

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

**Türkiye Garanti Bankası Anonim Şirketi**  
**Unconsolidated Financial Statements**  
**As of and For the Three-Month Period Ended**  
**31 March 2016**

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

With Independent Accountants'  
Limited Review Report Thereon

DRT Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ  
27 April 2016

*This report contains "Independent Accountant's  
Limited Review Report" comprising 2 pages  
and;"Unconsolidated Financial Statements and  
Related Disclosures and Footnotes" comprising 107  
pages.*

## LIMITED REVIEW REPORT FOR THE INTERIM FINANCIAL INFORMATION

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

### *Introduction*

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 31 March 2016, and the unconsolidated statement of income, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

## *Basis for Qualified Conclusion*

The accompanying unconsolidated financial statements include a general reserve amounting to TL 330,000 thousands as of the balance sheet date, provided by the Bank management in prior periods in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

## *Qualified Conclusion*

Based on our review, except for the effect of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye Garanti Bankası A.Ş as at 31 March 2016, and of the results of its operations and its cash flows for the three-month period then ended in accordance with the BRSA Accounting and Reporting Regulations.

## **Report on Other Legal and Regulatory Requirements**

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

## *Additional paragraph for English translation:*

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK AŞ  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Şule Firuzment Bekçe  
Partner

Istanbul, 27 April 2016

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED INTERIM FINANCIAL REPORT**  
**AS OF AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016**

Levent Nispetiye Mah.Aytar Cad.  
No:2 Beşiktaş 34340 Istanbul  
Telephone: 212 318 18 18  
Fax: 212 216 64 22  
[www.garanti.com.tr](http://www.garanti.com.tr)  
[investorrelations@garanti.com.tr](mailto:investorrelations@garanti.com.tr)

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

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

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

**Ferit F. Şahenk**  
Board of Directors  
Chairman

**Ali Fuat Erbil**  
General Manager

**Aydın Güler**  
Financial Reporting  
Executive Vice President

**Hakan Özdemir**  
General Accounting  
Senior Vice President

**Javier Bernal Dionis**  
Audit Committee Member

**Jorge Saenz - Azcunaga  
Carranza**  
Audit Committee Member

The authorized contact person for questions on this financial report:

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

Phone no: 90 212 318 23 50

Fax no: 90 212 216 59 02

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## **1 General Information**

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 as a “private bank” and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946.

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

The Bank provides banking services through 972 domestic branches, nine foreign branches and three representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 31 March 2016, group of companies under BBVA that currently owns 39.90% shares of the Bank, is named the BBVA Group (the Group) and it is the main shareholder.

On 22 March 2011, BBVA had acquired; 78.120.000.000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 thousands representing 18.60% ownership, and 26.418.840.000 shares of the Bank owned by Doğu Holding AŞ at a total nominal value of TL 264,188 thousands representing 6.29% ownership. BBVA, purchasing 24.89% shares of the Bank, had joint control on the Bank’s management together with group of companies under Doğu Holding AŞ (the Doğu Group).

Subsequently, on 7 April 2011, BBVA had acquired 503.160.000 shares at a nominal value of TL 5,032 thousands and increased its ownership in the Bank’s share capital to 25.01%. Accordingly, BBVA and the Doğu Group continued to have mutual control on the Bank’s management.

Finally, in accordance with the terms of the agreement between BBVA and the Doğu Group which was previously disclosed on 19 November 2014, the sale of shares representing 14.89% of the share capital of the Bank with a face value of TL 625,380 thousands and 62.538.000.000 shares by the Doğu Group to BBVA, has been completed on 27 July 2015. Following the acquisition, BBVA’s stake in the Bank has reached to 39.90% and BBVA has become the main shareholder. The Bank was moved to “Foreign Deposit Banks” category from “Private Deposit Bank” category by the BRSA.

As of balance sheet date, the Doğu Group’s interest in the share capital of the Bank is at 10%.

#### **BBVA Group**

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

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

BBVA that owns a bank being the largest financial institution in Mexico, the market leader in South America, and one of the largest 15 commercial banks in United States, operates in more than 30 countries with more than 100 thousand employees.

## Doğuş Group

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

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

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

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

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

<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	26 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	34 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	28 years
Jorge Saenz Azcunaga Carranza	Independent Member of BOD and Audit Committee	31.03.2016	University	22 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	23 years
Maria Isabel Goiri Lartitegui	Member	27.07.2015	Master	26 years
Javier Bernal Dionis	Independent Member of BOD and Audit Committee	27.07.2015	Master	26 years
Inigo Echebarria Garate	Member	31.03.2016	Master	33 years
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	36 years
Sait Ergun Özen	Member	14.05.2003	University	29 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	24 years

**CEO and Executive Vice Presidents<sup>(\*)</sup>:**

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

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

**1.4 Information on the bank’s qualified shareholders**

Name / Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Banco Bilbao Vizcaya Argentaria SA	1,675,800	39,9000%	1,675,800	-
Doğuş Holding AŞ	259,846	6,1868%	259,846	-

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

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



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

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

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

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

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

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

## **1.6 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the bank and its affiliates**

None.

## 2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

### Türkiye Garanti Bankası Anonim Şirketi Balance Sheet (Statement of Financial Position) At 31 March 2016

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 March 2016			PRIOR PERIOD 31 December 2015		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	(5.1.1)	<b>2,976,834</b>	<b>24,584,070</b>	<b>27,560,904</b>	<b>2,259,664</b>	<b>22,891,859</b>	<b>25,151,523</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	<b>1,614,346</b>	<b>636,875</b>	<b>2,251,221</b>	<b>1,359,038</b>	<b>489,429</b>	<b>1,848,467</b>
2.1 Financial assets held for trading		1,414,920	636,875	2,051,795	1,160,920	489,429	1,650,349
2.1.1 Government securities		173,356	14,004	187,360	66,470	21,974	88,444
2.1.2 Equity securities		31,708	-	31,708	45,474	-	45,474
2.1.3 Derivative financial assets held for trading		1,209,856	619,367	1,829,223	1,048,976	434,513	1,483,489
2.1.4 Other securities		-	3,504	3,504	-	32,942	32,942
2.2 Financial assets valued at fair value through profit or loss		199,426	-	199,426	198,118	-	198,118
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans	(5.1.2)	199,426	-	199,426	198,118	-	198,118
2.2.4 Other securities		-	-	-	-	-	-
<b>III. BANKS</b>	(5.1.3)	<b>69,459</b>	<b>13,938,163</b>	<b>14,007,622</b>	<b>276,135</b>	<b>11,571,360</b>	<b>11,847,495</b>
<b>IV. INTERBANK MONEY MARKETS</b>		<b>7,010</b>	<b>-</b>	<b>7,010</b>	<b>-</b>	<b>61,069</b>	<b>61,069</b>
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		7,010	-	7,010	-	61,069	61,069
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>	(5.1.4)	<b>19,095,948</b>	<b>1,203,651</b>	<b>20,299,599</b>	<b>19,261,864</b>	<b>1,257,937</b>	<b>20,519,801</b>
5.1 Equity securities		38,876	305,131	344,007	36,852	297,717	334,569
5.2 Government securities		18,419,445	175,233	18,594,678	18,582,761	178,798	18,761,559
5.3 Other securities		637,627	723,287	1,360,914	642,251	781,422	1,423,673
<b>VI. LOANS</b>	(5.1.5)	<b>104,920,280</b>	<b>59,069,318</b>	<b>163,989,598</b>	<b>100,354,365</b>	<b>58,785,558</b>	<b>159,139,923</b>
6.1 Performing loans		104,062,044	59,069,318	163,131,362	99,518,038	58,785,558	158,303,596
6.1.1 Loans to bank's risk group	(5.7)	391,637	2,358,801	2,750,438	767,953	2,364,560	3,132,513
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		103,670,407	56,710,517	160,380,924	98,750,085	56,420,998	155,171,083
6.2 Loans under follow-up		4,477,559	-	4,477,559	4,404,025	-	4,404,025
6.3 Specific provisions (-)		3,619,323	-	3,619,323	3,567,698	-	3,567,698
<b>VII. FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. INVESTMENTS HELD-TO-MATURITY (Net)</b>	(5.1.6)	<b>11,668,673</b>	<b>9,441,003</b>	<b>21,109,676</b>	<b>11,980,469</b>	<b>9,775,343</b>	<b>21,755,812</b>
8.1 Government securities		11,654,866	5,554,900	17,209,766	11,966,880	5,810,098	17,776,978
8.2 Other securities		13,807	3,886,103	3,899,910	13,589	3,965,245	3,978,834
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	<b>36,698</b>	<b>-</b>	<b>36,698</b>	<b>36,698</b>	<b>-</b>	<b>36,698</b>
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		36,698	-	36,698	36,698	-	36,698
9.2.1 Financial investments in associates		33,032	-	33,032	33,032	-	33,032
9.2.2 Non-financial investments in associates		3,666	-	3,666	3,666	-	3,666
<b>X. INVESTMENTS IN AFFILIATES (Net)</b>	(5.1.8)	<b>2,218,929</b>	<b>2,477,786</b>	<b>4,696,715</b>	<b>2,114,928</b>	<b>2,331,571</b>	<b>4,446,499</b>
10.1 Unconsolidated financial investments in affiliates		2,114,693	2,477,786	4,592,479	2,010,692	2,331,571	4,342,263
10.2 Unconsolidated non-financial investments in affiliates		104,236	-	104,236	104,236	-	104,236
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>	(5.1.9)	<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>	(5.1.10)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>	(5.1.11)	<b>46,424</b>	<b>490,622</b>	<b>537,046</b>	<b>89,064</b>	<b>591,933</b>	<b>680,997</b>
13.1 Fair value hedges		29,164	-	29,164	60,616	7,483	68,099
13.2 Cash flow hedges		17,260	490,622	507,882	28,448	584,450	612,898
13.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.12)	<b>3,074,020</b>	<b>311</b>	<b>3,074,331</b>	<b>3,073,889</b>	<b>336</b>	<b>3,074,225</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>209,323</b>	<b>53</b>	<b>209,376</b>	<b>182,553</b>	<b>37</b>	<b>182,590</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		209,323	53	209,376	182,553	37	182,590
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	<b>381,290</b>	<b>-</b>	<b>381,290</b>	<b>381,270</b>	<b>-</b>	<b>381,270</b>
<b>XVII. TAX ASSET</b>		<b>461,016</b>	<b>-</b>	<b>461,016</b>	<b>381,541</b>	<b>-</b>	<b>381,541</b>
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	(5.1.15)	461,016	-	461,016	381,541	-	381,541
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	<b>384,697</b>	<b>-</b>	<b>384,697</b>	<b>346,979</b>	<b>-</b>	<b>346,979</b>
18.1 Assets held for sale		384,697	-	384,697	346,979	-	346,979
18.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.17)	<b>2,929,187</b>	<b>2,393,750</b>	<b>5,322,937</b>	<b>2,353,470</b>	<b>2,134,227</b>	<b>4,487,697</b>
<b>TOTAL ASSETS</b>		<b>150,094,134</b>	<b>114,235,602</b>	<b>264,329,736</b>	<b>144,451,927</b>	<b>109,890,659</b>	<b>254,342,586</b>

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

**Türkiye Garanti Bankası Anonim Şirketi**  
**Balance Sheet (Statement of Financial Position)**  
**At 31 March 2016**

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 March 2016			PRIOR PERIOD 31 December 2015		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.2.1)	<b>66,905,167</b>	<b>82,116,147</b>	<b>149,021,314</b>	<b>66,420,824</b>	<b>74,478,508</b>	<b>140,899,332</b>
1.1 Deposits from bank's risk group	(5.7)	1,133,260	510,475	1,643,735	1,092,221	474,699	1,566,920
1.2 Others		65,771,907	81,605,672	147,377,579	65,328,603	74,003,809	139,332,412
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.2.2)	<b>2,076,259</b>	<b>677,356</b>	<b>2,753,615</b>	<b>1,669,819</b>	<b>593,818</b>	<b>2,263,637</b>
<b>III. FUNDS BORROWED</b>	(5.2.3)	<b>2,006,961</b>	<b>29,019,221</b>	<b>31,026,182</b>	<b>2,542,263</b>	<b>30,895,534</b>	<b>33,437,797</b>
<b>IV. INTERBANK MONEY MARKETS</b>	(5.2.4)	<b>13,291,431</b>	<b>2,464,198</b>	<b>15,755,629</b>	<b>12,521,253</b>	<b>2,546,908</b>	<b>15,068,161</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		90,026	-	90,026	-	-	-
4.3 Obligations under repurchase agreements		13,201,405	2,464,198	15,665,603	12,521,253	2,546,908	15,068,161
<b>V. SECURITIES ISSUED (Net)</b>	(5.2.4)	<b>4,392,965</b>	<b>10,617,102</b>	<b>15,010,067</b>	<b>3,405,544</b>	<b>10,793,225</b>	<b>14,198,769</b>
5.1 Bills		1,038,592	131,809	1,170,401	790,461	160,472	950,933
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		3,354,373	10,485,293	13,839,666	2,615,083	10,632,753	13,247,836
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>	(5.2.4.3)	<b>7,933,791</b>	<b>1,112,801</b>	<b>9,046,592</b>	<b>7,132,264</b>	<b>1,204,588</b>	<b>8,336,852</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>		<b>2,446,825</b>	<b>2,186,891</b>	<b>4,633,716</b>	<b>1,997,940</b>	<b>1,827,125</b>	<b>3,825,065</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.2.5)	<b>11,401</b>	-	<b>11,401</b>	<b>10,968</b>	-	<b>10,968</b>
10.1 Financial lease payables		12,494	-	12,494	11,985	-	11,985
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		1,093	-	1,093	1,017	-	1,017
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	(5.2.6)	<b>37,358</b>	<b>354,104</b>	<b>391,462</b>	<b>10,928</b>	<b>239,563</b>	<b>250,491</b>
11.1 Fair value hedges		37,358	271,124	308,482	10,928	210,635	221,563
11.2 Cash flow hedges		-	82,980	82,980	-	28,928	28,928
11.3 Net foreign investment hedges		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.2.7)	<b>4,356,142</b>	<b>63,752</b>	<b>4,419,894</b>	<b>4,186,504</b>	<b>63,560</b>	<b>4,250,064</b>
12.1 General provisions		3,020,812	45,215	3,066,027	2,957,392	44,665	3,002,057
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		617,544	-	617,544	529,537	-	529,537
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		717,786	18,537	736,323	699,575	18,895	718,470
<b>XIII. TAX LIABILITY</b>	(5.2.8)	<b>588,145</b>	<b>32,217</b>	<b>620,362</b>	<b>629,578</b>	<b>31,025</b>	<b>660,603</b>
13.1 Current tax liability		588,145	32,217	620,362	629,578	31,025	660,603
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.2.9)	-	-	-	-	-	-
14.1 Assets held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED DEBTS</b>	(5.2.10)	-	-	-	-	<b>159,792</b>	<b>159,792</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.2.11)	<b>31,213,664</b>	<b>425,838</b>	<b>31,639,502</b>	<b>30,560,363</b>	<b>420,692</b>	<b>30,981,055</b>
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		2,822,749	228,394	3,051,143	2,642,395	228,221	2,870,616
16.2.1 Share premium		11,880	-	11,880	11,880	-	11,880
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		454,005	256,277	710,282	253,965	187,995	441,960
16.2.4 Revaluation surplus on tangible assets		1,629,927	-	1,629,927	1,631,907	-	1,631,907
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, affiliates and joint-ventures		1,891	-	1,891	1,891	-	1,891
16.2.8 Hedging reserves (effective portion)		28,475	(27,883)	592	46,181	40,226	86,407
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		696,571	-	696,571	696,571	-	696,571
16.3 Profit reserves		23,150,377	197,444	23,347,821	20,311,461	192,471	20,503,932
16.3.1 Legal reserves		1,191,409	12,775	1,204,184	1,155,709	12,620	1,168,329
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		21,958,968	5,695	21,964,663	19,155,752	3,860	19,159,612
16.3.4 Other profit reserves		-	178,974	178,974	-	175,991	175,991
16.4 Profit or loss		1,040,538	-	1,040,538	3,406,507	-	3,406,507
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		1,040,538	-	1,040,538	3,406,507	-	3,406,507
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>135,260,109</b>	<b>129,069,627</b>	<b>264,329,736</b>	<b>131,088,248</b>	<b>123,254,338</b>	<b>254,342,586</b>

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



# Türkiye Garanti Bankası Anonim Şirketi

## Income Statement

For the Three-Month Period Ended 31 March 2016

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2016- 31 March 2016	PRIOR PERIOD 1 January 2015- 31 March 2015
<b>I. INTEREST INCOME</b>	(5.4.1)	<b>4,896,735</b>	<b>3,891,795</b>
1.1 Interest income on loans		3,859,036	3,108,843
1.2 Interest income on reserve deposits		42,745	6,302
1.3 Interest income on banks		17,656	26,617
1.4 Interest income on money market transactions		785	1,070
1.5 Interest income on securities portfolio		927,473	705,084
1.5.1 Trading financial assets		4,183	6,857
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		501,409	381,340
1.5.4 Investments held-to-maturity		421,881	316,887
1.6 Financial lease income		-	-
1.7 Other interest income		49,040	43,879
<b>II. INTEREST EXPENSE</b>	(5.4.2)	<b>2,407,204</b>	<b>1,958,520</b>
2.1 Interest on deposits		1,697,759	1,354,211
2.2 Interest on funds borrowed		223,790	236,587
2.3 Interest on money market transactions		251,240	156,080
2.4 Interest on securities issued		219,450	198,471
2.5 Other interest expenses		14,965	13,171
<b>III. NET INTEREST INCOME (I - II)</b>		<b>2,489,531</b>	<b>1,933,275</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>781,125</b>	<b>753,187</b>
4.1 Fees and commissions received		1,009,852	942,076
4.1.1 Non-cash loans		74,484	65,538
4.1.2 Others		935,368	876,538
4.2 Fees and commissions paid		228,727	188,889
4.2.1 Non-cash loans		743	543
4.2.2 Others		227,984	188,346
<b>V. DIVIDEND INCOME</b>	(5.4.3)	<b>-</b>	<b>-</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	(5.4.4)	<b>(247,343)</b>	<b>(22,267)</b>
6.1 Trading account income/losses		1,472	214,278
6.2 Income/losses from derivative financial instruments		(372,406)	(1,341,836)
6.3 Foreign exchange gains/losses		123,591	1,105,291
<b>VII. OTHER OPERATING INCOME</b>	(5.4.5)	<b>347,874</b>	<b>353,868</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>3,371,187</b>	<b>3,018,063</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.4.6)	<b>748,323</b>	<b>592,845</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.4.7)	<b>1,482,959</b>	<b>1,471,416</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>1,139,905</b>	<b>953,802</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>		<b>-</b>	<b>-</b>
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>141,940</b>	<b>145,572</b>
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	(5.4.8)	<b>1,281,845</b>	<b>1,099,374</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	(5.4.9)	<b>241,307</b>	<b>236,926</b>
16.1 Current tax charge		336,263	330,425
16.2 Deferred tax charge/(credit)		(94,956)	(93,499)
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	(5.4.10)	<b>1,040,538</b>	<b>862,448</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, affiliates and joint-ventures		-	-
18.3 Others		-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, affiliates and joint-ventures		-	-
19.3 Others		-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>	(5.4.8)	<b>-</b>	<b>-</b>
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	(5.4.9)	<b>-</b>	<b>-</b>
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>-</b>	<b>-</b>
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(5.4.11)	<b>1,040,538</b>	<b>862,448</b>
Earnings per Share		0.248	0.205

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

## Türkiye Garanti Bankası Anonim Şirketi

### Statement of Income/Expense Items Accounted for under Shareholders' Equity For the Three-Month Period Ended 31 March 2016

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2016- 31 March 2016	PRIOR PERIOD 1 January 2015- 31 March 2015
<b>I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	<b>195,077</b>	<b>(205,178)</b>
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>37,200</b>	<b>(1,186)</b>
<b>V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	<b>(92,870)</b>	<b>14,786</b>
<b>VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	<b>(12,495)</b>	<b>-</b>
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	<b>-</b>	<b>-</b>
<b>VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>73,478</b>	<b>681</b>
<b>IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	<b>(15,481)</b>	<b>32,307</b>
<b>X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	<b>184,909</b>	<b>(158,590)</b>
<b>XI. CURRENT PERIOD PROFIT/LOSSES</b>	<b>1,040,538</b>	<b>862,448</b>
1.1 Net changes in fair value of securities (transferred to income statement)	(6,323)	53,605
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	(39,074)	(26,694)
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	1,085,935	835,537
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	<b>1,225,447</b>	<b>703,858</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Changes in Shareholders' Equity**  
**For the Three-Month Period Ended 31 March 2016**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
		Paid-In Capital	Capital Reserves from Inflation Adj.s to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
<b>PRIOR PERIOD</b> (1 January - 31 March 2015)																	
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	1,131,122	-	14,849,587	71,385	-	3,200,248	1,655,856	175,034	1,891	(68,683)	-	26,000,874
II. Correction made as per TAS 8		-	-	-	-	-	-	1,270,098	-	-	473,863	(1,194,922)	-	-	63,225	-	612,264
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies (*)		-	-	-	-	-	-	1,270,098	-	-	473,863	(1,194,922)	-	-	63,225	-	612,264
III. Adjusted balances at beginning of the period (I+II)	(5.5)	4,200,000	772,554	11,880	-	1,131,122	-	16,119,685	71,385	-	3,674,111	460,934	175,034	1,891	(5,458)	-	26,613,138
Changes during the period																	
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(184,696)	-	-	-	-	(184,696)
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	11,829	-	11,829
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	11,829	-	11,829
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	(97)	-	(14)	(1,075)	-	-	(933)	-	-	-	-	(2,119)
XI. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	16,396	-	-	-	-	16,396
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	862,448	-	-	-	-	-	-	862,448
XX. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	1,131,025	-	16,119,671	70,310	862,448	3,674,111	291,701	175,034	1,891	6,371	-	27,316,996
<b>CURRENT PERIOD</b> (1 January - 31 March 2016)																	
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	1,168,329	-	19,159,612	100,008	-	3,406,507	441,960	1,631,907	1,891	86,407	-	30,981,055
Changes during the period	(5.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	160,046	-	-	-	-	160,046
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(85,815)	-	(85,815)
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(75,819)	-	(75,819)
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	(9,996)	-	(9,996)
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	5,132	-	-	-	(5,132)	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	155	-	69	2,178	-	-	34,798	-	-	-	-	37,200
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		-	-	-	-	-	-	-	-	-	-	73,478	-	-	-	-	73,478
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		-	-	-	-	-	-	766	-	-	-	(766)	-	-	-	-	-
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	1,040,538	-	-	-	-	-	-	1,040,538
XVIII. Profit distribution		-	-	-	-	35,700	-	2,799,084	805	-	(3,406,507)	3,918	-	-	-	-	(567,000)
18.1. Dividends		-	-	-	-	35,700	-	2,799,084	-	-	(567,000)	-	-	-	-	-	(567,000)
18.2. Transfers to reserves		-	-	-	-	-	-	2,799,084	-	-	(2,834,784)	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	805	-	(4,723)	-	3,918	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	1,204,184	-	21,964,663	102,991	1,040,538	-	710,282	1,629,927	1,891	592	-	31,639,502

(\*) The corrections are disclosed on Note 3.24.1

**Türkiye Garanti Bankası Anonim Şirketi**  
**Statement of Cash Flows**  
**For the Three-Month Period Ended 31 March 2016**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2016- 31 March 2016	PRIOR PERIOD 1 January 2015- 31 March 2015
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>1,822,261</b>	<b>465,812</b>
1.1.1 Interests received		4,526,761	3,791,685
1.1.2 Interests paid		(2,517,464)	(2,234,822)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		1,009,852	942,076
1.1.5 Other income		349,346	567,293
1.1.6 Collections from previously written-off loans and other receivables		46,162	26,916
1.1.7 Payments to personnel and service suppliers		(1,274,469)	(1,059,474)
1.1.8 Taxes paid		(327,397)	(396,545)
1.1.9 Others	(5.6)	9,470	(1,171,317)
<b>1.2 Changes in operating assets and liabilities</b>		<b>2,073,251</b>	<b>(2,499,148)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(55,168)	180,165
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		969,928	(651,202)
1.2.4 Net (increase) decrease in loans		(5,295,373)	(11,087,740)
1.2.5 Net (increase) decrease in other assets		(839,910)	(831,853)
1.2.6 Net increase (decrease) in bank deposits		(195,200)	(776,432)
1.2.7 Net increase (decrease) in other deposits		8,287,581	9,287,951
1.2.8 Net increase (decrease) in funds borrowed		(1,737,105)	802,081
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	938,498	577,882
<b>I. Net cash flow from banking operations</b>		<b>3,895,512</b>	<b>(2,033,336)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>1,083,911</b>	<b>2,347,659</b>
2.1 Cash paid for purchase of associates, affiliates and joint-ventures		-	-
2.2 Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3 Purchases of tangible assets		(96,862)	(25,449)
2.4 Sales of tangible assets		30,693	27,170
2.5 Cash paid for purchase of financial assets available-for-sale		(577,019)	(2,036,492)
2.6 Cash obtained from sale of financial assets available-for-sale		1,005,191	2,264,089
2.7 Cash paid for purchase of investments held-to-maturity		(114,463)	(525,793)
2.8 Cash obtained from sale of investments held-to-maturity		836,371	2,644,134
2.9 Others	(5.6)	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>802,226</b>	<b>420,637</b>
3.1 Cash obtained from funds borrowed and securities issued		2,060,898	1,604,447
3.2 Cash used for repayment of funds borrowed and securities issued		(1,256,166)	(1,183,673)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for financial leases		(2,506)	(137)
3.6 Others (payments for founder shares repurchased)	(5.6)	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(5.6)	<b>(294,332)</b>	<b>375,549</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>		<b>5,487,317</b>	<b>1,110,509</b>
<b>VI. Cash and cash equivalents at beginning of period</b>		<b>8,878,118</b>	<b>7,585,868</b>
<b>VII. Cash and cash equivalents at end of period</b>		<b>14,365,435</b>	<b>8,696,377</b>

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



### **3 Accounting policies**

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

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

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for financial instruments at fair value through profit or loss, financial assets available for sale, real estates and investments in affiliates valued at equity basis of accounting.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in Notes 3.2 to 3.24.

#### **3.2 Strategy for use of financial instruments and foreign currency transactions**

##### **3.2.1 Strategy for use of financial instruments**

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

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

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

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

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

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

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

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

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

### **3.2.2 Foreign currency transactions**

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

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

From 1 September 2015, it has been started to apply net investment hedge amounting to EUR 323,382,215 in total among net investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses in the amount of TL 20,314 thousands, arising from conversion of both foreign currency net investments and long term foreign currency borrowings are accounted under capital reserves and hedging reserves, respectively under equity as of 31 March 2016. There is no ineffective portion arising from net investment hedge accounting.

### **3.3 Investments in associates and affiliates**

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

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

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

### **3.4 Forwards, options and other derivative transactions**

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

#### **3.4.1 Derivative financial instruments held for trading**

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

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

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

### **3.4.2 Derivative financial instruments held for risk management**

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

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

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

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

### **3.5 Interest income and expenses**

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

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

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

### **3.6 Fees and commissions**

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

### **3.7 Financial assets**

#### **3.7.1 Financial assets at fair value through profit or loss**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **3.9.2 Derecognition of financial assets**

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

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

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

### **3.10 Repurchase and resale agreements and securities lending**

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

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

### **3.11 Assets held for sale, discontinued operations and related liabilities**

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

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

### **3.12 Goodwill and other intangible assets**

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

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

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

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

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

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

The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis. Estimated useful lives of the Bank’s intangible assets are 3-15 years, and amortisation rates are 6.67-33.3%.

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

### **3.13 Tangible assets**

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

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

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

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

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

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. The depreciation rates and the estimated useful lives of tangible assets are presented below. Depreciation method in use was not changed in the current period.

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

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

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

#### *Investment properties*

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in production, supply of goods or services, administrative purposes or sale in the ordinary course of business are classified as investment property. As of 1 November 2015, changing the existing accounting policy, it has been decided to apply fair value model for investment properties instead of cost model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property" Accordingly, for all the investment properties registered in the ledger, a valuation study was performed by independent expertise firms. Fair value changes in investment properties were accounted in the income statement for the period they occurred.

Investment properties accounted at fair value are not depreciated.

### **3.14 Leasing activities**

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

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

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

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

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

### 3.16 Contingent assets

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

### 3.17 Liabilities for employee benefits

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

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

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

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

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

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

The actuarial gains/losses are recognised under shareholders’ equity as per the revised TAS 19.

#### *Retirement benefit obligations*

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

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

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

	31 March 2016	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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



*a) Benefits transferable to SSF*

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

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

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

On 19 June 2008, Cumhuriyet Halk Partisi (“CHP”) applied to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. At the meeting of the Constitutional Court on 30 March 2011, it was decided that the first paragraph of the provisional Article 20 of the Law is not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

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

*b) Other benefits not transferable to SSF*

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

The actuarial gains/losses are recognised under shareholders’ equity as per the revised TAS 19.

## **3.18 Taxation**

### **3.18.1 Corporate tax**

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

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

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

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

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 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.

The tax applications for foreign branches;

#### *NORTHERN CYPRUS*

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

#### *MALTA*

The corporate earnings are subject to a 35% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The earnings of the foreign corporations' branches in Malta are also subject to the same tax rate that the resident corporations in Malta are subject to. The earnings of such branches that are transferred to their head offices are not subject to an additional tax. The taxes payable is calculated by the obligating firm and the calculation is shown at the tax declaration form that is due till the following year's September and the payment is done till this date.

#### *LUXEMBOURG*

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 7% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 7.50% of the taxable income. The tax returns do not include any tax amounts to be paid.

The tax calculation is done by the tax office and the amount to be paid is declared to corporate through an official letter called Note. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

### **3.18.2 Deferred taxes**

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

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

The deferred tax assets and liabilities are reported as net in the financial statements.

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

### **3.18.3 Transfer pricing**

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

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

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

### **3.19 Funds borrowed**

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

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

### **3.20 Share issuances**

None.

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

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

### **3.22 Government incentives**

As of 31 March 2016, the Bank does not have any government incentives or grants.

### **3.23 Segment reporting**

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

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

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

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

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

*Information on the business segments is as follows:*

<i>Current Period</i>	<b>Retail Banking</b>	<b>Corporate / Commercial Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	1,408,705	1,148,870	65,894	747,718	3,371,187
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>1,408,705</b>	<b>1,148,870</b>	<b>65,894</b>	<b>747,718</b>	<b>3,371,187</b>
Net Operating Profit	219,923	290,502	4,574	766,846	1,281,845
Income from Associates and Affiliates	-	-	-	-	-
<b>Net Operating Profit</b>	<b>219,923</b>	<b>290,502</b>	<b>4,574</b>	<b>766,846</b>	<b>1,281,845</b>
Provision for Taxes	-	-	-	241,307	241,307
<b>Net Profit</b>	<b>219,923</b>	<b>290,502</b>	<b>4,574</b>	<b>525,539</b>	<b>1,040,538</b>
Segment Assets	54,118,179	110,070,845	82,734,307	12,672,992	259,596,323
Investments in Associates and Affiliates	-	-	-	4,733,413	4,733,413
<b>Total Assets</b>	<b>54,118,179</b>	<b>110,070,845</b>	<b>82,734,307</b>	<b>17,406,405</b>	<b>264,329,736</b>
Segment Liabilities	95,611,980	58,185,395	70,900,856	7,992,003	232,690,234
Shareholders' Equity	-	-	-	31,639,502	31,639,502
<b>Total Liabilities and Shareholders' Equity</b>	<b>95,611,980</b>	<b>58,185,395</b>	<b>70,900,856</b>	<b>39,631,505</b>	<b>264,329,736</b>

<i>Prior Period</i>	<b>Retail Banking</b>	<b>Corporate / Commercial Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	1,358,459	979,247	298,185	382,172	3,018,063
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>1,358,459</b>	<b>979,247</b>	<b>298,185</b>	<b>382,172</b>	<b>3,018,063</b>
Net Operating Profit	24,790	483,033	212,049	379,502	1,099,374
Income from Associates and Affiliates	-	-	-	-	-
<b>Net Operating Profit</b>	<b>24,790</b>	<b>483,033</b>	<b>212,049</b>	<b>379,502</b>	<b>1,099,374</b>
Provision for Taxes	-	-	-	236,926	236,926
<b>Net Profit</b>	<b>24,790</b>	<b>483,033</b>	<b>212,049</b>	<b>142,576</b>	<b>862,448</b>
Segment Assets	53,086,559	106,251,482	79,563,977	10,957,371	249,859,389
Investments in Associates and Affiliates	-	-	-	4,483,197	4,483,197
<b>Total Assets</b>	<b>53,086,559</b>	<b>106,251,482</b>	<b>79,563,977</b>	<b>15,440,568</b>	<b>254,342,586</b>
Segment Liabilities	91,670,983	53,507,379	71,649,459	6,533,710	223,361,531
Shareholders' Equity	-	-	-	30,981,055	30,981,055
<b>Total Liabilities and Shareholders' Equity</b>	<b>91,670,983</b>	<b>53,507,379</b>	<b>71,649,459</b>	<b>37,514,765</b>	<b>254,342,586</b>

### 3.24 Other disclosures

In accordance with the communiqué related with the amendments to the Turkish Accounting Standard 27 (TAS 27) “Separate Financial Statements” published on the Official Gazette dated 9 April 2015 no. 29321, in their separate financial statements, entities shall account their investments in associates, affiliates and joint ventures either at cost in accordance with the provisions set in TFRS 9 “Financial Instruments” or using the equity method of accounting as described in TAS 28 “Investments in Associates and Joint Ventures”. The aforementioned change will be effective for annual periods beginning on or after 1 January 2016, but earlier application is permitted.

In accordance with the letter from the BRSA Regulatory Department dated 14 July 2015 no. 24049440-045.01[3/8]-E.10686, the adoption of the aforementioned changes by banks in preparation of their separate financial statements before 1 January 2016 have been permitted as long as the adoption is in compliance with the provisions set in the temporary article 2 of TAS 27 and other related provisions in the TAS.

The Bank has decided to early adopt the equity method of accounting for its investments in financial affiliates described in TAS 28 and started to use equity method for the valuation of its financial affiliates. Before the aforementioned accounting policy change, the associates and affiliates were accounted in the unconsolidated financial statements in accordance with TAS 39. In accordance with TAS 39, the affiliates quoted in active markets and having reliably measured fair values, were accounted at fair value whereas the associates and affiliates not quoted in any active markets and do not have reliably measured fair values, were accounted at cost less any impairment provisions in the financial statements.

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

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

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

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

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

<i>31 March 2015</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Foreign Exchange Gains/Losses	1,102,013	3,278	1,105,291
Other Operating Expenses	1,383,269	88,147	1,471,416
Income/Loss from Investments Under Equity Accounting	-	145,572	145,572
Provision for Taxes	253,900	(16,974)	236,926
<b>Current Period Net Profit/Loss</b>	<b>784,771</b>	<b>77,677</b>	<b>862,448</b>

## 4 Financial Position and Results of Operations and Risk Management

### 4.1 Total capital

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

#### 4.1.1 Components of total capital

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014<sup>(*)</sup></i>
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	23,347,821	
Other Comprehensive Income according to TAS	2,620,420	
Profit	1,040,538	
Current Period Profit	1,040,538	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1,891	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>31,995,104</b>	
<b>Deductions From Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	339,944	-
Leasehold Improvements on Operational Leases (-)	96,755	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	114,064	190,107
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	1,664	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014<sup>(*)</sup></i>
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>552,427</b>	
<b>Total Common Equity Tier I Capital</b>	<b>31,442,677</b>	
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>	
<b>Deductions from Additional Tier I Capital</b>		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	
<b>Items to be Deducted from Tier I Capital during the Transition Period</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 (-)	76,043	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	<b>-</b>	
<b>Total Additional Tier I Capital</b>	<b>-</b>	
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>31,366,634</b>	
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	2,439,751	
<b>Total Deductions from Tier II Capital</b>	<b>2,439,751</b>	
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	377,797	-
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>377,797</b>	
<b>Total Tier II Capital</b>	<b>2,061,954</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>33,428,588</b>	
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	84	



	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014<sup>(*)</sup></i>
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 (-)	20,106	
Other items to be Defined by the BRSA (-)	48,509	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
<b>CAPITAL</b>		
Total Capital ( Total of Tier I Capital and Tier II Capital )	<b>33,359,889</b>	-
Total Risk Weighted Assets	<b>220,315,696</b>	-
<b>CAPITAL ADEQUACY RATIOS</b>		
CET1 Capital Ratio (%)	14.27	-
Tier I Capital Ratio (%)	14.24	-
Capital Adequacy Ratio (%)	15.14	-
<b>BUFFERS</b>		
Bank-specific total CET1 Capital Ratio	5.63	-
Capital Conservation Buffer Ratio (%)	0.625	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.00507	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	7.14	-
<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	480,286	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five	3,066,027	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	2,439,751	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

#### 4.1.2 Items included in capital calculation

None.

#### 4.1.3 Reconciliation of capital items to balance sheet

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	3,051,143	(756,896)	2,294,247	
Other Comprehensive Income According to TAS	3,037,372	(756,896)	2,280,476	
Securities Value Increase Fund	710,282	-	710,282	
Revaluation Surplus on Tangible Assets	1,629,927	-	1,629,927	
Revaluation Surplus on Intangible Assets	-	-	-	
Revaluation Surplus on Investment Property	-	-	-	
Hedging Reserves (Effective Portion)	592	15,658	16,250	Items not included in the calculation as per Regulation's Article 9-1-f
Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	-	-	-	
Other Capital Reserves	696,571	(772,554)	(75,983)	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Affiliates and Joint-Ventures	1,891	-	1,891	
Share Premium	11,880	-	11,880	
Profit Reserves	23,347,821	-	23,347,821	
Profit or Loss	1,040,538	-	1,040,538	
Prior Periods Profit/Loss	-	-	-	
Current Period Net Profit/Loss	1,040,538	-	1,040,538	
Deductions from Common Equity Tier I Capital (-)	-		212,483	Deductions from Common Equity Tier 1 Capital as per the Regulation
<b>Common Equity Tier I Capital</b>	<b>31,639,502</b>		<b>31,442,677</b>	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			76,043	Deductions from Tier 1 Capital as per the Regulation
<b>Tier I Capital</b>			<b>31,366,634</b>	
Subordinated Debts			-	
General Provisions			2,439,751	General Loan Provision added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			377,797	Deductions from Tier II Capital as per the Regulation
<b>Tier II Capital</b>			<b>2,061,954</b>	
Deductions from Total Capital (-)			68,699	Deductions from Capital as per the Regulation
<b>Total</b>			<b>33,359,889</b>	

## 4.2 Credit risk

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

## 4.3 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2016, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to TL 9,350,190 thousands (31 December 2015: TL 7,778,023 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 10,327,167 thousands (31 December 2015: TL 9,467,068 thousands), while net foreign currency long open position amounts to TL 976,977 thousands (31 December 2015: TL 1,689,045 thousands).

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

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

	<b>USD</b>	<b>EUR</b>
<b>Foreign currency purchase rates at balance sheet date</b>	2.8120	3.2061
<b><u>Exchange rates for the days before balance sheet date;</u></b>		
Day 1	2.8270	3.2120
Day 2	2.8550	3.2013
Day 3	2.8706	3.2162
Day 4	2.8754	3.2104
Day 5	2.8797	3.2126
<b>Last 30-days arithmetical average rates</b>	2.8846	3.2114

*The Bank's currency risk:*

<i>Current Period</i>	<b>EUR</b>	<b>USD</b>	<b>Other FCs</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,585,891	15,687,848	4,310,331	24,584,070
Banks	2,059,667	11,725,115	153,381	13,938,163
Financial Assets at Fair Value through Profit/Loss	132,538	287,042	18	419,598
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	305,131	898,520	-	1,203,651
Loans (*)	24,496,262	39,383,659	543,696	64,423,617
Investments in Associates, Affiliates and Joint-Ventures	2,348,173	-	129,613	2,477,786
Investments Held-to-Maturity	96,340	9,344,663	-	9,441,003
Derivative Financial Assets Held for Risk Management	-	1,381	-	1,381
Tangible Assets	119	192	-	311
Intangible Assets	-	-	-	-
Other Assets	242,435	2,135,519	9,239	2,387,193
<b>Total Assets</b>	<b>34,266,556</b>	<b>79,463,939</b>	<b>5,146,278</b>	<b>118,876,773</b>
<b>Liabilities</b>				
Bank Deposits	761,186	1,261,429	361,806	2,384,421
Foreign Currency Deposits	20,929,817	55,921,922	1,738,989	78,590,728
Interbank Money Market Takings	-	2,207,779	256,419	2,464,198
Other Fundings	8,387,740	20,533,714	97,767	29,019,221
Securities Issued	2,015,660	7,935,293	666,149	10,617,102
Miscellaneous Payables	89,797	786,556	236,448	1,112,801
Derivative Financial Liabilities Held for Risk Management	19,005	240,912	94,187	354,104
Other Liabilities (**)	296,796	2,324,990	1,062,602	3,684,388
<b>Total Liabilities</b>	<b>32,500,001</b>	<b>91,212,595</b>	<b>4,514,367</b>	<b>128,226,963</b>
<b>Net 'On Balance Sheet' Position</b>	<b>1,766,555</b>	<b>(11,748,656)</b>	<b>631,911</b>	<b>(9,350,190)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(1,769,225)</b>	<b>12,542,761</b>	<b>(446,369)</b>	<b>10,327,167</b>
Derivative Assets	13,503,423	46,385,800	6,834,563	66,723,786
Derivative Liabilities	15,272,648	33,843,039	7,280,932	56,396,619
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>32,703,430</b>	<b>76,415,779</b>	<b>5,438,306</b>	<b>114,557,515</b>
<b>Total Liabilities</b>	<b>31,085,884</b>	<b>86,871,090</b>	<b>4,378,564</b>	<b>122,335,538</b>
<b>Net 'On Balance Sheet' Position</b>	<b>1,617,546</b>	<b>(10,455,311)</b>	<b>1,059,742</b>	<b>(7,778,023)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(552,341)</b>	<b>11,191,825</b>	<b>(1,172,416)</b>	<b>9,467,068</b>
Derivative Assets	11,681,920	43,870,033	6,336,208	61,888,161
Derivative Liabilities	12,234,261	32,678,208	7,508,624	52,421,093
Non-Cash Loans	-	-	-	-

(\*) The foreign currency-indexed loans amounting TL 5,354,299 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(\*\*) Other liabilities include gold deposits of TL 1,140,998 thousands.

#### 4.4 Interest rate risk

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

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

The results are supported by the sensitivity and scenario analysis performed periodically due to the possible instabilities in the markets. Furthermore, the interest rate risk is monitored according to the limits approved by the board of directors.

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

<i>Current Period</i>	<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	1,411,080	-	-	-	-	26,149,824	27,560,904
Banks	7,379,572	1,652,474	1,598,366	-	-	3,377,210	14,007,622
Financial Assets at Fair Value through Profit/Loss (**)	38,839	78,606	18,444	54,915	30,296	1,830,695	2,051,795
Interbank Money Market Placements	-	7,000	-	-	-	10	7,010
Financial Assets Available-for-Sale	1,054,419	6,036,362	8,012,430	2,479,647	1,113,245	1,603,496	20,299,599
Loans (**)	37,758,673	25,826,869	43,799,432	41,630,636	12,112,331	3,061,083	164,189,024
Investments Held-to-Maturity	2,965,412	3,046,382	2,626,331	3,859,340	6,706,491	1,905,720	21,109,676
Other Assets	3,637	-	-	-	3,127	15,097,342	15,104,106
<b>Total Assets</b>	<b>50,611,632</b>	<b>36,647,693</b>	<b>56,055,003</b>	<b>48,024,538</b>	<b>19,965,490</b>	<b>53,025,380</b>	<b>264,329,736</b>
<b>Liabilities</b>							
Bank Deposits	2,835,090	580,174	21,172	-	-	1,887,603	5,324,039
Other Deposits	75,947,926	21,479,736	14,312,249	185,722	-	31,771,642	143,697,275
Interbank Money Market Takings	14,126,811	562,500	1,047,440	-	-	18,878	15,755,629
Miscellaneous Payables	-	-	-	-	-	9,046,592	9,046,592
Securities Issued	1,142,034	1,118,728	2,822,335	6,557,471	3,058,441	311,058	15,010,067
Other Fundings	11,432,440	13,577,609	1,965,214	3,732,734	149,280	168,905	31,026,182
Other Liabilities	4,087	20,025	12,722	2,918	-	44,430,200	44,469,952
<b>Total Liabilities</b>	<b>105,488,388</b>	<b>37,338,772</b>	<b>20,181,132</b>	<b>10,478,845</b>	<b>3,207,721</b>	<b>87,634,878</b>	<b>264,329,736</b>
<b>On Balance Sheet Long Position</b>	-	-	<b>35,873,871</b>	<b>37,545,693</b>	<b>16,757,769</b>	-	<b>90,177,333</b>
<b>On Balance Sheet Short Position</b>	<b>(54,876,756)</b>	<b>(691,079)</b>	-	-	-	<b>(34,609,498)</b>	<b>(90,177,333)</b>
<b>Off-Balance Sheet Long Position</b>	<b>7,211,446</b>	<b>15,300,300</b>	<b>5,319,248</b>	<b>5,451,500</b>	<b>2,342,657</b>	-	<b>35,625,151</b>
<b>Off-Balance Sheet Short Position</b>	<b>(3,006,759)</b>	<b>(9,880,946)</b>	<b>(2,020,273)</b>	<b>(11,966,644)</b>	<b>(9,005,209)</b>	-	<b>(35,879,831)</b>
<b>Total Position</b>	<b>(50,672,069)</b>	<b>4,728,275</b>	<b>39,172,846</b>	<b>31,030,549</b>	<b>10,095,217</b>	<b>(34,609,498)</b>	<b>(254,680)</b>

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

(\*\*) Loans amounting to TL 199,426 thousands included under "financial assets at fair value through profit or loss" in the accompanying balance sheet, 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	237,533	-	-	-	-	24,913,990	25,151,523
Banks	4,891,625	1,627,764	1,721,756	-	-	3,606,350	11,847,495
Financial Assets at Fair Value through Profit/Loss(**)	6,123	43,980	24,243	64,552	27,070	1,484,381	1,650,349
Interbank Money Market Placements	61,068	-	-	-	-	1	61,069
Financial Assets Available-for-Sale	1,056,789	8,255,927	5,535,331	2,886,934	1,398,732	1,386,088	20,519,801
Loans (**)	36,234,817	19,851,601	47,116,862	41,487,703	11,718,450	2,928,608	159,338,041
Investments Held-to-Maturity	1,314,880	1,839,477	5,475,789	4,164,735	7,166,113	1,794,818	21,755,812
Other Assets	8,141	-	-	-	3,126	14,007,229	14,018,496
<b>Total Assets</b>	<b>43,810,976</b>	<b>31,618,749</b>	<b>59,873,981</b>	<b>48,603,924</b>	<b>20,313,491</b>	<b>50,121,465</b>	<b>254,342,586</b>
<b>Liabilities</b>							
Bank Deposits	2,559,672	1,004,936	136,962	-	-	1,819,409	5,520,979
Other Deposits	69,211,491	23,297,959	12,546,330	155,766	-	30,166,807	135,378,353
Interbank Money Market Takings	12,530,501	242	2,520,164	-	-	17,254	15,068,161
Miscellaneous Payables	-	-	-	-	-	8,336,852	8,336,852
Securities Issued	1,065,962	1,063,971	1,884,600	6,724,385	3,155,359	304,492	14,198,769
Other Fundings	13,072,799	12,976,046	2,387,108	4,813,288	154,377	193,971	33,597,589
Other Liabilities	2,961	41,686	13,766	3,020	-	42,180,450	42,241,883
<b>Total Liabilities</b>	<b>98,443,386</b>	<b>38,384,840</b>	<b>19,488,930</b>	<b>11,696,459</b>	<b>3,309,736</b>	<b>83,019,235</b>	<b>254,342,586</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>40,385,051</b>	<b>36,907,465</b>	<b>17,003,755</b>	<b>-</b>	<b>94,296,271</b>
<b>On Balance Sheet Short Position</b>	<b>(54,632,410)</b>	<b>(6,766,091)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,897,770)</b>	<b>(94,296,271)</b>
<b>Off-Balance Sheet Long Position</b>	<b>5,220,980</b>	<b>7,262,160</b>	<b>11,606,458</b>	<b>5,101,636</b>	<b>2,626,080</b>	<b>-</b>	<b>31,817,314</b>
<b>Off-Balance Sheet Short Position</b>	<b>(1,478,854)</b>	<b>(4,029,766)</b>	<b>(9,071,991)</b>	<b>(10,112,625)</b>	<b>(7,396,845)</b>	<b>-</b>	<b>(32,090,081)</b>
<b>Total Position</b>	<b>(50,890,284)</b>	<b>(3,533,697)</b>	<b>42,919,518</b>	<b>31,896,476</b>	<b>12,232,990</b>	<b>(32,897,770)</b>	<b>(272,767)</b>

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

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

#### 4.4.2 Average interest rates on monetary financial instruments (%)

<i>Current Period</i>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	%	%	%	%
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	0.48	-	3.77
Banks	0.12	0.50	-	8.51
Financial Assets at Fair Value through Profit/Loss	2.48	5.23	-	11.35
Interbank Money Market Placements	-	-	-	12.50
Financial Assets Available-for-Sale	-	5.70	-	10.87
Loans	3.95	5.31	3.24	15.48
Investments Held-to-Maturity	0.19	5.52	-	11.04
<b>Liabilities</b>				
Bank Deposits	1.12	1.08	-	10.40
Other Deposits	1.06	1.80	1.18	8.61
Interbank Money Market Takings	-	2.14	1.49	9.22
Miscellaneous Payables	-	-	-	-
Securities Issued	3.32	4.88	1.02	10.50
Other Fundings	0.89	2.38	-	10.86

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

#### 4.5 Position risk of equity securities in banking book

##### 4.5.1 Equity shares in associates and affiliates

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

##### 4.5.2 Comparison of carrying, fair and market values of equity shares

<i>Current Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value <sup>(*)</sup>	Market Value
<b>1</b>	<b>Investment in Shares- Grade A</b>	<b>4,637,514</b>	<b>4,525,402</b>	<b>82,487</b>
	Quoted Securities	73,577	73,577	82,487
<b>2</b>	<b>Investment in Shares- Grade B</b>	<b>94,175</b>	<b>67,077</b>	<b>81,282</b>
	Quoted Securities	67,077	67,077	81,282
<b>3</b>	<b>Investment in Shares- Grade C</b>	<b>662</b>	-	-
	Quoted Securities	-	-	-
<b>4</b>	<b>Investment in Shares- Grade D</b>	-	-	-
	Quoted Securities	-	-	-
<b>5</b>	<b>Investment in Shares- Grade E</b>	<b>1,014</b>	-	-
	Quoted Securities	-	-	-
<b>6</b>	<b>Investment in Shares- Grade F</b>	<b>48</b>	-	-
	Quoted Securities	-	-	-

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

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

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



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

<i>Current Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses		
Portfolio			Total	Amount in Tier I Capital <sup>(*)</sup>	Total	Amount in Core Capital	Amount in Tier I Capital <sup>(*)</sup>
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	55,403	55,403	-	-	-
3	Other Shares	-	2,719,994	2,719,994	-	-	-
	<b>Total</b>	-	<b>2,775,397</b>	<b>2,775,397</b>	-	-	-

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

<sup>(\*)</sup> The balances are as per the results of equity accounting application.

**4.5.4 Capital requirement as per equity shares**

<i>Current Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	140,655	140,655	11,252
3	Other Shares	4,592,758	4,592,758	367,421
	<b>Total</b>	<b>4,733,413</b>	<b>4,733,413</b>	<b>378,673</b>

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

#### **4.6 Liquidity risk management and liquidity coverage ratio**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There exists "Liquidity Risk Management Contingency Funding Plan" in the Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Bank monitors liquidity risk in terms of early warning indicators, stress levels determined according to probable scenarios and severity of the crisis and possible actions that can be taken in each stress level. In determination of the stress level in the plan, early warning indicators are taken into consideration.

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

#### **4.6.1 Liquidity coverage ratio**

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

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank’s high quality liquid assets are composed of 4.88% cash, 55.23% deposits in central banks and 39.89% securities considered as high quality liquid assets.

The Bank’s main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Funding source composition in report date is 67.78% deposits, 21.28% funds borrowed and money market borrowings and 6.83% securities issued.

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

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

There was not any material changes in items included in LCR calculations during the period.

<i>Current Period</i>	<b>Total Unweighted Value (Average) <sup>(*)</sup></b>		<b>Total Weighted Value (Average) <sup>(*)</sup></b>	
	<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>High-Quality Liquid Assets</b>			38,438,127	24,229,748
1 Total high-quality liquid assets (HQLA)	43,069,338	28,846,492	38,438,127	24,229,748
<b>Cash Outflows</b>				
2 Retail deposits and deposits from small business customers, of which:	95,419,245	42,534,903	8,168,447	3,917,118
3 Stable deposits	27,469,543	6,727,455	1,373,477	336,373
4 Less stable deposits	67,949,701	35,807,448	6,794,970	3,580,745
5 Unsecured wholesale funding, of which:	43,467,063	24,731,139	24,076,117	13,450,979
6 Operational deposits	-	-	-	-
7 Non-operational deposits	34,552,924	22,139,518	17,334,495	10,976,484
8 Unsecured funding	8,914,139	2,591,621	6,741,622	2,474,494
9 Secured wholesale funding			1,879	1,879
10 Other cash outflows of which:	53,400,031	16,054,047	9,900,339	7,842,549
11 Outflows related to derivative exposures and other collateral requirements	6,100,038	6,199,199	6,100,038	6,199,199
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	47,299,994	9,854,848	3,800,301	1,643,350
14 Other revocable off-balance sheet commitments and contractual obligations	1,158	1,158	58	58
15 Other irrevocable or conditionally revocable off-balance sheet obligations	49,293,914	33,981,943	2,464,696	1,699,097
16 <b>Total Cash Outflows</b>			44,611,536	26,911,679
<b>Cash Inflows</b>				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	14,588,695	4,279,909	9,746,873	3,473,718
19 Other cash inflows	623,817	1,368,088	623,817	1,368,088
20 <b>Total Cash Inflows</b>	15,212,512	5,647,997	10,370,690	4,841,806
			<b>Total Adjusted Value</b>	
21 <b>Total HQLA</b>			<b>38,438,127</b>	<b>24,229,748</b>
22 <b>Total Net Cash Outflows</b>			<b>34,240,846</b>	<b>22,069,873</b>
23 <b>Liquidity Coverage Ratio (%)</b>			<b>112.33</b>	<b>110.14</b>

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

The table below presents highest, lowest and average liquidity coverage ratios of the first three months of 2016:

<i>Current Period</i>	<b>Highest</b>	<b>Date</b>	<b>Lowest</b>	<b>Date</b>	<b>Average</b>
<b>TL+FC</b>	124.42	12.01.2016	103.02	19.02.2016	112.33
<b>FC</b>	123.14	25.03.2016	97.96	15.02.2016	110.14

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

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

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

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

#### 4.6.2 Contractual maturity analysis of liabilities according to remaining maturities

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	8,004,263	19,556,641	-	-	-	-	-	27,560,904
Banks	3,370,436	5,974,950	129,053	1,040,553	3,492,630	-	-	14,007,622
Financial Assets at Fair Value through Profit/Loss (**)	-	363,446	297,288	616,947	473,279	300,835	-	2,051,795
Interbank Money Market Placements	-	-	7,010	-	-	-	-	7,010
Financial Assets Available-for-Sale	344,007	1,014	230,714	3,576,163	7,270,371	8,877,330	-	20,299,599
Loans (**)	193,694	29,457,139	14,671,907	39,915,203	57,831,211	19,012,979	3,106,891	164,189,024
Investments Held-to-Maturity	-	125,302	3,153	723,684	7,098,661	13,158,876	-	21,109,676
Other Assets	3,760,886	1,354,976	-	95	175,920	135,238	9,676,991	15,104,106
<b>Total Assets</b>	<b>15,673,286</b>	<b>56,833,468</b>	<b>15,339,125</b>	<b>45,872,645</b>	<b>76,342,072</b>	<b>41,485,258</b>	<b>12,783,882</b>	<b>264,329,736</b>
<b>Liabilities</b>								
Bank Deposits	1,884,200	2,836,320	582,294	21,225	-	-	-	5,324,039
Other Deposits	31,238,822	76,244,877	21,562,418	14,419,753	222,447	8,958	-	143,697,275
Other Fundings	-	965,310	4,696,851	7,711,706	11,981,303	5,671,012	-	31,026,182
Interbank Money Market Takings	-	14,139,239	563,787	1,052,603	-	-	-	15,755,629
Securities Issued	-	1,078,874	1,043,415	2,878,737	6,777,417	3,231,624	-	15,010,067
Miscellaneous Payables	1,840,137	7,206,455	-	-	-	-	-	9,046,592
Other Liabilities (***)	3,827,277	741,872	730,854	1,034,872	620,238	467,301	37,047,538	44,469,952
<b>Total Liabilities</b>	<b>38,790,436</b>	<b>103,212,947</b>	<b>29,179,619</b>	<b>27,118,896</b>	<b>19,601,405</b>	<b>9,378,895</b>	<b>37,047,538</b>	<b>264,329,736</b>
<b>Liquidity Gap</b>	<b>(23,117,150)</b>	<b>(46,379,479)</b>	<b>(13,840,494)</b>	<b>18,753,749</b>	<b>56,740,667</b>	<b>32,106,363</b>	<b>(24,263,656)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
Derivative Financial Assets	-	176,646	(97,440)	(282,546)	115,839	98,320	-	10,819
Derivative Financial Liabilities	-	41,414,785	20,715,496	36,472,123	9,360,955	1,006,133	-	108,969,492
<b>Non-Cash Loans</b>	-	41,238,139	20,812,936	36,754,669	9,245,116	907,813	-	108,958,673
	-	5,931,283	1,925,065	10,470,650	181,304	-	85,544,239	104,052,541
<b>Prior Period</b>								
<b>Total Assets</b>	<b>11,849,181</b>	<b>54,008,097</b>	<b>13,649,684</b>	<b>43,790,139</b>	<b>77,418,789</b>	<b>41,432,766</b>	<b>12,193,930</b>	<b>254,342,586</b>
<b>Total Liabilities</b>	<b>35,708,826</b>	<b>93,434,062</b>	<b>27,222,063</b>	<b>30,759,578</b>	<b>21,373,798</b>	<b>9,521,998</b>	<b>36,322,261</b>	<b>254,342,586</b>
<b>Liquidity Gap</b>	<b>(23,859,645)</b>	<b>(39,425,965)</b>	<b>(13,572,379)</b>	<b>13,030,561</b>	<b>56,044,991</b>	<b>31,910,768</b>	<b>(24,128,331)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
Derivative Financial Assets	-	(2,435)	(23,324)	(503,480)	9,882	87,117	-	(432,240)
Derivative Financial Liabilities	-	40,312,873	17,317,421	31,938,167	9,819,947	1,027,585	-	100,415,993
Derivative Financial Liabilities	-	40,315,308	17,340,745	32,441,647	9,810,065	940,468	-	100,848,233
<b>Non-Cash Loans</b>	-	3,916,751	2,668,070	7,640,061	294,530	-	83,888,838	98,408,250

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

(\*\*) Loans amounting to TL 199,426 thousands (31 December 2015: TL 198,118 thousands) classified under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are included above under “Loans”.

(\*\*\*) Shareholders’ equity is included in “other liabilities” line under “undistributed” column.

#### 4.7 Leverage ratio

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

The Bank’s leverage ratio calculated by taking average of end of month leverage ratios for prior three-month period is 8.38% (31 December 2015: 8.42%). Main reason for variance is increase in off balance sheet items’ exposure higher than other items. Where the capital increased by 3.83% as a result of increase in net profits and the balance sheet exposure increased by 3.82%, off balance sheet exposure increased by 6.12%. Therefore, the current period leverage ratio dropped by 4 basis points compared to prior period.

<b>On-balance sheet assets</b>		<i>Current Period</i> (*)	<i>Prior Period</i> (*)
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	259,838,894	250,277,784
2	(Assets deducted in determining Tier I capital)	(407,478)	(220,586)
3	Total on-balance sheet risks (sum of lines 1 and 2)	259,431,415	250,057,198
<b>Derivative financial instruments and credit derivatives</b>			
4	Replacement cost associated with all derivative instruments and credit derivatives	2,316,975	2,353,340
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	7,182,737	7,129,895
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	9,499,712	9,483,235
<b>Securities or commodity financing transactions (SCFT)</b>			
7	Risks from SCFT assets (excluding on-balance sheet)	1,385,596	1,038,962
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,385,596	1,038,962
<b>Other off-balance sheet transactions</b>			
10	Gross notional amounts of off-balance sheet transactions	105,559,378	99,470,017
11	(Adjustments for conversion to credit equivalent amounts)	7,002	3,948
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	105,566,380	99,473,965
<b>Capital and total risks</b>			
13	Tier I capital	31,486,931	30,325,091
14	Total risks (sum of lines 3, 6, 9 and 12)	375,883,104	360,053,360
<b>Leverage ratio</b>			
15	Leverage ratio	8.38%	8.42%

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

#### 4.8 Fair values of financial assets and liabilities

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

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

None.

#### 4.10 Risk management objectives and policies

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



#### **4.10.1 Risk management strategy**

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

In accordance with the risk appetite framework, the Bank determines the consolidated risk level that the board of the Bank is prepared to accept in order to accomplish the goals and strategies with due consideration to the capacity of the institution to safely absorb those risks. The Bank monitors its objectives and strategies, through capital, liquidity, income recurrence and other risk appetite metrics which are determined in scope of risk appetite framework.

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

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

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

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

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

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

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

#### 4.10.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	190,145,336	193,500,818	15,211,627
2	Of which standardised approach (SA)	190,145,336	193,500,818	15,211,627
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	3,815,253	2,378,806	305,220
5	Of which standardised approach for counterparty credit risk (SA-CCR)	3,815,253	2,378,806	305,220
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	18,781	16,339	1,502
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	6,203,931	6,279,160	496,315
17	Of which standardised approach (SA)	6,203,931	6,279,160	496,315
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	18,931,681	16,906,172	1,514,534
20	Of which basic indicator approach	18,931,681	16,906,172	1,514,534
21	Of which standardised approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	1,200,713	998,611	96,057
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	220,315,696	220,079,906	17,625,256

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

## 5 Disclosures and Footnotes on Unconsolidated Financial Statements

### 5.1 Assets

#### 5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,355,077	642,391	1,313,068	750,950
Central Bank of Turkey	1,621,757	22,897,399	946,596	21,896,042
Others	-	1,044,280	-	244,867
<b>Total</b>	<b>2,976,834</b>	<b>24,584,070</b>	<b>2,259,664</b>	<b>22,891,859</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,621,757	3,340,758	946,596	1,556,782
Unrestricted Time Deposits	-	72	-	5
Restricted Time Deposits	-	19,556,569	-	20,339,255
<b>Total</b>	<b>1,621,757</b>	<b>22,897,399</b>	<b>946,596</b>	<b>21,896,042</b>

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

#### 5.1.2 Information on financial assets at fair value through profit/loss

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

None.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	275,179	73,044	243,525	41,894
Swap Transactions	502,081	464,738	363,131	324,633
Futures	-	27,064	-	34
Options	432,596	54,521	442,320	67,952
Other	-	-	-	-
<b>Total</b>	<b>1,209,856</b>	<b>619,367</b>	<b>1,048,976</b>	<b>434,513</b>

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

The Bank classified certain fixed-rate loans amounting to TL 200,000 thousands at initial recognition under financial assets at fair value through profit/loss to eliminate accounting inconsistency. The carrying value of these financial assets and the related current period gains amounted to TL 199,426 thousands (31 December 2015: TL 198,118 thousands) and TL 1,308 thousands (31 December 2015: a loss of TL 3,267 thousands), respectively.

### 5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Banks				
Domestic banks	434	2,051,108	231,280	247,879
Foreign banks	69,025	11,887,055	44,855	11,323,481
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>69,459</b>	<b>13,938,163</b>	<b>276,135</b>	<b>11,571,360</b>

The placements at foreign banks include blocked accounts amounting TL 7,215,354 thousands (31 December 2015: TL 7,344,666 thousands) of which TL 111,191 thousands (31 December 2015: TL 96,799 thousands) and TL 66,139 thousands (31 December 2015: TL 65,058 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,038,024 thousands (31 December 2015: TL 7,182,809 thousands) as collateral against funds borrowed at various banks.

#### *Due from foreign banks*

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

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Assets	2,599,194	-	2,170,335	-
Assets subject to Repurchase Agreements	10,389,734	-	10,879,108	1,449
<b>Total</b>	<b>12,988,928</b>	<b>-</b>	<b>13,049,443</b>	<b>1,449</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>18,762,986</b>	<b>19,301,827</b>
Quoted at Stock Exchange	18,162,792	18,699,925
Unquoted at Stock Exchange	600,194	601,902
<b>Common Shares/Investment Funds</b>	<b>70,432</b>	<b>69,704</b>
Quoted at Stock Exchange (*)	7,669	7,669
Unquoted at Stock Exchange	62,763	62,035
<b>Value Increases/Impairment Losses (-)</b>	<b>1,466,181</b>	<b>1,148,270</b>
<b>Total</b>	<b>20,299,599</b>	<b>20,519,801</b>

### 5.1.5 Loans

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Cash Loans</b>	<b>Non-Cash Loans</b>	<b>Cash Loans</b>	<b>Non-Cash Loans</b>
<b>Direct Lendings to Shareholders</b>	<b>101</b>	<b>237,448</b>	<b>146</b>	<b>408,529</b>
Corporates	101	237,448	146	408,529
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>2,069,310</b>	<b>241,815</b>	<b>2,043,036</b>	<b>263,954</b>
<b>Loans to Employees</b>	<b>190,315</b>	<b>89</b>	<b>185,470</b>	<b>88</b>
<b>Total</b>	<b>2,259,726</b>	<b>479,352</b>	<b>2,228,652</b>	<b>672,571</b>

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

Current Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
<b>Loans</b>	<b>155,324,147</b>	<b>2,763,774</b>	<b>177,100</b>	<b>8,006,641</b>	<b>3,228,210</b>	<b>683,406</b>
Working Capital Loans	16,757,260	573,057	-	970,967	409,879	93,529
Export Loans	6,754,881	94,025	-	140,873	82,918	22,773
Import Loans	9,757	-	-	-	-	-
Loans to Financial Sector (*)	4,712,548	298	-	-	-	-
Consumer Loans	36,841,060	1,641,808	-	1,846,363	647,587	49,957
Credit Cards	16,376,441	-	177,100	666,081	-	464,220
Others	73,872,200	454,586	-	4,382,357	2,087,826	52,927
<b>Specialization Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>155,324,147</b>	<b>2,763,774</b>	<b>177,100</b>	<b>8,006,641</b>	<b>3,228,210</b>	<b>683,406</b>

(\*) Loans amounting to TL 199,426 thousands included under “financial assets at fair value through profit or loss” in the accompanying balance sheet, are presented above under “Loans to Financial Sector”.

As of 31 March 2016, loans amounting to TL 5,621,193 thousands (31 December 2015: TL 5,781,904 thousands) are collateralized under funding transactions.

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

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

Collaterals received for loans under follow-up;

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
	Loans Collateralized by Cash	15,493	2,545	-
Loans Collateralized by Mortgages	3,091,218	783,348	-	3,874,566
Loans Collateralized by Pledged Assets	767,167	60,292	-	827,459
Loans Collateralized by Cheques and Notes	84,059	600,749	-	684,808
Loans Collateralized by Other Collaterals	1,193,634	9,925	-	1,203,559
Unsecured Loans	342,626	389,504	666,081	1,398,211
<b>Total</b>	<b>5,494,197</b>	<b>1,846,363</b>	<b>666,081</b>	<b>8,006,641</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	17,538	2,356	-	19,894
Loans Collateralized by Mortgages	2,863,460	690,628	-	3,554,088
Loans Collateralized by Pledged Assets	763,943	59,786	-	823,729
Loans Collateralized by Cheques and Notes	86,223	574,200	-	660,423
Loans Collateralized by Other Collaterals	1,404,793	10,353	-	1,415,146
Unsecured Loans	351,483	392,401	589,131	1,333,015
<b>Total</b>	<b>5,487,440</b>	<b>1,729,724</b>	<b>589,131</b>	<b>7,806,295</b>

Delinquency periods of loans under follow-up;

<i>Current Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	154,739	681,246	165,861	1,001,846
61-90 days	68,623	204,550	58,123	331,296
Others	5,270,835	960,567	442,097	6,673,499
<b>Total</b>	<b>5,494,197</b>	<b>1,846,363</b>	<b>666,081</b>	<b>8,006,641</b>

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

Loans and other receivables with extended payment plans;

<b>No. of Extensions</b>	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
1 or 2 times	2,332,442	3,005,183	1,979,491	2,929,711
3, 4 or 5 times	187,546	215,864	111,249	282,660
Over 5 times	243,786	7,163	88,405	15,882

<b>Extention Periods</b>	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
0 - 6 months	432,006	587,466	336,391	566,273
6 - 12 months	582,706	148,817	367,841	149,516
1 - 2 years	1,166,747	422,290	893,626	393,138
2 - 5 year	566,792	1,507,074	518,336	1,595,092
5 years and over	15,523	562,563	62,951	524,234

### 5.1.5.3 Maturity analysis of cash loans

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

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>817,291</b>	<b>37,153,321</b>	<b>37,970,612</b>
Housing Loans	25,958	19,192,712	19,218,670
Automobile Loans	37,075	1,562,944	1,600,019
General Purpose Loans	754,258	16,397,665	17,151,923
Other	-	-	-
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>162,913</b>	<b>162,913</b>
Housing Loans	-	161,883	161,883
Automobile Loans	-	2	2
General Purpose Loans	-	1,028	1,028
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>81</b>	<b>38,871</b>	<b>38,952</b>
Housing Loans	-	24,029	24,029
Automobile Loans	-	8,834	8,834
General Purpose Loans	81	6,008	6,089
Other	-	-	-
<b>Retail Credit Cards – TL</b>	<b>14,185,759</b>	<b>587,072</b>	<b>14,772,831</b>
With Installment	6,689,205	587,070	7,276,275
Without Installment	7,496,554	2	7,496,556
<b>Retail Credit Cards – FC</b>	<b>43,370</b>	<b>-</b>	<b>43,370</b>
With Installment	3,246	-	3,246
Without Installment	40,124	-	40,124
<b>Personnel Loans – TL</b>	<b>17,078</b>	<b>76,250</b>	<b>93,328</b>
Housing Loan	-	1,115	1,115
Automobile Loans	-	81	81
General Purpose Loans	17,078	75,054	92,132
Other	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>315</b>	<b>315</b>
Housing Loans	-	315	315
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>57</b>	<b>57</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	57	57
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>95,490</b>	<b>567</b>	<b>96,057</b>
With Installment	38,890	567	39,457
Without Installment	56,600	-	56,600
<b>Personnel Credit Cards – FC</b>	<b>558</b>	<b>-</b>	<b>558</b>
With Installment	61	-	61
Without Installment	497	-	497
<b>Deposit Accounts– TL (Real persons)</b>	<b>421,246</b>	<b>-</b>	<b>421,246</b>
<b>Deposit Accounts– FC (Real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>15,580,873</b>	<b>38,019,366</b>	<b>53,600,239</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>686,400</b>	<b>36,127,573</b>	<b>36,813,973</b>
Housing Loans	25,062	18,582,778	18,607,840
Automobile Loans	37,616	1,522,036	1,559,652
General Purpose Loans	623,722	16,022,759	16,646,481
Other	-	-	-
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>170,849</b>	<b>170,849</b>
Housing Loans	-	168,194	168,194
Automobile Loans	-	2	2
General Purpose Loans	-	2,653	2,653
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>3</b>	<b>40,033</b>	<b>40,036</b>
Housing Loans	-	25,999	25,999
Automobile Loans	-	7,504	7,504
General Purpose Loans	3	6,530	6,533
Other	-	-	-
<b>Retail Credit Cards – TL</b>	<b>14,279,715</b>	<b>566,447</b>	<b>14,846,162</b>
With Installment	6,850,008	566,447	7,416,455
Without Installment	7,429,707	-	7,429,707
<b>Retail Credit Cards – FC</b>	<b>38,371</b>	<b>-</b>	<b>38,371</b>
With Installment	2,685	-	2,685
Without Installment	35,686	-	35,686
<b>Personnel Loans – TL</b>	<b>17,241</b>	<b>74,439</b>	<b>91,680</b>
Housing Loan	-	1,055	1,055
Automobile Loans	-	86	86
General Purpose Loans	17,241	73,298	90,539
Other	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>330</b>	<b>330</b>
Housing Loans	-	330	330
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>112</b>	<b>112</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	112	112
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>92,376</b>	<b>460</b>	<b>92,836</b>
With Installment	37,692	460	38,152
Without Installment	54,684	-	54,684
<b>Personnel Credit Cards – FC</b>	<b>512</b>	<b>-</b>	<b>512</b>
With Installment	86	-	86
Without Installment	426	-	426
<b>Deposit Accounts– TL (Real persons)</b>	<b>496,664</b>	<b>-</b>	<b>496,664</b>
<b>Deposit Accounts– FC (Real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>15,611,282</b>	<b>36,980,243</b>	<b>52,591,525</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>1,570,123</b>	<b>10,270,950</b>	<b>11,841,073</b>
Real Estate Loans	3,131	748,769	751,900
Automobile Loans	82,908	1,963,586	2,046,494
General Purpose Loans	1,484,084	7,558,595	9,042,679
Other	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>144,685</b>	<b>1,965,169</b>	<b>2,109,854</b>
Real Estate Loans	143	53,302	53,445
Automobile Loans	4,716	572,476	577,192
General Purpose Loans	139,826	1,339,391	1,479,217
Other	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>403</b>	<b>54,890</b>	<b>55,293</b>
Real Estate Loans	-	778	778
Automobile Loans	34	11,575	11,609
General Purpose Loans	369	42,537	42,906
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>2,113,013</b>	<b>6,990</b>	<b>2,120,003</b>
With Installment	994,997	6,990	1,001,987
Without Installment	1,118,016	-	1,118,016
<b>Corporate Credit Cards – FC</b>	<b>9,703</b>	<b>-</b>	<b>9,703</b>
With Installment	174	-	174
Without Installment	9,529	-	9,529
<b>Deposit Accounts– TL (Corporates)</b>	<b>906,492</b>	<b>-</b>	<b>906,492</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,744,419</b>	<b>12,297,999</b>	<b>17,042,418</b>

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

#### 5.1.5.6 Allocation of loans by customers

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

#### 5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	160,341,554	156,494,318
Foreign Loans (*)	2,989,234	2,007,396
<b>Total</b>	<b>163,330,788</b>	<b>158,501,714</b>

(\*) Loans amounting to TL 199,426 thousands (31 December 2015: TL 198,118 thousands) included under “Financial Assets at Fair Value through Profit/Loss” in the accompanying balance sheet, are presented above under “Foreign Loans”.

#### 5.1.5.8 Loans to associates and affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	681,935	1,089,363
Indirect Lending	-	-
<b>Total</b>	<b>681,935</b>	<b>1,089,363</b>

**5.1.5.9 Specific provisions for loans**

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	444,581	599,750
Doubtful Loans and Receivables	822,224	579,036
Uncollectible Loans and Receivables	2,352,518	2,388,912
<b>Total</b>	<b>3,619,323</b>	<b>3,567,698</b>

**5.1.5.10 Non-performing loans and other receivables (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>
<i>Current Period</i>			
(Gross Amounts before Specific Provisions)	157,151	331,037	521,783
Restructured Loans and Receivables	157,151	331,037	521,783
Rescheduled Loans and Receivables	-	-	-
<i>Prior Period</i>			
(Gross Amounts before Specific Provisions)	252,165	230,646	489,801
Restructured Loans and Receivables	252,165	230,646	489,801
Rescheduled Loans and Receivables	-	-	-

*Movements in non-performing loans and other receivables*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<i>Current Period</i>			
<b>Balances at Beginning of Period</b>	<b>786,183</b>	<b>756,847</b>	<b>2,860,995</b>
Additions during the Period (+)	651,380	9,856	18,880
Transfer from Other NPL Categories (+)	-	731,583	314,066
Transfer to Other NPL Categories (-)	731,583	314,066	-
Collections during the Period (-)	115,626	65,505	91,272
Write-offs (-) (*)	-	150	334,029
Corporate and Commercial Loans	-	-	138,635
Retail Loans	-	-	105,848
Credit Cards	-	150	89,546
Others	-	-	-
<b>Balances at End of Period</b>	<b>590,354</b>	<b>1,118,565</b>	<b>2,768,640</b>
Specific Provisions (-)	444,581	822,224	2,352,518
<b>Net Balance on Balance Sheet</b>	<b>145,773</b>	<b>296,341</b>	<b>416,122</b>

(\*) of which TL 334,179 thousands is resulted from sale of non-performing loans.

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

(\*) of which TL 83,080 thousands is 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>1,329,001</b>	<b>1,270,403</b>	<b>968,294</b>	<b>3,567,698</b>
Additions during the Period(+)	271,081	206,506	126,871	604,458
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	49,359	114,949	54,724	219,032
Write-offs (-) (*)	138,257	105,848	89,696	333,801
<b>Balances at End of Period</b>	<b>1,412,466</b>	<b>1,256,112</b>	<b>950,745</b>	<b>3,619,323</b>

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

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

***Non-performing loans and other receivables 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><i>Current Period</i></b>			
<b>Balance at End of Period</b>	<b>162,758</b>	<b>197,164</b>	<b>518,165</b>
Specific Provisions (-)	117,126	139,901	365,705
<b>Net Balance at Balance Sheet</b>	<b>45,632</b>	<b>57,263</b>	<b>152,460</b>
<b><i>Prior Period</i></b>			
<b>Balance at End of Period</b>	<b>180,731</b>	<b>37,931</b>	<b>535,189</b>
Specific Provisions (-)	138,781	10,172	422,070
<b>Net Balance at Balance Sheet</b>	<b>41,950</b>	<b>27,759</b>	<b>113,119</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><i>Current Period (Net)</i></b>			
	<b>145,773</b>	<b>296,341</b>	<b>416,122</b>
Loans to Individuals and Corporates (Gross)	590,354	1,118,565	2,767,324
Specific Provision (-)	444,581	822,224	2,351,202
Loans to Individuals and Corporates (Net)	145,773	296,341	416,122
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-
<b><i>Prior Period (Net)</i></b>			
	<b>186,433</b>	<b>177,811</b>	<b>472,083</b>
Loans to Individuals and Corporates (Gross)	786,183	756,847	2,859,679
Specific Provision (-)	599,750	579,036	2,387,596
Loans to Individuals and Corporates (Net)	186,433	177,811	472,083
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-

***Collaterals received for non-performing loans***

<b><i>Current Period</i></b>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	1,203	150	-	1,353
Loans Collateralized by Mortgages	899,497	91,952	-	991,449
Loans Collateralized by Pledged Assets	209,687	42,167	-	251,854
Loans Collateralized by Cheques and Notes	254,739	8,396	-	263,135
Loans Collateralized by Other Collaterals	717,564	810,115	-	1,527,679
Unsecured Loans	111,152	380,192	950,745	1,442,089
<b>Total</b>	<b>2,193,842</b>	<b>1,332,972</b>	<b>950,745</b>	<b>4,477,559</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	1,999	201	-	2,200
Loans Collateralized by Mortgages	911,000	88,562	-	999,562
Loans Collateralized by Pledged Assets	224,454	53,650	-	278,104
Loans Collateralized by Cheques and Notes	299,845	9,390	-	309,235
Loans Collateralized by Other Collaterals	530,469	829,081	-	1,359,550
Unsecured Loans	120,701	366,379	968,294	1,455,374
<b>Total</b>	<b>2,088,468</b>	<b>1,347,263</b>	<b>968,294</b>	<b>4,404,025</b>

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

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

**5.1.5.12 Write-off policy**

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

**5.1.6 Investments held-to-maturity**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	3,664,102	2,016,594	4,956,015	2,108,752
Investments subject to Repurchase Agreements	5,170,372	286,699	4,081,537	317,809
<b>Total</b>	<b>8,834,474</b>	<b>2,303,293</b>	<b>9,037,552</b>	<b>2,426,561</b>

**5.1.6.2 Government securities held-to-maturity**

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	17,209,766	17,776,978
Treasury Bills	-	-
Other Government Securities	-	-
<b>Total</b>	<b>17,209,766</b>	<b>17,776,978</b>

**5.1.6.3 Investments held-to-maturity**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>19,239,301</b>	<b>19,961,209</b>
Quoted at Stock Exchange	18,338,743	19,106,455
Unquoted at Stock Exchange	900,558	854,754
<b>Valuation Increase/(Decrease)</b>	<b>1,870,375</b>	<b>1,794,603</b>
<b>Total</b>	<b>21,109,676</b>	<b>21,755,812</b>

#### 5.1.6.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>21,755,812</b>	<b>21,014,502</b>
Foreign Currency Differences On Monetary Assets	(317,749)	1,945,865
Purchases during the Period	114,463	1,331,647
Disposals through Sales/Redemptions (*)	(518,622)	(2,971,899)
Valuation Effect	75,772	435,697
<b>Balances at End of Period</b>	<b>21,109,676</b>	<b>21,755,812</b>

In the prior period,

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

#### 5.1.7 Investments in associates

##### 5.1.7.1 Investments in associates

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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets (*)</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
1	68,358	29,660	42,971	1,019	-	3,869	3,490	-
2	555,153	73,728	3,595	9,706	1,234	(1,951)	(645)	-
3	7,092,438	911,026	96,978	217,407	16,228	174,728	121,492	-
4	894,830	820,064	164,429	22,859	94	256,910	94,146	-
5	154,333	113,004	81,803	4,870	1	34,774	21,834	-
6	371,590,359	38,642,079	654,695	4,032,420	2,313,892	8,529,957	13,198,929	-
7	303,701	299,527	5,345	15,574	-	5,484	10,288	-

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

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

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

**5.1.7.2 Movement of investments in associates**

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

**5.1.7.3 Sectoral distribution of investments and associates**

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

**5.1.7.4 Quoted associates**

None.

**5.1.7.5 Valuation methods of investments in associates**

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

**5.1.7.6 Investments in associates sold during the current period**

None.

**5.1.7.7 Investments in associates acquired during the current period**

None.



## 5.1.8 Investments in affiliates

### 5.1.8.1 Information on capital adequacy of major affiliates

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

<i>Current Period</i>	<b>Garanti Bank International NV</b>	<b>Garanti Finansal Kiralama AŞ</b>	<b>Garanti Holding BV</b>
<b>COMMON EQUITY TIER I CAPITAL</b>			
Paid-in Capital to be Entitled for Compensation after All Creditors	443,467	357,848	1,183,337
Share Premium	-	-	41,596
Share Cancellation Profits	-	-	-
Reserves	894,028	440,006	(269,474)
Other Comprehensive Income according to TAS	432,303	75,795	46,361
Current and Prior Periods' Profits	28,593	35,444	14,743
<b>Common Equity Tier I Capital Before Deductions</b>	<b>1,798,391</b>	<b>909,093</b>	<b>1,016,563</b>
<b>Deductions From Common Equity Tier I Capital</b>			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	57,707	399	228,603
Leasehold Improvements on Operational Leases (-)	-	106	8,945
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	8,879	3,921	112,156
Net Deferred Tax Asset/Liability (-)	-	-	6,845
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>66,586</b>	<b>4,426</b>	<b>356,549</b>
<b>Total Common Equity Tier I Capital</b>	<b>1,731,805</b>	<b>904,667</b>	<b>660,014</b>
<b>Total Deductions From Tier I Capital</b>	<b>5,919</b>	<b>2,614</b>	<b>79,334</b>
<b>Total Tier I Capital</b>	<b>1,725,886</b>	<b>902,053</b>	<b>580,680</b>
<b>TIER II CAPITAL</b>	<b>256,488</b>	<b>-</b>	<b>60,957</b>
<b>CAPITAL BEFORE DEDUCTIONS</b>	<b>1,982,374</b>	<b>902,053</b>	<b>641,637</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 (-)	-	465	-
<b>TOTAL CAPITAL</b>	<b>1,982,374</b>	<b>901,588</b>	<b>641,637</b>

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

#### 5.1.8.2 Investments in affiliates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	67,518	61,509	51	555	932	2,404	3,450	-
2	22,695	18,104	1,425	151	101	(54)	200	-
3	8,423	8,126	32	-	170	(288)	928	-
4	2,458	1,658	547	-	12	(8)	42	-
5	3,960	3,786	1	72	29	340	377	-
6	4,971,629	908,694	100,924	99,813	-	35,444	28,800	-
7	2,553,174	171,872	5,532	64,844	-	6,110	5,973	-
8	103,436	57,722	10,358	175	1,050	10,255	575	-
9	46,371	41,741	5,051	1,037	-	2,471	2,113	-
10	1,481,721	1,136,952	36,065	34,324	1,106	57,579	47,753	-
11	16,441,156	1,738,884	85,336	128,799	27,722	28,593	48,107	-
12	293,815	129,826	23,279	2,337	3,156	(162)	1,573	-
13	1,039,645	1,039,517	-	-	-	(40)	(41)	-

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

#### 5.1.8.3 Movement of investments in affiliates

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>4,446,499</b>	<b>3,708,418</b>
<b>Movements during the Period</b>	<b>250,216</b>	<b>738,081</b>
Acquisitions	-	-
Bonus Shares Received	-	-
Earnings from Current Year Profit	141,940	400,315
Sales/Liquidations	-	-
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	73,478	70,122
Currency Differences on Foreign Affiliates	34,798	267,644
Impairment Reversals/(Losses)	-	-
<b>Balance at End of Period</b>	<b>4,696,715</b>	<b>4,446,499</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

#### 5.1.8.4 Sectoral distribution of investments in affiliates

Affiliates	Current Period	Prior Period
Banks	1,868,499	1,764,623
Insurance Companies	965,383	916,536
Factoring Companies	140,654	135,644
Leasing Companies	908,669	871,165
Finance Companies	709,274	654,295
Other Affiliates	104,236	104,236

#### 5.1.8.5 Quoted affiliates

None.

**5.1.8.6 Valuation methods of investments in affiliates**

<b>Affiliates</b>	<b>Current Period</b>	<b>Prior Period</b>
Valued at Cost	104,236	104,236
Valued at Fair Value (*)	4,592,479	4,342,263

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

**5.1.8.7 Investments in affiliates disposed during the current period**

None.

**5.1.8.8 Investments in affiliates acquired during the current period**

None.

**5.1.9 Investments in Joint-Ventures**

None.

**5.1.10 Lease receivables**

None.

**5.1.11 Derivative financial assets held for risk management**

**5.1.11.1 Positive differences on derivative financial instruments held for risk management**

<b>Derivative Financial Assets Held for Risk Management</b>	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedges	29,164	-	60,616	7,483
Cash Flow Hedges	17,260	490,622	28,448	584,450
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>46,424</b>	<b>490,622</b>	<b>89,064</b>	<b>591,933</b>

As of 31 March 2016, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for risk management purposes, are summarized below:

	<b>Current Period</b>			<b>Prior Period</b>		
	<b>Face Value</b>	<b>Asset</b>	<b>Liability</b>	<b>Face Value</b>	<b>Asset</b>	<b>Liability</b>
Interest Rate Swaps	24,904,715	47,805	297,275	18,791,415	101,340	120,219
-TL	5,800,638	46,424	37,358	5,239,355	89,064	10,928
-FC	19,104,077	1,381	259,917	13,552,060	12,276	109,291
Cross Currency Swaps	5,058,131	489,241	94,187	5,279,626	579,657	130,272
-TL	1,793,004	-	-	1,868,085	-	-
-FC	3,265,127	489,241	94,187	3,411,541	579,657	130,272
<b>Total</b>	<b>29,962,846</b>	<b>537,046</b>	<b>391,462</b>	<b>24,071,041</b>	<b>680,997</b>	<b>250,491</b>

5.1.11.1.1 Fair value hedge accounting

Current Period						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	166,628	4,182	(171,493)	(683)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	4,488	9	(1,335)	3,162
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	14,961	24,973	(41,467)	(1,533)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(14,203)	-	(94,187)	(108,390)

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

**5.1.11.1.2 Cash flow hedge accounting**

<b>Current Period</b>							
<b>Hedging Item</b>	<b>Hedged Item</b>	<b>Type of Risk</b>	<b>Fair Value Change of Hedged Item</b>		<b>Gains/Losses Accounted under Shareholders' Equity in the Period</b>	<b>Gains/Losses Accounted under Income Statement in the Period</b>	<b>Ineffective Portion (net) Accounted under Income Statement</b>
			<b>Asset</b>	<b>Liability</b>			
Interest Rate Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	-	(109)	(188)	(37)	(7)
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	17,260	(79,603)	(62,562)	(290)	(3,781)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	1,381	(3,268)	(1,252)	(660)	(496)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	228,921	-	(5,508)	(9,866)	2
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	260,320	-	(23,919)	(24,804)	865

In the current period, the loss reclassified from the shareholders' equity to the income statement due to the ceased hedging transactions amounted to TL 619 thousands (31 December 2015: a gain of TL 1,238 thousands) (31 December 2015: a loss recognised in the shareholders' equity amounted to TL 619 thousands).

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

#### 5.1.12 Tangible assets

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

#### 5.1.13 Intangible assets

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

#### 5.1.14 Investment property

	<i>Current Period</i>	<i>Prior Period</i>
<b>Net Book Value at Beginning Period</b>	<b>381,270</b>	<b>374,945</b>
Additions	20	-
Transfers to Tangible Assets	-	(22,954)
Fair Value Change	-	29,279
<b>Net Book Value at End of Current Period</b>	<b>381,290</b>	<b>381,270</b>

The investment property is held for operational leasing purposes.

#### 5.1.15 Deferred tax asset

As of 31 March 2016, the Bank has a deferred tax asset of TL 461,016 thousands (31 December 2015: TL 381,541 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 March 2016. However, there is a deferred tax asset of TL 650,610 thousands (31 December 2015: TL 578,378 thousands) and deferred tax liability of TL 189,594 thousands (31 December 2015: TL 196,837 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

For the cases where such differences are related with certain items on the shareholders’ equity accounts, the deferred taxes are charged or credited directly to these accounts.

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Tax Base</b>	<b>Deferred Tax Amount</b>	<b>Tax Base</b>	<b>Deferred Tax Amount</b>
Provisions (*)	927,808	185,562	825,024	165,005
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	1,077,755	240,638	691,156	158,867
Revaluation Differences on Real Estates	(1,717,502)	(23,015)	(1,723,078)	(23,459)
Other	289,155	57,831	405,643	81,128
<b>Total Deferred Tax Asset, Net</b>	<b>577,216</b>	<b>461,016</b>	<b>198,745</b>	<b>381,541</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’ financial assets.

As of 31 March 2016, TL 94,956 thousands of deferred tax income (31 December 2015: TL 174,198 thousands of deferred tax expense) and TL 15,481 thousands of deferred tax expense (31 December 2015: TL 78,354 thousands of deferred tax income) are recognised in the income statement and the shareholders’ equity, respectively.

**5.1.16 Assets held for sale and assets of discontinued operations**

	<i>Current Period</i>	<i>Prior Period</i>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>356,160</b>	<b>178,986</b>
<b>Accumulated Depreciation (-)</b>	<b>(9,181)</b>	<b>(7,970)</b>
<b>Net Book Value</b>	<b>346,979</b>	<b>171,016</b>
<b>End of Current Period</b>		
Additions	63,304	263,352
Disposals (Cost)	(22,563)	(84,386)
Disposals (Accumulated Depreciation)	248	3,886
Impairment Losses (-)	(1,302)	(1,792)
Depreciation Expense for Current Period (-)	(1,969)	(5,097)
Currency Translation Differences on Foreign Operations	-	-
<b>Cost</b>	<b>395,599</b>	<b>356,160</b>
<b>Accumulated Depreciation (-)</b>	<b>(10,902)</b>	<b>(9,181)</b>
<b>Net Book Value</b>	<b>384,697</b>	<b>346,979</b>

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 265,626 thousands (31 December 2015: TL 258,845 thousands).

**5.1.17 Other assets**

**5.1.17.1 Receivables from term sale of assets**

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Affiliates and Joint Ventures	-	-
Sale of Real Estates	-	-
Sale of Other Assets	3,127	3,127
<b>Total</b>	<b>3,127</b>	<b>3,127</b>

**5.1.17.2 Prepaid expenses, taxes and similar items**

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	416,457	389,443
Prepaid Taxes	-	-

**5.1.18 Accrued interest and income**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Central Bank of Turkey	45,625	72	26,710	5
Financial Assets at Fair Value through Profit or Loss	1,232	240	352	540
Banks	360	9,901	672	11,529
Interbank Money Markets	10	-	-	1
Financial Assets Available-for-Sale	1,237,394	22,095	1,036,656	14,863
Loans	1,399,543	803,304	1,439,128	653,153
Investments Held-to-Maturity	1,835,520	70,200	1,670,426	124,392
Other Accruals	3,429	-	8,099	-
<b>Total</b>	<b>4,523,113</b>	<b>905,812</b>	<b>4,182,043</b>	<b>804,483</b>



## 5.2 Liabilities

### 5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	7,345,105	-	2,840,304	34,140,564	981,908	366,334	458,929	4,354	46,137,498
<b>Foreign Currency Deposits</b>	15,634,625	-	6,388,423	38,710,783	2,517,071	3,412,902	11,873,881	53,043	78,590,728
Residents in Turkey	15,029,507	-	6,109,696	35,393,570	2,128,188	1,141,860	865,167	51,948	60,719,936
Residents in Abroad	605,118	-	278,727	3,317,213	388,883	2,271,042	11,008,714	1,095	17,870,792
<b>Public Sector Deposits</b>	1,347,523	-	2,384	41,550	95	414	27	-	1,391,993
<b>Commercial Deposits</b>	5,731,682	-	3,268,412	4,180,950	253,957	421,579	592,794	-	14,449,374
<b>Other</b>	175,461	-	89,715	868,535	9,780	802,341	40,853	-	1,986,685
<b>Precious Metal Deposits</b>	1,004,426	-	-	25,739	-	347	110,485	-	1,140,997
<b>Bank Deposits</b>	1,884,200	-	2,659,578	24,529	604,814	39,446	111,472	-	5,324,039
Central Bank of Turkey	-	-	2,300,670	-	-	-	-	-	2,300,670
Domestic Banks	5,526	-	296,379	-	-	-	2,044	-	303,949
Foreign Banks	764,310	-	62,529	24,529	604,814	39,446	109,428	-	1,605,056
Special Financial Institutions	1,114,364	-	-	-	-	-	-	-	1,114,364
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>33,123,022</b>	<b>-</b>	<b>15,248,816</b>	<b>77,992,650</b>	<b>4,367,625</b>	<b>5,043,363</b>	<b>13,188,441</b>	<b>57,397</b>	<b>149,021,314</b>

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	7,209,432	-	2,979,904	34,257,111	1,104,133	327,887	481,267	4,699	46,364,433
<b>Foreign Currency Deposits</b>	14,356,851	-	6,633,102	30,908,146	3,113,640	3,138,788	11,476,049	56,573	69,683,149
Residents in Turkey	13,566,495	-	6,227,505	28,221,569	2,651,518	1,064,402	796,622	55,408	52,583,519
Residents in Abroad	790,356	-	405,597	2,686,577	462,122	2,074,386	10,679,427	1,165	17,099,630
<b>Public Sector Deposits</b>	624,252	-	7,629	26,642	43	144	31	-	658,741
<b>Commercial Deposits</b>	6,178,956	-	3,617,921	4,298,918	170,551	389,198	574,360	-	15,229,904
<b>Other</b>	210,284	-	89,687	1,147,371	268,316	3,434	524,269	-	2,243,361
<b>Precious Metal Deposits</b>	1,085,578	-	106	11,175	-	57	101,849	-	1,198,765
<b>Bank Deposits</b>	1,814,017	-	1,579,003	340,476	1,567,749	91,248	128,486	-	5,520,979
Central Bank of Turkey	-	-	700,209	-	-	-	-	-	700,209
Domestic Banks	2,975	-	859,410	290,933	2,056	-	4	-	1,155,378
Foreign Banks	709,340	-	19,384	49,543	1,565,693	91,248	128,482	-	2,563,690
Special Financial Institutions	1,101,702	-	-	-	-	-	-	-	1,101,702
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>31,479,370</b>	<b>-</b>	<b>14,907,352</b>	<b>70,989,839</b>	<b>6,224,432</b>	<b>3,950,756</b>	<b>13,286,311</b>	<b>61,272</b>	<b>140,899,332</b>

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

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	24,830,007	24,378,726	20,968,285	21,652,836
Foreign Currency Saving Deposits	8,769,071	8,175,797	30,518,817	27,111,189
Other Saving Deposits	539,718	590,229	570,053	576,940
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

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

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

**5.2.1.3 Saving deposits not covered by insurance limits**

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	711,664	673,677
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	646,626	658,628
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

**5.2.2 Negative differences on derivative financial liabilities held for trading**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	249,681	79,296	221,159	124,268
Swap transactions	1,473,269	480,826	1,093,920	350,255
Futures	-	116	-	3,320
Options	353,309	117,118	354,740	115,975
Other	-	-	-	-
<b>Total</b>	<b>2,076,259</b>	<b>677,356</b>	<b>1,669,819</b>	<b>593,818</b>

**5.2.3 Funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	262,552	361,976	259,222	331,117
Foreign Banks, Institutions and Funds	1,744,409	28,657,245	2,283,041	30,564,417
<b>Total</b>	<b>2,006,961</b>	<b>29,019,221</b>	<b>2,542,263</b>	<b>30,895,534</b>

### 5.2.3.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-Term	262,552	628,544	259,222	660,528
Medium and Long-Term	1,744,409	28,390,677	2,283,041	30,235,006
<b>Total</b>	<b>2,006,961</b>	<b>29,019,221</b>	<b>2,542,263</b>	<b>30,895,534</b>

The Bank classified certain borrowings obtained through securitisations amounting to USD 2,000,000,000, as financial liability at fair value through profit/loss at the initial recognition. As of 31 March 2016, the accumulated credit risk change and the credit risk change recognised in the income statement amounted to a gain of TL 123,392 thousands and a loss of TL 3,904 thousands, respectively. The carrying value of the related financial liability amounted to TL 5,500,608 thousands, and the related current period loss amounted to TL 3,904 thousands.

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

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

## 5.2.4 Other external funds

### 5.2.4.1 Securities issued

<i>Current Period</i>	<b>TL</b>		<b>FC</b>	
	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>
Nominal	1,066,293	3,631,468	131,356	10,793,750
Cost	1,025,329	3,347,913	131,356	10,730,914
Carrying Value (*)	1,038,592	3,354,373	131,809	10,485,293

<i>Prior Period</i>	<b>TL</b>		<b>FC</b>	
	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>
Nominal	802,079	2,827,547	160,141	10,982,481
Cost	779,806	2,636,089	160,141	10,918,171
Carrying Value (*)	790,461	2,615,083	160,472	10,632,753

(\*) The Bank repurchased its own TL securities with a total face value of TL 109,748 thousands (31 December 2015: TL 121,998 thousands) and foreign currency securities with a total face value of USD 206,730,000 (31 December 2015: USD 206,730,000) and netted off such securities in the accompanying financial statements.

The Bank classified certain securities amounting to TL 18,594 thousands and RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 March 2016, the accumulated negative credit risks changes, and the negative and positive credit risk changes recognised in the income statement amounted to TL 20 thousands and TL 2,399 thousands, and TL 20 thousands and TL 245 thousands, respectively. The carrying value of the related financial liability amounted to TL 18,682 thousands and TL 27,495 thousands, and the related current period losses and gains amounted to TL 88 thousands and TL 234 thousands, respectively.

#### 5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Domestic Transactions</b>	<b>13,200,852</b>	<b>-</b>	<b>12,521,178</b>	<b>-</b>
Financial Institutions and Organizations	13,162,105	-	12,474,644	-
Other Institutions and Organizations	10,148	-	14,308	-
Individuals	28,599	-	32,226	-
<b>Foreign Transactions</b>	<b>553</b>	<b>2,464,198</b>	<b>75</b>	<b>2,546,908</b>
Financial Institutions and Organizations	-	2,464,198	-	2,546,908
Other Institutions and Organizations	500	-	-	-
Individuals	53	-	75	-
<b>Total</b>	<b>13,201,405</b>	<b>2,464,198</b>	<b>12,521,253</b>	<b>2,546,908</b>

#### 5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Payables from credit card transactions	7,094,997	54,494	6,886,185	54,592
Other	838,794	1,058,307	246,079	1,149,996
<b>Total</b>	<b>7,933,791</b>	<b>1,112,801</b>	<b>7,132,264</b>	<b>1,204,588</b>

#### 5.2.5 Lease payables (Net)

##### 5.2.5.1 Financial lease payables

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Up to 1 Year	9,434	8,483	8,835	7,947
1-4 Years	3,060	2,918	3,150	3,021
More than 4 Years	-	-	-	-
<b>Total</b>	<b>12,494</b>	<b>11,401</b>	<b>11,985</b>	<b>10,968</b>

##### 5.2.5.2 Operational lease agreements

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

#### 5.2.6 Derivative financial liabilities held for risk management

<b>Derivative Financial Liabilities held for Risk Management</b>	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedges	37,358	271,124	10,928	210,635
Cash Flow Hedges	-	82,980	-	28,928
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>37,358</b>	<b>354,104</b>	<b>10,928</b>	<b>239,563</b>

## 5.2.7 Provisions

### 5.2.7.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
<b>General Provision for</b>	<b>3,066,027</b>	<b>3,002,057</b>
Loans and Receivables in Group I	2,556,574	2,499,552
- Additional Provision for Loans and Receivables with Extended Maturities	108,610	110,922
Loans and Receivables in Group II	356,083	350,733
- Additional Provision for Loans and Receivables with Extended Maturities	91,228	95,817
Non-Cash Loans	153,370	151,772
Others	-	-

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

	<i>Current Period</i>	<i>Prior Period</i>
Short-Term Loans	68,394	29,733
Medium and Long-Term Loans	22,157	11,412
<b>Total</b>	<b>90,551</b>	<b>41,145</b>

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

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

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

### 5.2.7.4 Other provisions

#### 5.2.7.4.1 General reserves for possible losses

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

#### 5.2.7.4.2 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	617,544	529,537
Provision for Promotion Expenses of Credit Cards (*)	91,398	86,809
Provision for Lawsuits	42,096	39,530
Other Provisions	161,157	160,022
<b>Total</b>	<b>912,195</b>	<b>815,898</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 7 December 2015 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 2,408,349 thousands at 31 December 2015 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2015 as per the requirements of the Law explained in Note 3.17, the accounting policies related with “employee benefits” for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary’s 7 December 2015 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 1,336,959 thousands remains as of 31 December 2015 as details are given in the table below.

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

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

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

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

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

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

## 5.2.8 Tax liability

### 5.2.8.1 Current tax liability

#### 5.2.8.1.1 Tax liability

As of 31 March 2016, the Bank had a current tax liability of TL 373,308 thousands (31 December 2015: TL 364,223 thousands) after offsetting with prepaid taxes.

#### 5.2.8.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	373,308	364,223
Taxation on Securities Income	111,073	110,161
Taxation on Real Estates Income	3,953	3,396
Banking Insurance Transaction Tax	97,490	96,852
Foreign Exchange Transaction Tax	106	74
Value Added Tax Payable	3,922	11,037
Others	26,660	71,798
<b>Total</b>	<b>616,512</b>	<b>657,541</b>

#### 5.2.8.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	50	45
Social Security Premiums-Employer	61	55
Bank Pension Fund Premium-Employees	189	18
Bank Pension Fund Premium-Employer	267	18
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,080	964
Unemployment Insurance-Employer	2,177	1,941
Others	26	21
<b>Total</b>	<b>3,850</b>	<b>3,062</b>

### 5.2.8.2 Deferred tax liability

None.

## 5.2.9 Liabilities for assets held for sale and assets of discontinued operations

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

## 5.2.10 Subordinated debts

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

## 5.2.11 Shareholders' equity

### 5.2.11.1 Paid-in capital

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

**5.2.11.2 Registered share capital system**

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

**5.2.11.3 Capital increases in current period**

None.

**5.2.11.4 Capital increases from capital reserves in current period**

None.

**5.2.11.5 Capital commitments for current and future financial periods**

None.

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

None.

**5.2.11.7 Information on privileges given to stocks representing the capital**

None.

**5.2.11.8 Securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Investments in Associates, Affiliates and Joint-Ventures</b>	<b>717,966</b>	<b>49,206</b>	<b>681,119</b>	<b>(22,224)</b>
Valuation difference	75,328	49,206	73,280	(22,224)
Exchange rate difference	642,638	-	607,839	-
<b>Securities Available-for-Sale</b>	<b>(263,961)</b>	<b>207,071</b>	<b>(427,154)</b>	<b>210,219</b>
Valuation difference	(263,961)	207,071	(427,154)	210,219
Exchange rate difference	-	-	-	-
<b>Total</b>	<b>454,005</b>	<b>256,277</b>	<b>253,965</b>	<b>187,995</b>

**5.2.11.9 Revaluation surplus**

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	1,453,512	-	1,458,644	-
Gain on Sale of Investments in Associates and Affiliates and Real Estates allocated for Capital Increases	176,415	-	173,263	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

**5.2.11.10 Bonus shares of associates, affiliates and joint-ventures**

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



**5.2.11.11 Legal reserves**

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	958,344	958,189
II. Legal Reserve	245,840	210,140
Special Reserves	-	-

**5.2.11.12 Extraordinary reserves**

	<i>Current Period</i>	<i>Prior Period</i>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	21,964,663	19,159,612
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

**5.2.12 Accrued interest and expenses**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Deposits	353,613	182,843	347,088	159,767
Funds Borrowed	53,372	115,533	91,800	102,171
Interbank Money Markets	8,119	10,759	7,314	9,940
Other Accruals	86,352	701,317	63,557	704,653
<b>Total</b>	<b>501,456</b>	<b>1,010,452</b>	<b>509,759</b>	<b>976,531</b>

### 5.3 Off-Balance Sheet Items

#### 5.3.1 Off-balance sheet contingencies

##### 5.3.1.1 Irrevocable credit commitments

The Bank has term asset purchase and sale commitments of TL 6,343,529 thousands (31 December 2015: TL 3,060,328 thousands), commitments for cheque payments of TL 3,285,144 thousands (31 December 2015: TL 3,063,159 thousands) and commitments for credit card limits of TL 28,064,185 thousands (31 December 2015: TL 26,826,339 thousands).

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

	<i>Current Period</i>	<i>Prior Period</i>
Letters of Guarantee in Foreign Currency	17,136,780	17,332,578
Letters of Guarantee in TL	15,868,157	14,826,457
Letters of Credit	15,212,589	14,286,342
Bills of Exchange and Acceptances	1,701,026	1,538,069
Prefinancings	-	-
Other Guarantees	121,021	109,206
<b>Total</b>	<b>50,039,573</b>	<b>48,092,652</b>

A specific provision of TL 111,672 thousands (31 December 2015: TL 102,109 thousands) is made for unliquidated non-cash loans of TL 333,338 thousands (31 December 2015: TL 313,985 thousands) recorded under the off-balance sheet items in the accompanying financial statements.

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

##### 5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	4,360,148	4,157,201
With Original Maturity of 1 Year or Less	483,090	454,207
With Original Maturity of More Than 1 Year	3,877,058	3,702,994
Other Non-Cash Loans	45,679,425	43,935,451
<b>Total</b>	<b>50,039,573</b>	<b>48,092,652</b>

##### 5.3.1.4 Sectoral risk concentration of non-cash loans

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

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

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

**5.3.2 Financial derivative instruments**

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

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

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

**5.3.4 Contingent liabilities and assets**

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

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

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

## 5.4 Income Statement

### 5.4.1 Interest income

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-term loans	1,220,672	39,598	923,904	41,321
Medium and long-term loans	1,873,441	709,973	1,477,319	654,036
Loans under follow-up	15,352	-	12,263	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>3,109,465</b>	<b>749,571</b>	<b>2,413,486</b>	<b>695,357</b>

(\*) Includes also the fee and commission income on cash loans

#### 5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	2,982	-	-
Domestic Banks	2,352	62	12,803	59
Foreign Banks	604	11,656	4,348	9,407
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>2,956</b>	<b>14,700</b>	<b>17,151</b>	<b>9,466</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	3,721	462	4,298	2,559
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	479,200	22,209	360,629	20,711
Investments Held-to-Maturity	291,014	130,867	197,316	119,571
<b>Total</b>	<b>773,935</b>	<b>153,538</b>	<b>562,243</b>	<b>142,841</b>

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. As of 31 March 2016, the valuation of such securities was made according to 8% of annual inflation expectation. If the valuation of such securities was performed according to the reference index valid as of 31 March 2016, the Bank's securities value increase fund under the equity would decrease by TL 43,784 thousands (net), whereas the interest income on securities portfolio would increase by TL 123,123 thousands.

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

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Affiliates	10,965	18,025

## 5.4.2 Interest Expenses

### 5.4.2.1 Interest expenses on funds borrowed (\*)

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>63,853</b>	<b>89,102</b>	<b>86,345</b>	<b>95,041</b>
Central Bank of Turkey	-	-	-	206
Domestic Banks	4,309	1,580	3,512	1,526
Foreign Banks	59,544	87,522	82,833	93,309
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>70,835</b>	<b>-</b>	<b>55,201</b>
<b>Total</b>	<b>63,853</b>	<b>159,937</b>	<b>86,345</b>	<b>150,242</b>

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

### 5.4.2.2 Interest expenses paid to associates and affiliates

	Current Period	Prior Period
Interest Paid to Investments in Associates and Affiliates	18,195	14,561

### 5.4.2.3 Interest expenses on securities issued

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

### 5.4.2.4 Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	
<b>Turkish Lira</b>								
Bank Deposits	232	34,653	-	-	-	-	-	34,885
Saving Deposits	11	65,144	926,210	27,262	7,213	11,271	-	1,037,111
Public Sector Deposits	-	176	1,065	2	5	1	-	1,249
Commercial Deposits	7	89,877	159,697	7,152	11,643	16,014	-	284,390
Other	-	3,107	37,348	3,678	12,049	6,470	-	62,652
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>250</b>	<b>192,957</b>	<b>1,124,320</b>	<b>38,094</b>	<b>30,910</b>	<b>33,756</b>	<b>-</b>	<b>1,420,287</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	75	13,996	172,992	11,854	15,567	58,159	202	272,845
Bank Deposits	-	4,291	-	-	-	-	-	4,291
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	12	-	-	324	-	336
<b>Total FC</b>	<b>75</b>	<b>18,287</b>	<b>173,004</b>	<b>11,854</b>	<b>15,567</b>	<b>58,483</b>	<b>202</b>	<b>277,472</b>
<b>Grand Total</b>	<b>325</b>	<b>211,244</b>	<b>1,297,324</b>	<b>49,948</b>	<b>46,477</b>	<b>92,239</b>	<b>202</b>	<b>1,697,759</b>

Prior Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
<b>Turkish Lira</b>								
Bank Deposits	186	17,477	-	-	-	-	-	17,663
Saving Deposits	7	75,376	683,744	39,060	22,683	15,460	-	836,330
Public Sector Deposits	-	142	517	3	-	1	-	663
Commercial Deposits	3	59,808	126,186	10,514	6,306	15,478	-	218,295
Other	4	3,933	36,228	511	4,243	5,039	-	49,958
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>200</b>	<b>156,736</b>	<b>846,675</b>	<b>50,088</b>	<b>33,232</b>	<b>35,978</b>	<b>-</b>	<b>1,122,909</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	4	11,467	125,365	19,868	23,077	40,934	236	220,951
Bank Deposits	-	9,990	-	-	-	-	-	9,990
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	28	-	4	329	-	361
<b>Total FC</b>	<b>4</b>	<b>21,457</b>	<b>125,393</b>	<b>19,868</b>	<b>23,081</b>	<b>41,263</b>	<b>236</b>	<b>231,302</b>
<b>Grand Total</b>	<b>204</b>	<b>178,193</b>	<b>972,068</b>	<b>69,956</b>	<b>56,313</b>	<b>77,241</b>	<b>236</b>	<b>1,354,211</b>

#### 5.4.2.5 Interest expense on repurchase agreements

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

#### 5.4.2.6 Financial lease expenses

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

#### 5.4.2.7 Interest expenses on factoring payables

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

#### 5.4.3 Dividend income

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

#### 5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
<b>Income</b>	<b>16,794,030</b>	<b>27,090,895</b>
Trading Account Income	195,619	283,725
Gains from Derivative Financial Instruments	3,398,266	4,402,280
Foreign Exchange Gains	13,200,145	22,404,890
<b>Losses (-)</b>	<b>17,041,373</b>	<b>27,113,162</b>
Trading Account Losses	194,147	69,447
Losses from Derivative Financial Instruments	3,770,672	5,744,116
Foreign Exchange Losses	13,076,554	21,299,599
<b>Total</b>	<b>(247,343)</b>	<b>(22,267)</b>

TL 982,594 thousands (31 March 2015: TL 1,730,277 thousands) of foreign exchange gains and TL 802,165 thousands (31 March 2015: TL 1,099,668 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

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

The Bank also enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for its eurobonds with a total face value of USD 300,000,000, funds borrowed amounting to USD 91,801,081 and EUR 44,736,844, securitization borrowings amounting to USD 145,833,334 and EUR 191,410,532 by designating cross currency swaps with the same face values and terms, and eurobonds with a total nominal value of USD 10,000,000, the collateralised borrowings amounting to TL 500,000 thousands and USD 250,000,000, borrowings amounting to USD 650,000,000, securitizations amounting to USD 500,000,000 and deposits amounting to USD 300,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a gain of TL 41,273 thousands (31 March 2015: TL 21,951 thousands) and a loss of TL 59,057 thousands (31 March 2015: TL 13,985 thousands) resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity, respectively.

The Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 1,075,756 thousands and USD 1,021,150,169 and EUR 156,885,339 and for its bonds with a total face value of TL 1,325,000 thousands and USD 265,400,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, gains of TL 171,116 thousands (31 March 2015: TL 63,106 thousands) and TL 14,961 thousands (31 March 2015: TL 28,010 thousands) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under net trading income/losses in the income statement, respectively.

In addition, the Bank also entered into cross currency swap agreements in order to hedge its fixed-rate bonds issued for a total principal value of AUD 175,000,000 and, RON 85,500,000 with the same face values and terms. Accordingly, in the current period, a loss of TL 14,203 thousands (31 March 2015: TL 16,928 thousands) resulted from the fair value changes of the securities issued and funds borrowed subject to hedge accounting were accounted for under trading income/losses in the income statement.

#### **5.4.5 Other operating income**

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

In the current period, a part of non-performing receivables of the Bank amounting to TL 334,179 thousands were sold for a consideration of TL 30,810 thousands. Considering the related provision of TL 333,801 thousands made in the financial statements, a gain of TL 30,426 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>
<b>Specific Provisions for Loans and Other Receivables</b>	<b>648,016</b>	<b>351,497</b>
<i>Loans and Receivables in Group III</i>	413,386	307,163
<i>Loans and Receivables in Group IV</i>	32,387	14,406
<i>Loans and Receivables in Group V</i>	202,243	29,928
<b>General Provisions</b>	<b>63,514</b>	<b>186,310</b>
<b>Provision for Possible Losses</b>	-	<b>35,000</b>
<b>Impairment Losses on Securities</b>	<b>36</b>	<b>5,007</b>
<i>Financial Assets at Fair Value through Profit or Loss</i>	36	4,989
<i>Financial Assets Available-for-Sale</i>	-	18
<b>Impairment Losses on Associates, Affiliates and Investments Held-to-Maturity</b>	-	-
<i>Associates</i>	-	-
<i>Affiliates</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
<b>Others</b>	<b>36,757</b>	<b>15,031</b>
<b>Total</b>	<b>748,323</b>	<b>592,845</b>

#### 5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	594,269	512,669
Reserve for Employee Termination Benefits	15,296	12,560
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	1,034
Depreciation Expenses of Tangible Assets	51,909	47,572
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	12,190	8,318
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	1,302	463
Depreciation Expenses of Assets to be Disposed	1,969	1,180
Impairment Losses on Assets Held for Sale	-	-
<b>Other Operating Expenses</b>	<b>567,972</b>	<b>528,163</b>
<i>Operational Lease related Expenses</i>	92,985	79,025
<i>Repair and Maintenance Expenses</i>	9,662	9,013
<i>Advertisement Expenses</i>	34,377	24,760
<i>Other Expenses</i> (*)	430,948	415,365
Loss on Sale of Assets	708	2,562
Others (**)	237,344	356,895
<b>Total</b>	<b>1,482,959</b>	<b>1,471,416</b>

(\*) Includes lawsuits, execution and other legal expenses borne by the Bank, of fees and commissions income recognized in prior years but reimbursed, in the amount of TL 16,956 thousands (31 March 2015: TL 12,157 thousands), as per the decision of the Turkish Competition Board or the related courts.

(\*\*) Includes repayments, by the Bank in the current period, of fees and commissions income recognised in prior years in the amount of TL 43,474 thousands (31 March 2015: TL 70,336 thousands), as per the decision of the Turkish Competition Board or the related courts.



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

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

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

As of 31 March 2016, the Bank recorded a tax charge of TL 336,263 thousands (31 March 2015: TL 330,425 thousands) and a deferred tax income of TL 94,956 thousands (31 March 2015: TL 93,499 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 deductible timing differences (+)	68,710	183,427
Decrease in tax deductible timing differences (-)	(6,694)	(63,620)
Increase in taxable timing differences (-)	(18,913)	(32,879)
Decrease in taxable timing differences (+)	51,853	6,571
<b>Total</b>	<b>94,956</b>	<b>93,499</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>	<i>Current Period</i>	<i>Prior Period</i>
Increase/(decrease) in tax deductible timing differences (net)	62,016	119,807
Increase/(decrease) in taxable timing differences (net)	32,940	(26,308)
Increase/(decrease) in tax losses (net)	-	-
Increase/(decrease) in tax deductions and exemptions (net)	-	-
<b>Total</b>	<b>94,956</b>	<b>93,499</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 the Bank’s performance*

None.

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

None.

#### **5.4.12 Components of other items in income statement**

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

## **5.5 Statement of Changes in Shareholders' Equity**

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

## **5.6 Statement of Cash Flows**

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

## 5.7 Related Party Risks

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

#### 5.7.1.1 Loans and other receivables

##### Current Period

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,837,790	2,197,037	52,056	827,462	2,047,670	467,468
Balance at end of period	3,331,571	2,262,137	62,190	721,295	2,073,946	439,700
Interest and Commission Income	11,055	113	134	2	30,163	98

##### Prior Period

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,318,634	1,522,279	399,748	316,606	1,537,174	702,845
Balance at end of period	3,837,790	2,197,037	52,056	827,462	2,047,670	467,468
Interest and Commission Income	18,179	87	84	2	21,608	63

#### 5.7.1.2 Deposits

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	687,407	681,112	336,153	535,204	543,360	349,385
Balance at end of period	724,719	687,407	436,288	336,153	482,728	543,360
Interest Expense	17,787	14,561	158	1,152	1,314	3,107

#### 5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or (Loss):						
Balance at beginning of period	421,708	848,391	16,146,894	10,292,901	-	5,770
Balance at end of period	622,732	421,708	15,482,028	16,146,894	40,572	-
Total Profit/(Loss)	(13,070)	145,244	(78,789)	(247,167)	1,543	56
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

## **5.7.2 The Bank's risk group**

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

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

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

The cash loans of the risk group amounting TL 2,750,438 thousands (31 March 2015: TL 3,132,513 thousands) compose 1.68% (31 March 2015: 1.97%) of the Bank's total cash loans and 1.04% (31 March 2015: 1.23%) of the Bank's total assets. The total loans and similar receivables amounting TL 5,467,707 thousands (31 December 2015: TL 5,937,516 thousands) compose 2.07% (31 December 2015: TL 2.33%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 3,423,132 thousands (31 December 2015: TL 3,491,967 thousands) compose 6.84% (31 December 2015: 7.26%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 1,643,735 thousands (31 December 2015: TL 1,566,920 thousands) compose 1.10% (31 December 2015: 1.11%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 9,580,797 thousands (31 December 2015: TL 10,142,189 thousands) compose 30.76% (31 December 2015: 30.33%) of the Bank's total funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

The credit card (POS) payables to the related parties, amounted to TL 172,328 thousands (31 December 2015: TL 137,353 thousands). A total rent income of TL 2,938 thousands (31 March 2015: TL 1,999 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 2,559 thousands (31 March 2015: TL 2,559 thousands) were incurred for the IT services rendered by the related parties. Banking services fees of TL 690 thousands (31 March 2015: TL 690 thousands) were recognized from the related parties.

Insurance brokerage fee of TL 27,915 thousands (31 March 2015: TL 27,964 thousands), shares brokerage fee of TL 6,736 thousands (31 March 2015: TL 21,572 thousands), fixed-rate securities brokerage fee of TL 1,027 thousands (31 March 2015: -) leasing customer acquisition fee of TL - thousands (31 March 2015: TL 1,615 thousands), factoring customer acquisition fee of TL - thousands (31 March 2015: TL 635 thousands), fleet business customer acquisition fee of TL - thousands (31 March 2015: TL 163 thousands) and fund brokerage fee of TL - thousands (31 March 2015: TL 31 thousands) were recognized as income from the services rendered for the affiliates.

Operating expenses of TL 872 thousands (31 March 2015: TL 1,975 thousands) for advertisement and broadcasting services, of TL 10,478 thousands (31 March 2015: TL 8,197 thousands) for operational leasing services, and of TL 1,513 thousands (31 March 2015: TL 1,688 thousands) for travelling services rendered by the related parties were recognized as expense.

As of 31 March 2016, the net payment provided or to be provided to the key management of the Bank amounts to TL 25,172 thousands (31 March 2015: TL 22,032 thousands).

### **5.7.2.3 Other matters not required to be disclosed**

None.

### **5.7.2.4 Transactions accounted for under equity method**

Please refer to Note 5.1.8 investments in affiliates.

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

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

Purchase of equipments for the Bank's internal use are partly arranged through financial leasing.

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

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

**5.9 Matters Arising Subsequent to Balance Sheet Date**

None.



## 5.10 Other Disclosures on Activities of the Bank

### 5.10.1 Bank's latest international risk ratings

#### **MOODY'S (28 September 2015)**

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

#### **STANDARD AND POORS (7 August 2015)**

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

#### **FITCH RATINGS (31 July 2015)**

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

#### **JCR EURASIA RATINGS (6 April 2016)**

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

### 5.10.2 Dividend

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

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

### 5.10.3 Other disclosures

None.

## **6 Limited Review Report**

### **6.1 Disclosures on limited review report**

The unconsolidated financial statements of the Bank as of 31 March 2016, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent limited review report dated 27 April 2016, is presented before the accompanying financial statements.

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

None.

## 7 Interim Report

### 7.1 Bank board of directors chairman and CEO's assessments on interim report

#### 7.1.1 About Garanti

Established in 1946, Garanti Bank is **Turkey's second largest private bank** with unconsolidated assets of US\$ 94.0 billion as of March 31, 2016.

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

As of March 31, 2016, Garanti provides a wide range of financial services to more than 14 million customers with its 19.8 thousand employees through an **extensive distribution network** of 972 domestic branches; 7 foreign branches in Cyprus, one in Luxembourg and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai with 4,540 ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on **cutting-edge technological infrastructure**.

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

Following the **best practices in corporate governance**, Garanti is controlled by two powerful entities, Banco Bilbao Vizcaya Argentaria S.A. (BBVA) and Doğu Group with shares of 39.9% and 10.0%, respectively. Having shares publicly traded in Turkey, depositary receipts in the UK and the USA, Garanti has an actual free float of 50.02% in Borsa Istanbul as of March 31, 2016.

With its dynamic business model and superior technology integrated to its innovative products and services, Garanti continues to differentiate itself and facilitate the lives of its customers. Its **custom-tailored solutions** and **wide product variety** play a key role in reaching US\$ 76.1 billion cash and non-cash loans. The **high asset quality** attained through advanced risk management systems and established risk culture place Garanti apart in the sector.

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

#### 7.1.2 Capital and shareholding structure

Garanti has paid-in capital of TL 4,200,000,000 as of March 31, 2016.

Name	Number of shares	Nominal (TL)	Share
Doğuş Holding A.Ş.	25,984,637,253	259,846,372.53	6.1868
Doğuş Araştırma, Geliştirme ve Müşavirlik Hiz.	15,955,423,702	159,554,237.02	3.7989
Doğuş Nakliyat ve Tic. A.Ş.	60,654,629	606,546.29	0.0144
<b>DOĞUŞ GROUP TOTAL</b>	<b>42,000,715,584</b>	<b>420,007,155.84</b>	<b>10.0002</b>
<b>BBVA (BANCO BILBAO VIZCAYA ARGENTARIA S.A)</b>	167,580,000,000	1,675,800,000.00	39.9000
<b>OTHERS</b>	210,419,284,416	2,104,192,844.16	50.0998
<b>GRAND TOTAL</b>	<b>420,000,000,000</b>	<b>4,200,000,000.00</b>	<b>100.0000</b>

#### 7.1.3 The amendments in the articles of association during period of 31.12.2015-31.03.2016

The Ordinary General Shareholders' Meeting of the Bank for the 2015 accounting period was held on March 31, 2016, on Thursday, at 10:00a.m., at the address of Levent, Nispetiye Mahallesi, Aytar Caddesi No:2 34340 Besiktas-ISTANBUL and it is resolved that The Article 7 of the Articles of Association of the Bank be amended.

The old and the amended new article in the Articles of Association are listed below.

<b>OLD TEXT</b>	<b>NEW TEXT</b>
<p><b>CAPITAL AND SHARES</b>  <b>Article 7 –</b></p> <p>A) The Bank has accepted the registered capital system under the permission of the Capital Markets Board no. 83/1049 dated August 25th, 1999. The Bank’s registered capital amounts to 10,000,000,000-TL and its issued capital amounts to 4,200,000,000-TL.</p> <p>B) The Bank’s issued capital has been divided into 420.000.000.000 shares each having a nominal value of 1.-Kr; and 182 shares of them are bearer shares and the remaining 419.999.999.818 shares are registered shares.</p> <p>The issued capital amount of 4,200,000,000-TL has been fully paid-up.</p> <p>The permission of the registered capital ceiling that was granted by the Capital Market Board is valid between the years 2008 and 2012 (5 Years). At the end of 2012, even though the permitted registered capital ceiling has not been reached, in order for the Board of Directors to adopt a resolution regarding the capital increase, it is mandatory to obtain a permission from the Capital Market Board for the ceiling that was previously permitted or for a new ceiling amount and to receive an authorization from the General Assembly for a new time period. If such authorization could not be obtained, it shall be deemed that the Bank has been removed from the registered capital system. The Board of Directors shall be authorized, without being bound by the provisions of the Turkish Commercial Code regarding the increase in the capital stock, to increase the paid-in capital stock up to the registered capital stock ceiling mentioned hereinabove by issuing new shares between the years 2008 and 2012, in accordance with the provisions of the Capital Market Law.</p> <p>The Board of Directors shall also be authorized to resolve to issue shares above the nominal value and to restrict the rights of shareholders for obtaining new shares.</p> <p>Shares representing the capital of the Bank shall be kept in book entry form and in cash within the frame of the dematerialization principles.</p> <p> Holders of 182 bearer shares not converted into registered shares shall not use any shareholding right excluding the right to dividends. The shareholding rights of these shares except the right to dividends shall be utilized by the Savings Deposit Insurance Fund until these shares shall be converted to registered shares.</p>	<p><b>CAPITAL AND SHARES</b>  <b>Article 7-</b></p> <p>A)The Bank has accepted the registered capital system under the permission of the Capital Markets Board no. 83/1049 dated August 25th, 1999. The Bank’s registered capital amounts to 10,000,000,000-TL and its issued capital amounts to 4,200,000,000-TL.</p> <p>B)The Bank’s issued capital has been divided into 420.000.000.000 shares each having a nominal value of 1.-Kr; and 182 shares of them are bearer shares and the remaining 419.999.999.818 shares are registered shares. The issued capital amount of 4,200,000,000-TL has been fully paid-up.</p> <p>The permission of the registered capital ceiling that was granted by the Capital Market Board is valid between the years 2016 and 2020 (5 Years). At the end of 2020, even though the permitted registered capital ceiling has not been reached, in order for the Board of Directors to adopt a resolution regarding the capital increase, it is mandatory to obtain a permission from the Capital Market Board for the ceiling that was previously permitted or for a new ceiling amount and to receive an authorization from the General Assembly for a new time period. If such authorization could not be obtained, the Bank shall not increase its capital with a Board of Directors’ resolution. The Board of Directors shall be authorized, without being bound by the provisions of the Turkish Commercial Code regarding the increase in the capital stock, to increase the paid-in capital stock up to the registered capital stock ceiling mentioned hereinabove by issuing new shares between the years 2016 and 2020, in accordance with the provisions of the Capital Market Law.</p> <p>The Board of Directors shall also be authorized to resolve to issue shares above the nominal value and to restrict the rights of shareholders for obtaining new shares.</p> <p>Shares representing the capital of the Bank shall be kept in book entry form and in cash within the frame of the dematerialization principles.</p> <p> Holders of 182 bearer shares not converted into registered shares shall not use any shareholding right excluding the right to dividends. The shareholding rights of these shares except the right to dividends shall be utilized by the Savings Deposit Insurance Fund until these shares shall be converted to registered shares.</p>

You may access the Information Document, the Profit Distribution Statement, the Meeting Minutes and the Resolutions of the Ordinary General Meeting of Shareholders of the Bank for the 2015 accounting period that was held on March 31,2016 from Garanti Investor Relations website at the link below:

<https://www.garantiinvestorrelations.com/en/corporate-governance/Ordinary-General-Shareholders-Meetings/Ordinary-General-Meeting-of-Shareholders/102/0/0>

#### 7.1.4 Macro outlook for the first 3 month period of 2016

**2015 growth was 4%.** Annual GDP growth increased from 3% in 2014 to 4% in 2015, as 4Q15 growth came in at 5.7%. Acceleration in domestic demand led to inventory depletion, slightly lowering the growth rate by 0.3pp. Private consumption took the lead with a solid growth by 4.5% (3.0pp contribution) while private investment grew by 2.7% (0.5pp contribution), still weak but the highest rate since the extremely high growth rates of 2011. Both consumption and investment figures were supported by exceptionally strong domestic vehicle sales, confirming the solid pace in households' domestic transportation and communication expenditures and the investment expenditures on machinery and equipment. Besides, public expenditures continued to push up growth by 7.0% (1.1pp contribution) mainly via consumption.

**Activity still robust but some softening ahead.** Industrial production (IP) grew by 8.5% (YoY) in February, while calendar adjusted figure was lower at 5.8% (YoY) due to the leap day. Therefore IP grew by 6% (YoY) in the first 2 months of the year. Retail sales grew by 7.9% (YoY) in February. Production and demand side data provided further evidence of continuum of robust economic activity in February despite that initial hard and soft indicators suggest some cool down in economic activity in

March. However, we expect only a limited slowdown with supportive domestic demand as retail sales and consumer goods production are solid year-to-date, compensating impacts of the weak tourism sector.

**Current account deficit (CAD) improves further.** CAD in February was USD1.8bn. On 12m-sum basis CAD improved further to USD 30.5bn in February. This was the lowest level recorded since Aug'10 as the story on declining energy bill thanks to low oil prices. A further help from net gold trade registered (USD 1.2bn net exports) in February. Current account surplus excluding net energy bill (12m sum) increased from USD 1.0bn in January to USD 1.1bn February. Current account deficit excluding both net energy bill and gold declined from USD 3.2bn to USD1.6bn in the same period.

**Increasing tax revenues contributes to central government budget balance.** Central government revenues increased by 22.3% in March as tax revenues increased by 13.8%. Hence the budget deficit fell from TL6.8bn to TL6.6bn (y/y) while the primary surplus was TL0.2bn. improved from TL0.7bn deficit of the previous year.

**EU-defined public debt continues to improve.** As of 2015, gross external debt stock/GDP ratio increased to 55.3% from 54.8% at the end of 3Q2015 and 50.4% at the end of 2014. On the other hand, EU-defined public debt stock fell from TL655.3bn in 3Q15 to TL643.2bn in 4Q15, so EU-defined public debt stock/GDP fell from 34.6% to 32.9% in the same period.

**Inflation at 7.5% by the end of 1Q16.** Annual average inflation was 8.2% in 4Q15, and it climbed to 8.6% in 1Q16 due to close to double digits realization in January. By March, the inflation eased down to 7.5% thanks to extraordinarily low food inflation and favorable base effects. Favorable base effects will reverse in the upcoming period, and increasing food prices from bottom will push the headline figure up again.

**A symbolic cut in the upper bound of the interest rate corridor.** In March's Monetary Policy Committee (MPC) meeting, the Central Bank of Turkey (CBT) reduced the upper bound of its interest rate corridor from 10.75% to 10.50%, and kept the lower bound of the interest rate corridor and the one-week repo rate constant at 7.25% and 7.50%, respectively. Although the cut in the upper bound of the interest rate corridor (marginal funding rate) was a modest one at 25bps, it is a signal from the CBT that further cuts might be possible as long as the current favorable global financial conditions continue.

TL depreciated by 18% (YoY) against currency basket in 1Q on average. In 4Q15 TL had depreciated by the 20%. Benchmark bond yield which was at 10.6% on average in 4Q15, increased to 10.9% in 1Q16. The 1Q16-end benchmark bond yield was 9.99%.

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

**In the first quarter of 2016, Garanti Bank reached a total unconsolidated asset size of TL 264.3 billion and a net income of TL 1 billion 41 million**

**Türkiye Garanti Bankası A.Ş.**, announced its financial statements dated March 31, 2016. Based on the unconsolidated financials, in the first quarter of 2016, the Bank posted a **net income** of TL 1 billion 40 million 538 thousand. Garanti's **asset size** reached TL 264 billion 329 million 736 thousand, while its contribution to the economy through **cash and non-cash lending** totaled TL 214 billion 29 million 171 thousand. The Bank delivered an **ROAE** (Return on Average Equity) of 14.5% and an **ROAA** (Return on Average Assets) of 1.7%.

Commenting on the financial results, **Garanti Bank's Chairman F. Ferit Şahenk** stated that: "Global economic growth projections have been revised down once again and risks continue to remain on the agenda. Potential financial risks, the course of energy prices, the scope of the slowdown of the Chinese economy and geopolitical risks are being monitored closely in the current low global growth environment. Economic growth of both advanced and developing economies are expected to follow a moderate pace also in 2016.

It is pleasing to see that the Turkish economy showed a strong 4 percent growth performance in 2015 despite all global economic developments and risks. With the help also of the energy price developments, I expect that the improvement in the external balance will continue in the upcoming period. Current expectations and assessments for the whole year indicate that, the strong economic growth performance of the Turkish economy will continue in 2016.

Garanti Bank, who has always been striving to maximize the value it creates for the Turkish economy, sustained its sound growth performance in the first quarter of 2016. Going forward, our bank will continue to play a leading role in the banking and financial sector with its highly qualified human resources and innovative approaches. Fulfilling the changing needs and increasing expectations of our customers in the best and most effective way will continue to be our top priority mission. Taking this opportunity, I would like to thank my colleagues, our esteemed clients, shareholders, and all other stakeholders for their contribution to our success."

Commenting on the financial results, **Garanti Bank's CEO Fuat Erbil** stated that: "We had a robust start to 2016. We grew our assets above TL 290 billion level driven by lending. Our funding mix, high capital adequacy and core capital ratios are the results of our successful balance sheet management. While our position with regard to retail loans is strengthened in the sector, we maintained our solid asset quality. This period, as always, placing our customers at the center of our operations, we continued to ease our customers' lives and created benefits for them with innovative products and services. Reaching 1.5 million users, we are very much pleased with the attention BonusFlash application attracted. Our customers keep our ambition always alive to have us provide many other distinctive services."

Indicating that Garanti is appreciated in many aspects by international finance authorities for its customer-oriented approach, **Erbil** said: "Our Bank has been chosen as the "Best Trade Finance Bank in Turkey" six times in a row by Global Finance, one of the leading finance magazines in the world. With our work, introducing solutions to our customers' needs and creating value for them as their solution partner, we broke the ground in many aspects. We also acquired the "Best Cash Management in Turkey" award. We will continue to keep our customers at the center of our business to understand and satisfy all of their corporate and commercial, SME and retail needs with our innovative business model. We believe sustainable value creation is only possible this way and we take firm steps forward. I hereby thank to all of our stakeholders for their confidence in us."

**Selected Figures of Garanti Bank's Unconsolidated Financial Statements (March 31, 2016)**

Profit before Taxes and Provisions	TL 2,046.8 million	Cash Loans	TL 163,989.6 million
Profit before Taxes	TL 1,281.8 million	Non-Cash Loans	TL 50,039.6 million
Net Income	TL 1,040.5 million	Total Assets	TL 264,329.7 million
Deposits	TL 149,021.3 million	Shareholders' Equity	TL 31,639.5 million

### Highlights from Garanti Bank's Unconsolidated Financials

- Net income was TL 1 billion 40 million and 538 thousand.
- In compliance with the legal legislation and international regulations, a total amount of TL 1 billion 6 million 672 thousand was reserved for tax provisions, loans and other provisions.
- Total assets increased by 4% year-to-date and reached TL 264 billion 329 million 736 thousand.
- Return on Average Assets (ROAA) reached 1.7% as of March 31, 2016.
- Shareholders' equity increased by 2.1% year-to-date and reached TL 31.6 billion.
- Return on Average Equity (ROAE) reached 14.5% as of March 31, 2016.
- Contribution made to the real economy through cash and non-cash loans increased by 3.3% year-to-date and reached TL 214 billion 29 million 171 thousand as of March 31, 2016.
- Total loan market share, TL loan market share and FC loan market share reached respectively 12.0%, %11.0 and 14.0%.
- Mortgage loans market share increased to 14.3% and consumer loans market share increased to 15.0%.
- Total customer deposits increased by 6.1% year-to-date and reached TL 143 billion 697 million and 275 thousand, while market share in total customer deposits reached 12.0%.
- Capital adequacy ratio (CAR) reached 15.14%, while non-performing loan (NPL) ratio decreased to 2.67%.

You may access the earnings presentation regarding the BRSA unconsolidated financial results as of and for the period ending March 31,2016 in English from Garanti Bank Investor Relations website at [www.garantiinvestorrelations.com](http://www.garantiinvestorrelations.com)

<b>Garanti With Numbers</b>	<b>March 2015</b>	<b>December 2015</b>	<b>March 2016</b>
Branch Network	1,006	983	984
+ Domestic	995	971***	972***
+ Abroad	11	12	12
Personnel	19,427	19,692	19,855
ATM	4,163	4,504	4,540
POS*	556,343	600,989	619,166
Total Customers	13,272,821	13,863,933	14,080,443
Digital Banking Customers**	3,458,829	3,993,457	4,227,980
Mobile Banking Customers**	1,770,187	2,530,757	2,826,304
Credit Card Customers	5,973,007	6,162,816	6,264,889
Credit Cards	9,437,965	9,706,572	9,736,692
Debit Cards	8,192,474	8,640,478	8,619,516
* Includes shared and virtual POS. ** Active customers only -- min. 1 login or call per quarter. *** The decrease in the number of branches resulted from the transfer of 37 branches (23 investment center and 14 transaction room) operating under Garanti Bank to Garanti Securities as of October, 2015.			



<b>Selected Sector Figures (TL million)</b>	<b>31.12.2015</b>	<b>01.04.2016</b>	<b>QtD Δ</b>
<b>Total Deposits</b>	<b>1,245,289</b>	<b>1,281,633</b>	<b>2.9%</b>
Bank Deposits	73,920	79,500	7.5%
Customer Deposits	1,171,369	1,202,133	2.6%
TL Deposits	675,001	690,798	2.3%
FC Deposits (US\$ mn)	171,343	181,820	6.1%
Customer Demand Deposits	218,182	222,817	2.1%
<b>Total Loans</b>	<b>1,346,865</b>	<b>1,364,805</b>	<b>1.3%</b>
TL Loans	927,992	944,453	1.8%
FC Loans (US\$ mn)	144,597	149,579	3.4%
Retail Loans*	571,934	575,105	0.6%
Housing	137,893	141,145	2.4%
Auto	20,329	20,002	-1.6%
General Purpose Loans	320,123	321,162	0.3%
Credit Cards	93,589	92,796	-0.8%
<i>Loans/Deposits</i>	<i>108.2%</i>	<i>106.5%</i>	
<b>Gross NPL</b>	<b>42,705</b>	<b>45,332</b>	<b>6.2%</b>
<i>NPL ratio</i>	<i>3.1%</i>	<i>3.2%</i>	
<i>NPL coverage</i>	<i>75.4%</i>	<i>76.4%</i>	
Gross NPL in retail loans	17,056	18,451	8.2%
<i>NPL ratio in retail loans</i>	<i>2.9%</i>	<i>3.1%</i>	
Gross NPL in credit cards	7,416	7,578	2.2%
<i>NPL ratio in credit cards</i>	<i>7.3%</i>	<i>7.5%</i>	

<b>F/X Position, net (US\$ mn)</b>	<b>300</b>	<b>974</b>
on B/S	(31,435)	(26,163)
off B/S	31,735	27,136
Source: BRSA weekly sector data, commercial banks only		
*Including consumer and commercial installment loans		

<b>Garanti Market Shares* (%)</b>	<b>YTD Δ</b>	<b>March 2016</b>
Total Performing Loans	↑	12.0%
TL Loans	↑	11.0%
FC Loans	↑	14.0%
Credit Cards - Issuing (Cumulative)	↑	19.4%
Credit Cards - Acquiring (Cumulative)	↑	20.6%
Consumer Loans**	↑	15.0%
Total Customer Deposits	↑	12.0%
TL Customer Deposits	↓	9.3%
FC Customer Deposits	↑	15.6%
Customer Demand Deposits	↑	14.0%
Mutual Funds	↓	9.8%
* Based on BRSA weekly data for commercial banks only.		
** Retail consumer loans, credit cards and other retail loans.		

### 7.1.6 Forward looking statements regarding the expectations

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

As of March 31,2016, there are no revisions to the forward looking statements regarding the expectations for the year 2016.

## 7.2 Information regarding management and corporate governance practices

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

**Audit Committee Members:**

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

**Managers of the Internal Systems Units:**

Name Surname	Title	Appointment Date	Education	Experience in Banking & Business Administration
Ebru Ogan Knottnerus	Head of Risk Management	10.11.2003	Undergraduate	25 years
Osman Bahri Turgut	Head of Internal Audit	04.10.2006	Undergraduate	25 years
Emre Özbek	SVP of Compliance	01.08.2015	Undergraduate	17 years
Barış Ersin Gülcan	SVP of Internal Control	06.03.2014	Graduate	18 years

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

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

[www.garantiannualreport.com](http://www.garantiannualreport.com)

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

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

[www.garantiannualreport.com](http://www.garantiannualreport.com)

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

### **7.3 Assessment of financial information and risk management**

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements as of and for the three-month period ended 31 March 2016 and the independent accountants' limited review report. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti Bank Investor Relations website at [www.garantiinvestorrelations.com](http://www.garantiinvestorrelations.com).

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

### **7.4 Announcements regarding important developments during 31.12.2015-31.03.2016 period**

- As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş has announced its forward looking statements regarding the expectations for the year 2016. You may access the related presentation from Garanti Bank Investor Relations website at [www.garantiinvestorrelations.com](http://www.garantiinvestorrelations.com) under the [Operating Plan Guidance Presentations](#) section.
- It is resolved by our Board of Directors that the Loans Executive Vice President position to be re-named as "Chief Credit Risk Officer" reporting to CEO and Ali Temel be appointed as "Chief Credit Risk Officer" following the official notification to the Banking Regulation and Supervision Agency and the provision of the relevant consents.
- In our Bank's public disclosure dated January 22, 2016, we disclosed that the annulment action filed by our Bank before the 13th Council of State regarding Turkish Competition Board's decision dated 07.03.2011 and no. 11-13/243-78 on imposing administrative fine against our Bank has been rejected and our Bank will appeal the aforementioned decision. Our Bank has appealed such decision before Council of State, Plenary Session of Administrative Law Chambers on February 22, 2016.
- Our Bank has sold its non-performing loan portfolio receivables arising from credit cards, general purpose loans, overdraft loans and expenses in the total principal amount of 175,174,390.38-TL as of February 29, 2016, to Sümer Varlık Yönetim A.Ş. for a total consideration of TL 28,000,000.00; and non-performing portfolio commercial receivables arising from commercial loans, credit cards, cheque accounts, overdraft loans and expenses in the total principal amount of 158,740,833.91-TL as of March 4, 2016 to Turkasset Varlık Yönetim A.Ş. for a total consideration of TL 2,250,000.00.
- The Board of Directors of our Bank resolved on March 03, 2016 that the Head Office be authorized to held Ordinary General Meeting of Shareholders of T. Garanti Bankası A.Ş. on March 31, 2016 Thursday, at 10:00 a.m. at Levent, Nispetiye Mahallesi, Aytar Caddesi No:2, Besiktas – Istanbul.

The Information Document related to the Ordinary General Meeting of Shareholders which was prepared in accordance with the Corporate Governance Principles and relevant communiqués issued by the Capital Market Boards, is disclosed in Public Disclosure Platform for the information of our shareholders on March 4, 2016.

Also, our Bank's Board of Directors meeting held on March 23, 2016, it is resolved that the resignation of Board Member Manuel Pedro Galatas Sanchez-Harguindey be accepted and Jorge Saenz-Azcunaga Carranza be appointed as a real person Board Member in order to fill the remaining term of office and such appointment be submitted for the approval of the shareholders at the first General Assembly Meeting. In addition to the Information Document for the Ordinary General Shareholders' Meeting attached to our Bank's public disclosure dated March 24, 2016, the CVs of Jorge Saenz-Azcunaga Carranza and Inigo Echebarria Garate are disclosed for our shareholders.

- As announced in Public Disclosure Platform on March 4, 2016, Ordinary General Meeting of Shareholders of T. Garanti Bankası A.Ş. was held on March 31, 2016 with the following agenda.

## AGENDA

1. Opening, formation and authorization of the Board of Presidency for signing the minutes of the Ordinary General Meeting of Shareholders,
  2. Reading and discussion of the Board of Directors' Annual Activity Report,
  3. Reading and discussion of the Independent Auditors' Reports,
  4. Reading, discussion and ratification of the Financial Statements,
  5. Amendment to Article 7 of the Bank's Articles of Association,
  6. Release of the Board Members,
  7. Submission for approval of the appointments of the Board Members for the remaining term of office of the Board Membership position vacated during the year, and informing the shareholders regarding the external duties conducted by such Board Members and the grounds thereof in accordance with the Corporate Governance Principle no. 4.4.7 promulgated by Capital Markets Board of Turkey,
  8. Determination of the number of the Board Members, election of new Board Member and informing the shareholders regarding the external duties conducted by the new Board Members and the grounds thereof in accordance with the Corporate Governance Principle no. 4.4.7 promulgated by Capital Markets Board of Turkey,
  9. Determination of profit usage and the amount of profit to be distributed according to the Board of Directors' proposal,
  10. Determination of the remuneration of the Board Members,
  11. Election of the Independent Auditor in accordance with Article 399 of Turkish Commercial Code,
  12. Informing the shareholders about remuneration principles of the Board Members and directors having the administrative responsibility in accordance with the Corporate Governance Principle no. 4.6.2 promulgated by Capital Markets Board of Turkey,
  13. Informing the shareholders with regard to charitable donations realized in 2015, and determination of an upper limit for the charitable donations to be made in 2016 in accordance with the banking legislation and Capital Markets Board regulations,
  14. Authorization of the Board Members to conduct business with the Bank in accordance with Articles 395 and 396 of the Turkish Commercial Code, without prejudice to the provisions of the Banking Law,
  15. Informing the shareholders regarding significant transactions executed in 2015 which may cause conflict of interest in accordance with the Corporate Governance Principle no. 1.3.6 promulgated by Capital Markets Board of Turkey.
- You may find Information Document, Profit Distribution Table, Minutes and Resolutions regarding Ordinary General Meeting of Shareholders which was held on 31.03.2016 from Garanti Bank Investor Relations web site.  
<https://www.garantiinvestorrelations.com/en/corporate-governance/Ordinary-General-Meetings/Ordinary-General-Meeting-of-Shareholders/102/0/0>
  - At our Bank's Board of Directors meeting held on March 31 2016, it was resolved that;
    - Muammer Cüneyt Sezgin be appointed as Responsible Member of the Board of Directors for Internal Systems to carry out the duties and responsibilities within the scope of internal systems, except the duties of "Risk Management" which were transferred to the "Risk Committee" established by the Board of Directors' Resolution dated December 4, 2015 numbered 2345 and the functions based on the views, evaluations and relevant transactions of the Audit Committee;
    - Javier Bernal Dionis and Jorge Saenz Azcunaga Carranza be elected as Audit Committee Members, vacated as a result of the resignation of Muammer Cüneyt Sezgin from Audit Committee membership and the resignation of Manuel Pedro Galatas Sanchez-Harguindey from the Board of Directors' membership.

- Javier Bernal Dionis and Jorge Saenz Azcunaga Carranza be elected as Corporate Governance Committee members, and Independent Board Member Belkıs Sema Yurdum and the Director of Investor Relations Department continue duties as Corporate Governance Committee members in accordance with the Corporate Governance Communiqué of the Capital Markets Board.
- At our Bank's Board of Directors meeting held on March 31 2016, it was resolved that Avni Aydın Düren, who is in charge of Legal Services Executive Vice President and Corporate Secretary be appointed as “Consumer Relations Coordination Officer” to replace Osman Tüzün, following the official notification to the Banking Regulation and Supervision Agency and the provision of the relevant consents.

## **7.5 Announcements regarding important developments for debt instruments issuance and redemptions during 31.12.2015-31.03.2016 period**

- It has been announced that our Bank has commenced operations for the issuance of discounted bond with a nominal value of TL 100,000,000 and a term of 368 days to qualified investors. In this context; the issuance of the discounted bond with a nominal value of TL 100,000,000 and a term of 368 days to qualified investors has been realized as of 28.01.2016.
- It has been announced that Pursuant to the authority given Head Office of Bank by The Board of Directors of the Bank's resolution dated April 9, 2015, in 1 year period, our application to issue all kinds of debt instruments locally including but not limited to bills/ bonds and/ or credit risk-based debt instruments and other structured debt instruments in Turkish Liras in an amount up to TL 2,000,000,000 (two billion Turkish Liras) subject to fixed or variable interest rate, different maturity dates with the purpose of selling to qualified investors, was approved by the Capital Markets Board on the August 11, 2015.

In this context; our Bank has commenced the operations for the issuance of discounted bond with a nominal value of TL 100,000,000 and term of 368 days to be sold to qualified investors and the book building has been completed. The issuance of the discounted bond has been realized as of 28.01.2016.

- It has been announced that our Bank has commenced operations for the issuance of bank bond in the nominal value of TL 200,000,000 with a maturity of 170 days to qualified investors.

In this context; the issuance of the bank bond in the nominal value of TL 393,530,000 with a maturity of 170 days to be sold qualified investors has been realized as of 23.03.2016.

- Pursuant to the approval of the Capital Markets Board on August 11, 2015 regarding the issuance of all kinds of debt instruments locally including but not limited to bills/ bonds and/ or credit risk-based debt instruments and other structured debt instruments in Turkish Liras in an amount up to TL 2,000,000,000 (two billion Turkish Liras) subject to fixed or variable interest rate, different maturity dates with the purpose of selling to qualified investors; the issuance of the structured note with a nominal value of TL 18,594,376 and a term of 67 days to qualified investors has been realized as of 18.03.2016.
- Upon the approval of the Capital Markets Board dated Jan. 7, 2016, T. Garanti Bankası A.Ş. issued below bank bonds and discounted bonds by public offering following the bookbuilding on Jan.12-13-14, 2016.

Total nominal amount of TL 114,724,047, with a maturity of 122 days, dated 16/05/2016, Garanti Bank Bond:

- ISIN code of TRQGRAN51620;
- Annual Compound Rate 11.16157%
- Simple Rate 10.77080%
- Issue Price 96.525

Total nominal amount of TL 284,235,403, with a maturity of 370 days, dated 19/01/2017, Discounted Bond:

- ISIN code of TRSGRAN11729;
- Simple Rate 11.55484%
- Annual Compound Rate 11.54603%
- Issue Price 89.515

- The 119-day maturity bank bond which was issued upon the approval of the Capital Markets Board dated Sep.11, 2015 by public offering on Sep.18, 2015 with bookbuilding on Sep. 15-16-17, 2015 with TRQGRAN11616 ISIN code, and 123,199,219 TL nominal value, is redeemed on 15/01/2016.  
The 368-day maturity discounted bond which was issued upon the approval of the Capital Markets Board dated Dec.25, 2014 by public offering on Jan.12, 2015 with bookbuilding on Jan.7-8-9, 2015 with TRSGRAN11612 ISIN code, and 1,952,612 TL nominal value, is redeemed on 15/01/2016.
- Upon the approval of the Capital Markets Board dated Jan. 29, 2016, T. Garanti Bankası A.Ş. issued below bank bonds and discounted bonds by public offering following the bookbuilding on Feb. 9-10-11, 2016.  
Total nominal amount of TL 358,852,671, with a maturity of 94 days, dated 16/05/2016, Garanti Bank Bond:
  - ISIN code of TRQGRAN51638;
  - Annual Compound Rate 10.88128%
  - Simple Rate 10.46759%
  - Issue Price 97.375Total nominal amount of TL 61,955,942, with a maturity of 160 days, dated 21/07/2016, Garanti Bank Bond:
  - ISIN code of TRQGRAN71610;
  - Annual Compound Rate 10.88180%
  - Simple Rate 10.56689%
  - Issue Price 95.573Total nominal amount of TL 459,469,290 with a maturity of 370 days, dated 16/02/2017, Discounted Bond:
  - ISIN code of TRSGRAN21728;
  - Simple Rate 11.50438%
  - Annual Compound Rate 11.49566%
  - Issue Price 89.556
- The 175-day maturity bank bond which was issued upon the approval of the Capital Markets Board dated Aug.14, 2015 by public offering on Aug.21, 2015 with bookbuilding on Aug.18-19-20, 2015 with TRQGRAN21615 ISIN code, and 9,012,933 TL nominal value, is redeemed on 12/02/2016.  
The 81-day maturity bank bond which was issued upon the approval of the Capital Markets Board dated Nov.10, 2015 by public offering on Nov.23, 2015 with bookbuilding on Nov. 18-19-20, 2015 with TRQGRAN21623 ISIN code, and 525,524,383 TL nominal value, is redeemed on 12/02/2016.  
The 368-day maturity discounted bond which was issued upon the approval of the Capital Markets Board dated Jan.23, 2015 by public offering on Feb.09, 2015 with bookbuilding on Feb.4-5-6, 2015 with TRSGRAN21611 ISIN code, and 369,944,526 TL nominal value, is redeemed on 12/02/2016.
- Upon the approval of the Capital Markets Board dated Mar. 11, 2016, T. Garanti Bankası A.Ş. issued below bank bonds and discounted bonds by public offering following the bookbuilding on Mar. 8-14, 2016.  
Total nominal amount of TL 4,959,148 with a maturity of 90 days, dated 13/06/2016, Garanti Bank Bond;
  - ISIN code of TRQGRAN61611;
  - Annual Compound Rate 10.50055%;
  - Simple rate 10.10896%;
  - Issue Price 97.568Total nominal amount of TL 334,701,455, with a maturity of 366 days, dated 16/03/2017, Discounted Bond;

- ISIN code of TRSGRAN31719;
- Annual Compound Rate 11.19988%
- Simple rate 11.20154%
- Issue Price 89.902
- The 368-day maturity discounted bond which was issued upon the approval of the Capital Markets Board dated Feb.25, 2015 by public offering on Mar.09, 2015 with bookbuilding on Mar.4-5-6, 2015 with TRSGRAN31610 ISIN code, and 2,528,693 TL nominal value, is redeemed on 11/03/2016.
- The 92-day maturity structured debt instruments which was issued with the purpose of selling to qualified investors on Dec.01, 2015 with bookbuilding on Nov.30, 2015 with TROGRAN00485 ISIN code, and 30,665,447 TL nominal value, is redeemed on 02/03/2016.
- On December 10, 2015, T. Garanti Bankası A.Ş. Board of Directors authorized the Head Office to take the necessary actions for the yearly renewal of the GMTN program which was followed by Capital Markets Board's approval dated 4 February 2016. The renewal has been completed as of March 24, 2016 with a size of USD 6,000,000,000 and the program has been made available to a broader use of proceeds that include issuances related to supporting financing projects on environmental development and sustainability.
- It was announced that GMTN (Global Medium Term Notes) program has been established by our Bank in order to arrange borrowing instruments issuance transactions in any currency with different series and maturities.

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

- ISIN code of XS1344543696, dated 13.01.2017, in total nominal amount of EUR 23,000,000, issue date of 13.01.2016
- ISIN code of XS1363105690, dated 09.08.2016, in total nominal amount of USD 5,000,000, issue date of 12.02.2016

Important developments during 31.12.2015-31.03.2016 period were announced and the disclosures were uploaded to the Public Disclosure Platform. All the announcements are shared at Garanti Bank Investor Relations web site ([www.garantiinvestorrelations.com](http://www.garantiinvestorrelations.com)) and at the link below.

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