Foreign Currency	
Long Term	BBB
Short Term	F3
Financial Capacity	b+
Support	2
Outlook	Stable

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

**5.10.2 Dividend**

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;

<b>2014 PROFIT DISTRIBUTION TABLE</b>	
<b>2014 Net Profit</b>	<b>3,200,248</b>
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)

**5.10.3 Other disclosures**

None.



## **6 Limited Review Report**

### **6.1 Disclosure on limited review report**

The consolidated financial statements of the Bank and its financial affiliates as of 30 September 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 27 October 2015, is presented before the accompanying consolidated financial statements.

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

None.

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