

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

Türkiye Garanti Bankası Anonim Şirketi
Unconsolidated Financial Statements
As of and For the Nine-Month Period Ended
30 September 2016

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

With Independent Accountants'
Limited Review Report Thereon

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
24 October 2016

*This report contains "Independent Accountant's
Limited Review Report" comprising 2 pages
and;"Unconsolidated Financial Statements and
Related Disclosures and Footnotes" comprising 104
pages.*

LIMITED REVIEW REPORT FOR THE INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Garanti Bankası A.Ş. (“the Bank”) as at 30 September 2016, and the unconsolidated statement of income, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity and unconsolidated 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 Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned 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 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

Subsequent to the reversal of TL 30,000 thousands in the current period, the accompanying unconsolidated financial statements include a general reserve amounting to TL 300,000 thousands as of the balance sheet date, 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 described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye Garanti Bankası A.Ş as at 30 September 2016, 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 Financial Reporting Regulations.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the Management's interim report included in section seven of the accompanying unconsolidated financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed interim financial statements and the explanatory notes.

Additional paragraph for English translation:

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



Müjde Şehsuvaroğlu
Partner

Istanbul, 24 October 2016

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016

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

The unconsolidated interim financial report for the nine-month period 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 the Bank
2. Unconsolidated Financial Statements of the Bank
3. Accounting Policies
4. Financial Position and Results of Operations, and Risk Management Applications of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Limited Review Report
7. Interim Report

The unconsolidated 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

Aydın Güler
Financial Reporting
Executive Vice President

Hakan Özdemir
General Accounting
Senior Vice President

Javier Bernal Dionis
Audit Committee Member

**Jorge Saenz - Azcunaga
Carranza**
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

	Page No:
<u>SECTION ONE</u>	
General Information	
I. History of the bank including its incorporation date, initial legal status, amendments to legal status	1
II. Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on bank's risk group	1
III. Information on the bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the bank	2
IV. Information on the bank's qualified shareholders	3
V. Summary information on the bank's activities and services	4
VI. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the bank and its affiliates	4
<u>SECTION TWO</u>	
Unconsolidated Financial Statements	
I. Balance sheet - Assets	5
II. Balance sheet - Liabilities	6
III. Off-balance sheet items	7
IV. Income statement	8
V. Statement of income/expense items accounted under shareholders' equity	9
VI. Statement of changes in shareholders' equity	10
VII. Statement of cash flows	11
<u>SECTION THREE</u>	
Accounting Policies	
I. Basis of presentation	12
II. Strategy for use of financial instruments and foreign currency transactions	12
III. Investments in associates and affiliates	13
IV. Forwards, options and other derivative transactions	13
V. Interest income and expenses	14
VI. Fees and commissions	14
VII. Financial assets	14
VIII. Impairment of financial assets	15
IX. Netting and derecognition of financial instruments	16
X. Repurchase and resale agreements and securities lending	16
XI. Assets held for sale, discontinued operations and related liabilities	17
XII. Goodwill and other intangible assets	17
XIII. Tangible assets	17
XIV. Leasing activities	18
XV. Provisions and contingent liabilities	18
XVI. Contingent assets	19
XVII. Liabilities for employee benefits	19
XVIII. Taxation	20
XIX. Funds borrowed	22
XX. Share issuances	22
XXI. Confirmed bills of exchange and acceptances	22
XXII. Government incentives	23
XXIII. Segment reporting	23
XXIV. Other disclosures	25
<u>SECTION FOUR</u>	
Financial Position and Results of Operations and Risk Management	
I. Capital	26
II. Credit risk	30
III. Currency risk	30
IV. Interest rate risk	32
V. Position risk of equity securities in banking book	35
VI. Liquidity risk	37
VII. Leverage ratio	42
VIII. Fair values of financial assets and liabilities	42
IX. Transactions carried out on behalf of customers and items held in trust	42
X. Risk management objectives and policies	42
<u>SECTION FIVE</u>	
Disclosures and Footnotes on Unconsolidated Financial Statements	
I. Assets	46
II. Liabilities	68
III. Off-balance sheet items	77
IV. Income statement	79
V. Statement of changes in shareholders' equity	85
VI. Statement of cash flows	86
VII. Related party risks	87
VIII. Domestic, foreign and off-shore branches or equity investments, and foreign representative offices	90
IX. Matters arising subsequent to balance sheet date	91
X. Other disclosures on activities of the bank	92
<u>SECTION SIX</u>	
Limited Review Report	
I. Disclosures on limited review report	94
II. Disclosures and footnotes prepared by independent accountants	94
<u>SECTION SEVEN</u>	
Interim Report	
I. Introduction	95
II. Information regarding management and corporate governance practices	101
III. Assessment of financial information and risk management	102
IV. Announcements regarding important developments during 01.07.2016-30.09.2016 period	103
V. Announcements regarding important developments for debt instruments issuance and redemptions during 01.07.2016-30.09.2016 period	103

1 General Information

1.1 History of the 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 as a “private bank” and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946.

Following the acquisition on 27 July 2015, Banco Bilbao Vizcaya Argentaria SA (BBVA)’s stake in the Bank has reached to 39.90% and BBVA has become the main shareholder. Accordingly, the Bank was moved to the “Foreign Deposit Banks” category from the “Private Deposit Bank” category by the Banking Regulation and Supervision Agency (the BRSA).

The Bank provides banking services through 967 domestic branches, nine foreign branches and three representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 30 September 2016, group of companies under 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 Doğu 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 Doğu Holding AŞ (the Doğu 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 Doğu Group continued to have mutual control on the Bank’s management.

Finally, in accordance with the terms of the agreement between BBVA and the Doğu 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 Doğu Group to BBVA, has been completed on 27 July 2015. Following the acquisition, BBVA’s stake in the Bank has reached to 39.90% and BBVA has become the main shareholder. The Bank was moved to “Foreign Deposit Banks” category from “Private Deposit Bank” category by the BRSA.

As of balance sheet date, the Doğu 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 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 the bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their 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	26 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	34 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	28 years
Jorge Saenz Azcunaga Carranza	Independent Member of BOD and Audit Committee	31.03.2016	University	22 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	23 years
Maria Isabel Goiri Lartitegui	Member	27.07.2015	Master	26 years
Javier Bernal Dionis	Independent Member of BOD and Audit Committee	27.07.2015	Master	26 years
Inigo Echebarria Garate	Member	31.03.2016	Master	33 years
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	36 years
Sait Ergun Özen	Member	14.05.2003	University	29 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	24 years

CEO and Executive Vice Presidents^(*):

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ali Fuat Erbil	CEO	02.09.2015	PhD	24 years
Gökhan Erün	EVP-Corporate Banking and Treasury Deputy CEO	01.09.2005	Master	22 years
Onur Genç	EVP-Retail Banking Deputy CEO	20.03.2012	Master	17 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	34 years
Halil Hüsni Erel	EVP-Technology, Operation Center, Marketing and Business Development	16.06.1997	University	41 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	26 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	22 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	22 years
Osman Nuri Tüzün	EVP- Human Resources and Support Services	19.08.2015	Master	24 years
Aydın Güler	EVP-Finance and Accounting	03.02.2016	University	26 years
Ali Temel	Head of Credit Risk Management	03.02.2016	University	26 years
Didem Başer	EVP-Digital Banking	20.03.2012	Master	21 years

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

1.4 Information on the bank’s qualified shareholders

Name / Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
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 5th Commercial Court of First Instance. A total payment of TL 1,434,233 thousands has been made to the owners of 368 founder share-certificates from “extraordinary reserves”, and the value of remaining 2 founder share-certificates has been blocked in the bank accounts.

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

1.5 Summary information on the 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 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the bank and its affiliates

None.

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi Balance Sheet (Statement of Financial Position) At 30 September 2016

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 September 2016			PRIOR PERIOD 31 December 2015		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	1,862,129	29,442,331	31,304,460	2,259,664	22,891,859	25,151,523
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	947,118	638,804	1,585,922	1,359,038	489,429	1,848,467
2.1 Financial assets held for trading		947,118	638,804	1,585,922	1,160,920	489,429	1,650,349
2.1.1 Government securities		85,232	7,660	92,892	66,470	21,974	88,444
2.1.2 Equity securities		31,036	-	31,036	45,474	-	45,474
2.1.3 Derivative financial assets held for trading		830,850	625,633	1,456,483	1,048,976	434,513	1,483,489
2.1.4 Other securities		-	5,511	5,511	-	32,942	32,942
2.2 Financial assets valued at fair value through profit or loss		-	-	-	198,118	-	198,118
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans	(5.1.2)	-	-	-	198,118	-	198,118
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	143,344	8,925,717	9,069,061	276,135	11,571,360	11,847,495
IV. INTERBANK MONEY MARKETS		-	299,204	299,204	-	61,069	61,069
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	299,204	299,204	-	61,069	61,069
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	18,234,289	1,105,785	19,340,074	19,261,864	1,257,937	20,519,801
5.1 Equity securities		35,361	144,659	180,020	36,852	297,717	334,569
5.2 Government securities		17,556,557	185,243	17,741,800	18,582,761	178,798	18,761,559
5.3 Other securities		642,371	775,883	1,418,254	642,251	781,422	1,423,673
VI. LOANS	(5.1.5)	111,784,155	60,348,963	172,133,118	100,354,365	58,785,558	159,139,923
6.1 Performing loans		110,731,268	60,348,963	171,080,231	99,518,038	58,785,558	158,303,596
6.1.1 Loans to bank's risk group	(5.7)	304,385	2,327,913	2,632,298	767,953	2,364,560	3,132,513
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		110,426,883	58,021,050	168,447,933	98,750,085	56,420,998	155,171,083
6.2 Loans under follow-up		5,328,320	-	5,328,320	4,404,025	-	4,404,025
6.3 Specific provisions (-)		4,275,433	-	4,275,433	3,567,698	-	3,567,698
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	12,024,324	9,733,792	21,758,116	11,980,469	9,775,343	21,755,812
8.1 Government securities		12,017,599	5,909,187	17,926,786	11,966,880	5,810,098	17,776,978
8.2 Other securities		6,725	3,824,605	3,831,330	13,589	3,965,245	3,978,834
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	36,698	-	36,698	36,698	-	36,698
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		36,698	-	36,698	36,698	-	36,698
9.2.1 Financial investments in associates		33,032	-	33,032	33,032	-	33,032
9.2.2 Non-financial investments in associates		3,666	-	3,666	3,666	-	3,666
X. INVESTMENTS IN AFFILIATES (Net)	(5.1.8)	2,377,453	2,713,566	5,091,019	2,114,928	2,331,571	4,446,499
10.1 Unconsolidated financial investments in affiliates		2,273,217	2,713,566	4,986,783	2,010,692	2,331,571	4,342,263
10.2 Unconsolidated non-financial investments in affiliates		104,236	-	104,236	104,236	-	104,236
XI. INVESTMENTS IN JOINT-VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(5.1.11)	8,522	274,537	283,059	89,064	591,933	680,997
13.1 Fair value hedges		4,604	-	4,604	60,616	7,483	68,099
13.2 Cash flow hedges		3,918	274,537	278,455	28,448	584,450	612,898
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	3,193,936	238	3,194,174	3,073,889	336	3,074,225
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	215,210	29	215,239	182,553	37	182,590
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		215,210	29	215,239	182,553	37	182,590
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	610,083	-	610,083	381,270	-	381,270
XVII. TAX ASSET		282,678	-	282,678	381,541	-	381,541
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	(5.1.15)	282,678	-	282,678	381,541	-	381,541
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	475,512	-	475,512	346,979	-	346,979
18.1 Assets held for sale		475,512	-	475,512	346,979	-	346,979
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	3,163,448	795,955	3,959,403	2,353,470	2,134,227	4,487,697
TOTAL ASSETS		155,358,899	114,278,921	269,637,820	144,451,927	109,890,659	254,342,586

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

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)

At 30 September 2016

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 September 2016			PRIOR PERIOD 31 December 2015		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.2.1)	71,923,525	79,013,665	150,937,190	66,420,824	74,478,508	140,899,332
1.1 Deposits from bank's risk group	(5.7)	1,363,981	516,098	1,880,079	1,092,221	474,699	1,566,920
1.2 Others		70,559,544	78,497,567	149,057,111	65,328,603	74,003,809	139,332,412
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	884,162	769,770	1,653,932	1,669,819	593,818	2,263,637
III. FUNDS BORROWED	(5.2.3)	2,100,457	30,939,452	33,039,909	2,542,263	30,895,534	33,437,797
IV. INTERBANK MONEY MARKETS	(5.2.4)	16,901,322	453,509	17,354,831	12,521,253	2,546,908	15,068,161
4.1 Interbank money market takings		10,202,337	-	10,202,337	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		6,698,985	453,509	7,152,494	12,521,253	2,546,908	15,068,161
V. SECURITIES ISSUED (Net)	(5.2.4)	3,928,807	10,198,415	14,127,222	3,405,544	10,793,225	14,198,769
5.1 Bills		417,533	-	417,533	790,461	160,472	950,933
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		3,511,274	10,198,415	13,709,689	2,615,083	10,632,753	13,247,836
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	(5.2.4.3)	8,068,695	882,712	8,951,407	7,132,264	1,204,588	8,336,852
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		3,035,538	700,962	3,736,500	1,997,940	1,827,125	3,825,065
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	14,756	-	14,756	10,968	-	10,968
10.1 Financial lease payables		15,911	-	15,911	11,985	-	11,985
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		1,155	-	1,155	1,017	-	1,017
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	110,679	357,622	468,301	10,928	239,563	250,491
11.1 Fair value hedges		110,679	280,356	391,035	10,928	210,635	221,563
11.2 Cash flow hedges		-	77,266	77,266	-	28,928	28,928
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	4,460,533	68,892	4,529,425	4,186,504	63,560	4,250,064
12.1 General provisions		3,088,469	47,331	3,135,800	2,957,392	44,665	3,002,057
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		699,157	-	699,157	529,537	-	529,537
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		672,907	21,561	694,468	699,575	18,895	718,470
XIII. TAX LIABILITY	(5.2.8)	336,862	21,277	358,139	629,578	31,025	660,603
13.1 Current tax liability		336,862	21,277	358,139	629,578	31,025	660,603
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.2.9)	-	-	-	-	-	-
14.1 Assets held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED DEBTS	(5.2.10)	-	-	-	-	159,792	159,792
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	34,199,602	266,606	34,466,208	30,560,363	420,692	30,981,055
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		2,935,174	59,925	2,995,099	2,642,395	228,221	2,870,616
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		619,944	102,815	722,759	253,965	187,995	441,960
16.2.4 Revaluation surplus on tangible assets		1,626,756	-	1,626,756	1,631,907	-	1,631,907
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		1,891	-	1,891	1,891	-	1,891
16.2.8 Hedging reserves (effective portion)		(21,868)	(42,890)	(64,758)	46,181	40,226	86,407
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		696,571	-	696,571	696,571	-	696,571
16.3 Profit reserves		23,153,548	206,681	23,360,229	20,311,461	192,471	20,503,932
16.3.1 Legal reserves		1,191,409	13,373	1,204,782	1,155,709	12,620	1,168,329
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		21,962,139	5,961	21,968,100	19,155,752	3,860	19,159,612
16.3.4 Other profit reserves		-	187,347	187,347	-	175,991	175,991
16.4 Profit or loss		3,910,880	-	3,910,880	3,406,507	-	3,406,507
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		3,910,880	-	3,910,880	3,406,507	-	3,406,507
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		145,964,938	123,672,882	269,637,820	131,088,248	123,254,338	254,342,586

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

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 30 September 2016

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 September 2016			31 December 2015		
	TL	FC	Total	TL	FC	Total	
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		155,332,437	246,964,802	402,297,239	144,398,889	207,921,722	352,320,611
I. GUARANTEES AND SURETIES	(5.3.1)	16,784,006	35,214,915	51,998,921	14,858,325	33,234,327	48,092,652
1.1. Letters of guarantee		16,757,477	18,636,364	35,393,841	14,826,457	17,332,578	32,159,035
1.1.1. Guarantees subject to State Tender Law		-	1,029,481	1,029,481	-	1,099,700	1,099,700
1.1.2. Guarantees given for foreign trade operations		2,133,194	184,959	2,318,153	1,948,525	220,676	2,169,201
1.1.3. Other letters of guarantee		14,624,283	17,421,924	32,046,207	12,877,932	16,012,202	28,890,134
1.2. Bank acceptances		26,529	2,053,306	2,079,835	20,793	1,517,276	1,538,069
1.2.1. Import letter of acceptance		26,529	2,053,306	2,079,835	20,793	1,517,276	1,538,069
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	14,391,978	14,391,978	11,075	14,275,267	14,286,342
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		-	14,391,978	14,391,978	11,075	14,275,267	14,286,342
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		-	133,267	133,267	-	109,206	109,206
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	39,862,245	13,095,906	52,958,151	37,406,779	12,908,819	50,315,598
2.1. Irrevocable commitments		39,857,735	13,095,067	52,952,802	37,404,688	12,907,672	50,312,360
2.1.1. Asset purchase and sale commitments		1,175,284	6,249,268	7,424,552	6,100	3,054,228	3,060,328
2.1.2. Deposit purchase and sale commitments		-	2,139	2,139	-	16,628	16,628
2.1.3. Share capital commitments to associates and affiliates		-	4,774	4,774	-	5,297	5,297
2.1.4. Loan granting commitments		6,504,392	6,764,086	13,268,478	6,215,790	9,468,019	15,683,809
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		3,244,768	-	3,244,768	3,063,159	-	3,063,159
2.1.8. Tax and fund obligations on export commitments		23,248	-	23,248	20,529	-	20,529
2.1.9. Commitments for credit card limits		27,633,678	-	27,633,678	26,826,339	-	26,826,339
2.1.10. Commitments for credit cards and banking services related promotions		12,155	-	12,155	8,561	-	8,561
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	74,800	1,339,010	1,264,210	363,500	1,627,710
2.2. Revocable commitments		4,510	839	5,349	2,091	1,147	3,238
2.2.1. Revocable loan granting commitments		4,510	-	4,510	2,091	-	2,091
2.2.2. Other revocable commitments		-	839	839	-	1,147	1,147
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	98,686,186	198,653,981	297,340,167	92,133,785	161,778,576	253,912,361
3.1. Derivative financial instruments held for risk management		10,755,740	21,885,979	32,641,719	7,107,440	16,963,601	24,071,041
3.1.1. Fair value hedges		8,728,407	10,352,840	19,081,247	3,439,355	9,266,494	12,705,849
3.1.2. Cash flow hedges		2,027,333	11,533,139	13,560,472	3,668,085	7,697,107	11,365,192
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		87,930,446	176,768,002	264,698,448	85,026,345	144,814,975	229,841,320
3.2.1. Forward foreign currency purchases/sales		10,501,728	13,220,517	23,722,245	13,716,838	19,360,463	33,077,301
3.2.1.1. Forward foreign currency purchases		4,968,187	6,880,461	11,848,648	5,146,127	11,424,014	16,570,141
3.2.1.2. Forward foreign currency sales		5,533,541	6,340,056	11,873,597	8,570,711	7,936,449	16,507,160
3.2.2. Currency and interest rate swaps		52,095,419	113,273,914	165,369,333	33,377,607	61,557,928	94,935,535
3.2.2.1. Currency swaps-purchases		22,691,672	45,808,316	68,499,988	12,532,143	22,148,346	34,680,489
3.2.2.2. Currency swaps-sales		28,964,567	37,638,386	66,602,953	17,199,244	14,610,598	31,809,842
3.2.2.3. Interest rate swaps-purchases		219,590	14,913,606	15,133,196	1,823,110	12,399,492	14,222,602
3.2.2.4. Interest rate swaps-sales		219,590	14,913,606	15,133,196	1,823,110	12,399,492	14,222,602
3.2.3. Currency, interest rate and security options		25,168,273	41,113,326	66,281,599	37,927,519	51,810,681	89,738,200
3.2.3.1. Currency call options		10,166,402	17,686,202	27,852,604	15,244,831	25,062,622	40,307,453
3.2.3.2. Currency put options		15,001,871	14,955,568	29,957,439	22,682,688	20,487,567	43,170,255
3.2.3.3. Interest rate call options		-	7,739,712	7,739,712	-	6,260,492	6,260,492
3.2.3.4. Interest rate put options		-	718,080	718,080	-	-	-
3.2.3.5. Security call options		-	6,882	6,882	-	-	-
3.2.3.6. Security put options		-	6,882	6,882	-	-	-
3.2.4. Currency futures		146,018	242,890	388,908	4,381	283,825	288,206
3.2.4.1. Currency futures-purchases		141,575	42,292	183,867	3,965	3,463	7,428
3.2.4.2. Currency futures-sales		4,443	200,598	205,041	416	280,362	280,778
3.2.5. Interest rate futures		-	17,952	17,952	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	17,952	17,952	-	-	-
3.2.6. Others		19,008	8,899,403	8,918,411	-	11,802,078	11,802,078
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		596,519,660	424,005,765	1,020,525,425	536,426,059	390,070,974	926,497,033
IV. ITEMS HELD IN CUSTODY		39,990,595	34,463,623	74,454,218	38,537,633	32,580,434	71,118,067
4.1. Customers' securities held		4,425,422	-	4,425,422	4,182,396	-	4,182,396
4.2. Investment securities held in custody		19,908,861	14,238,187	34,147,048	19,795,650	13,838,529	33,634,179
4.3. Checks received for collection		13,090,694	2,608,791	15,699,485	12,220,959	2,540,583	14,761,542
4.4. Commercial notes received for collection		2,451,861	1,084,481	3,536,342	2,233,861	1,214,012	3,447,873
4.5. Other assets received for collection		73,321	14,049,121	14,122,442	71,631	13,060,668	13,132,299
4.6. Assets received through public offering		-	73,018	73,018	-	70,813	70,813
4.7. Other items under custody		40,436	2,410,025	2,450,461	33,136	1,855,829	1,888,965
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		556,529,065	389,542,142	946,071,207	497,888,426	357,490,540	855,378,966
5.1. Securities		4,195,796	84,716	4,280,512	4,160,352	20,174	4,180,526
5.2. Guarantee notes		38,138,017	11,292,789	49,430,806	39,071,238	11,148,532	50,219,770
5.3. Commodities		8,594	-	8,594	3,142	-	3,142
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		134,252,165	75,645,402	209,897,567	112,540,277	65,982,195	178,522,472
5.6. Other pledged items		379,934,323	302,519,186	682,453,509	342,113,247	280,339,012	622,452,259
5.7. Pledged items-depository		170	49	219	170	627	797
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		751,852,097	670,970,567	1,422,822,664	680,824,948	597,992,696	1,278,817,644

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

Türkiye Garanti Bankası Anonim Şirketi
Income Statement
For the Nine-Month Period Ended 30 September 2016

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2016- 30 September 2016	PRIOR PERIOD 1 January 2015- 30 September 2015	CURRENT PERIOD 1 July 2016- 30 September 2016	PRIOR PERIOD 1 July 2015- 30 September 2015
I. INTEREST INCOME	(5.4.1)	15,368,625	12,620,470	5,358,418	4,285,964
1.1 Interest income on loans		12,202,092	9,987,234	4,271,678	3,581,653
1.2 Interest income on reserve deposits		161,454	39,454	63,795	20,034
1.3 Interest income on banks		65,901	60,670	23,296	14,494
1.4 Interest income on money market transactions		4,312	2,337	2,027	716
1.5 Interest income on securities portfolio		2,777,394	2,405,409	940,712	627,278
1.5.1 Trading financial assets		11,882	13,002	4,358	2,910
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		1,490,017	1,264,472	502,944	350,376
1.5.4 Investments held-to-maturity		1,275,495	1,127,935	433,410	273,992
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		157,472	125,366	56,910	41,789
II. INTEREST EXPENSE	(5.4.2)	7,244,651	6,015,926	2,476,708	2,122,910
2.1 Interest on deposits		5,146,700	4,173,110	1,772,625	1,457,833
2.2 Interest on funds borrowed		674,065	712,645	231,882	239,127
2.3 Interest on money market transactions		699,683	477,422	220,260	190,475
2.4 Interest on securities issued		699,732	635,377	247,406	233,941
2.5 Other interest expenses		24,471	17,372	4,535	1,534
III. NET INTEREST INCOME (I - II)		8,123,974	6,604,544	2,881,710	2,163,054
IV. NET FEES AND COMMISSIONS INCOME		2,339,586	2,204,528	795,850	749,561
4.1 Fees and commissions received		3,072,011	2,866,386	1,047,294	996,950
4.1.1 Non-cash loans		232,034	206,861	79,981	73,299
4.1.2 Others		2,839,977	2,659,525	967,313	923,651
4.2 Fees and commissions paid		732,425	661,858	251,444	247,389
4.2.1 Non-cash loans		2,210	2,227	738	688
4.2.2 Others		730,215	659,631	250,706	246,701
V. DIVIDEND INCOME	(5.4.3)	6,902	5,102	-	-
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	(662,559)	(723,323)	(107,679)	(371,994)
6.1 Trading account income/losses		112,584	741,022	92,870	490,099
6.2 Income/losses from derivative financial instruments		(792,205)	(1,556,439)	151,264	(281,445)
6.3 Foreign exchange gains/losses		17,062	92,094	(351,813)	(580,648)
VII. OTHER OPERATING INCOME	(5.4.5)	1,153,195	641,807	144,991	150,400
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		10,961,098	8,732,658	3,714,872	2,691,021
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	2,155,848	1,566,402	763,742	549,728
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	4,344,651	4,309,689	1,418,113	1,506,874
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		4,460,599	2,856,567	1,533,017	634,419
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		339,790	318,560	126,494	91,288
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	4,800,389	3,175,127	1,659,511	725,707
XVI. PROVISION FOR TAXES (±)	(5.4.9)	889,509	706,189	328,893	195,455
16.1 Current tax charge		785,178	326,574	83,820	(2,080)
16.2 Deferred tax charge/(credit)		104,331	379,615	245,073	197,535
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	3,910,880	2,468,938	1,330,618	530,252
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from assets held for sale		-	-	-	-
18.2 Income from sale of associates, affiliates and joint-ventures		-	-	-	-
18.3 Others		-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Expenses on assets held for sale		-	-	-	-
19.2 Expenses on sale of associates, affiliates and joint-ventures		-	-	-	-
19.3 Others		-	-	-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	(5.4.8)	-	-	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(5.4.9)	-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge/(credit)		-	-	-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	(5.4.10)	-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(5.4.11)	3,910,880	2,468,938	1,330,618	530,252
Earnings per Share		0.931	0.588	0.122	0.237

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Statement of Income/Expense Items Accounted for under Shareholders' Equity

For the Nine-Month Period Ended 30 September 2016

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2016- 30 September 2016	PRIOR PERIOD 1 January 2015- 30 September 2015
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	60,381	(1,009,904)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	369
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	172,081	482,182
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	(124,184)	89,645
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(63,275)	(36,563)
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	90,802	(70,269)
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	5,468	175,366
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	141,273	(369,174)
XI. CURRENT PERIOD PROFIT/LOSSES	3,910,880	2,468,938
1.1 Net changes in fair value of securities (transferred to income statement)	159,176	65,849
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	(101,750)	55,132
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	3,853,454	2,347,957
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	4,052,153	2,099,764

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the Nine-Month Period Ended 30 September 2016

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)																			
			Paid-In Capital	Capital Reserves from Inflation Adj.s 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	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity				
PRIOR PERIOD (1 January - 30 September 2015)																						
I.	Balances at beginning of the period		4,200,000	772,554	11,880	-	-	-	-	1,131,122	-	-	16,190,308	71,385	-	3,683,725	453,556	175,034	1,891	(5,458)	-	26,685,997
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	(70,623)	-	-	(9,614)	7,378	-	-	-	-	(72,859)
2.1.	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of changes in accounting policies (*)		-	-	-	-	-	-	-	-	-	-	(70,623)	-	-	(9,614)	7,378	-	-	-	-	(72,859)
III.	Adjusted balances at beginning of the period (I+II)	(5.5)	4,200,000	772,554	11,880	-	-	-	-	1,131,122	-	-	16,119,685	71,385	-	3,674,111	460,934	175,034	1,891	(5,458)	-	26,613,138
Changes during the period																						
IV.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(855,639)	-	-	-	-	(855,639)
VI.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,465	42,465
6.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71,716	71,716
6.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,251)	(29,251)
VII.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	369	-	-	-	369
VIII.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences		-	-	-	-	-	-	-	2,259	-	-	691	31,133	-	-	448,097	-	-	-	-	482,180
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX.	Profit distribution		-	-	-	-	-	-	-	-	-	-	2,468,938	-	-	-	-	-	-	-	-	2,468,938
20.1.	Dividends		-	-	-	-	-	-	-	35,700	-	-	3,039,465	31,946	-	(3,674,111)	-	-	-	-	-	(567,000)
20.2.	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(567,000)
20.3.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	-	-	-	1,169,081	-	-	19,159,841	134,464	-	2,468,938	14,843	175,403	1,891	37,007	-	28,145,902
CURRENT PERIOD (1 January - 30 September 2016)																						
I.	Balances at beginning of the period		4,200,000	772,554	11,880	-	-	-	-	1,168,329	-	-	19,159,612	100,008	-	3,406,507	441,960	1,631,907	1,891	86,407	-	30,981,055
Changes during the period			(5.5)																			
II.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,555	-	-	-	-	29,555
IV.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(151,165)	(151,165)
4.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(100,545)	(100,545)
4.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,620)	(50,620)
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	8,303	-	-	-	-	(8,303)	-	-	-	-
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences		-	-	-	-	-	-	-	753	-	-	335	10,551	-	-	160,442	-	-	-	-	172,081
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1.	Dividends		-	-	-	-	-	-	-	35,700	-	-	2,799,084	805	-	(3,406,507)	-	3,918	-	-	-	(567,000)
18.2.	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(567,000)
18.3.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	-	-	-	1,204,782	-	-	21,968,100	111,364	-	3,910,880	722,759	1,626,756	1,891	(64,758)	-	34,466,208

(*) The corrections are disclosed in Note 3.24

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Nine-Month Period Ended 30 September 2016

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2016- 30 September 2016	PRIOR PERIOD 1 January 2015- 30 September 2015
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		3,577,694	1,532,486
1.1.1 Interests received		13,833,056	11,855,189
1.1.2 Interests paid		(7,443,826)	(6,624,007)
1.1.3 Dividend received		6,902	5,102
1.1.4 Fees and commissions received		3,072,011	2,866,386
1.1.5 Other income		1,135,779	1,390,313
1.1.6 Collections from previously written-off loans and other receivables		111,426	55,159
1.1.7 Payments to personnel and service suppliers		(3,881,095)	(3,861,317)
1.1.8 Taxes paid		(1,050,021)	(787,199)
1.1.9 Others	(5.6)	(2,206,538)	(3,367,140)
1.2 Changes in operating assets and liabilities		(4,712,955)	3,264,687
1.2.1 Net (increase) decrease in financial assets held for trading		35,809	250,676
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		200,000	-
1.2.3 Net (increase) decrease in due from banks		(3,426,074)	(5,315,322)
1.2.4 Net (increase) decrease in loans		(14,485,992)	(26,312,666)
1.2.5 Net (increase) decrease in other assets		472,574	(1,689,766)
1.2.6 Net increase (decrease) in bank deposits		(3,343,806)	1,743,326
1.2.7 Net increase (decrease) in other deposits		13,317,350	27,281,523
1.2.8 Net increase (decrease) in funds borrowed		1,965,760	4,530,262
1.2.9 Net increase (decrease) in matured payables			
1.2.10 Net increase (decrease) in other liabilities	(5.6)	551,424	2,776,654
I. Net cash flow from banking operations		(1,135,261)	4,797,173
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		1,742,786	(486,226)
2.1 Cash paid for purchase of associates, affiliates and joint-ventures		(53,484)	-
2.2 Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3 Purchases of tangible assets		(507,185)	(182,389)
2.4 Sales of tangible assets		64,913	69,978
2.5 Cash paid for purchase of financial assets available-for-sale		(5,460,882)	(3,697,816)
2.6 Cash obtained from sale of financial assets available-for-sale		7,220,393	3,952,604
2.7 Cash paid for purchase of investments held-to-maturity		(382,802)	(3,590,304)
2.8 Cash obtained from sale of investments held-to-maturity		861,833	2,961,701
2.9 Others	(5.6)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		(620,737)	1,082,337
3.1 Cash obtained from funds borrowed and securities issued		4,280,755	5,076,524
3.2 Cash used for repayment of funds borrowed and securities issued		(4,324,219)	(3,425,034)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(567,000)	(567,000)
3.5 Payments for financial leases		(10,273)	(2,153)
3.6 Others (payments for founder shares repurchased)	(5.6)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(5.6)	195,364	1,203,884
V. Net increase/(decrease) in cash and cash equivalents		182,152	6,597,168
VI. Cash and cash equivalents at beginning of period		8,878,118	7,585,868
VII. Cash and cash equivalents at end of period		9,060,270	14,183,036

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

3 Accounting policies

3.1 Basis of presentation

The Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation” which includes the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

The accompanying unconsolidated 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, real estates and investments in affiliates valued at equity basis of accounting.

The accounting policies and the valuation principles applied in the preparation of the accompanying 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 Bank’s 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 has 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 is 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 Bank’s 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 management of interest and liquidity risks 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 and the differences are recorded as foreign exchange gain or loss in the income statement.

In the unconsolidated financial statements, the financial affiliates are accounted for using the equity method in accordance with the Communiqué published on the Official Gazette dated 9 April 2015 no. 29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements". In this context, foreign affiliates' asset and liability items in the balance sheet are translated into Turkish Lira by using foreign exchange rates as of the balance sheet date whereas income and expense items are translated into Turkish Lira by using average foreign exchange rates for the related period. Foreign exchange differences arising from translation of income and expense items and other equity items are accounted under capital reserves under equity.

From 1 September 2015, it has been started to apply net investment hedge amounting to EUR 338,487,179 in total among net investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses in the amount of TL 30,467 thousands, arising from conversion of both foreign currency net investments and long term foreign currency borrowings are accounted under capital reserves and hedging reserves, respectively under equity as of 30 September 2016. There is no ineffective portion arising from net investment hedge accounting.

3.3 Investments in associates and affiliates

In the unconsolidated financial statements, the financial affiliates are accounted for using the equity method in accordance with the Communiqué published on the Official Gazette dated 9 April 2015 no. 29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements".

In accordance with the Turkish Accounting Standard 28 (TAS 28) for "Investments in Associates and Joint Ventures" through the equity method, the carrying value of financial affiliates are accounted in the financial statements with respect to the Bank's share in these investments' net asset value. While the Bank's share on profits or losses of financial affiliates are accounted in the Bank's income statement, the Bank's share in other comprehensive income of financial affiliates are accounted in the Bank's other comprehensive income statement.

Non-financial affiliates are accounted at cost in the financial statements after provisions for impairment losses deducted, if any, in accordance with TMS 27.

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 enters into interest rate and cross currency swap transactions in order to hedge the change 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 fixed-rate financial assets available for sale, such changes are reclassified from shareholders' equity to income statement.

The Bank enters 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 recognised in shareholders' equity is removed and included in income statement in the same period when the hedged cash flows effect the income or loss.

The Bank performs effectiveness test 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

Interests 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 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.

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

Financial assets valued 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 has the intent and ability to hold until maturity, excluding originated loans and receivables.

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

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

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

Financial assets available-for-sale are measured at their fair values subsequently. However, assets for which fair values can not be determined reliably, are valued at amortized costs by using 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 values and the discounted values are recorded in “securities value increase fund” under the shareholders’ equity. In case of sales, the gain/losses arising from fair value measurement under shareholders’ equity are recognized in income statement.

The Bank owns consumer price indexed government bonds (CPI) portfolio. CPI’s are valued and accounted according to the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. As it is mentioned in the Undersecretariat of Treasury’s Investor Guide of CPI, the reference index used during the calculation of the actual coupon payment amount is the previous two months CPI’s. The bank determines its expected inflation rates in compliance with this guide. The estimated inflation rate according to the Central Bank of Turkey and the Bank’s expectations, is updated during the year when it is considered necessary.

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

Loans and receivables are financial assets raised by the Bank 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 provides specific and general allowances for loan and other receivables classified 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. The allowances are recorded in 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 released 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 than their carrying values, a provision for impairment is allocated, and the net value is shown on the balance sheet.

The Bank provides specific allowances for non-performing loan and other receivables in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. Such allowances are recorded under “loans” as negative balances 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

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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 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 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. 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. The 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, discontinued operations and related liabilities

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 income statement. The Bank has no discontinued operations.

3.12 Goodwill and other intangible assets

The Bank’s intangible assets consist of softwares, intangible rights and other intangible assets.

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

The costs of other 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 initial purchase costs.

As per TAS 38, internally-generated softwares should be recognised as intangible assets if they meet the below listed criterias:

- The technical feasibility of completing the intangible asset so that it will be available for use,
- Availability of the Bank’s intention to complete and use the intangible asset,
- The ability to use the intangible asset,
- Clarity in probable future economic benefits to be generated from the intangible asset,
- The availability of adequate technical, financial and other resources to complete the development phase and to start using the intangible asset,
- The availability to measure reliably the expenditure attributable to the intangible asset during the development phase.

The directly attributable development costs of intangible asset are included in the the cost of such assets, however the research costs are recognised as expense as incurred.

The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis. Estimated useful lives of the Bank’s intangible assets 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 then 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.

As of 1 November 2015, changing the existing accounting policy, it has been decided to apply revaluation model for properties recorded under tangible assets instead of cost model in accordance with the Turkish Accounting Standard 16 (TAS 16) “Property, Plant and Equipment”. Accordingly, for all real estates registered in the ledger, a valuation study was performed by independent expertise firms.

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. The depreciation rates and the estimated useful lives of tangible assets are presented below. Depreciation method in use was not changed in the current period.

Tangible assets	Estimated Useful Lives (Years)	Depreciation Rates %
Buildings	50	2
Vaults	50	2
Motor vehicles	5-7	15-20
Other tangible assets	4-20	5-25

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.

Useful lives of buildings are reviewed at least once a year and if current estimates are different than previous estimates, then the revised estimates are considered as accounting policy change in accordance with Turkish Accounting Standard 8 (TAS 8) "Accounting Policies, Changes in Accounting Estimates and Errors".

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. As of 1 November 2015, changing the existing accounting policy, it has been decided to apply fair value model for investment properties instead of cost model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property" Accordingly, for all the investment properties registered in the ledger, a valuation study was performed by independent expertise firms. Fair value changes in investment properties were accounted in the income statement for the period they occurred.

Investment properties accounted at fair value are not depreciated.

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. If an inflow of economic benefits to the Bank 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 Bank is 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 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:

	30 September 2016	31 December 2015
	%	%
Net Effective Discount Rate	2.99	2.99
Discount Rate	10.30	10.30
Expected Rate of Salary	8.60	8.60
Inflation Rate	7.10	7.10

The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' 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 TAS 19.

Retirement benefit obligations

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

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

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

	30 September 2016	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

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

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

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

On 19 June 2008, Cumhuriyet Halk Partisi (“CHP”) 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 first paragraph of the provisional Article 20 of the Law is 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 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 TAS 19.

3.18 Taxation

3.18.1 Corporate tax

Effective from 1 January 2006, statutory income is subject to corporate tax at 20% in Turkey. 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 are not subject to withholding tax. As per the decisions no.2009/14593 and no.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 tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

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

The 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 taxes payable is calculated by the obligating firm and the calculation is shown at the tax declaration form that is due till the following year's September and the payment is done till this date.

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.

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 are reported as net in the financial statements.

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 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 2016, the Bank does 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 names 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 is as follows:

<i>Current Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	4,758,254	3,484,779	602,587	2,108,576	10,954,196
Other	-	-	-	-	-
Total Operating Profit	4,758,254	3,484,779	602,587	2,108,576	10,954,196
Net Operating Profit	1,234,769	1,185,173	420,701	1,952,844	4,793,487
Income from Associates and Affiliates	-	-	-	6,902	6,902
Net Operating Profit	1,234,769	1,185,173	420,701	1,959,746	4,800,389
Provision for Taxes	-	-	-	889,509	889,509
Net Profit	1,234,769	1,185,173	420,701	1,070,237	3,910,880
Segment Assets	57,424,592	114,708,526	80,739,860	11,637,125	264,510,103
Investments in Associates and Affiliates	-	-	-	5,127,717	5,127,717
Total Assets	57,424,592	114,708,526	80,739,860	16,764,842	269,637,820
Segment Liabilities	101,252,657	58,384,681	69,384,207	6,150,067	235,171,612
Shareholders' Equity	-	-	-	34,466,208	34,466,208
Total Liabilities and Shareholders' Equity	101,252,657	58,384,681	69,384,207	40,616,275	269,637,820

<i>Prior Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,678,221	3,004,047	1,018,634	1,026,654	8,727,556
Other	-	-	-	-	-
Total Operating Profit	3,678,221	3,004,047	1,018,634	1,026,654	8,727,556
Net Operating Profit	(114,226)	1,608,190	789,152	886,909	3,170,025
Income from Associates and Affiliates	-	-	-	5,102	5,102
Net Operating Profit	(114,226)	1,608,190	789,152	892,011	3,175,127
Provision for Taxes	-	-	-	706,189	706,189
Net Profit	(114,226)	1,608,190	789,152	185,822	2,468,938
Segment Assets	53,086,559	106,251,482	79,563,977	10,957,371	249,859,389
Investments in Associates and Affiliates	-	-	-	4,483,197	4,483,197
Total Assets	53,086,559	106,251,482	79,563,977	15,440,568	254,342,586
Segment Liabilities	91,670,983	53,507,379	71,649,459	6,533,710	223,361,531
Shareholders' Equity	-	-	-	30,981,055	30,981,055
Total Liabilities and Shareholders' Equity	91,670,983	53,507,379	71,649,459	37,514,765	254,342,586

3.24 Other disclosures

As of 1 November 2015, changing the existing accounting policy, it has been decided to apply fair value model for investment properties instead of cost model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property". Accordingly, for all the investment properties registered in the ledger, a valuation study was performed by independent expertise firms. Fair value changes in investment properties were accounted in the income statement for the period they occurred.

As of 31 December 2015, changing the existing accounting policy, it has been decided to account for taxation related levies and liabilities in the periods when the events resulting in such liabilities occurred instead of applying accrual basis of accounting as in prior years in accordance with the interpretation of TFRS Comment 21 "Levies".

As of 31 December 2015, in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are calculated and accounted for fees and commissions income recognized in prior years but reimbursed in subsequent periods.

Due to the aforementioned accounting policy changes, the prior years' consolidated financial statements were restated as per the TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" standard.

The effects of the adjusting entries on the prior period's financial statements are as follows:

<i>30 June 2015</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Foreign Exchange Gains/Losses	761,202	(88,460)	672,742
Other Operating Expenses	2,760,837	41,978	2,802,815
Income/Loss from Investments Under Equity Accounting	-	227,272	227,272
Provision for Taxes	536,822	(26,088)	510,734
Current Period Net Profit/Loss	1,815,764	122,922	1,938,686

<i>30 September 2015</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Other Operating Expenses	4,289,596	20,093	4,309,689
Provision for Taxes	710,207	(4,018)	706,189
Current Period Net Profit/Loss	2,485,013	(16,075)	2,468,938

4 Financial Position and Results of Operations and Risk Management

4.1 Total capital

The capital items calculated as per the “Regulation on Equities of Banks” published on 5 September 2013, are presented below:

4.1.1 Components of total capital

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	23,360,229	
Other Comprehensive Income according to TAS	2,539,677	
Profit	3,910,880	
Current Period Profit	3,910,880	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1,891	
Common Equity Tier I Capital Before Deductions	34,797,111	
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	290,519	-
Leasehold Improvements on Operational Leases (-)	98,306	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	115,599	192,665
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	1,805	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
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 more 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 (-)	-	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
Total Deductions from Common Equity Tier I Capital	506,229	
Total Common Equity Tier I Capital	34,290,882	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
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 (-)	-	
Items to be Deducted from Tier I Capital during the Transition Period		
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 (-)	77,066	-
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 (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	34,213,816	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	2,492,981	
Total Deductions from Tier II Capital	2,492,981	
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
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 more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	2,492,981	
Total Equity (Total Tier I and Tier II Capital)	36,706,797	
Total Tier I Capital and Tier II Capital (Total Equity)		

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	54	
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 (-)	19,166	
Other items to be Defined by the BRSA (-)	110,223	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	-	-
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 (-)	-	-
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 (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	36,577,354	-
Total Risk Weighted Assets	223,117,032	-
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	15.37	-
Tier I Capital Ratio (%)	15.33	-
Capital Adequacy Ratio (%)	16.39	-
BUFFERS		
Bank-specific total CET1 Capital Ratio	4.50	-
Capital Conservation Buffer Ratio (%)	0.625	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.008	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	7.44	-
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	305.251	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	3,135,800	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	2,492,981	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Under this item fully loaded amounts were reported for items that are subject to phasing in according to “Bank Capital Regulation” dated 1 January 2014.

The Bank plans its Common Equity Tier 1 (CET1) Capital by considering 10% as the minimum target while considering its additional CET 1 requirements during the phase-in period due to aforementioned regulations.

4.1.2 Items included in capital calculation

None.

4.1.3 Reconciliation of capital items to balance sheet

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	2,995,099	(732,170)	2,262,929	
Other Comprehensive Income According to TAS	2,981,328	(732,170)	2,249,158	
Securities Value Increase Fund	722,759	-	722,759	
Revaluation Surplus on Tangible Assets	1,626,756	-	1,626,756	
Revaluation Surplus on Intangible Assets	-	-	-	
Revaluation Surplus on Investment Property	-	-	-	
Hedging Reserves (Effective Portion)	(64,758)	40,384	(24,374)	Items not included in the calculation as per Regulation's Article 9-1-f
Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	-	-	-	
Other Capital Reserves	696,571	(772,554)	(75,983)	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Affiliates and Joint-Ventures	1,891	-	1,891	
Share Premium	11,880	-	11,880	
Profit Reserves	23,360,229	-	23,360,229	
Profit or Loss	3,910,880	-	3,910,880	
Prior Periods Profit/Loss	-	-	-	
Current Period Net Profit/Loss	3,910,880	-	3,910,880	
Deductions from Common Equity Tier I Capital (-)	-		215,710	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	34,466,208		34,290,882	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			77,066	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			34,213,816	
Subordinated Debts			-	
General Provisions			2,492,981	General Loan Provision added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			2,492,981	
Deductions from Total Capital (-)			129,443	Deductions from Capital as per the Regulation
Total			36,577,354	

4.2 Credit risk

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”.

4.3 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 September 2016, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to TL 3,582,597 thousands (31 December 2015: TL 7,778,023 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 4,087,745 thousands (31 December 2015: TL 9,467,068 thousands), while net foreign currency long open position amounts to TL 505,148 thousands (31 December 2015: TL 1,689,045 thousands).

The foreign currency position risk of the Bank 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. The foreign currency exchange risk is managed through transaction, dealer, desk and stop-loss limits approved by the board of directors for the trading portfolio beside the foreign currency net position standard ratio and the VaR limit.

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

	USD	EUR
Foreign currency purchase rates at balance sheet date	2.9920	3.3561
<u>Exchange rates for the days before balance sheet date;</u>		
Day 1	2.9920	3.3617
Day 2	2.9780	3.3357
Day 3	2.9760	3.3310
Day 4	2.9750	3.3481
Day 5	2.9470	3.3036
Last 30-days arithmetical average rates	2.9605	3.3163

The Bank's currency risk:

<i>Current Period</i>	EUR	USD	Other FCs	Total
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	14,424,097	12,176,689	2,841,545	29,442,331
Banks	2,214,917	6,415,274	295,526	8,925,717
Financial Assets at Fair Value through Profit/Loss	161,504	321,886	56	483,446
Interbank Money Market Placements	-	299,204	-	299,204
Financial Assets Available-for-Sale	71,419	1,034,365	1	1,105,785
Loans (*)	26,607,982	38,841,440	500,717	65,950,139
Investments in Associates, Affiliates and Joint-Ventures	2,559,771	-	153,795	2,713,566
Investments Held-to-Maturity	117,660	9,616,132	-	9,733,792
Derivative Financial Assets Held for Risk Management	-	1,437	-	1,437
Tangible Assets	50	188	-	238
Intangible Assets	-	-	-	-
Other Assets	226,553	559,243	5,210	791,006
Total Assets	46,383,953	69,265,858	3,796,850	119,446,661
Liabilities				
Bank Deposits	424,643	749,002	329,696	1,503,341
Foreign Currency Deposits	22,399,404	52,041,194	1,657,543	76,098,141
Interbank Money Market Takings	-	148,639	304,870	453,509
Other Fundings	8,251,382	22,584,658	103,412	30,939,452
Securities Issued	1,974,624	7,455,066	768,725	10,198,415
Miscellaneous Payables	63,952	810,404	8,356	882,712
Derivative Financial Liabilities Held for Risk Management	30,197	217,505	109,920	357,622
Other Liabilities (**)	312,583	965,202	1,318,281	2,596,066
Total Liabilities	33,456,785	84,971,670	4,600,803	123,029,258
Net 'On Balance Sheet' Position	12,927,168	(15,705,812)	(803,953)	(3,582,597)
Net 'Off-Balance Sheet' Position	(13,174,263)	15,687,091	1,574,917	4,087,745
Derivative Assets	11,463,626	54,373,572	6,610,087	72,447,285
Derivative Liabilities	24,637,889	38,686,481	5,035,170	68,359,540
Non-Cash Loans	-	-	-	-
<i>Prior Period</i>				
Total Assets	32,703,430	76,415,779	5,438,306	114,557,515
Total Liabilities	31,085,884	86,871,090	4,378,564	122,335,538
Net 'On Balance Sheet' Position	1,617,546	(10,455,311)	1,059,742	(7,778,023)
Net 'Off-Balance Sheet' Position	(552,341)	11,191,825	(1,172,416)	9,467,068
Derivative Assets	11,681,920	43,870,033	6,336,208	61,888,161
Derivative Liabilities	12,234,261	32,678,208	7,508,624	52,421,093
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 5,601,176 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Other liabilities include gold deposits of TL 1,412,183 thousands.

4.4 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 Assessment Committee and Assets-Liabilities Committee meetings taking into consideration the developments in market conditions.

The Bank's interest rate risk is measured by using economic value, economic capital, net interest income, income at risk, market price sensitivity of marketable securities portfolio, duration-gap and sensitivity analysis.

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.

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

<i>Current Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	22,252,032	-	-	-	-	9,052,428	31,304,460
Banks	2,845,948	1,655,572	1,743,366	-	-	2,824,175	9,069,061
Financial Assets at Fair Value through Profit/Loss	2,231	11,025	49,323	35,540	31,141	1,456,662	1,585,922
Interbank Money Market Placements	299,200	-	-	-	-	4	299,204
Financial Assets Available-for-Sale	1,726,137	3,924,475	8,452,252	1,952,239	1,535,410	1,749,561	19,340,074
Loans	39,840,257	28,512,856	44,277,114	43,394,295	12,555,915	3,552,681	172,133,118
Investments Held-to-Maturity	2,985,343	3,043,390	2,429,291	4,667,562	6,356,377	2,276,153	21,758,116
Other Assets	4,361	173	-	14,939	2,287	14,126,105	14,147,865
Total Assets	69,955,509	37,147,491	56,951,346	50,064,575	20,481,130	35,037,769	269,637,820
Liabilities							
Bank Deposits	643,195	296,454	118,977	-	-	1,120,568	2,179,194
Other Deposits	79,028,844	25,331,065	11,517,022	195,735	-	32,685,330	148,757,996
Interbank Money Market Takings	16,894,879	450,085	-	-	-	9,867	17,354,831
Miscellaneous Payables	-	-	-	-	-	8,951,407	8,951,407
Securities Issued	105,822	980,328	4,414,067	6,516,112	1,834,486	276,407	14,127,222
Other Fundings	11,617,195	14,198,021	3,217,392	3,652,141	149,380	205,780	33,039,909
Other Liabilities	2,741	13,067	29,742	797	-	45,180,914	45,227,261
Total Liabilities	108,292,676	41,269,020	19,297,200	10,364,785	1,983,866	88,430,273	269,637,820
On Balance Sheet Long Position	-	-	37,654,146	39,699,790	18,497,264	-	95,851,200
On Balance Sheet Short Position	(38,337,167)	(4,121,529)	-	-	-	(53,392,504)	(95,851,200)
Off-Balance Sheet Long Position	8,335,174	16,221,132	4,171,445	4,952,473	3,433,025	-	37,113,249
Off-Balance Sheet Short Position	(1,999,832)	(8,286,442)	(3,874,032)	(12,817,518)	(10,178,455)	-	(37,156,279)
Total Position	(32,001,825)	3,813,161	37,951,559	31,834,745	11,751,834	(53,392,504)	(43,030)

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

<i>Prior Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	237,533	-	-	-	-	24,913,990	25,151,523
Banks	4,891,625	1,627,764	1,721,756	-	-	3,606,350	11,847,495
Financial Assets at Fair Value through Profit/Loss(**)	6,123	43,980	24,243	64,552	27,070	1,484,381	1,650,349
Interbank Money Market Placements	61,068	-	-	-	-	1	61,069
Financial Assets Available-for-Sale	1,056,789	8,255,927	5,535,331	2,886,934	1,398,732	1,386,088	20,519,801
Loans (**)	36,234,817	19,851,601	47,116,862	41,487,703	11,718,450	2,928,608	159,338,041
Investments Held-to-Maturity	1,314,880	1,839,477	5,475,789	4,164,735	7,166,113	1,794,818	21,755,812
Other Assets	8,141	-	-	-	3,126	14,007,229	14,018,496
Total Assets	43,810,976	31,618,749	59,873,981	48,603,924	20,313,491	50,121,465	254,342,586
Liabilities							
Bank Deposits	2,559,672	1,004,936	136,962	-	-	1,819,409	5,520,979
Other Deposits	69,211,491	23,297,959	12,546,330	155,766	-	30,166,807	135,378,353
Interbank Money Market Takings	12,530,501	242	2,520,164	-	-	17,254	15,068,161
Miscellaneous Payables	-	-	-	-	-	8,336,852	8,336,852
Securities Issued	1,065,962	1,063,971	1,884,600	6,724,385	3,155,359	304,492	14,198,769
Other Fundings	13,072,799	12,976,046	2,387,108	4,813,288	154,377	193,971	33,597,589
Other Liabilities	2,961	41,686	13,766	3,020	-	42,180,450	42,241,883
Total Liabilities	98,443,386	38,384,840	19,488,930	11,696,459	3,309,736	83,019,235	254,342,586
On Balance Sheet Long Position	-	-	40,385,051	36,907,465	17,003,755	-	94,296,271
On Balance Sheet Short Position	(54,632,410)	(6,766,091)	-	-	-	(32,897,770)	(94,296,271)
Off-Balance Sheet Long Position	5,220,980	7,262,160	11,606,458	5,101,636	2,626,080	-	31,817,314
Off-Balance Sheet Short Position	(1,478,854)	(4,029,766)	(9,071,991)	(10,112,625)	(7,396,845)	-	(32,090,081)
Total Position	(50,890,284)	(3,533,697)	42,919,518	31,896,476	12,232,990	(32,897,770)	(272,767)

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

(**) Loans amounting to TL 198,118 thousands included under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are presented above under “Loans”.

4.4.2 Average interest rates on monetary financial instruments

<i>Current Period</i>	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	0.48	-	3.71
Banks	0.07	0.60	-	9.48
Financial Assets at Fair Value through Profit/Loss	2.39	5.63	-	9.46
Interbank Money Market Placements	-	0.50	-	-
Financial Assets Available-for-Sale	-	5.70	-	9.74
Loans	4.01	5.51	3.41	15.43
Investments Held-to-Maturity	0.19	5.53	-	8.89
Liabilities				
Bank Deposits	-	1.15	-	9.34
Other Deposits	0.93	1.78	1.17	7.57
Interbank Money Market Takings	-	1.55	1.49	7.95
Miscellaneous Payables	-	-	-	-
Securities Issued	3.48	5.13	0.71	10.40
Other Fundings	0.86	2.51	-	10.11

<i>Prior Period</i>	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	0.35	-	2.90
Banks	0.13	0.15	-	11.43
Financial Assets at Fair Value through Profit/Loss	4.66	4.64	-	10.29
Interbank Money Market Placements	-	0.55	-	-
Financial Assets Available-for-Sale	-	5.67	-	10.54
Loans	3.94	5.17	3.04	15.20
Investments Held-to-Maturity	0.19	5.49	-	10.76
Liabilities				
Bank Deposits	0.56	1.05	-	10.69
Other Deposits	0.95	1.43	1.19	8.20
Interbank Money Market Takings	-	2.12	1.49	9.31
Miscellaneous Payables	-	-	-	-
Securities Issued	3.42	4.83	1.01	9.94
Other Fundings	1.09	2.17	1.50	11.06

4.5 Position risk of equity securities in banking book

4.5.1 Equity shares in associates and affiliates

Accounting policies for equity shares in associates and affiliates are disclosed in Note 3.3.

4.5.2 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	5,028,268	4,916,156	74,078
	Quoted Securities	77,470	77,470	74,078
2	Investment in Shares- Grade B	97,725	70,627	72,997
	Quoted Securities	70,627	70,627	72,997
3	Investment in Shares- Grade C	662	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- Grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- Grade F	48	-	-
	Quoted Securities	-	-	-

(*) The balances are as per the results of equity accounting application.

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value^(*)	Market Value
1	Investment in Shares- Grade A	4,389,688	4,277,576	70,875
	Quoted Securities	70,956	70,956	70,875
2	Investment in Shares- Grade B	91,785	64,688	69,839
	Quoted Securities	64,688	64,688	69,839
3	Investment in Shares- Grade C	662	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- Grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- Grade F	48	-	-
	Quoted Securities	-	-	-

(*) The balances are as per the results of equity accounting application.

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

<i>Current Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses		
Portfolio			Total	Amount in Tier I Capital ^(*)	Total	Amount in Core Capital	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-	
2	Quoted Shares	-	62,845	62,845	-	-	62,845
3	Other Shares	-	2,980,708	2,980,705	-	-	2,980,705
Total		-	3,043,550	3,043,550	-	-	3,043,550

(*) The balances are as per the results of equity accounting application.

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses		
Portfolio			Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-	
2	Quoted Shares	-	50,392	50,392	-	-	
3	Other Shares	-	2,493,817	2,493,817	-	-	
Total		-	2,544,209	2,544,209	-	-	

(*) The balances are as per the results of equity accounting application.

4.5.4 Capital requirement as per equity shares

<i>Current Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	148,097	148,097	11,848
3	Other Shares	4,979,620	4,979,620	398,370
Total		5,127,717	5,127,717	410,218

<i>Prior Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	135,644	135,644	10,852
3	Other Shares	4,347,553	4,347,553	347,804
Total		4,483,197	4,483,197	358,656

4.6 Liquidity risk management and liquidity coverage ratio

Liquidity risk is managed by asset and liability management department (ALMD) and asset and liability committee (ALCO) in line with risk management policies and risk appetite approved by the board of directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure. Under stressed conditions, liquidity risk is managed within the contingency funding plan framework.

The board of directors reviews the liquidity risk management policy and approves the liquidity policies within the framework of risk management policies, ensures the effective of practice of policies and integrations with the Bank's risk management system. The board of directors determines the basic metrics in liquidity risk measurement and monitoring. The board of directors establishes risk appetite of the Bank in liquidity risk management and identifies the risk limits in accordance with the risk appetite and reviews it regularly.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Bank is exposed to and considering the Bank's strategy and conditions of competition and pursues the implementations.

ALMD, performs daily liquidity management by ensuring compliance with regulatory and internal liquidity limits and monitoring related early warning indicators in case of probable liquidity squeezes. The medium and long term liquidity and funding management is performed by ALMD in accordance with ALCO decisions.

Risk management head defines the Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with international standards, presents measurement results periodically to related departments, committees and senior management. Risk management department coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank's risk profile, operation environment and strategic plan with regulations. Risk management department analyses, develops and revises relevant liquidity risk measurement methods and models in accordance with changing market conditions and the Bank's structure. Risk management department reviews assumptions and parameters used in liquidity risk analysis.

The liquidity risk analysis and the important liquidity indicators are reported monthly to related senior management. Additionally, analysis and monitored internal ratios related to liquidity risk are presented in ALCO report. Internal liquidity metrics are monitored with limit and alert levels approved by the Board of Directors and reported regularly to related parties.

Decentralized management approach is adopted in the Bank's liquidity management. Each subsidiary controlled by the Bank performs daily, medium and long term liquidity management independently from the Bank by the authorities in each subsidiary responsible for managing liquidity risk. In addition, within the scope of consolidated risk management, liquidity and funding risk of each subsidiary in control are monitored via the liquidity risk management methods identified by the Bank by considering the operations, risk profile and regulations of the related subsidiary. Also, in increasing market volatility and liquidity deficit environments, cash flows of especially financial subsidiaries are monitored with the Bank's cash flow on a consolidated basis.

The Bank's funding management is carried out in compliance with the ALCO decisions. Funding and placement strategies are developed by assessing liquidity of the Bank.

In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured so as to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Bank's funding base of customer deposits, interbank and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed. Additionally, securities which are eligible as collateral at CBRT issued by Republic of Turkey Treasury and have active secondary market are comprised in the Bank's assets.

In the context of TL and foreign currencies liquidity management, the Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Bank is managed by establishing risk appetite, risk mitigation according to the liquidity and funding policies (diversification of funding sources, holding high quality liquid assets reserve) and effective control environment and closely monitoring by limits. For those risks that cannot be reduced, the adoption of the current level of risk, reduction or termination of the activities that cause the risk is considered.

In liquidity risk stress testing framework, the level of the Bank's ability to cover cash outflows in liquidity crisis scenario based on the Bank's current cash flow structure, by high quality liquid assets is calculated. Scenario analysis are performed by assessing changing balance sheet structure, liquidity requirements and market conditions.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of policy regarding liquidity risk and contingency funding plan is prepared within this framework.

There exists "Liquidity Emergency Plan" in the Bank including mechanisms to prevent increase in liquidity risk scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Bank monitors liquidity risk in terms of early warning indicators, stress levels determined according to probable scenarios and possible actions that can be taken in each stress level.

The Bank's liabilities consist of TL and foreign currency funding, of which a large portion is USD/EUR. Deposits and capital constitute most of TL funding. For the reasons like real person customers can not use foreign currency credit but are able to deposit foreign currency funds, TL and foreign currency deposit and credit amount may differ. Long term funding obtained from foreign banks and creditors are mainly in foreign currency. For these reasons overall foreign currency liabilities are usually more than foreign currency liabilities. Unused portion of USD and EUR foreign currency funding is turned to TL via currency swap transactions and used in TL funding. Lines extended by CBRT and BİST aren't used to full extent, unused limits and high quality liquid asset stock is held is kept to use in the case of a liquidity scarcity in market. Also T.C. Eurobonds aren't used to secure funding and kept as reserve to use in the case of a foreign currency liquidity scarcity in market. In TL and foreign currency liquidity management, regulatory ratios, internally set warnings, limits and other liquidity and funding metrics are monitored.

4.6.1 Liquidity coverage ratio

Liquidity Coverage Ratio (LCR), aims for the banks having the ability to cover 30 days of liquidity needs with their own cash and high quality liquid assets that are easy to convert to cash during liquidity shortages in the markets. With that perspective and according to "Regulation for Banks' Liquidity Coverage Ratio Calculations" (the Regulation) terms LCR ratio is calculated by having high quality liquid assets divided by net cash outflows. After a transition period that will end by 1 January 2019, in both bank-only and consolidated basis, LCR ratio should be at least 80% for foreign currency and 100% for total.

Items in balance sheet and off balance sheet items are taken into account after being multiplied by the coefficients advised in the Regulation. In LCR calculation cash inflows are limited by 75% of cash outflows and cash inflows from high quality liquid assets aren't included.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 4.78% cash, 47.43% deposits in central banks and 47.79% securities considered as high quality liquid assets.

The Bank's main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Funding source composition in report date is 67.19% deposits, 22.54% funds borrowed and money market borrowings and 6.29% securities issued.

In LCR calculation, cash outflows are mainly consist of deposits, secured and unsecured borrowings, securities issued and off balance sheet items.

The cash flows from derivative financial instruments are included in LCR calculations according to Regulation's terms. The Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

There was an increase in high quality liquid assets in items included in LCR calculations during the period.

<i>Current Period</i>	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets			41,869,610	21,581,471
1 Total high-quality liquid assets (HQLA)	46,846,325	26,558,183	41,869,610	21,581,471
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	100,599,761	43,766,480	8,874,004	4,376,648
3 Stable deposits	23,719,439	-	1,185,972	-
4 Less stable deposits	76,880,322	43,766,480	7,688,032	4,376,648
5 Unsecured wholesale funding, of which:	40,145,155	21,437,231	21,475,563	10,694,937
6 Operational deposits	-	-	-	-
7 Non-operational deposits	32,199,288	20,718,724	16,088,489	10,053,347
8 Unsecured funding	7,945,867	718,507	5,387,074	641,590
9 Secured wholesale funding			-	-
10 Other cash outflows of which:	52,391,241	15,195,820	11,476,677	9,155,718
11 Outflows related to derivative exposures and other collateral requirements	6,955,450	7,539,439	7,631,385	7,539,439
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	45,435,791	7,656,381	3,845,292	1,616,279
14 Other revocable off-balance sheet commitments and contractual obligations	1,006	1,006	50	50
15 Other irrevocable or conditionally revocable off-balance sheet obligations	52,469,450	35,868,110	2,623,473	1,793,406
16 Total Cash Outflows			44,449,767	26,020,759
Cash Inflows				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	14,533,899	3,599,841	9,356,156	2,599,466
19 Other cash inflows	1,423,009	5,103,311	1,423,009	5,103,311
20 Total Cash Inflows	15,956,908	8,703,152	10,779,165	7,702,777
			Total Adjusted Value	
21 Total HQLA			41,869,610	21,581,471
22 Total Net Cash Outflows			33,670,602	18,317,982
23 Liquidity Coverage Ratio (%)			124.43	118.65

(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

The table below presents highest, lowest and average liquidity coverage ratios of the third quarter of 2016:

<i>Current Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	145.20	27.06.2016	115.17	21.08.2016	124.56
FC	162.55	29.07.2016	103.28	03.07.2016	118.90

<i>Prior Period</i>	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets			38,348,358	25,408,589
1 Total high-quality liquid assets (HQLA)	42,874,723	29,921,484	38,348,358	25,408,589
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	92,521,984	41,069,069	7,905,352	3,760,902
3 Stable deposits	26,936,931	6,920,088	1,346,847	346,004
4 Less stable deposits	65,585,053	34,148,981	6,558,505	3,414,898
5 Unsecured wholesale funding, of which:	41,271,520	24,505,286	23,947,340	14,163,857
6 Operational deposits	-	-	-	-
7 Non-operational deposits	32,677,280	21,047,652	16,872,374	10,757,484
8 Unsecured funding	8,594,240	3,457,634	7,074,966	3,406,373
9 Secured wholesale funding			11,883	11,883
10 Other cash outflows of which:	51,866,774	15,188,053	9,926,636	7,329,223
11 Outflows related to derivative exposures and other collateral requirements	6,204,411	5,718,456	6,204,411	5,718,456
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	45,662,364	9,469,598	3,722,225	1,610,767
14 Other revocable off-balance sheet commitments and contractual obligations	1,142	1,142	57	57
15 Other irrevocable or conditionally revocable off-balance sheet obligations	48,496,094	33,790,824	2,424,805	1,689,539
16 Total Cash Outflows			44,216,072	26,955,461
Cash Inflows				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	15,152,924	4,637,853	10,363,531	3,768,776
19 Other cash inflows	629,706	272,874	629,706	272,874
20 Total Cash Inflows	15,782,628	4,910,727	10,993,237	4,041,651
			Total Adjusted Value	
21 Total HQLA			38,348,358	25,408,589
22 Total Net Cash Outflows			33,222,835	22,913,810
23 Liquidity Coverage Ratio (%)			115.74	112.46

(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

The table below presents highest, lowest and average liquidity coverage ratios of the last three months of 2015:

<i>Prior Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	128.31	21.12.2015	98.31	02.11.2015	115.74
FC	155.29	29.09.2015	92.10	12.11.2015	112.46

4.6.2 Contractual maturity analysis of liabilities according to remaining maturities

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".

4.6.3 Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	6,850,968	24,453,492	-	-	-	-	-	31,304,460
Banks	2,811,591	1,351,214	51,393	1,753,633	3,101,230	-	-	9,069,061
Financial Assets at Fair Value through Profit/Loss	-	328,159	217,839	310,091	350,733	379,100	-	1,585,922
Interbank Money Market Placements	-	299,204	-	-	-	-	-	299,204
Financial Assets Available-for-Sale	180,020	103	213,269	138,444	9,935,297	8,872,941	-	19,340,074
Loans	331,145	29,794,659	16,683,372	40,473,804	60,890,427	20,415,102	3,544,609	172,133,118
Investments Held-to-Maturity	-	117,660	-	598,080	8,341,952	12,700,424	-	21,758,116
Other Assets	2,452,369	1,068,502	173	3,918	148,189	148,177	10,326,537	14,147,865
Total Assets	12,626,093	57,412,993	17,166,046	43,277,970	82,767,828	42,515,744	13,871,146	269,637,820
Liabilities								
Bank Deposits	1,116,284	644,070	297,107	121,733	-	-	-	2,179,194
Other Deposits	32,119,249	79,323,961	25,477,633	11,596,379	232,774	8,000	-	148,757,996
Other Fundings	-	411,387	4,755,442	10,482,743	11,502,841	5,887,496	-	33,039,909
Interbank Money Market Takings	-	16,901,173	453,658	-	-	-	-	17,354,831
Securities Issued	-	76,557	915,667	4,419,485	6,873,721	1,841,792	-	14,127,222
Miscellaneous Payables	1,040,838	7,910,569	-	-	-	-	-	8,951,407
Other Liabilities (**)	2,884,836	441,123	449,421	427,506	603,406	693,392	39,727,577	45,227,261
Total Liabilities	37,161,207	105,708,840	32,348,928	27,047,846	19,212,742	8,430,680	39,727,577	269,637,820
Liquidity Gap	(24,535,114)	(48,295,847)	(15,182,882)	16,230,124	63,555,086	34,085,064	(25,856,431)	-
Net Off-Balance Sheet Position	-	(62,808)	464,237	498,333	(120,142)	189,550	-	969,170
Derivative Financial Assets	-	55,720,987	24,212,692	27,555,368	7,472,100	1,075,401	-	116,036,548
Derivative Financial Liabilities	-	55,783,795	23,748,455	27,057,035	7,592,242	885,851	-	115,067,378
Non-Cash Loans	-	8,101,182	4,185,056	6,753,623	176,249	-	85,740,962	104,957,072
Prior Period								
Total Assets	11,849,181	54,008,097	13,649,684	43,790,139	77,418,789	41,432,766	12,193,930	254,342,586
Total Liabilities	35,708,826	93,434,062	27,222,063	30,759,578	21,373,798	9,521,998	36,322,261	254,342,586
Liquidity Gap	(23,859,645)	(39,425,965)	(13,572,379)	13,030,561	56,044,991	31,910,768	(24,128,331)	-
Net Off-Balance Sheet Position	-	(2,435)	(23,324)	(503,480)	9,882	87,117	-	(432,240)
Derivative Financial Assets	-	40,312,873	17,317,421	31,938,167	9,819,947	1,027,585	-	100,415,993
Derivative Financial Liabilities	-	40,315,308	17,340,745	32,441,647	9,810,065	940,468	-	100,848,233
Non-Cash Loans	-	3,916,751	2,668,070	7,640,061	294,530	-	83,888,838	98,408,250

(*) 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.

(**) Shareholders' equity is included in "other liabilities" line under "undistributed" column.

4.7 Leverage ratio

The leverage ratio table prepared in accordance with the communiqué “Regulation on Measurement and Assessment of Leverage Ratios of Banks” published in the Official Gazette no. 28812 dated 5 November 2013 is presented below:

The Bank’s leverage ratio calculated by taking average of end of month leverage ratios for the last three-month period is 8.71% (31 December 2015: 8.42%). Main reason for the variance compared to December 2015, is the increase in Tier I Capital higher than other items. While the capital increased by 11.32% as a result of increase in net profits, the balance sheet exposure increased by 8.05% and the off balance sheet exposure increased by 7.27%. Therefore, the current period leverage ratio increased by 29 basis points compared to prior period.

On-balance sheet assets		<i>Current Period</i> (*)	<i>Prior Period</i> (*)
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	270,488,855	250,277,784
2	(Assets deducted in determining Tier I capital)	(293,928)	(220,586)
3	Total on-balance sheet risks (sum of lines 1 and 2)	270,194,927	250,057,198
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	1,860,824	2,353,340
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	7,501,515	7,129,895
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	9,362,339	9,483,235
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,394,423	1,038,962
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,394,423	1,038,962
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	106,704,434	99,470,017
11	(Adjustments for conversion to credit equivalent amounts)	4,386	3,948
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	106,708,820	99,473,965
Capital and total risks			
13	Tier I capital	33,756,985	30,325,091
14	Total risks (sum of lines 3, 6, 9 and 12)	387,660,509	360,053,360
Leverage ratio			
15	Leverage ratio	8.71%	8.42%

(*) Amounts in the table are three-month average amounts.

4.8 Fair values of financial assets and liabilities

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”.

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

None.

4.10 Risk management objectives and policies

The notes under this caption is prepared as per the “Regulation on Calculation of Risk Management Disclosures” published in the Official Gazette no. 29511 dated 23 October 2015.

4.10.1 Risk management strategy and weighted amounts

4.10.1.1 Risk management strategy

Risk management strategy of the Bank is established as part of a maintainable long term, value adding growth strategy and involves optimal allocation of economic capital to business lines considering the risk-return balance by measuring risks with the methods in compliance with its activities and local regulations. Essential principles are adopted in order to ensure that policies determined to assess and manage risks the Bank is exposed to, are kept updated, adapted to changing conditions, applied and managed.

In accordance with the risk appetite framework, the Bank determines the consolidated risk level that the board of the Bank is prepared to accept in order to accomplish the goals and strategies with due consideration to the capacity of the institution to safely absorbs those risks.

It is the ultimate responsibility of the senior management to apply and improve risk management strategies, policies and procedures that are approved by the board of directors, inform the board of directors about the important risks the Bank is exposed to, assess internal control, internal audit and risk reports with regard to the Banks' departments and to eliminate the risks, deficiencies or defects identified in these departments or to take the necessary precautionary actions to prevent those risks, deficiencies and defects and participate in the determination of risk limits.

Policies and procedures regarding risk management are established for subsidiaries. Policies and procedures are prepared in compliance with applicable legislations the subsidiary subject to and parent Bank's risk management strategy, reviewed regularly and renewed if necessary.

Risk management activities are structured under the responsibility of the board of directors. Risk Committee composed of the members of the board is responsible to oversee the Bank's risk management policies and practices, including the alignment with its strategic objectives and management's ability to assess and manage the various risks present in its activities including capital adequacy and planning and liquidity adequacy, as well as all other risk management functions envisioned under the applicable laws and regulations. Upper level management is responsible against the board of directors for the monitoring and management of risks that their departments are exposed to. Accordingly, Risk Management Department, which performs risk management functions, reports to the board of directors via the Risk Committee, whereas the Internal Audit Department, performing internal audit functions, the Internal Control Center, performing internal control functions, and the Compliance Department, which implements compliance controls and performs activities to prevent laundering proceeds of crime, and financing of terrorism, report directly to the board of directors.

The Bank's main approach for the implementation of risk management model is establishing risk culture throughout the Bank, the Bank aims that the importance of risk management for maintaining business operations is understood and risk awareness and sensitivity is ensured for risk decision-making and implementation mechanisms process by all employees.

Training programs for employees, risk reports to the board of directors, senior management and committees, risk appetite framework established by the Bank and internal capital adequacy assessment process generate significant inputs to ensure that risk management culture is widely embraced.

The Bank measures and monitors its risk exposure on consolidated and unconsolidated basis by using methods compliant with international standards and in accordance with the applicable legislation. Advanced risk management tools are utilized in measuring risks. Risk based detailed reports are prepared to put in use for the management of major risks, building strategies and decision making process, and reports are presented periodically or non-periodically to the board of directors and senior management.

The Bank established stress-testing program to measure significant risks and vulnerabilities that may arise from the negative developments or economic and financial circumstances under stress. Stress testing program covers all significant risks of the Bank. Risk based stress tests are carried out by considering the related risk factors individually and simultaneously. Additional to risk based stress tests that are applied to each significant risk types, the Bank also applies stress tests that are intended for whole bank every year, in scope of different macro economic scenarios.

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR) ^(*)	195,356,190	193,517,157	15,628,495
2	Of which standardised approach (SA)	195,356,190	193,517,157	15,628,495
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	3,319,128	2,378,806	265,530
5	Of which standardised approach for counterparty credit risk (SA-CCR)	3,319,128	2,378,806	265,530
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	4,746,907	6,279,160	379,753
17	Of which standardised approach (SA)	4,746,907	6,279,160	379,753
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	18,931,681	16,906,172	1,514,534
20	Of which basic indicator approach	18,931,681	16,906,172	1,514,534
21	Of which standardised approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	763,126	998,611	61,050
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	223,117,032	220,079,906	17,849,362

^(*) Excluding equity investments in funds and amounts below the thresholds for deductions from capital.

4.10.2 Financial statements and regulatory exposures reconciliation

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.3 Credit risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.4 Counterparty credit risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.5 Securitisations

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.6 Market risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.7 Operational risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.8 Banking book interest rate risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,436,689	608,938	1,313,068	750,950
Central Bank of Turkey	425,440	27,975,369	946,596	21,896,042
Others	-	858,024	-	244,867
Total	1,862,129	29,442,331	2,259,664	22,891,859

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	425,440	3,521,876	946,596	1,556,782
Unrestricted Time Deposits	-	132	-	5
Restricted Time Deposits	-	24,453,361	-	20,339,255
Total	425,440	27,975,369	946,596	21,896,042

The reserve deposits kept as per the Communique 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 Information on 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

None.

5.1.2.2 Positive differences on derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	132,306	43,002	243,525	41,894
Swap Transactions	468,414	539,961	363,131	324,633
Futures	-	-	-	34
Options	230,130	42,670	442,320	67,952
Other	-	-	-	-
Total	830,850	625,633	1,048,976	434,513

5.1.2.3 Financial assets at fair value through profit/loss

None.

5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	73,174	476,828	231,280	247,879
Foreign banks	70,170	8,448,889	44,855	11,323,481
Foreign headoffices and branches	-	-	-	-
Total	143,344	8,925,717	276,135	11,571,360

The placements at foreign banks include blocked accounts amounting TL 6,721,018 thousands (31 December 2015: TL 7,344,666 thousands) of which TL 113,831 thousands (31 December 2015: TL 96,799 thousands) and TL 85,680 thousands (31 December 2015: TL 65,058 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 6,521,507 thousands (31 December 2015: TL 7,182,809 thousands) as collateral against funds borrowed at various banks.

Due from foreign banks

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”.

5.1.4 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	3,758,248	-	2,170,335	-
Assets subject to Repurchase Agreements	5,268,868	-	10,879,108	1,449
Total	9,027,116	-	13,049,443	1,449

5.1.4.2 Details of financial assets available-for-sale

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	17,620,249	19,301,827
Quoted at Stock Exchange	17,149,637	18,699,925
Unquoted at Stock Exchange	470,612	601,902
Common Shares/Investment Funds	137,552	69,704
Quoted at Stock Exchange (*)	71,149	7,669
Unquoted at Stock Exchange	66,403	62,035
Value Increases/Impairment Losses (-)	1,582,273	1,148,270
Total	19,340,074	20,519,801

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	1	136,744	146	408,529
Corporates	1	136,744	146	408,529
Individuals	-	-	-	-
Indirect Lendings to Shareholders	1,926,502	429,791	2,043,036	263,954
Loans to Employees	221,080	92	185,470	88
Total	2,147,583	566,627	2,228,652	672,571

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

Current Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Loans	162,907,763	3,117,644	313,353	8,172,468	3,066,719	675,333
Working Capital Loans	18,410,342	533,406	-	933,454	451,622	137,350
Export Loans	7,217,033	189,728	-	196,063	114,888	15,879
Import Loans	4,885	-	-	-	-	-
Loans to Financial Sector	4,600,340	318	-	-	-	-
Consumer Loans	39,311,095	1,651,097	-	1,861,190	555,314	69,382
Credit Cards	17,935,047	-	313,353	569,518	-	314,085
Others	75,429,021	743,095	-	4,612,243	1,944,895	138,637
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	162,907,763	3,117,644	313,353	8,172,468	3,066,719	675,333

As of 30 September 2016, loans amounting to TL 6,218,978 thousands (31 December 2015: TL 5,781,904 thousands) are benefited as collateral under funding transactions.

Prior Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Loans	150,695,419	2,179,145	233,976	7,806,295	3,228,253	622,963
Working Capital Loans	14,870,509	175,956	-	915,921	358,070	85,796
Export Loans	6,399,197	8,136	-	143,651	67,004	35,188
Import Loans	15,160	-	-	-	-	-
Loans to Financial Sector (*)	5,160,937	-	-	-	-	-
Consumer Loans	35,883,920	1,627,563	-	1,729,724	623,376	47,914
Credit Cards	16,364,078	-	233,976	589,131	-	406,106
Others	72,001,618	367,490	-	4,427,868	2,179,803	47,959
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	150,695,419	2,179,145	233,976	7,806,295	3,228,253	622,963

(*) Loans amounting to TL 198,118 thousands included under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are presented above under “Loans to Financial Sector”.

Collaterals received for loans under follow-up;

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
	Loans Collateralized by Cash	33,402	4,639	-
Loans Collateralized by Mortgages	3,444,674	913,892	-	4,358,566
Loans Collateralized by Pledged Assets	833,939	65,612	-	899,551
Loans Collateralized by Cheques and Notes	2,443	539,194	-	541,637
Loans Collateralized by Other Collaterals	1,416,135	10,748	-	1,426,883
Unsecured Loans	11,167	327,105	569,518	907,790
Total	5,741,760	1,861,190	569,518	8,172,468

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	17,538	2,356	-	19,894
Loans Collateralized by Mortgages	2,863,460	690,628	-	3,554,088
Loans Collateralized by Pledged Assets	763,943	59,786	-	823,729
Loans Collateralized by Cheques and Notes	86,223	574,200	-	660,423
Loans Collateralized by Other Collaterals	1,404,793	10,353	-	1,415,146
Unsecured Loans	351,483	392,401	589,131	1,333,015
Total	5,487,440	1,729,724	589,131	7,806,295

Delinquency periods of loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	298,941	759,020	170,177	1,228,138
61-90 days	167,734	286,639	77,341	531,714
Others	5,275,085	815,531	322,000	6,412,616
Total	5,741,760	1,861,190	569,518	8,172,468

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	180,970	633,756	152,905	967,631
61-90 days	45,445	202,495	45,596	293,536
Others	5,261,025	893,473	390,630	6,545,128
Total	5,487,440	1,729,724	589,131	7,806,295

Loans and other receivables with extended payment plans;

No. of Extensions	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
1 or 2 times	2,686,296	2,992,477	1,979,491	2,929,711
3, 4 or 5 times	206,681	57,311	111,249	282,660
Over 5 times	224,667	16,931	88,405	15,882

Extention Periods	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
0-6 months	439,891	666,998	336,391	566,273
6-12 months	572,133	160,973	367,841	149,516
1-2 years	1,331,095	204,330	893,626	393,138
2-5 year	640,407	1,471,071	518,336	1,595,092
5 years and over	134,118	563,347	62,951	524,234

5.1.5.3 Maturity analysis of 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”.

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	803,880	39,581,872	40,385,752
Housing Loans	31,152	20,765,405	20,796,557
Automobile Loans	50,858	1,850,317	1,901,175
General Purpose Loans	721,870	16,966,150	17,688,020
Other	-	-	-
Consumer Loans – FC-indexed	-	155,784	155,784
Housing Loans	-	155,133	155,133
Automobile Loans	-	2	2
General Purpose Loans	-	649	649
Other	-	-	-
Consumer Loans – FC	168	41,093	41,261
Housing Loans	-	23,788	23,788
Automobile Loans	134	10,619	10,753
General Purpose Loans	34	6,686	6,720
Other	-	-	-
Retail Credit Cards – TL	15,334,595	538,765	15,873,360
With Installment	7,395,387	538,765	7,934,152
Without Installment	7,939,208	-	7,939,208
Retail Credit Cards – FC	59,307	-	59,307
With Installment	10,182	-	10,182
Without Installment	49,125	-	49,125
Personnel Loans – TL	20,896	91,459	112,355
Housing Loan	-	1,215	1,215
Automobile Loans	-	67	67
General Purpose Loans	20,896	90,177	111,073
Other	-	-	-
Personnel Loans - FC-indexed	-	326	326
Housing Loans	-	326	326
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	54	54
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	54	54
Other	-	-	-
Personnel Credit Cards – TL	106,766	689	107,455
With Installment	44,857	689	45,546
Without Installment	61,909	-	61,909
Personnel Credit Cards – FC	890	-	890
With Installment	270	-	270
Without Installment	620	-	620
Deposit Accounts– TL (Real persons)	476,753	-	476,753
Deposit Accounts– FC (Real persons)	-	-	-
Total	16,803,255	40,410,042	57,213,297

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	686,400	36,127,573	36,813,973
Housing Loans	25,062	18,582,778	18,607,840
Automobile Loans	37,616	1,522,036	1,559,652
General Purpose Loans	623,722	16,022,759	16,646,481
Other	-	-	-
Consumer Loans – FC-indexed	-	170,849	170,849
Housing Loans	-	168,194	168,194
Automobile Loans	-	2	2
General Purpose Loans	-	2,653	2,653
Other	-	-	-
Consumer Loans – FC	3	40,033	40,036
Housing Loans	-	25,999	25,999
Automobile Loans	-	7,504	7,504
General Purpose Loans	3	6,530	6,533
Other	-	-	-
Retail Credit Cards – TL	14,279,715	566,447	14,846,162
With Installment	6,850,008	566,447	7,416,455
Without Installment	7,429,707	-	7,429,707
Retail Credit Cards – FC	38,371	-	38,371
With Installment	2,685	-	2,685
Without Installment	35,686	-	35,686
Personnel Loans – TL	17,241	74,439	91,680
Housing Loan	-	1,055	1,055
Automobile Loans	-	86	86
General Purpose Loans	17,241	73,298	90,539
Other	-	-	-
Personnel Loans - FC-indexed	-	330	330
Housing Loans	-	330	330
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	112	112
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	112	112
Other	-	-	-
Personnel Credit Cards – TL	92,376	460	92,836
With Installment	37,692	460	38,152
Without Installment	54,684	-	54,684
Personnel Credit Cards – FC	512	-	512
With Installment	86	-	86
Without Installment	426	-	426
Deposit Accounts– TL (Real persons)	496,664	-	496,664
Deposit Accounts– FC (Real persons)	-	-	-
Total	15,611,282	36,980,243	52,591,525

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,680,838	10,350,220	12,031,058
Real Estate Loans	2,323	783,091	785,414
Automobile Loans	103,179	1,990,011	2,093,190
General Purpose Loans	1,575,336	7,577,118	9,152,454
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	199,961	2,088,274	2,288,235
Real Estate Loans	-	54,501	54,501
Automobile Loans	6,766	626,894	633,660
General Purpose Loans	193,195	1,406,879	1,600,074
Other	-	-	-
Installment-based Commercial Loans – FC	1,681	61,299	62,980
Real Estate Loans	-	759	759
Automobile Loans	-	13,394	13,394
General Purpose Loans	1,681	47,146	48,827
Other	-	-	-
Corporate Credit Cards – TL	2,442,993	9,465	2,452,458
With Installment	1,116,597	9,465	1,126,062
Without Installment	1,326,396	-	1,326,396
Corporate Credit Cards – FC	11,095	-	11,095
With Installment	187	-	187
Without Installment	10,908	-	10,908
Deposit Accounts– TL (Corporates)	1,006,943	-	1,006,943
Deposit Accounts– FC (Corporates)	-	-	-
Total	5,343,511	12,509,258	17,852,769

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,335,639	9,681,444	11,017,083
Real Estate Loans	3,237	725,187	728,424
Automobile Loans	88,500	1,968,503	2,057,003
General Purpose Loans	1,243,902	6,987,754	8,231,656
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	160,480	1,885,722	2,046,202
Real Estate Loans	369	53,546	53,915
Automobile Loans	3,355	542,030	545,385
General Purpose Loans	156,756	1,290,146	1,446,902
Other	-	-	-
Installment-based Commercial Loans – FC	160	46,675	46,835
Real Estate Loans	-	925	925
Automobile Loans	84	12,304	12,388
General Purpose Loans	76	33,446	33,522
Other	-	-	-
Corporate Credit Cards – TL	1,963,886	3,750	1,967,636
With Installment	953,402	3,750	957,152
Without Installment	1,010,484	-	1,010,484
Corporate Credit Cards – FC	7,692	-	7,692
With Installment	61	-	61
Without Installment	7,631	-	7,631
Deposit Accounts– TL (corporates)	831,746	-	831,746
Deposit Accounts– FC (corporates)	-	-	-
Total	4,299,603	11,617,591	15,917,194

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	168,157,133	156,494,318
Foreign Loans (*)	2,923,098	2,007,396
Total	171,080,231	158,501,714

(*) In the prior period, loans amounting to TL 198,118 thousands included under “Financial Assets at Fair Value through Profit/Loss” in the accompanying balance sheet, 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	708,258	1,089,363
Indirect Lending	-	-
Total	708,258	1,089,363

5.1.5.9 Specific provisions for loans

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	585,464	599,750
Doubtful Loans and Receivables	980,105	579,036
Uncollectible Loans and Receivables	2,709,864	2,388,912
Total	4,275,433	3,567,698

5.1.5.10 Non-performing loans and other receivables (NPLs) (Net)

Non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
(Gross Amounts before Specific Provisions)	174,817	640,131	703,051
Restructured Loans and Receivables	174,817	640,131	703,051
Rescheduled Loans and Receivables	-	-	-
<i>Prior Period</i>			
(Gross Amounts before Specific Provisions)	252,165	230,646	489,801
Restructured Loans and Receivables	252,165	230,646	489,801
Rescheduled Loans and Receivables	-	-	-

Movements in non-performing loans and other receivables

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balances at Beginning of Period	786,183	756,847	2,860,995
Additions during the Period (+)	2,376,973	37,318	58,230
Transfer from Other NPL Categories (+)	-	2,058,124	1,312,203
Transfer to Other NPL Categories (-)	2,058,124	1,312,203	-
Collections during the Period (-)	345,315	227,725	309,476
Write-offs (-) (*)	-	343	665,367
Corporate and Commercial Loans	-	193	281,581
Retail Loans	-	-	173,134
Credit Cards	-	150	210,652
Others	-	-	-
Balances at End of Period	759,717	1,312,018	3,256,585
Specific Provisions (-)	585,464	980,105	2,709,864
Net Balance on Balance Sheet	174,253	331,913	546,721

(*) of which TL 649,327 thousands is resulted from sale of non-performing loans.

<i>Prior Period</i>	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	405,091	748,030	2,147,708
Additions during the Period (+)	2,241,205	59,594	47,548
Transfer from Other NPL Categories (+)	-	1,543,105	1,350,938
Transfer to Other NPL Categories (-)	1,543,105	1,350,938	-
Collections during the Period (-)	316,471	242,333	488,662
Write-offs (-) (*)	537	611	196,537
Corporate and Commercial Loans	537	609	119,188
Retail Loans	-	-	33,424
Credit Cards	-	2	43,925
Others	-	-	-
Balances at End of Period	786,183	756,847	2,860,995
Specific Provisions (-)	599,750	579,036	2,388,912
Net Balance on Balance Sheet	186,433	177,811	472,083

(*) of which TL 83,080 thousands is resulted from sale of non-performing loans.

Movements in specific loan provisions

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	1,329,001	1,270,403	968,294	3,567,698
Additions during the Period(+)	925,923	685,256	445,024	2,056,203
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	132,651	372,997	178,580	684,228
Write-offs (-) (*)	281,043	172,395	210,802	664,240
Balances at End of Period	1,841,230	1,410,267	1,023,936	4,275,433

(*) of which TL 647,858 thousands is resulted from sale of non-performing loans.

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	1,158,403	823,655	691,903	2,673,961
Additions during the Period(+)	509,512	857,543	528,196	1,895,251
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	220,938	377,383	207,878	806,199
Write-offs (-)	117,976	33,412	43,927	195,315
Balances at End of Period	1,329,001	1,270,403	968,294	3,567,698

Non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	15,209	475,090	645,202
Specific Provisions (-)	6,588	308,043	489,091
Net Balance at Balance Sheet	8,621	167,047	156,111
<i>Prior Period</i>			
Balance at End of Period	180,731	37,931	535,189
Specific Provisions (-)	138,781	10,172	422,070
Net Balance at Balance Sheet	41,950	27,759	113,119

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period (Net)</i>			
	174,253	331,913	546,721
Loans to Individuals and Corporates (Gross)	759,717	1,312,018	3,255,269
Specific Provision (-)	585,464	980,105	2,708,548
Loans to Individuals and Corporates (Net)	174,253	331,913	546,721
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>			
	186,433	177,811	472,083
Loans to Individuals and Corporates (Gross)	786,183	756,847	2,859,679
Specific Provision (-)	599,750	579,036	2,387,596
Loans to Individuals and Corporates (Net)	186,433	177,811	472,083
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	2,806	164	-	2,970
Loans Collateralized by Mortgages	1,332,423	123,520	-	1,455,943
Loans Collateralized by Pledged Assets	215,253	45,963	-	261,216
Loans Collateralized by Cheques and Notes	235,374	8,807	-	244,181
Loans Collateralized by Other Collaterals	898,523	900,804	-	1,799,327
Unsecured Loans	108,947	431,800	1,023,936	1,564,683
Total	2,793,326	1,511,058	1,023,936	5,328,320

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	1,999	201	-	2,200
Loans Collateralized by Mortgages	911,000	88,562	-	999,562
Loans Collateralized by Pledged Assets	224,454	53,650	-	278,104
Loans Collateralized by Cheques and Notes	299,845	9,390	-	309,235
Loans Collateralized by Other Collaterals	530,469	829,081	-	1,359,550
Unsecured Loans	120,701	366,379	968,294	1,455,374
Total	2,088,468	1,347,263	968,294	4,404,025

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 Write-off policy

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

5.1.6 Investments held-to-maturity

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	5,577,826	2,093,040	4,956,015	2,108,752
Investments subject to Repurchase Agreements	1,798,463	184,292	4,081,537	317,809
Total	7,376,289	2,277,332	9,037,552	2,426,561

5.1.6.2 Government securities held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	17,926,786	17,776,978
Treasury Bills	-	-
Other Government Securities	-	-
Total	17,926,786	17,776,978

5.1.6.3 Investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	19,542,683	19,961,209
Quoted at Stock Exchange	18,884,033	19,106,455
Unquoted at Stock Exchange	658,650	854,754
Valuation Increase/(Decrease)	2,215,433	1,794,603
Total	21,758,116	21,755,812

5.1.6.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	21,755,812	21,014,502
Foreign Currency Differences On Monetary Assets	279,363	1,945,865
Purchases during the Period	382,802	1,331,647
Disposals through Sales/Redemptions (*)	(1,080,691)	(2,971,899)
Valuation Effect	420,830	435,697
Balances at End of Period	21,758,116	21,755,812

In the prior period,

(*) As per the exceptions set out in the relevant accounting standards (TAS 39) for the sale or reclassification of investments, certain credit linked notes with a total face value of USD 300,000,000 were sold.

5.1.7 Investments in associates

5.1.7.1 Investments in associates

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Bankalararası Kart Merkezi AŞ ⁽¹⁾	İstanbul/Turkey	10.15	10.15
2	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Turkey	0.77	0.77
3	İstanbul Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul/Turkey	5.25	5.28
4	Borsa İstanbul AŞ ⁽¹⁾	İstanbul/Turkey	0.30	0.34
5	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Turkey	9.09	9.09
6	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara /Turkey	2.48	2.48
7	Kredi Garanti Fonu AŞ ⁽¹⁾	Ankara /Turkey	1.75	1.75

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	68,992	39,246	47,932	383	-	9,586	5,165	-
2	744,074	71,501	3,899	7,371	762	(2,265)	260	-
3	7,429,453	951,843	97,622	151,369	4,789	119,604	87,910	-
4	1,047,921	991,504	205,144	17,101	955	171,406	237,963	-
5	171,986	123,290	118,180	1,917	17	10,180	17,046	-
6	450,139,064	54,629,350	684,192	6,120,123	2,238,649	20,736,851	8,529,957	-
7	315,606	308,991	6,315	8,162	-	10,000	10,141	-

(1) Financial information is as of 30 June 2016.

(2) Financial information is as of 31 December 2015.

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

5.1.7.2 Movement of investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	36,698	36,698
Movements during the Period	-	-
Acquisitions	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
Balance at End of Period	36,698	36,698
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	34,984	34,984
Other Associates	1,714	1,714

5.1.7.4 Quoted associates

None.

5.1.7.5 Valuation methods of investments in associates

Investments in Associates	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	36,698	36,698
Valued at Fair Value	-	-

5.1.7.6 Investments in associates sold during the current period

None.

5.1.7.7 Investments in associates acquired during the current period

None.

5.1.8 Investments in affiliates

5.1.8.1 Information on capital adequacy of major affiliates

The Bank does not have any capital needs for its affiliates included in the calculation of its consolidated capital adequacy standard ratio. Information on capital adequacy of major affiliates is presented below.

<i>Current Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	463,992	357,848	1,293,405
Share Premium	-	-	43,542
Share Cancellation Profits	-	-	-
Reserves	894,029	440,006	(268,832)
Other Comprehensive Income according to TAS	530,153	43,905	44,223
Current and Prior Periods' Profits	39,348	95,761	10,895
Common Equity Tier I Capital Before Deductions	1,927,522	937,520	1,123,233
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	45,178	399	245,166
Leasehold Improvements on Operational Leases (-)	-	93	7,753
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	9,484	4,327	117,661
Net Deferred Tax Asset/Liability (-)	-	-	7,153
Total Deductions from Common Equity Tier I Capital	54,662	4,819	377,733
Total Common Equity Tier I Capital	1,872,860	932,701	745,500
Total Deductions From Tier I Capital	6,322	2,884	83,209
Total Tier I Capital	1,866,538	929,817	662,291
TIER II CAPITAL	268,488	-	68,025
CAPITAL BEFORE DEDUCTIONS	2,135,026	929,817	730,316
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 (-)	-	465	-
TOTAL CAPITAL	2,135,026	929,352	730,316

<i>Prior Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	438,130	357,848	1,168,942
Share Premium	-	-	41,090
Share Cancellation Profits	-	-	-
Reserves	859,634	329,714	(327,914)
Other Comprehensive Income according to TAS	406,771	75,795	27,141
Current and Prior Periods' Profits	34,395	110,292	58,156
General Reserve for Possible Losses	-	11,814	-
Common Equity Tier I Capital Before Deductions	1,738,930	885,463	967,415
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	92,365	399	231,882
Leasehold Improvements on Operational Leases (-)	-	113	9,131
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	6,285	2,351	73,220
Net Deferred Tax Asset/Liability (-)	-	-	6,768
Total Deductions from Common Equity Tier I Capital	98,650	2,863	321,001
Total Common Equity Tier I Capital	1,640,280	882,600	646,414
Total Deductions From Tier I Capital	9,427	3,527	119,982
Total Tier I Capital	1,630,853	879,073	526,432
TIER II CAPITAL	253,368	-	57,607
CAPITAL BEFORE DEDUCTIONS	1,884,221	879,073	584,039
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 (-)	-	-	-
TOTAL CAPITAL	1,884,221	879,073	584,039

5.1.8.2 Investments in affiliates

	Affiliate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.96	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	96.40	99.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	100.00
7	Garanti Faktoring Hizmetleri AŞ	Istanbul/Turkey	81.84	81.84
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/The Netherlands	100.00	100.00
12	Garanti Bank Moscow	Moscow/Russia	99.94	100.00
13	Garanti Holding BV	Amsterdam/The Netherlands	100.00	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	70,355	64,290	67	1,906	166	47	6,901	-
2	24,620	19,977	950	466	99	1,819	1,394	-
3	8,169	7,875	27	310	245	(538)	1,951	-
4	2,612	1,798	528	-	52	103	131	-
5	2,195	1,960	55	179	35	513	749	-
6	5,225,106	937,121	67,991	303,001	-	95,761	93,466	-
7	2,301,607	180,867	7,328	188,911	-	15,105	17,523	-
8	124,659	65,668	11,427	985	1,992	18,201	3,697	-
9	55,941	49,043	4,554	3,186	-	9,772	5,734	-
10	1,666,647	1,265,946	37,671	110,385	2,045	186,611	146,453	-
11	16,328,396	1,878,902	87,622	418,958	74,020	39,347	24,034	-
12	303,044	154,055	25,880	6,702	7,641	1,298	(5,863)	-
13	1,142,814	1,142,728	-	-	-	(154)	(169)	-

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

5.1.8.3 Movement of investments in affiliates

	Current Period	Prior Period
Balance at Beginning of Period	4,446,499	3,708,418
Movements during the Period	644,520	738,081
Acquisitions	53,484	-
Bonus Shares Received	-	-
Earnings from Current Year Profit	339,790	400,315
Sales/Liquidations	-	-
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	90,802	70,122
Currency Differences on Foreign Affiliates	160,444	267,644
Impairment Reversals/(Losses)	-	-
Balance at End of Period	5,091,019	4,446,499
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.8.4 Sectoral distribution of investments in affiliates

Affiliates	Current Period	Prior Period
Banks	2,026,991	1,764,623
Insurance Companies	1,074,811	916,536
Factoring Companies	148,097	135,644
Leasing Companies	935,550	871,165
Finance Companies	801,334	654,295
Other Affiliates	104,236	104,236

5.1.8.5 Quoted affiliates

None.

5.1.8.6 Valuation methods of investments in affiliates

Affiliates	Current Period	Prior Period
Valued at Cost	104,236	104,236
Valued at Fair Value (*)	4,986,783	4,342,263

(*) The balances are as per the results of equity accounting application.

5.1.8.7 Investments in affiliates disposed during the current period

None.

5.1.8.8 Investments in affiliates acquired during the current period

None.

5.1.9 Investments in Joint-Ventures

None.

5.1.10 Lease receivables (net)

None.

5.1.11 Derivative financial assets held for risk management

5.1.11.1 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	4,604	-	60,616	7,483
Cash Flow Hedges	3,918	274,537	28,448	584,450
Net Foreign Investment Hedges	-	-	-	-
Total	8,522	274,537	89,064	591,933

As of 30 September 2016, 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	29,256,676	9,958	358,381	18,791,415	101,340	120,219
-TL	9,728,407	8,522	110,679	5,239,355	89,064	10,928
-FC	19,528,269	1,436	247,702	13,552,060	12,276	109,291
Cross Currency Swaps	3,385,043	273,101	109,920	5,279,626	579,657	130,272
-TL	1,027,333	-	-	1,868,085	-	-
-FC	2,357,710	273,101	109,920	3,411,541	579,657	130,272
Total	32,641,719	283,059	468,301	24,071,041	680,997	250,491

5.1.11.1.1 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	168,723	2,036	(187,125)	(16,366)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	26,077	1,848	(18,138)	9,787
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	52,396	720	(75,852)	(22,736)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(15,716)	-	(109,920)	(125,636)

Prior Period						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	65,224	8,104	(78,491)	(5,163)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	173	-	(313)	(140)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(48,755)	59,995	(12,487)	(1,247)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(13,669)	-	(130,272)	(143,941)

5.1.11.1.2 Cash flow hedge accounting

Current Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	-	(25)	(103)	(101)	(14)
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	3,917	(73,290)	(70,676)	(14,988)	(1,874)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	1,437	(3,951)	(2,303)	(2,647)	(125)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	-	-	(6,677)	(12,091)	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	273,101	-	(45,562)	(69,972)	62

In the current period, the loss reclassified from the shareholders' equity to the income statement due to the ceased hedging transactions amounted to TL 619 thousands (31 December 2015: a gain of TL 1,238 thousands). There were no loss recognised in the shareholders' equity in the current period (31 December 2015: a loss of TL 619 thousands).

Prior Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	74	-	101	133	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	33,167	(28,928)	8,616	847	(1,219)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	262,771	-	4,416	24,784	11
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	316,886	-	69,335	70,610	921

5.1.12 Tangible 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”.

5.1.13 Intangible 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”.

5.1.14 Investment property

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	381,270	374,945
Additions	228,813	-
Transfers to Tangible Assets	-	(22,954)
Fair Value Change	-	29,279
Net Book Value at End of Current Period	610,083	381,270

The investment property is held for operational leasing purposes.

5.1.15 Deferred tax asset

As of 30 September 2016, the Bank has a deferred tax asset of TL 282,678 thousands (31 December 2015: TL 381,541 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 September 2016. However, there is a deferred tax asset of TL 509,125 thousands (31 December 2015: TL 578,378 thousands) and deferred tax liability of TL 226,447 thousands (31 December 2015: TL 196,837 thousands) presented as net in the accompanying 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 such differences 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 (*)	983,330	196,666	825,024	165,005
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	555,738	102,185	691,156	158,867
Revaluation Differences on Real Estates	(1,713,736)	(22,420)	(1,723,078)	(23,459)
Other	31,234	6,247	405,643	81,128
Total Deferred Tax Asset, Net	(143,434)	282,678	198,745	381,541

(*) 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’ financial assets.

As of 30 September 2016, TL 104,331 thousands of deferred tax expense (31 December 2015: TL 174,198 thousands) and TL 5,468 thousands of deferred tax income (31 December 2015: TL 78,354 thousands) are recognised in the income statement and the shareholders’ equity, respectively.

5.1.16 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	356,160	178,986
Accumulated Depreciation (-)	(9,181)	(7,970)
Net Book Value	346,979	171,016
End of Current Period		
Additions	191,994	263,352
Disposals (Cost)	(55,945)	(84,386)
Disposals (Accumulated Depreciation)	1,037	3,886
Impairment Losses (-)	(2,301)	(1,792)
Depreciation Expense for Current Period (-)	(6,252)	(5,097)
Currency Translation Differences on Foreign Operations	-	-
Cost	489,908	356,160
Accumulated Depreciation (-)	(14,396)	(9,181)
Net Book Value	475,512	346,979

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 317,722 thousands (31 December 2015: TL 258,845 thousands).

5.1.17 Other assets

5.1.17.1 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	-	-
Sale of Financial Assets Available-for-Sale	15,112	-
Sale of Other Assets	2,287	3,127
Total	17,399	3,127

5.1.17.2 Prepaid expenses, taxes and similar items

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	403,799	389,443
Prepaid Taxes	-	-

5.1.18 Accrued interest and income

The details of accrued interest and income allocated to the related items on the assets side of the balance sheet are as follows:

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	66,842	132	26,710	5
Financial Assets at Fair Value through Profit or Loss	90	89	352	540
Banks	3,347	13,266	672	11,529
Interbank Money Markets	-	4	-	1
Financial Assets Available-for-Sale	1,544,507	25,034	1,036,656	14,863
Loans	1,562,316	937,478	1,439,128	653,153
Investments Held-to-Maturity	2,197,650	78,503	1,670,426	124,392
Other Accruals	4,017	-	8,099	-
Total	5,378,769	1,054,506	4,182,043	804,483

5.2 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 Accounts	Total
Saving Deposits	8,818,661	-	3,174,739	37,957,419	637,342	387,349	499,893	4,467	51,479,870
Foreign Currency Deposits	14,022,770	-	6,708,480	35,758,288	2,456,281	6,152,457	10,948,067	51,798	76,098,141
Residents in Turkey	13,296,243	-	6,150,291	33,124,513	1,988,641	1,165,053	1,154,411	50,707	56,929,859
Residents in Abroad	726,527	-	558,189	2,633,775	467,640	4,987,404	9,793,656	1,091	19,168,282
Public Sector Deposits	1,095,577	-	3,573	45,745	118	535	51	-	1,145,599
Commercial Deposits	6,718,699	-	3,855,796	4,917,279	256,160	142,878	753,743	-	16,644,555
Other	195,035	-	102,496	994,072	12,903	408,994	264,148	-	1,977,648
Precious Metal Deposits	1,268,507	-	-	17,377	-	6,087	120,212	-	1,412,183
Bank Deposits	1,116,284	-	327,668	34,932	544,644	82,025	73,641	-	2,179,194
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	4,430	-	326,368	15,007	12,143	42,040	2,161	-	402,149
Foreign Banks	668,360	-	1,300	19,925	532,501	39,985	71,480	-	1,333,551
Special Financial Institutions	443,494	-	-	-	-	-	-	-	443,494
Other	-	-	-	-	-	-	-	-	-
Total	33,235,533	-	14,172,752	79,725,112	3,907,448	7,180,325	12,659,755	56,265	150,937,190

<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 Accounts	Total
Saving Deposits	7,209,432	-	2,979,904	34,257,111	1,104,133	327,887	481,267	4,699	46,364,433
Foreign Currency Deposits	14,356,851	-	6,633,102	30,908,146	3,113,640	3,138,788	11,476,049	56,573	69,683,149
Residents in Turkey	13,566,495	-	6,227,505	28,221,569	2,651,518	1,064,402	796,622	55,408	52,583,519
Residents in Abroad	790,356	-	405,597	2,686,577	462,122	2,074,386	10,679,427	1,165	17,099,630
Public Sector Deposits	624,252	-	7,629	26,642	43	144	31	-	658,741
Commercial Deposits	6,178,956	-	3,617,921	4,298,918	170,551	389,198	574,360	-	15,229,904
Other	210,284	-	89,687	1,147,371	268,316	3,434	524,269	-	2,243,361
Precious Metal Deposits	1,085,578	-	106	11,175	-	57	101,849	-	1,198,765
Bank Deposits	1,814,017	-	1,579,003	340,476	1,567,749	91,248	128,486	-	5,520,979
Central Bank of Turkey	-	-	700,209	-	-	-	-	-	700,209
Domestic Banks	2,975	-	859,410	290,933	2,056	-	4	-	1,155,378
Foreign Banks	709,340	-	19,384	49,543	1,565,693	91,248	128,482	-	2,563,690
Special Financial Institutions	1,101,702	-	-	-	-	-	-	-	1,101,702
Other	-	-	-	-	-	-	-	-	-
Total	31,479,370	-	14,907,352	70,989,839	6,224,432	3,950,756	13,286,311	61,272	140,899,332

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

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	27,082,466	24,378,726	24,034,103	21,652,836
Foreign Currency Saving Deposits	8,005,304	8,175,797	30,512,337	27,111,189
Other Saving Deposits	569,916	590,229	809,157	576,940
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches 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 communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.2.1.3 Saving deposits not covered by insurance limits

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	758,022	673,677
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	720,488	658,628
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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	113,352	53,663	221,159	124,268
Swap transactions	611,402	620,399	1,093,920	350,255
Futures	-	582	-	3,320
Options	159,408	95,126	354,740	115,975
Other	-	-	-	-
Total	884,162	769,770	1,669,819	593,818

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	344,219	423,726	259,222	331,117
Foreign Banks, Institutions and Funds	1,756,238	30,515,726	2,283,041	30,564,417
Total	2,100,457	30,939,452	2,542,263	30,895,534

5.2.3.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	342,390	460,347	259,222	660,528
Medium and Long-Term	1,758,067	30,479,105	2,283,041	30,235,006
Total	2,100,457	30,939,452	2,542,263	30,895,534

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 2016, the accumulated credit risk change and the credit risk change recognised in the income statement amounted to gains of TL 230,866 thousands and of TL 103,570 thousands, respectively. The carrying value of the related financial liability amounted to TL 5,753,134 thousands, and the related current period income amounted to TL 103,570 thousands.

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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".

5.2.4 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	421,452	3,776,747	-
Cost	404,250	3,478,888	-	10,509,593
Carrying Value (*)	417,533	3,511,274	-	10,198,415

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
	Nominal	802,079	2,827,547	160,141
Cost	779,806	2,636,089	160,141	10,918,171
Carrying Value (*)	790,461	2,615,083	160,472	10,632,753

(*) The Bank repurchased its own TL securities with a total face value of TL 114,590 thousands (31 December 2015: TL 121,998 thousands) and foreign currency securities with a total face value of USD 206,730,000 (31 December 2015: USD 206,730,000) and netted off such securities in the accompanying financial statements.

The Bank classified certain securities amounting to TL 15,959 thousands and RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 30 September 2016, the accumulated negative credit risks changes, and the negative and positive credit risk changes recognised in the income statement amounted to TL 71 thousands and TL 2,354 thousands, and TL 71 thousands and TL 427 thousands, respectively. The carrying value of the related financial liability amounted to TL 16,261 thousands and TL 30,108 thousands, and the related current period losses and gains amounted to TL 275 thousands and TL 578 thousands, respectively.

5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	6,698,263	-	12,521,178	-
Financial Institutions and Organizations	6,642,428	-	12,474,644	-
Other Institutions and Organizations	15,377	-	14,308	-
Individuals	40,458	-	32,226	-
Foreign Transactions	722	453,509	75	2,546,908
Financial Institutions and Organizations	-	453,509	-	2,546,908
Other Institutions and Organizations	613	-	-	-
Individuals	109	-	75	-
Total	6,698,985	453,509	12,521,253	2,546,908

5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	7,789,583	58,636	6,886,185	54,592
Other	279,112	824,076	246,079	1,149,996
Total	8,068,695	882,712	7,132,264	1,204,588

5.2.5 Lease payables (Net)

5.2.5.1 Financial lease payables

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Up to 1 Year	15,079	13,958	8,835	7,947
1-4 Years	832	798	3,150	3,021
More than 4 Years	-	-	-	-
Total	15,911	14,756	11,985	10,968

5.2.5.2 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.

5.2.6 Derivative financial liabilities held for risk management

Derivative Financial Liabilities held for Risk Management	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	110,679	280,356	10,928	210,635
Cash Flow Hedges	-	77,266	-	28,928
Net Foreign Investment Hedges	-	-	-	-
Total	110,679	357,622	10,928	239,563

5.2.7 Provisions

5.2.7.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	3,135,800	3,002,057
Loans and Receivables in Group I	2,458,719	2,298,736
Loans and Receivables in Group II	342,072	350,733
Non-Cash Loans	153,432	151,772
Others	181,577	200,816

5.2.7.2 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	3,245	29,733
Medium and Long-Term Loans	2,470	11,412
Total	5,715	41,145

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

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

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

5.2.7.4 Other provisions

5.2.7.4.1 General reserves for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	300,000	330,000

5.2.7.4.2 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	699,157	529,537
Provision for Promotion Expenses of Credit Cards (*)	95,448	86,809
Provision for Lawsuits	48,977	39,530
Other Provisions	135,422	160,022
Total	979,004	815,898

(*) 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 7 December 2015 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 2,408,349 thousands at 31 December 2015 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2015 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 7 December 2015 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 1,336,959 thousands remains as of 31 December 2015 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 528,011 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2015. However, despite this treatment there are no excess obligation that needs to be provided against.

	<i>31 December 2015</i>	<i>31 December 2014</i>
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(608,796)	(528,752)
Net present value of medical benefits and health premiums transferable to SSF	528,011	512,563
General administrative expenses	(33,702)	(29,291)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(114,487)	(45,480)
Fair Value of Plan Assets (2)	2,522,836	2,132,357
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,408,349	2,086,877
Non-Transferable Benefits:		
Other pension benefits	(592,937)	(538,185)
Other medical benefits	(478,453)	(261,389)
Total Non-Transferable Benefits (4)	(1,071,390)	(799,574)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,336,959	1,287,303
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(528,011)	(512,563)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	808,948	774,740

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

	<i>31 December 2015</i>	<i>31 December 2014</i>
	<i>%</i>	<i>%</i>
Discount Rate (*)	10.30	8.80
Inflation Rate (*)	7.10	6.10
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate (*)	7.10	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.

5.2.8 Tax liability

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 30 September 2016, the Bank had a current tax liability of TL 100,586 thousands (31 December 2015: TL 364,223 thousands) after offsetting with prepaid taxes.

5.2.8.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	100,586	364,223
Taxation on Securities Income	108,709	110,161
Taxation on Real Estates Income	4,106	3,396
Banking Insurance Transaction Tax	101,425	96,852
Foreign Exchange Transaction Tax	82	74
Value Added Tax Payable	3,716	11,037
Others	35,461	71,798
Total	354,085	657,541

5.2.8.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	52	45
Social Security Premiums-Employer	64	55
Bank Pension Fund Premium-Employees	160	18
Bank Pension Fund Premium-Employer	283	18
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,154	964
Unemployment Insurance-Employer	2,324	1,941
Others	17	21
Total	4,054	3,062

5.2.8.2 Deferred tax liability

None.

5.2.9 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”.

5.2.10 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”.

5.2.11 Shareholders’ equity

5.2.11.1 Paid-in capital

	<i>Current Period</i>	<i>Prior Period</i>
Common Shares	4,200,000	4,200,000
Preference Shares	-	-

5.2.11.2 Registered share capital system

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

5.2.11.3 Capital increases in current period

None.

5.2.11.4 Capital increases from capital reserves in current period

None.

5.2.11.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.11.7 Information on privileges given to stocks representing the capital

None.

5.2.11.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Affiliates and Joint-Ventures	810,106	100,033	681,119	(22,224)
Valuation difference	41,825	100,033	73,280	(22,224)
Exchange rate difference	768,281	-	607,839	-
Securities Available-for-Sale	(190,162)	2,782	(427,154)	210,219
Valuation difference	(190,162)	2,782	(427,154)	210,219
Exchange rate difference	-	-	-	-
Total	619,944	102,815	253,965	187,995

5.2.11.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	1,450,341	-	1,458,644	-
Gain on Sale of Investments in Associates and Affiliates and Real Estates allocated for Capital Increases	176,415	-	173,263	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 Bonus shares of associates, affiliates and joint-ventures

	Current Period	Prior Period
Garanti Yatırım Menkul Değerler AŞ	942	942
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Tat Konserve AŞ	36	36
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Total	1,891	1,891

5.2.11.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	958,942	958,189
II. Legal Reserve	245,840	210,140
Special Reserves	-	-

5.2.11.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	21,968,100	19,159,612
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

5.2.12 Accrued interest and expenses

The details of accrued interest and expenses allocated to the related items on the liability side of the balance sheet are as follows:

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Deposits	363,385	207,784	347,088	159,767
Funds Borrowed	66,657	139,123	91,800	102,171
Interbank Money Markets	6,294	3,573	7,314	9,940
Other Accruals	80,377	634,316	63,557	704,653
Total	516,713	984,796	509,759	976,531

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank has term asset purchase and sale commitments of TL 7,424,552 thousands (31 December 2015: TL 3,060,328 thousands), commitments for cheque payments of TL 3,244,768 thousands (31 December 2015: TL 3,063,159 thousands) and commitments for credit card limits of TL 27,633,678 thousands (31 December 2015: TL 26,826,339 thousands).

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

	<i>Current Period</i>	<i>Prior Period</i>
Letters of Guarantee in Foreign Currency	18,636,364	17,332,578
Letters of Guarantee in TL	16,757,477	14,826,457
Letters of Credit	14,391,978	14,286,342
Bills of Exchange and Acceptances	2,079,835	1,538,069
Prefinancings	-	-
Other Guarantees	133,267	109,206
Total	51,998,921	48,092,652

A specific provision of 114,621 TL thousands (31 December 2015: TL 102,109 thousands) is made for unliquidated non-cash loans of TL 321,655 thousands (31 December 2015: TL 313,985 thousands) recorded under the off-balance sheet items in the accompanying financial statements.

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	4,718,946	4,157,201
With Original Maturity of 1 Year or Less	408,272	454,207
With Original Maturity of More Than 1 Year	4,310,674	3,702,994
Other Non-Cash Loans	47,279,975	43,935,451
Total	51,998,921	48,092,652

5.3.1.4 Sectoral risk concentration of 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 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
Short-term loans	3,783,426	118,283	3,024,074	124,237
Medium and long-term loans	6,014,866	2,236,741	4,664,335	2,137,373
Loans under follow-up	48,776	-	36,937	278
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	9,847,068	2,355,024	7,725,346	2,261,888

(*) Includes also the fee and commission 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	-	11,821	-	1,527
Domestic Banks	15,153	332	27,810	262
Foreign Banks	1,717	36,878	5,759	25,312
Foreign Head Offices and Branches	-	-	-	-
Total	16,870	49,031	33,569	27,101

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	10,673	1,209	8,745	4,257
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	1,419,717	70,300	1,201,408	63,064
Investments Held-to-Maturity	881,019	394,476	755,637	372,298
Total	2,311,409	465,985	1,965,790	439,619

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. As of 30 September 2016, the valuation of such securities was made according to 8% of annual inflation expectation. If the valuation of such securities was performed according to the reference index valid as of 30 September 2016, the Bank's securities value increase fund under the equity would increase by TL 11,474 thousands (net), whereas the interest income on securities portfolio would decrease by TL 29,715 thousands.

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	27,567	62,507

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	170,210	293,508	242,564	288,248
Central Bank of Turkey	-	-	-	206
Domestic Banks	14,488	4,659	11,574	4,888
Foreign Banks	155,722	288,849	230,990	283,154
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	210,347	-	181,833
Total	170,210	503,855	242,564	470,081

(*) Includes also the fee and commission expenses on borrowings

5.4.2.2 Interest expenses paid to associates and affiliates

	Current Period	Prior Period
Interest Paid to Investments in Associates and Affiliates	58,834	43,588

5.4.2.3 Interest expenses on securities issued

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”.

5.4.2.4 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	802	229,128	-	-	-	-	-	229,930
Saving Deposits	30	181,780	2,753,266	74,661	30,488	35,898	-	3,076,123
Public Sector Deposits	-	321	3,677	8	30	2	-	4,038
Commercial Deposits	20	240,190	439,668	40,776	20,878	52,336	-	793,868
Other	3	9,515	65,334	10,736	53,735	19,569	-	158,892
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	855	660,934	3,261,945	126,181	105,131	107,805	-	4,262,851
Foreign Currency								
Foreign Currency Deposits	226	44,483	523,752	37,015	61,849	203,110	583	871,018
Bank Deposits	-	11,895	-	-	-	-	-	11,895
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	2	-	8	926	-	936
Total FC	226	56,378	523,754	37,015	61,857	204,036	583	883,849
Grand Total	1,081	717,312	3,785,699	163,196	166,988	311,841	583	5,146,700

Prior Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	592	82,172	-	-	-	-	-	82,764
Saving Deposits	22	229,516	2,175,986	88,168	58,217	41,206	-	2,593,115
Public Sector Deposits	-	443	1,848	8	4	2	-	2,305
Commercial Deposits	11	219,545	363,255	16,562	23,731	34,195	-	657,299
Other	5	8,731	65,922	920	4,563	27,270	-	107,411
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	630	540,407	2,607,011	105,658	86,515	102,673	-	3,442,894
Foreign Currency								
Foreign Currency Deposits	1,099	36,846	395,036	56,805	81,408	130,356	729	702,279
Bank Deposits	-	27,007	-	-	-	-	-	27,007
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	3	-	11	916	-	930
Total FC	1,099	63,853	395,039	56,805	81,419	131,272	729	730,216
Grand Total	1,729	604,260	3,002,050	162,463	167,934	233,945	729	4,173,110

5.4.2.5 Interest expense on repurchase agreements

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”.

5.4.2.6 Financial lease expenses

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”.

5.4.2.7 Interest expenses on 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”.

5.4.3 Dividend income

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”.

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	55,241,183	73,788,559
Trading Account Income	337,168	822,672
Gains from Derivative Financial Instruments	6,123,798	9,984,402
Foreign Exchange Gains	48,780,217	62,981,485
Losses (-)	55,903,742	74,511,882
Trading Account Losses	224,584	81,650
Losses from Derivative Financial Instruments	6,916,003	11,540,841
Foreign Exchange Losses	48,763,155	62,889,391
Total	(662,559)	(723,323)

TL 1,149,707 thousands (30 September 2015: TL 1,712,728 thousands) of foreign exchange gains and TL 1,430,394 thousands (30 September 2015: TL 1,952,242 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial 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 values and terms. 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.

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 funds borrowed amounting to USD 83,818,378 and EUR 42,105,266 securitization borrowings amounting to USD 116,666,668 and EUR 166,663,165 by designating cross currency swaps with the same face values and terms, and eurobonds with a total nominal value of USD 10,000,000, the collateralised borrowings amounting to TL 500,000 thousands and USD 250,000,000, borrowings amounting to USD 650,000,000, securitizations amounting to USD 500,000,000 and deposits amounting to USD 300,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a gain of TL 18,461 thousands (30 September 2015: TL 93,893 thousands) and a loss of TL 68,137 thousands (30 September 2015: a loss of TL 12,121 thousands) resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity, respectively.

The Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 2,958,521 thousands and USD 1,100,660,941 and EUR 156,885,339 and for its bonds with a total face value of TL 1,405,000 thousands and USD 265,400,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, gains of TL 194,800 thousands (30 September 2015: TL 113,103 thousands) and TL 52,396 thousands (30 September 2015: a loss of TL 57,422 thousands) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under net trading income/losses in the income statement, respectively.

In addition, the Bank also entered into cross currency swap agreements in order to hedge its fixed-rate bonds issued for a total principal value of AUD 175,000,000 and, RON 85,500,000 with the same face values and terms. Accordingly, in the current period, a loss of TL 15,716 thousands (30 September 2015: TL 16,797 thousands) 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.

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, fair value increase of investment property and income on custody services.

As of 21 June 2016, the acquisition of Visa Europe Ltd. by Visa Inc. has been completed. In acquisition, the Bank has sold its one share in Visa Europe Ltd. with a nominal of EUR 10.00 for a consideration of EUR 58,422,751 in cash and 21,215 in "C Type Visa Inc." shares. The income generated from the sale share is recognized under the "Other Operating Income".

In the current period, a part of non-performing receivables of the Bank amounting to TL 649,327 thousands were sold for a consideration of TL 62,650 thousands. Considering the related provision of TL 647,858 thousands made in the financial statements, a gain of TL 61,155 thousands is recognized under "Other Operating Income".

5.4.6 Provision for losses on loans or other receivables

	<i>Current Period</i>	<i>Prior Period</i>
Specific Provisions for Loans and Other Receivables	1,841,567	961,117
<i>Loans and Receivables in Group III</i>	<i>554,339</i>	<i>316,412</i>
<i>Loans and Receivables in Group IV</i>	<i>966,577</i>	<i>576,129</i>
<i>Loans and Receivables in Group V</i>	<i>320,651</i>	<i>68,576</i>
General Provisions	131,142	518,316
Provision for Possible Losses	100,000	35,000
Impairment Losses on Securities	899	3,971
<i>Financial Assets at Fair Value through Profit or Loss</i>	<i>899</i>	<i>3,971</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</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	82,240	47,998
Total	2,155,848	1,566,402

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	1,810,974	1,631,758
Reserve for Employee Termination Benefits	46,058	38,099
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	847
Depreciation Expenses of Tangible Assets	156,898	141,617
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	38,651	26,330
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	2,301	1,337
Depreciation Expenses of Assets to be Disposed	6,252	3,643
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,780,607	1,816,000
<i>Operational Lease related Expenses</i>	<i>286,452</i>	<i>253,573</i>
<i>Repair and Maintenance Expenses</i>	<i>36,304</i>	<i>35,872</i>
<i>Advertisement Expenses</i>	<i>117,493</i>	<i>95,115</i>
<i>Other Expenses^(*)</i>	<i>1,340,358</i>	<i>1,431,440</i>
Loss on Sale of Assets	1,125	3,013
Others ^(**)	501,785	647,045
Total	4,344,651	4,309,689

^(*) Includes lawsuits, execution and other legal expenses borne by the Bank, of fees and commissions income recognized in prior years but reimbursed, in the amount of TL 46,393 thousands (30 September 2015: TL 37,097 thousands), as per the decision of the Turkish Competition Board or the related courts.

^(**) Includes repayments, by the Bank in the current period, of fees and commissions income recognized in prior years in the amount of TL 95,642 thousands (30 September 2015: TL 199,828 thousands), as per the decision of the Turkish Competition Board or the related courts.

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

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

5.4.9 Information on provision for taxes from continued and discontinued operations

As of 30 September 2016, the Bank recorded a tax charge of TL 785,178 thousands (30 September 2015: TL 326,574 thousands) and a deferred tax expense of TL 104,331 thousands (30 September 2015: TL 379,615 thousands).

Deferred tax benefit/charge on timing differences:

Deferred tax benefit/(charge) on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in tax deductible timing differences (+)	57,050	64,241
Decrease in tax deductible timing differences (-)	(141,488)	(173,071)
Increase in taxable timing differences (-)	(86,801)	(313,460)
Decrease in taxable timing differences (+)	66,908	42,675
Total	(104,331)	(379,615)

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

Deferred tax benefit/(charge) arising on timing differences, tax losses and tax deductions and exemptions	<i>Current Period</i>	<i>Prior Period</i>
Increase/(decrease) in tax deductible timing differences (net)	(84,438)	(108,830)
Increase/(decrease) in taxable timing differences (net)	(19,893)	(270,785)
Increase/(decrease) in tax losses (net)	-	-
Increase/(decrease) in tax deductions and exemptions (net)	-	-
Total	(104,331)	(379,615)

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 the 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.

5.4.12 Components of other items in income statement

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

5.5 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 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 the Bank's risk group; lendings and deposits and other related party transactions outstanding at period end and income and expenses from such transactions incurred during the period

5.7.1.1 Loans and other receivables

Current Period

Bank's Risk Group	Associates, 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	3,837,790	2,197,037	52,056	827,462	2,047,670	467,468
Balance at end of period	3,306,306	2,343,837	144,050	711,619	1,931,137	661,521
Interest and Commission Income	46,043	410	387	6	76,177	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	3,318,634	1,522,279	399,748	316,606	1,537,174	702,845
Balance at end of period	3,837,790	2,197,037	52,056	827,462	2,047,670	467,468
Interest and Commission Income	63,039	273	577	6	74,216	311

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	687,407	681,112	336,153	535,204	543,360	349,385
Balance at end of period	790,529	687,407	482,022	336,153	607,528	543,360
Interest Expense	57,470	43,853	553	12,082	3,682	8,567

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 or (Loss):						
Balance at beginning of period	421,708	848,391	16,146,894	10,292,901	-	5,770
Balance at end of period	433,488	421,708	22,971,065	16,146,894	-	-
Total Profit/(Loss)	(73,442)	(288,529)	(486,004)	(8,209)	171	-
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 The 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 2,632,298 thousands (31 December 2015: TL 3,132,513 thousands) compose 1.53% (31 December 2015: 1.97%) of the Bank's total cash loans and 0.98% (31 December 2015: 1.23%) of the Bank's total assets. The total loans and similar receivables amounting TL 5,381,493 thousands (31 December 2015: TL 5,937,516 thousands) compose 2.00% (31 December 2015: 2.33%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 3,716,977 thousands (31 December 2015: TL 3,491,967 thousands) compose 7.15% (31 December 2015: 7.26%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 1,880,079 thousands (31 December 2015: TL 1,566,920 thousands) compose 1.25% (31 December 2015: 1.11%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 9,508,081 thousands (31 December 2015: TL 10,142,189 thousands) compose 28.78% (31 December 2015: 30.33%) of the Bank's total 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 162,714 thousands (31 December 2015: TL 137,353 thousands). A total rent income of TL 8,618 thousands (30 September 2015: TL 6,388 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 14,298 thousands (30 September 2015: TL 8,517 thousands) were incurred for the IT services rendered by the related parties. Banking services fees of TL 1,451 thousands (30 September 2015: TL 904 thousands) were recognized from the related parties.

Insurance brokerage fee of TL 89,887 thousands (30 September 2015: TL 84,507 thousands), shares brokerage fee of TL 18,802 thousands (30 September 2015: TL 57,209 thousands), leasing customer acquisition fee of TL - thousands (30 September 2015: TL 4,450 thousands), factoring customer acquisition fee of TL - thousands (30 September 2015: TL 2,539 thousands), fleet business customer acquisition fee of TL - thousands (30 September 2015: TL 330 thousands), fixed-rate securities brokerage fee of TL 4,930 thousands (30 September 2015: -) and fund brokerage fee of TL 109 thousands (30 September 2015: TL 110 thousands) were recognized as income from the services rendered for the affiliates.

Sale income of TL 18,189 thousands from sale of securities to Garanti Leasing and TL 5,720 thousands from sale of asset to Garanti Bank International are realized in the current period.

Operating expenses of TL 3,175 thousands (30 September 2015: TL 11,253 thousands) for advertisement and broadcasting services, of TL 29,105 thousands (30 September 2015: TL 25,345 thousands) for operational leasing services, and of TL 6,998 thousands (30 September 2015: TL 7,707 thousands) for travelling services rendered by the related parties were recognized as expense.

As of 30 September 2016, the net payment provided or to be provided to the key management of the Bank amounts to TL 72,493 thousands (30 September 2015: TL 94,196 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

Please refer to Note 5.1.8 investments in affiliates.

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 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 the Bank's internal use are partly arranged through financial leasing.

5.8 Domestic, Foreign and Off-Shore Branches or Equity Investments, and Foreign Representative Offices

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 Balance Sheet Date

The Bank has entered into a share purchase agreement with Sovcombank, a bank operating in Russia, for the sale of 1729 shares representing 99.94% of the share capital of GarantiBank Moscow AO, a consolidated subsidiary, together with one share held by Garanti Bilişim Teknolojisi ve Ticaret AŞ, on 10 October 2016. Share transfers under the agreement will be completed after obtaining the necessary regulatory approvals. Parties agreed on a purchase price of USD 40,455,201 subject to certain adjustments for the period until the completion of the share transfer procedures.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Bank's latest international risk ratings

MOODY'S (26 September 2016)

Outlook	Stable
Long Term FC Deposit	Ba2
Long Term TL Deposit	Ba1
Short Term FC Deposit	Not prime
Short Term TL Deposit	Not prime
Basic Loan Assessment	ba2
Adjusted Loan Assessment	ba1
Long Term National Scale Rating (NSR)	Aa1.tr
Short Term NSR	TR-1

STANDARD AND POORS (22 July 2016)

Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Negative
Credit Profile (independent from the bank's shareholders and the rating of its resident country)	bb+

FITCH RATINGS (25 August 2016)

Outlook	Negative
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 (6 April 2016)

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

5.10.2 Dividend

As per the decision made at the annual general assembly of shareholders of the Bank on 31 March 2016, the distribution of the net profit of the year 2015, was as follows:

2015 PROFIT DISTRIBUTION TABLE	
2015 Net Profit	3,406,507
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(4,723)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(159,826)
D – Second dividend to the shareholders	(357,000)
E – Extraordinary reserves	(2,639,258)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(35,700)

5.10.3 Other disclosures

None.

6 Limited Review Report

6.1 Disclosures on limited review report

The unconsolidated financial statements of the Bank as of 30 September 2016, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the limited review report dated 24 October 2016, is presented before the accompanying financial statements.

6.2 Disclosures and footnotes prepared by independent accountants

None.

7 Interim Report

7.1 Introduction

7.1.1 About Garanti

Established in 1946, Garanti Bank is **Turkey's second largest private bank** with unconsolidated assets of US\$ 90.1 billion as of 30 September 2016.

Garanti is an **integrated financial services group** operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage, and asset management besides international subsidiaries in the Netherlands, Russia and Romania.

As of 30 September 2016, Garanti provides a wide range of financial services to its 14.4 million customers with approximately 20 thousand employees through an **extensive distribution network** of 967 domestic branches; 7 foreign branches in Cyprus, one in Luxembourg and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai with 4,686 ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on **cutting-edge technological infrastructure**.

Moving forward to maintain sustainable growth by creating value to all its stakeholders, Garanti builds its strategy on the principles of always approaching its customers in a **“transparent”, “clear” and “responsible”** manner, improving customer experience continuously by offering products and services that are tailored to their needs. Its competent and dynamic human resources, unique technological infrastructure, customer-centric service approach, innovative products and services offered with strict adherence to quality carry Garanti to a leading position in the Turkish banking sector.

Following the **best practices in corporate governance**, Garanti is controlled by two powerful entities, Banco Bilbao Vizcaya Argentaria S.A. (BBVA) and Doğuş Group with shares of 39.9% and 10.0%, respectively. Having shares publicly traded in Turkey, depositary receipts in the UK and the USA, Garanti has an actual free float of 50.07% in Borsa Istanbul as of 30 September 2016.

With its dynamic business model and superior technology integrated to its innovative products and services, Garanti continues to differentiate itself and facilitate the lives of its customers. Its **custom-tailored solutions** and **wide product variety** play a key role in reaching US\$ 74.9 billion cash and non-cash loans. The **high asset quality** attained through advanced risk management systems and established risk culture place Garanti apart in the sector.

Building on the Bank's core values, Garanti Bank defines Sustainability as a commitment to build a **strong and successful business** for the future, while minimizing negative environmental and social impacts, and sharing long-term values with its customers, staff, shareholders and the communities it operates in. Garanti further strengthens its sustainable banking approach through community investment programs in a variety of topics ranging from sports to education, arts to nature and informing the business world.

7.1.2 Capital and Shareholding Structure

Garanti has paid-in capital of TL 4,200,000,000 as of 30 September 2016.

T.GARANTİ BANKASI A.Ş SHAREHOLDING STRUCTURE			
Shareholders	Number of shares	Nominal (TL)	Share %
BBVA(BANCO BILBAO VIZCAYA ARGENTARIA S.A)	167.580.000.000	1.675.800.000,00	39,9000
DOĞUŞ HOLDİNG A.Ş.	25.984.637.253	259.846.372,53	6,1868
DOĞUŞ ARAŞTIRMA GELİŞTİRME VE MÜŞAVİRLİK HİZ. A.Ş.	15.955.423.702	159.554.237,02	3,7989
DOĞUŞ NAKLİYAT VE TİC. A.Ş.	60.654.629	606.546,29	0,0144
DOĞUŞ GROUP TOTAL	42.000.715.584	420.007.155,84	10,0002
OTHERS	210.419.284.416	2.104.192.844,16	50,0998
GRAND TOTAL	420.000.000.000	4.200.000.000,00	100,0000

7.1.3 The amendments in the articles of association during period of 01.07.2016-30.09.2016

There is no change during the period.

7.1.4 Macro Outlook for the first 9 months period of 2016

Further moderation in growth. Annual GDP growth rate moderated further to 3.1% in 2Q16. Domestic demand including stocks contributed to growth by 5.2pp, while the negative contribution of external demand accelerated to 2.1pp. As expected, private consumption expenditures decelerated to 5.2% yoy growth and private investments continued to suffer by 1.6% yoy decline. Public expenditures grew remarkably by 13%, contributing to 2.0pp in overall growth. Thus, the economy continued to grow mainly on consumption, deserving a close watch on for medium and longer term growth dynamics. In sectorial detail, services sector (3.4% growth) was again the main driver of GDP however, the worsening in the tourism related sectors pulled down the overall growth. Thus, the economy posted a growth rate of 3.9% in the first half of the year. We expect the economy to decelerate further in 3Q16 on the back of weak domestic demand and tourism sector. A pick-up is likely in 4Q16 stemming from policy stimulus and the lifting off of the Russian sanctions.

Indicators signaled a dip in economic activity in 3Q16. Annual growth rate of the industrial production (IP) turned into a contraction of 1.4% (YoY) in July-Aug period from 2.5% growth in 2Q16 (WDA). The production of durable consumer goods contracted sizably in this period, confirming the moderation in domestic consumption. Except for the energy, the production of other sub-items also lowered the overall production.

Current Account Deficit (CAD) Deteriorates as of August. Despite the remarkable slow-down in aggregate demand, both the worsening services balance and the recovery in oil prices led 12-month deficit (CAD) to increase from USD29.5bn (4.2% of GDP) at the end of 2Q16 to USD31.0bn in August. Core CAD (excluding both net energy bill and gold) deteriorated further to USD8.5bn. We expect the deterioration to continue throughout the year.

Budget Targets Revised. Even though tax revenues performance remained lower than the initial estimate of the Government, non-tax revenues pushed up the overall revenues growth year-to-date. After registering at TL22.3bn by the end of 2Q16 (1.1% of GDP) central government budget deficit declined to TL18.4bn in August. Primary balance gave a surplus of TL31.7bn by end-August increasing from TL37.4bn in 2Q16 (1.3% of GDP). According to the new Medium Term Program (MTP), the Government expects budget deficit to GDP ratio to realize at 1.6%, revised from 1.2%. Primary balance to GDP ratio is expected to register 0.8%, revised from 1.5% in the previous plan.

Turkey's external debt stock/GDP ticked up in 2Q16. In 2Q16, gross external debt stock/GDP ratio increased further to 59.5%, from 58.1% in 1Q16. The ratio was 55.3% by the end of 2015. EU-defined public debt stock/GDP remained stable at 32.4% compared to the previous quarter. This ratio was recorded as 32.9 % in 4Q15.

Inflation at 8% in 3Q16. Annual CPI inflation increased from 6.9% in 2Q16 to 8.0% on average in 3Q16, while end of period inflation decreased to 7.3%. The fall was, for the most part, thanks to sharp downward adjustment in food prices, while core prices also helped. Core inflation posted an improvement towards 8.3% in 3Q16 (average) from 9.0% in 2Q16.

Central Bank (CBT) cut the upper bound of the corridor 3 times in 3Q, taking advantage of falling inflation. On the back of the slowdown in aggregate demand and its reducing impact on the core inflation, CBT cut further 25bps on the upper bound of the corridor in each month of 3Q16. Total cuts amounted to 250bps since March, while the policy rate, and O/N borrowing rate were left unchanged at 7.5%, and 7.25%, respectively. Thus, the upper bound, which declined to 9% by the end of 2Q16, was cut further to 8.25% by the end of 3Q16.

TL depreciated by 4.1% (YoY) against currency basket in 3Q16 on average after depreciated by 11% in 2Q16. Benchmark bond yields which was at 9.4% on average in 2Q16, declined to 9.0% in 3Q16. The 3Q-end benchmark bond yield was 8.7%.

7.1.5 Summary financial information regarding the operating results for the current period, the comments of the chairman of the board of directors and the CEO

As of 30 September 2016,

Garanti's contribution to economy exceeded TL 224 bn.

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 30 September 2016. Based on the unconsolidated financials, in the 9 months period of 2016, the Bank posted an unconsolidated **net income** of TL 3 billion 910 million 880 thousand. With the **asset size** of TL 269 billion 637 million 820 thousand, Garanti's contribution to the economy through **cash and non-cash lending** reached TL 224 billion 132 million 039 thousand. The Bank delivered an **ROAE** (Return on Average Equity) of 16.0% and an **ROAA** (Return on Average Assets) of 2.0%.

Commenting on the financial results, **Garanti Bank Chairman F. Ferit Şahenk** stated that: "The ongoing slow growth process of the global economy has been accompanied by a number of downside risks. In the group of advanced economies, political uncertainties and protectionist policy implementation risks have become more visible recently in addition to economic stagnation. In emerging markets, on the other hand, capital outflow risks still continue.

Approximately 4% growth performance in the first half of the year is an indication of the relative vibrancy and dynamism of the Turkish economy despite such a global economic environment. I believe that our economy will gain further strength as geopolitical risks and uncertainty factors are reduced.

As one of the leading institutions of the Turkish financial sector, Garanti Bank provides banking services in line with the best standards and sustains the healthy growth process with its sound balance sheet. We also continue to invest in technology and our human resources. As Garanti Bank, we will continue to work hard to maximize

our contribution to the Turkish economy. Taking this opportunity, I would like to extend my thanks once again to my dedicated colleagues, our esteemed clients, shareholders and all other stakeholders.”

Commenting on the financial results, **Garanti Bank CEO Fuat Erbil** said: “In the third quarter of 2016, despite the extraordinary situation our country went through and the tough conditions, as Garanti Bank, we continued to use our strength for the country’s progress and future. Thanks to our solid and well-diversified balance sheet structure, with our leading indicators in the areas of not only capital and liquidity, but also in risk management and asset quality, we have successfully overcome this challenging period. Growing above the sector across all areas, we continued to support the economy through our cash and non-cash loans that exceeded TL 239 billion. We continued to gain market share in mortgage, general purpose and auto loans, and further strengthened our leading position in consumer loans. While we create solutions for our SME, Commercial and Corporate banking customers, we will continue to support Turkey’s sustainable growth and back energy and infrastructure projects.”

Pointing out Garanti’s performance being appreciated by international financial authorities, **Erbil** said: “Garanti was once again selected **the Best Retail Bank of Turkey** by World Finance Magazine as the most supportive private bank for consumers in Turkey. With our continuous investments in the area of digital banking for the past 20 years, we are proud to be the ground breaker and leader in the sector. Within the scope of the Digitalization Index research conducted by one of the world's leading management consulting firms, Accenture, we were selected **Turkey's Most Digital Company**. Thanks to the 20 thousand people who lift Garanti up with their success in several areas, we once again became **the only company from Turkey to qualify for the Dow Jones Sustainability Index**. As a company that integrated sustainability into its culture, we will continue to work relentlessly to add value to all our stakeholders that believe in us and support us.”

Selected Figures of Garanti Bank’s Unconsolidated Financial Statements (2016)

Profit before Taxes and Provisions*	TL 7,004.6 million	Cash Loans	TL 172,133.1 million
Profit before Taxes	TL 4,800.4 million	Non-Cash Loans	TL 51,998.9 million
Net Income	TL 3,910.9 million	Total Assets	TL 269,637.8 million
Deposits	TL 150,937.2 million	Shareholders’ Equity	TL 34,466.2 million

Highlights from Garanti Bank's Consolidated Financials

- Net income was TL 3 billion 910 million and 880 thousand.
- In compliance with the legal legislation and international regulations, a total amount of TL 3 billion 93 million 716 thousand was reserved for tax provisions, loans and other provisions.
- Total assets increased by 6% year-to-date and reached TL 269 billion 637 million 820 thousand.
- Return on Average Assets (ROAA) reached 2.0% as of 30 September 2016.**
- Shareholders’ equity increased by 11.2% year-to-date and reached TL 34.5 billion.
- Return on Average Equity (ROAE) reached 16.0% as of 30 September 2016.**
- Contribution made to the real economy through cash and non-cash loans increased by 8.2% year-to-date and reached TL 224 billion 132 million 39 thousand as of 30 September 2016.
- Total loan market share and FC loan market share realized at 11.7% and 13.2% respectively and TL loan market share increased to 11.1% year-to-date.
- Mortgage loans market share increased to 14.6% and consumer loans market share increased to 14.8%.
- Total customer deposits increased by 9.9% year-to-date and reached TL 148 billion 757 million and 996 thousand, while market share in total customer deposits reached 11.7%.
- Capital base further strengthened and Capital adequacy ratio (CAR) reached 16.39%.
- Non-performing loan (NPL) ratio realized at 3.02%.

- * Reserve for Employee Termination Benefits and Impairment Losses on Assets to be Disposed are included in total provisions and deducted from profit before taxes and provisions.
- ** Excludes non-recurring items (Income from NPL sale, Visa sale income, gains on asset sale, fee rebates, provision rev. from Miles&Smiles and effect of collateral re-assessment and free provisions) when annualizing Net Income for the 4th quarter of the year.

You may access the earnings presentation regarding the BRSA unconsolidated financial results as of and for the period ending 30 September 2016 in English from Garanti Bank Investor Relations website at www.garantiinvestorrelations.com

Garanti With Numbers	31.12.2015	30.06.2016	30.09.2016
Branch Network	983	983	979
+ Domestic	971	971	967
+ Abroad	12	12	12
Personnel	19,692	19,937	19,905
ATM	4,504	4,650	4,686
POS*	600,989	629,700	629,970
Total Customers	13,863,933	14,337,851	14,361,234
Digital Banking Customers**	3,993,457	4,403,599	4,586,890
Mobile Banking Customers**	2,530,757	3,036,965	3,304,292
Credit Card Customers	6,162,816	6,333,570	6,411,313
Credit Cards	9,706,572	9,787,762	9,751,523
Debit Cards	8,640,478	8,748,045	8,843,410
* Includes shared and virtual POS.			
** Active customers only -- min. 1 login or call per quarter.			

Selected Sector Figures (TL million)	31.12.2015	01.07.2016	30.09.2016	Ytd Δ
Total Deposits	1,245,289	1,316,216	1,344,793	8.0%
Bank Deposits	73,920	79,286	77,110	4.3%
Customer Deposits	1,171,369	1,236,930	1,267,683	8.2%
TL Deposits	675,001	725,489	774,918	14.8%
FC Deposits (US\$ mn)	171,343	178,032	164,884	(3.8%)
Customer Demand Deposits	218,182	235,953	240,733	10.3%
Total Loans	1,346,865	1,414,726	1,456,246	8.1%
TL Loans	927,992	980,582	1,000,407	7.8%
FC Loans (US\$ mn)	144,597	151,210	152,552	5.5%
Retail Loans*	571,934	589,355	596,942	4.4%
Housing	137,893	145,705	149,677	8.5%
Auto	20,329	20,192	19,448	(4.3%)
General Purpose Loans**	320,123	327,126	328,535	2.6%
Credit Cards	93,589	96,332	99,282	6.1%
<i>Loans/Deposits Ratio</i>	<i>108.2%</i>	<i>107.5%</i>	<i>108.3%</i>	
Gross NPL	42,705	47,304	51,609	20.9%
<i>NPL ratio</i>	<i>3.1%</i>	<i>3.2%</i>	<i>3.4%</i>	
<i>NPL coverage</i>	<i>75.4%</i>	<i>75.8%</i>	<i>77.2%</i>	
Gross NPL in retail loans	17,056	19,469	21,590	26.6%
<i>NPL ratio in retail loans</i>	<i>2.9%</i>	<i>3.2%</i>	<i>3.5%</i>	
Gross NPL in credit cards	7,416	7,461	8,214	10.8%
<i>NPL ratio in credit cards</i>	<i>7.3%</i>	<i>7.2%</i>	<i>7.6%</i>	
F/X Position, net (US\$ mn)	300	55	(6)	
on B/S	(31,435)	(20,901)	(8,633)	
off B/S	31,735	20,957	8,629	
	Source: BRSA weekly sector data, commercial banks only			
	*Including consumer and commercial installment loans			
	**Including other and overdraft loans			

Garanti Market Shares* (%)	YTD Δ	30.09.2016
Total Performing Loans	↓	11.7%
TL Loans	↑	11.1%
FC Loans	↓	13.2%
Credit Cards - Issuing (Cumulative)	↑	20.2%
Credit Cards - Acquiring (Cumulative)	↑	20.9%
Consumer Loans**	↑	14.8%
Total Customer Deposits	↑	11.7%
TL Customer Deposits	↓	9.2%
FC Customer Deposits	↑	15.7%
Customer Demand Deposits	↓	13.3%
Mutual Funds	↓	10.1%
* Based on BRSA weekly data for commercial banks only.		
** Retail consumer loans, credit cards and other retail loans.		

7.1.6 Forward looking statements regarding the expectations

As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş has announced its forward looking statements regarding the expectations for the year 2016. You may access the related presentation that was published on the Public Disclosure Platform, the Bank's website and Garanti Bank Investor Relations' website at www.garantiinvestorrelations.com in [Operating Plan Guidance Presentations](#) section.

As of 30 September 2016, there are no revisions to the forward looking statements regarding the expectations for the year 2016.

7.2 Information regarding management and corporate governance practices

7.2.1 You may access names and surnames, terms of duty, areas of responsibilities, educational backgrounds and occupational experiences of the Chairman of the Board of Directors, Board Members, CEO and Executive Vice Presidents from the footnote numbered 1.3.

Audit Committee Members:

Name Surname	Title	Appointment Date	Education	Experience in Banking & Business Administration
Jorge Sáenz-Azcúnaga Carranza	Independent Board Member	31.03.2016	Undergraduate	23 years
Javier Bernal Dionis	Independent Board Member	27.07.2015	Graduate	26 years

Managers of the Internal Systems Units:

Name Surname	Title	Appointment Date	Education	Experience in Banking & Business Administration
Ebru Ogan Knottnerus	Head of Risk Management	01.04.2016	Undergraduate	25 years
Osman Bahri Turgut	Head of Internal Audit	01.08.2015	Undergraduate	25 years
Emre Özbek	SVP of Compliance	01.08.2015	Undergraduate	17 years
Barış Ersin Gülcan	SVP of Internal Control	06.03.2014	Graduate	18 years
Beyza Yapıcı	SVP of Internal Capital and Operational Risk	01.04.2016	Undergraduate	18 years
Semra Kuran	SVP of Market Risk and Credit Risk Control	01.04.2016	Undergraduate	19 years

You may access information about the activities of the Board of Directors, the Audit Committee, the Credit Committee and the committees that are established pursuant to the Regulation on the Internal Systems of Banks under the framework of the risk management systems and are organized under the Board of Directors or to support the Board of Directors, chairman and members of the committees' names and surnames, fundamental duties and their attendance to the meetings from Garanti Bank Investor Relations website at www.garantiinvestorrelations.com under the [Committees](#) section.

7.2.2 You may reach the summary of the Board of Directors' Annual Report presented to Ordinary General Meeting of Shareholders and information about human resources practices, policy and remuneration in the 2015 Annual Report that was published on the Public Disclosure Platform, the Bank's website and Garanti Bank Investor Relations' website, access at the link below:
www.garantiannualreport.com

7.2.3 You may access information about the transactions with the Bank's risk group under the footnote numbered 5.7 regarding the related party risks.

7.2.4 You may reach information pursuant to the Regulation on the Provision of Support Services to Banks and the Authorization of Support Service Providers, the type of the services and information on the individuals and institutions that provided the support services in the 2015 Annual Report that was published on the Public Disclosure Platform, the Bank's website and Garanti Bank Investor Relations' website, access at the link below:
www.garantiannualreport.com

You may access the Corporate Governance Principles Compliance Report from Garanti Bank Investor Relations website at www.garantiinvestorrelations.com under the [Corporate Governance](#) section.

7.3 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements as of and for the nine-month period ended 30 September 2016 and the independent accountants' limited review report. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti Bank Investor Relations website at www.garantiinvestorrelations.com.

You may find financial information on Garanti Bank for the most recent five year period in the 2015 Annual Report that was published on the Public Disclosure Platform, the Bank's website, Garanti Bank Investor Relations website and at www.garantiannualreport.com. Furthermore, you may access detailed information from Garanti Bank Investor Relations website at www.garantiinvestorrelations.com in the [Garanti with Numbers](#) section.

7.4 Announcements regarding important developments during 01.07.2016-30.09.2016 period

- Our Bank has sold its non-performing loan portfolio receivables arising from credit cards, general purpose loans, overdraft loans and expenses in the total principal amount of TL 81,047,702.59 as of August 26, 2016, to Sümer Varlık Yönetim A.Ş. for a total consideration of TL 10.100.000,00.
- The agreement our Bank signed with JCR Eurasia Rating, which is an authorized rating agency operating under the license of the Capital Markets Board of Turkey (“CMB”) in accordance with the Corporate Governance Principles issued by the CMB, on 17.07.2014 for a period of two years has been renewed for the following two years.
- On July 20, 2016, Moody's Investors Service has placed under review for downgrade the ratings of Türkiye Garanti Bankası AS following the placement of the Turkish sovereign rating under review for downgrade.
- On July 20, 2016, Standard & Poor's (S&P) lowered Long Term Foreign Currency Sovereign rating on the Republic of Turkey from BB+ to BB, Long Term Local Currency Sovereign rating from BBB- to BB+, and revised its Outlook to “Negative” from “Stable” in its report.
Accordingly, S&P lowered the Bank's Long Term Foreign Currency and Long Term Local Currency ratings from BB+ to BB, and revised its Outlook to “Negative” from “Stable”. Bank's Stand-alone Credit Profile (SACP) was affirmed at bb+.
- In order to comply with the European Union directives, our Bank has chosen United Kingdom as Home Member State for public disclosures to be published in the European Union with regard to the capital market instruments issued by our Bank and traded in the European Union.
- On August 19, 2016, Fitch Ratings revised the outlook on Turkey's Sovereign Issuer Default Ratings to “Negative” from “Stable”.
Accordingly, Fitch revised outlooks on our Bank's ratings to “Negative” from “Stable”. At the same time, Fitch affirmed the Bank's Long Term Foreign Currency and Local Currency ratings at BBB, Short Term Foreign Currency and Local Currency ratings at F2, Viability rating at bbb- and Support rating at 2. Affirmation of the ratings reflects Fitch's view that the main shareholder of our Bank continues to have a strong propensity to provide support, notwithstanding the change in sovereign outlook, given our Bank's ownership structure and integration.
- International rating agency Moody's has revised the credit ratings of 17 Turkish banks on September 26, 2016, including T.Garanti Bankası A.Ş., following the downgrade of Turkey's government debt rating to a non-investment grade on September 23, 2016. Moody's revised T. Garanti Bankası A.Ş.'s Long Term FC Deposit Note from Baa3 to Ba2, Long Term TL Deposit from Baa3 to Ba1, Short Term TL Deposit from P-3 to Not-Prime, Short Term FC Deposit from P-3 to Not-Prime, Baseline Credit Assessment – BCA from ba1 to ba2, Adjusted BCA from baa3 to ba1, while keeping National Scale Rating (NSR) Long Term Deposit at Aa1.tr and NSR Short Term at TR-1, revising outlook to “Stable”.

7.5 Announcements regarding important developments for debt instruments issuance and redemptions during 01.07.2016 - 30.09.2016 period

- Upon the approval of the Capital Markets Board dated Aug. 16, 2016, T. Garanti Bankası A.Ş. issued below bank bonds and discounted bonds by public offering following the bookbuilding on Aug. 23-24, 2016.
Total nominal amount of TL 3,493,452, with a maturity of 92 days, dated 25/11/2016, Garanti Bank Bond;
- ISIN Code of TRQGRANK1630;
- Annual Compound Rate: 8.95260%;
- Simple Rate: 8.66760%;
- Issue Price: TL 97.862
Total nominal amount of TL 742,474,276, with a maturity of 368 days, dated 28/08/2017, Discounted Bond;
- ISIN Code of TRSGRAN81714;
- Annual Compound Rate: 10.25028%;
- Simple Rate: 10.25446%
- Issue Price: TL 90.630
- The 57-day maturity structured debt instruments which was issued with the purpose of selling to qualified investors on May.5, 2016 with book building on May.4, 2016 with TR0GRAN00642 ISIN code, is redeemed on 01.07.2016.

- The 160-day maturity bond which was issued upon the approval of the Capital Markets Board dated Jan.29, 2016 by public offering on Feb.12, 2016 with bookbuilding on Feb.9-10-11, 2016 with TRQGRAN71610 ISIN code, and TL 61,955,942 nominal value, is redeemed on 21/07/2016.
- The 101-day maturity bond which was issued upon the approval of the Capital Markets Board dated Mar.30, 2016 by public offering on Apr.11, 2016 with bookbuilding on Apr.6-7-8, 2016 with TRQGRAN71628 ISIN code, and TL 449,727 nominal value, is redeemed on 21/07/2016.
- The 66-day maturity bond which was issued upon the approval of the Capital Markets Board dated May.4, 2016 by public offering on May.16, 2016 with bookbuilding on May.12-13, 2016 with TRQGRAN71636 ISIN code, and TL 32,111,841 nominal value, is redeemed on 21/07/2016.
- The 63-day maturity structured debt instrument which was issued with the purpose of selling to qualified investors on May.25, 2016 with bookbuilding on May.23-24, 2016 with TROGRAN006M5 ISIN code, is redeemed on 27.07.2016.
- The issuance of the structured note with a nominal value of TL 15,958,605 and a term of 63 days to qualified investors has been realized as of 04.08.2016.
- The 63-day maturity structured debt instrument which was issued with the purpose of selling to qualified investors on June.10, 2016 with bookbuilding on June.8-9, 2016 with TROGRAN006Z7 ISIN code, is redeemed on 12.08.2016.
- The 370-day maturity discounted bond which was issued upon the approval of the Capital Markets Board dated Aug.14, 2015 by public offering on Aug.21, 2015 with bookbuilding on Aug.18-19-20, 2015 with TRSGRAN81615 ISIN code, and TL 603,087,170 nominal value, is redeemed on 25/08/2016.
- The 170-day maturity bond which was issued upon the approval of the Capital Markets Board dated Aug.11, 2015 by sold to qualified investors on Mar.23, 2016 with bookbuilding on Mar.21-22, 2016 with TRQGRAN91618 ISIN code, and TL 393,530,000 nominal value, is redeemed on 09/09/2016.
- The 116-day maturity bond which was issued upon the approval of the Capital Markets Board dated Aug.11, 2015 by sold to qualified investors on May.16, 2016 with bookbuilding on May.12-13, 2016 with TRQGRAN91626 ISIN code, and TL 385,700,000 nominal value, is redeemed on 09/09/2016.
- It was announced that GMTN (Global Medium Term Notes) program has been established by our Bank in order to arrange borrowing instruments issuance transactions in any currency with different series and maturities.

Below CMB issuance certificates have been received in regards to the issuances under the GMTN programme.

- ISIN code of XS1452359364, dated 21.07.2017, in total nominal amount of JPY 1,000,000,000, issue date of 20.07.2016

- ISIN code of XS1454976710, dated 03.08.2017, in total nominal amount of JPY 1,000,000,000, issue date of 02.08.2016

Important developments during 01.07.2016 - 30.09.2016 period were announced and the disclosures were uploaded to the Public Disclosure Platform. All the announcements are shared at Garanti Bank Investor Relations web site (www.garantiinvestorrelations.com) and at the link below.

<https://www.garantiinvestorrelations.com/en/news/Corporate-Disclosures/Corporate-Disclosures/112/0/0>