We Grow Together

2015
Annual Report

Garanti

INTRODUCTION

"If we did all the things we are capable of, we would literally astound ourselves," said Thomas Edison, the man who substantially molded the 20th century living with his inventions... Our lives have changed considerably since Edison. Today, change no longer results from the idea, skill or creativity of only a single person. In our day, both innovation and creativity are expressed on the basis of a participative and sharing culture.

Change takes place in every field, and the Finance and Banking industry is no exception in this regard. The definition of financial services offered by a bank evolves every day, whilst expectations also vary. The whole world is talking about having a healthy financial structure or being individually and institutionally financially healthy. This can be achieved by making all stakeholders a part of this change. Organizations that listen to their employees and customers carefully, identify their needs accurately, and build upon their experiences pave the way together. Just like Garanti does...

Garanti recognizes its responsibilities to all of its stakeholders, listens to them carefully, and grows based on a transparent, clear and responsible approach surrounding its products and services. While moving forward, Garanti aims to create not just economic value, but also a permanent value to the lives of all of its stakeholders. This approach finds its representation in the statement Garanti makes in its 2015 Annual Report: ***"We Grow Together"***.

Garanti creates value for, and with, all of its stakeholders with its human-centric approach, participative and sharing culture, and solution-oriented and attentive business conduct. The Bank welcomes both retail customers and SMEs, as well as all entrepreneurs, women and men alike! Going above and beyond economic contribution, Garanti supports and strengthens them. On another front, Garanti blends technology with products and services to make life easier and to create more value, and embeds itself in the lives of its customers through every channel, bringing them innovative products and services through the Internet, mobile channel and social media.

All the while, Garanti keeps in mind its responsibility to the society and the world, and aims to contribute benefits by creating value for communities.

Garanti is in the league of constantly learning and improving companies, and uses these same means to attain healthy growth. The Bank's ***2015 Annual Report*** presents highlights of its practices built upon this motto, in combination with their footprints in the world and in Turkey.



The backbone of the economy, engine of growth, driver of employment, the cornerstone of economic and social development...These are all metaphors used not just in Turkey, but also in many developing countries to underline the significance of the SMEs. Valuing the penetration of SMEs to broader markets, and their acquiring competitive and productive characteristics through technology, Garanti has long been working to support the SMEs. A quick reminder: Garanti has become the first private bank in Turkey in 1996 to launch an SME support initiative under the business owner package.



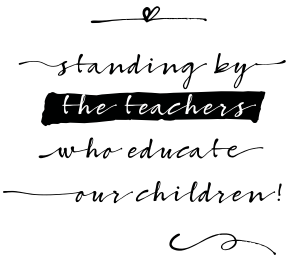
Since 2006, Garanti addresses women entrepreneurs, the new power of national economy, as a separate segment. The first private bank undertaking initiatives regarding women entrepreneurship, Garanti created its Women Entrepreneurs Support Package the same year. Yet, economic support does not entirely define the attention Garanti pays to women. Being the first Turkish bank to become a signatory to UN Women's Empowerment Principles, Garanti is also conducting a number of initiatives to support women's participation in social and economic life.



Believing in the importance of entrepreneurship for economic growth, Garanti regards it as a key responsibility and mission to support the entrepreneurial ecosystem. To this end, Garanti is working to extend financial support to more entrepreneurs, to turn their dreams into reality and to give opportunity to entrepreneurs who will author Turkey's success stories. The pride the Bank takes grows larger as does the number of successful initiatives!

WORKING HARD FOR A SUSTAINABLE WORLD

To protect against the devastating effects of climate change, the whole world must turn to renewable energy sources for energy generation. This is an undeniable fact. To Garanti, financing renewable energy projects represents a significant opportunity with respect to action against climate change. Being the greatest supporter of the wind energy industry, Garanti is the leader in the Turkish wind energy installed capacity with ***35%*** market share…Also, Garanti has been giving momentum to the financing of small-scale solar energy systems. Garanti is thrilled and proud to be the pioneering supporter of the wind and solar energy that will be the up-and-coming-stars in the action against climate change!



Teachers are cardinal for everyone since they undertake the crucial mission of educating the children, e.g. the future generations regarded as the guarantee of the future. They are cardinal for Garanti, as well. Along this line, Garanti established the Teachers Academy Foundation (ÖRAV), the only civil society organization in Turkey that focuses on teachers. To date, the Foundation has contributed to the development of ***120,000*** teachers in ***81*** provinces. These teachers employ the innovative teaching techniques they acquire with the help of ÖRAV to educate millions of students. Garanti strongly believes that those who will sign their names under major changes of the future are among those students - a belief that is also a source of great delight for the Bank!



Social media quickly became an indispensable part of our lives. It has extended even beyond our private lives and personal time, and turned out to be an integral part of the business life in various aspects such as recruitment, customer satisfaction, brand positioning, reputation, advertisement and so on. Active on more than ***10*** networks with over ***40*** social media accounts, Garanti quickly positioned social media as a digital channel and introduced creative applications that broke new ground in Turkey and in the world. Here is just one such initiative: Garanti has become the first Turkish bank facilitating money transfer via Facebook and Twitter.

MAKING LIFE EASIER WITH DIGITAL SOLUTIONS!

Do you remember when internet first came on the scene? Some of you probably may not; but it is impossible to imagine life without it from now on. The so-called "digital customers" transacting via Internet Banking and Mobile Banking number ***4*** million at Garanti, which is a pioneer of online banking. ***91%*** of all non-cash financial transactions occur through digital channels at the Bank. These figures offer remarkable clues about the ever-accelerating digitization. Garanti works non-stop to present innovative products and services to its continually increasing number of digital customers.

LEADING THE SECTOR WITH INNOVATIVE APPLICATIONS

Mobile phones are our essential communication tool. These smart devices that we carry everywhere, grow in terms of functionality as they get smaller in size, and are practically our chief assistants that help us organize our lives. Garanti, keeping a close eye on the developments in the world and authoring innovative applications and products, is also the lead bank in adapting to the mobile era...It has pioneered the sector in Turkey and in the world with its applications. The examples are many, but here is just one: Did you know that Garanti was the first bank in the world to launch quick money transfer via mobile phones with its CepBank mobile banking application in 2005?

SUCCESS IS A JOURNEY, NOT A DESTINATION

What we presented above is most certainly not exhaustive of the things Garanti does for, and with, its customers, employees, investors and all the other stakeholders in the society... ***Believing that success is not a destination, but a journey,*** Garanti keeps making a difference, learning, and using its learnings to further drive its growth.

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Mersis No: 0291001097600016
Ticari Sicil No: 304099

(Convenience translation of Independent auditor's report on the Management's Annual Report originally issued in Turkish)

Independent Auditor's Report on the Management's Annual Report

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

Report on the Audit of Management's Annual Report in accordance with Independent Auditing Standards

We have audited the annual report of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated subsidiaries (together will be referred as ("the Group") for the period ended 31 December 2015.

Management's Responsibility for the Annual Report

The Bank Management is responsible for the preparation and fair presentation of the annual report which is consistent with financial statements prepared in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards for the matters not legislated by the aforementioned regulations ("the financial statements") in accordance with the Article 514 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333, and for such internal control as management determines relevant to the preparation and fair presentation of such annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's annual report based on our audit conducted in accordance with the provisions of the Article 397 of the TCC and the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314. Our audit involves whether the financial information provided in the annual report are fairly presented and consistent with the financial statements based on our audit report dated 2 February 2016.

We conducted our audit in accordance with independent Auditing Standards, which is a part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information provided in the annual report are fairly presented and consistent with the financial statements and are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgment.

We believe that the audit evidence we have obtained sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information provided in the Management's annual report, in all material respects, are fairly presented and consistent with the audited financial statements.

Other Legal and Regulatory Requirements

In a accordance with paragraph three of the Article 402 of the TCC, nothing significant has come to our attention that may cause us to believe that the Bank may not continue its activities for the foreseeable future in accordance with Independent Auditing Standard 570 "Going Concern".

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of ***DELOITTE TOUCHE TOHMATSU LIMITED***
Şule Firuzment Bekçe SMMM
Partner

Istanbul, 3 March 2016



AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

1 - Opening, formation and authorization of the Board of Presidency for signing the minutes of the Ordinary General Meeting of Shareholders,

2 - Reading and discussion of the Board of Directors' Annual Activity Report,

3 - Reading and discussion of the Independent Auditors' Reports,

4 - Reading, discussion and ratification of the Financial Statements,

5 - Amendment to Article7 of the Bank's Articles of Association,

6 - Release of the Board Members,

7 - Submission for approval of the appointments of the Board Members for the remaining term of office of the Board Membership position vacated during the year, and informing the shareholders regarding the external duties conducted by such Board Members and the grounds thereof in accordance with the Corporate Governance Principle no. 4.4.7 promulgated by Capital Markets Board of Turkey,

8 - Determination of the number of the Board Members, election of new Board Member and informing the shareholders regarding the external duties conducted by the new Board Members and the grounds thereof in accordance with the Corporate Governance Principle no. 4.4.7 promulgated by Capital Markets Board of Turkey,

9 - Determination of profit usage and the amount of profit to be distributed according to the Board of Directors' proposal,

10 - Determination of the remuneration of the Board Members,

11 - Election of the Independent Auditor in accordance with Article 399 of Turkish Commercial Code,

12 - Informing the shareholders about remuneration principles of the Board Members and directors having the administrative responsibility in accordance with the Corporate Governance Principle no. 4.6.2 promulgated by Capital Markets Board of Turkey,

13 - Informing the shareholders with regard to charitable donations realized in 2015, and determination of an upper limit for the charitable donations to be made in 2016 in accordance with the banking legislation and Capital Markets Board regulations,

14 - Authorization of the Board Members to conduct business with the Bank in accordance with Articles 395 and 396 of the Turkish Commercial Code, without prejudice to the provisions of the Banking Law,

15 - Informing the shareholders regarding significant transactions executed in 2015 which may cause conflict of interest in accordance with the Corporate Governance Principle no. 1.3.6 promulgated by Capital Markets Board of Turkey.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF T. GARANTİ BANKASI A.Ş.

CURRENT TEXT

CAPITAL AND SHARES

Article 7 - :

A) The Bank has accepted the registered capital system under the permission of the Capital Markets Board no. 83/1049 dated August 25th, 1999. The Bank's registered capital amounts to 10.000.000.000 TL and its issued capital amounts to 4.200.000.000 TL.

B) The Bank's issued capital has been divided into 420.000.000.000 shares each having a nominal value of 1 Kr; and 182 shares of them are bearer shares and the remaining 419.999.999.816 shares are registered shares. The issued capital amount of 4.200.000.000 TL has been fully paid-up. The permission of the registered capital ceiling that was granted by the Capital Market Board is valid between the years 2008 and 2012 (5 Years). At the end of 2012, even though the permitted registered capital ceiling has not been reached, in order for the Board of Directors to adopt a resolution regarding the capital increase, it is mandatory to obtain a permission from the Capital Market Board for the ceiling that was previously permitted or for a new ceiling amount and to receive an authorization from the General Assembly for a new time period. If such authorization could not be obtained, it shall be deemed that the Bank has been removed from the registered capital system. The Board of Directors shall be authorized, without being bound by the provisions of the Turkish Commercial Code regarding the increase in the capital stock, to increase the paid-in capital stock up to the registered capital stock ceiling mentioned hereinabove by issuing new shares between the years 2008 and 2012, in accordance with the provisions of the Capital Market Law. The Board of Directors shall also be authorized to resolve to issue shares above the nominal value and to restrict the rights of shareholders for obtaining new shares. Shares representing the capital of the Bank shall be kept in book entry form and in cash within the frame of the dematerialization principles. Holders of 184 bearer shares not converted into registered shares shall not use any shareholding right excluding the right to dividends. The shareholding rights of these shares except the right to dividends shall be utilized by the Savings Deposit Insurance Fund until these shares shall be converted to registered shares.

NEW TEXT

CAPITAL AND SHARES

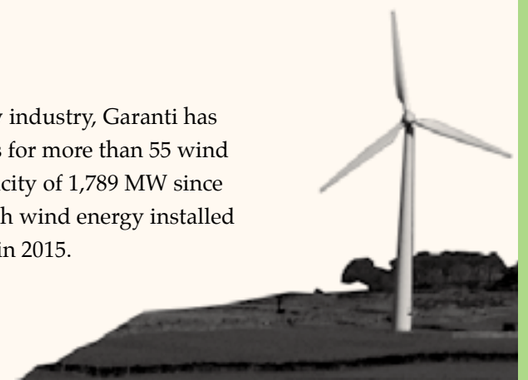
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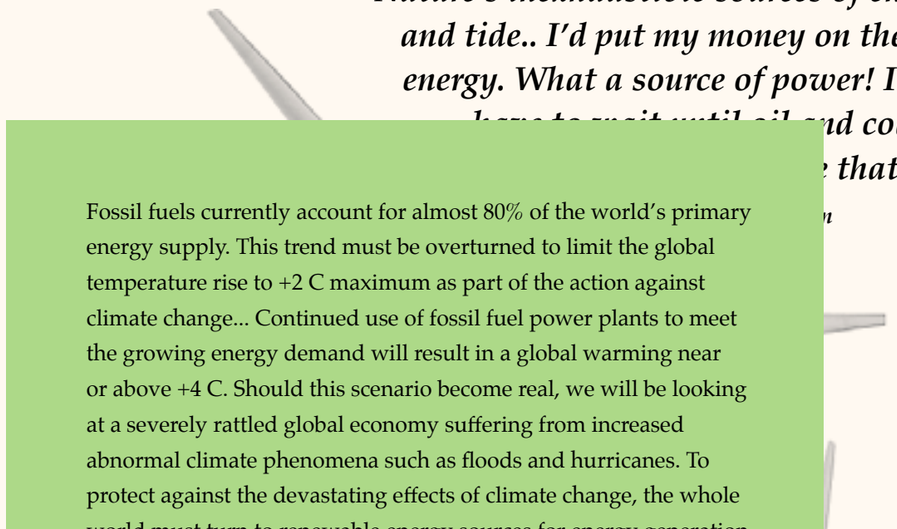
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WORKING HARD FOR A SUSTAINABLE WORLD

Being the greatest supporter of the wind energy industry, Garanti has allocated approximately USD 2.3 billion in funds for more than 55 wind energy projects with an aggregate installed capacity of 1,789 MW since 2006. Garanti retained its leadership in the Turkish wind energy installed capacity with 35% market share in 2015.



"We are like tenant farmers chopping down the fence around our house for fuel when we should be using Nature's inexhaustible sources of energy - sun, wind and tide.. I'd put my money on the sun and solar energy. What a source of power! I hope we don't [illegible] coal run out [illegible] that."



Fossil fuels currently account for almost 80% of the world's primary energy supply. This trend must be overturned to limit the global temperature rise to +2 C maximum as part of the action against climate change... Continued use of fossil fuel power plants to meet the growing energy demand will result in a global warming near or above +4 C. Should this scenario become real, we will be looking at a severely rattled global economy suffering from increased abnormal climate phenomena such as floods and hurricanes. To protect against the devastating effects of climate change, the whole world must turn to renewable energy sources for energy generation.

To Garanti, financing renewable energy projects represents a significant opportunity with respect to action against climate change. Hence, Garanti extends maximum support to wind energy projects as they serve to reduce current deficit and bear minimum social impact.

Being the greatest supporter of the wind energy industry, Garanti has allocated approximately ***USD 2.3 billion in funds*** for more than 55 wind energy projects with an aggregate installed capacity of circa 1,789 MW since 2006.

Having retained its ***leadership*** in the Turkish wind energy installed capacity with ***35% market share*** in 2015, Garanti has been giving momentum to the financing of small-scale solar energy systems.

Efforts have been underway for a while to find a way of fulfilling the man's needs while preserving the environment and looking

WORKING HA SUS

beyond the scarce resources. A number of innovative and Thomas Edison environmentally caring people and organizations have been carrying out some initiatives for many years. One such project is the photovoltaic (PV) technology, which is widely used in generating electric power using the sunlight...

The history of photovoltaics, in fact, goes back 170 years. Alexandre Edmond Becquerel, a French physicist, was the first to conduct a scientific study on PV technology in 1839. The first PV cell was manufactured as early as in 1888 in the United States, and Albert Einstein actually won the Nobel Prize in 1922 for his paper on PV.

Electric power generation from the sun, which is an infinite energy source, will be the turning point for a sustainable world - we believe that from the bottom of our hearts. Commercially used since 1955, the worldwide installed capacity of solar power reached 200 GW by the end of 2014. Today, Germany single-handedly claims 40 GW of the installed solar power capacity.

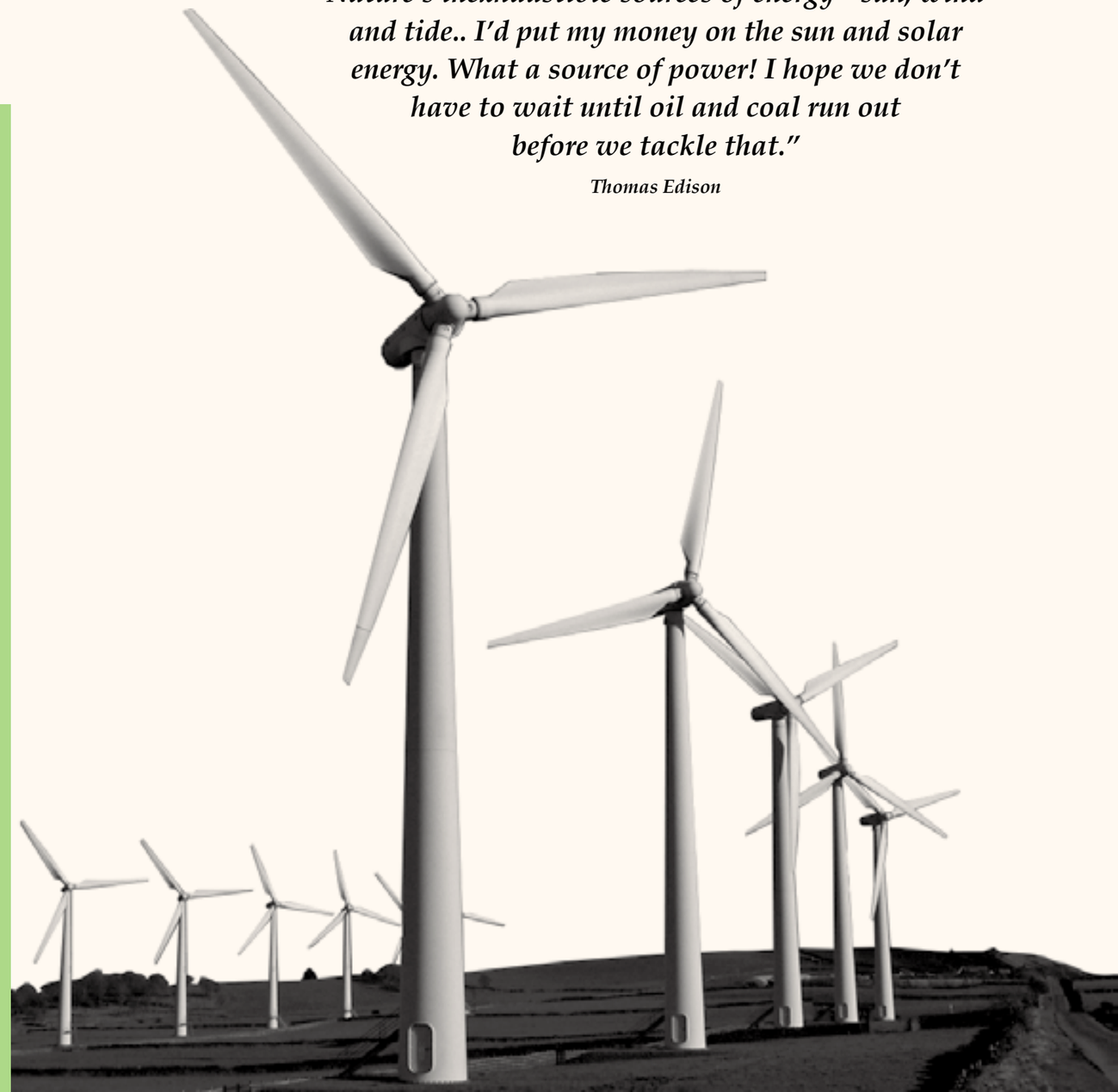
Although enjoying a 30% higher radiant flux than Germany, Turkey has merely 8 thousandth of the installed power as compared with this country... A solar power plant about half the size of Lake Van would, in fact, meet the electricity demand for the whole of Turkey; and covering the Mediterranean Region would suffice to respond to the world's need…

Solar energy is doubtlessly the up-and-coming star in the action against climate change. And we get very, very excited thinking that it will be high on Turkey's agenda in the coming period!

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"We are like tenant farmers chopping down the fence around our house for fuel when we should be using Nature's inexhaustible sources of energy - sun, wind and tide.. I'd put my money on the sun and solar energy. What a source of power! I hope we don't have to wait until oil and coal run out before we tackle that."

Thomas Edison



CORPORATE PROFILE

Established in 1946, Garanti Bank is ***Turkey's second largest private bank*** with consolidated assets of USD ***96.2*** billion as of December 31, 2015.

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.

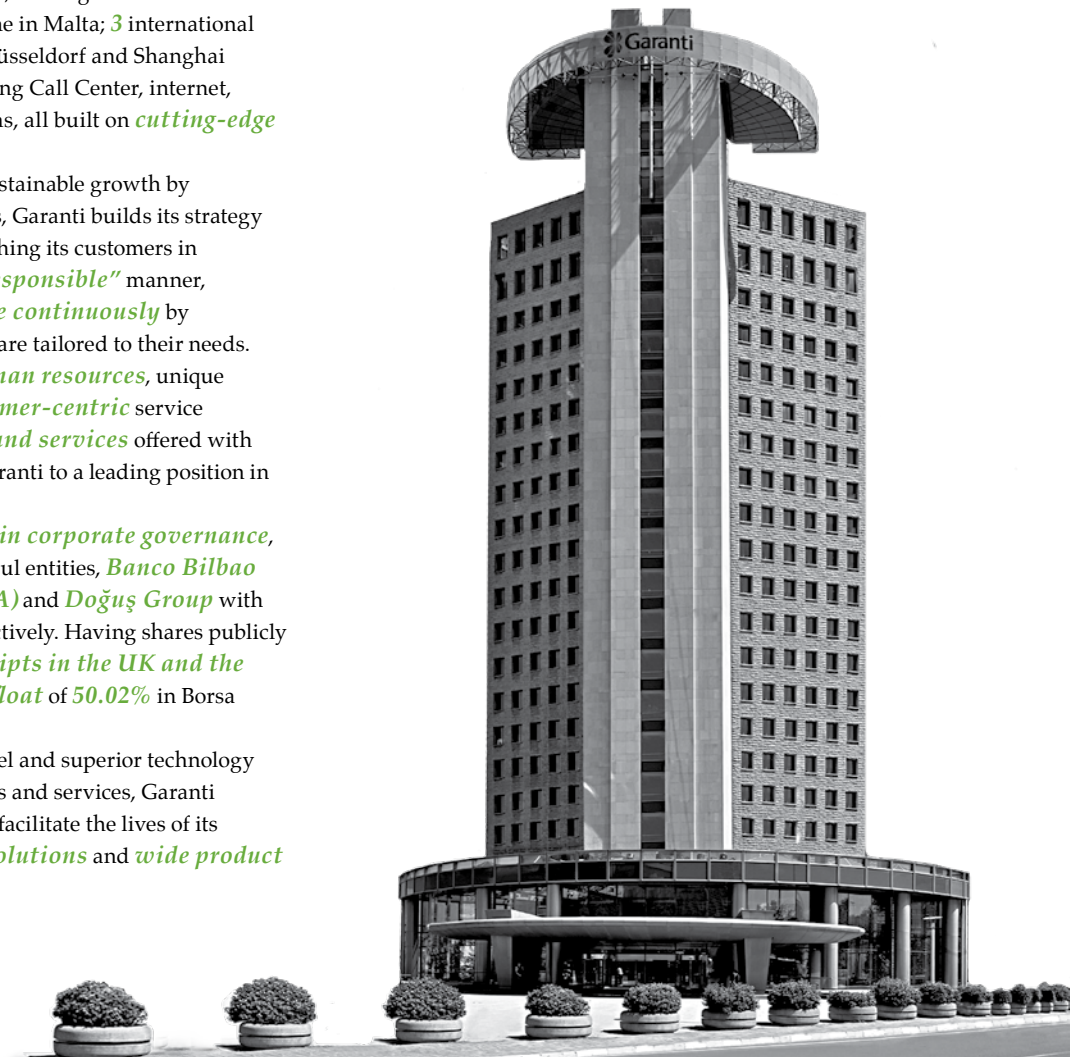
As of December 31, 2015, Garanti provides a wide range of financial services to approximately ***13.9*** million customers with ***19.7*** thousand employees through ***an extensive distribution network*** of ***971*** domestic branches; ***7*** foreign branches in Cyprus, one in Luxembourg and one in Malta; ***3*** international representative offices in London, Düsseldorf and Shanghai with ***4,504*** ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on ***cutting-edge technological infrastructure.***

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

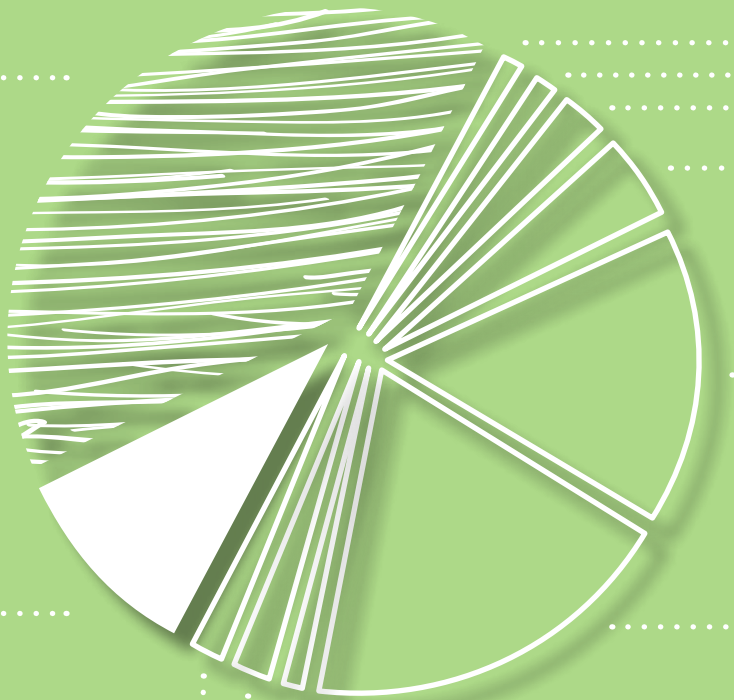
Following ***the best practices in corporate governance***, Garanti is controlled by two powerful entities, ***Banco Bilbao Vizcaya Argentaria S.A. (BBVA)*** and ***Doğuş Group*** with shares of ***39.9%*** and ***10.0%***, respectively. Having shares publicly traded in Turkey, ***depositary receipts in the UK and the USA***, Garanti has an ***actual free float*** of ***50.02%*** in Borsa Istanbul as of December 31, 2015.

With its dynamic business model and superior technology integrated to its innovative products and services, Garanti continues to differentiate itself and facilitate the lives of its customers. Its ***custom-tailored solutions*** and ***wide product variety*** play a key role in reaching USD ***75.9*** 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.

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



GARANTI BANK OWNERSHIP STRUCTURE



BBVA (BANCO BILBAO VIZCAYA ARGENTARIA, S.A.) **39.90%**

DOGUS GROUP **10.00%**

REST OF THE WORLD **1.31%**

TURKEY **1.69%**

ASIA **2.80%**

CONTINENTAL EUROPE (EXCLUDING TURKEY) **5.04%**

NORTH AMERICA **14.77%**

UK & IRELAND **18.04%**

INSTITUTIONAL INVESTORS **43.66%**

UNIDENTIFIED **1.28%**

FOREIGN RETAIL INVESTORS **0.60%**

DOMESTIC RETAIL INVESTORS **4.56%**

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 and foreign individual shareholder composition data based on IPREO Shareholder ID Analysis dated January 2016; the actual free float ratio and the share of local individual shareholders are all based on Central Agency Registry Agency data.

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 always approach our customers in a ***"transparent"***, ***"clear"*** and
"responsible" manner, improve customer experience continuously
by offering products and services that are tailored to their needs,
maintain ***sustainable growth*** by creating value for all our stakeholders.

OUR CORE VALUES

"OUR CUSTOMERS..."

» Are at the center of all our operations and efforts.
» We always strive to satisfy our customers above and beyond their expectations.
» Towards our customers, we are always clear, courteous, helpful, solution-oriented and pleasant.

"GARANTI BANK AND ITS EMPLOYEES HAVE HIGH MORAL VALUES"

» We conscientiously follow rules and regulations without exception.
» Clear individual and organizational conscience is of paramount importance.

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

» We continuously invest in our utmost valuable human resources.
» Our quality is driven and ensured by our employees.
» We put emphasis on delegating responsibilities and encourage our employees to take initiative.
» We notice and value the recognition of good work and exemplary behavior.
» We are energetic, we support each other, we share information and experience.
» We are excited about our work and leaders in our field.

CONTINUOUS PROGRESS

» We sustain our quality through continuous improvement.
» Investing in our people and technology to achieve continuous progress is an inseparable element of our policy.
» Our approach to improving quality is proactive; we aim to identify the needs and expectations of our customers even before they are voiced and strive to provide solutions.

OUR ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

» We undertake every effort to be beneficial to the society, the environment and humankind.
» We believe the environmental and social values Garanti creates for its stakeholders will set an example not only for the banking sector but also for the entire economy and provide significant contributions to our national development.

TEAMWORK

» We believe in effective teamwork and open lines of communication.
» We work in collaboration towards common goals and produce results.
» We are opposed to strict layers of hierarchy.
» To realize our vision, we work as a single-heart and a single-mind.
» We are always well-mannered and respectful in our speech and behavior among each other.

MAIN PILLARS OF OUR STRATEGY

CUSTOMER CENTRICITY

» High quality service via custom-tailored and innovative products
» Clear, swift and plain business processes
» Customer satisfaction constitution

FOCUS ON COMPETENT HUMAN RESOURCES

» Empowering the competent workforce through continuous investment
» Focus on employee satisfaction
» Management policy based on performance and internal promotion

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 OPERATIONAL EFFICIENCY

» Effectiveness and efficiency of the business model and processes
» Cost and revenue synergies



FOCUS ON DISCIPLINED GROWTH

» Real banking principle driven sustainable growth
» Strong asset quality
» Effective use of capital

FOCUS ON STRONG DELIVERY CHANNELS

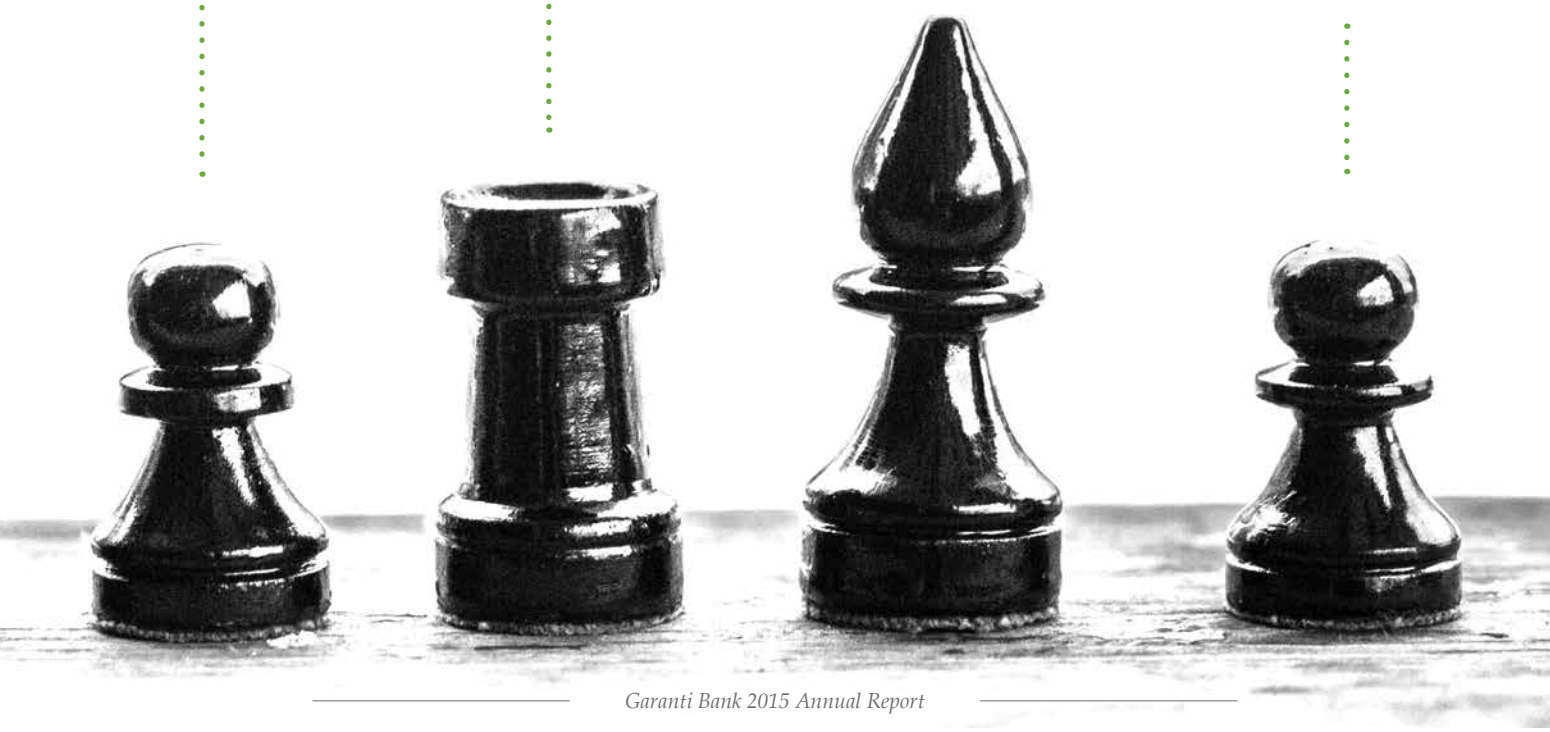
» Extensive and efficient branch network
» Excellent customer experience via omni-channel strategy
» Continuous investment and leadership in digital platforms

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 AND AUDIT

» Measurement of risk using international standards
» Portfolio-based risk management that associates risk with return and leads to optimal allocation of economic capital
» Proactive audit systems



milestones

About Garanti

Garanti Bank 2015 Annual Report

1946

- Founded in Ankara.

1983

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

1990

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

1993

- First Turkish company to issue shares in international markets.

1995

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

1996

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

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.

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.

2000

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

2001

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

2002

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

2003

- Offered Turkey's first Online Direct Debit System.

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.

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.

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.

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 first in 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.

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.

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.

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; 444OTOM.
- 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).

2014

- The first Turkish issuer of notes denominated in Japanese Yen under the Medium Term Note program.
- Qualified for the Borsa Istanbul Sustainability Index with its sustainability approach and performance based on environmental, governance and social criteria.
- The first Turkish bank to release its Sustainability Report covering a period of 18 months until the end of 2013 in accordance with the "comprehensive" option according to the GRI's new G4 Sustainability Reporting Guidelines.
- The first Turkish bank to receive a Green Office Diploma from WWF Turkey upon successful completion of the WWF Green Office Programme at its Head Office building.
- Named "CDP 2014 Turkey Climate Disclosure Leader" by getting the highest score among the 42 companies evaluated in the CDP's "Turkey Carbon Disclosure Leadership Index".
- The first Turkish bank to sign the Women's Empowerment Principles launched by the United Nations.
- Received limited assurance for GHG emissions for the first time in the fifth submission of its GHG emissions and climate change strategy to the CDP.

2015

- The only Turkish company to qualify for the Dow Jones Sustainability Emerging Markets Index.
- First Turkish bank to become a signatory to the "Caring for Climate (C4C)" and "Business Leadership Criteria on Carbon Pricing"' initiatives.
- First Turkish company to join the A-list, top performers group, in the CDP Climate Change Program and to qualify to be included in the "CDP Global Leaders Report".
- Supported and collaborated with Sabancı University Corporate Governance Forum of Turkey for the launch of CDP's Water Program.
- Released its first CDP Water Report and became one of the first 15 companies responding to the CDP Water Program in Turkey.
- One and only Turkish bank to declare its "Climate Change Action Plan" in 2015, recognizing the urgency of Turkey's transition to low-carbon economy.
- First bank to set up the Covered Bond Program allowing TL and FC issuances.
- First bank enabling preliminary auto loan applications via Facebook with the Automik app developed on this social network.
- Broke new ground in Turkey by offering banking service via WhatsApp by providing Branch/Paramatik ATM addresses and real-time market data.
- Authored a first among large-scale banks in Turkey by introducing "iPad Banking Application" enabling Customer Relationship Managers in branches to offer service to customers from outside the branches as well.
- First Turkish bank to join the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) Business Hub.
- First bank from Turkey to join WeConnect International, a global platform established to incorporate women-owned businesses in the supply chain.
- First private bank to be integrated into the Farmer Registration System database of the Ministry of Food, Agriculture and Livestock and to perform online queries.
- Authored a first in Turkey by initiating iTunes Code sales from Internet Banking and Mobile Banking platforms.
- First in Turkey to add money withdrawal with QR code feature to the login page preceding the password field in Mobile Banking so as to permit money withdrawal from an ATM without logging in.
- Launched BonusFlash, a first in the credit card sector. Giving access to all cards and a large number of transactions unavailable on mobile applications until then from a single platform, BonusFlash also analyzes spending habits and sends Push notifications regarding the campaigns that best suit the customers.
- Introduced Turkey's first Occupational Health and Safety software and rolled it out in all of its locations.
- The first Turkish bank to finance an infrastructure investment in Turkey with a subordinated junior loan.
- The first in the world in the use of banking products/services on social media with the application forms received via Facebook, "Sigortam Garanti'de" (Insurance at Garanti), "Emekli Maaşım Garanti'de" (Pension at Garanti) and "Garanti ile NET Birikimler" (Net Savings with Garanti).
- The first bank in Turkey offering payment services via garanti.com.tr using Garanti Bank cards for Bill Payments, Government/Tax Payments and GSM top-ups.
- The first bank in Turkey that enables loan applications received via any channel to be finalized on the Internet Banking.
- iGaranti Glass application became the world's first financial application developed for Google Glass.
- Integrated the Beacon technology, which offers a unique shopping experience by communicating with nearby devices, into banking via iGaranti.
- Launched a groundbreaking initiative with the Voice Control feature developed by iGaranti, which allows users to transfer money to the accounts of people in their social networks by voice, as well as browsing within the application.
- International Finance Corporation (IFC) published a report evaluating Garanti's model of supporting women entrepreneurs and its efforts in this field, which is referenced as a case study in the international arena.

SUSTAINABILITY

SUSTAINABILITY POLICY STATEMENT

Purpose and Scope

To strengthen its vision to be the best bank in Europe, and its mission of increasing the value it creates for customers, shareholders, employees, the society and the environment by utilizing its influence, agility and organizational efficiency, Garanti Bank acknowledges the importance of conducting its business activities in a responsible manner, and aims through this Policy Statement to ascertain the guiding principles for its Sustainability strategy and efforts. The principles support Garanti Bank in effectively defining and addressing material Sustainability risks and opportunities facing the Bank in Turkey.

This Policy Statement, covering the Bank's business activities in Turkey, has been developed in line with the corporate regulations and legislations, and is entered into effect by a prior approval of the Board of Directors.

OVERALL SUSTAINABILITY VISION

Sustainability issues are gaining importance within the Turkish society, and are increasingly impacting the banking sector. Garanti Bank strongly believes that operating sustainably is a key driver to the long-term success of the Bank, and aims to be the leader in introducing and implementing sustainable banking to Turkey.

Building on the Bank's core values, Garanti Bank defines Sustainability as a commitment to build a strong and successful business for the future, while minimizing negative environmental and social impacts, and sharing long-term values with its customers, staff, shareholders and the communities it operates in.

Garanti Bank aspires to achieve its aim of sustainable banking through technological innovations, managing the environmental footprint of its operations and developing sound environmental & social risk assessment as part of its risk management framework. The Bank also recognizes the importance of an effective organizational structure and strong corporate governance to maintain ongoing development and successfully deliver its sustainability objectives.

Furthermore, Garanti Bank is aware of the need to collaborate and engage with its peers and suppliers on a global level to identify new opportunities, capture emerging best practices and products and remain a sustainability leader in Turkey.

SUSTAINABILITY PRINCIPLES

Garanti Bank focuses on improving the basics of banking by integrating sustainability into its operations. The below principles, highlight the measures Garanti Bank will be taking to achieve this aim:

1 - Focusing on Customers through Sustainable Finance

» Introduce new practices to Turkey that go beyond common practices and compliance to relevant national laws and regulations;
» Enhance E&S risk processes across the Bank and its subsidiaries to minimize the negative impact of lending and investment activities;
» Educate customers on Sustainability and become a trusted advisor in supporting and facilitating customers to minimize their own footprint;
» Develop products and services that help catalyze the transition towards a more sustainable economy, increase financial inclusion and commit to ethical marketing and selling.

2 - Focusing on Managing Environmental Impact of Operations

» Measure and monitor the Bank's environmental footprint, and implement measures to increase resource and energy efficiencies;
» Set targets to reduce emissions and resource usage in targeted areas and increase cost-effectiveness;
» Work closely with suppliers to benefit from the latest environmentally friendly solutions and expand sustainability across the supply chain.

3 - Focusing on Communities

» Invest in communities through direct contributions and development of mutually beneficial partnerships;
» Build on Garanti Bank's current philanthropy and sponsoring activities to further increase the wellbeing and lifestyle of Turkish communities.

SUSTAINABILITY STRATEGY

HR:
Enhance employees knowledge and lifestyle
Environmental Footprint:
Enhance operational efficiency
Governance:
Enhance integration of sustainability within the bank



Stakeholders

- Develop and implement a financial education program,
- Engage with stakeholder and build partnership,
- Support philanthropic programs with a focus on material issues for society.

Corporate& Commercial Clients

- Advise our corporate clients to help them make their businesses more sustainable .
- Extend E&S risk framework and management systems across the bank, local and international subsidiaries.

SMEs & Retail Clients

- Strengthen the financial capacity of Turkish women by providing them financial education and access to our products and services.
- Support financial planning and health of our retail clients.
- Develop innovative sustainable financial products linked to material issues for society and Garanti.

4 - Focusing on Stakeholders
- Liaise and engage with different stakeholders at the national and international levels to follow the latest developments and include their views into decision-making processes;
- Play an active role in increasing financial education and sustainability awareness within Turkish society;
- Report transparently on issues material for the Bank and its major stakeholders.

5 - Focusing on Human Resources
- Monitor employee satisfaction and ensure a fair remuneration and benefits scheme at all seniority levels;
- Continuously educate employees and proactively engage them to develop and implement sustainable initiatives in their day-to-day activities, both at and outside work.

6 - Focusing on Corporate Sustainability Governance
- Adopt an effective governance structure to develop, implement and monitor sustainability actions within the Bank;
- Integrate sustainable banking into Garanti Bank's operations in line with the bank identity and culture.

RESPONSIBILITY FOR THIS FRAMEWORK

The Board of Directors is authorized and responsible to approve the Sustainability Policy. The monitoring, amendment, improvement, implementation and enforcement of the Policy is under direct responsibility of the Sustainability Committee. All changes and amendments should be subsequently approved by the Board of Directors, then published internally and made public through the Bank's website.

GARANTI'S COMPETITIVE ADVANTAGES

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

EXCEPTIONAL DATA WAREHOUSING AND 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

DYNAMIC HUMAN RESOURCES CAPABLE OF MAKING A DIFFERENCE

- HR policies targeted at employee satisfaction
- Awarded talent programs
- ***~18,750*** employee suggestion & ideas collected
- ***87%*** of employees are university graduates
- ***44*** hours/employee training per annum
- ***~130,600*** hours of trainings are delivered through technological methods

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

INNOVATIVE CUSTOMER-ORIENTED PRODUCTS AND 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 & propensity analysis and product development
- Sophisticated segmentation systems
- Multi-channel CRM tools offering effective & timely solutions
- Operational efficiency, sales effectiveness and digitalization
- Making a difference in customer experience with smart business processes

SINGLE POINT OF CONTACT FOR ALL FINANCIAL NEEDS

- International banking operations in the Netherlands, Russia and Romania since 1990s
- Leading position in bancassurance
- ***17*** out of ***100*** pension participants in Turkey choose Garanti
- Leader with TL ***17.3*** billion factoring volume and total assets of TL ***3*** billion
- Leading position in leasing sector with more than ***3,000*** contracts
- Turkey's first asset management company
- Strong presence in capital markets with ***7%*** brokerage market share and over ***9%*** in the futures market

EXTENSIVE BRANCH NETWORK

- ***100%*** geographical coverage
- Presence in ***81*** cities
- Tripled branch network since 2002
- ***58%*** of branch openings since 2005 are outside of Istanbul, Ankara and Izmir
- Highest per branch efficiency by customer deposits and ordinary banking income

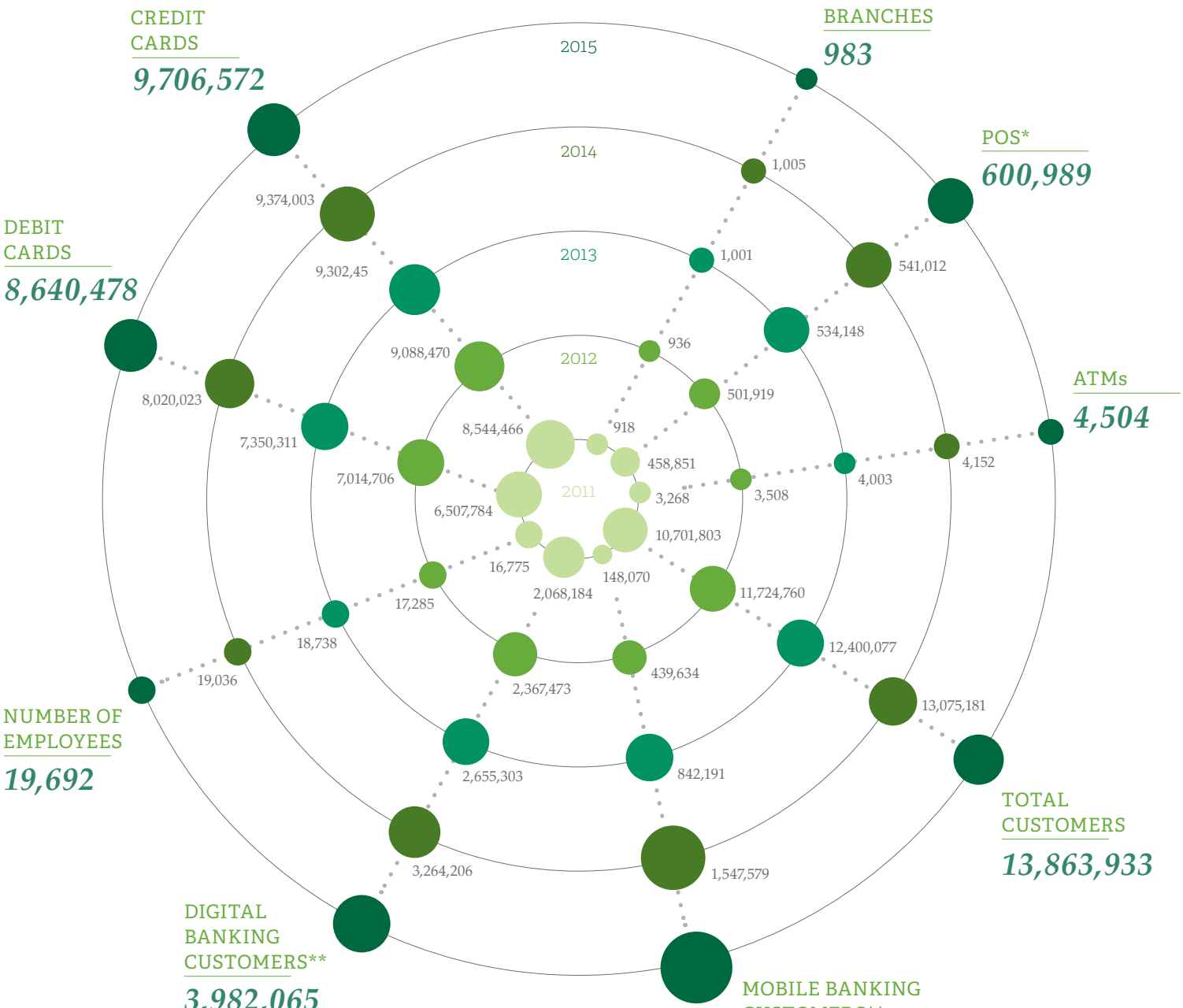
OMNI-CHANNEL CONVENIENCE WITH SEAMLESS EXPERIENCE ACROSS ALL CHANNELS

- ***91%*** of non-cash financial transactions occur via digital channels.
- Leading position in internet & mobile banking
- First bank to provide applications in all major operating platforms
- ***4,504*** ATMs facilitating ***>200*** transactions
- Leading financial call center with more than ***69*** million customer contacts per year
- Offering personalized financial management services

STRONG BRAND AND 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 as "self-renewing, leader in technology, offers fast and quality service, acts responsible towards obstacles, provides solutions, makes you feel special and worthy"

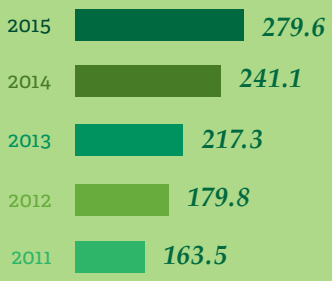
GARANTI WITH NUMBERS



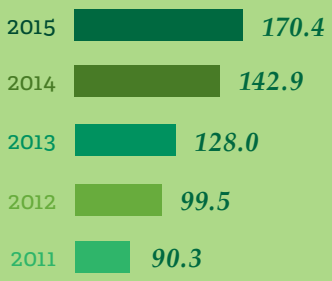
** Includes shared and virtual POS*

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

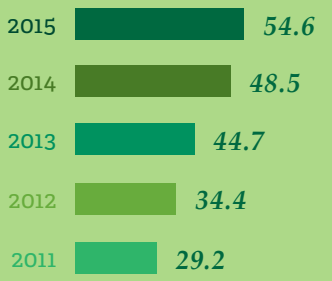
ASSETS
(TL Billion)



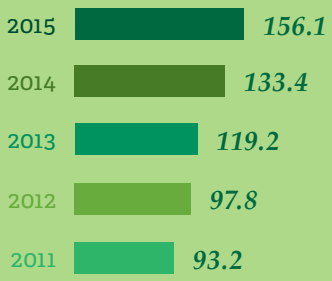
PERFORMING CASH LOANS
(TL Billion)



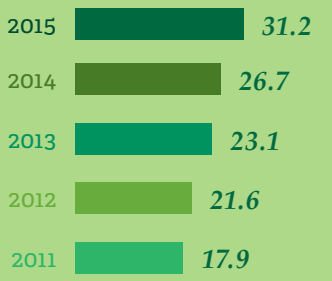
CONSUMER LOANS
(TL Billion)



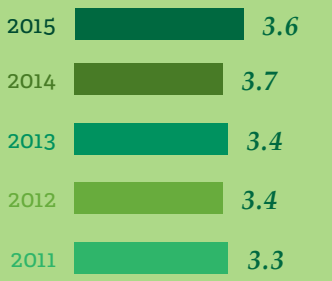
DEPOSITS
(TL Billion)



SHAREHOLDERS' EQUITY
(TL Billion)



NET INCOME
(TL Billion)



standing by the teachers who educate our children!

Through ÖRAV, Turkey's only civil society organization focusing on teachers it has set up in 2008, Garanti supports the teachers educating the future generations and contributes to their professional and personal development. Employing the innovative teaching techniques they acquire with the help of ÖRAV, teachers educate millions of students.

"No one will doubt that the legislator should direct his attention, above all, to the education of youth;

According to the results of Barem Research Company's 2015 research on confidence in professions, teachers are the most trusted professional group among the ten professions measured in the survey. 74% of Turkey's population stated that they trust the teachers.

Teachers are cardinal for everyone since they undertake the crucial mission of educating the children, e.g. the future generations regarded as the guarantee of the future. Embracing the same belief, Garanti established the ***Teachers Academy Foundation (ÖRAV)***, the only civil society organization in Turkey that focuses on teachers.

Along with the project No Limits in Teaching, which currently runs under the name "Learning and Leading Teacher", the Foundation has contributed to the training and development of 120,000 teachers in 81 provinces through "High School – Learning and Leading Teacher", "Result Oriented Communications", "The Chemistry of Teaching", "Program for the Development of Education Executives", "Unlabeled Education" and "Creative Child, Creative Mind" projects. ÖRAV cooperates with the Ministry of National Education (MNE) under a protocol.

According to MNE's 2014/2015 National Education Statistics, 889,695 teachers are serving in primary schools, secondary schools and secondary education across Turkey. The number of students per teacher is 18 in primary school level, 17 in secondary school level and 14 in secondary education.



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While Turkey is still in the process of designing education and training, and testing different systems, some countries have taken significant distance in this field. Finland is one such country that presents the most amazing model in the world. The Finnish education system enables high academic achievement with short school hours. Based on an education concept heeding individuality and independence, it asks the students to take self-responsibility for creating their own educational program, leaving plenty of free time and blending the learning experience with fun.

The Finnish curriculum is about a simple, general guideline. Students are entitled to mold their own learning and education program in line with their needs and interests. There are no mandated standardized tests. They only take a nationwide test at the age of 16. Teachers have four classroom hours a day on average and they allocate two hours per week to attend professional development programs. The maximum number of students per teacher is 12. All teachers have a master's degree at a minimum and they are selected from the top ten percent of the nation's university graduates. The high education level of the teachers is the key enabling them to observe all aspects of the children's development and to create flexible solutions. According to the statistics, 30% of children on average receive special program support through the first nine years of their academic lives.

Based on OECD 2011 High School Graduation Rates by Country, 98% of the Finns graduate from high school, whereas this rate is 88% in Canada and 78% in the US. An average of 82% of young people in OECD countries complete at least high school education.

"No one will doubt that the legislator should direct his attention, above all, to the education of youth; for the neglect of education does harm the constitution."

Aristo



2015 MACROECONOMIC OVERVIEW

Developments in Turkey in 2015

MODERATE PERFORMANCE DESPITE CHALLENGES

In 2015, Turkey's economic performance remained resilient and converged to its potential despite increased volatility in domestic and overseas financial markets, and despite the uncertainties resulting from the renewal of elections. On the global front, while growth lacked pronounced recovery, decelerated Chinese economy, plummeted oil and other commodity prices, and the strong appreciation of the US Dollar fuelled concerns in financial markets, driving capital flows in a direction to the detriment of emerging economies.

GLOBAL GROWTH LAGGING BEHIND THE TREND

In spite of the limited acceleration of developed economies in the reporting period, global growth lost pace due to emerging economies. While the US economy nearly matched its growth rate of the previous year, growth in the Euro zone picked up. On the part of emerging economies, economic slowdown led by China resulted in continued high volatility in global markets, combined with sustained portfolio outflows from these countries throughout the year. As global markets were engulfed in a yearlong discussion about the US Federal Reserve's (the Fed) liftoff, the Fed raised interest rates in December, thus initiating the normalization process. As weak global growth, appreciated Dollar and absence of supply-driven problems pulled commodity prices down, the same situation aggravated the concerns for commodity exporting countries.

While the bad weather in the US in the early months of the year had a negative impact on growth, the recovery in subsequent months brought the unemployment rate down to ***5%*** at the end of the year. Low commodity prices coupled with the appreciated US dollar resulted in a year-end inflation of ***0.7%***, notably below the ***2%*** inflation target. The Fed, despite low inflation, projected that the inflation would converge to the targeted levels in the medium term, and increased the rates by ***25*** basis points to the ***0.25%-0.50%*** band in its December meeting.

Although economic growth gained momentum in the Euro zone as compared with the previous year, unemployment rates remained high. As inflation stood at a low ***0.2%*** at the end of the year, the European Central Bank (ECB) disclosed new steps for loosening its monetary policy further in its December meeting. Accordingly, ECB announced a ***6*** month extension of its monthly asset-purchasing program of USD ***60*** billion to March 2017, and further lowered the already negative deposit rate.

The developments in the Chinese economy were the other important factors that aggravated the volatility in global markets in 2015. While the transformation intended to drive consumption in the economy brought about lower growth rates, steps aimed at the liberalization of financial markets resulted in rigorous sales, in turn leading to a deteriorated risk perception towards emerging economies. Although the Chinese government devaluated its currency, Yuan, in August, 2015 was the scene to the weakest portfolio inflow to emerging economies after 2008.

According to the IMF World Economic Outlook projections revised in January 2016, global growth slipped down from ***3.4%*** in 2014 to ***3.1%*** in 2015. As growth rate dropped from ***4.6%*** to ***4.0%*** in emerging economies led by the Chinese economy, developed economies showed a limited acceleration from ***1.8%*** to ***1.9%***.

REMARKABLE IMPROVEMENT IN CURRENT ACCOUNT DEFICIT

Despite the deteriorated risk perception towards emerging economies and although it has occasionally decoupled negatively from its peers due to political and geopolitical developments, the Turkish economy continued to perform moderately owing particularly to the support from consumption. Economic growth was ***3.4%*** year-over-year in the first three quarters of 2015. While growth was completely driven by domestic demand, external demand contributed minus ***0.7*** points to growth due to the economic problems experienced by our export partners such as Iraq and Russia, in spite of weak imports and the positive contribution of stronger EU demand to exports. While the declined euro/dollar parity resulted in feeble exports throughout the year, low oil prices produced a sustained downtrend in current account deficit during the course of the year. Cumulative current account deficit, which stood at USD ***46.5*** billion at the end of 2014, descended to about USD ***32*** billion in 2015. After going down from ***5.8%*** at year-end 2014 to ***5.5%*** as at the third quarter of 2015, the ratio of current account deficit to GDP slid down to nearly ***4.5%*** at the end of 2015. The reason behind this

decline was the reduction in the net energy bill by roughly USD *16* billion (ratio to GDP: *2.2%*).

RIGID INFLATION

Inflation remained high throughout the year due to food prices that floated at high levels despite favorable weather conditions, combined with the strongly depreciated Turkish Lira as a result of domestic and external uncertainties, and the secondary exchange rate effects that persisted. Having completed 2014 at *8.2%*, inflation rose to *8.8%* at the end of 2015. Core inflation that excludes food and energy prices, on the other hand, picked up remarkably to reach *9.5%* by year-end 2015 with the effect of exchange-rate pass-through, after declining from *8.7%* at end-2014 to *7.0%* during the course of the year. Food inflation and energy inflation were *10.9%* and *3.2%*, respectively, at year-end. Inflation remained high in spite of the positive impact of declined energy prices, thus further impairing long-term inflation projections, and resulting in a more remarkably rigid inflation.

VOLATILE FINANCIAL MARKETS

The Central Bank of the Republic of Turkey (CBRT) reduced the one-week repo rate (policy rate) by *75* basis points to *7.50%* in the first quarter, in view of the developments in inflation, for which it had revised its projections positively given the rapidly declining energy prices at the onset of the year. Due to the subsequently increased volatility in domestic and external financial markets and deteriorated outlook of inflation, however, the CBRT kept the interest rates constant in the rest of the year. The Central Bank preserved the width of the interest rate corridor, keeping the borrowing rate (lower band) at *7.25%* and the lending rate (upper band) at *10.75%*. On the other hand, the CBRT paved the way for a higher average funding rate by way of liquidity management and caused higher borrowing costs overall. Having declined to even *7.62%* in the first quarter, the CBRT average funding rate topped *8%* as of April and climbed to *8.8%* at the end of the year.

Aiming to simplify its monetary policies, the CBRT issued a roadmap in August, which stated that it would monitor global monetary policies and narrow the width of the interest rate corridor around the policy rate. In its December meeting, the CBRT indicated that it had a second prerequisite to initiate these steps: persistence of the decline in volatility observed in the markets following the Fed's decision. Hence, the Central Bank adhered to its tight monetary stance discourse, paying regard to elements that would drive inflation upwards such as the minimum wage hike enforced as of the start of 2016 and other price increases.

The developments in the world economy and the CBRT's actions have been determinant on the market interest rates. After dropping down to *6.8%* at the end of January 2015, two-year benchmark bond rate hiked to *10.8%* at the end of the year, as a result of the uncertainties in the second half of the year occasioned particularly by the renewal of the elections and the increased volatility in global markets triggered by China. Besides, TL depreciated by *25%* against the US Dollar and by *13%* against the EUR-USD currency basket on average throughout the year.

SOUND BUDGET AND DEBT STOCK FIGURES

In 2015 that realized two general elections, the public finance performance did not exhibit a significant change as compared with 2014.

The realization of the central government budget in 2015 turned out to be more positive than the targets in the Medium Term Plan (MTP) revised in October. The budget deficit was TL *22.6* billion, remaining below the MTP target of TL *24.5* billion, while the primary surplus was TL *30.4* billion, which was above the MTP target of TL *29.5* billion. In a year of high tax revenue performance, the ratio of the central government budget deficit to the GDP was circa *1.2%*, whereas the ratio of the primary surplus to the GDP was about *1.6%*.

On the other hand, the ratio of EU-defined public debt stock to the GDP, although showing an uptrend during the course of the year, declined in the last quarter of 2015 according to the Government's projections and registered *32.6%*. The ratio was *34.6%* as of September 2015.

LETTER FROM THE CHAIRMAN



I believe that the technology-oriented and dynamic business model has an important role in the sustainability of Garanti's success. Rapid adaption of innovative and customer oriented products are the basis of Garanti's service provision approach. In other words, technology-oriented service approach lies within the "DNA" of Garanti. We continued to serve with this understanding and vision in 2015.

Dear Stakeholders,

2015 turned out to be a year in which risks were at the forefront and global economic growth was rather moderate. Among advanced countries, strengthening US economy was accompanied by Europe, which was somewhat recovered compared to 2014. As has been the case in recent years, the emerging market economies continued to lose momentum in 2015 as well. Strengthening US Dollar, the decline in the commodity prices led by oil, the slowdown of the Chinese economy and geopolitical risks were among the main items of the global economic agenda in 2015.

The "rebalancing process" of the Turkish economy, which is a net energy importer, continued in 2015 especially with the help of the rapid decline in the oil prices. Turkish economy is estimated to have left behind 2014 with a growth rate well above ***3%*** despite the global developments, external financing conditions and geopolitical risks. I think that was an important growth performance and I believe that Turkish economy will show a stronger performance in terms of the main economic indicators in 2016.

We have left behind a year in which the impact of the market conditions was felt very much on the growth and profitability of our banking sector. Credit growth has slowed down markedly since the middle of the year. Despite the decline in the profitability, strong capital adequacy ratio, high asset quality and low NPL ratio has proven once again the strength and flexibility of our banking sector.

With its strong capital structure and successful balance sheet management, Garanti Bank has shown its capacity and experience in adapting to all kind of market conditions in 2015 as well. Garanti sustained its healthy growth process in 2015 and shown once again its difference in the sector. Despite the external financing and market conditions, Garanti was successful in terms of funding transactions. Thus, we further increased our contribution to the Turkish economy in 2015 with an approximately ***20%*** loan growth.

I believe that the technology-oriented and dynamic business model has an important role in the sustainability Garanti's success. Rapid adaption of innovative and customer oriented products are the basis of Garanti's service provision approach. In other words, technology-oriented service approach lies within the "DNA" of Garanti. We continued to serve with this understanding and vision in 2015.

Its qualified human resources is undoubtedly another important factor behind the outstanding success of Garanti in the banking sector. Our investments to enhance the qualifications and skills of our colleagues continued in 2015 in line with our core value of "investing in human resources for sustainable growth".

Garanti Bank progressively continued its activities in 2015 that are based on our principle of "giving back to society". Being aware of our responsibilities to the society that we belong as an institutional member, we will continue to move forward in line with our sensitivity to contribute to education, sports, arts-culture and environment.

As has been the case so far, Garanti will continue to strive for operating even more successfully with the experience of the BBVA as one of the important players of global banking. Taking this opportunity, I would like to thank first and foremost my devoted colleagues as well as our esteemed clients, shareholders, and all other stakeholders for their continuous support and confidence.

Sincerely,



FERİT F. ŞAHENK
Chairman

LETTER FROM THE CEO



Over the years, we established a deep-rooted corporate culture and a solid strategy. Our strategy has been tested many times over the last 15 to 20 years and proved its success. Based on our dynamic and innovative business model, our strategy plays an important role in differentiating Garanti. Preserving our sustainability focus in 2016, we will continue to work towards creating value for our customers, employees, shareholders, society, environmentand country.

Dear Stakeholders,

Albeit the optimism in the beginning of the year, 2015 has been a challenging year of continued uncertainties. Global markets had to deal with a burdensome agenda that covered the FED's rate hike decision, growing turmoil in Syria, growth pressure on developed economies, decelerated growth in China and the downtrend in oil prices. Turkey, on the other hand, lived a year of two elections and exchange rates peaked due to global turbulence.

Turkish banking sector was not at all immune to this heavy agenda. While the sector is growing at lower rates compared to the past, it is struggling to preserve its profitability levels amid newly imposed regulations. Suppressed consumer loan & credit card revenues due to the regulatory changes as well as the increased costs for the sector stemming from fee rebates caused the Turkish banking sector to post the lowest profitability levels of the last decade.

In spite of the challenging circumstances of 2015, as Garanti Bank, we continued to deliver the highest profitability rates among private banks in the sector, capitalizing on our dynamic business model, technology and scale advantage. While maintaining our commercial-loan driven growth, we strengthened our leadership position in consumer loans in the sector. We have built our growth strategy on prioritizing risk-return balance and we have been successful. Today, we are the sector's strongest private bank in terms of common equity Tier-1 ratio and this strength puts us in a position to support consistent growth.

On the funding side, while maintaining our focus on customer deposits, we continued to successfully tap international funding sources. In a year of fierce competition in TL deposits that reflected on prices, our demand deposit base expanded ***20%***. Demand deposits currently correspond to nearly one fourth of our TL deposits. We are proud to be the preferred bank of customers.

Sound cost control and expense management became increasingly critical due to suppressed profitability in the recent years. The world is changing and technology is advancing. In turn, we need to adapt our business models according to the new developments and we need to work more efficiently. To this end, we keep investing in people and in efficient delivery channels. With nearly ***20*** thousand employees, we are offering uninterrupted banking experience through our omni-channels to almost ***14*** million Garanti customers. Our digital customers currently constitute ***48%*** of our customer portfolio. Our Internet banking has ***51%*** and mobile banking has ***29%*** share in non-cash financial transactions. In the period ahead, we will witness digitalization gaining speed and digital channels taking a more prominent role in increasing operational efficiency.

At Garanti, our purpose goes beyond creating economic value; we aim to contribute to the environment and the society by partaking in voluntary social initiatives that increase value.

The year 2015 is marked by intensified global efforts in the areas of sustainable development and climate change. In our Climate Change Action Plan released October 2015, we are concentrating our support and efforts under the four main headings; carbon pricing and prioritizing renewable energy investments, reducing deforestation, managing water risks through climate change adaptation, and establishing green office standards. In addition, we became the first Turkish bank to sign the Caring for Climate (C4C) initiative encouraging private sector action against climate change, and the Business Leadership Criteria on Carbon Pricing. Both are led by UN Global Compact.

The total amount of financing we have provided for renewable energy investments topped USD ***4*** billion by the end of 2015. We preserved our ***35%*** market share in Turkey's installed wind power capacity. Meanwhile our new loan product designed to encourage efficient irrigation systems in the agricultural industry is taking our support to climate change mitigation to a whole new level. Our approach to the adaptation of climate instability impacts on water cycle, was presented in the UN components' report entitled "The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience". We are the only Turkish company and one of the ***2*** banks in the world presented in the report.

Garanti Anatolian Meetings, at which we offer guidance to the SMEs and share sector and province oriented solutions, entered its ***13th*** year in 2015. Visiting ***3*** cities in 2015, Muş, Kocaeli and Uşak, we have held ***100*** meetings in ***68*** provinces to date.

We have reached out to ***6,662*** women through Women Entrepreneurs Meetings co-organized with the Women Entrepreneurs Association of Turkey (KAGİDER) since 2008; with the objective of supporting participation of women in economy

and empowering women entrepreneurs in developing economies such as Turkey.

Being a bank attaching great importance to corporate responsibility initiatives, we have launched a new project in 2015 as part of our commitment to create permanent value in the field of education. Collaborating with the Educational Volunteers of Turkey (TEGV), we began sponsoring the educational program "Math and Science Learning with Fun". We aim to equip primary education students in grades two through eight with basic math and science knowledge and skills, thereby helping raise generations with scientific thinking and problem solving skills, embracing a positive attitude towards science. We are planning to reach approximately ***100*** thousand children in the course of ***3.5*** years with this program, which will be offered at TEGV locations in ***37*** provinces across Turkey.

In 2015, ***19*** exhibitions showcased at SALT Galata, SALT Beyoğlu and SALT Ulus under the roof of SALT, our gift to Turkey's cultural and intellectual life, attracted ***509*** thousand art lovers.

On the other hand, we hosted almost ***41*** thousand music enthusiasts in ***79*** concerts organized in 2015 within the frame of our "Garanti Jazz Green" sponsorship that has been ongoing for ***18*** years with the motive of sharing jazz music with large audiences.

Basketball is another field we are proud to support and sponsor. We have been the main sponsor of the Turkish National Women's Basketball Team and the Turkish National Men's Basketball Team for ***15*** years. A total of ***55*** thousand students received basketball training in ***81*** centers at the 12 Giant Men Basketball Schools that we have been supporting since 2002. Our efforts to contribute to the social life of individuals with disabilities continued with our support to wheelchair basketball.

Based on our "Disabled-Friendly Banking" notion, we rendered Garanti Internet Banking and Mobile Banking accessible to visually impaired customers with the use of software that can read out screen content. The project "İşe Katıl Hayata Atıl" (Join the Workforce Join Life), which we have launched under the patronage of the Ministry of Family and Social Policies in a bid to help people with disabilities gain professional skills and to create employment opportunities for them, continued and further expanded in 2015.

In the past years, open communication and cooperation with our stakeholders has been a major contributor in improving our sustainable banking vision, by keeping it dynamic. On the back of all these endeavors, Garanti became the only Turkish company to qualify for the Dow Jones Sustainability Index, one of the world's most prestigious sustainability indices, in 2015. This offers further evidence that we have embedded sustainability throughout the entirety of our banking operations. I am more than happy to be sharing these facts with you, all of which demonstrate the communication we have established with our stakeholders on the principles of accuracy, transparency, fairness, accountability and responsibility, and the value we attach to the society.

Dear Stakeholders,

I am honored and delighted to have taken over CEO post as of September 2015. Over the years, we established a deep-rooted corporate culture and a solid strategy. Our strategy has been tested many times over the last 15 to 20 years and proved its success. Based on our dynamic and innovative business model, our strategy plays an important role in differentiating Garanti. We share the same approach and priorities as BBVA, which has become our major shareholder with the agreement dated July 2015: human-centered organization, customer-centric approach, technology-focus and efficiency-focus. I believe that the shared culture, values and goals with BBVA will further contribute to our value creation.

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

Sincerely,



ALİ FUAT ERBİL
President & CEO

2016 OUTLOOK

Garanti will speed up its initiatives in an effort to create long-term value; yet, it will continue to closely monitor its costs and keep the operating expenses under control. Standing out with its robust capitalization, Garanti will retain this quality and move forward in 2016. To such a backdrop, the Group will preserve its ability to generate sustainable profit on the back of its differentiated business model.

During 2015, although the Turkish economy occasionally decoupled negatively from its emerging peers due to domestic political and geopolitical developments, it sustained its moderate performance despite the deteriorated risk appetite towards EMs. Gross Domestic Product (GDP) growth was above the projections, mainly due to the support from consumption. In addition to the food prices that floated at high levels for the whole year, depreciation of Turkish Lira due to domestic and external uncertainties, caused inflation to remain high throughout the year. The Central Bank of the Republic of Turkey (CBRT) maintained its tight stance in an environment of ongoing global and domestic uncertainties and volatility. In a year of two general elections, the public finance performance did not show a significant change in 2015 compared to 2014.

In 2016, the GDP growth is anticipated to be slightly above its 2015 level based on the assumption that domestic demand will remain high and external demand will have a positive contribution. After being above expected levels despite the low commodity prices in 2015 (*8.8%*), no clear improvement in inflation is expected in 2016 due to stickiness and worsening inflation expectations (*8%*). While the current account balance is expected to improve due to declining commodity prices, only a limited increase is anticipated in the "budget balance/ GDP ratio". With the assumption of the continuation of the US Federal Reserve's (the FED) rate hike which began in December 2015, borrowing costs will remain high worldwide in 2016 that is expected to be year of prevailing global uncertainties and volatility. In such a year, the CBRT is anticipated to maintain its tight stance in monetary policy, and the weighted average funding cost is forecasted to increase by nearly *110* basis points.

In the coming year, Garanti Bank's asset growth is anticipated to be driven by loans. The securities portfolio, on the other hand, will be composed in such a way to support the further strengthening of the hedging position against inflationary pressures. Profitability focus and moderate growth of *~15%* will be sustained in total loans. TL loan growth will be *~15%*. While business banking loans are expected to be the main drivers of the lending growth, pace consumer loan growth is targeted to be preserved. After a stagnant year due to volatility and uncertainties, FC loan growth expected to pick up pace and grow by *3%*, in line with sector.

Garanti will preserve its comfortable liquidity level with increasing contribution from deposits and longer-term alternative funding sources in 2016. Deposit growth will be in line with the loan growth, and demand deposits will continue to account for more than ***20%*** of total deposits. The Bank will keep tapping alternative funding resources in order to support its funding base. Consequently, utilization of bond issuances in domestic markets, securitizations and syndications will continue. Garanti will also be opportunistic on repo funding and interbank money market borrowings.

In 2016, Garanti aims to further strengthen its asset quality on the back of its proactive approach to risk assessment. The NPL ratio is projected to be ***3.1%***, slightly above its 2015 level. Yet, there is an upside risk of ***30*** basis points on the NPL ratio due the potential changes in global circumstances. NPL coverage ratio will be maintained at ***81%***.

In the year ahead, net interest margin will be preserved with the support of dynamic assets and liabilities management, despite the pressure that will come from funding costs. Loans to deposits spread suppression will be countered with the growing contribution of CPI linkers.

Net fees and commissions income will draw near its regular growth momentum in 2016 and will be at ***9%***, following significant repressive effects in 2015, which resulted from the new arrangements within the scope of the consumer protection law. Net fees and commissions income will be supported by diversified businesses. The areas of growth that will gain the foreground in 2016 will include payment systems fees, money transfer fees and non-cash loan fees.

It is estimated that the operating expenses of Garanti will increase in parallel to the inflation rate in 2016. After a year of investments in initiatives aimed at enhancing employee satisfaction and loyalty, the rate of increase in personnel expenses will revert to regular levels. On the other hand, non-personnel expenses will continue to be restrained.

During 2015, contribution of foreign subsidiaries was repressed because of their increased caution. The subsidiaries' contribution to the Bank's profitability is anticipated to climb back to ***15%*** in 2016. Within this context, primary contributors will probably be Garanti Pension, Garanti Leasing, Garanti Romania, GarantiBank International and Garanti Factoring.

2016 will likely see continued volatilities in global markets. Despite challenging market conditions, Garanti is targeting to sign its name under new success stories drawing upon its differentiated dynamic business model and its strategies targeted at sustainable profitability.

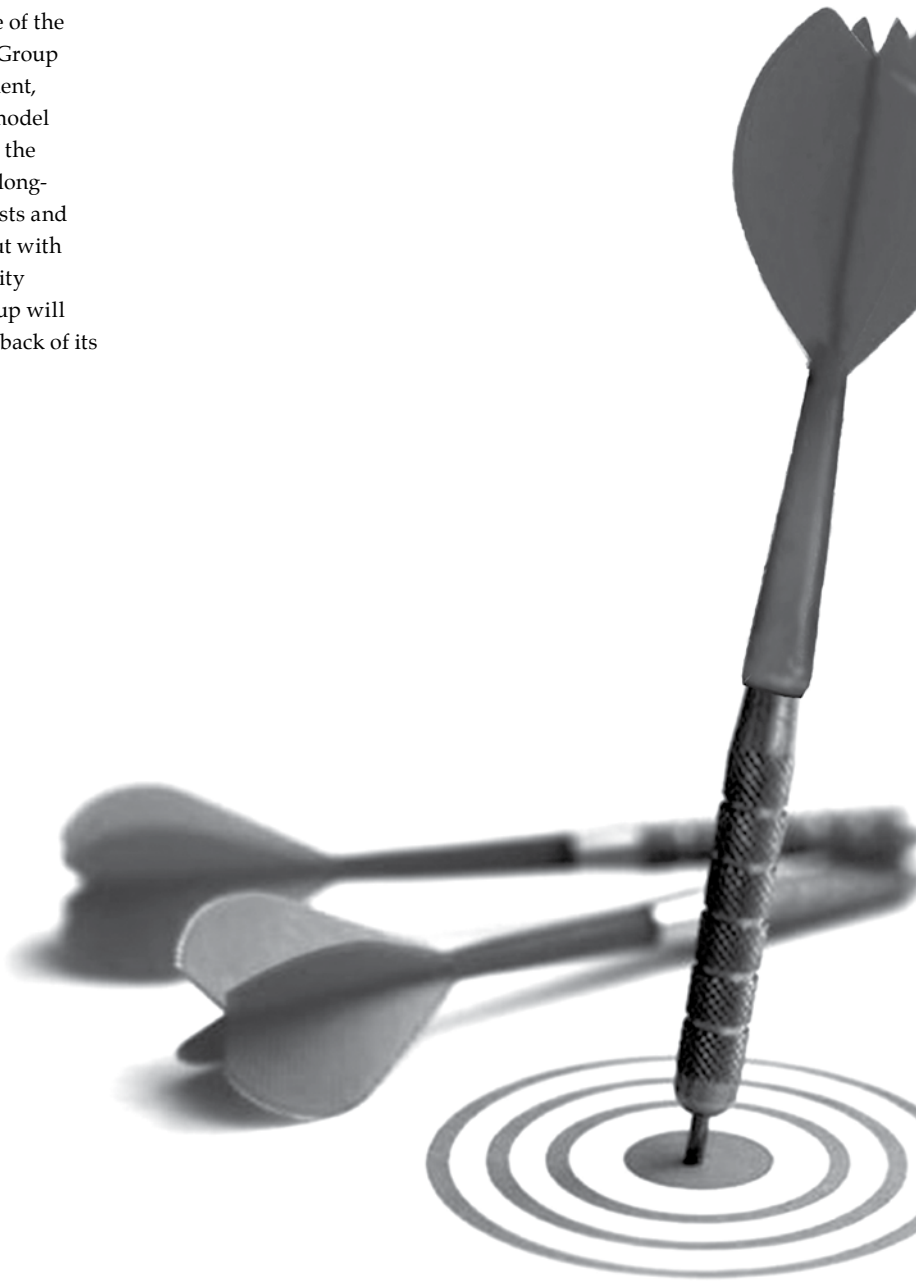
EXPECTATIONS REGARDING THE GROUP IN 2016

Garanti operates as an integrated financial services group through its leading financial subsidiaries offering services in life insurance and pension, leasing, factoring, brokerage and asset management in Turkey, along with its international subsidiaries operating in Romania, the Netherlands and Russia. Garanti aims to make sure that the synergy captured with its subsidiaries is powerfully sustained in 2016, and the subsidiaries are expected to increase their shares within the Group's net income, while profitability also rises.

In 2016, the Group will keep making headway with profitability as the risks and uncertainties stemming from the economic and political conjuncture diminish and as the preparations for regulatory alignment bear their fruits in Romania and the Netherlands where its subsidiaries pursue their banking operations. The 2016 goals include upgrading the strong balance sheet structure in a bid to preserve the asset quality, and boosting and sustaining the profit generation capability.

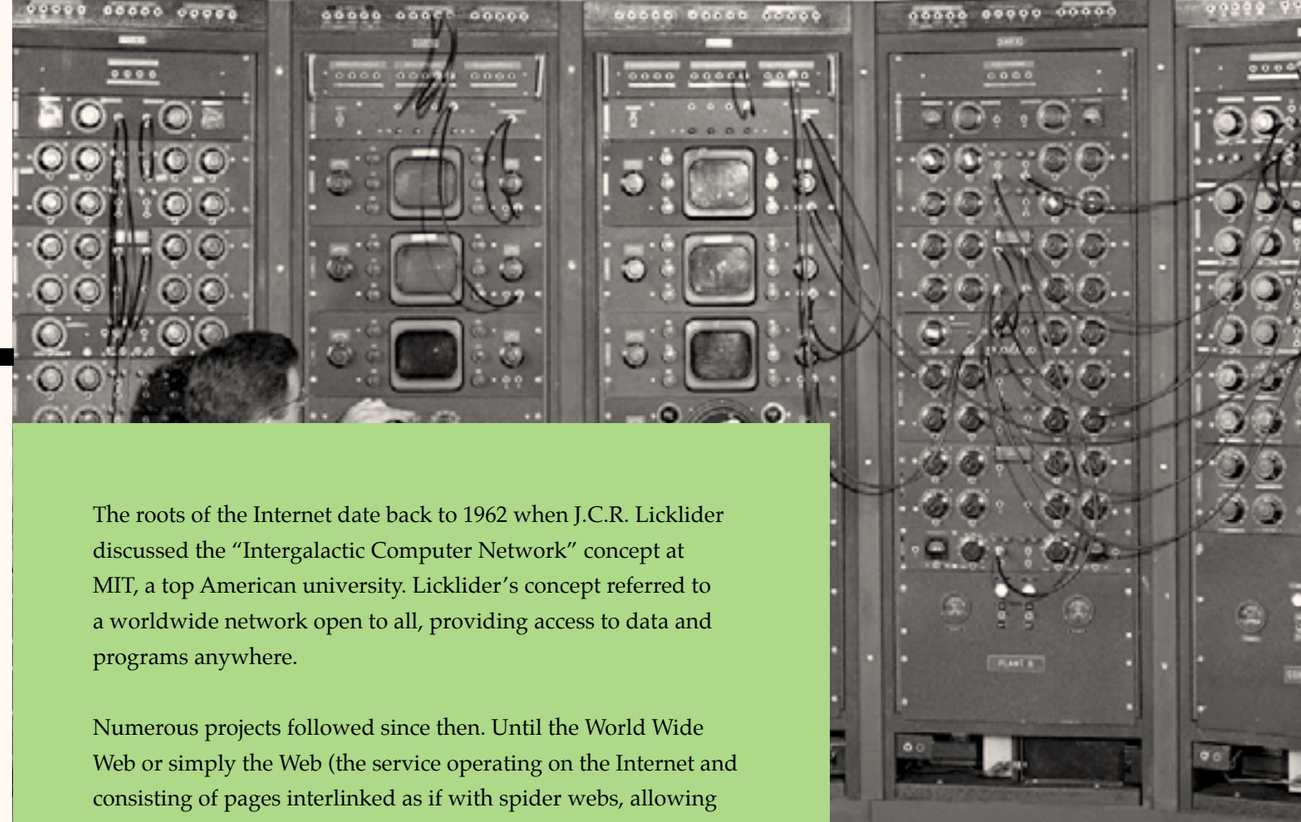
With respect to its operations in Turkey, the Group kept its losses in terms of the number of participants and total funds at a minimum despite the new market entrants and substantially preserved its market share in the Private Pension System (PPS) in 2015. Parallel to its targets, it was the most profitable company in the sector according to the latest data that was available as of this writing. The rise in total funds and profitability on the private pension front is anticipated to persist in 2016, and to affect the operating results positively, while solid premium production is projected to continue and keep supporting profitability in the life insurance department. The Group also envisages continued outperformance of the sector's average in leasing, which should reflect on 2016 results. The positive contribution expected to be lent by stock, derivatives and FX trading volumes to commissions will, in turn, drive profitability.

In a macro-economic atmosphere that will be mainly defined by the central banks in 2016, the Group aims to adhere to its efficiency-focused, profitable growth strategy that generates capital. The strong share of loans within the assets structure will be maintained, and the powerful collection performance will help preserve the sound asset quality, despite increased risks. In spite of the inflationist pressure, the Group aims to maintain its cumulative net interest margin on the back of an active assets and liabilities management. Net fees and commissions income will go up in defiance of all the risks, and remain as one of the significant income generation items for the Group. The Group will restrain its expense items through active management, and will keep concentrating on designing its business model to put potential growth areas in the focal point. In 2016, the Group will speed up its initiatives in an effort to create long-term value; yet, it will continue to closely monitor its costs and keep the operating expenses under control. Standing out with its robust capitalization, the Group will retain this quality and move forward in 2016. To such a backdrop, the Group will preserve its ability to generate sustainable profit on the back of its differentiated business model.



MAKING LIFE EASIER WITH DIGITAL SOLUTIONS!

The so-called “digital customers” transacting via Garanti Bank Internet/Mobile Banking number 4 million. 91% of all non-cash financial transactions occur through digital channels at the Bank.



The roots of the Internet date back to 1962 when J.C.R. Licklider discussed the “Intergalactic Computer Network” concept at MIT, a top American university. Licklider’s concept referred to a worldwide network open to all, providing access to data and programs anywhere.

Numerous projects followed since then. Until the World Wide Web or simply the Web (the service operating on the Internet and consisting of pages interlinked as if with spider webs, allowing viewing of web pages at addresses starting with “www”) was established in 1994, 100 countries, 10,000 computers, over 3,000,000 computers and more than 25 million users connected in various ways to the Internet. This number boomed to 60 million in 1995 when the web page concept was introduced. Today, there are more than 3 billion Internet users worldwide.

In Turkey, computer and Internet usage of individuals aged 16-74 was 55.9% in April 2015 according to TurkSTAT’s ICT Usage Survey on Households.

April 2015 data show that mobile or smart phone ownership rate in households was 96.8%, whereas desktop computer, portable computer and TV sets with Internet connection ownership rates were 25.2%, 43.2% and 20.9%, respectively.

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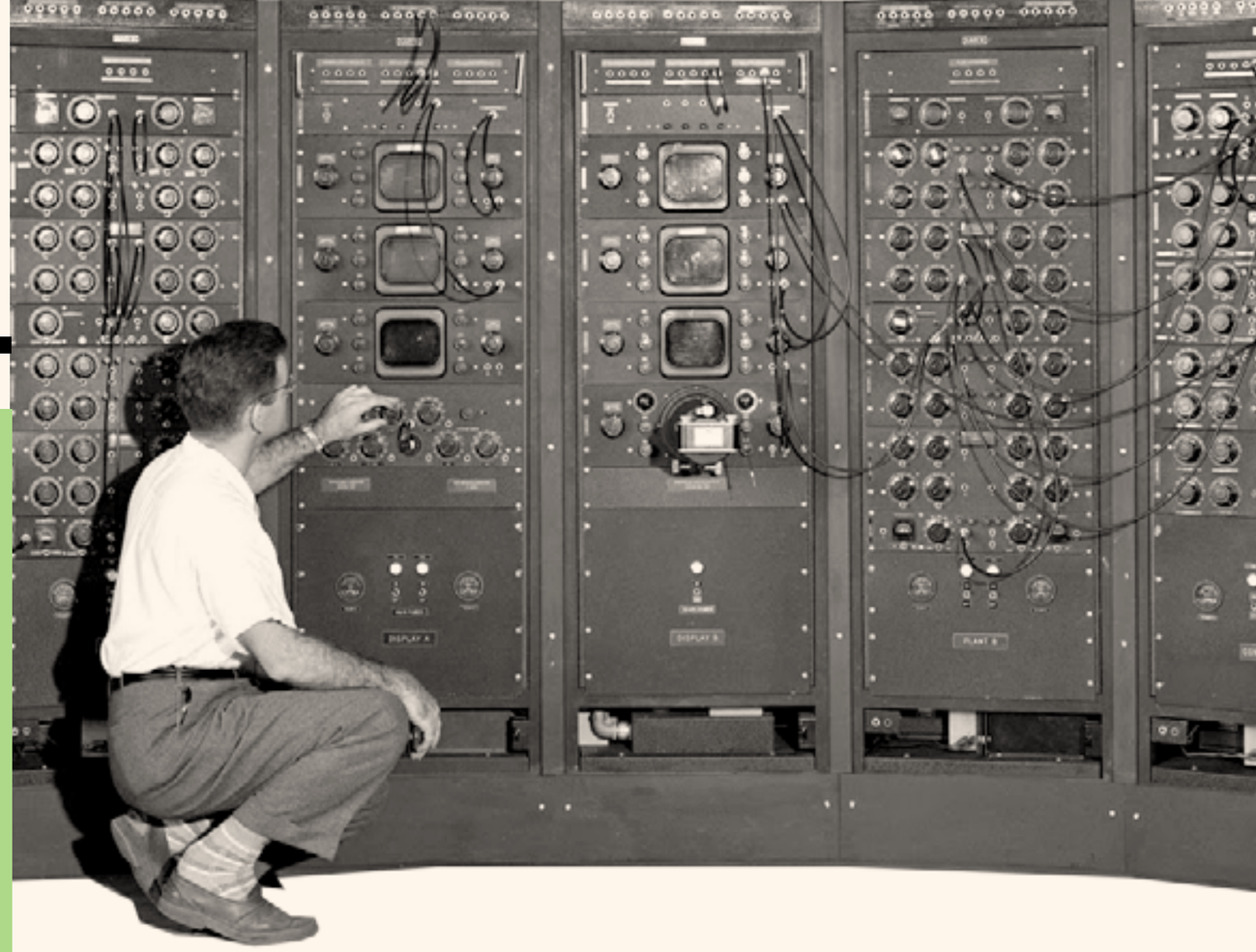
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What do we use the Internet for? Although motives vary depending on age and gender, the primary ones include social media activity, content sharing and reading online news, and finding information. 33.1% of individuals using the Internet ordered or purchased goods or services online for personal use.

The Internet Banking notion first emerged with telephone banking in the 1980s, and increased with the growing use of the Internet in households. According to Internet Banking Statistics of the Banks Association of Turkey, total number of customers who logged in to Internet Banking at least once in the past 3 months is 16.2 million, and to Mobile Banking is 10.4 million.

The so-called "digital customers" transacting via Garanti Internet Banking and Mobile Banking number 4 million. 91% of all non-cash ***financial transactions occur through digital channels at the Bank.***



"Be different, think different: It is better to be a pirate than to join the navy. Innovation distinguishes a leader from a follower."

Steve Jobs

ASSESSMENT OF FINANCIAL POSITION, PROFITABILITY AND DEBT PAYMENT CAPABILITY

2015 has been a year of continued volatility in the financial markets due to the uncertainties relating to global monetary policies and concerns over growth. The slowing trend ongoing since 2014 in global economic activity persisted in 2015, in a more pronounced fashion particularly in China and some other emerging countries. The weak global economic activity led to declines in commodity prices. In this period, emerging countries were significantly influenced by the fluctuations. While portfolio flows towards these countries were feeble, exchange rate volatility remained high.

The repercussions of the tides in global markets were also observed on the Turkish economy in 2015. The uncertainties stemming from the renewal of elections, coupled with the increased geopolitical tensions led to fluctuations in financial indicators. In this period, the Central Bank of the Republic of Turkey (CBRT) maintained its tight monetary policy stance in view of the inflation outlook, and took steps to support financial stability and to balance FC liquidity. On another hand, Turkey's economic performance remained resilient and closed in on its potential in this period that both external and domestic financial markets were challenged.

In 2015, the Turkish banking sector was still repressed by the regulations, in addition to the volatility resulting from global and macroeconomic uncertainties, combined with geopolitical and political developments. In a year of tough market conditions, Garanti once again proved its ability to perform strongly under any market condition. The primary contributors to this performance included the comfortable liquidity level, focus on disciplined and selective growth, emphasis placed on risk-return balance, successful margin management, capability to generate the highest customer-driven revenues, and sound solvency.

Garanti sustained its leadership in branch efficiencies in 2015, while continuing with investments in delivery channels, giving the priority to easy and instant access to its banking services from all channels and aiming to offer an embedded banking experience to customers. At the end of 2015, Garanti was serving more than ***13.9*** million customers through a robust distribution network covering nearly ***1,000*** branches, ***4,504*** 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 over ***18*** million debit and credit cards, and ***601,000*** POS terminals, Garanti manages Turkey's largest merchant network via its innovative products and services.

Garanti's total assets increased by ***16%*** year-over-year in 2015, and reached TL ***280*** billion. As Garanti focused on customer-driven asset growth, the share of lending to total assets surpassed ***60%***.

In 2015, Garanti displayed a disciplined and moderate expansion in its lending. Cash loans increased by ***19%*** on an annual basis. TL loans were the key driver behind the loan expansion of Garanti. While TL loans increased by ***18%*** on an annual basis, this growth figure went above the budget target set at the start of the year. TL business banking loans grew nearly ***30%*** in 2015, leading the TL loan growth. Garanti maintained its focus on retail loans, which create high yields as well as cross-sell opportunities. Registering growth rates of ***21%*** in mortgage loans and ***19%*** in auto loans, the Bank further cemented its leading position in total consumer loans, mortgage loans and auto loans. Garanti consolidated its pioneering position in payment systems, backed with its command of the largest merchant network and its leadership in the use of commercial credit cards. The ongoing domestic and overseas volatilities and uncertainties in 2015 led to the postponement of some investments that were expected to be launched during the year to coming periods, and as such, prevented the targeted growth in FC lending from materializing. However, in 2016, we are anticipating positive support to the FC loan growth in the form of project finance and investment loans from these investments, which are intended to be rolled out in the coming periods.

Garanti's asset quality was further strengthened with the proactive approach pursued with an eye on potential changes in global circumstances in risk assessment. In keeping with the projections of early 2015, the NPL ratio was registered as ***3.2%*** and NPL coverage ratio as ***76%***. Solid collection performance eased the negative effect of new NPL inflows.

Garanti preserved its liquid balance sheet composition in 2015. Funding base of the Bank is dynamically managed and

continued to be largely composed of deposits. The growth in customer deposits, at ***18%***, was aligned with the loan expansion in 2015. Garanti deliberately avoided pricing competition in line with the priority placed on effective cost management, and chose to base the expansion in deposit base on sustainable banking relationships. Demand deposits grew by more than ***20%*** on an annual basis and their share to total deposits went above ***24%***. Garanti kept diversifying its funding structure by actively tapping alternative funding sources, with the aim of managing asset-liability duration gap and optimizing funding costs.

In 2015, Garanti kept taking successful steps, placing sustainable growth and profitability in its focus. The Bank pursued operations by further strengthening its solid capitalization on the back of internal funds created. Garanti maintained its capital ratios, which are Basel III compliant, at strong levels in spite of the significant depreciation in Turkish lira, the dividend payout during the reporting period, continued repressive effects stemming from regulatory requirements, and the negative effect originating from the market value changes in securities due to the volatile markets. At ***13.5%***, the capital adequacy ratio stayed well above the minimum regulatory ratio of ***8%*** and of the recommended ratio of ***12%***. At Garanti, common equity corresponds to ***95%*** of total shareholders' equity. With a common equity Tier 1 ratio of ***12.9%*** at year-end 2015, Garanti boasts the highest core capital ratio in the sector.

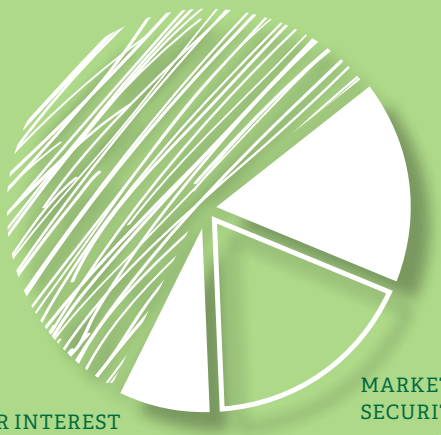
Garanti's recurring strong performance comes not as a result of ad-hoc steps, but of a long-lived and well-planned journey. The differentiating business model of Garanti supports the continuity of its successful performance. On the back of dynamic balance sheet management, Garanti successfully broadened its net interest margin, preserved its solid net fees and commissions base, and effectively managed its operating costs by maintaining its focus on efficiency even in a challenging year dominated by economic uncertainties and volatilities, and of ongoing repressive effects of regulations upon banking revenues. Garanti registered a return on average equity (RoAE) of ***14.5%*** and a return on average assets (RoAA) of ***1.6%***, excluding nonrecurring items.

Also in the period ahead, Garanti will be making decisions with an eye on the needs of future generations, and will keep fulfilling its share of the responsibility for a sustainable future. The Bank will move ahead with its vision of being the best bank in Europe, while remaining adhered to the outlines of its existing strategy.

KEY FINANCIAL INDICATORS AND RATIOS

Garanti, with its long-term sustainable growth strategy aimed at continuous value creation reached a consolidated asset size of TL ***279.6*** billion in 2015. Garanti's liquid balance sheet, sound asset quality, and strong capitalization are the reflections of its differentiated business model.

COMPOSITION OF ASSETS



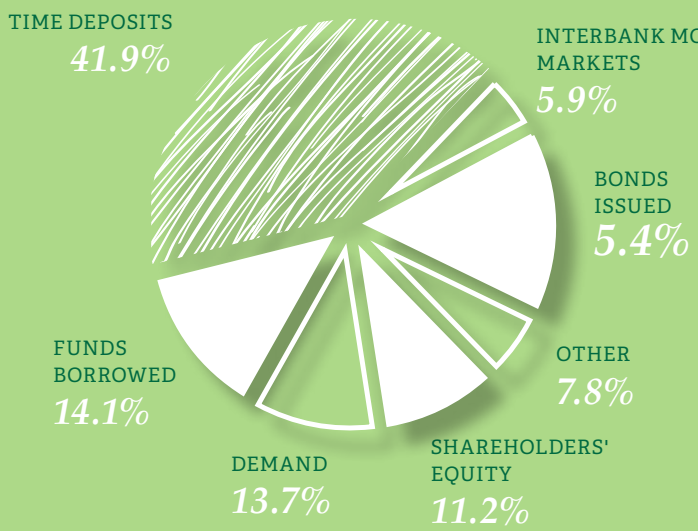
Strategically managed asset mix

Increasing share of customer driven assets

Disciplined and selective growth while preserving sound asset quality

Dynamically shaped marketable securities portfolio under volatile market conditions

COMPOSITION OF LIABILITIES



Comfortable liquidity level reinforced with effectively managed funding structure

Increasing contribution from deposits supported with long-term alternative funding sources

Capital strength supports long-term sustainable growth

Source: Based on BRSA consalidated financials.
Accruals are excluded.

KEY FINANCIAL INDICATORS AND RATIOS

Garanti, with its increasing customer focus in the asset-mix, prioritized risk-return balance, well-diversified and actively managed funding structure, strengthened capital base, and high sustainable income generation capacity, preserved its leading position in 2015.

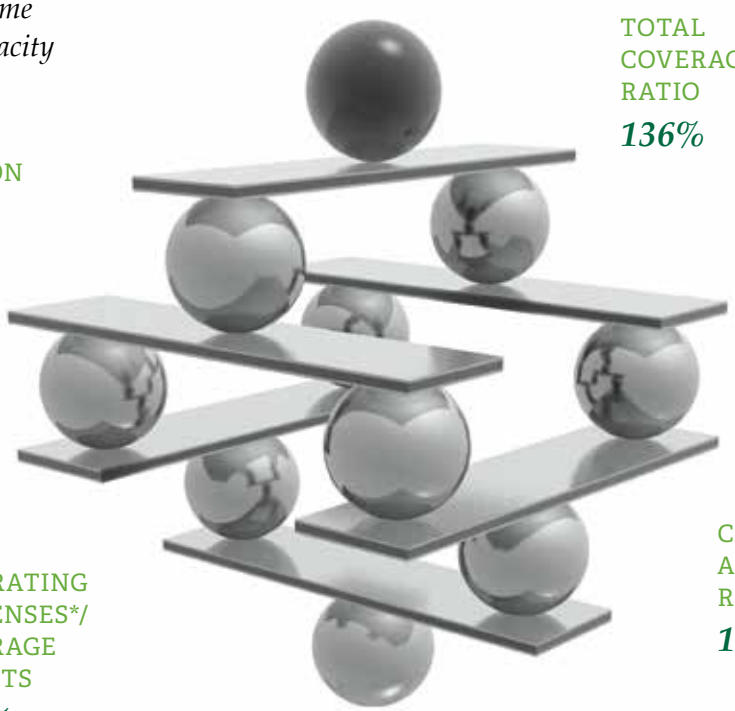
Highest ordinary banking income generation capacity

RETURN ON AVERAGE ASSETS*
1.6%

TOTAL COVERAGE RATIO
136%

Moderate growth and sound asset quality despite regulatory effects

RETURN ON AVERAGE EQUITY*
14.5%



NON-PERFORMING LOAN RATIO
3.2%

CAPITAL ADEQUACY RATIO
13.5%

OPERATING EXPENSES*/ AVERAGE ASSETS
2.3%

COMMON EQUITY TIER I RATIO
12.9%

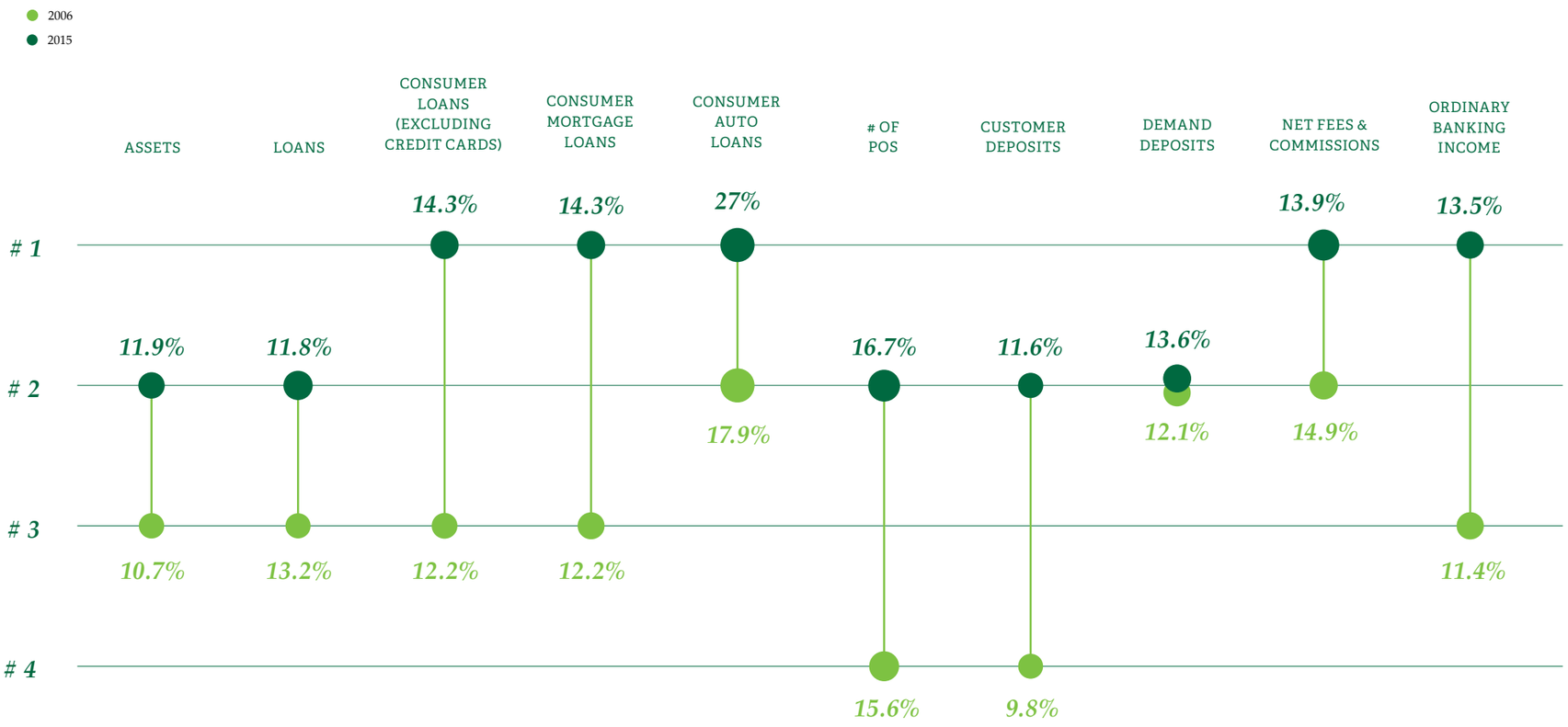
Strong capitalization supporting long-term sustainable growth

** Excluding nonrecurring items, on a comparable bases.*

Note: Based on BRSA consolidated financials.

GARANTI'S POSITION IN THE SECTOR

Garanti comments 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...



Note: Rankings are among private banks.
Source: Sector data are based on commercial banks only.
BRSA monthly data, BRSA weekly data, Interbank Card Center data.
Unconsolidated financials are used in market share calculations for fair comparison with sector.

TURKEY'S 2ND LARGEST PRIVATE BANK

with increasingly customer driven assets

With visionary investments forming the grounds of its inovative business model,

HEALTHY MARKET SHARE GAINS IN KEY PRODUCTS

Uninterrupted support to the economy via sustainable and healthy growth strategy

LEADER IN CONSUMER LOANS
LEADER IN MORTGAGES
LEADER IN AUTO LOANS

CUSTOMER DRIVEN, EXPANDING AND WIDE DEPOSIT BASE

Superior service variety resulting in a high level of Demand deposits / Total deposits >22% (*18%* sector ratio)

LEADING POSITION IN PAYMENT SYSTEMS

601 K POS terminals
#1 in the number of credit card customer market share ***14.5%***

11 BANKS IN TURKEY'S LARGEST CREDIT CARD PLATFORM

STRONG PERFORMANCE

Ordinary banking income supported with the successful business model

GARANTI BANK SHARE

Garanti Bank initially offered its shares to public in 1990 and has become ***the first Turkish company to offer its shares on international markets in 1993***.

Garanti's ***Depository Receipts*** are listed on the ***London Stock Exchange Main Market*** and OTC (Over-The-Counter) Markets in the USA. In 2012, Garanti participated in the prestigious tier of the U.S. Over-The-Counter (OTC) market, ***OTCQX International Premier***, where companies traded must meet high financial standards and an effective disclosure process. Having qualified in 2014 to join ***OTCQX® ADR 30*** Index launched by OTC Markets Group Inc. in cooperation with the Bank of New York Mellon, Garanti has established itself among the top 30 Depository Receipts traded on the OTCQX marketplace, selected based on their market capitalization, volume and liquidity. Also in 2015, Garanti has been named to the 2015 ***OTCQX® Best 50***, a ranking of 50 top performing companies traded on the OTCQX marketplace. With its superior performance in 2014, Garanti stands as the only Turkish company among the best 50 companies of OTCQX.

Garanti Bank has a market capitalization of TL ***30*** billion (USD ***10*** billion) as of the end of 2015 and is the most valuable company in Turkey. With a free float ratio of ***50.02%*** 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 daily*** turnover of TL ***836*** million (USD ***307*** million) and has BIST 100 turnover market share of ***22%*** in 2015. With a total foreign transactions turnover of USD ***34*** billion and having weight of around ***10%*** in BIST 100 and ***11%*** in BIST 30 makes GARAN the most traded stock by foreign investors.

Garanti's ***Depository Receipts*** program reached a size of ***116 million shares*** as of 2015 year-end. ***Foreign investors share*** in Garanti's actual free float of ***50.02%*** is ***88%*** with a composition that is spread to around ***40*** countries.

The institutional shareholder structure of Garanti by region is ***18.0%*** UK and Ireland, ***14.8%*** North America, ***5.0%*** Europe, ***2.8%*** Asia and ***1.7%*** Turkey. Garanti has more than ***57*** thousand individual shareholders that are registered in Turkey.

Garanti works towards continuously and noticeably increasing the value created for its stakeholders. During 2015, Garanti Investor Relations took part in ***25*** national and international investor conferences held in ***12*** cities in Asia, USA and Europe with the participation of the administrative team, in addition to one-on-one meetings with ***811*** international investment funds. Garanti organized live webcasts/teleconferences bringing its senior management together with the investor community in 2015, and made presentations on its financial results four times a year, as well as on its operating plan that described its future projections. The podcasts of these teleconferences were posted on the Investor Relations website. ***Investor Relations website*** and ***iPad application*** prepared both in ***Turkish and English*** for the convenience of Garanti's investors from all around the world enabling easy access to all the information they need, plays an important role in the proactive and transparent communication between Garanti and its stakeholders.

In 2015, Garanti became ***the only Turkish company*** to qualify for the ***Dow Jones SustainabilityTM Emerging Markets Index***. Garanti successfully integrated sustainability into all of its activities and banking operations by having qualified for the Dow Jones Index, on top of having qualified for the ***BIST Sustainability Index*** and ***BIST Corporate Governance Index*** in 2014 and successfully preserving its place this year after evaluation processes.

Note: Geographical distribution of institutional shareholders is based on IPREO Shareholder Analysis Report dated January 2016; the actual free float ratio, the share of foreign investors and the number of local shareholders are all based on MKK (Central Securities Depository).

SYMBOLS & CODES

ISTANBUL - *Borsa Istanbul*

SYMBOL: GARAN ***SEDOL:*** BO3MYP5
ISIN: TRAGARAN91N1
CUSIP: M4752S106

DEPOSITARY RECEIPTS LEVEL-1

LONDON - *London Stock Exchange*

SYMBOL: TGBD ***SEDOL:*** 2599818
ISIN: US9001487019
CUSIP: 900148701

NEW YORK - *OTCQX International Premier*

SYMBOL: TKGBY ***ISIN:*** US9001487019
CUSIP: 900148701

DEPOSITARY RECEIPTS - 144A

LONDON - *London Stock Exchange*

SYMBOL: 39IS ***SEDOL:*** 2557571
ISIN: US9001486029
CUSIP: 900148602

NEW YORK - *OTC Markets*

SYMBOL: TKGZY ***ISIN:*** US9001486029
CUSIP: 900148602

KEY INDICATORS

TL 30 Billion
Market capitalization constitutes *7%* of BIST 100
The most valuable company in Turkey

TL 15 Billion
Highest floating market capitalization in BIST 100

TL 836 Million
The most traded stock of BIST 100
22% market share in average daily turnover

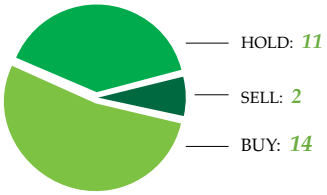
$ 33.7 Billion
Total foreign transactions in 2015
The most traded stock by foreigners

9.5%
Highest weight in BIST 100

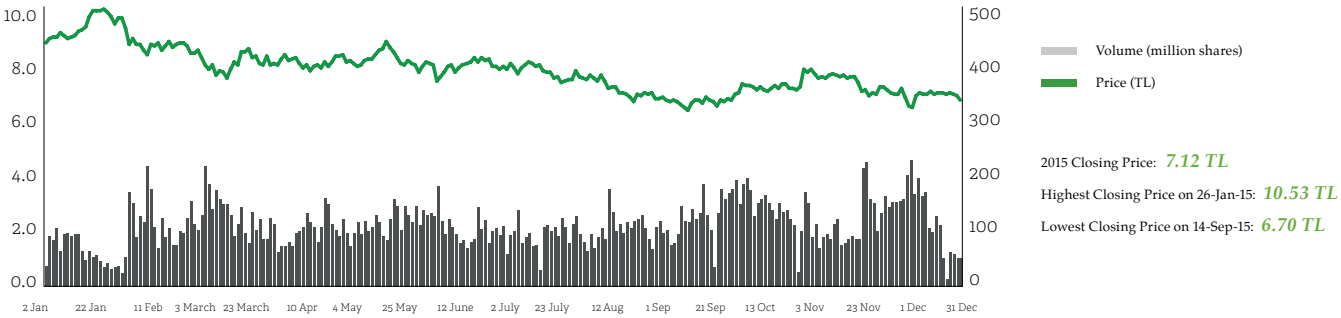
0.81
Earnings per share (TL)

EQUITY ANALYSTS' RATINGS

Garanti Bank shares are widely covered by analysts of leading domestic and international investment banks and brokerage houses. In 2015, *27* institutions have regularly issued research reports on Garanti. As of the end of 2015, *14* analysts had "BUY", *11* analysts had "HOLD" and *2* analysts had "SELL" recommendation on Garanti stock.



GARANTI BANK STOCK PERFORMANCE IN 2015



GARANTI BANK RATINGS

Garanti Bank is rated by Fitch Ratings, Moody's, Standard & Poors and JCR Eurasia. The Long Term TL and FC ratings of Garanti Bank assessed by Fitch Ratings, Moody's and JCR Eurasia Ratings represent investment grade. Garanti Bank is included in the Borsa Istanbul (BIST) Corporate Governance Index by achieving an overall corporate governance score of ***9.20*** assigned by JCR Eurasia Ratings for its superior compliance with Capital Markets Board Corporate Governance Principles.

Credit Ratings

FITCH RATINGS* (Outlook: Stable)

Long Term FC	***BBB***
Long Term LC	***BBB***

MOODY'S (Outlook: Negative)

Long Term FC Deposits	***Baa3***
Long Term LC Deposits	***Baa3***

STANDARD & POOR'S (Outlook: Negative)

Long Term FC	***BB+***
Long Term LC	***BB+***

JCR EURASIA RATINGS (Outlook: Stable)

Long Term International FC	***BBB***
Long Term International LC	***BBB+***

Corporate Governance Rating

JCR EURASIA RATINGS (Outlook: Positive)

Overall Compliance Score ***9.20***

Sections	*Weight*	*Score*
Shareholders	25%	9.07
Disclosure and Transparency	25%	9.25
Stakeholders	25%	9.23
Board of Directors	35%	9.25

You may find detailed information about Garanti's credit ratings in the consolidated financial statements 6.1.1 and unconsolidated financial statements 6.1, you may follow Garanti Investor Relations website www.garantiinvestorrelations.com, for recent information.

Below you may find more information on Garanti Bank's ratings and their definitions and all the rating actions taken in 2015.

Fitch Ratings

December 1, 2014: Affirmed Viability Grade "bbb-". Long Term FC and LC ratings and outlooks, Short Term FC and LC ratings and outlooks, National Long Term rating and outlook, and Support Rating have been placed on Rating Watch Positive (RWP). Fitch Ratings has explained that such decision was taken following an announcement made by Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A-/ Stable) on 19 November 2014 regarding the increase of its stake in Garanti Bank to 39.9% from the current 25%. Fitch stated that the revision of the SRFs reflects a reassessment of the Turkish sovereign's ability to provide support to the banks in foreign currency (FC).
June 16, 2015: Affirmed credit ratings and outlook announced on the report dated December 1, 2015, while they remained under "Positive Watch".
July 31, 2015: Upgraded Long-term Issuer Default Ratings (IDRs) to 'BBB' from 'BBB-', Short-term IDRs to 'F2' from 'F3' and National Rating to 'AAA(tur)' from 'AA+(tur)'. The Support Rating has changed to '2' from '3'. The ratings have all been removed from Rating Watch Positive. Upgrading Garanti's IDRs, National Rating and Support Rating, Fitch stated that the upgrade is a result of Fitch's belief that BBVA would provide support to its subsidiary, Garanti, if required. Fitch announced that the Support Rating Floor (SRF) was affirmed and withdrawn, as SRFs are only assigned to banks whose primary source of external support is considered to be the sovereign; this is no longer the case for Garanti.

National LongTerm Credit Ratings	AAA(tur)	'AAA' National Ratings denote the highest rating assigned by the agency in its National Rating scale 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.

Moody's

March 30, 2015: Agency changed its rating methodology. Affirmed credit ratings and outlook. Accordingly, agency affirmed Long Term LC and FC ratings at "Baa3", Short Term LC and FC ratings at "P-3", and outlook at "Negative". In addition, Moody's affirmed National Scale Rating (NSR) Long Term Deposit at "Aa3.tr", NSR Short Term rating are affirmed at "TR-1", and Financial Strength Rate at "D+".
September 28, 2015: Upgraded Adjusted Baseline Credit Assessment (BCA) to 'baa3' from 'ba1' and affirmed other ratings and outlooks.

Long Term National Scale Rating	Aa3.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	Baa3	Obligations are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Standard & Poor's

August 7, 2015: Affirmed credit ratings and outlooks.

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.

JCR Eurasia Ratings:

May 20, 2015: Affirmed Long Term International FC ratings at "BBB", Long Term International LC ratings at "BBB+", Short Term International FC rating at "A-3", Short Term International LC rating at "A-2", Long Term National rating at "AAA(Trk)", Short Term National rating at "A-1+(Trk)", Sponsor Support at "1" and Stand Alone rating at "A". Outlook affirmed as "Stable".

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.

JCR Eurasia Ratings Corporate Governance Rating

The CMB pursued a significant change regarding the methodology of calculation of compliance rating scores in the beginning of 2014. Based on the recent CMB legislation, the new scoring methodology consists of two stages in which companies are allocated a base and a full score. In the new system, companies are first assigned a base score with a maximum of 85 points determining their compliance with the rules and practices outlined in the Code. In the second stage, an additional 15 points may be awarded depending on the efficient implementation and value creation achieved through practices exceeding those specified in the principles. Practices not stated in the Code but determined by JCR Eurasia Rating as best governance practices are also taken into account in the assignment of additional points. The Code consists of four main sections; Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors, and these main sections' coefficients, which were determined by the CMB, are 25%, 25%, 15% and 35%, respectively.

Garanti increased its overall corporate governance score to 9.20 from 9.14 in JCR ER's report dated December 10, 2015 and continued to be included in the Borsa Istanbul (BIST) Corporate Governance Index for its superior compliance with Capital Markets Board Corporate Governance Principles. Increase in the score was due to improvement in the Stakeholders (to 9.23 form 9.05) and Board of Directors (to 9.25 from 9.15) sections.

PROFIT DISTRIBUTION

Our Bank ended its ***70th*** fiscal year with a profit of TL ***3,406,506,611.18***. 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 25, 2016 the distribution of gross cash dividend and conduct the operations regarding the issue.

Sincerely,
Board of Directors

2015 DISTRIBUTION OF THE PROFIT TABLE - (TURKISH LIRA)

Net Profit	3,406,506,611.18
A - 5% for the 1st Legal Reserve Fund (TCC 519/1)	0,00
B - First Dividend corresponding to the 5% of the paid up capital	210,000,000.00
C - 5% Extraordinary Reserve Fund	159,825,330.56
D- Second Dividend To Ordinary Shareholders	357,000,000.00
2nd Legal Reserve Fund (TCC 519/2)	35,700,000.00
The other funds have to be kept in the Bank	4,723,286.20
D - Extraordinary Reserve Fund	2,639,257,994.42

INFORMATION ON 2015 DIVIDEND PAYOUT RATIO

	Group	***Total Dividend Amount***		***Total Dividend / Net Distributable Profit***	***Dividend Per Share (Nominal Value: TL 1)***	
		Cash (TL)	***Bonus Share (TL)***	***Ratio (%)***	***Amount(TL)***	***Ratio (%)***
GROSS(*)	-	567,000,000.00	-	16.64%	0.13500	13.50000
NET	-	481,950,000.00	-	14.15%	0.11475	11.47500

(*) 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.



AWARDS

Garanti Named Among "Turkey's Most Ethical Companies"

Garanti was honored with the ***"Etika 2014 Turkey's Most Ethical Companies"*** award by Ethical Values Center Association (EDMER). Having responded to ***80*** questions in various categories including Reputation Management, Corporate Governance, Corporate Social Responsibility, Leadership, Creativity, Pioneering, and Compliance Management, Garanti earned the award for achieving a compliance rate of more than ***70%*** with the criteria EDMER set out in its questionnaire.

Garanti Claims Turkey's First Corporate Transparency Award

In Turkey's first "Transparency Awards" organized by Transparency International, a global civil society organization leading the fight against corruption, Garanti Bank won the ***"Corporate Transparency"*** award with its Investor Relations Website and iPad Application, two key components of the Bank's proactive, transparent and consistent communication the Bank with stakeholders.

Turkey's Best Bank For Sustainability

Having qualified for the A-list, the top performers group, in the CDP Climate Change Program, Garanti has been the only company to be included in the CDP Global Leaders Report, and earned the ***"CDP 2015 Turkey Climate Performance Leader"*** award for the second time.

Garanti received the highest scores among the companies included in the "Carbon Disclosure Leadership Index" evaluating companies disclosing their climate change strategies. Ranking among the ***5*** companies included in the top ***10%*** group of the index, Garanti was also honored with the ***"CDP 2015 Turkey Carbon Disclosure Leadership"*** award for the second time.

Garanti Bank received the ***"Bank of the Year Award-Turkey"*** in "Sustainability" category at ACQ Global Awards 2015.

Garanti was named the ***"National Champion"*** at the European Business Awards in the category of "Environmental & Corporate Sustainability".

Garanti won the ***"Silver"*** in the "Most Socially or Environmentally Responsible Company of the Year" category in the "Best in Biz" Awards 2015 International.

Gold Certificate For Human Centric Management

Based on the assessment made, Garanti became the first Turkish company to twice receive the ***"Gold Certificate"*** from Investors in People (IIP), the only international standard in the world certifying the quality of companies' HR practices.

Turkey's Best Retail Bank

Garanti was named ***"The Best Retail Bank of Turkey"*** by the World Finance Magazine, one of the world's eminent business and finance magazines.

Turkey's Best Commercial Bank

Garanti was named Turkey's ***"Best Commercial Bank"*** by the financial sector magazine International Finance Magazine.

Turkey's Best Trade Finance Bank

The Global Finance magazine named Garanti Bank the ***"Best Trade Finance Bank in Turkey"*** for the ***6th*** consecutive year.

Award for Supporting Agriculture and Farmers

Garanti Bank was deemed worthy of the ***"Agricultural Finance"*** award by the Turkish Agricultural Association for supporting farmers and the industry with innovative financial products.

The Best Project Finance House in EMEA

EMEA Finance, one of the most prestigious institutions in its field, named Garanti the ***"Best Project Finance House"*** in Europe, Middle East and Africa region for the third time in a row.

Garanti was presented with the ***"Project and Acquisition Finance Bank of the Year in Turkey"*** award by ACQ Global Magazine for the flexible and customer-centric solutions suggested in project and acquisition finance.

InterContinental Finance Magazine recognized Garanti as the ***"Most Trusted Project Finance House of the Year in Turkey"*** for its continued project finance support to customers.

Most Digitized Company in Turkey

Conducted by one of the world's leading management consultancy companies Accenture, with the support of Boğaziçi University, the Middle East Technical University, Turkish Informatics Foundation and Vodafone, the "Digitization Index" study found Garanti as the ***"Most Digitized Company in Turkey"***.

Garanti Website is the Best in Class in Interactive Media

Garanti website won the ***"IMA - Best in Class"*** award in "Banking" and "Financial Services" categories at the Interactive Media Awards.

Best Corporate Internet Banking in Turkey

Within the frame of the 16th edition of the "World's Best Corporate Bank Websites" assessment by Global Finance, Garanti was recognized as the ***"Best Corporate / Institutional Digital Bank in Western Europe"*** once again with its Corporate Internet Banking.

Two Awards for Mobile Banking

Garanti Mobile Banking was awarded in "Interface and Website Navigation" and "User Experience" subcategories in the "Mobile" category at the Felis Awards.

A Shower of Awards for Social Media Projects and Campaigns

"Will it be a goal?" project of Garanti received ***"Silver"*** at the Summit Creative Awards and ***"Crystal"*** at Crystal Apple, Turkey's most prestigious award in advertising.

"I Found" Instagram campaign of Garanti won ***"Silver"*** in the Digital Campaigns category at the Summit Creative Awards.

With its campaign "It's easy to get married with Pinterest", Garanti won ***"Gold"*** at the 10th Annual W3 Awards and ***"Bronze"*** in the "Best Use of Existing Social Media Platforms" category at the Digital Impact Awards.

Tele-Marketing Sales Training Claims Award of Excellence

With its "Tele-Marketing Mentorship Program", Garanti was honored with ***"Gold"*** in the "Best Use of Video for Learning" category at the Excellence in Learning Awards distributed since 1994 by the global research and analyst firm, Brandon Hall Group.

Gold Baykush Award From The Turkish Researchers' Association

Garanti was awarded ***"Gold Baykush"*** in the "Insightful Baykush" category within the frame of the Research Baykush Awards given out by the Turkish Researchers' Association (TUAD) for its qualitative research exploring gold consumption habits of the Turkish people.

Excellent Quality in Straight Through Processing

Garanti Bank received ***"Quality"*** awards from Wells Fargo, JP Morgan, KBC Bank and Commerzbank for achieving high Straight Through Processing (STP) volumes in USD and EUR money transfers. Garanti also earned the ***"Operational Excellence"*** award for the second time in a row from Wells Fargo for its high service quality.

Garanti Marks the Stevie International Business Awards

In 2015, Garanti Bank Customer Satisfaction Department was re-awarded *"Bronze"* in the "Best Customer Service Department of the Year" category for its efforts to constantly increase the value offered to customers at the internationally renowned Stevie Awards honoring superior performances in business.

Alo Garanti Voice Technology project brought Garanti *"Bronze"* in the categories of "Best Use of Technology in Customer Service" and "IVR or Web Service Solution".

Garanti Bank's Annual Report was honored with *"Gold"* in the "Best Annual Report" category for the clarity and power of messages, outstanding performance in design and creativity, and rich message content.

Garanti also received *"Silver"* in the "Best Investor Relations Website" category and *"Bronze"* in the "Business/ Government" category for the Investor Relations iPad Application launched this year.

Investor Relations Website Adds to its Achievements

Garanti earned *"Gold"* at the 2015 iNOVA Awards in the category of "Investor / Shareholder Relations". In 2015, over *100* companies from *13* countries competed at the iNOVA Awards recognizing the world's best corporate websites. The *"Gold"* award winner Garanti Bank Investor Relations Website was among the top scoring entries and has been praised for its user-friendliness and ease of navigation, the power of the message and written text, and the overall success in providing informative communications.

New Awards for Garanti Annual Report

In addition, Garanti 2014 Annual Report claimed *"Silver"* at the LACP Vision Awards, while receiving *"Honors"* in the "Illustration" category at the International ARC Awards organized by Mercomm.

Garanti Bank International - Leader in Profitability

GBI was ranked *"first"* and *"second"* in the Netherlands in "Return on Capital" and "Return on Assets" categories, respectively, in the July 2015 issue of The Banker magazine.

No Limits in Awards for Garanti Bank SA

Garanti Bank SA was recognized as the *"Best Consumer Digital Bank in Romania"* and *"Best Integrated Consumer Bank Site in Central & Eastern Europe"* at the World's Best Consumer Digital Banks Competition organized by Global Finance magazine.

At the annual Top Bankers Gala organized by Finmedia and Piata Financiara, Garanti Bank SA received the *"Deposits Dynamics"* and *"Loan Balance Dynamics"* awards in the deposits and loans categories, respectively. Garanti Bank Romania also made it to the Financial Leaders' Hall of Fame 2015 for *"Best Banking Strategy"*.

At the Oskar Gala organized by the prestigious Capital magazine, Garanti Romania ranked *"second"* out of *10* distinguished financial organizations in the "Best Financial Institution" category.

Garanti Pension Inundated with Awards

Garanti Pension has become the first pension company in Turkey to qualify for *"Gold"* accreditation from the Investors in People (IIP). Hence, Garanti Pension has been one of the four companies to be gold accredited by IIP in Turkey this year.

Evaluated by World Finance on the basis of various criteria including reinsurance, financial position, sustainable business model and customer communication, Garanti Pension was named the *"Best Life Insurance Company in Turkey"* in 2015.

Garanti Pension was also elected the *"Most Innovative Insurance Company"* by International Finance Magazine for its "Customer is Mine - Life" project entailing a new customer-centric sales model and technological novelties supporting sales.

Garanti Pension also received the *"Gold Stevie"* in the "Customer Services Team of The Year" category and the *"Silver Stevie"* in the "Customer Services Department of The Year" category at the Stevie International Business Awards.

Garanti Pension was named the *"Best Call Center in Turkey"* in the "Call Centers with Less Than 250 Seats" category at the Turkey Call Centers Award recognizing top performers in the sector and organized for the tenth time by IMI Conferences to encourage success and improve the quality in the sector.

Achieving a Corporate Governance Compliance score of *9.07* from TKYD (Corporate Governance Association of Turkey), Garanti Pension was honored with the *"Company With the Highest Corporate Governance Rating Award"* in the category of non-public companies.

At the ARC (Annual Report Competition) Awards, organized by MerComm and regarded as the Oscar of annual reports, Garanti Pension was awarded *"Bronze"* in the "Non-Traditional Annual Report" and "Interior Design" categories.

Garanti Pension's 2014 Annual Report was honored with the *"Silver"* award from LACP at the Vision Awards.

Garanti Mortgage Website is the Best in Class

Turkey's first mortgage loan website backed by a bank, www.garantimortgage.com, won the *"Award of Distinction"* in the Best Website Category at the 21st Communicator Awards, and the *"Award of Excellence"* in the "Online Video-How-To / Instructional" category with the "Step by Step: A Mortgage Story" published on its website.

Garanti Leasing's Quality Crowned with an Award

Garanti Leasing received the *"Golden"* prize in the International Star Awards for Quality ceremony for its sale and leaseback services, new and second-hand machinery services and advantageous packages and financial solutions offered to customers.

Based on the results of Capital Magazine's annual survey *"Most Admired Companies in Turkey 2015"*, Garanti Leasing was named ''The Most Admired Leasing Company in Turkey" for the *5th* time.

Best Factoring Company in the World

Garanti Factoring was voted the *"Best Factoring Company in the World"* by the Factors Chain International (FCI), achieving a "*99.5* percent - perfect" score, the highest score attained so far on the basis of criteria such as current service quality, correspondent relations, export volume and the number of export destination countries.

Outstanding Achievement Award to Garanti Fleet

Garanti Fleet's corporate website was granted *"Outstanding Achievement"* award in the "Automobile" category at the Interactive Media Awards (IMA) in 2014. Designed and developed by Garanti Fleet and powered by Garanti Technology, www.garantifilo.com.tr stood out with its functionality, extensive content and secure infrastructure.



LEADING THE SECTOR WITH INNOVATIVE APPLICATIONS

Closely watching worldwide trends and undersigning innovative applications and products, Garanti adapted to the mobile era and pioneered the sector in Turkey and in the world with its applications. Garanti has become the world's first bank to launch fast money transfer via mobile phones with its CepBank mobile banking application in 2015.

"Before anything else, preparation is the key to success. Concentrate all your thoughts upon the work at hand. The sun's rays do not burn until brought to a focus."

A. Graham Bell



Mobile phones, the hallmark of communication society, and the underlying technology advance rapidly. While mobile communication over GSM networks started in early '90s, technology norms began taking shape by early '80s.

The first step of the Global System for Mobile Communications (GSM) was taken in 1982. GSM infrastructure specifications were detailed by the EU in 1988, thus setting the mobile communication standards, leaving compliant mobile phones and base stations to be developed.

July 1, 1991 marked the first GSM call Finland PM Harri Holkeri made with Nokia gear over the local operator, Radiolinja. A large number of projects were in progress until this first-ever GSM call. The mobile phone was first conceived in 1973 by Martin Cooper. He designed the first hand-held mobile phone that weighed 1.133 kg and led the ten-year process that brought it to the market.

The first mobile phone call in Turkey occurred on February 23, 1994 between the 9th President of Turkey Süleyman Demirel and the then PM Tansu Çiller. The first GSM operator in Turkey became operational in March 1994.

Nokia 1011, the first mass-produced GSM phone, was released in 1992. The same year, the first SMS or text message was sent via a Nokia phone.



LEADING THE INNO APPLI

Closely watching world
products, Garanti adapte
the world with its applicat
money transfer via mobile

The first SMS in Turkey was sent in 1995, while use of Turkish characters in text messaging began in 2008. According to 2015 data of Information and Communication Technologies Authority, there are ***72 million mobile subscribers in Turkey***, which has a population of approximately 77 million. Internet usage from cell phones in the first 3 months of the year was 107,970 TBytes.

The rapid advancement of mobile phones and mobile technology paved the way for transformation in a number of industries. Closely watching worldwide trends and undersigning innovative applications and products, Garanti foresaw the advent of the mobile revolution. Garanti pioneered the sector in Turkey and in the world with its applications. It has become the world's first bank to launch fast money transfer via mobile phones with its ***CepBank*** mobile banking application in 2015.

This is the mobile age. According to Ernst & Young, the number of people executing banking transactions via mobile phones will double by 2017. The goal of Garanti is to ensure that mobile banking is embedded in users' lives not only via phones but anywhere with a screen while the user is on the move. Currently, Garanti Bank has ***2.5 million mobile customers***. Over 1.3 million clients per month, named "Mobile Only" customers, transact via cell phones only. Within 12 applications tailored for 8 different platforms, Cep Şubesi is positioned as the driver of mobile.

"Before anything else, preparation is the key to success. Concentrate all your thoughts upon the work at hand. The sun's rays do not burn until brought to a focus."

A. Graham Bell



RETAIL BANKING

309K BECAME CAR OWNERS / 386K BECAME HOMEOWNERS / 1.8 MILLION CONSUMER LOAN CUSTOMERS

Operating in the retail banking segment for **28** 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 **12.5** million retail customers with a retail sales and relationship management team of **2,600** people.

ACTIVITIES IN 2015

Consumer Loans

Garanti increased its share in the consumer loans market (excluding consumer credit cards) to **13%** and remained the biggest private bank lender to consumers.

Having disbursed general purpose loans (GPLs) worth TL **11.6** billion to nearly **1** million individuals in 2015, Garanti reached **11%** market share as of year end in GPLs.

In another successful year, Garanti preserved its leadership in mortgage loans with a total disbursement of TL **7.7** billion in 2015.

Retail Deposits, Saving and Investment

Garanti managed its deposit costs effectively, despite volatile markets and fluctuating exchange rates in 2015. Thanks to quality service and efficient use of digital channels, Garanti had a **20%** expansion in TL and FC time deposit products.

Having presented a new saving concept with the NET Saving Account product, Garanti introduced the NET Saving Account to its **260** thousand customers.

Garanti held the "Gold Collection Days", which were initiated in 2012 for regaining the gold coins kept at home for the financial system, at branches located in shopping malls during weekends, and secured **15%** of its volume through this channel.

Garanti launched SMART Funds which invest in a number of commodity market products in domestic and overseas markets. Garanti introduced SMART Funds to nearly **6,500** customers and reached more than TL **200** million in volume by the end of 2015. Fund merger action taken by the Bank on December 28, positively affected SMART figures.

Segment Banking

Placing special emphasis on sustainability in new customer acquisition, Garanti won **1.4** million new retail customers in 2015. The Bank continued to grow the number of its retail salary customers, which is pivotal in the preferred primary bank relationship in the case of customers working with multiple banks. Garanti, targeting to be the retirees' specific bank, increased the number of its pension customers by **31%** in 2015. The bank renewed its Mini Bank program and relaunched it under the name "Garantili Gelecek" (Future with Garanti) for parents seeking to take their children's future under guarantee.

PROJECTIONS FOR 2016

Amid an environment of constantly increasing regulatory requirements, Garanti will focus on improving efficiency in its processes, resource utilization, and customer relations in order to reach its sustainable profitability target. Accordingly, the Bank will gain a better insight into its customers' expectations, thus bringing them products and services aligned with their needs and attitudes. This customer-centric approach will take Garanti one step further in customer satisfaction and relations.

In keeping with the new banking trends, Garanti will concentrate on digitization and offer service with easy, redesigned processes. The Bank will aim to increase the share of digital channels in sales. Within the frame of these strategies, savings accounts, consumer loans and investment products will remain as key focal points in 2016.

Garanti will keep concentrating on saving and encouraging its customers of various profiles to save through different saving products. Another key area will be winning new customers from different segments, particularly in "Kids Banking", as well as in "retiree" and "youth" segments.

Garanti will secure increased penetration of payment/loyalty products attracting customers' cash flows to the Bank work towards end-to-end integration of the sales and services processes of these products.

Note: Consumer loan customers include auto&mortgage exclude overdraft loans.

Car&homeowners refer to unique customers with auto and/or mortgage loans until 2015YE.

PRIVATE BANKING

SECTOR'S BROADEST PRODUCT RANGE / 24% INCREASE IN ASSETS UNDER MANAGEMENT / MORE THAN 6,800 CUSTOMERS

Garanti Masters Private Banking further cemented its solid position in the sector with its innovative and dynamic structure, technology, experienced team and broad product range in 2015 that marked its ***10th*** year in the segment. Working exclusively with individual investors in line with quality service concept, Garanti Masters is managing assets for more than ***6,800*** clients through ***12*** Private Banking branches, seven of which are in Istanbul and five are in Adana, Ankara, Antalya, Bursa and Izmir.

Having increased assets under management by ***24%*** in 2015, Garanti Masters attributes this achievement to its competent and experienced human resources. A believer in sustainable growth strategy, Garanti Masters consolidates this strategy with management based in transparency and openness, as well as a service understanding focused on mutual trust.

With an asset management concept centered on optimizing the risk versus return balance, Garanti Masters Private Banking develops products that fit its clients' risk appetite, needs and expectations. Along these lines, structured deposit products continued to be offered allowing the Private Banking clients to generate returns on the changes in financial markets while furnishing principal guarantee for their TL or FC savings. Structured deposits sold amounted to TL ***427*** million and USD ***104.5*** million in total.

Standing out with its expertise and the privileges offered, Garanti Masters not only secures better returns for its clients versus other alternatives, but also renders non-financial services to add value to clients' lives by hosting events in various fields including economy, arts and sports.

With ***10*** years of successful track record coupled with innovative products and services carefully designed according to client expectations, Garanti Masters makes a difference in its segment with the private banking service it offers. Accordingly, the Yield Report introduced as a first in the sector in 2015 allows Garanti Masters clients a thorough and transparent monitoring of their portfolios on a real-time basis, as well as for any past date range.

ACTIVITIES IN 2015

» Garanti Masters Private Banking increased the assets under management, up by ***24%*** as compared with 2014.
» In 2015, Garanti Masters intermediated the sales of Structured Deposits and Corporate Bonds worth more than TL ***813*** million in total.
» ***260*** loans were disbursed, which were worth TL ***78.1*** million in total.

PROJECTIONS FOR 2016

The volatility that infected the markets in 2015 has once again demonstrated the importance of receiving private banking service from qualified and experienced institutions and people. In 2016, Garanti Masters Private Banking will sustain its proven strategy in fulfilling client needs and expectations amid volatile market conditions with its broad product range, customer-centric service model and integrated services.

Through "Structured Notes" that will be introduced in the coming year, Garanti Masters will present qualified investors with various maturity and investment options including, commodity, FC, bonds, bills, options, forwards and similar financial asset-backed alternatives. In an increasingly competitive environment driven by the growth of the private banking segment in the world and in Turkey, Garanti Masters will keep exercising the same diligence for differentiating all of its products and services.

HOUSING FINANCE

TOTAL HOUSING LOANS WORTH TL 18.8 BILLION / MORE THAN 67,000 PEOPLE BECAME HOMEOWNERS WITH GARANTI'S LOANS IN 2015 / BROADEST PRODUCT RANGE IN TURKEY WITH 21 PRODUCTS

Garanti Bank continues standing by its customers through every step of the home purchasing process in order to keep producing new happy mortgage stories. Garanti is leading the field with 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 necessary information, and the 444 EVIM call center responding to customers' housing loan questions 24/7.

The housing loan sector kept expanding in 2015 and despite the intense competition Garanti outgrew the sector, reaching ***14.3%*** market share. The consumer housing loans portfolio grew by ***21%*** to top TL ***18.8*** billion.

ACTIVITIES IN 2015

Garanti kept offering the best service to its customers on the back of Mortgage Expertise Certificate Training courses organized since 2007.

Continuing to differentiate with its expertise rather than competitive pricing, housing loan customers financed by Garanti reached ***477,000***.

With rapidly growing number of participants in its ***3rd*** year, "Garanti Mortgage Secures Retirement for Real Estate Agents" campaign kept supporting communication with real estate offices using effective field sales management.

As well as large scale projects in view of the conjuncture, Garanti strove to increase its performance in development financing activities driven by new collaborations with construction firms, incorporated housing projects developed by new small or medium sized contracting companies, with special focus on EGYO (Emlak Konut REIT) and Urban Transformation projects.

In 2015, with new financing models developed and turn-key urban transformation project initiated, Garanti intermediated interest-backed borrowing demands of individuals and institutions within the framework of urban transformation projects. In 2016, Garanti will continue to work on the inclusion of new projects and the increase of retail housing loan disbursements supporting urban transformation.

With a non-performing loan ratio of ***0.40%*** in mortgage loans as of 2015 year-end, Garanti is leading the peer group of banks with the lowest NPL ratio in the sector.

PROJECTIONS FOR 2016

Despite the foreseen market conditions characterized by volatilities and intense competition, "Garanti, the Mortgage Expert" will keep differentiating through its expertise and speed. Garanti will maintain its sector leadership by increasing the efficiency across all distribution channels, and connecting to all the customers who have interacted with Garanti through any channel.

CONSUMER FINANCE

107% RISE IN LOANS VIA ONE STOP SHOP SYSTEM / 27% SHARE IN THE INTERBANK MARKET IN CONSUMER AUTO LOANS / 20% SHARE IN THE INTERBANK MARKET IN TOTAL AUTO LOANS

The Consumer Finance Department was established in 2013 to provide integrated solutions to the dealer-auto loans value chain.

The main aim is gaining new customers and granting auto loans via branches, dealers and digital channels, while offering products and process solutions to dealers.

ACTIVITIES IN 2015

Garanti Bank who conducted first and unique dealer oriented structure, raised ***23%*** the number of auto loans in 2015.

In 2015, among banks, Garanti Bank raised;

» Its auto loans market share to ***20%***
» Its consumer auto loans market share to ***27%***

Thanks to the digital channel development strategy, auto loans via One Stop Shop System (OSS) increased ***107%*** compare to 2014.

Automik, an application allowing to lead over Facebook, has been launched.

PROJECTIONS FOR 2016

The goals of the Consumer Finance Department for 2016 include the following:

» Providing commercial financing solution products to dealers,
» Developing faster and easier auto loan processes,
» Being market leader in the commercial auto loans by offering tailor-made solutions to customer needs,
» Marketing auto loans and dealer finance products in an integrated structure,
» Widening costumer segment scope by focusing OSS Used Car.

SME BANKING

TL 53.9 BILLION BANKING VOLUME / TL 20 BILLION TOTAL CASH LOAN VOLUME

Having reorganized head office, regional offices and branches for SMEs, Garanti continues to act as the "Guarantee of SMEs" and the "Future Guarantee of Tradesmen" with its pioneering and innovative initiatives. Under SME Banking, Garanti serves businesses with a turnover of up to TL *8* million and their shareholders. Garanti makes a difference with its dynamic organizations specifically tailored for SMEs.

As well as offering a broad range of products fulfilling needs of SMEs, tradesmen and new business owners operating in various sectors, Garanti, with a focus on efficient growth, carries SMEs to the future with its innovative approach that supports digitization of SMEs.

ACTIVITIES IN 2015

In 2015, Garanti SME Banking worked towards increasing its share in the sector and satisfying the diverse needs of SMEs. To this end, the Bank had a productive year acquiring new customers in all segments.

- Banking volume and total cash loans reached TL *53.9* billion and TL *20* billion, respectively.
- New installment commercial loan support worth TL *6.7* billion was extended to SMEs.
- Total lending to women entrepreneurs reached TL *2.8* billion.
- Credit exposure to SMEs in agriculture sector reached TL *1.3* billion, number of customers neared *31,000*.
- Number of applications received for GarantiPartners, a startup accelerator program launched in February, reached *569* and *12* entrepreneurs were entitled to take part in the program.
- *116* producers attended training sessions on vocational and personal development held in Konya within the frame of the program "Supporting Family Farmers for Agricultural and Rural Development", a collaborative initiative of Garanti, Food and Agriculture Organization of the United Nations (FAO) and Boğaziçi University Lifelong Learning Center.
- Investments using solar energy for agricultural irrigation were financed with modern irrigation system loans.

PROJECTIONS FOR 2016

In 2016, Garanti will keep contributing to economy through financing SMEs, the driving engine of 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 the forefront. Being the Bank of SMEs, Garanti has the following goals:

- Support digital transformation of SMEs so as to help them use IT technologies efficiently,
- Improve information and advisory services so as to provide SMEs with easier access to information, as well as provide tools to improve their marketing skills,
- Design solutions for diverse needs of SMEs 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 product suppliers and firms taking place in agricultural value chain to work with models corresponding to relative cycles of sub-sectors in line with regionally varying demands and requirements,
- Facilitate access of women entrepreneurs to financing, execute free-of-charge educational collaborations to ensure sustainability, encourage them to realize their full potentials,
- Cooperate with national and international financial institutions to give 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.

Note: 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.

COMMERCIAL BANKING

FOCUS ON PRODUCTIVITY / 28% EXPANSION IN TL CASH LOANS / COST MANAGEMENT

With a customer-centric approach to banking based on a win-win relationship with the customers, Garanti Commercial Banking offers service to ***51,497*** customers with its sales team of ***764*** people specialized in relationship banking in ***229*** branches, ***22*** of which are commercial branches.

Its processes differentiated on the back of flexible and swift solutions supported with robust technology, dynamic organizational structure and effective risk management are the pillars of Garanti's sustained performance in commercial banking.

ACTIVITIES IN 2015

Retaining its title as the first address in commercial banking in 2015, Garanti Commercial Banking was prominent with

» ***28%*** in TL cash loans,
» ***41%*** in demand deposits and
» High asset quality and low NPL ratio.

Its effective lending policy combined with risk-focused pricing, loan volume amounting to TL ***85*** billion and asset quality have been the key drivers of the successful performance of Commercial Banking in 2015.

Garanti Commercial Banking increased its focus on medium-sized customers with its redesigned service model, and continued to extend sound and sustainable support to its customers effectively in the highly competitive environment of 2015. Taking ***31%*** share out of the Bank's total working volume, Commercial Banking created sustainable and long-term value for other business units and subsidiaries, as well. With a cross-selling ratio that is quite higher than sector average, Commercial Banking created business opportunities and working volume also for the Bank, other business lines and subsidiaries, while penetrating in-depth in its customers.

PROJECTIONS FOR 2016

Aiming to remain as the main bank of its customers in 2016, Garanti Commercial Banking will carry on with, and further improve, fast and result-oriented process management with its organizational structure that is simplified in line with the changing market conditions. Drawing on its new organizational structure, Commercial Banking will make sure that its customers receive the right service from the right people at the right point, thus further enhancing customer satisfaction and productivity per person.

With the support of the lately set up Multinational Customers and Global Coordination team, Commercial Banking is taking firm steps to become a global bank drawing on the support and synergy of BBVA, its majority shareholder, in order to get increasing share from this segment and realize its full potential.

Garanti Commercial Banking will continue to satisfy customer needs at best with its customized solutions for topics requiring sectoral and/or regional expertise, and will remain the primary solution partner of its customers in specialty projects. Backed by its technological infrastructure, qualified human resource and robust capital structure, Commercial Banking will continue to be the strong and stable business partner of commercial companies in every environment, while remaining the main bank of target companies.

In 2016, Commercial Banking will evoke strength and support to its customers while preserving its reliable and stable stance and keep working to give them the best customer experience in the sector as it did in previous years.

CORPORATE BANKING

CREATIVE SOLUTION PARTNER / CUSTOMIZED AND HOLISTIC SERVICE CONCEPT / INCREASING CUSTOMER ENGAGEMENT

Garanti provides Corporate Banking services to the major Turkish conglomerates and multinational corporations operating in Turkey.

The unchanging pioneer and leader in this field for ***20*** years, Garanti is considered as the primary business partner by corporate customers. Effective customer relationship management and solution-oriented approach play an important part in Garanti's reinforced leadership in this business line.

Garanti offers service with its proficient team in its ***4*** exclusive corporate branches, three in Istanbul and one in Ankara. With the synergy created, the Bank offers the products and services that will cater to all banking needs of corporations as a whole. With this holistic service concept, Corporate Banking incorporates the dealers, suppliers, employees and shareholders of its customers among service recipients from Garanti Bank, and becomes an integral part of Garanti's strategy to create long-term, sustainable value.

Having built its primary strategy on the notion of customized approach and having established its organization and business model accordingly, the way Corporate Banking looks at customer relations is the key that renders its performance sustainable.

ACTIVITIES IN 2015

Fulfilling customer expectations rapidly and effectively in the highly volatile market conditions of 2015, Garanti Corporate Banking continued to function as the main solution partner of corporates. Supporting its innovative customized product and service approach with its constantly upgraded technology, Garanti further enhanced customer loyalty with the superior banking experience it has offered.

PROJECTIONS FOR 2016

Garanti, backing its experience and competitive edge in corporate banking with its customer-centric and innovative business perspective, will continue to convert its potential in this field into performance in 2016.

CASH MANAGEMENT AND TRANSACTION BANKING

MARKET LEADER
103,300 BUYERS IN DCS / 15.3% SHARE IN INTERBANK MONEY TRANSFERS / 21.8% SHARE IN THE SWIFT MARKET LEADER

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. The first bank to recognize and invest in the field of Cash Management by establishing a dedicated department in 1996, Garanti keeps breaking new ground in the sector.

Thanks to its solid technology, Garanti became the pioneer bank to offer new products and services such as the first direct collection system in Turkey in 1997, followed by the first tax integration and the first supplier financing system. Parallel to the new banking era that started in 2008, which put core banking services in the forefront, Garanti added Transaction Banking to its Cash Management functions. Since 2011, Garanti has been offering privileged service specifically designed for cash management needs of its foreign customers via MNC Desk (MultiNational Corporation Desk).

Garanti offers payment and collection methods tailored to the needs and business models of its customers, and delivers new financial solutions for the entire supply chain with its dynamic structure and innovative perspective.

ACTIVITIES IN 2015

In 2015, Garanti Cash Management and Transaction Banking continued to furnish quality service while working to fulfill customer needs with ***35*** products offered.

Being the first to implement the Direct Collection System (DCS) in Turkey, Garanti remained the leader with ***43,000*** buyers/receivers in B2B (business to business) and ***60,300*** in B2C (business to customer), and with more than ***550,000*** trips to ***2,850*** destinations, backed by quality service and comprehensive logistics support on the Cash Collection side.

During 2015, Garanti Cash Management and Transaction Banking continued to offer the solutions its customers needed in collection and payment processes, and sustained its undisputed leadership in the sector with a ***15.3%*** market share in EFT transactions. The leading position was preserved with ***21.8%*** share in the Swift market and ***11.8%*** share in collection checks.

E-solution processes remained in the focal point of the activities of Garanti Cash Management and Transaction Banking in 2015. Various projects were carried out in different fields including e-government, e-invoice, e-ledger and e-signature. New business models were launched for the mobile payments world. In addition, investments went on to upgrade the local and international payment infrastructure. As a result, Garanti Connect has been launched in 2015, enabling global customers of Garanti to use the internationally accepted payment infrastructure standard SWIFT FileAct.

PROJECTIONS FOR 2016

In the year ahead, Garanti Cash Management and Transaction Banking intends to concentrate on alternative financing solutions by taking advantage of the new regulatory arrangements, as well as advancements in technology, with a special emphasis on Garanti Discount, a web-based supplier finance system introduced as a first in the sector in 2007, and DCS Discount included in its product portfolio in 2012. While 2015 marked Garanti's debut in the foreign supplier finance transactions, the Bank aims to grow in this field as well in the coming year. 2016 will also see e-transformation gain speed, integration of such solutions as e-invoice, e-ledger and e-signature into the Bank processes at an increasing rate, and introduction of new products. The business line aims to meet customers' local and international payment needs much more efficiently as a result of investments in the payment infrastructure.

PROJECT FINANCE

$ 3.5 BILLION FINANCING TO PROJECTS IN 2015 / TOTAL EXPOSURE OF $ 12.5 BILLION / LEADER IN WIND ENERGY FINANCING WITH 35% MARKET SHARE

In 2015, Garanti continued to support Turkey's sustainable growth with its project finance loans. Despite increasing competition, the Bank secured loan commitments worth approximately USD *3.5* billion in project and acquisition finance, up *27%* year-to-year. Due to scheduled repayments and prepaid loans, total project finance exposure declined from USD *13.6* billion to USD *12.5* billion in the twelve months to end 2015.

ACTIVITIES IN 2015

As large-scale infrastructure projects gained the foreground in 2015, Garanti maintained its strong standing in project finance transactions, not only as a creditor, but also taking on lead roles of coordination and structuring.

Energy

Garanti remained as one of the leading banks in the energy sector during 2015. With approx. USD *1* billion of funds provided to energy projects, total financing allocated to this sector so far amounted to USD *11* billion.

In 2015, small/medium scale renewable energy projects took the forefront in the energy sector. Garanti provided above USD *800* million financing to renewable energy projects with a capacity totaling more than *800* MW. With USD *600* million financing allocated to wind projects with a total capacity of *400* MW, Garanti retained its leadership in this field with a *35%* market share.

Garanti participated in the financing package extended to Zorlu Doğal Elektrik Üretimi A.Ş. for the financing of the *90* MW Kızıldere-3 geothermal project and the refinancing of its existing *200* MW renewables portfolio, representing one of the largest financings of 2015 in the energy sector with USD *815* million. With a contribution of USD *252* million, Garanti was a lead arranger in this transaction.

Other highlights of the reporting period of 2015 were the USD *211* million financing provided to *180* MW wind portfolio investment of Borusan EnBW, and USD *70* million allocated to Crescent Capital's acquisition of the *91* MW Akocak&Çanakçı HEPP.

Acquisition Finance

Garanti contributed EUR *277* million to the EUR *930* million package provided to Migros.

A EUR *200* million loan was allocated to Eti Bakır for the financing of an integrated fertilizer plant investment in Mardin and the capacity increase of a copper processing plant in Samsun.

With a ticket of USD *200* million, Garanti participated as a lead arranger in the USD *500* million syndication loan provided to Acıbadem Sağlık.

Garanti provided a EUR *120* million structured facility to Anadolu Group for the acquisition of *40.25%* of the shares in Migros.

In 2015, Garanti continued financing acquisitions by extending loans worth USD *1* billion, while the ones mentioned above headlined the year.

Transportation and Infrastructure

Garanti committed USD *551* million and EUR *300* million to Gebze-Izmir Motorway and Istanbul New Airport projects, Turkey's two largest project finance transactions to date with respective loan amounts of USD *5* billion and EUR *4.5* billion.

Garanti is providing EUR *204* million to the EUR *890* million financing made available to Bilkent Integrated Health Campus (*3,704* beds) that represents the largest city hospital project developed under the PPP (Public Private Partnership) scheme.

PROJECTIONS FOR 2016

2016 seemingly offers a more positive setting for the investors with the political uncertainty now dispersed following the cautious atmosphere that resulted from the election environment that lasted from early 2014 to the end of 2015. PPP-based infrastructure projects led by motorway and city hospital investments, renewable energy projects and privatizations of EUAS (Electricity Generation Company) HEPP are anticipated to dominate the agenda in the years to come. The acquisition market will also possibly see some action in the year ahead.

Garanti aims to maintain its strong position in project and acquisition finance in 2016.

PAYMENT SYSTEMS / DEBIT AND CREDIT CARDS

LEADER WITH 6.2 MILLION CREDIT CARD CUSTOMERS / LEADER WITH TL 8.4 BILLION CREDIT CARD RETAIL VOLUME / LEADER WITH 9 MILLION PLASTIC CREDIT CARDS

With approximately ***19*** million cards in the total number of debit and credit cards and over ***6*** million credit card customers, Garanti maintained and further strengthened its value offer "the most popular, the most used and the most bonus points-earner" in 2015.

In payment systems and credit cards, Garanti finished 2015 by cementing its leadership in a number of areas:

- Leader in the number of credit card customers with ***6.2*** million,
- Leader in the number of plastic credit cards with ***9*** million,
- Leader in credit cards retail volume issuing with ***21%*** market share,
- Leader in contactless credit cards issuing volume with ***53%*** market share,
- Leader in credit cards issuing cash volume volume with ***24.4%*** market share,
- Leader in e-commerce volume with ***23%*** market share,
- Leader in international credit card issuing volume with ***37.5%*** market share.

Retaining its leadership on the basis of market share in all areas, Garanti remained the market's pioneer bank that places emphasis on customer depth and management.

ACTIVITIES IN 2015

With over ***1.5*** million followers on Facebook, Bonus continues to be the most popular and most followed banking product in Turkey and in Europe. It has become the ***3rd*** most followed brand in Turkey, not only in credit cards but in the entire financial services category.

In the field of Payment Systems, expansions secured in the products of Cash Advance, 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, and the new channels of utilization such as Internet Banking branch served to sustained leadership in market share in cash market and also contributed significantly to overall profitability.

By resolving customer issues and ensuring customer satisfaction, approximately ***2*** million cards were recovered for the card portfolio.

Credit cards with American Express brand continued to increase their penetration in the Turkish market.

The number of American Express cards went up by ***40%*** year-over-year and topped ***50,000***.

Cards bearing the American Express logo are now welcome at more than ***1*** million points in total, in ***500,000*** points of sale belonging to Garanti.

The number of Miles&Smiles branded credit cards went up by ***25%*** year-over-year and reached ***971,000*** cards.

In 2015, Miles&Smiles credit cards gave away ***10%*** more miles to users as compared with the previous year.

Bonus Card Platform

The Bonus Card Platform, the largest card platform in Turkey, allows the customers of ***10*** other banks to use the Bonus brand. The platform covers DenizBank, TEB, Garanti Bank SA, Şekerbank, ING Bank, Türkiye Finans Katılım Bankası (TFKB), Burgan Bank, ABank, ICBC Turkey and Fibabanka. The Bonus Card Platform closed 2015 as the leader with a market share of ***30%*** in terms of turnover.

PROJECTIONS FOR 2016

Working toward the goal of "A Garanti Card in Every Pocket", Garanti Bank aims to achieve its target of creating a "cashless society in Turkey" by 2023 by expanding the market and by adding new links to the chain of leaderships it has sustained in 2015. In 2016, Garanti has the following targets;

- Introduce new features addressing the needs of different segments to become the main card used by customers,
- Follow-up new technology and new trends to offer "first"s to its customers so as to make life easier for them,
- Retain market leadership in cash products through solutions catering to customer needs,
- Sustain and further accelerate the growth trend in commercial credit cards.

BRANCHLESS BANKING / DIGITAL CHANNELS

DIGITAL CHANNELS USED FOR 87% OF FINANCIAL TRANSACTIONS / 2.5 MILLION ACTIVE MOBILE BANKING CUSTOMERS / 4 MILLION ACTIVE DIGITAL BANKING CUSTOMERS

Garanti Digital Channels enables **4** million digitally active customers to execute any banking transaction any time, anywhere, with approximately **4,500** Paramatik ATMs an award-winning Call Center, its Internet Banking that has been leading novelties, and its Mobile Banking platform.

Aiming to offer its customers an instant, convenient and uninterrupted experience, Digital Channels remains the leader of digital banking year after year. The Bank pursues its activities with the goals of gaining an insight into customer expectations and needs; employing metrics effectively in product and service development; monitoring technological innovations and trends closely to digitize its banking transactions and financial services; and 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.

ACTIVITIES IN 2015

While **66%** of all transactions were executed through digital channels in 2004, this ratio reached **87%** in 2015.

Internet Banking

Featuring more than **500** transactions and having over **2.7** million active customers, Internet Banking has been instrumental in the execution of more than **10** million financial transactions on a monthly basis during 2015, while total number of transactions per annum went up to the order of **120** million. While **22%** of time deposit accounts have been opened through online banking, the rate of GPL disbursement that are finalized on online banking has reached **8%** by the year end.

Mobile Financial Services

The number of monthly transactions carried out with Mobile Banking reached **7** million and that of active customers **2.5** million. The number of active mobile banking customers grew by **53%** in the twelve months to end-2015.

Paramatik ATMs

Facilitating more than **200** different transactions in addition to cash withdrawals, the Paramatik network reached **4,500** ATMs in 2015. The ratio of cash deposits to cash withdrawals from Paramatik ATMs was **105%**. While **230** million transactions per year were carried out from Paramatik ATMs, users who do not have an account with Garanti executed more than **16** million transactions using the cardless menu.

Alo Garanti

Alo Garanti, with more than **4.5** million inbound calls, continued to introduce novelties using speech technologies. Following the 2013 launch of the Call Steering system, an unprecedented initiative in the Turkish financial services sector, 2014 marked the inception of the Speech Transactions era. Speech Transaction functionalities allow handling of many transactions just by speaking, including balance inquiries, change of statement closing week, credit card debit inquiries, current period purchases, etc.

iGaranti

Providing guidance and offers depending on the user's current time, place and situation, iGaranti was launched targeting youngsters and young professionals. iGaranti users began effecting money transfer and FX selling and buying by voice with natural speech. iGaranti reached **375,000** customers in 2015, during which innovations continued.

PROJECTIONS FOR 2016

Garanti formulates both the channel experience and the inter-channel flow based on the omni-channel strategy it has espoused.

Garanti Digital Channels will continue to further develop this structure on every possible platform in 2016. Still, mobile devices will remain at the heart of this whole experience. Having upgraded its applications through service developments not requiring logging in to the Mobile Banking platform and through collaborations with major business partners such as Apple in 2015, Garanti Digital Channels will continue to follow-up and implement all new technologies, putting mobile in its focus, and maintain its leadership in digital channels.

SOCIAL PLATFORMS MANAGEMENT

TURKEY'S AND EUROPE'S MOST FOLLOWED FINANCIAL INSTITUTION ON SOCIAL MEDIA / AUTOMIK: FACEBOOK APP FOR IDENTIFYING THE MOST SUITABLE CAR FOR A USER

With the target of managing brand awareness and corporate reputation under the leadership of the Social Platforms Management unit set up in 2012, Garanti is active in ***17*** different social media platforms with ***47*** social media accounts, and remains the most efficient user of social media among financial institutions.

Aiming to give its customers and followers direct access to innovative products and services addressing their needs, Garanti continues to lead the sector, being the most followed financial institution on social media in Turkey and in Europe.

"GarantiyeSor" (Ask Garanti), the first Social Media Customer Satisfaction Team offering service 24/7 in the Turkish banking industry, shoulders ***8%*** of the workload of Garanti Call Center.

Through Europe-first services like Garanti Link in which user can link their social media accounts to their banking profile, Garanti designs special campaigns specific to social media by considering the customers' profiles and their needs and wants.

Garanti uses social media as an active and efficient channel for lead collection, and triggers mobile banking app downloads and receives loan applications through effective use of ads on these platforms.

ACTIVITIES IN 2015

Garanti authored many firsts and achievements on social platforms also in 2015:

- Garanti remains the financial institution with most followers in Turkey and in Europe with a total of over ***4.5*** million followers on ***17*** different platforms and over ***1.5*** million followers on Facebook.
- GarantiyeSor team responds to user queries and comments on social media within two hours maximum, and offers service 24/7. GarantiyeSor takes on ***8%*** of Customer Satisfaction services.
- Garanti allows its customers to file applications directly for more than ***10*** products through its Facebook apps.
- The Automik app available on Garanti Bank Facebook page facilitates a test where users can find cars that best suits them, while helping users make their dreams come true with advantageous loan rates.
- Garanti Bank offers social media-only campaigns tailored to meet user needs and interests for customers who connect their social media accounts and banking profiles via Europe - first Garanti Link programme.
- Garanti enables logging into its website through social media accounts, thus allowing users to personalize the website.
- Garanti uses social media to publicize, and to facilitate the downloading of, mobile applications like iGaranti and Cep Şubesi, in keeping with the constantly increasing use of mobile devices.
- With the aim of capturing customers on any platform, and to increase engagement, Garanti devises creative and fun ways and organizes contests on different platforms including Twitter, Foursquare, Instagram, Vine, Snapchat, Pinterest, and Periscope to promote its sponsorships and events.
- Through the Women Entrepreneurs Platform created on Facebook, Garanti presents women entrepreneurs with the facility to get information about the Bank, to access useful and important information that will help them build on their businesses, and to apply for the "Women Entrepreneurs Competition".

PROJECTIONS FOR 2016

In 2016, Garanti aims to sustain its leadership on social networks. While using social media channels in a creative and pioneering fashion, the Bank will continue with advertisement management for presenting the right product to the right person through effective ad targeting via these channels.

The unit also plans to increase customer interaction and dialogue through innovatively designed creative competitions and campaigns, while increasing efficiency on other social networks besides Facebook and Twitter.

In 2016 it is aimed to expand the scope of GarantiyeSor Service, the customer service of Garanti Bank on social media, in order to convert social media into an alternative customer care channel.

CALL CENTER

69.4 MILLION CUSTOMER CONTACTS / SECTOR'S LEADER WITH AN AVERAGE RESPONSE TIME OF 32 SECONDS / 3.8 MILLION PRODUCTS SOLD

Constantly pioneering initiatives that steer the sector, Garanti Bank Call Center has been consistently and successfully performing on the back of its solid technology, dynamic and competent employees, innovative and customer-centric approach to service in a bid to give its customers a seamless experience ever since its establishment in 1998.

In 2015, Garanti Bank Call Center continued to make a difference with its financial products portfolio and customer solutions based on pinpointed analysis of customers' changing needs, and handled ***14.8%*** of all the calls in the sector with its qualified team of ***1,230*** agents. The unit preserved its position as the "sector's leader" with an average response time of ***32*** seconds.

ACTIVITIES IN 2015

Garanti Bank Call Center, Turkey's largest financial call center in 2015 with ***69.4*** million customer contacts makes a pronounced difference in its sector with a call response rate of ***97.7%***, the key service performance and customer expectation indicator.

After providing its customers with the facility to directly reach the requested service by uttering a single remark with the Call Steering system, Garanti Bank Call Center offers all the advantages of the Automatic Speech Recognition (ASR) technology for its customers' use in 2015. This new feature allows customers to specify and directly complete the transaction of their choice. Blending the solid technology at its disposal with its customer-centric approach, the Call Center hence introduced another effective option to respond to customer needs.

Putting the customer in its focus more than ever before in 2015, Garanti Bank Call Center launched a number of projects by which customer satisfaction was effectively measured and evaluated.

Garanti Bank Call Center instantly brings the customers together with the expert sales and service specialists that customers are interested in thanks to the Smart Outbound Sales and Dynamic Offer Systems developed with the "Right Product and Service Offer to the Right Customer" concept. Thus, maximum efficiency has been achieved in the fulfillment of customer needs.

With ***32*** financial products on its portfolio, Garanti Bank Call Center broke a new record with ***3.8*** million high added-value financial products sold in 2015.

In 2015, Garanti Bank Call Center once again retained its long-standing title as the leader of the loan telesales by making a significant contribution to Garanti Bank's total loan volume, in the marketing and sales of general purpose loan, mortgage and auto loans through the dedicated hotlines at 444 0 335, 444 EVIM and 444 OTOM.

One of the largest sales channels in total credit card sales for the Bank with a share of over ***18%***, the Call Center centrally and solely managed the retention efforts for all Garanti Bank credit cards and has been instrumental in the retention of more than ***1.2*** million cards.

Garanti Bank Call Center, further diversifies and strengthens its role in the sales of the Bank through high value-added, strategic products such as Cash in Installments, Net Savings Account, Post Purchase Installment, in addition to new insurance products added to the portfolio in 2015, including Auto Insurance, Complementary Health Insurance and My Warranty Insurance.

PROJECTIONS FOR 2016

In 2016, Garanti Bank Call Center will take a major step toward expanding its technology and HR investments in Anatolia by roughly doubling the size of its existing operations, thus making a stronger social responsibility commitment.

Having completed its transformation into a profit center and contributing significant added value to Garanti Bank, the Call Center will adhere to its mission of breaking new ground in its sector, by presenting its customers with emphatic, distinctive and strong experiences.

CUSTOMER SATISFACTION DEPARTMENT

INSTANT FOLLOW-UP SYSTEM AND QUICK RESPONSE / MULTI-CHANNEL APPROACH / CUSTOMER CARE LINE SATISFACTION QUESTIONNAIRES

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 customers through various channels, and offers solution support for issues conveyed by Twitter and Facebook users. In an effort to upgrade the service quality, the Department carries out post-service customer satisfaction measurements and uses the results as input for these efforts.

The facilities offered by the Department include online and telephone mechanisms for instant inquiry of the current status of messages conveyed by customers. Analyses are conducted to identify those areas where customer demands and complaints are concentrated, and the resulting reports with the underlying reasons are shared with the Senior Management and relevant lines of business. In addition, the situations leading to customer dissatisfaction are analyzed, and insights and proactive solutions are devised for preventing complaints before they arise. The Department collaborates with the relevant lines of business to enforce recommended solutions, while important matters are raised at periodic meetings.

The ISO 10002:2004 Complaint Management System Certificate, first received from the British Standards Institution (BSI) in 2006 and renewed every year, makes Garanti the first Turkish bank to have its Complaint Management System certified at international standards.

ACTIVITIES IN 2015

The Customer Satisfaction Department took actions in line with regulatory changes and carried on with its customer-centric efforts in 2015. The Department kept working to improve existing approaches, and to devise and implement new ones.

Post-service customer satisfaction measurements started to be used for evaluating employee performances. Reporting for control purposes continued in order to achieve acceptable service levels. Internal training programs offered to support employee development continued during 2015. Aiming to offer a more uniform customer experience, quality improvement actions were taken through reports that use speech-to-text technology. Also, new implementations were introduced for checking the quality and content of message outcomes shared with the customers.

PROJECTIONS FOR 2016

The Customer Satisfaction Department will continue and further increase its customer-centric practices to handle customer complaints in the year ahead. 2016 targets include the following:

- Preserve its position as the Bank's "Insight Center" by maintaining complaint analyses, efficient reporting and inter-departmental collaboration,
- Continue to work towards ensuring that the Bank Complaint Management strategy, standards and procedures are duly implemented across the organization,
- Keep taking part in activities for incorporating positive and negative customer feedback in employee performance assessment,
- Support employee development and make sure that the customer-centric approach is reflected in all activities,
- Support better customer experience through the realization of customer-centric developments designed during the project, process and analysis efforts, 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,
- Keep taking actions to offer a more uniform interaction to customers by making statistical analysis of customer contacts through the use of speech-to-text technology,
- Maintain its innovative vision by providing more efficient service to customers with the Call Steering technology used in the Customer Care Line.

ASSETS AND LIABILITIES MANAGEMENT DEPARTMENT

STRONG AND EFFICIENT BALANCE SHEET MANAGEMENT / DYNAMIC SECURITIES PORTFOLIO MANAGEMENT IN VOLATILE MARKET CONDITIONS

Working to maximize risk-free return on Garanti's capital, to maximize net interest margin of its balance sheet, and to minimize fluctuations in net interest margin, the Assets and Liabilities Management Department (ALM) manages Bank's interest rate, structural FX, country credit and liquidity risks.

To this end, ALM monitors market conditions, interest rate and volume trends of balance sheet items, risk parameters; determines investing, funding, hedging strategies and takes necessary actions in spot/derivatives markets in the light of quantitative analyses it conducts.

ACTIVITIES IN 2015

Highlights of 2015 were domestic uncertainties stemming from elections and depreciation of the TL due to USD's appreciation on a global scale.

With anticipated rate hike by the FED, USD gained value against all currencies around the world. Euro, on the other hand, lost value due to concerns fuelled by situation in Greece in 1H 2015 and continued expansionary policy by the ECB in the second half. This led to increased dollarization (steering savings into FC deposits) in markets. Chinese growth that failed to match projections in the second half of the year triggered outflows from developing countries, along with value losses in energy and commodity markets. With local political risks added atop global developments, Turkey joined among the countries affected by growth concerns for Developing Countries, and outflows from capital markets were observed.

Due to depreciated TL, rising inflation, suppressed growth and higher risk premium, 2015 was devoted to gearing up balance sheet against interest rate risk and funding spread risk in the face of uncertainties that plagued Turkish markets.

As the Central Bank of the Republic of Turkey (CBRT) sustained tight monetary policy throughout the year, TL funding costs of market floated very close to the upper band of TL interest rate corridor. This rise was reflected on TL deposit rates. Gaining importance within this frame were cost management and resource diversification with respect to TL balance sheet while keeping an eye on proportional limits, and efficient use of high-cost resources on borrowings front. Within the scope of funding acquisition, resource diversification and maturity extension, which are permanent liability items, Garanti gave priority to gaining additional deposit volume, and continued with existing domestic bond issuances. Moreover, lower-cost funding alternatives were preferred to the extent allowed by liquidity management criteria. Off-balance sheet hedging was taken on to manage interest rate risk.

In terms of FC liquidity management, "Reserve Option Mechanism" implemented by the CBRT kept serving as a major buffer against potential FC liquidity tightness the sector might face. Furthermore, the CBRT increased required reserves for short-term FC liabilities apart from core liabilities and encouraged long-term borrowing. To such a backdrop, coupled with dollarized market, 2015 has been a comfortable year in terms of FC funding. Yet, with an expectation of rate hike by FED, ongoing hedging transactions were carried on for fixed-rate FC loans and securities, as well as for floating rate liability items.

PROJECTIONS FOR 2016

2016 is likely to be a vibrant year for global and developing markets, and also for the Turkish markets. Origins of this vibrancy include steps the FED will take with respect to monetary policies; additional loosening measures in Europe and Japan; course of the slowdown in Chinese economy; energy and commodity prices, and progress of global growth. Country-specific fragilities will gain foreground in EMs; investors will be closely watching macro parameters such as external balance, internal debt stock, growth potential and inflation, which will also determine the share each country will get from portfolio allocations. Within this context, ALM will take necessary actions based on a cautious optimism with respect to management of balance sheet liquidity risk, interest rate risk, the Bank's securities portfolio, structural exchange rate risk, and capital.

TREASURY

69% SHARE IN LOCAL INTERBANK FX MARKET / LEADER WITH 25% SHARE IN CORPORATE BOND ISSUES

In 2015, Garanti Treasury had a successful year in terms of trading volumes and market shares. Garanti concentrated on customer satisfaction in volatile markets and topped budgeted profitability targets.

A market maker in TL bonds, bills, and derivatives, Garanti remained as an active player in other securities, derivatives, currency and gold markets. Controlling ***10%*** share in the BIST bonds market, Garanti increased its activities in currency markets. Bringing its share in FX trading with domestic clients from ***15%*** to ***18%***, Garanti increased its share in the interbank FX market from ***21%*** in 2014 to ***32%***. Commanding a solid ***51%*** share in the local interbank FX market in 2014, Garanti further increased its share to ***69%*** in 2015.

Garanti reduced weight of fixed-rate securities in TL portfolio in 2015. Market developments that led to higher TL funding costs due to political uncertainties proved that floating-rate investments were the right choice. Garanti kept expanding size of its FX securities portfolio to benefit from its relatively higher spread compared to TL.

While continuation of rate hikes in the US becomes more likely in 2016, suppressing growth potential due to various reasons in the rest of the world; need to cut interest rates create an outlook in favor of USD. As this is a challenge for EMs including Turkey, it also gives an idea about difficulty of carrying a profitable position in money markets. As always, Garanti Treasury will aim to be the primary choice of its clients in all capital market transactions of its customers, and to derive profits on the back of regular, reliable trading margins driven by customer satisfaction.

Corporate Bonds and Bank Bonds

Retaining its leadership in corporate bond issuances with ***25%*** market share, Garanti realized ***31*** corporate bond issues in 2015. Additionally, Bank carried out the public offering of ***15*** bank bonds and ***9*** bank bills with a nominal value of TL ***6.0*** billion in reporting period, and kept offering diverse products to investors.

Garanti is targeting to maintain its leadership in corporate bonds market by continued delivery of comprehensive and effective advisory service to companies wishing to issue bonds. With anticipated stir in the markets in 2016, Garanti intends to solidify its market share with a portfolio enlarged through addition of new companies from the manufacturing industry, by offering them service in corporate bond issuance.

Treasury Marketing & Financial Solutions Department

In 2015, Treasury Marketing increased the number of customers served directly and upgraded its service quality. Garanti continued to lead sector particularly in exchange rate and commodity risks management in a year of increased customer demand for the management of balance sheet risks.

In 2016, Garanti aims to stand out with new products to respond customers' needs, and with high quality of service and pricing in an environment where competition is expected to get tougher.

Derivatives Department

Garanti continued to grow while monitoring the risk/yield balance, funding quality, and efficient collateral management principles in 2015 that was characterized by growing interest of international markets in EMs. "Volcker Rule", an international legislation setting out the USA's "strict" rule-based approach to risks within frame of Dodd Frank Act, has been a key factor that affected Garanti and the infrastructure of treasury processes directly. These integrations and diversified financial products and services driven by technological developments boosted importance attached to risk management on a global scale.

Proactive risk management and regulatory compliance will maintain their importance in 2016, when several projects, initiated in 2015 and aimed at securing more efficient risk monitoring and full automation of treasury processes, will be finalized. Within this context, the objective will be "healthy growth", rather than growth only, along with effective risk management in the period ahead.

INTERNATIONAL BANKING

SECURED OVER USD 4.3 BILLION IN NEW FUNDS / BROAD CORRESPONDENT NETWORK OF 3,250 BANKS

Garanti, thanks to its strong correspondent network based on long-term relationship policy and its in-depth debt capital markets experience, offers innovative solutions to its customers. Sustainable foreign funding and customer-centric service policy make Garanti, Turkey's leading bank.

ACTIVITIES IN 2015

Correspondent Banking

The Correspondent Banking team, responsible for relationship management with international banks, successfully manages a broad correspondent network of approximately ***3,250*** banks in ***162*** countries. Underpinning this success are strong relationship management, sustainable ancillary business generated to correspondents, and customer satisfaction ensured by the distinctive service quality in international operations. In 2015, Garanti continued its success in securing foreign funding from correspondent banks. 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, coupled with its efficient relationship management.

Structured Finance

Within the frame of its sustainable external borrowing strategy, Garanti continued to preserve the balanced and flexible structure of its funding sources.

In March, GMTN program was updated and USD ***190*** million equivalent MTNs have been issued in the rest of the year.

In May, syndicated loan of EUR ***1.25*** billion was renewed for ***367*** days with an all-in cost of Libor/Euribor ***+0.80%***.

In May, a Covered Bond Program of EUR ***5*** billion was set up, which also allows FC issuances.

In July, a financing in the total amount of USD ***190*** million with maturities of ***5*** and ***12*** years through its Diversified Payment Rights securitization program was secured.

In October, a ***1,098***-day maturity loan for USD ***150*** million was secured.

In November, syndicated loan of USD ***1.3*** billion was renewed for ***367*** days with an all-in cost of Libor/Euribor ***+0.75%***.

In November, a ***2***-year maturity USD ***190*** million loan was secured.

New funds secured in 2015 amounted to more than USD ***4.3*** billion.

Trade Finance

Differentiating itself with its innovative character and expert staff, Garanti kept offering customized trade finance solutions in keeping with its leading role.

In 2015, Garanti extended increasing financing support to energy projects and investment good imports on the back of long-term import finance deals secured via export credit agencies. The Bank gave its customers access to favorable funding terms thanks to credit agreements concluded with export credit agencies and to its solid relations.

Garanti developed new cooperation with export credit agencies and correspondent banks. Being the only bank from Turkey to participate in the direct lending program of UK Export Finance, Garanti executed the second transaction in the world under the said program.

Garanti sustained and further increased its support to export market diversification of clients, and funded their exports to new markets at favorable terms thanks to its relations with correspondent banks.

Acting as its clients' consultant bank in the areas of foreign trade and legislation, Garanti organized seminars to share its experience and knowledge in these fields.

PROJECIONS FOR 2016

Garanti targets to increase its activities in debt capital markets with innovative products and to keep tapping sustainable international borrowing sources. The Bank intends to adhere to its policy of expanding its correspondent banking network. Garanti aims to provide specialized solutions for its clients' funding needs and enter into new cooperation in this area with correspondent banks and export credit agencies.

INSURANCE AND PRIVATE PENSION

SOLID TECHNOLOGY / VALUE-ADDING INTEGRATED BUSINESS MODEL / INNOVATIVE PRODUCT AND SERVICE MANAGEMENT

Within the frame of the strong collaboration maintained with Eureko Sigorta (Eureko Insurance) and Garanti Emeklilik ve Hayat (Garanti Pension and Life), Garanti offers a broad range of insurance and pension products to its customers with an efficient service approach. With the emphasis placed on innovation, combined with solid technology and integrated business model, Garanti continues to lead bancassurance and takes on an important role in the advancement of the sector with its innovative products and services.

ACTIVITIES IN 2015

Having become an efficient delivery channel for the insurance industry, banks have taken on a very important role in 2015 for increasing the accessibility and use of alternative delivery channels in the industry.

While banks were responsible for ***79.9%**** of total premium production in life insurance, banks' production share in non-life insurance was ***14.1%****.

Garanti, in 2015, got respective market shares of ***10.7%**** and ***12.9%**** in life and non-life insurance on the back of its successful bancassurance activities.

The ongoing positive effect of ***25%*** state contribution has been the driver of continued interest in the Private Pension system and the growth of the sector. While the total number of participants in the system reached ***6.0*** million** people, Garanti reached its customers through all channels, increasing the number of its participants to ***993*** thousand** and total funds under management to TL ***7.6*** billion. Garanti captured ***16.5%**** market share in the number of participants and ***15.6%**** share in total funds.

In 2015, Garanti launched new products that fit customer needs and the structure of delivery channels, and carried on with its development efforts.

Garanti invested in digital channels, introduced new products aligned with the structure of these channels and upgraded the development of some products delivered. In this frame, password protection insurance, which provides cover for financial losses that may result from theft of passwords, began to be sold via Internet Banking.

Work was initiated to migrate service processes to the digital environment, along with new product design in order to fulfill customer needs and demands also on the digital environment.

Within the frame of product simplification efforts, basic needs of customers were analyzed and activities aimed at securing increased use of products were brought to completion.

PROJECTIONS FOR 2016

In 2016, banks will remain an important and powerful delivery channel for the insurance industry.

Garanti will keep creating value for its existing clients by building on its expertise in bancassurance, and will target to grow and increase its market share through new customer acquisition.

As the insurance industry evolves in the light of technological advancements, so do customer expectations. Along this line, Garanti will invest particularly in mobile channels and give priority to developments so as to allow customers to make use of insurance services any time, while continuing with the integration of existing products into digital channels.

Within the scope of integration efforts, projects for presentation of insurance and pension products together with other banking products will be ongoing also in the period ahead.

Offering fast and quality service to clients, and enhancing customer satisfaction with the products and services delivered will be the priority target of the new period, as it has been in the past.

**As of December 31, 2015*

***As of December 25, 2015*

ANTI-FRAUD MONITORING DEPARTMENT

CUSTOMER-CENTRIC APPROACH / CENTRALIZED AND HOLISTIC CONTROLS / DYNAMIC AND RISK-FOCUSED ACTIONS

Anti-Fraud Monitoring Department adopts an "enterprise external fraud prevention" approach within the framework of customer protection principles, centrally monitors card, merchant, alternative delivery channel and application fraud since 2007.

Within the scope of monitoring and controlling operational risks that Garanti is exposed to, Anti-Fraud Monitoring Department develops strategies to proactively monitor, detect, control and prevent acts of external fraud. Department takes action rapidly and efficiently against constantly changing fraud trends thanks to its ever-growing experience and expertise, combined with its ability to quickly adapt to new technologies. Through analyses of fraud incidents, Department works to minimize the potential losses of the Bank and the customers that may arise due to acts of external fraud.

The Department formulates 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 examination and investigation about acts of external fraud, sharing related information within the Bank and with other banks. In addition to that, the Department carries out training and awareness programs to help Garanti employees 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 security of products and services provided via alternative delivery channels, as well as of 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 IN 2015

In line with the Bank's customer protection principles, the Department carried on with efforts to minimize potential reputational and financial losses that might result from acts of external fraud.

In 2015, the Department examined suspicious transactions on the basis of customer-centric strategies and dynamic actions, took necessary actions in a timely manner, and thus, kept the clients' and Bank's losses at a minimum.

Garanti undertook initiatives for raising increased awareness of current fraud incidents at financial services institutions and in related sectors, and assumed a pioneering role in nationwide activities aimed at creating awareness of fraud.

It is among Garanti's top priorities to make sure that its customers transact in a secure environment, feeling at ease. Accordingly, the Bank pays the utmost attention to increase sensitivity towards fraud incidents through text messages and/or emails sent to customers from time to time, and various informative warnings posted on its website.

Infrastructure works and technical investments continued to develop fraud monitoring software in conformity with the state-of-the art technology and new license agreements were executed.

Fraud trends were watched closely, upon which systemic, analytical and hardware-related actions were taken. In addition, support was extended to relevant teams for development efforts aimed at minimizing fraud risks in existing and new products and processes.

In today's world where data security is crucial, steps were taken to increase the sensitivity of the related organizations in Turkey about the subject, and review efforts were initiated regarding control mechanisms that can be devised on the basis of customer transaction security.

PROJECTIONS FOR 2016

In 2016, the Anti-Fraud Monitoring Department will keep strengthening fraud monitoring software with new, advanced technology in line with the customer-centric strategy of Garanti.

In a bid to build on actions for protecting customers, continuous, close relationship with stakeholders will be maintained.

ABACUS

USD 593 BILLION TRANSACTION VOLUME / YEAR-ROUND NON-STOP CASH SERVICE AT 6,412 POINTS / 99% CENTRALIZATION RATIO IN OPERATIONAL TRANSACTIONS

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 ***6,412*** points. Garanti channels ***99%*** of all operational transactions of branches to ABACUS made up of a dynamic team of ***1,083*** 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 commercial loan disbursements 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,
» Management of correspondence with the Arbitration Committee for Consumer Problems,
» 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 offers consultancy service by closely monitoring all changes in legislation with a potential impact upon the activities of Garanti Bank.

ACTIVITIES IN 2015

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

The Bank's loss resulting from operational errors was a mere USD ***7,600*** within a total turnover of USD ***593*** billion and approximately ***49*** million transactions handled by ABACUS in 2015. Highlights of 2015 activities for high quality service delivery and reduced risks are:

» Development of an estimation model for productive management of cash in off-site ATMs,
» Upgrading the vehicle tracking system for more efficient follow-up of armored vehicles used for cash delivery to branches,
» Accepting QR coded check demands,
» Commencement of Archive Unit operations in its new location,
» Document verification for second hand car loan applications.

PROJECTIONS FOR 2016

Committed to identifying improvement areas and further upgrading service quality, ABACUS will continue to work toward enhancing internal customer satisfaction and alleviating the workload of branches in 2016.

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 highest 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 for 2016:

» Faster execution of mortgage releases using e-signature through Land Registry Office & E-Release integration,
» World-check controls for all export and import transactions,
» Handling the MARS creation procedures for legal entities,
» Reducing workload on branches and increasing operational efficiency by providing maintenance to branch ATMs in central locations during weekends and holidays by ABACUS Cash Planning and Operation Unit team.

HUMAN RESOURCES

130 NEW COACHES / RATE OF VACANT POSITIONS FILLED WITH INTERNAL RECRUITMENT 90%

Turkey's first company gold accredited by the Investors In People (IIP) for the second time, Garanti Bank once again endorsed its strong focus on its human resource as its most valuable asset and its leadership in the sector with innovative practices in this department. Sustaining its stable growth in every aspect, Garanti will keep investing in its people and adhere to world-class practices based on its "human-centric" management approach.

ACTIVITIES IN 2015

Within employer brand management efforts, the number of İYİ (Work Life Relation) events and services designed to enhance employee satisfaction and ensure a richer working experience went up from ***13*** to ***19***.

In order to render employees' cash flows much more predictable and manageable, quarterly bonuses earned at period-ends were replaced with monthly bonuses paid in advance.

For contributing a new perspective to business and people management approach of all managers in mid and top levels, the existing Leadership Model was formulated and the competency model was revised.

With the focus on continuous development, ***130*** employees were trained and assigned as new internal coaches to help employees improve their performances and to equip them with the necessary skills.

The initiatives for onboarding of new hires and newly promoted managers to their respective positions have been completed.

Greater emphasis was placed on simplifying the sales management approach and customer satisfaction. Career maps, performance assessment criterias and related HR practices were revised.

Based on the strategy of promoting from within, ***90%*** of vacant positions were filled through internal recruitment in 2015. Via specialized career counselors, Garanti carried out planning and advisory activities by;

» Planning medium-term workforce by using task-based candidate pools,
» Offering one-to-one career advice to ***10,000*** employees during on-site visits paid to branches and units,
» Announcing vacant positions to all employees via ***120*** "Career Opportunities" posted on the intranet.

During 2015, ***135*** people joined Garanti under the Management Trainee Program and ***2,008*** others were recruited for other positions. ***1,308*** university students were given the chance to do internship at branches, regional offices and HQ business units.

Garanti changed over to an integrated system covering an online test, video-recorded preliminary assessment and online interview. In addition, internship programs were revised and re-launched under the name "Garantili Gelecek" (Future with Garanti).

"Employee Referral Program" was introduced to create a candidate pool based on employees' references.

Within women-focused activities, support was extended to the initiative "Business Against Domestic Violence" in collaboration with Sabancı University.

PROJECTIONS FOR 2016

Garanti Human Resources will continue with its initiatives focused on employees and development in 2016. In order to sustain employee loyalty and engagement of high performing and high-potential employees, the existing performance and career management systems will be revised and the new model will be integrated into all HR and Training & Development practices.

Garanti HR will keep concentrating on processes supporting managers' communications with their subordinates for employee satisfaction purposes, while continuing to organize İYİ services and projects aimed at enhancing the efficiency of internal communication.

The new premium system model carried out with business lines and related units will be enforced.

Introduced to encourage employee ideas and suggestions about HR practices and the working environment, the Employee Suggestion Program and employee committees will be supported with more employee opinions.

LEARNING AND DEVELOPMENT

44 HOURS OF TRAINING PER PERSON ON AVERAGE / 131,000 HOURS OF TECHNOLOGY-BASED TRAINING

In a bid to create the best human resource in the financial services sector and to ensure continuous development, Garanti Bank provides regular training programs on an ongoing basis so as to fortify the expertise of its people. Employee expertise is backed with five main faculties: "Customer Experience and Sales", "Loans", "Investment", "General Banking" and "Leadership". While this structure helps them build on their existing competencies, additional support is also offered for their development in various interest areas.

ACTIVITIES IN 2015

In 2015, Garanti Bank delivered a total of ***800,000*** hours of training with an average of ***44*** hours per employee, hours of technology-based training reached ***131,000***.

Garanti continued its specialization in training programs in loans, investment, marketing/sales, leadership and general banking aimed at building on the expertise of its employees and helping them utilize their expertise to contribute to business results.

"Employee Engagement" was chosen as the 2015 theme of the annual "Garanti Leaders' Summit", which brings the Bank's managers together and intends to set up a shared learning platform. The topics addressed during the Summit included new perspectives related to employee engagement, developments in the world, and successful practices.

Efforts for enhancing the Bank employees' experiences during the learning and development related processes have been completed and introduced for counter staff. Along with this work, emotional mapping for the relevant employee group has been designed, which was then used to revise all training programs and processes.

The training contents have been started digitalizing at a greater extent to keep up with the growing number of mobile devices across the Bank, and began to be put into widespread use in line with the "Garanti Learning Culture" approach. Video-training programs were given more weight, and used before and after classroom training sessions, thereby strengthening the learning effect.

PROJECTIONS FOR 2016

A close eye will be kept on financial and legal developments in Turkey and in the world, while development support to employees will be ongoing in the areas of loans, marketing, customer experience and sales, investment, general banking and leadership.

In 2016, the third edition of the "Marketing Seminars" will be organized that gives Bank's employees the chance to hear out the current developments in marketing first-hand from the sector's leading speakers, and to evaluate the developments together with them.

Efforts for enhancing the employees' experiences during the learning & development-related processes will be extended and emotional mapping for given target employee groups will be designed, which will then be used to revise all training programs and processes.

In the new world order where digital technologies have firmly settled at the heart of almost everything, "reverse mentoring" will continue also in the coming year, a practice helping the Bank's employees to build on their digital literacy, and ability to locate, arrange, evaluate, analyze and present information by using digital technologies.

With the new measurement and assessment model that will be updated in 2016, behavioral target actualization rates in training programs will be more efficiently measured, related assessment will be monitored more effectively, and employees will assume greater responsibility for self-development.

OCCUPATIONAL HEALTH AND SAFETY

31,224 HOURS OF OHS SERVICE / 11,426 HOURS OF OHS TRAINING / 100% RISK ASSESSMENT COVERAGE

Garanti Bank gave momentum to Occupational Health and Safety (OHS) practices via the OHS team set up under the HR Department in 2013. Repositioned as OHS Division in 2015, the organization carries out its activities across the country with a team of ***34*** people covering Occupational Safety Experts (OSEs), On-Site Physicians and On-Site Nurses. Service is brought to sites with less than ***50*** employees under the coordination of the HQ OHS Team, whereas locations with ***50*** and more employees receive service from On-Site Physicians and OSEs. Unbroken OHS communication is ensured at all sites with the support of OHS Employee Representatives present in all locations.

ACTIVITIES IN 2015

OHS perspective as spelled out in the Garanti Code of Conduct released in 2015 once again bared the emphasis Garanti places on OHS as a corporate value.

Authoring a first among financial service institutions of a similar size in Turkey, Garanti launched the OHS software and put it into use in all of its locations. The software keeps track of various aspects including risk assessment, health monitoring, training programs, OHS Committees, near misses, work place accidents, review of occupational illness processes, and coordination and control of countermeasures. These outputs were intended to enhance employee and stakeholder satisfaction and well-being.

Services furnished by OSEs, On-Site Physicians and On-Site Nurses during 2015 totaled ***31,224*** hours.

Covering ***8*** hours of face-to-face and ***4*** hours of distant training sessions, OHS training programs and other specialized programs offered to employees added up to ***11,426*** hours.

Specialized programs included topics such as IOSH Managing Safely, Workplace Ergonomics, and Risk Assessment Training. In addition to those, "Correct Use of Voice" training was made available for groups heavily using their voices such as Call Center agents and Internal Trainers.

During the reporting period, risk assessments started at all locations via the OHS software. All buildings, including ***1,000*** branches, were evaluated and improvement areas were identified in accordance with the Garanti OHS criteria created on the software. Based on the resulting action steps, updates were made to selection of computers and office furniture as well as to technical arrangements.

Under the OHS Law, On-Site Physicians examined new hires, and performed periodic examinations and furnished outpatient services at ***18*** locations with ***50*** and more employees. OHS Committee Meetings were regularly held on a quarterly basis as per the legislation.

PROJECTIONS FOR 2016

Exceeding the regulatory requirements in its OHS practices, Garanti Bank is gearing up to initiate work related to OHSAS 18001 OHS Management System.

Developments are being made to the OHS software used, in order to better adapt it to the Bank's processes and technological advancements.

The requirement to appoint an On-Site Physician and OSE to each location, which will take effect on July 1, 2016 as per the national legislation, is being addressed individually as a comprehensive project.

Garanti Bank keeps its stakeholders on mind while contributing to improved health and safety conditions. OHS compliance of individuals that the Bank works with, such as subcontractors and interns, is now being recorded and evaluated in a similar fashion. While screen developments are ongoing for recording the related individuals on Garanti Bank HR screen, the OHS team continues to work on regulatory compliance.

2016 plans also include organizing driving safety awareness programs, which emerged among the outcomes of the Risk Assessment.

SUSTAINABLE BANKING

Building on the Bank's core values, Garanti defines Sustainability as a commitment to build a strong and successful business for the future, while minimizing negative environmental and social impacts, and sharing long-term values with its customers, staff, shareholders and the communities it operates in.

To powerfully spell out its vision to be the best bank in Europe, and its mission of increasing the value it creates for its stakeholders, Garanti approved its new Sustainability Strategy and Policy, underlining the emphasis it places on responsible business conduct, in April 2014.

I. SUSTAINABLE FINANCE AND OUR CUSTOMERS

Garanti evaluates all loan requests, irrespective of any limit, in terms of its Environmental and Social Loan Policies. Greenfield projects with an investment value above a certain threshold, which are compliant with its policies and sectoral principles, undergo the Environmental and Social Impact Assessment Process, and Garanti engages in a careful cooperation with its clients regarding the management of potential risks.

With the objective of spreading this approach across all of its stakeholders, Garanti continued to cooperate with its integrated subsidiaries during 2015. In addition to initiatives carried out by Garanti Asset Management and Garanti Factoring in 2014, Garanti Pension became a signatory of the UN Global Compact, set up a Sustainability Team and initiated the certification process for ISO 14001 Environmental Management System during 2015.

Adding a new link to its efforts with respect to climate change and its impacts, Garanti declared its Climate Change Action Plan devised for action against climate change. According to this Plan, Garanti's action against climate change is concentrated in the ***4*** main headings of carbon pricing and prioritizing renewable energy investments, reducing deforestation, managing water risks through climate change adaptation, and establishing green office standards. The Plan reflects the business support to the action against climate change in advance of COP 21 held in Paris in December. Garanti Bank has also been the first Turkish company to become a signatory of the Business Leadership Criteria on Carbon Pricing designed by the United Nations Global Compact.

In addition to environmental and social risk management embedded into its lending processes, Garanti aims to support sustainable development through its numerous products and services in various business lines from SME banking to retail banking and project finance. With ***35%*** share in the financing of total installed wind capacity in Turkey, Garanti continues to support the transition to low-carbon economy with its special product designed for unlicensed solar energy projects below ***1*** MW and the "Irrigation Systems Loan" introduced in the first quarter of 2015 to support Turkey's fight against climate change and to offer solutions to various risks including drought.

In 2015, Garanti has been the only Turkish company to qualify for Dow Jones Sustainability Emerging Markets Index, one of the most prestigious sustainability indices in the world.

In an effort to raise awareness of sustainability among its customers as well, Garanti co-organized a training program on environmental and social risk management with Boğaziçi University, which was attended by the Bank's ***22*** corporate customers from the energy and infrastructure industries.

Having started the renovation of its branches and Paramatik ATM network in 2012, and having trained its employees in this respect, Garanti Bank aims to increase the accessibility of its banking services on the back of initiatives geared towards people with disabilities. Organizing gatherings such as Anatolian Meetings and KOBILGI SME Meetings in order to inform the SMEs, the backbone of the economy, Garanti also considers it as an important responsibility to support women entrepreneurs for the social and economic advancement of Turkey.

Garanti Bank renewed the "Protocol for Surety Support in regard to Credit Facility for Garanti-Customer Women Entrepreneurs" with the Credit Guarantee Fund (in Turkish: KGF) in order to resolve the collateralization issues facing women entrepreneurs while taking out loans. The agreement applies to businesses classified as SMEs and owned by women under the age of ***60*** and holding at least a primary school diploma, which have been active for no less than ***3*** years, and to legal entities with a minimum of ***51%*** of their total shares belonging to women within the specified age limits.

Launched in 2012 in collaboration with BUYEM (Boğaziçi University Lifelong Learning Center), the Women Entrepreneurs Executive School training program continued in the cities of Samsun, Bursa, Trabzon, Kocaeli and Hatay in 2015. A total of ***300*** women entrepreneurs successfully completed the program and received their certificates.

6,662 women were reached in *32* meetings held in *31* cities since 2008 until the end of 2015 within the frame of Women Entrepreneurs Meetings, a co-organization of Garanti and the Women Entrepreneurs Association of Turkey (in Turkish: KAGIDER) aiming to inform women entrepreneurs in basic topics. In an effort to support and encourage women entrepreneurship, Garanti organized Turkey's Woman Entrepreneur Competition in cooperation with the Ekonomist magazine and KAGIDER for the *9th* time. It has become the first Turkish bank to join WeConnect International, a global platform established to incorporate women-owned businesses in the supply chain. Through this platform, women entrepreneurs in the customer portfolio is aimed for further empowerment.

Garanti had also supported the W20 (Women 20) initiative formed under the Turkish term presidency of G20.

Garanti was the first Turkish bank to join the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) Business Hub.

The findings of the "Women Entrepreneurs Research" have been reported, which was sponsored by Garanti and coordinated by Prof. Yıldız Ecevit, the Head of the Women's Studies Department at the Middle East Technical University. The objectives of the research included profiling women entrepreneurs, identifying issues, revealing expectations and demands, and determining support mechanisms available to women entrepreneurs.

GarantiPartners program went live, through which we are targeting to support and accelerate early startups, SMEs and viable initiatives of any scale from any sector with the potential to attract investment and to grow. Combining the support of Garanti and the extensive knowledge of Boğaziçi University Alumni Association Business Angels (BUBA), the entrepreneurial platform is being instrumental in passing over not just capital, but also experience.

Garanti is the main sponsor of Entrepreneurship Foundation (in Turkish: Girvak) working to drive the culture of entrepreneurship and to encourage youth to consider entrepreneurship as a career alternative since 2014. Each year, the Foundation admits *40* university students aged 17-25 (*20* women and *20* men) to the Fellow Program. The youngsters experience entrepreneurship by learning from their inspirational role models, taking part in various entrepreneurship activities and networking. After receiving *6,400* applications for the program in its debut year, Girvak attracted *30,000* applications in its second year.

"Supporting Family Farmers for Agricultural and Rural Development" program, a collaborative initiative of Garanti, BUYEM and Food and Agriculture Organization of the United Nations (FAO), was held in Konya in 2015. Having a total duration of *30* hours, the program offers information to especially farmer families that can be used in their agricultural activities and for their personal development.

II. ENVIRONMENTAL IMPACT OF OUR OPERATIONS

In 2015, Garanti increased the number of points of service under the ISO14001 certified Environmental Management System to *1,013*, translating into *100%* coverage of its employees.

The Environmental Management System that Garanti expanded across all of its service points encompasses the Bank's suppliers and the indirect environmental and social impact resulting from its loan disbursements, as well as environmental impact arising from facility operations.

Garanti received limited assurance for GHG emissions for the second time in the sixth submission of its GHG emissions and climate change strategy to the Carbon Disclosure Project (CDP). Reducing its total carbon emissions by *15%* year-to-year in 2014, Garanti was A-listed in the CDP Climate Change Program that covered the top performers, and was the only Turkish company qualified to be included in the CDP Global Leaders Report. Hence, Garanti received the CDP 2015 Turkey Climate Performance Leadership award. Additionally, Garanti was also honored with the CDP 2015 Turkey Climate Disclosure Leadership award by ranking within the top *10%* scorers among the *46* companies evaluated in the CDP's Turkey Carbon Disclosure Leadership Index.

Garanti was one of the first companies to respond to the CDP Water Program in Turkey, which was launched with Garanti's support and cooperation.

III. CREATING VALUE FOR COMMUNITIES

In its initiatives that create value for the society and place "people" in their focal points, Garanti identified its main areas of focus as education, supporting the participation of people with disabilities in social and economic life, culture and cultural heritage, and environment. The Bank targets to be beneficial to the society through initiatives in these fields.

Education

The Teachers Academy Foundation (ÖRAV) was established by Garanti Bank in 2008 with the objective of contributing to the personal and professional development of teachers, who can help raise inquisitive, investigative, self-confident new generations aware of their personal and societal responsibilities, who recognize the importance of continuous personal development and are capable of owning the country's cultural heritage.

ÖRAV, the first and the only civil society organization focusing on this area in Turkey, has reached *102,507* teachers

by the end of 2015 with Öğretmenin Sınırı Yok (No Limits in Teaching), its debut project launched in May 2009.

In parallel to the Öğretmenin Sınırı Yok project, which is currently continuing under the name "Learning and Leading Teacher", the Foundation has contributed to the development of ***122,249*** educators in ***81*** provinces through the projects "High School - Learning and Leading Teacher", "Result Oriented Communications", "The Chemistry of Teaching", "Program for the Development of Education Executives", "Unlabeled Education" and "Creative Child, Creative Mind". Designed as a complementary platform for continuing education and information sharing, eKampüs website has ***80,000*** active registered users.

Garanti has become the main sponsor of the educational program "Math and Science Learning with Fun" developed by the Educational Volunteers of Turkey (in Turkish: TEGV) to improve primary school student's math and science skills and problem solving capabilities.

The program, which will be offered by TEGV volunteers, is anticipated to reach ***40,000*** students in ***37*** cities at the end of ***3*** years.

With the support of Garanti, Tohum Autism Foundation set up a Continuous Education Unit in April 2015. The Unit works to help build on the capacities of Special Education Implementation Center teachers who will educate autistic individuals, teachers working at inclusive schools and subject matter teachers. Other activities of the Unit include planning family training programs, updating and maintaining the Foundation's portal, and contributing to development of educational materials and methods.

Garanti is the main sponsor of the project "I Am Here As Well" launched by Genç Hayat Foundation in 2014 to support the recruitment of Girls' Technical and Vocational High School teachers and students and their participation in social life. The project targets include raising awareness of gender equality, building on families' knowledge regarding recruitment of young girls, and training the advisors working at institutions offering internship positions to students with respect to working with youngsters and providing feedback.

Garanti 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 and organizing youth to realize social responsibility projects on the basis of identified needs, ever since its establishment.

Support to the Participation of People with Disabilities in Economic and Social Life

In a bid to support the participation of people with disabilities in social life, Garanti began sponsoring women's, men's and junior National Wheelchair Basketball Teams, as well as Wheelchair Basketball Leagues from April 2013.

The project "İşe Katıl Hayata Atıl" (Join the Workforce Join Life) was introduced in October 2014 under the patronage of the Ministry of Family and Social Policies and with the support of Garanti. Under the initiative aimed at increasing the employment of people with disabilities, ***170*** individuals with disabilities have been employed under guidance from their professional business coaches in Ankara and Sakarya in 2015. The project is in progress in Samsun, Gaziantep and Istanbul.

Support to Culture and Cultural Heritage

Garanti reorganized the cultural institutions operating under its organization as an autonomous institution under the name SALT in 2011.

Having received a total of ***1,638,107*** visitors from 2011 until year-end 2015, Salt Beyoğlu, Salt Galata and Salt Ulus hosted ***67*** exhibitions, ***1,241*** events in conjunction with the exhibitions, and ***459*** guided exhibition tours and workshops for students, and published ***14*** comprehensive publications.

Garanti has been co-organizing Turkey's first children's film festival, Garanti Children's Movie Festival, with TURSAK (the Turkish Foundation of Cinema and Audio-Visual Culture) since 2004. The festival gave approximately ***85,000*** children in ***15*** cities with very limited access to cinema the opportunity to get familiar with the art of cinema.

Since 2005, Garanti has been sponsoring the education program of Istanbul Modern, the one and only modern art museum in Turkey. The program is intended to foster creative and inquisitive individuals who are in touch with the arts. The number of children and youngsters given education under these programs exceeded ***550,000*** by the end of 2015.

Garanti Bank supported installations encouraging artists to engage in an innovative exploration of ideas through a special exhibition at Istanbul Modern in 2015. Introduced by Istanbul Modern in collaboration with The Museum of Modern Art (MoMA) and MoMA PS1, the YAP Istanbul Modern: Young Architects Program is held biannually during the summer and offers young, emerging architects the opportunity to design a temporary installation in Istanbul Modern's courtyard. The program's aim is to encourage architects to come up with environmentally-friendly solutions and to explore innovative design ideas that would increase the possibilities of use in open-air spaces.

The corporate sponsor of the SAHA Association that aims to support contemporary art from Turkey, Garanti intends to improve the education and production infrastructure of artists, curators, art historians and critics, and to enhance their interactions with international networks.

Environment

Garanti has been the main sponsor of WWF-Turkey for ***23*** years with the slogan Garanti for Nature.

IV. STAKEHOLDERS

In 2015, Garanti published its third Sustainability Report in accordance with the "comprehensive" option according to the GRI's G4 guidelines.

Working in close cooperation with its stakeholders in order to ensure that the sustainability concept is internalized, Garanti extended support to the Sustainable Finance Forum co-organized for the third time in 2015 by the Business Council for Sustainable Development in Turkey, UNEP-FI, and UN Global Compact.

In an effort to increase awareness of water risks awaiting Turkey and to offer a platform to reveal the water-related risks and opportunities facing the private sector, Garanti has become the main sponsor of CDP Water Program in Turkey that it has launched by early 2015.

Being the first bank to sign the Women's Empowerment Principles (WEPs) in 2014, Garanti supported HeforShe, a UN Women-led initiative underlining men's support to gender equality in 2015. In addition, the Bank established the Women Steering Committee in the first quarter of 2015 to contribute to social and economic empowerment of women. It has joined the Professional Women's Network (PWN), a networking organization aimed at bringing together top-level businesswomen working across the world.

In 2015, Garanti has become the first Turkish bank to become a signatory of the Caring for Climate (C4C) initiative developed by the UN Global Compact, UN Framework Convention on Climate Change, and UN Environment Programme, targeting to mobilize businesses for fighting climate change and encourage them to disclose their progress.

For all these successful initiatives, Garanti received the "Bank of the Year Award-Turkey" in "Sustainability" category from ACQ Global Awards 2015, was named the "Silver Winner in Most Socially or Environmentally Responsible Company of the Year" in the Best in Biz Awards 2015 International, and became the "National Champion" at the European Business Awards in the category of "Environmental & Corporate Sustainability".

V. HUMAN RESOURCES

The first "IIP Gold Accredited" company in Turkey, Garanti qualified to renew this certificate in 2015. Having espoused it as a corporate goal to maintain a contemporary working environment fully respectful of human rights, Garanti organized an event, the Pink Soirée, to present the gender equality initiatives it has undertaken to its women employees.

With a view to increasing employee awareness about sustainability, Garanti implements an internal communication strategy and training program that cover various components including informative emails, videos, and exhibitions. The employees design and execute numerous projects under the roof of Volunteer Clovers Club, and ensure voluntary participation of all managers in these projects by organizing activities during the Future Meetings. Within the frame of the Wishing Tree initiative launched by Volunteer Clovers in 2014 in Anatolia to make underprivileged children's wishes come true, ***2,283*** children in ***16*** cities achieved their wishes so far.

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 chaired by a Board member.

Reporting regularly to the Sustainability Committee whose membership structure was updated in 2015 to include the CEO, the Sustainability Team coordinates all efforts undertaken under the main heading of sustainability at Garanti Bank.

Coordinated by the Team, Sustainability Representatives, which numbered more than ***1,080*** in 2015, are in charge of gathering data and facilitating respective units' implementation of decisions taken by the Sustainability Committee.

7 working groups that were set up under the Sustainability Committee based on the Bank's Sustainability Policy carried on with their activities.

Garanti preserved its presence on Borsa Istanbul Sustainability Index, as well as on Dow Jones Sustainability Index in 2015.

PROJECTIONS FOR 2016

Garanti has disclosed its long-term vision and goals in the Sustainability Policy and Strategy, and the Bank's Sustainability Report covering its sustainability performance and short-term goals can be accessed from the corporate website.

Furthermore, Garanti is aiming to contribute to the action against climate change based on its pledges announced in the Climate Change Action Plan released in 2015, and to keep supporting events and training programs that bring together the banking industry and the real sector, urging them to collaborate in sustainability matters.

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. Through its sponsorships in various fields that address different segments of society from sports to education and arts, Garanti creates broad-based value for social life.

BASKETBALL



Having Garanti as its main sponsor since 2001, "***12 Giant Men***", the Turkish National Men's Basketball Team, represented Turkey at FIBA Europe Cup 2015. Sponsored by Garanti since 2005, the Turkish National Women's Basketball Team dubbed the "***Pixies of the Court***" claimed the *5th* spot in the FIBA European Championship for Women organized in Hungary and Romania from June 11 to June 28, 2015, and earned entitlement to compete in the qualification rounds for Rio 2016 Olympics.

Both sponsored by Garanti, ***U19 National Men's Basketball*** Team clinched the *bronze* medal at the FIBA U19 World Championship held in Greece, whereas ***U20 National Men's Basketball Team*** also won the *bronze* medal at the European Championship held in Italy. The ***U18 National Men's Basketball Team*** lost to host country Greece at the European Championship final to earn the *silver* medal. Finally, ***U16 National Team*** brought home a *bronze* medal from the European Championship in Lithuania. With these results, the National Team succeeded for the first time in claiming medals in all categories of youth setup.

With Garanti as its main sponsor behind it, the ***National Men's Wheelchair Basketball Team, 12 Bravehearts***, participated in the last four international tournaments in *2nd* spot and won their *third* medal at the European Championship held in Worcestershire, UK, thus qualifying for Rio 2016 Paralympics.

Since 2002, Garanti has been supporting the ***12 Giant Men Basketball Schools*** (12 DABO), which were initiated in collaboration with TBF to inculcate basketball culture among young children and help create a broad-based basketball community in Anatolia. To date, more than *55,000* students received basketball training in *75* centers and in the Turkish Republic of Northern Cyprus within the scope of the 12 DABO initiative.

JAZZ

Garanti, the main sponsor of the Istanbul Jazz Festival organized by IKSV (Istanbul Foundation for Culture and Arts) for *18* years, aims to be instrumental in bringing jazz music to larger audiences. One of the leading sponsors of jazz in Turkey, Garanti extends support in this field under the brand "Garanti Jazz Green".

At the *22nd* Istanbul Jazz Festival organized in 2015, over *200* Turkish and foreign artists took to the stage for nearly *40* concerts held in more than *15* different venues. During the Festival that brought together the leading names in jazz with the stars of contemporary music, big names including Joan Baez, Jools Holland, Marcus Miller, Melody Gardot, Nile Rodgers and Tigran Hamasyan gave unforgettable moments to music lovers on warm summer nights.

Serving as an instrument that introduces and blends jazz music with all segments of the society, Istanbul Jazz Festival is a major contributor that firmly puts Istanbul on the international concerts map.



Extending its support beyond jazz music to embrace other genres such as rock, pop, blues, reggae, funk and World music, the Festival so far hosted many world stars including Eric Clapton, Sting, Paul Simon, Norah Jones, Eric Costello, Björk, Suzan Vega, Bryan Ferry and Seal, along with the legendary jazz artists includi ng Al Di Meola, Chick Korea, Jan Garbarek, Keith Jarrett, Diana Krall, Tony Bennett and Natalie Cole.

ORGANIZATION AND PROCESS DEVELOPMENT

BRANCH TIME ALLOCATED TO SALES AND RELATIONSHIP MANAGEMENT FOR RETAIL AND SME CUSTOMERS 68%

/

15% IMPROVEMENT IN WAITING TIMES AT BRANCH LOBBIES

Carrying out projects for designing necessary organizational structures and developing process infrastructures for maximizing efficiency and productivity of Garanti Bank's strategies, the Organization and Process Development Department plays a major role in making a difference for customers by rapidly adapting to the constantly changing business environment and customer expectations.

ACTIVITIES IN 2015

Process Development

Retail loan applications customers initiate from any channel can now be finalized via Internet Banking without a branch visit. Private school tuition payment processes went live to respond to customers' and schools' needs. Commercial Loans domain projects have been executed on proposals, Early Warning System and collection processes. Intermediation started for membership to the Findeks platform of KKB (Credit Bureau of Turkey) and for sales of QR code checks. Organizations making their salary payments via Garanti Bank are now able to receive information on possible fraud incidents thanks to automatic controls performed on their payments. Steps were taken to achieve regulatory compliance; with the debit/credit card allocation and collection processes under the TRNC (Turkish Republic of Northern Cyprus) card law; with consumer loan allocation, collection and after-sales processes under the Consumer Protection Law, and with insurance processes under SEGEM (Insurance Training Center) and the Regulation on Insurance Policies Provided in Conjunction with Consumer Loans. Investment products, processes and organization structure were revised in line with the Bank's modified responsibilities in accordance with the CMB legislation.

Organizational Efficiency

As part of the harmonization efforts with BBVA, coordination and organizational structuring actions were taken across the Bank. The Sales Management Project reformulated field and head office roles and working principles. A new team was set up under the HR Department to protect the occupational health and safety of the Bank employees. Given the critical importance of Disaster Recovery and Business Continuity activities, a manager post has been assigned to the afore mentioned service. The number of branches directly focused on Commercial Banking was increased to offer high quality service to customers in the Large Commercial segment. Central Customer Relations role was designed under Retail Banking to offer remote service to retail customers specifically demanding service through digital channels instead of branches.

PROJECTIONS FOR 2016

Customer Focus

Enhancing service quality through mobilization of the sales force and digitalized processes, and incorporating customer feedback in design efforts at a greater extent will be among the top priorities of 2016. Other primary initiatives will include servicing retail and SME customers with a broader product range via digital channels, integration of tablet banking into processes, expanding the outreach of remote video consultancy by specialized teams, and enhancing customer service quality utilizing mobile technology in lobby management.

Efficiency

The main topics of 2016 will cover probing all accounts in the collection of commission items for effective commission receivables tracking in line with the principles of automation, integration and centralization; redesigning of commercial lending processes; setting up an effective monitoring mechanism with early warning systems and improvements to collection processes; considering new designs for cash management products in line with the developing e-Government applications, and revising member merchant processes.

Organizational Efficiency

Highlights of the coming year will be increasing the efficiency of sales processes and sales organization so as to encompass the business model with subsidiaries in order to support the Bank's growth strategy and its focus on customer satisfaction, and formulating flexible and universal job designs to suit the mobilization concept.

PRODUCT DEVELOPMENT AND INNOVATION MANAGEMENT

SOLUTIONS FOR DIVERSE NEEDS THROUGH 551 PRODUCTS / 2,257 INNOVATIVE IDEAS FROM EMPLOYEES

Garanti Bank adopts approaches that cater to diverse needs through products, services and business models designed with the aim of becoming a part of its customers' lives. The Bank develops products and business models based on an innovative and distinctive banking notion and design principles.

ACTIVITIES IN 2015

Brand, Sponsorship and Communication

To measure Garanti Bank's brand image from different angles, **7** communication and brand perception surveys were conducted (Brand Image Tracking, Advertising Tracking, Digital Communication, Experimental Banking Communication, Loan Products Communication, Logo and Tagline Recognition, and Ad Tracking among Employees), while **3** sponsorship surveys were completed (Jazz Festival Sponsorship, Cultural Institutions Sponsorship, Basketball Sponsorship).

Customer Needs and Experiences

The surveys conducted in this field included Investment Products and Institutions Preference Survey and an Innovation Climate Study.

Focusing on customer needs, the Investment Products and Institutions Preference Survey looked into consumers' approach to various investment products, their preferences and reasons, and analyzed in detail their motivation behind their bank/institution choices.

An Innovation Climate Study was carried out to determine the factors inherent in the corporate culture, which either facilitate or complicate innovation.

In 2015, Garanti Bank undertook a mission supporting entrepreneurship as well as customer-centricity. The "Corporate Entrepreneurship Program" that adopted the lean startup principles was finalized in May 2015; the project of one of the **4** entrepreneur teams admitted to the program is being developed by the Bank, while a second one is headed toward becoming a new startup. Furthermore, the "Financial Technology Accelerator Program" was co-organized with Girişim Fabrikası (Fit Startup Factory) to support entrepreneurs engaged in financial technology in Turkey and to develop cooperation with them. Collaboration is in progress with startups elected to the program that started in August 2015.

Employee opinions make up a significant input of product and service improvements, as well as of new product and service design at Garanti. The "Önersen" platform whereby employees convey their suggestions about any topic has been instrumental in collecting **2,257** suggestions during 2015.

PROJECTIONS FOR 2016

Banking and financial technology services have been undergoing a radical change and transformation in recent years, which drive banks to increase their product and service solutions enabling customers to perform banking transactions anytime and anywhere. Garanti Bank will keep offering new products and services with this awareness in 2016.

Based on the arrangements resulting from the e-transformation in Turkey, business and trade processes began to be carried out in the virtual environment. Monitoring this transformation closely, Garanti Bank will expand its portfolio of easy-to-use e-products and services, and make sure that business processes are handled remotely, easily and quickly.

Within the scope of FC investment transactions, notification mechanisms and solutions enabling automatic buy/sell transactions will be developed for customers closely watching the activity in exchange rates.

As families are regarded as the starting point of raising, a shared awareness of financial literacy, platforms will be created for family members to perform shared budget management, saving up, spending and basic banking transactions collectively.

For customers wishing to regularly save up for the future, new government-backed products will be designed encouraging saving up and allowing access to the accumulated amount in case of need.

Focus will be placed on loan pricing structures providing for non-uniform pricing, rewards and advantages according to customers' demographics and intensity of their working relationship with Garanti.

Garanti will continue to explore unfulfilled customer needs and to offer solutions catering to these needs in keeping with the lean business development vision and customer-centric value proposals heavily adopted in recent years.

WE GROW TOGETHER

Standing much closer to customers through social NETWORKS!

Active on more than 17 networks with 47 social media accounts, Garanti quickly positioned social media as a digital channel and introduced creative applications that broke new ground in Turkey and in the world.



Social media notion is rooted in Usenet, a discussion system for exchanging message between Internet users worldwide conceived in 1979 by Jim Ellis and Tom Truscott. The first signs of the current communication-oriented use of social media first emerged in 1989 when Bruce and Susan Abelson set up the Open Diary website, which gave birth to the first weblogging concept

.

While the 2003 founding and broadcasting of Myspace was a big step for interactive communication, the 2014 emergence of Facebook marked practically the beginning of a communication revolution. Launched in 2004 by Mark Zuckerberg with his Harvard College fellow students Dustin Moskovitz, Eduardo Saverin and Chris Hughes, Facebook grew to become one of the largest networking sites in the US in just 18 months, and immediately magnetized investors. It began to be traded on NASDAQ in 2012. The Facebook IPO was the third biggest offering in the US history, following those of Visa and General Motors.

The huge interest in Facebook transformed the role of all earlier and ensuing social media networks in daily life. Facebook and Twitter instantly turned into media that people needed constantly.

Standing mu to c thro NETW

Active on more than 17
positioned social media
that brok

With its 2015 Q3 results released at the end-September, Facebook's figures are significant as they indicate that presence on digital channels will be key in the future, as it is now: number of daily active users is 1.01 billion, while monthly active users reached 1.55 billion. Twitter has 320 million and Instagram has 400 million monthly active users.

Social media soon became indispensable to businesses for recruitment, brand positioning, reputation, advertising and many other purposes. Active on ***17 social networks with more than 47 accounts***, Garanti quickly positioned social media as a digital channel and introduced creative applications that broke new ground in Turkey and in the world. Effectively using social media, Garanti is ***the most followed financial institution*** in Turkey and in Europe.

In 2012, Garanti authored a first in Turkey with ***Garanti Link*** that introduced campaigns specifically for social media users. It has become the first Turkish bank facilitating money transfer via Facebook and Twitter. A version of Cepbank mobile banking was introduced, which is compatible with social networks. Garanti began collecting loan applications with a secure form on Facebook, an unprecedented initiative in the world. Setting itself apart from its peers in Turkey, Garanti organizes contests and campaigns on alternative platforms like Foursquare, Snapchat, Instagram and Vine where custom-tailored offers are provided to followers.



"I'd rather show people the products we develop than talk to them about what we can do."

Mark Zuckerberg

GARANTIBANK INTERNATIONAL N.V.

19.04% CAPITAL ADEQUACY RATIO / 40.67% COST/INCOME RATIO / € 233 MILLION SYNDICATED LOAN

GarantiBank International N.V. (GBI) is a customer-centric transaction banking provider offering value-adding financial solutions to its customers and counterparties worldwide in the areas of trade and commodity finance, private banking, treasury and structured finance, while maintaining multi-product relationships with local and global financial institutions around the world. GBI also provides targeted retail banking services in the Netherlands and Germany.

Established in Amsterdam in 1990 as a wholly-owned subsidiary of T. Garanti Bankası A.Ş., GBI operates through its head office in the Netherlands, its branch in Germany and representative offices in Turkey, Switzerland and Ukraine. GBI operates in compliance with Dutch and European Union laws and regulations under the supervision of European Central Bank (ECB), De Nederlandsche Bank (DNB) and De Autoriteit Financiële Markten (AFM).

GBI's long-term bank deposits rating of "A3" was reaffirmed by Moody's on June 27, 2015. "The Banker" magazine, in its July 2015 issue, ranked GBI *#1* and *#2* in the Netherlands in "Return On Equity (ROE)" and "Return on Assets (ROA)" performance categories, respectively.

ACTIVITIES IN 2015

GBI maintained its sound capital structure ending the year with a Capital Adequacy Ratio of *19.04%* and a Leverage Ratio of *10.34%*. As a result of the efficiency improvements initiated in 2014, GBI's Cost/Income Ratio at year-end stayed low at *40.67%*.*

In line with its proven strategy, GBI continues lending to European counterparties while gradually expanding on wholesale borrowing by means of engaging with a wider group of lenders as well as making use of both conventional and innovative products.

GBI implemented noteworthy projects in 2015 to further improve its operational efficiency including automation of incoming payments, incoming documentary credit contract generation and collateral management. On the lending front, "receivable finance" gained momentum while wholesale borrowing embodied a well-balanced mix of transactional and structured borrowing products in addition to the syndicated borrowing. Moreover new lenders were added to the wholesale borrowing counterparty set.

In July, GBI secured a one-year syndicated loan of EUR *233* million, involving *19* banks from *10* countries. The all-in cost of the facility is *65* bps over *3*-month Libor/Euribor, *25* bps lower than the previous year's deal.

**Based on Dutch GAAP standards.*

PROJECTIONS FOR 2016

In 2016, GBI aims to further strengthen its position as a customer-centric transaction banking provider. While preserving the valuable retail deposit base in the Netherlands and Germany, GBI will continue expanding on its wholesale borrowing on the liability side and boosting lending to European clients.

GARANTIBANK MOSCOW

PRUDENT APPROACH TO RISKS / ABILITY TO RAPIDLY ADAPT TO CHANGES IN THE BUSINESS ENVIRONMENT

GarantiBank Moscow (GBM), with its service quality and ability to rapidly adapt to changes, targets efficiency and sustainability in operations. Active in Russia since 1996, GBM is one of the ***70*** banks backed by foreign capital. Holding a full-scope banking license that authorizes all kinds of banking activities, GBM operates through one branch and ***73*** employees.

ACTIVITIES IN 2015

2015 was a very difficult year for the Russian economy. Although the acute phase of the crisis was almost over in the first few months of the year, spillover effects on the real economy, both on households and businesses, hit the remainder of the year. The Russian economy entered recession and is expected to contract close to ***4%*** this year. On the other hand, the regulatory bodies' responses prevented a deeper economic and financial crisis. Recent macroeconomic indicators point to a fragile stabilization, which will likely be followed by a pickup in economic activity starting in the second quarter of next year.

The worries about the potential deterioration of the credit metrics of the borrowers raised the investor risk-aversion and forced market players to create additional provisions for potential credit losses. Accordingly, the profitability of the banking sector was negatively impacted.

The role of the CBR as the major liquidity provider and timely actions taken by the government and the CBR to support banks' capitalization were prompt, supportive and efficient.

GBM took proactive measures to defend its asset quality and capitalization. With its sustainable business model focused on corporate and commercial banking, GBM quickly adapted itself to the changing business environment. In the last two years, lending targets were revised down to remain conservative and maintain the highly liquid balance sheet structure. Accordingly, GBM's lending portfolio shrank almost by ***90%*** within the last two years.

GBM preserves its long term proven banking relations with the customers and has the potential to grow its business with the ones crisis-tested.

GBM's customer base is mostly composed of Russian firms with large asset sizes and business volumes and of other major industrial firms and financial groups. Although GBM is among the smaller-scale banks in the sector where close to ***700*** banks are active, it represents a rare example as it has credit relationships with the customer profile described above.

GBM traditionally maintains close relations with Turkish firms doing business in the Russian market. Starting from 2011, Spanish firms have also become an important segment of GBM business in synergy with BBVA.

In the current business environment, operational efficiency, strong adherence to group compliance principles, maintaining a high liquidity and sound asset quality are the priorities for the Bank.

PROJECTIONS FOR 2016

In 2016, international political and economic developments will continue to dominate the domestic market. With its boutique type of business, the Bank enjoys the ability to promptly amend its strategy according to changing conditions. GBM, with the synergy provided by BBVA's worldwide presence and Garanti experience in the region, has the opportunity to grow in all its business lines.

GARANTI ROMANIA

84 BRANCHES AND 305 ATMs / 10TH LARGEST BANK IN ROMANIA IN TERMS OF ASSET SIZE / SUSTAINABLE GROWTH IN LOANS AND DEPOSITS

Garanti Romania consists of GarantiBank SA, which was established in 1998 and serves its customers with a network of ***84*** branches and over ***1000*** employees, and two non-banking financial institutions, Garanti Leasing (Motoractive IFN SA) and Garanti Consumer Finance (Ralfi IFN SA). GarantiBank SA, during its ***18***-year presence in the country, has continued to grow and positioned itself as one of the most prestigious financial institutions defying the challenging market conditions by offering optimal products and services to its clients.

ACTIVITIES IN 2015

GarantiBank SA left another successful year behind in 2015, capturing continuous growth in all business lines, thus strengthening its position in the sector.

The bank moved up to ***10th**** place in the sector by asset size in 2015. While the bank's total lending expanded by ***14.5%***, total deposits grew by ***38.5%***.

GarantiBank SA's growth performance has been acknowledged by various awards in 2015: Two awards at the Top Bankers Gala, one in the Deposits Category, "Deposits Dynamics" and the other in the Lending Category, "Loan Balance Dynamics"; as well as the "Best Banking Strategy" award from "Financial Leaders' Hall of Fame 2015" Gala and the "Most Trusted Bank" award from the "Piata Financiara Magazine Awarding Gala".

Targeting the top tier Romanian companies and offering services in investment finance that suit their needs, Corporate Banking continued as one of the strongest business lines of the bank. GarantiBank SA sustained its strong position in SME banking with unrivalled service quality, and developed the Women Entrepreneurs' segment supported by credit lines provided by IFC, member of the World Bank Group. Retail banking and payment systems expanded in line with the bank's strategies, predominantly in the credit cards business, by excelling in their innovative approach.

GarantiBank SA, with its investments in technology, has adopted a pioneering role and broken new grounds in the Romanian banking sector. The bank is the only bank in the country with a whole network of cash in-cash out ATMs. With its internet banking application, the bank was recognized as the "Best Consumer Digital Bank in Romania" for the third consecutive year. The mobile banking application for its retail customers is a work in progress and expected to be available in 2016. Being one of the first banks using social media to connect with its customers, GarantiBank SA moved up to ***3rd*** place in the Romanian Financial Sector with over ***240*** thousand followers on Facebook.

Garanti Leasing Romania

Garanti Leasing Romania (Motoractive IFN SA) maintained its growth in 2015 by reaching EUR ***127*** million in asset size, ***21%*** higher than 2014, supported by the credit lines acquired from multi-national financial institutions and strengthened its position as one of the most important leasing companies in the Romanian leasing market. The portfolio of Garanti Leasing Romania is composed of vehicles, equipment and real estate.

Garanti Consumer Finance Romania

Garanti Consumer Finance Romania (Ralfi IFN SA) expanded its distribution network from ***41*** to ***51*** sales centers and increased the number of direct sales agents by ***18.5%*** in 2015. This allowed a ***5%*** rise in new loan volume, targeting a more positive outlook for 2016. The company increased its net profit by ***73.5%***, compared to 2014.

PROJECTIONS FOR 2016

In 2016, all the companies making up Garanti Romania Group will stay one step ahead of the competition and pursue new opportunities in a bid to continue their organic and sustainable growth. In the coming year, Garanti Romania Group will focus on sustainable development of its businesses without compromising its prudent risk evaluation approach, and aim to make a difference in the market through new products and services designed to cater to customer needs.

**Based on Central Bank Romania's latest available official data as of December 2015.*

GARANTI PENSION AND LIFE

993* THOUSAND PENSION PARTICIPANTS / SECTOR'S LEADER WITH TL 191 MILLION NET PROFIT / NET PROMOTER SCORE UP TO +63

Backed by the powerful Garanti brand name, Garanti Pension and Life is set apart and makes a difference in the sector with its customer-centric approach, technology and expertise.

Garanti Pension and Life services ***993**** thousand pension participants and more than ***1.8*** million policyholders with its ***864*** employees.

Having reached TL ***7.6*** billion in total fund volume, TL ***1.1*** billion in net annual contributions, and TL ***329*** million in life insurance premium production, Garanti Pension had yet another successful year in 2015, remaining the sector's most profitable company** with a net profit figure of TL ***191*** million, a title it has held for the past five years.

Total share of remote sales utilizing web leads and branch references by the telemarketing team reached ***13%*** in 2015.

ACTIVITIES IN 2015

Following the legislation changes of 2013, a new regulation regarding the deductions in the private pension system has been published in 2015 for encouraging participation in the system. As per the regulation that will enter into force in 2016, entrance fee and administrative expenses fee will be restricted to ***8.5%*** of the monthly gross minimum wage and will be charged for a period of ***5*** years maximum. This arrangement concerning deductions is intended to help the sector preserve its performance that resulted in winning ***3*** million* new participants in the past ***3*** years.

On another front, a regulation issued in April 2015 set out the rules for the "annuity contracts", which are complementary to the private pension system and mean "lifetime income" for participants. Annuity contracts are slated for introduction in 2016, thus creating a new, albeit small market for companies.

Drawing its strength from its leadership in the sector, efficiency in bancassurance, technological infrastructure and product diversity, Garanti Pension kept growing in 2015.

In 2015, Garanti Pension, targeting continuous development, successfully increased employee loyalty from ***56%*** to ***71%*** thanks to its employee- and customer-centricity. In a survey conducted by IPSOS, an independent research company, the net promoter score for Garanti Pension was found as ***+63***.

In the reporting period, Garanti Pension had a market share of:

- ***15.6%**** with a total fund volume of TL ***7.6*** billion;
- ***16.5%**** with ***993**** thousand participants;
- ***8.9%*** in the life insurance segment with a premium production of TL ***329*** million.

Leading the sector in bancassurance, Garanti Pension will keep guiding the sector with its innovative implementations. Garanti Pension signed the "United Nations Global Compact", committing to global initiatives for human rights, working conditions, environment and fighting corruption. Once again leading the sector in sustainability Garanti Pension signed the "United Nations Women's Empowerment Principles", emphasizing gender equality and women's position in society.

PROJECTIONS FOR 2016

Being the sector's most profitable company** for the sixth consecutive year since 2010, Garanti Pension intends to hold this title by further increasing its operational efficiency through continued focus on technology investment and process efficiency, and aims to use revenues toward the development of customer- and employee-centric processes and projects.

Also in 2016, Garanti Pension is targeting to preserve its leadership in the sector in terms of profitability amid the new regulatory environment and evolving market conditions, and to render this financial success sustainable. The Company will use the financial strength at its disposal for developing new projects and processes by focusing on customer-centricity and employee loyalty.

** PMC (Pension Monitoring Center) data, as of December 25, 2015*

*** IAC (Insurance Association of Turkey) data, as 2015 Q3*

GARANTI SECURITIES

INVESTMENT ADVISORY / 7% MARKET SHARE IN THE EQUITY MARKET / RESTRUCTURING

Boasting an experienced team, robust infrastructure and impressive performance in the brokerage services, Garanti Securities reaches the largest number of retail investors through Turkey's most extensive distribution network built upon the agency's relationship with Garanti Bank. With *7%* transaction volume in the equity market and over *9%* in the futures market in 2015, Garanti Securities is striving to reach more investors by expanding its product range in 2016.

Sales and Marketing

Steering the market with its qualified personnel, the Sales and Marketing team of *234* people was transferred from Garanti Bank to Garanti Securities on November 1, 2015 pursuant to the relevant Capital Markets Board (CMB) communiqué.

In addition to offering quality services to its clients based on its experience in the equity and futures markets, product diversity was increased by introducing FX and Options markets services in 2015.

With the launch of its website, internet and mobile branches and transaction platform projects, Garanti Securities will offer more efficient services to clients in 2016. The platform due to be introduced in 2016 will offer all investment products under a single roof, including overseas exchanges, giving clients faster access to investment options and improved guidance to investment preferences.

Treasury

Leveraged transactions offered by the Treasury Division (Treasury) registered a strong performance in 2015 with average daily transaction volume *581%* higher than in 2014. The trading channels will be enriched with the introduction of mobile applications. In 2016, the number of clients dealing in leveraged transactions is anticipated to rise sharply with the contribution of the branch network that originated from the restructuring.

Garanti Securities was one of the most active trading entities on the Derivatives Market (VIOP) on the equity index and equity options markets in 2015.

Corporate Finance

The total volume of corporate finance transactions advised by Garanti Securities reached USD *50* billion in 2015.

Garanti Securities successfully acted as a sell-side advisor to Dogus Group for the transfer of the minority shares in LeasePlan to LeasePlan Corporation N.V. for EUR *31.4* million in early 2015. During 2015, the company intermediated *56* bonds and bills issuances worth TL *9* billion in total. In addition, advisory services to Turk Telekom continues within the scope of privatization of *31.68%* of its shares in part or in whole.

Research

In 2015, the Research Department (Research) continued to guide both Garanti Securities, Garanti Bank and its subsidiaries amid the tough market conditions with informative and advisory reports. Research enhanced its portfolio with new periodic, sector specific and thematic products in 2015 for equity, fixed income, commodity and macro-economic research. In 2016 with the new product branding strategy, new channels will be offered. Fundamental research coverage in BIST companies is planned to increase- with new small-mid cap companies. In addition, Research will initiate coverage for corporate bonds.

International Institutional Sales

The International Institutional Sales Department (IIS) provides brokerage services in the equity and derivatives markets to foreign brokerage houses and foreign/domestic funds investing in Turkey. IIS also provides brokerage services to local investors in foreign markets.

The IIS department increased its market share in 2015 and reached its highest trading volume on an annual basis. Actively taking part in the derivatives markets, IIS increased its commission revenues through new customer acquisitions.

In 2016, IIS aims to strengthen its technological infrastructure utilizing Borsa Istanbul's colocation service, increase its trading volume and income through improved speed and efficiency of order transmissions.

GARANTI ASSET MANAGEMENT

TOTAL ASSET UNDER MANAGEMENT TL 11.8 BILLION / PENSION FUNDS AUM TL 7.6 BILLION / MUTUAL FUNDS AUM TL 3.9 BILLION

Turkey's first asset management company, Garanti Asset Management (GPY) has been operating in the sector for *19* years with the intent of leading the sector with its consistent asset management performance, comprehensive research activities and robust risk management.

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

GPY differentiates itself in the sector through its efficient business discipline and approach to risk management. With a professional team of *56* persons, *18* of whom make up the investment team, GPY provides services in the management of: Mutual Funds, Pension Funds, and Discretionary Portfolios.

ACTIVITIES IN 2015

GPY performed strongly in 2015 and total assets under management reached TL *11.8* billion.

Mutual Funds

Having obtained necessary authorizations from the Capital Markets Board of Turkey, GPY successfully completed transfer processes and undertook the duty of serving as the founder of all mutual funds. Opting for simplification to secure efficiency in mutual funds business, *8* mutual funds were merged, thus decreasing the total number of funds to *16*.

At the end of 2015, mutual funds sector reached TL *37.5* billion assets under management (AUM), and GPY held *10.4%* market share with AUM TL *3.9* billion.

In April 2015, *3* SMART Funds addressing different risk groups were introduced within the frame of the SMART Investment Approach. Investing in assets over a broad range enabled owing to the diversified asset investment strategy, SMART Funds were among the remarkable products of 2015.

GPY continues to manage two UCITS funds launched in March 2014 on BBVA's SICAV platform incorporated in Luxembourg for the purpose of meeting foreign investors' demand for Turkey.

Pension Funds

In 2015, Pension Funds expanded by *24%* and reached an asset size of TL *7.6* billion at the end of the year, translating into a market share of *15.8%*. Following suit of the past *3* years, particularly equity funds ranked high in 2015, displaying a sustainable performance.

Responsible Investment Practices

After becoming a signatory of the United Nations Principles for Responsible Investment (UNPRI) in 2011, GPY established its Responsible Investment Policy and Responsible Investment Committee. The Committee is the highest authority for integrating Environmental, Social and Corporate Governance factors into the processes of establishing an "investment scope" for securities and evaluating credit risks inherent in corporate bonds. GPY annually reports its performance in Responsible Investment practices to the UN. Reports are accessible on the website www.unpri.org.

PROJECTIONS FOR 2016

In 2016, SMART Funds, which invest in multiple asset classes in various geographies, are anticipated to become the priority preference of the investors and to stand out with their performances.

GPY plans to set up a new fund in January 2016 investing in Eurobonds for investors who opt for investing in foreign currency.

Collaboration agreements are planned to be made with fund distribution companies on active marketing of Mutual Funds, in order to help increase awareness and sales volume of GPY Mutual Funds.

GPY will continue to develop its Private Fund Establishment and Management business in line with the ever increasing demand from investors.

Other targets include growing the number of private pension companies that are provided fund management service in keeping with the expansion of the Private Pension System.

In Discretionary Portfolio Management business, GPY aims to gain additional market share while increasing its contribution to its profitability.

Overseas sales activities will continue to be run in coordination with Garanti Bank and BBVA.

GARANTI LEASING

USD 800 MILLION TRANSACTION VOLUME / 3,126 CONTRACTS

Carrying out the leasing transactions of a broad customer base of corporate customers, commercial customers, and small and medium-sized enterprises, Garanti Leasing has been active in the sector since 1990.

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 with ***25*** years of experience, is set apart from its competitors with its focus on customer satisfaction, qualified human resource, solid technical infrastructure, high funding capability and diversity of borrowing resources on the international markets.

ACTIVITIES IN 2015

Garanti Leasing successfully pursued its activities as one of the biggest leasing companies in the sector without compromising profitability. Based on data for the period of 01.01.2015-31.12.2015 released by the Association of Financial Institutions, Garanti Leasing reached a transaction volume of USD ***800*** million, ***3,126*** contracts, and ***13.5%*** market share in the number of contracts.

In 2015, Garanti Leasing further increased its focus on alternative delivery channels, thereby achieving increased productivity and customer satisfaction, and kept offering different and innovative solutions in customer relationship management. The company designed sector-specific leasing packages in order to respond to needs that vary according to sectors in machinery and equipment financing. Launched for the purpose of secondhand sales of equipment, leasingdepo.com application remained the one and only sales platform geared towards this goal in the sector, and was actively used, attracting an ever- increasing number of visitors and applications.

Garanti Leasing directly contacts its clients through the application forms available on its website and maintains effective communication through the social media channels including Facebook, Twitter, Instagram, LinkedIn and Sor application.

Garanti Leasing conducted customer surveys to develop future strategies for maintaining and improving customer satisfaction. Garanti Leasing kept operating with the mission of leading the Leasing sector, by conducting innovative research and analysis with IPSOS to increase efficiency.

PROJECTIONS FOR 2016

In the year ahead, Garanti Leasing will continue to further strengthen its asset quality through its dynamic and specialized human resource, strong delivery channels, extensive branch network, and superior technology. In order to reach targeted sectors and a wider customer base; service and distribution expertise will be used and by promoting better vendor relations, the equipment with expected increases in usage rates primarily construction and metal processing equipment, followed by textile, tourism, real estate, renewable energy, boat and health equipment will be the main areas of focus.

GARANTI FLEET

28% GROWTH / 50% RISE IN THE NUMBER OF CUSTOMERS

Garanti Fleet offers long-term fleet rental service for the passenger cars of all makes and models sold in Turkey to companies of any size from SMEs to corporate businesses, as well as to individual customers.

Providing extensive, rapid and reliable fleet management services across Turkey drawing on the strength of Garanti brand and its robust financial structure, Garanti Fleet achieves full compliance with the maintenance and repair standards established by the automotive industry. Garanti Fleet proactively plans every detail from the tires to be used to the service points where maintenance and repair services will be received, thus ensuring unbroken high quality service throughout the rental cycle.

Having adopted the mission of contributing permanent value to its customers, Garanti Fleet aims at unconditional and sustainable customer satisfaction. Set apart from its competition with its customer-centric service approach and its expert human resource, Garanti Fleet holds a unique position in the sector thanks to its advanced risk management systems and technology.

ACTIVITIES IN 2015

With the goal of rendering better and faster service to its customers, Garanti Fleet uninterruptedly continues with its innovation projects. Garanti Fleet authored many new initiatives also in 2015:

- Garanti Filo Sigorta Aracılık Hizmetleri A.Ş., established as a wholly-owned subsidiary of Garanti Fleet to manage all of its insurance operations, became the official agency of three major insurance companies in 2015. Garanti Filo Sigorta started rendering insurance service for second-hand vehicles sold to individuals, as well as vehicles subject to operational leasing.
- Garanti Fleet's online platform designed for the second-hand sale of cars with expired lease terms began second-hand sales to individuals as a result of the developments carried out.
- Garanti Fleet launched the Digital Sales channel, a new sales channel for rapidly responding to vehicle proposal demands received through the website and online platforms. This represents yet another solid step taken towards productive growth.
- In keeping with the importance attached to driving safety, Garanti Fleet continued to offer "Safe and Defensive Driving Techniques" and "Advanced Driving Techniques" training to the users of the cars leased by the company. The training courses, which are offered in collaboration with a specialist professional institution, are planned to be continued in 2016.
- The company set up Customer Satisfaction and Process Development Unit that will be charged with carrying out the process development activities with the aim of enhancing customer satisfaction and business productivity.
- In 2015, Garanti Fleet leased ***6,087*** new cars. The car pool was expanded by ***28%*** in line with its sustainable growth strategy. Garanti Fleet has been providing service to ***3,702*** customers with ***14,500*** cars and a team of ***86*** persons as of year-end 2015.
- Based on its 2015 activities, Garanti Fleet reached total assets worth TL ***827*** million.

PROJECTIONS FOR 2016

In 2016, Garanti Fleet will;

- Continue to invest in its technology and competent human resource,
- Launch new online and mobile applications as part of digitalization initiatives,
- Introduce improvements to the organizational processes which will speed up work flow and increase business productivity,
- Keep organizing special offer campaigns with car brands,
- Maintain its focus on retail rentals and customers in the SME segment based on its profitable growth strategy,
- Reach a car pool of ***17,500*** cars and ***4,600*** customers.

GARANTI FACTORING

HIGHEST CORPORATE GOVERNANCE RATING IN THE FACTORING SECTOR / LEADER WITH TOTAL ASSETS OF TL 3 BILLION / NO. 1 IN THE WORLD PER FCI'S EXPORT FACTOR OF THE YEAR RANKINGS

Garanti Factoring was incorporated on September 4, 1990 under the name Aktif Finans Faktoring Hizmetleri A.Ş. for offering factoring service to industrial and commercial companies. Operating under the "Garanti" roof since 2002, the company changed its company name to Garanti Faktoring Hizmetleri A.Ş. pursuant to 2001 Ordinary General Meeting held on March 27, 2002. The company name became Garanti Factoring A.Ş. based on a decision adopted in 2013 Ordinary General Meeting convened on April 17, 2014.

Based on the authorization received from the Capital Markets Board of Turkey (CMB) in 1993, Garanti Factoring went public and was quoted on Borsa Istanbul. Offering integrated solutions for domestic and overseas trading through its funding, guarantee and collection products, Garanti Factoring's *8.4%* shares in free float are being traded on Borsa Istanbul Second National Market under the ticker symbol GARFA. Having a broad customer base, Garanti Factoring provides domestic and overseas factoring services via *21* branches across Turkey to entities with extensive supplier and dealer networks, with a particular focus on SMEs, exporters and importers, based on an approach concentrated on customer needs.

ACTIVITIES IN 2015

At the end of 2015, Garanti Factoring's total assets size is *2,971* million TL, and carried out *36,632* factoring transactions in total with *8,181* customers, thus sustaining its support to the real economy. Posting TL *25.4* million in net profit for the period, the company increased its shareholders' equity to TL *166* million, up by *18%*.

With bond issuances worth TL *1,582* million in nominal terms during 2015, Garanti Factoring diversified its funding resources and offered lower-cost financing to its customers.

The company ranked number *1* in the sector with market shares of *11.1%* in total assets and *11.4%* in factoring receivables.

Generating TL *7.4* million on domestic transactions, TL *1.37* million on import transactions and TL *8.6* million on export transactions, Garanti Factoring's total business volume reached TL *17.33* million in 2015.

As a result of the *4th* audit conducted in the reporting period to endorse the continued conformity of its activities to Corporate Governance Principles, the company's Corporate Governance Rating was raised to "*9.15*", a score that helped it remain as the highest-rated factoring company on the BIST Corporate Governance Index.

In 2015 Garanti Factoring started offering irrevocable factoring, in this type of factoring the factoring operations are assured by the ceding of the right of receivables from the collateral letter.

PROJECTIONS FOR 2016

In 2016, Garanti Factoring will continue to broaden its customer base and to launch new products. Currently in the process of reorganizing its website to be used as an application channel for facilitating more effective new customer acquisition, Garanti Factoring is also aiming to increase the volume of factoring transactions with guarantee services through upgrades and developments taken on in relation to the supplier financing system. Garanti Factoring will continue with efforts for increasing its coverage with respect to export transactions; to this end, the company is working on new products in this field.

GARANTI PAYMENT SYSTEMS

TL 10.3 MILLION IN ACQUIRING VOLUME / LEADER IN RETAIL CREDIT CARD TRANSACTION VOLUME WITH 21% MARKET SHARE / LEADER IN E-COMMERCE WITH 23% MARKET SHARE

Remaining the sector's leader in its ***16th*** year owing to 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 portfolio in the market.

The main brands of personal cards include Bonus, Miles&Smiles and American Express, Çevreci Bonus (Environmentally Friendly Bonus), Aynalı Bonus (Reflected Bonus), Şeffaf Bonus (Transparent Bonus), GS Bonus, BJK Bonus, Fenerbahçe Bonus, Trabzonspor Bonus, Money Bonus, Bonus Genç, Flexi, Bonus Flexi, Bonus American Express, and Altın Bonus (Bonus Gold) are presented to respond to the needs of customers from different segments. The Business Cards Portfolio encompasses ***9*** different products, while Paracard is the debit card brand.

With cash advance, skip payment post purchase installment, and skip spending post purchase installment products, GÖSAŞ facilitates convenient fulfillment of cash needs of business cardholders and arrangement of their payments.

The author of 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, Virtual POS and Cash Register POS to member merchants in addition to the Kolay Vezne (Easy Teller) and Ödeme Noktası (Payment Point) services,
» Remains the most used business card on the back of ***50%*** increase achieved in business cards in the last year, which means that a Garanti business card is used for ***1*** out of every ***4*** transactions.

ACTIVITIES IN 2015

» Upon completing the necessary steps, GÖSAŞ received the operating license from the Central Bank of the Republic of Turkey (CBRT), which was published in the Official Gazette issue 29391 dated June 19, 2015. With this license, GÖSAŞ has become one of the two system operators in Turkey dealing with the settlement of card-based payment systems. As a result of these activities, the clearance and settlement system run by Garanti Bank to date was renamed "Takasnet Clearance and Settlement System".
» Bonus, the credit card with the most freebies in Turkey, revamped its website. With its simplified content and main menu, headings categorized according to sectors and dynamic design, www.bonus.com.tr gives customers much faster and easier access to current campaigns and offers available at thousands of member merchants.
» The main focus of GÖSAŞ in 2015 was on micro SME customers in the business cards segment, where the highest growth was achieved in sole proprietorships. By winning customers using their personal cards for their business expenses as business card owners, the company helped them manage their cash flows more easily and gain access to advantages offered by the business card. ***9*** different business cards were introduced, which present much lower minimum payment possibility, installments that are unrestricted in terms of sectors, higher credit line as compared with retail cards, and cash withdrawal campaigns specific to the business card.

PROJECTIONS FOR 2016

2016 targets include:

» Continued expansion in retail credit cards, ensuring profitability and growth while fulfilling diverse needs of customers through cash products,
» Producing new solutions that will highlight customer transparency and convenience,
» 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,
» Sustained growth trend in micro SMEs and sole proprietorships, while presenting "corporate card" products to corporate customers for use in their entertainment and travel expenses,
» Focusing on highly active and profitable customer portfolio in commercial credit cards to secure an accelerating growth trend.

GARANTI MORTGAGE

LEADER WITH 14.15% MARKET SHARE / 7% RISE IN APPLICATIONS RECEIVED THROUGH GARANTI WEBSITES / MORE THAN 477,000 MORTGAGE LOANS

Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş. (Garanti Mortgage), is Turkey's first housing finance company, and started its operations right after Mortgage Law went in to effect in October 2007.

Established *8* years ago, Garanti Mortgage has the broadest range of mortgage products in Turkey. It provides mortgage services delivered by specialist portfolio managers who have completed the "Mortgage Expertise Certificate Program".

In addition to Garanti branches, Garanti Mortgage reaches customers by employing various channels including call center, internet and mobile banking platforms; real estate agents, property developers, and housing and commercial projects under construction.

It analyzes customers and areas served to organize tailor made campaigns for professional groups and areas displaying growth potential.

ACTIVITIES IN 2015

Targeting for an increase in number of applications received through digital channels, Garanti Mortgage directed more potential customers to 444 EVIM. As a direct result of the process improvement activities carried out, the share of mortgage loans disbursed through 444 EVIM within all mortgage loans increased by *14%*.

Garanti Mortgage financed more than *477,000* mortgage loans through campaigns designed for various sectors and professional groups. Garanti Mortgage was involved in over *130* new housing projects during 2015, it continues lending customers in more than *530* housing construction projects on the market, thanks to its collaborations with developers.

Heavily lending to sizable projects in Istanbul, Ankara and Izmir, Garanti Mortgage continues to get involved in small and medium scaled housing projects in Anatolia.

With its exclusive urban transformation call center (444 0 332) and website (kentseldonusumcevaplari.com) Garanti Mortgage continues to increase activities in this area.

PROJECTIONS FOR 2016

Predicting an intense competitive environment in 2016, Garanti Mortgage aims to increase efficiency across all distribution channels, by offering the best fitting repayment plans to customer's budget with its broad product range, and speeding up the processes through automation of the documents entailed in the mortgage process.

Amid fierce competition in 2016 "Garanti, the Mortgage Expert" will sustain its sector leadership, thanks to its current and developing differentiating services and practices.

GARANTI TECHNOLOGY

THE SECTOR'S MOST DIGITIZED COMPANY WITH A 93% SCORE / 3,132 IT PROJECTS

A provider of services in information technology and author of many firsts since 1981, Garanti Technology (GT) contributes a critical competitive edge to Garanti and its subsidiaries with its innovative and creative products, services, applications and consultancy services. GT keeps investing 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, and continues to lead the sector with all of its functions.

ACTIVITIES IN 2015

During 2015, GT continued to invest in technological infrastructure and carried out projects integrating all technological innovations and enhancements with business processes. Having achieved a perfect harmony between technology and banking, Garanti family improved its processes; enhanced operational efficiency thanks to this technology, and authored numerous novelties that meet needs of its customers.

GT completed ***3,132*** IT projects in 2015. According to "Accenture Digitization Index" study results, Garanti is named the most digitized company in Turkey and in financial services sector with a digital score of ***93%***.

The number of transactions handled by GT increased incrementally: ***500-600*** million CICS transactions/day with a response time of ***30*** ms; ***700*** thousand-***1*** million internet banking logins/day on average with a response time of ***90*** ms; ***800*** thousand-***1.3*** million Mobile Banking logins/day on average with a response time of ***100*** ms.

STEP platform was introduced to provide customers an uninterrupted and high quality banking experience in branch and non-branch environments. This gives Garanti's Customer Relationship Managers access to recent bank data, market and media news, as well as internal and external portals at all times. Similarly, they can access all sorts of financial data, transactions, instructions and documents for their clients, and are able to furnish same high quality service to customers anytime, anywhere. Nearly ***6,500*** iPads were distributed to employees in 2015 to increase mobility in banking applications.

BonusFlash, a ground-breaking application, was launched to be used on mobile phones with iOS or Android operating systems. Application enables debit and credit card customers to easily handle various transactions such as campaign follow-up, card activities during account statement/period, portfolio transactions, card settings, mobile and e-commerce payments, and card application.

Operating systems were upgraded across the Bank. Improvements were made to ATMs, and additional measures were adopted to boost security. Within this scope, ***1,300*** Wincor Nixdorf ATMs started to be replaced; installation of ATM Anti Skimming devices were expanded to cover all ATMs in an effort to increase security against card duplication attacks.

Passport scanners were put in place in ***128*** branches. Moreover, Electronic Security Systems were taken over. All electronic security systems such as recorders, cameras, detectors and gate admissions are now being managed and monitored. Devices are being set up and managed in offsite ATMs and branches.

PROJECTIONS FOR 2016

In 2016, GT will keep shaping future of financial services industry by re-defining financial products and services offered considering changing needs of its customers. By utilizing all facilities that technology has to offer, GT built up an ecosystem and has been successfully operating in it, where all financial products and services are available at anytime, anywhere. By doing so, GT will modify Garanti's way of doing business, starting with sales teams, and will mobilize the business life. It will keep working to enable its customers carry out their transactions on digital channels not only by using a keyboard, but also by using audio and visual means.

Having realized major breakthroughs in fields of data warehouse usage and business intelligence, Garanti will complete infrastructure investments in Big Data. Besides using this technology for ensuring efficiency in customer relationship management and banking transactions, the company will also employ it in IT Operations and IT Security Management, thus taking place among worldwide pioneers.

WE ARE INNOVATORS

BEST CUSTOMER EXPERIENCE / WITH 551 PRODUCTS & SERVICES / INTEGRATED TO CUSTOMERS' LIVES

Garanti 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 PUT DIGITAL CHANNELS AT THE HEART OF CUSTOMER EXPERIENCE

Internet Banking

» Customers can log in to Internet Banking to increase their limits and follow up the outcomes of their limit increase requests. In addition, custom-tailored proactive limit proposals are offered through Internet Banking, allowing instant limit increases.

» Internet Banking and Mobile Banking users can now log in by entering their T.R. ID numbers or card numbers as an alternative to their customer numbers. Customers using their card numbers to log in can perform transactions for that specific card only.

» Garanti customers can log in to the e-government system following Garanti Bank's Internet Banking authentication, without having to get an e-government password. They can inquire about their debts and make certain payments through Internet Banking.

» The revamped Garanti Pension Internet Branch can now be logged in following Garanti Bank's Internet Banking authentication. This eliminates the need for another password for customers' access to Garanti Pension Internet Branch.

» Using the "My Documents" step added to Internet Banking, users can update and view their Banking Services Agreements.

» Custom-tailored proactive loan proposals are offered via Internet Banking; the structure allows quick disbursement of loans up to TL ***15,000***.

» An infrastructure was introduced whereby customers receive the relevant campaign code through text messages and emails when they satisfy the conditions of a given campaign.

» Summary/Yield Tracking/Position and Yield Tracking steps on Internet Banking allow customers to monitor their assets deposited at Garanti, as well as the returns thereon for a selected period and in terms of the selected currency (TL, USD or Euro).

» SME natural and legal person customers using Personal Internet Banking can now perform Same Day Value Swift transactions. They can also visit any branch to get the Customs Letters automatically produced following cash Import Transfer transactions.

» Customers can unblock the amount on their merchant partner POS terminals using Personal or Corporate Internet Banking. They can also transfer the blocked amount on their POS devices to a demand deposit and monitor the status of transactions requested to be unblocked.

Mobile Banking

» iPhone and iPad applications have been completely revamped based on Flat Design norms and new performance features of iOS8, in an effort to ensure a more clear-cut presentation of the contents to users.

» Device Pairing function matches the device with the user, who can then log in to the app just by punching in the password, and makes Mobile Banking login securer and faster. Enabled with the latest update, device pairing brings saving as it allows a transition to token-based authentication instead of the operator-dependent SMS OTP, which heightens the security level and reduces login costs.

» Remember Me function allows users to log in to Mobile Banking by entering their password only without having to re-enter their customer number, if they choose to do so.



» Notifications are sent to customers from Mobile Banking for proactive information provision purposes. These notifications can also be accessed from Mobile Banking login and home pages.

» English language support has been added to Mobile Banking.

» The new feature introduced in 2015 to the Money Withdrawal with QR Code from Paramatik ATMs capability added this transaction to Mobile Banking login page, thus allowing much quicker execution. Moreover, users can withdraw money without entering their passwords thanks to the device pairing function.

» Garanti has become the one and only bank offering iTunes Code in Turkey. Customers can purchase iTunes Code from Mobile Banking and Internet Banking, and use the code to buy music, films, apps and more from Turkey iTunes Store and AppStore.

Alo Garanti

» Upon calling Alo Garanti, customers defined as Speech Impaired Clients on the Bank's system are greeted by the DTMF (dial) menu instead of Voice Steering, thus having an improved customer experience.

» Users now have the option to log in by entering their T.R. ID numbers, as an alternative to their customer numbers.

WE REMAIN OUR LEADERSHIP IN MOBILE APPLICATIONS

BonusFlash

Bonus launched BonusFlash, a groundbreaking application in the credit card industry that makes life easier for its customers in November 2015. Setting a remarkable record in its field with more than *300* thousand downloads in the first *2* weeks following its launch, application has reached more than *1* million downloads in less than *3* months. The application can be used on mobile phones with iOS or Android operating systems, and allows much faster handling of various transactions such as campaign follow-up, card information queries, limit increase requests, debt payments and mobile payments through a single platform. With the application, Garanti Bank customers are able to easily control all of their Garanti debit and credit cards on the same platform. Offering almost the full range of transactions executed with a credit card and providing speed and ease to users, the application additionally analyzes spending habits and suggests the most fitting campaigns for customers with Push notifications. Users can take part in any campaign they choose with a single touch, and instantly follow-up various information including daily spending, available limit and bonus points earned.

Garanti Bank cardholders who have downloaded BonusFlash application can do their online shopping by only punching in their card PINs into their mobile phones. GarantiPay and HCE introduce new generation payment technologies for use by customers. While GarantiPay ensures secure and easy performance of e-commerce transactions, HCE allows users having mobile phones with certain capabilities to make their payments using their mobile phones at member merchants having contactless POS devices, without taking their cards out of their wallets.

WhatsApp

Making daily life easier with its solutions on digital channels and always standing by its customers with its technology, Garanti Bank now reaches its customers with services offered via WhatsApp. A first in the Turkish banking industry, WhatsApp service provides the nearest branch or Paramatik ATM address to WhatsApp users sharing their location data with the Garanti's dedicated line at the number 0530 104 34 33. The service also delivers real-time market data in response to customers' "BIST 100", "USD", "EUR", "GOLD" or "MARKET" IMs sent via the app. Additionally, Garanti Mobile Banking can be easily downloaded with the link sent via WhatsApp.

WE ARE "EVERYWHERE" ON SOCIAL PLATFORMS

» Based on its principle to "be wherever the customers are", Garanti moves ahead with the target of being active on all platforms. Having a presence on the highest number of social platforms among financial institutions operating in Turkey, Garanti Bank has been the first bank to join new platforms like Line and Snapchat and to carry out creative campaigns thereon.

» In keeping with the social media actively penetrating our lives, Garanti introduced the feature to log in to garanti.com.tr through social platforms. While this made personalized pages possible, it also enabled matching customers' social media profiles with their Bank profiles.

» Developing new projects allowing potential and existing customers to transact through social platforms as well, Garanti has become **Turkey's first and only** bank facilitating direct application to more than ***10*** products from general purpose loans to insurance products for its Facebook followers via the apps on this platform.

» Through the Facebook app Automik, Garanti authors a first in Turkey and helps its users find the cars best fitting their needs, and also extends the necessary support for the purchase of these cars. Using the app, a user can reach the dealer selling the specific car, while capturing the chance to file an application for the auto loan at favorable rates and for car own-damage insurance products.

WE CARE ABOUT SUSTAINABILITY

» Recognizing the urgency of Turkey's transition to low-carbon economy, Garanti has been **the one and only Turkish bank** to declare its "Climate Change Action Plan" in 2015. Garanti's pledges in this statement, which include carbon pricing, renewable energy financing, reducing deforestation, establishing green office standards and managing water risks, will significantly contribute to achievement of Turkey's COP21 goals and UN Sustainable Development Goals.

» In an effort to enhance awareness of water risks facing Turkey, Garanti has become the major sponsor of the CDP Water Program, and launched this platform that will reveal water-related risks and opportunities for the private sector by early 2015. Garanti has also taken place among the initial ***15*** respondent companies to CDP Water Program in Turkey.

» Striving to support Turkey's fight against climate change and to present solutions for risks such as drought, Garanti introduced the "Agricultural Irrigation Systems Loans" for financing efficient irrigation equipment in the first quarter of 2015. Turkey's largest solar irrigation system has been funded under this loan.

» Garanti expanded ISO14001 Environmental Management System to cover ***100%*** of its operations in Turkey.

WE ARE WORKING TO STRENGTHEN OCCUPATIONAL HEALTH AND SAFETY

» Garanti launched Turkey's first Occupational Health and Safety (OHS) software and rolled it out in all locations. With the software, Garanti tracks a range of activities including risk assessment, health monitoring, training, OHS Committees, near misses, work accidents, review of occupational illness processes, and coordination and control of measures. The company aims to use these outputs to enhance employee and stakeholder satisfaction and well-being.

» In addition, Garanti keeps organizing innovative and need-based training programs that transcend national regulatory requirements in the field of OHS, as well. Two examples are "Correct Use of Voice" training for groups heavily using their voices such as Call Center agents and Internal Trainers, and "IOSH Managing Safely" training attended by the Construction Department Project Leaders team.

WE REMAIN AS THE SOLUTION PARTNER OF THE SMEs

» Further enlarging our products and services contributing value to the SMEs, we have introduced GarantiTeknosor service. With GarantiTeknosor technological consulting service, customer and non-customer SMEs can seek technical support for frequently used electronic devices such as computers, printers, mobile phones, tablet computers and the like by filling out the relevant form on garanti.com.tr.

» Giving SMEs with the potential to attract investment and to grow, and early startups of any scale and sector access to mentoring and financial support, GarantiPartners Accelerator Program was introduced jointly with a business angels investors network (BUBA).

» In partnership with the Netherlands Embassy, Garanti carried out a pairing effort to bring Turkish companies together with the Dutch companies engaged in the agricultural industry in advance of the Growtech Fair. This has been the Netherlands Embassy's first cooperation in this context with a bank.

WE ARE SUPPORTING WOMEN ENTREPRENEURS

» Garanti has become **the first bank from Turkey** to join WeConnect International, a global platform established for incorporating women entrepreneurs in the supply chain. Being the sponsor bank of the W20 initiative that made its debut during the Turkish term presidency of G20, Garanti keeps working in relation to W20 priorities, including improving working conditions of women, their economic empowerment, eliminating workplace discrimination, promoting equal opportunities, ensuring women's easy access to finance, and supporting women-owned enterprises.

» Garanti cooperated with Prof. Yıldız Ecevit, Head of Women's Studies Department at the Middle East Technical University, for the conduct of "Women Entrepreneurs Research" for profiling women entrepreneurs, which the Bank believes will steer the studies in relation to women entrepreneurship.





WE SUPPORT THE FINANCING OF INFRASTRUCTURE INVESTMENTS

» With the subordinated junior loan for the financing of an infrastructure project, Garanti has become **the first Turkish bank** allocating funding in such a structure to infrastructure projects.

» Garanti is accountable for the highest ticket in an ***18***-year project finance facility, a first for the Turkish banks, within the frame of an ***18***-year long-term structured finance extended to a PPP-based hospital project. With the vision of producing innovative and creative solutions particularly for structured finance products, Garanti undertook a pioneering role in the execution of infrastructure investments.

WE ARE MAKING LIFE EASIER FOR OUR CUSTOMERS THROUGH OUR INNOVATIVE PRODUCTS AND SERVICES

» Garanti introduced "OSS (One Stop Shop) - 2ND HAND", a product offering fast and easy financing for second hand vehicle sales and purchases. While customers can easily take out auto loans for their second hand car purchases without paying a visit to the branch with "OSS - 2ND HAND", dealers get the chance to conclude second hand sales much more quickly.

» Offering alternative solutions to customers' financing needs through discount products, Garanti's recently introduced FC supplier financing allows discounting FC receivables.

» For customers with international operations and having a global joint payment center, Garanti introduced Garanti Connect, which centralizes cash and liquidity management. Hence, customers can execute their payments via Swift using the bulk file method.

WE SUPPORT INVESTING

» "SMART Funds", which are managed on the basis of diversified asset strategy in domestic and international markets with a brand new investment approach, have been launched in April 2015 and reached a volume of more than TL ***100*** million.

» Initiated in 2012 for bringing the gold coins kept at homes back into the financial system, gold collection days started to be held on Saturdays as well.

WE STAND BY THE RETIREES

» Taking digital trends and customer needs into consideration, Garanti Pension revamped its internet branch, vesting it in a design enabling logging in from all desktop computers and mobile devices. Entailing numerous firsts in the sector with its features, the internet branch also allows logging in by entering Garanti Bank customer data.

» Recreating the experience of the "Process of Retiring", a key moment in the path to retirement, Garanti Pension formed the "Retirement Services" team furnishing service specifically to these customers. Offering advisory for retirement options to customers who are nearing the time of retirement entitlement, the team stands by the customers at this important moment in their lives for presenting them with a special experience.

» Steering its activities in accordance with the "Customer First" notion, Garanti Pension, in 2015, introduced the "Sapphire Service" tailored for top-segment clients and offering proactive service. Within this context, the "Sapphire Customer Care Line" went live, which offers service exclusively to Sapphire customers and which gives them quick reach to designated customer representatives.

Keeping a close eye on digital trends and aiming to reach different target audiences through different channels, Garanti Pension authored firsts in the sector:

» Garanti Pension presented **the first private pension plan** specifically designed for the social media. The advantageous "Social PPS" plan accepting applications only via Facebook made up a new channel of service to potential customers.

» Watching digital trends closely and aiming to reach different target audiences through different channels, Garanti Pension made the **sector's first broadcast on Periscope**. Airing various hobby events such as sailing and cooking live with its program partners within the scope of the Hobby Clubs initiative, Garanti Pension will keep broadcasting various activities from different fields on this media from time to time.

» Realizing another first in the sector, the company put into life Twitter talks. Responding to questions about private pension, private pension funds and hobbies, Garanti Pension carries on with enjoyable talks on different contents.

» Garanti Pension opened an Instagram account, which was heavily used for promoting Hobby Clubs' activities.

GOING FORWARD TOGETHER WITH THE SME'S

Garanti values penetration of SMEs to broader markets, and their acquiring competitive and productive characteristics through technology. With long ongoing efforts to support the SMEs, Garanti has become the first private bank in Turkey in 1996 to launch an SME support initiative under the business owner package.

"The people who get on in this world are the people who get up and look and, em."

The backbone of the economy, engine of growth, driver of employment, the cornerstone of economic and social development... These are all metaphors used not just in Turkey, but in many developing countries to underline the significance of SMEs.

A look at the SMEs by numbers proves these metaphors only right.

Based on TurkSTAT "Small and Medium-Sized Enterprises Statistics" of October 2014, ***SMEs constitute 99.8% of all enterprises in Turkey***. SMEs were responsible for 56.4% of exports and 37.8% of imports in 2014. According to foreign trade by country groups, the proportion of exports to European Countries and Asian countries was 48.1% and 35.5%.

It is not very different in other parts of the world, either. SMEs make up 99.9% of all enterprises in North Korea and in U.K. A substantial portion of employment is created by the SMEs in many countries. They employ 53% of the work force in the US, 79% in Germany and 87.7% in North Korea. There are 1.3 million SMEs in India. SMEs carry out 40% of India's exports. Italy's effectual "Made in Italy" attempt by the SMEs is a success story with respect to upgrading the country's economic strength.



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Hence, SMEs make up a crucial asset that serves as the engine of growth, drives employment and exports, and also takes on half of the investments.

Garanti has long been working to support the SMEs. Garanti has become the first private bank in Turkey in 1996 to launch an SME support initiative under the business owner package. ***Total cash loans extended to SMEs by Garanti today amounts to TL 20 billion.***

Garanti aims to reach out to a higher number of enterprises and increase the number of campaigns that will contribute to their sustainability through special projects tailored for tradesmen and SMEs operating particularly in Anatolia. Being a bank striving to support the SMEs in every aspect based on a holistic approach, Garanti identifies the diverse needs of SME's in a bid to expand its focus beyond credit support.

"The people who get on in this world are the people who get up and look for the circumstances they want, and, if they can't find them, make them."

George Bernard Shaw



SUMMARY OF THE BOARD OF DIRECTORS' ANNUAL REPORT

2015 has been a year of continued volatility in the financial markets due to the uncertainties relating to global monetary policies and concerns over growth. The slowing trend ongoing since 2014 in global economic activity persisted in 2015, in a more pronounced fashion particularly in China and some other emerging countries. The weak global economic activity led to declines in commodity prices. In this period, emerging countries were significantly influenced by the fluctuations. While portfolio flows towards these countries were feeble, exchange rate volatility remained high.

The repercussions of the tides in global markets were also observed on the Turkish economy in 2015. The uncertainties stemming from the renewal of elections, coupled with the increased geopolitical tensions led to fluctuations in financial indicators. In this period, the Central Bank of the Republic of Turkey (CBRT) maintained its tight monetary policy stance in view of the inflation outlook, and took steps to support financial stability and to balance FC liquidity. On another hand, Turkey's economic performance remained resilient and closed in on its potential in this period that both external and domestic financial markets were challenged.

In 2015, the Turkish banking sector was still repressed by the regulations, in addition to the volatility resulting from global and macroeconomic uncertainties, combined with geopolitical and political developments. In a year of tough market conditions, Garanti once again proved its ability to perform strongly under any market condition. The primary contributors to this performance included the comfortable liquidity level, focus on disciplined and selective growth, emphasis placed on risk-return balance, successful margin management, capability to generate the highest customer-driven revenues, and sound solvency.

Garanti sustained its leadership in branch efficiencies in 2015, while continuing with investments in delivery channels, giving the priority to easy and instant access to its banking services from all channels and aiming to offer an embedded banking experience to customers. At the end of 2015, Garanti was serving more than ***13.9*** million customers through a robust distribution network covering nearly ***1,000*** branches, ***4,504*** 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 over ***18*** million debit and credit cards, and ***601,000*** POS terminals, Garanti manages Turkey's largest merchant network via its innovative products and services.

Garanti's total assets increased by ***16%*** year-over-year in 2015, and reached TL ***280*** billion. As Garanti focused on customer-driven asset growth, the share of lending to total assets surpassed ***60%***.

In 2015, Garanti displayed a disciplined and moderate expansion in its lending. Cash loans increased by ***19%*** on an annual basis. TL loans were the key driver behind the loan expansion of Garanti. While TL loans increased by ***18%*** on an annual basis, this growth figure went above the budget target set at the start of the year. TL business banking loans grew nearly ***30%*** in 2015, leading the TL loan growth. Garanti maintained its focus on retail loans, which create high yields as well as cross-sell opportunities. Registering growth rates of ***21%*** in mortgage loans and ***19%*** in auto loans, the Bank further cemented its leading position in total consumer loans, mortgage loans and auto loans. Garanti consolidated its pioneering position in payment systems, backed with its command of the largest merchant network and its leadership in the use of commercial credit cards. The ongoing domestic and overseas volatilities and uncertainties in 2015 led to the postponement of some investments that were expected to be launched during the year to coming periods, and as such, prevented the targeted growth in FC lending from materializing. However, in 2016, we are anticipating positive support to the FC loan growth in the form of project finance and investment loans from these investments, which are intended to be rolled out in the coming periods.

Garanti's asset quality was further strengthened with the proactive approach pursued with an eye on potential changes in global circumstances in risk assessment. In keeping with the projections of early 2015, the NPL ratio was registered as ***3.2%*** and NPL coverage ratio as ***76%***. Solid collection performance eased the negative effect of new NPL inflows.

Garanti preserved its liquid balance sheet composition in 2015. Funding base of the Bank is dynamically managed and continued to be largely composed of deposits . The growth in customer deposits, at ***18%***, was aligned with the loan expansion in 2015. Garanti deliberately avoided pricing competition in line with the priority placed on effective cost management, and chose to base the expansion in deposit base on sustainable banking relationships. Demand deposits grew by more than ***20%*** on an

annual basis and their share to total deposits went above 24%. Garanti kept diversifying its funding structure by actively tapping alternative funding sources, with the aim of managing asset-liability duration gap and optimizing funding costs.

In 2015, Garanti kept taking successful steps, placing sustainable growth and profitability in its focus. The Bank pursued operations by further strengthening its solid capitalization on the back of internal funds created. Garanti maintained its capital ratios, which are Basel III compliant, at strong levels in spite of the significant depreciation in Turkish lira, the dividend payout during the reporting period, continued repressive effects stemming from regulatory requirements, and the negative effect originating from the market value changes in securities due to the volatile markets. At 13.5%, the capital adequacy ratio stayed well above the minimum regulatory ratio of 8% and of the recommended ratio of 12%. At Garanti, common equity corresponds to 95% of total shareholders' equity. With a common equity Tier I ratio of 12.9% at year-end 2015, Garanti boasts the highest core capital ratio in the sector.

Garanti's recurring strong performance comes not as a result of ad-hoc steps, but of a long-lived and well-planned journey. The differentiating business model of Garanti supports the continuity of its successful performance. On the back of dynamic balance sheet management, Garanti successfully broadened its net interest margin, preserved its solid net fees and commissions base, and effectively managed its operating costs by maintaining its focus on efficiency even in a challenging year dominated by economic uncertainties and volatilities, and of ongoing repressive effects of regulations upon banking revenues. Garanti registered a return on average equity (RoAE) of 14.5% and a return on average assets (RoAA) of 1.6%, excluding nonrecurring items.

Garanti does not limit its activities to banking services only; the Bank pursues its operations with the goal of contributing real value to the society, constantly building on these values, and launching sustainable initiatives.

2015 was the scene to intensified global efforts in the areas of sustainable development and climate change. In its Climate Change Action Plan released in October 2015, Garanti concentrated its support to efforts in this area under the four main headings of carbon pricing and prioritizing renewable energy investments, reducing deforestation, managing water risks through climate change adaptation, and establishing green office standards. It has also become the first Turkish bank to become a signatory of the Caring for Climate (C4C) initiative encouraging private sector action against climate change, and the Business Leadership Criteria on Carbon Pricing, both led by UN Global Compact.

The total amount of financing Garanti has made available to renewable energy investments topped USD 4 billion at the end of 2015. The Bank preserved its 35% market share in Turkey's installed wind power capacity. The new loan product designed to encourage efficient irrigation systems in the agricultural industry is lifting the Bank's support to climate change mitigation to a new level. Due to the Bank's approach of adaptation to the impacts of climate instabilities on water cycle, Garanti was presented in the UN components' report entitled "The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience" as the only Turkish company and as being one of the 2 banks in the world.

Garanti Anatolian Meetings, whereby the Bank offers guidance to the SMEs and share suggested solutions on the basis of sectors and provinces, entered its 13th year in 2015. To date, 100 meetings were held in 68 provinces including the 3 cities, namely Muş, Kocaeli and Uşak, visited in 2015.

Garanti has reached out to 6,662 women through Women Entrepreneurs Meetings co-organized with the Women Entrepreneurs Association of Turkey (KAGİDER) since 2008 with the objective of supporting participation of women in economy and empowering women entrepreneurs in developing economies such as Turkey.

Based on its commitment to creating permanent value, Garanti initiated a new project in 2015 as part of its efforts in the field of education. Collaborating with the Educational Volunteers of Turkey (TEGV), the Bank began sponsoring the educational program "Math and Science Learning with Fun". It is intended to reach approximately 100 thousand children in the course of 3.5 years with this program, which will be offered at TEGV locations in 37 provinces in Turkey.

In 2015, 19 exhibitions showcased at SALT Galata, SALT Beyoğlu and SALT Ulus under the roof of SALT, a gift from Garanti to Turkey's cultural and intellectual life, attracted 508,594 art lovers. On the other hand, the Bank hosted almost 41,000 music enthusiasts in 79 concerts organized in 2015 within the frame of "Garanti Jazz Green" sponsorship that has been ongoing for 18 years with the motive of sharing jazz music with large audiences.

Garanti has been the main sponsor of the Turkish National Women's Basketball Team and the Turkish National Men's Basketball Team for 15 years. A total of 55 thousand students received basketball training in 81 centers at 12 Giant Men Basketball Schools that the Bank has been supporting since 2002. Garanti Bank's efforts to contribute to the social life of individuals with disabilities continued with its support to wheelchair basketball.

Based on the "Disabled-Friendly Banking" notion, Garanti Internet Banking and Mobile Banking were rendered accessible to visually impaired customers with the use of software that can read out screen content. The project "İşe Katıl Hayata Atıl" (Join the Workforce Join Life), which Garanti has launched under the patronage of the Ministry of Family and Social Policies in a bid to help people with disabilities gain professional skills and to create employment opportunities for them, continued and further expanded in 2015.

In the past years, open communication and cooperation with stakeholders has been a major contributor to constant improvement of Garanti's sustainable banking vision by keeping it dynamic. On the back of people-oriented systems devised along these lines, advanced risk management concept and all of its endeavors exhibiting the value the Bank attaches to the society, Garanti became the only Turkish company to qualify for the Dow Jones Sustainability Index, one of the world's most prestigious sustainability indices, in 2015. This offered further evidence that Garanti has embedded sustainability throughout the entirety of its banking operations.

Also in the period ahead, Garanti will be making decisions with an eye on the needs of future generations, and will keep fulfilling its share of the responsibility for a sustainable future. The Bank will move ahead with its vision of being the best bank in Europe, while remaining adhered to the outlines of its existing strategy.

Sincerely,
BOARD OF DIRECTORS

BOARD OF DIRECTORS



FERİT F. ŞAHENK

Chairman

Ferit F. Şahenk is the Chairman of Doğuş Group and Garanti Bank. Formerly, he served as the founder and Vice President of Garanti Securities, CEO of Doğuş Holding and Chairman of Doğuş Otomotiv. Mr. Şahenk is a Board Member of the Foreign Economic Relations Board (DEIK) of Turkey. Previously, he served as the Chairman of the Turkish-German Business Council, the Chairman of the Turkish-American Business Council, the Deputy Chairman of Turkish-United Arab Emirates Business Council and Executive Board Member of the Turkish-Greek 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 and the Middle East Centre Advisory Board of London School of Economics. Mr. Şahenk holds a Bachelor's degree in Marketing and Human Resources from Boston College. Mr. Şahenk has ***25*** years of experience in banking and business administration.



SÜLEYMAN SÖZEN

Vice Chairman

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. Having served on the Board of Directors of Garanti Bank since 1997, Mr. Sözen was appointed as the Vice Chairman on July 8, 2003. Mr. Sözen holds a Certified Public Accountant license and within Garanti Bank's subsidiaries he also serves as the Chairman of the Board of Directors at GarantiBank Moscow. Mr. Sözen also serves as the Board Member of Gürel İlaç and Görüş YMM and holds Chairman of the Board and Vice Chairman responsibilities in various other affiliates of Doğuş Holding. Mr. Sözen has ***33*** years of experience in banking and business administration.



ERGUN ÖZEN

Board Member

Ergun Özen earned his BA in Economics from New York State University and is a graduate of the Advanced Management Program at Harvard Business School. He started his banking carrier in Treasury department in 1987 before joining Garanti in 1992 and served as the President & CEO at Garanti Bank between April 1, 2000-September 2, 2015. Since April 1, 2000 he is a Board Member of Garanti Bank. Mr. Özen is also a Board Member at Garanti Securities, the Deputy Chairman of the Board of Directors at GarantiBank Moscow and the Chairman of the Board of Directors at GarantiBank S.A. (Romania). In addition, Mr. Özen serves as the Board Member of the Istanbul Foundation for Culture and Arts (IKSV) and Turkish Industrialists' and Businessmen's Association (TUSIAD) and since 2010 and as the Board Member of the Trustees of Turkish Education Association. Mr. Özen has ***28*** years of experience in banking and business administration.



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 and in 2001, Mr. Sezgin joined Garanti Bank. He is a Board Member and the Chairman of Audit Committee at Garanti Bank. In addition, Mr. Sezgin is a Board Member at Garanti Bank S.A. (Romania), Garanti Pension and Life, Garanti Securities and Corporate Volunteer Association Turkey. Mr. Sezgin has been serving as a Board Member of Garanti Bank since June 30, 2004, and since April 30, 2013, as an Independent Board Member of Garanti Bank in accordance with the requirements of the relevant regulation of Capital Markets Board of Turkey. Mr. Sezgin has ***27*** years of experience in banking and business administration.



MANUEL PEDRO GALATAS SANCHEZ-HARGUINDEY

Independent Board Member

Manuel Galatas Sanchez-Harguindey has a degree in Business Administration and International Finance from Georgetown University. After working as an executive at various private financial entities, 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 a Board Member of Garanti Bank and member of Audit Committee. He is also the Vice Chairman of the Board of Directors at Garanti Bank International N.V. He has been serving as a Board Member of Garanti Bank since May 5, 2011 and since April 30, 2013, as an Independent Board Member of Garanti Bank in accordance with the requirements of the relevant regulation of Capital Markets Board of Turkey. Mr. Sanchez-Harguindey has ***31*** years of experience in banking and business administration.



JAIME SAENZ DE TEJADA PULIDO

Board Member

Jaime Saenz de Tejada Pulido holds undergraduate degrees from Universidad Pontificia Comillas (ICADE) in both Law and Economics and Business. Mr. Saenz de Tejada joined BBVA in 1992 and is currently the CFO at BBVA Group. He has been serving as the Board Member of Garanti Bank since October 2, 2014. Mr. Saenz de Tejada Pulido has ***23*** years of experience in banking and business administration.



MARIA ISABEL GOIRI LARTITEGUI

Board Member

Isabel Goiri earned her BA with First Class Honors degree from Birkbeck, University of London and MSc in Business Administration from Imperial College London. She began her career as an analyst and fund manager at Schroder Investment Management (London), one of the largest UK asset managers. In Joining BBVA Asset Management as Chief Investment Officer (CIO), Ms. Goiri also served as a Board Member. In 2003, she was appointed as BBVA Head of Investor Relations, reporting to Group CFO. In January 2008, she became the CFO of BBVA Compass, the USA subsidiary of BBVA. In April 2011, Goiri was appointed as the Director of Corporate Risk Management at Head Office Risk Unit. Being appointed as Global Risk Management - Turkey Director in July 2015, Ms. Goiri has been serving as a Board Member of Garanti Bank since July 27, 2015. Ms. Goiri has ***25*** years of experience in banking and business administration.



JAVIER BERNAL DIONIS

Board Member

After earning his Law Degree from University of Barcelona (Spain), Javier Bernal Dionis received his MBA from IESE Business School, University of Navarra (Spain). After working in Barna Consulting Group (Barcelona) as Partner and in Promarsa (New York, USA) as General Manager, he joined BBVA in 1996. Until 1999, he was the Segment Manager of Retail Banking (Spain) at BBVA. During 2000-2003, he was the founder of an external internet portal outside of BBVA. Last 12 years, he has been working in different areas at BBVA: Between 2004-2005, he was the Head of Innovation and Business Development, reporting to the CEO; 2006-2010, the Head of Business Development Spain & Portugal, 2011-2014, the Head of Commercial & Retail Banking under Global Retail and Business Banking and from 2014 to 2015, he served as the Head of Business Alignment of BBVA and Garanti. He has been Member of the BBVA Group Executive Committee : 2006-2010 and Spanish and Portugal Executive Committee 2010-2011. He has been serving as the Board Member of Garanti Bank since July 27, 2015 and he is also a Board Member at Garanti Pension and Life, GarantiBank Moscow, Garanti Bank S.A. (Romania), Garanti Leasing, Garanti Securities and Garanti Payment Systems. Mr. Bernal has ***25*** years of experience in banking and business administration and is responsible for BBVA-Garanti coordination.



SEMA YURDUM

Independent Board Member

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 an Independent Board Member of Garanti Bank since April 30, 2013. Ms. Yurdum has ***36*** years of experience in banking and business administration.



ALİ FUAT ERBİL

Board Member, President & CEO

Ali Fuat Erbil graduated from the Middle East Technical University Department of Computer Engineering, earned his MBA from Bilkent University and his Ph.D. in Banking and Finance from Istanbul Technical University. After working as an executive at various private companies and banks, he joined Garanti Bank as the Senior Vice President of Distribution Channels in 1997. Mr. Erbil was appointed as the Executive Vice President on April 30, 1999 and was responsible of several areas such as Retail Banking, Corporate Banking, Investment Banking, Financial Institutions and Human Resources as an EVP. Since September 2, 2015, Mr. Erbil has been serving as the Board Member, President & CEO and is also the Chairman of Garanti Securities, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Garanti Payment Systems and Garanti Technology. With ***23*** years of experience in banking and business administration, Mr. Erbil also serves as the Board Member in the Banks Association of Turkey.

We Grow Together



ONUR GENÇ
Executive Vice President, Deputy CEO
Retail Banking

EBRU DİLDAR EDİN
Executive Vice President
Project Finance

RECEP BAŞTUĞ
Executive Vice President
Commercial Banking

NAFİZ KARADERE
Executive Vice President
SME Banking

HÜSNÜ EREL
Executive Vice President
Technology, Operations, Central Marketing & Business Development

AYDIN GÜLER
Executive Vice President
Finance & Accounting

ALİ TEMEL
Executive Vice President
Chief Credit Risk Officer

GÖKHAN ERÜN
Executive Vice President, Deputy CEO
Corporate Banking & Treasury

OSMAN TÜZÜN
Executive Vice President
Human Resources, Customer Satisfaction & Support Services

AYDIN DÜREN
Executive Vice President
Legal Services

ALİ FUAT ERBİL
Board Member, President & CEO

DİDEM DİNÇER BAŞER
Executive Vice President
Digital Banking

Garanti Bank 2015 Annual Report

SENIOR MANAGEMENT

ALİ FUAT ERBİL

Board Member, President & CEO

Ali Fuat Erbil graduated from the Middle East Technical University Department of Computer Engineering, earned his MBA from Bilkent University and his Ph.D. in Banking and Finance from Istanbul Technical University. After working as an executive at various private companies and banks, he joined Garanti Bank as the Senior Vice President of Distribution Channels in 1997. Mr. Erbil was appointed as the Executive Vice President on April 30, 1999 and was responsible of several areas such as Retail Banking, Corporate Banking, Investment Banking, Financial Institutions and Human Resources as an EVP. Since September 2, 2015, Mr. Erbil has been serving as the Board Member, President & CEO. He is also the Chairman of Garanti Securities, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Garanti Payment Systems and Garanti Technology. Mr. Erbil also serves as the Board Member in the Banks Association of Turkey and has ***23*** years of experience in banking and business administration.

GÖKHAN ERÜN

Executive Vice President, Deputy CEO
Corporate Banking & Treasury

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 Executive Vice President of Garanti Bank. As of September 2, 2015, Mr. Erün serves as the Deputy CEO of Garanti Bank. In addition, Mr. Erün is the Chairman of the Board of Directors at Garanti Hizmet Yönetimi A.Ş. and Garanti Bank International N.V, Vice Chairman of the Board of Directors at, Garanti Leasing and Garanti Factoring and Board Member of Garanti Securities. With ***21*** years of experience in banking and business administration, Erün's areas of responsibility are Corporate Banking Coordination, Treasury, Treasury Marketing & Financial Solutions, Derivatives, Cash Management and Transaction Banking.

ONUR GENÇ

Executive Vice President, Deputy CEO
Retail Banking

Onur Genç graduated from Boğaziçi University Department of Electrical and Electronics Engineering and earned his graduate degree on Business Administration from Carnegie Mellon University. Starting his career in 1996 in the US, Mr. Genç was the Director and Turkey Country Manager of a global management consultancy, before joining Garanti on March 20, 2012 as an Executive Vice President responsible for Retail and Private Banking. On May 2012 Mr. Genç also assumed the CEO responsibilities of Garanti Payment Systems. In September 2015, he was appointed Deputy CEO of Garanti Bank. Mr. Genç is a Board Member of Garanti Bank SA (Romania), Garanti Technology, Garanti Payment Systems, Deputy Chairman of the Board of Directors of Garanti Pension and Life and Garanti Securities and Chairman of Garanti Mortgage. With ***16*** years of experience in banking and business administration, Mr. Genç's areas of responsibility are Retail Banking Marketing, Mass Retail Banking Marketing, Affluent Banking Marketing, Investment Banking Product Management, Call Center, Corporate Brand Management and Marketing Communications, Financial Institutions, Insurance and Pension Coordination, Domestic & Overseas Subsidiaries Coordination and Garanti Payment Systems.

Note: Executive Presidents are listed in alphabetical order by last name.

DİDEM DİNÇER BAŞER

Executive Vice President
Digital Banking

Didem Başer graduated from Boğaziçi University Department of Civil Engineering and earned her graduate degree from University of California, Berkeley College of Engineering. She started her career in 1995. Before joining Garanti Bank, she worked for a global management consulting firm for 7 years and left as an Associate Partner. Ms. Başer joined Garanti Bank in 2005 and worked as the Coordinator of the Retail Banking Business Line during her first 7 years. Ms. Başer was appointed to her current position in 2012 and is also a Board Member of Garanti Pension and Life. With ***20*** years of experience in banking and business administration, Ms. Başer's areas of responsibility are Digital Banking and Social Platforms Management.

RECEP BAŞTUĞ

Executive Vice President
Commercial Banking

Recep Baştuğ graduated from Çukurova University Faculty of Economics. He joined Garanti Internal Audit Board in 1989. He worked as the Corporate Branch Manager between the years 1995-1999 and as the Commercial Regional Manager between the years 1999-2004. After serving as Commercial Banking Coordinator since 2004, he was appointed Executive Vice President on January 1, 2013. Mr. Baştuğ is a Board Member of GarantiBank Moscow, Garanti Leasing and Garanti Fleet. With ***25*** years of experience in banking and business administration, Mr. Baştuğ's areas of responsibility are Commercial Banking Istanbul and Ankara Marketing, Commercial Banking Anatolian Marketing and Consumer Finance.

AYDIN DÜREN

Executive Vice President
Legal Services

Aydın Düren graduated from the Faculty of Law at Istanbul University and earned his graduate degree on International Law from the American University, Washington College of Law. After serving as an associate, partner and managing partner for over 18 years at international private law firms in New York, London and Istanbul, Mr. Düren joined Garanti Bank on February 1, 2009 as Executive Vice President in charge of legal affairs. Mr. Düren is a Board Member of Garanti Payment Systems, Teachers Academy Foundation, Garanti Mortgage and Vice President of Garanti Bank Pension and Provident Fund Foundation. Since June 2015 Mr. Düren is also leading the Corporate Secretary of the Bank. With ***21*** years of experience in banking and business administration, Mr. Düren's areas of responsibility are Legal Advisory Services, Legal Collections, Litigation, GÖSAŞ Legal Services and Legal Operations.

EBRU DİLDAR EDİN

Executive Vice President
Project Finance

Ebru Dildar Edin graduated from Boğaziçi University Department of Civil Engineering. In 1993 she started her career in the banking sector. 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. 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. In 2010 she became a member of the Sustainability Committee. In addition to her current responsibilities, Ms. Edin also coordinates the Sustainability Team, which was created in 2012 to implement the decisions of the aforementioned Sustainability Committee. Ms. Edin is the Vice President of Sustainable Development Association and Associate Member of Teachers Academy Foundation. With ***22*** years of experience in banking and business administration, Ms. Edin's areas of responsibilities are Project Finance and Sustainability.

HÜSNÜ EREL

Executive Vice President
Technology, Operations, Central Marketing & Business Development

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. Mr. Erel is a Board Member of Garanti Payment Systems and the Vice Chairman of the Board of Directors at Garanti Technology. With ***40*** years of experience in banking and business administration, Mr. Erel's areas of responsibility are Customer Relationship Management and Marketing, Organization and Process Development, Product Development and Innovation Management, Anti-Fraud Monitoring, Abacus Operations Center and Garanti Bank Technology Center.

AYDIN GÜLER

Executive Vice President
Finance & Accounting

Aydın Güler graduated from Istanbul Technical University Department of Mechanical Engineering and joined Garanti Bank Fund Management Department in 1990. After working at different Head Office departments for 10 years, in 2000 he was appointed as the Senior Vice President (SVP) responsible for Risk Management and Management Reporting. Between the years 2001-2013, Mr. Güler served as the SVP responsible for Financial Planning & Analysis and was appointed as Coordinator in 2013. On December 21, 2015, Mr. Güler was appointed as the Executive Vice President in charge of Finance and Accounting and he is a Board Member of Garanti Bank Pension and Provident Fund Foundation. With ***26*** years of experience in banking and business administration, Mr. Güler's areas of responsibility are Assets & Liabilities Management, Financial Planning & Analysis, Investor Relations, General Accounting, Consolidation & International Accounting, Tax Operations Management and BBVA Finance Coordination.

NAFİZ KARADERE

Executive Vice President
SME Banking

Nafiz Karadere is an International Relations graduate of Ankara University Faculty of Political Sciences. After having worked as a senior executive for various private banks, he was appointed to his current position on May 1, 1999. Mr. Karadere is a Board Member of Garanti Bank SA (Romania), Garanti Payment Systems, Garanti Pension and Life, Garanti Technology, Garanti Bank Pension Fund Foundation, Vice Chairman of Board of Directors at Garanti Mortgage 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. With ***33*** years of experience in banking and business administration, Mr. Karadere's area of responsibility is SME Banking Marketing.

ALİ TEMEL

Executive Vice President
Chief Credit Risk Officer

Ali Temel earned his undergraduate degree from Bogazici University Department of Electric-Electronic Engineering and started his carrier in banking in 1990 at a private bank. Mr. Temel joined Garanti Bank in 1997 and after working as the Senior Vice President in charge of Cash Management and Commercial Banking departments, he served as the Executive Vice President responsible of Commercial Banking between 1999-2001 and Executive Vice President responsible of Loans between 2001-2012. On December 10, 2015, Mr. Temel was appointed as the Chief Credit Risk Officer. With ***25*** years of experience in banking and business administration, Mr. Temel's areas of responsibility are Wholesale Risk; Retail Risk; Risk Planning, Monitoring & Reporting; Risk Analytics, Technology & Innovation and Regional Loans Coordination.

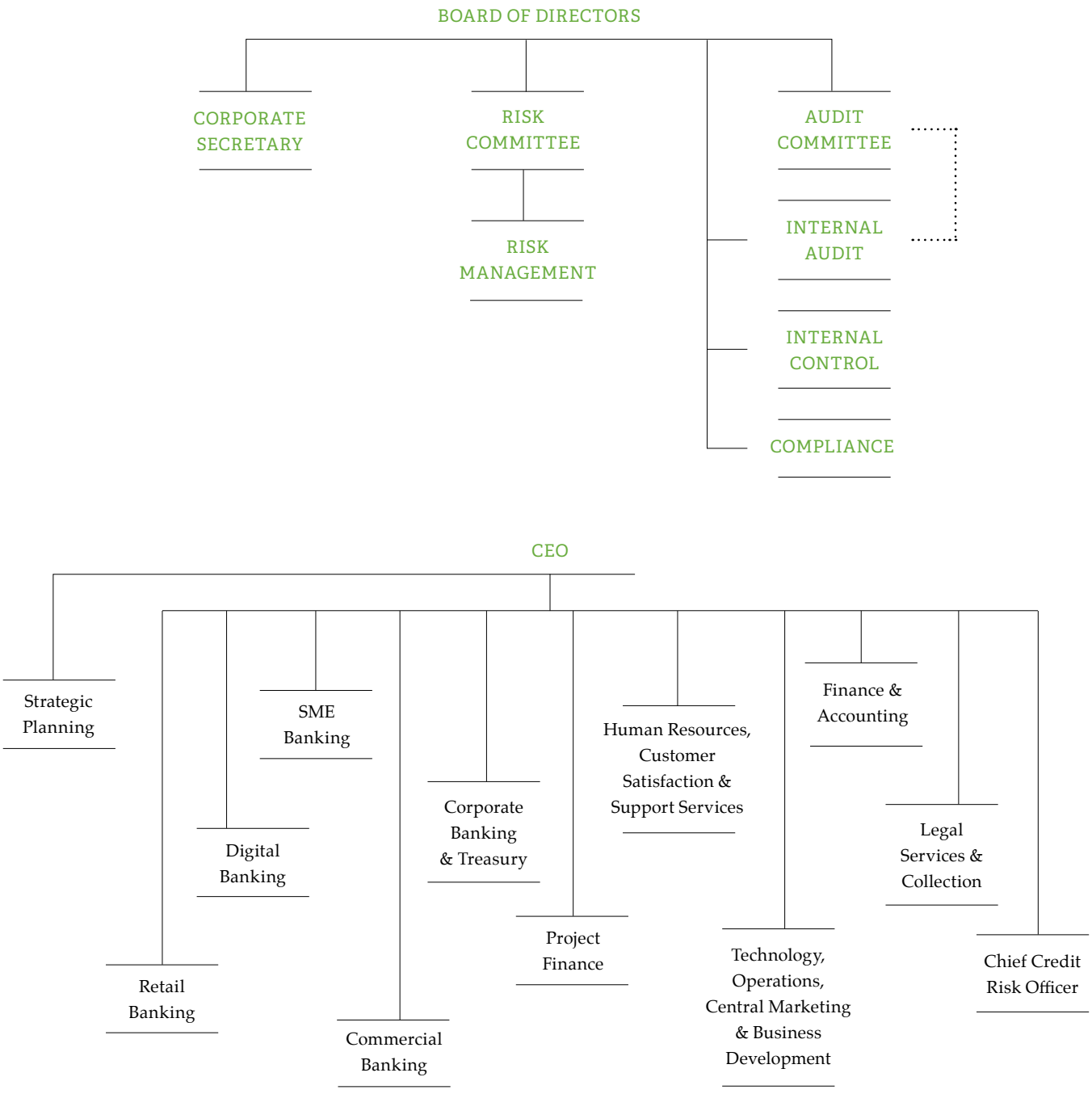
OSMAN TÜZÜN

Executive Vice President
Human Resources, Customer Satisfaction & Support Services

Osman Tüzün graduated from the Middle East Technical University with a B.S. in Computer Engineering and earned his MBA from Bilkent University. He started his banking career in 1992 and served in various branches and head office departments for 7 years. He joined Garanti Bank in 1999 as the Senior Vice President (SVP) responsible for Branchless Banking. Between 2000 to 2005, he served as the SVP of Retail Banking. During 2005-2008, he was the CEO of a private sector company. In 2008, Mr. Tüzün returned to Garanti as the Coordinator responsible for Human Resources and on August 19, 2015 he was appointed to his current post. Mr. Tüzün is the Chairman of the Board of Directors of the Garanti Bank Retirement and Provident Fund Foundation. With ***23*** years of experience in banking and business administration, Mr. Tüzün's areas of responsibility are Human Resources, Learning and Development, Construction, Purchasing and Real Estate.

Note: Executive Presidents are listed in alphabetical order by last name.

GARANTI BANK ORGANIZATIONAL CHART



ORGANIZATIONAL CHANGES

» The responsibility areas of Retail Banking Executive Vice President were reorganized. In addition to the existing responsibilities, Investment Banking Product Management, Insurance and Pension Coordination, Corporate Brand Management and Marketing Communications, Financial Institutions, Domestic and Overseas Subsidiaries Coordination departments were transferred to Executive Vice President of Retail Banking.

» The positions of Executive Vice President of Financial Institutions and Corporate Banking and Executive Vice President of Treasury and Investment Banking were removed; the position of Executive Vice President of Corporate Banking and Treasury was established. Treasury, Treasury Marketing and Financial Solutions, Derivatives, Corporate Banking Coordination and Cash Management and Transaction Banking departments were transferred to Executive Vice President of Corporate Banking and Treasury.

» Onur Genç, Executive Vice President of Retail Banking, and Gökhan Erün, Executive Vice President of Corporate Banking and Treasury, were appointed as Deputy CEOs in addition to their existing positions.

» The position of Executive Vice President of Technology, Operations Management and Central Marketing was renamed as Executive Vice President of Technology, Operations, Central Marketing and Business Development. In addition, Anti-Fraud Monitoring Department, which used to report to the Head of Internal Audit and Control, was transferred to the Executive Vice President of Technology, Operations, Central Marketing and Business Development.

» The position of Executive Vice President of Digital Channels and Social Platforms was renamed to Executive Vice President of Digital Banking.

» The position of Executive Vice President of Human Resources and Learning & Development was reorganized as Executive Vice President of Human Resources, Customer Satisfaction and Support Services. In addition to the Human Resources Department and Learning & Development Department, Constructions, Purchasing & Premises, and Customer Satisfaction Departments were also transferred to the Executive Vice President of Human Resources, Customer Satisfaction and Support Services.

» Osman Tüzün, previously positioning as the Human Resources Coordinator, was appointed as Executive Vice President of Human Resources, Customer Satisfaction and Support Services. Burak Yıldıran, who previously positioned as Senior Vice President of Cash Management and Transaction Banking, was appointed as Human Resources Coordinator.

» Osman Tüzün, who is in charge of Human Resources, Customer Satisfaction and Support Services Executive Vice President, was appointed as Customer Relations Coordination Officer.

» The position of Executive Vice President of Legal Services and Collection was renamed to Executive Vice President of Legal Services.

» The Corporate Secretary position was established directly reporting to the Board of Directors with the responsibilities mentioned below. Aydın Düren, Executive Vice President of Legal Services, was appointed as the Corporate Secretary.
  - Ensure that Board of Directors meetings and Board of Directors Committees' meetings are held duly,
  - Advise the Board with respect to matters discussed at the Board meetings, provide counselling on legal and governance matters to Board members,
  - Responsible for corporate disclosures to be made in compliance with applicable laws,
  - Oversee shareholders relations and manage processes regarding the general assembly meetings,
  - Ensure that similar governance procedures are followed in Subsidiaries regarding the Board of Directors and general assembly meetings,
  - Monitor developments regarding corporate governance and provide counselling to the Board of Directors and the relevant committees in these matters.

» A "Risk Committee" was established to assist the Board of Directors with respect to the oversight of corporate risk management policies and practices including the alignment with its strategic objectives and management's ability to assess and manage the various risks present in its activities, as well as capital adequacy and planning and liquidity adequacy. The Risk Management Department was transferred to the newly established Risk Committee.

» The position of the Executive Vice President of Loans was renamed as Chief Credit Risk Officer. Ali Temel was appointed to this position.

» "Wholesale Risk Coordinator" and "Retail Risk Coordinator" positions were established directly reporting to the Chief Credit Risk Officer. Mustafa Tiftikçioğlu, currently Coordinator of Corporate and Commercial Loans Department, was appointed also as Wholesale Risk Coordinator, and Alper Eker was appointed as Retail Risk Coordinator.
» Commercial Products Collection Department was renamed as Wholesale Recovery Department, and it was transferred to the newly established Wholesale Risk Coordinator position together with Corporate and Commercial Loans and Special Cases Collection Departments.
» "Bank, Country and Issuer Risk Department" was established under the Wholesale Risk Coordinator positionwith the functions mentioned below:
  - Conduct macro analysesof global and Turkish Banking sector trends and risk profile,
  - Establish credit limits for all types of banking transactions performed in overseas and domestic banks; and follow the established credit limits,
  - Monitor implementation of regulatory agencies in the countries where Garanti Bank operating,
  - Set policies and procedures for issuer risk, propose opinion to Risk Committee on policies and limits for all issuer risk portfolios, and review and monitor risk limits for all issuers.
» Consumer Loans & Credit Cards Collection Department was renamed as Retail Collections Department; and it was transferred to the newly established Retail Risk Coordinator position together with Retail Loans Evaluation Department.
» "Risk Planning, Monitoring and Reporting Department" was established under the Chief Credit Risk Officerwith the functions mentioned below:
  - Execute monitoring and reporting activities in accordance with the defined metrics of current portfolio, asset allocation, concentration, NPL and etc. in coordination with Risk Departments,
  - Provide standardization in information flow and reporting functions to ensure analysis, monitoring and control functions are functioning properly among the parties,
  - Determine the framework through performance metrics and related credit processes for undertaken actions of credit risk,
  - Present an overview of current risk situation and changes by in taking into account the limits and the budget,
  - Conduct scenario analysis to analyze the impacts of potential possibilities.
» "Retail Loans Risk Strategies Department" was established reporting to the Retail Risk Coordinator with the responsibilities of credit strategy, credit policy and portfolio management related functions transferred from the Credit Analytics Department.
» The Credit Analytics Department was renamed as "Risk Analytics, Technology and Innovation Department". It will undertake the responsibility of working in collaboration with related parties regarding necessary technologic and system required improvements in addition to develop and enhance risk models.
» "BBVA Coordination Department" was established reporting directly to the Board of Directors with the responsibilities mentioned below:
  - Act as the main contact and coordination point for the governance and alignment process between Garanti Bank and BBVA,
  - Govern the overall alignment plan, follow up progress for all areas and report to BBVA Country Network and Monitoring,
  - Enhance business synergies with BBVA and Garanti Bank benchmarks and best practice adaptations,
» The functions of "Assets & Liabilities Management and Strategic Planning" and "General Accounting & Customer Satisfaction" Executive Vice President positions were combined under "Finance and Accounting Executive Vice President". Aydın Güler was appointed as Finance and Accounting Executive Vice President.
» Assets & Liabilities Management and Investor Relations Departments reporting to Assets & Liabilities Management and Strategic Planning Executive Vice President; General Accounting, Consolidation & International Accounting, Tax Operations Management Departments reporting to General Accounting & Customer Satisfaction Executive Vice President; and Financial Planning & Analysis Department reporting to CEO were transferred to Finance and Accounting Executive Vice President.
  - "BBVA Finance Coordination Department" was established under Executive Vice President of Finance and Accounting with the responsibility of acting as main liaison point for finance and accounting related areas between Garanti Bank and BBVA and coordinating related efforts
» The position of Chief Economist - Cross Emerging Markets reporting to the CEO was established. Economic Research Department was transferred to Chief Economist - Cross Emerging Markets.
» Strategic Planning Department, which reported to the Executive Vice President of Assets and Liabilities Management and Strategic Planning, was transferred to the CEO.
» Head of Internal Audit and Control position was removed, the Internal Audit and Internal Control Departments that reported to the Head of Internal Audit and Control were transferred to the Board of Directors.
» General Secretariat position, which is responsible for following and ensuring the coordination of the processes that are

executed or will be executed by the Bank before the public and governmental institutions and organizations, was transferred to CEO.

» The main functions of Investment Banking Brokerage Services Department and Investment Branches were transferred to Garanti Securities, under the "Communiqé on Principles Regarding Investment Services, Activities and Ancillary Services, no III-37.1".
» The following positions were removed: Executive Vice President of Domestic and Overseas Subsidiaries Coordination, Executive Vice President of Support Services, Executive Vice President of Purchasing and Tax Management, Executive Vice President of Assets and Liabilities Management and Strategic Planning, and Executive Vice President of General Accounting and Customer Satisfaction.
» Turgay Gönensin, Executive Vice President of Domestic & Overseas Subsidiaries Coordination, Adnan Memiş, Executive Vice President of Support Services, Aydın Şenel, Executive Vice President of Purchasing and Tax Management, and Erhan Adalı, Executive Vice President of Loans, resigned from their respective positions effective September 2, 2015, whereas İbrahim Aydınlı, Executive Vice President of General Accounting & Customer Satisfaction, and Murat Mergin, Executive Vice President of Assets and Liabilities Management and Strategic Planning, resigned from their respective positions effective December 18, 2015.

ORGANIZATIONAL RESTRUCTURING AND CHANGES OF DEPARTMENTS, REGIONS AND BRANCHES

» Garanti Bank Sales and Performance Management model was reviewed with a focus on lean sales management and increasing customer satisfaction; and Garanti Bank Sales Management Policy and Procedure were redefined.
» The Regional Manager roles in our regional offices were redesigned with a focus on performance improvement mentoring, customer and employee satisfaction. Regional Manager roles dedicated to target customer segments were redesigned for the coming period.
» Retail Banking Central Customer Relationship Manager role was designed for centralized remote service provision for branches where no Retail Banking Customer Relationship Managers serve and/or to digital channel user Retail customers, who prefer to receive remote service instead of from branches.
» The number of branches working with a focus on Commercial Banking was increased for offering more focused and higher quality service to customers in the Upper Commercial segment. Also, organizational reporting lines of these branches were reconsidered, and transferred from Regional Offices to Commercial Banking Istanbul and Ankara Marketing and Commercial Banking Anatolian Marketing Departments.
» Commercial Banking Central Customer Relationship Manager role was designed to access a higher number of new customers and to increase the activity of customers having limited banking relationship with the Bank.
» Jointly with Garanti Bank's principal shareholder BBVA, new services were established under Corporate Banking and Commercial Banking to provide multinational customers more integrated service on a global scale.
» For improving the organization's efficiency and working scope, the functions of the Compliance Department was enriched and redesigned with corporate compliance, business conduct, strategic analysis and compliance methodology development, along with other functions for the alignment of the Bank and its subsidiaries.
» Activities for protecting occupational health and safety of the Bank's employees were improved, and a new team focusing on this topic was established under the Human Resources Department.
» Given the critical importance of the Bank's disaster recovery and business continuity activities, the Disaster Recovery and Business Continuity service was restructured.

COMMITTEES AND COMMITTEE MEETINGS ATTENDANCE

There are a number of committees set up at the Bank to fulfill the supervisory function. The Board of Directors oversees and audits the entire Bank via the Credit, Remuneration, Corporate Governance, Audit and various risk management committees. The committees organized under the Board of Directors are Credit, Audit, Corporate Governance and Remuneration committees. In addition, the following committees have been established at the Bank within the frame of risk management activities: Risk, Liquidity Risk, Credit Risk, Market Risk, Operational Risk, Asset Allocation, and Credit Portfolio Management and Collection committees. In addition to those, three main committees focused on employees, customers and business models were set up at Garanti Bank as of October 2015: Employee Satisfaction Committee, Customer Satisfaction Committee and Business Model Committee.

Apart from these, there are committees whose members are composed of the Board of Directors members (Garanti Assets & Liabilities Committee, Sustainability Committee, Weekly Review Committee, Consumer Committee, Integrity Committee, etc.) and/or the Bank's executives (Disciplinary Committee, Cost Management Committee, Personnel Committee and Information Security Committee, etc.).

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 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, and submits those others it deems appropriate but are outside of its authorized limits to the Board of Directors for finalization.

In 2015, the Committee held ***43*** meetings with the required quorum.

Committee Members

Maria Isabel Goiri Lartitegui[1] (Board Member), ***Jaime Saenz de Tejada Pulido***[3] (Board Member), ***Javier Bernal Dionis***[2] (Board Member), ***Manuel Pedro Galatas Sanchez Harguindey*** (Independent Board Member), ***Ali Fuat Erbil***[4] (CEO, Board Member)

AUDIT COMMITTEE

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; 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, appraisal and support services providers, and regularly monitoring their activities;
- Ensuring that the internal audit functions of consolidated entities are performed in a consolidated and coordinated manner;
- Establishing the audit and control process that will provide the necessary assurance for the adequacy and accuracy of ICAAP.

In 2015, the Committee held ***10*** meetings with the required quorum.

Committee Members

M. Cüneyt Sezgin, Ph.D.[5] (Independent Board Member), ***Manuel Pedro Galatas Sanchez-Harguindey***[6] (Independent Board Member)

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established in February 2013 to also fulfill the functions of the Nomination Committee in accordance with the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency (BRSA) and the defunct Corporate Governance Communiqué on Determination and Implementation of Corporate Governance Principles 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 to the Board of Directors.

Committee Activities

Within the frame of the CMB Communiqué no. II-17.1 on

Corporate Governance that is currently in force, 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 as to re-establish the minimum number of independent Board members through temporarily elected members serve until the immediately following General Assembly Meeting to be held, and 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 appropriate 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.

In 2015, the Committee held **2** meetings, which were attended by all committee members.

Committee Members
M. Cüneyt Sezgin, Ph.D.[5] (Independent Board Member), ***Manuel Pedro Galatas Sanchez-Harguindey***[6] (Independent Board Member), ***Sema Yurdum***[7] (Independent Board Member), ***Handan Saygın***[8] (Senior Vice President)

REMUNERATION COMMITTEE

The Remuneration Committee started activities on January 1, 2012 in accordance with the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency.

The Remuneration Committee directly reports to the Board of Directors.

Committee Activities
The Remuneration 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, or with market practices, and updating the policy, if necessary,
» Presenting, at least once 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.

In 2015, the Committee held **2** meetings.

Committee Members
Sait Ergun Özen[9] (Board Member),
Vicente Maria Rodero[10] (BBVA)

EMPLOYEE SATISFACTION COMMITTEE

The Employee Satisfaction Committee is charged with determining Garanti Bank's HR policy, working towards enhancing employee satisfaction and loyalty, coordinating these efforts, generating necessary action plans by following the results, and devising action plans if necessary. The objective of the Committee is to drive the Bank's development by obtaining management support with respect to spreading learning and development, and it receives support for observing the implications of training upon business.

In 2015, the Committee held **2** meetings.

Committee Members
Javier Bernal Dionis (Board Member), ***Ali Fuat Erbil*** (CEO, Board Member), ***Gökhan Erün*** (EVP), ***Onur Genç*** (EVP), ***Didem Dinçer Başer*** (EVP), ***B. Ebru Edin*** (EVP), ***F. Nafiz Karadere*** (EVP), ***Osman Tüzün*** (EVP)

CUSTOMER SATISFACTION COMMITTEE

The Customer Satisfaction Committee is responsible for devising solutions aimed at enhancing and bettering customer satisfaction and experience, and for presenting the customers with a consistent Garanti experience all throughout the Bank. The Committee also works to propagate good practices across the Bank.

In 2015, the Committee held **2** meetings.

Committee Members
Javier Bernal Dionis (Board Member), ***Ali Fuat Erbil*** (CEO, Board Member), ***Ali Temel*** (Chief Credit Risk Officer), ***A. Aydın Düren*** (EVP), ***Didem Dinçer Başer*** (EVP), ***B. Ebru Edin*** (EVP), ***Hüsnü Erel*** (EVP), ***Gökhan Erün*** (EVP), ***Onur Genç*** (EVP), ***F. Nafiz Karadere*** (EVP), ***Osman Tüzün*** (EVP), ***Recep Baştuğ*** (EVP)

BUSINESS MODEL COMMITTEE

The Business Model Committee reviews the existing service models in the manner of supporting the Bank's customer-centric strategies, with its efficiency focus. Taking customer expectations and trends into consideration, the Committee develops efficient and leading new service models with technological advancements and innovative practices in align with the Bank's strategies.

In 2015, the Committee held **2** meetings.

Committee Members

Javier Bernal Dionis (Board Member), ***M. Cüneyt Sezgin, Ph.D.*** (Independent Board Member), ***Ali Fuat Erbil*** (CEO, Board Member), ***Ali Temel*** (Chief Credit Risk Officer), ***Didem Dinçer Başer*** (EVP), ***B. Ebru Edin*** (EVP), ***Hüsnü Erel*** (EVP), ***Gökhan Erün*** (EVP), ***Onur Genç*** (EVP), ***Osman Tüzün*** (EVP), ***Recep Baştuğ*** (EVP)

RISK COMMITTEE

Set up in December 2015, the Risk Committee is in charge of overseeing the Bank's corporate risk management policy and practices, and of managing various potential risk exposures of the Bank, including capital adequacy, planning and liquidity adequacy.

Committee Activities

The Risk Committee is responsible for:

- Evaluating and approving the risk management policy, practices and processes in order to establish and maintain an effective corporate risk management structure,
- Overseeing the Bank's alignment with the risk profile approved by the Board of Directors,
- Verifying that necessary actions are taken to assure that adequate systems and resources are in place for managing the Bank's risks,
- Encouraging a risk culture that will guarantee a coherent risk management and control model for the Bank and its implementation at all levels of the organization,
- Managing capital planning policies, practices and processes, including assessment of capital adequacy,
- Assisting the Board of Directors in making sure that the Bank carries out its operations securely and properly in accordance with all laws, regulations and regulatory policies and procedures in the fulfillment of its responsibilities,
- Providing coordination between the Bank's risk management unit, loans and monitoring units, and exchanging opinions with them.

In 2015, the Committee held **1** meeting.

Committee Members

Maria Isabel Goiri Lartitegui (Board Member), ***Javier Bernal Dionis*** (Board Member), ***Süleyman Sözen*** (Board Member)

CREDIT RISK COMMITTEE

Committee Activities

The Credit Risk Committee is responsible for:

- Providing coordination between the Bank's riskmanagement unit, loans and monitoring units, and exchanging opinions with them about credit risk management;
- Reviewing and monitoring the performance of the loans portfolio and risks in view of the lending policy and strategies aligned with the Bank's goals;
- Working towards ensuring independent and objective fulfillment of the credit risk control function and presenting opinions to the Board of Directors,
- Approving the models to be used in calculations that will employ IRB approaches within the scope of credit risk management,
- Monitoring and assessing risk limits that reflect risk management strategies and that are compatible with the risk appetite.

In 2015, the Committee held **4** meetings.

Committee Members

M. Cüneyt Sezgin, Ph.D. (Independent Board Member), ***Ali Temel*** (Chief Credit Risk Officer), ***Mustafa Tiftikçioğlu*** (Coordinator), ***Serhan Pak*** (Senior Vice President), ***Faruk Ergin*** (Senior Vice President), ***Ebru Ogan Knottnerus*** (Senior Vice President), ***Özlem Ernart*** (Senior Vice President)

MARKET RISK COMMITTEE

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 used in measuring the market risk, as well as limit implementations; evaluating their relevance, and ensuring that necessary adjustments are made.

In 2015, the Committee held **2** meetings.

Committee Members

M. Cüneyt Sezgin, Ph.D. (Independent Board Member), ***Gökhan Erün*** (EVP), ***Barış Karaayvaz*** (Senior Vice President), ***Ebru Ogan Knottnerus*** (Senior Vice President), ***Metin Kılıç*** (Senior Vice President), ***Semra Orguner Kuran*** (Manager), ***Tolga Ülgür*** (Supervisor)

OPERATIONAL RISK COMMITTEE

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;
» Working to set up and improve a database that will enable measurement of operational risks using the advanced method.

In 2015, the Committee held ***5*** meetings with the required quorum.

Committee Members

Osman B. Turgut (Head of Internal Audit Department), ***Barış Gülcan*** (Senior Vice President), ***Ebru Ogan Knottnerus*** (Senior Vice President), ***Korcan Demircioğlu*** (Senior Vice President)

ASSET ALLOCATION COMMITTEE

Committee Activities

The Asset Allocation Committee is responsible for:

» Monthly monitoring the performance of asset allocation growth limits created for optimal distribution of the capital across credit portfolios on the basis of risk vs. return analysis; ensuring that the same is evaluated/actions are taken;
» Evaluating whether limit increase requests are acceptable, and deciding to lay them down for the approval of the Board of Directors.

In 2015, the Committee held ***12*** meetings with the required quorum.

Committee Members

Ali Temel (Chief Credit Risk Officer), ***Serhan Pak*** (Senior Vice President), ***Mustafa Tiftikçioğlu*** (Coordinator), ***Faruk Ergin*** (Senior Vice President), ***Adnan Kesim*** (Senior Vice President)

CREDIT PORTFOLIO MANAGEMENT AND COLLECTION COMMITTEE

Committee Activities

The Credit Portfolio Management and Collection Committee is responsible for:

» Regularly monitoring retail loans performance, risk performance, quality and status on the basis of portfolios,
» Overseeing the measures adopted for those key risk indicators tracked within the scope of portfolio monitoring that surpass warning and alarm levels, and observing action plans,
» Monitoring asset allocation limits and tracking actions for assuring alignment with the limits,
» Overseeing the performance measurement, adequacy of improvement areas and actions taken regarding scoring models used in the lending process,
» Setting the general principles and rules for division of responsibilities between Special Cases Collection Department and Wholesale Recovery Department for customers falling under preliminary administrative and administrative proceedings, and handling exceptions,
» Holding preliminary meetings for customers under follow-up by Special Cases Collection Department and Wholesale Recovery Department, if there is a need for a loan evaluation decision and for credit line allocation for their restructuring needs regarding the Bank's receivables,
» Deciding whether to initiate proceedings for the Bank's receivables for customers deemed necessary; considering new approaches, if needed.

In 2015, the Committee held ***2*** meetings with the required quorum.

Committee Members

Ali Temel (Chief Credit Risk Officer), ***Onur Genç*** (EVP), ***F. Nafiz Karadere*** (EVP), ***A. Aydın Düren*** (EVP), ***H. Hüsnü Erel*** (EVP), ***Recep Baştuğ*** (EVP), ***Yeşim Şimşek*** (Coordinator), ***Esra Kıvrak*** (Coordinator), ***Mustafa Tiftikçioğlu*** (Coordinator), ***Atilla Sütgöl*** (Senior Vice President), ***Eyüp Yıldırım*** (Senior Vice President), ***Çiğdem Yılmaz*** (Senior Vice President), ***Adnan Kesim*** (Senior Vice President), ***Serhan Pak*** (Senior Vice President)

WEEKLY REVIEW COMMITTEE(*)

The Weekly Review Committee is charged with managing the assets and liabilities of the Bank, and its objective is to assess interest rate, exchange rate, liquidity 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 presided by the CEO holds weekly meetings. In 2015, the Committee held ***51*** meetings.

Committee Members

Ali Fuat Erbil[4] (CEO, Board Member), ***M. Cüneyt Sezgin, Ph.D.*** (Independent Board Member), ***Manuel Pedro Galatas Sanchez Harguindey*** (Independent Board Member), ***Maria Isabel Goiri Lartitegui***[1] (Board Member), ***Javier Bernal Dionis***[2] (Board Member), ***H. Hüsnü Erel*** (EVP), ***Recep Baştuğ*** (EVP), ***F. Nafiz Karadere*** (EVP), ***Gökhan Erün*** (EVP), ***Onur Genç*** (EVP), ***Didem Dinçer Başer*** (EVP), ***Ali Temel***[12] (Chief Credit Risk Officer), ***B. Ebru Edin*** (EVP), ***Alpaslan Özbey*** (Garanti Payment Systems-EVP), ***Yeşim Şimşek*** (Coordinator),

Esra Kıvrak (Coordinator), ***Burak Ali Göçer*** (Coordinator), ***Aydın Güler*** (EVP), ***Mahmut Akten*** (Coordinator), ***Metin Kılıç*** (Senior Vice President), ***Nihan Ziya Erdem*** (Senior Vice President), ***Handan Saygın*** (Senior Vice President), ***Ebru Ogan Knottnerus*** (Senior Vice President), ***Batuhan Tufan*** (Senior Vice President), ***Fulya Göyenç*** (Senior Vice President), ***Kıvanç Fidan*** (Senior Vice President), ***Burak Yıldıran*** (Coordinator), ***Alper Eker13*** (Coordinator), ***Demet Yavuz*** (Senior Vice President), ***Sinem Edige*** (Senior Vice President), ***Çiğdem Yılmaz*** (Senior Vice President), ***Şinasi Karabay*** (Senior Vice President)

(*) The Assets & Liabilities Committee was renamed to Weekly Review Committee.

GARANTI ASSETS & LIABILITIES COMMITTEE

Committee Activities

Established in October 2015, the Garanti Assets and Liabilities Committee is responsible for:

- Assessing economic developments,
- Liquidity management - liquidity / funding for current and future profiles,
- Interest rate management - profit and economic data in relation to changes in market rates,
- Exchange rates management - effects of exchange rate variations upon capital ratio and net income,
- Capital management - dividend policy and capital targets,
- Evaluating commercial operations.

In 2015, the Committee held ***4*** meetings with the required quorum.

Committee Members

Ali Fuat Erbil (CEO, Board Member), ***Maria Isabel Goiri Lartitegui*** (Board Member), ***Javier Bernal Dionis*** (Board Member), ***Alvaro Ortiz Vidal*** (Cross Emerging Markets - Chief Economist), ***Ali Temel*** (Chief Credit Risk Officer), ***Ebru Ogan Knottnerus*** (Senior Vice President), ***Metin Kılıç*** (Senior Vice President), ***Aydın Güler*** (EVP), ***Gökhan Erün*** (EVP), ***Recep Baştuğ*** (EVP), ***F. Nafiz Karadere*** (EVP), ***Onur Genç*** (EVP), ***Antonio Borraz*** (BBVA), ***Erik Schotkamp*** (BBVA), ***Carlos Maceda*** (BBVA), ***Carmen Hernansanz*** (BBVA), ***M. Angeles Pelaez*** (BBVA)

SUSTAINABILITY COMMITTEE

Committee Activities

The Sustainability Committee is responsible for:

- Overseeing the efforts for assessing potential risks resulting from the Bank's energy consumption, waste management, etc. and its direct impact upon the environment,
- Overseeing the efforts for assessing potential risks arising from indirect environmental, social and economic impact resulting from financed projects and other loans, and providing necessary opinions to relevant decision-making parties,
- Keeping the environmental impact system to be used in the Bank's lending processes up-to-date with international developments,
- Supervising the efficiency of sustainability efforts,
- Providing information to the Board of Directors on the Committee's activities when needed.

A Sustainability Team has been set up under the Sustainability Committee to carry out the sustainability activities of Garanti Bank.

In 2015, the Committee held ***4*** meetings with the required quorum.

Committee Members

M. Cüneyt Sezgin, Ph.D. (Independent Board Member), ***Ali Fuat Erbil***[3] (CEO, Board Member), ***Osman Tüzün*** (EVP), ***B. Ebru Edin*** (EVP), ***Ali Temel***[12] (Chief Credit Risk Officer), ***F. Nafiz Karadere*** (EVP), ***Aydın Güler***[11] (EVP)

DISCIPLINARY COMMITTEE

Committee Activities

The Disciplinary Committee is responsible for:

- Reviewing and deciding on the matters referred to it based on the relevant articles of Garanti Code of Conduct and Personnel Regulation,
- Examining, sua sponte, any acts and practices, if any, that are established to be contrary to the laws, banking customs, Garanti Code of Conduct, Personnel Regulation, the Bank's circulars, announcements or procedures (requesting an examination by the Internal Audit Department in cases where it deems necessary), and implementing the administrative sanctions set out in the Personnel Regulation,
- Ensuring that the personnel adheres to Garanti Code of Conduct, both in their behaviors and their practices, and undertaking the function of monitoring such adherence and acting as a champion of the Code of Conduct throughout the Bank and before the employees,
- Taking measures against all sorts of acts and practices that might lead to an erosion of the Bank's reputation and image in view of the laws, public opinion and our customers, and announcing these measures throughout the Bank,
- Ensuring that necessary measures are adopted by relevant units for remedying the systemic problems or hitches in work flow processes or general practices as observed in the files on its agenda, and guiding the concerned subsidiaries and overseeing the measures taken.

In 2015, the Committee held ***2*** meetings.

Committee Members (*)

Osman Tüzün (EVP), ***A. Aydın Düren*** (EVP), ***Aydın Güler***

(EVP), ***F. Nafiz Karadere*** (EVP), ***Onur Genç*** (EVP), ***Recep Baştuğ*** (EVP), ***Ali Temel***[12] (Chief Credit Risk Officer), ***Burak Yıldıran***[15] (Coordinator), ***Osman B. Turgut*** (Head of Internal Audit Department), ***Barış Gülcan*** (Senior Vice President), ***Şevki Öğüt*** (Assistant Head of Internal Audit Department), ***Bora Ergüç*** (Branch Manager), ***Hatice Yayla*** (Region Manager), ***Yaman Doğansoy*** (Region Manager), ***Ali Aktan*** (Legal Counsel), ***Murat Özdemir*** (Manager), ***Özgür Tunalı*** (Manager)

(*) Region Manager and Branch Manager members change every year.

INFORMATION SECURITY COMMITTEE

Committee Activities

The Information Security Committee is responsible for:

» Coordinating efforts to guarantee Information Security,

» Contributing to the formulation of the information security policy and other policies concerning the subdomains of information security; overseeing the functionality of the system; and assessing and deciding on suggested improvements.

In 2015, the Committee held **2** meetings with the required quorum.

Committee Members

H. Hüsnü Erel (EVP), ***Rasim Mahmutoğulları*** (GT-EVP), ***Şenol Karahasan*** (GT-EVP), ***Ferda Özge*** (GT-EVP), ***Eray Kaya*** (GT-EVP), ***Fatih Bektaşoğlu*** (GT-EVP), ***Mehlika Ertaş*** (GT-EVP), ***Reha Emekli*** (GT-EVP), ***Kutluhan Apaydın*** (GT-EVP), ***Burak Erkek*** (Assistant Head of Internal Audit Department), ***Korcan Demircioğlu*** (Senior Vice President), ***Barış Gülcan*** (Senior Vice President), ***Kerem Toksöz*** (Senior Vice President), ***Hülya Türkmen*** (Senior Vice President), ***Orhan Veli Çaycı*** (Coordinator), ***Aydın Küçükkarakaş*** (GT-Senior Vice President), ***Cihan Subaşı*** (GT-Senior Vice President), ***Seval Demirkılıç*** (GT-Senior Vice President), ***Ümit Malkoç*** (GT-Manager), ***Gökhan Ergen*** (GT-Manager), ***Aylin Obalı*** (Senior Vice President), ***Burak Yıldırgan*** (Coordinator), ***Eylem Gökçay*** (GT-Senior Vice President), ***Kerem Aslandağ*** (GT-Senior Specialist)

PERSONNEL COMMITTEE

The Personnel Committee has been set up to finalize transfer and appointment decisions at manager level, make proposals regarding the Bank's organizational structure, and contribute to the management of the HR budget and balance sheet.

The Committee meets when it is needed. In 2015, the Personnel Committee held **1** meeting.

Committee Members (*)

Ali Fuat Erbil (CEO, Board Member), ***H. Hüsnü Erel*** (EVP), ***Onur Genç*** (EVP), ***Recep Baştuğ*** (EVP), ***F. Nafiz Karadere*** (EVP), ***Gökhan Erün*** (EVP), ***Didem Dinçer Başer*** (EVP), ***Ali Temel***[12] (Chief Credit Risk Officer), ***Osman Tüzün*** (EVP), ***B. Ebru Edin*** (EVP), ***A. Aydın Düren*** (EVP), ***Burak Yıldıran***[15] (Coordinator), ***Yeşim Şimşek*** (Coordinator), ***Esra Kıvrak*** (Coordinator), ***Burak Ali Göçer*** (Coordinator), ***Mustafa Tiftikçioğlu*** (Coordinator), ***Mahmut Akten*** (Coordinator), ***Aydın Güler*** (EVP), ***Kaya Yıldırım*** (Region Manager), ***Mazlum İnal*** (Region Manager), ***Murat Özdemir*** (Manager), ***Özgür Tunalı***[17] (Manager)

(*) Region Manager and Branch Manager members change every year.

CONSUMER COMMITTEE

The Consumer Committee works to ensure that matters and practices regarding retail products and services, which may lead to risks and/or dissatisfaction on the part of consumers and/or applicable regulations, are addressed, considered, and necessary actions for their remedy are planned.

Committee Activities

The Committee is responsible for:

» Providing information on findings referred to the Committee by the Internal Audit Department, Internal Control and Compliance units, and planning actions for those deemed necessary upon due consideration,

» Providing information on improvement areas resulting from analyses based on customer notifications (complaints, objections, etc.) and planning actions for those deemed necessary upon due consideration.

In 2015, the Committee held **4** meetings.

Committee Members

M. Cüneyt Sezgin, Ph.D. (Independent Board Member), ***Osman Tüzün11*** (EVP), ***Onur Genç*** (EVP), ***A. Aydın Düren*** (EVP), ***Osman B. Turgut*** (Head of Internal Audit Department), ***Şeyda Boran Zeytinci*** (Senior Vice President), ***Barış Gülcan*** (Senior Vice President), ***Emre Özbek*** (Compliance Manager), ***Burak Ali Göçer*** (Coordinator), ***Mahmut Akten*** (Coordinator), ***Kerem Toksöz*** (Senior Vice President), ***Berna Avdan*** (Legal Counsel), ***Hülya Türkmen*** (Senior Vice President), ***Eray Kaya*** (GT-EVP), ***Ali Fatih Akyüz*** (Manager), ***Işıl Akdemir Evlioğlu*** (Garanti Payments System-EVP)

INTEGRITY COMMITTEE

Integrity Committee is an internal structure set up under the provisions contained in the Code of Conduct approved by the Board of Directors.

Committee Activities

The roles and responsibilities of the Committee that has been

established in January 2016 are as follows:

» Encouraging suitable measures for resolving ethically suspicious acts,
» Reporting immediately on any incidents and circumstances that may pose a risk against Garanti to the following:
  • Audit Committee,
  • Individual in charge of preparing the financial statements,
» Following up on actions decided in Committee meetings,
» Resolve conflicts of interest, particularly those between Garanti and its customers,
» Granting authorization for exemptions from compliance with certain provisions of the Code of Conduct,
» Developing and circulating explanatory notes for ensuring adherence to the Code of Conduct,
» Suggest revisions to the content of the Code of Conduct to secure alignment with evolving operations and with the best practices in the financial services sector,
» Supervising efficient functioning of the Ethics and Integrity Committees of the subsidiaries.

Committee Members

M. Cüneyt Sezgin, Ph.D. (Independent Board Member)***, Osman Tüzün*** (EVP)***, Aydın Düren*** (EVP)***, Gökhan Erün*** (EVP)***, Onur Genç*** (EVP)***, H. Hüsnü Erel*** (EVP)***, B. Ebru Edin*** (EVP)***, Osman B. Turgut*** (Head of Internal Audit Department)***, Emre Özbek*** (Senior Vice President)***, Barış Gülcan*** (Senior Vice President)

NOTE: The appointment dates of Board of Directors Members, Executive Vice Presidents, Coordinators and Senior Vice Presidents among the members of the committees are as follows: Maria Isabel Goiri Lartitegui and Javier Bernal Dionis were appointed as Board Members as of July 2015, and Ali Fuat Erbil as Board Member and CEO as of September 2015. As of August 2015, Osman Tüzün was appointed as Executive Vice President of Human Resources, Customer Satisfaction and Support Services, Osman Bahri Turgut as the Head of Internal Audit Department, Emre Özbek as Compliance Manager, and Burak Yıldıran as Human Resources Coordinator. While Kıvanç Fidan was appointed as Senior Vice President of Cash Management and Transaction Banking, Mustafa Tiftikçioğlu was appointed as Wholesale Risk Coordinator effective December 2015, Alper Eker as Retail Risk Coordinator, Serhan Pak as Senior Vice President of Risk Analytics, Technology and Innovation, and Özlem Ernart as Senior Vice President of Risk Planning, Monitoring and Reporting as of September 2015. Aydın Güler was appointed as Executive Vice President as of December 2015 upon the necessary notification to, and receipt of permission, from the Banking Regulation and Supervision Agency. It was decided to appoint Ali Temel as Chief Credit Risk Officer as of January 2016 following the necessary notification to, and receipt of permission from, the Banking Regulation and Supervision Agency.

January 20, 2016: It is resolved that the Loans Executive Vice President position to be re-named as "Chief Credit Risk Officer" reporting to CEO and Ali Temel be appointed as "Chief Credit Risk Officer" following the official notification to the Banking Regulation and Supervision Agency and the provision of the relevant consents.

December 21, 2015: As a result of the resignations of Mr. Murat Mergin, the Executive Vice President in charge of Assets / Liabilities Management and Strategic Planning, and Mr. İbrahim Aydınlı, the Executive Vice President in charge of General Accounting & Customer Satisfaction, from their duties as of December 18, 2015, "Finance and Accounting Executive Vice President" position has been established and Mr. Aydın Güler has been appointed as the Finance and Accounting Executive Vice President reporting directly to CEO, following the official notification to the Banking Regulation and Supervision Agency and the provision of the relevant consents.

July 31, 2015: Gökhan Erün and Onur Genç be appointed as "Deputy CEO" as of September 2nd, 2015 following the official notification to the Banking Regulation and Supervision Agency and the provision of the relevant consents, Osman Tüzün, currently the Coordinator of Human Resources, be appointed as Human Resources & Support Services Executive Vice President following the official notification to the Banking Regulation and Supervision Agency and the provision of the relevant consents, Corporate Secretary position directly reporting to the Board of Directors be established and Avni Aydın Düren, who is the Executive Vice President in charge of Legal Services and Collection, be appointed as the Corporate Secretary in addition to his existing responsibilities.

July 27, 2015: Appointment of Maria Isabel Goiri Lartitegui and Javier Bernal Dionis to the Board of Directors to two vacant memberships following the resignation of Mr. Angel Cano Fernandez and Mr. Manuel Castro Aladro; and Resignation of Mr. Ergun Özen from his position as CEO effective as of September 2, 2015 and appointment of Ali Fuat Erbil who will assume the CEO position on September 2, 2015 after obtaining the necessary legal approvals and procedures.

1 Committee member since September 2015.
2 Committee member since September 2015.
3 Committee member since April 2015.
4 Committee member since September 2015.
5 Committee member since April 2015.
6 Committee member since April 2015.
7 Committee member since April 2015.
8 Committee member since October 2015.
9 Committee member since December 2015.
10 Committee member since December 2015.
11 Committee member since December 2015.
12 Committee member since January 2016.
13 Committee member since December 2015.
15 Committee member since August 2015.
17 Committee member since September 2015.

Note: As used in the titles of committee participants, EVP stands for Executive Vice President.

Constantly supporting women entrepreneurs!

Since 2006, Garanti addresses women entrepreneurs, the new power of national economy, as a separate segment. The first private bank undertaking initiatives regarding women entrepreneurship, Garanti created its Women Entrepreneurs Support Package the same year.



"It all starts with an idea



"Don't be afraid of

According to KOSGEB (Small and Medium Enterprises Development Organization) data, 14% of microenterprises and 18% of SMEs in Turkey are being run by women. The number of women entrepreneurs is rising rapidly. The number of women bosses shot up by 42% in the past five years. The next five years are expected to see 5 million new women entrepreneurs.

Since 2006, Garanti addresses women entrepreneurs, contributors to the national economy, as a separate segment. The first private bank undertaking initiatives regarding women entrepreneurship, Garanti extends support under the headings of financing, information and encouragement. In terms of financing support, Garanti created the ***Women Entrepreneurs Support Package***. Loans allocated to women entrepreneurs since 2006 amounted to TL 2.8 billion. In terms of information support, the Women Entrepreneurs Executive School was established in collaboration with Boğaziçi University, and Women Entrepreneurs Meetings were held. For encouragement, ***"Turkey's Woman Entrepreneur Competition"*** is being organized since 2007.

The survey supported by Garanti was conducted under the coordination of Professor Yıldız Ecevit from the Middle East Technical University's (METU) Women Studies.The survey showed the most important problems women faced while setting up a business were finding financial capital, dealing with the civil service, being a women and finding a balance between work and family duties.



"Have faith and ambition."
Oprah Winfrey



"Make perfection your norm."
Coco Chanel



"Be independent."
Debbi Fields

Constantly supp



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Since 2006, Garan
of national econ
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created its Wom

Being the first Turkish bank to become a signatory to UN Women's Empowerment Principles, Garanti gave momentum to initiatives supporting women's participation in social and economic life, and constantly supports women entrepreneurs through Turkey's Woman Entrepreneur Competition, Women Entrepreneurs Meetings and Women Entrepreneurs Executive School, besides financing support. Through "I Am In" project run by Genç Hayat Foundation that it sponsors, Garanti aims to increase employment of Girls' Technical and Vocational High School teachers and students, and promote their involvement in social life. The Pixies of the Court and National Women's Wheelchair Basketball Team sponsorships represent Garanti's social contribution to women.

While the outlook in the world is slightly better than in Turkey, there is not a huge gap. You can count on the fingers of one hand the number of women ranked among the world's mostsuccessful/powerful/creative entrepreneurs.

Inc.com recently summed up the keys to success for the following successful women entrepreneurs to inspire women around the world: Anita Roddick (The Body Shop Founder), Sara Blakely (Spanx Founder), Coco Chanel (Founder), Estee Lauder (Founder), Debbi Fields (Mrs. Fields Cookies Founder), Mary Kay Ash (Mary Kay Cosmetics Founder), Ruth Handler (Barbie Doll Creator), Mary Katherine Goddard (Publisher), Martha Stewart (Martha Stewart Living Chairwoman), Oprah Winfrey (Producer), Arianna Huffington (Huffington Post Founder), Tory Burch (Fashion Designer), Angie Hicks (Angie's List Founder).



"It all starts with an idea. Get creative."
Anita Roddick



"Don't be afraid of failure."
Arianna Huffington



"Have faith and ambition."
Oprah Winfrey



"Don't focus merely on making money."
Tory Burch



"Success comes with hard work."
Estee Lauder



"Make perfection your norm."
Coco Chanel



"Go for a big impact."
Sara Blakely



"Keep abreast of the times."
Angie Hicks



"Be independent."
Debbi Fields

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 to the Board of Directors.

The Board of Directors is ultimately responsible for establishing and ensuring effective functioning of risk management, internal audit and internal control systems and for establishing, implementing and maintaining risk management and internal audit strategies and policies that are compatible with Garanti Bank's capital and risk level.

In accordance 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 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.

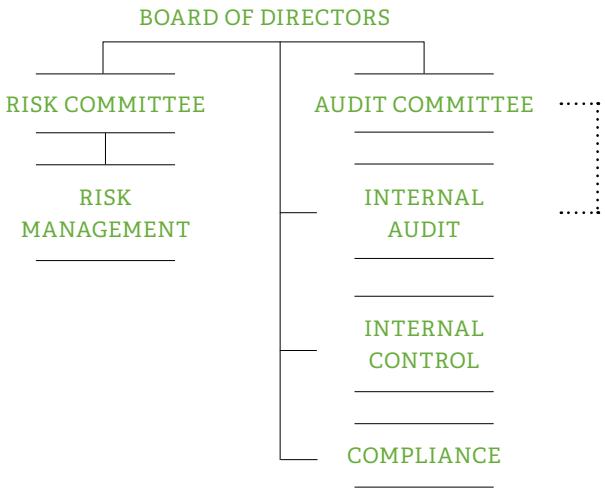
ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

The Internal Audit Department audits Garanti Bank's head office units, branches and consolidated subsidiaries by evaluating the effectiveness of the internal control systems with respect to the headings 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.

- 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.
- Furthermore, auditing the processes regarding regulatory compliance makes up one of the high-priority activities.
- The Internal Audit Department performs its activities under the main headings of on-site audits, centralized audits, inquiries/investigations, and IT audits, financial statement audits, risk management audits conducted by specialized teams. The organizational structure of the Department has been improved so as to realize these activities in the most efficient manner.
- During on-site audits that cover head office departments, consolidated subsidiaries and other associated companies, regional offices and branches of Garanti Bank, prioritization is carried out in line with the risk-orientation principle and focus is placed on processes.
- Centralized audits are carried out to determine deficiencies and errors in products, applications and processes, customer complaints are analyzed, whereby hitches in processes and applications are identified and necessary action is coordinated with related parties using remote inspection techniques.
- Scenario supported analyses and reviews are conducted for detecting and preventing internal misconduct.
- IT processes, banking processes/applications, support services, subsidiaries and overseas branches are audited by the specialized IT audit team according to the annual audit plan produced based on annual periodic risk assessments.
- Financial statement audits which measure efficiency of internal control environment within the process of preparation of financial statements are performed in Garanti Bank and consolidated subsidiaries.
- 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. These audits cover credit risk, market risk, operational risk implementations, which make up the key components of capital adequacy, as well as regulatory requirements and the Bank's policies.
- All acts of fraud and internal swindling are examined as part of investigations. The expert team, organized under the Internal Audit Department, works to detect internal misconduct through early warning signals.

» Annual audit plans are prepared by the Internal Audit Department based on a risk-focused approach, and in accordance with the priorities determined by Board of Directors and Audit Committee and with the goals and strategies of Garanti Bank. The assessments based on risk weights and results of previous audits are used to determine the scope and frequency of audits. The plans are prepared to ensure efficient use of existing resources and to maximize the benefit the Bank derives from these activities.



Pursuant to the Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process issued by the Banking Regulation and Supervision Agency (BRSA), the 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 and Internal Capital Adequacy Assessment Process issued by the BRSA, parent banking companies are expected to perform the internal audit activities of consolidated entities in a consolidated and coordinated manner. Accordingly, the Internal Audit Department audits the Bank's consolidated subsidiaries in line with the annual audit plan that considers risk priorities. As part of the audit, important processes of the above-mentioned subsidiaries and financial information provided by the concerned to the parent company are examined. 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 handles the necessary coordination in this regard, assuring that the Bank's activities are performed, efficiently, effectively and in accordance with the management strategy and policies of the Bank and 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 identification and monitoring of risks the Bank is exposed to. Internal controllers reporting to the Internal Control Unit perform control activities via centralized and on-site control methods:

» On-site control covers ensuring the existence and validity of relevant documents and the compliance of transactions with internal and regulatory requirements at branches and Head Office departments selected upon a risk-based assessment.
» Within the scope of Central Control activities, retail loans, derivatives transactions and customers' transaction instructions 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 not been included within the scope of on-site control as a result of the risk assessment conducted, agreements, collaterals and 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.
» Self-assessment is also employed as a method in addition to on-site and centralized controls.
» Within the frame of investment services that are being redesigned in line with the CMB regulations, internal control unit activities are carried out in accordance with legislative requirements and regulations. Accordingly, Custody Controls performs controls on portfolio and individual custody services. Agreements and documentation related to investment transactions are examined in a sampling methodology in terms of their compliance with the Bank's procedures and legislation.
» The IT Controls team, set up within the Internal Control Unit, monitors the secure performance of IT functions in accordance with the guidelines set by the Bank. The team defines internal control steps for IT processes, and subjects the control items so defined to control activities in accordance with the methodology and tools. Findings and systemic deficiencies identified on the basis of control activities are analyzed, the outcomes are interpreted, and new systemic controls are set up.

- 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 the efforts on maintaining the existing Disaster Recovery and Business Continuity Plan updated, 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.
- Findings and recommendations are reported to relevant parties and actions are followed up.

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, Compliance Department aims to help improve the compliance culture constantly and establish a world-class compliance culture across the Bank. Dealing with six main fields to achieve these goals, Compliance Department carries out the following tasks;

The Compliance Officer performs the following duties as also stipulated by the regulations governing prevention of money laundering and countering the financing of terrorism:

- Carry out all necessary efforts to achieve Garanti Bank's compliance with the regulations issued to prevent money laundering and countering the financing of terrorism 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 money laundering and countering the 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 terms of compliance activities regarding customer products and services, assessments are made on the compliance of products and processes to applicable regulations. Studies are carried out in relation to compliance controls in accordance with the requirements of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks, Article 18. The Control mechanisms in place are monitored and coordinated with respect to compliance of the Bank's current and planned activities, new transactions and products with the laws, internal policies and guidelines, and banking practices. The processes are monitored for any necessary revisions according to regulatory changes, and related employees are notified on such changes, and opinions are formed prior to implementations of new products and transactions.

With respect to corporate compliance activities, Compliance Department is responsible from promoting awareness of the "Garanti Code of Conduct" document, encouraging its application, ensuring development and dissemination of the procedures to be formed in the context of the Code, helping resolve any doubts that may arise during the interpretation of the document, and managing the Whistleblowing Channel.

Securities compliance activities encompass examination of suspicious transactions within the scope of the Capital Markets Board (CMB) Communiqué on Obligation of Notification Regarding Insider Trading and Manipulation Crimes. In addition, relevant legislation and internal guidelines are also monitored.

With respect to subsidiaries' coordination activities, Compliance Department monitors the compliance activities at the Bank's subsidiaries and overseas branches. In this respect, meetings are held regularly with those who are responsible from the compliance function at the related subsidiaries and overseas branches. In line with the related legislation, by the assignment of an employee at each of the consolidated subsidiaries and overseas branches who are responsible from monitoring the compliance with local regulations, periodic reports are submitted to Compliance Department.

As part of compliance to Personal Data Protection, relevant legislation is monitored and correspondingly necessary policies and procedures are formulated. In addition, bulletins are published and training sessions are performed in an effort to increase the awareness of the subject across the Bank.

In performing all of its duties and responsibilities outlined above, Compliance Department continues to work in coordination primarily with the Internal Audit Department, Internal Control Unit, Training Department, Anti-Fraud Monitoring Department and Legal Department, as well as other relevant units and people.

RISK MANAGEMENT ACTIVITIES

Garanti Bank measures and monitors its risk exposure on consolidated and unconsolidated bases by using methods compliant with international standards, and in accordance with the applicable legislation. Advanced risk management tools are utilized in measuring operational risk, trading risk, asset and liability risk, counterparty credit risk and credit risk.

The Bank's risk management strategy, policies and implementation procedures are reviewed within the frame of regulatory changes and the Bank's needs.

Risk Management handles the preparation of the report on determining the Bank's risk appetite and internal capital adequacy assessment process, which will be submitted to the BRSA, by coordinating the concerned parties. In addition, the stress test report is submitted to the BRSA, which addresses how the potential negative effects on macroeconomic data in Turkey might alter the Bank's three-year budget plan and results within the frame of certain scenarios, as well as their impact upon key ratios including the capital adequacy ratio.

MARKET RISK

Market risk is measured in accordance with applicable regulations, Garanti Bank's policies and procedures, employing internationally accepted methodologies that are aligne 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.

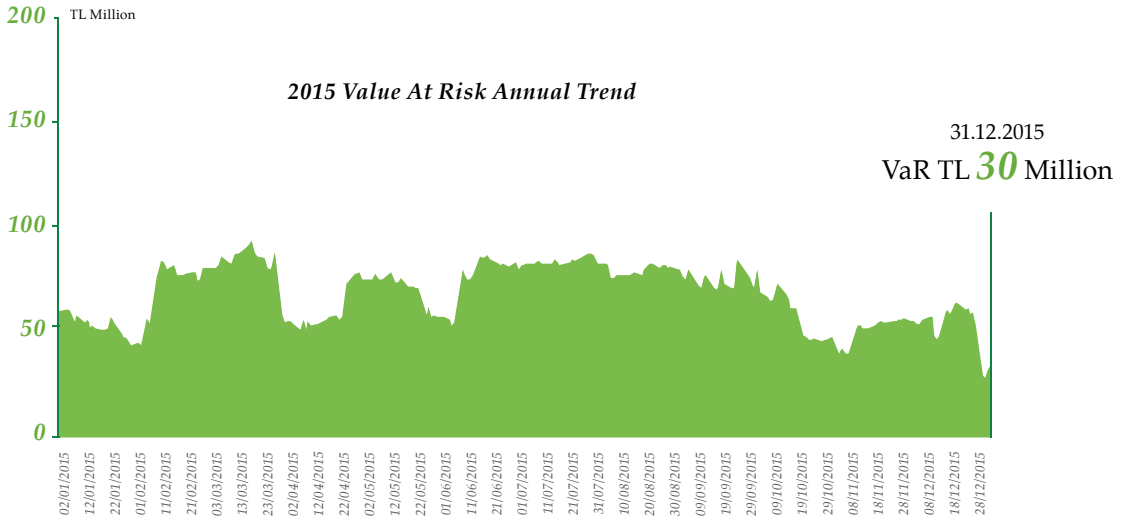
Market risk is defined as the risk Garanti Bank faces due to fluctuations in market prices in relation to the positions it maintains on or off its balance sheet for trading purposes, and is calculated daily using the VaR model. Value-at-Risk is a measure of the maximum expected loss in the market value of a portfolio of a 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. The model is validated on an annual basis. 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 *30* million by the end of 2015 and its average value for 2015 was TL *59.2* million. There was a rise in VaR as compared to 2014. The increased volatility in the markets played a part in the rise in the VaR trend observed in February and June.

VaR does not constitute an important risk for the Bank given the amount of Garanti Bank's shareholders' equity. In order to identify the risks that might arise from major market volatilities, regular stress tests and scenario analyses are conducted using the VaR model.

INTEREST RATE RISK IN THE BANKING BOOK

Duration/gap, economic value of equity (EVE), economic capital (ECAP), net interest income (NII), margin at risk (MaR), available-for-sale (AFS) and held-to-maturity (HTM) portfolios market price sensitivity analyses reports are prepared to determine the Bank's exposure to structural 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 risk metrics calculated and the reports generated for managing balance sheet interest rate risk.

Stress tests and scenario analyses carried out within the frame of structural interest rate risk are established under a "Stress Test Program" to measure the risks resulting from Bank-



specific negative developments or major risks and vulnerabilities that may potentially arise in the economic and financial environment under stress, and in view of regulatory and internal interest rate risk management requirements. Results of stress tests are used as input for determining risk appetite, limit and budget-related works, generating balance sheet management strategies, and for evaluating the need for capital.

The interest rate risk in the banking book is measured on an unconsolidated basis, using the standard shock method; the regulatory limit is monitored and reported to the Banking Regulation and Supervision Agency (BRSA) on a monthly basis.

LIQUIDITY RISK

Within the framework of risk management policies approved the Board of Directors, liquidity risk is managed by Asset and Liability Management Department (ALMD) and Assets and Liabilities Committee (ALCO) 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 scope of early warning signals, stress levels defined according to the possible liquidity risk scenario and severity of the risk, cash requirement that will arise in possible scenarios and actions to be taken at each stress level in a corporate framework. Within early warning indicators, indicators that can be quantified for scenarios determined within stress test and selected indicators within the scope of Bank and market data are monitored on a weekly basis. Liquidity risk is monitored by internal limits in order to assess the funding structure and liquidity capacity based on maturity buckets and manage short term funding sources effectively and compliance with regulatory liquidity ratios is ensured. As part of the liquidity risk stress test, high quality liquid assets and alternative funding sources are assessed by cash flow projections in order to meet liquidity requirements in stress conditions. Core deposit and average life analyses are performed for deposits, which is an important balance sheet item in terms of liquidity management. Concentrations in funding sources are monitored. Daily liquidity management is performed by Asset and 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 models, which were developed for corporate and commercial loans portfolio, have been used in the loan granting process since 2003, and were incorporated into the relevant lending policies and procedures. These models were developed using statistical methods on historical data, in order to rate customers using objective criteria. Models are used for the evaluation of specialized lendings according to supervisory slotting criteria. The internal risk rating models calculate the probability of default for each client.

Collection performances of non-performing loans in any portfolio are analyzed, 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 in the case of loans in the phase of commercial collection and on the basis of products and segments in the case of loans in the phase of retail collection. Studies are carried out to predict the level of loss ratios at times of economic downturn period. Limit utilization ratios are examined for corporate, commercial and small enterprises portfolios prior to default, and conversion rates are calculated on the basis of each portfolio. These ratios are used to calculate expected loss-based provisions and internal capital requirement. Moreover, under the IAS 39 concerning provision calculation, the impaired portfolio across the Bank is identified and a collective provision calculation is performed. Concentrations are monitored across the portfolio with respect to internal risk ratings, sectors, regions, groups and clients. Risk adjusted return-based limits are determined on the basis of products for retail portfolios, and on the basis of sectors for corporate portfolios across the Bank. In the allocation processes of general-purpose, auto, mortgage, commercial mortgage, 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. The adequacy of the Bank's internal capital is evaluated with stress tests and scenario analyses conducted. As part of the IRB application to be filed with the BRSA for using internal ratings-based approaches for calculating capital adequacy, work is in progress in a coordinately regarding documentation, infrastructure preparations, corporate governance and usage areas.

Qualitative and quantitative validation are performed in particular for credit risk models and methodologies that are primarily used for capital calculation.

OPERATIONAL RISK

Operational risk is managed on the basis of the three lines of defense approach within the frame of risk management policies approved by the Board of Directors. The Board of Directors is ultimately responsible for the establishment, approval and regular review of operational risk management framework. The Board also determines the risk appetite for operational risk and related limits, and senior management ensures consistent and efficient implementation and maintenance of the operational risk management framework in

relation to all activities, processes and products.

In the first line of the three lines of defense approach adopted for operational risk management, all business lines and departments of Bank take part and manage their operational risks within the frame of the Bank's policies and implementation principles.

The second line of the three lines of defense approach, adopted for operational risk management, support the senior management for understanding and managing operational risk that the Bank is exposed to, and the Board of Directors for monitoring operational risk management activities. The second line of defense consists of the Risk Management Department, Internal Control Unit and Compliance Department. Risk Management Department that takes place in the second line of defense designs measurement and assessment tools (loss data, scenario analysis, risk indicators and self-assessment) as part of operational risk measurement and management, and provides the necessary guidance and coordination for their use. Risk Management Department uses the data obtained by the measurement tools to generate reports. Internal Audit Department, which performs internal audit activities, stands on the last line of the three lines of defense approach for operational risk management. The Internal Audit Department independently reviews all aspects of operational risk management framework.

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 the society, the 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, the press and social media platforms with respect to the Bank's reputation and managing potential impacts; 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.

COUNTERPARTY CREDIT RISK

Counterparty credit risk strategy, policy and implementation principles are defined in the policy document approved by the Board of Directors. The Bank carries out measurement, monitoring and limit setting activities for this risk in line with this policy. In 2015, the Bank began using the internal model method (IMM) to measure and report the counterparty credit risk which is currently measured by using Current Exposure Method (CEM) for derivative transactions, repurchase transactions, security and commodity lending as regulatory. Within this scope, the Bank employs risk mitigation techniques through framework agreements (ISDA, CSA, GMRA, etc.), obtaining collateral and complementing margins as part of counterparty credit risk management to the extent allowed by national and international legislation.

OTHER RISKS

The Bank manages country and transfer risk, strategic risk, concentration and residual risks in alignment with the strategies, policies and implementation procedures established.

MANAGERS OF INTERNAL SYSTEMS UNITS AND THEIR NAMES, TERMS OF OFFICE, RESPONSIBILITIES, EDUCATIONAL BACKGROUND AND 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 measuring risks together, 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 policies, procedures and implementation principals of Garanti Bank and present these to the Board of Directors via Risk Committee.

Osman Bahri Turgut

Osman Bahri Turgut received his undergraduate degree in economics from Marmara University in 1990. He joined Garanti the same year as an Assistant Auditor, where he subsequently worked as Branch Manager, Assistant Director of the Internal Audit Department, Commercial Loans Senior Vice President, Internal Control Unit Manager and Head of Internal Audit and Control. He currently serves as the Head of Garanti Bank's Internal Audit Department.

He is also a member of the Board of Directors and Audit Committee at Garanti Finansal Kiralama A.Ş. and Garanti Filo Yönetimi Hizmetleri A.Ş.; a member of the Board of Directors and Corporate Governance Committee at Garanti Faktoring A.Ş.; a member of the Board of Directors at T. Garanti Bankası A.Ş. Emekli ve Yardım Sandığı Vakfı and Garanti Kültür A.Ş.; and a member of the Audit Committee at Garanti Leasing SA, Garanti Consumer Finance SA and Garanti Ödeme Sistemleri A.Ş.

The responsibilities of the Head of the Internal Audit Department are outlined below:

» Set out internal audit policies and procedures and implement these after obtaining the necessary approvals,
» Conduct the internal audit activities in accordance with the policies and implementation procedures concerning Audit activities and with the internal audit plans,
» Oversee 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.

Emre Özbek

Emre Özbek received his degree in business administration from Ankara University, Faculty of Political Sciences. He joined Garanti Bank as an Assistant Auditor in 1999. He was appointed as the Assistant Director of the Internal Audit Department in 2007, as the Senior Vice President of the Internal Control Unit in 2009 and as the Head of Internal Audit Department in 2014. Mr. Özbek, who holds CIA (Certified Internal Auditor) and CBRM (Certified Business Resilience Manager) certifications and has ***17*** years of banking experience, has been serving as the Senior Vice President of the Compliance Department since August 01, 2015.

Mr. Özbek has the following responsibilities in the capacity of Compliance Senior Vice President:

» 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 activities to achieve compliance with the regulations issued in relation to prevention of money laundering and financing of terrorism, and provide necessary coordination and communication with MASAK (Financial Crimes Investigation Board),
» Develop the Bank's compliance policies, procedures and training programs in accordance with the legislation and ensure their effectiveness; carry out activities in relation to the identification and notification of suspicious transactions; provide the preparation of statistics on internal audits and trainings and inform MASAK and fulfill the obligation of providing information and documentation to MASAK in conformance with the manner and methods defined by MASAK,
» Within the scope of compliance controls, ensure the compliance of the Bank's all current and future activities, transactions and products with the Banking Law and other applicable legislation, internal policies and rules, and with banking practices,
» Develop recommendations for defining and mitigating compliance risks that may arise from regulatory changes,
» Ensure development of the Bank's Data Protection policies and procedures and coordinate the necessary internal communication and development of training activities,
» Monitoring the compliance functions of all domestic/ abroad affiliates and overseas branches as part of Subsidiary Coordination activities.

Barış Ersin Gülcan

Barış Ersin Gülcan got his bachelor's degree in economics and his master's degree in HR Management from Istanbul University. After starting his career as an Assistant Auditor at Garanti Bank in 1997, he served in the Internal Audit Department for 10 years. During his ***18***-year experience in the banking sector, he functioned as Compliance Officer and Assistant Head of the Internal Audit Department. He assumed the position of Senior Vice President of Internal Control Unit in March 2014. Mr. Gülcan is a CIA (Certified Internal Auditor) since 2004 and a CPA (Certified Public Accountant) since 2005.

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 controllers of Garanti,
» 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:

- ***Aktif İleti ve Kurye Hizmetleri A.Ş.:*** Credit/debit card delivery.
- ***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, and other calls via the Call Center
- ***Austuria Card Turkey Kart Operasyonları A.Ş.:*** Card embossing and personalization services.
- ***Brink's Güvenlik Hizmetleri A.Ş.:*** Cash delivery within the scope of Law No. 5188.
- ***Callpex Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.:*** Card sales, delivery, recovery, debt notification and reminder calls via the Call Center, data entry and filing of requests received from the customers and informing the customers on the outcomes of their requests.
- ***CMC İletişim Bilgisayar Reklam ve Danışmanlık Hizmetleri San. Tic. A.Ş.:*** Card sales, instruction verification, delivery and recovery calls via the Call Center.
- ***Collection Platform Yazılım ve Danışmanlık A.Ş.:*** Call center/debt notification/reminder calls.
- ***Crif Alacak Yönetim ve Danışmanlık Hizmetleri A.Ş.:*** Call center/debt notification/reminder calls.
- ***Der Pos Ödeme Sistemleri ve Pazarlama Tic. Ltd. Şti.:*** Merchant acquisition, demand collection, document delivery to the Bank.
- ***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.
- ***Fonoklik İletişim Hizmetleri ve Ticaret A.Ş.:*** Credit card campaigns marketing.
- ***FU Gayrimenkul Danışmanlık A.Ş.:*** Pledge formalities at the land registry offices.
- ***Garanti Hizmet Yönetimi A.Ş.:*** Carrying out the operational aspects of investment activities.
- ***Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş.:*** Marketing and consulting services for mortgage products.
- ***Garanti Ödeme Sistemleri A.Ş.:*** Marketing, promotion, product development and consulting services related to payment systems, primarily debit and credit cards.
- ***Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş.:*** Call center/debt notification/reminder calls.
- ***Güzel Sanatlar Çek Basım Ltd. Şti.:*** Check printing.
- ***Hangisi İnternet ve Bilgi Hizmetleri A.Ş.:*** Online marketing of mortgage products.
- ***IBM Global Services İş ve Teknoloji Hizmetleri ve Tic. Ltd. Şti.:*** Disaster recovery center back-up service.
- ***Ingenico Ödeme Sistem Çözümleri A.Ş.:*** POS software development and upgrading services.
- ***Iron Mountain Arşivleme Hizmetleri A.Ş.:*** Archiving service.
- ***Karbil Yazılım ve Bilişim Teknolojileri Ticaret Ltd. Şti.:*** Cash register POS software development and upgrading services.
- ***Kayragrup Pazarlama Danışmanlık ve Destek Hizmetleri Tic. Ltd. Şti.:*** Merchant acquisition and credit marketing at car dealers, demand collection, document delivery to the Bank.
- ***Konut Kredisi Com Tr Danışmanlık A.Ş.:*** Online marketing of mortgage products.
- ***Kurye Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş.:*** Credit/debit card delivery.
- ***Loomis Güvenlik Hizmetleri A.Ş.:*** Cash delivery within the scope of Law No. 5188.
- ***Matriks Bilgi Dağıtım Hizmetleri A.Ş.:*** Software/software maintenance/update services.
- ***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.
- ***Start Kredi Finansal Danışmanlık Emlak İnşaat Taşımacılık Gıda Turizm Tekstil Kuyumculuk ve Ticaret Ltd. Şti.:*** Online marketing of mortgage products.
- ***Teknoser Bilgisayar Teknik Hizmetler Sanayi ve Dış Tic. A.Ş.:*** Informative and demand obtaining calls to merchants via the Call Center.
- ***Tempo Çağrı Merkezi Hizmetleri Tic. A.Ş.:*** Call center/debt notification/reminder calls.
- ***Verifone Elektronik ve Danışmanlık Ltd. Şti.:*** POS software development and upgrading services.
- ***Verisoft A.Ş.:*** Cash register POS software development and upgrading services.
- ***Verkata LLC:*** Online marketing of mortgage products.
- ***Win Bilgi İletişim Hizmetleri A.Ş.:*** Call center/debt notification/reminder calls.
- ***Yön İnsan Kaynakları Destek Hizmetleri Ltd. Şti.:*** Call center service, executive assistant service, data entry.
- Support services provided by 482 auto dealers for marketing of consumer loans.

IMPORTANT DEVELOPMENTS REGARDING 2015 OPERATIONS

INFORMATION ON SHARE BUYBACKS BY THE BANK

In 2015, the Bank did not buy back its shares.

INFORMATION ON PRIVATE AUDIT AND PUBLIC AUDIT CONDUCTED DURING 2015 ACCOUNTING PERIOD

Pursuant to the applicable legislation, routine audits are conducted by supervisory 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 against the Bank in 2015 by supervisory authorities as a result of such audit is provided in the following sections.

INFORMATION ON LAWSUITS FILED AGAINST THE BANK, WHICH MAY AFFECT THE FINANCIAL STATUS AND OPERATIONS OF THE BANK AND THEIR POSSIBLE RESULTS

No lawsuit that may affect the financial status and operations of the Bank was filed against the Bank in 2015.

INFORMATION ON ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED ON THE BANK AND ITS MANAGING MEMBERS DUE TO ANY PRACTICE WHICH ARE CONTRARY TO THE LAWS AND REGULATIONS

During 2015, payments made for administrative fines imposed by regulatory and supervisory authorities against the Bank amounted to TL ***89,989,700.75***.

Based on the audit report issued by the inspectors of the Ministry of Customs and Trade within the frame of the Law on Consumer Protection no. 6502 (abolished Law no. 4077), the Provincial Directorate of Trade of the Istanbul Governorship has imposed an administrative fine against our Bank in the amount of TL ***110,110,000***. Our Bank has benefited from the outright payment discount as per Article 17/6 of the Law on Misdemeanors no. 5326, paid the said amount as TL ***82,582,500.00*** and filed a lawsuit for the annulment of the fine. The litigation is still ongoing.

Based on the audit report issued by the Ministry of Labor and Social Security Labor Inspection Board, Turkish Employment Agency Istanbul Provincial Directorate of Labor and Employment has imposed an administrative fine against our Bank in the amount of TL ***4,433,002***.

Our Bank benefited from the outright payment discount as per Article 17/6 of the Law on Misdemeanors no. 5326, paid the said fine as TL ***3,324,751.50*** and filed a lawsuit for the annulment of the fine. The litigation is still ongoing.

INFORMATION ON REGULATORY CHANGES THAT MAY HAVE A MATERIAL EFFECT ON THE OPERATIONS OF THE BANK

The Law on Consumer Protection no. 6502 which has entered into force on May 28, 2014 and the secondary regulations enforced in 2015 for the implementation of the said Law introduced a number of new rules for banks. Accordingly, updates have been made to our Bank's practices in 2015, which specifically includes the following: issuing a pre-contractual information form containing the terms and conditions of the loan agreements signed between our Bank and consumers; granting the right of rescission to the customers; prior determination of all sorts of fees, commissions and expenses that will be charged to customers besides interest, along with the relevant procedures and principles; and offering our customers a type of credit card for which no fees are charged under annual membership fee or any other name.

On the other hand, the CMB continued to issue supplementary regulations throughout 2015, which prohibited deposit banks from engaging in:

- Activity of execution of orders regarding stocks and derivative instruments based on stocks and stock indices, and
- Activity of dealing on own account regarding stocks and derivative instruments based on stocks.

Within the scope of the Regulatory Consistency Assessment Programme (RCAP), which is conducted by the Bank for International Settlements (BIS), Turkey's compliance level with Basel regulations is being assessed as of the last quarter of 2015, assessment report regarding Turkey's compliance level with Basel regulations will be published in 2016. Prior to RCAP, BRSA has published some revisions considering full compliance with Basel regulations in 2015. Major revised regulations are the Regulation on the Measurement and Evaluation of Leverage Levels of Banks, the Regulation on Measurement and Evaluation of Capital Adequacy of Banks and the Regulation on Equity of Banks and Communique on Credit Risk Mitigations Techniques.

According to the Regulation on Measurement and Evaluation of Capital Adequacy of Banks, which was published in the Official Gazette dated October 23, 2015, FX required reserves will be subject to ***50%*** risk weight, instead of ***0%***. The regulation will enter into force as of March 31, 2016.

According to the Regulation Amending the Regulation on Equity of Banks, which was published in the Official Gazette dated October 23, 2015, free provision for possible risks, which is currently under common equity Tier 1, will be excluded from capital calculation. The regulation will enter into force as of March 31, 2016.

Also, guidelines on application and validation process regarding calculation of credit risk with internal rating based approach (IRB) and calculation of operational risk with advanced measurement approach (AMA) have been published. In 2016, pre-application process will start for Banks which are willing to use IRB and AMA, and applications will be conducted independently.

According to the BRSA Board Resolution of December 24, 2015, within the scope of "Procedures and Principles Regarding Countercyclical Capital Buffer Implementation and Profit Distribution by Banks" attached to the BRSA Board Resolution no. 6602 dated December 18, 2012 adopted as per the "Regulation on Capital Conservation and Countercyclical Capital Buffers" published in the Official Gazette numbered 28812 and dated November 05, 2013; countercyclical buffer ratio for Turkey positions will be applied as ***0%***, as from January 1, 2016.

As of May 5, 2015, the CBRT started to pay daily interest on reserve requirements, reserve options and current accounts which are kept in US Dollar accounts held by the CBRT, the applicable rate of which will be determined in line with the conditions of the global and local financial markets.

For the purpose of reducing intermediation costs of the banking sector and supporting core liabilities, the CBRT raised the remuneration rate for the required reserves maintained in Turkish liras by ***200*** basis points in total as follows:

» ***50*** basis points as of May 08, 2015,
» ***50*** basis points as of September 01, 2015,
» ***50*** basis points as of October 01, 2015,
» ***50*** basis points as of December 01, 2015.

The CBRT Communiqué Amending the Communiqué on Reserve Requirements published in the Official Gazette dated May 30, 2015, expanded the scope of the liabilities of overseas branches of banks incorporated in Turkey, which are subject to reserve requirements.

AUDIT COMMITTEE'S ASSESSMENT OF THE OPERATIONS OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS

The Internal Audit Department conducted on-site and centralized audits, treasury risk management audits, IT audits and financial statement audits at Head Office units, branches and subsidiaries. Internal audit activities were supported with information technology, which further upgraded the speed and quality, thus keeping operational losses low. Limit, dual control and authorization implementations pertaining to the transactions carried out at branches and units, and the controls integrated into processes contributed to the management of operational risks. The ongoing audit findings were followed up and periodic activities were carried out for resolution of the findings. Scenario studies for suspicion regarding possible internal fraud were revised, and centralized and on-site audits were carried on within this frame. Web-based and on-site training programs on operational risk management for branch managers and staff continued with an expanded scope.

Internal Control Unit continued to carry out periodic on-site and centralized control activities at all branches and in-scope Head Office units and subsidiaries. In this regard, second level control activities were performed regarding the ensuring existence and validity of relevant documents required in loan processes, as well as other operational risks specified in the processes. IT Controls covered IT processes, applications, infrastructures and security systems. Periodic follow-up studies continued for ensuring the remediation of findings determined during the controls. In the scope of Disaster Recovery & Business Continuity Management function, the Internal Control Unit coordinated the efforts throughout the Bank, updated the Business Continuity Management Plan, and periodically repeated business impact analyses so as to identify critical processes and dependencies of the units, organize system tests and coordinate evacuation drills.

Compliance Department continued the management of the Bank's potential compliance risks and to work towards identifying and preventing these risks before implementation. The Department kept supervising and coordinating the compliance of the Bank's ongoing and future activities, new transactions and products with the Banking Law, applicable legislation, internal policies and rules, and banking practices. With the aim of reinforcing the Bank's consolidated compliance policy, the Department supervised the compliance activities of branches abroad and consolidated subsidiaries, taking steps towards improving compliance awareness and culture; and as part of these efforts, subsidiaries' coordination function was established. Being approved by the Board of Directors, Garanti Code of Conduct entered into force; and within the scope of corporate compliance activities, Compliance Department was appointed as responsible from promoting awareness of this document and from managing the Garanti Whistleblowing Channel. In addition, securities compliance function was established for investment transactions, and examinations were carried out within the scope of the CMB's (Capital Markets Board) "Communiqué on Obligation of Notification Regarding Insider Trading or Manipulation Crimes". On the other hand, as part of compliance activities regarding Personal Data Protection, which is a new function undertaken by the Compliance Department, relevant legislation was monitored and studies were carried out on corresponding policies and procedures. Within the scope of anti-money laundering (AML) and countering financing of terrorism strategy (CFT), studies were carried out to achieve compliance with national and international regulations. Risk management, monitoring and control activities were held effectively by the help of monitoring program. Awareness and consciousness of the employees on anti-money laundering and countering financing of terrorism were increased by the help of in-class trainings, branch visits and web-based training program which is offered throughout the Bank.

The Risk Management Department provided the necessary internal coordination for ensuring regulatory compliance and handled data/software revisions in relation to new regulations. In accordance with the regulations released by the BRSA, ICAAP activities carried out in parallel to the budget process including the Bank and subsidiaries also entailed the stress tests.

With respect to credit risk, risk concentrations in debtors, debtor groups, sectors and regions were kept on regular watch. A closer eye was kept on sectors considered to be risky. For market risk monitoring and managing purposes, internal limits were followed, and potential and worst-case risks that may arise from economic circumstances were evaluated. Warning levels were watched to determine the risk exposure of portfolios, and actions were taken as necessary. The Bank's operation risk level was monitored within the frame of the risk appetite limit created.

In accordance with its duties pursuant to the legislation, the Audit Committee continued to review the effectiveness and adequacy of internal systems, the operation of accounting and reporting systems in line with the applicable regulations, and the integrity of the resulting information, as well as internal audit plans, and continued to overseeing whether the internal audit system covered the Bank's current and planned operations and the risks resulting therefrom. Within this scope, the Audit Committee regularly monitored and evaluated the activities of the internal systems during the course of the year. Furthermore, the Audit Committee continued to carry out the necessary preliminary assessments in the designation of the independent audit firms, appraisal firms and support services providers by the Board of Directors, and to fulfill its functions of overseeing the activities of these firms with which contracts are concluded, and of evaluating the relevant independent audit results. Accordingly, the Audit Committee submitted 27 proposals to the Board of Directors regarding the activities of the Audit Committee, the assessments for the independent audit firms, appraisal firms and support services providers during 2015.

The Audit Committee closely monitored the actions taken by the senior management and subordinate units for the matters established in internal audit reports. The Committee continued to carry out and coordinate the internal audit activities of consolidated subsidiaries in a consolidated manner, and closely watched the effectiveness of subsidiaries' internal systems.

RELATED PARTY RISKS

(Thousands of Turkish Lira (TL))

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.

LOANS AND OTHER RECEIVABLES

Current Period:

Bank's Risk Group	*Associates, Affiliates and Joint-Ventures*		*Bank's Direct and Indirect Shareholders*		*Other Components in Risk Group*	
Loans and Other Receivables	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Balance at beginning of period	3,318,634	1,522,279	399,748	316,606	1,537,174	702,845
Balance at end of period	3,837,790	2,197,037	52,056	827,462	2,047,670	467,468
Interest and Commission Income	**78,697**	**376**	**655**	**8**	**101,329**	**282**

Current Period:

Bank's Risk Group	*Associates, Affiliates and Joint-Ventures*		*Bank's Direct and Indirect Shareholders*		*Other Components in Risk Group*	
Loans and Other Receivables	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Balance at beginning of period	3,811,321	1,586,707	9,250	264,878	454,736	472,119
Balance at end of period	3,318,634	1,522,279	399,748	316,606	1,537,174	702,845
Interest and Commission Income	**45,464**	**285**	**286**	**9**	**72,438**	**1,047**

DEPOSITS

Bank's Risk Group	*Associates, Affiliates and Joint-Ventures*		*Bank's Direct and Indirect Shareholders*		*Other Components in Risk Group*	
Deposits	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at beginning of period	681,112	651,174	535,204	304,643	349,385	330,572
Balance at end of period	687,407	681,112	336,153	535,204	543,360	349,385
Interest Expense	**60,297**	**58,594**	**12,995**	**4,016**	**10,193**	**16,035**

DERIVATIVE TRANSACTIONS

Bank's Risk Group	*Associates, Affiliates and Joint-Ventures*		*Bank's Direct and Indirect Shareholders*		*Other Components in Risk Group*	
Transactions at Fair Value Through Profit or (Loss):	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at beginning of period	848,391	1,200,843	10,292,901	8,871,339	5,770	-
Balance at end of period	421,708	848,391	16,146,894	10,292,901	-	5,770
Total Profit/(Loss)	**(327,241)**	**(132,802)**	**(50,088)**	**(102,479)**	**-**	**(56)**
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	**-**	**-**	**-**	**-**	**-**	**-**

THE BANK'S RISK GROUP

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 and Balances with Risk Group and Pricing Policy

The cash loans of the risk group amounting TL ***3,132,513*** thousands (31 December 2014: TL ***2,543,637*** thousands) compose ***1.97%*** (31 December 2014: ***1.90%***) of the Bank's total cash loans and ***1.23%*** (31 December 2014: ***1.16%***) of the Bank's total assets. The total loans and similar receivables amounting TL ***5,937,516*** thousands (31 December 2014: TL ***5,255,556*** thousands) compose ***2.33%*** (31 December 2014: TL ***2.40%***) of the Bank's total assets. The non-cash loans of the risk group amounting TL ***3,491,967*** thousands (31 December 2014: TL ***2,541,730*** thousands) compose ***7.26%*** (31 December 2014: ***6.92%***) of the Bank's total non-cash loans. The deposits of the risk group amounting TL ***1,566,920*** thousands (31 December 2014: TL ***1,565,701*** thousands) compose ***1.11%*** (31 December 2014: ***1.30%***) of the Bank's total deposits.

The funds borrowed by the Bank from its risk group amounting TL ***10,142,189*** thousands (31 December 2014: TL ***9,074,365*** thousands) compose ***30.33%*** (31 December 2014: ***28.07%***) 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 ***137,353*** thousands (31 December 2014: TL ***88,494*** thousands). A total rent income of TL ***8,859*** thousands (31 December 2014: TL ***6,486*** thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL ***11,494*** thousands (31 December 2014: TL ***8,863*** thousands) were incurred for the IT services rendered by the related parties. Banking services fees of TL ***1,098*** thousands (31 December 2014: TL ***2,745*** thousands) were recognized from the related parties.

Insurance brokerage fee of TL ***112,082*** thousands (31 December 2014: TL ***93,413*** thousands), shares brokerage fee of TL ***67,498*** thousands (31 December 2014: TL ***70,413*** thousands), leasing customer acquisition fee of TL ***4,872*** thousands (31 December 2014: TL ***10,762*** thousands), factoring customer acquisition fee of TL ***2,828*** thousands (31 December 2014: TL ***3,131*** thousands), fleet business customer acquisition fee of TL ***357*** thousands (31 December 2014: TL ***578*** thousands) and fund brokerage fee of TL ***142*** thousands (31 December 2014: -) were recognized as income from the services rendered for the affiliates.

Operating expenses of TL ***8,952*** thousands (31 December 2014: TL ***10,790*** thousands) for advertisement and broadcasting services, of TL ***36,210*** thousands (31 December 2014: TL ***32,534*** thousands) for operational leasing services, and of TL ***15,246*** thousands (31 December 2014: TL ***13,616*** thousands) for travelling services rendered by the related parties were recognized as expense.

As of 31 December 2015, the net payment provided or to be provided to the key management of the Bank amounts to TL ***120,553*** thousands (31 December 2014: TL ***88,937*** thousands) including compensations paid to key management personnel who left their position during the year.

Other Matters Not Required to be Disclosed

None.

Transactions Accounted for Under Equity Method

Please refer to Note 5.1.8 investments in affiliates.

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 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.

turning entrepreneurs' dreams into reality!

Considering it a basic mission and responsibility to support entrepreneurs, Garanti is working to extend financial support to more entrepreneurs, to turn their dreams into reality and to give opportunity to entrepreneurs who will author Turkey's success stories.

In addition to its fundamental responsibility of providing financing, Garanti is also offering support to entrepreneurs during startup for establishing healthy and viable businesses. Believing in the importance of entrepreneurship for economic growth, Garanti regards it as a key responsibility to support entrepreneurial ecosystem..

Garanti compiled all the information an entrepreneur would need along the challenging path of setting up and growing a business in the ***"Entrepreneur's Handbook"***.

Garanti collaborated with Boğaziçi University Angel Investors Platform (BUBA) to launch ***GarantiPartners***, an accelerator program to support early startups of any scale and sector, the SMEs and growing ventures.

Numerous ventures around the world are coming up with inventions that will change our future with such and similar supports...

He is the new world-leading entrepreneur according to the Time Magazine...Atlantic magazine named him the "greatest inventor alive". Vanity Fair ranked him as the "No. 1 Disrupter in the World".

"It has been reported that 90% of startups fail and without complete confidence in an idea and the determination to do whatever it takes to succeed, an entrepreneur won't make it."

Elon Musk



turning entre... dr... int...

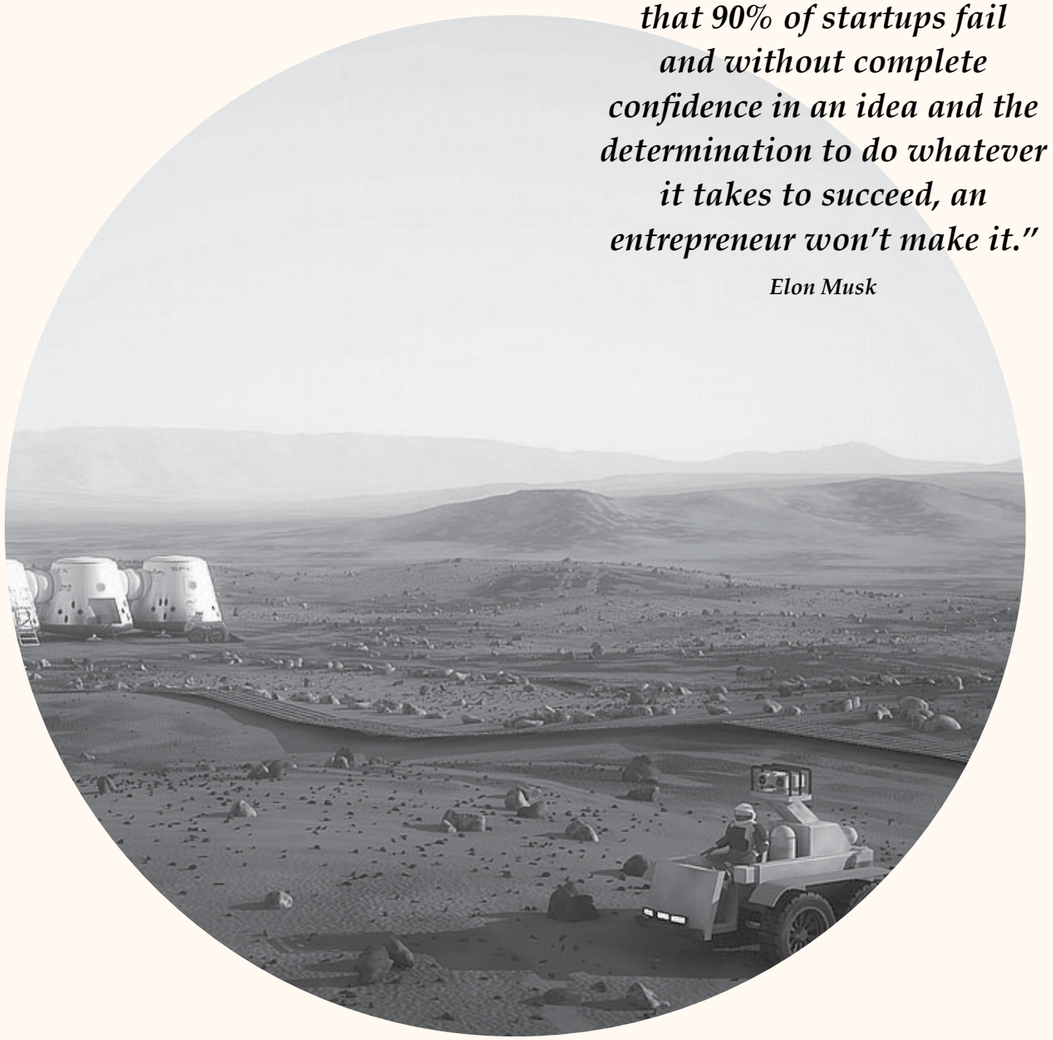
He is Elon Musk, an American inventor and entrepreneur of South African origin born in 1971. Musk has an incredible entrepreneurial portfolio: Initially founded as X.com to be renamed Paypal and acquired by eBay for USD 1.5 billion; Tesla what is today the world's largest electric car manufacturer; SolarCity that reached for the sky in solar energy efficiency with the acquisition of Silevo and announced plans for increasing the worldwide solar panel market to 400 GW/year... Musk is also the founder of SpaceX, the first private company awarded a contract by NASA for cargo delivery to the International Space Station. The goals of SpaceX include transportation of requisite equipment for the notional colonization of Mars and the actual construction there.

Having earned his first dollar at the age of 12 by selling a video game he created, Musk is one of the greatest entrepreneurs of our day. He chases his dreams and he is not afraid of investing in them. He started from scratch, took so many risks. He failed, ran after funds... He worked very hard to create the success story he boasts today.

Considering it a bas
Garanti is working to
their dreams into rea

"It has been reported that 90% of startups fail and without complete confidence in an idea and the determination to do whatever it takes to succeed, an entrepreneur won't make it."

Elon Musk



CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SECTION I - 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 to implement these principles. The Bank accordingly updates its annual reports and website, making them available to its stakeholders. The shareholders may access comprehensive information, get information about the latest developments and activities from the regularly updated Garanti Bank Investor Relations website, and may address their questions to the Investor Relations Department and to the Subsidiaries and Shareholders Service.

As a result of Garanti's commitment to the corporate governance principles, information about the Bank's compliance with non-mandatory principles under the Corporate Governance Communiqué numbered II-17.1 is provided under the related headings of this report.

The Corporate Governance Committee was establishedin February 2013 pursuant to the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency ("BRSA") and the Communiqué Serial: IV-56 on the Determination and Implementation of Corporate Governance Principles issued by the CMB, which was effective at the time. 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 2015, the Committee held ***3*** meetings with full participation of its members. The Board of Directors considered that the activities performed by the Corporate Governance Committee in 2015 were efficient, appropriate, adequate and compliant with the relevant legislation. The activities of the Corporate Governance Committee are presented in detail in the Committees section.

On the other hand, Garanti, during 2015, achieved compliance with all of the mandatory principles of the Corporate Governance Communiqué no. II-17.1.

Garanti Bank received its first corporate governance compliance rating score in 2014. Based on the review performed in 2015, JCR Eurasia Ratings (JCR Avrasya Derecelendirme A.Ş.) revised the overall compliance with Corporate Governance Principles rating score of the Bank from ***9.14*** assigned on a scale of ***10*** on December 21, 2014 to ***9.20*** on December 10, 2015 and upgraded the Outlook from stable to positive. Since the Bank's compliance scores with the corporate governance principles are above the ***(7)*** Threshold Score, Garanti remained within the BIST Corporate Governance Index.

The corporate governance compliance rating score comprises four main sections with different weights as per the CMB's regulations relevant to this topic. These four sections and Garanti's compliance levels are as follows: Shareholders (***25%*** weight, scored ***9.07/10***), Public Disclosure and Transparency (***25%*** weight, scored ***9.25/10***), Stakeholders (***15%*** weight, scored ***9.23/10***), Board of Directors (***35%*** weight, scored ***9.15/10***).

The revised score in 2015 stemmed from Stakeholders (raised from ***9.05*** to ***9.23***) and Board of Directors (raised from ***9.15*** to ***9.25***) headings. The upgrade in Stakeholders was a result of Garanti's qualification to be included in the Dow Jones Sustainability Index as the only Turkish company, and increased effectiveness and improved activities of the Occupational Health and Safety Division. The upgrade in the Board of Directors section, on the other hand, was driven by the creation of the separate Corporate Secretariat that offers services to the Board of Directors. In addition, the statement provided the following remark regarding the upgraded outlook: "Moreover, due to the newly established Risk Committee within the scope of the Board, JCR Eurasia Rating was convinced that during the next monitoring period, the risk management activities of the Bank would reach a higher efficiency level; therefore determined the Bank's outlook as 'Positive'".

SECTION II - SHAREHOLDERS

2.1. Investor Relations Division

Pursuant to Article 11 of the CMB Corporate Governance Communiqué No: II-17.1 published in the Official Gazette issue 28871 dated 03.01.2014, the Investor Relations Division 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 be 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 on the Public Disclosure Platform following the Corporate Governance Committee meeting held in October 2015, Handan Saygın, Senior Vice President of Investor Relations, who possesses "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise License", has been designated as the Head of the Investor Relations Division and Member of the Corporate Governance Committee.

The Investor Relations Department manages the relations with foreign institutional 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, 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, consistently and proactively providing information, responding to their written and verbal queries,
» Within the scope of public disclosure obligations regarding the depositary receipts trading in international markets, uploading corporate disclosures in English to the relevant platforms,
» Managing relations with international rating agencies and corporate governance rating agencies, responding to their written and verbal information requests,
» Handling the entire publishing process of the Bank's annual and interim reports, including printing and web-based processes, coordinating the compilation of the content in compliance with the related regulations,
» Managing the contents of Garanti Bank Investor Relations website and the iPad application, making sure that the website covers all the points specified in the Corporate Governance Principles, and keeping the data provided up-to-date.

In addition to satisfying its key responsibilities, the Investor Relations Department, in 2015, performed the following in keeping with its proactive, transparent and consistent communication strategy:

» Took part in ***25*** national and international investor conferences held in ***12*** cities in Asia, USA and Europe with the participation of the administrative team, in addition to one-on-one meetings with ***811*** international investment funds,
» Held due diligence meetings with ***4*** rating agencies,
» Managed the corporate governance rating process conducted by JCR Eurasia Rating; the distinctive compliance score of ***9.14*** assigned to Garanti in 2014 was raised to ***9.20*** and its outlook was upgraded from "Stable" to "Positive" in the report issued on December 10, 2015; with these results Garanti remained within the Borsa Istanbul Corporate Governance Index,
» Coordinated the work in relation to the questionnaire developed by the Ethical Values Association of Turkey (EDMER); as the result of these efforts, Garanti was honored with the "Most Ethical Company Award" in Ethic Awards of Turkey 2014 (ETİKA) for complying with more than ***70%*** of the criteria specified for various categories such as reputation management, corporate governance, corporate social responsibility, leadership, innovation, pioneering and compliance,
» Collaborated and cooperated with the sustainability team, which produced the following results: Garanti has become the only Turkish company named in the DJSI - Dow Jones SustainabilityTM Emerging Markets Index. After qualifying to be included in the BIST Sustainability Index and the BIST Corporate Governance Index last year and remaining in both indices based on the reviews conducted during the reporting period, Garanti, by being included in the Dow Jones Sustainability Index, successfully integrated sustainability in all of its activities as well as in banking,

Garanti ranked ***2nd*** among all BIST100 companies in the "Corporate Communications Transparency" survey conducted on BIST100 companies by TI-Turkey, the national representative of Transparency International (TI) that is globally recognized for its transparency indices, while achieving the highest score among the banks traded on Borsa Istanbul and proved its devotion to its core values: trust, integrity, accountability and transparency;

» Focused on the needs of the entire investment community and offered constant access to current information through the bilingual Investor Relations (IR) and iPad application developed in Turkish and English, which provide easy access to any information sought by investors anywhere in the world.
» Earned the "Corporate Transparency" award in the "Transparency Awards" organized for the first time by Transparency International, a global civil society organization that leads the fight against corruption. The award was given to Garanti with its Investor Relations Website and iPad Application, that play a crucial role in providing proactive, transparent and consistent information to all stakeholders.

» Became The International Integrated Reporting Council-IIRC Business Network Member in 2015, thereby carrying on with its activities initiated in 2014 under the Integrated Reporting Pilot Program,
» Conducted four live webcasts/teleconferences regarding the results of financial statements and posted the podcasts on the Investor Relations website and the iPad application,
» Issued quarterly interim reports, sharing detailed information and data about Garanti,
» Collaborated with GT and used its own internal resources for a worldwide live broadcast of the meeting for announcing the 2015 budget conducted in teleconference and webcast format, which brought together the CEO and analysts from investment firms. Following the meeting, the podcast including the entire Q&A session was made available on its website and iPad application in a transparent manner for listening by all stakeholders ,
» Issued the "StockWatch Quarterly" newsletter **4** times a year, which provides brief 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 **2** "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:

» Prepare all necessary documents in relation to the General Shareholders' Meeting to be made available to shareholders for their information and review, and ensure that the General Shareholders' Meetings take place in accordance with the applicable legislation, articles of association, and other internal regulations of the Bank,
» Facilitate profit distribution procedures as per Article 45 of the Articles of Association in case the General Assembly decides to distribute dividends to shareholders,
» Make sure that amendments to the Bank's Articles of Association are made in accordance with the applicable legislation,
» Handle the capital increase formalities of the Bank, and facilitate the exercise of bonus and rights offerings that result from the capital increase,
» Fulfill public disclosure obligations,
» Manage correspondences between shareholders and the Bank in relation to shares and ensure that legal records of shares, which must be kept pursuant to applicable legislation, are kept properly, secure and up-to-date.

2.2. Exercise of Shareholders' Right to Obtain Information

The Subsidiaries and Shareholders Service responds to inquiries received from shareholders via phone or e-mail regarding the general shareholders' meetings, capital increases, dividend distributions, and share certificate procedures. In addition,

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Hande Tunaboylu	Manager	+90 212 318 23 54	HandeT@garanti.com.tr
Ceyda Akınç	Supervisor	+90 212 318 23 53	CeydaAk@garanti.com.tr
Sinem Baykalöz	Associate	+90 212 318 23 59	SinemB@garanti.com.tr
Erdem Çaşkurlu	Associate	+90 212 318 23 56	ErdemCas@garanti.com.tr
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TAX OPERATIONS MANAGEMENT DEPARTMENT - SUBSIDIARIES AND SHAREHOLDERS SERVICE

Name	*Title*	*Phone*	*E-mail*
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Tansel Kermooğlu	Manager	+90 212 318 19 38	TanselKe@garanti.com.tr
Sevgi Demiröz	Supervisor	+90 212 318 19 45	Sevgid@garanti.com.tr
Ülkü Sıngın Toprak	Supervisor	+90 212 318 19 46	UlkuSi@garanti.com.tr
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during the current fiscal year, information requests by shareholders and third parties related to matters such as annual reports, the current status of share certificates they hold and the like are answered verbally and 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 website in Turkish can be reached at:
www.garantiyatirimciiliskileri.com
The Investor Relations website in English can be reached at:
www.garantiinvestorrelations.com

Garanti Investor Relations websites contain stock data, 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 websites also respond to all sorts of user needs with the Investor Kit that contains basic, practical information and the Download Center function that covers all documents.

Allowing the users to follow up events and add them to their personal calendars with the IR Calendar function, the websites also feature Investor Calculator and the Interactive Share Chart function enabling comparative analyses between Garanti share and indices, local and international banks in different currencies.

The new iPad application of Garanti Investor Relations, offering access to latest information to users anywhere any time, includes a rich library which consists of annual reports, sustainability reports, financial reports, corporate presentations and periodic publications that can also be read offline. The application also sends notifications when new content is added.

The appointment of a special auditor has not been set forth as an individual right in the Articles of Association of the Bank and so far, no request regarding the appointment of a special auditor has been submitted to Garanti. On the other hand, as also stated on Investor Relations website, pursuant to Article 438 of the Turkish Commercial Code no. 6102, shareholders have the right to request a special audit from the General Assembly of Shareholders, whether included in the agenda or not, in order to clarify certain aspects within the frame of exercising shareholders' rights, provided that shareholders making such request have previously exercised the right to obtain or review information as stipulated in the Turkish Commercial Code. If such a request is received, then the Bank takes maximum care for facilitating the exercise of such special audit right.

2.3. General Shareholders' Meetings

During the fiscal year (01.01.2015-31.12.2015), one Ordinary General Shareholders' Meeting was held on April 09, 2015. Meeting quorum in the Ordinary General Shareholders' Meeting was ***78.94%***. 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 legislation on the Investor Relations website, at all branches and at Head Office of Garanti Bank. In 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 publicly disclosed via the Public Disclosure Platform.

Resolutions adopted in the General Shareholders' Meetings are carried out in accordance with the legal procedures within due 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 by electronic means is permissible.

Furthermore, the minutes and the list of attendants of the General Shareholders' Meetings are available to shareholders on Garanti Bank Investor Relations websites and at the Subsidiaries and Shareholders Service.

Pursuant to applicable legislation, the minutes of the General Shareholders' Meetings are made available to shareholders on Garanti Bank Investor Relations 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 2015. The Bank invites all stakeholders to General Shareholders' Meetings, who will be voiceless during such meetings.

At the 2014 Ordinary General Shareholders' Meeting held in 2015, one shareholder lodged a statement of opposition, asking about how the profit distribution policy will be implemented in the next ***5*** years, commenting that if profit will not be distributed then it should be paid out in cash and bonus shares, that the Bank should abide by the CMB-imposed obligation to distribute at least ***20%*** of the distributable profit, which the CMB requires for publicly traded companies, and proposed that bonus shares in the ratio of ***600%*** be distributed for once only, that the issued capital of TL ***4,200,000,000*** be quintupled, and that such incremental capital be distributed as bonus to shareholders. In response, it has been explained that profit is being distributed in the ratio stipulated by the legal authorities and that the retained portion is being set aside as Extraordinary Reserves as per the applicable legislation.

On another front, the total amount of contributions and donations made by the Bank in the reporting period is TL ***18,492,241***. Based on its approach to add value to the society, the Bank makes donations and contributions mostly to persons, non-governmental organizations, societies or foundations, public entities and organizations that work 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 2015 are as follows:

Beneficiaries	***Amount (TL)***
Various Public Institutions	5,168,635
Öğretmen Akademisi Vakfı (Teachers Academy Foundation)	5,000,000
İstanbul Modern Sanat Vakfı (Istanbul Foundation for Modern Arts)	1,920,000
Universities and Educational Institutions	1,323,715
Other Foundations, Societies and Institutions	1,277,126
İstanbul Kültür ve Sanat Vakfı (Istanbul Foundation for Culture and Arts)	1,236,350
Ayhan Şahenk Foundation	837,151
Doğal Hayatı Koruma Vakfı (World Wildlife Fund-Turkey)	800,000
Türkiye Eğitim Gönüllüleri Vakfı (Educational Volunteers Foundation of Turkey)	599,065
Çağdaş Yaşamı Destekleme Derneği (Association for Supporting Contemporary Life)	330,200
TOTAL	18,492,241

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.

2.4. Voting Rights and 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 of Garanti Bank. The Bank is not in a cross-shareholding relationship with any company, therefore no such votes were cast at the latest General Shareholders' Meeting.

Minority shares are not represented in the management. The Bank's Articles of Association do not set the minority rights to be less than one twentieth of the capital. On the other hand, as explained on the Bank's Investor Relations website, shareholders constituting at least one twentieth of the capital are entitled to request the Board of Directors to summon the general assembly for a meeting, by specifying the grounds therefor along with the agenda, which should both be put in writing, or if the general assembly is already scheduled to meet, then to request the addition of matters they wish to be decided to the agenda, under Article 411 of the Turkish Commercial Code no. 6102. As and when such a request is received, the Bank takes the utmost care for facilitating the exercise of minority rights.

2.5. 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, Garanti Bank submits dividend proposals 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 regarding dividend distribution, the distribution procedures were completed and notifications were made to the public authorities within legal time periods.

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 to capitalize the profit and distribute the bonus shares 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 provided further that 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 governing 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."

2.6. Transfer of Shares

The Articles of Association of Garanti Bank do not contain any provisions that restrict the transfer of shares. Shares are transferred in accordance with the Bank's Articles of Association and applicable legislation including the Banking Law.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company Website and 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

Websites provide general information about the Bank and enable banking transactions through the internet banking branch and mobile applications. In addition, 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 tabs 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. Furthermore, the mobile version that went live gives easy mobile-friendly access to garanti.com.tr contents for use with mobile devices.

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. The Quick Payments tab allows rapid execution of payments such as bill payments, GSM TL top-ups, while calculators enable detailed calculations in relation to loan and e-Savings Account products. Garanti Internet Banking, on the other hand, facilitates fast and practical execution of more than ***500*** banking transactions by the Bank's personal and corporate customers. Our customers are able to access the products they need, instantly check their financial status, and view their income/expenses and cash flows.

All other information about Garanti Bank and stock in line with the needs of stakeholders, which need to be covered in websites pursuant to Corporate Governance Principles, is provided in detail both in Turkish and in English on Garanti Bank Investor Relations websites.

The investor relations website in Turkish is accessible at:
www.garantiyatirimciiliskileri.com
The investor relations website in English is accessible at:
www.garantiinvestorrelations.com

The contents of the Investor Relations websites prepared in Turkish and English go beyond the matters that companies are required to present on their websites pursuant to the Turkish Commercial Code and associated regulations, the CMB's regulations concerning Corporate Governance Principles and other capital markets legislation and other regulations in effect; these websites feature up-to-date corporate information,

credit ratings, key financial indicators for the Turkish banking industry and for Garanti, the position of Garanti in the sector, Management Interviews, detailed information about Garanti shares (listing information, quotation, lists of analysts, stock analysis tools (price, volume, index and comparative analysis)), periodic financial statements drawn up in accordance with international accounting standards and the BRSA regulations, reports and presentations prepared for investors, annual reports, sustainability reports, Operating Plan Guidance covering forward-looking financial projections, quarterly interim reports for investors, "StockWatch" bulletin, semi-annually published Corporate Profile bulletin; detailed information on corporate governance including Code of Conduct, Declaration of Human Rights, Disclosure, Dividend Distribution, Human Resources, Donations and Contributions, Compensation, Employee Compensation, Sustainability, Environment, and Environmental and Social Loan policies, and Climate Change Position Statement and Action Plan; material event disclosures, capital increases, dividend ratios, Bylaws on Principles and Procedures of General Assembly, and detailed information regarding Ordinary General Shareholders' Meetings.

The shareholding structure currently posted on the Bank's Investor Relations website shows that Banco Bilbao Vizcaya Argentaria S.A. (BBVA) and Doğuş Group hold ***39.9%*** and ***10.0%*** of the Bank's shares, respectively. Its shares publicly traded in Turkey and its depositary receipts traded in the UK and the USA, Garanti had an actual free float of ***50.02%*** in Borsa Istanbul as of December 31, 2015, and there is no ultimate non-corporate controlling shareholder holding more than ***5%*** share in the shareholding structure.

The corporate website is organized to give all stakeholders quick and easy access to information. The information published on the website is updated regularly. Also, 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 respond to 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 units are available to all stakeholders in the Bank's Turkish and English Investor Relations websites. The Investor Relations Department announces the international conferences and meetings it will participate in via the "Investor Relations Calendar" on its websites and iPad application. In addition, answers regarding Garanti Bank, its stock, borrowing instruments, financial statements, corporate governance and sustainability are provided in the Frequently Asked Questions section on the website.

3.2. Annual Reports

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. Garanti considers transparency not just as an obligation but puts it at the heart of its communication with all of its stakeholders; hence, the Bank does not restrict its annual reports to alignment with regulatory requirements. Playing a central role in Garanti's communication with its stakeholders, annual reports stand out as the Bank's most comprehensive publication that conveys Garanti's process of sustainable value creation for all of its stakeholders, and are honored with multiple awards on the international platforms every year for the clarity and power of its messages.

SECTION IV - STAKEHOLDERS

4.1. 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 corporate website, Investor Relations websites, and iPad application, as well as internal announcements. In keeping with the principle of strict adherence to Garanti's essential values of trust, integrity, accountability and transparency, easy access to current information is ensured through the Investor Relations website and the iPad application, which contain detailed information on matters that the stakeholders need to be informed about. Moreover, the Investor Relations Department holds comprehensive 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.

In order to ensure accurate and reliable information flow, the Investor Relations Department prepares presentations on quarterly financial statements; the Department shares these presentations with the stakeholders through its website and the iPad application, and responds to questions during live webcasts/teleconferences, the podcasts of which are subsequently posted on these public channels. The Department regularly attends investor meetings organized by investment firms, where it communicates recent information about Garanti and the sector. The Department also responds to questions and inquiries by phone or e-mail on a daily basis. 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 CEO shares the past year's assessment and the next year's targets with the employees.

An e-mail account and a phone line have been allocated for stakeholders so that they can convey any act or situation that contradicts with the legislation or that is unethical. Compliance Department is responsible from managing the above mentioned "Whistleblowing Channel", which is described in detail in the Garanti Code of Conduct document. The Code of Conduct document is accessible by the entire personnel on the corporate portal, and is also made available to all other stakeholders on the Bank's Investor Relations website. Reporting to the Board of Directors, Compliance Department carefully evaluates all communications received in the shortest time possible, and ensures that all communications are examined, referred to related parties and resolved. Communications are analyzed on the principles of objectivity, impartiality and confidentiality.

4.2. 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. To this end, 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 Careline" 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 and Social Platforms Management teams offer service 24/7 also through social media from the Garanti Facebook page and Twitter GarantiyeSor (Ask Garanti) account 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 indemnification mechanisms by customers who have incurred any loss.

At Garanti Bank, employee suggestions regarding products, services and processes are taken into account and used for improving the efficiency of internal operations. Employee comments are used as input for constant improvement, which are communicated by means of the "Önersen" (You Suggest) platform whereby employees share their ideas and suggestions. In use since 2007, the suggestion platform "Önersen" collected ***2,257*** suggestions in 2015, reaching a total of approximately ***18,750*** suggestions. Besides the "Önersen" platform, the employees are able to share their suggestions and comments on any topic through the "Ask/Share" section under the new intranet portal launched in 2015. Employee suggestions are taken into consideration by the relevant units and business processes are revised as necessary.

4.3. Human Resources Policy

The pillar of Garanti's approach to human resources is investing in human capital. Recognizing 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, implementing training programs for this purpose, developing human resources systems, maximizing participation by leading an environment of open communication, displaying a fair and objective attitude, and developing practices at international standards.

In this frame, the mission of the Human Resources Department is to play a strategic role by 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 and with the "equality principle" (the Bank and our employees observe fair treatment in business relations regardless of language, race, gender, political ideology, philosophical belief, religion, sect and the like. The Bank and our employees respect human rights). The Department is aware of Garanti Bank's business goals, and closely cooperates with business lines and those in the field. In addition, the Department employs various objective, competency-based measurement and evaluation tools and methods specific to each position in order 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 open 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-56 on the Determination and Implementation of Corporate Governance Principles, which was in force in 2013. Presently, the policy is available to the public on the Bank's website pursuant to corporate governance principles.

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 remuneration. 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 made 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 semi-annual survey of salary levels in the sector. 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 ***14.23%*** of the total personnel expenses figure for the benefits provided in 2015 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 salary payments.

The first Turkish company to have been twice "Gold Accredited" by the IIP (Investors in People), Garanti once again proved that its primary focus in any activity is on its human resource, in other words its most valuable asset, and firmly established that it leads the sector with its innovative practices in this area. These awards endorse Garanti's commitment to preserving the standards of its human resources implementations while sustaining growth. Maintaining its stable growth in every field, Garanti will keep investing in its human resource and carry on with its world-class implementations based on its "people-oriented" management concept.

In relation to its Occupational Health and Safety (OHS) efforts, Garanti repositioned its OHS team set up under the Human Resources Department in 2013 as the OHS Section in 2015. The related activities are carried out across the country with a team of ***34*** people covering Occupational Safety Experts, On-Site Physicians and On-Site Nurses. Authoring a first among financial service institutions of a similar size in Turkey, Garanti launched the OHS software in all of its locations. The Bank uses the platform to keep track of various activities including risk assessment, health monitoring, training programs, OHS Committees, near misses, work place accidents, review of occupational illness processes, and coordination and control of countermeasures. Going well beyond the requirements brought by the national legislation in its Occupational Health and Safety practices and activities, Garanti initiated work in relation to OHSAS 18001 Occupational Health and Safety Management System, and these efforts are intended to enhance employee and stakeholder satisfaction and well-being.

Any developments or decisions concerning the employees are conveyed either to the concerned employee via private communication tools or to all employees via the Intranet.

4.4. Ethical Rules and Social Responsibility

Sense of corporate responsibility is an integral part of the corporate culture of Garanti. 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 aims to regularly measure the benefits it contributes to the society and its impact upon it through social impact analysis to be conducted by an independent research company, the findings from which will then be used for improvement efforts.

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 introducing or supporting value adding and sustainable projects. When devising its future strategies, Garanti aims to progress within the frame of the needs of the society and its stakeholders,

which the Bank identifies with the help of a Prioritization Analysis conducted by an independent research company.

Detailed information about these activities is available in the Sustainability Section starting on page 73 of the Annual Report.

In line with the Bank's commitment to corporate governance principles and ethical values, ethical principles document has been revised in view of the needs of today's business life, and "Garanti Code of Conduct", which was approved in the Board of Directors meeting held on October 09, 2015, entered into force. Garanti Code of Conduct document is also made public on the Investor Relations website.

Garanti Code of Conduct document defines employees' responsibilities to customers, colleagues, business and the society. Conduct towards customers concentrates on the principles of transparency, non-discrimination and accountability. Conduct towards colleagues addresses team values, respectful working environment, objectivity and occupational health. Conduct towards business basically deals with preventing conflicts of interest, confidentiality, data protection, media relations, retention of records and investment transactions. Conduct in society is addressed under the headings of anti-money laundering and anti-corruption, commitment in relation to human rights and the environment, investment in society and political neutrality.

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 that are erected upon integrity, honesty and respect. In addition to the Garanti Code of Conduct document, Ethical Sales Principles, Social Media Policy, Anti-Fraud Policy and Compliance Policy documents are placed on the Intranet that is available for all employees. Current announcements have been published in relation to Garanti Code of Conduct and Ethical Sales Principles documents. In addition, Garanti has compiled its principles and values in a handbook titled the Customer Satisfaction Constitution in accordance with its customer-centric approach, which is available to all employees and customers.

Handbook of Ethical Sales Principles emphasizes the "reputation" concept as the Bank's greatest asset, and details the expected code of ethical conduct for employees during sales activities. Social Media Policy sets forth the rules as to how the Bank's employees will represent Garanti on social media. Anti-Fraud Policy is intended to create awareness against any act of misconduct across the Bank and to improve honest and reliable working environment conditions.

Garanti Bank's policies relating to the core components of the compliance system are documented in the "Compliance Policy". Compliance Policy emphasizes the compliance risk and reputation risk concepts, and underlines that employees are expected to comply with the laws, Garanti Code of Conduct 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 emphasized that compliance is not the responsibility of only the senior executives or certain business units only, but of each employee.

Garanti attaches particular importance to ethical and integrity principles, and aims to maintain constant awareness of the issue through trainings for all employees.

SECTION V - BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

Ferit Faik Şahenk is the Chairman of the Board of Directors. The Chairman has no executive functions and the executive member of the Board is Chief Executive Officer Ali Fuat Erbil.

CMB requirements regarding Corporate Governance Principles stipulate that minimum three independent members must serve on the boards of directors of banks. Since the Board members assigned as members of the Audit Committee are deemed as independent Board members according to these requirements, Muammer Cüneyt Sezgin Ph.D., who currently serves as the Head of the Audit Committee, and Manuel Pedro Galatas Sanchez-Harguindey, Audit Committee member, are independent Board members.

Résumés, terms of office and positions of the Board members are presented on pages 105, 106 and 107 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 2015, 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 February 02, 2015, establishing that Sema Yurdum satisfies the independence criteria, has been submitted to the Board of Directors, which has resolved to file a notification with 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 2015.

"To: Türkiye Garanti Bankası A.Ş. Corporate Governance Committee,

I hereby declare that I currently serve as an "independent member" on the Bank's Board of Directors pursuant to the provisions of the Communiqué Serial: II-17.1 on Corporate Governance Principles issued by the Capital Markets Board of

Turkey, and that I stand for the same position once again as my term of office ends on the date of the first General Shareholders' Meeting to be held in 2015. In this context, I hereby declare as follows:

a) I have not held a seat on the Bank's Board of Directors for more than six years in the past ten years,

b) Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature, with any corporate entity with which the Bank, any company in which the Bank has management control or significant influence, or any shareholder having management control or significant influence over the Bank or any corporate entity in which these shareholders have management control,

c) I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Bank purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Bank, in the past five years,

d) 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,

e) I am not a full-time employee of public institutions and establishments as at the date of nomination,

f) I am considered to be a resident of Turkey as for the purposes of the Income Tax Law,

g) 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, and making decisions freely taking into consideration the rights of stakeholders,

h) 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,

i) I am not serving as an independent board member in any company which is controlled by the Bank or by shareholders having management control over the Bank,

j) I will be serving on the Bank's Board of Directors as a real person and in this context, I have not been registered and promulgated in the name of any corporate entity elected as a board member."

On the other hand, no circumstances arose in the 2015 fiscal year, which prejudiced the independence of independent Board members.

The Board of Directors of Garanti Bank is formed of 10 members, and the number of women members rose to 2 during 2015.

Pursuant to Article 396 of the Turkish Commercial Code, the General Assembly authorized the members of the Board of Directors of Garanti Bank to execute a transaction of a commercial business nature that falls under the Bank's field of operation on their own or other's behalf or to become a partner with unlimited liability in a company engaged in the same kind of commercial affairs, during the reporting period.

5.2. 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 a month. Pursuant to the Articles of Association of the Bank, the Board of Directors meets with the attendance of seven members minimum and resolutions of the Board of Directors are taken by affirmative votes of at least seven members present in the meeting. In 2015, the Board of Directors met 20 times by satisfying the required quorums for meeting and decision.

A Corporate Secretariat position 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 attending 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 obtained 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 obtained for liabilities that might be attributed to the Bank in the event a third party sustains, and claims from the Bank, any loss as a result of a faulty transaction that might occur in the performance of the Board members' duties.

As of December 31, 2015, the total amount of operating income generated by the Parent Company Bank and its

consolidated financial services institutions ("the Group") on related party transactions accounted for *1%* of the Group's total operating income. In addition, the outstanding balances from transactions with related parties represented *11%* of the Group's consolidated income used for the calculation of legal limits 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 in accordance with the Turkish Financial Reporting Standards and the explanations provided by the BRSA.

5.3. Number, Structures and Independence of the 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 at the time. The Committee has been active since 2001, with the primary and ultimate responsibility resting with the Board of Directors. The duties and responsibilities of the Committee are fully aligned with the Banking Law and the relevant regulations. In 2015, the Audit Committee met *4* times to discuss the routine agenda, and additionally *6* times made decisions about various topics which were brought to agenda.

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, undertake improvement efforts in this area, nominate independent members to be appointed to the Board of Directors, and submit proposals to the Board of Directors. The Corporate Governance Committee held *3* meetings in 2015, which were attended by all committee members.

Moreover, a Credit Committee functions under the Board of Directors, to which a certain amount of credit allocation authorities has been transferred. In 2015, the Credit Committee held *43* meetings with the required quorum.

The Remuneration Committee operates to review and implement the Bank's compensation policies. In 2015, the Committee held *2* meetings.

The committees mentioned above carried out their activities efficiently and in total alignment with the applicable legislation during the reporting period.

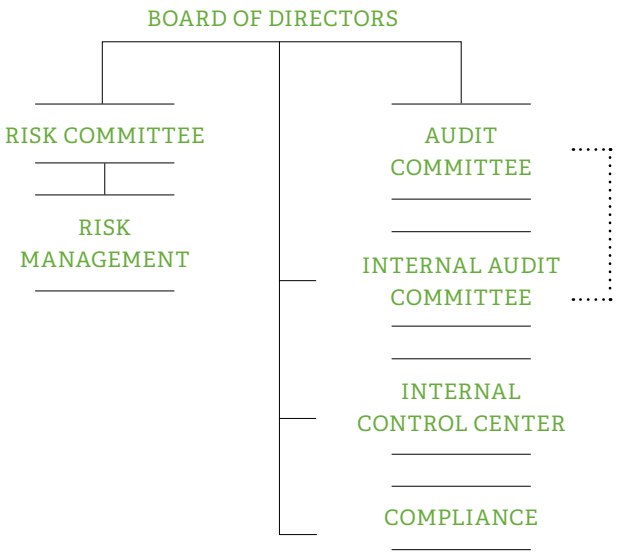
Detailed information regarding the formation and operation of the Audit Committee, Corporate Governance Committee, Credit Committee and Remuneration Committee is provided in the Committees and Committee Meetings Attendance section of this report. In view of the number of the Bank's Board members, members of the Board of Directors can serve on more than one committee.

On the other hand, a Risk Committee reporting directly to the Board of Directors was set up in 2015 to assist the Board of Directors in verifying that corporate risk management policy and practices are in line with the Bank's strategies and the legislation, and overseeing management and assessment capabilities relating to various types of risks including capital adequacy, planning and liquidity adequacy.

Detailed information regarding the formation and operation of all committees operating in the Bank is provided in the Committees and Committee Meetings Attendance section of this report.

5.4. Risk Management and Internal control Mechanism

The Board of Directors is ultimately responsible for developing and monitoring the Bank's risk management, internal control, internal audit and compliance policies and strategies. Accordingly, the Risk Management Department, which performs risk management functions, reports to the Board of Directors via the Risk Committee, whereas the Internal Audit Department, performing internal audit functions, the Internal Control Center, performing internal control functions, and the Compliance Department, which implements compliance controls and performs activities to prevent laundering proceeds of crime, and financing of terrorism, report directly to the Board of Directors.



The Risk Management System consists of the standardization, information flow, compliance monitoring, decision-making and implementation mechanisms introduced 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 attain sustained growth while creating value, the functions of the Risk Management Department include establishing a risk management system that is aligned with the Bank's activities, by which risks are measured using methods that conform to international standards and national legislation, and setting 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.

The Internal Control Unit ensures the establishment of a sound internal control environment in Garanti and performs necessary coordination, and also ensures that the Bank's activities are performed 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, infrastructures are being set up based on the functional separation of duties, 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. Internal controllers, reporting to the Internal Control Unit, perform control activities either on-site or remotely. As part of activities, findings and recommendations are reported to the related parties, and relevant corrective actions are also followed up. The IT Controls team, set up under the Internal Control Unit, oversees IT related activities to make sure that they are secure and aligned with the guidelines set out by the Bank. Besides, coordination activities regarding the disaster recovery and business continuity management function of Garanti, is also performed by the Internal Control Unit.

The Internal Audit Department performs systematic audits that cover all activities and units of Garanti Bank in accordance with applicable legislation, especially the Banking Law, and the Bank's bylaws. 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 is conducted at domestic and overseas branches of Garanti Bank, at the Head Office units and consolidated subsidiaries.

Working with the purposes of managing potential compliance risks of the Bank and of identifying and preventing these risks before implementation, Compliance Department aims to establish a world-class compliance culture across the Bank.

Compliance Officer Team carries out necessary efforts to achieve compliance with the regulations issued to prevent anti-money laundering and countering the financing of terrorism, and provides communication and coordination with the Financial Crimes Investigation Board. In terms of compliance activities regarding customer products and services, compliance controls are implemented in accordance with the applicable legislation, and opinions are formed prior to implementations of new products and transactions. With respect to corporate compliance activities, Compliance Department is responsible from helping resolve any doubts that may arise during the interpretation of the Garanti Code of Conduct document, and managing the Whistleblowing Channel. With respect to securities compliance activities, examinations of suspicious transactions are implemented within the scope of the Capital Markets Board legislation. Within the context of subsidiaries' coordination activities, compliance activities of the Bank's subsidiaries and branches abroad are monitored. As part of personal data protection compliance, relevant legislation is monitored, based on which necessary policies and procedures are formulated.

5.5. Strategic Goals of the Company

The vision of Garanti is to be the best bank in Europe. Its mission is to continuously and remarkably increase the value it creates for its customers, shareholders, employees, society and the environment by utilizing its efficiency, agility and organizational efficiency.

The strategy of Garanti is to constantly improve customer experience by offering products and services that cater to their needs, espousing a "transparent", "clear" and "responsible" approach towards its customers all the while, and to ensure sustainable growth by creating value for all of its stakeholders.

The vision, mission and strategy of Garanti are publicly announced on the corporate websites, Investor Relations websites in English and Turkish languages and in the annual reports. In addition, both the Board of Directors and executives make forward-looking information and anticipations public through meetings, interviews and other communications through printed and visual media channels and through the website within the frame of the Bank's publicly disclosed Disclosure Policy that is posted on the Investor Relations websites.

Within the context of this strategy, Garanti's budget and its short, medium and long-term business plans are formulated; its strategic goals are presented to the Board of Directors. The Board of Directors is informed on the execution of approved business plans, the level of attainment of the targets, operations and performance on a monthly basis. The executives of the Bank monitor the target realization reports on a weekly basis, and they hold individual periodic performance review meetings with branch and regional managers regarding the attainment

of the targets. Moreover, realizations regarding strategic targets can be monitored in real-time through the Garanti management information and reporting infrastructure (MIS), systems and screens.

Information regarding Garanti's strategy and its pillars, core values and projections for the coming period are presented under the sections entitled About Garanti, 2015 Activities and 2016 Outlook of the Annual Report. Furthermore, 2016 Operating Plan Guidance covering forward looking assessments of Garanti has been published on the Public Disclosure Platform and publicly disclosed on the Investor Relations website.

5.6. 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 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 are 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 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 2015 that payments to be made to those Board members who assume a specific position in the Bank, and to independent Board members be determined by the Remuneration Committee that has been authorized by the Board of Directors pursuant to Corporate Governance Principles. It has also been resolved to set a maximum limit of TL ***18,000,000*** for the total compensation so determined and will be paid until the first ordinary general shareholders' meeting to be convened in 2016.

Furthermore, other financial rights to be provided to the Senior Management consisting of the members of the Board of Directors, the CEO and Executive Vice Presidents are determined by the Remuneration Committee that is established in accordance with the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency.

Under the provisions of the said Regulation, the Remuneration Committee has determined the manner of payments to Senior Management and the criteria for performance-based payments, by taking into account the European Union regulations and practices. Accordingly, Senior Executives receive performance-based payments in addition to their monthly salaries, which payments are 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 based on the respective personal performance. The Remuneration Committee ensures that such payments do not negatively affect the Bank's capital adequacy ratio and the continuity of the Bank's operations. Part of the performance-based payments are made in installments and spread over future periods.

As of December 31, 2015, the net payment provided or to be provided to the key managers of the Bank, including the members of the Board of Directors, including compensations paid to key management personnel who left their position during the year amounted to TL ***120,553*** thousand. As the public disclosures regarding the payments made to the key managers including Board members are subject the BRSA's regulations on the banks' qualitative and quantitative explanations with regard to the remuneration policies, such payments are announced cumulatively.

At the Ordinary General Shareholders' Meeting held in 2015, the following information has been provided to the shareholders regarding the compensation principles applicable to senior management.

"Our Bank has established and announced a compensation policy for all employees pursuant to applicable legislation. A fair, performance and success-based remuneration policy has been created. Our Bank's Compensation Policy has been implemented as approved and it is reviewed periodically. In addition to the compensation policy covering the Bank's entire personnel, the Remuneration Committee continued to implement its policies that it has set in relation to remuneration and premiums to be paid to the members of the Board of Directors who assume administrative roles and to senior executives, which do not rely solely on profit. The Committee reviewed the same at certain intervals. The policy, which has been developed in line with the local legislation and international practices, continued to be implemented."

Detailed information about the Remuneration Committee is presented on page ***118*** 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 to specific framework by 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.

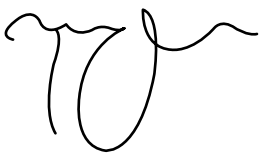
Statement of Responsibility
In Accordance With Article 9 of The Communiqué on Principles of Financial Reporting in Capital Markets (II-14.1)
Issued by the Capital Markets Board

T. Garanti Bankası A.Ş.'s year-end Annual Report for the period 01.01.2015 - 31.12.2015, prepared in accordance with the Communiqué On Principles of Financial Reporting in Capital Markets (II-14.1) issued by the Capital Markets Board, has been examined by us;

» Based on our duties and responsibilities in the Bank and the information we have, we declare that the year-end Annual Report does not contain any untrue statement on material events or any deficiency which may make them misleading as of the date of statement,
» Based on our duties and responsibilities in the Bank and the information we have, we declare that the year-end Annual Report honestly reflects the progress and performance of the business and the Bank's financial position with significant risks and uncertainties.

Sincerely,

M. CÜNEYT SEZGİN	ALİ FUAT ERBİL	AYDIN GÜLER
Audit Committee Member	***General Manager***	***Executive Vice President***

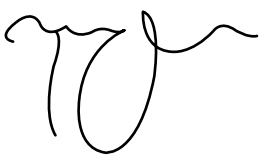




T. Garanti Bankası A.Ş.'s Unconsolidated and Consolidated Financial Statements and Independent Auditor's Report for the period 01.01.2015 - 31.12.2015, prepared in accordance with the Communiqué On Principles of Financial Reporting in Capital Markets (II-14.1) issued by the Capital Markets Board, have been examined by us;

» Based on our duties and responsibilities in the Bank and the information we have, we declare that Unconsolidated and Consolidated Financial Statements and Independent Auditor's Report do not contain any untrue statement on material events or any deficiency which may make them misleading as of the date of statement,
» Based on our duties and responsibilities in the Bank and the information we have, we declare that Unconsolidated and Consolidated Financial Statements and Independent Auditor's Report honestly reflect the truth relating to the Bank's assets, liabilities, financial position, profits and losses.

Sincerely,

M. CÜNEYT SEZGİN	ALİ FUAT ERBİL	AYDIN GÜLER
Audit Committee Member	***General Manager***	***Executive Vice President***


UNCONSOLIDATED FINANCIAL REPORT

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

Türkiye Garanti Bankası Anonim Şirketi
Unconsolidated Financial Statements
As of and For the Year Ended
31 December 2015
With Independent Auditors' Report Thereon

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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TO THE BOARD OF DIRECTORS OF
TÜRKİYE GARANTI BANKASI A.Ş.

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying unconsolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 31 December 2015 and the related unconsolidated income statement, statement of income and expense items under shareholders' equity, statement of changes in shareholders' equity and statement of 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 Bank management is responsible for the preparation and fair presentation of the financial statements in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulation" which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards for the matters not regulated by the aforementioned legislations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

BASIS FOR QUALIFIED OPINION

Subsequent to the reversal of TL 85,000 thousands in the current period the accompanying unconsolidated financial statements include a general reserve amounting to TL 330,000 thousands as of the balance sheet date, provided by the Bank management in prior periods in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January-31 December 2015 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

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.

Istanbul, 2 February 2016

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK AŞ
MEMBER OF DELOITTE TOUCHE TOHMATSU LIMITED

Şule Firuzment Bekçe
Partner

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015

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

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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, and Risk Management Applications of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Other Disclosures and Footnotes
7. Independent Auditors' Report

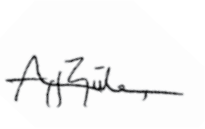
The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards 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



Ali Fuat Erbil
General Manager



Aydın Güler
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

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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 971 domestic branches, nine foreign branches and three representative offices abroad. The Bank's head office is located in Istanbul.

1.2 BANK'S SHAREHOLDER STRUCTURE, MANAGEMENT AND INTERNAL AUDIT, DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE DURING THE YEAR AND INFORMATION ON BANK'S RISK GROUP

As of 31 December 2015, group of companies under Banco Bilbao Vizcaya Argentaria SA ("BBVA") that currently owns 39.90% shares of the Bank, is named the BBVA Group (the Group) and it is the main shareholder.

On 22 March 2011, BBVA had acquired; 78,120,000,000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 thousands representing 18.60% ownership, and 26,418,840,000 shares of the Bank owned by Doğuş Holding AŞ at a total nominal value of TL 264,188 thousands representing 6.29% ownership. BBVA, purchasing 24.89% shares of the Bank, had joint control on the Bank's management together with group of companies under Doğuş Holding AŞ (the Doğuş Group).

Subsequently, on 7 April 2011, BBVA had acquired 503,160,000 shares at a nominal value of TL 5,032 thousands and increased its ownership in the Bank's share capital to 25.01%. Accordingly, BBVA and the Doğuş Group had mutual control on the Bank's management.

Finally, in accordance with the terms of the agreement between BBVA and Doğuş Group which was previously disclosed on 19 November 2014, the sale of shares representing 14.89% of the share capital of the Bank with a face value of TL 625,380 thousands and 62,538,000,000 shares by the Doğuş Group to BBVA, has been completed on 27 July 2015. Following the acquisition, BBVA's stake in the Bank has reached to 39.90% and BBVA has become the main shareholder. The Bank has moved to "Foreign Deposit Banks" category from "Private Deposit Bank" category by BRSA.

Accordingly, as of balance sheet date, the Doğuş Group's interest in the share capital of the Bank is at 10%.

BBVA GROUP

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

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

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

DOĞUŞ GROUP

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

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

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

1.3 INFORMATION ON THE BANK'S BOARD OF DIRECTORS CHAIRMAN AND MEMBERS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER, EXECUTIVE VICE PRESIDENTS AND THEIR SHAREHOLDINGS IN THE BANK

BOARD OF DIRECTORS CHAIRMAN AND MEMBERS:

NAME AND SURNAME	RESPONSIBILITY	APPOINTMENT DATE	EDUCATION	EXPERIENCE IN BANKING AND BUSINESS ADMINISTRATION
Ferit Faik Şahenk	Chairman	18.04.2001	University	25 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	33 years
Dr. Muammer Cüneyt Sezgin	Independent Member of BOD and Audit Committee	30.06.2004	PhD	27 years
Manuel Pedro Galatas Sanchez Harguindey	Independent Member of BOD and Audit Committee	05.05.2011	University	31 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	22 years
Maria Isabel Goiri Lartitegui	Member	27.07.2015	Master	25 years
Javier Bernal Dionis	Member	27.07.2015	Master	25 years
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	35 years
Sait Ergun Özen	Member	14.05.2003	University	28 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	23 years

CEO AND EXECUTIVE VICE PRESIDENTS(*):

NAME AND SURNAME	RESPONSIBILITY	APPOINTMENT DATE	EDUCATION	EXPERIENCE IN BANKING AND BUSINESS ADMINISTRATION
Ali Fuat Erbil	CEO	02.09.2015	PhD	23 years
Gökhan Erün	EVP-Corporate Banking and Treasury CEO Deputy	01.09.2005	Master	21 years
Onur Genç	EVP-Retail Banking CEO Deputy	20.03.2012	Master	16 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	33 years
Halil Hüsnü Erel	EVP-Technology, Operation Center, Marketing and Business Development	16.06.1997	University	40 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	25 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	21 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	21 years
Osman Nuri Tüzün	EVP- Human Resources, Customer Satisfaction and Support Services	19.08.2015	Master	23 years
Didem Başer	EVP-Digital Banking	20.03.2012	Master	20 years

(*) Ali Temel was appointed as EVP responsible for "Credit Risk Management Head" and Aydın Güler was appointed as EVP responsible for "Finance and Accounting". The processes regarding legal authorizations have not been finalized yet.

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

1.4 INFORMATION ON THE BANK'S QUALIFIED SHAREHOLDERS

NAME / COMPANY	SHARES	OWNERSHIP	PAID-IN CAPITAL	UNPAID PORTION
Banco Bilbao Vizcaya Argentaria SA	1,675,800	39.9000%	1,675,800	-
Doğuş Holding AŞ	259,846	6.1868%	259,846	-

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

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

1.5 SUMMARY INFORMATION ON THE BANK'S ACTIVITIES AND SERVICES

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

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

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

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

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

1.6 CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE BANK AND ITS AFFILIATES

None.

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2015

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

THOUSANDS OF TURKISH LIRA (TL)

	ASSETS	FOOTNOTES	CURRENT PERIOD 31 DECEMBER 2015			PRIOR PERIOD 31 DECEMBER 2014		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	2,259,664	22,891,859	25,151,523	1,759,994	23,312,658	25,072,652
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	1,359,038	489,429	1,848,467	1,051,726	832,191	1,883,917
2.1	Financial assets held for trading		1,160,920	489,429	1,650,349	850,341	832,191	1,682,532
2.1.1	Government securities		66,470	21,974	88,444	37,988	8,112	46,100
2.1.2	Equity securities		45,474	-	45,474	63,609	-	63,609
2.1.3	Derivative financial assets held for trading		1,048,976	434,513	1,483,489	748,744	542,268	1,291,012
2.1.4	Other securities		-	32,942	32,942	-	281,811	281,811
2.2	Financial assets valued at fair value through profit or loss		198,118	-	198,118	201,385	-	201,385
2.2.1	Government securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans	(5.1.2)	198,118	-	198,118	201,385	-	201,385
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	(5.1.3)	276,135	11,571,360	11,847,495	1,419,891	7,020,058	8,439,949
IV.	INTERBANK MONEY MARKETS		-	61,069	61,069	-	80,446	80,446
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	61,069	61,069	-	80,446	80,446
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	19,261,864	1,257,937	20,519,801	19,242,220	809,766	20,051,986
5.1	Equity securities		36,852	297,717	334,569	34,867	63,740	98,607
5.2	Government securities		18,582,761	178,798	18,761,559	17,500,522	604,159	18,104,681
5.3	Other securities		642,251	781,422	1,423,673	1,706,831	141,867	1,848,698
VI.	LOANS	(5.1.5)	100,354,365	58,785,558	159,139,923	85,488,518	48,569,280	134,057,798
6.1	Performing loans		99,518,038	58,785,558	158,303,596	84,861,650	48,569,280	133,430,930
6.1.1	Loans to bank's risk group	(5.7)	767,953	2,364,560	3,132,513	644,135	1,899,502	2,543,637
6.1.2	Government securities		-	-	-	-	-	-
6.1.3	Others		98,750,085	56,420,998	155,171,083	84,217,515	46,669,778	130,887,293
6.2	Loans under follow-up		4,404,025	-	4,404,025	3,300,829	-	3,300,829
6.3	Specific provisions (-)		3,567,698	-	3,567,698	2,673,961	-	2,673,961
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	11,980,469	9,775,343	21,755,812	13,387,858	7,626,644	21,014,502
8.1	Government securities		11,966,880	5,810,098	17,776,978	13,360,856	4,641,023	18,001,879
8.2	Other securities		13,589	3,965,245	3,978,834	27,002	2,985,621	3,012,623
IX.	INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	36,698	-	36,698	36,698	-	36,698
9.1	Associates consolidated under equity accounting		-	-	-	-	-	-
9.2	Unconsolidated associates		36,698	-	36,698	36,698	-	36,698
9.2.1	Financial investments in associates		33,032	-	33,032	33,032	-	33,032
9.2.2	Non-financial investments in associates		3,666	-	3,666	3,666	-	3,666
X.	INVESTMENTS IN AFFILIATES (Net)	(5.1.8)	2,114,928	2,331,571	4,446,499	1,730,512	1,977,906	3,708,418
10.1	Unconsolidated financial investments in affiliates		2,010,692	2,331,571	4,342,263	1,626,276	1,977,906	3,604,182
10.2	Unconsolidated non-financial investments in affiliates		104,236	-	104,236	104,236	-	104,236
XI.	INVESTMENTS IN JOINT-VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1	Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2	Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1	Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2	Non-financial investments in joint-ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1	Financial lease receivables		-	-	-	-	-	-
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(5.1.11)	89,064	591,933	680,997	46,202	120,050	166,252
13.1	Fair value hedges		60,616	7,483	68,099	31,158	83	31,241
13.2	Cash flow hedges		28,448	584,450	612,898	15,044	119,967	135,011
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(5.1.12)	3,073,889	336	3,074,225	1,357,239	178	1,357,417
XV.	INTANGIBLE ASSETS (Net)	(5.1.13)	182,553	37	182,590	173,942	24	173,966
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		182,553	37	182,590	173,942	24	173,966
XVI.	INVESTMENT PROPERTY (Net)	(5.1.14)	381,270	-	381,270	374,945	-	374,945
XVII.	TAX ASSET		381,541	-	381,541	477,385	-	477,385
17.1	Current tax asset		-	-	-	-	-	-
17.2	Deferred tax asset	(5.1.15)	381,541	-	381,541	477,385	-	477,385
XVIII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	346,979	-	346,979	171,016	-	171,016
18.1	Assets held for sale		346,979	-	346,979	171,016	-	171,016
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(5.1.17)	2,353,470	2,134,227	4,487,697	2,121,167	479,403	2,600,570
TOTAL ASSETS			144,451,927	109,890,659	254,342,586	128,839,313	90,828,604	219,667,917

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 2015

(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 2015			PRIOR PERIOD 31 DECEMBER 2014		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	**DEPOSITS**	(5.2.1)	**66,420,824**	**74,478,508**	**140,899,332**	**62,264,002**	**58,043,979**	**120,307,981**
1.1	Deposits from bank's risk group	(5.7)	1,092,221	474,699	1,566,920	1,147,243	418,458	1,565,701
1.2	Others		65,328,603	74,003,809	139,332,412	61,116,759	57,625,521	118,742,280
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	1,669,819	593,818	2,263,637	1,066,789	507,454	1,574,243
III.	FUNDS BORROWED	(5.2.3)	2,542,263	30,895,534	33,437,797	3,956,059	28,367,351	32,323,410
IV.	INTERBANK MONEY MARKETS	(5.2.4)	12,521,253	2,546,908	15,068,161	4,897,146	6,488,774	11,385,920
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		12,521,253	2,546,908	15,068,161	4,897,146	6,488,774	11,385,920
V.	SECURITIES ISSUED (Net)	(5.2.4)	3,405,544	10,793,225	14,198,769	3,926,198	9,426,049	13,352,247
5.1	Bills		790,461	160,472	950,933	1,088,546	387,887	1,476,433
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		2,615,083	10,632,753	13,247,836	2,837,652	9,038,162	11,875,814
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Others		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES	(5.2.4.3)	7,132,264	1,204,588	8,336,852	6,129,305	732,847	6,862,152
VIII.	OTHER EXTERNAL FUNDINGS PAYABLE		1,997,940	1,827,125	3,825,065	1,798,344	585,551	2,383,895
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(5.2.5)	10,968	-	10,968	538	-	538
10.1	Financial lease payables		11,985	-	11,985	576	-	576
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred expenses (-)		1,017	-	1,017	38	-	38
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	10,928	239,563	250,491	99,572	179,811	279,383
11.1	Fair value hedges		10,928	210,635	221,563	99,572	111,931	211,503
11.2	Cash flow hedges		-	28,928	28,928	-	67,880	67,880
11.3	Net foreign investment hedges		-	-	-	-	-	-
XII.	PROVISIONS	(5.2.7)	4,186,504	63,560	4,250,064	3,725,148	58,446	3,783,594
12.1	General provisions		2,957,392	44,665	3,002,057	2,395,297	39,332	2,434,629
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		529,537	-	529,537	497,565	-	497,565
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		699,575	18,895	718,470	832,286	19,114	851,400
XIII.	TAX LIABILITY	(5.2.8)	629,578	31,025	660,603	638,471	22,179	660,650
13.1	Current tax liability		629,578	31,025	660,603	638,471	22,179	660,650
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)	-	159,792	159,792	-	140,766	140,766
XVI.	SHAREHOLDERS' EQUITY	(5.2.11)	30,560,363	420,692	30,981,055	26,455,361	157,777	26,613,138
16.1	Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2	Capital reserves		2,642,395	228,221	2,870,616	1,343,194	21,628	1,364,822
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		253,965	187,995	441,960	422,139	38,795	460,934
16.2.4	Revaluation surplus on tangible assets		1,631,907	-	1,631,907	175,034	-	175,034
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7	Bonus shares of associates, affiliates and joint-ventures		1,891	-	1,891	1,891	-	1,891
16.2.8	Hedging reserves (effective portion)		46,181	40,226	86,407	11,709	(17,167)	(5,458)
16.2.9	Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		696,571	-	696,571	720,541	-	720,541
16.3	Profit reserves		20,311,461	192,471	20,503,932	17,238,056	136,149	17,374,205
16.3.1	Legal reserves		1,155,709	12,620	1,168,329	1,120,009	11,113	1,131,122
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		19,155,752	3,860	19,159,612	16,118,047	1,638	16,119,685
16.3.4	Other profit reserves		-	175,991	175,991	-	123,398	123,398
16.4	Profit or loss		3,406,507	-	3,406,507	3,674,111	-	3,674,111
16.4.1	Prior periods profit/loss		-	-	-	-	-	-
16.4.2	Current period net profit/loss		3,406,507	-	3,406,507	3,674,111	-	3,674,111
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		131,088,248	123,254,338	254,342,586	114,956,933	104,710,984	219,667,917

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

OFF-BALANCE SHEET ITEMS
AT 31 DECEMBER 2015

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

THOUSANDS OF TURKISH LIRA (TL)

OFF-BALANCE SHEET ITEMS		FOOTNOTES	CURRENT PERIOD 31 DECEMBER 2015			PRIOR PERIOD 31 DECEMBER 2014		
			TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)			144,398,889	207,921,722	352,320,611	120,417,843	150,106,909	270,524,752
I.	GUARANTEES AND SURETIES	(5.3.1)	14,858,325	33,234,327	48,092,652	12,149,324	24,592,541	36,741,865
1.1.	Letters of guarantee		14,826,457	17,332,578	32,159,035	12,138,797	15,065,503	27,204,300
1.1.1.	Guarantees subject to State Tender Law		-	1,099,700	1,099,700	-	883,228	883,228
1.1.2.	Guarantees given for foreign trade operations		1,948,525	220,676	2,169,201	1,467,460	358,771	1,826,231
1.1.3.	Other letters of guarantee		12,877,932	16,012,202	28,890,134	10,671,337	13,823,504	24,494,841
1.2.	Bank acceptances		20,793	1,517,276	1,538,069	9,600	806,287	815,887
1.2.1.	Import letter of acceptance		20,793	1,517,276	1,538,069	9,600	806,287	815,887
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		11,075	14,275,267	14,286,342	927	8,634,049	8,634,976
1.3.1.	Documentary letters of credit		-	-	-	-	-	-
1.3.2.	Other letters of credit		11,075	14,275,267	14,286,342	927	8,634,049	8,634,976
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		-	109,206	109,206	-	86,702	86,702
1.9.	Other sureties		-	-	-	-	-	-
II.	COMMITMENTS	(5.3.1)	37,406,779	12,908,819	50,315,598	37,528,618	10,668,844	48,197,462
2.1.	Irrevocable commitments		37,404,688	12,907,672	50,312,360	37,486,609	10,667,931	48,154,540
2.1.1.	Asset purchase and sale commitments		6,100	3,054,228	3,060,328	1,580,333	3,423,488	5,003,821
2.1.2.	Deposit purchase and sale commitments		-	16,628	16,628	-	-	-
2.1.3.	Share capital commitments to associates and affiliates		-	5,297	5,297	-	6,059	6,059
2.1.4.	Loan granting commitments		6,215,790	9,468,019	15,683,809	6,099,365	6,258,759	12,358,124
2.1.5.	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Commitments for cheque payments		3,063,159	-	3,063,159	2,874,901	-	2,874,901
2.1.8.	Tax and fund obligations on export commitments		20,529	-	20,529	15,861	-	15,861
2.1.9.	Commitments for credit card limits		26,826,339	-	26,826,339	25,643,188	-	25,643,188
2.1.10.	Commitments for credit cards and banking services related promotions		8,561	-	8,561	8,751	-	8,751
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		1,264,210	363,500	1,627,710	1,264,210	979,625	2,243,835
2.2.	Revocable commitments		2,091	1,147	3,238	42,009	913	42,922
2.2.1.	Revocable loan granting commitments		2,091	-	2,091	42,009	-	42,009
2.2.2.	Other revocable commitments		-	1,147	1,147	-	913	913
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	92,133,785	161,778,576	253,912,361	70,739,901	114,845,524	185,585,425
3.1.	Derivative financial instruments held for risk management		7,107,440	16,963,601	24,071,041	8,124,272	9,306,282	17,430,554
3.1.1.	Fair value hedges		3,439,355	9,266,494	12,705,849	4,034,049	4,802,991	8,837,040
3.1.2.	Cash flow hedges		3,668,085	7,697,107	11,365,192	4,090,223	4,503,291	8,593,514
3.1.3.	Net foreign investment hedges		-	-	-	-	-	
3.2.	Trading derivatives		85,026,345	144,814,975	229,841,320	62,615,629	105,539,242	168,154,871
3.2.1.	Forward foreign currency purchases/sales		13,716,838	19,360,463	33,077,301	10,433,472	12,525,055	22,958,527
3.2.1.1.	Forward foreign currency purchases		5,146,127	11,424,014	16,570,141	4,403,523	7,131,163	11,534,686
3.2.1.2.	Forward foreign currency sales		8,570,711	7,936,449	16,507,160	6,029,949	5,393,892	11,423,841
3.2.2.	Currency and interest rate swaps		33,377,607	61,557,928	94,935,535	31,064,877	56,429,954	87,494,831
3.2.2.1.	Currency swaps-purchases		12,532,143	22,148,346	34,680,489	8,800,932	26,229,976	35,030,908
3.2.2.2.	Currency swaps-sales		17,199,244	14,610,598	31,809,842	17,994,441	14,420,078	32,414,519
3.2.2.3.	Interest rate swaps-purchases		1,823,110	12,399,492	14,222,602	2,134,752	7,889,950	10,024,702
3.2.2.4.	Interest rate swaps-sales		1,823,110	12,399,492	14,222,602	2,134,752	7,889,950	10,024,702
3.2.3.	Currency, interest rate and security options		37,927,519	51,810,681	89,738,200	21,093,743	27,697,390	48,791,133
3.2.3.1.	Currency call options		15,244,831	25,062,622	40,307,453	9,341,992	12,822,408	22,164,400
3.2.3.2.	Currency put options		22,682,688	20,487,567	43,170,255	11,751,751	11,557,585	23,309,336
3.2.3.3.	Interest rate call options		-	6,260,492	6,260,492	-	3,317,397	3,317,397
3.2.3.4.	Interest rate put options		-	-	-	-	-	-
3.2.3.5.	Security call options		-	-	-	-	-	-
3.2.3.6.	Security put options		-	-	-	-	-	-
3.2.4.	Currency futures		4,381	283,825	288,206	19,583	19,928	39,511
3.2.4.1.	Currency futures-purchases		3,965	3,463	7,428	-	19,099	19,099
3.2.4.2.	Currency futures-sales		416	280,362	280,778	19,583	829	20,412
3.2.5.	Interest rate futures		-	-	-	-	92,200	92,200
3.2.5.1.	Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2.	Interest rate futures-sales		-	-	-	-	92,200	92,200
3.2.6.	Others		-	11,802,078	11,802,078	3,954	8,774,715	8,778,669
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)			536,426,059	390,070,974	926,497,033	500,962,234	368,379,650	869,341,884
IV.	ITEMS HELD IN CUSTODY		38,537,633	32,580,434	71,118,067	37,477,559	24,023,822	61,501,381
4.1.	Customers' securities held		4,182,396	-	4,182,396	3,821,959	-	3,821,959
4.2.	Investment securities held in custody		19,795,650	13,838,529	33,634,179	21,117,192	6,385,801	27,502,993
4.3.	Checks received for collection		12,220,959	2,540,583	14,761,542	10,464,807	2,057,634	12,522,441
4.4.	Commercial notes received for collection		2,233,861	1,214,012	3,447,873	1,974,120	890,177	2,864,297
4.5.	Other assets received for collection		71,631	13,060,668	13,132,299	67,738	13,485,525	13,553,263
4.6.	Assets received through public offering		-	70,813	70,813	-	56,584	56,584
4.7.	Other items under custody		33,136	1,855,829	1,888,965	31,743	1,148,101	1,179,844
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGED ITEMS		497,888,426	357,490,540	855,378,966	463,484,675	344,355,828	807,840,503
5.1.	Securities		4,160,352	20,174	4,180,526	3,521,997	13,356	3,535,353
5.2.	Guarantee notes		39,071,238	11,148,532	50,219,770	41,898,793	12,376,006	54,274,799
5.3.	Commodities		3,142	-	3,142	2,234	-	2,234
5.4.	Warranties		-	-	-	-	-	-
5.5.	Real estates		112,540,277	65,982,195	178,522,472	94,499,117	65,824,939	160,324,056
5.6.	Other pledged items		342,113,247	280,339,012	622,452,259	323,562,364	266,141,026	589,703,390
5.7.	Pledged items-depository		170	627	797	170	501	671
VI.	CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET ITEMS (A+B)		680,824,948	597,992,696	1,278,817,644	621,380,077	518,486,559	1,139,866,636

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 2015

(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 1 JANUARY 2015 31 DECEMBER 2015	PRIOR PERIOD 1 JANUARY 2014 31 DECEMBER 2014
I.	INTEREST INCOME	(5.4.1)	17,420,007	15,085,537
1.1	Interest income on loans		13,647,803	11,110,958
1.2	Interest income on reserve deposits		64,591	1,587
1.3	Interest income on banks		73,412	139,783
1.4	Interest income on money market transactions		3,160	4,096
1.5	Interest income on securities portfolio		3,457,696	3,687,727
1.5.1	Trading financial assets		15,331	34,536
1.5.2	Financial assets valued at fair value through profit or loss		-	-
1.5.3	Financial assets available-for-sale		1,813,563	1,961,190
1.5.4	Investments held-to-maturity		1,628,802	1,692,001
1.6	Financial lease income		-	-
1.7	Other interest income		173,345	141,386
II.	INTEREST EXPENSE	(5.4.2)	8,178,674	7,642,849
2.1	Interest on deposits		5,685,660	5,106,074
2.2	Interest on funds borrowed		935,579	992,886
2.3	Interest on money market transactions		700,891	753,674
2.4	Interest on securities issued		836,939	778,497
2.5	Other interest expenses		19,605	11,718
III.	NET INTEREST INCOME (I - II)		9,241,333	7,442,688
IV.	NET FEES AND COMMISSIONS INCOME		2,922,551	2,949,020
4.1	Fees and commissions received		3,822,532	3,728,187
4.1.1	Non-cash loans		278,926	243,048
4.1.2	Others		3,543,606	3,485,139
4.2	Fees and commissions paid		899,981	779,167
4.2.1	Non-cash loans		3,204	1,150
4.2.2	Others		896,777	778,017
V.	DIVIDEND INCOME	(5.4.3)	5,102	1,842
VI.	NET TRADING INCOME/LOSSES (Net)	(5.4.4)	(1,075,618)	(138,724)
6.1	Trading account income/losses		514,559	(144,144)
6.2	Income/losses from derivative financial instruments		(2,231,685)	(1,102,829)
6.3	Foreign exchange gains/losses		641,508	1,108,249
VII.	OTHER OPERATING INCOME	(5.4.5)	916,689	528,327
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		12,010,057	10,783,153
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	2,218,194	1,806,733
X.	OTHER OPERATING EXPENSES (-)	(5.4.7)	5,883,301	4,779,063
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		3,908,562	4,197,357
XII.	INCOME RESULTED FROM MERGERS		-	-
XIII.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		400,315	439,123
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	4,308,877	4,636,480
XVI.	PROVISION FOR TAXES (±)	(5.4.9)	902,370	962,369
16.1	Current tax charge		728,172	1,321,500
16.2	Deferred tax charge/(credit)		174,198	(359,131)
XVII.	NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	3,406,507	3,674,111
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from assets held for sale		-	-
18.2	Income from sale of associates, affiliates and joint-ventures		-	-
18.3	Others		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses on assets held for sale		-	-
19.2	Expenses on sale of associate, affiliates and joint-ventures		-	-
19.3	Others		-	-
XX.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	(5.4.8)	-	-
XXI.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(5.4.9)	-	-
21.1	Current tax charge		-	-
21.2	Deferred tax charge/(credit)		-	-
XXII.	NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	(5.4.10)	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(5.4.11)	3,406,507	3,674,111
	Earnings per Share		0.811	0.875

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 2015

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

		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
	INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	1 JANUARY 2015 31 DECEMBER 2015	1 JANUARY 2014 31 DECEMBER 2014
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(462,665)	744,238
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	1,467,649	730
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	290,260	(173,536)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	81,849	(55,876)
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	32,808	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	40,155	(80,692)
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	78,354	(116,413)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	1,528,410	318,451
XI.	CURRENT PERIOD PROFIT/LOSSES	3,406,507	3,674,111
1.1	Net changes in fair value of securities (transferred to income statement)	62,612	(48,497)
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	96,087	(2,263)
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	3,247,808	3,724,871
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	4,934,917	3,992,562

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THOUSANDS OF TURKISH LIRA (TL)

		FOOTNOTES	PAID-IN CAPITAL	CAPITAL RESERVES FROM INFLATION ADJ.S TO PAID-IN CAPITAL	SHARE PREMIUM	SHARE CANCELLATION PROFITS	LEGAL RESERVES	STATUS RESERVES	EXTRAORDINARY RESERVES	OTHER RESERVES	CURRENT PERIOD NET PROFIT/ (LOSS)	PRIOR PERIOD PROFIT/ (LOSS)	SECURITIES VALUE INCREASE FUND	REVALUATION SURPLUS ON TANGIBLE AND INTANGIBLE ASSETS	BONUS SHARES OF EQUITY PARTICIPATIONS	HEDGING RESERVES	ACCU. REV. SURP. ON ASSETS HELD FOR SALE AND ASSETS OF DISCONT. OP.S	TOTAL SHAREHOLDERS' EQUITY
	PRIOR PERIOD (1 JANUARY - 31 DECEMBER 2014)																	
I.	Balances at beginning of the period		4,200,000	772,554	11,880	-	1,110,148	-	12,312,753	106,457	-	3,005,560	913,419	174,304	1,891	(23,982)	-	22,584,984
II.	Correction made as per TAS 8		-	-	-	-	-	-	953,314	-	-	316,784	(872,731)	-	-	63,225	-	460,592
2.1.	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of changes in accounting policies (*)		-	-	-	-	-	-	953,314	-	-	316,784	(872,731)	-	-	63,225	-	460,592
III.	Adjusted balances at beginning of the period (I+II)	(5.5)	4,200,000	772,554	11,880	-	1,110,148	-	13,266,067	106,457	-	3,322,344	40,688	174,304	1,891	39,243	-	23,045,576
	Changes during the period																	
IV.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	586,090	-	-	-	-	586,090
VI.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(44,701)	-	(44,701)
6.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(44,701)	-	(44,701)
6.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	730	-	-	-	730
VIII.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences		-	-	-	-	(526)	-	(80)	(7,086)			(165,844)	-	-	-	-	(173,536)
XI.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from resclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1.	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2.	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Others		-	-	-	-	-	-	11,900	(62,032)	-	-	-	-	-	-	-	(50,132)
XIX.	Current period net profit/loss		-	-	-	-	-	-	-	-	3,674,111							3,674,111
XX.	Profit distribution		-	-	-	-	21,500	-	2,841,798	34,046	-	(3,322,344)	-	-	-	-	-	(425,000)
20.1.	Dividends		-	-	-	-	-	-	-	-	-	(425,000)	-	-	-	-	-	(425,000)
20.2.	Transfers to reserves		-	-	-	-	21,500	-	2,841,798	-	-	(2,863,298)	-	-	-	-	-	-
20.3.	Others		-	-	-	-	-	-	-	34,046	-	(34,046)	-	-	-	-	-	-
	Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	1,131,122	-	16,119,685	71,385	3,674,111	-	460,934	175,034	1,891	(5,458)	-	26,613,138
	CURRENT PERIOD (1 JANUARY - 31 DECEMBER 2015)																	
I.	Balances at beginning of the period		4,200,000	772,554	11,880	-	1,131,122	-	16,119,685	71,385	-	3,674,111	460,934	175,034	1,891	(5,458)	-	26,613,138
	Changes during the period	(5.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II.	Mergers																	-
III.	Market value changes of securities		-	-	-								(356,740)	-		-	-	(356,740)
IV.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	91,865	-	91,865
4.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-		65,618	-	65,618
4.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	26,247	-	26,247
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	1,456,873	-	-	-	1,456,873
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences		-	-	-	-	1,507		462	20,647	-	-	267,644	-	-	-	-	290,260
IX.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from resclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	70,122	-	-	-	-	70,122
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1.	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2.	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others		-	-	-	-	-	-	-	(23,970)	-	-	-	-	-	-	-	(23,970)
XVII.	Current period net profit/loss		-	-	-	-	-	-	-	-	3,406,507							3,406,507
XVIII.	Profit distribution		-	-	-	-	35,700	-	3,039,465	31,946	-	(3,674,111)	-	-	-	-	-	(567,000)
18.1.	Dividends		-	-	-	-	-	-	-	-	-	(567,000)	-	-	-	-	-	(567,000)
18.2.	Transfers to reserves		-	-	-	-	35,700	-	2,555,988	-	-	(2,591,688)	-	-	-	-	-	-
18.3.	Others		-	-	-	-	-	-	483,477	31,946	-	(51,423)	-	-	-	-	-	-
														-				-
	Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	1,168,329	-	19,159,612	100,008	3,406,507	-	441,960	1,631,907	1,891	86,407	-	30,981,055

(*) The corrections are disclosed on Note 3.24.1

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 2015

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

	STATEMENT OF CASH FLOWS	FOOTNOTES	THOUSANDS OF TURKISH LIRA (TL) CURRENT PERIOD 1 JANUARY 2015 31 DECEMBER 2015	PRIOR PERIOD 1 JANUARY 2014 31 DECEMBER 2014
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**3,803,213**	**4,538,225**
1.1.1	Interests received		16,613,663	14,200,578
1.1.2	Interests paid		(8,577,499)	(7,201,807)
1.1.3	Dividend received		5,102	1,842
1.1.4	Fees and commissions received		3,822,532	3,728,187
1.1.5	Other income		1,346,248	336,581
1.1.6	Collections from previously written-off loans and other receivables		70,943	99,905
1.1.7	Payments to personnel and service suppliers		(5,230,373)	(3,730,012)
1.1.8	Taxes paid		(792,338)	(989,025)
1.1.9	Others	(5.6)	(3,455,065)	(1,908,024)
1.2	**Changes in operating assets and liabilities**		**(1,899,696)**	**(3,234,149)**
1.2.1	Net (increase) decrease in financial assets held for trading		202,861	59,105
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		(2,189,475)	(905,868)
1.2.4	Net (increase) decrease in loans		(26,671,137)	(16,588,535)
1.2.5	Net (increase) decrease in other assets		(1,885,854)	538,654
1.2.6	Net increase (decrease) in bank deposits		164,142	457,256
1.2.7	Net increase (decrease) in other deposits		20,403,269	13,321,462
1.2.8	Net increase (decrease) in funds borrowed		5,269,469	(694,335)
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	(5.6)	2,807,029	578,112
I.	**Net cash flow from banking operations**		**1,903,517**	**1,304,076**
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	**Net cash flow from investing activities**		**(1,495,715)**	**(4,106,300)**
2.1	Cash paid for purchase of associates, affiliates and joint-ventures		-	(543)
2.2	Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3	Purchases of tangible assets		(499,273)	(329,313)
2.4	Sales of tangible assets		123,369	85,129
2.5	Cash paid for purchase of financial assets available-for-sale		(4,766,802)	(9,775,998)
2.6	Cash obtained from sale of financial assets available-for-sale		3,952,604	10,970,690
2.7	Cash paid for purchase of investments held-to-maturity		(3,277,512)	(6,705,853)
2.8	Cash obtained from sale of investments held-to-maturity		2,971,899	1,649,588
2.9	Others	(5.6)	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	**Net cash flow from financing activities**		**243,904**	**2,495,233**
3.1	Cash obtained from funds borrowed and securities issued		6,279,433	10,932,945
3.2	Cash used for repayment of funds borrowed and securities issued		(5,463,215)	(8,011,841)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(567,000)	(425,000)
3.5	Payments for financial leases		(5,314)	(871)
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)**	**640,544**	**528,895**
V.	**Net increase/(decrease) in cash and cash equivalents**		**1,292,250**	**221,904**
VI.	**Cash and cash equivalents at beginning of period**		**7,585,868**	**7,363,964**
VII.	**Cash and cash equivalents at end of period**		**8,878,118**	**7,585,868**

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ

STATEMENT OF PROFIT DISTRIBUTION AT 31 DECEMBER 2015

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

STATEMENT OF PROFIT DISTRIBUTION		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (*)	PRIOR PERIOD (**)
I.	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	CURRENT PERIOD PROFIT	4.308.877	4.162.463
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	902.370	962.215
1.2.1	Corporate tax (income tax)	902.370	962.215
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	**NET PROFIT FOR THE PERIOD (1.1-1.2)**	**3.406.507**	**3.200.248**
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	31.946
B.	**NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**-**	**3.168.302**
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 (-)	-	357.000
1.9.1	To owners of ordinary shares	-	357.000
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	35.700
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	2.565.602
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)	0.811	0.875
3.2	TO OWNERS OF ORDINARY SHARES (%)	0.081	0.087
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 (%)	-	-

(*) Decision regarding to the 2015 profit distribution will be held at General Assembly meeting.

(**) Corrections to prior periods disclosed in Note 3.24 are not reflected.

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

3 ACCOUNTING POLICIES

3.1 BASIS OF PRESENTATION

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

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

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

3.2 STRATEGY FOR USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

3.2.1 STRATEGY FOR USE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

3.2.2 FOREIGN CURRENCY TRANSACTIONS

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

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

From 1 September 2015, it has been started to apply net investment hedge amounting to EUR 371,955,167 in total among net investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses in the amount of TL 32,808 thousands, arising from conversion of both foreign currency net investments and long term foreign currency borrowings are accounted under capital reserves and hedging reserves, respectively under equity. There is no ineffective portion arising from net investment hedge accounting as of 31 December 2015.

3.3 INVESTMENTS IN ASSOCIATES AND AFFILIATES

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

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

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

3.4 FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

3.4.1 DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR TRADING

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

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

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

3.4.2 DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR RISK MANAGEMENT

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

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

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

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

3.5 INTEREST INCOME AND EXPENSES

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

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

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

3.6 FEES AND COMMISSIONS

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

3.7 FINANCIAL ASSETS

3.7.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

3.7.2 INVESTMENTS HELD-TO-MATURITY, FINANCIAL ASSETS AVAILABLE-FOR-SALE AND LOANS AND RECEIVABLES

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

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

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

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

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

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

The 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 affiliates are less then their carrying values, a provision for impairment is allocated, and the net value is shown on the balance sheet.

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

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

3.9.2 DERECOGNITION OF FINANCIAL ASSETS

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

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

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

3.10 REPURCHASE AND RESALE AGREEMENTS AND SECURITIES LENDING

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

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

3.11 ASSETS HELD FOR SALE 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 then the carrying value of the related asset, a provision for impairment loss is provided.

3.13 TANGIBLE ASSETS

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

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

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

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

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

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

TANGIBLE ASSETS	ESTIMATED USEFUL LIVES (YEARS)	DEPRECIATION RATES %
Buildings	50	2
Vaults	50	2
Motor vehicles	5-7	15-20
Other tangible assets	4-20	5-25

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

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

Investment properties

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

Investment properties accounted at fair value are not depreciated.

3.14 LEASING ACTIVITIES

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

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

3.15 PROVISIONS AND CONTINGENT LIABILITIES

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

3.16 CONTINGENT ASSETS

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

3.17 LIABILITIES FOR EMPLOYEE BENEFITS

Severance indemnities and short-term employee benefits

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

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

	31 DECEMBER 2015	31 DECEMBER 2014
	%	%
Net Effective Discount Rate	2.99	2.36
Discount Rate	10.30	8.60
Expected Rate of Salary Increase	8.60	7.60
Inflation Rate	7.10	6.10

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

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

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

Retirement benefit obligations

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

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

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

	31 DECEMBER 2015	
	EMPLOYER	EMPLOYEE
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

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

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

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, are to be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the Savings Deposit Insurance Fund, the banks and the funds, by using a technical discount rate of 9.80% taking into account the funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments.The transfers are to take place within the three-year period starting from 1 January 2008. Subsequently, the transfer of the contributors and the persons receiving monthly or regular income and their right-holders from such funds established for employees of the banks, insurance and reinsurance companies,

trade chambers, stock markets and unions that are part of these organizations subject to the provisional article 20 of the Social Security Law no.506 to the SSF, has been postponed for two years. The decision was made by the Council of Ministers on 14 March 2011 and published in the Official Gazette no. 27900 dated 9 April 2011 as per the decision of the Council of Ministers, no.2011/1559, and as per the letter no. 150 of the Ministry of Labor and Social Security dated 24 February 2011 and according to the provisional article 20 of the Social Security and Public Health Insurance Law no.5510.

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

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

b) Other benefits not transferable to SSF

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

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

3.18 TAXATION

3.18.1 CORPORATE TAX

Effective from 1 January 2006, statutory income is subject to corporate tax at 20% in Turkey. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductable 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 twelwe years following that the related taxation period. The corporate tax returns are filed in the tax administration office in April after following the end of the accounting year to which they relate. The corporate taxes are paid in two equal installments in May and October.

MALTA

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

LUXEMBOURG

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

of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

3.18.2 DEFERRED TAXES

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

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

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

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

3.18.3 TRANSFER PRICING

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

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

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

3.19 FUNDS BORROWED

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

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

3.20 SHARE ISSUANCES

None.

3.21 CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

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

3.22 GOVERNMENT INCENTIVES

As of 31 December 2015, 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.

CURRENT PERIOD	RETAIL BANKING	CORPORATE / COMMERCIAL BANKING	INVESTMENT BANKING	OTHER	TOTAL OPERATIONS
Total Operating Profit	4,858,538	4,049,262	1,337,625	1,759,530	12,004,955
Other	-	-	-	-	-
Total Operating Profit	**4,858,538**	**4,049,262**	**1,337,625**	**1,759,530**	**12,004,955**
Net Operating Profit	(158,709)	1,900,294	1,007,811	1,554,379	4,303,775
Income from Associates and Affiliates	-	-	-	5,102	5,102
Net Operating Profit	**(158,709)**	**1,900,294**	**1,007,811**	**1,559,481**	**4,308,877**
Provision for Taxes	-	-	-	902,370	902,370
Net Profit	**(158,709)**	**1,900,294**	**1,007,811**	**657,111**	**3,406,507**
Segment Assets	53,086,559	106,251,482	79,563,977	10,957,371	249,859,389
Investments in Associates and Affiliates	-	-	-	4,483,197	4,483,197
Total Assets	**53,086,559**	**106,251,482**	**79,563,977**	**15,440,568**	**254,342,586**
Segment Liabilities	91,670,983	53,507,379	71,649,459	6,533,710	223,361,531
Shareholders' Equity	-	-	-	30,981,055	30,981,055
Total Liabilities and Shareholders' Equity	**91,670,983**	**53,507,379**	**71,649,459**	**37,514,765**	**254,342,586**

PRIOR PERIOD	RETAIL BANKING	CORPORATE / COMMERCIAL BANKING	INVESTMENT BANKING	OTHER	TOTAL OPERATIONS
Total Operating Profit	3,819,088	3,601,411	1,554,031	1,806,781	10,781,311
Other	-	-	-	-	-
Total Operating Profit	**3,819,088**	**3,601,411**	**1,554,031**	**1,806,781**	**10,781,311**
Net Operating Profit	355,471	1,717,172	984,718	1,577,277	4,634,638
Income from Associates and Affiliates	-	-	-	1,842	1,842
Net Operating Profit	**355,471**	**1,717,172**	**984,718**	**1,579,119**	**4,636,480**
Provision for Taxes	-	-	-	962,369	962,369
Net Profit	**355,471**	**1,717,172**	**984,718**	**616,750**	**3,674,111**
Segment Assets	47,269,132	86,790,051	74,339,828	7,523,790	215,922,801
Investments in Associates and Affiliates	-	-	-	3,745,116	3,745,116
Total Assets	**47,269,132**	**86,790,051**	**74,339,828**	**11,268,906**	**219,667,917**
Segment Liabilities	76,139,758	47,040,680	64,786,504	5,087,837	193,054,779
Shareholders' Equity	-	-	-	26,613,138	26,613,138
Total Liabilities and Shareholders' Equity	**76,139,758**	**47,040,680**	**64,786,504**	**31,700,975**	**219,667,917**

3.24 OTHER DISCLOSURES

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

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

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

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

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

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

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

The effects of the adjusting entries on the prior years' consolidated financial statements are as follows:

31 DECEMBER 2014	**REPORTED**	**CORRECTION**	**RESTATED**
Unconsolidated Financial Investments in Affiliates	3,158,011	446,171	3,604,182
Investment Property	147,465	227,480	374,945
Deferred Tax Asset	372,090	105,295	477,385
Other Assets	2,630,103	(29,533)	2,600,570
Total Assets	**218,918,504**	**749,413**	**219,667,917**
Miscellaneous Payables	6,816,630	45,522	6,862,152
Other Provisions	759,773	91,627	851,400
Securities Value Increase Fund	1,655,856	(1,194,922)	460,934
Hedging Reserves (effective portion)	(68,683)	63,225	(5,458)
Extraordinary Reserves	14,849,587	1,270,098	16,119,685
Current Period Net Profit/Loss	3,200,248	473,863	3,674,111
Total Liabilities and Shareholders' Equity	**218,918,504**	**749,413**	**219,667,917**
Foreign Exchange Gains/Losses	1,052,806	55,443	1,108,249
Other Operating Income	482,827	45,500	528,327
Other Operating Expenses	4,713,014	66,049	4,779,063
Income/Loss from Investments Under Equity Accounting	-	439,123	439,123
Provision for Taxes	962,215	154	962,369
Current period net profit/loss	**3,200,248**	**473,863**	**3,674,111**

31 DECEMBER 2013	**REPORTED**	**CORRECTION**	**RESTATED**
Unconsolidated Financial Investments in Affiliates	3,074,744	273,796	3,348,540
Tangible Assets	1,361,366	7,224	1,368,590
Investment Property	149,632	174,756	324,388
Deferred Tax Asset	129,218	105,448	234,666
Other Assets	3,163,808	(24,029)	3,139,779
Total Assets	**196,896,208**	**537,195**	**197,433,403**
Miscellaneous Payables	5,633,849	39,603	5,673,452
Other Provisions	619,913	37,000	656,913
Securities Value Increase Fund	913,419	(872,731)	40,688
Hedging Reserves (effective portion)	(23,982)	63,225	39,243
Extraordinary Reserves	12,312,753	953,314	13,266,067
Current Period Net Profit/Loss	3,005,560	316,784	3,322,344
Total Liabilities and Shareholders' Equity	**196,896,208**	**537,195**	**197,433,403**
Foreign Exchange Gains/Losses	223,363	(287,028)	(63,665)
Other Operating Income	457,017	172,881	629,898
Other Operating Expenses	4,206,165	100,633	4,306,798
Income/Loss from Investments Under Equity Accounting	-	425,250	425,250
Provision for Taxes	945,555	(106,314)	839,241
Current period net profit/loss	**3,005,560**	**316,784**	**3,322,344**

4 FINANCIAL POSITION AND RESULTS OF OPERATIONS

4.1 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 unconsolidated capital adequacy ratio is 15.03% as of 31 December 2015 (31 December 2014: 15.23%).

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 Securitisations" published in the Official Gazette no.28337 dated 28 June 2012 and the "Regulation on Equities of Banks" published in the Official Gazette no.28756 dated 5 September 2013.

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

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

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

In the calculation of the value at credit risk for the derivative financial instruments and the credit derivaties 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								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	2,133,044	24,121,583	28,762,481	111,416,563	9,250,035	19,141,730	1,617,358
Exposure Categories	55,176,759	-	10,665,220	48,243,166	38,349,975	111,416,563	6,166,690	9,570,865	646,943
Conditional and unconditional exposures to central governments or central banks	52,618,239	-	14	7,141,275	-	329,113	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,354	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	53,434	-	-	-
Conditional and unconditional exposures to multilateral development banks	215,512	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	9,252,936	10,283,992	-	8,711	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,352,315	3,501,515	-	94,600,733	-	-	-
Conditional and unconditional retail exposures	-	-	2,290	5,232	38,349,975	5,665,900	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	27,305,418	-	-	-	-	-
Past due items	-	-	-	5,734	-	554,834	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	37,894	6,166,690	9,570,865	646,943
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	34,434	-	-	-	-	16,339	-	-	-
Other items	2,308,574	-	311	-	-	10,149,605	-	-	-

PRIOR PERIOD (*)	RISK WEIGHTS								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Value at Credit Risk	-	-	1,994,956	19,039,877	25,107,898	86,887,374	6,390,335	24,511,860	1,308,088
Exposure Categories	52,312,514	-	9,974,782	38,079,754	33,477,197	86,887,374	4,260,223	12,255,930	523,235
Conditional and unconditional exposures to central governments or central banks	49,904,231	-	13	7,253,564	-	3	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,913	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	18	-	-	-	-	46,942	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,333,300	7,456,944	-	8,024	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,578,473	2,294,483	-	75,926,104	-	-	-
Conditional and unconditional retail exposures	-	-	4,874	4,868	33,477,197	4,930,885	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	21,066,535	-	-	-	-	-
Past due items	-	-	-	3,360	-	435,309	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	15,394	4,260,223	12,255,930	523,235
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	33,877	-	-	-	-	20,574	-	-	-
Other items	2,374,388	-	209	-	-	5,504,139	-	-	-

(*) The effects of restatements in prior years' financial statements as disclosed under Note 3.24 are not reflected.

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)	15,715,423	13,219,231
Capital Requirement for Market Risk (MRCR)	538,475	367,344
Capital Requirement for Operational Risk (ORCR)	1,352,494	1,187,245
Total Capital	33,079,379	28,116,657
Total Capital/(((CRCR+MRCR+ORCR) * 12.5) * 100	15.03%	15.23%
Total Tier I Capital/(((CRCR+MRCR+ORCR) * 12.5) * 100	14.08%	14.17%
Common Equity Tier I Capital/(((CRCR+MRCR+ORCR) * 12.5) * 100	14.12%	14.24%

(*) The effects of restatements in prior years' financial statements as disclosed under Note 3.24 are not reflected.

4.1.4 COMPONENTS OF TOTAL CAPITAL

	CURRENT PERIOD	PRIOR PERIOD (*)
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Reserves	20,503,932	16,104,107
Other Comprehensive Income according to TAS	2,549,493	1,830,890
Profit	3,406,507	3,200,248
Current Period Profit	3,406,507	3,200,248
Prior Period Profit	-	-
General Reserves for Possible Losses	330,000	415,000
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1,891	1,891
Common Equity Tier I Capital Before Deductions	**31,776,257**	**26,536,570**
DEDUCTIONS FROM COMMON EQUITY TIER I CAPITAL		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	525,361	115,238
Leasehold Improvements on Operational Leases (-)	97,847	92,112
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	65,875	32,250
Net Deferred Tax Asset/Liability (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	1,424	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	**690,507**	**239,600**
Total Common Equity Tier I Capital	**31,085,750**	**26,296,970**
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Additional Tier I Capital before Deductions	-	-

	CURRENT PERIOD	PRIOR PERIOD (*)
DEDUCTIONS FROM ADDITIONAL TIER I CAPITAL		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Additional Tier I Capital in cases where there are no adequate Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital		
DEDUCTIONS FROM TIER I CAPITAL		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	98,813	129,000
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Total Tier I Capital	**30,986,937**	**26,167,970**
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	125,559	125,501
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	**-**	**-**
General Provisions	2,455,535	2,065,505
Tier II Capital before Deductions	**2,581,094**	**2,191,006**
DEDUCTIONS FROM TIER II CAPITAL		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	**-**	**-**
Total Tier II Capital	**2,581,094**	**2,191,006**

	CURRENT PERIOD	PRIOR PERIOD (*)
CAPITAL BEFORE DEDUCTIONS		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	84	87
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	60,286	32,417
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	377,333	184,367
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other items to be Defined by the BRSA (-)	50,949	25,448
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL	**33,079,379**	**28,116,657**
Amounts lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	399,445	384,807

(*) The effects of restatements in prior years' financial statements as disclosed under Note 3.24 are not reflected.

4.1.5 COMPONENTS OF TOTAL CAPITAL SUBJECT TO TEMPORARY APPLICATIONS

	PARENT BANK ONLY	
CURRENT PERIOD	**AMOUNT INCLUDED IN TOTAL CAPITAL CALCULATION**	**TOTAL AMOUNT**
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	125,559	158,355

4.1.6 APPROACHES FOR ASSESSMENT OF ADEQUACY OF INTERNAL CAPITAL REQUIREMENTS FOR CURRENT AND FUTURE ACTIVITIES

The Bank's process of internal capital requirements is assessed both on bank-only and consolidated basis separately under the regulation on the "Internal Systems and Internal Capital Adequacy Assesment Processes of Banks" (ICAAP) published in the Official Gazette no. 29057 dated 11 July 2014. 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 capital requirements depending on economics, in compliance with its risk profile and appetite.

Accordingly, the Bank's prospective internal capital requirements as per its current capital structure and the targets and strategies for the future are assessed considering its operations and risks every year-end covering the next three years and reported to the BRSA in the month of March.

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, counterparty and operational risks directly affecting its legal capital adequcy ratio.

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 24.93% (31 December 2014: 24.00%) and 31.56% (31 December 2014: 30.33%) of the total cash loan portfolio, respectively.

The Bank's largest 100 and 200 non-cash loan customers compose 54.96% (31 December 2014: 52.22%) and 63.60% (31 December 2014: 61.46%) of the total non-cash loan portfolio, respectively.

The Bank's largest 100 ve 200 cash and non-cash loan customers represent 9.26% (31 December 2014: 8.89%) and 11.78% (31 December 2014: 11.35%) of the total "on and off balance sheet" assets, respectively.

The general provision for credit risks amounts to TL 3,002,057 thousands (31 December 2014: TL 2,434,629 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 Avarage	39.60	40.26
Average	50.04	53.43
Below Average	10.36	6.31
Total	100.00	100.00

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	65,579,586	58,311,686	61,329,831	60,801,055
Conditional and unconditional exposures to regional governments or local authorities	57,405	61,395	57,972	57,079
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	54,708	48,936	53,808	46,332
Conditional and unconditional exposures to multilateral development banks	1,092,922	135,683	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	35,358,380	19,528,235	25,956,876	26,137,735
Conditional and unconditional exposures to corporates	112,163,841	95,253,166	89,349,073	83,788,838
Conditional and unconditional retail exposures	44,312,464	42,012,670	39,232,414	35,869,331
Conditional and unconditional exposures secured by real estate property	27,318,928	24,460,455	21,152,746	19,781,771
Past due items	560,568	470,914	439,190	383,419
Items in regulatory high-risk categories	16,531,744	16,488,374	17,194,930	16,240,917
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	50,773	51,415	54,451	43,153
Other items	12,458,490	9,477,164	7,878,736	7,369,136

(*) 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	64,580,953	12,975,347	98,429,954	44,071,401	27,272,448	16,399,492	8,555,272	272,284,867
European Union (EU) Countries	670,260	19,107,003	1,835,187	38,115	32,475	6,393	1,093,054	22,782,487
OECD Countries (*)	45	258,180	2,111,583	4,496	3,301	361	-	2,377,966
Off-Shore Banking Regions	-	2,483	20	1,544	-	-	-	4,047
USA, Canada	726	1,370,753	1,717,831	2,495	1,459	7	1	3,093,272
Other Countries	327,602	1,007,008	1,007,674	194,413	9,245	125,491	284,276	2,955,709
Associates, Subsidiaries and Joint –Ventures	-	637,606	7,061,592	-	-	-	4,342,263	12,041,461
Unallocated Assets/Liabilities (**)	-	-	-	-	-	-	-	-
Total	**65,579,586**	**35,358,380**	**112,163,841**	**44,312,464**	**27,318,928**	**16,531,744**	**14,274,866**	**315,539,809**

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	60,975,515	4,984,526	79,096,484	39,026,129	21,117,741	17,071,608	5,322,603	227,594,606
European Union (EU) Countries	217,691	17,968,534	1,447,644	32,999	27,469	4,372	261	19,698,970
OECD Countries (*)	34	1,787,503	1,036,026	3,155	1,830	52	-	2,828,600
Off-Shore Banking Regions	-	6,722	22	1,668	-	2	-	8,414
USA, Canada	628	591,308	1,026,011	2,287	788	53	-	1,621,075
Other Countries	135,963	192,572	569,224	166,176	4,918	118,843	3,282	1,190,978
Associates, Subsidiaries and Joint –Ventures	-	425,711	6,173,662	-	-	-	3,604,182	10,203,555
Unallocated Assets/Liabilities (**)	-	-	-	-	-	-	-	-
Total	**61,329,831**	**25,956,876**	**89,349,073**	**39,232,414**	**21,152,746**	**17,194,930**	**8,930,328**	**263,146,198**

(*) Includes OECD countries other than EU countries, USA and Canada.

(**) Includes assets and liabilitiy 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.

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	16	TL	FC	TOTAL
Agriculture	-	-	-	-	-	-	385,902	436,837	370,282	10,757	46,989	-	-	-	-		1,053,624	197,143	1,250,767
Farming and Stockbreeding	-	-	-	-	-	-	281,304	399,193	341,299	10,610	42,047	-	-	-	-		972,695	101,758	1,074,453
Forestry	-	-	-	-	-	-	20,912	19,800	17,528	67	693	-	-	-	-		28,220	30,780	59,000
Fishery	-	-	-	-	-	-	83,686	17,844	11,455	80	4,249	-	-	-	-		52,709	64,605	117,314
Manufacturing	5	-	4	-	-	-	45,736,627	3,971,473	3,734,935	179,773	254,156	-	-	-	-	-	15,180,415	38,696,558	53,876,973
Mining and Quarrying	-	-	-	-	-	-	1,254,599	162,879	134,480	9,969	6,998	-	-	-	-	-	519,091	1,049,834	1,568,925
Production	-	-	3	-	-	-	23,246,702	3,740,300	3,486,457	139,299	242,792	-	-	-	-	-	12,842,253	18,013,300	30,855,553
Electricity, Gas and Water	5	-	1	-	-	-	21,235,326	68,294	113,998	30,505	4,366	-	-	-	-	-	1,819,071	19,633,424	21,452,495
Construction	-	-	209	-	-	-	5,818,221	1,704,248	2,622,197	48,168	146,710	-	-	-	-	-	5,982,438	4,357,315	10,339,753
Services	405	-	4,295	1,092,922	-	34,528,863	51,124,232	10,127,000	10,183,106	254,921	1,159,633	-	-	-	50,773	-	46,628,000	61,898,150	108,526,150
Wholesale and Retail Trade	366	-	319	-	-	-	21,737,572	7,822,263	5,026,445	176,336	555,635	-	-	-	-	-	20,072,674	15,246,262	35,318,936
Accomodation and Dining	-	-	298	-	-	-	3,183,450	506,444	2,239,133	40,623	55,509	-	-	-	-	-	1,748,152	4,277,305	6,025,457
Transportation and Telecom.	-	-	4	-	-	-	8,408,153	1,273,987	833,456	25,281	91,904	-	-	-	-	-	2,807,608	7,825,177	10,632,785
Financial Institutions	-	-	-	1,092,922	-	34,528,863	12,252,560	74,969	59,277	8,373	404,344	-	-	-	50,773	-	19,417,942	29,054,139	48,472,081
Real Estate and Rental Services	-	-	-	-	-	-	3,720,599	128,215	1,532,275	932	12,206	-	-	-	-	-	1,127,657	4,266,570	5,394,227
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	2	-	3,391	-	-	-	387,119	84,326	197,273	904	9,135	-	-	-	-	-	543,829	138,321	682,150
Health and Social Services	37	-	283	-	-	-	1,434,779	236,796	295,247	2,472	30,900	-	-	-	-	-	910,138	1,090,376	2,000,514
Others	65,579,176	57,405	50,200	-	-	829,517	9,098,859	28,072,906	10,408,408	66,949	14,924,256	-	-	-	-	12,458,490	101,670,310	39,875,856	141,546,166
Total	65,579,586	57,405	54,708	1,092,922	-	35,358,380	112,163,841	44,312,464	27,318,928	560,568	16,531,744	-	-	-	50,773	12,458,490	170,514,787	145,025,022	315,539,809

PRIOR PERIOD (*)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	FC	TOTAL
Agriculture	-	-	-	-	-	-	290,792	481,861	293,989	10,401	43,857	-	-	-	-	-	959,566	161,334	1,120,900
Farming and Stockbreeding	-	-	-	-	-	-	230,227	458,586	281,101	10,151	42,607	-	-	-	-	-	921,547	101,125	1,022,672
Forestry	-	-	-	-	-	-	12,193	13,892	8,653	185	670	-	-	-	-	-	21,445	14,148	35,593
Fishery	-	-	-	-	-	-	48,372	9,383	4,235	65	580	-	-	-	-	-	16,574	46,061	62,635
Manufacturing	4	-	4	-	-	-	42,439,050	3,745,710	3,159,178	159,167	210,142	-	-	-	-	-	12,709,210	37,004,045	49,713,255
Mining and Quarrying	-	-	-	-	-	-	797,766	169,129	115,250	10,076	6,395	-	-	-	-	-	439,957	658,659	1,098,616
Production	-	-	3	-	-	-	23,273,533	3,508,914	2,907,382	147,843	195,327	-	-	-	-	-	10,771,728	19,261,274	30,033,002
Electricity, Gas and Water	4	-	1	-	-	-	18,367,751	67,667	136,546	1,248	8,420	-	-	-	-	-	1,497,525	17,084,112	18,581,637
Construction	-	-	18	-	-	-	4,005,740	1,637,766	1,745,976	32,602	115,479	-	-	-	-	-	4,759,777	2,777,804	7,537,581
Services	288	-	16,594	-	-	25,125,581	36,243,747	9,071,652	7,862,282	190,216	1,042,327	-	-	-	54,451	-	30,988,810	48,618,328	79,607,138
Wholesale and Retail Trade	277	-	358	-	-	-	10,917,280	6,994,242	3,877,172	126,657	476,140	-	-	-	-	-	15,894,062	6,498,064	22,392,126
Accomodation and Dining	-	-	374	-	-	-	2,557,975	439,607	1,824,884	38,162	36,802	-	-	-	-	-	1,325,821	3,571,983	4,897,804
Transportation and Telecom.	-	-	29	-	-	-	7,432,885	1,116,096	615,700	20,712	81,635	-	-	-	-	-	2,462,822	6,804,235	9,267,057
Financial Institutions	-	-	-	-	-	25,125,581	10,247,504	96,264	32,939	598	399,753	-	-	-	54,451	-	9,084,542	26,872,548	35,957,090
Real Estate and Rental Services	-	-	-	-	-	-	3,216,146	88,172	1,121,106	478	10,000	-	-	-	-	-	829,918	3,605,984	4,435,902
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	3	-	3,723	-	-	-	315,137	75,640	170,987	826	9,840	-	-	-	-	-	466,044	110,112	576,156
Health and Social Services	8	-	12,110	-	-	-	1,556,820	261,631	219,494	2,783	28,157	-	-	-	-	-	925,601	1,155,402	2,081,003
Others	61,329,539	57,972	37,192	-	-	831,295	6,369,744	24,295,425	8,091,321	46,804	15,783,125	-	-	-	-	8,034,511	86,923,630	37,953,298	124,876,928
Total	61,329,831	57,972	53,808	-	-	25,956,876	89,349,073	39,232,414	21,152,746	439,190	17,194,930	-	-	-	54,451	8,034,511	136,340,993	126,514,809	262,855,802

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- Securitisation positions
14- Short term exposures to banks, brokerage houses and corporates
15- Exposures in the form of collective investment undertakings
16- Other receivables
(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

4.2.3 ANALYSIS OF MATURITY-BEARING EXPOSURES ACCORDING TO REMAINING MATURITIES

CURRENT PERIOD

	TERM TO MATURITY				
EXPOSURE CATEGORIES (*)	**UP TO 1 MONTH**	**1-3 MONTHS**	**3-6 MONTHS**	**6-12 MONTHS**	**OVER 1 YEAR**
Conditional and unconditional exposures to central governments or central banks	6,612,762	20,527,333	223,550	3,497,122	31,977,550
Conditional and unconditional exposures to regional governments or local authorities	2,000	-	-	-	55,405
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1,315	2,349	1,761	41,811	6,710
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	1,092,922
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	14,212,426	2,207,557	3,046,810	2,798,437	13,077,862
Conditional and unconditional exposures to corporates	7,415,455	7,084,795	9,918,170	19,117,403	67,616,148
Conditional and unconditional retail exposures	10,716,218	4,049,414	6,122,293	3,984,908	13,340,904
Conditional and unconditional exposures secured by real estate property	672,225	1,283,615	1,799,574	2,537,428	20,973,719
Past due items	-	-	-	-	-
Items in regulatory high-risk categories	2,033	466,630	1,496	1,008,013	14,841,673
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	**39,634,434**	**35,621,693**	**21,113,654**	**32,985,122**	**162,982,893**

PRIOR PERIOD

	TERM TO MATURITY				
EXPOSURE CATEGORIES (*)	**UP TO 1 MONTH**	**1-3 MONTHS**	**3-6 MONTHS**	**6-12 MONTHS**	**OVER 1 YEAR**
Conditional and unconditional exposures to central governments or central banks	4,833,654	22,030,952	416,771	10,089	30,826,277
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	55,972
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1,083	761	159	12,315	35,993
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	8,818,589	2,409,340	1,278,715	813,471	10,757,765
Conditional and unconditional exposures to corporates	7,263,150	5,066,572	7,524,356	8,758,888	57,552,646
Conditional and unconditional retail exposures	13,474,337	4,241,508	3,464,637	3,257,251	11,502,068
Conditional and unconditional exposures secured by real estate property	522,392	459,798	872,435	1,432,333	16,076,049
Past due items	-	-	-	-	-
Items in regulatory high-risk categories	565	383,330	4,525	812,404	15,805,955
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	**34,913,770**	**34,592,261**	**13,561,598**	**15,096,751**	**142,612,725**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

4.2.4 EXPOSURE CATEGORIES

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weigths 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 adequcy 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:

		EXPOSURE CATEGORIES				
CREDIT QUALITY GRADE	FITCH RISK RATING	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 AA-	0%	20%	20%	20%	20%
2	A+ A A-	20%	50%	20%	50%	50%
3	BBB+ BBB BBB-	50%	100%	20%	50%	100%
4	BB+ BB BB-	100%	100%	50%	100%	100%
5	B+ B B-	100%	100%	50%	100%	150%
6	CCC+ CCC CCC- CC C D	150%	150%	150%	150%	150%

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	61,545,115	-	17,879,816	56,854,873	38,639,041	124,127,113	6,216,968	9,629,940	646,943	488,652
Exposures after Credit Risk Mitigation	55,176,759	-	10,665,220	48,243,166	38,349,975	111,416,563	6,166,690	9,570,865	646,943	488,652

PRIOR PERIOD RISK WEIGHTS	0%	10%	20%	50%	75%	100%	150%	200%	250%	DEDUCTIONS FROM EQUITY
Exposures before Credit Risk Mitigation	56,484,534	-	15,415,182	42,892,982	34,254,309	96,473,539	4,312,745	12,343,357	523,379	242,319
Exposures after Credit Risk Mitigation	52,312,514	-	9,974,782	38,079,754	33,477,197	86,887,374	4,260,223	12,255,930	523,235	242,319

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 provisons" 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	**36,937**	**14,220**	**336**	**15,628**
Farming and Stockbreeding	32,259	13,013	318	14,812
Forestry	411	781	10	228
Fishery	4,267	426	8	588
Manufacturing	**698,449**	**78,776**	**1,203**	**447,654**
Mining and Quarrying	32,811	3,348	43	18,935
Production	515,468	73,712	1,126	310,241
Electricity, Gas and Water	150,170	1,716	34	118,478
Construction	**246,831**	**76,734**	**1,213**	**116,875**
Services	**1,165,642**	**332,927**	**7,036**	**683,758**
Wholesale and Retail Trade	761,034	167,377	2,418	412,423
Accomodation and Dining	148,421	33,564	466	85,920
Transportation and Telecommunication	203,392	111,408	3,963	156,491
Financial Institutions	30,577	791	12	17,754
Real Estate and Rental Services	3,471	3,616	35	1,972
Professional Services	-	-	-	-
Educational Services	5,653	1,961	40	3,690
Health and Social Services	13,094	14,210	102	5,508
Others	**2,570,149**	**3,037,456**	**134,043**	**2,405,892**
Total	**4,718,008**	**3,540,113**	**143,831**	**3,669,807**

PRIOR PERIOD	CREDIT RISKS			
	IMPAIRED CREDITS	PAST DUE CREDITS	VALUE ADJUSTMENTS	PROVISION
Agriculture	**31,153**	**9,147**	**131**	**14,346**
Farming and Stockbreeding	30,161	8,939	127	13,853
Forestry	610	57	1	266
Fishery	382	151	3	227
Manufacturing	**625,319**	**60,117**	**1,070**	**438,818**
Mining and Quarrying	30,568	2,365	45	17,205
Production	589,535	51,576	903	418,382
Electricity, Gas and Water	5,216	6,176	122	3,231
Construction	**175,053**	**51,080**	**1,390**	**87,284**
Services	**852,114**	**164,618**	**2,658**	**482,618**
Wholesale and Retail Trade	604,288	111,043	1,884	330,297
Accomodation and Dining	122,401	9,341	131	76,993
Transportation and Telecommunication	94,346	27,830	430	56,957
Financial Institutions	8,025	477	10	6,695
Real Estate and Rental Services	2,517	1,831	22	1,403
Professional Services	-	-	-	-
Educational Services	5,344	1,740	31	2,998
Health and Social Services	15,193	12,356	150	7,275
Others	**1,890,170**	**2,610,111**	**152,329**	**1,759,776**
Total	**3,573,809**	**2,895,073**	**157,578**	**2,782,842**

4.2.7 MOVEMENTS IN VALUE ADJUSTMENTS AND PROVISIONS

CURRENT PERIOD	OPENING BALANCE	PROVISION FOR PERIOD	PROVISION REVERSALS	OTHER ADJUSTMENTS(*)	CLOSING BALANCE
1- Specific Provisions	2,782,842	1,951,849	1,064,884	-	3,669,807
2- General Provisions	2,434,629	562,604	510	5,334	3,002,057

PRIOR PERIOD	OPENING BALANCE	PROVISION FOR PERIOD	PROVISION REVERSALS	OTHER ADJUSTMENTS(*)	CLOSING BALANCE
1- Specific Provisions	2,169,406	1,456,845	843,409	-	2,782,842
2- General Provisions	2,003,908	432,823	240	(1,862)	2,434,629

(*) 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 Internal Systems and Internal Capital Adequacy Assesment Processes of Banks".

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with "the Internal Systems and Internal Capital Adequacy Assesment Processes of Banks" published in the Official Gazette no. 29057 dated 11 July 2014.

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, desk, 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

	CURRENT PERIOD	PRIOR PERIOD
(I) Capital Requirement against General Market Risk - Standard Method	79,715	74,413
(II) Capital Requirement against Specific Risks - Standard Method	35,006	34,142
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	189,502	130,923
(IV) Capital Requirement against Commodity Risks - Standard Method	1,477	2,115
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	196,633	110,476
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	36,142	15,275
(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)	**538,475**	**367,344**
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	**6,730,938**	**4,591,800**

4.3.2 MONTHLY AVERAGE VALUES AT MARKET RISK

	CURRENT PERIOD			PRIOR PERIOD		
	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST
Interest Rate Risk	104,353	114,596	96,144	89,774	128,752	64,717
Equity-Shares Position Risk	10,702	15,118	6,779	11,899	19,307	6,228
Currency Position Risk	172,465	225,418	136,401	133,277	164,148	104,516
Commodity Risk	4,459	11,027	1,477	6,873	12,033	2,657
Clearing Risk	-	-	-	-	-	-
Option Market Risk	152,466	196,633	125,779	64,784	111,474	41,946
Counterparty Credit Risk	33,560	47,485	22,623	14,454	26,234	10,576
Total Value at Risk	**478,005**	**538,475**	**398,278**	**321,061**	**363,430**	**277,870**

(*) Highest and lowest values at the table are the highest and the lowest values starting from the beginning of the period including total value at risk.

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 (*)	PRIOR PERIOD (*)
Interest-Rate Contracts	12,317	923
Foreign-Exchange-Rate Contracts	389,824	178,363
Commodity Contracts	4,789	4,165
Equity-Shares Related Contracts	-	-
Other	-	-
Gross Positive Fair Values	665,338	295,543
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collaterals Received	6,840	9,830
Net Derivative Position	**1,065,428**	**469,164**

(*) Includes only the counterparty risks arising from trading book.

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 AP PROACH

CURRENT PERIOD	31 DECEMBER 2012	31 DECEMBER 2013	31 DECEMBER 2014	TOTAL/ NO. OF YEARS OF POSITIVE GROSS	RATE (%)	TOTAL
Gross Income	7,814,126	9,180,910	10,054,838	9,016,625	15	1,352,494
Value at Operational Risk (Total x % 12.5)						16,906,172

PRIOD PERIOD

BASIC INDICATOR APPROACH	31 DECEMBER 2012	31 DECEMBER 2013	31 DECEMBER 2014	TOTAL/ NO. OF YEARS OF POSITIVE GROSS	RATE (%)	TOTAL
Gross Income	6,749,862	7,814,126	9,180,910	7,914,966	15	1,187,245
Value at Operational Risk (Total x % 12.5)						14,840,562

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 2015, the Bank's net 'on balance sheet' foreign currency short position amounts to TL 7,778,023 thousands (31 December 2014: TL 8,685,915 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 9,467,068 thousands (31 December 2014: TL 6,276,952 thousands), while net foreign currency long position amounts to TL 1,689,045 thousands (31 December 2014: a net foreign currency short open position of TL 2,408,963 thousands).

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

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

	USD	EUR
Foreign currency purchase rates at balance sheet date	**2.9080**	**3.1671**
Exchange rates for the days before balance sheet date:		
Day 1	2.9170	3.1826
Day 2	2.9020	3.1703
Day 3	2.9020	3.1809
Day 4	2.8950	3.1703
Day 5	2.8900	3.1672
Last 30-days arithmetical average rates	**2.8976**	**3.1589**

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	4,451,566	13,967,930	4,472,363	22,891,859
Banks	2,403,053	8,796,759	371,548	11,571,360
Financial Assets at Fair Value through Profit/Loss	98,025	228,931	2	326,958
Interbank Money Market Placements	-	61,069	-	61,069
Financial Assets Available-for-Sale	297,717	960,219	1	1,257,937
Loans (*)	22,959,676	40,776,275	467,058	64,203,009
Investments in Associates, Affiliates and Joint-Ventures	2,213,517	-	118,054	2,331,571
Investments Held-to-Maturity	19,034	9,756,309	-	9,775,343
Derivative Financial Assets Held for Risk Management	520	11,756	-	12,276
Tangible Assets	152	184	-	336
Intangible Assets	-	-	-	-
Other Assets	260,170	1,856,347	9,280	2,125,797
Total Assets	**32,703,430**	**76,415,779**	**5,438,306**	**114,557,515**
Liabilities				
Bank Deposits	824,764	2,459,295	312,535	3,596,594
Foreign Currency Deposits	19,480,809	48,566,458	1,635,882	69,683,149
Interbank Money Market Takings	-	2,299,766	247,142	2,546,908
Other Fundings	8,553,978	22,400,721	100,627	31,055,326
Securities Issued	1,902,077	8,231,168	659,980	10,793,225
Miscellaneous Payables	89,707	905,173	209,708	1,204,588
Derivative Financial Liabilities Held for Risk Management	-	109,291	130,272	239,563
Other Liabilities (**)	234,549	1,899,218	1,082,418	3,216,185
Total Liabilities	**31,085,884**	**86,871,090**	**4,378,564**	**122,335,538**
Net 'On Balance Sheet' Position	**1,617,546**	**(10,455,311)**	**1,059,742**	**(7,778,023)**
Net 'Off-Balance Sheet' Position	**(552,341)**	**11,191,825**	**(1,172,416)**	**9,467,068**
Derivative Assets	11,681,920	43,870,033	6,336,208	61,888,161
Derivative Liabilities	12,234,261	32,678,208	7,508,624	52,421,093
Non-Cash Loans	-	-	-	-
PRIOR PERIOD				
Total Assets	**22,271,119**	**67,625,299**	**5,472,722**	**95,369,140**
Total Liabilities	**26,980,402**	**71,799,794**	**5,274,859**	**104,055,055**
Net 'On Balance Sheet' Position	**(4,709,283)**	**(4,174,495)**	**197,863**	**(8,685,915)**
Net 'Off-Balance Sheet' Position	**3,637,132**	**2,345,574**	**294,246**	**6,276,952**
Derivative Assets	11,551,661	30,719,160	4,852,863	47,123,684
Derivative Liabilities	7,914,529	28,373,586	4,558,617	40,846,732
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 5,417,451 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Other liabilities include gold deposits of TL 1,198,765 thousands.

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 Assesment Commitee and Assets-Liabilities Committee meetings taking into consideration the developments in market conditions.

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

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

4.6.1 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	237,533	-	-	-	-	24,913,990	25,151,523
Banks	4,891,625	1,627,764	1,721,756	-	-	3,606,350	11,847,495
Financial Assets at Fair Value through Profit/Loss (**)	6,123	43,980	24,243	64,552	27,070	1,484,381	1,650,349
Interbank Money Market Placements	61,068	-	-	-	-	1	61,069
Financial Assets Available-for-Sale	1,056,789	8,255,927	5,535,331	2,886,934	1,398,732	1,386,088	20,519,801
Loans (**)	36,234,817	19,851,601	47,116,862	41,487,703	11,718,450	2,928,608	159,338,041
Investments Held-to-Maturity	1,314,880	1,839,477	5,475,789	4,164,735	7,166,113	1,794,818	21,755,812
Other Assets	8,141	-	-	-	3,126	14,007,229	14,018,496
Total Assets	**43,810,976**	**31,618,749**	**59,873,981**	**48,603,924**	**20,313,491**	**50,121,465**	**254,342,586**
Liabilities							
Bank Deposits	2,559,672	1,004,936	136,962	-	-	1,819,409	5,520,979
Other Deposits	69,211,491	23,297,959	12,546,330	155,766	-	30,166,807	135,378,353
Interbank Money Market Takings	12,530,501	242	2,520,164	-	-	17,254	15,068,161
Miscellaneous Payables	-	-	-	-	-	8,336,852	8,336,852
Securities Issued	1,065,962	1,063,971	1,884,600	6,724,385	3,155,359	304,492	14,198,769
Other Fundings	13,072,799	12,976,046	2,387,108	4,813,288	154,377	193,971	33,597,589
Other Liabilities	2,961	41,686	13,766	3,020	-	42,180,450	42,241,883
Total Liabilities	**98,443,386**	**38,384,840**	**19,488,930**	**11,696,459**	**3,309,736**	**83,019,235**	**254,342,586**
On Balance Sheet Long Position	**-**	**-**	**40,385,051**	**36,907,465**	**17,003,755**	**-**	**94,296,271**
On Balance Sheet Short Position	**(54,632,410)**	**(6,766,091)**	**-**	**-**	**-**	**(32,897,770)**	**(94,296,271)**
Off-Balance Sheet Long Position	**5,220,980**	**7,262,160**	**11,606,458**	**5,101,636**	**2,626,080**	**-**	**31,817,314**
Off-Balance Sheet Short Position	**(1,478,854)**	**(4,029,766)**	**(9,071,991)**	**(10,112,625)**	**(7,396,845)**	**-**	**(32,090,081)**
Total Position	**(50,890,284)**	**(3,533,697)**	**42,919,518**	**31,896,476**	**12,232,990**	**(32,897,770)**	**(272,767)**

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

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

	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS AND OVER	NON-INTEREST BEARING (*))	TOTAL
PRIOR PERIOD							
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	25,072,652	25,072,652
Banks	3,409,886	1,287,622	1,636,745	-	-	2,105,696	8,439,949
Financial Assets at Fair Value through Profit/Loss(**)	16,111	114,836	23,659	216,429	2,853	1,308,644	1,682,532
Interbank Money Market Placements	80,445	-	-	-	-	1	80,446
Financial Assets Available-for-Sale	1,613,924	7,768,940	4,996,785	2,744,401	1,431,427	1,496,509	20,051,986
Loans (**)	33,732,426	16,269,559	36,342,815	37,662,675	7,905,806	2,345,902	134,259,183
Investments Held-to-Maturity	728,378	4,177,637	5,589,282	3,296,123	5,864,176	1,358,906	21,014,502
Other Assets	6,144	-	-	-	3,071	9,057,452	9,066,667
Total Assets	**39,587,314**	**29,618,594**	**48,589,286**	**43,919,628**	**15,207,333**	**42,745,762**	**219,667,917**
Liabilities							
Bank Deposits	1,183,549	2,148,671	116,328	-	-	1,917,759	5,366,307
Other Deposits	56,667,997	24,500,044	8,759,624	64,961	153	24,948,895	114,941,674
Interbank Money Market Takings	8,051,352	1,312,907	-	1,997,965	-	23,696	11,385,920
Miscellaneous Payables	-	-	-	-	-	6,862,152	6,862,152
Securities Issued	1,527,276	1,495,978	1,847,139	5,696,356	2,511,311	274,187	13,352,247
Other Fundings	11,518,555	13,107,658	3,437,852	3,530,614	355,448	514,049	32,464,176
Other Liabilities	12,247	25,886	20,409	2	-	35,236,897	35,295,441
Total Liabilities	**78,960,976**	**42,591,144**	**14,181,352**	**11,289,898**	**2,866,912**	**69,777,635**	**219,667,917**
On Balance Sheet Long Position	**-**	**-**	**34,407,934**	**32,629,730**	**12,340,421**	**-**	**79,378,085**
On Balance Sheet Short Position	**(39,373,662)**	**(12,972,550)**	**-**	**-**	**-**	**(27,031,873)**	**(79,378,085)**
Off-Balance Sheet Long Position	**5,269,642**	**6,150,351**	**4,630,864**	**4,792,315**	**1,296,240**	**-**	**22,139,412**
Off-Balance Sheet Short Position	**(1,294,542)**	**(2,676,922)**	**(4,598,308)**	**(9,614,462)**	**(4,315,227)**	**-**	**(22,499,461)**
Total Position	**(35,398,562)**	**(9,499,121)**	**34,440,490**	**27,807,583**	**9,321,434**	**(27,031,873)**	**(360,049)**

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

(**) Loans amounting to TL 201,385 thousands included under "financial assets at fair value through profit or loss" in the accompanying balance sheet, 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	-	0.35	-	2.90
Banks	0.13	0.15	-	11.43
Financial Assets at Fair Value through Profit/Loss	4.66	4.64	-	10.29
Interbank Money Market Placements	-	0.55	-	-
Financial Assets Available-for-Sale	-	5.67	-	10.54
Loans	3.94	5.17	3.04	15.20
Investments Held-to-Maturity	0.19	5.49	-	10.76
Liabilities				
Bank Deposits	0.56	1.05	-	10.69
Other Deposits	0.95	1.43	1.19	8.20
Interbank Money Market Takings	-	2.12	1.49	9.31
Miscellaneous Payables	-	-	-	-
Securities Issued	3.42	4.83	1.01	9.94
Other Fundings	1.09	2.17	1.50	11.06

PRIOR PERIOD	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	0.53
Banks	0.40	0.34	-	10.72
Financial Assets at Fair Value through Profit/Loss	4.63	8.49	-	9.69
Interbank Money Market Placements	-	0.45	-	-
Financial Assets Available-for-Sale	5.67	6.99	-	9.44
Loans	4.54	5.06	2.42	14.38
Investments Held-to-Maturity	-	5.41	-	9.96
Liabilities				
Bank Deposits	1.50	1.48	-	9.06
Other Deposits	1.23	1.43	1.68	7.35
Interbank Money Market Takings	-	1.09	1.49	8.33
Miscellaneous Payables	-	-	-	-
Securities Issued	3.48	4.62	0.98	9.36
Other Fundings	1.26	2.13	2.03	9.66

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 the duration gap analysis, net present values of the interest-rate sensitive assets and liabilities are calculated by using yield curves developed from the market interest rates. 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	(3,581,363)	(10.83)%
2	TL	(-) 400bp	3,477,727	10.51%
3	USD	(+) 200bp	(766,486)	(2.32)%
4	USD	(-) 200bp	1,031,044	3.12%
5	EUR	(+) 200bp	(52,426)	(0.16)%
6	EUR	(-) 200bp	50,223	0.15%
	Total (of negative shocks)		**4,558,994**	**13.78%**
	Total (of positive shocks)		**(4,400,275)**	**(13.30)%**

	PRIOR PERIOD TYPE OF CURRENCY	SHOCKS APPLIED (+/- BASIS POINTS)	GAINS/LOSSES	GAINS/EQUITY-LOSSES/EQUITY
1	TL	(+) 500 bps	(3,213,578)	(11.43)%
2	TL	(-) 400 bps	3,139,075	11.16%
3	USD	(+) 200 bps	(730,443)	(2.60)%
4	USD	(-) 200 bps	977,780	3.48%
5	EUR	(+) 200 bps	54,777	0.19%
6	EUR	(-) 200 bps	(82,307)	(0.29)%
	Total (of negative shocks)		**4,034,548**	**14.35%**
	Total (of positive shocks)		**(3,889,244)**	**(13.84)%**

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	**4,389,688**	**4,277,576**	**70,875**
	Quoted Securities	70,956	70,956	70,875
2	Investment in Shares- Grade B	**91,785**	**64,688**	**69,839**
	Quoted Securities	64,688	64,688	69,839
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	**3,661,496**	**3,549,382**	**86,916**
	Quoted Securities	60,108	60,108	86,916
2	Investment in Shares- Grade B	**81,896**	**54,798**	**79,239**
	Quoted Securities	54,798	54,798	79,239
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	-	-	-

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

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		UNREALISED GAINS AND LOSSES		
			TOTAL	AMOUNT IN TIER ICAPITAL(*)	TOTAL	AMOUNT IN CORE CAPITAL	AMOUNT IN TIER I CAPITAL(*)
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	50,392	50,392	-	-	-
3	Other Shares	-	2,493,817	2,493,817	-	-	-
	Total	**-**	**2,544,209**	**2,544,209**	**-**	**-**	**-**

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

PRIOR PERIOD

	PORTFOLIO	GAINS/LOSSES IN CURRENT PERIOD	REVALUATION SURPLUSES		UNREALISED GAINS AND LOSSES		
			TOTAL	AMOUNT IN TIER I CAPITAL	TOTAL	AMOUNT IN CORE CAPITAL	AMOUNT IN TIER I CAPITAL(*)
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	70,493	-	70,493
3	Other Shares	-	1,433,650	1,433,650	-	-	-
	Total	**-**	**1,433,650**	**1,433,650**	**70,493**	**-**	**70,493**

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

4.8 LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

Liquidity Risk is managed by Asset and Liability Management Department (ALMD) and Asset and Liability Committee (ALCO) in line with risk management policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Bank. Under stressed conditions, liquidity risk is managed within the Contingency Funding Plan framework.

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

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

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

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

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

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

The Bank's funding management is carried out in compliance with the ALCO decisions. Funding and placement strategies are developed by assessing liquidity of the Bank. In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

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

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

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

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

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

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

4.8.1 LIQUIDITY COVERAGE RATIO

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

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

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

	HIGHEST	DATE	LOWEST	DATE	AVERAGE
TL+FC	128.31	21.12.2015	98.31	02.11.2015	115.74
FC	155.29	29.09.2015	92.10	12.11.2015	112.46

4.8.2 CONTRACTUAL MATURITY ANALYSIS OF LIABILITIES ACCORDING TO REMAINING MATURITIES

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

CURRENT PERIOD	CARRYING VALUE	GROSS NOMINAL OUTFLOWS	DEMAND	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS AND OVER
Bank Deposits	5,520,979	5,515,577	1,814,011	2,559,671	1,004,933	136,962	-	-
Other Deposits	135,378,353	134,876,900	29,665,353	69,206,976	23,288,593	12,511,667	194,246	10,065
Other Fundings	33,597,589	33,403,617	-	1,000,751	1,312,560	11,554,641	13,604,248	5,931,417
Interbank Money Market Takings	15,068,161	15,050,907	-	12,530,501	242	2,520,164	-	-
Securities Issued	14,198,769	13,894,277	-	124,634	985,455	2,811,388	6,817,441	3,155,359
Total	**203,763,851**	**202,741,278**	**31,479,364**	**85,422,533**	**26,591,783**	**29,534,822**	**20,615,935**	**9,096,841**

PRIOR PERIOD	CARRYING VALUE	GROSS NOMINAL OUTFLOWS	DEMAND	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS AND OVER
Bank Deposits	5,366,307	5,351,435	1,902,896	1,183,555	1,953,280	311,704	-	-
Other Deposits	114,941,674	114,473,631	24,480,852	56,663,312	24,490,955	8,725,278	104,222	9,012
Other Fundings	32,464,176	31,950,127	-	1,463,354	2,192,544	12,336,825	10,939,850	5,017,554
Interbank Money Market Takings	11,385,920	11,362,224	-	8,051,352	1,312,907	-	1,997,965	-
Securities Issued	13,352,247	13,078,060	-	766,997	1,426,508	1,900,470	6,472,774	2,511,311
Total	**177,510,324**	**176,215,477**	**26,383,748**	**68,128,570**	**31,376,194**	**23,274,277**	**19,514,811**	**7,537,877**

4.8.3 MATURITY ANALYSIS OF ASSETS AND 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.

	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	4,812,262	20,339,261	-	-	-	-	-	25,151,523
Banks	3,597,019	3,438,830	179,420	192,496	4,439,730	-	-	11,847,495
Financial Assets at Fair Value through Profit/Loss (**)	-	297,743	218,981	470,429	459,366	203,830	-	1,650,349
Interbank Money Market Placement	-	61,069	-	-	-	-	-	61,069
Financial Assets Available-for-Sale	334,569	51,033	64,085	3,528,724	7,467,196	9,074,194	-	20,519,801
Loans (**)	195,457	28,112,903	13,183,941	39,027,113	57,554,343	18,325,159	2,939,125	159,338,041
Investments Held-to-Maturity	-	537,564	-	308,605	7,245,690	13,663,953	-	21,755,812
Other Assets	2,909,874	1,169,694	3,257	262,772	252,464	165,630	9,254,805	14,018,496
Total Assets	**11,849,181**	**54,008,097**	**13,649,684**	**43,790,139**	**77,418,789**	**41,432,766**	**12,193,930**	**254,342,586**
Liabilities								
Bank Deposits	1,814,017	2,561,864	1,006,859	138,239	-	-	-	5,520,979
Other Deposits	29,665,353	69,484,163	23,412,843	12,610,905	194,955	10,134	-	135,378,353
Other Fundings	-	1,088,214	1,393,362	11,580,348	13,604,248	5,931,417	-	33,597,589
Interbank Money Market Takings	-	12,537,815	242	2,530,104	-	-	-	15,068,161
Securities Issued	-	124,634	986,061	2,817,109	6,932,204	3,338,761	-	14,198,769
Miscellaneous Payables	1,341,182	6,995,670	-	-	-	-	-	8,336,852
Other Liabilities (***)	2,888,274	641,702	422,696	1,082,873	642,391	241,686	36,322,261	42,241,883
Total Liabilities	**35,708,826**	**93,434,062**	**27,222,063**	**30,759,578**	**21,373,798**	**9,521,998**	**36,322,261**	**254,342,586485**
Liquidity Gap	**(23,859,645)**	**(39,425,965)**	**(13,572,379)**	**13,030,561**	**56,044,991**	**31,910,768**	**(24,128,331)**	**-**
Net Off-Balance Sheet Position	**-**	**(2,435)**	**(23,324)**	**(503,480)**	**9,882**	**87,117**	**-**	**(432,240)**
Derivative Financial Assets	-	40,312,873	17,317,421	31,938,167	9,819,947	1,027,585	-	100,415,993
Derivative Financial Liabilities	-	40,315,308	17,340,745	32,441,647	9,810,065	940,468	-	100,848,233
Non-Cash Loans	**-**	**3,916,751**	**2,668,070**	**7,640,061**	**294,530**	**-**	**83,888,838**	**98,408,250**
Prior Period								
Total Assets	**9,401,780**	**48,048,267**	**14,275,385**	**33,011,105**	**65,199,680**	**40,689,820**	**9,041,880**	**219,667,917**
Total Liabilities	**28,774,264**	**75,371,023**	**32,007,265**	**23,857,155**	**20,270,558**	**7,934,649**	**31,453,003**	**219,667,917**
Liquidity Gap	**(19,372,484)**	**(27,322,756)**	**(17,731,880)**	**9,153,950**	**44,929,122**	**32,755,171**	**(22,411,123)**	**-**
Net Off-Balance Sheet Position	**-**	**(75,759)**	**141,411**	**88,985**	**(288,871)**	**(55,747)**	**-**	**(189,981)**
Derivative Financial Assets	-	30,701,926	12,971,107	22,702,363	9,046,149	561,154	-	75,982,699
Derivative Financial Liabilities	-	30,777,685	12,829,696	22,613,378	9,335,020	616,901	-	76,172,680
Non-Cash Loans	**-**	**5,330,420**	**1,914,851**	**2,527,398**	**810,768**	**-**	**74,355,890**	**84,939,327**

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

(**) Loans amounting to TL 198,118 thousands (31 December 2014: TL 201,385 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.

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 EXPOSURE CATEGORIES	AMOUNT (**)	FINANCIAL COLLATERAL	OTHER/PHYSICAL COLLATERAL	GUARANTIES AND CREDIT DERIVATIVES
Conditional and unconditional exposures to central governments or central banks	66,597,850	5,467,355	-	-
Conditional and unconditional exposures to regional governments or local authorities	57,484	51	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	65,869	2,433	-	-
Conditional and unconditional exposures to multilateral development banks	1,092,922	908,323	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	39,483,068	16,741,679	-	-
Conditional and unconditional exposures to corporates	137,327,294	17,620,625	-	-
Conditional and unconditional retail exposures	70,942,237	349,967	-	-
Conditional and unconditional exposures secured by real estate property (*)	28,247,040	19,786	-	-
Past due items	560,639	-	-	-
Items in regulatory high-risk categories	16,598,251	109,374	-	-
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	50,773	-	-	-
Other items	12,458,490	-	-	-

(*) 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 EXPOSURE CATEGORIES	AMOUNT (**)	FINANCIAL COLLATERAL	OTHER/PHYSICAL COLLATERAL	GUARANTIES AND CREDIT DERIVATIVES
Conditional and unconditional exposures to central governments or central banks	62,349,802	4,159,123	-	-
Conditional and unconditional exposures to regional governments or local authorities	58,056	117	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	75,453	13,771	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	31,824,025	10,622,460	-	-
Conditional and unconditional exposures to corporates	108,194,500	12,220,031	-	-
Conditional and unconditional retail exposures	64,700,150	1,061,892	-	-
Conditional and unconditional exposures secured by real estate property (*)	22,029,299	90,319	-	-
Past due items	439,219	523	-	-
Items in regulatory high-risk categories	17,238,709	140,316	-	-
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	54,451	-	-	-
Other items	7,878,736	-	-	-

(*) 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 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 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. Monitoring of corporate risk management policies and

applications; including capital adequacy, planning and liquidity coverage is under the responsibility of Risk Committee composed of the members of board. 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, 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 LEVERAGE RATIO

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

	ON-BALANCE SHEET ASSETS	CURRENT PERIOD (*)
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	250,277,784
2	(Assets deducted in determining Tier 1 capital)	(220,586)
3	Total on-balance sheet risks (sum of lines 1 and 2)	250,057,198
	Derivative financial instruments and credit derivatives	
4	Replacement cost associated with all derivative instruments and credit derivatives	2,353,340
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	7,129,895
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	9,483,235
	Securities or commodity financing transactions (SCFT)	
7	Risks from SCFT assets	1,038,962
8	Risks from brokerage activities related exposures	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,038,962
	Other off-balance sheet transactions	
10	Gross notional amounts of off-balance sheet transactions	99,470,017
11	(Adjustments for conversion to credit equivalent amounts)	3,948
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	99,473,965
	Capital and total risks	
13	Tier 1 capital	30,325,091
14	Total risks (sum of lines 3, 6, 9 and 12)	360,053,360
	Leverage ratio	
15	Leverage ratio	8.42%

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

4.13 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

	CARRYING VALUE		FAIR VALUE	
	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
Financial Assets	**236,364,856**	**206,544,121**	**237,884,362**	**208,650,991**
Interbank Money Market Placements	61,069	80,446	61,069	80,446
Banks (*)	34,690,133	31,138,004	34,690,133	31,138,004
Financial Assets Available-for-Sale	20,519,801	20,051,986	20,519,801	20,051,986
Investments Held-to-Maturity	21,755,812	21,014,502	21,906,006	22,267,658
Loans	159,338,041	134,259,183	160,707,353	135,112,897
Financial Liabilities	**197,032,542**	**172,986,556**	**197,032,542**	**172,986,556**
Bank Deposits	5,520,979	5,366,307	5,520,979	5,366,307
Other Deposits	135,378,353	114,941,674	135,378,353	114,941,674
Other Fundings	33,597,589	32,464,176	33,597,589	32,464,176
Securities Issued	14,198,769	13,352,247	14,198,769	13,352,247
Miscellaneous Payables	8,336,852	6,862,152	8,336,852	6,862,152

(*) 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	14,267,634	5,721,163	531,004	20,519,801
Financial Assets Held for Trading	135,535	31,325	-	166,860
Derivative Financial Assets Held for Trading	285	1,483,204	-	1,483,489
Loans	-	198,118	-	198,118
Investments in Associates and Subsidiaries	-	-	4,342,263	4,342,263
Derivative Financial Assets Held for Risk Management	-	680,997	-	680,997
Financial Assets at Fair Value	**14,403,454**	**8,114,807**	**4,873,267**	**27,391,528**
Derivative Financial Liabilities Held for Trading	3,617	2,260,020	-	2,263,637
Funds Borrowed	-	5,688,704	-	5,688,704
Derivative Financial Liabilities Held for Risk Management	-	250,491	-	250,491
Financial Liabilities at Fair Value	**3,617**	**8,199,215**	**-**	**8,202,832**

PRIOR PERIOD	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial Assets Available-for-Sale	15,599,111	3,395,457	1,057,418	20,051,986
Financial Assets Held for Trading	109,593	281,927	-	391,520
Derivative Financial Assets Held for Trading	-	1,291,012	-	1,291,012
Loans	-	201,385	-	201,385
Investments in Associates and Subsidiaries	-	-	3,604,182	3,604,182
Derivative Financial Assets Held for Risk Management	-	166,252	-	166,252
Financial Assets at Fair Value	**15,708,704**	**5,336,033**	**4,661,160**	**25,705,897**
Derivative Financial Liabilities Held for Trading	649	1,573,594	-	1,574,243
Funds Borrowed	-	4,899,376	-	4,899,376
Derivative Financial Liabilities Held for Risk Management	-	279,383	-	279,383
Financial Liabilities at Fair Value	**649**	**6,752,353**	**-**	**6,753,002**

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)

4.14 TRANSACTIONS CARRIED OUT ON BEHALF OF CUSTOMERS AND ITEMS HELD IN TRUST

None.

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	1,313,068	750,950	1,089,200	589,326
Central Bank of Turkey	946,596	21,896,042	670,794	22,027,261
Others	-	244,867	-	696,071
Total	**2,259,664**	**22,891,859**	**1,759,994**	**23,312,658**

BALANCES WITH THE CENTRAL BANK OF TURKEY

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Unrestricted Demand Deposits	946,596	1,556,782	670,794	2,431,663
Unrestricted Time Deposits	-	5	-	-
Restricted Time Deposits	-	20,339,255	-	19,595,598
Total	**946,596**	**21,896,042**	**670,794**	**22,027,261**

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	-	-	-	265,254
Assets Subject to Repurchase Agreements	-	-	-	-
Total	**-**	**-**	**-**	**265,254**

5.1.2.2 POSITIVE DIFFERENCES ON DERIVATIVE FINANCIAL ASSETS HELD FOR TRADING

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Forward Transactions	243,525	41,894	113,870	22,136
Swap Transactions	363,131	324,633	435,049	497,523
Futures	-	34	-	-
Options	442,320	67,952	199,825	22,609
Other	-	-	-	-
Total	**1,048,976**	**434,513**	**748,744**	**542,268**

5.1.2.3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS

The Bank classified certain fixed-rate loans amounting to TL 200,000 thousands at initial recognition under financial assets at fair value through profit/loss to eliminate accounting inconsistency. The carrying value of these financial assets and the related current period loss amounted to TL 198,118 thousands (31 December 2014: TL 201,385 thousands) and TL 3,267 thousands (31 December 2014: a gain of TL 2,607 thousands), respectively.

5.1.3 BANKS

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Banks				
Domestic banks	231,280	247,879	1,186,762	144,712
Foreign banks	44,855	11,323,481	233,129	6,875,346
Foreign headoffices and branches	-	-	-	-
Total	**276,135**	**11,571,360**	**1,419,891**	**7,020,058**

Due from foreign banks

	UNRESTRICTED BALANCES		RESTRICTED BALANCES	
	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
EU Countries	2,833,374	1,309,551	6,988,096	5,427,779
USA and Canada	907,844	32,470	291,511	100,171
OECD Countries (*)	4,210	7,863	-	-
Off-Shore Banking Regions	220,152	62,748	65,059	50,066
Other	58,090	117,827	-	-
Total	**4,023,670**	**1,530,459**	**7,344,666**	**5,578,016**

(*) OECD countries other than the EU countries, USA and Canada

The placements at foreign banks include blocked accounts amounting TL 7,344,666 thousands (31 December 2014: TL 5,578,016 thousands) of which TL 96,799 thousands (31 December 2014: TL 108,410 thousands) and TL 65,058 thousands (31 December 2014: TL 50,066 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,182,809 thousands (31 December 2014: TL 5,419,540 thousands) as collateral against funds borrowed at various banks.

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	2,170,335	-	5,463,784	141,803
Assets subject to Repurchase Agreements	10,879,108	1,449	5,024,297	523,499
Total	**13,049,443**	**1,449**	**10,488,081**	**665,302**

5.1.4.2 DETAILS OF FINANCIAL ASSETS AVAILABLE-FOR-SALE

	CURRENT PERIOD	PRIOR PERIOD
Debt Securities	19,301,827	18,605,649
Quoted at Stock Exchange	18,699,925	16,961,989
Unquoted at Stock Exchange	601,902	1,643,660
Common Shares/Investment Funds	69,704	61,048
Quoted at Stock Exchange (*)	7,669	7,669
Unquoted at Stock Exchange	62,035	53,379
Value Increases/Impairment Losses (-)	1,148,270	1,385,289
Total	20,519,801	20,051,986

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	146	408,529	786	175,423
Corporates	146	408,529	786	175,423
Individuals	-	-	-	-
Indirect Lendings to Shareholders	2,043,036	263,954	1,532,539	534,359
Loans to Employees	185,470	88	165,305	68
Total	2,228,652	672,571	1,698,630	709,850

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	
CASH LOANS		EXTENSION OF REPAYMENT PLAN	OTHER CHANGES		EXTENSION OF REPAYMENT PLAN	OTHER CHANGES
Loans	150,695,419	2,179,145	233,976	7,806,295	3,228,253	622,963
Working Capital Loans	14,870,509	175,956	-	915,921	358,070	85,796
Export Loans	6,399,197	8,136	-	143,651	67,004	35,188
Import Loans	15,160	-	-	-	-	-
Loans to Financial Sector (*)	5,160,937	-	-	-	-	-
Consumer Loans	35,883,920	1,627,563	-	1,729,724	623,376	47,914
Credit Cards	16,364,078	-	233,976	589,131	-	406,106
Others	72,001,618	367,490	-	4,427,868	2,179,803	47,959
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	150,695,419	2,179,145	233,976	7,806,295	3,228,253	622,963

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

As of 31 December 2015, loans amounting to TL 5,781,904 thousands (31 December 2014: TL 4,462,373 thousands) are collateralized under funding transactions.

PRIOR PERIOD	PERFORMING LOANS AND OTHER RECEIVABLES			LOANS AND OTHER RECEIVABLES UNDER FOLLOW-UP		
CASH LOANS	LOANS AND OTHER RECEIVABLES (TOTAL)	LOANS AND RECEIVABLES WITH REVISED CONTRACT TERMS		LOANS AND OTHER RECEIVABLES (TOTAL)	LOANS AND RECEIVABLES WITH REVISED CONTRACT TERMS	
		EXTENSION OF REPAYMENT PLAN	OTHER CHANGES		EXTENSION OF REPAYMENT PLAN	OTHER CHANGES
Loans	129,439,486	1,640,194	225,215	4,192,829	1,997,330	328,572
Working Capital Loans	9,408,051	142,850	-	756,677	390,281	84,370
Export Loans	5,628,789	1,238	-	107,215	50,771	36,519
Import Loans	11,583	-	-	-	-	-
Loans to Financial Sector (*)	4,455,628	7,159	-	-	-	-
Consumer Loans	32,150,830	1,212,387	-	1,279,181	403,716	17,043
Credit Cards	14,446,110	-	225,215	343,754	-	127,602
Others	63,338,495	276,560	-	1,706,002	1,152,562	63,038
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	129,439,486	1,640,194	225,215	4,192,829	1,997,330	328,572

(*) Loans amounting to TL 201,385 thousands included under "financial assets at fair value through profit or loss" in the accompanying balance sheet, are presented above under "Loans to Financial Sector".

Collaterals received for loans under follow-up;

CURRENT PERIOD	CORPORATE/COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
Loans Collateralized by Cash	2,540	1,335	-	3,875
Loans Collateralized by Mortgages	1,967,241	406,621	-	2,373,862
Loans Collateralized by Pledged Assets	25,737	39,800	-	65,537
Loans Collateralized by Cheques and Notes	56,016	290,926	-	346,942
Loans Collateralized by Other Collaterals	698,017	7,758	-	705,775
Unsecured Loans	2,737,889	983,284	589,131	4,310,304
Total	5,487,440	1,729,724	589,131	7,806,295

PRIOR PERIOD	CORPORATE/COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
Loans Collateralized by Cash	55,698	2,557	-	58,255
Loans Collateralized by Mortgages	1,458,181	469,735	-	1,927,916
Loans Collateralized by Pledged Assets	65,422	53,246	-	118,668
Loans Collateralized by Cheques and Notes	36,397	464,607	-	501,004
Loans Collateralized by Other Collaterals	622,907	8,621	-	631,528
Unsecured Loans	331,289	280,415	343,754	955,458
Total	2,569,894	1,279,181	343,754	4,192,829

Delinquency periods of loans under follow-up;

CURRENT PERIOD	CORPORATE/COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
31-60 days	180,970	633,756	152,905	967,631
61-90 days	45,445	202,495	45,596	293,536
Others	5,261,025	893,473	390,630	6,545,128
Total	5,487,440	1,729,724	589,131	7,806,295

PRIOR PERIOD	CORPORATE/COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
31-60 days	79,098	521,366	166,123	766,587
61-90 days	59,808	186,287	49,641	295,736
Others	2,430,988	571,528	127,990	3,130,506
Total	2,569,894	1,279,181	343,754	4,192,829

Loans and other receivables with extended payment plans;

	CURRENT PERIOD		PRIOR PERIOD	
NO. OF EXTENSIONS	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	1,979,491	2,929,711	1,488,390	1,941,546
3, 4 or 5 times	111,249	282,660	82,054	43,603
Over 5 times	88,405	15,882	69,750	12,181

	CURRENT PERIOD		PRIOR PERIOD	
EXTENTION PERIODS	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	336,391	566,273	753,862	297,097
6 - 12 months	367,841	149,516	199,948	60,275
1 - 2 years	893,626	393,138	438,171	166,395
2 - 5 year	518,336	1,595,092	196,502	747,346
5 years and over	62,951	524,234	51,711	726,217

5.1.5.3 MATURITY ANALYSIS OF CASH LOANS

	PERFORMING LOANS AND OTHER RECEIVABLES		LOANS UNDER FOLLOW-UP AND OTHER RECEIVABLES	
CURRENT PERIOD	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	**44,408,008**	**508,040**	**1,110,993**	**601,823**
Loans	44,408,008	508,040	1,110,993	601,823
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	**106,287,411**	**1,905,081**	**6,695,302**	**3,249,393**
Loans	106,287,411	1,905,081	6,695,302	3,249,393
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

	PERFORMING LOANS AND OTHER RECEIVABLES		LOANS UNDER FOLLOW-UP AND OTHER RECEIVABLES	
PRIOR PERIOD	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	**39,126,122**	**177,852**	**549,278**	**163,638**
Loans	39,126,122	177,852	549,278	163,638
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	**90,313,364**	**1,462,342**	**3,643,551**	**2,162,264**
Loans	90,313,364	1,462,342	3,643,551	2,162,264
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

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	686,400	36,127,573	36,813,973
Housing Loans	25,062	18,582,778	18,607,840
Automobile Loans	37,616	1,522,036	1,559,652
General Purpose Loans	623,722	16,022,759	16,646,481
Other	-	-	-
Consumer Loans – FC-indexed	-	170,849	170,849
Housing Loans	-	168,194	168,194
Automobile Loans	-	2	2
General Purpose Loans	-	2,653	2,653
Other	-	-	-
Consumer Loans – FC	3	40,033	40,036
Housing Loans	-	25,999	25,999
Automobile Loans	-	7,504	7,504
General Purpose Loans	3	6,530	6,533
Other	-	-	-
Retail Credit Cards – TL	14,279,715	566,447	14,846,162
With Installment	6,850,008	566,447	7,416,455
Without Installment	7,429,707	-	7,429,707
Retail Credit Cards – FC	38,371	-	38,371
With Installment	2,685	-	2,685
Without Installment	35,686	-	35,686
Personnel Loans – TL	17,241	74,439	91,680
Housing Loan	-	1,055	1,055
Automobile Loans	-	86	86
General Purpose Loans	17,241	73,298	90,539
Other	-	-	-
Personnel Loans - FC-indexed	-	330	330
Housing Loans	-	330	330
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	112	112
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	112	112
Other	-	-	-
Personnel Credit Cards – TL	92,376	460	92,836
With Installment	37,692	460	38,152
Without Installment	54,684	-	54,684
Personnel Credit Cards – FC	512	-	512
With Installment	86	-	86
Without Installment	426	-	426
Deposit Accounts– TL (Real persons)	496,664	-	496,664
Deposit Accounts– FC (Real persons)	-	-	-
Total	15,611,282	36,980,243	52,591,525

PRIOR PERIOD	SHORT-TERM	MEDIUM AND LONG-TERM	TOTAL
Consumer Loans – TL	**690,325**	**32,082,213**	**32,772,538**
Housing Loans	19,660	15,359,984	15,379,644
Automobile Loans	21,705	1,341,922	1,363,627
General Purpose Loans	127,056	2,240,482	2,367,538
Other	521,904	13,139,825	13,661,729
Consumer Loans – FC-indexed	**-**	**172,451**	**172,451**
Housing Loans	-	168,056	168,056
Automobile Loans	-	60	60
General Purpose Loans	-	3,235	3,235
Other	-	1,100	1,100
Consumer Loans – FC	**5**	**33,457**	**33,462**
Housing Loans	-	25,626	25,626
Automobile Loans	-	5,219	5,219
General Purpose Loans	-	652	652
Other	5	1,960	1,965
Retail Credit Cards – TL	**12,837,030**	**470,688**	**13,307,718**
With Installment	5,992,626	470,688	6,463,314
Without Installment	6,844,404	-	6,844,404
Retail Credit Cards – FC	**42,780**	**-**	**42,780**
With Installment	15,930	-	15,930
Without Installment	26,850	-	26,850
Personnel Loans – TL	**16,348**	**62,853**	**79,201**
Housing Loan	-	967	967
Automobile Loans	-	57	57
General Purpose Loans	4,382	11,834	16,216
Other	11,966	49,995	61,961
Personnel Loans - FC-indexed	**-**	**279**	**279**
Housing Loans	-	279	279
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	**-**	**110**	**110**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	110	110
Other	-	-	-
Personnel Credit Cards – TL	**77,254**	**475**	**77,729**
With Installment	30,149	475	30,624
Without Installment	47,105	-	47,105
Personnel Credit Cards – FC	**726**	**-**	**726**
With Installment	304	-	304
Without Installment	422	-	422
Deposit Accounts– TL (Real persons)	**371,970**	**-**	**371,970**
Deposit Accounts– FC (Real persons)	**-**	**-**	**-**
Total	**14,036,438**	**32,822,526**	**46,858,964**

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

PRIOR PERIOD	SHORT-TERM	MEDIUM AND LONG-TERMI	TOTAL
Installment-based Commercial Loans – TL	1,428,068	8,727,986	10,156,054
Real Estate Loans	1,767	643,270	645,037
Automobile Loans	72,896	1,724,661	1,797,557
General Purpose Loans	1,353,405	6,353,477	7,706,882
Other	-	6,578	6,578
Installment-based Commercial Loans - FC-indexed	149,234	1,373,897	1,523,131
Real Estate Loans	-	53,175	53,175
Automobile Loans	4,288	343,744	348,032
General Purpose Loans	144,946	976,978	1,121,924
Other	-	-	-
Installment-based Commercial Loans – FC	225	68,162	68,387
Real Estate Loans	-	1,088	1,088
Automobile Loans	20	6,725	6,745
General Purpose Loans	205	14,248	14,453
Other	-	46,101	46,101
Corporate Credit Cards – TL	1,353,768	515	1,354,283
With Installment	654,951	514	655,465
Without Installment	698,817	1	698,818
Corporate Credit Cards – FC	6,628	-	6,628
With Installment	136	-	136
Without Installment	6,492	-	6,492
Deposit Accounts– TL (corporates)	716,754	-	716,754
Deposit Accounts– FC (corporates)	-	-	-
Total	3,654,677	10,170,560	13,825,237

5.1.5.6 ALLOCATION OF LOANS BY CUSTOMERS

	CURRENT PERIOD	PRIOR PERIOD
Public Sector	866,521	976,922
Private Sector (*)	157,635,193	132,655,393
Total	**158,501,714**	**133,632,315**

(*) Loans amounting to TL 198,118 thousands (31 December 2014: TL 201,385 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	156,494,318	131,707,500
Foreign Loans (*)	2,007,396	1,924,815
Total	**158,501,714**	**133,632,315**

(*) Loans amounting to TL 198,118 thousands (31 December 2014: TL 201,385 thousands) included under "Financial Assets at Fair Value through Profit/Loss" in the accompanying balance sheet, are presented above under "Foreign Loans".

5.1.5.8 LOANS TO ASSOCIATES AND AFFILIATES

	CURRENT PERIOD	PRIOR PERIOD
Direct Lending	1,089,363	1,010,312
Indirect Lending	-	-
Total	**1,089,363**	**1,010,312**

5.1.5.9 SPECIFIC PROVISIONS FOR LOANS

	CURRENT PERIOD	PRIOR PERIOD
Substandard Loans and Receivables - Limited Collectibility	599,750	309,887
Doubtful Loans and Receivables	579,036	596,107
Uncollectible Loans and Receivables	2,388,912	1,767,967
Total	**3,567,698**	**2,673,961**

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)	252,165	230,646	489,801
Restructured Loans and Receivables	252,165	230,646	489,801
Rescheduled Loans and Receivables	-	-	-
PRIOR PERIOD			
(Gross Amounts before Specific Provisions)	98,424	121,778	240,451
Restructured Loans and Receivables	98,424	121,778	240,451
Rescheduled Loans and Receivables	-	-	-

Movements in non-performing loans and other receivables

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

(*) of which TL 83,080 thousands is resulted from sale of non-performing loans.

PRIOR PERIOD	GROUP III SUBSTANDARD LOANS AND RECEIVABLES	GROUP IV DOUBTFUL LOANS AND RECEIVABLES	GROUP V UNCOLLECTIBLE LOANS AND RECEIVABLES
Balances at Beginning of Period	**378,430**	**402,395**	**1,757,605**
Additions during the Period (+)	1,449,028	213,359	48,688
Transfer from Other NPL Categories (+)	-	1,198,736	865,678
Transfer to Other NPL Categories (-)	1,198,736	865,678	-
Collections during the Period (-)	223,631	200,231	242,518
Write-offs (-) (*)	-	551	281,745
Corporate and Commercial Loans	-	256	39,571
Retail Loans	-	295	57,734
Credit Cards	-	-	184,440
Others	-	-	-
Balances at End of Period	**405,091**	**748,030**	**2,147,708**
Specific Provisions (-)	309,887	596,107	1,767,967
Net Balance on Balance Sheet	**95,204**	**151,923**	**379,741**

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

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

PRIOR PERIOD	CORPORATE/ COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
Balances at End of Prior Period	**936,813**	**510,037**	**609,618**	**2,056,468**
Additions during the Period(+)	382,334	611,458	423,458	1,417,250
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	128,055	239,811	156,733	524,599
Write-offs (-)	32,689	58,029	184,440	275,158
Balances at End of Period	**1,158,403**	**823,655**	**691,903**	**2,673,961**

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

Non-performing loans and other receivables in foreign currencies

	GROUP III	GROUP IV	GROUP V
	SUBSTANDARD LOANS AND RECEIVABLES	DOUBTFUL LOANS AND RECEIVABLES	UNCOLLECTIBLE LOANS AND RECEIVABLES
CURRENT PERIOD			
Balance at End of Period	**180,731**	**37,931**	**535,189**
Specific Provisions (-)	138,781	10,172	422,070
Net Balance at Balance Sheet	**41,950**	**27,759**	**113,119**
PRIOR PERIOD			
Balance at End of Period	24,020	41,143	581,702
Specific Provisions (-)	14,586	20,846	469,969
Net Balance at Balance Sheet	**9,434**	**20,297**	**111,733**

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)	**186,433**	**177,811**	**472,083**
Loans to Individuals and Corporates (Gross)	786,183	756,847	2,859,679
Specific Provision (-)	599,750	579,036	2,387,596
Loans to Individuals and Corporates (Net)	186,433	177,811	472,083
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-
PRIOR PERIOD (NET)	**95,204**	**151,923**	**379,741**
Loans to Individuals and Corporates (Gross)	405,091	748,030	2,140,816
Specific Provision (-)	309,887	596,107	1,761,075
Loans to Individuals and Corporates (Net)	95,204	151,923	379,741
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,581
Specific Provision (-)	-	-	6,581
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	1,999	201	-	2,200
Loans Collateralized by Mortgages	911,000	88,562	-	999,562
Loans Collateralized by Pledged Assets	224,454	53,650	-	278,104
Loans Collateralized by Cheques and Notes	299,845	9,390	-	309,235
Loans Collateralized by Other Collaterals	530,469	829,081	-	1,359,550
Unsecured Loans	120,701	366,379	968,294	1,455,374
Total	**2,088,468**	**1,347,263**	**968,294**	**4,404,025**

PRIOR PERIOD	CORPORATE/ COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
Loans Collateralized by Cash	2,864	235	-	3,099
Loans Collateralized by Mortgages	813,345	70,508	-	883,853
Loans Collateralized by Pledged Assets	260,817	52,180	-	312,997
Loans Collateralized by Cheques and Notes	329,520	577,913	-	907,433
Loans Collateralized by Other Collaterals	244,617	5,667	-	250,284
Unsecured Loans	71,048	180,212	691,903	943,163
Total	**1,722,211**	**886,715**	**691,903**	**3,300,829**

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 of 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	4,956,015	2,108,752	6,708,866	718,432
Investments subject to Repurchase Agreements	4,081,537	317,809	1,996,759	4,612,969
Total	**9,037,552**	**2,426,561**	**8,705,625**	**5,331,401**

5.1.6.2 GOVERNMENT SECURITIES HELD-TO-MATURITY

	CURRENT PERIOD	PRIOR PERIOD
Government Bonds	17,776,978	18,001,879
Treasury Bills	-	-
Other Government Securities	-	-
Total	**17,776,978**	**18,001,879**

5.1.6.3 INVESTMENTS HELD-TO-MATURITY

	CURRENT PERIOD	PRIOR PERIOD
Debt Securities	**19,961,209**	**19,655,596**
Quoted at Stock Exchange	19,106,455	18,319,161
Unquoted at Stock Exchange	854,754	1,336,435
Valuation Increase/(Decrease)	**1,794,603**	**1,358,906**
Total	**21,755,812**	**21,014,502**

5.1.6.4 MOVEMENT OF INVESTMENTS HELD-TO-MATURITY

	CURRENT PERIOD	PRIOR PERIOD
Balances at Beginning of Period	**21,014,502**	**13,984,435**
Foreign Currency Differences On Monetary Assets	1,945,865	74,753
Purchases during the Period (*)	1,331,647	7,689,505
Disposals through Sales/Redemptions (**)	(2,971,899)	(1,649,588)
Valuation Effect	435,697	915,397
Balances at End of Period	**21,755,812**	**21,014,502**

In the prior period,

(*) The Bank reclassified private sector bonds with "credit linked notes" with a total face value of USD 425,000,000 from financial assets available-for-sale portfolio to investments held-to-maturity portfolio.

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

In the current period,

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

5.1.7 INVESTMENTS IN ASSOCIATES

5.1.7.1 INVESTMENTS IN ASSOCIATES

	ASSOCIATE	ADDRESS (CITY/ COUNTRY)	BANK'S SHARE – IF DIFFERENT, VOTING RIGHTS (%)	BANK'S RISK GROUP SHARE (%)
1	Bankalararası Kart Merkezi AŞ (1)	İstanbul/Turkey	10.15	10.15
2	Yatırım Finansman Menkul Değerler AŞ (1)	İstanbul/Turkey	0.77	0.77
3	İstanbul Takas ve Saklama Bankası AŞ (1)	İstanbul/Turkey	5.25	5.28
4	Borsa İstanbul AŞ (1)	İstanbul/Turkey	0.30	0.34
5	KKB Kredi Kayıt Bürosu AŞ (1)	İstanbul/Turkey	9.09	9.09
6	Türkiye Cumhuriyet Merkez Bankası AŞ (2)	Ankara /Turkey	2.48	2.48
7	Kredi Garanti Fonu AŞ (1)	Ankara /Turkey	1.75	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	65,901	35,309	39,402	744	-	9,605	7,882	-
2	680,072	73,721	3,606	7,561	923	(791)	(346)	-
3	7,631,265	869,063	95,407	155,708	11,816	132,453	96,179	-
4	914,837	852,713	135,958	15,246	61	289,559	113,940	-
5	129,527	104,842	62,914	3,663	1	26,782	18,547	-
6	371,590,359	38,642,079	654,695	4,032,420	2,313,892	8,529,957	13,198,929	-
7	316,348	313,416	5,500	9,906	-	19,899	10,212	-

(1) Financial information is as of 30 September 2015.

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

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

5.1.7.2 MOVEMENT OF INVESTMENTS IN ASSOCIATES

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

5.1.7.3 SECTORAL DISTRIBUTION OF INVESTMENTS AND ASSOCIATES

INVESTMENTS IN ASSOCIATES	CURRENT PERIOD	PRIOR PERIOD
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	34,984	34,984
Other Associates	1,714	1,714

5.1.7.4 QUOTED ASSOCIATES

None.

5.1.7.5 VALUATION METHODS OF INVESTMENTS IN ASSOCIATES

INVESTMENTS IN ASSOCIATES	CURRENT PERIOD	PRIOR PERIOD
Valued at Cost	36,698	36,698
Valued at Fair Value	-	-

5.1.7.6 INVESTMENTS IN ASSOCIATES SOLD DURING THE CURRENT PERIOD

None.

5.1.7.7 INVESTMENTS IN ASSOCIATES ACQUIRED DURING THE CURRENT PERIOD

None.

5.1.8 INVESTMENTS IN AFFILIATES

5.1.8.1 INFORMATION ON CAPITAL ADEQUACY OF MAJOR AFFILIATES

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

CURRENT PERIOD	GARANTI BANK INTERNATIONAL NV	GARANTI FINANSAL KIRALAMA AŞ	GARANTI HOLDING BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	438,130	357,848	1,168,942
Share Premium	-	-	41,090
Share Cancellation Profits	-	-	-
Reserves	859,634	329,714	(327,914)
Other Comprehensive Income according to TAS	406,771	75,795	27,141
Current and Prior Periods' Profits	34,395	110,292	58,156
General Reserve for Possible Losses	-	12,000	-
Common Equity Tier I Capital Before Deductions	**1,738,930**	**885,649**	**967,415**
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	92,365	399	231,882
Leasehold Improvements on Operational Leases (-)	-	113	9,148
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	6,285	2,351	73,220
Net Deferred Tax Asset/Liability (-)	-	-	6,768
Total Deductions from Common Equity Tier I Capital	**98,650**	**2,863**	**321,018**
Total Common Equity Tier I Capital	**1,640,280**	**882,786**	**646,397**
Total Deductions From Tier I Capital	**9,427**	**3,527**	**119,982**
Total Tier I Capital	**1,630,853**	**879,259**	**526,415**
TIER II CAPITAL	**253,368**	**-**	**57,607**
CAPITAL BEFORE DEDUCTIONS	**1,884,221**	**879,259**	**584,022**
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	**-**	**-**	**-**
TOTAL CAPITAL	**1,884,221**	**879,259**	**584,022**

PRIOR PERIOD	GARANTI BANK INTERNATIONAL NV	GARANTI FINANSAL KIRALAMA AŞ	GARANTI HOLDING BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	386,379	357,848	1,029,352
Share Premium	-	-	36,183
Share Cancellation Profits	-	-	-
Reserves	956,232	238,680	(507,545)
Other Comprehensive Income according to TAS (*)	19,907	-	33,626
Current and Prior Periods' Profits	139,784	91,034	18,788
Common Equity Tier I Capital Before Deductions	**1,502,302**	**687,562**	**610,404**
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	85,138	287	2,253
Leasehold Improvements on Operational Leases (-)	-	-	12,053
Net Deferred Tax Asset/Liability (-)	-	-	6,048
Total Deductions from Common Equity Tier I Capital	**88,516**	**1,120**	**52,840**
Total Common Equity Tier I Capital	**1,413,786**	**686,442**	**557,564**
Total Deductions From Tier I Capital	**13,513**	**3,332**	**154,137**
Total Tier I Capital	**1,400,273**	**683,110**	**403,427**
TIER II CAPITAL	**83,667**	**-**	**50,797**
CAPITAL BEFORE DEDUCTIONS	**1,483,940**	**683,110**	**454,224**
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	**-**	**6**	**-**
TOTAL CAPITAL	**1,483,940**	**683,104**	**454,224**

5.1.8.2 INVESTMENTS IN AFFILIATES

	AFFILIATE	ADDRESS (CITY/ COUNTRY)	BANK'S SHARE – IF DIFFERENT, VOTING RIGHTS (%)	BANK'S RISK GROUP SHARE (%)
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.96	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	96.40	99.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	100.00
7	Garanti Faktoring Hizmetleri AŞ	Istanbul/Turkey	81.84	81.84
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/The Netherlands	100.00	100.00
12	Garanti Bank Moscow	Moscow/Russia	99.94	100.00
13	Garanti Holding BV	Amsterdam/The Netherlands	100.00	100.00

	TOTAL ASSETS	SHAREHOLDERS' EQUITY	TOTAL FIXED ASSETS (*)	INTEREST INCOMEI	INCOME ON SECURITIES PORTFOLIO	CURRENT PERIOD PROFIT/LOSS	PRIOR PERIOD PROFIT/LOSS	COMPANY'S FAIR VALUE
1	65,075	59,105	57	1,357	3,333	8,843	13,978	-
2	27,271	18,157	1,622	862	670	962	912	-
3	8,843	8,414	29	-	528	2,306	2,464	-
4	2,950	1,680	561	-	18	772	140	-
5	4,287	3,446	1	-	273	379	774	--
6	4,907,222	873,250	100,213	374,005	-	110,292	91,034	-
7	2,970,521	165,762	5,105	239,739	-	25,430	20,516	-
8	88,638	47,468	10,054	3,594	2,274	6,146	4,536	-
9	44,690	39,271	5,254	2,762	7	8,029	10,777	-
10	1,407,382	1,079,422	34,735	110,910	8,941	194,445	171,424	-
11	15,841,705	1,646,566	81,130	441,699	99,751	34,395	139,784	-
12	446,267	118,219	21,911	27,200	19,422	(8,650)	12,384	-
13	1,027,038	1,026,915	-	2	-	(217)	(234)	-

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

(*) Valued at equity accounting.

5.1.8.3 MOVEMENT OF INVESTMENTS IN AFFILIATES

	CURRENT PERIOD	PRIOR PERIOD
Balance at Beginning of Period	**3,708,418**	**3,452,625**
Movements during the Period	**738,081**	**255,793**
Acquisitions	-	543
Bonus Shares Received	-	-
Earnings from Current Year Profit	400,315	439,123
Sales/Liquidations	-	-
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	70,122	(18,029)
Currency Differences on Foreign Affiliates	267,644	(165,844)
Impairment Reversals/(Losses)	-	-
Balance at End of Period	**4,446,499**	**3,708,418**
Capital Commitments	-	-
Capital Commitments	-	-

5.1.8.4 SECTORAL DISTRIBUTION OF INVESTMENTS IN AFFILIATES

AFFILIATES	CURRENT PERIOD	PRIOR PERIOD
Banks	1,764,623	1,521,057
Insurance Companies	916,536	751,095
Factoring Companies	135,644	114,907
Leasing Companies	871,165	687,274
Finance Companies	654,295	529,849
Other Affiliates	104,236	104,236

5.1.8.5 QUOTED AFFILIATES

None.

5.1.8.6 VALUATION METHODS OF INVESTMENTS IN AFFILIATES

AFFILIATES	CURRENT PERIOD	PRIOR PERIOD
Valued at Cost	104,236	104,236
Valued at Fair Value	4,342,263	3,604,182

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

5.1.8.7 INVESTMENTS IN AFFILIATES DISPOSED DURING THE CURRENT PERIOD

None.

5.1.8.8 INVESTMENTS IN AFFILIATES ACQUIRED DURING THE CURRENT PERIOD

None.

5.1.9 INVESTMENTS IN JOINT-VENTURES

None.

5.1.10 LEASE RECEIVABLES

None.

5.1.11 DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT

5.1.11.1 POSITIVE DIFFERENCES ON DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR RISK MANAGEMENT

DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Fair Value Hedges	60,616	7,483	31,158	83
Cash Flow Hedges	28,448	584,450	15,044	119,967
Net Foreign Investment Hedges	-	-	-	-
Total	**89,064**	**591,933**	**46,202**	**120,050**

As of 31 December 2015, 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	18,791,415	101,340	120,219	12,215,225	46,285	168,109
-TL	5,239,355	89,064	10,928	6,034,049	46,202	99,572
-FC	13,552,060	12,276	109,291	6,181,176	83	68,537
Cross Currency Swaps	5,279,626	579,657	130,272	5,215,329	119,967	111,274
-TL	1,868,085	-	-	2,090,223	-	-
-FC	3,411,541	579,657	130,272	3,125,106	119,967	111,274
Total	**24,071,041**	**680,997**	**250,491**	**17,430,554**	**166,252**	**279,383**

5.1.11.1.1 FAIR VALUE HEDGE ACCOUNTING

CURRENT PERIOD				NET FAIR VALUE CHANGE OF HEDGING ITEM		
HEDGING ITEM	HEDGED ITEM	TYPE OF RISK	FAIR VALUE CHANGE OF HEDGED ITEM	ASSET	LIABILITY	INCOME STATEMENT EFFECT (GAINS/LOSSES FROM DERIVATIVE FINANCIAL INSTRUMENTS)
Interest Rate Swaps	**Fixed-rate commercial loans**	**Interest rate risk**	**65,224**	**8,104**	**(78,491)**	**(5,163)**
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	173	-	(313)	(140)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(48,755)	59,995	(12,487)	(1,247)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(13,669)	-	(130,272)	(143,941)

PRIOR PERIOD				NET FAIR VALUE CHANGE OF HEDGING ITEM		
HEDGING ITEM	HEDGED ITEM	TYPE OF RISK	FAIR VALUE CHANGE OF HEDGED ITEM	ASSET	LIABILITY	INCOME STATEMENT EFFECT (GAINS/LOSSES FROM DERIVATIVE FINANCIAL INSTRUMENTS)
Interest Rate Swaps	**Fixed-rate commercial loans**	**Interest rate risk**	**39,256**	**3,000**	**(57,277)**	**(15,021)**
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	42,104	28,241	(91,167)	(20,822)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(12,511)	-	(63,059)	(75,570)

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

CURRENT PERIOD			FAIR VALUE CHANGE OF HEDGED ITEM		GAINS/LOSSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY IN THE PERIOD	GAINS/LOSSES ACCOUNTED UNDER INCOME STATEMENT IN THE PERIOD	INEFFECTIVE PORTION (NET)ACCOUNTED UNDER INCOME STATEMENT
HEDGING ITEM	HEDGED ITEM	TYPE OF RISK	ASSET	LIABILITY			
Interest Rate Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	74	-	101	133	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	33,167	(28,928)	8,616	847	(1,219)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	262,771	-	4,416	24,784	11
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	316,886	-	69,335	70,610	921

In the current period, the amounts reclassified from the shareholders' equity to the income statement and the losses recognised in the shareholders' equity due to the ceased hedging transactions are TL 1,238 thousands and TL 619 thousands, respectively.

PRIOR PERIOD

HEDGING ITEM	HEDGED ITEM	TYPE OF RISK	FAIR VALUE CHANGE OF HEDGED ITEM		GAINS/LOSSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY IN THE PERIOD	GAINS/LOSSES ACCOUNTED UNDER INCOME STATEMENT IN THE PERIOD	INEFFECTIVE PORTION (NET)ACCOUNTED UNDER INCOME STATEMENT
			ASSET	LIABILITY			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	15,044	(19,665)	(41,815)	(16,302)	-
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	76,306	-	(8,749)	27,285	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	43,661	(48,215)	(5,312)	(13,246)	-

5.1.12 TANGIBLE ASSETS

	REAL ESTATES	LEASED TANGIBLE ASSETS	VEHICLES	OTHER TANGIBLE ASSETS	TOTAL
AT END OF PRIOR PERIOD:					
Cost	**1,185,568**	**324,109**	**14,635**	**1,470,494**	**2,994,806**
Accumulated Depreciation (-)	**(307,526)**	**(314,940)**	**(11,099)**	**(1,003,824)**	**(1,637,389)**
Net Book Value at End of Prior Period	**878,042**	**9,169**	**3,536**	**466,670**	**1,357,417**
At End of Current Period:					
Additions	167,354	14,880	1,401	284,958	468,593
Revaluation Model Difference	1,467,281	-	-	-	1,467,281
Transfers from Investment Property	22,954	-	-	-	22,954
Disposals (Costs)	(14,240)	(12,794)	(559)	(68,020)	(95,613)
Disposals (Accumulated Depreciation)	4,730	12,792	555	36,807	54,884
Impairment/Reversal of Impairment Losses	(10,815)	-	-	-	(10,815)
Depreciation Expense for Current Period (-)	(21,301)	(3,030)	(1,328)	(164,817)	(190,476)
Effect of Netting-Off Gross Book Value and Accumulated Depreciation Upon Applying Revaluation Model as per TAS 16	321,532	-	-	-	321,532
Cost at End of Current Period	**2,496,570**	**326,195**	**15,477**	**1,687,432**	**4,525,674**
Accumulated Depreciation at End of Current Period	**(2,565)**	**(305,178)**	**(11,872)**	**(1,131,834)**	**(1,451,449)**
Net Book Value at End of Current Period	**2,494,005**	**21,017**	**3,605**	**555,598**	**3,074,225**

As of 31 December 2015, the revaluation model effect, net of deferred tax, for real estates under tangible assets amounting to TL 1,456,505 thousands were accounted under shareholders' equity.

As of 31 December 2015, the net book value of real estates under cost model instead of revaluation model is TL 1,026,401 thousands (31 December 2014: TL 878,041 thousands).

In 2015, TL 55,541 thousands (31 December 2014: TL 2,880 thousands) were provisioned and TL 44,726 thousands (31 December 2014: TL 2,157 thousands) were reversed for real estates as per the valuation study performed in accordance with the Turkish Accounting Standard 36 (TAS36) "Impairment of Assets".

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	377,591	195,001	331,479	157,513

5.1.13.4 MOVEMENTS OF INTANGIBLE ASSETS FOR CURRENT PERIOD

	CURRENT PERIOD	PRIOR PERIOD
Net Book Value at End of Prior Period	**173,966**	**58,770**
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	46,353	149,124
Disposals (-)	(235)	(108)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(37,054)	(33,820)
Currency Translation Differences on Foreign Operations	(440)	-
Other Movements	-	-
Net Book Value at End of Current Period	**182,590**	**173,966**

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.

5.1.14 INVESTMENT PROPERTY

	CURRENT PERIOD	PRIOR PERIOD
Net Book Value at Beginning Period	**374,945**	**324,388**
Additions	-	9,489
Transfers to Tangible Assets	(22,954)	-
Fair Value Change	29,279	41,068
Net Book Value at End of Current Period	**381,270**	**374,945**

The investment property is held for operational leasing purposes.

As of 31 December 2015, a total gain of TL 29,279 thousands from revaluation of investment property is included in other operating income.

5.1.15 DEFERRED TAX ASSET

As of 31 December 2015, the Bank has a deferred tax asset of TL 381,541 thousands (31 December 2014: TL 477,385 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 2015. However, there is a deferred tax asset of TL 578,378 thousands (31 December 2014: TL 572,389 thousands) and deferred tax liability of TL 196,837 thousands (31 December 2014: TL 95,004 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 (*)	825,024	165,005	656,754	131,351
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	691,156	158,867	1,380,566	274,453
Revaluation Differences on Real Estates	(1,723,078)	(23,459)	-	-
Other	405,643	81,128	247,317	71,581
Total Deferred Tax Asset, Net	**198,745**	**381,541**	**2,284,637**	**477,385**

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

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

As of 31 December 2015, TL 174,198 thousands of deferred tax expense (31 December 2014: TL 359,131 thousands of deferred tax income) and TL 78,354 thousands of deferred tax income (31 December 2014: TL 116,413 thousands of deferred tax expense) are recognised in the income statement and the shareholders' equity, respectively.

5.1.16 ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS

	CURRENT PERIOD	PRIOR PERIOD
End of Prior Period		
Cost	**178,986**	**152,094**
Accumulated Depreciation (-)	**(7,970)**	**(5,990)**
Net Book Value	**171,016**	**146,104**
End of Current Period		
Additions	263,352	106,021
Disposals (Cost)	(84,386)	(77,188)
Disposals (Accumulated Depreciation)	3,886	1,212
Impairment Losses (-)	(1,792)	(1,941)
Depreciation Expense for Current Period (-)	(5,097)	(3,192)
Currency Translation Differences on Foreign Operations	-	-
Cost	**356,160**	**178,986**
Accumulated Depreciation (-)	**(9,181)**	**(7,970)**
Net Book Value	**346,979**	**171,016**

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 258,845 thousands (31 December 2014: TL 26,361 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, Affiliates and Joint Ventures	-	-
Sale of Real Estates	-	1,062
Sale of Other Assets	3,127	3,071
Total	**3,127**	**4,133**

5.1.17.2 PREPAID EXPENSES, TAXES AND SIMILAR ITEMS

	CURRENT PERIOD	PRIOR PERIOD
Prepaid Expenses	389,443	363,379
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	26,710	5	866	-
Financial Assets at Fair Value through Profit or Loss	352	540	180	17,399
Banks	672	11,529	11,994	14,892
Interbank Money Markets	-	1	-	1
Financial Assets Available-for-Sale	1,036,656	14,863	1,327,998	69,904
Loans	1,439,128	653,153	1,110,738	608,296
Investments Held-to-Maturity	1,670,426	124,392	1,242,349	116,557
Other Accruals	8,099	-	5,054	-
Total	**4,182,043**	**804,483**	**3,699,179**	**827,049**

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

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 ACCOUNTS	TOTAL
Saving Deposits	**6,244,814**	**-**	**3,665,685**	**29,247,066**	**2,183,560**	**1,004,915**	**648,068**	**4,235**	**42,998,343**
Foreign Currency Deposits	**10,542,357**	**-**	**6,007,500**	**21,251,376**	**4,374,215**	**3,978,925**	**5,803,385**	**56,466**	**52,014,224**
Residents in Turkey	9,743,242	-	5,841,715	18,773,727	3,215,937	1,352,314	563,655	54,785	39,545,375
Residents in Abroad	799,115	-	165,785	2,477,649	1,158,278	2,626,611	5,239,730	1,681	12,468,849
Public Sector Deposits	**757,159**	**-**	**2,386**	**25,054**	**149**	**55**	**28**	**-**	**784,831**
Commercial Deposits	**5,327,908**	**-**	**2,997,233**	**5,755,260**	**266,108**	**222,962**	**642,621**	**-**	**15,212,092**
Other	**141,075**	**-**	**120,899**	**1,619,081**	**25,053**	**398,009**	**4,340**	**-**	**2,308,457**
Precious Metal Deposits	**1,467,539**	**-**	**958**	**52,885**	**19**	**2,041**	**100,285**	**-**	**1,623,727**
Bank Deposits	**1,902,904**	**-**	**455,715**	**346,384**	**2,174,233**	**257,984**	**229,087**	**-**	**5,366,307**
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,839	-	453,565	102,842	-	114,754	29,231	-	704,231
Foreign Banks	664,890	-	2,150	243,542	2,174,233	143,230	199,856	-	3,427,901
Special Financial Institutions	1,234,175	-	-	-	-	-	-	-	1,234,175
Other	-	-	-	-	-	-	-	-	-
Total	**26,383,756**	**-**	**13,250,376**	**58,297,106**	**9,023,337**	**5,864,891**	**7,427,814**	**60,701**	**120,307,981**

5.2.1.1 SAVING DEPOSITS AND OTHER DEPOSIT ACCOUNTS INSURED BY SAVING DEPOSIT INSURANCE FUND

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

	COVERED BY DEPOSIT INSURANCE		OVER DEPOSIT INSURANCE LIMIT	
	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
Saving Deposits	24,378,726	22,432,735	21,652,836	20,244,528
Foreign Currency Saving Deposits	8,175,797	6,086,988	27,111,189	18,217,256
Other Saving Deposits	590,229	999,391	576,940	575,691
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

5.2.1.2 SAVING DEPOSITS AT DOMESTIC BRANCHES OF FOREIGN BANKS IN TURKEY UNDER THE COVERAGE OF FOREIGN INSURANCE

None.

5.2.1.3 SAVING DEPOSITS NOT COVERED BY INSURANCE LIMITS

	CURRENT PERIOD	PRIOR PERIOD
Deposits and Other Accounts held at Foreign Branches	673,677	608,592
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	658,628	554,203
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	221,159	124,268	193,167	31,322
Swap transactions	1,093,920	350,255	667,600	463,857
Futures	-	3,320	-	649
Options	354,740	115,975	206,022	11,626
Other	-	-	-	-
Total	**1,669,819**	**593,818**	**1,066,789**	**507,454**

5.2.3 FUNDS BORROWED

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	259,222	331,117	223,949	265,357
Foreign Banks, Institutions and Funds	2,283,041	30,564,417	3,732,110	28,101,994
Total	**2,542,263**	**30,895,534**	**3,956,059**	**28,367,351**

5.2.3.1 MATURITIES OF FUNDS BORROWED

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Short-Term	259,222	660,528	399,929	8,208,084
Medium and Long-Term	2,283,041	30,235,006	3,556,130	20,159,267
Total	**2,542,263**	**30,895,534**	**3,956,059**	**28,367,351**

The Bank classified certain borrowings obtained through securitisations amounting to USD 2,000,000,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2015, the accumulated credit risk change and the credit risk change recognised in the income statement amounted to TL 127,296 thousands and TL 416,672 thousands, respectively. The carrying value of the related financial liability amounted to TL 5,688,704 thousands, and the related current period gain amounted to TL 416,672 thousands.

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

	TL		FC	
CURRENT PERIOD	**SHORT-TERM**	**MEDIUM AND LONG-TERM**	**SHORT-TERM**	**MEDIUM AND LONG-TERM**
Nominal	802,079	2,827,547	160,141	10,982,481
Cost	779,806	2,636,089	160,141	10,918,171
Carrying Value (*)	790,461	2,615,083	160,472	10,632,753

	TL		FC	
PRIOR PERIOD	**SHORT-TERM**	**MEDIUM AND LONG-TERM**	**SHORT-TERM**	**MEDIUM AND LONG-TERM**
Nominal	1,200,782	2,955,871	544,114	9,137,330
Cost	1,170,442	2,742,947	544,110	9,085,124
Carrying Value (*)	1,088,546	2,837,652	547,127	8,878,922

(*) The Bank repurchased its own TL securities with a total face value of TL 121,998 thousands (31 December 2014: TL 149,501 thousands) and foreign currency securities with a total face value of USD 206,730,000 (31 December 2014: USD 206,730,000) and netted off such securities in the accompanying financial statements.

The Bank classified certain securities amounting to TL 30,665 thousands and RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2015, the accumulated positive and negative credit risk changes and the positive credit risks changes recognised in the income statement amounted to TL 68 thousands and TL 2,584 thousands and TL 68 thousands and TL 297 thousands, respectively. The carrying value of the related financial liability amounted to TL 31,025 thousands and TL 27,419 thousands, and the related current period losses and gains amounted to TL 359 thousands and TL 496 thousands, respectively.

5.2.4.2 FUNDS PROVIDED THROUGH REPURCHASE TRANSACTIONS

	CURRENT PERIOD		PRIOR PERIOD	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**12,521,178**	**-**	**4,230,145**	**-**
Financial Institutions and Organizations	12,474,644	-	4,163,450	-
Other Institutions and Organizations	14,308	-	24,652	-
Individuals	32,226	-	42,043	-
Foreign Transactions	**75**	**2,546,908**	**667,001**	**6,488,774**
Financial Institutions and Organizations	-	2,546,908	666,879	6,488,774
Other Institutions and Organizations	-	-	120	-
Individuals	75	-	2	-
Total	**12,521,253**	**2,546,908**	**4,897,146**	**6,488,774**

5.2.4.3 MISCELLANEOUS PAYABLES

	CURRENT PERIOD		PRIOR PERIOD	
	TL	**FC**	**TL**	**FC**
Payables from credit card transactions	6,886,185	54,592	5,879,730	49,304
Other	246,079	1,149,996	249,575	683,543
Total	**7,132,264**	**1,204,588**	**6,129,305**	**732,847**

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	8,835	7,947	573	536
1-4 Years	3,150	3,021	3	2
More than 4 Years	-	-	-	-
Total	**11,985**	**10,968**	**576**	**538**

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	10,928	210,635	99,572	111,931
Cash Fow Hedges	-	28,928	-	67,880
Net Foreign Investment Hedges	-	-	-	-
Total	10,928	239,563	99,572	179,811

5.2.7 PROVISIONS

5.2.7.1 GENERAL PROVISIONS

	CURRENT PERIOD	PRIOR PERIOD
General Provision for	3,002,057	2,434,629
Loans and Receivables in Group I	2,499,552	2,105,409
-Additional Provision for Loans and Receivables with Extended Maturities	110,922	82,754
Loans and Receivables in Group II	350,733	188,973
-Additional Provision for Loans and Receivables with Extended Maturities	95,817	56,332
Non-Cash Loans	151,772	140,247
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	29,733	13,320
Medium and Long-Term Loans	11,412	11,208
Total	41,145	24,528

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	26,570	16,964
Doubtful Loans and Receivables	18,417	13,006
Uncollectible Loans and Receivables	57,122	78,911
Total	102,109	108,881

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	330,000	415,000

5.2.7.4.2 OTHER PROVISIONS

	CURRENT PERIOD	PRIOR PERIOD
Reserve for Employee Benefits	529,537	497,565
Provision for Promotion Expenses of Credit Cards (*)	86,809	82,436
Provision for Lawsuits	39,530	30,062
Other Provisions	160,022	215,021
Total	815,898	825,084

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

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 7 December 2015 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 2,408,349 thousands at 31 December 2015 (31 December 2014: TL 2,086,877 thousands) as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2015 as per the requirements of the Law explained in Note 3.17, the accounting policies related with "employee benefits" for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary's 7 December 2015 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 1,336,959 thousands (31 December 2014: TL 1,287,303 thousands) remains as of 31 December 2015 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 528,011 thousands (31 December 2014: TL 512,563 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2015. However, despite this treatment there are no excess obligation that needs to be provided against.

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

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 (*)	10.30	8.80
Inflation Rate (*)	7.10	6.10
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate (*)	7.10	6.10

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

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

5.2.8 TAX LIABILITY

5.2.8.1 CURRENT TAX LIABILITY

5.2.8.1.1 TAX LIABILITY
As of 31 December 2015, the Bank had a current tax liability of TL 364,223 thousands (31 December 2014: TL 426,915 thousands) after offsetting with prepaid taxes.

5.2.8.1.2 TAXES PAYABLE

	CURRENT PERIOD	PRIOR PERIOD
Corporate Taxes Payable	363,223	426,915
Taxation on Securities Income	110,161	86,086
Taxation on Real Estates Income	3,396	3,040
Banking Insurance Transaction Tax	96,852	76,956
Foreign Exchange Transaction Tax	74	68
Value Added Tax Payable	11,037	4,993
Others	71,798	60,005
Total	**657,541**	**658,063**

5.2.8.1.3 PREMIUMS

	CURRENT PERIOD	PRIOR PERIOD
Social Security Premiums-Employees	45	42
Social Security Premiums-Employer	55	52
Bank Pension Fund Premium-Employees	18	16
Bank Pension Fund Premium-Employer	18	18
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	964	782
Unemployment Insurance-Employer	1,941	1,649
Others	21	28
Total	**3,062**	**2,587**

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	-	159,792	-	140,766
Total	**-**	**159,792**	**-**	**140,766**

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.

5.2.11.8 SECURITIES VALUE INCREASE FUND

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Investments in Associates, Affiliates and Joint-Ventures	**681,119**	**(22,224)**	**332,193**	**(18,439)**
Valuation difference	73,280	(22,224)	(627)	(18,439)
Exchange rate difference	607,839	-	332,820	-
Securities Available-for-Sale	**(427,154)**	**210,219**	**82,568**	**57,234**
Valuation difference	(427,154)	210,219	82,568	57,234
Exchange rate difference	-	-	-	-
Total	**253,965**	**187,995**	**414,761**	**38,795**

5.2.11.9 REVALUATION SURPLUS

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	1,458,644	-	2,140	-
Gain on Sale of Investments in Associates and Affiliates and Real Estates allocated for Capital Increases	173,263	-	172,894	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 BONUS SHARES OF ASSOCIATES, AFFILIATES AND JOINT-VENTURES

	CURRENT PERIOD	PRIOR PERIOD
Garanti Yatırım Menkul Değerler AŞ	942	942
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Tat Konserve AŞ	36	36
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Total	**1,891**	**1,891**

5.2.11.11 LEGAL RESERVES

	CURRENT PERIOD	PRIOR PERIOD
I. Legal Reserve	958,189	956,682
II. Legal Reserve	210,140	174,440
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	19,159,612	16,119,685
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

5.2.12 ACCRUED INTEREST AND EXPENSES

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

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Deposits	347,088	159,767	356,411	126,504
Funds Borrowed	91,800	102,171	124,965	389,084
Interbank Money Markets	7,314	9,940	11,247	12,449
Other Accruals	63,557	704,653	74,176	554,889
Total	**509,759**	**976,531**	**566,799**	**1,082,926**

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 3,060,328 thousands (31 December 2014: TL 5,003,821 thousands), commitments for cheque payments of TL 3,063,159 thousands (31 December 2014: TL 2,874,901 thousands) and commitments for credit card limits of TL 26,826,339 thousands (31 December 2014: TL 25,643,188 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	17,332,578	15,065,503
Letters of Guarantee in TL	14,826,457	12,138,797
Letters of Credit	14,286,342	8,634,976
Bills of Exchange and Acceptances	1,538,069	815,887
Prefinancings	-	-
Other Guarantees	109,206	86,702
Total	**48,092,652**	**36,741,865**

A specific provision of TL 102,109 thousands (31 December 2014: TL 108,881 thousands) is made for unliquidated non-cash loans of TL 313,985 thousands (31 December 2014: TL 272,978 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	4,157,201	2,838,901
With Original Maturity of 1 Year or Less	454,207	402,876
With Original Maturity of More Than 1 Year	3,702,994	2,436,025
Other Non-Cash Loans	43,935,451	33,902,964
Total	**48,092,652**	**36,741,865**

5.3.1.4 SECTORAL RISK CONCENTRATION OF NON-CASH LOANS

	CURRENT PERIOD				PRIOR PERIOD			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	**59,203**	**0.40**	**20,610**	**0.06**	**60,259**	**0.49**	**18,947**	**0.08**
Farming and Stockbreeding	53,926	0.36	14,859	0.04	55,270	0.45	9,682	0.04
Forestry	3,897	0.03	5,066	0.02	3,528	0.03	4,723	0.02
Fishery	1,380	0.01	685	-	1,461	0.01	4,542	0.02
Manufacturing	**4,251,238**	**28.61**	**16,122,283**	**48.51**	**4,030,137**	**33.17**	**14,086,467**	**57.29**
Mining and Quarrying	151,428	1.02	164,179	0.49	115,972	0.95	271,787	1.11
Production	2,450,646	16.49	11,100,367	33.40	2,283,718	18.80	8,803,109	35.80
Electricity, Gas, Water	1,649,164	11.10	4,857,737	14.62	1,630,447	13.42	5,011,571	20.38
Construction	**2,091,782**	**14.08**	**3,665,678**	**11.03**	**1,608,826**	**13.24**	**2,997,222**	**12.19**
Services	**7,313,986**	**49.22**	**12,169,678**	**36.61**	**5,500,413**	**45.27**	**6,079,358**	**24.72**
Wholesale and Retail Trade	5,223,467	35.16	8,053,245	24.23	3,895,475	32.06	2,687,384	10.93
Accommodation and Dining	297,037	2.00	215,078	0.65	238,277	1.96	147,958	0.60
Transportation and Telecommunication	501,237	3.37	1,047,718	3.15	419,462	3.45	728,527	2.96
Financial Institutions	930,766	6.26	2,593,893	7.80	607,819	5.00	2,283,006	9.28
Real Estate and Rental Services	262,149	1.76	236,803	0.71	228,174	1.88	186,376	0.76
Professional Services	-	-	-	-	-	-	-	-
Educational Services	22,140	0.15	10,322	0.03	22,990	0.19	10,234	0.04
Health and Social Services	77,190	0.52	12,619	0.04	88,216	0.73	35,873	0.15
Others	**1,142,116**	**7.69**	**1,256,078**	**3.79**	**949,689**	**7.83**	**1,410,547**	**5.72**
Total	**14,858,325**	**100.00**	**33,234,327**	**100.00**	**12,149,324**	**100.00**	**24,592,541**	**100.00**

5.3.1.5 NON-CASH LOANS CLASSIFIED UNDER GROUP I AND II

	GROUP I		GROUP II	
CURRENT PERIOD	TL	FC	TL	FC
Non-Cash Loans	**14,710,093**	**32,526,428**	**148,232**	**707,899**
Letters of Guarantee	14,678,225	16,793,372	148,232	539,206
Bills of Exchange and Bank Acceptances	20,793	1,515,117	-	2,159
Letters of Credit	11,075	14,108,733	-	166,534
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	109,206	-	-

	GROUP I		GROUP II	
PRIOR PERIOD	TL	FC	TL	FC
Non-Cash Loans	**12,052,431**	**24,395,260**	**96,893**	**197,281**
Letters of Guarantee	12,041,904	14,871,540	96,893	193,963
Bills of Exchange and Bank Acceptances	9,600	803,128	-	3,159
Letters of Credit	927	8,633,890	-	159
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	86,702	-	-

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	-	800,000	1,482,385	12,130,687	9,657,969	24,071,041
Fair Value Hedges	-	-	2,000	4,457,333	8,246,516	12,705,849
Cash Flow Hedges	-	800,000	1,480,385	7,673,354	1,411,453	11,365,192
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency related Derivative Transactions (I)	75,660,824	33,923,846	60,404,687	13,344,189	-	183,333,546
Currency Forwards-Purchases	6,316,719	4,168,863	4,708,540	1,376,019	-	16,570,141
Currency Forwards-Sales	5,710,864	4,289,908	5,041,453	1,464,935	-	16,507,160
Currency Swaps-Purchases	25,553,116	2,474,359	5,021,481	1,631,533	-	34,680,489
Currency Swaps-Sales	22,029,744	2,482,660	5,585,839	1,711,599	-	31,809,842
Currency Options-Purchases	7,907,588	10,018,035	18,935,949	3,445,881	-	40,307,453
Currency Options-Sales	8,142,793	10,486,904	20,910,640	3,629,918	-	43,170,255
Currency Futures-Purchases	-	3,117	4,311	-	-	7,428
Currency Futures-Sales	-	-	196,474	84,304	-	280,778
Interest Rate related Derivative Transactions (II)	140	200,000	5,632,931	17,841,609	11,031,016	34,705,696
Interest Rate Swaps-Purchases	70	100,000	1,624,844	7,244,531	5,253,157	14,222,602
Interest Rate Swaps-Sales	70	100,000	1,624,844	7,244,531	5,253,157	14,222,602
Interest Rate Options-Purchases	-	-	2,383,243	3,352,547	524,702	6,260,492
Interest Rate Options-Sales	-	-	-	-	-	-
Securities Options-Purchases	-	-	-	-	-	-
Securities Options-Sales	-	-	-	-	-	-
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	4,694,860	459,682	672,330	1,613,206	4,362,000	11,802,078
B. Total Trading Derivatives (I+II+III)	80,355,824	34,583,528	66,709,948	32,799,004	15,393,016	229,841,320
Total Derivative Transactions (A+B)	80,355,824	35,383,528	68,192,333	44,929,691	25,050,985	253,912,361

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	-	-	683,517	10,927,869	5,819,168	17,430,554
Fair Value Hedges	-	-	683,517	3,815,434	4,338,089	8,837,040
Cash Flow Hedges	-	-	-	7,112,435	1,481,079	8,593,514
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency related Derivative Transactions (I)	56,352,980	25,124,292	43,371,292	11,068,637	-	135,917,201
Currency Forwards-Purchases	4,470,251	1,721,442	4,621,347	721,646	-	11,534,686
Currency Forwards-Sales	4,400,413	1,536,471	4,686,307	800,650	-	11,423,841
Currency Swaps-Purchases	19,946,721	4,963,974	6,976,251	3,143,962	-	35,030,908
Currency Swaps-Sales	16,863,036	4,984,200	7,120,045	3,447,238	-	32,414,519
Currency Options-Purchases	5,290,073	5,786,269	9,705,702	1,382,356	-	22,164,400
Currency Options-Sales	5,382,486	6,092,425	10,261,640	1,572,785	-	23,309,336
Currency Futures-Purchases	-	19,099	-	-	-	19,099
Currency Futures-Sales	-	20,412	-	-	-	20,412
Interest Rate related Derivative Transactions (II)	29,966	92,200	2,364,359	15,565,144	5,407,332	23,459,001
Interest Rate Swaps-Purchases	14,983	-	579,777	6,726,276	2,703,666	10,024,702
Interest Rate Swaps-Sales	14,983	-	579,777	6,726,276	2,703,666	10,024,702
Interest Rate Options-Purchases	-	-	1,204,805	2,112,592	-	3,317,397
Interest Rate Options-Sales	-	-	-	-	-	-
Securities Options-Purchases	-	-	-	-	-	-
Securities Options-Sales	-	-	-	-	-	-
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	92,200	-	-	-	92,200
Other Trading Derivatives (III)	3,299,635	670,392	198,642	1,152,500	3,457,500	8,778,669
B. Total Trading Derivatives (I+II+III)	59,682,581	25,886,884	45,934,293	27,786,281	8,864,832	168,154,871
Total Derivative Transactions (A+B)	59,682,581	25,886,884	46,617,810	38,714,150	14,684,000	185,585,425

5.3.3 CREDIT DERIVATIVES AND RISK EXPOSURES ON CREDIT DERIVATIVES

As of 31 December 2015, in the Bank's "other irrevocable commitments", there are commitments for "credit linked notes" with a total face value of USD 125,000,000 (31 December 2014: USD 425,000,000).

As of 31 December 2015, there are total return swaps of the Bank with a total face value of EUR (-) (31 December 2014: EUR 85,000,000) classified under "other derivative financial instruments", where the Bank is on the buying side of the protection.

As of 31 December 2015, there are total return swaps of the Bank with a total face value of USD 2,000,000,000 (31 December 2014: USD 2,000,000,000) classified under "other derivative financial instruments", where the Bank is on the selling side of the protection.

5.3.4 CONTINGENT LIABILITIES AND ASSETS

The Bank made a total provision amounting to TL 39,530 thousands (31 December 2014: TL 30,062 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 financials indicators such as CDS levels, currency exchange rates, interest rates etc. As of 31 December 2015, 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 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	4,183,325	159,098	3,178,882	156,526
Medium and long-term loans	6,413,920	2,840,011	5,314,493	2,417,034
Loans under follow-up	51,171	278	44,023	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**10,648,416**	**2,999,387**	**8,537,398**	**2,573,560**

(*) 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	-	3,308	-	-
Domestic Banks	30,032	410	33,797	579
Foreign Banks	6,382	33,280	78,192	27,215
Foreign Head Offices and Branches	-	-	-	-
Total	**36,414**	**36,998**	**111,989**	**27,794**

5.4.1.3 INTEREST INCOME FROM SECURITIES PORTFOLIO

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Financial Assets Held for Trading	10,443	4,888	20,533	14,003
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	1,728,714	84,849	1,874,621	86,569
Investments Held-to-Maturity	1,128,760	500,042	1,413,217	278,784
Total	**2,867,917**	**589,779**	**3,308,371**	**379,356**

5.4.1.4 INTEREST INCOME RECEIVED FROM ASSOCIATES AND AFFILIATES

	CURRENT PERIOD	PRIOR PERIOD
Interest Received from Investments in Associates and Affiliates	77,954	45,094

5.4.2 INTEREST EXPENSES

5.4.2.1 INTEREST EXPENSES ON FUNDS BORROWED (*)

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Banks	313,544	376,344	448,445	356,743
Central Bank of Turkey	-	206	-	2,229
Domestic Banks	15,541	6,846	15,245	7,958
Foreign Banks	298,003	369,292	433,200	346,556
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	245,691	-	187,698
Total	313,544	622,035	448,445	544,441

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

5.4.2.2 INTEREST EXPENSES PAID TO ASSOCIATES AND AFFILIATES

	CURRENT PERIOD	PRIOR PERIOD
Interest Paid to Investments in Associates and Affiliates	61,043	58,594

5.4.2.3 INTEREST EXPENSES ON SECURITIES ISSUED

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Interest Paid on Securities Issued	329,036	507,903	393,901	384,596

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	804	119,745	-	-	-	-	-	120,549
Saving Deposits	50	302,360	3,022,922	112,344	69,885	52,452	-	3,560,013
Public Sector Deposits	-	610	2,627	9	7	2	-	3,255
Commercial Deposits	15	295,937	491,563	19,507	34,160	44,989	-	886,171
Other	11	11,876	90,201	5,619	4,622	38,832	-	151,161
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	880	730,528	3,607,313	137,479	108,674	136,275	-	4,721,149
Foreign Currency								-
Foreign Currency Deposits	1,184	49,125	528,599	69,531	98,639	182,411	884	930,373
Bank Deposits	-	33,034	-	-	-	-	-	33,034
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	2	-	-	1,102	-	1,104
Total FC	1,184	82,159	528,601	69,531	98,639	183,513	884	964,511
Grand Total	2,064	812,687	4,135,914	207,010	207,313	319,788	884	5,685,660

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	633	88,233	-	-	-	-	-	88,866
Saving Deposits	25	291,466	2,532,474	211,522	58,629	48,713	-	3,142,829
Public Sector Deposits	-	330	956	53	20,409	2	-	21,750
Commercial Deposits	31	254,708	509,528	65,854	46,649	39,223	-	915,993
Other	13	12,609	54,831	3,159	59,485	74	-	130,171
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**702**	**647,346**	**3,097,789**	**280,588**	**185,172**	**88,012**	**-**	**4,299,609**
Foreign Currency								
Foreign Currency Deposits	889	44,918	404,969	89,040	105,655	96,552	1,014	743,037
Bank Deposits	-	59,010	-	-	-	-	-	59,010
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	8	-	4,018	392	-	4,418
Total FC	**889**	**103,928**	**404,977**	**89,040**	**109,673**	**96,944**	**1,014**	**806,465**
Grand Total	**1,591**	**751,274**	**3,502,766**	**369,628**	**294,845**	**184,956**	**1,014**	**5,106,074**

5.4.2.5 INTEREST EXPENSE ON REPURCHASE AGREEMENTS

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	647,663	53,228	694,565	59,109

5.4.2.6 FINANCIAL LEASE EXPENSES

	CURRENT PERIOD	PRIOR PERIOD
Financial Lease Expenses	746	69

5.4.2.7 INTEREST EXPENSES ON FACTORING PAYABLES

None.

5.4.3 DIVIDEND INCOME

	CURRENT PERIOD	PRIOR PERIOD
Trading Financial Assets	-	1
Financial Assets Valued at Fair Value through Profit or Loss	-	-
Financial Assets Available-for-Sale	722	610
Others	4,380	1,231
Total	**5,102**	**1,842**

5.4.4 TRADING INCOME/LOSSES (NET)

	CURRENT PERIOD	PRIOR PERIOD
Income	**95,127,805**	**35,003,441**
Trading Account Income	608,134	266,923
Gains from Derivative Financial Instruments	11,342,904	5,439,104
Foreign Exchange Gains	83,176,767	29,297,414
Losses (-)	**96,203,423**	**35,142,165**
Trading Account Losses	93,575	411,067
Losses from Derivative Financial Instruments	13,574,589	6,541,933
Foreign Exchange Losses	82,535,259	28,189,165
Total	**(1,075,618)**	**(138,724)**

TL 1,472,398 thousands (31 December 2014: TL 1,047,502 thousands) of foreign exchange gains and TL 1,559,011 thousands (31 December 2014: TL 1,153,209 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.

The Bank also enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for its eurobonds with a total face value of USD 300,000,000, funds borrowed amounting to USD 95,792,432 and EUR 44,736,844, securitization borrowings amounting to USD 160,416,667 and EUR 203,784,208 by designating cross currency swaps with the same face value amount and conditions, and eurobonds with a total nominal value of USD 10,000,000, and for the collateralised borrowings amounting to TL 900,000 thousands and USD 250,000,000 and borrowings amounting to USD 650,000,000 by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period, gains of TL 70,700 thousands (31 December 2014: a loss of TL 3,051 thousands) and TL 4,946 thousands (31 December 2014: a loss of TL 3,771 thousands) resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity, respectively.

The Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 395,094 thousands and USD 1,002,596,707 and EUR 29,500,000 and for its bonds with a total face value of TL 1,325,000 thousands and USD 167,900,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a gain of TL 65,397 thousands (31 December 2014: TL 39,256 thousands) and a loss of TL 48,755 thousands (31 December 2014: a gain of TL 42,104 thousands) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under net trading income/losses in the income statement, respectively.

In addition, the Bank also entered into cross currency swap agreements in order to hedge its fixed-rate bonds issued for a total principal value of AUD 175,000,000 and, RON 85,500,000 with the same face value amount and conditions. Accordingly, in the current period, a loss of TL 13,669 thousands (31 December 2014: TL 12,511 thousands) resulted from the fair value changes of the securities issued and funds borrowed subject to hedge accounting were accounted for under trading income/losses in the income statement.

5.4.5 OTHER OPERATING INCOME

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

In the current period, a part of non-performing receivables of the Bank amounting to TL 83,080 thousands were sold for a consideration of TL 19,494 thousands.

Considering the related provision of TL 80,711 thousands made in the financial statements, a gain of TL 17,079 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	**1,560,847**	**1,164,441**
Loans and Receivables in Group III	599,593	309,844
Loans and Receivables in Group IV	579,183	600,869
Loans and Receivables in Group V	382,071	253,728
General Provisions	**562,604**	**432,823**
Provision for Possible Losses	**-**	**105,000**
Impairment Losses on Securities	**5,112**	**1,250**
Financial Assets at Fair Value through Profit or Loss	5,112	1,250
Financial Assets Available-for-Sale	-	-
Impairment Losses on Associates, Affiliates and Investments Held-to-Maturity	**-**	**-**
Associates	-	-
Affiliates	-	-
Joint Ventures	-	-
Investments Held-to-Maturity	-	-
Others	**89,631**	**103,219**
Total	**2,218,194**	**1,806,733**

5.4.7 OTHER OPERATING EXPENSES

	CURRENT PERIOD	PRIOR PERIOD
Personnel Costs	2,215,481	1,928,327
Reserve for Employee Termination Benefits	38,820	28,277
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	55,541	4,082
Depreciation Expenses of Tangible Assets	190,476	178,004
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	37,054	33,820
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	1,792	1,941
Depreciation Expenses of Assets to be Disposed	5,097	3,192
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	2,510,202	1,996,628
Operational Lease related Expenses	347,498	297,813
Repair and Maintenance Expenses	60,144	50,562
Advertisement Expenses	134,316	111,612
Other Expenses (*)	1,968,244	1,536,641
Loss on Sale of Assets	3,241	2,816
Others (**)	825,597	601,976
Total	**5,883,301**	**4,779,063**

(*) Includes lawsuits, execution and other legal expenses beared by the Bank, of fees and commissions income recognized in prior years but reimbursed, in the amount of TL 55,340 thousands (31 December 2014: TL 33,819 thousands), as per the decision of the Turkish Competition Board or the related courts.

(**) Includes repayments, by the Bank in the current period, of fees and commissions income recognised in prior years in the amount of TL 254,480 thousands (31 December 2014: TL 185,085 thousands), as per the decision of the Turkish Competition Board or the related courts.

5.4.8 INFORMATION ON PROFIT/LOSS BEFORE TAXES FROM CONTINUED AND DISCONTINUED OPERATIONS

The profit before taxes includes a net interest income of TL 9,241,333 thousands (31 December 2014: TL 7,422,688 thousands), a net fees and commissions income of TL 2,922,551 thousands (31 December 2014: TL 2,949,020 thousands) and operating expenses of TL 5,871,417 thousands (31 December 2014: TL 4,779,063 thousands). The Bank's profit before taxes realized at TL 4,038,877 thousands (31 December 2014: TL 4,636,480 thousands) decreasing by 7.07% as compared to prior year.

5.4.9 INFORMATION ON PROVISION FOR TAXES FROM CONTINUED AND DISCONTINUED OPERATIONS

As of 31 December 2015, the Bank recorded a tax charge of TL 728,172 thousands (31 December 2014: TL 1,321,500 thousands) and a deferred tax charge of TL 174,198 thousands (31 December 2014: a deferred tax income of TL 359,131 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 (+)	106,758	276,003
Decrease in tax deductable timing differences (-)	(249,002)	(27,888)
Increase in taxable timing differences (-)	(87,954)	(16,781)
Decrease in taxable timing differences (+)	56,000	127,797
Total	**(174,198)**	**359,131**

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)	(142,244)	248,115
Increase/(decrease) in taxable timing differences (net)	(31,954)	111,016
Increase/(decrease) in tax losses (net)	-	-
Increase/(decrease) in tax deductions and exemptions (net)	-	-
Total	**(174,198)**	**359,131**

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 65,618 thousands (31 December 2014: a decrease of TL 44,701 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 290,260 thousands (31 December 2014: a decrease of TL 173,536 thousands) that was resulted from the foreign currency translation of the Bank, 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 2015, a decrease of TL 294,128 thousands (31 December 2014: an increase of TL 537,593 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 62,612 thousands (31 December 2014: a loss of TL 48,497 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	35,700	21,500
Transfers to Extraordinary Reserves from Prior Year Profits	3,039,465	2,841,798

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 1,903,517 thousands (31 December 2014: net cash inflow of TL 1,304,076 thousands). TL 1,899,696 thousands (31 December 2014: TL 3,234,149 thousands) of this amount is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 3,803,213 thousands (31 December 2014: TL 4,538,225 thousands) from the cash inflows resulted from operating profit. The "net inrease/(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 2,807,029 thousands (31 December 2014: TL 578,112 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 3,455,065 thousands (31 December 2014: TL 1,908,024 thousands).

The net cash inflows from financing activities is TL 243,904 thousands (31 December 2014: TL 2,495,233 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 640,544 thousands (31 December 2014: TL 528,895 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	**1,678,527**	**1,552,757**
Cash in TL	1,089,201	1,007,643
Cash in Foreign Currency	589,326	545,114
Cash Equivalents	**5,907,341**	**5,811,207**
Other	5,907,341	5,811,207
TOTAL	**7,585,868**	**7,363,964**

5.6.5 CASH AND CASH EQUIVALENTS AT END OF PERIOD

	CURRENT PERIOD	PRIOR PERIOD
Cash on Hand	**2,064,018**	**1,678,527**
Cash in TL	1,313,068	1,089,201
Cash in Foreign Currency	750,950	589,326
Cash Equivalents	**6,814,100**	**5,907,341**
Other	6,814,100	5,907,341
TOTAL	**8,878,118**	**7,585,868**

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 7,344,666 thousands (31 December 2014: TL 5,578,016 thousands) of which TL 96,799 thousands (31 December 2014: TL 108,410 thousands) and TL 65,058 thousands (31 December 2014: TL 50,066 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,182,809 thousands (31 December 2014: TL 5,419,540 thousands) as collateral against funds borrowed at various banks.

The blocked account at the Central Bank of Turkey with a principal of TL 20,101,723 thousands (31 December 2014: TL 19,595,598 thousands) is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold. The Bank also keeps a collateral of EUR 75,000,000 at the Central Bank of Turkey for borrowing activities in TL money market.

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, AFFILIATES AND JOINT-VENTURES		BANK'S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
Loans and Other Receivables	CASH	NON-CASH	CASH	NON-CASH	CASH	NON-CASH
Balance at beginning of period	3,318,634	1,522,279	399,748	316,606	1,537,174	702,845
Balance at end of period	3,837,790	2,197,037	52,056	827,462	2,047,670	467,468
Interest and Commission Income	78,697	376	655	8	101,329	282

PRIOR PERIOD

BANK'S RISK GROUP	ASSOCIATES, AFFILIATES AND JOINT-VENTURES		BANK'S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
Loans and Other Receivables	CASH	NON-CASH	CASH	NON-CASH	CASH	NON-CASH
Balance at beginning of period	3,811,321	1,586,707	9,250	264,878	454,736	472,119
Balance at end of period	3,318,634	1,522,279	399,748	316,606	1,537,174	702,845
Interest and Commission Income	45,464	285	286	9	72,438	1,047

5.7.1.2 DEPOSITS

BANK'S RISK GROUP	ASSOCIATES, AFFILIATES AND JOINT-VENTURES		BANK'S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
Deposits	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
Balance at beginning of period	681,112	651,174	535,204	304,643	349,385	330,572
Balance at end of period	687,407	681,112	336,153	535,204	543,360	349,385
Interest Expense	60,297	58,594	12,995	4,016	10,193	16,035

5.7.1.3 DERIVATIVE TRANSACTIONS

BANK'S RISK GROUP	ASSOCIATES, AFFILIATES AND JOINT-VENTURES		BANK'S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
TRANSACTIONS AT FAIR VALUE THROUGH PROFIT OR (LOSS):						
Balance at beginning of period	848,391	1,200,843	10,292,901	8,871,339	5,770	-
Balance at end of period	421,708	848,391	16,146,894	10,292,901	-	5,770
Total Profit/(Loss)	(327,241)	(132,802)	(50,088)	(102,479)	-	(56)
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 THE BANK'S RISK GROUP

5.7.2.1 RELATIONS WITH COMPANIES IN RISK GROUP OF/OR CONTROLLED BY THE BANK REGARDLESS OF NATURE OF CURRENT TRANSACTIONS

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

5.7.2.2 CONCENTRATION OF TRANSACTION VOLUMES AND BALANCES WITH RISK GROUP AND PRICING POLICY

The cash loans of the risk group amounting TL 3,132,513 thousands (31 December 2014: TL 2,543,637 thousands) compose 1.97% (31 December 2014: 1.90%) of the Bank's total cash loans and 1.23% (31 December 2014: 1.16%) of the Bank's total assets. The total loans and similar receivables amounting TL 5,937,516 thousands (31 December 2014: TL 5,255,556 thousands) compose 2.33% (31 December 2014: TL 2.40%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 3,491,967 thousands (31 December 2014: TL 2,541,730 thousands) compose 7.26% (31 December 2014: 6.92%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,566,920 thousands (31 December 2014: TL 1,565,701 thousands) compose 1.11% (31 December 2014: 1.30%) of the Bank's total deposits.

The funds borrowed by the Bank from its risk group amounting TL 10,142,189 thousands (31 December 2014: TL 9,074,365 thousands) compose 30.33% (31 December 2014: 28.07%) 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 137,353 thousands (31 December 2014: TL 88,494 thousands). A total rent income of TL 8,859 thousands (31 December 2014: TL 6,486 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 11,494 thousands (31 December 2014: TL 8,863 thousands) were incurred for the IT services rendered by the related parties. Banking services fees of TL 1,098 thousands (31 December 2014: TL 2,745 thousands) were recognized from the related parties.

Insurance brokerage fee of TL 112,082 thousands (31 December 2014: TL 93,413 thousands), shares brokerage fee of TL 67,498 thousands (31 December 2014: TL 70,413 thousands), leasing customer acquisition fee of TL 4,872 thousands (31 December 2014: TL 10,762 thousands), factoring customer acquisition fee of TL 2,828 thousands (31 December 2014: TL 3,131 thousands), fleet business customer acquisition fee of TL 357 thousands (31 December 2014: TL 578 thousands) and fund brokerage fee of TL 142 thousands (31 December 2014: -) were recognized as income from the services rendered for the affiliates.

Operating expenses of TL 8,952 thousands (31 December 2014: TL 10,790 thousands) for advertisement and broadcasting services, of TL 36,210 thousands (31 December 2014: TL 32,534 thousands) for operational leasing services, and of TL 15,246 thousands (31 December 2014: TL 13,616 thousands) for travelling services rendered by the related parties were recognized as expense.

As of 31 December 2015, the net payment provided or to be provided to the key management of the Bank amounts to TL 120,553 thousands (31 December 2014: TL 88,937 thousands) including compensations paid to key management personnel who left their position during the year.

5.7.2.3 OTHER MATTERS NOT REQUIRED TO BE DISCLOSED

None.

5.7.2.4 TRANSACTIONS ACCOUNTED FOR UNDER EQUITY METHOD

Please refer to Note 5.1.8 investments in affiliates.

5.7.2.5 ALL KIND OF AGREEMENTS SIGNED LIKE ASSET PURCHASES/SALES, SERVICE RENDERING, AGENCIES, LEASING, RESEARCH AND DEVELOPMENT, LICENCES, FUNDING, GUARANTEES, MANAGEMENT SERVICES

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

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

5.8 DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES OR EQUITY INVESTMENTS, AND FOREIGN REPRESENTATIVE OFFICES

5.8.1 DOMESTIC AND FOREIGN BRANCHES AND REPRESENTATIVE OFFICES

	NUMBER OF BRANCHES	NUMBER OF EMPLOYEES			
DOMECTIC BRANCHES	971	19,559			
			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	17,753,178	1,266,840
	1	12	2- Malta	28,704,976	-
	7	101	3- NCTR	1,141,655	15,520

5.8.2 OPENING OR CLOSING OF DOMESTIC AND FOREIGN BRANCHES AND REPRESENTATIVE OFFICES AND SIGNIFICANT CHANGES IN ORGANISATIONAL STRUCTURE

In 2015, 11 new domestic branches were opened and 33 branches were closed. The transfer of 23 investment centers to Garanti Yatırım is included in the number of closed branches.

5.9 MATTERS ARISING SUBSEQUENT TO BALANCE SHEET DATE

None.

6 OTHER DISCLOSURES ON ACTIVITIES OF THE BANK

6.1 BANK'S LATEST INTERNATIONAL RISK RATINGS

MOODY'S (28 SEPTEMBER 2015)

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

STANDARD AND POORS (7 AUGUST 2015)

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

FITCH RATINGS (31 JULY 2015)

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

(**) As of 1 December 2014, Fitch started positive follow-up for risk ratings.

JCR EURASIA RATINGS (20 MAY 2015)

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

6.2 DIVIDEND

As per the decision made at the annual general assembly of shareholders of the Bank on 9 April 2015, the distribution of the net profit of the year 2014, is as follows:

2014 PROFIT DISTRIBUTION TABLE	
2014 Net Profit	**3,200,248**
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(31,946)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(149,512)
D – Second dividend to the shareholders	(357,000)
E – Extraordinary reserves	(2,416,090)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(35,700)

6.3 OTHER DISCLOSURES

None.

7 DISCLOSURES ON INDEPENDENT AUDITORS' REPORT

7.1 DISCLOSURE ON INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements of the Bank as of 31 December 2015, 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 2 February 2016, is presented before the accompanying financial statements.

7.2 DISCLOSURES AND FOOTNOTES PREPARED BY INDEPENDENT ACCOUNTANTS

None.

CONSOLIDATED FINANCIAL REPORT

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

Türkiye Garanti Bankası Anonim Şirketi
And Its Financial Affiliates
Consolidated Financial Statements
As of and For the Year Ended
31 December 2015
With Independent Auditors' Report Thereon

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Sun Plaza, Bilim Sok. No:5
Maslak, Şişli 34398, İstanbul, Türkiye
Tel : (212) 336 60 00 Fax : (212) 336 60 10
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INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates (together will be referred as "the Group") as at 31 December 2015 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Bank management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulation" which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards for the matters not regulated by the aforementioned legislations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

BASIS FOR QUALIFIED OPINION

Subsequent to the reversal of TL 73,000 thousands in the current period the accompanying consolidated financial statements include a general reserve amounting to TL 342,000 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' QUALIFIED OPINION

In our opinion, except for the effect of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Garanti Bankası A.Ş. and its consolidated financial affiliates as at 31 December 2015 and the results of its operations and its cash flows for the year ended in accordance with the BRSA Accounting and Reporting Regulations.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January-31 December 2015 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

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.

Istanbul, 2 February 2016

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
MEMBER OF DELOITTE TOUCHE TOHMATSU LIMITED

Şule Firuzment Bekçe
Partner

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No:2 Beşiktaş 34340 İstanbul
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investorrelations@garanti.com.tr

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

AFFILIATES

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)**.

FERİT F. ŞAHENK	ALİ FUAT ERBİL	AYDIN GÜLER	AYLİN AKTÜRK	M. CÜNEYT SEZGIN	MANUEL PEDRO GALATAS SANCHEZ -HARGUINDEY
Board of Directors Chairman	General Manager	Executive Vice President Responsible of Financial Reporting	Coordinator	Audit Committee Member	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 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 971 domestic branches, nine 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 2015, group of companies under Banco Bilbao Vizcaya Argentaria SA ("BBVA") that currently owns 39.90% shares of the Bank, is named the BBVA Group (the Group) and it is the main shareholder.

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

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

Finally, in accordance with the terms of the agreement between BBVA and Doğuş Group which was previously disclosed on 19 November 2014, the sale of shares representing 14.89% of the share capital of the Bank with a face value of TL 625,380 thousands and 62,538,000,000 shares by the Doğuş Group to BBVA, has been completed on 27 July 2015. Following the acquisition, BBVA's stake in the Bank has reached to 39.90% and BBVA has become the main shareholder. The Bank has moved to "Foreign Deposit Banks" category from "Private Deposit Bank" category by BRSA.

Accordingly, as of balance sheet date, the Doğuş Group's interest in the share capital of the Bank is at 10%.

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

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

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

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

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

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

1.3 INFORMATION ON 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	25 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	33 years
Dr. Muammer Cüneyt Sezgin	Independent Member of BOD and Audit Committee	30.06.2004	PhD	27 years
Manuel Pedro Galatas Sanchez Harguindey	Independent Member of BOD and Audit Committee	05.05.2011	University	31 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	22 years
Maria Isabel Goiri Lartitegui	Member	27.07.2015	Master	25 years
Javier Bernal Dionis	Member	27.07.2015	Master	25 years
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	35 years
Sait Ergun Özen	Member	14.05.2003	University	28 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	23 years

CEO AND EXECUTIVE VICE PRESIDENTS(*):

NAME AND SURNAME	RESPONSIBILITY	APPOINTMENT DATE	EDUCATION	EXPERIENCE IN BANKING AND BUSINESS ADMINISTRATION
Ali Fuat Erbil	CEO	02.09.2015	PhD	23 years
Gökhan Erün	EVP-Corporate Banking and Treasury Deputy CEO	01.09.2005	Master	21 years
Onur Genç	EVP-Retail Banking Deputy CEO	20.03.2012	Master	16 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	33 years
Halil Hüsnü Erel	EVP-Technology, Operation Center, Marketing and Business Development	16.06.1997	University	40 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	25 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	21 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	21 years
Osman Nuri Tüzün	EVP- Human Resources, Customer Satisfaction and Support Services	19.08.2015	Master	23 years
Didem Başer	EVP-Digital Banking	20.03.2012	Master	20 years

(*) Ali Temel was appointed as EVP responsible for "Credit Risk Management Head" and Aydın Güler was appointed as EVP responsible for "Finance and Accounting". The processes regarding legal authorizations have not been finalized yet..

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
Banco Bilbao Vizcaya Argentaria SA	1,675,800	39.9000%	1,675,800	-
Doğuş Holding AŞ	259,846	6.1868%	259,846	-

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

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

1.5 SUMMARY INFORMATION ON 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 setforth 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 affiliates are subject to consolidation whereas as per the Turkish Accounting Standards, the investments in both financial and non-financial subsidiries 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 AFFILIATES

None.

TÜRKİYE GARANTİ BANKASI A.Ş. AND ITS FINANCIAL AFFILIATES

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2015

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

THOUSANDS OF TURKISH LIRA (TL)

	ASSETS	FOOTNOTES	CURRENT PERIOD 31 DECEMBER 2015			PRIOR PERIOD 31 DECEMBER 2014		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH AND BALANCES WITH CENTRAL BANK	5.1.1	2,259,681	23,026,956	25,286,637	1,760,060	23,432,509	25,192,569
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5.1.2	1,462,619	684,896	2,147,515	1,144,139	723,777	1,867,916
2.1	Financial assets held for trading		1,264,501	684,896	1,949,397	942,754	723,777	1,666,531
2.1.1	Government securities		102,196	21,974	124,170	73,423	8,112	81,535
2.1.2	Equity securities		61,002	-	61,002	72,940	-	72,940
2.1.3	Derivative financial assets held for trading		1,095,113	629,983	1,725,096	755,168	693,013	1,448,181
2.1.4	Other securities		6,190	32,939	39,129	41,223	22,652	63,875
2.2	Financial assets valued at fair value through profit or loss		198,118	-	198,118	201,385	-	201,385
2.2.1	Government securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans	5.1.5	198,118	-	198,118	201,385	-	201,385
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	5.1.3	925,430	15,380,736	16,306,166	1,796,433	11,066,991	12,863,424
IV.	INTERBANK MONEY MARKETS		18,715	61,651	80,366	25,692	84,551	110,243
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	61,069	61,069	-	80,446	80,446
4.3	Receivables from reverse repurchase agreements		18,715	582	19,297	25,692	4,105	29,797
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	5.1.4	19,311,243	5,444,527	24,755,770	19,276,594	4,253,710	23,530,304
5.1	Equity securities		36,852	311,899	348,751	34,867	63,742	98,609
5.2	Government securities		18,582,761	526,266	19,109,027	17,500,522	871,296	18,371,818
5.3	Other securities		691,630	4,606,362	5,297,992	1,741,205	3,318,672	5,059,877
VI.	LOANS	5.1.5	101,287,767	70,467,416	171,755,183	86,092,273	57,945,413	144,037,686
6.1	Loans		100,451,440	69,956,397	170,407,837	85,465,405	57,471,974	142,937,379
6.1.1	Loans to bank's risk group	5.7	331,184	1,782,214	2,113,398	153,890	1,402,013	1,555,903
6.1.2	Government securities		-	-	-	-	-	-
6.1.3	Other		100,120,256	68,174,183	168,294,439	85,311,515	56,069,961	141,381,476
6.2	Loans under follow-up		4,404,025	1,241,788	5,645,813	3,300,829	1,085,225	4,386,054
6.3	Specific provisions (-)		3,567,698	730,769	4,298,467	2,673,961	611,786	3,285,747
VII.	FACTORING RECEIVABLES	5.1.6	1,948,785	934,822	2,883,607	2,270,223	688,726	2,958,949
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	5.1.7	11,980,469	9,336,777	21,317,246	13,387,953	7,279,089	20,667,042
8.1	Government securities		11,966,880	5,810,098	17,776,978	13,360,951	4,641,023	18,001,974
8.2	Other securities		13,589	3,526,679	3,540,268	27,002	2,638,066	2,665,068
IX.	INVESTMENTS IN ASSOCIATES (Net)	5.1.8	37,258	3	37,261	37,258	3	37,261
9.1	Associates consolidated under equity accounting		-	-	-	-	-	-
9.2	Unconsolidated associates		37,258	3	37,261	37,258	3	37,261
9.2.1	Financial investments in associates		33,329	-	33,329	33,329	-	33,329
9.2.2	Non-financial investments in associates		3,929	3	3,932	3,929	3	3,932
X.	INVESTMENTS IN SUBSIDIARIES (Net)	5.1.9	114,236	1,166	115,402	114,236	847	115,083
10.1	Unconsolidated financial investments in affiliates		-	-	-	-	-	-
10.2	Unconsolidated non-financial investments in affiliates		114,236	1,166	115,402	114,236	847	115,083
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	1,475,673	3,575,919	5,051,592	1,249,559	2,904,844	4,154,403
12.1	Financial lease receivables		1,770,905	3,982,718	5,753,623	1,506,256	3,280,332	4,786,588
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		295,232	406,799	702,031	256,697	375,488	632,185
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	5.1.12	89,064	591,933	680,997	46,202	120,050	166,252
13.1	Fair value hedges		60,616	7,483	68,099	31,158	83	31,241
13.2	Cash flow hedges		28,448	584,450	612,898	15,044	119,967	135,011
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	5.1.13	3,268,338	144,551	3,412,889	1,413,743	136,620	1,550,363
XV.	INTANGIBLE ASSETS (Net)	5.1.14	229,407	24,224	253,631	212,982	24,370	237,352
15.1	Goodwill		6,388	-	6,388	6,388	-	6,388
15.2	Other intangibles		223,019	24,224	247,243	206,594	24,370	230,964
XVI.	INVESTMENT PROPERTY (Net)	5.1.15	298,970	8,125	307,095	296,191	-	296,191
XVII.	TAX ASSET		433,905	60,696	494,601	432,739	52,202	484,941
17.1	Current tax asset		9,384	21,594	30,978	58	9,231	9,289
17.2	Deferred tax asset	5.1.16	424,521	39,102	463,623	432,681	42,971	475,652
XVIII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.17	349,074	17,291	366,365	172,449	5,758	178,207
18.1	Asset held for resale		349,074	17,291	366,365	172,449	5,758	178,207
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	5.1.18	2,491,504	1,903,351	4,394,855	2,185,569	424,375	2,609,944
	TOTAL ASSETS		147,982,138	131,665,040	279,647,178	131,914,295	109,143,835	241,058,130

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

TÜRKİYE GARANTİ BANKASI A.Ş. AND ITS FINANCIAL AFFILIATES

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AT 31 DECEMBER 2015

(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 2015			PRIOR PERIOD 31 DECEMBER 2014		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	DEPOSITS	5.2.1	66,208,826	89,925,605	156,134,431	61,920,631	71,505,248	133,425,879
1.1	Deposits from bank's risk group	5.7	500,462	421,591	922,053	541,060	488,134	1,029,194
1.2	Other		65,708,364	89,504,014	155,212,378	61,379,571	71,017,114	132,396,685
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	1,710,457	912,146	2,622,603	1,073,132	1,027,639	2,100,771
III.	FUNDS BORROWED	5.2.3	3,454,721	35,905,174	39,359,895	5,740,980	32,047,561	37,788,541
IV.	INTERBANK MONEY MARKETS		12,971,931	3,595,865	16,567,796	4,900,797	7,120,368	12,021,165
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		426,678	-	426,678	-	-	-
4.3	Obligations under repurchase agreements	5.2.4	12,545,253	3,595,865	16,141,118	4,900,797	7,120,368	12,021,165
V.	SECURITIES ISSUED (Net)	5.2.4	4,540,183	10,971,414	15,511,597	4,843,784	9,594,572	14,438,356
5.1	Bills		1,925,100	160,472	2,085,572	2,038,716	-	2,038,716
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		2,615,083	10,810,942	13,426,025	2,805,068	9,594,572	12,399,640
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES	5.2.4	7,190,187	1,389,835	8,580,022	6,101,705	799,831	6,901,536
VIII.	OTHER EXTERNAL FUNDINGS PAYABLE		2,032,985	1,929,250	3,962,235	1,818,236	666,031	2,484,267
IX.	FACTORING PAYABLES	5.2.5	-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	5.2.6	-	-	-	-	-	-
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	10,928	239,563	250,491	99,572	179,811	279,383
11.1	Fair value hedges		10,928	210,635	221,563	99,572	111,931	211,503
11.2	Cash flow hedges		-	28,928	28,928	-	67,880	67,880
11.3	Net foreign investment hedges		-	-	-	-	-	-
XII.	PROVISIONS	5.2.8	4,444,409	150,563	4,594,972	3,988,461	120,827	4,109,288
12.1	General provisions		2,957,392	70,584	3,027,976	2,395,297	62,255	2,457,552
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		552,104	18,891	570,995	519,406	28,852	548,258
12.4	Insurance technical provisions (Net)		221,605	29,687	251,292	239,160	-	239,160
12.5	Other provisions		713,308	31,401	744,709	834,598	29,720	864,318
XIII.	TAX LIABILITY	5.2.9	660,910	38,678	699,588	670,717	36,446	707,163
13.1	Current tax liability		660,910	38,678	699,588	670,717	36,446	707,163
13.2	Deferred tax liability		-	-	-	-	-	-
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	-	159,792	159,792	-	140,766	140,766
XVI.	SHAREHOLDERS' EQUITY	5.2.12	30,807,168	396,588	31,203,756	26,528,862	132,153	26,661,015
16.1	Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2	Capital reserves		1,783,549	189,097	1,972,646	820,188	(11,063)	809,125
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		(427,264)	143,622	(283,642)	82,677	6,104	88,781
16.2.4	Revaluation surplus on tangible assets		1,760,634	5,249	1,765,883	175,034	-	175,034
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7	Bonus shares of associates, affiliates and joint-ventures		947	-	947	947	-	947
16.2.8	Hedging reserves (effective portion)		(258,346)	40,226	(218,120)	(169,856)	(17,167)	(187,023)
16.2.9	Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		695,698	-	695,698	719,506	-	719,506
16.3	Profit reserves		21,016,101	207,491	21,223,592	17,667,537	143,216	17,810,753
16.3.1	Legal reserves		1,199,314	27,314	1,226,628	1,157,675	22,279	1,179,954
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		19,164,305	3,860	19,168,165	16,161,553	1,638	16,163,191
16.3.4	Other profit reserves		652,482	176,317	828,799	348,309	119,299	467,608
16.4	Profit or loss		3,580,901	-	3,580,901	3,647,404	-	3,647,404
16.4.1	Prior periods profit/loss		-	-	-	-	-	-
16.4.2	Current period net profit/loss		3,580,901	-	3,580,901	3,647,404	-	3,647,404
16.5	Minority interest		226,617	-	226,617	193,733	-	193,733
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		134,032,705	145,614,473	279,647,178	117,686,877	123,371,253	241,058,130

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

TÜRKİYE GARANTİ BANKASI A.Ş. AND ITS FINANCIAL AFFILIATES

CONSOLIDATED OFF-BALANCE SHEET ITEMS AT 31 DECEMBER 2015

(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 2015			PRIOR PERIOD 31 DECEMBER 2014		
			TL	FC	TOTAL	TL	FC	TOTAL
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		150,726,280	239,794,120	390,520,400	124,389,720	179,316,627	303,706,347
I.	GUARANTEES AND SURETIES	5.3.1	14,860,696	34,072,026	48,932,722	12,149,325	25,579,872	37,729,197
1.1	Letters of guarantee		14,828,828	17,880,281	32,709,109	12,138,798	15,379,775	27,518,573
1.1.1	Guarantees subject to State Tender Law		-	1,099,700	1,099,700	-	883,228	883,228
1.1.2	Guarantees given for foreign trade operations		1,950,896	429,466	2,380,362	1,467,460	487,126	1,954,586
1.1.3	Other letters of guarantee		12,877,932	16,351,115	29,229,047	10,671,338	14,009,421	24,680,759
1.2	Bank acceptances		20,793	1,517,276	1,538,069	9,600	806,287	815,887
1.2.1	Import letter of acceptance		20,793	1,517,276	1,538,069	9,600	806,287	815,887
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		11,075	14,565,263	14,576,338	927	9,307,108	9,308,035
1.3.1	Documentary letters of credit		-	-	-	-	-	-
1.3.2	Other letters of credit		11,075	14,565,263	14,576,338	927	9,307,108	9,308,035
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		-	109,206	109,206	-	86,702	86,702
1.9	Other sureties		-	-	-	-	-	-
II.	COMMITMENTS		37,544,577	12,212,173	49,756,750	37,592,345	10,396,512	47,988,857
2.1	Irrevocable commitments		37,406,104	11,856,041	49,262,145	37,484,500	10,293,302	47,777,802
2.1.1	Asset purchase and sale commitments		35,604	3,211,242	3,246,846	1,584,514	3,862,326	5,446,840
2.1.2	Deposit purchase and sale commitments		-	16,628	16,628	-	-	-
2.1.3	Share capital commitments to associates and affiliates		-	5,297	5,297	-	6,059	6,059
2.1.4	Loan granting commitments		6,188,170	7,960,528	14,148,698	6,093,560	5,201,258	11,294,818
2.1.5	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		3,063,075	-	3,063,075	2,874,791	-	2,874,791
2.1.8	Tax and fund obligations on export commitments		20,529	-	20,529	15,861	-	15,861
2.1.9	Commitments for credit card limits		26,825,955	240,665	27,066,620	25,642,813	156,788	25,799,601
2.1.10	Commitments for credit cards and banking services related promotions		8,561	-	8,561	8,751	-	8,751
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		1,264,210	421,681	1,685,891	1,264,210	1,066,871	2,331,081
2.2	Revocable commitments		138,473	356,132	494,605	107,845	103,210	211,055
2.2.1	Revocable loan granting commitments		2,091	-	2,091	42,009	-	42,009
2.2.2	Other revocable commitments		136,382	356,132	492,514	65,836	103,210	169,046
III.	DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	98,321,007	193,509,921	291,830,928	74,648,050	143,340,243	217,988,293
3.1	Derivative financial instruments held for risk management		7,107,440	16,963,601	24,071,041	8,124,272	9,306,282	17,430,554
3.1.1	Fair value hedges		3,439,355	9,266,494	12,705,849	4,034,049	4,802,991	8,837,040
3.1.2	Cash flow hedges		3,668,085	7,697,107	11,365,192	4,090,223	4,503,291	8,593,514
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Trading derivatives		91,213,567	176,546,320	267,759,887	66,523,778	134,033,961	200,557,739
3.2.1	Forward foreign currency purchases/sales		13,657,205	19,440,673	33,097,878	10,086,437	12,426,784	22,513,221
3.2.1.1	Forward foreign currency purchases		5,309,452	11,274,973	16,584,425	4,430,102	6,884,095	11,314,197
3.2.1.2	Forward foreign currency sales		8,347,753	8,165,700	16,513,453	5,656,335	5,542,689	11,199,024
3.2.2	Currency and interest rate swaps		37,602,313	89,917,096	127,519,409	34,360,421	83,087,805	117,448,226
3.2.2.1	Currency swaps-purchases		14,376,034	34,129,707	48,505,741	10,210,965	37,447,942	47,658,907
3.2.2.2	Currency swaps-sales		19,580,059	26,224,265	45,804,324	19,879,952	25,536,137	45,416,089
3.2.2.3	Interest rate swaps-purchases		1,823,110	14,781,562	16,604,672	2,134,752	10,051,863	12,186,615
3.2.2.4	Interest rate swaps-sales		1,823,110	14,781,562	16,604,672	2,134,752	10,051,863	12,186,615
3.2.3	Currency, interest rate and security options		39,582,679	54,883,150	94,465,829	22,051,233	29,737,878	51,789,111
3.2.3.1	Currency call options		16,065,334	26,565,083	42,630,417	9,817,575	13,833,684	23,651,259
3.2.3.2	Currency put options		23,503,191	21,989,969	45,493,160	12,227,334	12,568,861	24,796,195
3.2.3.3	Interest rate call options		-	6,260,492	6,260,492	-	3,317,397	3,317,397
3.2.3.4	Interest rate put options		-	-	-	-	-	-
3.2.3.5	Security call options		3,466	33,803	37,269	3,384	8,968	12,352
3.2.3.6	Security put options		10,688	33,803	44,491	2,940	8,968	11,908
3.2.4	Currency futures		4,381	283,825	288,206	19,583	19,928	39,511
3.2.4.1	Currency futures-purchases		3,965	3,463	7,428	-	19,099	19,099
3.2.4.2	Currency futures-sales		416	280,362	280,778	19,583	829	20,412
3.2.5	Interest rate futures		-	-	-	-	92,200	92,200
3.2.5.1	Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sales		-	-	-	-	92,200	92,200
3.2.6	Others		366,989	12,021,576	12,388,565	6,104	8,669,366	8,675,470
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		548,874,581	417,680,618	966,555,199	506,774,603	374,807,156	881,581,759
IV.	ITEMS HELD IN CUSTODY		48,947,357	33,749,852	82,697,209	42,007,900	24,449,530	66,457,430
4.1	Customers' securities held		14,374,137	-	14,374,137	8,268,224	-	8,268,224
4.2	Investment securities held in custody		19,795,650	13,838,529	33,634,179	21,117,192	6,385,801	27,502,993
4.3	Checks received for collection		12,307,476	2,576,003	14,883,479	10,523,739	2,096,471	12,620,210
4.4	Commercial notes received for collection		2,234,925	1,215,680	3,450,605	1,974,573	895,388	2,869,961
4.5	Other assets received for collection		71,631	13,190,928	13,262,559	67,738	13,485,525	13,553,263
4.6	Assets received through public offering		-	70,813	70,813	-	56,584	56,584
4.7	Other items under custody		163,538	2,857,899	3,021,437	56,434	1,529,761	1,586,195
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGED ITEMS		499,927,224	383,930,766	883,857,990	464,766,703	350,357,626	815,124,329
5.1	Securities		4,292,190	319,059	4,611,249	3,621,592	14,069	3,635,661
5.2	Guarantee notes		39,074,083	13,088,941	52,163,024	41,904,628	12,401,652	54,306,280
5.3	Commodities		3,142	-	3,142	2,234	-	2,234
5.4	Warranties		-	292,681	292,681	-	771,718	771,718
5.5	Real estates		113,104,394	71,837,629	184,942,023	94,933,475	69,794,029	164,727,504
5.6	Other pledged items		343,453,245	298,391,829	641,845,074	324,304,604	267,375,657	591,680,261
5.7	Pledged items-depository		170	627	797	170	501	671
VI.	CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET ITEMS (A+B)		699,600,861	657,474,738	1,357,075,599	631,164,323	554,123,783	1,185,288,106

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

TÜRKİYE GARANTİ BANKASI A.Ş. AND ITS FINANCIAL AFFILIATES

CONSOLIDATED INCOME STATEMENT
AT 31 DECEMBER 2015

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

			THOUSANDS OF TURKISH LIRA (TL)	
	INCOME AND EXPENSE ITEMS	**FOOTNOTES**	**CURRENT PERIOD 1 JANUARY 2015- 31 DECEMBER 2015**	**PRIOR PERIOD 1 JANUARY 2014- 31 DECEMBER 2014**
I.	**INTEREST INCOME**	5.4.1	**18,945,730**	**16,518,449**
1.1	Interest income on loans		14,296,710	11,807,301
1.2	Interest income on reserve deposits		65,562	3,656
1.3	Interest income on banks		162,585	202,074
1.4	Interest income on money market transactions		5,905	5,378
1.5	Interest income on securities portfolio		3,609,862	3,818,985
1.5.1	Trading financial assets		21,770	35,468
1.5.2	Financial assets valued at fair value through profit or loss		-	-
1.5.3	Financial assets available-for-sale		1,971,919	2,091,457
1.5.4	Investments held-to-maturity		1,616,173	1,692,060
1.6	Financial lease income		397,158	354,267
1.7	Other interest income		407,948	326,788
II.	**INTEREST EXPENSE**	5.4.2	**8,687,681**	**8,147,616**
2.1	Interest on deposits		5,827,205	5,292,865
2.2	Interest on funds borrowed		1,165,403	1,228,320
2.3	Interest on money market transactions		734,010	767,805
2.4	Interest on securities issued		942,191	846,976
2.5	Other interest expenses		18,872	11,650
III.	**NET INTEREST INCOME (I - II)**		**10,258,049**	**8,370,833**
IV.	**NET FEES AND COMMISSIONS INCOME**		**2,964,732**	**2,989,885**
4.1	Fees and commissions received		3,901,833	3,796,761
4.1.1	Non-cash loans		303,717	271,934
4.1.2	Others		3,598,116	3,524,827
4.2	Fees and commissions paid		937,101	806,876
4.2.1	Non-cash loans		3,312	1,391
4.2.2	Others		933,789	805,485
V.	**DIVIDEND INCOME**	5.4.3	**5,399**	**2,066**
VI.	**NET TRADING INCOME/LOSSES (Net)**	5.4.4	**(830,631)**	**(60,275)**
6.1	Trading account income/losses (Net)		590,974	5,714
6.2	Income/losses from derivative financial instruments (Net)		(2,318,751)	(1,106,098)
6.3	Foreign exchange gains/losses (Net)		897,146	1,040,109
VII.	**OTHER OPERATING INCOME**	5.4.5	**1,509,520**	**1,073,935**
VIII.	**TOTAL OPERATING PROFIT (III+IV+V+VI+VII)**		**13,907,069**	**12,376,444**
IX.	**PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)**	5.4.6	**2,642,365**	**2,185,140**
X.	**OTHER OPERATING EXPENSES (-)**	5.4.7	**6,605,217**	**5,421,599**
XI.	**NET OPERATING PROFIT/LOSS (VIII-IX-X)**		**4,659,487**	**4,769,705**
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	**4,659,487**	**4,769,705**
XVI.	**PROVISION FOR TAXES (±)**	5.4.9	**1,044,373**	**1,090,824**
16.1	Current tax charge		830,414	1,449,083
16.2	Deferred tax charge/(credit)		213,959	(358,259)
XVII.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)**	5.4.10	**3,615,114**	**3,678,881**
XVIII.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
18.1	Income from assets held for sale		-	-
18.2	Income from sale of associates, affiliates and joint-ventures		-	-
18.3	Others		-	-
XIX.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
19.1	Expenses on assets held for sale		-	-
19.2	Expenses on sale of associates, affiliates and joint-ventures		-	-
19.3	Others		-	-
XX.	**PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)**	5.4.8	**-**	**-**
XXI.	**PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)**	5.4.9	**-**	**-**
21.1	Current tax charge		-	-
21.2	Deferred tax charge/(credit)		-	-
XXII.	**NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI) DISCONTINUED OPERATIONS (XX±XXI)**	5.4.10	**-**	**-**
XXIII.	**NET PROFIT/LOSS (XVII+XXII)**	5.4.11	**3,615,114**	**3,678,881**
23.1	Equity holders of the bank		3,580,901	3,647,404
23.2	Minority interest		34,213	31,477
	Earnings per Share		**0.853**	**0.868**

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

TÜRKİYE GARANTİ BANKASI A.Ş. AND ITS FINANCIAL AFFILIATES

'CONSOLIDATED STATEMENT OF INCOME/EXPENSE ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY
AT 31 DECEMBER 2015

(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 2015 - 31 DECEMBER 2015**	**PRIOR PERIOD 1 JANUARY 2014 - 31 DECEMBER 2014**
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(480,125)	716,176
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	1,605,420	730
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	332,435	(203,184)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	82,023	(55,876)
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(120,894)	55,535
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(23,788)	(52,792)
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	100,910	(120,067)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	1,495,981	340,522
XI.	CURRENT PERIOD PROFIT/LOSSES	3,615,114	3,678,881
1.1	Net changes in fair value of securities (transferred to income statement)	109,041	54,416
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	55,132	-
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	3,450,941	3,624,465
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	5,111,095	4,019,403

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

THOUSANDS OF TURKISH LIRA (TL)

	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Inflation Adjustment 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	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
	PRIOR PERIOD - 1 January-31 December 2014																			
I.	Balances at beginning of the period		4,200,000	772,554	11,880		(1,153,154)		13,315,508	632,351		3,314,434	(494,431)	174,304	947	(227,350)		22,853,351	162,818	23,016,169
II.	Correction made as per TAS 8								(41,747)			51,775				40,600		50,628		50,628
2.1.	Effect of corrections																			
2.2.	Effect of changes in accounting policies								(41,747)			51,775				40,600		50,628		50,628
III.	Adjusted balances at beginning of the period (I+II)		4,200,000	772,554	11,880		(1,153,154)		13,273,761	632,351		3,366,209	(494,431)	174,304	947	(186,750)		22,903,979	162,818	23,066,797
	Changes during the period	5.5																		
IV.	Mergers																			
V.	Market value changes of securities												583,212					583,212	26	583,238
VI.	Hedging reserves									(55,444)						(273)		(55,717)		(55,717)
6.1.	Cash flow hedge															(44,701)		(44,701)		(44,701)
6.2.	Hedge of net investment in foreign operations									(55,444)						44,428		(11,016)		(11,016)
VII.	Revaluation surplus on tangible assets													730				730		730
VIII.	Revaluation surplus on intangible assets																			
IX.	Bonus shares of associates, affiliates and joint-ventures																			
X.	Translation differences						(2,752)		(81)	(144,907)								(147,740)		(147,740)
XI.	Changes resulted from disposal of assets																			
XII.	Changes resulted from resclassification of assets																			
XIII.	Effect of change in equities of associates on bank's equity																			
XIV.	Capital increase																			
14.1.	Cash																			
14.2.	Internal sources																			
XV.	Share issuance																			
XVI.	Share cancellation profits																			
XVII.	Capital reserves from inflation adjustments to paid-in capital																			
XVIII.	Others								11,900	(51,486)								(39,586)	(403)	(39,989)
XIX.	Current period net profit/loss										3,647,404							3,647,404	31,477	3,678,881
XX.	Profit distribution						29,552		2,877,611	34,046		(3,366,209)						(425,000)	(185)	(425,185)
20.1.	Dividends											(425,000)						(425,000)	(185)	(425,185)
20.2.	Transfers to reserves						29,552		2,877,611			(2,907,163)								
20.3.	Others									34,046		(34,046)								
	Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880		(1,179,954)		16,163,191	414,560	3,647,404		88,781	175,034	947	(187,023)		26,467,282	193,733	26,661,015
	CURRENT PERIOD - 1 January-31 December 2015																			
I.	Balances at beginning of the period		4,200,000	772,554	11,880		(1,179,954)		16,163,191	414,560		3,647,404	88,781	175,034	947	(187,023)		26,467,282	193,733	26,661,015
	Changes during the period	5.5																		
II.	Mergers																			
III.	Market value changes of securities												(372,423)					(372,423)	5	(372,418)
IV.	Hedging reserves									191,954						(31,097)		160,857		160,857
4.1.	Cash flow hedge															65,618		65,618		65,618
4.2.	Hedge of net investment in foreign operations									191,954						(96,715)		95,239		95,239
V.	Revaluation surplus on tangible assets													1,590,849				1,590,849		1,590,849
VI.	Revaluation surplus on intangible assets																			
VII.	Bonus shares of associates, affiliates and joint-ventures																			
VIII.	Translation differences						2,875		315	137,291								140,481		140,481
IX.	Changes resulted from disposal of assets																			
X.	Changes resulted from resclassification of assets																			
XI.	Effect of change in equities of associates on bank's equity																			
XII.	Capital increase																			
12.1.	Cash																			
12.2.	Internal sources																			
XIII.	Share issuance																			
XIV.	Share cancellation profits																			
XV.	Capital reserves from inflation adjustments to paid-in capital																			
XVI.	Others									(23,808)								(23,808)	20	(23,788)
XVII.	Current period net profit/loss										3,580,901							3,580,901	34,213	3,615,114
XVIII.	Profit distribution						43,799		3,004,659	31,946		(3,647,404)						(567,000)	(1,354)	(568,354)
18.1.	Dividends											(567,000)						(567,000)	(1,354)	(568,354)
18.2.	Transfers to reserves						43,799		3,004,659			(3,048,458)								
18.3.	Others									31,946		(31,946)								
	Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880		(1,226,628)		19,168,165	751,943	3,580,901		(283,642)	1,765,883	947	(218,120)		30,977,139	226,617	31,203,756

TÜRKİYE GARANTİ BANKASI A.Ş. AND ITS FINANCIAL AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 DECEMBER 2015

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

			THOUSANDS OF TURKISH LIRA (TL)	
		FOOTNOTES	CURRENT PERIOD 1 JANUARY 2015 31 DECEMBER 2015	PRIOR PERIOD 1 JANUARY 2014 31 DECEMBER 2014
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	**Operating profit before changes in operating assets and liabilities**	5.6	**4,295,892**	**5,740,267**
1.1.1	Interests received		18,093,803	15,609,682
1.1.2	Interests paid		(9,051,033)	(7,664,660)
1.1.3	Dividend received		5,399	2,066
1.1.4	Fees and commissions received		3,901,833	3,796,761
1.1.5	Other income		1,988,138	719,982
1.1.6	Collections from previously written-off loans and other receivables		91,969	110,429
1.1.7	Payments to personnel and service suppliers		(5,519,024)	(4,547,330)
1.1.8	Taxes paid		(1,139,790)	(1,314,614)
1.1.9	Others		(4,075,403)	(972,049)
1.2	**Changes in operating assets and liabilities**	5.6	**(1,684,836)**	**(3,827,950)**
1.2.1	Net (increase) decrease in financial assets held for trading		(12,079)	27,153
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		(1,782,004)	(984,630)
1.2.4	Net (increase) decrease in loans		(29,603,414)	(16,411,843)
1.2.5	Net (increase) decrease in other assets		(2,594,373)	(2,464,570)
1.2.6	Net increase (decrease) in bank deposits		(140,250)	372,881
1.2.7	Net increase (decrease) in other deposits		22,825,800	13,766,556
1.2.8	Net increase (decrease) in funds borrowed		6,564,452	(523,626)
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		3,057,032	2,390,129
I.	**Net cash flow from banking operations**	5.6	**2,611,056**	**1,912,317**
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	**Net cash flow from investing activities**	5.6	**(2,328,036)**	**(4,347,134)**
2.1	Cash paid for purchase of associates, affiliates and joint-ventures		-	(150)
2.2	Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3	Purchases of tangible assets		(561,310)	(401,097)
2.4	Sales of tangible assets		129,503	97,596
2.5	Cash paid for purchase of financial assets available-for-sale, net		(8,206,716)	(16,575,537)
2.6	Cash obtained from sale of financial assets available-for-sale, net		6,616,005	17,443,736
2.7	Cash paid for purchase of investments held-to-maturity		(3,277,512)	(6,563,021)
2.8	Cash obtained from sale of investments held-to-maturity		2,971,994	1,651,339
2.9	Others		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	**Net cash flow from financing activities**		**463,710**	**3,149,692**
3.1	Cash obtained from funds borrowed and securities issued		8,742,941	12,431,655
3.2	Cash used for repayment of funds borrowed and securities issued		(7,710,787)	(8,856,710)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(568,354)	(425,185)
3.5	Payments for financial leases		(90)	(68)
3.6	Others		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**994,091**	**500,784**
V.	**Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)**	5.6	**1,740,821**	**1,215,659**
VI.	**Cash and cash equivalents at beginning of period**	5.6	**9,999,761**	**8,784,102**
VII.	**Cash and cash equivalents at end of period (V+VI)**	5.6	**11,740,582**	**9,999,761**

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

3 ACCOUNTING POLICIES

3.1 BASIS OF PRESENTATION

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

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis except for financial instuments at fair value through profit or loss, financial assets available for sale, real estates and investments in associates and affiliates valued at equity basis of accounting or 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 3.24.

3.2 STRATEGY FOR USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

3.2.1 STRATEGY FOR USE OF FINANCIAL INSTRUMENTS

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

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

The fundamental strategy to manage the liquidity risk that may incur due to short-term structure of funding, is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The 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 2015, 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 increased its shareholding to 100% through a further acquisition of 0.04% of the company's shares on 21 October 2014.

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 Kredi Bankası AŞ owns 9.78% of the company's shares and the remaining 8.38% shares are held by public.

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

Garanti Yatırım was established in 1991 to perform brokerage activities for marketable securities, valuable papers and documents representing financial values or financial commitments of issuing parties other than securities. The company's head office is in Istanbul. It is wholly owned by the Bank. Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.30%, 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 Doğuş Holding AŞ in May 2010. As of 27 January 2011 the consolidated affiliate's legal named changed to Garanti Holding BV from D Netherlands BV.

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

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

3.4 FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

3.4.1 DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR TRADING

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

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

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

3.4.2 DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR RISK MANAGEMENT

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

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

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

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

3.5 INTEREST INCOME AND EXPENSES

General

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

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

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

Financial lease operations

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

3.6 FEES AND COMMISSIONS

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

3.7 FINANCIAL ASSETS

3.7.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

3.7.2 INVESTMENTS HELD-TO-MATURITY, FINANCIAL ASSETS AVAILABLE-FOR-SALE AND LOANS AND RECEIVABLES

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

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

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

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

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

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

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

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

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

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

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

3.8 IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

3.9 NETTING AND DERECOGNITION OF FINANCIAL INSTRUMENTS

3.9.1 NETTING OF FINANCIAL INSTRUMENTS

In cases where the fair values of trading securities, securities available-for-sale, securities quoted at the stock exchanges, associates and affiliates 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.

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 subtantially and the control of the transferred asset is maintained, the retained interest in asset and associated liability for amounts that may have to be paid, is recognized. If all the risks and rewards of ownership of a transferred financial asset is retained substantially the financial asset is continued to be recognized and a collateralized borrowing for the proceeds received is also recognized.

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

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

3.10 REPURCHASE AND RESALE AGREEMENTS AND SECURITIES LENDING

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

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

3.11 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED BORROWINGS

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

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

3.12 GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

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

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

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

3.13 TANGIBLE ASSETS

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

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

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

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

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

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

Depreciation rates and estimated useful lives of tangible assets are presented below. Depreciation method in use was not changed in the current period.

TANGIBLE ASSETS	ESTIMATED USEFUL LIVES (YEARS)	DEPRECIATION RATES %
Buildings	50	2
Vaults	50	2
Motor Vehicles	5-7	15-20
Other Tangible Assets	4-20	5-25

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

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

Investment properties

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

Investment properties accounted at fair value are not depreciated.

3.14 LEASING ACTIVITIES

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

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

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

3.15 PROVISIONS AND CONTINGENT LIABILITIES

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

3.16 CONTINGENT ASSETS

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank 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 BENEFITSR

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 2015	31 DECEMBER 2014
Net Effective Discount Rate	2.99%	2.36%
Discount Rate	10.30%	8.60%
Expected Rate of Salary Increase	8.60%	7.60%
Inflation Rate	7.10%	6.10%

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

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

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

Retirement benefit obligations

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

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

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

	31 DECEMBER 2015	
	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.

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

b) Other benefits not transferable to SSF

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

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

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

3.18 TAXATION

3.18.1 CORPORATE TAX

In Turkey, effective from 1 January 2006, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductable 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 taxes payable is calculated by the obligating firm and the calculation is shown at the tax declaration form that is due till the following year's September and the payment is done till this date.

LUXEMBOURG

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 7% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 7.50% of the taxable income. The tax returns do not include any tax amounts to be paid. The tax calculation is done by the tax office and the amount to be paid is declared to corporate through an official letter called Note. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

Tax applications for foreign financial affiliates

THE NETHERLANDS

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

RUSSIA

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

ROMANIA

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

3.18.2 DEFERRED TAXES

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

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

The deferred tax assets and liabilities of the Bank and its consolidated affiliates 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.

3.19 FUNDS BORROWED

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

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

3.20 SHARES AND SHARE ISSUANCES

None.

3.21 CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

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

3.22 GOVERNMENT INCENTIVES

As of 31 December 2015, the Bank or its financial affiliates do 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 name of Visa and Mastercard, virtual cards and also American Express credit cards and "Paracard" debit cards with Maestro, Electron, Visa and Mastercard brand names, are available.

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

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

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

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

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

CURRENT PERIOD	RETAIL BANKING	CORPORATE / COMMERCIAL BANKING	INVESTMENT BANKING	OTHER	TOTAL OPERATIONS
Total Operating Profit	4,908,424	4,544,172	1,342,593	3,106,481	13,901,670
Other	-	-	-	-	-
Total Operating Profit	**4,908,424**	**4,544,172**	**1,342,593**	**3,106,481**	**13,901,670**
Net Operating Profit	(191,414)	2,103,688	1,005,203	1,736,611	4,654,088
Income from Associates and Affiliates	-	-	-	5,399	5,399
Net Operating Profit	**(191,414)**	**2,103,688**	**1,005,203**	**1,742,010**	**4,659,487**
Provision for Taxes	-	-	-	1,044,373	1,044,373
Net Profit	**(191,414)**	**2,103,688**	**1,005,203**	**697,637**	**3,615,114**
Segment Assets	54,964,113	115,782,773	79,127,377	29,620,252	279,494,515
Investments in Associates and Affiliates	-	-	-	152,663	152,663
Total Assets	**54,964,113**	**115,782,773**	**79,127,377**	**29,772,915**	**279,647,178**
Segment Liabilities	99,097,088	57,963,972	71,210,474	20,171,888	248,443,422
Shareholders' Equity	-	-	-	31,203,756	31,203,756
Total Liabilities and Shareholders' Equity	**99,097,088**	**57,963,972**	**71,210,474**	**51,375,644**	**279,647,178**

PRIOR PERIOD	RETAIL BANKING	CORPORATE / COMMERCIAL BANKING	INVESTMENT BANKING	OTHER	TOTAL OPERATIONS
Total Operating Profit	3,867,463	4,035,498	1,557,509	2,913,908	12,374,378
Other	-	-	-	-	-
Total Operating Profit	**3,867,463**	**4,035,498**	**1,557,509**	**2,913,908**	**12,374,378**
Net Operating Profit	366,142	2,028,080	981,835	1,391,582	4,767,639
Income from Associates and Affiliates	-	-	-	2,066	2,066
Net Operating Profit	**366,142**	**2,028,080**	**981,835**	**1,393,648**	**4,769,705**
Provision for Taxes	-	-	-	1,090,824	1,090,824
Net Profit	**366,142**	**2,028,080**	**981,835**	**302,824**	**3,678,881**
Segment Assets	48,782,409	95,669,419	73,992,308	22,461,650	240,905,786
Investments in Associates and Affiliates	-	-	-	152,344	152,344
Total Assets	**48,782,409**	**95,669,419**	**73,992,308**	**22,613,994**	**241,058,130**
Segment Liabilities	83,063,109	50,345,874	64,438,463	16,549,669	214,397,115
Shareholders' Equity	-	-	-	26,661,015	26,661,015
Total Liabilities and Shareholders' Equity	**83,063,109**	**50,345,874**	**64,438,463**	**43,210,684**	**241,058,130**

3.24 OTHER DISCLOSURES

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

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

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

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

The Bank presented the clients' investments in pension funds amounting to TL 6,164,056 thousands (31 December 2013: TL 4,309,289 thousands) accounted under assets of its affiliate in pension business and the corresponding liabilities to those clients amounting to TL 6,164,056 thousands (31 December 2013: TL 4,309,289 thousands) on a net basis as per the requirements of TAS 39 .

The effects of the adjusting entries on the prior years' consolidated financial statements are as follows:

31 DECEMBER 2014	**REPORTED**	**CORRECTION**	**RESTATED**
Investment Property	120,258	175,933	296,191
Deferred Tax Asset	450,957	24,695	475,652
Other Assets	8,803,533	(6,193,589)	2,609,944
Total Assets	**247,051,091**	**(5,992,961)**	**241,058,130**
Miscellaneous Payables	13,020,070	(6,118,534)	6,901,536
Other Provisions	772,691	91,627	864,318
Hedging Reserve (Effective Portion)	(216,607)	29,584	(187,023)
Extraordinary Reserves	16,153,163	10,028	16,163,191
Current Period Net Profit/Loss	3,684,547	(5,666)	3,678,881
Total Liabilities and Shareholders' Equity	**247,051,091**	**(5,992,961)**	**241,058,130**
Foreign Exchange Gains/Losses (net)	1,026,340	13,769	1,040,109
Other Operating Income	1,035,874	38,059	1,073,935
Other Operating Expense	5,355,550	66,049	5,421,599
Provision for Taxes	1,099,377	(8,553)	1,090,824
Current period net profit/loss	**3,684,547**	**(5,666)**	**3,678,881**

31 DECEMBER 2013	**REPORTED**	**CORRECTION**	**RESTATED**
Investment Property	121,671	137,873	259,544
Deferred Tax Asset	213,620	13,232	226,852
Other Assets	7,672,784	(4,333,163)	3,339,621
Total Assets	**221,482,286**	**(4,182,058)**	**217,300,228**
Miscellaneous Payables	10,014,836	(4,269,686)	5,745,150
Other Provisions	660,149	37,000	697,149
Hedging Reserve (Effective Portion)	(227,350)	40,600	(186,750)
Extraordinary Reserves	13,315,508	(41,747)	13,273,761
Current Period Net Profit/Loss	3,314,434	51,775	3,366,209
Total Liabilities and Shareholders' Equity	**221,482,286**	**(4,182,058)**	**217,300,228**
Foreign Exchange Gains/Losses (net)	286,262	(40,600)	245,662
Other Operating Income	936,109	172,881	1,108,990
Other Operating Expense	4,796,858	100,633	4,897,491
Provision for Taxes	1,030,946	(20,127)	1,010,819
Current period net profit/loss	**3,338,793**	**51,775**	**3,390,568**

4 CONSOLIDATED FINANCIAL POSITION AND RESULTS OF OPERATIONS

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 13.53% as of 31 December 2015 (31 December 2014: 13.86%) (unconsolidated capital adequacy ratio 15.03% (31 December 2014: 15.23%)).

4.1.1 RISK MEASUREMENT METHODS IN CALCULATION OF CONSOLIDATED CAPITAL ADEQUACY RATIO

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

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

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

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

In the calculation of the value at credit risk for the derivative financial instruments and the credit derivaties 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	-	-	2,133,044	24,121,583	28,762,481	111,416,563	9,250,035	19,141,730	1,617,358
Exposure Categories	55,176,759	-	10,665,220	48,243,166	38,349,975	111,416,563	6,166,690	9,570,865	646,943
Conditional and unconditional exposures to central governments or central banks	52,618,239	-	14	7,141,275	-	329,113	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,354	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	53,434	-	-	-
Conditional and unconditional exposures to multilateral development banks	215,512	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	9,252,936	10,283,992	-	8,711	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,352,315	3,501,515	-	94,600,733	-	-	-
Conditional and unconditional retail exposures	-	-	2,290	5,232	38,349,975	5,665,900	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	27,305,418	-	-	-	-	-
Past due items	-	-	-	5,734	-	554,834	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	37,894	6,166,690	9,570,865	646,943
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	34,434	-	-	-	-	16,339	-	-	-
Other items	2,308,574	-	311	-	-	10,149,605	-	-	-

PRIOR PERIOD	RISK WEIGHTS								
	PARENT BANK ONLY								
	%0	%10	%20	%50	%75	%100	%150	%200	%250
Value at Credit Risk	-	-	1,994,956	19,039,877	25,107,898	86,887,374	6,390,335	24,511,860	1,308,088
Exposure Categories	52,312,514	-	9,974,782	38,079,754	33,477,197	86,887,374	4,260,223	12,255,930	523,235
Conditional and unconditional exposures to central governments or central banks	49,904,231	-	13	7,253,564	-	3	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,913	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	18	-	-	-	-	46,942	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,333,300	7,456,944	-	8,024	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,578,473	2,294,483	-	75,926,104	-	-	-
Conditional and unconditional retail exposures	-	-	4,874	4,868	33,477,197	4,930,885	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	21,066,535	-	-	-	-	-
Past due items	-	-	-	3,360	-	435,309	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	15,394	4,260,223	12,255,930	523,235
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	33,877	-	-	-	-	20,574	-	-	-
Other items	2,374,388	-	209	-	-	5,504,139	-	-	-

CURRENT PERIOD	RISK WEIGHTS								
	CONSOLIDATED								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	2,437,234	27,116,748	30,212,965	122,578,041	10,131,806	20,901,790	1,999,465
Exposure Categories	59,223,592	-	12,186,170	54,233,496	40,283,953	122,578,041	6,754,537	10,450,895	799,786
Conditional and unconditional exposures to central governments or central banks	56,526,946	-	55,111	7,649,467	-	329,113	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,355	21,831	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	75,128	-	-	-
Conditional and unconditional exposures to multilateral development banks	218,523	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	10,366,258	13,459,983	-	121,499		-	-
Conditional and unconditional exposures to corporates	-	-	1,704,845	4,336,629	-	109,192,496	-	-	-
Conditional and unconditional retail exposures	-	-	2,290	7,122	40,283,953	5,678,550	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	28,740,396	-	-	-	-	-
Past due items	-	-	-	12,996	-	893,427	-	-	-
Items in regulatory high-risk categories	-	-	-	5,072	-	78,397	6,754,537	10,450,895	799,786
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	34,434	-	-	-	-	16,339	-	-	-
Other items	2,443,689	-	311	-	-	6,193,092	-	-	-

PRIOR PERIOD	RISK WEIGHTS								
	CONSOLIDATED								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	2,213,814	21,416,054	26,159,304	97,444,184	7,005,683	26,179,756	1,650,978
Exposure Categories	55,778,982	-	11,069,072	42,832,107	34,879,074	97,444,184	4,670,455	13,089,878	660,391
Conditional and unconditional exposures to central governments or central banks	53,247,959	-	13	7,580,693	-	3	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,914	28,904	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	18	-	-	-	-	74,890	-	-	-
Conditional and unconditional exposures to multilateral development banks	2,822	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	9,536,626	10,260,700	-	59,084	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,469,436	2,613,734	-	88,829,927	-	-	-
Conditional and unconditional retail exposures	-	-	4,874	5,575	34,879,074	4,944,567	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	22,319,792	-	-	-	-	-
Past due items	-	-	-	7,361	-	687,841	-	-	-
Items in regulatory high-risk categories	-	-	-	15,348	-	249,823	4,670,455	13,089,878	660,391
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	33,877	-	-	-	-	20,574	-	-	-
Other items	2,494,306	-	209	-	-	2,577,475	-	-	-

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)	15,715,423	13,219,231
Capital Requirement for Market Risk (MRCR)	538,475	367,344
Capital Requirement for Operational Risk (ORCR)	1,352,494	1,187,245
Total Capital	33,079,379	28,116,657
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	15.03%	15.23%
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	14.08%	14.17%
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	14.12%	14.24%

	CONSOLIDATED	
	CURRENT PERIOD	PRIOR PERIOD (*)
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	17,230,244	14,565,582
Capital Requirement for Market Risk (MRCR)	594,293	335,458
Capital Requirement for Operational Risk (ORCR)	1,496,632	1,312,809
Total Capital	32,666,510	28,096,277
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	13.53%	13.86%
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.82%	12.77%
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.88%	12.86%

(*) The effects of restatements in prior years' financial statements as disclosed under Note 3.24 are not reflected.

4.1.4 COMPONENTS OF CONSOLIDATED TOTAL CAPITAL

	CURRENT PERIOD	PRIOR PERIOD(*)
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Reserves	20,601,493	17,253,772
Other Comprehensive Income according to TAS	2,898,321	368,368
Profit	3,584,869	3,508,591
Current Period Profit	3,584,869	3,508,591
Prior Period Profit	-	-
General Reserves for Possible Losses	342,000	415,000
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	947	947
Minority Interests	52,967	60,262
Common Equity Tier I Capital Before Deductions	**32,465,031**	**26,591,374**
DEDUCTIONS FROM COMMON EQUITY TIER I CAPITAL		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	1,149,635	368,736
Leasehold Improvements on Operational Leases (-)	112,593	109,750
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	82,299	39,781
Net Deferred Tax Asset/Liability (-)	10,702	6,352
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	1,424	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	**1,356,653**	**524,619**
Total Common Equity Tier I Capital	**31,108,378**	**26,066,755**
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Additional Tier I Capital before Deductions	-	-
DEDUCTIONS FROM ADDITIONAL TIER I CAPITAL		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Additional Tier I Capital in cases where there are no adequate Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-

	CURRENT PERIOD	PRIOR PERIOD(*)
DEDUCTIONS FROM TIER I CAPITAL		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	123,450	159,123
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	16,053	25,414
Total Tier I Capital	**30,968,875**	**25,882,218**
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	125,559	125,501
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-	-
General Provisions	2,692,226	2,275,872
Shares of Third Parties in Tier II Capital	-	-
Tier II Capital before Deductions	**2,817,785**	**2,401,373**
DEDUCTIONS FROM TIER II CAPITAL		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	**-**	**-**
Total Tier II Capital	**2,817,785**	**2,401,373**
CAPITAL BEFORE DEDUCTIONS		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	84	87
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	60,286	32,423
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	92,294	72,811
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other items to be Defined by the BRSA (-)	50,949	25,448
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	916,537	56,545
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL	**32,666,510**	**28,096,277**
Amounts lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	453,572	430,950

(*) The effects of restatements in prior years' financial statements as disclosed under Note 3.24 are not reflected.

4.1.5 COMPONENTS OF TOTAL CAPITAL SUBJECT TO TEMPORARY APPLICATIONS

CURRENT PERIOD	PARENT BANK ONLY		CONSOLIDATED	
	AMOUNT INCLUDED IN TOTAL CAPITAL CALCULATION	TOTAL AMOUNT	AMOUNT INCLUDED IN TOTAL CAPITAL CALCULATION	TOTAL AMOUNT
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	125,559	158,355	125,559	158,355

4.1.6 APPROACHES FOR ASSESSMENT OF ADEQUACY OF INTERNAL CAPITAL REQUIREMENTS FOR CURRENT AND FUTURE ACTIVITIES

The Bank's process of internal capital requirements is assessed both on bank-only and consolidated basis separately under the regulation on the "Internal Systems and Internal Capital Adequacy Assesment Processes of Banks" (ICAAP) published in the Official Gazette no. 29057 dated 11 July 2014. 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 current capital structure and the targets and strategies for the future are assessed considering its operations and risks every year-end covering the next three years and reported to the BRSA in the month of March.

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, counterparty and operational risks directly affecting its legal capital adequcy 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 that the Bank or its consolidated financial affiliates work with, 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 Avarage	39.60	40.26
Average	50.04	53.43
Below Average	10.36	6.31
Total	**100.00**	**100.00**

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	70,609,578	67,653,950
Conditional and unconditional exposures to regional governments or local authorities	81,536	86,096
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	76,402	73,306
Conditional and unconditional exposures to multilateral development banks	1,095,933	558,742
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	40,142,857	37,650,416
Conditional and unconditional exposures to corporates	127,818,761	123,112,954
Conditional and unconditional retail exposures	46,270,013	44,971,714
Conditional and unconditional exposures secured by real estate property	28,757,418	26,368,855
Past due items	921,533	802,981
Items in regulatory high-risk categories	18,201,102	18,229,194
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	50,773	49,314
Other items	8,637,092	6,571,012

(*) 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	65,170,583	64,677,767
Conditional and unconditional exposures to regional governments or local authorities	86,876	96,514
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	81,755	81,711
Conditional and unconditional exposures to multilateral development banks	2,822	4,311
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	30,440,546	30,875,668
Conditional and unconditional exposures to corporates	102,754,591	98,186,208
Conditional and unconditional retail exposures	40,660,815	37,941,317
Conditional and unconditional exposures secured by real estate property	22,411,223	21,524,664
Past due items	696,156	665,905
Items in regulatory high-risk categories	18,839,063	17,923,701
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	54,451	50,297
Other items	5,071,990	4,718,653

(*) 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".

The parent Bank and its financial affiliates' largest 100 and 200 cash loan customers compose 23.57% (31 December 2014: 22.53%) and 30.59% (31 December 2014: 29.22%) of the total cash loan portfolio, respectively.

The parent Bank and its financial affiliates' largest 100 and 200 non-cash loan customers compose 54.19% (31 December 2014: 52.00%) and 63.20% (31 December 2014: 61.76%) 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 8.46% (31 December 2014: 7.92%) and 10.87% (31 December 2014: 10.31%) of the total "on and off balance sheet" assets, respectively.

The general provision for consolidated credit risk amounts to TL 3,027,976 thousands (31 December 2014: TL 2,457,552 thousands).

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	64,918,516	15,668,165	107,985,847	45,171,400	27,313,408	16,588,646	8,803,337	**286,449,319**
European Union (EU) Countries	5,125,240	20,873,507	7,314,859	893,674	1,422,581	1,407,526	1,642,582	**38,679,969**
OECD Countries(**)	45	303,900	2,874,992	5,001	3,301	13,380	21,496	**3,222,115**
Off-Shore Banking Regions	-	2,483	356,369	1,882	-	54,060	5,830	**420,624**
USA, Canada	726	1,814,080	2,061,866	2,523	6,666	2,512	9,472	**3,897,845**
Other Countries	565,051	1,477,488	1,774,067	195,533	11,462	134,978	369,085	**4,527,664**
Associates, Subsidiaries and Joint –Ventures	-	3,234	5,450,761	-	-	-	11,467	**5,465,462**
Unallocated Assets/ Liabilities (***)	-	-	-	-	-	-	-	**-**
Total	**70,609,578**	**40,142,857**	**127,818,761**	**46,270,013**	**28,757,418**	**18,201,102**	**10,863,269**	**342,662,998**

	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	61,223,463	7,296,808	87,389,617	39,775,729	21,167,494	17,277,434	5,490,110	**239,620,655**
European Union (EU) Countries	3,616,793	19,018,630	5,747,295	673,827	1,233,598	1,334,284	444,929	**32,069,356**
OECD Countries(**)	34	1,823,818	1,552,226	3,456	1,830	129	-	**3,381,493**
Off-Shore Banking Regions	-	24,845	390,581	2,699	-	37,620	15	**455,760**
USA, Canada	628	1,614,735	1,525,778	32,567	2,912	6,174	9,814	**3,192,608**
Other Countries	329,665	648,203	1,418,419	172,537	5,389	183,422	38,037	**2,795,672**
Associates, Subsidiaries and Joint –Ventures	-	13,507	4,730,675	-	-	-	11,145	**4,755,327**
Unallocated Assets/ Liabilities (***)	-	-	-	-	-	-	-	**-**
Total	**65,170,583**	**30,440,546**	**102,754,591**	**40,660,815**	**22,411,223**	**18,839,063**	**5,994,050**	**286,270,871**

(*) 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.

4.2.2 RISK PROFILE BY SECTORS OR COUNTERPARTIES

	EXPOSURE CATEGORIES (*)																		
CURRENT PERIOD (**)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TP	YP	Toplam
Agriculture	**-**	**7,835**	**-**	**-**	**-**	**-**	**782,937**	**464,363**	**390,236**	**39,906**	**73,510**	**-**	**-**	**-**	**-**	**-**	**1,097,788**	**660,999**	**1,758,787**
Farming and Stockbreeding	-	-	-	-	-	-	646,516	410,751	359,198	39,575	67,386	-	-	-	-	-	1,012,149	511,277	1,523,426
Forestry	-	7,835	-	-	-	-	34,614	33,426	18,643	113	774	-	-	-	-	-	29,214	66,191	95,405
Fishery	-	-	-	-	-	-	101,807	20,186	12,395	218	5,350	-	-	-	-	-	56,425	83,531	139,956
Manufacturing	**5**	**-**	**4**	**-**	**-**	**-**	**51,086,181**	**4,426,128**	**3,830,229**	**320,016**	**394,744**	**-**	**-**	**-**	**-**	**-**	**16,055,855**	**44,001,452**	**60,057,307**
Mining and Quarrying	-	-	-	-	-	-	1,671,336	191,110	134,900	53,229	16,480	-	-	-	-	-	573,579	1,493,476	2,067,055
Production	-		3	-	-	-	26,895,150	4,161,823	3,561,264	236,006	373,747	-	-	-	-	-	13,539,294	21,688,699	35,227,993
Electricity, Gas and Water	5	-	1	-	-	-	22,519,695	73,195	134,065	30,781	4,517	-	-	-	-	-	1,942,982	20,819,277	22,762,259
Construction	**-**	**40**	**209**	**-**	**-**	**-**	**6,968,450**	**1,906,155**	**2,869,988**	**73,910**	**184,239**	**-**	**-**	**-**	**-**	**-**	**6,283,384**	**5,719,607**	**12,002,991**
Services	**405**	**211**	**25,989**	**1,095,933**	**-**	**39,313,339**	**57,714,265**	**10,685,498**	**10,627,059**	**345,416**	**1,289,151**	**-**	**-**	**-**	**50,773**	**-**	**49,608,331**	**71,539,708**	**121,148,039**
Wholesale and Retail Trade	366	-	319	-	-	-	24,707,308	8,174,887	5,246,480	225,190	608,593	-	-	-	-	-	21,410,618	17,552,525	38,963,143
Accomodation and Dining	-	-	298	-	-	-	3,568,482	543,114	2,332,252	49,259	80,657	-	-	-	-	-	1,857,626	4,716,436	6,574,062
Transportation and Telecommunication	-	211	4	-	-	-	10,435,918	1,387,036	854,310	35,635	97,271	-	-	-	-	-	3,223,989	9,586,396	12,810,385
Financial Institutions	-	-	-	1,095,933	-	39,313,339	12,896,746	76,859	59,425	8,373	446,408	-	-	-	50,773	-	20,297,583	33,650,273	53,947,856
Real Estate and Rental Services	-	-	-	-	-	-	4,026,164	140,476	1,632,391	6,531	13,395	-	-	-	-	-	1,212,179	4,606,778	5,818,957
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	2	-	25,085	-	-	-	437,330	85,278	200,020	8,863	11,054	-	-	-	-	-	599,075	168,557	767,632
Health and Social Services	37	-	283	-	-	-	1,642,317	277,848	302,181	11,565	31,773	-	-	-	-	-	1,007,261	1,258,743	2,266,004
Others	**70,609,168**	**73,450**	**50,200**	**-**	**-**	**829,518**	**11,266,928**	**28,787,869**	**11,039,906**	**142,285**	**16,259,458**	**-**	**-**	**-**	**-**	**8,637,092**	**102,203,336**	**45,492,538**	**147,695,874**
Total	**70,609,578**	**81,536**	**76,402**	**1,095,933**	**-**	**40,142,857**	**127,818,761**	**46,270,013**	**28,757,418**	**921,533**	**18,201,102**	**-**	**-**	**-**	**50,773**	**8,637,092**	**175,248,694**	**167,414,304**	**342,662,998**

(*) 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- Securitisation positions

14- Short term exposures to banks, brokerage houses and corporates

15- Exposures in the form of collective investment undertakings

16- Other receivables

	EXPOSURE CATEGORIES (*)																		
PRIOR PERIOD (**)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TP	YP	Toplam
Agriculture	**-**	**3,733**	**-**	**-**	**-**	**-**	**1,000,943**	**513,196**	**323,523**	**19,995**	**52,122**	**-**	**-**	**-**	**-**	**-**	**991,573**	**921,939**	**1,913,512**
Farming and Stockbreeding	-	-	-	-	-	-	924,812	475,743	307,267	19,576	50,612	-	-	-	-	-	950,949	827,061	1,778,010
Forestry	-	3,733	-	-	-	-	16,689	28,001	10,516	354	813	-	-	-	-	-	23,843	36,263	60,106
Fishery	-	-	-	-	-	-	59,442	9,452	5,740	65	697	-	-	-	-	-	16,781	58,615	75,396
Manufacturing	**4**	**663**	**4**	**-**	**-**	**-**	**47,662,777**	**4,079,907**	**3,254,275**	**213,371**	**516,680**	**-**	**-**	**-**	**-**	**-**	**14,265,232**	**41,462,449**	**55,727,681**
Mining and Quarrying	-	-	-	-	-	-	1,377,444	195,966	115,940	16,914	63,732	-	-	-	-	-	494,256	1,275,740	1,769,996
Production	-	663	3	-	-	-	27,151,188	3,811,312	2,983,800	195,122	444,236	-	-	-	-	-	12,214,483	22,371,841	34,586,324
Electricity, Gas and Water	4	-	1	-	-	-	19,134,145	72,629	154,535	1,335	8,712	-	-	-	-	-	1,556,493	17,814,868	19,371,361
Construction	**-**	**-**	**18**	**-**	**-**	**-**	**4,634,959**	**1,786,385**	**1,836,063**	**65,622**	**144,105**	**-**	**-**	**-**	**-**	**-**	**5,072,015**	**3,395,137**	**8,467,152**
Services	**288**	**275**	**44,255**	**2,822**	**-**	**29,609,251**	**40,885,291**	**9,503,386**	**8,336,583**	**265,157**	**1,167,135**	**-**	**-**	**-**	**54,451**	**-**	**32,906,241**	**56,962,653**	**89,868,894**
Wholesale and Retail Trade	277	-	358	-	-	-	13,727,206	7,256,530	4,090,821	166,084	517,287	-	-	-	-	-	17,132,252	8,626,311	25,758,563
Accomodation and Dining	-	-	374	-	-	-	2,810,298	467,613	1,910,122	46,831	55,985	-	-	-	-	-	1,406,485	3,884,738	5,291,223
Transportation and Telecommunication	-	275	29	-	-	-	8,854,583	1,205,475	649,243	34,087	88,667	-	-	-	-	-	2,714,622	8,117,737	10,832,359
Financial Institutions	-	-	-	2,822	-	29,609,251	10,097,283	96,997	35,028	896	434,958	-	-	-	54,451	-	9,280,663	31,051,023	40,331,686
Real Estate and Rental Services	-	-	-	-	-	-	3,412,583	96,110	1,246,935	5,941	10,907	-	-	-	-	-	846,436	3,926,040	4,772,476
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	3	-	31,384	-	-	-	342,276	77,544	172,062	850	29,902	-	-	-	-	-	523,539	130,482	654,021
Health and Social Services	8	-	12,110	-	-	-	1,641,062	303,117	232,372	10,468	29,429	-	-	-	-	-	1,002,244	1,226,322	2,228,566
Others	**65,170,291**	**82,205**	**37,478**	**-**	**-**	**831,295**	**8,570,621**	**24,777,941**	**8,660,779**	**132,011**	**16,959,021**	**-**	**-**	**-**	**-**	**5,071,990**	**87,452,617**	**42,841,015**	**130,293,632**
Total	**65,170,583**	**86,876**	**81,755**	**2,822**	**-**	**30,440,546**	**102,754,591**	**40,660,815**	**22,411,223**	**696,156**	**18,839,063**	**-**	**-**	**-**	**54,451**	**5,071,990**	**140,687,678**	**145,583,193**	**286,270,871**

(*) 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- Securitisation positions
14- Short term exposures to banks, brokerage houses and corporates
15- Exposures in the form of collective investment undertakings
16- Other receivables

4.2.3 ANALYSIS OF MATURITY-BEARING EXPOSURES ACCORDING TO REMAINING MATURITIES

CURRENT PERIOD		TERM TO MATURITY					DEMAND	TOTAL
	EXPOSURE CATEGORIES (*)	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	6,881,816	20,527,333	223,550	3,497,122	34,014,294	5,465,463	**70,609,578**
2	Conditional and unconditional exposures to regional governments or local authorities	4,299	15	1,186	733	74,954	349	**81,536**
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1,315	2,349	1,761	41,811	28,404	762	**76,402**
4	Conditional and unconditional exposures to multilateral development banks	-	-	-	-	1,095,933	-	**1,095,933**
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	**-**
6	Conditional and unconditional exposures to banks and brokerage houses	14,445,998	2,951,136	3,435,926	3,655,692	14,973,596	680,509	**40,142,857**
7	Conditional and unconditional exposures to corporates	9,813,989	10,419,058	11,392,679	21,222,867	73,870,577	1,099,591	**127,818,761**
8	Conditional and unconditional retail exposures	10,842,651	4,230,092	6,257,224	4,131,880	14,600,094	6,208,072	**46,270,013**
9	Conditional and unconditional exposures secured by real estate property	702,404	1,333,229	1,844,071	2,644,252	22,181,094	52,368	**28,757,418**
10	Past due items	-	-	-	-	-	921,533	**921,533**
11	Items in regulatory high-risk categories	224,368	476,605	6,363	1,031,201	16,187,077	275,488	**18,201,102**
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	-	-	-	-	-	50,773	**50,773**
16	Other items	-	-	-	-	-	8,637,092	**8,637,092**
	Total	**42,916,840**	**39,939,817**	**23,162,760**	**36,225,558**	**177,026,023**	**23,392,000**	**342,662,998**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

PRIOR PERIOD		TERM TO MATURITY					DEMAND	TOTAL
	EXPOSURE CATEGORIES (*)	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	5,760,555	22,030,952	416,771	29,228	32,012,805	4,920,272	**65,170,583**
2	Conditional and unconditional exposures to regional governments or local authorities	-	-	9,028	526	75,097	2,225	**86,876**
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1,083	761	161	12,485	63,769	3,496	**81,755**
4	Conditional and unconditional exposures to multilateral development banks	-	-	-	-	2,822	-	**2,822**
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	**-**
6	Conditional and unconditional exposures to banks and brokerage houses	9,584,309	2,885,114	1,763,313	1,241,635	12,250,055	2,716,120	**30,440,546**
7	Conditional and unconditional exposures to corporates	10,319,144	7,880,380	9,122,021	9,813,187	62,404,892	3,214,967	**102,754,591**
8	Conditional and unconditional retail exposures	13,558,351	4,363,918	3,563,635	3,396,081	12,383,002	3,395,828	**40,660,815**
9	Conditional and unconditional exposures secured by real estate property	551,155	520,317	921,962	1,510,903	17,117,147	1,789,739	**22,411,223**
10	Past due items	-	-	-	-	-	696,156	**696,156**
11	Items in regulatory high-risk categories	167,931	403,188	57,153	894,359	17,066,573	249,859	**18,839,063**
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	-	-	-	-	-	54,451	**54,451**
16	Other items	-	-	-	-	-	5,071,990	**5,071,990**
	Total	**39,942,528**	**38,084,630**	**15,854,044**	**16,898,404**	**153,376,162**	**22,115,103**	**286,270,871**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

4.2.4 EXPOSURE CATEGORIES

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weigths 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 adequcy 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:

		EXPOSURE CATEGORIES				
CREDIT QUALITY GRADE	RISK RATING	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 AA-	0%	20%	20%	20%	20%
2	A+ A A-	20%	50%	20%	50%	50%
3	BBB+ BBB BBB-	50%	100%	20%	50%	100%
4	BB+ BB BB-	100%	100%	50%	100%	100%
5	B+ B B-	100%	100%	50%	100%	150%
6	CCC+ CCC CCC- CC C D	150%	150%	150%	150%	150%

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	66,022,413	-	19,754,057	63,019,892	40,582,050	135,167,182	6,807,219	10,510,399	799,786	1,191,520
Exposures after Credit Risk Mitigation	59,223,592	-	12,186,170	54,233,496	40,283,953	122,578,041	6,754,537	10,450,895	799,786	1,191,520

PRIOR PERIOD Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	DEDUCTIONS FROM EQUITY
Exposures before Credit Risk Mitigation	60,001,936	-	16,914,646	47,777,259	35,668,322	107,341,211	4,729,252	13,177,710	660,535	257,325
Exposures after Credit Risk Mitigation	55,778,982	-	11,069,072	42,832,107	34,879,074	97,444,184	4,670,455	13,089,878	660,391	257,325

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 provisons" 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	**162,877**	**19,405**	**336**	**82,426**
Farming and Stockbreeding	155,940	15,102	318	80,775
Forestry	1,391	3,877	10	986
Fishery	5,546	426	8	665
Manufacturing	**1,291,030**	**381,753**	**1,203**	**776,092**
Mining and Quarrying	186,656	14,860	43	122,345
Production	953,722	363,375	1,126	535,138
Electricity, Gas and Water	150,652	3,518	34	118,609
Construction	**366,991**	**211,757**	**1,213**	**177,843**
Services	**1,575,966**	**752,466**	**7,036**	**934,594**
Wholesale and Retail Trade	1,003,876	447,330	2,418	568,179
Accomodation and Dining	213,135	97,933	466	117,046
Transportation and Telecommunication	255,542	141,892	3,963	195,881
Financial Institutions	32,396	2,926	12	19,465
Real Estate and Rental Services	25,267	14,867	35	11,064
Professional Services	11	-	-	11
Educational Services	18,101	20,692	40	6,375
Health and Social Services	27,638	26,826	102	16,573
Others	**3,007,290**	**3,160,820**	**134,043**	**2,675,031**
Total	**6,404,154**	**4,526,201**	**143,831**	**4,645,986**

PRIOR PERIOD	CREDIT RISKS			
MAJOR SECTORS/COUNTERPARTIES	IMPAIRED CREDITS	PAST DUE CREDITS	VALUE ADJUSTMENTS	SPECIFIC PROVISIONS
Agriculture	**69,009**	**26,508**	**131**	**32,115**
Farming and Stockbreeding	66,825	26,114	127	30,947
Forestry	1,335	243	1	823
Fishery	849	151	3	345
Manufacturing	**1,196,511**	**272,212**	**1,070**	**693,824**
Mining and Quarrying	130,064	10,860	45	54,584
Production	1,060,997	246,348	903	635,909
Electricity, Gas and Water	5,450	15,004	122	3,331
Construction	**280,195**	**163,573**	**1,390**	**138,422**
Services	**1,183,754**	**565,451**	**2,658**	**689,303**
Wholesale and Retail Trade	806,039	353,486	1,884	464,788
Accomodation and Dining	159,880	69,711	131	97,955
Transportation and Telecommunication	148,077	72,058	430	91,197
Financial Institutions	9,672	1,329	10	7,984
Real Estate and Rental Services	15,357	6,999	22	7,873
Professional Services	6	1,336	-	6
Educational Services	16,428	31,105	31	3,025
Health and Social Services	28,295	29,427	150	16,475
Others	**2,292,651**	**2,864,077**	**152,329**	**2,043,417**
Total	**5,022,120**	**3,891,821**	**157,578**	**3,597,081**

4.2.7 MOVEMENTS IN VALUE ADJUSTMENTS AND PROVISIONS

	CURRENT PERIOD	OPENING BALANCE	PROVISION FOR PERIOD	PROVISION REVERSALS	OTHER ADJUSTMENTS(*)	CLOSING BALANCE
1	Specific Provisions	3,597,081	2,307,222	1,243,523	(14,794)	4,645,986
2	General Provisions	2,457,552	597,780	31,956	4,600	3,027,976

	PRIOR PERIOD	OPENING BALANCE	PROVISION FOR PERIOD	PROVISION REVERSALS	OTHER ADJUSTMENTS(*)	CLOSING BALANCE
1	Specific Provisions	2,994,372	1,797,152	982,344	(212,099)	3,597,081
2	General Provisions	2,037,837	461,191	37,789	(3,687)	2,457,552

(*) 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 Internal Systems and Internal Capital Adequacy Assesment Processes of Banks".

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with "the Internal Systems and Internal Capital Adequacy Assesment Processes of Banks" published in the Official Gazette no. 29057 dated 11 July 2014.

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, desk, 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	80,670	77,151
(II) Capital Requirement against Specific Risks - Standard Method	40,006	35,626
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	213,384	55,346
(IV) Capital Requirement against Commodity Risks - Standard Method	15,459	4,651
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	196,635	145,470
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	48,139	17,214
(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)	**594,293**	**335,458**
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	**7,428,663**	**4,193,225**

4.3.2 AVERAGE CONSOLIDATED VALUES AT MARKET RISK

	CURRENT PERIOD			PRIOR PERIOD		
	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST
Interest Rate Risk	107,076	115,846	101,975	87,676	113,280	66,015
Equity-Shares Position Risk	14,613	20,341	11,002	24,001	34,726	14,719
Currency Position Risk	133,436	213,384	52,160	70,440	102,687	55,346
Commodity Risk	11,268	19,601	4,239	8,783	13,100	4,651
Clearing Risk	-	-	-	-	-	-
Option Market Risk	175,167	196,651	149,504	86,940	134,332	58,925
Counterparty Credit Risk	39,502	56,241	25,889	20,630	40,047	11,733
Total Value at Risk	**481,062**	**622,064**	**344,769**	**298,470**	**438,172**	**211,389**

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	12,317	923
Foreign-Exchange-Rate Contracts	404,679	188,844
Commodity Contracts	62,433	4,165
Equity-Shares Related Contracts	3,718	935
Other	-	-
Gross Positive Fair Values	760,217	310,557
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collaterals Received	6,840	9,853
Net Derivative Position	**1,236,524**	**495,571**

(*) Includes only the counterparty risks arising from trading book.

(**) TL 239 thousands (31 December 2014: TL 556 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 2012	31 DECEMBER 2013	31 DECEMBER 2014	TOTAL/ NO. OF YEARS OF POSITIVE GROSS INCOME	RATE (%)	TOTAL
Gross Income	8,588,400	10,180,473	11,163,774	9,977,549	15	1,496,632
Value at Operational Risk (Total x % 12.5)						18,707,904

PRIOR PERIOD	31 DECEMBER 2011	31 DECEMBER 2012	31 DECEMBER 2013	TOTAL/ NO. OF YEARS OF POSITIVE GROSS INCOME	RATE (%)	TOTAL
Gross Income	7,487,310	8,588,400	10,180,473	8,752,061	15	1,312,809
Value at Operational Risk (Total x % 12.5)						16,410,114

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 2015, the Bank and its financial affiliates' net 'on balance sheet' foreign currency short position amounts to TL 7,939,559 thousands (31 December 2014: TL 8,520,155 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 9,437,913 thousands (31 December 2014: TL 5,983,223 thousands), while net foreign currency long open position amounts to TL 1,498,354 thousands (31 December 2014: a net foreign currency short open position of TL 2,536,932 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, desk and stop-loss limits approved by the board of directors for the trading portfolio beside the foreign currency net position standard ratio and the VaR limit.

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

	USD	EURO
THE BANK'S FOREIGN CURRENCY PURCHASE RATE AT BALANCE SHEET DATE	2.9080	3.1671
Foreign currency rates for the days before balance sheet date;		
Day 1	2.9170	3.1826
Day 2	2.9020	3.1703
Day 3	2.9020	3.1809
Day 4	2.8950	3.1703
Day 5	2.8900	3.1672
Last 30-days arithmetical average rate	2.8976	3.1589

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	4,479,340	13,978,671	4,568,945	23,026,956
Banks	4,599,542	9,770,944	1,010,250	15,380,736
Financial Assets at Fair Value through Profit/Loss	114,351	264,784	10,351	389,486
Interbank Money Market Placements	-	61,651	-	61,651
Financial Assets Available-for-Sale	2,147,100	3,147,848	149,579	5,444,527
Loans (*)	28,007,671	45,575,944	2,301,252	75,884,867
Investments in Associates, Subsidiaries and Joint-Ventures	675	-	494	1,169
Investments Held-to-Maturity	19,034	9,317,743	-	9,336,777
Derivative Financial Assets Held for Risk Management	520	11,756	-	12,276
Tangible Assets	65,571	184	69,647	135,402
Intangible Assets	-	-	-	-
Other Assets (**)	3,123,666	3,678,025	82,250	6,883,941
Total Assets	**42,557,470**	**85,807,550**	**8,192,768**	**136,557,788**
Liabilities				
Bank Deposits	1,474,869	3,082,510	474,835	5,032,214
Foreign Currency Deposits	28,181,667	51,261,589	4,249,824	83,693,080
Interbank Money Market Takings	475,204	2,829,546	291,115	3,595,865
Other Fundings	11,498,689	24,362,527	203,750	36,064,966
Securities Issued	1,902,077	8,193,035	876,302	10,971,414
Miscellaneous Payables	153,182	1,002,496	234,157	1,389,835
Derivative Financial Liabilities Held for Risk Management	-	109,291	130,272	239,563
Other Liabilities (***)	451,229	1,914,650	1,144,531	3,510,410
Total Liabilities	**44,136,917**	**92,755,644**	**7,604,786**	**144,497,347**
Net 'On Balance Sheet' Position	**(1,579,447)**	**(6,948,094)**	**587,982**	**(7,939,559)**
Net 'Off-Balance Sheet' Position	**2,017,703**	**7,542,704**	**(122,494)**	**9,437,913**
Derivative Assets	18,087,595	48,947,401	8,290,949	75,325,945
Derivative Liabilities	(16,069,892)	(41,404,697)	(8,413,443)	(65,888,032)
Non-Cash Loans	-	-	-	-
PRIOR PERIOD				
Total Assets	**30,380,279**	**75,807,110**	**7,564,841**	**113,752,230**
Total Liabilities	**38,104,417**	**76,427,383**	**7,740,585**	**122,272,385**
Net 'On Balance Sheet' Position	**(7,724,138)**	**(620,273)**	**(175,744)**	**(8,520,155)**
Net 'Off-Balance Sheet' Position	**6,299,162**	**(1,445,207)**	**1,129,268**	**5,983,223**
Derivative Assets	17,565,924	34,692,951	7,075,484	59,334,359
Derivative Liabilities	(11,266,762)	(36,138,158)	(5,946,216)	(53,351,136)
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 5,417,451 thousands included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) The foreign currency indexed factoring receivables amounting TL 483,438 thousands included under TL assets in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(***) The gold deposits of TL 1,200,311 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.6 CONSOLIDATED INTEREST RATE RISK

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

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

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

4.6.1 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	NON-INTEREST BEARING (*)	TOTAL
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	237,533	-	-	-	-	25,049,104	**25,286,637**
Banks	7,922,534	2,103,704	2,260,840	8,924	-	4,010,164	**16,306,166**
Financial Assets at Fair Value through Profit/Loss (**)	12,065	62,686	34,492	64,627	34,813	1,740,714	**1,949,397**
Interbank Money Market Placements	80,360	-	-	-	-	6	**80,366**
Financial Assets Available-for-Sale	1,064,920	8,307,301	5,615,120	4,521,806	3,910,727	1,335,896	**24,755,770**
Loans (**)	41,509,895	23,332,111	49,834,084	42,221,450	11,525,190	3,530,571	**171,953,301**
Investments Held-to-Maturity	878,945	1,839,476	5,475,789	4,164,735	7,166,113	1,792,188	**21,317,246**
Other Assets	1,133,112	1,547,350	1,871,848	2,719,019	323,575	10,403,391	**17,998,295**
Total Assets	**52,839,364**	**37,192,628**	**65,092,173**	**53,700,561**	**22,960,418**	**47,862,034**	**279,647,178**
Liabilities							
Bank Deposits	3,493,949	1,433,808	253,033	-	-	1,779,391	**6,960,181**
Other Deposits	76,676,068	24,774,342	15,012,882	1,221,025	5,862	31,484,071	**149,174,250**
Interbank Money Market Takings	13,576,686	221,243	2,520,164	190,026	39,310	20,367	**16,567,796**
Miscellaneous Payables	-	-	-	-	-	8,580,022	**8,580,022**
Securities Issued	1,272,460	1,431,663	2,416,522	6,933,473	3,117,821	339,658	**15,511,597**
Other Fundings	14,293,797	14,500,177	4,855,756	5,461,252	185,718	222,987	**39,519,687**
Other Liabilities	2,596	40,791	9,322	-	-	43,280,936	**43,333,645**
Total Liabilities	**109,315,556**	**42,402,024**	**25,067,679**	**13,805,776**	**3,348,711**	**85,707,432**	**279,647,178**
On Balance Sheet Long Position	**-**	**-**	**40,024,494**	**39,894,785**	**19,611,707**	**-**	**99,530,986**
On Balance Sheet Short Position	**(56,476,192)**	**(5,209,396)**	**-**	**-**	**-**	**(37,845,398)**	**(99,530,986)**
Off-Balance Sheet Long Position	**5,715,518**	**8,832,982**	**11,606,458**	**5,418,346**	**2,626,080**	**-**	**34,199,384**
Off-Balance Sheet Short Position	**(1,973,392)**	**(5,600,588)**	**(9,071,991)**	**(10,429,335)**	**(7,396,845)**	**-**	**(34,472,151)**
Total Position	**(52,734,066)**	**(1,977,002)**	**42,558,961**	**34,883,796**	**14,840,942**	**(37,845,398)**	**(272,767)**

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

(**) Loans amounting to TL 198,118 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

PRIOR PERIOD	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS	NON-INTEREST BEARING (*)	TOTAL
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	25,192,569	**25,192,569**
Banks	5,970,447	1,557,156	2,346,613	7,987	-	2,981,221	**12,863,424**
Financial Assets at Fair Value through Profit/Loss (**)	40,143	80,705	38,472	44,917	3,017	1,459,277	**1,666,531**
Interbank Money Market Placements	106,130	-	4,020	-	-	93	**110,243**
Financial Assets Available-for-Sale	1,620,940	7,853,238	5,100,213	3,826,108	3,714,380	1,415,425	**23,530,304**
Loans (**)	36,716,523	20,034,744	38,340,469	38,377,337	7,856,625	2,913,373	**144,239,071**
Investments Held-to-Maturity	382,838	4,177,637	5,589,374	3,296,123	5,864,176	1,356,894	**20,667,042**
Other Assets	1,500,848	1,258,872	1,616,711	2,282,061	222,781	5,907,673	**12,788,946**
Total Assets	**46,337,869**	**34,962,352**	**53,035,872**	**47,834,533**	**17,660,979**	**41,226,525**	**241,058,130**
Liabilities							
Bank Deposits	2,017,075	2,714,693	444,184	-	-	1,939,453	**7,115,405**
Other Deposits	62,887,422	25,714,373	10,368,301	1,343,164	3,907	25,993,307	**126,310,474**
Interbank Money Market Takings	8,614,319	1,312,906	18,973	2,050,954	-	24,013	**12,021,165**
Miscellaneous Payables	-	-	-	-	-	6,901,536	**6,901,536**
Securities Issued	1,661,600	1,614,249	2,493,319	5,881,773	2,488,846	298,569	**14,438,356**
Other Fundings	13,603,408	14,014,507	5,182,282	4,204,863	375,516	548,731	**37,929,307**
Other Liabilities	12,247	25,887	20,409	-	-	36,283,344	**36,341,887**
Total Liabilities	**88,796,071**	**45,396,615**	**18,527,468**	**13,480,754**	**2,868,269**	**71,988,953**	**241,058,130**
On Balance Sheet Long Position	**-**	**-**	**34,508,404**	**34,353,779**	**14,792,710**	**-**	**83,654,893**
On Balance Sheet Short Position	**(42,458,202)**	**(10,434,263)**	**-**	**-**	**-**	**(30,762,428)**	**(83,654,893)**
Off-Balance Sheet Long Position	**5,370,748**	**7,011,731**	**5,434,846**	**5,187,759**	**1,296,240**	**-**	**24,301,324**
Off-Balance Sheet Short Position	**(1,395,648)**	**(3,538,302)**	**(5,402,290)**	**(10,009,906)**	**(4,315,227)**	**-**	**(24,661,373)**
Total Position	**(38,483,102)**	**(6,960,834)**	**34,540,960**	**29,531,632**	**11,773,723**	**(30,762,428)**	**(360,049)**

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

(**) Loans amounting to TL 201,385 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	-	0.35	-	2.90
Banks	0.13-1.75	0.05-7.53	-	10.05-14.70
Financial Assets at Fair Value through Profit/Loss	4.66	4.64	-	7.07-14.56
Interbank Money Market Placements	-	0.55-2.25	-	10.00-10.29
Financial Assets Available-for-Sale	0.46-5.50	2.79-11.88	-	9.89-14.47
Loans	0.20-14.00	0.67-11.00	3.04	10.00-15.85
Investments Held-to-Maturity	0.19	5.49	-	10.76
Liabilities				
Bank Deposits	0.1-1.13	0.35-1.37	-	10.69-10.80
Other Deposits	0.95-9.00	1.43-3.75	1.19	7.00-11.41
Interbank Money Market Takings	0.05-0.15	0.75-2.75	1.49	6.00-13.72
Miscellaneous Payables	-	-	-	-
Securities Issued	3.42	4.83	1.01	9.94-11.92
Other Fundings	0.25-6.25	0.90-5.44	1.50	11.06-15.75

PRIOR PERIOD	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	0.53
Banks	0.40-3.61	0.34-4.60	-	9.00-12.40
Financial Assets at Fair Value through Profit/Loss	4.63	8.49	-	8.02-14.02
Interbank Money Market Placements	-	0.45-4.00	-	-
Financial Assets Available-for-Sale	0.72-5.67	3.22-11.88	-	9.44-13.82
Loans	0.72-15.00	0.90-14.55	2.42-5.04	8.34-24.84
Investments Held-to-Maturity	-	5.41	-	9.27-9.96
Liabilities				
Bank Deposits	0.10-2.26	0.30-2.28	-	5.75-9.35
Other Deposits	1.23-7.00	1.43-10.25	1.68	6.50-10.79
Interbank Money Market Takings	0.50-0.70	0.65-2.07	1.49	6.00-8.33
Miscellaneous Payables	-	-	-	-
Securities Issued	3.48	4.62	0.98	8.77-10.05
Other Fundings	0.67-4.64	0.80-4.38	2.03	9.05-14.70

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 the duration gap analysis, net present values of the interest-rate sensitive assets and liabilities are calculated by using yield curves developed from the market interest rates. In case of instruments with no maturities, the maturity is determined as per interest rate fixing periods and customer behaviors. Such results are supported by sensitivity and scenario analysis applied periodically for possible fluctuations in the markets.

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

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

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

4.6.3.2 ECONOMIC VALUE DIFFERENCES RESULTED FROM INTEREST RATE INSTABILITIES CALCULATED ON A BANK-ONLY BASIS ACCORDING TO REGULATION ON MEASUREMENT AND EVALUATION OF INTEREST RATE RISK RESULTED FROM BANKING BOOK AS PER STANDARD SHOCK METHOD

CURRENT PERIOD		SHOCKS APPLIED (+/- BASIS POINTS)	GAINS/LOSSES	GAINS/EQUITY-LOSSES/EQUITY
TYPE OF CURRENCY				
1	TL	(+) 500 bps	(3,581,363)	(10.83)%
2	TL	(-) 400 bps	3,477,727	10.51%
3	USD	(+) 200 bps	(766,486)	(2.32)%
4	USD	(-) 200 bps	1,031,044	3.12%
5	EUR	(+) 200 bps	(52,426)	(0.16)%
6	EUR	(-) 200 bps	50,223	0.15%
	Total (of negative shocks)		**4,558,994**	**13.78%**
	Total (of positive shocks)		**(4,400,275)**	**(13.30)%**

PRIOR PERIOD		SHOCKS APPLIED (+/- BASIS POINTS)	GAINS/LOSSES	GAINS/EQUITY-LOSSES/EQUITY
TYPE OF CURRENCY				
1	TL	(+) 500 bps	(3,213,578)	(11.43)%
2	TL	(-) 400 bps	3,139,075	11.16%
3	USD	(+) 200 bps	(730,443)	(2.60)%
4	USD	(-) 200 bps	977,780	3.48%
5	EUR	(+) 200 bps	54,777	0.19%
6	EUR	(-) 200 bps	(82,307)	(0.29)%
	Total (of negative shocks)		**4,034,548**	**14.35%**
	Total (of positive shocks)		**(3,889,244)**	**(13.84)%**

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	123,682	-	-
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	123,363	-	-
Quoted Securities	-	-	-
2 Investment in Shares- Grade B	27,097	-	-
Quoted Securities	-	-	-
3 Investment in Shares- Grade C	822	-	-
Quoted Securities	-	-	-
4 Investment in Shares- Grade D	-	-	-
Quoted Securities	-	-	-
5 Investment in Shares- Grade E	1,014	-	-
Quoted Securities	-	-	-
6 Investment in Shares- Grade F	48	-	-
Quoted Securities	-	-	-

4.7.2 REALISED GAINS/LOSSES, REVALUATION SURPLUSES AND UNREALISED GAINS/LOSSES ON EQUITY SECURITIES AND RESULTS INCLUDED IN CORE AND SUPPLEMENTARY CAPITALS

CURRENT PERIOD		GAINS/LOSSES IN CURRENT PERIOD	REVALUATION SURPLUSES		UNREALIZED GAINS AND LOSSES		
	PORTFOLIO		TOTAL	AMOUNT IN TIER I CAPITAL (*)	TOTAL	AMOUNT IN CORE CAPITAL(*)	AMOUNT IN TIER I CAPITAL (*)
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	11,203	-	11,203
3	Other Shares	-	213,303	213,303	-	-	-
	Total	-	213,303	213,303	11,203	-	11,203

PRIOR PERIOD		GAINS/LOSSES IN CURRENT PERIOD	REVALUATION SURPLUSES		UNREALIZED GAINS AND LOSSES		
	PORTFOLIO		TOTAL	AMOUNT IN TIER I CAPITAL (*)	TOTAL	AMOUNT IN CORE CAPITAL(*)	AMOUNT IN TIER I CAPITAL (*)
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	13,915	-	13,915
3	Other Shares	-	648	648	-	-	-
	Total	-	648	648	13,915	-	13,915

4.8 CONSOLIDATED LIQUIDITY RISK

Liquidity Risk is managed by Asset and Liability Management Department (ALMD) and Asset and Liability Committee (ALCO) in line with risk management policies and risk appetite approved by the board of directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Bank. Under stressed conditions, liquidity risk is managed within the Contingency Funding Plan framework.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CURRENT PERIOD		TOTAL UNWEIGHTED VALUE (AVERAGE) (*)		TOTAL WEIGHTED VALUE (AVERAGE) (*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				39,416,728	27,406,063
1				39,416,728	27,406,063
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	100,556,598	48,941,016	8,499,088	4,340,569
3	Stable deposits	31,131,436	11,070,653	1,556,572	553,533
4	Less stable deposits	69,425,162	37,870,363	6,942,516	3,787,036
5	Unsecured wholesale funding, of which:	48,665,532	29,472,577	29,276,756	16,915,052
6	Operational deposits	-	-	-	-
7	Non-operational deposits	35,289,145	23,871,372	18,171,273	12,386,455
8	Unsecured funding	13,376,387	5,601,205	11,105,483	4,528,597
9	Secured wholesale funding			288,203	288,203
10	Other cash outflows of which:	51,403,023	14,852,599	9,692,156	7,208,597
11	Outflows related to derivative exposures and other collateral requirements	6,497,322	6,094,576	6,497,322	6,422,203
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	44,905,701	8,758,023	3,194,834	786,394
14	Other revocable off-balance sheet commitments and contractual obligations	16,748,440	11,718,247	837,422	585,912
15	Other irrevocable or conditionally revocable off-balance sheet obligations	32,151,508	22,252,881	1,607,575	1,112,644
16	**Total Cash Outflows**			**50,201,200**	**30,450,977**
Cash Inflows					
17	Secured receivables	19,618	194	194	194
18	Unsecured receivables	21,630,616	8,738,676	15,428,076	6,814,208
19	Other cash inflows	751,334	290,107	744,547	286,962
20	**Total Cash Inflows**	**22,401,568**	**9,028,977**	**16,172,817**	**7,101,364**
				Total Adjusted Values	
21	**Total HQLA**			**39,416,728**	**27,406,063**
22	**Total Net Cash Outflows**			**34,028,384**	**23,349,613**
23	**Liquidity Coverage Ratio (%)**			**116.04%**	**118.08%**

(*) The average of last three months' month-end consolidated liquidity ratios.

The table below presents the last three months' consolidated liquidity ratios:

PERIOD	TL+FC	FC
31 October 2015	104.50%	108.78%
30 November 2015	123.34%	115.35%
31 December 2015	120.27%	130.13%

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	4,947,376	20,339,261	-	-	-	-	-	25,286,637
Banks	5,998,036	4,456,587	663,680	739,590	4,448,273	-	-	16,306,166
Financial Assets at Fair Value through Profit/Loss(**)	15,528	362,388	264,481	594,467	501,816	210,717	-	1,949,397
Interbank Money Market Placements	-	80,366	-	-	-	-	-	80,366
Financial Assets Available -for- Sale	348,751	50,307	110,527	3,560,910	9,156,003	11,529,272	-	24,755,770
Loans (**)	283,252	30,206,871	15,189,324	42,657,032	60,146,379	20,020,300	3,450,143	171,953,301
Investments Held-to-Maturity	-	537,564	-	308,605	7,245,690	13,225,387	-	21,317,246
Other Assets	2,909,878	2,105,389	1,563,391	2,005,463	3,203,908	522,518	5,687,748	17,998,295
Total Assets	**14,502,821**	**58,138,733**	**17,791,403**	**49,866,067**	**84,702,069**	**45,508,194**	**9,137,891**	**279,647,178**
Liabilities								
Bank Deposits	1,824,611	3,445,344	1,435,845	254,381	-	-	-	6,960,181
Other Deposits	36,517,933	71,359,826	24,840,185	15,022,502	1,417,750	16,054	-	149,174,250
Other Fundings	-	2,067,156	1,915,198	14,457,556	15,629,045	5,450,732	-	39,519,687
Interbank Money Market Takings	-	13,586,552	221,457	2,530,104	190,164	39,519	-	16,567,796
Securities Issued	-	338,132	1,367,420	3,364,126	7,141,292	3,300,627	-	15,511,597
Miscellaneous Payables	1,341,182	7,199,449	9,996	27,316	-	-	2,079	8,580,022
Other Liabilities (***)	2,888,274	863,383	493,989	1,284,504	694,010	242,423	36,867,062	43,333,645
Total Liabilities	**42,572,000**	**98,859,842**	**30,284,090**	**36,940,489**	**25,072,261**	**9,049,355**	**36,869,141**	**279,647,178**
Liquidity Gap	**(28,069,179)**	**(40,721,109)**	**(12,492,687)**	**12,925,578**	**59,629,808**	**36,458,839**	**(27,731,250)**	**-**
Net Off-Balance Sheet Position	**-**	**(9,927)**	**(59,699)**	**(650,163)**	**32,032**	**87,117**	**-**	**(600,640)**
Derivative Financial Assets	-	46,286,344	20,165,592	38,984,741	12,510,105	1,344,295	-	119,291,077
Derivative Financial Liabilities	-	46,296,271	20,225,291	39,634,904	12,478,073	1,257,178	-	119,891,717
Non-Cash Loans	**-**	**4,256,442**	**1,122,260**	**8,073,184**	**1,221,929**	**126,820**	**83,888,837**	**98,689,472**
PRIOR PERIOD								
Total Assets	**12,019,795**	**52,324,534**	**17,621,384**	**37,668,454**	**70,731,868**	**44,355,972**	**6,336,123**	**241,058,130**
Total Liabilities	**34,197,177**	**80,299,235**	**34,238,378**	**28,704,177**	**23,941,625**	**7,880,922**	**31,796,616**	**241,058,130**
Liquidity Gap	**(22,177,382)**	**(27,974,701)**	**(16,616,994)**	**8,964,277**	**46,790,243**	**36,475,050**	**(25,460,493)**	**-**
Net Off-Balance Sheet Position	**-**	**(21,737)**	**(154,383)**	**(143,302)**	**(288,967)**	**(55,747)**	**-**	**(664,136)**
Derivative Financial Assets	-	36,670,987	14,873,658	28,377,777	11,184,590	840,044	-	91,947,055
Derivative Financial Liabilities	-	36,692,724	15,028,040	28,521,078	11,473,557	895,791	-	92,611,191
Non-Cash Loans	**-**	**6,072,845**	**2,482,443**	**1,455,840**	**1,295,092**	**55,941**	**74,355,893**	**85,718,054**

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

(**) Loans amounting to TL 198,118 thousands (31 December 2014: TL 201,385 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.

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.

CURRENT PERIOD	CARRYING VALUE	NOMINAL PRINCIPAL OUTFLOW	DEMAND	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS AND OVER
Bank Deposits	6,960,181	6,954,324	1,824,605	3,442,881	1,433,805	253,033	-	-
Other Deposits	149,174,250	148,600,117	36,490,362	71,075,634	24,708,119	14,905,302	1,404,773	15,927
Other Fundings	39,519,687	39,396,379	-	2,002,970	1,828,112	14,413,379	15,627,055	5,524,863
Interbank Money Market Takings	16,567,796	16,547,426	-	13,576,686	221,241	2,520,164	190,025	39,310
Securities Issued	15,511,597	15,171,939	-	331,132	1,353,146	3,343,310	7,026,530	3,117,821
Total	**227,733,511**	**226,670,185**	**38,314,967**	**90,429,303**	**29,544,423**	**35,435,188**	**24,248,383**	**8,697,921**

PRIOR PERIOD	CARRYING VALUE	NOMINAL PRINCIPAL OUTFLOW	DEMAND	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS AND OVER
Bank Deposits	7,115,405	7,093,925	1,906,709	2,017,006	2,421,000	749,210	-	-
Other Deposits	126,310,474	125,774,343	29,979,852	58,360,056	25,705,290	10,329,424	1,386,956	12,765
Other Fundings	37,929,307	37,382,199	-	3,047,408	2,506,087	14,094,655	13,026,692	4,707,357
Interbank Money Market Takings	12,021,165	11,997,153	-	8,614,319	1,312,907	18,973	2,050,954	-
Securities Issued	14,438,356	14,139,787	-	901,321	1,544,778	2,546,650	6,658,192	2,488,846
Total	**197,814,707**	**196,387,407**	**31,886,561**	**72,940,110**	**33,490,062**	**27,738,912**	**23,122,794**	**7,208,968**

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	71,651,114	6,086,591	-	-
Conditional and unconditional exposures to regional governments or local authorities	82,296	2,350	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	87,563	2,433	-	-
Conditional and unconditional exposures to multilateral development banks	1,095,933	908,323	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	44,481,277	17,171,938	-	-
Conditional and unconditional exposures to corporates	153,698,675	17,496,385	-	-
Conditional and unconditional retail exposures	73,202,388	359,397	-	-
Conditional and unconditional exposures secured by real estate property (*)	29,685,760	23,298	-	-
Past due items	921,604	15,110	-	-
Items in regulatory high-risk categories	18,267,608	112,438	-	-
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	50,773	-	-	-
Other items	8,637,092	-	-	-

PRIOR PERIOD EXPOSURE CATEGORIES	AMOUNT (**)	FINANCIAL COLLATERAL	OTHER/PHYSICAL COLLATERAL	GUARANTIES AND CREDIT DERIVATIVES
Conditional and unconditional exposures to central governments or central banks	66,208,931	4,346,883	-	-
Conditional and unconditional exposures to regional governments or local authorities	87,260	117	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	103,416	13,771	-	-
Conditional and unconditional exposures to multilateral development banks	2,822	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	36,757,188	11,086,247	-	-
Conditional and unconditional exposures to corporates	122,034,964	12,515,119	-	-
Conditional and unconditional retail exposures	66,323,632	1,074,028	-	-
Conditional and unconditional exposures secured by real estate property (*)	23,287,776	95,539	-	-
Past due items	696,183	954	-	-
Items in regulatory high-risk categories	18,882,845	153,339	-	-
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	54,451	-	-	-
Other items	5,071,990	-	-	-

(*) 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. Monitoring of corporate risk management policies and applications; including capital adequacy, planning and liquidity coverage is under the responsibility of Risk Committee composed of the members of board. 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, 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 CONSOLIDATED LEVERAGE RATIO

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

		CURRENT PERIOD (***)
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*) (**)	288,571,245
2	The difference between total assets prepared in accordance with Turkish Accounting Standards (*) and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" (**)	2,118,224
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(7,361,166)
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such intruments	13,578,561
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	3,948
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-
7	Total risk amount	385,659,874

(*) Consolidated financial statements prepared in compliance with the Article 6 of the communiqué 5 "Preparation of Consolidated Financial Statements."

(**) Consolidates financial statements prepared in accordance with Turkish Accounting Standards as of 30 September 2015 is used.

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

ON-BALANCE SHEET ASSETS		CURRENT PERIOD (*)
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	274,606,088
2	(Assets deducted in determining Tier 1 capital)	(299,347)
3	Total on-balance sheet risks (sum of lines 1 and 2)	274,306,741
Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	2,589,359
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	7,379,472
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	9,968,831
Securities or commodity financing transactions (SCFT)		
7	Risks from SCFT assets	1,173,806
8	Risks from brokerage activities related exposures	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,173,806
Other off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	100,214,444
11	(Adjustments for conversion to credit equivalent amounts)	(3,948)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	100,210,496
Capital and total risks		
13	Tier 1 capital	30,270,121
14	Total risks (sum of lines 3, 6, 9 and 12)	385,659,874
Leverage ratio		
15	Leverage ratio	7.85%

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

4.13 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

	CARRYING VALUE		FAIR VALUE	
	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
Financial Assets	**257,255,487**	**224,108,139**	**258,793,913**	**226,231,334**
Interbank Money Market Placements	80,366	110,243	80,366	110,243
Banks (*)	39,148,804	35,561,479	39,148,804	35,561,479
Financial Assets Available-for-Sale	24,755,770	23,530,304	24,755,770	23,530,304
Investments Held-to-Maturity	21,317,246	20,667,042	21,467,440	21,920,197
Loans (**)	171,953,301	144,239,071	173,341,533	145,109,111
Financial Liabilities	**236,313,533**	**204,716,243**	**236,313,533**	**204,716,243**
Bank Deposits	6,960,181	7,115,405	6,960,181	7,115,405
Other Deposits	149,174,250	126,310,474	149,174,250	126,310,474
Other Fundings from Financial Institutions	56,087,483	49,950,472	56,087,483	49,950,472
Securities Issued	15,511,597	14,438,356	15,511,597	14,438,356
Miscellaneous Payables	8,580,022	6,901,536	8,580,022	6,901,536

(*) Including the balances at the Central Bank of Turkey.

(**) Loans amounting to TL 198,118 thousands (31 December 2014: TL 201,385 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	18,457,898	5,724,174	573,698	24,755,770
Financial Assets Held for Trading	192,976	31,325		224,301
Derivative Financial Assets Held for Trading	285	1,724,811	-	1,725,096
Loans	-	198,118	-	198,118
Derivative Financial Assets Held for Risk Management	-	680,997	-	680,997
Financial Assets at Fair Value	**18,651,159**	**8,359,425**	**573,698**	**27,584,282**
Derivative Financial Liabilities Held for Trading	3,617	2,618,986	-	2,622,603
Funds Borrowed	-	5,688,704	-	5,688,704
Derivative Financial Liabilities Held for Risk Management	-	250,491	-	250,491
Financial Liabilities at Fair Value	**3,617**	**8,558,181**	**-**	**8,561,798**

PRIOR PERIOD	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial Assets Available-for-Sale	18,825,886	3,646,998	1,057,420	23,530,304
Financial Assets Held for Trading	195,582	22,768		218,350
Derivative Financial Assets Held for Trading	18	1,448,163	-	1,448,181
Loans	-	201,385	-	201,385
Derivative Financial Assets Held for Risk Management	-	166,252	-	166,252
Financial Assets at Fair Value	**19,021,486**	**5,485,566**	**1,057,420**	**25,564,472**
Derivative Financial Liabilities Held for Trading	699	2,100,072	-	2,100,771
Funds Borrowed	-	4,899,376	-	4,899,376
Derivative Financial Liabilities Held for Risk Management	-	279,383	-	279,383
Financial Liabilities at Fair Value	**699**	**7,278,831**	**-**	**7,279,530**

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)

4.14 TRANSACTIONS CARRIED OUT ON BEHALF OF CUSTOMERS AND ITEMS HELD IN TRUST

None.

5 DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

5.1 CONSOLIDATED ASSETS

5.1.1 CASH AND BALANCES WITH CENTRAL BANK

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,313,085	886,047	1,089,266	709,177
Central Bank of Turkey	946,596	21,896,042	670,794	22,027,261
Others	-	244,867	-	696,071
Total	**2,259,681**	**23,026,956**	**1,760,060**	**23,432,509**

Balances with the Central Bank of Turkey	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Unrestricted Demand Deposits	946,596	1,556,782	670,794	2,431,663
Unrestricted Time Deposits	-	5	-	-
Restricted Time Deposits	-	20,339,255	-	19,595,598
Total	**946,596**	**21,896,042**	**670,794**	**22,027,261**

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 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	11,930	-	10,744	265,254
Assets Subject to Repurchase Agreements	8,814	-	3,639	-
Total	**20,744**	**-**	**14,383**	**265,254**

5.1.2.2 POSITIVE DIFFERENCES ON DERIVATIVE FINANCIAL ASSETS HELD FOR TRADING

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Forward Transactions	242,997	45,551	113,870	25,446
Swap Transactions	373,851	457,241	441,452	621,374
Futures	126	34	9	-
Options	442,563	106,896	199,834	37,613
Others	35,576	20,261	3	8,580
Total	**1,095,113**	**629,983**	**755,168**	**693,013**

5.1.2.3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS

The Bank classified certain fixed-rate loans amounting to TL 200,000 thousands at initial recognition under financial assets at fair value through profit/loss to eliminate accounting inconsistency. The carrying value of these financial assets and the related current period loss amounted to TL 198,118 thousands (31 December 2014: TL 201,385 thousands) and TL 3,267 thousands (31 December 2014: a gain of TL 2,607 thousands), respectively.

5.1.3 BANKS

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Banks				
Domestic banks	880,565	857,677	1,563,265	1,057,721
Foreign banks	44,865	14,523,059	233,168	10,009,270
Foreign headoffices and branches	-	-	-	-
Total	**925,430**	**15,380,736**	**1,796,433**	**11,066,991**

Due from foreign banks

	UNRESTRICTED BALANCES		RESTRICTED BALANCES	
	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
EU Countries	5,362,730	3,570,899	7,174,776	5,822,718
USA, Canada	1,341,532	495,602	314,902	126,420
OECD Countries (1)	14,604	20,226	-	1,263
Off-shore Banking Regions	222,589	62,780	65,058	50,066
Others	71,733	92,464	-	-
Total	**7,013,188**	**4,241,971**	**7,554,736**	**6,000,467**

(1) OECD countries other than the EU countries, USA and Canada

The placements at foreign banks include blocked accounts amounting TL 7,554,736 (31 December 2014: TL 6,000,467 thousands) of which TL 96,799 thousands (31 December 2014: TL 108,410 thousands) and TL 65,058 thousands (31 December 2014: TL 50,066 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,392,879 thousands (31 December 2014: TL 5,841,991 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 153,035 thousands (31 December 2014: TL 123,681 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	2,170,335	30,909	5,463,784	183,146
Assets subject to Repurchase Agreements	10,879,108	1,220,819	5,024,297	1,240,802
Total	**13,049,443**	**1,251,728**	**10,488,081**	**1,423,948**

5.1.4.2 DETAILS OF FINANCIAL ASSETS AVAILABLE-FOR-SALE

	CURRENT PERIOD	PRIOR PERIOD
Debt Securities	**23,594,194**	**22,130,726**
Quoted at Stock Exchange	22,960,201	20,487,066
Unquoted at Stock Exchange	633,993	1,643,660
Common Shares/Investment Fund	**83,886**	**61,050**
Quoted at Stock Exchange	7,669	7,669
Unquoted at Stock Exchange	76,217	53,381
Value Increase/Impairment Losses (-)	**1,077,690**	**1,338,528**
Total	**24,755,770**	**23,530,304**

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	146	408,529	786	175,423
Corporates	146	408,529	786	175,423
Real Persons	-	-	-	-
Indirect Lendings to Shareholders	2,113,052	263,954	1,554,137	534,359
Loans to Employees	250,323	88	255,971	107
Total	2,363,521	672,571	1,810,894	709,889

5.1.5.2 LOANS AND OTHER RECEIVABLES CLASSIFIED IN GROUPS I AND II INCLUDING CONTRACTS WITH REVISED TERMS

	PERFORMING LOANS AND OTHER RECEIVABLES			LOANS AND OTHER RECEIVABLES UNDER FOLLOW-UP		
CURRENT PERIOD		LOANS AND RECEIVABLES WITH REVISED CONTRACT TERMS			LOANS AND RECEIVABLES WITH REVISED CONTRACT TERMS	
CASH LOANS	LOANS AND OTHER RECEIVABLES (TOTAL)	EXTENSION OF REPAYMENT PLAN	OTHER CHANGES	LOANS AND OTHER RECEIVABLES (TOTAL)	EXTENSION OF REPAYMENT PLAN	OTHER CHANGES
Loans	162,686,478	2,291,261	276,436	7,919,477	3,230,745	629,728
Working Capital Loans	17,872,912	180,074	247	946,741	358,070	85,849
Export Loans	7,800,944	9,384	-	143,651	67,004	35,188
Import Loans	556,941	-	-	-	-	-
Loans to Financial Sector (*)	6,982,885	58,193	-	132	-	-
Consumer Loans	37,734,044	1,646,397	41,238	1,785,596	625,868	54,626
Credit Cards	16,489,862	-	233,976	590,080	-	406,106
Others	75,248,890	397,213	975	4,453,277	2,179,803	47,959
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	162,686,478	2,291,261	276,436	7,919,477	3,230,745	629,728

(*) Loans amounting to TL 198,118 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".

	PERFORMING LOANS AND OTHER RECEIVABLES			LOANS AND OTHER RECEIVABLES UNDER FOLLOW-UP		
PRIOR PERIOD		LOANS AND RECEIVABLES WITH REVISED CONTRACT TERMS			LOANS AND RECEIVABLES WITH REVISED CONTRACT TERMS	
CASH LOANS	LOANS AND OTHER RECEIVABLES (TOTAL)	EXTENSION OF REPAYMENT PLAN	OTHER CHANGES	LOANS AND OTHER RECEIVABLES (TOTAL)	EXTENSION OF REPAYMENT PLAN	OTHER CHANGES
Loans	138,847,612	1,698,614	272,472	4,291,152	1,999,696	338,147
Working Capital Loans	11,904,635	150,355	234	765,462	390,281	84,424
Export Loans	6,913,680	1,238	-	107,215	50,771	36,519
Import Loans	624,368	-	-	-	-	-
Loans to Financial Sector (*)	5,167,694	7,162	-	-	-	-
Consumer Loans	33,622,555	1,228,653	45,622	1,353,068	406,082	26,503
Credit Cards	14,551,502	-	225,215	345,148	-	127,602
Others	66,063,178	311,206	1,401	1,720,259	1,152,562	63,099
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	138,847,612	1,698,614	272,472	4,291,152	1,999,696	338,147

(*) Loans amounting to TL 201,385 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".

As of 31 December 2015, loans amounting to TL 5,781,904 thousands (31December 2014: TL 4,462,373 thousands) are collateralized under funding transactions.

Collaterals received for loans under follow-up

CURRENT PERIOD	CORPORATE / COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
Loans Collateralized by Cash	2,540	1,335	-	3,875
Loans Collateralized by Mortgages	1,967,561	406,621	-	2,374,182
Loans Collateralized by Pledged Assets	41,111	39,802	-	80,913
Loans Collateralized by Cheques and Notes	56,016	290,926	-	346,942
Loans Collateralized by Other Collaterals	713,580	52,949	-	766,529
Unsecured Loans	2,762,993	993,963	590,080	4,347,036
Total	**5,543,801**	**1,785,596**	**590,080**	**7,919,477**

PRIOR PERIOD	CORPORATE / COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
Loans Collateralized by Cash	55,698	2,557	-	58,255
Loans Collateralized by Mortgages	1,479,090	523,901	-	2,002,991
Loans Collateralized by Pledged Assets	65,498	53,246	-	118,744
Loans Collateralized by Cheques and Notes	36,397	464,607	-	501,004
Loans Collateralized by Other Collaterals	624,926	15,369	-	640,295
Unsecured Loans	331,327	293,388	345,148	969,863
Total	**2,592,936**	**1,353,068**	**345,148**	**4,291,152**

Delinquency periods of loans under follow-up

CURRENT PERIOD	CORPORATE / COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
31-60 days	205,542	638,582	152,905	997,029
61-90 days	62,063	237,112	46,294	345,469
Other	5,276,196	909,902	390,881	6,576,979
Total	**5,543,801**	**1,785,596**	**590,080**	**7,919,477**

PRIOR PERIOD	CORPORATE / COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
31-60 days	79,098	527,104	166,123	772,325
61-90 days	73,990	230,454	50,677	355,121
Other	2,439,848	595,510	128,348	3,163,706
Total	**2,592,936**	**1,353,068**	**345,148**	**4,291,152**

Loans and other receivables with extended payment plans

CURRENT PERIOD NO. OF EXTENSIONS	PERFORMING LOANS AND OTHER RECEIVABLES	LOANS AND OTHER RECEIVABLES UNDER FOLLOW-UP
1 or 2 times	2,075,566	2,931,843
3, 4 or 5 times	113,500	282,995
Over 5 times	102,195	15,907
Total	**2,291,261**	**3,230,745**

PRIOR PERIOD NO. OF EXTENSIONS	PERFORMING LOANS AND OTHER RECEIVABLES	LOANS AND OTHER RECEIVABLES UNDER FOLLOW-UP
1 or 2 times	1,520,890	1,943,366
3, 4 or 5 times	96,574	44,149
Over 5 times	81,150	12,181
Total	**1,698,614**	**1,999,696**

CURRENT PERIOD EXTENTION PERIODS	PERFORMING LOANS AND OTHER RECEIVABLES	LOANS AND OTHER RECEIVABLES UNDER FOLLOW-UP
0 - 6 months	415,294	568,609
6 - 12 months	384,555	149,541
1 - 2 years	906,567	393,138
2 - 5 year	518,517	1,595,093
5 years and over	66,328	524,364
Total	**2,291,261**	**3,230,745**

PRIOR PERIOD EXTENTION PERIODS	PERFORMING LOANS AND OTHER RECEIVABLES	LOANS AND OTHER RECEIVABLES UNDER FOLLOW-UP
0 - 6 months	774,677	299,463
6 - 12 months	208,004	60,275
1 - 2 years	460,501	166,395
2 - 5 year	196,670	747,346
5 years and over	58,762	726,217
Total	**1,698,614**	**1,999,696**

5.1.5.3 MATURITY ANALYSIS OF CASH LOANS

	PERFORMING LOANS AND OTHER RECEIVABLES		LOANS UNDER FOLLOW-UP AND OTHER RECEIVABLES	
CURRENT PERIOD	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	**51,817,627**	**605,695**	**1,127,976**	**602,501**
Loans	51,817,627	605,695	1,127,976	602,501
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	**110,868,851**	**1,962,002**	**6,791,501**	**3,257,972**
Loans	110,868,851	1,962,002	6,791,501	3,257,972
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**162,686,478**	**2,567,697**	**7,919,477**	**3,860,473**

	PERFORMING LOANS AND OTHER RECEIVABLES		LOANS UNDER FOLLOW-UP AND OTHER RECEIVABLES	
PRIOR PERIOD	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	**44,641,542**	**222,286**	**555,425**	**164,390**
Loans	44,641,542	222,286	555,425	164,390
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	**94,206,070**	**1,523,585**	**3,735,727**	**2,173,453**
Loans	94,206,070	1,523,585	3,735,727	2,173,453
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**138,847,612**	**1,745,871**	**4,291,152**	**2,337,843**

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	**686,529**	**36,127,574**	**36,814,103**
Housing Loans	25,062	18,582,778	18,607,840
Automobile Loans	37,616	1,522,036	1,559,652
General Purpose Loans	623,722	16,022,760	16,646,482
Others	129	-	129
Consumer Loans – FC-indexed	**-**	**170,849**	**170,849**
Housing Loans	-	168,194	168,194
Automobile Loans	-	2	2
General Purpose Loans	-	2,653	2,653
Others	-	-	-
Consumer Loans – FC	**240,634**	**1,642,295**	**1,882,929**
Housing Loans	2,222	767,902	770,124
Automobile Loans	22	7,551	7,573
General Purpose Loans	5,065	714,582	719,647
Others	233,325	152,260	385,585
Retail Credit Cards – TL	**14,279,715**	**566,447**	**14,846,162**
With Installment	6,850,008	566,447	7,416,455
Without Installment	7,429,707	-	7,429,707
Retail Credit Cards – FC	**65,391**	**97,835**	**163,226**
With Installment	2,685	-	2,685
Without Installment	62,706	97,835	160,541
Personnel Loans – TL	**17,241**	**74,439**	**91,680**
Housing Loan	-	1,055	1,055
Automobile Loans	-	86	86
General Purpose Loans	17,241	73,298	90,539
Others	-	-	-
Personnel Loans - FC-indexed	**141**	**330**	**471**
Housing Loans	-	330	330
Automobile Loans	-	-	-
General Purpose Loans	141	-	141
Others	-	-	-
Personnel Loans – FC	**1,082**	**61,862**	**62,944**
Housing Loans	137	22,904	23,041
Automobile Loans	-	-	-
General Purpose Loans	238	32,620	32,858
Others	707	6,338	7,045
Personnel Credit Cards – TL	**92,376**	**460**	**92,836**
With Installment	37,692	460	38,152
Without Installment	54,684	-	54,684
Personnel Credit Cards – FC	**804**	**1,586**	**2,390**
With Installment	86	-	86
Without Installment	718	1,586	2,304
Deposit Accounts– TL (Real Persons)	**496,664**	**-**	**496,664**
Deposit Accounts– FC (Real Persons)	**-**	**-**	**-**
Total	**15,880,577**	**38,743,677**	**54,624,254**

PRIOR PERIOD	SHORT-TERM	MEDIUM AND LONG-TERM	TOTAL
Consumer Loans – TL	**690,325**	**32,082,213**	**32,772,538**
Housing Loans	19,660	15,359,984	15,379,644
Automobile Loans	21,705	1,341,922	1,363,627
General Purpose Loans	127,056	2,240,482	2,367,538
Others	521,904	13,139,825	13,661,729
Consumer Loans – FC-indexed	**-**	**172,451**	**172,451**
Housing Loans	-	168,056	168,056
Automobile Loans	-	60	60
General Purpose Loans	-	3,235	3,235
Others	-	1,100	1,100
Consumer Loans – FC	**198,682**	**1,293,210**	**1,491,892**
Housing Loans	1,822	549,973	551,795
Automobile Loans	12	5,355	5,367
General Purpose Loans	4,411	603,111	607,522
Others	192,437	134,771	327,208
Retail Credit Cards – TL	**12,837,030**	**470,688**	**13,307,718**
With Installment	5,992,626	470,688	6,463,314
Without Installment	6,844,404	-	6,844,404
Retail Credit Cards – FC	**76,879**	**69,203**	**146,082**
With Installment	15,931	-	15,931
Without Installment	60,948	69,203	130,151
Personnel Loans – TL	**16,348**	**62,853**	**79,201**
Housing Loan	-	967	967
Automobile Loans	-	57	57
General Purpose Loans	4,382	11,834	16,216
Others	11,966	49,995	61,961
Personnel Loans - FC-indexed	**211**	**279**	**490**
Housing Loans	-	279	279
Automobile Loans	-	-	-
General Purpose Loans	211	-	211
Others	-	-	-
Personnel Loans – FC	**1,573**	**85,508**	**87,081**
Housing Loans	111	31,802	31,913
Automobile Loans	4	12	16
General Purpose Loans	260	39,492	39,752
Others	1,198	14,202	15,400
Personnel Credit Cards – TL	**77,254**	**475**	**77,729**
With Installment	30,149	475	30,624
Without Installment	47,105	-	47,105
Personnel Credit Cards – FC	**1,316**	**2,894**	**4,210**
With Installment	304	-	304
Without Installment	1,012	2,894	3,906
Deposit Accounts– TL (Real Persons)	**371,970**	**-**	**371,970**
Deposit Accounts– FC (Real Persons)	**-**	**-**	**-**
Total	**14,271,588**	**34,239,774**	**48,511,362**

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	1,335,639	9,681,444	11,017,083
Real Estate Loans	3,237	725,187	728,424
Automobile Loans	88,500	1,968,503	2,057,003
General Purpose Loans	1,243,902	6,987,754	8,231,656
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	160,480	1,885,722	2,046,202
Real Estate Loans	369	53,546	53,915
Automobile Loans	3,355	542,030	545,385
General Purpose Loans	156,756	1,290,146	1,446,902
Others	-	-	-
Installment-based Commercial Loans – FC	785,391	1,455,176	2,240,567
Real Estate Loans	-	925	925
Automobile Loans	84	12,304	12,388
General Purpose Loans	76	33,446	33,522
Others	785,231	1,408,501	2,193,732
Corporate Credit Cards – TL	1,963,886	3,750	1,967,636
With Installment	953,402	3,750	957,152
Without Installment	1,010,484	-	1,010,484
Corporate Credit Cards – FC	7,692	-	7,692
With Installment	61	-	61
Without Installment	7,631	-	7,631
Deposit Accounts– TL (Corporates)	831,746	-	831,746
Deposit Accounts– FC (Corporates)	-	-	-
Total	5,084,834	13,026,092	18,110,926

PRIOR PERIOD	SHORT-TERM	MEDIUM AND LONG-TERM	TOTAL
Installment-based Commercial Loans – TL	1,428,068	8,727,986	10,156,054
Real Estate Loans	1,767	643,270	645,037
Automobile Loans	72,896	1,724,661	1,797,557
General Purpose Loans	1,353,405	6,353,477	7,706,882
Others	-	6,578	6,578
Installment-based Commercial Loans - FC-indexed	149,234	1,373,897	1,523,131
Real Estate Loans	-	53,175	53,175
Automobile Loans	4,288	343,744	348,032
General Purpose Loans	144,946	976,978	1,121,924
Others	-	-	-
Installment-based Commercial Loans – FC	615,145	1,022,908	1,638,053
Real Estate Loans	-	1,088	1,088
Automobile Loans	20	6,725	6,745
General Purpose Loans	205	14,248	14,453
Others	614,920	1,000,847	1,615,767
Corporate Credit Cards – TL	1,353,768	515	1,354,283
With Installment	654,951	514	655,465
Without Installment	698,817	1	698,818
Corporate Credit Cards – FC	6,628	-	6,628
With Installment	136	-	136
Without Installment	6,492	-	6,492
Deposit Accounts– TL (Corporates)	716,754	-	716,754
Deposit Accounts– FC (Corporates)	-	-	-
Total	4,269,597	11,125,306	15,394,903

5.1.5.6 ALLOCATION OF LOANS BY CUSTOMERS

	CURRENT PERIOD	PRIOR PERIOD
Public Sector	866,521	976,922
Private Sector (*)	169,739,434	142,161,842
Total	**170,605,955**	**143,138,764**

(*) Loans amounting to TL 198,118 thousands (31 December 2014: TL 201,385 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	159,973,425	134,845,900
Foreign Loans (*)	10,632,530	8,292,864
Total	**170,605,955**	**143,138,764**

(*) Loans amounting to TL 198,118 thousands (31 December 2014: TL 201,385 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 AFFILIATES

	CURRENT PERIOD	PRIOR PERIOD
Direct Lending	200	980
Indirect Lending	-	-
Total	**200**	**980**

5.1.5.9 SPECIFIC PROVISIONS FOR LOANS

SPECIFIC PROVISIONS	CURRENT PERIOD	PRIOR PERIOD
Substandard Loans and Receivables - Limited Collectibility	687,181	397,288
Doubtful Loans and Receivables	661,583	685,249
Uncollectible Loans and Receivables	2,949,703	2,203,210
Total	**4,298,467**	**3,285,747**

5.1.5.10 NON-PERFORMING LOANS (NPLS) (NET)

Non-performing loans and other receivables restructured or rescheduled

	GROUP III	GROUP IV	GROUP V
CURRENT PERIOD	**SUBSTANDARD LOANS AND RECEIVABLES**	**DOUBTFUL LOANS AND RECEIVABLES**	**UNCOLLECTIBLE LOANS AND RECEIVABLES**
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	369,957	237,457	668,876
Rescheduled Loans and Receivables	8,678	2,694	33,007
Total	**378,635**	**240,151**	**701,883**
PRIOR PERIOD			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	143,326	209,992	366,158
Rescheduled Loans and Receivables	11,327	4,415	44,798
Total	**154,653**	**214,407**	**410,956**

Movements in non-performing loan groups

CURRENT PERIOD	GROUP III SUBSTANDARD LOANS AND RECEIVABLES	GROUP IV DOUBTFUL LOANS AND RECEIVABLES	GROUP V UNCOLLECTIBLE LOANS AND RECEIVABLES
Balances at Beginning of Period	**675,966**	**919,137**	**2,790,951**
Additions during the Period (+)	2,586,434	179,228	210,323
Transfer from Other NPL Categories (+)	25,850	1,610,011	1,585,241
Transfer to Other NPL Categories (-)	1,637,208	1,568,587	15,308
Collections during the Period (-)	454,957	247,350	578,638
Write-offs (-)(*)	72,490	3,338	359,452
Corporate and Commercial Loans	72,430	3,276	185,777
Retail Loans	57	8	125,888
Credit Cards	3	54	47,787
Others	-	-	-
Balances at End of Period	**1,123,595**	**889,101**	**3,633,117**
Specific Provisions (-)	687,181	661,583	2,949,703
Net Balance on Balance Sheet	**436,414**	**227,518**	**683,414**

(*) Includes also the sale of non-performing loans.

PRIOR PERIOD	GROUP III SUBSTANDARD LOANS AND RECEIVABLES	GROUP IV DOUBTFUL LOANS AND RECEIVABLES	GROUP V UNCOLLECTIBLE LOANS AND RECEIVABLES
Balances at Beginning of Period	**506,189**	**519,170**	**2,579,725**
Additions during the Period (+)	1,565,667	243,886	235,895
Transfer from Other NPL Categories (+)	160,533	1,282,345	931,770
Transfer to Other NPL Categories (-)	1,257,391	873,644	243,613
Collections during the Period (-)	289,465	232,267	245,194
Write-offs (-) (*)	9,567	20,353	467,632
Corporate and Commercial Loans	8,894	20,009	196,924
Retail Loans	673	344	75,436
Credit Cards	-	-	195,272
Others	-	-	-
Balances at End of Period	**675,966**	**919,137**	**2,790,951**
Specific Provisions (-)	397,288	685,249	2,203,210
Net Balance on Balance Sheet	**278,678**	**233,888**	**587,741**

(*) Includes also the 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	1,512,557	1,065,533	707,657	3,285,747
Additions during the Period (+)	825,317	932,704	535,337	2,293,358
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-) (*)	253,083	387,875	208,972	849,930
Write-Offs (-) (**)	258,761	123,998	47,949	430,708
Balances at End of Period	1,826,030	1,486,364	986,073	4,298,467

PRIOR PERIOD	CORPORATE / COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
Balances at End of Prior Period	1,303,085	750,498	630,255	2,683,838
Additions during the Period (+)	599,643	637,421	430,093	1,667,157
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-) (*)	171,482	245,933	157,419	574,834
Write-Offs (-) (**)	218,689	76,453	195,272	490,414
Balances at End of Period	1,512,557	1,065,533	707,657	3,285,747

(*) Foreign affiliates' foreign exchange rate changes are included in the collections during the period line.
(**) Includes also the sale of non-performing loans.

Non-performing loans in foreign currencies

	GROUP III	GROUP IV	GROUP V
CURRENT PERIOD	SUBSTANDARD LOANS AND RECEIVABLES	DOUBTFUL LOANS AND RECEIVABLES	UNCOLLECTIBLE LOANS AND RECEIVABLES
Balance at End of Period	518,143	170,186	1,307,310
Specific Provisions (-)	226,212	92,719	982,861
Net Balance at Balance Sheet	291,931	77,467	324,449
PRIOR PERIOD			
Balance at End of Period	294,892	212,253	1,224,945
Specific Provisions (-)	101,987	109,988	905,212
Net Balance at Balance Sheet	192,905	102,265	319,733

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)	**436,414**	**227,518**	**683,414**
Loans to Individuals and Corporates (Gross)	1,123,595	889,101	3,631,801
Specific Provision (-)	687,181	661,583	2,948,387
Loans to Individuals and Corporates (Net)	436,414	227,518	683,414
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	**278,678**	**233,888**	**587,741**
Loans to Individuals and Corporates (Gross)	675,966	919,137	2,784,059
Specific Provision (-)	397,288	685,249	2,196,318
Loans to Individuals and Corporates (Net)	278,678	233,888	587,741
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,581
Specific Provision (-)	-	-	6,581
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	16,662	201	-	16,863
Loans Collateralized by Mortgages	1,046,662	90,285	-	1,136,947
Loans Collateralized by Pledged Assets	444,581	53,690	-	498,271
Loans Collateralized by Cheques and Notes	369,173	9,390	-	378,563
Loans Collateralized by Other Collaterals	641,807	1,072,225	-	1,714,032
Unsecured Loans	459,543	453,027	988,567	1,901,137
Total	**2,978,428**	**1,678,818**	**988,567**	**5,645,813**

PRIOR PERIOD	CORPORATE / COMMERCIAL LOANS	CONSUMER LOANS	CREDIT CARDS	TOTAL
Loans Collateralized by Cash	14,452	235	-	14,687
Loans Collateralized by Mortgages	903,364	72,867	-	976,231
Loans Collateralized by Pledged Assets	436,743	52,212	-	488,955
Loans Collateralized by Cheques and Notes	303,295	7,650	-	310,945
Loans Collateralized by Other Collaterals	329,550	750,007	-	1,079,557
Unsecured Loans	477,060	328,785	709,834	1,515,679
Total	**2,464,464**	**1,211,756**	**709,834**	**4,386,054**

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 of 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	1,933,647	847,500	2,268,464	610,479
Medium and Long-Term	15,138	87,322	1,759	78,247
Total	**1,948,785**	**934,822**	**2,270,223**	**688,726**

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	4,956,015	2,108,752	6,708,961	718,432
Investments subject to Repurchase Agreements	4,081,537	317,809	1,996,759	4,612,969
Total	**9,037,552**	**2,426,561**	**8,705,720**	**5,331,401**

5.1.7.2 GOVERNMENT SECURITIES HELD-TO-MATURITY

	CURRENT PERIOD	PRIOR PERIOD
Government Bonds	17,776,978	18,001,974
Treasury Bills	-	-
Other Government Securities	-	-
Total	**17,776,978**	**18,001,974**

5.1.7.3 INVESTMENTS HELD-TO-MATURITY

	CURRENT PERIOD	PRIOR PERIOD
Debt Securities	**19,522,643**	**19,308,134**
Quoted at Stock Exchange	19,106,455	18,319,254
Unquoted at Stock Exchange	416,188	988,880
Valuation Increase / (Decrease)	**1,794,603**	**1,358,908**
Total	**21,317,246**	**20,667,042**

5.1.7.4 MOVEMENT OF INVESTMENTS HELD-TO-MATURITY

	CURRENT PERIOD	PRIOR PERIOD
Balances at Beginning of Period	**20,667,042**	**13,773,794**
Foreign Currency Differences on Monetary Assets	2,034,482	103,897
Purchases during the Period (*)	1,149,619	7,523,758
Disposals through Sales/Redemptions (**)	(2,971,993)	(1,651,339)
Valuation Effect	438,096	916,932
Balances at End of Period	**21,317,246**	**20,667,042**

In the current period,

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

In the prior period,

(*) The Bank reclassified private sector bonds with "credit linked notes" with a total face value of USD 425,000,000 from financial assets available-for-sale portfolio to investments held-to-maturity portfolio.

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

5.1.8 INVESTMENTS IN ASSOCIATES

5.1.8.1 UNCONSOLIDATED INVESTMENTS IN ASSOCIATES

	ASSOCIATES	ADDRESS (CITY/ COUNTRY)	PARENT BANK'S SHARE – IF DIFFERENT, VOTING RIGHTS (%)	BANK RISK GROUP'S SHARE (%)
1	Emeklilik Gözetim Merkezi AŞ	İstanbul/Turkey	-	5.26
2	Bankalararası Kart Merkezi AŞ (1)	İstanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ (1)	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ (1)	İstanbul/Turkey	5.25	5.28
5	Borsa İstanbul AŞ (1)	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ (1)	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ (2)	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ(1)	Ankara/ Turkey	1.75	1.75

	TOTAL ASSETS	SHAREHOLDERS' EQUITY	TOTAL FIXED ASSETS (*)	INTEREST INCOME	INCOME ON SECURITIES PORTFOLIO	CURRENT PERIOD PROFIT/LOSS	PRIOR PERIOD PROFIT/LOSS	COMPANY'S FAIR VALUE (IF AVAILABLE)
1	9,726	7,188	1,476	745	4	383	8	-
2	65,901	35,309	39,402	744	-	9,605	7,882	-
3	680,072	73,721	3,606	7,561	923	(791)	(346)	-
4	7,631,265	869,063	95,407	155,708	11,816	132,453	96,179	-
5	914,837	852,713	135,958	15,246	61	289,559	113,940	-
6	129,527	104,842	62,914	3,663	1	26,782	18,547	-
7	371,590,359	38,642,079	654,695	4,032,420	2,313,892	8,529,957	13,198,929	-
8	316,348	313,416	5,500	9,906	-	19,899	10,212	-

(*) Total fixed assets include tangible and intangible assets.
(1) Financial information is as of 30 September 2015.
(2) Financial information is as of 31 December 2014.

Unconsolidated investments in associates sold during the current period
None.

Unconsolidated investments in associates acquired during the current period
None.

5.1.8.2 CONSOLIDATED INVESTMENTS IN ASSOCIATES

	ASSOCIATES	ADDRESS (CITY/ COUNTRY)	PARENT BANK'S SHARE – IF DIFFERENT, VOTING RIGHTS (%)	BANK RISK GROUP'S SHARE (%)
1	Garanti Yatırım Ortaklığı AŞ	İstanbul / Turkey	-	3.30

	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	35,172	34,823	32	484	1,456	282	1,961	20,800

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

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.30%, 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	**792**	**643**
Movements during the Period	**(106)**	**149**
Acquisitions and Capital Increases	-	15
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(106)	134
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	**686**	**792**
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	686	792
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	686	792
Other Associates	-	-

Quoted consolidated investments in associates

	CURRENT PERIOD	PRIOR PERIOD
Quoted at Domestic Stock Exchanges	686	792
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period
None.

Investments in associates acquired during the current period
None.

5.1.9 INVESTMENTS IN AFFILIATES

Information on capital adequacy of major affiliates

CURRENT PERIOD	GARANTI BANK INTERNATIONAL NV	GARANTI FINANSAL KIRALAMA AŞ	GARANTI HOLDING BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	438,130	357,848	1,168,942
Share Premium	-	-	41,090
Share Cancellation Profits	-	-	-
Reserves	859,634	329,714	(327,914)
Other Comprehensive Income according to TAS	406,771	75,795	27,141
Current and Prior Periods' Profits	34,395	110,292	58,156
General Reserve for Possible Losses	-	12,000	-
Common Equity Tier I Capital Before Deductions	**1,738,930**	**885,649**	**967,415**
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	92,365	399	231,882
Leasehold Improvements on Operational Leases (-)	-	113	9,148
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	6,285	2,351	73,220
Net Deferred Tax Asset/Liability (-)	-	-	6,768
Total Deductions from Common Equity Tier I Capital	**98,650**	**2,863**	**321,018**
Total Common Equity Tier I Capital	**1,640,280**	**882,786**	**646,397**
Total Deductions From Tier I Capital	**9,427**	**3,527**	**119,982**
Total Tier I Capital	**1,630,853**	**879,259**	**526,415**
TIER II CAPITAL	**253,368**	**-**	**57,607**
CAPITAL BEFORE DEDUCTIONS	**1,884,221**	**879,259**	**584,022**
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)			
TOTAL CAPITAL	**1,884,221**	**879,259**	**584,022**

PRIOR PERIOD	GARANTI BANK INTERNATIONAL NV	GARANTI FINANSAL KIRALAMA AŞ	GARANTI HOLDING BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	386,379	357,848	1,029,352
Share Premium	-	-	36,183
Share Cancellation Profits	-	-	-
Reserves	956,232	238,680	(507,545)
Other Comprehensive Income according to TAS	19,907	-	33,626
Current and Prior Periods' Profits	139,784	91,034	18,788
Common Equity Tier I Capital Before Deductions	**1,502,302**	**687,562**	**610,404**
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	85,138	287	2,253
Leasehold Improvements on Operational Leases (-)	-	-	12,053
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	3,378	833	32,486
Net Deferred Tax Asset/Liability (-)	-	-	6,048
Total Deductions from Common Equity Tier I Capital	**88,516**	**1,120**	**52,840**
Total Common Equity Tier I Capital	**1,413,786**	**686,442**	**557,564**
Total Deductions From Tier I Capital	**13,513**	**3,332**	**154,137**
Total Tier I Capital	**1,400,273**	**683,110**	**403,427**
TIER II CAPITAL	**83,667**	**-**	**50,797**
CAPITAL BEFORE DEDUCTIONS	**1,483,940**	**683,110**	**454,224**
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	-	-
TOTAL CAPITAL	**1,483,940**	**683,104**	**454,224**

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

5.1.9.1 UNCONSOLIDATED INVESTMENTS IN AFFILIATES

	AFFILIATES	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	99.96	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	96.40	99.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
7	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
8	Garanti Filo Sigorta Aracılık Hizmetleri AŞ	Istanbul/Turkey	-	100.00

	TOTAL ASSETS	SHAREHOLDERS' EQUITY	TOTAL FIXED ASSETS(*)	INTEREST INCOME	INCOME ON SECURITIES PORTFOLIO	CURRENT PERIOD PROFIT/LOSS	PRIOR PERIOD PROFIT/LOSS	COMPANY'S FAIR VALUE	AMOUNT OF EQUITY REQUIREMENT
1	65,075	59,105	57	1,357	3,333	8,843	13,978	-	-
2	27,271	18,157	1,622	862	670	962	912	-	-
3	8,843	8,414	29	-	528	2,306	2,464	-	-
4	2,950	1,680	561	-	18	772	140	-	-
5	4,287	3,446	1	-	273	379	774	-	-
6	44	45	36	-	-	(1)	(1)	-	-
7	827,334	73,632	715,989	114	-	25,604	43,708	-	-
8	1,533	842	-	-	-	(15)	-	-	-

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

Unconsolidated affiliates, 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 AFFILIATES

	CURRENT PERIOD	PRIOR PERIOD
Balance at Beginning of Period	**3,781,037**	**3,521,952**
Movements during the Period	**738,125**	**259,085**
Acquisitions and Capital Increases	-	543
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	470,481	431,768
Currency Differences on Foreign Affiliates	267,644	(173,226)
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	**4,519,162**	**3,781,037**
Capital Commitments	**-**	**-**
Share Percentage at the End of Period (%)	**-**	**-**

(*) Except for quoted affiliates, value increases/(decreases) are based on the results of equity accounting application.

Valuation methods of consolidated investments in affiliates

	CURRENT PERIOD	PRIOR PERIOD
Valued at Cost	-	-
Valued at Fair Value (*)	4,519,162	3,781,037

(*) Except for quoted affiliates, the balances are as per the results of equity accounting application.

Sectoral distribution of consolidated investments in affiliates

	CURRENT PERIOD	PRIOR PERIOD
Banks	1,764,623	1,521,057
Insurance Companies	916,536	751,095
Factoring Companies	135,644	135,987
Leasing Companies	871,165	687,274
Finance Companies	831,194	685,624
Other Affiliates	-	-

Except for quoted affiliates, the balances are as per the results of equity accounting application.

Quoted consolidated investments in affiliates

	CURRENT PERIOD	PRIOR PERIOD
Quoted at Domestic Stock Exchanges	135,644	135,987
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

	AFFILIATES	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	100.00	-	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

	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	4,907,222	873,250	100,213	374,005	-	110,292	91,034	-
2	2,970,521	165,762	5,105	239,739	-	25,430	20,516	135,644
3	88,638	47,468	10,054	3,594	2,274	6,146	4,536	-
4	44,690	39,271	5,254	2,762	7	8,029	10,777	-
5	1,407,382	1,079,422	34,735	110,910	8,941	194,445	171,424	-
6	15,841,705	1,646,566	81,130	441,699	99,751	34,395	139,784	-
7	446,267	118,219	21,911	27,200	19,422	(8,650)	12,384	-
8	1,027,038	1,026,915	-	2	-	(217)	(234)	-
9	1,058,272	911,103	-	89	-	(3,351)	1,716	-
10	6,748,216	760,549	56,543	268,245	35,390	45,727	5,875	-
11	407,963	61,329	4,948	25,606	-	7,690	6,879	-
12	266,377	54,215	3,870	43,370	-	16,910	8,667	-

(*) 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 and Ralfı IFN SA.

Consolidated investments in affiliates disposed during the current period
None.

Consolidated investments in affiliates acquired during the current period
None.

5.1.10 INVESTMENTS IN JOINT-VENTURES
None.

5.1.11 LEASE RECEIVABLES

5.1.11.1 FINANCIAL LEASE RECEIVABLES ACCORDING TO REMAINING MATURITIES

	CURRENT PERIOD		PRIOR PERIOD	
	GROSS	NET	GROSS	NET
Less than 1 Year	2,192,663	1,883,470	1,836,026	1,562,466
Between 1-5 Years	3,194,715	2,824,748	2,693,712	2,354,116
Longer than 5 Years	366,245	343,374	256,850	237,821
Total	**5,753,623**	**5,051,592**	**4,786,588**	**4,154,403**

5.1.11.2 NET FINANCIAL LEASE RECEIVABLES

	CURRENT PERIOD	PRIOR PERIOD
Gross Financial Lease Receivables	5,753,623	4,786,588
Unearned Income on Financial Lease Receivables (-)	(702,031)	(632,185)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	**5,051,592**	**4,154,403**

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	60,616	7,483	31,158	83
Cash Flow Hedges	28,448	584,450	15,044	119,967
Net Foreign Investment Hedges	-	-	-	-
Total	**89,064**	**591,933**	**46,202**	**120,050**

As of 31 December 2015, 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	18,791,415	101,340	120,219	12,215,225	46,285	168,109
-TL	5,239,355	89,064	10,928	6,034,049	46,202	99,572
-FC	13,552,060	12,276	109,291	6,181,176	83	68,537
Cross Currency Swaps	5,279,626	579,657	130,272	5,215,329	119,967	111,274
-TL	1,868,085	-	-	2,090,223	-	-
-FC	3,411,541	579,657	130,272	3,125,106	119,967	111,274
Total	**24,071,041**	**680,997**	**250,491**	**17,430,554**	**166,252**	**279,383**

5.1.12.1.1 FAIR VALUE HEDGE ACCOUNTING

CURRENT PERIOD

HEDGING ITEM	HEDGED ITEM	TYPE OF RISK	FAIR VALUE CHANGE OF HEDGED ITEM	NET FAIR VALUE CHANGE OF HEDGING ITEM		INCOME STATEMENT EFFECT (GAINS/ LOSSES FROM DERIVATIVE FINANCIAL INSTRUMENTS)
				ASSET	LIABILITY	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	65,224	8,104	(78,491)	(5,163)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	173	-	(313)	(140)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(48,755)	59,995	(12,487)	(1,247)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(13,669)	-	(130,272)	(143,941)

PRIOR PERIOD

HEDGING ITEM	HEDGED ITEM	TYPE OF RISK	FAIR VALUE CHANGE OF HEDGED ITEM	NET FAIR VALUE CHANGE OF HEDGING ITEM		INCOME STATEMENT EFFECT (GAINS/ LOSSES FROM DERIVATIVE FINANCIAL INSTRUMENTS)
				ASSET	LIABILITY	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	39,256	3,000	(57,277)	(15,021)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	42,104	28,241	(91,167)	(20,822)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(12,511)	-	(63,059)	(75,570)

5.1.12.1.2 CASH FLOW HEDGE ACCOUNTING

CURRENT PERIOD

HEDGING ITEM	HEDGED ITEM	TYPE OF RISK	FAIR VALUE CHANGE OF HEDGED ITEM		GAINS/LOSSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY IN THE PERIOD	GAINS/LOSSES ACCOUNTED UNDER INCOME STATEMENT IN THE PERIOD	INEFFECTIVE PORTION (NET) ACCOUNTED UNDER INCOME STATEMENT
			ASSET	LIABILITY			
Interest Rate Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	74	-	101	133	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	33,167	(28,928)	8,616	847	(1,219)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	262,771	-	4,416	24,784	11
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	316,886	-	69,335	70,610	921

In The Current Period, The Amount Reclassified From The Shareholders' Equity To The Income Statement And The Losses Recognised In The Shareholders' Equity Due To The Ceased Hedging Transactions Are Tl 1,238 Thousands And Tl 619 Thousands, Respectively.

PRIOR PERIOD

HEDGING ITEM	HEDGED ITEM	TYPE OF RISK	FAIR VALUE CHANGE OF HEDGED ITEM		GAINS/LOSSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY IN THE PERIOD	GAINS/LOSSES ACCOUNTED UNDER INCOME STATEMENT IN THE PERIOD	INEFFECTIVE PORTION (NET) ACCOUNTED UNDER INCOME STATEMENT
			ASSET	LIABILITY			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	15,044	(19,665)	(41,815)	(16,302)	-
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	76,306	-	(8,749)	27,285	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	43,661	(48,215)	(5,312)	(13,246)	-

5.1.13 TANGIBLE ASSETS

	REAL ESTATES	LEASED TANGIBLE ASSETS	VEHICLES	OTHER TANGIBLE ASSETS	TOTAL
Cost	**1,331,671**	**324,109**	**21,272**	**1,656,172**	**3,333,224**
Accumulated Depreciation	(334,769)	(314,940)	(16,363)	(1,116,789)	(1,782,861)
Net Book Value	**996,902**	**9,169**	**4,909**	**539,383**	**1,550,363**
Balances at End of Current Period					
Net Book Value at Beginning of Current Period	996,902	9,169	4,909	539,383	1,550,363
Additions	174,233	14,880	2,274	302,597	493,984
Revaluation Model Difference	1,601,244	-	-	-	1,601,244
Transfers from Investment Property	14,464	-	-	-	14,464
Disposals (Net)	(9,351)	(2)	45	(31,774)	(41,082)
Disposals (Cost)	(14,295)	(12,794)	(1,387)	(72,263)	(100,739)
Disposals (Accumulated Depreciation)	4,944	12,792	1,432	40,489	59,657
Reversal of/Impairment Losses (-)	(4,615)	-	-	-	(4,615)
Depreciation Expense for Current Period	(25,330)	(3,030)	(2,078)	(185,341)	(215,779)
Effect of Netting-off Gross Book Value and Accumulated Depreciation Upon Applying Revaluation Model as per TAS 16	352,577	-	-	-	352,577
Currency Translation Differences on Foreign Operations, Net	6,501	-	129	7,680	14,310
Currency Translation Differences on Foreign Operations (Cost)	8,899	-	617	18,359	27,875
Currency Translation Differences on Foreign Operations (Accumulated Depreciation)	(2,398)	-	(488)	(10,679)	(13,565)
Net Book Values at End of Current Period	**2,754,048**	**21,017**	**5,279**	**632,545**	**3,412,889**
Cost at End of Current Period	2,759,024	326,195	22,776	1,904,865	5,012,860
Accumulated Depreciation at End of Current Period	(4,976)	(305,178)	(17,497)	(1,272,320)	(1,599,971)
Net Book Values at End of Current Period	**2,754,048**	**21,017**	**5,279**	**632,545**	**3,412,889**

As of 31 December 2015, the revaluation model effect, net of deferred tax, for real estates under tangible assets amounting to TL 1,590,849 thousands were accounted under shareholders' equity.

As of 31 December 2015, the net book value of real estates under cost model instead of revaluation model is TL 1,096,969 thousands (31 December 2014: TL 996,902 thousands).

In 2015, TL 56,131 thousands (31 December 2014: TL 4,082 thousands) were provisioned and TL 51,518 thousands were reversed (31 December 2014: TL 2,157 thousands) for real estates as per the valuation study performed in accordance with the Turkish Accounting Standard 36 (TAS36) "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	571,276	317,645	494,979	257,627

5.1.14.4 MOVEMENTS OF INTANGIBLE ASSETS FOR CURRENT PERIOD

	CURRENT PERIOD	PRIOR PERIOD
Net Book Value at Beginning Period	**237,352**	**104,030**
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	79,440	190,376
Disposals (-)	(247)	(209)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(66,062)	(55,442)
Currency Translation Differences on Foreign Operations	3,148	(1,403)
Other Movements	-	-
Net Book Value at End of Current Period	**253,631**	**237,352**

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	100.00	2,119
Garanti Faktoring Hizmetleri 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**

5.1.15 INVESTMENT PROPERTY

	CURRENT PERIOD	PRIOR PERIOD
Net Book Value at Beginning Period	**296,191**	**252,320**
Additions	-	9,489
Transfers to Tangible Assets	(18,009)	-
Fair Value Change	29,279	34,382
Net Currency Translation Differences on Foreign Affiliates	(366)	-
Net Book Value at End of Current Period	**307,095**	**296,191**

The investment property is held for operational leasing purposes.
As of 31 December 2015, a total gain of TL 25,734 thousands from revaluation of investment property is included in other operating income.

5.1.16 DEFERRED TAX ASSET

As of 31 December 2015, on a consolidated basis the Bank has a deferred tax asset of TL 463,623 thousands (31 December 2014: TL 475,652 thousands) calculated as the net amount remaining after netting of tax deductable timing differences and taxable timing differences in its consolidated financial statements.

As of 31 December 2015, there is a deferred tax asset of TL 701,422 thousands (31 December 2014: TL 606,795 thousands) and deferred tax liability of TL 237,799 thousands (31 December 2014: TL 131,143 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.

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 (*)	849,242	170,497	685,084	136,752
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	725,454	172,572	1,176,071	236,381
Revaluation Differences on Real Estates	(1,810,410)	(27,620)	-	-
Other	823,326	148,174	534,529	102,519
Deferred Tax Asset, Net	**587,612**	**463,623**	**2,395,684**	**475,652**

(*) 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 affiliates' financial assets.

As of 31 December 2015, TL 213,959 thousands of deferred tax expenses (31 December 2014: a deferred tax income of TL 358,259 thousands) and TL 100,910 thousands of deferred tax income (31 December 2014: TL 120,067 thousands of deferred tax expense) were recognised in the income statement and the shareholders' equity, respectively.

5.1.17 ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS

	CURRENT PERIOD	PRIOR PERIOD
End of Prior Period		
Cost	186,179	155,734
Accumulated Depreciation	(7,972)	(5,992)
Net Book Value	178,207	149,742
End of Current Period		
Additions	279,871	120,277
Disposals (Cost)	(90,648)	(87,296)
Disposals (Accumulated Depreciation)	3,886	1,212
Reversal of Impairment / Impairment Losses (-)	(1,583)	(2,123)
Depreciation Expense for Current Period (-)	(5,097)	(3,192)
Currency Translation Differences on Foreign Operations	1,729	(413)
Cost	375,548	186,179
Accumulated Depreciation (-)	(9,183)	(7,972)
Net Book Value	366,365	178,207

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 258,845 thousands (31 December 2014: TL 26,361 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, Affiliates and Joint – Ventures	-	-
Sale of Real Estates	-	1,062
Sale of Other Assets	3,127	3,071
Total	3,127	4,133

5.1.18.2 PREPAID EXPENSES

	CURRENT PERIOD	PRIOR PERIOD
Prepaid Expenses	440,202	413,337
Prepaid Taxes	30,978	9,289

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 ACCOUNTS	TOTAL
Saving Deposits	7,210,589	-	3,017,987	34,280,140	1,118,714	331,736	481,267	4,699	46,445,132
Foreign Currency	21,211,733	-	7,390,379	31,760,376	4,087,063	4,362,671	14,824,285	56,573	83,693,080
Residents in Turkey	14,335,218	-	6,434,951	28,233,795	2,651,959	1,081,183	839,169	55,408	53,631,683
Residents in Abroad	6,876,515	-	955,428	3,526,581	1,435,104	3,281,488	13,985,116	1,165	30,061,397
Public Sector Deposits	624,252	-	7,629	26,642	43	144	31	-	658,741
Commercial Deposits	6,173,951	-	3,647,512	4,528,359	176,380	389,619	17,802	-	14,933,623
Others	210,284	-	89,689	1,147,371	268,316	3,434	524,269	-	2,243,363
Precious Metal Deposits	1,087,124	-	106	11,175	-	57	101,849	-	1,200,311
Bank Deposits	1,824,611	-	2,119,796	1,078,563	1,708,201	100,524	128,486	-	6,960,181
Central Bank of Turkey	-	-	700,209	-	-	-	-	-	700,209
Domestic Banks	3,158	-	862,517	436,397	2,080	24	4	-	1,304,180
Foreign Banks	719,751	-	557,070	642,166	1,706,121	100,500	128,482	-	3,854,090
Special Financial	1,101,702	-	-	-	-	-	-	-	1,101,702
Others	-	-	-	-	-	-	-	-	-
Total	38,342,544	-	16,273,098	72,832,626	7,358,717	5,188,185	16,077,989	61,272	156,134,431

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	6,247,742	-	3,674,737	29,266,592	2,193,860	1,012,447	648,068	4,235	43,047,681
Foreign Currency Deposits	16,037,813	-	6,723,156	22,032,267	5,181,757	5,585,326	8,109,362	56,466	63,726,147
Residents in Turkey	10,137,009	-	5,919,738	18,889,764	3,223,634	1,370,095	594,701	54,785	40,189,726
Residents in Abroad	5,900,804	-	803,418	3,142,503	1,958,123	4,215,231	7,514,661	1,681	23,536,421
Public Sector Deposits	757,161	-	2,386	25,054	149	55	28	-	784,833
Commercial Deposits	5,327,139	-	3,000,277	5,871,281	301,254	31,590	286,705	-	14,818,246
Others	141,082	-	120,899	1,619,081	25,053	398,009	4,339	-	2,308,463
Precious Metal	1,468,915	-	958	52,885	19	2,041	100,286	-	1,625,104
Bank Deposits	1,906,709	-	907,536	854,367	2,504,414	635,816	306,563	-	7,115,405
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,977	-	475,877	102,842	13	114,754	29,382	-	726,845
Foreign Banks	668,578	-	431,659	751,525	2,504,401	521,062	277,181	-	5,154,406
Special Financial	1,234,154	-	-	-	-	-	-	-	1,234,154
Others	-	-	-	-	-	-	-	-	-
Total	31,886,561	-	14,429,949	59,721,527	10,206,506	7,665,284	9,455,351	60,701	133,425,879

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	24,403,854	22,454,627	22,487,622	20,271,564
Foreign Currency Saving Deposits	15,714,350	13,007,471	9,930,605	21,798,720
Other Saving Deposits	590,229	999,391	1,282,499	786,318
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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	673,677	608,592
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	662,161	556,395
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	218,374	131,764	189,393	33,483
Swap Transactions	1,101,708	602,757	677,661	958,501
Futures	32	3,320	22	649
Options	354,764	154,904	206,050	26,608
Others	35,579	19,401	6	8,398
Total	1,710,457	912,146	1,073,132	1,027,639

5.2.3 FUNDS BORROWED

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,047,230	1,255,372	1,761,544	1,019,648
Foreign Banks, Institutions and Funds	2,407,491	34,649,802	3,979,436	31,027,913
Total	**3,454,721**	**35,905,174**	**5,740,980**	**32,047,561**

5.2.3.1 MATURITIES OF FUNDS BORROWED

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Short-Term	1,094,237	2,447,861	2,109,054	9,443,891
Medium and Long-Term	2,360,484	33,457,313	3,631,926	22,603,670
Total	**3,454,721**	**35,905,174**	**5,740,980**	**32,047,561**

The Bank classified certain borrowings obtained through securitisations amounting to USD 2,000,000,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2015, the accumulated credit risk change and the credit risk change recognised in the income statement amounted to TL 127,296 thousands and TL 416,672 thousands, respectively. The carrying value of the related financial liability amounted to TL 5,688,704 thousands, and the related current period gain amounted TL 416,672 thousands.

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	1,968,860	2,790,047	160,141	11,154,774
Cost	1,885,919	2,635,443	160,141	11,089,721
Carrying Value (*)	1,925,100	2,615,083	160,472	10,810,942

PRIOR PERIOD	TL		FC	
	SHORT-TERM	MEDIUM AND LONG-TERM	SHORT-TERM	MEDIUM AND LONG-TERM
Nominal	2,161,571	2,885,551	544,114	9,293,935
Cost	2,101,801	2,709,717	544,110	9,248,076
Carrying Value (*)	2,038,716	2,805,068	547,127	9,047,445

(*) The Bank and/or its financial affiliates repurchased the Bank's own TL securities with a total face value of TL 162,821 thousands (31 December 2014: TL 237,044 thousands) and foreign currency securities with a total face value of TL 638,989 thousands (31 December 2014: TL 506,477 thousands) and netted off such securities in the accompanying consolidated financial statements.

The Bank classified certain securities amounting to TL 30,665 thousands and RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2015, the accumulated positive and negative credit risk changes and the positive credit risk changes recognised in the income statement amounted to TL 68 thousands and TL 2,584 thousands and TL 68 thousands and TL 297 thousands, respectively. The carrying value of the related financial liability amounted to TL 31,025 thousands and TL 27,419 thousands, and the related current period losses and gains amounted to TL 359 thousands and TL 496 thousands, respectively.

5.2.4.2 FUNDS PROVIDED THROUGH REPURCHASE TRANSACTIONS

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Domestic Transactions	12,545,178	-	4,233,796	-
Financial Institutions and Organizations	12,475,300	-	4,163,450	-
Other Institutions and Organizations	36,759	-	27,959	-
Individuals	33,119	-	42,387	-
Foreign Transactions	75	3,595,865	667,001	7,120,368
Financial Institutions and Organizations	-	3,595,865	666,879	7,120,368
Other Institutions and Organizations	-	-	120	-
Individuals	75	-	2	-
Total	12,545,253	3,595,865	4,900,797	7,120,368

5.2.4.3 MISCELLANEOUS PAYABLES

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Payables from credit card transactions	6,886,185	57,684	5,879,730	51,453
Payables from insurance transactions	20,858	238	20,435	58
Other	283,144	1,331,913	201,540	748,320
Total	7,190,187	1,389,835	6,101,705	799,831

5.2.5 FACTORING PAYABLES

None.

5.2.6 LEASE PAYABLES

5.2.6.1 FINANCIAL LEASE PAYABLES

None.

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	10,928	210,635	99,572	111,931
Cash Flow Hedges	-	28,928	-	67,880
Net Foreign Investment Hedges	-	-	-	-
Total	10,928	239,563	99,572	179,811

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	**3,027,976**	**2,457,552**
Loans and Receivables in Group I	2,521,714	2,125,471
- Additional Provision for Loans and Receivables with Extended Maturities	111,213	82,858
Loans and Receivables in Group II	354,149	191,690
- Additional Provision for Loans and Receivables with Extended Maturities	96,507	56,706
Non-Cash Loans	152,113	140,391
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	29,733	13,320
Medium and Long Term Loans	11,412	11,208
Total	**41,145**	**24,528**

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	26,570	16,964
Doubtful Loans and Receivables	18,417	13,006
Uncollectible Loans and Receivables	57,122	78,911
Total	**102,109**	**108,881**

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	342,000	415,000

5.2.8.4.2 OTHER PROVISIONS FOR POSSIBLE LOSSES

	CURRENT PERIOD	PRIOR PERIOD
Reserve for Employee Benefits	570,995	548,258
Insurance Technical Provisions, Net	251,292	239,160
Provision for Promotion Expenses of Credit Cards (*)	89,757	84,817
Provision for Lawsuits	41,734	31,014
Other Provisions	169,109	132,979
Total	**1,122,887**	**1,036,228**

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

Recognized liability for defined benefit plan obligations
The Bank obtained an actuarial report dated 7 December 2015 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 2,408,349 thousands (31 December 2014 TL 2,086,877 thousands) at 31 December 2015 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2015 as per the requirements of the Law explained in Note 3.17, the accounting policies related with "employee benefits" for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary's 7 December 2015 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 1,336,959 thousands (31 December 2014: TL 1,287,303) thousands remains as of 31 December 2015 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 528,011 thousands (31 December 2014: TL 512,562 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2015. However, despite this treatment there are no excess obligation that needs to be provided against.

TRANSFERABLE PENSION AND MEDICAL BENEFITS	CURRENT PERIOD	PRIOR PERIOD
Net present value of pension benefits transferable to SSF	(608,796)	(528,752)
Net present value of medical benefits and health premiums transferable to SSF	528,011	512,562
General administrative expenses	(33,702)	(29,290)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	**(114,487)**	**(45,480)**
Fair Value of Plan Assets (2)	**2,522,836**	**2,132,357**
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	**2,408,349**	**2,086,877**
Non-Transferable Benefits:		
Other pension benefits	(592,937)	(538,185)
Other medical benefits	(478,453)	(261,389)
Total Non-Transferable Benefits (4)	**(1,071,390)**	**(799,574)**
Asset Surplus over Total Benefits ((3)-(4)=(5))	**1,336,959**	**1,287,303**
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	**(528,011)**	**(512,562)**
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	**808,948**	**774,741**

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 (*)	10.30	8.80
Inflation Rate (*)	7.10	6.10
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate (*)	7.10	6.10

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

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

5.2.9 TAX LIABILITY

5.2.9.1 CURRENT TAX LIABILITY

5.2.9.1.1 TAX LIABILITY

As of 31 December 2015, the corporate tax liability amounts to TL 376,241 thousands (31 December 2014: TL 449,439 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 TAXES PAYABLE

	CURRENT PERIOD	PRIOR PERIOD
Corporate Taxes Payable	376,241	449,439
Taxation on Securities Income	110,210	86,086
Taxation on Real Estates Income	3,396	3,040
Banking Insurance Transaction Tax	100,514	78,828
Foreign Exchange Transaction Tax	74	68
Value Added Tax Payable	13,190	11,461
Others	87,846	73,628
Total	**694,471**	**702,550**

5.2.9.1.3 PREMIUMS PAYABLE

	CURRENT PERIOD	PRIOR PERIOD
Social Security Premiums-Employees	2,701	727
Social Security Premiums-Employer	2,206	1,231
Bank Pension Fund Premium-Employees	18	16
Bank Pension Fund Premium-Employer	18	18
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,021	818
Unemployment Insurance-Employer	2,132	1,764
Others	21	39
Total	**8,117**	**4,613**

5.2.9.2 DEFERRED TAX LIABILITY

In the accompanying consolidated financial statements, there are no deferred tax liabilities as of 31 December 2015 or 2014.

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	-	159,792	-	140,766
Total	**-**	**159,792**	**-**	**140,766**

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.

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	-	-
Paid-in common shares	4,200,000	4,200,000
Preference shares	-	-

5.2.12.2 REGISTERED SHARE CAPITAL SYSTEM

CAPITAL SYSTEM	PAID-IN CAPITAL	CEILING PER REGISTERED SHARE CAPITAL
Registered Shares	4,200,000	10,000,000

5.2.12.3 CAPITAL INCREASES IN CURRENT PERIOD

None.

5.2.12.4 CAPITAL INCREASES FROM CAPITAL RESERVES IN CURRENT PERIOD

None..

5.2.12.5 CAPITAL COMMITMENTS FOR CURRENT AND FUTURE FINANCIAL PERIODS

None.

5.2.12.6 POSSIBLE EFFECT OF ESTIMATIONS MADE FOR THE PARENT BANK'S REVENUES, PROFITABILITY AND LIQUIDITY ON EQUITY CONSIDERING PRIOR PERIOD INDICATORS AND UNCERTAINITIES

None.

5.2.12.7 INFORMATION ON PRIVILEGES GIVEN TO STOCKS REPRESENTING THE CAPITAL

None.

5.2.12.8 SECURITIES VALUE INCREASE FUNDR

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(427,264)	143,622	82,677	6,104
Valuation Difference	(427,264)	143,622	82,677	6,104
Exchange Rate Difference	-	-	-	-
Total	(427,264)	143,622	82,677	6,104

5.2.12.9 REVALUATION SURPLUS

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	1,587,371	5,249	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	173,263	-	172,894	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	1,760,634	5,249	175,034	-

5.2.12.10 BONUS SHARES OF ASSOCIATES, SUBSIDIARIES AND JOINT-VENTURES

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

5.2.12.11 LEGAL RESERVES

	CURRENT PERIOD	PRIOR PERIOD
I. Legal Reserve	1,013,056	1,002,091
II. Legal Reserve	213,572	177,863
Special Reserves	-	-
Total	1,226,628	1,179,954

5.2.12.12 EXTRAORDINARY RESERVES

	CURRENT PERIOD	PRIOR PERIOD
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	19,168,165	16,163,191
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	19,168,165	16,163,191

5.2.12.13 MINORITY INTEREST

	CURRENT PERIOD	PRIOR PERIOD
Balance at Beginning of Period	193,733	162,818
Profit Share of Affiliates Net Profits	34,213	31,477
Prior Period Dividend Payment	(1,354)	(185)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	25	(377)
Balance at End of Period	226,617	193,733

5.3 CONSOLIDATED OFF-BALANCE SHEET ITEMS

5.3.1 OFF-BALANCE SHEET CONTINGENCIES

5.3.1.1 IRREVOCABLE CREDIT COMMITMENTS

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 3,246,846 thousands (31 December 2014: TL 5,446,840 thousands), commitments for cheque payments of TL 3,063,075 thousands (31 December 2014: TL 2,874,791 thousands) and commitments for credit card limits of TL 27,066,620 thousands (31 December 2014: TL 25,799,601 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	17,880,281	15,379,775
Letters of Guarantee in TL	14,828,828	12,138,798
Letters of Credit	14,576,338	9,308,035
Bills of Exchange and Acceptances	1,538,069	815,887
Prefinancings	-	-
Other Guarantees	109,206	86,702
Total	**48,932,722**	**37,729,197**

A specific provision of TL 102,109 thousands (31 December 2014: TL 108,881 thousands) is made for unliquidated non-cash loans of TL 313,985 thousands (31 December 2014: TL 272,978 thousands) recorded under the off-balance sheet items as of 31 December 2015.

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	4,157,201	2,838,901
With Original Maturity of 1 Year or Less	454,207	402,876
With Original Maturity of More Than 1 Year	3,702,994	2,436,025
Other Non-Cash Loans	44,775,521	34,890,296
Total	**48,932,722**	**37,729,197**

5.3.1.4 OTHER INFORMATION ON NON-CASH LOANS

	CURRENT PERIOD				PRIOR PERIOD			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	**59,203**	**0.40**	**24,398**	**0.07**	**60,259**	**0.50**	**75,186**	**0.29**
Farming and Stockbreeding	53,926	0.36	18,647	0.05	55,270	0.46	65,921	0.25
Forestry	3,897	0.03	5,066	0.01	3,528	0.03	4,723	0.02
Fishery	1,380	0.01	685	0.00	1,461	0.01	4,542	0.02
Manufacturing	**4,251,238**	**28.61**	**16,423,897**	**48.20**	**4,030,137**	**33.17**	**14,569,732**	**56.96**
Mining and Quarrying	151,428	1.02	187,479	0.55	115,972	0.95	295,060	1.15
Production	2,450,646	16.49	11,322,737	33.23	2,283,718	18.80	9,210,880	36.01
Electricity, Gas, Water	1,649,164	11.10	4,913,681	14.42	1,630,447	13.42	5,063,792	19.80
Construction	**2,091,782**	**14.08**	**3,832,130**	**11.25**	**1,608,827**	**13.24**	**3,040,016**	**11.88**
Services	**7,316,357**	**49.23**	**12,372,343**	**36.31**	**5,500,413**	**45.27**	**6,174,581**	**24.14**
Wholesale and Retail Trade	5,223,467	35.15	8,097,227	23.77	3,895,475	32.06	2,695,000	10.54
Accomodation and Dining	297,037	2.00	221,167	0.65	238,277	1.96	149,113	0.58
Transportation and Telecommunication	502,112	3.38	1,120,273	3.29	419,462	3.45	731,747	2.86
Financial Institutions	932,262	6.27	2,673,889	7.85	607,819	5.00	2,366,238	9.25
Real Estate and Rental Services	262,149	1.76	236,828	0.70	228,174	1.88	186,376	0.73
Professional Services	-	0.00	-	0.00	-	-	-	-
Educational Services	22,140	0.15	10,340	0.03	22,990	0.19	10,234	0.04
Health and Social Services	77,190	0.52	12,619	0.04	88,216	0.73	35,873	0.14
Others	**1,142,116**	**7.68**	**1,419,258**	**4.17**	**949,689**	**7.82**	**1,720,357**	**6.73**
Total	**14,860,696**	**100.00**	**34,072,026**	**100.00**	**12,149,325**	**100.00**	**25,579,872**	**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	14,712,464	33,364,127	148,232	707,899
Letters of Guarantee	14,680,596	17,341,075	148,232	539,206
Bills of Exchange and Bank Acceptances	20,793	1,515,117	-	2,159
Letters of Credit	11,075	14,398,729	-	166,534
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	109,206	-	-

PRIOR PERIOD	GROUP I		GROUP II	
	TL	FC	TL	FC
Non-Cash Loans	12,052,432	25,382,591	96,893	197,281
Letters of Guarantee	12,041,905	15,185,812	96,893	193,963
Bills of Exchange and Bank Acceptances	9,600	803,128	-	3,159
Letters of Credit	927	9,306,949	-	159
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	86,702	-	-

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	-	800,000	1,482,385	12,130,687	9,657,969	24,071,041
A. Total Derivative Financial Instruments held for Risk Management	-	-	2,000	4,457,333	8,246,516	12,705,849
Fair Value Hedges	-	800,000	1,480,385	7,673,354	1,411,453	11,365,192
Cash Flow Hedges	-	-	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	87,561,957	39,273,653	74,168,269	14,815,847	-	215,819,726
Foreign Currency related Derivative Transactions (I)	6,373,761	4,182,624	4,642,660	1,385,380	-	16,584,425
Currency Forwards – Purchases	5,772,248	4,303,067	4,964,142	1,473,996	-	16,513,453
Currency Forwards – Sales	31,219,245	4,931,695	10,154,408	2,200,393	-	48,505,741
Currency Swaps – Purchases	27,699,024	4,969,811	10,876,879	2,258,610	-	45,804,324
Currency Swaps – Sales	8,131,237	10,207,264	20,677,352	3,614,564	-	42,630,417
Currency Options – Purchases	8,366,442	10,676,075	22,652,043	3,798,600	-	45,493,160
Currency Options – Sales	-	3,117	4,311	-	-	7,428
Currency Futures – Purchases	-	-	196,474	84,304	-	280,778
Currency Futures – Sales	21,202	504,914	5,632,931	21,728,113	11,664,436	39,551,596
Interest Rate related Derivative Transactions (II)	70	245,380	1,624,844	9,164,511	5,569,867	16,604,672
Interest Rate Swaps – Purchases	70	245,380	1,624,844	9,164,511	5,569,867	16,604,672
Interest Rate Swaps – Sales	-	-	2,383,243	3,352,547	524,702	6,260,492
Interest Rate Options – Purchases	-	-	-	-	-	-
Interes Rate Options – Sales	10,531	3,466	-	23,272	-	37,269
Securities Options – Purchases	10,531	10,688	-	23,272	-	44,491
Securities Options – Sales	-	-	-	-	-	-
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	4,727,101	537,677	1,148,581	1,613,206	4,362,000	12,388,565
Other Trading Derivatives (III)	92,310,260	40,316,244	80,949,781	38,157,166	16,026,436	267,759,887
B. Total Trading Derivatives (I+II+III)	-	-	-	-	-	-
Total Derivative Transactions (A+B)	92,310,260	41,116,244	82,432,166	50,287,853	25,684,405	291,830,928

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	-	-	683,517	10,927,869	5,819,168	17,430,554
Fair Value Hedges	-	-	683,517	3,815,434	4,338,089	8,837,040
Cash Flow Hedges	-	-	-	7,112,435	1,481,079	8,593,514
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	-	-	-	-	-	-
Foreign Currency related Derivative Transactions (I)	68,133,493	29,275,464	54,593,845	12,072,380	-	164,075,182
Currency Forwards – Purchases	4,154,234	1,709,363	4,724,411	726,189	-	11,314,197
Currency Forwards – Sales	4,081,143	1,524,293	4,788,568	805,020	-	11,199,024
Currency Swaps – Purchases	25,998,714	6,819,820	11,379,602	3,460,771	-	47,658,907
Currency Swaps – Sales	22,960,947	6,908,445	11,782,378	3,764,319	-	45,416,089
Currency Options – Purchases	5,423,021	5,983,938	10,681,474	1,562,826	-	23,651,259
Currency Options – Sales	5,515,434	6,290,094	11,237,412	1,753,255	-	24,796,195
Currency Futures – Purchases	-	19,099	-	-	-	19,099
Currency Futures – Sales	-	20,412	-	-	-	20,412
Interest Rate related Derivative Transactions (II)	36,856	267,716	2,699,027	18,838,376	5,965,112	27,807,087
Interest Rate Swaps – Purchases	14,982	83,667	747,111	8,358,299	2,982,556	12,186,615
Interest Rate Swaps – Sales	14,982	83,667	747,111	8,358,299	2,982,556	12,186,615
Interest Rate Options – Purchases	-	-	1,204,805	2,112,592	-	3,317,397
Interes Rate Options – Sales	-	-	-	-	-	-
Securities Options – Purchases	3,446	4,313	-	4,593	-	12,352
Securities Options – Sales	3,446	3,869	-	4,593	-	11,908
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	-	92,200	-	-	-	92,200
Other Trading Derivatives (III)	3,396,325	444,608	224,537	1,152,500	3,457,500	8,675,470
B. Total Trading Derivatives (I+II+III)	71,566,674	29,987,788	57,517,409	32,063,256	9,422,612	200,557,739
Total Derivative Transactions (A+B)	71,566,674	29,987,788	58,200,926	42,991,125	15,241,780	217,988,293

5.3.3 CREDIT DERIVATIVES AND RISK EXPOSURES ON CREDIT DERIVATIVES

As of 31 December 2015, there are commitments for "credit linked notes" of the Bank and its consolidated financial affiliates with a total face value of USD 125,000,000 (31 December 2014: USD 425,000,000) classified under "other irrevocable commitments".

As of 31 December 2014, there is a total return swap of a consolidated financial affiliate with a face value of USD 40,000,000 (31 December 2015: nil) classified under "other derivative financial instruments", where the financial affiliate is on the buying side of the protection.

As of 31 December 2014, there are total return swaps of the Bank with a total face value of EUR 85,000,000 (31 December 2015: nil) classified under "other derivative financial instruments", where the Bank is on the buying side of the protection.

As of 31 December 2015, there are total return swaps of the Bank with a total face value of USD 2,000,000,000 (31 December 2014: USD 2,000,000,000) classified under "other derivative financial instruments", where the Bank is on the selling side of the protection.

5.3.4 CONTINGENT LIABILITIES AND ASSETS

The Bank and its consolidated financial affiliates made a total provision amounting to TL 39,530 thousands (31 December 2014: TL 30,062 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 financials indicators such as CDS levels, currency exchange rates, interest rates etc. As of 31 December 2015, 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	4,268,762	335,536	3,345,873	439,555
Medium and long-term loans	6,461,452	3,173,184	5,314,493	2,654,158
Loans under follow-up	51,171	6,605	44,023	9,199
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**10,781,385**	**3,515,325**	**8,704,389**	**3,102,912**

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

5.4.1.2 INTEREST INCOME FROM BANKS

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Central Bank of Turkey	-	3,308	-	-
Domestic Banks	88,790	16,047	57,512	30,053
Foreign Banks	4,883	49,557	77,502	37,007
Foreign Head Offices and Branches	-	-	-	-
Total	**93,673**	**68,912**	**135,014**	**67,060**

5.4.1.3 INTEREST INCOME FROM SECURITIES PORTFOLIO

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Financial Assets Held for Trading	16,152	5,619	28,840	6,628
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	1,736,174	235,745	1,875,989	215,468
Investments Held-to-Maturity	1,128,766	487,406	1,413,276	278,784
Total	**2,881,092**	**728,770**	**3,318,105**	**500,880**

5.4.1.4 INTEREST INCOME RECEIVED FROM ASSOCIATES AND AFFILIATES

	CURRENT PERIOD	PRIOR PERIOD
Interest Received from Investments in Associates and Affiliates	768	1,538

5.4.2 INTEREST EXPENSES

5.4.2.1 INTEREST EXPENSES ON FUNDS BORROWED (*)

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	206	-	2,229
Domestic Banks	95,435	31,839	84,809	28,823
Foreign Banks	336,205	456,051	495,432	428,910
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	245,667	-	188,117
Total	**431,640**	**733,763**	**580,241**	**648,079**

(*) Includes also fees and commissions expenses on borrowings

5.4.2.2 INTEREST EXPENSES PAID TO ASSOCIATES AND AFFILIATES

	CURRENT PERIOD	PRIOR PERIOD
Interest Paid to Investments in Associates and Affiliates	1,917	1,870

5.4.2.3 INTEREST EXPENSES ON SECURITIES ISSUED

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	423,015	519,176	456,204	390,772

5.4.2.4 MATURITY STRUCTURE OF INTEREST EXPENSE ON DEPOSITS

CURRENT PERIOD	DEMAND DEPOSITS	TIME DEPOSITS						
		UP TO 1 MONTH	1-3 MONTHS	3-6 MONTHS	6-12 MONTHS	OVER 1 YEAR	ACCUMULATING DEPOSIT ACCOUNTS	TOTAL
Turkish Lira								
Bank Deposits	810	122,374	4	550	499	-	-	124,237
Saving Deposits	217	304,615	3,025,181	113,563	70,202	52,452	-	3,566,230
Public Sector Deposits	-	610	2,627	9	7	2	-	3,255
Commercial Deposits	354	277,891	472,316	19,577	32,016	42,447	-	844,601
Others	11	11,876	90,201	5,619	4,622	38,831	-	151,160
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**1,392**	**717,366**	**3,590,329**	**139,318**	**107,346**	**133,732**	**-**	**4,689,483**
Foreign Currency								
Foreign Currency Deposits	42,325	58,979	544,481	79,394	116,623	247,554	884	1,090,240
Bank Deposits	12	39,557	4,622	1,699	262	226	-	46,378
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	2	-	-	1,102	-	1,104
Total FC	**42,337**	**98,536**	**549,105**	**81,093**	**116,885**	**248,882**	**884**	**1,137,722**
Grand Total	**43,729**	**815,902**	**4,139,434**	**220,411**	**224,231**	**382,614**	**884**	**5,827,205**

PRIOR PERIOD	DEMAND DEPOSITS	TIME DEPOSITS						
		UP TO 1 MONTH	1-3 MONTHS	3-6 MONTHS	6-12 MONTHS	OVER 1 YEAR	ACCUMULATING DEPOSIT ACCOUNTS	TOTAL
Turkish Lira								
Bank Deposits	666	92,946	3	-	-	2,544	-	96,159
Saving Deposits	114	292,127	2,533,684	213,149	59,447	48,713	-	3,147,234
Public Sector Deposits	-	330	956	53	20,409	2	-	21,750
Commercial Deposits	311	240,649	485,372	66,348	43,981	36,832	-	873,493
Others	13	12,609	54,831	3,159	59,485	74	-	130,171
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**1,104**	**638,661**	**3,074,846**	**282,709**	**183,322**	**88,165**	**-**	**4,268,807**
Foreign Currency								
Foreign Currency Deposits	51,326	55,716	420,759	103,831	130,288	168,348	1,014	931,282
Bank Deposits	1	66,288	11,020	6,333	3,385	1,339	-	88,366
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	4,018	392	-	4,410
Total FC	**51,327**	**122,004**	**431,779**	**110,164**	**137,691**	**170,079**	**1,014**	**1,024,058**
Grand Total	**52,431**	**760,665**	**3,506,625**	**392,873**	**321,013**	**258,244**	**1,014**	**5,292,865**

5.4.2.5 INTEREST EXPENSE ON REPURCHASE AGREEMENTS

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	649,253	65,489	694,767	73,038

5.4.2.6 FINANCIAL LEASE EXPENSES
None.

5.4.2.7 INTEREST EXPENSES ON FACTORING PAYABLES
None.

5.4.3 DIVIDEND INCOME

	CURRENT PERIOD	PRIOR PERIOD
Trading Financial Assets	297	224
Financial Assets Valued at Fair Value through Profit or Loss	-	-
Financial Assets Available-for-Sale	722	610
Others	4,380	1,232
Total	**5,399**	**2,066**

5.4.4 TRADING INCOME / LOSSES (NET)

	CURRENT PERIOD	PRIOR PERIOD
Income	**100,520,000**	**42,075,430**
Trading Account Income	2,221,679	1,848,062
Derivative Financial Instruments	12,101,225	6,220,217
Foreign Exchange Gain	86,197,096	34,007,151
Losses (-)	**101,350,631**	**42,135,705**
Trading Account Losses	1,630,705	1,842,348
Derivative Financial Instruments	14,419,976	7,326,315
Foreign Exchange Losses	85,299,950	32,967,042
Total	**(830,631)**	**(60,275)**

TL 2,517,983 thousands (31 December 2014: TL 1,486,943 thousands) of foreign exchange gains and TL 2,268,722 thousands (31 December 2014: TL 2,343,579 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 395,094 thousands, USD 1,002,596,707 and EUR 29,500,000 and for its bonds with a total face value of TL 1,325,000 thousands and USD 167,900,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a gain of TL 65,397 thousands and a loss of TL 48,755 thousands (31 December 2014: gains of TL 39,256 thousands and TL 42,104 thousands resulting from outstanding transactions at that date) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under trading income/losses in the income statement, respectively.

In addition; the Bank also entered into cross currency swap agreements in order to hedge its fixed-rate bonds issued for a total principal value of AUD 175,000,000 and RON 85,500,000 with the same face value amount and conditions. Accordingly, in the current period, a loss of TL 13,669 thousands (31 December 2014: total loss of TL 12,511 thousands resulting from outstanding transactions at that date) resulted from the fair value changes of the securities issued and funds borrowed subject to hedge accounting were accounted for under trading income/losses in the income statement.

The Bank also enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for its eurobonds with a total face value of USD 300,000,000, funds borrowed amounting to USD 95,792,432 and EUR 44,736,844 securitization borrowings amounting to USD 160,416,667 and EUR 203,784,208 by designating cross currency swaps with the same face value amount and conditions, and eurobonds with a total nominal value of USD 10,000,000, and for the collateralised borrowings amounting to TL 900,000 thousands and USD 250,000,000 and borrowings amounting to USD 650,000,000 by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period, gains of TL 70,700 thousands and TL 4,946 thousands (31 December 2014: losses of TL 3,051 and TL 3,771 thousands resulting from outstanding transactions at that date) 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, fair value increases of investment properties and income on custody services.

In the current period, a part of non-performing receivables of the Bank amounting to TL 83,080 thousands (31 December 2014: TL 292,490 thousands of non-performing receivables) were sold for a consideration of TL 19,494 thousands (31 December 2014: TL 57,105 thousands). Considering the related provisions of TL 80,711 thousands (31 December 2014: TL 284,693 thousands) in the financial statements, a gain of TL 17,079 thousands (31 December 2014: TL 49,225 thousands) is recognized under "other operating income".

A part of non-performing receivables of a consolidated financial affiliate of the Bank amounting to TL 97,711 thousands (31 December 2014: TL 47,492 thousands) were sold for a consideration of TL 14,949 thousands (31 December 2014: TL 42 thousands). A gain from this sale amounting to TL 9,278 thousands (31 December 2014: TL 42 thousands) is recognized under "other operating income" considering the related provisions of TL 92,040 thousands (31 December 2014: TL 47,492 thousands) had been provided against in the accompanying consolidated financial statements in prior periods. The revenues earned from subsequent collections of the sold receivables in prior period, amounting to TL 482 thousands (31 December 2014: TL 185 thousands) is recognized in the income statement under "other operating income" in the current period.

5.4.6 PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES

	CURRENT PERIOD	PRIOR PERIOD
Specific Provisions for Loans and Other Receivables	**1,862,154**	**1,428,239**
Loans and receivables in Group III	702,784	360,335
Loans and receivables in Group IV	653,044	629,025
Loans and receivables in Group V	506,326	438,879
General Provisions	**597,780**	**461,191**
Provision for Possible Losses	**12,000**	**105,000**
Impairment Losses on Financial Assets	**5,112**	**1,250**
Financial assets at fair value through profit or loss	5,112	1,250
Financial assets available-for-sale		-
Impairment Losses on Associates, Affiliates and Investments Held-to-Maturity	-	-
Associates		-
Affiliates		-
Joint ventures (business partnership)		-
Investments held-to-maturity		-
Others	**165,319**	**189,460**
Total	**2,642,365**	**2,185,140**

5.4.7 OTHER OPERATING EXPENSES

	CURRENT PERIOD	PRIOR PERIOD
Personnel Costs	2,566,783	2,241,374
Reserve for Employee Termination Benefits	42,333	30,994
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	56,131	4,082
Depreciation Expenses of Tangible Assets	215,779	200,563
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	66,062	55,442
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	2,004	2,117
Depreciation Expenses of Assets to be Disposed	5,097	3,192
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	2,631,904	2,107,486
Operational lease related expenses	376,876	323,958
Repair and maintenance expenses	70,961	60,777
Advertisement expenses	144,757	121,502
Other expenses (*)	2,039,310	1,601,249
Loss on Sale of Assets	3,241	2,882
Others (**) (***)	1,015,883	773,467
Total	**6,605,217**	**5,421,599**

(*) Includes lawsuit, execution and other legal expenses beared by the Bank of fees and commissions income recognized in prior years but reimbursed, in the amount of TL 55,340 thousands (31 December 2014: TL 33,819 thousands), as per the decision of the Turkish Competition Board or the related courts.

(**) Includes saving-deposits-insurance-fund related expenses of TL 199,825 thousands (31 December 2014: TL 176,129 thousands) and insurance-business claim losses of TL 80,824 thousands (31 December 2014: TL 63,462 thousands) in the current period.

(***) Includes repayments, by the Bank in the current period, of fees and commissions income recognised in prior years in the amount of TL 254,480 thousands (31 December 2014: TL 185,085 thousands) as per the decision of the Turkish Competition Board or the related courts. According to the Custom and Trade Ministry inspectors audit report, The Bank notified with an administrative fee amounting to TL 110,110 thousands. In accordance with the Article 17/6 of the Law on Crime no.5326, saving all the cancellation legal rights, the Bank paid the administrative fee of TL 82,583 thousands with ¼ prepayment discount on 31 August 2015.

5.4.8 INFORMATION ON PROFIT/LOSS BEFORE TAXES FROM CONTINUED AND DISCONTINUED OPERATIONS

TL 10,258,049 thousands (31 December 2014: TL 8,370,833 thousands) of the profit before taxes is derived from net interest income and TL 2,964,732 thousands (31 December 2014: TL 2,989,885 thousands) from net fees and commissions income. The total operating expenses amounted to TL 6,605,217 thousands (31 December 2014: TL 5,421,599 thousands). The profit before taxes reached to TL 4,659,487 thousands (31 December 2014: TL 4,769,705 thousands) decreasing by 2.3% (31 December 2014: increasing by 8.4%) as compared to the prior year.

5.4.9 INFORMATION ON PROVISION FOR TAXES FOR CONTINUED AND DISCONTINUED OPERATIONS

As of 31 December 2015, on a consolidated basis, the Bank recorded a current tax expense of TL 830,414 thousands (31 December 2014: TL 1,449,083 thousands) and a deferred tax charge of TL 213,959 thousands (31 December 2014: TL 358,259 thousands of deferred tax benefit).

Deferred tax benefit/charge on timing differences

DEFERRED TAX (BENEFIT)/CHARGE ON TIMING DIFFERENCES	CURRENT PERIOD	PRIOR PERIOD
Increase in Tax Deductable Timing Differences (+)	(127,309)	(282,847)
Decrease in Tax Deductable Timing Differences (-)	315,343	30,480
Increase in Taxable Timing Differences (-)	95,809	21,980
Decrease in Taxable Timing Differences (+)	(69,884)	(127,872)
Total	**213,959**	**(358,259)**

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 EXEMPTION	CURRENT PERIOD	PRIOR PERIOD
(Increase)/Decrease in Tax Deductable Timing Differences (net)	179,154	(252,063)
(Increase)/Decrease in Taxable Timing Differences (net)	25,925	(105,892)
(Increase)/Decrease in Tax Losses (net)	8,880	(304)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	**213,959**	**(358,259)**

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 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	34,213	31,477

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 65,618 thousands (31 December 2014: a decrease of TL 44,701 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 2015, an increase of TL 140,481 thousands (31 December 2014: a decrease of TL 147,740 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 2015, a decrease of TL 263,377 thousands (31 December 2014: an increase of TL 637,654 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 109,041 thousands (31 December 2014: TL 54,416 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	43,799	29,552
Transfers to Extraordinary Reserves from Prior Year Profits	3,004,659	2,877,611

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.

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 2,611,056 thousands (31 December 2014: TL 1,912,317 thousands). TL 1,684,836 thousands (31 December 2014: TL 3,827,950 thousands) of these net cash inflows is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 4,295,892 thousands (31 December 2014: TL 5,740,267 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 3,057,032 thousands (31 December 2014: TL 2,390,129 thousands). The net cash inflows from financing activities amount to TL 463,710 thousands (31 December 2014: TL 3,149,692 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 994,091 thousands (31 December 2014: TL 500,784 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	**1,798,443**	**1,667,501**
Cash in TL	1,089,266	1,007,744
Cash in Foreign Currency	709,177	659,757
Cash Equivalents	**8,201,318**	**7,116,601**
Others	8,201,318	7,116,601
Total	**9,999,761**	**8,784,102**

5.6.5 CASH AND CASH EQUIVALENTS AT END OF PERIOD

	CURRENT PERIOD	PRIOR PERIOD
Cash on Hand	**2,199,132**	**1,798,443**
Cash in TL	1,313,085	1,089,266
Cash in Foreign Currency	886,047	709,177
Cash Equivalents	**9,541,450**	**8,201,318**
Others	9,541,450	8,201,318
Total	**11,740,582**	**9,999,761**

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 7,554,736 thousands (31 December 2014: TL 6,000,467 thousands) of which TL 96,799 thousands (31 December 2014: TL 108,410 thousands) and TL 65,058 thousands (31 December 2014: TL 50,066 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,392,879 thousands (31 December 2014: TL 5,841,991 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 153,035 thousands (31 December 2014: TL 123,681 thousands) as required for insurance activities.

The blocked account at the Central Bank of Turkey with a principal of TL 20,101,723 thousands (31 December 2014: TL 19,595,598 thousands) is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold. The Bank also keeps a collateral of EUR 75,000,000 at the Central Bank of Turkey for borrowing activities in TL money market.

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.

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, AFFILIATES AND JOINT-VENTURES		BANK'S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
Loans and Other Receivables	CASH	NON-CASH	CASH	NON-CASH	CASH	NON-CASH
Balance at beginning of period	17,504	8,259	402,167	328,209	1,643,236	703,307
Balance at end of period	33,129	3,616	57,550	827,462	2,184,276	472,865
Interest and Commission Income	1,785	8	656	8	129,810	282

PRIOR PERIOD

BANK'S RISK GROUP	ASSOCIATES, AFFILIATES AND JOINT-VENTURES		BANK'S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
Loans and Other Receivables	CASH	NON-CASH	CASH	NON-CASH	CASH	NON-CASH
Balance at beginning of period	92,579	3,652	9,250	284,178	590,506	489,308
Balance at end of period	17,504	8,259	402,167	328,209	1,643,236	703,307
Interest and Commission Income	2,622	6	292	9	92,071	1,047

5.7.1.2 DEPOSITS

BANK'S RISK GROUP	ASSOCIATES, AFFILIATES AND JOINT-VENTURES		BANK'S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
Deposits	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
Balance at beginning of period	28,674	28,668	649,010	304,643	351,510	342,925
Balance at end of period	31,511	28,674	337,764	649,010	552,778	351,510
Interest Expenses	1,917	1,870	12,997	4,278	10,207	16,061

5.7.1.3 DERIVATIVE TRANSACTIONS

BANK'S RISK GROUP	ASSOCIATES, AFFILIATES AND JOINT-VENTURES		BANK'S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
Transactions at Fair Value Through Profit or Loss:						
Balance at beginning of period	2,789	2,921	10,825,180	9,092,999	5,770	-
Balance at end of period	12,675	2,789	16,403,422	10,825,180	-	5,770
Total Profit/(Loss)	(29)	(61)	(41,599)	(101,998)	-	(56)
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 2,113,398 thousands (31 December 2014: TL 1,555,903 thousands) compose 1.23% (31 December 2014: 1.08%) of the Bank's total consolidated cash loans and 0.76% (31 December 2014: 0.63%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 2,274,955 thousands (31 December 2014: TL TL 2,062,907 thousands) compose 0.81% (31 December 2014: 0.84%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 1,303,943 thousands (31 December 2014: TL 1,039,775 thousands) compose 2.66% (31 December 2014: 2.76%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 922,053 thousands (31 December 2014: TL 1,029,194 thousands) compose 0.59% (31 December 2014: 0.77%) 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 12,669 thousands (31 December 2014: TL 188,146 thousands) compose 0.03% (31 December 2014: 0.50%) 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 44,741 thousands (31 December 2014: TL 17,680 thousands). A total rent income of TL 3,759 thousands (31 December 2014: TL 3,027 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 5,687 thousands as of 31 December 2015 (31 December 2014: TL 2,452) were incurred for the IT services rendered by the related parties. Other income of TL 178 thousands (31 December 2014: TL 120 thousands) for the IT services rendered and banking services fee income of TL 666 thousands (31 December 2014: TL 1,218 thousands) were recognized from the related parties.

Operating expenses of TL 7,706 thousands (31 December 2014: TL 9,911 thousands) for advertisement and broadcasting services, of TL 45,124 thousands (31 December 2014: TL 32,398 thousands) for operational leasing services, and of TL 17,158 thousands (31 December 2014: TL 17,063 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 375 thousands (31 December 2014: TL 578 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 186,652 thousands as of 31 December 2015 (31 December 2014: TL 145,794 thousands) including compensations paid to key management personnel who left their position during the year.

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 affiliates 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**		
Domectic Branches	971	19,559			
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	17,753,178	1,266,840
	1	12	2- Malta	28,704,976	-
	7	101	3- NCTR	1,141,655	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 2015, 11 new domestic branches were opened and 33 branches were closed. The transfer of 23 investment centers to Garanti Yatırım is included in the number of closed branches.

5.8.3 INFORMATION ON CONSOLIDATED FINANCIAL SUBSIDIARIES OF PARENT BANK

GARANTI BANK INTERNATIONAL NV

	NUMBER OF BRANCHES	NUMBER OF EMPLOYEES	COUNTRY		
Foreign Representative Offices	1	15	1- Turkey		
	1	-	2- Switzerland		
	1	2	3- Ukraine		
				TOTAL ASSETS	LEGAL CAPITAL
Head office-The Netherlands	1	208	1-The Netherlands	15,785,816	EUR 136,836,000
Foreign Branches	1	20	2- Germany	55,890	-

GARANTI BANK MOSCOW

	NUMBER OF BRANCHES	NUMBER OF EMPLOYEES	COUNTRY	TOTAL ASSETS	LEGAL CAPITAL
Head Office-Moscow	1	72	Russia	446,267	RUB 441,150,000

GARANTI BANK SA

	NUMBER OF BRANCHES	NUMBER OF EMPLOYEES	COUNTRY	TOTAL ASSETS	LEGAL CAPITAL
Romania Head Office and Branches	84	1,040	Romania	6,748,216	RON 1,107,340,006

Other consolidated foreign financial subsidiaries

	NUMBER OF EMPLOYEES	COUNTRY	TOTAL ASSETS	LEGAL CAPITAL
Garanti Holding BV	-	The Netherlands	1,027,038	EUR 369,088,600
G Netherlands BV	-	The Netherlands	1,058,272	EUR 104,382,821
Motoractive IFN SA	83	Romania	407,963	RON 40,139,080
Ralfi IFN SA	165	Romania	266,377	RON 10,661,500

Consolidated domestic financial subsidiaries

	NUMBER OF EMPLOYEES	TOTAL ASSETS	LEGAL CAPITAL
Garanti Finansal Kiralama AŞ	164	4,907,222	350,000
Garanti Faktoring Hizmetleri AŞ	175	2,970,521	79,500
Garanti Emeklilik ve Hayat AŞ	861	1,407,382	50,000
Garanti Yatırım Menkul Kıymetler AŞ	368	88,638	8,328
Garanti Portföy Yönetimi AŞ	62	44,690	25,000
Garanti Yatırım Ortaklığı AŞ	7	35,172	32,000

5.9 MATTERS ARISING SUBSEQUENT TO THE BALANCE SHEET DATE

None.

6. OTHER DISCLOSURES ON ACTIVITIES

6.1 INFORMATION ON INTERNATIONAL RISK RATINGS

6.1.1 PARENT BANK'S INTERNATIONAL RISK RATINGS

MOODY'S (SEPTEMBER 2015)

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

FITCH RATINGS (JULY 2015)

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

JCR EURASIA RATINGS (MAY 2015)

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

STANDARD AND POORS (AUGUST 2015)

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

6.1.2 INTERNATIONAL RISK RATINGS OF GARANTI BANK INTERNATIONAL NV, A CONSOLIDATED AFFILIATE

MOODY'S (AUGUST 2015) (*)

Long Term FC Deposit	A3
Short Term FC Deposit	Prime-2
Baseline Credit Assessment	baa2
Long Term Credit Assessment	A2
Short Term Credit Assessment	Prime-1
Outlook	Negative

(*) Latest date in risk ratings or outlooks.

6.1. 3 INTERNATIONAL RISK RATINGS OF GARANTI FAKTORING, A CONSOLIDATED AFFILIATE

FITCH RATINGS (JULY 2015) (*)(**)	
Foreign Currency	
Long Term	BBB
Short Term	F2
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB
Short Term	F2
Outlook	Stable
National	AAA
Outlook	Stable

(*) Latest date in risk ratings or outlooks.
(**) Under positive follow-up.

6.1.4 INTERNATIONAL RISK RATINGS OF GARANTI FINANSAL KIRALAMA, A CONSOLIDATED AFFILIATE

FITCH RATINGS (JULY 2015) (*)(**)	
Foreign Currency	
Long Term	BBB
Short Term	F2
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB
Short Term	F2
Outlook	Stable
National	AAA
Outlook	Stable

(*) Latest date in risk ratings or outlooks.
(**) Under positive follow-up.

STANDARD AND POORS (AUGUST 2015) (*)	
Foreign Currency	
Long Term	BB+
Short Term	B
Outlook	Negative
Turkish Lira	
Long Term	BB+
Short Term	B
Outlook	Negative

(*) Latest date in risk ratings or outlooks.

6.1.5 INTERNATIONAL RISK RATINGS OF GARANTI BANK SA, A CONSOLIDATED AFFILIATE

FITCH RATINGS (JULY 2015) (*)	
Foreign Currency	
Long Term	BBB
Short Term	F3
Financial Capacity	b+
Support	2
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

6.2 DIVIDENDS

As per the decision made at the annual general assembly of shareholders of the Bank on 9 April 2015, the distribution of the net profit of the year 2014, will be as follows;

2014 PROFIT DISTRIBUTION TABLE

2014 Net Profit	3,200,248
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(31,946)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(149,512)
D – Second dividend to the shareholders	(357,000)
E – Extraordinary reserves	(2,416,090)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(35,700)

6.3 OTHER DISCLOSURES

None.

7 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 2015, 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 2 February 2016, is presented before the accompanying consolidated financial statements.

7.2 DISCLOSURES AND FOOTNOTES PREPARED BY INDEPENDENT AUDITORS

None.

CONTACT INFORMATION FOR TÜRKİYE GARANTİ BANKASI A.Ş.

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TRADE REGISTRY NO

159422

DOMESTIC BRANCHES

Garanti Bank has ***971*** domestic branches in ***81*** cities as of 2015 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, Instagram, Foursquare and Vine.
www.facebook.com/Garanti
www.twitter.com/garanti
https://plus.google.com/+garanti
www.linkedin.com/company/garanti-bank/
www.youtube.com/garanti
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https://tr.foursquare.com/garanti
https://vine.co/garanti
https://www.pinterest.com/garanti/

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Turkish Republic of Northern Cyprus - Girne Carsi Branch
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Turkish Republic of Northern Cyprus - Gonyeli Branch
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Turkish Republic of Northern Cyprus - Kucuk Kaymakli Branch
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