

*(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 Six-Month Period Ended
30 June 2017

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

**With Independent Auditors’
Limited Review Report Thereon**

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
27 July 2017

*This report contains “Independent Auditors’ Limited
Review Report” comprising 2 pages
and; “Unconsolidated Financial Statements and
Related Disclosures and Footnotes” comprising 121
pages.*



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Convenience Translation of the Review Report
Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

Independent Auditors' Report on Review of Unconsolidated Interim Financial Information

To the Board of Directors of Türkiye Garanti Bankası Anonim Şirketi;

Introduction

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 30 June 2017 and the related unconsolidated statement of income, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of unconsolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on these unconsolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited 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 performed in accordance with the Independent Auditing Standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Basis for Qualified Conclusion

The accompanying unconsolidated interim financial information as at 30 June 2017 include a general provision of total TL 720,000 thousands, of which TL 420,000 thousands had been recognized as expense in the current period, and TL 300,000 thousands had been recognized as expense in prior periods, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

Qualified Conclusion

Based on our review, except for the effects 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 do not present fairly, in all material respects, the unconsolidated financial position of Türkiye Garanti Bankası AŞ as at 30 June 2017, and its unconsolidated financial performance and its unconsolidated cash flows for the six month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2016 and as at and for the six-month period ended 30 June 2016 were audited and reviewed by another auditor who expressed a qualified opinion and a qualified conclusion due to the general reserve provisions provided by the Bank on 30 January 2017 and 28 July 2016, respectively.

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 interim financial information is not consistent, in all material respects, with the reviewed unconsolidated interim financial statements and explanatory notes.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated interim financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated interim financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated interim financial statements and IFRS.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative



Murat Aİsañ
Partner, SMMM

27 July 2017
İstanbul, Turkey

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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The unconsolidated interim financial report for the six-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 Activity Report

The unconsolidated financial statements for the six-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

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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 reached to 39.90% and BBVA 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 948 domestic branches, nine foreign branches and three representative offices abroad (31 December 2016: 959 domestic branches, nine foreign branches and three representative offices abroad). The Bank’s head office is located in Istanbul.

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

As of 30 June 2017, group of companies under BBVA that currently owns 49.85% shares of the Bank, is defined as the BBVA Group (the Group) and it is the main shareholder.

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

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

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

On 21 February 2017, BBVA agreed with Doğuş Group to acquire 41.790.000.000 shares at a nominal value of TL 417,900 thousands representing 9.95% ownership and on 22 March 2017 in accordance with the terms of the agreements share transfer had been finalized. After the share transfer BBVA’s interest in the share capital of the Bank is at 49.85%.

As of balance sheet date, the Doğuş Group’s interest in the share capital of the Bank is at 0.05%.

BBVA Group

BBVA is operating for more than 150 years, providing variety of wide spread financial and non-financial services to 70 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 and the market leader in South America, operates in more than 35 countries with more than 130 thousand employees.

Doğuş Group

The Doğuş Group that was established in 1951 initially for investments in construction sector, under the umbrella of Doğuş Holding established in 1975, operates in eight sectors namely financial services, automotive, construction, real estate, tourism, media, energy ve food-beverage-entertainment with 339 companies and more than 45 thousand employees.

The Doğuş Group has agreements with well-known international brands for distribution, management and voting right (privilege) such as; Banco Bilbao Vizcaya Argentaria S.A. (“BBVA”), Volkswagen AG, Volkswagen Financial Services AG, Audi AG, Dr.Ing.h.c. F.Porsche Aktiengesellschaft, Bentley Motors Limited, Seat SA, Scania CV AB, Automobili Lamborghini S.p.A., Thermo King, Hyatt International Ltd., Soho House, Eden Rock St. Barths, Raleigh, Hilton, Chenot, Bodyism, Crate and Barrel, Messika Group S.A, Emporio Armani, Gucci, Loro Piana, Orlebar Brown, Capritouch, Armani Jeans, Giorgio Armani, Armani Junior, Kiko, Under Armour, Hublot, Arnold&Son S.A., Bell and Ross, Breitling, Vacheron Constantin, M Missoni, HYT, Döttling, Condé Nast (“Vogue-GQ-Traveller”), National Geographic Society (“NG-NG Kids”), Curtco Robb Media LLC (“Robb Report”), Tom’s Deli, Tom’s Kitchen, Kitchenette, Zuma, Roka, Mezzaluna, Mezzaluna Express, Coya, Oblix, La Petite Maison and L’Atelier.

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	27 years
Sait Ergun Özen	Member	14.05.2003	University	30 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	35 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	29 years
Belkis Sema Yurdum	Independent Member	30.04.2013	University	37 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	24 years
Javier Bernal Dionis	Independent Member of BOD and Audit Committee	27.07.2015	Master	27 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	25 years
Jorge Saenz Azcunaga Carranza	Independent Member of BOD and Audit Committee	31.03.2016	University	23 years
Rafael Salinas Martinez de Lecea	Member	08.05.2017	Master	27 years
Ricardo Gomez Barredo	Member	08.05.2017	Master	25 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ali Fuat Erbil	CEO	02.09.2015	PhD	25 years
Gökhan Erün	EVP-Corporate Banking and Treasury Deputy CEO	01.09.2005	Master	23 years
Halil Hüsnü Erel	EVP-Technology, Operation Center, Marketing and Business Development	16.06.1997	University	42 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	23 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	23 years
Didem Başer	EVP-Digital Banking	20.03.2012	Master	22 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	27 years
Osman Nuri Tüzün	EVP- Human Resources and Support Services	19.08.2015	Master	25 years
Aydın Güler	EVP-Finance and Accounting	03.02.2016	University	27 years
Ali Temel	Head of Credit Risk Management	03.02.2016	University	27 years
Mahmut Akten	EVP-Retail Banking	17.01.2017	Master	17 years
Cemal Onaran	EVP-SME Banking	17.01.2017	University	26 years

The top management listed above does not hold any material 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	2,093,700	49.85%	2,093,700	-
Doğuş Holding AŞ	2,107	0.05%	2,107	-

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

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

1.5 Summary information on the bank's activities and services

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

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

- Developing economical and financial relations with foreign organizations,
- Dealing with all economic operations in compliance with the Banking Law.

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

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

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

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

None.

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi Balance Sheet (Statement of Financial Position) At 30 June 2017

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 June 2017			PRIOR PERIOD 31 December 2016		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	7,420,519	28,797,526	36,218,045	6,723,703	17,061,431	23,785,134
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	1,974,783	566,619	2,541,402	2,683,405	823,023	3,506,428
2.1 Financial assets held for trading		1,974,783	547,728	2,522,511	2,683,405	823,023	3,506,428
2.1.1 Government securities		346,902	33,736	380,638	41,945	29,492	71,437
2.1.2 Equity securities		20,146	-	20,146	21,137	-	21,137
2.1.3 Derivative financial assets held for trading		1,607,735	494,464	2,102,199	2,620,323	770,662	3,390,985
2.1.4 Other securities		-	19,528	19,528	-	22,869	22,869
2.2 Financial assets valued at fair value through profit or loss		-	18,891	18,891	-	-	-
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans	(5.1.2)	-	-	-	-	-	-
2.2.4 Other securities		-	18,891	18,891	-	-	-
III. BANKS	(5.1.3)	100,772	8,181,348	8,282,120	446,654	11,872,272	12,318,926
IV. INTERBANK MONEY MARKETS		-	-	-	-	351,691	351,691
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	351,691	351,691
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	19,892,331	770,902	20,663,233	18,497,281	1,415,288	19,912,569
5.1 Equity securities		39,252	180,877	220,129	40,985	153,922	194,907
5.2 Government securities		18,996,974	288,770	19,285,744	17,669,410	341,720	18,011,130
5.3 Other securities		856,105	301,255	1,157,360	786,886	919,646	1,706,532
VI. LOANS	(5.1.5)	135,273,457	66,221,778	201,495,235	118,726,991	67,321,237	186,048,228
6.1 Performing loans		134,239,043	66,221,778	200,460,821	117,721,708	67,321,237	185,042,945
6.1.1 Loans to bank's risk group	(5.7)	690,747	2,520,130	3,210,877	434,870	2,529,219	2,964,089
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		133,548,296	63,701,648	197,249,944	117,286,838	64,792,018	182,078,856
6.2 Loans under follow-up		5,290,468	-	5,290,468	5,272,774	-	5,272,774
6.3 Specific provisions (-)		4,256,054	-	4,256,054	4,267,491	-	4,267,491
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	12,101,455	11,256,497	23,357,952	12,139,123	11,501,061	23,640,184
8.1 Government securities		12,048,061	6,927,829	18,975,890	12,122,339	6,986,465	19,108,804
8.2 Other securities		53,394	4,328,668	4,382,062	16,784	4,514,596	4,531,380
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	36,698	-	36,698	36,698	-	36,698
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		36,698	-	36,698	36,698	-	36,698
9.2.1 Financial investments in associates		33,032	-	33,032	33,032	-	33,032
9.2.2 Non-financial investments in associates		3,666	-	3,666	3,666	-	3,666
X. INVESTMENTS IN AFFILIATES (Net)	(5.1.8)	2,654,295	3,197,275	5,851,570	2,426,067	2,747,797	5,173,864
10.1 Unconsolidated financial investments in affiliates		2,550,059	3,197,275	5,747,334	2,321,831	2,747,797	5,069,628
10.2 Unconsolidated non-financial investments in affiliates		104,236	-	104,236	104,236	-	104,236
XI. INVESTMENTS IN JOINT-VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(5.1.11)	471,199	53,629	524,828	79,472	509,742	589,214
13.1 Fair value hedges		55,529	4,867	60,396	73,946	10,420	84,366
13.2 Cash flow hedges		415,670	48,762	464,432	5,526	499,322	504,848
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	3,446,807	250	3,447,057	3,388,468	280	3,388,748
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	240,439	-	240,439	238,996	17	239,013
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		240,439	-	240,439	238,996	17	239,013
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	672,553	-	672,553	670,370	-	670,370
XVII. TAX ASSET		210,791	-	210,791	127,709	-	127,709
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	(5.1.15)	210,791	-	210,791	127,709	-	127,709
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	749,474	-	749,474	589,726	-	589,726
18.1 Assets held for sale		749,474	-	749,474	589,726	-	589,726
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	3,752,279	639,770	4,392,049	2,880,105	896,793	3,776,898
TOTAL ASSETS		188,997,852	119,685,594	308,683,446	169,654,768	114,500,632	284,155,400

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

Türkiye Garanti Bankası Anonim Şirketi

Balance Sheet (Statement of Financial Position)

At 30 June 2017

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 June 2017			31 December 2016		
			TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.2.1)		79,640,193	95,934,276	175,574,469	76,285,152	84,946,445	161,231,597
1.1 Deposits from bank's risk group	(5.7)		1,558,117	914,224	2,472,341	1,473,675	496,796	1,970,471
1.2 Others			78,082,076	95,020,052	173,102,128	74,811,477	84,449,649	159,261,126
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)		1,924,893	421,989	2,346,882	2,608,676	887,946	3,496,622
III. FUNDS BORROWED	(5.2.3)		944,454	36,752,483	37,696,937	2,121,662	38,164,706	40,286,368
IV. INTERBANK MONEY MARKETS	(5.2.4)		9,049,955	4,856,358	13,906,313	9,769,387	-	9,769,387
4.1 Interbank money market takings			8,751,872	3,868,032	12,619,904	2,501,180	-	2,501,180
4.2 Istanbul Stock Exchange money market takings			-	-	-	-	-	-
4.3 Obligations under repurchase agreements			298,083	988,326	1,286,409	7,268,207	-	7,268,207
V. SECURITIES ISSUED (Net)	(5.2.4)		5,191,555	13,647,660	18,839,215	4,769,223	11,667,656	16,436,879
5.1 Bills			1,482,012	-	1,482,012	1,213,929	-	1,213,929
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			3,709,543	13,647,660	17,357,203	3,555,294	11,667,656	15,222,950
VI. FUNDS			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Others			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	(5.2.4.3)		8,765,032	390,987	9,156,019	8,191,446	896,693	9,088,139
VIII. OTHER EXTERNAL FUNDINGS PAYABLE			3,475,400	755,194	4,230,594	2,155,786	825,526	2,981,312
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)		5,723	-	5,723	17,092	-	17,092
10.1 Financial lease payables			6,077	-	6,077	18,404	-	18,404
10.2 Operational lease payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred expenses (-)			354	-	354	1,312	-	1,312
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)		24,136	240,686	264,822	26,671	252,865	279,536
11.1 Fair value hedges			24,136	201,868	226,004	26,671	231,062	257,733
11.2 Cash flow hedges			-	38,818	38,818	-	21,803	21,803
11.3 Net foreign investment hedges			-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)		5,243,428	45,811	5,289,239	4,542,015	71,989	4,614,004
12.1 General provisions			3,310,935	-	3,310,935	3,118,954	52,209	3,171,163
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserve for employee benefits			731,930	25,792	757,722	679,871	-	679,871
12.4 Insurance technical provisions (Net)			-	-	-	-	-	-
12.5 Other provisions			1,200,563	20,019	1,220,582	743,190	19,780	762,970
XIII. TAX LIABILITY	(5.2.8)		714,355	765	715,120	413,611	1,773	415,384
13.1 Current tax liability			714,355	765	715,120	413,611	1,773	415,384
13.2 Deferred tax liability			-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.2.9)		-	-	-	-	-	-
14.1 Assets held for sale			-	-	-	-	-	-
14.2 Assets of discontinued operations			-	-	-	-	-	-
XV. SUBORDINATED DEBTS	(5.2.10)		-	2,650,073	2,650,073	-	-	-
XVI. SHAREHOLDERS' EQUITY	(5.2.11)		37,633,514	374,526	38,008,040	35,253,222	285,858	35,539,080
16.1 Paid-in capital			4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves			3,433,899	120,581	3,554,480	2,824,926	57,875	2,882,801
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			1,242,800	109,925	1,352,725	630,378	(8,235)	622,143
16.2.4 Revaluation surplus on tangible assets			1,678,016	-	1,678,016	1,626,437	-	1,626,437
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)			(169,624)	10,656	(158,968)	(114,596)	66,110	(48,486)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations			-	-	-	-	-	-
16.2.10 Other capital reserves			668,936	-	668,936	668,936	-	668,936
16.3 Profit reserves			26,920,050	253,945	27,173,995	23,157,747	227,983	23,385,730
16.3.1 Legal reserves			1,295,409	15,964	1,311,373	1,191,409	14,751	1,206,160
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			25,624,641	8,122	25,632,763	21,966,338	6,576	21,972,914
16.3.4 Other profit reserves			-	229,859	229,859	-	206,656	206,656
16.4 Profit or loss			3,079,565	-	3,079,565	5,070,549	-	5,070,549
16.4.1 Prior periods profit/loss			-	-	-	-	-	-
16.4.2 Current period net profit/loss			3,079,565	-	3,079,565	5,070,549	-	5,070,549
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			152,612,638	156,070,808	308,683,446	146,153,943	138,001,457	284,155,400

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

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 30 June 2017

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2017			31 December 2016		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		170,104,526	247,600,474	417,705,000	157,869,378	254,864,074	412,733,452
I. GUARANTEES AND SURETIES	(5.3.1)	18,522,199	34,693,898	53,216,097	17,129,482	37,643,674	54,773,156
1.1. Letters of guarantee		18,502,579	20,465,941	38,968,520	17,101,636	20,378,358	37,479,994
1.1.1. Guarantees subject to State Tender Law		-	981,914	981,914	-	1,029,481	1,029,481
1.1.2. Guarantees given for foreign trade operations		1,842,819	214,343	2,057,162	2,133,194	184,959	2,318,153
1.1.3. Other letters of guarantee		16,659,760	19,269,684	35,929,444	14,968,442	19,163,918	34,132,360
1.2. Bank acceptances		17,665	1,449,943	1,467,608	27,846	2,099,488	2,127,334
1.2.1. Import letter of acceptance		17,665	1,449,943	1,467,608	27,846	2,099,488	2,127,334
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		1,955	12,621,014	12,622,969	-	15,010,812	15,010,812
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		1,955	12,621,014	12,622,969	-	15,010,812	15,010,812
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	157,000	157,000	-	155,016	155,016
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	44,992,842	13,463,509	58,456,351	39,351,241	10,239,401	49,590,642
2.1. Irrevocable commitments		44,797,010	9,278,810	54,075,820	39,328,201	5,584,680	44,912,881
2.1.1. Asset purchase and sale commitments		3,704,884	6,845,215	10,550,099	194,033	3,087,739	3,281,772
2.1.2. Deposit purchase and sale commitments		-	-	-	-	74,040	74,040
2.1.3. Share capital commitments to associates and affiliates		-	5,699	5,699	-	5,266	5,266
2.1.4. Loan granting commitments		8,064,345	2,340,121	10,404,466	6,995,108	2,329,810	9,324,918
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		3,724,252	-	3,724,252	3,555,087	-	3,555,087
2.1.8. Tax and fund obligations on export commitments		31,440	-	31,440	24,000	-	24,000
2.1.9. Commitments for credit card limits		29,130,128	-	29,130,128	27,849,612	-	27,849,612
2.1.10. Commitments for credit cards and banking services related promotions		8,273	-	8,273	8,708	-	8,708
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		133,688	87,775	221,463	701,653	87,825	789,478
2.2. Revocable commitments		195,832	4,184,699	4,380,531	23,040	4,654,721	4,677,761
2.2.1. Revocable loan granting commitments		195,832	4,183,715	4,379,547	23,040	4,653,740	4,676,780
2.2.2. Other revocable commitments		-	984	984	-	981	981
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	106,589,485	199,443,067	306,032,552	101,388,655	206,980,999	308,369,654
3.1. Derivative financial instruments held for risk management		8,284,778	32,145,369	40,430,147	9,252,323	25,283,122	34,535,445
3.1.1. Fair value hedges		7,233,388	10,793,618	18,027,006	7,307,595	11,982,560	19,290,155
3.1.2. Cash flow hedges		1,051,390	21,351,751	22,403,141	1,944,728	13,300,562	15,245,290
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		98,304,707	167,297,698	265,602,405	92,136,332	181,697,877	273,834,209
3.2.1. Forward foreign currency purchases/sales		12,180,628	15,477,251	27,657,879	12,078,449	15,532,976	27,611,425
3.2.1.1. Forward foreign currency purchases		6,006,657	7,862,128	13,868,785	3,787,239	10,023,975	13,811,214
3.2.1.2. Forward foreign currency sales		6,173,971	7,615,123	13,789,094	8,291,210	5,509,001	13,800,211
3.2.2. Currency and interest rate swaps		75,547,183	117,575,127	193,122,310	60,234,373	123,150,097	183,384,470
3.2.2.1. Currency swaps-purchases		20,205,567	60,518,991	80,724,558	22,670,532	51,279,287	73,949,819
3.2.2.2. Currency swaps-sales		54,801,088	21,996,708	76,797,796	37,069,193	36,646,410	73,715,603
3.2.2.3. Interest rate swaps-purchases		270,264	17,529,714	17,799,978	247,324	17,612,200	17,859,524
3.2.2.4. Interest rate swaps-sales		270,264	17,529,714	17,799,978	247,324	17,612,200	17,859,524
3.2.3. Currency, interest rate and security options		10,401,334	21,395,028	31,796,362	19,800,600	34,032,828	53,833,428
3.2.3.1. Currency call options		5,171,484	5,660,249	10,831,733	8,553,567	14,398,056	22,951,623
3.2.3.2. Currency put options		5,229,850	6,384,443	11,614,293	11,247,033	12,836,688	24,083,721
3.2.3.3. Interest rate call options		-	8,553,339	8,553,339	-	5,927,914	5,927,914
3.2.3.4. Interest rate put options		-	789,975	789,975	-	843,120	843,120
3.2.3.5. Security call options		-	3,511	3,511	-	13,525	13,525
3.2.3.6. Security put options		-	3,511	3,511	-	13,525	13,525
3.2.4. Currency futures		175,562	258,081	433,643	22,910	130,674	153,584
3.2.4.1. Currency futures-purchases		-	200,433	200,433	323	80,808	81,131
3.2.4.2. Currency futures-sales		175,562	57,648	233,210	22,587	49,866	72,453
3.2.5. Interest rate futures		-	10,533	10,533	-	100,121	100,121
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	10,533	10,533	-	100,121	100,121
3.2.6. Others		-	12,581,678	12,581,678	-	8,751,181	8,751,181
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		668,319,307	513,701,363	1,182,020,670	610,833,455	492,229,874	1,103,063,329
IV. ITEMS HELD IN CUSTODY		40,608,264	34,714,033	75,322,297	37,633,094	40,122,694	77,755,788
4.1. Customers' securities held		5,104,648	-	5,104,648	4,451,352	-	4,451,352
4.2. Investment securities held in custody		17,198,206	15,366,844	32,565,050	16,489,131	17,080,586	33,569,717
4.3. Checks received for collection		15,386,469	3,320,173	18,706,642	14,019,472	3,108,354	17,127,826
4.4. Commercial notes received for collection		2,800,035	994,633	3,794,668	2,550,127	1,161,146	3,711,273
4.5. Other assets received for collection		84,236	12,877,151	12,961,387	78,792	16,034,037	16,112,829
4.6. Assets received through public offering		-	85,795	85,795	-	85,344	85,344
4.7. Other items under custody		34,670	2,069,437	2,104,107	44,220	2,653,227	2,697,447
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		627,711,043	478,987,330	1,106,698,373	573,200,361	452,107,180	1,025,307,541
5.1. Securities		3,847,262	77,955	3,925,217	4,360,547	82,069	4,442,526
5.2. Guarantee notes		37,135,768	12,986,766	50,122,534	37,862,446	12,953,452	50,815,898
5.3. Commodities		11,687	-	11,687	19,841	-	19,841
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		150,894,915	94,666,864	245,561,779	140,149,925	84,680,100	224,830,025
5.6. Other pledged items		435,821,411	371,255,687	807,077,098	390,807,522	354,391,505	745,199,027
5.7. Pledged items-depository		-	58	58	170	54	224
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		838,423,833	761,301,837	1,599,725,670	768,702,833	747,093,948	1,515,796,781

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

Türkiye Garanti Bankası Anonim Şirketi

Income Statement

For the Six-Month Period Ended 30 June 2017

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2017- 30 June 2017	PRIOR PERIOD 1 January 2016- 30 June 2016	CURRENT PERIOD 1 April 2017- 30 June 2017	PRIOR PERIOD 1 April 2016- 30 June 2016
I. INTEREST INCOME	(5.4.1)	12,157,769	10,010,207	6,343,371	5,113,472
1.1 Interest income on loans		9,896,899	7,930,414	5,125,816	4,071,378
1.2 Interest income on reserve deposits		102,558	97,659	48,029	54,914
1.3 Interest income on banks		126,108	42,605	99,287	24,949
1.4 Interest income on money market transactions		6,082	2,285	3,254	1,500
1.5 Interest income on securities portfolio		1,907,073	1,836,682	1,009,420	909,209
1.5.1 Trading financial assets		9,402	7,524	5,571	3,341
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		974,438	987,073	526,092	485,664
1.5.4 Investments held-to-maturity		923,233	842,085	477,757	420,204
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		119,049	100,562	57,565	51,522
II. INTEREST EXPENSE	(5.4.2)	5,496,111	4,767,943	2,870,900	2,360,739
2.1 Interest on deposits		3,740,700	3,374,075	1,965,522	1,676,316
2.2 Interest on funds borrowed		562,388	442,183	276,884	218,393
2.3 Interest on money market transactions		577,558	479,423	309,928	228,183
2.4 Interest on securities issued		597,293	452,326	314,826	232,876
2.5 Other interest expenses		18,172	19,936	3,740	4,971
III. NET INTEREST INCOME (I - II)		6,661,658	5,242,264	3,472,471	2,752,733
IV. NET FEES AND COMMISSIONS INCOME		1,741,219	1,543,736	866,440	762,611
4.1 Fees and commissions received		2,275,634	2,024,717	1,140,555	1,014,865
4.1.1 Non-cash loans		189,643	152,053	97,537	77,569
4.1.2 Others		2,085,991	1,872,664	1,043,018	937,296
4.2 Fees and commissions paid		534,415	480,981	274,115	252,254
4.2.1 Non-cash loans		1,857	1,472	912	729
4.2.2 Others		532,558	479,509	273,203	251,525
V. DIVIDEND INCOME	(5.4.3)	6,483	6,902	6,375	6,902
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	(936,375)	(554,880)	(634,513)	(307,537)
6.1 Trading account income/losses		(349,372)	19,714	(96,874)	18,242
6.2 Income/losses from derivative financial instruments		(1,088,065)	(943,469)	(916,179)	(571,063)
6.3 Foreign exchange gains/losses		501,062	368,875	378,540	245,284
VII. OTHER OPERATING INCOME	(5.4.5)	586,080	1,008,204	213,612	660,330
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		8,059,065	7,246,226	3,924,385	3,875,039
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	1,336,527	1,392,106	581,164	643,783
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	3,206,505	2,926,538	1,563,315	1,443,579
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		3,516,033	2,927,582	1,779,906	1,787,677
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		388,729	213,296	187,603	71,356
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	3,904,762	3,140,878	1,967,509	1,859,033
XVI. PROVISION FOR TAXES (±)	(5.4.9)	825,197	560,616	413,493	319,309
16.1 Current tax charge		981,039	701,358	418,961	365,095
16.2 Deferred tax charge/(credit)		(155,842)	(140,742)	(5,468)	(45,786)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	3,079,565	2,580,262	1,554,016	1,539,724
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from assets held for sale		-	-	-	-
18.2 Income from sale of associates, affiliates and joint-ventures		-	-	-	-
18.3 Others		-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Expenses on assets held for sale		-	-	-	-
19.2 Expenses on sale of associates, affiliates and joint-ventures		-	-	-	-
19.3 Others		-	-	-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	(5.4.8)	-	-	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(5.4.9)	-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge/(credit)		-	-	-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	(5.4.10)	-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(5.4.11)	3,079,565	2,580,262	1,554,016	1,539,724
Earnings per Share		0.00733	0.00614	0.00370	0.00367

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

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

For the Six-Month Period Ended 30 June 2017

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2017- 30 June 2017	PRIOR PERIOD 1 January 2016- 30 June 2016
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	542,337	135,899
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	246,695	33,281
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	(34,558)	(154,409)
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(103,036)	(8,653)
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	61,577	74,129
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	(73,621)	(14,910)
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	639,394	65,337
XI. CURRENT PERIOD PROFIT/LOSSES	3,079,565	2,580,262
1.1 Net changes in fair value of securities (transferred to income statement)	(20,250)	185,501
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	(50,694)	(75,169)
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	3,150,509	2,469,930
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	3,718,959	2,645,599

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 Six-Month Period Ended 30 June 2017

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
		Paid-In Capital	Capital Reserves from Inflation Adj.s to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
PRIOR PERIOD (1 January - 30 June 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
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)	(5.5)	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																	
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	90,226	-	-	-	-	90,226
VI. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(132,299)
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(123,985)
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	8,303	-	-	-	-	(8,303)	-	-	-	(8,314)
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	94	-	41	1,318	-	-	31,828	-	-	-	-	33,281
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		-	-	-	-	-	-	-	-	-	-	74,129	-	-	-	-	74,129
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		-	-	-	-	-	-	766	-	-	-	-	(766)	-	-	-	-
XIX. Current period net profit/loss		-	-	-	-	-	-	-	2,580,262	-	-	-	-	-	-	-	2,580,262
XX. Profit distribution		-	-	-	-	35,700	-	2,799,084	805	-	(3,406,507)	-	3,918	-	-	-	(567,000)
20.1. Dividends		-	-	-	-	-	-	-	-	-	(567,000)	-	-	-	-	-	(567,000)
20.2. Transfers to reserves		-	-	-	-	35,700	-	2,799,084	-	-	(2,834,784)	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	805	-	(4,723)	-	3,918	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	1,204,123	-	21,967,806	102,131	2,580,262	-	638,143	1,626,756	1,891	(45,892)	-	33,059,654
CURRENT PERIOD (1 January - 30 June 2017)																	
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	1,206,160	-	21,972,914	103,038	-	5,070,549	622,143	1,626,437	1,891	(48,486)	-	35,539,080
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	441,605	-	-	-	-	441,605
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(110,482)
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(28,052)
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(82,430)
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	1,213	-	617	17,465	-	-	227,400	-	-	-	-	246,695
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		-	-	-	-	-	-	-	-	-	-	-	61,577	-	-	-	61,577
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		-	-	-	-	-	-	170,294	-	-	-	-	(170,294)	-	-	-	-
XVII. Current period net profit/loss		-	-	-	-	-	-	-	3,079,565	-	-	-	-	-	-	-	3,079,565
XVIII. Profit distribution		-	-	-	-	104,000	-	3,488,938	5,738	-	(5,070,549)	-	221,873	-	-	-	(1,250,000)
18.1. Dividends		-	-	-	-	-	-	-	-	-	(1,250,000)	-	-	-	-	-	(1,250,000)
18.2. Transfers to reserves		-	-	-	-	104,000	-	3,488,938	-	-	(3,592,938)	-	-	-	-	-	(0)
18.3. Others		-	-	-	-	-	-	-	5,738	-	(227,611)	-	221,873	-	-	-	0
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	1,311,373	-	25,632,763	126,241	3,079,565	-	1,352,725	1,678,016	1,891	(158,968)	-	38,008,040

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

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Six-Month Period Ended 30 June 2017

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2017- 30 June 2017	PRIOR PERIOD 1 January 2016- 30 June 2016
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		3,838,546	3,018,355
1.1.1 Interests received		11,235,821	8,948,558
1.1.2 Interests paid		(5,003,536)	(4,988,820)
1.1.3 Dividend received		6,483	6,902
1.1.4 Fees and commissions received		2,275,634	2,024,717
1.1.5 Other income		236,708	897,918
1.1.6 Collections from previously written-off loans and other receivables		69,340	85,420
1.1.7 Payments to personnel and service suppliers		(2,862,887)	(2,581,265)
1.1.8 Taxes paid		(653,785)	(678,865)
1.1.9 Others	(5.6)	(1,465,232)	(696,210)
1.2 Changes in operating assets and liabilities		(8,905,755)	(2,838,668)
1.2.1 Net (increase) decrease in financial assets held for trading		(305,145)	65,735
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	200,000
1.2.3 Net (increase) decrease in due from banks		(8,940,659)	2,415,889
1.2.4 Net (increase) decrease in loans		(16,033,574)	(10,177,987)
1.2.5 Net (increase) decrease in other assets		(698,674)	312,718
1.2.6 Net increase (decrease) in bank deposits		553,488	(2,543,824)
1.2.7 Net increase (decrease) in other deposits		13,691,312	16,269,583
1.2.8 Net increase (decrease) in funds borrowed		1,190,448	(10,073,607)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	1,637,049	692,825
I. Net cash flow from banking operations		(5,067,209)	179,687
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		488,255	1,651,988
2.1 Cash paid for purchase of associates, affiliates and joint-ventures		-	(53,484)
2.2 Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3 Purchases of tangible assets		(146,501)	(188,566)
2.4 Sales of tangible assets		48,246	54,421
2.5 Cash paid for purchase of financial assets available-for-sale		(3,763,841)	(557,696)
2.6 Cash obtained from sale of financial assets available-for-sale		3,723,056	1,872,833
2.7 Cash paid for purchase of investments held-to-maturity		(191,787)	(253,344)
2.8 Cash obtained from sale of investments held-to-maturity		819,082	777,824
2.9 Others	(5.6)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		3,753,583	(253,723)
3.1 Cash obtained from funds borrowed and securities issued		11,426,917	3,520,272
3.2 Cash used for repayment of funds borrowed and securities issued		(6,411,007)	(3,201,319)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(1,250,000)	(567,000)
3.5 Payments for financial leases		(12,327)	(5,676)
3.6 Others (payments for founder shares repurchased)	(5.6)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(5.6)	(64,234)	(55,864)
V. Net increase/(decrease) in cash and cash equivalents		(889,605)	1,522,088
VI. Cash and cash equivalents at beginning of period		13,011,577	8,878,118
VII. Cash and cash equivalents at end of period		12,121,972	10,400,206

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.

Accounting policies and accounting estimates on which the accompanying financial statements based are in compliance with “The Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulation” and other regulations, circulars and pronouncements published by the BRSA and with Turkish Accounting Standards issued by Public Oversight Agency for the matters not regulated by the aforementioned legislations and have been applied consistently by the Bank as in the financial statements prepared for the year ended 31 December 2016.

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2017 have no material effect on the financial statements, financial performance and on Bank’s accounting policies and accounting estimates. New and revised Turkish Accounting Standards issued but not yet effective have no material effect on the financial statements, financial performance and on Bank’s accounting policies and accounting estimates, except for IFRS9 which will be effective from periods beginning on or after 1 January 2018. The Bank has started projects to comply with IFRS9.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in Notes 3.2 to 3.29.

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 investment hedge amounting to EUR 351,153,475 (31 December 2016: EUR 333,487,913) in total among 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 250,684 thousands (31 December 2016: TL 147,648 thousands), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under capital reserves and hedging reserves, respectively under equity as of 30 June 2017. There is no ineffective portion arising from 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 TAS 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 Bank's derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts.

Derivatives are initially recorded at their fair values. Subsequently, derivative transactions are valued at their fair values and the related transaction costs are included in their acquisition costs. 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.

In the initial phase of currency swaps, the, currency exchange transactions to realise at value dates are recorded and followed as irrevocable commitments in the off-balance sheet accounts up to their value dates.

Liabilities and receivables arising from the derivative instruments are recorded under the off-balance sheet accounts at their contractual values.

Embedded derivatives are separated from the host contract and accounted as derivative instruments according to TAS 39 “Financial Instruments: Recognition and Measurement” in case the related embedded derivative’s economic features and risks are not closely related to the host contract, meets the derivative product definition of a different instrument having the same contract conditions with the embedded derivative and the hybrid instrument is not carried at fair value through profit or loss. The Bank has no embedded derivatives separated from the host contract.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another. The Bank’s credit derivatives portfolio included in the off-balance sheet accounts composes of total return swaps and credit default swaps resulted from protection buying or selling.

Credit default swap is a contract, in which the protection seller commits to pay the protection value to the protection buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily at their fair values.

Total return swap is a contract, in which the protection seller commits to make a certain payment and compensate the decreases in market values of the reference assets to the buyer under the condition that the protection buyer will transfer all the cash flows to be created by and the increases in market values of the the reference asset.

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. The changes in fair values of derivative financial assets held for fair value hedges are recognised in “income/losses from derivative financial instruments”. 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 under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective 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 incur, the gain/losses accounted for under shareholders’ equity, are recognised in income statement considering the original maturity.

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 and held by the intent and ability to hold until maturity, excluding originated loans and receivables.

There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to breach of classification principles. In accordance with TAS 39 “Financial Instruments: Recognition and Measurement”, sale or reclassification to available for sale portfolio of insignificant amount of financial assets, sale or reclassification to available for sale portfolio of financial assets which are close to maturity less than three months, or sale or reclassification to available for sale portfolio of assets as a result of significant increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes will not result in tainting.

Following their recognition, 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.

Interests calculated and/or earned by using the effective interest method during holding of financial assets available-for-sale are recorded primarily in interest income. In case of sale of such financial assets available-for-sale before maturity date, the difference between the sales income calculated as difference between the cost in accordance with Uniform Chart of Accounts and the sale price and the recognized interest income is transferred to “trading account income/losses”.

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 other than those held for trading in short term or generated through providing money, commodity and services to debtors.

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

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

3.8 Impairment of financial assets

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

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

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank 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.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and to collect/pay related financial assets and liabilities on a net basis, or there is an intention to realize the asset and settle the liability simultaneously.

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 on such securities.

Securities lending transactions are classified under "interbank money markets" and the related expense accruals are accounted.

3.11 Assets held for sale, discontinued operations and related liabilities

According to the Turkish Financial Reporting Standard 5 (TFRS 5) "Assets Held for Sale and Discontinued Operations", a tangible asset (or a group of assets to be disposed) classified as "asset held for sale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as "asset held for resale" only when the sale is highly probable and the asset (or a group of assets to be disposed) 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 in the market at a price consistent with its fair value. Assets held for sale consist of tangible assets acquired against non-performing receivables.

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

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

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

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

3.13 Tangible assets

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

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

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

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

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

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

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

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

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

Investment properties

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

Investment properties accounted at fair value are not depreciated.

3.14 Leasing activities

Tangible assets acquired through financial leasing are recognized as assets and the related liabilities as lease payables in the Bank’s assets and liabilities, respectively. In the determination of the related asset and liability amounts, the lower of the fair value of the leased assets and the present value of leasing payments is considered. Financial costs on leasing agreements are distributed throughout the lease periods at fixed interest rates. Interest expenses and foreign exchange losses related with financial leasing are accounted in income statement.

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.

Leases, in which the majority of risks and returns of the related asset belong to the lessor, are classified as operational lease. In operating leases, the rent payments are recognized as expense in income statement in equal amounts over the lease term.

3.15 Provisions and contingent liabilities

Provisions and contingent liabilities resulted from past events, if it is probable that the commitment will be settled and a reliable estimate can be made for the amount of the obligation, are accounted for in accordance with the Turkish Accounting Standard 37 (TAS 37) “Provisions, Contingent Liabilities and Contingent Assets”.

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 related period.

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

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

Accordingly, the Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the Turkish Accounting Standard 19 (TAS 19) “Employee Benefits” for all its employees who retired or whose employment is terminated, called up for

military service or died. The major actuarial assumptions used in the calculation of the total liability are as follows:

	30 June 2017	31 December 2016
	%	%
Net Effective Discount Rate	3.43	3.43
Discount Rate	11.50	11.50
Expected Rate of Salary Increase	9.30	9.30
Inflation Rate	7.80	7.80

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

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

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

Retirement benefit obligations

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

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

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

	30 June 2017	
	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.

75% of income on sales of equity shares and real estates held at least for two years are tax-exempt in cases where such income is used in capital increases or held under shareholders’ equity for five years as required by the Corporate Tax Law.

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

The tax applications for foreign branches;

NORTHERN CYPRUS

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

MALTA

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

LUXEMBOURG

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

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

3.18.2 Deferred taxes

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

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

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

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

Furthermore, the deferred tax assets are not subject to profit distribution or capital increase as per the BRSA's related circular in cases where there are net asset balances after netting deferred tax assets with deferred tax liabilities.

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 but this application results in measurement or accounting mismatch due to having the related financial instruments valued using different methods or the related gains or losses are recognized differently, such fundings are reclassified as financial liabilities at their fair values through profit or loss at initial recognition in order to prevent such mismatch. The interest expenses paid during holding the related financial liabilities and the difference between the amortized cost and the acquisition cost are recorded as interest expense in income statement and the difference between the fair values and the amortized costs of the financial liabilities are recorded under trading account income/losses.

3.20 Share issuances

If the Bank issues a share at a price above its nominal value, the difference between the issue price and the nominal value is accounted for “share premium” under shareholders’ equity.

3.21 Confirmed bills of exchange and acceptances

Confirmed bills of exchange and acceptances are recorded in off-balance sheet accounts as possible debt commitment, if any.

3.22 Government incentives

As of 30 June 2017, the Bank does not have any government incentives or grants (2016: none).

3.23 Segment reporting

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

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

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

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

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

Information on the business segments is as follows:

<i>Current Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,713,953	3,092,565	(287,960)	1,534,024	8,052,582
Other	-	-	-	-	-
Total Operating Profit	3,713,953	3,092,565	(287,960)	1,534,024	8,052,582
Net Operating Profit	1,513,727	1,675,434	(328,710)	1,037,828	3,898,279
Income from Associates and Affiliates	-	-	-	6,483	6,483
Net Operating Profit	1,513,727	1,675,434	(328,710)	1,044,311	3,904,762
Provision for Taxes	-	-	-	825,197	825,197
Net Profit	1,513,727	1,675,434	(328,710)	219,114	3,079,565
Segment Assets	61,893,921	139,601,314	89,154,451	12,145,492	302,795,178
Investments in Associates and Affiliates	-	-	-	5,888,268	5,888,268
Total Assets	61,893,921	139,601,314	89,154,451	18,033,760	308,683,446
Segment Liabilities	116,199,875	65,894,004	81,217,639	7,363,888	270,675,406
Shareholders' Equity	-	-	-	38,008,040	38,008,040
Total Liabilities and Shareholders' Equity	116,199,875	65,894,004	81,217,639	45,371,928	308,683,446

<i>Prior Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,260,134	2,268,943	121,122	1,589,125	7,239,324
Other	-	-	-	-	-
Total Operating Profit	3,260,134	2,268,943	121,122	1,589,125	7,239,324
Net Operating Profit	867,367	743,985	3,439	1,519,185	3,133,976
Income from Associates and Affiliates	-	-	-	6,902	6,902
Net Operating Profit	867,367	743,985	3,439	1,526,087	3,140,878
Provision for Taxes	-	-	-	560,616	560,616
Net Profit	867,367	743,985	3,439	965,471	2,580,262
Segment Assets	59,084,680	126,963,548	81,188,982	11,707,628	278,944,838
Investments in Associates and Affiliates	-	-	-	5,210,562	5,210,562
Total Assets	59,084,680	126,963,548	81,188,982	16,918,190	284,155,400
Segment Liabilities	106,985,273	61,415,792	74,568,141	5,647,114	248,616,320
Shareholders' Equity	-	-	-	35,539,080	35,539,080
Total Liabilities and Shareholders' Equity	106,985,273	61,415,792	74,568,141	41,186,194	284,155,400

3.24 Profit reserves and profit appropriation

Retained earnings as per the statutory financial statements other than legal reserves, are available for distribution, subject to the legal reserve requirement explained to below.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

In the ordinary general assembly dated 30 March 2017, it was decided to distribute cash dividend from the net profit of the Bank amounting to TL 5,070,549 thousands from its 2016 operations to the shareholders as disclosed in Note 5.10.2.

3.25 Earnings per share

Earnings per share disclosed in the income statement are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the period concerned.

	<i>Current Period</i>	<i>Prior Period</i>
Distributable net profit for the year	3,079,565	2,580,262
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.00733	0.00614

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

There are no bonus shares issued in 2017 (2016: none).

3.26 Related parties

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/affiliated with them, associated companies and joint ventures and the Fund providing post employment benefits are considered and referred to as related parties in accordance with TAS 24 “Related Parties”. The transactions with related parties are disclosed in detail in Note 5.7.

3.27 Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of Turkey; and cash equivalents include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

3.28 Reclassifications

None.

3.29 Other disclosures

None.

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>Current Period</i>	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014 (*)</i>
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	27,173,995	
Other Comprehensive Income according to TAS	3,130,586	
Profit	3,079,565	
Current Period Profit	3,079,565	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1,891	
Common Equity Tier I Capital Before Deductions	38,370,471	
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	404,011	-
Leasehold Improvements on Operational Leases (-)	101,131	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	173,111	216,389
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 (-)	2,083	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
Total Deductions from Common Equity Tier I Capital	680,336	
Total Common Equity Tier I Capital	37,690,135	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	43,278	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	37,646,857	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2,633,250	
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)	2,586,206	
Total Deductions from Tier II Capital	5,219,456	
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	
Total Tier II Capital	5,219,456	
Total Equity (Total Tier I and Tier II Capital)	42,866,313	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	54	

		<i>Amount as per the regulation before 1/1/2014^(*)</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 (-)	69,105	
Other items to be Defined by the BRSA (-)	33,964	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	42,763,190	-
Total Risk Weighted Assets	234,204,635	-
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	16.09	-
Tier I Capital Ratio (%)	16.07	-
Capital Adequacy Ratio (%)	18.26	-
BUFFERS		
Bank-specific total CET1 Capital Ratio	5.77	-
Capital Conservation Buffer Ratio (%)	1.250	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.02	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9.91	-
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	234.841	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	3,310,935	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	2,586,206	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

<i>Prior Period</i>	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	23,385,730	
Other Comprehensive Income according to TAS	2,759,735	
Profit	5,070,549	
Current Period Profit	5,070,549	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1,891	
Common Equity Tier I Capital Before Deductions	36,202,339	
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	732,893	-
Leasehold Improvements on Operational Leases (-)	103,037	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	128,006	213,344
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 (-)	1,730	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
Total Deductions from Common Equity Tier I Capital	965,666	
Total Common Equity Tier I Capital	35,236,673	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	85,338	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	35,151,335	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	2,596,082	
Total Deductions from Tier II Capital	2,596,082	
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	
Total Tier II Capital	2,596,082	
Total Equity (Total Tier I and Tier II Capital)	37,747,417	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	31	
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 (-)	55,860	
Other items to be Defined by the BRSA (-)	36,994	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	37,654,532	-
Total Risk Weighted Assets	232,322,344	-
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	15.17	-
Tier I Capital Ratio (%)	15.13	-
Capital Adequacy Ratio (%)	16.21	-
BUFFERS		
Bank-specific total CET1 Capital Ratio	5.635	-
Capital Conservation Buffer Ratio (%)	0.625	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.51	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	8.21	-
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	153,379	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	3,171,163	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	2,596,082	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

4.1.2 Items included in capital calculation

<i>Information about instruments included in total capital calculation</i>	
Issuer	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 900148 AE7 ISIN: US900148AE73 Common Code: 161752479
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
<i>Regulatory treatment</i>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Subordinated debt instruments (Notes)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2,633
Nominal value of instrument (TL million)	2,633
Accounting classification of the instrument	34701 – Secondary Subordinated Loans
Issuance date of instrument	23.05.2017
Maturity structure of the instrument (demand/time)	Time
Original maturity of the instrument	24.05.2027
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	24.05.2022 - USD750,000,000.00
Subsequent call dates, if applicable	-
<i>Interest/dividend payment*</i>	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6.1250%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
Convertible into equity shares	None
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	Yes
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the senior obligations of the Issuer.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

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	3,554,480	(814,134)	2,740,346	
Other Comprehensive Income According to TAS	3,540,709	(814,134)	2,726,575	
Securities Value Increase Fund	1,352,725	-	1,352,725	
Revaluation Surplus on Tangible Assets	1,678,016	-	1,678,016	
Revaluation Surplus on Intangible Assets	-	-	-	
Revaluation Surplus on Investment Property	-	-	-	
Hedging Reserves (Effective Portion)	(158,968)	(41,580)	(200,548)	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	668,936	(772,554)	(103,618)	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	27,173,995	-	27,173,995	
Profit or Loss	3,079,565	-	3,079,565	
Prior Periods Profit/Loss	-	-	-	
Current Period Net Profit/Loss	3,079,565	-	3,079,565	
Deductions from Common Equity Tier I Capital (-)	-		276,325	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	38,008,040		37,690,135	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			43,278	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			37,646,857	
Subordinated Debts			2,633,250	
General Provisions			2,586,206	General Loan Provision added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	
Tier II Capital			5,219,456	
Deductions from Total Capital (-)			103,123	Deductions from Capital as per the Regulation
Total			42,763,190	

<i>Prior Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	2,882,801	(842,188)	2,040,613	
Other Comprehensive Income According to TAS	2,869,030	(842,188)	2,026,842	
Securities Value Increase Fund	622,143	-	622,143	
Revaluation Surplus on Tangible Assets	1,626,437	-	1,626,437	
Revaluation Surplus on Intangible Assets	-	-	-	
Revaluation Surplus on Investment Property	-	-	-	
Hedging Reserves (Effective Portion)	(48,486)	(69,634)	(118,120)	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	668,936	(772,554)	(103,618)	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	23,385,730	-	23,385,730	
Profit or Loss	5,070,549	-	5,070,549	
Prior Periods Profit/Loss	-	-	-	
Current Period Net Profit/Loss	5,070,549	-	5,070,549	
Deductions from Common Equity Tier I Capital (-)	-		232,773	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	35,539,080		35,236,673	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			85,338	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			35,151,335	
Subordinated Debts			-	
General Provisions			2,596,082	General Loan Provision added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	
Tier II Capital			2,596,082	
Deductions from Total Capital (-)			92,885	Deductions from Capital as per the Regulation
Total			37,654,532	

4.2 Credit risk

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

4.3 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2017, the Bank's net 'on balance sheet' foreign currency short position amounts to TL 30,236,311 thousands (31 December 2016: TL 17,200,230 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 33,653,973 thousands (31 December 2016: TL 18,461,666 thousands), while net foreign currency long open position amounts to TL 3,417,662 thousands (31 December 2016: TL 1,261,436 thousands).

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

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

	USD	EUR
Foreign currency purchase rates at balance sheet date	3.5110	4.0064
<u>Exchange rates for the days before balance sheet date:</u>		
Day 1	3.5090	4.0061
Day 2	3.5080	3.9912
Day 3	3.4970	3.9175
Day 4	3.5100	3.9165
Day 5	3.5210	3.9233
Last 30-days arithmetical average rates	3.5102	3.9413

The Bank's currency risk:

<i>Current Period</i>	EUR	USD	Other FCs	Total
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	5,008,373	17,814,291	5,974,862	28,797,526
Banks	3,021,777	4,291,259	868,312	8,181,348
Financial Assets at Fair Value through Profit/Loss	109,252	364,177	-	473,429
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	83,418	687,484	-	770,902
Loans (*)	30,136,691	40,979,864	694,173	71,810,728
Investments in Associates, Affiliates and Joint-Ventures	3,197,275	-	-	3,197,275
Investments Held-to-Maturity	-	11,256,497	-	11,256,497
Derivative Financial Assets Held for Risk Management	1,663	51,936	-	53,599
Tangible Assets	-	250	-	250
Intangible Assets	-	-	-	-
Other Assets	187,155	446,252	4,819	638,226
Total Assets	41,745,604	75,892,010	7,542,166	125,179,780
Liabilities				
Bank Deposits	586,065	2,779,210	9,332	3,374,607
Foreign Currency Deposits	28,925,627	59,345,370	1,948,581	90,219,578
Interbank Money Market Takings	988,326	3,868,032	-	4,856,358
Other Fundings	11,005,147	25,744,602	2,734	36,752,483
Securities Issued (**)	2,314,550	13,325,612	657,571	16,297,733
Miscellaneous Payables	58,107	322,389	10,491	390,987
Derivative Financial Liabilities Held for Risk Management	14,156	85,937	-	100,093
Other Liabilities (***)	294,687	775,045	2,354,520	3,424,252
Total Liabilities	44,186,665	106,246,197	4,983,229	155,416,091
Net 'On Balance Sheet' Position	(2,441,061)	(30,354,187)	2,558,937	(30,236,311)
Net 'Off-Balance Sheet' Position	4,859,826	31,156,808	(2,362,661)	33,653,973
Derivative Assets	15,085,343	60,657,816	3,493,555	79,236,714
Derivative Liabilities	10,225,517	29,501,008	5,856,216	45,582,741
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	42,167,078	75,254,202	2,640,045	120,061,325
Total Liabilities	36,222,880	96,223,885	4,814,790	137,261,555
Net 'On Balance Sheet' Position	5,944,198	(20,969,683)	(2,174,745)	(17,200,230)
Net 'Off-Balance Sheet' Position	(4,526,285)	20,945,530	2,042,421	18,461,666
Derivative Assets	14,374,090	58,983,474	4,395,536	77,753,100
Derivative Liabilities	18,900,375	38,037,944	2,353,115	59,291,434
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 5,588,950 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Includes subordinated securities issued and presented under subordinated debts in balance sheet.

(***) Other liabilities include gold deposits of TL 2,340,091 thousands.

4.4 Interest rate risk

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

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

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

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

<i>Current Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	19,554,867	-	-	-	-	16,663,178	36,218,045
Banks	2,843,277	894,507	1,245,984	-	-	3,298,352	8,282,120
Financial Assets at Fair Value through Profit/Loss	27,358	11,223	96,228	149,356	154,387	2,102,850	2,541,402
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	3,245,998	5,724,918	7,140,562	1,283,322	1,029,894	2,238,539	20,663,233
Loans	43,773,692	23,588,159	57,971,537	59,423,624	12,759,749	3,978,474	201,495,235
Investments Held-to-Maturity	913,549	1,563,743	7,305,376	3,672,159	7,107,542	2,795,583	23,357,952
Other Assets	4,185	-	-	19,173	-	16,102,101	16,125,459
Total Assets	70,362,926	31,782,550	73,759,687	64,547,634	21,051,572	47,179,077	308,683,446
Liabilities							
Bank Deposits	1,717,544	138,004	38,000	-	-	3,249,054	5,142,602
Other Deposits	93,928,043	24,752,745	9,385,022	1,162,208	-	41,203,849	170,431,867
Interbank Money Market Takings	13,902,443	-	-	-	-	3,870	13,906,313
Miscellaneous Payables	-	-	-	-	-	9,156,019	9,156,019
Securities Issued (**)	357,375	4,221,532	2,855,680	6,599,533	7,074,588	380,580	21,489,288
Other Fundings	15,494,938	9,106,548	8,184,768	4,376,004	317,014	217,665	37,696,937
Other Liabilities	2,924	11,068	9,200	635	-	50,836,593	50,860,420
Total Liabilities	125,403,267	38,229,897	20,472,670	12,138,380	7,391,602	105,047,630	308,683,446
On Balance Sheet Long Position	-	-	53,287,017	52,409,254	13,659,970	-	119,356,241
On Balance Sheet Short Position	(55,040,341)	(6,447,347)	-	-	-	(57,868,553)	(119,356,241)
Off-Balance Sheet Long Position	11,331,208	8,913,130	15,291,732	3,631,335	4,733,488	-	43,900,893
Off-Balance Sheet Short Position	(1,499,725)	(3,793,728)	(11,602,032)	(15,785,270)	(11,224,168)	-	(43,904,923)
Total Position	(45,208,858)	(1,327,945)	56,976,717	40,255,319	7,169,290	(57,868,553)	(4,030)

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

(**) Includes subordinated securities issued and presented under subordinated debts in balance sheet.

<i>Prior Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	17,892,432	-	-	-	-	5,892,702	23,785,134
Banks	3,926,271	1,934,196	1,989,280	-	-	4,469,179	12,318,926
Financial Assets at Fair Value through Profit/Loss	7,624	22,679	15,205	26,655	42,663	3,391,602	3,506,428
Interbank Money Market Placements	351,690	-	-	-	-	1	351,691
Financial Assets Available-for-Sale	2,613,361	5,750,771	5,630,419	2,729,802	1,684,778	1,503,438	19,912,569
Loans	43,310,831	22,078,517	55,780,392	48,273,126	12,730,401	3,874,961	186,048,228
Investments Held-to-Maturity	1,025,906	2,002,859	5,554,835	5,329,013	7,297,741	2,429,830	23,640,184
Other Assets	3,886	176	-	16,494	2,306	14,569,378	14,592,240
Total Assets	69,132,001	31,789,198	68,970,131	56,375,090	21,757,889	36,131,091	284,155,400
Liabilities							
Bank Deposits	645,554	9,261	207,533	-	-	2,856,198	3,718,546
Other Deposits	88,684,664	20,652,616	11,479,265	180,101	-	36,516,405	157,513,051
Interbank Money Market Takings	9,763,295	-	-	-	-	6,092	9,769,387
Miscellaneous Payables	-	-	-	-	-	9,088,139	9,088,139
Securities Issued	506,828	1,335,786	4,599,655	7,523,662	2,143,691	327,257	16,436,879
Other Fundings	13,807,571	14,873,592	6,853,254	4,343,480	164,288	244,183	40,286,368
Other Liabilities	6,058	9,469	20,681	1,686	-	47,305,136	47,343,030
Total Liabilities	113,413,970	36,880,724	23,160,388	12,048,929	2,307,979	96,343,410	284,155,400
On Balance Sheet Long Position	-	-	45,809,743	44,326,161	19,449,910	-	109,585,814
On Balance Sheet Short Position	(44,281,969)	(5,091,526)	-	-	-	(60,212,319)	(109,585,814)
Off-Balance Sheet Long Position	8,000,925	10,184,917	12,492,698	4,640,715	4,244,593	-	39,563,848
Off-Balance Sheet Short Position	(1,313,961)	(4,549,173)	(9,696,072)	(12,903,699)	(11,205,806)	-	(39,668,711)
Total Position	(37,595,005)	544,218	48,606,369	36,063,177	12,488,697	(60,212,319)	(104,863)

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

4.4.2 Average interest rates on monetary financial instruments

<i>Current Period</i>	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	1.10	-	2.20
Banks	0.11	0.54	-	7.92
Financial Assets at Fair Value through Profit/Loss	3.16	5.03	-	10.27
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	-	5.24	-	11.59
Loans	4.00	5.88	-	15.81
Investments Held-to-Maturity	-	5.55	-	11.04
Liabilities				
Bank Deposits	-	1.34	-	12.02
Other Deposits	1.21	2.05	1.66	8.68
Interbank Money Market Takings	-	1.25	-	11.79
Miscellaneous Payables	-	-	-	-
Securities Issued	3.58	5.44	0.46	11.88
Other Fundings	1.23	2.93	-	8.75

<i>Prior Period</i>	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	0.52	-	4.22
Banks	0.05	0.90	-	9.09
Financial Assets at Fair Value through Profit/Loss	2.18	5.77	-	10.16
Interbank Money Market Placements	0.05	-	-	-
Financial Assets Available-for-Sale	-	5.64	-	10.08
Loans	3.92	5.61	3.41	15.26
Investments Held-to-Maturity	0.19	5.53	-	10.22
Liabilities				
Bank Deposits	0.20	1.21	-	9.39
Other Deposits	0.88	1.95	1.22	7.48
Interbank Money Market Takings	-	-	-	8.30
Miscellaneous Payables	-	-	-	-
Securities Issued	3.48	5.13	0.64	10.34
Other Fundings	0.95	2.60	-	10.26

4.5 Position risk of equity securities in banking book

4.5.1 Equity shares in associates and affiliates

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

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

<i>Current Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value^(*)	Market Value
1	Investment in Shares- Grade A	5,781,391	5,669,278	118,926
	Quoted Securities	85,619	85,619	118,926
2	Investment in Shares- Grade B	105,153	78,056	117,189
	Quoted Securities	78,056	78,056	117,189
3	Investment in Shares- Grade C	662	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- Grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- Grade F	48	-	-
	Quoted Securities	-	-	-

(*) In current period, the balances are as per the results of equity accounting application.

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value^(*)	Market Value
1	Investment in Shares- Grade A	5,109,467	4,997,355	83,689
	Quoted Securities	79,275	79,275	83,689
2	Investment in Shares- Grade B	99,371	72,273	82,466
	Quoted Securities	72,273	72,273	82,466
3	Investment in Shares- Grade C	662	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- Grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- Grade F	48	-	-
	Quoted Securities	-	-	-

(*) In prior period, the balances are as per the results of equity accounting application.

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

<i>Current Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses		
Portfolio			Total	Amount in Tier I Capital ^(*)	Total	Amount in Core Capital	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-	
2	Quoted Shares	-	78,423	78,423	-	78,423	
3	Other Shares	-	3,435,933	3,435,933	-	3,435,933	
Total		-	3,514,356	3,514,356	-	3,514,356	

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

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses		
Portfolio			Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-	
2	Quoted Shares	-	66,295	66,295	-	-	
3	Other Shares	-	2,915,577	2,915,577	-	-	
Total		-	2,981,872	2,981,872	-	-	

(*) 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	163,675	163,675	13,094
3	Other Shares	5,724,593	5,724,593	457,967
Total		5,888,268	5,888,268	471,061

<i>Prior Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	151,548	151,548	12,124
3	Other Shares	5,059,013	5,059,013	404,721
Total		5,210,561	5,210,561	416,845

4.6 Liquidity risk management and liquidity coverage ratio

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

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

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

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

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

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

Decentralized management approach is adopted in the Bank's liquidity management. Each subsidiary controlled by the Bank performs daily, medium and long term liquidity management independently from the Bank by the authorities in each subsidiary responsible for managing liquidity risk. In addition, within the scope of consolidated risk management, liquidity and funding risk of each subsidiary in control are monitored via the liquidity risk management methods identified by the Bank by considering the operations, risk profile and regulations of the related subsidiary.

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

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

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

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

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

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

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

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

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

4.6.1 Liquidity coverage ratio

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

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 3.74% cash, 51.02% deposits in central banks and 45.24% 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 68.81% deposits, 20.22% funds borrowed and money market borrowings and 7.38% securities issued.

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

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

<i>Current Period</i>		Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				49,466,793	29,076,734
1	Total high-quality liquid assets (HQLA)	53,830,411	33,440,353	49,466,793	29,076,734
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	118,874,518	57,250,259	10,760,070	5,782,067
3	Stable deposits	24,676,631	-	1,246,671	-
4	Less stable deposits	94,197,887	57,250,259	9,513,399	5,782,067
5	Unsecured wholesale funding, of which:	47,825,506	29,485,515	26,316,097	16,046,751
6	Operational deposits	-	-	-	-
7	Non-operational deposits	37,405,760	23,933,297	18,789,829	12,012,501
8	Unsecured funding	10,419,746	5,552,218	7,526,268	4,034,250
9	Secured wholesale funding			224,550	224,548
10	Other cash outflows of which:	49,911,435	11,279,391	10,335,011	9,831,683
11	Outflows related to derivative exposures and other collateral requirements	7,097,959	8,972,617	7,097,959	8,972,617
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	42,813,476	2,306,774	3,237,052	859,066
14	Other revocable off-balance sheet commitments and contractual obligations	989	989	50	50
15	Other irrevocable or conditionally revocable off-balance sheet obligations	58,764,936	40,547,687	2,969,457	2,048,920
16	Total Cash Outflows			50,605,235	33,934,019
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	15,263,758	4,670,237	10,020,663	3,564,004
19	Other cash inflows	733,058	8,569,926	733,058	8,569,926
20	Total Cash Inflows	15,996,816	13,240,163	10,753,721	12,133,930
				Total Adjusted Value	
21	Total HQLA			49,466,793	29,076,734
22	Total Net Cash Outflows			39,851,514	21,800,089
23	Liquidity Coverage Ratio (%)			125.18	134.85

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

The table below presents highest, lowest and average liquidity coverage ratios of the last three months of 2017:

<i>Current Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	146.75	21.06.2017	103.53	02.05.2017	125.18
FC	167.71	28.06.2017	109.58	13.04.2017	134.85

<i>Prior Period</i>	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets			38,835,305	19,540,092
1 Total high-quality liquid assets (HQLA)	46,512,925	25,746,123	38,835,305	19,540,092
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	105,424,258	46,163,615	8,669,017	4,286,621
3 Stable deposits	24,131,224	-	1,120,378	-
4 Less stable deposits	81,293,033	46,163,615	7,548,639	4,286,621
5 Unsecured wholesale funding, of which:	43,358,024	23,960,602	22,621,537	12,415,263
6 Operational deposits	-	-	-	-
7 Non-operational deposits	34,102,671	21,343,725	16,418,382	10,064,078
8 Unsecured funding	9,255,353	2,616,877	6,203,155	2,351,184
9 Secured wholesale funding			342,707	342,707
10 Other cash outflows of which:	51,592,370	14,605,068	10,661,642	9,671,066
11 Outflows related to derivative exposures and other collateral requirements	7,987,916	9,169,525	7,417,350	8,514,559
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	43,604,454	5,435,543	3,244,292	1,156,507
14 Other revocable off-balance sheet commitments and contractual obligations	1,451,196	1,444,887	67,377	67,084
15 Other irrevocable or conditionally revocable off-balance sheet obligations	55,210,937	38,427,025	2,563,365	1,784,112
16 Total Cash Outflows			44,925,645	28,566,853
Cash Inflows				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	14,943,851	4,830,047	9,153,351	3,425,254
19 Other cash inflows	1,325,052	5,914,162	1,230,405	5,491,722
20 Total Cash Inflows	16,268,903	10,744,209	10,383,756	8,916,976
			Total Adjusted Value	
21 Total HQLA			38,835,305	19,540,092
22 Total Net Cash Outflows			34,541,889	19,649,877
23 Liquidity Coverage Ratio (%)			113.06	94.26

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

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

<i>Prior Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	128.41	21.10.2016	99.22	23.11.2016	113.06
FC	128.99	22.12.2016	71.48	01.01.2017	94.26

4.6.2 Contractual maturity analysis of liabilities according to remaining maturities

The remaining maturities table of the contractual liabilities includes the undiscounted future cash outflows for the principal amounts of the Bank's financial liabilities as per their earliest likely contractual maturities.

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	10,179,753	26,038,292	-	-	-	-	-	36,218,045
Banks	3,284,440	1,100,148	193,379	44,533	3,659,620	-	-	8,282,120
Financial Assets at Fair Value through Profit/Loss	-	401,080	373,148	1,017,511	313,939	435,724	-	2,541,402
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	220,129	19,749	18,327	2,079,624	10,130,259	8,195,145	-	20,663,233
Loans	417,784	30,148,871	19,061,057	47,302,502	79,512,035	21,229,450	3,823,536	201,495,235
Investments Held-to-Maturity	-	28,113	89,377	1,945,490	8,175,142	13,119,830	-	23,357,952
Other Assets	2,611,932	981,501	-	9,761	345,497	188,743	11,988,025	16,125,459
Total Assets	16,714,038	58,717,754	19,735,288	52,399,421	102,136,492	43,168,892	15,811,561	308,683,446
Liabilities								
Bank Deposits	3,239,622	1,721,177	141,371	40,432	-	-	-	5,142,602
Other Deposits	40,544,947	94,295,023	24,859,886	9,527,867	1,197,178	6,966	-	170,431,867
Other Fundings	-	1,480,187	2,114,472	13,453,357	13,424,302	7,224,619	-	37,696,937
Interbank Money Market Takings	-	13,906,313	-	-	-	-	-	13,906,313
Securities Issued (**)	-	323,649	4,083,145	3,046,392	6,882,138	7,153,964	-	21,489,288
Miscellaneous Payables	678,543	8,477,476	-	-	-	-	-	9,156,019
Other Liabilities (***)	3,105,287	1,137,191	447,648	1,102,919	179,546	262,987	44,624,842	50,860,420
Total Liabilities	47,568,399	121,341,016	31,646,522	27,170,967	21,683,164	14,648,536	44,624,842	308,683,446
Liquidity Gap	(30,854,361)	(62,623,262)	(11,911,234)	25,228,454	80,453,328	28,520,356	(28,813,281)	-
Net Off-Balance Sheet Position	-	(387,072)	124,439	158,756	387,335	77,571	-	361,029
Derivative Financial Assets	-	57,960,843	21,944,638	26,587,951	5,479,849	1,030,507	-	113,003,788
Derivative Financial Liabilities	-	58,347,915	21,820,199	26,429,195	5,092,514	952,936	-	112,642,759
Non-Cash Loans	-	10,350,718	5,479,076	6,972,083	258,357	-	107,246	23,167,480
Prior Period								
Total Assets	15,229,277	51,552,662	17,519,406	48,190,111	91,629,362	45,374,791	14,659,791	284,155,400
Total Liabilities	41,754,663	109,450,229	24,403,593	35,071,476	22,305,686	9,912,259	41,257,494	284,155,400
Liquidity Gap	(26,525,386)	(57,897,567)	(6,884,187)	13,118,635	69,323,676	35,462,532	(26,597,703)	-
Net Off-Balance Sheet Position	-	568,524	(102,511)	547,321	(14,041)	87,715	-	1,087,008
Derivative Financial Assets	-	57,011,286	23,414,855	29,279,277	7,694,661	967,692	-	118,367,771
Derivative Financial Liabilities	-	56,442,762	23,517,366	28,731,956	7,708,702	879,977	-	117,280,763
Non-Cash Loans	-	5,280,818	3,890,088	5,972,633	136,128	-	89,084,131	104,363,798

(*) 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.

(**) Includes subordinated securities issued and presented under subordinated debts in balance sheet.

(***) 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 8.62% (31 December 2016: 8.83%). Main reason for the variance compared to December 2016, is the high increase in on-balance and off-balance sheet items. While the capital increased by 6.48% mainly as a result of increase in net profits, the balance sheet exposure increased by 9.17% and the off balance sheet exposure increased by 9.44%. Therefore, the current period leverage ratio decreased by 21 basis points compared to prior period.

On-balance sheet assets		<i>Current Period</i> (*)	<i>Prior Period</i> (*)
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	304,240,131	278,685,369
2	(Assets deducted in determining Tier I capital)	(318,165)	(300,326)
3	Total on-balance sheet risks (sum of lines 1 and 2)	303,921,966	278,385,043
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	2,823,369	3,285,514
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	8,659,451	8,303,567
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	11,482,820	11,589,081
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	2,353,046	1,586,346
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	2,353,046	1,586,346
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	116,833,047	105,623,641
11	(Adjustments for conversion to credit equivalent amounts)	(4,026,197)	(2,550,420)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	112,806,850	103,073,221
Capital and total risks			
13	Tier I capital	37,101,635	34,842,798
14	Total risks (sum of lines 3, 6, 9 and 12)	430,564,682	394,633,691
Leverage ratio			
15	Leverage ratio	8.62%	8.83%

(*) 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 are prepared as per the “Regulation on Calculation of Risk Management Disclosures” published in the Official Gazette no. 29511 dated 23 October 2015.

4.10.1 Risk management strategy and weighted amounts

4.10.1.1 Risk management strategy

The Bank's risk management strategy is to ensure that risk management culture is recognized and risk management principles are widely embraced throughout the Bank and its affiliates, an integrated risk management system is established which pursues risk-return-capital relationship. 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.

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 consolidated affiliates. Policies and procedures are prepared in compliance with applicable legislations that the affiliate subject to and the parent Bank's risk management strategy, reviewed regularly and revised if necessary. The parent Bank ensures that risk management system is applied in affiliates where risks are defined, measured, monitored and controlled.

Risk management activities are structured under the responsibility of the board of directors. The 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, the Risk Management, 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 Unit, 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, and aims that the importance of risk management for maintaining business operations is understood and risk awareness and sensitivity is ensured for decision making and implementation mechanisms process by all employees.

The Bank measures and monitors risks that exposed to, considering methods suitable with international standards, compliant with legislation. Risk measuring and reporting are performed via advanced methods and risk management softwares. Risk based detailed reports are prepared for management of significant risks, in order to determine strategies and take decisions, in this scope, periodic and non-periodic reports are prepared for board of directors, relevant committees and senior management.

The Bank's risk appetite framework determines the risk level that the board of directions is prepared to accept in order to accomplish the goals and strategies with due consideration to the capacity of the institution to safely absorbs those risks and the Bank monitors regularly risk appetite metrics regarding capital, liquidity, income recurrence and risk based limits. Risks that the Bank is exposed, is managed by providing effective control environment and monitoring limits. Unmitigated risks are either accepted with current risk levels or decreasing/ terminating the activity that causes the risk.

The Risk Management conducts the implementation of internal capital adequacy assessment report to be sent to the BRSA, by coordinating relevant parties. Stress test report is reported to the BRSA, which evaluates how adverse effects on macroeconomic parameters, in the scope of determined scenarios, affect the Bank's three year budget plan and results, and certain ratios, including capital adequacy.

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.

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR) ^(*)	202,534,866	202,032,520	16,202,789
2	Of which standardised approach (SA)	202,534,866	202,032,520	16,202,789
3	Of which internal rating-based (IRB) approach		-	
4	Counterparty credit risk	3,774,480	5,270,570	301,958
5	Of which standardised approach for counterparty credit risk (SA-CCR)	3,774,480	5,270,570	301,958
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	5,598,806	5,704,124	447,904
17	Of which standardised approach (SA)	5,598,806	5,704,124	447,904
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	21,709,380	18,931,681	1,736,750
20	Of which basic indicator approach	21,709,380	18,931,681	1,736,750
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)	587,103	383,449	46,968
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	234,204,635	232,322,344	18,736,369

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

4.10.2 Linkages between financial statements and risk amounts

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

4.10.3 Credit risk

4.10.3.1 General information on credit risk

4.10.3.1.1 General qualitative information on credit risk

The Bank's credit risk management policies; under the relevant legislation in line with the bank's credit strategy approved by the Board are created based on the prudence, sustainability and customer's credit worthiness principles.

Diversification to avoid concentrations are performed while determining the Bank's credit risk profile. Credit portfolios are evaluated depending upon the credit type, managed aggregately during their life cycle. Customer selection is made in accordance with the policies and strategies, affordability of the borrower to fulfil on a timely basis all financial obligations with his expected cash flows from foreseeable specific transactions or from its regular operations; without depending upon guarantors, bondsmen or pledged assets is predicated.

Necessary risk rating/scoring models are developed for the different portfolios of the Bank. These models are created by ensuring the best separation of the customers in terms of their credibility and grading them using the objective criteria. The outputs of the internal rating and scoring models that developed based on the each portfolio, as well as an important part of the loan approval process, but also these models are used measuring the default risk of the customer and the portfolio, doing analysis regarding expected loss, internal capital, risk-based provision, risk-based pricing and similar analyses.

The general risk policy including the risk appetite and indicators is determined by the Board. Risk management is provided in order to reach the determined targets by carrying out a continuous monitoring process with a proper classification of risks and customers in scope of the effective management mentality. The limit framework and delegation rules are specified by establishing proper decision systems in order to assess the risks correctly. Optimum limit levels are determined by taking into account the loss and returns during the limit setting process.

The security intelligence and analysis are done in order to measure the creditworthiness of the customer that will be entered in a credit relationship. Before the credit decisions, customer analysis is examined and evaluated by producing all factors (qualitative and quantitative data) that effected and will be effected the historical, current and future performance of the customer.

Credit risk management is a structured process where credit risks are consistently assessed, quantified and monitored. In order to take the right decision, during the credit process which begins with the application of the customer and includes the phases of determination of the customer's credibility, collateralization, loan configuration, approval and usage, monitoring and closing the exposure, all required information and documents intended to identify the customer are collected in a centralized database, with this information the customer's financial strength is analysed, credit risk analysis is done, are graded according to customer LOB and activity fields and the information is kept updated by inquiring the customers. Before a loan is granted, it is ensured that risks are well-understood, sufficient evaluation has been done and after the loan is granted the loan is monitored, controlled and reported. Credit risk is managed on a portfolio basis considering the risk/return balance and asset quality of the Bank in the scope of the principles specified in the credit risk policy documents. Furthermore, loan based assessment, allocation and monitoring are carried out within the framework of related processes by related units in the Credit Group. Credit proposals, on the basis of the determined amount and in the framework of levels of authority, are concluded after being evaluated by the Regional Offices, Loans units of Headquarters, if required by the Credit Committee and the Board of Directors. Credit approval authority can be transferred starting from the Board of Directors. The authorities of Headquarters and Credit Regional Offices shall be notified in written and transfer of authority can be done.

Each unit operating in credit risk management is responsible for identifying risks arising from its own process, activities and systems, informing senior management and taking necessary action to reduce risk level.

Risk management activities are conducted in accordance with the Bank's risk appetite and capacity by using risk measurement and management tools within the policies which is established by the Board of Directors.

In this context, organizational structure related to credit risk management and control functions are detailed below: Units within the scope of Credit Risk Management; Corporate and Special Loans, Commercial Loans, Featured Collections, Commercial Products Collection, Bank and Country Risk, Retail and SME Loans Risk Strategies, Retail and SME Loans Evaluation, Retail Products Collection, Risk Planning Monitoring and Reporting, Risk Analytics, Technology and Innovation and Region Coordination.

Credit risks are measured, monitored and reported by the Risk Management.

In addition, decisions regarding the credit policy in the corporate governance framework are taken by the relevant committees. In this context, there are Corporate and Commercial Loans Risk Committee, Retail Loans Risk Committee, Risk Management Committee and Board of Risk Committee. Allocated limits and conditions that exceeding the limits with their usage, evaluations regarding major risks and non-performing loans with high risk, information regarding NPLs, the data regarding the portfolios of subsidiaries are reported to senior management on a regular basis.

Internal control functions are based on three line of defence approach and performed as per the internal control model. In this content, control activities are carried out under the control programs prepared for the designated checkpoints and the methodologies by business units responsible in the first line of defence. For credit risk, centralized controls of guarantees and contracts are carried out by the staff of head office's Marketing Units according to a strategy which covers all branches. In the second line of defence, the existence, adequacy and appropriateness of the first level controls are evaluated by Internal Control Center via conducted branch visits.

4.10.3.1.2 Credit quality of assets

	<i>Current Period</i>	<i>Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)</i>		<i>Allowances/amortisation and impairments</i>	<i>Net values</i>
		<i>Defaulted</i>	<i>Non-defaulted</i>		
1	Loans	5,290,468	242,490,377	4,256,054	243,524,791
2	Debt securities	-	43,327,723	-	43,327,723
3	Off-balance sheet exposures	345,506	66,363,980	121,901	66,587,585
4	Total	5,635,974	352,182,080	4,377,955	353,440,099

	<i>Prior Period</i>	<i>Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)</i>		<i>Allowances/amortisation and impairments</i>	<i>Net values</i>
		<i>Defaulted</i>	<i>Non-defaulted</i>		
1	Loans	5,272,774	218,543,090	4,267,491	219,548,373
2	Debt securities	-	42,400,852	-	42,400,852
3	Off-balance sheet exposures	355,861	68,200,685	134,609	68,421,937
4	Total	5,628,635	329,144,627	4,402,100	330,371,162

4.10.3.1.3 Changes in stock of default loans and debt securities

	<i>Current Period</i>	<i>Prior Period</i>
1 Defaulted loans and debt securities at end of the previous reporting period	5,272,774	4,404,024
2 Loans and debt securities that have defaulted since the last reporting period	1,068,496	3,232,458
3 Receivables back to non-defaulted status	-	-
4 Amounts written off (-)	334,216	1,077,347
5 Other changes (-)	716,586	1,286,361
6 Defaulted loans and debt securities at end of the reporting period	5,290,468	5,272,774

4.10.3.1.4 Additional information on credit quality of assets

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

4.10.3.2 Credit risk mitigation

4.10.3.2.1 Qualitative disclosure on credit risk mitigation techniques

The Bank assesses the cash flow of the activity or investment subject to credit as the primary repayment source during the credit assignment process.

Calculating the value of the collateral depends on margins determined according to market and FX risks. Standard margins in use throughout the Bank are specific to type of the collateral and changes according to the currency of the collateral.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to Banking information system. Operational transactions are handled by centralized operation unit (ABACUS). During the credit utilization, compliance of all conditions between credit decision and credit utilization (such as collateral conditions) are controlled systematically.

The Bank monitors up to date value of the collaterals by type. Credit monitoring process involves the control of the balance between the value of the collateral and risk besides creditworthiness of the customer.

The Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals, that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

4.10.3.2.2 Credit risk mitigation techniques

	<i>Current Period</i>	<i>Exposures unsecured: carrying amount as per TAS</i>	<i>Exposures secured by collateral</i>	<i>Collateralized amount of exposures secured by collateral</i>	<i>Exposures secured by financial guarantees</i>	<i>Collateralized amount of exposures secured by financial guarantees</i>	<i>Exposures secured by credit derivatives</i>	<i>Collateralized amount of exposures secured by credit derivatives</i>
1	Loans	223,256,636	20,268,156	18,118,755	13,483,801	11,774,621	-	-
2	Debt securities	43,327,723	-	-	-	-	-	-
3	Total	266,584,359	20,268,156	18,118,755	13,483,801	11,774,621	-	-
4	Of which defaulted	5,290,468	-	-	-	-	-	-

	<i>Prior Period</i>	<i>Exposures unsecured: carrying amount as per TAS</i>	<i>Exposures secured by collateral</i>	<i>Collateralized amount of exposures secured by collateral</i>	<i>Exposures secured by financial guarantees</i>	<i>Collateralized amount of exposures secured by financial guarantees</i>	<i>Exposures secured by credit derivatives</i>	<i>Collateralized amount of exposures secured by credit derivatives</i>
1	Loans	169,225,213	50,323,160	41,649,191	-	-	-	-
2	Debt securities	42,400,852	-	-	-	-	-	-
3	Total	211,626,065	50,323,160	41,649,191	-	-	-	-
4	Of which defaulted	5,263,721	9,053	3,539	-	-	-	-

4.10.3.3 Credit risk under standardised approach

4.10.3.3.1 Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The international risk ratings are used for the exposures to central governments and central banks, whereas for central governments and central banks that are not rated by Fitch Ratings, the published country ratings as announced by the Organisation for Economic Cooperation and Development (OECD) are used.

According to the regulation on capital adequacy, external risk ratings are used only for the exposures to banks and brokerage houses and to corporates where the counterparties are resident in abroad, to determine their risk weights. Where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

In the determination of risk weights; if a relevant rating is available then such rating, but if it is an unrated exposure then the rating available for the issuer is used.

Rating notes issued by Fitch Ratings are presented in the table below, as per credit quality levels and risk weights per risk classes:

Credit Quality Step	Fitch Ratings long term credit rating	Risk Classes			
		Exposures to Central Governments or Central Banks	Exposures to Banks and Brokerage Houses		Exposures to Corporates
			Exposures with Original Maturities Less Than 3 Months	Exposures with Original Maturities More Than 3 Months	
1	AAA to AA-	0%	20%	20%	20%
2	A+ to A-	20%	20%	50%	50%
3	BBB+ to BBB-	50%	20%	50%	100%
4	BB+ to BB-	100%	50%	100%	100%
5	B+ to B-	100%	50%	100%	150%
6	CCC+ and below	150%	150%	150%	150%

4.10.3.3.2 Credit risk exposure and credit risk mitigation techniques

	Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density (%)
1	Exposures to sovereigns and their central banks	84,906,410	782,336	84,906,410	243,591	8,521,840	10.01
2	Exposures to regional and local governments	103,573	147	103,573	61	51,817	50.00
3	Exposures to administrative bodies and non-commercial entities	154,033	6,955	154,033	2,170	156,203	100.00
4	Exposures to multilateral development banks	257,936	-	257,936	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	15,004,128	19,432,851	10,896,746	3,042,274	7,561,096	54.24
7	Exposures to corporates	89,599,178	48,088,551	87,410,250	19,600,651	105,229,526	98.34
8	Retail exposures	61,479,875	44,069,481	61,038,039	3,953,932	48,740,396	74.99
9	Exposures secured by residential property	19,418,084	137,393	19,414,176	72,239	6,820,245	35.00
10	Exposures secured by commercial property	18,044,516	2,391,658	18,025,120	1,404,092	12,328,689	63.45
11	Past-due items	753,181	10	753,181	-	668,045	88.70
12	Exposures in high-risk categories	281,278	105,427	281,278	46,818	467,192	142.39
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	39,504	-	39,504	-	-	-
16	Other exposures	7,761,382	-	7,761,382	-	5,324,795	68.61
17	Equity share investments	6,665,023	-	6,665,023	-	6,665,022	100.00
18	Total	304,468,101	115,014,809	297,706,651	28,365,828	202,534,866	62.11

	<i>Prior Period</i>	<i>Exposures before CCF and CRM</i>		<i>Exposures post-CCF and CRM</i>		<i>RWA and RWA density</i>	
		<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>RWA</i>	<i>RWA density (%)</i>
1	Exposures to sovereigns and their central banks	59,026,025	943,275	59,026,025	305,675	12,008,190	20.24
2	Exposures to regional and local governments	119,617	144	119,617	60	56,248	47.00
3	Exposures to administrative bodies and non-commercial entities	46,803	5,550	46,803	1,836	48,639	100.00
4	Exposures to multilateral development banks	190,237	-	190,237	-	55,402	29.12
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	19,460,274	16,155,852	15,231,090	3,025,652	7,381,825	40.43
7	Exposures to corporates	90,625,121	50,984,161	88,536,942	20,026,901	105,680,104	97.34
8	Retail exposures	59,175,832	41,226,791	58,766,787	3,582,135	46,760,767	75.00
9	Exposures secured by residential property	18,572,321	151,697	18,568,045	77,622	6,525,984	35.00
10	Exposures secured by commercial property	16,338,647	1,655,679	16,323,202	960,619	11,054,150	63.96
11	Past-due items	705,142	1,363	705,142	-	596,794	84.63
12	Exposures in high-risk categories	300,186	129,325	300,186	58,543	509,274	141.97
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	9,044,069	-	9,044,069	-	6,125,946	67.73
17	Equity share investments	5,266,254	-	5,266,254	-	5,229,197	99.30
18	Total	278,870,528	111,253,837	272,124,399	28,039,043	202,032,520	67.31

4.10.3.3 Exposures by asset classes and risk weights

Current Period

	Regulatory portfolio	0%	10%	20%	35% secured by property mortgage	50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
1	Exposures to sovereigns and their central banks	76,584,140	-	103	-	87,878	-	8,477,880	-	-	-	85,150,001
2	Exposures to regional and local government	-	-	-	-	103,633	-	1	-	-	-	103,634
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	156,203	-	-	-	156,203
4	Exposures to multilateral development banks	257,936	-	-	-	-	-	-	-	-	-	257,936
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	0
6	Exposures to banks and brokerage houses	-	-	4,612,449	-	5,375,930	-	3,950,641	-	-	-	13,939,020
7	Exposures to corporates	-	-	379,776	-	2,955,111	-	103,676,014	-	-	-	107,010,901
8	Retail exposures	-	-	928	-	12,306	64,978,713	24	-	-	-	64,991,971
9	Exposures secured by residential property	-	-	-	19,486,415	-	-	-	-	-	-	19,486,415
10	Exposures secured by commercial property	-	-	-	-	14,201,046	-	5,228,166	-	-	-	19,429,212
11	Past-due items	-	-	-	-	170,271	-	582,910	-	-	-	753,181
12	Exposures in high-risk categories	-	-	-	-	16,699	-	16,505	294,892	-	-	328,096
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	39,504	-	-	-	-	-	-	-	-	-	39,504
16	Equity share investments	-	-	-	-	-	-	6,665,023	-	-	-	6,665,023
17	Other exposures	2,436,365	-	280	-	-	-	5,324,737	-	-	-	7,761,382
18	Total	79,317,945	-	4,993,536	19,486,415	22,922,874	64,978,713	134,078,104	294,892	-	-	326,072,479

Prior Period

	Regulatory portfolio	0%	10%	20%	35% secured by property mortgage	50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
1	Exposures to sovereigns and their central banks	35,315,311	-	25	-	24,016,357	-	7	-	-	-	59,331,700
2	Exposures to regional and local government	-	-	11,970	-	107,707	-	-	-	-	-	119,677
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	48,639	-	-	-	48,639
4	Exposures to multilateral development banks	-	-	132,386	-	57,851	-	-	-	-	-	190,237
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	-	6,040,661	-	12,084,776	-	131,305	-	-	-	18,256,742
7	Exposures to corporates	-	-	479,188	-	5,000,778	-	103,083,877	-	-	-	108,563,843
8	Retail exposures	-	-	630	-	2,307	62,345,985	-	-	-	-	62,348,922
9	Exposures secured by residential property	-	-	-	18,645,667	-	-	-	-	-	-	18,645,667
10	Exposures secured by commercial property	-	-	-	-	12,459,341	-	4,824,480	-	-	-	17,283,821
11	Past-due items	-	-	-	-	216,697	-	488,445	-	-	-	705,142
12	Exposures in high-risk categories	-	-	-	-	19,031	-	19,577	320,121	-	-	358,729
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-
16	Equity share investments	37,057	-	-	-	-	-	5,229,197	-	-	-	5,266,254
17	Other exposures	2,916,168	-	2,444	-	-	-	6,125,457	-	-	-	9,044,069
18	Total	38,268,536	-	6,667,304	18,645,667	53,964,845	62,345,985	119,950,984	320,121	-	-	300,163,442

4.10.4 Counterparty credit risk

4.10.4.1 Qualitative disclosure on counterparty credit risk

Counterparty credit risk management policies include evaluating and monitoring risk developments, taking necessary measures, setting risk limits, ensuring that the risks remain within the limits, and establishing required reporting, control and audit mechanisms by using the methods aligned with both international standards and local regulations. The policies regarding counterparty credit risk measurement, monitoring, and limit settings are defined by the Board of Directors.

Regulatory counterparty credit risk for derivative transactions, repurchase transactions, security and commodity lending/borrowing transactions is calculated according to Fair Value Method per "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks Annex II".

In addition, in the process of monitoring counterparty credit risk, the Bank also apply calculations in accordance with Internal Model Method (IMM). Potential Future Exposure (PFE) and Effective Expected Positive Exposure (EEPE) are calculated for internal measurement of counterparty credit risk. The contractual agreements with counterparties are also taken into consideration in PFE calculations. Internal capital for counterparty credit risk is calculated based upon internal model method.

Counterparty credit risk arising from derivative transactions is periodically being monitored and reported by Market Risk and Credit Risk Control Unit on a product, country, type of counterparty and counterparty basis.

4.10.4.2 Counterparty credit risk (CCR) approach analysis

	<i>Current Period</i>	<i>Replacement cost</i>	<i>Potential future exposure</i>	<i>EEPE(Effective Expected Positive Exposure)</i>	<i>Alpha used for computing regulatory EAD</i>	<i>EAD post-CRM</i>	<i>RWA</i>
1	Standardised Approach - CCR (for derivatives)	2,586,177	1,608,836		1.4	4,161,220	2,205,152
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					2,647,840	193,229
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						2,398,381

	<i>Prior Period</i>	<i>Replacement cost</i>	<i>Potential future exposure</i>	<i>EEPE(Effective Expected Positive Exposure)</i>	<i>Alpha used for computing regulatory EAD</i>	<i>EAD post-CRM</i>	<i>RWA</i>
1	Standardised Approach - CCR (for derivatives)	3,972,361	1,639,214		1.4	5,601,824	2,911,950
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					1,765,439	552,309
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						3,464,259

4.10.4.3 Capital requirement for credit valuation adjustment (CVA)

	<i>Current Period</i>	<i>EAD post-CRM</i>	<i>RWA</i>
	Total portfolios subject to the Advanced CVA capital obligation	-	-
1	(i) VaR component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital obligation	4,161,220	1,376,099
4	Total subject to the CVA capital obligation	4,161,220	1,376,099

	<i>Prior Period</i>	<i>EAD post-CRM</i>	<i>RWA</i>
	Total portfolios subject to the Advanced CVA capital obligation	-	-
1	(i) VaR component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital obligation	5,601,824	1,806,311
4	Total subject to the CVA capital obligation	5,601,824	1,806,311

4.10.4.4 CCR exposures by risk class and risk weights

Current Period

Risk weight	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure
Regulatory portfolio									
Exposures to sovereigns and their central banks	1,553,378	-	-	-	-	-	-	-	1,553,378
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	1	-	-	1
Exposures to multilateral development banks	542,071	-	-	-	-	-	-	-	542,071
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	1,088,207	2,846,914	-	31,928	-	-	3,967,049
Exposures to corporates	-	-	565	356	-	663,333	-	-	664,254
Retail exposures	-	-	-	-	82,307	-	-	-	82,307
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	2,095,449	-	1,088,772	2,847,270	82,307	695,262	-	-	6,809,060

Prior Period

Risk weight	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure
Regulatory portfolio									
Exposures to sovereigns and their central banks	90,039	-	-	-	-	-	-	-	90,039
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	4	-	-	4
Exposures to multilateral development banks	413,954	-	-	-	-	-	-	-	413,954
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	1,033,639	5,082,247	-	-	-	-	6,115,886
Exposures to corporates	-	-	546	37,511	4	662,182	-	-	700,243
Retail exposures	-	-	-	-	47,137	-	-	-	47,137
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	503,993	-	1,034,185	5,119,758	47,141	662,186	-	-	7,367,263

4.10.4.5 Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	3,579	-	-	-	9,554,774	-
Cash-foreign currency	30,214	-	-	-	2,817,592	-
Domestic sovereign debts	-	-	-	-	-	13,527,980
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	556,173
Total	33,793	-	-	-	12,372,366	14,084,153

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	4,944	-	-	-	8,257,240	-
Cash-foreign currency	4,807	-	-	-	4,804,917	-
Domestic sovereign debts	-	-	-	-	-	13,323,129
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	9,751	-	-	-	13,062,157	13,323,129

4.10.4.6 Credit derivatives

	Current Period		Prior Period	
	Protection bought	Protection sold	Protection bought	Protection sold
Notionals				
Single-name credit default swaps	175,550	-	87,825	-
Index credit default swaps	-	-	-	-
Total return swaps	-	7,022,000	-	7,026,000
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total Notionals	175,550	7,022,000	87,825	7,026,000
Fair Values				
Positive fair values (asset)	-	24,374	215	6,677
Negative fair values (liability)	3,469	45,817	-	401,821

4.10.5 Securitisations

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

4.10.6 Market risk

4.10.6.1 Qualitative disclosure on market risk

Market risk is managed in accordance with the Market Risk Strategy defined by the Bank. The Bank takes economic climate, market and liquidity conditions and their effects on market risk, the structure of portfolio subject to market risk, the sufficiency of Bank's definition, measurement, evaluation, monitoring, reporting, control and mitigation of market risk and the availability of the related processes into account while defining the Strategy. Market Risk Strategy is reviewed by the Board of Directors and related top management by considering financial performance, capital required for market risk, and the existing market developments. Market Risk Strategy for internal use, implementation fundamentals and procedures are being developed on bank-only and consolidated level in consideration of the size and complexity of the operations.

Market risk is managed through measuring the risks in parallel with the international standards, setting the limits, capital reserving and additionally through mitigating via hedging transactions.

Market Risk Function under Market Risk and Credit Risk Control Department monitors the activities of Treasury Department via risk reports and the limits approved by the Board of Directors. The Bank establishes the Market Risk appetite in accordance with VaR, internal capital, and Stop/Loss.

Market Risk, which is defined as the risk arising from the price fluctuations in balance sheet and off-balance sheet trading positions, is being calculated and reported daily via Value at Risk (VaR) Model. VaR calculation is used in internal capital and monitored by limit setting regarding risk management. Hypothetical and actual variance based backtesting is conducted to measure the reliability and performance of the VaR model.

Concentration analyses are conducted in accordance with VaR analysis. Sensitivities on basis of product and risk factor are determined with these analyses.

4.10.6.2 Market risk under standardised approach

		<i>RWA</i>	
		<i>Current Period</i>	<i>Prior Period</i>
	Outright products	5,433,581	5,266,724
1	Interest rate risk (general and specific)	1,189,113	1,718,225
2	Equity risk (general and specific)	40,292	42,274
3	Foreign exchange risk	4,064,088	3,067,938
4	Commodity risk	140,088	438,287
	Options	165,225	437,400
5	Simplified approach	-	-
6	Delta-plus method	165,225	437,400
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	5,598,806	5,704,124

4.10.7 Operational risk

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

4.10.8 Banking book interest rate risk

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

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,295,277	745,563	1,357,688	681,875
Central Bank of Turkey	6,125,242	27,656,158	5,366,015	15,500,506
Others	-	395,805	-	879,050
Total	7,420,519	28,797,526	6,723,703	17,061,431

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	2,254,304	5,488,804	5,366,015	155
Unrestricted Time Deposits	-	-	-	38
Restricted Time Deposits	3,870,938	22,167,354	-	15,500,313
Total	6,125,242	27,656,158	5,366,015	15,500,506

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	159,582	33,019	257,212	38,001
Swap Transactions	1,327,716	451,451	1,936,417	702,752
Futures	-	-	-	1,097
Options	120,437	9,994	426,694	28,812
Other	-	-	-	-
Total	1,607,735	494,464	2,620,323	770,662

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

None.

5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	6,744	28,878	55,714	746
Foreign banks	94,028	8,152,470	390,940	11,871,526
Foreign headoffices and branches	-	-	-	-
Total	100,772	8,181,348	446,654	11,872,272

The placements at foreign banks include blocked accounts amounting TL 6,036,403 thousands (31 December 2016: TL 7,439,697 thousands) of which TL 147,833 thousands (31 December 2016: TL 116,841 thousands) and TL 104,330 thousands (31 December 2016: TL 96,147 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 5,784,240 thousands (31 December 2016: TL 7,226,709 thousands) as collateral against funds borrowed at various banks.

Due from foreign banks

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

5.1.4 Financial assets available-for-sale

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	11,986,998	7,032	2,976,848	-
Assets subject to Repurchase Agreements	309,034	-	4,306,605	-
Total	12,296,032	7,032	7,283,453	-

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

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	18,468,923	18,572,775
Quoted at Stock Exchange	17,920,678	18,035,819
Unquoted at Stock Exchange	548,245	536,956
Common Shares/Investment Funds	160,277	155,150
Quoted at Stock Exchange (*)	81,570	82,203
Unquoted at Stock Exchange	78,707	72,947
Value Increases/Impairment Losses (-)	2,034,033	1,184,644
Total	20,663,233	19,912,569

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	-	352,587	-	166,331
Corporates	-	352,587	-	166,331
Individuals	-	-	-	-
Indirect Lendings to Shareholders	2,314,001	644,318	2,121,617	474,103
Loans to Employees	244,450	11	222,026	101
Total	2,558,451	996,916	2,343,643	640,535

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

Current Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total) ^(*)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
Extension of Repayment Plan		Other Changes	Extension of Repayment Plan		Other Changes	
Loans	189,849,285	2,855,591	436,487	10,611,536	4,329,044	1,054,164
Working Capital Loans	33,135,686	269,498	-	1,257,806	685,828	228,027
Export Loans	10,319,276	61,633	-	263,897	92,441	40,117
Import Loans	4,809	-	-	-	-	-
Loans to Financial Sector	4,114,433	10	-	25	-	-
Consumer Loans	43,325,573	2,241,317	-	1,760,954	603,656	52,866
Credit Cards	19,354,530	-	436,487	390,456	-	191,149
Others	79,594,978	283,133	-	6,938,398	2,947,119	542,005
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	189,849,285	2,855,591	436,487	10,611,536	4,329,044	1,054,164

^(*) The loan granted to the shareholder of a strategically important company operating in the telecommunication sector amounting to USD 951,407,360.63 and EUR 7,836,818.70 are classified under "Performing Loans and Other Receivables". Discussions between the shareholders of the company, creditor banks and related sovereign institutions have started regarding restructuring of loans granted including a possible change in shareholder structure, and a positive outcome of these discussions is expected.

As of 30 June 2017, loans amounting to TL 5,611,774 thousands (31 December 2016: TL 5,269,501 thousands) are benefited as collateral under funding transactions.

<i>Prior Period</i>	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total) ^(*)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Cash Loans						
Loans	175,775,487	3,571,299	428,047	9,267,458	4,128,388	718,164
Working Capital Loans	21,388,726	475,748	-	1,165,695	512,795	175,499
Export Loans	8,998,517	136,762	-	254,813	109,642	23,312
Import Loans	241	-	-	-	-	-
Loans to Financial Sector	4,913,881	318	-	48	-	-
Consumer Loans	40,856,208	2,333,953	-	1,919,430	647,127	55,300
Credit Cards	18,332,885	-	428,047	521,527	-	280,601
Others	81,285,029	624,518	-	5,405,945	2,858,824	183,452
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	175,775,487	3,571,299	428,047	9,267,458	4,128,388	718,164

(*) The loan granted to the shareholder of a strategically important company operating in the telecommunication sector amounting to USD 951,407,360.63 is classified under "Performing Loans and Other Receivables". Discussions between the shareholders of the company, creditor banks and related sovereign institutions have started regarding restructuring of loans granted including a possible change in shareholder structure, and a positive outcome of these discussions is expected.

Collaterals received for loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial	Consumer Loans	Credit Cards	Total
	Loans			
Loans Collateralized by Cash	44,737	3,238	-	47,975
Loans Collateralized by Mortgages	5,321,384	936,692	-	6,258,076
Loans Collateralized by Pledged Assets	171,560	63,999	-	235,559
Loans Collateralized by Cheques and Notes	58,778	500,441	-	559,219
Loans Collateralized by Other Collaterals	2,456,727	8,494	-	2,465,221
Unsecured Loans	406,940	248,090	390,456	1,045,486
Total	8,460,126	1,760,954	390,456	10,611,536

<i>Prior Period</i>	Corporate/ Commercial	Consumer Loans	Credit Cards	Total
	Loans			
Loans Collateralized by Cash	47,618	4,620	-	52,238
Loans Collateralized by Mortgages	3,995,662	974,409	-	4,970,071
Loans Collateralized by Pledged Assets	1,006,009	69,944	-	1,075,953
Loans Collateralized by Cheques and Notes	12,488	560,040	-	572,528
Loans Collateralized by Other Collaterals	1,370,667	9,058	-	1,379,725
Unsecured Loans	394,057	301,359	521,527	1,216,943
Total	6,826,501	1,919,430	521,527	9,267,458

Delinquency periods of loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	174,381	709,410	135,715	1,019,506
61-90 days	95,661	281,656	57,287	434,604
Others	8,190,084	769,888	197,454	9,157,426
Total	8,460,126	1,760,954	390,456	10,611,536

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	174,568	740,357	194,622	1,109,547
61-90 days	153,267	261,027	56,740	471,034
Others	6,498,666	918,046	270,165	7,686,877
Total	6,826,501	1,919,430	521,527	9,267,458

Loans and other receivables with extended payment plans;

No. of Extensions	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
1 or 2 times	2,809,719	4,181,893	3,247,551	4,038,596
3, 4 or 5 times	35,115	105,180	106,419	78,645
Over 5 times	10,757	41,971	217,329	11,147

Extention Periods	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
0-6 months	225,864	745,852	341,505	702,729
6-12 months	194,416	173,911	442,811	182,553
1-2 years	1,056,588	438,265	1,406,109	302,040
2-5 year	1,216,361	1,857,891	1,219,866	1,753,567
5 years and over	162,362	1,113,125	161,008	1,187,499

5.1.5.3 Maturity analysis of cash loans

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

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	767,133	43,365,593	44,132,726
Housing Loans	31,137	22,382,046	22,413,183
Automobile Loans	48,911	2,104,903	2,153,814
General Purpose Loans	687,085	18,878,644	19,565,729
Other	-	-	-
Consumer Loans – FC-indexed	71	152,515	152,586
Housing Loans	71	152,301	152,372
Automobile Loans	-	2	2
General Purpose Loans	-	212	212
Other	-	-	-
Consumer Loans – FC	276	46,829	47,105
Housing Loans	-	25,798	25,798
Automobile Loans	258	13,656	13,914
General Purpose Loans	18	7,375	7,393
Other	-	-	-
Retail Credit Cards – TL	15,797,163	654,577	16,451,740
With Installment	7,574,530	654,577	8,229,107
Without Installment	8,222,633	-	8,222,633
Retail Credit Cards – FC	55,118	-	55,118
With Installment	-	-	-
Without Installment	55,118	-	55,118
Personnel Loans – TL	19,888	108,538	128,426
Housing Loan	-	1,732	1,732
Automobile Loans	-	24	24
General Purpose Loans	19,888	106,782	126,670
Other	-	-	-
Personnel Loans - FC-indexed	-	377	377
Housing Loans	-	377	377
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	98	98
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	98	98
Other	-	-	-
Personnel Credit Cards – TL	113,610	1,007	114,617
With Installment	47,638	1,007	48,645
Without Installment	65,972	-	65,972
Personnel Credit Cards – FC	932	-	932
With Installment	-	-	-
Without Installment	932	-	932
Deposit Accounts– TL (Real persons)	625,209	-	625,209
Deposit Accounts– FC (Real persons)	-	-	-
Total	17,379,400	44,329,534	61,708,934

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	745,039	41,174,705	41,919,744
Housing Loans	29,927	21,414,214	21,444,141
Automobile Loans	66,063	2,133,790	2,199,853
General Purpose Loans	649,049	17,626,701	18,275,750
Other	-	-	-
Consumer Loans – FC-indexed	188	172,014	172,202
Housing Loans	188	171,585	171,773
Automobile Loans	-	2	2
General Purpose Loans	-	427	427
Other	-	-	-
Consumer Loans – FC	141	46,333	46,474
Housing Loans	-	26,918	26,918
Automobile Loans	112	12,136	12,248
General Purpose Loans	29	7,279	7,308
Other	-	-	-
Retail Credit Cards – TL	15,172,949	775,677	15,948,626
With Installment	7,403,316	775,677	8,178,993
Without Installment	7,769,633	-	7,769,633
Retail Credit Cards – FC	45,286	-	45,286
With Installment	16	-	16
Without Installment	45,270	-	45,270
Personnel Loans – TL	21,508	91,980	113,488
Housing Loan	-	1,165	1,165
Automobile Loans	-	90	90
General Purpose Loans	21,508	90,725	112,233
Other	-	-	-
Personnel Loans - FC-indexed	-	378	378
Housing Loans	-	378	378
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	163	163
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	163	163
Other	-	-	-
Personnel Credit Cards – TL	106,354	1,060	107,414
With Installment	43,217	1,060	44,277
Without Installment	63,137	-	63,137
Personnel Credit Cards – FC	583	-	583
With Installment	-	-	-
Without Installment	583	-	583
Deposit Accounts– TL (Real persons)	523,189	-	523,189
Deposit Accounts– FC (Real persons)	-	-	-
Total	16,615,237	42,262,310	58,877,547

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,596,798	15,099,843	16,696,641
Real Estate Loans	1,462	840,035	841,497
Automobile Loans	131,065	2,186,722	2,317,787
General Purpose Loans	1,464,271	12,073,086	13,537,357
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	226,760	2,293,742	2,520,502
Real Estate Loans	-	72,876	72,876
Automobile Loans	4,745	762,805	767,550
General Purpose Loans	222,015	1,458,061	1,680,076
Other	-	-	-
Installment-based Commercial Loans – FC	107	85,476	85,583
Real Estate Loans	-	373	373
Automobile Loans	18	13,245	13,263
General Purpose Loans	89	71,858	71,947
Other	-	-	-
Corporate Credit Cards – TL	3,056,889	52,718	3,109,607
With Installment	1,443,290	52,718	1,496,008
Without Installment	1,613,599	-	1,613,599
Corporate Credit Cards – FC	12,972	-	12,972
With Installment	293	-	293
Without Installment	12,679	-	12,679
Deposit Accounts– TL (Corporates)	865,512	-	865,512
Deposit Accounts– FC (Corporates)	-	-	-
Total	5,759,038	17,531,779	23,290,817

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,767,307	11,094,610	12,861,917
Real Estate Loans	3,262	831,376	834,638
Automobile Loans	107,647	2,174,041	2,281,688
General Purpose Loans	1,656,398	8,089,193	9,745,591
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	264,798	2,405,434	2,670,232
Real Estate Loans	-	72,529	72,529
Automobile Loans	8,927	730,518	739,445
General Purpose Loans	255,871	1,602,387	1,858,258
Other	-	-	-
Installment-based Commercial Loans – FC	710	86,457	87,167
Real Estate Loans	-	637	637
Automobile Loans	42	14,356	14,398
General Purpose Loans	668	71,464	72,132
Other	-	-	-
Corporate Credit Cards – TL	2,687,757	53,475	2,741,232
With Installment	1,279,033	53,475	1,332,508
Without Installment	1,408,724	-	1,408,724
Corporate Credit Cards – FC	11,271	-	11,271
With Installment	176	-	176
Without Installment	11,095	-	11,095
Deposit Accounts– TL (corporates)	881,614	-	881,614
Deposit Accounts– FC (corporates)	-	-	-
Total	5,613,457	13,639,976	19,253,433

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	196,772,213	181,422,064
Foreign Loans	3,688,608	3,620,881
Total	200,460,821	185,042,945

5.1.5.8 Loans to associates and affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	897,103	842,967
Indirect Lending	-	-
Total	897,103	842,967

5.1.5.9 Specific provisions for loans

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	336,873	451,816
Doubtful Loans and Receivables	954,044	1,126,227
Uncollectible Loans and Receivables	2,965,137	2,689,448
Total	4,256,054	4,267,491

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

Non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
(Gross Amounts before Specific Provisions)	124,994	594,420	787,840
Restructured Loans and Receivables	124,994	594,420	787,840
Rescheduled Loans and Receivables	-	-	-
<i>Prior Period</i>			
(Gross Amounts before Specific Provisions)	125,617	665,093	717,588
Restructured Loans and Receivables	125,617	665,093	717,588
Rescheduled Loans and Receivables	-	-	-

Movements in non-performing loans and other receivables

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balances at Beginning of Period	576,487	1,476,489	3,219,798
Additions during the Period (+)	1,013,956	29,948	24,592
Transfer from Other NPL Categories (+)	-	956,972	995,186
Transfer to Other NPL Categories (-)	956,972	995,186	-
Collections during the Period (-)	214,294	215,512	286,780
Write-offs (-) (*)	-	13,249	320,967
Corporate and Commercial Loans	-	12,765	84,470
Retail Loans	-	484	107,579
Credit Cards	-	-	128,918
Others	-	-	-
Balances at End of Period	419,177	1,239,462	3,631,829
Specific Provisions (-)	336,873	954,044	2,965,137
Net Balance on Balance Sheet	82,304	285,418	666,692

(*) of which TL 334,214 thousands is resulted from sale of non-performing loans.

<i>Prior Period</i>	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	786,183	756,847	2,860,995
Additions during the Period (+)	3,048,885	56,393	127,180
Transfer from Other NPL Categories (+)	-	2,781,448	1,798,932
Transfer to Other NPL Categories (-)	2,781,448	1,798,932	-
Collections during the Period (-)	477,133	317,939	491,290
Write-offs (-) (*)	-	1,328	1,076,019
Corporate and Commercial Loans	-	1,178	515,367
Retail Loans	-	-	289,608
Credit Cards	-	150	271,044
Others	-	-	-
Balances at End of Period	576,487	1,476,489	3,219,798
Specific Provisions (-)	451,816	1,126,227	2,689,448
Net Balance on Balance Sheet	124,671	350,262	530,350

(*) of which TL 1,059,931 thousands is resulted from sale of non-performing loans.

Movements in specific loan provisions

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	1,916,652	1,364,327	986,512	4,267,491
Additions during the Period(+)	241,559	392,250	278,584	912,393
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	179,918	263,638	146,366	589,922
Write-offs (-) (*)	96,927	108,063	128,918	333,908
Balances at End of Period	1,881,366	1,384,876	989,812	4,256,054

(*) of which TL 333,906 thousands is resulted from sale of non-performing loans.

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	1,329,001	1,270,403	968,294	3,567,698
Additions during the Period(+)	1,255,839	897,204	591,817	2,744,860
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	152,378	514,410	302,405	969,193
Write-offs (-) (*)	515,810	288,870	271,194	1,075,874
Balances at End of Period	1,916,652	1,364,327	986,512	4,267,491

(*) of which TL 1,058,459 thousands is resulted from sale of non-performing loans.

Non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	21,325	396,631	728,588
Specific Provisions (-)	7,397	258,488	516,703
Net Balance at Balance Sheet	13,928	138,143	211,885
<i>Prior Period</i>			
Balance at End of Period	34,476	363,587	722,774
Specific Provisions (-)	29,951	234,409	512,422
Net Balance at Balance Sheet	4,525	129,178	210,352

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period (Net)</i>			
	82,304	285,418	666,692
Loans to Individuals and Corporates (Gross)	419,177	1,239,462	3,630,514
Specific Provision (-)	336,873	954,044	2,963,822
Loans to Individuals and Corporates (Net)	82,304	285,418	666,692
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,004
Specific Provision (-)	-	-	1,004
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>			
	124,671	350,262	530,350
Loans to Individuals and Corporates (Gross)	576,487	1,476,489	3,218,482
Specific Provision (-)	451,816	1,126,227	2,688,132
Loans to Individuals and Corporates (Net)	124,671	350,262	530,350
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	2,979	199	-	3,178
Loans Collateralized by Mortgages	1,394,695	155,851	-	1,550,546
Loans Collateralized by Pledged Assets	182,579	47,387	-	229,966
Loans Collateralized by Cheques and Notes	187,914	6,071	-	193,985
Loans Collateralized by Other Collaterals	930,933	909,577	-	1,840,510
Unsecured Loans	97,902	384,569	989,812	1,472,283
Total	2,797,002	1,503,654	989,812	5,290,468

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	3,016	184	-	3,200
Loans Collateralized by Mortgages	1,391,416	142,402	-	1,533,818
Loans Collateralized by Pledged Assets	192,660	47,119	-	239,779
Loans Collateralized by Cheques and Notes	211,665	7,286	-	218,951
Loans Collateralized by Other Collaterals	919,836	861,462	-	1,781,298
Unsecured Loans	95,253	413,963	986,512	1,495,728
Total	2,813,846	1,472,416	986,512	5,272,774

5.1.5.11 *Liquidation policy for uncollectible loans and receivables*

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

5.1.5.12 *Write-off policy*

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

5.1.6 **Investments held-to-maturity**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	8,065,707	3,602,470	5,793,705	4,341,183
Investments subject to Repurchase Agreements	1,544	1,002,105	3,147,892	-
Total	8,067,251	4,604,575	8,941,597	4,341,183

5.1.6.2 *Government securities held-to-maturity*

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	18,975,890	19,108,804
Treasury Bills	-	-
Other Government Securities	-	-
Total	18,975,890	19,108,804

5.1.6.3 *Investments held-to-maturity*

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	20,611,231	21,236,112
Quoted at Stock Exchange	19,968,905	20,462,344
Unquoted at Stock Exchange	642,326	773,768
Valuation Increase/(Decrease)	2,746,721	2,404,072
Total	23,357,952	23,640,184

5.1.6.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	23,640,184	21,755,812
Foreign Currency Differences On Monetary Assets	2,414	1,963,183
Purchases during the Period	191,787	498,479
Disposals through Sales/Redemptions	(819,082)	(1,186,759)
Valuation Effect	342,649	609,469
Balances at End of Period	23,357,952	23,640,184

5.1.7 Investments in associates

5.1.7.1 Investments in associates

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Bankalararası Kart Merkezi AŞ ⁽¹⁾	İstanbul/Turkey	10.15	10.15
2	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Turkey	0.77	0.77
3	İstanbul Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul/Turkey	5.25	5.28
4	Borsa İstanbul AŞ ⁽¹⁾	İstanbul/Turkey	0.30	0.30
5	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Turkey	9.09	9.09
6	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara /Turkey	2.48	2.48
7	Kredi Garanti Fonu AŞ ⁽¹⁾	Ankara /Turkey	1.69	1.69

	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	79,690	43,312	50,931	359	-	3,416	4,923	-
2	687,037	74,265	3,029	2,866	206	2,653	312	-
3	9,813,710	1,103,547	100,413	79,537	1,948	59,697	65,580	-
4	1,141,293	1,104,905	223,578	9,960	41	61,195	32,864	-
5	251,695	153,446	174,795	974	17	14,597	5,766	-
6	522,864,251	71,767,643	685,646	8,726,740	2,744,355	23,115,976	20,736,851	-
7	414,271	392,484	9,287	3,950	-	63,507	1,710	-

⁽¹⁾ Financial information is as of 31 March 2017.

⁽²⁾ Financial information is as of 31 December 2016.

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

5.1.7.2 Movement of investments in associates

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

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	<i>Current Period</i>	<i>Prior Period</i>
Banks	116	116
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	34,868	34,868
Other Associates	1,714	1,714

5.1.7.4 Quoted associates

None.

5.1.7.5 Valuation methods of investments in associates

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

5.1.7.6 Investments in associates sold during the current period

None.

5.1.7.7 Investments in associates acquired during the current period

None.

5.1.8 Investments in affiliates

5.1.8.1 Information on capital adequacy of major affiliates

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

<i>Current Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	552,977	357,848	1,544,023
Share Premium	-	-	51,980
Share Cancellation Profits	-	-	-
Legal Reserves	945,026	567,914	(257,084)
Other Comprehensive Income according to TAS	788,053	-	20,762
Current and Prior Periods' Profits	80,843	50,157	78,473
Common Equity Tier I Capital Before Deductions	2,366,899	975,919	1,438,154
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	30,689	452	365,800
Leasehold Improvements on Operational Leases (-)	-	80	6,626
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	14,315	6,757	187,093
Net Deferred Tax Asset/Liability (-)	-	-	9,668
Total Deductions from Common Equity Tier I Capital	45,004	7,289	569,187
Total Common Equity Tier I Capital	2,321,895	968,630	868,967
Total Deductions From Tier I Capital	3,578	1,689	49,190
Total Tier I Capital	2,318,317	966,941	819,777
TIER II CAPITAL	200,320	-	93,453
CAPITAL BEFORE DEDUCTIONS	2,518,637	966,941	913,230
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 (-)	-	586	-
TOTAL CAPITAL	2,518,637	966,355	913,230

<i>Prior Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	511,324	357,848	1,426,711
Share Premium	-	-	48,030
Share Cancellation Profits	-	-	-
Legal Reserves	894,029	483,911	(267,654)
Other Comprehensive Income according to TAS	652,504	-	17,074
Current and Prior Periods' Profits	50,997	84,003	9,425
Common Equity Tier I Capital Before Deductions	2,108,854	925,762	1,233,586
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	76,159	452	317,070
Leasehold Improvements on Operational Leases (-)	-	87	7,930
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	10,193	4,694	131,009
Net Deferred Tax Asset/Liability (-)	-	-	7,129
Total Deductions from Common Equity Tier I Capital	86,352	5,233	463,138
Total Common Equity Tier I Capital	2,022,502	920,529	770,448
Total Deductions From Tier I Capital	6,795	3,129	92,092
Total Tier I Capital	2,015,707	917,400	678,356
TIER II CAPITAL	185,100	-	81,435
CAPITAL BEFORE DEDUCTIONS	2,200,807	917,400	759,791
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	465	-
TOTAL CAPITAL	2,200,807	916,935	759,791

5.1.8.2 Investments in affiliates

	Affiliate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.96	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	96.40	99.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	100.00
7	Garanti Faktoring 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 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	79,775	67,327	48	3,274	3	5,072	3,976	-
2	28,764	14,705	648	366	-	(79)	1,108	-
3	5,119	3,883	5	213	20	89	(283)	-
4	2,529	1,649	1,011	-	16	51	61	-
5	2,746	1,893	46	95	-	197	450	-
6	5,240,845	975,468	9,996	199,219	-	50,157	66,137	-
7	2,776,439	199,822	7,618	132,927	-	14,369	13,733	-
8	138,325	92,119	13,299	2,615	829	24,629	14,822	-
9	67,555	60,804	3,851	3,097	-	8,592	6,122	-
10	1,947,701	1,481,047	40,908	90,251	969	155,872	121,927	-
11	17,177,359	2,336,037	107,960	263,429	35,168	80,842	18,098	-
12	1,364,035	1,363,868	-	-	-	(152)	(96)	-

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

5.1.8.3 Movement of investments in affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	5,173,864	4,446,499
Movements during the Period	677,706	727,365
Acquisitions	-	53,484
Bonus Shares Received	-	-
Earnings from Current Year Profit	388,729	398,272
Sales/Liquidations	-	(157,635)
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	61,577	13,003
Currency Differences on Foreign Affiliates	227,400	420,241
Impairment Reversals/(Losses)	-	-
Balance at End of Period	5,851,570	5,173,864
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.8.4 Sectoral distribution of investments in affiliates

Affiliates	<i>Current Period</i>	<i>Prior Period</i>
Banks	2,329,643	2,025,895
Insurance Companies	1,257,556	1,125,108
Factoring Companies	163,675	151,548
Leasing Companies	975,472	925,310
Finance Companies	1,020,988	841,767
Other Affiliates	104,236	104,236

5.1.8.5 Quoted affiliates

None.

5.1.8.6 Valuation methods of investments in affiliates

Affiliates	Current Period	Prior Period
Valued at Cost	104,236	104,236
Valued at Fair Value (*)	5,747,334	5,069,628

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

5.1.8.7 Investments in affiliates disposed during the current period

None.

5.1.8.8 Investments in affiliates acquired during the current period

None.

5.1.9 Investments in Joint-Ventures

None.

5.1.10 Lease receivables (net)

None.

5.1.11 Derivative financial assets held for risk management

5.1.11.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	55,529	4,867	73,946	10,420
Cash Flow Hedges	415,670	48,762	5,526	499,322
Net Foreign Investment Hedges	-	-	-	-
Total	471,199	53,629	79,472	509,742

As of 30 June 2017, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for risk management purposes, are summarized below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	36,518,275	109,493	119,533	30,864,971	144,968	115,007
-TL	7,333,388	55,894	24,136	8,307,595	79,472	26,671
-FC	29,184,887	53,599	95,397	22,557,376	65,496	88,336
Cross Currency Swaps	3,911,872	415,335	145,289	3,670,474	444,246	164,529
-TL	951,390	415,305	-	944,728	-	-
-FC	2,960,482	30	145,289	2,725,746	444,246	164,529
Total	40,430,147	524,828	264,822	34,535,445	589,214	279,536

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	40,212	16,924	(68,594)	(11,458)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	(25,206)	33,460	(1,384)	6,870
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(3,079)	9,983	(15,434)	(8,529)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(10,762)	-	(140,264)	(151,026)
Cross Currency Swaps	Fixed-rate commercial loans	Interest rate and foreign currency exchange rate risk	758	29	(328)	458

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	42,431	15,833	(75,781)	(17,517)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	(42,169)	48,387	(344)	5,874
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(14,515)	19,803	(17,079)	(11,791)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(13,071)	-	(164,529)	(177,600)
Cross Currency Swaps	Fixed-rate commercial loans	Interest rate and foreign currency exchange rate risk	231	343	-	574

5.1.11.1.2 Cash flow hedge accounting

Current Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	82	-	2	8	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	33,313	(18,825)	(9,159)	(11,379)	381
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	15,731	(15,296)	(14,898)	(5,880)	1,178
Cross Currency Swaps	Floating-rate securities issued	Commitments	-	(4,697)	(2,981)	(1,716)	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	415,306	-	(7,522)	(33,311)	25

As of 31 December 2016, the loss reclassified from the shareholders' equity to the income statement due to the ceased hedging transactions amounted to TL 619 thousands (30 June 2017: TL -).

Prior Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	66	-	(30)	(100)	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	46,611	(21,803)	20,313	(20,654)	(135)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	14,268	-	14,325	(3,344)	-
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	-	-	(6,677)	(12,091)	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	443,903	-	(17,541)	(89,625)	51

5.1.12 Tangible assets

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

5.1.13 Intangible assets

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

5.1.14 Investment property

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	670,370	381,270
Additions	2,183	231,273
Transfers to Tangible Assets	-	50,110
Fair Value Change	-	7,717
Net Book Value at End of Current Period	672,553	670,370

The investment property is held for operational leasing purposes.

5.1.15 Deferred tax asset

As of 30 June 2017, the Bank has a deferred tax asset of TL 210,791 thousands (31 December 2016: TL 127,709 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 June 2017. However, there is a deferred tax asset of TL 491,447 thousands (31 December 2016: TL 407,822 thousands) and deferred tax liability of TL 280,656 thousands (31 December 2016: TL 280,113 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	1,149,248	229,850	944,764	188,953
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	250,389	44,715	(506,334)	(115,638)
Revaluation Differences on Real Estates	(1,722,648)	(22,865)	(1,722,648)	(22,865)
Other	(204,540)	(40,909)	386,302	77,259
Total Deferred Tax Asset, Net	(527,551)	210,791	(897,916)	127,709

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

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

As of 30 June 2017, TL 156,703 thousands of deferred tax income (30 June 2016: TL 140,742 thousands) and TL 73,621 thousands of deferred tax expense (31 December 2016: TL 84,586 thousands) are recognised in the income statement and the shareholders’ equity, respectively.

5.1.16 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	606,380	356,160
Accumulated Depreciation (-)	(16,654)	(9,181)
Net Book Value	589,726	346,979
End of Current Period		
Additions	206,253	335,793
Disposals (Cost)	(47,326)	(82,753)
Disposals (Accumulated Depreciation)	810	1,358
Impairment Losses (-)	11	(2,820)
Depreciation Expense for Current Period (-)	-	(8,831)
Currency Translation Differences on Foreign Operations	-	-
Cost	765,318	606,380
Accumulated Depreciation (-)	(15,844)	(16,654)
Net Book Value	749,474	589,726

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 474,514 thousands (31 December 2016: TL 359,660 thousands).

5.1.17 Other assets

5.1.17.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Affiliates and Joint Ventures	-	-
Sale of Real Estates	-	-
Sale of Financial Assets Available-for-Sale	18,040	16,670
Sale of Other Assets	1,133	2,305
Total	19,173	18,975

5.1.17.2 Prepaid expenses, taxes and similar items

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	765,116	477,898
Prepaid Taxes	-	-

5.1.18 Accrued interest and income

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	66,387	-	79,969	38
Financial Assets at Fair Value through Profit or Loss	435	214	19	599
Banks	1,028	17,694	3,611	21,752
Interbank Money Markets	-	-	-	1
Financial Assets Available-for-Sale	2,006,201	12,209	1,299,160	9,371
Loans	1,983,663	960,397	2,031,750	837,928
Investments Held-to-Maturity	2,667,978	127,605	2,302,531	127,299
Other Accruals	3,985	30	3,799	-
Total	6,729,677	1,118,149	5,720,839	996,988

5.2 Liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	10,195,079	-	2,499,431	39,544,975	1,194,677	327,797	547,383	3,858	54,313,200
Foreign Currency Deposits	19,485,360	-	7,992,791	48,117,222	3,162,530	4,121,865	7,288,086	51,726	90,219,580
Residents in Turkey	18,596,793	-	7,775,153	45,323,285	2,037,427	870,439	899,282	50,615	75,552,994
Residents in Abroad	888,567	-	217,638	2,793,937	1,125,103	3,251,426	6,388,804	1,111	14,666,586
Public Sector Deposits	987,710	-	3,642	23,689	6,015	757	-	-	1,021,813
Commercial Deposits	7,615,616	-	4,392,997	6,395,205	130,753	492,347	946,354	-	19,973,272
Other	214,450	-	87,721	1,204,171	4,096	65,162	988,311	-	2,563,911
Precious Metal Deposits	2,046,732	-	-	67,884	10,911	19,271	195,293	-	2,340,091
Bank Deposits	3,239,622	-	1,694,167	138,451	-	57,452	12,910	-	5,142,602
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,670	-	1,307,230	16,231	-	57,452	12,793	-	1,397,376
Foreign Banks	1,227,990	-	386,937	122,220	-	-	117	-	1,737,264
Special Financial Institutions	2,007,962	-	-	-	-	-	-	-	2,007,962
Other	-	-	-	-	-	-	-	-	-
Total	43,784,569	-	16,670,749	95,491,597	4,508,982	5,084,651	9,978,337	55,584	175,574,469

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	9,362,638	-	3,519,154	39,387,584	523,583	360,800	470,517	4,046	53,628,322
Foreign Currency Deposits	15,943,064	-	5,585,618	41,555,186	1,796,018	5,229,260	9,800,564	56,941	79,966,651
Residents in Turkey	15,250,673	-	5,462,031	39,058,254	1,582,659	1,059,641	1,085,221	55,783	63,554,262
Residents in Abroad	692,391	-	123,587	2,496,932	213,359	4,169,619	8,715,343	1,158	16,412,389
Public Sector Deposits	493,327	-	72,724	27,688	116	4,994	24	-	598,873
Commercial Deposits	8,186,591	-	4,193,368	5,320,846	126,355	163,481	872,965	-	18,863,606
Other	212,836	-	140,766	1,023,250	52,904	447,810	553,501	-	2,431,067
Precious Metal Deposits	1,753,776	-	-	82,984	12,264	22,493	153,015	-	2,024,532
Bank Deposits	2,849,464	-	392,429	73,408	183,837	121,962	97,446	-	3,718,546
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,619	-	391,559	15,107	16,180	118,267	14,442	-	559,174
Foreign Banks	1,685,663	-	870	58,301	167,657	3,695	83,004	-	1,999,190
Special Financial Institutions	1,160,182	-	-	-	-	-	-	-	1,160,182
Other	-	-	-	-	-	-	-	-	-
Total	38,801,696	-	13,904,059	87,470,946	2,695,077	6,350,800	11,948,032	60,987	161,231,597

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	28,668,226	27,807,137	25,261,641	25,449,970
Foreign Currency Saving Deposits	10,651,078	8,323,858	39,684,307	34,340,843
Other Saving Deposits	1,097,438	821,559	1,168,392	1,114,240
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	875,825	860,876
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	727,003	748,443
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	113,098	37,190	242,659	61,117
Swap transactions	1,767,426	339,547	1,993,468	745,041
Futures	-	624	-	964
Options	44,369	44,628	372,549	80,824
Other	-	-	-	-
Total	1,924,893	421,989	2,608,676	887,946

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	2,400,634	-	1,880,102
Domestic Banks and Institutions	291,171	611,705	343,595	502,401
Foreign Banks, Institutions and Funds	653,283	33,740,144	1,778,067	35,782,203
Total	944,454	36,752,483	2,121,662	38,164,706

5.2.3.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	289,239	2,771,057	341,819	2,452,722
Medium and Long-Term	655,215	33,981,426	1,779,843	35,711,984
Total	944,454	36,752,483	2,121,662	38,164,706

In accordance with TAS 39 paragraph 9, 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 in order to eliminate the accounting mismatch. As of 30 June 2017, the accumulated credit risk change and the credit risk change recognised in the income statement amounted to TL 60,484 thousands and a loss of TL 381,655 thousands, respectively. The carrying value of the related financial liability amounted to TL 6,961,516 thousands, and the related current period loss amounted to TL 381,655 thousands.

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Other external funds

5.2.4.1 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
	Nominal	1,504,487	3,955,073	-
Cost	1,454,989	3,687,182	-	13,979,960
Carrying Value (*)	1,482,012	3,709,543	-	13,647,660

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
	Nominal	1,240,773	3,756,256	-
Cost	1,197,023	3,477,513	-	12,044,056
Carrying Value (*)	1,213,929	3,555,294	-	11,667,656

(*) The Bank repurchased its own TL securities with a total face value of TL 109,194 thousands (31 December 2016: TL 107,896 thousands) and foreign currency securities with a total face value of USD 206,730,000 (31 December 2016: USD 206,730,000) and netted off such securities in the accompanying financial statements.

In accordance with TAS 39 paragraph 9, the Bank classified certain securities amounting to RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch. As of 30 June 2017, the accumulated negative credit risks changes, and the positive credit risk changes recognised in the income statement amounted to TL 1,737 thousands and TL 728 thousands, respectively. The carrying value of the related financial liability amounted to TL 33,577 thousands, and the related current period gains amounted to TL 723 thousands, respectively.

5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	297,819	-	7,268,205	-
Financial Institutions and Organizations	240,078	-	7,189,589	-
Other Institutions and Organizations	21,074	-	31,248	-
Individuals	36,667	-	47,368	-
Foreign Transactions	264	988,326	2	-
Financial Institutions and Organizations	-	988,326	-	-
Other Institutions and Organizations	-	-	-	-
Individuals	264	-	2	-
Total	298,083	988,326	7,268,207	-

5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	8,356,886	49,880	7,833,260	37,377
Other	408,146	341,107	358,186	859,316
Total	8,765,032	390,987	8,191,446	896,693

5.2.5 Lease payables (Net)

5.2.5.1 Financial lease payables

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Up to 1 Year	5,420	5,087	16,612	15,406
1-4 Years	657	636	1,792	1,686
More than 4 Years	-	-	-	-
Total	6,077	5,723	18,404	17,092

5.2.5.2 Operational lease agreements

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

5.2.6 Derivative financial liabilities held for risk management

Derivative Financial Liabilities held for Risk Management	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	24,136	201,868	26,671	231,062
Cash Flow Hedges	-	38,818	-	21,803
Net Foreign Investment Hedges	-	-	-	-
Total	24,136	240,686	26,671	252,865

5.2.7 Provisions

5.2.7.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	3,310,935	3,171,163
Loans and Receivables in Group I	1,851,706	1,713,424
Loans and Receivables in Group II	927,350	869,171
Non-Cash Loans	352,994	359,927
Others	178,885	228,641

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	29,542	1,241
Medium and Long-Term Loans	6,589	270
Total	36,131	1,511

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	720,000	300,000

5.2.7.4.2 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	757,722	679,871
Provision for Promotion Expenses of Credit Cards	110,932	95,340
Provision for Lawsuits	53,612	53,174
Provision for Non-Cash Loans	121,901	134,609
Other Provisions	214,137	179,847
Total	1,258,304	1,142,841

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 5 December 2016 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 2,772,742 thousands at 31 December 2016 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2016 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 5 December 2016 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 1,482,852 thousands remains as of 31 December 2016 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 531,665 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2016. However, despite this treatment there are no excess obligation that needs to be provided against.

	<i>Current Period</i>	<i>Prior Period</i>
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(770,448)	(608,796)
Net present value of medical benefits and health premiums transferable to SSF	531,665	528,011
General administrative expenses	(39,405)	(33,702)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(278,188)	(114,487)
Fair Value of Plan Assets (2)	3,050,930	2,522,836
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,772,742	2,408,349
Non-Transferable Benefits:		
Other pension benefits	(662,751)	(592,937)
Other medical benefits	(627,139)	(478,453)
Total Non-Transferable Benefits (4)	(1,289,890)	(1,071,390)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,482,852	1,336,959
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(531,665)	(528,011)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	951,187	808,948

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

	<i>Current Period</i>	<i>Prior Period</i>
	<i>%</i>	<i>%</i>
Discount Rate (*)	11.50	10.30
Inflation Rate (*)	7.80	7.10
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate (*)	7.80	7.10

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

5.2.8 Tax liability

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 30 June 2017, the Bank had a current tax liability of TL 422,564 thousands (31 December 2016: TL 94,095 thousands) after offsetting with prepaid taxes.

5.2.8.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	422,564	94,095
Taxation on Securities Income	116,281	122,010
Taxation on Real Estates Income	3,798	3,752
Banking Insurance Transaction Tax	124,873	114,846
Foreign Exchange Transaction Tax	83	86
Value Added Tax Payable	4,209	10,398
Others	38,942	66,639
Total	710,750	411,826

5.2.8.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	60	51
Social Security Premiums-Employer	74	62
Bank Pension Fund Premium-Employees	165	21
Bank Pension Fund Premium-Employer	246	21
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,255	1,118
Unemployment Insurance-Employer	2,530	2,258
Others	40	27
Total	4,370	3,558

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Affiliates and Joint-Ventures	1,342,643	79,632	1,115,043	18,255
Valuation difference	1,342,643	79,632	1,115,043	18,255
Exchange rate difference	-	-	-	-
Securities Available-for-Sale	(99,843)	30,293	(484,665)	(26,490)
Valuation difference	(99,843)	30,293	(484,665)	(26,490)
Exchange rate difference	-	-	-	-
Total	1,242,800	109,925	630,378	(8,235)

5.2.11.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	1,450,022	-	1,450,022	-
Gain on Sale of Investments in Associates and Affiliates and Real Estates allocated for Capital Increases	227,994	-	176,415	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 Bonus shares of associates, affiliates and joint-ventures

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

5.2.11.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	961,533	960,320
II. Legal Reserve	349,840	245,840
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	25,632,763	21,972,914
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

5.2.12 Accrued interest and expenses

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Deposits	472,169	196,939	355,115	215,921
Funds Borrowed	31,365	203,152	87,549	156,634
Interbank Money Markets	2,994	876	6,092	-
Other Accruals	124,780	442,340	110,766	758,635
Total	631,308	843,307	559,522	1,131,190

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 10,550,099 thousands (31 December 2016: TL 3,281,772 thousands), commitments for cheque payments of TL 3,724,252 thousands (31 December 2016: TL 3,555,087 thousands) and commitments for credit card limits of TL 29,130,128 thousands (31 December 2016: TL 27,849,612 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	20,465,941	20,378,358
Letters of Guarantee in TL	18,502,579	17,101,636
Letters of Credit	12,622,969	15,010,812
Bills of Exchange and Acceptances	1,467,608	2,127,334
Prefinancings	-	-
Other Guarantees	157,000	155,016
Total	53,216,097	54,773,156

A specific provision of TL 121,901 thousands (31 December 2016: TL 134,609 thousands) is made for unliquidated non-cash loans of TL 345,506 thousands (31 December 2016: TL 355,861 thousands) recorded under the off-balance sheet items.

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	5,825,580	5,128,893
With Original Maturity of 1 Year or Less	396,482	331,380
With Original Maturity of More Than 1 Year	5,429,098	4,797,513
Other Non-Cash Loans	47,390,517	49,644,263
Total	53,216,097	54,773,156

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	2,541,386	123,328	2,487,022	77,869
Medium and long-term loans	5,486,846	1,698,711	3,876,714	1,455,868
Loans under follow-up	46,628	-	32,941	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	8,074,860	1,822,039	6,396,677	1,533,737

(*) 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	72,085	17,165	-	7,576
Domestic Banks	3,273	119	9,231	242
Foreign Banks	1,750	31,716	1,219	24,337
Foreign Head Offices and Branches	-	-	-	-
Total	77,108	49,000	10,450	32,155

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	8,036	1,366	6,648	876
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	919,087	55,351	941,836	45,237
Investments Held-to-Maturity	604,144	319,089	581,430	260,655
Total	1,531,267	375,806	1,529,914	306,768

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. The estimated inflation rate, which was taken as 7% in the first four months of 2017, has been updated to 9% as of 1 May 2017. If the valuation of such securities was performed according to the reference index valid as of 30 June 2017, the Bank's securities value increase fund under the equity would decrease by TL 319,954 thousands as net, whereas the interest income on securities portfolio would increase by TL 786,838 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	31,928	15,650

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	79,883	268,350	116,953	186,146
Central Bank of Turkey	-	-	-	-
Domestic Banks	11,880	4,813	8,851	3,053
Foreign Banks	68,003	263,537	108,102	183,093
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	214,155	-	139,084
Total	79,883	482,505	116,953	325,230

(*) 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	62,114	38,172

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

Current Period	Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
			Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira									
	Bank Deposits	573	66,239	-	-	-	-	-	66,812
	Saving Deposits	18	114,182	1,950,755	63,574	16,875	26,524	-	2,171,928
	Public Sector Deposits	-	1,665	1,389	56	237	1	-	3,348
	Commercial Deposits	67	245,541	344,882	8,247	15,096	46,766	-	660,599
	Other	-	7,551	35,490	1,110	14,735	48,399	-	107,285
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Total TL	658	435,178	2,332,516	72,987	46,943	121,690	-	3,009,972
Foreign Currency									
	Foreign Currency Deposits	5	46,776	470,234	23,331	66,003	108,650	408	715,407
	Bank Deposits	-	13,516	-	-	-	-	-	13,516
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Precious Metal Deposits	-	-	68	4	107	1,626	-	1,805
	Total FC	5	60,292	470,302	23,335	66,110	110,276	408	730,728
	Grand Total	663	495,470	2,802,818	96,322	113,053	231,966	408	3,740,700

Prior Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	508	91,310	-	-	-	-	-	91,818
Saving Deposits	19	124,272	1,834,984	54,435	18,209	23,534	-	2,055,453
Public Sector Deposits	-	245	2,367	5	17	1	-	2,635
Commercial Deposits	12	163,077	291,436	22,701	17,098	32,523	-	526,847
Other	1	6,507	49,449	4,829	38,097	12,579	-	111,462
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	540	385,411	2,178,236	81,970	73,421	68,637	-	2,788,215
Foreign Currency								
Foreign Currency Deposits	172	28,471	361,501	23,614	35,160	127,973	392	577,283
Bank Deposits	-	7,945	-	-	-	-	-	7,945
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	10	-	2	620	-	632
Total FC	172	36,416	361,511	23,614	35,162	128,593	392	585,860
Grand Total	712	421,827	2,539,747	105,584	108,583	197,230	392	3,374,075

5.4.2.5 Interest expense on repurchase agreements

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	29,836,517	35,651,928
Trading Account Income	215,030	222,961
Gains from Derivative Financial Instruments	5,451,746	4,834,684
Foreign Exchange Gains	24,169,741	30,594,283
Losses (-)	30,772,892	36,206,808
Trading Account Losses	564,402	203,247
Losses from Derivative Financial Instruments	6,539,811	5,778,153
Foreign Exchange Losses	23,668,679	30,225,408
Total	(936,375)	(554,880)

TL 2,797,496 thousands (30 June 2016: TL 1,199,773 thousands) of foreign exchange gains and TL 2,465,339 thousands (30 June 2016: TL 983,476 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

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

The Bank also enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for funds borrowed amounting to USD 71,844,324 and EUR 36,842,105 securitization borrowings amounting to USD 72,916,667 and EUR 129,542,099 and commitments amounting to USD 46,450,000 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 USD 250,000,000, borrowings amounting to USD 650,000,000, securitizations amounting to USD 780,000,000 and EUR 90,000,000 and deposits amounting to TL 50,000 thousands, USD 955,000,000 and EUR 89,789,474 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, gains of TL 35,978 thousands (30 June 2016: TL 20,261 thousands) and TL 15,499 thousands (30 June 2016: a loss of TL 99,598 thousands) resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity, respectively.

The Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 2,691,516 thousands, USD 1,028,464,625 and EUR 147,303,760, for its fixed-rate loans with a total principal of RON 215,939,842, for its bonds with a total face value of TL 925,000 thousands and USD 106,900,000 and fixed-rate coupons by designating interest rate swaps and cross currency swaps with the same face values and terms. Accordingly, in the current period, a gain of TL 15,765 thousands (30 June 2016: TL 219,822 thousands) and a loss of TL 3,079 thousands (30 June 2016: a gain of TL 65,222 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 10,762 thousands (30 June 2016: TL 15,077 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 334,214 thousands were sold for a consideration of TL 23,020 thousands. Considering the related provision of TL 333,906 thousands made in the financial statements, a gain of TL 22,712 thousands is recognized under "Other Operating Income".

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	749,947	1,222,256
<i>Loans and Receivables in Group III</i>	336,843	567,779
<i>Loans and Receivables in Group IV</i>	360,144	414,875
<i>Loans and Receivables in Group V</i>	52,960	239,602
General Provisions	136,150	126,413
Provision for Possible Losses	420,000	-
Impairment Losses on Securities	307	502
<i>Financial Assets at Fair Value through Profit or Loss</i>	307	499
<i>Financial Assets Available-for-Sale</i>	-	3
Impairment Losses on Associates, Affiliates and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Affiliates</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	30,123	42,935
Total	1,336,527	1,392,106

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,327,395	1,184,481
Reserve for Employee Termination Benefits	36,069	30,593
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	123,864	103,494
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	31,178	24,972
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	-	1,794
Depreciation Expenses of Assets to be Disposed	-	3,985
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,347,130	1,176,891
<i>Operational Lease related Expenses</i>	211,494	187,773
<i>Repair and Maintenance Expenses</i>	23,075	22,667
<i>Advertisement Expenses</i>	93,197	82,526
<i>Other Expenses^(*)</i>	1,019,364	883,925
Loss on Sale of Assets	506	925
Others ^(**)	340,363	399,403
Total	3,206,505	2,926,538

^(*) 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 14,585 thousands (30 June 2016: TL 34,895 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 19,373 thousands (30 June 2016: TL 77,147 thousands), as per the decision of the Turkish Competition Board or the related courts.

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

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

5.4.9 Information on provision for taxes from continued and discontinued operations

As of 30 June 2017, the Bank recorded a tax charge of TL 981,039 thousands (30 June 2016: TL 701,358 thousands) and a deferred tax income of TL 155,842 thousands (30 June 2016: TL 140,742 thousands).

Deferred tax benefit/charge on timing differences:

Deferred tax benefit/(charge) on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in tax deductible timing differences (+)	176,235	118,849
Decrease in tax deductible timing differences (-)	(78,113)	(19,726)
Increase in taxable timing differences (-)	(99,174)	(35,415)
Decrease in taxable timing differences (+)	156,894	77,034
Total	155,842	140,742

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

Deferred tax benefit/(charge) arising on timing differences, tax losses and tax deductions and exemptions	<i>Current Period</i>	<i>Prior Period</i>
Increase/(decrease) in tax deductible timing differences (net)	98,122	99,123
Increase/(decrease) in taxable timing differences (net)	57,720	41,619
Increase/(decrease) in tax losses (net)	-	-
Increase/(decrease) in tax deductions and exemptions (net)	-	-
Total	155,842	140,742

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	3,774,509	2,081,628	1,660,775	383,890	2,126,252	723,935
Balance at end of period	3,812,732	2,257,247	34,310	493,871	2,318,636	820,435
Interest and Commission Income	43,123	421	2,699	44	74,136	1,416

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	3,837,790	2,197,037	52,056	827,462	2,047,670	467,468
Balance at end of period	3,774,509	2,081,628	1,660,775	383,890	2,126,252	723,935
Interest and Commission Income	34,033	234	235	4	58,119	183

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	900,256	687,407	536,399	336,153	533,816	543,360
Balance at end of period	1,092,859	900,256	955,094	536,399	424,388	533,816
Interest Expense	51,456	37,391	6,309	357	9,380	2,113

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	557,282	421,708	13,251,152	16,146,894	843,120	-
Balance at end of period	783,653	557,282	25,572,218	13,251,152	789,975	843,120
Total Profit/(Loss)	(6,967)	(54,564)	24,367	(145,192)	3,490	-
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 3,210,877 thousands (31 December 2016: TL 2,964,089 thousands) compose 1.59% (31 December 2016: 1.59%) of the Bank's total cash loans and 1.04% (31 December 2016: 1.04%) of the Bank's total assets. The total loans and similar receivables amounting TL 6,165,678 thousands (31 December 2016: TL 7,561,536 thousands) compose 2.00% (31 December 2016: 2.66%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 3,571,553 thousands (31 December 2016: TL 3,189,453 thousands) compose 6.71% (31 December 2016: 5.82%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 2,472,341 thousands (31 December 2016: TL 1,970,471 thousands) compose 1.41% (31 December 2016: 1.22%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 12,522,100 thousands (31 December 2016: TL 11,952,196 thousands) compose 33.22% (31 December 2016: 29.67%) 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 210,654 thousands (31 December 2016: TL 216,508 thousands). A total rent income of TL 6,474 thousands (30 June 2016: TL 5,763 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 12,108 thousands (30 June 2016: TL 9,516 thousands) were incurred for the IT services rendered by the related parties. Banking services fees of TL 12,692 thousands (30 June 2016: TL 759 thousands) were recognized from the related parties.

Insurance brokerage fee of TL 72,114 thousands (30 June 2016: TL 60,638 thousands), shares brokerage fee of TL 17,632 thousands (30 June 2016: TL 13,328 thousands), and fixed-rate securities brokerage fee of TL 3,826 thousands (30 June 2016: TL 2,486 thousands) and no fund brokerage fee (30 June 2016: TL 72 thousands) were recognized as income from the services rendered for the affiliates.

Operating expenses of TL 157 thousands (30 June 2016: TL 1,846 thousands) for advertisement and broadcasting services, of TL 23,006 thousands (30 June 2016: TL 19,703 thousands) for financial leasing services, and of TL 4,038 thousands (30 June 2016: TL 5,410 thousands) for travelling services rendered by the related parties were recognized as expense.

As of 30 June 2017, the net payment provided or to be provided to the key management of the Bank amounts to TL 50,192 thousands (30 June 2016: TL 50,311 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

As per the authorization given by the Bank's Board of Directors to the management, the banking activities of the Luxembourg branch ceased as of 30 June 2017.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Bank's latest international risk ratings

MOODY'S (March 2017)

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

STANDARD AND POORS (January 2017)

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 (June 2017)

Outlook	Stable
Long Term FC Outlook	BBB-
Short Term FC Outlook	F3
Long Term TL Outlook	BBB-
Short Term TL Outlook	F3
Financial Capacity	bb+
Support	2
NSR	AAA(tur)
Long Term National Scale Rating (NSR)	Stable

JCR EURASIA RATINGS (April 2017)

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 Dividends

As per the decision made at the annual general assembly of shareholders of the Bank on 30 March 2017, the distribution of the net profit of the year 2016, was as follows:

2016 PROFIT DISTRIBUTION TABLE	
2016 Net Profit	5,070,549
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(227,611)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(243,028)
D – Second dividend to the shareholders	(1,040,000)
E – Extraordinary reserves	(3,245,910)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(104,000)

5.10.3 Other disclosures

None.

6 Limited Review Report

6.1 Disclosures on limited review report

The unconsolidated financial statements of the Bank as of 30 June 2017, have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative) and a limited review report dated 27 July 2017, is presented before the accompanying financial statements.

6.2 Disclosures and footnotes prepared by independent auditors

None.

7 Interim Activity Report

7.1 Introduction

7.1.1 About Garanti

Established in 1946, Garanti Bank is **Turkey’s second largest private bank** with unconsolidated assets of US\$ 87.9 billion as of June 30, 2017.

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 and Romania.

As of June 30, 2017, Garanti provides a wide range of financial services to its 14.5 million customers with more than 19 thousand employees through an **extensive distribution network** of 948 domestic branches; 7 foreign branches in Cyprus, one in Luxembourg and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai with 4,759 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’s majority shareholder is Banco Bilbao Vizcaya Argentaria S.A. (BBVA) with 49.85% share. Having shares publicly traded in Turkey, depository receipts in the UK and the USA, Garanti has an actual free float of 50.07% in Borsa Istanbul as of June 30, 2017.

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\$ 72.5 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.

Per disclosure dated July 5, 2017, the banking activities of our Luxembourg Branch have been ceased as of 30.06.2017 in accordance with the authority granted to the Head Office by our Bank’s Board of Directors.

7.1.2 Capital and Shareholding Structure

Garanti has paid-in capital of TL 4,200,000,000 as of June 30, 2017.

T.GARANTİ BANKASI A.Ş SHAREHOLDING STRUCTURE			
Shareholders	Number of shares	Nominal (TL)	Share %
BBVA(BANCO BILBAO VIZCAYA ARGENTARIA S.A)	209,370,000,000	2,093,700,000.00	49.85
OTHERS	210,630,000,000	2,106,300,000.00	50.15
GRAND TOTAL	420,000,000,000	4,200,000,000.00	100.00

7.1.3 The amendments in the articles of association during period of 01.04.2017-30.06.2017

There is no change during the period.

7.1.4 Macro Outlook for the first 6 months period of 2017

1Q17 Growth surprised positively. After registering 3.5% YoY growth rate in 4Q16, GDP grew by 5% in 1Q17. Private consumption maintained its momentum by growing 5.1% and continued to be higher than its long term average of 4.3%. Government consumption also jumped by 9.4%, resulting in a total consumption contribution of 4.4pp. Investment expenditures, on the other hand, remained weak by growing 2.2% as machinery and investment continued to be the soft belly with 10% contraction, the largest level since the start of the series in 2009. Thus, domestic demand -including stocks- gave a total contribution of 2.8pp, while net exports also contributed positively by 2.2pp. We forecast our 2017 GDP growth to be near 5%, revised upwards from 3%.

May Industrial Production (IP) hints a more balanced outlook. In the April-May period of the 2Q, the calendar adjusted IP annual growth accelerated to 5%, from 1Q's 2.1%. The higher contribution from intermediary goods and a more balanced outlook among the other main sub items (with still muted but durable goods backed consumer goods production) signal a healthier and improving outlook for the IP in the next months. The data with strong activity in both exports and domestic oriented sectors simply tell us that the 2Q GDP growth might be supported by both consumption and investment, which would also be in line with recovering confidence indicators.

Core current account deficit continued to improve in May. 12-month-cumulative current account deficit (CAD) deteriorated from USD32.7bn (3.9% of GDP) in 1Q to USD35.3bn (4.3% of GDP) by end-May. When both net energy and gold trade are excluded, the deficit falls from USD5.1bn to USD3.9bn. We expect the CAD to GDP ratio to deteriorate to 4.8% in 2017 on the back of strong domestic demand but to be contained by the moderate recovery in the tourism sector and increasing EU demand.

Budget figures continued to worsen in 2Q. Budget revenues increased by 7.8%, while expenditures surged by 15.8% in 2Q, compared to the same period of last year. Hence, cumulative deficit in the first half of the year reached TL 25.2bn. As clearly seen in the first half, the Government's intensified countercyclical measures will further widen the budget deficit in the second half, but the worsening will be much lower compared to our previous estimation on the back of the robust performance of the economy and higher than expected revenue collection from tax amnesty. We expect budget deficit to GDP ratio to increase to 2.1% in 2017 from 1.1% in 2016, while primary balance will be -0.2% of GDP.

Turkey's external debt stock/GDP was 49.1% in 1Q. In the first quarter, gross external debt stock/GDP level was 49.1%, increased from 47.3% in 2016. EU-defined general government debt stock/GDP ratio elevated to 28.9% in 1Q from 28.3% in 2016. It was 27.5% in 2015.

Inflation started to moderate but still in double digits. Annual CPI inflation eased to 10.9% in end-2Q, from 11.3% by end 1Q. Core inflation also declined to 9.2% from 9.5% in the same period. Favorable base effects on food inflation, plummeting energy prices and slight withdrawal in core prices on stable TL were the drivers behind the improvement in inflation outlook. We maintain our year-end inflation estimate at 9%, supported by both the stable Lira and the Government's decision not to hike taxes on tobacco in 2017.

Central Bank (CBRT)'s average funding rate reached 12.0% by the end of the 2Q. The CBRT preserves a hawkish tone by over-looking expected disinflationary impacts of the fall in energy prices and partial correction in food prices in the short term, by using Late Liquidity Window (LLW) as its main policy tool. In this regard, the CBRT raised its average funding rate by another 70bps in 2Q, after increasing 300bps in 1Q, by allocating a higher share from the LLW.

Turkish financial assets gained strength throughout the 2Q. TL appreciated to 3.52 against the US dollar by the end of June from 3.64 by end 1Q. Thus, the level of depreciation, 25% on average against currency basket in annual terms in 1Q eased to 21% in 2Q. Benchmark bond yield which was at 11.4% at the end of 1Q, fell to 11.1% in 2Q.

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

The most valuable company in Turkey, Garanti contributed TL 255 billion to revitalize the economy

Türkiye Garanti Bankası A.Ş., announced its financial statements dated June 30, 2017. Based on the unconsolidated financials, in the first half of 2017, the Bank posted an unconsolidated **net income** of TL 3 billion 79 million 565 thousand. While Garanti's **asset size** reached TL 308 billion 683 million 446 thousand, its contribution to the economy through **cash and non-cash lending** increased to TL 254 billion 711 million 332 thousand. The Bank delivered an **ROAE** (Return on Average Equity) of 18.2% and **ROAA** (Return on Average Assets) of 2.2%.

Commenting on the financial results, **Garanti Bank Chairman F. Ferit Şahenk** stated that: "The recovery process of the global economy has been ongoing. While the pick-up in economic activity seems to be relatively stronger in advanced countries, emerging markets are also expected to grow faster in 2017 relative to last year. Going forward, steps of the advanced economies in their monetary normalization process will be of great importance for the external financing conditions of other economies.

Turkish economy managed to grow by a strong 5,0 percent in the first quarter after the 2,9 percent growth rate in 2016. Supportive economic policies including the Credit Guarantee Fund Scheme that had been implemented in a timely manner, were effective in both the first and second quarters. The soundness of the Turkish banking sector also played a very instrumental role in this process. I believe that the growth performance of our economy will be markedly stronger in 2017 compared to 2016.

Garanti Bank played an important role in supporting the economy in the first half of the year. As of end of the second quarter, size of the loans by Garanti through the CGF Scheme reached 15 billion TL. Moreover, we issued the lowest coupon rate Basel III compliant subordinated debt from Turkey to date, amounting to 750 million USD. This transaction is another solid sign of the credibility established by Garanti within the international capital markets. Garanti will continue to be among the leading institutions of the Turkish financial sector with its sustainable growth strategy, innovative services, and ongoing investments in human capital. Taking this opportunity, I would like to thank my colleagues, our esteemed clients, shareholders, and all other stakeholders."

Commenting on the financial results, **Garanti Bank's CEO Fuat Erbil** said: "In the first half of 2017, while further strengthening our solid balance sheet with the confidence of all our stakeholders, we helped revitalize the economy. We successfully renewed our € 1.25 billion syndicated loan; and for the first time in international capital markets we issued Basel III Compliant Subordinated Notes in the amount of US\$ 750 million and 10 year tenure. Receiving a record breaking demand of US\$ 4 billion, our Basel III Compliant Tier II issuance became the lowest costing transaction of a bank in Turkey, while also generating the largest order book ever. With IFC, we signed an unprecedented agreement based on mortgages that would support 'Green Mortgage' projects, for the first time in Turkey. The loans we have extended under the Credit Guarantee Fund surpassed TL15 billion. Supporting social and economic development of women for over 10 years, the financing we provided to women exceeded TL3.2 billion.

Expressing the pride in contributing to the sustainable future of Turkey on behalf of Garanti Bank, **Erbil** said; "EMEA Finance named Garanti the Best Project Finance House in CEE (Central and Eastern Europe) region. We lead in the financing of projects contributing to the sustainability of the Turkish economy and offer innovative solutions. We work together and alongside our Retail, SME, Commercial and Corporate customers to find the best solutions for all their needs, and take part in their lives in an uninterrupted and long lasting manner. At every point of contact; physical locations across Turkey and leading on digital platforms; through all channels we bring our services to our customer's location and work to create the best experience possible. I am grateful for all our stakeholders who trust and support us."

Selected Figures of Garanti Bank's Unconsolidated Financial Statements (June 30, 2017)

Profit before Taxes and Provisions*	TL 5,277.4 million	Cash Loans	TL 201,495.2 million
Profit before Taxes	TL 3,904.8 million	Non-Cash Loans	TL 53,216.1 million
Net Income	TL 3,079.6 million	Total Assets	TL 308,683.4 million
Deposits	TL 175,574.5 million	Shareholders' Equity	TL 38,008.0 million

Highlights from Garanti Bank's Unconsolidated Financials

- Net income was TL 3 billion 79 million and 565 thousand.
- In compliance with the legal legislation and international regulations, a total amount of TL 2 billion 197 million and 793 thousand was reserved for tax provisions, loans and other provisions.*
- Total assets increased by 8.6% year-to-date and reached TL 308 billion 683 million 446 thousand.
- Return on Average Assets (ROAA) reached 2.2%.**
- Shareholders' equity increased by 6.9% year-to-date and reached TL 38 billion.
- Return on Average Equity (ROAE) reached 18.2%.**
- Contribution made to the real economy through cash and non-cash loans increased by 5.8% year-to-date and reached TL 254 billion 711 million 332 thousand as of June 30, 2017.
- Total loans, FC loans and TL loans market shares realized at 11.6%, 12.4% and 11.2% respectively.
- Market share of "mortgage loans" was 13.4% and market share of "consumer loans including credit cards" was 14.2%.
- Total customer deposits increased by 8.2% year-to-date and reached TL 170 billion 431 million and 867 thousand, while market share in total customer deposits realized at 11.4%.
- Capital adequacy ratio (CAR) increased to 18.3%.
- Non-performing loan (NPL) ratio decreased to 2.57%.

* Reserve for Employee Termination Benefits and Impairment Losses on Assets to be Disposed are included in provisions.

** Excludes non-recurring items (Income from NPL sale, fee rebates and free provisions) when annualizing Net Income for the rest of the year.

You may access the earnings presentation regarding the BRSA unconsolidated financial results as of and for the period ending June 30, 2017 in English from Garanti Bank Investor Relations website at www.garantiinvestorrelations.com

Garanti With Numbers	31.12.2016	31.03.2017	30.06.2017
Branch Network	971	968	960
+ Domestic	959	956	948
+ Abroad	12	12	12****
Personnel	19,689	19,506	19,345
ATM	4,825	4,794	4,759
POS*	635,865	651,727	666,167
Total Customers**	14,615,584	14,486,423	14,474,445
Digital Banking Customers***	4,878,893	5,064,828	5,278,467
Mobile Banking Customers***	3,682,950	4,087,257	4,319,226
Credit Card Customers	6,484,464	6,538,906	6,630,008
Credit Cards	9,792,199	9,820,321	9,942,358
Debit Cards	8,930,780	9,059,049	9,184,991

*Includes shared and virtual POS.

**Decrease in number of active customers is due to exclusion of customers with inadequate documentation.

*** Active customers only -- min. 1 login or call per quarter.

**** Per disclosure dated July 5, 2017, the banking activities of our Luxembourg Branch have been ceased as of 30.06.2017 in accordance with the authority granted to the Head Office by our Bank's Board of Directors.

Selected Sector Figures (TL million)	30.12.2016	31.03.2017	30.06.2017	YtD Δ
Total Deposits	1,456,722	1,523,458	1,581,907	8.6%
Bank Deposits	84,930	86,853	85,955	1.2%
Customer Deposits	1,371,791	1,436,606	1,495,952	9.1%
TL Deposits	796,373	793,747	832,245	4.5%
FC Deposits (US\$ mn)	164,278	177,728	189,857	15.6%
Customer Demand Deposits	272,217	293,550	307,369	12.9%
Total Loans	1,565,364	1,656,978	1,734,290	10.8%
TL Loans	1,040,940	1,119,420	1,202,911	15.6%
FC Loans (US\$ mn)	149,700	148,626	151,982	1.5%
Retail Loans*	628,222	681,714	779,826	24.1%
Housing	159,069	167,665	175,224	10.2%
Auto	20,149	19,746	19,642	(2.5%)
General Purpose Loans**	348,771	392,634	481,202	38.0%
Credit Cards	100,233	101,669	103,758	3.5%
<i>Loans/Deposits Ratio</i>	<i>107.5%</i>	<i>108.8%</i>	<i>109.6%</i>	
Gross NPL	54,103	56,478	56,962	5.3%
<i>NPL ratio</i>	<i>3.3%</i>	<i>3.3%</i>	<i>3.2%</i>	
<i>NPL coverage</i>	<i>78.0%</i>	<i>79.1%</i>	<i>79.7%</i>	
Gross NPL in retail loans (exc. CC)	22,479	23,296	23,599	5.0%
<i>NPL ratio in retail loans</i>	<i>4.1%</i>	<i>3.9%</i>	<i>3.4%</i>	
Gross NPL in credit cards	7,904	8,090	7,685	(2.8%)
<i>NPL ratio in credit cards</i>	<i>7.3%</i>	<i>7.4%</i>	<i>6.9%</i>	
F/X Position, net (US\$ mn)	(1,191)	(286)	(305)	
on B/S	(21,144)	(40,237)	(51,299)	
off B/S	19,953	39,951	51,604	

Source: BRSA weekly sector data, commercial banks only

*Including consumer and commercial installment loans

**Including other and overdraft loans

Garanti Market Shares* (%)	YTD Δ	30.06.2017
Total Performing Loans	↓	11.6%
TL Loans	↓	11.2%
FC Loans	↓	12.4%
Credit Cards - Issuing (Cumulative)	↑	20.6%
Credit Cards - Acquiring (Cumulative)	↓	20.8%
Consumer Loans**	↓	14.2%
Total Customer Deposits	↓	11.4%
TL Customer Deposits	↓	9.4%
FC Customer Deposits	↓	13.9%
Customer Demand Deposits	↓	13.2%
Mutual Funds	↑	10.7%

* 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 2017. You may access the related presentation that was published on the Public Disclosure Platform, the Bank's website and Garanti Bank Investor Relations' website at www.garantiinvestorrelations.com in [Operating Plan Guidance Presentations](#) section.

Although there is not a material change to Garanti Bank's future looking expectations referenced in the public disclosure dated 11.01.2017, the 7% inflation expectation announced earlier to be used in CPI-Linkers' valuation was revised to 9%; in parallel to the upwards revision of CBRT's 2017 inflation forecast. The resulting impact will be reflected to the financial statements starting in May, and will be distributed equally on a monthly basis until the end of the year. The announcement regarding this change was published on the Public Disclosure Platform on 26.05.2017.

As of June 30, 2017, there are no other revisions to the forward looking statements regarding the expectations for the year 2017.

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	27 years

Managers of the Internal Systems Units:

Name Surname	Title	Appointment Date	Education	Experience in Banking & Business Administration
Ebru Ogan Knottnerus	Head of Risk Management	01.04.2016	Undergraduate	26 years
Osman Bahri Turgut	Head of Internal Audit	01.08.2015	Undergraduate	26 years
Emre Özbek	SVP of Compliance	01.08.2015	Undergraduate	18 years
Barış Ersin Gülcan	SVP of Internal Control	06.03.2014	Graduate	19 years
Beyza Yapıcı	SVP of Internal Capital and Operational Risk	01.04.2016	Undergraduate	19 years
Semra Kuran	SVP of Market Risk and Credit Risk Control	01.04.2016	Undergraduate	20 years

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

- 7.2.2** You may reach the summary of the Board of Directors' Annual Report presented to Ordinary General Meeting of Shareholders and information about human resources practices, policy and remuneration in the 2016 Annual Report that was published on the Public Disclosure Platform, the Bank's website and Garanti Bank Investor Relations' website, access at the link below:
www.garantiannualreport.com
- 7.2.3** You may access information about the transactions with the Bank's risk group under the footnote numbered 5.7 regarding the related party risks.
- 7.2.4** You may reach information pursuant to the Regulation on the Provision of Support Services to Banks and the Authorization of Support Service Providers, the type of the services and information on the individuals and institutions that provided the support services in the 2016 Annual Report that was published on the Public Disclosure Platform, the Bank's website and Garanti Bank Investor Relations' website, access at the link below:
www.garantiannualreport.com
You may access the Corporate Governance Principles Compliance Report from Garanti Bank Investor Relations website at www.garantiinvestorrelations.com under the [Corporate Governance](#) section.

7.3 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements for the period ended 30 June 2017 and the independent accountants' limited review report. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti Bank Investor Relations website at www.garantiinvestorrelations.com.

You may find financial information on Garanti Bank for the most recent five year period in the 2016 Annual Report that was published on the Public Disclosure Platform, the Bank's website, Garanti Bank Investor Relations website and at www.garantiannualreport.com. Furthermore, you may access detailed information from Garanti Bank Investor Relations website at www.garantiinvestorrelations.com in the [Garanti with Numbers](#) section.

7.4 Announcements regarding important developments in the period of 01.04.2017 - 30.06.2017

- The Bank's Ordinary General Shareholders' Meeting, which was held on March 30, 2017, was registered by Istanbul Trade Registry Office You may find Information Document, Profit Distribution Table, Minutes and Resolutions regarding Ordinary General Meeting of Shareholders which was held on 31.03.2017 from Garanti Bank Investor Relations web site.

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

- On the report dated 9 June 2017, Türkiye Garanti Bankası A.S.'s ratings were affirmed by Fitch Ratings as follows:

Long-term FC and LC IDRs : 'BBB-'; Outlook Stable, Short-term FC and LC IDRs: 'F3', Viability Rating 'bb+', Support Rating: '2', National Long-term Rating: 'AAA(tur)' ; Outlook Stable, Senior unsecured notes 'BBB-/F3', Subordinated notes 'BB+'

- JCR Eurasia Rating has affirmed the ratings of Türkiye Garanti Bankası A.Ş. on 20 April 2017, as 'AAA (Trk)' on the Long Term National Scale, 'BBB' on the Long Term International Foreign Currency Scale and 'BBB+' on the Long Term International Local Currency Scale along with 'Stable' outlooks.

You may view the ratings for Garanti Bank at [Garanti Investor Relations website](#).

- Although there is not a material change to our banks' future looking expectations, the 7% inflation expectation announced earlier to be used in CPI-Linkers' valuation was revised to 9%; in parallel to the upwards revision of CBRT's 2017 inflation forecast. The resulting impact will be reflected to the financial statements starting in May, and will be distributed equally on a monthly basis until the end of the year.
- At our Bank's Board of Directors' meeting, it was resolved that the resignations of Board Members Maria Isabel Goiri Lartitegui and Iñigo Echebarria Garate be accepted and Rafael Salinas Martinez de Lecea and Ricardo Gomez Barredo be appointed as real person Board Members in order to fill the remaining term of office and such appointments be submitted for the approval of the shareholders at the first General Assembly Meeting to be held.
- Our Bank has sold its non-performing loan portfolio receivables arising from credit cards, general purpose loans, overdraft loans and expenses in the total principal amount of TL 114,546,185.41 as of May 17, 2017 to Sümer Varlık Yönetim A.Ş. for a total consideration of TL 10,610,000.00; and non-performing portfolio commercial receivables arising from commercial loans, credit cards, cheque accounts, insurance receivables, overdraft loans and expenses in the total principal amount of TL 109,984,259.32 as of May 22, 2017 to Destek Varlık Yönetim A.Ş. for a total consideration of TL 3,400,000.00.
- Garanti Bank has signed an agreement to secure a financing in the amount of USD 150 million equivalent to Turkish Lira, with 5 years maturity from International Finance Corporation (IFC) under Covered Bond Programme. The proceedings of the loan will be on-lent to green mortgages.
- On November 3, 2016, 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 the Capital Markets Board's approval dated 3 February 2017. The renewal has been completed as of April 25, 2017 with a size of USD 6,000,000,000.

- On November 3, 2016, T. Garanti Bankası A.Ş. Board of Directors authorized the Head Office to take the necessary actions for the yearly renewal of the Covered Bond program which was followed by the Capital Markets Board's approval dated 14 April 2017. The renewal has been completed as of April 25, 2017 with a size of EUR 5,000,000,000.

7.5 Announcements regarding important developments for debt instruments issuance and redemptions in the period of 01.04.2017 - 30.06.2017

- It has been announced that pursuant to the authority given to the Head Office by the resolution of The Board of Directors dated November 30, 2016 for a 1-year period, our application to issue all kinds of debt instruments including but not limited to fixed or floating rate bonds, debentures and/or credit risk-based and other structured debt instruments up to the aggregate amount of TL 20,000,000,000 (Twenty Billion Turkish Lira) in Turkish Lira currency with different types and maturity dates, to be sold domestically by public offering or to qualified investors in one or more issuances, was approved by the Capital Markets Board on March 10, 2017. Below bank bonds and structured note issuances has been realized.

-Total nominal amount of TL 15,408,575 with a maturity of 68 days, dated 06.09.2017, ISIN code of TROGRAN00EK5

-Total nominal amount of TL 10,289,000 with a maturity of 74 days, dated 05.09.2017, ISIN code of TROGRAN00ED0

-Total nominal amount of TL 20,380,625 with a maturity of 63 days, dated 16.08.2017, ISIN code of TROGRAN00DZ5

-Total nominal amount of TL 35,000,000 with a maturity of 90 days, dated 06.09.2017, ISIN code of TROGRAN00DU6

-Total nominal amount of TL 35,000,000 with a maturity of 62 days, dated 09.08.2017, ISIN code of TROGRAN00DV4

-Total nominal amount of TL 42,960,000 with a maturity of 98 days, dated 11.09.2017, ISIN code of TRFGRAN91710

-Total nominal amount of TL 10,425,000 with a maturity of 62 days, dated 27.07.2017, ISIN code of TROGRAN00DB6

-Total nominal amount of TL 15,099,935 with a maturity of 62 days, dated 19.07.2017, ISIN code of TROGRAN00D41

-Total nominal amount of TL 10,523,514 with a maturity of 62 days, dated 13.07.2017, ISIN code of TROGRAN00CZ7

-Total nominal amount of TL 30,000,000 with a maturity of 91 days, dated 11.08.2017, ISIN code of TROGRAN00D17

-Total nominal amount of TL 25,000,000 with a maturity of 62 days, dated 13.07.2017, ISIN code of TROGRAN00D09

-Total nominal amount of TL 16,820,357 with a maturity of 62 days, dated 06.07.2017, ISIN code of TROGRAN00CS2

-Total nominal amount of TL 163,860,000 with a maturity of 131 days, dated 11.09.2017, ISIN code of TRQGRAN91725

-Total nominal amount of TL 11,896,687 with a maturity of 62 days, dated 13.06.2017, ISIN code of TROGRAN00C83

-Total nominal amount of TL 35,000,000 with a maturity of 62 days, dated 15.06.2017, ISIN code of TROGRAN00C91

-Total nominal amount of TL 6,535,183 with a maturity of 62 days, dated 21.06.2017, ISIN code of TROGRAN00CD4

-Total nominal amount of TL 15,796,740 with a maturity of 63 days, dated 29.06.2017, ISIN code of TROGRAN00CJ1

- Total nominal amount of TL 70,000,000 with a maturity of 63 days, dated 08.06.2017, ISIN code of TR0GRAN00C42
- Total nominal amount of TL 214,380,000 with a maturity of 93 days, dated 19.07.2017, ISIN code of TRQGRAN71719
- Total nominal amount of TL 339,650,000 with a maturity of 175 days, dated 29.09.2017, ISIN code of TRQGRAN91717
- Total nominal amount of TL 440,630,000 with a maturity of 80 days, dated 10.08.2017, ISIN code of TRQGRAN81718
- Total nominal amount of TL 79,060,000 with a maturity of 102 days, dated 29.09.2017, ISIN code of TRFGRAN91728
- Total nominal amount of TL 477,752,739 with a maturity of 368 days, dated 22.06.2018, Garanti Bank Bond: ISIN code of TRSGRAN61815
- Structured notes issued which were issued on 11.04.2016, 13.06.2016, 12.10.2016, 07.11.2016, 25.11.2016, 15.12.2016, 20.01.2017, 02.02.2017, 06.02.2017, 07.02.2017, 10.02.2017, 10.02.2017, 16.02.2017, 24.02.2017, 03.03.2017, 08.03.2017, 17.03.2017, 24.03.2017, 06.04.2017, 12.04.2017, 14.04.2017, 20.04.2017, 27.04.2017 is redeemed.
- Our Bank has signed a syndicated loan agreement with 367-days maturity comprising of two separate tranches in the amount of USD 468,000,000 and EUR 805,500,000 on 4th May 2017. The loan which will be used for trade finance purposes has been executed with commitments received from 38 banks from 16 countries. The all-in cost has been realized as Libor+1.45% and Euribor+1.35% respectively.
- Our Bank has mandated BofAML, BBVA, BNPP, Commerzbank, HSBC and Standard Chartered for an issuance of U.S. dollar-denominated subordinated notes (Basel III compliant) to be sold to real persons and legal entities resident abroad. The fixed rate notes with nominal amount of USD 750 million, 10NC5 maturity, redemption date of 24 May 2027 and the coupon rate of 6.125%.

Important developments during 01.04.2017 - 30.06.2017 period were announced and the disclosures were uploaded to the Public Disclosure Platform. All the announcements are shared at Garanti Bank Investor Relations web site (www.garantiinvestorrelations.com) and at the link below.

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