

*(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 2014**

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

With Independent Auditors' Report Thereon

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
3 February 2015

*This report contains "Independent Auditors' Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and
Footnotes" comprising 127 pages.*

To the Board of Directors of
Türkiye Garanti Bankası AŞ
Istanbul

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TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2014

We have audited the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 31 December 2014 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with no. 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "The Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no. 26333 on 1 November 2006 and in accordance with Independent Auditing Standards which is a part of Turkish Auditing Standards published by Public Oversight Accounting and Auditing Standards Authority ("POA"). We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis For Qualified Opinion

The accompanying consolidated financial statements include a general reserve amounting to TL 415,000 thousands, TL 80,000 thousands of which was charged to the income statement as expense in the current period, provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

Independent Auditors' Opinion

In our opinion, except for the effect of the matter described in the fourth paragraph above on the financial statements, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank and its consolidated financial affiliates as at 31 December 2014 and the results of its operations and its cash flows for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 and 38 of the Banking Act no. 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Report on Other Legal and Regulatory Requirements

In accordance with Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors provided us all the required information and documentation with respect to our audit; and nothing has come to our attention that may cause us to believe that the Bank's set of accounts prepared for the period 1 January-31 December 2014 does not comply with the TCC and the provisions of the Bank's articles of association in relation to financial reporting.

Additional paragraph for English translation:

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç
Partner

Istanbul, 3 February 2015

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Financial Report
as of and for the Year Ended 31 December 2014**

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

1. General Information about Parent Bank
2. Consolidated Financial Statements of Parent Bank
3. Accounting Policies
4. Consolidated Financial Position and Results of Operations, and Risk Management Applications of Group
5. Disclosures and Footnotes on Consolidated Financial Statements
6. Other Disclosures
7. Independent Auditors' Report

The consolidated subsidiaries and special purpose entities in the scope of this consolidated financial report are the followings:

Subsidiaries

1. Garanti Bank International NV
2. Garanti Emeklilik ve Hayat AŞ
3. Garanti Holding BV
4. Garanti Finansal Kiralama AŞ
5. Garanti Faktoring Hizmetleri AŞ
6. Garanti Bank Moscow
7. Garanti Yatırım Menkul Kıymetler AŞ
8. Garanti Portföy Yönetimi AŞ

Special Purpose Entities

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

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

Ferit F. Şahenk
Board of Directors Chairman

S. Ergun Özen
General Manager

İbrahim Aydın
Executive Vice President
Responsible of Financial Reporting

Aylin Aktürk
Coordinator

M. Cüneyt Sezgin
Audit Committee Member

Manuel Pedro
Galatas Sanchez -Harguindey
Audit Committee Member

The authorized contact person for questions on this financial report:
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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 994 domestic branches, eight foreign branches and three representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 31 December 2014, group of companies under Doğuş Holding AŞ that currently owns 24.23% shares of the Bank, is named the Doğuş Group (the Group).

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

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

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

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

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

Doğuş Group

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

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

The major investments of the 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.

BBVA Group

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

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

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

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	24 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	32 years
Dr. Muammer Cüneyt Sezgin	Independent Member of BOD and Audit Committee	30.06.2004	PhD	26 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	40 years
Manuel Castro Aladro	Member	22.03.2011	Master	22 years
Manuel Pedro Galatas Sanchez Harguindey	Independent Member of BOD and Audit Committee	05.05.2011	University	30 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	21 years
Angel Cano Fernandez	Member	22.03.2011	University	29 years
Belkis Sema Yurdum	Independent Member	30.04.2013	University	26 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	27 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	27 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	36 years
Ali Fuat Erbil	EVP-Financial Institutions and Corporate Banking	30.04.1999	PhD	22 years
Erhan Adalı	EVP-Loans	03.08.2012	University	24 years
Gökhan Erün	EVP-Treasury, Investment Banking, Human Resources and Training	01.09.2005	Master	20 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	32 years
Halil Hüsnü Erel	EVP-Technology, Operations Management and Central Marketing	16.06.1997	University	39 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	24 years
Turgay Gönensin	EVP-Coordination of Domestic and Foreign Subsidiaries	15.12.2001	University	29 years
Aydın Şenel	EVP-Purchasing and Tax Management	02.03.2006	University	33 years
İbrahim Aydınlı	EVP-General Accounting, Economic Research and Customer Satisfaction	06.06.2013	Master	20 years
Avni Aydın Düren	EVP-Legal Services and Risk Monitoring	01.02.2009	Master	20 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	20 years
Murat Mergin	EVP-Financial and Strategic Planning	01.01.2002	University	20 years
Onur Genç	EVP-Retail Banking	20.03.2012	Master	15 years
Didem Başer	EVP-Delivery Channels and Social Platforms Management	20.03.2012	Master	19 years

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

1.4 Information on parent bank's qualified shareholders

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	857,315	20.4123%	857,315	-
Banco Bilbao Vizcaya Argentaria SA	1,050,420	25.0100%	1,050,420	-

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

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

1.5 Summary information on parent bank’s activities and services

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

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

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

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

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

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

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

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

None.

2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 December 2014			PRIOR PERIOD 31 December 2013		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	5.1.1	1,760,060	23,432,509	25,192,569	2,751,743	19,891,099	22,642,842
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5.1.2	1,144,139	723,777	1,867,916	1,331,384	804,859	2,136,243
2.1	Financial assets held for trading		942,754	723,777	1,666,531	1,132,606	804,859	1,937,465
2.1.1	Government securities		73,423	8,112	81,535	128,383	34,253	162,636
2.1.2	Equity securities		72,940	-	72,940	50,722	-	50,722
2.1.3	Derivative financial assets held for trading		755,168	693,013	1,448,181	921,286	748,540	1,669,826
2.1.4	Other securities		41,223	22,652	63,875	32,215	22,066	54,281
2.2	Financial assets valued at fair value through profit or loss		201,385	-	201,385	198,778	-	198,778
2.2.1	Government securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans	5.1.5	201,385	-	201,385	198,778	-	198,778
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	5.1.3	1,796,433	11,066,991	12,863,424	2,194,272	10,930,155	13,124,427
IV.	INTERBANK MONEY MARKETS		25,692	84,551	110,243	8,231	190,802	199,033
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	80,446	80,446	-	190,802	190,802
4.3	Receivables from reverse repurchase agreements		25,692	4,105	29,797	8,231	-	8,231
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	5.1.4	19,276,594	4,253,710	23,530,304	19,748,440	5,087,787	24,836,227
5.1	Equity securities		34,867	63,742	98,609	41,468	8,213	49,681
5.2	Government securities		17,500,522	871,296	18,371,818	18,098,543	1,157,093	19,255,636
5.3	Other securities		1,741,205	3,318,672	5,059,877	1,608,429	3,922,481	5,530,910
VI.	LOANS	5.1.5	86,092,273	57,945,413	144,037,686	74,364,492	54,520,566	128,885,058
6.1	Loans		85,465,405	57,471,974	142,937,379	73,882,530	54,081,282	127,963,812
6.1.1	Loans to bank's risk group	5.7	153,890	1,402,013	1,555,903	117,448	462,590	580,038
6.1.2	Government securities		-	-	-	-	-	-
6.1.3	Other		85,311,515	56,069,961	141,381,476	73,765,082	53,618,692	127,383,774
6.2	Loans under follow-up		3,300,829	1,085,225	4,386,054	2,538,430	1,066,654	3,605,084
6.3	Specific provisions (-)		2,673,961	611,786	3,285,747	2,056,468	627,370	2,683,838
VII.	FACTORING RECEIVABLES	5.1.6	2,270,223	688,726	2,958,949	1,568,362	426,368	1,994,730
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	5.1.7	13,387,953	7,279,089	20,667,042	13,122,078	651,716	13,773,794
8.1	Government securities		13,360,951	4,641,023	18,001,974	13,112,752	469,091	13,581,843
8.2	Other securities		27,002	2,638,066	2,665,068	9,326	182,625	191,951
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	847	115,083	114,085	1,234	115,319
10.1	Unconsolidated financial investments in subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated non-financial investments in subsidiaries		114,236	847	115,083	114,085	1,234	115,319
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	1,249,559	2,904,844	4,154,403	1,097,434	2,673,821	3,771,255
12.1	Financial lease receivables		1,506,256	3,280,332	4,786,588	1,292,846	3,009,301	4,302,147
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		256,697	375,488	632,185	195,412	335,480	530,892
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	5.1.12	46,202	120,050	166,252	103,975	11,009	114,984
13.1	Fair value hedges		31,158	83	31,241	65,943	-	65,943
13.2	Cash flow hedges		15,044	119,967	135,011	38,032	11,009	49,041
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	5.1.13	1,413,743	136,620	1,550,363	1,412,741	164,524	1,577,265
XV.	INTANGIBLE ASSETS (Net)	5.1.14	212,982	24,370	237,352	88,370	15,660	104,030
15.1	Goodwill		6,388	-	6,388	6,388	-	6,388
15.2	Other intangibles		206,594	24,370	230,964	81,982	15,660	97,642
XVI.	INVESTMENT PROPERTY (Net)	5.1.15	120,258	-	120,258	121,671	-	121,671
XVII.	TAX ASSET		408,044	52,202	460,246	166,814	58,807	225,621
17.1	Current tax asset		58	9,231	9,289	302	11,699	12,001
17.2	Deferred tax asset	5.1.16	407,986	42,971	450,957	166,512	47,108	213,620
XVIII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.17	172,449	5,758	178,207	147,510	2,232	149,742
18.1	Asset held for resale		172,449	5,758	178,207	147,510	2,232	149,742
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	5.1.18	8,379,158	424,375	8,803,533	7,333,767	339,017	7,672,784
TOTAL ASSETS			137,907,256	109,143,835	247,051,091	125,712,627	95,769,659	221,482,286

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2014			31 December 2013		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	5.2.1	61,920,631	71,505,248	133,425,879	59,531,562	59,677,665	119,209,227
1.1	Deposits from bank's risk group	5.7	541,060	488,134	1,029,194	239,123	437,113	676,236
1.2	Other		61,379,571	71,017,114	132,396,685	59,292,439	59,240,552	118,532,991
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	1,073,132	1,027,639	2,100,771	1,159,931	407,099	1,567,030
III.	FUNDS BORROWED	5.2.3	5,740,980	32,047,561	37,788,541	6,557,375	27,428,605	33,985,980
IV.	INTERBANK MONEY MARKETS		4,900,797	7,120,368	12,021,165	11,430,918	4,576,820	16,007,738
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements	5.2.4	4,900,797	7,120,368	12,021,165	11,430,918	4,576,820	16,007,738
V.	SECURITIES ISSUED (Net)	5.2.4	4,843,784	9,594,572	14,438,356	4,332,755	6,457,804	10,790,559
5.1	Bills		2,038,716	-	2,038,716	1,616,171	-	1,616,171
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		2,805,068	9,594,572	12,399,640	2,716,584	6,457,804	9,174,388
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES	5.2.4	12,205,125	814,945	13,020,070	9,356,225	658,611	10,014,836
VIII.	OTHER EXTERNAL FUNDINGS PAYABLE		1,818,236	666,031	2,484,267	2,300,052	686,818	2,986,870
IX.	FACTORING PAYABLES	5.2.5	-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	5.2.6	-	-	-	-	61	61
10.1	Financial lease payables		-	-	-	-	486	486
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred expenses (-)		-	-	-	-	425	425
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	99,572	179,811	279,383	-	39,105	39,105
11.1	Fair value hedges		99,572	111,931	211,503	-	39,105	39,105
11.2	Cash flow hedges		-	67,880	67,880	-	-	-
11.3	Net foreign investment hedges		-	-	-	-	-	-
XII.	PROVISIONS	5.2.8	3,896,834	120,827	4,017,661	3,231,292	118,458	3,349,750
12.1	General provisions		2,395,297	62,255	2,457,552	1,962,713	75,124	2,037,837
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		519,406	28,852	548,258	399,879	12,462	412,341
12.4	Insurance technical provisions (Net)		239,160	-	239,160	239,423	-	239,423
12.5	Other provisions		742,971	29,720	772,691	629,277	30,872	660,149
XIII.	TAX LIABILITY	5.2.9	670,717	36,446	707,163	342,752	24,718	367,470
13.1	Current tax liability		670,717	36,446	707,163	342,752	24,045	366,797
13.2	Deferred tax liability		-	-	-	-	673	673
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	-	140,766	140,766	-	147,491	147,491
XVI.	SHAREHOLDERS' EQUITY	5.2.12	26,494,916	132,153	26,627,069	22,886,187	129,982	23,016,169
16.1	Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2	Capital reserves		790,604	(11,063)	779,541	236,652	(310)	236,342
16.2.1	Share premium		11,880	-	11,880	11,880	-	11,880
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund		82,677	6,104	88,781	(485,313)	(9,118)	(494,431)
16.2.4	Revaluation surplus on tangible assets		175,034	-	175,034	174,304	-	174,304
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7	Bonus shares of associates, subsidiaries and joint-ventures		947	-	947	947	-	947
16.2.8	Hedging reserves (effective portion)		(199,440)	(17,167)	(216,607)	(236,158)	8,808	(227,350)
16.2.9	Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		719,506	-	719,506	770,992	-	770,992
16.3	Profit reserves		17,657,509	143,216	17,800,725	14,972,283	130,292	15,102,575
16.3.1	Legal reserves		1,157,675	22,279	1,179,954	1,132,330	20,824	1,153,154
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		16,151,525	1,638	16,153,163	13,315,508	-	13,315,508
16.3.4	Other profit reserves		348,309	119,299	467,608	524,445	109,468	633,913
16.4	Profit or loss		3,653,070	-	3,653,070	3,314,434	-	3,314,434
16.4.1	Prior periods profit/loss		-	-	-	-	-	-
16.4.2	Current period net profit/loss		3,653,070	-	3,653,070	3,314,434	-	3,314,434
16.5	Minority interest		193,733	-	193,733	162,818	-	162,818
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			123,664,724	123,386,367	247,051,091	121,129,049	100,353,237	221,482,286

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Off-Balance Sheet Items

At 31 December 2014

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2014			31 December 2013		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		124,389,720	179,316,627	303,706,347	106,001,199	164,304,183	270,305,382
I. GUARANTEES AND SURETIES	5.3.1	12,149,325	25,579,872	37,729,197	9,959,793	24,220,283	34,180,076
1.1 Letters of guarantee		12,138,798	15,379,775	27,518,573	9,952,371	13,925,359	23,877,730
1.1.1 Guarantees subject to State Tender Law		-	883,228	883,228	-	845,257	845,257
1.1.2 Guarantees given for foreign trade operations		1,467,460	487,126	1,954,586	1,134,793	334,609	1,469,402
1.1.3 Other letters of guarantee		10,671,338	14,009,421	24,680,759	8,817,578	12,745,493	21,563,071
1.2 Bank acceptances		9,600	806,287	815,887	6,898	631,191	638,089
1.2.1 Import letter of acceptance		9,600	806,287	815,887	6,898	631,191	638,089
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		927	9,307,108	9,308,035	524	9,583,809	9,584,333
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		927	9,307,108	9,308,035	524	9,583,809	9,584,333
1.4 Guaranteed prefinancings		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	86,702	86,702	-	79,924	79,924
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		37,592,345	10,396,512	47,988,857	34,726,851	14,570,721	49,297,572
2.1 Irrevocable commitments		37,484,500	10,293,202	47,777,802	34,656,889	14,484,130	49,141,019
2.1.1 Asset purchase and sale commitments		1,584,514	3,862,326	5,446,840	2,760,872	5,713,419	8,474,291
2.1.2 Deposit purchase and sale commitments		-	-	-	-	25,822	25,822
2.1.3 Share capital commitments to associates and subsidiaries		-	6,059	6,059	-	7,806	7,806
2.1.4 Loan granting commitments		6,093,560	5,201,258	11,294,818	5,488,327	7,692,268	13,180,595
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2,874,791	-	2,874,791	2,658,736	-	2,658,736
2.1.8 Tax and fund obligations on export commitments		15,861	-	15,861	-	-	15,211
2.1.9 Commitments for credit card limits		25,642,813	156,788	25,799,601	22,259,533	123,270	22,382,803
2.1.10 Commitments for credit cards and banking services related promotions		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	1,066,871	2,331,081	1,474,210	921,545	2,395,755
2.2 Revocable commitments		107,845	103,210	211,055	69,962	86,591	156,553
2.2.1 Revocable loan granting commitments		42,009	-	42,009	25,504	2,447	27,951
2.2.2 Other revocable commitments		65,836	103,210	169,046	44,458	84,144	128,602
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	74,648,050	143,340,243	217,988,293	61,314,555	125,513,179	186,827,734
3.1 Derivative financial instruments held for risk management		8,124,272	9,306,282	17,430,554	5,536,346	1,632,486	7,168,832
3.1.1 Fair value hedges		4,034,049	4,802,991	8,837,040	2,928,361	996,486	3,924,847
3.1.2 Cash flow hedges		4,090,223	4,503,291	8,593,514	2,607,985	636,000	3,243,985
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		66,523,778	134,033,961	200,557,739	55,778,209	123,880,693	179,658,902
3.2.1 Forward foreign currency purchases/sales		10,086,437	12,426,784	22,513,221	8,681,586	10,547,606	19,229,192
3.2.1.1 Forward foreign currency purchases		4,430,102	6,884,095	11,314,197	2,946,679	6,695,948	9,642,627
3.2.1.2 Forward foreign currency sales		5,656,335	5,542,689	11,199,024	5,734,907	3,851,658	9,586,565
3.2.2 Currency and interest rate swaps		34,360,421	83,087,805	117,448,226	24,588,644	71,140,308	95,728,952
3.2.2.1 Currency swaps-purchases		10,210,965	37,447,942	47,658,907	13,139,524	25,155,421	38,294,945
3.2.2.2 Currency swaps-sales		19,879,952	25,536,137	45,416,089	8,051,552	26,315,403	34,366,955
3.2.2.3 Interest rate swaps-purchases		2,134,752	10,051,863	12,186,615	1,698,784	9,834,742	11,533,526
3.2.2.4 Interest rate swaps-sales		2,134,752	10,051,863	12,186,615	1,698,784	9,834,742	11,533,526
3.2.3 Currency, interest rate and security options		22,051,233	29,737,878	51,789,111	22,361,048	35,441,812	57,802,860
3.2.3.1 Currency call options		9,817,575	13,833,684	23,651,259	11,061,233	16,118,387	27,179,620
3.2.3.2 Currency put options		12,227,334	12,568,861	24,796,195	11,268,589	17,441,706	28,710,295
3.2.3.3 Interest rate call options		-	3,317,397	3,317,397	-	1,879,221	1,879,221
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		3,384	8,968	12,352	29,776	1,249	31,025
3.2.3.6 Security put options		2,940	8,968	11,908	1,450	1,249	2,699
3.2.4 Currency futures		19,583	19,928	39,511	110,122	182,913	293,035
3.2.4.1 Currency futures-purchases		-	19,099	19,099	-	182,913	182,913
3.2.4.2 Currency futures-sales		19,583	829	20,412	110,122	-	110,122
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		6,104	8,669,366	8,675,470	36,809	6,568,054	6,604,863
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		506,774,603	374,807,156	881,581,759	479,525,342	331,728,028	811,253,370
IV. ITEMS HELD IN CUSTODY		42,007,900	24,449,530	66,457,430	38,639,963	22,263,030	60,902,993
4.1 Customers' securities held		8,268,224	-	8,268,224	7,870,431	6,805	7,877,236
4.2 Investment securities held in custody		21,117,192	6,385,801	27,502,993	20,613,851	4,917,858	25,531,709
4.3 Checks received for collection		10,523,739	2,096,471	12,620,210	8,350,606	1,783,003	10,133,609
4.4 Commercial notes received for collection		1,974,573	895,388	2,869,961	1,728,469	823,208	2,551,677
4.5 Other assets received for collection		67,738	13,485,525	13,553,263	40,495	12,637,870	12,678,365
4.6 Assets received through public offering		-	56,584	56,584	-	52,622	52,622
4.7 Other items under custody		56,434	1,529,761	1,586,195	36,111	2,041,664	2,077,775
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		464,766,703	350,357,626	815,124,329	440,885,379	309,464,998	750,350,377
5.1 Securities		3,621,592	14,069	3,635,661	1,621,409	12,045	1,633,454
5.2 Guarantee notes		41,904,628	12,401,652	54,306,280	42,781,340	12,108,353	54,889,693
5.3 Commodities		2,234	-	2,234	6,531	-	6,531
5.4 Warranties		-	771,718	771,718	-	1,293,355	1,293,355
5.5 Real estates		94,933,475	69,794,029	164,727,504	79,754,153	68,167,820	147,921,973
5.6 Other pledged items		324,304,604	267,375,657	591,680,261	316,721,776	227,882,959	544,604,735
5.7 Pledged items-depository		170	501	671	170	466	636
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		631,164,323	554,123,783	1,185,288,106	585,526,541	496,032,211	1,081,558,752

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
I. INTEREST INCOME	5.4.1	16,518,449	13,912,537
1.1 Interest income on loans		11,807,301	9,649,769
1.2 Interest income on reserve deposits		3,656	2,892
1.3 Interest income on banks		202,074	196,226
1.4 Interest income on money market transactions		5,378	2,416
1.5 Interest income on securities portfolio		3,818,985	3,526,717
1.5.1 Trading financial assets		35,468	44,948
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		2,091,457	2,891,877
1.5.4 Investments held-to-maturity		1,692,060	589,892
1.6 Financial lease income		354,267	289,234
1.7 Other interest income		326,788	245,283
II. INTEREST EXPENSE	5.4.2	8,147,616	6,779,637
2.1 Interest on deposits		5,292,865	4,671,629
2.2 Interest on funds borrowed		1,228,320	1,027,382
2.3 Interest on money market transactions		767,805	571,228
2.4 Interest on securities issued		846,976	483,204
2.5 Other interest expenses		11,650	26,194
III. NET INTEREST INCOME (I - II)		8,370,833	7,132,900
IV. NET FEES AND COMMISSIONS INCOME		2,989,885	2,664,906
4.1 Fees and commissions received		3,796,761	3,205,754
4.1.1 Non-cash loans		271,934	228,738
4.1.2 Others		3,524,827	2,977,016
4.2 Fees and commissions paid		806,876	540,848
4.2.1 Non-cash loans		1,391	2,069
4.2.2 Others		805,485	538,779
V. DIVIDEND INCOME	5.4.3	2,066	10,488
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	(74,044)	361,566
6.1 Trading account income/losses (Net)		5,714	291,639
6.2 Income/losses from derivative financial instruments (Net)		(1,106,098)	(216,335)
6.3 Foreign exchange gains/losses (Net)		1,026,340	286,262
VII. OTHER OPERATING INCOME	5.4.5	1,035,874	936,109
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		12,324,614	11,105,969
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6	2,185,140	1,939,372
X. OTHER OPERATING EXPENSES (-)	5.4.7	5,355,550	4,796,858
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		4,783,924	4,369,739
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	4,783,924	4,369,739
XVI. PROVISION FOR TAXES (±)	5.4.9	1,099,377	1,030,946
16.1 Current tax charge		1,449,083	660,000
16.2 Deferred tax charge/(credit)		(349,706)	370,946
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10	3,684,547	3,338,793
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3 Others		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3 Others		-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	5.4.8	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	5.4.9	-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge/(credit)		-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	5.4.10	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	5.4.11	3,684,547	3,338,793
23.1 Equity holders of the bank		3,653,070	3,314,434
23.2 Minority interest		31,477	24,359
Earnings per Share		0.870	0.789

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2014 - 31 December 2014	PRIOR PERIOD 1 January 2013 - 31 December 2013
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	716,176	(1,975,775)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	730	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(203,184)	393,028
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	(55,876)	49,054
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	55,444	(211,216)
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(52,792)	(2,092)
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	(108,960)	377,670
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	351,538	(1,369,331)
XI. CURRENT PERIOD PROFIT/LOSSES	3,684,547	3,338,793
1.1 Net changes in fair value of securities (transferred to income statement)	54,416	489,788
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	3,630,131	2,849,005
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	4,036,085	1,969,462

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Changes in Shareholders' Equity

At 31 December 2014

		THOUSANDS OF TURKISH LIRA (TL)																		
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Other Capital Reserves	Share Premium	Capital Reserves from Inflation Adj.s to Paid-In Capital	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 2013																				
I. Balances at beginning of the period		4,196,934	772,554	11,880	-	953,339	-	10,342,520	88,706	-	3,331,073	1,093,833	764,252	947	(55,377)	-	21,500,661	140,524	21,641,185	
II. Correction made as per TAS 8		-	-	-	-	-	-	(131,090)	131,090	-	-	-	-	-	-	-	-	-	-	
2.1. Effect of corrections		-	-	-	-	-	-	(131,090)	131,090	-	-	-	-	-	-	-	-	-	-	
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted balances at beginning of the period (I+II)		4,196,934	772,554	11,880	-	953,339	-	10,211,430	219,796	-	3,331,073	1,093,833	764,252	947	(55,377)	-	21,500,661	140,524	21,641,185	
Changes during the period																				
IV. Mergers	5.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Hedging reserves		-	-	-	-	-	-	-	211,216	-	-	(1,588,264)	-	-	-	-	(1,588,264)	(30)	(1,588,294)	
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	211,216	-	-	-	-	-	(211,216)	-	-	-	-	
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Translation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Changes resulted from disposal of assets		-	-	-	-	3,852	-	-	177,960	-	-	-	-	-	-	-	-	-	181,812	
XII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	30	402	-	-	-	-	-	-	-	-	-	432	
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		3,066	-	-	-	-	-	-	(1,562)	-	-	-	-	-	-	-	-	-	-	
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	3,314,434	-	-	-	-	-	-	-	-	-	
XX. Profit distribution		-	-	-	-	-	-	-	-	-	(3,331,073)	-	(589,948)	-	-	-	-	-	-	
20.1. Dividends		-	-	-	-	-	-	-	-	-	(596,471)	-	-	-	-	-	-	-	-	
20.2. Transfers to reserves		-	-	-	-	-	-	-	-	-	(2,709,661)	-	(589,948)	-	-	-	-	-	-	
20.3. Others		-	-	-	-	-	-	-	-	-	(24,941)	-	-	-	-	-	-	-	-	
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		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	
CURRENT PERIOD - 1 January-31 December 2014																				
I. Balances at beginning of the period	5.5	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	
Changes during the period																				
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	583,212	-	-	-	-	-	-	583,212	
IV. Hedging reserves		-	-	-	-	-	-	-	(55,444)	-	-	-	-	10,743	-	-	-	-	(44,701)	
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	(44,701)	-	-	-	-	(44,701)	
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	(55,444)	-	-	-	-	55,444	-	-	-	-	-	
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	730	-	-	-	-	-	730	
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Translation differences		-	-	-	-	(2,752)	-	(81)	(144,907)	-	-	-	-	-	-	-	-	-	(147,740)	
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Current period net profit/loss		-	-	-	-	-	-	11,900	(51,486)	-	-	-	-	-	-	-	-	-	(39,586)	
XVIII. Profit distribution		-	-	-	-	-	-	-	-	3,653,070	-	-	-	-	-	-	-	-	3,653,070	
18.1. Dividends		-	-	-	-	-	-	29,552	2,825,836	34,046	-	(3,314,434)	-	-	-	-	-	-	(425,000)	
18.2. Transfers to reserves		-	-	-	-	-	-	29,552	2,825,836	-	-	(425,000)	-	-	-	-	-	-	(425,000)	
18.3. Others		-	-	-	-	-	-	-	-	-	(2,855,388)	-	-	-	-	-	-	-	(185)	
		-	-	-	-	-	-	-	34,046	-	(34,046)	-	-	-	-	-	-	-	-	
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	1,179,954	-	16,153,163	414,560	3,653,070	-	88,781	175,034	947	(216,607)	-	26,433,336	193,733	26,627,069	

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2014 31 December 2014	1 January 2013 31 December 2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	5,751,690	5,189,820
1.1.1 Interests received		15,609,682	14,462,443
1.1.2 Interests paid		(7,664,660)	(6,701,832)
1.1.3 Dividend received		2,066	5,178
1.1.4 Fees and commissions received		3,796,761	3,205,754
1.1.5 Other income		719,982	1,090,204
1.1.6 Collections from previously written-off loans and other receivables		110,429	42,670
1.1.7 Payments to personnel and service suppliers		(4,481,281)	(4,011,201)
1.1.8 Taxes paid		(1,314,614)	(1,061,732)
1.1.9 Others		(1,026,675)	(1,841,664)
1.2 Changes in operating assets and liabilities	5.6	(3,839,373)	(5,014,508)
1.2.1 Net (increase) decrease in financial assets held for trading		27,153	31,310
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		(984,630)	(6,672,787)
1.2.4 Net (increase) decrease in loans		(16,411,843)	(29,438,476)
1.2.5 Net (increase) decrease in other assets		(2,470,074)	(3,236,064)
1.2.6 Net increase (decrease) in bank deposits		372,881	1,145,086
1.2.7 Net increase (decrease) in other deposits		13,766,556	20,161,826
1.2.8 Net increase (decrease) in funds borrowed		(523,626)	10,233,232
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		2,384,210	2,761,365
I. Net cash flow from banking operations	5.6	1,912,317	175,312
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(4,347,134)	(2,193,072)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(150)	(10,540)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(401,097)	(502,519)
2.4 Sales of tangible assets		97,596	98,924
2.5 Cash paid for purchase of financial assets available-for-sale, net		(16,575,537)	(20,260,148)
2.6 Cash obtained from sale of financial assets available-for-sale, net		17,443,736	21,477,789
2.7 Cash paid for purchase of investments held-to-maturity		(6,563,021)	(3,493,404)
2.8 Cash obtained from sale of investments held-to-maturity		1,651,339	496,826
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		3,149,692	4,069,424
3.1 Cash obtained from funds borrowed and securities issued		12,431,655	11,296,507
3.2 Cash used for repayment of funds borrowed and securities issued		(8,856,710)	(6,628,211)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(425,185)	(597,544)
3.5 Payments for financial leases		(68)	(1,328)
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		500,784	905,527
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	1,215,659	2,957,191
VI. Cash and cash equivalents at beginning of period	5.6	8,784,102	5,826,911
VII. Cash and cash equivalents at end of period (V+VI)	5.6	9,999,761	8,784,102

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

3 Accounting Policies

3.1 Basis of presentation

As per the Articles 37 and 38 of “Accounting and Recording Rules” of the Turkish Banking Law no. 5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its consolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulation and Supervision Agency (BRSA) and in effect since 1 November 2006, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidances.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis except for financial instruments at fair value through profit or loss, financial assets available for sale, investments in associates and subsidiaries that are quoted on the stock exchanges which are presented on a fair value basis.

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

As per the Decree Law no. 660 published in the Official Gazette and become effective on 2 November 2011, the Additional Clause 1 of the Law no. 2499 was abolished and the Public Oversight, Accounting and Auditing Standards Authority (“POA”) was established. The financial statements are prepared based on the TAS/TFRS and the related statements and guidances announced by the POA.

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

A portion of the fixed-rate 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 2014, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities and all related transactions and contracts. The company's head office is in Istanbul. The Bank 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 3.24%, has been consolidated in the accompanying consolidated financial statements due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

In 1992, it was decided to operate life and health branches under a different company and accordingly Garanti Hayat Sigorta AŞ was established. Garanti Hayat Sigorta AŞ was converted into a private pension company in compliance with the legislation early in 2003 and its name was changed as Garanti Emeklilik ve Hayat AŞ. Following the sale transactions that took place on 21 June 2007, the Bank's ownership in Garanti Emeklilik decreased to 84.91%. The head office of this company is in Istanbul.

Garanti Moscow was established in 1996 to perform banking activities abroad. This bank's head office is in Moscow. The Bank owns 99.94% of its shares.

Garanti Portföy was established in June 1997 to manage the customer portfolios by using the capital market products in compliance with the principles and rules of the regulations regarding the company's purpose of establishment and the portfolio management agreements signed with the customers. The company's head office is in Istanbul. It is wholly owned by the Bank.

Garanti Holding was established in December 2007 in Amsterdam and all its shares was purchased by the Bank from Doğu Holding AŞ in May 2010. As of 27 January 2011 the consolidated subsidiary's legal named changed to Garanti Holding BV from D Netherlands BV.

Garanti Diversified Payment Rights Finance Company and RPV Company are special purpose entities established for the parent Bank's securitization transactions, and consolidated in the accompanying consolidated financial statements. The Bank or any of its affiliates does not have any shareholding interests in these companies.

The Bank and its financial affiliates do not consider the bonus shares received through capital increases of their affiliates from their own equities as income in accordance with IAS 18, as such capital increases do not create any differences in the financial position or economic interest of the Bank or its financial affiliates and it is not certain that there is an economic benefit associated with such transactions that will flow to the Bank or its financial affiliates.

3.4 Forwards, options and other derivative transactions

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

3.4.1 Derivative financial instruments held for trading

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

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

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

3.4.2 Derivative financial instruments held for risk management

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

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

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

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

3.5 Interest income and expenses

General

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

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

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

Financial lease operations

Total of minimum rental payments including interests and principals are recorded under "financial lease receivables" as gross. The difference, i.e. the interest, between the total of rental payments and the cost of the related tangible asset is recorded under "unearned income". When the rent payment incurs, the rent amount is deducted from "financial lease receivables"; and the interest portion is recorded as interest income in the income statement.

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

The Bank classifies certain loans 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 subsidiaries are less then their carrying values, a provision for impairment is allocated, and the net value is shown on the balance sheet.

Specific allowances for non-performing loan and other receivables are provided in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. Such allowances are deducted from loans under follow-up on the asset side.

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

3.9.2 Derecognition of financial assets

A financial asset is derecognized only when the contractual rights to the cash flows from this asset expire, or when the financial asset and substantially all its risks and rewards of ownership are transferred to another party. If all the risks and rewards of ownership are neither transferred nor retained substantially and the control of the transferred asset is maintained, the retained interest in asset and associated liability for amounts that may have to be paid, is recognized. If all the risks and rewards of ownership of a transferred financial asset is retained substantially the financial asset is continued to be recognized and a collateralized borrowing for the proceeds received is also recognized.

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations and related borrowings

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

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

3.12 Goodwill and other intangible assets

The intangible assets consist of goodwill, softwares, intangible rights and other intangible assets.

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

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The “net goodwill” resulted from the acquisition of the investment and to be included in the consolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles.

If any goodwill is computed at consolidation, it is recorded under intangible assets on the asset side of the consolidated balance sheet as an asset. It is assessed to identify whether there is any indication of impairment. If any such indication exists, the necessary provision is recorded as an expense in the income statement. The goodwill is not amortized.

Estimated useful lives of the intangible assets except for goodwill, are 3-15 years, and amortisation rates are 6.67-33.3%.

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

3.13 Tangible assets

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

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

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

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

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

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

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

Depreciation rates and estimated useful lives of tangible assets are:

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

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

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

Investment properties

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

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

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

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

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

	31 December 2014	31 December 2013
Net Effective Discount Rate	2.36%	2.69-3.28%
Discount Rate	8.60%	9.21-9.64%
Expected Rate of Salary Increase	7.60%	6.18-7.73%
Inflation Rate	6.10%	6.16-6.47%

In the above table, the ranges of effective rates are presented for the Bank and its financial affiliates subject to the labour law, whereas the rates applied for the calculations differ according to the employee’s years-in-service.

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

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

Retirement benefit obligations

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

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

The Plan is funded through contributions of both by the employees and the employer as required by Social Security Law no. 506. These contributions are as follows:

	31 December 2014	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

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

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

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

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

b) Other benefits not transferable to SSF

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

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

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

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

LUXEMBOURG

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 7% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 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 subsidiaries are reported as net in their individual financial statements.

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

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

3.18.3 Transfer pricing

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

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

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

3.18.4 Investment allowance

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

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

The expression of "only for the years 2006, 2007 and 2008" in the temporary article no.69 of the Income Tax Law no.193 that was cancelled by the decision no.2009/144 of the Turkish Constitutional Court published in the Official Gazette dated 8 January 2010 is revised by the Article 5 of the Law no.6009 effective with the promulgation on the Official Gazette no.27659 dated 1 August 2010. As per the new regulation, the investment allowances that cannot be benefited and transferred to future periods due to insufficient income level of the relevant year, can be used without any year limitation, however the investment allowance amount to be considered in

the determination of taxable income, will not exceed 25% of the income of the relevant year. In addition to this, it is also agreed that the corporate tax rate for the companies to benefit from investment allowance will be the current applicable tax rate (20%) instead of 30%. However, the statement of “However the investment allowance amount to be considered in the determination of taxable income, will not exceed 25% of the relevant income” in the temporary article no.69 of the Law no.6009 has been cancelled on 18 February 2012 by the decision of the Constitutional Court, as this statement is decided to be against the Constitution, dated 9 February 2012, E:2010/93, K:2012/9 (decision for abolishing) as announced in the Official Gazette no.28208.

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

3.19 Funds borrowed

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

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

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 31 December 2014, the Bank or its financial affiliates do not have any government incentives or grants.

3.23 Segment reporting

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

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

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

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

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

Information on the business segments on a consolidated basis is as follows:

<i>Current Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,867,463	4,035,498	1,557,509	2,862,078	12,322,548
Other	-	-	-	-	-
Total Operating Profit	3,867,463	4,035,498	1,557,509	2,862,078	12,322,548
Net Operating Profit	366,142	2,028,080	981,835	1,405,801	4,781,858
Income from Associates and Subsidiaries	-	-	-	2,066	2,066
Net Operating Profit	366,142	2,028,080	981,835	1,407,867	4,783,924
Provision for Taxes	-	-	-	1,099,377	1,099,377
Net Profit	366,142	2,028,080	981,835	308,490	3,684,547
Segment Assets	48,782,409	95,669,419	73,992,308	28,454,611	246,898,747
Investments in Associates and Subsidiaries	-	-	-	152,344	152,344
Total Assets	48,782,409	95,669,419	73,992,308	28,606,955	247,051,091
Segment Liabilities	83,063,109	50,345,874	64,438,463	22,576,576	220,424,022
Shareholders' Equity	-	-	-	26,627,069	26,627,069
Total Liabilities and Shareholders' Equity	83,063,109	50,345,874	64,438,463	49,203,645	247,051,091
Other Segment Items					
Capital Expenditures	-	-	-	562,708	562,708
Depreciation Expenses	137,550	70,795	6,392	48,890	263,627
Impairment Losses	1,043,940	633,272	32,771	481,356	2,191,339
Other Non-Cash Income/Expenses	(72,234)	93,321	853,534	(826,338)	48,283
Restructuring Costs	-	-	-	-	-

<i>Prior Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,988,152	3,394,211	2,372,456	1,340,662	11,095,481
Other	-	-	-	-	-
Total Operating Profit	3,988,152	3,394,211	2,372,456	1,340,662	11,095,481
Net Operating Profit	737,626	1,833,011	2,202,046	(413,432)	4,359,251
Income from Associates and Subsidiaries	-	-	-	10,488	10,488
Net Operating Profit	737,626	1,833,011	2,202,046	(402,944)	4,369,739
Provision for Taxes	-	-	-	1,030,946	1,030,946
Net Profit	737,626	1,833,011	2,202,046	(1,433,890)	3,338,793
Segment Assets	44,617,958	85,076,353	68,174,864	23,460,531	221,329,706
Investments in Associates and Subsidiaries	-	-	-	152,580	152,580
Total Assets	44,617,958	85,076,353	68,174,864	23,613,111	221,482,286
Segment Liabilities	73,596,647	44,006,379	60,864,581	19,998,510	198,466,117
Shareholders' Equity	-	-	-	23,016,169	23,016,169
Total Liabilities and Shareholders' Equity	73,596,647	44,006,379	60,864,581	43,014,679	221,482,286
Other Segment Items					
Capital Expenditures	-	-	-	541,532	541,532
Depreciation Expenses	140,309	69,026	5,737	29,300	244,372
Impairment Losses	970,842	662,945	36,616	273,177	1,943,580
Other Non-Cash Income/Expenses	127,890	94,500	(2,675,611)	380,932	(2,072,289)
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

The effects of reclassification made to the prior years' consolidated financial statements for the foreign exchange effects of foreign subsidiaries' capitals on the Bank, are presented below:

	Reported 31 December 2012	Correction	Adjusted 31 December 2012
Other Profit Reserves	88,706	131,090	219,796
Extraordinary Reserves	10,355,274	(131,090)	10,224,184

	Reported 31 December 2013	Correction	Adjusted 31 December 2013
Other Profit Reserves	436,167	197,746	633,913
Extraordinary Reserves	13,446,598	(131,090)	13,315,508
Current Period Net Profit/Loss	3,405,449	(66,656)	3,338,793

4 Consolidated Financial Position and Results of Operations, and Risk Management Applications

4.1 Consolidated capital adequacy ratio

As per the revised “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” effective from 1 July 2012, the Bank’s consolidated capital adequacy ratio is 13.86% (31 December 2013: 13.70%) as of 31 December 2014 (unconsolidated capital adequacy ratio: 15.23% (31 December 2013: 14.42%)).

4.1.1 Risk measurement methods in calculation of consolidated capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the “Regulation”)”, “Regulation on Credit Risk Mitigation Techniques” and “Regulation on Calculation of Risk Weighted Amounts for Securitisations” published in the Official Gazette no.28337 dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no.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 derivatives classified in the banking book, the receivables from counterparties are multiplied by the rates stated in the Appendix-2 of the Regulation, reduced as per the “Regulation on Credit Risk Mitigation Techniques” and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

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

4.1.2 Consolidated capital adequacy ratio

<i>Current Period</i>	Risk Weights								
	Parent Bank Only								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>250%</i>
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	-	-	-

<i>Prior Period</i>	Risk Weights								
	Parent Bank Only								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>250%</i>
Value at Credit Risk	-	-	1,854,004	14,643,130	19,982,123	82,326,561	5,000,216	24,059,034	664,205
Exposure Categories	51,971,249	-	9,270,022	29,286,260	26,642,831	82,326,561	3,333,477	12,029,517	265,682
Conditional and unconditional exposures to central governments or central banks	50,354,334	-	3	3,442,625	-	6,849	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	40,082	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	43	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,453,942	6,874,026	-	11,950	-	-	-
Conditional and unconditional exposures to corporates	-	-	770,648	1,290,840	-	70,988,621	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	26,642,831	5,476,494	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	17,676,198	-	-	-	-	-
Past due items	-	-	-	2,571	-	337,955	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	13,269	3,333,477	12,029,517	265,682
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Other items	1,616,915	-	5,347	-	-	5,491,380	-	-	-

<i>Current Period</i> (*)	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	-	-	-	-	-	-	-	-	-
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	-	-	-	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	-	-	-

(*) Consolidated total capital and capital adequacy ratio are calculated within the scope of the "Regulation on Equities of Banks" published in the Official Gazette no.28756 dated 5 September 2013, considering Garanti Emeklilik ve Hayat AŞ as if it is an investment in an unconsolidated financial institution.

Prior Period	Risk Weights								
	Consolidated								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	2,054,001	17,178,502	21,255,722	92,774,743	5,371,476	25,251,712	852,540
Exposure Categories	58,030,029	-	10,270,006	34,357,004	28,340,963	92,774,743	3,580,984	12,625,856	341,016
Conditional and unconditional exposures to central governments or central banks	53,566,751	-	3	3,932,471	-	6,849	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	40,082	50,102	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	877	-	-	-
Conditional and unconditional exposures to multilateral development banks	5,801	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	9,019,016	10,110,763	-	109,407	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,205,558	1,670,497	-	82,110,496	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	28,340,963	5,486,546	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	18,490,800	-	-	-	-	-
Past due items	-	-	-	2,571	-	679,872	-	-	-
Items in regulatory high-risk categories	-	-	-	6,048	-	122,204	3,580,984	12,625,856	341,016
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2,725,817	-	-	93,752	-	1,429,755	-	-	-
Other items	1,731,660	-	5,347	-	-	2,828,737	-	-	-

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)	13,219,231	11,882,342
Capital Requirement for Market Risk (MRCR)	367,344	301,025
Capital Requirement for Operational Risk (ORCR)	1,187,245	1,067,735
Total Capital	28,116,657	23,882,776
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	15.23%	14.42%
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	14.17%	-
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	14.24%	-

	Consolidated	
	Current Period (*)	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	14,565,582	13,179,096
Capital Requirement for Market Risk (MRCR)	335,458	292,299
Capital Requirement for Operational Risk (ORCR)	1,312,809	1,209,317
Total Capital	28,096,277	25,147,997
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	13.86%	13.70 %
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.77%	-
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.86%	-

(*) Starting from 1 January 2014, the bank-only and consolidated total capital and capital adequacy ratio are calculated within the scope of the "Regulation on Equities of Banks" published in the Official Gazette no.28756 dated 5 September 2013 (in case of consolidated total capital; considering Garanti Emeklilik ve Hayat AŞ as if it is an investment in an unconsolidated financial institution).

4.1.4 Components of consolidated total capital

	<i>Current Period</i>
COMMON EQUITY TIER I CAPITAL	
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554
Share Premium	11,880
Share Cancellation Profits	-
Reserves	17,253,772
Other Comprehensive Income according to TAS	368,368
Profit	3,508,591
Current Period Profit	3,508,591
Prior Period Profit	-
General Reserves for Possible Losses	415,000
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	947
Minority Interests	60,262
Common Equity Tier I Capital Before Deductions	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 (-)	368,736
Leasehold Improvements on Operational Leases (-)	109,750
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	39,781
Net Deferred Tax Asset/Liability (-)	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 (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total Deductions from Common Equity Tier I Capital	524,619
Total Common Equity Tier I Capital	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	-

	<i>Current Period</i>
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 (-)	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 (-)	25,414
Total Tier I Capital	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)	125,501
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	2,275,872
Shares of Third Parties in Tier II Capital	-
Tier II Capital before Deductions	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	2,401,373

	<i>Current Period</i>
CAPITAL BEFORE DEDUCTIONS	
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	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 (-)	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 (-)	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 (-)	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 (-)	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	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	430,950

	<i>Prior Period</i>
CORE CAPITAL	
Paid-in Capital	4,200,000
Nominal Capital	4,200,000
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	772,554
Share Premium	11,880
Share Cancellation Profits	-
Reserves	14,468,662
Profit	3,314,434
Current Period's Profit	3,314,434
Prior Periods' Profit	-
Provision for Possible Losses (upto 25% of Core Capital)	335,000
Income on Sale of Equity Shares and Real Estates	172,164
Primary Subordinated Debts	-
Minority Interest	162,785
Loss (excess of Reserves) (-)	-
Current Period's Losses	-
Prior Periods' Losses	-
Leasehold Improvements on Operational Leases (-)	109,831
Intangible Assets (-)	97,642
Deferred Tax Asset in Excess of 10% of Core Capital (-)	-
Limit Excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-
Goodwill (Net) (-)	6,388
Total Core Capital	23,223,618
SUPPLEMENTARY CAPITAL	
General Provisions	2,037,837
45% of Revaluation Surplus on Movables	-
45% of Revaluation Surplus on Immovables	963
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	947
Primary Subordinated Debts excluding the Portion included in Core Capital	-
Secondary Subordinated Debts	146,050
45% of Securities Value Increase Fund (*)	(533,709)
Minority Interest	15
Other Reserves	405,001
Total Supplementary Capital	2,057,104
CAPITAL BEFORE DEDUCTIONS	25,280,722
DEDUCTIONS FROM CAPITAL	132,725
Unconsolidated Investments in Entities Operating in Banking and Financial Sectors	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties and Qualified as Primary or Secondary Subordinated Debts	66,966
Investment in Banks and Financial Institutions that are not Consolidated but Accounted under Equity Accounting	-
Loans Granted against the Articles 50 and 51 of the Banking Law	41
Net Book Values of Immovables Exceeding 50% of Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	33,929
Securitization Positions to be Deducted from Equity	-
Other Deduction Items	31,789
TOTAL CAPITAL	25,147,997

(*) In the prior periods, in cases where the Securities Value Increase Fund gave a positive result then only 45% of the amount used to be considered in the calculation, whereas if it was negative then the whole amount.

4.1.5 Components of total capital subject to temporary applications

<i>Current Period</i>	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)	125,501	125,501	125,501	125,501

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

"Garanti Bank's process of internal capital requirements is assessed under the regulation on the "Internal Systems and Internal Capital Adequacy Assessment Processes of Banks" 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 in 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 and operational risks directly affecting its legal capital adequacy ratio. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set.

4.2 Consolidated credit risk

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

The debtors or group of debtors are subject to credit risk limits. Sectoral risk concentrations are reviewed on a monthly basis.

Credit worthiness of debtors is reviewed periodically in compliance with the legislation by the internal risk rating models. The credit limits are revised and further collateral is required if the risk level of debtor deteriorates. For unsecured loans, the necessary documentation is gathered in compliance with the legislation.

Geographical concentration of credit customers is reviewed monthly. This is in line with the concentration of industrial and commercial activities in Turkey.

In accordance with the lending policies, the debtor's creditworthiness is analysed and the adequate collateral is obtained based on the financial position of the company and the type of loan; like cash collateral, bank guarantees, mortgages, pledges, bills and personal or corporate guarantees.

There are control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed together with the risk from market fluctuations. The risk arising from such instruments are followed up and when necessary, the actions to decrease it are taken.

The liquidated non-cash loans are subject to the same risk weight with the overdue loans.

Foreign trade finance and other interbank credit transactions are performed through widespread correspondents network. Accordingly, limits are assigned to domestic and foreign banks and other financial institutions based on review of their credit worthiness, periodically.

The Bank developed a statistical-based internal risk rating model for its credit portfolio of corporate/commercial/medium-size companies. This internal risk rating model has been in use for customer credibility assessment since 2003. Risk rating has become a requirement for loan applications, and ratings are used both to determine branch managers' credit authorization limits and in credit assessment process.

The concentration table of the cash and non-cash loans for the Bank according to the risk rating system for its customers defined as corporate, commercial and medium-size enterprises is presented below:

	<i>Current Period</i>	<i>Prior Period</i>
	%	%
Above Average	40.26	40.14
Average	53.43	54.39
Below Average	6.31	5.47
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	<i>Current Period</i> ^(*)	<i>Average</i> ^(**)
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.

Exposure Categories	Prior Period (*)	Average (**)
Conditional and unconditional exposures to central governments or central banks	58,540,858	57,859,448
Conditional and unconditional exposures to regional governments or local authorities	90,184	42,445
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	992	12,238
Conditional and unconditional exposures to multilateral development banks	5,801	5,530
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	37,589,143	30,269,017
Conditional and unconditional exposures to corporates	90,016,193	78,960,415
Conditional and unconditional retail exposures	34,559,816	35,418,754
Conditional and unconditional exposures secured by real estate property	18,599,094	16,703,012
Past due items	682,730	528,138
Items in regulatory high-risk categories	16,879,291	12,393,854
Exposures in the form of bonds secured by mortgages	-	-
Securitisation positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	4,249,324	3,922,511
Other items	4,565,744	4,102,863

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) Average risk amounts are the arithmetical averages of the amounts in quarterly reports prepared as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

The parent Bank and its financial affiliates’ largest 100 and 200 cash loan customers compose 22.53% (31 December 2013: 22.76%) and 29.22% (31 December 2013: 29.16%) of the total cash loan portfolio, respectively.

The parent Bank and its financial affiliates’ largest 100 and 200 non-cash loan customers compose 52.00% (31 December 2013: 53.71%) and 61.76% (31 December 2013: 64.19%) 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 7.92% (31 December 2013: 8.18%) and 10.31% (31 December 2013: 10.55%) of the total “on and off balance sheet” assets, respectively.

The general provision for consolidated credit risk amounts to TL 2,457,552 thousands (31 December 2013: TL 2,037,837 thousands).

4.2.1 Profile of significant exposures in major regions

<i>Current Period</i> ^(****)	Exposure Categories ^(*)							Total
	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	
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

<i>Prior Period</i> ^(****)	Exposure Categories ^(*)							Total
	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	
Domestic	54,559,300	15,441,858	79,754,069	33,485,519	17,814,783	15,916,175	8,808,564	225,780,268
European Union (EU) Countries	3,521,243	19,379,578	5,448,831	842,687	776,563	829,559	199,322	30,997,783
OECD Countries ^(**)	62	178,099	1,480,367	2,916	2,082	100	-	1,663,626
Off-Shore Banking Regions	-	5,324	488,979	5,013	-	1,703	27,208	528,227
USA, Canada	680	1,438,803	864,585	29,175	961	2,614	10,189	2,347,007
Other Countries	459,573	1,141,437	1,978,514	194,506	4,705	129,140	14,725	3,922,600
Associates, Subsidiaries and Joint –Ventures	-	4,044	848	-	-	-	11,797	16,689
Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	522,970	522,970
Total	58,540,858	37,589,143	90,016,193	34,559,816	18,599,094	16,879,291	9,594,775	265,779,170

(*) Exposure categories 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

Current Period (**)	Exposure Categories (*)																TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
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
Accommodation 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	102,754,59	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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates

Consolidated Financial Report as of and
for the Year Ended 31 December 2014
(Thousands of Turkish Lira (TL))

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

Prior Period (**)	Exposure Categories (*)																TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
Agriculture	-	-	319	-	-	-	968,442	409,026	271,590	20,391	48,609	-	-	-	-	-	906,614	811,763	1,718,377
Farming and Stockbreeding	-	-	-	-	-	-	918,218	388,079	257,507	19,790	47,258	-	-	-	-	-	850,429	780,423	1,630,852
Forestry	-	-	319	-	-	-	16,746	14,982	8,265	549	590	-	-	-	-	-	22,892	18,559	41,451
Fishery	-	-	-	-	-	-	33,478	5,965	5,818	52	761	-	-	-	-	-	33,293	12,781	46,074
Manufacturing	-	1,688	-	-	-	-	36,960,004	2,837,910	2,509,080	170,203	448,600	-	-	-	-	-	12,511,267	30,416,218	42,927,485
Mining and Quarrying	-	-	-	-	-	-	1,565,923	140,179	88,279	12,929	27,758	-	-	-	-	-	572,048	1,263,020	1,835,068
Production	-	-	-	-	-	-	18,831,917	2,644,277	2,372,178	156,646	417,964	-	-	-	-	-	10,700,455	13,722,527	24,422,982
Electricity, Gas and Water	-	1,688	-	-	-	-	16,562,164	53,454	48,623	628	2,878	-	-	-	-	-	1,238,764	15,430,671	16,669,435
Construction	-	27,147	-	-	-	-	7,763,883	1,331,386	1,947,012	78,226	172,338	-	-	-	-	-	5,013,450	6,306,542	11,319,992
Services	346	376	-	5,801	-	37,561,545	32,170,376	6,619,991	5,967,967	305,415	741,214	-	-	-	-	-	39,596,239	43,776,792	83,373,031
Wholesale and Retail Trade	337	-	-	-	-	-	13,143,384	5,002,174	3,402,760	171,990	536,115	-	-	-	-	-	13,978,059	8,278,701	22,256,760
Accommodation and Dining	-	-	-	-	-	-	2,873,195	341,465	1,265,373	50,691	52,857	-	-	-	-	-	1,173,668	3,409,913	4,583,581
Transportation and Telecommunication	-	376	-	-	-	-	9,386,591	884,567	472,549	66,260	82,113	-	-	-	-	-	2,486,853	8,405,603	10,892,456
Financial Institutions	-	-	-	5,801	-	37,561,545	3,884,852	56,810	23,506	1,322	21,455	-	-	-	-	-	20,407,243	21,148,048	41,555,291
Real Estate and Rental Services	-	-	-	-	-	-	1,103,459	56,887	441,342	7,214	7,646	-	-	-	-	-	318,626	1,297,922	1,616,548
Professional Services	-	-	-	-	-	-	-	947	-	-	7	-	-	-	-	-	-	954	954
Educational Services	1	-	-	-	-	-	251,882	64,366	144,172	1,049	10,311	-	-	-	-	-	351,677	120,104	471,781
Health and Social Services	8	-	-	-	-	-	1,527,013	212,775	218,265	6,889	30,710	-	-	-	-	-	880,113	1,115,547	1,995,660
Others	58,540,512	60,973	673	-	-	27,598	12,153,488	23,361,503	7,903,445	108,495	15,468,530	-	-	-	4,249,324	4,565,744	88,540,326	37,899,959	126,440,285
Total	58,540,858	90,184	992	5,801	-	37,589,143	90,016,193	34,559,816	18,599,094	682,730	16,879,291	-	-	-	4,249,324	4,565,744	146,567,896	119,211,274	265,779,170

(*) 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

<i>Current Period</i>		Term To Maturity					Demand	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Exposure Categories ^(*)								
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.

<i>Prior Period</i>		Term To Maturity					Demand	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Exposure Categories (*)								
1	Conditional and unconditional exposures to central governments or central banks	3,341,438	18,463,954	2,920,464	3,449,021	26,126,642	4,239,339	58,540,858
2	Conditional and unconditional exposures to regional governments or local authorities	-	1,687	9,988	19,423	59,086	-	90,184
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	2	113	12	5	860	-	992
4	Conditional and unconditional exposures to multilateral development banks	-	-	-	-	5,801	-	5,801
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-
6	Conditional and unconditional exposures to banks and brokerage houses	12,036,731	3,063,045	1,599,080	3,140,419	10,981,536	6,768,332	37,589,143
7	Conditional and unconditional exposures to corporates	8,028,907	6,309,248	9,662,869	9,466,134	55,498,823	1,050,212	90,016,193
8	Conditional and unconditional retail exposures	8,366,371	4,482,427	8,457,856	2,907,771	10,112,793	232,598	34,559,816
9	Conditional and unconditional exposures secured by real estate property	699,594	704,752	1,298,720	1,342,397	14,456,025	97,606	18,599,094
10	Past due items	-	-	-	-	-	682,730	682,730
11	Items in regulatory high-risk categories	117,883	1,197	6,554	1,964,387	14,448,346	340,924	16,879,291
12	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-
13	Securitisation positions	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	4,249,324	4,249,324
16	Other items	-	-	-	-	-	4,565,744	4,565,744
Total		32,590,926	33,026,423	23,955,543	22,289,557	131,689,912	22,226,809	265,779,170

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

4.2.4 Exposure categories

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The international risk ratings are used for the exposures to central governments and central banks, whereas for central governments and central banks that are not rated by Fitch Ratings, the published country ratings as announced by the Organisation for Economic Cooperation and Development (OECD) are used.

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

In the determination of risk weights for items that are not included in trading book; if a relevant rating is available then such rating, but if it is an unrated exposure then the rating available for the issuer is used.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Risk Rating	Exposure Categories				
		Exposures to Central Governments or Central Banks	Exposures to Administrative Bodies and Non-Commercial Undertakings	Exposures to Banks and Brokerage Houses		Exposures to Corporates
				Exposures with Remaining Maturities Less Than 3 Months	Exposures with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%	20%
	AA+					
	AA					
	AA-					
2	A+	20%	50%	20%	50%	50%
	A					
	A-					
3	BBB+	50%	100%	20%	50%	100%
	BBB					
	BBB-					
4	BB+	100%	100%	50%	100%	100%
	BB					
	BB-					
5	B+	100%	100%	50%	100%	150%
	B					
	B-					
6	CCC+	150%	150%	150%	150%	150%
	CCC					
	CCC-					
	CC					
	C					
D						

4.2.5 Exposures by risk weights

The total amount of exposures corresponding to each class of risk weight before and after credit risk mitigation and the deductions from equity as defined in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks Appendix-1 are presented below:

<i>Current Period</i>	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Risk Weights										
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

<i>Prior Period</i>										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Exposures before Credit Risk Mitigation	58,911,458	-	22,061,354	41,203,945	29,073,270	97,800,020	3,647,311	12,740,320	341,492	346,586
Exposures after Credit Risk Mitigation	58,030,029	-	10,270,006	34,357,004	28,340,963	92,774,743	3,580,984	12,625,856	341,016	346,586

4.2.6 Information by major sectors and type of counterparties

As per the TAS and TFRS;

Impaired Credits; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, “specific provisions” are allocated as per the Provisioning Regulation.

Past Due Credits; are the credits that overdue upto 90 days but not impaired. For such credits, “general provisions” are allocated as per the Provisioning Regulation.

<i>Current Period</i>	Credit Risks			
	Impaired Credits	Past Due Credits	Value Adjustments	Specific Provisions
Major Sectors/Counterparties				
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
Accommodation 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

<i>Prior Period</i>	Credit Risks			
	Impaired Credits	Past Due Credits	Value Adjustments	Specific Provisions
Major Sectors/Counterparties				
Agriculture	67,049	32,558	107	35,483
Farming and Stockbreeding	65,297	30,732	106	34,329
Forestry	1,471	1,782	-	987
Fishery	281	44	1	167
Manufacturing	1,046,747	319,071	1,209	639,513
Mining and Quarrying	35,319	23,417	152	17,302
Production	1,010,037	287,798	758	621,641
Electricity, Gas and Water	1,391	7,856	299	570
Construction	258,407	183,779	723	101,052
Services	1,518,883	674,436	2,484	677,565
Wholesale and Retail Trade	1,130,381	450,794	1,796	456,999
Accommodation and Dining	174,100	57,543	182	100,216
Transportation and Telecommunication	173,063	91,462	356	93,792
Financial Institutions	7,730	949	7	5,946
Real Estate and Rental Services	7,092	14,202	11	3,979
Professional Services	220	57	-	220
Educational Services	2,860	32,141	23	1,423
Health and Social Services	23,437	27,288	109	14,990
Others	1,732,229	2,535,805	112,528	1,540,759
Total	4,623,315	3,745,649	117,051	2,994,372

4.2.7 Movements in value adjustments and provisions

<i>Current Period</i>	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

<i>Prior Period</i>	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1 Specific Provisions	2,331,562	1,371,998	825,320	116,132	2,994,372
2 General Provisions	1,342,090	724,119	47,012	18,640	2,037,837

(*) 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 Assessment 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 Assessment 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

	<i>Current Period</i>	<i>Prior Period</i>
(I) Capital Requirement against General Market Risk - Standard Method	77,151	59,700
(II) Capital Requirement against Specific Risks - Standard Method	35,626	21,084
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	55,346	55,572
(IV) Capital Requirement against Commodity Risks - Standard Method	4,651	12,974
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	145,470	102,922
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	17,214	40,047
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	335,458	292,299
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	4,193,225	3,653,738

4.3.2 Average consolidated values at market risk

	<i>Current Period</i>			<i>Prior Period</i>		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	87,676	113,280	66,015	44,059	66,015	10,842
Equity-Shares Position Risk	24,001	34,726	14,719	20,027	48,291	4,546
Currency Position Risk	70,440	102,687	55,346	52,147	55,879	44,341
Commodity Risk	8,783	13,100	4,651	9,767	13,587	6,095
Clearing Risk	-	-	-	-	-	-
Option Market Risk	86,940	134,332	58,925	87,745	122,538	54,056
Counterparty Credit Risk	20,630	40,047	11,733	19,460	40,047	8,777
Total Value at Risk	298,470	438,172	211,389	233,205	346,357	128,657

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.

	<i>Current Period</i> ^(**)	<i>Prior Period</i> ^(*)
Interest-Rate Contracts	923	1,308
Foreign-Exchange-Rate Contracts	188,844	405,837
Commodity Contracts	4,165	20,678
Equity-Shares Related Contracts	935	2,585
Other	-	-
Gross Positive Fair Values	310,557	446,199
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collaterals Received	9,853	54,986
Net Derivative Position	495,571	821,621

(*) Includes only the counterparty risks arising from trading book.

(**) TL 556 thousands (31 December 2013: TL 142 thousands) of repurchase and reverse repurchase agreements are not included in the above table.

4.4 Consolidated operational risk

The value at operational risk is calculated according to the basic indicator approach as per the Article 14 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”.

The annual gross income is composed of net interest income and net non-interest income after deducting realised gains/losses from the sale of securities available-for-sale and held-to-maturity, extraordinary income and income derived from insurance claims at year-end.

Current Period	31 December 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

Prior Period	31 December 2010	31 December 2011	31 December 2012	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	7,516,351	7,754,923	8,915,064	8,062,113	15	1,209,317
Value at Operational Risk (Total x % 12.5)						15,116,461

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 2014, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to TL 8,509,061 thousands (31 December 2013: TL 901,224 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 5,983,223 thousands (31 December 2013: TL 302,789 thousands), while net foreign currency short open position amounts to TL 2,525,838 thousands (31 December 2013: TL 598,435 thousands).

The foreign currency position risk is measured by “standard method” and “value-at-risk (VaR) model”. Measurements by standard method are carried out monthly, whereas measurements by “VaR” are done daily for the Bank. The foreign currency exchange risk is managed through transaction, dealer, 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
The Bank’s foreign currency purchase rate at balance sheet date	2.3050	2.7889
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	2.3020	2.8004
Day 2	2.2930	2.7930
Day 3	2.2920	2.7897
Day 4	2.2940	2.8103
Day 5	2.2930	2.7948
Last 30-days arithmetical average rate	2.2708	2.7961

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	3,245,156	15,196,264	4,991,089	23,432,509
Banks	3,847,221	6,668,417	551,353	11,066,991
Financial Assets at Fair Value through Profit/Loss	91,541	311,997	14,979	418,517
Interbank Money Market Placements	-	84,551	-	84,551
Financial Assets Available-for-Sale	1,923,112	2,173,763	156,835	4,253,710
Loans (*)	18,960,308	41,968,821	1,741,008	62,670,137
Investments in Associates, Subsidiaries and Joint-Ventures	410	-	440	850
Investments Held-to-Maturity	-	7,279,089	-	7,279,089
Derivative Financial Assets Held for Risk Management	-	120,050	-	120,050
Tangible Assets	52,825	158	71,582	124,565
Intangible Assets	-	-	-	-
Other Assets (**)	2,259,706	2,004,000	37,555	4,301,261
Total Assets	30,380,279	75,807,110	7,564,841	113,752,230
Liabilities				
Bank Deposits	1,114,279	3,709,830	1,329,893	6,154,002
Foreign Currency Deposits	24,064,789	36,535,929	3,125,429	63,726,147
Interbank Money Market Takings	460,759	6,345,669	313,940	7,120,368
Other Fundings	10,360,924	21,631,403	196,000	32,188,327
Securities Issued	1,672,439	7,050,965	871,168	9,594,572
Miscellaneous Payables	88,413	515,982	210,550	814,945
Derivative Financial Liabilities Held for Risk Management	48,215	68,537	63,059	179,811
Other Liabilities (***)	283,505	569,068	1,630,546	2,483,119
Total Liabilities	38,093,323	76,427,383	7,740,585	122,261,291
Net 'On Balance Sheet' Position	(7,713,044)	(620,273)	(175,744)	(8,509,061)
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	-	-	-	-
Prior Period				
Total Assets	34,484,393	57,369,152	7,187,876	99,041,421
Total Liabilities	33,900,482	58,513,428	7,528,735	99,942,645
Net 'On Balance Sheet' Position	583,911	(1,144,276)	(340,859)	(901,224)
Net 'Off-Balance Sheet' Position	647,257	(1,669,652)	1,325,184	302,789
Derivative Assets	15,803,669	28,514,522	9,403,312	53,721,503
Derivative Liabilities	(15,156,412)	(30,184,174)	(8,078,128)	(53,418,714)
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 4,724,724 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 315,345 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 1,625,099 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.6 Consolidated interest rate risk

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

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

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

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

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

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

<i>Current Period</i>	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	-	-	-	-	-	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	11,900,634	18,781,907
Total Assets	46,337,869	34,962,352	53,035,872	47,834,533	17,660,979	47,219,486	247,051,091
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	-	-	-	-	-	13,020,070	13,020,070
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	-	-	36,157,771	36,216,314
Total Liabilities	88,796,071	45,396,615	18,527,468	13,480,754	2,868,269	77,981,914	247,051,091
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.

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

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

(**) Loans amounting to TL 198,778 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

4.6.2 Average interest rates on monetary financial instruments (%)

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

<i>Prior Period</i>	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.18-2.38	0.15-3.30	-	7.29-10.00
Financial Assets at Fair Value through Profit/Loss	4.63	7.45	-	2.83-14.40
Interbank Money Market Placements	-	0.40	-	6.94-7.02
Financial Assets Available-for-Sale	3.37-5.50	3.96-11.88	-	7.39-11.30
Loans	2.83-8.67	2.60-6.10	5.50	8.67-12.92
Investments Held-to-Maturity	-	4.98	-	10.12
Liabilities				
Bank Deposits	1.39-2.63	1.98-2.63	-	6.84-7.32
Other Deposits	1.70-2.55	1.82-2.35	0.69-1.49	4.98-6.90
Interbank Money Market Takings	0.51-1.10	0.65-1.78	1.49	2.50-7.45
Miscellaneous Payables	-	-	-	-
Securities Issued	3.46	4.25	-	6.78-9.70
Other Fundings	0.93-4.34	1.01-5.65	-	8.75-11.28

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

<i>Current Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,934,726)	(13.99)%
2	TL	(-) 400 bps	3,779,851	13.44%
3	USD	(+) 200 bps	(897,224)	(3.19)%
4	USD	(-) 200 bps	1,133,580	4.03%
5	EUR	(+) 200 bps	(162,986)	(0.58)%
6	EUR	(-) 200 bps	113,089	0.40%
Total (of negative shocks)			5,026,520	17.87%
Total (of positive shocks)			(4,994,936)	(17.76)%

<i>Prior Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,104,076)	(13.00)%
2	TL	(-) 400 bps	3,041,950	12.74%
3	USD	(+) 200 bps	(37,444)	(0.16)%
4	USD	(-) 200 bps	6,990	0.03%
5	EUR	(+) 200 bps	(112,317)	(0.47)%
6	EUR	(-) 200 bps	89,257	0.37%
Total (of negative shocks)			3,138,197	13.14%
Total (of positive shocks)			57 (3,253,837)	(13.62)%

4.7 Consolidated position risk of equity securities

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

<i>Current Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- grade A	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	-	-	-

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- grade A	123,599	-	-
	Quoted Securities	-	-	-
2	Investment in Shares- grade B	27,097	-	-
	Quoted Securities	-	-	-
3	Investment in Shares- grade C	822	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- grade F	48	-	-
	Quoted Securities	-	-	-

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

<i>Current Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio			Total	Amount in Tier I Capital ^(*)	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

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio			Total	Amount in Supplementary Capital	Total	Amount in Core Capital	Amount in Supplementary Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	13,340	-	6,003
3	Other Shares	-	623	280	-	-	-
	Total	-	623	280	13,340	-	6,003

(*) In the prior periods, in cases where the Securities Value Increase Fund under Supplementary Capital gave a positive result then only 45% of the amount used to be considered in the calculation, whereas if it was negative then the whole amount used to be considered in the calculation; however, in the current period 100% of the amount of the Securities Value Increase Fund under Other Comprehensive Income/(Losses) according to TAS, is considered in the calculation.

4.8 Consolidated liquidity risk

The liquidity risk of the Bank and its financial affiliates is defined as the risk of being unable to pay its liabilities ontime due to not having enough cash sources or cash inflows to finance its cash outflows fully and ontime due to cashflow instabilities.

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

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

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

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

<i>Current Period</i>	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	181.39	138.72	132.48	108.51

<i>Prior Period</i>	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	156.07	136.67	104.26	103.75

4.8.1 Maturity analysis of assets and liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	5,596,971	19,595,598	-	-	-	-	-	25,192,569
Banks	4,611,330	2,998,396	415,375	1,227,530	3,610,793	-	-	12,863,424
Financial Assets at Fair Value through Profit/Loss (**)	9,383	408,871	175,621	381,453	301,237	389,966	-	1,666,531
Interbank Money Market Placements	-	106,138	-	4,105	-	-	-	110,243
Financial Assets Available-for-Sale	98,609	628,074	614,562	1,470,693	8,395,875	12,322,491	-	23,530,304
Loans (**)	198,894	26,437,111	13,133,214	32,991,967	51,444,000	17,174,063	2,859,822	144,239,071
Investments Held-to-Maturity	-	23,088	2,047,930	11,800	4,376,211	14,208,013	-	20,667,042
Other Assets	1,504,608	2,198,506	1,234,682	1,580,906	2,603,752	261,439	9,398,014	18,781,907
Total Assets	12,019,795	52,395,782	17,621,384	37,668,454	70,731,868	44,355,972	12,257,836	247,051,091
Liabilities								
Bank Deposits	1,906,709	2,021,159	2,432,143	755,394	-	-	-	7,115,405
Other Deposits	29,979,852	58,632,344	25,861,328	10,417,833	1,406,176	12,941	-	126,310,474
Other Fundings	-	3,157,523	2,605,502	14,146,963	13,037,988	4,981,331	-	37,929,307
Interbank Money Market Takings	-	8,623,455	1,319,994	18,987	2,058,729	-	-	12,021,165
Securities Issued	-	908,836	1,549,487	2,558,094	6,768,415	2,653,524	-	14,438,356
Miscellaneous Payables	756,539	6,161,066	4,989	6,646	-	-	6,090,830	13,020,070
Other Liabilities (***)	1,508,556	866,100	464,935	800,260	670,317	233,126	31,673,020	36,216,314
Total Liabilities	34,151,656	80,370,483	34,238,378	28,704,177	23,941,625	7,880,922	37,763,850	247,051,091
Liquidity Gap	(22,131,861)	(27,974,701)	(16,616,994)	8,964,277	46,790,243	36,475,050	(25,506,014)	-
Prior Period								
Total Assets	16,709,069	37,591,369	14,366,850	41,483,038	67,098,406	34,351,667	9,881,887	221,482,286
Total Liabilities	29,779,813	77,643,408	27,288,897	27,650,992	19,055,738	12,908,665	27,154,773	221,482,286
Liquidity Gap	(13,070,744)	(40,052,039)	(12,922,047)	13,832,046	48,042,668	21,443,002	(17,272,886)	-

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

(**) Loans amounting to TL 201,385 thousands (31 December 2013: TL 198,778 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

(***) Shareholders' Equity is included in "Other liabilities" line under "Undistributed" column.

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.

<i>Current Period</i>	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

<i>Prior Period</i>	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	6,733,280	6,721,693	1,188,352	2,518,328	2,308,858	520,167	185,988	-
Other Deposits	112,475,947	112,007,757	25,891,890	55,725,386	19,092,264	9,759,940	1,521,060	17,217
Other Fundings	34,133,471	33,936,882	-	1,596,983	2,532,945	12,407,461	11,473,636	5,925,857
Interbank Money Market Takings	16,007,738	15,966,100	-	11,531,752	1,491,714	1,252,633	1,690,001	-
Securities Issued	10,790,559	10,564,825	-	393,859	1,321,583	2,922,075	3,498,375	2,428,933
Total	180,140,995	179,197,257	27,080,242	71,766,308	26,747,364	26,862,276	18,369,060	8,372,007

4.9 Consolidated securitisation positions

None.

4.10 Consolidated credit risk mitigation techniques

The parent Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals in compliance with the article 34 of the "Regulation on Credit Risk Mitigation Techniques".

In the credit risk mitigation, cash and cash equivalent items and high-credit-quality debt instruments are used.

The volatility adjustments regarding the receivables, collaterals and currency mismatch of the collaterals are made as per the standard volatility-adjustment approach defined in the article 37 of the above mentioned regulation.

In cases where there are maturity mismatches resulting from shorter remaining life of collateral than of receivables, the value of collateral is considered as the volatility-adjusted value.

<i>Current Period</i>	Amount (**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
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	-	-	-

<i>Prior Period</i>	Amount (**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	59,572,424	1,076,834	-	-
Conditional and unconditional exposures to regional governments or local authorities	90,215	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1,383	454	-	-
Conditional and unconditional exposures to multilateral development banks	5,801	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	47,533,199	19,091,811	-	-
Conditional and unconditional exposures to corporates	109,691,262	7,406,825	-	-
Conditional and unconditional retail exposures	56,779,492	905,323	-	-
Conditional and unconditional exposures secured by real estate property (*)	19,360,580	113,402	-	-
Past due items	682,805	287	-	-
Items in regulatory high-risk categories	16,918,395	203,313	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	4,249,324	-	-	-
Other items	4,565,744	-	-	-

(*) The mortgages used for the determination of the risk categories as per the article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are excluded.

(**) Includes total risk amounts before the effect of credit risk mitigation and liquidity conversions.

4.11 Risk management objectives and policies

The Risk Management Strategy of the parent Bank includes the optimum allocation of the capital and the realisation of growth framework, maintaining risk-return balance, measuring the risks by methods in compliance with international standards and local regulations in parallel with its activities and under its sustainable and value-creating growth strategy.

The parent Bank determines the necessary approaches in order to update, revise, apply and manage its policies set for the proper assessment and management of risks considering changes in conditions.

The top management is responsible of managing, developing the risk management strategies, policies and application principles approved by the board of directors, reporting of major risks that the Bank is facing to the board of directors, assessment of internal control, internal audit and risk reports of departments and either eliminating risks, deficiencies or defects identified in these departments or taking the necessary precautions to prevent those, and participating in determination of risk limits.

The risk management activities are structured under the responsibility of the Bank's board of directors. The top management is responsible to the board of directors for monitoring and managing of risks. Besides, the following departments participate in monitoring of risks, independent from the departments having operational activities; Internal Control, Risk Management, Fraud, Compliance and Internal Audit.

The risks are evaluated on a continuously developing structure that is managed by internationally accepted applications and in compliance with the Bank's policies and procedures, and the international and local regulations.

The risks are also managed through risk mitigations using hedging transactions beside measurement, limitation and capital allocation techniques. The data of the Bank and the market are regularly monitored for better risk monitoring and management. As part of limitation of risks, internal limits are also set beside the legal limits. The possible changes in economic conditions and the risks that can be faced under extraordinary conditions are taken into consideration.

4.12 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	224,108,139	201,923,154	226,231,334	202,245,496
Interbank Money Market Placements	110,243	199,033	110,243	199,033
Banks (*)	35,561,479	34,030,264	35,561,479	34,030,264
Financial Assets Available-for-Sale	23,530,304	24,836,227	23,530,304	24,836,227
Investments Held-to-Maturity	20,667,042	13,773,794	21,920,197	13,533,024
Loans (**)	144,239,071	129,083,836	145,109,111	129,646,948
Financial Liabilities	210,834,777	190,155,831	210,834,777	190,155,831
Bank Deposits	7,115,405	6,733,280	7,115,405	6,733,280
Other Deposits	126,310,474	112,475,947	126,310,474	112,475,947
Other Fundings from Financial Institutions	49,950,472	50,141,209	49,950,472	50,141,209
Securities Issued	14,438,356	10,790,559	14,438,356	10,790,559
Miscellaneous Payables	13,020,070	10,014,836	13,020,070	10,014,836

(*) Including the balances at the Central Bank of Turkey.

(**) Loans amounting to TL 201,385 thousands (31 December 2013: TL 198,778 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Loans".

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	18,825,886	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

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	20,230,574	1,967,344	2,638,309	24,836,227
Financial Assets Held for Trading	240,923	171	26,545	267,639
Derivative Financial Assets Held for Trading	1,653	1,668,173	-	1,669,826
Loans	-	198,778	-	198,778
Derivative Financial Assets Held for Risk Management	-	114,984	-	114,984
Financial Assets at Fair Value	20,473,150	3,949,450	2,664,854	27,087,454
Derivative Financial Liabilities Held for Trading	-	1,567,030	-	1,567,030
Funds Borrowed	-	2,084,138	-	2,084,138
Derivative Financial Liabilities Held for Risk Management	-	39,105	-	39,105
Financial Liabilities at Fair Value	-	3,690,273	-	3,690,273

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

None.

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	1,089,266	709,177	1,007,744	659,757
Central Bank of Turkey	670,794	22,027,261	1,743,999	19,161,838
Others	-	696,071	-	69,504
Total	1,760,060	23,432,509	2,751,743	19,891,099

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	670,794	2,431,663	1,743,999	1,995,058
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	19,595,598	-	17,166,780
Total	670,794	22,027,261	1,743,999	19,161,838

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	10,744	265,254	-	280,860
Assets Subject to Repurchase Agreements	3,639	-	2,732	-
Total	14,383	265,254	2,732	280,860

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	113,870	25,446	297,742	19,747
Swap Transactions	441,452	621,374	330,329	645,228
Futures	9	-	203	1,451
Options	199,834	37,613	293,012	81,708
Others	3	8,580	-	406
Total	755,168	693,013	921,286	748,540

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 gain amounted to TL 201,385 thousands (31 December 2013: TL 198,778 thousands) and TL 2,607 thousands (31 December 2013: a loss of TL 23,403 thousands), respectively.

5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	1,563,265	1,057,721	481,639	1,441,682
Foreign banks	233,168	10,009,270	1,712,633	9,488,473
Foreign headoffices and branches	-	-	-	-
Total	1,796,433	11,066,991	2,194,272	10,930,155

Due from foreign banks

	Unrestricted Balances		Restricted Balances	
	<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>	<i>Prior Period</i>
EU Countries	3,570,899	3,010,199	5,822,718	6,925,660
USA, Canada	495,602	533,189	126,420	408,952
OECD Countries (1)	20,226	22,200	1,263	-
Off-shore Banking Regions	62,780	121,675	50,066	43,094
Others	92,464	136,137	-	-
Total	4,241,971	3,823,400	6,000,467	7,377,706

(1) OECD countries other than the EU countries, USA and Canada

The placements at foreign banks include blocked accounts amounting TL 6,000,467 (31 December 2013: TL 7,377,706 thousands) of which TL 108,410 thousands (31 December 2013: TL 116,271 thousands) and TL 50,066 thousands (31 December 2013: TL 43,094 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 5,841,991 thousands (31 December 2013: TL 7,218,341 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 123,681 thousands (31 December 2013: TL 91,740 thousands) as required for insurance activities.

5.1.4 Financial assets available-for-sale

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	5,463,784	183,146	6,612,447	581,497
Assets subject to Repurchase Agreements	5,024,297	1,240,802	9,143,715	2,089,708
Total	10,488,081	1,423,948	15,756,162	2,671,205

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

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	22,130,726	24,311,825
Quoted at Stock Exchange	20,487,066	21,641,181
Unquoted at Stock Exchange	1,643,660	2,670,644
Common Shares/Investment Fund	61,050	18,165
Quoted at Stock Exchange	7,669	7,669
Unquoted at Stock Exchange	53,381	10,496
Value Increase/Impairment Losses (-)	1,338,528	506,237
Total	23,530,304	24,836,227

As of 31 December 2013, the Bank's "financial assets available-for-sale" portfolio included private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 and a total carrying value of TL 913,660 thousands; in the current period such bonds are classified to "investments held-to-maturity" portfolio.

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	786	175,423	65	135,482
Corporates	786	175,423	65	135,482
Real Persons	-	-	-	-
Indirect Lendings to Shareholders	1,554,137	534,359	509,825	294,931
Loans to Employees	255,971	107	232,867	90
Total	1,810,894	709,889	742,757	430,503

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

Current Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Cash Loans						
Loans	138,847,612	1,698,614	47,257	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	-	-	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	47,257	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".

Prior Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Cash Loans						
Loans	124,873,864	2,413,436	100,130	3,288,726	1,396,969	683,179
Working Capital Loans	10,896,938	164,422	4,679	636,979	363,054	85,052
Export Loans	4,983,365	11,321	-	46,569	25,371	11,365
Import Loans	692,267	-	-	-	-	-
Loans to Financial Sector (*)	4,680,387	3	-	66	-	-
Consumer Loans	29,987,887	1,099,767	61,405	854,213	189,309	66,678
Credit Cards	14,658,984	-	-	525,198	-	401,241
Others	58,974,036	1,137,923	34,046	1,225,701	819,235	118,843
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	124,873,864	2,413,436	100,130	3,288,726	1,396,969	683,179

(*) Loans amounting to TL 198,778 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Loans to Financial Sector".

As of 31 December 2014, loans amounting to TL 4,462,373 thousands (31December 2013: TL 863,526 thousands) are collateralized under funding transactions.

Collaterals received for loans under follow-up

<i>Current Period</i>	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

<i>Prior Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	41,599	2,331	-	43,930
Loans Collateralized by Mortgages	1,035,609	287,361	-	1,322,970
Loans Collateralized by Pledged Assets	81,653	46,495	-	128,148
Loans Collateralized by Cheques and Notes	61,852	353,512	-	415,364
Loans Collateralized by Other Collaterals	633,520	54,121	-	687,641
Unsecured Loans	55,082	110,393	525,198	690,673
Total	1,909,315	854,213	525,198	3,288,726

Delinquency periods of loans under follow-up

<i>Current Period</i>	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

<i>Prior Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	51,992	322,179	68,743	442,914
61-90 days	59,115	116,407	28,948	204,470
Other	1,798,208	415,627	427,507	2,641,342
Total	1,909,315	854,213	525,198	3,288,726

Loans and other receivables with extended payment plans

<i>Current Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
No. of Extensions		
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

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

<i>Current Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
Extention Periods		
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

<i>Prior Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
Extention Periods		
0 - 6 months	555,878	135,872
6 - 12 months	132,414	52,091
1 - 2 years	490,202	154,415
2 - 5 year	466,011	433,409
5 years and over	768,931	621,182
Total	2,413,436	1,396,969

5.1.5.3 Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
<i>Current Period</i>				
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

<i>Prior Period</i>	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-Term Loans	38,392,318	294,355	713,102	452,863
Loans	38,392,318	294,355	713,102	452,863
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	86,481,546	2,219,211	2,575,624	1,627,285
Loans	86,481,546	2,219,211	2,575,624	1,627,285
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	124,873,864	2,513,566	3,288,726	2,080,148

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	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

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	571,942	27,931,131	28,503,073
Housing Loans	18,051	13,425,912	13,443,963
Automobile Loans	17,232	1,463,542	1,480,774
General Purpose Loans	98,945	1,877,475	1,976,420
Others	437,714	11,164,202	11,601,916
Consumer Loans – FC-indexed	-	232,720	232,720
Housing Loans	-	225,465	225,465
Automobile Loans	-	132	132
General Purpose Loans	-	5,547	5,547
Others	-	1,576	1,576
Consumer Loans – FC	229,240	1,351,820	1,581,060
Housing Loans	1,033	639,619	640,652
Automobile Loans	21	6,711	6,732
General Purpose Loans	4,313	553,428	557,741
Others	223,873	152,062	375,935
Retail Credit Cards – TL	12,942,722	713,232	13,655,954
With Installment	7,609,148	713,207	8,322,355
Without Installment	5,333,574	25	5,333,599
Retail Credit Cards – FC	73,459	70,605	144,064
With Installment	25,118	-	25,118
Without Installment	48,341	70,605	118,946
Personnel Loans – TL	15,064	51,603	66,667
Housing Loan	-	1,284	1,284
Automobile Loans	-	101	101
General Purpose Loans	3,716	9,248	12,964
Others	11,348	40,970	52,318
Personnel Loans - FC-indexed	231	16,039	16,270
Housing Loans	-	16,039	16,039
Automobile Loans	-	-	-
General Purpose Loans	231	-	231
Others	-	-	-
Personnel Loans – FC	2,521	58,292	60,813
Housing Loans	66	18,227	18,293
Automobile Loans	7	29	36
General Purpose Loans	218	34,009	34,227
Others	2,230	6,027	8,257
Personnel Credit Cards – TL	77,845	831	78,676
With Installment	38,772	831	39,603
Without Installment	39,073	-	39,073
Personnel Credit Cards – FC	1,804	941	2,745
With Installment	458	-	458
Without Installment	1,346	941	2,287
Deposit Accounts– TL (Real Persons)	381,497	-	381,497
Deposit Accounts– FC (Real Persons)	-	-	-
Total	14,296,325	30,427,214	44,723,539

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,428,068	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

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	917,999	7,852,874	8,770,873
Real Estate Loans	2,443	657,385	659,828
Automobile Loans	44,069	1,524,823	1,568,892
General Purpose Loans	871,487	5,665,918	6,537,405
Others	-	4,748	4,748
Installment-based Commercial Loans - FC-indexed	88,127	1,076,813	1,164,940
Real Estate Loans	-	48,110	48,110
Automobile Loans	3,569	260,595	264,164
General Purpose Loans	84,558	768,108	852,666
Others	-	-	-
Installment-based Commercial Loans – FC	706,480	786,153	1,492,633
Real Estate Loans	-	1,413	1,413
Automobile Loans	-	7,421	7,421
General Purpose Loans	278	18,216	18,494
Others	706,202	759,103	1,465,305
Corporate Credit Cards – TL	1,295,213	1,092	1,296,305
With Installment	783,440	1,088	784,528
Without Installment	511,773	4	511,777
Corporate Credit Cards – FC	6,438	-	6,438
With Installment	237	-	237
Without Installment	6,201	-	6,201
Deposit Accounts– TL (Corporates)	637,296	-	637,296
Deposit Accounts– FC (Corporates)	-	-	-
Total	3,651,553	9,716,932	13,368,485

5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	976,922	1,267,471
Private Sector (*)	142,161,842	126,895,119
Total	143,138,764	128,162,590

(*) Loans amounting to TL 201,385 thousands (31 December 2013: TL 198,778 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Private Sector".

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	134,845,900	119,416,568
Foreign Loans (*)	8,292,864	8,746,022
Total	143,138,764	128,162,590

(*) Loans amounting to TL 201,385 thousands (31 December 2013: TL 198,778 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Foreign Loans".

5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	980	70,148
Indirect Lending	-	-
Total	980	70,148

5.1.5.9 Specific provisions for loans

Specific Provisions	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	397,288	320,306
Doubtful Loans and Receivables	685,249	350,780
Uncollectible Loans and Receivables	2,203,210	2,012,752
Total	3,285,747	2,683,838

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
(Gross amounts before specific provisions)			
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
<i>Prior Period</i>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	184,781	100,782	203,631
Rescheduled Loans and Receivables	-	-	51,804
Total	184,781	100,782	255,435

Movements in non-performing loan groups

	Group III	Group IV	Group V
<i>Current Period</i>	Substandard Loans and Receivables	Doubtful Loans and Receivables	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.

<i>Prior Period</i>	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	342,410	577,852	1,784,948
Additions during the Period (+)	1,158,454	145,641	489,306
Transfer from Other NPL Categories (+)	-	856,818	901,486
Transfer to Other NPL Categories (-)	860,541	897,761	-
Collections during the Period (-)	134,134	163,151	262,590
Write-offs (-) (*)	-	229	333,425
Corporate and Commercial Loans	-	226	37,049
Retail Loans	-	-	67,393
Credit Cards	-	3	228,983
Others	-	-	-
Balances at End of Period	506,189	519,170	2,579,725
Specific Provisions (-)	320,306	350,780	2,012,752
Net Balance on Balance Sheet	185,883	168,390	566,973

(*) Includes also the sale of non-performing loans.

Movements in specific loan provisions

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	1,303,085	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

<i>Prior Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	955,670	537,104	616,566	2,109,340
Additions during the Period (+)	535,332	393,359	381,643	1,310,334
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	163,605	114,137	138,971	416,713
Write-Offs (-) (*)	24,312	65,828	228,983	319,123
Balances at End of Period	1,303,085	750,498	630,255	2,683,838

(*) Includes also the sale of non-performing loans.

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	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
<i>Prior Period</i>			
Balance at End of Period	269,127	134,093	1,278,963
Specific Provisions (-)	131,653	55,859	924,844
Net Balance at Balance Sheet	137,474	78,234	354,119

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period (Net)</i>			
	278,675	233,891	587,741
Loans to Individuals and Corporates (Gross)	675,963	919,140	2,784,059
Specific Provision (-)	397,288	685,249	2,196,318
Loans to Individuals and Corporates (Net)	278,675	233,891	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)	-	-	-
<i>Prior Period (Net)</i>			
	185,883	168,390	566,973
Loans to Individuals and Corporates (Gross)	506,189	519,170	2,571,693
Specific Provision (-)	320,306	350,780	2,004,720
Loans to Individuals and Corporates (Net)	185,883	168,390	566,973
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,721
Specific Provision (-)	-	-	7,721
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

<i>Current Period</i>	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	329,520	577,913	-	907,433
Loans Collateralized by Other Collaterals	303,325	179,744	-	483,069
Unsecured Loans	477,060	328,785	709,834	1,515,679
Total	2,464,464	1,211,756	709,834	4,386,054

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	11,332	183	-	11,515
Loans Collateralized by Mortgages	668,884	71,597	-	740,481
Loans Collateralized by Pledged Assets	397,290	45,677	-	442,967
Loans Collateralized by Cheques and Notes	304,757	398,069	-	702,826
Loans Collateralized by Other Collaterals	327,348	141,201	-	468,549
Unsecured Loans	391,719	211,644	635,383	1,238,746
Total	2,101,330	868,371	635,383	3,605,084

5.1.5.11 Liquidation policy for uncollectible loans and receivables

Such loans and receivables are collected through legal follow-up and liquidation of collaterals.

5.1.5.12 Write-off policy

The Bank's general policy for write-offs of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible in legal follow-up process.

5.1.6 Factoring receivables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	2,268,464	610,479	1,561,143	422,560
Medium and Long-Term	1,759	78,247	7,219	3,808
Total	2,270,223	688,726	1,568,362	426,368

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	6,708,961	718,432	5,139,386	-
Investments subject to Repurchase Agreements	1,996,759	4,612,969	6,192,089	428,072
Total	8,705,720	5,331,401	11,331,475	428,072

5.1.7.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	18,001,974	13,581,843
Treasury Bills	-	-
Other Government Securities	-	-
Total	18,001,974	13,581,843

5.1.7.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	19,308,134	13,330,130
Quoted at Stock Exchange	18,319,254	13,142,081
Unquoted at Stock Exchange	988,880	188,049
Valuation Increase / (Decrease)	1,358,908	443,664
Total	20,667,042	13,773,794

As of 31 December 2014, the Bank's "investments held-to-maturity" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 (31 December 2013: -) and a total carrying value of TL 993,074 thousands (31 December 2013: -).

5.1.7.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	13,773,794	1,366,954
Foreign Currency Differences on Monetary Assets	103,897	-
Purchases during the Period (*)	7,523,758	12,458,498
Disposals through Sales/Redemptions (**)	(1,651,339)	(496,826)
Valuation Effect	916,932	445,168
Balances at End of Period	20,667,042	13,773,794

(*) In the current period, the Bank reclassified private sector bonds with "credit linked notes" with a total face value of USD 425,000,000 from financial assets available-for-sale portfolio to investments held-to-maturity portfolio.

In the prior period, the Bank reclassified certain securities issued by the Turkish Treasury, with a total face value of TL 8,965,094 thousands from financial assets available-for-sale portfolio to investments held-to-maturity portfolio.

(**) As per the regulation on capital adequacy (Basel II) effective from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 100%. As allowed by the relevant accounting standards (TAS 39) for the sale or reclassification of securities originally classified under the securities held-to-maturity in cases where the capital requirement increases due to regulatory changes, and as per the letter of the Public Oversight, Accounting and Auditing Standards Authority no. 602 dated 20 February 2013, in the prior period the Bank reclassified its eurobonds with a total face value of USD 248,209,999 to its available-for-sale portfolio.

5.1.8 Investments in associates

5.1.8.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ	İstanbul/Turkey	-	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	8,361	6,805	931	591	(2)	8	3	-
2	52,777	30,264	32,405	681	-	7,882	4,171	-
3	675,205	74,312	3,701	11,103	1,130	(346)	2,423	-
4	5,265,146	776,726	15,915	116,803	18,797	96,179	53,588	-
5	754,651	580,504	60,292	13,853	2,397	113,940	45,686	-
6	105,453	88,452	52,574	3,178	-	18,547	28,150	-
7	342,205,270	32,780,467	645,252	1,857,993	2,531,419	13,198,929	(276,082)	-
8	287,208	282,357	2,731	9,979	-	10,212	10,729	-

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

(**) The Bank's shares in Vadeli İşlem ve Opsiyon Borsası A.Ş. in the amount of TL 15 thousands were replaced by the shares of Borsa İstanbul A.Ş. according to the article 138-6/b of the Capital Market Law no. 6362. As the date of establishment of Borsa İstanbul AŞ is 3 April 2013, the prior period profit includes only the performance results of the period 3 April – 30 September 2013.

(1) Financial information is as of 30 September 2014.

(2) Financial information is as of 31 December 2013.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.8.2 Consolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Yatırım Ortaklığı AŞ	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	36,297	35,965	102	1,681	4,216	1,961	941	24,000

(*) 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

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	643	43
Movements during the Period	149	600
Acquisitions and Capital Increases	15	673
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales/Liquidations (-)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	134	(73)
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	792	643
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Valuation methods of consolidated investments in associates

Associates	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value	792	643
Valued by Equity Method of Accounting	-	-

Sectoral distribution of consolidated investments and associates

Associates	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	792	643
Other Associates	-	-

Quoted consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	792	643
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

5.1.9 Investments in subsidiaries

Information on capital adequacy of major subsidiaries

<i>Current Period</i>	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 (-)	-	6	-
TOTAL CAPITAL	1,483,940	683,104	454,224

<i>Prior Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AS	Garanti Holding BV
CORE CAPITAL	1,112,637	594,053	588,776
Paid-in Capital	404,455	12,016	1,078,109
Inflation Adjustments to Paid-in Capital	-	68,832	-
Share Premium	-	-	37,897
Reserves	576,681	480,566	(407,076)
Current and Prior Periods' Profit	143,170	35,113	59,456
Current and Prior Periods' Losses	-	-	-
Leasehold Improvements on Operational Leases (-)	-	-	13,055
Intangible Assets (-)	11,669	2,474	3,402
Goodwill (Net) (-)	-	-	163,153
SUPPLEMENTARY CAPITAL (*)	303,368	(45)	(105,871)
CAPITAL BEFORE DEDUCTIONS	1,416,005	594,008	482,905
DEDUCTIONS FROM CAPITAL	-	6	-
TOTAL CAPITAL	1,416,005	594,002	482,905

(*) In the prior period, in cases where the Securities Value Increase Fund under Supplementary Capital gives a positive result then only 45% of the amount is considered in the calculation, whereas if its is negative the whole amount; however, in the current period 100% of the amount of the Securities Value Increase Fund under Other Comprehensive Income/(Losses) according to TAS, is considered in the calculation.

The parent Bank does not have any capital needs for its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio.

5.1.9.1 Unconsolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.96	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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)	Amount of Equity Requirement
1	55,630	50,075	58	1,424	2,280	13,978	5,156	-	-
2	22,159	17,204	3,009	1,096	576	912	1,453	-	-
3	6,583	6,095	14	-	310	2,464	2,422	-	-
4	1,288	968	99	-	8	140	125	-	-
5	3,483	3,068	4	-	196	774	641	-	-
6	40	41	32	-	-	(1)	(1)	-	-
7	632,076	66,613	537,884	343	-	43,708	(14,815)	-	-

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

Stichting Safekeeping and Golden Clover Stichting Custody, unconsolidated subsidiaries, have liquidated in the current period.

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments

The non-financial investments excluded from the consolidation process, are accounted under cost method of accounting.

5.1.9.2 Movement of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	3,074,748	2,484,453
Movements during the Period	83,267	590,295
Acquisitions and Capital Increases	392	-
Bonus Shares Received ^(*)	-	46,142
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	138,319	257,126
Currency Differences on Foreign Subsidiaries	(55,444)	287,027
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	3,158,015	3,074,748
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

^(*) In prior period; the paid-in capital of Garanti Faktoring Hizmetleri AŞ was increased from TL 21,000 thousands to TL 79,500 thousands as per the decision made at the board of directors' meeting held on 3 May 2013.

Valuation methods of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	236,342	235,950
Valued at Fair Value	2,921,673	2,838,798

Sectoral distribution of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,816,094	1,784,026
Insurance Companies	56,545	56,545
Factoring Companies	135,988	108,660
Leasing Companies	111,134	110,743
Finance Companies	1,038,254	1,014,774
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	135,988	108,660
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Shares of Other Consolidated Subsidiaries (%)	Method of Consolidation
1	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	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	4,134,086	687,274	20,294	332,882	-	91,034	67,292	-
2	2,989,573	140,383	4,031	171,583	-	20,516	15,302	166,155
3	55,598	41,282	3,800	1,483	2,695	4,536	7,674	-
4	39,821	31,264	5,926	1,557	79	10,777	2,665	-
5	7,363,292	884,578	30,120	77,787	10,094	171,424	139,818	-
6	13,592,822	1,417,164	69,698	456,277	83,207	139,784	143,170	1,612,857
7	549,443	98,428	26,544	42,377	21,509	12,384	15,038	203,354
8	904,588	904,490	-	8	-	(234)	(210)	969,592
9	941,516	811,998	-	133	-	1,716	3,694	-
10	5,140,853	646,367	56,347	249,006	23,759	5,875	60,746	-
11	299,724	48,859	5,052	21,986	-	6,879	8,856	-
12	237,766	34,584	3,149	45,578	-	8,667	7,947	-

(*) 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 Ralfi IFN SA.

Consolidated investments in subsidiaries disposed during the current period

The extraordinary general meeting of shareholders dated 10 March 2014 approved the initiation in principle of the merger by acquisition process between Garanti Bank SA and Domenia Credit IFN SA. The merger took place on 14 November 2014 via the absorption by Garanti Bank SA, as acquiring entity, of Domenia Credit IFN SA, as acquiree entity.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.10 Investments in joint-ventures

None.

5.1.11 Lease receivables

5.1.11.1 Financial lease receivables according to remaining maturities

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	1,836,026	1,562,466	1,636,978	1,482,607
Between 1-5 Years	2,693,712	2,354,116	2,486,229	2,140,109
Longer than 5 Years	256,850	237,821	178,940	148,539
Total	4,786,588	4,154,403	4,302,147	3,771,255

5.1.11.2 Net financial lease receivables

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	4,786,588	4,302,147
Unearned Income on Financial Lease Receivables (-)	(632,185)	(530,892)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	4,154,403	3,771,255

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	31,158	83	65,943	-
Cash Flow Hedges	15,044	119,967	38,032	11,009
Net Foreign Investment Hedges	-	-	-	-
Total	46,202	120,050	103,975	11,009

As of 31 December 2014, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for risk management purposes, are summarized below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	12,215,225	46,285	168,109	4,928,361	103,975	-
-TL	6,034,049	46,202	99,572	4,928,361	103,975	-
-FC	6,181,176	83	68,537	-	-	-
Cross Currency Swaps	5,215,329	119,967	111,274	2,240,471	11,009	39,105
-TL	2,090,223	-	-	607,985	-	-
-FC	3,125,106	119,967	111,274	1,632,486	11,009	39,105
Total	17,430,554	166,252	279,383	7,168,832	114,984	39,105

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	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)

Prior Period						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(7,901)	7,101	-	(800)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(59,998)	58,842	-	(1,156)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	4,000	-	(36,541)	(32,541)
Cross Currency Swaps	Fixed-rate funds borrowed	Interest rate and foreign currency exchange rate risk	251	-	(2,564)	(2,313)

5.1.12.1.2 Cash flow hedge accounting

Current Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	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)	-

Prior Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	38,032	-	38,044	-	-
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	11,009	-	11,009	-	-

5.1.13 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Cost	1,242,587	369,420	30,274	1,622,416	3,264,697
Accumulated Depreciation	(314,979)	(357,994)	(20,356)	(94,103)	(1,687,432)
Net Book Value	927,608	11,426	9,918	628,313	1,577,265
Balances at End of Current Period					
Net Book Value at Beginning of Current Period	927,608	11,426	9,918	628,313	1,577,265
Additions	124,040	975	2,147	247,613	374,775
Disposals (Cost)	(12,701)	(46,286)	(10,551)	(205,910)	(275,448)
Disposals (Accumulated Depreciation)	2,587	46,276	5,774	43,347	97,984
Reversal of/Impairment Losses (-)	(107)	-	-	-	(107)
Depreciation Expense for Current Period	(24,370)	(3,222)	(2,113)	(170,858)	(200,563)
Currency Translation Differences on Foreign Operations, net	(20,155)	-	(266)	(3,122)	(23,543)
Cost at End of Current Period	1,331,671	324,109	21,272	1,656,172	3,333,224
Accumulated Depreciation at End of Current Period	(334,769)	(314,940)	(16,363)	(1,116,789)	(1,782,861)
Net Book Values at End of Current Period	996,902	9,169	4,909	539,383	1,550,363

5.1.13.1 Disclosure for impairment losses or releases individually material for financial statements

Conditions for allocating/releasing any impairment

None.

Amount of impairment losses provided or released in financial statements during current period

None.

5.1.13.2 Other impairment losses provided or released in current period that are immaterial individually but material aggregately for financial statements

In 2014 TL 107 thousands was provisioned against (31 December 2013: TL 965 thousands was reversed) in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets".

5.1.14 Intangible assets

5.1.14.1 Useful lives and amortisation rates

The consolidation goodwill classified under intangible assets is not amortized. The estimated useful lives of softwares and other intangible assets vary between 3 and 15 years.

5.1.14.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation. The consolidation goodwill is not amortized, however is subject to impairment testing regularly and if there is any impairment, a provision is made.

5.1.14.3 Balances at beginning and end of current period

	<i>Current Period</i>		<i>Prior Period</i>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intangible Assets	494,979	257,627	310,958	206,928

5.1.14.4 Movements of intangible assets for current period

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	104,030	82,709
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	190,376	68,293
Disposals (-)	(209)	(285)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(55,442)	(47,401)
Currency Translation Differences on Foreign Operations	(1,403)	714
Other Movements	-	-
Net Book Value at End of Current Period	237,352	104,030

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

	<i>Current Period</i>
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

<i>Current Period</i>	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type				
Building	156,954	36,696	-	Operational lease
Land	-	-	-	-

<i>Prior Period</i>	Cost	Accumulated Depreciation (-)	Impairment Losses	Intend of Use
Real Estate Type				
Building	154,434	32,763	-	Operational lease
Land	-	-	-	-

5.1.16 Deferred tax asset

As of 31 December 2014, on a consolidated basis the Bank has a deferred tax asset of TL 450,957 thousands (31 December 2013: TL 213,620 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 31 December 2014, there is a deferred tax asset of TL 665,277 thousands (31 December 2013: TL 481,678 thousands) and deferred tax liability of TL 214,320 thousands (31 December 2013: TL 268,058 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

As per the annulment decision of the Turkish Constitutional Court as explained in Note 3.18.4, Garanti Finansal Kiralama, a consolidated subsidiary of the Bank, is subject to investment allowance ruling and can use its available allowances to reduce its taxable corporate income without any time limitations. Accordingly, a deferred tax asset amounting TL 1,202 thousands is recorded in the accompanying consolidated financial statements as of 31 December 2014 (31 December 2013: TL 1,202 thousands) considering the fact that Garanti Finansal Kiralama may use its right of deducting investment allowances from its corporate income in the future.

For the cases where the differences between the carrying values and the taxable values of assets subject to tax are related with certain items on the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	685,084	136,752	729,152	145,506
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	1,052,596	211,686	101,736	20,934
Other	534,529	102,519	264,832	47,180
Deferred Tax Asset, Net	2,272,209	450,957	1,095,720	213,620

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

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

As of 31 December 2014, TL 349,706 thousands of deferred tax income (31 December 2013: a deferred tax expense of TL 370,946 thousands) and TL 121,763 thousands of deferred tax expenses (31 December 2013: a deferred tax income of TL 377,670 thousands) were recognised in the income statement and the shareholders' equity, respectively.

5.1.17 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	155,734	136,551
Accumulated Depreciation (-)	(5,992)	(4,114)
Net Book Value	149,742	132,437
End of Current Period		
Additions	120,277	102,001
Disposals (Cost)	(87,296)	(81,960)
Disposals (Accumulated Depreciation)	1,212	867
Reversal of Impairment / Impairment Losses (-)	(2,123)	(1,847)
Depreciation Expense for Current Period (-)	(3,192)	(2,745)
Currency Translation Differences on Foreign Operations	(413)	989
Cost	186,179	155,734
Accumulated Depreciation (-)	(7,972)	(5,992)
Net Book Value	178,207	149,742

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 26,361 thousands (31 December 2013: TL 27,725 thousands).

5.1.18 Other Assets

5.1.18.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	-	-
Sale of Real Estates	1,062	3,033
Sale of Other Assets	3,071	3,038
Total	4,133	6,071

5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	413,337	401,484

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulati ng Deposit	Total
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 Deposits	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 Institutions	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

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	4,855,387	-	3,834,605	27,640,714	1,375,648	479,730	377,994	3,605	38,567,683
Foreign Currency Deposits	13,012,515	-	5,916,533	17,187,101	4,493,374	6,378,902	4,388,670	70,945	51,448,040
Residents in Turkey	7,751,157	-	5,414,888	14,749,223	1,514,749	579,305	593,852	69,149	30,672,323
Residents in Abroad	5,261,358	-	501,645	2,437,878	2,978,625	5,799,597	3,794,818	1,796	20,775,717
Public Sector Deposits	699,412	-	1,415	7,093	118	1,280,747	13	-	1,988,798
Commercial Deposits	5,045,809	-	3,543,210	6,288,153	936,528	557,247	294,607	-	16,665,554
Others	140,427	-	181,254	371,170	22,635	796,172	444	-	1,512,102
Precious Metal Deposits	2,138,457	-	807	47,403	-	1,612	105,491	-	2,293,770
Bank Deposits	1,188,352	-	1,109,085	2,747,140	846,558	590,589	251,556	-	6,733,280
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	7,148	-	472,066	45	415	65,225	20,876	-	565,775
Foreign Banks	177,112	-	637,019	2,747,095	846,143	525,364	230,680	-	5,163,413
Special Financial Institutions	1,004,092	-	-	-	-	-	-	-	1,004,092
Others	-	-	-	-	-	-	-	-	-
Total	27,080,359	-	14,586,909	54,288,974	7,674,861	10,084,999	5,418,775	74,550	119,209,227

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

5.2.1.1.1 Deposits exceeding insurance limit

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ^(*)	22,454,627	19,339,421	20,271,564	18,937,930
Foreign Currency Saving Deposits	13,007,471	12,703,119	21,798,720	16,554,964
Other Saving Deposits	999,391	1,477,207	786,318	1,090,842
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

^(*) As per the decision published in the Official Gazette no. 28560 dated 15 February 2013, the deposit insurance limit has been increased from TL 50,000 thousands to TL 100,000 thousands.

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

None.

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	608,592	544,316
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	556,395	489,029
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

Trading Derivatives	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	189,393	33,483	120,240	21,352
Swap Transactions	677,661	958,501	856,002	314,215
Futures	22	649	-	-
Options	206,050	26,608	183,689	71,508
Others	6	8,398	-	24
Total	1,073,132	1,027,639	1,159,931	407,099

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,761,544	1,019,648	1,147,608	1,340,817
Foreign Banks, Institutions and Funds	3,979,436	31,027,913	5,409,767	26,087,788
Total	5,740,980	32,047,561	6,557,375	27,428,605

5.2.3.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	2,109,054	9,443,891	1,784,349	8,623,544
Medium and Long-Term	3,631,926	22,603,670	4,773,026	18,805,061
Total	5,740,980	32,047,561	6,557,375	27,428,605

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 2014, the accumulated negative credit risk change and the negative credit risk change recognised in the income statement amounted to TL 289,376 thousands and TL 325,238 thousands, respectively. The carrying value of the related financial liability amounted to TL 4,899,376 thousands, and the related current period loss amounted TL 325,238 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

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
	Nominal	2,161,571	2,885,551	544,114
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

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
	Nominal	1,765,712	2,818,560	1,143,312
Cost	1,711,747	2,673,832	1,142,935	5,337,905
Carrying Value (*)	1,616,171	2,716,584	1,148,120	5,309,684

(*) The Bank and/or its financial affiliates repurchased the Bank's own TL securities with a total face value of TL 237,044 thousands (31 December 2013: TL 189,753 thousands) and foreign currency securities with a total face value of TL 506,477 thousands (31 December 2013: TL 278,581 thousands) and netted off such securities in the accompanying consolidated financial statements.

The Bank classified certain securities amounting to RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2014, the accumulated negative credit risk change and the negative credit risk change recognised in the income statement amounted to TL 2,558 thousands and TL 1,103 thousands, respectively. The carrying value of the related financial liability amounted to TL 24,495 thousands, and the related current period loss amounted to TL 884 thousands.

5.2.4.2 Funds provided through repurchase transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	4,233,796	-	9,483,928	-
Financial Institutions and Organizations	4,163,450	-	9,428,331	-
Other Institutions and Organizations	27,959	-	20,429	-
Individuals	42,387	-	35,168	-
Foreign Transactions	667,001	7,120,368	1,946,990	4,576,820
Financial Institutions and Organizations	666,879	7,120,368	1,946,487	4,576,820
Other Institutions and Organizations	120	-	463	-
Individuals	2	-	40	-
Total	4,900,797	7,120,368	11,430,918	4,576,820

5.2.4.3 Miscellaneous payables

	Current Period		Prior Period	
	TL	FC	TL	FC
Payables from credit card transactions	5,879,730	51,453	4,906,607	27,379
Payables from insurance transactions	6,158,282	26,266	4,287,276	30,245
Other	167,113	737,226	162,342	600,987
Total	12,205,125	814,945	9,356,225	658,611

5.2.5 Factoring payables

None.

5.2.6 Lease payables

5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	-	-	244	12
Between 1-5 Years	-	-	242	49
Longer than 5 Years	-	-	-	-
Total	-	-	486	61

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	99,572	111,931	-	39,105
Cash Flow Hedges	-	67,880	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	99,572	179,811	-	39,105

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

5.2.8 Provisions

5.2.8.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	2,457,552	2,037,837
Loans and Receivables in Group I	2,125,471	1,774,874
- Additional Provision for Loans and Receivables with Extended Maturities	82,858	116,830
Loans and Receivables in Group II	191,690	138,210
- Additional Provision for Loans and Receivables with Extended Maturities	56,706	40,951
Non-Cash Loans	140,391	124,753
Others	-	-

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

	<i>Current Period</i>	<i>Prior Period</i>
Short-Term Loans	13,320	526
Medium and Long Term Loans	11,208	92
Total	24,528	618

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	16,964	15,150
Doubtful Loans and Receivables	13,006	17,933
Uncollectible Loans and Receivables	78,911	79,855
Total	108,881	112,938

5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	415,000	335,000

5.2.8.4.2 Other provisions for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	548,258	412,341
Insurance Technical Provisions, Net	239,160	239,423
Provision for Promotion Expenses of Credit Cards (*)	84,817	55,466
Provision for Lawsuits	31,014	33,601
Other Provisions	132,979	123,144
Total	1,036,228	863,975

(*) 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 22 December 2014 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 2,086,877 thousands (31 December 2013: TL 1,639,833 thousands) at 31 December 2014 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2014 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 22 December 2014 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 1,287,303 thousands (31 December 2013: TL 1,080,014 thousands) remains as of 31 December 2014 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 512,562 thousands (31 December 2013: TL 385,587 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2014. However, despite this treatment there are no excess obligation that needs to be provided against.

	<i>Current Period</i>	<i>Prior Period</i>
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(528,752)	(474,544)
Net present value of medical benefits and health premiums transferable to SSF	512,562	385,587
General administrative expenses	(29,290)	(26,165)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(45,480)	(115,122)
Fair Value of Plan Assets (2)	2,132,357	1,754,955
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,086,877	1,639,833
Non-Transferable Benefits:		
Other pension benefits	(538,185)	(408,757)
Other medical benefits	(261,389)	(151,062)
Total Non-Transferable Benefits (4)	(799,574)	(559,819)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,287,303	1,080,014
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(512,562)	(385,587)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	774,741	694,427

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

	<i>Current Period</i>	<i>Prior Period</i>
	%	%
Discount Rate (*)	8.80	9.60
Inflation Rate (*)	6.10	6.20
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate (*)	6.10	6.20

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

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 December 2014, the corporate tax liability amounts to TL 449,439 thousands (31 December 2013: TL 132,388 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	449,439	132,388
Taxation on Securities Income	86,086	79,849
Taxation on Real Estates Income	3,040	2,560
Banking Insurance Transaction Tax	78,828	64,532
Foreign Exchange Transaction Tax	68	58
Value Added Tax Payable	11,461	9,441
Others	73,628	74,046
Total	702,550	362,874

5.2.9.1.3 Premiums payable

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	727	772
Social Security Premiums-Employer	1,231	800
Bank Pension Fund Premium-Employees	16	27
Bank Pension Fund Premium-Employer	18	28
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	818	747
Unemployment Insurance-Employer	1,764	1,533
Others	39	16
Total	4,613	3,923

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 673 thousands as of 31 December 2013 (31 December 2014: nil).

5.2.10 Liabilities for assets held for sale and assets of discontinued operations

None.

5.2.11 Subordinated debts

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	140,766	-	147,491
Total	-	140,766	-	147,491

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

	<i>Current Period</i>	<i>Prior Period</i>
Common shares	4,200,000	4,200,000
Shares repurchased	-	-
Paid-in common shares	4,200,000	4,200,000
Preference shares	-	-

5.2.12.2 Registered share capital system

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

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	82,677	6,104	(485,313)	(9,118)
Valuation Difference	82,677	6,104	(485,313)	(9,118)
Exchange Rate Difference	-	-	-	-
Total	82,677	6,104	(485,313)	(9,118)

5.2.12.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	172,894	-	172,164	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	175,034	-	174,304	-

5.2.12.10 Bonus shares of associates, subsidiaries and joint-ventures

Bonus shares resulted from non-cash capital increases from the following investee companies; Doğuş Gayrimenkul Yatırım Ortaklığı AŞ by TL 20 thousands, Garanti Ödeme Sistemleri AŞ by TL 401 thousands, Kredi Kartları Bürosu by TL 481 thousands, Tat Konserve AŞ by TL 36 thousands and Yatırım Finansman Menkul Değerler AŞ by TL 9 thousands.

5.2.12.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	1,002,091	996,791
II. Legal Reserve	177,863	156,363
Special Reserves	-	-
Total	1,179,954	1,153,154

5.2.12.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	16,153,163	13,315,508
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	16,153,163	13,315,508

5.2.12.13 Minority interest

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	162,818	140,524
Profit Share of Subsidiaries Net Profits	31,477	24,359
Prior Period Dividend Payment	(185)	(1,073)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(377)	(992)
Balance at End of Period	193,733	162,818

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 5,446,840 thousands (31 December 2013: TL 8,474,291 thousands), commitments for cheque payments of TL 2,874,791 thousands (31 December 2013: TL 2,658,736 thousands) and commitments for credit card limits of TL 25,799,601 thousands (31 December 2013: TL 22,382,803 thousands).

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

	<i>Current Period</i>	<i>Prior Period</i>
Letters of Guarantee in Foreign Currency	15,379,775	13,925,359
Letters of Guarantee in TL	12,138,798	9,952,371
Letters of Credit	9,308,035	9,584,333
Bills of Exchange and Acceptances	815,887	638,089
Prefinancings	-	-
Other Guarantees	86,702	79,924
Total	37,729,197	34,180,076

A specific provision of TL 108,881 thousands (31 December 2013: TL 112,938 thousands) is made for unliquidated non-cash loans of TL 272,978 thousands (31 December 2013: TL 234,765 thousands) recorded under the off-balance sheet items as of 31 December 2014.

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

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	2,838,901	2,358,859
<i>With Original Maturity of 1 Year or Less</i>	402,876	336,123
<i>With Original Maturity of More Than 1 Year</i>	2,436,025	2,022,736
Other Non-Cash Loans	34,890,296	31,821,217
Total	37,729,197	34,180,076

5.3.1.4 Other information on non-cash loans

	<i>Current Period</i>				<i>Prior Period</i>			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	60,259	0.50	75,186	0.29	55,299	0.56	74,918	0.31
<i>Farming and Stockbreeding</i>	55,270	0.46	65,921	0.26	51,384	0.52	70,909	0.29
<i>Forestry</i>	3,528	0.03	4,723	0.02	1,863	0.02	3,417	0.01
<i>Fishery</i>	1,461	0.01	4,542	0.02	2,052	0.02	592	0.00
Manufacturing	4,030,137	33.17	14,569,732	56.96	3,281,654	32.95	9,647,250	39.83
<i>Mining and Quarrying</i>	115,972	0.95	295,060	1.15	112,116	1.13	296,620	1.22
<i>Production</i>	2,283,718	18.80	9,210,880	36.01	1,784,508	17.92	4,915,746	20.30
<i>Electricity, Gas, Water</i>	1,630,447	13.42	5,063,792	19.80	1,385,030	13.91	4,434,884	18.31
Construction	1,608,827	13.24	3,040,016	11.88	1,519,802	15.26	2,982,672	12.31
Services	5,500,413	45.27	6,174,581	24.14	4,320,198	43.38	9,194,310	37.96
<i>Wholesale and Retail Trade</i>	3,895,475	32.06	2,695,000	10.54	3,080,420	30.93	5,544,416	22.89
<i>Accommodation and Dining</i>	238,277	1.96	149,113	0.58	211,911	2.13	130,575	0.54
<i>Transportation and Telecommunication</i>	419,462	3.45	731,747	2.86	344,767	3.46	986,191	4.07
<i>Financial Institutions</i>	607,819	5.00	2,366,238	9.25	538,905	5.41	2,336,749	9.65
<i>Real Estate and Rental Services</i>	228,174	1.88	186,376	0.73	48,832	0.49	181,239	0.75
<i>Professional Services</i>	-	-	-	-	-	-	-	-
<i>Educational Services</i>	22,990	0.19	10,234	0.04	20,178	0.20	11,632	0.05
<i>Health and Social Services</i>	88,216	0.73	35,873	0.14	75,185	0.75	3,508	0.01
Others	949,689	7.82	1,720,357	6.73	782,840	7.85	2,321,133	9.59
Total	12,149,325	100.00	25,579,872	100.00	9,959,793	100.00	24,220,283	100.00

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

<i>Current Period</i>	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	-	-

<i>Prior Period</i>	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	9,884,654	24,159,073	75,139	61,210
Letters of Guarantee	9,877,232	13,870,351	75,139	55,008
Bills of Exchange and Bank Acceptances	6,898	626,300	-	4,891
Letters of Credit	524	9,582,498	-	1,311
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	79,924	-	-

5.3.2 Financial derivative instruments

<i>Current Period</i>	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
Interest 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

<i>Prior Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Derivative Financial Instruments held for Risk Management						
A. Total Derivative Financial Instruments held for Risk Management	-	-	-	6,977,597	191,235	7,168,832
Fair Value Hedges	-	-	-	3,733,612	191,235	3,924,847
Cash Flow Hedges	-	-	-	3,243,985	-	3,243,985
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	-	-	-	-	-	-
Foreign Currency related Derivative Transactions (I)	56,368,669	31,135,174	52,040,032	8,530,167	-	148,074,042
Currency Forwards – Purchases	3,354,810	1,763,277	4,084,798	439,742	-	9,642,627
Currency Forwards – Sales	3,322,078	1,788,461	4,036,086	439,940	-	9,586,565
Currency Swaps – Purchases	18,900,107	5,590,624	10,480,024	3,324,190	-	38,294,945
Currency Swaps – Sales	14,871,767	5,481,955	10,349,881	3,663,352	-	34,366,955
Currency Options – Purchases	7,642,547	7,968,935	11,236,816	331,322	-	27,179,620
Currency Options – Sales	8,277,360	8,315,396	11,785,918	331,621	-	28,710,295
Currency Futures – Purchases	-	116,404	66,509	-	-	182,913
Currency Futures – Sales	-	110,122	-	-	-	110,122
Interest Rate related Derivative Transactions (II)	792,991	433,345	3,912,435	14,554,680	5,286,546	24,979,997
Interest Rate Swaps – Purchases	391,780	213,457	1,699,953	6,585,063	2,643,273	11,533,526
Interest Rate Swaps – Sales	391,780	213,457	1,699,953	6,585,063	2,643,273	11,533,526
Interest Rate Options – Purchases	-	-	494,667	1,384,554	-	1,879,221
Interest Rate Options – Sales	-	-	-	-	-	-
Securities Options – Purchases	8,182	4,981	17,862	-	-	31,025
Securities Options – Sales	1,249	1,450	-	-	-	2,699
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	3,951,111	159,588	318,285	34,679	2,141,200	6,604,863
B. Total Trading Derivatives (I+II+III)	61,112,771	31,728,107	56,270,752	23,119,526	7,427,746	179,658,902
Total Derivative Transactions (A+B)						
	61,112,771	31,728,107	56,270,752	30,097,123	7,618,981	186,827,734

5.3.3 Credit derivatives and risk exposures on credit derivatives

As of 31 December 2014, there are commitments for “credit linked notes” of the Bank and its consolidated financial affiliates with a total face value of USD 425,000,000 (31 December 2013: 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 2013: -) 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 2013: 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 2014, there are total return swaps of the Bank with a total face value of USD 2,000,000,000 (31 December 2013: USD 1,000,000,000) 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 30,062 thousands (31 December 2013: TL 33,601 thousands) for the lawsuits filed by various customers and institutions which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.8.4.2, other provisions. There are various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

It is possible that the parent Bank or its consolidated financial affiliates may be required to provide additional collateral for the derivative transactions involved due to changes in certain financial indicators such as CDS levels, currency exchange rates, interest rates etc. As of 31 December 2014, 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	3,345,873	439,555	2,516,632	430,547
Medium and long-term loans	5,314,493	2,654,158	4,371,285	2,288,635
Loans under follow-up	44,023	9,199	35,154	7,516
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	8,704,389	3,102,912	6,923,071	2,726,698

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

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	57,512	30,053	21,487	35,806
Foreign Banks	77,502	37,007	101,559	37,374
Foreign Head Offices and Branches	-	-	-	-
Total	135,014	67,060	123,046	73,180

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	28,840	6,628	30,525	14,423
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	1,875,989	215,468	2,695,824	196,053
Investments Held-to-Maturity	1,413,276	278,784	576,221	13,671
Total	3,318,105	500,880	3,302,570	224,147

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	1,538	1,092

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	-	2,229	-	2,959
Domestic Banks	84,809	28,823	63,994	120,886
Foreign Banks	495,432	428,910	476,753	324,104
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	188,117	-	38,686
Total	580,241	648,079	540,747	486,635

(*) Includes also fees and commissions expenses on borrowings

5.4.2.2 Interest expenses paid to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Interest Paid to Investments in Associates and Subsidiaries	1,870	1,610

5.4.2.3 Interest expenses on securities issued

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	456,204	390,772	251,688	231,516

5.4.2.4 Maturity structure of interest expense on deposits

<i>Current Period</i>	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Turkish Lira								
Bank Deposits	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

<i>Prior Period</i>	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Turkish Lira								
Bank Deposits	685	63,064	-	-	-	8,428	-	72,177
Saving Deposits	189	227,172	2,075,908	59,626	23,698	24,376	-	2,410,969
Public Sector Deposits	-	307	2,343	80	42,304	7	-	45,041
Commercial Deposits	255	206,709	697,906	93,087	44,995	13,877	-	1,056,829
Others	8	9,071	56,290	10,246	16,752	39	-	92,406
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	1,137	506,323	2,832,447	163,039	127,749	46,727	-	3,677,422
Foreign Currency								
Foreign Currency Deposits	64,581	63,734	475,809	65,608	133,239	112,530	1,336	916,837
Bank Deposits	1,263	56,507	13,410	2,781	1,689	202	-	75,852
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	29	-	1,013	476	-	1,518
Total FC	65,844	120,241	489,248	68,389	135,941	113,208	1,336	994,207
Grand Total	66,981	626,564	3,321,695	231,428	263,690	159,935	1,336	4,671,629

5.4.2.5 Interest expense on repurchase agreements

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	694,767	73,038	516,877	54,351

5.4.2.6 Financial lease expenses

	<i>Current Period</i>	<i>Prior Period</i>
Financial Lease Expenses	-	139

5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

	<i>Current Period</i>	<i>Prior Period</i>
Trading Financial Assets	224	6
Financial Assets Valued at Fair Value through Profit or	-	1
Financial Assets Available-for-Sale	610	675
Others	1,232	9,806
Total	2,066	10,488

5.4.4 Trading income/losses (net)

	<i>Current Period</i>	<i>Prior Period</i>
Income	42,061,661	67,298,020
Trading Account Income	1,848,062	836,296
Derivative Financial Instruments	6,220,217	5,536,988
Foreign Exchange Gain	33,993,382	60,924,736
Losses (-)	42,135,705	66,936,454
Trading Account Losses	1,842,348	544,657
Derivative Financial Instruments	7,326,315	5,753,323
Foreign Exchange Losses	32,967,042	60,638,474
Total	(74,044)	361,566

TL 1,486,943 thousands (31 December 2013: TL 1,711,322 thousands) of foreign exchange gains and TL 2,343,579 thousands (31 December 2013: TL 1,148,740 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 394,229 thousands and USD 807,919,340 and for its bonds with a total face value of TL 1,623,000 thousands and USD 32,900,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a gain of TL 39,256 thousands and TL 42,104 thousands (31 December 2013: total losses of TL 67,899 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, RON 85,500,000 and CZK 423,000,000 with the same face value amount and conditions. Accordingly, in the current period, a loss of TL 12,511 thousands (31 December 2013: total gains of TL 4,251 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 the floating rate eurobonds issued in 2011 with a total face value of USD 300,000,000, maturity of five years and maturity date of 20 April 2016, funds borrowed amounting to USD 119,740,541 and EUR 50,000,000 and securitization borrowings amounting to USD 175,000,000 and EUR 253,278,948 by designating cross currency swaps with the same face value amount and conditions, and for the collateralised borrowings amounting to TL 1,000,000 thousands and commercial loans amounting to USD 500,000,000 by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period, a loss of TL 3,051 thousands and TL 3,771 thousands (31 December 2013: TL 49,053 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 and income on custody services.

In the current period, a part of non-performing receivables of the Bank and its financial affiliates amounting to TL 292,490 thousands (31 December 2013: TL 323,871 thousands of non-performing receivables and TL 3,857 thousands of written-off receivables) were sold for a consideration of TL 57,105 thousands (31 December 2013: TL 58,885 thousands). Considering the related provisions of TL 284,693 thousands (31 December 2013: TL 313,168 thousands) in the consolidated financial statements, a gain of TL 49,225 thousands (31 December 2013: TL 44,325 thousands) is recognized under "other operating income".

A part of non-performing financial lease receivables of a consolidated financial affiliate of the Bank amounting to TL 47,492 thousands were sold for a consideration of TL 42 thousands. A gain from this sale amounting to TL 42 thousands is recognized under "other operating income" as the whole lease receivables had been provided against in the accompanying consolidated financial statements in prior periods. The revenues earned from subsequent collections of these receivables, amounting to 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

	<i>Current Period</i>	<i>Prior Period</i>
Specific Provisions for Loans and Other Receivables	1,428,239	1,059,660
<i>Loans and receivables in Group III</i>	360,335	293,924
<i>Loans and receivables in Group IV</i>	629,025	341,816
<i>Loans and receivables in Group V</i>	438,879	423,920
General Provisions	461,191	724,119
Provision for Possible Losses	105,000	-
Impairment Losses on Financial Assets	1,250	890
<i>Financial assets at fair value through profit or loss</i>	1,250	890
<i>Financial assets available-for-sale</i>		-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity		-
<i>Associates</i>		-
<i>Subsidiaries</i>		-
<i>Joint ventures (business partnership)</i>		-
<i>Investments held-to-maturity</i>		-
Others	189,460	154,703
Total	2,185,140	1,939,372

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	2,241,374	1,948,843
Reserve for Employee Termination Benefits	30,994	39,816
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	4,082	2,361
Depreciation Expenses of Tangible Assets	200,563	190,465
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	55,442	47,401
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	2,117	1,847
Depreciation Expenses of Assets to be Disposed	3,192	2,745
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	2,107,486	2,018,244
<i>Operational lease related expenses</i>	<i>323,958</i>	<i>272,154</i>
<i>Repair and maintenance expenses</i>	<i>60,777</i>	<i>52,908</i>
<i>Advertisement expenses</i>	<i>121,502</i>	<i>123,808</i>
<i>Other expenses</i>	<i>1,601,249</i>	<i>1,569,374</i>
Loss on Sale of Assets	2,882	4,394
Others (*) (**) (***)	707,418	540,742
Total	5,355,550	4,796,858

(*) Includes saving-deposits-insurance-fund related expenses of TL 170,213 thousands (31 December 2013: TL 131,177 thousands) and insurance-business claim losses of TL 63,462 thousands (31 December 2013: TL 56,570 thousands) as of 31 December 2014.

(**) Includes cancellations/repayments, by the Bank in the current period, of fees and commissions income recognised in prior years in the amount of TL 141,427 thousands (31 December 2013: TL 12,486 thousands).

(***) As per the decision of the Turkish Competition Board dated 8 March 2013 and resulted from the investigation initiated based on its decision no. 11-55/1438-M dated 2 November 2011, an administrative fine amounting to TL 213,385 thousands was imposed against the economic group composed of Garanti Bankası AŞ, Garanti Ödeme Sistemleri AŞ and Garanti Konut Finansmanı Danışmanlık AŞ. In accordance with the Article 17 of the Law on Crime no. 5326, it is possible to pay ¾ of such administrative fine as TL 160,038 thousands. The reasoned decision of the Turkish Competition Board was notified as of the reporting date and the stated amount was paid in the prior period.

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

TL 8,370,833 thousands (31 December 2013: TL 7,132,900 thousands) of the profit before taxes is derived from net interest income and TL 2,989,885 thousands (31 December 2013: TL 2,664,906 thousands) from net fees and commissions income. The total operating expenses amounted to TL 5,355,550 thousands (31 December 2013: TL 4,796,858 thousands). The profit before taxes reached to TL 4,783,924 thousands (31 December 2013: TL 4,369,739 thousands) increasing by 9.5% (31 December 2013: 0.2%) as compared to the prior year.

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 December 2014, on a consolidated basis, the Bank recorded a current tax expense of TL 1,449,083 thousands (31 December 2013: TL 660,000 thousands) and a deferred tax benefit of TL 349,706 thousands (31 December 2013: a deferred tax expense of TL 370,946 thousands).

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductable Timing Differences (+)	(282,847)	(97,262)
Decrease in Tax Deductable Timing Differences (-)	39,033	241,698
Increase in Taxable Timing Differences (-)	21,980	243,900
Decrease in Taxable Timing Differences (+)	(127,872)	(17,390)
Total	(349,706)	370,946

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	<i>Current Period</i>	<i>Prior Period</i>
(Increase)/Decrease in Tax Deductable Timing Differences (net)	(243,510)	145,611
(Increase)/Decrease in Taxable Timing Differences (net)	(105,892)	226,510
(Increase)/Decrease in Tax Losses (net)	(304)	(1,175)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	(349,706)	370,946

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

	<i>Current Period</i>	<i>Prior Period</i>
Net Profit/(Loss) of Minority Interest	31,477	24,359

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, a decrease of TL 44,701 thousands (31 December 2013: an increase of TL 39,243 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 2014, a decrease of TL 147,740 thousands (31 December 2013: an increase of TL 181,812 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 2014, an increase of TL 637,628 thousands (31 December 2013: a decrease of TL 1,098,476 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 54,416 thousands (31 December 2013: TL 489,788 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

	<i>Current Period</i>	<i>Prior Period</i>
Transfers to Legal Reserves from Prior Year Profits	29,552	195,933
Transfers to Extraordinary Reserves from Prior Year Profits	2,825,836	3,103,676

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 1,912,317 thousands (31 December 2013: TL 175,312 thousands). TL 3,839,373 thousands (31 December 2013: TL 5,014,508 thousands) of these net cash inflows is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 5,751,690 thousands (31 December 2013: TL 5,189,820 thousands) from the cash inflows resulted from operating profit. The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 2,384,210 thousands (31 December 2013: TL 2,761,365 thousands). The net cash inflows from financing activities amount to TL 3,149,692 thousands (31 December 2013: TL 4,069,424 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 500,784 thousands (31 December 2013: TL 905,527 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

	<i>Current Period</i>	<i>Prior Period</i>
Cash on Hand	1,667,501	1,260,740
<i>Cash in TL</i>	1,007,744	800,979
<i>Cash in Foreign Currency</i>	659,757	459,761
Cash Equivalents	7,116,601	4,566,171
<i>Others</i>	7,116,601	4,566,171
Total	8,784,102	5,826,911

5.6.5 Cash and cash equivalents at end of period

	<i>Current Period</i>	<i>Prior Period</i>
Cash on Hand	1,798,443	1,667,501
<i>Cash in TL</i>	1,089,266	1,007,744
<i>Cash in Foreign Currency</i>	709,177	659,757
Cash Equivalents	8,201,318	7,116,601
<i>Others</i>	8,201,318	7,116,601
Total	9,999,761	8,784,102

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 6,000,467 thousands (31 December 2013: TL 7,377,706 thousands) of which TL 108,410 thousands (31 December 2013: TL 116,271 thousands) and TL 50,066 thousands (31 December 2013: TL 43,094 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 5,841,991 thousands (31 December 2013: TL 7,218,341 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 123,681 thousands (31 December 2013: TL 91,740 thousands) as required for insurance activities.

The blocked account at the Central Bank of Turkey with a principal of TL 19,595,598 thousands (31 December 2013: TL 17,166,780 thousands) is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

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, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	92,579	3,652	9,250	284,178	590,506	489,308
Balance at end of period	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

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	88,612	3,531	263,859	469,641	442,665	495,947
Balance at end of period	92,579	3,652	9,250	284,178	590,506	489,308
Interest and Commission Income	1,587	6	728	9	32,402	399

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	28,668	6,679	304,643	101,958	342,925	207,192
Balance at end of period	28,674	28,668	649,010	304,643	351,510	342,925
Interest Expenses	1,870	1,610	4,278	9,910	16,061	15,095

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss:						
Balance at beginning of period	2,921	6,963	9,092,999	3,373,361	-	-
Balance at end of period	2,789	2,921	10,825,180	9,092,999	5,770	-
Total Profit/(Loss)	(61)	(333)	(101,998)	(49,437)	(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 1,555,903 thousands (31 December 2013: TL 580,038 thousands) compose 1.08% (31 December 2013: 0.45%) of the Bank's total consolidated cash loans and 0.63% (31 December 2013: 0.26%) of the Bank's total consolidated assets. The total loans and similar receivables amounting 2,062,907 thousands (31 December 2013: TL TL 692,335 thousands) compose 0.84% (31 December 2013: 0.31%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 1,039,775 thousands (31 December 2013: TL 777,138 thousands) compose 2.76% (31 December 2013: 2.27%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 1,029,194 thousands (31 December 2013: TL 676,236 thousands) compose 0.77% (31 December 2013: 0.57%) of the Bank's total consolidated deposits. The funds borrowed by the Bank and its consolidated financial affiliates from their risk group amounting to TL 188,146 thousands (31 December 2013: TL 199,623 thousands) compose 0.50% (31 December 2013: 0.59%) of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

The credit card (POS) payables to the related parties, amounted to TL 17,680 thousands (31 December 2013: TL 12,664 thousands). A total rent income of TL 3,027 thousands (31 December 2013: TL 1,776 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 2,452 thousands as of 31 December 2014 (31 December 2013: TL 61 thousands) were incurred for the IT services rendered by the related parties. Other income of TL 120 thousands (31 December 2013: TL 33 thousands) for the IT services rendered and banking services fee income of TL 1,218 thousands (31 December 2013: TL 1,435 thousands) were recognized from the related parties.

Operating expenses of TL 9,911 thousands (31 December 2013: TL 12,104 thousands) for advertisement and broadcasting services, of TL 32,398 thousands (31 December 2013: TL 27,112 thousands) for operational leasing services, and of TL 17,063 thousands (31 December 2013: TL 15,004 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 578 thousands (31 December 2013: TL 200 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 135,069 thousands as of 31 December 2014 (31 December 2013: TL 121,469 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

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

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

Purchase of equipments for internal use are partly arranged through financial leasing.

5.8 Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of parent bank

5.8.1 Domestic and foreign branches and representative offices of parent bank

Parent Bank					
	Number of Branches	Number Of Employees	Country		
Domestic Branches	994	18,909			
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	13,161,762	1,115,560
	1	12	2- Malta	31,384,505	-
	6	95	3- NCTR	907,568	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 2014, 22 new domestic branches were opened and 18 branches were closed.

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	197	1-The Netherlands	13,524,368	EUR 136,836,000
Foreign Branches	1	21	2- Germany	68,454	-

Garanti Bank Moscow					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Head Office-Moscow	1	85	Russia	549,443	US\$ 32,757,000

Garanti Bank SA					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Romania Head Office and Branches	84	995	Romania	5,140,853	RON 1,107,340,006

Other consolidated foreign financial subsidiaries

	Number Of Employees	Country	Total Assets	Legal Capital
Garanti Holding BV	-	The Netherlands	904,588	EUR 369,088,600
G Netherlands BV	-	The Netherlands	941,516	EUR 104,382,821
Motoractive IFN SA	79	Romania	299,724	RON 40,139,080
Ralfi IFN SA	155	Romania	237,766	RON 10,661,500

Consolidated domestic financial subsidiaries

	Number Of Employees	Total Assets	Legal Capital
Garanti Finansal Kiralama AŞ	157	4,134,086	350,000
Garanti Faktoring Hizmetleri AŞ	180	2,989,573	79,500
Garanti Emeklilik ve Hayat AŞ	908	7,363,292	50,000
Garanti Yatırım Menkul Kıymetler AŞ	115	55,598	8,328
Garanti Portföy Yönetimi AŞ	66	39,821	10,000
Garanti Yatırım Ortaklığı AŞ	7	35,965	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 2014) (*)

Long Term FC Deposit	Baa3
Long Term TL Deposit	Baa3
Short Term TL Deposit	Prime-3
Short Term FC Deposit	Prime-3
Long Term FC Deposit Outlook	Negative
Financial Strength (FSR)	D+ (ba1)
FSR Outlook	Stable
Long Term National Scale Rating (NSR)	Aa3.tr
Short Term NSR	TR-1

STANDARD AND POORS (June 2014) (*)

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

FITCH RATINGS (December 2014) (*)

Outlook	Stable (**)
Long Term FC Outlook	BBB- (**)
Short Term FC Outlook	F3 (**)
Long Term TL Outlook	BBB- (**)
Short Term TL Outlook	F3 (**)
Financial Capacity	bbb-
Support	3 (**)
NSR	AA+ (tur) (**)

JCR EURASIA RATINGS (June 2014) (*)

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

(*) Latest dates in risk ratings or outlooks.

(**) As of 1 December 2014, Fitch started positive follow-up for risk ratings.

6.1.2 International risk ratings of Garanti Bank International NV, a consolidated affiliate

MOODY'S (July 2014) (*)

Long Term FC Deposit	Baa2
Short Term FC Deposit	Prime-2
Long Term Subordinated Funding	Baa2
FSR	C-
Outlook	Negative

(*) Latest date in risk ratings or outlooks.

6.1.3 International risk ratings of Garanti Faktoring, a consolidated affiliate

FITCH RATINGS (August 2014) (*)

Foreign Currency	
Long Term	BBB-
Short Term	F3
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB-
Short Term	F3
Outlook	Stable
National	AA+
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

6.1.4 International risk ratings of Garanti Finansal Kiralama, a consolidated affiliate

FITCH RATINGS (August 2014) (*)

Foreign Currency	
Long Term	BBB-
Short Term	F3
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB-
Short Term	F3
Outlook	Stable
National	AA+
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

STANDARD AND POORS (February 2014) (*)

Foreign Currency	
Long Term	BB+
Short Term	B
Outlook	Negative
Turkish Lira	
Long Term	BB
Short Term	A-2
Outlook	Negative

(*) Latest date in risk ratings or outlooks.

6.1.5 International risk ratings of Garanti Bank SA, a consolidated affiliate

FITCH RATINGS (December 2014) (*)

Foreign Currency	
Long Term	BB+
Short Term	B
Financial Capacity	b
Support	3

(*) 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 3 April 2014, the distribution of the net profit of the year 2013, will be as follows;

2013 PROFIT DISTRIBUTION TABLE	
2013 Net Profit	3,005,560
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(34,046)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(139,778)
D – Second dividend to the shareholders	(215,000)
E – Extraordinary reserves	(2,385,236)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(21,500)

6.3 Other disclosures

Doğuş Group and BBVA have entered into a share purchase agreement dated 19 November 2014 for the sale of shares of the Bank representing 14.89% of the paid-up share capital with a total face value of TL 625,380 thousands. The parties agreed that the total purchase price for the shares being sold would be TL 5,497,090 thousands with a purchase price per share of TL 8.79. In addition, the parties have agreed that Doğuş Group would be entitled to receive up to TL 0.11 of the dividend distributed per share sold with respect to distributable profit for the year 2014.

Following the completion of the share transfers, Doğuş Group's stake in the Bank will be 10%. The transfer of title for the shares sold from Doğuş Group to BBVA will be finalized once the transaction is approved by the relevant authorities in and outside of Turkey including the BRSA, the Capital Markets Board and the Competition Board.

The shareholders agreement dated 1 November 2010 relating to governance and management of the Bank signed between Doğuş Group and BBVA has been also amended on 19 November 2014. The revised shareholders agreement shall become effective simultaneously with the consummation of the share transfers following the approval of all necessary regulators. Under the revised shareholders agreement Doğuş Group and BBVA have agreed that: (i) the board of directors of the Bank would comprise of ten members ; (ii) seven of the board members would be nominated by BBVA at the general assembly and two of these seven members would also be the members of the audit committee of the Bank whom, in line with the applicable regulations, shall be deemed as independent board members; (iii) two members would be nominated by Doğuş Group at the general assembly and (iv) the last independent member would be jointly nominated by the shareholders at the general assembly. The call option previously granted by Doğuş Group to BBVA with respect to acquisition of further shares of the Bank by BBVA representing 1% of the share capital has been revoked.

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 2014, 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 3 February 2015, is presented before the accompanying consolidated financial statements.

7.2 Disclosures and footnotes prepared by independent auditors

None.

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