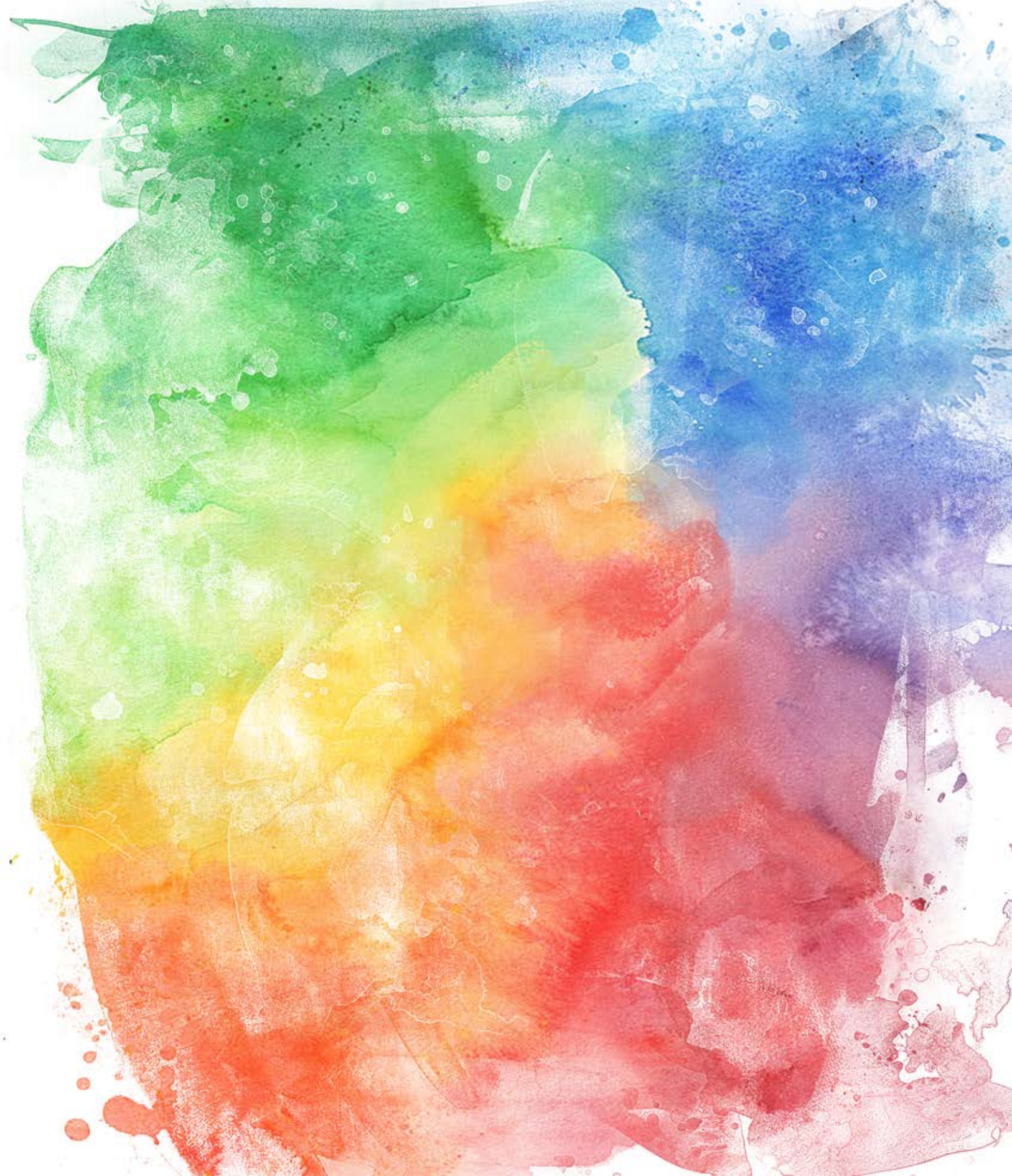


EVERY WHERE

GARANTI BANK 2013 ANNUAL REPORT

EVERY
WHERE



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INTRODUCTION

Not so long but just 15 years ago, a bank strictly stood for a "branch". Visits to buildings called "branches" involved all transactions, minor or major, from payments and receivables to cheque and borrowing transactions, occasionally involving long waits. The queues would even overflow on a payment deadline or on a salary payment day.

Today, this situation is perhaps a scene from a movie or a memory heard from the older generation that was never personally experienced especially by the 90s and later generations.

The world has changed. And so has Turkey. The quick advancement of technology and its almost instant integration into our lives resulted in a major change and transformation in every aspect from lifestyles to business conduct.

The expanded presence of the progressing Turkish economy in international markets, increased foreign capital, higher exports and investments, and the process of integration with international financial markets brought the banking business to a different point, as well.

Reshaped by web- and mobile-based business models, the new generation of consumers did, and still does, compel the dynamics of the banking industry to be redefined. Also as a result of the global economic crisis experienced, the new customer demands to be much more aware of his or her financials, to be in control, to have instant access to any data, and to take action immediately. It is crucial to be in contact, in control, and accessible at any time. It has become imperative to offer flexible and integrated platforms customers can mold according to their own needs.

Today, a bank no longer means a "branch" housed in a building. During the process, the job descriptions of branches and their areas of service changed, which also led to specialization. **On the other hand, branches are now in your home, in your office, in your pocket; they are just a click away. They are with you at all times!**

Mobile social networks expand, and

the use of tablet PCs and smart phones increases by the day. Mobile applications that make life easier for people grow in diversity. Professional life obligates more frequent travels and appearances in different venues. While individuals seek to make the best of their time, Internet and mobile banking are no longer just alternatives; they have turned into primary means used by the younger generation. The fast rise of the social media manifested that enterprises are required to fulfill customer demands received through social media channels, as well.

As a consequence of all these factors, banking products and services are also being redesigned. Garanti Bank has not been just a follower and an observer of this change across the world, in Turkey and in its sector, but has successfully lead the change instead with numerous firsts it delivered.

Today, 81% of financial transactions are handled through digital channels at the Bank. Garanti is the pioneering bank on Internet, mobile and social media platforms. It is the first bank to offer applications that are compatible with all major operating systems including IOS, Android, Windows and Blackberry. It is the first bank to commence interaction with customers through Twitter and Facebook, and to launch iGaranti, a service targeting Generation Y customers.

There are many more examples to add, as change never comes to a halt at Garanti. Owing to visionary investments made in technology since 1990, Garanti is in a constant process of self-renovation and self-improvement, while continually training its professional workforce in line with the change. Every day, the Bank produces solutions that will respond to the customers' expectations, and offers a flexible and integrated platform that they can shape to suit their needs.

In its **2013 Annual Report**, Garanti tells about its banking concept that has been transformed based on these data. The Bank underlines that it is **"everywhere" and by the side of its customers** with the services rendered and firsts introduced

by Garanti branches, Internet, mobile and social platforms, Paramatik ATMs and Alo Garanti call center, while growing on the back of an innovative and sustainable business model.

Garanti Bank is everywhere! Garanti is integrated to life and offers an uninterrupted banking experience through all channels for financial needs:

- Each morning, 12,000 branch employees welcome their customers at 1,001 branches in 81 cities across Turkey.
- Service is provided 24/7 through Internet banking and mobile branches, Alo Garanti call center and 4,003 ATMs.
- The smart friend in your pocket, iGaranti takes digital transactional banking as we know it one step further.
- Unprecedented applications and special advantages are offered on social media platforms where users spend the most time.
- Garanti is by your side as the fastest and most efficient product developer in the credit cards market.
- Garanti provides credit and financing support for your home purchase, general purpose, auto, business and investment needs, and the expertise of its employees for your savings.
- You are not alone abroad either... Garanti is the solution partner of most Turkish investments abroad. Garanti is working hard to be your bank also in foreign countries with its subsidiaries, branches and correspondent banking network in various locations in the world.

In brief, Garanti is in your home, in your office, and in your life with its products and services. Garanti is also there for you as it contributes value to the society for a sustainable world with projects and initiatives in many fields including the environment, education, culture, arts and sports.

In the light of all these data, Garanti now comfortably asks, **"We are everywhere. Would you like anything else?"**

ANNUAL ACTIVITY REPORT Compliance Opinion

To the General Assembly of T. Garanti Bankası A.Ş.:

We have audited the accuracy and compliance of the financial information in the accompanying annual activity report of T. Garanti Bankası A.Ş. and its consolidated financial affiliates prepared as of December 31, 2013 with the audited financial statements as of and for the same period then ended. The Board of Directors of the Bank is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual activity reports as set out by the Banking Act No: 5411 and Turkish Commercial Code ("TCC") No: 6102. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the annual activity report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial information regarding the financial position of T. Garanti Bankası A.Ş. as of December 31, 2013 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411 and TCC. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the summary management report and our audit opinion on these financial statements.

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç

Partner

Istanbul, March 6, 2014

AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

1. Opening, formation and authorization of the Board of Presidency for signing the minutes of the Ordinary General Meeting of Shareholders,
2. Reading and discussion of the Board of Directors' Annual Activity Report,
3. Reading and discussion of the Auditors' Reports,
4. Reading, discussion and ratification of the Financial Statements,
5. Release of the Board Members,
6. Release of the Auditors who were appointed according to old Turkish Commercial Code No. 6762 for their duties between 01.01.2013-30.04.2013,
7. Determination of profit usage and the amount of profit to be distributed according to the Board of Directors' proposal,
8. Determination of the remuneration of the Board Members,
9. Election of the Auditor in accordance with Article 399 of Turkish Commercial Code,
10. Informing the shareholders about remuneration principles of the Board Members and directors having the administrative responsibility in accordance with the Corporate Governance Principle no. 4.6.2 promulgated by Capital Markets Board,
11. Informing the shareholders with regard to charitable donations realized in 2013, and determination of an upper limit for the charitable donations to be made in 2014 in accordance with the banking legislation and Capital Markets Board regulations,
12. Authorization of the Board Members to conduct business with the Bank in accordance with Articles 395 and 396 of the Turkish Commercial Code, without prejudice to the provisions of the Banking Law.



Turkey's Second Largest Private Bank

\$104.5 BILLION
TOTAL ASSETS

Uninterrupted Support to the Economy

\$76.9 BILLION
CASH &
NON-CASH LOANS

The Most Valuable Company in Turkey

\$13.7 BILLION
MARKET CAPITALIZATION

INTEGRATED FINANCIAL SERVICES COMPANY

with Leading Subsidiaries

Leading Position in the Sector

CONSUMER LOANS
MORTGAGE LOANS

#1

ACQUIRING VOLUME

Leader in Payment Systems

550K
POS TERMINALS

Innovative

569 PRODUCTS & SERVICES

Competent and Dynamic

19K
EMPLOYEES

12.4 MILLION
CUSTOMERS



Wide Distribution Network built on Cutting-edge Technological Infrastructure

1,001
BRANCHES

4,003
ATMs

ALO
GARANTI

MOBILE-INTERNET-SOCIAL
BANKING PLATFORMS

ABOUT GARANTI

CORPORATE PROFILE

Established in 1946, Garanti Bank is Turkey's second largest private bank with consolidated assets of US\$ 104.5 billion as of December 31, 2013.

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

As of December 31, 2013, Garanti provides a wide range of financial services to more than 12.4 million customers with close to 19 thousand employees through an extensive distribution network of 990 domestic branches; 6 foreign branches in Cyprus, one in Luxembourg and one in Malta; 3 international representative offices

in London, Düsseldorf and Shanghai with more than 4,000 ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure.

Garanti commands a pioneering position in all lines of business through the profitable and sustainable growth strategy it pursued since the day of its establishment. Its competent and dynamic human resources, unique technological infrastructure, customer-centric service approach, innovative products and services offered with strict adherence to quality carry Garanti to a leading position in the Turkish banking sector.

Following the best practices in corporate governance, Garanti is jointly controlled by two powerful entities, Doğuş Holding Co. and Banco Bilbao Vizcaya Argentaria S.A. (BBVA), under the principle of equal partnership. Having shares publicly traded in Turkey,

depository receipts in the UK and the USA, Garanti has an actual free float of 49.88% in Borsa Istanbul as of December 31, 2013.

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 the wide product variety play a key role in reaching US\$ 76.9 billion cash and non-cash loans. The high asset quality attained through advanced risk management systems and established risk culture place Garanti apart in the sector.

Garanti is not only committed to add value for its customers and shareholders, but also for all its stakeholders and the society. Within this context, Garanti's long-term support in the areas of culture, arts, environment, education, and sports reflects its commitment as well as its keen sensitivity to sustainability.

SHAREHOLDING STRUCTURE OF T. GARANTI BANKASI A.Ş.

BBVA
25.01%

Doğuş Group
24.23%

Domestic Retail Investors
2.23%

Unidentified
3.95%

Foreign Retail Investors
0.80%

Foreign Institutional Investors (Geographical Breakdown) 43.79%



Rest of World
0.21%

Turkey
1.20%

Asia
2.56%

Europe (excl. Turkey)
5.66%

North America
13.50%

UK & Ireland
20.67%

INSIDER HOLDINGS

The chairman, members of the Board of Directors, the CEO and the Executive Vice Presidents are allowed to own publicly-traded shares of Garanti Bank; their transactions in Garanti Bank shares are publicly disclosed pursuant to Capital Markets Board regulations.

Note: Institutional shareholder composition data based on IPREO Shareholder ID Analysis dated January 2014; number of domestic retail investors, actual free float and foreign ownership ratios based on data from MKK (Central Registry Agency) Currency conversion is based on US\$/TL CBRT ask rate



OUR VISION

is to be the best bank in Europe.



OUR MISSION

is to continuously and noticeably increase the value we create for our customers, shareholders, employees, the society and the environment by utilizing our influence, agility and organizational efficiency.



OUR STRATEGY

is to maintain long-term sustainable growth by continuously creating value.

MAIN PILLARS OF OUR STRATEGY

FOCUS ON CUSTOMERS

- High quality service via innovative products
- Unrivalled competence, experience and implementation capability
- Exceptional business processes throughout the Bank
- Customer Satisfaction Constitution

FOCUS ON THE CONTINUITY OF TECHNOLOGICAL INNOVATION

- The best and the fastest technological equipment that is constantly upgraded and integrated with business segments
- The most up-to-date IT infrastructure

FOCUS ON COMPETENT HUMAN RESOURCES

- Continuous improvement in competency and efficiency of human resources

- Management policy based on performance and internal promotion through internal recruitment

FOCUS ON OPERATIONAL EFFICIENCY

- Focus on improving productivity
- Focus on cost/income synergies

FOCUS ON DISCIPLINED GROWTH

- Sustainable and profitable balance-sheet growth focused on real banking
- Strong asset quality
- Effective use of capital

FOCUS ON STRONG DELIVERY CHANNELS

- Extensive and efficient branch network
- Excellent customer experience via omni-channel strategy

FOCUS ON SUSTAINABLE BANKING

- Commitment to corporate governance,

ethics and corporate values

- Minimizing environmental and social impacts of the Bank's activities, products and services
- Playing an active role in establishing high standards for social development and environmental protection with an approach toward creating value for the society and the environment

FOCUS ON RISK MANAGEMENT & AUDIT

- Measurement of risk using globally accepted standards
- Portfolio-wide risk management that associates risk with return and leads to optimal allocation of economic capital
- Proactive audit systems

OUR CORE VALUES

"OUR CUSTOMERS..."

- Are the cause of all our operations and efforts.
- We always strive to satisfy our customers above and beyond their expectations.
- We are honest, courteous, helpful, solution-oriented and always pleasant.

"GARANTI BANK & ITS EMPLOYEES HAVE HIGH MORAL VALUES"

- We conscientiously follow rules and regulations without exception.
- Having a good conscience is of paramount importance for both the organization and the individuals which form it.

"THE MOST IMPORTANT ELEMENT FOR US IS THE HUMAN FACTOR"

- We value individuals, attach strong importance to the human mind and invest continuously in human resources.
- Our quality is driven and ensured by our employees.
- Every team member is driven primarily by a quest for quality.
- We understand the importance of delegating responsibilities.

- We encourage our employees to take initiative.
- We believe in the energy for "desire" that makes our employees creative and productive.
- We believe that every employee of our Bank is a "leader in his/her field" and that they are the one who knows best what they are doing.

CONTINUOUS PROGRESS

- We sustain the quality of our services by constantly improving ourselves rather than maintaining the status quo.
- Investing in our people and technology to achieve continuous progress is an inseparable element of our policy.
- Our primary duty is to sustain a high level of quality while constantly improving the quality of our products and services.
- Our approach to improving quality is proactive; we strive to identify the needs and expectations of our customers and address them even before they are voiced by our customers.

OUR ENVIRONMENTAL & SOCIAL RESPONSIBILITIES

- We undertake every effort to be beneficial to the society, the environment and humankind.
- We believe that the environmental and social values set out by Garanti Bank for all of its stakeholders will be taken as a model not only in the banking sector but also in the entire national economy while providing significant contributions to Turkey's development.

TEAMWORK

- We believe in effective teamwork and open lines of communication. We do not compromise these principles.
- We are opposed to strict layers of hierarchy.
- Everybody at Garanti Bank from the CEO to the lowest ranking personnel and all of the organizations which we cooperate with coalesce into a unified power to realize the vision.
- The effective teamwork of the Bank is strengthened by collaboration, mutual trust and respect.

GARANTI'S COMPETITIVE ADVANTAGES

DYNAMIC HUMAN RESOURCES CAPABLE OF MAKING A DIFFERENCE

- HR policies targeted at employee satisfaction
- Awarded talent programs
- ~14,500 employee suggestion and ideas collected
- 86% of employees are university graduates.
- 54 hours/employee training per annum
- 226,000 hours of trainings are delivered through technological methods

STATE-OF-THE-ART TECHNOLOGY

- Business-integrated IT
- Fully in-house developed, custom-fit IT solutions
- Uninterrupted transaction capability and infrastructure security
- Dynamic and advanced technology enabling quick customer service time
- Reputation as "innovator"
- Continuous investment in technology since 90s

INNOVATIVE CUSTOMER-ORIENTED PRODUCTS & SERVICES

- Differentiating with innovative, flexible and custom-tailored solutions
- Blending customer needs and tendencies with evolving trends
- Conducting market research and listening to customers
- Encouraging employees to share their suggestion and innovative ideas

BEST CUSTOMER RELATIONSHIP MANAGEMENT SOLUTIONS

- Systems enabling profitability and propensity analysis and product development
- Sophisticated segmentation systems
- Multi-channel CRM tools offering effective and timely solutions
- Operational efficiency, sales effectiveness and digitalization
- Making a difference in customer experience with smart business processes

STRONG BRAND & REPUTATION

- Customer centricity measured periodically via Customer Centricity Index based on quantitative parameters
- Consistent communication and corporate responsibility projects continuously contribute to brand perception.
- Emotional connection differentiates Garanti brand from others.
- Customers define Garanti: "Trustworthy, innovative, technologically advanced, fast, understands and meets customer needs, smiling, caring and helpful"

EXCEPTIONAL DATA WAREHOUSING & MANAGEMENT REPORTING (MR)

- Centralized MR, enabling management to take timely actions
- Proactive business support in the decision-making process
- One of the best practices in Turkish market in terms of data consistency, reliability and report generation efficiency
- Reports generating significant inputs for Asset Liability Management process

CENTRALIZED OPERATIONS

- First bank to set up centralized operations in Turkey
- 99% centralization ratio
- Warehousing all data electronically
- First bank in Turkey to create "paperless banking" operating environment
- First bank in the world to implement ID scanning facilities in branches
- Alleviating branches' operational workloads through effective use of technology
- Best in class operational efficiencies and superior employee productivity

SINGLE POINT OF CONTACT FOR ALL FINANCIAL NEEDS

- International banking operations in the Netherlands, Russia and Romania since 1990s
- Leader in bancassurance
- 18% of all pension participants in Turkey choose Garanti.
- With TL 9.8 billion business volume maintains its leading position in factoring
- Leader in number of leasing contracts
- Turkey's first asset management company
- Strong presence in capital markets with ~7.5% brokerage market share

EXTENSIVE BRANCH NETWORK

- 100% geographical coverage
- Presence in 81 cities
- Tripled branch network since 2002
- #1 in branch openings since 2002 (>670 new additions)
- Highest per branch efficiency by loans, customer deposits and ordinary banking income

OMNI-CHANNEL CONVENIENCE WITH SEAMLESS EXPERIENCE ACROSS ALL CHANNELS

- 81% of all financial transactions occur via digital channels.
- Leading position in internet and mobile banking
- First bank to provide applications in all major operating platforms
- 4,003 ATMs facilitating >180 transactions
- Leading financial call center with more than 65 million customer contacts per year
- Offering personalized financial management services

MILESTONES IN GARANTI'S HISTORY

1946

-Founded in Ankara.

1990

-Went public; its shares began trading on the ISE.

1995

-First bank to work during lunch time
-Introduced the first Cash Management Account in Turkey (E.L.M.A.).

1997

-Became the first multi-branch private bank in Turkey to offer real-time online services.
-The first Turkish bank to offer internet and telephone banking together.
-Offered Turkey's first Direct Debit System.

2000

-Introduced Bonus Card, Turkey's first chip-based and multi-branded credit card.
-Introduced Shop&Miles, Turkey's first credit card that earns miles while shopping.

1983

-Joined Doğuş Group, a conglomerate operating in finance, industrial and services sectors.

1993

-First Turkish company to issue shares in international markets.

1996

-First private bank to launch "Business Owner Package" dedicated to support SMEs.
-First bank in Turkey to establish a dedicated Cash Management Department.

1999

-The first bank to offer "Virtual P.O.S." system.
-Launched Turkey's first e-trade website (eticaret.garanti.com.tr)
-First bank in the world to issue trade payment rights securitization.

2005

-First bank in the world to offer SMS-based money transfer via CepBank.
-First Turkish company to receive the Investors in People (IIP) achievement certificate for the quality of its human resources practices.
-Turkey's first cardless bill payment and money deposit transactions through ATM.
-General Electric and Doğuş Group became equal strategic partners in Garanti Bank.

2003

-Offered Turkey's first Online Direct Debit System.

2001

-Merged with Ottoman Bank, another banking subsidiary of Doğuş Group.

2006

-Introduced world's first flexible credit card, FlexiCard, enabling customization of all parameters including financial and visual.
-Introduced Bonus Trink, the PayPass featured credit card with contactless chip technology.
-Initiated Turkey's first bill payment service via P.O.S. machines.
-Offered "5 minute loan" service whereby the applicant receives the evaluation in 5 minutes.
-First bank in Turkey to create "paperless banking" operating environment and first bank in the world with ID scanning facilities in branches.
-The first Turkish private bank to offer "Woman Entrepreneurs Support Package".
-The only bank in Turkey with exclusive rights to issue American Express Centurion Line Cards and to accept merchants to its network.

2002

-Established Turkey's first interbank card platform with Bonus Card.

2007

-Partnership agreement with one of the prominent insurance companies in Europe, Eureko B.V. (the Netherlands) to transfer 80% of shares in Garanti Insurance and 15% of shares in Garanti Pension.
-Launched "Garanti Discount", Turkey's first web-based supplier financing system.
-Launched Turkey's first Direct Debit System with risk sharing model.
-Introduced PayPass featured Bonus Trink credit cards in the form of watch and key fob – both firsts in Europe and sticker- a first in the world.
-Introduced Environmentally Friendly Bonus Card, a first in Turkey and Europe with its features as an ecologic product such as its plastic, communication materials and donation characteristics.
-First bank in Turkey to offer web-based transactions on TurkDex (The Turkish Derivatives Exchange) via online banking.

2008

-Bought back founder share certificates, an important move toward improved corporate governance.
-Launched Turkey's first Inventory Finance System.
-Established Turkey's first mortgage call center, 444 EVİM.
-Launched Loan via P.O.S., commercial installment loan offered through P.O.S. system, a first in the world and in Turkey.
-Performed Turkey's first cardless remittance via ATMs, where both parties are non-bank customers and want to transfer money.
-Founded the Teachers Academy Foundation (ÖRAV), with the aim of fostering consistent personal and professional development of teachers.

2011

- Banco Bilbao Vizcaya Argentaria (BBVA) and Doğuş Group became equal strategic partners in Garanti Bank, through BBVA's acquisition of shares from GE Capital Corporation and Doğuş Holding A.Ş.
- Sold its 20% shareholding in Eureko Insurance to Eureko B.V. by exercising its put option.
- Joined UNEP FI (The United Nations Environment Programme Finance Initiative).
- SALT was established to provide long-lasting support to culture and experimental thinking in Turkey.
- Entered the Carbon Disclosure Project (CDP) Global 500 Report 2011, a global reporting system on climate change.
- Became the first private enterprise to issue the longest tenor Eurobond in Turkey.
- Provided Turkey's first TL-denominated long-term project finance facility.
- Introduced Cep-T Paracard in collaboration with Turkcell and MasterCard, Turkey's first prepaid card enabling SIM-based secure service that can be used with mobile handset devices.

2010

- Established the Sustainability Committee.
- Submitted its greenhouse gas emissions and climate change strategy to the Carbon Disclosure Project (CDP).
- Introduced another first in Turkey by performing Western Union transactions through ATMs as well as Internet Banking.
- Launched the world's first NFC (Near Field Communication) payment enabled SIM card "Bonuslu Avea".
- Joined Global Banking Alliance For Women, the largest network of banks offering service to small- and medium-sized business owner women, as the first and only member from Turkey.

2009

- Turkey's first bank to offer "e-government" payments.
- Introduced Money Card, Turkey's first credit card which is multi-branded and also offers brand-specific loyalty benefits.
- Launched Turkey's first last minute EFT service.
- Offered Western Union transactions via Internet branch as a the world.
- Developed Turkey's first Gold Financing System.
- Launched DCC (Dynamic Currency Conversion) P.O.S. enabling foreign card holders to pay in their own currencies.
- Started calculating its greenhouse gas emissions.

2012

- Set up its Environmental Management System and Environmental Policy.
- Signed up to the United Nations Global Compact.
- Became the first bank in Turkey to become a member of the Turkish Business Council for Sustainable Development (TBCSD).
- Introduced Garanti Link which offers special campaigns to social media users as a first in Turkey.
- Introduced Net Account as a first in Turkey which offers a variety of returns based on income, saving capability and habits, and with regard to opening dates and regular payment amounts.
- Established sector's first Auto Loan Support Line; 4440TOM.
- Became the first bank in Turkey to apply Call Steering, apprehending the request expressed by the customer and directing them to the related task point.
- Launched world's first banking application for Windows 8
- In partnership with Shell, introduced Shell Partner Card as a first in Turkey to combine cash and fuel management in a single card.
- Introduced Turkey's first contactless SME -specific credit card, Easy Card.
- Introduced Takas Kart (Barter Card) that enables the automation of cash flow between dairy industries, milk cooperatives, and milk producers through merging the means of exchange with technology on a plastic card.
- First Bank in the world to offer web-based solution to the working capital needs of car dealers for the purchase of second hand cars via Exchange Finance.

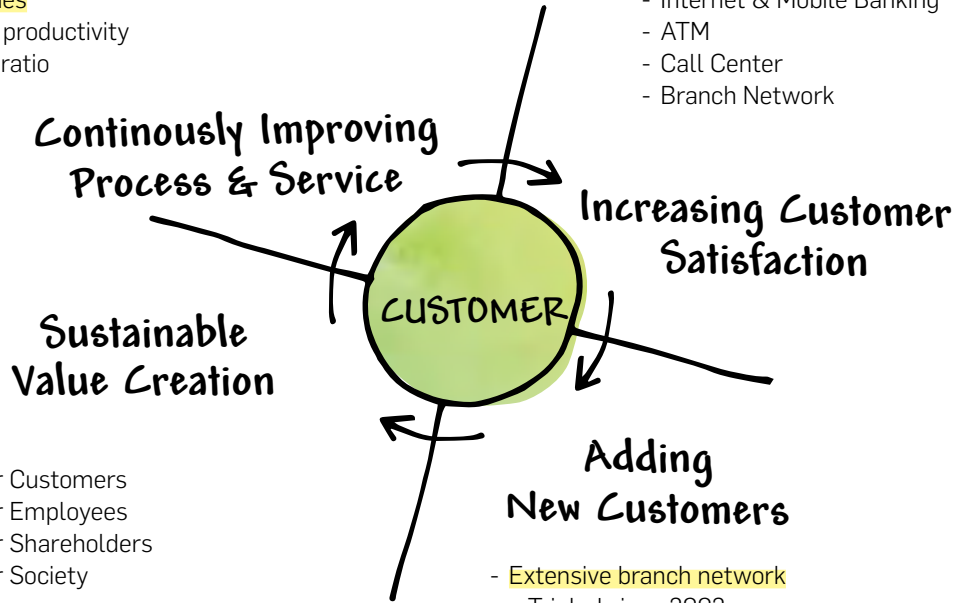
2013

- Provider of the highest-amount loan with the longest maturity in the world under the DPR (Diversified Payment Rights) securitization program.
- Issuer of the longest-maturity in Turkey under the Medium Term Note Program, and the first Turkish issuer of notes denominated in euro, Czech koruna, Romanian leu, Swiss franc and Australian dollar.
- Launched, in collaboration with Turkcell, contactless payment by mobile phones for Mastercard and Visa users, a first in the world.
- Established a long-term loyalty program aimed at real estate agents with the program "Garanti Mortgage Secures Retirement for Real Estate Agents", a first in Turkey.
- Became the first bank to launch a website dedicated to providing information on urban transformation at www.kentseldonusumcevaplari.com.
- Successfully led and finalized the financing of the first big-ticket electricity generation privatization.
- Began receiving general-purpose loan applications with the secure form made available on Facebook, a first in the world.
- Became the first Turkish bank to enable money transfers via Facebook and Twitter. This represents the launch of social platform-compatible version of CepBank.
- Took digital transaction banking one step further and introduced iGaranti, a service embedded into the lives of people, which signifies a first in the mobile world.
- Became the first Turkish bank to have a presence on all of the leading platforms with the Mobile Phone Branch.
- Became the first Turkish bank to set up new branches with a Disabled-Friendly Banking approach.
- Boasts being the first Turkish bank to be assigned an A level for its Sustainability Report by GRI (Global Reporting Initiative).

GARANTI: THE LEADING BANK IN TURKEY

CUSTOMER-CENTRIC BUSINESS MODEL ALONGSIDE PROVEN MANAGEMENT SUCCESS DELIVERS IMPRESSIVE TRACK RECORD AND SOLID PLATFORM FOR FUTURE GROWTH

- **Technologically advanced banking systems**
 - Business-integrated IT
 - Continuous investment in technology since 90s
- **Competent & dynamic HR**
 - Extensive training
 - Incentive schemes
- **Operational efficiencies**
 - Superior employee productivity
 - 99% centralization ratio
- **Innovative customer-oriented products and services**
- **Multi-channel CRM** tools offering effective & timely solutions
- **Omni-channel strategy** offering seamless experience
 - Internet & Mobile Banking
 - ATM
 - Call Center
 - Branch Network



- For Customers
- For Employees
- For Shareholders
- For Society

The most valuable company in Turkey...

- **Extensive branch network**
 - Tripled since 2002
 - 100% TR coverage
- **Customer Centricity Index**
- **Making a difference in customer experience with smart business processes**

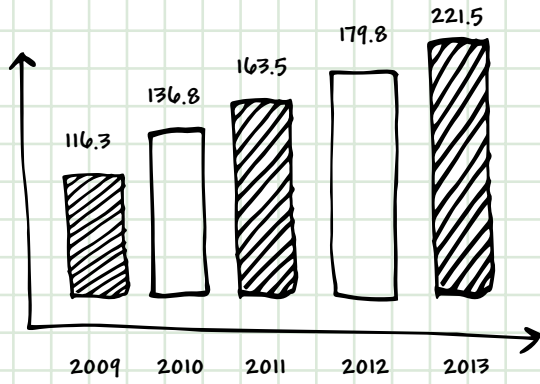
Key Highlights	2009	2010	2011	2012	2013
Branches	792	863	918	936	1,001
ATMs	2,756	3,003	3,268	3,508	4,003
POS*	355,345	405,154	458,851	501,919	534,148
Total Customers	8,966,625	9,774,724	10,701,803	11,724,760	12,400,077
Mobil Banking Customers**	-	-	148,070	439,634	842,191
Internet Banking Customers**	1,532,329	1,669,703	2,068,184	2,367,473	2,655,303
Credit Cards	7,857,047	8,004,359	8,544,466	9,088,470	9,302,545
Debit Cards	5,396,618	6,174,141	6,507,784	7,014,706	7,350,311

* Includes shared POS

** Active customers only -min1. login or call per quarter

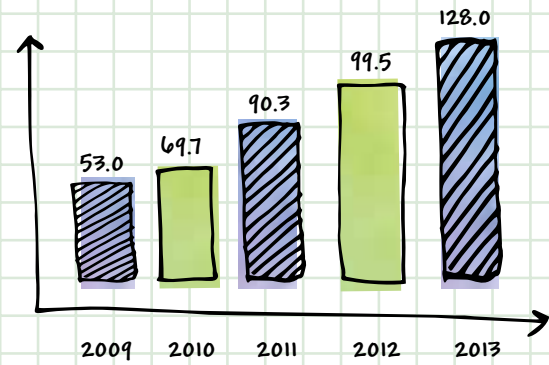
TOTAL ASSETS

(TL Billion)



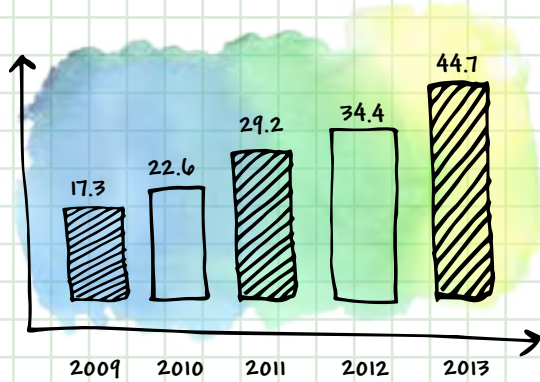
PERFORMING LOANS

(TL Billion)



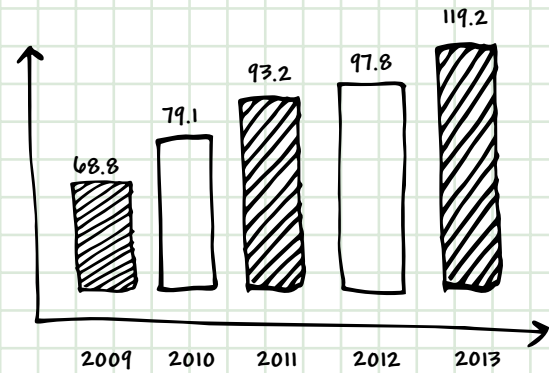
CONSUMER LOANS

(TL Billion)



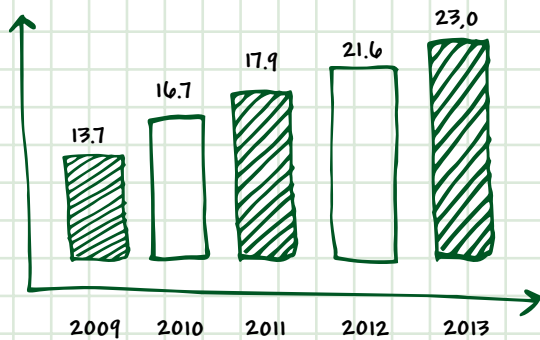
TOTAL DEPOSITS

(TL Billion)



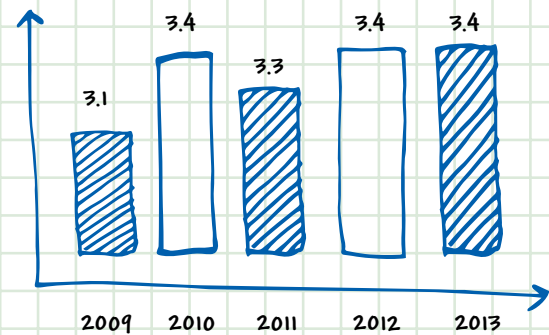
SHAREHOLDERS' EQUITY

(TL Billion)



NET INCOME

(TL Billion)



Note: Based on BRSA Consolidated Financials.



18TH STRONGEST BANK

in the World

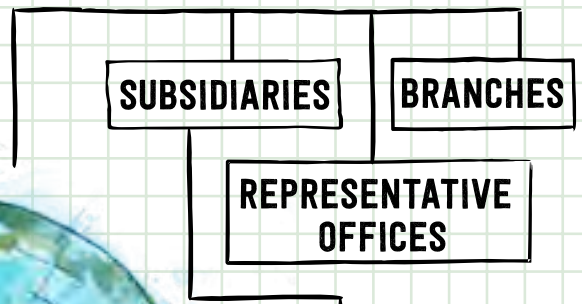


Romania, Russia, The Netherlands, Sweden, Germany, Ukraine, the United Kingdom, Cyprus, Malta, Luxembourg, China

Correspondent Network

160 COUNTRIES

3,250 BANKS



Trades

**IN THE UK
LSE**

**IN THE USA
OTCQX**

International Stock Exchanges

Shareholders from

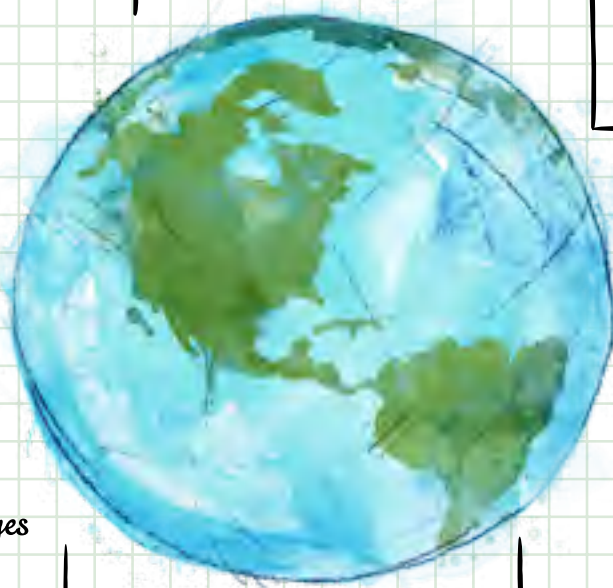
40 COUNTRIES



LEADER

International Money Transfers

**21%
MARKET SHARE**



in Romania

**78 BRANCHES
280 ATMs**

**7,300 POS
110 K
BONUS CARDS**

**THE ONLY INTERNATIONAL NETWORK
OF MERCHANT MEMBERS**

*Visa, MasterCard, American Express,
CUP, Diners, Discover, JCB*

THE BANK OF MANY FIRSTS

*in Payment Systems, Internet, Mobile
and Social Banking Platforms*

Note: Ranked 18th in Bloomberg Markets' annual "World's Strongest Banks" list as the only Turkish Bank.

**2013 OVERVIEW,
EXECUTIVE
ASSESSMENT,
2014 OUTLOOK**

2013 OVERVIEW

In 2013, the Turkish economy attained moderate growth, which was driven by private consumption and public expenditures despite weak private sector investments and negative contribution of foreign demand.

Last year was characterized by the onset of turnaround in growth dynamics of the global economy. As recovery became pronounced in developed countries, deceleration risks increased in emerging economies. The most striking development in this aspect has been the US Fed's initial signal of tapering in May 2013, and its decision to actually do so in December 2013. This further strengthened the expectations that financial tightening would occur sooner than expected, and caused a change of direction in capital flows.

Concerns over growth in Europe weakened in 2013, owing to the decelerated contraction in peripheral companies, particularly in Italy and Spain. However, continued, even if flexed, financial measures and the monetary transmission mechanism that still fails to function efficiently enough resulted in very limited improvement, particularly in the labor market. On the other hand, monetary expansion produced fruitful results for the Japanese economy and annual consumer inflation rate exceeded 1%, drawing near the Bank of Japan's inflation target of 2%, while the British economy was marked by strong recovery. Another factor that affected the global economy was the US Fed's messages that it would taper bond buying particularly as of the second half of the year, parallel to the increased speed of recovery in the US. Acceleration in private consumption that account for the majority of the US economy despite reduced public expenditures added momentum to the recovery process, and supported the decline of the unemployment rate to 6.7%, amid

the contribution of the decreased labor force participation rate as of December 2013. While US Fed adopted the decision to reduce monetary easing starting in January 2014 in last meeting of the year in light of the improvement in the economy, volatility in the world markets increased particularly in the second half of the year. Consequently, capital flows were reversed in emerging countries and currencies depreciated. Argentina's currency witnessed biggest depreciation and that of Indonesia, South Africa and Turkey followed. This situation increased the vulnerabilities of emerging economies, which rely on external financing, while downside risks on their growth became more apparent. On the other hand, growth in the Chinese economy remained stagnant compared to the previous year as a result of the measures taken towards sustainable growth. In brief, 2013 was a year where recovery gained ground in developed countries, whereas risks hovering over growth and financial stability became more evident in emerging economies.

IMPROVEMENT IN THE CURRENT ACCOUNT DEFICIT EXCLUDING GOLD

On the Turkish economy front, following the foreign demand-led growth in the face of contracted domestic demand in 2012, economic growth was realized through public contribution and private consumption in 2013, despite the fact that the private sector investments remained weak and foreign demand made a negative contribution. In the first three quarters of 2013, the Turkish economy grew by 4.0%. The components of growth in the said period included 6.1 point positive contribution from domestic demand versus 2.2 point negative contribution from foreign demand. Although this growth rate was close to the potential rate of growth calculated approximately as 4-5% for Turkey, the growth that was driven mainly by consumption along with 1.5 point contribution from stocks bared the worsened growth composition.

In addition to the accelerated imports due to increased domestic demand, Turkey's transition from being a net exporter of gold in 2012 to net importer of gold in 2013 caused widening in foreign trade deficit year-on-year, and in turn, in current account deficit. While exports shrank by 0.4% and went down to USD 151.9 billion in 2013, imports rose by 6.4% and reached USD 251.7 billion as opposed to the 1.8% contraction in 2012. Hence, foreign trade deficit hiked from USD 84.1 billion in 2012 to USD 99.8 billion in 2013. Similarly, current account deficit also gained pace and its ratio to GDP rose to about 7.9% in 2013 from 6.2% in 2012. However, looking at foreign trade data excluding gold, the 6.8% annual rise in exports surpassing that in imports at 3.3%, which appeared to be a positive indicator in terms of economic rebalancing. When reviewed with the exclusion of gold, the current account deficit also improved in parallel with

MODERATE

GROWTH

*driven by
increased domestic
demand*

the recovery in foreign trade deficit. In addition to this positive development, the Government announced that its priority in the Medium Term Program (MTP) was to fight against the current account deficit. To this end, the Banking Regulation and Supervision Agency (BRSA) adopted measures to curb private consumption, while introducing increased rates for special consumption tax and fixed tax in various items effective from the beginning of 2014.

On the inflation side, the quite low rise in food prices in 2012 lent an upward push to the overall inflation in 2013, which was suppressed by the decline in energy inflation though. However, inflation exceeded even the uncertainty band and went up to 7.4%, also a result of the pass-through effect from exchange rates to prices. Hence, while headline inflation accelerated compared to its 2012 value of 6.2%, core inflation also surged from 5.8% to 7.1% in the same period.

TIGHTENED MONETARY POLICY

In terms of monetary policy, new concepts in simplicity in communication, and forward guidance were employed in 2013. The Central Bank of the Republic of Turkey ("CBRT") displayed an active stance in monetary policy in order to contain the effects of external shocks. In this sense, powerful capital inflows were realized in the first half of 2013 and average cost of funding was set close to the one-week repo rate. In the same period, Moody's upgraded Turkey's rating from Ba1 to Baa3, investment grade. Following Moody's, JCR of Japan also assigned investment grade to Turkey. In the second half of 2013, however, capital flows were reversed with the influence of the declarations of the US Fed, and the Turkish lira depreciated; accordingly, the CBRT tightened its monetary policy. On July 23rd, the CBRT increased overnight lending rate from

6.5% to 7.25%, and the interest rate on borrowing facilities provided for primary dealers via repo transactions increased from 6.0% to 6.75%. On August 20th, the upper level of the interest rate corridor was increased once again after July 23rd, and reached 7.75%. Thus, the CBRT converged the cost of funding close to the "Marginal Funding Rate" of 7.75%, the upper level of the interest rate corridor, via tightening in TL liquidity in the second half of the year. 5.4% on average cost of funding of the CBRT in the first half of the year rose to 7.1% at the end of the year. In an effort to contain the volatility in exchange rates, the CBRT carried out regular foreign exchange sale auctions from June 11th, in addition to effective liquidity management. The CBRT sold foreign currency worth of USD 17.6 billion throughout the year; daily sale amounts were even above the minimum level on days of "additional monetary tightening". As a result, the CBRT reserves dwindled to USD 132.9 billion at year-end 2013, within which gold accounted for USD 20.9 billion.

INCREASED INTEREST RATES

Developments in the global economy and the actions taken by the CBRT were determinant on the market interest rates. After the two-year benchmark bond rate dropped to the record low 4.7% in May 2013, it climbed to 10.03% at the end of the year as a result of the developments in the second half of the year. On the other hand, annual exchange rate adjusted loan growth was 25% owing to strong domestic demand in 2013, when TL depreciated by 7.9% on average throughout the year against the EUR/USD basket.

As for the central government budget, the realization of the budget in 2013 was close to the forecast of the government in the Medium Term Plan announced in October 2013. On the basis of the

overall year, the budget deficit was TL 18.5 billion, remaining barely below the government's forecast of TL 19.4 billion, while the primary surplus was TL 31.1 billion, very close to the government's forecast of TL 31.5 billion. The ratio of the budget deficit to the projected GDP in 2013 was 1.2% and of the primary surplus was 2.0%. On the other hand, the ratio of public debt stock to the GDP began climbing in the second quarter of 2013, with the effect of the higher interest rates and depreciated Turkish lira, and stood at 36.4% as of September. As such, upside risks occurred on the public debt stock for which the government had a forecast of 35% for 2013.

CHAIRMAN'S MESSAGE



Dear Stakeholders,

2013 turned out to be a transition year for the world economy in the post global financial crisis period. The growth dynamics lost momentum in many emerging market economies despite some signs of stronger economic activity in developed countries.

The main determinant of 2013 for the global economy was the transition to a new stage in the supportive monetary policies especially in response to the US economic recovery. The Fed's announcement in May 2013 that based on stronger economic activity in the US, the tapering process may start sooner rather than later was perceived as an exit from the supportive monetary policies. This announcement had significantly influenced the global market dynamics. As a result, capital outflows, increases in bond rates, drops in stock markets and depreciation of the national currencies were observed in emerging markets in the second half of the year.

Notwithstanding the changes in the global economic parameters and uncertainties, it is estimated that the

Turkish economy grew by around 4 percent in 2013. I think that strong, flexible, dynamic, sound and stable structure of our banking sector contributed significantly to the growth performance in spite of the challenges.

As one of the leading representatives of the Turkish financial sector, Garanti Bank performed very well in a challenging year like 2013. Garanti not only increased its resources significantly through an above-sector-average increase in deposits, but also channeled a larger portion of these funds to the Turkish economy via loans compared to the previous year. Garanti strengthened its resource base also through its continued access to external financing despite the difficult environment in international markets and thus could support the Turkish economy with a credit volume exceeding TL 163 billion. Moreover, the decline in the non-performing loans shows that our bank has made remarkable progress also in terms of using its resources more efficiently.

The 2013 performance once again confirmed the success of Garanti Bank in sustaining its contribution to the real sector by adapting quickly and effectively to the changing economic conditions. Over the past year, in line with its corporate social responsibility efforts on an ongoing basis, Garanti also continued its active support to education, culture & arts, sports and environment.

We have been serving and operating with the principle of maximizing the reputation of Garanti Bank with all our stakeholders. In this respect, Garanti will remain as a pioneer in developing and implementing innovative approaches by investing in technology without compromising on service quality. I would like to take this opportunity to

express my deepest gratitude to all our stakeholders and thank my colleagues once more for their dedicated efforts and success in such a challenging year.

Ferit F. Şahenk

Chairman of the Board of Directors

LETTER FROM THE CEO



Dear Stakeholders,

2013 was a year of two distinct periods for the Turkish economy while the uncertainties in the global economy and volatility in capital flows reigned. Having accelerated in the first half of the year in conjunction with the increased global risk appetite, capital inflow to emerging countries was reversed by the anticipations that the Federal Reserve might start tapering earlier than expected. As a consequence, appreciation in Turkish Lira and record-low interest rates observed in the first half of the year reversed in the second half as the capital flows started to change direction. Despite the downward pressures in the second half of the year, the Turkish economy sustained its growth on the back of private consumption, robust banking sector, and successfully managed government spending.

In parallel with macroeconomic developments, Turkish banking sector similarly went through two distinct periods: While the first half of the year was dominated by an environment of rapid credit growth in conjunction with the low interest rates, the second half saw deceleration in credit expansion

with the effect of the rising interest rates and increased regulations within the framework of the financial stability target. Yet, the accelerated lending growth in the first six months lead to an annual 32% credit increase in the sector, well above that in 2012. The sector preserved its asset quality while growing. The NPL ratio was 2.6% at year-end 2013, below its level at the end of 2012.

The rise in interest rates also put pressure on profitability of the banking sector. With the increase in cost of funding and regulations introduced, net interest margin of the sector shrank by approximately 90 points in the second half of the year compared to the first.

We, as Garanti, adopted a balanced approach considering the interaction of the risk, return, capital and liquidity with each other and observe them in tandem. We achieved a substantial growth momentum again this year, by paying regard to and by protecting our capital strength, liquidity buffers and sustainable profitability performance. By prioritizing being accessible easily and immediately via every channel, we kept on investing uninterruptedly. We are proud of achieving our target to have 1,000 branches which we have set years ago. As Garanti Bank, today we are serving our customers in every city of Turkey.

In loans, we outperformed the target we had set at the beginning of the year. While TL lending growth on a consolidated basis was 27%, above the expectation of 20%; foreign currency lending growth was 8%, as projected. Overall, our total loans reached TL 128 billion. While growing; we sustained our stronger than sector asset quality as the nonperforming loans' ratio improved to 2.1%, below the sector average.

The growth rates we captured in lending were not achieved by focusing on just one type of credit, but rather by solid performance in all categories from

consumer and SME loans to corporate and commercial loans. On the consumer side, we continued to offer solutions for our customers' financial needs within the framework of our Bank's risk policies. We registered strong growth rates in SME loans, as well. We give a special importance to SMEs as a customer group. We think that supporting the SMEs contributes to the development of the society. Furthermore, we also sustained our leadership in project finance loans. We took part as the lead arranger in the financing of major infrastructure and energy projects that will support Turkey's growth.

On the funding side, we kept focusing on customer deposits. Drawing on the confidence our customers hold in us, we outgrew the sector in terms of TL deposits in 2013. As we preserved our solid deposit base, we continued to successfully tap overseas funding sources. The high credibility Garanti enjoys in the global markets resulted in record demands and increase in the amount of our syndicated loans. In the last quarter of the year, we secured the highest-amount securitization with the longest maturity in the international markets. Moreover, we created overseas funds worth USD 1.4 billion in total under the Medium Term Note (MTN) borrowing program we set up during the year, which allows bond issuances in different currencies and maturities. Thereby, we hold the leading position in MTN issuances out of Turkey with a market share of 47%.

Through these rough times, we continued to make effective use of our capital at Garanti Bank. Banks suffered from decreased capital adequacy ratios due to the depreciated Turkish lira, elevated interest rates and increased regulations. Yet, the Turkish banking sector was able to remain above the minimum and recommended regulatory ratios, and maintained its strength in

terms of capital structure. In this period, the capital adequacy ratio of Garanti Bank displayed a similar course and stood at 14%. **On the other hand, at 91%, the ratio of core capital to total shareholders' equity was above the sector's average, attesting once again to the quality of our shareholders' equity and our adherence to sustainable growth strategy.**

At Garanti Bank, we continue to aim launching sustainable initiatives that truly contribute value to the society. Along the line, we have been long extending support to education, culture, arts, sports, nature and sustainable life; we go beyond sponsoring and conduct projects in collaboration with a number of non-governmental organizations. Culture, arts, education, sports and jazz music remained in the focal point of our corporate responsibility activities also in 2013.

*Well-balanced
approach on risk,
return, capital &
liquidity*

We have taken our long-going support to culture and arts one step further this year by opening SALT Ulus, the third building of SALT. Like SALT Beyoğlu and SALT Galata, SALT Ulus executes programs in various fields from contemporary art to social and economic history, from architecture to design and urban life. We believe that this institution, poised to contribute to the cultural and intellectual life of Turkey for many more years to come, will create inspiring influences for the new generations. We are delighted to have reached a total of 766,795 visitors through 31 exhibitions

put on display in 2013 at SALT Galata, SALT Beyoğlu and Salt Ulus.

In the five years since its onset, the project Öğretmenin Sınırı Yok (No Limits in Teaching), which we have launched in the field of education that represents one of Turkey's most crucial and top priority issues, reached 85,095 teachers working at 3,407 schools in 79 cities. Under the project, the Teachers Academy Foundation offered one-on-one training in personal and professional development, and was able to touch our teachers, who take on the most vital role in educating and training the future generations.

Garanti Erciş Teachers' Quarters was another project realized for our teachers in 2013. Last year, we completed the construction of the quarters for the teachers working in Erciş within the frame of a protocol signed with the Ministry of Education following the earthquake disasters of 2011 in Van and Erciş. This step was intended to help soothe the pain of the local community, even if to some extent.

In keeping with our initiatives in disabled-friendly banking, we have taken on the sponsorship of the Wheelchair Basketball Leagues until October 2016 in the 12th year of our support to basketball. In addition, we began extending support to the women's, men's and juniors National Wheelchair Basketball Teams. It is our heartfelt wish to be instrumental in furthering the means of doing sports for all our disabled fellow citizens in the long term, and helping them capture successful results acclaimed around the world.

*No limits in
teaching reached
85,000
teachers*

In 2013, we have witnessed the achievements of another sportsperson that we proudly support, world record-holder free-diver and national athlete, Şahika Ercümen. The diving event that followed the diving training given to disabled athletes and non-athletes led by Şahika Ercümen and involved the participation of the Garanti Bank Underwater Sports Club, opened the gateway into the blue world for us all.

In 2013 that marked the 20th edition of İstanbul Jazz Festival, as Garanti Bank, we were thrilled to be providing support through our "Garanti Jazz Green" brand that has pioneered the promotion of jazz music in our country for 16 years. We continued to give support to various concert venues and events in order to propagate jazz music among larger audiences. On another front, we joined in the joy of jazz by providing sponsorship support to the International Jazz Day, celebrated also in İstanbul based on the cooperation between UNESCO, Thelonious Monk Institute of Jazz and İstanbul Foundation for Culture and Arts (İKSÜ).

*Continue
to launch
sustainable
initiatives that
add value to
society*

Garanti Anatolian Meetings, which bring us face to face with the SMEs and provide a platform for discussing suggested solutions on the basis of sectors and provinces and for sharing the vision, continued to serve as a guide for the SMEs in 2013. In 90 meetings organized in 64 provinces to date including the seven cities visited in 2013, we got together with 25,000 SMEs.

Our activities directed towards women entrepreneurs continued in 2013. The new class graduated from the "Women Entrepreneurs Executive School" under the free education project launched in 2012 in cooperation with Boğaziçi University Lifelong Learning Center (BÜYEM). Held in Istanbul, Ankara and İzmir in 2012, and in Antalya, Gaziantep, Denizli and Adana in 2013, the Executive School presented certificates of education to 578 women entrepreneurs in total. The initiative will continue in 2014. Co-organized with the Women Entrepreneurs Association of Turkey (KAGİDER), the Women Entrepreneurs Gatherings went on in five cities in 2013. Turkey's Women Entrepreneur Competition we have initiated in cooperation with the Ekonomist magazine and KAGİDER, on the other hand, was held for the seventh time.

In 2013, we have striven to establish as many platforms as possible to get together with young entrepreneurs, to capitalize on their ideas and to share knowledge. We held the first one of the Young Entrepreneurs Gatherings co-organized with The Union of Chambers and Commodity Exchanges of Turkey (TOBB) at Boğaziçi University. In 2014, we will continue with our initiatives seeking to hear the ideas of future businesspeople, to guide and encourage them.

With its Sustainability Report that addressed the Bank's sustainability performance transparently and comprehensively, Garanti Bank has been the first Turkish bank to be awarded A level by the Global Reporting Initiative (GRI). In the period ahead, we will be equally sensitive and observe the needs of future generations in the decisions we adopt, and keep fulfilling the responsibility that falls upon us for building a sustainable future.

Dear Stakeholders,

In 2014, US Fed's actions in relation to global liquidity and the macro-prudential measures adopted against these influences, coupled with the weak outlook

of global demand, augment the risk hovering over Turkey's economic growth.

On the other hand, we are expecting the foreign demand to lend a positive effect to growth in 2014, as opposed to 2013, once the Euro zone exits recession and the Turkish lira improves its relative strength. In 2014, we are forecasting a growth rate of around 3.0% with the contribution of the private sector and public investments. Anticipating a slowdown in economic growth in 2014, we are expecting the current account deficit to remain below its level in 2013.

Sustainable growth strategy

In 2014, the profitability, growth and asset quality of the banking sector will bear the repressive effects of the elevated interest rates and the recent actions of the regulatory bodies. However, we believe that these are positive steps with regard to the medium- and long-term outlook of the sector.

At Garanti Bank, we will be working to carefully design our future steps and to accurately shape our strategies in 2014, which will be the scene to intense competition. Despite the uncertainties plaguing the economic conjuncture, Garanti will maintain its solid, healthy and sustainable growth strategy, by keeping its focus on efficient use of resources and placing innovation at the core.

Our wish, as always, is to earn the appreciation of all our stakeholders...

Sincerely,



Ergun Özen
President & CEO

2014 OUTLOOK

In 2014, the uncertainties regarding the global economy and the global risk appetite, along with the macro-prudential measures supporting country's financial stability target, are anticipated to decelerate the growth rate of the Turkish economy. While these arrangements are deemed to be steps that will back the healthy growth of the Turkish economy in the medium and long-term, they are expected to create a repressive effect on the credit expansion and profitability of the banking sector in the short term.

While 50% lower credit growth rate is expected in the sector relative to 2013 growth rate, the composition of credit expansion is also likely to see some changes. The banking sector is anticipated to place more weight on loans that will support production, investment and employment. Based on the expected continued upward trend in interest rates, net interest margins are anticipated to fall in 2014.

In 2014, Garanti Bank targets to achieve credit expansion rates that are parallel with the sector's forecasts. Deceleration in economic growth and regulations are expected to bring the expansion in total performing loans down from 29% in 2013 to 16% in 2014. TL loans will continue to make up the primary component of growth with an expansion of approximately 15%. However, macro-prudential measures, which are intended to drive growth in consumer loans to a healthy level, are expected to reduce the share of retail loans within the total. The growth rate of mortgage and general-purpose loans and credit cards is expected to decline remarkably as compared with 2013. Loans extended to the real sector are forecasted to take a higher share in total lending and to enlarge by 25% year-to-year. FC loans, on the other hand, will likely remain flat in 2014, and grow approximately 10% in US dollar terms,

with the contribution of export loans and project finance loans in particular.

On the asset quality side, the ratio of non-performing loans is expected to see a slight increase in parallel with the slowdown in the economy. With the support of the potential rise in collections, the ratio of non-performing loans is anticipated to stand at 2.5%, slightly above the 2013 figure of 2.1%.

Deposits will continue to make up our primary funding source. The deposit base is targeted to grow at a rate close to that of loan growth. The weight of the deposits pertaining to the retail and SME customer segments that support the healthy and stable funding structure of the Bank is expected to remain at 70% level. In addition, alternative sources such as bond issues in domestic and overseas markets, securitization and syndication loans will be utilized within the strategy to diversify funding sources.

Garanti sets itself apart in the Turkish Banking Sector for its sustainable and efficient business model. Even in a tough year like 2013, the Bank met its targets set at the beginning of the year and delivered a net interest margin of 4.2%, flat with the 2012 level. In 2014, however, some lower margins will be inevitable

due to the higher cost of funding. On the side of net fees and commissions income, the target is a growth rate of around 13% in parallel with the lending growth. Operational expenses, on the other hand, are expected to grow below the inflation rate, within the frame of efficient cost management.

Garanti's effective balance sheet management and innovative business model will enable to preserve its solid capitalization fueled by its sustainable and healthy growth strategy, even in an expected to be a challenging year like 2014.



*Efficient
management of
balance sheet
&
INNOVATIVE
BUSINESS
MODEL*

EXPECTATIONS REGARDING THE GROUP IN 2014

Along with its international subsidiaries operating in Romania, the Netherlands and Russia, and its financial subsidiaries offering services in every field of the financial services sector including leasing, factoring, pension and life insurance, brokerage and asset management in Turkey, Garanti operates as an integrated financial services company and offers complementary financial solutions to its customers. It is targeted to sustain the positive contribution from the synergies created among the subsidiaries to profitability in 2014, and to see 1 or 2 points increase in the share of the subsidiaries within the Group's net income.



*Sustainable
& healthy
GROWTH*

Although the Group expects stronger operating profit relative to prior years from its banking subsidiaries in 2014, its forecasts include probably weaker results as compared with the prior year following a cautious approach in view of the expected impact on the accounting profit/loss that might result from the global economic conjuncture and potential domestic market volatilities.

With respect to its operations in Turkey, the Group ended the year 2013 as market leader within the Private Pension System (PPS) in terms of number of participants, meeting its target set a year ago. The Group anticipates positive results in 2014 on the back of acceleration in private pension sales, and reflection of that increase on total funds under management. The Group also expects growth in the financial leasing sector and the effects of the changes in legislation to positively impact 2014 domestic operational results.

In 2014, the contribution of the accounting profit/loss item to the Group's results will remain very limited because of domestic volatilities, and return on assets (RoA) will decline as compared with the previous year due to the repressed net interest margin; yet the Group will be able to keep this impact under control. The Group does not foresee a significant change in its asset quality. In 2013, the Group has achieved its goal of diversifying its funding sources also at its subsidiaries. Despite the pressure on profitability, increased contribution from subsidiaries, effective cost management, and efficiency focused business model, will prevent a deterioration in the Group's operating expenses.

In conclusion, the Group will preserve its solid capital structure and strong profit generation capacity on the back of its robust balance sheet structure, efficient business model and effective cost management.



100% Geographic Coverage

81 CITIES

#1

in branch openings since 2002

**TRIPPLED
BRANCH NETWORK**

1,001 BRANCHES

Each year

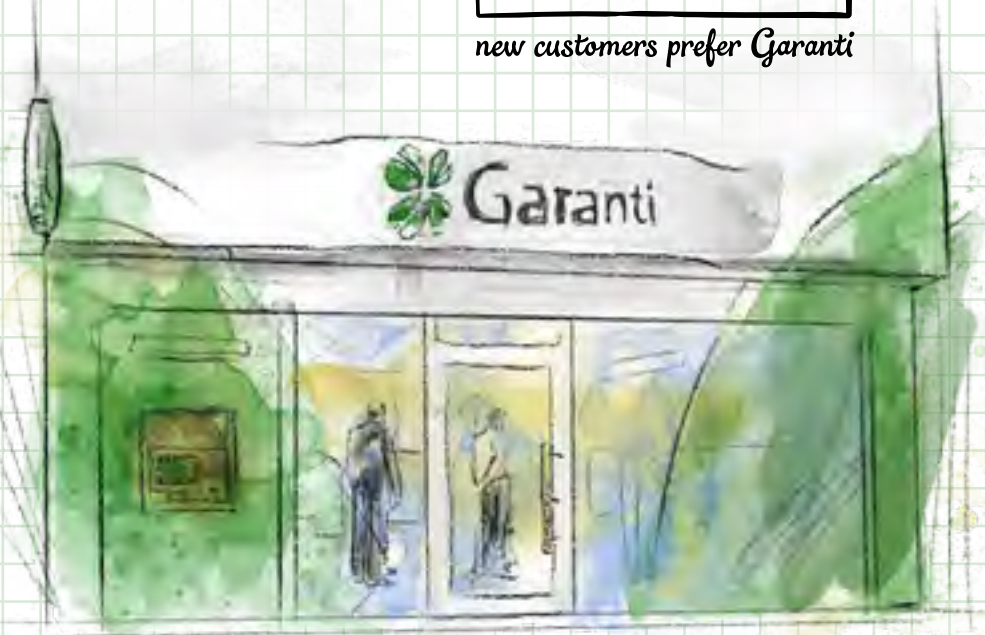
~1 MILLION

new customers prefer Garanti

12 K

*Branch Employees
started the day by greeting*

"WELCOME"



In 2013, G-matics issued

**42 MILLION
TICKETS**

that were served



First in the World to implement

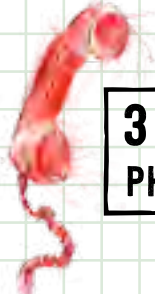
**ID SCANNING
FACILITIES**



First in Turkey to create

**"PAPERLESS
BANKING"**

*operating
environment*



**3 MILLION
PHONE CALLS**

*were answered
per month*

**DISABLED-FRIENDLY
38 BRANCHES**

FINANCIAL HIGHLIGHTS

ASSESSMENT OF FINANCIAL POSITION, PROFITABILITY & DEBT PAYMENT CAPABILITY

2013 has been a very challenging year for the banking sector. Having been a year of two different periods in terms of market conditions, 2013 was marked by economic uncertainties and regulatory actions. The period comprising the first five months of the year was defined by significant net capital inflows to the country, high global risk appetite, sovereign rating upgrade expectations, and even rating upgrades took place. While the benchmark bond interest rate slid down to 4.7%, Turkish lira appreciated; the banking sector grew strongly, net interest margins expanded, and lending growth gained pace. From June onwards though, the picture turned around drastically. Sharp contraction in net capital inflows, US Fed's signals of a potential monetary tightening, followed by its subsequent tapering, the Gezi Park protests, and political uncertainties imprinted the second half of the year, where the benchmark bond interest rates climbed as high as over 10% and the Turkish lira depreciated in a meaningful fashion. On top of the negative repercussions of the severe reversal in market conditions on the banking sector, banks were directly affected by the additional regulatory actions imposed for financial stability purposes, as a result, saw significant suppression in their net interest margins and loan growth tapered off.

Amid the tough market conditions of 2013, Garanti proved its ability to perform solidly under any market condition. The Bank recorded above budget lending growth with preserved sound asset quality, stood out with its strong capital base and liquid balance sheet structure. Garanti significantly increased its core banking income, while

successfully defending its net interest margin. Garanti sustained its leadership in branch efficiencies, while speeding up investments in delivery channels, aiming to offer an embedded banking experience to customers that gives the priority to easy and instant access to its banking services from all channels. At the end of 2013, Garanti was serving more than 12.4 million customers through a robust distribution network covering 1,001 branches, 4,003 ATMs, Turkey's largest financial Call Center, and state-of-the-art mobile and internet banking platforms. Possessing a massive payment systems infrastructure consisting of nearly 17 million debit and credit cards, and 534,000 POS terminals, Garanti manages Turkey's largest merchant network via its innovative products and services.

*Garanti stood out
with its strong
capital base &
liquid balance sheet
structure*

Garanti Bank's total assets increased by 23% year-over-year in 2013, and reached TL 221.5 billion. As Garanti focused on customer-driven asset growth, the share of lending to total assets went up from 56% at year-end 2012 to 58% at the end of 2013. Creating high-yields as well as cross-sell opportunities, consumer* loans represented the key driver behind the

credit growth enjoyed by Garanti, which expanded its cash loans approximately by 29% in 2013. Garanti further solidified its position in the sector, registering 39% rise in general-purpose loans, 15% in auto loans, and 30% in mortgage loans. While remaining Turkey's largest mortgage lender, Garanti finished the year as the leader also in 'auto' and 'total consumer*' loans. Furthermore, Garanti attained 27% expansion in corporate, commercial and SME loans, which, altogether, accounted for 64% of its total lending in 2013.

Looking back at the five years that preceded 2013, we have gone, and still are going, through the effects of the global financial crisis, hard landing, recovery, soft landing, and introduction of macro prudential measures in 2013. At Garanti Bank, we were able to preserve our solid asset quality even in this volatile period. As at the end of 2013, the NPL ratio of Garanti was below that of the sector's in all loan categories. Having increased its collections by more than 65% on an annual basis, Garanti's NPL ratio stood at 2.7%. At year-end, Garanti's total coverage ratio stood at 140%.

Within the solid and diversified funding structure of Garanti, deposits make up the largest portion. In 2013, Garanti continued to broaden its deposit base, uncompromising its focus on profitability, and registered 19% growth in TL deposits. In line with the Bank's strategies to diversify its funding base and to effectively manage assets/liabilities duration gap and funding costs, the Bank opted for accessing alternative funding tools from capital and money markets in 2013. As a result, growth in FC deposits remained limited to 3% per annum on the basis of US dollar. Demand deposits expanded by 24% and kept supporting the funding base.

*Excluding commercial installment loans

At 23% as at year-end 2013, the share of demand deposits in total deposits was above the sector's average. The funding base was further reinforced with diversified funding sources in addition to deposits. Named among the most reliable financial institutions by international investment banks, Garanti set up MTN program during the reporting period, a funding program that allowed the Bank to issue notes with different maturities and currencies. Thereby, Garanti attained a market share of 47% in MTN issues out of Turkey and ranked first among all Turkish banks. In 2013, Garanti undertook bond issuances in domestic and foreign markets. Remaining the preferred institution in international markets, thanks to its robust international banking network, experienced team, and ability to tap potential business areas, Garanti renewed its syndicated loans with a record-high demand. With the USD 1.1 billion DPR transaction with a maturity of 21 years, Garanti secured the highest amount of borrowing with the longest-maturity in the international markets.

Garanti, in 2013, continued to strengthen its capitalization through internal funds. The consolidated capital adequacy ratio remained strong in spite of the negative effects resulting from the significantly depreciation in Turkish lira, the dividend payout during the reporting period, valuation losses on securities accounted for under shareholders' equity, and the newly introduced regulatory actions. Tier 1 ratio at 13% and the capital adequacy ratio at 14%, capitalization ratios continued to remain well above the minimum regulatory ratio of 8% and of the recommended ratio of 12%. The effective capital management at Garanti Bank will keep supporting the long-term growth strategy.

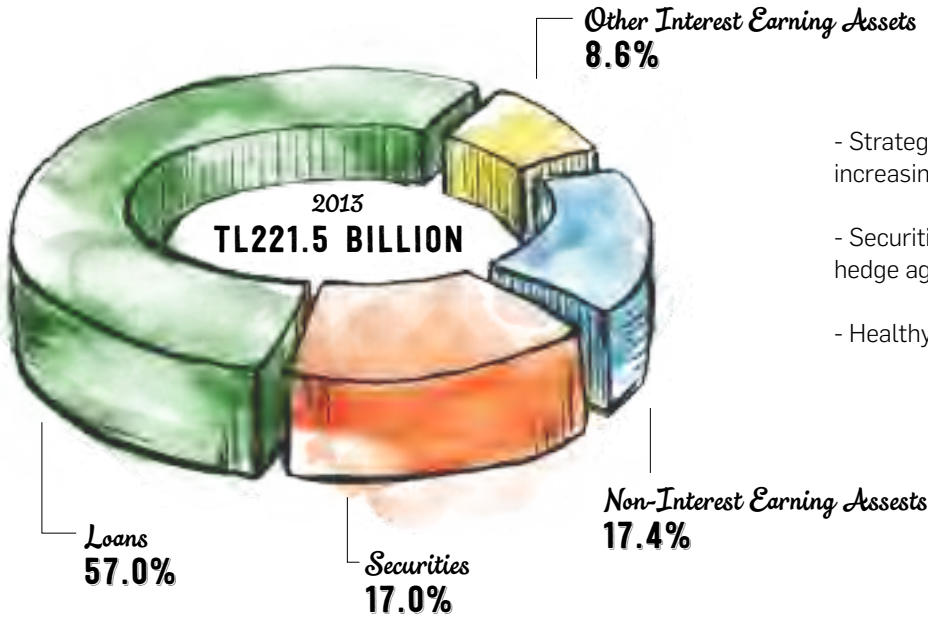
Garanti's achievements come not as a result of ad-hoc steps, but of a long-lived and well-planned journey. The differentiating business model of Garanti underpins the continuity of its successful performance. 12% rise attained in core banking revenues in 2013, once again, proved Garanti's solid stance. Its capability in creating customer-driven revenues and priority placed on efficient cost management continued to add value to the Bank's results. Garanti registered a normalized return on average equity (RoAE) of 17% and a normalized return on average assets (RoAA) of 1.9%.

In the period ahead, Garanti will preserve its position as the primary bank that international banks and investors choose to work with thanks to its liquid balance sheet structure, pristine asset quality and robust capitalization.

KEY FINANCIAL INDICATORS & RATIOS

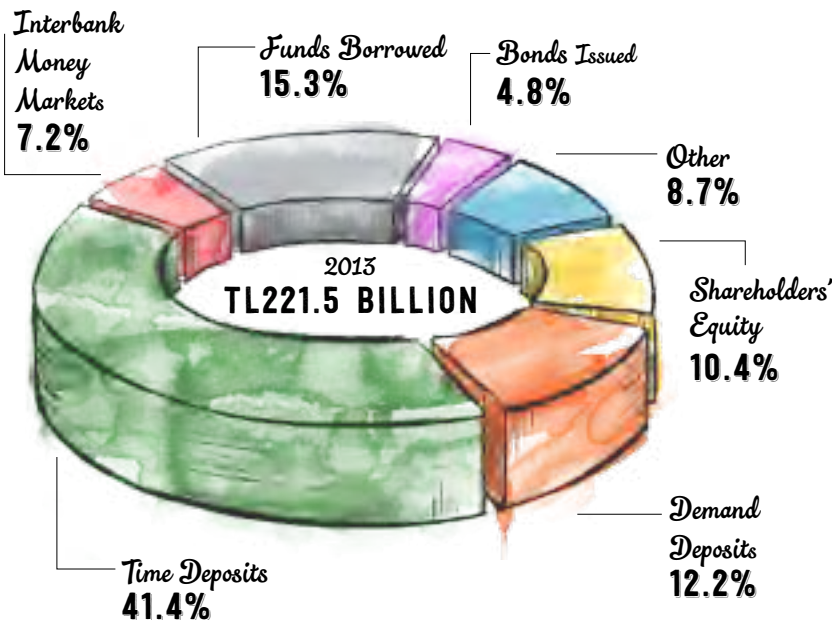
Garanti's liquid, low-risk and well-capitalized balance sheet underscores its differentiated business model.

COMPOSITION OF ASSETS



- Strategically managed asset/liability mix – increasingly customer driven
- Securities portfolio-FRN heavy serving as hedge against volatility
- Healthy growth with sustained low risk profile

COMPOSITION OF LIABILITIES



- Comfortable liquidity on the back of solid deposit base and increasing contribution from other funding sources
- Sound solvency supporting long-term sustainable growth
- Strong capital base supported by internal capital generation capability

Note: Based on BRSA Consolidated Financials. Figures are excluding accruals.

Outstanding performance in a challenging year reigned by volatile market outlook and regulatory actions pressuring profitability.

GARANTI STANDS OUT WITH ITS

Above budget lending growth with sound asset quality

2.7%

Non-Performing Loans Ratio

Below Sector

140%

Total Coverage

Comfortable Provisioning

Sustained strong capitalization level

Comfortable liquidity

14%

Capital Adequacy Ratio

13%

Tier I Ratio

Increasing core banking revenues backed by its highest ordinary banking income generation capacity

15%

Return on Average Equity

1.7%

Return on Average Assets

Preserved highest branch efficiencies

59%

Fees/OPEX

Highest Net Fees & Commissions

2.3%

OPEX/ Avg. Assets

Note: Based on BRSA Consolidated Financials.

GARANTI BANK'S POSITION & ITS MARKET SHARES

Garanti commands a leading position in all the areas it operates through the customer driven, sustainable and profitable growth strategy pursued since the day of its establishment.

Market Shares

ASSETS	12.60%	<i>Turkey's second largest private bank</i> with increasingly customer driven assets
TOTAL PERFORMING LOANS	12.50%	
TL LOANS	10.80%	Uninterrupted support to the economy with sustainable and healthy growth strategy
FC LOANS	17.00%	
CONSUMER LOANS	13.60%	<i>Leader in consumer loans</i>
MORTGAGE LOANS	13.50%	<i>Leader in mortgages</i>
AUTO LOANS	18.60%	<i>Leader in auto loans</i>
GENERAL PURPOSE LOANS	11.00%	
CREDIT CARD ISSUING VOLUME	17.20%	<i>Leading position in Payment Systems</i> TL 73 billion total issuing volume #1 in total acquiring volume with TL 84 billion ~ 17 million cards #1 with ~550 thousand POS terminals
CREDIT CARD ACQUIRING VOLUME	19.70%	
NUMBER OF CREDIT CARDS	16.40%	
NUMBER OF POS TERMINALS	17.10%	<i>Turkey's largest credit card platform: Bonus Card</i>
TOTAL DEPOSITS	11.20%	
TL DEPOSITS	10.30%	<i>Customer driven, sustainable and wide deposit base</i> Superior service variety resulting in a high demand deposits level ~23% of total deposits
FC DEPOSITS	12.60%	
DEMAND DEPOSITS	12.80%	
NET INCOME	13.30%	<i>Robust performance</i> Ordinary banking income backed by successful business model
ORDINARY BANKING INCOME	13.70%	

Note: For sector comparison, BRSA unconsolidated financials are used in market share calculation. Sector data is based on BRSA, commercial banks only. Number of POS terminals includes shared POS

Ordinary Banking Income= Net Interest Income – (General Provisions + Loan-loss provisions and Securities provisions) + Net Trading Gain/Loss + Net Fees and Commissions

GARANTI'S CREDIT RATINGS

Ratings of Garanti Bank represent the highest ratings assessed for Turkish Banks. The Long Term TL and FC ratings assessed by Fitch Ratings, the Long Term TL and FC rating by Moody's and The Long Term TL and FC ratings by JCR Eurasia Ratings represent investment grade.

FITCH RATINGS (OUTLOOK: STABLE)

LONG TERM FC **BBB**
LONG TERM LC **BBB**

STANDARD & POOR'S (OUTLOOK: NEGATIVE)

LONG TERM FC **BB+**
LONG TERM LC **BB+**

FITCH RATINGS:

The Agency upgraded Turkey to investment grade level on November 05, 2012 and placed Garanti's rating under review. Hereafter, Fitch upgraded Garanti's long term FC and long term LC IDRs from "BBB-" to "BBB" and viability rating to "bbb" from "bbb-". The Bank's short term FC and LC ratings of "F3", Support Rating of "3" and "Stable" rating outlook were affirmed. Most recently on October 31, 2013, The Agency affirmed Garanti's above-mentioned ratings and outlook.

National	AAA(tur)	Denotes the highest rating assigned by the agency in its National Rating for that country. This rating is assigned to issuers or obligations with the lowest expectation of default risk relative to all other issuers or obligations in the same country.
Long Term FC	BBB	Good credit quality, indicates that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
Long Term LC	BBB	Good credit quality, indicates that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

STANDARD & POOR'S

Standard & Poor's upgraded Turkey's long-term foreign currency sovereign credit rating to "BB+" from "BB". Following this upgrade, on April 05, 2013, S&P upgraded Garanti's long term ratings to "BB+" from "BB" and affirmed "Stable" outlook. On February 11, 2014, the Agency, revised Turkey's sovereign rating outlook from "Stable" to "Negative". Hereafter, S&P revised Garanti's rating outlook to "Negative" from "Stable".

Long Term FC	BB+	An obligor is less vulnerable in the near term than other lower - rated obligators. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.
Long Term LC	BB+	An obligor is less vulnerable in the near term than other lower - rated obligators. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.

MOODY'S (OUTLOOK: STABLE)

LONG TERM FC DEPOSIT **Baa3**
LONG TERM LC DEPOSIT **Baa2**

JCR EURASIA RATINGS (OUTLOOK: STABLE)

LONG TERM INTERNATIONAL FC **BBB**
LONG TERM INTERNATIONAL LC **BBB+**

MOODY'S:

The Agency upgraded Turkey's sovereign rating of "Ba1" to investment grade level of "Baa3" on May 16, 2013. Hereafter, Moody's upgraded Garanti's long term FC rating of "Ba2" to investment grade level of "Baa3", short-term FC rating to "P-3" from "NP" and bank financial strength ratings to D+(baa3) from D+(ba1). The Bank's long term LC rating of "Baa2", short term LC rating of "P-2", long term national scale rating of "Aa2.tr", short term national scale rating of "TR-1" and "Stable" rating outlook were affirmed. The Agency affirmed Garanti's above-mentioned ratings and outlook on its report dated November 26, 2013.

Long-term National Scale Rating	Aa2.tr	Demonstrate the strongest creditworthiness relative to other domestic issuers.
Long Term FC Deposit	Baa3	Obligations are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.
Long Term LC Deposit	Baa2	Obligations are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

JCR EURASIA RATINGS:

JCR Eurasia Ratings, upgraded Turkey's sovereign rating of "BB" by 2 notches to investment grade level of "BBB-" on May 23, 2013. Hereafter, on May 29, 2013, the Agency upgraded Garanti's long term FC rating to "BBB" from "BBB-", long term LC rating to "BBB+" from "BBB", short term LC rating to "A-2" from "A-3" and affirmed "Stable" Outlook. The Bank's long term national local rating of "AAA(Trk)", short term national local rating of "A-1+(Trk)", short term FC rating of "A-3", sponsor support rating of "1" and stand alone rating of "A" were affirmed

National Long Term Credit Rating	AAA(Trk)	The highest level of capacity of the obligor to honor its financial commitment on the obligation
Long Term International FC	BBB	An adequate level of capacity to honor the financial commitment on the obligation. However, this capacity is more likely to diminish in the future than in the cases of the higher rating categories.
Long Term International LC	BBB+	An adequate level of capacity to honor the financial commitment on the obligation. However, this capacity is more likely to diminish in the future than in the cases of the higher rating categories.

You may find detailed information about Garanti's credit ratings in the consolidated financial statements 6.1 and unconsolidated financial statements 6.1.1.1 or you may follow Garanti Investor Relations web site* for any recent information. *<http://www.garanti.com.tr/investorrelations>

AUDITOR'S REPORT

To The Shareholders of T. Garanti Bankası Anonim Şirketi

We have audited the transactions and accounts of T. Garanti Bankası Anonim Şirketi for the period 01.01.2013-30.04.2013 in accordance with the Banking Law No. 5411, Turkish Commercial Code, Capital Market Law, generally-accepted accounting principles, related legislation and the provisions of the Articles of Association of the Bank. We determined that the Balance Sheet and Profit and Loss Statements of the Bank comply with the accounting records, and such records comply with the relevant documents.

Sincerely,

Murat İnan
Auditor

Altan Reha Göksu
Auditor

AUDITORS

MURAT İNAN

Murat İnan graduated from Istanbul University Faculty of Economics. After serving in various positions at the Ministry of Finance between 1985 and 1997 and at private companies between 1997 and 1998, he joined the Doğuş Group in 1998. He served as Head of Finance in Doğuş Group and on January 01, 2013, he was appointed as CEO of Doğuş Real Estate Investment Trust. İnan has served as Auditor at Garanti Bank since 2006 until April 30, 2013 .

ALTAN REHA GÖKSU

Altan Reha Göksu graduated from Istanbul University Law School and became an attorney after graduation. He joined Doğuş Group in 1972 and served as Legal Advisor for the Doğuş Group companies such as Doğuş Construction and Garanti Real Estate Investment Trust. He has been serving as an advisor in Doğuş Real Estate Investment and Management Company since 2008. Göksu has served as Auditor at Garanti Bank since 1984 until April 30, 2013.

PROFIT DISTRIBUTION

Our Bank ended its 68th fiscal year with a profit of TL 3,005,560,309.66. We propose our esteemed profit be distributed as detailed in the table below in accordance with the "Article 45 - Distribution of the Profit" of the Articles of Association of the Bank, and the Head Office be authorized to initiate on April 21, 2014 the distribution of gross cash dividend and conduct the operations regarding the issue.

Sincerely,
Board of Directors

2013 DISTRIBUTION OF THE PROFIT TABLE

(Turkish Lira)

Net Profit	3,005,560,309.66
A - 5% for the 1st Legal Reserve Fund (TCC 519/1)	0.00
B- First dividend corresponding to the 5% of paid up capital	210,000,000.00
C- 5% Extraordinary Reserve Fund	139,778,015.48
D- Second Dividend to Ordinary Shareholders	215,000,000.00
The other funds have to kept in the Bank	34,046,415.76
D- Extraordinary Reserve Fund	2,385,235,878.42
2 nd Legal Reserve Fund (TCC 519/2)	21,500,000.00

INFORMATION ON 2013 DIVIDEND PAYOUT RATIO

	GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND / NET DISTRIBUTABLE PROFIT	DIVIDEND PER SHARE (NOMINAL VALUE: TL1)	
		CASH (TL)	BONUS SHARE (%)	RATIO (%)	AMOUNT (TL)	RATIO (%)
GROSS (*)	-	425,000,000.00	-	14.14%	0.10119	10.11905
NET	-	361,250,000.00	-	12.02%	0.08601	8.60119

(*) Tax withholding in the rate of 15% shall not be deducted from the cash dividend payments made to full taxpayer institutions and limited taxpayer institutions that generate income in Turkey via offices or permanent representatives.

GARANTI BANK SHARE

Garanti Bank initially offered its shares to public in 1990. The first Turkish company to offer its shares to international markets in 1993, Garanti participated in the prestigious tier of the U.S. Over-The-Counter (OTC) market, OTCQX International Premier in 2012, where companies traded must meet high financial standards and effective disclosure process.

Garanti shares are traded on the biggest market of Borsa Istanbul, National Market, while its Depository Receipts are listed on the London Stock Exchange Main Market and are traded on the International Order Book (IOB) service for international shares.

Garanti Bank has a market capitalization of TL 29 billion (US\$ 14 billion) as of the end of 2013 and is the most valuable company in Turkey. With a free float ratio of 49.88% and TL 15 billion floating market capitalization, Garanti also has the highest free float in BIST 100.

Garanti Bank share (GARAN), is the most traded stock with an average of TL 425 million daily turnover and constitutes

15% of BIST 100's total turnover. GARAN is also the most traded stock by foreign investors with a total foreign transactions turnover of US\$ 30 billion in 2013.

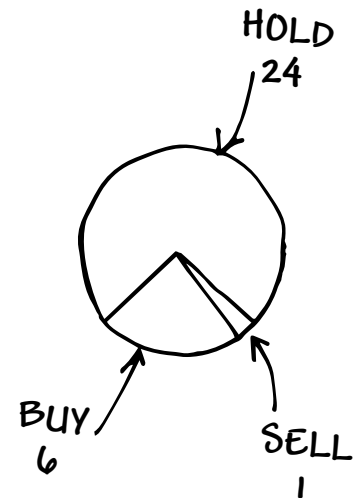
GARAN plays a significant role in the indices of Borsa Istanbul, as well as in Morgan Stanley Capital International (MSCI) indices that are used as international benchmarks by foreign institutional investors and has the highest weight as of December 31, 2013. GARAN has a weight of around 10.5% in BIST 100, 12.9% in BIST 30 and 12.6% and 1.0% in MSCI Turkey and MSCI EMEA (Europe, Middle East, Africa) indices, respectively.

The share of foreign investors in Garanti's actual free float is 95% with a composition that is spread to around 40 countries. Garanti's Depository Receipts program reached a size of around 140 million shares as of 2013 year-end.

The institutional shareholder structure of Garanti by region is 47% UK&Ireland, 31% North America, 13% Europe and 3% Turkey. Garanti has more than 56 thousand individual shareholders that are registered in Turkey.

EQUITY ANALYSTS' RATINGS

Garanti shares ("GARAN") are widely covered by analysts of leading domestic and international brokerage houses and investment banks. In 2012, 32 institutions have regularly issued research reports on Garanti. As of the end of 2013, 6 analysts had "BUY", 24 analysts had "HOLD" and 1 analyst had "SELL" recommendation on Garanti shares.



TL29 BILLION

Market capitalization constitutes 7% of BIST 100

The most valuable company in Turkey

TL425 MILLION

Average daily turnover representing 15% of BIST 100

The most traded stock of Borsa Istanbul

~11%

Highest weight of shares in BIST 100

TL15 BILLION

Highest floating market capitalization in BIST 100

\$30 BILLION

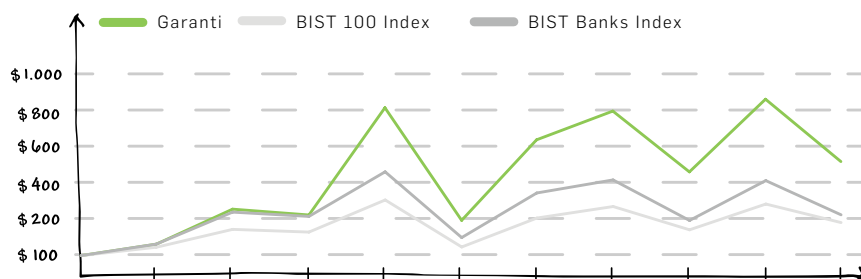
Foreign transactions in 2013
The most traded stock by foreigners

0.72

Earnings Per Share (TL)

TOTAL CUMULATIVE SHAREHOLDER RETURN IN 10 YEARS

TL 100 invested in Garanti Bank share 10 years ago increased to TL 810; whereas TL 100 invested in Borsa Istanbul BIST100 Index reached only TL 364. During the same period, US\$ 100 invested in Garanti Bank share increased to US\$ 531 as of 2013 year-end; whereas US\$ 100 invested in Borsa Istanbul BIST100 Index reached only US\$ 239.



(US Dollar)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
BIST 100 Index	100	138	222	208	358	132	266	321	203	329	239
BIST Banks Index	100	156	306	278	496	176	385	448	251	438	275
Garanti	100	156	317	292	800	256	648	780	487	833	531

(TL)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
BIST 100 Index	100	134	214	210	298	144	284	354	275	420	364
BIST Banks Index	100	151	295	280	413	193	411	495	340	559	420
Garanti	100	152	305	295	666	280	691	861	661	1063	810

GARAN SYMBOLS & CODES ISTANBUL

BIST: GARAN
SEDOL: B03MYP5
ISIN: TRAGARAN91N1
CUSIP: M47525106

LONDON

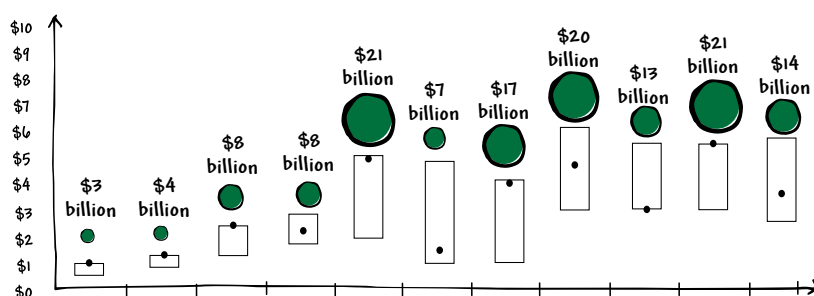
LSE: TGBD

NEW YORK

OTCQX: TKGBY

SEDOL: 2599818
ISIN: US9001487019
CUSIP: 900148701

10 YEAR STOCK PERFORMANCE AND MARKET CAPITALIZATION



(US Dollar)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
High*	0.63	0.97	1.95	2.55	5.11	4.76	4.08	6.29	5.15	5.18	6.10
Low*	0.18	0.50	0.96	1.14	1.62	0.97	0.98	3.36	2.98	2.85	2.99
Close •	0.61	0.96	1.95	1.79	4.91	1.57	3.98	4.79	2.99	5.11	3.26

(TL)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
High*	0.90	1.32	2.62	3.37	5.99	5.56	5.94	8.87	7.87	9.27	11.25
Low*	0.31	0.77	1.33	1.89	2.32	1.65	1.77	5.19	5.56	5.33	6.46
Close •	0.86	1.30	2.62	2.53	5.72	2.40	5.94	7.40	5.68	9.13	6.96

● Market Capitalization (US Dollar)

* Based on Closing Price

Stock prices are adjusted for dividend distributions and capital increases.

(Source: Thompson Reuters)



For more detailed information on Garanti's DRs, please refer to:



**4,003
ATMs**

*Customer
Satisfaction*

24/7 SERVICE

Disabled-Friendly

**105
ATMs**

**>1,000
ATMs**

*with
cash
recycling*

103%

Cash Deposit/Withdrawal

INSTANT USE
of deposited cash

**COIN
DISPENSER**

>180
Transactions

**MENU IN 8
LANGUAGES**

for International Cards

*Get served
Garanti customer or not*

**14 MILLION
CARDLESS TRANSACTIONS**

**4.9 MILLION
CARDLESS BILL PAYMENTS**



Turkey's First

**CARDLESS
REMITTANCE**

*Money Transfer
without Bank Account*

**TICKET SELLING
ATMs**



**WESTERN UNION
TRANSACTIONS**

All ATMs offer



*One Click Cash Withdrawal
with QR Code*

5SECONDS



AWARDS

AWARDS

GARANTI, THE WORLD'S 18TH STRONGEST BANK

Garanti Bank ranked 18th in the annual "World's Strongest Banks" list announced by Bloomberg Markets. Sharing the 18th place with the Industrial and Commercial Bank of China Ltd. (ICBC) with a score of 29.2, Garanti was the only Turkish bank in the 2013 list.

GARANTI – TURKEY'S BRIGHT STAR

In the Bright Stars: World's Best Banks 2013 rankings released by Global Finance, one of the world's leading financial publications, Garanti was named "Turkey's Best Bank" based on various criteria including asset growth, profitability, strategic relations, customer services, competitive pricing and innovative products.

BEST BANK FOR SUSTAINABILITY

In the competition held by IAIR (International Alternative Investment Review), the first-ever magazine that emphasized sustainability from the perspective of global economy, Garanti won the "Best Bank for Sustainability - Europe" award, and was recognized as the "Best Bank for Sustainability in Turkey" by World Finance, one of the world's leading economy magazines.

THE FIRST TURKISH BANK GRANTED "A" LEVEL BY GRI WITH ITS SUSTAINABILITY REPORT

Garanti's first sweeping report that addressed its sustainability performance in all aspects and incorporated its targets has received "A" level application check from GRI (Global Reporting Initiative) in April 2013. Covering an 18-month period starting from 2011, the report made Garanti Bank the first bank in Turkey to receive A level approval.

THE ONE & ONLY TURKISH BANK TO BE RECOGNIZED BY MTN-I

Honored with the "2013 European Rising Star Award - Cross-Border Funding Acceleration" by MTN-i, Garanti Bank has been the first and only Turkish bank to be rewarded by this international data platform. Underlying this recognition are more than 65 issuances with a total amount of USD 1.4 billion that Garanti carried out in various currencies in 2013 within the scope of the GMTN (Global Medium Term Note) Program.

ONCE AGAIN THE BEST IN TRADE FINANCE

Global Finance, one of the world's premier finance magazines, named Garanti the "Best Trade Finance Bank in Turkey" once again.

PERFECT QUALITY IN STRAIGHT THROUGH PROCESSING

Garanti Bank received "Quality Awards" from JP Morgan Chase Bank, Citi, Commerzbank and Standard Chartered Bank for achieving high payment volumes with Straight Through Processing (STP). Garanti also gained the "STP Excellence Award" for the tenth time from Deutsche Bank for EUR and USD payments.

BEST PROJECT FINANCE HOUSE IN CENTRAL & EASTERN EUROPE

Garanti Bank was rewarded with the "Best Project Finance House in Central and Eastern Europe" award by EMEA Finance, one of the most prominent magazines in Europe, Middle East and Africa. Garanti has become the first Turkish bank to receive this award.

BEST PROJECT & ACQUISITION FINANCE BANK IN TURKEY

Garanti Bank was named the "Turkish Project and Acquisition Finance Bank of the Year" by four eminent publications in the world, namely, InterContinental Finance Magazine, Global Banking & Finance Review, ACQ Magazine and Lawyers World.

LEADER IN THE FINANCING OF ENERGY PROJECTS

Set apart from its peers further every year with the projects it finances and the awards clinched in the energy industry, Garanti was rewarded with the "Best Energy Project Finance Provider of the Year" award by InterContinental Finance Magazine also in 2013.

TURKEY'S BEST IN STRUCTURED FINANCE

Garanti Bank was named the "Best Turkish Finance Provider of the Year" by Acquisition International and "Best Turkish Refinance Provider of the Year" by InterContinental Finance Magazine thanks to the flexible and customer-focused solutions offered for project and acquisition finance.

INNOVATIVE MODELS IN AGRICULTURAL FINANCE

Garanti's success in "Developing Innovative Solutions" in the field of agricultural finance was recognized by the Turkish Agriculturist Association.

TWO PRIZES FROM THE CONTACT CENTER WORLD TO THE CALL CENTER

Garanti Bank claimed two different awards at the 2013 Top Ranking Performers Awards given out by the Contact Center World, the world's leading call center industrial union. Based on the assessment results of the leading companies in Europe, Middle East and Africa, Garanti Bank Call Center won the "Gold" in the Best Technology Innovation – Internal Solution category and the "Bronze" in the Best Sales Campaign category.

INTERNATIONAL RECOGNITION OF CUSTOMER SATISFACTION

Garanti Customer Satisfaction Department has been awarded with "Silver Medal" in the Best Customer Service Department of the Year category at the internationally renowned Stevie Awards that honor superior performances in business.

AWARD OF EXCELLENCE TO "FIND INCENTIVE" (TEŞVİK BUL) FOR CUSTOMER-FOCUS

Garanti Bank's service "Find Incentive", that provides information on national and international subsidies, incentives and grants to SMEs was given the award for "Best Customer Focus" by The Best Business Awards, one of the most prestigious recognition programs in Britain.

THE BEST PRIVATE BANKING IN TURKEY

Garanti Masters Private Banking was named the "Best Private Bank in Turkey" by World Finance, one of the world's leading economy magazines.

Garanti Masters also clinched the "Best Private Bank in Turkey" award at the 2013 Global Private Banking Awards co-organized by The Banker and PWM (Professional Wealth Management) magazines published by the Financial

Times, one of the most prominent publication groups in the world.

GARANTI MASTERS IS #1 IN RELATIONSHIP MANAGEMENT

Garanti Masters Private Banking received "Turkey's Best Relationship Management" award on the basis of the Private Banking and Wealth Management Survey 2013 conducted by Euromoney, a renowned publishing group in the international finance world.

INTERNET BANKING INUNDATED WITH AWARDS FROM EUROPE

Garanti Bank claimed the "Best Internet Bank in Western Europe" award in the World's Best Internet Banks Competition 2013 held by Global Finance, and was the only bank to be honored with this title from Turkey. It was also voted the "Best Internet Bank of Turkey" in the Best Internet Banking in Western Europe category. Garanti ranked first in Europe in three other categories: "Best Bill Payment and Presentment", "Best in Social Media" and "Best Inventory Services" for its Corporate Internet Banking.

In addition, Garanti was named the "Best Internet Bank in Turkey" by Global Banking and Finance Review.

THE BANK THAT BEST UTILIZES TECHNOLOGY

At the Webrazzi Awards where winners are determined by public votes, Garanti ranked 1st in "Bank that Utilizes Technology the Best" category, while Garanti Mobile Branch ranked 2nd in the Best Domestic Mobile Application category.

THE FIRST BEST TURKISH BANK IN SOCIAL MEDIA

Garanti has become the first Turkish Bank to be given the "Best Bank in Social Media" award by Global Finance. Signifying worldwide trust and quality for banks, Global Finance bases its evaluations on the criteria of a bank's success in its social media activities, products and services.

"MOST CONTAGIOUS SERVICE AWARD" TO iGARANTI

iGaranti application received the "Most Contagious Service" award at the annual Most Contagious Products/Services awards organized by the Contagious magazine that focuses on marketing, technology and innovation.

iGARANTI SIGNED ITS NAME FOR THE FIRST TIME IN THE DIGITAL WORLD

Within the frame of the W3 Awards given out by IAVA International Academy of the Visual Arts in New York, Garanti Bank was honored with two awards. Having participated in the W3 Awards with the iGaranti Online Campaign, Garanti was awarded "Gold" in Marketing, Online Campaigns, Banking/Bill Paying category, and also received "Silver" with its iGaranti Integrated Campaign in the Marketing, Integrated Campaign, Banking/Bill Paying category.

CRYSTAL APPLE AWARDS RAINED DOWN ON GARANTI

At the Crystal Apple Awards, Turkey's most prestigious advertising awards competition whose 24th edition was held in 2013, Garanti collected:

"Best Media Campaign" award in Banking category with the iGaranti campaign,

"Best TV Implementation" award with the integration of iGaranti into the Kuzey Güney TV series,

"Best Branded Content Implementation" award with the integration of iGaranti into the Kuzey Güney TV series,

"Best Outdoor Implementation" award with the 'Guitar Racket' designed for the 15th anniversary campaign of Garanti Jazz Green,

"Bronze Apple" award in the Best Ambient Medium Implementation category with the 'Torch Project' for the National Women's Basketball Team dubbed the Pixies of Basketball.

GOLDEN SPIDERS CROWDED INTO GARANTI

At the 2013 Golden Spider Awards, www.garanti.com.tr earned the **"Best Website of the Year"** award, while Garanti Internet Banking branch won the **"1st prize"** in the Online Banking category.

Garanti Pension, on the other hand, claimed the **"1st prize"** in the Insurance category for the third time with www.garantiemeklilik.com.tr, its corporate website remade this year.

In addition, Garanti's Miles&Smiles e-magazine took the **"1st prize"** and was also voted the people's favorite in the Events, Culture and Arts category.

DIGITAL WORLD REWARDS GARANTI

According to the research done by Ipsos and Digital Age magazine, Garanti Internet Banking was selected as the **"Digital Lovebrand"** of 2013. The study also named iGaranti as the **"Gamechanger Brand"** and garanti.com.tr **"The Most Visited Website in Turkey"** in the finance category.

MILES&SMILES CLINCHED AWARDS IN 3 CATEGORIES AT THE HORIZON INTERACTIVE WEB AWARDS

Miles&Smiles webpage won **"Bronze"** in the finance category and **"Silver"** in travel and leisure, while Miles&Smiles e-magazine gained the **"Silver"** in news/blog category at the Horizon Interactive Web Awards.

BONUS – THE LOVEMARK IN CREDIT CARDS ONCE AGAIN

In Turkey's Lovemarks survey carried out by MediaCat in collaboration with IPSOS KMG research company for the past six years, Bonus was named the **"Lovemark in Credit Cards"** category again in 2013 as it has done in the previous five years.

"GOLDEN OWL AWARD" TO GARANTI FOR ITS INNOVATIVE MARKET RESEARCH

Turkish Researchers Association distributed the first-ever awards for the best-designed and best-implemented market research studies of the year. With its research that studied financial cycles and networks of consumers with an innovative method, Garanti won the **"Golden Owl Award"** in the innovative research studies category.

TWO AWARDS TO GARANTI HUMAN RESOURCES FROM PERYÖN

Having been previously honored in the Distinctive Implementations, Training and Development Management and Talent Management categories, Garanti Bank's Human Resources added **"Recruitment and Distinctive Implementations"** and **"Employer Branding"** to the categories in which it is rewarded at the 6th PERYÖN People Management Awards.

EFFIE AWARDS TO GARANTI

Organized for the fifth time this year by the Turkish Advertising Association and Turkish Advertisers' Association, assessing the function of advertising, effective and beneficial use of marketing resources, Effie Awards for Effective Marketing Communications honored Garanti Bank with **"Bronze"** for its Retirement Banking campaign in the Bank/Insurance/Financial Services category, and Garanti Payment Systems with **"Bronze"** for Bonus Head in the Card-Based Payment Systems Category.

AWARDS TO GARANTI TECHNOLOGY FROM CISCO & SAP

Garanti Technology was named the **"Most Successful and Creative Company in Customer Communication Technology"** among call centers using Cisco infrastructure in the EMEAR region at the 2013 Customer Collaboration Partner Sales Summit. In addition, the outstanding success of Garanti's Business Analytics projects brought the **"Analytic of the Year"** award at the SAP Forum.

GARANTI HOUSING FINANCE WEBSITE – BEST-IN-CLASS

Turkey's first mortgage loan website backed by a bank, www.garantimortgage.com received the **"Best in Class"** award in the Financial Information category at the 2013 Interactive Media Awards (IMA). Also, it was rewarded with **"Bronze"** award in the Best Financial Services Website category at the 2013 Stevie Awards, one of the most prestigious awards in the business world.

THE SECTOR'S FIRST & ONLY IIP CERTIFICATE TO GARANTI PENSION

Garanti Pension outperformed the standards and became the first and only company in the sector to receive **"Silver Certificate"** at Investors in People (IIP), the only international HR quality standard in the world.

GARANTI PENSION MAKES A DIFFERENCE IN CORPORATE SOCIAL RESPONSIBILITY

Co-conducted by Garanti Pension, İstanbul Provincial Directorate of Education and Boğaziçi University since 2010 and aimed at primary school students who work to earn a living, the project "Back to School: Educating, not Employing Children" was honored with the **"Golden Compass"** award in the Corporate Social Responsibility category at the 12th Golden Compass Public Relations Awards.

With this project, Garanti Pension became the only Turkish company honored at the European Excellence Awards which is organized annually by the Communication Director Magazine, where the most successful communication projects are evaluated.

In addition to that, the project also gained the "Platinum Award" in the Corporate Social Responsibility category at the Hermes Creative Awards organized by the Association of Marketing and Communication Professionals of America.

SILVER AWARD GOES TO GARANTI PENSION'S ANNUAL REPORT

Garanti Pension 2012 Annual Report won "Silver" in the Financial Services category at the 2013 Vision Awards organized by the League of American Communications Professionals (LACP) and also made its debut in the "Turkey's Top 20 Annual Reports" list.

"AWARD OF EXCELLENCE" TO GARANTI LEASING

Garanti Leasing website, www.garantileasing.com.tr received the "Award of Excellence" in the Financial Services category at the 19th Communicator Awards 2013 held by the International Academy of Visual Arts.

GARANTI INVESTOR RELATIONS AMONG THE BEST

Within the scope of the Extel Survey 2013, Garanti Investor Relations Team ranked 3rd in the category of "Corporate Best in Turkey" as voted by analysts, investors and fund managers from all over the world. Based on the results of the same poll; Murat Mergin, Executive Vice President ranked 3rd CFO Best for Investor Relations in Turkey and 12th among 70 Pan European bank CFOs, while Handan Saygin, Senior Vice President, ranked 4th IR Professional

Best in Turkey and 21st among 281 Pan European bank IR professionals.

GARANTI INTERACTIVE ANNUAL REPORT RECOGNIZED ON INTERNATIONAL PLATFORMS

At the 27th International ARC Awards organized by MerComm, Garanti Interactive 2012 Annual Report won the "Gold" from among 2,000 entrants from 32 countries. The report also received the "Silver" award with the successful user experience at the 2013 Vision Awards organized by LACP (League of American Communications Professionals). Garanti Interactive Annual Report was honored with the "Gold" at the 2013 Spotlight Awards, also held by LACP in the field of global communication.

At the Stevie Awards, one of the most prestigious awards in the business world, Garanti Interactive Annual Report was evaluated on the basis of different criteria including visual design, creativity and different communication methods, and won the "Bronze Stevie".

Garanti Interactive Annual Report was honored with two separate "Bronze Award"s in the Online Annual Reports and Financial Services categories at the 2013 iNova Awards and 2013 Mercury Awards, both distributed by MerComm in recognition of excellence in website design.

GARANTI ANNUAL REPORT MADE A DISTINCTION IN COMMUNICATION

Garanti 2012 Annual Report was the owner of the "Gold Award" at the ARC Awards organized by MerComm and dubbed as the Oscars for annual reports.

2012 Annual Report also won "Bronze" for its creativity, quality and intelligibility in communication qualities at the Vision Awards that was organized by LACP (League of American Communications Professionals) and received 800 entries from 24 countries, and "Silver" at the Spotlight Awards organized in the area of

global communication.

Garanti's 2012 Annual Report was also honored with the "Award of Achievement in Annual Report Design" by the Association of Graphic Designers of Turkey.

NEW INVESTOR RELATIONS WEBSITE OF GARANTI MAKES DEBUT WITH AWARDS

Garanti Investor Relations website, www.garantiinvestorrelations.com won the "Gold", scoring 98 over 100 at the Spotlight Awards organized by LACP (League of American Communications Professionals) and was listed in the Top 100 Communication Materials in 2013, taking place in the first 50.

Garanti Investor Relations website also claimed the "Silver Award" at the 13th International iNova Awards. In the Investor Relations category, where no entrant was deemed worthy of the gold trophy, websites were evaluated on the basis of creativity of design, originality of content, and functionality.



Garanti supported

> 210 K

to become

HOMEOWNERS

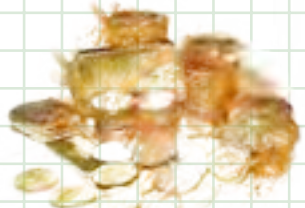


**HOME BUYING
NET SAVINGS ACCOUNT**

to buy a house

**273 K
PEOPLE**

to pay their rent



*Pulled under the mattress
gold into the economy*

3 TONS

**> 1 MILLION
PEOPLE
SAVE** *with
Garanti*

**762 K
PENSION
PARTICIPANTS**

to be retired with Garanti

**56 K
PEOPLE**

to buy a car



in 2013

while comfortably sitting at home

**1.26 MILLION
BILLS**

were paid automatically

2013 ACTIVITIES & PROJECTIONS

RETAIL BANKING

Operating in the retail banking segment for 26 years and having successfully differentiated itself from the competition, Garanti facilitates life for its millions of customers with its technology, rich product range, and efficient and dynamic process management.

Garanti serves its 11.3 million retail customers, 2.2 million of whom are salary-account holders, with a retail sales and relationship management team of 2,400 people.

The business volume of the retail banking unit amounts to TL 80 billion and accounts for 31% of the Bank's total balance sheet.

ACTIVITIES IN 2013

CONSUMER LOANS

Garanti's share in the consumer loans market (excluding consumer credit cards) went up by 56 basis points to 12.14%.

Having disbursed general purpose loans worth TL 12.0 billion to individuals, Garanti increased its market share by 83 basis points to 10.77% and climbed from 5th to 4th place in rankings. The Bank focused on the number of general purpose loans applications received by non-bank channels, whose share within total applications ascended to 62%.

Garanti started loan disbursement from branches solely against the borrower's ID card, without requiring certification of income; this improvement

helped enhance customer satisfaction, while also serving to efficient cost management.

Remaining the sector's leader in mortgage loans with a total disbursement of TL 5.1 billion, Garanti had a successful year in auto loans, as well.

With TL 841 million worth of auto loans disbursed, Garanti further increased its market share by 135 basis points year-over-year and gained leadership position in the sector with a market share of 18.36%.

RETAIL DEPOSITS & SAVING

In 2013, Garanti grew its market share in TL savings accounts by 26 basis points to 11.61% and secured a remarkable 15.4% expansion in TL deposit products, defying tough competitive conditions.

> 1 MILLION
New Garanti Customer

#1 in Consumer Loans*

> 300,000
Consumer Per Day Visited Teller

*Gaining #1 spot in consumer loans as of 2013-year end (excluding consumer credit cards) announced by BRSA

Having clinched the number one spot in the number of Private Pension Plan participants, Garanti boasts over one million customers who save regularly, including deposit-based saving products.

With the "Golden Tuesdays" implementation launched in 2012, Garanti reached more than 20 thousand customers and rechanneled 3 tons of gold in total to the economy.

SEGMENT BANKING

Placing special emphasis on sustainability in new customer acquisition, Garanti increased the number of its retail salary customers by 10%. Maaşım Garantide (My Salary at Garanti), the new business model introduced for new salary customers, allowed on-site determination of customer needs and effective product sales, and resulted in operational efficiency of branches.

Remade with an eye on the expectations and needs of the relative segment, the "Retirement Banking" program has been instrumental in achieving 30% expansion in the number of retirees who receive their pensions through Garanti.

"Bonus Genç" program, which was launched in March and developed with a special attention on the needs of university students, grew the number of young customers by fourfold.

PROJECTIONS FOR 2014

Garanti, giving priority to customer satisfaction, will keep focusing on establishing in-depth relationships with customers and continue to work towards growing its loyal customer base.

The key areas of focus will be savings accounts and consumer loans. Garanti targets to further expand its deposit customer base through more efficient use of non-branch delivery channels, while aiming to execute the entire process in general purpose loans end-to-end from application to disbursement via these channels. Garanti will concentrate on establishing the infrastructure and processes around the products in focus in an effort to

achieve enhanced customer efficiency.

Another area of focus will be winning new customers from different segments, particularly in "Children Banking", as well as in retiree and youth segments.

Garanti will broaden the scope of Golden Banking initiative currently in place at its branches to jewelry stores, thus increasing coverage.

In addition, Garanti will fortify the substructures for regular payment services such as rentals, tuition and salaries, and create new service models ensuring the Bank's involvement in all cash flows of its customers.

PRIVATE BANKING

Garanti Masters Private Banking offers service to its clients with a specialized team in 12 Private Banking branches, of which 7 are located in Istanbul. Building its business model upon full satisfaction of customer needs and expectations, Garanti Masters stands out with its privileged, innovative and personalized products and services.

Today, assets worth about TL 9 billion are being managed by Garanti Masters for more than 6,000 clients all of whom are individual investors. A substantial part of asset management is made up of financial planning and the process of corporate advisory services compatible with risk profiles. With a view to meeting diverse customer needs and expectations, **Private Banking undertakes detailed financial planning for its clients, and determines their risk profiles to identify and present the corresponding product range.**

The highlights of asset management, which is the key driver of Garanti Masters, include the following:

- Regularly updated, detailed financial planning,
- Portfolio recommendations individually designed according to clients' risk profiles,

- The sector's widest product range covering various options such as Private Banking Mutual Funds, Masters Structured Deposit Products, sophisticated derivatives, TL- and FX-denominated securities, stocks, private sector bonds and investment in futures exchanges,
- A professional team that evaluates the clients' investment strategies on the basis of developments in national and international financial markets and of changing market data,
- Portfolio, market and commodity reports produced by research teams specifically for Garanti Masters clients.

6,200
CUSTOMERS

The Widest
Product Range
in the Sector

ACTIVITIES IN 2013

GROWTH IN ASSETS UNDER MANAGEMENT

- Garanti Masters Private Banking increased the average assets under management by 12% in 2013.

INVESTMENT PRODUCTS

- Sales in 2013 amounted to TL 49.9 million, TL 47.3 million thereof on Structured Deposits and TL 2.6 million on Capital Guaranteed Funds.
- **Sales of Corporate Bonds in the amount of TL 182 million were intermediated.**

LOANS

- 320 loans were extended, which were worth TL 81.3 million in total.

Average Assets
Under Management
up by 12%

PROJECTIONS FOR 2014

The private banking segment is expected to sustain its expansion in the coming period. This expansion will be driven by the increasing wealth in Turkey, the exchange of assets on the retail side, and a young generation

and professionals that will join the economy. In addition, Turkey's positioning as a financial center is anticipated to serve as a significant contributor to this growth.

HOUSING FINANCE

Garanti Bank continues to stand by its customers through every step of the home purchasing process in order to keep producing new happy mortgage stories.

Garanti remains the leader of the sector since 2007 on the back of its rich product range, continuously improved and accelerated customer-friendly housing loan processes, specialized and certified employees, a dedicated website offering various calculation tools and all necessary information, 444 EVIM call center team that responds 24/7 to customers' questions about housing loans, and reliable and accurate appraisal reports.

Also in 2013 that the housing loan sector continued to expand, Garanti outgrew the sector and captured 13.4% share in the market despite intense competition. The consumer housing loans portfolio expanded 29% to top TL 13 billion.

ACTIVITIES IN 2013

Garanti kept offering the best service to its customers on the back of Mortgage Expertise Certificate Training courses organized since 2007. 255 participants obtained certificate in 16 Mortgage Expert Training courses held over 2013.

Continuing to create distinction with its expertise rather than competitive pricing, **Garanti was financing more than 210,000 housing loan customers as at the end of 2013.**

Offering customized products, Garanti continued to introduce special products that differ from the standard products available on the market. In 2013, disbursement of products offering various alternative payment plans according to each customer's need went above 31%.

The campaign "Garanti Mortgage Secures Retirement for Real Estate Agents", launched with the purpose of strengthening communication in the real estate agents channel, **serves to provide assurance for the future of real estate agents, as well.**

Having established stronger relations with developers via our branches and Field Sales Representatives, Garanti doubled the number of property developers that it works with.

Garanti organized "local campaigns" in cities presenting a high housing loan potential, and actively took place in fast-growing markets.

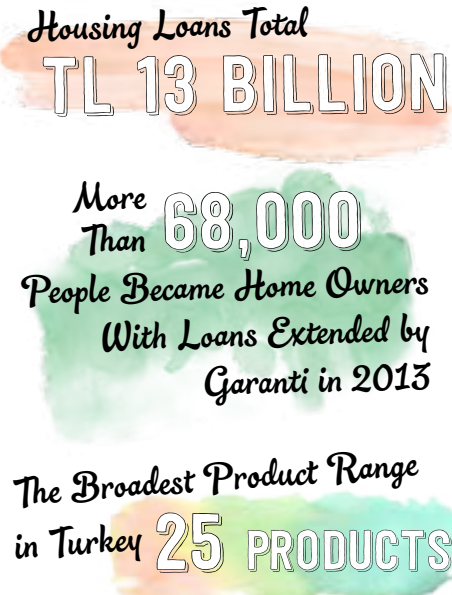
The initiatives carried out on digital channels served to increase the number of applications received through Garanti websites and those managed by third parties by 27%, while the number of disbursements grew by 64%.

444 EVIM, the first mortgage call center in Turkey, improved the processes entailed in the mortgage consultancy services provided and closely monitored the loans for which pre-assessment results were obtained. Loan disbursements through the call center expanded by 66% in 2013.

Garanti reviewed approximately 760 housing projects, and sustained its successful performance in development financing activities, driven by new collaborations with construction firms and a focus on EGYO (Emlak Konut REIC) and TOKİ (Housing Development Administration of Turkey) projects.

With a non-performing loan ratio of 0.37% in the mortgage loans sector as of end 2013, Garanti is 28 points below the average sector rate.

Garanti accelerated the reporting process thanks to the improvements introduced in appraisal system in 2013, which automate part of the business processes. This initiative helped ensure a better measurement of the companies Garanti works with and resulted in fast, accurate and objective reporting.



PROJECTIONS FOR 2014

"Mortgage Expert Garanti" will keep making a difference with its expertise and speed amid market conditions characterized by volatilities and intense competition. It will maintain its leadership in the sector by achieving

increased efficiency across distribution channels and by contacting all customers that interact with Garanti through any channel.

CONSUMER FINANCE

Based on the pioneering approach of Garanti, the Consumer Finance Department was set up in 2013 to merge dealer finance and auto finance processes aimed at different customer segments under the same roof. In this frame, it is of the utmost importance to increase agreements with brands, and to support, deepen and improve branch and dealer relationships.

The key factors that led to the organization of the Consumer Finance Department are given below:

- Provide the advantage of centralized management of auto loans,
- Set up expert teams for the coordination of dealer credit products, auto loans, and lending processes,
- Ensure rapid finalization of the auto loan applications received through non-branch channel management (444OTOM and Instant Loan at Dealer-OSS),
- Execute brand-based agreements for dealer credit products,
- Analyze product system and process infrastructure, develop solutions and ensure their implementation,

- Carry out segmentation for dealers and create product packages specific to groups,
- Handle distributor relationship/campaign management and win new brands for the Bank's credit portfolio.

2013 ACTIVITIES

In 2013, Garanti increased total auto loans volume to 3.3 billion TL from the 3.0 billion TL.

LEADER
in Consumer
Auto Loans
with 18%
MARKET
SHARE

AUTO LOANS

Having increased its market shares in individual auto loans by %1 respectively, Garanti attained a rise in the overall auto loans market between the banks and reached around %18 in individual auto loans cementing its position in 1st place.

DEALER FINANCE PRODUCTS

Having DDS agreements with 16 distributors and 286 dealers, Garanti Consumer Finance has contracts with 2 distributors in the area of stock finance (floor plan), and works with 29 dealers in total. Consumer Finance has agreements with 40 dealers for exchange finance, and creates distinction with the solutions offered to respond to dealers' needs.

TL 1.48
BILLION
Total Consumer
Auto Loans

PROJECTIONS FOR 2014

The goals of Consumer Finance Department are spelled out as follows:

- Increase the number of auto loan disbursements to SMEs and commercial customers,
- Expand the use of stock finance (floor plan), exchange finance and DDS products,
- Grow active use of OSS (BAK) and 444OTOM channels,
- Raise the number of agreements with brands,
- Secure a higher share in the second hand market,
- Carry out all activities from a single point specifically in auto loans, and become the financing leader in the automotive industry,
- Market auto loans and dealer finance products in an integrated structure in line with the financing need of dealers.

SME BANKING

Having reorganized the head office and branches for the SMEs, Garanti continues to act as the "Bank of SMEs" and the "Future Guarantee of Tradesmen". The customers Garanti serves under SME Banking covers businesses with a turnover of up to TL 8 million and their shareholders.

Garanti makes a difference with its dynamic organization specifically tailored for SMEs. As well as offering a broad range of products fulfilling the needs of SMEs, tradesmen and new business owners operating in many different sectors, Garanti carries SMEs to the future with its innovative approach.

Garanti is a solution partner for SMEs, facilitating their access to financial requirements and information, and provides affordable support to its customers on the back of a wide product range.

ACTIVITIES IN 2013

In 2013, Garanti SME Banking increased its share in the sector and worked towards fulfilling the diverse needs of SMEs. Within this scope, the Bank had an efficient year acquiring new customers in all segments.

- The banking volume and deposit base reached TL 38.6 billion and TL 16.8 billion, respectively.
- New general purpose loan credit support worth TL 5.3 billion was extended to SMEs.
- According to official SME definition, 2013 has ended with %1 market share increase in SME loans for Garanti.
- Total lending to women entrepreneurs to date arrived at TL 1.9 billion.

29% GROWTH
in Total TL Cash Loans

Banking Volume TL 38.6
BILLION

TL 16.8 in Total
Deposit Volume
BILLION

- Credit support worth TL 122.8 million was provided to 3,928 entrepreneurs under the "Start-up Package".
- The total amount of credit provided to agriculture sector is about TL 1.2 billion. 60% of this figure which equals equal to TL 724 million extended to 14,400 farmers.

Note: Unless specified as official SME definition, all numeric information herein is given according to the SME definition of Garanti Bank. Official definition of Small and Medium Sized Enterprises (SME): Enterprises employing less than 250 people annually and not exceeding TL 40 million either in annual net sales proceeds or financial balance sheet.

PROJECTIONS FOR 2014

In 2014, Garanti will keep contributing to the economy through financing the SMEs, the driving force of the Turkish economy.

Garanti will continue to focus on stable growth on the basis of its open and powerful communication principle and its customer-centric approach that is always given priority.

Being the Bank of SMEs, Garanti has the following goals:

- Support the digital transformation of SMEs so as to help them use IT technologies effectively,
- Improve information and advisory services so as to provide SMEs with easier access to information,
- Design solutions for the needs of SMEs in various areas by establishing partnerships and collaborations with powerful brands and institutions,
- Offer diverse financing options to new entrepreneurs in need of fast and simple access to financial resources, and act as their solution partner on the basis of strong collaborations,

- Endeavor to advance SMEs specifically in provinces that do not receive adequate financing support from banks,
- Carry out "agricultural banking focused on sector/product/region",
- Allow the product suppliers and firms taking place in the agricultural value chain to work with models that fit the relative cycles of sub-sectors in line with the demands and requirements that differ regionally,
- Facilitate access of women entrepreneurs to financing, execute free-of-charge educational collaborations to ensure sustainability, and encourage them to realize their full potentials,
- Cooperate with national and international financial institutions to give the SMEs access to affordable financing,
- Help SME customers use digital delivery channels efficiently to handle their transactions more quickly and easily, as well as ensuring one-on-one service provision to each SME customer from our points of service.

COMMERCIAL BANKING

Being the principal address in commercial banking in 2013 through its customer-driven approach, Garanti maintains its position as the leader across the country with a business volume of more than USD 40 billion.

Commercial banking serves 46,552 customers offering boutique solutions with 8 commercial branches in İstanbul, Ankara and Antalya, and with 411 commercial relationship managers and 300 customer representatives working in 226 branches in 52 cities.

Garanti continues to be the primary bank of its customers with its distinctive processes and fast solutions that are backed by superior technological infrastructure. **Combining its flexible and rich product range and service quality with its strong capital structure, efficient risk and cost management, Garanti Commercial Banking renders its nationwide leadership sustainable.**

\$ 40 BILLION
banking volume

46,552
Customers

**LEADING
POSITION**

ACTIVITIES IN 2013

In 2013, Garanti Commercial Banking continued to differentiate in the sector increasing its customer base by 8.8% and served 46,552 customers reaching a business volume of USD 40 billion.

Achieving 27% and 17% growth in TL and FX loans respectively, total lending volume amounted to TL 59.4 billion.

Being the trustworthy bank preferred by its customers pursuing their investments, Garanti reached a total deposit volume of TL 20.4 billion with a growth of 44% and 21% in TL and FX deposits, respectively.

Analyzing customer needs and restructuring its organization at the head quarter and field levels, Commercial Banking aims to increase efficiency and provide an even better service in 2014 with its segmented and differentiated service model and a team closer to its customers.

PROJECTIONS FOR 2014

In 2014, Garanti Commercial Banking will continue to lead the competition with its effective relationship banking, extensive service network, and products tailored for customer needs.

While further building on its success in relationship banking through deepening relations with existing customers, Commercial Banking will also increase its penetration in micro-markets by merging its technological and marketing infrastructure. It will be the first solution partner to come to mind with its broad product range, fast and flexible solutions.

Commercial Banking will keep fulfilling the financial needs of its customers from diverse sectors with a business partner approach through its structured cash management products and long-term project finance loans, as well as its rational pricing that guides the market, expert team, and basic banking products. It will maintain its leading position in the sector as the sustained primary and reference banking partner of its customers.

CORPORATE BANKING

Garanti Corporate Banking has been preserving its leading and pioneering position in the sector for more than two decades. **Having led the sector by defining Corporate Banking as a separate business line back in the early 1990s**, Garanti continues to be the primary "business partner" of major Turkish conglomerates and multinational corporations operating in Turkey.

As Garanti leverages its customized, innovative and creative business approach in this segment, it keeps adding value to all of its stakeholders as well. Corporate banking business line occupies a crucial position within Garanti's vision of long term and sustainable value-creation.

Through offering prominent solutions to corporate customers in project finance, treasury and cash management fields alongside the retail and SME banking services, payment system products, investment banking services and leasing, factoring and insurance solutions through its integrated subsidiaries, Garanti stands by its customers in every field and plays a pivotal role in their entire business chain.

Garanti brings its corporate customers together with its proficient team and differentiating solutions within its four exclusive corporate branches, three in Istanbul and one in Ankara.

ACTIVITIES IN 2013

Garanti Corporate Banking further cemented its ongoing leadership position in the sector through custom-made solutions based on accurate and fast analyses of customer needs.

Building its primary strategy on the notion of establishing long-standing cooperations with its clients and further deepening existing ones, Garanti Corporate Banking enjoys a sustainable performance in this field owing to its perspective of customer relations.

SOLUTION
PARTNER

*for the Entire
Business Chain*

CUSTOMIZED,
INNOVATIVE &
CREATIVE
BUSINESS
APPROACH

Constant
SUPPORT
to Economic Development

PROJECTIONS FOR 2014

Garanti, reinforcing its corporate competencies, vast experience and competitive edge in corporate banking arena with its customer-oriented and innovative business perspective, will continue to be the primary solution partner of its customers in 2014.

By undertaking projects which will contribute to the economic growth of Turkey, Garanti will continue to convert its potential in the corporate banking field into performance and differentiate itself in the sector.

PAYMENT SYSTEMS / DEBIT AND CREDIT CARDS

ACTIVITIES IN 2013

Garanti was the leader in a number of areas in 2013:

- Leader in the number of total debit and credit cards with over 16.6 million cards and almost 550 thousand POS terminals and member merchants,
- With 19.7% market share in acquiring volume, 4th in Europe in terms of retail volume according to The Nilson Report,
- #1 in acquiring volume – TL 85 billion,
- #1 in number of credit card customers – 5.6 million,
- Market leader with 16.06% share in total turnover incurred on cards with over 8.3 million plastic cards,
- **Market leader with 17.10% share in the number of POS terminals,**
- Boasts the broadest product range covering nine different commercial products in four categories, with 257 thousand commercial cards.

BONUS CARD PLATFORM REACHED 11 BANKS

The Bonus Card Platform, the largest card platform in Turkey, allows the customers of other banks to use the Bonus brand. The platform covers DenizBank, Türk Ekonomi Bankası (TEB), Garanti Bank SA, Sekerbank, ING Bank, Türkiye Finans Katılım Bankası (TFKB), Burgan Bank, ABank, Tekstilbank and Fibabanka.

The Bonus Card Platform completed the year 2013 as the leader with a market share of 26.12% in terms of turnover.

The Paracard co-branding with DenizBank represents the first-ever licensing given for a debit card brand in Turkey.

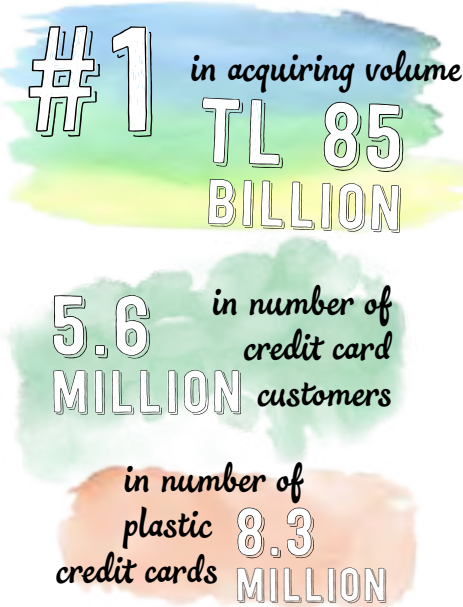
E-COMMERCE ACTIVITIES

Following the integration project carried out for Apple Online Store Turkey, Garanti Virtual POS went live concurrently with the launch of the website on 1 November 2013.

Garanti Bank virtual POS was integrated into sgk.gov.tr, the SGK (Social Insurance Institution) website that originally featured the virtual POS of just one public bank, under the BKM & SGK Project.

As of 1 October 2013, **Garanti took part as the only member merchant bank in the BiTaksi Project**, an application co-developed with Mastercard that can be downloaded on smart phones, which allows the users to track and call the nearest cab, registered with the system, and make their payments with credit cards.

BKM Express payment option has been made available in addition to Garanti Bank Virtual POS features. BKM Express allows cardholders and merchants to make their payments without entering their card data.



PROJECTIONS FOR 2014

Garanti, the flag bearer of the sector in creating a cashless society in Turkey by 2023, targets to expand the market to achieve its goal. Garanti intends to reach individuals who do not use payment systems due to their ages or income, via its prepaid debit card brand, Paracard. Additionally, the Bank aims to optimally adapt technology into its products through initiatives such as Trink, thus embedding payment systems in daily life. Working toward the target of "A Garanti Card in Every Pocket", Garanti aims:

- Not only to gain new users by increasing the number of cards, but also to

be the first card used by consumers and to continue making innovations that cater to the needs of various segments,

- To introduce the Bonus Card Platform in new countries besides Turkey and Romania, to increase the number of banks that accept cards bearing the American Express logo, and to bring its sublicensing efforts to conclusion in relation to embossing of cards with American Express Logo by other banks within the scope of the card platform.

PROJECT FINANCE

In 2013, Garanti closed a record breaking USD 6 billion total financing, mainly led by energy privatizations and mega-infrastructure projects. With an increase of 23% in its project and acquisition exposure to USD 13.8 billion as of year-end 2013, Garanti maintained its leadership in the sector.

Garanti, in line with its core principle, offers tailor-made, solution-oriented financing alternatives to clients at international standards. Its leading status and outstanding performance has been recognized as **the best project finance house in Turkey and Central and Eastern Europe, with seven different awards in 2013.**

ACTIVITIES IN 2013

In 2013, Garanti acted as the mandated lead arranger in the financing of major infrastructure and energy projects, which will have a significant contribution to Turkey's economic development.

ENERGY

Garanti continued to lead the financing of energy projects with its participation to the financing of key transactions in the market. The total financing provided to the energy sector by Garanti has reached to USD 8 billion. On the other hand, the total exposure of energy projects in the balance sheet grew by a record 62% year-on-year to USD 6 billion.

2013 was a year dominated by privatization transactions in the energy sector. As the privatizations of electricity

distribution regions and Başkentgaz came to a conclusion, privatizations of EÜAŞ generation assets took a start.

Garanti was a mandated lead arranger in the financing of Boğaziçi, Akdeniz, Toroslar, Ayedaş and Gediz electricity distribution region privatizations and provided in total USD 800 million financing to these projects.

Garanti also participated as a mandated lead arranger in the USD 1 billion financing of Başkentgaz privatization.

Acquisitions of Seyitömer and Kangal thermal power plants, the first EÜAŞ generation assets to be privatized, were amongst the notable transactions of last year. Garanti was a leading participant to the USD 2.5 billion total financing raised for these two projects and contributed to the successful conclusion of the privatizations.

\$ 6 BILLION
Financing For Projects in 2013

*The Best Project Finance House
in Turkey,
Central & Eastern Europe*

*Market Leader with
Total Exposure of*
\$ 13.8 BILLION

ACQUISITION FINANCE

The acquisition market witnessed a limited number of big-ticket transactions in 2013. Garanti acted as a mandated lead arranger in all major transactions and **allocated USD 2.1 billion in funds to the private sector.**

Garanti was a mandated lead arranger in the USD 4.75 billion financing of Ojer Telekomünikasyon and participated with USD 1.2 billion to the financing.

Garanti continued to extend its support to health care and education sectors and provided USD 600 million financing for the investments of Doğa Schools and Memorial and Acıbadem hospital groups.

TRANSPORTATION & INFRASTRUCTURE

Transportation and infrastructure projects rose in importance in 2013. Mega projects were successfully financed by Turkish banks.

Garanti played a leading role in the major PPP (Public Private Partnership) projects such as the Phase 1 of the Gebze-İzmir Highway and 3rd Bosphorus Bridge and Northern Marmara Highway. Garanti's share of the USD 3.7 billion total financing provided to these projects was USD 560 million.

Garanti is continuing to support port projects as well. Acting as a mandated lead arranger, Garanti financed Yıldırım Group's acquisition of Gempport and various investments as well as Global Liman Holding's acquisition of certain assets. The total financing provided by Garanti was USD 300 million.

PROJECTIONS FOR 2014

Following 2013, which witnessed the closing of a record amount of project finance transactions, a further USD 60 billion funding will be necessary for the financing of new projects in the next three to four years starting from 2014.

The privatization of EÜAŞ generation assets and greenfield renewable investments, led by wind and solar, will top the agenda for the energy sector.

On the transportation and infrastructure front, motorway projects will

yield the forefront to PPP projects such as the 3rd Istanbul Airport, hospitals and port privatizations.

Garanti aims to maintain its leadership project and acquisition finance in the upcoming years, and continue to play a pioneering role in the structuring of the projects, which are essential for the development of Turkey, with its expert team and innovative financing solutions.

CASH MANAGEMENT AND TRANSACTION BANKING

Owing to its long-lasting experience, expertise and cutting-edge technology, Cash Management and Transaction Banking continues to distinguish itself with its customer-centric approach and ability to sustain customer-driven revenues.

Having been the first bank to recognize and invest in the field of Cash Management by establishing a separate department in 1996, Garanti keeps on introducing the firsts in the sector.

By offering new products and services such as **the first direct debit system in Turkey in 1997, followed by the first tax integration and first supplier financing system** Garanti became the pioneer bank on the back of its strong technological infrastructure. Parallel to the new banking era starting with the core banking services becoming more important in 2008, Garanti added Transaction Banking to its Cash Management functions.

Taking customer opinions into consideration and offering payment and collection methods tailored to the needs and business models of its customers, Garanti delivers new solutions for the entire supply chain with its dynamic structure and innovative perspective.

ACTIVITIES IN 2013

In 2013, Garanti Cash Management and Transaction Banking maintained its leadership in products and services where it was the sector's leader. On the back of the work carried out, the business

line enhanced the quality of services, differentiated the products and services offered in line with customer needs, and thus, had a distinctive year in terms of customer satisfaction and new customer acquisition.

Being the first to implement the Direct Debit System (DDS) in Turkey, Garanti increased the number of buyers to 38,000 under 84 new contracts and retained its leadership in this area in 2013, within the scope of this system that represents one of the basic and most common products of the financial supply chain management.



Services rendered within the scope of cash collection gained the foreground in 2013. Garanti succeeded in becoming the sector's leader also in this field with the quality service and extensive logistic support offered to its customers. Garanti invested in technology to further upgrade its services and realized more than 50,000 trips to 3,600 different destinations within the frame of these services provided to its customers using the Bank's armored vehicles during 2013.

Offering custom-tailored products and services, Cash Management and Transaction Banking repositioned the already-launched DDS solution so as to handle B2C (business to customer) transactions, in addition to B2B (business to business) transactions. This move resulted in the acquisition of **43,000 new customers and as such, represented another first for the bank.**

Sustaining its pioneering position in Transaction Banking activities, Garanti continued to be the most preferred bank by customers for their payment transactions with its market leadership in interbank money transfers and SWIFT transactions.

PROJECTIONS FOR 2014

In 2014, Garanti Cash Management and Transaction Banking will integrate new technological advancements such as e-government, e-invoice and registered electronic mail service into banking activities, and thus make life easier for its customers through electronic solutions. Cash Management and Transaction Banking will review all developments in the field of IT, and continue to develop new financial solutions and high added-value services in keeping with the innovative approach of Garanti.

Aiming to finance its customers' commercial activities and to contribute to their cash flows in line with the changing economic conditions, Cash Management and Transaction Banking **targets to preserve its leadership and further grow in products and services in the field of supplier finance, particularly in DDS Discount and Garanti Discount.**

BRANCHLESS BANKING / DIGITAL CHANNELS

Garanti Digital Channels aim to enable customers to execute any banking transaction at any time, uninterruptedly from the most easily accessible channel, through its digital delivery channels which cover Internet Banking that leads the sector for 16 years, the most preferred Mobile Banking solutions, the Paramatik ATM network that can be used by customers and non-customers, and the Alo Garanti call center.

Remaining as the leader of digital banking, Garanti's success is driven by its abilities to:

- Analyze customer expectations and needs optimally,
- Employ measurement effectively in product and service development,
- Monitor technological innovations and trends closely and digitalize its banking transactions and financial services,
- Pursue activities and efforts with the aim of becoming part of the lives of its customers by positioning financial services as a living service rather than considering banking platforms exclusively as transactional tools.

www.garanti.com.tr, the most frequently visited banking website in Turkey, services over 7 million visitors per month.

Garanti keeps leading the sector with respective market shares of 26% and 36% in the internet banking financial transactions volume and mobile banking financial transactions volume.

Alo Garanti, with over 4 million calls per month, and the extensive Paramatik ATM network, with over 4.9 million users per month, offer 24/7 support to customers instantly.

ACTIVITIES IN 2013

While 48.9% of all transactions were executed through digital channels in 2003, this ratio reached 81% in 2013.

INTERNET BANKING

Featuring more than 400 transactions and having 2.6 million active customers, Internet Banking has been instrumental in the execution of more than 10 million financial transactions on a monthly basis during 2013, while the total number of transactions per month went up to 65 million. 12% of time deposits and 5% of loan disbursements occurred through Internet Banking.

MOBILE FINANCIAL SERVICES

The monthly number of transactions handled through the Mobile Banking channel reached 2 million as the number of active customers rose to more than 800,000. The number of mobile banking customers expanded by 81% in the twelve months to end-2013. With more than 4 million downloads to date and accessible from all mobile platforms, Garanti's applications are available in the Application Store section on garanti.com.tr.

GARANTI PARAMATIK

Facilitating more than 180 different transactions in addition to cash withdrawals, the Paramatik network has been expanded in 2013 to cover 3,900 ATMs. The ratio of cash deposits to cash withdrawals from Paramatik ATMs was 103%. While 22 million transactions per month were carried out from this channel, transactions executed using the

cardless menu by users who do not have an account with Garanti numbered more than 12 million.

ALO GARANTI

With more than 4 million inbound calls, Alo Garanti's Call Steering project represented yet another unprecedented initiative in the financial services sector. The rate of transactions handled using the Interactive Voice Response system went up from 28% to 31%.

iGARANTI

In view of the constantly growing importance and increasing functions of mobile devices, iGaranti, developed as a mobile first service, took digital transaction banking one step further; it offers a banking experience that is available at any time and that is embedded into the lives of individuals. iGaranti, which can be used by non-customers as well as Garanti customers, had more than 150 thousand downloads.

Digital Channels Used for
81% of Financial Transactions

36% in Mobile
MARKET Financial
SHARE Transactions
Volume

2.6 MILLION
Active Internet Banking Users

PROJECTIONS FOR 2014

Having replaced the multi-channel strategy pursued until the start of 2013 with omni-channel strategy, Garanti now formulates both the channel experience and the inter-channel flow based on this strategy.

The priority target of Garanti Digital Channels for 2014 is to fully build, and further develop, this structure. Given the fact that they are carried by the users

at all times, mobile devices take place at the heart of this whole experience.

Other priorities for Garanti Digital Channels include digitalization of all products and services, creation of digital-specific versions, and their introduction to the market as a ready-made solution usable by third parties who need them.

SOCIAL PLATFORMS MANAGEMENT

The Social Platforms Management Department keeps offering service with a focus on customer satisfaction, brand awareness, reputation management, marketing, and corporate communication that gain increasing importance on social media.

Maintaining its leadership on social platforms, Garanti gives priority to active communication on these platforms and constantly provides innovative and distinctive services along with personalized products and advantages specific to social media, which are designed according to customers' needs and expectations.

- Garanti listens to the questions and suggestions of all customer or non-customer social media users via GarantiyeSor using social media channels, and gets back to them within two hours the latest on a 24/7 basis.
- Garanti Link, a first in Europe, presents offers specific to the social media, gets up-to-date data about its customers, and provides a medium by which to get a better insight into the needs and expectations about its products and banking services.
- The loan form on Garanti Facebook, a first in the world, presents the users with a banking experience on their current social network and gives access to advantageous loan campaigns designed especially for Facebook.
- The CepBank application enables money transfer via Facebook and Twitter.

The Social Platforms Management develops new applications and services that are tailored for social media and customer expectations, internally handles content and reputation management, successfully transfers banking activities to social media channels, and carries out the sales and marketing of banking products in addition to communication. The Department works in close cooperation with all the units of the Bank and acts upon the strategy of further improving its services, with a view to preserving the leader position of Garanti.

1st in Europe
GARANTI
LINK

Leader Bank on
Facebook & Twitter

ACTIVITIES IN 2013

Garanti authored many innovations and achievements on social platforms also in 2013:

- While Garanti remains as the financial services institution with the highest number of followers with over 1.4 million followers on Facebook, it continues to be the bank with the highest number of followers on Twitter as well.
- Handling the repercussions on social media only and working on a 24/7 basis, the GarantiyeSor (Ask Garanti) team quickly responds to all questions and comments from Facebook and Twitter users, getting back to them within no later than two hours, and thus ensures customer satisfaction.
- The Garanti Link application, a first in Europe, offers advantages that are exclusive to social media users.
- Through Garanti Loan application, advantageous lending campaigns continue to be carried out for Facebook users only.

24/7
GARANTIYESOR
(ASK GARANTI)

PROJECTIONS FOR 2014

In 2014, Garanti will sustain its leadership on social networks. Communication activities directed at consumer and customer needs and expectations will be carried on, along with advantageous campaigns. Customer-centric and channel-fitting strategies will make Garanti

experience available also on the social media. Innovative initiatives tailored for social media users will continue, which will be based on new and differentiated banking experience and technological infrastructure.

CALL CENTER

Drawing its strength from its technological infrastructure, combined with young, dynamic, qualified, committed and willing employees, and innovative approach, Garanti Bank Call Center completed 15 years in the journey it has set out with the objective of giving its customers a unique experience at every point of contact. Closely monitoring the call center trends in Turkey and in global markets, and authoring numerous initiatives that lead the sector, the Call Center **raises the bar further every year in service and sales, crowning it with consistent and sustainable achievements.**

Quality and consistent approach to service focused on customer loyalty, which is its reason of existence, has been the priority of the Call Center as it has been in the previous years. In addition, the Call Center has completed 2013 as a period in which it has provided services with added value beyond its targets, thanks to its financial products portfolio designed in alignment with the Bank's strategies.

Handling 15.8% of all the calls in the sector via its more than 1,000 qualified and specialized people, the Call Center maintains its leading position in the sector with an average response time of 27 seconds.

ACTIVITIES IN 2013

The Garanti Call Center, the largest financial call center in Turkey with 65.1 million customer contacts in 2013, leads the sector with a call response performance at a rate of 97.85%.

Making its customers' lives easier with the elimination of complicated menus and endless key dialing thanks to the Call Steering System, and integrating business intelligences that enhance productivity into its sales infrastructure with the Dynamic Offer Management System, the Call Center constantly increases the added value it creates by achieving a record amount of sales which is over 3 million products for year 2013.

The Call Center exhibited the distinction expected of it in performing the sales of credit products, the shining star of 2013, and took important shares in the mortgage loans extended on

444 EVIM and in general-purpose loans extended by the Bank on 444 0 335 Full Support Line thus the Call Center **pioneers loan telesales with a credit volume amounting to TL 1.9 billion.** Having successfully managed 10.9 million calls in 2013 with its centralized branch call management system that covers the majority of total branch station calls, the Central Call Handling team preserved its increasing importance within 2014 strategies as the only centralized channel providing contact with branch customers, while gaining the foreground with the ability to generate leads to the respective channels for the sales of loan products.

Being the largest centralized channel in total cards sold by the Bank, the Call Center centrally manages the credit card retention efforts for all the cards issued by Garanti Bank and maintains retention of more than one million credit cards per year.

With **new and strategic products such as Money in Installment, Net Savings Account, Skip Payment, Skip Spending Post Purchase Installment and Auto Loan** added to the existing product range in 2013, the team diversifies and reinforces the important role it has played in the sales of the Bank's products.

65.1
MILLION
Customer Contacts

Over
3 MILLION
Products Sold

TL 1.9 BILLION
Volume of Mortgage &
General Purpose Loans

PROJECTIONS FOR 2014

Garanti Call Center, having covered a long distance in the journey of transformation from a cost center to a profit center, is still excited about making the expected contribution in line with the Bank's strategies in 2014, when profitability will be harder to secure as compared with the other years.

Once again it will be the focus of the Call Center to create positive customer experience in 2014, during which it aims to more efficiently manage the service and sales portfolio designed according to the evolving customer needs through proactive system intelligences that converge them with the right customer at the right time.

CUSTOMER SATISFACTION DEPARTMENT

Garanti Bank carries out its customer-centric activities, embodied at the heart of its operations, through the Customer Satisfaction Department set up in 2001.

The Customer Satisfaction Department, which aims to maximize customer loyalty by fostering the culture of "Unconditional Customer Satisfaction" throughout the Bank, **works to make sure that comments received through various channels are handled with a customer-focused approach and that solutions to issues causing dissatisfaction are put into life proactively.**

The Customer Satisfaction Department serves Garanti Bank customers through various channels, including telephone, e-mail, social media, corporate website and branches, and offers solution support 24/7 regarding the issues concerning Garanti Bank conveyed by Twitter and Facebook users.

The ISO 10002:2004 Complaint Management System certificate, awarded to the Customer Satisfaction Department by the British Standards Institution (BSI) in 2006 and renewed every year, makes Garanti Bank **the first Turkish bank to have its Complaint Management System certified at international standards.**

ACTIVITIES IN 2013

THE "INSIGHT CENTER" CONCEPT IN CUSTOMER SATISFACTION

The Customer Satisfaction Department issues analyses and reports, and shares them with the Senior Management and relevant lines of business to communicate those areas where customer demands and complaints are concentrated and the reasons therefor. Root cause analyses of the situations that give rise to customer dissatisfaction are conducted, and insights and proactive solutions are developed with a view to preventing complaints before they actually arise. The Customer Satisfaction Department collaborates on projects with the relevant lines of business in order to realize the solutions recommended.



CUSTOMER-CENTRIC ACTIVITIES

As 2013 saw a number of customer-centric activities introduced in line with the importance attached to customers and with regulatory changes, efforts were carried on to further improve existing approaches, and to devise and implement new ones.

The Customer Satisfaction Department has been **awarded with the silver medal in the Customer Service Department of the Year category at the internationally renowned Stevie Awards that recognize superior performances in business.**

*The Insight
Center Concept*

PROJECTIONS FOR 2014

The Customer Satisfaction Department will continue and further increase its customer-centered practices to handle and resolve customer complaints in 2014.

Based on the conviction that customers represent their most important asset, the Department will keep developing projects aimed at ensuring a better customer experience.

The primary targets established by the Customer Satisfaction Department for 2014 include the following:

- Enhance its position as the "insight center" within the Bank by maintaining the advanced reporting environment and inter-departmental collaboration,*
- Conduct customer satisfaction measurement in relation to the service rendered by the department and constantly improve the service quality,*

- Further upgrade the systems that enable the customers to follow up/ track the outcomes of the messages received,*
- Continue to work towards ensuring that the Bank-wide Complaint Management strategy, standards and procedures are duly implemented across the organization,*
- Support employee development to make sure that the customer-centric approach is reflected in all activities,*
- Ensure a better customer experience through the realization of customer-centric communication methods designed during the project and through efficient operational and service-level management,*
- Add value to the Bank in general by reducing customer attrition and strengthening its role in customer recovery and retention efforts.*

TREASURY

TREASURY MARKETING & FINANCIAL SOLUTIONS DEPARTMENT

In 2013, Treasury Marketing increased its service quality and the number of customers served directly, and continued to lead the sector in "commodity" risks management in particular in a year when customer demand for the management of balance sheet risks grew.

Garanti aims to stand out with new products that respond to the needs of customers, as well as with high quality of service and pricing in an environment where competition is expected to get tougher in 2014.

ASSET & LIABILITY MANAGEMENT DEPARTMENT (ALM)

Detailed information on the 2013 activities of the Asset and Liability Management Department is presented under the heading "An Assessment of Financial Position, Profitability and Debt Payment Capability" of the present report.

2014 is set to be an active year both for global and emerging markets and for the Turkish market. This activity will be driven by the steps FED will take in liquidity and monetary policies, stress tests to be conducted in Europe and subsequent capitalization that will be required for the banking sector, new liquidity rates to be introduced and the provision of permanent liquidity buffer that will be needed thereafter. Country-specific vulnerabilities will come to the fore in emerging markets; macro parameters including external balance (current deficit, amount and maturity of outstanding external debt), internal balance (budget deficit, amount and maturity of outstanding internal debt), growth potential and inflation will be carefully monitored by investors, and will determine the shares of countries in portfolio allocations. In this context, the national economy and the sector tried to gear up for 2014 through the decisions

adopted regarding monetary and liquidity policies and regulations regarding macro-prudential measures.

ALM does not anticipate any issues in FX liquidity risk management in 2014. However, it will be the Department's priority to manage the uncertainties regarding TL and USD interest rate risk efficiently and effectively. The interest rate sensitivity of the Bank's balance sheet will be monitored constantly, and long-term fixed-rate loans and bonds susceptible to interest rate risk and floating-rate borrowings will be hedged against the interest rate risk. In this frame, the ALM intends to maintain the strategy pursued in 2013 in order to manage the interest and funding spread exposure.

TREASURY DEPARTMENT

With respect to Garanti Treasury, 2013 has been characterized by considerable volume increases in major fields of activity. Increasing its market share in FX trading with clients from 12.7% to 13.9% despite aggressive competition, Garanti was able to bring its 12.4% market share of last year in the interbank market to the level of 16.0%.

Commanding a solid 40% share particularly in the local interbank FX market, Garanti almost doubled its volume in bonds trading with foreign

institutions and increased its TL bond market share from 4.3% to 6.8%, thanks to its aggressive pricing and operational competencies in the bonds market.

From early 2013, Garanti Treasury began arranging its positions with a particularly careful eye on the potential interest rate activity in the US and its possible implications during the year, and reduced the weight of fixed-rate assets in favor of floating-rate assets in the composition of the Bank's securities. The developments during the year, high inflation level and higher-than-expected short-term funding costs attested to the accuracy of this strategy.

In 2014, the Treasury Department will strive to become the primary choice of its clients in all markets, and keep managing its portfolios against the probable tough conditions that might jolt the financial markets, especially in emerging countries. Also being a key player of the Primary Dealership system, Garanti Treasury will spend efforts to turn the potential volatility in interest rate markets into advantage for the Bank, and try to get the timing right for focusing on fixed-rate securities.

DERIVATIVES DEPARTMENT

In 2013, Garanti continued to grow by observing the risk-yield balance, funding quality and efficient collateral management principles amid revised national and international regulations.

The quantification of financial risks, adherence to limits, proactive risk management and compliance with legislation will be at utmost importance as always. Other important considerations in 2014 will include compliance with regulatory changes outside Turkey such as Basel III, Dodd-Frank, EMIR and FATCA, centralization of risk and collateral follow-up in OTC products, and regulatory changes regarding capital market activities.

6.8% in TL
MARKET SHARE
Bond Market

Effective & Efficient Management

40% in Local
MARKET SHARE
Interbank FX Market

INTERNATIONAL BANKING

The long-term relationship established with the investors and the broad correspondent network based on mutual trust and collaboration makes Garanti the leading bank in Turkey for the sustainable procurement of foreign funding.

ACTIVITIES IN 2013

CORRESPONDENT BANKING

The correspondent banking team, responsible for relationship management with international banks successfully manages a broad correspondence network of approximately 3,250 banks in 160 countries.

The foundation stones of this success are; **strong relationship management, sustainable ancillary business generated to correspondents, and customer satisfaction, ensured by the distinctive approach of service quality in international operations.**

In 2013, Garanti continued its success in securing foreign funding from correspondent banks despite the fluctuations in the financial markets. Along with its efficient relationship management, Garanti remained as the main relationship bank in Turkey for international correspondents with its ability in adjusting to changing market conditions and adopting new products.

STRUCTURED FINANCE

Garanti continued its activities to diversify its sustainable long term funding sources and expand its investor base.

In February, with 5 year maturity TL 750 million Eurobond was issued with 7.375% coupon.

In April, GMTN program was established and USD 1.4 million equivalent MTNs have been issued in the rest of the year.

In May, syndicated loan of EUR 1.1 billion was renewed for 1 year with an all-in cost of Libor/Euribor +1.0%.

In July, a 4 year EUR 20 million loan agreement has been signed with KfW to finance SMEs.

In October, a total of USD 175 million and EUR 135 million DPR deal was made with 5 years maturity.

In November, syndicated loan of USD 1.2 billion was renewed for 1 year with an all-in cost of Libor/Euribor +0.75%

In December, a TL 206 million 6 year maturity loan agreement signed with EIB to finance SMEs.

In December, a 21 year maturity USD 1.1 billion DPR transaction was executed together with related treasury transactions.

In 2013 over USD 5.8 billion of new funds were secured.

Secured Over
\$ 5.8 BILLION
New Funds

Broad Correspondence
Network ~ **3,250**
BANKS

TRADE FINANCE

Differentiating itself with its expert staff and innovative approach, Garanti **acts as a solution partner by developing customized products.**

In 2013, parallel to its client needs, Garanti focused on import finance solutions with longer tenors. Deepening its relations with correspondent banks and export credit agencies, Garanti provided its clients long tenor funding at attractive conditions.

Garanti, signed cooperation agreement with SMBC. With the agreement, Cooperation in providing ECA covered finance and structured finance to Turkish companies is aimed with this agreement.

Garanti Bankası, signed a loan agreement of USD 500 million with JBIC for the long term funding of imports from Japan and renewable energy projects. Under the agreement, it is targeted to provide funding up to 18 years for renewable energy projects and up to 10 years for imports from Japan to the companies operating in Turkey and neighbouring countries.

Garanti increased its support for its clients' diversification of export markets, entered into cooperations with new correspondent banks.

Garanti, being its clients' consultant bank in the area of foreign trade and legislation, arranged seminars in order to share its experience and information with its clients.

PROJECTIONS FOR 2014

Garanti targets to pursue its success in obtaining international borrowing with favorable conditions, to increase its activities in debt capital markets with new instruments and to expand its correspondent banking network.

Garanti aims to provide the best solutions for its clients' funding needs through correspondent banks, export credit agencies and enter into new cooperations in this area.

INVESTMENT BANKING

Garanti Investment Banking operates with 22 investment centers, two corporate investment branches, one investment banking branch and 20 trading rooms under the solid rood of Garanti Bank. Garanti Investment Banking provides special services to branches and customers related to investment products, such as mutual funds, structured deposits, stocks, derivatives and corporate bonds.

ACTIVITIES IN 2013

MUTUAL FUNDS / STRUCTURED DEPOSITS

In light of increased volatility in financial markets, Garanti, kept offering innovative products to its investors with principal protected funds and structured deposits that would yield return either from uptrends or downtrends in the market conditions, instead of one-way investment strategies in 2013.

STOCK & DERIVATIVES MARKETS

Having captured a great momentum in the stock market in 2013, Garanti successfully increased its market share by 60 basis points and took place among the sector's leaders with 7.5% market share, preserving its second spot in rankings. **Increasing its share in the derivatives market from 5.8% in 2012 to 7.3% in 2013, Garanti finished**

the year in the 2nd place.

Based on the authorization to issue warrants worth of TL 50 million in total in October 2013, Garanti issued one call and one put for 500,000 warrants, BIST30 being the underlying asset. In December, 14 more warrants were issued based on BIST30 Corporate Bonds and Bank Bills.

30%
in
MARKET
SHARE
Corporate
Bond
Issuance

Increased Product Diversity
in Mutual Funds

LEADING
POSITION
on BIST & Turkdex

In 2013, Garanti Investment Banking remained to be the leader in the sector in terms of corporate bond issuance, with a market share of 30%, and undertook 24 issues.

Having **realized public offerings of 16 bank bills and 8 bank bonds at a par value of TL 6.4 billion in 2013**, Garanti Investment Banking offered various products to investors by issuing longer-term, fixed-coupon bonds and FRNs.

PROJECTIONS FOR 2014

In 2014, Garanti Investment Banking aims to further diversify its product portfolio, reinforce customer loyalty and win new customers on the back of its expert team and robust technological infrastructure.

Aiming to increase its volume and number of customers in the mutual funds market in 2014, Garanti will continue to expand its product range by offering diverse options to investors by means of new principal protected funds and structured deposits based on various underlying instruments in accordance with financial market conditions.

*In addition, under the project co-conducted with BBVA within the frame of the overseas operations of Investment Banking, **Garanti aims to set up two UCITS funds on BBVA's SICAV platform incorporated in Luxembourg.** The funds, which will be presented to foreign individuals and institutional*

investors, are going to be managed by Garanti Asset Management and invested in Turkish equities and fixed-income instruments.

From 2014, Garanti intends to initiate Forex trading, for which the infrastructure has been completed. The new products planned to be introduced after Forex goes live include trading stocks and derivatives in global markets.

Garanti aims to sustain its leadership in the corporate bonds market by continuing to offer comprehensive and efficient consultancy services to corporations intending to issue bonds. Garanti targets to maintain warrant issues at an increasing momentum and to be one of the permanent players in this market.

INSURANCE & PENSION

Garanti creates value for its customers with its strong collaboration with Eureka Insurance and Garanti Pension and Life, its integrated business model and its expertise in bancassurance.

Garanti keeps authoring firsts in bancassurance with its customer-oriented practices backed by solid technology and innovative products and services designed to cater for the needs of its customers.

ACTIVITIES IN 2013

Having become an efficient distribution channel for the insurance industry, banks have added momentum to the growth of the insurance sector in recent years. While banks constitute 81% of the life insurance premium production in the sector, they took 14% share in non-life insurance premium production.

Based on the successful activities carried out in bancassurance in 2013, Garanti reached market shares of 14.6% and 10.8% in non-life and life insurance respectively. The enforcement of the state contribution of 25% in the private pension sector in 2013 boosted the interest in the system and led to a considerable growth in the number of participants. As the total number of participants in the system reached 4.1 million people, Garanti continued to steer the sector with

762 thousand participants and 4 billion TL in total funds. As the sector's leader in the number of participants with 18.5% market share, Garanti had 16.1% market share¹ in total funds.

LEADER IN
BANCASSURANCE
on all
channels
WITH INNOVATIVE
PRODUCTS AND
SERVICES

In 2013, Garanti introduced new implementations with an intention of making life easier for its customers, in addition to the products offered to fulfill their insurance needs. Setting up an integrated system with Eureka Insurance, Garanti has started to track expiration dates of policies for Auto and Motor TPL insurances. Garanti, in 2013, continued to utilize digital channels effectively and to offer insurance products to its customers via all channels. Through efficient use of the ATM and Internet Banking channels in particular, focus was placed on customer acquisition through advantageous campaigns and marketing communication activities developed specifically for these channels.

¹ Market share is based on the data announced on 27 December 2013.

PROJECTIONS FOR 2014

In 2014, banks will continue to be essential and strong delivery channel for the insurance sector. Garanti targets to achieve growth and increase market share through customer acquisition, while building on its expertise in bancassurance, and continuing to create value for existing customers. New product development and revisions of existing products will be carried on in 2014.

Offering insurance products and services via digital channels and on social media, Garanti will continue to integrate existing products into digital channels, while redesigning them in accordance with the wishes and needs of digital savvy customers. In addition, Garanti will focus on customizable products, and will introduce channel-specific innovative products and services. Furthermore, entire lifecycle of products – from sales to claim

handling- is aimed to be processed within digital channels.

Private pension products, which gained importance as a result of the positive impact created by the state contribution, will remain among priorities in 2014. To support the flourishing of the private pension sector that has an important role in increasing saving rates, Garanti will take on efficient activities and maintain its leadership in the sector in the year ahead.

Garanti, having put unconditional customer satisfaction concept at the core of its activities, will keep making life easier for its customers through all channels with its innovative insurance and private pension products and services.

ABACUS

As the first bank to set up centralized operations in Turkey, Garanti ensures superior quality, timely and error-free execution of operational transactions of its millions of customers through ABACUS.

Branches and customers are provided with year- round non-stop cash service at 6,659 points. **Garanti channels 99% of all operational transactions of branches to ABACUS made up of a dynamic team of 1,025 experts.**

ABACUS handles the following tasks for Garanti Bank and its customers:

- All foreign trade transactions
- Issuance of domestic and international letters of guarantee
- SWIFT transactions
- All operations regarding the utilization of commercial loans and system entry of related collaterals
- Verification of documents submitted with housing/auto/general-purpose loan applications
- All domestic payments including EFT, tax and Social Security Institution (SGK) premium collections
- Bulk salary payments/bulk internal and interbank (EFT) money transfers
- Physical and electronic archiving processes
- Confiscation processes and query letters received from governmental offices
- Data entry of hard copy credit card

- applications/forms
- POS application and installation follow-up
- After-sale support services for credit cards
- Check and promissory note transactions
- Investment account opening and account transfer operations
- Cash support services including cash collection and delivery.

In addition, ABACUS closely monitors all changes in legislation with a potential impact upon the activities of Garanti Bank.

ACTIVITIES IN 2013

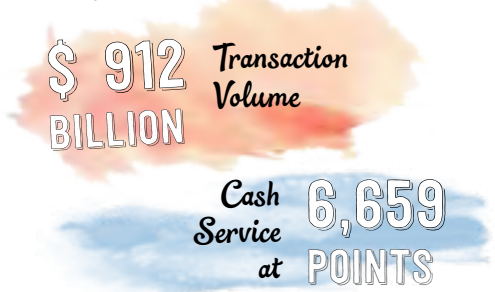
In another intense and productive year, ABACUS successfully completed the projects in progress, and **kept offering service at high standards with projects and processes initiated based on an innovative approach.** ABACUS contributed significantly to the alleviation of branches' operational workloads and to achievement of their targets through effective use of technology.

The Bank's loss resulting from operational errors was very low within a total transaction volume of approximately USD 912 billion handled by ABACUS in 2013. Highlights of the activities carried out to ensure continuity of high quality service delivery and

reduce risks in 2013 are presented below:

- Establishing a new, secure, traceable and rapid process for card delivery from branches,
- Providing efficient process support in document verification and archiving processes under the project iGaranti,
- Completing and launching the Social Security Institution (SGK) e-lien infrastructure,
- Transferring DDS implementations to the electronic environment and enabling uploads directly by customers,
- Increasing cash processing capacity by an average of 30% through efficient use of teller machines,
- Initiating a more systematic and safer ATM response system by use of electronic lock on off-site ATMs.

KEY ABACUS INDICATORS	2013
Number of annual transactions	46.6 million
Transaction volume (USD)	912 billion
Average number of monthly transactions	3.9 million



PROJECTIONS FOR 2014

Set to identify improvement areas and further upgrade service quality, ABACUS will continue to work toward enhancing internal customer satisfaction and reducing the workload of branches in 2014.

ABACUS will collaborate with Garanti Technology to minimize the manual steps in processes and to mitigate operational risks by improving control points and maximizing automation to the extent possible. Handling transactions in an error-free and timely manner by making use of all technological facilities will remain the primary goal of ABACUS's activities.

Within this frame, the following are among the targets planned to be attained in 2014:

- Ensuring cost saving and customer satisfaction through use of various

channels for sending overdraft account statements instead of sending them via a notary public,

- Transferring the hard-copy lien processes received from execution offices to the electronic environment,
- Rendering salary payments more secure through Registered E-Mail (KEP),
- Integrating cash delivery services with the RFID technology and enhancing the quality of services provided to customers,
- Expanding the ATM cash estimation system to all ATM models within 2014.

HUMAN RESOURCES

While continuing to grow in 2013, Garanti Bank added momentum to its efforts for conducting more efficient internal communication activities, to services designed for employee satisfaction, and to after-sale and after-marketing field support, parallel to employer brand management activities.

2013 ACTIVITIES

RECRUITMENT

In 2013, 57 people joined Garanti under the Management Trainee Program, and 42 others under the Assistant Auditors Program. **Internship opportunity was provided to 1,117 university students under the Temel Bankacılık program, to 18 university students under the Genç Garantili and to 20 university students under the Garantili Deneyim internship programs.**

EMPLOYEE PERFORMANCE & DEVELOPMENT

In line with Employee Engagement survey results, HR focused on the role of the managers in HR management, the balance between business life and private life, and projects based on employee segmentation (female employees, talent management etc.).

Preserving the Bank's focus on continuous development, all managers were supported with competency-based feedback trainings in order to improve the quality of their communications with the employees and to propagate a culture of providing feedback.

EMPLOYER BRAND MANAGEMENT

Following the Employer Brand Management initiative conducted in 2011, İYİ (Work Life Relationship), which was set up in 2012 to enhance employee satisfaction and ensure a richer working experience, **increased the number of its events and services such as İYİ Talks, İYİ Treats, İYİ Fun and İYİ Mini Courses to allow more employees to benefit from these initiatives.**

CAREER DEVELOPMENT

In linewith the Bank's preferred internal-promotion strategy, 90% of vacant positions were filled through internal recruitment in 2013. Specialized career counselors carried out planning and advisory activities by;

- Planning medium-term workforce by using task-based candidate pools,
- Offering tailor-made career-advice to 6,500 employees in one-to-one meetings,
- Announcing vacant positions to all employees via the "Career Opportunities" section posted on the intranet.

REMUNERATION & BENEFITS

At Garanti Bank, employees receive 12 salaries and 4 bonuses per year. All employees at Garanti are covered by private health and life insurance. Health expenses incurred by employees or their dependents, such as those for dental care or optic items like glasses or contact lenses, are covered by the pension fund. Head Office employees have dining-hall and transportation services, and branch and regional office employees are provided meal tickets. In addition, fringe benefits such as cars, phones or compensation payments are offered depending on position, location or title. Furthermore, Garanti Bank also provides foreign language compensation upon the appropriate certification received from recognized institutions. Garanti applies the Labor Law numbered 4857 implementing annual leave.

The First Institution in Turkey awarded with "IIP Gold Certificate", Garanti Bank firmly believes that its most valuable asset is its Human Resource & leverages its practices above world standards. Continuously investing in its employees, Garanti maintains stable & sustainable growth.

PROJECTIONS FOR 2014

In 2014, Garanti Human Resources will continue its employee and development focused activities. The Department will concentrate on processes that will support the directors' role in communications with the employees for employee loyalty purposes, while continuing to invest in İYİ services and projects designed for enhancing the efficiency of internal communication. Driven by this aim, efficiency of communication will be further strengthened through the new intranet, which will go live in 2014, and social media channels.

Garanti Human Resources will carry on Leadership Development programs, as well as the Talent Management activities to ensure loyalty and permanence of high-performing and high-potential employees.

With a view of securing a safer, more hygienic and more ergonomic working environment, office renovation efforts of Occupational Health and Safety and İYİ teams will accelerate.

LEARNING AND DEVELOPMENT

Having built its learning and development strategy upon five basic approaches, Garanti Bank is driven by the vision of continuous development of its employees and supports self-motivated learning through every channel/where, considering its human resources as an invaluable investment.

- Believes in employees' potential,
- Supports business results,
- Likes technology,
- Acknowledges differences and provides equal opportunities,
- Develops long-term cooperation with the academic world.

ACTIVITIES IN 2013

This year, Garanti Bank offered a total of 896,500¹ hours of training with an average of 54 hours per employee, representing an annual increase of 11% in training hours.

Classroom training sessions totalled 6,800, while hours of training using technology reached 226,000.

Garanti continued its training program enabling specialization in credit risk management and marketing/sales as a result of its aim for the expertise of employees and helping them reflect their expertise in business results. A series of training program, attended by all bank employees, was launched to build the knowledge and skills of employees regarding the continuously developing digital environment gaining importance with its tools and dynamics,

in the business world. A target was set to enhance service quality by of restructuring the communication with handicapped customers. Along this line, important considerations while communicating with customers were transformed into experience guidelines and Disabled-Friendly Banking training was initiated for employees.

HIGHLIGHTS OF ACTIVITIES

NEW LEARNING CULTURE

With its different constituents developed over the past four years, the new learning culture was launched in 2013. Based on knowledge management, taking self development responsibility and backed with technology, **the new self-regulated learning culture created an environment that offers a higher learning experience.**

PROFESSIONAL INTERNAL COACHING

Under "professional internal coaching", a first in the banking sector in Turkey, one-to-one coaching was provided to branch managers, thus, supporting them to further build on their leadership development.

COOPERATIONS WITH THE ACADEMIC WORLD

Collaborations are established with the deep-rooted universities in Turkey and in the world to support employee development and business results.

- *Executive MBA*: Selected courses of the worldwide-recognized EMBA are

opened especially for the Bank to support employees specialization based on the accreditation agreement executed.

- *Talent Management*: Strategy, change and leadership subjects at the Garanti Leadership Academy are designed and offered by valued psychologists, academics or consultants who develop theories/models in their respective fields.
- *Marketing Days*: Seminars are organized for those who wish to keep the rapidly evolving communication/marketing world and hear about the trends from experts.
- *Mortgage Expertise*: Bank-specific certificate program is designed in cooperation with a university and results are assessed on the basis of exams given.
- *University & Industry Cooperation*: In the business management seminars that focus on the dynamics of banking/financial markets, the training programs cover topics given in undergraduate courses.

1 A one-day training is calculated as six hours, rather than eight, considering the time allocated purely to training (breaks are excluded).

54 HOURS OF
TRAINING
per Person on Average

226,000
Number of Training Hours
Using Technology

PROJECTIONS FOR 2014

Garanti will continue to support employee development by closely monitoring financial and regulatory developments in Turkey and the world. The focus will be on reinforcing the ever-important strategic leadership. Within this framework, topics to be addressed will include "change management", "diverse management dynamics of generations", "effects of the digital world" and "multidisciplinary sharing that supports innovative thinking".

In 2014, activities will be carried on within the scope of the new learning concept. Hand in hand with this transformation, technological developments will go on in a manner to improve the new learning concept to enable

quick access to information. Accordingly, a system will be launched by early 2014, which will make life easier for employees and will allow them to better track their learning and development through the new learning management system developed by Garanti Technology. Equally important point is that employees will take responsibility for their own development in line with their identified career goals. Accordingly, the faculty system will be introduced, whereby employees will be able to create individual development plans and receive cross trainings on the basis of their career planning.

Notes:





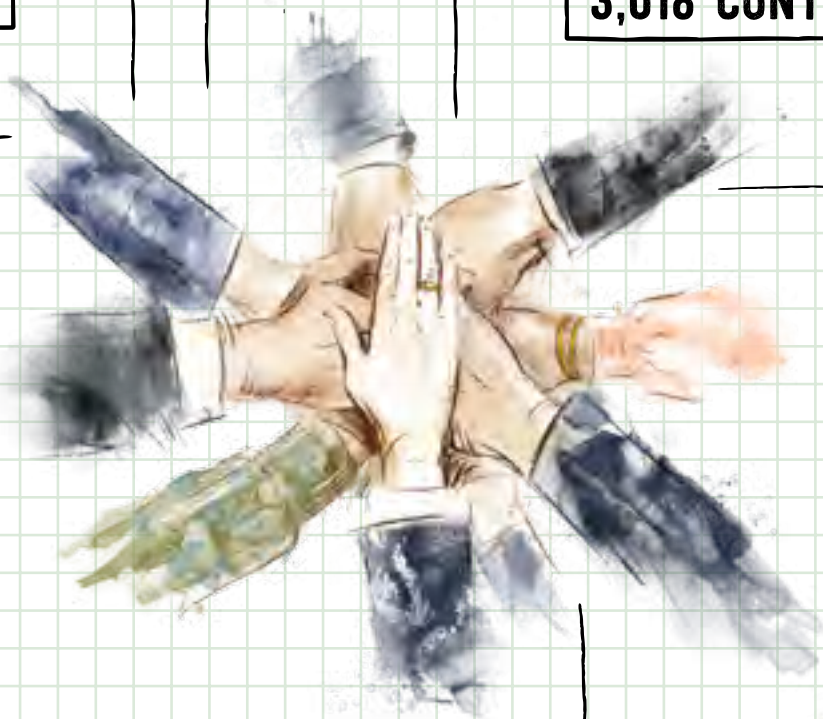
DDS (Direct Debit System)

INTERMEDIATING TRADING ACTIVITIES OF 38 K BUYERS

2.2 MILLION SALARY ACCOUNTS

SOCIAL SECURITY PREMIUM COLLECTION OF 153 K CUSTOMERS
per month

LEADER *in Leasing*
3,018 CONTRACTS



Cash Support Service by Armored Vehicles

to **3,600 DESTINATIONS**

50,000 TRIPS

Fleet Service

1,618 CUSTOMERS

9,717 VEHICLES

\$8 BILLION

financing to Energy Sector

LOAN SUPPORT

Financing to Women Entrepreneurs
TL1.9 BILLION

4,000 ENTREPRENEURS

TL123 MILLION

TL724 MILLION

14,400 FARMERS



**GARANTI'S
INTEGRATED
SUBSIDIARIES**

GARANTIBANK INTERNATIONAL N.V.

Established in Amsterdam in 1990 as a wholly-owned subsidiary of Garanti Bank, GarantiBank International N.V. (GBI) operates through its head office in the Netherlands, and its branch in Germany and representative offices in Turkey, Switzerland and Ukraine.

As a 'global boutique bank', GBI offers innovative and country-specific financial solutions that fulfill the needs of its customers worldwide in the areas of trade finance, private banking, structured finance, and corporate and commercial banking.

ACTIVITIES IN 2013

Following a very successful year, GBI posted a net profit of EUR 58.5 million* in 2013, achieving a year-on increase of 8%, without compromising its high asset quality. GBI also maintained its solid capital structure, and registered a Capital Adequacy Ratio of 19.56% at year-end, 18.55% of which is Tier-I capital.

In 2013, GBI secured a one-year syndicated loan of EUR 280 million, involving 22 banks from 10 countries. Easily exceeding the targeted amount owing to the demand from the participating banks, GBI renewed the syndicated loan by a year-on increase of 27% with the agreement signed in Amsterdam on July 5th.

The Cash Management Department, which has been offering services under the Structured Finance Division since 2008 to enterprises and exporters/importers engaged in maritime, construction and tourism industries, was restructured in 2013 and expanded its area of activity. Accordingly, GBI Cash Management commenced offering additional services such as arbitrage transactions, end-of-day account balance utilization solutions and hedging strategy projections, along with payments in various currencies and bulk commercial/salary payments in line with customer requirements.

Also in 2013, a bank-wide project concerning "Documentation of Corporate Policies and Procedures" was launched as a result of an initiative to improve its corporate infrastructure. The project aimed to transform the strategic goals identified in line with the bank's vision and mission into management policies in a corporate manner, and to document the internal procedures according to these policies as a part of the corporate memory.

* Based on Dutch GAAP standards.



PROJECTIONS FOR 2014

In 2014, GBI will remain adhered to its prudent strategy focusing on its inherently low-risk core activities of Trade Finance, Private Banking and Structured Finance.

In this period, GBI aims to generate stable income from all of its core activities.

Having set a target cost to income ratio of 38-39% for 2014, GBI aims

further diversification of its core activities and maintaining a strong commission income through increased contribution of Private Banking, Structured Finance and Cash Management operations.

GBI's main objective in the coming year is to sustain its customer-focused and consistent strategy with a strong risk management in its areas of specialization.

GARANTIBANK MOSCOW

Active in Russia since 1996, GarantiBank Moscow (GBM) is one of the 76 banks backed by foreign capital operating in this country. Holding a full-scope banking license that authorizes all kinds of banking activities, GBM operates through one branch and with 78 employees.

GBM pursues operations amid intense competition created by domestic and foreign banks in a dissimilar geography, offering service to a customer portfolio that is well above its scale, and enjoys a balance sheet of high asset quality, operational efficiency and sustainable profitability.

The customer base of GBM is mostly populated by Russian firms with high asset sizes and business volumes, which take place among major industrial and financial groups, and covers the largest public banks, privately-held banks and banks backed by Western capital in their bank portfolios. Although GBM is among the smaller-scale banks in the sector where over 900 banks are active, it represents a rare example as it has credit relationships with the customer profile described above.

With corporate and commercial banking as its main lines of business, GBM serves a customer base that consists of Russian firms from various sectors and major Turkish firms doing business in the Russian market. **Having more than 500 active commercial customers, GBM has credit relationships with over 80 firms.**

ACTIVITIES IN 2013

At year-end 2013, GBM reached an asset size of over USD 490 million and a total lending volume of USD 315 million, comprising USD 261 million cash loans and USD 54 million non-cash loans, while registering an average deposit volume of more than USD 105 million.

Sustained coordination with the representative office of BBVA in Russia since 2011 proved to be a key factor in advancing the relations with Spanish firms operating in Russia also in the reporting period.

*Small-scale Bank,
Large-scale Corporate
Russian Customer
Portfolio*

**HIGH
ASSET
QUALITY**

*Sustainable
Profitability*

As part of its efforts to increase the efficiency of its monetary policy, the Central Bank of the Russian Federation accepted the loans granted by companies with high credibility as collateral, subject to certain criteria, and thus, provided funding possibility for the banks. Watching these developments closely, GBM began utilizing a certain amount of resources from the Central Bank during 2013.

In 2013, GBM continued to carry in its portfolio both the Russian government bonds with good yield potential and the private sector bonds denominated in ruble, US dollar and euro, issued by companies with high credibility. **Despite the negative market conditions that prevailed in 2013, GBM posted an income of USD 1.2 million on its sales of securities.**

In spite of the ongoing competition led by public banks and the shrinking margins since 2011, GBM booked a before-tax profit of USD 10.2 million in 2013.

PROJECTIONS FOR 2014

In 2014, GBM targets to grow by more than 30%, increase its asset size

to the order of USD 650 million, and achieve a rise of more than 50% in its profitability.

GARANTI ROMANIA

Garanti Romania is one of the most dynamic and innovative financial services groups on the Romanian market and offers a series of high-quality products and services to a wide-ranging customer base from retail and SME to corporate segments. The Group is composed of Garanti Bank SA, and three financial companies: Garanti Leasing (Motoractive IFN SA), Garanti Consumer Finance (Ralfi IFN SA) and Garanti Mortgage (Domenia Credit IFN SA).

Garanti Leasing offers specific leasing products, such as financial leasing – auto, equipment and real estate, sale & lease back and fleet management services.

Garanti Consumer Finance completes Garanti Romania's range of products and services with customized products such as sales finance and personal loans.

Garanti Mortgage is specialized in loans for home acquisition, refurbishment, housing construction and land acquisition, as well as home equity loans and debt consolidation loans.

ACTIVITIES IN 2013

In 2013, despite the challenging economic conditions, Garanti Romania succeeded to record an outstanding net profit of EUR 27 million. The driving engine for this figure has been Garanti Bank SA, with further positive contribution from the businesses in the leasing, consumer finance and mortgage sectors.

Having raised its market share in 2013 to 1.95%, with consolidated assets worth EUR 1.93 billion, Garanti Bank SA ranks 13th in Romania, serving its customers through 78 branches, covering 98% of the country, and a broad network of over 270 ATMs. The Bank managed to increase its business volume with overall loan growth of 5.4% and deposit growth of 42.3% compared to 2012.

With a constantly increasing market share, Garanti Leasing currently ranks 5th in Romania among leasing companies owned by banks, with a 6.5% market share. In 2013 the company focused on financing medical equipment, industrial equipment and car fleet.

Garanti Consumer Finance continued to reach out to new clients, adding nearly 40 thousand new customers to its portfolio, while at the same time increasing its net profit by 18.2% over 2012.

Garanti Romania continued to invest in technology in order to differentiate itself in the market. In 2013, the bank launched innovative and customer-friendly solutions such as the SEQR mobile payment solution which offers easy, fast and safe mobile payments. Garanti Bank SA also integrated the iLoanU real-time online application on the internet banking service Garanti Online and expanded its network of smart ATMs nationwide to more than 270.

€ 27 MILLION
net profit

98% geographic
coverage with
78 branches

Over
270 ATMs

PROJECTIONS FOR 2014

In 2014, Garanti Romania will focus on sustainable development of its businesses, thus raise its market share further without compromising its prudent risk evaluation approach.

The Group will continue to develop and introduce innovative products and services on the local market to better meet its customers' evolving needs.

GARANTI PENSION AND LIFE

Garanti Pension steers the private pension and life insurance sectors with its creative products, customer-oriented service approach, and superiority in bancassurance. Garanti Pension services 762* thousand pension participants and over 2 million insurance policyholders with its 873 employees. Garanti Pension, having completed another successful year, had a net profit of TL 140 million with a year-on-year increase of 4% and reached TL 4 billion* in total fund volume, TL 873* million in net annual contribution, and TL 298 million in life insurance premium production.

ACTIVITIES IN 2013

Drawing its strength from its efficiency in bancassurance, technological infrastructure and product diversity, Garanti Pension continued to grow in the sector in the reporting period. 2013 turned out to be a stellar year for the private pension sector as a result of various major regulatory changes introduced, including 25% state contribution, reductions in deductions paid by participants, and implementation of withholding tax only on returns in case of early drop-out from the system. The number of new participants in the sector increased by 105% YOY and reached 999 thousand. State contribution inflow into the sector was TL 1.2 billion. The greatest contributor to sector's growth was Garanti Pension that successfully employed multi-channel marketing campaigns.

Sector's
Leader with 762*
THOUSAND
Participants

152* New
Participants
THOUSAND

The Most
Preferred Private
Pension Company
In The Sector

- The sector's leader with 762* thousand pension participants, Garanti Pension took 18%* share in the market.
- Garanti Pension captured 16%* market share with a total fund size of TL 4* billion.
- With an increase of 152* thousand participants and a market share of 15%* in this increase, Garanti Pension became the most preferred pension company in 2013.
- The company registered a premium production of TL 298 million and market share of 9% in life insurance.

*Pension Monitoring Center, 27 December 2013

PROJECTIONS FOR 2014

Garanti Pension, targeting to sustain its financial achievements, will continue to shape the sector with its innovative products in 2014, and focus on achieving growth across the country.

Placing its customers at the core of its strategies, Garanti Pension will keep investing in new projects and initiatives, in its technological infrastructure and strong distribution channels in 2014.

Aiming to maintain its position as the most preferred company in the sector in year ahead, Garanti Pension intends to preserve its leadership in the number of participants, while attaining rapid growth in fund volume to acquire additional market share.

GARANTI SECURITIES

Garanti Securities adds to the strength of Garanti with its strong performance in corporate finance and brokerage services enabled by its experienced team, robust infrastructure and long-standing relationships with institutions.

Garanti Securities has reached a considerable number of retail investors in capital markets using the extensive distribution network developed as a result of its agency relationship with the bank. In 2014, Garanti Securities aims to increase this number by expanding the product range offered to its investors.

CORPORATE FINANCE

Named the Best Investment Bank in Turkey by Global Finance for five consecutive years from 2007 through 2011, the Best Investment Bank by Euromoney and the Best Equity House by EMEA Finance in 2012, **total size of corporate finance transactions advised by Garanti Securities to date reached USD 40 billion.**

In 2013, the privatization of 100% of the shares in Başkent Doğalgaz through a block sale for a consideration of USD 1.162 billion was successfully completed thanks to advisory services provided by Garanti Securities to the Privatization Administration.

Doğuş Holding, advised by Garanti Securities, was awarded the operational rights for a period of 30 years of the Salpazarı Port (Galataport) in Istanbul for a consideration of USD 702 million.

In 2013, Garanti Securities acted as a sell-side advisor in the sale of 100% of the shares in Duraner Turizm, a shareholder of Bursa Çimento.

During the reporting period, Garanti Securities advised the issuance of a total of 52 bonds and bills with an aggregate value of TL 9.4 billion.

Garanti Securities is poised to continue its strong performance in 2014 and be a leading advisor in major transactions.

RESEARCH

The experienced research team of Garanti Securities **continued to offer guidance to investors amid tough market conditions with its informative and advisory reports also in 2013.**

While the Research Department provides periodical, sectoral, thematic reports covering investment recommendations regarding securities, economy, FX, commodities and fixed-yield securities, it also extends support to corporate projects including public offerings, M&A projects and asset sales.

enlarged its product range with new reports. The team also took the pulse of the market and the economy thanks to regular visits paid to Borsa İstanbul (listed) companies, while organizing special meetings with them for domestic and foreign corporate clients. The team intends to carry on holding similar meetings during 2014.

INTERNATIONAL INSTITUTIONAL SALES

International Institutional Sales Department (IIS) provides brokerage services in equity and derivatives markets to foreign brokerage houses and funds that invest in the Turkish capital markets. The Department also provides brokerage services to local investors in foreign markets.

In 2013, the IIS increased its market share by 40% on an annual basis. Trading volume grew by more than 100% YOY compared to 39% increase in the Borsa İstanbul foreign volume. Having acquired new customers in the UK, Eastern Europe, Gulf countries and the US in 2013, the IIS organized an investors conference participated by major Borsa İstanbul listed companies in London in May, during which numerous foreign institutional investors were brought together with listed companies.

IIS aims to increase its transaction volume and market share further in 2014, while continuing to collaborate with Corporate Finance Department for initial and secondary public offerings.

*Successful Sale of
Başkent Doğalgaz*
\$1.162 BILLION

*Intermediation
for 52 Debt
Offerings*

*Advisory in the
Privitization of Galataport*

The model portfolio consisting of equities with outperform recommendation has yielded an average annual relative return of 18% over that of the BIST 100 index since 2009. Foreign currency recommendations in 2013, on the other hand, brought a 10% yield based on the performance measurement conducted since July.

With its expanding team, the Research Department kept a closer eye on the FX and commodity markets in 2013 and

GARANTI ASSET MANAGEMENT

Being Turkey's first asset management company, Garanti Asset Management has been operating in the asset management sector for 16 years with the intent of being the leading company with its comprehensive research activities and robust risk management, as well as consistent asset management performance.

Aiming to attain maximum efficiency in the management of customer assets, and to guarantee the achievement of its customers' investment targets, Garanti Asset Management's key to success is its investment philosophy that relies on concrete knowledge, combined with efficiency and a professional approach to service, and fulfillment of ever changing customer demands in the face of fluctuating market conditions.

Garanti Asset Management differentiates itself in the sector through its efficient business discipline and approach to risk management.

With a professional human resources team of 54 persons, 15 of whom make up the investment team, Garanti Asset Management provides services in:

- Mutual Funds Management
- Pension Funds Management
- Alternative Investment Products Management
- Discretionary Portfolio Management.

Aiming not only to surpass the benchmark standard, but also to outperform the competition, Garanti Asset Management monitors the competition very closely.

ACTIVITIES IN 2013

Garanti Asset Management strongly performed in 2013 and reached an asset volume of TL 9 billion at the end of the year.

MUTUAL FUNDS

In 2013, during which the Mutual Funds sector reached an asset volume of TL 30.4 billion, the asset size of the Mutual Funds managed by Garanti Asset Management reached to TL 4.4 billion.

- The prominent mutual funds included:
- Garanti Bank Type B Corporate Bond Fund which is a good alternative to Fixed Income funds, and
 - Garanti Bank Type A Equity Balanced Fund which showed a remarkable performance with its successful selection of equities.

Asset Size TL 9
BILLION

TL 4.4 Mutual
Funds
Volume
BILLION

Pension Funds Volume
TL 4.2 BILLION

PENSION FUNDS

In 2013 that saw the continued rapid growth of the Private Pension System, the consistent management and successful performance of pension funds contributed significantly to the increased business volume and Garanti Asset Management grew in parallel with the sector to reach an asset size of TL 4.2 billion and a market share of 16.1%.

Garanti Asset Management succeeded in eliminating the competition to take on the management of all Pension Funds of a newly established Pension Company this year, without a concern of competition.

ALTERNATIVE INVESTMENT PRODUCTS

In Principal Protected Funds, investors were offered new investment alternatives such as BRIC countries, Dynamic BIST30 Index, Enhanced High Dividend EUR Index, and the Dynamic Innovation Index.

DISCRETIONARY PORTFOLIO MANAGEMENT

On the back of its efficient marketing activities and customer satisfaction oriented approach, Garanti Asset Management manages TL 305 million in the Discretionary Portfolio Management segment, where the sectors' portfolio size in this segment reached to TL 6.9 million by the end of 2013.

PROJECTIONS FOR 2014

The investment grade country rating assigned to Turkey is expected to lead increased foreign capital inflows, coupled with a higher need for local expertise. Within this scope, the marketing of two funds, which have been designed for foreign investors and set up in Luxembourg, will begin. The

rapid expansion in the Private Pension System is anticipated to continue with the effect of state contribution. On Mutual Funds side, Garanti Asset management targets to offer the Sukuk Fund and the Emerging Markets Fund of ETFs to respond to customer needs.

GARANTI LEASING

Active in the sector since 1990, Garanti Leasing executes the leasing transactions of a broad customer base covering corporate customers, commercial customers, and small and medium-sized enterprises.

Being the only Turkish leasing company rated both by Standards & Poor's (S&P) and Fitch Ratings, Garanti Leasing maintains a performance above the sector average with its quality services that create distinction in the eyes of its customers.

Garanti Leasing, a well-known player in the international markets, is set apart from its competitors with its qualified human resources, solid technical infrastructure, high funding capability and diversity of borrowing resources on the international markets.

ACTIVITIES IN 2013

Based on the data for the period of 01.01.2013-31.12.2013 released by FİDER (Turkish Leasing Association), Garanti Leasing:

- Reached a transaction volume of USD 889 million.
- Remained the leader in 2013, as it has been for the last 10 years, in terms of the number of contracts, with 3,018 contracts and a market share of 15.3%.

Leader in Terms of
the Number of
Contracts for **11**
YEARS

3,018
Contracts

\$ 889 Business
Volume
MILLION

GARANTI FLEET

Through its strong, highly-competent staff, Garanti Fleet has been providing fleet management services for the passenger cars of all makes and models sold in Turkey to companies of any size since 2007.

Aiming at unconditional and sustainable customer satisfaction, Garanti Fleet plans every detail proactively from tires to be used to the service points where maintenance and repair services will be

received, and achieves full compliance with the maintenance and repair standards established by the automotive industry. The company offers advisory to its customers in fleet management and guides them to the right service needed via its expert team.

ACTIVITIES IN 2013

In 2013, Garanti Fleet leased 4,425 new cars. Having adopted sustainable profitability as its key strategy, Garanti Fleet has been providing fleet management services to 1,656 customers with its car pool consisting of 10,106 cars and a team of 70 persons as of 2013.

In May 2013, garantifiloiki.nciel.com went live, which is an online sales platform for the second hand sale of cars with expired lease terms. This sales platform combines single and several car buying options with various purchasing and tender methods. Users can make use of the tenders and also opt for the option of buying without bid collection and without waiting. In keeping with the importance attached to driving safety, Garanti Fleet initiated a collaboration with a specialist professional institution and began offering "Safe and Defensive Driving Techniques Training" to the users of the cars leased by the company. The training courses are planned to be continued in 2014.

PROJECTIONS FOR 2014

Garanti Leasing will do business with more new customers and expand its customer base in 2014.

One sales strategy to be pursued in 2014 will be to expand the customer base, concentrating on machinery, equipment, construction machinery and textile and healthcare equipment, which are expected to capture larger shares in the sector, through the activities of vendor sales team.

Garanti Leasing has already launched operational leasing, sell & lease-back and software leasing products, which have become parts of our lives with the enactment of the new law passed by the Turkish Parliament. The company will pioneer the sector in these segments, as well.

GARANTI FLEET

Garanti Fleet will continue to invest in its technological infrastructure and competent human resources.

The car pool will be expanded to cover 12,000 cars at a minimum.

Garanti Fleet will continue to organize special price campaigns in collaboration with car manufacturers.

GARANTI FACTORING

Having commenced its operations in 1990, Garanti Factoring has been serving its customers as one of the pioneers in this sector under the roof of Garanti since 2001.

In 2013, Garanti Factoring raised its paid-in capital to TL 79,500,000 and **opened 10 new branches; currently the company offers service with 21 branches in 14 cities across Turkey.**

Garanti Factoring is the trailblazer in terms of product development and consultancy with its customer-focused approach to service and expert team, aiming to create value for the sector and for customers. While the competent staff gives it the ability to provide custom-tailored institutional solutions, its speed in operational transactions helps the company make a difference for the vast customer base serviced. Garanti Factoring offers quality and speedy solutions through the diversified range of products in domestic and international transactions, while the extensive network of correspondents that it accesses owing to its membership in two major international factoring chains, International Factors Group (IFG) and Factors Chain International (FCI), makes it a strong factoring company with regard to overseas factoring transactions.

A publicly held company with a free-float rate of 8.38%, Garanti Factoring is traded on Borsa İstanbul National Market, and continues to be one of the companies entitled to take place on the BIST Corporate Governance Index after raising its 2012 rating of 8.36 in "Compliance with Corporate Governance Principles" to 8.76.

Garanti Factoring has been assigned a long-term local and foreign currency rating of BBB by Fitch Ratings, which indicates its financial strength, and long-term national rating of AAA (tur).

Successfully representing both Turkey and Garanti with the importance it attaches to quality management and innovation in its implementations and processes, Garanti Factoring **has been granted International Star for Quality award by the Business Initiative Directions (BID).**

21 branches
in 14 cities
21.7%
GROWTH in the
Number of Customers

9% RISE in the
Number of Transactions

ACTIVITIES IN 2013

Having reached an asset size of TL 2,060 million, factoring receivables of TL 1,987 million and a shareholders' equity of TL 120 million, Garanti Factoring posted a net profit of TL 15,302 thousand as at year-end 2013. Increasing the total business volume by 29.9% year-on-year to TL 9.8 billion, Garanti Factoring maintains its leading position in the sector.

Maintaining and deepening its synergy with Garanti Bank, Garanti Factoring expanded its branch network and increased the number of transacting customers by 3.9%, the number of transactions by 9% and the number of clients with risk balance by 21.7% on an annual basis.

During 2013, Garanti Factoring developed and introduced "Receivable Guarantee" product, which will provide protection against the risk of insolvency, bankruptcy and default in domestic sales for its customers. With this **product that was not used in Turkey** before although frequently employed in international factoring implementations, Garanti Factoring aims to offer services to its customers in a manner to cover collection and financing, the greatest issues of commercial life.

PROJECTIONS FOR 2014

With the primary goal of securing sustainable growth, Garanti Factoring aims to;

- Keep offering innovative products that respond to customer needs,
- Take on a more active role in the provision and sales of its 2F Export Factoring product to exporters and raise its market share in this field,

- Sustain its synergetic collective and harmonious collaboration with Garanti Bank,
- Continue investing in its systems infrastructure and human resources in order to increase productivity.

GARANTI PAYMENT SYSTEMS

Having cemented its position as the market leader through its successful integration of products with technology ever since its establishment, Garanti Payment Systems (GÖSAŞ) offers high quality service to customers with diverse needs.

Turkey's first and only payment systems establishment, GÖSAŞ boasts the broadest card segment in the market.

The main brands of personal cards include Bonus, Miles & Smiles credit card, American Express, while secondary lines cover Çevreci Bonus (Environmentally Friendly Bonus), Aynalı Bonus (Reflected Bonus), Şeffaf Bonus (Transparent Bonus), and Taraftar Kartları (Football Clubs Affinity Cards). Money Bonus, Bonus Genç, Flexi, Bonus Flexi, Bonus American Express and Altın Bonus are sub-category card products created under the Bonus Card. The Business Cards Portfolio encompasses nine different products, while Paracard is the debit card brand used for cash payments.

Responsible for a number of groundbreaking initiatives in Turkey and the world, GÖSAŞ:

- Possesses Turkey's only network of merchant members accepting VISA, MasterCard, JCB, American Express®, CUP, Diners and Discover cards,
- Offers various payment solutions such as e-commerce and e-retail services via www.garantialisveris.com, together with dial-up POS, ADSL

POS, Mobile POS and Virtual POS to member merchants in addition to the POS-matic, Kolay Vezne (Easy Teller), Ödeme Noktası (Payment Point), and Card Application Point services,

- Conducts pioneering activities in the areas of customer loyalty, profitability and risk measurement, guided by the principles of Customer Relations Management (CRM).

ACTIVITIES IN 2013

- Through a portfolio segmentation that indicates customer spending habits and customer potentials, **extra turnover was created by means of a number of personalized campaigns.**
- By solving customer problems and ensuring customer satisfaction, almost 1.5 million cards in the portfolio were regained in 2013.



- Customers were offered the opportunity to effectively manage their payments and budgets by means of such features as Credit Repayable in Installments, Postpone the Payment to the Next Account Statement, Divide the Charge into Installments, and Postpone the Charge to the Next Account Statement. Furthermore, leadership in the sector was captured in cash turnover.
- Leadership was captured in the credit cards social media accounts. The number of members in all credit cards topped 1 million, with more than 800,000 members under the Bonus brand roof.
- A turnover of TL 13 billion and a market share of 24.14% brought leadership in e-commerce.
- BonusCard, the first and only chip-based credit card in Romania, reached a market share of 7% within 4 years with 7,300 POS terminals and 110,000 cards.

TURNOVER GROWTH IN AMERICAN EXPRESS

- The number of American Express cards increased by 23% year-on-year and outreached the significant threshold of 1 million cards.
- Cards bearing the American Express logo are now welcomed at over one million points covered in the networks of İşbank, DenizBank, Vakıfbank and TEB, in addition to almost 550,000 member merchants of Garanti Bank.

PROJECTIONS FOR 2014

Plans to expand the market and to promote card usage include:

- Achieving growth through new market penetration in member merchants, acquisition of broad-based customers, management of local campaigns, and expansion of the use of installments,
- Conducting targeted and lower-cost campaigns that will increase turnover,
- Increasing the 24.14% market share controlled in e-commerce through developments and initiatives to be realized.

Goals with respect to the Commercial Cards portfolio include:

- Focusing on sales activities and introducing handling of commercial card applications with additional digital channels such as text messaging and the web,
- Issuing a new card named Miles&Smiles Business American Express and acquiring new customers while offering more benefits to existing clients,
- Sustaining a more widespread expansion in the SME and corporate segment to secure consistent rise in acquiring turnover and market share in terms of quantity.

GARANTI MORTGAGE

Having started its operations in October 2007 as the first mortgage company in Turkey with 26 employees, Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş. (Garanti Mortgage) keeps performing successfully with its achievements with a team of 92 experts.

Remaining the market's leader on its 6th anniversary, Garanti Mortgage;

- Offers the broadest range of mortgage products in Turkey,
- Provides mortgage services delivered by specialist portfolio managers who have completed the "Mortgage Expertise Certificate Program",
- Renders efficient service employing various channels including real estate agents, property developers, call center, Internet and mobile banking, in addition to branches,
- Analyzes customers and the areas served to organize tailor-made campaigns for professional groups and areas that offer a safe growth potential,
- Constantly improves processes and performances of companies collaborated with to ensure objectivity, accuracy and speed of appraisal reports.

ACTIVITIES IN 2013

Garanti Mortgage renovated www.garantimortgage.com with the purpose of increasing customer interaction on digital channels. The user-friendly calculation tools and innovative applications such as the "Value of my house" application helped boost the average monthly visits to the website by 103% and the site remained Turkey's

most visited leading mortgage website. On another front, the total number of mortgage applications received through digital channels and solely through www.garantimortgage.com increased by 27% and 101%, respectively.

The outbound call system utilized by the 444 EVİM team, the first mortgage call center in Turkey, was upgraded, resulting in enhanced performance by loan disbursements made by the team. In addition, the upgrade allowed systematic follow-up of customers whose applications were entered through this channel. The ratio of customers receiving loans through this channel grew by 12% within total loan disbursements.

Leader in housing loans

with **13.4%**
MARKET SHARE

More than

213,000
Mortgage loans

27% RISE

in applications received through
digital channels

In 2013, Garanti Mortgage launched a comprehensive project that partially automates manual procedures related to appraisal activities and speeds up the process. Thus, the number of appraisal reports completed during 2013 went up to 130,000.

Garanti Mortgage added, local campaigns to those designed for various sectors and professional groups, and reached more than 213,000 mortgage loans in the aggregate as of 2013. Coordination with branches was strengthened through 894 branch visits.

Involved in approximately 200 active housing projects, Garanti Mortgage continued to make loans available to customers for off-plan sales in housing construction projects, thanks to its collaboration with developers.

Also capitalizing on the lending potential that arose in conjunction with the urban transformation initiatives, Garanti set up the necessary banking processes to be engaged in this area and began fulfilling customer demands.

PROJECTIONS FOR 2014

Predicting an intense competitive environment in 2014, Garanti Mortgage aims to increase efficiency across all of its distribution channels, to offer the payment plans that best fit its customers' budget with its broad product range, and to speed up the process through automation of the documents entailed in the mortgage process.

"Garanti, the Mortgage Expert" will sustain its leadership of the sector amid fierce competition on the back of existing services and practices that make a difference, as well as those that will be developed in the year ahead.

GARANTI TECHNOLOGY

A provider of services in information technology and the author of many FIRSTs since 1981, Garanti Technology contributes a critical competitive edge to Garanti Bank, its subsidiaries, and other companies of Dogus Group with its innovative and creative products, services, applications and consultancy services. Garanti Technology **continues to lead the sector as a fully-functional "IT Center"**, with its investments in state-of-the-art technology, uninterrupted processing capability, infrastructure security, cost efficiency and energy saving, under the guidance of corporate governance and international quality standards.

ACTIVITIES IN 2013

During 2013, Garanti Technology continued to invest in technological infrastructure and developed projects integrating all technological innovations and enhancements with business processes. Having achieved a perfect harmony between technology and banking, the Garanti family improved its processes and enhanced operational efficiency thanks to this technology, and authored numerous novelties that meet the needs of its customers,

Garanti Technology brought 3,543 IT projects to completion in 2013.

The applications developed during the reporting period, which will make a difference, include the following among others:

- **"iCüzdan"**, which configures credit cards on a digital wallet just by taking their photos thanks to the integration established, and **"iGaranti"**, the new

- generation mobile banking application that entails a number of innovations including personalized shopping opportunities, personalized loan/saving offers, and voice command,
- Super Admin User and new authorization infrastructure in the Corporate Internet Banking branch,
- Special menu on ATMs for handicapped individuals,
- Accepting scrap gold and transactions in gold on a gram basis,
- Treasury products: SUKUK, Eurobond TL and foreign securities,
- Payment Systems Products and Services: Bonus Genç Card, Bonus Gold-Platinum, Turkcell NFC-Esparacard, Next Generation Electronic Cash Register (ECR), NFC Integration for BBVA-Telefonica,

- Seamless Mobile Payment System that uses the QR Code infrastructure for Garanti Bank Romania,
- Introduction of PalmSecure solution and Biometric ID Verification infrastructure at the operations center and branches.

- On the system and network projects side, in 2013;
- Average daily CICS transactions were increased from 295 million to 333 million,
- RPO (Recovery Point Objective) time was reduced to ca 1.5 seconds during the day in the mainframe environment.

The
**LEADING
IT CENTER**

**3,543
IT PROJECTS**
in 2013

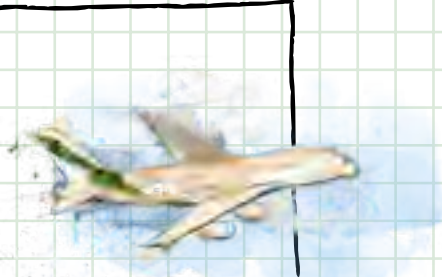
PROJECTIONS FOR 2014

In 2014, Garanti Technology will keep creating critical competitive edge for the bank and its customers through its innovative product, service and application developments that will be aligned with the global trends. It will provide uninterrupted, available, real-time, integrated, flexible, open and sustainable solutions, while further improving its services in consolidated

customer relations, personalized media and mobile banking. Within the frame of unified communications and enterprise mobility projects, Garanti Technology will develop applications that provide the mobilization of sales teams and 24/7 customer support so as to support a more efficient sales management process for the bank and its subsidiaries.

Notes:





Turkey's Largest Credit Card Platform



11 BANKS

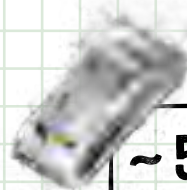
16.6 MILLION BONUS CARDS

Transaction Volume
4TH IN EUROPE

ONE IN EVERY FOUR TRANSACTIONS

With miles earned from Miles&Smiles

38,000 TRIPS TO 5 CONTINENTS



~ 550,000 POS TERMINALS

TL84.4 BILLION TOTAL TRANSACTION VOLUME

Highest Volume of Shopping

GROCERY



GAS



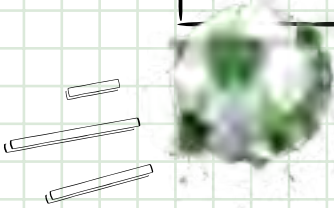
CLOTHING



privilege to be a

FAN

with Bonus Card



**CONTINUOUS
DEVELOPMENT
& INNOVATION**

ORGANIZATION AND PROCESS DEVELOPMENT

In order to implement the strategies of Garanti Bank in the most effective manner, the Organization and Process Development Department administers and works on projects aimed at developing the necessary process infrastructure, planning capacity in an effective manner, increasing efficiency across the Bank and ensuring customer satisfaction. The Department plays a major role in making a difference for customers through rapid adaptation to a constantly changing business environment, while focusing on customer expectations.

ACTIVITIES IN 2013

Key highlights of 2013 included works across the Bank on process design, productivity and organizational efficiency by creating processes and structures best suited to the needs of customers, market conditions and regulatory requirements.

PROCESS EFFICIENCY & QUALITY OF CUSTOMER SERVICE

In line with the new generation approaches to digitalized banking, **process works were carried out on the iGaranti platform.**

For SME customers:

- Readily available credit line was introduced, aiming to fulfill individual and corporate needs by minimizing the information/documents required;
- Corporate card needs were supported with processes erected on the values of speed and ease, and corporate credit card assessment was automated.
Ekin Card and Account products, which will make farmers' lives easier, were backed by processes that are aligned with customer needs.

Under the New Generation Payment Recorder Device initiatives, processes were introduced, which will facilitate transition to the new cash register/POS structure.

The Bank's processes in relation to salary agreements and payments to customers were redesigned.

Money transfer and overall teller procedures were revised as necessary in an effort to bring systematic requirements of legal reports into alignment with the legislation.

The pricing and disclosure policies of the Bank were revised under the new legal regulations. An effective notification system was introduced for the purpose of informing the customers about the increases made to Bank fees and commissions.

ORGANIZATIONAL EFFICIENCY

The branch service model was revamped in line with the Bank's strategic goals, changing needs, and customer-centric approach to service, and **new points of service were established for Commercial Banking and SME Banking.**

Work was carried out on the staffing of branch posts, employing analytical optimization models.

Restructuring was performed at the existing Head Office units in an effort to support the Bank's strategies:

- "Commercial Banking Anatolia Marketing Department" was set up to specifically focus on the Commercial Banking customers located in various regions in Anatolia.
- The Consumer Finance Department was organized to create higher value in the business model that concentrates on auto dealers.

18% Expansion in Branch Sales Force

10% Efficiency Increase in Critical Processes

PROJECTIONS FOR 2014

- Work will be carried out to mobilize the sales force, which will focus on backing the technologies that will enable provision of on-the-spot service to customers through efficient processes.
- Sales models and sales organization structures will be reevaluated in line with the Bank's growth strategy and changing needs.
- Work will be performed to launch the product packages that will fulfill all banking needs of customers through compact and rapid processes.
- Commercial lending processes will be redesigned in view of the needs of the customers, branches, and all other parties.
- An automatic collection infrastructure will be engineered to ensure more efficient receivables collection.
- Efforts will be spent to increase the speed and efficiency of customer complaint handling.
- Group Transfer processes will be redesigned, using the RFID technology.
- The process of creating life insurance policies issued in conjunction with loans will be revamped, using automatic product suggestions that suit the specific customer and loan with minimum information entry.
- Works will continue in a broader scope regarding telephone management, teller services and lobby management aimed at enhancing the level of service at branches.
- Optimization efforts based on analytical modeling initiated with a focus on efficient and productive workforce management will be launched also for the sales-oriented posts in branches.
- Proactive work will continue, which will back the introduction of the Bank's strategies and goals for the Head Office units.

PRODUCT DEVELOPMENT AND INNOVATION MANAGEMENT

In our rapidly changing world, Garanti Bank strives to understand and interpret consumer needs to offer products and services that befit the life. Putting the customers at the core, Garanti Bank synthesizes the needs and suggestions of business units, in order to design innovative products and services.

Driven by the advancements in technology, Garanti is committed to tracking the rapid evolution in banking and other sectors, and aims to touch more areas in customers' lives and to create value by innovative products and services.

ACTIVITIES IN 2013

During 2013, Product Development and Innovation Management Department conducted 15 market research and gathered opinions of approximately 13,000 customers. The market research can be categorized under two main headings:

BRAND, SPONSORSHIP & COMMUNICATION SURVEYS:

- Brand Image Tracking Research
- Reputation Research
- Advertising Tracking Research
- Jazz Festival Sponsorship Research

- Credit Campaign Communication Research
- Local Communication Research
- iGaranti Communication Post-Test

CUSTOMER NEEDS & EXPERIENCES SURVEYS:

- Savings via Gold Research
 - Alternative Delivery Channels Barriers and Motivations Research
 - Mutual Funds Usage and Experience Research
 - Social Banking Research
 - iGaranti Concept Test
 - iGaranti Usability Test
- "Savings via Gold Research" completed in 2013 shed light on the consumers' perception of gold savings. The research on social media and alternative delivery

channels closely examined the consumer attitudes that were remodeled by the digital world. According to the results of regularly carried-out Brand Image Tracking Research, Garanti Bank was evaluated as a reliable, self-renewing, innovative and technological bank.

Employee opinions make up a major input of product and service improvements, as well as of new product and service design at Garanti Bank. The "Önersen" platform whereby employees convey their suggestions about any topic they like, has been instrumental in collecting nearly 2,200 suggestions in 2013. "Atölye", the project-based idea platform that has been active since 2010, facilitated gathering innovative ideas from the employees with six projects.

The trend book, which analyzes the trends that have major impacts on customer behavior and the agenda of companies in Turkey and in the world from an innovation perspective, "in Flux" was published and shared internally and externally during the reporting period.

63 new products were developed based on the synthesis of research and analyses, changes in the sector and in the world, and opinions received from various channels.



PROJECTIONS FOR 2014

The fast pace of digitalization created consumers who are aware of their needs, while giving rise to competition that pushes the usual limits of the sector. It is now more important than ever before to use technology as a facilitator for all, and to offer smart products and services to smart consumers.

In 2014, work will be carried out on packages that enable easy acquisition of interrelated products paying attention to customer needs. Customers' relations with the Bank will be increased and they will be given the means to manage their financial worlds more easily.

Regaining small savings and gold kept at homes back to the economy has become a major focus for the banks. To this end, Garanti will pursue the

strategy of broad-based deposit collection, and offer products and services for diverse needs.

With its fast-growing use, the social media will also serve to the socialization of the customers' financial habits. In 2014, the customers' financial relations with their social network will be supported with new products and services, and the bank involvement will be secured in joint savings and expenses incurred in unison.

Trade finance will be supported through product solutions, which will allow businesses to make deferred payments for their expenses in relation to their activity-specific needs, and determine their repayments in accordance with the terms and conditions in their relevant sectors.

WE ARE INNOVATORS

New **63** Total **569**
products & services

Garanti Bank aims to create a swift, smooth and effective financial environment that will contribute benefits for its customers through new products and services designed around customer needs in view of the future dynamics, and the advancements in technology and in the sector.

We support savings and investments

Garanti developed new products and services focused on gold, for the purposes of registering the savings kept under mattresses at homes and regaining them for the economy, involving the banks in the traditional habit of saving up gold coins, and winning customers who do not have a regular relationship with banks. The Bank expanded its product range with the gold account, accumulating gold account, and began physically collecting gold at branches. Garanti also kept offering accumulating accounts that back the desired investments, innovative principal protected mutual funds that respond to investment needs, and structured floating rate time deposits.

GRAM GOLD PAYMENT

Customers, who prefer to save up in gold and wish to access the balance in these gold accounts at any time, have the chance to withdraw their savings in 1 and 5 grams of 24-carat gold from designated branches in İstanbul.

GOLD AND FOREIGN CURRENCY GIFT CHECKS

All branches issue "Gold and Foreign Currency Gift Checks" for customers wishing to give safe and easily cashable gifts for a special occasion such as gold or foreign currency. Foreign Currency Gift Checks are payable at any branch in cash or into the account, while Gold Gift Checks are payable only into the account.

HOME-BUYING NET SAVINGS ACCOUNT

Garanti designed the "Home-Buying Net Savings Account" saving package, which provides guidance to customers while saving up during their home purchasing process. The package creates a plan according to the customer's current income versus expenditures and the desired home, and aims to instill a habit of saving up through giveaways. In this way, customers are able to generate the necessary accumulation on the basis of customized plans that include an optional mortgage loan for buying a home, and to compare their situation with their demographic peers.

36TH SUB-FUND BASED ON DYNAMIC BIST30

This fund invests in the Dynamic BIST30 index that can hold long- and short-term positions in the Borsa İstanbul National 30 index (BIST30) depending on funds, trends and risks. The fund offers investors the chance to benefit from rising and declining market conditions alike. With the Dynamic BIST30 fund, investors are able to generate a return pro rata a certain ratio of participation in the potential positive return of the Dynamic BIST30 index, while enjoying principal protection property.

37TH SUB-FUND BASED ON ENHANCED HIGH DIVIDEND (EUR) INDEX

The fund gives entitlement to a return pro rata a certain ratio of participation in the positive return to be derived by the "Enhanced High Dividend (EUR) Index", which offers high dividend potential as well as principal protection on maturity, invests in the global stocks and also aims to provide protection against any possible downturns.

38TH SUB-FUND BASED ON DYNAMIC INNOVATION 11 TR USD INDEX

The fund invests in the "Dynamic Innovation 11 TR US Index", which invests in a set of stocks covering 20 global innovative companies depending on trends and risks, while holding a short position on the S&P 500 Index for protection against potential downward moves, and thus offers the investors the chance to benefit from both rising and declining conditions within the scope of principal protection.

STOXX EUROPE 600 LONG MASTERS TL ACCOUNT

Stoxx Europe 600 Long Masters TL Account gives the chance to benefit from a certain percentage of the positive performance that may be realized by Euro Stoxx 600 index during a six-month period, while enjoying principal protection.

We are making our customers' lives easier

QUICK CASH

Garanti launched the "Quick Loan" product for its customers' urgent and short-term cash needs, which can be quickly and easily accessed via various channels. The loan is made available in low amounts and short-terms upon instant credit assessment. The product ensures transparent and straight

forward customer communication, since the repayable amount at maturity is communicated at the very beginning.

POST-SERVICE CUSTOMER SATISFACTION QUESTIONNAIRES

In 2013, Garanti enriched its services in the area of customer satisfaction. Conveying their comments to the Customer Care Line through various channels, customers can make use of the after-sales questionnaires to share the level of their satisfaction with the service rendered, the solution offered and the agent who provided the service.

STATUS TRACKING SYSTEM

Garanti introduced the Status Tracking System, whereby customers who were not offered a solution on their first contact with the Customer Care Line are able to track the result of their notifications through IVR, SMS or the relevant web pages.

BONUS GOLD AND BONUS PLATINUM

Earning more bonus points for the cardholders with its extra bonus feature, Bonus Gold and Bonus Platinum joined among the most prestigious members of the Bonus family in August.

BONUS GENÇ

Turkey's easiest-to-apply-for credit card without an annual fee and offering contactless payment feature, "Bonus Genç" credit card for young people aged 18-25 was launched in March and quickly reached 90,000 in number.

BONUS FLEXI

Launched in February for customers who are sensitive to the annual card fee, Bonus Flexi, which gives entitlement to Bonus features without the annual card fee, topped 600,000.

GARANTI PENSION TABLET APPLICATION

Garanti Pension began offering its private pension products through a tablet PC application based on its new sales model and processes introduced in December in keeping with its customer-centric vision. Promoting the products with rich visuals, the application is aimed at enhancing service quality and increasing the efficiency of sales processes.

GARANTI PENSION ON DIGITAL PLATFORMS

Revamped in a user-friendly design and infrastructure in line with the latest digital trends, 'garantiemeklilik.com.tr' website provides the fastest and easiest access to the answer of any question regarding private pension, life insurance and unemployment insurance. New Facebook account that Garanti Pension opened in May was supported with successful campaigns such as "Housewarming" and "Quick to Know, Quick to Win" and acquired 164,000 followers in seven months. Garanti Pension once again became the most admired and the most talked-about Facebook account with the highest number of followers in the sector.

We stand by our customers as mortgage experts

Garanti, the expert mortgage, maintains its leadership in the sector with Turkey's broadest product range and the pioneering services offered to customers.

- garantimortgage.com website was remade with a user-friendly design and features. Four new calculation tools were added to the website, which will help the customers to find the answers to their questions: "What will happen if my payment plan changes?", "Rent or Mortgage Loan?", "Online Mortgage

Offer!", and "What is the price of my house?"

- The blog "Evim İçin" (For My Home) went live, which increases social interaction with customers.
- Mortgage TV was introduced, which answers customers' questions about mortgage loans.
- "Kentsel Dönüşüm Cevapları" (Urban Transformation Answers) microsite went live and internal processes were devised to provide the customers with information on urban transformation loans.
- Under a new implementation, text messages are sent to customers who could not be reached after they left their contact details on various websites to be called back by 444 EVİM.

We put digital channels at the heart of customer experience

iGARANTI



Based on the prediction that mobile devices could turn out to be a steering component in the lives of users and become indispensable to them, Garanti Bank promoted iGaranti in May 2013 as an addition to its transaction-based applications. iGaranti was designed as a living service that will cater to customers' different financial needs besides basic banking transactions. Making use of various features of the mobile, iGaranti is able to provide guidance by making suggestions about the user's current location and time.

Contrary to what has been done to date, it is a mobile-first service; in other words, it was first designed on the mobile, launched on the mobile in its most extensive version, and the Internet was positioned as a complementary component to this service.

iGaranti stands out with its structure for which Garanti undersigned many collaborations and firsts in the world. A most remarkable cooperation in this frame was with Nuance, the voice technology firm that also produced Apple's Siri. Nuance made iGaranti a voice-controlled application, a first in the world. An equally unique cooperation with Card.io resulted in the integration of the credit cards into the digital wallet of iGaranti just by taking their photos. All these collaborations represent good examples of how Garanti capitalizes on all sectors and different players in the innovation process.

THE MOBILE BANKING IS ON EVERY PLATFORM

Garanti Bank launched the Mobile Banking also on Blackberry10, Windows 8 phone, tablet and PC platforms, and thus became the first Turkish bank to take place on all of the pioneering platforms. Based on the cooperation with Nokia, the Mobile Banking is preloaded on the new generation Lumia smart phones.

MOBILE BANKING TRANSACTION SET WAS EXPANDED

Thanks to the developments made in the Mobile Banking, customers can now pay the balance of other banks' cards, pay motor vehicle taxes, open demand deposits, handle arbitrage, HGS and traffic fine payments, and perform loan transactions.

INSTANT MOBILE SIGNATURE



Based on the world's first-ever "Instant Mobile Signature" application that resulted from a collaboration between Garanti and Turkcell, customers are able to get their mobile signatures just by applying on Garanti Internet Banking, without going to a Turkcell dealer nor showing their ID. With the legal identity verification system that can be used in lieu of a 'wet' signature on electronic media, customers can handle the transactions that require identity verification on Garanti Internet Banking, Mobile Banking and Paramatik ATMs much more quickly.

CUSTOMER EXPERIENCE WAS ENHANCED THROUGH IMPROVEMENTS IN THE INTERNET BANKING

During 2013, the navigation structure of the Internet Banking was redesigned based on customer experience, which resulted in faster and easier handling of customer transactions.

- The three-month limit for using the Card Transactions Website was lifted; therefore, credit card users are now able to log in to the Internet Banking using their credit cards for an indefinite period of time.
- With the redo feature added to the Internet Banking, users can repeat their transactions quickly.

INTEL IDENTITY PROTECTION TECHNOLOGY (IPT)



Garanti and Intel authored a first in the world and initiated a new era in the Internet banking in Turkey. Thanks to the Intel Identity Protection project, Intel-user Garanti Bank Internet Banking customers are able to do verification quickly and practically without waiting for SMS PIN or without having to use a second device.

ALO GARANTI CALL STEERING



With Alo Garanti Call Steering project, Garanti realized yet another first in the financial services sector. Owing to this new feature, Garanti customers are steered to the step they wish just by talking, without dialing any button, and reach the requested transaction step quickly and reliably. Possessing artificial intelligence infrastructure, more the self-improving system is used by the customers, quicker it perceives the requests.

ATM MENU FOR DISABLED INDIVIDUALS

Within the scope of Disabled-Friendly Banking activities, Paramatik Talking Transaction Menu was developed to give visually impaired customers easy access to service. Visually impaired customers can now easily perform cash withdrawal, cash deposit and balance inquiry transactions using the talking menu.

CALL STEERING SYSTEM



In February 2013, the Call Center launched the Call Steering System, which allows customers to freely express the transaction they wish to perform in their own words, a first in the sector. The new system significantly increased work efficiency, while positively contributing to customer experience and satisfaction.

We support SMEs

EKIN CARD AND ACCOUNT

"Ekin Card and Account" product offers farmers the possibility to make deferred purchases and payment at the time of harvest at member merchants for their agricultural production needs. Comprising an overdraft account and a Paracard linked to it, the product provides the farmers with the opportunity to arrange their payments in line with harvest times and not to pay any interest on their transactions until the due date.

KOSGEB – STARTUP SUPPORT PACKAGE

In order to strengthen its support to entrepreneurship and to provide solutions for the financial issues SMEs face during start-up, Garanti offered the Startup Support Package. Collateralized by the European Investment Fund, the financing facility incorporated special advantages to entrepreneurs who received their certificates upon attending the KOSGEB (SME Development Organization) Applied Entrepreneurship Training.

INTERACTIVE STARTUP MANUAL

Garanti Bank launched the interactive version of the "Startup Manual", a guide for companies in their start-up phase and first years of operation that presents all necessary information in an easy-to-understand fashion.

IPARD LOAN AND AGRICULTURAL LENDING MECHANISM

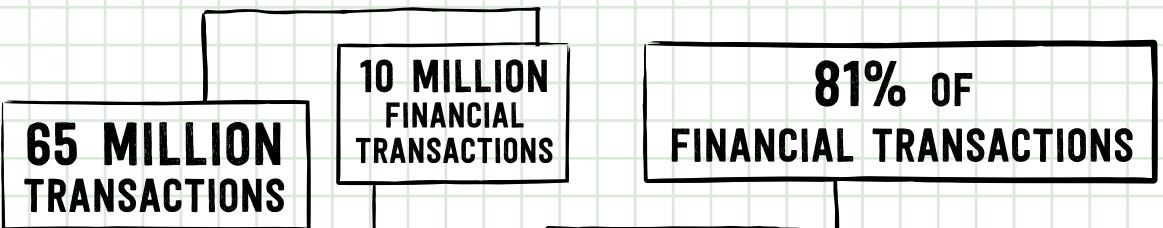
Under the IPARD program carried out by the Agriculture and Rural Development Support Institution (in Turkish: TKDK) within the frame of the European Union Instrument for Pre-Accession Assistance Program, "Rural Lending Mechanism" was created for allocating the EU fund made available to Turkey, which determines the grace period and maturities in alignment with the program principles. In this frame, the "IPARD Loan" product was introduced for use by potential investors.

KOSGEB COFINANCE LOAN PROGRAM

Garanti introduced the "Cofinance Loan Program" to extend financial support to businesses to help them realize their business plans. The facility was made available to businesses that were entitled to receive support from KOSGEB under the "SME Project Support Program", "Thematic Project Support Program", "Collaboration/Cooperation Support Program", R&D Innovation and Industrial Implementation Support Program" or "Entrepreneurship Support Program".



Monthly



E-Deposit

TL8 BILLION

4.5 MILLION EFT & MONEY TRANSFERS

74% OF EQUITY TRANSACTIONS

32% OF MORTGAGE APPLICATIONS

Loans granted

TL 1.5 BILLION

via internet

THROUGH DIGITAL CHANNELS

400 DIFFERENT TRANSACTIONS

garanti.com.tr

7 MILLION VISITS PER MONTH

2.6 MILLION ACTIVE USERS

Leader in E-Commerce

24% MARKET SHARE

INTERNET BANKING



SUSTAINABILITY

SUSTAINABILITY

A. INTRODUCTION

Based on its strategy defined as "achieving long-term sustainable growth by continuously creating value", Garanti Bank believes that the sustainability concept must be internalized in the decision-making mechanisms and business processes of the financial sector on the basis of powerful corporate governance. As part of this process, Garanti determines its priorities with a keen eye on the feedback from a broad spectrum of stakeholders, at the core of which lie customers, employees, shareholders and investors.

Garanti works to integrate its priorities, which are significant for its stakeholders, into all of its operations, from its core lending activities to HR practices, from initiatives that create value for communities to its corporate governance approach.

I. SUSTAINABLE FINANCE

With the aim of effectively managing the indirect environmental and social impacts arising from its lending activities, Garanti evaluates all loan requests in terms of its Environmental and Social Lending Policies, regardless of limit. New projects with an investment value above a certain threshold and which are compliant with its policies and sectoral principles, are subjected to the Environmental and Social Impact Assessment Process and Garanti engages in a careful cooperation with its clients regarding the management of potential risks.

In addition to the environmental and social risk management integrated into its lending processes, Garanti aims to support the protection of the environment, resolution of societal issues and sustainable development through its numerous products and services in various business lines from SME banking to retail banking and project finance.

Garanti views "sustainable development" as increasing the environmental, social and economic welfare of a rapidly growing world population without compromising the ecological balance, or the ability of future generations to meet their needs.

In addition to sustainable products and services, Garanti Bank fortifies its support to social development with various initiatives such as training programs that bolster the role of women entrepreneurs in business, and award programs that provide encouragement. With Garanti Anatolian Meetings, Women Entrepreneurs Meetings, KOBİLGİ SME Informative Meetings and similar gatherings, the Bank strives to help SMEs, the backbone of the economy, move forward with solid steps.

Garanti takes a sustainable approach to its initiatives aimed at disabled individuals, and seeks to increase the accessibility of its banking services in daily life. Having started the renovation of its branches and Paramatik ATM networks in 2012, Garanti provides training to its employees and aims to make the life of increasing number of disabled customers easier.

Garanti deems it an important responsibility to support women entrepreneurs with respect to the social and economic advancement of Turkey. The Bank supports women entrepreneurs not only with the allocation of funds, but also through initiatives and training programs that encourage entrepreneurship.

Loans extended by Garanti Bank to women entrepreneurs have reached TL 1.9 billion as at the end of 2013.

In addition, the Women Entrepreneurs Executive School, which was launched in 2012 in collaboration with Boğaziçi University Lifelong Learning Center, continued with its activities in the cities of Antalya, Gaziantep and Denizli in 2013. Under the initiative, 246 women

entrepreneurs in these three cities successfully completed the program and earned their certificates.

Women Entrepreneurs Meetings, a co-organization of Garanti Bank and the Women Entrepreneurs Association of Turkey (in Turkish: KAGİDER), continued to inform women entrepreneurs in fundamental topics. In 2013, meetings were held in five cities across Turkey with the participation of almost 1,000 women in 2013.

Garanti Bank, with the aim of supporting and encouraging women entrepreneurship, organized Turkey's Woman Entrepreneur Competition in cooperation with the Ekonomist magazine and KAGİDER for the seventh time. Recognizing that social entrepreneurship is a major area of focus in the advancement of the economy and sustainable development, the category of "Woman Social Entrepreneur" was added to the existing three categories in 2013.

2013 summit of the Global Banking Alliance (GBA) for Women, the broadest network of banks that offer services to small and medium-sized business owner women, which is held in a different country every year and aims to address the importance of women's involvement in business, was hosted by Garanti Bank, which joined the Alliance in 2011, in İstanbul.

II. OUR ENVIRONMENTAL IMPACT

In 2013, Garanti Bank increased the number of points of service covered under the ISO14001 certified Environmental Management System to 260.

Garanti Bank's Environmental Management System encompasses the indirect environmental and social impact resulting from the Bank's suppliers and loans, in addition to environmental impact arising from facility operations.

Garanti aims to extend this system, which is audited by an independent accredited agency every year, to all service points and is continuing to work to increase the number of ISO14001 certified points of service to above 600 in 2014.

III. CREATING VALUE FOR COMMUNITIES

Garanti Bank regards its systematic and long-lived initiatives that add value to society as a key component of its sustainability concept. In keeping with the importance it attaches to the added-value it will provide for society and individuals, the Bank constantly observes the needs of the country and society, and devises its projects accordingly.

Garanti, focusing firmly on sustainable economic growth and development, aims to measure the outcomes and impact of its projects and increase and improve the value it contributes to the society.

Accordingly, Garanti Bank identifies education, culture, cultural heritage and supporting the participation of disabled individuals in social life as the main focal points of its value-added projects for society.

The support extended in the field of education occurs primarily via the Teachers Academy Foundation the Bank established in 2008. The project Öğretmenin Sınırı Yok (No Limits in Teaching) made up the initial step of the Foundation's activities seeking to help implement an inquisitive and investigative education model that promotes thinking. **The project, which was launched in May 2009 with the objective of contributing to the personal and professional**

development of teachers, reached a total of 85,095 teachers across 79 cities by the end of 2013. Through the eCampus website developed as a complementary and permanent platform, teachers participating in the No Limits in Teaching Project have the opportunity to sustain their personal and professional development.

In addition to its initiatives carried out via the Teachers Academy Foundation, Garanti Bank assumed the construction of the teachers' quarters in Erciş to extend support to teachers who suffered damages from the earthquake of October 2011 in Erciş, Van. Opened in October 2013, Garanti Erciş Teachers' Quarters have been allocated to teachers who were affected by the disaster in Erciş.

Since 2012, Garanti Bank has been providing support to the UNICEF initiative for the development and execution of school development plans to bring primary schools into alignment with the Primary Schools Standards.

Through the support it has been extending since 2012 to Tohum Turkey Autism Early Diagnosis and Education Foundation, Garanti Bank is being instrumental in the provision of theoretical and practical inclusion teaching to those who teach autistic children in İstanbul.

Since 2010, Garanti Bank has been supporting the Genç Hayat Foundation and the Color Wheel project carried out at Teacher Training High-Schools.

Not limiting itself to facilitating access of its disabled customers to banking services and also seeking to support the participation of disabled individuals in social life, Garanti Bank began sponsoring women's, men's and juniors National Wheelchair Basketball Teams, as well as Wheelchair Basketball Leagues in April 2013. Garanti aims to contribute to the training of successful players in this field and to sustaining the achievements

captured in the international arena, while drawing the attention of the society and representatives of the private sector to disabled sports by creating increased awareness.

Since 2005, Garanti Bank has been supporting the education program of Turkey's first and only modern art museum, İstanbul Modern. The program is intended to play a central role in fostering creative and inquisitive individuals who are familiar with, and actively participate in, the arts, and to supplement classroom education. **The number of children and youngsters given training under the ongoing Garanti-sponsored İstanbul Modern education programs reached 503,833 by the end of 2013.**

Garanti Bank has been a supporter of Toplum Gönüllüleri Vakfı (TOG-Community Volunteers Foundation), an initiative of change and transformation seeking to turn youthful energy into a positive benefit for the society, ever since its establishment. Organized in clubs, societies or groups in their universities, young Community Volunteers execute sustainable social responsibility projects according to the needs identified in their communities.

Determining the society's need for cultural environments that will enable research and production, Garanti Bank targeted to form a cultural institution that is original, autonomous, and most importantly, able to improve through interaction with its users, with the aim of creating cultural awareness and memory.

Along the line, Platform Garanti Contemporary Art Center, Ottoman Bank Museum and Garanti Gallery, cultural institutions which had written stories of success in their respective fields under the Bank's organization, were reorganized as an autonomous institution under the name SALT in 2011. Based on the two buildings/one program notion, SALT

began pursuing its activities out of Salt Beyoğlu and Salt Galata buildings.

In 2013, Salt Ulus opened its doors in Ankara. From 2011 until year-end 2013, Salt Beyoğlu, Salt Galata and Salt Ulus hosted 31 exhibitions, 42 events in conjunction with the exhibitions, and 208 guided exhibition tours and workshops for students, as well as publishing five comprehensive publications. The number of people who visited Salt Beyoğlu, Salt Galata and Salt Ulus totaled 729,747 during the same period.

In addition to Salt, Garanti has been co-organizing Turkey's first children's film festival, the "Mini Bank Children's Movie Festival", with TURSAK (the Turkish Foundation of Cinema and Audio-Visual Culture) since 2004. The festival gave approximately 70,000 children in eleven cities, including those with very limited access to cinema such as Kars, Ordu, Mardin, Konya, Aksaray, Mersin and Adana, the opportunity to get familiar with the art of cinema.

In 2013, Garanti Bank supported a special exhibition showcased in İstanbul Modern Art Museum. The Museum's education sponsor, Garanti backed the establishment of structures that encourage artists to engage in innovative research. YAP İstanbul Modern: Young Architects Program that İstanbul Modern has co-conducted with The Museum of Modern Art (MoMA) and MoMA PS1 has come to life with the support of Garanti Bank.

Inspired by the legend of a man whose wish came true upon making 1,000 paper cranes, "A Thousand Cranes for a Wish" project was carried out within the frame of the volunteerism project under the Garanti Future Meeting organized in October 2013. Under the project, Garanti Bank provided financial support to the Turkish Sports Federation for the Physically Disabled in return for 1,000 cranes crafted by Garanti employees.

IV. STAKEHOLDERS

Stakeholder contribution is of great importance for effectively realizing

Garanti Bank's sustainability strategy.

With a view to informing its stakeholders about the integration of its corporate governance approach and environmental and social factors into its business processes, Garanti, in 2013, published its first comprehensive Sustainability Report, which made Garanti the first Turkish bank to be rated A level by the Global Reporting Initiative (GRI). Its second comprehensive Sustainability Report, which will address the period from June 2012 through December 2013, and will be prepared in accordance with G4 criteria issued by GRI is intended to be published in 2014.

Having first calculated its carbon footprint in 2009, Garanti Bank presented this inventory to the Carbon Disclosure Project ("CDP") in 2010. The Bank has been systematically reporting to CDP since that date. Garanti Bank plans to reduce its use of natural resources, particularly energy, as well as its carbon footprint by focusing on efficiency projects.

Giving importance to transparent sustainability reporting and closely monitoring global developments, Garanti also joined the pilot program run by the International Integrated Reporting Council (IIRC) in 2013.

Working in close cooperation with all of its stakeholders -from its employees to business partners- in order to ensure that the sustainability concept is internalized, Garanti keeps a careful and close eye on national and international developments, and engages in knowledge and experience sharing with the financial sector through various platforms. In this context, in 2013, Garanti extended support to the Environmental and Social Risk Assessment (ESRA) Training Programme, the content of which was developed by the United Nations Environment Programme – Finance Initiative (UNEP-FI) as well as to Turkey's first Sustainable Finance Forum organized in May in cooperation with the Turkish Business Council for Sustainable Development, UNEP-FI and the UN

Global Compact Turkey Office.

In 2014, Garanti intends to continue to give support to activities and training programs that bring together the banking sector and the real sector and enable them to collaborate in the field of sustainability.

Garanti Bank adopts various reporting initiatives and works in cooperation with numerous organizations for furthering its communication with stakeholders.

Initiatives Sponsored by Garanti Bank:

- United Nations Environmental Programme Finance Initiative (UNEP-FI)
- United Nations Global Compact
- Turkish Business Council for Sustainable Development (TBCSD)
- Carbon Disclosure Project (CDP)
- The Global Reporting Initiative (GRI)
- The Banks Association of Turkey (TBB), Role of Financial Sector in Sustainable Development Working Group
- WWF Green Office
- International Integrated Reporting Council (IIRC)
- Turkish Green Building Association (ÇEDBIK)

V. HUMAN RESOURCES

In addition to supporting its customers, society and the economy, Garanti Bank considers it one of its key goals to be a sustainable employer and to create a working environment respectful of human rights. As such, Garanti Bank works to offer its employees the best financial benefits under the prevailing market conditions, and to encourage them to constantly build on their personal and professional competencies and skills.

Members of the Garanti family support and participate in volunteering programs at an ever-increasing level. In addition to voluntary involvement in, and support to, self-designed and executed projects by the Volunteer Clovers Club, employees organize volunteering activities in Garanti Bank Future Meetings, and ensure voluntary participation of all managers in these projects.

During 2013, Volunteer Clovers staged

a Wishing Tree campaign that reached 400 children, whose wishes were supported.

Under the ongoing Our Book Box project, books were donated to more than ten schools in different cities across Turkey.

In 2013, Garanti Bank continued to support WWF Turkey, which works towards sustainable use and conservation of natural resources in our country. Within this frame, Garanti takes part in, and supports, Earth Hour and similar initiatives to put the spotlight on the fight against global climate change.

Garanti organizes numerous training programs on sustainability to ensure that it is embedded into the corporate culture, and to guarantee that decisions made in this matter are effectively put into life. In addition to the Sustainability E-Learning Program, which was designed for the entire staff and updated in 2013, Garanti developed a comprehensive distant learning program on the Environmental and Social Impact Assessment System that it officially launched during the reporting period.

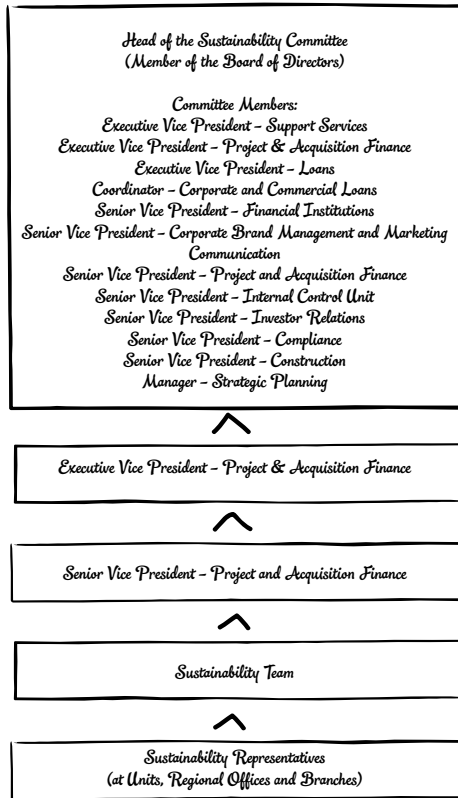
VI. CORPORATE SUSTAINABILITY GOVERNANCE

Operating under the Board of Directors and aiming to monitor and steer the Bank's progress in the area of sustainability, the Sustainability Committee is headed by a Board member.

The Sustainability Team submits regular reports to the Sustainability Committee and coordinates efforts undertaken under the main heading of sustainability at Garanti Bank.

Coordinated by the Team, Sustainability Representatives, which rose to 325 in number in 2013, are in charge of gathering data and facilitating respective units' implementation of decisions taken by the Sustainability Committee.

SUSTAINABILITY ORGANIZATION AT GARANTI BANK¹



¹ Garanti Bank intends to restructure the Sustainability Committee in 2014. The new structure of the Committee will be included in the Sustainability Report to be issued in 2014.

B. AWARDS

Garanti Bank was recognized for its progress in the field of sustainability by World Finance and was awarded the Best Bank for Sustainability in 2013.

Garanti has also been named the Best Bank for Sustainability - Europe in the competition held by IAIR, the first magazine that focuses on global economy and sustainability.

C. 2014 GOALS & FORECASTS

Garanti Bank is targeting to release its second comprehensive Sustainability Report, which will cover the period of June 2012 - December 2013 and incorporate all of its activities carried out within the frame of its sustainable banking approach, in 2014.

The Report is being prepared based on GRI G4 guidelines and will include progress results on past period objectives and goals for the upcoming period.

Garanti constantly updates and keeps current the systems, policies and procedures it has built in order embed the environmental and social factors and corporate governance principles into its operations.

Having made it a principle to act in synergy with its stakeholders so as to enhance the welfare of future generations, Garanti Bank organizes training programs for all of its employees within the framework of this vision.

Garanti aims to maximize the value it contributes to the environment and society, while rendering the financial lives and businesses of its customers strong with the use of the know-how and experience it possesses.

SPONSORSHIPS

Garanti Bank extends long-lived support to projects that reflect its corporate culture based on a corporate social responsibility concept molded within the frame of sustainability. On the back of its sponsorships in various fields that address different segments of the society from sports to education and arts, Garanti creates broad-based value for the social life.

GARANTI JAZZ GREEN

For 16 years, Garanti has been the uninterrupted sponsor of the Istanbul Jazz Festival organized by IKSU (Istanbul Foundation for Culture and Arts). Garanti's goal of being instrumental in helping jazz music reach larger audiences extends beyond the festival and sponsors venues and concerts supported under the brand "Garanti Jazz Green".

12 GIANT MEN & PIXIES OF BASKETBALL

Supported by Garanti since 2005, the Turkish National Women's Basketball Team dubbed the Pixies of Basketball made everyone proud once again by claiming the third spot in the European Women Basketball Championship held in France. Sponsored by Garanti since 2001, 12 Giant Men, the Turkish National Men's Basketball Team, brought joy by winning the championship at the 17th Mediterranean Games.

WHEELCHAIR BASKETBALL

Taking a holistic approach to basketball, Garanti has undertaken the sponsorship of women's, men's and junior National Wheelchair Basketball Teams, as well as Wheelchair Basketball Leagues until 2016. Garanti took the first step in branding the national teams by naming the Women's Wheelchair Basketball Team "12 Magical Wrists", and the Men's Wheelchair Basketball Team "12 Brave Hearts". 12 Brave Hearts were runners-up in the European Championship held in Germany and made everybody proud.

EQUESTRIAN SPORTS

Garanti Bank is the official sponsor of the National Teams and the Turkish Equestrian Federation.

FREEDIVE

The diving event, which followed the diving training provided to disabled athletes and non-athletes led by the world record-holder national freediver, Şahika Encümen, and involved the participation of the Garanti Bank Underwater Sports Club, opened the gateway into the blue world for handicapped individuals.

BONUS SNOW MASTERS

With Bonus as its main sponsor for 11 years, the Bonus Snow Masters races consist of the İstanbul Provincial Championships. In an effort to propagate the skiing sport, Bonus Snow Masters Open Category Races are organized since 2007, to allow the entry of unprofessional skiers and snowboarders into the competition. The winners go on an overseas skiing vacation as a prize sponsored by Bonus.

FOOTBALL

Garanti joined among the main sponsors of the National Football Teams in 2008, and keeps supporting sport on the green pitch, as well.

LADIES EUROPEAN TOUR

The Garanti Masters Pro-Am Golf Tournament brings amateur golfers together with worldwide famous professionals. In May 2013, 36 teams participated in the Turkish Airlines Open Garanti Masters Pro-Am that preceded the Turkey leg of the Ladies European Tour organized in many countries of the world.

AMERICAN EXPRESS SAILING REGATTA

Sponsored by the American Express brand, the American Express Sailing Regatta aims to spread the love of the sailing sport among large populations, and continues to enjoy the support of Garanti Payment Systems (GÖSAŞ) for the 12th year. American Express Sailing Regatta consists of three stages held in Bosphorus, Turgutreis and Göcek. As a prize, the winner of each stage qualifies to compete in globally recognized overseas sailing races.

AMERICAN EXPRESS ISTANBUL CHALLENGER

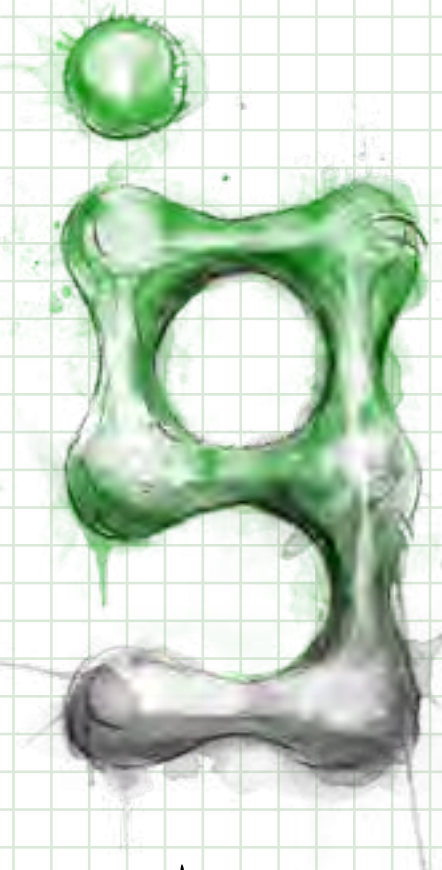
Garanti Bank is the only representative of the American Express brand in Turkey since 2006. The Bank combines the privileges of Garanti Bank with the prestige of the American Express world. İstanbul Challenger, otherwise known as TED Open, is the İstanbul stage of the Challenger tournaments launched in the world in 1979 with the support of American Express. Garanti has been extending support to the American Express İstanbul Challenger tournament for 5 years.

AMERICAN EXPRESS SPOT INTERNATIONAL SEMINARS ON CONTEMPORARY ART

Cardholders are offered the chance to gain knowledge on different aspects of contemporary art in seminars presented by major speakers invited from abroad, which are sponsored by American Express and organized by SPOT Contemporary Art Projects. Targeting to increase the interest in arts in Turkey, this sponsorship is created in keeping with the global sponsorship strategy of American Express that supports art.

Notes:





**A FIRST
IN MOBILE
WORLD**

*Cards scanned into
your Digital Wallet*

iCÜZDAN

**>150K
DOWNLOADS**

VOICE CONTROL



MY SOCIAL NETWORK

*Money transfers among
iGaranti users on Facebook*

SAVE NOW

with just a single click

**SMART
OFFERS**



**QR CODE
INTEGRATION**

**FOURSQUARE
INTEGRATION**

*Location-based
campaigns*



COUPONS

*Digital Gift Coupons
based on users' transactions*

**CASH
WITHDRAWAL**

**CARDLESS
SHOPPING**

**HOME DELIVERY
BANKING SERVICE**

*Online product application and
accelerated signature process by courier*



**GARANTI BANK
MANAGEMENT &
COMMITTEES**

SUMMARY OF THE BOARD OF DIRECTORS' ANNUAL REPORT

2013 has been a very challenging year for the banking sector. Having been a year of two different periods in terms of market conditions, 2013 was marked by economic uncertainties and regulatory actions. The period comprising the first five months of the year was defined by significant net capital inflows to the country, high global risk appetite, sovereign rating upgrade expectations, and even rating upgrades took place. While the benchmark bond interest rate slid down to 4.7%, Turkish lira appreciated; the banking sector grew strongly, net interest margins expanded, and lending growth gained pace. From June onwards though, the picture turned around drastically. Sharp contraction in net capital inflows, US Fed's signals of a potential monetary tightening, followed by its subsequent tapering, the Gezi Park protests, and political uncertainties imprinted the second half of the year, where the benchmark bond interest rates climbed as high as over 10% and the Turkish lira depreciated in a meaningful fashion. On top of the negative repercussions of the severe reversal in market conditions on the banking sector, banks were directly affected by the additional regulatory actions imposed for financial stability purposes, as a result, saw significant suppression in their net interest margins and loan growth tapered off.

Amid the tough market conditions of 2013, Garanti proved its ability to perform solidly under any market condition. The Bank recorded above budget lending growth with preserved sound asset quality, stood out with its strong capital base and liquid balance sheet structure. Garanti significantly increased its core banking income, while

successfully defending its net interest margin. Garanti sustained its leadership in branch efficiencies, while speeding up investments in delivery channels, aiming to offer an embedded banking experience to customers that give the priority to easy and instant access to its banking services from all channels. At the end of 2013, **Garanti was serving more than 12.4 million customers through a robust distribution network covering 1,001 branches, 4,003 ATMs, Turkey's largest financial Call Center, and state-of-the-art mobile and internet banking platforms.** Possessing a massive payment systems infrastructure consisting of nearly 17 million debit and credit cards, and 534,000 POS terminals, Garanti manages Turkey's largest merchant network via its innovative products and services.

Garanti Bank's total assets increased by 23% year-over-year in 2013, and reached TL 221.5 billion. As Garanti focused on customer-driven asset growth, the share of lending to total assets went up from 56% at year-end 2012 to 58% at the end of 2013. Creating high-yields as well as cross-sell opportunities, consumer* loans represented the key driver behind the credit growth enjoyed by Garanti, which expanded its cash loans approximately by 29% in 2013. Garanti further solidified its position in the sector, registering 39% rise in general-purpose loans, 15% in auto loans, and 30% in mortgage loans. While remaining Turkey's largest mortgage lender, Garanti finished the year as the leader also in 'auto' and 'total consumer*' loans. Furthermore, Garanti attained 27% expansion in corporate, commercial and SME loans, which, altogether, accounted for 64% of its total lending in 2013.

Looking back at the five years that preceded 2013, we have gone, and still

are going, through the effects of the global financial crisis, hard landing, recovery, soft landing, and introduction of macro prudential measures in 2013. At Garanti Bank, we were able to preserve our solid asset quality even in this volatile period. As at the end of 2013, the NPL ratio of Garanti was below that of the sector's in all loan categories. Having increased its collections by more than 65% on an annual basis, Garanti's NPL ratio stood at 2.7%. At year-end, Garanti's total coverage ratio stood at 140%.

Within the solid and diversified funding structure of Garanti, deposits make up the largest portion. In 2013, Garanti continued to broaden its deposit base, uncompromising its focus on profitability, and registered 19% growth in TL deposits. In line with the Bank's strategies to diversify its funding base and to effectively manage assets/liabilities duration gap and funding costs, the Bank opted for accessing alternative funding tools from capital and money markets in 2013. As a result, growth in FC deposits remained limited to 3% per annum on the basis of US Dollar. Demand deposits expanded by 24% and kept supporting the funding base. At 23% as at year-end 2013, the share of demand deposits in total deposits was above the sector's average. The funding base was further reinforced with diversified funding sources in addition to deposits. Named among the most reliable financial institutions by international investment banks, Garanti set up MTN program during the reporting period, a funding program that allowed the Bank to issue notes with different maturities and currencies. Thereby, Garanti attained a market share of 47% in MTN issues out of Turkey and ranked first among all Turkish banks. In 2013, Garanti undertook

*Excluding commercial installment loans

bond issuances in domestic and foreign markets. Remaining the preferred institution in international markets, thanks to its robust international banking network, experienced team, and ability to tap potential business areas, Garanti renewed its syndicated loans with a record-high demand. With the USD 1.1 billion DPR transaction with a maturity of 21 years, Garanti secured the highest amount of borrowing with the longest-maturity in the international markets.

Garanti, in 2013, continued to strengthen its capitalization through internal funds. The consolidated capital adequacy ratio remained strong in spite of the negative effects resulting from the significantly depreciation in Turkish lira, the dividend payout during the reporting period, valuation losses on securities accounted for under shareholders' equity, and the newly introduced regulatory actions. Tier 1 ratio at 13% and the capital adequacy ratio at 14%, capitalization ratios continued to remain well above the minimum regulatory ratio of 8% and of the recommended ratio of 12%. The effective capital management at Garanti Bank will keep supporting the long-term growth strategy.

Garanti's achievements come not as a result of ad-hoc steps, but of a long-lived and well-planned journey. The differentiating business model of Garanti underpins the continuity of its successful performance. 12% rise attained in core banking revenues in 2013, once again, proved Garanti's solid stance. Its capability in creating customer-driven revenues and priority placed on efficient cost management continued to add value to the Bank's results. Garanti registered a normalized return on average equity (RoAE) of 17% and a normalized return on average assets (RoAA) of 1.9%.

Garanti keeps introducing sustainable initiatives that truly add value to the society. Along this line, Garanti Bank has been long extending support to education, culture, arts, protection of the environment and collaborates with numerous non-governmental organizations in various projects, in addition to sponsorships.

The long-going support to culture and arts was taken one step further last year with the opening of SALT Ulus, the third building of SALT. Following in the footsteps of SALT Beyoğlu and SALT Galata, SALT Ulus carries out programs in a number of fields ranging from contemporary art to social history and economic history, from architecture and design to urban life. Set to serve the cultural and intellectual life in our country for many more years to come, the institution aims to be an inspiration for the new generations. 766,795 art lovers were reached through 31 exhibitions put on display in SALT Galata, SALT Beyoğlu and Salt Ulus.

In the five years since its launch by Garanti, the project Öğretmenin Sınırı Yok (No Limits in Teaching), an initiative in education which is one of the most critical and top-priority matters in our country, reached 85,095 teachers working at 3,407 schools in 79 cities. Within the frame of the project, the Teachers Academy Foundation provided one-on-one training programs aimed at personal and professional development, and was able to touch our teachers, the key actors who educate and train future generations.

In line with its initiatives in disabled-friendly banking, Garanti, in the twelfth year of its support to basketball, undertook the sponsorship of the Wheelchair Basketball Leagues until October 2016. In addition to that,

the Bank began providing support to women's, men's and juniors National Wheelchair Basketball Teams.

In 2013, we have witnessed the achievements of another sportsperson we proudly sponsor, record-holder freediver and our national athlete, Şahika Ercümen. The diving event, which followed the diving training offered to handicapped athletes and non-athletes led by Şahika Ercümen and involved the participation of the Garanti Bank Underwater Sports Club, opened the gateway into the blue world for us all.

Garanti continued to provide guidance to SMEs during 2013. The Bank also carried on with its activities directed towards women entrepreneurs in the reporting period. A new class graduated from the free-of-charge training project, "Manager School for Women Entrepreneurs", initiated in 2012 in collaboration with Boğaziçi University Lifelong Learning Center (in Turkish: BÜYEM).

With its Sustainability Report that addressed the Bank's sustainability performance transparently and comprehensively, Garanti Bank has been the first Turkish bank to receive A level rating from the Global Reporting Initiative (GRI).

Also in the period ahead, Garanti will be making its decisions with an eye on the needs of future generations, and will fulfill its share of the responsibility for a sustainable future. **Garanti Bank will press ahead with its vision of being the best bank in Europe, while remaining adhered to the outlines of its existing strategy.**

BOARD OF DIRECTORS



FERİT FAİK ŞAHENK **CHAIRMAN**

Mr. Ferit F. Şahenk is the Chairman of Doğuř Group and also the Chairman of Garanti Bank. Formerly, he served as the founder and Vice President of Garanti Securities, CEO of Doğuř Holding and Chairman of Doğuř Otomotiv. Mr. Şahenk is an Executive Board Member of the Foreign Economic Relations Board (DEİK) of Turkey. Following his term as the Chairman of the Turkish-American Business Council of DEİK, he is currently chairing the Turkish-German Business Council and serving as Vice-Chairman of Turkish-United Arab Emirates Business Council of DEİK. Mr. Şahenk is an active member of the World Economic Forum and the Alliance of Civilizations Initiative. He serves on the Regional Executive Board of Massachusetts Institute of Technology (MIT) Sloan School of Management for Europe, Middle East, South Asia and Africa; Advisory Board of the Middle East Centre of London School of Economics; and Executive Board of Endeavor Turkey. Mr. Şahenk holds a Bachelor's degree in Marketing and Human Resources from Boston College and is a graduate of the "Owner/President" Management Program at Harvard Business School. He has been serving as Chairman of Garanti Bank since April 18, 2001.



SÜLEYMAN SÖZEN **VICE CHAIRMAN**

Mr. Süleyman Sözen is a graduate of Ankara University Faculty of Political Sciences and has worked as a Chief Auditor at the Ministry of Finance and the Undersecretariat of Treasury. Since 1981, he has held various positions in the private sector, mainly in financial institutions. Mr. Sözen holds a Certified Public Accountant license. Having served on the Board of Directors of Garanti Bank since 1997, Sözen was appointed as Vice Chairman on July 08, 2003. He serves also in subsidiaries of Garanti as the Chairman of the Board of Garanti Bank International N.V. and Garanti Bank Moscow. Sözen holds Chairman of the Board and Vice Chairman responsibilities in various other affiliates of Doğuř Holding.

**AHMET KAMIL ESİRTGEN, PH.D.****BOARD MEMBER**

After graduating from Istanbul University Faculty of Economics, Mr. Ahmet Kamil Esirtgen earned his MBA from Stanford Graduate School of Business and his Ph.D. from Istanbul University School of Business Administration. He worked at various private sector companies after concluding his academic career in 1975. In 1987, he joined Doğuş Group as Finance Group President. He currently serves as an Executive and a Board Member in Doğuş Group, as well as other private sector companies. He has been serving as Board Member of Garanti Bank since March 19, 1992.

**ERGUN ÖZEN****BOARD MEMBER, PRESIDENT & CEO**

Ergun Özen earned a BA in Economics from New York State University and is a graduate of the Advanced Management Program at Harvard Business School. He joined Garanti in 1992, where he has been serving as President, CEO and Board Member since April 1, 2000. He is also a Board Member of Garanti Securities, Garanti Asset Management, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Garanti Payment Systems, Garanti Technology, Garanti Bank SA (Romania) and Garanti Bank Moscow. In addition, Ergun Özen also serves as Chairman of the Board of Teachers Academy Foundation and Board Member in The Banks Association of Turkey, The Turkish Industrialists' and Businessmen's Association (TUSIAD), The Istanbul Foundation for Culture and Arts (IKSV) and Turkish Education Association. He has been serving as Board Member of Garanti Bank since May 14, 1992.

**M. CÜNEYT SEZGİN, PH.D.****INDEPENDENT BOARD MEMBER**

M. Cüneyt Sezgin received his undergraduate degree from Middle East Technical University Department of Business Administration, his MBA from Western Michigan University and his Ph.D. from Istanbul University Faculty of Economics. He served in executive positions at several private banks. In year 2001, Dr. Sezgin joined Garanti Bank. He is a Board and Audit Committee Member, also Board Member at Garanti Bank SA (Romania), Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Garanti Fleet Management, Garanti Asset Management, Garanti Securities and Corporate Volunteer Association-Turkey. Cüneyt Sezgin has been serving as Board Member of Garanti Bank since June 30, 2004, and since April 30, 2013, as Independent Board Member of Garanti Bank, his new title in accordance with the requirements of the relevant new regulation of Capital Markets Board of Turkey.

**ANGEL CANO FERNÁNDEZ****BOARD MEMBER**

Mr. Cano Fernández has a degree in Economics and Business from Oviedo University. He joined Argentaria in 1991, as an Assistant Controller, mainly responsible for the development of all the accounting functions. In 1998, he was appointed Controller and Member of the Executive Committee. Between 2001 and 2003, Mr. Cano Fernández held the position of Chief Financial Officer of BBVA. In 2005, Mr. Cano Fernández takes the lead of Technology of the BBVA Group and becomes Head of Human Resources and Information Technology and in 2006, he became responsible of the Global Transformation of the BBVA Group. Since 2009, he is the President & COO of BBVA. He has been serving as Board Member of Garanti Bank since March 22, 2011.



CARLOS TORRES VILA

BOARD MEMBER

Mr. Carlos Torres Vila graduated from the Massachusetts Institute of Technology (MIT) with a B.S. in Electrical Engineering, and both a B.S. and a M.S. in Management Science from its Sloan School of Management. He also received a Law Degree from Spain's Universidad Nacional de Educación a Distancia (UNED). He has worked at various private sector corporations. Mr. Torres Vila joined BBVA in 2008 and is currently the Head of Strategy and Corporate Development at BBVA and a member of its Executive Committee. He has been serving as Board Member of Garanti Bank since March 22, 2011.



MANUEL CASTRO ALADRO

BOARD MEMBER

After graduating from Universidad Pontificia Comillas (ICADE) in Economics and Business, Mr. Castro Aladro received an MBA from University of Chicago Graduate School of Business. After working as an executive at various private companies and banks, he joined BBVA in 1992. Between 2003 and 2009 he was the Head of Business Development and Innovation. He is currently the Head of Global Risk Management and a member of the Executive Committee of BBVA. He has been serving as Board Member of Garanti Bank since March 22, 2011.



MANUEL GALATAS SANCHEZ-HARGUINDEY

INDEPENDENT BOARD MEMBER

Mr. Manuel Galatas Sanchez-Harguindey has a degree in Business Administration and International Finance from Georgetown University. After working as an executive at various private corporations, he joined Argentaria (today BBVA) in 1994. Before joining Garanti, he was based in Hong Kong as the General Manager in charge of all BBVA Branches and Representative Offices in Asia/Pacific. He is now both Board Member and Audit Committee Member of Garanti Bank Turkey and General Manager of BBVA Turkey Representative Office based in Garanti Bank Headquarters in Istanbul. He is also a Board Member at Garanti Bank SA (Romania), Garanti Bank Moscow, Garanti Bank International N.V., Garanti Securities, Garanti Asset Management, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Garanti Payment Systems and Garanti Fleet Management. He has been serving as Board Member of Garanti Bank since May 5, 2011, and since April 30, 2013, as Independent Board Member of Garanti Bank, his new title in accordance with the requirements of the relevant new regulation of Capital Markets Board of Turkey.



SEMA YURDUM

INDEPENDENT BOARD MEMBER

Ms. Sema Yurdum graduated from Boğaziçi University, Faculty of Administrative Sciences in 1979 and completed Advanced Management Program in Harvard Business School for senior managers in 2000. After working in a private sector company as a human resources expert, she had her career in banking sector between 1980-2005. She worked as an Executive Vice President of Garanti Bank and held audit committee membership in various subsidiaries between 1992-2005. Ms. Yurdum has been engaged in senior consultancy services for companies since 2006. She has been serving as Independent Board Member of Garanti Bank since April 30, 2013.

SENIOR MANAGEMENT



ERGUN ÖZEN
CEO

Ergun Özen earned a BA in Economics from New York State University and is a graduate of the Advanced Management Program at Harvard Business School. He joined Garanti in 1992, where he has been serving as President, CEO and Board Member since April 1, 2000. He is also a Board Member of Garanti Securities, Garanti Asset Management, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Garanti Payment Systems, Garanti Technology, Garanti Bank SA (Romania) and Garanti Bank Moscow. In addition, Ergun Özen also serves as Chairman of the Board of Teachers Academy Foundation and Board Member in The Banks Association of Turkey, The Turkish Industrialists' and Businessmen's Association (TUSIAD), The Istanbul Foundation for Culture and Arts (IKSV) and Turkish Education Association.



ERHAN ADALI
EXECUTIVE VICE PRESIDENT - LOANS

Erhan Adalı graduated from Istanbul University Department of Political Science Public Administration. He joined Garanti as an Assistant Internal Auditor in 1989. He served as Branch Manager, Regional Manager and SME Banking Coordinator and he was the CEO of Garanti Pension and Life during 2005-2012. Adalı was appointed to his current position on August 3, 2012. He is also a Board Member of Garanti Leasing.



İBRAHİM AYDINLI
EXECUTIVE VICE PRESIDENT
GENERAL ACCOUNTING, ECONOMIC RESEARCH & CUSTOMER SATISFACTION

İbrahim Aydınli earned his undergraduate degree from Middle East Technical University in the field of Economics and his graduate degree from University of Illinois, Department of Technology Management. He worked for Republic of Turkey Prime Ministry Under secretariat of Treasury and Banking Regulation and Supervision Agency (BRSA) between 1994 and 2009. Starting his career as Sworn Bank Auditor, Aydınli was Head of Department at BRSA before joining Garanti Bank as a Financial Coordinator. On June 6, 2013, Aydınli was appointed as an Executive Vice President.



DİDEM DİNÇER BAŞER
EXECUTIVE VICE PRESIDENT
DELIVERY CHANNELS & SOCIAL PLATFORMS

Didem Başer graduated from Boğaziçi University Department of Civil Engineering and earned her graduate degree from the University of California, Berkeley College of Engineering. She worked in McKinsey&Company for 7 years and was an Associate Partner there before joining Garanti Bank. After working as a coordinator in Retail Banking since 2005, Başer was appointed to her current position on March 20, 2012.

Note: Executive Presidents are listed in alphabetical order by last name.



RECEP BAŐTUę
EXECUTIVE VICE PRESIDENT
COMMERCIAL BANKING

Recep Bařtuę graduated from ukurova University Faculty of Economics. In 1989, he joined Garanti Internal Audit Board. He worked as Corporate Branch Manager between the years 1995-1999 and as Commercial Regional Manager between the years 1999-2004. After serving as Coordinator in Commercial Banking since 2004, he was appointed as the Executive Vice President of Commercial Banking on January 1, 2013.



AYDIN DREN
EXECUTIVE VICE PRESIDENT
LEGAL SERVICES AND RETAIL RISK MONITORING

Aydın Dren graduated from Faculty of Law at Istanbul University and earned his graduate degree from International Law at American University Washington College of Law. After holding positions as senior executive and managing partner at various national and international private law firms over 18 years, Dren joined Garanti Bank on February 1, 2009 as Executive Vice President responsible for Legal Services. Dren is a Board Member of Garanti Payment Systems, Teachers Academy Foundation, Garanti Mortgage and Vice President of Garanti Bank Pension Fund Foundation.



EBRU DILDAR EDİN
EXECUTIVE VICE PRESIDENT
PROJECT FINANCE

Ebru Dildar Edin graduated from Boęazięi University Department of Civil Engineering. After working at various private banks, she joined the Corporate Banking division at Garanti Bank in 1997. In 1999, she took part in the establishment of Garanti Bank's Project Finance Department. After leading the department for six years as Senior Vice President, she became Project and Acquisition Finance Coordinator in 2006. She was appointed to her current position on November 25, 2009, and became a member to the Sustainability Committee in 2010. In addition to her current responsibilities, Edin also coordinates the Sustainability Team, which was created in 2012 to implement the decisions of the Sustainability Committee.



ALİ FUAT ERBİL
EXECUTIVE VICE PRESIDENT
FINANCIAL INSTITUTIONS AND CORPORATE BANKING

Ali Fuat Erbil graduated from the Middle East Technical University Department of Computer Engineering. He earned his MBA from Bilkent University and his PhD in Banking and Finance from Istanbul Technical University. After working as an executive at various private companies and banks, he joined Garanti as the Distribution Channels Unit Manager in 1997. On April 30, 1999, Erbil was appointed as the Executive Vice President of Retail Banking and Distribution Channels, where he served until 2012 and was also responsible for mortgage and private banking. In 2012, Erbil was appointed as the Executive Vice President of Financial Institutions and Corporate Banking. Today, he is also a Board Member of, Garanti Securities and Garanti Bank Pension Fund Foundation.

Note: Executive Presidents are listed in alphabetical order by last name.

**HÜSNÜ EREL****EXECUTIVE VICE PRESIDENT****TECHNOLOGY OPERATIONS MANAGEMENT & CENTRAL MARKETING**

Hüsnü Erel graduated from Istanbul Technical University Department of Electronics and Communications Engineering. He served as an executive at various private companies and banks. In 1994, he joined Garanti Technology as General Manager and was appointed to his current position on June 16, 1997. Erel is a Board Member of Garanti Payment Systems and Garanti Technology.

**GÖKHAN ERÜN****EXECUTIVE VICE PRESIDENT****HUMAN RESOURCES & TRAINING, TREASURY & INVESTMENT BANKING**

Gökhan Erün earned his undergraduate degree from Istanbul Technical University Department of Electronics and Communications and his graduate degree from the Business Administration Department of Yeditepe University. In 1994, he joined Garanti Bank's Treasury Department, and between the years 1999-2004, he served as the Senior Vice President of the Commercial Marketing and Sales Unit. In 2004, he became the CEO of Garanti Pension and Life and on September 1, 2005, he was appointed as Executive Vice President responsible for Human Resources and Training. Erün became responsible for Investment Banking in 2006 and Treasury in 2013. Erün is the Vice Chairman of the Board of Director at Garanti Pension and Life, Board Member of Garanti Asset Management, Garanti Mortgage, Garanti Securities and Garanti Bank SA (Romania). In addition, Erün is the Chairman of the Board of Directors Garanti Custody Services.

**ONUR GENÇ****EXECUTIVE VICE PRESIDENT****RETAIL BANKING**

Onur Genç graduated from Boğaziçi University Department of Electrical and Electronics Engineering and earned his graduate degree from Business Administration at Carnegie Mellon University. Starting his career in 1996 in the US and lastly acting as the Director and Country Manager of McKinsey & Company, a global management consultancy, Genç joined Garanti Bank on March 20, 2012 as Executive Vice President responsible for Retail and Private Banking. As of May 2012, Genç also assumed CEO responsibilities of Garanti Payment Systems. Onur Genç is a Board member of Garanti Asset Management, Garanti Pension and Life, Garanti Technology, Garanti Bank SA (Romania), Garanti Payment Systems and Chairman of Garanti Mortgage.

**TURGAY GÖNENSİN****EXECUTIVE VICE PRESIDENT****DOMESTIC & OVERSEAS SUBSIDIARIES COORDINATION**

Turgay Gönensin graduated from Boğaziçi University Department of Business Administration. In 1987 he joined Garanti Bank, where he worked at various departments. He served as the CEO of Garanti Bank International between 1997 and 2000 and CEO of Ottoman Bank between 2000 and 2001. After working as Executive Vice President in Commercial Banking since 2002, Gönensin was appointed to his current position on January 1, 2013. He is also the Chairman of Garanti Fleet Management, Vice Chairman of the Board of Garanti Leasing and Garanti Factoring, a Board Member of Garanti Technology, Garanti Bank SA (Romania) and Garanti Securities and a Member of Credit Committee of Garanti Bank International N.V.

Note: Executive Presidents are listed in alphabetical order by last name.



NAFİZ KARADERE
EXECUTIVE VICE PRESIDENT
SME BANKING

Nafiz Karadere graduated from the Faculty of Political Sciences Department of International Relations at Ankara University. He worked as a senior executive at various private banks and was appointed to his current position on May 1, 1999. Karadere is a Board Member of Garanti Bank SA (Romania), Garanti Payment Systems, Garanti Mortgage, Garanti Pension and Life, Garanti Technology and Garanti Bank Pension Fund Foundation and member of the Board of Trustees and Vice Chairman at Teachers Academy Foundation. He is also the Vice Chairman of World Wildlife Foundation-Turkey and Chairman of SALT.



ADNAN MEMİŞ
EXECUTIVE VICE PRESIDENT
SUPPORT SERVICES

Adnan Memiş earned his undergraduate degree from Istanbul University Faculty of Economics and his graduate degree from the Managerial Economics Institute of the same university. He joined Garanti Internal Audit Board as an Assistant Inspector in 1978, served as the Manager of Loans Department and then was appointed to his current position on June 3, 1991. Memiş is currently the President of the Financial Restructuring Working Group of the Banks Association of Turkey and a Board Member of Garanti Bank Pension Fund Foundation and Darüşşafaka Society. He is also the Group Leader of Denizyıldızları (Starfish) Project.



MURAT MERGİN
EXECUTIVE VICE PRESIDENT
STRATEGIC PLANNING

Murat Mergin graduated from the City University of New York Departments of Economics and Finance. He assumed executive responsibilities at various private banks before joining Garanti in 1994. Mergin was appointed to his current position on January 1, 2002.

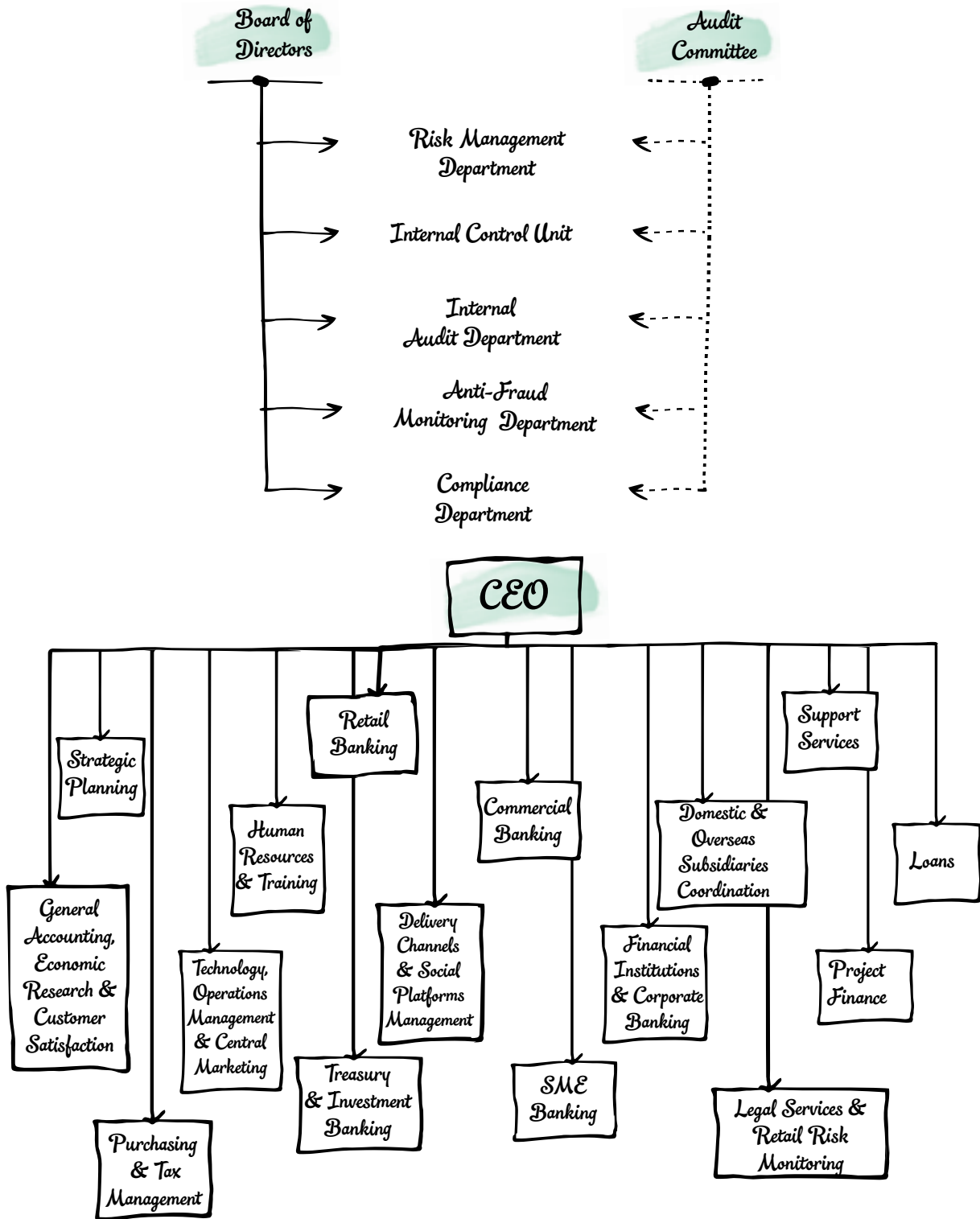


AYDIN ŞENEL
EXECUTIVE VICE PRESIDENT
PURCHASING & TAX MANAGEMENT

Aydın Şenel is a graduate of Marmara University Faculty of Commercial Sciences. Between the years 1981 and 1984, he worked as Auditor, Human Resources Group Manager, Credit Cards Manager, Financial Analysis Coordination Manager and Financial Monitoring Manager at Garanti Bank. In 1999, Şenel was appointed as Head of General Accounting and then in 2006, he was promoted as Executive Vice President of General Accounting & Financial Reporting. On June 6, 2013, Şenel was appointed to his current position. He is the Vice Chairman of the Board of Directors at Garanti Bank Pension Fund Foundation, member of the Board of Trustees at Teachers Academy Foundation, Board Member of Garanti Factoring and Member of Audit Committee.

Note: Executive Presidents are listed in alphabetical order by last name.

GARANTI BANK ORGANIZATION CHART



ORGANIZATIONAL CHANGES

A new Executive Vice President position under the name of Purchasing and Tax Management has been established to be in charge of managing communication with official authorities and affairs for the Bank's tax liability along with purchasing and premises activities. Aydın Şenel, formerly the Executive Vice President responsible for General Accounting and Financial Reporting, was appointed to this new position as the Executive Vice President responsible for Purchasing and Tax Management. Accordingly, in order to execute all tax-related transactions from one hand, Tax Management Department was established that is responsible for declaration and payment of all taxes the Head Office obliged to pay. This new department has been operating under the Executive Vice President responsible for Purchasing and Tax Management.

İbrahim Aydın, formerly the Financial Coordinator, was appointed as the Executive Vice President responsible for General Accounting and Financial Reporting.

"Consumer Finance Department", operating under the Executive Vice President responsible for Commercial Banking, was established. The department's functions are as the following:

- End-to-end management of bank wide auto loans and dealer finance business in accordance to dealer focused business model approach
- Dedicated dealer centric teams to manage dealers' needs
- Dedicated and customized marketing and sales functions to offer higher value

"Commercial Banking Anatolian Marketing Department", operating under the Executive Vice President responsible for Commercial Banking, was established with the aim of

creating special focus to Commercial Banking customers in Anatolian regions and managing marketing and sales coordination activities excluding İstanbul Regions, Ankara 1 and Ankara 2 Regions.

In this respect, the name of "Commercial Banking Marketing Department" was amended to "Commercial Banking İstanbul and Ankara Marketing Department" in order to manage marketing and sales coordination activities for Commercial Banking customers in İstanbul Regions, Ankara 1 and Ankara 2 Regions.

Pursuant to the resolution of the Banking Regulation and Supervision Agency (BRSA) numbered 5491 and dated 22/8/2013, İbrahim Aydın, who is the Executive Vice President responsible for General Accounting and Financial Reporting, was appointed as "Consumer Relations Coordination Officer" in order to manage customer complaints regarding consumer products and services in the organization of the Bank.

The functions of Economic Research Department, formerly reporting to the Executive Vice President responsible for Strategic Planning were transferred to the Executive Vice President responsible for General Accounting and Financial Reporting.

The functions of Customer Satisfaction Department, formerly reporting to the Executive Vice President responsible for Delivery Channels and Customer Satisfaction were transferred to the Executive Vice President responsible for General Accounting and Financial Reporting.

The name of General Accounting and Financial Reporting Executive Vice President position was amended to "General Accounting, Economic Research and Customer Satisfaction" Executive Vice President position. Also, the name of Delivery Channels and Customer Satisfaction Executive Vice

President position was amended to Delivery Channels and Social Platforms Executive Vice President position.

COMMITTEES & COMMITTEE MEETINGS ATTENDANCE

CREDIT COMMITTEE

In accordance with the Banking Law, the Board of Directors of Garanti Bank has delegated a certain amount of its loan allocation authority to the Bank's Credit Committee. The Credit Committee holds weekly meetings to review appropriate loan proposals from among those sent by the branches to the Head Office but exceed the loan authorization limit of the latter. The Credit Committee reviews these loan proposals and decides on those that are within its authorization limits. The Committee then submits the remaining proposals that are outside of its authorized limits, but it deems appropriate, to the Board of Directors for finalization.

In 2013, the Committee held 46 meetings with the required quorum.

COMMITTEE MEMBERS

ERGUN ÖZEN

(President and CEO, Board Member)

SÜLEYMAN SÖZEN (Vice Chairman)

AHMET KAMİL EŞİRTGEN, PH.D.

(Board Member)

CARLOS TORRES VILA (Board Member)

MANUEL CASTRO ALADRO (Board Member)

The individuals named below may attend meetings in order to communicate opinions, although they are not members of the Credit Committee.

ERHAN ADALI (Executive Vice President)

ALİ FUAT ERBİL (Executive Vice President)

RECEP BAŞTUĞ (Executive Vice President)

EBRU DİLDAR EDİN (Executive Vice President)

YEŞİM ŞİMŞEK¹ (Coordinator)

MUSTAFA TİFTİKÇİOĞLU (Coordinator)

EMRE HATEM (Senior Vice President)

FULYA GÖYENÇ (Senior Vice President)

ÇİĞDEM YILMAZ² (Senior Vice President)

¹ Pursuant to the Board of Directors decision dated 06.09.2013, Yeşim Şimşek has been appointed as the Coordinator for Commercial Banking, İstanbul and Ankara Marketing.

² Pursuant to the Board of Directors decision dated 06.09.2013, Çiğdem Yılmaz has been appointed as the Senior Vice President for Commercial Banking, Anatolia Marketing.

ASSETS & LIABILITIES COMMITTEE

The Assets and Liabilities Committee is charged with managing the assets and liabilities of the Bank, and its objective is to assess interest rate risk, exchange rate risk, liquidity risk and market risks. Based on these assessments and taking into account the Bank's strategies and competitive conditions, the Committee adopts the decisions to be executed by the relevant units in relation to the management of the Bank's balance sheet, and monitors their practices.

The Committee is chaired by the Chief Executive Officer and holds weekly meetings.

In 2013, the Committee held 49 meetings with the required quorum.

COMMITTEE MEMBERS*

ERGUN ÖZEN

(President and CEO, Board Member)

M. CÜNEYT SEZGİN, PH.D.

(Independent Board Member)

MANUEL PEDRO GALATAS SANCHEZ-HARGUINDEY

(Independent Board Member)

HÜSNÜ EREL (Executive Vice President)

TURGAY GÖNENSİN (Executive Vice President)

NAFİZ KARADERE (Executive Vice President)

ALİ FUAT ERBİL (Executive Vice President)

AYDIN ŞENEL¹ (Executive Vice President)

ONUR GENÇ (Executive Vice President)

DİDEM BAŞER² (Executive Vice President)

ERHAN ADALI (Executive Vice President)

GÖKHA ERÜN (Executive Vice President)

EBRU DİLDAR EDİN (Executive Vice President)

MURAT MERGİN (Executive Vice President)

İBRAHİM AYDINLI³ (Executive Vice President)

RECEP BAŞTUĞ (Executive Vice President)

ALPASLAN ÖZBEY

(GÖSAŞ Assistant General Manager)

ESRA KIVRAK (Coordinator)

BURAK ALİ GÖÇER (Coordinator)

YEŞİM ŞİMŞEK⁴ (Coordinator)

AYDIN GÜLER (Coordinator)

MAHMUT AKTEN⁵ (Coordinator)

METİN KILIÇ (Senior Vice President)

NİHAN ZİYA⁶ (Senior Vice President)

HANDAN SAYGIN (Senior Vice President)

EBRU OGAN KNOTTNERUS (Senior Vice President)

BATUHAN TUFAN (Senior Vice President)

FULYA GÖYENÇ (Senior Vice President)

BURAK YILDIRAN⁷ (Senior Vice President)

Note: The Senior Vice President for Corporate Banking Coordination attends the Committee once a month. Regional Managers and Corporate Branch Managers alternate in attending the committee meetings.

¹ Pursuant to the Board of Directors decision dated 06.06.2013, Aydın Şenel has been appointed as the Executive Vice President for Purchasing and Tax Management.

² Pursuant to the Board of Directors decision dated 26.10.2013, Didem Dinçer Başer has been appointed as the Executive Vice President for Branchless Banking and Social Platforms.

³ Pursuant to the Board of Directors decision dated 06.06.2013, İbrahim Aydınli has been appointed as the Executive Vice President for General Accounting and Financial Reporting, and then as the Executive Vice President for General Accounting, Economic Research and Customer Satisfaction based on the Board of Directors decision dated 26.10.2013.

⁴ Pursuant to the Board of Directors decision dated 06.09.2013, Yeşim Şimşek has been appointed as the Coordinator for Commercial Banking, İstanbul and Ankara Marketing.

⁵ Pursuant to the Board of Directors decision dated 01.01.2014, Mahmut Akten has been appointed as the Coordinator for Mass Retail Banking Marketing.

⁶ Pursuant to the Board of Directors decision dated 01.11.2013, Nihan Ziya has been appointed as the Senior Vice President for Economic Research.

⁷ Pursuant to the Board of Directors decision dated 26.04.2013, Burak Yıldızdan has been appointed as the Senior Vice President for Cash Management and Transaction Banking.

* Ali İhsan Gelberli passed away on 17.10.2013.

REMUNERATION COMMITTEE

The Remuneration Committee started working on 1 January 2012 in accordance with the Regulation regarding Corporate Governance Principles of Banks published by the Banking Regulation and Supervision Agency. The Remuneration Committee directly reports to the Board of Directors. Ferit Şahenk and Ignacio Deschamps Gonzalez have been selected as the members of the Committee.

The Committee held two meetings in 2013.

COMMITTEE MEMBERS

FERİT ŞAHENK (Garanti Bank, Chairman of the Board of Directors)

IGNACIO DESCHAMPS GONZALEZ (BBVA, COO of Mexico Business Unit)

COMMITTEE ACTIVITIES

The Committee is responsible for:

- Conducting the oversight and supervision process required to ensure that the Bank's remuneration policy and practices comply with applicable laws and regulations and risk management principles,
- Reviewing, at least once a year, the Bank's remuneration policy in order to ensure compliance with applicable laws and regulations in Turkey, as well as with market practices, and updating the Policy, if necessary,
- Presenting, at least once in a calendar year, a report including the findings and proposed action plans to the Board of Directors,
- Determining and approving salary packages for executive and non-executive members of the Board of Directors, the CEO and Executive Vice Presidents.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established in February 2013 in accordance with the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency (BRSA) and the respective Communiqué on Corporate Governance published by the Capital Markets Board of Turkey (CMB). The

Committee is responsible for monitoring the Bank's compliance with corporate governance principles, undertaking improvement efforts, nominating the independent board members, and offering suggestions regarding the nominees to the Board of Directors. The Board of Directors found that the activities carried out by the Corporate Governance Committee were effective, proper, adequate and compliant with the legislation.

The Committee held two meetings in 2013 with the full participation of members.

COMMITTEE MEMBERS

M. CÜNEYT SEZGİN, PH.D.

(Independent Board Member)

MANUEL PEDRO GALATAS SANCHEZ-HARGUINDEY

(Independent Board Member)

AYDIN ŞENEL¹ (Executive Vice President, Director of Investor Relations) *

HANDAN SAYGIN (Senior Vice President of Investor Relations) *

*The functions of Investor Relations have been executed by Investor Relations Department and Tax Management Department – Shareholders/Subsidiaries Service. Pursuant to the Corporate Governance Committee decision dated January 2014, as announced in Public Disclosure Platform, Aydın Şenel, Executive Vice President for Purchasing and Tax Management, who has Capital Market Activities Advanced Level License and Corporate Governance Rating Specialist License attends the Corporate Governance Committee as 'Director of Investor Relations' and 'Member of Corporate Governance Committee' and Handan Saygin attends the Corporate Governance Committee meetings as 'Senior Vice President of Investor Relations.'

COMMITTEE ACTIVITIES

The Committee:

- Monitors whether corporate governance principles are implemented at the Bank, determines the grounds for non-implementation, if applicable, as well as any potential conflicts of interest arising from failure to fully comply with these principles, and presents suggestions to the Board of Directors for the improvement of corporate governance practices;
- Oversees the activities of the Investor Relations Department;
- Evaluates the proposed nominees for independent Board membership, including those of the management and investors, considering whether the nominees fulfill the independence

criteria, and presents its assessment report to the Board of Directors for approval;

- Makes an assessment for election of independent members to the seats vacated due to a situation that eradicates independence and the resignation of a Board member who loses his independence, so the temporarily elected members serve until the immediately following General Assembly Meeting to be held to re-establish the minimum number of independent Board members. The Committee presents its written assessment to the Board of Directors;
- Works to create a transparent system for the identification, evaluation and training of nominees who are suitable for the Board of Directors and managerial positions with administrative responsibility, and to determine related policies and strategies;
- Makes regular assessments about the structure and efficiency of the Board of Directors, and presents suggested changes to the Board of Directors.

¹ Pursuant to the Board of Directors decision dated 06.06.2013, Aydın Şenel has been appointed as the Executive Vice President for Purchasing and Tax Management.

RISK MANAGEMENT COMMITTEES

AUDIT COMMITTEE

The Committee is currently composed of two non-executive Board members.

COMMITTEE MEMBERS

M. CÜNEYT SEZGİN, PH.D. (Independent Board Member)

MANUEL PEDRO GALATAS SANCHEZ-HARGUINDEY (Independent Board Member)

COMMITTEE ACTIVITIES

The Audit Committee was set up to assist the Board of Directors in the performance of its audit and supervision functions. The committee is responsible for:

- Monitoring the effectiveness and adequacy of Garanti Bank's internal

- control, risk management and internal audit systems, and overseeing the operation of these systems and accounting and reporting systems in accordance with applicable regulations and the integrity of resulting information;
- Conducting necessary preliminary evaluations for the selection of independent audit firms and regularly monitoring their activities;
 - Ensuring that the internal audit functions of consolidated entities are performed in a consolidated and coordinated manner.

In this context, the duties and authorities of the Audit Committee are defined as follows:

- Monitoring compliance with regulations regarding internal control, internal audit and risk management and with internal policies and procedures approved by the Board of Directors, and advising the Board of Directors on measures that are deemed necessary;
- Monitoring the Internal Audit Unit's fulfillment of its obligations under internal policies;
- Verifying that the internal audit system covers existing and planned activities of Garanti Bank, as well as risks arising from these activities, and reviewing the Bank's internal audit regulations that will go into force upon the approval of the Board of Directors;
- Advising the Board of Directors on the election and dismissal of the managers of internal systems units reporting to the Audit Committee;
- Monitoring whether the auditors perform their duties in an independent and unbiased way;
- Reviewing internal audit plans;
- Following up the measures taken by senior management and affiliated units about issues identified by auditors and independent auditors;
- Confirming that methods, tools and procedures are in place to identify, measure, monitor and control Garanti Bank's risk exposure;

- Reviewing and evaluating the independent audit firm's conclusions in relation to the compliance of Garanti Bank's accounting practices with applicable legislation;
- Confirming that the rating firms, independent audit firms and valuation firms with which Garanti Bank is going to sign contracts (including their managers and employees) are able to act independently in their relations with the Bank and that adequate resources have been set aside for these purposes;
- Evaluating the risk involved in the support service to be outsourced by Garanti Bank and monitoring the adequacy of the services rendered by the support service provider;
- Supervising that the financial reports of Garanti Bank are accurate, contain all the required information and are drawn up in accordance with applicable legislation, and ensuring that any identified errors and irregularities are corrected.

In 2013, the Audit Committee held eight meetings, which were attended by all committee members.

LIQUIDITY RISK MANAGEMENT COMMITTEE (LRMC)

COMMITTEE MEMBERS ERGUN ÖZEN

(President and CEO, Board Member)

M. CÜNEYT SEZGİN, PH.D.

(Independent Board Member)

GÖKHAN ERÜN (Executive Vice President)

İBRAHİM AYDINLI¹ (Executive Vice President)

EBRU OĞAN KNOTTNERUS (Senior Vice President)

METİN KILIÇ (Senior Vice President)

COMMITTEE ACTIVITIES

The Liquidity Risk Management Committee is responsible for:

- Determining and monitoring limit for the high quality liquid assets/total assets ratio,
- Periodically monitoring the liquidity risk reports, and determining and following up the crisis levels in connection with

- selected early-warning indicators;
- Determining the stress level of Garanti Bank;
- In case of a liquidity crisis, monitoring internal and external factors that might affect the Bank's liquidity;
- Ensuring the execution of the action plan parallel to the contingency funding plan;
- Determining the measures concerning the Bank's customer confidence, cost of funding and key liquidity increasing strategies,
- Ensuring internal communication and coordination to make sure that the committee decisions are implemented.

The Committee meets at least once a year except crisis periods. The Committee held one meeting in 2013.

¹ Pursuant to the Board of Directors decision dated 06.06.2013, İbrahim Aydınli has been appointed as the Executive Vice President for General Accounting and Financial Reporting, and then as the Executive Vice President for General Accounting, Economic Research and Customer Satisfaction based on the Board of Directors decision dated 26.10.2013.

ANTI-FRAUD MONITORING COMMITTEE

The committee is chaired by a non-executive Board member. Committee members are Senior Vice Presidents and Executive Vice Presidents of Technology and Operation Services, Branchless Banking and Retail Loans, and Executive Vice President for Retail Banking, as well as Executive Vice President for Finance and Risk Management of Garanti Payment Systems (GÖSAŞ), Senior Vice President for Anti-Fraud Monitoring Department, Director of Internal Audit Department and Senior Vice President of Internal Control Unit.

COMMITTEE MEMBERS M. CÜNEYT SEZGİN, PH.D.

(Independent Board Member)

HÜSNÜ EREL (Executive Vice President)

ONUR GENÇ (Executive Vice President)

DİDEM BAŞER¹ (Executive Vice President)

ERHAN ADALI (Executive Vice President)

BEYHAN KOLAY (Senior Vice President)

OSMAN BAHRİ TURGUT (Director of Internal Audit Department)

ALPASLAN ÖZBEY

(GÖSAŞ Executive Vice President)

FARUK ERGİN (Senior Vice President)

DENİZ GÜVEN (Senior Vice President)

EMRE ÖZBEK (Senior Vice President)

FERİDUN AKTAŞ (Senior Vice President)

COMMITTEE ACTIVITIES

The Anti-Fraud Monitoring Committee is responsible for:

- Providing feedback and suggestions regarding the strategies and precautionary actions performed by the Anti-Fraud Monitoring Department in order to prevent external fraud attempts and incidents;
- Providing feedback on the strategies and precautionary actions that are implemented or planned to be implemented, in order to prevent fraud attempts and incidents, and to minimize resulting financial and non-financial losses;
- Assessing the impact of new products and processes to be launched at Garanti Bank on fraud risk, and providing suggestions when necessary;
- Communicating all decisions regarding strategies and precautionary actions carried out by the Anti-Fraud Monitoring Department to the business lines in a timely manner;
- Establishing a corporate culture and awareness of fraud throughout Garanti Bank.

In 2013, the Committee held two meetings with the required quorum.

1 Pursuant to the Board of Directors decision dated 26.10.2013, Didem Dinçer Başer has been appointed as the Executive Vice President for Branchless Banking and Social Platforms.

SUSTAINABILITY COMMITTEE¹

Established in 2010, the Committee is chaired by a non-executive Board Member. Committee Members are Executive Vice Presidents for Support Services, Loans and Project Finance, Corporate and Commercial Loans Coordinator, Senior Vice Presidents

for Project Finance, Investor Relations, Financial Institutions, Corporate Brand Management and Marketing Communications, Construction, Internal Control and Compliance, and a Supervisor from the Strategy Planning Department.

COMMITTEE MEMBERS

M. CÜNEYT SEZGİN, PH.D.

(Independent Board Member)

ADNAN MEMİŞ (Executive Vice President)

ERHAN ADALI (Executive Vice President)

EBRU DİLDAR EDİN (Executive Vice President)

MUSTAFA TİFTİKÇİOĞLU (Coordinator)

EMRE HATEM (Senior Vice President)

HANDAN SAYGIN (Senior Vice President)

ELİF GÜVENEN (Senior Vice President)

BATUHAN TUFAN (Senior Vice President)

EMRE ÖZBEK (Senior Vice President)

İNCİ SOYSAL (Senior Vice President)

SEDEF ALPAY (Senior Vice President)

HATİCE KABAK² (Supervisor)

COMMITTEE ACTIVITIES

A Sustainability Team was set up under the Committee, which will carry out the work regarding the evaluation of risks arising from Garanti Bank's direct or indirect impact on the environment. The Committee is responsible for:

- Monitoring energy consumption, wastes, and similar matters, as well as the efforts regarding the assessment of risks that might arise from the Bank's direct impact on the environment;
- Overseeing assessment of risks that might result from indirect environmental, social and economic impacts via projects financed and via other loans, and providing feedback to relevant decision-making bodies as and when necessary;
- Maintaining the environmental impact assessment system, which is to be employed in loan disbursement processes at the Bank, up-to-date in line with international developments;
- Supervising the efficiency of efforts related to sustainability;
- Providing information to the Board of Directors on the Committee's activities when needed.

In 2013, the Committee held one meeting with the required quorum.

1 Garanti Bank intends to restructure Sustainability Committee in 2014. The new structure of the Committee will be provided in the Sustainability Report, which will be published in 2014.

2 Onur Uğur Özkan left the Bank as at 31.08.2013 and was succeeded by Hatice Kabak, who serves as a Committee member.

BASEL STEERING COMMITTEE

COMMITTEE MEMBERS¹

M. CÜNEYT SEZGİN, PH.D.

(Independent Board Member)

HÜSNÜ EREL (Executive Vice President)

ERHAN ADALI (Executive Vice President)

İBRAHİM AYDINLI² (Executive Vice President)

ALİ FUAT ERBİL (Executive Vice President)

GÖKHAN ERÜN (Executive Vice President)

COMMITTEE ACTIVITIES

The Basel Steering Committee is responsible for:

- Determining the Basel 2 roadmap,
- Conducting the GAP analyses, carrying out the human resource planning and forming the task forces,
- Monitoring the activities of these task forces
- Planning and monitoring the work regarding Basel 2.5 and 3

In addition, the Committee ensures coordination of the team performing these activities. The Committee meets when necessitated by the current agenda. In 2013, the Committee held one meeting with the required quorum.

1 Pursuant to the Board of Directors decision dated 06.06.2013, Aydın Şenel is no longer a member on this Committee.

2 Pursuant to the Board of Directors decision dated 06.06.2013, İbrahim Aydınli has been appointed as the Executive Vice President for General Accounting and Financial Reporting, and then as the Executive Vice President for General Accounting, Economic Research and Customer Satisfaction based on the Board of Directors decision dated 26.10.2013.

OTHER RISK MANAGEMENT COMMITTEES

Sub-committees for market risk, credit risk and operational risk have been set up to facilitate exchange of information and views with the relevant units of Garanti Bank and to support the establishment of risk management and internal audit systems within the Bank.

MARKET RISK COMMITTEE

COMMITTEE MEMBERS

M. CÜNEYT SEZGİN, PH.D.

(Independent Board Member)

GÖKHAN ERÜN (Executive Vice President)

BARIŞ KARAAYVAZ (Senior Vice President)

EBRU OĞAN KNOTTNERUS (Senior Vice President)

METİN KILIÇ (Senior Vice President)

SEMRA ORGUNER KURAN (Manager)

TOLGA ÜLGÜR (Supervisor)

COMMITTEE ACTIVITIES

The Market Risk Committee is responsible for:

- Ensuring information flow on changes in the positions exposed to market risk;
- Assessing potential risks that will result from a new position prior to any major change in the positions held; discussing market projections;
- Reviewing the scenarios created to identify the Bank's risk exposure;
- Monitoring the market risk arising from trading activities, the interest rate risk arising from maturity mismatch, the liquidity risk, and risk limits and limit utilizations of the trading portfolio;
- Reviewing the models and assumptions employed in measuring the market risk, as well as limit implementations; evaluating their relevance, and ensuring that necessary adjustments are made.

In 2013, the Committee held three meetings with the required quorum.

CREDIT RISK COMMITTEE

COMMITTEE MEMBERS

M. CÜNEYT SEZGİN, PH.D.

(Independent Board Member)

ERHAN ADALI (Executive Vice President)

MUSTAFA TİFTİKÇİOĞLU (Coordinator)

SERHAN PAK (Senior Vice President)

FARUK ERGİN (Senior Vice President)

EBRU OĞAN KNOTTNERUS (Senior Vice President)

ÖZLEM ÖNER ERNART (Manager)

* Depending on the meeting agenda, attendance of relevant departments in the meetings is ensured, particularly of those named below.

VAHAN ÜÇKARDEŞ (Senior Vice President)

ATILLA SÜTGÖL (Senior Vice President)

COMMITTEE ACTIVITIES

The Credit Risk Committee is responsible for:

- Providing coordination between the Bank's risk management department, loans and monitoring units, and exchanging opinions with them;
- Reviewing market developments and the performance of the loans portfolio and risks accordingly;
- Evaluating the results produced by the scorecard and rating models in place at the Bank, along with the loss given default and exposure at default parameters in case of default; determining the models that need to be revised/improved within the frame of these models and parameters and adopting the necessary decisions during the establishment of these models;
- Overseeing the compliance of the models with the Bank's practices, and with national and international regulations, monitoring the performance of the models developed;
- Supervising the use of model outputs across the Bank, their incorporation within the Bank's processes, and their utilization in necessary capital computations.

In 2013, the Committee held four meetings with the required quorum.

OPERATIONAL RISK COMMITTEE

COMMITTEE MEMBERS

EMRE ÖZBEK (Senior Vice President)

EBRU OĞAN KNOTTNERUS (Senior Vice President)

BEYHAN KOLAY (Senior Vice President)

OSMAN BAHRİ TURGUT (Director of Internal Audit Department)

COMMITTEE ACTIVITIES

The Operational Risk Committee is responsible for:

- Making the operational risk definition and classifications of the Bank;
- Ensuring the establishment of operational risk management tools across the Bank;
- Coordinating the propagation of the necessary corporate culture to ensure that operational risks are managed by risk owners;
- Carrying out work to set up and improve a database that will enable measurement of operational risks using the advanced method.

In 2013, the Committee held two meetings with the required quorum.



Mobile Banking

LEADER



Financial Transactions Volume

**36%
MARKET SHARE**

Active users

>800 K

Monthly

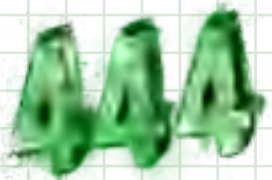
**2 MILLION
TRANSACTIONS**

**860 K
EFT & MONEY
TRANSFERS**

**GARANTI
APP
STORE**

>4 MILLION

Downloads



Turkey's First
Mortgage Call Center

444EVİM

Sector's First
Auto Loan Support Line

4440TOM

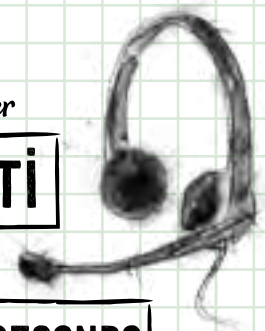


1ST TURKISH BANK

with Mobile Banking
on all pioneering platforms

Turkey's Largest
Financial Call Center

ALO GARANTI



Customer Contacts
in 2013

65.1 MILLION

**27 SECONDS
RESPONSE TIME**



RISK MANAGEMENT

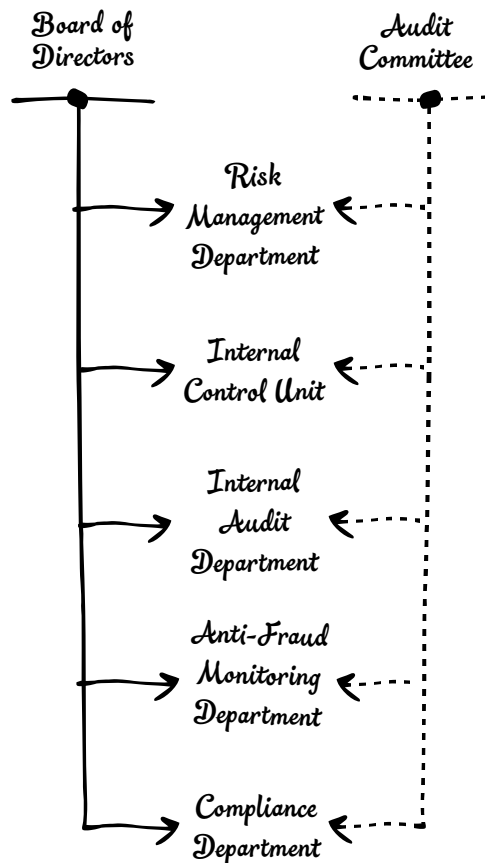
RISK MANAGEMENT POLICIES

RISK MANAGEMENT AND INTERNAL AUDIT ORGANIZATION

At Garanti Bank, risk management, internal audit and control activities are carried out in compliance with applicable legislation and independent of executive functions through an organization that reports directly to the Board of Directors.

The Board of Directors is ultimately responsible for establishing and ensuring the effective functioning of risk management, internal audit and control systems and for devising, implementing and maintaining risk management and internal audit strategies and policies that are compatible with Garanti Bank's capital and risk level.

In keeping with the importance given to corporate governance principles, the Audit Committee carries on with its activities in order to ensure performance of the audit and supervision functions of the Board of Directors. The Audit Committee receives information from the units set up under internal control, internal audit, risk management, anti-fraud and compliance systems, as well as from the independent auditor, with regard to performance of their activities. The Committee confirms that adequate methods are in place to identify, control and monitor Garanti Bank's risk exposure and regularly informs the Board of Directors of its activities and their results. The Audit Committee also gives its opinion to the Board of Directors regarding activity results of the responsible departments, necessary actions and other issues it deems important for safe conduct of Garanti Bank's activities.



ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

The Internal Audit Department audits Garanti Bank's head office units, branches and consolidated subsidiaries by analyzing the effectiveness of the internal control systems mentioned below.

- Compliance of activities with applicable legislation and internal regulations;
- Accuracy and reliability of financial and operational data;
- Effectiveness of asset protection practices;
- Effectiveness and efficiency of the activities performed in order to reach the defined goals.

Moreover, by way of inquiries and investigations covered among the activities of the Internal Audit

Department, fraud, swindling and counterfeiting activities are prevented or noticed, upon which necessary managerial actions are taken immediately.

The Internal Audit Department performs its activities under the categories of on-site audits, centralized audits, inquiries/investigations, and IT audits, financial statement audits and risk management audits conducted by specialized teams. The Department has been organized so as to realize these activities in the most efficient manner.

- On-site audits include head office departments, consolidated subsidiaries and other associated companies, regional offices and branches of Garanti Bank. During these audits, prioritization is carried out in line with the risk-orientation principle, and focus is placed on processes rather than isolated errors.
- Within the scope of centralized audits, deficiencies and errors in products, applications and processes are determined through remote monitoring techniques. Customer complaints are analyzed, whereby hitches in processes and applications are identified and coordination is ensured with related parties for necessary action. Scenario supported analysis and reviews are conducted for establishing and preventing internal misconduct.
- IT audits fulfill the IT auditing functions of the Bank. Within this scope, IT processes, banking processes/ applications, subsidiaries and overseas branches are included in the audit scope, and are audited within the frame of the annual audit plan produced based on annual periodic risk assessment activities.
- Financial statement audits increase audit efficiency in the subsidiaries subject to consolidation, as well as in Garanti Bank.

- Within the scope of risk management audits, process-based audits are conducted which take into consideration internal and legal regulations concerning the Bank's basic risk types.
- Within the scope of investigation works, all acts of fraud and swindling are examined. Work is carried out in coordination with the Anti-Fraud Monitoring Department and the expert team, organized under the centralized audit, which works to establish internal misconduct through early warning signals.

The Internal Audit Department prepares annual audit plans based on a risk-focused approach and in accordance with the resources and priorities of the Department and with the goals and strategies of Garanti Bank. The scope and frequency of audits are determined according to the assessments based on risk weights and results of previous audits. The plans are prepared to ensure efficient use of existing resources and to maximize the benefit the Bank derives from its activities.

Pursuant to the Regulation on the Internal Systems of Banks issued by the Banking Regulation and Supervision Agency (BRSA), internal capital adequacy assessment process (ICAAP), which covers risk-based capital assessments, is audited within the framework of applicable legislation and internal guidelines.

In accordance with the Regulation on the Internal Systems of Banks issued by the BRSA, it is expected that the parent Banking company performs the internal audit functions of consolidated entities in a consolidated and coordinated manner. Accordingly, the Bank's consolidated subsidiaries are audited by the Internal Audit Department in line with the annual audit plan that considers risk priorities. The audit encompasses the important processes of the above-mentioned subsidiaries and financial information delivered by the concerned to the parent company. Moreover, the Internal Audit Department coordinates the activities

for putting into life the group standards adopted within the frame of internal audit implementations at consolidated subsidiaries.

ACTIVITIES OF THE INTERNAL CONTROL UNIT

The Internal Control Unit ensures that a sound internal control environment is in place at the Bank. Accordingly, this unit performs the necessary coordination work in this regard, assuring that the Bank's activities are performed regularly, efficiently, effectively and in accordance with the management strategy and policies of the Bank and the applicable legislation and regulations. In this context, infrastructures are set up to ensure functional separation of tasks, sharing of authorities and responsibilities, establishment of a sound reconciliation system, integration of self-control mechanisms and systemic controls into processes, and the identification and monitoring of risks the Bank is exposed to. The Internal Control Unit bases its control activities and improvement efforts related to the internal control environment on the operational risk matrix. This allows monitoring operational risks across Garanti Bank within an integrated risk-based system that combines impact, probability and current processes. Internal controllers reporting to the Internal Control Unit perform monitoring tasks using centralized and on-site control methods:

- Within the scope of Centralized Control, retail loans and investment banking transactions of all branches are examined in a sampling methodology in addition to monitoring the compliance of all of the Bank's accounting and MIS records. Furthermore, in commercial loans of all branches that have been excluded from on-site control as a result of the risk assessment conducted, agreements, collaterals and the documentation are examined in a sampling methodology by the Central Control team in terms of their compliance with the Bank's procedures and the legislation.

- In on-site controls, Head Office units and branches that have been selected on a risk-based assessment undergo controls for the compliance of their transactions and documentation with internal regulations and applicable legislation. Furthermore, additional tools are used such as risk reporting and self-assessment to enable all branches and units to manage their operational risk.
- The Internal Control Unit is also assigned with the coordination of disaster recovery and business continuity management at Garanti Bank. Within this scope; in addition to efforts on maintaining the existing Disaster Recovery and Business Continuity Plan, periodical tests are executed with relevant units in order that critical processes in the plan, required back-up systems and alternative working sites are kept ready for resuming activities in a projected period and quality.

ACTIVITIES OF THE ANTI-FRAUD MONITORING DEPARTMENT

The Anti-Fraud Monitoring Department adopts an "enterprise fraud prevention" approach and centrally monitors card, merchant, internet and application fraud. Within the scope of monitoring and controlling operational risks that Garanti Bank is exposed to, the Anti-Fraud Monitoring Department develops strategies to proactively monitor, detect, control and prevent acts of external fraud. The Department takes action rapidly and efficiently against constantly changing fraud trends thanks to its ever-growing experience and expertise and its quick adaptation to new technologies. Through analyses of acts of fraud, the Department works to minimize the potential losses of the Bank and the customers that may arise due to acts of external fraud. The Department develops views and suggestions on the Bank's new product and service developments upon assessing the same with respect to external fraud risks. The Department also

carries out all necessary investigation about acts of external fraud, sharing information about the same within the Bank and with other banks within the scope of Intelligence Management. In addition to that, the Department carries out training and awareness programs in order to help Garanti Bank personnel understand the importance of the prevention of fraud risks and to establish this culture throughout the Bank. Within the scope of monitoring and prevention of fraud attempts and incidents, the Department follows up technological developments to increase the security of products and services provided via alternative delivery channels and card-based payment systems, and to detect and prevent credit card and consumer loan application frauds and attempts of account takeover. For this purpose, the Department develops strategies that are compliant with the Bank's policies and takes the most efficient and effective actions quickly.

ACTIVITIES OF THE COMPLIANCE DEPARTMENT

Working with the purposes of managing the potential compliance risks of the Bank and of identifying and preventing these risks before implementation, the Compliance Department aims to help improve the compliance culture constantly, and establish a world-class compliance culture across the Bank. Organized to address two main fields of activity so as to achieve these goals under the names Compliance Controls Team and Compliance Officer Team, the Compliance Department is assigned with the following tasks: In accordance with Article 18 of the Regulation on the Internal Systems of Banks issued by the BRSA, a Compliance Controls Team is set up under the Compliance Department to perform the compliance function with respect to applicable laws and corporate standards, against situations that might lead Garanti Bank to suffer financial losses, cancellation of authorization or loss of reputation. The

Compliance Controls Team coordinates and supervises existing control mechanisms regarding the compliance of Garanti Bank's activities with laws, internal policies and rules, and banking practices. The Compliance Controls Team also monitors that processes are revised in accordance with changes in legislation and notification of such changes to employees. In addition, the Team forms its opinion on new products and transactions before they are implemented. Other key responsibilities of the compliance function include the monitoring compliance risks arising from foreign legislation via assigned employees who are responsible for controlling compliance with local regulations at consolidated subsidiaries and branches abroad and carrying out necessary studies aimed at continuous improvement of the compliance culture and awareness within Garanti Bank.

In accordance with Law No. 5549 on Compliance Program with Obligations Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism, the duties and responsibilities of the Compliance Officer are summarized below:

- Carry out all necessary efforts to achieve Garanti Bank's compliance with the regulations issued pursuant to Law 5549 and provide necessary coordination and communication with the Financial Crimes Investigation Board (in Turkish: MASAK),
- Ensure that the compliance program is carried out; develop policies and procedures within this scope; execute risk management, monitoring and control activities; follow up the results of internal audit and training activities,
- Lay down the efforts related to the training program about Prevention of Laundering Proceeds of Crime and Financing of Terrorism for the approval of the Board of Directors, and ensure that the approved training program is carried out effectively,
- Look into and evaluate information on potentially suspicious transactions that

he/she receives or becomes aware of sua sponte; report any transaction that he/she deems to be suspicious to the Financial Crimes Investigation Board,

- Manage relations with relevant governmental or private agencies.

In performing the duties and responsibilities summarized above, the Compliance Officer Team set up under the Compliance Department cooperates with the Internal Audit Department, Internal Control Unit, Training Department and Legal Department, and meets at certain intervals with the relevant executives to review ongoing activities.

RISK MANAGEMENT ACTIVITIES

Garanti Bank measures and monitors its risk exposure by using methods that comply with international standards, and in accordance with the applicable legislation. Advanced risk management software is utilized in measuring and reporting of operational risk, trading risk, credit risk and regulatory capital.

Internal processes have been reviewed in order to measure the risks in line with the new capital adequacy regulation that entered into force in July 2012, and efforts continued to ensure regular and accurate flow of data used in computations. In addition, the Bank's risk management strategies, policies and procedures were also updated in accordance with the Bank's needs and best practices. During the process, the Basel Steering Committee, which is set up to ensure the Bank's alignment with Basel guidelines and to monitor efforts undertaken to achieve compliance, actively continues to ensure internal coordination.

The risk management team of the Bank has been expanded to maintain a functional risk management system, due to the fact that risk management activities entered a process of rapid change and development.

MARKET RISK

Market risk is measured in accordance with applicable regulations, Garanti Bank's policies and procedures, employing internationally accepted methodologies that are aligned with the Bank's structure, and they are evaluated within a continuously improving structure. Market risk is managed by measuring and limiting risk in accordance with international standards, allocating sufficient capital and minimizing risk through hedging transactions.

Market risk is defined as the risk Garanti Bank faces due to fluctuations in market prices in relation to the positions it maintains on or off its balance sheet for trading purposes, and is calculated daily using the VaR model. Value-at-Risk is a measure of the maximum expected loss in market value of a portfolio of certain maturity as a result of market price fluctuations, at a certain confidence interval and a certain probability. VaR is calculated using historical simulation method and one-year historical data at 99% confidence interval. Regular backtesting is conducted to measure the reliability of the VaR model. VaR limits are determined in accordance with the capital allocation approved by the Board of Directors and dynamically

updated depending on changes in the Bank's shareholders' equity. These limits are monitored and reported daily by the Risk Management Department. VaR stood at TL 47 million by the end of 2013 and its average value for 2013 was TL 77.1 million. Compared to 2012 contraction in the trading portfolio subject to VaR in conjunction with the changed classification of the bonds portfolio within banking and trading book led the impact of the volatility in market prices, observed particularly in May and June, to be limited. VaR does not constitute an important risk for the Bank in view of the amount of Garanti Bank's shareholders' equity. In order to identify risks that might arise from major market volatilities, regular stress tests and scenario analyses are conducted using the VaR model.

INTEREST RATE RISK RESULTING FROM THE BANKING BOOK

Duration/gap and sensitivity analyses reports are prepared to determine Garanti Bank's exposure to interest rate risk arising from maturity mismatches in its balance sheet. The Assets and Liabilities Committee (ALCO) and the Asset-Liability Management Department use the duration/gap report for managing balance sheet interest rate risk and for

liquidity management.

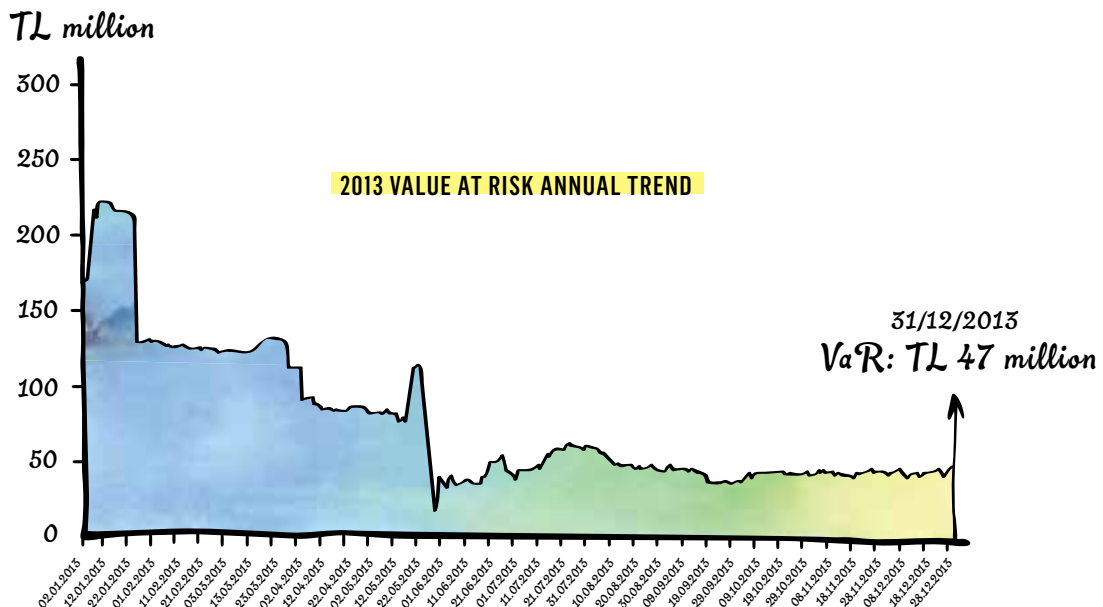
To manage basis interest rate, funding and country credit spread risks, long-term funding sources such as bond issuance, syndication and securitization has been provided, in addition to using instruments such as interest rate swaps and credit default swaps (CDS).

Approval of the Assets and Liabilities Committee is required for hedging transactions that are related to Garanti Bank's balance sheet. The interest rate risk arising from the banking book is contained via the limit approved by the Board of Directors.

The interest rate risk resulting from the banking book is measured on an unconsolidated basis, using the standard shock method, and is reported to the Banking Regulation and Supervision Agency (BRSA) on a monthly basis.

LIQUIDITY RISK

Within the frame of the risk management policies approved by the Board of Directors, the Asset-Liability Management Department (ALMD), Liquidity Risk Management Committee, and Assets and Liabilities Committee (ALCO) manage liquidity risk in order to take appropriate and timely measures in case of a liquidity squeeze arising from



market conditions or Garanti Bank's balance sheet structure. As part of the contingency funding plan, Garanti Bank monitors liquidity risk within the context of early warning signals, stress levels defined according to possible liquidity risk scenario and severity of the risk, and possible action to be taken at each stress level in a corporate framework. Core-deposit analyses are performed for deposits, which are an important balance sheet item in terms of liquidity management, and care is paid to ensuring compliance with the regulatory liquidity ratio requirements. Highly liquid assets and alternative funding sources are evaluated by cash flow projections in order to meet possible liquidity requirements at stress conditions. Day-to-day liquidity management is performed by the Asset-Liability Management Department.

CREDIT RISK

Credit risk management is a process for consistently evaluating and monitoring credit risk and covers all credit portfolios. The internal risk rating model, which was developed for corporate and commercial loans portfolio, has been used in loan granting process since 2003 and was incorporated into the relevant lending policies and procedures. This model was developed using statistical methods on historical data, in order to rate customers using objective criteria. The internal risk rating model calculates the default probability for each client. Collection performances of non-performing loans in any portfolio are analysed, and loss given default ratios are calculated in view of the time value of the money and costs incurred for making the collections, on the basis of segments and products in the case of commercial and retail loans, respectively. These ratios are used to calculate expected loss-based provisions and internal capital requirement. Concentrations are monitored across the portfolio with respect to internal risk ratings, sectors, regions, groups and clients. Models have been established

for the evaluation of specialized lending loans according to supervisory slotting criteria. In the granting processes of general-purpose, auto, home, office, home equity, overdraft loans and commercial credit cards and credit card portfolio, which are evaluated under retail and SME lending processes, a union score is utilized, which is a combination of application, behavior and bureau scores. Within the context of treasury operations, necessary netting agreements are made and counterparty credit risks are monitored accordingly.

OPERATIONAL RISK

All operational risks in Garanti Bank are managed under the supervision of the Board of Directors and the Audit Committee, within the scope of the identification, evaluation, monitoring and controlling/mitigation of risks.

The Audit Committee monitors and evaluates the results of the operational risk monitoring activities of the Internal Audit Department and the Internal Control Unit. Garanti Bank carries out the necessary work in line with local and international regulations (Basel II) to measure operational risk in accordance with its scale, the internal control systems in place, and databases. In Garanti Bank, measuring and managing operational risks are monitored primarily in the frame of risk matrix which is comprised by grouping existing and potential operational risks in Garanti Bank in line with business lines, cause-effect types and Basel II event types that those risks belong to. The audit status, impact and probability of each risk are evaluated within this matrix with a view to controlling the risks. The risk matrix is monitored, updated and used in their reviews by the Internal Control Unit and the Internal Audit Department. Garanti Bank's operational risk loss data are collected and evaluated in an internal loss database centrally and systematically and in compliance with Basel II standards.

REPUTATIONAL RISK

The Bank avoids all kinds of transactions and activities that would cause reputational risk in the eyes of legal authorities, customers and other market actors. The Bank pays utmost attention to be beneficial to society, natural environment and humanity. Trainings are held with the aim of raising awareness about reputational risk throughout the Bank and encouraging all employees to fulfill their duties and responsibilities.

In order to ensure efficient management of reputational risk across the Bank, it is aimed to preserve and improve the Bank's reputation before the customers, and to minimize the Bank's impact upon the environment. Efforts carried out to this end include monitoring the media and the press and social media platforms with respect to the Bank's reputation and managing potential implications; ensuring sustainable awareness of compliance with laws and corporate standards, and development of processes that guarantee management of IT/information security and IT-related risks.

OTHER RISKS

The Bank manages country and transfer risk, strategic risk, concentration and residual risks in alignment with the strategies, policies and implementation procedures devised.

**MANAGERS OF INTERNAL SYSTEMS UNITS
NAMES, TERMS OF OFFICE, RESPONSIBILITIES,
EDUCATIONAL BACKGROUND &
PROFESSIONAL EXPERIENCE**

EBRU OGAN KNOTTNERUS

Ebru Ogan Knottnerus graduated from the Business Administration Department of the Middle East Technical University. She worked as an executive at various privately-held companies and banks between 1991 and 2001. Having joined the Subsidiaries Risk Management Department of Garanti in 2001, Ogan has been serving as Garanti Bank's Risk Management Senior Vice President since 2003. The responsibilities of the Risk Management Senior Vice President are outlined below:

- Ensure that risk management culture is recognized and risk management principles are widely embraced throughout Garanti Bank and its subsidiaries,
- Set up an integrated risk management system, which measures market, credit and operational risks together, and which is in compliance with applicable legislation, and ensure that, by means of this system, Garanti Bank's capital is used in a way to maximize the Bank's value,
- Determine risk management strategies and policies of Garanti Bank and present these to the Board of Directors.

OSMAN BAHRI TURGUT

Osman Bahri Turgut holds a degree in economics from Marmara University. He joined Garanti in 1990 and worked as an Assistant Auditor, Auditor, Branch Manager, Assistant Director of the Internal Audit Department, Commercial Loans Senior Vice President and Internal Control Unit Manager. Serving as the Director of the Internal Audit Department since 4 October 2006, he has 23 years of experience in the banking sector. The responsibilities of the Director of the Internal Audit Department are outlined below:

- Determine internal audit policies and

procedures and implement these after obtaining the necessary approvals,

- Monitor and guide the supervision, auditing, policies, programs, processes and practices of internal audit activities,
- Verify that Department members possess the qualifications required by their authorities and responsibilities.

İNCİ SOYSAL

İnci Soysal graduated from the Business Administration Department of the Middle East Technical University, the Faculty of Economics and Administrative Sciences. She joined Garanti Bank as an Assistant Auditor in 2000 and was appointed as the Compliance Officer in 2010. Having 14 years of experience in banking, İnci Soysal has been serving as the Compliance Senior Vice President since July 2012.

The responsibilities of Compliance Senior Vice President are outlined below:

- Ensure that the Bank's compliance activities are carried out in accordance with applicable legislation and Garanti Bank's goals and policies,
- Carry out all necessary efforts to achieve compliance with the Law 5549 on Prevention of Laundering Proceeds of Crime and with the regulations issued pursuant to the Law and provide necessary coordination and communication with MASAK (Financial Crimes Investigation Board),
- Develop the Bank's compliance policies, procedures and training programs in line with the legislation and ensure effectiveness thereof; carry out activities in relation to the identification and notification of suspicious transactions; oversee the preparation of statistics on internal audits and trainings and inform MASAK (Financial Crimes Investigation Board), and fulfill the obligation of providing MASAK with information and documents in accordance with the manner and methods defined by MASAK,
- Within the scope of compliance controls, ensure the compliance of the Bank's planned activities, transactions and products with the Banking Law and other

applicable legislation, internal policies and rules, and with banking practices,

- To enable testing the existence of controls regarding the defining of the Bank's legal compliance risks, mitigation or elimination of such risks, and provide suggestions for the establishment or improvement of these controls when necessary.

BEYHAN KOLAY

Beyhan Kolay holds a degree in Public Administration from the Middle East Technical University. She joined Garanti Bank as an Assistant Auditor in 1994 and was appointed as the Assistant Director of the Internal Audit Department in 2005. Serving as Anti-Fraud Monitoring Senior Vice President since 15 September 2006, Kolay has 20 years of experience in banking. The responsibilities of the Anti-Fraud Monitoring Senior Vice President are outlined below:

- Develop and ensure the implementation of strategies for minimizing financial and non-financial losses that may arise from external fraud,
- Prepare the annual business plans of the Anti-Fraud Monitoring Department and ensure that the Department's activities are performed in accordance with these plans,
- Evaluate whether the Department employees possess the qualifications required by their authorities and responsibilities,
- Supervise that the employees of the Anti-Fraud Monitoring Department perform their duties in an independent, diligent and unbiased manner.

EMRE ÖZBEK

Emre Özbek got his degree in business administration from Ankara University, Faculty of Political Sciences. He joined Garanti Bank as an Assistant Auditor in 1999 and was appointed as the Assistant Director of the Internal Audit Department in 2007. Özbek, also holding the certificates of CIA (Certified Internal Auditor) and CBRM (Certified Business Resilience Manager) and having 15

years of banking experience, has been serving as the Senior Vice President of the Internal Control Unit since 7 May 2009. The responsibilities of the Internal Control Unit Senior Vice President are outlined below:

- Ensure the establishment of the Bank's internal control system in accordance with applicable legislation and Garanti Bank's goals and policies,
- Collaborate with top management to define the principles and procedures governing the distribution of internal control tasks between operational employees and internal control employees,
- Prepare the annual business plans of the Internal Control Unit and ensure that activities are performed in accordance with these plans,
- Verify that internal controllers possess the qualifications required by their authorities and responsibilities,
- Supervise that internal controllers perform their duties in an independent, diligent and unbiased manner.

SUPPORT SERVICES PROVIDERS

Companies providing support services in accordance with the regulation on the provision of support services to banks and the authorization of support service providers are indicated below, together with the type of the service outsourced:

- Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş.: Marketing and consulting services in relation to mortgage products.
- Garanti Ödeme Sistemleri A.Ş.: Marketing, promotion, product development and consulting services related to payment systems, primarily debit and credit cards.
- Garanti Hizmet Yönetimi A.Ş.: Carrying out the operational aspects of investment activities.
- Loomis Güvenlik Hizmetleri A.Ş.: Cash delivery within the scope of Law No. 5188.
- YÖN İnsan Kaynakları Destek Hizmetleri Ltd. Şti.: Call center services, executive assistantship service.
- IBM Global Services İş ve Teknoloji

Hizmetleri ve Tic. Ltd. Şti.: Disaster recovery center back-up service.

- Matriks Bilgi Dağıtım Hizmetleri A.Ş.: Software/software maintenance/update services.
- Ingenico Ödeme Sistem Çözümleri A.Ş.: POS software development and upgrading services.
- Verifone Elektronik ve Danışmanlık Ltd. Şti.: POS software development and upgrading services.
- Provus Kart Hizmetleri A.Ş.: Card embossing and personalization services.
- Kurye Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş.: Credit/debit card delivery.
- Aktif İletim ve Kurye Hizmetleri A.Ş.: Credit/debit card delivery.
- Konut Kredisi Com Tr Danışmanlık Anonim Şti.: Online marketing of mortgage products.
- Doksanaltı İnternet Danışmanlık Hizmetleri ve Tic. Ltd. Şti.: Online marketing of mortgage products.
- Enuygun Com İnternet Bilgi Hizmetleri Teknoloji ve Tic. A.Ş.: Online marketing of mortgage products.
- Hangisi İnternet ve Bilgi Hizmetleri A.Ş.: Online marketing of mortgage products.
- Verkata LLC: Online marketing of mortgage products.
- BGA Bilgi Güvenlik Eğitim ve Danışmanlık Ltd. Şti.: Penetration test.
- Collection Platform Yazılım ve Danışmanlık A.Ş.: Call center/declaration of liability / reminder calls.
- Sestek Ses ve İletişim Bilgisayar Tek. San. Ve Tic. A.Ş.: Call Center/credit card marketing/forwarding credit card limit increase requests to the Bank.
- Atos Bilişim Danışmanlık ve Müşteri Hizmet Sanayi ve Tic. A.Ş.: Card sales, business place verification, CPP calls (calls for informing customers whose cards are closed and renewed due to security concern), limit increase, address update and persuasion calls, other calls via the Call Center.
- Callpex Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.: Card sales, delivery and recovery calls via the Call Center.

- CMC İletişim Bilgisayar Reklam ve Danışmanlık Hizmetleri San. Tic. A.Ş.: Card sales, instruction verification, delivery and recovery calls via the Call Center.
- Der Pos Ödeme Sistemleri ve Pazarlama Tic. Ltd. Şti.: Merchant acquisition, demand collection, document delivery to the Bank.
- Kayragrup Pazarlama Danışmanlık ve Destek Hizmetleri Tic. Ltd. Şti.: Merchant acquisition and credit marketing at car dealers, demand collection, document delivery to the Bank.
- Teknoser Bilgisayar Teknik Hizmetler Sanayi ve Dış Tic. A.Ş.: Information giving and demand obtaining calls for merchants via the Call Center.
- Tempo Çağrı Merkezi Hizmetleri Tic. A.Ş.: Card sales via the Call Center.
- Vodatech Bilişim Proje Danışmanlık Sanayi ve Dış Tic. A.Ş.: Card sales via the Call Center.
- FU Gayrimenkul Danışmanlık A.Ş.: Pledge formalities at the land registry offices.
- Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş.: Card sales and demand collection via the Call Center.
- Support services provided by 237 auto dealers for marketing of consumer loans.

IMPORTANT DEVELOPMENTS REGARDING 2013 OPERATIONS

INFORMATION ON THE SHARE BUYBACKS BY THE BANK

In 2013, the Bank didn't buy back its shares.

REMARKS ON THE PRIVATE AUDIT & THE PUBLIC AUDIT MADE DURING THE ACCOUNT PERIOD

Pursuant to applicable legislation, routine audits are conducted by audit authorities such as the Banking Regulation and Supervision Agency (BRSA), the Capital Markets Board of Turkey (CMB), the Ministry of Finance, the Undersecretariat of Treasury, and the Central Bank of the Republic of Turkey (CBRT). Detailed information about the administrative fines imposed in 2013 by the audit authorities as a result of such audit against the Bank is provided in the following sections.

INFORMATION ABOUT THE LAWSUITS FILED AGAINST THE BANK, WHICH MAY AFFECT THE FINANCIAL STATUS AND OPERATIONS OF THE BANK, & ABOUT THEIR POSSIBLE RESULTS

No lawsuit which may affect the financial status and operations of the Bank was filed against the Bank in 2013.

REMARKS ON THE ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED ON THE BANK & MEMBERS OF THE ADMINISTRATIVE BODY OF THE BANK DUE TO ANY PRACTICE WHICH WAS CONTRARY TO THE LAWS & REGULATIONS

Based on the Turkish Competition Board decision dated 2 November 2011, numbered 11-55/1438-M, it has been decided to initiate investigation about the Bank pursuant to the Law No. 4054 on the Protection of Competition in order to determine whether the Bank has made an agreement, or was involved in concerted act, to restrict the competition regarding the interest rates to be applied to banking products. As a result of the investigation, by its decision dated 8

March 2013, the Turkish Competition Board imposed an administrative fine in the amount of TL 213,384,545.76 against the economic group composed of the Bank, Garanti Ödeme Sistemleri A.Ş. and Garanti Konut Finansmanı Danışmanlık A.Ş. on the ground that Article 4 of the aforementioned Law was violated. Under Article 17 of the Misdemeanor Law no. 5326, three fourth of the said amount, which equals to TL 160,038,409.32, was paid on 14 August 2013. The Bank filed a notice of appeal with the Administrative Court of Ankara against the said decision on 12 September 2013, which proceedings are still pending.

During 2013, payments made for administrative fines imposed by regulatory and audit authorities against the Bank amounted to TL 161,853,162.17, including the administrative fine mentioned above.

On the other hand, within the scope of the BRSA inspections in relation to the Bank's savings deposits insurance premiums calculated for the period 2007-2013, it has been reported that the Bank has premium debt due to investment fund accounts which were opened without customers' instructions. In accordance with the report, order of payment regarding the premium debt of TL21,767,306 within the period December 2007-December 2011 was sent to our Bank by Saving Deposit Insurance Fund. The payment for the relevant administrative fine has been made in January 2014 and a lawsuit has been filed against this act.

Furthermore, the following took place in relation to tax audits:

- As a result of the inspections held by the Tax Inspection Board Istanbul Large Taxpayers Office regarding the banking and insurance transactions tax (BITT), it was determined that the payments

made under the name of "service fee" by our Bank's contracted merchants to an institution other than our Bank in the years 2007, 2008, 2009 and 2010, are required to be collected by our Bank, and Tax Audit Reports for the relevant years were prepared with the claim that our Bank has undercalculated the BITT. Within this scope, tax/penalty notices for the years 2007, 2008, 2009 and 2010 were notified to the Bank and in accordance with the conciliation provisions of the Tax Procedure Law, our Bank has reached an agreement to pay the fined tax assessment in the amount of TL 13,215,080 on 9 April 2013 following the negotiations with Large Taxpayers Office Commission of Conciliation and legal process for this issue has been finalized.

- The Istanbul Large-Scale Taxpayers Office of the Tax Inspection Board held inspections regarding the purchase and cancellation process of the founder share-certificates by our Bank in 2008 through the fund obtained following the capital increase, in terms of income and corporate tax withholding. As a result of such inspections, authorities claimed that the payments which have been made to the holders of the founder share-certificates should have been deemed as dividend payments and the Bank has undercalculated the income and corporate tax of such payments. Accordingly, a Tax Audit Report and a tax/penalty notification in the total amount of TL 211,510,761.15 (Actual tax: TL 84,604,304.46 and Fine: TL 126,906,456.69), have been prepared by the authorities. The Bank made a conciliation request with the relevant tax office regarding the said assessment.

INFORMATION ABOUT AMENDMENTS TO LAWS & REGULATIONS WHICH MAY SIGNIFICANTLY AFFECT THE OPERATIONS OF THE BANK

The Consumer Protection Law no. 6502, which was published in the Official Gazette issue of 28835 dated 28 November 2013 and scheduled to take effect 6 months later, introduced new requirements applicable to banks. Accordingly, no fees or expenses under whatsoever name may be charged to the consumer for an account opening if it is opened for a fixed term loan agreement and only loan-related transactions are performed from such account. Card issuers are obliged to offer the consumers at least one credit card type, for which they charge no fees under the annual membership fee or similar name. In the event that an account is opened in connection with the mortgage loan agreement and only loan-related transactions are performed from such account, no fees or expenses under whatsoever name may be charged to the consumer for this account.

Pursuant to the provisions of the Communiqué no. III-37.1 on Principles Regarding Investment Services, Investment Activities and Ancillary Services published by the CMB based on the Capital Market Law no. 6362 published in the Official Gazette dated 30 December 2012, commercial banks may not engage in the transaction brokerage (işlem aracılığı) of equities, equity derivatives and equity index derivatives. Moreover, commercial banks will not be able to engage in portfolio brokerage (portföy aracılığı) activities in relation to equities and equity derivatives.

Pursuant to the resolution of the Banking Regulation and Supervision Agency (BRSA) numbered 5491 and dated 22 August 2013, banks are required to appoint a "Consumer Relations Coordinator Officer" in order to manage customer complaints and requests regarding consumer products and services in the organization of the Bank. In this framework, İbrahim Aydın, Executive Vice President of General Accounting and

Financial Reporting, has been appointed as the "Consumer Relations Coordination Officer".

In 2013, changes were made on various dates in the reserve requirement ratios as defined in the Communiqué on Required Reserves. Accordingly, reserve requirement ratios (RRR) for Turkish lira were revised as follows:

- For demand deposits, notice deposits and private current accounts, deposits/participation accounts with maturities of up to 1 month and 3 months (including 1 and 3 months), ratio was increased to 11.5% from 11% at the beginning of 2013,
- For deposits/participation accounts with maturities of up to 6 months (including 6 months), ratio was increased to 8.5% from 8% at the beginning of 2013,
- For deposits/participation accounts with maturities of up to 1 year, ratio was increased to 6.5% from 6% at the beginning of 2013,
- For other liabilities with maturities of up to 1 year (including 1 year), ratio was increased to 11.5% from 11% at the beginning of 2013,
- For deposits/participation accounts with maturities of 1 year and longer and cumulative deposits/participation accounts, 5% ratio at the beginning of 2013 was maintained,
- For other liabilities with maturities of up to 3 years (including 3 years), 8% ratio at the beginning of 2013 was maintained,
- For other liabilities with maturities longer than 3 years, 5% ratio at the beginning of 2013 was maintained.

Reserve requirement ratios for foreign currencies were revised as follows:

- For FX demand deposits, notice deposits and FX private current accounts, deposits/participation accounts with maturities of up to 1 month, 3 months, 6 months (including 1, 3 and 6 months) and 1 year, ratio was increased to 13% from 11.5% at the beginning of 2013,
- For FX deposits / participation accounts with maturities of 1 year and longer and cumulative FX deposits / participation accounts, 9% ratio at the beginning of 2013 was maintained,

- For other FX liabilities with maturities of up to 1 year (including 1 year), ratio was increased to 13% from 11.5% at the beginning of 2013,

- For other FX liabilities with maturities of up to 3 years (including 3 years), ratio was increased to 11% from 9.5% at the beginning of 2013,

- For other FX liabilities with maturities longer than 3 years, 6% ratio at the beginning of 2013 was maintained

In addition, regulations published on various dates in 2013 introduced changes to the manner of institution of reserve requirements in Turkish lira, foreign currency and gold, as well as to the limits applicable to institution of such reserves in a different currency unit and the reserve option ratios that are required to be taken as basis for calculation of amounts to be deposited as reserve requirement.

With the amended Communiqué on Required Reserves published in the Official Gazette dated 25 December 2013, numerous immaterial items, which do not have a direct impact but reduce the efficiency of operational processes, were excluded from reserve requirements coverage. With the revision, liabilities subject to reserve requirements were redefined as follows:

- a. Deposits/participation funds,
- b. Funds from repo transactions,
- c. Loans obtained (except the loans guaranteed by the Treasury),
- d. Securities issued (net),
- e. Subordinated debts (except those taken into account in the calculation of own funds),
- f. Loans booked by overseas branches,
- g. Deposits/participation funds of residents booked by overseas branches,
- h. Liabilities (net) to the overseas head office and branches exceeding the amounts in (f) and (g) above,
- i. Debts from credit cards.

The monthly maximum contractual interest rate applicable on credit card transactions, quarterly announced by the CBRT, was gradually decreased from 2.34% in the last quarter of 2012 to 2.22% in the second quarter of 2013, to 2.12% in

the third quarter and to 2.02% in the last quarter. The monthly overdue interest rate for Turkish lira was gradually decreased from 2.84% in the last quarter of 2012 to 2.72% in the second quarter of 2013, to 2.62% in the third quarter and to 2.52% in the last quarter.

With the amendments in the Bank Cards and Credit Cards Law that came into effect on 2 August 2013, the CBRT was authorized to set the maximum contractual and default interest rates to be applied on corporate credit cards. Accordingly, the CBRT has been announcing the maximum interest rates applicable on corporate credit cards on a quarterly basis, as it does for personal credit cards.

Pursuant to the revision in the "Communiqué Amending the Communiqué (No. 2006/1) on Deposit and Credit Interest Rates and Participation Rates to Profit and Loss of Participation Accounts and Benefits Banks Generate from Loan Transactions other than Interest" published in the Official Gazette dated 25 May 2013 and enforced on 27 May 2013, contractual and overdue interest rates on the overdraft accounts will be subject to the upper limits of contractual and overdue monthly interest rates on credit card transactions.

Pursuant to the revisions in the "Regulation Amending the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside", consumer loans were redefined, and general provision ratios were increased under specified conditions and for specified consumer loans, while the same were reduced for export loans and for cash loans extended to SMEs. In this framework, banks with consumer loans that account for more than 25% of their total lending, and banks

with non-performing consumer loans other than mortgage loans that account for more than 8% of their consumer loans excluding mortgage loans, are required to apply a general provision ratio of 4% for consumer loans excluding mortgage loans followed up under Group 1 during the term of the loans, and of 8% for those followed up under Group 2 during the term of the loans. On the other hand, banks are able to apply a general provision of 0% for cash and non-cash export loans under Group 1, and 0.5% and 0.1% for cash and non-cash loans to SMEs, respectively. Banks are allowed to gradually set aside, until 2015, the required additional general provisioning resulting from the implementation of the revised regulation following the calculation for consumer loans as of the end of the month prior to the enforcement date of this regulation. In respect of the additional provisions, at least 25% must have been set aside as of 31 December 2013, and 50% and 100% as of 31 December 2014 and 31 December 2015, respectively.

According to the provision contained in the "Regulation Amending the Regulation on Bank Cards and Credit Cards" enforced upon its publication in the Official Gazette dated 8 October 2013, minimum payment ratios are set as follows:

Pursuant to the revised Article 6 of the same regulation, credit cards will be closed to cash withdrawal in case of non-payment of the minimum amount for a total of three times during one calendar year. In case of non-payment for three consecutive times, credit cards will be closed to goods and services purchase as well as cash withdrawal. Credit card limits for such credit cards may not be increased until the balance for the period is paid in full, and such cards will be kept closed to cash withdrawal or purchases.

The regulation has introduced a principle, which requires checking the

income level of the related individual with respect to the principles set out in the regulation, prior to the limit increase. During such control, if it is determined that the total credit card limit obtained from card issuers exceeds four folds of the cardholder's income, limits for such cards may not be increased as per the regulation.

The same regulation also governs the relation between the credit card limit and the cardholder's income. In this context, for a real person who will get a credit card for the first time, aggregate credit card limit for credit cards obtained from all card issuers may not exceed two folds of such person's average monthly net income in the first year, and four folds of the same in the second and following years. If the average monthly and annual income level of a first-time cardholder real person cannot be determined, aggregate credit card limit that can be obtained from all card issuers cannot exceed TL 1,000.

With the regulation in the "Regulation Amending the Regulation on Bank Cards and Credit Cards" that has been published in the Official Gazette dated 31 December 2013, came into effect on 1 February 2014, the number of installments for credit card transactions which include, goods and services purchases, cash withdrawals, deferred months with no payments, division of the payable amount into installments against a specified charge following the purchase of goods or services, cannot exceed nine months. As per regulations, no installments is allowed for credit card transactions in telecommunications, jewelry, food, meal and fuel oil.

Pursuant to the regulation in the "Regulation Amending the Regulation on Credit Operations of Banks" which enforced upon its publication in the Official Gazette dated 31 December 2013,

	Cards with a limit of TL 1-14,999	Cards with a limit of TL 15,000-19,999	Cards with a limit of TL 20,000 and higher
08/10/2013-31/12/2013	25%	30%	35%
01/01/2014-31/12/2014	27%	32%	40%
01/01/2015 and thereafter*	30%	35%	40%

* The ratios in this row are applied for credit cards issued after 8 October 2013.

restrictions have been imposed on the loan to value and maturities of mortgage, auto and consumer loans. In this context:

- Previously regulated by the BRSA decision no. 3980, the regulation that imposes restriction on mortgage and home equity loans in conjunction with the loan to value ratio has been migrated to the Regulation on Credit Operations of Banks. Accordingly, it has been set out that loan to value on housing loans, home equity loans excluding auto loans, or for financial leasing transactions cannot exceed 75%.
 - The maturity of consumer loans, excluding the loans extended for housing finance as defined in Article 57-1 of the Capital Market Law No. 6362 and loans extended for acquisition of other real property, is restricted to 36 months, and maturity of auto loans and auto-secured loans to 48 months.
 - Effective as of 1 February 2014, it has been regulated that for auto loans to be extended to consumers for passenger car purchases and auto-secured loans or financial leasing transactions, the loan to value ratio of the vehicle cannot exceed 75% of the final invoiced price of the vehicle for those worth TL 50,000 or lower. For vehicles with a final invoiced price of higher than TL 50,000, the applicable ratios are 70% up to the portion of TL 50,000 and 50% on the portion in excess of TL 50,000. It has also been regulated that in the case of second-hand passenger cars, the value of the vehicle will be determined based on the motor insurance value.
- As per the revisions made to the "Regulation Amending the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks" enforced upon its publication in the Official Gazette dated 8 October 2013, risk weights applied to credit card receivables have been increased in view of the installments remaining until maturity. In this context, risk weightings for the consumer credit cards that are used for goods and services purchases or cash withdrawal has been increased:
- To 100% from 75% for credit card

- installment loans with with one month (excluding the current month) to six months (including the current month) maturity -
- To 200% from 150% for credit card installment loans with six months (excluding the current month) to twelve months (including the current month) maturity,
- To 250% from 200% for credit card installment loans with more than 12 months to maturity,
- Risk weighting for auto loans extended to real person consumers categorized under the retail risk segment was 75% for all maturities prior to amendments in the regulations. However, upon the amendments, risk weighting on auto loans extended to real person consumers categorized under the retail risk segment is 75% for those with a maturity of up to 1 year, 150% for those with a maturity of between 1 to 2 years, and 200% for those with a maturity of longer than 2 years.

With the revisions made to the "Regulation on Equity of Banks" which has been published in the Official Gazette on September 5, 2013 and came into effect on January 1, 2014, the equity of the banking sector has been brought into alignment with Basel III. The most significant change arises from considering 100% of the revaluated appreciation of real property under the Tier-1 capital. (The previous regulation considered 45% of revaluated appreciation and 100% of depreciation of real property under the supplementary capital.)

With the revisions made to the "Regulation Amending the Regulation on Measurement and Evaluation of Capital Adequacy of Banks" which has been published in the Official Gazette on September 5, 2013 and came into effect on January 1, 2014, compliance to Basel III has been achieved. These revisions introduce the obligation to hold a Common Equity Ratio (min. 4.5%) and Tier-1 Capital Ratio (min. 6%) on banks, in addition to the required Capital Adequacy Ratio level of 8%. In addition to that, the risk weight

has been increased to 250% for those portions of items specified under Article 9-4(d) of the Regulation on the Equity of Banks ((i) deferred tax assets based on temporary differences, (ii) rights to offer hypothecation services, and (iii) material investments, direct or indirect, into equity elements of unconsolidated banks and financial institutions), which cannot be deducted from common equity.

The "Regulation on Capital Conservation and Countercyclical Capital Buffers" has been published in the Official Gazette on November 5, 2013 to be in effect on January 1, 2014. This regulation has introduced the obligation to hold additional common equity for banks. Accordingly, restriction is imposed upon the profit distribution of those banks whose additional amount of common equity remains below their common equity requirement. The Capital Conservation Buffer Ratio will be applied as 0% in the first two years from the enforcement date, and will be raised up to 2.5% by 2019 through increases at equal rates every following year. Within the frame of rules to be determined by the BRSA Cyclical Capital Buffer Ratios, on the other hand, will be calculated by banks on consolidated and unconsolidated basis, based on the distribution of the banks' credit portfolios by country.

The "Regulation on the Measurement and Assessment of Leverage Level of Banks" has been published in the Official Gazette on November 5, 2013, to be effective on January 1, 2014. This regulation introduced the obligation for banks to hold a minimum leverage ratio of 3%, which they will be calculating by dividing the Tier-1 capital by total risk amount, on unconsolidated and consolidated basis, starting from January 1, 2015. Total risk amount will consist of the sum of risk amounts pertaining to balance sheet assets, off-balance sheet transactions, derivative financial instruments and credit derivatives, as well as financing transactions collateralized with securities or commodities.

AUDIT COMMITTEE'S ASSESSMENT OF THE OPERATIONS OF INTERNAL CONTROL, INTERNAL AUDIT & RISK MANAGEMENT SYSTEMS

2013 MACROECONOMIC OVERVIEW:

2013 was mostly a year of recovery for the USA, in particular, and for Europe, to some extent. Although high indebtedness remained as a major issue in Europe, the region was able to exit recession as of the third quarter of 2013. Despite these positive expectations about the future, increased interest rates anticipated as a result of the recovery in developed economies began exerting pressure on emerging countries in the shorter term. The US Fed's signals about reducing bond buying strengthened the anticipation that financial tightening would occur earlier than expected, and exposed emerging economies to relatively more limited foreign capital inflow. Thus, in 2013 growth accelerated in developed economies and growth decelerated in emerging countries as compared with the previous year.

On the other hand, these risks can remain limited, if recovery continues in 2014 in developed countries, and especially in the US and the UK. The nuclear deal with Iran, if consummated, is likely to lead significant decline in energy prices, potentially triggering a scenario that will positively influence the economic dynamics of energy importing countries. In the light of all these developments, the IMF forecasts that global growth will gain momentum in 2014 as compared with the previous year.

On the Turkish economy front, following the foreign demand-led growth in the face of contracted domestic demand in 2012, economic growth was realized through public contribution and private

consumption in 2013, as the private sector investments remained weak and foreign demand made a negative contribution. Accelerated imports due to increased domestic demand, combined with Turkey's transition from the position of a net exporter of gold in 2012 to that of a net importer of gold in 2013 led to a year-on-year expansion in foreign trade deficit. As current account deficit also broadened due to these developments, the Government set fighting against the current account deficit as its priority in the Medium Term Program (MTP). While the BRSA adopted measures to curb private consumption, increased rates were introduced for special consumption tax and fixed tax in various items. Looking at the slumped consumer confidence indices recently released to measure consumer tendency, it is observed that these policies may prove to be effective in restraining consumption. On the inflation side, the quite low rise in food prices in 2012 led an upward push to the overall inflation in 2013, which was suppressed by the decline in energy inflation. However, inflation exceeded even the uncertainty band and went up to 7.4%, also a result of the pass-through effect from exchange rates to prices.

There were powerful capital inflows in the first half of 2013, and average cost of funding was set close to the one-week repo rate. In the same period, Moody's upgraded Turkey's rating from Ba1 to Baa3, investment grade. Following Moody's, JCR of Japan also assigned investment grade to Turkey. In the second half of 2013, however, the Turkish lira depreciated, while

monetary policy was tightened as a result of the capital flows that were reversed by the declarations of the US Fed. In 2013, the cost of funding rose to 7.10% and the two-year benchmark bond rate to 10.03%, and the Turkish lira depreciated by 7.9% on average throughout the year against the EUR/USD basket; in the same period, the exchange rate adjusted loan growth rate was 25% owing to the strong domestic demand during the year.

ASSESSMENT OF GARANTI BANK'S ACTIVITIES & THE RISKS THE BANK WAS EXPOSED TO IN 2013:

In 2013, capital adequacy and liquidity needed to be reviewed on the basis of different scenarios within the frame of regulations. The BRSA established the framework for Internal Capital Adequacy Assessment Process (ICAAP) and Supervisory Review an Evaluation Process (SREP).

With the support of the rating and scoring systems combined with the solid lending processes created, the Bank's NPL ratio of 2.1% remained below the sector's average. The NPL ratio of credit cards declined from 5.2% in 2012 to 4% in 2013, a result also contributed to by the 2013 debt sales from the credit card portfolio, which is classified as past-due loans. While cautiously expanding its lending portfolios with strict adherence to credit quality, Garanti Bank regularly reviewed its credit allocation processes, rating and scoring models. Further improvements by way of updated parameters continued in relation to the

scope of rating and scorecards that have been long in use for lending processes, with a view to gearing up for approaches based on internal rating, as well as to enabling more sensitive measurement and monitoring of risks. A union score consisting of a combination of application, behavior and bureau scores was put into practice in the allocation processes of retail loans and personal credit cards. A grading process was developed for the specialized lending loans assessment model. Work was carried out on the rating of holdings, and on updating and validation of rating model for construction firms.

Volatility in market prices increased as compared with 2012, due to the rises particularly in exchange and interest rates in the June-July period, and then in December, characterized by elevated expectations regarding the launch of US Fed's reduced bond buying. In conjunction with the net general FC position kept within regulatory limits and at a low level, the exchange rate risk floated low despite the increased exchange rates.

The interest rate risk due to the balance sheet maturity mismatch, which was created by the increased interest rate volatility, was managed through selection of long-term funding resources and active use of risk mitigating instruments in 2013. While the ratio of loans to total assets went up on the asset side of balance sheet, that of securities diminished. With regard to funding, different resources were employed with an eye on diversification, and deposits remained the primary funding item despite intensified competition. In 2013, CBRT policies, alternative funding resources and market conditions were overseen in the management of deposit costs. Taking place among long-term financing resources, the Bank's bond issues and borrowings went up by 68% and 39%, respectively, as compared with the average figures of December 2012. Syndicated loans, another long term borrowing instrument, were rolled over at a rate of 110% in 2013. In addition, a

21-year FC financing in the amount of USD 1.1 billion was obtained in December 2013 within the frame of the overseas borrowing program. The balance sheet interest rate risk was regularly monitored through duration gap analyses and managed within the regulatory limit.

In 2013, Garanti Bank determined its liquidity level in view of various factors including the current funding requirements, new investment opportunities, loan demands related to growth, and potential liquidity squeezes. When setting its pricing strategy and the maturity profile of funding resources, the Bank considered the CBRT policies, and domestic and global indicators. The Bank managed the liquidity risk with a proactive management approach by regularly monitoring stress indicators and early warning signals determined within the contingency funding plan framework, stress test results and the daily cash flow, and ensuring compliance with legal liquidity ratios.

2013 ACTIVITIES OF THE INTERNAL SYSTEMS GROUP:

Internal Systems were organized under the responsibility of the Bank's Board of Directors. The Risk Management Department, Internal Control Unit, Compliance Department, Anti-Fraud Monitoring Department and Internal Audit Department function in coordination and independently from units performing executive activities.

The Risk Management Department continued to make the necessary coordination to ensure compliance with Basel requirements. Data management activities went on within the frame of Basel Steering Committee. Necessary revisions were made on data and software within the framework of revised regulations released by the BRSA. ICAAP activities were integrated into the budget process, and capital management encompassing scenario analyses and stress tests were internalized at all relevant units and processes at the Bank's parent company and

subsidiaries. Improvements were made to the internal credit risk measurement models. From the point of credit risk, risk concentration was monitored regularly on the basis of customers, risk groups, sectors and regions. The project on the internal measurement and reporting of counterparty credit risk continued. Bank and market data were regularly followed up with the purpose of monitoring and managing risks. Within the scope of risk limitation, by monitoring the Bank's internal limits besides the regulatory limits, possible changes in economic conditions and risks that will be faced under tough circumstances were also assessed.

On the audit side, the Internal Audit Department and the Internal Control Unit managed operational risks. The Internal Audit Department conducted on-site audits, centralized audits, IT audits and financial statement audits at the Head Office units, branches and consolidated subsidiaries. The Internal Control Unit carried on with its control activities directed toward branches and units, through both on-site controls and periodic works realized by central teams using the system infrastructure. Effective internal control and internal audit activities supported by IT maintain the losses resulting from operational risks at low levels similar to previous years. Moreover, the limit, double control and authorization implementations introduced in relation to transactions carried out in branches and units and controls integrated into systems contributed to the management of operational risks. Momentum was given to efforts on monitoring and eliminating the findings from ongoing audits. The Internal Audit Department audited the Bank's ICAAP Report, whose production was coordinated by the Risk Management Department, with respect to the "accuracy of data, adequacy of system and processes, and whether data, system and processes allow correct analysis", and the outcomes of the review were documented in a report. Within the scope

of the work concerning disaster recovery and business continuity management, the entire Bank staff received training for the purpose of increasing knowledge levels throughout the Bank. In addition, the Internal Control Unit coordinated activities aimed at developing action plans for possible disaster scenarios through practical tests and drills.

Compliance Department continued to work for the management of compliance risks the Bank may be exposed to, and for identifying and preventing these risks before implementation. The Department kept overseeing the compliance of all of the Bank's current and planned activities and new transactions and products with the Banking Law, other applicable legislation, all internal policies and guidelines, and banking practices. In an effort to strengthen the Bank's consolidated compliance policy, compliance of the Bank's subsidiaries was supervised and advice was provided as necessary. Under the strategy to fight against laundering of proceeds of crime and financing of terrorism, the Compliance Department worked towards ensuring compliance with national and international regulations. The monitoring program created thanks to the technological facilities of the Bank has been instrumental in the effective performance of risk management, monitoring and control activities. Within the framework of preventing money laundering and financing of terrorism, classroom training sessions and branch visits were organized, which served to enhance the awareness and consciousness of the staff. In 2013, MASAK (the Financial Crimes Investigation Board) recognized, for the third time, Garanti Bank's Compliance Department as the first among the banks of its scale in the fight against laundering proceeds of crime and financing of terrorism.

The Anti-Fraud Monitoring Department, which fights against external fraud, continued with its efforts to instantly monitor and identify card, Internet, merchant and application fraud, and prevent them through simultaneous and

swift actions. Informative and training activities continued in relation to fraud incidents and emerging trends in an effort to raise awareness of the fight against external fraud throughout the Bank. Work was carried out to upgrade the software used against the complex and ever-changing fraud trends, and new versions were introduced for credit card and debit card controls. Through new warning parameters and scoring models developed against fraud trends evolving in parallel with technological developments, external fraud losses of the Bank and the customers remained at minimum levels as in previous years. Risk-prevention activities were carried out proactively on the back of suggestions and added controls for external fraud risks in relation to new products and processes to be launched by the Bank.

Having held eight meetings during 2013, the Audit Committee continued to monitor the effectiveness and adequacy of Garanti Bank's internal control, risk management and internal audit systems, and these and accounting and reporting systems in accordance with applicable regulations and the integrity of resulting information. The Committee kept monitoring whether the internal audit systems covered the Bank's existing and planned activities and the resulting risks by analyzing the internal audit plans. In this frame, the Audit Committee regularly monitored and assessed the activities of the Internal Audit Department, Risk Management Department, Internal Control Unit, Compliance Department and Anti-Fraud Monitoring Department during the year. The Audit Committee also kept making necessary preliminary evaluations with regard to the designation of the external auditor, valuation firm and support services providers by the Board of Directors. In this frame, The Committee continued to regularly monitor the activities of these establishments designated by the Board of Directors and with which contracts are signed and to evaluate the outcomes of external audit.

Through the various risk committees,

the information flow regarding the risks and the development and proactive implementation of suggested solutions for the management of anticipated risks were coordinated. In addition, the Audit Committee monitored the actions taken by the top management and the units affiliated to them in relation to the matters established in the internal audit reports.

On the other hand, the Audit Committee continued to ensure consolidated and coordinated performance of the internal audit activities at consolidated subsidiaries. In this frame, the Committee closely watched the effectiveness of the internal systems in place at Group Companies, as well as that of the audits conducted by the Internal Audit Department in these companies.

The Audit Committee presented regular reports to the Board of Directors regarding the activities performed during the reporting period, and their outcomes, within the scope of its duties and responsibilities that are determined by the Board of Directors.

OUTLOOK FOR 2014:

2014 might turn out to be a year of increased volatility with the tapering initiated by the US Fed and the elections to be held in Turkey. Based on the World Bank projections updated in January 2014, it is forecasted that Turkey, which is estimated to have grown by 4.3% in 2013, will grow by 3.5% in 2014. While the direction of capital flows remains unknown, the latest developments give rise to more pronounced effects in countries with high current account deficit, including Turkey. However, steps taken towards narrowing the current account deficit by curbing consumption in Turkey may limit the negative impact of private consumption on current deficit within the changing growth composition of 2014. Furthermore, permanent depreciation of the Turkish lira may hold down growth in conjunction with decreased investments. Yet, continued recovery in Europe and increased

foreign demand led by the heightened competitive level of the Turkish lira can contribute to economic growth. All these factors, if combined with a more balanced growth composition, may bring about a downward trend in the current account deficit.

Rate of expansion in lending volume, the most important component of asset growth in the banking industry, is expected to remain below its level of last year. In order to preserve and strengthen their asset qualities, banks need to accurately assess the potential implications of legal regulations, and put emphasis on overseeing credit quality. In view of the fact that access to low-cost, permanent funding resources will have an increased effect on profitability, it is anticipated that attracting long-term deposits will present greater importance for the banks in 2014. Key policies of the year ahead include continued broad-based expansion particularly on the deposits side in keeping with the sustainable and cost-effective funding strategy, and utilization of resources such as bond issues and syndicated loans within the frame of managing the interest rate risk arising from maturity mismatch in balance sheet management, as well as diversifying funding resources.

Upon finalization of efforts to calculate credit risk using the standardized method in 2013, the banks began concentrating rather on data management and improvement of collateralization. 2014 is anticipated to see emphasis placed on efforts to achieve compliance with draft or finalized legal regulations published in various topics by the BRSA in 2013. The roadmap for the implementation

of Basel III requirements in Turkey has been clarified to a large extent as various regulations issued by the BRSA for compliance with these requirements came into force as of 1 January 2014. These regulations included the Regulation on Equity of Banks, Regulation on Capital Protection and Cyclic Capital Buffers, Regulation on the Measurement and Evaluation of Leverage Levels of Banks and the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. On the other hand, with the publication of BRSA regulations governing calculation of credit risk using methods based on internal rating and measurement of operational risk using the advanced measurement approach to attain alignment with Basel II/CRD, efforts to this end are expected to gain speed in the banking industry.

Garanti Bank will continue to efficiently manage the risks it is exposed to in line with its strategy and activities through limits and audit activities, while complying with legal regulations and overseeing potential stress conditions. The efficiency and adequacy of the audit and risk management systems will be supervised by the Audit Committee and the Board of Directors, and necessary work concerning the management of risks, which the Bank will be exposed to, will be coordinated by the relevant risk committees also in 2014.



M. Cüneyt Sezgin, Ph.D.
Independent Board Member and
Audit Committee Member



Manuel Galatas Sanchez-Harguindey
Independent Board Member and
Audit Committee Member

RELATED PARTY RISKS

(Thousands of Turkish Lira (TL))

LOANS AND OTHER RECEIVABLES

Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	2,940,871	1,381,591	260,311	466,918	314,839	495,947
Balance at end of period	3,811,321	1,586,707	9,250	264,878	454,736	472,119
Interest and Commission Income	46,607	257	687	9	25,260	399

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,746,072	1,359,135	186,803	34,925	245,679	478,356
Balance at end of period	2,940,871	1,381,591	260,311	466,918	314,839	495,947
Interest and Commission Income	58,218	203	773	6	19,169	931

DEPOSITS

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	511,151	386,511	101,958	1,109,031	205,931	341,540
Balance at end of period	651,174	511,151	304,643	101,958	330,572	205,931
Interest Expense	45,209	44,764	9,910	14,810	15,088	13,827

DERIVATIVE TRANSACTIONS

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading:						
Balance at beginning of period	1,119,747	951,574	2,895,692	1,066,781	-	28,710
Balance at end of period	1,200,843	1,119,747	8,871,339	2,895,692	-	-
Total Profit/(Loss)	(85,747)	(17,777)	(49,308)	(17,213)	-	934
Transactions for Hedging:	-	-	-	-	-	-
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

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.

CONCENTRATION OF TRANSACTION VOLUMES & BALANCES WITH RISK GROUP & PRICING POLICY

The cash loans of the risk group amounting TL 1,660,748 thousands (31 December 2012: TL 1,166,224 thousands) compose 1.40% (31 December 2012: 1.27%) of the Bank's total cash loans and 0.84% (31 December 2012: 0.73%) of the Bank's total assets. The total loans and similar receivables amounting TL 4,275,307 thousands (31 December 2012: TL 3,516,021 thousands) compose 2.17% (31 December 2012: TL 2.19%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 2,323,704 thousands (31 December 2012: TL 2,344,456 thousands) compose 7.01% (31 December 2012: 8.37%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,286,389 thousands (31 December 2012: TL 819,040 thousands) compose 1.21% (31 December 2012: 0.94%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 2,477,403 thousands (31 December 2012: TL 145,643 thousands) compose 8.40% (31 December 2012: 0.17%) 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 70,805 thousands (31 December 2012: TL 64,596 thousands). A total rent income of TL 5,116 thousands (31 December 2012: TL 4,024 thousands) was recognized

for the real estates rented to the related parties.

Operating expenses for TL 0 thousands (31 December 2012: TL 6,195 thousands) were incurred for the IT services rendered by the related parties.

Other income of TL 7,329 thousands (31 December 2012: TL 0 thousands) for IT services rendered and banking services fee of TL 2,026 thousands (31 December 2012: TL 1,344 thousands) were recognized from the related parties.

Insurance brokerage fee of TL 78,493 thousands (31 December 2012: TL 66,697 thousands), leasing customer acquisition fee of TL 9,739 thousands (31 December 2012: TL 6,974 thousands) factoring customer acquisition fee of TL 3,853 thousands (31 December 2012: TL 3,650 thousands), fleet business customer acquisition fee of TL 200 thousands (31 December 2012: TL 140 thousands) and stocks brokerage fee of TL 0 thousands (31 December 2012: TL 3,678 thousands) were recognized as income from the services rendered for the affiliates.

Operating expenses of TL 11,453 thousands (31 December 2012: TL 10,960 thousands) for advertisement and broadcasting services, of TL 23,648 thousands (31 December 2012: TL 17,813 thousands) for operational leasing services, and of TL 12,237 thousands (31 December 2012: TL 8,870 thousands) for travelling services rendered by the related parties were recognized as expense.

As of 31 December 2013, the net payment provided or to be provided to the key management of the Bank amounts to TL 68,918 thousands (31 December 2012: TL 82,512 thousands).

OTHER MATTERS NOT REQUIRED TO BE DISCLOSED

None.

TRANSACTIONS ACCOUNTED FOR UNDER EQUITY METHOD

None.

ALL KIND OF AGREEMENTS SIGNED LIKE ASSET PURCHASES/SALES, SERVICE RENDERING, AGENCIES, LEASING, RESEARCH & DEVELOPMENT, LICENCES, FUNDING, GUARANTEES, MANAGEMENT SERVICES

The Bank has agency contracts with Garanti Yatırım Menkul Kıymetler A.Ş. and Garanti Emeklilik ve Hayat A.Ş. 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.

Notes:



BEST IN EUROPE

in Social Media



Most Followed in Finance Sector

LEADER

3.2 MILLION FOLLOWERS

>300K

New Followers

65 CAMPAIGNS

dedicated for social platforms

~1.5 MILLION FOLLOWERS

~100K FOLLOWERS

~1,000 CONTENT

Shared by Garanti

FIRST TURKISH BANK

enabling Money Transfer via Facebook & Twitter

GARANTI LINK

~27 K CUSTOMERS

"Link"ed their Social Media Account

Customer Satisfaction

24/7 ASKGARANTI

~27 K RESPONSES

in 2013

~50 K GENERAL PURPOSE LOAN APPLICATIONS

via Facebook



Garanti Bank videos

~522 K VIEWS

in 2013



**CORPORATE
GOVERNANCE
PRINCIPLES
COMPLIANCE
REPORT**

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SECTION 1 – SHAREHOLDERS

1. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Türkiye Garanti Bankası A.Ş. ("Garanti Bank" or "Garanti" or "the Bank") complies with the corporate governance principles set out by the banking legislation, capital market legislation as well as the Turkish Commercial Code and other related legislations. Garanti Bank pays maximum attention for implementing these principles. The Bank accordingly updates its annual reports and website, making them available to its shareholders. The shareholders may access detailed information, get information about the latest developments and activities from Garanti's regularly updated website, and may address their questions to the Investor Relations Department.

As a result of its commitment to the corporate governance principles, Garanti complies with the principles that are not mandatory for the corporations subject to the Communiqué Serial: IV, No. 56 on the Determination and Implementation of Corporate Governance Principles issued by the Capital Markets Board of Turkey (CMB), which was in force in the 2013 operating year.

The Corporate Governance Committee was set up in February 2013 pursuant to the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency ("BRSA") and the Communiqué on the Determination and Implementation of Corporate Governance Principles issued by the CMB. The Committee is responsible for overseeing compliance with the corporate governance principles and for ensuring that relevant

improvement efforts are carried out in the Bank. In 2013, the Committee held two meetings with full participation of its members. The Board of Directors considered that the activities performed by the Corporate Governance Committee in 2013 were efficient, appropriate, adequate and compliant with the relevant legislation. The activities of the Corporate Governance Committee are presented in details in the Committees section.

On the other hand, Garanti, during 2013, achieved compliance with all of the mandatory principles set out in the said Communiqué.

2. SHAREHOLDER RELATIONS DIVISION

Pursuant to Article 11 of the CMB Corporate Governance Communiqué No: II-17.1 published in the Official Gazette numbered 28871 and dated 03.01.2014, the Investor Relations Department that establishes communication between companies and investors needs to be set up, and it must directly report either to the company's general manager or assistant general manager or to another equivalent director with administrative responsibility. The head of the Investor Relations Division must hold "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise License"; he/she must be employed as a full-time manager in the company and appointed as the member of the corporate governance committee. Accordingly, the functions of the Investor Relations Division at Garanti Bank are fulfilled by the Investor Relations Department and Tax Operations Management Department – Shareholders and Subsidiaries Service. As disclosed in the Public Disclosure Platform following the Corporate Governance Committee meeting held in

January 2014, Aydın Şenel, Executive Vice President responsible for Purchasing and Tax Management, who possesses "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise License", participates in Corporate Governance Committee meetings as the 'Head of the Investor Relations Division' and 'Member of the Corporate Governance Committee', and Handan Saygın participates in Corporate Governance Committee meetings as the Senior Vice President of the Investor Relations Department.

The Investor Relations Department manages the relations with foreign investors/shareholders, investment firms and rating agencies. The Investor Relations Department is mainly responsible for:

- Managing relations between foreign/ domestic institutional investors/ shareholders and the company by consistently and proactively providing information, responding to written and verbal queries,
- Participating in investor conferences organized in Turkey and abroad; organizing targeted road shows; making presentations about the corporate structure and financial statements,
- Managing relations between brokerage houses' banking sector analysts and the company by consistently and proactively providing information, responding to written and verbal queries,
- Within the scope of public disclosure obligations regarding the Depository Receipts trading in international markets, uploading corporate disclosures in English to the relevant platforms,
- Managing relations with the international rating agencies, responding to their written and verbal

- information queries,
- Managing all the publishing including printing and web-based processes of the Bank's annual and interim reports, coordinating the formation of the content to be compliant with the related regulations,
 - Managing and regularly updating the content of the Investor Relations section of the Bank's website to cover all the issues emphasized within the Corporate Governance Principles.

In addition to satisfying its key responsibilities, the Investor Relations Department, in 2013, performed the following in keeping with its proactive, transparent and consistent communication strategy:

- Took part in 35 national and international investor conferences held in 11 cities in Asia, USA and Europe with the participation of the administrative team, in addition to one-on-one meetings with 863 international investment funds,

- Held due diligence meetings with 4 rating agencies,
- Conducted 4 live earnings webcasts/ teleconferences and posted the podcasts on its website,
- Issued quarterly interim reports, sharing detailed information and data about Garanti,
- Brought together the analysts of investment firms with the CEO and the Executive Vice President responsible for Strategic Planning in an operational plan presentation meeting,
- Issued the "StockWatch Quarterly" newsletter four times a year, which summarizes information on the Turkish economy, the banking industry, the equity market and the position of Garanti in the sector, as well as on the Bank's operations, and published two "Corporate Profile" booklets, by mid-year and at year-end.

In addition, Garanti Bank operates a Subsidiaries and Shareholders Service

- under the Tax Operations Management Department to facilitate the follow-up of shareholder rights. The primary responsibilities of this Unit are as follows:
- Managing correspondences between shareholders and the Bank in relation with shares and to ensure that legal records of shares are kept updated and in a safe manner,
 - Preparing all necessary documents (as required by law) to be submitted to shareholders information prior to the General Meeting of Shareholders and to ensure that General Meeting of Shareholders is being executed as required by law, Articles of Association and other internal regulations of the Bank,
 - To ensure that the Bank is compliant with all liabilities and obligations (including Corporate Governance and Public Disclosure obligations) that are emanated from Capital Market Regulations,
 - Handle the capital increase formalities

Investor Relations Department

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Tax Operations Management Department – Subsidiaries and Shareholders Service

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of the Bank, and facilitate the exercise of bonus and rights offerings that result from the capital increase,

- Facilitate profit distribution procedures as per Article 45 of the Articles of Association in case the dividend distribution to shareholders has been resolved by the General Assembly.

3. EXERCISE OF SHAREHOLDERS' RIGHT TO OBTAIN INFORMATION

The Subsidiaries and Shareholders Service respond to inquiries received from shareholders via phone and e-mail regarding the share certificate procedures, general meetings of shareholders, capital increases and dividend distributions. In addition, during the fiscal year, information requests by shareholders and third parties related to matters such as annual reports, the current status of share certificates and the inheritance of share certificates are answered in writing.

The Investor Relations Department responds to questions received via phone and/or e-mail from existing and/or potential investors, bank analysts and rating agencies; in addition, the Department organizes one-on-one and/or group meetings and answers all questions about Garanti. Garanti has two investor relations websites, one in Turkish and the other in English.

The Investor Relations site in Turkish can be reached at www.garanti.com.tr/yatirimciiliskileri

The Investor Relations site in English can be reached at www.garanti.com.tr/investorrelations

These websites contain information about shares, corporate information, periodically published financial statements and annual reports, information about corporate governance, sustainability and projects that add value to the society. These websites also give access to Material Event Disclosures pertaining to developments regarding

Garanti Bank, which are disclosed to the public via the Public Disclosure Platform.

The appointment of a special auditor is not required by the Articles of Association of the Bank and so far, no request regarding the appointment of a special auditor has been submitted to Garanti.

4. INFORMATION ON THE GENERAL SHAREHOLDERS' MEETINGS

During the fiscal period (01.01.2013-31.12.2013), one Ordinary General Shareholders' Meeting was held. Meeting quorum in the Ordinary General Shareholders' Meeting was 76.74%. General Shareholders' Meetings are held in accordance with the resolutions adopted by the Board of Directors.

Before these meetings, the meeting date, venue and agenda are announced to shareholders through the material event disclosure duly made via the Public Disclosure Platform in accordance with the general principles, as well as the announcements placed in the Turkish Trade Registry Gazette, e-General Meeting Electronic General Meeting System (www.mkk.com.tr) and national newspapers. Balance sheets, income statements and annual reports are prepared prior to the General Shareholders' Meetings and made available for review by shareholders within the timeframe determined in the applicable regulation on the website, at all branches and at the Head Office of the Bank. At General Shareholders' Meetings, agenda items are discussed and submitted for the shareholders' approval. Shareholders are entitled to ask questions, express their opinions and submit proposals regarding the agenda items. Questions are handled and answered in accordance with the regulations of the Capital Markets Board as well as the principles and procedures specified in the Turkish Commercial Code.

Proposals are submitted for approval at the General Shareholders' Meeting and become effective if approved by the specified majority. The meeting minutes

and the list of attendants of the General Shareholders' Meetings are published in the Turkish Trade Registry Gazette and resolutions adopted are published via the Public Disclosure Platform.

Resolutions adopted in the General Shareholders' Meetings are carried out in accordance with the legal procedures within the specified time.

Pursuant to the provisions of the Regulation on Electronic General Meetings at Joint Stock Companies and the Communiqué on Electronic General Meeting System Applicable at General Assemblies of Joint Stock Companies, attendance to the General Shareholders' Meetings of the Bank via electronic means has been allowed as of 2013.

Moreover, the minutes and the list of attendants of the General Shareholders' Meetings are available to shareholders at Garanti Bank's websites and the Subsidiaries and Shareholders Service.

Pursuant to applicable legislation, the minutes of the General Shareholders' Meetings are made available to shareholders on the Bank's website, in the Trade Registry Gazette, on the Public Disclosure Platform (www.kap.gov.tr), e-Company Information Portal (www.mkk.com.tr), and e-General Meeting Electronic General Meeting System (www.mkk.com.tr). No media members participated in the Ordinary General Shareholders' Meeting held in 2013.

At the 2013 Ordinary General Shareholders' Meeting, shareholders commented that dividends did not meet the expectations of small investors, the dividends were too low, setting aside the profit as Extraordinary Reserves using unstable growth as an excuse is to the detriment of small investors, women Board members need to be appointed as per the CMB's Corporate Governance Principles, and they asked questions about the formation of the Board of Directors and quorums. Shareholders were informed that the profit is distributed in the ratio stipulated by the legal authorities and retained earnings are set aside under the Extraordinary

Reserves in accordance with the legislation; that General Assembly announcements are published on all platforms, including the Turkish Trade Registry Gazette and two nationally-circulated newspapers within the legally prescribed period of time; that Sema Yurdum was elected to a seat on the Board of Directors at the 2013 Ordinary General Shareholders' Meeting, and that other Board members are elected based on the relevant article of the Articles of Association.

On another front, the total amount of contributions and donations made by the Bank in 2013 is TL 18,001,967. Based on its commitment to corporate social responsibility, the Bank makes donations and contributions mostly to persons, non-governmental organizations, societies or foundations, public entities and organizations that are engaged in the fields of education, culture, art, environment and sports. Donations can also be made to promote the Bank's corporate identity and to expand the coverage of banking activities.

Amounts and Beneficiaries of the donations made in 2013 are as follows:

ÖĞRETMEN AKADEMİSİ VAKFI (TEACHERS ACADEMY FOUNDATION)	TL3,000,000
GOVERNOR'S OFFICE OF VAN, PROVINCIAL DIRECTORATE OF EDUCATION	TL2,944,246
İSTANBUL KÜLTÜR VE SANAT VAKFI (İSTANBUL FOUNDATION FOR CULTURE AND ARTS)	TL2,861,344
SPORTING CLUB SOCIETIES	TL1,801,712
UNIVERSITIES AND EDUCATIONAL INSTITUTIONS	TL1,581,126
İSTANBUL MODERN SANAT VAKFI (İSTANBUL FOUNDATION FOR MODERN ARTS)	TL982,335
DOĞAL HAYATI KORUMA VAKFI (WORLD WILDLIFE FUND-TURKEY)	TL974,539
AYHAN ŞAHENK FOUNDATION	TL879,125
TOPLUM GÖNÜLLÜLERİ VAKFI (COMMUNITY VOLUNTEERS FOUNDATION)	TL762,000
PUBLIC INSTITUTIONS	TL160,025
OTHER FOUNDATIONS, SOCIETIES AND INSTITUTIONS	TL2,055,515
TOTAL	TL18,001,967

Information regarding the amounts and beneficiaries of donations and contributions made by the Bank during the reporting

period is provided to the shareholders under a dedicated agenda item during the General Shareholders' Meeting.

There were no transactions in the reporting period for which the decision was left to the General Assembly of Shareholders by reason of dissenting votes cast by the independent Board members.

5. VOTING RIGHTS & MINORITY RIGHTS

Shareholders' voting rights and exercise of these rights are determined in Article 38 of Garanti Bank's Articles of Association. There are no privileged voting rights at the General Shareholders' Meetings, Companies controlled by the majority shareholder of the Bank vote in the General Shareholders' Meetings. Minority shares are not represented in the management. The Bank's Articles of Association does not set the minority rights to be less than one twentieth of the capital.

6. DIVIDEND RIGHT

There are no privileges in dividend distribution. Details of dividend distribution are specified in articles 45,

46, and 47 of the Articles of Association. In the past, the Bank has added its profit to its capital base and distributed

it to shareholders in the form of bonus shares. In accordance with Article 46 of the Articles of Association, dividend proposals for 2013 are submitted for approval at the General Shareholders' Meetings based on the decision of the Board of Directors. The proposals become effective if approved at the General Shareholders' Meeting and the resolutions are published via the Public Disclosure Platform on the same date. Following the resolution adopted in 2013 regarding the dividend distribution, the distribution procedures were completed and notifications were made to the public authorities within legal time periods.

Furthermore, pursuant to the provisions of the CMB Communiqué Serial:IV No. 56 on the Determination and Implementation of Corporate Governance Principles, which was in force in 2013, the dividend distribution policy of the Bank was presented to the information of the shareholders at the Ordinary General Shareholders' Meeting held in 2013, and was publicly disclosed on the Bank's website.

The Bank's Dividend Distribution Policy is as follows:

The details of our Bank's dividend distribution policy are specified in articles 45, 46, and 47 of the Articles of Association. In this context, by taking into account our Bank's growth in accordance with its goals within the sector and its financial needs, the General Assembly is authorized to decide to distribute dividends in cash or capitalize the dividends and distribute the bonus shares which are to be issued by the Bank, or implement a combination of both methods, and execute the dividend distribution within the time period specified in the relevant legislation.

The Bank's dividend distribution policy stipulates distribution of up to 25 % of the distributable profit in cash or as bonus shares upon the approval of the BRSA, provided that there is no unfavorable situation in the local and/or global economic conditions and the standard rates, which are specified by

the protective measures in the Banking Law no.5411, are at the targeted level. Amounts retained from the profit for the period, which remain after legal reserves and funds that are obligatory to be saved by the Bank are set aside, are transferred to the Extraordinary Reserve Account.

In accordance with Article 46 of the Articles of Association, the dividend distribution proposals shall be submitted for approval of the General Assembly following a decision by the Board of Directors in this regard, by taking into account the Bank's operational performance, financial needs, growth target and the legal regulations applicable to the Bank. The dividend distribution resolution becomes effective if and when adopted in the General Shareholders' Meeting, and resolutions are publicly disclosed via the Public Disclosure Platform on the same day.

7. TRANSFER OF SHARES

The Articles of Association of the Bank does not contain any provisions that restrict the transfer of shares. Shares are transferred in accordance with the Articles of Association and applicable legislation including the Banking Law.

SECTION 2 – PUBLIC DISCLOSURE & TRANSPARENCY

8. DISCLOSURE POLICY

Garanti Bank Disclosure Policy, which was approved by the Board of Directors, came into effect in 2009. The Disclosure Policy is publicly disclosed within the Bank's annual report and under the Corporate Governance heading on the Investor Relations website. The chairman and members of the Board of Directors, CEO and Executive Vice Presidents are authorized to make statements on behalf of the Bank to the media, press and/or data dissemination companies. The Disclosure Policy of the Bank will be publicly disclosed after making the necessary updates, as per the "Material Events Communiqué" no. II-15.1, which came

into force on 23.02.2014.

In the operational plan presentation meeting, Garanti Bank brought together the analysts of investment firms with the CEO and the Executive Vice President responsible for Strategic Planning, and shared its projections for 2014.

2013 overview, assessment and 2014 projections of the Bank can be found in the Annual Report's "2013 Overview, Executive Assessment, 2014 Outlook" section starting on page 18.

9. COMPANY WEBSITE & ITS CONTENT

Garanti has two websites, one in Turkish and the other in English.

The Turkish website is accessible at www.garanti.com.tr

The English website is accessible at www.garantibank.com

In addition to providing general information about the Bank and enabling banking transactions through the internet banking branch and mobile applications, the websites contain detailed information on products and services offered in banking, credit cards, investment, insurance, leasing, factoring, pension and e-commerce. Turkey's most visited financial website, garanti.com.tr features special sections dedicated to specific topics in relation to banking transactions through categorized content, and offers quick application option both for the Bank's customers and non-customers by means of easy-to-use forms in order to satisfy the users' needs. For example, providing the best-suited solutions application for users' saving needs, Garanti supports the SMEs through business start-up, incentive finding and guaranteed payment services. The visitors of the website can easily compare the products under different categories and find the answer to any question in the "Help & Advice" section. While the site's search capabilities have been renewed to offer a filtering feature, garanti.com.tr's video content and the "send to a friend"

and "share on social media" functions on every page have also been designed to create a stimulating interactive environment. Garanti Internet Banking, on the other hand, facilitates fast and practical execution of more than 400 banking transactions by the Bank's customers.

Prepared both in Turkish and English, the websites feature an Investor Relations section, offering corporate information, latest ownership and management structure, credit ratings, key financial indicators for the Turkish banking industry and for Garanti, the position of Garanti in the sector, detailed information about shares (listing information, quotation, lists of analysts, stock analysis tools (price, volume, index and comparative analysis)), periodic financial statements prepared in accordance with international accounting standards and the BRSA regulations, reports and presentations prepared for investors, reports and presentations on macroeconomic developments, annual reports, quarterly interim reports and "StockWatch" prepared for investors, semi-annually published Corporate Profile bulletins, detailed information on corporate governance including Code of Ethics, Disclosure, Dividend Distribution, Human Resources, Donation and Contributions and Compensation Policies, material event disclosures, capital increases, dividend ratios, steps taken by Garanti to achieve sustainability and related reports, environmental policy, projects that add value to the society, and awards as well as, but not limited to, information that should be published on company web sites as required by the Turkish Commercial Code and other related applicable legislation, the regulations of the CMB regarding corporate governance principles, other related capital market legislation and other regulations in effect.

The corporate website is organized to give all stakeholders quick and easy access to information. The information published on the website is updated

regularly. At the same time, historical information is stored in a systematic order to allow the users to make comparisons. Importance is given to efforts to improve the website and daily updates guarantee access to accurate and reliable information via the corporate website. The security of the website is assured by Garanti Bank.

The Investor Relations Department and Subsidiaries and Shareholders Service answer questions, comments and information requests of all stakeholders within the shortest time possible. Postal addresses, telephone and facsimile numbers and e-mail addresses of these departments are available to all stakeholders in the Turkish and English corporate websites. The Investor Relations Department announces the international conferences and meetings it will participate via the "Investor Relations Calendar" on the English website. In addition, the website also contains a frequently asked questions section under the Help and Advice section.

10. ANNUAL REPORT

Annual reports of the Bank contain the information required by the CMB's regulations concerning Corporate Governance Principles and other capital market legislation and regulations in effect.

SECTION 3 - STAKEHOLDERS

11. INFORMING STAKEHOLDERS

Stakeholders are kept informed regularly through meetings, material event disclosures sent to the Public Disclosure Platform, press releases, newspaper announcements, annual reports, news and disclosures on the website, and internal announcements. Easy access to current information is ensured through the website which contains detailed information on matters that the stakeholders need to be informed about. Moreover, the Investor Relations Department regularly holds meetings with investors to share the

latest developments, the competitive environment and market expectations, analyses and strategy, in an effort to establish plain, transparent, consistent and timely communication. Furthermore, the Department shares the operational plan covering projections for the coming period during by organizing an "analyst day".

In order to ensure accurate and timely flow of information, the Investor Relations Department prepares presentations on quarterly financial statements; these presentations are shared with the investors through the internet and by e-mail, and also announced during live webcasts/teleconferences. The Department regularly attends investor meetings organized by investment firms, communicating recent information about Garanti and the sector. The Department also responds to questions and inquiries by phone or e-mail on a daily basis. Also, all units of the Bank efficiently respond to customers' any information requests and demands about Garanti's services and products.

Created for the purpose of informing the employees, the corporate portal covers all relevant procedures, announcements and notices; this information can be accessed instantly and efficiently using different means. In addition, at Visionary Meetings held at the beginning of every year, Garanti's CEO shares the past year's assessment and next year's targets with the employees.

Communication channels including a notice line, fax and e-mail are made available to stakeholders so that they can convey any transaction that contradicts with the legislation or that is unethical to the Audit Committee via the Internal Audit Department.

12. STAKEHOLDER PARTICIPATION IN MANAGEMENT

Garanti Bank, taking all stakeholders into consideration, aims to improve product and service quality and to achieve internal and external customer satisfaction. In order to attain this, the Bank designs

all of its systems to allow continuous improvement.

The stakeholders can participate in management through specially designed systems and meetings.

In addition to responding to customer inquiries, the "Customer Care Line" set up under the Customer Satisfaction Department receives customers' suggestions and handles their complaints. Garanti provides its customers with the means to communicate their demands, complaints, and ideas and suggestions about management any time through the Garanti website or the Call Center at 444 0 338. The experienced customer satisfaction team offers service 24/7 from the Facebook page and Garanti'yeSor (Ask Garanti) account on Twitter to give support and respond to questions in the fastest manner. In case of violation of the customers' rights protected by regulations and contracts, the Bank provides efficient and fast remedy and facilitates the use of loss compensation mechanisms by customers who have incurred any loss.

At Garanti Bank, employee suggestions regarding products and services are taken into account, and efficiency of internal operations is increased. Employee comments are used for constant improvement, which are communicated by means of "Önersen" (You Suggest) and "Atölye" (Workshop), platforms whereby employees share their ideas and suggestions. Introduced in 2007, the suggestion platform "Önersen" collected 1,757 suggestions in 2013, reaching a total of approximately 14,000 suggestions. "Atölye", a project-based innovation platform active since 2010, has been instrumental in seeking opinions from the employees under six projects in total.

13. HUMAN RESOURCES POLICY

The pillar of Garanti's approach to human resources is investing in human capital. With the awareness that human capital is the driving force behind all progress, the Bank builds systems to recruit, train and

develop young and innovative individuals on a continuous basis, to provide a working environment that encourages full utilization of employees' skills, offers a wide range of opportunities and ensures recognition and awarding of their accomplishments.

The human resources policy of Garanti can be summarized as giving priority and importance to the human, ensuring continuous investment, deploying sufficient resources for training, giving priority to promoting from within, undertaking training programs for this purpose, developing human resources systems, maximizing participation by pioneering an environment of open communication, being fair and objective, and developing practices at international standards.

In this frame, the mission of the Human Resources Department is to play a strategic role implementing efficient human resource policies to assist the organization in achieving its business objectives. Accordingly, the Department operates in accordance with Garanti's ethical values; under "equality principle" (Our bank and employees treat fairly in their business relations regardless of language, race, gender and political thought, philosophical belief, religion, sect and similar reasons. Our bank respects to human rights.); closely cooperating with business units and those in the field, employing objective measurement and rating tools and methods to match the right person with the right job. The Department develops human resources applications in accordance with the Bank's strategies, makes efforts to improve employee motivation, creates communication forums that allow employees to express themselves freely, provides "career consulting" for employees in line with their competencies, knowledge, skills, needs and expectations, and ensures that employees receive proper training for personal development.

Standard criteria (experience, seniority, performance, competency evaluation,

tests, interview, etc.) are established for all internal promotions and transfers between positions. They are transparently announced throughout the Bank via career maps, while employees are guided and supported in line with their chosen career path.

The compensation system of the Bank is built on job-based remuneration; employees who are employed in similar jobs receive similar compensation. Jobs are rated and compensated according to objective criteria such as required competency, the risk involved and the number of employees supervised. The Bank's remuneration policy established within this framework has been approved by the Board of Directors and has been presented for the information of shareholders at the Ordinary General Shareholders' Meeting held in 2013 pursuant to the CMB Communiqué Serial: IV, No. 56 on the Determination and Implementation of Corporate Governance Principles, which was in force in 2013. Subsequently, the policy was made public on the Bank's website pursuant to the provisions of the said Communiqué.

The performance evaluation system at Garanti measures employee performance depending on objectives and the extent of their attainment. Employees of the Bank receive bonuses based on EVA (Economic Value Added) financial accomplishment metrics. Systematic bonus and performance models are major and effective management tools for achieving cost management and efficiency, while ensuring fairness among the employees. In this context, besides the figures targeted by the Bank, criteria such as customer satisfaction, service quality and efficient management of human resources are among the basic factors affecting the performance-based payment. Bonus payments made as part of the EVA model based on Profit and Risk Management ensure a significant level of awareness of these criteria among all employees at branch level. These performance-based payments are realized twice a year and a certain

percentage of the payment is deducted for payment in future years, again based on performance. Moreover, Garanti monitors the competitiveness of its salaries through research of salary levels in the sector carried out twice a year. Job descriptions, performance criteria and bonus system criteria of all positions in the Bank are announced transparently to all employees via the Intranet.

The portion of 13.33% of the total personnel expenses figure for the benefits provided in 2013 to the Bank's employees including the Board Members and Senior Management in the financial statements results from the performance-based bonuses of all employees and variable income payments.

Quarterly sector analyses serve to monitor salaries, number of employees at branches and at the head office, turnover rates of branches. They also guarantee consideration of the effects of sector dynamics on human resources strategies. Garanti holds a pioneering position in the sector thanks to its low turnover rates and controlled personnel costs per capita.

In 2005, Garanti received the IIP (Investors in People) quality certification for its human resources practices, and became the first Turkish recipient of the award. In 2009, Garanti was honored with the "Silver" certification from the IIP, an award presented to only 0.36% of IIP certified organizations worldwide. Being the first and only Turkish company to be awarded the Gold certificate by the IIP in 2012, Garanti proves its commitment to preserve its human resources standards while sustaining growth. Any developments or decisions concerning the employees are announced either to the concerned employee via private communication tools or to all employees via the Intranet.

14. ETHICAL RULES & SOCIAL RESPONSIBILITY

Corporate social responsibility is an integral part of the corporate culture of

Garanti. Apart from banking activities, Garanti molds its societal initiatives, as well as its banking activities, around social, economic and environmental factors, which are components of sustainability. Besides sharing its knowledge in various fields with the society and future generations, Garanti continues to add value to cultural and social life through its innovative institutions and with its support to Turkey's deep-seated establishments.

Garanti focuses on contributing to the society in cultural and educational arenas. While determining its future strategy, Garanti keeps a close eye on the needs of our country and society, and aims at achieving or supporting value adding and sustainable projects.

Detailed information about these activities is available in the Sustainability Section starting on page 92 of the Annual Report.

The Handbook of Ethical Principles has been produced by the Human Resources Department and the Internal Audit Department for the purpose of regulating employee behavior and professional relations of employees in parallel with the Bank's commitment to corporate governance principles and ethical values. The Handbook of Ethical Principles is made public on the Investor Relations website.

The Handbook of Ethical Principles defines some of Garanti's general principles such as integrity, equality, reliability, transparency, protection of social benefits, respect for the environment, and emphasizes the responsibilities of employees, situations that might lead to conflicts of interest, and the importance of the concept of confidentiality, with a special focus on customer data. In addition, the document provides important considerations for relations with customers, suppliers, the media, and colleagues working at government and other banks. The document also covers Garanti Bank's responsibilities towards its employees with regard to a working environment

in compliance with human resources practices and ethical principles. Violations of ethical principles include all actions that break the law, contradict with the community and with Garanti's values, breach employee and customer rights, as well as the ones that increase the Bank's operating expenses and reduce its efficiency. Garanti firmly believes that the total quality concept can be realized only through strict adherence to an HR policy, code of conduct and ethical values, which are erected on integrity, honesty and respect. In addition to the Handbook of Ethical Principles, the Ethical Sales Principles, Social Media Policy, Anti-Fraud Policy, and Compliance Policy documents are posted on the Intranet that is open to all employees. An announcement has been published in relation to ethical rules. In addition, Garanti has compiled its principles and values in a handbook titled the Customer Satisfaction Constitution in accordance with its customer-centric approach, and makes it available to all employees and customers.

The Handbook of Ethical Sales Principles emphasizes the "reputation" concept, i.e. the Bank's greatest asset, and details the expected code of conduct for employees who engage in sales activities. The Social Media Policy sets forth the rules as to how the employees of the Bank will represent Garanti on social media. The Anti-Fraud Policy is intended to create awareness of any act of misconduct across the Bank and to design the circumstances of an honest and reliable working environment.

Garanti Bank's policies relating to the core components of the compliance system are documented in the "Compliance Policy". The Compliance Policy emphasizes the compliance risk and reputation risk concepts, and underlines that employees are expected to adhere to the laws, Ethical Principles of the Bank and corporate standards in their behaviors. The Policy defines the concept of integrity and lists the basic tasks and responsibilities within the compliance system. In this context, it is stressed that

compliance is not the responsibility of the senior executives or certain business units only, but of each employee.

Garanti attaches particular importance to ethical principles and integrity, and aims to create constant awareness of this issue through trainings for all employees.

15. STRUCTURE & FORMATION OF THE BOARD OF DIRECTORS

Ferit Faik Şahenk is the Chairman of the Board of Directors. The Chairman has no executive functions as per the regulations issued by the Banking Regulation and Supervision Agency (BRSA). The executive members of the Board are Chief Executive Officer Ergun Özen, Vice Chairman Süleyman Sözen, Ahmet Kamil Esirtgen, Ph.D., Angel Cano Fernandez, Carlos Torres Vila and Manuel Castro Aladro.

CMB requirements regarding Corporate Governance Principles stipulate that three independent members need to serve on the boards of directors of banks. Pursuant to these requirements, Muammer Cüneyt Sezgin, Ph.D. and Manuel Pedro Galatas Sanchez-Harguindey, who serve as members on the Bank's Audit Committee, are independent Board members, since the Board members assigned as members of the Audit Committee are deemed as independent Board members according to the same requirements.

Résumés, terms of office and positions of the Board Members are presented on pages 102, 103 and 104 of the Annual Report. The positions held by the Bank's Board members in and out of the Group are stated in their résumés.

At the Ordinary General Shareholders' Meeting held in 2013, Garanti elected Sema Yurdum as the third independent Board member, who satisfies all the independence criteria announced by the Capital Markets Board. The Corporate Governance Committee report dated 6 March 2013, establishing that Sema Yurdum satisfies the independence criteria, has been submitted to the Board of Directors, which has resolved

to file a notification to the CMB regarding the nomination of Sema Yurdum as an independent Board member.

Quoted below is the declaration of independence by Sema Yurdum, who was elected as an independent Board member at the Ordinary General Shareholders' Meeting held in 2013.

"To: Türkiye Garanti Bankası A.Ş.
Corporate Governance Committee

I hereby declare that I stand for serving as an 'independent member' on the Bank's Board of Directors pursuant to the provisions of the Communiqué Serial:IV No: 56 on the Determination and Implementation of Corporate Governance Principles issued by the Capital Markets Board of Turkey. In this context, I hereby declare as follows:

- a. I have not held a seat on the Bank's Board of Directors in the past ten years,
- b. Employment, capital or material commercial relationship has not been established in the past five years between corporate entities with which the Bank, any related party of the Bank or shareholders holding, directly or indirectly, 10% or more share in the Bank's capital, is related with respect to management or capital, and myself, my spouse and my relations by blood or marriage up to second degree,
- c. I have not worked for or served as a member on the boards of directors of any company contractually undertaking the Bank's activities or organization in part or in whole, and particularly of the firms performing the audit, rating and consultancy of the Bank, in the past five years,
- d. I was not a shareholder, employee or board member for any company supplying service or product of material quantity to the Bank in the past five years,
- e. I hold less than 1% share in the Bank's capital and these are not preferential shares,
- f. I possess the professional education, knowledge and experience for due

performance of the duties I will assume in connection with being an independent board member,

- g. I am not a full-time employee of public institutions and establishments as at the date of nomination,
- h. I am considered to be a resident of Turkey as for the purposes of the Income Tax Law,
- i. I possess strong ethical standards professional credibility and experience that are necessary for making positive contributions to the Bank's operations, maintaining my independence in possible conflicts of interest between the Bank's shareholders, making decisions freely taking into consideration the rights of stakeholders,
- j. I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Bank's affairs and to fully meet the requirements of the duties I undertake."

On the other hand, no circumstances arose in the 2013 fiscal year, which prejudiced the independence of independent Board members.

Garanti adopts principles in compliance with Articles 395 and 396 of the Turkish Commercial Code to make decisions regarding the non-compete and non-transaction obligations between Garanti and its Board members, as well as preventing potential conflicts of interest in the event of competition.

16. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors meeting agenda mainly consists of matters requested to be addressed by the Chief Executive Officer and any additional matters requested to be added to the agenda by any Board member.

The Board of Directors must convene as and when necessitated by the Bank's affairs and transactions, but at least once in a month. Pursuant to the Articles of Association of the Bank, the Board of Directors meets with the attendance

of minimum seven members and resolutions of the Board of Directors are taken by affirmative votes of at least seven members present in the meeting. In 2013, the Board of Directors met 15 times by satisfying the required quorums for meeting and decision.

A secretarial office has been set up to facilitate communication between the members of Board of Directors and the Head Office. Discussions at the meetings of the Board of Directors are recorded in the minutes and signed by the present members.

Naturally, the Board members may express different opinions and comments, and cast dissenting votes at Board meetings. Reasons for dissenting votes on issues about which different views are expressed during any Board meeting are recorded in the minutes and signed by the member(s) who cast the dissenting vote(s). Each member of the Board of Directors has one vote and the members do not have any privileged voting right and/or vetoing right.

Officer's Liability coverage with a limit of USD 100 million has been provided for the individual liabilities of Board members arising out of faults committed in the performance of their duties. A Professional Indemnity coverage with a limit of USD 50 million has been provided for liabilities that might be attributed to the Bank in the event of losses sustained by a third party as a result of a faulty transaction that might occur in the performance of the Board members' duties, which loss is claimed from the Bank.

As of 31 December 2013, the total amount of operating income generated by the Parent Company Bank and its consolidated financial services institutions ("the Group") on related party transactions represented less than 1% of the Group's total operating income. In addition, the outstanding balances from transactions with related parties represented less than 6% of the Group's consolidated income in terms of equity interests, cash and non-cash loans, and less than 1% of total consolidated assets

in terms of equity assets and cash loans in the financial statements drawn up as of 31 December 2013 in accordance with the Turkish Financial Reporting Standards and the explanations provided by the BRSA.

17. NUMBER, STRUCTURE & INDEPENDENCE OF COMMITTEES UNDER THE BOARD OF DIRECTORS

In line with its commitment to corporate governance principles, Garanti established the Audit Committee to assist the Board of Directors in its audit and supervision activities and to more effectively protect the interests of the Bank and the investors, although there was no legal regulation in force. The Committee has been active since 2001, with the primary and ultimate responsibility resting with the Board of Directors. The Committee's duties and responsibilities are fully aligned with the Banking Law and the relevant regulations. In 2013, the Audit Committee held eight meetings, which were attended by all committee members.

Pursuant to the Regulation on the Banks' Corporate Governance Principles published by the BRSA and the CMB's requirements in relation to Corporate Governance Principles, a Corporate Governance Committee has also been established to oversee compliance with corporate governance principles, conduct improvement works in this area, nominate independent members to be appointed to the Board of Directors, and submit proposals to the Board of Directors. In view of the number of the Bank's Board members, members of the Board of Directors can serve in more than one committee.

Detailed information regarding the formation and operation of the Audit Committee, Corporate Governance Committee and other committees is provided in the Committees and Committee Meetings Attendance section of this report.

18. RISK MANAGEMENT & INTERNAL CONTROL MECHANISM

The Board of Directors is ultimately responsible for developing and monitoring the Bank's internal audit and risk management policies and strategies. Accordingly, the following units directly report to the Board of Directors: the Internal Audit Department, performing internal audit functions; the Internal Control Unit, performing internal control functions; the Risk Management Department, performing risk management functions; the Anti-Fraud Monitoring Department, monitoring and taking actions to prevent external fraud, and the Compliance Department, performing activities on the prevention of laundering proceeds of crime, combating financing of terrorism and compliance controls.

The departments that perform these functions are structured in line with the "segregation of duties" principle. They are independent of executive functions and directly report to the Board of Directors.

The current system is structured within the organization of Garanti Bank as given on page 148.

The Internal Control System consists of continuous control activities and the related mechanisms that Bank employees at all levels must comply with and implement in order to ensure the proper performance of Garanti Bank's activities in accordance with the instructions of the Board of Directors, applicable legislation and internal regulations. Additionally, these guarantee the integrity and reliability of accounting and reporting systems and the timely availability of information.

The Internal Audit Department performs systematic audits that cover all activities and units of Garanti Bank in accordance with applicable legislation, the Bank's policies and especially the Banking Law. These audits are performed separately from day-to-day activities and they mainly focus on internal control and risk management systems. In this context, audit work is carried out in

the domestic and overseas branches of Garanti Bank and in the Head Office units and in the subsidiaries subject to consolidation.

The Internal Control Unit ensures that a sound internal control environment is in place at Garanti Bank, handles necessary coordination in this regard and guarantees that activities are performed regularly, efficiently, effectively and in line with the management strategy and policies of the Bank, as well as with applicable rules and regulations. In this context, efforts are spent to set up an infrastructure based on the functional separation of tasks, the sharing of authorities and responsibilities, the establishment of a sound reconciliation system, the integration of self-control mechanisms and systemic controls into processes, and the identification and monitoring of risks the Bank is exposed to. In addition, the Internal Control Unit coordinates the units that have responsibility in processes related with disaster recovery and business continuity throughout the Bank.

The Compliance Department coordinates existing control mechanisms regarding the compliance of Garanti Bank's transactions with laws, internal rules and policies and banking customs, and controls new products and services and related processes before they are implemented. The Compliance Officer Team working under the Compliance Department carries out duties such as conducting the necessary works in order to ensure compliance with the Law No. 5549 on the Prevention of Laundering Proceeds of Crime and the regulations issued pursuant to the Law, ensuring necessary communication and coordination with MASAK (Financial Crimes Investigation Board), developing corporate policies and procedures, devising training programs and ensuring effectiveness thereof, carrying out activities in relation to identification and notification of suspicious transactions, overseeing the preparation of statistics on internal audits and trainings and

informing MASAK, and fulfilling the obligation of providing MASAK with information and documents in line with the manner and methods defined by MASAK.

The Compliance Department oversees the control mechanisms in place to guarantee the compliance of Garanti Bank's transactions with the legislation, banking customs, internal policies and ethical principles in coordination with the Internal Audit Department, Internal Control Unit, Risk Management Department, Regulatory Affairs Department and Legal Department. In addition, activities are carried out constantly to promote compliance culture and awareness across Garanti Bank, including its overseas branches and subsidiaries subject to consolidation.

The Risk Management System consists of the standardization, information flow, compliance monitoring, decision-making and implementation mechanisms specified by the Board of Directors to monitor, control and, when necessary, change the risk-versus-return structure of Garanti Bank's future cash flows and the nature and level of resulting activities. Within the frame of Garanti Bank's strategy to realize sustained growth while creating value, the Risk Management Department is assigned with establishing a risk management system that is aligned with the Bank's activities, by which risks are measured using methods that comply with international norms and national legislation. The Department is expected to set up a structure throughout Garanti, which seeks to establish an optimum capital balance by overseeing risk-versus-return balance based on the system mentioned above.

Garanti has created a pioneering structure with an organization structure that monitors the external fraud trends that evolve in line with the constantly advancing technology under the same roof from an "enterprise fraud prevention" perspective.

With an expert team, the Anti-Fraud

Monitoring Department monitors and prevents card, internet, merchant and application fraud by taking rapid actions with effective controls and advanced software. The Department targets to minimize the losses of the Bank and the customers by taking proactive measures against acts of external fraud through strategies developed and analyses made. The Department also aims to establish a corporate culture and awareness of fraud throughout the Bank and to take effective operational security measures by assessing the external fraud risks involved in new products and processes.

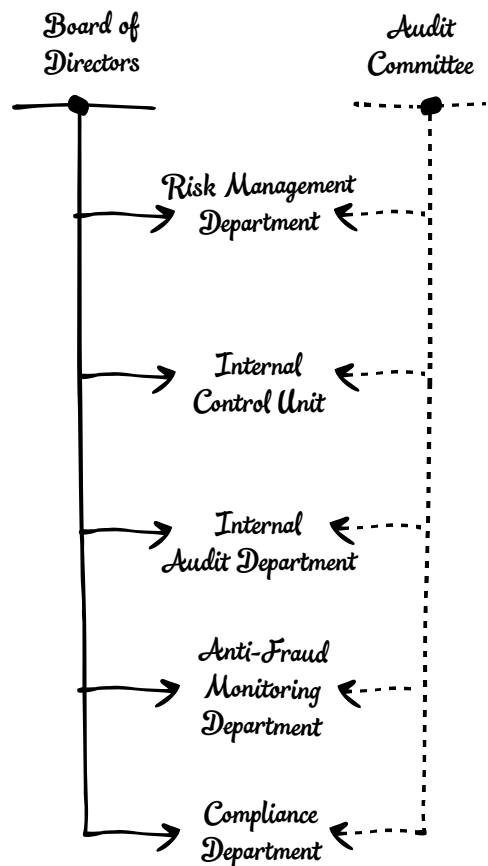
employees, society and the environment by utilizing its efficiency, agility and organizational efficiency. The vision and the mission of Garanti are publicly announced on the Bank's websites in English and Turkish languages. In addition, both the Board of Directors and executives disseminate the mission and vision of the Bank at meetings, interviews and other communications through printed and visual media channels. Information regarding Garanti's strategy and its pillars are presented on pages 9 and 10 of the Annual Report.

Within the context of this strategy, Garanti's budget and its short-, medium- and long-term business plans are formulated; reports on realization of objectives are monitored on weekly basis. The executives of the Bank hold individual periodic performance review meetings with branch and regional managers regarding the attainment of the targets. Moreover, actualization of strategic objectives can be monitored in real-time through the Garanti management information and reporting infrastructure (MIS), systems and screens.

20. REMUNERATION

As published on the Bank's website, a Compensation Policy has been formulated for the Bank's employees in accordance with the banking and capital market legislation, and it has been approved by the Board of Directors. Pursuant to the Bank's Compensation Policy, the policy encourages fair, transparent, measurable and sustainable success among its employees and is in alignment with the Bank's risk principles. The compensation structure consists of fixed income and variable income items. The Remuneration Committee, and the HR Unit authorized by this Committee, is responsible for reviewing and duly executing the compensation policies.

Members of the Bank's Board of Directors are paid attendance fees. The amount of the attendance fee is determined and approved at the



19. MISSION, VISION & STRATEGIC OBJECTIVES OF THE COMPANY

Garanti's vision is to be the best bank in Europe. Its mission is to continuously and noticeably increase the value it creates for its customers, shareholders,

General Shareholders' Meeting. In addition to the attendance fee paid to the Board members, it has been decided at the Ordinary General Shareholders' Meeting held in 2013 that payments to be made to Board members, if they assume a specific position in the Bank, and to independent Board members be determined by the Remuneration Committee authorized by the Board of Directors pursuant to Corporate Governance Principles. It has also been resolved to set a maximum limit of TL 2,500,000 for the total compensation so determined and will be paid until the first ordinary general shareholders' meeting to be convened in 2014.

Furthermore, remuneration of the Senior Management consisting of the Members of the Board of Directors, the CEO and Executive Vice Presidents is determined by the Remuneration Committee established in accordance with the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency.

The Remuneration Committee has determined the manner of payments to Senior Executives and the criteria for performance-based payments, by taking into account the regulations and practices of the European Union. Accordingly, besides monthly salaries, Senior Executives receive performance-based payments as determined by the Remuneration Committee, based on objective criteria including the economic profitability and key performance indicators of the Bank, as well as subjective criteria that covers respective personal performance. The Remuneration Committee ensures that such payments do not negatively affect the capital adequacy ratio and the continuity of the operations of the Bank. Part of the performance-based payments are made in installments and spread over future periods.

As of 31 December 2013, the net payment provided or to be provided to the

key management of the Bank, including the members of the Board of Directors, amounts to TL 68.9 million.

At the Ordinary General Shareholders' Meeting held in 2013, the following information has been provided to the shareholders regarding the compensation principles applicable to executive management.

"Furthermore, our Bank has determined the principles for the remuneration of Senior Executives based on the work carried out by the Remuneration Committee, and established a remuneration system for Senior Executives, taking into consideration the banking legislation, and the criteria set out by the Capital Market legislation, as well as national and international practices. Accordingly, Senior Executives working at our Bank are entitled to a variable income in addition to their fixed salaries. In keeping with the provisions of the banking legislation, this variable income is not based solely in profitability, and parts of it are paid in installments and spread over the years. The payment varies according to personal performance criteria, as well. When determining these compensations, the Remuneration Committee takes into account the Bank's economic profitability and achievement of personal performance criteria. The payment of the variable income earned is spread over future periods. In view of the applicable legislation, the Remuneration Committee is authorized to execute the compensation policy determined for executives, to make the payments, and to follow up any relevant matter."

Detailed information about the Remuneration Committee is presented on page 112 of the Annual Report.

On the other hand, the loans to be disbursed by Garanti Bank to the members of the Board of Directors and managers are restricted as per Article 50 of the Banking Law. The Bank does not disburse loans to the members of the Board of Directors and managers outside of the abovementioned framework.

**DECLARATION OF RESPONSIBILITY ACCORDING TO ARTICLE 9
OF SECOND PART OF COMMUNIQUÉ ON PRINCIPLES REGARDING FINANCIAL REPORTING
IN CAPITAL MARKET NO. II-14.1 ISSUED
BY CAPITAL MARKETS BOARD OF TURKEY**

We hereby declare that; the year-end activity report of T. Garanti Bankası A.Ş. for the period between 01.01.2013 – 31.12.2013 attached herewith, which has been prepared in accordance with the Communiqué on Principles Regarding Financial Reporting in Capital Market No. II-14.1 issued by Capital Markets Board of Turkey, has been reviewed by ourselves, that it does not contain any misrepresentation and deficiency in all important matters and that it reflects properly the financial standing and activity results of the Bank.

Sincerely,

M. Cüneyt Sezgin
Independent Board Member &
Audit Committee Member

S. Ergun Özen
President &
CEO

İbrahim Aydınlı
Executive Vice President

**DECLARATION OF RESPONSIBILITY ACCORDING TO ARTICLE 9
OF SECOND PART OF COMMUNIQUÉ ON PRINCIPLES REGARDING FINANCIAL REPORTING
IN CAPITAL MARKET NO. II-14.1 ISSUED
BY CAPITAL MARKETS BOARD OF TURKEY**

We hereby declare that; the bank-only and consolidated financial statements and interim activity reports of T. Garanti Bankası A.Ş. for the period between 01.01.2013 – 31.12.2013 attached herewith, which have been prepared in accordance with the Communiqué on Principles Regarding Financial Reporting in Capital Market No. II-14.1 issued by Capital Markets Board of Turkey, have been reviewed by ourselves, that they do not contain any misrepresentation and deficiency in all important matters and that they reflect properly the financial standing and activity results of the Bank.

Sincerely,

M. Cüneyt Sezgin
Independent Board Member &
Audit Committee Member

S. Ergun Özen
President &
CEO

İbrahim Aydınlı
Executive Vice President

**UNCONSOLIDATED
FINANCIAL
REPORT**

To the Board of Directors of
Türkiye Garanti Bankası AŞ
İstanbul

Tel : (212) 336 60 00
Fax : (212) 336 60 10
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**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2013**

We have audited the accompanying balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 31 December 2013 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "The Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no. 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis For Qualified Opinion

Subsequent to the reversal of TL 110,000 thousands in the current period, the accompanying financial statements include a general reserve amounting to TL 310,000 thousands as of the balance sheet date, provided by the Bank management in prior periods in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

Independent Auditors' Opinion

In our opinion, except for the effect of the matter described in the fourth paragraph on the financial statements, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2013 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act no. 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for English translation

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

İstanbul, 30 January 2014

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Hasan Kılıç
Partner

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

Unconsolidated Financial Report as of and for the Year Ended 31 December 2013
(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 3.1.1)

Levent Nispetiye Mah.Aytar Cad.
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www.garanti.com.tr
investorrelations@garanti.com.tr

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

1. General Information about the Bank
2. Unconsolidated Financial Statements of the Bank
3. Accounting Policies of Unconsolidated Financial Statements
4. Financial Position and Results of Operations of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Other Disclosures and Footnotes
7. Independent Auditors' Report

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

Ferit F. Şahenk

Board of Directors
Chairman

S. Ergun Özen

General Manager

İbrahim Aydın

Financial Reporting
Executive Vice President

Hakan Özdemir

General Accounting
Senior Vice President

M. Cüneyt Sezgin

Audit Committee Member

Manuel Pedro

Galatas Sanchez Harguindey
Audit Committee Member

The authorized contact person for questions on this financial report:
Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations
Phone no: 90 212 318 23 50
Fax no: 90 212 216 59 02

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1 General Information

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 990 domestic branches, eight 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 year and information on bank's risk group

As of 31 December 2013, the group of companies under Doğuş Holding AŞ that currently owns 24.23% shares of the Bank, is named the Doğuş Group (the Group).

On 22 December 2005, Doğuş Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank's issued share capital to "GE Araştırma ve Müşavirlik Limited Şti" of General Electric (GE) Group. Accordingly, GE acquired a joint control on the Bank's management.

GE Araştırma ve Müşavirlik Limited Şti had sold 9,765,000,000 shares of Türkiye Garanti Bankası AŞ at a nominal value of TL 97,650 each to Doğuş Holding AŞ, representing 4.65% of the issued share capital of Türkiye Garanti Bankası AŞ on 27 December 2007.

Number of shares representing 20.85% ownership of GE Araştırma ve Müşavirlik Limited Şti increased to 87,571,249,898 subsequent to the capital increase through issuance of bonus shares. The company sold 83,371,249,899 shares at a total nominal value of TL 833,712 thousands representing 19.85% ownership in Türkiye Garanti Bankası AŞ, to GE Capital Corporation on 29 December 2010, and the remaining 1% ownership in the stock exchange market on 11 December 2012.

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

- 78,120,000,000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 thousands representing 18.60% ownership, and
- 26,418,840,000 shares of the Bank owned by Doğuş Holding AŞ at a total nominal value of TL 264,188 thousands representing 6.29% ownership.

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

On 7 April 2011, BBVA acquired additional 503,160,000 shares at a nominal value of TL 5,032 thousands and increased its ownership in the Bank's share capital to 25.01%. As per the agreement between Doğuş Holding AŞ and BBVA, if any of the parties acquires additional shares during the next five years, it is required to offer half of the acquired shares to other party, in case that other party does not accept to purchase the offered shares, usufruct rights shall be established on the voting rights of such shares in favour of other party. Accordingly, although BBVA has acquired additional shares in April, this does not affect their joint control on the Bank's management.

Doğuş Group

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

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

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

BBVA Group

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

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

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

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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	23 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	31 years
Dr.Muammer Cüneyt Sezgin	Independent Member of BOD and Audit Committee	30.06.2004	PhD	25 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	39 years
Manuel Castro Aladro	Member	22.03.2011	Master	21 years
Manuel Pedro Galatas Sanchez Harguindey	Independent Member of BOD and Audit Committee	05.05.2011	University	29 years
Carlos Torres Vila	Member	22.03.2011	Master	22 years
Angel Cano Fernandez	Member	22.03.2011	University	28 years
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	25 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	26 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	26 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	35 years
Ali Fuat Erbil	EVP-Financial Institutions & Corporate Banking	30.04.1999	PhD	21 years
Erhan Adalı	EVP-Loans	03.08.2012	University	23 years
Gökhan Erün	EVP-Human Resources & Investment Banking	01.09.2005	Master	19 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	31 years
Halil Hüsnü Erel	EVP-Technology, Operations Management & Central Marketing	16.06.1997	University	28 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	23 years
Turgay Gönensin	EVP-Coordination of Domestic and Foreign Subsidiaries	01.01.2013	University	28 years
Aydın Şenel	EVP-Purchasing & Tax Management	06.06.2013	University	32 years
İbrahim Aydınlı	EVP-General Accounting & Economic Research & Customer Satisfaction	06.06.2013	Master	19 years
Avni Aydın Düren	EVP-Legal Services & Retail Risk Monitoring	01.02.2009	Master	19 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	19 years
Murat Mergin	EVP-Strategic Planning	01.01.2002	University	19 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	14 years
Didem Başer	EVP-Delivery Channels & Social Platforms Management	20.03.2012	Master	15 years

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

Unconsolidated Financial Report as of and for the Year Ended 31 December 2013
(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 3.1.1)

1.4 Information on the bank's qualified shareholders

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

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

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

1.5 Summary information on 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 parent bank and its subsidiaries

None.

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

Balance Sheet (Statement of Financial Position) at 31 December 2013

(Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 3.1.1)

2 Unconsolidated Financial Statements

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2013			PRIOR PERIOD 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	2,751,642	19,776,456	22,528,098	1,293,932	14,818,750	16,112,682
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	1,225,262	576,330	1,801,592	675,550	507,926	1,183,476
2.1 Financial assets held for trading		1,026,484	576,330	1,602,814	453,369	507,926	961,295
2.1.1 Government securities		90,491	308,282	398,773	129,537	233,199	362,736
2.1.2 Equity securities		30,825	-	30,825	21,783	-	21,783
2.1.3 Derivative financial assets held for trading		900,684	245,982	1,146,666	297,832	252,873	550,705
2.1.4 Other securities		4,484	22,066	26,550	4,217	21,854	26,071
2.2 Financial assets valued at fair value through profit or loss		198,778	-	198,778	222,181	-	222,181
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans	(5.1.5)	198,778	-	198,778	222,181	-	222,181
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	2,074,021	7,676,370	9,750,391	2,232,563	5,513,788	7,746,351
IV. INTERBANK MONEY MARKETS		-	190,802	190,802	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	190,802	190,802	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	19,677,517	1,952,565	21,630,082	34,866,196	1,008,583	35,874,779
5.1 Equity securities		31,956	8,212	40,168	25,163	4,785	29,948
5.2 Government securities		18,092,718	906,247	18,998,965	33,513,678	98,403	33,612,081
5.3 Other securities		1,552,843	1,038,106	2,590,949	1,327,355	905,395	2,232,750
VI. LOANS	(5.1.5)	73,474,973	45,196,426	118,671,399	57,629,743	34,194,749	91,824,492
6.1 Performing loans		72,993,011	45,196,426	118,189,437	57,226,864	34,194,749	91,421,613
6.1.1 Loans to bank's risk group	(5.7)	427,832	1,232,916	1,660,748	142,230	1,023,994	1,166,224
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		72,565,179	43,963,510	116,528,689	57,084,634	33,170,755	90,255,389
6.2 Loans under follow-up		2,538,430	-	2,538,430	2,114,073	-	2,114,073
6.3 Specific provisions (-)		2,056,468	-	2,056,468	1,711,194	-	1,711,194
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	13,120,328	864,107	13,984,435	918,519	445,864	1,364,383
8.1 Government securities		13,112,652	469,091	13,581,743	911,245	445,864	1,357,109
8.2 Other securities		7,676	395,016	402,692	7,274	-	7,274
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	36,698	-	36,698	21,099	-	21,099
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		36,698	-	36,698	21,099	-	21,099
9.2.1 Financial investments in associates		33,032	-	33,032	17,433	-	17,433
9.2.2 Non-financial investments in associates		3,666	-	3,666	3,666	-	3,666
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	448,691	2,730,138	3,178,829	470,998	2,117,536	2,588,534
10.1 Unconsolidated financial investments in subsidiaries		344,606	2,730,138	3,074,744	366,913	2,117,536	2,484,449
10.2 Unconsolidated non-financial investments in subsidiaries		104,085	-	104,085	104,085	-	104,085
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)	103,975	11,009	114,984	-	-	-
13.1 Fair value hedges		65,943	-	65,943	-	-	-
13.2 Cash flow hedges		38,032	11,009	49,041	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	1,361,270	96	1,361,366	1,128,690	489	1,129,179
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	58,770	-	58,770	54,756	58	54,814
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		58,770	-	58,770	54,756	58	54,814
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	149,632	-	149,632	156,347	-	156,347
XVII. TAX ASSET		129,218	-	129,218	177,515	-	177,515
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	(5.1.15)	129,218	-	129,218	177,515	-	177,515
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	146,104	-	146,104	127,351	-	127,351
18.1 Assets held for sale		146,104	-	146,104	127,351	-	127,351
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	2,935,298	228,510	3,163,808	1,714,109	117,380	1,831,489
TOTAL ASSETS		117,693,399	79,202,809	196,896,208	101,467,368	58,725,123	160,192,491

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

Balance Sheet (Statement of Financial Position) at 31 December 2013

(Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 3.1.1)

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2013			31 December 2012		
		TL	FC	Total	TL	FC	Total	
I. DEPOSITS	(5.2.1)	59,655,722	46,817,866	106,473,588	49,998,883	37,483,536	87,482,419	
1.1 Deposits from bank's risk group	(5.7)	856,057	430,332	1,286,389	651,848	167,192	819,040	
1.2 Others		58,799,665	46,387,534	105,187,199	49,347,035	37,316,344	86,663,379	
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	1,127,072	257,624	1,384,696	587,352	283,679	871,031	
III. FUNDS BORROWED	(5.2.3)	5,222,504	24,255,589	29,478,093	4,185,492	17,492,138	21,677,630	
IV. INTERBANK MONEY MARKETS		11,424,006	3,160,228	14,584,234	12,226,915	1,272,608	13,499,523	
4.1 Interbank money market takings		-	-	-	-	-	-	
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-	
4.3 Obligations under repurchase agreements	(5.2.4)	11,424,006	3,160,228	14,584,234	12,226,915	1,272,608	13,499,523	
V. SECURITIES ISSUED (Net)	(5.2.4)	3,885,539	6,494,850	10,380,389	1,930,133	3,932,007	5,862,140	
5.1 Bills		1,347,962	-	1,347,962	1,601,466	-	1,601,466	
5.2 Asset backed securities		-	-	-	-	-	-	
5.3 Bonds		2,537,577	6,494,850	9,032,427	328,667	3,932,007	4,260,674	
VI. FUNDS		-	-	-	-	-	-	
6.1 Borrower funds		-	-	-	-	-	-	
6.2 Others		-	-	-	-	-	-	
VII. MISCELLANEOUS PAYABLES	(5.2.4.3)	5,099,413	534,436	5,633,849	4,209,722	378,207	4,587,929	
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		2,280,478	597,280	2,877,758	1,642,686	339,718	1,982,404	
IX. FACTORING PAYABLES		-	-	-	-	-	-	
X. LEASE PAYABLES (Net)	(5.2.5)	480	-	480	341	-	341	
10.1 Financial lease payables		504	-	504	365	-	365	
10.2 Operational lease payables		-	-	-	-	-	-	
10.3 Others		-	-	-	-	-	-	
10.4 Deferred expenses (-)		24	-	24	24	-	24	
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	39,105	39,105	-	-	-	
11.1 Fair value hedges		-	39,105	39,105	-	-	-	
11.2 Cash flow hedges		-	-	-	-	-	-	
11.3 Net foreign investment hedges		-	-	-	-	-	-	
XII. PROVISIONS	(5.2.7)	2,942,279	59,530	3,001,809	2,258,832	37,837	2,296,669	
12.1 General provisions		1,962,713	41,195	2,003,908	1,269,819	32,733	1,302,552	
12.2 Restructuring reserves		-	-	-	-	-	-	
12.3 Reserve for employee benefits		377,988	-	377,988	343,997	-	343,997	
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-	
12.5 Other provisions		601,578	18,335	619,913	645,016	5,104	650,120	
XIII. TAX LIABILITY	(5.2.8)	298,865	10,867	309,732	512,282	9,382	521,664	
13.1 Current tax liability		298,865	10,867	309,732	512,282	9,382	521,664	
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)	-	147,491	147,491	-	117,251	117,251	
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	21,113,386	1,471,598	22,584,984	20,213,962	1,079,528	21,293,490	
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000	
16.2 Capital reserves		496,564	1,351,621	1,848,185	2,547,175	1,010,446	3,557,621	
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	(429,394)	-	1,342,813	913,419	1,082,545	1,010,446	2,092,991	
16.2.4 Revaluation surplus on tangible assets		174,304	-	174,304	741,530	-	741,530	
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-	
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-	
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		1,891	-	1,891	1,891	-	1,891	
16.2.8 Hedging reserves (effective portion)	(32,790)	-	8,808	(23,982)	(63,225)	-	(63,225)	
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-	
16.2.10 Other capital reserves		770,673	-	770,673	772,554	-	772,554	
16.3 Profit reserves		13,411,262	119,977	13,531,239	10,389,946	69,082	10,459,028	
16.3.1 Legal reserves		1,098,509	11,639	1,110,148	907,653	7,939	915,592	
16.3.2 Status reserves		-	-	-	-	-	-	
16.3.3 Extraordinary reserves		12,312,753	-	12,312,753	9,482,293	-	9,482,293	
16.3.4 Other profit reserves		-	108,338	108,338	-	61,143	61,143	
16.4 Profit or loss		3,005,560	-	3,005,560	3,076,841	-	3,076,841	
16.4.1 Prior periods profit/loss		-	-	-	-	-	-	
16.4.2 Current period net profit/loss		3,005,560	-	3,005,560	3,076,841	-	3,076,841	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		113,049,744	83,846,464	196,896,208	97,766,600	62,425,891	160,192,491	

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

Off-Balance Sheet Items at 31 December 2013

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 3.1.1)

THOUSANDS OF TURKISH LIRA (TL)

OFF-BALANCE SHEET ITEMS	Footnotes	CURRENT PERIOD 31 December 2013			PRIOR PERIOD 31 December 2012		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		100,427,191	135,652,643	236,079,834	66,368,386	143,680,211	210,048,597
I. GUARANTEES AND SURETIES	(5.3.1)	9,959,792	23,181,147	33,140,939	6,970,208	15,706,372	22,676,580
1.1. Letters of guarantee		9,952,370	13,583,722	23,536,092	6,958,156	9,465,698	16,423,854
1.1.1. Guarantees subject to State Tender Law		-	845,257	845,257	-	714,239	714,239
1.1.2. Guarantees given for foreign trade operations		1,134,793	320,050	1,454,843	438,392	182,077	620,469
1.1.3. Other letters of guarantee		8,817,577	12,418,415	21,235,992	6,519,764	8,569,382	15,089,146
1.2. Bank acceptances		6,898	631,191	638,089	5,028	715,868	720,896
1.2.1. Import letter of acceptance		6,898	631,191	638,089	5,028	715,868	720,896
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		524	8,886,310	8,886,834	7,024	5,458,506	5,465,530
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		524	8,886,310	8,886,834	7,024	5,458,506	5,465,530
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	79,924	79,924	-	66,300	66,300
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	34,668,117	15,249,746	49,917,863	33,685,681	70,774,949	104,460,630
2.1. Irrevocable commitments		34,642,613	15,248,903	49,891,516	23,695,883	10,205,196	33,901,079
2.1.1. Asset purchase and sale commitments		2,740,296	5,438,905	8,179,201	892,893	4,192,191	5,085,084
2.1.2. Deposit purchase and sale commitments		-	25,822	25,822	165	44,053	44,218
2.1.3. Share capital commitments to associates and subsidiaries		-	7,806	7,806	-	7,944	7,944
2.1.4. Loan granting commitments		5,494,147	8,875,370	14,369,517	5,100,371	5,213,008	10,313,379
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		2,658,815	-	2,658,815	1,994,233	-	1,994,233
2.1.8. Tax and fund obligations on export commitments		15,211	-	15,211	18,075	-	18,075
2.1.9. Commitments for credit card limits		22,259,934	-	22,259,934	14,215,936	-	14,215,936
2.1.10. Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,474,210	901,000	2,375,210	1,474,210	748,000	2,222,210
2.2. Revocable commitments		25,504	843	26,347	9,989,798	60,569,753	70,559,551
2.2.1. Revocable loan granting commitments		25,504	-	25,504	9,989,798	60,569,054	70,558,852
2.2.2. Other revocable commitments		-	843	843	-	699	699
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	55,799,282	97,221,750	153,021,032	25,712,497	57,198,890	82,911,387
3.1. Derivative financial instruments held for risk management		5,536,346	1,632,486	7,168,832	-	-	-
3.1.1. Fair value hedges		2,928,361	996,486	3,924,847	-	-	-
3.1.2. Cash flow hedges		2,607,985	636,000	3,243,985	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		50,262,936	95,589,264	145,852,200	25,712,497	57,198,890	82,911,387
3.2.1. Forward foreign currency purchases/sales		8,595,511	10,118,008	18,713,519	4,085,520	5,006,561	9,092,081
3.2.1.1. Forward foreign currency purchases		2,857,352	6,528,366	9,385,718	1,551,055	2,939,516	4,490,571
3.2.1.2. Forward foreign currency sales		5,738,159	3,589,642	9,327,801	2,534,465	2,067,045	4,601,510
3.2.2. Currency and interest rate swaps		20,995,157	46,354,163	67,349,320	12,119,404	34,000,856	46,120,260
3.2.2.1. Currency swaps-purchases		11,516,738	13,608,131	25,124,869	4,585,239	9,780,113	14,365,352
3.2.2.2. Currency swaps-sales		6,080,851	15,462,054	21,542,905	3,843,165	9,198,283	13,041,448
3.2.2.3. Interest rate swaps-purchases		1,698,784	8,641,989	10,340,773	2,045,500	7,317,810	9,363,310
3.2.2.4. Interest rate swaps-sales		1,698,784	8,641,989	10,340,773	1,645,500	7,704,650	9,350,150
3.2.3. Currency, interest rate and security options		20,538,090	32,117,841	52,655,931	9,477,773	15,053,943	24,531,716
3.2.3.1. Currency call options		10,148,589	14,458,413	24,607,002	4,094,590	7,005,282	11,099,872
3.2.3.2. Currency put options		10,358,275	15,780,207	26,138,482	5,326,678	6,166,142	11,492,820
3.2.3.3. Interest rate call options		-	1,879,221	1,879,221	-	1,857,738	1,857,738
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		29,776	-	29,776	56,505	3,520	60,025
3.2.3.6. Security put options		1,450	-	1,450	-	21,261	21,261
3.2.4. Currency futures		110,122	182,913	293,035	28,384	183,525	211,909
3.2.4.1. Currency futures-purchases		-	182,913	182,913	28,384	155,278	183,662
3.2.4.2. Currency futures-sales		110,122	-	110,122	-	28,247	28,247
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		24,056	6,816,339	6,840,395	1,416	2,954,005	2,955,421
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		475,443,153	325,696,861	801,140,014	390,886,010	239,193,950	630,079,960
IV. ITEMS HELD IN CUSTODY		35,125,254	21,326,011	56,451,265	34,939,625	17,844,295	52,783,920
4.1. Customers' securities held		4,399,502	6,805	4,406,307	4,571,834	3,666	4,575,500
4.2. Investment securities held in custody		20,613,851	4,917,858	25,531,709	20,865,091	3,906,395	24,771,486
4.3. Checks received for collection		8,313,010	1,779,622	10,092,632	7,743,022	1,331,553	9,074,575
4.4. Commercial notes received for collection		1,728,205	822,948	2,551,153	1,686,186	1,054,366	2,740,552
4.5. Other assets received for collection		40,495	12,637,870	12,678,365	45,605	10,387,378	10,432,983
4.6. Assets received through public offering		-	52,622	52,622	-	43,517	43,517
4.7. Other items under custody		30,191	1,108,286	1,138,477	27,887	1,117,420	1,145,307
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		440,317,899	304,370,850	744,688,749	355,946,385	221,349,655	577,296,040
5.1. Securities		1,570,628	11,304	1,581,932	2,073,280	7,242	2,080,522
5.2. Guarantee notes		42,766,417	12,081,381	54,847,798	41,324,590	9,967,059	51,291,649
5.3. Commodities		6,531	-	6,531	3,620	-	3,620
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		79,449,434	64,892,546	144,341,980	60,830,116	51,076,849	111,906,965
5.6. Other pledged items		316,524,719	227,385,153	543,909,872	251,714,609	160,298,120	412,012,729
5.7. Pledged items-depository		170	466	636	170	385	555
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		575,870,344	461,349,504	1,037,219,848	457,254,396	382,874,161	840,128,557

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

Income Statement For the Year Ended 31 December 2013

(Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 3.1.1)

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2013- 31 December 2013	PRIOR PERIOD 1 January 2012- 31 December 2012
I.	INTEREST INCOME	(5.4.1)	12,741,425	12,670,471
1.1	Interest income on loans		9,070,992	8,441,212
1.2	Interest income on reserve deposits		-	-
1.3	Interest income on banks		147,317	220,628
1.4	Interest income on money market transactions		2,218	3,643
1.5	Interest income on securities portfolio		3,408,445	3,879,817
1.5.1	Trading financial assets		37,091	33,048
1.5.2	Financial assets valued at fair value through profit or loss		-	-
1.5.3	Financial assets available-for-sale		2,781,257	3,543,528
1.5.4	Investments held-to-maturity		590,097	303,241
1.6	Financial lease income		-	-
1.7	Other interest income		112,453	125,171
II.	INTEREST EXPENSE	(5.4.2)	6,385,794	6,951,539
2.1	Interest on deposits		4,468,817	4,946,321
2.2	Interest on funds borrowed		861,976	892,122
2.3	Interest on money market transactions		561,088	787,962
2.4	Interest on securities issued		467,861	313,669
2.5	Other interest expenses		26,052	11,465
III.	NET INTEREST INCOME (I - II)		6,355,631	5,718,932
IV.	NET FEES AND COMMISSIONS INCOME		2,615,473	2,007,605
4.1	Fees and commissions received		3,135,783	2,492,089
4.1.1	Non-cash loans		199,585	162,384
4.1.2	Others		2,936,198	2,329,705
4.2	Fees and commissions paid		520,310	484,484
4.2.1	Non-cash loans		1,048	1,430
4.2.2	Others		519,262	483,054
V.	DIVIDEND INCOME	(5.4.3)	56,041	2,444
VI.	NET TRADING INCOME/LOSSES (Net)	(5.4.4)	296,942	623,952
6.1	Trading account income/losses		192,563	548,795
6.2	Income/losses from derivative financial instruments		(118,984)	(337,704)
6.3	Foreign exchange gains/losses		223,363	412,861
VII.	OTHER OPERATING INCOME	(5.4.5)	457,017	298,616
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		9,781,104	8,651,549
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	1,623,824	1,181,593
X.	OTHER OPERATING EXPENSES (-)	(5.4.7)	4,206,165	3,540,901
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		3,951,115	3,929,055
XII.	INCOME RESULTED FROM MERGERS		-	-
XIII.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	3,951,115	3,929,055
XVI.	PROVISION FOR TAXES (±)	(5.4.9)	945,555	852,214
16.1	Current tax charge		541,652	1,192,965
16.2	Deferred tax charge/(credit)		403,903	(340,751)
XVII.	NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	3,005,560	3,076,841
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from assets held for sale		-	-
18.2	Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3	Others		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses on assets held for sale		-	-
19.2	Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3	Others		-	-
XX.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	(5.4.8)	-	-
XXI.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(5.4.9)	-	-
21.1	Current tax charge		-	-
21.2	Deferred tax charge/(credit)		-	-
XXII.	NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	(5.4.10)	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(5.4.11)	3,005,560	3,076,841
	Earnings per Share		0.716	0.733

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

Statement of Income/Expense Items Accounted for under Shareholders' Equity
For the Year Ended 31 December 2013

(Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 3.1.1)

		THOUSANDS OF TURKISH LIRA (TL)	
INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		CURRENT PERIOD	PRIOR PERIOD
		1 January 2013- 31 December 2013	1 January 2012- 31 December 2012
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(1,797,703)	1,034,732
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	24,644	(3,026)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	49,054	486
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	254,774	423,968
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	351,665	(200,568)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(1,117,566)	1,255,592
XI.	CURRENT PERIOD PROFIT/LOSSES	3,005,560	3,076,841
1.1	Net changes in fair value of securities (transferred to income statement)	375,815	52,489
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	2,629,745	3,024,352
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,887,994	4,332,433

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

Statement of Changes in Shareholders' Equity For the Year Ended 31 December 2013

(Convenience Translation of Financial Statements and Related

Disclosures and Footnotes Originally Issued in Turkish, See Note 3.1.1)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)																
	Footnotes	Paid-in Capital	Reserves from Inflation Adj. 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 Shareholders'	
PRIOR PERIOD - (1 January - 31 December 2012)																	
I.		4,200,000	772,554	11,880	-	723,303	-	7,612,215	40,528	-	3,070,575	608,534	598,953	1,891	(63,614)	-	17,576,819
II.		-	-	-	-	-	-	(202,263)	-	-	(39,727)	229,236	-	-	-	-	(12,754)
2.1.		-	-	-	-	-	-	(202,263)	-	-	(39,727)	229,236	-	-	-	-	(12,754)
2.2.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	(5.5)	4,200,000	772,554	11,880	-	723,303	-	7,409,952	40,528	-	3,030,848	837,770	598,953	1,891	(63,614)	-	17,564,065
Changes during the period																	
IV.		-	-	-	-	-	-	-	-	-	-	1,255,221	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	389	-	1,255,221
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	389	-	389
6.1.		-	-	-	-	-	-	-	-	-	-	-	-	-	389	-	389
6.2.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	(240)	-	-	(2,766)	-	-	-	-	-	-	-	(3,026)
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.		-	-	-	-	-	-	-	3,076,841	-	-	-	-	-	-	-	3,076,841
XX.		-	-	-	-	192,529	-	2,072,341	23,401	-	(3,030,848)	-	142,577	-	-	-	(600,000)
20.1.		-	-	-	-	192,529	-	2,072,341	23,401	-	(2,237,153)	-	(27,717)	-	-	-	(600,000)
20.2.		-	-	-	-	-	-	-	-	-	(193,695)	-	170,294	-	-	-	-
20.3.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI.		4,200,000	772,554	11,880	-	915,592	-	9,482,293	61,143	3,076,841	-	2,092,991	741,530	1,891	(63,225)	-	21,293,490
Changes during the period																	
I.	(5.5)	4,200,000	772,554	11,880	-	915,592	-	9,482,293	61,143	-	3,076,841	2,092,991	741,530	1,891	(63,225)	-	21,293,490
Changes during the period																	
II.		-	-	-	-	-	-	-	-	-	-	(1,179,572)	-	-	-	-	(1,179,572)
III.		-	-	-	-	-	-	-	-	-	-	-	-	-	39,243	-	39,243
4.1.		-	-	-	-	-	-	-	-	-	-	-	-	39,243	-	-	39,243
4.2.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	2,390	-	-	22,254	-	-	-	-	-	-	-	24,644
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	1,881	-	2,830,460	24,941	3,005,560	-	-	(567,226)	-	-	-	3,005,560
18.1.		-	-	-	-	1,881	-	2,830,460	24,941	3,005,560	-	-	(567,226)	-	-	-	3,005,560
18.2.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(567,226)
18.3.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others		-	-	-	-	-	-	-	24,941	(24,941)	-	-	-	-	-	-	-
Others		-	-	-	-	-	-	-	108,338	913,419	-	-	174,304	1,891	(23,962)	-	22,564,984
Others		-	-	-	-	-	-	-	108,338	913,419	-	-	174,304	1,891	(23,962)	-	22,564,984

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

Statement of Cash Flows For the Year Ended 31 December 2013

(Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 3.1.1)

STATEMENT OF CASH FLOWS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2013- 31 December 2013	PRIOR PERIOD 1 January 2012- 31 December 2012
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities		4,552,144	4,131,529
1.1.1	Interests received		13,788,503	12,609,546
1.1.2	Interests paid		(6,290,098)	(7,090,195)
1.1.3	Dividend received		4,794	2,386
1.1.4	Fees and commissions received		3,135,783	2,492,089
1.1.5	Other income		562,588	340,974
1.1.6	Collections from previously written-off loans and other receivables		35,154	34,818
1.1.7	Payments to personnel and service suppliers		(3,390,278)	(2,772,294)
1.1.8	Taxes paid		(898,278)	(1,127,563)
1.1.9	Others	(5.6)	(2,396,024)	(358,232)
1.2	Changes in operating assets and liabilities		(4,356,736)	(6,389,424)
1.2.1	Net (increase) decrease in financial assets held for trading		(44,036)	585,446
1.2.2	Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3	Net (increase) decrease in due from banks		(5,511,032)	2,049,834
1.2.4	Net (increase) decrease in loans		(27,261,470)	(8,741,707)
1.2.5	Net (increase) decrease in other assets		(1,333,423)	(7,428,730)
1.2.6	Net increase (decrease) in bank deposits		997,267	1,823,186
1.2.7	Net increase (decrease) in other deposits		17,843,243	1,231,122
1.2.8	Net increase (decrease) in funds borrowed		9,008,410	2,758,346
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	(5.6)	1,944,305	1,333,079
I.	Net cash flow from banking operations		195,408	(2,257,895)
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities		(2,343,258)	(2,275,930)
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures		(10,494)	(47,685)
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures		-	3
2.3	Purchases of tangible assets		(489,027)	(238,976)
2.4	Sales of tangible assets		85,031	73,092
2.5	Cash paid for purchase of financial assets available-for-sale		(18,202,983)	(11,854,829)
2.6	Cash obtained from sale of financial assets available-for-sale		19,484,137	6,283,493
2.7	Cash paid for purchase of investments held-to-maturity		(3,705,796)	(7,065)
2.8	Cash obtained from sale of investments held-to-maturity		495,874	3,516,037
2.9	Others	(5.6)	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities		3,872,779	1,520,176
3.1	Cash obtained from funds borrowed and securities issued		10,728,432	8,063,991
3.2	Cash used for repayment of funds borrowed and securities issued		(6,258,267)	(5,943,692)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(596,500)	(600,000)
3.5	Payments for financial leases		(886)	(123)
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)	1,376,361	(337,239)
V.	Net increase/(decrease) in cash and cash equivalents		3,101,290	(3,350,888)
VI.	Cash and cash equivalents at beginning of period		4,262,674	7,613,562
VII.	Cash and cash equivalents at end of period		7,363,964	4,262,674

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

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Statement of Profit Distribution at 31 December 2013

(Convenience Translation of Financial Statements
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THOUSANDS OF TURKISH LIRA (TL)

STATEMENT OF PROFIT DISTRIBUTION		CURRENT PERIOD ⁽¹⁾	PRIOR PERIOD
		31 December 2013	31 December 2012
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1	CURRENT PERIOD PROFIT	3,951,115	3,932,813
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	945,555	852,965
1.2.1	Corporate tax (income tax)	945,555	852,965
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	3,005,560	3,079,848
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	153,516
1.5	OTHER STATUTORY RESERVES (-)	-	24,941
B.	NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	2,901,391
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	210,000
1.6.1	To owners of ordinary shares	-	210,000
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of redeemed shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	386,500
1.9.1	To owners of ordinary shares	-	386,500
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	38,650
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	2,266,241
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES			
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of redeemed shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE (per YTL'000 face value each)			
3.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	0.716	0.733
3.2	TO OWNERS OF ORDINARY SHARES (%)	0.072	0.073
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE			
4.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

⁽¹⁾ Decision regarding to the 2011 profit distribution will be held at General Assembly meeting.

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

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3 Accounting policies

3.1 Basis of presentation

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

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

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, investments in associates and subsidiaries that are quoted on the stock exchanges and that are in foreign currencies which are presented on a fair value basis.

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

3.1.1 Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

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.

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.

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

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.

The Bank had applied net investment hedge accounting for the exchange rate differences on the net investment risks on its foreign affiliates and its related financial liabilities in foreign currencies in the previous periods. The Bank prospectively discontinued this application as of 1 January 2009 within the framework of TFRIC 16 - Comment on Hedges of a Net Investment in a Foreign Operation, published in the Official Gazette dated 8 January 2009, no. 27104. The Bank started to apply fair value hedge accounting as at 1 January 2009 by designating the exchange rate risk of these foreign investments that are recognized under fair value accounting as hedged item, in compliance with "TAS 39 Financial Instruments: Recognition and Measurement". Accordingly, the effective portion of the foreign exchange differences is recorded under income statement in the current period.

3.3 Investments in associates and subsidiaries

The unconsolidated investments in associates and subsidiaries are accounted for in accordance with the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement". Investments in companies quoted in organized markets and for which their fair values can be reliably determined, are valued at their fair values. Others are valued at costs reduced by provisions for impairment losses, if any, in the accompanying financial statements.

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3.4 Forwards, options and other derivative transactions

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

3.4.1 Derivative financial instruments held for trading

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

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

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

3.4.2 Derivative financial instruments held for risk management

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

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

The Bank also applies fair value hedge to manage the foreign exchange rate risk resulted from its investments in foreign operations. The effective portion of the foreign exchange differences are recognised in income statement.

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

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

3.5 Interest income and expenses

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

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

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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 income/losses.

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

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

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

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

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

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

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

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

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

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

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

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

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

3.8 Impairment of financial assets

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

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

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

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

3.9 Netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

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

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

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

3.9.2 Derecognition of financial assets

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

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

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

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3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations

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

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

3.12 Goodwill and other intangible assets

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

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

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

Estimated useful lives of the Bank's intangible assets are 3-15 years, and amortisation rates are 6.67-33.3%.

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

3.13 Tangible assets

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

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

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

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

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

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

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods. The depreciation rates and the estimated useful lives of tangible assets are:

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

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

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

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Investment properties

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance Indemnities and Short-Term Employee Benefits

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

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

	31 December 2013	31 December 2012 (*)
	%	%
Discount Rate	3.06	2.18
Interest Rate	9.48	6.95
Expected Rate of Salary Increase	7.73	6.17
Inflation Rate	6.23	4.67

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.

Retirement Benefit Obligations

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

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

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

	31 December 2013	
	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.

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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.

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%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

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

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

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

The tax applications for foreign branches;

NORTHERN CYPRUS

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

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MALTA

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

LUXEMBOURG

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

3.18.2 Deferred taxes

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

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

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

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

3.18.3 Transfer pricing

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

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

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

3.19 Funds borrowed

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

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

3.20 Shares and share issuances

None.

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3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 31 December 2013, the Bank does not have any government incentives or grants.

3.23 Segment reporting

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

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

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

Additionally, the Bank provides banking services to enterprises and their employees working in retail and service sectors through product packages including overdraft accounts, POS machines, credit cards, cheque books, Turkish Lira and foreign currency deposits, investment accounts, internet banking and call-center, debit cards and bill payment modules. Retail banking customers form a wide-spread and sustainable deposit base for the Bank. Individual customers' needs are met by diversified consumer banking products through branches and alternative delivery channels.

Information on the business segments is as follows:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,966,757	3,148,482	2,373,908	235,916	9,725,063
Other	-	-	-	-	-
Total Operating Profit	3,966,757	3,148,482	2,373,908	235,916	9,725,063
Net Operating Profit	743,082	1,548,338	2,202,045	(598,391)	3,895,074
Income from Associates and Subsidiaries	-	-	-	56,041	56,041
Net Operating Profit	743,082	1,548,338	2,202,045	(542,350)	3,951,115
Provision for Taxes	-	-	-	945,555	945,555
Net Profit	743,082	1,548,338	2,202,045	(1,487,905)	3,005,560
Segment Assets	43,417,715	75,253,684	68,383,330	6,625,952	193,680,681
Investments in Associates and Subsidiaries	-	-	-	3,215,527	3,215,527
Total Assets	43,417,715	75,253,684	68,383,330	9,841,479	196,896,208
Segment Liabilities	65,725,982	42,781,023	61,081,684	4,722,535	174,311,224
Shareholders' Equity	-	-	-	22,584,984	22,584,984
Total Liabilities and Shareholders' Equity	65,725,982	42,781,023	61,081,684	27,307,519	196,896,208
Other Segment Items					
Capital Expenditures	-	-	-	489,027	489,027
Depreciation Expenses	140,309	69,026	5,737	(5,092)	209,980
Impairment Losses	912,105	496,580	36,616	182,683	1,627,984
Other Non-Cash Income/Expenses	136,836	184,955	(2,675,611)	(101,663)	(2,455,483)
Restructuring Costs	-	-	-	-	-

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Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,060,054	3,066,231	1,700,349	822,471	8,649,105
Other	-	-	-	-	-
Total Operating Profit	3,060,054	3,066,231	1,700,349	822,471	8,649,105
Net Operating Profit	641,658	1,546,194	1,525,521	213,238	3,926,611
Income from Associates and Subsidiaries	-	-	-	2,444	2,444
Net Operating Profit	641,658	1,546,194	1,525,521	215,682	3,929,055
Provision for Taxes	-	-	-	852,214	852,214
Net Profit	641,658	1,546,194	1,525,521	(636,532)	3,076,841
Segment Assets	33,362,608	58,484,064	61,037,515	4,698,671	157,582,858
Investments in Associates and Subsidiaries	-	-	-	2,609,633	2,609,633
Total Assets	33,362,608	58,484,064	61,037,515	7,308,304	160,192,491
Segment Liabilities	55,913,811	32,860,300	46,011,331	4,097,798	138,883,240
Shareholders' Equity	-	-	-	21,293,490	21,293,490
Total Liabilities and Shareholders' Equity	55,913,811	32,860,300	46,011,331	25,407,049	160,192,491
Other Segment Items					
Capital Expenditures	-	-	-	238,976	238,976
Depreciation Expenses	102,959	52,610	3,122	35,292	193,983
Impairment Losses	588,752	501,140	(48,377)	147,246	1,188,761
Other Non-Cash Income/Expenses	48,786	23,604	1,213,882	(76,609)	1,209,663
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

3.24.1 Changes in financial statements of prior periods

	Reported 31 December 2011	Foreign Affiliate (*)	SDIF Premiums(**)	Adjusted 31 December 2011
Securities value increase fund	608,534	229,236	-	837,770
Extraordinary reserves	7,612,215	(193,103)	(9,160)	7,409,952
Other provisions	550,392	-	15,945	566,337
Current tax liability	265,400	-	(3,189)	262,211
Current period net profit/loss (foreign exchange gains/losses)	3,070,575	(36,133)	(3,594)	3,030,848

	Reported 31 December 2012	Foreign Affiliate (*)	SDIF Premiums(**)	Adjusted 31 December 2012
Securities value increase fund	1,873,278	219,713	-	2,092,991
Extraordinary reserves	9,724,283	(229,236)	(12,754)	9,482,293
Other provisions	630,418	-	19,702	650,120
Current tax liability	525,605	-	(3,941)	521,664
Current period net profit/loss (foreign exchange gains/losses)	3,070,325	9,523	(3,007)	3,076,841

(*) The effects of corrections to the prior periods' financial statements in compliance with TAS 8 due to the capital deduction of a foreign affiliate of the Bank in 2009, are disclosed above.

(**) The effects of corrections made by the Bank for the calculation of SDIF premiums between the years 2007-2012 on the prior periods' financial statement, are presented above.

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4 Financial position and results of operations and risk management

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 14.42%. (31 December 2012: 18.09%)

4.1.1 Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the "Regulation")", "Regulation on Credit Risk Mitigation Techniques" and "Regulation on Calculation of Risk Weighted Amounts for Securitizations" published in the Official Gazette no.28337 dated 28 June 2012 and the "Regulation on Equities of Banks" published in the Official Gazette no.26333 dated 1 November 2006.

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

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

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

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

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

4.1.2 Capital adequacy ratio

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

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Prior Period	Risk Weights									
	Parent Bank Only									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	
Value at Credit Risk	-	-	845,544	10,808,347	22,837,083	57,750,707	4,734,597	8,791,156	-	-
Exposure Categories	53,152,361	-	4,227,718	21,616,694	30,449,444	57,750,707	3,156,398	4,395,578	-	-
Conditional and unconditional exposures to central governments or central banks	51,909,957	-	24	2,392,452	-	7,402	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	38	-	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	46,478	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	3,967,622	7,118,171	-	44,758	-	-	-	-
Conditional and unconditional exposures to corporates	-	-	254,972	552,980	-	53,025,096	-	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	30,449,444	-	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	11,552,964	-	-	-	-	-	-
Past due items	-	-	-	127	-	218,270	-	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	8,709	3,156,398	4,395,578	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
Other items	1,242,404	-	5,062	-	-	4,399,994	-	-	-	-

4.1.3 Summary information related to capital adequacy ratio

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11,882,342	8,461,395
Capital Requirement for Market Risk (MRCR)	301,025	90,480
Capital Requirement for Operational Risk (ORCR)	1,067,735	1,043,016
Shareholders' Equity	23,882,776	21,698,837
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	14.42%	18.09%

(*) In prior period, the changes disclosed in note 3.24.1 are included. 4.1.4 Components of shareholders' equity items

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4.1.4 Components of shareholders' equity items

	Current Period	Prior Period ^(*)
CORE CAPITAL		
Paid-in Capital	4,200,000	4,200,000
Nominal Capital	4,200,000	4,200,000
Capital Commitments (-)	-	-
Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Reserves	13,442,952	10,370,741
Inflation Adjustments to Reserves	51,141	51,141
Profit	3,005,560	3,076,841
Current Period's Profit	3,005,560	3,076,841
Prior Periods' Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	310,000	420,000
Income on Sale of Equity Shares and Real Estates	172,164	739,390
Primary Subordinated Debts	-	-
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Periods' Losses	-	-
Leasehold Improvements on Operational Leases (-)	94,785	94,182
Intangible Assets (-)	58,770	54,814
Deferred Tax Asset in Excess of 10% of Core Capital (-)	-	-
Limit Excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	21,812,696	19,493,551
SUPPLEMENTARY CAPITAL		
General Provisions	2,003,908	1,302,552
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	963
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	1,891	1,891
Primary Subordinated Debts excluding the portion included in Core Capital	-	-
Secondary Subordinated Debts	146,050	116,050
45% of Securities Value Increase Fund	129,681	927,303
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss	37,146	37,146
Total Supplementary Capital	2,319,639	2,385,905
CAPITAL	24,132,335	21,879,456
DEDUCTIONS FROM CAPITAL	249,559	180,619
Unconsolidated investments in Entities (domestic/foreign) Operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (domestic/foreign) Operating in Banking and Financial Sectors at less than 10%, Exceeding 10% or More of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	183,806	134,531
Loans Granted against the Articles 50 and 51 of the Banking Law	41	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	33,923	34,690
Securitization Positions to be Deducted from Equity	-	-
Other Deduction Items	31,789	11,398
TOTAL SHAREHOLDERS' EQUITY	23,882,776	21,698,837

(*) In prior period, the changes disclosed in note 3.24.1 are included.

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

"Garanti Bank's assessment process of adequacy of internal capital requirements and capital adequacy policies" was prepared and approved by the board of directors of the Bank. The ultimate aim of this internal capital requirements process is to maintain the continuity of capital adequacy under the Bank's strategies, lending growth expectations, asset-liability structure, future funding sources and liquidity, fluctuations in capital depending on dividend distribution policy and economics, in compliance with its risk profile and appetite. Accordingly, the Bank's prospective internal capital requirements as per its 2013 capital structure and 2014 targets and strategies, have been assessed considering its operations and risks. This assessment includes the interest rate risk, liquidity risk, reputational risk, residual risk, concentration risk, strategy risk, and country and transfer risks arising from banking activities besides the market, credit and operational risks directly affecting its legal capital adequacy ratio. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set.

4.2 Credit risk

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

The debtors or group of debtors are subject to credit risk limits. Sectoral risk concentrations are reviewed on a monthly basis.

Credit worthiness of debtors is reviewed periodically in compliance with the legislation by the internal risk rating models. The credit limits are revised and further collateral is required if the risk level of debtor deteriorates. For unsecured loans, the necessary documentation is gathered in compliance with the legislation.

Geographical concentration of credit customers is reviewed monthly. This is in line with the concentration of industrial and commercial activities in Turkey.

In accordance with the Bank's lending policies, the debtor's creditworthiness is analysed and the adequate collateral is obtained based on the financial position of the company and the type of loan; like cash collateral, bank guarantees, mortgages, pledges, bills and corporate guarantees.

The Bank has control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed together with the risk from market fluctuations. The Bank follows up the risk arising from such instruments and takes the necessary actions to decrease it when necessary.

The liquidated non-cash loans are subject to the same risk weight with the overdue loans.

The Bank performs foreign trade finance and other interbank credit transactions through widespread correspondents network. Accordingly, the Bank assigns limits to domestic and foreign banks and other financial institutions based on review of their credit worthiness, periodically.

The Bank's largest 100 and 200 cash loan customers compose 24.40% (31 December 2012: 23.70%) and 30.60% (31 December 2012: 30.30%) of the total cash loan portfolio, respectively.

The Bank's largest 100 and 200 non-cash loan customers compose 54.80% (31 December 2012: 52.12%) and 64.35% (31 December 2012: 61.55%) of the total non-cash loan portfolio, respectively.

The Bank's largest 100 ve 200 cash and non-cash loan customers represent 9.24% (31 December 2012: 7.61%) and 11.79% (31 December 2012: 10.01%) of the total "on and off balance sheet" assets, respectively.

The general provision for credit risks amounts to TL 2,003,908 thousands (31 December 2012: TL 1,302,552 thousands).

The Bank developed a statistical-based internal risk rating model for its credit portfolio of corporate/ commercial/medium-size companies. This internal risk rating model has been in use for customer credibility assessment since 2003. Risk rating has become a requirement for loan applications, and ratings are used both to determine branch managers' credit authorization limits and in credit assessment process.

The concentration table of the cash and non-cash loans for the Bank according to the risk rating system for its customers defined as corporate, commercial and medium-size enterprises is presented below:

	Current Period	Prior Period
	%	%
Above Average	40.14	40.07
Average	54.39	53.04
Below Average	5.47	6.89
Total	100.00	100.00

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Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Exposure Categories	Current Period		Prior Period	
	Risk Amount (*)	Average Risk Amount(**)	Risk Amount (*)	Average Risk Amount(**)
Conditional and unconditional exposures to central governments or central banks	54,685,241	55,182,551	56,701,564	55,047,875
Conditional and unconditional exposures to regional governments or local authorities	40,082	26,613	39	51
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	157	15,787	46,479	49,514
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organisations	-	6	-	-
Conditional and unconditional exposures to banks and brokerage houses	32,494,945	21,949,465	26,177,748	27,843,347
Conditional and unconditional exposures to corporates	77,590,561	66,399,745	57,028,522	56,294,260
Conditional and unconditional retail exposures	32,844,346	33,267,298	31,235,149	31,136,757
Conditional and unconditional exposures secured by real estate property	17,782,183	15,286,011	11,608,417	11,081,464
Past due items	340,634	270,786	218,515	247,236
Items in regulatory high-risk categories	15,822,836	11,428,819	7,663,020	6,754,892
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Other items	7,113,642	6,115,412	5,647,458	5,294,394

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

4.2.1 Profile of significant exposures in major regions

Current Period	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	Total
Domestic	54,261,878	12,755,678	72,198,142	32,616,961	17,737,599	15,706,315	4,412,569	209,694,142
European Union (EU) Countries	257,098	17,278,198	2,333,181	27,569	37,447	2,751	147	19,936,391
OECD Countries *	62	168,295	802,547	2,043	2,082	100	-	975,129
Off-Shore Banking Regions	-	5,292	226,390	1,735	-	75	-	233,492
USA, Canada	680	1,333,987	555,840	1,838	804	53	1	1,893,203
Other Countries	165,523	199,605	449,462	194,200	4,251	113,541	2,054	1,128,636
Associates, Subsidiaries and Joint –Ventures	-	753,890	1,024,999	-	-	1	3,074,744	4,853,634
Unallocated Assets/Liabilities **	-	-	-	-	-	-	-	-
Total	54,685,241	32,494,945	77,590,561	32,844,346	17,782,183	15,822,836	7,494,515	238,714,627

Prior Period	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	Total
Domestic	56,177,181	10,698,430	53,960,896	31,011,880	11,596,017	7,586,974	3,322,948	174,354,326
European Union (EU) Countries	419,570	12,423,091	2,064,162	31,397	8,508	2,037	65	14,948,830
OECD Countries *	7	116,928	318,723	3,104	878	12,166	1	451,808
Off-Shore Banking Regions	104,407	2,986	74,752	178,429	1,546	59,416	914	422,449
USA, Canada	373	800,059	214,998	2,178	767	27	30	1,018,433
Other Countries	26	207,845	161,446	8,161	700	2,401	0	380,580
Associates, Subsidiaries and Joint –Ventures	-	1,928,407	233,545	-	-	-	2,588,533	4,750,485
Unallocated Assets/Liabilities **	-	-	-	-	-	-	-	-
Total	56,701,564	26,177,747	57,028,522	31,235,149	11,608,417	7,663,021	5,912,491	196,326,910

(*) Includes OECD countries other than EU countries, USA and Canada.

(**) Includes assets and liability items that can not be allocated on a consistent basis.

(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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4.2.2 Risk profile by sectors or counterparties

Current Period *	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TL	FC	Total
Agriculture	-	-	-	-	-	-	272,767	382,892	262,059	8,736	43,274	-	-	-	-	878,686	91,042	969,728
Farming and Stockbreeding	-	-	-	-	-	-	236,592	368,580	248,150	8,438	41,923	-	-	-	-	827,260	76,403	903,663
Forestry	-	-	-	-	-	-	6,420	9,049	8,091	246	590	-	-	-	-	18,603	5,793	24,396
Fishery	-	-	-	-	-	-	29,755	5,263	5,818	52	761	-	-	-	-	32,803	8,846	41,649
Manufacturing	-	-	-	-	-	-	31,978,926	2,520,516	2,469,276	106,354	220,248	-	-	-	-	11,105,583	26,189,737	37,295,320
Mining and Quarrying	-	-	-	-	-	-	939,613	114,797	87,437	7,510	8,201	-	-	-	-	488,564	658,994	1,157,558
Production	-	-	-	-	-	-	15,312,099	2,366,447	2,335,258	98,564	209,318	-	-	-	-	9,390,888	10,920,798	20,311,686
Electricity, Gas and Water	-	-	-	-	-	-	15,727,214	49,272	46,581	280	2,729	-	-	-	-	1,216,131	14,609,945	15,826,076
Construction	-	-	-	-	-	-	6,937,125	1,181,524	1,855,139	34,920	123,389	-	-	-	-	4,711,893	5,420,264	10,132,097
Services	346	-	-	-	-	-	28,254,988	6,164,457	5,768,575	157,588	681,476	-	-	-	-	37,966,801	35,527,988	73,494,789
Wholesale and Retail Trade	337	-	-	-	-	-	11,412,828	4,703,085	3,325,566	100,196	492,881	-	-	-	-	13,484,107	6,550,786	20,034,893
Accommodation and Dining	-	-	-	-	-	-	2,620,000	297,834	1,232,122	39,251	43,171	-	-	-	-	1,082,493	3,149,895	4,232,378
Transportation and Telecom.	-	-	-	-	-	-	8,251,797	822,388	458,045	13,743	76,049	-	-	-	-	2,260,108	7,361,914	9,622,022
Financial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	32,467,349	3,374,222	56,732	22,321	666	21,451	-	-	-	19,711,186	16,231,555	35,942,741
Real Estate and Rental Services	-	-	-	-	-	-	971,356	50,578	381,861	600	7,600	-	-	-	-	308,659	1,103,336	1,411,995
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	1	-	-	-	-	-	223,588	61,017	140,810	878	10,246	-	-	-	-	336,172	100,348	436,520
Health and Social Services	8	-	-	-	-	-	1,401,227	172,823	207,850	2,254	30,078	-	-	-	-	784,086	1,030,154	1,814,240
Others	54,684,895	40,082	157	-	-	-	27,596	10,146,745	22,594,957	7,427,134	33,036	14,754,449	-	-	-	7,113,642	84,066,775	32,755,918
Total	54,685,241	40,082	157	-	-	-	32,494,945	32,844,346	17,782,183	340,634	15,822,836	-	-	-	-	138,729,678	99,984,949	238,714,627

- 1- Conditional and unconditional exposures to central governments or central banks
2- Conditional and unconditional exposures to regional governments or local authorities
3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
4- Conditional and unconditional exposures to multilateral development banks
5- Conditional and unconditional exposures to international organisations
6- Conditional and unconditional exposures to banks and brokerage houses
7- Conditional and unconditional exposures to corporates
8- Conditional and unconditional retail exposures
9- Conditional and unconditional exposures secured by real estate property
10- Past due receivables
11- Receivables in regulatory high-risk categories
12- Exposures in the form of bonds secured by mortgages
13- Short term exposures to banks, brokerage houses and corporates
14- Exposures in the form of collective investment undertakings
15- Other receivables

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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Prior Period *	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TL	FC	Total
Agriculture	-	-	-	-	-	-	381,156	351,778	165,237	8,476	12,041	-	-	-	-	765,798	152,890	918,688
Farming and Stockbreeding	-	-	-	-	-	-	303,370	334,557	150,018	8,251	11,108	-	-	-	-	71,127	80,177	807,304
Forestry	-	-	-	-	-	-	9,217	9,788	6,135	165	549	-	-	-	-	21,673	4,181	25,854
Fishery	-	-	-	-	-	-	68,569	7,432	9,084	60	385	-	-	-	-	26,998	58,532	85,530
Manufacturing	-	-	1	-	-	-	23,375,788	2,679,517	1,465,137	82,744	125,596	-	-	-	-	9,384,804	18,343,979	27,728,783
Mining and Quarrying	-	-	1	-	-	-	823,924	112,587	49,256	1,803	4,858	-	-	-	-	466,508	525,900	992,408
Production	-	-	-	-	-	-	13,468,500	2,516,202	1,369,339	80,674	119,467	-	-	-	-	8,195,248	9,358,934	17,554,182
Electricity, Gas and Water	-	-	-	-	-	-	9,083,364	50,747	46,542	268	1,272	-	-	-	-	723,048	8,459,145	9,182,193
Construction	-	-	-	-	-	-	5,438,489	1,175,396	1,289,360	16,449	56,848	-	-	-	-	3,600,895	4,375,646	7,976,541
Services	-	-	46,356	-	-	26,177,747	19,939,203	6,361,884	3,131,082	89,404	359,569	-	-	-	-	31,052,266	25,052,980	56,105,246
Wholesale and Retail Trade	-	-	-	-	-	-	9,078,869	4,871,424	2,026,885	70,521	249,297	-	-	-	-	10,763,747	5,579,572	16,343,319
Accommodation and Dining	-	-	-	-	-	-	2,158,982	311,750	473,275	4,339	19,476	-	-	-	-	793,419	2,174,433	2,967,853
Transportation and Telecom.	-	-	-	-	-	-	5,844,454	789,688	314,594	11,211	56,726	-	-	-	-	1,846,522	5,170,132	7,016,654
Financial Institutions	-	-	-	-	-	-	1,324,030	54,942	15,146	633	10,184	-	-	-	-	16,570,728	11,011,953	27,582,682
Real Estate and Rental Services	-	-	-	-	-	-	493,085	43,351	111,474	431	2,678	-	-	-	-	113,807	537,211	651,018
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	194,504	73,103	40,950	567	4,750	-	-	-	-	228,996	84,878	313,874
Health and Social Services	-	-	-	-	-	-	845,280	217,646	148,758	1,702	16,459	-	-	-	-	735,046	494,800	1,229,847
Others	56,701,564	39	122	-	-	-	7,893,886	20,666,574	5,557,602	21,443	7,108,965	-	-	-	-	5,647,458	78,489,491	103,597,652
Total	56,701,564	39	46,479	-	-	26,177,747	57,028,522	31,235,149	11,608,417	218,515	7,663,021	-	-	-	-	123,293,254	73,033,657	196,326,910

- 1- Conditional and unconditional exposures to central governments or central banks
- 2- Conditional and unconditional exposures to regional governments or local authorities
- 3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
- 4- Conditional and unconditional exposures to multilateral development banks
- 5- Conditional and unconditional exposures to international organisations
- 6- Conditional and unconditional exposures to banks and brokerage houses
- 7- Conditional and unconditional exposures to corporates
- 8- Conditional and unconditional retail exposures
- 9- Conditional and unconditional exposures secured by real estate property
- 10- Past due receivables
- 11- Receivables in regulatory high-risk categories
- 12- Exposures in the form of bonds secured by mortgages
- 13- Short term exposures to banks, brokerage houses and corporates
- 14- Exposures in the form of collective investment undertakings
- 15- Other receivables

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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4.2.3 Analysis of maturity-bearing exposures according to remaining maturities

Current Period	Term To Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Categories *					
Conditional and unconditional exposures to central governments or central banks	1,124,878	17,972,771	2,920,464	3,448,921	25,063,580
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	40,082
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	2	113	-	-	42
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	11,677,776	1,279,221	806,487	2,152,382	9,813,245
Conditional and unconditional exposures to corporates	5,178,311	3,957,283	8,309,212	9,081,317	50,032,966
Conditional and unconditional retail exposures	8,263,032	4,350,717	8,324,853	2,745,042	9,046,381
Conditional and unconditional exposures secured by real estate property	681,046	686,353	1,285,799	1,314,139	13,717,240
Past due items	-	-	-	-	-
Items in regulatory high-risk categories	932	1,194	4,593	1,951,806	13,722,262
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	-	-	-	-	-
Other items	-	-	-	-	-
Total	26,925,977	28,247,652	21,651,408	20,693,607	121,435,798

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

Prior Period	Term To Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Categories *					
Conditional and unconditional exposures to central governments or central banks	4,678,808	13,819,140	5,834,636	9,326,868	20,871,414
Conditional and unconditional exposures to regional governments or local authorities	-	-	10	17	11
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	8	-	-	13	46,459
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	10,396,262	1,947,590	2,269,591	2,081,593	8,131,313
Conditional and unconditional exposures to corporates	3,402,895	5,156,939	4,920,818	6,686,653	36,861,217
Conditional and unconditional retail exposures	3,059,948	14,070,390	1,487,187	1,338,033	11,279,591
Conditional and unconditional exposures secured by real estate property	258,441	1,032,632	354,010	725,980	9,237,354
Past due items	-	-	-	-	-
Items in regulatory high-risk categories	3,928	790	633	1,130,130	6,527,476
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	-	-	-	-	-
Other items	-	-	-	-	-
Total	21,800,290	36,027,481	14,866,887	21,289,286	92,954,834

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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4.2.4 Exposure categories

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 for items that are not included in trading book; 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.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Risk Rating	Exposure Categories				
		Exposures to Central Governments or Central Banks	Exposures to Administrative Bodies and Non-Commercial Undertakings	Exposures to Banks and Brokerage Houses		Exposures to Corporates
				Exposures with Remaining Maturities Less Than 3 Months	Exposures with Remaining Maturities More Than 3 Months	
1	AAA					
	AA+					
	AA	0%	20%	20%	20%	20%
	AA-					
2	A+					
	A	20%	50%	20%	50%	50%
	A-					
3	BBB+					
	BBB	50%	100%	20%	50%	100%
	BBB-					
4	BB+					
	BB	100%	100%	50%	100%	100%
	BB-					
5	B+					
	B	100%	100%	50%	100%	150%
	B-					
6	CCC+					
	CCC					
	CCC-	150%	150%	150%	150%	150%
	CC					
	C					
D						

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4.2.5 Exposures by risk weights

Current Period

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Exposures before Credit Risk Mitigation	52,852,678	-	19,937,382	35,903,212	27,367,852	86,843,977	3,399,570	12,143,798	266,158	403,114
Exposures after Credit Risk Mitigation	51,971,249	-	9,270,022	29,286,260	26,642,831	82,326,561	3,333,477	12,029,517	265,682	403,114

Prior Period

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Exposures before Credit Risk Mitigation	55,544,088	-	13,933,158	27,028,530	31,235,149	60,931,679	3,196,577	4,457,730	-	329,612
Exposures after Credit Risk Mitigation	53,152,361	-	4,227,718	21,616,694	30,449,444	57,750,707	3,156,398	4,395,578	-	329,612

4.2.6 Information by major sectors and type of counterparties

As per the TAS and TFRS;

Impaired Credits; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, "specific provisions" are allocated as per the Provisioning Regulation.

Past Due Credits; are the credits that overdue upto 90 days but not impaired. For such credits, "general provisions" are allocated as per the Provisioning Regulation.

Current Period	Credit Risks			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
Agriculture	23,749	7,108	107	11,191
Farming and Stockbreeding	22,793	7,041	106	10,666
Forestry	678	23	-	361
Fishery	278	44	1	164
Manufacturing	617,755	64,995	1,209	463,651
Mining and Quarrying	25,359	7,891	152	13,772
Production	591,303	50,538	758	449,384
Electricity, Gas and Water	1,093	6,566	299	495
Construction	138,982	37,456	723	64,620
Services	656,895	145,010	2,484	392,168
Wholesale and Retail Trade	428,666	105,241	1,796	248,709
Accommodation and Dining	146,989	10,387	182	92,394
Transportation and Telecommunication	62,001	20,859	356	38,805
Financial Institutions	5,547	656	7	4,423
Real Estate and Rental Services	1,488	635	11	669
Professional Services	-	-	-	-
Educational Services	2,637	1,524	23	1,240
Health and Social Services	9,567	5,708	109	5,928
Others	1,335,814	2,255,163	112,528	1,237,776
Total	2,773,195	2,509,732	117,051	2,169,406

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Prior Period	Credit Risks			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
Agriculture	19,849	6,661	103	7,223
Farming and Stockbreeding	19,129	6,468	100	6,877
Forestry	442	50	1	190
Fishery	278	143	2	156
Manufacturing	540,307	74,098	1,971	409,048
Mining and Quarrying	7,167	13,204	396	2,501
Production	532,268	60,811	1,573	406,220
Electricity, Gas and Water	872	83	2	327
Construction	97,081	18,358	289	46,541
Services	425,282	101,435	1,790	241,720
Wholesale and Retail Trade	344,448	64,037	1,261	195,335
Accommodation and Dining	23,594	4,898	63	15,901
Transportation and Telecommunication	40,487	26,765	380	19,649
Financial Institutions	5,488	193	3	4,731
Real Estate and Rental Services	1,038	705	10	483
Professional Services	-	-	-	-
Educational Services	2,309	576	8	1,142
Health and Social Services	7,918	4,261	65	4,479
Others	1,215,723	974,827	14,909	1,104,058
Total	2,298,242	1,175,379	19,062	1,808,590

4.2.7 Movements in value adjustments and provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments ⁽¹⁾	Closing
Specific Provisions	1,808,590	1,059,663	698,847	-	2,169,406
General Provisions	1,302,552	692,945	51	8,462	2,003,908
Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments ⁽¹⁾	Closing
Specific Provisions	1,304,013	916,900	412,323	-	1,808,590
General Provisions	1,013,949	291,206	1,184	1,419	1,302,552

⁽¹⁾ Includes foreign exchange differences, mergers, acquisitions and disposals of subsidiaries.

4.3 Market risk

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

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

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

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

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

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

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4.3.1 Value at market risk

	Current Period	Prior Period
(I) Capital Requirement against General Market Risk - Standard Method	56,480	6,086
(II) Capital Requirement against Specific Risks - Standard Method	16,471	9,270
Capital Requirement against Specific Risks of Securitisation Positions- Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	92,019	31,586
(IV) Capital Requirement against Commodity Risks - Standard Method	12,974	8,534
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	85,241	27,608
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	37,840	7,396
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-	-
(IX) Total Capital Requirement against Market Risk ((I+II+III+IV+V+VI+VII))	301,025	90,480
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	3,762,813	1,131,000

4.3.2 Monthly average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	52,581	92,773	10,056	8,599	11,199	6,680
Equity-Shares Position Risk	8,187	11,691	3,848	11,046	20,436	5,415
Currency Position Risk	72,488	94,499	36,623	38,451	46,463	31,586
Commodity Risk	9,354	13,256	5,528	6,036	8,747	3,296
Clearing Risk	-	-	-	-	-	-
Option Market Risk	61,126	93,657	28,524	28,492	34,588	23,131
Counterparty Credit Risk	14,987	37,840	7,396	8,261	9,557	7,264
Total Value at Risk	218,723	343,716	91,975	100,885	130,990	77,372

4.3.3 Quantitative information on counterparty risk

For repurchase transactions, security and commodity lendings and derivative transactions, counterparty credit risks are calculated. In counterparty credit risk calculations, the fair value methodology is used according to the Appendix-2 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". In case of derivative transactions, the total of replacement costs and potential credit risks is considered as the exposure amount. The replacement costs are calculated valuing the contracts at their fair values and the potential credit risks are calculated multiplying the contract amounts with the credit conversion factors set in the appendix of the regulation.

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
Interest-Rate Contracts	1,306	969
Foreign-Exchange-Rate Contracts	393,541	89,615
Commodity Contracts	20,679	12,735
Equity-Shares Related Contracts	1,745	1,846
Other	-	-
Gross Positive Fair Values	401,808	85,584
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collaterals Received	26,077	12,587
Net Derivative Position	793,002	178,162

⁽¹⁾ Includes only the counterparty risks arising from trading book.

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4.4 Operational risk

The value at operational risk is calculated according to the basic indicator approach as per the Article 14 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

The annual gross income is composed of net interest income and net non-interest income after deducting realised gains/losses from the sale of securities available-for-sale and held-to-maturity, extraordinary income and income derived from insurance claims at year-end.

Basic Indicator Approach Current Period	31 December 2010	31 December 2011	31 December 2012	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	6,761,231	6,765,949	7,827,511	7,118,230	15	1,067,735
Value at Operational Risk (Total x % 12.5)						13,346,682

Basic Indicator Approach Prior Period	31 December 2009	31 December 2010	31 December 2011	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	7,309,306	6,771,829	6,779,184	6,953,440	15	1,043,016
Value at Operational Risk (Total x % 12.5)						13,037,699

4.5 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2013, the Bank's net 'on balance sheet' foreign currency long position amounts to TL 564,086 thousands (31 December 2012: a foreign currency short position of TL 213,317 thousands), net 'off-balance sheet' foreign currency short position amounts to TL 296,312 thousands (31 December 2012: a foreign currency long position of TL 521,742 thousands), while net foreign currency long position amounts to TL 267,774 thousands (31 December 2012: TL 308,425 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, position and stop-loss limits approved by the board of directors for the trading portfolio beside the foreign currency net position standard ratio and the VaR limit.

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

	USD	EUR
Foreign currency purchase rates at balance sheet date	2.1200	2.9210
Rates for the days before balance sheet date:		
Day 1	2.1200	2.9210
Day 2	2.1000	2.9006
Day 3	2.1250	2.9278
Day 4	2.1250	2.9278
Day 5	2.1250	2.9272
Last 30-days arithmetical average rates	2.0418	2.7985

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The Bank's currency risk:

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	6,634,844	8,768,890	4,372,722	19,776,456
Banks	3,238,739	4,349,359	88,272	7,676,370
Financial Assets at Fair Value through Profit/Loss	361,883	143,093	1	504,977
Interbank Money Market Placements	-	190,802	-	190,802
Financial Assets Available-for-Sale	172,385	1,780,180	-	1,952,565
Loans (*)	15,709,024	32,838,169	330,310	48,877,503
Investments in Associates, Subsidiaries and Joint-Ventures	2,454,680	275,458	-	2,730,138
Investments Held-to-Maturity	-	864,107	-	864,107
Derivative Financial Assets Held for Risk Management	-	11,009	-	11,009
Tangible Assets	11	85	-	96
Intangible Assets	-	-	-	-
Other Assets	47,923	164,758	3,124	215,805
Total Assets	28,619,489	49,385,910	4,794,429	82,799,828
Liabilities				
Bank Deposits	1,090,670	1,947,365	1,051,280	4,089,315
Foreign Currency Deposits	13,330,089	26,082,435	928,789	40,341,313
Interbank Money Market Takings	-	2,954,241	205,987	3,160,228
Other Fundings	8,012,462	16,315,731	74,887	24,403,080
Securities Issued	189,159	5,573,567	732,124	6,494,850
Miscellaneous Payables	33,134	329,835	171,467	534,436
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities (**)	230,664	570,201	2,411,655	3,212,520
Total Liabilities	22,886,178	53,773,375	5,576,189	82,235,742
Net 'On Balance Sheet' Position	5,733,311	(4,387,465)	(781,760)	564,086
Net 'Off-Balance Sheet' Position	(3,311,416)	1,925,632	1,089,472	(296,312)
Derivative Assets	9,006,773	24,240,529	6,960,286	40,207,588
Derivative Liabilities	12,318,189	22,314,897	5,870,814	40,503,900
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	21,484,183	35,790,107	3,761,867	61,036,157
Total Liabilities	16,818,740	40,900,538	3,530,196	61,249,474
Net 'On Balance Sheet' Position	4,665,443	(5,110,431)	231,671	(213,317)
Net 'Off-Balance Sheet' Position	(4,531,503)	5,274,280	(221,035)	521,742
Derivative Assets	4,669,704	15,333,890	2,325,626	22,329,220
Derivative Liabilities	9,201,207	10,059,610	2,546,661	21,807,478
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 3,681,077 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Other liabilities include gold deposits of TL 2,387,238 thousands.

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4.6 Interest rate risk

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

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

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	22,528,098	22,528,098
Banks	2,851,072	2,593,050	1,368,300	218,881	-	2,719,088	9,750,391
Financial Assets at Fair Value through Profit/Loss (**)	3,171	11,580	86,602	266,584	47,559	1,187,318	1,602,814
Interbank Money Market Placements	190,800	-	-	-	-	2	190,802
Financial Assets Available-for-Sale	3,737,185	5,326,410	6,727,324	3,589,775	1,411,565	837,823	21,630,082
Loans (**)	24,213,531	8,675,177	15,693,846	41,044,426	27,117,412	2,125,785	118,870,177
Investments Held-to-Maturity	1,481,535	3,286,520	5,125,938	2,772,062	873,343	445,037	13,984,435
Other Assets	5,707	996	1,060	977	3,038	8,327,631	8,339,409
Total Assets	32,483,001	19,893,733	29,003,070	47,892,705	29,452,917	38,170,782	196,896,208
Liabilities							
Bank Deposits	1,276,619	2,045,284	385,217	848	-	1,193,930	4,901,898
Other Deposits	54,187,361	17,803,698	8,261,332	14,116	-	21,305,183	101,571,690
Interbank Money Market Takings	11,154,555	445,902	1,252,633	1,690,001	-	41,143	14,584,234
Miscellaneous Payables	-	-	-	-	-	5,633,849	5,633,849
Securities Issued	1,127,130	1,578,864	2,399,487	2,585,989	2,465,400	223,519	10,380,389
Other Fundings	9,070,984	10,253,973	4,742,164	2,829,924	2,566,550	161,989	29,625,584
Other Liabilities	2,823	3,688	6,871	1	-	30,185,181	30,198,564
Total Liabilities	76,819,472	32,131,409	17,047,704	7,120,879	5,031,950	58,744,794	196,896,208
On Balance Sheet Long Position	-	-	11,955,366	40,771,826	24,420,967	-	77,148,159
On Balance Sheet Short Position	(44,336,471)	(12,237,676)	-	-	-	(20,574,012)	(77,148,159)
Off-Balance Sheet Long Position	1,808,665	4,610,394	6,158,708	3,548,955	1,331,133	-	17,457,855
Off-Balance Sheet Short Position	(2,168,277)	(2,529,682)	(2,714,542)	(6,956,356)	(1,407,758)	-	(15,776,615)
Total Position	(44,696,083)	(10,156,964)	15,399,532	37,364,425	24,344,342	(20,574,012)	1,681,240

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

(**) Loans amounting to TL 198,778 thousands included under "financial assets at fair value through profit or loss" in the accompanying balance sheet, are presented above under "Loans".

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	16,112,682	16,112,682
Banks	2,082,215	1,760,850	1,660,800	679,581	-	1,562,905	7,746,351
Financial Assets at Fair Value through Profit/Loss	4,743	24,507	101,508	222,482	37,616	570,439	961,295
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	3,192,083	10,953,511	12,531,690	4,210,994	842,269	4,144,232	35,874,779
Loans (**)	17,349,845	9,515,092	14,116,538	32,444,246	17,043,030	1,577,922	92,046,673
Investments Held-to-Maturity	910,865	-	7,064	148,192	293,449	4,813	1,364,383
Other Assets	7,190	-	2,723	4,241	4,698	6,067,476	6,086,328
Total Assets	23,546,941	22,253,960	28,420,323	37,709,736	18,221,062	30,040,469	160,192,491
Liabilities							
Bank Deposits	2,170,278	868,844	526	-	-	764,953	3,804,601
Other Deposits	53,328,997	9,067,816	3,746,179	7,730	-	17,527,096	83,677,818
Interbank Money Market Takings	12,009,528	563,513	911,100	-	-	15,382	13,499,523
Miscellaneous Payables	-	-	-	-	-	4,587,929	4,587,929
Securities Issued	1,213,307	322,141	922,685	1,048,258	2,180,314	175,435	5,862,140
Other Fundings	4,972,615	1,936,545	7,770,867	4,905,807	1,928,300	280,747	21,794,881
Other Liabilities	20,556	74	231	1	-	26,944,737	26,965,599
Total Liabilities	73,715,281	12,758,933	13,351,588	5,961,796	4,108,614	50,296,279	160,192,491
On Balance Sheet Long Position	-	9,495,027	15,068,735	31,747,940	14,112,448	-	70,424,150
On Balance Sheet Short Position	(50,168,340)	-	-	-	-	(20,255,810)	(70,424,150)
Off-Balance Sheet Long Position	1,641,576	3,331,561	2,670,303	2,951,487	626,121	-	11,221,048
Off-Balance Sheet Short Position	(743,463)	(1,794,291)	(2,112,161)	(3,527,824)	(1,172,411)	-	(9,350,150)
Total Position	(49,270,227)	11,032,297	15,626,877	31,171,603	13,566,158	(20,255,810)	1,870,898

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

(**) Loans amounting to TL 222,181 thousands included under "financial assets at fair value through profit or loss" in the accompanying balance sheet, are presented above under "Loans".

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4.6.2 Average interest rates on monetary financial instruments (%)

Current Period	EURO	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.71	0.42	-	7.29
Financial Assets at Fair Value through Profit/Loss	4.63	7.45	-	12.95
Interbank Money Market Placements	-	0.40	-	-
Financial Assets Available-for-Sale	4.15	5.63	-	9.25
Loans	4.89	5.21	5.50	12.92
Investments Held-to-Maturity	-	4.98	-	10.12
Liabilities				
Bank Deposits	1.39	1.98	-	6.84
Other Deposits	1.70	1.82	0.69	6.90
Interbank Money Market Takings	-	1.78	1.49	7.45
Miscellaneous Payables	-	-	-	-
Securities Issued	3.46	4.25	-	8.23
Other Fundings	1.45	2.14	-	9.85
Prior Period				
	EURO	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.19	0.65	-	5.88
Financial Assets at Fair Value through Profit/Loss	4.63	7.24	-	7.73
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.35	5.17	-	10.48
Loans	5.30	5.65	5.61	15.15
Investments Held-to-Maturity	-	6.86	-	8.15
Liabilities				
Bank Deposits	1.55	2.03	-	5.74
Other Deposits	1.98	2.09	1.71	6.55
Interbank Money Market Takings	-	2.04	-	5.67
Miscellaneous Payables	-	-	-	-
Securities Issued	-	4.98	-	7.23
Other Fundings	1.59	2.50	-	11.40

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4.6.3 Interest rate risk on banking book

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

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

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

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

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

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

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

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

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

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

Current Period				
Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity-Losses/Equity	
1 TL	(+) 500bp	(3,104,076)	(13.00)%	
2 TL	(-) 400bp	3,041,950	12.74%	
3 USD	(+) 200bp	(37,444)	(0.16) %	
4 USD	(-) 200bp	6,990	0.03%	
5 EUR	(+) 200bp	(112,317)	(0.47)%	
6 EUR	(-) 200bp	89,257	0.37%	
Total (of negative shocks)		3,138,197	13.14%	
Total (of positive shocks)		(3,253,837)	(13.62)%	
Prior Period				
Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity-Losses/Equity	
1 TL	(+) 500 bps	(2,820,578)	(13.00)%	
2 TL	(-) 400 bps	2,761,432	12.73%	
3 USD	(+) 200 bps	14,983	0.07%	
4 USD	(-) 200 bps	(62,230)	(0.29) %	
5 EUR	(+) 200 bps	(76,545)	(0.35)%	
6 EUR	(-) 200 bps	82,518	0.38%	
Total (of negative shocks)		2,781,720	12.82%	
Total (of positive shocks)		(2,882,140)	(13.28)%	

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4.7 Position risk of equity securities in banking book

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

Current Period		Comparison		
	Equity Securities (shares)	Carrying Value	Fair Value	Market Value
1	Investment in Shares- grade A	3,134,887	2,838,798	56,840
	Quoted Securities	56,840	-	56,840
2	Investment in Shares- grade B	78,916	-	51,819
	Quoted Securities	51,819	-	51,819
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	-	-	-

Prior Period		Comparison		
	Equity Securities (shares)	Carrying Value	Fair Value	Market Value
1	Investment in Shares- grade A	2,534,600	2,248,502	68,509
	Quoted Securities	68,509	-	68,509
2	Investment in Shares- grade B	73,971	-	62,457
	Quoted Securities	62,457	-	62,457
3	Investment in Shares- grade C	-	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- grade F	48	-	-
	Quoted Securities	-	-	-

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

Current Period	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
		Total	Amount in Supplementary Capital	Total	Amount in Core Capital	Amount in Supplementary Capital
1 Private Equity Investments	-	-	-	-	-	-
2 Quoted Shares	-	-	-	40,893	-	17,788
3 Other Shares	-	1,322,634	595,185	-	-	-
Total	-	1,322,634	595,185	40,893	-	17,788

Prior Period	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
		Total	Amount in Supplementary Capital	Total	Amount in Core Capital	Amount in Supplementary Capital
1 Private Equity Investments	-	-	-	-	-	-
2 Quoted Shares	-	-	-	76,631	-	34,484
3 Other Shares	-	777,220	349,749	-	-	-
Total	-	777,220	369,749	76,631	-	34,484

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4.8 Liquidity risk

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

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

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

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

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively

The liquidity ratios for the years 2012 and 2011, are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	156.07	136.67	104.26	103.75

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	131.56	139.73	98.80	104.67

4.8.1 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.

	Carrying Value	Gross Nominal Outflows	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Current Period								
Bank Deposits	4,901,898	4,894,179	1,186,219	1,276,614	1,860,140	385,217	185,989	-
Other Deposits	101,571,690	101,152,169	20,885,662	54,181,573	17,792,901	8,223,123	55,781	13,129
Other Fundings	29,625,584	29,463,595	-	342,771	2,189,225	10,684,377	10,123,103	6,124,119
Interbank Money Market Takings	14,584,234	14,543,091	-	11,154,555	445,902	1,252,633	1,690,001	-
Securities Issued	10,380,389	10,156,870	-	393,859	1,321,583	2,460,497	3,515,531	2,465,400
Total	161,063,795	160,209,904	22,071,881	67,349,372	23,609,751	23,005,847	15,570,405	8,602,648
Prior Period								
Bank Deposits	3,804,601	3,800,553	760,907	2,170,290	716,719	526	152,111	-
Other Deposits	83,677,818	83,405,286	17,254,564	53,323,131	9,056,717	3,703,651	47,157	20,066
Other Fundings	21,794,881	21,514,134	-	1,526,559	1,243,301	7,942,072	7,584,619	3,217,583
Interbank Money Market Takings	13,499,523	13,484,141	-	12,009,528	563,513	911,100	-	-
Securities Issued	5,862,140	5,686,705	-	685,307	322,140	922,685	1,576,257	2,180,316
Total	128,638,963	127,890,819	18,015,471	69,714,815	11,902,390	13,480,034	9,360,144	5,417,965

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4.8.2 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	5,361,318	17,166,780	-	-	-	-	-	22,528,098
Banks	2,688,855	1,302,035	847,286	971,181	1,580,734	2,360,300	-	9,750,391
Financial Assets at Fair Value through Profit/Loss (**)	18,800	148,936	247,105	578,126	499,983	109,864	-	1,602,814
Interbank Money Market Placements	-	190,802	-	-	-	-	-	190,802
Financial Assets Available-for-Sale	40,168	33,456	755,908	5,573,823	9,194,534	6,032,193	-	21,630,082
Loans (***)	5,446,826	13,225,111	9,570,169	28,498,617	45,409,075	14,558,275	2,162,104	118,870,177
Investments Held-to-Maturity	-	-	-	1,129,213	4,720,246	8,134,976	-	13,984,435
Other Assets	2,416,837	373,073	996	1,060	110,328	8,671	5,428,444	8,339,409
Total Assets	15,972,804	32,440,193	11,421,464	36,752,020	61,514,900	31,204,279	7,590,548	196,896,208
Liabilities								
Bank Deposits	1,186,219	1,279,459	1,863,230	387,000	185,990	-	-	4,901,898
Other Deposits	20,885,662	54,410,532	17,896,572	8,309,339	56,339	13,246	-	101,571,690
Other Fundings	-	366,223	2,290,783	10,716,353	10,128,106	6,124,119	-	29,625,584
Interbank Money Market Takings	-	11,162,830	448,520	1,276,385	1,696,499	-	-	14,584,234
Securities Issued	-	393,859	1,324,552	2,463,038	3,561,504	2,637,436	-	10,380,389
Miscellaneous Payables	638,677	4,995,172	-	-	-	-	-	5,633,849
Other Liabilities (***)	2,060,777	350,515	231,864	503,609	585,911	93,112	26,372,776	30,198,564
Total Liabilities	24,771,335	72,958,590	24,055,521	23,655,724	16,214,349	8,867,913	26,372,776	196,896,208
Liquidity Gap	(8,798,531)	(40,518,397)	(12,634,057)	13,096,296	45,300,551	22,336,366	(18,782,228)	-
Prior Period								
Total Assets	6,197,781	29,616,881	8,315,464	28,247,169	54,782,926	28,100,301	4,931,969	160,192,491
Total Liabilities	19,920,705	74,474,541	12,165,383	13,641,874	9,869,522	5,662,009	24,458,457	160,192,491
Liquidity Gap	(13,722,924)	(44,857,660)	(3,849,919)	14,605,295	44,913,404	22,438,292	(19,526,488)	-

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

(**) Loans amounting to TL 198,778 thousands (31 December 2012: TL 222,181 thousands) classified under "financial assets at fair value through profit or loss" in the accompanying balance sheet, are included above under "Loans".

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

4.9 Securitisation positions

None.

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4.10 Credit risk mitigation techniques

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

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

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

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

Current Period	Amount (*)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	55,716,807	901,582	-	-
Conditional and unconditional exposures to regional governments or local authorities	40,112	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	549	454	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	43,560,059	17,774,735	-	-
Conditional and unconditional exposures to corporates	96,574,831	6,916,663	-	-
Conditional and unconditional retail exposures	54,910,518	898,039	-	-
Conditional and unconditional exposures secured by real estate property (*)	18,543,668	111,092	-	-
Past due items	340,709	108	-	-
Items in regulatory high-risk categories	15,861,940	181,020	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Other items	7,113,642	-	-	-

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

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

Prior Period	Amount (*)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	56,704,672	2,415,166	-	-
Conditional and unconditional exposures to regional governments or local authorities	61	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	46,987	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	33,045,178	15,285,952	-	-
Conditional and unconditional exposures to corporates	69,149,393	4,490,416	-	-
Conditional and unconditional retail exposures	46,629,680	955,106	-	-
Conditional and unconditional exposures secured by real estate property (*)	12,055,043	59,004	-	-
Past due items	218,515	118	-	-
Items in regulatory high-risk categories	7,716,255	102,442	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Other items	5,647,458	-	-	-

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

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

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4.11 Risk management objectives and policies

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

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

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

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

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

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

4.12 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	185,331,724	151,897,404	185,623,513	151,292,903
Interbank Money Market Placements	190,802	-	190,802	-
Banks ⁽¹⁾	30,656,228	22,611,569	30,656,228	22,611,569
Financial Assets Available-for-Sale	21,630,082	35,874,779	21,630,082	35,874,779
Investments Held-to-Maturity	13,984,435	1,364,383	13,743,665	1,465,168
Loans	118,870,177	92,046,673	119,402,736	91,341,387
Financial Liabilities	152,113,410	119,727,369	152,113,410	119,727,369
Bank Deposits	4,901,898	3,804,601	4,901,898	3,804,601
Other Deposits	101,571,690	83,677,818	101,571,690	83,677,818
Other Fundings	29,625,584	21,794,881	29,625,584	21,794,881
Securities Issued	10,380,389	5,862,140	10,380,389	5,862,140
Miscellaneous Payables	5,633,849	4,587,929	5,633,849	4,587,929

⁽¹⁾ Including the balances at the Central Bank of Turkey

Fair values of financial assets available-for-sale and investments held-to-maturity are derived from market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

Fair values of loans are calculated discounting future cash flows at current market interest rates for fixed-rate loans. The carrying values of floating-rate loans are deemed an approximation for their fair values.

Fair values of other financial assets and liabilities represent the total acquisition costs and accrued interest.

The table below analyses financial instruments carried at fair value, by valuation method:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	17,315,403	1,693,580	2,621,099	21,630,082
Financial Assets Held for Trading	155,403	274,200	26,545	456,148
Derivative Financial Assets Held for Trading	1,451	1,145,215	-	1,146,666
Loans	-	198,778	-	198,778
Investments in Associates and Subsidiaries	108,660	-	2,730,138	2,838,798
Derivative Financial Assets Held for Risk Management	-	114,984	-	114,984
Financial Assets at Fair Value	17,580,917	3,426,757	5,377,782	26,385,456
Derivative Financial Liabilities Held for Trading	-	1,384,696	-	1,384,696
Funds Borrowed	-	2,084,138	-	2,084,138
Derivative Financial Liabilities Held for Risk Management	-	39,105	-	39,105
Financial Liabilities at Fair Value	-	3,507,939	-	3,507,939

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Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	33,646,892	-	2,227,887	35,874,779
Financial Assets Held for Trading	406,373	-	4,217	410,590
Derivative Financial Assets Held for Trading	5,776	544,929	-	550,705
Loans	-	222,181	-	222,181
Investments in Associates and Subsidiaries	130,967	-	2,117,536	2,248,503
Derivative Financial Assets Held for Risk Management	-	-	-	-
Financial Assets at Fair Value	34,190,008	767,110	4,349,640	39,306,758
Derivative Financial Liabilities Held for Trading	-	871,031	-	871,031
Funds Borrowed	-	-	-	-
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Financial Liabilities at Fair Value	-	871,031	-	871,031

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

None.

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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	1,007,643	545,114	800,960	399,078
Central Bank of Turkey	1,743,999	19,161,838	492,972	14,372,246
Others	-	69,504	-	47,426
Total	2,751,642	19,776,456	1,293,932	14,818,750

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,743,999	1,995,058	492,972	1,500,401
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	17,166,780	-	12,871,845
Total	1,743,999	19,161,838	492,972	14,372,246

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	-	280,860	-	223,894
Assets Subject to Repurchase Agreements	-	-	-	-
Total	-	280,860	-	223,894

5.1.2.2 Positive differences on derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	297,734	16,495	44,018	2,544
Swap Transactions	310,057	190,404	206,319	225,871
Futures	-	1,451	-	5,776
Options	292,893	37,632	47,495	18,682
Other	-	-	-	-
Total	900,684	245,982	297,832	252,873

5.1.2.3 Financial assets at fair value through profit/loss

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

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5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	361,414	254,705	191,158	52,949
Foreign banks	1,712,607	7,421,665	2,041,405	5,460,839
Foreign headoffices and branches	-	-	-	-
Total	2,074,021	7,676,370	2,232,563	5,513,788

Due from foreign banks

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,058,241	1,556,403	6,876,690	5,414,630
USA and Canada	437,706	73,095	406,461	217,740
OECD Countries ⁽¹⁾	3,614	2,558	-	-
Off-Shore Banking Regions	121,644	70,720	43,094	26,401
Other	186,822	140,697	-	-
Total	1,808,027	1,843,473	7,326,245	5,658,771

⁽¹⁾ OECD countries other than the EU countries, USA and Canada

The placements at foreign banks include blocked accounts amounting TL 7,326,245 thousands (31 December 2012: TL 5,658,771 thousands) of which TL 116,271 thousands (31 December 2012: TL 82,876 thousands) and TL 43,094 thousands (31 December 2012: TL 26,402 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,166,880 thousands (31 December 2012: TL 5,549,493 thousands) as collateral against funds borrowed at various banks.

5.1.4 Financial assets available-for-sale

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	6,591,836	530,716	10,954,245	96,816
Assets subject to Repurchase Agreements	9,143,715	374,938	14,696,052	-
Total	15,735,551	905,654	25,650,297	96,816

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	21,064,852	31,750,364
Quoted at Stock Exchange	18,404,784	29,596,105
Unquoted at Stock Exchange	2,660,068	2,154,259
Common Shares/Investment Funds	18,163	22,249
Quoted at Stock Exchange ⁽¹⁾	7,669	5,081
Unquoted at Stock Exchange	10,494	17,168
Value Increases/Impairment Losses (-)	547,067	4,102,166
Total	21,630,082	35,874,779

As of 31 December 2013, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 (31 December 2012: USD 425,000,000) and a total carrying value of TL 913,660 thousands (31 December 2012: TL 763,661 thousands).

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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	65	135,482	21	92,270
Corporates	65	135,482	21	92,270
Individuals	-	-	-	-
Indirect Lendings to Shareholders	452,446	294,928	314,839	256,913
Loans to Employees	154,164	50	107,541	48
Total	606,675	430,460	422,401	349,231

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
Cash Loans						
Loans	115,202,935	2,161,905	-	3,185,280	1,392,098	674,472
Working Capital Loans	8,892,266	146,715	-	635,501	363,054	85,052
Export Loans	4,257,583	11,321	-	46,569	25,371	11,365
Import Loans	-	-	-	-	-	-
Loans to Financial Sector ⁽¹⁾	3,375,977	-	-	-	-	-
Consumer Loans	28,438,417	1,068,031	-	785,216	186,004	64,352
Credit Cards	14,562,828	-	-	523,176	-	401,241
Others	55,675,864	935,838	-	1,194,818	817,669	112,462
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	115,202,935	2,161,905	-	3,185,280	1,392,098	674,472

⁽¹⁾ Loans amounting to TL 198,778 thousands included under "financial assets at fair value through profit or loss" in the accompanying balance sheet, are presented above under "Loans to Financial Sector".

Prior Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Cash Loans						
Loans	89,217,584	1,269,093	-	2,426,210	872,130	561,099
Working Capital Loans	7,887,360	142,378	-	517,047	240,937	111,553
Export Loans	3,514,477	10,450	-	114,629	83,233	15,850
Import Loans	955	-	-	-	-	-
Loans to Financial Sector ⁽¹⁾	2,296,887	-	-	-	-	-
Consumer Loans	21,449,583	670,575	-	446,106	83,604	88,987
Credit Cards	11,539,424	-	-	336,618	-	252,722
Others	42,528,898	445,690	-	1,011,810	464,358	91,987
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	89,217,584	1,269,093	-	2,426,210	872,132	561,099

⁽¹⁾ Loans amounting to TL 222,181 thousands included under "financial assets at fair value through profit or loss" in the accompanying balance sheet, are presented above under "Loans to Financial Sector".

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Collaterals received for loans under follow-up;

Current Period	Corporate/Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	41,599	2,331	-	43,930
Loans Collateralized by Mortgages	1,034,971	293,855	-	1,328,826
Loans Collateralized by Pledged Assets	77,307	46,495	-	123,802
Loans Collateralized by Cheques and Notes	61,852	353,512	-	415,364
Loans Collateralized by Other Collaterals	613,547	4,236	-	617,783
Unsecured Loans	47,612	84,787	523,176	655,575
Total	1,876,888	785,216	523,176	3,185,280

Prior Period	Corporate/Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	13,419	2,375	-	15,794
Loans Collateralized by Mortgages	949,022	191,960	-	1,140,982
Loans Collateralized by Pledged Assets	96,573	25,191	-	121,764
Loans Collateralized by Cheques and Notes	96,309	204,960	-	301,269
Loans Collateralized by Other Collaterals	474,088	1,640	-	475,728
Unsecured Loans	14,075	19,980	336,618	370,673
Total	1,643,486	446,106	336,618	2,426,210

Delinquency periods of loans under follow-up;

Current Period	Corporate/Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	51,992	311,313	68,724	432,029
61-90 days	35,264	83,177	27,507	145,948
Others	1,789,632	390,726	426,945	2,607,303
Total	1,876,888	785,216	523,176	3,185,280

Prior Period	Corporate/Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	74,070	165,086	60,002	299,158
61-90 days	62,489	42,195	23,894	128,578
Others	1,506,927	238,825	252,722	1,998,474
Total	1,643,486	446,106	336,618	2,426,210

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Loans and other receivables with extended payment plans;

No. of Extensions	Current Period		Prior Period	
	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	2,074,651	1,362,038	1,170,683	830,194
3, 4 or 5 times	55,069	22,639	87,379	28,011
Over 5 times	32,185	7,421	11,031	13,927

Extention Periods	Current Period		Prior Period	
	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	519,933	133,034	222,024	411,970
6 - 12 months	128,650	52,069	284,389	80,138
1 - 2 years	292,141	154,404	272,693	88,897
2 - 5 year	460,737	431,914	375,218	116,133
5 years and over	760,444	620,677	114,769	174,994

5.1.5.3 Maturity analysis of cash loans

Current Period	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-term Loans	32,774,688	101,607	689,252	450,233
Loans	32,774,688	101,607	689,252	450,233
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	82,428,247	2,060,298	2,496,028	1,616,337
Loans	82,428,247	2,060,298	2,496,028	1,616,337
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

Prior Period	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-term Loans	27,470,825	178,341	559,039	361,343
Loans	27,470,825	178,341	559,039	361,343
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	61,746,759	1,090,752	1,867,171	1,071,888
Loans	61,746,759	1,090,752	1,867,171	1,071,888
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

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

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	571,192	27,931,131	28,502,323
Housing Loans	18,051	13,425,912	13,443,963
Automobile Loans	17,232	1,463,542	1,480,774
General Purpose Loans	98,945	1,877,475	1,976,420
Other	436,964	11,164,202	11,601,166
Consumer Loans – FC-indexed	-	232,720	232,720
Housing Loans	-	225,465	225,465
Automobile Loans	-	132	132
General Purpose Loans	-	5,547	5,547
Other	-	1,576	1,576
Consumer Loans – FC	143	39,918	40,061
Housing Loans	62	30,971	31,033
Automobile Loans	7	6,393	6,400
General Purpose Loans	-	828	828
Other	74	1,726	1,800
Retail Credit Cards – TL	12,942,722	713,232	13,655,954
With Installment	7,609,148	713,207	8,322,355
Without Installment	5,333,574	25	5,333,599
Retail Credit Cards – FC	47,871	-	47,871
With Installment	24,959	-	24,959
Without Installment	22,912	-	22,912
Personnel Loans – TL	15,064	51,603	66,667
Housing Loan	-	1,284	1,284
Automobile Loans	-	101	101
General Purpose Loans	3,716	9,248	12,964
Other	11,348	40,970	52,318
Personnel Loans - FC-indexed	-	269	269
Housing Loans	-	269	269
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	96	96
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	96	96
Other	-	-	-
Personnel Credit Cards – TL	77,845	831	78,676
With Installment	38,772	831	39,603
Without Installment	39,073	-	39,073
Personnel Credit Cards – FC	760	-	760
With Installment	458	-	458
Without Installment	302	-	302
Deposit Accounts– TL (Real persons)	381,497	-	381,497
Deposit Accounts– FC (Real persons)	-	-	-
Total	14,037,094	28,969,800	43,006,894

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Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	574,438	20,570,250	21,144,688
Housing Loans	13,381	10,248,790	10,262,171
Automobile Loans	21,313	1,269,827	1,291,140
General Purpose Loans	107,615	1,283,909	1,391,524
Other	432,129	7,767,724	8,199,853
Consumer Loans – FC-indexed	-	274,002	274,002
Housing Loans	-	264,756	264,756
Automobile Loans	-	246	246
General Purpose Loans	-	6,858	6,858
Other	-	2,142	2,142
Consumer Loans – FC	-	40,621	40,621
Housing Loans	-	31,337	31,337
Automobile Loans	-	6,748	6,748
General Purpose Loans	-	1,161	1,161
Other	-	1,375	1,375
Retail Credit Cards – TL	10,891,301	264,632	11,155,933
With Installment	5,698,845	264,632	5,963,477
Without Installment	5,192,456	-	5,192,456
Retail Credit Cards – FC	32,690	-	32,690
With Installment	10,462	-	10,462
Without Installment	22,228	-	22,228
Personnel Loans – TL	18,465	37,051	55,516
Housing Loan	-	1,171	1,171
Automobile Loans	-	146	146
General Purpose Loans	4,265	5,866	10,131
Other	14,200	29,868	44,068
Personnel Loans – FC-indexed	-	58	58
Housing Loans	-	58	58
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	52	52
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	52	52
Other	-	-	-
Personnel Credit Cards – TL	43,806	513	44,319
With Installment	34,769	513	35,282
Without Installment	9,037	-	9,037
Personnel Credit Cards – FC	561	-	561
With Installment	255	-	255
Without Installment	306	-	306
Deposit Accounts– TL (Real persons)	380,752	-	380,752
Deposit Accounts– FC (Real persons)	-	-	-
Total	11,942,013	21,187,179	33,129,192

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5.1.5.5 Installment based commercial loans and corporate credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	917,999	7,852,874	8,770,873
Real Estate Loans	2,443	657,385	659,828
Automobile Loans	44,069	1,524,823	1,568,892
General Purpose Loans	871,487	5,665,918	6,537,405
Other	-	4,748	4,748
Installment-based Commercial Loans - FC-indexed	88,127	1,076,813	1,164,940
Real Estate Loans	-	48,110	48,110
Automobile Loans	3,569	260,595	264,164
General Purpose Loans	84,558	768,108	852,666
Other	-	-	-
Installment-based Commercial Loans – FC	278	91,008	91,286
Real Estate Loans	-	1,413	1,413
Automobile Loans	-	7,421	7,421
General Purpose Loans	278	18,216	18,494
Other	-	63,958	63,958
Corporate Credit Cards – TL	1,295,213	1,092	1,296,305
With Installment	783,440	1,088	784,528
Without Installment	511,773	4	511,777
Corporate Credit Cards – FC	6,438	-	6,438
With Installment	237	-	237
Without Installment	6,201	-	6,201
Deposit Accounts– TL (Corporates)	637,296	-	637,296
Deposit Accounts– FC (Corporates)	-	-	-
Total	2,945,351	9,021,787	11,967,138
Prior Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,113,031	7,756,447	8,869,478
Real Estate Loans	547	577,452	577,999
Automobile Loans	49,295	1,540,604	1,589,899
General Purpose Loans	1,063,189	5,631,924	6,695,113
Other	-	6,467	6,467
Installment-based Commercial Loans - FC-indexed	71,711	662,032	733,743
Real Estate Loans	-	39,880	39,880
Automobile Loans	2,545	211,094	213,639
General Purpose Loans	69,166	411,058	480,224
Other	-	-	-
Installment-based Commercial Loans – FC	416	79,045	79,461
Real Estate Loans	-	1,460	1,460
Automobile Loans	170	4,665	4,835
General Purpose Loans	246	10,074	10,320
Other	-	62,846	62,846
Corporate Credit Cards – TL	636,981	750	637,731
With Installment	375,502	750	376,252
Without Installment	261,479	-	261,479
Corporate Credit Cards – FC	4,808	-	4,808
With Installment	1	-	1
Without Installment	4,807	-	4,807
Deposit Accounts– TL (corporates)	646,939	-	646,939
Deposit Accounts– FC (corporates)	-	-	-
Total	2,473,886	8,498,274	10,972,160

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5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	1,267,471	1,197,502
Private Sector ^(*)	117,120,744	90,446,292
Total	118,388,215	91,643,794

^(*) Loans amounting to TL 198,778 thousands (31 December 2012: TL 222,181 thousands) included under "Financial Assets at Fair Value through Profit/Loss" in the accompanying balance sheet, are presented above under "Private Sector".

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	115,622,241	88,964,587
Foreign Loans ^(*)	2,765,974	2,679,207
Total	118,388,215	91,643,794

^(*) Loans amounting to TL 198,778 thousands (31 December 2012: TL 222,181 thousands) included under "Financial Assets at Fair Value through Profit/Loss" in the accompanying balance sheet, are presented above under "Foreign Loans".

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	1,208,237	851,364
Indirect Lending	-	-
Total	1,208,237	851,364

5.1.5.9 Specific provisions for loans

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	277,414	112,647
Doubtful Loans and Receivables	302,070	460,160
Uncollectible Loans and Receivables	1,476,984	1,138,387
Total	2,056,468	1,711,194

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
Current Period			
(Gross Amounts before Specific Provisions)	58,625	92,870	118,125
Restructured Loans and Receivables	58,625	92,870	118,125
Rescheduled Loans and Receivables	-	-	-
Prior Period			
(Gross Amounts before Specific Provisions)	23,914	40,941	75,043
Restructured Loans and Receivables	23,914	40,941	75,043
Rescheduled Loans and Receivables	-	-	-

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Movements in non-performing loans and other receivables

Current Period	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	219,718	565,595	1,328,760
Additions during the Period (+)	1,141,762	48,537	98,195
Transfer from Other NPL Categories (+)	-	849,404	897,761
Transfer to Other NPL Categories (-)	849,404	897,761	-
Collections during the Period (-)	133,646	163,151	257,039
Write-offs (-) ⁽¹⁾	-	229	310,072
Corporate and Commercial Loans	-	226	29,209
Retail Loans	-	-	51,880
Credit Cards	-	3	228,983
Others	-	-	-
Balances at End of Period	378,430	402,395	1,757,605
Specific Provisions (-)	277,414	302,070	1,476,984
Net Balance on Balance Sheet	101,016	100,325	280,621

⁽¹⁾ resulted from sale of non-performing loans.

Prior Period	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	78,176	191,288	1,262,623
Additions during the Period (+)	832,319	176,843	71,104
Transfer from Other NPL Categories (+)	-	607,810	344,953
Transfer to Other NPL Categories (-)	607,810	345,163	1,217
Collections during the Period (-)	82,967	65,183	178,719
Write-offs (-) ⁽¹⁾	-	-	169,984
Corporate and Commercial Loans	-	-	2,864
Retail Loans	-	-	33,577
Credit Cards	-	-	133,543
Others	-	-	-
Balances at End of Period	219,718	565,595	1,328,760
Specific Provisions (-)	112,647	460,160	1,138,387
Net Balance on Balance Sheet	107,071	105,435	190,373

⁽¹⁾ resulted from sale of non-performing loans.

Movements in specific loan provisions

Current Period	Corporate/Commercial Loans	Consumer Loans	Credit Cards	Total
	Balances at End of Prior Period	735,868	368,947	606,379
Additions during the Period(+)	365,790	305,019	371,193	1,042,002
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	148,373	113,613	138,968	400,954
Write-offs (-)	16,472	50,316	228,986	295,774
Balances at End of Period	936,813	510,037	609,618	2,056,468

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Prior Period	Corporate/Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	450,411	248,229	553,075	1,251,715
Additions during the Period(+)	347,290	220,956	268,211	836,457
Restructured/Rescheduled Loans (-)	245	75	-	320
Collections during the Period (-)	58,724	66,586	81,364	206,674
Write-offs (-)	2,864	33,577	133,543	169,984
Balances at End of Period	735,868	368,947	606,379	1,711,194

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
Current Period			
Balance at End of Period	141,370	17,319	456,840
Specific Provision (-)	88,761	7,149	389,076
Net Balance at Balance Sheet	52,609	10,170	67,764
Prior Period			
Balance at End of Period	10,686	233,309	210,366
Specific Provision (-)	5,059	198,414	175,164
Net Balance at Balance Sheet	5,627	34,895	35,202

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period (Net)	101,016	100,325	280,621
Loans to Individuals and Corporates (Gross)	378,430	402,395	1,749,573
Specific Provision (-)	277,414	302,070	1,468,952
Loans to Individuals and Corporates (Net)	101,016	100,325	280,621
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,721
Specific Provision (-)	-	-	7,721
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	107,071	105,435	190,373
Loans to Individuals and Corporates (Gross)	219,718	565,595	1,320,730
Specific Provision (-)	112,647	460,160	1,130,357
Loans to Individuals and Corporates (Net)	107,071	105,435	190,373
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,719
Specific Provision (-)	-	-	7,719
Other Loans and Receivables (Net)	-	-	-

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Collaterals received for non-performing loans

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	523	183	-	706
Loans Collateralized by Mortgages	502,325	57,620	-	559,945
Loans Collateralized by Pledged Assets	229,285	45,622	-	274,907
Loans Collateralized by Cheques and Notes	304,756	398,069	-	702,825
Loans Collateralized by Other Collaterals	262,161	3,951	-	266,112
Unsecured Loans	66,934	55,055	611,946	733,935
Total	1,365,984	560,500	611,946	2,538,430

Prior Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	549	213	-	762
Loans Collateralized by Mortgages	385,422	46,929	-	432,351
Loans Collateralized by Pledged Assets	205,991	39,865	-	245,856
Loans Collateralized by Cheques and Notes	251,960	253,795	-	505,755
Loans Collateralized by Other Collaterals	172,110	5,610	-	177,720
Unsecured Loans	47,803	64,739	639,087	751,629
Total	1,063,835	411,151	639,087	2,114,073

5.1.5.11 Liquidation policy for uncollectible loans and receivables

Such loans and receivables are collected through legal follow-up and liquidation of collaterals.

5.1.5.12 "Write-off" policies

The Bank's general policy for write-offs of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible in legal follow-up process.

5.1.6 Investments held-to-maturity

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	5,139,285	-	677,522	356,786
Investments subject to Repurchase Agreements	6,192,089	428,072	-	-
Total	11,331,374	428,072	677,522	356,786

5.1.6.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	13,581,743	911,245
Treasury Bills	-	-
Other Government Securities	-	445,864
Total	13,581,743	1,357,109

5.1.6.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	13,540,925	1,359,571
Quoted at Stock Exchange	13,140,485	1,352,506
Unquoted at Stock Exchange	400,440	7,065
Valuation Increase / (Decrease)	443,510	4,812
Total	13,984,435	1,364,383

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5.1.6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	1,364,383	4,786,530
Foreign Currency Differences On Monetary Assets	-	(26,348)
Purchases during the Period ⁽¹⁾	12,670,890	7,065
Disposals through Sales/Redemptions ⁽²⁾	(495,874)	(3,407,676)
Valuation Effect	445,036	4,812
Balances at End of Period	13,984,435	1,364,383

⁽¹⁾ The Bank reclassified certain securities issued by the Turkish Treasury, with a total face value of TL 8,965,094 thousands from financial assets available-for-sale portfolio to investments held-to-maturity portfolio in the current period.

⁽²⁾ As per the regulation on capital adequacy (Basel II) effective from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 100%. As allowed by the relevant accounting standards (TAS 39) for the sale or reclassification of securities originally classified under the securities held-to-maturity in cases where the capital requirement increases due to regulatory changes, in the prior period, the Bank sold a part of its eurobonds with a total face value of USD 595,638,000 from its held-to-maturity portfolio and in the current period, as per the letter of the Public Oversight, Accounting and Auditing Standards Authority no. 602 dated 20 February 2013, the Bank reclassified its eurobonds with a total face value of USD 248,209,999 to its available-for-sale portfolio.

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/Türkiye	10.15	10.15
2 Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Türkiye	0.77	0.77
3 İstanbul Takas ve Saklama Bankası AŞ ⁽²⁾	İstanbul/Türkiye	5.83	5.83
4 Borsa İstanbul AŞ ⁽³⁾	İstanbul/Türkiye	6.00	6.00
5 KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Türkiye	9.09	9.09
6 Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara / Türkiye	2.48	2.48
7 Kredi Garanti Fonu AŞ	Ankara / Türkiye	1.75	1.75

	Total Assets	Shareholders' Equity	Total Fixed Assets ⁽¹⁾	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	33,001	23,773	19,197	347	14	4,171	4,238	-
2	716,541	73,214	2,952	15,383	830	2,423	2,171	-
3	5,596,026	590,396	15,297	116,776	6,894	81,809	55,168	-
4	610,000	478,681	19,291	9,733	2,024	45,686	-	-
5	91,353	78,926	48,825	1,637	18	28,150	24,044	-
6	251,407,290	23,683,777	274,340	3,079,573	2,404,666	(300,025)	18,381,955	-
7	280,578	276,430	3,331	10,640	-	11,980	2,772	-

(1) Financial information is as of 30 September 2013.

(2) Financial information is as of 31 December 2012.

⁽¹⁾ Total fixed assets include tangible and intangible assets.

⁽²⁾ The shares in Vadeli İşlem ve Opsiyon Borsası A.Ş. were replaced by the shares of Borsa İstanbul A.Ş. according to the article 138-6/b of the Capital Market Law no.6362 The Current Period Profit/Loss includes the performance of the period from 3 April 2013 to 30 September 2013, starting from the date of establishment of Borsa İstanbul A.Ş. on 3 April 2013.

⁽³⁾ The name of IMKB Takas ve Saklama was changed as İstanbul Takas ve Saklama Bankası AŞ.

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5.1.7.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	21,099	19,834
Movements during the Period	15,599	1,265
Acquisitions ⁽¹⁾	10,494	1,211
Bonus Shares Received ⁽²⁾	5,105	57
Dividends from Current Year Profit	-	-
Sales ⁽³⁾	-	(3)
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
Balance at End of Period	36,698	21,099
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

⁽¹⁾ In the current period, the increase of TL 10,494 thousands was due to the increase in the paid-in capital of İstanbul Takas ve Saklama Bankası AŞ, from TL 60,000 thousands to TL 420,000 thousands by TL 360,000 thousands of which TL 180,000 thousands was in cash, at the ordinary general meeting held on 29 March 2013.

In the prior period, TL 1,000 thousands of the acquisitions resulted from the payment of capital commitment amounting to TL 1,000 thousands to Kredi Garanti Fonu AŞ as per the capital increase of TL 4,000 thousands as of 11 September 2009, and TL 211 thousands from the reallocation of the shares previously held by Fortisbank that was acquired by TEB in order to rebuild the equal shareholders principle.

⁽²⁾ In the current period, the increase of TL 5,105 thousands composes of;

-the increase of TL 5,090 thousands resulted from the increase in the paid-in capital of İstanbul Takas ve Saklama Bankası AŞ, from TL 60,000 thousands to TL 420,000 thousands by TL 360,000 thousands of which TL 180,000 thousands was in cash, at the ordinary general meeting held on 29 March 2013, and

-the C group of shares of Borsa İstanbul AŞ in the amount of TL 15 thousands received as bonus shares from the distribution to the existing members of İstanbul Altın Borsası as per the board of directors' meeting of Borsa İstanbul AŞ on 4 July 2013 according to the article 138-6/a of the Capital Markets Law no.6362.

⁽³⁾ In the prior period, this decrease is due to the liquidation of Gelişen Bilgi Teknolojileri AŞ in 9 May 2012.

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	34,984	19,385
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	Current Period	Prior Period
Valued at Cost	36,698	21,099
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.

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5.1.8 Investments in subsidiaries

5.1.8.1 Information on capital adequacy of major subsidiaries

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

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

Prior Period	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
CORE CAPITAL	896,741	559,976	332,747
Paid-in Capital	322,353	12,016	856,656
Inflation Adjustments to Paid-in Capital	-	68,832	-
Share Premium	-	-	30,113
Reserves	474,900	419,008	(367,428)
Current Period's Profit and Prior Periods' Profit	101,782	61,560	-
Current Period's Losses and Prior Periods' Losses	-	-	40,642
Leasehold Improvements on Operational Leases (-)	-	-	12,821
Intangible Assets (-)	2,294	1,440	2,805
Goodwill (Net) (-)	-	-	130,326
SUPPLEMENTARY CAPITAL	178,282	-	9,720
CAPITAL	1,075,023	559,976	342,467
DEDUCTIONS FROM CAPITAL	-	42	81,453
NET AVAILABLE EQUITY	1,075,023	559,934	261,014

5.1.8.2 Investments in subsidiaries

Subsidiary	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	99.92	100.00
3 Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4 Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5 Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6 Garanti Finansal Kiralama AŞ	Istanbul/Turkey	99.96	99.96
7 Garanti Faktoring Hizmetleri AŞ	Istanbul/Turkey	81.84	81.84
8 Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9 Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10 Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11 Garanti Bank International NV	Amsterdam/The Netherlands	100.00	100.00
12 Garanti Bank Moscow	Moscow/Russia	99.94	100.00
13 Garanti Holding BV	Amsterdam/The Netherlands	100.00	100.00

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	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	42,240	36,261	61	960	804	5,156	7,234	-
2	27,068	16,612	3,399	946	51	1,453	1,959	-
3	4,160	3,646	14	-	85	2,422	1,009	-
4	946	798	59	-	5	125	358	-
5	2,644	2,295	7	-	94	641	389	-
6	3,661,127	596,482	18,188	271,082	-	67,292	61,560	-
7	2,059,653	120,066	3,102	116,644	-	15,302	20,460	132,765
8	53,454	36,919	2,054	548	3,706	7,674	621	-
9	23,733	20,553	1,827	1,035	189	2,665	3,165	-
10	5,315,146	713,657	22,449	50,476	6,044	139,818	133,977	-
11	13,575,439	1,343,426	66,580	378,343	71,190	143,170	101,782	1,508,568
12	1,034,687	199,765	45,688	39,122	18,953	15,038	16,896	275,617
13	947,643	947,593	-	9	-	(210)	(121)	946,112

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

5.1.8.3 Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	2,588,534	2,168,576
Movements during the Period	590,295	419,958
Acquisitions ^(*)	-	46,474
Bonus Shares Received ^(**)	46,142	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	257,126	420,961
Currency Differences on Foreign Subsidiaries	287,027	(47,477)
Impairment Reversals/(Losses)	-	-
Balance at End of Period	3,178,829	2,588,534
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

^(*) In the prior period, the paid-in capital of Garanti Holding BV was increased from EUR 349,088,600 to EUR 369,088,600 on 18 October 2012 as per the decision made at the board of directors' meeting held on 11 October 2012.

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

5.1.8.4 Sectoral distribution of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	1,784,026	1,357,098
Insurance Companies	56,545	56,545
Factoring Companies	108,660	130,967
Leasing Companies	110,743	110,743
Finance Companies	1,014,770	829,096
Other Subsidiaries	104,085	104,085

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5.1.8.5. Quoted subsidiaries

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	108,660	130,967
Quoted at International Stock Exchanges	-	-

5.1.8.6 Valuation methods of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Valued at Cost	340,031	340,031
Valued at Fair Value	2,838,798	2,248,503

5.1.8.7. Investments in subsidiaries disposed during the current period

None.

5.1.8.8 Investments in subsidiaries acquired during the current period

None.

5.1.9 Investments in Joint-Ventures

None.

5.1.10 Lease receivables

None.

5.1.11 Derivative financial assets held for risk management

5.1.11.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	65,943	-	-	-
Cash Flow Hedges	38,032	11,009	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	103,975	11,009	-	-

As of 31 December 2013, 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	4,928,361	103,975	-	-	-	-
-TL	4,928,361	103,975	-	-	-	-
-FC	-	-	-	-	-	-
Cross Currency Swaps	2,240,471	11,009	39,105	-	-	-
-TL	607,985	-	-	-	-	-
-FC	1,632,486	11,009	39,105	-	-	-
Total	7,168,832	114,984	39,105	-	-	-

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5.1.11.1.1 Fair value hedge accounting

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/ losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(7,901)	7,101	-	(800)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(59,998)	58,842	-	(1,156)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	4,000	-	(36,541)	(32,541)
Cross Currency Swaps	Fixed-rate funds borrowed	Interest rate and foreign currency exchange rate risk	251	-	(2,564)	(2,313)

The Bank also applies fair value hedge to hedge the foreign exchange rate risks of its investments in Garanti Bank International, Garanti Bank Moscow and Garanti Holding BV amounting to USD 29,329,123 and EUR 460,783,575 in total. The effective portion of the foreign exchange differences are recognised in the income statement.

5.1.11.1.2 Cash flow hedge accounting

Hedging Item	Hedged Item	Type of Risk	Net Fair Value Change of Hedging 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	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates	38,032	-	38,044	-	-
Cross Currency Swaps	Fixed-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	11,009	-	11,009	-	-

5.1.12 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
At End of Prior Period:					
Cost	968,849	376,535	19,178	1,180,655	2,545,217
Accumulated Depreciation (-)	(268,219)	(357,417)	(16,134)	(774,268)	(1,416,038)
Net Book Value at End of Prior Period	700,630	19,118	3,044	406,387	1,129,179
At End of Current Period:					
Additions	122,303	962	2,035	326,931	452,231
Disposals (Costs)	(16,526)	(8,082)	(3,356)	(59,414)	(87,378)
Disposals (Accumulated Depreciation)	1,778	8,076	3,240	23,380	36,474
Impairment/Reversal of Impairment Losses	957	-	-	-	957
Depreciation Expense for Current Period (-)	(21,390)	(8,653)	(1,223)	(138,888)	(170,154)
Currency Translation Differences on Foreign Operations	-	5	-	52	57
Cost at End of Current Period	1,075,583	369,420	17,857	1,448,224	2,911,084
Accumulated Depreciation at End of Current Period	(287,831)	(357,994)	(14,117)	(889,776)	(1,549,718)
Net Book Value at End of Current Period	787,752	11,426	3,740	558,448	1,361,366

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5.1.12.1 Disclosure for impairment losses or releases individually material for financial statements

Conditions for allocating/releasing any impairment:

None.

Amount of impairment losses provided or released in financial statements during current period:

None.

5.1.12.2 Other impairment losses provided or released in current period that are immaterial for the financial statement individually

A total provision of TL 956 thousands (31 December 2012: TL 22,111 thousands) made for the impairment in values of certain real estates in prior periods in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets", is reversed in 2013.

5.1.13 Intangible assets

5.1.13.1 Useful lives and amortisation rates

Intangible assets include softwares and other intangible assets. The estimated useful lives of such assets vary between 3 and 15 years.

5.1.13.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation..

5.1.13.3 Balances at beginning and end of current period

	Beginning of Period		End of Period	
	Cost	Accumulated Amortisation	Cost	Accumulated Amortisation
Intangible Assets	182,614	123,844	145,852	91,038

5.1.13.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Net Book Value at End of Prior Period	54,814	55,550
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	36,796	24,064
Disposals (-)	(285)	(2,647)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(32,559)	(22,153)
Currency Translation Differences on Foreign Operations	4	-
Other Movements	-	-
Net Book Value at End of Current Period	58,770	54,814

5.1.13.5 Details for any individually material intangible assets

None.

5.1.13.6 Intangible assets capitalised under government incentives at fair values

None.

5.1.13.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates

None.

5.1.13.8 Net book value of intangible asset that are restricted in usage or pledged

None.

5.1.13.9 Commitments to acquire intangible assets

None.

5.1.13.10 Disclosure on revalued intangible assets

None.

5.1.13.11 Research and development costs expensed during current period

None.

5.1.13.12 Goodwill

None.

5.1.13.13 Movements in goodwill during current period

None.

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5.1.14 Investment property

Current Period

Real Estate Type	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Building	188,500	(38,868)	-	Operational lease
Land	-	-	-	-

Prior Period

Real Estate Type	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Building	191,559	(34,971)	(241)	Operational lease
Land	-	-	-	-

5.1.15 Deferred tax asset

As of 31 December 2013, the Bank has a deferred tax asset of TL 129,218 thousands (31 December 2012: TL 177,515 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 December 2013. However, there is a deferred tax asset of TL 369,090 thousands (31 December 2012: TL 253,239 thousands) and deferred tax liability of TL 239,872 thousands (31 December 2012: TL 75,724 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.

	Current Period		Prior Period	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	525,719	105,144	457,084	91,417
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	17,483	(7,501)	419,887	89,911
Other	157,873	31,575	(19,068)	(3,813)
Total Deferred Tax Asset, Net	701,075	129,218	857,903	177,515

(*) 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.

In 2013, TL 403,903 thousands of deferred tax expense (31 December 2012: a deferred tax income of TL 340,751 thousands) and TL 351,665 thousands of deferred tax income (31 December 2012: a deferred tax expense of TL 200,568 thousands) were recognised in the income statement and the shareholders' equity, respectively.

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5.1.16 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	131,463	124,203
Accumulated Depreciation (-)	(4,112)	(2,444)
Net Book Value	127,351	121,759
End of Current Period		
Additions	92,305	71,425
Disposals (Cost)	(69,875)	(62,393)
Disposals (Accumulated Depreciation)	867	517
Impairment Losses (-)	(1,799)	(1,772)
Depreciation Expense for Current Period (-)	(2,745)	(2,185)
Currency Translation Differences on Foreign Operations	-	-
Cost	152,094	131,463
Accumulated Depreciation (-)	(5,990)	(4,112)
Net Book Value	146,104	127,351

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 27,725 thousands (31 December 2012: TL 5,313 thousands).

5.1.17 Other assets

5.1.17.1 Receivables from term sale of assets

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint Ventures	-	1,362
Sale of Real Estates	3,033	7,733
Sale of Other Assets	3,038	3,007
Total	6,071	12,102

5.1.17.2 Prepaid expenses, taxes and similar items

	Current Period	Prior Period
Prepaid Expenses	346,741	258,578
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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Financial Assets at Fair Value through Profit or Loss	117	21,735	270	18,201
Banks	16,128	14,772	15,330	17,636
Interbank Money Markets	-	2	-	-
Financial Assets Available-for-Sale	711,891	85,764	4,081,030	33,254
Loans	1,098,042	545,781	755,137	419,906
Investments Held-to-Maturity	437,561	7,476	590	4,223
Other Accruals	5,609	-	6,713	-
Total	2,269,348	675,530	4,859,070	493,220

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5.2 Liabilities

5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accountst	Total
Saving Deposits	4,844,126	-	3,832,387	27,610,532	1,368,665	470,100	377,994	3,605	38,507,409
Foreign Currency Deposits	8,019,045	-	5,589,147	16,061,670	3,866,476	4,988,913	1,745,117	70,945	40,341,313
Residents in Turkey	7,440,307	-	5,413,488	14,630,780	1,488,631	577,889	588,808	69,149	30,209,052
Residents in Abroad	578,738	-	175,659	1,430,890	2,377,845	4,411,024	1,156,309	1,796	10,132,261
Public Sector Deposits	699,412	-	1,415	7,093	118	1,280,747	13	-	1,988,798
Commercial Deposits	5,047,125	-	3,478,508	6,172,495	966,929	948,039	318,132	-	16,931,228
Other	140,389	-	181,254	371,170	22,635	796,172	444	-	1,512,064
Precious Metal Deposits	2,135,565	-	807	47,403	-	1,612	105,491	-	2,290,878
Bank Deposits	1,186,219	-	501,627	1,768,135	752,350	442,215	251,352	-	4,901,898
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,451	-	372,537	45	-	65,225	20,658	-	460,916
Foreign Banks	179,676	-	129,090	1,768,090	752,350	376,990	230,694	-	3,436,890
Special Financial Institutions	1,004,092	-	-	-	-	-	-	-	1,004,092
Other	-	-	-	-	-	-	-	-	-
Total	22,071,881	-	13,585,145	52,038,498	6,977,173	8,927,798	2,798,543	74,550	106,473,588

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accountst	Total
Saving Deposits	3,547,678	-	3,249,553	25,946,859	283,170	83,893	236,802	2,619	33,350,574
Foreign Currency Deposits	6,719,900	-	5,444,260	14,902,375	1,236,891	2,947,701	862,199	79,203	32,192,529
Residents in Turkey	6,357,525	-	5,251,086	13,455,872	612,405	608,255	386,623	77,700	26,749,466
Residents in Abroad	362,375	-	193,174	1,446,503	624,486	2,339,446	475,576	1,503	5,443,063
Public Sector Deposits	676,056	-	24,344	13,628	8	-	-	-	714,036
Commercial Deposits	3,943,349	-	2,657,913	7,443,111	485,952	185,025	27,938	-	14,743,288
Other	66,997	-	39,804	189,564	5,226	347	372	-	302,310
Precious Metal Deposits	2,300,584	-	25,929	19,023	-	2,274	27,271	-	2,375,081
Bank Deposits	760,911	-	813,415	1,919,282	82,496	8,365	220,132	-	3,804,601
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	249	-	346,634	2,017	-	-	56,877	-	405,777
Foreign Banks	271,338	-	466,781	1,917,265	82,496	8,365	163,255	-	2,909,500
Special Financial Institutions	489,324	-	-	-	-	-	-	-	489,324
Other	-	-	-	-	-	-	-	-	-
Total	18,015,475	-	12,255,218	50,433,842	2,093,743	3,227,605	1,374,714	81,822	87,482,419

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 (*)	19,316,340	12,716,833	18,901,123	20,341,572
Foreign Currency Saving Deposits	4,974,910	3,276,116	14,048,805	12,611,000
Other Saving Deposits	1,469,173	1,132,858	750,900	1,114,691
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

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

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

None.

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5.2.1.3 Saving deposits not covered by insurance limits

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	544,316	509,167
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	486,656	244,756
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	120,653	17,228	64,245	11,967
Swap transactions	822,849	212,391	469,195	253,497
Futures	-	-	-	-
Options	183,570	28,005	53,912	18,215
Other	-	-	-	-
Total	1,127,072	257,624	587,352	283,679

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	238,147	354,491	234,007	349,317
Foreign Banks, Institutions and Funds	4,984,357	23,901,098	3,951,485	17,142,821
Total	5,222,504	24,255,589	4,185,492	17,492,138

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	469,559	7,777,277	222,386	4,254,951
Medium and Long-Term	4,752,945	16,478,312	3,963,106	13,237,187
Total	5,222,504	24,255,589	4,185,492	17,492,138

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

5.2.3.2 Disclosures for concentration areas of bank's liabilities

The Bank finances its ordinary banking activities through deposits and funds borrowed. Its deposit structure has a balanced TL and foreign currency concentration. The Bank's other funding sources specifically consist of foreign currency funds borrowed from abroad, TL funds obtained through repurchase transactions, and TL and foreign currency securities issued.

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5.2.4 Other external funds

5.2.4.1 Securities issued

Current Period	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,486,011	2,642,735	1,143,312	5,412,603
Cost	1,444,744	2,496,413	1,142,935	5,374,372
Carrying Value ^(*)	1,347,962	2,537,577	1,148,120	5,346,730

Prior Period	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,757,435	350,000	-	3,784,000
Cost	1,710,878	325,920	-	3,755,070
Carrying Value ^(*)	1,601,466	328,667	-	3,932,007

^(*) The Bank repurchased its own TL securities with a total face value of TL 154,218 thousands and foreign currency securities with a total face value of USD 111,757,000 (31 December 2012: TL 139,248 thousands) and netted off such securities in the accompanying financial statements.

The Bank classified certain securities amounting to RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2013, the credit risk change amounting to TL 83 thousands is recognised in the income statement.

5.2.4.2 Funds provided through repurchase transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	9,477,016	-	11,478,900	-
Financial Institutions and Organizations	9,428,331	-	11,440,063	-
Other Institutions and Organizations	16,249	-	17,361	-
Individuals	32,436	-	21,476	-
Foreign Transactions	1,946,990	3,160,228	748,015	1,272,608
Financial Institutions and Organizations	1,946,487	3,160,228	747,723	1,272,608
Other Institutions and Organizations	463	-	186	-
Individuals	40	-	106	-
Total	11,424,006	3,160,228	12,226,915	1,272,608

5.2.4.3 Miscellaneous payables

	Current Period		Prior Period	
	TL	FC	TL	FC
Payables from credit card transactions	4,906,607	25,729	3,937,158	12,313
Other	192,806	508,707	272,564	365,894
Total	5,099,413	534,436	4,209,722	378,207

5.2.5 Lease payables (Net)

5.2.5.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	502	479	363	340
1-4 Years	2	1	2	1
More than 4 Years	-	-	-	-
Total	504	480	365	341

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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	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges	-	39,105	-	-
Cash flow hedges	-	-	-	-
Net foreign investment hedges	-	-	-	-
Total	-	39,105	-	-

Please refer to Note 5.1.11.1 for financial liabilities resulted from derivatives held for risk management.

5.2.7 Provisions

5.2.7.1 General provisions

	Current Period	Prior Period
General Provision for	2,003,908	1,302,552
Loans and Receivables in Group I	1,661,072	1,082,935
- Additional Provision for Loans and Receivables with Extended Maturities	84,217	66,313
Loans and Receivables in Group II	64,362	33,734
- Additional Provision for Loans and Receivables with Extended Maturities	69,597	45,215
Non-Cash Loans	124,660	74,355
Others	-	-

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

	Current Period	Prior Period
Short-Term Loans	526	6,635
Medium and Long-Term Loans	92	4,749
Total	618	11,384

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

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	15,150	13,347
Doubtful Loans and Receivables	17,933	22,819
Uncollectible Loans and Receivables	79,855	61,230
Total	112,938	97,396

5.2.7.4 Other provisions

5.2.7.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	310,000	420,000

5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	377,988	343,997
Provision for Promotion Expenses of Credit Cards ^(*)	53,441	37,760
Provision for Lawsuits	33,100	19,928
Other Provisions	110,434	75,036
Total	574,963	476,721

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

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Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 16 December 2013 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 1,639,833 thousands at 31 December 2013 (31 December 2012: TL 1,367,875 thousands) as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2013 as per the requirements of the Law explained in Note 3.17, the accounting policies related with "employee benefits" for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary's 16 December 2013 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 1,080,014 thousands (31 December 2012: TL 834,436 thousands) remains as of 31 December 2013 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 385,587 thousands (31 December 2012: TL 369,726 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2013. However, despite this treatment there are no excess obligation that needs to be provided against.

	Current Period	Prior Period
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(474,544)	(458,057)
Net present value of medical benefits and health premiums transferable to SSF	385,587	369,726
General administrative expenses	(26,165)	(22,899)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(115,122)	(111,230)
Fair Value of Plan Assets (2)	1,754,955	1,479,105
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,639,833	1,367,875
Non-Transferable Benefits:		
Other pension benefits	(408,757)	(426,261)
Other pension benefits	(151,062)	(107,178)
Total Non-Transferable Benefits (4)	(559,819)	(533,439)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,080,014	834,436
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(385,587)	(369,726)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	694,427	464,710

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

	Current Period	Prior Period
	%	%
Discount Rate ⁽¹⁾	9.60	6.97
Inflation Rate ⁽¹⁾	6.20	4.67
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate ⁽¹⁾	6.20	4.67

⁽¹⁾ The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' years-in-service.

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

5.2.8 Tax liability

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 31 December 2013, the Bank had a current tax liability of TL 97,107 thousands (31 December 2012: TL 299,148 thousands) after offsetting with prepaid taxes. For the cases where the differences between the carrying values and the taxable values of assets subject to tax are related with certain items in the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

5.2.8.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	97,107	299,148
Taxation on Securities Income	79,849	99,573
Taxation on Real Estates Income	2,560	2,071
Banking Insurance Transaction Tax	63,017	50,999
Foreign Exchange Transaction Tax	58	39
Value Added Tax Payable	5,377	3,456
Others	59,401	64,403
Total	307,369	519,689

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5.2.8.1.3 Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	54	2
Social Security Premiums-Employer	66	-
Bank Pension Fund Premium-Employees	27	75
Bank Pension Fund Premium-Employer	28	28
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	714	625
Unemployment Insurance-Employer	1,464	1,234
Others	10	11
Total	2,363	1,975

5.2.8.2 Deferred tax liability

None.

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

None.

5.2.10 Subordinated debts

On 23 February 2009, the Bank obtained a subordinated debt of EUR 50 millions from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA), a company of the French Development Agency Group with an interest of Euribor+3.5% and maturity of 12 years with a repayment option at the end of the seventh year to finance the clean energy projects.

This debt is qualified as secondary subordinated debt to be included in the supplementary capital by the BRSA in the calculation of the Bank's capital adequacy ratio in compliance with the conditions set forth in the "Regulation on Equities of Banks" issued by the BRSA and published in the Official Gazette no.26333 dated 1 November 2006.

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions ⁽¹⁾	-	147,491	-	117,251
Total	-	147,491	-	117,251

5.2.11 Shareholders' equity

5.2.11.1 Paid-in capital

	Current Period	Prior Period
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.

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5.2.11.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	55,724	1,322,011	105,801	996,438
Valuation difference	23,407	1,322,011	73,484	996,438
Exchange rate difference	32,317	-	32,317	-
Securities Available-for-Sale	(485,118)	20,802	976,744	14,008
Valuation difference	(485,118)	20,802	976,744	14,008
Exchange rate difference	-	-	-	-
Total	(429,394)	1,342,813	1,082,545	1,010,446

5.2.11.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates allocated for Capital Increases	172,164	-	739,390	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 Bonus shares of associates, subsidiaries and joint-ventures

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

5.2.11.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	957,208	801,302
II. Legal Reserve	152,940	114,290
Special Reserves	-	-

5.2.11.12 Extraordinary reserves

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	12,312,753	9,482,293
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

(¹) In prior period, the changes disclosed in note 3.24.1 are included.

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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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Deposits	314,317	112,923	187,476	89,104
Funds Borrowed	123,715	38,274	204,066	76,681
Interbank Money Markets	28,862	12,281	7,802	7,580
Other Accruals	69,306	392,280	134,095	178,931
Total	536,200	555,758	533,439	352,296

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 8,179,201 thousands (31 December 2012: TL 5,085,084 thousands), commitments for cheque payments of TL 2,658,815 thousands (31 December 2012: TL 1,994,233 thousands) and commitments for credit card limits of TL 22,259,934 thousands (31 December 2012: TL 14,215,936 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	13,583,722	9,465,698
Letters of Guarantee in TL	9,952,370	6,958,156
Letters of Credit	8,886,834	5,465,530
Bills of Exchange and Acceptances	638,089	720,896
Prefinancings	-	-
Other Guarantees	79,924	66,300
Total	33,140,939	22,676,580

A specific provision of TL 112,938 thousands (31 December 2012: TL 97,396 thousands) is made for unliquidated non-cash loans of TL 234,765 thousands (31 December 2012: TL 184,169 thousands) recorded under the off-balance sheet items in the accompanying financial statements.

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

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	2,358,859	1,404,045
With Original Maturity of 1 Year or Less	336,123	164,145
With Original Maturity of More Than 1 Year	2,022,736	1,239,900
Other Non-Cash Loans	30,782,080	21,272,535
Total	33,140,939	22,676,580

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5.3.1.4 Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	55,299	0.56	46,156	0.19	57,695	0.83	51,766	0.32
Farming and Stockbreeding	51,384	0.52	42,147	0.18	55,029	0.79	50,572	0.32
Forestry	1,863	0.02	3,417	0.01	1,291	0.02	567	-
Fishery	2,052	0.02	592	-	1,375	0.02	627	-
Manufacturing	3,281,654	32.96	9,334,555	40.26	2,416,517	34.67	5,770,592	36.73
Mining	112,116	1.13	273,692	1.18	342,528	4.91	44,749	0.28
Production	1,784,508	17.92	4,657,858	20.09	1,338,824	19.21	3,317,763	21.12
Electricity, Gas, Water	1,385,030	13.91	4,403,005	18.99	735,165	10.55	2,408,080	15.33
Construction	1,519,801	15.26	2,864,120	12.36	1,052,375	15.10	1,992,035	12.68
Services	4,320,198	43.37	8,968,509	38.69	2,729,671	39.16	5,802,672	36.96
Wholesale and Retail Trade	3,080,420	30.93	5,526,121	23.84	1,775,393	25.47	2,892,904	18.42
Hotel, Food and Beverage Services	211,911	2.13	130,032	0.56	163,140	2.34	85,827	0.55
Transportation and Telecommunication	344,767	3.46	975,326	4.21	299,687	4.30	685,681	4.37
Financial Institutions	538,905	5.41	2,140,651	9.23	398,692	5.72	2,068,786	13.17
Real Estate and Renting Services	48,832	0.49	181,239	0.78	7,834	0.11	56,781	0.36
"Self-Employment" Type Services	-	-	-	-	-	-	-	-
Educational Services	20,178	0.20	11,632	0.05	15,103	0.22	4,007	0.03
Health and Social Services	75,185	0.75	3,508	0.02	69,822	1.00	8,686	0.06
Other	782,840	7.85	1,967,807	8.50	713,950	10.24	2,089,307	13.31
Total	9,959,792	100.00	23,181,147	100.00	6,970,208	100.00	15,706,372	100.00

5.3.1.5 Non-cash loans classified under Group I and II

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	9,884,653	23,119,937	75,139	61,210
Letters of Guarantee	9,877,231	13,528,714	75,139	55,008
Bills of Exchange and Bank Acceptances	6,898	626,300	-	4,891
Letters of Credit	524	8,884,999	-	1,311
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	79,924	-	-

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	6,895,069	15,615,608	75,139	90,764
Letters of Guarantee	6,883,017	9,384,344	75,139	81,354
Bills of Exchange and Bank Acceptances	5,028	715,168	-	700
Letters of Credit	7,024	5,449,796	-	8,710
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	66,300	-	-

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5.3.2 Financial derivative instruments

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Derivative Financial Instruments held for Risk Management						
A. Total Derivative Financial Instruments held for Risk Management	-	-	-	6,977,597	191,235	7,168,832
Fair Value Hedges	-	-	-	3,733,612	191,235	3,924,847
Cash Flow Hedges	-	-	-	3,243,985	-	3,243,985
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transactions (I)	44,701,580	25,608,730	38,077,450	8,032,052	-	116,419,812
Currency Forwards-Purchases	3,333,335	1,599,926	4,021,420	431,037	-	9,385,718
Currency Forwards-Sales	3,296,764	1,626,781	3,973,203	431,053	-	9,327,801
Currency Swaps-Purchases	13,356,677	3,494,008	5,190,909	3,083,275	-	25,124,869
Currency Swaps-Sales	9,450,510	3,432,435	5,235,793	3,424,167	-	21,542,905
Currency Options-Purchases	7,314,716	7,441,199	9,519,975	331,112	-	24,607,002
Currency Options-Sales	7,949,578	7,787,855	10,069,641	331,408	-	26,138,482
Currency Futures-Purchases	-	116,404	66,509	-	-	182,913
Currency Futures-Sales	-	110,122	-	-	-	110,122
Interest Rate Related Derivative Transactions (II)	1,082,593	36,037	3,471,101	12,715,716	5,286,546	22,591,993
Interest Rate Swaps-Purchases	537,830	14,803	1,479,286	5,665,581	2,643,273	10,340,773
Interest Rate Swaps-Sales	537,830	14,803	1,479,286	5,665,581	2,643,273	10,340,773
Interest Rate Options-Purchases	-	-	494,667	1,384,554	-	1,879,221
Interest Rate Options-Sales	-	-	-	-	-	-
Securities Options-Purchases	6,933	4,981	17,862	-	-	29,776
Securities Options-Sales	-	1,450	-	-	-	1,450
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	3,951,111	146,835	318,285	282,964	2,141,200	6,840,395
B. Total Trading Derivatives (I+II+III)	49,735,284	25,791,602	41,866,836	21,030,732	7,427,746	145,852,200
Total Derivative Transactions (A+B)	49,735,284	25,791,602	41,866,836	28,008,329	7,618,981	153,021,032

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Derivative Financial Instruments held for Risk Management						
A. Total Derivative Financial Instruments held for Risk Management	-	-	-	-	-	-
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transactions (I)	36,295,895	7,444,201	11,208,756	4,354,630	-	59,303,482
Currency Forwards-Purchases	2,289,767	738,552	1,200,286	261,966	-	4,490,571
Currency Forwards-Sales	2,322,055	753,232	1,249,380	276,843	-	4,601,510
Currency Swaps-Purchases	11,967,009	317,007	748,893	1,332,443	-	14,365,352
Currency Swaps-Sales	10,549,505	310,193	723,259	1,458,491	-	13,041,448
Currency Options-Purchases	4,552,236	2,573,255	3,491,618	482,763	-	11,099,872
Currency Options-Sales	4,615,323	2,666,201	3,669,172	542,124	-	11,492,820
Currency Futures-Purchases	-	57,514	126,148	-	-	183,662
Currency Futures-Sales	-	28,247	-	-	-	28,247
Interest Rate Related Derivative Transactions (II)	47,625	570,186	3,734,010	12,703,597	3,597,066	20,652,484
Interest Rate Swaps-Purchases	14,700	263,573	1,186,842	6,099,662	1,798,533	9,363,310
Interest Rate Swaps-Sales	14,700	263,573	1,186,842	6,086,502	1,798,533	9,350,150
Interest Rate Options-Purchases	-	-	1,340,305	517,433	-	1,857,738
Interest Rate Options-Sales	-	-	-	-	-	-
Securities Options-Purchases	18,225	39,520	2,280	-	-	60,025
Securities Options-Sales	-	3,520	17,741	-	-	21,261
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	2,341,762	58,635	340,854	214,170	-	2,955,421
B. Total Trading Derivatives (I+II+III)	38,685,282	8,073,022	15,283,620	17,272,397	3,597,066	82,911,387
Total Derivative Transactions (A+B)	38,685,282	8,073,022	15,283,620	17,272,397	3,597,066	82,911,387

5.3.3 Credit derivatives and risk exposures on credit derivatives

As of 31 December 2013, in the Bank's "other irrevocable commitments", there are commitments for "credit linked notes" with a total face value of USD 425,000,000 (31 December 2012: USD 425,000,000).

As of 31 December 2013, included in the Bank's "other derivative financial instruments", there are "total return swaps" with a total face value of EUR 85,000,000 (31 December 2012: EUR 85,000,000). The Bank is the protection buyer in these transactions.

5.3.4 Contingent liabilities and assets

The Bank made a total provision amounting to TL 33,100 thousands (31 December 2012: TL 19,928 thousands) for the lawsuits filed by various customers and institutions against the Bank which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.7.4.2, other provisions. The Bank has various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

It is possible that the Bank may be required to provide additional collateral for the derivative transactions involved due to changes in certain financial indicators such as CDS levels, currency exchange rates, interest rates etc. As of 31 December 2013, there was no payment made related with such contingent liabilities.

5.3.5 Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

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5.4 Income Statement

5.4.1 Interest Income

5.4.1.1 Interest income from loans ^(*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans	2,419,341	159,611	2,794,707	191,500
Medium and long-term loans	4,371,285	2,085,601	3,666,298	1,753,889
Loans under follow-up	35,154	-	34,818	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	6,825,780	2,245,212	6,495,823	1,945,389

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

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	77	-
Domestic Banks	11,196	519	11,538	268
Foreign Banks	104,093	31,509	161,444	47,301
Foreign Head Offices and Branches	-	-	-	-
Total	115,289	32,028	173,059	47,569

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	22,886	14,205	24,448	8,600
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	2,689,835	91,422	3,483,151	60,377
Investments Held-to-Maturity	576,035	14,062	222,476	80,765
Total	3,288,756	119,689	3,730,075	149,742

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	46,590	58,211

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed ^(*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	458,120	349,515	470,435	394,801
Central Bank of Turkey	-	2,959	-	1,669
Domestic Banks	19,080	10,296	20,175	9,070
Foreign Banks	439,040	336,260	450,260	384,062
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	54,341	-	26,886
Total	458,120	403,856	470,435	421,687

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

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5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	45,209	44,764

5.4.2.3 Interest expenses on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid on Securities Issued	234,730	233,131	208,620	105,049

5.4.2.4 Maturity structure of interest expense on deposits

Current Period		Time Deposits						
Account Description	Demand Deposits	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Turkish Lira								
Bank Deposits	307	58,909	-	-	-	-	-	59,216
Saving Deposits	34	226,566	2,073,795	59,154	23,097	24,063	-	2,406,709
Public Sector Deposits	-	307	2,343	80	42,304	7	-	45,041
Commercial Deposits	55	214,629	723,461	95,028	46,702	14,449	-	1,094,324
Other	8	9,071	56,290	10,246	16,757	39	-	92,411
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	404	509,482	2,855,889	164,508	128,860	38,558	-	3,697,701
Foreign Currency								
Foreign Currency Deposits	209	54,396	457,875	59,336	108,821	32,126	1,336	714,099
Bank Deposits	-	55,499	-	-	-	-	-	55,499
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	29	-	1,013	476	-	1,518
Total FC	209	109,895	457,904	59,336	109,834	32,602	1,336	771,116
Grand Total	613	619,377	3,313,793	223,844	238,694	71,160	1,336	4,468,817

Prior Period		Time Deposits						
Account Description	Demand Deposits	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Turkish Lira								
Bank Deposits	236	78,260	-	-	-	-	-	78,496
Saving Deposits	115	287,149	2,424,365	50,817	15,375	22,971	-	2,800,792
Public Sector Deposits	-	418	2,685	118	-	-	-	3,221
Commercial Deposits	95	197,347	803,196	138,162	22,802	16,451	-	1,178,053
Other	5	1,667	22,858	11,062	46	20	-	35,658
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	451	564,841	3,253,104	200,159	38,223	39,442	-	4,096,220
Foreign Currency								
Foreign Currency Deposits	576	77,184	508,052	44,513	121,530	55,859	1,400	809,114
Bank Deposits	-	40,700	-	-	-	-	-	40,700
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	8	-	244	34	-	287
Total FC	576	117,885	508,060	44,513	121,774	55,893	1,400	850,101
Grand Total	1,027	682,726	3,761,164	244,672	159,997	95,335	1,400	4,946,321

5.4.2.5 Interest expense on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	516,396	44,692	755,386	30,665

5.4.2.6 Financial lease expenses

	Current Period	Prior Period
Financial Lease Expenses	80	21

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5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

	Current Period	Prior Period
Trading Financial Assets	6	-
Financial Assets Valued at Fair Value through Profit or Loss	-	-
Financial Assets Available-for-Sale	675	675
Others	55,360	1,769
Total	56,041	2,444

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	61,831,292	53,756,316
Trading Account Income	260,970	575,379
Gains from Derivative Financial Instruments	4,611,436	2,909,235
Foreign Exchange Gains	56,958,886	50,271,702
Losses (-)	61,534,350	53,132,364
Trading Account Losses	68,407	26,584
Losses from Derivative Financial Instruments	4,730,420	3,246,939
Foreign Exchange Losses	56,735,523	49,858,841
Total	296,942	623,952

TL 897,053 thousands (31 December 2012: TL 300,877 thousands) of foreign exchange gains and TL 554,278 thousands (31 December 2012: TL 259,783 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 value amount and conditions. In June 2012, the Bank ceased to apply hedge accounting and accordingly fair value calculations for these bonds. The accumulated fair value differences incurred starting from the date of hedge accounting up to the date on which it was ceased, are amortized as per the effective interest-rate method in compliance with TAS 39.

In this respect, the Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 141,690 thousands and for its bonds with a total face value of TL 1,323,000 thousands and fixed-rate coupons by designating interest rate swaps with the same face values and terms in the current period. Accordingly, in the current period the losses of TL 7,901 thousands and TL 59,998 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 115,500,000 with the same face value amount and conditions, and its borrowings for a total principal value of KWD 10,000,000 with the same notional amount and conditions, in the current period. Accordingly, a gain of TL 4,000 thousands and TL 251 thousands resulting from the fair value changes of the securities issued and funds borrowed subject to hedge accounting were accounted for under trading income/losses in the income statement.

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 the floating rate eurobonds issued in 2011 with a total face value of USD 300,000,000, maturity of 5 years and maturity date of 20 April 2016 by designating cross currency swaps with the same face value amount and conditions, and for the collateralised borrowings amounting to TL 1,000,000 thousands by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period TL 11,009 thousands and TL 38,044 thousands resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity.

5.4.5 Other operating income

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

In the current period, a part of non-performing receivables of the Bank amounting to TL 310,301 thousands and a part of its receivables written-off in prior periods in the amount of TL 3,857 thousands were sold to a local asset management company for a consideration of TL 58,400 thousands. Considering the related provisions of TL 299,631 thousands in the financial statements, a gain of TL 43,873 thousands is recognized under "Other Operating Income".

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5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	853,222	763,845
Loans and Receivables in Group III	277,338	112,449
Loans and Receivables in Group IV	301,784	460,061
Loans and Receivables in Group V	274,100	191,335
General Provisions	692,945	291,206
Provision for Possible Losses	-	-
Impairment Losses on Securities	890	28
Financial Assets at Fair Value through Profit or Loss	890	28
Financial Assets Available-for-Sale	-	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments Held-to-Maturity	-	-
Others	76,767	126,514
Total	1,623,824	1,181,593

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,666,456	1,501,004
Reserve for Employee Termination Benefits	31,807	61,629
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	2,361	5,396
Depreciation Expenses of Tangible Assets	170,154	165,513
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	32,559	22,153
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	1,799	1,772
Depreciation Expenses of Assets to be Disposed	2,745	2,185
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,935,226	1,490,979
Operational Lease related Expenses	251,168	215,535
Repair and Maintenance Expenses	44,464	30,389
Advertisement Expenses	114,578	105,877
Other Expenses	1,525,016	1,139,178
Loss on Sale of Assets	3,666	1,064
Others	359,392	289,206
Total	4,206,165	3,540,901

(¹) As per the decision of the Turkish Competition Board dated 8 March 2013 and resulted from the investigation initiated based on its decision no. 11-55/1438-M dated 2 November 2011, an administrative fine amounting to TL 213,385 thousands was imposed against the economic group composed of Garanti Bankası AŞ, Garanti Ödeme Sistemleri AŞ and Garanti Konut Finansmanı Danışmanlık AŞ. In accordance with the Article 17 of the Law on Crime no. 5326, it is possible to pay ¼ of such administrative fine as TL 160,038 thousands. The reasoned decision of the Turkish Competition Board was notified as of the reporting date and the stated amount was paid in the current period.

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

The profit before taxes includes a net interest income of TL 6,345,581 thousands (31 December 2012: TL 5,718,932 thousands), a net fees and commissions income of TL 2,615,473 thousands (31 December 2012: TL 2,007,605 thousands) and operating expenses of TL 4,206,165 thousands (31 December 2012: TL 3,540,901 thousands). The Bank's profit before taxes realized at TL 3,951,115 thousands increasing by 0.56% as compared to prior year.

5.4.9 Information on provision for taxes from continued and discontinued operations

As of 31 December 2013, the Bank recorded a tax charge of TL 541,652 thousands (31 December 2012: TL 1,192,965 thousands) and a deferred tax expense of TL 403,903 thousands (31 December 2012: a deferred tax income of TL 340,751 thousands).

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Deferred tax benefit/charge on timing differences:

Deferred tax (benefit)/charge on timing differences	Current Period	Prior Period
Increase in tax deductible timing differences (+)	72,432	320,995
Decrease in tax deductible timing differences (-)	237,655	15,573
Increase in taxable timing differences (-)	255,269	4,625
Decrease in taxable timing differences (+)	16,589	39,954
Total	403,903	(340,751)

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
(Increase)/decrease in tax deductible timing differences (net)	165,223	(305,422)
(Increase)/decrease in taxable timing differences (net)	238,680	(35,329)
(Increase)/decrease in tax losses (net)	-	-
(Increase)/decrease in tax deductions and exemptions (net)	-	-
Total	403,903	(340,751)

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

None.

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

5.5.1 Any increases arising from application of accounting for financial instruments

5.5.1.1 Increases from valuation of financial assets available-for-sale

None.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. After netting with the related deferred tax effect, an increase of TL 39,243 thousands (31 December 2012: TL 389 thousands) is presented in the shareholders' equity for such hedges assessed as effective.

5.5.1.3 Reconciliation of foreign exchange differences at beginning and end of current period

An increase of TL 24,644 thousands (31 December 2012: a decrease of TL 3,026 thousands) that was resulted from the foreign currency translation of Luxembourg branch performance, is presented under translation differences in the shareholders' equity.

5.5.2 Any decreases arising from application of accounting for financial instruments

5.5.2.1 Decreases from valuation of financial assets available-for-sale

As of 31 December 2013, a decrease of TL 803,757 thousands (31 December 2012: an increase of TL 1,307,710 thousands) resulted from the revaluation of financial assets available-for-sale at fair value after being netted with the related deferred tax liability effect and a gain of TL 375,815 thousands (31 December 2012: TL 52,489 thousands) that was transferred to the income statement from "securities value increase fund" are presented as the current period movements in securities value increase fund in the statement of changes in shareholders' equity.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal reserves

	Current Period	Prior Period
Transfers to Legal Reserves from Prior Year Profits	192,166	192,529
Transfers to Extraordinary Reserves from Prior Year Profits	2,830,460	2,072,341

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5.5.4 Issuance of share certificates

Please refer to Note 5.2.11.3.

5.5.5 Effects of prior years' corrections to beginning balances of current period

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

5.6 Statement of Cash Flows

5.6.1 Disclosures for "other" items and "effect of change in foreign currency rates cash and cash equivalents" in statement of cash flows

The net cash inflow arising from banking operations amount to TL 195,408 thousands (31 December 2012: net cash outflows of TL 2,257,894 thousands). TL 4,356,736 thousands (31 December 2012: TL 6,389,424 thousands) of this amount is generated from the change in operating assets and liabilities and TL 4,552,144 thousands (31 December 2012: TL 4,131,529 thousands) from operating profit. The "net increase/(decrease) in other liabilities" under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 1,944,305 thousands (31 December 2012: TL 1,333,079 thousands). The "others" item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to TL 2,396,024 thousands (31 December 2012: TL 358,232 thousands).

The net cash inflows from financing activities is TL 3,872,779 thousands (31 December 2012: TL 1,520,176 thousands).

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 1,376,361 thousands (31 December 2012: TL 337,239 thousands).

5.6.2 Cash outflows from acquisition of associates, subsidiaries and joint-ventures

Please refer to Note 5.1.8.2 of investments in subsidiaries.

5.6.3 Cash inflows from disposal of associates, subsidiaries and joint-ventures

None.

5.6.4 Cash and cash equivalents at beginning of period

	Current Period	Prior Period
Cash on Hand	1,200,038	992,289
Cash in TL	800,960	617,193
Cash in Foreign Currency	399,078	375,096
Cash Equivalents	3,062,636	6,621,273
Other	3,062,636	6,621,273
TOTAL	4,262,674	7,613,562

5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	1,552,757	1,200,038
Cash in TL	1,007,643	800,960
Cash in Foreign Currency	545,114	399,078
Cash Equivalents	5,811,207	3,062,636
Other	5,811,207	3,062,636
TOTAL	7,363,964	4,262,674

5.6.6 Restricted cash and cash equivalents due to legal requirements or other reasons

The placements at foreign banks include blocked accounts amounting TL 7,326,245 thousands (31 December 2012: TL 5,658,771 thousands) of which TL 116,271 thousands (31 December 2012: TL 82,876 thousands) and TL 43,094 thousands (31 December 2012: TL 26,402 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,166,880 thousands (31 December 2012: TL 5,549,493 thousands) as collateral against funds borrowed at various banks.

The blocked account at the Central Bank of Turkey with a principal of TL 17,166,780 thousands is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

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5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None.

5.6.7.2 Cash inflows presenting increase in operating capacity of the Bank

None.

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, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	2,940,871	1,381,591	260,311	466,918	314,839	495,947
Balance at end of period	3,811,321	1,586,707	9,250	264,878	454,736	472,119
Interest and Commission Income	46,607	257	687	9	25,260	399

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,746,072	1,359,135	186,803	34,925	245,679	478,356
Balance at end of period	2,940,871	1,381,591	260,311	466,918	314,839	495,947
Interest and Commission Income	58,218	203	773	6	19,169	931

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	511,151	386,511	101,958	1,109,031	205,931	341,540
Balance at end of period	651,174	511,151	304,643	101,958	330,572	205,931
Interest Expense	45,209	44,764	9,910	14,810	15,088	13,827

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading:						
Balance at beginning of period	1,119,747	951,574	2,895,692	1,066,781	-	28,710
Balance at end of period	1,200,843	1,119,747	8,871,339	2,895,692	-	-
Total Profit/(Loss)	(85,747)	(17,777)	(49,308)	(17,213)	-	934
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

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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 1,660,748 thousands (31 December 2012: TL 1,166,224 thousands) compose 1.40% (31 December 2012: 1.27%) of the Bank's total cash loans and 0.84% (31 December 2012: 0.73%) of the Bank's total assets. The total loans and similar receivables amounting TL 4,275,307 thousands (31 December 2012: TL 3,516,021 thousands) compose 2.17% (31 December 2012: TL 2.19%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 2,323,704 thousands (31 December 2012: TL 2,344,456 thousands) compose 7.01% (31 December 2012: 8.37%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,286,389 thousands (31 December 2012: TL 819,040 thousands) compose 1.21% (31 December 2012: 0.94%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 2,477,403 thousands (31 December 2012: TL 145,643 thousands) compose 8.40% (31 December 2012: 0.17%) 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 70,805 thousands (31 December 2012: TL 64,596 thousands). A total rent income of TL 5,116 thousands (31 December 2012: TL 4,024 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 0 thousands (31 December 2012: TL 6,195 thousands) were incurred for the IT services rendered by the related parties.

Other income of TL 7,329 thousands (31 December 2012: TL 0 thousands) for IT services rendered and banking services fee of TL 2,026 thousands (31 December 2012: TL 1,344 thousands) were recognized from the related parties.

Insurance brokerage fee of TL 78,493 thousands (31 December 2012: TL 66,697 thousands), leasing customer acquisition fee of TL 9,739 thousands (31 December 2012: TL 6,974 thousands) factoring customer acquisition fee of TL 3,853 thousands (31 December 2012: TL 3,650 thousands), fleet business customer acquisition fee of TL 200 thousands (31 December 2012: TL 140 thousands) and stocks brokerage fee of TL 0 thousands (31 December 2012: TL 3,678 thousands) were recognized as income from the services rendered for the affiliates.

Operating expenses of TL 11,453 thousands (31 December 2012: TL 10,960 thousands) for advertisement and broadcasting services, of TL 23,648 thousands (31 December 2012: TL 17,813 thousands) for operational leasing services, and of TL 12,237 thousands (31 December 2012: TL 8,870 thousands) for travelling services rendered by the related parties were recognized as expense.

As of 31 December 2013, the net payment provided or to be provided to the key management of the Bank amounts to TL 68,918 thousands (31 December 2012: TL 82,512 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

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

The Bank has agency contracts with 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

5.8.1 Domestic and foreign branches and representative offices

	Number of Branches	Number Of Employees			
Domestic Branches	990	18,611			
			Country		
Foreign Representative Offices	1	1	1-Germany		
	1	1	2-England		
	1	1	3-China		
				Total Assets	Legal Capital
Foreign Branches	1	17	1- Luxembourg	15,643,473	1,168,400
	1	12	2- Malta	30,568,445	-
	6	94	3- NCTR	744,988	15,520

5.8.2 Opening or closing of domestic and foreign branches and representative offices and significant changes in organisational structure

In 2013, 67 new domestic branches were opened and three branches were closed.

5.9 Matters Arising Subsequent to Balance Sheet Date

None.

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6 Other Disclosures

6.1 Bank's latest international risk ratings

MOODY'S (November 2013)^(*)

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

STANDARD AND POORS (June 2013)^(*)

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

FITCH RATINGS (October 2013)^(*)

Foreign Currency	
Long Term	BBB
Long Term FC Outlook	Stable
Short Term	F3
Financial Capacity Rate	bbb
Support	3
Turkish Lira	
Long Term	BBB
Long Term TL Outlook	Stable
Short Term	F3
National	
Outlook	AAA (Trk)
Outlook	Stable

JCR EURASIA RATINGS (June 2013)^(*)

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

(*) Latest dates in risk ratings or outlooks.

6.2 Dividends

At the annual general assembly dated 30 April 2013, it was decided to distribute the profit of the year 2012 as follows:

2012 PROFIT DISTRIBUTION TABLE	
2012 Net Profit	3,070,325
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(153,516)
Undistributable funds	(24,941)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(135,341)
D – Second dividend to the shareholders	(386,500)
E – Extraordinary reserves	(2,121,377)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(38,650)

6.3 Other disclosures

As per the Communiqué published on the Official Gazette no.28704 dated 11 July 2013, "Standards on Investment Banking Services and Activities and the related Services Rendered", the Bank will be transferring a part of its activities under investment banking segment to Garanti Yatırım Menkul Kıymetler AŞ as of 1 July 2014.

7 Disclosures on Independent Auditors' Report

7.1 Disclosures on independent auditors' report

The unconsolidated financial statements of the Bank as of 31 December 2013, have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 30 January 2014, is presented before the accompanying financial statements.

7.2 Disclosures and footnotes prepared by independent auditors

None.

Notes:



**CONSOLIDATED
FINANCIAL
REPORT**

To the Board of Directors of
Türkiye Garanti Bankası AŞ
İstanbul

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

**INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2013**

We have audited the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 31 December 2013 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "The Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no. 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis For Qualified Opinion

Subsequent to the reversal of TL 115,000 thousands in the current period, the accompanying consolidated financial statements include a general reserve amounting to TL 335,000 thousands as of the balance sheet date, provided by the Bank management in prior periods in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

Independent Auditors' Opinion

In our opinion, except for the effect of the matter described in the fourth paragraph above on the financial statements, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank and its consolidated financial affiliates as at 31 December 2013 and the results of its operations and its cash flows for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 and 38 of the Banking Act no. 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

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

İstanbul, 30 January 2014

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç

Partner

TÜRKİYE GARANTİ BANKASI AŞ AND ITS FINANCIAL AFFILIATES

Consolidated Financial Report as of and for the Year Ended 31 December 2013
(Thousands of Turkish Lira (TL))

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

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

1. General Information about Parent Bank
2. Consolidated Financial Statements of Parent Bank
3. Accounting Policies
4. Consolidated Financial Position and Results of Operations, and Risk Management Applications of Group
5. Disclosures and Footnotes on Consolidated Financial Statements
6. Other Disclosures
7. Independent Auditors' Report

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

Subsidiaries

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

Special Purpose Entities

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

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, 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

M. Cüneyt Sezgin
Audit Committee Member

Manuel Pedro Galatas Sanchez -Harguindey
Audit Committee Member

S. Ergun Özen
General Manager

İbrahim Aydın
Executive Vice President Responsible of
Financial Reporting

Aylin Aktürk
Coordinator

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Senior Vice President of Investor Relations
Phone no: 90 212 318 23 50
Fax no: 90 212 216 59 02

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1 General Information

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 990 domestic branches, eight foreign branches and three representative offices abroad. The Bank's head office is located in Istanbul.

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

As of 31 December 2013, group of companies under Doğu Holding AŞ that currently owns 24.23% shares of the Bank, is named the Doğu Group (the Group).

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

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

- 78,120,000,000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 thousands representing 18.60% ownership, and
- 26,418,840,000 shares of the Bank owned by Doğu Holding AŞ at a total nominal value of TL 264,188 thousands representing 6.29% ownership.

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

On 7 April 2011, BBVA acquired 503,160,000 shares at a nominal value of TL 5,032 thousands and increased its ownership in the Bank's share capital to 25.01%. As per the agreement between Doğu Holding AŞ and BBVA, if any of the parties acquires additional shares during the next five years, it is required to offer half of the acquired shares to other party, in case that other party does not accept to purchase the offered shares, usufruct rights shall be established on the voting rights of such shares in favour of other party. Accordingly, although BBVA has acquired additional shares in April, this does not affect their joint control on the Bank's management.

Doğu Group

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

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

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

BBVA Group

BBVA is operating for more than 150 years, providing variety of wide spread financial and non-financial services to over 47 million retail and commercial customers. The Group's headquarter is in Spain, where the Group has concrete leadership in retail and commercial markets. BBVA adopting innovative, and customer and community oriented management style, besides banking, operates in insurance sector in Europe and portfolio management, private banking and investment banking in global markets. The Group owns a bank being the largest financial institution in Mexico, the market leader in South America, and one of the largest 15 commercial banks in United States. BBVA is among the few international groups that operate in China and Turkey, and operates in more than 30 countries with more than 100 thousand employees.

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	23 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	31 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	25 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	39 years
Manuel Castro Aladro	Member	22.03.2011	Master	21 years
Manuel Pedro Galatas Sanchez Harguindey	Member of BOD and Audit Committee	05.05.2011	University	29 years
Carlos Torres Vila	Member	22.03.2011	Master	22 years
Angel Cano Fernandez	Member	22.03.2011	University	28 years
Belkis Sema Yurdum	Independent Member	30.04.2013	University	25 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	26 years

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CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	26 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	35 years
Ali Fuat Erbil	EVP-Financial Institutions & Corporate Banking	30.04.1999	PhD	21 years
Erhan Adalı	EVP-Loans	03.08.2012	University	23 years
Gökhan Erun	EVP-Treasury, Investment Banking, Human Resources & Training	01.09.2005	Master	19 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	31 years
Halil Hüsnü Erel	EVP-Technology, Operations Management & Central Marketing	16.06.1997	University	28 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	23 years
Turgay Gönensin	EVP-Coordination of Domestic and Foreign Subsidiaries	01.01.2013	University	28 years
Aydın Şenel	EVP-Purchasing & Tax Management	06.06.2013	University	32 years
İbrahim Aydınlı	EVP-General Accounting & Economic Research & Customer Satisfaction	06.06.2013	Master	19 years
Avni Aydın Düren	EVP-Legal Services & Retail Risk Monitoring	01.02.2009	Master	19 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	19 years
Murat Mergin	EVP-Strategic Planning	01.01.2002	University	19 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	14 years
Didem Başer	EVP-Delivery Channels & Social Platforms Management	20.03.2012	Master	15 years

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

1.4 Information on parent bank's qualified shareholders

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

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

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

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1.5 Summary information on parent bank's activities and services

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

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

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

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

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

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

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

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

None.

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		THOUSANDS OF TURKISH LIRA (TL)					
ASSETS	Footnotes	CURRENT PERIOD 31 December 2013			PRIOR PERIOD 31 December 2012		
		TL	FC	Total	TL	FC	Total
I, CASH AND BALANCES WITH CENTRAL BANK	5.1.1	2,751,743	19,891,099	22,642,842	1,293,951	14,879,433	16,173,384
II, FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5.1.2	1,331,384	804,859	2,136,243	755,945	451,276	1,207,221
2.1 Financial assets held for trading		1,132,606	804,859	1,937,465	533,764	451,276	985,040
2.1.1 Government securities		128,383	34,253	162,636	166,838	14,891	181,729
2.1.2 Equity securities		50,722	-	50,722	44,664	-	44,664
2.1.3 Derivative financial assets held for trading		921,286	748,540	1,669,826	298,964	411,671	710,635
2.1.4 Other securities		32,215	22,066	54,281	23,298	24,714	48,012
2.2 Financial assets valued at fair value through profit or loss		198,778	-	198,778	222,181	-	222,181
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans	5.1.5	198,778	-	198,778	222,181	-	222,181
2.2.4 Other securities		-	-	-	-	-	-
III, BANKS	5.1.3	2,194,272	10,930,155	13,124,427	2,473,466	7,689,962	10,163,428
IV, INTERBANK MONEY MARKETS		8,231	190,802	199,033	1,000	-	1,000
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	190,802	190,802	-	-	-
4.3 Receivables from reverse repurchase agreements		8,231	-	8,231	1,000	-	1,000
V, FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	5.1.4	19,748,440	5,087,787	24,836,227	34,921,810	3,572,696	38,494,506
5.1 Equity securities		41,468	8,213	49,681	25,163	4,787	29,950
5.2 Government securities		18,098,543	1,157,093	19,255,636	33,519,493	304,794	33,824,287
5.3 Other securities		1,608,429	3,922,481	5,530,910	1,377,154	3,263,115	4,640,269
VI, LOANS	5.1.5	74,364,492	54,520,566	128,885,058	58,545,529	41,576,990	100,122,519
6.1 Loans		73,882,530	54,081,282	127,963,812	58,142,650	41,383,999	99,526,649
6.1.1 Loans to bank's risk group	5.7	117,448	462,590	580,038	116,597	286,378	402,975
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Other		73,765,082	53,618,692	127,383,774	58,026,053	41,097,621	99,123,674
6.2 Loans under follow-up		2,538,430	1,066,654	3,605,084	2,114,073	591,137	2,705,210
6.3 Specific provisions (-)		2,056,468	627,370	2,683,838	1,711,194	398,146	2,109,340
VII, FACTORING RECEIVABLES	5.1.6	1,568,362	426,368	1,994,730	1,545,798	288,536	1,834,334
VIII, INVESTMENTS HELD-TO-MATURITY (Net)	5.1.7	13,122,078	651,716	13,773,794	921,090	445,864	1,366,954
8.1 Government securities		13,112,752	469,091	13,581,843	911,349	445,864	1,357,213
8.2 Other securities		9,326	182,625	191,951	9,741	-	9,741
IX, INVESTMENTS IN ASSOCIATES (Net)	5.1.8	37,258	3	37,261	21,409	2	21,411
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		37,258	3	37,261	21,409	2	21,411
9.2.1 Financial investments in associates		33,329	-	33,329	17,480	-	17,480
9.2.2 Non-financial investments in associates		3,929	3	3,932	3,929	2	3,931
X, INVESTMENTS IN SUBSIDIARIES (Net)	5.1.9	114,085	1,234	115,319	146,199	664	146,863
10.1 Unconsolidated financial investments in subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial investments in subsidiaries		114,085	1,234	115,319	146,199	664	146,863
XI, INVESTMENTS IN JOINT-VENTURES (Net)	5.1.10	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures		-	-	-	-	-	-
XII, LEASE RECEIVABLES (Net)	5.1.11	1,097,434	2,673,821	3,771,255	857,997	2,010,913	2,868,910
12.1 Financial lease receivables		1,292,846	3,009,301	4,302,147	1,020,755	2,291,692	3,312,447
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		195,412	335,480	530,892	162,758	280,779	443,537
XIII, DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	5.1.12	103,975	11,009	114,984	-	-	-
13.1 Fair value hedges		65,943	-	65,943	-	-	-
13.2 Cash flow hedges		38,032	11,009	49,041	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV, TANGIBLE ASSETS (Net)	5.1.13	1,412,741	164,524	1,577,265	1,181,037	137,302	1,318,339
XV, INTANGIBLE ASSETS (Net)	5.1.14	88,370	15,660	104,030	76,930	5,779	82,709
15.1 Goodwill		6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles		81,982	15,660	97,642	70,542	5,779	76,321
XVI, INVESTMENT PROPERTY (Net)	5.1.15	121,671	-	121,671	127,682	-	127,682
XVII, TAX ASSET		166,814	58,807	225,621	217,532	18,511	236,043
17.1 Current tax asset		302	11,699	12,001	-	4,823	4,823
17.2 Deferred tax asset	5.1.16	166,512	47,108	213,620	217,532	13,688	231,220
XVIII, ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.17	147,510	2,232	149,742	128,516	3,921	132,437
18.1 Asset held for resale		147,510	2,232	149,742	128,516	3,921	132,437
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX, OTHER ASSETS	5.1.18	7,333,767	339,017	7,672,784	5,285,437	196,197	5,481,634
TOTAL ASSETS		125,712,627	95,769,659	221,482,286	108,501,328	71,278,046	179,779,374

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

TÜRKİYE GARANTİ BANKASI AŞ AND ITS FINANCIAL AFFILIATES

Consolidated Balance Sheet (Statement of Financial Position)
at 31 December 2013

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

		THOUSANDS OF TURKISH LIRA (TL)					
LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	CURRENT PERIOD 31 December 2013			PRIOR PERIOD 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	59,531,562	59,677,665	119,209,227	49,901,574	47,876,105	97,777,679
1.1 Deposits from bank's risk group	5.7	239,123	437,113	676,236	151,640	164,189	315,829
1.2 Other		59,292,439	59,240,552	118,532,991	49,749,934	47,711,916	97,461,850
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	1,159,931	407,099	1,567,030	597,173	329,828	927,001
III. FUNDS BORROWED	5.2.3	6,557,375	27,428,605	33,985,980	5,578,336	20,166,076	25,744,412
IV. INTERBANK MONEY MARKETS		11,430,918	4,576,820	16,007,738	12,246,173	1,860,771	14,106,944
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements	5.2.4	11,430,918	4,576,820	16,007,738	12,246,173	1,860,771	14,106,944
V. SECURITIES ISSUED (Net)	5.2.4	4,332,755	6,457,804	10,790,559	2,168,049	3,908,986	6,077,035
5.1 Bills		1,616,171	-	1,616,171	1,766,215	-	1,766,215
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		2,716,584	6,457,804	9,174,388	401,834	3,908,986	4,310,820
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	5.2.4	9,356,225	658,611	10,014,836	7,578,235	484,818	8,063,053
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		2,300,052	686,818	2,986,870	1,660,667	415,839	2,076,506
IX. FACTORING PAYABLES	5.2.5	-	-	-	-	-	-
X. LEASE PAYABLES (Net)	5.2.6	-	61	61	-	172	172
10.1 Financial lease payables		-	486	486	-	538	538
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		-	425	425	-	366	366
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	-	39,105	39,105	-	-	-
11.1 Fair value hedges		-	39,105	39,105	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	5.2.8	3,231,292	118,458	3,349,750	2,520,265	96,520	2,616,785
12.1 General provisions		1,962,713	75,124	2,037,837	1,269,819	72,271	1,342,090
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		399,879	12,462	412,341	353,557	8,454	362,011
12.4 Insurance technical provisions (Net)		239,423	-	239,423	221,009	-	221,009
12.5 Other provisions		629,277	30,872	660,149	675,880	15,795	691,675
XIII. TAX LIABILITY	5.2.9	342,752	24,718	367,470	552,839	47,083	599,922
13.1 Current tax liability		342,752	24,045	366,797	552,886	28,204	580,890
13.2 Deferred tax liability		-	673	673	153	18,879	19,032
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10	-	-	-	-	-	-
14.1 Asset held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED DEBTS	5.2.11	-	147,491	147,491	-	148,680	148,680
XVI. SHAREHOLDERS' EQUITY	5.2.12	22,886,187	129,982	23,016,169	21,450,349	190,836	21,641,185
16.1 Paid-in capital		4,200,000	-	4,200,000	4,196,934	-	4,196,934
16.2 Capital reserves		236,652	(310)	236,342	2,471,175	116,914	2,588,089
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		(485,313)	(9,118)	(494,431)	976,919	116,914	1,093,833
16.2.4 Revaluation surplus on tangible assets		174,304	-	174,304	764,252	-	764,252
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		947	-	947	947	-	947
16.2.8 Hedging reserves (effective portion)		(236,158)	8,808	(227,350)	(55,377)	-	(55,377)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		770,992	-	770,992	772,554	-	772,554
16.3 Profit reserves		14,905,627	130,292	15,035,919	11,310,643	73,922	11,384,565
16.3.1 Legal reserves		1,132,330	20,824	1,153,154	940,560	12,779	953,339
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		13,446,598	-	13,446,598	10,342,520	-	10,342,520
16.3.4 Other profit reserves		326,699	109,468	436,167	27,563	61,143	88,706
16.4 Profit or loss		3,381,090	-	3,381,090	3,331,073	-	3,331,073
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		3,381,090	-	3,381,090	3,331,073	-	3,331,073
16.5 Minority interest		162,818	-	162,818	140,524	-	140,524
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		121,129,049	100,353,237	221,482,286	104,253,660	75,525,714	179,779,374

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

TÜRKİYE GARANTİ BANKASI AŞ AND ITS FINANCIAL AFFILIATES

Consolidated Off-Balance Sheet Items at 31 December 2013

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

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2013			PRIOR PERIOD 31 December 2012		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		106,001,199	164,304,183	270,305,382	77,043,440	176,308,745	253,352,185
I. GUARANTEES AND SURETIES	5.3.1	9,959,793	24,220,283	34,180,076	6,972,159	16,809,147	23,781,306
1.1 Letters of guarantee		9,952,371	13,925,359	23,877,730	6,960,107	9,892,574	16,852,681
1.1.1 Guarantees subject to State Tender Law		-	845,257	845,257	-	714,239	714,239
1.1.2 Guarantees given for foreign trade operations		1,134,793	334,609	1,469,402	438,392	310,798	749,190
1.1.3 Other letters of guarantee		8,817,578	12,745,493	21,563,071	6,521,715	8,867,537	15,389,252
1.2 Bank acceptances		6,898	631,191	638,089	5,028	715,868	720,896
1.2.1 Import letter of acceptance		6,898	631,191	638,089	5,028	715,868	720,896
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		524	9,583,809	9,584,333	7,024	6,134,405	6,141,429
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		524	9,583,809	9,584,333	7,024	6,134,405	6,141,429
1.4 Guaranteed prefinancings		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	79,924	79,924	-	66,300	66,300
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		34,726,851	14,570,721	49,297,572	34,012,313	76,773,791	110,786,104
2.1 Irrevocable commitments		34,656,889	14,484,130	49,141,019	23,957,472	9,843,686	33,801,158
2.1.1 Asset purchase and sale commitments		2,760,872	5,713,419	8,474,291	1,160,772	4,611,831	5,772,603
2.1.2 Deposit purchase and sale commitments		-	25,822	25,822	165	44,053	44,218
2.1.3 Share capital commitments to associates and subsidiaries		-	7,806	7,806	-	7,944	7,944
2.1.4 Loan granting commitments		5,488,327	7,692,268	13,180,595	5,094,551	4,268,900	9,363,451
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2,658,736	-	2,658,736	1,994,132	-	1,994,132
2.1.8 Tax and fund obligations on export commitments		15,211	-	15,211	18,075	-	18,075
2.1.9 Commitments for credit card limits		22,259,533	123,270	22,382,803	14,215,567	107,726	14,323,293
2.1.10 Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		1,474,210	921,545	2,395,755	1,474,210	803,232	2,277,442
2.2 Revocable commitments		69,962	86,591	156,553	10,054,841	66,930,105	76,984,946
2.2.1 Revocable loan granting commitments		25,504	2,447	27,951	9,989,798	66,755,866	76,745,664
2.2.2 Other revocable commitments		44,458	84,144	128,602	65,043	174,239	239,282
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	61,314,555	125,513,179	186,827,734	36,058,988	82,725,807	118,784,775
3.1 Derivative financial instruments held for risk management		5,536,346	1,632,486	7,168,832	-	-	-
3.1.1 Fair value hedges		2,928,361	996,486	3,924,847	-	-	-
3.1.2 Cash flow hedges		2,607,985	636,000	3,243,985	-	-	-
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		55,778,209	123,880,693	179,658,902	36,058,988	82,725,807	118,784,775
3.2.1 Forward foreign currency purchases/sales		8,681,586	10,547,606	19,229,192	4,148,423	5,665,366	9,813,789
3.2.1.1 Forward foreign currency purchases		2,946,679	6,695,948	9,642,627	1,552,077	3,299,650	4,851,727
3.2.1.2 Forward foreign currency sales		5,734,907	3,851,658	9,586,565	2,596,346	2,365,716	4,962,062
3.2.2 Currency and interest rate swaps		24,588,644	71,140,308	95,728,952	15,734,524	51,561,510	67,296,034
3.2.2.1 Currency swaps-purchases		13,139,524	25,155,421	38,294,945	6,091,801	18,313,154	24,404,955
3.2.2.2 Currency swaps-sales		8,051,552	26,315,403	34,366,955	5,951,723	17,015,822	22,967,545
3.2.2.3 Interest rate swaps-purchases		1,698,784	9,834,742	11,533,526	2,045,500	7,922,847	9,968,347
3.2.2.4 Interest rate swaps-sales		1,698,784	9,834,742	11,533,526	1,645,500	8,309,687	9,955,187
3.2.3 Currency, interest rate and security options		22,361,048	35,441,812	57,802,860	16,122,403	22,558,686	38,681,089
3.2.3.1 Currency call options		11,061,233	16,118,387	27,179,620	7,411,998	10,703,688	18,115,686
3.2.3.2 Currency put options		11,268,589	17,441,706	28,710,295	8,643,650	9,864,549	18,508,199
3.2.3.3 Interest rate call options		-	1,879,221	1,879,221	-	1,857,738	1,857,738
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		29,776	1,249	31,025	61,630	57,485	119,115
3.2.3.6 Security put options		1,450	1,249	2,699	5,125	75,226	80,351
3.2.4 Currency futures		110,122	182,913	293,035	28,384	183,525	211,909
3.2.4.1 Currency futures-purchases		-	182,913	182,913	28,384	155,278	183,662
3.2.4.2 Currency futures-sales		110,122	-	110,122	-	28,247	28,247
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		36,809	6,568,054	6,604,863	25,234	2,756,720	2,781,954
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		479,525,342	331,728,028	811,253,370	397,827,359	244,085,823	641,913,182
IV. ITEMS HELD IN CUSTODY		38,639,963	22,263,030	60,902,993	41,550,918	18,898,720	60,449,638
4.1 Customers' securities held		7,870,431	6,805	7,877,236	10,606,671	3,666	10,610,337
4.2 Investment securities held in custody		20,613,851	4,917,858	25,531,709	20,865,091	3,906,395	24,771,486
4.3 Checks received for collection		8,350,606	1,783,003	10,133,609	8,189,784	1,398,694	9,588,478
4.4 Commercial notes received for collection		1,728,469	823,208	2,551,677	1,691,573	1,064,089	2,755,662
4.5 Other assets received for collection		40,495	12,637,870	12,678,365	45,605	10,387,378	10,432,983
4.6 Assets received through public offering		-	52,622	52,622	-	43,517	43,517
4.7 Other items under custody		36,111	2,041,664	2,077,775	152,194	2,094,981	2,247,175
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		440,885,379	309,464,998	750,350,377	356,276,441	225,187,103	581,463,544
5.1 Securities		1,621,409	12,045	1,633,454	2,103,397	7,248	2,110,645
5.2 Guarantee notes		42,781,340	12,108,353	54,889,693	41,326,572	10,005,309	51,331,881
5.3 Commodities		6,531	-	6,531	3,620	-	3,620
5.4 Warranties		-	1,293,355	1,293,355	-	1,171,673	1,171,673
5.5 Real estates		79,754,153	68,167,820	147,921,973	61,085,082	53,499,553	114,584,635
5.6 Other pledged items		316,721,776	227,882,959	544,604,735	251,757,600	160,502,935	412,260,535
5.7 Pledged items-depository		170	466	636	170	385	555
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		585,526,541	496,032,211	1,081,558,752	474,870,799	420,394,568	895,265,367

TÜRKİYE GARANTİ BANKASI AŞ AND ITS FINANCIAL AFFILIATES

Consolidated Income Statement at 31 December 2013

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

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2013- 31 December 2013	1 January 2012- 31 December 2012
I. INTEREST INCOME	5.4.1	13,912,537	13,826,350
1.1 Interest income on loans		9,649,769	9,034,038
1.2 Interest income on reserve deposits		2,892	4,082
1.3 Interest income on banks		196,226	272,945
1.4 Interest income on money market transactions		2,416	3,752
1.5 Interest income on securities portfolio		3,526,717	4,003,400
1.5.1 Trading financial assets		44,948	37,077
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		2,891,877	3,663,003
1.5.4 Investments held-to-maturity		589,892	303,320
1.6 Financial lease income		289,234	239,737
1.7 Other interest income		245,283	268,396
II. INTEREST EXPENSE	5.4.2	6,779,637	7,406,098
2.1 Interest on deposits		4,671,629	5,201,252
2.2 Interest on funds borrowed		1,027,382	1,069,521
2.3 Interest on money market transactions		571,228	803,007
2.4 Interest on securities issued		483,204	320,733
2.5 Other interest expenses		26,194	11,585
III. NET INTEREST INCOME (I - II)		7,132,900	6,420,252
IV. NET FEES AND COMMISSIONS INCOME		2,664,906	2,071,374
4.1 Fees and commissions received		3,205,754	2,579,802
4.1.1 Non-cash loans		228,738	190,245
4.1.2 Others		2,977,016	2,389,557
4.2 Fees and commissions paid		540,848	508,428
4.2.1 Non-cash loans		2,069	2,346
4.2.2 Others		538,779	506,082
V. DIVIDEND INCOME	5.4.3	10,488	2,923
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	444,886	604,726
6.1 Trading account income/losses (Net)		291,639	610,211
6.2 Income/losses from derivative financial instruments (Net)		(216,335)	(441,091)
6.3 Foreign exchange gains/losses (Net)		369,582	435,606
VII. OTHER OPERATING INCOME	5.4.5	936,109	661,645
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		11,189,289	9,760,920
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6	1,939,372	1,397,501
X. OTHER OPERATING EXPENSES (-)	5.4.7	4,796,858	4,056,382
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		4,453,059	4,307,037
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	5.4.8	4,453,059	4,307,037
XVI. PROVISION FOR TAXES (±)	5.4.9	1,047,610	947,993
16.1 Current tax charge		660,000	1,301,058
16.2 Deferred tax charge/(credit)		387,610	(353,065)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10	3,405,449	3,359,044
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3 Others		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3 Others		-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	5.4.8	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	5.4.9	-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge/(credit)		-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	5.4.10	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	5.4.11	3,405,449	3,359,044
23.1 Equity holders of the bank		3,381,090	3,331,073
23.2 Minority interest		24,359	27,971
Earnings per Share		0.805	0.794

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

TÜRKİYE GARANTİ BANKASI AŞ AND ITS FINANCIAL AFFILIATES

Consolidated Statement of Income/Expense Items Accounted for
under Shareholders' Equity at 31 December 2013

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

		THOUSANDS OF TURKISH LIRA (TL)	
INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		CURRENT PERIOD 1 January 2013- 31 December 2013	PRIOR PERIOD 1 January 2012- 31 December 2012
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(1,975,775)	1,236,659
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	326,372	(4,500)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	49,054	486
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(211,216)	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(2,092)	-
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	377,670	(235,830)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(1,435,987)	996,815
XI.	CURRENT PERIOD PROFIT/LOSSES	3,405,449	3,359,044
1.1	Net changes in fair value of securities (transferred to income statement)	489,788	(8,753)
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	2,915,661	3,367,797
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,969,462	4,355,859

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

TÜRKİYE GARANTİ BANKASI AŞ AND ITS FINANCIAL AFFILIATES

Consolidated Statement of Changes in Shareholders' Equity at 31 December 2013 (Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

PRIOR PERIOD - 1 January-31 December 2012

	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Cancellation Premium	Share Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
I. Balances at beginning of the period	4,198,641	772,554	11,880	-	754,627	-	8,016,504	68,688	-	3,326,298	92,933	598,953	947	(55,766)	17,787,280	112,527	17,899,787
II. Correction made as per TAS 8	-	-	-	-	(9,100)	-	(9,100)	-	(3,594)	-	-	-	-	(12,754)	-	-	(12,754)
2.1. Effect of corrections	-	-	-	-	(9,100)	-	(9,100)	-	(3,594)	-	-	-	-	(12,754)	-	-	(12,754)
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)	4,198,641	772,554	11,880	-	754,627	-	8,007,344	68,688	-	3,322,705	92,933	598,953	947	(55,766)	17,774,506	112,527	17,887,033
Changes during the period																	
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities	-	-	-	-	-	-	-	-	-	-	1,000,900	-	-	-	1,000,900	26	1,000,926
VI. Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	389	-	-	389	-	389
6.1. Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	389	-	-	389	-	389
6.2. Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Translation differences	-	-	-	-	(117)	-	-	(4,383)	-	-	-	-	-	-	(4,500)	-	(4,500)
XI. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1. Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2. Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital reserves from initiation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others	(1,707)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,707)	-	(1,707)
XIX. Current period net profit/loss	-	-	-	-	-	-	-	-	3,331,073	-	-	-	-	-	3,331,073	27,971	3,359,044
XX. Profit distribution	-	-	-	-	198,829	-	2,335,176	23,401	(3,322,705)	-	185,289	-	-	-	(600,000)	-	(600,000)
20.1. Dividends	-	-	-	-	198,829	-	2,335,176	23,401	(3,322,705)	-	185,289	-	-	-	(600,000)	-	(600,000)
20.2. Transfers to reserves	-	-	-	-	-	-	-	-	(2,506,288)	-	(27,717)	-	-	-	-	-	(2,534,005)
20.3. Others	-	-	-	-	-	-	-	-	(218,417)	-	193,016	-	-	-	-	-	(25,389)
Balances at end of the period (I+II+V+...+XVIII+XIX+XX)	4,198,934	772,554	11,880	-	953,339	-	10,342,520	88,706	3,331,073	-	1,093,833	764,252	947	(55,377)	21,500,681	140,524	21,641,185
CURRENT PERIOD - 1 January-31 December 2013																	
I. Balances at beginning of the period	4,198,934	772,554	11,880	-	953,339	-	10,342,520	88,706	-	3,331,073	1,093,833	764,252	947	(55,377)	21,500,681	140,524	21,641,185
Changes during the period																	
II. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities	-	-	-	-	-	-	-	-	-	-	(1,586,264)	-	-	(1,586,264)	(30)	(1,586,294)	
IV. Hedging reserves	-	-	-	-	-	-	-	211,216	-	-	-	(71,973)	-	-	39,243	-	39,243
4.1. Cash flow hedge	-	-	-	-	-	-	-	211,216	-	-	-	(71,973)	-	-	39,243	-	39,243
4.2. Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	(211,216)	-	-	-	-	(211,216)
V. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences	-	-	-	-	-	-	-	111,304	-	-	-	-	-	-	115,156	-	115,156
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	-	-	-	-	30	-	402	-	-	-	-	-	-	-	432	-	(975)
XII. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1. Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from initiation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others	3,086	(1,582)	-	-	-	-	-	-	-	-	-	-	-	-	1,504	45	1,549
XVII. Current period net profit/loss	-	-	-	-	-	-	-	-	3,381,090	-	-	-	-	-	3,381,090	24,359	3,405,449
XVIII. Profit distribution	-	-	-	-	195,533	-	3,103,676	24,941	(3,331,073)	-	(589,948)	-	-	-	(586,471)	(1,073)	(697,544)
18.1. Dividends	-	-	-	-	195,533	-	3,103,676	24,941	(3,331,073)	-	(589,948)	-	-	-	(586,471)	(1,073)	(697,544)
18.2. Transfers to reserves	-	-	-	-	-	-	-	-	(2,709,661)	-	(589,948)	-	-	-	-	-	(2,709,661)
18.3. Others	-	-	-	-	-	-	-	24,941	(24,941)	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+...+XVIII+XVII+18.1+18.2+18.3)	4,200,000	770,992	11,880	-	1,153,154	-	13,446,598	436,167	3,381,090	-	(694,431)	174,304	947	(227,350)	22,853,351	162,818	23,016,169

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

TÜRKİYE GARANTİ BANKASI AŞ AND ITS FINANCIAL AFFILIATES

Consolidated Statement of Cash Flows at 31 December 2013

(Convenience Translation of Financial Statements and
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STATEMENT OF CASH FLOWS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2013 31 December 2013	PRIOR PERIOD 1 January 2012 31 December 2012
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	5.6	5,189,820	4,469,055
1.1.1	Interests received		14,462,443	13,309,968
1.1.2	Interests paid		(6,701,832)	(7,461,303)
1.1.3	Dividend received		5,178	2,865
1.1.4	Fees and commissions received		3,205,754	2,579,802
1.1.5	Other income		1,090,204	574,631
1.1.6	Collections from previously written-off loans and other receivables		42,670	45,487
1.1.7	Payments to personnel and service suppliers		(4,011,201)	(3,321,371)
1.1.8	Taxes paid		(1,061,732)	(1,233,541)
1.1.9	Others		(1,841,664)	(27,483)
1.2	Changes in operating assets and liabilities	5.6	(5,014,508)	(6,956,496)
1.2.1	Net (increase) decrease in financial assets held for trading		31,310	564,232
1.2.2	Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3	Net (increase) decrease in due from banks and other financial institutions		(6,672,787)	(4,543,056)
1.2.4	Net (increase) decrease in loans		(29,438,476)	(10,214,667)
1.2.5	Net (increase) decrease in other assets		(3,236,064)	(2,480,232)
1.2.6	Net increase (decrease) in bank deposits		1,145,086	2,489,134
1.2.7	Net increase (decrease) in other deposits		20,161,826	2,138,546
1.2.8	Net increase (decrease) in funds borrowed		10,233,232	2,978,520
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		2,761,365	2,111,027
I.	Net cash flow from banking operations	5.6	175,312	(2,487,441)
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities	5.6	(2,193,072)	(2,204,779)
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures		(10,540)	(1,211)
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures		-	3
2.3	Purchases of tangible assets		(502,519)	(264,331)
2.4	Sales of tangible assets		98,924	139,056
2.5	Cash paid for purchase of financial assets available-for-sale, net		(20,260,148)	(13,220,008)
2.6	Cash obtained from sale of financial assets available-for-sale, net		21,477,789	7,638,462
2.7	Cash paid for purchase of investments held-to-maturity		(3,493,404)	(9,557)
2.8	Cash obtained from sale of investments held-to-maturity		496,826	3,512,807
2.9	Others		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities		4,069,424	1,872,950
3.1	Cash obtained from funds borrowed and securities issued		11,296,507	8,416,744
3.2	Cash used for repayment of funds borrowed and securities issued		(6,628,211)	(5,943,692)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(597,544)	(600,000)
3.5	Payments for financial leases		(1,328)	(102)
3.6	Others		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		905,527	(429,290)
V.	Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	2,957,191	(3,248,560)
VI.	Cash and cash equivalents at beginning of period	5.6	5,826,911	9,075,471
VII.	Cash and cash equivalents at end of period (V+VI)	5.6	8,784,102	5,826,911

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

TÜRKİYE GARANTİ BANKASI AŞ AND ITS FINANCIAL AFFILIATES

Consolidated Financial Report as of and for the Year Ended 31 December 2013
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3 Accounting Policies

3.1 Basis of presentation

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

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

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

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

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

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

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

3.3 Information on consolidated subsidiaries

As of 31 December 2013, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

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

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

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

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

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

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

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

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

3.4 Forwards, options and other derivative transactions

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

3.4.1 Derivative financial instruments held for trading

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

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

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

3.4.2 Derivative financial instruments held for risk management

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

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

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

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

3.5 Interest income and expenses

General

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

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

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

Financial lease operations

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

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3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.8 Impairment of financial assets

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

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

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

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

3.9 Netting of financial instruments

3.9.1 Netting of financial instruments

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

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

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

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3.9.2 Derecognition of financial assets

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations and related borrowings

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

If any goodwill is computed at consolidation, it is recorded under intangible assets on the asset side of the consolidated balance sheet as an asset. It is assessed to identify whether there is any indication of impairment. If any such indication exists, the necessary provision is recorded as an expense in the income statement. The goodwill is not amortized. Estimated useful lives of the intangible assets except for goodwill, are 3-15 years, and amortisation rates are 6.67-33.3%.

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

3.13 Tangible assets

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

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

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

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

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

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

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

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Depreciation rates and estimated useful lives of tangible assets are:

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

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

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

Investment properties

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

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

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

	31 December 2013	31 December 2012
Net Effective Discount Rate	2.69-3.28%	2.18-3.28%
Discount Rate	9.21-9.64%	6.95-7.49%
Expected Rate of Salary Increase	6.18-7.73%	5.00-6.17%
Inflation Rate	6.16-6.47%	4.67-5.00%

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

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

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

Retirement benefit obligations

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

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

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

	31 December 2013	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

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

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

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, are to be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the Savings Deposit Insurance Fund, the banks and the funds, by using a technical discount rate of 9.80% taking into account the funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers are to take place within the three-year period starting from 1 January 2008. Subsequently, the transfer of the contributors and the persons receiving monthly or regular income and their right-holders from such funds established for employees of the banks, insurance and reinsurance companies, trade chambers, stock markets and unions that are part of these organizations subject to the provisional article 20 of the Social Security Law no.506 to the SSF, has been postponed for two years. The decision was made by the Council of Ministers on 14 March 2011 and published in the Official Gazette no. 27900 dated 9 April 2011 as per the decision of the Council of Ministers no. 2011/1559, and as per the letter no. 150 of the Ministry of Labor and Social Security dated 24 February 2011 and according to the provisional article 20 of the Social Security and Public Health Insurance Law no.5510. On 19 June 2008, Cumhuriyet Halk Partisi ("CHP") had applied to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. At the meeting of the Constitutional Court on 30 March 2011, it was decided that the article 73 and the first paragraph of the provisional Article 20 added to the law no. 5510 are not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

b) Other benefits not transferable to SSF

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

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

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

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3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

LUXEMBOURG

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

Tax applications for foreign financial affiliates

THE NETHERLANDS

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

RUSSIA

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

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ROMANIA

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

3.18.2 Deferred taxes

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

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

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

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

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

3.18.3 Transfer pricing

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

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

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

3.18.4 Investment allowance

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

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

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

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

3.19 Funds borrowed

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

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

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3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 31 December 2013, the Bank or its financial affiliates do not have any government incentives or grants.

3.23 Segment reporting

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

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

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

Additionally, the Bank provides banking services to enterprises and their employees working in retail and service sectors through product packages including overdraft accounts, POS machines, credit cards, cheque books, Turkish Lira and foreign currency deposits, investment accounts, internet banking and call-center, debit cards and bill payment modules. Retail banking customers form a wide-spread and sustainable deposit base for the Bank. Individual customers' needs are met by diversified consumer banking products through branches and alternative delivery channels.

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

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,988,152	3,394,211	2,372,456	1,423,982	11,178,801
Other	-	-	-	-	-
Total Operating Profit	3,988,152	3,394,211	2,372,456	1,423,982	11,178,801
Net Operating Profit	737,626	1,833,011	2,202,046	(330,112)	4,442,571
Income from Associates and Subsidiaries	-	-	-	10,488	10,488
Net Operating Profit	737,626	1,833,011	2,202,046	(319,624)	4,453,059
Provision for Taxes	-	-	-	1,047,610	1,047,610
Net Profit	737,626	1,833,011	2,202,046	(1,367,234)	3,405,449
Segment Assets	44,617,958	85,076,353	68,174,864	23,460,531	221,329,706
Investments in Associates and Subsidiaries	-	-	-	152,580	152,580
Total Assets	44,617,958	85,076,353	68,174,864	23,613,111	221,482,286
Segment Liabilities	73,596,647	44,006,379	60,864,581	19,998,510	198,466,117
Shareholders' Equity	-	-	-	23,016,169	23,016,169
Total Liabilities and Shareholders' Equity	73,596,647	44,006,379	60,864,581	43,014,679	221,482,286
Other Segment Items					
Capital Expenditures	-	-	-	541,532	541,532
Depreciation Expenses	140,309	69,026	5,737	29,300	244,372
Impairment Losses	970,842	662,945	36,616	273,177	1,943,580
Other Non-Cash Income/Expenses	127,890	94,500	(2,675,611)	380,932	(2,072,289)
Restructuring Costs	-	-	-	-	-
Prior Period					
Total Operating Profit	3,067,513	3,302,018	1,700,349	1,688,117	9,757,997
Other	-	-	-	-	-
Total Operating Profit	3,067,513	3,302,018	1,700,349	1,688,117	9,757,997
Net Operating Profit	637,690	1,795,865	1,525,521	345,038	4,304,114
Income from Associates and Subsidiaries	-	-	-	2,923	2,923
Net Operating Profit	637,690	1,795,865	1,525,521	347,961	4,307,037
Provision for Taxes	-	-	-	947,993	947,993
Net Profit	637,690	1,795,865	1,525,521	(600,032)	3,359,044
Segment Assets	34,253,386	66,686,271	61,037,515	17,633,928	179,611,100
Investments in Associates and Subsidiaries	-	-	-	168,274	168,274
Total Assets	34,253,386	66,686,271	61,037,515	17,802,202	179,779,374
Segment Liabilities	62,139,441	33,704,733	46,011,331	16,282,684	158,138,189
Shareholders' Equity	-	-	-	21,641,185	21,641,185
Total Liabilities and Shareholders' Equity	62,139,441	33,704,733	46,011,331	37,923,869	179,779,374
Other Segment Items					
Capital Expenditures	-	-	-	261,242	261,242
Depreciation Expenses	102,959	52,610	3,122	66,898	225,589
Impairment Losses	603,526	643,099	(48,377)	211,909	1,410,157
Other Non-Cash Income/Expenses	50,546	102,336	1,213,882	249,716	1,616,480
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

The effects of corrections made by the Bank for the calculation of SDIF premiums between the years 2007-2012 on the prior periods' consolidated financial statements, are presented below:

	Reported 31 December 2011	Correction	Adjusted 31 December 2011
Other provisions	594,654	15,945	610,599
Current tax liability	288,722	(3,189)	285,533
Extraordinary reserves	8,016,504	(9,160)	8,007,344
Current period net profit/loss	3,345,806	(3,594)	3,342,212

	Reported 31 December 2012	Correction	Adjusted 31 December 2012
Other provisions	671,973	19,702	691,675
Current tax liability	584,831	(3,941)	580,890
Extraordinary reserves	10,355,274	(12,754)	10,342,520
Current period net profit/loss	3,362,051	(3,007)	3,359,044

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

4.1 Consolidated capital adequacy ratio

As per the revised "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" effective from 1 July 2012, the Bank's consolidated capital adequacy ratio is 13.70% (2012: 16.86%) as of 31 December 2013 (unconsolidated capital adequacy ratio: 14.42% (31 December 2012: 18.09%)).

4.1.1 Risk measurement methods in calculation of consolidated capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the "Regulation")", "Regulation on Credit Risk Mitigation Techniques" and "Regulation on Calculation of Risk Weighted Amounts for Securitisations" published in the Official Gazette no.28337 dated 28 June 2012 and the "Regulation on Equities of Banks" published in the Official Gazette no.26333 dated 1 November 2006.

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

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

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

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

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

4.1.2 Consolidated capital adequacy ratio

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

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Prior Period	Risk Weights								
	Parent Bank Only								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	845,544	10,808,347	22,837,083	57,750,707	4,734,597	8,791,156	-
Exposure Categories	53,152,361	-	4,227,718	21,616,694	30,449,444	57,750,707	3,156,398	4,395,578	-
Conditional and unconditional exposures to central governments or central banks	51,909,957	-	24	2,392,452	-	7,402	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	38	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	46,478	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	3,967,622	7,118,171	-	44,758	-	-	-
Conditional and unconditional exposures to corporates	-	-	254,972	552,980	-	53,025,096	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	30,449,444	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	11,552,964	-	-	-	-	-
Past due items	-	-	-	127	-	218,270	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	8,709	3,156,398	4,395,578	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Other items	1,242,404	-	5,062	-	-	4,399,994	-	-	-

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

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Prior Period	Risk Weights								
	Consolidated								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	1,051,254	12,231,121	24,421,547	66,123,832	5,089,893	8,791,156	-
Exposure Categories	58,232,362	-	5,256,272	24,462,242	32,562,063	66,123,832	3,393,262	4,395,578	-
Conditional and unconditional exposures to central governments or central banks	54,477,421	-	24	2,677,220	-	7,402	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	38	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	46,479	-	-	-
Conditional and unconditional exposures to multilateral development banks	5,211	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	4,412,721	8,173,364	-	209,030	-	-	-
Conditional and unconditional exposures to corporates	-	-	838,427	1,129,694	-	62,221,688	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	32,562,063	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	12,420,300	-	-	-	-	-
Past due items	-	-	-	127	-	402,115	-	-	-
Items in regulatory high-risk categories	-	-	-	352	-	10,416	3,393,262	4,395,578	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2,446,626	-	-	61,185	-	831,357	-	-	-
Other items	1,303,104	-	5,062	-	-	2,395,345	-	-	-

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11,882,342	8,461,395
Capital Requirement for Market Risk (MRCR)	301,025	90,480
Capital Requirement for Operational Risk (ORCR)	1,067,735	1,043,016
Shareholders' Equity ⁽¹⁾	23,882,776	21,698,837
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	14.42%	18.09%

	Consolidated	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	13,179,096	9,416,704
Capital Requirement for Market Risk (MRCR)	292,299	141,604
Capital Requirement for Operational Risk (ORCR)	1,209,317	1,157,575
Shareholders' Equity ⁽¹⁾	25,147,997	22,583,562
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	13.70 %	16.86%

⁽¹⁾ The prior period's shareholders' equity balances and capital adequacy ratios are revised according to the corrections made by the parent Bank.

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4.1.4 Components of consolidated shareholders' equity

	Current Period	Prior Period ^(*)
CORE CAPITAL		
Paid-in Capital	4,200,000	4,196,934
Nominal Capital	4,200,000	4,196,934
Capital Commitments (-)	-	-
Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Reserves	14,599,752	11,295,859
Profit	3,381,090	3,331,073
Current Period's Profit	3,381,090	3,331,073
Prior Periods' Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	335,000	450,000
Income on Sale of Equity Shares and Real Estates	172,164	762,112
Primary Subordinated Debts	-	-
Minority Interest	162,785	140,462
Loss (excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Periods' Losses	-	-
Leasehold Improvements on Operational Leases (-)	109,831	110,049
Intangible Assets (-)	97,642	76,321
Deferred Tax Asset in Excess of 10% of Core Capital (-)	-	-
Limit Excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Goodwill (Net) (-)	6,388	6,388
Total Core Capital	23,421,364	20,768,116
SUPPLEMENTARY CAPITAL		
General Provisions	2,037,837	1,342,090
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	963
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	947	947
Primary Subordinated Debts excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debts	146,050	116,050
45% of Securities Value Increase Fund ^(†)	(533,709)	491,398
Minority Interest	15	28
Other Reserves	207,255	33,329
Total Supplementary Capital	1,859,358	1,984,805
CAPITAL	25,280,722	22,752,921
DEDUCTIONS FROM CAPITAL	132,725	169,359
Unconsolidated Investments in Entities Operating in Banking and Financial Sectors	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	66,966	41,776
Investment in Banks and Financial Institutions that are not Consolidated but Accounted under Equity Accounting	-	-
Loans Granted against the Articles 50 and 51 of the Banking Law	41	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law But Retained More Than Five Years	33,929	34,732
Securitization Positions to be Deducted from Equity	-	-
Other Deduction Items	31,789	92,851
TOTAL SHAREHOLDERS' EQUITY	25,147,997	22,583,562

^(†) In cases where the Securities Value Increase Fund gives a positive result then only 45% of the amount is considered in the calculation, whereas if its is negative then the whole amount is considered in the calculation.

^(*) In prior period, the changes disclosed in note 3.24.1 are included.

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

"Garanti Bank's assessment process of adequacy of internal capital requirements and capital adequacy policies" was prepared and approved by the board of directors of the Bank. The ultimate aim of this internal capital requirements process is to maintain the continuity of capital adequacy under the Bank's strategies, lending growth expectations, asset-liability structure, future funding sources and liquidity, fluctuations in capital depending on dividend distribution policy and economics, in compliance with its risk profile and appetite. Accordingly, the Bank's prospective internal capital requirements as per its 2013 capital structure and 2014 targets and strategies, have been assessed considering its operations and risks. This assessment includes the interest rate risk, liquidity risk, reputational risk, residual risk, concentration risk, strategy risk, and country and transfer risks arising from banking activities besides the market, credit and operational risks directly affecting its legal capital adequacy ratio. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set.

4.2 Consolidated credit risk

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

The debtors or group of debtors are subject to credit risk limits. Sectoral risk concentrations are reviewed on a monthly basis.

Credit worthiness of debtors is reviewed periodically in compliance with the legislation by the internal risk rating models. The credit limits are revised and further collateral is required if the risk level of debtor deteriorates. For unsecured loans, the necessary documentation is gathered in compliance with the legislation.

Geographical concentration of credit customers is reviewed monthly. This is in line with the concentration of industrial and commercial activities in Turkey. In accordance with the lending policies, the debtor's creditworthiness is analysed and the adequate collateral is obtained based on the financial position of the company and the type of loan; like cash collateral, bank guarantees, mortgages, pledges, bills and personal or corporate guarantees.

There are control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed together with the risk from market fluctuations. The risk arising from such instruments are followed up and when necessary, the actions to decrease it are taken.

The liquidated non-cash loans are subject to the same risk weight with the overdue loans.

Foreign trade finance and other interbank credit transactions are performed through widespread correspondents network. Accordingly, limits are assigned to domestic and foreign banks and other financial institutions based on review of their credit worthiness, periodically.

The Bank developed a statistical-based internal risk rating model for its credit portfolio of corporate/commercial/medium-size companies. This internal risk rating model has been in use for customer credibility assessment since 2003. Risk rating has become a requirement for loan applications, and ratings are used both to determine branch managers' credit authorization limits and in credit assessment process.

The concentration table of the cash and non-cash loans for the Bank according to the risk rating system for its customers defined as corporate, commercial and medium-size enterprises is presented below:

	Current Period	Prior Period
	%	%
Above Average	40.14	40.07
Average	54.39	53.04
Below Average	5.47	6.89
Total	100.00	100.00

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Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Exposure Categories	Current Period (*)	Average (**)
Conditional and unconditional exposures to central governments or central banks	58,540,858	57,859,448
Conditional and unconditional exposures to regional governments or local authorities	90,184	42,445
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	992	12,238
Conditional and unconditional exposures to multilateral development banks	5,801	5,530
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	37,589,143	30,269,017
Conditional and unconditional exposures to corporates	90,016,193	78,960,415
Conditional and unconditional retail exposures	34,559,816	35,418,754
Conditional and unconditional exposures secured by real estate property	18,599,094	16,703,012
Past due items	682,730	528,138
Items in regulatory high-risk categories	16,879,291	12,393,854
Exposures in the form of bonds secured by mortgages	-	-
Securitisation positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	4,249,324	3,922,511
Other items	4,565,744	4,102,863

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) Average risk amounts are the arithmetical averages of the amounts in quarterly reports prepared as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

Exposure Categories	Prior Period (*)	Average (**)
Conditional and unconditional exposures to central governments or central banks	59,642,012	56,205,685
Conditional and unconditional exposures to regional governments or local authorities	39	47
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	46,479	48,952
Conditional and unconditional exposures to multilateral development banks	5,211	2,606
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	28,320,449	23,751,992
Conditional and unconditional exposures to corporates	67,853,500	66,339,199
Conditional and unconditional retail exposures	33,359,534	33,212,597
Conditional and unconditional exposures secured by real estate property	12,480,755	11,984,478
Past due items	411,663	407,554
Items in regulatory high-risk categories	7,902,657	7,426,101
Exposures in the form of bonds secured by mortgages	-	-
Securitisation positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	3,339,168	3,216,000
Other items	3,703,511	3,646,083

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) Average risk amounts are the arithmetical averages of the amounts in quarterly reports prepared starting from the date of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" (28 June 2012) to the period end.

The parent Bank and its financial affiliates' largest 100 and 200 cash loan customers compose 22.76 % (31 December 2012: 22.33%) and 29.16% (31 December 2012: 29.10%) of the total cash loan portfolio, respectively.

The parent Bank and its financial affiliates' largest 100 and 200 non-cash loan customers compose 53.71% (31 December 2012: 51.43%) and 64.19% (31 December 2012: 62.03%) of the total non-cash loan portfolio, respectively.

The parent Bank and its financial affiliates' largest 100 ve 200 cash and non-cash loan customers represent 8.18% (31 December 2012: 6.63%) and 10.55% (31 December 2012: 8.79%) of the total "on and off balance sheet" assets, respectively.

The general provision for consolidated credit risk amounts to TL 2,037,837 thousands (31 December 2012: TL 1,342,090 thousands).

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4.2.1 Profile of significant exposures in major regions

Exposure Categories (*)

Current Period (****)	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	Total
Domestic	54,559,300	15,441,858	79,754,069	33,485,519	17,814,783	15,916,175	8,808,564	225,780,268
European Union (EU) Countries	3,521,243	19,379,578	5,448,831	842,687	776,563	829,559	199,322	30,997,783
OECD Countries (**)	62	178,099	1,480,367	2,916	2,082	100	-	1,663,626
Off-Shore Banking Regions	-	5,324	488,979	5,013	-	1,703	27,208	528,227
USA, Canada	680	1,438,803	864,585	29,175	961	2,614	10,189	2,347,007
Other Countries	459,573	1,141,437	1,978,514	194,506	4,705	129,140	14,725	3,922,600
Associates, Subsidiaries and Joint –Ventures	-	4,044	848	-	-	-	11,797	16,689
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	522,970	522,970
Total	58,540,858	37,589,143	90,016,193	34,559,816	18,599,094	16,879,291	9,594,775	265,779,170

Exposure Categories (**)

Prior Period (****)	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	Total
Domestic	56,391,251	12,785,589	60,909,400	31,980,197	11,716,554	7,763,175	6,723,003	188,269,169
European Union (EU) Countries	2,982,280	13,237,570	4,158,466	1,118,811	716,861	64,371	93,197	22,371,556
OECD Countries (**)	7	123,689	318,723	3,105	878	12,166	1	458,569
Off-Shore Banking Regions	104,407	2,986	274,436	190,656	2,408	59,416	25,062	659,371
USA, Canada	373	879,558	465,809	18,099	2,041	563	5,249	1,371,692
Other Countries	163,694	1,288,581	1,726,000	48,666	42,013	2,966	241,181	3,513,101
Associates, Subsidiaries and Joint –Ventures	-	2,476	666	-	-	-	147,174	150,316
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	271,204	271,204
Total	59,642,012	28,320,449	67,853,500	33,359,534	12,480,755	7,902,657	7,506,071	217,064,978

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes asset and liability items that can not be allocated on a consistent basis.

(****) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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4.2.2 Risk profile by sectors or counterparties

Current Period (*)	Exposure Categories (*)															Total			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		TL	FC	
Agriculture	-	-	319	-	-	-	968,442	409,026	271,590	20,391	48,609	-	-	-	-	-	906,614	811,763	1,718,377
Farming and Stockbreeding	-	-	-	-	-	-	918,218	388,079	257,507	19,790	47,258	-	-	-	-	-	850,429	780,423	1,630,852
Forestry	-	-	319	-	-	-	16,746	14,982	8,285	549	590	-	-	-	-	-	22,892	18,559	41,451
Fishery	-	-	-	-	-	-	33,478	5,965	5,818	52	761	-	-	-	-	-	33,293	12,791	46,074
Manufacturing	-	1,688	-	-	-	-	36,960,004	2,837,910	2,509,080	170,203	448,600	-	-	-	-	-	12,511,287	30,416,218	42,927,485
Mining and Quarrying	-	-	-	-	-	-	1,565,923	140,179	88,279	12,929	27,758	-	-	-	-	-	572,048	1,263,020	1,835,068
Production	-	-	-	-	-	-	18,831,917	2,644,277	2,372,178	156,646	417,964	-	-	-	-	-	10,700,455	13,722,527	24,422,982
Electricity, Gas and Water	-	1,688	-	-	-	-	16,562,164	53,454	48,623	628	2,878	-	-	-	-	-	1,238,764	15,430,671	16,669,435
Construction	-	27,147	-	-	-	-	7,763,883	1,331,366	1,947,012	76,226	172,338	-	-	-	-	-	5,013,450	6,306,542	11,319,992
Services	346	376	-	5,801	-	-	37,561,545	6,619,991	5,987,967	305,415	741,214	-	-	-	-	-	38,596,239	43,776,792	83,373,031
Wholesale and Retail Trade	337	-	-	-	-	-	131,433,384	5,002,174	3,402,760	171,990	536,115	-	-	-	-	-	139,780,599	8,278,701	22,256,760
Accommodation and Dining	-	-	-	-	-	-	2,873,195	341,465	1,265,373	50,691	52,857	-	-	-	-	-	1,173,668	3,409,913	4,583,561
Transportation and Telecommunication	-	376	-	-	-	-	9,386,591	884,567	472,549	66,260	82,113	-	-	-	-	-	2,486,853	8,405,603	10,892,456
Financial Institutions	-	-	-	5,801	-	-	37,561,545	56,810	23,506	1,322	21,455	-	-	-	-	-	20,407,243	21,148,048	41,555,291
Real Estate and Rental Services	-	-	-	-	-	-	1,103,459	56,887	441,342	7,214	7,646	-	-	-	-	-	318,626	1,297,922	1,616,548
Professional Services	-	-	-	-	-	-	-	947	-	-	7	-	-	-	-	-	-	954	954
Educational Services	1	-	-	-	-	-	251,882	64,366	144,172	10,449	10,311	-	-	-	-	-	351,677	120,104	471,781
Health and Social Services	8	-	-	-	-	-	1,527,013	212,775	218,265	6,889	30,710	-	-	-	-	-	880,113	1,115,547	1,995,660
Others	58,540,512	60,973	673	-	-	27,598	12,153,488	23,361,503	7,903,445	108,495	15,468,530	-	-	-	-	-	4,249,324	88,540,326	37,899,959
Total	58,540,858	90,184	992	5,801	-	37,599,143	90,016,193	34,559,816	18,599,094	682,730	16,879,291	-	-	-	-	-	4,249,324	4,565,744	146,567,896

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

(**) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

- 1- Conditional and unconditional exposures to central governments or central banks
- 2- Conditional and unconditional exposures to regional governments or local authorities
- 3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
- 4- Conditional and unconditional exposures to multilateral development banks
- 5- Conditional and unconditional exposures to international organisations
- 6- Conditional and unconditional exposures to banks and brokerage houses
- 7- Conditional and unconditional exposures to corporates
- 8- Conditional and unconditional retail exposures
- 9- Conditional and unconditional exposures secured by real estate property
- 10- Past due receivables
- 11- Receivables in regulatory high-risk categories
- 12- Exposures in the form of bonds secured by mortgages
- 13- Short term exposures to banks, brokerage houses and corporates
- 14- Exposures in the form of collective investment undertakings
- 15- Other receivables

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4.2.2 Risk profile by sectors or counterparties

Current Period (*)	Exposure Categories (†)															Total			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		TL	FC	
Agriculture	-	-	-	-	-	-	1,140,754	403,332	193,986	13,037	37,359	-	-	-	-	-	839,449	949,019	1,798,468
Farming and Stockbreeding	-	-	-	-	-	-	1,043,065	372,487	176,892	12,675	36,167	-	-	-	-	-	776,139	885,147	1,641,286
Forestry	-	-	-	-	-	-	19,715	23,070	8,002	302	807	-	-	-	-	-	36,240	15,696	51,896
Fishery	-	-	-	-	-	-	77,974	7,775	9,092	60	385	-	-	-	-	-	27,070	68,216	95,286
Manufacturing	-	-	1	-	-	-	26,639,484	3,019,414	1,542,295	144,699	177,054	-	-	-	-	-	10,489,312	21,034,635	31,522,947
Mining and Quarrying	-	-	1	-	-	-	1,590,922	141,910	52,701	3,749	7,234	-	-	-	-	-	753,420	1,043,097	1,796,517
Production	-	-	1	-	-	-	15,946,991	2,826,112	1,442,894	140,682	168,548	-	-	-	-	-	9,011,200	11,514,027	20,525,227
Electricity, Gas and Water	-	-	-	-	-	-	9,101,571	51,392	46,700	268	1,272	-	-	-	-	-	723,692	8,477,511	9,201,203
Construction	-	-	-	-	-	-	6,343,298	1,429,118	1,356,076	33,817	100,178	-	-	-	-	-	3,839,996	5,422,479	9,262,475
Services	-	-	46,356	5,211	-	28,320,257	23,848,373	6,755,283	3,422,649	155,075	417,298	-	-	-	-	-	32,960,803	30,109,699	62,970,502
Wholesale and Retail Trade	-	-	46,321	-	-	-	9,874,572	5,061,542	2,140,651	86,631	265,132	-	-	-	-	-	11,207,349	6,267,500	17,474,849
Accommodation and Dining	-	-	31	-	-	-	2,376,302	342,773	501,298	5,064	41,937	-	-	-	-	-	822,559	2,444,846	3,267,405
Transportation and Telecommunication	-	-	-	-	-	-	7,095,330	847,196	395,530	54,516	65,813	-	-	-	-	-	1,989,452	6,458,933	8,448,385
Financial Institutions	-	-	-	5,211	-	28,320,257	2,671,677	56,399	17,029	1,219	10,220	-	-	-	-	-	1,755,432	13,527,380	31,082,012
Real Estate and Rental Services	-	-	-	-	-	-	506,845	53,063	165,554	694	2,775	-	-	-	-	-	114,137	614,794	728,931
Professional Services	-	-	-	-	-	-	191,067	66,509	8,071	3,277	5,686	-	-	-	-	-	138,302	136,308	274,610
Educational Services	-	-	1	-	-	-	213,278	74,262	41,585	613	4,878	-	-	-	-	-	232,853	101,762	334,615
Health and Social Services	-	-	3	-	-	-	919,302	253,541	162,931	3,061	20,857	-	-	-	-	-	801,519	558,176	1,359,695
Others	59,642,012	39	122	-	-	192	9,981,603	21,752,387	5,985,749	65,095	7,170,768	-	-	3,339,168	3,703,511	82,218,562	29,302,024	111,520,586	
Total	59,642,012	39	46,479	5,211	-	28,320,449	67,853,500	33,359,534	12,480,755	411,663	7,902,657	-	-	3,339,168	3,703,511	130,247,122	96,817,856	217,064,978	

(†) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

- 1- Conditional and unconditional exposures to central governments or central banks
- 2- Conditional and unconditional exposures to regional governments or local authorities
- 3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
- 4- Conditional and unconditional exposures to multilateral development banks
- 5- Conditional and unconditional exposures to international organisations
- 6- Conditional and unconditional exposures to banks and brokerage houses
- 7- Conditional and unconditional exposures to corporates
- 8- Conditional and unconditional exposures secured by real estate property
- 10- Past due receivables
- 11- Receivables in regulatory high-risk categories
- 12- Exposures in the form of bonds secured by mortgages
- 13- Short term exposures to banks, brokerage houses and corporates
- 14- Exposures in the form of collective investment undertakings
- 15- Other receivables

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4.2.3 Analysis of maturity-bearing exposures according to remaining maturities

Current Period	Exposure Categories ^(*)	Term To Maturity					Demand	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
1	Conditional and unconditional exposures to central governments or central banks	3,341,438	18,463,954	2,920,464	3,449,021	26,126,642	4,239,339	58,540,858
2	Conditional and unconditional exposures to regional governments or local authorities	-	1,687	9,988	19,423	59,086	-	90,184
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	2	113	12	5	860	-	992
4	Conditional and unconditional exposures to multilateral development banks	-	-	-	-	5,801	-	5,801
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-
6	Conditional and unconditional exposures to banks and brokerage houses	12,036,731	3,063,045	1,599,080	3,140,419	10,981,536	6,768,332	37,589,143
7	Conditional and unconditional exposures to corporates	8,028,907	6,309,248	9,662,869	9,466,134	55,498,823	1,050,212	90,016,193
8	Conditional and unconditional retail exposures	8,366,371	4,482,427	8,457,856	2,907,771	10,112,793	232,598	34,559,816
9	Conditional and unconditional exposures secured by real estate property	699,594	704,752	1,298,720	1,342,397	14,456,025	97,606	18,599,094
10	Past due items	-	-	-	-	-	682,730	682,730
11	Items in regulatory high-risk categories	117,883	1,197	6,554	1,964,387	14,448,346	340,924	16,879,291
12	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-
13	Securitisation positions	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	4,249,324	4,249,324
16	Other items	-	-	-	-	-	4,565,744	4,565,744
Total		32,590,926	33,026,423	23,955,543	22,289,557	131,689,912	22,226,809	265,779,170

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

Prior Period	Exposure Categories ^(*)	Term To Maturity					Demand	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
1	Conditional and unconditional exposures to central governments or central banks	6,571,151	13,841,235	5,834,636	9,326,868	21,897,424	2,170,698	59,642,012
2	Conditional and unconditional exposures to regional governments or local authorities	-	-	10	17	11	1	39
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	8	-	-	13	46,458	-	46,479
4	Conditional and unconditional exposures to multilateral development banks	-	-	-	-	5,211	-	5,211
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-
6	Conditional and unconditional exposures to banks and brokerage houses	11,273,827	2,526,585	2,361,670	2,090,007	9,214,295	854,065	28,320,449
7	Conditional and unconditional exposures to corporates	5,882,508	7,741,649	6,152,473	7,934,038	40,083,624	59,208	67,853,500
8	Conditional and unconditional retail exposures	3,209,515	14,229,619	1,660,344	1,501,199	12,660,814	98,043	33,359,534
9	Conditional and unconditional exposures secured by real estate property	292,819	1,076,742	408,275	808,739	9,894,180	-	12,480,755
10	Past due items	-	-	-	-	-	411,663	411,663
11	Items in regulatory high-risk categories	4,570	1,093	807	1,130,944	6,531,403	233,840	7,902,657
12	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-
13	Securitisation positions	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	3,339,168	3,339,168
16	Other items	-	-	-	-	-	3,703,511	3,703,511
Total		27,234,398	39,416,923	16,418,215	22,791,825	100,333,420	10,870,197	217,064,978

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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4.2.4 Exposure categories

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 for items that are not included in trading book; 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.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Risk Rating	Exposure Categories				
		Exposures to Central Governments or Central Banks	Exposures to Administrative Bodies and Non-Commercial Undertakings	Exposures to Banks and Brokerage Houses		Exposures to Corporates
				Exposures with Remaining Maturities Less Than 3 Months	Exposures with Remaining Maturities More Than 3 Months	
1	AAA					
	AA+	0%	20%	20%	20%	20%
	AA					
	AA-					
2	A+	20%	50%	20%	50%	50%
	A					
	A-					
3	BBB+	50%	100%	20%	50%	100%
	BBB					
	BBB-					
4	BB+	100%	100%	50%	100%	100%
	BB					
	BB-					
5	B+	100%	100%	50%	100%	150%
	B					
	B-					
6	CCC+	150%	150%	150%	150%	150%
	CCC					
	CCC-					
	CC					
	C					
	D					

4.2.5 Exposures by risk weights

The total amount of exposures corresponding to each class of risk weight before and after credit risk mitigation and the deductions from equity as defined in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks Appendix-1 are presented below:

Current Period Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Exposures before Credit Risk Mitigation	58,911,458	-	22,061,354	41,203,945	29,073,270	97,800,020	3,647,311	12,740,320	341,492	346,586
Exposures after Credit Risk Mitigation	58,030,029	-	10,270,006	34,357,004	28,340,963	92,774,743	3,580,984	12,625,856	341,016	346,586

Prior Period Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Exposures before Credit Risk Mitigation	60,624,091	-	15,406,816	29,993,536	33,359,534	69,789,117	3,434,155	4,457,730	-	362,117
Exposures after Credit Risk Mitigation	58,232,362	-	5,256,272	24,462,242	32,562,063	66,123,832	3,393,262	4,395,578	-	362,117

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4.2.6 Information by major sectors and type of counterparties

As per the TAS and TFRS;

Impaired Credits; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, "specific provisions" are allocated as per the Provisioning Regulation.

Past Due Credits; are the credits that overdue upto 90 days but not impaired. For such credits, "general provisions" are allocated as per the Provisioning Regulation.

Current Period	Credit Risks				
	Major Sectors/Counterparties	Impaired Credits	Past Due Credits	Value Adjustments	Specific Provisions
Agriculture		67,049	32,558	107	35,483
Farming and Stockbreeding		65,297	30,732	106	34,329
Forestry		1,471	1,782	-	987
Fishery		281	44	1	167
Manufacturing		1,046,747	319,071	1,209	639,513
Mining and Quarrying		35,319	23,417	152	17,302
Production		1,010,037	287,798	758	621,641
Electricity, Gas and Water		1,391	7,856	299	570
Construction		258,407	183,779	723	101,052
Services		1,518,883	674,436	2,484	677,565
Wholesale and Retail Trade		1,130,381	450,794	1,796	456,999
Accommodation and Dining		174,100	57,543	182	100,216
Transportation and Telecommunication		173,063	91,462	356	93,792
Financial Institutions		7,730	949	7	5,946
Real Estate and Rental Services		7,092	14,202	11	3,979
Professional Services		220	57	-	220
Educational Services		2,860	32,141	23	1,423
Health and Social Services		23,437	27,288	109	14,990
Others		1,732,229	2,535,805	112,528	1,540,759
Total		4,623,315	3,745,649	117,051	2,994,372

Prior Period	Credit Risks				
	Major Sectors/Counterparties	Impaired Credits	Past Due Credits	Value Adjustments	Specific Provisions
Agriculture		69,664	45,752	658	27,935
Farming and Stockbreeding		67,867	39,937	256	26,953
Forestry		1,519	5,652	400	826
Fishery		278	163	2	156
Manufacturing		738,734	273,153	2,679	483,990
Mining and Quarrying		13,703	26,642	857	5,345
Production		697,243	243,247	1,820	476,568
Electricity, Gas and Water		27,788	3,264	2	2,077
Construction		163,113	173,256	814	65,878
Services		933,807	541,768	7,036	433,387
Wholesale and Retail Trade		709,547	337,567	4,646	314,863
Accommodation and Dining		37,796	41,282	735	19,685
Transportation and Telecommunication		135,944	49,075	689	66,253
Financial Institutions		8,129	1,458	12	6,762
Real Estate and Rental Services		2,368	9,375	315	1,578
Professional Services		12,874	78,407	19	6,460
Educational Services		2,500	1,599	121	1,284
Health and Social Services		24,649	23,005	499	16,502
Others		1,514,677	1,272,796	32,771	1,320,372
Total		3,419,995	2,306,725	43,958	2,331,562

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4.2.7 Movements in value adjustments and provisions

	Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments ⁽¹⁾	Closing Balance
1	Specific Provisions	2,331,562	1,371,998	825,320	116,132	2,994,372
2	General Provisions	1,342,090	724,119	47,012	18,640	2,037,837

⁽¹⁾ Includes foreign exchange differences, mergers, acquisitions and disposals of subsidiaries.

	Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments ⁽¹⁾	Closing Balance
1	Specific Provisions	1,677,751	1,129,493	453,394	(22,288)	2,331,562
2	General Provisions	1,067,423	291,206	11,934	(4,605)	1,342,090

⁽¹⁾ Includes foreign exchange differences, mergers, acquisitions and disposals of subsidiaries.

4.3 Consolidated market risk

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

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

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

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

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

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

4.3.1 Value at market risk on a consolidated basis

	Current Period	Prior Period
(I) Capital Requirement against General Market Risk - Standard Method	59,700	9,090
(II) Capital Requirement against Specific Risks - Standard Method	21,084	4,817
Capital Requirement against Specific Risks of Securitisation Positions- Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	55,572	54,842
(IV) Capital Requirement against Commodity Risks - Standard Method	12,974	8,541
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	102,922	55,537
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	40,047	8,777
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	292,299	141,604
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	3,653,738	1,770,050

4.3.2 Average consolidated values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	44,059	66,015	10,842	31,154	51,467	10,842
Equity-Shares Position Risk	20,027	48,291	4,546	2,979	4,546	1,411
Currency Position Risk	52,147	55,879	44,341	48,426	54,842	42,010
Commodity Risk	9,767	13,587	6,095	7,443	8,541	6,345
Clearing Risk	-	-	-	-	-	-
Option Market Risk	87,745	122,538	54,056	58,415	62,774	54,056
Counterparty Credit Risk	19,460	40,047	8,777	13,820	18,863	8,777
Total Value at Risk	233,205	346,357	128,657	162,237	201,033	123,441

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4.3.3 Quantitative information on counterparty risk

For repurchase transactions, security and commodity lendings and derivative transactions, counterparty credit risks are calculated. In counterparty credit risk calculations, the fair value methodology is used according to the Appendix-2 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". In case of derivative transactions, the total of replacement costs and potential credit risks is considered as the exposure amounts. The replacement costs are calculated valuing the contracts at their fair values and the potential credit risks are calculated multiplying the contract amounts with the credit conversion factors set in the appendix of the regulation.

	Current Period ^(*)	Prior Period ^(*)
Interest-Rate Contracts	1,308	969
Foreign-Exchange-Rate Contracts	405,837	117,685
Commodity Contracts	20,678	12,735
Equity-Shares Related Contracts	2,585	4,370
Other	-	-
Gross Positive Fair Values	446,199	90,137
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collaterals Received	54,986	13,068
Net Derivative Position	821,621	212,828

^(*) Includes only the counterparty risks arising from trading book.

^(*) TL 142 thousands of repurchase and reverse repurchase agreements are not included in the above table.

4.4 Consolidated operational risk

The value at operational risk is calculated according to the basic indicator approach as per the Article 14 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

The annual gross income is composed of net interest income and net non-interest income after deducting realised gains/losses from the sale of securities available-for-sale and held-to-maturity, extraordinary income and income derived from insurance claims at year-end.

Current Period	31 December 2009	31 December 2010	31 December 2011	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	7,516,351	7,754,923	8,915,064	8,062,113	15	1,209,317
Value at Operational Risk (Total x % 12.5)						15,116,461

Prior Period	31 December 2009	31 December 2010	31 December 2011	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	7,856,399	7,526,950	7,768,158	7,717,169	15	1,157,575
Value at Operational Risk (Total x % 12.5)						14,469,692

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2013, the Bank and its financial affiliates' net 'on balance sheet' foreign currency short position amounts to TL 901,224 thousands (31 December 2012: TL 1,598,721 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 302,789 thousands (31 December 2012: TL 1,275,531 thousands), while net foreign currency short open position amounts to TL 598,435 thousands (31 December 2012: TL 323,190 thousands).

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

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

	USD	EUR
The Bank's foreign currency purchase rate at balance sheet date	2.1200	2.9210
Foreign currency rates for the days before balance sheet date:		
Day 1	2.1200	2.9210
Day 2	2.1000	2.9006
Day 3	2.1250	2.9278
Day 4	2.1250	2.9278
Day 5	2.1250	2.9272
Last 30-days arithmetical average rate	2.0418	2.7985

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The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	6,659,348	8,776,519	4,455,232	19,891,099
Banks	5,017,584	5,416,772	495,799	10,930,155
Financial Assets at Fair Value through Profit/Loss	71,094	133,008	786	204,888
Interbank Money Market Placements	-	190,802	-	190,802
Financial Assets Available-for-Sale	1,382,704	3,426,780	278,303	5,087,787
Loans ⁽¹⁾	19,171,144	37,194,507	1,835,992	58,201,643
Investments in Associates, Subsidiaries and Joint-Ventures	1,234	-	3	1,237
Investments Held-to-Maturity	-	651,716	-	651,716
Derivative Financial Assets Held for Risk Management	-	11,009	-	11,009
Tangible Assets	54,919	85	96,459	151,463
Intangible Assets	-	-	-	-
Other Assets ⁽²⁾	2,126,366	1,567,954	25,302	3,719,622
Total Assets	34,484,393	57,369,152	7,187,876	99,041,421
Liabilities				
Bank Deposits	1,480,304	2,923,414	1,435,777	5,839,495
Foreign Currency Deposits	21,505,522	27,767,894	2,174,624	51,448,040
Interbank Money Market Takings	217,098	3,978,477	381,245	4,576,820
Other Fundings	10,118,515	17,343,529	114,052	27,576,096
Securities Issued	189,159	5,536,521	732,124	6,457,804
Miscellaneous Payables	100,544	365,427	192,640	658,611
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities ⁽³⁾	289,340	598,166	2,498,273	3,385,779
Total Liabilities	33,900,482	58,513,428	7,528,735	99,942,645
Net 'On Balance Sheet' Position	583,911	(1,144,276)	(340,859)	(901,224)
Net 'Off-Balance Sheet' Position	647,257	(1,669,652)	1,325,184	302,789
Derivative Assets	15,803,669	28,514,522	9,403,312	53,721,503
Derivative Liabilities	(15,156,412)	(30,184,174)	(8,078,128)	(53,418,714)
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	25,860,398	42,394,354	5,311,182	73,565,934
Total Liabilities	26,051,089	44,270,178	4,843,388	75,164,655
Net 'On Balance Sheet' Position	(190,691)	(1,875,824)	467,794	(1,598,721)
Net 'Off-Balance Sheet' Position	(682,946)	1,886,842	71,635	1,275,531
Derivative Assets	9,993,422	20,954,187	4,225,391	35,173,000
Derivative Liabilities	(10,676,368)	(19,067,345)	(4,153,756)	(33,897,469)
Non-Cash Loans	-	-	-	-

⁽¹⁾ The foreign currency-indexed loans amounting TL 3,681,077 thousands included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

⁽²⁾ The foreign currency indexed factoring receivables amounting TL 310,069 thousands included under TL assets in the accompanying consolidated financial statements are presented above under the related foreign currency code.

⁽³⁾ The gold deposits of TL 2,390,130 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

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4.6 Consolidated interest rate risk

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

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

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

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

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

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

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

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

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

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	16,173,384	16,173,384
Banks	3,830,236	1,839,017	1,972,079	681,431	-	1,840,665	10,163,428
Financial Assets at Fair Value through Profit/Loss	16,408	37,342	120,019	44,559	28,755	737,957	985,040
Interbank Money Market Placements	1,000	-	-	-	-	-	1,000
Financial Assets Available-for-Sale	3,199,608	11,016,852	12,658,171	5,701,342	1,626,888	4,291,645	38,494,506
Loans (**)	20,956,393	12,020,509	15,738,573	32,816,562	17,023,973	1,788,690	100,344,700
Investments Held-to-Maturity	910,865	-	7,959	149,789	293,449	4,892	1,366,954
Other Assets	905,295	858,444	1,016,638	1,561,384	80,188	7,828,413	12,250,362
Total Assets	29,819,805	25,772,164	31,513,439	40,955,067	19,053,253	32,665,646	179,779,374
Liabilities							
Bank Deposits	3,524,855	1,129,067	1,015	109,811	-	819,038	5,583,786
Other Deposits	57,370,783	10,024,572	6,463,733	643,950	-	17,690,855	92,193,893
Interbank Money Market Takings	12,616,799	563,513	911,100	-	-	15,532	14,106,944
Miscellaneous Payables	-	-	-	-	-	8,063,053	8,063,053
Securities Issued	1,305,342	322,141	1,063,153	1,048,258	2,157,650	180,491	6,077,035
Other Fundings	7,076,180	2,267,587	8,774,682	5,531,591	1,928,300	314,752	25,893,092
Other Liabilities	20,523	-	-	-	-	27,841,048	27,861,571
Total Liabilities	81,914,482	14,306,880	17,213,683	7,333,610	4,085,950	54,924,769	179,779,374
On Balance Sheet Long Position	-	11,465,284	14,299,756	33,621,457	14,967,303	-	74,353,800
On Balance Sheet Short Position	(52,094,677)	-	-	-	-	(22,259,123)	(74,353,800)
Off-Balance Sheet Long Position	1,659,214	3,486,402	2,659,801	3,394,547	626,121	-	11,826,085
Off-Balance Sheet Short Position	(761,101)	(1,949,132)	(2,101,659)	(3,970,884)	(1,172,411)	-	(9,955,187)
Total Position	(51,196,564)	13,002,554	14,857,898	33,045,120	14,421,013	(22,259,123)	1,870,898

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

(**) Loans amounting to TL 222,181 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

4.6.2 Average interest rates on monetary financial instruments (%)

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

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Prior Period	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.00-2.40	0.65-3.16	-	5.08-8.60
Financial Assets at Fair Value through Profit/Loss	0.89-4.63	0.37-7.24	-	5.01-13.00
Interbank Money Market Placements	-	-	-	5.25
Financial Assets Available-for-Sale	3.35-6.10	2.32-9.51	-	9.03-10.48
Loans	2.91-7.39	3.20-9.54	5.61	7.90-15.15
Investments Held-to-Maturity	-	6.86	-	8.15-9.00
Liabilities				
Bank Deposits	0.40-2.49	1.42-2.95	-	4.80-6.75
Other Deposits	1.98-3.00	1.82-2.19	1.48-1.71	5.94-7.10
Interbank Money Market Takings	3.50	1.30-2.04	-	4.50-5.67
Miscellaneous Payables	-	-	-	-
Securities Issued	-	4.98	-	6.71-9.06
Other Fundings	1.34-6.62	1.23-6.50	-	6.77-11.40

4.6.3 Interest rate risk on banking book

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

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

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

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

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

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

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

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

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

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

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

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Prior Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity-Losses/Equity
1 TL	(+) 500 bps	(2,820,578)	(13.00) %
2 TL	(-) 400 bps	2,761,432	12.73%
3 USD	(+) 200 bps	14,983	0.07%
4 USD	(-) 200 bps	(62,230)	(0.29)%
5 EURO	(+) 200 bps	(76,545)	(0.35)%
6 EURO	(-) 200 bps	82,518	0.38%
Total (of negative shocks)		2,781,720	12.82%
Total (of positive shocks)		(2,882,140)	(13.28)%

4.7 Consolidated position risk of equity securities

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

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

Prior Period	Comparison		
Equity Securities (shares)	Carrying Value	Fair Value	Market Value
1 Investment in Shares- grade A	155,698	-	-
Quoted Securities	-	-	-
2 Investment in Shares- grade B	11,514	-	-
Quoted Securities	-	-	-
3 Investment in Shares- grade C	-	-	-
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	-	-	-

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

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

Prior Period Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
		Total	Amount in Supplementary Capital	Total	Amount in Core Capital	Amount in Supplementary Capital
1 Private Equity Investments	-	-	-	-	-	-
2 Quoted Shares	-	-	-	3,147	-	1,416
3 Other Shares	-	495	223	-	-	-
Total	-	495	223	3,147	-	1,416

4.8 Consolidated liquidity risk

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

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

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

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

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Bank's liquidity ratios for the years 2013 and 2012, are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	156.07	136.67	104.26	103.75

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	131.56	139.73	98.80	104.67

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4.8.1 Maturity analysis of assets and liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	5,476,062	17,166,780	-	-	-	-	-	22,642,842
Banks	3,280,980	3,232,474	961,877	1,829,762	1,459,034	2,360,300	-	13,124,427
Financial Assets at Fair Value through Profit/Loss (**)	38,697	327,105	335,406	862,037	262,978	111,242	-	1,937,465
Interbank Money Market Placements	-	199,033	-	-	-	-	-	199,033
Financial Assets Available-for- Sale	49,681	52,190	792,171	5,693,686	10,429,211	7,819,288	-	24,836,227
Loans (**)	5,446,825	15,524,585	11,015,091	30,571,778	47,938,454	15,985,710	2,601,393	129,083,836
Investments Held-to-Maturity	-	-	-	1,130,963	4,720,246	7,922,585	-	13,773,794
Other Assets	2,416,824	1,089,202	1,262,305	1,394,812	2,288,483	152,542	7,280,494	15,884,662
Total Assets	16,709,069	37,591,369	14,366,850	41,483,038	67,098,406	34,351,667	9,881,887	221,482,286
Liabilities								
Bank Deposits	1,188,352	2,523,111	2,313,076	522,604	186,137	-	-	6,733,280
Other Deposits	25,892,007	55,961,868	19,205,278	9,856,005	1,543,348	17,441	-	112,475,947
Other Fundings	-	1,627,976	2,644,233	12,449,595	11,486,147	5,925,520	-	34,133,471
Interbank Money Market Takings	-	11,540,180	1,494,674	1,276,385	1,696,499	-	-	16,007,738
Securities Issued	-	393,859	1,324,552	2,927,494	3,544,264	2,600,390	-	10,790,559
Miscellaneous Payables	638,677	5,099,700	512	4,157	-	4,271,790	-	10,014,836
Other Liabilities (***)	2,060,777	496,714	306,572	614,752	599,343	93,524	27,154,773	31,326,455
Total Liabilities	29,779,813	77,643,408	27,288,897	27,650,992	19,055,738	12,908,665	27,154,773	221,482,286
Liquidity Gap	(13,070,744)	(40,052,039)	(12,922,047)	13,832,046	48,042,668	21,443,002	(17,272,886)	-
Prior Period								
Total Assets	7,010,186	33,517,516	11,206,484	31,933,220	59,308,885	30,211,617	6,591,466	179,779,374
Total Liabilities	23,836,851	79,254,209	13,610,516	17,056,944	11,896,517	8,967,584	25,156,753	179,779,374
Liquidity Gap	(16,826,665)	(45,736,693)	(2,404,032)	14,876,276	47,412,368	21,244,033	(18,565,287)	-

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

(**) Loans amounting to TL 198,778 thousands (31 December 2012: TL 222,181 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

(***) Shareholders' Equity is included in "Other liabilities" line under "Undistributed" column.

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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 and its financial affiliates' financial liabilities as per their earliest likely contractual maturities.

	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Current Period								
Bank Deposits	6,733,280	6,721,693	1,188,352	2,518,328	2,308,858	520,167	185,988	-
Other Deposits	112,475,947	112,007,757	25,891,890	55,725,386	19,092,264	9,759,940	1,521,060	17,217
Other Fundings	34,133,471	33,936,882	-	1,596,983	2,532,945	12,407,461	11,473,636	5,925,857
Interbank Money Market Takings	16,007,738	15,966,100	-	11,531,752	1,491,714	1,252,633	1,690,001	-
Securities Issued	10,790,559	10,564,825	-	393,859	1,321,583	2,922,075	3,498,375	2,428,933
Total	180,140,995	179,197,257	27,080,242	71,766,308	26,747,364	26,862,276	18,369,060	8,372,007

	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Prior Period								
Bank Deposits	5,583,786	5,576,602	1,327,586	3,070,213	960,359	66,333	152,111	-
Other Deposits	92,193,893	91,845,937	20,576,026	54,816,676	9,848,678	5,292,747	1,291,639	20,171
Other Fundings	25,893,092	25,578,341	-	2,974,711	1,561,047	9,560,378	8,260,662	3,221,543
Interbank Money Market Takings	14,106,944	14,091,412	-	12,616,799	563,513	911,100	-	-
Securities Issued	6,077,035	5,896,537	-	777,335	322,140	990,952	1,648,458	2,157,652
Total	143,854,750	142,988,829	21,903,612	74,255,734	13,255,737	16,821,510	11,352,870	5,399,366

4.9 Consolidated securitisation positions

None.

4.10 Consolidated credit risk mitigation techniques

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

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

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

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

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

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Prior Period Exposure Categories	Amount ^(*)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Conditional and unconditional exposures to central governments or central banks	59,652,157	2,521,209	-	-
Conditional and unconditional exposures to regional governments or local authorities	61	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	46,987	-	-	-
Conditional and unconditional exposures to multilateral development banks	5,211	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	34,971,286	15,795,148	-	-
Conditional and unconditional exposures to corporates	80,568,659	4,962,154	-	-
Conditional and unconditional retail exposures	48,909,589	966,871	-	-
Conditional and unconditional exposures secured by real estate property ^(*)	12,936,905	65,120	-	-
Past due items	411,663	9,421	-	-
Items in regulatory high-risk categories	7,955,891	103,155	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	3,339,168	-	-	-
Other items	3,703,511	-	-	-

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

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

4.11 Risk management objectives and policies

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

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

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

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

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

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

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4.12 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	201,923,154	165,235,806	202,245,496	164,668,809
Interbank Money Market Placements	199,033	1,000	199,033	1,000
Banks ^(*)	34,030,264	25,028,646	34,030,264	25,028,646
Financial Assets Available-for-Sale	24,836,227	38,494,506	24,836,227	38,494,506
Investments Held-to-Maturity	13,773,794	1,366,954	13,533,024	1,467,754
Loans ^(**)	129,083,836	100,344,700	129,646,948	99,676,903
Financial Liabilities	190,155,831	151,917,803	190,155,831	151,917,803
Bank Deposits	6,733,280	5,583,786	6,733,280	5,583,786
Other Deposits	112,475,947	92,193,893	112,475,947	92,193,893
Other Fundings from Financial Institutions	50,141,209	40,000,036	50,141,209	40,000,036
Securities Issued	10,790,559	6,077,035	10,790,559	6,077,035
Miscellaneous Payables	10,014,836	8,063,053	10,014,836	8,063,053

^(*) Including the balances at the Central Bank of Turkey.

^(**) Loans amounting to TL 198,778 thousands (31 December 2012: TL 222,181 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Loans".

Fair values of financial assets available-for-sale and investments held-to-maturity are derived from market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

Fair values of loans are calculated discounting future cash flows at current market interest rates for fixed-rate loans. The carrying values of floating-rate loans are deemed an approximation for their fair values.

Fair values of other financial assets and liabilities represent the total acquisition costs and accrued interest.

The table below analyses the financial instruments carried at fair value, by valuation method:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	20,230,574	1,967,344	2,638,309	24,836,227
Financial Assets Held for Trading	240,923	171	26,545	267,639
Derivative Financial Assets Held for Trading	1,653	1,668,173	-	1,669,826
Loans	-	198,778	-	198,778
Derivative Financial Assets Held for Risk Management	-	114,984	-	114,984
Financial Assets at Fair Value	20,473,150	3,949,450	2,664,854	27,087,454
Derivative Financial Liabilities Held for Trading	-	1,567,030	-	1,567,030
Funds Borrowed	-	2,084,138	-	2,084,138
Derivative Financial Liabilities Held for Risk Management	-	39,105	-	39,105
Financial Liabilities at Fair Value	-	3,690,273	-	3,690,273

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	36,233,452	14,983	2,246,071	38,494,506
Financial Assets Held for Trading	270,188	-	4,217	274,405
Derivative Financial Assets Held for Trading	5,776	704,859	-	710,635
Loans	-	222,181	-	222,181
Derivative Financial Assets Held for Risk Management	-	-	-	-
Financial Assets at Fair Value	36,509,416	942,023	2,250,288	39,701,727
Derivative Financial Liabilities Held for Trading	-	927,001	-	927,001
Funds Borrowed	-	-	-	-
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Financial Liabilities at Fair Value	-	927,001	-	927,001

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

None.

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5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,007,744	659,757	800,979	459,761
Central Bank of Turkey	1,743,999	19,161,838	492,972	14,372,246
Others	-	69,504	-	47,426
Total	2,751,743	19,891,099	1,293,951	14,879,433

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,743,999	1,995,058	492,972	1,500,401
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	17,166,780	-	12,871,845
Total	1,743,999	19,161,838	492,972	14,372,246

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

5.1.2 Financial assets at fair value through profit/loss

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	-	280,860	-	223,894
Assets Subject to Repurchase Agreements	2,732	-	19,816	-
Total	2,732	280,860	19,816	223,894

5.1.2.2 Positive differences on derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	297,742	19,747	43,805	5,533
Swap Transactions	330,329	645,228	208,444	370,089
Futures	203	1,451	158	5,776
Options	293,012	81,708	46,557	30,273
Others	-	406	-	-
Total	921,286	748,540	298,964	411,671

5.1.2.3 Financial assets at fair value through profit/loss

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

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5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	481,639	1,441,682	431,974	845,451
Foreign banks	1,712,633	9,488,473	2,041,492	6,844,511
Foreign headoffices and branches	-	-	-	-
Total	2,194,272	10,930,155	2,473,466	7,689,962

Due from foreign banks

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	3,010,199	2,386,668	6,925,660	5,922,909
USA, Canada	533,189	134,922	408,952	219,495
OECD Countries (1)	22,200	34,720	-	-
Off-shore Banking Regions	121,675	70,720	43,094	26,401
Others	136,137	83,551	-	6,617
Total	3,823,400	2,710,581	7,377,706	6,175,422

(1) OECD countries other than the EU countries, USA and Canada

The placements at foreign banks include blocked accounts amounting TL 7,377,706 (31 December 2012: TL 6,175,422 thousands) of which TL 116,271 thousands (31 December 2012: TL 82,876 thousands) and TL 43,094 thousands (31 December 2012: TL 26,402 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,218,341 thousands (31 December 2012: TL 6,066,144 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 91,740 thousands (31 December 2012: TL 108,694 thousands) as required for insurance activities.

5.1.4 Financial assets available-for-sale

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	6,612,447	581,497	10,968,071	388,212
Assets subject to Repurchase Agreements	9,143,715	2,089,708	14,696,052	699,780
Total	15,756,162	2,671,205	25,664,123	1,087,992

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	24,311,825	34,227,618
Quoted at Stock Exchange	21,641,181	32,025,799
Unquoted at Stock Exchange	2,670,644	2,201,819
Common Shares/Investment Fund	18,165	22,251
Quoted at Stock Exchange	7,669	5,081
Unquoted at Stock Exchange	10,496	17,170
Value Increase/Impairment Losses (-)	506,237	4,244,637
Total	24,836,227	38,494,506

As of 31 December 2013, the Bank and its consolidated financial affiliates' "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 (31 December 2012: USD 426,111,240) and a total carrying value of TL 913,660 thousands (31 December 2012: TL 765,645 thousands).

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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	65	135,482	21	94,993
Corporates	65	135,482	21	94,993
Real Persons	-	-	-	-
Indirect Lendings to Shareholders	509,825	294,931	368,707	253,852
Loans to Employees	232,867	90	175,918	48
Total	742,757	430,503	544,646	348,893

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

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

Prior Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Cash Loans						
Loans	97,197,474	1,508,528	77,093	2,551,356	875,596	571,771
Working Capital Loans	9,969,326	158,070	6,109	518,361	240,937	112,259
Export Loans	3,768,124	10,450	-	114,629	83,233	15,850
Import Loans	488,213	3,096	-	-	-	-
Loans to Financial Sector ^(*)	3,189,528	2	-	211	20	-
Consumer Loans	22,592,988	694,854	48,048	505,969	86,097	92,746
Credit Cards	11,615,309	-	-	338,376	-	252,722
Others	45,573,986	642,056	22,936	1,073,810	465,309	98,194
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	97,197,474	1,508,528	77,093	2,551,356	875,596	571,771

^(*) Loans amounting to TL 222,181 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Loans to Financial Sector".

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Collaterals received for loans under follow-up

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

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	13,419	2,375	-	15,794
Loans Collateralized by Mortgages	951,364	200,580	-	1,151,944
Loans Collateralized by Pledged Assets	121,406	25,234	-	146,640
Loans Collateralized by Cheques and Notes	96,309	204,960	-	301,269
Loans Collateralized by Other Collaterals	490,391	44,069	-	534,460
Unsecured Loans	34,122	28,751	338,376	401,249
Total	1,707,011	505,969	338,376	2,551,356

Delinquency periods of loans under follow-up

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

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	74,070	177,183	60,066	311,319
61-90 days	106,752	72,061	24,868	203,681
Other	1,526,189	256,725	253,442	2,036,356
Total	1,707,011	505,969	338,376	2,551,356

Loans and other receivables with extended payment plans

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

Prior Period	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
No. of Extensions		
1 or 2 times	1,304,863	833,038
3, 4 or 5 times	179,235	28,622
Over 5 times	24,430	13,936
Total	1,508,528	875,596

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

Prior Period	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
Extention Periods		
0 - 6 months	242,610	413,665
6 - 12 months	368,146	80,387
1 - 2 years	382,950	88,943
2 - 5 year	392,946	117,178
5 years and over	121,876	175,423
Total	1,508,528	875,596

5.1.5.3 Maturity analysis of cash loans

Current Period	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-Term Loans	38,392,318	294,355	713,102	452,863
Loans	38,392,318	294,355	713,102	452,863
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	86,481,546	2,219,211	2,575,624	1,627,285
Loans	86,481,546	2,219,211	2,575,624	1,627,285
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	124,873,864	2,513,566	3,288,726	2,080,148

Prior Period	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-Term Loans	32,558,640	402,072	588,918	362,120
Loans	32,558,640	402,072	588,918	362,120
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	64,638,834	1,183,549	1,962,438	1,085,247
Loans	64,638,834	1,183,549	1,962,438	1,085,247
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	97,197,474	1,585,621	2,551,356	1,447,367

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

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

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Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	574,505	20,570,250	21,144,755
Housing Loans	13,381	10,248,790	10,262,171
Automobile Loans	21,313	1,269,827	1,291,140
General Purpose Loans	107,615	1,283,909	1,391,524
Others	432,196	7,767,724	8,199,920
Consumer Loans – FC-indexed	-	274,002	274,002
Housing Loans	-	264,756	264,756
Automobile Loans	-	246	246
General Purpose Loans	-	6,858	6,858
Others	-	2,142	2,142
Consumer Loans – FC	151,370	1,025,824	1,177,194
Housing Loans	1,193	446,037	447,230
Automobile Loans	13	7,184	7,197
General Purpose Loans	7,969	347,577	355,546
Others	142,195	225,026	367,221
Retail Credit Cards – TL	10,891,301	264,632	11,155,933
With Installment	5,698,845	264,632	5,963,477
Without Installment	5,192,456	-	5,192,456
Retail Credit Cards – FC	46,460	62,124	108,584
With Installment	10,837	1,656	12,493
Without Installment	35,623	60,468	96,091
Personnel Loans – TL	18,465	37,051	55,516
Housing Loan	-	1,171	1,171
Automobile Loans	-	146	146
General Purpose Loans	4,265	5,866	10,131
Others	14,200	29,868	44,068
Personnel Loans - FC-indexed	224	15,302	15,526
Housing Loans	-	14,378	14,378
Automobile Loans	-	-	-
General Purpose Loans	224	924	1,148
Others	-	-	-
Personnel Loans – FC	2,389	48,823	51,212
Housing Loans	63	15,457	15,520
Automobile Loans	-	41	41
General Purpose Loans	174	27,666	27,840
Others	2,152	5,659	7,811
Personnel Credit Cards – TL	43,806	513	44,319
With Installment	34,769	513	35,282
Without Installment	9,037	-	9,037
Personnel Credit Cards – FC	810	1,500	2,310
With Installment	255	-	255
Without Installment	555	1,500	2,055
Deposit Accounts– TL (Real Persons)	380,752	-	380,752
Deposit Accounts– FC (Real Persons)	-	-	-
Total	12,110,082	22,300,021	34,410,103

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5.1.5.5 Installment based commercial loans and corporate credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	917,999	7,852,874	8,770,873
Real Estate Loans	2,443	657,385	659,828
Automobile Loans	44,069	1,524,823	1,568,892
General Purpose Loans	871,487	5,665,918	6,537,405
Others	-	4,748	4,748
Installment-based Commercial Loans - FC-indexed	88,127	1,076,813	1,164,940
Real Estate Loans	-	48,110	48,110
Automobile Loans	3,569	260,595	264,164
General Purpose Loans	84,558	768,108	852,666
Others	-	-	-
Installment-based Commercial Loans – FC	706,480	786,153	1,492,633
Real Estate Loans	-	1,413	1,413
Automobile Loans	-	7,421	7,421
General Purpose Loans	278	18,216	18,494
Others	706,202	759,103	1,465,305
Corporate Credit Cards – TL	1,295,213	1,092	1,296,305
With Installment	783,440	1,088	784,528
Without Installment	511,773	4	511,777
Corporate Credit Cards – FC	6,438	-	6,438
With Installment	237	-	237
Without Installment	6,201	-	6,201
Deposit Accounts– TL (Corporates)	637,296	-	637,296
Deposit Accounts– FC (Corporates)	-	-	-
Total	3,651,553	9,716,932	13,368,485
Prior Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,113,031	7,756,447	8,869,478
Real Estate Loans	547	577,452	577,999
Automobile Loans	49,295	1,540,604	1,589,899
General Purpose Loans	1,063,189	5,631,924	6,695,113
Others	-	6,467	6,467
Installment-based Commercial Loans - FC-indexed	87,881	685,775	773,656
Real Estate Loans	-	39,880	39,880
Automobile Loans	2,545	211,094	213,639
General Purpose Loans	70,804	411,058	481,862
Others	14,532	23,743	38,275
Installment-based Commercial Loans – FC	625,038	942,040	1,567,078
Real Estate Loans	-	257,571	257,571
Automobile Loans	170	4,665	4,835
General Purpose Loans	246	10,074	10,320
Others	624,622	669,730	1,294,352
Corporate Credit Cards – TL	636,981	750	637,731
With Installment	375,502	750	376,252
Without Installment	261,479	-	261,479
Corporate Credit Cards – FC	4,808	-	4,808
With Installment	1	-	1
Without Installment	4,807	-	4,807
Deposit Accounts– TL (Corporates)	646,939	-	646,939
Deposit Accounts– FC (Corporates)	-	-	-
Total	3,114,678	9,385,012	12,499,690

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5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	1,267,471	1,198,693
Private Sector ^(*)	126,895,119	98,550,137
Total	128,162,590	99,748,830

^(*) Loans amounting to TL 198,778 thousands (31 December 2012: TL 222,181 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Private Sector".

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	119,416,568	91,700,234
Foreign Loans ^(*)	8,746,022	8,048,596
Total	128,162,590	99,748,830

^(*) Loans amounting to TL 198,778 thousands (31 December 2012: TL 222,181 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Foreign Loans".

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	70,148	34,247
Indirect Lending	-	-
Total	70,148	34,247

5.1.5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	320,306	153,280
Doubtful Loans and Receivables	350,780	468,299
Uncollectible Loans and Receivables	2,012,752	1,487,761
Total	2,683,838	2,109,340

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and other receivables restructured or rescheduled

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	184,781	100,782	203,631
Rescheduled Loans and Receivables	-	-	51,804
Total	184,781	100,782	255,435
Prior Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	141,642	40,941	114,613
Rescheduled Loans and Receivables	-	-	38,274
Total	141,642	40,941	152,887

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Movements in non-performing loan groups

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

⁽¹⁾ Resulted from sale of non-performing loans.

Prior Period	III. Grup	IV. Grup	V. Grup
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	78,176	191,288	1,664,069
Additions (+)	878,790	179,605	256,959
Transfer from Other NPL Categories (+)	82,686	617,305	344,953
Transfer to Other NPL Categories (-)	607,810	345,163	93,396
Collections during the Period (-)	84,086	65,183	183,923
Write-offs (-) ⁽¹⁾	5,346	-	203,714
Corporate and Commercial Loans	5,211	-	10,441
Retail Loans	135	-	52,103
Credit Cards	-	-	140,667
Other	-	-	503
Balances at End of Period	342,410	577,852	1,784,948
Specific Provisions (-)	153,280	468,299	1,487,761
Net Balance on Balance Sheet	189,130	109,553	297,187

⁽¹⁾ Resulted from sale of non-performing loans.

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Movements in specific loan provisions

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

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	561,503	401,108	565,921	1,528,532
Additions during the Period (+)	471,255	249,244	273,220	993,719
Restructured/Rescheduled Loans (-)	245	75	-	320
Collections during the Period (-)	62,022	66,914	81,908	210,844
Write-Offs (-)	14,821	46,259	140,667	201,747
Balances at End of Period	955,670	537,104	616,566	2,109,340

Non-performing loans in foreign currencies

Current Period	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balance at End of Period	269,127	134,093	1,278,963
Specific Provisions (-)	131,653	55,859	924,844
Net Balance at Balance Sheet	137,474	78,234	354,119
Prior Period			
Balance at End of Period	133,372	245,566	666,560
Specific Provisions (-)	45,693	206,553	524,537
Net Balance at Balance Sheet	87,679	39,013	142,023

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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
Current Period (Net)	185,883	168,390	566,973
Loans to Individuals and Corporates (Gross)	506,189	519,170	2,571,693
Specific Provision (-)	320,306	350,780	2,004,720
Loans to Individuals and Corporates (Net)	185,883	168,390	566,973
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,721
Specific Provision (-)	-	-	7,721
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	189,130	109,553	297,187
Loans to Individuals and Corporates (Gross)	342,410	577,852	1,776,918
Specific Provision (-)	153,280	468,299	1,479,731
Loans to Individuals and Corporates (Net)	189,130	109,553	297,187
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,719
Specific Provision (-)	-	-	7,719
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

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

Prior Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	10,166	213	-	10,379
Loans Collateralized by Mortgages	518,864	60,797	-	579,661
Loans Collateralized by Pledged Assets	258,097	39,971	-	298,068
Loans Collateralized by Cheques and Notes	252,037	253,795	-	505,832
Loans Collateralized by Other Collaterals	217,235	87,095	-	304,330
Unsecured Loans	158,185	195,277	653,478	1,006,940
Total	1,414,584	637,148	653,478	2,705,210

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5.1.5.11 Liquidation policy for uncollectible loans and receivables

Such loans and receivables are collected through legal follow-up and liquidation of collaterals.

5.1.5.12 Write-off policy

The Bank's general policy for write-offs of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible in legal follow-up process.

5.1.6 Factoring receivables

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,561,143	422,560	1,543,115	281,016
Medium and Long-Term	7,219	3,808	2,683	7,520
Total	1,568,362	426,368	1,545,798	288,536

5.1.7 Investments held-to-maturity

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	5,139,386	-	677,626	356,786
Investments subject to Repurchase Agreements	6,192,089	428,072	-	-
Total	11,331,475	428,072	677,626	356,786

5.1.7.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	13,581,843	911,349
Treasury Bills	-	-
Other Government Securities	-	445,864
Total	13,581,843	1,357,213

5.1.7.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	13,330,130	1,362,063
Quoted at Stock Exchange	13,142,081	1,354,998
Unquoted at Stock Exchange	188,049	7,065
Valuation Increase / (Decrease)	443,664	4,891
Total	13,773,794	1,366,954

5.1.7.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	1,366,954	4,786,530
Foreign Currency Differences on Monetary Assets	-	(26,348)
Purchases during the Period	12,458,498	9,557
Disposals through Sales/Redemptions (*)	(496,826)	(3,407,676)
Valuation Effect	445,168	4,891
Balances at End of Period	13,773,794	1,366,954

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

(**) As per the regulation on capital adequacy (Basel II) effective from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 100%. As allowed by the relevant accounting standards (TAS 39) for the sale or reclassification of securities originally classified under the securities held-to-maturity in cases where the capital requirement increases due to regulatory changes, in the prior period, the Bank sold a part of its eurobonds with a total face value of USD 595,638,000 from its held-to-maturity portfolio and in the current period, as per the letter of the Public Oversight, Accounting and Auditing Standards Authority no. 602 dated 20 February 2013, the Bank reclassified its eurobonds with a total face value of USD 248,209,999 to its available-for-sale portfolio.

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5.1.8 Investments in associates

5.1.8.1 Unconsolidated investments in associates

Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1 Emeklilik Gözetim Merkezi AŞ	Istanbul/Turkey	-	6.67
2 Bankalararası Kart Merkezi AŞ ⁽¹⁾	Istanbul/Turkey	10.15	10.15
3 Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	Istanbul/Turkey	0.77	0.77
4 İstanbul Takas ve Saklama Bankası AŞ ^(**)	Istanbul/Turkey	5.83	5.83
5 Borsa İstanbul AŞ ^(**)	Istanbul/Turkey	6.00	6.00
6 KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	Istanbul/Turkey	9.09	9.09
7 Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara/Turkey	2.48	2.48
8 Kredi Garanti Fonu AŞ	Ankara/Turkey	1.75	1.75

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	9,174	6,354	773	499	(89)	3	3	-
2	33,001	23,773	19,197	347	14	4,171	4,238	-
3	716,541	73,214	2,952	15,383	830	2,423	2,171	-
4	5,596,026	590,396	15,297	116,776	6,894	81,809	55,168	-
5	610,000	478,681	19,291	9,733	2,024	45,686	-	-
6	91,353	78,926	48,825	1,637	18	28,150	24,044	-
7	251,407,290	23,683,777	274,340	3,079,573	2,404,666	(300,025)	18,381,955	-
8	280,578	276,430	3,331	10,640	-	11,980	2,772	-

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

(**) The shares in Vadeli İşlem ve Opsiyon Borsası A.Ş. were replaced by the shares of Borsa İstanbul A.Ş. according to the article 138-6/b of the Capital Market Law no. 6362. The Current Period Profit/Loss includes the performance of the period from 3 April 2013 to 30 September 2013, starting from the date of establishment of Borsa İstanbul AŞ on 3 April 2013.

(***) The name of İMKB Takas ve Saklama AŞ was changed as İstanbul Takas ve Saklama Bankası AŞ.

(1) Financial information is as of 30 September 2013.

(2) Financial information is as of 31 December 2012.

In the current period;

The paid-in capital of İstanbul Takas ve Saklama Bankası AŞ was decided to be increased from TL 60,000 thousands to TL 420,000 thousands by TL 360,000 thousands of which TL 180,000 thousands was in cash, at the ordinary general meeting held on 29 March 2013. The Bank and one of its consolidated financial affiliates participated in this increase in total by TL 10,539 thousands in cash and also acquired bonus shares of TL 5,135 thousands.

According to the article 138-6/a of Capital Markets Law no.6362, C group of shares of Borsa İstanbul AŞ were decided to be distributed as bonus shares to the existing members of İstanbul Altın Borsası as per the board of directors' meeting of Borsa İstanbul AŞ on 4 July 2013 and accordingly shares amounting to TL 15 thousands were received as bonus shares.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

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5.1.8.2 Consolidated investments in associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/ Loss	Company's Fair Value (if available)
1	35,386	34,648	176	710	878	1,354	3,553	19,840

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

(1) Financial information is as of 30 September 2013, however the fair value information is as of 31 December 2013.

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

5.1.8.3 Movement of consolidated investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	43	38
Movements during the Period	600	5
Acquisitions and Capital Increases	673	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales/Liquidations (-) ^(*)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(73)	5
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	643	43
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Valuation methods of consolidated investments in associates

Associates	Current Period	Prior Period
Valued at Cost	-	-
Valued at Fair Value	643	43
Valued by Equity Method of Accounting	-	-

Sectoral distribution of consolidated investments and associates

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	643	43
Other Associates	-	-

Quoted consolidated investments in associates

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	643	43
Quoted at International Stock Exchanges	-	-

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Investments in associates sold during the current period
None.

Investments in associates acquired during the current period
None.

5.1.9 Investments in subsidiaries

Information on capital adequacy of major subsidiaries

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

Prior Period	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
CORE CAPITAL	896,741	559,976	332,747
Paid-in Capital	322,353	12,016	856,656
Inflation Adjustments to Paid-in Capital	-	68,832	-
Share Premium	-	-	30,113
Reserves	474,900	419,008	(367,428)
Current Period's Profit and Prior Periods' Profit	101,782	61,560	-
Current Period's Losses and Prior Periods' Losses	-	-	(40,642)
Leasehold Improvements on Operational Leases (-)	-	-	12,821
Intangible Assets (-)	2,294	1,440	2,805
Goodwill (Net) (-)	-	-	130,326
SUPPLEMENTARY CAPITAL	178,282	-	9,720
CAPITAL	1,075,023	559,976	342,467
DEDUCTIONS FROM CAPITAL	-	42	81,453
NET AVAILABLE EQUITY	1,075,023	559,934	261,014

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

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5.1.9.1 Unconsolidated investments in subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets ⁽¹⁾	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)	Amount of Equity Requirement
1	42,240	36,261	61	960	804	5,156	7,234	-	-
2	27,068	16,612	3,399	946	51	1,453	1,959	-	-
3	4,160	3,646	14	-	85	2,422	1,009	-	-
4	946	798	59	-	5	125	358	-	-
5	2,644	2,295	7	-	94	641	389	-	-
6	43	44	33	-	-	(1)	(1)	-	-
7	365	365	-	-	-	-	-	-	-
8	373	365	-	-	-	-	-	-	-
9	53	53	-	-	-	-	-	-	-
10	408,686	14,880	343,924	515	-	(14,815)	16,223	-	-

⁽¹⁾ Total fixed assets include tangible and intangible assets.

The liquidation process of Garanti Teknolojinet İletişim Hizmetleri ve Tic. A.Ş has been completed in current period.

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

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

5.1.9.2 Movement of consolidated investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	2,484,453	2,064,495
Movements during the Period	590,295	419,958
Acquisitions and Capital Increases ⁽¹⁾	-	46,474
Bonus Shares Received	46,142	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	257,126	420,961
Currency Differences on Foreign Subsidiaries	287,027	(47,477)
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	3,074,748	2,484,453
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

⁽¹⁾ In prior period; the paid-in capital of Garanti Holding BV was increased from EUR 349,088,600 to EUR 369,088,600 on 18 October 2012 as per the decision made at the board of directors' meeting held on 11 October 2012.

⁽²⁾ The paid-in capital of Garanti Faktoring Hizmetleri AŞ was increased from TL 21,000 thousands to TL 79,500 thousands as per the decision made at the board of directors' meeting held on 3 May 2013.

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Valuation methods of consolidated investments in subsidiaries

	Current Period	Prior Period
Valued at Cost	235,950	235,950
Valued at Fair Value	2,838,798	2,248,503

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	Prior Period
Banks	1,784,026	1,357,098
Insurance Companies	56,545	56,545
Factoring Companies	108,660	130,967
Leasing Companies	110,743	110,743
Finance Companies	1,014,774	829,100
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	108,660	130,967
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	3,661,127	596,482	18,188	271,082	-	67,292	61,560	-
2	2,059,653	120,066	3,102	116,644	-	15,302	20,460	132,765
3	53,454	36,919	2,054	548	3,706	7,674	621	-
4	23,733	20,553	1,827	1,035	189	2,665	3,165	-
5	5,315,146	713,657	22,449	50,476	6,044	139,818	133,977	-
6	13,575,439	1,343,426	66,580	378,343	71,190	143,170	101,782	1,508,568
7	1,034,687	199,765	45,688	39,122	18,953	15,038	16,896	275,617
8	947,643	947,593	-	9	-	(210)	(121)	946,112
9	989,791	851,453	-	356	-	3,694	(4,739)	-
10	4,807,490	622,944	54,361	254,955	23,313	60,746	(50,005)	-
11	279,803	48,209	10,108	21,730	-	8,856	5,254	-
12	233,841	30,997	2,691	47,471	-	7,947	5,302	-
13	340,014	40,012	657	18,403	-	1,712	4,995	-

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

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

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

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5.1.10 Investments in joint-ventures

None.

5.1.11 Lease receivables

5.1.11.1 Financial lease receivables according to remaining maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1,636,978	1,482,607	1,174,890	1,063,248
Between 1-5 Years	2,486,229	2,140,109	2,029,321	1,717,707
Longer than 5 Years	178,940	148,539	108,236	87,955
Total	4,302,147	3,771,255	3,312,447	2,868,910

5.1.11.2 Net financial lease receivables

	Current Period	Prior Period
Gross Financial Lease Receivables	4,302,147	3,312,447
Unearned Income on Financial Lease Receivables (-)	(530,892)	(443,537)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	3,771,255	2,868,910

5.1.11.3 Financial lease agreements

Criteria applied for financial lease agreements

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

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

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

Details monitored subsequent to signing of financial lease agreements

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

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

5.1.12 Derivative financial assets held for risk management

5.1.12.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	65,943	-	-	-
Cash Flow Hedges	38,032	11,009	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	103,975	11,009	-	-

As of 31 December 2013, 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	4,928,361	103,975	-	-	-	-
-TL	4,928,361	103,975	-	-	-	-
-FC	-	-	-	-	-	-
Cross Currency Swaps	2,240,471	11,009	39,105	-	-	-
-TL	607,985	-	-	-	-	-
-FC	1,632,486	11,009	39,105	-	-	-
Total	7,168,832	114,984	39,105	-	-	-

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5.1.12.1.1 Fair value hedge accounting

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(7,901)	7,101	-	(800)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(59,998)	58,842	-	(1,156)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	4,000	-	(36,541)	(32,541)
Cross Currency Swaps	Fixed-rate funds borrowed	Interest rate and foreign currency exchange rate risk	251	-	(2,564)	(2,313)

5.1.12.1.2 Cash flow hedge accounting

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

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5.1.13 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Cost	1,119,154	376,535	28,656	1,316,890	2,841,235
Accumulated Depreciation	(290,041)	(357,417)	(22,653)	(852,785)	(1,522,896)
Net Book Value	829,113	19,118	6,003	464,105	1,318,339
Balance at End of Current Period					
Net Book Value at Beginning of Current Period	829,113	19,118	6,003	464,105	1,318,339
Additions	122,754	962	6,682	342,841	473,239
Disposals (Cost)	(17,764)	(8,082)	(6,682)	(65,815)	(98,343)
Disposals (Accumulated Depreciation)	2,909	8,076	6,313	29,095	46,393
Reversal of/Impairment Losses (-)	965	-	-	-	965
Depreciation Expense for Current Period	(24,729)	(8,653)	(2,600)	(154,483)	(190,465)
Currency Translation Differences on Foreign	14,360		(256)	(5,915)	(5,875)
Operations, net	5	202	12,570	27,137	2,841,235
Cost at End of Current Period	1,242,587	369,420	30,274	1,622,416	3,264,697
Accumulated Depreciation at End of Current Period	(314,979)	(357,994)	(20,356)	(994,103)	(1,687,432)
Net Book Value at End of Current Period	927,608	11,426	9,918	628,313	1,577,265

5.1.13.1 Disclosure for impairment losses or releases individually material for financial statements

Conditions for allocating/releasing any impairment
None.

Amount of impairment losses provided or released in financial statements during current period
None.

5.1.13.2 Other impairment losses provided or released in current period that are immaterial for the financial statement individually but material for the financial statements aggregately

A total provision of TL 965 thousands was reversed in 2013 (31 December 2012: a total provision of TL 22,111 thousands was reversed and a total provision of TL 5,573 thousand was made) in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets".

5.1.14 Intangible assets

5.1.14.1 Useful lives and amortisation rates

The consolidation goodwill classified under intangible assets is not amortized. The estimated useful lives of softwares and other intangible assets vary between 3 and 15 years.

5.1.14.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation. The consolidation goodwill is not amortized, however is subject to impairment testing regularly and if there is any impairment, a provision is made.

5.1.14.3 Balances at beginning and end of current period

	Current Period		Prior Period	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intangible Assets	310,958	206,928	237,518	154,809

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5.1.14.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Net Book Value at Beginning Period	82,709	84,246
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	68,293	36,485
Disposals (-)	(285)	(2,651)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(47,401)	(34,877)
Currency Translation Differences on Foreign Operations	714	(494)
Other Movements	-	-
Net Book Value at End of Current Period	104,030	82,709

5.1.14.5 Details for any individually material intangible assets

None.

5.1.14.6 Intangible assets capitalised under government incentives at fair values

None.

5.1.14.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates

None.

5.1.14.8 Net book value of intangible asset that are restricted in usage or pledged

None.

5.1.14.9 Commitments to acquire intangible assets

None.

5.1.14.10 Disclosure on revalued intangible assets

None.

5.1.14.11 Research and development costs expensed during current period

None.

5.1.14.12 Goodwill

Goodwill	Shares %	Carrying Value
Garanti Yatırım Menkul Kıymetler AŞ	100.00	2,778
Garanti Finansal Kiralama AŞ	98.94	2,119
Garanti Faktoring AŞ	55.40	1,491
Total		6,388

5.1.14.13 Movements in goodwill during current period

	Current Period
Net Book Value at Beginning Period	6,388
Movements in Current Period	-
Additions	-
Adjustments due to the Changes in Value of Assets and Liabilities	-
Disposals in Current Period due to a Discontinued Operation Or Partial or Complete Disposal of an Asset (-)	-
Amortisation Expense for Current Period (-)	-
Impairment Losses (-)	-
Reversal of Impairment Losses (-)	-
Other changes in Book Values	-
Net Book Value at End of Current Period	6,388

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5.1.15 Investment property

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

Prior Period Real Estate Type	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Building	157,544	29,621	241	Operational lease
Land	-	-	-	-

5.1.16 Deferred tax asset

As of 31 December 2013, on a consolidated basis the Bank has a deferred tax asset of TL 213,620 thousands (31 December 2012: TL 231,220 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 31 December 2013, there is a deferred tax asset of TL 481,678 thousands (31 December 2012: TL 316,089 thousands) and deferred tax liability of TL 268,058 thousands (31 December 2012: TL 84,869 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

As per the annulment decision of the Turkish Constitutional Court as explained in Note 3.18.4, Garanti Finansal Kiralama, a consolidated subsidiary of the Bank, is subject to investment allowance ruling and can use its available allowances to reduce its taxable corporate income without any time limitations. Accordingly, a deferred tax asset amounting TL 1,912 thousands is recorded in the accompanying consolidated financial statements as of 31 December 2012 considering the fact that Garanti Finansal Kiralama may use its right of deducting investment allowances from its corporate income in the future. In the accompanying consolidated financial statements as of 31 December 2013, a deferred tax asset amounting TL 1,202 thousands is included in this respect.

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

	Current Period		Prior Period	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions ^(*)	729,152	145,506	578,979	115,325
Differences between the Carrying Values and Taxable Values of Financial Assets ^(**)	101,736	20,934	483,603	103,887
Other	264,832	47,180	80,812	12,008
Deferred Tax Asset, Net	1,095,720	213,620	1,143,394	231,220

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

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

In 2013, TL 387,610 thousands of deferred tax expense (in 2012: a deferred tax income of TL 353,065 thousands) and TL 377,670 thousands of deferred tax income (in 2012: a deferred tax expense of TL 235,830 thousands) were recognised in the income statement and the shareholders' equity, respectively.

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5.1.17 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	136,551	130,102
Accumulated Depreciation (-)	(4,114)	(2,446)
Net Book Value	132,437	127,656
End of Current Period		
Additions	102,001	79,074
Disposals (Cost)	(81,960)	(72,163)
Disposals (Accumulated Depreciation)	867	517
Reversal of Impairment / Impairment Losses (-)	(1,847)	(151)
Depreciation Expense for Current Period (-)	(2,745)	(2,185)
Currency Translation Differences on Foreign Operations	989	(311)
Cost	155,734	136,551
Accumulated Depreciation (-)	(5,992)	(4,114)
Net Book Value	149,742	132,437

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 27,725 thousands (31 December 2012: TL 5,313 thousands).

5.1.18 Other Assets

5.1.18.1 Receivables from term sale of assets

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	-	1,362
Sale of Real Estates	3,033	7,733
Sale of Other Assets	3,038	3,007
Total	6,071	12,102

5.1.18.2 Prepaid expenses

	Current Period	Prior Period
Prepaid Expenses	401,484	311,590

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5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

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

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	3,550,602	-	3,270,706	25,970,388	288,667	92,810	250,950	2,619	33,426,742
Foreign Currency Deposits	10,042,224	-	5,812,532	15,896,903	1,349,877	3,846,762	3,925,922	79,203	40,953,423
Residents in Turkey	6,425,612	-	5,277,773	13,653,606	616,530	610,312	403,708	77,700	27,065,241
Residents in Abroad	3,616,612	-	534,759	2,243,297	733,347	3,236,450	3,522,214	1,503	13,888,182
Public Sector Deposits	676,056	-	24,344	13,628	8	-	-	-	714,036
Commercial Deposits	3,939,619	-	2,681,424	6,993,879	592,397	187,093	27,882	-	14,422,294
Others	67,004	-	39,804	189,564	5,226	347	372	-	302,317
Precious Metal Deposits	2,300,584	-	25,929	19,023	-	2,274	27,271	-	2,375,081
Bank Deposits	1,327,590	-	1,707,350	2,122,870	86,364	118,807	220,805	-	5,583,786
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	115,385	-	379,143	2,018	4	9	57,550	-	554,109
Foreign Banks	722,881	-	1,328,207	2,120,852	86,360	118,798	163,255	-	4,540,353
Special Financial Institutions	489,324	-	-	-	-	-	-	-	489,324
Others	-	-	-	-	-	-	-	-	-
Total	21,903,679	-	13,562,089	51,206,255	2,322,539	4,248,093	4,453,202	81,822	97,777,679

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

5.2.1.1.1 Deposits exceeding insurance limit

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	19,339,421	12,744,375	18,937,930	20,553,407
Foreign Currency Saving Deposits	12,703,119	9,268,758	16,554,964	14,775,319
Other Saving Deposits	1,477,207	1,132,858	1,090,842	1,114,691
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

⁽¹⁾ As per the decision published in the Official Gazette no. 28560 dated 15 February 2013, the deposit insurance limit has been increased from TL 50,000 thousands to TL 100,000 thousands.

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

None..

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	544,316	509,167
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	489,029	251,263
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

Trading Derivatives	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	120,240	21,352	64,201	13,104
Swap Transactions	856,002	314,215	479,897	286,895
Futures	-	-	-	-
Options	183,689	71,508	53,075	29,681
Others	-	24	-	148
Total	1,159,931	407,099	597,173	329,828

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,147,608	1,340,817	1,488,444	1,178,481
Foreign Banks, Institutions and Funds	5,409,767	26,087,788	4,089,892	18,987,595
Total	6,557,375	27,428,605	5,578,336	20,166,076

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,784,349	8,623,544	1,615,231	6,275,413
Medium and Long-Term	4,773,026	18,805,061	3,963,105	13,890,663
Total	6,557,375	27,428,605	5,578,336	20,166,076

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

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5.2.3.2 Disclosures for concentration areas of bank's liabilities

The Bank finances its ordinary banking activities through deposits and funds borrowed. Its deposit structure has a balanced TL and foreign currency concentration. The Bank's other funding sources specifically consist of foreign currency funds borrowed from abroad, TL funds obtained through repurchase transactions, and TL and foreign currency securities issued.

5.2.4 Other external funds

5.2.4.1 Securities issued

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

Prior Period	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,925,009	422,201	-	3,761,131
Cost	1,872,073	398,121	-	3,731,017
Carrying Value (*)	1,766,215	401,834	-	3,908,986

(*) The Bank and/or its financial affiliates repurchased the Bank's own TL securities with a total face value of TL 189,753 thousands (31 December 2012: TL 177,169 thousands) and foreign currency securities with a total face value of TL 278,581 thousands (31 December 2012: TL 22,869 thousands) and netted off such securities in the accompanying consolidated financial statements.

The Bank classified certain securities amounting to RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2013, the credit risk change amounting to TL 83 thousands is recognised in the income statement.

5.2.4.2 Funds provided through repurchase transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	9,483,928	-	11,498,158	-
Financial Institutions and Organizations	9,428,331	-	11,440,064	-
Other Institutions and Organizations	20,429	-	19,898	-
Individuals	35,168	-	38,196	-
Foreign Transactions	1,946,990	4,576,820	748,015	1,860,771
Financial Institutions and Organizations	1,946,487	4,576,820	747,723	1,860,771
Other Institutions and Organizations	463	-	186	-
Individuals	40	-	106	-
Total	11,430,918	4,576,820	12,246,173	1,860,771

5.2.4.3 Miscellaneous payables

	Current Period		Prior Period	
	TL	FC	TL	FC
Payables from credit card transactions	4,906,607	27,379	3,937,158	12,313
Payables from insurance transactions	4,287,276	30,245	3,346,707	36,198
Other	162,342	600,987	294,370	436,307
Total	9,356,225	658,611	7,578,235	484,818

5.2.5 Factoring payables

None.

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5.2.6 Lease payables

5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	244	12	336	93
Between 1-5 Years	242	49	202	79
Longer than 5 Years	-	-	-	-
Total	486	61	538	172

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	39,105	-	-
Cash Flow Hedges	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	-	39,105	-	-

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

5.2.8 Provisions

5.2.8.1 General provisions

	Current Period	Prior Period
General Provision for	2,037,837	1,342,090
Loans and Receivables in Group I	1,774,854	1,178,931
- Additional Provision for Loans and Receivables with Extended Maturities	99,639	74,557
Loans and Receivables in Group II	138,210	88,693
- Additional Provision for Loans and Receivables with Extended Maturities	70,353	46,781
Non-Cash Loans	124,773	74,466
Others	-	-

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

	Current Period	Prior Period
Short-Term Loans	526	6,635
Medium and Long Term Loans	92	4,749
Total	618	11,384

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

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

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	15,150	13,347
Doubtful Loans and Receivables	17,933	22,819
Uncollectible Loans and Receivables	79,855	61,230
Total	112,938	97,396

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5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	335,000	450,000

5.2.8.4.2 Other provisions for possible losses

	Current Period	Prior Period
Reserve for Employee Benefits	412,341	362,011
Insurance Technical Provisions, Net	239,423	221,009
Provision for Promotion Expenses of Credit Cards (*)	55,466	39,168
Provision for Lawsuits	33,601	19,942
Other Provisions	123,144	85,169
Total	863,975	727,299

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

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 16 December 2013 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 1,639,833 thousands (31 December 2012: TL 1,367,875 thousands) at 31 December 2013 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2013 as per the requirements of the Law explained in Note 3.17, the accounting policies related with "employee benefits" for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary's 16 December 2013 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 1,080,014 thousands (31 December 2012: TL 834,436 thousands) remains as of 31 December 2013 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 385,587 thousands (31 December 2012: TL 369,726 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2013. However, despite this treatment there are no excess obligation that needs to be provided against.

	Current Period	Prior Period
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(474,544)	(458,057)
Net present value of medical benefits and health premiums transferable to SSF	385,587	369,726
General administrative expenses	(26,165)	(22,899)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(115,122)	(111,230)
Fair Value of Plan Assets (2)	1,754,955	1,479,105
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,639,833	1,367,875
Non-Transferable Benefits:		
Other pension benefits	(408,757)	(426,261)
Other medical benefits	(151,062)	(107,178)
Total Non-Transferable Benefits (4)	(559,819)	(533,439)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,080,014	834,436
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(385,587)	(369,726)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	694,427	464,710

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

	Prior Period	Prior Period
	%	%
Discount Rate (*)	9.60	6.97
Inflation Rate (*)	6.20	4.67
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate (*)	6.20	4.67

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

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

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5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 December 2013, the corporate tax liability amounts to TL 132,388 thousands (31 December 2012: TL 340,878 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	132,388	340,878
Taxation on Securities Income	79,849	99,573
Taxation on Real Estates Income	2,560	2,072
Banking Insurance Transaction Tax	64,532	52,347
Foreign Exchange Transaction Tax	58	39
Value Added Tax Payable	9,441	6,473
Others	74,046	75,811
Total	362,874	577,193

5.2.9.1.3 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	772	699
Social Security Premiums-Employer	800	901
Bank Pension Fund Premium-Employees	27	75
Bank Pension Fund Premium-Employer	28	28
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	747	658
Unemployment Insurance-Employer	1,533	1,325
Others	16	11
Total	3,923	3,697

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 673 thousands as of 31 December 2013 (31 December 2012: TL 19,032 thousands).

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

None.

5.2.11 Subordinated debts

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	147,491	-	148,680
Total	-	147,491	-	148,680

On 23 February 2009, the Bank obtained a subordinated debt of EUR 50 millions from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA), a company of the French Development Agency Group with an interest of Euribor+3.5% and maturity of 12 years with a repayment option at the end of the seventh year to finance the clean energy projects.

This debt is qualified as a secondary subordinated debt to be included in the supplementary capital by the BRSA in the calculation of the Bank's capital adequacy ratio in compliance with the conditions set forth in the "Regulation on Equities of Banks" issued by the BRSA and published in the Official Gazette no.26333 dated 1 November 2006.

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5.2.12 Shareholders' equity

5.2.12.1 Paid-in capital

	Current Period	Prior Period
Common shares	4,200,000	4,200,000
Shares repurchased		(3,066)
Paid-in common shares	4,200,000	4,196,934
Preference shares	-	-

5.2.12.2 Registered share capital system

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

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(485,313)	(9,118)	976,919	116,914
Valuation Difference	(485,313)	(9,118)	976,919	116,914
Exchange Rate Difference	-	-	-	-
Total	(485,313)	(9,118)	976,919	116,914

5.2.12.9

	Revaluation		surplus	
	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	172,164	-	762,112	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	174,304	-	764,252	-

5.2.12.10 Bonus shares of associates, subsidiaries and joint-ventures

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

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5.2.12.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	996,791	835,626
II. Legal Reserve	156,363	117,713
Special Reserves	-	-
Total	1,153,154	953,339

5.2.12.12 Extraordinary reserves

	Current Period	Prior Period
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	13,446,598	10,342,520
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	13,446,598	10,342,520

5.2.12.13 Minority interest

	Current Period	Prior Period
Balance at Beginning of Period	140,524	112,527
Profit Share of Subsidiaries Net Profits	24,359	27,971
Prior Period Dividend	(1,073)	-
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(992)	26
Balance at End of Period	162,818	140,524

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 8,474,291 thousands (31 December 2012: TL 5,772,603 thousands), commitments for cheque payments of TL 2,658,736 thousands (31 December 2012: TL 1,994,132 thousands) and commitments for credit card limits of TL 22,382,803 thousands (31 December 2012: TL 14,323,293 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	13,925,359	9,892,574
Letters of Guarantee in TL	9,952,371	6,960,107
Letters of Credit	9,584,333	6,141,429
Bills of Exchange and Acceptances	638,089	720,896
Prefinancings	-	-
Other Guarantees	79,924	66,300
Total	34,180,076	23,781,306

A specific provision of TL 112,938 thousands (31 December 2012: TL 97,396 thousands) is made for unliquidated non-cash loans of TL 234,765 thousands (31 December 2012: TL 184,169 thousands) recorded under the off-balance sheet items as of 31 December 2013.

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

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	2,358,859	1,405,272
With Original Maturity of 1 Year or Less	336,123	165,372
With Original Maturity of More Than 1 Year	2,022,736	1,239,900
Other Non-Cash Loans	31,821,217	22,376,034
Total	34,180,076	23,781,306

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5.3.1.4 Other information on non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	55,299	0.56	74,918	0.31	57,695	0.83	70,863	0.42
Farming and Stockbreeding	51,384	0.52	70,909	0.29	55,029	0.79	69,669	0.41
Forestry	1,863	0.02	3,417	0.01	1,291	0.02	567	-
Fishery	2,052	0.02	592	0.00	1,375	0.02	627	0.01
Manufacturing	3,281,654	32.95	9,647,250	39.83	2,416,517	34.66	6,132,647	36.48
Mining	112,116	1.13	296,620	1.22	342,528	4.91	72,667	0.43
Production	1,784,508	17.92	4,915,746	20.30	1,338,824	19.20	3,617,370	21.52
Electricity, Gas, Water	1,385,030	13.91	4,434,884	18.31	735,165	10.55	2,442,610	14.53
Construction	1,519,802	15.26	2,982,672	12.31	1,052,375	15.09	2,250,429	13.39
Services	4,320,198	43.38	9,194,310	37.96	2,729,671	39.15	6,020,300	35.82
Wholesale and Retail Trade	3,080,420	30.93	5,544,416	22.89	1,775,393	25.46	2,905,770	17.29
Accommodation and Dining	211,911	2.13	130,575	0.54	163,140	2.34	86,795	0.52
Transportation and Telecommunication	344,767	3.46	986,191	4.07	299,687	4.30	698,054	4.15
Financial Institutions	538,905	5.41	2,336,749	9.65	398,692	5.72	2,260,207	13.45
Real Estate and Rental Services	48,832	0.49	181,239	0.75	7,834	0.11	56,781	0.34
Professional Services	-	-	-	-	-	-	-	-
Educational Services	20,178	0.20	11,632	0.05	15,103	0.22	4,007	0.02
Health and Social Services	75,185	0.75	3,508	0.01	69,822	1.00	8,686	0.05
Others	782,840	7.85	2,321,133	9.59	715,901	10.27	2,334,908	13.89
Total	9,959,793	100.00	24,220,283	100.00	6,972,159	100.00	16,809,147	100.00

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	9,884,654	24,159,073	75,139	61,210
Letters of Guarantee	9,877,232	13,870,351	75,139	55,008
Bills of Exchange and Bank Acceptances	6,898	626,300	-	4,891
Letters of Credit	524	9,582,498	-	1,311
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	79,924	-	-

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	6,897,020	16,718,383	75,139	90,764
Letters of Guarantee	6,884,968	9,811,220	75,139	81,354
Bills of Exchange and Bank Acceptances	5,028	715,168	-	700
Letters of Credit	7,024	6,125,695	-	8,710
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	66,300	-	-

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5.3.2 Financial derivative instruments

Current Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Total
Derivative Financial Instrument Held for Risk Management				6,977,597	191,235	7,168,832
A. Total Derivative Financial Instrument Held for Risk Management	-	-	-	3,733,612	191,235	3,924,847
Fair Value Hedges	-	-	-	3,243,985	-	3,243,985
Cash Flow Hedges	-	-	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	56,368,669	31,135,174	52,040,032	8,530,167	-	148,074,042
Foreign Currency Related Derivative Transaction (I)	3,354,810	1,763,277	4,084,798	439,742	-	9,642,627
Currency Forwards – Purchases	3,322,078	1,788,461	4,036,086	439,940	-	9,586,565
Currency Forwards – Sales	18,900,107	5,590,624	10,480,024	3,324,190	-	38,294,945
Currency Swaps – Purchases	14,871,767	5,481,955	10,349,881	3,663,352	-	34,366,955
Currency Swaps – Sales	7,642,547	7,968,935	11,236,816	331,322	-	27,179,620
Currency Options – Purchases	8,277,360	8,315,396	11,785,918	331,621	-	28,710,295
Currency Options – Sales	-	116,404	66,509	-	-	182,913
Currency Futures – Purchases	-	110,122	-	-	-	110,122
Currency Futures – Sales	792,991	433,345	3,912,435	14,554,680	5,286,546	24,979,997
Interest Rate Related Derivative Transaction (II)	391,780	213,457	1,699,953	6,585,063	2,643,273	11,533,526
Interest Rate Swaps – Purchases	391,780	213,457	1,699,953	6,585,063	2,643,273	11,533,526
Interest Rate Swaps – Sales	-	-	494,667	1,384,554	-	1,879,221
Interest Rate Options – Purchases	-	-	-	-	-	-
Interest Rate Options – Sales	8,182	4,981	17,862	-	-	31,025
Securities Options – Purchases	1,249	1,450	-	-	-	2,699
Securities Options – Sales	-	-	-	-	-	-
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	3,951,111	159,588	318,285	34,679	2,141,200	6,604,863
Other Trading Derivatives (III)	61,112,771	31,728,107	56,270,752	23,119,526	7,427,746	179,658,902
B. Total Trading Derivatives (I+II+III)						
Total Derivative Transactions (A+B)	61,112,771	31,728,107	56,270,752	30,097,123	7,618,981	186,827,734

Prior Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Total
Derivative Financial Instrument Held for Risk Management						
A. Total Derivative Financial Instrument Held for Risk Management	-	-	-	-	-	-
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transaction (I)	55,060,498	11,309,103	23,283,488	4,368,994	-	94,022,083
Currency Forwards – Purchases	2,423,969	833,556	1,331,466	262,736	-	4,851,727
Currency Forwards – Sales	2,455,542	848,381	1,380,495	277,644	-	4,962,062
Currency Swaps – Purchases	16,459,810	1,522,978	5,083,460	1,338,707	-	24,404,955
Currency Swaps – Sales	15,028,629	1,483,628	4,990,268	1,465,020	-	22,967,545
Currency Options – Purchases	9,314,764	3,221,071	5,097,088	482,763	-	18,115,686
Currency Options – Sales	9,377,784	3,313,728	5,274,563	542,124	-	18,508,199
Currency Futures – Purchases	-	57,514	126,148	-	-	183,662
Currency Futures – Sales	-	28,247	-	-	-	28,247
Interest Rate Related Derivative Transaction (II)	94,497	879,868	3,910,696	13,498,611	3,597,066	21,980,738
Interest Rate Swaps – Purchases	32,338	418,414	1,221,893	6,497,169	1,798,533	9,968,347
Interest Rate Swaps – Sales	32,338	418,414	1,221,893	6,484,009	1,798,533	9,955,187
Interest Rate Options – Purchases	-	-	1,340,305	517,433	-	1,857,738
Interest Rate Options – Sales	-	-	-	-	-	-
Securities Options – Purchases	24,023	39,520	55,572	-	-	119,115
Securities Options – Sales	5,798	3,520	71,033	-	-	80,351
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	2,341,762	82,453	340,854	16,885	-	2,781,954
B. Total Trading Derivatives (I+II+III)	57,496,757	12,271,424	27,535,038	17,884,490	3,597,066	118,784,775
Total Derivative Transactions (A+B)	57,496,757	12,271,424	27,535,038	17,884,490	3,597,066	118,784,775

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5.3.3 Credit derivatives and risk exposures on credit derivatives

As of 31 December 2013, there are commitments for "credit linked notes" of the Bank and its consolidated financial affiliates with a total face value of USD 425,000,000 (31 December 2012: USD 426,111,240) classified under "other irrevocable commitments".

5.3.4 Contingent liabilities and assets

The Bank and its consolidated financial affiliates made a total provision amounting to TL 33,601 thousands (31 December 2012: TL 19,942 thousands) for the lawsuits filed by various customers and institutions which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.8.4.2, other provisions. There are various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

It is possible that the parent Bank or its consolidated financial affiliates may be required to provide additional collateral for the derivative transactions involved due to changes in certain financial indicators such as CDS levels, currency exchange rates, interest rates etc. As of 31 December 2013, there was no payment made related with such contingent liabilities.

5.3.5 Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	2,516,632	430,547	2,940,584	450,058
Medium and long-term loans	4,371,285	2,288,635	3,666,298	1,931,611
Loans under follow-up	35,154	7,516	34,818	10,669
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	6,923,071	2,726,698	6,641,700	2,392,338

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

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	77	-
Domestic Banks	21,487	35,806	25,617	48,677
Foreign Banks	101,559	37,374	157,658	40,916
Foreign Head Offices and Branches	-	-	-	-
Total	123,046	73,180	183,352	89,593

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	30,525	14,423	28,280	8,797
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	2,695,824	196,053	3,487,269	175,734
Investments Held-to-Maturity	576,221	13,671	222,555	80,765
Total	3,302,570	224,147	3,738,104	265,296

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	1,092	2,935

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5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed ⁽¹⁾

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	2,959	-	1,669
Domestic Banks	63,994	120,886	84,307	52,120
Foreign Banks	476,753	324,104	471,694	430,669
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	38,686	-	29,062
Total	540,747	486,635	556,001	513,520

⁽¹⁾ Includes also fees and commissions expenses on borrowings

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	1,610	965

5.4.2.3 Interest expenses on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	251,688	231,516	216,680	104,053

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Turkish Lira								
Bank Deposits	685	63,064	-	-	-	8,428	-	72,177
Saving Deposits	189	227,172	2,075,908	59,626	23,698	24,376	-	2,410,969
Public Sector Deposits	-	307	2,343	80	42,304	7	-	45,041
Commercial Deposits	255	206,709	697,906	93,087	44,995	13,877	-	1,056,829
Others	8	9,071	56,290	10,246	16,752	39	-	92,406
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	1,137	506,323	2,832,447	163,039	127,749	46,727	-	3,677,422
Foreign Currency								
Foreign Currency Deposits	64,581	63,734	475,809	65,608	133,239	112,530	1,336	916,837
Bank Deposits	1,263	56,507	13,410	2,781	1,689	202	-	75,852
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	29	-	1,013	476	-	1,518
Total FC	65,844	120,241	489,248	68,389	135,941	113,208	1,336	994,207
Grand Total	66,981	626,564	3,321,695	231,428	263,690	159,935	1,336	4,671,629

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Prior Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Turkish Lira								
Bank Deposits	2,147	78,894	4,485	18	48	15,341	-	100,933
Saving Deposits	3,231	288,496	2,424,365	51,681	16,894	24,272	-	2,808,939
Public Sector Deposits	-	418	2,685	118	-	-	-	3,221
Commercial Deposits	6,979	193,007	773,618	134,912	25,194	18,613	-	1,152,323
Others	5	1,667	22,858	11,062	46	20	-	35,658
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	12,362	562,482	3,228,011	197,791	42,182	58,246	-	4,101,074
Foreign Currency								
Foreign Currency Deposits	82,783	117,310	522,830	67,409	158,024	87,035	1,400	1,036,791
Bank Deposits	5,371	46,866	7,144	954	1,796	969	-	63,100
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	8	-	244	34	-	287
Total FC	88,154	164,177	529,982	68,363	160,064	88,038	1,400	1,100,178
Grand Total	100,516	726,659	3,757,993	266,154	202,246	146,284	1,400	5,201,252

5.4.2.5 Interest expense on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	516,877	54,351	755,651	45,447

5.4.2.6 Financial lease expenses

	Current Period	Prior Period
Financial Lease Expenses	139	116

5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

	Current Period	Prior Period
Trading Financial Assets	6	-
Financial Assets Valued at Fair Value through Profit or Loss	1	479
Financial Assets Available-for-Sale	675	675
Others	9,806	1,769
Total	10,488	2,923

5.4.4 Trading income/losses (net)

	Current Period	Prior Period
Income	67,381,340	58,079,927
Trading Account Income	836,296	1,391,687
Derivative Financial Instruments	5,536,988	3,703,982
Foreign Exchange Gain	61,008,056	52,984,258
Losses (-)	66,936,454	57,475,201
Trading Account Losses	544,657	781,476
Derivative Financial Instruments	5,753,323	4,145,073
Foreign Exchange Losses	60,638,474	52,548,652
Total	444,886	604,726

TL 1,711,322 thousands (31 December 2012: TL 882,273 thousands) of foreign exchange gains and TL 1,148,740 thousands (31 December 2012: TL 513,778 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

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

In this respect, the Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 141,690 thousands and for its bonds with a total face value of TL 1,323,000 thousands and fixed-rate coupons by designating interest rate swaps with the same face values and terms in the current period. Accordingly, in the current period the losses of TL 7,901 thousands and TL 59,998 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.

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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 115,500,000 with the same face value amount and conditions, and its borrowings for a total principal value of KWD 10,000,000 with the same notional amount and conditions, in the current period. Accordingly, gains of TL 4,000 thousands and TL 251 thousands resulting from the fair value changes of the securities issued and funds borrowed subject to hedge accounting were accounted for under trading income/losses in the income statement.

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 the floating rate eurobonds issued in 2011 with a total face value of USD 300,000,000, maturity of 5 years and maturity date of 20 April 2016 by designating cross currency swaps with the same face value amount and conditions, and for the collateralised borrowings amounting to TL 1,000,000 thousands by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period TL 11,009 thousands and TL 38,044 thousands resulting from cross currency and interest rate swap agreements were recognised under shareholders'equity.

5.4.5 Other operating income

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

In the current period, a part of non-performing receivables of the Bank and its financial affiliates amounting to TL 323,871 thousands (31 December 2012: TL 229,516 thousands) and a part of their receivables written-off in prior periods in the amount of TL 3,857 thousands were sold for a consideration of TL 58,885 thousands (31 December 2012: TL 33,943 thousands). Considering the related provisions of TL 313,168 thousands in the consolidated financial statements, a gain of TL 44,325 thousands (31 December 2012: TL 31,472 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	1,059,660	932,203
Loans and receivables in Group III	293,924	135,313
Loans and receivables in Group IV	341,816	462,065
Loans and receivables in Group V	423,920	334,825
General Provisions	724,119	291,206
Provision for Possible Losses	-	-
Impairment Losses on Financial Assets	890	28
Financial assets at fair value through profit or loss	890	28
Financial assets available-for-sale	-	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures (business partnership)	-	-
Investments held-to-maturity	-	-
Others	154,703	174,064
Total	1,939,372	1,397,501

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5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,948,843	1,756,317
Reserve for Employee Termination Benefits	39,816	61,977
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	2,361	10,884
Depreciation Expenses of Tangible Assets	190,465	184,395
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	47,401	34,877
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	1,847	1,772
Depreciation Expenses of Assets to be Disposed	2,745	2,185
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	2,018,244	1,634,249
Operational lease related expenses	272,154	233,534
Repair and maintenance expenses	52,908	39,300
Advertisement expenses	123,808	114,438
Other expenses	1,569,374	1,246,977
Loss on Sale of Assets	4,394	7,982
Others (*)	540,742	361,744
Total	4,796,858	4,056,382

(*) Includes saving-deposits-insurance-fund related expenses of TL 131,177 thousands (31 December 2012: TL 98,976 thousands) and insurance-business claim losses of TL 56,570 thousands (31 December 2012: TL 62,929 thousands) as of 31 December 2013.

(**) As per the decision of the Turkish Competition Board dated 8 March 2013 and resulted from the investigation initiated based on its decision no. 11-55/1438-M dated 2 November 2011, an administrative fine amounting to TL 213,385 thousands was imposed against the economic group composed of Garanti Bankası AŞ, Garanti Ödeme Sistemleri AŞ and Garanti Konut Finansmanı Danışmanlık AŞ. In accordance with the Article 17 of the Law on Crime no. 5326, it is possible to pay ¼ of such administrative fine as TL 160,038 thousands. The reasoned decision of the Turkish Competition Board was notified as of the reporting date and the stated amount was paid in the current period.

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

TL 7,132,900 thousands (31 December 2012: TL 6,420,252 thousands) of the profit before taxes is derived from net interest income and TL 2,664,906 thousands (31 December 2012: TL 2,071,374 thousands) from net fees and commissions income. The total operating expenses amounted to TL 4,796,858 thousands (31 December 2012: TL 4,056,382 thousands). The profit before taxes realised at TL 4,453,059 thousands (31 December 2012: TL 4,307,037 thousands) increasing by 3.4% (31 December 2012: 0.7%) as compared to the prior year.

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 December 2013, on a consolidated basis, the Bank recorded a current tax expense of TL 660,000 thousands (31 December 2012: TL 1,301,058 thousands) and a deferred tax expense of TL 387,610 thousands (31 December 2012: a deferred tax income of TL 353,065 thousands).

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	Current Period	Prior Period
Increase in Tax Deductable Timing Differences (+)	97,262	336,348
Decrease in Tax Deductable Timing Differences (-)	241,698	19,993
Increase in Taxable Timing Differences (-)	260,564	5,500
Decrease in Taxable Timing Differences (+)	17,390	42,210
Total	387,610	(353,065)

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
(Increase)/Decrease in Tax Deductable Timing Differences (net)	145,611	(313,220)
(Increase)/Decrease in Taxable Timing Differences (net)	243,174	(36,710)
(Increase)/Decrease in Tax Losses (net)	(1,175)	(3,135)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	387,610	(353,065)

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

None.

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5.4.11 Net profit/loss

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

None.

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

None.

5.4.11.3 Minority interest's profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	24,359	27,971

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

5.5.1 Any increases arising from application of accounting for financial instruments in current period

5.5.1.1 Increases from valuation of financial assets available-for-sale

None.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. After netting with the related deferred tax effect, an increase of TL 39,243 thousands (31 December 2012: TL 389 thousands) is presented in the shareholders' equity for such hedges assessed as effective.

5.5.1.3 Reconciliation of foreign exchange differences at beginning and end of current period

As of 31 December 2013, a decrease of TL 115,156 thousands (31 December 2012: TL 4,500 thousands) that was resulted from the foreign currency translation of Luxembourg branch and consolidated foreign affiliates performances, is presented under translation differences in the shareholders' equity.

5.5.2 Any decreases arising from application of accounting for financial instruments

5.5.2.1 Decreases from valuation of financial assets available-for-sale

As of 31 December 2013, a decrease of TL 1,098,476 thousands (31 December 2012: an increase of TL 992,147 thousands) resulted from the revaluation of financial assets available-for-sale at fair value after being netted with the related deferred tax liability effect and a gain of TL 489,788 thousands (31 December 2012: a loss of TL 8,753 thousands) that was transferred to the income statement from "securities value increase fund" are presented as the current period movements in securities value increase fund in the statement of changes in shareholders' equity.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal and extraordinary reserves

	Current Period	Prior Period
Transfers to Legal Reserves from Prior Year Profits	195,933	198,829
Transfers to Extraordinary Reserves from Prior Year Profits	3,103,676	2,335,176

5.5.4 Issuance of share certificates

Please refer to Note 5.2.12.3.

5.5.5 Effects of prior years' corrections to beginning balances of current period

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

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5.6 Consolidated statement of cash flows

5.6.1 Disclosures for "other" items and "effect of change in foreign currency rates cash and cash equivalents" in statement of cash flows

The net cash inflows arising from banking operations amount to TL 175,312 thousands (31 December 2012: a net cash outflows of TL 2,487,441 thousands). TL 5,014,508 thousands (31 December 2012: TL 6,956,496 thousands) of these net cash inflows is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 5,189,820 thousands (31 December 2012: TL 4,469,055 thousands) from the cash inflows resulted from operating profit. The "net increase in other liabilities" under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 2,761,365 thousands (31 December 2012: TL 2,111,027 thousands). The net cash inflows from financing activities amount to TL 4,069,424 thousands (31 December 2012: TL 1,872,950 thousands).

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 905,527 thousands (31 December 2012: TL 429,290 thousands).

5.6.2 Cash outflows from acquisition of associates, subsidiaries and joint-ventures

Please refer to Notes 5.1.8.1 and 5.1.9.2.

5.6.3 Cash inflows from disposal of associates, subsidiaries and joint-ventures

None.

5.6.4 Cash and cash equivalents at beginning of period

	Current Period	Prior Period
Cash on Hand	1,260,740	1,043,588
Cash in TL	800,979	617,208
Cash in Foreign Currency	459,761	426,380
Cash Equivalents	4,566,171	8,031,883
Others	4,566,171	8,031,883
Total	5,826,911	9,075,471

5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	1,667,501	1,260,740
Cash in TL	1,007,744	800,979
Cash in Foreign Currency	659,757	459,761
Cash Equivalents	7,116,601	4,566,171
Others	7,116,601	4,566,171
Total	8,784,102	5,826,911

5.6.6 Restricted cash and cash equivalents due to legal requirements or other reasons

The placements at foreign banks include blocked accounts amounting TL 7,377,706 thousands (31 December 2012: TL 6,175,422 thousands) of which TL 116,271 thousands (31 December 2012: TL 82,876 thousands) and TL 43,094 thousands (31 December 2012: TL 26,402 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,218,341 thousands (31 December 2012: TL 6,066,144 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 91,740 thousands (31 December 2012: TL 108,694 thousands) as required for insurance activities.

The blocked account at the Central Bank of Turkey with a principal of TL 17,166,780 thousands (31 December 2012: TL 12,871,845 thousands) is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None.

5.6.7.2 Cash inflows presenting increase in banking activity related capacity

None.

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5.7 Related Party Risks

5.7.1 Transactions with parent bank's risk group;

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	88,612	3,531	263,859	469,641	442,665	495,947
Balance at end of period	92,579	3,652	9,250	284,178	590,506	489,308
Interest and Commission Income	1,587	6	728	9	32,402	399

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	54,938	3,280	188,278	35,339	356,435	551,004
Balance at end of period	88,612	3,531	263,859	469,641	442,665	495,947
Interest and Commission Income	3,172	5	887	6	39,111	931

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	6,679	5,737	101,958	1,109,063	207,192	342,796
Balance at end of period	28,668	6,679	304,643	101,958	342,925	207,192
Interest Expenses	1,610	965	9,910	14,810	15,095	13,834

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss:						
Balance at beginning of period	6,963	-	3,373,361	1,066,781	-	28,710
Balance at end of period	2,921	6,963	9,092,999	3,373,361	-	-
Total Profit/(Loss)	(333)	15,762	(49,437)	(20,171)	-	934
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 580,038 thousands (31 December 2012: TL 402,975 thousands) compose 0.45% (31 December 2012: 0.40%) of the Bank's total consolidated cash loans and 0.26% (31 December 2012: 0.22%) of the Bank's total consolidated assets. The total loans and similar receivables amounting 692,335 thousands (31 December 2012: TL 795,136 thousands) compose 0.31% (31 December 2012: 0.44%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 777,138 thousands (31 December 2012: TL 969,119 thousands) compose 2.27% (31 December 2012: 4.08%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 676,236 thousands (31 December 2012: TL 315,829 thousands) compose 0.57% (31 December 2012: 0.32%) of the Bank's total consolidated deposits. The funds borrowed by the Bank and its consolidated financial affiliates from their risk group amounting to TL 199,623 thousands (31 December 2012: TL 37,136 thousands) compose 0.59% (31 December 2012: 0.14%) of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

The credit card (POS) payables to the related parties, amounted to TL 12,664 thousands (31 December 2012: TL 20,707 thousands). A total rent income of TL 1,776 thousands (31 December 2012: TL 1,151 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 61 thousands (31 December 2012: TL 12,961 thousands) were incurred for the IT services rendered by the related parties. Other income of TL 33 thousands (31 December 2012: TL -) for the IT services rendered and banking services fee of TL 1,435 (31 December 2012: TL 1,087 thousands) were recognized from the related parties.

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Operating expenses of TL 12,104 thousands (31 December 2012: TL 11,342 thousands) for advertisement and broadcasting services, of TL 27,112 thousands (31 December 2012: TL 22,384 thousands) for operational leasing services, and of TL 15,004 thousands (31 December 2012: TL 11,492 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 200 thousands (31 December 2012: TL 140 thousands) was recognized as income for the services rendered by the affiliates.

The net payment provided or to be provided to the key management of the Bank and its consolidated financial affiliates amounts to TL 121,469 thousands as of 31 December 2013 (31 December 2012: TL 128,538 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

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

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

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

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

5.8.1 Domestic and foreign branches and representative offices of parent bank

	Parent Bank				
	Number of Branches	Number Of Employees	Country		
Domestic Branches	990	18,611			
Foreign Representative Offices	1	1	1- Germany		
	1	1	2- England		
	1	1	3- China		
				Total Assets	Legal Capital
	1	17	1- Luxembourg	15,643,473	1,168,400
Foreign Branches	1	12	2- Malta	30,568,445	-
	6	94	3- NCTR	744,988	15,520

5.8.2 Opening or closing of domestic and foreign branches and representative offices and significant changes in organisational structure of parent bank

In 2013, 67 new domestic branches were opened and three branches were closed.

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5.8.3 Information on consolidated financial subsidiaries of parent bank

Garanti Bank International NV					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Foreign Representative Offices	1	16	1- Turkey		
	1	-	2- Switzerland		
	1	2	3- Ukraine		
Head office-The Netherlands	1	196	1-The Netherlands	13,510,776	EUR 136,836,000
Foreign Branches	1	20	2- Germany	64,663	-

Garanti Bank Moscow					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Head Office-Moscow	1	83	Russia	1,034,687	US\$ 32,757,000

Garanti Bank SA					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Romania Head Office and Branches	78	917	Romania	4,807,490	RON 1,038,649,142

Other consolidated foreign financial subsidiaries

	Number Of Employees	Country	Total Assets	Legal Capital
Garanti Holding BV	-	The Netherlands	947,643	EUR 369,088,600
G Netherlands BV	-	The Netherlands	989,791	EUR 104,382,821
Motoractive IFN SA	80	Romania	279,803	RON 40,139,000
Ralfi IFN SA	161	Romania	233,841	RON 10,661,500
Domenia Credit IFN SA	26	Romania	340,014	RON 41,094,203

Consolidated domestic financial subsidiaries

	Number Of Employees	Total Assets	Legal Capital
Garanti Finansal Kiralama AŞ	151	3,661,127	73,000
Garanti Faktoring Hizmetleri AŞ	195	2,059,595	79,500
Garanti Emeklilik ve Hayat AŞ	898	5,315,146	50,000
Garanti Yatırım Menkul Kıymetler AŞ	104	53,454	8,328
Garanti Portföy Yönetimi AŞ	57	23,733	10,000
Garanti Yatırım Ortaklığı AŞ (*)	7	35,386	32,000

(*) Financial information is as of 30 September 2013.

5.9 Matters arising subsequent to the balance sheet date

None.

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6 Other Disclosures on Activities

6.1 Information on international risk ratings

6.1.1 Parent bank's international risk ratings

MOODY'S (November 2013) ^(*)

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

STANDARD AND POORS (May 2012)*

Long Term FC Obligations	BB+
Long Term TL Deposit	BB+
Outlook	Stable
Credit Profile Independent from the Bank's Shareholders and the Rating of its Resident Country	bbb-

FITCH RATINGS (October 2013) ^(*)

Foreign Currency

Long Term	BBB
Long Term FC Outlook	Stable
Short Term	F3
Financial Capacity Rate	bbb
Support	3

Turkish Lira

Long Term	BBB
Long Term TL Outlook	Stable
Short Term	F3

National	AAA (Trk)
Outlook	Stable

JCR EURASIA RATINGS (June 2013) ^(*)

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

^(*) Latest dates in risk ratings or outlooks.

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

MOODY'S (June 2013) ^(*)

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

^(*) Latest date in risk ratings or outlooks.

6.1.3 International risk ratings of Garanti Faktoring, a consolidated affiliate

FITCH RATINGS (May 2013) ^(*)

Foreign Currency

Long Term	BBB (Stable)
Short Term	F3
Outlook	Stable
Support	2

Turkish Lira

Long Term	BBB (Stable)
Short Term	F3
Outlook	Stable

National

Outlook	Stable
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^(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (December 2012) ^(*)

Foreign Currency

Long Term	BBB
Short Term	F3
Outlook	Stable
Support	2

Turkish Lira

Long Term	BBB
Short Term	F3
Outlook	Stable

National

Outlook	Stable
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^(*) Latest date in risk ratings or outlooks.

STANDARD AND POORS (June 2013) ^(*)

Foreign Currency

Long Term	BB+
Short Term	B
Outlook	Stable

Turkish Lira

Long Term	BB
Short Term	B
Outlook	Stable

^(*) Latest dates in risk ratings or outlooks.

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

FITCH RATINGS (November 2013) (*)

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

6.2 Dividends

At the annual general assembly of the Bank dated 30 April 2013, it was decided to distribute the profit of the year 2012 as follows:

2012 PROFIT DISTRIBUTION TABLE

2012 Net Profit	3,070,325
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	(153,516)
Undistributable funds	(24,941)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(135,341)
D – Second dividend to the shareholders	(386,500)
E – Extraordinary reserves	(2,121,377)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(38,650)

6.3 Other disclosures

As per the Communiqué published on the Official Gazette no.28704 dated 11 July 2013, "Standards on Investment Banking Services and Activities and the related Services Rendered", the Bank will be transferring a part of its activities under investment banking segment to Garanti Yatırım Menkul Kıymetler AŞ, a consolidated affiliate, as of 1 July 2014.

7 Independent Auditors' Report7.1 Disclosure on independent auditors' report

7.1 Disclosure on independent auditors' report

The consolidated financial statements of the Bank and its financial affiliates as of 31 December 2013, have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 30 January 2014, is presented before the accompanying consolidated financial statements.

7.2 Disclosures and footnotes prepared by on independent auditors

None.

CONTACT INFORMATION FOR TÜRKİYE GARANTİ BANKASI A.Ş.

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WEBSITE

www.garanti.com.tr

TRADE REGISTRY NO

159422

DOMESTIC BRANCHES

Garanti Bank has 990 domestic branches in 81 cities as of 2013 year end. Information on domestic branches is available on the Bank's website.

INFORMATION ON SOCIAL MEDIA

Garanti Bank actively utilizes all interaction channels and furthermore offers services via social media platforms. You may follow Garanti on Facebook, Twitter, Google Plus, LinkedIn, Youtube, Slideshare, Instagram, Foursquare and Vine.

www.facebook.com/Garanti
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