

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

**Türkiye Garanti Bankası Anonim Şirketi  
And Its Financial Affiliates  
Consolidated Financial Statements  
As of and For the Three-Month Period Ended  
31 March 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  
29 April 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

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## **TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES**

### **INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT FOR THE INTERIM PERIOD 1 JANUARY 2014 –31 MARCH 2014**

We have reviewed the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 31 March 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.

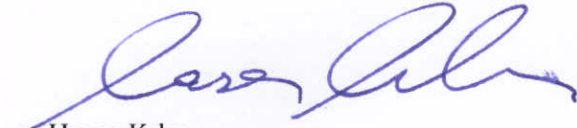
As of the balance sheet date, the accompanying consolidated financial statements include a general reserve amounting to TL 435,000 thousands, TL 100,000 thousand of which was charged to the income statement as expense in the current period, provided by the Bank management in line with conservatism principle 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 31 March 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, 29 April 2014

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates  
Consolidated Interim Financial Report  
as of and for the Three-Month Period Ended 31 March 2014**

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The consolidated interim financial report for the three-month period ended 31 March 2014 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**

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

The consolidated quarterly 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)**.

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

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations  
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Fax no: 90 212 216 59 02

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## **1 General Information**

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 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 31 March 2014, group of companies under Doğuş Holding AŞ that currently owns 24.23% shares of the Bank, is named the Doğuş Group (the Group).

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

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

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

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

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

#### **Doğuş Group**

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

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

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

#### **BBVA Group**

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

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

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

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

#### **Board of Directors Chairman and Members:**

<b>Name and Surname</b>	<b>Responsibility</b>	<b>Appointment Date</b>	<b>Education</b>	<b>Experience in Banking and Business Administration</b>
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:**

<b>Name and Surname</b>	<b>Responsibility</b>	<b>Appointment Date</b>	<b>Education</b>	<b>Experience in Banking and Business Administration</b>
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 & 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 & 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 & 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 & Tax Management	06.06.2013	University	33 years
İbrahim Aydın	EVP-General Accounting & Economic Research & Customer Satisfaction	06.06.2013	Master	20 years
Avni Aydın Düren	EVP-Legal Services & 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 & 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**

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

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

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

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

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

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

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

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

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

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

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

None.

## 2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

#### Consolidated Balance Sheet (Statement of Financial Position)

At 31 March 2014

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 March 2014			31 December 2013		
			TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>		5.1.1	<b>1,678,701</b>	<b>20,288,871</b>	<b>21,967,572</b>	<b>2,751,743</b>	<b>19,891,099</b>	<b>22,642,842</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>		5.1.2	<b>1,458,048</b>	<b>790,014</b>	<b>2,248,062</b>	<b>1,331,384</b>	<b>804,859</b>	<b>2,136,243</b>
2.1 Financial assets held for trading			1,264,488	790,014	2,054,502	1,132,606	804,859	1,937,465
2.1.1 Government securities			119,386	9,584	128,970	128,383	34,253	162,636
2.1.2 Equity securities			85,741	-	85,741	50,722	-	50,722
2.1.3 Derivative financial assets held for trading			1,023,232	759,103	1,782,335	921,286	748,540	1,669,826
2.1.4 Other securities			36,129	21,327	57,456	32,215	22,066	54,281
2.2 Financial assets valued at fair value through profit or loss			193,560	-	193,560	198,778	-	198,778
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Loans		5.1.5	193,560	-	193,560	198,778	-	198,778
2.2.4 Other securities			-	-	-	-	-	-
<b>III. BANKS</b>		5.1.3	<b>1,452,193</b>	<b>10,422,762</b>	<b>11,874,955</b>	<b>2,194,272</b>	<b>10,930,155</b>	<b>13,124,427</b>
<b>IV. INTERBANK MONEY MARKETS</b>			<b>9,567</b>	<b>142,967</b>	<b>152,534</b>	<b>8,231</b>	<b>190,802</b>	<b>199,033</b>
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	126,901	126,901	-	190,802	190,802
4.3 Receivables from reverse repurchase agreements			9,567	16,066	25,633	8,231	-	8,231
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>		5.1.4	<b>20,136,153</b>	<b>3,796,099</b>	<b>23,932,252</b>	<b>19,748,440</b>	<b>5,087,787</b>	<b>24,836,227</b>
5.1 Equity securities			36,712	55,059	91,771	41,468	8,213	49,681
5.2 Government securities			18,422,347	942,746	19,365,093	18,098,543	1,157,093	19,255,636
5.3 Other securities			1,677,094	2,798,294	4,475,388	1,608,429	3,922,481	5,530,910
<b>VI. LOANS</b>		5.1.5	<b>77,538,180</b>	<b>54,466,200</b>	<b>132,004,380</b>	<b>74,364,492</b>	<b>54,520,566</b>	<b>128,885,058</b>
6.1 Loans			77,030,027	54,021,788	131,051,815	73,882,530	54,081,282	127,963,812
6.1.1 Loans to bank's risk group		5.7	128,374	797,337	925,711	117,448	462,590	580,038
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			76,901,653	53,224,451	130,126,104	73,765,082	53,618,692	127,383,774
6.2 Loans under follow-up			2,679,063	1,088,318	3,767,381	2,538,430	1,066,654	3,605,084
6.3 Specific provisions (-)			2,170,910	643,906	2,814,816	2,056,468	627,370	2,683,838
<b>VII. FACTORING RECEIVABLES</b>		5.1.6	<b>1,299,612</b>	<b>407,949</b>	<b>1,707,561</b>	<b>1,568,362</b>	<b>426,368</b>	<b>1,994,730</b>
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>		5.1.7	<b>13,365,401</b>	<b>4,194,144</b>	<b>17,559,545</b>	<b>13,122,078</b>	<b>651,716</b>	<b>13,773,794</b>
8.1 Government securities			13,355,969	2,947,161	16,303,130	13,112,752	469,091	13,581,843
8.2 Other securities			9,432	1,246,983	1,256,415	9,326	182,625	191,951
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>		5.1.8	<b>37,258</b>	<b>3</b>	<b>37,261</b>	<b>37,258</b>	<b>3</b>	<b>37,261</b>
9.1 Associates consolidated under equity accounting			-	-	-	-	-	-
9.2 Unconsolidated associates			37,258	3	37,261	37,258	3	37,261
9.2.1 Financial investments in associates			33,329	-	33,329	33,329	-	33,329
9.2.2 Non-financial investments in associates			3,929	3	3,932	3,929	3	3,932
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>		5.1.9	<b>114,085</b>	<b>1,686</b>	<b>115,771</b>	<b>114,085</b>	<b>1,234</b>	<b>115,319</b>
10.1 Unconsolidated financial investments in subsidiaries			-	-	-	-	-	-
10.2 Unconsolidated non-financial investments in subsidiaries			114,085	1,686	115,771	114,085	1,234	115,319
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>		5.1.10	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>		5.1.11	<b>1,159,930</b>	<b>2,693,827</b>	<b>3,853,757</b>	<b>1,097,434</b>	<b>2,673,821</b>	<b>3,771,255</b>
12.1 Financial lease receivables			1,368,540	3,053,470	4,422,010	1,292,846	3,009,301	4,302,147
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			208,610	359,643	568,253	195,412	335,480	530,892
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>		5.1.12	<b>161,979</b>	<b>51,179</b>	<b>213,158</b>	<b>103,975</b>	<b>11,009</b>	<b>114,984</b>
13.1 Fair value hedges			93,445	459	93,904	65,943	-	65,943
13.2 Cash flow hedges			68,534	50,720	119,254	38,032	11,009	49,041
13.3 Net foreign investment hedges			-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		5.1.13	<b>1,258,263</b>	<b>158,384</b>	<b>1,416,647</b>	<b>1,412,741</b>	<b>164,524</b>	<b>1,577,265</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		5.1.14	<b>209,004</b>	<b>21,606</b>	<b>230,610</b>	<b>88,370</b>	<b>15,660</b>	<b>104,030</b>
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			202,616	21,606	224,222	81,982	15,660	97,642
<b>XVI. INVESTMENT PROPERTY (Net)</b>		5.1.15	<b>125,218</b>	<b>-</b>	<b>125,218</b>	<b>121,671</b>	<b>-</b>	<b>121,671</b>
<b>XVII. TAX ASSET</b>			<b>165,686</b>	<b>50,954</b>	<b>216,640</b>	<b>166,814</b>	<b>58,807</b>	<b>225,621</b>
17.1 Current tax asset			10	10,379	10,389	302	11,699	12,001
17.2 Deferred tax asset		5.1.16	165,676	40,575	206,251	166,512	47,108	213,620
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>		5.1.17	<b>153,043</b>	<b>4,900</b>	<b>157,943</b>	<b>147,510</b>	<b>2,232</b>	<b>149,742</b>
18.1 Asset held for resale			153,043	4,900	157,943	147,510	2,232	149,742
18.2 Assets of discontinued operations			-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>		5.1.18	<b>7,156,294</b>	<b>428,363</b>	<b>7,584,657</b>	<b>7,333,767</b>	<b>339,017</b>	<b>7,672,784</b>
<b>TOTAL ASSETS</b>			<b>127,478,615</b>	<b>97,919,908</b>	<b>225,398,523</b>	<b>125,712,627</b>	<b>95,769,659</b>	<b>221,482,286</b>

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Balance Sheet (Statement of Financial Position)**  
**At 31 March 2014**

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2014			31 December 2013		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	5.2.1	<b>56,751,561</b>	<b>65,082,991</b>	<b>121,834,552</b>	<b>59,531,562</b>	<b>59,677,665</b>	<b>119,209,227</b>
1.1 Deposits from bank's risk group	5.7	232,655	368,257	600,912	239,123	437,113	676,236
1.2 Other		56,518,906	64,714,734	121,233,640	59,292,439	59,240,552	118,532,991
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	5.2.2	<b>1,563,824</b>	<b>398,466</b>	<b>1,962,290</b>	<b>1,159,931</b>	<b>407,099</b>	<b>1,567,030</b>
<b>III. FUNDS BORROWED</b>	5.2.3	<b>5,924,930</b>	<b>27,540,064</b>	<b>33,464,994</b>	<b>6,557,375</b>	<b>27,428,605</b>	<b>33,985,980</b>
<b>IV. INTERBANK MONEY MARKETS</b>		<b>10,168,643</b>	<b>5,701,076</b>	<b>15,869,719</b>	<b>11,430,918</b>	<b>4,576,820</b>	<b>16,007,738</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements	5.2.4	10,168,643	5,701,076	15,869,719	11,430,918	4,576,820	16,007,738
<b>V. SECURITIES ISSUED (Net)</b>	5.2.4	<b>4,983,641</b>	<b>6,162,330</b>	<b>11,145,971</b>	<b>4,332,755</b>	<b>6,457,804</b>	<b>10,790,559</b>
5.1 Bills		2,240,727	-	2,240,727	1,616,171	-	1,616,171
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		2,742,914	6,162,330	8,905,244	2,716,584	6,457,804	9,174,388
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>	5.2.4	<b>9,609,309</b>	<b>701,743</b>	<b>10,311,052</b>	<b>9,356,225</b>	<b>658,611</b>	<b>10,014,836</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>		<b>1,992,798</b>	<b>675,297</b>	<b>2,668,095</b>	<b>2,300,052</b>	<b>686,818</b>	<b>2,986,870</b>
<b>IX. FACTORING PAYABLES</b>	5.2.5	-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	5.2.6	-	-	-	-	<b>61</b>	<b>61</b>
10.1 Financial lease payables		-	-	-	-	486	486
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		-	-	-	-	425	425
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	5.2.7	<b>20,186</b>	<b>27,945</b>	<b>48,131</b>	-	<b>39,105</b>	<b>39,105</b>
11.1 Fair value hedges		20,186	27,945	48,131	-	39,105	39,105
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	5.2.8	<b>3,449,094</b>	<b>115,096</b>	<b>3,564,190</b>	<b>3,231,292</b>	<b>118,458</b>	<b>3,349,750</b>
12.1 General provisions		2,050,996	70,555	2,121,551	1,962,713	75,124	2,037,837
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		474,127	14,165	488,292	399,879	12,462	412,341
12.4 Insurance technical provisions (Net)		235,856	-	235,856	239,423	-	239,423
12.5 Other provisions		688,115	30,376	718,491	629,277	30,872	660,149
<b>XIII. TAX LIABILITY</b>	5.2.9	<b>473,246</b>	<b>24,554</b>	<b>497,800</b>	<b>342,752</b>	<b>24,718</b>	<b>367,470</b>
13.1 Current tax liability		473,246	24,445	497,691	342,752	24,045	366,797
13.2 Deferred tax liability		-	109	109	-	673	673
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	5.2.10	-	-	-	-	-	-
14.1 Asset held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	5.2.11	-	<b>145,780</b>	<b>145,780</b>	-	<b>147,491</b>	<b>147,491</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	5.2.12	<b>23,728,699</b>	<b>157,250</b>	<b>23,885,949</b>	<b>22,886,187</b>	<b>129,982</b>	<b>23,016,169</b>
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		204,726	24,743	229,469	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		(541,767)	(1,990)	(543,757)	(485,313)	(9,118)	(494,431)
16.2.4 Revaluation surplus on tangible assets		174,304	-	174,304	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)		(211,630)	26,733	(184,897)	(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		14,884,823	132,507	15,017,330	14,905,627	130,292	15,035,919
16.3.1 Legal reserves		1,132,330	21,573	1,153,903	1,132,330	20,824	1,153,154
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		13,446,598	-	13,446,598	13,446,598	-	13,446,598
16.3.4 Other profit reserves		305,895	110,934	416,829	326,699	109,468	436,167
16.4 Profit or loss		4,268,396	-	4,268,396	3,381,090	-	3,381,090
16.4.1 Prior periods profit/loss		3,379,987	-	3,379,987	-	-	-
16.4.2 Current period net profit/loss		888,409	-	888,409	3,381,090	-	3,381,090
16.5 Minority interest		170,754	-	170,754	162,818	-	162,818
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>118,665,931</b>	<b>106,732,592</b>	<b>225,398,523</b>	<b>121,129,049</b>	<b>100,353,237</b>	<b>221,482,286</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

**Consolidated Off-Balance Sheet Items**

**At 31 March 2014**

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 March 2014			PRIOR PERIOD 31 December 2013		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>117,430,251</b>	<b>165,428,188</b>	<b>282,858,439</b>	<b>106,001,199</b>	<b>164,304,183</b>	<b>270,305,382</b>
<b>I. GUARANTEES AND SURETIES</b>	5.3.1	<b>10,969,939</b>	<b>24,308,173</b>	<b>35,278,112</b>	<b>9,959,793</b>	<b>24,220,283</b>	<b>34,180,076</b>
1.1 Letters of guarantee		10,962,306	13,981,553	24,943,859	9,952,371	13,925,359	23,877,730
1.1.1 Guarantees subject to State Tender Law		-	818,718	818,718	-	845,257	845,257
1.1.2 Guarantees given for foreign trade operations		1,408,937	425,985	1,834,922	1,134,793	334,609	1,469,402
1.1.3 Other letters of guarantee		9,553,369	12,736,850	22,290,219	8,817,578	12,745,493	21,563,071
1.2 Bank acceptances		6,932	674,165	681,097	6,898	631,191	638,089
1.2.1 Import letter of acceptance		6,932	674,165	681,097	6,898	631,191	638,089
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		701	9,572,718	9,573,419	524	9,583,809	9,584,333
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		701	9,572,718	9,573,419	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		-	79,737	79,737	-	79,924	79,924
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>35,664,316</b>	<b>11,074,093</b>	<b>46,738,409</b>	<b>34,726,851</b>	<b>14,570,721</b>	<b>49,297,572</b>
2.1 Irrevocable commitments		35,584,099	10,998,297	46,582,396	34,656,889	14,484,130	49,141,019
2.1.1 Asset purchase and sale commitments		2,018,753	3,622,909	5,641,662	2,760,872	5,713,419	8,474,291
2.1.2 Deposit purchase and sale commitments		-	27,017	27,017	-	25,822	25,822
2.1.3 Share capital commitments to associates and subsidiaries		-	7,791	7,791	-	7,806	7,806
2.1.4 Loan granting commitments		5,566,626	6,256,730	11,823,356	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		2,855,358	-	2,855,358	2,658,736	-	2,658,736
2.1.8 Tax and fund obligations on export commitments		15,828	-	15,828	-	-	15,211
2.1.9 Commitments for credit card limits		23,653,324	135,799	23,789,123	22,259,533	123,270	22,382,803
2.1.10 Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		1,474,210	948,051	2,422,261	1,474,210	921,545	2,395,755
2.2 Revocable commitments		80,217	75,796	156,013	69,962	86,591	156,553
2.2.1 Revocable loan granting commitments		18,841	1,775	20,616	25,504	2,447	27,951
2.2.2 Other revocable commitments		61,376	74,021	135,397	44,458	84,144	128,602
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	5.3.2	<b>70,795,996</b>	<b>130,045,922</b>	<b>200,841,918</b>	<b>61,314,555</b>	<b>125,513,179</b>	<b>186,827,734</b>
3.1 Derivative financial instruments held for risk management		7,265,352	3,741,631	11,006,983	5,536,346	1,632,486	7,168,832
3.1.1 Fair value hedges		4,657,367	3,107,131	7,764,498	2,928,361	996,486	3,924,847
3.1.2 Cash flow hedges		2,607,985	634,500	3,242,485	2,607,985	636,000	3,243,985
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		63,530,644	126,304,291	189,834,935	55,778,209	123,880,693	179,658,902
3.2.1 Forward foreign currency purchases/sales		11,211,690	12,708,711	23,920,401	8,681,586	10,547,606	19,229,192
3.2.1.1 Forward foreign currency purchases		4,061,779	7,839,084	11,900,863	2,946,679	6,695,948	9,642,627
3.2.1.2 Forward foreign currency sales		7,149,911	4,869,627	12,019,538	5,734,907	3,851,658	9,586,565
3.2.2 Currency and interest rate swaps		32,971,818	78,203,742	111,175,560	24,588,644	71,140,308	95,728,952
3.2.2.1 Currency swaps-purchases		13,623,992	31,052,182	44,676,174	13,139,524	25,155,421	38,294,945
3.2.2.2 Currency swaps-sales		15,250,258	27,401,254	42,651,512	8,051,552	26,315,403	34,366,955
3.2.2.3 Interest rate swaps-purchases		2,048,784	9,875,153	11,923,937	1,698,784	9,834,742	11,533,526
3.2.2.4 Interest rate swaps-sales		2,048,784	9,875,153	11,923,937	1,698,784	9,834,742	11,533,526
3.2.3 Currency, interest rate and security options		19,225,215	29,164,495	48,389,710	22,361,048	35,441,812	57,802,860
3.2.3.1 Currency call options		9,564,522	13,306,941	22,871,463	11,061,233	16,118,387	27,179,620
3.2.3.2 Currency put options		9,642,701	13,965,574	23,608,275	11,268,589	17,441,706	28,710,295
3.2.3.3 Interest rate call options		-	1,875,352	1,875,352	-	1,879,221	1,879,221
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		16,113	8,314	24,427	29,776	1,249	31,025
3.2.3.6 Security put options		1,879	8,314	10,193	1,450	1,249	2,699
3.2.4 Currency futures		88,089	100,095	188,184	110,122	182,913	293,035
3.2.4.1 Currency futures-purchases		-	84,262	84,262	-	182,913	182,913
3.2.4.2 Currency futures-sales		88,089	15,833	103,922	110,122	-	110,122
3.2.5 Interest rate futures		-	90,842	90,842	-	-	-
3.2.5.1 Interest rate futures-purchases		-	1,006	1,006	-	-	-
3.2.5.2 Interest rate futures-sales		-	89,836	89,836	-	-	-
3.2.6 Others		33,832	6,036,406	6,070,238	36,809	6,568,054	6,604,863
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>500,006,526</b>	<b>342,100,793</b>	<b>842,107,319</b>	<b>479,525,342</b>	<b>331,728,028</b>	<b>811,253,370</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>43,288,495</b>	<b>23,291,380</b>	<b>66,579,875</b>	<b>38,639,963</b>	<b>22,263,030</b>	<b>60,902,993</b>
4.1 Customers' securities held		11,099,518	-	11,099,518	7,870,431	6,805	7,877,236
4.2 Investment securities held in custody		20,862,276	5,209,481	26,071,757	20,613,851	4,917,858	25,531,709
4.3 Checks received for collection		9,399,928	2,024,842	11,424,770	8,350,606	1,783,003	10,133,609
4.4 Commercial notes received for collection		1,857,768	858,823	2,716,591	1,728,469	823,208	2,551,677
4.5 Other assets received for collection		38,779	13,061,338	13,100,117	40,495	12,637,870	12,678,365
4.6 Assets received through public offering		-	52,500	52,500	-	52,622	52,622
4.7 Other items under custody		30,226	2,084,396	2,114,622	36,111	2,041,664	2,077,775
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>456,718,031</b>	<b>318,809,413</b>	<b>775,527,444</b>	<b>440,885,379</b>	<b>309,464,998</b>	<b>750,350,377</b>
5.1 Securities		1,680,670	12,221	1,692,891	1,621,409	12,045	1,633,454
5.2 Guarantee notes		42,707,420	11,951,679	54,659,099	42,781,340	12,108,353	54,889,693
5.3 Commodities		187	-	187	-	6,531	6,531
5.4 Warranties		-	1,435,567	1,435,567	-	1,293,355	1,293,355
5.5 Real estates		82,874,064	70,696,256	153,570,320	79,754,153	68,167,820	147,921,973
5.6 Other pledged items		329,455,520	234,713,225	564,168,745	316,721,776	227,882,959	544,604,735
5.7 Pledged items-depository		170	465	635	170	466	636
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>617,436,777</b>	<b>507,528,981</b>	<b>1,124,965,758</b>	<b>585,526,541</b>	<b>496,032,211</b>	<b>1,081,558,752</b>

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Income Statement**  
**At 31 March 2014**

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD	PRIOR PERIOD
			1 January 2014- 31 March 2014	1 January 2013- 31 March 2013
<b>I. INTEREST INCOME</b>	5.4.1		<b>3,931,173</b>	<b>3,506,796</b>
1.1 Interest income on loans			2,747,985	2,311,178
1.2 Interest income on reserve deposits			592	778
1.3 Interest income on banks			60,369	51,690
1.4 Interest income on money market transactions			1,604	529
1.5 Interest income on securities portfolio			959,833	1,012,041
1.5.1 Trading financial assets			10,540	12,383
1.5.2 Financial assets valued at fair value through profit or loss			-	-
1.5.3 Financial assets available-for-sale			545,318	979,196
1.5.4 Investments held-to-maturity			403,975	20,462
1.6 Financial lease income			84,540	67,303
1.7 Other interest income			76,250	63,277
<b>II. INTEREST EXPENSE</b>	5.4.2		<b>2,185,714</b>	<b>1,520,309</b>
2.1 Interest on deposits			1,399,975	1,012,714
2.2 Interest on funds borrowed			406,724	238,317
2.3 Interest on money market transactions			199,524	170,389
2.4 Interest on securities issued			174,897	92,290
2.5 Other interest expenses			4,594	6,599
<b>III. NET INTEREST INCOME (I - II)</b>			<b>1,745,459</b>	<b>1,986,487</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>			<b>742,269</b>	<b>663,431</b>
4.1 Fees and commissions received			910,066	773,881
4.1.1 Non-cash loans			65,266	54,763
4.1.2 Others			844,800	719,118
4.2 Fees and commissions paid			167,797	110,450
4.2.1 Non-cash loans			351	480
4.2.2 Others			167,446	109,970
<b>V. DIVIDEND INCOME</b>	5.4.3		<b>69</b>	<b>2,646</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	5.4.4		<b>171,909</b>	<b>235,757</b>
6.1 Trading account income/losses (Net)			39,767	160,111
6.2 Income/losses from derivative financial instruments (Net)			(118,878)	128,982
6.3 Foreign exchange gains/losses (Net)			251,020	(53,336)
<b>VII. OTHER OPERATING INCOME</b>	5.4.5		<b>250,823</b>	<b>252,286</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>			<b>2,910,529</b>	<b>3,140,607</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	5.4.6		<b>472,577</b>	<b>579,682</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	5.4.7		<b>1,260,098</b>	<b>1,021,784</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>			<b>1,177,854</b>	<b>1,539,141</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>			-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>			-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>			-	-
<b>XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	5.4.8		<b>1,177,854</b>	<b>1,539,141</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	5.4.9		<b>281,496</b>	<b>358,286</b>
16.1 Current tax charge			273,714	271,557
16.2 Deferred tax charge/(credit)			7,782	86,729
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	5.4.10		<b>896,358</b>	<b>1,180,855</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-
18.1 Income from assets held for sale			-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures			-	-
18.3 Others			-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>			-	-
19.1 Expenses on assets held for sale			-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-
19.3 Others			-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>	5.4.8		-	-
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	5.4.9		-	-
21.1 Current tax charge			-	-
21.2 Deferred tax charge/(credit)			-	-
<b>XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)</b>	5.4.10		-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	5.4.11		<b>896,358</b>	<b>1,180,855</b>
23.1 Equity holders of the bank			888,409	1,173,414
23.2 Minority interest			7,949	7,441
<b>Earnings per Share</b>			<b>0.212</b>	<b>0.279</b>

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

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity**  
**At 31 March 2014**

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2014 - 31 March 2014	PRIOR PERIOD 1 January 2013 - 31 March 2013
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(66,460)	(332,645)
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(19,692)	146
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	49,600	-
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	2,773	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	-
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	7,201	78,949
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(26,578)	(253,550)
XI.	CURRENT PERIOD PROFIT/LOSSES	896,358	1,180,855
1.1	Net changes in fair value of securities (transferred to income statement)	23,905	117,948
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	872,453	1,062,907
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	869,780	927,305

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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**At 31 March 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-31 March 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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	10,355,274	88,706	-	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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	(253,688)	-	-	-	-	(253,688)	(8)	(253,696)
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		-	-	-	-	(103)	-	-	249	-	-	-	-	-	-	-	146	-	146
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		721	-	-	-	-	-	-	-	-	-	-	-	-	-	-	721	-	721
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	1,173,414	-	-	-	-	-	-	1,173,414	7,441	1,180,855
XX. Profit distribution		-	-	-	-	1,622	-	19,252	-	-	(20,874)	-	-	-	-	-	-	-	-
20.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2. Transfers to reserves		-	-	-	-	1,622	-	19,252	-	-	(20,874)	-	-	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,197,655	772,554	11,880	-	954,858	-	10,374,526	88,955	1,173,414	3,313,206	840,145	764,252	947	(55,377)	-	22,437,015	147,957	22,584,972
CURRENT PERIOD - 1 January-31 March 2014																			
I. Balances at beginning of the period	5.5	4,200,000	770,992	11,880	-	1,153,154	-	13,446,598	436,167	-	3,381,090	(494,431)	174,304	947	(227,350)	-	22,853,351	162,818	23,016,169
Changes during the period																			
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(49,326)	-	-	-	-	(49,326)	(13)	(49,339)
IV. Hedging reserves		-	-	-	-	-	-	-	(2,773)	-	-	-	-	-	42,453	-	39,680	-	39,680
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,680	-	39,680
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	(2,773)	-	-	-	-	-	2,773	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	(354)	-	-	(16,565)	-	-	-	-	-	-	-	(16,919)	-	(16,919)
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		-	-	-	-	-	-	-	-	888,409	-	-	-	-	-	-	888,409	7,949	896,358
XVIII. Profit distribution		-	-	-	-	1,103	-	-	-	-	(1,103)	-	-	-	-	-	-	-	-
18.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2. Transfers to reserves		-	-	-	-	1,103	-	-	-	-	(1,103)	-	-	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	770,992	11,880	-	1,153,903	-	13,446,598	416,829	888,409	3,379,987	(543,757)	174,304	947	(184,897)	-	23,715,195	170,754	23,885,949



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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates**  
**Consolidated Statement of Cash Flows**  
**At 31 March 2014**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2014 31 March 2014	1 January 2013 31 March 2013
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	5.6	<b>1,797,168</b>	<b>1,465,060</b>
1.1.1 Interests received		3,601,508	3,282,189
1.1.2 Interests paid		(2,039,467)	(1,642,293)
1.1.3 Dividend received		69	2,646
1.1.4 Fees and commissions received		910,066	773,881
1.1.5 Other income		272,836	277,764
1.1.6 Collections from previously written-off loans and other receivables		13,787	10,852
1.1.7 Payments to personnel and service suppliers		(1,005,884)	(805,938)
1.1.8 Taxes paid		(147,577)	(345,343)
1.1.9 Others		191,830	(88,698)
<b>1.2 Changes in operating assets and liabilities</b>	5.6	<b>(859,356)</b>	<b>(2,390,138)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(1,628)	(257,934)
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		504,849	(1,564,029)
1.2.4 Net (increase) decrease in loans		(3,407,988)	(4,980,162)
1.2.5 Net (increase) decrease in other assets		304,928	445,006
1.2.6 Net increase (decrease) in bank deposits		431,982	20,517
1.2.7 Net increase (decrease) in other deposits		2,132,746	7,025,440
1.2.8 Net increase (decrease) in funds borrowed		(760,723)	(2,368,828)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(63,522)	(710,148)
<b>I. Net cash flow from banking operations</b>	5.6	<b>937,812</b>	<b>(925,078)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	5.6	<b>(2,760,609)</b>	<b>(1,172,255)</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(47,392)	(71,135)
2.4 Sales of tangible assets		22,854	18,616
2.5 Cash paid for purchase of financial assets available-for-sale, net		(2,459,002)	(4,935,997)
2.6 Cash obtained from sale of financial assets available-for-sale, net		2,402,613	3,822,514
2.7 Cash paid for purchase of investments held-to-maturity		(2,679,682)	(6,253)
2.8 Cash obtained from sale of investments held-to-maturity		-	-
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>368,977</b>	<b>1,104,082</b>
3.1 Cash obtained from funds borrowed and securities issued		2,329,120	2,297,196
3.2 Cash used for repayment of funds borrowed and securities issued		(1,959,351)	(1,192,992)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for financial leases		(792)	(122)
3.6 Others		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>(12,055)</b>	<b>53,990</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	5.6	<b>(1,465,875)</b>	<b>(939,261)</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	5.6	<b>8,784,102</b>	<b>5,826,911</b>
<b>VII. Cash and cash equivalents at end of period (V+VI)</b>	5.6	<b>7,318,227</b>	<b>4,887,650</b>

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

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

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

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

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

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

### **3.2.2 Foreign currency transactions**

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

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

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

### **3.3 Information on consolidated subsidiaries**

As of 31 March 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 at their origination dates, as financial assets at fair value through profit or loss in compliance with TAS 39. Financial assets at fair value through profit or loss are initially recorded at cost and measured at fair value in subsequent periods by the Bank.

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

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

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

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

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

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

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

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

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

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

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

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

### **3.8 Impairment of financial assets**

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

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

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

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

### **3.9 Netting and derecognition of financial instruments**

#### **3.9.1 Netting of financial instruments**

In cases where the fair values of trading securities, securities available-for-sale, securities quoted at the stock exchanges, associates and subsidiaries are less 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 then the carrying value of the related asset, a provision for impairment loss is provided.

### **3.13 Tangible assets**

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

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

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

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

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

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

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

Depreciation rates and estimated useful lives of tangible assets are:

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



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

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

#### *Investment properties*

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

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

### **3.14 Leasing activities**

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

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

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

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

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

### **3.16 Contingent assets**

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

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

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

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

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

	<b>31 March 2014</b>	<b>31 December 2013</b>
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:

	<b>31 March 2014</b>	
	<b>Employer</b>	<b>Employee</b>
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

#### *a) Benefits transferable to SSF*

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

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

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

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

**b) Other benefits not transferable to SSF**

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

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

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

### **3.18 Taxation**

#### **3.18.1 Corporate tax**

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

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

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

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

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

*Tax applications for foreign branches*

***NORTHERN CYPRUS***

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

***MALTA***

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

***LUXEMBOURG***

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

*Tax applications for foreign financial affiliates*

**THE NETHERLANDS**

In the Netherlands, corporate income tax is levied at the rate of 20% for tax profits up to EUR 200,000 and 25% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. In general, there is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments. Under the Dutch taxation system, tax losses can be carried forward to

offset against future taxable income for nine years. Tax losses can be carried back to the prior year. Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax for the Germany branch is 30%.

**RUSSIA**

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

**ROMANIA**

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

**3.18.2 Deferred taxes**

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

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

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

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

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

### **3.18.3 Transfer pricing**

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

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

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

### **3.18.4 Investment allowance**

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

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

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

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

### **3.19 Funds borrowed**

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

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

### **3.20 Shares and share issuances**

None.

### **3.21 Confirmed bills of exchange and acceptances**

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

### **3.22 Government incentives**

As of 31 March 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>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	985,950	936,144	236,337	752,029	2,910,460
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>985,950</b>	<b>936,144</b>	<b>236,337</b>	<b>752,029</b>	<b>2,910,460</b>
Net Operating Profit	158,526	564,399	150,211	304,649	1,177,785
Income from Associates and Subsidiaries	-	-	-	69	69
<b>Net Operating Profit</b>	<b>158,526</b>	<b>564,399</b>	<b>150,211</b>	<b>304,718</b>	<b>1,177,854</b>
Provision for Taxes	-	-	-	(281,496)	(281,496)
<b>Net Profit</b>	<b>158,526</b>	<b>564,399</b>	<b>150,211</b>	<b>23,222</b>	<b>896,358</b>
Segment Assets	44,481,634	86,294,922	70,805,851	23,663,084	225,245,491
Investments in Associates and Subsidiaries	-	-	-	153,032	153,032
<b>Total Assets</b>	<b>44,481,634</b>	<b>86,294,922</b>	<b>70,805,851</b>	<b>23,816,116</b>	<b>225,398,523</b>
Segment Liabilities	75,835,731	43,499,687	62,196,719	19,980,437	201,512,574
Shareholders' Equity	-	-	-	23,885,949	23,885,949
<b>Total Liabilities and Shareholders' Equity</b>	<b>75,835,731</b>	<b>43,499,687</b>	<b>62,196,719</b>	<b>43,866,386</b>	<b>225,398,523</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	192,691	192,691
Depreciation Expenses	37,106	19,159	1,618	6,303	64,186
Impairment Losses	185,938	103,917	17,900	165,394	473,149
Other Non-Cash Income/Expenses	(82,901)	(100,277)	139,120	238,949	194,891
Restructuring Costs	-	-	-	-	-



<i>Prior Period</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	943,771	852,698	788,599	552,893	3,137,961
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>943,771</b>	<b>852,698</b>	<b>788,599</b>	<b>552,893</b>	<b>3,137,961</b>
Net Operating Profit	291,131	459,848	761,418	24,098	1,536,495
Income from Associates and Subsidiaries	-	-	-	2,646	2,646
<b>Net Operating Profit</b>	<b>291,131</b>	<b>459,848</b>	<b>761,418</b>	<b>26,744</b>	<b>1,539,141</b>
Provision for Taxes	-	-	-	(358,286)	(358,286)
<b>Net Profit</b>	<b>291,131</b>	<b>459,848</b>	<b>761,418</b>	<b>(331,542)</b>	<b>1,180,855</b>
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
<b>Total Assets</b>	<b>44,617,958</b>	<b>85,076,353</b>	<b>68,174,864</b>	<b>23,613,111</b>	<b>221,482,286</b>
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
<b>Total Liabilities and Shareholders' Equity</b>	<b>73,596,647</b>	<b>44,006,379</b>	<b>60,864,581</b>	<b>43,014,679</b>	<b>221,482,286</b>
<b>Other Segment Items</b>					
Capital Expenditures	-	-	-	541,532	541,532
Depreciation Expenses	33,497	15,391	1,233	10,657	60,778
Impairment Losses	185,292	165,872	(4,181)	233,145	580,128
Other Non-Cash Income/Expenses	127,890	94,500	(2,675,611)	380,932	(2,072,289)
Restructuring Costs	-	-	-	-	-

### 3.24 Other disclosures

None.

## **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 13.52% (31 December 2013: 13.70%) as of 31 March 2014 (unconsolidated capital adequacy ratio: 14.75% (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.26333 dated 1 November 2006.

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

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

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

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

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

#### 4.1.2 Consolidated capital adequacy ratio

Current Period	Risk Weights								
	Parent Bank Only								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	1,902,095	16,753,734	20,835,487	83,977,469	5,242,508	23,174,904	831,600
Exposure Categories	52,662,971	-	9,510,474	33,507,467	27,780,649	83,977,469	3,495,005	11,587,452	332,640
Conditional and unconditional exposures to central governments or central banks	50,894,179	-	3	5,633,984	-	48	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	58,407	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	16	-	-	409	-	47,496	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,850,663	7,325,322	-	13,665	-	-	-
Conditional and unconditional exposures to corporates	-	-	600,122	1,106,733	-	73,039,989	-	-	-
Conditional and unconditional retail exposures	-	-	1,020	2,005	27,780,649	4,977,488	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	19,435,640	-	-	-	-	-
Past due items	-	-	-	3,374	-	359,755	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	17,495	3,495,005	11,587,452	332,640
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	30,325	-	-	-	-	15,438	-	-	-
Other items	1,738,451	-	259	-	-	5,506,095	-	-	-

<i>Prior Period</i>	<b>Risk Weights</b>								
	<b>Parent Bank Only</b>								
	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>250%</b>
<b>Value at Credit Risk</b>	-	-	1,854,004	14,643,130	19,982,123	82,326,561	5,000,216	24,059,034	664,205
<b>Exposure Categories</b>	<b>51,971,249</b>	-	<b>9,270,022</b>	<b>29,286,260</b>	<b>26,642,831</b>	<b>82,326,561</b>	<b>3,333,477</b>	<b>12,029,517</b>	<b>265,682</b>
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> <sup>(*)</sup>	<b>Risk Weights</b>								
	<b>Consolidated</b>								
	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>250%</b>
<b>Value at Credit Risk</b>	-	-	2,085,023	19,174,644	21,816,745	92,447,778	5,986,403	24,611,404	1,155,600
<b>Exposure Categories</b>	<b>54,995,269</b>	-	<b>10,425,116</b>	<b>38,349,287</b>	<b>29,088,993</b>	<b>92,447,778</b>	<b>3,990,935</b>	<b>12,305,702</b>	<b>462,240</b>
Conditional and unconditional exposures to central governments or central banks	53,111,930	-	3	6,141,412	-	48	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	58,407	51,032	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	16	-	-	409	-	88,731	-	-	-
Conditional and unconditional exposures to multilateral development banks	5,468	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,563,694	9,802,688	-	273,381	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,801,732	1,433,224	-	83,683,351	-	-	-
Conditional and unconditional retail exposures	-	-	1,020	2,005	29,088,993	4,987,597	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	20,852,211	-	-	-	-	-
Past due items	-	-	-	25,917	-	664,432	-	-	-
Items in regulatory high-risk	-	-	-	40,389	-	46,549	3,990,935	12,305,702	462,240
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	30,325	-	-	-	-	15,438	-	-	-
Other items	1,847,530	-	260	-	-	2,688,251	-	-	-

(\*) Consolidated equity 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.

<i>Prior Period</i>	<b>Risk Weights</b>								
	<b>Consolidated</b>								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>250%</i>
<b>Value at Credit Risk</b>	-	-	2,054,001	17,178,502	21,255,722	92,774,743	5,371,476	25,251,712	852,540
<b>Exposure Categories</b>	<b>58,030,029</b>	-	<b>10,270,006</b>	<b>34,357,004</b>	<b>28,340,963</b>	<b>92,774,743</b>	<b>3,580,984</b>	<b>12,625,856</b>	<b>341,016</b>
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

	<b>Parent Bank Only</b>	
	<i>Current Period</i> (*)	<i>Prior Period</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	12,217,424	11,882,342
Capital Requirement for Market Risk (MRCR)	308,407	301,025
Capital Requirement for Operational Risk (ORCR)	1,187,245	1,067,735
Shareholders' Equity	25,420,852	23,882,776
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	14.75%	14.42%
Core Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	13.70%	-
Tier I Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	13.78%	-

	<b>Consolidated</b>	
	<i>Current Period</i> (*)	<i>Prior Period</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	13,382,208	13,179,096
Capital Requirement for Market Risk (MRCR)	274,077	292,299
Capital Requirement for Operational Risk (ORCR)	1,312,809	1,209,317
Shareholders' Equity	25,301,032	25,147,997
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	13.52%	13.70 %
Core Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	12.40%	-
Tier I Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	12.50%	-

(\*) Bank-only and consolidated equity 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 equity; considering Garanti Emeklilik ve Hayat AŞ as if it is an investment in an unconsolidated financial institution).

**4.1.4 Components of consolidated shareholders' equity**

	<i>Current Period</i>
<b>TIER I CAPITAL</b>	
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554
Share Premium	11,880
Share Cancellation Profits	-
Reserves	14,605,685
Other Comprehensive Income according to TAS	230,905
Profit	4,095,851
Current Period Profit	850,805
Prior Period Profit	3,245,046
General Reserves for Possible Losses	435,000
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	947
Minority Interests	56,065
<b>Tier I Capital Before Deductions</b>	<b>24,408,887</b>
<b>Deductions From Tier I Capital</b>	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	866,211
Leasehold Improvements on Operational Leases (-)	101,081
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	41,075
Net Deferred Tax Asset/Liability (-)	6,916
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	1,098
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 (-)	-
<b>Total Deductions from Tier I Capital</b>	<b>1,016,381</b>
<b>Total Tier I Capital</b>	<b>23,392,506</b>
<b>ADDITIONAL CORE CAPITAL</b>	
Preferred Stock not Included in 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 Core Capital	-
<b>Additional Core Capital before Deductions</b>	<b>-</b>

	<i>Current Period</i>
<b>Deductions from Additional Core Capital</b>	
Direct and Indirect Investments of the Bank on its own Additional Core 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 Core Capital in cases where there are no adequate Tier II Capital (-)	-
<b>Total Deductions from Additional Core Capital</b>	-
<b>Total Additional Core Capital</b>	-
<b>Deductions from Core Capital</b>	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	164,299
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 (-)	27,665
<b>Total Core Capital</b>	<b>23,200,542</b>
<b>TIER II CAPITAL</b>	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	145,765
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	2,090,970
Shares of Third Parties in Tier II Capital	-
<b>Tier II Capital before Deductions</b>	<b>2,236,735</b>
<b>Deductions from Tier II Capital</b>	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
<b>Total Deductions from Tier II Capital</b>	-
<b>Total Tier II Capital</b>	<b>2,236,735</b>



	<i>Current Period</i>
<b>CAPITAL</b>	
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	25
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 (-)	33,696
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 (-)	66,809
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 (-)	35,715
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 Core 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 Core 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 (-)	-
<b>EQUITY</b>	<b>25,301,032</b>
<b>Amounts lower than Excesses as per Deduction Rules</b>	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	173,173

	<i>Prior Period</i>
<b>CORE CAPITAL</b>	
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	14,599,752
Profit	3,381,090
Current Period's Profit	3,381,090
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
<b>Total Core Capital</b>	<b>23,421,364</b>
<b>SUPPLEMENTARY CAPITAL</b>	
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 <sup>(*)</sup>	(533,709)
Minority Interest	15
Other Reserves	207,255
<b>Total Supplementary Capital</b>	<b>1,859,358</b>
<b>EQUITY</b>	<b>25,280,722</b>
<b>DEDUCTIONS FROM EQUITY</b>	<b>132,725</b>
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
<b>TOTAL EQUITY</b>	<b>25,147,997</b>

<sup>(\*)</sup> 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 items of shareholders' equity subject to temporary applications

<i>Current Period</i>	Parent Bank Only		Consolidated	
	Amount Included in Equity Calculation	Total Amount	Amount Included in Equity Calculation	Total Amount
Minority Interest in Tier I Capital	-	-	56,065	170,754
Shares of Third Parties in Additional Core Capital	-	-	-	-
Shares of Third Parties in Tier II Capital	-	-	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	145,765	145,765	145,765	145,765

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

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

#### 4.2 Consolidated credit risk

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

#### 4.3 Consolidated market risk

The Bank's risk management activities are managed under the responsibility of the board of directors in compliance with the “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	70,715	59,700
(II) Capital Requirement against Specific Risks - Standard Method	29,483	21,084
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	63,233	55,572
(IV) Capital Requirement against Commodity Risks - Standard Method	9,266	12,974
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	81,348	102,922
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	20,032	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)	274,077	292,299
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	3,425,963	3,653,738

#### 4.3.2 Average consolidated values at market 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”.

#### 4.3.3 Quantitative information on counterparty 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”.

#### 4.4 Consolidated operational 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”.

#### 4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2014, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to TL 4,652,704 thousands (31 December 2013: TL 901,224 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 7,021,917 thousands (31 December 2013: TL 302,789 thousands), while net foreign currency long open position amounts to TL 2,369,213 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:

	<b>USD</b>	<b>EUR</b>
The Bank’s foreign currency purchase rate at balance sheet date	2.1150	2.9153
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	2.1150	2.9153
Day 2	2.1500	2.9583
Day 3	2.1650	2.9774
Day 4	2.1650	2.9772
Day 5	2.1600	2.9675
Last 30-days arithmetical average rate	2.1860	3.0227

*The Bank's consolidated currency risk*

	EUR	USD	Other FCs	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	6,821,956	9,398,213	4,068,702	20,288,871
Banks	4,370,356	5,397,595	654,811	10,422,762
Financial Assets at Fair Value through Profit/Loss	85,759	166,395	15,585	267,739
Interbank Money Market Placements	-	142,967	-	142,967
Financial Assets Available-for-Sale	1,156,471	2,400,221	239,407	3,796,099
Loans (*)	19,238,368	37,604,907	1,828,226	58,671,501
Investments in Associates, Subsidiaries and Joint-Ventures	1,229	-	460	1,689
Investments Held-to-Maturity	-	4,194,144	-	4,194,144
Derivative Financial Assets Held for Risk Management	-	51,038	141	51,179
Tangible Assets	55,984	131	89,552	145,667
Intangible Assets	-	-	-	-
Other Assets (**)	2,091,888	1,487,528	83,326	3,662,742
<b>Total Assets</b>	<b>33,822,011</b>	<b>60,843,139</b>	<b>6,980,210</b>	<b>101,645,360</b>
<b>Liabilities</b>				
Bank Deposits	1,190,060	3,252,375	1,309,473	5,751,908
Foreign Currency Deposits	22,542,110	32,556,179	2,188,535	57,286,824
Interbank Money Market Takings	184,099	5,133,318	383,659	5,701,076
Other Fundings	10,078,107	17,456,332	151,405	27,685,844
Securities Issued	190,002	5,147,398	824,930	6,162,330
Miscellaneous Payables	91,352	411,416	198,975	701,743
Derivative Financial Liabilities Held for Risk Management	-	14,035	13,910	27,945
Other Liabilities (***)	305,473	579,958	2,094,963	2,980,394
<b>Total Liabilities</b>	<b>34,581,203</b>	<b>64,551,011</b>	<b>7,165,850</b>	<b>106,298,064</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(759,192)</b>	<b>(3,707,872)</b>	<b>(185,640)</b>	<b>(4,652,704)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>1,476,317</b>	<b>3,791,916</b>	<b>1,753,684</b>	<b>7,021,917</b>
Derivative Assets	14,848,060	33,536,064	8,135,781	56,519,905
Derivative Liabilities	(13,371,743)	(29,744,148)	(6,382,097)	(49,497,988)
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>34,484,393</b>	<b>57,369,152</b>	<b>7,187,876</b>	<b>99,041,421</b>
<b>Total Liabilities</b>	<b>33,900,482</b>	<b>58,513,428</b>	<b>7,528,735</b>	<b>99,942,645</b>
<b>Net 'On Balance Sheet' Position</b>	<b>583,911</b>	<b>(1,144,276)</b>	<b>(340,859)</b>	<b>(901,224)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>647,257</b>	<b>(1,669,652)</b>	<b>1,325,184</b>	<b>302,789</b>
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 4,205,301 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 178,449 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 2,044,259 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

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

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

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

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

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

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

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

<i>Current Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	3	-	-	-	-	21,967,569	<b>21,967,572</b>
Banks	4,374,073	2,399,026	1,759,572	226,983	-	3,115,301	<b>11,874,955</b>
Financial Assets at Fair Value through Profit/Loss (**)	18,381	67,559	77,354	21,721	30,022	1,839,465	<b>2,054,502</b>
Interbank Money Market Placements	152,534	-	-	-	-	-	<b>152,534</b>
Financial Assets Available-for-Sale	4,608,225	3,873,219	7,736,729	3,488,663	3,296,718	928,698	<b>23,932,252</b>
Loans (**)	35,706,043	18,406,864	32,840,022	35,341,645	7,613,410	2,289,956	<b>132,197,940</b>
Investments Held-to-Maturity	3,437,712	2,557,198	4,643,822	2,862,633	3,405,171	653,009	<b>17,559,545</b>
Other Assets	709,998	891,648	1,520,895	1,959,202	212,150	10,365,330	<b>15,659,223</b>
<b>Total Assets</b>	<b>49,006,969</b>	<b>28,195,514</b>	<b>48,578,394</b>	<b>43,900,847</b>	<b>14,557,471</b>	<b>41,159,328</b>	<b>225,398,523</b>
<b>Liabilities</b>							
Bank Deposits	3,176,247	2,421,370	399,216	-	-	1,170,662	<b>7,167,495</b>
Other Deposits	60,690,895	19,410,831	11,148,364	616,207	136	22,800,624	<b>114,667,057</b>
Interbank Money Market Takings	11,311,994	777,359	2,054,828	1,690,205	-	35,333	<b>15,869,719</b>
Miscellaneous Payables	-	-	-	-	-	10,311,052	<b>10,311,052</b>
Securities Issued	1,608,542	2,491,577	2,214,810	2,389,734	2,229,906	211,402	<b>11,145,971</b>
Other Fundings	10,441,358	11,232,076	5,724,041	3,332,876	2,577,524	302,899	<b>33,610,774</b>
Other Liabilities	-	5,548	23,700	-	-	32,597,207	<b>32,626,455</b>
<b>Total Liabilities</b>	<b>87,229,036</b>	<b>36,338,761</b>	<b>21,564,959</b>	<b>8,029,022</b>	<b>4,807,566</b>	<b>67,429,179</b>	<b>225,398,523</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>27,013,435</b>	<b>35,871,825</b>	<b>9,749,905</b>	<b>-</b>	<b>72,635,165</b>
<b>On Balance Sheet Short Position</b>	<b>(38,222,067)</b>	<b>(8,143,247)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,269,851)</b>	<b>(72,635,165)</b>
<b>Off-Balance Sheet Long Position</b>	<b>3,120,106</b>	<b>7,413,562</b>	<b>2,954,984</b>	<b>5,726,818</b>	<b>1,113,317</b>	<b>-</b>	<b>20,328,787</b>
<b>Off-Balance Sheet Short Position</b>	<b>(2,165,898)</b>	<b>(4,966,374)</b>	<b>(1,948,991)</b>	<b>(8,364,864)</b>	<b>(3,150,801)</b>	<b>-</b>	<b>(20,596,928)</b>
<b>Total Position</b>	<b>(37,267,859)</b>	<b>(5,696,059)</b>	<b>28,019,428</b>	<b>33,233,779</b>	<b>7,712,421</b>	<b>(26,269,851)</b>	<b>(268,141)</b>

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

(\*\*) Loans amounting to TL 193,560 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.



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

(\*) 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
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.35-2.08	0.26-3.30	-	10.24-12.90
Financial Assets at Fair Value through Profit/Loss	4.63	8.30	-	5.00-17.91
Interbank Money Market Placements	-	0.40	-	10.82
Financial Assets Available-for-Sale	3.37-11.88	4.64-11.30	-	7.39-10.68
Loans	2.95-4.95	2.65-5.25	2.30	12.37-13.88
Investments Held-to-Maturity	-	5.85	-	8.00-11.96
<b>Liabilities</b>				
Bank Deposits	1.38-2.09	1.88-2.04	-	7.72-11.50
Other Deposits	1.41-2.37	1.59-2.08	0.60-1.24	8.41-10.12
Interbank Money Market Takings	0.51	0.62-1.46	1.49	5.00-10.66
Miscellaneous Payables	-	-	-	-
Securities Issued	3.48	4.34	-	6.78-12.03
Other Fundings	0.98-4.63	0.94-5.13	2.30	9.71-13.91

<i>Prior Period</i>	EUR	USD	JPY	TL
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
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
<b>Liabilities</b>				
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**

<i>Current Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,006,645)	(11.89) %
2	TL	(-) 400 bps	2,939,838	11.63%
3	USD	(+) 200 bps	(406,724)	(1.61) %
4	USD	(-) 200 bps	563,201	2.23 %
5	EUR	(+) 200 bps	(88,095)	(0.35) %
6	EUR	(-) 200 bps	66,007	0.26 %
	Total (of negative shocks)		3,569,046	14.12 %
	Total (of positive shocks)		(3,501,464)	(13.85) %

<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	124,051	-	-
	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 <sup>(*)</sup>	Total	Amount in Core Capital <sup>(*)</sup>	Amount in Tier I Capital <sup>(*)</sup>
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	16,134	16,134	16,134
3	Other Shares	-	622	622	-	-	-
	<b>Total</b>	-	<b>622</b>	<b>622</b>	<b>16,134</b>	<b>16,134</b>	<b>16,134</b>

<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	-	-	-
	<b>Total</b>	-	<b>623</b>	<b>280</b>	<b>13,340</b>	-	<b>6,003</b>

(\*) 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 ontime due to not having enough cash sources or cash inflows to finance its cash outflows fully and ontime due to cashflow instabilities.

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

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

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

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

<i>Current Period</i>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
<b>Average (%)</b>	173.95	132.64	120.53	104.92

<i>Prior Period</i>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
<b>Average (%)</b>	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
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	4,516,409	17,451,163	-	-	-	-	-	21,967,572
Banks	3,408,028	2,638,148	914,611	1,118,271	1,440,807	2,355,090	-	11,874,955
Financial Assets at Fair Value through Profit/Loss (**)	54,584	517,092	424,051	562,284	301,883	194,608	-	2,054,502
Interbank Money Market Placements	-	152,534	-	-	-	-	-	152,534
Financial Assets Available-for-Sale	91,770	201,024	3,006,514	3,755,733	8,194,437	8,682,774	-	23,932,252
Loans (**)	146,614	23,712,032	11,889,231	29,843,847	47,690,563	16,336,313	2,579,340	132,197,940
Investments Held-to-Maturity	-	4,666	64,117	3,024,586	3,812,450	10,653,726	-	17,559,545
Other Assets	1,740,245	1,134,671	839,776	1,594,087	2,396,072	246,322	7,708,050	15,659,223
<b>Total Assets</b>	<b>9,957,650</b>	<b>45,811,330</b>	<b>17,138,300</b>	<b>39,898,808</b>	<b>63,836,212</b>	<b>38,468,833</b>	<b>10,287,390</b>	<b>225,398,523</b>
<b>Liabilities</b>								
Bank Deposits	1,168,474	3,127,929	2,239,945	446,424	184,723	-	-	7,167,495
Other Deposits	26,223,196	57,815,424	19,353,987	9,791,456	1,467,328	15,666	-	114,667,057
Other Fundings	-	1,918,297	4,959,182	10,029,583	10,758,915	5,944,797	-	33,610,774
Interbank Money Market Takings	-	11,331,750	778,138	2,062,287	1,697,544	-	-	15,869,719
Securities Issued	-	856,107	2,245,932	2,281,158	3,367,886	2,394,888	-	11,145,971
Miscellaneous Payables	716,915	4,996,548	4,474	5,209	-	31,001	4,556,905	10,311,052
Other Liabilities (***)	1,785,674	840,468	597,493	372,458	605,603	96,211	28,328,548	32,626,455
<b>Total Liabilities</b>	<b>29,894,259</b>	<b>80,886,523</b>	<b>30,179,151</b>	<b>24,988,575</b>	<b>18,081,999</b>	<b>8,482,563</b>	<b>32,885,453</b>	<b>225,398,523</b>
<b>Liquidity Gap</b>	<b>(19,936,609)</b>	<b>(35,075,193)</b>	<b>(13,040,851)</b>	<b>14,910,233</b>	<b>45,754,213</b>	<b>29,986,270</b>	<b>(22,598,063)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>16,709,069</b>	<b>37,591,369</b>	<b>14,366,850</b>	<b>41,483,038</b>	<b>67,098,406</b>	<b>34,351,667</b>	<b>9,881,887</b>	<b>221,482,286</b>
<b>Total Liabilities</b>	<b>29,779,813</b>	<b>77,643,408</b>	<b>27,288,897</b>	<b>27,650,992</b>	<b>19,055,738</b>	<b>12,908,665</b>	<b>27,154,773</b>	<b>221,482,286</b>
<b>Liquidity Gap</b>	<b>(13,070,744)</b>	<b>(40,052,039)</b>	<b>(12,922,047)</b>	<b>13,832,046</b>	<b>48,042,668</b>	<b>21,443,002</b>	<b>(17,272,886)</b>	<b>-</b>

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

(\*\*) Loans amounting to TL 193,560 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>
<b>Exposure Categories</b>				
Conditional and unconditional exposures to central governments or central banks	66,301,036	6,095,928	-	-
Conditional and unconditional exposures to regional governments or local authorities	109,596	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	91,573	592	-	-
Conditional and unconditional exposures to multilateral development banks	5,468	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	37,103,063	13,319,914	-	-
Conditional and unconditional exposures to corporates	113,731,471	9,681,626	-	-
Conditional and unconditional retail exposures	58,560,834	927,914	-	-
Conditional and unconditional exposures secured by real estate property (*)	21,824,212	103,528	-	-
Past due items	702,166	11,645	-	-
Items in regulatory high-risk categories	17,072,246	182,858	-	-
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	45,763	-	-	-
Other items	4,536,041	-	-	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,047,463	505,832	1,007,744	659,757
Central Bank of Turkey	631,238	19,488,544	1,743,999	19,161,838
Others	-	294,495	-	69,504
<b>Total</b>	<b>1,678,701</b>	<b>20,288,871</b>	<b>2,751,743</b>	<b>19,891,099</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	631,238	2,037,382	1,743,999	1,995,058
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	17,451,162	-	17,166,780
<b>Total</b>	<b>631,238</b>	<b>19,488,544</b>	<b>1,743,999</b>	<b>19,161,838</b>

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	19,685	278,379	-	280,860
Assets Subject to Repurchase Agreements	-	-	2,732	-
<b>Total</b>	<b>19,685</b>	<b>278,379</b>	<b>2,732</b>	<b>280,860</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	289,304	44,289	297,742	19,747
Swap Transactions	517,311	658,165	330,329	645,228
Futures	-	606	203	1,451
Options	216,612	54,836	293,012	81,708
Others	5	1,207	-	406
<b>Total</b>	<b>1,023,232</b>	<b>759,103</b>	<b>921,286</b>	<b>748,540</b>

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

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

### 5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	296,591	968,949	481,639	1,441,682
Foreign banks	1,155,602	9,453,813	1,712,633	9,488,473
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>1,452,193</b>	<b>10,422,762</b>	<b>2,194,272</b>	<b>10,930,155</b>

The placements at foreign banks include blocked accounts amounting TL 6,923,497 (31 December 2013: TL 7,377,706 thousands) of which TL 107,933 thousands (31 December 2013: TL 116,271 thousands) and TL 40,025 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 6,775,539 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 98,457 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	6,558,028	394,139	6,612,447	581,497
Assets subject to Repurchase Agreements	8,692,568	1,226,890	9,143,715	2,089,708
<b>Total</b>	<b>15,250,596</b>	<b>1,621,029</b>	<b>15,756,162</b>	<b>2,671,205</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>23,309,713</b>	<b>24,311,825</b>
Quoted at Stock Exchange	21,565,858	21,641,181
Unquoted at Stock Exchange	1,743,855	2,670,644
<b>Common Shares/Investment Fund</b>	<b>61,880</b>	<b>18,165</b>
Quoted at Stock Exchange	7,669	7,669
Unquoted at Stock Exchange	54,211	10,496
<b>Value Increase/Impairment Losses (-)</b>	<b>560,659</b>	<b>506,237</b>
<b>Total</b>	<b>23,932,252</b>	<b>24,836,227</b>

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
<b>Direct Lendings to Shareholders</b>	<b>597</b>	<b>143,169</b>	<b>65</b>	<b>135,482</b>
Corporates	597	143,169	65	135,482
Real Persons	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>864,992</b>	<b>492,625</b>	<b>509,825</b>	<b>294,931</b>
<b>Loans to Employees</b>	<b>228,368</b>	<b>82</b>	<b>232,867</b>	<b>90</b>
<b>Total</b>	<b>1,093,957</b>	<b>635,876</b>	<b>742,757</b>	<b>430,503</b>

### 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
<b>Cash Loans</b>						
<b>Loans</b>	<b>126,998,913</b>	<b>1,458,869</b>	<b>108,259</b>	<b>4,246,462</b>	<b>2,101,477</b>	<b>707,383</b>
Working Capital Loans	11,381,532	93,301	-	674,013	365,162	87,662
Export Loans	4,982,622	17,246	-	60,299	25,258	24,902
Import Loans	630,437	-	-	-	-	-
Loans to Financial Sector (*)	4,858,775	3	-	-	-	-
Consumer Loans	30,323,590	978,446	59,399	1,053,441	264,495	89,319
Credit Cards	13,874,934	-	-	601,458	-	442,175
Others	60,947,023	369,873	48,860	1,857,251	1,446,562	63,325
<b>Specialization Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>126,998,913</b>	<b>1,458,869</b>	<b>108,259</b>	<b>4,246,462</b>	<b>2,101,477</b>	<b>707,383</b>

(\*) Loans amounting to TL 193,560 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
<b>Cash Loans</b>						
<b>Loans</b>	<b>124,873,864</b>	<b>2,413,436</b>	<b>100,130</b>	<b>3,288,726</b>	<b>1,396,969</b>	<b>683,179</b>
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
<b>Specialization Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>124,873,864</b>	<b>2,413,436</b>	<b>100,130</b>	<b>3,288,726</b>	<b>1,396,969</b>	<b>683,179</b>

(\*) 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	5,872	2,922	-	8,794
Loans Collateralized by Mortgages	1,732,342	342,730	-	2,075,072
Loans Collateralized by Pledged Assets	80,480	57,015	-	137,495
Loans Collateralized by Cheques and Notes	59,587	438,187	-	497,774
Loans Collateralized by Other Collaterals	663,421	54,350	-	717,771
Unsecured Loans	49,861	158,237	601,458	809,556
<b>Total</b>	<b>2,591,563</b>	<b>1,053,441</b>	<b>601,458</b>	<b>4,246,462</b>

<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
<b>Total</b>	<b>1,909,315</b>	<b>854,213</b>	<b>525,198</b>	<b>3,288,726</b>

*Delinquency periods of loans under follow-up*

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	69,682	374,689	96,718	541,089
61-90 days	81,166	125,282	31,227	237,675
Other	2,440,715	553,470	473,513	3,467,698
<b>Total</b>	<b>2,591,563</b>	<b>1,053,441</b>	<b>601,458</b>	<b>4,246,462</b>

	<b>Corporate /</b>			
<b>Prior Period</b>	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
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
<b>Total</b>	<b>1,909,315</b>	<b>854,213</b>	<b>525,198</b>	<b>3,288,726</b>

*Loans and other receivables with extended payment plans*

<b>Current Period</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>No. of Extensions</b>		
1 or 2 times	1,254,724	2,067,737
3, 4 or 5 times	132,783	26,866
Over 5 times	71,362	6,874
<b>Total</b>	<b>1,458,869</b>	<b>2,101,477</b>

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

<b>Current Period</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>Extention Periods</b>		
0 - 6 months	579,533	170,573
6 - 12 months	102,169	53,359
1 - 2 years	359,001	136,914
2 - 5 year	353,336	439,893
5 years and over	64,830	1,300,738
<b>Total</b>	<b>1,458,869</b>	<b>2,101,477</b>

<b>Prior Period</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>Extention Periods</b>		
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
<b>Total</b>	<b>2,413,436</b>	<b>1,396,969</b>

**5.1.5.3 Maturity analysis of cash loans**

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

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>548,080</b>	<b>28,541,202</b>	<b>29,089,282</b>
Housing Loans	16,340	13,690,365	13,706,705
Automobile Loans	14,610	1,370,604	1,385,214
General Purpose Loans	99,984	1,985,177	2,085,161
Others	417,146	11,495,056	11,912,202
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>217,285</b>	<b>217,285</b>
Housing Loans	-	210,552	210,552
Automobile Loans	-	106	106
General Purpose Loans	-	5,180	5,180
Others	-	1,447	1,447
<b>Consumer Loans – FC</b>	<b>228,660</b>	<b>1,311,952</b>	<b>1,540,612</b>
Housing Loans	1,095	660,222	661,317
Automobile Loans	21	6,162	6,183
General Purpose Loans	3,978	514,433	518,411
Others	223,566	131,135	354,701
<b>Retail Credit Cards – TL</b>	<b>12,316,343</b>	<b>681,869</b>	<b>12,998,212</b>
With Installment	6,501,310	681,844	7,183,154
Without Installment	5,815,033	25	5,815,058
<b>Retail Credit Cards – FC</b>	<b>65,903</b>	<b>66,427</b>	<b>132,330</b>
With Installment	13,566	-	13,566
Without Installment	52,337	66,427	118,764
<b>Personnel Loans – TL</b>	<b>14,695</b>	<b>53,295</b>	<b>67,990</b>
Housing Loan	-	1,402	1,402
Automobile Loans	-	122	122
General Purpose Loans	3,797	9,617	13,414
Others	10,898	42,154	53,052
<b>Personnel Loans - FC-indexed</b>	<b>131</b>	<b>15,056</b>	<b>15,187</b>
Housing Loans	-	15,056	15,056
Automobile Loans	-	-	-
General Purpose Loans	131	-	131
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>1,176</b>	<b>57,968</b>	<b>59,144</b>
Housing Loans	71	18,823	18,894
Automobile Loans	6	27	33
General Purpose Loans	244	32,306	32,550
Others	855	6,812	7,667
<b>Personnel Credit Cards – TL</b>	<b>75,436</b>	<b>765</b>	<b>76,201</b>
With Installment	32,847	765	33,612
Without Installment	42,589	-	42,589
<b>Personnel Credit Cards – FC</b>	<b>1,405</b>	<b>1,122</b>	<b>2,527</b>
With Installment	214	-	214
Without Installment	1,191	1,122	2,313
<b>Deposit Accounts– TL (Real Persons)</b>	<b>387,531</b>	<b>-</b>	<b>387,531</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>13,639,360</b>	<b>30,946,941</b>	<b>44,586,301</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>571,942</b>	<b>27,931,131</b>	<b>28,503,073</b>
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
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>232,720</b>	<b>232,720</b>
Housing Loans	-	225,465	225,465
Automobile Loans	-	132	132
General Purpose Loans	-	5,547	5,547
Others	-	1,576	1,576
<b>Consumer Loans – FC</b>	<b>229,240</b>	<b>1,351,820</b>	<b>1,581,060</b>
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
<b>Retail Credit Cards – TL</b>	<b>12,942,722</b>	<b>713,232</b>	<b>13,655,954</b>
With Installment	7,609,148	713,207	8,322,355
Without Installment	5,333,574	25	5,333,599
<b>Retail Credit Cards – FC</b>	<b>73,459</b>	<b>70,605</b>	<b>144,064</b>
With Installment	25,118	-	25,118
Without Installment	48,341	70,605	118,946
<b>Personnel Loans – TL</b>	<b>15,064</b>	<b>51,603</b>	<b>66,667</b>
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
<b>Personnel Loans - FC-indexed</b>	<b>231</b>	<b>16,039</b>	<b>16,270</b>
Housing Loans	-	16,039	16,039
Automobile Loans	-	-	-
General Purpose Loans	231	-	231
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>2,521</b>	<b>58,292</b>	<b>60,813</b>
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
<b>Personnel Credit Cards – TL</b>	<b>77,845</b>	<b>831</b>	<b>78,676</b>
With Installment	38,772	831	39,603
Without Installment	39,073	-	39,073
<b>Personnel Credit Cards – FC</b>	<b>1,804</b>	<b>941</b>	<b>2,745</b>
With Installment	458	-	458
Without Installment	1,346	941	2,287
<b>Deposit Accounts– TL (Real Persons)</b>	<b>381,497</b>	<b>-</b>	<b>381,497</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>14,296,325</b>	<b>30,427,214</b>	<b>44,723,539</b>



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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>1,029,456</b>	<b>7,775,491</b>	<b>8,804,947</b>
Real Estate Loans	4,923	655,254	660,177
Automobile Loans	45,497	1,488,770	1,534,267
General Purpose Loans	979,026	5,623,810	6,602,836
Others	10	7,657	7,667
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>116,235</b>	<b>1,161,675</b>	<b>1,277,910</b>
Real Estate Loans	-	46,753	46,753
Automobile Loans	3,640	308,115	311,755
General Purpose Loans	112,595	806,807	919,402
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>697,806</b>	<b>879,958</b>	<b>1,577,764</b>
Real Estate Loans	-	1,283	1,283
Automobile Loans	-	6,741	6,741
General Purpose Loans	161	17,357	17,518
Others	697,645	854,577	1,552,222
<b>Corporate Credit Cards – TL</b>	<b>1,258,098</b>	<b>872</b>	<b>1,258,970</b>
With Installment	674,521	872	675,393
Without Installment	583,577	-	583,577
<b>Corporate Credit Cards – FC</b>	<b>8,152</b>	<b>-</b>	<b>8,152</b>
With Installment	351	-	351
Without Installment	7,801	-	7,801
<b>Deposit Accounts– TL (Corporates)</b>	<b>748,225</b>	<b>-</b>	<b>748,225</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,857,972</b>	<b>9,817,996</b>	<b>13,675,968</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>917,999</b>	<b>7,852,874</b>	<b>8,770,873</b>
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
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>88,127</b>	<b>1,076,813</b>	<b>1,164,940</b>
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	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>706,480</b>	<b>786,153</b>	<b>1,492,633</b>
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
<b>Corporate Credit Cards – TL</b>	<b>1,295,213</b>	<b>1,092</b>	<b>1,296,305</b>
With Installment	783,440	1,088	784,528
Without Installment	511,773	4	511,777
<b>Corporate Credit Cards – FC</b>	<b>6,438</b>	<b>-</b>	<b>6,438</b>
With Installment	237	-	237
Without Installment	6,201	-	6,201
<b>Deposit Accounts– TL (Corporates)</b>	<b>637,296</b>	<b>-</b>	<b>637,296</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,651,553</b>	<b>9,716,932</b>	<b>13,368,485</b>

#### 5.1.5.6 Allocation of loans by customers

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

#### 5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	122,889,558	119,416,568
Foreign Loans <sup>(*)</sup>	8,355,817	8,746,022
<b>Total</b>	<b>131,245,375</b>	<b>128,162,590</b>

<sup>(\*)</sup> Loans amounting to TL 193,560 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	60,122	70,148
Indirect Lending	-	-
<b>Total</b>	<b>60,122</b>	<b>70,148</b>

**5.1.5.9 Specific provisions for loans**

<b>Specific Provisions</b>	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	296,405	320,306
Doubtful Loans and Receivables	375,041	350,780
Uncollectible Loans and Receivables	2,143,370	2,012,752
<b>Total</b>	<b>2,814,816</b>	<b>2,683,838</b>

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b><i>Current Period</i></b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	182,178	179,654	229,879
Rescheduled Loans and Receivables	-	-	52,934
<b>Total</b>	<b>182,178</b>	<b>179,654</b>	<b>282,813</b>
<b><i>Prior Period</i></b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	184,781	100,782	203,631
Rescheduled Loans and Receivables	-	-	51,804
<b>Total</b>	<b>184,781</b>	<b>100,782</b>	<b>255,435</b>

*Movements in non-performing loan groups*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
<b><i>Current Period</i></b>	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Balances at Beginning of Period</b>	<b>506,189</b>	<b>519,170</b>	<b>2,579,725</b>
Additions during the Period (+)	269,618	3,927	67,613
Transfer from Other NPL Categories (+)	-	228,399	187,422
Transfer to Other NPL Categories (-)	228,399	187,422	-
Collections during the Period (-)	39,498	69,708	64,799
Write-offs (-) (*)	688	-	4,168
Corporate and Commercial Loans	-	-	3,218
Retail Loans	688	-	950
Credit Cards	-	-	-
Others	-	-	-
<b>Balances at End of Period</b>	<b>507,222</b>	<b>494,366</b>	<b>2,765,793</b>
Specific Provisions (-)	296,405	375,041	2,143,370
<b>Net Balance on Balance Sheet</b>	<b>210,817</b>	<b>119,325</b>	<b>622,423</b>

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

<i>Prior Period</i>	<b>Group III Substandard Loans and Receivables</b>	<b>Group IV Doubtful Loans and Receivables</b>	<b>Group V Uncollectible Loans and Receivables</b>
<b>Balances at Beginning of Period</b>	<b>342,410</b>	<b>577,852</b>	<b>1,784,948</b>
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	-	-	-
<b>Balances at End of Period</b>	<b>506,189</b>	<b>519,170</b>	<b>2,579,725</b>
Specific Provisions (-)	320,306	350,780	2,012,752
<b>Net Balance on Balance Sheet</b>	<b>185,883</b>	<b>168,390</b>	<b>566,973</b>

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

*Movements in specific loan provisions*

<i>Current Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>1,303,085</b>	<b>750,498</b>	<b>630,255</b>	<b>2,683,838</b>
Additions during the Period (+)	68,170	100,111	77,037	245,318
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	25,692	42,392	41,400	109,484
Write-Offs (-)	3,218	1,638	-	4,856
<b>Balances at End of Period</b>	<b>1,342,345</b>	<b>806,579</b>	<b>665,892</b>	<b>2,814,816</b>

<i>Prior Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>955,670</b>	<b>537,104</b>	<b>616,566</b>	<b>2,109,340</b>
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
<b>Balances at End of Period</b>	<b>1,303,085</b>	<b>750,498</b>	<b>630,255</b>	<b>2,683,838</b>

*Non-performing loans in foreign currencies*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
<b>Balance at End of Period</b>	<b>281,498</b>	<b>95,867</b>	<b>1,348,878</b>
Specific Provisions (-)	142,884	49,177	950,903
<b>Net Balance at Balance Sheet</b>	<b>138,614</b>	<b>46,690</b>	<b>397,975</b>
<b>Prior Period</b>			
<b>Balance at End of Period</b>	<b>269,127</b>	<b>134,093</b>	<b>1,278,963</b>
Specific Provisions (-)	131,653	55,859	924,844
<b>Net Balance at Balance Sheet</b>	<b>137,474</b>	<b>78,234</b>	<b>354,119</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period (Net)</b>	<b>210,817</b>	<b>119,325</b>	<b>622,423</b>
Loans to Individuals and Corporates (Gross)	507,222	494,366	2,758,901
Specific Provision (-)	296,405	375,041	2,136,478
Loans to Individuals and Corporates (Net)	210,817	119,325	622,423
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,581
Specific Provision (-)	-	-	6,581
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>185,883</b>	<b>168,390</b>	<b>566,973</b>
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>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	11,998	320	-	12,318
Loans Collateralized by Mortgages	694,643	68,182	-	762,825
Loans Collateralized by Pledged Assets	403,754	45,386	-	449,140
Loans Collateralized by Cheques and Notes	315,329	430,779	-	746,108
Loans Collateralized by Other Collaterals	364,987	157,034	-	522,021
Unsecured Loans	359,841	230,654	684,474	1,274,969
<b>Total</b>	<b>2,150,552</b>	<b>932,355</b>	<b>684,474</b>	<b>3,767,381</b>

<i>Prior Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
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
<b>Total</b>	<b>2,101,330</b>	<b>868,371</b>	<b>635,383</b>	<b>3,605,084</b>

**5.1.5.11 Liquidation policy for uncollectible loans and receivables**

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

**5.1.5.12 Write-off policy**

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

#### **5.1.6 Factoring receivables**

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

#### **5.1.7 Investments held-to-maturity**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	5,726,200	382,768	5,139,386	-
Investments subject to Repurchase Agreements	5,126,534	2,846,633	6,192,089	428,072
<b>Total</b>	<b>10,852,734</b>	<b>3,229,401</b>	<b>11,331,475</b>	<b>428,072</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	16,303,130	13,581,843
Treasury Bills	-	-
Other Government Securities	-	-
<b>Total</b>	<b>16,303,130</b>	<b>13,581,843</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>16,910,079</b>	<b>13,330,130</b>
Quoted at Stock Exchange	16,001,383	13,142,081
Unquoted at Stock Exchange	908,696	188,049
<b>Valuation Increase / (Decrease)</b>	<b>649,466</b>	<b>443,664</b>
<b>Total</b>	<b>17,599,545</b>	<b>13,773,794</b>

As of 31 March 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 903,316 thousands (31 December 2013: -).

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>13,773,794</b>	<b>1,366,954</b>
Foreign Currency Differences on Monetary Assets	(1,929)	-
Purchases during the Period (*)	3,582,252	12,458,498
Disposals through Sales/Redemptions (**)	-	(496,826)
Valuation Effect	205,428	445,168
<b>Balances at End of Period</b>	<b>17,559,545</b>	<b>13,773,794</b>

(\*) 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	İstanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ <sup>(1)</sup>	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ	İstanbul/Turkey	5.83	5.83
5	Borsa İstanbul AŞ <sup>(**)(1)</sup>	İstanbul/Turkey	6.00	6.00
6	KKB Kredi Kayıt Bürosu AŞ	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(1)</sup>	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ <sup>(1)</sup>	Ankara/ Turkey	1.75	1.75

	Total Assets	Shareholders' Equity	Total Fixed Assets <sup>(*)</sup>	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	7,398	6,520	1,143	144	(4)	167	457	-
2	46,506	25,427	31,918	189	-	3,047	282	-
3	733,968	73,195	4,242	18,884	1,375	2,923	2,850	-
4	6,011,558	619,447	15,051	40,524	5,967	32,815	15,338	-
5	620,781	456,971	32,691	14,926	3,345	23,976	-	-
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	277,001	272,886	3,328	11,248	-	8,436	5,107	-

(\*) 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. The Current Period Profit/Loss includes the performance of the period from 3 April 2013 to 31 December 2013, starting from the date of establishment of Borsa İstanbul AŞ on 3 April 2013.

(1) 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 <sup>(1)</sup>	İstanbul / Turkey	-	3.24

	Total Assets	Shareholders' Equity	Total Fixed Assets <sup>(*)</sup>	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	34,592	34,213	161	1,049	(147)	941	4,102	19,200

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

(1) Financial information is as of 31 December 2013, however the fair value information is as of 31 March 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>
<b>Balance at Beginning of Period</b>	<b>643</b>	<b>43</b>
<b>Movements during the Period</b>	<b>(20)</b>	<b>600</b>
Acquisitions and Capital Increases	-	673
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(20)	(73)
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>623</b>	<b>643</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

#### Valuation methods of consolidated investments in associates

<b>Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value	623	643
Valued by Equity Method of Accounting	-	-

#### Sectoral distribution of consolidated investments and associates

<b>Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	623	643
Other Associates	-	-

#### Quoted consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	623	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>	<b>Garanti Bank International NV</b>	<b>Garanti Finansal Kiralama AŞ</b>	<b>Garanti Holding BV</b>
<b>TIER I CAPITAL</b>			
Paid-in Capital to be Entitled for Compensation after All Creditors	403,675	357,848	1,076,005
Share Premium	-	-	37,823
Share Cancellation Profits	-	-	-
Reserves	860,592	203,566	(582,887)
Other Comprehensive Income according to TAS (*)	6,845	-	18,379
Current and Prior Periods' Profits	189,051	58,555	88,922
<b>Tier I Capital Before Deductions</b>	<b>1,460,163</b>	<b>619,969</b>	<b>638,242</b>
<b>Deductions From Tier I Capital</b>			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	66,664	45	831
Leasehold Improvements on Operational Leases (-)	-	-	12,724
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	2,769	612	34,078
Net Deferred Tax Asset/Liability (-)	-	-	6,916
<b>Total Deductions from Tier I Capital</b>	<b>69,433</b>	<b>657</b>	<b>54,549</b>
<b>Total Tier I Capital</b>	<b>1,390,730</b>	<b>619,312</b>	<b>583,693</b>
<b>Total Deductions From Core Capital</b>	<b>11,077</b>	<b>2,447</b>	<b>163,977</b>
<b>Total Core Capital</b>	<b>1,379,653</b>	<b>616,865</b>	<b>419,716</b>
<b>TIER II CAPITAL</b>	<b>87,459</b>	<b>-</b>	<b>58,559</b>
<b>CAPITAL</b>	<b>1,467,112</b>	<b>616,865</b>	<b>478,275</b>
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	6	-
<b>EQUITY</b>	<b>1,467,112</b>	<b>616,859</b>	<b>478,275</b>

<i>Prior Period</i>	<b>Garanti Bank International NV</b>	<b>Garanti Finansal Kiralama AS</b>	<b>Garanti Holding BV</b>
<b>CORE CAPITAL</b>	<b>1,112,637</b>	<b>594,053</b>	<b>588,776</b>
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
<b>SUPPLEMENTARY CAPITAL(*)</b>	<b>303,368</b>	<b>(45)</b>	<b>(105,871)</b>
<b>CAPITAL</b>	<b>1,416,005</b>	<b>594,008</b>	<b>482,905</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>-</b>	<b>6</b>	<b>-</b>
<b>EQUITY</b>	<b>1,416,005</b>	<b>594,002</b>	<b>482,905</b>

(\*) 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	42,659	38,217	95	306	400	1,957	1,058	-	-
2	23,242	16,621	3,323	325	30	330	720	-	-
3	5,206	4,820	14	-	54	1,190	989	-	-
4	1,252	841	72	-	-	20	85	-	-
5	3,033	2,881	7	-	33	587	285	-	-
6	43	44	33	-	-	(1)	(1)	-	-
7	364	364	-	-	-	-	-	-	-
8	377	364	-	-	-	-	-	-	-
9	52	52	-	-	-	-	-	-	-
10	415,434	20,314	343,891	115	-	10,299	6,318	-	-

(\*) 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>
<b>Balance at Beginning of Period</b>	<b>3,074,748</b>	<b>2,484,453</b>
<b>Movements during the Period</b>	<b>68,880</b>	<b>590,295</b>
Acquisitions and Capital Increases	-	-
Bonus Shares Received <sup>(*)</sup>	-	46,142
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	71,653	257,126
Currency Differences on Foreign Subsidiaries	(2,773)	287,027
Reversal of Impairment Losses / Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>3,143,628</b>	<b>3,074,748</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

<sup>(\*)</sup> 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	2,907,678	2,838,798

*Sectoral distribution of consolidated investments in subsidiaries*

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,814,719	1,784,026
Insurance Companies	56,545	56,545
Factoring Companies	112,564	108,660
Leasing Companies	110,743	110,743
Finance Companies	1,049,057	1,014,774
Other Subsidiaries	-	-

*Quoted consolidated investments in subsidiaries*

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	112,564	108,660
Quoted at International Stock Exchanges	-	-

*Other information on consolidated investments in subsidiaries*

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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets (*)</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value (if available)</b>
1	3,721,312	619,924	18,947	78,935	-	23,451	22,373	-
2	1,730,267	123,660	3,468	41,383	-	3,594	5,546	137,535
3	51,421	37,995	1,916	377	564	1,077	349	-
4	25,713	22,043	1,720	350	49	1,490	775	-
5	5,761,993	760,149	24,975	16,165	4,238	46,309	36,326	-
6	12,655,306	1,393,499	69,819	116,535	24,301	45,881	80,906	1,539,911
7	905,796	183,013	41,754	11,415	5,574	3,301	4,430	274,967
8	945,755	945,700	-	-	-	(44)	(5)	980,395
9	989,709	850,879	-	29	-	(652)	(690)	-
10	4,828,197	644,279	57,847	62,124	6,024	26,672	19,234	-
11	307,099	49,911	6,132	5,702	-	1,803	1,581	-
12	237,560	32,751	3,634	12,664	-	1,752	867	-
13	336,336	40,583	640	4,629	-	566	837	-

(\*) 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>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	1,666,663	1,498,359	1,636,978	1,482,607
Between 1-5 Years	2,460,305	2,118,566	2,486,229	2,140,109
Longer than 5 Years	295,042	236,832	178,940	148,539
<b>Total</b>	<b>4,422,010</b>	<b>3,853,757</b>	<b>4,302,147</b>	<b>3,771,255</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	4,422,010	4,302,147
Unearned Income on Financial Lease Receivables (-)	(568,253)	(530,892)
Terminated Lease Contracts (-)	-	-
<b>Net Financial Lease Receivables</b>	<b>3,853,757</b>	<b>3,771,255</b>

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

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

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

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

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

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

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

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

## 5.1.12 Derivative financial assets held for risk management

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

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	93,445	459	65,943	-
Cash Flow Hedges	68,534	50,720	38,032	11,009
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>161,979</b>	<b>51,179</b>	<b>103,975</b>	<b>11,009</b>

As of 31 March 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	8,947,146	162,297	34,221	4,928,361	103,975	-
-TL	6,657,367	161,979	20,186	4,928,361	103,975	-
-FC	2,289,779	318	14,035	-	-	-
Cross Currency Swaps	2,059,837	50,861	13,910	2,240,471	11,009	39,105
-TL	607,985	-	-	607,985	-	-
-FC	1,451,852	50,861	13,910	1,632,486	11,009	39,105
<b>Total</b>	<b>11,006,983</b>	<b>213,158</b>	<b>48,131</b>	<b>7,168,832</b>	<b>114,984</b>	<b>39,105</b>

#### 5.1.12.1.1 Fair value hedge accounting

Current Period						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	2,725	11,898	(13,159)	1,464
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(73,937)	81,865	(21,062)	(13,134)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	2,132	141	(13,910)	(11,637)

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	68,534	-	27,193	3,252	-
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	50,720	-	22,408	(9,211)	-

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	160,462	35,244	-	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 31 March 2014, on a consolidated basis the Bank has a deferred tax asset of TL 206,251 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 31 March 2014, there is a deferred tax asset of TL 514,314 thousands (31 December 2013: TL 481,678 thousands) and deferred tax liability of TL 308,063 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 31 March 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 (*)	803,045	160,153	729,152	145,506
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	42,712	5,680	101,736	20,934
Other	229,170	40,418	264,832	47,180
<b>Deferred Tax Asset, Net</b>	<b>1,074,927</b>	<b>206,251</b>	<b>1,095,720</b>	<b>213,620</b>

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

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

In the first three months of 2014, TL 7,782 thousands of deferred tax expense (31 March 2013: TL 86,729 thousands) and TL 7,201 thousands of deferred tax income (31 December 2013: 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>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>155,734</b>	<b>136,551</b>
<b>Accumulated Depreciation (-)</b>	<b>(5,992)</b>	<b>(4,114)</b>
<b>Net Book Value</b>	<b>149,742</b>	<b>132,437</b>
<b>End of Current Period</b>		
Additions	28,540	102,001
Disposals (Cost)	(19,361)	(81,960)
Disposals (Accumulated Depreciation)	396	867
Reversal of Impairment / Impairment Losses (-)	(572)	(1,847)
Depreciation Expense for Current Period (-)	(802)	(2,745)
Currency Translation Differences on Foreign Operations	-	989
<b>Cost</b>	<b>164,341</b>	<b>155,734</b>
<b>Accumulated Depreciation (-)</b>	<b>(6,398)</b>	<b>(5,992)</b>
<b>Net Book Value</b>	<b>157,943</b>	<b>149,742</b>

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 20,482 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	2,032	3,033
Sale of Other Assets	3,038	3,038
<b>Total</b>	<b>5,070</b>	<b>6,071</b>

**5.1.18.2 Prepaid expenses**

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	504,223	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
<b>Saving Deposits</b>	4,817,148	-	3,621,588	27,337,919	2,009,584	550,743	411,156	3,622	38,751,760
<b>Foreign Currency Deposits</b>	13,880,934	-	6,218,758	20,488,947	4,002,264	7,336,567	5,292,447	66,907	57,286,824
Residents in Turkey	8,923,088	-	5,663,704	17,528,745	2,243,037	833,189	605,438	65,141	35,862,342
Residents in Abroad	4,957,846	-	555,054	2,960,202	1,759,227	6,503,378	4,687,009	1,766	21,424,482
<b>Public Sector Deposits</b>	1,136,363	-	5,231	6,658	1,836	444,326	20	-	1,594,434
<b>Commercial Deposits</b>	4,680,063	-	2,646,375	4,992,033	653,939	407,423	319,709	-	13,699,542
<b>Others</b>	134,341	-	134,026	385,429	42,488	916,839	524	-	1,613,647
<b>Precious Metal Deposits</b>	1,574,351	-	2,785	48,118	-	3,530	92,066	-	1,720,850
<b>Bank Deposits</b>	1,168,475	-	1,326,167	2,098,491	1,788,406	475,291	310,665	-	7,167,495
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,592	-	828,215	2,940	9	8,206	59,455	-	902,417
Foreign Banks	317,181	-	497,952	2,095,551	1,788,397	467,085	251,210	-	5,417,376
Special Financial Institutions	847,702	-	-	-	-	-	-	-	847,702
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	27,391,675	-	13,954,930	55,357,595	8,498,517	10,134,719	6,426,587	70,529	121,834,552

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
<b>Saving Deposits</b>	4,855,387	-	3,834,605	27,640,714	1,375,648	479,730	377,994	3,605	38,567,683
<b>Foreign Currency Deposits</b>	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
<b>Public Sector Deposits</b>	699,412	-	1,415	7,093	118	1,280,747	13	-	1,988,798
<b>Commercial Deposits</b>	5,045,809	-	3,543,210	6,288,153	936,528	557,247	294,607	-	16,665,554
<b>Others</b>	140,427	-	181,254	371,170	22,635	796,172	444	-	1,512,102
<b>Precious Metal Deposits</b>	2,138,457	-	807	47,403	-	1,612	105,491	-	2,293,770
<b>Bank Deposits</b>	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	-	-	-	-	-	-	-	-	-
<b>Total</b>	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 <sup>(*)</sup>	20,369,552	19,339,421	18,090,521	18,937,930
Foreign Currency Saving Deposits	13,222,171	12,703,119	18,715,355	16,554,964
Other Saving Deposits	1,069,958	1,477,207	779,136	1,090,842
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

<sup>(\*)</sup> 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	560,179	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	545,230	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	203,149	15,408	120,240	21,352
Swap Transactions	1,169,639	334,196	856,002	314,215
Futures	171	26	-	-
Options	190,856	47,123	183,689	71,508
Others	9	1,713	-	24
<b>Total</b>	<b>1,563,824</b>	<b>398,466</b>	<b>1,159,931</b>	<b>407,099</b>

### 5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,250,737	1,141,381	1,147,608	1,340,817
Foreign Banks, Institutions and Funds	4,674,193	26,398,683	5,409,767	26,087,788
<b>Total</b>	<b>5,924,930</b>	<b>27,540,064</b>	<b>6,557,375</b>	<b>27,428,605</b>

**5.2.3.1 Maturities of funds borrowed**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	1,662,148	9,056,952	1,784,349	8,623,544
Medium and Long-Term	4,262,782	18,483,112	4,773,026	18,805,061
<b>Total</b>	<b>5,924,930</b>	<b>27,540,064</b>	<b>6,557,375</b>	<b>27,428,605</b>

The Bank classified certain borrowings obtained through securitisations amounting to USD 1,000,000,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 March 2014, a negative credit risk change amounting to TL 120,424 thousands (31 December 2013: TL 35,862 thousands) is recognised in the income statement.

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

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

**5.2.4 Other external funds**

**5.2.4.1 Securities issued**

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	2,373,324	2,928,923	1,004,871	5,416,892
Cost	2,290,992	2,753,192	1,004,496	5,389,186
Carrying Value (*)	2,240,727	2,742,914	1,009,169	5,153,161

<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 189,753 thousands (31 December 2013: TL 189,753 thousands) and foreign currency securities with a total face value of TL 478,890 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 31 March 2014, a positive credit risk change amounting to TL 165 thousands is recognised in the income statement.

**5.2.4.2 Funds provided through repurchase transactions**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>8,234,225</b>	<b>83,000</b>	<b>9,483,928</b>	-
Financial Institutions and Organizations	8,186,973	83,000	9,428,331	-
Other Institutions and Organizations	15,614	-	20,429	-
Individuals	31,638	-	35,168	-
<b>Foreign Transactions</b>	<b>1,934,418</b>	<b>5,618,076</b>	<b>1,946,990</b>	<b>4,576,820</b>
Financial Institutions and Organizations	1,934,347	5,618,076	1,946,487	4,576,820
Other Institutions and Organizations	40	-	463	-
Individuals	31	-	40	-
<b>Total</b>	<b>10,168,643</b>	<b>5,701,076</b>	<b>11,430,918</b>	<b>4,576,820</b>

**5.2.4.3 Miscellaneous payables**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	4,767,130	22,794	4,906,607	27,379
Payables from insurance transactions	4,681,824	31,001	4,287,276	30,245
Other	160,355	647,948	162,342	600,987
<b>Total</b>	<b>9,609,309</b>	<b>701,743</b>	<b>9,356,225</b>	<b>658,611</b>

**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	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>486</b>	<b>61</b>

**5.2.6.2 Operational lease agreements**

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

**5.2.7 Derivative financial liabilities held for risk management**

<b>Derivative Financial Liabilities Held for Risk Management</b>	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	20,186	27,945	-	39,105
Cash Flow Hedges	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>20,186</b>	<b>27,945</b>	<b>-</b>	<b>39,105</b>

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

## 5.2.8 Provisions

### 5.2.8.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
<b>General Provision for</b>	<b>2,121,551</b>	<b>2,037,837</b>
Loans and Receivables in Group I	1,799,179	1,774,854
- Additional Provision for Loans and Receivables with Extended Maturities	99,641	99,639
Loans and Receivables in Group II	194,801	138,210
- Additional Provision for Loans and Receivables with Extended Maturities	70,144	70,353
Non-Cash Loans	127,571	124,773
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	35,550	526
Medium and Long Term Loans	7,359	92
<b>Total</b>	<b>42,909</b>	<b>618</b>

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

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

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

### 5.2.8.4 Other provisions

#### 5.2.8.4.1 General reserves for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	435,000	335,000

#### 5.2.8.4.2 Other provisions for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	488,292	412,341
Insurance Technical Provisions, Net	235,856	239,423
Provision for Promotion Expenses of Credit Cards (*)	58,732	55,466
Provision for Lawsuits	33,348	33,601
Other Provisions	79,784	123,144
<b>Total</b>	<b>896,012</b>	<b>863,975</b>

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

*Recognized liability for defined benefit plan obligations*

The Bank obtained an actuarial report dated 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.

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

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

	<b>31 December 2013</b>
	<b>%</b>
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 31 March 2014, the corporate tax liability amounts to TL 302,272 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	302,272	132,388
Taxation on Securities Income	88,650	79,849
Taxation on Real Estates Income	3,000	2,560
Banking Insurance Transaction Tax	60,967	64,532
Foreign Exchange Transaction Tax	44	58
Value Added Tax Payable	14,245	9,441
Others	24,554	74,046
<b>Total</b>	<b>493,732</b>	<b>362,874</b>

#### **5.2.9.1.3 Premiums payable**

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	681	772
Social Security Premiums-Employer	808	800
Bank Pension Fund Premium-Employees	96	27
Bank Pension Fund Premium-Employer	117	28
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	717	747
Unemployment Insurance-Employer	1,521	1,533
Others	19	16
<b>Total</b>	<b>3,959</b>	<b>3,923</b>

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

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 109 thousands as of 31 March 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**

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

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

None.

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

None.

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

None.

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

None.

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

None.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>(541,767)</b>	<b>(1,990)</b>	<b>(485,313)</b>	<b>(9,118)</b>
Valuation Difference	(541,767)	(1,990)	(485,313)	(9,118)
Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>(541,767)</b>	<b>(1,990)</b>	<b>(485,313)</b>	<b>(9,118)</b>

**5.2.12.9 Revaluation surplus**

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

**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	997,540	996,791
II. Legal Reserve	156,363	156,363
Special Reserves	-	-
<b>Total</b>	<b>1,153,903</b>	<b>1,153,154</b>

**5.2.12.12 Extraordinary reserves**

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

**5.2.12.13 Minority interest**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>162,818</b>	<b>140,524</b>
Profit Share of Subsidiaries Net Profits	7,949	24,359
Prior Period Dividend Payment	-	(1,073)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(13)	(992)
<b>Balance at End of Period</b>	<b>170,754</b>	<b>162,818</b>

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

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

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

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 5,641,662 thousands (31 December 2013: TL 8,474,291 thousands), commitments for cheque payments of TL 2,855,358 thousands (31 December 2013: TL 2,658,736 thousands) and commitments for credit card limits of TL 23,789,123 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	13,981,553	13,925,359
Letters of Guarantee in TL	10,962,306	9,952,371
Letters of Credit	9,573,419	9,584,333
Bills of Exchange and Acceptances	681,097	638,089
Prefinancings	-	-
Other Guarantees	79,737	79,924
<b>Total</b>	<b>35,278,112</b>	<b>34,180,076</b>

A specific provision of TL 111,627 thousands (31 December 2013: TL 112,938 thousands) is made for unliquidated non-cash loans of TL 244,775 thousands (31 December 2013: TL 234,765 thousands) recorded under the off-balance sheet items as of 31 March 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	2,425,317	2,358,859
<i>With Original Maturity of 1 Year or Less</i>	<i>385,481</i>	<i>336,123</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>2,039,836</i>	<i>2,022,736</i>
Other Non-Cash Loans	32,852,795	31,821,217
<b>Total</b>	<b>35,278,112</b>	<b>34,180,076</b>

##### **5.3.1.4 Other information on non-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”.

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

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”.

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

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”.

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

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”.

**5.3.4 Contingent liabilities and assets**

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

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

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

## 5.4 Consolidated income statement

### 5.4.1 Interest income

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Interest Income from Loans</b>				
Short-term loans	748,461	106,572	658,933	107,189
Medium and long-term loans	1,224,040	655,125	1,037,558	496,646
Loans under follow-up	11,677	2,110	8,602	2,250
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>1,984,178</b>	<b>763,807</b>	<b>1,705,093</b>	<b>606,085</b>

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

#### 5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	10,348	11,330	5,566	9,260
Foreign Banks	29,073	9,618	28,291	8,573
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>39,421</b>	<b>20,948</b>	<b>33,857</b>	<b>17,833</b>

#### 5.4.1.3 Interest income from securities portfolio

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Financial Assets Held for Trading	7,321	3,219	9,022	3,361
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	479,673	65,645	937,241	41,955
Investments Held-to-Maturity	368,602	35,373	14,378	6,084
<b>Total</b>	<b>855,596</b>	<b>104,237</b>	<b>960,641</b>	<b>51,400</b>

#### 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	710	551

### 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	163,020	141,174	117,322	112,011
Central Bank of Turkey	-	617	-	462
Domestic Banks	19,688	11,103	16,936	13,706
Foreign Banks	143,332	129,454	100,386	97,843
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	102,530	-	8,984
<b>Total</b>	<b>163,020</b>	<b>243,704</b>	<b>117,322</b>	<b>120,995</b>

(\*) 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	385	355

**5.4.2.3 Interest expenses on securities issued**

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

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

<i>Current Period</i>	<b>Demand Deposits</b>	<b>Time Deposits</b>						<b>Total</b>
		<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>Over 1 Year</b>	<b>Accumulating Deposit Accounts</b>	
<b>Turkish Lira</b>								
Bank Deposits	118	32,337	-	-	-	701	-	33,156
Saving Deposits	33	75,913	626,775	39,404	11,189	8,482	-	761,796
Public Sector Deposits	-	70	174	37	20,279	-	-	20,560
Commercial Deposits	58	69,684	154,304	19,533	18,664	6,556	-	268,799
Others	-	4,003	13,695	1,068	21,761	7	-	40,534
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>209</b>	<b>182,007</b>	<b>794,948</b>	<b>60,042</b>	<b>71,893</b>	<b>15,746</b>	<b>-</b>	<b>1,124,845</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	13,198	18,017	120,778	27,769	41,282	34,936	305	256,285
Bank Deposits	-	13,349	3,289	1,122	317	190	-	18,267
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	21	-	230	327	-	578
<b>Total FC</b>	<b>13,198</b>	<b>31,366</b>	<b>124,088</b>	<b>28,891</b>	<b>41,829</b>	<b>35,453</b>	<b>305</b>	<b>275,130</b>
<b>Grand Total</b>	<b>13,407</b>	<b>213,373</b>	<b>919,036</b>	<b>88,933</b>	<b>113,722</b>	<b>51,199</b>	<b>305</b>	<b>1,399,975</b>

<i>Prior Period</i>	<b>Demand Deposits</b>	<b>Time Deposits</b>						<b>Total</b>
		<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>Over 1 Year</b>	<b>Accumulating Deposit Accounts</b>	
<b>Turkish Lira</b>								
Bank Deposits	316	13,552	-	-	-	3,034	-	16,902
Saving Deposits	728	49,027	472,333	4,873	2,531	5,948	-	535,440
Public Sector Deposits	-	103	909	-	-	-	-	1,012
Commercial Deposits	658	35,671	180,645	3,420	3,340	1,534	-	225,268
Others	1	521	7,085	49	44	6	-	7,706
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>1,703</b>	<b>98,874</b>	<b>660,972</b>	<b>8,342</b>	<b>5,915</b>	<b>10,522</b>	<b>-</b>	<b>786,328</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	24,510	17,326	108,193	8,025	29,931	19,810	355	208,150
Bank Deposits	1,442	12,937	2,711	522	376	19	-	18,007
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	8	-	84	136	-	229
<b>Total FC</b>	<b>25,952</b>	<b>30,264</b>	<b>110,912</b>	<b>8,547</b>	<b>30,391</b>	<b>19,965</b>	<b>355</b>	<b>226,386</b>
<b>Grand Total</b>	<b>27,655</b>	<b>129,138</b>	<b>771,884</b>	<b>16,889</b>	<b>36,306</b>	<b>30,487</b>	<b>355</b>	<b>1,012,714</b>

#### **5.4.2.5 Interest expense on repurchase agreements**

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

#### **5.4.2.6 Financial lease expenses**

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

#### **5.4.2.7 Interest expenses on factoring payables**

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

#### **5.4.3 Dividend income**

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

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Income</b>	<b>10,051,512</b>	<b>15,515,022</b>
Trading Account Income	423,567	477,926
Derivative Financial Instruments	1,937,326	1,621,849
Foreign Exchange Gain	7,690,619	13,415,247
<b>Losses (-)</b>	<b>9,879,603</b>	<b>15,279,265</b>
Trading Account Losses	383,800	317,815
Derivative Financial Instruments	2,056,204	1,492,867
Foreign Exchange Losses	7,439,599	13,468,583
<b>Total</b>	<b>171,909</b>	<b>235,757</b>

TL 833,566 thousands (31 March 2013: TL 616,585 thousands) of foreign exchange gains and TL 965,336 thousands (31 March 2013: TL 403,763 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

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

In this respect the Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 405,874 thousands and USD 508,418,969 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 a gain of TL 2,725 thousands (31 March 2013: a loss of TL 549 thousands) and a loss of TL 73,937 thousands (31 March 2013: TL 1,575 thousands) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under net trading income/losses in the income statement, respectively.

In addition; the Bank also entered into cross currency swap agreements in order to hedge its fixed-rate bonds issued for a total principal value of AUD 175,000,000 and RON 85,500,000 with the same face value amount and conditions. Accordingly, a gain of TL 2,132 thousands (31 March 2013: -) 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 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 33,416 thousands and TL 65,238 thousands (31 March 2013: - ), 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 3,218 thousands was sold for a consideration of TL 700 thousands. Considering the related provision of TL 3,218 thousands made in the financial statements in the prior periods, a gain of TL 700 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	<b>231,095</b>	<b>230,807</b>
<i>Loans and receivables in Group III</i>	<i>169,142</i>	<i>137,887</i>
<i>Loans and receivables in Group IV</i>	<i>11,398</i>	<i>51,693</i>
<i>Loans and receivables in Group V</i>	<i>50,555</i>	<i>41,227</i>
General Provisions	<b>96,610</b>	<b>105,217</b>
Provision for Possible Losses	<b>100,000</b>	-
Impairment Losses on Financial Assets	<b>2,371</b>	<b>388</b>
<i>Financial assets at fair value through profit or loss</i>	<i>2,344</i>	<i>388</i>
<i>Financial assets available-for-sale</i>	<i>27</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	<b>42,501</b>	<b>243,270</b>
<b>Total</b>	<b>472,577</b>	<b>579,682</b>

#### 5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	534,869	468,686
Reserve for Employee Termination Benefits	10,526	9,183
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	49,328	48,028
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	12,955	10,898
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	572	446
Depreciation Expenses of Assets to be Disposed	802	716
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	479,986	378,378
<i>Operational lease related expenses</i>	75,572	61,630
<i>Repair and maintenance expenses</i>	11,652	7,590
<i>Advertisement expenses</i>	23,175	28,725
<i>Other expenses</i>	369,587	280,433
Loss on Sale of Assets	849	1,310
Others (*)	170,211	104,139
<b>Total</b>	<b>1,260,098</b>	<b>1,021,784</b>

(\*) Includes saving-deposits-insurance-fund related expenses of TL 40,564 thousands (31 March 2013: TL 23,422 thousands) and insurance-business claim losses of TL 14,960 thousands (31 March 2013: TL 10,127 thousands) as of 31 March 2014.

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

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

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

As of 31 March 2014, on a consolidated basis, the Bank recorded a current tax expense of TL 273,714 thousands (31 March 2013: TL 271,557 thousands) and a deferred tax expense of TL 7,782 thousands (31 March 2013: TL 86,729 thousands).

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

<b>Deferred tax (benefit)/charge on timing differences</b>	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductable Timing Differences (+)	(61,369)	(22,902)
Decrease in Tax Deductable Timing Differences (-)	25,273	111,018
Increase in Taxable Timing Differences (-)	50,179	14,096
Decrease in Taxable Timing Differences (+)	(6,301)	(15,483)
<b>Total</b>	<b>7,782</b>	<b>86,729</b>

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

<b>Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions</b>	<b>Current Period</b>	<b>Prior Period</b>
(Increase)/Decrease in Tax Deductable Timing Differences (net)	(34,914)	87,314
(Increase)/Decrease in Taxable Timing Differences (net)	43,878	(1,387)
(Increase)/Decrease in Tax Losses (net)	(1,182)	802
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
<b>Total</b>	<b>7,782</b>	<b>86,729</b>

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

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

**5.4.11 Net profit/loss**

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

None.

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

None.

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

	<b>Current Period</b>	<b>Prior Period</b>
Net Profit/(Loss) of Minority Interest	7,949	7,441

**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	83,825	3,618	218,416	330,209	959,391	648,378
Interest and Commission Income	848	1	131	1	11,619	230

##### *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	602	1	183	2	6,735	69

#### 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	18,330	28,668	223,241	304,643	359,341	342,925
Interest Expenses	385	355	1,068	1,571	3,841	3,151

#### 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	2,915	2,921	8,300,971	9,092,999	-	-
Total Profit/(Loss)	436	(193)	(25,392)	(8,639)	-	-
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 925,711 thousands (31 December 2013: TL 580,038 thousands) compose 0.70% (31 December 2013: 0.45%) of the Bank's total consolidated cash loans and 0.41% (31 December 2013: 0.26%) of the Bank's total consolidated assets. The total loans and similar receivables amounting 1,261,632 thousands (31 December 2013: TL 692,335 thousands) compose 0.56% (31 December 2013: 0.31%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 982,205 thousands (31 December 2013: TL 777,138 thousands) compose 2.78% (31 December 2013: 2.27%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 600,912 thousands (31 December 2013: TL 676,236 thousands) compose 0.49% (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 253,930 thousands (31 December 2013: TL 199,623 thousands) compose 0.76% (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 20,348 thousands (31 December 2013: TL 12,664 thousands). A total rent income of TL 761 thousands (31 March 2013: TL 293 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 11 thousands as of 31 March 2013 (31 March 2014: nil) were incurred for the IT services rendered by the related parties. Other income of TL 55 thousands (31 March 2013: nil) for the IT services rendered and banking services fee of TL 561 (31 March 2013: TL 408 thousands) were recognized from the related parties.

Operating expenses of TL 863 thousands (31 March 2013: TL 1,734 thousands) for advertisement and broadcasting services, of TL 8,810 thousands (31 March 2013: TL 6,147 thousands) for operational leasing services, and of TL 1,768 thousands (31 March 2013: TL 1,467 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 110 thousands (31 March 2013: TL 30 thousands) was recognized as income for the services rendered by the affiliates.

The net payment provided or to be provided to the key management of the Bank and its consolidated financial affiliates amounts to TL 34,652 thousands as of 31 March 2014 (31 March 2013: TL 32,297 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 (March 2014) (\*)

Long Term FC Deposit	Baa3*
Long Term TL Deposit	Baa2*
Short Term TL Deposit	Prime-2*
Short Term FC Deposit	Prime-3*
Long Term FC Deposit Outlook	Under review
Financial Strength (FSR)	D+ (baa3)
FSR Outlook	Stable
Long Term National Scale Rating (NSR)	Aa2.tr*
Short Term NSR	TR-1*

##### STANDARD AND POORS (March 2014) (\*)

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

\* Under review for possible downgrade

##### FITCH RATINGS (October 2013) (\*)

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	AAA(tur)
Long Term NSR Outlook	Stable

##### JCR EURASIA RATINGS (June 2013) (\*)

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

(\*) 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) (\*)**

<b>Foreign Currency</b>	
Long Term	BBB (Stable)
Short Term	F3
Outlook	Stable
Support	2
<b>Turkish Lira</b>	
Long Term	BBB (Stable)
Short Term	F3
Outlook	Stable
<b>National</b>	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 (December 2012) (\*)**

<b>Foreign Currency</b>	
Long Term	BBB
Short Term	F3
Outlook	Stable
Support	2
<b>Turkish Lira</b>	
Long Term	BBB
Short Term	F3
Outlook	Stable
<b>National</b>	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 (November 2013) (\*)**

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

(\*) 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;

<b>2013 PROFIT DISTRIBUTION TABLE</b>	
<b>2013 Net Profit</b>	<b>3,005,560</b>
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 31 March 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 29 April 2014, is presented before the accompanying consolidated financial statements.

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

None.

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