

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

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

Consolidated Financial Statements

As of and For the Six-Month Period Ended

30 June 2014

*(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 July 2014**

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

To the Board of Directors of
Türkiye Garanti Bankası AŞ
İstanbul

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT FOR THE INTERIM PERIOD 1 JANUARY 2014 –30 JUNE 2014

We have reviewed the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 30 June 2014 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants, our responsibility is to issue a report based on the review performed on these financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No. 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides less assurance. We have not performed an audit and accordingly we do not express an audit opinion.

As of the balance sheet date, the accompanying consolidated financial statements include a general reserve amounting to TL 485,000 thousands, TL 150,000 thousand of which was charged to the income statement as expense in the current period, provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

Based on our review, except for the effect of the matter referred to in the preceding paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank and its consolidated financial affiliates as of and for the period ended 30 June 2014 in accordance with the prevailing accounting principles and standards set out as per the Article No. 37 and 38 of the Banking Act No. 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

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

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç
Partner

Istanbul, 24 July 2014

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
AND ITS FINANCIAL AFFILIATES
CONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014**

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

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

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

Subsidiaries

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

Special Purpose Entities

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

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

Ferit F. Şahenk

Board of Directors Chairman

S. Ergun Özen

General Manager

İbrahim Aydın

Executive Vice President

Responsible of Financial Reporting

Aylin Aktürk

Coordinator

M. Cüneyt Sezgin

Audit Committee Member

Manuel Pedro

Galatas Sanchez -Harguindey

Audit Committee Member

The authorized contact person for questions on this financial report:

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

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1 General Information

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 984 domestic branches, eight foreign branches and three representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 30 June 2014, group of companies under Doğuř Holding AŞ that currently owns 24.23% shares of the Bank, is named the Doğuř Group (the Group).

On 22 December 2005, Doğuř Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank’s issued share capital to “GE Arařtırma ve Müřavirlik Limited řti” of General Electric (GE) Group. Accordingly, GE acquired a joint control on the Bank’s management. On 27 December 2007, this time GE Arařtırma ve Müřavirlik Limited řti. has sold 9,765,000,000 shares of Türkiye Garanti Bankası AŞ at a nominal value of TL 97,650 thousands each to Doğuř Holding AŞ, representing 4.65% of the issued share capital. Number of shares representing 20.85% ownership of GE Arařtırma ve Müřavirlik Limited řti increased to 87,571,249,898 subsequent to the capital increase through issuance of bonus shares. The company sold 83,371,249,899 shares at a total nominal value of TL 833,712 thousands representing 19.85% ownership in Türkiye Garanti Bankası AŞ, to GE Capital Corporation on 29 December 2010, and the remaining 1% ownership in the stock exchange market on 11 December 2012.

On 22 March 2011, Banco Bilbao Vizcaya Argentaria SA (“BBVA”) acquired;

- 78.120.000.000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 thousands representing 18.60% ownership, and
- 26.418.840.000 shares of the Bank owned by Doğuř Holding AŞ at a total nominal value of TL 264,188 thousands representing 6.29% ownership.

BBVA, holding 24.89% shares of the Bank, had joint control on the Bank’s management together with Doğuř Group.

On 7 April 2011, BBVA acquired 503.160.000 shares at a nominal value of TL 5,032 thousands and increased its ownership in the Bank’s share capital to 25.01%. As per the agreement between Doğuř Holding AŞ and BBVA, if any of the parties acquires additional shares during the next five years, it is required to offer half of the acquired shares to other party, in case that other party does not accept to purchase the offered shares, usufruct rights shall be established on the voting rights of such shares in favour of other party. Accordingly, although BBVA has acquired additional shares in April, this does not affect their joint control on the Bank’s management.

Doğuř Group

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

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

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

BBVA Group

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

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

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

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	24 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	32 years
Dr. Muammer Cüneyt Sezgin	Independent Member of BOD and Audit Committee	30.06.2004	PhD	26 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	40 years
Manuel Castro Aladro	Member	22.03.2011	Master	22 years
Manuel Pedro Galatas Sanchez Harguindey	Independent Member of BOD and Audit Committee	05.05.2011	University	30 years
Carlos Torres Vila	Member	22.03.2011	Master	23 years
Angel Cano Fernandez	Member	22.03.2011	University	29 years
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	26 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	27 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	27 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	36 years
Ali Fuat Erbil	EVP-Financial Institutions and Corporate Banking	30.04.1999	PhD	22 years
Erhan Adalı	EVP-Loans	03.08.2012	University	24 years
Gökhan Erün	EVP-Treasury, Investment Banking, Human Resources and Training	01.09.2005	Master	20 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	32 years
Halil Hüsnü Erel	EVP-Technology, Operations Management and Central Marketing	16.06.1997	University	29 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	24 years
Turgay Gönensin	EVP-Coordination of Domestic and Foreign Subsidiaries	01.01.2013	University	29 years
Aydın Şenel	EVP-Purchasing and Tax Management	06.06.2013	University	33 years
İbrahim Aydın	EVP-General Accounting, Economic Research and Customer Satisfaction	06.06.2013	Master	20 years
Avni Aydın Düren	EVP-Legal Services and Retail Risk Monitoring	01.02.2009	Master	20 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	20 years
Murat Mergin	EVP-Strategic Planning	01.01.2002	University	20 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	15 years
Didem Başer	EVP-Delivery Channels and Social Platforms Management	20.03.2012	Master	16 years

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

1.4 Information on parent bank's qualified shareholders

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

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

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

1.5 Summary information on parent bank's activities and services

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

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

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

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

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

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

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

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

None.

2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Balance Sheet (Statement of Financial Position)

At 30 June 2014

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 June 2014			31 December 2013		
			TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK		5.1.1	2,546,700	21,029,748	23,576,448	2,751,743	19,891,099	22,642,842
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		5.1.2	990,167	857,379	1,847,546	1,331,384	804,859	2,136,243
2.1 Financial assets held for trading			786,711	857,379	1,644,090	1,132,606	804,859	1,937,465
2.1.1 Government securities			162,549	11,588	174,137	128,383	34,253	162,636
2.1.2 Equity securities			72,433	-	72,433	50,722	-	50,722
2.1.3 Derivative financial assets held for trading			520,672	823,912	1,344,584	921,286	748,540	1,669,826
2.1.4 Other securities			31,057	21,879	52,936	32,215	22,066	54,281
2.2 Financial assets valued at fair value through profit or loss			203,456	-	203,456	198,778	-	198,778
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Loans		5.1.5	203,456	-	203,456	198,778	-	198,778
2.2.4 Other securities			-	-	-	-	-	-
III. BANKS		5.1.3	1,289,368	9,289,764	10,579,132	2,194,272	10,930,155	13,124,427
IV. INTERBANK MONEY MARKETS			2,150	5,892	8,042	8,231	190,802	199,033
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	-	-	-	190,802	190,802
4.3 Receivables from reverse repurchase agreements			2,150	5,892	8,042	8,231	-	8,231
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)		5.1.4	19,333,799	4,211,160	23,544,959	19,748,440	5,087,787	24,836,227
5.1 Equity securities			35,619	59,459	95,078	41,468	8,213	49,681
5.2 Government securities			17,586,301	977,528	18,563,829	18,098,543	1,157,093	19,255,636
5.3 Other securities			1,711,879	3,174,173	4,886,052	1,608,429	3,922,481	5,530,910
VI. LOANS		5.1.5	79,181,574	54,851,152	134,032,726	74,364,492	54,520,566	128,885,058
6.1 Loans			78,662,788	54,379,118	133,041,906	73,882,530	54,081,282	127,963,812
6.1.1 Loans to bank's risk group		5.7	76,431	772,637	849,068	117,448	462,590	580,038
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			78,586,357	53,606,481	132,192,838	73,765,082	53,618,692	127,383,774
6.2 Loans under follow-up			2,730,062	923,486	3,653,548	2,538,430	1,066,654	3,605,084
6.3 Specific provisions (-)			2,211,276	451,452	2,662,728	2,056,468	627,370	2,683,838
VII. FACTORING RECEIVABLES		5.1.6	1,725,617	465,878	2,191,495	1,568,362	426,368	1,994,730
VIII. INVESTMENTS HELD-TO-MATURITY (Net)		5.1.7	14,191,504	4,590,477	18,781,981	13,122,078	651,716	13,773,794
8.1 Government securities			14,170,379	2,989,164	17,159,543	13,112,752	469,091	13,581,843
8.2 Other securities			21,125	1,601,313	1,622,438	9,326	182,625	191,951
IX. INVESTMENTS IN ASSOCIATES (Net)		5.1.8	37,258	3	37,261	37,258	3	37,261
9.1 Associates consolidated under equity accounting			-	-	-	-	-	-
9.2 Unconsolidated associates			37,258	3	37,261	37,258	3	37,261
9.2.1 Financial investments in associates			33,329	-	33,329	33,329	-	33,329
9.2.2 Non-financial investments in associates			3,929	3	3,932	3,929	3	3,932
X. INVESTMENTS IN SUBSIDIARIES (Net)		5.1.9	114,085	1,646	115,731	114,085	1,234	115,319
10.1 Unconsolidated financial investments in subsidiaries			-	-	-	-	-	-
10.2 Unconsolidated non-financial investments in subsidiaries			114,085	1,646	115,731	114,085	1,234	115,319
XI. INVESTMENTS IN JOINT-VENTURES (Net)		5.1.10	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)		5.1.11	1,204,536	2,693,524	3,898,060	1,097,434	2,673,821	3,771,255
12.1 Financial lease receivables			1,435,513	3,041,921	4,477,434	1,292,846	3,009,301	4,302,147
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			230,977	348,397	579,374	195,412	335,480	530,892
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		5.1.12	37,556	16,421	53,977	103,975	11,009	114,984
13.1 Fair value hedges			23,023	2,492	25,515	65,943	-	65,943
13.2 Cash flow hedges			14,533	13,929	28,462	38,032	11,009	49,041
13.3 Net foreign investment hedges			-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		5.1.13	1,290,432	158,582	1,449,014	1,412,741	164,524	1,577,265
XV. INTANGIBLE ASSETS (Net)		5.1.14	204,920	22,897	227,817	88,370	15,660	104,030
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			198,532	22,897	221,429	81,982	15,660	97,642
XVI. INVESTMENT PROPERTY (Net)		5.1.15	112,653	-	112,653	121,671	-	121,671
XVII. TAX ASSET			267,660	34,917	302,577	166,814	58,807	225,621
17.1 Current tax asset			8	10,405	10,413	302	11,699	12,001
17.2 Deferred tax asset		5.1.16	267,652	24,512	292,164	166,512	47,108	213,620
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)		5.1.17	150,440	5,449	155,889	147,510	2,232	149,742
18.1 Asset held for resale			150,440	5,449	155,889	147,510	2,232	149,742
18.2 Assets of discontinued operations			-	-	-	-	-	-
XIX. OTHER ASSETS		5.1.18	7,964,773	378,757	8,343,530	7,333,767	339,017	7,672,784
TOTAL ASSETS			130,645,192	98,613,646	229,258,838	125,712,627	95,769,659	221,482,286

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Balance Sheet (Statement of Financial Position)
At 30 June 2014

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2014			31 December 2013		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	58,943,354	64,220,641	123,163,995	59,531,562	59,677,665	119,209,227
1.1 Deposits from bank's risk group	5.7	468,069	451,519	919,588	239,123	437,113	676,236
1.2 Other		58,475,285	63,769,122	122,244,407	59,292,439	59,240,552	118,532,991
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	994,429	346,385	1,340,814	1,159,931	407,099	1,567,030
III. FUNDS BORROWED	5.2.3	5,917,230	28,773,778	34,691,008	6,557,375	27,428,605	33,985,980
IV. INTERBANK MONEY MARKETS		7,132,113	5,435,499	12,567,612	11,430,918	4,576,820	16,007,738
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements	5.2.4	7,132,113	5,435,499	12,567,612	11,430,918	4,576,820	16,007,738
V. SECURITIES ISSUED (Net)	5.2.4	4,736,922	8,478,558	13,215,480	4,332,755	6,457,804	10,790,559
5.1 Bills		2,003,381	-	2,003,381	1,616,171	-	1,616,171
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		2,733,541	8,478,558	11,212,099	2,716,584	6,457,804	9,174,388
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	5.2.4	10,974,773	700,765	11,675,538	9,356,225	658,611	10,014,836
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		2,318,512	672,509	2,991,021	2,300,052	686,818	2,986,870
IX. FACTORING PAYABLES	5.2.5	-	-	-	-	-	-
X. LEASE PAYABLES (Net)	5.2.6	-	-	-	-	61	61
10.1 Financial lease payables		-	-	-	-	486	486
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		-	-	-	-	425	425
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	91,593	50,096	141,689	-	39,105	39,105
11.1 Fair value hedges		91,593	47,468	139,061	-	39,105	39,105
11.2 Cash flow hedges		-	2,628	2,628	-	-	-
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	5.2.8	3,596,761	122,232	3,718,993	3,231,292	118,458	3,349,750
12.1 General provisions		2,116,200	69,082	2,185,282	1,962,713	75,124	2,037,837
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		490,347	23,261	513,608	399,879	12,462	412,341
12.4 Insurance technical provisions (Net)		240,668	-	240,668	239,423	-	239,423
12.5 Other provisions		749,546	29,889	779,435	629,277	30,872	660,149
XIII. TAX LIABILITY	5.2.9	656,158	30,685	686,843	342,752	24,718	367,470
13.1 Current tax liability		655,685	29,914	685,599	342,752	24,045	366,797
13.2 Deferred tax liability		473	771	1,244	-	673	673
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10	-	-	-	-	-	-
14.1 Asset held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED DEBTS	5.2.11	-	145,004	145,004	-	147,491	147,491
XVI. SHAREHOLDERS' EQUITY	5.2.12	24,670,951	249,890	24,920,841	22,886,187	129,982	23,016,169
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		645,847	85,587	731,434	236,652	(310)	236,342
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		(80,277)	84,921	4,644	(485,313)	(9,118)	(494,431)
16.2.4 Revaluation surplus on tangible assets		175,034	-	175,034	174,304	-	174,304
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		947	-	947	947	-	947
16.2.8 Hedging reserves (effective portion)		(232,729)	666	(232,063)	(236,158)	8,808	(227,350)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		770,992	-	770,992	770,992	-	770,992
16.3 Profit reserves		17,791,406	164,303	17,955,709	14,972,283	130,292	15,102,575
16.3.1 Legal reserves		1,157,539	24,448	1,181,987	1,132,330	20,824	1,153,154
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		16,141,144	1,687	16,142,831	13,315,508	-	13,315,508
16.3.4 Other profit reserves		492,723	138,168	630,891	524,445	109,468	633,913
16.4 Profit or loss		1,853,951	-	1,853,951	3,314,434	-	3,314,434
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		1,853,951	-	1,853,951	3,314,434	-	3,314,434
16.5 Minority interest		179,747	-	179,747	162,818	-	162,818
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		120,032,796	109,226,042	229,258,838	121,129,049	100,353,237	221,482,286

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Off-Balance Sheet Items

At 30 June 2014

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2014			31 December 2013		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		112,710,419	153,737,599	266,448,018	106,001,199	164,304,183	270,305,382
I. GUARANTEES AND SURETIES	5.3.1	11,324,598	22,622,567	33,947,165	9,959,793	24,220,283	34,180,076
1.1 Letters of guarantee		11,311,157	13,278,029	24,589,186	9,952,371	13,925,359	23,877,730
1.1.1 Guarantees subject to State Tender Law		-	800,882	800,882	-	845,257	845,257
1.1.2 Guarantees given for foreign trade operations		1,513,395	547,849	2,061,244	1,134,793	334,609	1,469,402
1.1.3 Other letters of guarantee		9,797,762	11,929,298	21,727,060	8,817,578	12,745,493	21,563,071
1.2 Bank acceptances		13,029	800,534	813,563	6,898	631,191	638,089
1.2.1 Import letter of acceptance		13,029	800,534	813,563	6,898	631,191	638,089
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		412	8,464,956	8,465,368	524	9,583,809	9,584,333
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		412	8,464,956	8,465,368	524	9,583,809	9,584,333
1.4 Guaranteed prefinancings		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	79,048	79,048	-	79,924	79,924
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		35,329,630	9,921,881	45,251,511	34,726,851	14,570,721	49,297,572
2.1 Irrevocable commitments		35,259,900	9,866,454	45,126,354	34,656,889	14,484,130	49,141,019
2.1.1 Asset purchase and sale commitments		668,801	2,777,476	3,446,277	2,760,872	5,713,419	8,474,291
2.1.2 Deposit purchase and sale commitments		5,570	12,938	18,508	-	25,822	25,822
2.1.3 Share capital commitments to associates and subsidiaries		-	7,674	7,674	-	7,806	7,806
2.1.4 Loan granting commitments		5,765,007	5,964,861	11,729,868	5,488,327	7,692,268	13,180,595
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2,875,219	-	2,875,219	2,658,736	-	2,658,736
2.1.8 Tax and fund obligations on export commitments		15,935	-	15,935	-	-	15,211
2.1.9 Commitments for credit card limits		24,447,725	145,478	24,593,203	22,259,533	123,270	22,382,803
2.1.10 Commitments for credit cards and banking services related promotions		7,433	-	7,433	-	-	-
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		1,474,210	958,027	2,432,237	1,474,210	921,545	2,395,755
2.2 Revocable commitments		69,730	55,427	125,157	69,962	86,591	156,553
2.2.1 Revocable loan granting commitments		31,094	1,456	32,550	25,504	2,447	27,951
2.2.2 Other revocable commitments		38,636	53,971	92,607	44,458	84,144	128,602
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	66,056,191	121,193,151	187,249,342	61,314,555	125,513,179	186,827,734
3.1 Derivative financial instruments held for risk management		7,527,484	4,222,520	11,750,004	5,536,346	1,632,486	7,168,832
3.1.1 Fair value hedges		4,667,445	3,342,324	8,009,769	2,928,361	996,486	3,924,847
3.1.2 Cash flow hedges		2,860,039	880,196	3,740,235	2,607,985	636,000	3,243,985
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		58,528,707	116,970,631	175,499,338	55,778,209	123,880,693	179,658,902
3.2.1 Forward foreign currency purchases/sales		10,304,477	12,791,795	23,096,272	8,681,586	10,547,606	19,229,192
3.2.1.1 Forward foreign currency purchases		5,387,146	6,132,288	11,519,434	2,946,679	6,695,948	9,642,627
3.2.1.2 Forward foreign currency sales		4,917,331	6,659,507	11,576,838	5,734,907	3,851,658	9,586,565
3.2.2 Currency and interest rate swaps		31,028,687	71,269,519	102,298,206	24,588,644	71,140,308	95,728,952
3.2.2.1 Currency swaps-purchases		9,920,077	30,604,740	40,524,817	13,139,524	25,155,421	38,294,945
3.2.2.2 Currency swaps-sales		16,835,074	21,642,863	38,477,937	8,051,552	26,315,403	34,366,955
3.2.2.3 Interest rate swaps-purchases		2,136,768	9,510,958	11,647,726	1,698,784	9,834,742	11,533,526
3.2.2.4 Interest rate swaps-sales		2,136,768	9,510,958	11,647,726	1,698,784	9,834,742	11,533,526
3.2.3 Currency, interest rate and security options		17,141,312	25,691,148	42,832,460	22,361,048	35,441,812	57,802,860
3.2.3.1 Currency call options		7,733,168	12,556,359	20,289,527	11,061,233	16,118,387	27,179,620
3.2.3.2 Currency put options		9,363,894	11,763,719	21,127,613	11,268,589	17,441,706	28,710,295
3.2.3.3 Interest rate call options		-	1,354,630	1,354,630	-	1,879,221	1,879,221
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		43,787	8,220	52,007	29,776	1,249	31,025
3.2.3.6 Security put options		463	8,220	8,683	1,450	1,249	2,699
3.2.4 Currency futures		33,369	47,922	81,291	110,122	182,913	293,035
3.2.4.1 Currency futures-purchases		33,369	2,574	35,943	-	182,913	182,913
3.2.4.2 Currency futures-sales		-	45,348	45,348	110,122	-	110,122
3.2.5 Interest rate futures		-	83,880	83,880	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	83,880	83,880	-	-	-
3.2.6 Others		20,862	7,086,367	7,107,229	36,809	6,568,054	6,604,863
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		475,928,844	342,893,957	818,822,801	479,525,342	331,728,028	811,253,370
IV. ITEMS HELD IN CUSTODY		41,585,722	23,035,087	64,620,809	38,639,963	22,263,030	60,902,993
4.1 Customers' securities held		9,455,777	-	9,455,777	7,870,431	6,805	7,877,236
4.2 Investment securities held in custody		19,909,516	5,530,575	25,440,091	20,613,851	4,917,858	25,531,709
4.3 Checks received for collection		10,054,314	2,051,197	12,105,511	8,350,606	1,783,003	10,133,609
4.4 Commercial notes received for collection		2,009,233	807,463	2,816,696	1,728,469	823,208	2,551,677
4.5 Other assets received for collection		44,284	12,643,500	12,687,784	40,495	12,637,870	12,678,365
4.6 Assets received through public offering		-	52,022	52,022	-	52,622	52,622
4.7 Other items under custody		112,598	1,950,330	2,062,928	36,111	2,041,664	2,077,775
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		434,343,122	319,858,870	754,201,992	440,885,379	309,464,998	750,350,377
5.1 Securities		2,167,323	12,535	2,179,858	1,621,409	12,045	1,633,454
5.2 Guarantee notes		42,485,030	11,746,632	54,231,662	42,781,340	12,108,353	54,889,693
5.3 Commodities		-	-	-	6,531	-	6,531
5.4 Warranties		-	1,417,432	1,417,432	-	1,293,355	1,293,355
5.5 Real estates		86,389,169	66,875,016	153,264,185	79,754,153	68,167,820	147,921,973
5.6 Other pledged items		303,301,430	239,806,794	543,108,224	316,721,776	227,882,959	544,604,735
5.7 Pledged items-depository		170	461	631	170	466	636
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		588,639,263	496,631,556	1,085,270,819	585,526,541	496,032,211	1,081,558,752

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Income Statement
At 30 June 2014

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
			CURRENT PERIOD 1 January 2014- 30 June 2014	PRIOR PERIOD 1 January 2013- 30 June 2013	CURRENT PERIOD 1 April 2014- 30 June 2014	PRIOR PERIOD 1 April 2013- 30 June 2013
I. INTEREST INCOME		5.4.1	8,118,635	6,887,787	4,188,684	3,380,991
1.1 Interest income on loans			5,625,303	4,670,606	2,878,540	2,359,428
1.2 Interest income on reserve deposits			1,166	1,529	574	751
1.3 Interest income on banks			114,860	92,037	54,491	40,347
1.4 Interest income on money market transactions			2,921	1,015	1,317	486
1.5 Interest income on securities portfolio			2,052,002	1,861,146	1,092,169	849,105
1.5.1 Trading financial assets			24,914	21,602	14,374	9,219
1.5.2 Financial assets valued at fair value through profit or loss			-	-	-	-
1.5.3 Financial assets available-for-sale			1,125,999	1,804,765	580,681	825,569
1.5.4 Investments held-to-maturity			901,089	34,779	497,114	14,317
1.6 Financial lease income			170,444	137,361	85,904	70,058
1.7 Other interest income			151,939	124,093	75,689	60,816
II. INTEREST EXPENSE		5.4.2	4,233,968	3,008,862	2,132,786	1,488,553
2.1 Interest on deposits			2,770,019	2,004,726	1,370,044	992,012
2.2 Interest on funds borrowed			624,816	478,347	302,739	240,030
2.3 Interest on money market transactions			451,007	314,747	251,483	144,358
2.4 Interest on securities issued			382,385	199,207	207,373	106,917
2.5 Other interest expenses			5,741	11,835	1,147	5,236
III. NET INTEREST INCOME (I - II)			3,884,667	3,878,925	2,055,898	1,892,438
IV. NET FEES AND COMMISSIONS INCOME			1,507,177	1,307,585	764,908	644,154
4.1 Fees and commissions received			1,881,508	1,547,448	971,442	773,567
4.1.1 Non-cash loans			134,037	109,498	68,771	54,735
4.1.2 Others			1,747,471	1,437,950	902,671	718,832
4.2 Fees and commissions paid			374,331	239,863	206,534	129,413
4.2.1 Non-cash loans			645	894	294	414
4.2.2 Others			373,686	238,969	206,240	128,999
V. DIVIDEND INCOME		5.4.3	2,066	10,314	1,997	7,668
VI. NET TRADING INCOME/LOSSES (Net)		5.4.4	(2,248)	305,104	(84,407)	53,319
6.1 Trading account income/losses (Net)			(201,063)	237,535	(151,080)	77,424
6.2 Income/losses from derivative financial instruments (Net)			(191,903)	222,368	(73,025)	93,386
6.3 Foreign exchange gains/losses (Net)			390,718	(154,799)	139,698	(117,491)
VII. OTHER OPERATING INCOME		5.4.5	512,208	488,685	261,385	236,399
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)			5,903,870	5,990,613	2,999,781	2,833,978
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)		5.4.6	920,408	1,037,540	454,271	457,858
X. OTHER OPERATING EXPENSES (-)		5.4.7	2,551,918	2,186,232	1,291,820	1,164,448
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)			2,431,544	2,766,841	1,253,690	1,211,672
XII. INCOME RESULTED FROM MERGERS			-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING			-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-	-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)		5.4.8	2,431,544	2,766,841	1,253,690	1,211,672
XVI. PROVISION FOR TAXES (±)		5.4.9	560,496	648,092	279,000	286,600
16.1 Current tax charge			753,941	337,147	480,227	65,590
16.2 Deferred tax charge/(credit)			(193,445)	310,945	(201,227)	221,010
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)		5.4.10	1,871,048	2,118,749	974,690	925,072
XVIII. INCOME FROM DISCONTINUED OPERATIONS			-	-	-	-
18.1 Income from assets held for sale			-	-	-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures			-	-	-	-
18.3 Others			-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)			-	-	-	-
19.1 Expenses on assets held for sale			-	-	-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-	-	-
19.3 Others			-	-	-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)		5.4.8	-	-	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		5.4.9	-	-	-	-
21.1 Current tax charge			-	-	-	-
21.2 Deferred tax charge/(credit)			-	-	-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)		5.4.10	-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)		5.4.11	1,871,048	2,118,749	974,690	925,072
23.1 Equity holders of the bank			1,853,951	2,105,002	965,542	918,766
23.2 Minority interest			17,097	13,747	9,148	6,306
Earnings per Share			0.441	0.501	0.230	0.219

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity
At 30 June 2014

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2014 - 30 June 2014	PRIOR PERIOD 1 January 2013 - 30 June 2013
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	616,475	(1,639,697)
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	730	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(36,300)	77,536
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	(35,245)	-
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	23,483	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	(575)
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	(110,334)	319,915
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	458,809	(1,242,821)
XI.	CURRENT PERIOD PROFIT/LOSSES	1,871,048	2,118,749
1.1	Net changes in fair value of securities (transferred to income statement)	54,064	204,608
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	1,816,984	1,914,141
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	2,329,857	875,928

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Changes in Shareholders' Equity
At 30 June 2014

THOUSANDS OF TURKISH LIRA (TL)																			
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Other Capital Reserves	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD - 1 January-30 June 2013																			
I. Balances at beginning of the period		4,196,934	772,554	11,880	-	953,339	-	10,355,274	88,706	-	3,334,080	1,093,833	764,252	947	(55,377)	-	21,516,422	140,524	21,656,946
II. Correction made as per TAS 8		-	-	-	-	-	-	(131,090)	131,090	-	-	-	-	-	-	-	-	-	-
2.1. Effect of corrections		-	-	-	-	-	-	(131,090)	131,090	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)		4,196,934	772,554	11,880	-	953,339	-	10,224,184	219,796	-	3,334,080	1,093,833	764,252	947	(55,377)	-	21,516,422	140,524	21,656,946
Changes during the period	5.5																		
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(1,319,755)	-	-	-	-	(1,319,755)	(27)	(1,319,782)
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes resulted from disposal of assets		-	-	-	-	787	-	-	76,749	-	-	-	-	-	-	-	77,536	-	77,536
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		3,066	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,066	-	3,066
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	2,105,002	-	-	-	-	-	-	2,105,002	13,747	2,118,749
XX. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1. Dividends		-	-	-	-	193,928	-	3,085,966	24,941	-	(3,334,080)	(596,471)	(567,226)	-	-	-	(596,471)	(1,073)	(597,544)
20.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(596,471)	(1,073)	(597,544)
20.3. Others		-	-	-	-	-	-	-	24,941	-	(2,712,668)	(24,941)	(567,226)	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	1,148,084	-	13,310,552	321,486	2,105,002	-	(225,922)	197,026	947	(55,377)	-	21,786,232	152,164	21,938,396
CURRENT PERIOD - 1 January-30 June 2014																			
I. Balances at beginning of the period	5.5	4,200,000	770,992	11,880	-	1,153,154	-	13,315,508	633,913	-	3,314,434	(494,431)	174,304	947	(227,350)	-	22,853,351	162,818	23,016,169
Changes during the period																			
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	499,075	-	-	-	-	499,075	17	499,092
IV. Hedging reserves		-	-	-	-	-	-	-	(23,483)	-	-	-	-	-	(4,713)	-	(28,196)	-	(28,196)
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(28,196)	-	(28,196)
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	(23,483)	-	-	-	-	-	23,483	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	730	-	-	-	730	-	730
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	(305)	-	1,073	(13,584)	-	-	-	-	-	-	-	(12,817)	-	(12,817)
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		-	-	-	-	-	-	-	-	1,853,951	-	-	-	-	-	-	1,853,951	17,097	1,871,048
XVIII. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1. Dividends		-	-	-	-	29,138	-	2,826,250	34,046	-	(3,314,434)	(425,000)	-	-	-	-	(425,000)	(185)	(425,185)
18.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	(425,000)	-	-	-	-	-	(425,000)	(185)	(425,185)
18.3. Others		-	-	-	-	-	-	-	-	-	(2,855,388)	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	770,992	11,880	-	1,181,987	-	16,142,831	630,891	1,853,951	-	4,644	175,034	947	(232,063)	-	24,741,094	179,747	24,920,841

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Cash Flows
At 30 June 2014

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2014 30 June 2014	1 January 2013 30 June 2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	3,164,653	2,429,885
1.1.1 Interests received		7,678,485	6,381,337
1.1.2 Interests paid		(3,861,262)	(3,136,163)
1.1.3 Dividend received		2,066	5,179
1.1.4 Fees and commissions received		1,881,508	1,547,448
1.1.5 Other income		59,091	672,858
1.1.6 Collections from previously written-off loans and other receivables		51,056	23,049
1.1.7 Payments to personnel and service suppliers		(2,107,666)	(1,713,917)
1.1.8 Taxes paid		(487,554)	(702,531)
1.1.9 Others		(51,071)	(647,375)
1.2 Changes in operating assets and liabilities	5.6	(3,285,896)	(2,645,441)
1.2.1 Net (increase) decrease in financial assets held for trading		(54,654)	(10,887)
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		933,983	(235,331)
1.2.4 Net (increase) decrease in loans		(5,640,679)	(15,717,442)
1.2.5 Net (increase) decrease in other assets		(993,463)	(952,993)
1.2.6 Net increase (decrease) in bank deposits		1,857,725	938,974
1.2.7 Net increase (decrease) in other deposits		2,078,607	13,308,936
1.2.8 Net increase (decrease) in funds borrowed		(3,077,272)	(482,860)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		1,609,857	506,162
I. Net cash flow from banking operations	5.6	(121,243)	(215,556)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(2,685,914)	(541,137)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(10,539)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(116,771)	(142,195)
2.4 Sales of tangible assets		41,317	45,935
2.5 Cash paid for purchase of financial assets available-for-sale, net		(5,841,525)	(13,829,334)
2.6 Cash obtained from sale of financial assets available-for-sale, net		6,878,069	13,400,743
2.7 Cash paid for purchase of investments held-to-maturity		(3,707,954)	(13,749)
2.8 Cash obtained from sale of investments held-to-maturity		60,950	8,002
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		1,985,036	2,435,382
3.1 Cash obtained from funds borrowed and securities issued		8,019,146	5,404,259
3.2 Cash used for repayment of funds borrowed and securities issued		(5,608,808)	(2,371,299)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(425,185)	(597,544)
3.5 Payments for financial leases		(117)	(34)
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		(56,858)	343,001
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	(878,979)	2,021,690
VI. Cash and cash equivalents at beginning of period	5.6	8,784,101	5,826,911
VII. Cash and cash equivalents at end of period (V+VI)	5.6	7,905,122	7,848,601

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

3 Accounting Policies

3.1 Basis of presentation

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

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

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

As per the Decree Law no. 660 published in the Official Gazette and become effective on 2 November 2011, the Additional Clause 1 of the Law no. 2499 was abolished and the Public Oversight, Accounting and Auditing Standards Authority (“POA”) was established. The financial statements are prepared based on the TAS/TFRS and the related statements and guidances announced by the POA.

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

The liability side of the balance sheet is intensively composed of short-term deposits in line with the general trend in the banking sector. In addition to deposits, the Bank and its financial affiliates have access to longer-term borrowings via the borrowings from abroad.

In order to manage the interest rate risk arising from short-term deposits, the Bank and its financial affiliates are keen on maintaining floating rate instruments such as government bonds with quarterly coupon payments and instruments like credit cards and consumer loans providing regular cash inflows.

A portion of the fixed-rate TL securities and loans, and the foreign currency bonds of the Bank are hedged under fair value hedges. The fair value risks of such fixed-rate TL assets and financial liabilities in foreign currency are hedged with TL interest rate swaps and cross currency swaps. The fair value changes of the hedged fixed-rate TL financial assets and financial liabilities in foreign currencies together with the changes in the fair value of the hedging instruments, namely interest rate swaps and cross currency swaps, are accounted under net trading income/losses in the income statement. At the inception of the hedge and during the subsequent periods, the hedge is expected to achieve the offsetting of changes in fair value attributable to the hedged risk for which the hedge is designated, and accordingly, the hedge effectiveness tests are performed.

The Bank may classify its financial assets and liabilities as at fair value through profit or loss at the initial recognition in order to eliminate any accounting inconsistency.

The fundamental strategy to manage the liquidity risk that may incur due to short-term structure of funding, is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The widespread and effective branch network, advantage of primary dealership and strong market share in the treasury and capital markets, are the most effective tools in the realisation of this strategy. For this purpose, serving customers by introducing new products and services continuously and reaching the customers satisfaction are very important.

Another influential factor in the management of the interest and liquidity risk on balance sheet is product diversification both on asset and liability sides.

Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

Purchase and sale of short and long-term financial instruments are allowed within the pre-determined limits to generate risk-free return on capital.

The foreign currency position is controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk.

3.2.2 Foreign currency transactions

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated with the Bank's spot purchase rates for the parent Bank and with the Central Bank of Turkey's spot purchase rates for domestic financial affiliates, and the differences are recorded as foreign exchange gain or loss in the income statement.

During the consolidation of foreign affiliates, the assets and liabilities are translated into TL at exchange rates ruling at the balance sheet date, the income and expenses in income statement are translated into TL using monthly average exchange rates. Foreign exchange differences arising from the translation of income and expenses and other equity items, are recognized under other profit reserves of the shareholders' equity.

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

3.3 Information on consolidated subsidiaries

As of 30 June 2014, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities and all related transactions and contracts. The company's head office is in Istanbul. The Bank owns 99.96% of the company's shares.

Garanti Faktoring was established in 1990 to perform import, export and domestic factoring activities. The company's head office is in Istanbul. The Bank owns 81.84% of Garanti Faktoring shares including the shares acquired in the market, T. İhracat Bankası AŞ owns 9.78% of the company's shares and the remaining 8.38% shares are held by public.

GBI was established in October 1990 to perform banking activities abroad. The head office of this bank is in Amsterdam. It is wholly owned by the Bank.

Garanti Yatırım was established in 1991 to perform brokerage activities for marketable securities, valuable papers and documents representing financial values or financial commitments of issuing parties other than securities. The company's head office is in Istanbul. It is wholly owned by the Bank. Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.24%, has been consolidated in the accompanying consolidated financial statements due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

In 1992, it was decided to operate life and health branches under a different company and accordingly Garanti Hayat Sigorta AŞ was established. Garanti Hayat Sigorta AŞ was converted into a private pension company in compliance with the legislation early in 2003 and its name was changed as Garanti Emeklilik ve Hayat AŞ. Following the sale transactions that took place on 21 June 2007, the Bank's ownership in Garanti Emeklilik decreased to 84.91%. The head office of this company is in Istanbul.

Garanti Moscow was established in 1996 to perform banking activities abroad. This bank's head office is in Moscow. The Bank owns 99.94% of its shares.

Garanti Portföy was established in June 1997 to manage the customer portfolios by using the capital market products in compliance with the principles and rules of the regulations regarding the company's purpose of establishment and the portfolio management agreements signed with the customers. The company's head office is in Istanbul. It is wholly owned by the Bank.

Garanti Holding was established in December 2007 in Amsterdam and all its shares was purchased by the Bank from Doğu Holding AŞ in May 2010. As of 27 January 2011 the consolidated subsidiary's legal named changed to Garanti Holding BV from D Netherlands BV.

Garanti Diversified Payment Rights Finance Company and RPV Company are special purpose entities established for the parent Bank's securitization transactions, and consolidated in the accompanying consolidated financial statements. The Bank or any of its affiliates does not have any shareholding interests in these companies.

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

3.4 Forwards, options and other derivative transactions

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

3.4.1 Derivative financial instruments held for trading

The derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts. There are no embedded derivatives.

Derivatives are initially recorded in off-balance sheet accounts at their purchase costs including the transaction costs. Subsequently, derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets held for trading" or "derivative financial liabilities held for trading", respectively depending on the fair values being positive or negative. Fair value changes for trading derivatives are recorded under income statement.

The spot legs of currency swap transactions are recorded on the balance sheet and the forward legs in the off-balance sheet accounts as commitment.

3.4.2 Derivative financial instruments held for risk management

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

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

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

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

3.5 Interest income and expenses

General

Interest income and expenses are recorded according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities) defined in the Turkish Accounting Standard 39 (TAS 39) “Financial Instruments: Recognition and Measurement”.

In case an interest was accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest income of the period after the acquisition is recorded as interest income in the financial statements.

The accrued interest income on non-performing loans are reversed and subsequently recognised as interest income only when collected.

Financial lease operations

Total of minimum rental payments including interests and principals are recorded under “financial lease receivables” as gross. The difference, i.e. the interest, between the total of rental payments and the cost of the related tangible asset is recorded under “unearned income”. When the rent payment incurs, the rent amount is deducted from “financial lease receivables”; and the interest portion is recorded as interest income in the income statement.

3.6 Fees and commissions

Except for certain fees related with certain banking transactions and recognized when received, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting. The income derived from agreements or asset purchases from real-person or corporate third parties are recognized as income when realized.

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

Such assets are valued at their fair values and gain/loss arising on those assets is recorded in the income statement. Interest income earned on trading securities and the difference between their acquisition costs and amortized costs are recorded as interest income in the income statement. The differences between the amortized costs and the fair values of such securities are recorded under trading account income/losses in the income statement. In cases where such securities are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

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

3.7.2 Investments held-to-maturity, financial assets available-for-sale and loans and receivables

Financial assets are initially recorded at their purchase costs including the transaction costs.

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

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

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

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

Financial assets available-for-sale are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued at amortized costs by using the discounting method with internal rate of return for floating-rate securities; and by using valuation models or discounted cash flow techniques for fixed-rate securities. Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in “securities value increase fund” under the shareholders’ equity. In case of sales, the the gain/losses arising from fair value measurement accumulated under shareholders’ equity are recognized in income statement.

The real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates of issuance, such securities are valued taking into account the difference between the reference index at the issue date and the reference index at the balance sheet date to reflect the effects of inflation.

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

Loans and receivables are financial assets raised through providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recognized at cost and measured at amortized cost using the effective interest method. Duties paid, transaction costs and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

3.8 Impairment of financial assets

Financial asset or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Bank estimates the amount of impairment.

Impairment loss incurs if, and only if, there is an objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely effected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank makes reclassification and provides specific and general allowances in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables (the Provisioning Regulation) published on the Official Gazette no.2633 dated 1 November 2006 and TAS. The allowances are recorded in the income statement of the related period.

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

3.9 Netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

In cases where the fair values of trading securities, securities available-for-sale, securities quoted at the stock exchanges, associates and subsidiaries are less than their carrying values, a provision for impairment is allocated, and the net value is shown on the balance sheet.

Specific allowances for non-performing loan and other receivables are provided in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. Such allowances are deducted from loans under follow-up on the asset side.

Otherwise, the financial assets and liabilities are netted off only when there is a legal right to do so.

3.9.2 Derecognition of financial assets

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

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

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

3.10 Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet in compliance with the Uniform Chart of Accounts for Banks. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as "Investments Subject to Repurchase Agreements" and valued based on the Bank management's future intentions, either at market prices or using discounting method with internal rate of return. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted for on an accrual basis.

Securities purchased under resale agreements are classified under "interbank money markets" separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

3.11 Assets held for sale and discontinued operations and related borrowings

A tangible asset (or a disposal group) classified as "asset held for sale" is measured at lower of carrying value or fair value less costs to sell. An asset (or a disposal group) is regarded as "asset held for sale" only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively marketed at a price consistent with its fair value.

A discontinued operation is a part of the Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank or its financial affiliates have no discontinued operations.

3.12 Goodwill and other intangible assets

The intangible assets consist of goodwill, softwares, intangible rights and other intangible assets.

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

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The "net goodwill" resulted from the acquisition of the investment and to be included in the consolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles.

If any goodwill is computed at consolidation, it is recorded under intangible assets on the asset side of the consolidated balance sheet as an asset. It is assessed to identify whether there is any indication of impairment. If any such indication exists, the necessary provision is recorded as an expense in the income statement. The goodwill is not amortized.

Estimated useful lives of the intangible assets except for goodwill, are 3-15 years, and amortisation rates are 6.67-33.3%.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

3.13 Tangible assets

The cost of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs.

Tangible assets are recorded at cost in accordance with the Turkish Accounting Standard 16 (TAS 16) "Tangible Assets".

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sale price.

Maintenance and repair costs incurred for tangible assets, are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

Depreciation rates and estimated useful lives of tangible assets are:

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

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

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

Investment properties

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

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

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

	30 June 2014	31 December 2013
Net Effective Discount Rate	2.69-3.28%	2.69-3.28%
Discount Rate	9.21-9.64%	9.21-9.64%
Expected Rate of Salary Increase	6.18-7.73%	6.18-7.73%
Inflation Rate	6.16-6.47%	6.16-6.47%

In the above table, the ranges of effective rates are presented for the Bank and its financial affiliates subject to the labour law, whereas the rates applied for the calculations differ according to the employee’s years-in-service.

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in compliance with TAS 19.

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

Retirement benefit obligations

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

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

The Plan is funded through contributions of both by the employees and the employer as required by Social Security Law no. 506. These contributions are as follows:

	30 June 2014	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

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

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

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

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

b) Other benefits not transferable to SSF

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

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

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

3.18 Taxation

3.18.1 Corporate tax

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

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

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

LUXEMBOURG

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 7% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 8.25% of the taxable income. The tax returns do not include any tax amounts to be paid. The tax calculation is done by the tax office and the amount to be paid is declared to corporate through an official letter called Note. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

Tax applications for foreign financial affiliates

THE NETHERLANDS

In the Netherlands, corporate income tax is levied at the rate of 20% for tax profits up to EUR 200,000 and 25% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. In general, there is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year. Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax for the Germany branch is 30%.

RUSSIA

The applicable corporate tax rate in Russia is 20% (2% federal and 18% regional). The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open for a longer period.

ROMANIA

The applicable corporate tax rate in Romania is 16%. The taxation system in Romania is continuously developing and is subject to varying interpretations and constant changes, which may become rarely retroactive. In Romania, tax periods remain open for tax audits for seven years. Tax losses can be carried forward to offset against future taxable income for seven years.

3.18.2 Deferred taxes

According to the Turkish Accounting Standard 12 (TAS 12) "Income Taxes"; deferred tax assets and liabilities are recognized, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

If transactions and events are recorded in the income statement, then the related tax effects are also recognized in the income statement. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

The deferred tax assets and liabilities of the Bank and its consolidated subsidiaries are reported as net in their individual financial statements.

In compliance with TAS 12, the deferred tax assets and liabilities of the consolidated affiliates are presented on the asset and liability sides of financial statements separately, without any offsetting.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3.18.3 Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “Disguised Profit Distribution by Way of Transfer Pricing”. “The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing” published at 18 November 2007, explains the application related issues on this topic.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As stated in the “7.1 Annual Documentation” section of this communiqué, the taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

3.18.4 Investment allowance

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no.26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of “2006, 2007, 2008” in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

The expression of "only for the years 2006, 2007 and 2008" in the temporary article no.69 of the Income Tax Law no.193 that was cancelled by the decision no.2009/144 of the Turkish Constitutional Court published in the Official Gazette dated 8 January 2010 is revised by the Article 5 of the Law no.6009 effective with the promulgation on the Official Gazette no.27659 dated 1 August 2010. As per the new regulation, the investment allowances that cannot be benefited and transferred to future periods due to insufficient income level of the relevant year, can be used without any year limitation, however the investment allowance amount to be considered in the determination of taxable income, will not exceed 25% of the income of the relevant year. In addition to this, it is also agreed that the corporate tax rate for the companies to benefit from investment allowance will be the current applicable tax rate (20%) instead of 30%. However, the statement of “However the investment allowance amount to be considered in the determination of taxable income, will not exceed 25% of the relevant income” in the temporary article no.69 of the Law no.6009 has been cancelled on 18 February 2012 by the decision of the Constitutional Court, as this statement is decided to be against the Constitution, dated 9 February 2012, E:2010/93, K:2012/9 (decision for abolishing) as announced in the Official Gazette no.28208.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

3.19 Funds borrowed

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

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

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 30 June 2014, the Bank or its financial affiliates do not have any government incentives or grants.

3.23 Segment reporting

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

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

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

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

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

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

<i>Current Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	1,926,383	1,912,247	478,677	1,584,497	5,901,804
Other	-	-	-	-	-
Total Operating Profit	1,926,383	1,912,247	478,677	1,584,497	5,901,804
Net Operating Profit	174,061	1,144,988	362,822	747,607	2,429,478
Income from Associates and Subsidiaries	-	-	-	2,066	2,066
Net Operating Profit	174,061	1,144,988	362,822	749,673	2,431,544
Provision for Taxes	-	-	-	(560,496)	(560,496)
Net Profit	174,061	1,144,988	362,822	189,177	1,871,048
Segment Assets	45,625,497	87,891,381	70,236,863	25,352,105	229,105,846
Investments in Associates and Subsidiaries	-	-	-	152,992	152,992
Total Assets	45,625,497	87,891,381	70,236,863	25,505,097	229,258,838
Segment Liabilities	77,778,704	42,927,462	61,950,238	21,681,593	204,337,997
Shareholders' Equity	-	-	-	24,920,841	24,920,841
Total Liabilities and Shareholders' Equity	77,778,704	42,927,462	61,950,238	46,602,434	229,258,838
Other Segment Items					
Capital Expenditures	-	-	-	268,712	268,712
Depreciation Expenses	70,366	36,424	3,547	18,439	128,776
Impairment Losses	444,986	248,402	9,942	218,165	921,495
Other Non-Cash Income/Expenses	(100,643)	(95,288)	669,946	136,159	610,174
Restructuring Costs	-	-	-	-	-

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	1,911,207	1,755,859	1,573,951	739,282	5,980,299
Other	-	-	-	-	-
Total Operating Profit	1,911,207	1,755,859	1,573,951	739,282	5,980,299
Net Operating Profit	452,404	955,418	1,494,837	(146,132)	2,756,527
Income from Associates and Subsidiaries	-	-	-	10,314	10,314
Net Operating Profit	452,404	955,418	1,494,837	(135,818)	2,766,841
Provision for Taxes	-	-	-	(648,092)	(648,092)
Net Profit	452,404	955,418	1,494,837	(783,910)	2,118,749
Segment Assets	44,617,958	85,076,353	68,174,864	23,460,531	221,329,706
Investments in Associates and Subsidiaries	-	-	-	152,580	152,580
Total Assets	44,617,958	85,076,353	68,174,864	23,613,111	221,482,286
Segment Liabilities	73,596,647	44,006,379	60,864,581	19,998,510	198,466,117
Shareholders' Equity	-	-	-	23,016,169	23,016,169
Total Liabilities and Shareholders' Equity	73,596,647	44,006,379	60,864,581	43,014,679	221,482,286
Other Segment Items					
Capital Expenditures	-	-	-	541,532	541,532
Depreciation Expenses	66,988	30,109	2,391	21,678	121,166
Impairment Losses	424,306	328,972	9,809	275,352	1,038,439
Other Non-Cash Income/Expenses	127,890	94,500	(2,675,611)	380,932	(2,072,289)
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

The effects of reclassification made to the prior years' consolidated financial statements for the foreign exchange effects on foreign subsidiaries' capitals, are presented below:

	Reported 31 December 2012	Correction	Adjusted 31 December 2012
Other profit reserves	88,706	131,090	219,796
Extraordinary reserves	10,355,274	(131,090)	10,224,184

	Reported 31 December 2013	Correction	Adjusted 31 December 2013
Other profit reserves	436,167	197,746	633,913
Extraordinary reserves	13,446,598	(131,090)	13,315,508
Current period net profit/loss	3,381,090	(66,656)	3,314,434

	Reported 30 June 2013	Correction	Adjusted 30 June 2013
Net profit/loss	2,185,405	(66,656)	2,118,749

4 Consolidated Financial Position and Results of Operations, and Risk Management Applications

4.1 Consolidated capital adequacy ratio

As per the revised “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” effective from 1 July 2012, the Bank’s consolidated capital adequacy ratio is 14.00% (31 December 2013: 13.70%) as of 30 June 2014 (unconsolidated capital adequacy ratio: 15.33% (31 December 2013: 14.42%)).

4.1.1 Risk measurement methods in calculation of consolidated capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the “Regulation”)”, “Regulation on Credit Risk Mitigation Techniques” and “Regulation on Calculation of Risk Weighted Amounts for Securitisations” published in the Official Gazette no.28337 dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no.28756 dated 5 September 2013.

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

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

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

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

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

4.1.2 Consolidated capital adequacy ratio

Current Period	Risk Weights								
	Parent Bank Only								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	1,449,211	16,974,552	22,140,413	82,841,806	5,695,287	23,108,640	943,705
Exposure Categories	53,146,939	-	7,246,054	33,949,104	29,520,551	82,841,806	3,796,858	11,554,320	377,482
Conditional and unconditional exposures to central governments or central banks	51,281,972	-	3	5,686,022	-	15	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	56,727	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	30	-	-	-	-	46,928	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	6,644,991	7,271,412	-	178,873	-	-	-
Conditional and unconditional exposures to corporates	-	-	542,080	1,481,452	-	71,650,553	-	-	-
Conditional and unconditional retail exposures	-	-	595	3,893	29,520,551	4,868,915	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	19,503,601	-	-	-	-	-
Past due items	-	-	-	2,724	-	359,233	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	18,645	3,796,858	11,554,320	377,482
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	31,954	-	-	-	-	19,086	-	-	-
Other items	1,832,983	-	1,658	-	-	5,699,558	-	-	-

<i>Prior Period</i>	Risk Weights								
	Parent Bank Only								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	1,854,004	14,643,130	19,982,123	82,326,561	5,000,216	24,059,034	664,205
Exposure Categories	51,971,249	-	9,270,022	29,286,260	26,642,831	82,326,561	3,333,477	12,029,517	265,682
Conditional and unconditional exposures to central governments or central banks	50,354,334	-	3	3,442,625	-	6,849	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	40,082	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	43	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,453,942	6,874,026	-	11,950	-	-	-
Conditional and unconditional exposures to corporates	-	-	770,648	1,290,840	-	70,988,621	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	26,642,831	5,476,494	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	17,676,198	-	-	-	-	-
Past due items	-	-	-	2,571	-	337,955	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	13,269	3,333,477	12,029,517	265,682
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Other items	1,616,915	-	5,347	-	-	5,491,380	-	-	-

<i>Current Period</i> ^(*)	Risk Weights								
	Consolidated								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	1,934,640	19,457,539	23,125,385	92,169,529	6,434,267	24,544,292	1,239,603
Exposure Categories	55,092,946	-	9,673,198	38,915,078	30,833,847	92,169,529	4,289,511	12,272,146	495,841
Conditional and unconditional exposures to central governments or central banks	53,112,628	-	3	6,761,802	-	179	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	56,727	48,168	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	30	-	-	-	-	77,641	-	-	-
Conditional and unconditional exposures to multilateral development banks	4,639	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,028,797	9,296,583	-	93,959	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,585,417	1,928,030	-	83,532,730	-	-	-
Conditional and unconditional retail exposures	-	-	595	3,893	30,833,847	4,878,491	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	20,866,956	-	-	-	-	-
Past due items	-	-	-	5,155	-	608,026	-	-	-
Items in regulatory high-risk	-	-	-	4,491	-	164,055	4,289,511	12,272,146	495,841
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	31,954	-	-	-	-	19,086	-	-	-
Other items	1,943,695	-	1,659	-	-	2,795,362	-	-	-

(*) Consolidated total capital and capital adequacy ratio are calculated within the scope of the “Regulation on Equities of Banks” published in the Official Gazette no.28756 dated 5 September 2013, considering Garanti Emeklilik ve Hayat AŞ as if it is an investment in an unconsolidated financial institution.

Prior Period	Risk Weights								
	Consolidated								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	2,054,001	17,178,502	21,255,722	92,774,743	5,371,476	25,251,712	852,540
Exposure Categories	58,030,029	-	10,270,006	34,357,004	28,340,963	92,774,743	3,580,984	12,625,856	341,016
Conditional and unconditional exposures to central governments or central banks	53,566,751	-	3	3,932,471	-	6,849	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	40,082	50,102	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	877	-	-	-
Conditional and unconditional exposures to multilateral development banks	5,801	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	9,019,016	10,110,763	-	109,407	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,205,558	1,670,497	-	82,110,496	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	28,340,963	5,486,546	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	18,490,800	-	-	-	-	-
Past due items	-	-	-	2,571	-	679,872	-	-	-
Items in regulatory high-risk categories	-	-	-	6,048	-	122,204	3,580,984	12,625,856	341,016
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2,725,817	-	-	93,752	-	1,429,755	-	-	-
Other items	1,731,660	-	5,347	-	-	2,828,737	-	-	-

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	
	Current Period ^(*)	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	12,252,289	11,882,342
Capital Requirement for Market Risk (MRCR)	291,563	301,025
Capital Requirement for Operational Risk (ORCR)	1,187,245	1,067,735
Total Capital	26,305,995	23,882,776
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	15.33%	14.42%
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	14.27%	-
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	14.35%	-

	Consolidated	
	Current Period ^(*)	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	13,512,420	13,179,096
Capital Requirement for Market Risk (MRCR)	256,205	292,299
Capital Requirement for Operational Risk (ORCR)	1,312,809	1,209,317
Total Capital	26,385,337	25,147,997
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	14.00%	13.70 %
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.90%	-
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	13.00%	-

(*) Starting from 1 January 2014, the bank-only and consolidated total capital and capital adequacy ratio are calculated within the scope of the "Regulation on Equities of Banks" published in the Official Gazette no.28756 dated 5 September 2013 (in case of consolidated total capital; considering Garanti Emeklilik ve Hayat AŞ as if it is an investment in an unconsolidated financial institution).

4.1.4 Components of consolidated total capital

	<i>Current Period</i>
COMMON EQUITY TIER I CAPITAL	
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554
Share Premium	11,880
Share Cancellation Profits	-
Reserves	17,409,128
Other Comprehensive Income according to TAS	283,411
Profit	1,779,003
Current Period Profit	1,779,003
Prior Period Profit	-
General Reserves for Possible Losses	485,000
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	947
Minority Interests	58,300
Common Equity Tier I Capital Before Deductions	25,000,223
Deductions From Common Equity Tier I Capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	349,004
Leasehold Improvements on Operational Leases (-)	95,866
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	39,956
Net Deferred Tax Asset/Liability (-)	8,018
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total Deductions from Common Equity Tier I Capital	492,844
Total Common Equity Tier I Capital	24,507,379
ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Shares of Third Parties in Additional Tier I Capital	-
Additional Tier I Capital before Deductions	-

	<i>Current Period</i>
Deductions from Additional Tier I Capital	
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Tier I Capital in cases where there are no adequate Tier II Capital (-)	-
Total Deductions from Additional Tier I Capital	-
Total Additional Tier I Capital	-
Deductions from Tier I Capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	159,826
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 (-)	32,073
Total Tier I Capital	24,315,480
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	143,575
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	2,111,316
Shares of Third Parties in Tier II Capital	-
Tier II Capital before Deductions	2,254,891
Deductions from Tier II Capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	2,254,891

	<i>Current Period</i>
CAPITAL BEFORE DEDUCTIONS	
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	37
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 (-)	33,018
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	66,240
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	29,194
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 (-)	56,545
TOTAL CAPITAL	26,385,337
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	254,781

	<i>Prior Period</i>
CORE CAPITAL	
Paid-in Capital	4,200,000
Nominal Capital	4,200,000
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	772,554
Share Premium	11,880
Share Cancellation Profits	-
Reserves	14,468,662
Profit	3,314,434
Current Period's Profit	3,314,434
Prior Periods' Profit	-
Provision for Possible Losses (upto 25% of Core Capital)	335,000
Income on Sale of Equity Shares and Real Estates	172,164
Primary Subordinated Debts	-
Minority Interest	162,785
Loss (excess of Reserves) (-)	-
Current Period's Losses	-
Prior Periods' Losses	-
Leasehold Improvements on Operational Leases (-)	109,831
Intangible Assets (-)	97,642
Deferred Tax Asset in Excess of 10% of Core Capital (-)	-
Limit Excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-
Goodwill (Net) (-)	6,388
Total Core Capital	23,223,618
SUPPLEMENTARY CAPITAL	
General Provisions	2,037,837
45% of Revaluation Surplus on Movables	-
45% of Revaluation Surplus on Immovables	963
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	947
Primary Subordinated Debts excluding the Portion included in Core Capital	-
Secondary Subordinated Debts	146,050
45% of Securities Value Increase Fund ^(*)	(533,709)
Minority Interest	15
Other Reserves	405,001
Total Supplementary Capital	2,057,104
CAPITAL BEFORE DEDUCTIONS	25,280,722
DEDUCTIONS FROM CAPITAL	132,725
Unconsolidated Investments in Entities Operating in Banking and Financial Sectors	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties and Qualified as Primary or Secondary Subordinated Debts	66,966
Investment in Banks and Financial Institutions that are not Consolidated but Accounted under Equity Accounting	-
Loans Granted against the Articles 50 and 51 of the Banking Law	41
Net Book Values of Immovables Exceeding 50% of Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	33,929
Securitization Positions to be Deducted from Equity	-
Other Deduction Items	31,789
TOTAL CAPITAL	25,147,997

^(*) In the prior periods, in cases where the Securities Value Increase Fund gave a positive result then only 45% of the amount used to be considered in the calculation, whereas if it was negative then the whole amount.

4.1.5 Components of total capital subject to temporary applications

<i>Current Period</i>	Parent Bank Only		Consolidated	
	Amount Included in Total Capital Calculation	Total Amount	Amount Included in Total Capital Calculation	Total Amount
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	143,575	143,575	143,575	143,575

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

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

4.2 Consolidated credit risk

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

4.3 Consolidated market risk

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

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

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

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

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

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

4.3.1 Value at market risk on a consolidated basis

	<i>Current Period</i>	<i>Prior Period</i>
(I) Capital Requirement against General Market Risk - Standard Method	66,104	59,700
(II) Capital Requirement against Specific Risks - Standard Method	32,692	21,084
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	75,362	55,572
(IV) Capital Requirement against Commodity Risks - Standard Method	6,728	12,974
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	61,193	102,922
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	14,126	40,047
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	256,205	292,299
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	3,202,563	3,653,738

4.3.2 Average consolidated values at market risk

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

4.3.3 Quantitative information on counterparty risk

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

4.4 Consolidated operational risk

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

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2014, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to TL 6,064,248 thousands (31 December 2013: TL 901,224 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 8,148,290 thousands (31 December 2013: TL 302,789 thousands), while net foreign currency long open position amounts to TL 2,084,042 thousands (31 December 2013: net foreign currency short open position amounts to TL 598,435 thousands).

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

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

	USD	EUR
The Bank's foreign currency purchase rate at balance sheet date	2.0970	2.8715
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	2.0970	2.8715
Day 2	2.1000	2.8637
Day 3	2.1000	2.8637
Day 4	2.1000	2.8643
Day 5	2.1040	2.8591
Last 30-days arithmetical average rate	2.0932	2.8459

The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	6,966,580	9,598,996	4,464,172	21,029,748
Banks	3,579,600	5,154,550	555,614	9,289,764
Financial Assets at Fair Value through Profit/Loss	88,210	428,702	13,736	530,648
Interbank Money Market Placements	-	5,892	-	5,892
Financial Assets Available-for-Sale	1,817,099	2,112,144	281,917	4,211,160
Loans (*)	19,281,456	37,908,442	1,952,261	59,142,159
Investments in Associates, Subsidiaries and Joint-Ventures	1,187	-	462	1,649
Investments Held-to-Maturity	-	4,590,477	-	4,590,477
Derivative Financial Assets Held for Risk Management	-	13,929	2,492	16,421
Tangible Assets	54,834	126	91,290	146,250
Intangible Assets	-	-	1	1
Other Assets (**)	2,080,488	1,588,916	40,423	3,709,827
Total Assets	33,869,454	61,402,174	7,402,368	102,673,996
Liabilities				
Bank Deposits	1,185,895	4,238,889	1,617,224	7,042,008
Foreign Currency Deposits	21,644,021	30,714,410	2,782,209	55,140,640
Interbank Money Market Takings	257,338	4,798,399	379,762	5,435,499
Other Fundings	10,140,553	18,634,698	143,531	28,918,782
Securities Issued	264,694	7,231,548	982,316	8,478,558
Miscellaneous Payables	102,691	386,318	211,756	700,765
Derivative Financial Liabilities Held for Risk Management	-	36,125	13,971	50,096
Other Liabilities (***)	309,226	578,169	2,084,501	2,971,896
Total Liabilities	33,904,418	66,618,556	8,215,270	108,738,244
Net 'On Balance Sheet' Position	(34,964)	(5,216,382)	(812,902)	(6,064,248)
Net 'Off-Balance Sheet' Position	923,160	5,529,173	1,695,957	8,148,290
Derivative Assets	14,051,995	30,310,056	7,871,168	52,233,219
Derivative Liabilities	(13,128,835)	(24,780,883)	(6,175,211)	(44,084,929)
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	34,484,393	57,369,152	7,187,876	99,041,421
Total Liabilities	33,900,482	58,513,428	7,528,735	99,942,645
Net 'On Balance Sheet' Position	583,911	(1,144,276)	(340,859)	(901,224)
Net 'Off-Balance Sheet' Position	647,257	(1,669,652)	1,325,184	302,789
Derivative Assets	15,803,669	28,514,522	9,403,312	53,721,503
Derivative Liabilities	(15,156,412)	(30,184,174)	(8,078,128)	(53,418,714)
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 4,291,007 thousands included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) The foreign currency indexed factoring receivables amounting TL 212,930 thousands included under TL assets in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(***) The gold deposits of TL 2,037,993 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.6 Consolidated interest rate risk

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

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

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

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

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

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

<i>Current Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	23,576,448	23,576,448
Banks	4,464,487	1,137,975	2,542,767	119,810	-	2,314,093	10,579,132
Financial Assets at Fair Value through Profit/Loss (**)	26,996	50,935	119,571	36,824	33,258	1,376,506	1,644,090
Interbank Money Market Placements	8,042	-	-	-	-	-	8,042
Financial Assets Available-for-Sale	4,034,493	5,977,788	5,408,155	2,925,364	3,789,311	1,409,848	23,544,959
Loans (**)	36,195,657	13,243,868	39,393,626	35,163,943	7,642,778	2,596,310	134,236,182
Investments Held-to-Maturity	1,268,381	4,096,973	5,784,630	2,995,065	3,621,326	1,015,606	18,781,981
Other Assets	538,482	1,563,917	1,441,103	2,062,288	232,056	11,050,158	16,888,004
Total Assets	46,536,538	26,071,456	54,689,852	43,303,294	15,318,729	43,338,969	229,258,838
Liabilities							
Bank Deposits	3,041,259	2,711,419	1,346,769	-	-	1,497,056	8,596,503
Other Deposits	59,968,988	19,366,905	10,152,645	588,574	249	24,490,131	114,567,492
Interbank Money Market Takings	7,475,889	2,864,187	510,494	1,679,329	-	37,713	12,567,612
Miscellaneous Payables	-	-	-	-	-	11,675,538	11,675,538
Securities Issued	1,098,687	2,273,091	3,381,660	2,372,762	3,848,980	240,300	13,215,480
Other Fundings	13,703,635	10,810,519	5,112,547	4,321,882	349,678	537,751	34,836,012
Other Liabilities	6,333	9,734	26,629	-	-	33,757,505	33,800,201
Total Liabilities	85,294,791	38,035,855	20,530,744	8,962,547	4,198,907	72,235,994	229,258,838
On Balance Sheet Long Position	-	-	34,159,108	34,340,747	11,119,822	-	79,619,677
On Balance Sheet Short Position	(38,758,253)	(11,964,399)	-	-	-	(28,897,025)	(79,619,677)
Off-Balance Sheet Long Position	3,100,289	5,163,655	4,958,182	5,942,437	943,395	-	20,107,958
Off-Balance Sheet Short Position	(1,187,290)	(2,846,011)	(4,691,596)	(8,330,223)	(3,295,651)	-	(20,350,771)
Total Position	(36,845,254)	(9,646,755)	34,425,694	31,952,961	8,767,566	(28,897,025)	(242,813)

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

(**) Loans amounting to TL 203,456 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

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

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

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

4.6.2 Average interest rates on monetary financial instruments (%)

<i>Current Period</i>	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.30-3.61	0.40-4.00	-	8.11-12.90
Financial Assets at Fair Value through Profit/Loss	4.62	8.48	-	5.00-17.91
Interbank Money Market Placements	-	-	-	8.68
Financial Assets Available-for-Sale	1.42-5.50	3.46-11.86	-	7.39-11.73
Loans	1.00-8.00	0.80-10.25	2.30	8.05-15.25
Investments Held-to-Maturity	-	5.73	-	7.5-12.08
Liabilities				
Bank Deposits	1.46-2.46	1.00-2.28	-	7.50-10.09
Other Deposits	0.90-7.00	0.80-10.25	1.12	5.45-10.30
Interbank Money Market Takings	0.53	0.50-1.47	1.49	8.71
Miscellaneous Payables	-	-	-	-
Securities Issued	3.75	4.20	-	6.78-12.33
Other Fundings	0.98-4.81	0.94-5.13	2.30	10.29-13.91

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

4.6.3 Interest rate risk on banking book

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

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

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

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

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

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

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

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

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

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

Current Period		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,129,851)	(11.90)%
2	TL	(-) 400 bps	3,069,264	11.67%
3	USD	(+) 200 bps	(461,861)	(1.76)%
4	USD	(-) 200 bps	601,022	2.29%
5	EUR	(+) 200 bps	(64,057)	(0.24)%
6	EUR	(-) 200 bps	64,770	0.25%
	Total (of negative shocks)		3,735,055	14.20%
	Total (of positive shocks)		(3,655,770)	(13.90)%

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

4.7 Consolidated position risk of equity securities

4.7.1 Comparison of carrying, fair and market values of equity shares

<i>Current Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- grade A	124,011	-	-
	Quoted Securities	-	-	-
2	Investment in Shares- grade B	27,097	-	-
	Quoted Securities	-	-	-
3	Investment in Shares- grade C	822	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- grade F	48	-	-
	Quoted Securities	-	-	-

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- grade A	123,599	-	-
	Quoted Securities	-	-	-
2	Investment in Shares- grade B	27,097	-	-
	Quoted Securities	-	-	-
3	Investment in Shares- grade C	822	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- grade F	48	-	-
	Quoted Securities	-	-	-

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

<i>Current Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio			Total	Amount in Tier I Capital ^(*)	Total	Amount in Core Capital ^(*)	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	16,134	-	16,134
3	Other Shares	-	613	613	-	-	-
	Total	-	613	613	16,134	-	16,134

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio			Total	Amount in Supplementary Capital	Total	Amount in Core Capital	Amount in Supplementary Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	13,340	-	6,003
3	Other Shares	-	623	280	-	-	-
	Total	-	623	280	13,340	-	6,003

(*) In the prior periods, in cases where the Securities Value Increase Fund under Supplementary Capital gave a positive result then only 45% of the amount used to be considered in the calculation, whereas if it was negative then the whole amount used to be considered in the calculation; however, in the current period 100% of the amount of the Securities Value Increase Fund under Other Comprehensive Income/(Losses) according to TAS, is considered in the calculation.

4.8 Consolidated liquidity risk

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

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

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

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

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from June 2007, “Measurement and Assessment of the Adequacy of Banks’ Liquidity”, the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Bank’s liquidity ratios for the year of 2013 and the first six months of 2014, are as follows:

<i>Current Period</i>	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	178.15	133.18	128.77	105.66

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

4.8.1 Maturity analysis of assets and liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	5,560,919	18,015,529	-	-	-	-	-	23,576,448
Banks	2,750,440	2,145,491	548,620	1,635,139	3,499,442	-	-	10,579,132
Financial Assets at Fair Value through Profit/Loss (**)	28,531	162,590	218,073	504,782	239,695	490,419	-	1,644,090
Interbank Money Market Placements	-	8,042	-	-	-	-	-	8,042
Financial Assets Available-for-Sale	95,078	484,095	878,426	3,467,878	7,796,295	10,823,187	-	23,544,959
Loans (**)	186,604	24,576,422	10,749,075	32,883,228	47,052,439	16,300,250	2,488,164	134,236,182
Investments Held-to-Maturity	-	908,591	25,187	2,203,573	3,973,324	11,671,306	-	18,781,981
Other Assets	1,902,707	1,138,752	1,516,960	1,460,011	2,314,530	259,131	8,295,913	16,888,004
Total Assets	10,524,279	47,439,512	13,936,341	42,154,611	64,875,725	39,544,293	10,784,077	229,258,838
Liabilities								
Bank Deposits	1,469,818	3,043,537	2,533,433	1,461,220	88,495	-	-	8,596,503
Other Deposits	28,141,056	56,991,371	19,174,233	8,839,937	1,405,818	15,077	-	114,567,492
Other Fundings	-	3,394,721	1,187,665	12,497,048	12,953,134	4,803,444	-	34,836,012
Interbank Money Market Takings	-	7,483,297	2,883,003	513,807	1,687,505	-	-	12,567,612
Securities Issued	-	384,002	2,026,978	3,424,457	3,357,010	4,023,033	-	13,215,480
Miscellaneous Payables	703,610	5,780,793	5,067	6,592	-	-	5,179,476	11,675,538
Other Liabilities (***)	2,063,177	615,594	389,903	313,689	572,929	176,329	29,668,580	33,800,201
Total Liabilities	32,377,661	77,693,315	28,200,282	27,056,750	20,064,891	9,017,883	34,848,056	229,258,838
Liquidity Gap	(21,853,382)	(30,253,803)	(14,263,941)	15,097,861	44,810,834	30,526,410	(24,063,979)	-
Prior Period								
Total Assets	16,709,069	37,591,369	14,366,850	41,483,038	67,098,406	34,351,667	9,881,887	221,482,286
Total Liabilities	29,779,813	77,643,408	27,288,897	27,650,992	19,055,738	12,908,665	27,154,773	221,482,286
Liquidity Gap	(13,070,744)	(40,052,039)	(12,922,047)	13,832,046	48,042,668	21,443,002	(17,272,886)	-

- (*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in short period such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and loans under follow-up, are included in this column.
- (**) Loans amounting to TL 203,456 thousands (31 December 2013: TL 198,778 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.
- (***) Shareholders' Equity is included in "Other liabilities" line under "Undistributed" column.

4.9 Consolidated securitisation positions

None.

4.10 Consolidated credit risk mitigation techniques

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

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

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

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

<i>Current Period</i>	<i>Amount (**)</i>	<i>Financial Collateral</i>	<i>Other/Physical Collateral</i>	<i>Guaranties and Credit Derivatives</i>
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	64,350,391	3,188,700	-	-
Conditional and unconditional exposures to regional governments or local authorities	105,168	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	80,259	591	-	-
Conditional and unconditional exposures to multilateral development banks	4,639	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	33,908,507	13,150,844	-	-
Conditional and unconditional exposures to corporates	114,388,597	11,178,746	-	-
Conditional and unconditional retail exposures	60,453,951	946,898	-	-
Conditional and unconditional exposures secured by real estate property (*)	21,868,773	126,593	-	-
Past due items	613,962	569	-	-
Items in regulatory high-risk categories	17,456,392	185,830	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	51,040	-	-	-
Other items	4,740,716	-	-	-

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

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

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

4.11 Risk management objectives and policies

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

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

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

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

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

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

4.12 Fair values of financial assets and liabilities

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

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

None.

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,070,859	610,522	1,007,744	659,757
Central Bank of Turkey	1,475,438	20,155,656	1,743,999	19,161,838
Others	403	263,570	-	69,504
Total	2,546,700	21,029,748	2,751,743	19,891,099

Balances with the Central Bank of Turkey

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,475,438	2,140,127	1,743,999	1,995,058
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	18,015,529	-	17,166,780
Total	1,475,438	20,155,656	1,743,999	19,161,838

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

5.1.2 Financial assets at fair value through profit/loss

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	19,443	268,898	-	280,860
Assets Subject to Repurchase Agreements	-	-	2,732	-
Total	19,443	268,898	2,732	280,860

5.1.2.2 Positive differences on derivative financial assets held for trading

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Forward Transactions	213,148	42,090	297,742	19,747
Swap Transactions	190,214	752,705	330,329	645,228
Futures	7	1,426	203	1,451
Options	117,303	27,548	293,012	81,708
Others	-	143	-	406
Total	520,672	823,912	921,286	748,540

5.1.2.3 Financial assets at fair value through profit/loss

The Bank classified certain fixed-rate loans amounting to TL 200,000 thousands at initial recognition under financial assets at fair value through profit/loss to eliminate accounting inconsistency. The carrying value of these financial assets and the related current period income amounted to TL 203,456 thousands and TL 4,678 thousands, respectively.

5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	454,740	1,293,224	481,639	1,441,682
Foreign banks	834,628	7,996,540	1,712,633	9,488,473
Foreign headoffices and branches	-	-	-	-
Total	1,289,368	9,289,764	2,194,272	10,930,155

The placements at foreign banks include blocked accounts amounting TL 5,766,295 (31 December 2013: TL 7,377,706 thousands) of which TL 110,080 thousands (31 December 2013: TL 116,271 thousands) and TL 47,442 thousands (31 December 2013: TL 43,094 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 5,608,773 thousands (31 December 2013: TL 7,218,341 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 109,298 thousands (31 December 2013: TL 91,740 thousands) as required for insurance activities.

5.1.4 Financial assets available-for-sale

5.1.4.1 Financial assets subject to repurchase agreements and provided as collateral/blocked

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	4,504,202	180,878	6,612,447	581,497
Assets subject to Repurchase Agreements	6,655,260	1,390,279	9,143,715	2,089,708
Total	11,159,462	1,571,157	15,756,162	2,671,205

5.1.4.2 Details of financial assets available-for-sale

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	22,192,570	24,311,825
Quoted at Stock Exchange	20,484,344	21,641,181
Unquoted at Stock Exchange	1,708,226	2,670,644
Common Shares/Investment Fund	61,109	18,165
Quoted at Stock Exchange	7,669	7,669
Unquoted at Stock Exchange	53,440	10,496
Value Increase/Impairment Losses (-)	1,291,280	506,237
Total	23,544,959	24,836,227

As of 31 December 2013, the Bank's "financial assets available-for-sale" portfolio included private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 and a total carrying value of TL 913,660 thousands; in the current period such bonds are classified to "investments held-to-maturity" portfolio.

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	6,375	182,181	65	135,482
Corporates	6,375	182,181	65	135,482
Real Persons	-	-	-	-
Indirect Lendings to Shareholders	842,430	475,180	509,825	294,931
Loans to Employees	229,956	98	232,867	90
Total	1,078,761	657,459	742,757	430,503

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

<i>Current Period</i>	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Cash Loans						
Loans	128,796,759	1,494,798	96,306	4,448,603	2,123,009	362,016
Working Capital Loans	11,424,524	102,446	85	674,556	355,134	89,968
Export Loans	5,721,281	12,828	-	84,902	24,825	26,681
Import Loans	407,560	-	-	-	-	-
Loans to Financial Sector (*)	4,950,076	4,953	-	-	-	-
Consumer Loans	31,470,181	983,535	56,555	1,088,908	292,597	16,141
Credit Cards	14,046,142	-	1	347,182	-	143,700
Others	60,776,995	391,036	39,665	2,253,055	1,450,453	85,526
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	128,796,759	1,494,798	96,306	4,448,603	2,123,009	362,016

(*) Loans amounting to TL 203,456 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Loans to Financial Sector".

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

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

Collaterals received for loans under follow-up

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	40,498	2,740	-	43,238
Loans Collateralized by Mortgages	1,837,328	376,240	-	2,213,568
Loans Collateralized by Pledged Assets	76,727	51,013	-	127,740
Loans Collateralized by Cheques and Notes	54,034	423,467	-	477,501
Loans Collateralized by Other Collaterals	682,301	49,710	-	732,011
Unsecured Loans	321,625	185,738	347,182	854,545
Total	3,012,513	1,088,908	347,182	4,448,603

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

Delinquency periods of loans under follow-up

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	68,780	432,019	139,312	640,111
61-90 days	96,167	177,689	52,108	325,964
Other	2,847,566	479,200	155,762	3,482,528
Total	3,012,513	1,088,908	347,182	4,448,603

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

Loans and other receivables with extended payment plans

<i>Current Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
No. of Extensions		
1 or 2 times	1,263,519	2,076,492
3, 4 or 5 times	147,296	39,603
Over 5 times	83,983	6,914
Total	1,494,798	2,123,009

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

<i>Current Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
Extention Periods		
0 - 6 months	645,656	204,917
6 - 12 months	142,102	52,415
1 - 2 years	381,031	137,148
2 - 5 year	262,699	439,983
5 years and over	63,310	1,288,546
Total	1,494,798	2,123,009

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

5.1.5.3 Maturity analysis of cash loans

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

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	572,824	29,728,177	30,301,001
Housing Loans	19,173	14,191,510	14,210,683
Automobile Loans	15,491	1,324,476	1,339,967
General Purpose Loans	105,797	2,120,246	2,226,043
Others	432,363	12,091,945	12,524,308
Consumer Loans – FC-indexed	-	193,286	193,286
Housing Loans	-	187,053	187,053
Automobile Loans	-	80	80
General Purpose Loans	-	4,845	4,845
Others	-	1,308	1,308
Consumer Loans – FC	228,887	1,303,395	1,532,282
Housing Loans	1,009	662,731	663,740
Automobile Loans	9	6,017	6,026
General Purpose Loans	3,898	503,464	507,362
Others	223,971	131,183	355,154
Retail Credit Cards – TL	12,401,866	574,172	12,976,038
With Installment	6,022,376	574,161	6,596,537
Without Installment	6,379,490	11	6,379,501
Retail Credit Cards – FC	69,045	66,961	136,006
With Installment	12,350	-	12,350
Without Installment	56,695	66,961	123,656
Personnel Loans – TL	14,928	56,091	71,019
Housing Loan	-	1,408	1,408
Automobile Loans	-	112	112
General Purpose Loans	4,116	10,614	14,730
Others	10,812	43,957	54,769
Personnel Loans - FC-indexed	79	15,200	15,279
Housing Loans	-	15,200	15,200
Automobile Loans	-	-	-
General Purpose Loans	79	-	79
Others	-	-	-
Personnel Loans – FC	1,105	56,101	57,206
Housing Loans	67	18,590	18,657
Automobile Loans	4	25	29
General Purpose Loans	237	30,879	31,116
Others	797	6,607	7,404
Personnel Credit Cards – TL	75,841	591	76,432
With Installment	32,307	591	32,898
Without Installment	43,534	-	43,534
Personnel Credit Cards – FC	971	1,439	2,410
With Installment	181	-	181
Without Installment	790	1,439	2,229
Deposit Accounts– TL (Real Persons)	389,017	-	389,017
Deposit Accounts– FC (Real Persons)	-	-	-
Total	13,754,563	31,995,413	45,749,976

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

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	1,066,111	7,728,147	8,794,258
Real Estate Loans	3,254	654,657	657,911
Automobile Loans	55,482	1,550,356	1,605,838
General Purpose Loans	1,007,366	5,515,850	6,523,216
Others	9	7,284	7,293
Installment-based Commercial Loans - FC-indexed	113,889	1,197,035	1,310,924
Real Estate Loans	-	46,355	46,355
Automobile Loans	5,033	331,772	336,805
General Purpose Loans	108,856	818,908	927,764
Others	-	-	-
Installment-based Commercial Loans – FC	674,471	956,459	1,630,930
Real Estate Loans	-	1,233	1,233
Automobile Loans	40	6,662	6,702
General Purpose Loans	69	15,426	15,495
Others	674,362	933,138	1,607,500
Corporate Credit Cards – TL	1,194,955	641	1,195,596
With Installment	533,384	640	534,024
Without Installment	661,571	1	661,572
Corporate Credit Cards – FC	6,841	-	6,841
With Installment	129	-	129
Without Installment	6,712	-	6,712
Deposit Accounts– TL (Corporates)	767,601	-	767,601
Deposit Accounts– FC (Corporates)	-	-	-
Total	3,823,868	9,882,282	13,706,150

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

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	124,498,570	119,416,568
Foreign Loans ^(*)	8,746,792	8,746,022
Total	133,245,362	128,162,590

^(*) Loans amounting to TL 203,456 thousands (31 December 2013: TL 198,778 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under “Foreign Loans”.

5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	263	70,148
Indirect Lending	-	-
Total	263	70,148

5.1.5.9 Specific provisions for loans

Specific Provisions	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	244,340	320,306
Doubtful Loans and Receivables	489,868	350,780
Uncollectible Loans and Receivables	1,928,520	2,012,752
Total	2,662,728	2,683,838

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	68,095	217,966	236,428
Rescheduled Loans and Receivables	-	-	50,376
Total	68,095	217,966	286,804
<i>Prior Period</i>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	184,781	100,782	203,631
Rescheduled Loans and Receivables	-	-	51,804
Total	184,781	100,782	255,435

Movements in non-performing loan groups

	Group III	Group IV	Group V
<i>Current Period</i>	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	506,189	519,170	2,579,725
Additions during the Period (+)	653,352	9,454	115,838
Transfer from Other NPL Categories (+)	-	660,064	363,232
Transfer to Other NPL Categories (-)	660,064	363,232	-
Collections during the Period (-)	140,816	113,287	117,022
Write-offs (-) (*)	678	-	358,377
Corporate and Commercial Loans	-	-	190,424
Retail Loans	678	-	49,652
Credit Cards	-	-	118,301
Others	-	-	-
Balances at End of Period	357,983	712,169	2,583,396
Specific Provisions (-)	244,340	489,868	1,928,520
Net Balance on Balance Sheet	113,643	222,301	654,876

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

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

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

Movements in specific loan provisions

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
<i>Current Period</i>				
Balances at End of Prior Period	1,303,085	750,498	630,255	2,683,838
Additions during the Period (+)	143,795	236,247	196,362	576,404
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	72,791	91,586	74,749	239,126
Write-Offs (-)	189,757	50,330	118,301	358,388
Balances at End of Period	1,184,332	844,829	633,567	2,662,728

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

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	80,497	301,359	1,179,988
Specific Provisions (-)	30,440	159,341	764,179
Net Balance at Balance Sheet	50,057	142,018	415,809
<i>Prior Period</i>			
Balance at End of Period	269,127	134,093	1,278,963
Specific Provisions (-)	131,653	55,859	924,844
Net Balance at Balance Sheet	137,474	78,234	354,119

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>	113,643	222,301	654,876
Loans to Individuals and Corporates (Gross)	357,983	712,169	2,576,503
Specific Provision (-)	244,340	489,868	1,921,627
Loans to Individuals and Corporates (Net)	113,643	222,301	654,876
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,582
Specific Provision (-)	-	-	6,582
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>	185,883	168,390	566,973
Loans to Individuals and Corporates (Gross)	506,189	519,170	2,571,693
Specific Provision (-)	320,306	350,780	2,004,720
Loans to Individuals and Corporates (Net)	185,883	168,390	566,973
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,721
Specific Provision (-)	-	-	7,721
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	11,143	220	-	11,363
Loans Collateralized by Mortgages	636,507	72,134	-	708,641
Loans Collateralized by Pledged Assets	360,305	47,240	-	407,545
Loans Collateralized by Cheques and Notes	324,404	448,975	-	773,379
Loans Collateralized by Other Collaterals	371,119	150,226	-	521,345
Unsecured Loans	337,830	257,878	635,567	1,231,275
Total	2,041,308	976,673	635,567	3,653,548

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

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 Write-off policy

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

5.1.6 Factoring receivables

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

5.1.7 Investments held-to-maturity

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	6,955,440	654,508	5,139,386	-
Investments subject to Repurchase Agreements	3,269,166	2,871,560	6,192,089	428,072
Total	10,224,606	3,526,068	11,331,475	428,072

5.1.7.2 Government securities held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	17,159,543	13,581,843
Treasury Bills	-	-
Other Government Securities	-	-
Total	17,159,543	13,581,843

5.1.7.3 Investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	17,766,886	13,330,130
Quoted at Stock Exchange	16,864,606	13,142,081
Unquoted at Stock Exchange	902,280	188,049
Valuation Increase / (Decrease)	1,015,095	443,664
Total	18,781,981	13,773,794

As of 30 June 2014, the Bank’s “investments held-to-maturity” portfolio includes private sector bonds with “credit linked notes” at a total face value of USD 425,000,000 (31 December 2013: -) and a total carrying value of TL 903,453 thousands (31 December 2013: -).

5.1.7.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	13,773,794	1,366,954
Foreign Currency Differences on Monetary Assets	(9,294)	-
Purchases during the Period ^(*)	4,610,523	12,458,498
Disposals through Sales/Redemptions ^(**)	(60,950)	(496,826)
Valuation Effect	467,908	445,168
Balances at End of Period	18,781,981	13,773,794

^(*) In the current period, the Bank reclassified private sector bonds with “credit linked notes” with a total face value of USD 425,000,000 from financial assets available-for-sale portfolio to investments held-to-maturity portfolio.

In the prior period, the Bank reclassified certain securities issued by the Turkish Treasury, with a total face value of TL 8,965,094 thousands from financial assets available-for-sale portfolio to investments held-to-maturity portfolio.

^(**) As per the regulation on capital adequacy (Basel II) effective from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 100%. As allowed by the relevant accounting standards (TAS 39) for the sale or reclassification of securities originally classified under the securities held-to-maturity in cases where the capital requirement increases due to regulatory changes, and as per the letter of the Public Oversight, Accounting and Auditing Standards Authority no. 602 dated 20 February 2013, in the prior period the Bank reclassified its eurobonds with a total face value of USD 248,209,999 to its available-for-sale portfolio.

5.1.8 Investments in associates

5.1.8.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ	İstanbul/Turkey	-	6.67
2	Bankalararası Kart Merkezi AŞ ⁽¹⁾	İstanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul/Turkey	5.25	5.28
5	Borsa İstanbul AŞ ^{(**)(1)}	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ ⁽¹⁾	Ankara/ Turkey	1.75	1.75

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	7,641	6,705	1,094	294	(4)	352	642	-
2	46,506	25,427	31,918	189	-	3,047	282	-
3	814,804	73,115	4,080	2,885	443	239	2,291	-
4	6,011,558	619,447	15,051	40,524	5,967	32,815	15,338	-
5	645,386	487,038	47,034	4,705	1,324	30,129	-	-
6	95,900	71,874	43,225	1,112	-	8,792	5,365	-
7	342,205,270	32,780,467	645,252	1,857,993	2,531,419	13,198,929	(276,082)	-
8	280,660	276,068	2,768	2,674	-	3,922	2,122	-

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

(**) The Bank's shares in Vadeli İşlem ve Opsiyon Borsası A.Ş. in the amount of TL 15 thousands were replaced by the shares of Borsa İstanbul A.Ş. according to the article 138-6/b of the Capital Market Law no. 6362. As the date of establishment of Borsa İstanbul AŞ is 3 April 2013, there is no prior period profit/loss.

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

(2) Financial information is as of 31 December 2013.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.8.2 Consolidated investments in associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	34,865	34,480	145	315	682	267	927	22,720

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

(1) Financial information is as of 31 March 2014, however the fair value information is as of 30 June 2014.

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.24%, is consolidated in the accompanying consolidated financial statements under full consolidation method due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

5.1.8.3 Movement of consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	643	43
Movements during the Period	94	600
Acquisitions and Capital Increases	-	673
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	94	(73)
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	737	643
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Valuation methods of consolidated investments in associates

Associates	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value	737	643
Valued by Equity Method of Accounting	-	-

Sectoral distribution of consolidated investments and associates

Associates	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	737	643
Other Associates	-	-

Quoted consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	737	643
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

5.1.9 Investments in subsidiaries

Information on capital adequacy of major subsidiaries

<i>Current Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	397,682	357,848	1,059,839
Share Premium	-	-	37,255
Share Cancellation Profits	-	-	-
Reserves	988,075	238,677	(506,068)
Other Comprehensive Income according to TAS (*)	8,322	-	40,452
Current and Prior Periods' Profits	96,445	48,454	48,573
Common Equity Tier I Capital Before Deductions	1,490,524	644,979	680,051
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	33,663	45	-
Leasehold Improvements on Operational Leases (-)	-	-	12,333
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	3,027	653	34,160
Net Deferred Tax Asset/Liability (-)	-	-	8,018
Total Deductions from Common Equity Tier I Capital	36,690	698	54,511
Total Common Equity Tier I Capital	1,453,834	644,281	625,540
Total Deductions From Tier I Capital	12,108	2,611	168,713
Total Tier I Capital	1,441,726	641,670	456,827
TIER II CAPITAL	86,145	-	57,328
CAPITAL BEFORE DEDUCTIONS	1,527,871	641,670	514,155
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	6	-
TOTAL CAPITAL	1,527,871	641,664	514,155

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

(*) In the prior period, in cases where the Securities Value Increase Fund under Supplementary Capital gives a positive result then only 45% of the amount is considered in the calculation, whereas if its is negative the whole amount; however, in the current period 100% of the amount of the Securities Value Increase Fund under Other Comprehensive Income/(Losses) according to TAS, is considered in the calculation.

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

5.1.9.1 Unconsolidated investments in subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)	Amount of Equity Requirement
1	45,182	39,946	82	729	1,111	3,685	1,627	-	-
2	25,019	16,700	3,961	586	302	409	949	-	-
3	6,029	5,769	11	-	143	2,138	1,813	-	-
4	1,281	882	62	-	-	61	(9)	-	-
5	3,409	3,247	5	-	90	952	629	-	-
6	42	43	33	-	-	(1)	(2)	-	-
7	359	359	-	-	-	-	-	-	-
8	371	359	-	-	-	-	-	-	-
9	52	52	-	-	-	-	-	-	-
10	473,557	40,011	396,443	190	-	21,932	(2,980)	-	-

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

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments

The non-financial investments excluded from the consolidation process, are accounted under cost method of accounting.

5.1.9.2 Movement of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	3,074,748	2,484,453
Movements during the Period	121,877	590,295
Acquisitions and Capital Increases	-	-
Bonus Shares Received ^(*)	-	46,142
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	145,360	257,126
Currency Differences on Foreign Subsidiaries	(23,483)	287,027
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	3,196,625	3,074,748
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

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

Valuation methods of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	235,950	235,950
Valued at Fair Value	2,960,675	2,838,798

Sectoral distribution of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,819,222	1,784,026
Insurance Companies	56,545	56,545
Factoring Companies	143,144	108,660
Leasing Companies	110,743	110,743
Finance Companies	1,066,971	1,014,774
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	143,144	108,660
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	3,754,313	644,935	19,189	159,117	-	48,454	36,731	-
2	2,243,527	131,936	3,568	80,101	-	11,870	10,779	174,900
3	51,824	39,962	1,701	821	1,339	3,043	5,693	-
4	31,033	25,933	1,502	763	75	5,379	2,028	-
5	6,375,423	804,932	25,900	35,646	7,206	91,165	69,894	-
6	12,550,611	1,456,861	69,957	237,107	43,975	96,446	140,466	1,553,668
7	1,190,474	196,656	43,543	22,178	11,097	6,290	7,882	265,707
8	931,457	931,443	-	3	-	(92)	(37)	998,309
9	999,633	861,313	-	57	-	7,683	6,110	-
10	4,913,329	681,929	57,876	125,924	13,229	39,939	42,226	-
11	315,250	48,082	5,814	11,713	-	3,856	3,296	-
12	239,414	30,913	3,539	24,978	-	3,609	2,274	-
13	324,525	41,320	595	9,107	-	1,205	1,271	-

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

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

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.10 Investments in joint-ventures

None.

5.1.11 Lease receivables

5.1.11.1 Financial lease receivables according to remaining maturities

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	1,757,963	1,498,211	1,636,978	1,482,607
Between 1-5 Years	2,450,643	2,146,841	2,486,229	2,140,109
Longer than 5 Years	268,828	253,008	178,940	148,539
Total	4,477,434	3,898,060	4,302,147	3,771,255

5.1.11.2 Net financial lease receivables

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	4,477,434	4,302,147
Unearned Income on Financial Lease Receivables (-)	(579,374)	(530,892)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	3,898,060	3,771,255

5.1.11.3 Financial lease agreements

Criteria applied for financial lease agreements

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

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

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

Details monitored subsequent to signing of financial lease agreements

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

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

5.1.12 Derivative financial assets held for risk management

5.1.12.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	23,023	2,492	65,943	-
Cash Flow Hedges	14,533	13,929	38,032	11,009
Net Foreign Investment Hedges	-	-	-	-
Total	37,556	16,421	103,975	11,009

As of 30 June 2014, 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	9,192,550	37,556	125,090	4,928,361	103,975	-
-TL	6,667,445	37,556	91,593	4,928,361	103,975	-
-FC	2,525,105	-	33,497	-	-	-
Cross Currency Swaps	2,557,454	16,421	16,599	2,240,471	11,009	39,105
-TL	860,039	-	-	607,985	-	-
-FC	1,697,415	16,421	16,599	1,632,486	11,009	39,105
Total	11,750,004	53,977	141,689	7,168,832	114,984	39,105

5.1.12.1.1 Fair value hedge accounting

Current Period						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	36,906	3,397	(40,851)	(548)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	34,321	19,626	(84,239)	(30,292)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(5,222)	2,492	(13,971)	(16,701)

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	(7,901)	7,101	-	(800)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(59,998)	58,842	-	(1,156)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	4,000	-	(36,541)	(32,541)
Cross Currency Swaps	Fixed-rate funds borrowed	Interest rate and foreign currency exchange rate risk	251	-	(2,564)	(2,313)

5.1.12.1.2 Cash flow hedge accounting

Current Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	14,533	-	(25,068)	(8,046)	
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	21,114	(9,813)	(10,177)	3,076	

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

5.1.13 Tangible assets

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

5.1.14 Intangible assets

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

5.1.15 Investment property

<i>Current Period</i>	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type				
Building	147,494	34,841	-	Operational lease
Land	-	-	-	-

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

5.1.16 Deferred tax asset

As of 30 June 2014, on a consolidated basis the Bank has a deferred tax asset of TL 292,164 thousands (31 December 2013: TL 213,620 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 30 June 2014, there is a deferred tax asset of TL 546,763 thousands (31 December 2013: TL 481,678 thousands) and deferred tax liability of TL 254,599 thousands (31 December 2013: TL 268,058 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

As per the annulment decision of the Turkish Constitutional Court as explained in Note 3.18.4, Garanti Finansal Kiralama, a consolidated subsidiary of the Bank, is subject to investment allowance ruling and can use its available allowances to reduce its taxable corporate income without any time limitations. Accordingly, a deferred tax asset amounting TL 1,202 thousands is recorded in the accompanying consolidated financial statements as of 30 June 2014 (31 December 2013: TL 1,202 thousands) considering the fact that Garanti Finansal Kiralama may use its right of deducting investment allowances from its corporate income in the future.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	830,987	165,841	729,152	145,506
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	471,865	90,350	101,736	20,934
Other	199,221	35,973	264,832	47,180
Deferred Tax Asset, Net	1,502,073	292,164	1,095,720	213,620

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

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

As of 30 June 2014, TL 193,445 thousands of deferred tax income (30 June 2013: a deferred tax expense of TL 310,945 thousands) and TL 110,334 thousands of deferred tax expenses (31 December 2013: a deferred tax income of TL 377,670 thousands) were recognised in the income statement and the shareholders' equity, respectively.

5.1.17 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	155,734	136,551
Accumulated Depreciation (-)	(5,992)	(4,114)
Net Book Value	149,742	132,437
End of Current Period		
Additions	44,815	102,001
Disposals (Cost)	(36,845)	(81,960)
Disposals (Accumulated Depreciation)	819	867
Reversal of Impairment / Impairment Losses (-)	(1,087)	(1,847)
Depreciation Expense for Current Period (-)	(1,513)	(2,745)
Currency Translation Differences on Foreign Operations	(42)	989
Cost	162,575	155,734
Accumulated Depreciation (-)	(6,686)	(5,992)
Net Book Value	155,889	149,742

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 23,431 thousands (31 December 2013: TL 27,725 thousands).

5.1.18 Other Assets

5.1.18.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	-	-
Sale of Real Estates	966	3,033
Sale of Other Assets	3,054	3,038
Total	4,020	6,071

5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	492,882	401,484

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulati ng Deposit	Total
Saving Deposits	5,191,862	-	4,328,830	26,369,807	2,432,302	544,684	528,035	3,942	39,399,462
Foreign Currency Deposits	14,277,612	-	5,391,028	19,405,826	4,000,202	5,912,844	6,090,484	62,642	55,140,638
Residents in Turkey	9,098,393	-	4,765,977	16,515,453	2,671,776	1,030,569	632,670	60,843	34,775,681
Residents in Abroad	5,179,219	-	625,051	2,890,373	1,328,426	4,882,275	5,457,814	1,799	20,364,957
Public Sector Deposits	1,838,745	-	13,672	9,693	156	52	20	-	1,862,338
Commercial Deposits	4,997,050	-	4,097,199	4,866,287	635,909	205,867	304,169	-	15,106,481
Others	165,911	-	149,017	479,671	12,703	425,635	525	-	1,233,462
Precious Metal Deposits	1,669,876	-	875	54,734	41	3,572	96,013	-	1,825,111
Bank Deposits	1,469,818	-	1,579,081	1,811,554	2,912,556	481,808	341,686	-	8,596,503
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	8,034	-	835,683	59,124	7,092	8,286	63,147	-	981,366
Foreign Banks	682,987	-	743,398	1,752,430	2,905,464	473,522	278,539	-	6,836,340
Special Financial Institutions	778,797	-	-	-	-	-	-	-	778,797
Others	-	-	-	-	-	-	-	-	-
Total	29,610,874	-	15,559,702	52,997,572	9,993,869	7,574,462	7,360,932	66,584	123,163,995

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

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

5.2.1.1.1 Deposits exceeding insurance limit

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ^(*)	20,907,264	19,339,421	18,193,333	18,937,930
Foreign Currency Saving Deposits	13,068,440	12,703,119	19,186,209	16,554,964
Other Saving Deposits	1,128,522	1,477,207	691,185	1,090,842
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

^(*) As per the decision published in the Official Gazette no. 28560 dated 15 February 2013, the deposit insurance limit has been increased from TL 50,000 thousands to TL 100,000 thousands.

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

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

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	578,040	544,316
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	572,889	489,029
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

Trading Derivatives	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	133,645	18,064	120,240	21,352
Swap Transactions	757,645	306,375	856,002	314,215
Futures	-	-	-	-
Options	103,139	21,805	183,689	71,508
Others	-	141	-	24
Total	994,429	346,385	1,159,931	407,099

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,854,896	1,005,167	1,147,608	1,340,817
Foreign Banks, Institutions and Funds	4,062,334	27,768,611	5,409,767	26,087,788
Total	5,917,230	28,773,778	6,557,375	27,428,605

5.2.3.1 *Maturities of funds borrowed*

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	2,155,250	8,922,934	1,784,349	8,623,544
Medium and Long-Term	3,761,980	19,850,844	4,773,026	18,805,061
Total	5,917,230	28,773,778	6,557,375	27,428,605

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 June 2014, the accumulated negative credit risk change and the negative credit risk change recognised in the income statement amounted to TL 313,703 thousands and TL 349,176 thousands, respectively. The carrying value of the related financial liability amounted to TL 4,507,703 thousands, and the related current period loss amounted TL 349,176 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	2,131,120	2,890,855	1,419,317	7,300,973
Cost	2,055,939	2,692,264	1,418,935	7,266,247
Carrying Value (*)	2,003,381	2,733,541	1,425,138	7,053,420

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

(*) The Bank and/or its financial affiliates repurchased the Bank's own TL securities with a total face value of TL 146,848 thousands (31 December 2013: TL 189,753 thousands) and foreign currency securities with a total face value of TL 466,713 thousands (31 December 2013: TL 278,581 thousands) and netted off such securities in the accompanying consolidated financial statements.

The Bank classified certain securities amounting to RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 30 June 2014, the accumulated negative credit risk change and the negative credit risk change recognised in the income statement amounted to TL 2,034 thousands and TL 501 thousands, respectively. The carrying value of the related financial liability amounted to TL 25,421 thousands, and the related current period loss amounted to TL 546 thousands.

5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	5,044,689	-	9,483,928	-
Financial Institutions and Organizations	5,001,818	-	9,428,331	-
Other Institutions and Organizations	12,463	-	20,429	-
Individuals	30,408	-	35,168	-
Foreign Transactions	2,087,424	5,435,499	1,946,990	4,576,820
Financial Institutions and Organizations	2,087,404	5,435,499	1,946,487	4,576,820
Other Institutions and Organizations	-	-	463	-
Individuals	20	-	40	-
Total	7,132,113	5,435,499	11,430,918	4,576,820

5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	5,560,308	61,009	4,906,607	27,379
Payables from insurance transactions	5,240,375	28,859	4,287,276	30,245
Other	174,090	610,897	162,342	600,987
Total	10,974,773	700,765	9,356,225	658,611

5.2.5 Factoring payables

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

5.2.6 Lease payables

5.2.6.1 Financial lease payables

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

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	91,593	47,468	-	39,105
Cash Flow Hedges	-	2,628	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	91,593	50,096	-	39,105

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

5.2.8 Provisions

5.2.8.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	2,185,282	2,037,837
Loans and Receivables in Group I	1,870,478	1,774,874
- Additional Provision for Loans and Receivables with Extended Maturities	72,603	116,830
Loans and Receivables in Group II	185,675	138,210
- Additional Provision for Loans and Receivables with Extended Maturities	65,922	40,951
Non-Cash Loans	129,129	124,753
Others	-	-

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

	<i>Current Period</i>	<i>Prior Period</i>
Short-Term Loans	34,751	526
Medium and Long Term Loans	10,427	92
Total	45,178	618

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

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

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

5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	485,000	335,000

5.2.8.4.2 Other provisions for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	513,608	412,341
Insurance Technical Provisions, Net	240,668	239,423
Provision for Promotion Expenses of Credit Cards (*)	62,841	55,466
Provision for Lawsuits	31,580	33,601
Other Provisions	91,403	123,144
Total	940,100	863,975

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

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 16 December 2013 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 1,639,833 thousands at 31 December 2013 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2013 as per the requirements of the Law explained in Note 3.17, the accounting policies related with “employee benefits” for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary’s 16 December 2013 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 1,080,014 thousands remains as of 31 December 2013 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 385,587 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2013. However, despite this treatment there are no excess obligation that needs to be provided against.

	31 December 2013
Transferable Pension and Medical Benefits:	
Net present value of pension benefits transferable to SSF	(474,544)
Net present value of medical benefits and health premiums transferable to SSF	385,587
General administrative expenses	(26,165)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(115,122)
Fair Value of Plan Assets (2)	1,754,955
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,639,833
Non-Transferable Benefits:	
Other pension benefits	(408,757)
Other medical benefits	(151,062)
Total Non-Transferable Benefits (4)	(559,819)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,080,014
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(385,587)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	694,427

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

	31 December 2013
	%
Discount Rate (*)	9.60
Inflation Rate (*)	6.20
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	40% above inflation
Future Pension Increase Rate (*)	6.20

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

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 30 June 2014, the corporate tax liability amounts to TL 471,259 thousands (31 December 2013: TL 132,388 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	471,259	132,388
Taxation on Securities Income	95,235	79,849
Taxation on Real Estates Income	2,971	2,560
Banking Insurance Transaction Tax	70,510	64,532
Foreign Exchange Transaction Tax	58	58
Value Added Tax Payable	13,625	9,441
Others	27,871	74,046
Total	681,529	362,874

5.2.9.1.3 Premiums payable

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	654	772
Social Security Premiums-Employer	684	800
Bank Pension Fund Premium-Employees	71	27
Bank Pension Fund Premium-Employer	92	28
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	780	747
Unemployment Insurance-Employer	1,758	1,533
Others	31	16
Total	4,070	3,923

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 1,244 thousands as of 30 June 2014 (31 December 2013: TL 673 thousands).

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

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

5.2.11 Subordinated debts

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

5.2.12 Shareholders' equity

5.2.12.1 Paid-in capital

	<i>Current Period</i>	<i>Prior Period</i>
Common shares	4,200,000	4,200,000
Shares repurchased	-	-
Paid-in common shares	4,200,000	4,200,000
Preference shares	-	-

5.2.12.2 Registered share capital system

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

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(80,277)	84,921	(485,313)	(9,118)
Valuation Difference	(80,277)	84,921	(485,313)	(9,118)
Exchange Rate Difference	-	-	-	-
Total	(80,277)	84,921	(485,313)	(9,118)

5.2.12.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	172,894	-	172,164	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	175,034	-	174,304	-

5.2.12.10 Bonus shares of associates, subsidiaries and joint-ventures

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

5.2.12.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	1,004,124	996,791
II. Legal Reserve	177,863	156,363
Special Reserves	-	-
Total	1,181,987	1,153,154

5.2.12.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	16,142,831	13,315,508
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	16,142,831	13,315,508

5.2.12.13 Minority interest

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	162,818	140,524
Profit Share of Subsidiaries Net Profits	17,097	24,359
Prior Period Dividend Payment	(185)	(1,073)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	17	(992)
Balance at End of Period	179,747	162,818

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 3,446,277 thousands (31 December 2013: TL 8,474,291 thousands), commitments for cheque payments of TL 2,875,219 thousands (31 December 2013: TL 2,658,736 thousands) and commitments for credit card limits of TL 24,593,203 thousands (31 December 2013: TL 22,382,803 thousands).

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

	<i>Current Period</i>	<i>Prior Period</i>
Letters of Guarantee in Foreign Currency	13,278,029	13,925,359
Letters of Guarantee in TL	11,311,157	9,952,371
Letters of Credit	8,465,368	9,584,333
Bills of Exchange and Acceptances	813,563	638,089
Prefinancings	-	-
Other Guarantees	79,048	79,924
Total	33,947,165	34,180,076

A specific provision of TL 108,611 thousands (31 December 2013: TL 112,938 thousands) is made for unliquidated non-cash loans of TL 249,286 thousands (31 December 2013: TL 234,765 thousands) recorded under the off-balance sheet items as of 30 June 2014.

The detailed information for commitments, guarantees and sureties are provided under the statement of “off-balance sheet items”.

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	2,398,199	2,358,859
<i>With Original Maturity of 1 Year or Less</i>	<i>323,820</i>	<i>336,123</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>2,074,379</i>	<i>2,022,736</i>
Other Non-Cash Loans	31,548,966	31,821,217
Total	33,947,165	34,180,076

5.3.1.4 Other information on non-cash loans

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

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

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

5.3.2 Financial derivative instruments

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

5.3.3 Credit derivatives and risk exposures on credit derivatives

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

5.3.4 Contingent liabilities and assets

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

5.3.5 Services rendered on behalf of third parties

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

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	1,595,934	212,962	1,270,444	214,554
Medium and long-term loans	2,508,729	1,282,731	2,093,552	1,069,007
Loans under follow-up	20,256	4,691	17,235	5,814
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	4,124,919	1,500,384	3,381,231	1,289,375

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

5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	23,279	20,362	10,120	15,090
Foreign Banks	55,142	16,077	48,311	18,516
Foreign Head Offices and Branches	-	-	-	-
Total	78,421	36,439	58,431	33,606

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	19,240	5,674	14,058	7,544
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	1,008,446	117,553	1,718,754	86,011
Investments Held-to-Maturity	800,295	100,794	28,695	6,084
Total	1,827,981	224,021	1,761,507	99,639

5.4.1.4 Interest income received from associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Subsidiaries	1,518	491

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	1,163	-	1,172
Domestic Banks	39,106	19,766	27,860	26,655
Foreign Banks	273,001	209,345	213,596	190,703
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	82,435	-	18,361
Total	312,107	312,709	241,456	236,891

(*) Includes also fees and commissions expenses on borrowings

5.4.2.2 Interest expenses paid to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Interest Paid to Investments in Associates and Subsidiaries	922	716

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	258	59,014	-	-	-	1,426	-	60,698
Saving Deposits	44	151,850	1,300,176	98,312	24,139	19,749	-	1,594,270
Public Sector Deposits	-	161	386	46	20,406	1	-	21,000
Commercial Deposits	197	130,487	271,079	32,617	33,567	15,246	-	483,193
Others	-	6,785	22,206	1,754	39,279	15	-	70,039
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	499	348,297	1,593,847	132,729	117,391	36,437	-	2,229,200
Foreign Currency								
Foreign Currency Deposits	25,166	32,080	233,688	51,761	77,079	72,347	542	492,663
Bank Deposits	-	34,977	6,747	2,459	539	1,234	-	45,956
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	19	-	1,833	348	-	2,200
Total FC	25,166	67,057	240,454	54,220	79,451	73,929	542	540,819
Grand Total	25,665	415,354	1,834,301	186,949	196,842	110,366	542	2,770,019

Prior Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	410	29,414	2	-	-	5,317	-	35,143
Saving Deposits	1,340	101,504	904,662	12,416	6,740	11,752	-	1,038,414
Public Sector Deposits	-	162	1,468	12	-	-	-	1,642
Commercial Deposits	1,327	79,575	350,546	8,616	8,461	5,538	-	454,063
Others	2	1,502	20,232	338	121	15	-	22,210
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	3,079	212,157	1,276,910	21,382	15,322	22,622	-	1,551,472
Foreign Currency								
Foreign Currency Deposits	50,061	33,282	221,329	17,205	56,930	39,297	738	418,842
Bank Deposits	1,979	24,465	5,810	1,181	496	20	-	33,951
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	2	32	4	97	326	-	461
Total FC	52,040	57,749	227,171	18,390	57,523	39,643	738	453,254
Grand Total	55,119	269,906	1,504,081	39,772	72,845	62,265	738	2,004,726

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (net)

	<i>Current Period</i>	<i>Prior Period</i>
Income	16,134,726	47,079,943
Trading Account Income	781,543	954,088
Derivative Financial Instruments	2,836,435	3,006,224
Foreign Exchange Gain	12,516,748	43,119,631
Losses (-)	16,136,974	46,774,839
Trading Account Losses	982,606	716,553
Derivative Financial Instruments	3,028,338	2,783,856
Foreign Exchange Losses	12,126,030	43,274,430
Total	(2,248)	305,104

TL 896,328 thousands (30 June 2013: TL 915,250 thousands) of foreign exchange gains and TL 1,220,505 thousands (30 June 2013: TL 745,926 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

The Bank enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied fair value hedge accounting for the fixed rate eurobonds issued in 2011 with a total face value of USD 500,000,000, maturity of 10 years and maturity date of 20 April 2021 and funds borrowed from EIB amounting to USD 119,740,541 which were priced at 6.375% originally and had a coupon rate of 6.25%, by designating interest rate swaps with the same face value amount and conditions. In June 2012, the Bank ceased to apply hedge accounting and accordingly fair value calculations for these bonds. The accumulated fair value differences incurred starting from the date of hedge accounting up to the date on which it was ceased, are amortized as per the effective interest-rate method in compliance with TAS 39.

In this respect the Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 410,884 thousands and USD 524,086,562 and for its bonds with a total face value of TL 1,923,000 thousands and USD 32,900,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period TL 36,906 thousands and TL 34,321 thousands (30 June 2013: a loss of TL 24,575 thousands resulting from open transactions) 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 value amount and conditions. Accordingly, a loss of TL 5,221 thousands (30 June 2013: a gain of TL 4,414 thousands resulting from open transactions) resulting from the fair value changes of the securities issued and funds borrowed subject to hedge accounting were accounted for under trading income/losses in the income statement in the current period.

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, in 2013 the Bank applied cash flow hedge accounting for the floating rate eurobonds issued in 2011 with a total face value of USD 300,000,000, maturity of 5 years and maturity date of 20 April 2016 and funds borrowed from EIB amounting to USD 119,740,541 by designating cross currency swaps with the same face value amount and conditions, and for the collateralised borrowings amounting to TL 1,000,000 thousands by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period TL 832 thousands and TL 12,977 thousands (30 June 2013: nil) resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity.

5.4.5 Other operating income

The items under "other operating income" generally consists of collection or reversals of prior year provisions, banking services related costs recharged to customers and income on custody services.

In the current period, a part of non-performing receivables of the Bank amounting to TL 153,601 thousands was sold for a consideration of TL 26,109 thousands. Considering the related provision of TL 152,930 thousands made in the financial statements in the prior periods, a gain of TL 25,438 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	525,143	471,881
<i>Loans and receivables in Group III</i>	<i>238,235</i>	<i>151,849</i>
<i>Loans and receivables in Group IV</i>	<i>190,350</i>	<i>225,610</i>
<i>Loans and receivables in Group V</i>	<i>96,558</i>	<i>94,422</i>
General Provisions	168,740	289,355
Provision for Possible Losses	150,000	-
Impairment Losses on Financial Assets	3,333	6,472
<i>Financial assets at fair value through profit or loss</i>	<i>3,331</i>	<i>6,472</i>
<i>Financial assets available-for-sale</i>	<i>2</i>	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures (business partnership)</i>	-	-
<i>Investments held-to-maturity</i>	-	-
Others	73,192	269,832
Total	920,408	1,037,540

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	1,099,955	949,164
Reserve for Employee Termination Benefits	21,212	18,323
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	98,448	94,931
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	26,680	22,944
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	1,087	899
Depreciation Expenses of Assets to be Disposed	1,513	1,403
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	960,186	811,451
<i>Operational lease related expenses</i>	<i>154,086</i>	<i>127,165</i>
<i>Repair and maintenance expenses</i>	<i>26,007</i>	<i>18,408</i>
<i>Advertisement expenses</i>	<i>49,121</i>	<i>56,839</i>
<i>Other expenses</i>	<i>730,972</i>	<i>609,039</i>
Loss on Sale of Assets	2,507	3,096
Others (*) (**)	340,330	284,021
Total	2,551,918	2,186,232

(*) Includes saving-deposits-insurance-fund related expenses of TL 82,131 thousands (30 June 2013: TL 60,333 thousands) and insurance-business claim losses of TL 30,006 thousands (30 June 2013: TL 27,441 thousands) as of 31 March 2014.

(**) Includes cancellations/repayments, by the Bank in the current period, of fees and commissions income recognised in prior years in the amount of TL 48,310 thousands (30 June 2013: TL 8,191 thousands).

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

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

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 30 June 2014, on a consolidated basis, the Bank recorded a current tax expense of TL 753,941 thousands (30 June 2013: TL 337,147 thousands) and a deferred tax benefit of TL 193,445 thousands (30 June 2013: a deferred tax expense of TL 310,945 thousands).

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductable Timing Differences (+)	(160,060)	(56,192)
Decrease in Tax Deductable Timing Differences (-)	37,346	312,534
Increase in Taxable Timing Differences (-)	43,974	70,519
Decrease in Taxable Timing Differences (+)	(114,705)	(15,916)
Total	(193,445)	310,945

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
(Increase)/Decrease in Tax Deductable Timing Differences (net)	(116,104)	261,014
(Increase)/Decrease in Taxable Timing Differences (net)	(70,731)	54,603
(Increase)/Decrease in Tax Losses (net)	(6,610)	(4,672)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	(193,445)	310,945

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

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

5.4.11 Net profit/loss

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

None.

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

None.

5.4.11.3 Minority interest’s profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	17,097	13,747

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

5.6 Consolidated statement of cash flows

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

5.7 Related party risks

5.7.1 Transactions with parent bank's risk group;

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	92,579	3,652	9,250	284,178	590,506	489,308
Balance at end of period	22,217	3,706	147,790	203,334	948,799	625,969
Interest and Commission Income	2,159	3	226	3	24,831	579

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	88,612	3,531	263,859	469,641	442,665	495,947
Balance at end of period	92,579	3,652	9,250	284,178	590,506	489,308
Interest and Commission Income	624	3	338	3	17,144	235

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	28,668	6,679	304,643	101,958	342,925	207,192
Balance at end of period	28,740	28,668	527,665	304,643	363,183	342,925
Interest Expenses	922	716	3,071	6,371	6,827	8,326

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss:						
Balance at beginning of period	2,921	6,963	9,092,999	3,373,361	-	-
Balance at end of period	43,272	2,921	7,160,530	9,092,999	-	-
Total Profit/(Loss)	211	(342)	(31,116)	8,859	-	-
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 Bank's risk group

5.7.2.1 Relations with companies in risk group of/or controlled by the Bank regardless of nature of current transactions

Transactions with the risk group, are held under arm's-length conditions; terms are set according to the market conditions and in compliance with the Banking Law. The Bank's policy is to keep the balances and transaction volumes with the risk group at reasonable levels preventing any high concentration risk on balance sheet.

5.7.2.2 Concentration of transaction volumes and balances with risk group and pricing policy

The cash loans of the risk group amounting TL 849,068 thousands (31 December 2013: TL 580,038 thousands) compose 0.63% (31 December 2013: 0.45%) of the Bank's total consolidated cash loans and 0.37% (31 December 2013: 0.26%) of the Bank's total consolidated assets. The total loans and similar receivables amounting 1,118,806 thousands (31 December 2013: TL 692,335 thousands) compose 0.49% (31 December 2013: 0.31%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 833,009 thousands (31 December 2013: TL 777,138 thousands) compose 2.45% (31 December 2013: 2.27%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 919,588 thousands (31 December 2013: TL 676,236 thousands) compose 0.75% (31 December 2013: 0.57%) of the Bank's total consolidated deposits. The funds borrowed by the Bank and its consolidated financial affiliates from their risk group amounting to TL 249,223 thousands (31 December 2013: TL 199,623 thousands) compose 0.72% (31 December 2013: 0.59%) of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

The credit card (POS) payables to the related parties, amounted to TL 45,499 thousands (31 December 2013: TL 12,664 thousands). A total rent income of TL 1,355 thousands (30 June 2013: TL 605 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 5,731 thousands as of 30 June 2013 (30 June 2014: -) were incurred for the IT services rendered by the related parties. Other income of TL 59 thousands (30 June 2013: -) for the IT services rendered and banking services fee of TL 922 (30 June 2013: TL 632 thousands) were recognized from the related parties.

Operating expenses of TL 3,747 thousands (30 June 2013: TL 3,588 thousands) for advertisement and broadcasting services, of TL 17,563 thousands (30 June 2013: TL 12,264 thousands) for operational leasing services, and of TL 4,470 thousands (30 June 2013: TL 3,571 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 221 thousands (30 June 2013: TL 91 thousands) was recognized as income for the services rendered by the affiliates.

The net payment provided or to be provided to the key management of the Bank and its consolidated financial affiliates amounts to TL 67,360 thousands as of 30 June 2014 (30 June 2013: TL 64,518 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

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

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

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

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

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

5.9 Matters arising subsequent to the balance sheet date

None.

5.10 Other disclosures on activities of parent bank

5.10.1 Summary information on international risk ratings

5.10.1.1 Parent bank's international risk ratings

MOODY'S (June 2014) (*)

Long Term FC Deposit	Baa3
Long Term TL Deposit	Baa3
Short Term TL Deposit	Prime-3
Short Term FC Deposit	Prime-3
Long Term FC Deposit Outlook	Negative
Financial Strength (FSR)	D+ (ba1)
FSR Outlook	Stable
Long Term National Scale Rating (NSR)	Aa3.tr
Short Term NSR	TR-1

STANDARD AND POORS (June 2014) (*)

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

FITCH RATINGS (June 2014) (*)

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

JCR EURASIA RATINGS (June 2014) (*)

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

(*) Latest dates in risk ratings or outlooks.

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

MOODY'S (June 2013) (*)

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

(*) Latest date in risk ratings or outlooks.

5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated affiliate

FITCH RATINGS (May 2013) (*)

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

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (June 2012) (*)

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

(*) Latest date in risk ratings or outlooks.

STANDARD AND POORS (February 2014) (*)

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

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (July 2014) (*)

Foreign Currency	
Long Term	BB+
Short Term	B
Outlook	Stable
Support	3

(*) Latest date in risk ratings or outlooks.

5.10.2 Other disclosures

- As per the decision made at the annual general assembly of shareholders of the Bank on 3 April 2014, the distribution of the net profit of the year 2013, will be as follows;

2013 PROFIT DISTRIBUTION TABLE	
2013 Net Profit	3,005,560
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(34,046)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(139,778)
D – Second dividend to the shareholders	(215,000)
E – Extraordinary reserves	(2,385,236)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(21,500)

- As per the Communiqué published on the Official Gazette no.28704 dated 11 July 2013, “Standards on Investment Banking Services and Activities and the related Services Rendered”, the Bank will be transferring a part of its activities under investment banking segment to Garanti Yatırım Menkul Kıymetler AŞ, a consolidated affiliate, as of 1 July 2014.
- The extraordinary general meeting of shareholders dated 10 March 2014 approved the initiation in principle of the merger by acquisition process between Garanti Bank SA and Domenia Credit IFN SA. The merger will take place via the absorption by Garanti Bank SA, as acquiring company, of Domenia Credit IFN SA, as acquired company. Further to the completion of the merger process, the bank will continue its legal existence as a joint stock company and the bank’s bylaws shall be accordingly amended.

6 Limited Review Report

6.1 Disclosure on limited review report

The consolidated financial statements of the Bank and its financial affiliates as of 30 June 2014, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited). The independent limited review report dated 24 July 2014, is presented before the accompanying consolidated financial statements.

6.2 Disclosures and footnotes prepared by independent accountants

None.

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